



**Company Number: 07388600**

**Lancashire Enterprise Partnership Limited Board**

**Tuesday, 6th October, 2015 in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston, at 6.00 pm**

## **Agenda**

### **Part I (Items Publicly Available)**

- 1. Welcome and Apologies for Absence**
- 2. Minutes of the Board meeting held on 16th June 2015 and Special Board meeting held on 7th September 2015 (Pages 1 - 12)**
- 3. Matters Arising**
- 4. Declarations of Interest (Pages 13 - 14)**
- 5. LEP Governance and Sub Committees Decisions Report (Pages 15 - 32)**
- 6. Update on the LEP's Strategic Marketing Commission (Pages 33 - 48)**
- 7. Lancashire Skills and Employment Strategic Framework (Pages 49 - 70)**
- 8. Growth Deal Update (Pages 71 - 92)**
- 9. Performance Committee Update (Pages 93 - 102)**
- 10. Transport for the North and Lancashire Strategic Transport Prospectus Update (Pages 103 - 148)**
- 11. Update on Devolution and Combined Authority Developments**  
*Verbal Update*
- 12. LEP Board Re-Purposing Event**  
*Verbal Update*

**13. European Structural & Investment Funding - Pipeline Development and Project Calls** (Pages 149 - 154)

**14. Any Other Business**

**15. Date of Next Meeting**

Tuesday 15<sup>th</sup> December 2015 – 6.00pm – Cabinet Room 'D' – The Henry Bolingbroke Room, County Hall, Preston.

**Part II (Items that are Private and Confidential)**

**16. Growing Places Investment Decision - Hinduja Global Solutions** (Pages 155 - 168)

**17. Hillhouse International Enterprise Zone Submission - For Information** (Pages 169 - 228)

## Lancashire Enterprise Partnership Limited Board

**Minutes of the Meeting held on Tuesday, 16th June, 2015 at 6.00 pm at the Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston**

### Present

Mr E Booth (Chair)

Mr M Blackburn  
Cllr S Blackburn  
Mr J Carter  
Mr G Cowley  
Mr M Damms

Mr R Evans  
Dr M McVicar  
CC J Mein  
Cllr P Riley

### In Attendance

Mr A Cavill  
Mr D Colbert  
Ms R Connor  
Mr T Flanagan  
Mr A Good  
Mr N Jack

Mr M Kelly  
Ms A Melton  
Mr A Milroy (Company Services)  
Ms J Turton  
Mr A Walker

### 1. Welcome and Apologies for Absence

The Chair, Mr E Booth, welcomed all to the meeting. Apologies for absence were noted from Councillor Stuart Hirst, Councillor Mark Townsend, Mike Tynan, Cliff Robson, Mark Smith and David Taylor. Officer apologies were received from Ian Young, Company Secretary.

The Chair welcomed the new member of the Board from Blackburn with Darwen Borough Councillor Phil Riley and the new officer representative from Blackburn with Darwen, Tom Flanagan.

In addition, the Chair extended his congratulations to Mike Blackburn who had been awarded an OBE in the latest Queen's birthday honours list, the Board also congratulated Mike on this prestigious achievement.

### 2. Minutes of the meeting held on 21st April 2015

**Resolved:** The Board approved the minutes of the meeting held on 21<sup>st</sup> April 2015 as an accurate record, the minutes were duly signed by the Chair.

### 3. Matters Arising

Mr Martin Kelly, Director of Economic Development, Lancashire County Council gave an update under matters arising regarding the Luneside East Development reported to the previous meeting. Mr Kelly reported that the legal agreement relating to this development was currently being finalised and will be circulated to the Executive Committee for approval as soon as possible.

### 4. Declarations of Interest

None declared.

### 8. Employment and Skills Strategy

*Ms Amanda Melton, Chief Executive, Nelson and Colne College and Chair of the Lancashire Skills Board joined the meeting at this point.*

Ms Melton gave a presentation on the work of the Lancashire Skills Board (sub committee of the Lancashire Enterprise Partnership) outlining the current priorities including Strategic Economic Plan (SEP) Skills Priorities, Developing Skills Action Plans, Major LEP developments (e.g. City Deal and Enterprise Zone), Strengthening linkages with business growth initiatives (e.g. Boost), Strategic Framework for Employment and Skills, Developing shared capacity to drive forward Skills Priorities – Lancashire Skills Hub and raising awareness and engagement with employers and stakeholders.

It was noted that the LEP Board would be provided with regular updates on the work of the Lancashire Skills Board at future Board meetings.

**Resolved:** The Board noted the presentation regarding the Employment and Skills Strategy and the work of the Lancashire Skills Board.

*Ms Melton left the meeting at this point.*

### 6. Strategic Marketing Report

*Ms Ruth Connor, Chief Executive of Marketing Lancashire Limited, joined the meeting at this point.*

Ms Connor presented a report (circulated) regarding the development of a Strategic Marketing Proposition for Lancashire. The Board was reminded that at the Board meeting held on 17<sup>th</sup> March 2015 approval was given to progress with the procurement of a strategic marketing tender.

Following a tender process it was recommended to appoint two agencies to deliver the media and communications plan. The Board previously agreed to deploy £100,000 from its core budget in support of this commission. However, the

total costs for both agencies is £122,250 plus VAT. The selection panel felt that appointing two agencies still represented significant value for money, especially given the extent of the proposed dual agency work programme as set out in the report.

**Resolved:** The LEP Board:

- (i) Noted the contents of the report;
- (ii) Approved the proposed approach to developing a strategic marketing proposition for Lancashire, as set out in the report; and approved the proposals in the report regarding the outputs and costs to progress with the strategic marketing brief;
- (iii) Agreed to delegate authority to the Director of Economic Development of Lancashire County Council and the Chief Executive of Marketing Lancashire, to progress with the agency Appointments, as set out in the report; and
- (iv) Requested that the Chief Executive of Marketing Lancashire provides regular updates to the LEP Board on the appointment of consultants and the resultant work programme and stakeholder engagement strategy.

*Ms Connor left the meeting at this point.*

## **5. Assurance Framework Update**

Mr Kelly presented a report (circulated) which provided a series of updates to the LEP Assurance Framework.

It was highlighted that the report contained proposed Terms of Reference to establish three new Sub Committees of the LEP, namely a Performance Committee, Growth Deal Management Board and Business Support Management Board. In addition a number of appointments were confirmed, it was confirmed that Councillor Phil Riley had replaced Councillor Maureen Bateson as the LEP Director nominated by Blackburn with Darwen Council. It was proposed that Mr David Taylor be appointed as the Vice Chair of the LEP, that Mr Malcolm McVicar be appointed as the LEP Vice Chairs' nominee on the City Deal Executive and that Mr Mike Damms be appointed as the LEP Chairs' nominated representative on the Transport for Lancashire Committee, in addition to Mr Graham Cowley.

An updated Governance Structure diagram was circulated to the Board.

**Resolved:** The Board:

- (i) Considered and approved the Terms of Reference for the Performance Committee, attached at Appendix A (to the report);

- (ii) Considered and approved the Terms of Reference for the Growth Deal Management Board, attached at Appendix B (to the report);
- (iii) Noted that a special meeting of the LEP Board (or of the Executive) may need to be convened in order to meet Government's emerging timescales for Growth Deal reporting;
- (iv) Considered and approved the Terms of Reference for the Business Support Management Board and its core membership, attached at Appendix C; and delegate responsibility to the Chair of the LEP in consultation with the Chair of the Business Support Management Board to fill the remaining vacancies on the Board;
- (v) Considered and approved the proposed appointments to LEP Board and Committee positions;
- (vi) Requested that the Company Secretary, in consultation with the LEP Chair, prepare, as a standing item for future meetings, a single report summarising the key activities and recommendations of each LEP Committee for consideration by the Board; and
- (vii) Noted that the LEP's Assurance Framework will be amended to reflect the changes set out in this report.

## **7. Combined Authority**

Ms Joanne Turton, Chief Executive, Lancashire County Council gave a presentation on the development of a Lancashire Combined Authority.

It was reported that the Combined Authority (CA) model is recognised as the appropriate local governance vehicle, in legislative and policy terms, to lead and co-ordinate strategic economic development and transport functions and priorities.

Lancashire's local authorities are working together to define the benefits of forming a CA. Any such CA is expected to lead on developing and producing a Lancashire Plan, with the LEP focussing on strengthening the economic base and lifting productivity.

The LEP's track record and private sector expertise is recognised by local authorities and adds value to the case to establish the Lancashire CA. In addition, it was reported that the LEP's accountable body functions and responsibilities would likely be undertaken by the CA in any such setup.

It was reported that the next steps regarding the development of a Lancashire CA are for Lancashire Leaders to agree immediate way forward at a meeting to be held on 19 June 2015, following this on-going dialogue with the LEP will take place with a governance review complete by mid-August 2015. It is then anticipated that individual Councils take an 'in principle' decision by the end of

September 2015. A draft CA scheme will then be agreed with Councils to take a decision relating to the CA scheme in September – December 2015 ahead of public/stakeholder engagement in January - February 2016.

**Resolved:** The Board noted the update on the development of a Lancashire Combined Authority.

## 9. Lancashire Transport Prospectus

Mr Dave Colbert, Specialist Advisor Transportation, Lancashire County Council presented a report (circulated) which updated on the progress of the Lancashire Strategic Transport Prospectus.

It was reported to the Board that the revised prospectus took account of comments made on the initial draft by Transport for Lancashire Committee Members and the Department for Transport, the implications of the interim Northern Transport Strategy report published in March 2015 and comments and advice received from representatives of the Transport for the North Partnership Board. In addition the comments made by the Board at the LEP Board meeting held on 10<sup>th</sup> February 2015 were incorporated into the Prospectus.

At that meeting, held on 21<sup>st</sup> April 2015, the Transport for Lancashire Committee received an update on progress with development of the Lancashire Strategic Transport Prospectus, in particular, the implications of the interim report 'The Northern Powerhouse: One Agenda, One Economy, One North – A Report on the Northern Transport Strategy' published by HM Government on 20<sup>th</sup> March 2015. In view of the later than anticipated publication of this report, it was not possible to present an updated prospectus as planned.

However, the prospectus had now been substantially revised to take account of comments made on the initial draft by Transport for Lancashire Committee Members and the Department for Transport at their meeting on 3<sup>rd</sup> February 2015, the implications of the interim Northern Transport Strategy report and comments and advice received from representatives of the Transport for the North Partnership Board.

**Resolved:** The Board:

- (i) Noted progress to date in preparing the Strategic Transport Prospectus;
- (ii) Noted the further modifications proposed by the Transport for Lancashire committee and agreed to their adoption.
- (iii) Authorised the LEP Chair and the Chair of Transport for Lancashire to receive and approve a final version of the Prospectus; and
- (iv) Requested that the Transport for Lancashire Committee prepare a communications strategy for the strategic Transport Prospectus, through which to engage with wider stakeholders, including Members of Parliament

and neighbouring Local Enterprise Partnerships and local transport authorities, for consideration by the LEP at its Board meeting to be held in October 2015.

#### **10. LEP Sub Committee - Transport for Lancashire - Funding Recommendation**

Mr Colbert presented a report (circulated) containing recommendations from the Transport for Lancashire Committee seeking approval to the East Lancashire Strategic Cycle Network scheme and requested that the Growth Deal Management Board ensure the three actions advised by the consultants, Atkins, are discharged.

The Board was reminded that the East Lancashire Strategic Cycle Network scheme is included in the Lancashire Growth Deal transport investment programme as a project due to commence works in 2015/16. The scheme's funding profile includes a maximum £2.6m contribution in 2015/16 from the Local Growth Fund. In accordance with the Lancashire Enterprise Partnership's Assurance Framework, the scheme is subject to a single stage approvals process through the submission of a Strategic Outline Business Case.

**Resolved:** The Board approved the granting of Full Approval to the East Lancashire Strategic Cycle Network scheme and requested that the Growth Deal Management Board ensure the three actions advised by Atkins are discharged.

#### **11. European Structural & Investment Funding 2014-20 Update**

Mr Andy Walker, Head of Service – Business Growth, Lancashire County Council presented a report (circulated) regarding the European Structural and Investment Funding (ESIF) for 2014 – 2020.

Mr Walker gave an overview of the latest position on the development of Lancashire's European Structural and Investment Funds (ESIF) Strategy, in particular, Operational Programme development, Project Calls/Launches and Project Pipeline Development.

**Resolved:** The LEP Board:

- (i) noted the report,
- (ii) Agreed that the outcome of the ESIF pipeline review be referred to the Lancashire ESIF Partnership to inform the development of ESIF Implementation Plan; and
- (iii) Agreed that a report be prepared and considered at the next meeting of the LEP Board setting out the detail of the ESIF Implementation Plan, alongside other LEP priority activity and initiatives.



**12. Any Other Business**

Mr Alan Cavill, Director of Place, Blackpool Council gave an update on the Development Plan for the Blackpool, Fylde and Wyre Energy College and potential links with the Enterprise Zone.

**Resolved:** The LEP Board noted the update.

**13. Date of Next Meeting**

It was noted that the next LEP Board meeting was scheduled to be held on the 6<sup>th</sup> October 2015, 6pm, in Cabinet Room 'D', County Hall, Preston.



## **Lancashire Enterprise Partnership Limited Board**

### **Minutes of the Meeting held on Monday, 7th September, 2015 at 6.00 pm at the Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston**

#### **Present**

Edwin Booth (Chairman)

Graham Cowley

Mike Damms

County Councillor Jennifer Mein

Councillor Phil Riley

David Taylor

Councillor Mark Townsend

#### **In Attendance**

Joanne Ainsworth, Finance, Lancashire County Council

Tom Flanagan, Executive Director Place, Blackburn with Darwen Borough Council

Neil Jack, Chief Executive, Lancashire County Council

Beckie Joyce, Head of Service, Strategic Economic Development, Lancashire County Council

Martin Kelly, Director of Economic Development, Lancashire County Council

Andy Milroy, Company Services, Lancashire County Council

#### **1. Welcome and Apologies for Absence**

The Chairman, Edwin Booth, welcomed all to the meeting. Director apologies for absence were presented from Councillor Simon Blackburn, Jim Carter, Mike Blackburn, Malcolm McVicar, Cliff Robson, Mike Tynan, Richard Evans, Councillor Stuart Hirst and Mark Smith.

Officer apologies were presented from Ian Young, Harry Catherall, Pam Smith and Jo Turton.

The Board noted and approved that David Holmes attend the meeting in an Observer capacity on behalf of Cliff Robson.

#### **2. Minutes of the meeting held on 16th June 2015**

As this was a Special Board meeting to solely consider a new Enterprise Zone bid from Hillhouse, it was agreed to defer consideration of the minutes of the previous Board meeting to the next scheduled ordinary Board meeting to be held on 6<sup>th</sup> October 2015.

### **3. Matters Arising**

It was agreed that any matters arising from the previous Board meeting held on 16<sup>th</sup> June 2015 would be deferred, as per the minutes, for consideration at the next ordinary Board meeting to be held on 6<sup>th</sup> October 2015.

### **4. Declarations of Interest**

None

### **5. Enterprise Zones - New Government Bid Round**

Martin Kelly introduced a report and presentation regarding the new Government Bid Round with regard to the Enterprise Zones. It was noted that the Government's summer budget for 2015 signalled the intention to invite a further competitive round of Enterprise Zone bids from Local Enterprise Partnerships.

At this stage, an EZ bid in support of Hillhouse International Business Park in Wyre has emerged as the only credible proposal that can be presented to Government by the deadline for new submissions on 18<sup>th</sup> September 2015 and that a presentation party had been invited to attend the Special Board meeting to present their proposal and answer any questions from the Board.

Mr Kelly emphasised some of the key areas of the LEP's Strategic Economic Plan that the Board may wish to question the presenters on, and ensure the Board satisfies itself of the merits of the Hillhouse proposal.

*At this point the Hillhouse presentation party were brought into the room.*

The Hillhouse presentation party consisted of:

Mark O'Brien, Managing Director, NPL Energy  
Graeme Collinge, Director, GENECON,  
Rob Green, Blackpool, Fylde and Wyre Economic Development Company  
Michael Ryan, Wyre Borough Council  
Councillor Peter Murphy, Wyre Borough Council

The presentation party gave a detailed overview of the Hillhouse EZ proposal which included potential economic growth, number of jobs projected to be created, investments already made by some of the large businesses that currently occupy the site and a 20 year projection of potential income.

The Board sought assurances to a number of queries including commitment of current site occupiers, number of potential jobs created, potential growth and appropriate claw back arrangements being put in place.

The Board thanked the Hillhouse presentation party for their attendance.

*At this point the Hillhouse presentation party left the meeting.*

The Board considered and deliberated the information received from the Hillhouse presentation party and raised a number of confidential conditions that they would wish be satisfied in order to support the proposal and delegated authority to the Director of Economic Development at Lancashire County Council to inform the presentation party of the Boards decision and the conditions that the Board wished to be satisfied.

**Resolved:**

The Board:

- i. Considered the merits of the Hillhouse EZ proposal and supporting business case;
- ii. Indicated that, subject to satisfactory responses to the suggested conditions that the Hillhouse EZ proposal is credible and competitive, in terms of delivering local and LEP objectives, and in meeting the Government's decision-making criteria and granted conditional Board approval to the HillHouse EZ proposal;
- iii. Delegated authority to the Director of Economic Development, Lancashire County Council to inform the Hillhouse presentation team of the Boards decision and the conditions that are required to be met, and;
- iv. Subject to the above, authorised the Chair and Vice Chair of the LEP, in conjunction with the Executive Committee, to confirm the LEP's final endorsement of the Hillhouse EZ application by the deadline of 18 September 2015.

**6. Any Other Business**

David Taylor, Vice-Chairman, raised the issue of the "Northern Powerhouse" and how the LEP can align itself to play a major role in its development. The Board discussed the current development of the "Northern Powerhouse" and agreed that the Executive Committee of the LEP should hold a meeting to discuss and develop the LEP's strategy towards the "Northern Powerhouse".

**Resolved:** The Board noted the update regarding "Northern Powerhouse".

**7. Date of Next Meeting**

It was noted that the next ordinary Board meeting was scheduled to be held on Tuesday 6<sup>th</sup> October 2015, 6pm in Cabinet Room 'D' – The Henry Bolingbroke Room, County Hall, Preston.



# Agenda Item 4

## Director's Declaration of Interest in Proposed Transaction or Arrangement

### LANCASHIRE ENTERPRISE PARTNERSHIP LIMITED

Name	
Date of Notification	
Date of Consideration of Item (i.e. date of Board meeting)	06.10.15
Item Number (if relevant)	
Description of Transaction	
<b>Nature of Interest</b>	







## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

**Date: 6<sup>th</sup> October 2015**

### **LEP Governance and Sub Committees Decisions Report (Appendix 'A' refers)**

**Report Author: Andy Milroy, Company Services Officer, (01772) 530354,  
[andy.milroy@lancashire.gov.uk](mailto:andy.milroy@lancashire.gov.uk)**

#### **Executive Summary**

This report extracts the key items considered by each of the Lancashire Enterprise Partnership (LEP) Board Sub-Committees at their recent meetings, and where applicable, contains decisions referred to the Board by the Sub-Committees for approval. The report also contains updates on Governance matters.

#### **Recommendation**

The LEP Board is asked to:

- (i) Note the final Hillhouse EZ submission submitted to Government, as approved by the Executive Committee, (attached separately within the Part II section of the agenda)
- (ii) Approve the following recommendations regarding the Skills Board:
  - a. The change of name from Lancashire Skills Board to Lancashire Skills and Employment Board
  - b. The revised Terms of Reference and Membership as set out at Appendix 'A' to this report.
  - c. Approve that Professor Andrew Atherton be replaced as a Member by Mark Allanson, effective from 31 December 2015 with Mark Allanson invited to observe Board meetings until the formal appointment date.
  - d. Delegate authority to the LEP Executive Committee to approve the appointment of the three new Private Sector Members, once identified through the selection process utilised by the Skills Board.
- (iii) Approve the appointment of Mike Damms as the second LEP Chair / Vice Chair nomination on the Transport for Lancashire Committee.
- (iv) Note the resignation of Richard Evans from the Enterprise Zone (EZ) Governance Committee and consider if it wishes to appoint another LEP Director to the EZ Governance Committee.



(v) Note the updates provided in this report from all LEP Sub-Committees.

## **Background and Advice**

The Lancashire Enterprise Partnership Board (LEP) approved a LEP Assurance Framework on 17<sup>th</sup> March 2015 which was subsequently submitted to Government as final in April 2015. The Assurance Framework is made publically available on the LEP website: <http://www.lancashirelep.co.uk/about-us/about-the-lep.aspx>

The Assurance Framework ensures that the LEP records decisions taken by the LEP and its Sub-Committees in an open and transparent way. The purpose is to ensure that arrangements in place enabling effective and meaningful engagement of local partners and public, and that those arrangements operate transparently with LEP decisions capable of being independently scrutinised.

Since the implementation of the LEP Assurance Framework, the LEP and its Sub-Committees publish their agendas and minutes on the LEP website. In order to ensure the LEPs decision making is open and transparent in relation to the Sub-Committees this report presents updates from each of the Sub-Committees and, where applicable, contains decisions that are outside of the Sub-Committees powers and require referral to the LEP Board for approval.

### **1. Executive Committee**

#### **Decision Taken – 17<sup>th</sup> September 2015**

At the Special LEP Board meeting held on 7<sup>th</sup> September 2015 the LEP Board considered, and gave support to the Hillhouse EZ proposal subject to satisfactory responses to suggested conditions of the bid, and delegated authority to the Executive Committee to give final approval to the bid once the conditions are met.

The Director of Economic Development, Lancashire County Council, contacted the bid team for Hillhouse and received assurances regarding the conditions stipulated by the LEP Board. It was then confirmed to the Executive Committee that the LEP Board's core concerns have been satisfactorily addressed, at this stage, with the necessary protections in place regarding any future funding calls in relation to the LEP.

Subsequently, on the 17<sup>th</sup> September 2015 the Executive Committee considered and approved a revised application for the Hillhouse EZ proposal. The final submission is attached under the Part II section of the agenda for the information of the LEP Board.



## **2. Transport for Lancashire Committee**

### **Membership Update**

At present the Transport for Lancashire (TfL) Committee is carrying a LEP Director vacancy. The Terms of Reference permits two LEP Director representatives - the Chair and Vice Chair or their nominees. Graham Cowley is already a nominated representative on TfL, the LEP Board are asked to consider and approve that Mike Damms be appointed as the second LEP Chair / Vice Chair nominee on TfL.

### **Committee Meeting – 1<sup>st</sup> October 2015**

The Transport for Lancashire Committee, Chaired by County Councillor John Fillis (on behalf of County Councillor Jennifer Mein), met on the 1<sup>st</sup> October 2015. The Transport for Lancashire Committee considered reports regarding:

- (i) A6 Broughton Bypass – and recommended that full approval be given to the application.
- (ii) Blackpool Integrated Traffic Management – and recommended that funding approval be given to the application.
- (iii) Transport for the North and Lancashire Strategic Transport Prospectus update – noting the update and progress made.

The TfL Committee recommended all reports for approval by the LEP Board. The A6 Broughton Bypass and Blackpool Integrated Traffic Management applications are included in the Growth Deal Update report for approval by the LEP Board (see separate report).

The Lancashire's Strategic Transport Prospectus and wider Transport for the North Developments are presented to the LEP Board in a separate report on this agenda.

Full agendas and minutes for Transport for Lancashire meetings can be accessed here: <http://council.lancashire.gov.uk/ieListMeetings.aspx?Committeeld=956>

## **3. City Deal Executive and Stewardship Board**

### **General Update**

The first meeting of the combined City Deal Executive and Stewardship Board took place on 17<sup>th</sup> July 2015. The City Deal Infrastructure Delivery Plan (IDP) 15-18 and the HCA Business and Disposal Plan (BDP) were both approved and are now published on the LEP website.

The Annual Monitoring Return to Government confirmed that there has been a significant escalation of housing activity in the City Deal area against previous years. In 2014/15 significant progress was made in bringing forward the two largest employment sites, Cuerden and the Enterprise Zone site at Samlesbury and the



Skills Board have also overseen the preparation of a City Deal Skills and Employment Strategy which will be presented to the next combined meeting.

Work in delivering the highway schemes is on programme with the route protected for A582 dualing, a planning application for the Preston Western Distributer due for submission March 2016 and the business case for Broughton bypass being considered at this meeting for a final investment decision.

Progress on delivering the key housing sites is also going well. Sales on the first phase on Cottam Hall are positive, with a developer in contract for the second phase. Development has commenced on the first phase of Whittingham hospital which is a major milestone.

There is an increasing focus on community infrastructure requirements with work ongoing with other public sector partners to ensure that their investment plans are complementary to the nature and scale of development being brought forward as part of City Deal. At its meeting in July the Executive agreed that an Expression of Interest to the NHS Healthy New Towns Programme be made for the City Deal area. This was submitted in September.

### **Combined City Deal Executive and Stewardship Board – 17<sup>th</sup> July 2015**

More detail regarding each the items considered at the 17<sup>th</sup> July 2015 meeting is included below.

#### ***HCA Land Assets***

The Combined Stewardship Board and Executive noted report from the HCA regarding positive progress in the delivery of the HCA land assets in quarter 4 year 1 and quarter 1 year 2.

#### ***Consultant Appointment***

The Combined meeting also noted the appointment of a consultant to provide professional services in appraising commercial market viability.

It was reported that the City Deal financial model contains an income stream to come from developer contributions, which will be secured and paid through a Community Infrastructure Levy (CIL) arrangements and Section 106 and Section 278 agreements.

This amount, approximately £90 million, is expected to comprise monies collected under CIL and other developer contributions secured for major development site infrastructure under s106 and s278 agreements or otherwise provided directly by the developer as part of the consented built scheme.

Following a soft market testing exercise in late summer 2014, an invitation to tender in early February, 2015 took place, followed by an evaluation exercise during March 2015. The preferred consultancy Keppie Massie was appointed, an establish firm of



surveyors and property consultants whose services include the more traditional surveying and valuation fields, together with more specialist and diverse expertise in regeneration and strategic development. The firm demonstrated to the evaluation panel's satisfaction a thorough knowledge and extensive experience of the activities required as well as providing detailed recent examples in the local area.

### ***Infrastructure Delivery Plan***

The Executive and Stewardship Board received an update on the delivery and implementation for the City Deal, including a Year 1, Quarter 4 Project Status Report and Year 1, Quarter 4 Monitoring Report.

It was highlighted that all schemes and developments that have a blue colour for their RAG rating have been completed. It was reported that a number of schemes had been completed ahead of schedule with good overall progress reported on all schemes.

The Executive and Stewardship Board noted the Infrastructure Delivery Plan update.

### ***Community Infrastructure Update***

The Executive and Stewardship Board received an update regarding the delivery of Community Infrastructure in support of development and growth under the City Deal. A report was presented that set out the scale and range of the delivery of Community Infrastructure to support new housing and business growth which has received a considerable amount of attention at all levels within the City Deal governance and delivery structures. This had been prompted, in part, by the recommendations set out within the AECOM report (City Deal Preston, South Ribble and Lancashire, Community Infrastructure Position Statement Final Report, March 2015), which concluded that the City Deal partners have considerable work to do in order that informed decisions on the type, amount and location of new Community Infrastructure. In addition, the report raised the very real prospect that the cost of this Infrastructure will outstrip funding and so partners will need to come together to determine priorities.

The Executive and Stewardship Board agreed a way forward regarding the Community Infrastructure delivery and resolved to:

- (i) Endorsed the approach set out in the report, and in doing so, agreed that officers undertake the Demographic Modelling which will inform the decisions around the sequencing of Community Infrastructure.
- (ii) Approved, in principle, the Existing Community Infrastructure (Phase 1) subject to the City Deal partners providing further detailed information; and
- (iii) Agreed that the Community Infrastructure Phase 2 be delivered under the following four headings:
  - a. Health and Social Care



- b. Education
- c. Leisure and Culture
- d. Community Infrastructure Improvements

### ***Infrastructure Delivery Plan 2015 – 2018 Update***

The Chair of the Executive, Jim Carter presented an update on the Infrastructure Delivery Plan for the period 2015 to 2018.

The City Deal Executive approved, subject to the incorporation of the minor amendment discussed at the meeting, publication of the 2015/18 Infrastructure Delivery Plan.

The Stewardship Board received the 2015/18 Infrastructure Delivery Plan and noted that its contents inform the development of the annual City Deal Business and Disposal Plan.

In addition, a Communications update was received by the combined meeting with the Executive members only receiving an update on progress made to date on the Preston Bus Station / Youth Zone development.

Full agendas and minutes for the Combined City Deal meetings can be accessed here: <http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1072>

## **4. Growth Deal Management Board**

### **General Update**

The Growth Deal Management Board held its first meeting on 8 July 2015 and is now meeting approximately every 6 weeks. Terms of Reference, have been formalised and the Monitoring and Evaluation Sub Group established. Following the LEP's agreement to invest in the Monitoring and Evaluation framework an Invitation to Tender (ITT) has been published with an expectation to award the commission before the end of 2015. Monitoring will be completed "in house" with the external commission focusing on evaluation of project outcomes

A focus on understanding and maximising the impact of growth deal investment is emerging as a priority for the Board, and to this end there is sufficient flexibility being built into the work programme to allow for this to feature as part of Board meetings

The core legal Local Growth Fund agreement has been prepared with 4 projects now in a position to draw down growth fund monies and report progress, as per agreed expenditure and milestone profiles.

When the financial profile for the programme was reviewed on 8 September 2015, the Growth Deal Management Board were satisfied that the Year 1 financial profile is on track. For additional information see item 4 below



The Skills Board issued a “call” for Skills Capital projects during week commencing 14 September with a deadline for returns at the beginning of November. Time is clearly short to achieve this scale of investment so GDMB will focus on this issue over the coming months

4 Growth Deal projects will be considered for final investment decisions by LEP Board at its meeting.

### **Board Meeting – 8<sup>th</sup> September 2015**

The second formal Growth Deal Management Board (GDMB) meeting was held on 8<sup>th</sup> September 2015, Chaired by Graham Cowley.

### ***Monitoring and Evaluation Sub Group***

With regard to evaluation it was reported that an external consultant would be sought to undertake a standard level of evaluation of all growth deal projects together with a more in depth evaluation of a small number of projects (exemplars) and an overall evaluation of the Growth Deal Programme. A previous version of the invitation to tender (ITT) had been redrafted to reflect the revised approach and it was noted that once the external consultant had been appointed links with the Monitoring and Evaluation Sub Group would be established.

Further to the discussions at the last meeting regarding the HM Treasury AQUA Book it was reported that the guidance had been incorporated into the ITT particularly in relation to the adoption of some of the principles around ensuring compliance with the analysis of evaluation and reporting.

The GDMB was informed that the ITT would be published on the 14<sup>th</sup> September 2015.

### ***Skill Capital Fund – Round 2 Investment (2016-2017)***

The GDMB received a report regarding the Skills Capital Fund Round 2 investments and resolved:

- (i) That publicity associated with Round 2 of the Growth Deal Skills Capital Funding make it clear that applications can be made for 2016/17 and 2017/18 and that those EOI accompanied by a business case would be fast tracked through the process.
- (ii) That applications submitted in relation to 2016/17 be treated as a priority and those for 2017/18 be used to develop a pipeline of future projects.

### ***Social Value***

The GDMB received a report in response to the request at the last meeting for further information on how best to identify/capture social impacts and ensure they



are taken into account in future decision making in accordance with the requirements of the Public Services (Social Value) Act 2012 and resolved:

- (i) That further research be undertaken into approaches in other sub-regions and in relation to identifying examples of good practice.
- (ii) That further discussion is undertaken with relevant teams in Lancashire County Council, including the Programme Office, in order to understand the current position.
- (iii) That a report be taken to the next Lancashire Skills Board raising awareness of the Social Value Act and suggesting that the Board take the strategic lead in articulating the potential outcomes and benefits, aligning outcomes with the evolving Lancashire Skills and Employment Framework.
- (iv) That a further report be brought to the next Growth Deal Management Board on the 21<sup>st</sup> October 2015 to provide an up-date on progress.

### ***Blackburn Pipeline Projects - Presentation***

The GDMB received a presentation on the Growth and Development Pipeline which had been developed by Blackburn with Darwen Borough Council.

In considering the presentation the Committee noted that the process which had been developed involved a robust business case methodology which ensured potential projects were prioritised and had had incentivised the development of a range of projects which would ultimately generate future income for the authority.

### ***Growth Deal Finance Summary***

The GDMB received a report to update the Committee in relation to the financial aspects of the Local Growth Fund and resolved:

- (i) That the Growth Fund Profile, as set out in Appendix 'A' to the report presented be accepted following the adjustments made from the last meeting.
- (ii) That both the spend to date and the spend to be made in 2015-16 are noted.
- (iii) That the 2015-16 in year spend be balanced in accordance with the City Deal project funding set out in report presented.
- (iv) That the Lancashire Skills Board be requested to consider the future unallocated skills programme of £12.63m which is required to be spent in 2016/17 and identify suitable projects for funding. Should the 'best' projects require 2017/18 or later funding that these are not ruled out and



brought to the Growth Deal Management Board for consideration along with the whole programme position.

### ***Blackpool and Fylde College - Lancashire Energy HQ***

The GDMB received a report at the meeting regarding this project in response to concerns raised at the last meeting regarding the significance of variations between the original project and the proposed alternative location and resolved:

- (i) That the Committee note -
  - a) the variance between the milestones in the approved business case and those which will be achieved on the relocated site, as set out in the report presented.
  - b) that the outputs and outcomes set out in the approved business case remain unchanged;
  - c) that the Skills Funding Agency are undertaking an independent appraisal of the Estate Needs and Finance section of the business case;
  - d) that the revised funding profile can be accommodated through the City Deal balancing mechanism already agreed by the Committee
- (ii) That Officers continue to discuss abortive project costs with the project sponsor.
- (iii) That a report be presented to the next meeting of the Committee in order to review progress and determine, if appropriate, any further action that needs to be undertaken.

Full agendas and minutes for the Growth Deal Management Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1218>

## **5. Enterprise Zone Governance Committee**

### **General Update**

At its first formal meeting the EZ Committee received a presentation on development options for the Samlesbury site. Detailed technical work is now underway to further define plot layout, infrastructure and utilities provision and site landscaping in line with the agreed masterplan for the site. This work is being informed by a full external consultant team. The County Council in its role as master developer for the site is procuring commercial agents for the Samlesbury site who will be appointed before



the end of the year. A Development Board for the Samlesbury site, Chaired by David Taylor, is being established to support the Committee.

The LEP Board will be aware of the EZ proposals for Blackpool Airport Corridor and Hillhouse International Business Park. HMG are expected to make formal announcements on both these sites in the coming months.

### **Membership Update**

Richard Evans, LEP Director, has given notification that has a conflict of interest with regard to the Enterprise Zone and has resigned from the Enterprise Zone Governance Committee. The LEP Board is asked to consider if it wishes to appoint another LEP Director to the EZ Governance Committee to replace Richard Evans.

### **Committee Meeting – 16<sup>th</sup> July 2015**

The first formal meeting of the Enterprise Zone Governance Committee, Chaired by Edwin Booth, was held on 16<sup>th</sup> July 2015.

### ***Enterprise Zone – Overview Presentation***

The Committee received a presentation that set the background and context of the three Enterprise Zones from 2011 to now.

The Committee discussed in detail the sites and activities on-going and proposed at these sites, covering site developments, sources of funding and outline costs.

The Committee was informed that the costs associated with the resourcing of the development team were to be met, up to now, from existing resources. A report regarding costs would be presented to a future meeting of this Committee.

The Committee was also informed of the planned marketing and communications activities.

The Committee also noted the timetable for the next steps as set out in the presentation given and resolved:

- (i) That any future role of DevCo be clarified.
- (ii) That expenditure of £100,000 (from existing budgets) be authorised to prepare the commercial development framework and marketing strategy.
- (iii) That a full professional team be procured to support LCC in its role as Master Developer.
- (iv) To the establishment of a Development Board, to undertake the tasks set out in the presentation given, and to report directly to this Committee.



- (v) That a review of the Terms of Reference and membership for the Enterprise Zone Governance Committee Programme Board and Project Board be conducted.

Full agendas and minutes for the Enterprise Zone Governance Committee meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1171>

## **6. Lancashire Skills Board**

### **General Update on the Skills Board**

The Growth Deal Skills Capital call was launched on Monday 14<sup>th</sup> September for the remaining £12.6m in the Growth Deal programme. An information event was held on Monday 21<sup>st</sup> September; 13 providers from across Lancashire attended. Details of the call and the slides from the event are on the LEP website.

Executive summaries of the Lancashire comprehensive skills and employment evidence base and the 6 sector studies are currently being finalised with view to publication on the LEP website by mid-October. The 96 issues and actions identified in the studies have been summarised and compiled into a draft Lancashire Skills and Employment Strategic Framework. A number of consultation events are being planned to finalise the framework and agree ownership of actions. The framework will set the priorities for Lancashire and thus be used to influence mainstream funding and activity, direct the use of discretionary funding e.g. ESIF and Growth Deal, and focus current skills and employment provision. The framework will also be used to support the development of the LEPs approach to incorporating social value into procurement processes for Growth Deal funds.

The Skills Board are seeking private sector members to fill current vacancies. A deadline of Wednesday 21<sup>st</sup> October has been set; interested private sector representatives should be directed to the Lancashire Skills Hub Director, Dr Michele Lawty-Jones ([Michele.lawty-jones@lancashire.gov.uk](mailto:Michele.lawty-jones@lancashire.gov.uk)). The Skills Board Members are particularly interested in hearing from people who are from the creative and digital sector, energy and environmental, the visitor economy or health and social care sectors, to increase the balance of sector perspectives at on the Board.

### **Board Meeting – 10<sup>th</sup> September 2015**

The Lancashire Skills Board (LSB), Chaired by Amanda Melton, met on 10<sup>th</sup> September 2015.

### ***Public Services (Social Value) Act 2012***

The LSB received a report in response to a request by the Growth Deal Management Board for suggestions as to how best to identify/capture social impacts and ensure that they are taken into account in future decision making in accordance with the requirements of the Public Services (Social Value) Act 2012 and resolved:



- (i) That the Lancashire Skills Board take the strategic lead in articulating the potential outcomes and benefits of social value and align outcomes with the evolving Lancashire Skills and Employment Framework.
- (ii) That the Skills Hub work with relevant teams at the County Council, including the Programme Office, in order to better understand the current position.
- (iii) That the Skills Hub explore the offers of assistance from UCLan and Forbes Solicitors in connection with research into good practice and approaches in other sub-regions in relation to social value.
- (iv) That the Committee be kept informed of further developments.

### ***Growth Deal Skills Capital***

The LSB received a report that following the last meeting the timescales for the launch and completion of the Growth Deal Skills Capital Round 2 had been revised and agreed with the Skills Funding Agency (SFA).

It was noted that in order to enable both the SFA to provide feedback and the Committee to consider the Expression of Interest recommendations before they are submitted to the LEP Board for approval it would be necessary to change the date of the meeting in December.

The LSB therefore resolved:

- (i) That the revised timetable for the Growth Deal Skills Capital Round 2, as set out in the report presented, is approved.
- (ii) That the meeting scheduled for the 3<sup>rd</sup> December 2015 is cancelled and rearranged for 8.00am on the 10<sup>th</sup> December 2015 in Room A05 at County Hall, Preston.

### ***Lancashire Skills and Employment Framework***

An updated version of the Lancashire Skills and Employment Framework was presented to the LSB. It had been amended in response to feedback from the Lancashire Skills Board Away Day in August and the completion of the studies and further analysis of the findings and recommendations. The LSB resolved:

That the Lancashire Skills and Employment Framework, as set out in the report presented, is approved for consultation with local authority Chief Executives and key stakeholders, including providers and employers.



### ***Update to Name, Terms of Reference and Membership of the Lancashire Skills Board***

At the Lancashire Skills Board meeting held on 10<sup>th</sup> September 2015 it was proposed that both the name and Terms of Reference of the Committee be amended to better reflect its role and purpose in the future. Requests were made at the meeting for the wording of the Terms of Reference to be further amended to refer to 'Blackpool and the Fylde College' and for Joanne Pickering to be shown as 'Director of the HR, Training and Quality at Forbes Solicitors and Chair of the Lancashire HR Employers Network.'

In addition it was proposed to change the name of the Lancashire Skills Board to Lancashire Skills and Employment Board.

Subsequently, it was proposed to add three additional Private Sector representatives to the Skills Board which would take the total number of Private Sector representatives to six. Which in addition to the five members drawn from the training, skills and higher education sectors increases the total number of Members from 10 to 11.

Notification has also been received that current Further Education Member Professor Andrew Atherton (Lancaster University) plans to retire at end of December 2015 and has therefore advised he will step down from the Board.

Mark Allanson, Pro Vice Chancellor, Edge Hill University has been approached to taken over from Professor Atherton. In the interim it is further proposed that Mark Allanson shadows Board meetings and attends in an Observer capacity until end of December 2015 prior to formally taking over as the new Board Member.

The LEP Board are therefore asked to agree to remove Andrew Atherton with effect from 31 December 2015 and appoint Mark Allanson with effect from 1 January 2016 to the Skills Board and approved the revised Terms of Reference as attached at Appendix 'A' to this report.

With regard to the appointment of the three new Private Sector Members, it is proposed that the Lancashire Skills and Employment Board identify, through a selection process, suggested nominations and in the interests of appointing the new Private Sector Members quickly that the LEP Executive Committee be delegated authority to approve the nominations once identified.

Full agendas and minutes for the Lancashire Skills Board meetings can be accessed here: <http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1011>



## **7. Performance Committee**

### **Meeting Arranged – 30<sup>th</sup> November 2015**

The first formal meeting of the Performance Committee, Chaired by Richard Evans, will be held on 30<sup>th</sup> November 2015. In the meantime informal meetings have been held with the Chair and other Committee Members to establish work streams in advance of the first formal Committee meeting. A full meeting programme has now been set for future Performance Committee meetings.

Full agendas and minutes for the Performance Committee meetings will be accessible here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1216>

## **8. Business Support Management Board**

### **Meeting Arranged – 28<sup>th</sup> October 2015**

The date of the first meeting of the LEP Business Support Management Board has now been confirmed as the 28<sup>th</sup> October 2015. The sub-group will be Chaired by Mike Blackburn with Mike Damms as Deputy. The remit of the group will be to oversee the strategy for and investment in publicly funded business support activity in Lancashire including the provision of business finance. This activity will be supported by a business support delivery audit (reporting in January) and the opportunity to develop and ratify the scope of business support projects seeking ESIF funding.

The current Boost Growth Hub project has now supported over 1,200 businesses, provided start-up advice to 272 people, created over 900 jobs and increased GVA within businesses assisted by £14.6m. This project is now seeking to move forward to a new funding cycle, benefiting from further LCC and ERDF investment to sustain the Growth Hub through to the end 2018. We anticipate a decision on ERDF funding will be confirmed in late October.

Full agendas and minutes for the Business Support Management Board meetings will be accessible here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1220>



## LANCASHIRE SKILLS AND EMPLOYMENT BOARD

### TERMS OF REFERENCE

#### **Composition**

1. Unless otherwise agreed by the Lancashire Enterprise Partnership, the Skills and Employment Board shall comprise a minimum of 5 members and a maximum of 11.
2. The Members of the Skills and Employment Board shall be appointed by the Lancashire Enterprise Partnership Board and shall draw members from the training, skills and higher education sectors (up to 5, normally including 2 general further education colleges and 2 higher education providers) plus 6 from other private sector industries.
3. The Members of the Skills and Employment Board, as at the date of adoption of these Terms of Reference, are as follows:

#### **FE Sector (2)**

Amanda Melton, Chief Executive - Nelson and Colne College (Chair).  
Beverley Robinson, Chief Executive – Blackpool and the Fylde College.

#### **HE Sector (2)**

Andrew Atherton, Deputy Vice Chancellor, Lancaster University (until 31 October 2015).  
Mark Allanson, Pro Vice-Chancellor, Edge Hill University (from 1 November 2015)  
Lynne Livesey, Pro Vice Chancellor, University of Central Lancashire.

#### **Training (1)**

Steve Gray, Chief Executive, Training 2000.

#### **Private Sector (6)**

Joanne Pickering, Director of HR, Training and Quality, Forbes Solicitors and Chair of the Lancashire HR Employers Network.  
Paul Holme, Chair of the North West Training Provider Network.  
Graham Howarth, HR and Legal Director, Crown Paints.  
3 x Vacancies to be determined

4. Members are responsible for declaring potential conflicts of interest at the beginning of each meeting. It is member's responsibility to ensure that they leave the meeting for items for which the conflict of interest may result in inappropriate commercial advantage or gain.

5. The Skills and Employment Board may invite any persons it sees fit to attend meetings as observers.
6. Members are required to attend meetings regularly. If a member is unable to attend a meeting apologies should be given prior to the meeting. If a member does not attend for 3 consecutive meetings, their membership may be reviewed. The decision to make any changes to the membership will be made by the LEP Board following recommendation by the other Skills and Employment Board members.
7. When considering the appointment of additional members to the Skills and Employment Board, perceived gaps in knowledge / experience, together with sectoral and geographical coverage should be taken into account.

### **Chair and Deputy Chair**

8. The Lancashire Enterprise Partnership Board shall appoint the Chair.
9. The Chair shall not have a casting vote.
10. The Skills and Employment Board may appoint one of its number to act as Deputy Chair ("Deputy Chair").

### **Quorum**

11. The quorum for Skills and Employment Board meetings shall be 4.
12. If within fifteen minutes from the time appointed for the holding of a Skills and Employment Board meeting a quorum is not present, the meeting shall be adjourned. The Secretary shall arrange for the meeting to take place within two weeks.

### **Secretary**

13. The Company Secretary of the Lancashire Enterprise Partnership (or their nominee) shall serve as the Secretary ("The Secretary") to the Skills and Employment Board.
14. The Secretary shall produce minutes of all meetings of the Skills and Employment Board and will maintain a list of conflicts of interests. Future agendas will include a standard item requiring declarations of interests to be made in relation to specific items of business.

### **Meeting Frequency**

15. The Skills and Employment Board shall meet according to operational need and currently meets 7 times per year.

### **Decisions in Writing**

16. A resolution in writing signed by the majority of the members of the Skills and Employment Board for the time being shall be as valid and effectual as if it had been passed at a meeting of the Board.



## **Remit**

17. The Skills and Employment Board's primary responsibility is to consider skills development priorities within Lancashire, Blackpool and Blackburn and any related issues and make recommendations on the same to the relevant bodies. In doing so, the Skills and Employment Board shall:
  - i) commission and maintain an evidence-base to help understand key skill demands in the LEP area and support the development and tracking of an agreed Skills and Employment Framework with agreed Key Performance Indicators;
  - ii) oversee the production of a Skills and Employment Framework for the area which is consistent with the wider economic priorities set out in the LEP's Growth Plan;
  - iii) develop and promote skills-related initiatives and programmes aligned with agreed priorities, as part of the LEP's Strategic Economic Plan;
  - iv) will identify and work with other LEP areas on skills issues of strategic and cross-boundary significance; and
  - v) advise on the deployment of skills funding directly accessed by the LEP.

The Skills and Employment Board will discharge its duties through the Lancashire Skills Hub to facilitate/enable a balanced, skilled and inclusive labour market which underpins and contributes to economic well-being and growth across the County.

## **Governance Relationship with the Lancashire Enterprise Partnership (LEP)**

18. The LEP is responsible for agreeing the Terms of Reference of the Skills and Employment Board and has the power to vary the same.
19. The Skills and Employment Board shall review its Terms of Reference from time to time as necessary and report their findings to the LEP Board.
20. Minutes of Skills and Employment Board meetings shall be submitted to the LEP Board at the LEP's request.
21. The Chair shall provide update reports to the LEP Board at the LEP's request.

## **Relationship with Lancashire County Council**

22. Lancashire County Council shall provide administrative and legal support to the Skills and Employment Board.
23. Lancashire County Council shall maintain an official record of the Skills and Employment Board proceedings and a library of all formal Board documents.





## Lancashire Enterprise Partnership Limited

**Private and Confidential: No**

**Date: 6<sup>th</sup> October 2015**

**Developing a Strategic Marketing Proposition for Lancashire**

**Report Author: Ruth Connor, Chief Executive, Marketing Lancashire**

### **Executive Summary**

This report updates the Board on the development of the marketing strategy of the Lancashire Enterprise Partnership.

### **Recommendation**

The LEP Board is asked to:

- (i) Note and comment on the contents of this report;
- (ii) Approve the proposed approach to continuing to develop a strategic marketing proposition for Lancashire, as set out in this report;
- (iii) Delegate authority to the Director of Economic Development of Lancashire County Council and the Chief Executive of Marketing Lancashire, to progress with the outputs required from this project;
- (iv) Agree to a special LEP Board meeting at the end of October to consider and agree the draft Lancashire Story; and
- (v) Require the Chief Executive of Marketing Lancashire to provide regular updates to the LEP Board on the work programmes and outputs of the appointed consultants.

## **Background and Advice**

### **1. Context**

1.1 At the LEP Board meeting on 17th March 2015, approval was given to progress with the procurement of a strategic marketing tender that was split into two key elements;

i) The requirement for the development of a compelling Lancashire story, or economic narrative, that clearly sets out a strong identity and a clear sense of purpose and place. This will underpin future place marketing and positioning by the



LEP and also secure the support of its key partners, including Marketing Lancashire, who will find it sufficiently engaging to be able to deploy in support of their own activities. It will also be effective in generating the endorsement and support of the private sector.

ii) The requirement for an initial 12-month media and communications campaign, as part of an overarching strategy, to increase awareness of the Lancashire offer with key take holders and business sectors by employing a range of communication approaches, especially digital channels, appropriate to key target audiences.

## **2. Objectives of the Work**

2.1 In summary, the key objectives of the commission are to:

- Improve the positioning of Lancashire in a national context and the LEP and Lancashire in a regional context.
- Establish a strong and clear economic identity for Lancashire that highlights key attributes and benefits by sector.
- Identify key stakeholders and opinion formers regionally and nationally and transform them into supporters and influencers of the Lancashire brand.
- Stimulate interest, enquiries and subsequent inward investment enquiries to Lancashire.
- Raise the profile of strategic investment opportunities which flow through the LEP.
- Identify the key achievements and messages that best portray the Lancashire Story through a multi-channel approach to target audiences.
- Develop engagement and closer working relationships with the private sector in communicating a united and proud Lancashire that has a confident and ambitious voice.
- Identify a suite of marketing collateral and opportunities to showcase the Lancashire Story regionally and nationally.
- Develop a LEP media and communications strategy, which will review current communication activities and assets, including the LEP's website and use of digital media to reach key target audiences, with an initial programme of media and communications activity.

## **3. Budgets**

3.1 At the June 16<sup>th</sup> Board Meeting, the LEP Board agreed to the appointment of two agencies, Thinking Place and SKV Communications. The total budget for the term of

the contracts, exclusive of VAT, but inclusive of all fees, disbursements, and other expenses is £56,250 for Thinking Place to create the Lancashire Story and £66,000 to develop the media and communications strategy with SKV Communications.

3.2 A considerable amount of progress has made on both elements of the project which is detailed within this report.

#### 4. Activity and outputs since the appointment of Thinking Place

4.1 Thinking Place, were appointed at the end of June to develop and deliver the Lancashire Economic narrative or “story”. A key element of this piece of work highlighted by the Board was to have an understanding of what makes Lancashire distinctive and what or who are its key assets. This has been undertaken in several ways over the last couple of months;

- **Desk research** – examining how Lancashire is portrayed through media channels and a review of key economic strategies and plans from the LEP and Lancashire County Council and consideration of how the place is reported upon.
- **Immersion** which involved a two day visit to key locations around the county to understand more about the diversity and breadth of the Lancashire offer
- **Over 70 stakeholder conversations** (appendix 1) of around 45 minutes, either face to face or over the telephone which are unattributed and have been undertaken with key figures inside and outside the County. These people have considered the assets of the place, its opportunities and challenges, how it is viewed and what it should focus on in the future to unlock its potential.
- **9 sector focus groups** (see appendix 2) which were in depth, unattributed discussions that looked at Lancashire’s offer, challenges, opportunities and personality. However, there was also consideration of the specific issues and potential, relevant to each of the sectors.
- **5 workshops** were held in Preston, Morecambe, Blackburn, Skelmersdale and Blackpool attracting over 100 businesses to share their views about the county’s assets, the character of Lancashire, what the place could aspire to be and the opportunities it could seek to grasp.
- Over **90%** of these different elements of engagement have been at senior level with the private sector.
- An **online survey** was also made available for people to register their views up to the end of September.

4.2 The evidence, key emerging themes and common considerations for the Lancashire story was presented to the Steering Group on 25<sup>th</sup> September (appendix 3). This group will be presented with the recommended next steps and activity on October 12<sup>th</sup>. New photography to encompass key themes, sectors, LEP projects and Lancashire businesses will take place early October. A separate presentation is planned for a special LEP Board meeting to take place at the end of October.

#### 5. Activity and outputs since the appointment of SKV Communications

5.1 SKV Communications were appointed in late June and since then they have been working closely with the Chief Executive of Marketing Lancashire, Director of



Economic Development, the Head of Strategic Development, the Head of Business Growth and the Head of Communications from Lancashire County Council to fully immerse themselves in the LEP's key initiatives, projects and objectives including the City Deal, the Lancashire Growth Plan, Boost, the Strategic Economic Plan and the Enterprise Zone.

## **5.2 Digital Communications**

### **The Lancashire Business Brief**

This e-newsletter was launched mid-August and is distributed to the LEP database. The Lancashire Business Brief is a compilation of weekly positive economic and regeneration stories pulled from the across Lancashire and the North West's, online news outlets. These include:

- The Lancashire Evening Post
- The Lancashire Telegraph
- Lancashire Business View
- Insider magazine
- The Business Desk
- BBC Lancashire
- All the local and district papers in the County which have a digital channel.

Feedback from businesses, partners (and even some of the media owners featured in the Lancashire Business Brief) has been very positive, and it is also proving to be a very effective communications vehicle as it demonstrates the amount of public and private sector economic activity taking place across the County each week which is recognised by the LEP.

The Lancashire Business Brief is now hosted on the LEP website with an online version viewable in the news area. Activity is focused on increasing the LEP's database from its current total of circa 700 addresses.

### ***The LEP Website***

Before SKV undertakes a 'refresh' of some of the LEP's website copy, including descriptors and a clearer call to action, a number of structural website changes have been undertaken by Lancashire County Council's digital team

- SKV is in the process of auditing every section of the site and will begin to re-draft, change and tighten various sections as an ongoing 'organic' process, rather than a major re-launch
- Such rewrites will also start to include a new set of key messages and descriptors being developed by SKV which will incorporate some of the recommendations which have emerged from the Thinking Place consultation.



## The LEP Newsletter

- While the Lancashire Business Brief is primarily focused on private sector and third-party news a new monthly LEP newsletter will be launching shortly
- This will be dedicated to the LEP and its key partner and project news, introducing the LEP Board Directors and showcasing key businesses across Lancashire. It will complement (not compete with) the Lancashire Business Brief weekly bulletin
- This will be launched in October.

## Twitter

- To coincide with the October newsletter, SKV is soon to begin tweeting on behalf of the LEP for the first time
- They have researched and captured the Twitter account details of the County's 500 most influential businesses, journalists, agencies and key influencers and will conduct a phased 'follow and engage' strategy to raise awareness of the LEP Twitter feed
- Tweets will primarily consist of highlighting similar positive economic stories as featured in the Lancashire Business Brief, partner news/events and LEP specific content
- If anyone chooses to try and engage with the LEP (or potentially LCC or other LEP aligned partners) via twitter to raise a particular issue, grievance or personal matter then such exchanges will be referred to the Chief Executive of Marketing Lancashire.

## LinkedIn

- Based on extensive client experience SKV has recommended that digital engagement is initially focussed on Twitter activity, the Lancashire Business Brief, the newsletter and the website
- However they are due to review the LinkedIn profiles/presence of LEP Board members and will recommend the best way to leverage individual profiles to help raise awareness of LEP activity

## 5.3 Media Relations

SKV has taken a very proactive role in media engagement on behalf of the LEP working closely with local media resulting in a tangible shift in attitude to the LEP and its work, including a more positive and open relationship with some media outlets who haven't been perceived as fully supportive.

LEP recent media highlights also include the positive inclusion of LEP key messages, photographs and quotes in a number of press stories 'owned' by third parties. These include:

- Northern Powerhouse Minister James Wharton's visit to Salmesbury EZ
- Wincanton's move to the Salmesbury EZ



- BAE System's academy ground-breaking

In addition to just reporting on the key role the LEP is playing in delivering some of these projects and schemes there has also been some 'turnaround' headlines in local press. For example;

- The previous negative reporting/perceptions about the perceived 'poor performance' of the Lancashire EZ has been countered by the news of Wincanton's relocation and the creation of new jobs.
- Graham Cowley, as a LEP Board representative, was fully briefed in advance of a special Insider breakfast in August focusing on East Lancashire which resulted in a positive outcome regarding perceptions of the LEP and the projects it has secured/delivered for East Lancashire.
- Mike Damms also helped inform an Insider piece regarding what positive impact the LEP has had on East Lancashire (yet to be published).

Further to the recent Lancashire Business View article featuring an interview with the Chief Executive of Marketing Lancashire about the communications and positioning work currently being undertaken by the LEP, the Times got in touch to ask if the LEP/Lancashire wanted to be involved in a two page paid for editorial piece as part of their 'Super North' Advanced Manufacturing supplement. This involved:

- Putting forward a Lancashire-based AEM partner (David Baird, EZ manager from BAE) to take part in a high-level debate in Manchester about the north and manufacturing
- A write-up of the debate, plus a two-page editorial feature which will appear in a special Times supplement focusing on AEM and manufacturing on October 1st
- Interviewees in the article include Edwin Booth, Tony Attard Chief Executive of Panaz Textiles, Andy Walker, Boost, and Kenny Gilmour, Operations Director from Victrex.
- The opportunity is to showcase Lancashire's aerospace, AEM, EZs and supply chain strengths as well as the work of the LEP.

## **Other Outputs**

### **Lancashire Enterprise Zones as a 'brand'**

SKV facilitated and supported discussions with the Head of Strategic Development for Lancashire County Council and the Chief Executive of Marketing Lancashire, along with consultants, agents and master planners, to explore and consider names for the Lancashire EZ sites. This was a complex process and included:

- Weighing up the different audiences and messages required
- Debating if locational references were more important than highlighting the commercial activity due to be undertaken at any given EZ site
- Whether heritage angles, or more esoteric approaches, were also appropriate from more of a branding/creative perspective

Subsequently SKV has undertaken more research into the naming process and captured the points and ideas raised at the meeting and has compiled a document which will form the basis for discussion at a future meeting of the EZ Governance Committee.



## Hillhouse Enterprise Zone communications

- SKV were recently briefed on the Hillhouse EZ bid to government
- They responded quickly with a well-constructed and persuasive piece of communication articulating not only the potential of the Hillhouse site as a hub of chemical/polymer production but the wider Lancashire EZ context
  - This included linking the proposed Hillhouse activity to Blackpool Airport EZ (energy), Salmesbury and Warton (AEM) and further the City Growth Deal and Growth Plan.
  - NB NPL, the main landowner of the Hillhouse site, released their own version of the story before the LEP's was approved (without informing the LEP, LCC or any other partner) which picked up some local headlines.
  - The LEP was credited as the main agency driving the EZ bid in all reporting, and SKV managed to get a LEP quote retrospectively added to some of the NPL-led articles.

## Strategic Transport Prospectus and Northern Powerhouse Positioning

- SKV were tasked to revise and design the latest version of the *Transport for Lancashire Prospectus* which is due to be published and distributed shortly, subject to Board approval.
- This piece is one of the LEP's most important 'calling cards' with Government and a key case-making tool to leverage awareness of the area's economic assets and growth plans by evidencing the importance of Lancashire's strategic infrastructure priorities to delivering Pan-Northern economic priorities.
- To help articulate this bigger picture message, SKV has drafted a new transport narrative which conveys how transport relates directly to Lancashire's other key economic priorities, including jobs and housing.
- The introductory piece also alludes to the City Growth Deal, Growth Plan, the Enterprise Zones and a number of other key initiatives.
- It also reinforces Lancashire's position as being at the heart, not the periphery, of the Northern Powerhouse.

This exercise is an excellent example of the much more media friendly, public facing and 'accessible' tone of voice that is developing across all of the LEP's communication channels.

### 5.4 Next Steps

- In addition to the pending digital activity as outlined above, plus an ongoing proactive media engagement linked to positive Lancashire economic stories, SKV is undertaking some additional 'bigger picture' strategic work.
- Core to this is an extensive mapping exercise of all significant economic and regeneration activity taking place in Lancashire over the next 10-20 years.
- As alluded to in the above rationale regarding the strategic transport narrative, this exercise is designed to break down the key elements within the City Deal,



the Growth Plan, and other medium to long term projects which the LEP is helping deliver.

- These are then to be overlaid with other major initiatives, such as Growing Places, Boost and Superfast Lancashire, which are being sponsored and/or delivered via the LEP and partners to build a powerful and legible picture of what, where and when key priorities and outcomes are and will be delivered.
- This will then give the LEP a 'total' evidence base, together with a timetable of milestones and opportunities, which has never been captured before from a communications perspective.

This will cut across all types of economic activity and strategies, both big and small, being implemented across the county (e.g. transport infrastructure, major research and innovation developments, commercial sectors, housing, jobs creation and skills) and further puts them into a geographical context to help address perception issues about where money is being invested.

As a result SKV plans to develop some LEP 'owned' strategy documents which are much more media and public friendly than the existing SEP and similar 'in-house' reports.

For example:

- *"Unlocking Lancashire's Potential - A Transformational Five Year Transport Plan"*
- *"Lancashire's Working – Jobs, Skills & Training Opportunities 2016-2020"*
- *"Make It In Lancashire – An Advanced Manufacturing & Aerospace Audit"*

Furthermore this approach will, by default, give the LEP a new series of key PR messages, a succinct, evidence-based suite of communications collateral and aims to crystalize and clarify what the LEP has achieved thus far and its plans for the future.

They will also playback elements of the Thinking Place narrative to ensure all messages are aligned. The first of these proposed prospectuses should be available by November.

### **Activity Summary**

- Collectively all of the above activity has demonstrated to partners, media and external audiences that things are happening and that the LEP is listening
- There also a number of initiatives and projects underway which will increasingly dial-up the volume on the Lancashire success story so far and, more importantly, articulate the opportunity Lancashire offers regarding inward investment
- A more sophisticated, crafted and strategic approach to how the work of LEP is articulated is already making an impact, and there has been a tangible shift towards a more confident, proactive and positive positioning
- This has already yielded results through PR activity, face-to-face engagement and other activities
- Building on this, SKV will continue to distil and rework the key media messages generated by the LEP's (and Lancashire's) major projects, plans and aspirations across different sectors, different localities, and different beneficiaries, to ensure they are clearly and effectively communicated across digital, media and other PR channels.



- There is much more to come, but the step-change in the LEP's communications and the need for a new narrative for the LEP, and the county, is well underway.



**Appendix 1  
Stakeholder Engagement**

**One to One Interviews  
(conducted face to face or by telephone, organised in order of when the interview took place) highlighted yellow are private sector**

Mark	Cullinan	Chief Executive	Lancaster City Council
Marshal	Scott	Chief Executive	Ribble Valley Borough Council
Garry	Payne	Chief Executive	Wyre Borough Council
Tony	Attard	Group Chief Executive	Panaz
Allan	Oldfield	Chief Executive	Fylde Borough Council
Kim	Webber	Joint Managing Director	West Lancashire Borough Council
Edwin	Booth	Chairman	LEP
John	Cater	Vice Chancellor	Edge Hill University
Richard	Mellor	Chairman	Cummins Mellor
John	Styles	Fund Manager	Knight Frank
David	Welsby	Chief Executive	Hyndburn Borough Council
Mike	Nuttall	Chief Executive	South Ribble Borough Council
Steve	Sankson	Regional Director	NatWest
Harry	Catherall	Chief Executive	Blackburn with Darwen Borough Council
Andy	Bounds	Northern correspondent and Enterprise Editor	Financial Times
Jo	Turton	Chief Executive	Lancashire County Council
Dean	Langton	Strategic Director	Pendle Borough Council
David	Taylor	Chair	UCLan/LEP
John	Clayton	Head of BBC Radio Lancashire	BBC Radio Lancashire
Karl	Tupling	Executive Director North West	HCA
Iain	Hawkins	Head of Blackpool Cluster	Merlin Entertainments
Stephen	Fraser	Managing Director	United Utilities Group
Sir Howard	Bernstein	Chief Executive	Manchester City Council
Michael	Finnigan	Chief Executive	I2I
Neil	Jack	Chief Executive	Blackpool Borough Council
Neil	Farley	Head of Operations	Westinghouse
Janet	Simpson	Proprietor	Gibbon Bridge Hotel
Mark	Crabtree	Managing Director	AMS Neve Ltd
Pam	Smith	Chief Executive	Burnley Borough Council
Stuart	Sugarman	Chief Executive	Rosendale Borough Council
Adrian	Mills	General Manager	BBC North
Simon	Dixon	Development Manager	Praxis Real Estate Management Ltd
Richard	Logan	Chief Operations Officer	Silent Night
Mark	Smith	Vice Chancellor	Lancaster University
Mike	Damms	Chief Executive	East Lancashire Chamber of



			Commerce
Babs	Murphy	Chief Executive	North & Western Lancashire Chamber of Commerce
Anna	Doran	Head of Anglo/Scotland route	Virgin Trains
Paul	Harrison	Chairman	Ribby Hall Village
Peter	Taylor	Managing Director	Hotter/Beaconsfield Footwear Ltd
Daniel	Gidney	Chief Executive	Lancashire Cricket Club
Mike	Tynan	Chief Executive	Nuclear AMRC
Nathan	Thompson	Chief Executive	Duchy of Lancaster
Mike	Blackburn	Vice President	BT Global Government
Guy	Topping	Managing Director	The Barton Grange Group
Jennifer	Mein	Leader	Lancashire County Council
Frank	McKenna	Chief Executive	Downtown in Business
Richard	Evans	Senior Partner	KPMG
Cliff	Robson	Director of Industrial Capability	BAE Systems
Sara	Hilton	Head of HLF North West	Heritage Lottery Fund
Liz	Russell	Managing Director	Envirosystems Ltd
Gary	Hall	Chief Executive	Chorley Borough Council
Amanda	Parker	High Sheriff of Lancashire	High Sheriff of Lancashire
Bev	Robinson	Principal/Chief Executive	Blackpool & the Fylde College
Craig	Bancroft	Managing Director	Northcote & Ribble Valley Inns
Lorraine	Norris	Chief Executive	Preston City Council
Christine	Cort	Managing Director	Manchester International Festival
Ann	Jordan	Director	Benetimo Ltd
Andrew	Graham	Managing Director	Graham & Brown
Ian	Barton	Head of Strategy & Investment Planning, MAI Operations	BAE Systems
Robert	Holt	Managing Director, Community Services	Carillion
Simon	Rigby	Chief Executive	The Rigby Organisation
Graham	Cowley	Executive Director	Capita Local Government
Matthew	Riley	Chairman	Daisy Communications
Boyd	Hargreaves	Managing Director	Oswaldtwistle Mills
Jim	Carter	Master of Laws	Royal Institute of Chartered Surveyors
Clive	Drinkwater	Director - North West	UKTI
Alison	Clark	Director	Arts Council England
Charlie	Grimley	Secretary	Royal Lytham & St Annes Golf Club
Andrew	Stephenson	MP Pendle	UK Govt
Chris	Fleetwood	Development Director	Land Securities Group
Julie	Cooper	MP Burnley	UK Govt



**Appendix 2  
Sector Focus Groups**

**Developers, Commercial Agents & Housebuilders : 10th August 2015**

Chris	Evenson	Managing Director	Eric Wright
Andy	Delaney	Director	Colliers
Brent	Forbes	Director	Petty
Caroline	James	Senior Partner	Trevor Dawson
Ian	Powell	Head of Business Development	Pinington
Michael	Conlon	Chairman	Conlon Construction / Forum Built Environment
Stuart	Sage	Area Manager	HCA
Andrew	Thorley	Regional Director	Taylor Wimpey
Steve	Robinson	Managing Director	Wain Homes

**Visitor Attractions & Event : 10th August 2015**

Richard	Simkin	General Manager	The Villa Group / Guild Hall & Charter Theatre
Ivan	Wadeson	Executive Director	The Dukes Theatre & Cinema
Jane	Kelly	Marketing & Business Development	Sandcastle Waterpark
Nick	Brooks	General Manager	WWT Martin Mere Wetland Centre
Ian	Watson	Libraries, Museums & Registrars Manager	Lancashire Museums
Kate	Walker	Marketing Manager	East Lancashire Railway
Stuart	Robertson	Owner	St Annes Beach Huts
Andrew	Howard	Marketing Manager	Grand Theatre Blackpool
Michael	Trainor	Executive Director	Leftcoast
Della	Belk	Business Development Manager	Blackpool Zoo

**Higher & Further Education: 30th July 2015**

Bev	Robinson	Principal and Chief Executive	Blackpool & the Fylde College
Steve	Gray	Chief Executive	Training 2000 limited
Joanne	Pickering	Director of HR	Forbes Solicitors
Claire	Shore	Snr Business Development Manager	Blackburn College
Kate	Mayers	Publicity & Comms Manager	Burnley College
Jamie	Hughes	Director of Business Development	Morecambe College
Lynne	Livesey	Head of the Lancashire Law School	University of Central Lancashire
Carl	Speight	Vice Principal Enterprise & Engagement	Preston's College
Michele	Lawty-	Director	Lancashire Skills Hub



	Jones		
<b>Advanced Manufacturing : 4th September 2015</b>			
Stephen	Greenhalgh	Managing Director	JJO
David	Baird	Programme Manager	BAE Systems
Stephen	Fitzsimons	Membership & External Affairs Manager North West	Engineering Employers Federation
Dave	McManaman	Managing Director	PPSI
Steve	Waterhouse	Managing Director	Die Cut UK
Stephen	Johnson	Managing Director	Paper Innovation
Tony	Brown	Operations Director	Safran-Aircelle
<b>Food &amp; Drink: 29th July 2015</b>			
Ian	Steel	Managing Director	J Atkinson & Co
Joycelyn	Neve	Managing Director	Seafood Pub Company
Patrick	Beaume	Owner	Cartford Inn
Simon	Barnes	Owner	Bashall Barn Food Visitor Centre
<b>Hotels &amp; Accommodation: 6th August 2015</b>			
Andy	Lemm	General Manager	Lancaster House Hotel
Vanessa	Thackray	Personnel Manager	Lancaster House Hotel
Carol	Sleet	Sales Manager	James Places
Jane	Waterworth	Marketing Director	Shire Hotels/Thwaites
Philip	Wharton	General Manager	Stanley House
Lesley	Yates	Partner	Canal Boat Cruises
Samantha	Lewis	Director	Dalmeny Hotel
Charlotte	Gili-Ross	Brand & Communications Manager	Ribby Hall Village
Ivan	Lynch	General Manager	Dunkenhalgh Hotel
Daniel	Rich	General Manager	Barton Grange Hotel
<b>Rural Economy : 10th August 2015</b>			
Ann	Turner	Chief Executive & Principal	Myerscough College
Kevin	Kelly	Visitor Services Manager	RSPB Nature Reserve
Anne	Selby	Chief Executive	Lancashire Wildlife Trust
Steve	Higham	Trust Enterprise Manager	Super Slow Way
David	Hall	Regional Director	NFU
Tom	Gill	Head of Environment	Promar International
Debbie	Garritty	Communications Manager	Duchy of Lancaster
Hetty	Byrne	Sustainable Tourism Officer	Forest of Bowland AONB



John	Welbank	Advisor / Owner	Rural Futures / Ireby Green Farm
<b>Media &amp; Network : 9th September 2015</b>			
Richard	Slater	Owner / Editor	Lancashire Business View
Ian	Coupe	Director	Shout Network
Danny	Davis	Business Development Manager	Downtown In Business
Gary	Lovatt	Regional Vice Chairman	FSB
Tedd	Walmsley	Managing Director	Ribble Valley Live
Cassandra	Troughton	Account Manager	This is Global
<b>Creative &amp; Digital Sector : 10th August 2015</b>			
Paul	Billington	Managing Director	Cowperstone
Tom	Stables	Managing Director	3 Man Factory
Michael	Gibson	Managing Director	Mirarlis Consulting
Chris	Bates-Keegan	Director	Lighten
Pete	Walker	Managing Director	JP74
Adam	Davis	Managing Director	Soap Media
Charles	Hadcock	Managing Director	Roach Bridge Tissues/Chair of Creative Lancashire
Tom	Grattan	Director & Brand Consultant	Tom Grattan





### Appendix 3

#### Steering Group Attendees – 25<sup>th</sup> September 2015

Edwin	Booth	Chair
Ruth	Connor	Chief Executive Marketing Lancashire
Tony	Attard	Chief Executive Panaz
Paul	Harrison	Chief Executive Ribby Hall Village
Nathan	Thompson	Chief Executive Duchy of Lancaster
Steve	Sankson	Regional Director NatWest
Craig	Bancroft	Managing Director Northcote & Ribble Valley Inns
Janet	Simpson	Managing Director Gibbon Bridge Hotel (+ R Swarbrick)
Amanda	Parker	High Sheriff of Lancashire
David	Baird	BAE Systems
Daniel	Gidney	Chief Executive Lancashire Cricket Club





## Lancashire Enterprise Partnership Limited

**Private and Confidential: No**

**Date: 6<sup>th</sup> October 2015**

**Lancashire Skills and Employment Strategic Framework**  
(Appendix 'A' refers)

**Report Authors: Amanda Melton, Chair of the Lancashire Skills Board & Dr Michele Lawty-Jones, Director of the Lancashire Skills Hub,**  
[michele.lawty-jones@lancashire.gov.uk](mailto:michele.lawty-jones@lancashire.gov.uk)

### **Executive Summary**

As agreed at the LEP Board in June, the final draft of the Lancashire Skills and Employment Strategic Frameworks is provided for comment. The draft will go out for consultation in October and November 2015. Whilst the Framework will be finalised following the consultation events, it is recognised that the Framework will need to constantly evolve in accordance with the demands of employers and the changing policy context.

### **Recommendations**

The Board are asked to:

- (i) Provide comment on the final draft of the Lancashire Skills and Employment Strategic Framework.
- (ii) Provide comment on the proposed method for consultation.

## **1. Lancashire Skills and Employment Strategic Framework**

- 1.1 An early first draft of the Lancashire Skills and Employment Strategic Framework was presented to the LEP Board on the 16<sup>th</sup> June 2015.
- 1.2 The framework has been further refined following the Skills Board Away Day in August and the completion of the skills and employment studies, listed below:
  - Overarching 'Comprehensive Evidence Base on Skills and Employment'.
  - 6 Sector Studies:
    - Advanced Manufacturing
    - Energy and Environmental
    - Creative and Digital
    - Finance & Professional Services



- Visitor Economy
  - Health and Social Care
  - City Deal skills and employment strategy (bringing in the 7<sup>th</sup> priority sector – construction).
- 1.3 The framework draws together the key priorities and objectives from the range of studies, identifying common themes and issues. The framework is structured into 4 themes: Future Workforce, Skilled & Productive Workforce, Inclusive Workforce and An Informed Approach.
- 1.4 These themes are underpinned by a number of key objectives, plus a common set of outcomes for the framework as a whole. These objectives articulate the priorities for Lancashire and are broken down further into a number of actions.
- 1.5 It is intended that the Strategic Framework will inform and underpin the investment decisions made in relation to discretionary funding (for example, ESIF funding and Growth Deal Skills Capital) and influence the use of mainstream skills and employment budgets, for example, the proposed apprenticeship levy. Providers making use of these budgets in Lancashire will be invited to set out how their delivery will contribute to achieving the Framework's priorities. In delivering the Strategic Priorities, the Skills Board and other strategic partners will also work with employers to leverage greater levels of employer engagement and investment in key areas.
- 1.6 An action within the framework is to establish Sector Skills Development Partnerships. This will evolve from the stakeholders involved in the development of the sector evidence bases and allied action plans. The Sector Skills Development Partnerships will oversee the implementation of sector specific action plans which will feed into the achievement of the actions and objectives detailed in the Framework.
- 1.7 The document is presented as the final draft. LEP Board members are invited to comment on the final draft of the Framework prior to consultation.

## **2 Consultation and Finalisation of the Framework**

- 2.1 It is intended that consultation will be undertaken with Local Authorities through meetings with the Chief Executives, scheduled during October and November, and through attendance at meetings and events with key stakeholders including skills providers and employers.
- 2.2 Two events will be led by the Skills Board and the Skills Hub in early November, one targeting key stakeholders such as Local Authorities, Providers (including private providers, Further Education Colleges and Higher Education Institutions) and the voluntary and community sector, and one targeting employers and representative bodies.
- 2.3 The events will be branded 'The Lancashire Skills and Employment Conversation'. The events aim to gain feedback on the framework, gain



ownership and engage key stakeholders and employers in the delivery of the actions.

- 2.4 Whilst the Framework will be finalised following the consultation events, it is recognised that the Framework will need to constantly evolve in accordance with the demands of employers and the changing policy context.
- 2.5 LEP Directors will also be invited to the events.
- 2.6 Board members are asked to comment on the proposed approach.





Lancashire  
Enterprise Partnership

Appendix 'A'

**The Lancashire Skills and Employment  
Strategic Framework  
2016-2021  
Version 5  
For Consultation**

10/09/2015

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## Introduction

The purpose of this Strategic Framework is to make the Skills and Employment system more responsive to the needs of Lancashire, and, in particular, provide the necessary foundations for achievement of the Lancashire Strategic Economic Plan (SEP)<sup>1</sup>. It provides a framework for public investment in Employment and Skills activities in the County, and it outlines the direction employment and skills providers need to take to best address need.

This Strategic Framework identifies the key priorities and actions that should be addressed to tackle labour market failure in the County and its localities, and to address the Strategic imperatives of the SEP. It is informed by local needs and opportunities - and challenges providers to be responsive to them. It covers issues of economic inactivity and unemployment; low and basic skills issues; technical skills gaps and skills shortages; apprenticeships; and, higher level skill needs.

The purpose of the Strategic Framework is to:-

- a) Increase prosperity and economic growth;
- b) Deliver SEP Priorities;
- c) Address issues of unemployment and economic inactivity; and,
- d) Promote social inclusion, social cohesion, and equality and diversity.

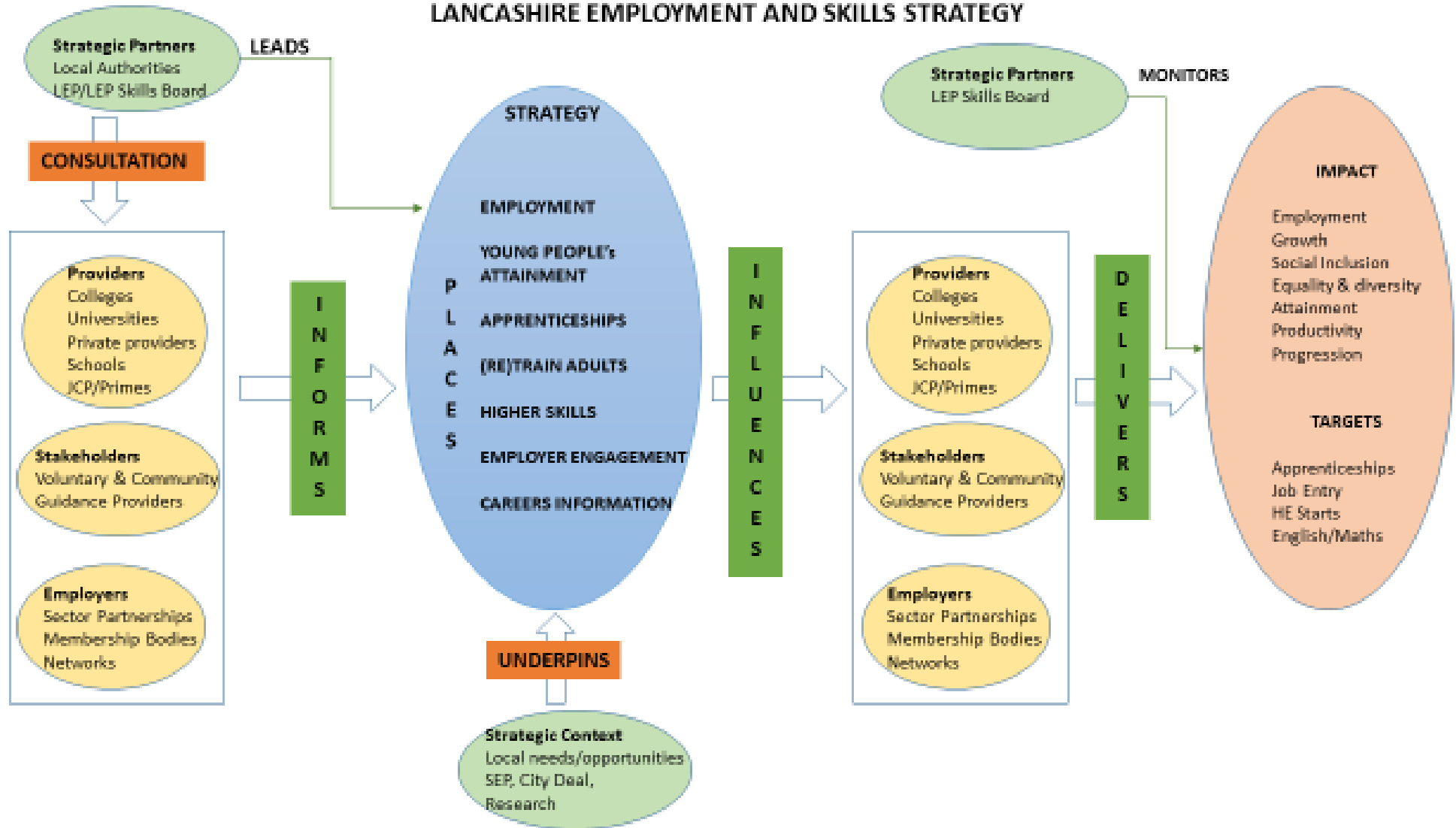
The Framework seeks to influence the improvement of service delivery for the county's employers, young people (14-19) and working age adults. The delivery in scope includes welfare to work programmes; all 14-16 and 16-19 education and training; all apprenticeships; all adult skills and further education; higher education; and, information, advice and guidance services for adults and young people.

Where the LEP Skills Board or Local Authorities have direct authority or a role in particular skills budgets (e.g. European Social Funds (ESF), Growth Deal Skills Capital, 16-19, NEET, IAG etc.), it is intended that the Strategic Framework will inform and underpin the investment decisions made in relation to these budgets. In addition it is expected that the Strategic Framework will influence the utilisation of all post-16 education, skills and welfare to work budgets. Providers making use of these budgets in Lancashire will be invited to set out how their delivery will contribute to achieving the Framework's priorities. In delivering the Strategic Priorities, the LEP Skills Board and other strategic partners will also work with employers to leverage greater levels of employer engagement and investment in key areas.

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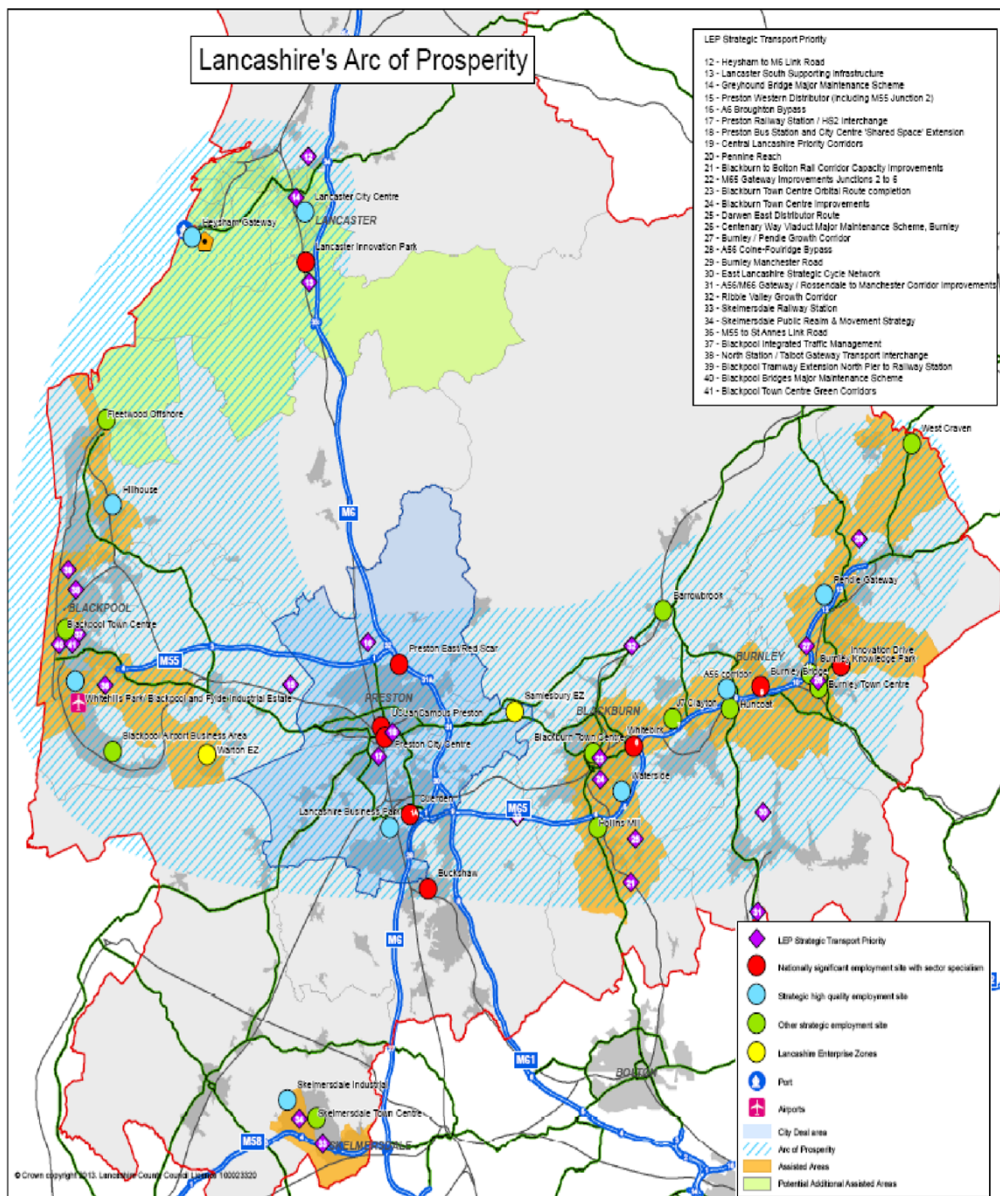
<sup>1</sup> <http://www.lancashirelep.co.uk/media/8856/LEP-strategic-economic-plan.pdf>

# LANCASHIRE EMPLOYMENT AND SKILLS STRATEGY



## Lancashire's Strategic Economic Plan - Delivering the Arc of Prosperity

The overarching purpose of the SEP and Growth Deal is to re-establish Lancashire as an economic powerhouse and a national centre of excellence in advanced manufacturing by maximising its clear competitive strengths and capabilities in the aerospace, automotive, energy and health science related sectors. By realising the value of an *arc of prosperity*, which sweeps across Lancashire, the LEP will harness the power and potential of our national industrial hotspots; our key strategic sites; our key clusters of high value activity; and our internationally recognised centres of excellence in research and innovation.



The contribution of Lancashire's visitor and rural economies and heritage assets is acknowledged by the LEP, as is the complementary role these sectors play in delivering the Lancashire Growth Deal. The former is of particular importance to the

renewal of Blackpool, where a strengthened visitor economy will be critical to the town's renewal.

Businesses in Lancashire export their goods and services across the world. The area is rightly identified as one of the UK's strongest export performers, with the likes of BAE Systems' military air operations playing a central role in delivering the UK's largest ever international trade deal. Despite this, Lancashire as a location has failed to consistently attract significant new occupiers and investors in recent years. Failure to deliver key strategic sites, a constrained transport infrastructure, and an under-powered strategic marketing capacity, have all contributed to this.

The LEP is now making progress to address these key limitations. Lancashire's Growth Deal will restore more rapidly Lancashire's ability to compete in the international marketplace for new investment, jobs, learners and visitors.

The Growth Deal is specifically designed to address transport infrastructure issues and establish for the first time a transport investment programme, under the direction of TfL, commensurate with Lancashire's economic and housing growth opportunities and challenges. This investment programme will ensure key locations can fulfil their potential as growth corridors and major industrial, commercial and transport hubs for Lancashire as well as neighbouring economies. It will also maximise the connectivity opportunities afforded by new national and regional initiatives, including HS2, Airport City, Media City UK, Northern Hub, Atlantic Gateway and Liverpool SuperPort.

The SEP recognises that places such as Skelmersdale, in West Lancashire, and Rossendale, in East Lancashire, are equally capable of taking advantage of their adjacency to growth opportunities in neighbouring city-regions, especially in Liverpool and Manchester. The Growth Deal positions the connectivity solutions necessary to maximise these key cross-boundary opportunities.

Partners are working harder to unlock constrained growth opportunities in all parts of Lancashire to create a more balanced economy, especially in terms of re-establishing the local growth trajectories of East Lancashire and Blackpool. The LEP's work to bring forward high quality opportunities consistent with market requirements indicates East Lancashire can grow its existing advanced manufacturing clusters and attract new industrial occupiers, if there are significant improvements in the local transport infrastructure.

The economic success of Lancashire both depends upon, and supports, a new approach to housing growth. Although local partners consider housing regeneration still to be a key issue in certain parts of Lancashire, and especially in Blackpool, the Growth Deal provides the opportunity to bring forward housing growth ambitions in areas that were previously characterised as failed housing markets. The LEP's growth ambition for the Lancashire economy is such that, allied to our own strategic investment plans and those of others, we envisage housing build completion rates returning to levels not seen since the mid-1990s.

The *arc of prosperity* currently generates around 75% of Lancashire's wealth and provides the primary focus of our economic and housing growth plans. The SEP therefore concentrates economic activity and Growth Deal investment in this arc.

In spatial terms, *the arc of prosperity* captures:

- The importance of **Lancaster** as a major location for economic and housing growth, underpinned by its world-class research intensive university, a renewed city centre, and the prospect of further growth as an energy centre and port serving Lancashire and the wider region;
- In **Wyre and Fylde** the truly global excellence of an established base of growing polymer science, nuclear and renewable energy focused companies including AGC, Victrex and Vinnolit;
- **Blackpool** remains one of the UK's leading visitor destinations, but it is vital this competitive advantage is further strengthened and its social and economic renewal accelerated;
- The two Lancashire EZ sites at **Samlesbury and Warton** that are exclusively focused on the growth of advanced manufacturing;
- **Central Lancashire** is home to some of the UK's leading automotive companies, including supply chain clusters with companies such as Clean Air Power and Torotrak, and Tier 1 OEM companies including PACCAR (Leyland Trucks);
- **Preston**, the county's largest urban centre, the focal point of our City Deal 10-year infrastructure and development programme and home to UCLan; and
- The **M65 Growth Corridor** which forms the economic spine of **East Lancashire**, and includes, Blackburn as its key gateway location, Burnley, the UK's most Enterprising Area, and Pendle, which has the largest concentration of employment in advanced manufacturing in England.

The *arc of prosperity* clearly signals where the new jobs and housing growth in Lancashire will be generated, supported by key economic and transport interventions. More than 90% of the county's forecast additional employment opportunities will be located on sites, and at locations, within the arc. Almost all of the county's large single-site housing development schemes are also within the arc. Delivering the *arc of prosperity* is central to achieving the LEP's strategic vision, providing a platform from which the SEP's strategic objectives and priorities can be clearly articulated.

The skills and employment system is a key cross-cutting enabler, underpinning sector development and growth, inward investment and the development of employment sites and the Enterprise Zones, individual business growth and social mobility.

DRAFT

## Key Issues in the Lancashire Labour Market

### Critical Constraints

The Lancashire workforce is ageing, as it is elsewhere in England, and combined with modest population growth, this presents the biggest challenge to the LEP meeting its economic targets. Four factors - the current population size, demographics, economic activity and skills profile will make it more difficult for Lancashire to attract the inward investment needed to support the employment targets set out by the LEP. The skills and employment system can make a real impact on two of those factors – economic activity and skills.

A lower proportion of employment in the current business base in higher level occupations than nationally, will make it difficult for employers to recruit skilled workers, particularly for a number of the priority sectors. Reskilling the existing workforce will go some way to addressing this.

Although a significant number of young people from Lancashire go on to higher education, many young people are not returning, and the low numbers in the workforce aged 21-34 years old is a serious weakness in the workforce profile.

In the future, employers are likely to find it difficult to recruit higher skilled and experienced personnel, and increasing demand for construction is likely to lead to more severe skills shortages in skilled trades, with the potential for the displacement of skilled workers from other sectors.

There are major challenges in creating new employment opportunities in East Lancashire. There are also considerable challenges with regard to Blackpool, Fylde and Wyre.

### Employment Growth and the Lancashire Workforce

Growth sectors in the Lancashire economy will create circa 45,000 jobs over the next ten years, and this will increase to over 55,000 if the LEP's ambitions for economic growth are met. In terms of recruitment and skills to support this employment growth:

- A marked increase in construction employment is likely to be inhibited by skills and recruitment challenges.
- A large proportion of the recruitment for the forecast increase in logistics and distribution, the visitor economy and leisure can be met by local residents supported by relevant occupational training.
- The growth in business and professional services and ICT related business may be affected by a limited pool of labour of well qualified younger people, and this may have an impact on inward investment.

The challenges facing companies recruiting for new jobs will be exacerbated by the need to replace existing workers as they retire, change jobs or leave the labour market. Replacement demand will create much greater requirements for training provision than absolute employment growth, much of it in higher level occupations.

The economic forecasts suggest that manufacturing employment will decline by some 10,000 jobs over the next ten years. Initiatives are underway to ensure this does not happen and that manufacturing sub-sectors with the potential to grow are fully supported. This will require:

- New inward investment linked to Lancashire manufacturing specialisms and supply chain.

- The continual upskilling of the workforce.
- A long term programme to bring new apprentices and graduates into the industry.

Given the need for Lancashire to address the ageing of its workforce and to stop the talent drain of younger workers, Lancashire needs to develop best in class apprenticeship and graduate retention programmes.

The overall competitiveness and sustainability of the Lancashire economy is linked to a wider move to a higher skilled and more productive workforce in both manufacturing and the service sector. This will require, at every level, a better educated and qualified workforce, with both life and vocational skills.

### **Employability**

The Lancashire economy currently has too few jobs to provide the employment opportunities to increase employment rates to a level which would significantly raise low household incomes in many communities. A considerable number of people are without employment in Lancashire, and this number has been affected by the slow employment recovery compared to other parts of England. As jobs growth begins to take hold in the County, linking those out of work with these opportunities may help to decrease economic inactivity levels.

A lower employment rate, particularly amongst certain age groups (and older people) and the doubling of unemployment since the onset of recession, with 50,000 currently unemployed, presents a challenge in an economy where employment growth has been limited recently. As the employment recovery picks up in the County, it is imperative that these increasing opportunities are linked to local people who can benefit from them.

While the workforce is ageing, many people will need to remain in employment for longer due to changes in pension arrangements. This could indirectly lead to fewer employment opportunities for young people, unless new jobs are created in the economy. Successful delivery of the LEPs growth plans will be fundamental.

There is a strong link between qualifications and employment, and too many people, including those affected by Welfare Reform, have qualifications below Level 2. These people are vulnerable to becoming trapped in low-paid and insecure employment, leaving some communities experiencing low incomes and multiple deprivation. Adults achieving employment-linked qualifications at Levels 2 and 3 provides a route to more secure employment options.

There is a need to improve the educational performance of school students in many parts of Lancashire. With current attainment levels, too many school students will be unable to take up the employment and training opportunities in the sectors which will create new jobs.

### **Skills and Employment Provision**

Lancashire has a number of highly regarded Further Education Colleges, private providers and Higher Education Institutions, providing substantial work-related education and training each year to young people and adults. While provision attempts to match market demand, there are some areas where increased provision could be considered.

Considerable numbers each year are provided with life and work skills, although workplace learning opportunities are limited. Apprenticeships continue to provide work based training opportunities, although again numbers are limited, and without further incentives it is not clear if employer participation can be increased substantially, or if a significant number of young people with the



required capabilities and attitudes can be attracted into apprenticeships as a vocational alternative to higher education.

The Work Programme is the largest back to work programme in Lancashire, although less than one in four of the substantial number of participants successfully attain a job outcome.

### Priority Issues

The provision of training needs to take account of both the challenges in supporting employment growth and the need to strengthen the existing business base through a better skills workforce. The emerging priorities are:

- **Young People's attainment:** improving the attainment rate of schools students to above the national average, with a focus on those schools where students are seriously lagging behind.
- **Careers Advice and Guidance:** provision of advice and guidance to young people, underpinned by robust labour market intelligence, highlighting the career opportunities in the County and employability in a changing economy.
- **Apprenticeships and vocational training:** increasing the number and quality of apprenticeships and encouraging greater levels of provision at a higher level, reaching more employers in sectors with high replacement demand and growth.
- **Graduate and Higher-level skills retention:** developing new and innovative mechanisms including increasing internships and graduate placements across the Lancashire business base, increasing the number of workers with higher level skills.
- **Construction:** given the need to complete major infrastructure works and increase residential development, develop new initiatives to address requirements and skills changes in construction and increase the number of partnerships in skilled trades.
- **FE and Skills Provision:** working with Further Education Colleges, private providers and employers to target vocational training opportunities at areas of high replacement demand and future employment growth.
- **Employer engagement:** there is a need to increase employer engagement in skills, and encourage greater commitment to workforce development, as well as encouraging employers to work with education providers to influence vocational provision.
- **Employability:** there is a need to increase efforts to link young people and those seeking employment with the regular opportunities made available through replacement demand, and tackle employability issues before they become entrenched by reducing the number of young people becoming NEET, and working with those at risk of redundancy to re-train or transfer their skills to other sectors / employers.
- **Work Programme:** Lancashire needs a more effective Work Programme capable of generating higher than average outcomes for local residents.

## Lancashire Skills and Employment Framework

The Lancashire Skills Board commissioned a range of studies to bring together a robust evidence base to develop the Lancashire Skills and Employment Framework. This included: a comprehensive review of skills and employment issues in Lancashire (summarised in the critical issues section above); six sector studies focusing on areas of high replacement demand and growth potential (Advanced Manufacturing; Energy and Environmental Technologies; Creative and Digital; Health and Social Care; Finance and Professional Services; and Visitor Economy) and, in addition a skills and employment study commissioned by the City Deal Executive highlighting the critical skills and employment issues in the Construction Industry.

The framework draws together the key priorities and objectives from the range of studies, identifying common themes and issues. **The framework is structured into 4 themes: Future Workforce, Skilled & Productive Workforce, Inclusive Workforce and An Informed Approach.** These themes are underpinned by a number of key objectives, plus a common set of outcomes for the framework as a whole. Page 13 provides the overview of the framework by theme. The themes and objectives articulate the priorities for Lancashire.

The themes and objectives are broken down further into a number of actions on pages 14-17.

It is intended that the Strategic Framework will inform and underpin the investment decisions made in relation to discretionary funding (for example, ESIF funding and Growth Deal Skills Capital) and influence the use of mainstream skills and employment budgets. Providers making use of these budgets in Lancashire will be invited to set out how their delivery will contribute to achieving the Framework's priorities. In delivering the Strategic Priorities, the LEP Skills Board and other strategic partners will also work with employers to leverage greater levels of employer engagement and investment in key areas.

An action within the framework is to establish Sector Skills Development Partnerships. This will evolve from the stakeholders involved in the development of the sector evidence bases and allied action plans. The Sector Skills Development Partnerships will oversee the implementation of sector specific action plans which will feed into the achievement of the actions and objectives detailed in the Framework.

## Lancashire Skills and Employment Framework – Overview

Theme	Objectives	Outcomes
<b>Future Workforce</b>	<ol style="list-style-type: none"> <li>To increase school attainment levels in areas of concern in Lancashire through the 'Careers Inspiration' agenda.</li> <li>To co-ordinate and improve the Careers Education, Information, Advice and Guidance (CEIAG) offer to people in schools, colleges, providers and universities and increase engagement with STEM subjects, vocational pathways and routes into key LEP sectors and areas of high replacement and growth demand.</li> <li>To improve vocational pathways from classroom based provision to higher level work-based provision.</li> <li>To increase graduate retention in Lancashire by improving engagement with employers during and after programmes of learning (e.g. work based projects, placements and internships) and by improving the attractiveness of Lancashire to ambitious and aspirational graduates.</li> <li>To reduce current skills shortages (teachers, tutors and lecturers) by increasing engagement of employers in co-delivery and sharing of staff across providers.</li> <li>To improve employability and enterprising skills, attitudes and behaviours across the education journey.</li> <li>To improve and ensure that post-16 education and learning facilities are fit-for-purpose and that responsive and flexible approaches are taken (e.g. blended learning).</li> </ol>	<ol style="list-style-type: none"> <li>Reduction in Lancashire unemployment and NEET figures.</li> <li>Less reported vacancies / skills shortages in key LEP sectors and areas of high replacement demand and growth.</li> <li>More Lancashire residents skilled at Level 3 and above.</li> <li>Increased social mobility in disadvantaged areas.</li> <li>Improved school attainment levels in under performing schools across Lancashire.</li> </ol>
<b>Skilled and Productive Workforce</b>	<ol style="list-style-type: none"> <li>To increase the number of apprenticeships (including higher level and degree) in areas of high replacement demand and growth.</li> <li>To increase the number of companies in Lancashire offering graduate-level and professional jobs, and attract new businesses likely to recruit higher skilled people.</li> <li>To increase the number of employers undertaking workforce/succession planning and investing in skills.</li> <li>To improve the provision of sector-specific training to tackle skills shortages in LEP priority sectors.</li> <li>Raise the capability of SMEs to grow through leadership and management interventions.</li> </ol>	<ol style="list-style-type: none"> <li>A greater number of graduates choosing to work in Lancashire.</li> <li>Less reported skills shortages in providers (teachers, tutors and lecturers).</li> </ol>
<b>Inclusive Workforce</b>	<ol style="list-style-type: none"> <li>To improve the employability and skills of unemployed adults and NEET young people to enhance job prospects, particularly in areas of high replacement demand and growth.</li> <li>To provide relevant labour market information (LMI) and CEIAG to support decision making.</li> <li>To facilitate routes into employment through sector specific initiatives, for example, Sector Based Work Academies.</li> </ol>	<ol style="list-style-type: none"> <li>Greater number of apprenticeships at L3 and above.</li> </ol>
<b>An Informed Approach</b>	<ol style="list-style-type: none"> <li>To create a 'skills observatory' for Lancashire that will maintain the skills and employment evidence base and an oversight of relevant policy.</li> <li>To facilitate 'Sector Skills Development Partnerships' that will drive the implementation of sector specific action plans.</li> <li>To connect and collaborate with other LEP areas to influence 'mainstream' provision (e.g. CEIAG), collaborate, and to share good practice.</li> </ol>	<ol style="list-style-type: none"> <li>Greater number of employers offering graduate level jobs and investing in skills.</li> </ol>

<b>Future Workforce (FW)</b>			
<b>Actions (aligned to the objectives in the overview)</b>	<b>Sector Priorities</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a</b> Inspire young people through industry role models, materials and activities to motivate them to achieve higher attainment levels.</p> <p><b>2a.</b> Gain an overview of CEIAG activity across Lancashire to gain an understanding of strengths and weaknesses and areas requiring intervention.</p> <p><b>2b.</b> Work with the Careers and Enterprise Company, the National Careers Service (NCS) and local CEIAG providers to increase interactions between employers and schools and post-16 providers in sectors with high replacement demand and growth through a range of activities.</p> <p><b>3a.</b> Providers to work with employers to ensure that curriculum is fit for purpose and to improve vocational and non-traditional pathways (e.g. higher level apprenticeships).</p> <p><b>4a.</b> Increase the number of Lancashire-based businesses offering work based projects, placements, internships and KTPs to Lancashire (under) graduates and graduate level vacancies with good terms and conditions.</p> <p><b>5a.</b> Work with the Sector Skills Development Partnerships (SSDPs) to develop models for increasing co-delivery by employers, industry assessors and the sharing of staff.</p> <p><b>6a.</b> Work with the Careers and Enterprise Company to develop and implement the 'Enterprise Passport' to provide a mechanism for recognising employability/enterprise skills.</p> <p><b>6b.</b> Map the enterprise education journey with view to reinforcing curriculum and activities which develop enterprising skills, attitudes and behaviours.</p> <p><b>7a.</b> Invest Growth Deal (skills) capital in projects which will enhance Lancashire's education and learning facilities in-line with employer demand.</p> <p><b>7b.</b> Establish a Lancashire wide forum to accelerate the use of blended learning, including the use of on-line learning, simulation and virtual reality.</p>	<p>All sectors raised the need to promote their industry to young people, in terms of breadth, career / progression pathways, to break myths and to promote current and future opportunities in Lancashire. Employer engagement should thus be targeted at all key sectors. Advanced Manufacturing, Energy and Environment and Construction raised the need to increase the number of students choosing STEM subjects in school / post-16.</p> <p>Creative &amp; Digital (digital), Energy &amp; Environment, Advanced Manufacturing and Construction specifically raised the need to attract females to their industries; activities should thus be integrated into 1b and 2a to address this issue.</p> <p>Graduate attraction and retention was cited as a particular issue for all sectors apart from Visitor Economy.</p> <p>Visitor Economy, Energy and Environment, Finance and Professional Service and Creative and Digital specifically raised the need to improve work readiness, softer skills and enterprising skills.</p> <p>The need to invest in up-to-date equipment and technology to ensure learning is fit-for-purpose cut across a number of sectors. A Hotel School was also recommended by Visitor Economy.</p>	<p>1a-2b: Lancashire Skills Hub, NCS, SSDPs, CEIAG providers, Schools, Sixth Forms, Colleges and Providers, Employers.</p> <p>3a: Skills Providers, Employers.</p> <p>4a: Lancashire Higher Education Institutions (HEIs) and FE Colleges offering Higher Education, Employers.</p> <p>5a: SSDPs, Employers, Skills providers.</p> <p>6a-6b: Lancashire Skills Hub, NCS, Schools, Colleges, HEIs.</p> <p>7a: Lancashire LEP and Lancashire Skills Board.</p> <p>7b: Lancashire Skills Hub, Colleges, Providers and HEIs.</p>	

<b>Skilled and Productive Workforce (SPW)</b>			
<b>Actions (aligned to the objectives above)</b>	<b>Sector Priorities</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a.</b> Drive the engagement of employers in the development of apprenticeship standards to increase the number of relevant L3+ (advanced, higher and degree) apprenticeships on offer in Lancashire.</p> <p><b>1b.</b> Increase capacity in post-16 providers and universities to offer L3+ apprenticeship routes and develop robust progression routes from classroom based vocational provision.</p> <p><b>2a.</b> Increase the attractiveness of Lancashire for 'growth' companies, supply chain development, and ambitious graduates and professionally qualified people.</p> <p><b>FW 4a.</b> Increase the number of Lancashire-based businesses offering work based projects, placements, internships and knowledge transfer partnerships to Lancashire (under) graduates and graduate level vacancies with good terms and conditions.</p> <p><b>3a.</b> Integrate a workforce/succession planning service into the Lancashire Growth Hub, alongside a skills brokerage service to increase the number of (new) employers investing in skills.</p> <p><b>3b.</b> Consider the development of a 'skills pledge' model to encourage the engagement of employers.</p> <p><b>4a.</b> To integrate specific sector skills needs into programmes such as 'Skills Support for the Workforce' and feed intelligence into the supply side to influence curriculum.</p> <p><b>5a.</b> Provision of a Lancashire wide leadership and management programme targeting owner managers of SMEs, aimed at improving leadership capacity and innovation / creativity to enhance business growth.</p>	<p>All sectors stated the need to increase the number of advanced, higher and degree apprenticeships to support progression and retention. Health and Social Care and Visitor Economy also encouraged the use of traineeships as a route into apprenticeships.</p> <p>Advanced Manufacturing and Energy and Environmental emphasised the need to support the development of the supply chain.</p> <p>Graduate attraction and retention was cited as a particular issue for all sectors apart from Visitor Economy.</p> <p>Advanced Manufacturing, Health and Social Care, Visitor Economy and Energy and Environment encouraged employer engagement through a brokerage service and/or a skills pledge model.</p> <p>A number of sector specific needs need addressing including: care certificate, health and care interdisciplinary training, advanced IT and software skills, cyber-security, cloud-based computing, QA, data science, energy and environment-related engineering skills, sales and marketing, project management, social media, customer service and other technical skills.</p> <p>Creative and Digital, Visitor Economy and Energy and Environment cited the need to improve leadership and management skills and entrepreneurialism. Finance and Professional Services focused on the need to support the growth of family owned businesses through succession planning, mentoring and the use of non-executive directors.</p>	<p>1a: SSDPs, Employers, Lancashire Skills Hub, Skills Providers and HEIs.</p> <p>1b: Skills Providers and HEIs.</p> <p>2a: Lancashire LEP.</p> <p>FW 4a: Lancashire Higher Education Institutions (HEIs) and FE Colleges offering Higher Education, Employers.</p> <p>3a: LEP Business Support Management Board, Lancashire Skills Board, Lancashire Skills Hub, Lancashire Growth Hub.</p> <p>3b: Lancashire Skills Hub, Lancashire Growth Hub.</p> <p>4a: Lancashire Skills Hub, Skills Providers.</p> <p>5a. Lancashire Skills Hub, Lancashire Growth Hub, Skills providers and HEIs.</p>	

<b>Inclusive Workforce (IW)</b>			
<b>Actions (aligned to the objectives above)</b>	<b>Sector Priorities</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a.</b> To facilitate improvement in Work Programme outputs by correlating activity with areas of high replacement demand and identifying interventions which would be complimentary and improve outcomes.</p> <p><b>1b.</b> Employability and skills development programme incorporating CEIAG for adults not in work and not claiming benefit and those at risk of redundancy (targeting individuals outside of the Work Programme and mainstream provision).</p> <p><b>1c.</b> Employability and skills development programme incorporating CEIAG targeting NEET young people.</p> <p><b>1d.</b> 'Hard to reach' programme(s) aimed at the disadvantaged and the furthest from the labour market (incorporating an escalator model which will feed into 1a, 1b, 1c as appropriate or other relevant activity which will provide a pathway into learning or work).</p> <p><b>1e.</b> Incorporate the Social Value Act (2012) into LEP capital programmes to create skills and employment opportunities aimed at the unemployed, disadvantaged and NEET.</p> <p><b>3a.</b> Sector specific 'ready for work' programmes building on models like Sector Based Work Academies, targeting areas of high replacement demand and inward investment opportunities.</p> <p><b>3b.</b> Review viability of a 'Wheels to Work' scheme for rural areas of Lancashire, building on good practice in Cumbria.</p>	<p>Health and Social Care and the Visitor Economy highlighted the potential for retraining and sector-based approaches to fill high levels of replacement demand and growth. The significant growth projections in construction would also apply.</p> <p>Visitor Economy highlighted the benefits of the 'Wheels to Work' programme to individuals working unsociable hours.</p>	<p>1a: Lancashire Skills Board, DWP, Work Programme Providers.</p> <p>1b: Lancashire Skills Board, DWP, JCP, Providers.</p> <p>1c: Lancashire Skills Board, Local Authorities, Providers.</p> <p>1d: Lancashire Skills Board, Local Authorities, Providers.</p> <p>1e: Lancashire Skills Board, Growth Deal Management Board, City Deal Executive, recipients of capital funding.</p> <p>3a: Lancashire Skills Board, Providers, SSDPs.</p> <p>3b: Lancashire Skills Board, Lancashire Skills Hub.</p>	

<b>An Informed Approach (IA)</b>			
<b>Actions (aligned to the objectives above)</b>	<b>Sector Priorities</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a.</b> Development of the Lancashire Skills Hub as a hub of intelligence in regard to relevant policy and LMI for local stakeholders, and to influence and position Lancashire in the Local Enterprise Partnership (LEP) network and nationally.</p> <p><b>1b.</b> Use of the Skills and Employment Framework and related intelligence to influence, prioritise and direct the use of mainstream and discretionary funding (e.g. ESIF, Growth Deal, Area Review, devolution agenda).</p> <p><b>2b.</b> Development of 7 Sector Skills Development Partnerships to oversee, facilitate and deliver sector action plans in Advanced Manufacturing, Energy and Environment, Creative and Digital, Visitor Economy, Health and Social Care, Finance and Professional Services and Construction.</p> <p><b>3a.</b> Create relationships and collaborations with other LEP areas facing similar challenges to influence mainstream provision lobby and influence and develop collaborative projects.</p>	<p>Cross sector call to maintain local labour market intelligence and oversight of policy to drive local provision and to influence / position nationally.</p> <p>Proposed that Sector Skills development Partnerships are put in place to drive sector-focused activity, building on the steering groups which oversaw the initial baseline studies and the development of sector action plans.</p>	<p>1a. Lancashire Skills Hub, Representative Groups.</p> <p>1b. Lancashire Skills Board, Lancashire Skills Hub, Representative Groups.</p> <p>2b. Lancashire Skills Hub, SSDPs.</p> <p>3a. Lancashire LEP, Lancashire Skills Board, Lancashire Skills Hub, Representative Groups.</p>	







## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

**Date: 6<sup>th</sup> October 2015**

### **LEP Growth Deal Update Report**

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#### **Executive Summary**

In accordance with the LEP's Assurance Framework, the businesses cases of individual Growth Deal projects must be subject to independent assessment, prior to a final investment decision by the LEP Board. This report sets out three schemes that are seeking a final investment decision.

In addition, confirmation of an earlier investment decision for Blackpool Energy HQ project is also being sought, as a result of the decision to relocate the project on the proposed Blackpool Airport Corridor Enterprise Zone site.

Looking forward, it is likely that the Government's Autumn Statement on 25 November will provide information in relation to future Growth Deals. It will be important that the LEP is able to respond to this statement and this report sets out a proposed way forward to ensure a robust, evidence based proposal can be presented to Government in a timely manner.

#### **Recommendations**

- (i) Note the recommendation made by Transport for Lancashire to approve the granting of Full Approval to the Broughton A6 Bypass scheme and request the Growth Deal Management Board (GDMB) ensure the actions advised by the independent appraiser, Atkins, are discharged;
- (ii) Note the recommendations made by Transport for Lancashire to approve the granting of Full Approval to the Blackpool Integrated Traffic Management Scheme, subject to conditions being met, and request the GDMB ensure that these conditions are fully met and that actions advised by the independent appraiser, Jacobs, are discharged;
- (iii) Approve the granting of Full Approval to the Preston Shared Space Scheme, and request that the GDMB ensure that the actions advised by the independent appraiser, Regeneris, are discharged;
- (iv) Note the re-evaluation of elements of the Business Case for the Energy HQ by the Skills Funding Agency and, subject, to the outcome of independent appraisal, approve granting of full Approval for the scheme.



- (v) Note that Government may announce a further Growth Deal round in late November, therefore, officers of the LEP are requested to ensure that this possible opportunity is understood by potential project sponsors across Lancashire.

## Background and Advice

- 1.1 In accordance with the LEP's Assurance Framework proportionate business cases for all Growth Deal projects must be submitted by the project sponsor with these business cases, in turn, subject to an independent assessment, prior to a final investment decision by the LEP Board.
- 1.2 Project sponsors of three Growth Deal schemes - Broughton A6, Blackpool Integrated Traffic Management and Preston Shared Space - have submitted their respective business cases and these have been independently appraised.

## 2. Broughton A6 Bypass – Full Approval Application

- 2.1 The A6 Broughton Bypass is a long-standing proposal, one of four major highway improvements planned for delivery through the Preston, South Ribble and Lancashire City Deal agreed with the Government in September 2013. Broughton lies on the A6 approximately three miles north of Preston city centre close to M55 Junction 1. The four arm traffic signal-controlled junction in the centre of the village does not have the capacity to accommodate existing traffic flows, resulting in congestion and delays throughout the day, and is a constraint on new development in the local area, particularly housing. The bypass will remove through traffic, reduce congestion, significantly improve the local environment – Broughton is currently a designated Air Quality Management Area (AQMA) – and provide sufficient capacity to enable new housing and employment development to come forward. There are no practical alternatives to the proposed scheme.
- 2.2 The project sponsor, Lancashire County Council, is now seeking Full Approval from the LEP in order to progress to construction. All statutory processes are in place. Its total cost of £24.3m includes a £15.5m contribution from the Local Growth Fund (LGF) through the Lancashire Growth Deal, of which £8.8m is committed Local Transport Body funding in 2016/17 and £6.7m an indicative allocation in 2016/17 from the competitive element of the LGF. Lancashire County Council's Section 151 Officer has confirmed that the £8.8m local contribution will be met through the City Deal Infrastructure Delivery Fund along with any subsequent cost increase above the level of grant already agreed.
- 2.3 The scheme is predicted to deliver very high value for money, with a benefit to cost ratio of 5.8. A low growth sensitivity test indicates that with a benefit to cost ratio of 3.9, the scheme still delivers high value for money. It has the potential to generate an additional £153m of GVA benefits. The business case has confirmed that the scheme can deliver 650 (direct) and 4740 (indirect) housing units and create 750 jobs. These outputs are in line with the initial expression of interest which was used when the LEP undertook the initial



Growth Deal prioritisation process in 2014.

- 2.4 Atkins has undertaken independent scrutiny of the Full Business Case for the Broughton Bypass. The consultants are satisfied that the project has been developed to the expected standard in most areas and have recommended that Full Approval be granted to enable it to progress to implementation, conditional on a preferred bidder with firm and final prices being selected. At its committee meeting on 1<sup>st</sup> October 2015, Transport for Lancashire endorsed this recommendation. The County Council has provided reassurance that based on an 'initial assessment' of tender returns, cost estimates closely align with its own October 2014 cost estimate.
- 2.5 In accordance with the LEP's Assurance Framework, the business case was published on the LEP website at the earliest opportunity on 21<sup>st</sup> September 2015 for public comment for a six week period ending 30<sup>th</sup> October 2015. As this six week period has yet to expire, it is proposed that should the Board grant funding, this only take effect after 30<sup>th</sup> October, and subject to no material issues being raised. All comments lodged will be forwarded to Atkins for independent assessment as to whether they amount to a material consideration. Any comments that Atkins conclude are such will then be reported to the GDMB to determine an appropriate course of action.

### **3. Blackpool Integrated Traffic Management – Full Approval Application**

- 3.1 This project seeks to improve traffic and event management in Blackpool. A strong visitor economy is vital to the renewal of Blackpool, a key objective of Lancashire's Growth Deal. Improved traffic and event management will contribute positively to the overall visitor experience in Blackpool. The project seeks to install 16 fully functional variable message signs, 19 parking guidance information signs with variable elements, a car park monitoring system, CCTV and 24 static parking signs. Being able to disseminate information to drivers would help with traffic and event management, and help direct drivers to the most appropriate destination. The scheme would help direct drivers to available spaces and along appropriate routes making the network more efficient. The proposal seeks to benefit the local economy, by reducing congestion, increasing dwell times, promoting greater economic activity and encouraging job creation.
- 3.2 The project sponsor, Blackpool Council, has submitted a full business case, and is now seeking full approval from the LEP to progress implementation. The scheme has an estimated capital cost of £2.16m with £1.51m LGF sought. A letter from Blackpool Council's Section 151 Officer has been provided which confirms the above funding arrangements and the allocation of sufficient budgets.
- 3.3 If GVA benefits are included the scheme is expected to deliver high value for money with a benefit to cost ratio of 2.38. However, if the GVA benefits are excluded the benefit to cost ratio falls to 1.09 which would represent low value for money. The scheme has not yet undertaken a procurement exercise and therefore an optimism bias has been applied. If the tender costs come back in line with the scheme cost estimates then the scheme benefit to cost ratio would



rise significantly because the optimism bias would be removed. There are estimated to be GVA uplift benefits of £8.1m with the scheme leading to 34 direct and indirect jobs being supported. These outputs are in line with the initial expression of interest which was used when the LEP undertook the initial Growth Deal prioritisation process in 2014.

- 3.4 Jacobs have undertaken independent scrutiny of the Full Business Case for the scheme. They have confirmed that a suitable business case has been presented and meets the requirements of the LEP's Accountability Framework to fund schemes which represent high value for money, if the GVA benefits are included in the benefit to cost ratio calculation.
- 3.5 The value for money issue was discussed at the meeting of Transport for Lancashire on 1<sup>st</sup> October 2015. Given a procurement exercise has not yet been undertaken it was agreed that the results of sensitivity tests should be used to inform the level of risk surrounding the scheme's value for money and consequently inform the decision on whether or not the scheme should move forward to implementation stage. It is therefore recommended that a condition of Full Approval being granted is that the tender costs come back as expected. It is recommended that the GDMB oversee the discharge of this condition and report back to the Board if this condition is not met.

#### **4. Preston Shared Space – Full Approval Application**

- 4.1 The project sponsor, Lancashire County Council is seeking Growth Deal funding for large scale public realm improvements in Preston City Centre. More specifically, the project will deliver improvements between Fishergate and the bus station, including improvements to Fishergate itself, Church Street, Lancaster Road, Lord Street and Tithebarn Street. The works also include the provision of high quality public realm on the remaining section of the bus station apron. The project represents Phases 2 and 3 of the agreed strategy of public realm improvements in Preston City Centre. Phase 1 of the project, which runs from the railway station in the west and ends mid-way along Fishergate, including significant improvements to the station forecourt along Corporation Street, was funded by ERDF and the Lancashire County Council and completed in October 2014.
- 4.2 The project sponsor has submitted a full business case, and is now seeking full approval from the LEP to progress implementation. The scheme has capital cost of £7m with £6m LGF sought. A letter from Lancashire County Council's Section 151 Officer has been provided which confirms the above funding arrangements and the allocation of sufficient budgets. It is worth noting that it was agreed between TfL special advisor and independent consultants Jacobs and the project sponsor that the business case for this scheme should be prepared in accordance with guidance for economic development schemes rather than traditional transport scheme guidance.
- 4.3 The scheme is expected to deliver good value for money and lead to the creation of 716 new jobs and generate £39.8m of GVA per annum. These outputs are in line with the initial expression of interest which was used when the LEP undertook the initial Growth Deal prioritisation process in 2014



- 4.4 Regeneris Consulting have undertaken independent scrutiny of the Full Business Case for the scheme, and this is attached as Appendix “A”. The independent appraisal raised some concern with regard to quantification of benefits and suggests that the out-turn benefits on the Preferred Option could be as much as 20-40% lower than those predicted. However the appraisal concludes that even with a reduced level of benefits the likely value for money on the project is still viewed as acceptable for a project of this nature.
- 4.5 The appraisal states that the business case offered a limited explanation as to why the chosen contracting arrangement was the optimal contracting arrangement. However, the appraisal concludes that post submission discussion with the project sponsor has clarified that the County Council has utilised (i) its extensive delivery track record and (ii) the costings framework generated by the open, competitive bidding process for the Phase 1 works to configure an appropriate delivery solution.
- 4.6 The independent appraisal recommends the project for Full Approval subject to an operational risk register being provided. In addition, the report also makes two additional observations:
- (i) Whilst the appraiser was satisfied that an appropriate delivery solution is in place for this project, it is not a solution that has emerged directly from a competitive bidding process. For future cases, the LEP Board will need to decide whether it requires evidence of a competitive bidding process in awarding Growth Deal monies for works of this nature.
  - (ii) The LEP Board should note that there is a move in DCLG, and quite likely HM Treasury, to move away from jobs and GVA as frontline measures of impact for capital investments of this nature. It is quite likely that we will see a shift towards to land value/property value uplifts being used as the primary impact measure, a change that could be reflected in the next iteration of the Green Book which is due shortly.
- 4.7 In accordance with the LEP's Assurance Framework, the business case has now been published on the LEP website for public comment for a six week period ending 13<sup>th</sup> November 2015. As this six week period has yet to expire, it is proposed that should the Board grant funding, this only take effect after 30<sup>th</sup> October, and subject to no material issues being raised. All comments lodged will be forwarded to Regeneris for independent assessment as to whether they amount to a material consideration. Any comments that Regeneris conclude are such will then be reported to the GDMB to determine an appropriate course of action.

## **5. Blackpool Energy HQ – Confirmation of Investment Decision**

- 5.1 The LEP has previously made an investment decision on the Blackpool Energy HQ project, which was independently appraised by the Skills Funding Agency (SFA). Discussions between local partners and Government departments have taken place regarding the feasibility of relocating this project from a site in Blackpool town centre to the proposed Blackpool Airport Corridor Enterprise



Zone site. The GDMB has discussed this proposal and is satisfied that the financial implications of a revised start date can be accommodated within the overall Growth Deal programme. The project sponsor has updated the original business case which has been submitted to the SFA for independent appraisal. The SFA are providing their report on the 5<sup>th</sup> October and a verbal update on the SFA recommendations will be provided at the meeting.

## **6. Ongoing Project Monitoring, Reporting and Evaluation**

- 6.1 The GDMB is providing oversight and direction on the implementation of the Growth Deal programme. The GDMB will ensure that the conditions and actions set out in this report are discharged.
- 6.2 Prior to draw down of the LGF resources the project sponsor will be required to agree to the terms set out in the core Local Growth Funding Agreement. These agreements will ensure that the core outputs and outcomes set out in the business cases are monitored and reported to the GDMB.

## **7. Future Growth Deal Programme**

- 7.1 Looking forward, the Chancellor may announce in his Autumn Statement a further round of Growth Deal. Information as to the scale and scope of this fund is however currently limited due to on-going Spending Review and Devolution Deal considerations. However, all LEPs may be expected to undertake a prioritisation exercise similar to that undertaken for Growth Deal 1 with funds allocated on a competitive basis. As highlighted above, officials are informally indicating Government may seek to align, where possible, Growth Deal allocations with Devolution Deals.
- 7.2 While it is unlikely that any information will be made available prior to the Autumn Statement it is, nonetheless, prudent to alert potential scheme sponsors of the work required to ensure Lancashire's project pipeline includes a projects capable of taking advantage of a further round of Growth Deal.
- 7.3 A workshop for the lead local authority officers responsible for economic development and regeneration is being scheduled to ensure that the LEP continues to be informed about the projects and initiatives being developed and promoted by local authorities. In addition, ongoing discussions with university partners will ensure that the LEP remains sighted on innovation opportunities.
- 7.4 It is equally important that the LEP remains alert to emerging commercial development priorities and opportunities being considered by developers and business. The LEP will therefore need to use its enhanced marketing and PR capacity to ensure that any potential Growth Deal 2 opportunity is appropriately articulated.
- 7.5 The Board will also recall that the AEMTEC proposal promoted by BAE Systems is already positioned to be considered for any future Growth Deal opportunity, subject to business case. A presentation on the emerging AEMTEC proposal will be made to the Board in December 2015.

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ECONOMICS • RESEARCH • ANALYSIS

Appraisal of the Preston Public  
Realm Phase 2 & 3  
Improvements

A Final Report by  
Regeneris Consulting

Lancashire LEP

Appraisal of the Preston Public Realm Phase 2 & 3  
Improvements

16 September 2015

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# 1. Introduction

## The Project & Funding Sought

- 1.1 Lancashire County Council is seeking Growth Deal funding for large scale public realm improvements in Preston City Centre. More specifically the project will deliver improvements between Fishergate and the bus station, including improvements to Fishergate itself, Church Street, Lancaster Road, Lord Street and Tithebarn Street. The works also include the provision of high quality public realm on the remaining section of the bus station apron.
- 1.2 The project is seeking £6m of Growth Deal funding out of a total project cost of £7m. The remaining £1m will be provided by Lancashire County Council.
- 1.3 The project represents Phases 2 and 3 of the agreed strategy of public realm improvements in Preston City Centre. Phase 1 of the project, which runs from the railway station in the west and ends mid-way along Fishergate including significant improvements to the station forecourt along Corporation Street, was part funded by ERDF and completed in October 2014.
- 1.4 At the time of writing this appraisal, the project has already commenced at risk via funding from Lancashire County Council.

## The Business Case Document

- 1.5 The applicant has prepared a good quality Business Case submission<sup>1</sup>. It adheres to the Five Case Business Case model, indeed it has been drafted using the Five Case model template available on the HM Treasury website.
- 1.6 The Business Case document has been prepared by a reputable consultancy firm who have extensive experience in preparing robust business case documents.

## The Appraisal Process

- 1.7 This appraisal has been undertaken by Regeneris Consulting following the checklist of questions identified by HM Treasury and using our extensive experience of Green Book appraisal techniques.
- 1.8 The appraisal has been based largely on a desk-based review of the Business Case material, but supplemented by dialogue with the authors of the Business Case document and the project sponsor.

<sup>1</sup> Preston Public Realm Gateway Improvements Phase 2 and 3. Business Case. August 2015.

## 2. Strategic Case

### Key Points

- The Strategic Case for investment is well made, and builds on a clear and agreed policy objective to grow the economic footprint of Preston.
- Market failure arguments are rooted in the fact that public realm is a classic public good. There is a well-established rationale for the public sector to fund such investments.
- Public realm investments elsewhere have been proven as an effective tool in stimulating economic growth in city centre locations.
- The project builds on existing public sector (Phase 1) investment in Preston city centre. The strategy for the city centre was always to build on and complete the Phase 1 works with subsequent rounds of investment. This project provides this subsequent investment.

- 2.1 The strategic importance of growing the economic base of Preston city centre is well made, and accepted by the appraisal team. The arguments put forward in the Business Case are based on a body of good evidence and the clear policy objective of growing the economic footprint of Preston in the Strategic Economic Plan.
- 2.2 The case for using enhanced public realm as a tool for city centre growth is well set out and also accepted. The evidence is clear that investment in public realm can serve to differentiate places and raise their prestige, opening up investment opportunities and raising confidence in development opportunities. The improved image of an area can serve to attract businesses and therefore employees who bring with them spending power. The appraisers are confident that the project has the support of all the relevant stakeholders, although this could have been made more explicit in the Business Case.
- 2.3 The project involves the completion of past public sector investment, with ERDF funded Phase 1 works completed in late 2014. The success of these past investments is outlined.
- 2.4 The Business Case argues that market failure exists due to the public realm being a public good. The appraisers agree that the concept of the public realm as a public good provides an extremely strong argument for intervention. Public goods exhibit two key characteristics which explain why they lead to market failure:
- *Public goods are non-excludable.* Once the good has been produced it is difficult to exclude consumers from consuming the good – examples include defence or, of more relevance here, enhanced streetscapes. As a result, public goods are subject to free riders and private producers are unable to charge for the good and invest in it.
  - *Public goods are also often non-rivalrous.* This means that consumption by one individual does not reduce the amount of the good or service available for consumption by another consumer (enhanced streetscape is an example of a non-rivalrous good). Again, there is no incentive for the private sector to produce such goods.
- 2.5 The public realm clearly demonstrates the characteristic of a public good. Public space and amenities provided are both non-excludable and non-rivalrous. As people cannot be excluded from public space they are unlikely to be willing to pay to enjoy the consumption of it. As a result, producers have little incentive to invest in the public realm as there can be no direct financial return. Intervention by the public sector is therefore justified in order to ensure the more effective supply of good quality public space within cities and towns.

## 3. Economic Case

### Key Points

- A sensible set of long list options was established, and the process of narrowing this list down to a set of three short listed options, via a number of *Critical Success Factors*, was sound and robust.
- The value for money assessment framework for short listed options was also robust and in line with current HM Treasury guidance. We agree that the Preferred Option does indeed deliver the optimum mix of cost, benefits and risk.
- The Business Case estimates the Preferred Option will deliver a cost per job ratio of £9,900 per net FTE, and net GVA per £1 invested of £5.70. These headline value for money measures are well within the bounds of acceptability and offer some considerable headroom should the economic benefits prove to be lower.
- We have some concerns with the quantification of benefits. Whilst sensitivity analysis has been carried out by the applicant on a reduced level of benefits, this did not go far enough. There are grounds to believe that the out-turn benefits on the Preferred Option could be as much as 20-40% lower than those predicted.
- Even with a reduced level of benefits the likely value for money on the project is still viewed as acceptable for a project of this nature.

3.1 The Economic Appraisal is at the heart of the Five Case model. It is here where all costs and benefits are quantified and monetised, and where value for money judgements are made. The economic case establishes the preferred approach based on the optimum mix of cost, benefits and risk.

### Long list to short list

3.2 HM Treasury guidance is clear that a long list of credible and realistic options are drawn up in order to start the process of establishing the preferred option.

3.3 The appraisers consider that an appropriate long list has been established based on different levels/quality of public realm investment.

3.4 The assessment criteria that has been utilised to appraise the long list of options – based on a carefully considered set of *Critical Success Factors* as set out in the HM Treasury guidance – are sound and robust. These assessment criteria were used to reduce a long list of five options into a short list of three options for more detailed value for money assessment.

3.5 In Business Cases it is usual to retain the Do-Nothing option in the short list of options. In this case the Do-Nothing option was not carried forward. In future Business Cases we recommend that the Do-Nothing is retained in the shortlist as a reference case.

### Assessment framework for short listed options

3.6 The framework for comparing costs and benefits on the short listed options is robust. It is in line with Treasury guidance and examines:

- Discounted and undiscounted costs. A 3.5% social discount rate is applied in line with HM Treasury Green Book guidance.

- A long term assessment of benefits. The analysis period is 2015 to 2030 i.e. 15 years from the start date of the public realm improvements.
  - Appropriate value for money metrics. Two measures are used: (i) public sector cost per net job created and (ii) net additional GVA generated per £1 of public sector investment
- 3.7 The assessment of benefits focusses very much on net job creation and Gross Value Added (GVA). This is in line with current government guidance.
- 3.8 As an aside, there is a move in CLG, and quite likely HM Treasury, to move away from jobs and GVA as frontline measures of impact for capital investments of this nature. It is quite likely that we will see a shift towards to land value/property value uplifts being used as the primary impact measure, a change that could be reflected in the next iteration of the Green Book which is due shortly.
- 3.9 There are also movements in London, led by Transport for London (TfL), to roll out their Valuing Urban Realm Toolkit (VURT). VURT has been developed to provide evidence-based justifications for investment in the public realm. It monetises some of the less tangible benefits of better streets and spaces, alongside more conventional measures.

### Costs

- 3.10 The scope of the proposed Public Realm works is set out in Appendix 1 of the Business Case in the form of a Gantt chart. There is actually very little description of the precise scope of the works in the body of the Business Case, nor the derivation of project costings.
- 3.11 As a result of the above it is very difficult to form a view from the Business Case on the appropriateness of the allowances for each cost item and to provide reassurance that potential cost overruns have been adequately covered by contingencies.
- 3.12 Additional costing information has been sought from the project sponsor as part of this appraisal process. Section 5 (Financial Case) covers this issue in more detail.

### Benefits Assessment

- 3.13 One of the key points from past studies is that there is no fixed formula for measuring the economic value of an improved public realm as each location varies in terms of its form and function. The timing of impacts will also vary with impacts surfacing in some locations more quickly than others.
- 3.14 There is generally a paucity of robust economic impact data on public realm. The Business Case cites some examples of successful public realm programmes, some of which have similarities with the works proposed in Preston, others less so. The Business Case also refers to the impact of the Phase 1 investments which are said to have triggered a 27% average increase in footfall and a reduction in the vacancy rate on Fishergate from 17% to 8% (see p28 of Business Case).
- 3.15 The project sponsor has selected three mechanisms for quantifying the economic benefits of the scheme:
- The development and occupation of additional employment floorspace (in new and refurbished properties) unlocked through the delivery of the public realm improvements.
  - Vacant properties becoming occupied as a result of the public realm improvements.
  - Increased footfall and spend in the City Centre as a result of the public realm improvements.
- 3.16 The three effects are added together to form an overall measure of economic benefit.

- 3.17 The framework is reasonable and not dissimilar to those adopted by Regeneris Consulting in our own work on the economic impact of public realm investments. There are, however, some conceptual and measurement issues with the approach:
- There is certainly some potential for double counting across the categories. The enhanced footfall, or at least part of it, is the factor that is underpinning a reduction in vacancy rates and the take-up of new development opportunities. It is wrong to simply add all the effects together.
  - The notion that the claimed development benefits will be wholly unlocked via the public realm investment is questionable. Property investment decisions will not be made solely on the basis of the adjoining public realm, and cause and effect (or additionality) in respect of public realm is difficult to prove. Given this it is surprising that not more is made of defending the deadweight assumptions that are used in the Business Case. In fact the deadweight assumption are not made clear. In instances of public realm investment a relatively high deadweight figure should be used.
  - The maths underpinning the vacancy reduction effect appears flawed. The Phase 1 works were estimated to have reduced the overall vacancy rate on Fishergate from 17% to 8%, a 53% reduction in the vacancy rate. The Business Case assumes a 92% reduction in the quantum of vacant space adjoining the Phase 2 works based on the residual 8% vacancy rate in Phase 1. This approach is not comparing like for like, and the 92% reduction overstates the likely effect.
- 3.18 The points above are likely to lead to some downward pressure on the out-turn benefits of all options, including the Preferred Option.
- 3.19 In *relative* terms the appraisers are satisfied that the Preferred Option does indeed represent the best mix of costs, benefits and risks. The bigger question for this appraisal is whether in *absolute* terms the Preferred Option delivers value for money for Lancashire LEP compared to external benchmarks.
- 3.20 The Business Case puts the Preferred Option at a cost per job ratio of £9,900 per net FTE and the net GVA per £1 invested at £5.70.
- 3.21 Whilst there is not much empirical evidence on acceptable economic returns for investment in public realm, the *Impact of RDA Spending* report produced in 2009 by PWC provides some useful benchmarks. The PWC analysis found that cost per net job for public realm was £120,000 and that GVAs per £1 invested was £1.8. This latter figure increase to £8.7 when all predicted future job impacts were included.
- 3.22 On the basis of the above, the Preferred Option appears to offer the potential for good value for money, particularly in relation to job creation. There is also sufficient headroom to accommodate slippage on benefits (see sensitivity analysis below).

### Risks & Sensitivity Analysis

- 3.23 Project risks are covered in various aspects of the Business Case, but most notably the Management Case section. Our main points on risks are covered in our Management Section (Section 6).
- 3.24 It is important that the Business Case considers value for money under scenarios where costs and benefits are more/less than those predicted. Indeed, both the risk that “cost estimates prove inaccurate” and that “benefits are less than predicted” feature in the risk assessment of the Business Case (see page 50).

- 3.25 The sensitivity analysis in the Business Case on these matters should arguably have gone further. The range tested was actually quite narrow and involved (i) no deviation in costs (ii) a maximum of a 20% reduction in benefits on each of the three categories of economic benefit. Importantly none of the reductions in benefits within the three categories were applied in parallel.
- 3.26 Given our concerns on the quantification of benefits, we have tested the value for money on scenarios where the total volume of net jobs under the Preferred Option was reduced from 716 net FTEs by 20%, 30% and 40% respectively. The range is determined by the fact the existing Business Case already examines a 20% reduction in individual benefit categories and the fact that we believe this is unlikely to have captured the full downside risk.
- 3.27 The results are as follows:
- Under a total 20% reduction, the number of net FTE jobs reduces to 570 and the cost per net job increases to £12,300.
  - Under a total 30% reduction, the number of net FTE jobs reduces to 500 and the cost per net job increases to £14,000.
  - Under a total 40% reduction, the number of net FTE jobs reduces to 430 and the cost per net job increases to £16,300.
- 3.28 Our conclusion is that even with a reduced level of benefits the likely value for money on the project is still viewed as acceptable for a project of this nature.

## 4. Financial Case

### Key Points

- The Business Case did not provide a detailed breakdown of costs. A breakdown has subsequently been provided and the appraisers are confident that the £7m allowance will be sufficient to complete the works as described
- The status of the £1m Lancashire County Council contribution is secure. In fact the project has started at risk via this funding and much of it has already been defrayed.
- The issue of whether more than £1m could have been made available from LCC has been tested during the appraisal process. We are satisfied that the LCC contribution is sourced from a highly competitive and limited internal pot and represents the maximum likely contribution.

- 4.1 The Financial Case is intended to provide reassurance on the appropriateness of predicted costs, that other sources of funding have been fully explored and that all sources of assumed other funding will materialise.

### Costs

- 4.2 The Business Case identifies a total project cost of £7 million. The proposed works are set out in Appendix 1 of the Business Case in the form of a Gantt chart but no detailed derivation of the overall £7m cost is provided.
- 4.3 The Business Case (p58) states that costs have been “*determined by delivery team and include appropriate contingency*” and that “*costs have been subject to assessment...to ensure value for money*” but includes no evidence or information to support these statements.
- 4.4 The appraisal team has pursued these matters with the project sponsor and it is now clear that the costs are based on the cost per m<sup>2</sup> of improvements delivered through the Phase 1 works, which are directly comparable in terms of the nature of the works, the material to be used and the delivery location. We have been reassured that the costs include:
- an adjustment for inflation
  - an allowance for design costs
  - an allowance for supervision costs
  - a contingency budget.
- 4.5 The costs include a higher average cost for the costs associated with the development of the apron, reflecting the desire to create a high quality public realm area/square, rather than road /pavements. The final design for the apron is subject to the outcome of a design competition and statutory processes, as such the estimated cost as contained in the Business Case have been based on similar schemes in other towns/cities. The final design will be procured in line with LCC procurement and within the budget set out in the business case.
- 4.6 The costs (excluding the apron area) have been assessed against the three competitive quotes that were provided for the Phase 1 works, which was subject of an open competitive tendering process. The Phase 1 costs, part funded by ERDF, followed EU procurement regulations, which ensured that they:
- Considered value for money



- Maximised the efficient use of public money
  - Maintained competitiveness and fairness across the EU.
- 4.7 The ERDF requirements included sensitivity testing and costs were subject to an independent cost review. This was carried out by Jacobs, providing a comprehensive 37 page report. The costs of Phase 2 and 3 are comparable to the average costs identified through the Phase 1 open procurement process.
- 4.8 On the basis of the above, the appraisers are confident that the £7m allowance will be sufficient to complete the works as described.
- 4.9 For future cases, a standard optimism bias of anywhere between a +10% to +30% uplift on costs should always be tested through sensitivity analysis in the Business Case. This is a standard requirement of the Five Case Model.
- 4.10 Our general view for a project of this nature is that the level of optimism bias that should be factored into the sensitivity analysis is low. The experience of delivering the Phase 1 work has provided the project sponsor with a clear appreciation of likely costs.
- 4.11 The Business Case is also clear (p57) that all works will be procured on a fixed cost basis, passing risks associated with potential cost over-runs to the contractor.

### Funding

- 4.12 On the basis of the information supplied, and more importantly the fact the project has commenced at risk via the funding of Lancashire County Council, the appraiser is reassured that the status of £1m of the LCC contribution is secure. This has been further evidenced in a written statement of support from Lancashire County Council.
- 4.13 The Business Case is not clear on why the funding mix is 14% Lancashire County Council (£1m) and 86% (£6M) Growth Fund. There is no evidence that the Business Case has explored why £1m is the maximum contribution from LCC and why larger sums could not have been secured.
- 4.14 Once again the appraisal team has pursued these matters with the project sponsor and it has been made clear that the £1m of funding from LCC is part of wider £15m LCC investment towards the Preston bus station project.
- 4.15 It has been pointed out by the project sponsor that LCC, as with many other local authorities, has a limited budget available to support economic development initiatives. It is argued that the 14% LCC contribution to the overall costs of the Phase 2 and 3 works should be regarded as a very significant contribution given the financial constraints and other economic development priorities being taken forward by LCC.

## 5. Commercial Case

### Key Points

- The Operational Services Unit at LCC will act as the main contractor to deliver works, using their tried and tested procurement policies to appoint any necessary sub-contractors and procure materials.
- The Business Case offers only limited explanation as to why this is the optimal contracting arrangement.
- Post submission discussion with the project sponsor has clarified that LCC has utilised (i) its extensive delivery track record and (ii) the costings framework generated by the open, competitive bidding process for the Phase 1 works to configure an appropriate delivery solution.

- 5.1 The Business Case is intended to provide reassurance that the optimal procurement strategy is in place and will be utilised.
- 5.2 The Business Case states that *“following consideration of a series of delivery options, a decision has been made for the main works contract to be delivered in house by Lancashire County Council”* (p53). A series of benefits are listed in support of this contracting arrangement:
- Ability to make a prompt start on site
  - Ability to closely monitor the works programme and the quality of works being completed
  - Ability to minimise risks around external delivery pressures and the potential for rising costs
  - Ability to draw on experience of delivering wider programmes of work in the county; and
  - Ability to potentially secure efficiencies when sourcing materials.
- 5.3 All of these benefits are recognised and acknowledged by the appraisers.
- 5.4 It is clear that in procuring any necessary sub-contractor support and materials appropriate mechanisms will be put in place. The Business Case outlines (p53) that LCCs Procurement Policy and Strategy will be utilised. The benefits and credentials of this approach are outlined and accepted by the appraisers as a tried and tested approach.
- 5.5 The Business Case does not elaborate on why the chosen route offers the optimal contracting arrangement. Further discussions with the project sponsor has clarified that:
- LCC has an extensive delivery track record on works of this nature
  - Their costs have been derived from the open, competitive bidding process for the Phase 1 works
- 5.6 This is considered by the appraisers as an appropriate delivery solution, albeit one that has not emerged directly from a competitive bidding process. For future cases, the LEP Board will need to decide whether it requires evidence of a competitive bidding process in awarding Growth Deal monies for works of this nature.

## 6. Management Case

### Key Points

- The Business Case sets out convincing arrangements for project management, building on the tried and tested methods utilised on the Phase 1 investment.
- Comprehensive risk management procedures will be put in place using established LCC methods. Given the project has commenced, the operational risk register should ideally be made available as a condition of approval.
- A clear set of project benefits is provided, all of which are aligned with the targets in the Lancashire LEP Monitoring and Evaluation Framework.

- 6.1 The Management Case is designed to show that the Preferred Option is capable of being delivered successfully, in accordance with recognised best practice. It also requires arrangements for monitoring and evaluation to be set out.

### People and Systems

- 6.2 The Business Case outlines a coherent approach to project management. The approach involves a Project Team who report to a Programme Board. The Programme Board is a strategic (director level) joint economic development working team established between Preston City Council, Lancashire County Council and the University of Central Lancashire.
- 6.3 Both the Project Team and Programme Board were fully involved in overseeing the earlier Phase 1 works.
- 6.4 In line with Five Case Model guidance, job descriptions are provided for all key personnel involved in project management.

### Risk & Risk Ownership

- 6.5 The Business Case lists a number of project risks and concludes that the overall project risk is low. The appraisers agree with this conclusion.
- 6.6 We are told in the Business Case (p65) that LCC has established risk management procedures in place. A comprehensive overview of these risk management procedures is then laid out in the Business Case.
- 6.7 The only issue arising from the above is that the Business Case is dated August 2015 and works started in June 2015, and as such we would have expected evidence that some of the risk management procedures have been operationalised. This can easily be rectified through provision of the operational Risk Register as a condition of approval.

### Benefit Realisation and link to the M&E Plan

- 6.8 There is a clear set of benefits listed in the Business Case (see the Benefits Realisation section on p63). An individual is assigned to each of the identified benefits and will be responsible for measuring progress in their delivery.
- 6.9 The appraisers have seen the Lancashire LEP Monitoring and Evaluation Framework (Draft May 2015) and is assured the project benefits are aligned with, and will contribute to, the target in the Framework.

## 7. Conclusions

- 7.1 The project benefits from a comprehensive Business Case document prepared using the Five Case Business model template. The Business Case has been prepared by a reputable consultancy firm who have extensive experience in preparing robust business case documents.

### Strategic Case

- 7.2 The strategic case for investment is well made. The LEP Board should have no concerns at all on strategic fit, nor on the support of all relevant stakeholders. The project will contribute to a clear and agreed policy objective to grow the economic footprint of Preston.
- 7.3 Market failure is well evidenced. Public realm is both non-excludable and non-rivalrous, and as such is a classic public good. As people cannot be excluded from public space they are unlikely to be willing to pay to enjoy the consumption of it. As a result, producers have little incentive to invest in the public realm as there can be no direct financial return. Intervention by the public sector is therefore justified in order to ensure the more effective supply of good quality public space within cities and towns.

### Economic Case

- 7.4 Within the Business Case, a sensible set of long list options was established. The process of narrowing this list down to a set of three short listed options, via a number of *Critical Success Factors*, was sound and robust.
- 7.5 The value for money assessment framework for short listed options was also robust and in line with current HM Treasury guidance. The appraisers agree that the Preferred Option does indeed deliver the optimum mix of cost, benefits and risk.
- 7.6 The Business Case estimates the Preferred Option will deliver a cost per job ratio of £9,900 per net FTE, and net GVA per £1 invested of £5.70. These headline value for money measures are well within the bounds of acceptability and offer some considerable headroom should the economic benefits prove to be lower.
- 7.7 We have some concerns with the precise scale of predicted benefits on all of the shortlisted options. Whilst sensitivity analysis has been carried out by the applicant on a reduced level of benefits, this did not go far enough. There are grounds to believe that the out-turn benefits on the Preferred Option could be as much as 20%-40% lower than those predicted. However, even with this reduced level of benefits the likely value for money on the project is still viewed as acceptable for a project of this nature.
- 7.8 The appraisers are satisfied all project benefits are aligned with, and will contribute to, targets in the Lancashire LEP Monitoring and Evaluation Framework.

### Management and Delivery Case

- 7.9 The project does not represent a particularly complex or novel investment and the risk of delivery issues emerging is low. In particular:
- The project uses the same delivery arrangements as the earlier Phase 1 investment, which was delivered successfully. The same systems and personnel are involved this time around.
  - Works have already started via the LCC funding contribution to the project, with the only main outstanding requirement being to secure the remaining project funding.

- 7.10 Comprehensive risk management procedures will be put in place using established LCC methods. Given the project has commenced, the operational risk register should ideally be made available as a condition of approval.

### Commercial and Financial Case

- 7.11 The Business Case should have been clearer over the derivation of costs and the rationale for the chosen procurement arrangements. Post submission discussions have, however, satisfied the appraiser on these matters. In particular the additional information provided post-submission has clarified:

- The £7m costs, including the proposed £6m Growth Fund contribution, were derived directly from three quotes that were provided for the Phase 1 works, which was subject of an open competitive tendering process. The Phase 1 costings were also subject to an independent cost review carried out by Jacobs.
- The £1m LCC funding is sourced from a highly competitive and limited internal pot and represents the maximum likely LCC contribution.
- That LCC has a sound delivery track record on works of this nature and has benchmarked its approach and costs against those that emerged through the open, competitive bidding process for the Phase 1 works.

- 7.12 **In light of these clarifications, and the robustness of the Business Case on all other matters, the appraisal team recommend the project for Board approval.**

- 7.13 As an aside, two further points are made for the LEP Board:

- Whilst the appraisers are satisfied that an appropriate delivery solution is in place for this project, it is not a solution that has emerged directly from a competitive bidding process. For future cases, the LEP Board will need to decide whether it requires evidence of a competitive bidding process in awarding Growth Deal monies for works of this nature.
- The LEP Board should note that there is a move in CLG, and quite likely HM Treasury, to move away from jobs and GVA as frontline measures of impact for capital investments of this nature. It is quite likely that we will see a shift towards to land value/property value uplifts being used as the primary impact measure, a change that could be reflected in the next iteration of the Green Book which is due shortly.



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## Lancashire Enterprise Partnership Limited

**Private & Confidential: NO**

**Date: 6th October 2015**

### **LEP Performance Committee Update**

**Report Author: Beckie Joyce, Head of Strategic Development, Lancashire County Council**

#### **Executive Summary**

The purpose of this report is to update the Board on the progress made in establishing a programme of activity for the Performance Committee. In addition the LEP has been advised that the Government Internal Audit Agency (GIAA) is carrying out an audit of LEP's and that Lancashire has been randomly selected to be included in their first audit sample, this report provides further information on this.

#### **Recommendations**

The Board is invited to:

- (i) Consider and endorse the risk register and core risk matrix;
- (ii) Note the presentation made to the Scrutiny Committee of the LEP's accountable body, Lancashire County Council;
- (iii) Request the Performance Committee, on behalf of the Board and supported by the relevant officers of the accountable body, oversee the audit by the Government Internal Audit Agency; and
- (iv) Request that a work programme for the Performance Committee be presented to the LEP Board at its December meeting.

## **1. Background and Advice**

- 1.1 The LEP Board approved Terms of Reference for its Performance Committee (PC) at its meeting in June 2015. Richard Evans, Chair of the PC has now met with the majority of LEP Committee Chairs to gain an understanding of priorities, performance management and emerging risks. The Chair of the PC has also met relevant legal, financial and audit officers of the LEP's accountable body, Lancashire County Council to clarify roles, responsibilities

and requirements of the PC and the accountable body. This work has resulted in the development of a draft risk register and core risk matrix, set out in Appendix "A", for consideration by the Board.

- 2.2 The PC will meet formally for the first time in November where it will discuss and agree a draft work programme for consideration by the LEP Board in December.
- 2.3 As part of the development process of the LEP's Assurance Framework the Scrutiny Committee of the accountable body requested that it be kept informed of the work of the LEP. Graham Cowley, supported by officers of the accountable body, made a presentation to this Committee in September. The presentation focused on the progress of the LEP's key initiatives and was well received by the Members, who requested that a future presentation be made by the Homes and Communities Agency on its work across Lancashire.
- 2.4 Government has previously advised all 39 LEPs that a number of audit reviews would be undertaken with some undertaken by the National Audit Office and others by an internal audit and assessment team based in Government. Government officials have now confirmed that the Lancashire has been selected to be included in the GIAA audit of LEPs.
- 2.5 The objective of the Government audit process is to provide independent and objective assurance (but not the scrutiny) of LEP assurance systems, specifically to:
- Clarify whether LEPs have produced and published key documents and policies for governance and transparency purposes in line with the Government's policy;
  - Confirm to what extent these are effective and being complied with; and
  - Review the strength of LEP local assurance frameworks, which cover their activity across a range of local growth programmes, their design and operational effectiveness.
- 2.6 The audit work is likely to be undertaken in the following areas:
- Reliability and quality of LEP self-reporting, in relation to how robust and reliable data and information is to inform reporting;
  - Transparency, in relation to how LEPs operate, utilise financial resources and make decisions;
  - Governance and accountability of decisions, in relation to the LEP Board and accountable local authority;
  - Value for money and business case development, in relation to the effectiveness of LEPs to appraise and approve business cases; and



- Implementation and delivery, in relation to the monitoring arrangements that LEPs have in place to support effective and efficient delivery.

2.7 A pack of information requested by the GIAA is being compiled which will be followed by a meeting with the GIAA, who are likely to wish to meet with relevant delivery and implementation officers, at a date to be confirmed later in October.

## LEP RISK TABLE – September 2015 – WORKING DRAFT

ATEGORY		IDENTIFIED RISK	MITIGATION
<b>FINANCIAL</b>	1	Project goes over budget and PS unable to identify resources to complete projects (GD)	All Growth Deal projects require a Local Growth Fund (LGF) agreement to be in place prior to draw down of LGF resources from the AB. The LGF agreements need to evidence that there are sufficient resources to complete the project. The agreements state that any cost over-run be met the PS. Change control procedures are set out in in the LGF agreements and on a quarterly basis PS needs to alert the AB to any cost over-runs. Mechanisms are in place, through the GDMB, to allow the PS to present a revised business case which could be considered by the LEP Board.
	2	PS unable to repay loans (GPF)	All GP investments are supported by a GPF agreement which ensures that the AB has the necessary provision (through, eg, step in rights, assigned rental rights or direct land transfer) to ensure that the AB is able to protect and recover its investments. PS have an ongoing responsibility from the outset to demonstrate that they have the ability to repay the investment. Mechanisms are in place, to allow the PS to present a revised repayment profile should this need to be considered by the LEP Board.
	3	AB needing to clawback funding (GD)	All LGF agreements make provision for the AB to clawback funding. This course of action would be reported to the GDMB.
	4	AB unable to continue to cash flow major infrastructure schemes (CD) or service agreed borrowing (EZ)	The schemes are monitored effectively by the programme office and finance governance arrangements of the LEP; requirements for cash flow and borrowing are fed into the AB budgeting process each year and variances reported through the normal process in year.
	5	Income from housing and development streams not flowing as forecast (CD)	CD is governed by robust financial arrangements involving all partners in the city deal and AB; the life of the city deal is extendable through the heads of terns to allow for the cash limited income from CIL / NHB / NNDR to be collected over an extended period of time. This will extend the life over which the AB cash flows the CD programme but will be mitigated by ongoing monitoring and review and early warning of scheme delivery and slippage. This early notification can also be used to influence through the partners the future expenditure to maintain the overall programme delivery.
	6	LEP unable to align funding streams of others in support of key priorities e.g. ESIF (GD, Boost)	LEPs currently play an important role in influencing the funding streams of key local and national partners in support of key priorities identified in the SEP. However this is shaping not a controlling role. This is currently out of the LEPs control.

<b>DELIVERY</b>	7	PS not commencing / completing projects (GD / GPF)	GD payments are made retrospectively, based on certified invoices. The PS needs to demonstrate on a quarterly (or monthly) basis that works are on schedule.
	8	PS not delivering agreed scheme delivery milestones (GD/GPF)	The LGF agreements set the scheme delivery milestones and PS need to demonstrate, through the agreed reporting and monitoring arrangements delivery progress.
	9	GD/CD/EZ programmes fail to deliver jobs business and housing growth on scale originally agreed/forecast, for example, as a result of market failure, agreed interventions being fully delivered but not having the anticipated outcome.	The LEP has committed significant resources to retain expert consultants to assist with the ongoing monitoring and reporting on the Growth Deal. A Monitoring and Evaluation Working Group, reporting to the GDMB, has been established with the objective of making sure that under performance is spotted and addressed. However, general market failure is outwith of the LEP's control, and some pioneering policy interventions may remain unproven.
<b>LEGAL</b>	10	PS in breach of legally binding GD/GPF funding agreements	The AB will clawback resources in the event of mis-management or non-delivery.
	11	AB non-compliance with national legislation (e.g. state aid regulations, Social Value Act, bribery, corruption and money laundering legislation)	Risk is mitigated by GPF agreement obliging PS to comply with all applicable laws (below)
	12	PS non-compliance with national legislation (e.g. state aid regulations, Social Value Act, bribery, corruption and money laundering legislation)	The GPF agreement obliges PS to comply with all Applicable Laws. Failure to do so will entitle the AB the to terminate the GPF Agreement and Clawback grant payment already made
	13	Information security breaches data protection general data and systems resilience	The GPF agreement obliges PS to comply with all Applicable Laws and in particular those relating to Data Protection. Failure to do so will entitle the AB to be indemnified and if the breach is material to terminate the GPF Agreement and clawback grant payment already made.
	14	H+S - any "client" responsibilities under new CDM Regs acquired by the LEP as a result of funding a development	The GPF agreement obliges PS to comply with all Applicable Laws. Failure to do so will entitle the AB the to terminate the GPF Agreement and clawback grant payment already made
<b>RESOURCE</b>	15	AB is unable to commit the necessary staffing and financial resource to manage and develop LEP responsibilities/programme	The AB will continue to review the implications of the LEP's role in directing its expanding areas of responsibility
	16	PS do not commit the necessary resource to deliver their project	PSs need to demonstrate at the business case stage (green book, 5 case process) and independent assessment stage that it has the funds and capacity to deliver the agreed project and outcomes.
	17	Challenge to the way the LEP / AB procures its services	Risk is mitigated by GPF agreement obliging PS to comply with all applicable laws (below)
	18	Challenge to the way that project sponsors procure their	The GPF agreement obliges PS to comply with all Applicable Laws.

		services (GD)	Failure to do so will entitle the AB the to terminate the GPF Agreement and clawback grant payment already made
	19	Other funding partners procurement timescales impacts on project delivery (this can be merged with risk 6)	The LEP can seek to influence but ultimately cannot determine the procurement timescales and process, of for example, European funding
	20	PS and /or LEP fail to monitor projects (lack of resource or not prioritised)	The LEP has committed significant resources to retain expert consultants to assist with the ongoing monitoring and reporting on the Growth Deal. A Monitoring and Evaluation Working Group, reporting to the GDMB, has been established. All PS have to commit to the monitoring requirements through the LGF Agreements.
	21	Lack of clarity on agreed outputs and outcomes upon which HMG and other stakeholders will assess and monitor and the LEP's performance	The AB is part of a pilot initiative with a small number of LEPs to work with HMG to develop the Information Management System which HMG will require all LEPs to use to provide quarterly monitoring information. Further work is ongoing with HMG to fully understand the range of metrics upon which the LEP will be monitored
	22	LEP Monitoring and Evaluation Framework fails to identify early under- performance Projects and programmes do not deliver anticipated outputs	The LEP has committed significant resources to retain expert consultants to assist with the ongoing monitoring and reporting on the Growth Deal. A Monitoring and Evaluation Working Group, reporting to the GDMB, has been established to provide assurance that under performance can be spotted and acted upon.
	23	Erroneous or false project reporting by PS/AB	The GPF Agreement obliges PS to make periodic returns of information and affords audit rights to the AB with the ability to inspect and view documents and people at any time. The PS is also obliged to engage with the broader Assurance Framework. PS must act with reasonable care and skill in providing information. Material failures to do so will entitle the AB to terminate the GPF and clawback grant already made
<b>CONFLICT</b>	24	AB will not implement the decisions of the LEP	In the event that the AB does not comply with a decision of the LEP, the matter will be considered by the Chair of the LEP, Company Secretary and Section 151 Officer from the AB (as appropriate) to seek to resolve the issue. If the conflict remains unresolved all parties will agree to appoint an independent person(s) to assist the LEP and the accountable body to resolve the matter.
	25	Changes in Government policy limiting role and responsibilities of LEPs	LEPs are key delivery vehicles designed to deliver the Government's local growth and devolution objectives. LEPs can influence Government thinking, but cannot prevent Government from limiting and/or disestablishing LEPs, in terms of public policy and funding, if this is the will of Government.

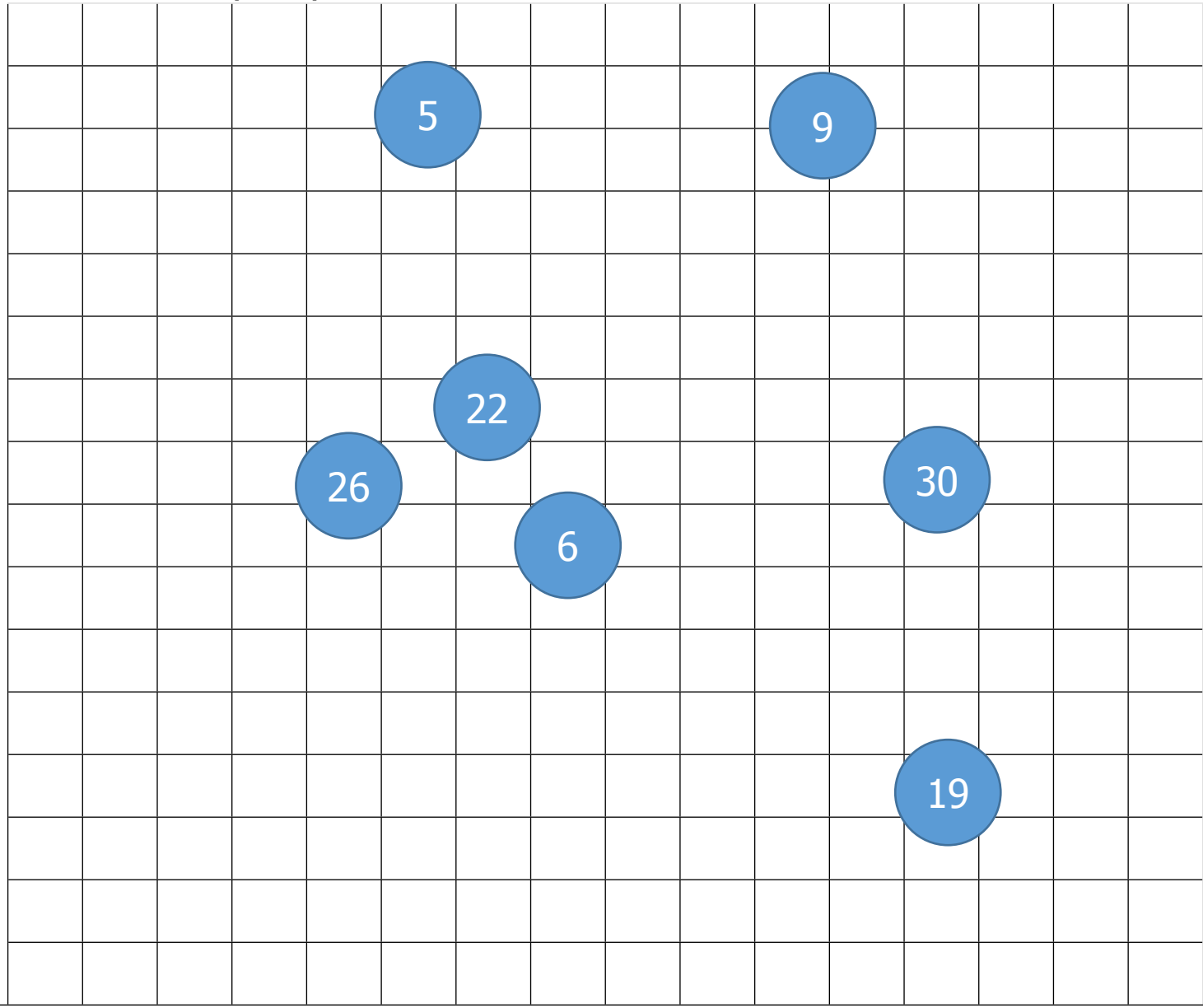
	26	Change in Government funding commitments to extant GD/CD programmes	Long-term funding commitments made to LEPs are subject to changes in Government (and changes in national priorities) and the outcome of Comprehensive Spending Reviews. LEPs have limited ability to influence the outcome of these events.
	27	Change in Government policy regarding the operation and collection of Business Rates (EZ)	LEPs have no control over the national guidance relating to the use of business rates generated on EZ sites. Should Government adversely change or terminate these arrangements before the end of the planned lifespan of an EZ, the LEP/AB will need to work with Government to mitigate any financial impacts and/or work with the relevant local authorities to ensure extant arrangements continue for the life of the EZ.
	28	Changes due to accountable body arrangements with possible transition to Combined Authority	Combined Authority proposals in Lancashire are still in the early stages of development. No changes are currently proposed in the LEP's AB arrangements, but any change proposals would be agreed by the LEP, AB, and Lancashire's local authorities.
	29	Proposed combined authority arrangements fail to secure funding streams required to support extant/future growth programmes	The LEP has been very successful in securing public and private sector funding to support the delivery of agreed growth priorities. Government's devolution plans in England are evolving, with developments in Manchester possibly signalling the way forward. The role (and form) of Combined Authorities, as opposed to LEPs, in securing future local growth programmes is still to be determined.
<b>REPUTATIONAL</b>	30	LEP objectives and funding priorities criticised by local stakeholders	The LEP has an agreed SEP and engaged stakeholders (including major public/private sector partners and funders, business networks, and key place-based representatives) in its development. The SEP will be refreshed, periodically, and stakeholders are regularly updated on the LEP's progress, and they are actively engaged in the development of new/existing programmes. However, some individuals, businesses or representatives may feel their local priorities are not reflected in Lancashire's growth plans.
	31	LEP fails to generate due recognition for its work	The LEP is currently strengthening its strategic marketing capacity and place-marketing narrative, and developing a robust communication plan to engage local and national stakeholders.
	32	PS not receiving final LEP approval (due to inconclusive business cases) (GD)	All PS understand the need to submit final business cases to the LEP, which will be independently assessed, before any final approvals are given. The LEP's project development and decision making processes are clearly set out in the Assurance Framework.
	33	LEP found to be in breach of its own Assurance	The LEP Board has established a Performance Committee and other

		Framework	key Committees with responsibility for tracking the progress of core programmes and initiatives and over-seeing the conduct of LEP's activities. The LEP's Company Secretary function is also responsible for ensuring the LEP operates within the Assurance Framework. The Assurance Framework sets out the appropriate remedies to address any reported/suspected breaches.
	34	LEP credibility and remit limited by proposed Combined Authority arrangements	Combined Authority proposals in Lancashire are in the early stages of development. Proposals would be considered and agreed by the LEP, AB, and Lancashire's local authorities.

Core risk =

- PS = Project Sponsor
- AB = Accountable Body
- GD = Growth Deal
- CD = City Deal
- GPF = Growing Places Investment Fund
- EZ = Enterprise Zone

**LEP Core Risk Map – September 2015**



- Core Risk**
- 5.** Income from housing & development streams not flowing as forecast
  - 6.** Funding streams not aligned
  - 9.** Intended outcomes not achieved
  - 19.** Procurement timescales impact on delivery
  - 22.** Failure to identify underperformance
  - 26.** Change in government funding commitments
  - 30.** Criticism of priorities & objectives
- (NB 6 and 19 can probably be





## Lancashire Enterprise Partnership Limited

**Private and Confidential: No**

**Date: 6<sup>th</sup> October 2015**

**Transport for the North and Lancashire Strategic Transport Prospectus Update**  
(Appendix 'A' refers)

**Report Author: Dave Colbert, Specialist Advisor Transportation, Lancashire County Council**

### **Executive Summary**

The Transport for the North agenda has developed significantly with the Government announcing in July its intention to establish Transport for the North (TfN) as a statutory body with statutory duties to set out its transport policies and investment priorities in a long term transport strategy for the North, underpinned by £30m of additional funding. TfN has agreed to extend its membership to include representatives from northern sub-regional partnerships not currently represented, and has established a number of workstreams to support the development of the Northern Transport Strategy, several of which are relevant to Lancashire. The Lancashire Strategic Transport Prospectus has been further revised to take account of the GVA / productivity implications of the interventions contained therein and to ensure that Lancashire is best placed to influence the ongoing development of the Northern Transport Strategy.

### **Recommendations**

The Board is invited to:

- (i) Note progress to date in preparing the Strategic Transport Prospectus (current version attached at Appendix 'A');
- (ii) Authorise the Board Chair and the Chair of Transport for Lancashire to receive and approve the final version of the prospectus; and
- (iii) Request Transport for Lancashire prepare a communications strategy for the Strategic Transport Prospectus through which to engage with wider stakeholders including Members of Parliament, Transport for the North and neighbouring Local Enterprise Partnerships and local transport authorities.

## Background and Advice

The Transport for the North agenda has developed significantly. In the Summer Budget 2015 presented to the House of Commons by the Chancellor of the Exchequer on 8<sup>th</sup> July, the Government announced its intention to establish Transport for the North (TfN) as a statutory body with statutory duties to set out its transport policies and investment priorities in a long term transport strategy for the North, underpinned by £30m of additional funding over three years to support TfN's running costs and enable TfN to take forward its work programme. An update on the interim Northern Transport Strategy<sup>1</sup>, published on 20<sup>th</sup> March 2015, will be available by Budget 2016.

A key issue to date with Transport for the North has been its focus on the North's five city regions (Leeds, Liverpool, Manchester, Newcastle and Sheffield) and Hull and connectivity between them, set within the context of the Northern Powerhouse. TfN has now acknowledged that it does not yet reflect the full and inclusive governance arrangements in support of its purpose to act as a genuine representative body for the whole of the North of England. The TfN Partnership Board has therefore agreed to extend its membership to include representatives from northern sub-regional partnerships not currently represented. County Councillor Jennifer Mein, Leader of Lancashire County Council and the Chair of Transport for Lancashire, has been nominated to represent Lancashire and Cumbria on the TfN Partnership Board, alongside George Beveridge, Chair of the Cumbria Local Enterprise Partnership.

Transport for the North has established a number of workstreams to support the development of the Northern Transport Strategy, several of which are relevant to Lancashire, in particular, that focusing on local strategic connectivity where there is a clear pan-northern benefit to the overall TfN strategy and programme and which TfN has now extended to include local strategic connectivity outwith the core city regions. A scoping event was held in Leeds on 23<sup>rd</sup> June at which the Lancashire Strategic Transport Prospectus and Lancashire's joint approach to integrated transport planning through the suite of five highways and transport masterplans were presented. The local strategic connectivity workstream will have synergy with others including those covering strategic roads and rail.

The Lancashire Strategic Transport Prospectus has now been further revised to take account of the GVA / productivity implications of the interventions contained therein. At its meeting on 1<sup>st</sup> October 2015, the Transport for Lancashire committee received a revised draft and welcomed it as a significant improvement over previous versions. The final draft, attached as Appendix 'A', will ensure that Lancashire is better placed to influence the ongoing development of the Northern Transport Strategy. Transport for the North and the ongoing development of the Northern Transport Strategy will continue to be a major focus and driver in the development of the Northern Powerhouse. The Lancashire Strategic Transport Prospectus will therefore need to remain flexible and will continue to evolve to ensure the closest possible alignment and integration with the strategic Northern Powerhouse agenda.

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<sup>1</sup> 'The Northern Powerhouse: One Agenda, One Economy, One North – A Report on the Northern Transport Strategy' HM Government and Transport for the North, March 2015



Lancashire  
Enterprise Partnership

# LANCASHIRE

AS PART OF AN INTERCONNECTED  
AND PRODUCTIVE NORTHERN  
POWERHOUSE

THE LANCASHIRE STRATEGIC  
TRANSPORT PROSPECTUS

# FOREWORD

**Lancashire’s economic strengths, and more importantly its economic potential over the next two decades, is arguably one of the least understood dimensions of the emerging Northern Powerhouse vision.**

With an economy of over £25 billion, Lancashire is home to over 40,000 businesses. We are the UK’s leading region for aerospace manufacture, and related industries, and have rapidly growing clusters across energy, advanced manufacturing, chemicals and automotive sectors.

We also have a strong visitor economy, boast three world- class universities, and are surrounded by some of the country’s most outstanding rural and coastal beauty.

But Lancashire also faces a huge challenge – how do we not only maintain the considerable competitive advantages and unique assets we already have but, in addition, how do we grasp the opportunity offered by initiatives like the Northern Powerhouse?

The answer from my point of view is simple – the integration of key strategic investments, clearly aligned to complementary economic strategies, and the robust physical connectivity to join all of these together in order that our residents and businesses, and those we need to attract in order to grow, can take full advantage of all we have to offer.

Further, this connectivity needs to reach beyond the borders of Lancashire itself - improving local transport networks is a key priority of the Lancashire Enterprise Partnership and partners – but it is our connection with the rest of the North, the rest of the United Kingdom, and the rest of the world which will largely determine the pace and level of our success going forward.

In Northern Powerhouse terms this means capitalising on Lancashire’s strategic importance geographically. We are the only area which borders two of the biggest city-regions Manchester and Liverpool, which will drive much of the North’s economic renaissance, and we also count North and West Yorkshire, and Cumbria, as our immediate neighbours.

Therefore to maximise our role at the heart of what we call ‘Northern Powerhouse West’, we must work with partners to deliver the rail, road and other transport infrastructure needed to ensure that people, goods and services get where they need to be to stimulate growth and prosperity for all. With this in mind I am looking forward to providing political representation for Lancashire and Cumbria on Transport for the North’s new Partnership Board.

Many of Lancashire’s requirements and aspirations in this regard are already being assessed, planned and costed, and you will find details of a wide range of transport and infrastructure projects already underway or anticipated in this Prospectus.

Building on our Strategic Economic Plan, which aims to create an additional 50,000 jobs over the next ten years, this prospectus reflects the importance of the county’s nationally recognised City Deal and conveys the ambitious Growth Plan we have in place and the potential offered by our Enterprise Zones.

The Lancashire Enterprise Partnership has made strong progress in recent years and established a growth programme of national significance. However, given our underlying performance of recent decades we cannot afford to be complacent. Our Prospectus, and the delivery of its key priorities, is central to our purpose of re-establishing Lancashire as a national economic driver. The analysis set out in our Prospectus demonstrates that this transport programme can increase productivity by over £185M per annum, create 15,000 net new jobs, and contribute an additional £685M GVA a year to the Northern Powerhouse economy.

The prospectus identifies our long-term strategic transport requirements, the opportunities and constraints on growth over the next twenty years as well as the more immediate interventions needed to stimulate Lancashire's latent potential.

So even though this Prospectus is fundamentally about Lancashire's evidenced case-making to support more and better physical connectivity, both across the county itself and further afield to improve our access and economic influence over the Northern Powerhouse as a whole, it is also about the importance of the developing connectivity solutions which generate maximum benefit for our local communities and economies

These interlinked factors are also at the heart of the government's vision for a more connected and more productive North, and it is one which Lancashire wholeheartedly embraces.



Jennifer Mein Chair of Transport for Lancashire  
Lancashire Enterprise Partnership

# 1. INTRODUCTION

Lancashire is a dynamic economic region within the North West and the wider North of England. It has a unique offer to make and role to play in the Northern Powerhouse. Lancashire's leading international and national position in relation to aerospace, advanced engineering and manufacturing, energy, higher education institution excellence and visitor economy make it a pivotal part of the long term economic growth of the North. Lancashire has close links to both the Manchester and Liverpool city regions. In both cases it provides many high skilled workers in key growth sectors, and this has increased as transport improvements have enabled many people to live in the most attractive parts of Lancashire and commute to work. Of equal importance many growth sectors are linked to supply chain and business networks which extend across LEP boundaries to larger functional economic geographies. Strengthening these business inter-actions and accelerating agglomeration benefits is an economic imperative for Lancashire and the Northern Powerhouse.

As elsewhere within the Northern Powerhouse, connectivity is fundamental to maximising growth potential. Those transformational and supporting transport interventions that underpin strategic economic growth in Lancashire and the wider North need to be prioritised and delivered as part of an integrated approach.

The purpose of this strategic transport prospectus is to:

- Set out the importance of the Northern Powerhouse to the competitiveness of UK, and the role and contribution of the Lancashire economy;
- Articulate Lancashire's economic growth priorities with a focus on those that play a critical role within the Northern Powerhouse;
- Demonstrate the rationale for developing a multi-modal transport network to support Lancashire's economic growth and that of the Northern Powerhouse;
- Confirm Lancashire's track record and ability to deliver;
- Present the national and local strategic transport priorities for Lancashire and their economic benefits to the Northern Powerhouse; and
- To set out the timescales for delivery.

This Prospectus also seeks to identify the economic impact of transport investments, including employment growth from new employment land. In addition, consideration is given to the housing impact resulting from residential land, in line with the Chancellor's recent statement on the contribution of housing to productivity and economic growth.

## 2. LANCASHIRE'S UNIQUE PLACE IN THE NORTHERN POWERHOUSE JIGSAW

Valued at over £25 billion, Lancashire has one of the largest economies in the North of England and is home to over 40,000 businesses employing in excess of 670,000 people, and has a population of 1.4 million.

Rebalancing the economy by transforming growth across the North of England and establishing a Northern Powerhouse is a core part of the Government's economic strategy. In June 2014, the Chancellor of the Exchequer set out his vision for a 'Northern Powerhouse', a collection of northern cities sufficiently close to each other that, when combined economically would be able to challenge the world and in so doing, contribute to rebalancing the UK's economy. The Northern Powerhouse is a £315bn economy (2013) with two economic centres of gravity: Manchester, leading a powerful economy which makes up Northern Powerhouse West, and Leeds, dominating an extended geography covering Northern Powerhouse East. A major objective of the Northern Powerhouse is to strengthen east west linkages through improved transport connectivity, including rail and road improvements, helping to integrate two powerful super regions into a single functional economy, creating new levels of agglomeration benefits.

### NORTHERN POWERHOUSE

WEST	GVA (£BN)	EAST	GVA (£BN)
Cumbria	9.7	North East	33.9
Lancashire	25.5	Tees Valley	11.4
Greater Manchester	56.3	Leeds City Region	60.2
Cheshire and Warrington	23.2	York/N York/E Riding	21.6
Liverpool City Region	27.0	Sheffield City Region	30.6
		Humber	16.3
NORTHERN POWERHOUSE WEST £141.7		EAST £174.0	

Source: Regional Accounts

## GROWTH SECTORS IDENTIFIED IN STRATEGIC ECONOMIC PLANS



Source: Transport for the North (modified)

<sup>1</sup> Strategic Commercial Development Advice, Colliers, 2014. This advises that defining what a cluster constitutes is not an exact science but there are indicators which can give an idea as to whether a cluster is



Independent economic analysis<sup>1</sup> has highlighted the presence of business and industrial clusters in growth sectors across and within key locations in Lancashire. These sectors have the potential to deliver a scale of growth that will have a transformative impact on the local economy and contribute significantly to the northern and national economy.

- Advanced Manufacturing: Aerospace and Automotive;
- Energy;
- Higher Education;
- The Visitor Economy;
- Professional and Business Services; and
- Logistics.

In each of these areas Lancashire has key physical, locational and research assets; business strengths with world class companies and development plans to increase innovation, quality, productivity and growth.

It is fundamental to the Northern Powerhouse that key growth sectors reach their full potential. This means targeting innovation, skills and supply chain solutions to maintain and grow investment. It means matching skills to the business growth areas of the future, providing new models of business support and economic regeneration and better connecting people to jobs, education and training and to other opportunities.

## LANCASHIRE'S SECTOR STRENGTHS

### AEROSPACE AND AUTOMOTIVE

Lancashire is central to a regional cluster of aerospace capability recognised as the fourth largest in the world. One of three key clusters of aerospace capability in the UK, it is the only one in the North of England, contributing £850m to the national economy. As a result, Lancashire is a powerful force in the whole supply chain of this industry. The county hosts the single largest concentration of aerospace production in the UK, employing over 20,000 people. Major employers include BAE Systems, Rolls Royce and Safran-Aircelle. These internationally renowned companies have attracted, and support, strong supply chains in design, testing, manufacturing and repair and maintenance. Lancashire's Enterprise Zone focuses on these sector strengths to provide world-class development opportunities. BAE Systems' Lancashire sites are contributing in the region of £6 billion in value to the F35 programme, which is the UK's single largest trade contract.

The automotive sector has an important base in Lancashire, with a workforce of over 3,500. Key companies include PACCAR (Leyland Trucks), Piolax, Sanko-Gosei, Erlson, Futaba-Tenneco and TRW Automotive. The supply chain is significant, with the majority of business activity focussed on the supply of high value parts to the UK and European Original Equipment Manufacturers (OEMs), a key Lancashire capability that the UK as a whole is seeking to grow. Exploiting a legacy of testing facilities, Lancashire hosts a significant cluster of innovative design and development companies, including Torotrak, Clean Air Power and Scorpion Automotive.

### ENERGY

Over 37,000 people in Lancashire work in the power generation sector. The sector enjoys strong support from Lancaster University and the University of Central Lancashire, both of whom are internationally recognised centres of excellence in energy and environmental studies. National companies operating in the sector include Springfield Fuels, EDF, AMECPLC, SITA, Assystem and Westinghouse-Toshiba. Westinghouse facilities in Lancashire have nuclear reactor and fuel processing contracted programmes valued in the hundreds of millions of pounds.

The two nuclear power stations at Heysham represent one of the largest concentrations of power generation in the UK. Decommissioning is anticipated to commence at Heysham 1 in 2019, with Heysham 2 following soon after. The close proximity of Lancashire to a number of Nuclear Decommissioning Authority sites makes it an ideal central location from which to serve the industry. Also, the Springfields Fuels site has the capability and capacity to manufacture fuel for all designs of worldwide nuclear reactors.

The specific strengths of Lancashire's nuclear sector, if appropriately combined with key assets and opportunities in Cumbria, Manchester, Cheshire and Sheffield, creates the prospect of establishing a coherent industrial and skills strategy for the nuclear sector across the North of England. Given these cross boundary issues and in line with the emerging national nuclear strategy; the Lancashire Enterprise Partnership is seeking the development of such an approach under the overarching direction of the Nuclear Advanced Manufacturing Research Centre (NAMRC), which is based in Sheffield.

The Port of Heysham, owned and operated by Peel Ports, which in addition to its Ro-Ro ferry operations is an important UK offshore supply base providing logistics support to one of the largest offshore gas fields in UK waters. The Port is well placed to exploit the market opportunities presented by significant offshore wind operations and maintenance facilities. Peel is exploring new commercial investment opportunities following completion of the Heysham to M6 Link Road.

Lancashire has potentially one of the largest reserves of shale gas in Europe. The Lancashire Enterprise Partnership believes that, subject to regulatory confirmations, the shale gas sector can play an important economic role in contributing to economic growth in Lancashire.

Our Enterprise Zone proposals for Blackpool Airport Corridor and Hillhouse International Business Park will further advance Lancashire's ambitions to develop its energy sector strengths.

## HIGHER EDUCATION

Lancashire hosts a significant concentration of Higher Education Institution excellence, including one of the largest concentrations of university assets in the north comprising Lancaster University, the University of Central Lancashire (UCLan) based in Preston and Edge Hill University in Ormskirk. Lancaster is also home to the largest campus of the University of Cumbria.

Lancaster University is a world renowned institution, consistently ranking amongst the top ten UK universities for research and teaching, and is ranked first for physics research. The university has over 11,000 students and its international profile supports the establishment of industrial links with key international markets. Recent investments include the development of a £100m health innovation campus.

UCLan is the 5th largest university in the country in terms of its undergraduate in-take and was the first modern UK University to be ranked in the prestigious QS world rankings. UCLan has ambitious expansion and re-development plans set out in a new masterplan which will strengthen Preston as a university town. UCLan is developing new high-technology facilities of national significance, including the LEP-backed £50m Engineering Innovation Centre in Preston, part of a wider £200m estate redevelopment.

Edge Hill University in West Lancashire is the UK University of the Year 2014/15 with proposals to develop a new £8M BEST Centre (Business Enterprise Technology & Science Centre) state of the art knowledge exchange facility. The National Student Survey (2014) places Edge Hill top in the North West for Overall Student Satisfaction.

## THE VISITOR ECONOMY

In 2013, Lancashire's visitor economy employed approximately 50,500 people, equating to 8% of all employment in the county, with an estimated economic impact £3.5bn<sup>2</sup>. Just over half of this was generated in Blackpool, Fylde and Wyre.

The coastal offer includes the large resort of Blackpool together with smaller resorts such as Lytham St Annes, regular host of the Open Championship, and Morecambe. These locations provide the focus of the traditional tourism offer and include the main destinations that many visitors from outside the area associate with Lancashire. Together they cater for day visits, short breaks and longer holidays.

The historic towns offer includes Lancaster, Preston and Clitheroe, offering architectural and historical interest for visitors based on both the general environment and individual attractions such as Lancaster and Clitheroe Castles and Preston Dock. Historic attractions elsewhere in the county include Hoghton Tower and Browsholme Hall. The main markets for the historic towns and cities are day visitors and short breaks.

The outdoor offer is very strong across the county, including the Forest of Bowland Area of Outstanding Natural Beauty, Pendle Hill and the Lancashire coastline which cater for a range of outdoor activities. Day visitors and short breaks are the main markets.

## PROFESSIONAL AND BUSINESS SERVICES

In 2014, there were 10,200 businesses (business units) in the Financial Professional Services (FPS) sector across Lancashire, employing 82,000 people and accounting for around 13% of total employment GVA of £5.6 billion (around 22% of Lancashire's total GVA). A hierarchy of areas with relatively large concentrations of FPS employment is evident:

- The Skelmersdale, Burnley and Lancaster clusters each contain more than 3,000 FPS jobs;
- The rural Fylde and Blackburn clusters each contain more than 7,000 FPS jobs;
- The largest FPS cluster(s) in Lancashire, accounting for more than 12,000 FPS jobs in total, covers the urban core of Preston and the northern edge of South Ribble.

The FPS sector in Lancashire includes branches of some of the UK's leading businesses in the industry. In addition to branches of the major high street banks, there is also the Co-operative Bank Business Customer Services section, which is located in Skelmersdale. Lancashire also provides headquarter locations for Chorley Building Society and The Marsden Building Society. Other key employers include Guardian Financial Services, Burnley Savings and Loans and Key Retirement Solutions.

Businesses in Lancashire also benefit from proximity to Manchester and Liverpool, both regional centres for the FPS sector and home to businesses offering specialised services to larger regional/national businesses and organisations. Manchester in particular is now one of the leading FPS hubs outside of London, with major HQ functions for several banks including the Co-operative, BNY Mellon, RBS, Barclays and Williams and Glyn (the latter is expected to become operational from 2016), as well as large accountancy and legal sub-sectors etc. The FPS sector as a whole accounts for 190,000 jobs in Manchester.<sup>3</sup> Liverpool's FPS offer has particular strengths in insurance, wealth management and legal services. For parts of East Lancashire, links across to the sizeable FPS sector in Leeds are also important.

<sup>2</sup> <http://mediafiles.thedms.co.uk/Publication/LM/cms/pdf/STEAM%20OVERVIEW~%20Eng-Wal-NI.pdf>

<sup>3</sup> AGMA, GMCA, 'Stronger Together, Greater Manchester Strategy', 2013

## LOGISTICS

Lancashire is located close to the major cities of Manchester and Liverpool and midway between the English Midlands and Scotland. Its road and rail links between the north and south are important, and Preston is an important hub for the West Coast Main Line. New trends in logistics, notably e-commerce, along with the opening of Liverpool SuperPort and the doubling of container traffic are now opening up new opportunities in distribution and logistics.

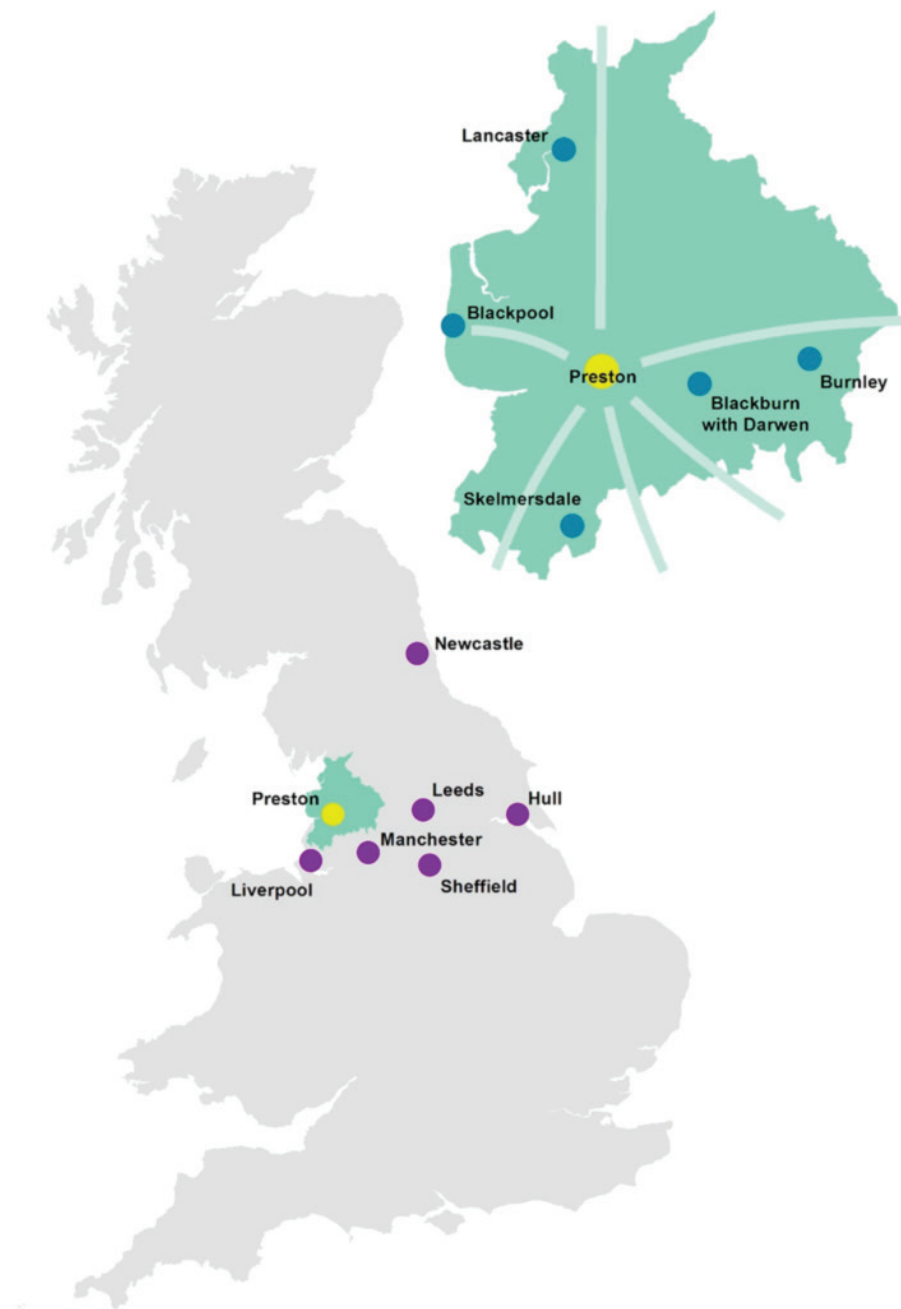
Preston and South Ribble are benefiting from a major road investment programme which will support a 20 year employment land supply and open up attractive new distribution and logistics locations. This investment complements other new investment in East Lancashire, taking advantage of major sites located along the M65.

Skelmersdale in West Lancashire is closely linked to the Merseyside economy and is able to offer major sites for logistics and distribution companies keen to take advantage of the opportunities being generated by the opening of Liverpool SuperPort. This is supported by research commissioned by Peel Ports and the Liverpool City Region has highlighted the need to increase large market attractive sites to take advantage of Atlantic Gateway opportunities.

### 3. TRANSPORT AND CONNECTIVITY TO DRIVE THE NORTHERN POWERHOUSE

Transport is key to achieving the vision for the Northern Powerhouse, however the transport network in the North is simply not fit for purpose and certainly not good enough to enable cities to pool their strengths. The Chancellor therefore identified the need for an ambitious plan to make the cities and towns across the North much better connected to create the equivalent of travelling around a single global city.

#### LANCASHIRE: INTEGRAL TO THE NORTHERN POWERHOUSE



## THE NORTHERN TRANSPORT STRATEGY

In March 2015, HM Government and Transport for the North published a report on the Northern Transport Strategy, “The Northern Powerhouse: One Agenda, One Economy, One North.” The report sets out how transport is fundamental to achieving the shared vision of transforming growth in the North of England, rebalancing the country’s economy and establishing the North as a global economic powerhouse. This will require the development of a world class transport system to better link up the individual cities and towns across the North to allow them to function as a single economy.

The Northern Transport Strategy builds on the analysis and conclusions of HS2 Ltd<sup>4</sup>, the One North Proposition for an Interconnected North<sup>5</sup> and the Transport for the North Partnership Board, all of which reaffirm the strategic case for the Phase 2 extension of HS2 to both Manchester and Leeds. It seeks to address not just the issue of capacity in the North but the greater problem of connectivity. The proposition is therefore to integrate HS2 into a wider strategic transport network across the North to fundamentally transform connectivity and in so doing, spread the economic benefits of HS2 as widely as possible. The final Northern Transport Strategy will set out plans for rail, highways, freight and logistics, integrated and smart travel, airports and local connectivity that together will provide an interconnected North.

The Partnership Board of Transport for the North has agreed to extend its membership to include additional representatives from northern sub-regional partnerships to enable the Board to function as a genuine representative body for the whole of the North of England. County Councillor Jennifer Mein, Leader of Lancashire County Council and Chair of Transport for Lancashire will provide political representation on the Partnership Board for both Lancashire and Cumbria.

## TRANSPORT, PRODUCTIVITY AND HOUSING

Fixing the Foundations: Creating a More Prosperous Nation was published in July 2015 and sets out the Chancellor’s plans for improving UK productivity. The rationale for rebalancing the economy is clearly set out where it states that “our economy cannot grow as it should while it is so skewed towards London and the south east.” The plan also acknowledges the importance of housing to prosperity “the UK has been incapable of building enough homes to keep up with growing demand. This harms productivity and restricts labour market flexibility” and “an effective land and housing market promotes productivity by enabling the economy to adapt to change, helping firms to locate where they can be most efficient and create jobs, and enabling people to live and own homes close to here they work.”

Lancashire needs to accelerate new housing to accommodate a growing and skilled workforce. In order to meet sustainability ambitions, developing new housing near to major employment centres or close to sustainable forms of transport will be critical. There is, therefore, a close link between transport investment and new residential development.

<sup>4</sup> HS2 Plus, A report by Sir David Higgins, Chair of HS2, March 2014

<sup>5</sup> One North – A Proposition for an Interconnected North, (Greater Manchester, Merseyside, South Yorkshire, West Yorkshire and Tyne & Wear) July 2014

## LANCASHIRE'S INTEGRATED INVESTMENTS – INFRASTRUCTURE, HOUSING, JOBS AND SKILLS

Lancashire has benefitted in recent years from key transport and infrastructure investment of national significance such as the West Coast Main Line Route Modernisation programme completed in December 2008. However, apart from the completion of the Heysham to M6 Link Road due to open in summer 2016 and the Pennine Reach public transport scheme in East Lancashire currently being implemented, there has been little investment in critical strategic infrastructure to improve connectivity and support economic growth, development and regeneration. It is estimated that failure to deliver the transport infrastructure needed to support sustained business success accounts for one quarter of Lancashire's current economic performance gap with the rest of the UK<sup>6</sup>.

The Lancashire Enterprise Partnership (LEP) was quick to recognise the importance of transport to the Lancashire economy and the integration of infrastructure investment with business growth and skills requirements is a key feature of the Lancashire approach to maximising the benefits of transport investments.

Indeed, the LEP's nationally recognised City Deal for Preston and South Ribble in Central Lancashire, worth over £430m, is centred on a new and enhanced road improvement programme that will develop Preston, its Advanced Manufacturing Enterprise Zone (Samlesbury and Warton) and £200M redevelopment of University of Central Lancashire into one of the fastest growing and commercially dynamic locations in the UK over the next decade.

Lancashire has developed a suite of five Highways and Transport Masterplans covering the entire LEP footprint. These masterplans have ensured that for the first time strategic transport investment across all modes has been aligned with economic development and spatial planning priorities including housing.

The establishment of Transport for Lancashire<sup>7</sup> as a dedicated committee of the Lancashire Enterprise Partnership demonstrates the resolve of Lancashire's three local transport authorities (Lancashire County Council, Blackburn with Darwen Council and Blackpool Council) to work constructively and decisively with the private sector to deliver binding priorities.

TfL, is a dedicated committee of the LEP with responsibilities including:

- Monitoring progress and advising the LEP Board on scheme delivery
- Advising the LEP Board on scheme approvals and investment decision making
- Advising the LEP Board on long-term rail planning and franchise specification and provide a co-ordinating role between constituent local authorities; and
- Advising the LEP Board on long-term Strategic Road Network planning and provide a co-ordinating role between constituent local authorities.

<sup>6</sup> Lancashire Strategic Economic Plan: A Growth Deal for the 'Arc of Prosperity', Lancashire Enterprise Partnership, March 2014

<sup>7</sup> Transport for Lancashire advises the Lancashire Enterprise Partnership Board with regard to progress and delivery of all schemes within the Lancashire Growth Deal, including making recommendations to the Board on funding approvals.



Through the City Deal, the LEP secured a 10-yr local major transport programme, accelerated to a 6-yr delivery programme through the LEP's 2014 Growth Deal for Lancashire. This current transport investment programme comprises:

SCHEME	TOTAL COST	STATUS
Centenary Way Viaduct Maintenance, Burnley	£1.82m	Under construction
Blackpool Integrated Traffic Management	£2.42m	Funding approval October 2015
Blackpool Bridges Maintenance	£4.23m	Under construction
Blackburn Town Centre Improvements	£0.23m	Funding approval April 2016
Preston City Centre Improvements	£7.00m	Funding approval October 2015
M55 to St Annes Link Road	£15.00m	To be advised
Blackburn to Manchester Rail Corridor	£13.80m	Completed
Burnley – Pendle Growth Corridor	£12.00m	Funding approval December 2015
East Lancashire Strategic Cycle Network	£5.89m	Under construction
Preston Western Distributor	£92.00m	Funding approval December 2017
Broughton Bypass	£24.30m	Funding approval October 2015
Blackpool Town Centre Green Corridors	£7.34m	Funding approval April 2016
Blackpool Tramway Extension	£18.20m	Funding approval April 2017
Darwen East Distributor	£3.00m	Funding approval February 2017

## 4. LANCASHIRE'S FOCUS ON THE FUTURE

Having spent many years dealing with the after effects of major industrial decline and dramatic employment losses, Lancashire has set ambitious plans to move to a modern, competitive economy, based on new products and services, trends in living and leisure, innovation and creativity, in a world of both international opportunities and competition.

The Lancashire LEP has embarked on a twenty to thirty year journey to transform the Lancashire economy, building on its many assets, to focus the new economy on sectors and services where market demand is growing and long term prospects are positive. Lancashire's new economy is based on a world class and competitive manufacturing sector, new opportunities for higher value added service sectors, and the natural and heritage assets that underpin a strong leisure and visitor economy.

The 21st Century Lancashire economy will be a key part of the Northern Powerhouse, characterised by a business base focussed on taking advantage of markets and innovation. The major sectors will include advanced engineering, energy and environment, professional, financial and business services, creative, digital, media and ICT, logistics, and high quality tourism and leisure.

These sectors will be the principal source of wealth generation in the new Lancashire economy, whilst other sectors, such as retail, health, education and transport will provide the services that support strong local economies and communities.

### NEW ECONOMY, NEW LANCASHIRE

As the new economy of the 21st century increases the emphasis on a well-qualified and skilled workforce, Lancashire's higher and further education centres are attracting more students, both locally, from elsewhere in the UK and internationally. Lancashire's new economy will be characterised by businesses which invest in human capital, with close working relationships between businesses, schools, training providers, colleges and universities.

The Lancashire economy, as for many other parts of the UK, needs to attract new skilled labour to support its economic and employment growth plans. New housing will be a key element in delivering economic growth in Lancashire over the next twenty years. Lancashire will provide more housing in popular neighbourhoods and towns, while at the same time, delivering major new housing developments in locations close to the strategic road and rail networks to ensure the scale of new housing needed to support economic growth is delivered.

The new Lancashire will be reflected in the major economic centres including Preston, Blackburn, Blackpool and Lancaster, with improved connectivity within Lancashire and to the other major economic centres of Liverpool and Manchester, and to the east Leeds and York.

Investment in the rail network is leading to better connectivity with Manchester, with a marked improvement in services from Blackburn and Burnley, as well as an increase in services from Preston and Blackpool. These and other investments will strengthen Lancashire's links to both the Greater Manchester and Merseyside economies.

New investment in the road network in and around Preston will improve access to the City, strengthening Lancashire's role as the central location between Greater Manchester and Merseyside to the south and Cumbria and Scotland to the north.

#### FROM A TEN TO A TWENTY YEAR VISION

Lancashire's Strategic Economic Plan (SEP)<sup>8</sup> and Growth Deal aim to re-establish Lancashire as an economic powerhouse and a national centre of excellence in advanced manufacturing and engineering by maximising its clear competitive strengths and capabilities in the aerospace, automotive, energy and Higher Education research related sectors. This will be achieved by focusing on an 'Arc of Prosperity' that extends across Lancashire and incorporates key sector priorities of national and international significance, strategic sites, clusters of high value activity and internationally recognised centres of excellence in research and innovation.

The 'Arc' also incorporates key assets and other sectors including quality of life and housing growth offers, a significant tourism and visitor economy, health, digital and food manufacturing. Supporting this sector and asset development programme is a strategic approach to skills development and business support. The Lancashire LEP has set out its plans for the first stage of the transformation of the Lancashire economy, whilst recognising that the Northern Powerhouse vision, with its connection to services such as High Speed 2, which will begin operating from 2026, are linked to a 20-30 year transformation and growth programme.

Lancashire's SEP is based on an additional 50,000 jobs over the next ten years (2015-2025) through a more competitive manufacturing sector, higher value added service sectors, and a growing visitor and leisure economy, based on the strength of the company base, the skills of the workforce and a great quality of life at an affordable cost. This initial phase will be linked to an outward facing economy making a significant and recognised contribution to a resurgent North of England economy, with civic and business leaders making the case for new investment to further increase Lancashire's economic contribution to the national economy.

<sup>8</sup> Lancashire Strategic Economic Plan: A Growth Deal for the Arc of Prosperity, Lancashire Enterprise Partnership, March 2014

The second phase of growth needs to continue with the employment growth trajectory but to focus overall economic growth on productivity improvements which drive additional GVA. The low levels of GVA/capita, in sharp contrast to the south-east, emphasise the importance of addressing productivity as well as employment growth in long-term strategies.

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NORTHERN POWERHOUSE WEST GVA/CAPITA ENGLAND = 100

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WEST	2013
Cumbria	83.0
Lancashire	74.3
Greater Manchester	88.6
Cheshire and Warrington	108.9
Liverpool City Region	76.3

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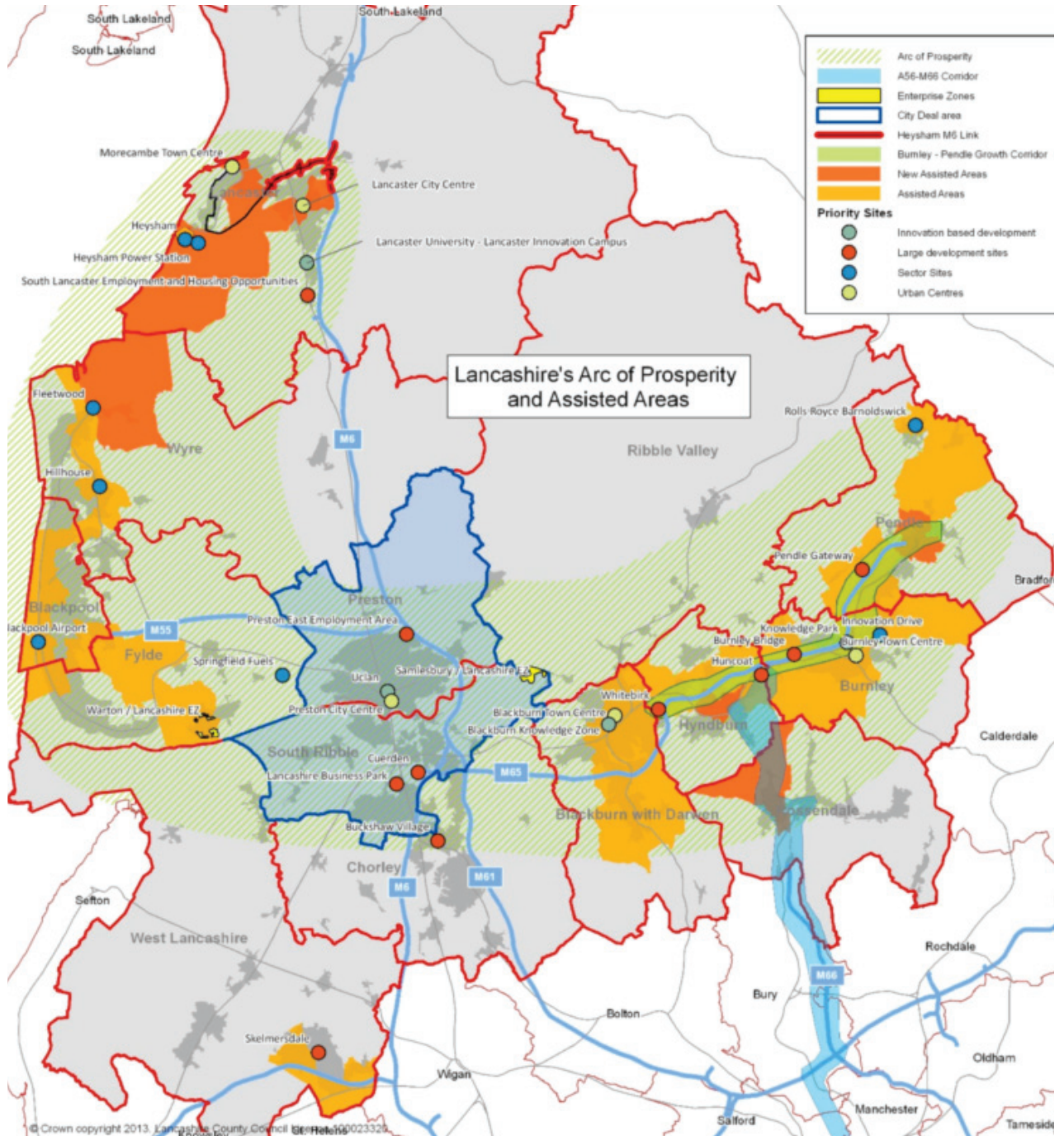
Source: Regional Accounts

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Lancashire's economic strengths and growth priorities are a significant part of, and critical to, the shaping and building of the Northern Powerhouse. The Northern Transport Strategy must reflect Lancashire's contribution in order to deliver a powerful, balanced and sustainable Northern Powerhouse.

For Lancashire to maximise its economic potential, it needs to fully exploit its key innovation assets, growth sectors, skills, and transport infrastructure. Lancashire is a county of contrasts with a rich quality of life that distinguishes it from neighbouring city regions and makes it an attractive place in which to live, work and invest, with world-class businesses and access to a highly skilled workforce, strongly performing schools, colleges and higher education establishments, strategic transport networks and effective broadband connectivity. Lancashire's economic ambitions are based on more jobs and better jobs and these are reflected in its priorities for transport investment. Capitalising on the strategic location of the county, strengthening links to Greater Manchester and Merseyside, and developing Lancashire's key employment locations are central to accelerating productivity and economic growth over the next twenty years.

# LANCASHIRE'S ARC OF PROSPERITY



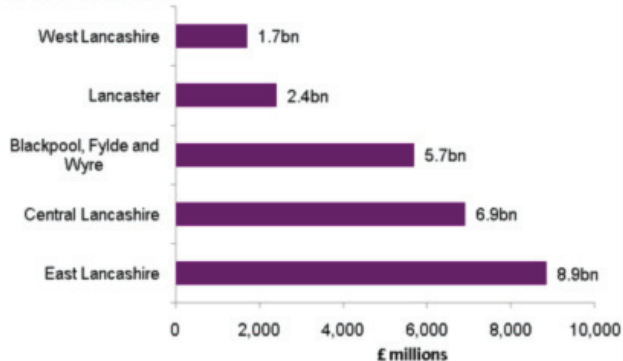
## 5. DELIVERING GROWTH THROUGH TRANSPORT INVESTMENT

The SEP identifies transport connectivity as fundamental to delivering economic growth and potential across Lancashire. However, despite sustained growth in the last decade particularly in identifiable economic ‘hotspots’ such as the cities of Preston and Lancaster, Lancashire’s average performance still consistently lags behind that of the UK and neighbouring city regions. For example, between 2007 and 2011 Lancashire’s economy grew by 4.4% compared to 6.5% nationally and 4.9% regionally, meaning Lancashire’s GVA per capita was 77% of the UK average. Today the economic performance of Lancashire is more than 20% below the national average in terms of GVA per resident.<sup>9</sup>

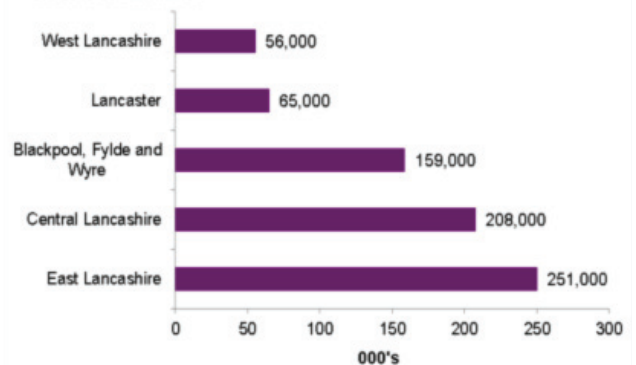
### UNDERSTANDING LANCASHIRE’S COMPLEX ECONOMIC LANDSCAPE

Central and East Lancashire account for over 60% of Lancashire GVA and employment base and both have strong connections to the Greater Manchester economy. Blackpool, Fylde and Wyre is a powerful sub-regional economy with strong connections to Central Lancashire. West Lancashire has strong connections with the Liverpool City Region, and to the north, Lancaster has strong connections to both Central Lancashire and Cumbria.

**GVA by Lancashire Sub Geographies 2015**  
Source: Oxford Economics



**Employment in Lancashire by Sub Geography 2015**  
Source: Oxford Economics



Central and East Lancashire include the two major centres of Preston and Blackburn and accommodate a large part of Lancashire’s advanced manufacturing base. New investments in public realm and roads, along with UCLan’s masterplan, are transforming the Preston city centre, whilst recent town centre developments, including a new Cathedral Quarter and railway station, are providing a new platform for growth in Blackburn.

<sup>9</sup> Economic Forecasts for Lancashire, Oxford Economics, 2013

**Central Lancashire**, with Lancashire's principal city Preston at its heart, is a transport hub of national significance, providing most of the county's connections to the West Coast Main Line, the M6 and, in the future, to HS2. The Preston, South Ribble and Lancashire City Deal builds on the strong economic performance of the area over the last ten years and will see Central Lancashire transformed, creating 20,000 net new private sector jobs and delivering over 17,000 new homes, underpinned by significant investment in new and improved transport infrastructure. Whilst Lancashire's growth sectors will account for many of these jobs, in particular, at the Enterprise Zone sites at Samlesbury and Warton, Preston's business and financial sector will also expand, with the University of Central Lancashire reconfiguring to place itself at the heart of the city. It will be vital to existing and new business, whether based in Central Lancashire or further afield, that accessing Lancashire is straightforward and not compromised by problems on the rail and strategic road networks elsewhere across the North.

**East Lancashire**, centred on Blackburn and Burnley, has a growing portfolio of higher value industries with aerospace, advanced manufacturing, advanced flexible materials, digital and creative industries all featuring strongly in the area's economy, making its improved economic prospects key to both the success of the Lancashire Enterprise Zone and the Northern Powerhouse. With easy access to high quality rural areas including the Forest of Bowland Area of Outstanding Natural Beauty, East Lancashire also has the potential to become a sought after place of residence for commuters. However, the quality of many local rail services and infrastructure leaves much to be desired, hence there is a significant identified requirement for greatly enhanced rail connectivity, with higher speeds, greater frequency and better rolling stock quality to enable East Lancashire to contribute to Lancashire's growth and that of neighbouring city regions such as Manchester and Leeds. East Lancashire's motorway gateways are pivotal in supporting our ambitions, for Lancashire as a whole and for its role in the wider economy of the North.

**Blackpool and the Fylde Coast** the economic renewal of Blackpool is key to the growth plans for the Fylde Coast. The wider area containing towns and rural communities popular with commuters, with the advanced engineering and manufacturing sector providing highly paid jobs that underpin local economies. With the nationally significant resort of Blackpool central to the area and a visitor economy that is being revitalised supported by recent investment, leisure and tourism are important components of the Lancashire economy. The LEP has worked with Government and local partners on its proposals to secure Enterprise Zone status for Blackpool Airport Corridor and Hillhouse International Business Park.

**Lancaster** is home to one of the country's top teaching and research institutes: Lancaster University is in the top 1% of global universities. The emphasis on research makes Lancaster a key hub for innovation, and with major expansion proposed at and around the University connectivity for business and academia is of particular importance. The district is also home to the major port of Heysham, a key facility for Irish Sea Ro-Ro traffic between the UK mainland and Ireland and the Isle of Man. Completion of the £130m Heysham to M6 Link Road in the summer of 2016 will significantly improve the port's access to the M6, but for the port to reach its full potential, the Strategic Road Network across the North must be effective. The district makes an important contribution to the visitor economy and is the seat of the Duchy of Lancaster and a prominent gateway to the Lake District and beyond.

**West Lancashire** is home to a number of international and nationally recognised companies and Edge Hill University. Located between the major growth areas of Manchester, Liverpool and Central Lancashire, the area already provides an attractive location for logistics and distribution companies. Skelmersdale is particularly well-placed to build on its locational strength and take advantage of the opportunities presented by the development of the Liverpool SuperPort concept, a key priority for the Liverpool City Region Strategic Economic Plan. The Atlantic Gateway initiative, a collection of assets including transport infrastructure that represents an opportunity for growth, lies just to the south.



## 6. LANCASHIRE'S TRANSPORT PRIORITIES

Lancashire's suite of five Highways and Transport Masterplans have identified the national and local strategic transport priorities to improve connectivity and support economic growth, development and regeneration. These priorities are set out below and are categorised into: National Strategic; Local Strategic – Connectivity; and Local Strategic – Supporting Economic Growth and Regeneration.

### THE NORTHERN TRANSPORT STRATEGY - LANCASHIRE'S NATIONAL STRATEGIC PRIORITIES

The following national strategic priorities are integral to the long term transport strategy for the North and will ensure that Lancashire, as one of the North's most significant sub-national economies, continues to prosper and support the vision and objectives of the Northern Powerhouse.

Lancashire plays an important role in the UK's national transport infrastructure with key rail and road connections across the North and to Scotland, the Midlands and the South. It is closely linked to the Greater Manchester economy, which continues to be the key economic driver for the Northern Powerhouse and strategic hub for east west connectivity across the North.

#### LANCASHIRE'S NATIONAL STRATEGIC PRIORITIES

##### STRATEGIC OBJECTIVE

##### INVESTMENT PRIORITIES

Increase productivity and growth in the Northern Powerhouse West economy through strengthening north-south road and rail infrastructure

HS2 and the West Coast Main Line  
Preston Railway Station  
M6 Motorway

Increase productivity and growth in the Northern Powerhouse West economy through strengthening connectivity between Lancashire and Greater Manchester

The Preston to Manchester Rail Corridor  
M61 Motorway

## HS2 AND THE WEST COAST MAIN LINE / PRESTON RAILWAY STATION

Preston lies approximately mid-way between Glasgow and London on the West Coast Main Line, and also has regular direct services to Manchester, Manchester Airport, Birmingham, Edinburgh, Leeds and Liverpool, as well as providing connections into these services from Blackpool, Blackburn and East Lancashire, Lancaster and the Lake District. The railway station is a critical asset for the city and for Lancashire as well as serving as a gateway for communities further afield, particularly for connectivity to the West Coast Main Line. With over 4.5 million passenger users annually and a further 1.3 million interchanges, Preston is the busiest station in the North West outside of Manchester and Liverpool city centres and one of the busiest in the North.

As a key economic centre in its own right and identified by Government as such, it is vital that Preston has direct and frequent access to HS2 and any potential HS3 in fit for purpose surroundings. The existing station track layout comprises six operational through platforms and two bay platforms; none of the through platforms will be capable of accommodating HS2 trains. Furthermore, the station fabric has seen little investment in recent years, resulting in a poor passenger experience and preventing the station from contributing towards the wider commercial development of the city centre. The station must therefore be transformed into a modern, 21st Century facility, one that is fully HS2 compatible to maximise the inherent advantages of Preston's location on the national rail network and through which passengers can pass in comfortable surroundings. Such a transformation will have secondary benefits, enhancing the station's presence within the city centre and its relationship to existing and proposed development, including the £200m UCLan campus redevelopment and the leisure-led transformation of City Centre North, home to Preston's other major transport hub, the bus station.

The significance of Preston Station as a driver of economic growth is recognised by stakeholders both within and outside Lancashire. As such, the station's development is of fundamental importance to the economic growth aspirations across Lancashire, and in so doing, particularly once HS2 becomes operational, will reinforce Preston's role as the North West's major rail hub north of Manchester. Establishing an HS2 Growth Strategy as recommended by the HS2 Growth Taskforce<sup>10</sup> for Preston will be an important element to achieving this. In addition, Network Rail has requested the City and County Councils prepare a long term vision for the station to inform its strategic review of West Coast Main Line capacity north of Crewe. The County Council has commissioned consultants to prepare an outline masterplan for Preston station as the first stage towards an HS2 Growth Strategy.

From a Lancashire perspective, whilst the recommendation from Sir David Higgins<sup>11</sup> to accelerate delivery of an HS2 Hub at Crewe in 2027 rather than 2033 as originally planned is welcomed, it is essential that a connection from HS2 to the West Coast Main Line further north is retained. The recommendation to review this connection in light of concerns raised through consultation is noted, as is Sir David's assertion that such a link will be necessary sooner rather than later as part of the wider consideration of how to improve services to Scotland. Lancashire also wishes to see this link considered in conjunction with the proposed wider examination of east-west connectivity across the North including HS3, the proposed new Trans-Pennine rail connection linking Manchester with Leeds and Sheffield.

<sup>10</sup> High Speed 2: Get Ready, A report to the Government by the HS2 Growth Taskforce, March 2014

<sup>11</sup> Rebalancing Britain; From HS2 towards a national transport strategy, October 2014

Work carried out for High Speed 2 provided estimates of the benefits of HS2 to sub-regional economies, with those sub-regions with poorer connectivity to London benefiting more. In total, the HS2 Y network to Manchester and Leeds is expected to generate £15bn of productivity benefits. Estimates for northern city region stations are:

## HIGH SPEED 2 REGIONAL ECONOMIC IMPACT

	PRODUCTIVITY GAINS	COMMENTARY
Greater Manchester	£0.6bn - £1.7bn	Equivalent to between a 0.8% and 1.7% increase in total local economic output in 2037.
West Yorkshire	£1.0bn	Equivalent to a 1.6% increase in total local economic output in 2037.
South Yorkshire	£0.5bn-£0.9bn	Equivalent to between a 1.9% and 3.2% increase in total local economic output in 2037.

Source: High Speed 2 Regional Economic Impact, KPMG 2013

Over half of the £15bn impact of HS2 will be outside of the HS2 station sub-regions. Lancashire will benefit from new rail infrastructure and service improvements, and a provisional estimate of productivity gain would be of a similar scale to South Yorkshire at circa 2%, equivalent to £600m in 2037 at today's prices.

Some 40% of the productivity benefits are likely to be captured in the Preston/South Ribble economy, which currently has some 162,000 jobs and a total GVA of £5.3bn. It is likely that up to half of the productivity gains will be a result of increased productivity in existing jobs, with the other half creating new, additional jobs. This would suggest a local employment impact of some 3,000 additional jobs.

Work carried out by consultants has indicated significant journey time benefits, with an average reduction in journey time of 22.5% for stations benefitting from the scheme, and associated productivity and agglomeration benefits to the Northern Economy of £33m per annum. Locally, the scheme also has the potential to deliver up to 75,000 net additional visitors, which will add some £3.3m to the Preston economy each year.

## PRESTON STATION REGENERATION BENEFITS

There are two elements to the economic regeneration benefits of Preston Station. These are:

- Station and other 'Near to Station' developments; and
- Preston New Business District.

Station and other 'Near to Station' developments will provide new retail, leisure and hotel opportunities, which will add to the city centre offer. In addition, there is the potential for office development linked to the transformed station, the concourse of which would be elevated to street level as part of re-development plans. A number of specific sites have been identified, with planned development evenly balanced between retail and leisure/commercial space. Preston New Business District is a new opportunity to develop the area immediately to the north of the station and bounded by Ringway. This scale of development is the Preston equivalent of, and similar to, plans for the Piccadilly area in Manchester and the Leeds South Bank.

The New Business District would provide Preston with the high quality public realm, mixed use and large floorplate offer currently missing from the city centre (and from Lancashire). The area will provide a new quantum of high quality space, acting as the premium business investment location in Lancashire. It will extend the footprint of the city centre to the north of the station, and elevate the Preston economy to a new level.

The scale of floor-plates would have a considerable impact on the city centre economy and further accelerate employment growth. It would in effect act as a continuum to further boost the economic momentum of the City Deal. Whilst there would be retail/hotel and leisure development relevant to the visitor economy, the major impact would be the new, high quality office space and the impact on professional, financial and business services, together with ICT, digital and creative industries' companies.

### PRESTON STATION: REGENERATION IMPACT

	RETAIL/ HOTELS/LEISURE			OFFICE		
	Space m <sup>2</sup>	Jobs FTE	GVA £m	Space m <sup>2</sup>	Jobs FTE	GVA £m
PNBD	10,000	250	£8m	129,366	5,174	£222m
S&ONTS	38,809	970	£31m	36,147	1,456	£63m

Source: Mott McDonald and BE Group

The total economic impact would be considerable, a total of 7,850 FTE jobs (equivalent to over 10,000 full and part time jobs) and £324m in GVA over the coming decades.

## HOUSING

Housing to support economic growth is now an important objective for Lancashire. In simple terms, new housing is required to attract the skilled workforce necessary to support the growth of the priority sectors. Additional employment generates in-migration and new housing needs to accompany and not lag behind employment growth.

Preston's redeveloped station will increase local employment and generate demand for sites near to the station. It will also increase demand in a wider area for people keen to live close to where they work or near to the station for those commuting to other major employment centres.

Utilising the Housing Zone designation from Government in 2015 some 32 sites will be influenced by the development of the new station, of which over 14 have the capacity to provide 1,000 homes/apartments within one mile of the station.

The new housing developments will allow Preston to modernise its housing offer and to provide city living apartments for younger people, and new urban neighbourhoods for professionals and their families.

The Preston Station/HS2 proposal will provide Preston and Lancashire with a twenty year growth scenario, with the City Deal driven employment growth of 20,000 additional jobs by 2025 overlapping with an additional 10,000 jobs from the regeneration opportunities provided by the transformed station over the period from 2022 to 2032, and an additional 3,000 additional jobs (and productivity improvements) by 2037 from HS2 operations.

The housing impact from the City Deal and Preston Station transformation would meet the local demand from the scale of employment benefits outlined in the three phases of growth, with the circa 4,000 new homes in Preston from the station re-development providing local housing for a significant proportion of the 10,000 additional jobs in the city centre and new business district.

The additional economic impact would transform Preston into one of the fastest growing cities in the North of England, with a higher education, leisure and retail and business services economy to compete with the UK's leading cities.

## THE M6 MOTORWAY

The M6 is an integral part of the UK's main north-south transport spine between London, the West Midlands and Scotland, which also includes the West Coast Main Line. From a Lancashire perspective, it is particularly important for the movement of freight, for example, to and from the Port of Heysham, and for logistics and distribution companies located in Central Lancashire and Skelmersdale. South of Preston, deterioration in the operational effectiveness of the route is resulting in increased average journey times and a worsening of journey time reliability. Lancashire therefore welcomes the commitment in the Road Investment Strategy<sup>12</sup> to upgrade much of the M6 south of Junction 26 (the M58 west of Wigan) to Smart Motorway by 2019/20.

Even with full delivery of the schemes set out in the Central Lancashire Highways and Transport Masterplan, evidence suggests that the M6 Preston Bypass will be under pressure by 2026, particularly during peak periods between Junctions 30 and 32 with the M61 and M55 respectively. This length of the M6 already has four lanes in each direction, so 'Smart Motorway' technology as a potential solution will need assessing. Possible scheme elements could include access controls at junctions and variable speed limits. For consistency, Lancashire proposes that the 'smart spine' linking the North West and London referred to in the Road Investment Strategy be extended from Junction 26 as far north as Junction 32.

The Preston, South Ribble and Lancashire City Deal has set out ambitious plans for new commercial and residential development. One of the legacies of City Deal investment is a long term land supply to support the economic ambition set out in the Strategic Economic Plan. Many of the key long term opportunities are close of the M6 and there is a risk that constraints at key junctions or capacity will constrain new development.

The City Deal Infrastructure Delivery Plan 2015/18 highlights six development areas. These are set out below, along with the key junctions on the Strategic Road Network which impact of each area.

### PRESTON AND SOUTH RIBBLE DEVELOPMENT AREAS

ZONE	KEY JUNCTIONS
Preston City Centre	M6 Junctions 29 & 31; M55 Junction 1
North East Preston	M6 Junction 31a
North West Preston	M55 Junction 1
Penwortham and Lostock Hall	M6 Junction 29
Bamber Bridge	M6 Junction 29
Leyland and Cuerden	M6 Junctions 28 and 29

It will be important that potential capacity constraints on the M6 in particular are anticipated in advance of increasing demand for new sites and employment locations, including in the medium term, ie post 2020 and post 2025.

<sup>12</sup>Road Investment Strategy, Department for Transport, December 2014

The City Deal provides the capacity for over 1 million m<sup>2</sup> of commercial space, with two thirds delivered by 2014. . The scale of employment is considerable, circa 20,000 jobs, and City Deal infrastructure should allow most development to come forward.

From 2025, there is the potential for further employment growth in Preston and South Ribble, with an additional 20,000 jobs. This growth will continue the momentum established by the City Deal, with a number of major locations providing for new and additional employment land and commercial development. This second phase of growth is likely to present further challenges for the Strategic Road Network and the M6 in particular.

The economic and employment plans of both the City Deal and the Strategic Economic Plan envisage high levels of growth over the next ten and twenty years. With an ageing workforce, Lancashire requires to support a consistent level of in-migration to provide a workforce to support these growth plans. This requires a higher level of housing completions over a sustained period, compared to the (low) development levels of the past five years.

## THE PRESTON TO MANCHESTER RAIL CORRIDOR

The rail corridor linking Preston with Manchester city centre and Manchester Airport is not only of strategic importance to much of Lancashire but also to Cumbria and Scotland. Stations in central Manchester provide connections for onward travel to and from a range of other key destinations across the North, including Leeds<sup>13</sup> and Sheffield. The transport strategy for the North therefore needs to reflect this. In addition, recent economic and employment growth in Lancashire has been strongest in this corridor, with parts of Central Lancashire in particular seeing strong employment growth. It is also the corridor with the greatest opportunity to grow the business travel market in Lancashire and in tandem to help reduce congestion on the parallel M61.

The Northern Hub, due for completion in 2018, will address capacity and network constraints on the rail network in and around Manchester and, when considered alongside completion of electrification between Manchester / Liverpool and Preston / Blackpool North by December 2016, will deliver a significant improvement in terms of connectivity and capacity in the key corridors linking parts of Lancashire with Manchester and Liverpool city centres and Manchester Airport.

Modern electric trains have already been introduced on Trans-Pennine Express services between Scotland and Manchester Airport, which currently travel via Wigan North Western. However, although there are on average four trains per hour between Preston and Manchester (three serving Piccadilly and one Victoria) throughout the working day there is significant overcrowding, particularly on services linking Scotland / Cumbria / Blackpool North with Manchester Piccadilly and Manchester Airport. In January 2015, the Government announced more diesel powered carriages for selected services in the corridor, but these are of a much lower quality than the rolling stock currently operating Trans-Pennine Express services between Blackpool North and Manchester Airport.

<sup>13</sup> It is currently almost as quick to travel from Preston to Leeds by changing trains in Manchester as it is to use the direct service via Burnley and Bradford.

Travel times for the journey between Preston and Central Manchester currently range from 40 minutes by the fastest trains to 56 minutes by the slowest; electrification will see the line speed raised up to 100 mph in places and the quickest journey times reduced to nearer 30 minutes as a consequence. However, it will be essential to ensure that the advantages electrification will deliver in terms of improved quality of service are not eroded through failure to provide sufficient capacity both in terms of length of train and service frequency.

Increased capacity in the Preston to Manchester Rail Corridor will contribute to the economic growth plans of Preston/South Ribble and Chorley, allowing employers access to a much larger pool of labour and also enabling residents to access employment markets in Greater Manchester, including Manchester city centre and Salford Quays. It will have a direct implication for housing development, and for new housing within travelling distance of stations in the corridor. In simple terms, each new commuter generates an additional housing demand, either directly as they move into Lancashire while commuting out to work, or indirectly as they leave a local job to commute, which then leads to in-migration demand as their post/job is filled.

The Greater Manchester Economic Forecasting model indicates that employment in Greater Manchester will increase by 100,000 additional jobs over a ten year period. The forecasts also indicate that there will be a change in the composition of the workforce, requiring it to be more highly educated and better qualified. This is particularly true for the city centre economy. These employment and skills forecasts will result in the conurbation drawing its labour force from a wider economic geography, hence increased train capacity will have an important role to play in ensuring that growth in the workforce is accompanied by increased commuting using sustainable modes of transport.

The current levels of commuting from the three Central Lancashire local authorities into Greater Manchester are set out below, and are likely to increase as new housing development and better rail services provide a high quality lifestyle offer in Central Lancashire. While commuting levels are significant, the limitations of services at local stations tends to restrict the scale of rail commuting.

#### OUT-COMMUTING RESIDENCE

	WORK IN GREATER MANCHESTER 2011 <sup>1</sup>	COMMUTING BY RAIL	PASSENGER GROWTH <sup>2</sup>
Preston	2,180	271	8%
South Ribble	2,567	244	8%
Chorley	7,162	577	8%

#### IN COMMUTING FROM GM WORKING IN CENTRAL LANCASHIRE

Preston	3,841	349	8%
South Ribble	3,068	33	8%
Chorley	4,576	99	8%

<sup>1</sup> 2011 Census data

<sup>2</sup> Estimate of increase in working commuters traveling by train, post capacity increase.



The additional working out-commuters as a result of GM employment growth and improved services would generate a housing requirement (after allowing for existing commuters switching to rail), adding to housing demand in South Ribble and Preston, allocations of which are based on providing sufficient housing to support planned employment growth, including the 20,000 City Deal jobs. Providing additional capacity in the Preston to Manchester Rail Corridor will increase the pool of labour available to support economic and employment growth in Central Lancashire, including the City Deal growth plans of 20,000 additional jobs by 2025 and subsequent employment growth arising from the Preston Station/HS2 development.

The skills evidence base has highlighted the challenge for Lancashire in providing the skilled workforce necessary for the growth plans of many of the priority sectors (including advanced manufacturing, construction and professional and business services). Given the very limited new housing development in recent years and the pace of new housing completions, in-commuting will be required to support the economic and employment growth set out in the Strategic Economic Plan.

Each additional commuter adds value to the local economy, and in the priority growth sectors in-commuting from Greater Manchester will be essential to economic growth in Lancashire. Additional capacity in the Rail Corridor is likely to increase in-commuting and result in an important GVA contribution. In the medium term, increased in-commuting is likely to increase demand for housing as people tire of travelling or prioritise reduced travel times and the opportunity to live closer to employment. This additional demand factor is, however, likely to be implicitly considered within the housing plans sets out in the City Deal and local development plans.

## M61 MOTORWAY

The M61 links the M6 at Preston with the M60 Manchester Outer Ring Road and the Trans-Pennine M62. Although existing traffic flows are generally within the capacity of the road, the M61 Corridor is heavily used by commuters, and significant congestion with long queues of standing traffic occurs during the morning peak period on the southbound approach to the M60 at Junction 15 as traffic attempts to access Manchester City Centre via the A580 and other destinations via the M60.

Lancashire therefore has a strategic interest in the operational effectiveness of the M60 as this provides access to and from Manchester Airport via the M56 and Yorkshire and eastern England via the M62. Consequently, the Manchester North West Quadrant Study announced in the Department for Transport's Road Investment Strategy is of particular interest to Lancashire.

## EAST – WEST CONNECTIVITY

There is growing interest in the east-west transport corridor linking Central Lancashire with North Yorkshire and the Leeds City Region focused on the M65 and A59 and parallel rail routes. Several long-standing aspirations for improved connectivity by both road and rail currently exist and a number of schemes have been considered in the past. The corridor is not covered by any of the Department for Transport led studies announced in the Road Investment Strategy in December 2014. Discussions are in hand with the Department for Transport and neighbouring transport authorities to identify whether there is sufficient justification to undertake a strategic connectivity study in the corridor.

Road links in this corridor tend to follow historic routes dictated by topography rather than travel demand; most are poorly aligned and unsuitable for carrying large volumes of traffic, particularly heavy goods vehicles. Main line rail links are likewise constrained by topography, with resulting low line speeds having a significant impact on journey times. Both are of a much lower quality than those further south that link Liverpool and Manchester with Leeds, Sheffield and the Humber ports. Consequently, there is a strong perception locally that the transport network hinders the efficient movement of people and goods, and that this poor connectivity is having a negative impact on economic development and regeneration, in East Lancashire in particular.

## LANCASHIRE'S LOCAL STRATEGIC PRIORITIES - CONNECTING LANCASHIRE TO CITY REGION NETWORKS

The Northern Transport Strategy is not just about travel between cities, it also includes the development of city region rail networks that provide the additional capacity required to sustain economic growth. These networks will interconnect with HS2, new intercity services across the North and metro/tram systems, supported by much expanded park and ride facilities.

Strengthening links to the major city regions will require electrification, new rolling stock (a matter of urgency for the North in terms of quality and sufficiency), higher service frequencies, new services and the removal of network pinch points. Development of European style cross city region networks centred on hub stations, such as Preston, is a key aspiration.

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### CONNECTING LANCASHIRE TO CITY REGION NETWORKS

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#### STRATEGIC OBJECTIVE

Increase productivity and growth in the Northern Powerhouse West economy through strengthening connections to the major City Region economies.

#### INVESTMENT PRIORITIES

East Lancashire to Manchester City Region, Leeds City Region and Central Lancashire

Skelmersdale to Liverpool City Region and Manchester City Region

West Lancashire to Liverpool City Region and Central Lancashire

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## EAST LANCASHIRE

In East Lancashire, a number of improvements to the rail network have either been delivered or are programmed, including the recently completed upgrade to Burnley Manchester Road station and the introduction of a new direct train service between Blackburn, Accrington, Rose Grove, Burnley and Manchester Victoria via Todmorden and Rochdale in May 2015. Network Rail has recently completed a scheme to improve the reliability and frequency of rail services on the route between Clitheroe, Blackburn and Manchester Victoria, funded through the Lancashire Enterprise Partnership's transport investment programme. The scheme will facilitate provision of an all-day, half hourly service between Blackburn and Manchester to be delivered through the new Northern franchise. Currently, a firm date for the commencement of the additional off-peak services has not been finalised, but it will be no later than December 2017 utilising rolling stock made available through the North West electrification programme.

Whilst the above developments will bring about some improvement to the rail network in East Lancashire, they will not address the fundamental issue of whether or how the rail network can contribute towards a transformational change in East Lancashire's economic fortunes. The East Lancashire Rail Connectivity Study has examined this issue in depth, in particular, the importance of enhanced connectivity between East Lancashire and the growth centres of Preston and Central Lancashire, Manchester including Manchester Airport, and Leeds.

The Connectivity Study identified a number of deficiencies with the current network, including:

- Slow journey times, especially on the 'Copy Pit' line between Burnley and Todmorden used by the train service between East Lancashire and Leeds and from May 2015, the new service between East Lancashire and Manchester Victoria via Rochdale;
- Poor reliability due to long, single-track sections, for example, between Burnley and Colne;
- Capacity constraints, with longer trains required to meet growing demand, in particular, on commuter services between Clitheroe and Manchester;
- Low service frequencies;
- Poor quality rolling stock; and
- A lack of facilities at many of the smaller stations, which will need to meet as a minimum the Station Quality Standards set out by Rail North.

All of the above make rail a less attractive mode of travel; consequently, use of the rail network in East Lancashire is relatively low compared to neighbouring areas, including between East Lancashire and neighbouring city regions.

The Connectivity Study concluded that significant investment will be necessary in order to improve both the performance and attractiveness of East Lancashire's rail network, and that without such investment, the perception of East Lancashire as a poorly connected area is likely to grow. Failure to improve or replace existing rolling stock is likely to lead to further deterioration in the quality of the trains, potentially impacting on journey quality, capacity and performance.

The Connectivity Study adopted a Conditional Outputs approach in accordance with standard rail industry practice, recognising that to deliver transformational change to East Lancashire's rail network will require as a minimum the support of Network Rail, Rail North and the relevant Train Operating Companies. Whilst the realisation of each output will be subject to the identification of an affordable and value for money solution, the study concluded that electrification of the routes between Preston and Leeds / Colne and Clitheroe / Blackburn and Bolton together with associated rolling stock improvements would make the most significant contribution<sup>14</sup>. Inclusion of the full 'Calder Valley', which includes the route between Preston and Burnley, and the Bolton to Clitheroe route as Tier One schemes in the report of the North of England Electrification Task Force<sup>15</sup> with a recommendation for implementation in Control Period 6 (2019 to 2024) is therefore a most welcome development.

## SKELMERSDALE

Whilst Skelmersdale enjoys excellent strategic connectivity to the Strategic Road Network via the M58, access to both Liverpool and Manchester is limited; it is one of the largest towns in the country without a town centre railway station. The nearest railway station, Upholland, is not easily accessible without a car and only served by an hourly train service to Kirkby and Wigan, and bus services are slow and journeys indirect.

The West Lancashire Highways and Transport Masterplan, adopted by Lancashire County Council in October 2014, is proposing the wholesale reconfiguration of Skelmersdale's transport networks to meet both current and future needs, not just for local residents and businesses but for West Lancashire as a whole. At its heart is a new rail link and town centre railway station, fully integrated with the bus network and easily accessible on foot or by cycle, and with sufficient car parking provision to function as a 'Parkway' station for the wider West Lancashire area. A new railway station could act as a direct stimulus in terms of employment and housing development, allowing the town to benefit from its proximity to these two major employment centres. Skelmersdale would be served by a new spur from the existing Wigan Wallgate to Kirkby line into the town centre, enabling through services to operate to both Liverpool (via Kirkby) and Manchester (via Wigan), providing direct access to growth opportunities in both city centres and potentially at Manchester Airport and the Airport City Enterprise Zone. The new station and interchange is also intended to act as a catalyst for the wider redevelopment and growth of the town centre.

Lancashire County Council and its partners Merseytravel and West Lancashire Borough Council commissioned Network Rail to undertake a GRIP Stages 1-2 (Guide to Rail Investment Process - output definition / feasibility) study to develop the proposal set out in the masterplan, including indicative costs. The County Council separately commissioned Jacobs UK limited to undertake an assessment of the likely value for money and wider economic benefits of the proposal commensurate with a Strategic Outline Business Case and the Assurance Framework of the Lancashire Enterprise Partnership.

Work undertaken to date has demonstrated that it is technically feasible to construct a heavy rail link into Skelmersdale town centre in the corridor identified in the West Lancashire Highways and Transport Masterplan, and that the project could deliver value for money<sup>16</sup>. It is therefore a viable proposal. The next stage in the project development process is GRIP Stage 3 (option selection) the main output being determination of a single option and securing stakeholder approval. The Skelmersdale Rail Link features in the LEP's Strategic Economic Plan and the Liverpool City Region Long Term Rail Strategy published in August 2014.

<sup>14</sup> East Lancashire Rail Connectivity Study Stage 3: Conditional Output Statement, Jacobs UK Ltd for Lancashire County Council, April 2015

<sup>15</sup> Northern Sparks, Report of the North of England Electrification Task Force, March 2015

<sup>16</sup> Skelmersdale Rail Link Business Case Study Final Report, Jacobs UK Ltd for Lancashire County Council, January 2015

## WEST LANCASHIRE

Merseyrail currently operates a fast and frequent service between Liverpool and Ormskirk using electric trains. However, onward travel to Preston requires a change of train to a diesel-operated service that is infrequent and run to an irregular timetable. Rolling stock quality is also poor. Electrification of the Ormskirk to Preston route with appropriate infrastructure enhancements would resolve the majority of issues, significantly improving connectivity between Preston, West Lancashire and the Liverpool city region. In addition, there is the potential to provide better interchange between Liverpool-Ormskirk-Preston and Manchester-Wigan-Southport services at Burscough. Both are aspirations in the Liverpool City Region Long Term Rail Strategy published in August 2014.

## LANCASHIRE'S LOCAL STRATEGIC PRIORITIES - SUPPORTING ECONOMIC GROWTH, DEVELOPMENT AND REGENERATION

An important element of transport investment in Lancashire is strengthening the connections between and within the five sub-areas, including linking the west of the county with Central Lancashire/Preston through to Greater Manchester.

Each of the sub-areas makes an important contribution to the £25bn economy, and all have growth plans and potential which will contribute in aggregate to the economic contribution of Lancashire to the Northern Powerhouse.

### SUPPORTING ECONOMIC GROWTH, DEVELOPMENT AND REGENERATION

STRATEGIC OBJECTIVE	SUB REGION	INVESTMENT PRIORITY
Increase productivity and growth in Lancashire sub regions through investing in transport infrastructure that increases employment and residential land supply, economic growth and the efficient movement of goods and people.	Central Lancashire	New Ribble Crossing
	East Lancashire	M65 East Lancashire Gateway M66 East Lancashire Gateway
	Blackpool and Fylde	Blackpool North Interchange South Fylde Line A585 Corridor
	Lancaster	Lancaster South Morecambe

## CENTRAL LANCASHIRE

### NEW RIBBLE CROSSING

The Central Lancashire Highways and Transport Masterplan included a longer term (post 2026) proposal to construct a new crossing of the River Ribble to link together the Preston Western Distributor and the South Ribble Western Distributor via a completed Penwortham Bypass to provide a continuous dual carriageway route between Cuerden and the M55 to the west of Preston. Delivery of these schemes has been accelerated through the Preston, South Ribble and Lancashire City Deal; therefore, the County Council and partners have begun to investigate whether a new crossing could progress more quickly and how such a project might be funded.

## EAST LANCASHIRE

### M65 EAST LANCASHIRE GATEWAY

The M65 plays an essential role in the economy of East Lancashire, connecting people and businesses internally as well as providing the primary means of access to Central Lancashire and the M6, particularly for freight. Unlike most motorways, the M65 is not three lanes throughout its length, with reduced capacity on some sections, particularly between the M61 and Junction 6 at Whitebirk. Traffic has grown consistently by around 4% per annum since the motorway's completion in 1997, and evidence now suggests that the current level of demand at peak times is causing congestion, with some junctions at or near capacity.

The predominantly two lane section between the M61 and Whitebirk is increasingly likely to become a bottleneck, reducing the ability of the M65 to function as a major gateway to East Lancashire. Through the East Lancashire Connectivity Study, Lancashire County Council and partners are investigating whether and when additional capacity on the M65 between the M61 and Whitebirk might become necessary and how it might be provided. This work is expected to conclude by the end of 2015.

### M66 EAST LANCASHIRE GATEWAY

As part of the East Lancashire Connectivity Study, Lancashire County Council and partners are undertaking a study to examine the importance of enhanced connectivity in the M66 corridor to Rossendale and the rest of East Lancashire and to identify how best to achieve this enhanced connectivity if there is demonstrable evidence that investment will deliver significant wider economic benefits for East Lancashire and Rossendale in particular.

The study scope includes the Strategic Road Network and relevant routes into Manchester city centre, the 'Metrolink' line between Bury and Manchester Victoria and the national rail network between Rochdale and Manchester Victoria. The study is also considering what form a commuter rail link between Rawtenstall and Manchester could take, as there are a number of potential solutions to rail provision in the corridor.

Given the concern locally that congestion in the M66 corridor is now acting as a constraint on economic growth and social opportunities, the study is also assessing the wider economic, social and distributional benefits and Gross Value Added uplift of any potential transport investment. The study is expected to conclude in autumn 2015.

## BLACKPOOL AND FYLDE

### BLACKPOOL NORTH INTERCHANGE

Blackpool's new central business district development (Talbot Gateway) is located adjacent to Blackpool North station, the new offices opening up opportunities for commuting by rail. Blackpool North is also the key gateway to the resort for longer distance travellers, but for such a major arrival point, the actual experience on offer is not good.

The Tramway is to be extended from the Promenade to the station, significantly improving public transport connectivity for both residents and visitors. Seamless interchange between the rail network and the tram system will be achieved, providing rail-borne access between the railway station with its newly electrified trains and the Fylde Coast's tourist attractions and hotels. It is therefore essential that a high quality, multi-modal transport interchange be established at this vital location in support of wider interventions set out in the Lancashire Growth Plan for the renewal of Blackpool.

### SOUTH FYLDE LINE

The Fylde Coast Highways and Transport Masterplan identifies the South Fylde Line (Blackpool South to Kirkham and Preston via Lytham St Annes) as a key weakness in the Fylde Coast public transport network. The potential of the line could increase significantly if possible connections with the Blackpool Tramway are considered. Lancashire County Council is a partner in the European SINTROPER (Sustainable Integrated Tram-based Transport Options for Peripheral European Regions) project. The Council secured funding to investigate the best way of enhancing the role of the South Fylde Line in providing a southern gateway to Blackpool and to establish what the most viable and cost-effective way of linking the South Fylde Line and the Blackpool Tramway might be and what benefits such a link might deliver. The study reported in September 2015. It considered a number of options for developing the route and for encouraging economic growth in the South Fylde and regeneration, particularly in parts of south Blackpool. Two potential high value for money interventions have been identified and the County Council is now considering how these could be taken forward.

### A585 CORRIDOR

The A585 between the M55 and Fleetwood is currently part of the Strategic Road Network and therefore managed and maintained by Highways England. Its strategic role as part of an inter-regional route between Great Britain and Northern Ireland ceased with the withdrawal of the Ro-Ro ferry service from the Port of Fleetwood to Larne in December 2010. The A585 nevertheless remains a key route within the Fylde Coast highway network and is vital to the regeneration of Fleetwood and the success of the Hillhouse International Business Park at Thornton.

As part of its Pinch Point Programme, in 2014/15 Highways England completed significant improvements at the A585/A586 'Windy Harbour' junction near Singleton and the A585 junctions with Bourne Way and West Drive between Thornton and Cleveleys at a combined cost of £3.1m. Congestion nevertheless remains an issue at a number of other locations, in particular, the Five Lane Ends traffic signals at Little Singleton, which is arguably the worst remaining bottleneck on the route and a difficult location at which to make a significant improvement. The Department for Transport's Roads Investment Strategy includes a commitment to deliver a new, off-line bypass of Little Singleton to reduce the impact of traffic on the local community and remove the bottleneck.



The A585 needs to operate as effectively as possible along its entire length. The County Council will therefore work with Highways England to identify a programme of cost effective, viable improvements to remove any remaining pinch-points on the route, in particular, along the unimproved length between the M55 and the Windy Harbour junction.

## LANCASTER

### LANCASTER SOUTH

The area immediately to the south of Lancaster has been identified as one capable of delivering significant development, critical to meeting the future housing and employment growth needs of Lancaster and which will deliver wider economic benefits to Lancashire and beyond. It lies adjacent to Lancaster University and includes planned major housing sites at Bailrigg and Whinney Carr as well as the site of the proposed Health Innovation Park, an agreed priority in the Lancashire Growth Deal. Jointly these sites are capable of delivering up to 2,000 houses, circa 40,000m<sup>2</sup> of business and innovation space accommodating over 4,000 high-value jobs and circa 5,000m<sup>2</sup> of retail and leisure space.

Releasing the development potential of south Lancaster, including the Health Innovation Park, is severely constrained by the existing highway network, with the main access route (the A6) already operating close to capacity. A comprehensive transport solution is therefore required, including strategic and local highway improvements. This could include a reconfiguration of M6 Junction 33 to support both the Lancaster South developments and implementation of a City Centre Movement Strategy post completion of the Heysham to M6 Link Road. Key objectives for the Movement Strategy are to secure an attractive, healthy and safe local environment that contributes to the economic and social wellbeing of the city, its residents and visitors, and to reduce the environmental and social impacts of traffic to the benefit of pedestrians and cyclists and make city centre attractions more identifiable.

### MORECAMBE

Electrification of the short length of route between the West Coast Main Line north of Lancaster and Morecambe could significantly enhance the town's connectivity thereby allowing the resort to benefit from the ongoing electrification programme across the North West. Work to be undertaken shortly will establish whether there is a business case for such an enhancement.

## 7. LANCASHIRE'S ECONOMIC CONTRIBUTION THROUGH TRANSPORT DELIVERY

Work has been undertaken independently to identify the total productivity change, job creation and GVA uplift these national and local strategic priorities will deliver.

This has been calculated from the change in travel time and costs (generalised costs) associated with each of the priorities. These changes have been used, along with jobs, population and demand data to forecast the likely agglomeration and productivity benefits of each of the priorities.

Importantly, the analysis presented in the appendices is only related to the direct impacts of the priorities on delivering recognised Wider Economic Impacts (specifically productivity and agglomeration benefits), as recognised by guidance at a national and pan-northern level. The values obtained are therefore directly related to the transport benefits and improvements associated with each priority.

All values are presented as annual values, which it is important to iterate, and the monetary benefits have also been converted to a number of net, additional jobs, for consistent and comparative assessment.

As the results are presented in net (and not gross) terms, the values presented also account for relevant Green Book factors (deadweight, leakage, substitution etc). This ensures that they are suitably additive to both the Lancashire and pan-northern economy. These productivity and agglomeration benefits are in addition to a highly significant and often transformational level of unlocked development, housing and jobs for each priority.

## LANCASHIRE'S NATIONAL STRATEGIC PRIORITIES

SCHEME	Total Productivity Change (£ 2015 prices)	Net Job Creation	GVA – per annum – North / UK / UK
Preston HS2 Interchange Preston to Manchester Electrification	33.9M	3112	232M (gross) 29.5M (net)
M61 Motorway	17.6M	646	122.5M (gross) 9.2M (net)
M6 Motorway	37.7M	2549	54.2M
East West Corridor	16.9M	891	26.2M
	11.6M	610	13.7M
<b>TOTAL</b>	<b>117.7M</b>	<b>7808</b>	<b>448.9M (gross)</b> <b>132.8M (net)</b>

## LANCASHIRE'S LOCAL STRATEGIC PRIORITIES - CONNECTING LANCASHIRE TO CITY REGION NETWORKS

SCHEME	Total Productivity Change (£ 2015 prices)	Net Job Creation	GVA – per annum – North / UK / UK
West Lancashire Electrification 21.5M (net)		12M	1136 50.7M (gross)
East Lancashire Electrification 5.5M (net)		3.1M	1185 72.2M (gross)
Skelmersdale	9.1M	500	11M
<b>TOTAL</b>	<b>24.2M</b>	<b>2821</b>	<b>133M (gross)</b> <b>38.1M (net)</b>

## LANCASHIRE'S LOCAL STRATEGIC PRIORITIES - SUPPORTING ECONOMIC GROWTH, DEVELOPMENT AND REGENERATION

SCHEME	Total Productivity Change (£ 2015 prices)	Net Job Creation	GVA – per annum – North / UK / UK
M65 J2-6	10.4M	545	15.4M
A585 Corridor	2.6M	137	3M
Ribble Link	31.6M	1663	37.4M
Morecambe Electrification	0.63M	289	22M (gross) 5.4M (net)
South Fylde Line	5.9M	694	13.2M
Lancaster South	0.8M	1032	12.2M
<b>TOTAL</b>	<b>51.93M</b>	<b>4360</b>	<b>103.2M (gross)</b> <b>86.6M (net) 86.6M</b>

## 8. BROAD TIMESCALES FOR DELIVERY

### BY 2019

- Preston, South Ribble and Lancashire City Deal Highway Improvements\*
- Preston to Manchester Rail Corridor Improvements to provide additional capacity and better quality rolling stock
- Blackburn to Bolton Rail Corridor Improvements to provide additional capacity\*
- Blackpool Tramway Extension North Pier to Blackpool North Station\*
- Blackpool North Interchange (Talbot Gateway)

### BY 2024

- Preston Railway Station / HS2 Interchange
- New Ribble Crossing
- East Lancashire Rail Network Transformation, including electrification and better quality rolling stock
- M65/M66 East Lancashire Gateway Improvements
- Skelmersdale Rail Link and Town Centre Transport Interchange
- A585 Corridor Improvements, including a bypass of Little Singleton\*
- Lancaster South Supporting Infrastructure
- Lancaster to Morecambe Rail Electrification

### BY 2029

- 'Smart Motorway' technology extended northwards along the M6 to Junction 32
- Ormskirk to Preston Rail Electrification
- South Fylde Line Enhancements

\*Funding commitment

FOR MORE INFORMATION VISIT  
[WWW.LANCASHIRELEP.CO.UK](http://WWW.LANCASHIRELEP.CO.UK)

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Lancashire  
Enterprise Partnership

## Lancashire Enterprise Partnership Limited

**Private & Confidential: NO**

**Date: 6<sup>th</sup> October 15**

## European Structural & Investment Funding – Pipeline Development and Project Calls

**Report Authors: Sean McGrath, Development and Corporate Resources, Lancashire County Council. Andy Walker, Head of Business Growth Lancashire County Council**

### Executive Summary

The report sets out the latest position on the development of Lancashire's European Structural and Investment Funds (ESIF) Strategy, in particular

- Operational Programme and Lancashire ESIF Strategy Approval
- Future organisation of the Lancashire ESIF partnership
- Project calls/launches
- Project pipeline development

### Recommendations

The LEP Board is asked to note the progress set out in this report and the on-going delays in developing new Financial Engineering Instruments, as highlighted in section 5.

## Background and Advice

### 1. European Structural and Investment Funds Operational programmes and ESIF Strategy Approval

1.1 As reported at previous meetings the Government has established a National (England) Growth Programme for EU funding over the period 2014-20 giving Lancashire having a notional allocation of £231m. The allocation is split approximately £137m from the European Regional Development Fund (ERDF), £90m from the European Social Fund (ESF) and £4m from the European, Agricultural, Farming and Rural Development (EAFRD) Fund. The Growth Programme was due to commence in January 2014.

1.2 The national Operational Programmes for each of the funds are managed by a National Growth Committee and the programmes themselves are administered through national processes, with local input via LEP Area ESIF Strategies. In Lancashire, the ESIF Strategy was developed on behalf of the LEP and is now

being implemented through a Lancashire ESIF Partnership made up of a range of local stakeholders, including LEP Board members.

- 1.3 It has taken longer than expected for each of the ESIF Operational Programmes to be agreed, with the final one, the European Social Fund, only being approved by the European Commission in September 2015. As a result it is now possible for local ESIF Partnerships/Committees to be integrated into the national governance structure as formal sub committees of the national Growth Board.
- 1.4 The main changes from current arrangements will be that:
  - Lancashire's ESIF partnership will now be serviced by the Department for Communities and Local Government (DCLG), rather than the County Council on behalf of local partners,
  - Local partners/the LEP will no longer be able to draft and submit papers for the Partnership to consider, and
  - DCLG will become Deputy Chair of the Partnership (now subcommittee).
- 1.5 The national Growth Board will also start to formally approve LEP area ESIF strategies based upon the approved Operational Programmes. The main changes required before approval are ensuring the strategies are technically compliant and including the Outputs and Outcomes required to be delivered. The ESIF partnership is part way through this process with the Strategy currently being reviewed to ensure compliance, which will mean removing references to ESIF support for Transport as this is no longer eligible activity.<sup>1</sup>
- 1.6 However, at the time of writing, no LEP, or programme, level Outputs have been issued making it impossible to assess whether they are realistic and/or finalise local financial priorities. Given the Outputs were originally due to be issued by end of August 2015, it is not clear whether there will be time to fully review the strategy before the deadline for final submission of 23<sup>rd</sup> October 2015.
- 1.7 The ESIF partnership has agreed to hold an event for local partners early in November 2015 to update on the revised Strategy and for the Managing Authorities for each of the funding programmes to present the detail of the ESIF Strategy Implementation process.

## **2. First Round ESIF Calls**

### *European Regional Development Fund (ERDF)*

- 2.1 In March 2015, prior to General Election Purdah, the Lancashire ESIFs Partnership agreed for a number of ERDF Business Support calls to be issued related to national products;
  - Manufacturing Advisory Service

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<sup>1</sup> Support for Transport activity was originally included in the ERDF Operational Programme as being eligible across England. However, the final version of the ERDF Operational Programme only allows this activity to be undertaken in Cornwall (as had been expected).



- Growth Accelerator
- UKTi

As well as the continuation of BOOST, the Lancashire Growth Hub

- 2.2 The Outline Applications submitted in response to the calls were considered at Lancashire ESIF Partnership in September 2015. All the Outline Applications received were technically appraised by DCLG and agreed by the ESIF Partnership as being able to move to full Application Stage. Annex A to this report sets out the applications and initial comments/clarifications that the project promoters were requested to address in the Full Applications. The Full Applications were submitted to DCLG on 11<sup>th</sup> September 2015 and the detail of which, along with recommendations to fund or not, are likely to be considered at the next meeting of the Partnership on 4th November 2015.

#### *European Social Fund (ESF)*

- 2.3 In addition the ESIF Partnership also agreed, prior to General Election Purdah, to issue a call to facilitate the Blackpool Mental Health Trailblazer project. Only one project was received in response to this call, from Blackpool Borough Council, and the ESIF Partnership agreed that the application could move to Full Application Stage.

### **3. Pipeline Development**

- 3.1 In July 2015 the LEP held a Funding for Growth event to bring together a range of local partners from different sectors to discuss possible projects that could be supportable by ESIF Funds. The event built upon review of projects that had been undertaken to look at range of activity being developed. In response to the review over 100 project ideas were submitted requesting over £270m of ESIF funding broken down as follows;

ERDF - £228 m requested (against an allocation of £137m), of which over £160m for capital

ESF - £41m requested (against an allocation of £90m)

- 3.2 Very clearly the Lancashire ERDF allocation will be overbid if all the ideas submitted are eligible, especially when the review did not include previously agreed indicative allocations to the Evergreen and North West Loan Funds (Financial Engineering Instruments) of approximately £25m. In addition, some ESF resources for Lancashire has already been utilised through a £7.5m allocation for the BIG Lottery Opt In, and indicative allocations for the SFA and Local Impact Fund Opt Ins (£40m and £5m respectively).
- 3.4 The activity that Lancashire partners wished to focus projects on were in the main support for SMEs and Research and Innovation, but through capital rather than revenue activity. In the ESIF programme support for capital investment will be limited and will not support some of the site development activities supported in previous European programmes. All capital build will need to align directly with business support and innovation delivery.

- 3.5 Regarding the ESF projects submitted there is a danger of project duplication, and one approach might be to look at how different project ideas can come together to increase impact and reduce costs. In particular, any ESF activity wishing to be supported under an Open Call should have first considered whether a more appropriate funding route would have been through an Opt In such as the SFA, BIG Lottery or DWP.
- 3.6 Since the review was undertaken detailed guidance of the type of outputs required to be delivered by the ESIF has been issued (September, 15), although still with no detail on volumes, and it would be sensible for partners to revisit their project proposals based upon this detail to see if they are still realistic and eligible. As indicated earlier the ESIF partnership is proposing to hold an event for local partners in November to refresh and update on the ESIF Strategy and this will be built into the event preparation.

#### 4. Planned and Future Calls

- 4.1 At its last meeting, and based upon an initial analysis of the review of possible ESIF projects, the ESIF partnership proposed to DCLG that a number of calls be issued later this year in support of HE related business support and innovation activity, especially in support of Growth Deal objectives. To this end the Partnership agreed the following ERDF calls, subject to detailed agreement with DCLG.

**ESIF Thematic Objective 1** – Research & Innovation (indicative allocation £25m)

Supporting Capital investment for HE related infrastructure/facilities linked to Growth Deal objectives

**ESIF Thematic Objective 3** – SME Competitiveness (indicative call allocation £13.5m)

Capital Investment for HE related infrastructure/facilities linked to Growth Deal objectives

Revenue Investment for HE related business and graduate support linked to BOOST

**ESIF Thematic Objective 4** – Low carbon (Indicate allocation 35m)

Revenue Investment for HE related business support on the Low carbon economy, linked to BOOST.

- 4.2 In addition the Partnership agreed for an EAFRD call to be issued by the end of September in support of existing, and to grow new, rural micro and small businesses with key outputs around business growth and job creation. The call is worth 420,000.

## 5. Next Steps

- 5.1 The Managing Authorities for each of the ESIF programmes will now work with the Lancashire ESIF Partnership (as a subcommittee of the National Growth Board) to develop detailed Implementation Plans. The Plans will be based upon national drivers for expenditure and output achievements but informed by the local context, through the ESIF Strategy, knowledge and project availability.
- 5.2 LEP officers will be working with the project proprietors who submitted project proposals to identify those projects that are eligible and also integrate those with a focus on similar objectives to improve impact and value for money. These can then be used to inform the ESIF partnership in developing call timetables and in overseeing the delivery of the ESIF programme in Lancashire including performance management of project delivery and outcomes.
- 5.3 In addition, officers have been working with the existing North West Fund, as well as other interested organisations, to develop as appropriate project to address the need for loan finance for eligible SMEs in Lancashire. Currently, the ESIF partnership has set aside £12.5m to invest in a loan fund (Financial Engineering Instrument) proposal for Lancashire.
- 5.4 At present, the options to bring forward FEI instruments that would support lending to businesses in the North West are struggling to move forward at a pace that would ensure a continued provision of lending. Whilst Lancashire is partially insulated by its own lending products such as Rosebud, there is a genuine concern that the momentum and pipeline of projects from the North West Fund will be lost. There are two potential models for future delivery of the fund each with their own strengths and weaknesses. The options are:-

*A Northern Powerhouse Fund* – combining existing operations in the North West, Yorkshire and Humber and the North East regions. This would be led and commissioned by the British Business Bank, who would define the composition of the funds (balance of loan to equity, early stage vs. mature business investments, sector vs. generalist, etc.). This proposal has the potential to move forward more quickly as the BBB are designated as a "trusted-entity" by Government and the EU and could therefore progress immediately to the procuring of individual fund managers. The size of the fund would also offer economies of scale on fund management costs. There is however a cool response to this proposal from a number of northern LEPs, especially in the North East, who see a combined fund as removing local autonomy and potentially focusing fund activity on areas of the highest business density.

*A new North West Fund* – mirroring the current arrangement. The shape of the fund would still be set externally to satisfy the European Investment Bank (EIB) who are the match funder to the local ESIF contribution. The existing North West Business Fund – the fund of funds manager, needs itself to be procured and hence adds a further round of delays to the establishment of new lending.

The Board will be kept advised on on-going developments on forming a new FEI relevant to the objectives of the LEP.



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# Agenda Item 17

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