



**Company Number: 07388600**

**Lancashire Enterprise Partnership Limited Board**

**Monday, 7th September, 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 meeting held on 16th June 2015 (Pages 1 - 8)**
- 3. Matters Arising**
- 4. Declarations of Interest (Pages 9 - 10)**
- 5. Enterprise Zones - New Government Bid Round (Pages 11 - 18)**
- 6. Any Other Business**
- 7. Date of Next Meeting**  
Tuesday 6<sup>th</sup> October 2015 – 6.00pm – Cabinet Room 'D' – The Henry Bolingbroke Room, County Hall, Preston.



## 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.



# 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)	07.09.15
Item Number (if relevant)	
Description of Transaction	
<b>Nature of Interest</b>	





## Lancashire Enterprise Partnership Limited

**Private and Confidential: No**

Date: 7 September 2015

Enterprise Zones - New Government Bid Round

**Report Author: Martin Kelly, Director of Economic Development, Lancashire County Council, (tel. 01772 536197 email: [martin.kelly@lancashire.gov.uk](mailto:martin.kelly@lancashire.gov.uk))**

### Executive Summary

The Summer Budget 2015 signalled the Government's intention to invite a further competitive round of Enterprise Zone (EZ) bids from Local Enterprise Partnerships.

At this stage, an EZ bid in support of Hillhouse International Business Park in Wyre is the only emerging credible proposal seeking LEP consideration and endorsement, though the business case is still in development. Hillhouse is home to a world class cluster of chemical and polymer-based businesses, including major growth companies such as Victrex.

The promoters of the Hillhouse EZ proposal (NPL Estates, Wyre Borough Council and Blackpool and Fylde Coast Economic Development Company) suggest the site, with EZ status, has the growth potential to generate an additional 1,500 jobs and the ability to secure over £200M in new private investment.

The primary purpose of the Board meeting is to discuss and test with the promoters the strength of the supporting business case, especially in light of the Government's key decision-making criteria. The Board will also want to understand how the Hillhouse EZ proposition would add value to Lancashire's two existing EZs (and three EZ sites); and drive forward the objectives of the LEP's Strategic Economic Plan and the growth ambitions of Blackpool and the Fylde Coast.

The deadline for LEP endorsed EZ submissions is 18 September. There is still time, though limited, for the Hillhouse promoters to strengthen the supporting business-case. However, the Board is asked to consider the merits of Hillhouse proposal, based on the available evidence, and indicate whether the proposal is a credible EZ candidate for Government consideration.

### Recommendation

The Board is asked to:

- i. Consider the merits of the Hillhouse EZ proposal and supporting business case;



- ii. Indicate whether 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
- iii. Subject to the above, authorise the Chair and Vice Chair of the LEP, in conjunction with the Executive Committee, to confirm the LEP's endorsement of the Hillhouse EZ application by the deadline of 18 September.

## **Background and Advice**

### **1. Introduction**

- 1.1. The Summer Budget 2015 signalled the Government's intention to invite a further competitive round of Enterprise Zone (EZ) bids from Local Enterprise Partnerships.
- 1.2. At this stage, Lancashire is recognised as one of only four LEPs to have secured two or more EZs, and the only non-Core City LEP area to have done so. Moreover, there are still 16 LEP areas yet to establish an EZ.
- 1.3. In this bidding round, Government has asked LEPs to only identify and support their top EZ priority, as some LEPs have previously submitted numerous proposals. Government has also stated that it will give priority consideration to EZ proposals focused on smaller towns and places, including proposals with a town centre and/or rural focus. Government is also requiring the relevant landowners and local authority partners to confirm their support and commitment (at Chief Executive and Leader level) to delivering their EZ proposal.
- 1.4. Given the LEP's recent success in establishing EZs, the new Government direction, and the strength of national competition from LEPs without an EZ, a compelling Lancashire EZ proposition will once again be required to stand any prospect of confirmation.

### **2. Local Position**

- 2.1. In recent weeks, a number of local partners have assessed the value of submitting an EZ proposal for LEP consideration. For example, local authority partners in East Lancashire explored the merits of developing a town centre/M65 Growth Corridor EZ proposition. On balance, partners came to the view that EZ status, as a policy instrument, was not the right intervention to drive forward local growth objectives. Local partners in East Lancashire have decided to focus their strategic effort on creating a forward looking spatial framework to accelerate the delivery of new employment and housing growth opportunities.



- 2.2. Preston City Council also considered the merits of a city centre EZ proposal. However, Preston colleagues came to the view that EZ status, at this time, was not needed to underpin major City Deal initiatives.
- 2.3. David Morris MP proposed the White Lund Industrial Estate in Morecambe, but landowner leadership and local authority support has not been secured in time to develop a proposal for consideration.
- 2.4. At this stage, an emerging EZ bid in support of Hillhouse International Business Park (the former ICI site at Thornton Cleveleys) in Wyre is the only proposal seeking LEP consideration and endorsement.

### **3. *Hillhouse EZ Proposal***

- 3.1. Hillhouse is home to a world class cluster of advanced material and polymer-based businesses, including major growth companies such as Victrex, Vinnolit, AGCC Europe Ltd Chemicals and Hillhouse Ltd. Another cohort of businesses form a support cluster (including companies such as Addison Project plc) excelling in specialist fabrication and plant maintenance.
- 3.2. A number of companies which operate globally have further significant expansion plans, which will lead to new and additional high quality employment. For example, Victrex has recently invested £130M in new production facilities and planning a new £18M R&D plant creating 80 new jobs having successfully secured £1.3M in RGF 6 funding. This R&D facility will be the catalyst for new production activity at the site which, in turn, will stimulate significant new investment and employment as well as new supply chain development opportunities. Similarly, AGCE is investing £3M in a thermal oxidiser as part of their expansion plans.
- 3.3. It is also worth noting that both the Prime Minister and Chancellor have recently visited key businesses based at Hillhouse.
- 3.4. The proposed Halite gas storage scheme on the opposite bank of the River Wyre is in close proximity to this site and has now been granted planning permission by the Secretary of State. Hillhouse is well located to support their technology programme. Hillhouse also offers the potential to act as a base for other potential forms of energy generation, which could benefit existing and future large consumers on the site, enabling them to sustain and improve their competitiveness in world markets. Tidal energy proposals on the adjacent River Wyre are also in development. Hillhouse could potentially benefit from any pre-cast on-site fabrication opportunities.
- 3.5. The promoters of the Hillhouse EZ proposal (NPL Estates, Wyre Borough Council and Blackpool and Fylde Coast Economic Development Company) suggest the site, which currently employs 1,200 people, has the growth potential with EZ status to generate an additional 1,500 jobs and the ability to secure over £200M in new private investment.



- 3.6. In terms of the site's physical and planning characteristics, Hillhouse is a 134Ha brownfield development site and allocated for industry and business (B1, B2 and B8 uses) in the 2009 Fleetwood/Thornton Area Action Plan. The site is wholly freehold owned by NPL Estates. The site also now benefits from Assisted Area status following the LEP's successful case-making to Government.
- 3.7. The promoters will attend the Board meeting to present their Hillhouse EZ proposal. Details on EZ boundary designation, site constraints and any relevant contamination issues, given the history of the site, can be tested at this point.
- 3.8. The Board should also take this opportunity to discuss and test with the promoters the strength of the supporting business case in relation to Government's key decision-making criteria, which are set out in Annex 1. The Board will need to assess the strength of the underpinning strategic case, ability to address key value for money considerations, and the capacity to deliver the proposed Hillhouse EZ.
- 3.9. The Government's EZ application has been revised, but was only made available in late July. Applications must now clearly explain how any business rate growth income generated by the EZ will be used by the LEP. For example, is it the intention of the LEP to re-invest this income stream in the EZ site and/or reserve for the funding of other LEP priorities. The Board can discuss with the promoters their expectations in this regard based on the emerging financial/commercial projections underpinning the Hillhouse EZ proposal.
- 3.10. The Board will also need the promoters to demonstrate how the Hillhouse EZ proposition adds value to Lancashire's two existing EZs (and three EZ sites – Samesbury/Warton and Blackpool Airport); whilst driving forward the objectives of the LEP's Strategic Economic Plan (SEP) and the growth ambitions of Blackpool and the Fylde Coast.
- 3.11. However, it should be noted that the SEP has identified Hillhouse as a strategic employment site, and is recognised as a growth driver in the draft Growth Accelerator Strategy of the local economic development company.
- 3.12. Some Board Directors may recall that Hillhouse failed to convince the LEP Board with a previous business case when seeking LEP support as an EZ candidate site in 2012. The lack of landowner leadership and commitment were significant factors in the LEP's previous consideration. The Board can establish the (financial) commitment of NPL Estates to leading the delivery of this EZ proposal. The Board can also ask the promoters how their submission has been strengthened and improved in recent years.





#### **4. Next Steps**

- 4.1. The extremely tight submission deadline set by Government has made it difficult to analyse the Hillhouse EZ proposal in detail, but an initial high level assessment suggests a credible proposition is emerging. However, the Board meeting will provide the opportunity to test with promoters whether a credible and competitive proposal can be submitted to Government by the deadline of 18 September.
- 4.2. Subject to the views of the Board, there is still time, though limited, to further strengthen the supporting business case for the Hillhouse EZ proposal.
- 4.3. The Government's Autumn Statement, which will be published by the Chancellor on 25 November, is expected to announce the new EZs.
- 4.4. New EZs will be expected to open by 1 April 2016, though start dates can be deferred by one year, subject to agreement with Government.

#### **5. Recommendations**

- 5.1. Recommendations are set out at the front of this report.



## **Government EZ Decision-making Criteria**

### ***Assessment of the Strategic Case***

The extent to which the proposal will deliver sustainable growth and the extent to which a proposal:

- Has a clear strategy, with a clear fit with the LEP's economic strategy and with the economic plans of key partners;
- Has a sound commercial proposition and viability; and
- Has a strong location drawing on local economic assets or infrastructure.

### ***Assessment of the Financial Case***

In terms of value for money whether:

- Economic benefits (including jobs and employment) exceed costs, such that benefits as measured by the projected increase in land values and any wider impacts exceed the cost to the public sector. As such all public and private costs associated with the proposal should be clearly captured;
- Economic activity generated by the EZ is genuinely additional - taking into account issues such as displacement of activity from other areas; and
- There are other wider economic, social, distributional or environmental benefits to the area not captured in the land value uplift, including whether there are any public sector costs that could be saved through the proposal. This includes whether there are clear benefits of clustering, such as innovation, knowledge sharing or marketing.

### ***Assessment of Deliverability***

In terms of Implementation whether:

- There is a clear plan about when and how the sites will be marketed to occupiers and who will lead this;
- Sites are clear where possible and deliverable, for example in terms of whether there are remediation, infrastructure, planning or environmental issues that need to be addressed or whether complicated site ownership, legal or other issues will make development slow or challenging;
- There is clear leadership from local partners and support from others (for example, businesses or statutory consultees); and
- There are clear arrangements for governance, and then for developing the proposed Zone.

