

LEP - Growth Deal Management Board

Wednesday, 21st October, 2015 in Cabinet Room 'C' - The Duke of Lancaster Room, County Hall, Preston, at 12.30 pm

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes of the meeting held on the 8th September 2015** (Pages 1 - 8)
- 4. Monitoring and Evaluation Sub Group Update** (Pages 9 - 10)
- 5. Lancashire Skills and Employment Strategic Framework.** (Pages 11 - 32)
- 6. Growth Deal Projects - Maximising the Social Value Outcomes.** (Pages 33 - 34)
- 7. Growth Deal - Final Investment Approvals.** (Pages 35 - 38)
- 8. Reporting to Lancashire Enterprise Partnership Board.**
 - Identification and agreement of any recommendations for consideration/approval by the LEP Board.
 - Identification and agreement of issues for inclusion in the feedback report for the LEP Board.
- 9. Any Other Business**
- 10. Date of Next Meeting**

The next scheduled meeting will be held at 12.30pm on Tuesday 8th December 2015 in Cabinet Room C – The Duke of Lancaster Room at County Hall, Preston.

Part II (Private and Confidential)

- 11. Growth Fund Agreements - Deviations from Business Case** (Pages 39 - 42)
- 12. Local Growth Fund Agreements** (Pages 43 - 46)
- 13. Growth Deal Finance Summary** (Pages 47 - 60)
- 14. Growth Deal Implementation** (Pages 61 - 82)
- 15. M55 to St Annes Link Road - Project GF01-06**
Oral report.
- 16. Myerscough College - Project GF01-17-S** (Pages 83 - 86)
- 17. Blackpool and The Fylde College - GF01-13-S** (Pages 87 - 88)

LEP - Growth Deal Management Board

**Minutes of the Meeting held on Tuesday, 8th September, 2015 at 2.30pm
Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston.**

Present:

Mr G Cowley (Chairman)

Mr B Bailey

Mr A Cavill

Dr Lawty-Jones

Mrs S Procter

Mr G Smith

Professor R Walsh

Ms J Whittaker

In Attendance:

Mr A Good – Head of Service Financial Management (Development and Schools) LCC

Mr R Hothersall - Head of Service, Programme Office, LCC.

Mrs A Moore - Programme Manager, Programme Office, LCC.

Miss J Ainsworth - Subject Matter Expert/Specialist Adviser Finance, Programme Office, LCC.

Mr A Swain - Media Manager, LCC.

Mrs B Joyce - Head of Strategic Development, LCC.

Mr J Holden Ross – Legal Services, LCC.

Mr M Neville, Company Services Team, Democratic Services, LCC.

1. Welcome and Apologies for Absence

The Chairman welcomed everyone to the meeting and noted that no apologies had been received.

2. Declarations of Interest

Mr Neville referred to the discussion at the previous meeting and the acknowledgment by the Committee for all decision making in connection with applications for Growth Deal Funding to be conducted in an open and transparent manner. He added that whilst it was recognised that individual members brought valuable knowledge/experience to the Board it was for them to declare any conflict of interests they may have in relation to specific items of business on the agenda and where appropriate exclude themselves from any discussion/decision making associated with that item.

It was noted that members of the Board had been sent a form to complete regarding interests which would assist with the identification/clarification of potential conflicts of interest for members.

Resolved:

1. No declarations were made in respect of items appearing on the agenda.

2. That the requirement for individual members to declare their interests is noted.

3. Minutes of the meeting held on the 5th August 2015

Resolved: That the Minutes of the meeting held on the 5th August 2015 are confirmed as an accurate record and signed by the Chair.

4. Monitoring and Evaluation Sub Group - Update.

Mr Hothersall presented his report and informed the meeting that as the accountable body the County Council was undertaking project monitoring as part of the process for approval of financial claims and would continue to do so as future growth deal projects commenced.

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.

Mr Hothersall informed the meeting that the ITT would be published on the 14th September 2015

Resolved: That the report is noted.

5. Skills Capital Fund - Round 2 Investment (2016-2017)

Dr Lawty-Jones circulated a paper at the meeting regarding the revised timetable for Growth Deal Skills Capital Round 2 which had been agreed with the Skills Funding Agency. A copy of the paper is set out in the Minute Book.

It was reported that there was £12 million spend available which had been brought forward into 2016/17 with the intention of allocating the majority of funding during that year with any unallocated funding being addressed in 2017/18.

The Committee noted that the revised timetable provided for applicants to submit either an Expression of Interest (EOI) only or an EOI with a business case and those EOIs that were accompanied by a business case would be 'fast tracked' through the process. In considering the report the Committee agreed that it would be advisable to incentivise applicants to submit bids early in order to allocate the

majority of funding in 2016/17 though it was acknowledged care would need to be taken to ensure that a high quality of projects was maintained.

It was noted that the Growth Deal Skills Capital Round 2 would be formally launched on the 14th September 2015.

Resolved:

1. 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.
2. 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.

6. Social Value.

A report was presented 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.

The Committee noted that initially it would be necessary to agree a Lancashire based definition of social value in order that priority areas/benefits could be identified and integrated into procurement processes. It was reported that a number of examples of good practice across the country had already been identified and would be taken into consideration when developing an approach for Lancashire.

In considering the report the Committee noted that the current focus was on addressing social value through youth employment and the promotion of job opportunities for the long term unemployed. However, it was acknowledged that in the future attention would focus on identifying projects which cut across a variety of areas including arts/culture, the over 50s and NEETS.

It was noted that a similar report, including any comments from the Committee, would be presented to the Lancashire Skills Board on the 10th September 2015.

Resolved:

1. That further research be undertaken into approaches in other sub-regions and in relation to identifying examples of good practice.
2. That further discussion is undertaken with relevant teams in Lancashire County Council, including the Programme Office, in order to understand the current position.
3. 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.

4. That a further report be brought to the next Growth Deal Management Board on the 21st October 2015 to provide an up-date on progress.

7. Communications.

Mr Swain reported that the 30 Growth Deal projects had been requested to produce a communications strategy and associated action plan and whilst some had produced a full strategy/plan others required further work.

It was noted that projects would take responsibility for their own communications, though there would be an opportunity for the LEP to be involved in certain communications where it was felt there would be some added value. Mr Swain informed the meeting that in the future a report would be presented to update the Committee on the progress for each project. In response to a suggestion that the three separate documents required initially, namely a strategy, an overall action plan and an update report, may be confusing for some applicants Mr Swain undertook to check feedback received to date in order to clarify whether this was a factor in some of the outstanding responses.

Resolved:

1. That the update regarding the production of a communications strategy/action plan by individual Growth Deal projects is noted and a copy of the current report circulated to members of the Committee outside of the meeting.
2. That further update reports are presented to future meetings on a quarterly basis.

8. Reporting to Lancashire Enterprise Partnership Board

It was agreed that the following items would be referred to the LEP Board for consideration/approval as appropriate.

- The publication of the final Invitation to Tender to undertake work associated with the monitoring and Evaluation Framework.
- The decision of the Committee regarding further action in connection with social value together with any decision from the Lancashire skills board on the 10th September 2015.
- Information regarding Blackburn with Darwen Borough Councils Growth and Development Pipeline.
- The Financial update set out at item 14 on the agenda
- The update regarding Blackpool and the Fylde College – Lancashire Energy HQ set out at item 15 on the agenda.

9. Any Other Business

There were no items of business under this heading.

10. Date of Next Meeting

It was noted that the next scheduled meeting would be held at 12.30pm on the 21st October 2015 in Cabinet Room 'C' at County Hall, Preston.

Part II (Private and Confidential).

11. Blackburn Pipeline Projects - presentation.

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

Mr Bailey gave 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.

The Chair thanked Mr Bailey on behalf of the Committee for his informative presentation.

Resolved: That the presentation on the Growth and Development Pipeline developed by Blackburn with Darwen Borough Council is noted and that a copy of the presentation be circulated to the members of the Committee outside of the meeting.

12. Growth Deal Implementation Plan

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

Mrs Moore informed the Committee that the Growth Deal Implementation Plan was a strategic document that would both track and evidence progress of individual projects and highlight any issues which may require intervention/attention. A copy of the current version of the Plan (dated August 2015) was presented.

In response to a query Mrs Moore confirmed that the document would be updated to include a number of Blackpool projects in section 7 'Overview of Progress – by Project'. She also reported that the quarter in which a project concluded, as reflected in the Plan, related to the quarter in which a final claim for payment would be received and actioned and undertook to add a narrative within the document to ensure that was clear.

Resolved: That, subject to the following amendments, the Growth Deal Implementation document, as presented, is approved.

- a) Details of a number of projects in Blackpool being included in section 7 'Overview of Progress – by Project'.
- b) The addition of an explanatory narrative regarding project completion dates and financial draw down completion dates be inserted into the document to provide clarity.

13. Local Growth Fund Agreements.

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

Mrs Moore presented an updated version of the Local Growth Fund Agreement schedule which highlighted that an Agreement was in place for project GF01-18-S. She also reported that recently core funding agreements had been finalised in relation to project GF01-19-S and GF01-03.

Mrs Joyce also informed the meeting that the anticipated date to projects GF01-01 GF02-27 and GF01-11 to be submitted to the LEP Board for approval had been revised from October to December 2015.

Resolved:

1. That the LGF Agreement approval templates in respect of projects GF01-18-S, GF01-19-S and GF01-03.
2. That the report and updates are noted.

14. Growth Deal Finance Summary.

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

Miss Ainsworth presented a report to update the Committee in relation to the financial aspects of the Local Growth Fund.

Details of the Growth Fund Profile were presented as Appendix 'A' to the report and it was reported that the current spend to date on projects in 2015/16 had been £0.528m of a total fund received of £39.35m which needed to be spent in year and would be reported quarterly to DCLG. It was noted that the return for quarter 1 was in line with the profile and projects should be encouraged to keep on track to ensure future quarters are as predicted.

The Committee was informed of the temporary movement of funds within the profile of City Deal projects, as agreed at the last meeting, so that in year spend for the whole growth deal programme would not be compromised and the total funds paid from Growth Deal to City Deal remained at the agreed level over the life of the City Deal.

It was reported that expenditure on projects GF02-26 and GF02-27 had been pulled back to 2016/17 from information submitted after the current report was produced and these changes would be reflected in the finance report at the next meeting.

Resolved:

1. 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.
2. That both the spend to date and the spend to be made in 2015-16 are noted.
3. That the 2015-16 in year spend be balanced in accordance with the City Deal project funding set out in report presented.
4. 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.

15. Blackpool and Fylde College.

Not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

Mrs Joyce circulated a report at the meeting regarding project GF01-13-S in response to concerns raised at the last meeting regarding the significance of variations between the original project and the proposed alternative location.

The Committee considered the reasoning behind the relocation of the scheme to another site together with the benefits and impacts associated with the new location and noted that the SFA had asked to reassess the revised Estate Needs and Finance Section of the business case. It was noted that the SFA assessment of the scheme would be presented to the LEP board for approval in October 2015.

Resolved:

1. 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
2. That Officers continue to discuss abortive project costs with the project sponsor.
3. 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.



LEP – Sub Committee

Growth Deal Management Board

Private and Confidential: No

21 October 2015

Monitoring and Evaluation Sub Group

Report Author: Richard Hothersall, HoS Programme Office
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Executive Summary

The Invitation to Tender (ITT) for the Evaluation of the Growth Deal Projects has been issued with the timescales given within this report.

Recommendation

That the contents of the report are noted.

Background and Advice

The Evaluation ITT has been issued with the following timetable:

| Event | Date |
|--|--|
| Issue ITT | 14 th September 2015 |
| Deadline for receipt of clarifications | 16 th October 2015 at 10am |
| Deadline for receipt of Tenders | 23 rd October 2015 at 10am |
| Evaluation of Tenders | 26 th October – 6 th November 2015 |
| Clarification interviews (if required) | w/c 9 th November 2015 |
| Internal Award approval | w/c 23 rd November 2015 |
| Intention to award contract decision | 27 th November 2015 |
| "Standstill" period | From 27 th November 2015 to 8 th December 2015 |
| Confirmation of Award | 9 th December 2015 |
| Contract start date/inception meeting | 4 th April 2016 |

Thus far 31 suppliers have been in to view the tender and responses have been given to clarification requests received from two of them.



Growth Deal Management Board

Private and Confidential: No

Wednesday 21st October

Lancashire Skills and Employment Strategic Framework

Appendix "A" refers

Report Author: Dr Michele Lawty-Jones, Director of the Lancashire Skills Hub,
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Executive Summary

The final draft of the Lancashire Skills and Employment Strategic Framework was approved by the Skills Board in September, and endorsed at the LEP Board meeting on the 6th October.

Consultation events are being planned for early November. The framework is presented to the Growth Deal Management Board (GDMB) to raise awareness of the framework in order to enable project sponsors to align skills and employment outcomes to the framework and to inform the development of the GDMB's approach to social value.

Recommendations

The Board is asked to:

1. Note the final draft of the Lancashire Skills and Employment Strategic Framework.
2. Provide comment in relation to the alignment of projects and the Boards approach to incorporating social value.

1. Lancashire Skills and Employment Strategic Framework

- 1.1 The final draft of the Lancashire Skills and Employment Strategic Framework was endorsed by the LEP Board on the 6th October for consultation.

- 1.2 The framework brings together the key findings from a range of studies aimed at identifying issues relating to skills and employment across Lancashire. The studies include:
- 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 7th 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 and Employment Board and other strategic partners will also work with employers to leverage greater levels of employer engagement and investment in key areas.

2 Alignment with the Growth Deal Management Board

- 2.1 The framework is presented to GDMB for a number of reasons:
- 2.1.1 The framework overview is incorporated into the Growth Deal Skills Capital prospectus, so that skills providers submitting projects in round 2 are able to align their project to the strategic priorities of the LEP and the Skills and Employment Board in regard to skills and employment.
- 2.1.2 The framework is relevant to other Growth Deal projects which have a skills and employment dimension.

2.1.3 The framework articulates the priorities which will underpin the GDMB's approach to the incorporation of social value, as discussed at the last GDMB meeting.

3 Conclusion

3.1 The GDMB are invited to comment on the draft framework and use of the framework in relation to social value.



**The Lancashire Skills and Employment
Strategic Framework
2016-2021
Version 6
For Consultation**

30/09/2015

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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)¹. 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:-

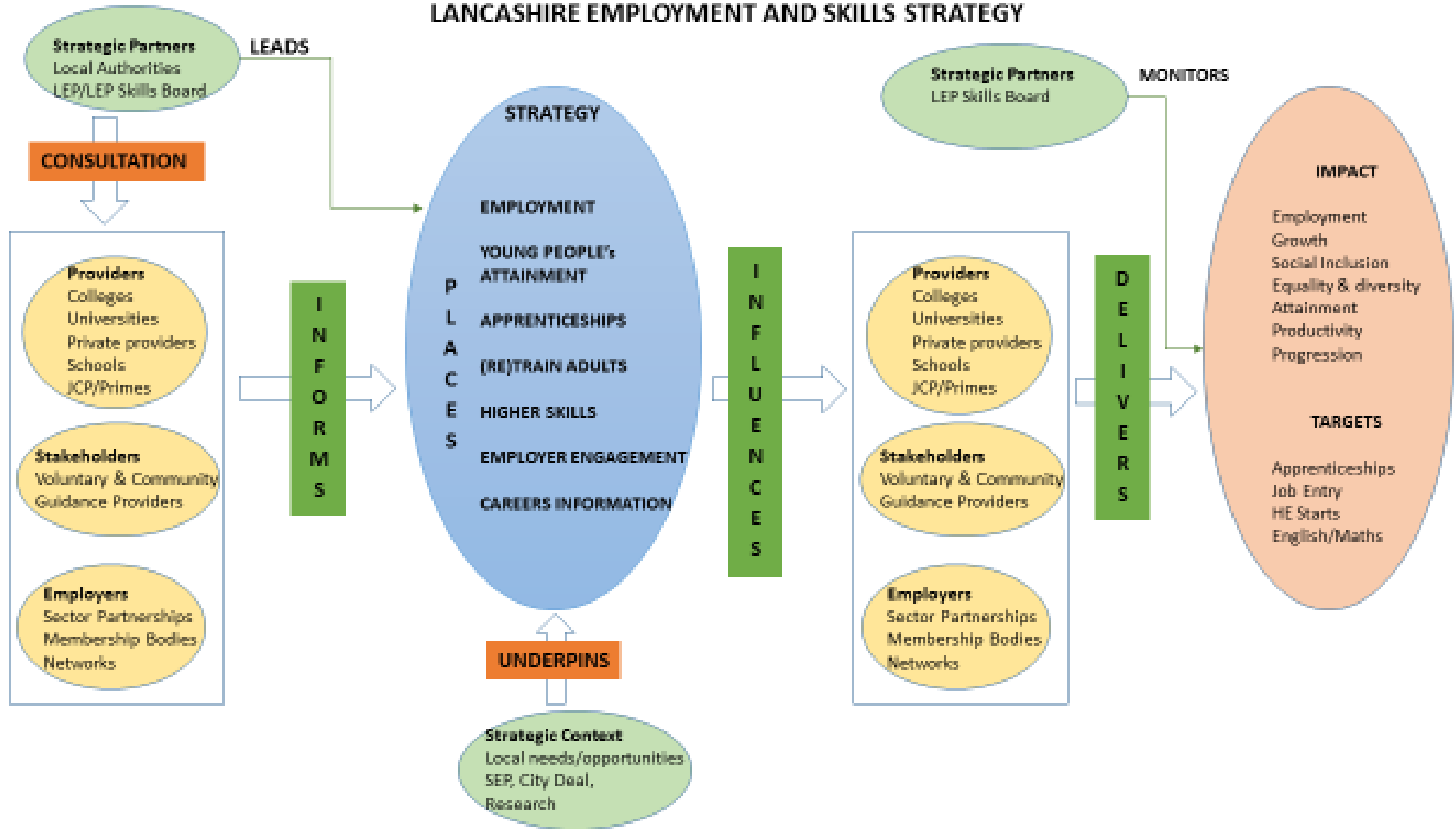
- a) Increase prosperity and economic growth;
- b) Deliver SEP Priorities;
- c) Address issues of unemployment and economic inactivity; and,
- d) Promote social inclusion, social cohesion, and equality and diversity.

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.

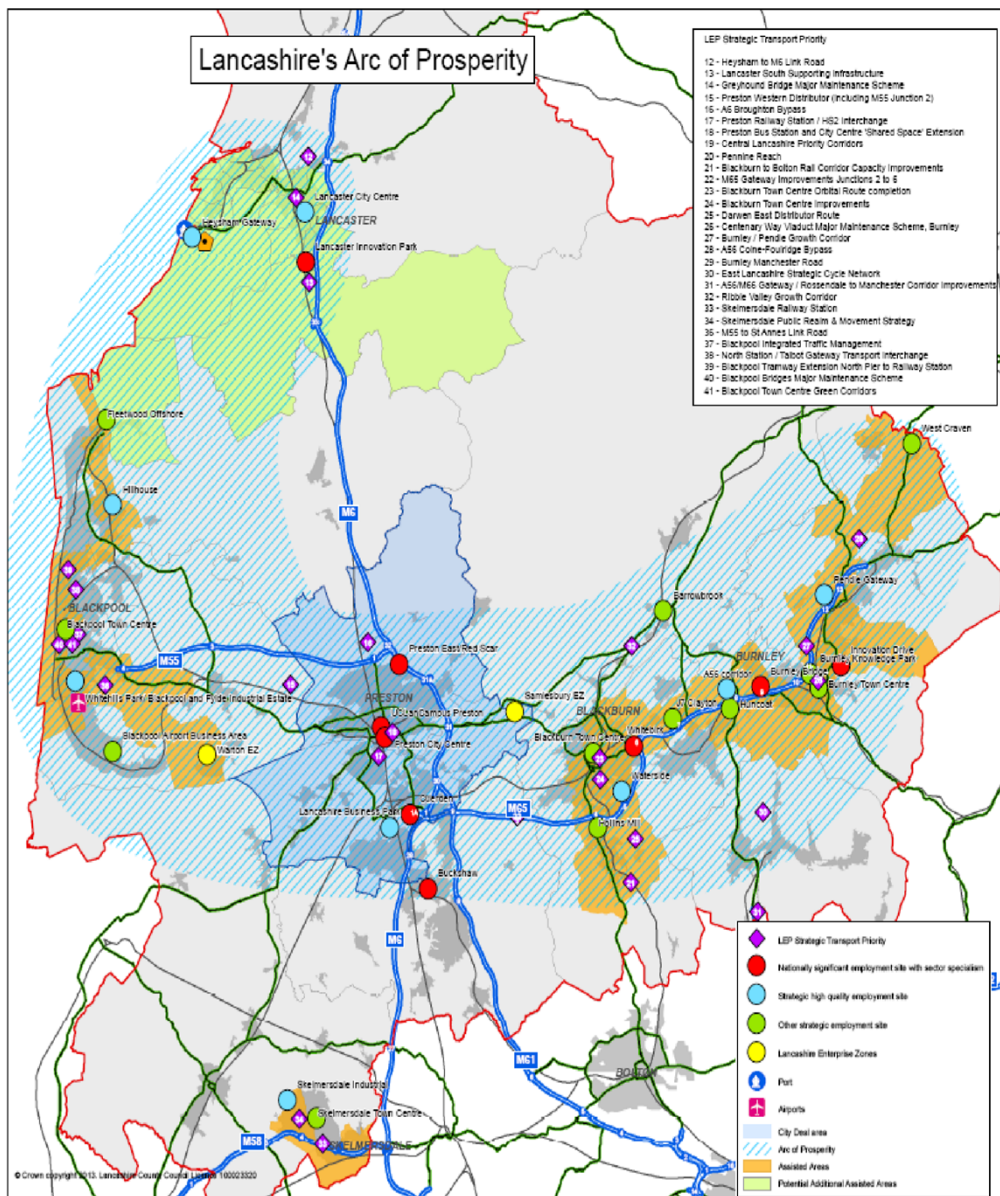
¹ <http://www.lancashirelep.co.uk/media/8856/LEP-strategic-economic-plan.pdf>

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

| Future Workforce (FW) | | | |
|---|--|--|-------------------|
| Actions (aligned to the objectives in the overview) | Sector Priorities | Ownership | Mechanisms |
| <p>1a Inspire young people through industry role models, materials and activities to motivate them to achieve higher attainment levels.</p> <p>2a. Gain an overview of CEIAG activity across Lancashire to gain an understanding of strengths and weaknesses and areas requiring intervention.</p> <p>2b. 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>3a. 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>4a. 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>5a. 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>6a. 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>6b. Map the enterprise education journey with view to reinforcing curriculum and activities which develop enterprising skills, attitudes and behaviours.</p> <p>7a. Invest Growth Deal (skills) capital in projects which will enhance Lancashire's education and learning facilities in-line with employer demand.</p> <p>7b. 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 & Digital (digital), Energy & 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> | |

| Skilled and Productive Workforce (SPW) | | | |
|--|---|---|-------------------|
| Actions (aligned to the objectives above) | Sector Priorities | Ownership | Mechanisms |
| <p>1a. 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>1b. 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>2a. Increase the attractiveness of Lancashire for 'growth' companies, supply chain development, and ambitious graduates and professionally qualified people.</p> <p>FW 4a. 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>3a. 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>3b. Consider the development of a 'skills pledge' model to encourage the engagement of employers.</p> <p>4a. 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>5a. 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> | |

| Inclusive Workforce (IW) | | | |
|---|--|--|-------------------|
| Actions (aligned to the objectives above) | Sector Priorities | Ownership | Mechanisms |
| <p>1a. 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>1b. 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>1c. Employability and skills development programme incorporating CEIAG targeting NEET young people.</p> <p>1d. '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>1e. 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>3a. 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>3b. 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> | |

| An Informed Approach (IA) | | | |
|---|--|---|-------------------|
| Actions (aligned to the objectives above) | Sector Priorities | Ownership | Mechanisms |
| <p>1a. 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>1b. 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>2b. 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>3a. 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> | |



LEP – Committee

Growth Deal Management Board

Private and Confidential: No

Wednesday 21 October 2015

Growth Deal Projects – Maximising the Social Value Outcomes

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Executive Summary

Further to the report presented to the last meeting on the Social Value Act 2012, it was resolved that further research would be undertaken with regard to best practice and a progress report would be brought to this meeting.

Additionally, a report was presented to our last meeting on Monitoring and Evaluation and this report seeks to tie the 2 initiatives together to help maximise the delivery of wider economic benefits for the communities of Lancashire through the development of a “Toolkit for Wider Economic and Social Benefits for Growth Deal Projects in Lancashire”.

Recommendations

1. That the Monitoring and Evaluation Sub-Committee be requested to produce the Growth Deal Benefits Schedule and manage the monitoring and evaluation process as set out in section 1.3 of this report
2. That the “Toolkit for Wider Economic and Social Benefits for Growth Deal Projects in Lancashire” be produced in the manner set out in section 1.4 of this report

1. Background and Suggested Approach

1.1 The Monitoring and Evaluation Sub Committee is charged with the monitoring and evaluation of all projects in terms of:

- Project outputs
- Wider Economic Benefits (incorporating “Social Value”)

1.2 The Monitoring and Evaluation Sub-Committee intends that the monitoring of the above will be undertaken by the project sponsors, with an independent organisation currently being commissioned to undertake evaluation.

1.3 Thus there is an opportunity to:

- Capture the stated business case benefits for all existing projects in a single Growth Deal Benefits Schedule (Monitoring and Evaluation Sub-Committee)
- Ensure the project sponsors are required to monitor all outcomes including the wider economic benefits (Monitoring and Evaluation Sub-Committee)
- Ensure that the evaluation commission has a similarly broad specification (Monitoring and Evaluation Sub-Committee)
- Require a short “benefits realisation plan” for all projects (format as per DfT projects?)

1.4 The above process will as far as possible guarantee the delivery of those project benefits and wider benefits that have already been identified in the project business cases. But there remains an opportunity to identify additional benefits through sharing best practice with existing and new projects. To capture this best practice as suggested in the previous report, it is proposed that a “Toolkit for Wider Economic and Social Benefits for Growth Deal Projects in Lancashire” be produced comprising:

- Best practice identified from our Growth Deal Benefits Schedule with the Monitoring and Evaluation Sub-Committee taking the lead
- Best practice identified from existing LCC projects (eg. Heysham Link – over 100 apprenticeship opportunities) with Alison Moore to take the lead
- Best practice from around the UK (eg Croydon Social Value Toolkit; Oldham Social Value Procurement Framework) with Michele Lawty-Jones to take the lead

The above is to be brought together into the Toolkit aligned with the emerging Lancashire Skills and Employment Framework by a small working group comprising Alison Moore, Michele Lawty-Jones and Graham Cowley with a representative from the Monitoring and Evaluation Sub-Committee. The intention will be to report the draft Toolkit to the December GDMB meeting.

1.5 As well as helping increase potential benefits from existing projects, it is hoped that the Toolkit will be used for business case development on all future projects.



LEP – Sub Committee

Growth Deal Management Board

Private and Confidential: No

21st October 2015

Growth Deal – Final Investment Approvals

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Executive Summary

In accordance with the LEP's Assurance Framework, the business cases of prioritised Growth Deal projects are subject to independent assessment, prior to a final investment decision by the LEP Board. At its meeting on the 6th October 2015 the LEP Board considered and approved four Growth Deal schemes: A6 Broughton Bypass, Blackpool Integrated Traffic Management, Preston City Centre Improvements and Blackpool and The Fylde College – Lancashire Energy HQ

This report provides further information of the first three schemes, with Blackpool and The Fylde Energy HQ being the subject of separate report on this agenda.

In accordance with the terms of reference of the Growth Deal Management Board (GDMB) the LEP Board has requested that the actions advised by the independent appraisers in relation to each of the three schemes are discharged by the GDMB.

Recommendations

1. Note the decisions by the LEP Board to grant full approval for A6 Broughton By-pass, Blackpool Integrated Traffic Management and Preston City Centre Improvements
2. Note the decision made by the LEP Board that the GDMB be required to ensure that conditions relating to the granting of full approval are fully met;
3. Note the decision made by the LEP Board that the GDMB be required to ensure that any actions advised by the independent scheme appraisers, are discharged;
4. Request that the Monitoring and Evaluation Sub Group engage with the project sponsors for the three projects to ensure that there is clarity regarding metric collection and outcome evaluation; and
5. Request that LGF Agreements (or equivalent) are prepared for the approved schemes.



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 Three Growth Deal schemes: A6 Broughton Bypass, Blackpool Integrated Traffic Management and Preston City Centre Improvements were considered and received full approval by the LEP Board at its meeting on 6th October. The GDMB is required to ensure that a range of conditions are met and actions discharged in relation to the three schemes and these are set out below.
2. **A6 Broughton Bypass – Full Approval Application**
 - 2.1 The A6 Broughton Bypass is a long-standing proposal promoted by Lancashire County Council, the Growth Deal project sponsor, and is 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. The bypass will remove through traffic, reduce congestion, significantly improve the local environment and provide sufficient capacity to enable new housing and employment development to come forward.
 - 2.2 The 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. The project sponsor'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 with 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 undertook the independent scrutiny of the Full Business Case and recommended that Full Approval be granted, conditional on a preferred bidder with firm and final prices being selected. The project sponsor has since 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, business cases for schemes seeking over £5M LGF, are required to be published for a six week period. This period will end on the 30th October, following which, and subject to no material issues being raised, the LEP Board approval can be implemented. 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 material will be brought 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, which is key objective of Lancashire's Growth Deal. Improved traffic and event management will contribute positively to the overall visitor experience in Blackpool.
- 3.2 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. 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 undertook the independent scrutiny of the Full Business Case. 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 LEP Board at its meeting on 6th October. Given a procurement exercise has not yet been undertaken the LEP Board 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. The LEP Board agreed that a condition of Full Approval being granted is that the tender costs come back as expected. The GDMB are required to oversee the discharge of this condition and report back to the LEP Board if this condition is not met.

4. Preston City Centre Improvements – Full Approval Application

- 4.1 This scheme, building on a phase 1 scheme which is already completed, seeks to deliver large scale public realm improvements in Preston City Centre. The Growth Deal project sponsor is Lancashire County Council.
- 4.2 The scheme has a 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.



- 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 undertook the independent scrutiny of the Full Business Case for the scheme and recommended that Full Approval be granted subject to an operational risk register being provided. The GDMB are required to ensure that this action is undertaken.
- 4.7 In accordance with the LEP's Assurance Framework, business cases for schemes seeking over £5M LGF, are required to be published for a six week period. This period will end on the 13th November, following which, and subject to no material issues being raised, the LEP Board approval can be implemented. 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 material will be brought to the GDMB to determine an appropriate course of action.

5. Monitoring and Evaluation

- 5.1 The Business Cases and independent appraisals of the three schemes outlined in this report consider the anticipated outputs, outcomes and impacts of the schemes. It will be important for the GDMB to understand how these will be monitored and reported, to the GDMB, the LEP's Performance Committee and to Government, via the LOGASNET information management system.
- 5.2 The Monitoring and Evaluation Sub Group of the GDMB has been established to ensure that there is a robust and methodical approach to the monitoring and evaluation of all Growth Deal projects and it is recommended that the Sub Group engage with the project sponsors for the three projects to ensure that there is clarity regarding metric collection and outcome evaluation from the outset and that the Sub Group present an update at a future meeting of the GDMB..

6. Local Growth Fund Agreements

- 6.1 All prioritised Growth Deal projects have already received a copy of the core LGF Agreement. Final investment approval from the LEP Board provides the trigger for LCC, as the accountable body and project sponsors to ensure that the supporting schedules which form part of the LGF Agreements and which set out eligible expenditure, draw down profile, milestones and outputs are prepared and executed. It is therefore recommended that agreements are now prepared for the three schemes outlined in this report. It should be noted that agreements for A6 Broughton By-Pass and the Preston City Centre Improvements will take the form of a memorandum of understanding given Lancashire County Council as both the project sponsor and accountable body cannot "contract" with itself.

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