



## **LEP - Lancashire Skills and Employment Board**

**Wednesday, 27th January, 2016 in Cabinet Room C - Henry Bolingbroke Room, County Hall, Preston., at 8.00 am**

**Please note the venue and time**

### **Agenda**

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

- 1. Welcome and Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes of the meeting held on the 10th December 2015** (Pages 1 - 6)
- 4. Matters Arising**
- 5. Lancashire Skills Hub Update** (Pages 7 - 12)
- 6. Skills and Employment Strategic Framework** (Pages 13 - 40)
- 7. Combined Authority and Devolution Deal**  
*Verbal Update*
- 8. Growth Deal Skills Capital - Round 1 Update, Round 2 Overview and Social Value Update** (Pages 41 - 52)
- 9. City Deal Skills and Employment Study / Plan** (Pages 53 - 124)
- 10. Any Other Business**
- 11. Date of Next Meeting**

The next scheduled meeting will be held at 8.00am on the 23<sup>rd</sup> March 2016 in Cabinet Room 'C' – The Duke of Lancaster Room at County Hall, Preston.

**Part II (Private and Confidential)**

**12. Science and Innovation Audits** (Pages 125 - 132)

**13. Growth Deal Skills Capital - Round 2 - Appraisal of revised EOIs and fast-track Business Cases**

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## **LEP - Lancashire Skills and Employment Board**

**Minutes of the Meeting held on Thursday, 10th December, 2015 at 8.00am at the Room A05 - A Floor, County Hall, Preston.**

### **Present:**

Joanne Pickering – Chair (part)

Lindsay Campbell  
Steve Gray  
Paul Holme

Amanda Melton - Chair (part)  
Bev Robinson  
Andy Wood

### **Observers**

Alison Knight, Senior Operations Manager – Cumbria and Lancashire District for Work Services Directorate North West England.

Dr Michele Lawty-Jones, Lancashire Skills Hub Director.

Cat Settle, Head of Apprenticeships and Local Growth, Liverpool, Cumbria and Lancashire.

### **In Attendance**

Mr A Good – Head of Service Financial Management (Development and Schools) Lancashire County Council.

Lisa Moizer, Manager, Lancashire Skills Hub.

Mike Neville, Company Services Team, Lancashire County Council.

Andy Walker, Head of Business Growth, Lancashire County Council.

Andy Hirst, Cambridge Policy Consultants Ltd,

Andrew Heydeman – Careers Inspirational Team Leader, National Careers Service Team, North West and Staffordshire.

As Amanda Melton had been delayed, the Deputy Chair, Joanne Pickering, took the Chair and started the meeting.

#### **1. Welcome and Apologies.**

The Chair welcomed everyone to the meeting and noted that apologies for absence had been received from Mark Allanson and Graham Haworth.

The Chair also welcomed Andy Wood and Lyndsay Campbell to their first meeting as members of the Committee together with Alison Knight, who was attending for the first time as an observer. All those present introduced themselves.

#### **2. Declarations of Interests.**

No declarations were given at this point in the meeting.

Note – As Amanda Melton, Bev Robinson and Steve Gray were all connected to organisations which had made bids for Growth Deal Skills Capital funding during Round 1 and had similarly made bids in Round 2 they would all be excluded from the discussion of the report at item 12 on the agenda.

### **3. Appointment of new members of the Committee**

It was reported that the LEP Executive Committee on the 23<sup>rd</sup> November, 2015, had approved the appointment of Andy Wood and Lyndsay Campbell, making the current membership of the Committee 10 with one vacancy for a private sector representative.

### **4. Minutes of the meeting on 22nd October 2015.**

**Resolved:** That the Minutes of the meeting held on the 22<sup>nd</sup> October 2015 are confirmed as an accurate record and signed by the Chair.

### **5. Matters Arising.**

The Committee noted the following updates in relation to matters in the Minutes.

- Since the last meeting details of contact points at FE Colleges in Lancashire had been circulated to the members of the Committee for information.
- The views of the Committee in relation to the evolving devolution agreements had been fed back to Officers in relation to ongoing discussions around the Combined Authority and asks of Government. It was anticipated that a further report regarding developments would be presented to the next meeting.
- The Government had recently announced that Lancashire would be the subject of two separate Area Reviews and Lancashire Colleges were commissioning a review of data in preparation for that.

**Resolved:** That the above updates are noted.

### **6. Update from the Lancashire Skills Hub.**

A report was presented to update the Committee on activity involving the Lancashire Skills Hub since the last meeting.

It was reported that arrangements were being made for the first meetings of the Sector Skills Development Partnerships and in response to a query Lisa Moizer confirmed that the Skills Hub was working with South Ribble Borough Council to develop a specific group focused on construction and the opportunities which will result from the City Deal.

**Resolved:** That the updates set out in the report presented are noted.

Amanda Melton joined the meeting at this point and took over as Chair.

## **7. ESIF Update**

Michele Lawty-Jones updated the Committee on the European Structural and Investment Fund (ESIF) and European Regional Development Fund (ERDF).

It was reported that the total revised allocation for ERDF and European Social Fund for Lancashire (after exchange rate changes) was £188.28m with ERDF at £112.94m and ESF at £75.34m. A revised table of figures was circulated at the meeting showing the indicative allocations by priority area. The figures had been revised in accordance with a successful request to the managing Authority to balance allocations in accordance with the priorities in the ESIF Strategy.

Michele informed the meeting that that following slippage throughout the year on the launch of procurement the Skills Funding Agency (SFA) had announced that it would move to 2 year projects rather than 3 year and the Skills Hub was working with the SFA to reconsider activity in line with the revised timetable.

It was also reported that a number of workshops were planned in the New Year in connection with the ESIF pipeline of projects to bring together local partner organisations with similar activities or target clients to develop new ideas, facilitate collaboration and avoid duplication of effort.

### **Resolved:**

1. That the report and updates are noted.
2. That the Committee is kept informed of further developments.

## **8. Careers Education, Information, Advice and Guidance (CEIAG)**

Andrew Heydeman – Careers Inspirational Team Leader from the National Careers Service Team, North West and Staffordshire, gave a presentation on Careers Education, Information, Advice and Guidance (CEIAG) in Lancashire.

When discussing the associated report the Committee noted that the LEP had been successful in its bid to the Careers and Enterprise Company for an Enterprise Adviser Network which would be led by an Enterprise Coordinator. A pilot scheme was planned to run from January to August, 2016, involving the HIVE in Blackburn and the Burnley Bondholders. It was also reported that Lancashire was likely to be one of eight Pathfinder areas where Department of Work and Pensions and Job Centre Plus staff would work collaboratively in schools to provide CEIAG targeting young people at risk of becoming NEET.

It was suggested that the mapping exercise be expanded to include the Schools Forum, Chamber of Commerce and any specific local employers who provided good quality careers advice/information, such as BAE Systems.

The Committee also noted that the Via Partnership was referred to in the report as one of the largest providers of CEIAG services in the County and it was suggested that an update regarding the status of that Company be presented under Any Other Business.

**Resolved:** That a CEIAG Task and Finish Group be established to initially draw together the Careers Inspiration work, the Enterprise Adviser Network and the JCP Pathfinder, with view to including more CEIAG providers in the future (including the Youth Council and Young Apprenticeship Ambassador Network) to encourage greater co-ordination and collaboration across Lancashire.

## **9. Higher Level Vocational Skills Study.**

Andy Hirst from Cambridge Policy Consultants Ltd, gave a presentation in connection with the study to review the market opportunity in Lancashire for higher level and degree apprenticeships.

In considering the presentation and associated report the Committee noted that many HEIs were in the early stages of developing their response to higher level and degree apprenticeships. It was suggested that greater clarity was required as to the type of qualification which was genuinely desired by employers so that HEIs could tailor their approach to the requirements of the market.

In response to a query Bev Robinson offered to produce some information to clarify the difference between Apprenticeships, Higher Level Apprenticeships and Degree Level Apprenticeships which would be circulated to the members of the Committee outside of the meeting.

On behalf of the Committee the Chair thanked Mr Hirst for his presentation.

### **Resolved:**

1. That the Committee note the consultants report on 'assessing the existing and latent demand for higher level vocational skills in Lancashire' and consider potential actions at a future meeting.
2. That Bev Robinson produce some information to clarify the difference between Apprenticeships, Higher Level Apprenticeships and Degree Level Apprenticeships for circulation to members of the Committee outside of the meeting.

## **10. Any Other Business.**

Mr Walker informed the Committee that in the best interests of the Company and its creditors the Directors of the Via Partnership had recently agreed to place the Company into administration. In response to a query it was suggested that any interest in the intellectual property of the Company in relation to data held should be registered with the administrators.

Cat Settle reported that the Skills Funding Agency had a process for dealing with

training providers in this situation and would be contacting other providers in due course in order to identify suitable alternative provision.

**Resolved:** That the decision of the Directors of the Via Partnership to place the Company into administration is noted.

#### **11. Date of next meeting.**

It was noted that the next scheduled meeting of the Committee would be held at 8.00am on the 27<sup>th</sup> January 2016 in Cabinet Room 'C' – the Henry Bolingbroke Room at County Hall, Preston.

Amanda Melton, Bev Robinson and Steve Gray all left the meeting at this point as they represented organisations which had submitted bids for Growth Deal Skills Capital Funding in Round 2. Alison Knight also left the meeting at this point.

Joanne Pickering took over as the Chair for the next item of business.

#### **12. Growth Deal Skills Capital**

*(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).*

Michele Lawty-Jones informed the meeting there was £12.6m of Skills Capital Round 2 funding available for allocation before the end of the 2016/17 financial year. Having examined the various expressions of interest received by the November deadline Officers received 10 suitable applications (totalling £922,168 from this round), details of which were set out in the additional papers circulated at the meeting, together with the recommendations of the Skills Hub and SFA.

Having considered each application in turn the Committee agreed recommendations to the LEP Board with specific conditions where necessary.

#### **Resolved:**

1. That, subject to the specific points raised through the appraisal being addressed, eight applications for Growth Deal Skills Capital Funding received in relation to Round 2 (totalling £8,005,668) as set out in the papers circulated at the meeting, are recommended for progression to full business case.
2. That the applicants for an additional two schemes (totalling £916,500) be requested to submit revised EOIs before progressing to full business case.
3. That details of the individual recommended projects and associated conditions referred to in points 1 and 2 above are presented to the LEP Board on the 15<sup>th</sup> December 2015 for determination.

4. That the reservation of the remaining £3,680,000 in order to support the outcomes of the Area Review in 2017/18 and 2018/19 be recommended to the LEP Board and Growth Deal Management Board.





## **Lancashire Skills and Employment Board**

**Private and Confidential: No**

Wednesday 27<sup>th</sup> January 2016

### **Up-date from the Lancashire Skills Hub**

**Report Author:** Dr Michele Lawty-Jones, Director of the Lancashire Skills Hub, [michele.lawty-jones@lancashire.gov.uk](mailto:michele.lawty-jones@lancashire.gov.uk) & Lisa Moizer, Co-ordinator of the Lancashire Skills Hub [lisa.moizer@lancashire.gov.uk](mailto:lisa.moizer@lancashire.gov.uk)

#### **Executive Summary**

This paper provides an overview of the Lancashire Skills Hub activity since the last board meeting.

#### **Recommendation**

The Board are asked to note the update.

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

- 1.1 The final draft of our Lancashire Skills and Employment framework was endorsed by the LEP Board on Tuesday 6<sup>th</sup> October for consultation. The framework sets out the skills and employment strategic priorities for Lancashire.
- 1.2 Following consultation with Local Authorities, employers and providers via the 'Skills & Employment Conversation' events, the Youth Council, and through attendance at a variety of meetings (see the last up-date for detail), feedback has been collated and the framework amended. The final version of the framework will be presented at the meeting for comment and approval.

## **2. Growth Deal Skills Capital**

- 2.1 An up-date on Round 1 and Round 2 is provided under the main items of business.

- 2.2 A schedule of press releases for the Growth Deal Skills Capital round 1 projects has been developed with SKV, who are employed by the LEP to support communications. Two further press releases have been issued (in addition to the Runshaw College and Training 2000 releases featured in the last up-date), one focusing on Nelson and Colne College's Engineering Innovation Centre ([http://www.lancashiretelegraph.co.uk/news/14193206.IN\\_PICTURES\\_2m\\_state\\_of\\_the\\_art\\_college\\_centre\\_set\\_to\\_open\\_in\\_East\\_Lancashire/](http://www.lancashiretelegraph.co.uk/news/14193206.IN_PICTURES_2m_state_of_the_art_college_centre_set_to_open_in_East_Lancashire/)) and one on the Nautical College Maritime Engineering Centre (<http://www.lancashirelep.co.uk/news/archive/groundworks-start-on-new-marine-engineering-centre.aspx>).

### **3. Social Value**

- 3.1 As per the previous up-date a sub-group of the Growth Deal Management Board has met to discuss the development of a toolkit for incorporating social value into the Growth Deal programme of projects. The draft is provided under the main items of business for comment.

### **4. Area Based Review (ABR)**

- 4.1 The ABRs, driven by Government and the FE Commissioner, will review the College infrastructure across England with view to delivering institutions which are financially viable, sustainable, resilient and efficient with an offer that meets each area's educational and economic needs. This includes focusing on specialisms and the development of an Institute of Technology (IoT) in each LEP area, and ensuring sufficient access to high quality and relevant education and training for all which reflects changes in Government funding priorities and future demand.
- 4.2 Prior to Christmas it was announced by BIS that Lancashire would be split into two areas – Lancashire (Pennine) and Lancashire (Coastal), with the former in Wave 3 (starting Spring 2016) and the latter Wave 4 (Coastal). The announcement was made with no local discussion.
- 4.3 The decision was challenged by the LEP, referencing the fact that the LEP (and allied strategies and plans) is Lancashire wide, and that the evolving Combined Authority is also Lancashire wide. As a result BIS have agreed to bring the two reviews together under Wave 4 – with 2 sub-reviews but with an overarching Lancashire-wide steering group led locally.
- 4.4 It is anticipated, as per current reviews, that the LEP will be required to produce a visioning document to help guide the outcomes of the review. The template will be brought to the next meeting of the board for discussion.

## **5 Sector Skills Development Partnerships**

- 5.1 Progress in regards to forming Sector Skills Development Partnerships (SSPD) where appropriate in each of the seven priority sectors has begun.
- 5.2 Discussions with board members and stakeholders involved with Energy and Environment Technologies (EET) and Visitor Economy (VE) have taken place to determine whether or not existing groups could take ownership of the action plan resulting from the sector reports commissioned. While there are existing groups they do not have a Lancashire wide view and therefore a Lancashire LEP wide group will be formed.
- 5.3 Activity stipulated in the service level agreements with the North West Aerospace Alliance (NWAA), Northwest Automotive Alliance (NAA) and Digital Lancashire will support creation of the SSDP for the Advanced Manufacturing and Digital sectors respectively.
- 5.4 With support of board members a plan of action has been created to engage with established networks supporting employers in the Financial and Professional Services (F&PS), with a view to further understanding the key issues for the employers. This is in response to poor engagement of FPS employers in the commissioned sector report.
- 5.5 The City Deal 'Careers Education Information Advice and Guidance' (CEIAG) Taskforce has been formed to address CEIAG, as it was identified as a high priority in the City Deal study. The group has met once and is due to meet again on the 3<sup>rd</sup> February.
- 5.6 A chair has been agreed for Health and Social Care (H&SC) partnership and a date for the first meeting has been agreed.

## **6. Marketing and Communications**

- 6.1 Lisa has met with Freshfields, the design agency who created the current Skills Support for the Workforce website, to initially scope the format of the website and its content. It has been agreed that they will morph the current website and logo into a Lancashire Skills Hub brand.
- 6.2 It is intended that the website will have content that is constant (i.e. not dependent upon public funding), with links to activities which may include ESIF projects and time limited initiatives.

## **7. Apprenticeship Growth Plan**

- 7.1 An Apprenticeship Growth Plan is being created with the Skills Funding Agency.

- 7.2 This will bring together proposed actions resulting from the higher level vocational skills in Lancashire study (presented at the last committee meeting) with priorities and actions for apprenticeship growth in the Lancashire Skills and Employment Strategic framework.
- 7.3 A key element that has been agreed with the SFA is a series of three events in 2016 to support employers impacted by the Apprenticeship Levy. Board members have offered their support in the delivery of these events and all Board members have been invited to the first of these events on 11<sup>th</sup> April. The event on the 11<sup>th</sup> April is being funded by the SFA and will target larger public and private sector employers in Lancashire likely to be affected by the levy.

## **8. Careers Education, Information, Advice and Guidance (CEIAG)**

- 8.1 As per the CEIAG item at the last committee meeting, the LEP has been successful in its bid to the Careers and Enterprise Company for an Enterprise Adviser Network led by an Enterprise Co-ordinator. A pilot is planned from January – August focusing on Blackburn with Darwen and Burnley, working with the 2 business networks (HIVE and the Burnley Bondholders).
- 8.2 A procurement exercise has been undertaken to identify an organisation to work with the LEP and to employ the Enterprise Co-ordinator. Inspira were the successful organisation. A project initiation meeting has been held, the Enterprise Co-ordinator identified, and Inspira are starting to work with partners in the two pilot areas. A further up-date will be provided at the next meeting on how the pilot is evolving.
- 8.3 The Careers and Enterprise Company will be visiting Lancashire on Wednesday 17<sup>th</sup> February to discuss the pilot and future activity. It should be noted that an announcement was made by David Cameron last week in regard to further funding being directed via the Careers and Enterprise Company to drive mentoring for young people in schools. It is thus expected that further activity will develop with the company beyond the short-term pilot.
- 8.4 Further to the CEIAG item at the last committee meeting, Lancashire has now been confirmed as a pathfinder area for DWP and JCP and the deployment of Job Centre Plus staff to work collaboratively in schools to improve the knowledge of opportunities within the local labour market and employability skills, targeting young people at risk of NEET. The pathfinder will focus on the pilot areas for the Enterprise Adviser Network, in the short-term, to test the model and enable a co-ordinated approach with the schools involved.
- 8.5 As agreed at the last meeting, a steering group will be established to oversee the Enterprise Adviser Network and the JCP Pathfinder, as well as the Careers Inspiration work with the National Careers Service, with view to drawing in more CEIAG providers to encourage co-ordination and collaboration across Lancashire. The steering group will report to the Skills

and Employment Board and will be chaired by the Director of the Lancashire Skills Hub.

## **9. European Structural Investment Funds (ESIF)**

- 9.1 The first tender for young people at risk of or not in education, employment or training (NEET) was released by the Skills Funding Agency earlier in the month – details of which were circulated via email to committee members.
- 9.2 Work is underway with the SFA in regard to 'Skills Support for the Workforce', with view to a second tender being released towards the end of February (it was originally anticipated that this would be December, so slippage). This will be followed by 'Skills Support for the Unemployed'.
- 9.3 As previously reported all projects will complete in March 2018 due to uncertainties about the SFA's ability to co-finance beyond 2017/18 academic year.
- 9.4 A number of workshops are now scheduled which will bring together partners with project ideas that are targeted at same client group or where there are similarities in activity. The workshops aim to facilitate collaboration, with view to developing project ideas.
- 9.5 A date is being arranged for an ESIF working group of Skills and Employment Board members to review recommendations in relation to directly funded projects which align to the Lancashire Skills and Employment Strategic Framework. This will be with 'non-conflicted' members of the board.





## **Lancashire Skills and Employment Board**

**Private and Confidential: No**

Wednesday 27<sup>th</sup> January 2016

## **Lancashire Skills and Employment Strategic Framework (Appendices 'A' and 'B' refer)**

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

### **Executive Summary**

The final draft of our Lancashire Skills and Employment Strategic Framework was endorsed by the LEP Board on Tuesday 6<sup>th</sup> October for consultation. The framework sets out the skills and employment strategic priorities for Lancashire.

Following consultation between September and November, the framework has been amended and reformatted in accordance with feedback.

The final version of the framework is provided for comment and approval.

### **Recommendation**

The Lancashire Skills and Employment Board is asked to:

1. Comment on the revised framework, and;
2. Approve the final document (subject to comments from the meeting being incorporated).

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

- 1.1 The final draft of our Lancashire Skills and Employment Strategic Framework was endorsed by the LEP Board on Tuesday 6<sup>th</sup> October for consultation. The framework sets out the skills and employment strategic priorities for Lancashire, and was developed using the Lancashire skills and employment evidence base, the six sector skills studies, and the City Deal skills and employment study.

## **2 Consultation**

- 2.1 The consultation took place between September and November, and involved two workshops targeting a) employers and b) partners and providers ('The Lancashire Skills Conversation'), meetings with Council Chief Executives, discussion with the Lancashire Youth Council and presentations and discussions at a variety of network meetings. Comments were also submitted via the LEP website.
- 2.2 Feedback has been collated and analysed and the framework amended accordingly. The feedback sessions at the end of the two workshops have been summarised and are provided in Appendix A. Reassuringly, similar themes were prioritised and similar comments were received from the employer workshop as the provider and partner workshop.

## **3 Revisions**

- 3.1 The final version of the framework is provided in Appendix B. Minor amendments have been made to page 12. Amendments have been made mainly to the framework section starting on page 13.
- 3.2 The overarching summary has been much simplified, in accordance with a request from employers to provide a one-page simple summary. The pages detailing the actions have also been tweaked and reformatted, and the 'mechanisms' column populated.
- 3.2 One objective and action were removed in totality as there was no reference to either throughout the consultation (when consultees were asked to say what was important in the framework). These were: 'To reduce current skills shortages (teachers, tutors and lecturers) by increasing engagement with employers in co-delivery and sharing staff across providers' (objective) and 'Work with Sector Skills Development Partnerships (SSDPs) to develop models for increasing co-delivery by employers, industry assessors and the sharing of staff' (action).
- 3.3 One additional objective was added to the 'Inclusive Workforce' theme: Raise digital skills to improve social mobility and engagement with public services, and to increase employability, in response to feedback from consultees and the workshops.
- 3.4 In accordance with feedback (and previous discussion at the committee) an outcomes sections has also been added at the back articulating baselines and targets.

## **4. Recommendation**

- 4.1 Committee members are asked to comment on the revised framework and, in particular, the outcomes section.



4.2 Committee members are asked to approve the final document, subject to comments from the meeting being incorporated.

## **Appendix A: Summaries of feedback from the Workshops**

### **Headlines from the Employer Lancashire Skills and Employment Conversation**

#### **Key themes:**

#### **1. Lancashire as an attractive place to live and work**

Marketing Lancashire to attract professionally qualified people to relocate to Lancashire, and to retain graduates from the Universities and Colleges (or attracting people back when they are 25+!).

Creating an identity, including leaders / business figureheads.

Engaging undergraduates and graduate placements / interns with businesses to create routes in Lancashire to encourage retention.

#### **2. Increasing engagement with Apprenticeships**

Stimulating demand from employers. Use of clustering to make numbers viable for SMEs who wish to engage; hub and spoke approaches in which larger businesses employ more apprentices which can then engage with SMEs; enabling employers to support apprentices e.g. mentoring and to provide on-the-job training / assessment role.

Development of progression routes for apprentices / broadening levels.

Increasing understanding of apprenticeships – employers, learners and parents.

#### **3. Raising the profile of work / jobs with young people (strongest theme by far!)**

Engaging with young people (as early as possible – primary / early secondary) to promote the world of work and to inspire young people to think about jobs / careers.

Need to enable more businesses to engage with schools to give young people insights into different sectors and industries in Lancashire. Very difficult for teachers to play this role when they have limited insight into industry (generally).

Females into engineering – need to do more to encourage diversity.

How do we engage schools? Motivations / league tables.

#### **4. Engagement of employers.**

How do we engage more employers with our shared objectives? Engage the 'unengaged'? Same old faces at the event?

Improve communication; consider 'skills pledge' type model – benefits of engaging – you will / we will approach; use of case studies.

Encourage employers to undertake longer-term workforce planning.

#### **5. Digital Technology**

Cross cutting theme?

Use of digital technology to engage young people (schools, college, university).

Technological changes – maintain skills in a fast-paced environment – applies to businesses across all sectors.

Keeping at the forefront – role of universities and R&D / science etc.

## **6. Engagement of the most vulnerable – inclusivity**

Ways to target and reach the most vulnerable – working with third sector partners.

Support into employment – ensuring support continues beyond entering employment to encourage sustained employment. Providing training to employers to enable them to support vulnerable people (both NEET and adult unemployed).

## **7. Simplify the document / timelines / KPIs**

Plea from employers to simplify the document! Take out jargon. Integrate targets and KPIs.

### **Mentioned but not multiple times:**

- Transport links to help people engage with work. Wheels to work programme spoken about favourably.
- New business start-up – simplify landscape to enable individuals to engage easily with support available.

## **Headlines from the Provider and Partner Lancashire Skills and Employment Conversation**

### **Key themes:**

#### **1. Lancashire as an attractive place to live and work**

Strong theme in regard to the marketing of Lancashire to attract growth companies to bring high value jobs. A need to grow our own talent and improve graduate retention from our local universities (including attracting people back when they are looking to start a family).

Engaging undergraduates and graduates in placements / interns with businesses to create routes in Lancashire to encourage retention, and also the employability of our students (experience Vs qualifications).

#### **2. Increasing engagement with Apprenticeships**

Increase employer engagement particularly SMEs with apprenticeships. Concern that large companies are overly dominant. Opportunity to develop progression from level 2 and 3 apprenticeships to higher level. A feeling that higher level (level 4+) required further employer engagement and more customisation to meet the needs of the employer.

More to be done to support young people and adults to engage with apprenticeships – routes in, and routes out on completion to progress to higher levels.

#### **3. Raising the profile of work / jobs with young people**

Increase employer interactions with young people in primary and pre-16 to inspire young people about the career options available in Lancashire. Recognition of the correlation between employer interactions and influence and attainment levels.

'Influence the influencers' – engaging with parents and teachers to influence decision making of young people.

Use the language of young people and social media to engage – involve young people in the development of different approaches, and ensure that approaches recognise diversity e.g. gender, ethnicity and socio-economic background.

School engagement critical.

#### **4. Engagement of employers**

Engaging the unengaged. Skills pledge model could be beneficial if a partnership approach is taken – be clear about the benefits and potential return on investment for businesses involved.

Opportunity to enhance the Growth Hub (Boost) to engage employers rather than directly approach, and to work through organisations such as the Chambers, Federation of Small Businesses etc. – 'network of networks' using shared messages to engage employers in skills and employment.

Need to include engagement of social enterprises.

## **5. Employability / Placements**

Increasing opportunities in Colleges and Universities for students to engage with placements to boost employability. Interaction with businesses critical to enable students to gain experience alongside their qualifications. Application of knowledge is critical.

Knowledge Transfer Partnerships were referenced as a useful mechanism.

Entrepreneurial skills were also cited as important in developing the employability of young people and students.

## **6. Curriculum Development**

Important to engage employers in curriculum development; ensuring that provision meets the needs of employers and is fit-for-purpose (curriculum needs to be continuously developed to ensure that it does not become out-of-date). Benefits of bespoke provision also discussed.

## **7. Leadership and Management**

Priority across sectors and businesses. Opportunity for cross-pollination across sectors and businesses. Focus on the leader *and* the senior team.

Combine with strategic workforce planning (ageing workforce – succession planning strategies required).

## **8. Engagement of the most vulnerable – inclusivity**

Ways to target and reach the most vulnerable. Escalator models to support vulnerable to engage with work. Volunteering an important component in re-engaging people.

Transport – often a barrier to engaging with learning and work – reference to the benefits of the 'Wheels to Work' programme.

## **9. Digital Technology**

Cross cutting theme? – questioned whether Creative and Digital should be split with a focus on digital inclusivity and technology.

Use of digital technology to engage young people and students.

Technological changes – maintain skills in a fast-paced environment – applies to businesses across all sectors.





Lancashire  
Enterprise Partnership

Appendix 'B'

**The Lancashire Skills and Employment  
Strategic Framework  
2016-2021  
Version 7**

15/01/2016

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## Introduction

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

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

The purpose of the Strategic Framework is to:-

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

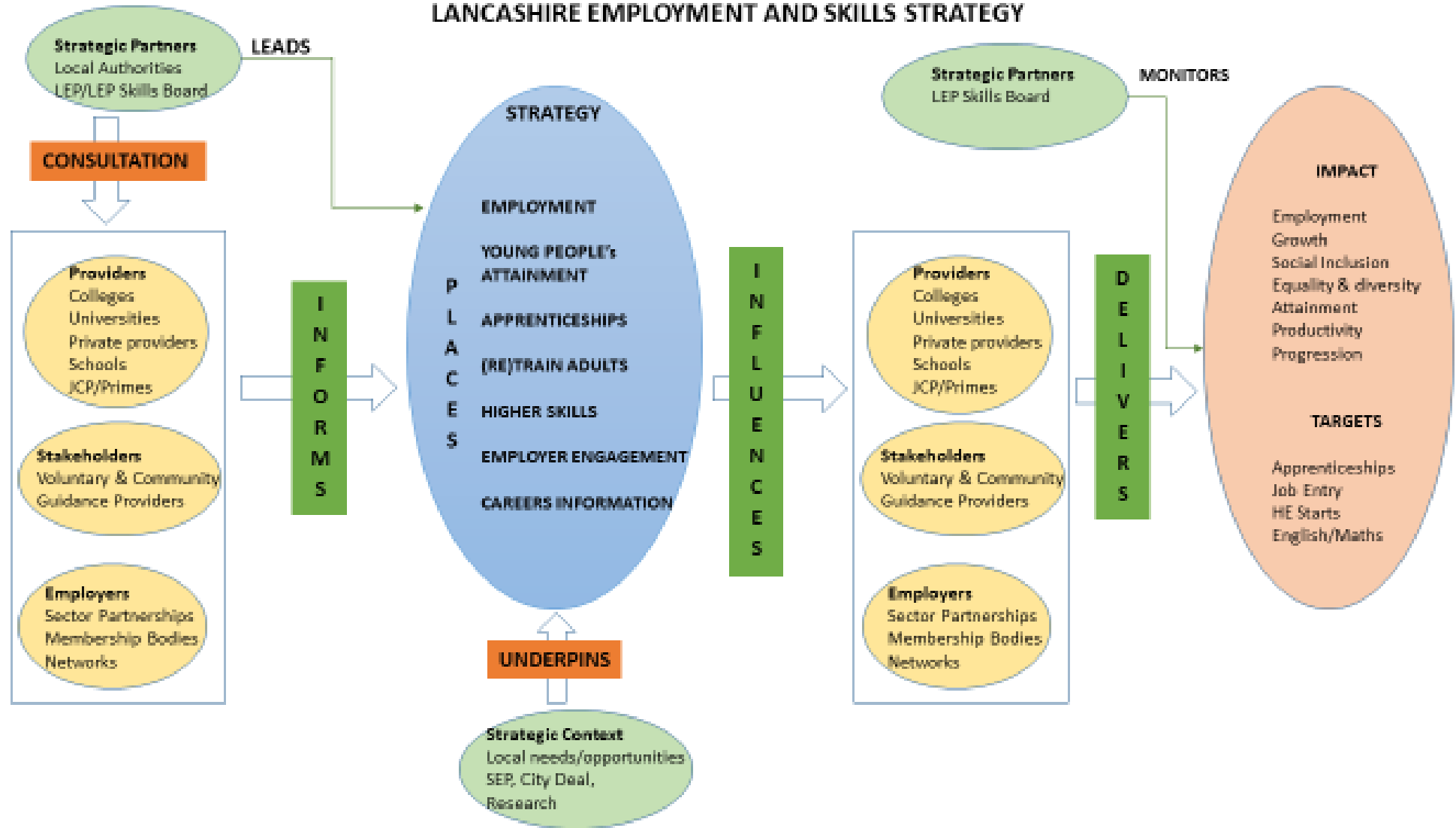
The Framework seeks to influence the improvement of service delivery for the county's employers, young people (14-19) and working age adults. The delivery in scope includes welfare to work programmes; all 14-16 and 16-19 education and training; all apprenticeships; all adult skills and further education;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

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

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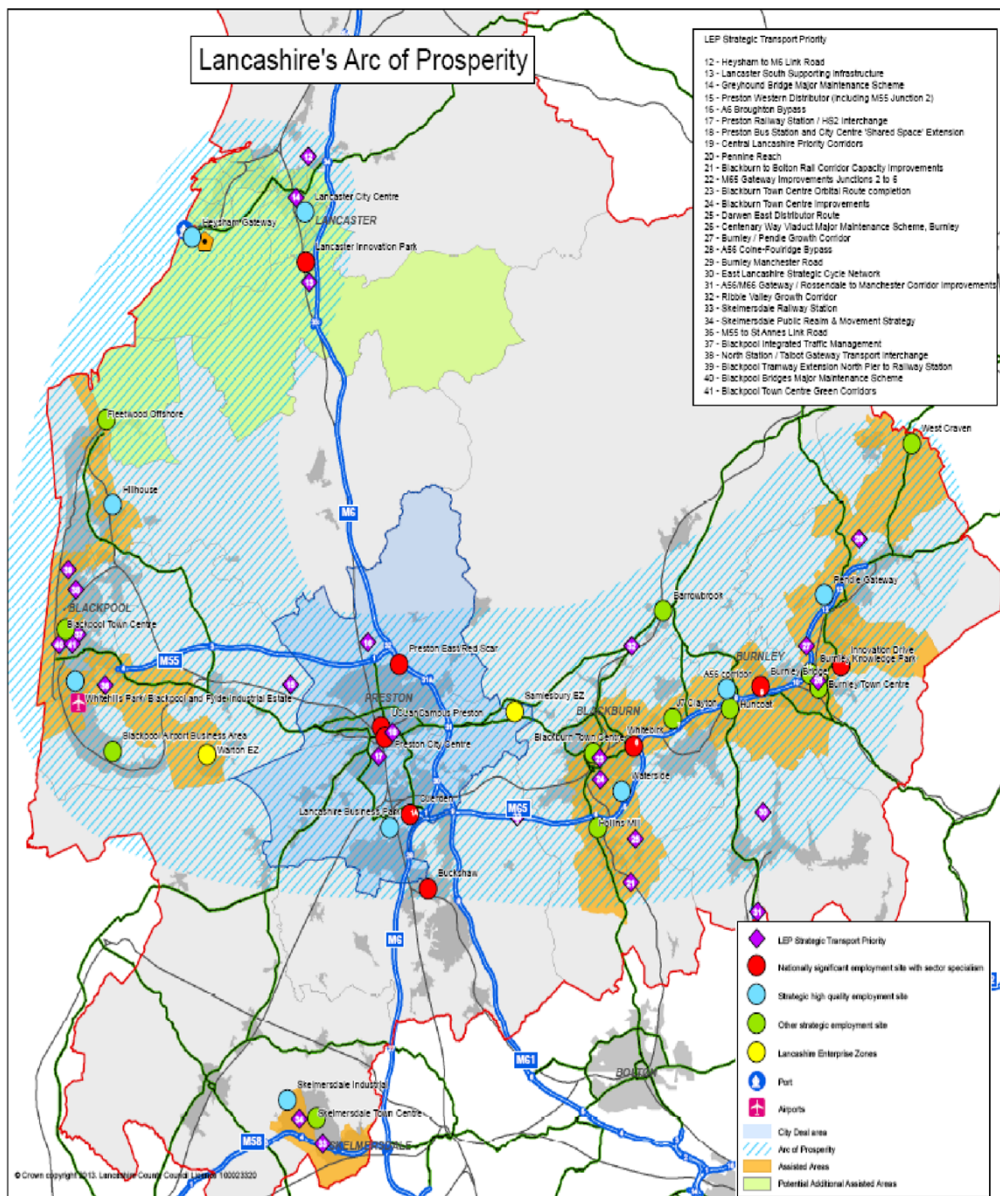
<sup>1</sup> <http://www.lancashirelep.co.uk/media/8856/LEP-strategic-economic-plan.pdf>

# LANCASHIRE EMPLOYMENT AND SKILLS STRATEGY



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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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## 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 & Employment 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 identified through the studies, bringing together 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 14-18.

The draft framework was consulted upon prior to finalisation. The consultation involved two workshops targeting a) employers and b) partners and providers ('The Lancashire Skills Conversation'), meetings with Council Chief Executives, discussion with the Lancashire Youth Council and presentations and discussions at a variety of network meetings.

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. The partnerships 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, and are referred to against the actions as relevant.

Finally pages 19-20 articulate the overarching outcomes and targets for the lifetime of the framework. These will be tracked annually, or as data comes available.

The framework will not remain static, but will be reviewed on an annual basis against the Lancashire evidence base and evolving policy and refreshed as necessary and up-dated on the LEP website.

## Lancashire Skills and Employment Framework – Overview

<p style="text-align: center;"><b>FUTURE WORKFORCE</b></p> <ul style="list-style-type: none"> <li>• Inspire young people in schools and post-16 learning through engagement with business and the 'world of work'.</li> <li>• Enhance employability and enterprising skills, attitudes and behaviours throughout the education journey.</li> <li>• Improve vocational pathways from classroom based provision and apprenticeships to higher level work-based provision.</li> <li>• Ensure that our post-16 learning infrastructure is fit-for-purpose, and aligned to our economic priorities and labour market demands.</li> </ul>	<p style="text-align: center;"><b>SKILLED AND PRODUCTIVE WORKFORCE</b></p> <ul style="list-style-type: none"> <li>• Increase the number of apprenticeships (including higher level and degree) across our priority sectors.</li> <li>• Increase retention of graduates through engagement with business during and after studies.</li> <li>• Increase the number of employers undertaking workforce / succession planning and engaging with skills provision.</li> <li>• Increase leadership and management capacity in small to medium sized enterprises.</li> </ul>
<p style="text-align: center;"><b>INCLUSIVE WORKFORCE</b></p> <ul style="list-style-type: none"> <li>• Improve the employability and skills of unemployed adults and NEET young people and progression towards learning and work.</li> <li>• Facilitate routes into employment through sector specific initiatives targeted at areas with labour market demand and/or to support inward investment opportunities.</li> <li>• Raise digital skills to improve social mobility and engagement with public services, and to increase employability.</li> <li>• Incorporate social value into LEP-driven capital programmes to gain added value for Lancashire.</li> </ul>	<p style="text-align: center;"><b>AN INFORMED APPROACH</b></p> <ul style="list-style-type: none"> <li>• Engage with employers, providers and partners through 'Sector Skills Development Partnerships' to oversee, facilitate and deliver sector skills actions plan in priority sectors.</li> <li>• Maintain the skills and employment evidence base and continue to develop the framework.</li> <li>• Use the framework and allied intelligence to influence, prioritise and direct the use of mainstream and discretionary funding.</li> <li>• Connect with other LEP areas to influence, collaborate and share good practice.</li> </ul>

<b>Future Workforce</b>		
<b>Actions</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a</b> Inspire young people through industry role models, materials and activities to motivate them to achieve higher attainment levels in primary and secondary schools and Colleges.</p> <p><b>2a.</b> Gain an overview of CEIAG activity across Lancashire to gain an understanding of strengths and weaknesses and areas requiring intervention.</p> <p><b>2b.</b> Work with the Careers and Enterprise Company, the National Careers Service (NCS) and local CEIAG providers to increase interactions between employers and schools and post-16 providers in sectors with high replacement demand and growth through a range of activities.</p> <p><b>3a.</b> Providers to work with employers to ensure that curriculum is fit for purpose and to improve vocational and non-traditional pathways (inc. traineeships &amp; higher level apprenticeships).</p> <p><b>4a.</b> Increase the number of Lancashire-based businesses offering work based projects, placements, internships and KTPs to Lancashire (under) graduates and graduate level vacancies with good terms and conditions.</p> <p><b>5a.</b> Map the enterprise education journey with view to reinforcing curriculum and activities which develop enterprising skills, attitudes and behaviours.</p> <p><b>6a.</b> Invest Growth Deal (skills) capital in projects which will enhance Lancashire's education and learning facilities in-line with employer demand.</p>	<p>1a-2b: Lancashire Skills Hub, NCS, SSDPs, CEIAG providers, Schools, Sixth Forms, Colleges and Providers, Employers.</p> <p>3a: Skills Providers, Employers, SSDPs, sector bodies.</p> <p>4a: Lancashire Higher Education Institutions (HEIs) and FE Colleges offering Higher Education, Employers, sector bodies.</p> <p>5a: Lancashire Skills Hub, NCS, Schools, Colleges, HEIs.</p> <p>6a: Lancashire LEP and Lancashire Skills &amp; Employment Board.</p>	<p>1a-2b: Lancashire Skills Hub to undertake a mapping exercise of current CEIAG activity to provide an overview of activity. Establishment of a Lancashire CEIAG Forum to encourage a cohesive and collaborative approach. Launch of a City Deal IAG Taskforce to raise awareness of immediate and future construction opportunities. Collaborate with the National Careers Service and the Careers &amp; Enterprise Company in regard to the 'Careers Inspiration' agenda to support schools to interact with industry, LMI and to develop local approaches to CEIAG.</p> <p>3a: LEP expectation of all skills providers. SSDPs to drive engagement between skills providers and employers to develop curriculum and apprenticeship standards where there are gaps.</p> <p>4a: HEIs and FE to embed opportunities in programmes of learning. Use of ESIF funds to support growth in placement opportunities and employer engagement.</p> <p>5a: Use of ESIF funds to support enterprising skills. Journey to be mapped in year 2.</p> <p>6a: Implementation of the Growth Deal funding programme.</p>
<p><b>Sector Priorities:</b> 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 opportunities in Lancashire. Advanced Manufacturing, Energy &amp; Environment and Construction raised the need to increase numbers of students choosing STEM subjects in school/post-16. Creative &amp; Digital (digital), Energy &amp; Environment, Advanced Manufacturing and Construction specifically raised the need to attract females to their industries; activities should thus be integrated into 1a and 2a to address this issue. Graduate attraction and retention was cited as a particular issue for all sectors apart from Visitor Economy. 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. The need to invest in up-to-date equipment and technology to ensure learning is fit-for-purpose was a cross-cutting theme.</p>		

<b>Skilled and Productive Workforce</b>		
<b>Actions</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a.</b> Drive the engagement of employers in the development of apprenticeship standards to increase the number of relevant L3+ (advanced, higher and degree) apprenticeships on offer in Lancashire.</p> <p><b>1b.</b> Increase capacity in post-16 providers and universities to offer L3+ apprenticeship routes and develop robust progression routes from classroom based vocational provision.</p> <p><b>2a.</b> Increase the attractiveness of Lancashire for 'growth' companies, supply chain development, and ambitious graduates and professionally qualified people.</p> <p><b>3a.</b> Increase the number of Lancashire-based businesses offering work based projects, placements, internships and knowledge transfer partnerships to Lancashire (under) graduates and graduate level vacancies with good terms and conditions.</p> <p><b>4a.</b> Integrate a workforce/succession planning service into the Lancashire Growth Hub, alongside a skills brokerage service to increase the number of (new) employers investing in skills.</p> <p><b>4b.</b> Consider the development of a 'skills pledge' model to encourage the engagement of employers.</p> <p><b>5a.</b> To integrate specific sector skills needs into programmes such as 'Skills Support for the Workforce' and feed intelligence into the supply side to influence curriculum.</p> <p><b>6a.</b> Provision of a Lancashire wide leadership and management programme targeting owner managers of SMEs, aimed at improving leadership capacity and innovation / creativity to enhance business growth.</p>	<p>1a: SSDPs, sector bodies, Employers, Lancashire Skills Hub, Skills Providers and HEIs.</p> <p>1b: Skills Providers and HEIs, sector bodies.</p> <p>2a: Lancashire LEP &amp; Marketing Lancashire.</p> <p>3a: Lancashire Higher Education Institutions (HEIs) and FE Colleges offering Higher Education, Employers, sector bodies.</p> <p>4a: LEP Business Support Management Board, Lancashire Skills &amp; Employment Board, Lancashire Skills Hub, Lancashire Growth Hub.</p> <p>4b: Lancashire Skills Hub, Lancashire Growth Hub.</p> <p>5a: Lancashire Skills Hub, Skills Providers.</p> <p>6a: Lancashire Skills Hub, Lancashire Growth Hub, Skills providers and HEIs.</p>	<p>1a - 1b: Apprenticeship Growth Plan – developed in partnership with the Work Based Learning Forum for Lancashire and the Skills Funding Agency. The plan will include actions allied to the introduction of the Apprenticeship levy and supporting larger employers in Lancashire to make best use of the levy. SSDPs to work with providers to grow apprenticeship engagement and provision and to develop progression pathways to higher levels.</p> <p>2a: Development of the 'Lancashire Story' and promotion of Lancashire.</p> <p>3a: HEIs and FE to embed opportunities in programmes of learning. Use of ESIF funds to support growth in placement opportunities and employer engagement.</p> <p>4a: Use of ESIF funds to support workforce planning and skills brokerage.</p> <p>4b: Commence in year 2, after reviewing best practice and partnership approaches elsewhere and existing good practice e.g. Investors in People.</p> <p>5a: Use of ESIF funds to support sector-specific training in priority sectors. SSDPs to ensure intelligence from employers is shared with providers to fill gaps in provision.</p> <p>6a: Use of ESIF funds to support leadership &amp; management, and innovation capacity in SMEs.</p>

**Sector Priorities:**

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.

Advanced Manufacturing and Energy and Environmental emphasised the need to support the development of the supply chain.

Graduate attraction and retention was cited as a particular issue for all sectors apart from Visitor Economy.

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.

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.

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.

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<b>Inclusive Workforce</b>		
<b>Actions</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a.</b> To facilitate improvement in Work Programme outputs by correlating activity with areas of high replacement demand and identifying interventions which would be complimentary and improve outcomes.</p> <p><b>1b.</b> Employability and skills development programme incorporating CEIAG for adults not in work and not claiming benefit and those at risk of redundancy (targeting individuals outside of the Work Programme and mainstream provision).</p> <p><b>1c.</b> Employability and skills development programme incorporating CEIAG targeting NEET young people.</p> <p><b>1d.</b> 'Hard to reach' programme(s) aimed at the disadvantaged and the furthest from the labour market (incorporating an escalator model which will feed into 1a, 1b, 1c as appropriate or other relevant activity which will provide a pathway into learning or work).</p> <p><b>2a.</b> Incorporate the Social Value Act (2012) into LEP capital programmes to create skills and employment opportunities aimed at the unemployed, disadvantaged and NEET.</p> <p><b>3a.</b> Sector specific 'ready for work' programmes building on models like Sector Based Work Academies, targeting areas of high replacement demand and inward investment opportunities.</p> <p><b>4a.</b> Review viability of a 'Wheels to Work' scheme for rural areas of Lancashire, building on good practice in Cumbria.</p> <p><b>5a:</b> Incorporate digital skills into employability and skills programmes to improve social mobility, engagement with public services and ultimately employability.</p>	<p>1a: Lancashire Skills &amp; Employment Board, DWP, Work Programme Providers.</p> <p>1b: Lancashire Skills &amp; Employment Board, DWP, JCP, SFA, Providers (including third sector).</p> <p>1c: Lancashire Skills &amp; Employment Board, Local Authorities, SFA, Big Lotter, Providers (including third sector).</p> <p>1d: Lancashire Skills &amp; Employment Board, Big Lottery, Local Authorities, Providers (including third sector).</p> <p>2a: Lancashire Skills &amp; Employment Board, Growth Deal Management Board, City Deal Executive, recipients of capital funding.</p> <p>3a: Lancashire Skills &amp; Employment Board, JCP, Providers, SSDPs.</p> <p>4a: Lancashire Skills &amp; Employment Board, Lancashire Skills Hub.</p> <p>5a: Local Authorities, Providers, sector bodies.</p>	<p>1a: Work with DWP/JCP and prime contractors to influence local delivery and alignment with areas of high replacement demand. Influence the development of the successor programme via DWP and through a Lancashire devolution ask.</p> <p>1b – 1d: Use of ESIF funds to support unemployed adults and NEET to develop their employability and skills and progress into learning and work. JCP Pathfinder in schools, targeting young people at risk of NEET. Use of mainstream skills budgets to up-skill local residents e.g. Adult Community Learning (ACL) and Adult Skills (ASB) budgets.</p> <p>2a: Development of a Social Value toolkit - to be used with organisations benefiting from LEP capital programmes to incorporate added value outcomes.</p> <p>3a: Use of ESIF funds to support sector focused activity to move people into employment and support inward investment opportunities. Work with JCP and skills providers to direct activity at areas of need where labour market demand exists.</p> <p>4a: Review to commence in year 2.</p> <p>5a: Incorporate digital inclusion as a cross cutting theme in ESF funded projects. Use of ACL and ASB to support improvements in digital skills levels.</p>
<p><b>Sector Priorities:</b> 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. Visitor Economy highlighted the benefits of the 'Wheels to Work' programme to individuals working unsociable hours.</p>		

<b>An Informed Approach (IA)</b>		
<b>Actions (aligned to the objectives above)</b>	<b>Ownership</b>	<b>Mechanisms</b>
<p><b>1a.</b> Development of the Lancashire Skills Hub as a hub of intelligence in regard to relevant policy and LMI for local stakeholders, and to influence and position Lancashire in the Local Enterprise Partnership (LEP) network and nationally.</p> <p><b>1b.</b> Use of the Skills and Employment Framework and related intelligence to influence, prioritise and direct the use of mainstream and discretionary funding (e.g. ESIF, Growth Deal, Area Review, devolution agenda).</p> <p><b>2a.</b> Development of 7 Sector Skills Development Partnerships to oversee, facilitate and deliver sector action plans in Advanced Manufacturing, Energy and Environment, Creative and Digital, Visitor Economy, Health and Social Care, Finance and Professional Services and Construction.</p> <p><b>3a.</b> Create relationships and collaborations with other LEP areas facing similar challenges to influence mainstream provision lobby and influence and develop collaborative projects.</p>	<p>1a. Lancashire Skills &amp; Employment Board, Lancashire Skills Hub.</p> <p>1b. Lancashire Skills &amp; Employment Board, Lancashire Skills Hub, Local Authorities.</p> <p>2a. Lancashire Skills Hub, SSDPs sector bodies.</p> <p>3a. Lancashire LEP, Lancashire Skills &amp; Employment Board, Lancashire Skills Hub, sector bodies.</p>	<p>1a – 1b: Maintain evidence base via annual refresh of data (in accordance with availability). Use SSDPs to gain sector specific intelligence from employers and providers to feed into the evidence base. Lancashire Skills &amp; Employment Board and Lancashire Skills Hub to maintain an oversight of policy and position Lancashire accordingly.</p> <p>2a: Lancashire Skills Hub to work proactively with partners to develop and identify leads for SSDPs to take forward sector skills action plans.</p> <p>3a: North west LEP network of skills and employment leads. Establishment of relationships with other LEPs to influence policy and collaborate on areas of mutual interest.</p>
<p><b>Sector Priorities:</b> Cross sector call to maintain local labour market intelligence and oversight of policy to drive local provision and to influence / position nationally. 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>		



## Outcome Measures

The Lancashire skills and employment evidence base (2015) provides a baseline measure for the framework. The baselines vary by year in accordance with the availability of data. The framework covers a 5 year period (2016-2021). Outcomes will be tracked annually (as data becomes available).

1. Reduction in Lancashire unemployment and NEET figures.
2. Less reported vacancies / skills shortages in key LEP sectors and areas of high replacement demand and growth.
3. More Lancashire residents skilled at Level 3 and above.
4. Improved school attainment levels in under performing schools across Lancashire.
5. A greater number of graduates choosing to work in Lancashire.
6. Greater number of apprenticeships at L3 and above.
7. Greater number of employers offering graduate level jobs and investing in skills.

Outcome	Baseline	Target (2020/21)
Reduction in Lancashire unemployment and NEET figures	<p>International Labour Organisation (ILO) count (2014): 50,000 in Lancashire (7.5%)</p> <p>JSA claimant count (2015): 16,062 in Lancashire (1.7% of working age population)</p> <p>NEET count (2014): 2700 (5.2%)</p>	<p>Reverse growth trajectory and achieve a percentage reduction in ILO count, including largest percentage groups – 25-49 males (14,800) and East Lancashire (25,300) (p47 of the evidence base).</p> <p>Maintain reduction in JSA claimants since 2013 (i.e. keep below 1.7%) and aim to achieve a further percentage reduction; seek to reduce percentages which are above average for Lancashire - Blackpool, Fylde and Wyre (2.4% of working age population) and East Lancashire (1.9%) (p48).</p> <p>Maintain downwards trajectory for NEET count, with view to reducing numbers to be equal to or less than the national average in 2021 (2014 – 4.7%) (p51).</p>
Less reported hard-to-fill vacancies / skills shortages in key LEP sectors and areas of high replacement demand and growth	UKCES Employer Skills Survey (2013): 17% of employers reported a skills gap & 31% of employers reported hard-to-fill vacancies.	Reduce the number of employers reporting skills gaps and remain below the national average (England average in 2013: 15%) and reduce the number of employers reporting hard-

		to-fill vacancies and remain below the national average (England average in 2013: 34%) (p78/79).
More Lancashire residents in the working age population skilled at Level 3 and above	Annual Population Survey (2013): 461,800 (51%) people in the working age population have L3+ skills.	The percentage of people in the working age population with L3+ skills has grown by 5% between 2004 and 2013. Maintain this growth trajectory and increase by a further 3% between 2016 and 2021 (p56).
Improved school attainment levels in under performing schools across Lancashire	DfE (2013/14): over 40% of young people fail to achieve 5 A*-C grades including English and Maths.	Increase the percentage of young people achieving 5 A*-C grades including English and Maths in areas currently performing below the England average: Blackburn with Darwen, Hyndburn, Blackpool, Pendle & Burnley (p92). Note: this measure will need to be reviewed as 'Progress 8' is introduced and the changes in GCSE gradings.
A greater number of graduates choosing to work in Lancashire	DLHE (2012/13): 70% of graduates in Lancashire go into employment; 73% of which are retained in the North West (p115).	Meeting planned with HEfCE to review student mobility heat maps to gain a more localised measure.
Greater number of apprenticeships at L3 and above	SFA Data cube (2013/14): 11,540 L3 apprenticeship starts SFA Data cube (2013/14): 280 L4+ apprenticeship starts	Increase the number of L3 and L4+ apprenticeship starts by year (p104).
Greater number of employers investing in skills	UKCES Employers Skills Survey (2013): 66% of employers fund or arrange training (50% off-the job and 17% on-the-job).	Increase the percentage of Lancashire employers investing in training to above the national average (66%).



## Lancashire Skills and Employment Board

**Private and Confidential: No**

Wednesday 27<sup>th</sup> January 2016

### **Growth Deal Skills Capital - Round 1 Update, Round 2 Overview and Social Value Update (Appendices 'A' and 'B' refer)**

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#### **Executive Summary**

The paper provides a progress up-date on Growth Deal Skills Capital Round 1 and Round 2, and an up-date on the development of a Social Value toolkit which will apply to all Growth Deal funded projects (Skills Capital and other).

A total of 8 schemes were support in Growth Deal Skills Capital Round 1. Of the 8, 7 have Grant Funding Agreements (GFAs) in place, are now active, and are currently rated as green in relation to their delivery by the Growth Deal programme team. The one remaining scheme has been resubmitted under Round 2 due to a funding shortfall resulting from delays in the launch of the European Structural Investment Funds (ESIF) programme.

The second round of Growth Deal Skills Capital funding was launched on 14<sup>th</sup> September 2015. Expression of Interest (EOIs) were sought by 2<sup>nd</sup> November 2015 to allocate the remaining £12.6m of Skills Capital Funds. 10 EOIs have been received totalling £8.92m, 8 are progressing to full business case and 2 EOIs are being resubmitted.

The level of interest from skills providers was lower than anticipated which is understood to be due to the imminent Area Based Review (ABR) of the College infrastructure. The LEP Board approved the recommendation that any unallocated Skills Capital funding be reserved to support the outcome and implementation of the

ABR in Lancashire, whilst also enabling the use of unallocated Growth Deal funding to support priority LEP schemes.

An up-date on the development of a social value toolkit is also provided; the toolkit will be used with *all* Growth Deal projects. The outcomes in the toolkit align with the Lancashire Skills and Employment Strategic Framework.

### **Recommendations**

The Skills and Employment Board are asked to note the progress updates for Growth Deal Skills Capital Round 1 and Round 2 and are invited to comment on the development of the Social Value toolkit.

## **1 Background**

- 1.1 A total of £30m funding was allocated to Skills Capital in Lancashire's Growth Deal Programme. The funds were profiled to be spent over a two year period, ending March 2017.
- 1.2 £17.4m has been allocated to-date (Round 1). A tendering process for the remaining £12.6m was launched on Monday 14<sup>th</sup> September (Round 2).

## **2 Growth Deal Skills Capital Round 1 progress up-date**

- 2.1 A total of 8 schemes were awarded funding in Round 1 of the programme:
  - Runshaw College – Science and Engineering Centre;
  - Blackpool and Fylde College – Energy HQ (National College for Oil & Gas);
  - Blackpool and Fylde College – M&E Bispham Campus;
  - Blackpool and Fylde College, Nautical College – Maritime Engineering Facility;
  - Fleetwood Fire Training Centre (phase 2);
  - Training 2000 – Advanced Manufacturing and Engineering Centre (equipment);
  - Nelson & Colne College – Advanced Engineering and Manufacturing Innovation Centre; and
  - Myerscough College – Food & Farming Innovation & Technology Centre.
- 2.2 Of the 8 schemes, 7 have GFAs with Lancashire County Council, as accountable body, and are progressing in accordance with the timescales set out in the GFAs. The schemes are currently rated green in relation to their delivery by the Growth Deal programme team.

- 2.3 Of the 8 schemes, one has been re-modelled and resubmitted under Round 2, due to a shortfall in funding caused by the delay in the launch of the European Structural and Investment Funds (ESIF) programme and thus ability to secure European Regional Development Funds (ERDF).

### **3 Growth Deal Skills Capital Round 2 progress up-date**

- 3.1 10 EOIs were received and the total funding requested was £8.92m. Three of the projects submitted also included a fast-track business case.
- 3.2 Of the 10 projects, 8 were approved for progression to full business case and 2 were requested to resubmit their EOIs by the LEP Board, in accordance with the recommendations from the Skills and Employment Board.
- 3.3 As per the previously agreed timetable in Appendix A, the fast-track full business cases will advance to appraisal and consideration by the Skills and Employment Board (part II) on the 27<sup>th</sup> January 2016 and the LEP Board on the 2<sup>nd</sup> February 2016. Applicants who submitted EOIs only will be required to submit full business cases by 16<sup>th</sup> February 2016 for appraisal and consideration, as per the timetable attached.
- 3.4 Round 1 of Skills Capital received 51 EOIs. It is suspected that the smaller number of EOIs submitted for round 2 is due to:
- 1) Greater clarity in relation to the criteria;
  - 2) Projects requested to spend by the end of March 2017 and be operational by September 2017, ready for the 2017/18 academic year; and
  - 3) Most significantly the imminent Area Based Review (ABR) of the College infrastructure (which may have deterred Colleges from committing to projects with significant financial spend).
- 3.5 The ABRs, driven by Government and the FE Commissioner, will review the College infrastructure across England with view to delivering institutions which are financially viable, sustainable, resilient and efficient with an offer that meets each area's educational and economic needs. This includes focusing on specialisms and the development of an Institute of Technology (IoT) in each LEP area, and ensuring sufficient access to high quality and relevant education and training for all which reflects changes in Government funding priorities and future demand.
- 3.6 All reviews will be completed by March 2017, and it is expected that Lancashire will be reviewed in Wave 4, commencing in September 2016. Clearly the options and outcomes of the ABR in Lancashire may include strategic capital requirements.
- 3.7 In relation to the unallocated funding, there were two options: 1) release another tender; or 2) retain the money to support the outcomes of the ABR by

pushing forward funds to 2017/18 and 2018/19. BIS were supportive of the latter, recognising that the ABRs were announced mid-way through the Growth Deal Programme. As per the agreement at the Skills and Employment Board (part II) in December option 2 was recommended to the LEP Board.

- 3.8 The LEP Board agreed option 2 to enable strategic investment. It was also agreed that a proportion of unallocated Growth Deal Skills Capital funding may be used to support priority LEP schemes with view to future underspends being allocated to Skills Capital to enable investment in future years to support the outcomes of the ABR.

#### **4 Social Value**

- 4.1 At the September Skills and Employment Board a paper was discussed in relation to the embedding of social value in procurement processes and the potential to align 'added value' outcomes with the Lancashire Skills and Employment Strategic Framework.
- 4.2 Since the meeting, in agreement with the Growth Deal Management Board (GDMB), a working group was established, chaired by Graham Cowley (chair of the GDMB), with the Lancashire Skills Hub and LCC Officers to develop a draft toolkit. The proposed outcomes in the toolkit align with the framework.
- 4.3 The **draft** toolkit is provided in Appendix 2 for comment. The toolkit has been developed to be a pragmatic tool to be used with organisations benefiting from Growth Deal funding. Further work is required to populate the section 'Sources of Support' and to expand the number of case studies. The sources of support are aimed at supporting the organisation to engage with partners who can help the organisation to fulfill commitments to social value outcomes.
- 4.4 The toolkit is to be tested with 2 projects by the Growth Deal programme team (LCC Officers) over the next month; with an existing scheme (for which the GFA is in place and the project active) and a scheme in development (the business case is currently in development). At this point in the programme it is recognised that some schemes will be signed off and in delivery, so less opportunity to influence, and that some schemes are at business case stage and so commitments can be integrated into the GFAs.

#### **5 Summary**

- 5.1 Committee members are asked to note the progress up-dates for Growth Deal Skills Capital Round 1 and Round 2 and are invited to comment on the development of the Social Value toolkit.

**Lancashire Enterprise Partnership - Round 2 (16/17 Funding Allocation)**

**Appendix 'A'**

**Standard Process: EOI submitted only, business case is only requested if EOI is successful.**

**Fast Track Process: EOI and business case submitted together. Business case is only reviewed if the EOI is successful.**

Phase	Action	Timetable
	Timetable approved by the Lancashire Skills Board	Thu 10th Sep 15
Stage 1 - EOI	Launch Round 1	Mon 14th Sep 15
	Market Engagement Event	Mon 21st Sep 15
	<b>Submission deadline - EOI only</b>  (7 weeks after 14/9 launch date)	Mon 2nd Nov 15
	Skills Hub review and do a first cut (non-eligible and very low scoring)	Tues 3rd Nov
	Chosen EOI documentation sent to SFA	Wed 4th Nov 15
	EOI Assessment and Review completed by Skills Hub and SFA. SFA communicate recommendations to Skills Hub by telekit or meeting.	Wed 9th Dec 15
	Skills Hub/LEP Officers to finalise recommendations	Wed 9th Dec 15
	Skills Hub take finalised recommendations to the Skills Board	Thu 10th Dec 15
	Recommendations by Skills Board made to full LEP Board and ratified by the LEP Board	Tue 15th Dec 15 - CANNOT MOVE
	EOI Outcome letter	Fri 18th Dec 15
Stage 2 - Detailed Business Case	Launch Round 2 - Detailed Business Case	Fri 18th Dec 15
	<b>Submission deadline - Detailed Business Case</b>  (8 weeks after 18/12 launch date)	Tue 16th Feb 16
	Skills Hub sends Detailed Business Case documentation to Agency	Thu 18th Feb 16
	Detailed Business Case assessment and review completed by LEP, Skills Hub and SFA. SFA communicate recommendations to Skills Hub. Skills Hub/LEP Officers to finalise recommendations.	Fri 18th Mar 16
	Skills Hub to take finalised recommendations to the Skills Board	Wed 23rd Mar 16
	Recommendations made to and ratified by LEP Board	Tue 5th Apr 16
	Outcome letter	LCC to advise date
	Project Start	Earliest Planned Start Date

Phase	Action	Timetable
	Timetable approved by the Lancashire Skills Board	Thu 10th Sep 15
EOIs and Detailed Business Case process	Launch Round 1	Mon 14th Sep 15
	Market Engagement Event	Mon 21st Sep 15
	<b>Submission of EOI and Detailed Business Case</b>  (7 weeks after 14/9 launch date)	Mon 2nd Nov 15
	Skills Hub review and do a first cut (non-eligible and very low scoring)	Tues 3rd Nov 15
	Chosen EOI and Detailed Business Case docs sent to SFA	Wed 4th Nov 15
	EOI assessment and review completed by Skills Hub and SFA. SFA communicate recommendations to Skills Hub by telekit or meeting.	Wed 9th Dec 15
	Skills Hub/LEP Officers to finalise recommendations	Wed 9th Dec 15
	Skills Hub take finalised recommendations to the Skills Board	Thu 10th Dec 15
	Recommendations by Skills Board made to full LEP Board and ratified by the LEP Board	Tue 15th Dec - CANNOT MOVE
	EOI Outcome letter	Fri 18th Dec 15
	Detailed Business Case assessment and review completed by LEP, Skills Hub and SFA. SFA communicate recommendations to Skills Hub. Skills Hub/LEP Officers to finalise recommendations.	Thu 7th Jan 16
	Skills Hub to take finalised recommendations to the Skills Board	Wed 27th Jan 16
	Recommendation made to and ratified by LEP Board	Tue 2nd Feb 16
	Outcome letter	LCC to advise date
Project Start	Earliest Planned Start Date	Fri 1st April





## DRAFT Lancashire Enterprise Partnership (LEP) Social Value Toolkit

### 1. Introduction

This toolkit aims to maximise the social value, or social benefit available through the procurement and commissioning of LEP programmes. The LEP and its partners share a responsibility to ensure that public money delivers better outcomes, be they social, environmental or economic.

The toolkit has been developed to encourage and support organisations involved in the delivery of LEP programmes to lever greater social value by integrating added value activity into procurement and commissioning processes. The toolkit is aimed to be a practical guide to integrating added values outputs and outcomes, and provides a framework of indicative activities and also good practice case studies.

### 2. What Social Value means for the LEP

The LEP wishes to secure added value from the significant capital investments and revenue programmes. Integration of social value at the planning stage of a project can result in significant 'added value' benefits to the residents of Lancashire.

The LEP has a Lancashire Skills and Employment Strategic Framework which outlines the skills and employment priorities in Lancashire (include web link). The priorities include areas that can be supported by embedding social value into LEP programmes. Table 1 provides areas of potential against the themes of the Skills and Employment Strategic Framework – developing our *Future Workforce*, developing a *Skilled and Productive Workforce* and also an *Inclusive Workforce*. An additional theme has been added in relation to *Community Engagement*. The table is provided to stimulate the embedding of social value outcomes into LEP programmes, and is not exhaustive. Organisations are encouraged to think creatively about how social value can be integrated at the project planning stage and throughout the project lifetime.

**DRAFT: Lancashire Enterprise Partnership Social Value Matrix**

<p><b>FUTURE WORKFORCE</b></p> <p>Working days committed from business volunteers to support careers education and information and/or curriculum development in schools and colleges in Lancashire per year.</p> <p>Number of work experience placements for 15-18 year olds per year (based on a placement being one week) at Lancashire schools and colleges.</p> <p>Number of undergraduate project placements per year offered to Lancashire's Universities.</p> <p>Number of graduate internships per year for graduates living in Lancashire.</p>	<p><b>INDICATIVE COMMITMENT</b></p>	<p><b>SKILLED AND PRODUCTIVE WORKFORCE</b></p> <p>Number of apprenticeships (16-18 year old and Adults).</p> <p>Commitment to workforce planning and investment in training of employees.</p> <p>Investment in leadership skills.</p>	<p><b>INDICATIVE COMMITMENT</b></p>
<p><b>INCLUSIVE WORKFORCE</b></p> <p>Number of employment opportunities offered to Lancashire residents that are unemployed or at a disadvantage e.g. ex-offenders.</p> <p>Number of work placements or trails offered to unemployed Lancashire residents.</p> <p>Working days committed from business volunteers to mentor NEET ('not in education, employment or training') young people (16-18 year olds).</p>	<p><b>INDICATIVE COMMITMENT</b></p>	<p><b>COMMUNITY BENEFITS</b></p> <p>Community based projects driven by the local communities in which the project is based.</p> <p>Procurement and commissioning of local SMEs and social enterprises / third sector organisations.</p>	<p><b>INDICATIVE COMMITMENT</b></p>

### **3. Embedding in procurement and planning processes**

#### **3.1 Expectations of organisations working with the LEP**

The LEP are committed to ensuring that all projects pro-actively seek to maximise their social value outputs and outcomes.

- During the development of project business cases, and their subsequent appraisal and approval, discussions will be undertaken with project sponsors about the opportunities for maximising social value within their individual scheme.
- It is recognised and acknowledged that the range and variety of growth deal projects and sponsors means that it isn't feasible to have a "one size fits all" approach and that the means of maximising the social value of each project will need to be tailored accordingly in partnership with each project sponsor.

#### **3.2 Guidance re: procurement and planning**

It is expected that all Projects should seek to embed social value outcomes in their Growth Deal procurement activities, and it is recognised that some organisations will already have social value embedded in their procurement processes. Cross referencing to this framework to ensure all aspects are considered, and in the absence of social value being already embedded, using this framework as a starting point, should ensure that social value is duly considered.

To deliver on the social value outcomes, projects should consider social value during the project planning stage and throughout the project delivery to ensure every opportunity to ensure the outcomes are realised. Consideration needs to be made to forward planning and discussions with third party organisations who can contribute to their social value outcomes.

#### **3.3 Monitoring of Social Value outcomes.**

Outputs and outcomes for each growth deal project are agreed as part of the business case approval process. The discussion to formalise the outputs and outcomes gives a natural opportunity to ensure that social value outcomes are specified and identified.

There are a range of techniques available to monitor the realisation of social value outcomes.

- All project outputs and outcomes are routinely monitored as part of the claims and reporting cycle for individual projects. This monitoring by the LCC Programme Office is overseen by the Growth Deal Monitoring and Evaluation Sub Group.

- Some of the less tangible social value measures may be explored and checked through site visits to individual projects and discussions with project sponsors. The project sponsors may also be requested to attend meetings of the Monitoring and Evaluation Sub Group for discussion on the wider outputs / outcomes relating to their project.
- The evaluation activity, for which a contract has been awarded, includes an opportunity to take a longer term view about the social value gained/realised as a result of individual project and on a programme wide basis.

#### **4. Sources of Support**

To be completed (e.g. Lancashire Skills Hub, list of organisations working with schools (e.g. STEMfirst etc.), apprenticeship providers / shared apprenticeship scheme with Calico, contacts at universities, contacts at JCP etc.).

## 5. Case Studies

### ***Constructing the Future - Shared Apprenticeship Scheme***

#### ***Calico Enterprise Ltd***

Calico runs the Shared Apprenticeship Scheme (Constructing the Future - CTF) on behalf of CITB across the North West. CTF is the only Shared Apprenticeship Scheme in this region to be funded and fully supported by CITB. The scheme allows employers to enjoy all the benefits of an apprentice, without the direct employment responsibility as this is taken up by CTF. Partner employers are recharged for wage costs, only for the time the apprentice is on placement. The scheme provides a solution to employers involved in the procurement process so they can make a commitment to a young person, even though their contract on site may only be for a short period. It also allows commissioners to create opportunities for local young people on short term contracts. Procurement is pooled within a region and the apprentice rotated from one contractor to another until they have completed their full Apprenticeship Framework at level 2, 3 or 4. This means that employers can still play an important part in training as the scheme allows them to take on an apprentice for as short a duration as 3 months with no commitment to the apprentice at the end. This way of training can give the apprentice a more diverse and wider experience of the industry.

Over 160 apprenticeships since launch in 2010. Over 85% of completers progress into permanent employment.

#### ***Blackpool Council, Blackpool Coastal Housing***

Lovell has been selected by Blackpool Council as preferred developer for a £22 million redevelopment programme which will transform the town's Queens Park housing estate into a vibrant new neighbourhood. As part of this contract, Blackpool Council were keen to see apprenticeship opportunities created for local people. Therefore Blackpool Council included in the procurement contract with Lovell 520 training weeks for phase 1 of the project and a minimum of 520 training weeks for phase 2.

As each phase was less than 2 years in duration and Lovell is not based in Blackpool they approached CTF to help them deliver these local training obligations. Phase 1 of the contract translated into 10 apprenticeships for local young people; phase 2 which is due to start in Spring 2016 is expected to deliver the same.

Blackpool Council now write apprenticeship training into all applicable contracts. These mainly include construction related contracts but extend to social care contracts as an example. They are also in the process of adopting CITB's National Skills Academy for Construction to benchmark the employment and skills outcomes on construction projects.





## **Skills and Employment Board**

**Private and Confidential: No**

Wednesday 27<sup>th</sup> January 2016

## **City Deal Skills and Employment Study / Plan**

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

Earlier in the year, a study was commissioned to identify the skills and employment implications of the City Deal programme for Preston and South Ribble, and Lancashire as a whole. The resulting implementation plan has been aligned and cross-referenced to the overarching Lancashire Skills and Employment Strategic Framework.

The reports and plan have now been presented to the City Deal Executive and Stewardship Board and signed off, and it was proposed that the Skills and Employment Steering Group established to oversee the study continue and oversee the implementation of the plan, reporting progress to both the City Deal Executive and the Skills and Employment Board. It was agreed that a simpler version of the implementation plan would be developed to support reporting.

### **Recommendation**

The Skills and Employment Board are asked to:

1. Note the reports and actions resulting from the City Deal skills and employment study.
2. Support the recommendation from the City Deal Executive and Stewardship Board in relation to the Skills and Employment Steering Group continuing, and reporting progress to both the City Deal Executive and the Skills and Employment Board.

## **1. Background**

- 1.1 Earlier in the year, a study was commissioned by the City Deal Executive to identify the skills and employment implications of the City Deal programme for Preston and South Ribble, and Lancashire as a whole. Ekosgen were appointed to undertake the work.
- 1.2 A Skills and Employment Steering Group was established to oversee the study and the development of a skills and employment action plan.

## **2. Skills and Employment Study and plan**

- 2.1 Two reports have now been produced and were presented to the City Deal Executive & Stewardship Board on Friday 8<sup>th</sup> January for sign off. The two reports split the study as follows:
  - The City Deal skills and employment evidence base and development plans.
  - The City Deal skills and employment strategy and implementation plan.

The reports are provided in Appendix A for information.

- 2.2 Key issues included: building the construction workforce now and over the lifetime of the programme; ageing workforce and working age population (and thus increased competition for skilled workers); increase in demand for people with L4+ skills (Lancashire remains below the national average); employer engagement in ensuring that skills provision meets needs and is fit-for-purpose; alerting young people and adults to the scale of the opportunity; maximising the potential impact of social value (through procurement processes); building a skills base to support inward investment and the development of the Enterprise Zones; and taking a partnership approach to tackling issues.
- 2.3 The plan identifies 4 key areas of action:
  - 1) Providing a workforce for the new economy, particularly the priority sectors; including a large cohort of young and well qualified workers attractive to incoming employers.
  - 2) Providing a workforce for the construction industry which will deliver the infrastructure, commercial and residential development set out in the City Deal, addressing the challenge of delivering a marked increase in new housing development.
  - 3) Maximising the training and employment opportunities available for both young people and older people from construction activity, using procurement processes to deliver a higher level of industry engagement and increase social value for public sector construction expenditure.
  - 4) Providing training and skills support which helps to secure new inward investment and company expansion in the City Deal area.



The actions map to the Lancashire Skills and Employment Strategic Framework.

### **3. Skills and Employment Steering Group**

- 3.1 It was agreed at the City Deal Executive and Stewardship Board that the Skills and Employment Steering Group should continue to oversee the implementation of the plan and that the group should report to the both the City Deal Executive and the Skills and Employment Board on progress.
- 3.2 It was also agreed that a simplified version of the implementation plan would be beneficial to enable reporting, with tangible outputs. This will be the task of the Steering Group.
- 3.3 The Steering Group is made up of representatives from Preston's College, Runshaw College, Training 2000, Preston City Council, South Ribble Borough Council and the LEP / Lancashire Skills Hub, and will be chaired by Dr Lis Smith from Preston's College.
- 3.4 An IAG (Information, Advice and Guidance) Taskforce of operational people has been launched, bringing together the National Careers Service (NCS) Preston's College, Runshaw College, UCLan, Calico and South Ribble Borough Council to promote construction opportunities to young people.

### **4. Recommendation**

The Skills and Employment Board are asked to:

- 4.1 Note the reports and actions resulting from the City Deal skills and employment study.
- 4.2 Support the recommendation from the City Deal Executive and Stewardship Board in relation to the Skills and Employment Steering Group continuing, and reporting progress to both the City Deal Executive and the Skills and Employment Board.



**Skills in Lancashire:**

**Skills and Employment Evidence Base and Development Plans for Preston,  
South Ribble and Lancashire City Deal**

**December 2015**

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## Evidence and Development Summary

### Skills and Employment in Lancashire

The Lancashire Local Enterprise Partnership (LEP) is one of the largest in the North, with a population of almost 1.5 million. The area is geographically diverse, with a network of urban centres surrounded by areas of countryside and rural fringe. Lancashire's key economic centres include Preston and Lancaster which contain leading universities, with the Enterprise Zone sites at Samlesbury and Warton driving advanced manufacturing growth, and Blackpool a leading destination in the UK visitor economy.

Just over 623,500 people work in Lancashire (2014), the equivalent of 72% of the working age population. Over most of the last ten years, Lancashire's employment rate has been below the national average resulting in a relative shortfall of 43,500 jobs.

The public sector is Lancashire's main employer accounting for 191,000 jobs in 2013, followed by wholesale and retail (106,000 jobs) and financial, professional and business services (93,000 jobs). Manufacturing remains a significant employer despite the loss of nearly 45,000 jobs between 1998 and 2003. Productivity remains a long term challenge for Lancashire with the latest statistics showing a rate just 83% of the national average.

The City Deal authorities of Preston and South Ribble make an important contribution to the Lancashire economy. They account for just over a fifth of employment (2015) but have experienced a slow economic recovery, only recently returning close to pre-recession employment levels. A programme of significant intervention, such as that proposed through City Deal, will be required to kickstart economic performance and drive growth.

While GCSE attainment in Lancashire is variable, the City Deal authorities perform close to the national average with strong progression into continued education and higher than average uptake of apprenticeships suggesting enthusiasm for learning. There is still work to be done to translate this through into a strong adult skills base with qualifications held typically lower than Lancashire wide.

Lancashire has strong economic ambitions with the Strategic Economic Plan setting out targets to create 50,000 new jobs, 40,000 new houses and add £3bn of additional economic activity to the Lancashire economy over a ten year period. Achieving these figures would represent a step change in the Lancashire economy.

### Lancashire's Key Sectors

Lancashire's Strategic Economic Plan identified six priority sectors that sit at the core of the economy, based on current scale and/or opportunities for growth. They are:

- Advanced engineering
- Energy and environment
- Professional, financial and business services
- Creative, digital, media and ICT
- Logistics
- Visitor economy

In a City Deal area context there is a further leading sector – construction. The construction sector has a workplace employment figure of over 14,000, accounting for 10% of all employment across the local authorities. Whilst the City Deal authorities account for 23% of Lancashire's employment across all sectors, in the case of construction they account for 40%. The sector was severely affected by the recession (as it was across the UK) but there are signs of buoyancy with strong demands to be placed on the sector to support growth aspirations. A strong case is evident for construction to be recognised as a priority sector in the City Deal context.

### City Deal Overview

The Preston, South Ribble and Lancashire City Deal was the first of 20 second wave agreements, signed in September 2013. The City Deal was developed by local partners to drive forward growth by empowering the area to make the most of its economic assets and opportunities. City Deal status is valid for ten years from 2013/14 to 2023/24.

Over a ten year period, the ask to government document forecast that the City Deal investments and flexibilities would generate:

- More than 20,000 net new private sector jobs, including 5,000 in the Lancashire Enterprise Zone;
- Nearly £1 billion growth in Gross Value Added (GVA);
- 17,420 new homes; and
- £2.3 billion commercial investment leveraged.

Given the emphasis on transport infrastructure improvements and the time needed to complete work, there is an issue of the timing of benefits. In effect, new investment will begin to have an impact from year three onwards, rather than from year one of the agreement.

### The City Deal Investment Programme

To achieve the targets, investments are focusing on the development of strategic transport infrastructure and bringing forward strategic sites to deliver both employment and housing growth. A series of prominent investments are being brought forward with many of the schemes long-term priorities. The planned programme of activities totals £375.883m<sup>1</sup> between 2013/14 and 2023/24. The schemes to receive direct investment focus on the provision of major highways and other transport infrastructure, examples of which include:

Major Highways/Transport Schemes	
Preston Western Distributor	£104.500m
Broughton	£33.999m
Preston Bus Station	£23.342m
South Ribble Western Distributor	£44.671m
Penwortham By-pass	£17.500m

Source: Draft City Deal Infrastructure Delivery Plan 2015/18

In addition, substantial funds are available for Public Transport Corridors and Local Centres and Education and Community infrastructure provision to support both existing and growing communities.

A nominal allocation of £100m from the £150m local property allocation has been identified for the City Deal Investment Fund. The Fund, invested as a new venture within the wider Lancashire Pension Fund, co-invests in housing and development schemes across the City Deal area. All investments are on a commercial basis.

### Facilitating Wider Investment and Development

City Deal investments will unlock a considerable programme of development activity. Plans will deliver over 1 million m<sup>2</sup> of new employment floorspace and 16,950 homes over a 10 year period, a significant uplift on recent development levels. The City Deal area currently provides 158,000 jobs – 21% of the Lancashire LEP total.

This level of development will require significant investment by private sector property developers and housebuilders and at a level not seen in Lancashire for many years.

City Deal Employment Sites Overview				
Scheme Name	10 yr Scale of Development	Primary Use	Start Year	End Year
<b>Preston sites</b>				
North East Preston	359,510 m <sup>2</sup>	B2 and B8	2014/15	2023/24
Preston City Centre	146,788 m <sup>2</sup>	B1	2015/16	2023/24
North West Preston	9,700 m <sup>2</sup>	Retail	2014/15	Beyond CD
<i>Sub-total</i>	<i>515,988 m<sup>2</sup></i>	-	-	-
<b>South Ribble sites</b>				
Penwortham/ Lostock Hall	27,593 m <sup>2</sup>	B2	2016/17	2023/24
Cuerden	207,692 m <sup>2</sup>	Mixed use	2018/19	2022/23
Moss Side Test Track	30,000 m <sup>2</sup>	B2 and B8	2018/19	2020/21
Samlesbury EZ	145,360 m <sup>2</sup>	B2	2016/17	Beyond CD
Bamber Bridge	12,194 m <sup>2</sup>	B1	2016/17	2017/18
Lancashire Business Park	85,100 m <sup>2</sup>	B2	2023/24	Beyond CD
<i>Sub-total</i>	<i>507,939 m<sup>2</sup></i>	-	-	-
<b>City Deal total</b>	<b>1,023,937m<sup>2</sup></b>	-	-	-

Source: DCLG monitoring returns and ekosgen analysis

The major development opportunities are in North East Preston and Preston City Centre, and Samlesbury EZ and Cuerden in South Ribble. These locations offer considerable potential to accommodate advanced engineering companies, logistics

<sup>1</sup> Contingency has been built into the current total in recognition that some scheme details remain to be finalised and cost estimates remain at an early stage of preparation

and distribution businesses and office based accommodation for high growth service sector activities. Securing new investment from advanced manufacturing and supply chain companies will be challenging.

While Preston City Centre is expected to deliver early in the next ten years, reflecting the timing of City Deal investment and the impact of some recently completed public realm works, the South Ribble contribution is expected in the second five years of the work, and is dependent on Cuerden delivering significant employment land for development from 2019/20 onwards.

The development profile picks up markedly from 2018/19 onwards as important new infrastructure works reach or near completion. This profile has implications for the timing of economic and employment benefits from City Deal investments. However, City Deal is effectively delivering a 20 year employment land and development potential legacy, reflecting the long term impact of the infrastructure investment.

Seven housing priorities have been identified in City Deal plans to form the focus of residential activity, providing a forecast 16,950 homes<sup>2</sup> – 15,750 through new build activity and 1,200 by returning vacant homes to active use.

<b>Preston sites</b>			
North West Preston	5,212 units	2014/15	2023/24
Preston City Centre	3,425 units	2014/15	2023/24
Re-use of vacant homes	1,200 units	2014/15	2023/24
<b>Sub-total</b>	<b>9,837 units</b>	-	-
<b>South Ribble sites</b>			
Penwortham and Lostock Hall	1,676 units	2014/15	Beyond CD
Leyland and Cuerden	2,606 units	2014/15	Beyond CD
Bamber Bridge	761 units	2014/15	2022/23
Other priority sites	2,070 units	2014/15	Beyond CD
<b>Sub-total</b>	<b>7,113 units</b>	-	-
<b>City Deal total</b>	<b>16,950 units</b>	-	-

Source: DCLG monitoring returns and ekosgen analysis

The development profile shows that annual completions are forecast to peak during 2019/20 at approximately 2,400 units per annum. In three of the ten years, completions will exceed 2,000 units per annum and in a further four years are forecast to exceed 1,500 units.

The increase in housing completions envisaged by local partners will require the availability of attractive sites and a very active and significant housing development industry. A significant number of housebuilders will need to be involved in the City Deal area and for the mortgage market to function effectively over the full ten years. This scale of development is also likely to require the provision of social and affordable homes for rent and home ownership, and is likely to involve a larger private rented sector.

<b>City Deal Residential Sites Overview</b>			
<b>Scheme Name</b>	<b>10 yr Scale of Development</b>	<b>Start Year</b>	<b>End Year</b>

<sup>2</sup> A figure marginally lower than identified in the ask to government, as development plans have been finalised

## City Deal Policy on Employment Growth

A policy on scenario considers the impacts of delivering the planned programme of activity<sup>3</sup>. City Deal employment growth, based on the supply of sites, and driven by new investment in manufacturing jobs, predominantly in the Enterprise Zone, logistics and distribution with a leading role for South Ribble and office based employment in and around Preston City Centre.

Across all sectors, the policy on scenario represents an 12% uplift on 2015 employment levels and a 4% uplift on the policy off growth forecast. Planned investments are therefore expected to play an important role in supporting the City Deal area to increase its contribution to Lancashire's economic performance and raise the LEP area's overall performance.

The following table sets out a policy on forecast against the 2015 base employment levels. Successful delivery of City Deal employment ambitions will have significant implications for employment levels across a range of sectors and will support the rebalancing of the economy by increasing levels of private sector employment, whilst also helping to reduce the scale of anticipated manufacturing job losses.

Sector	2015 baseline	2025 policy on forecast	Jobs uplift
Manufacturing	11,159	12,659	1,500
Construction	19,641	22,641	3,000
Wholesale and retail	24,114	24,814	700
Transportation and storage	6,386	9,386	3,000
Information and communication	4,083	5,583	1,500
Financial and insurance	2,796	4,396	1,600
Real estate activities	2,695	3,675	980
Professional, scientific and technical	8,219	11,819	3,600
Administrative and support services	13,967	15,667	1,700
Public administration	12,446	13,146	700
Arts, entertainment and recreation	3,166	3,566	400
Other <sup>1</sup>			1,320
<b>Total (selected sectors)</b>	<b>108,670</b>	<b>128,670</b>	<b>20,000</b>
<b>Total economy</b>	<b>160,000</b>	<b>180,000</b>	<b>20,000</b>

Source: Oxford Economics Forecasts and ekosgen estimates

<sup>1</sup> Including care and higher education amongst others not captured by traditional employment floorspace

The policy on scenario is dependent on reversing manufacturing employment decline (including energy and environment, building products), and a much higher level of growth in business and professional services and digital and creative industries. In addition, construction employment potential needs to be fully supported.

If achieved in a ten year period, the City Deal area will have to accelerate its employment growth. The rate reduces if the employment target is stretched over 13-14 years (which is considered to be a more realistic build out period) to allow for the full impact of the road infrastructure to have an effect.

The impact of the policy on employment growth scenario will be to change the make-

**City Deal Policy On Forecasts**

<sup>3</sup> This is in contrast to a policy off scenario whereby current trends in the Lancashire economy would continue in the absence of exceptional activities such as those proposed through City Deal.



up of the workforce, and a large proportion of the jobs will require a degree educated workforce, while others will require well qualified and skilled staff.

<b>City Deal – Policy On Occupation Profile</b>	
<b>Occupation</b>	
Managers, directors, senior officials	2,500
Professional	3,600
Associate professional and technical	4,000
Skilled trades	1,600
Administrative and secretarial	2,000
Process, plant, machine operatives	2,000
Sales and customer services	1,500
Caring, leisure and other services	1,800
Elementary	1,000
<b>Total</b>	<b>20,000</b>

Source: ekosgen estimates

This employment growth will also contribute to higher levels of apprenticeship places in some sectors and a marked increase in graduate recruitment.

While new sites and premises will accommodate this employment growth, new inward investment and the availability of a quality workforce will be critical in securing growth. The following points will need to be considered in planning future employment and skills requirements:

- The workforce will become increasingly better qualified and higher skilled, particularly the younger workforce, and local education and training providers have an important role to play over the next ten years.
- While FE provision covers a range of occupations and sectors, it will be important to focus on the types of business services and ICT employment which will dominate employment growth as well as catering for the needs of the construction sector to deliver infrastructure and site development.
- There needs to be a growing number of young people leaving school with good qualifications and moving on to appropriate academic and vocational training. This will need to be accompanied by strong STEM performance and high quality IAG at an early stage.

- Apprenticeships will play an important role in providing employers with a young well qualified workforce in many sectors. Working with employers to increase the provision of apprenticeships will be a key priority for local partners.
- FE colleges need to provide a regular supply of well qualified and motivated young people for the growth sectors, particularly those with STEM qualifications.
- Graduate recruitment will be important for employers, and promoting the availability of local graduates will help to attract investment and occupiers into the area.
- A large workforce catchment will be important for employers and strengthening the connectivity and accessibility of the City Deal area will contribute to economic growth.
- Housing is an important element of economic growth – providing housing for a young, well educated workforce will make a contribution to economic growth.

There are strong opportunities for the City Deal area to support growth in the priority sectors reflecting: existing sectoral strengths; target occupiers for new development sites; opportunities to accommodate a growing workforce through the provision of new homes; and a commitment through this Skills and Employment Strategy to support an uplift in skills to support sector needs.

### Construction Industry Challenges

Lancashire accounts for a significant proportion of the North West construction business base at 22%, compared to 21% of businesses across all sectors. Similarly, Preston and South Ribble account for 18% of Lancashire’s construction business base, compared to 17% across all sectors.

Construction is an important employer in the City Deal area economy. In 2013 Preston and South Ribble had a workplace employment figure of 14,259 in the construction sector, which equates to 10% of the workforce. This is a significantly higher proportion than regionally and nationally, for example across Lancashire less than 6% of total employment is in construction (35,328).

Forecasts commissioned from the CITB Local Forecasting Model suggest that the City Deal investments alone will support over 4,300 construction job years. In terms of employment growth, this makes construction a local priority sector for the City Deal area.

It is not clear how the construction industry will be able to recruit the numbers of experienced personnel required over the next three to five years, and increasing demand will impact on some of the Lancashire infrastructure projects.

Given the planned infrastructure projects, the strong company and employment base and the recognised skills and recruitment difficulties, there is a rationale for local City Deal partners agreeing construction as a priority growth sector and developing new initiatives with the industry to tackle business, innovation and skills issues.

There are already a number of organisations involved in addressing the challenges facing the construction industry at both a regional and national level. More importantly there are strong local industry networks and experienced training providers involved with some of the company base. Resources are available from a number of sources, although funding can be short term and limited.

Some of the solutions for industry challenges will involve the provision of more partnerships and more industry relevant further education (FE) courses to recruit young people to the sector, although these respond to medium term challenges. At the same time, the industry may have to recruit older workers to meet some of the immediate challenges.

Given these challenges, along with the need to introduce new technologies and processes, a single initiative, well-resourced and with close industry involvement, could be the most effective way of addressing challenges and supporting company and employment growth.

## 1 Introduction and Report Coverage

1.1 City Deal is widely recognised as an important opportunity for the component local authorities and Lancashire as a whole. Prior to the start of this commission, limited work had however been completed to consider what the status meant in skills and employment terms.

1.2 This document provides the evidence base for City Deal interventions. It sets out:

- the baseline economic position and workforce characteristics, both across Lancashire and in the City Deal authorities;
- Lancashire's economic growth ambitions;
- the role of key sectors in delivering forecast growth, including consideration of known skills challenges;
- the programme of planned direct and indirect City Deal, including large scale infrastructure works and new residential and commercial development schemes to be unlocked; and
- economic forecasts under both policy-off and policy-on scenarios.

1.3 This analysis leads on to assessment of implications for Preston and South Ribble and Lancashire as a whole, including the overall scale of employment and skills requirements and the nature of opportunities expected to be created, relative to current conditions.

1.4 This exercise emphasises the importance of partners taking action to prepare for City Deal, ensuring that a workforce of sufficient scale and skills is available to deliver the ambition and that businesses and partner organisations (such as training providers and employment support services) are aware of requirements and able to respond. A range of partners will have an active role to play if City Deal is to deliver its full potential in Lancashire.

1.5 A Skills and Employment Strategy and Implementation Plan for Preston, South Ribble and Lancashire has been prepared to follow on from this evidence base. The accompanying document focuses on the overarching aim of skills and employment interventions, their alignment with wider strategic ambitions and sets out a series of actions to support delivery. Partners should therefore take account of both documents when considering the role they will play.

1.6 In summary, this document sets out the employment and skills context for intervention, planned City Deal activities and headline implications while the accompanying document outlines how the City Deal programme and partners will respond to the findings.

## 2 The Lancashire Skills and Employment Context

### Key Findings

- Lancashire is a diverse economy which, in common with other parts of the country, has experienced extensive decline in manufacturing and recent losses in public sector employment. Continuing to diversify and grow private sector opportunities is a priority.
- The county has experienced a slow economic recovery post-recession causing the employment and GVA gap with national trends to continue to grow.
- Although Lancashire lags between national averages (excluding London) on the majority of economic indicators, there is a strong ambition to grow. Productivity has been a long term challenge for Lancashire and levels are currently equivalent to just 83% of the national average. In 2012, the Lancashire LEP area generated £24.7bn of GVA, the equivalent of £49,580 per FTE compared to £59,939 nationally.
- The City Deal authorities of Preston and South Ribble make an important contribution to the Lancashire wide economy accounting for 21% of employment.
- The City Deal area has recovered from the recession more slowly than Lancashire wide meaning that its contribution has fallen in recent years. Significant intervention, such as that proposed through City Deal, is likely to be required to allow the performance gap to substantively close and the proportionate contribution to Lancashire's success to increase.
- While GCSE attainment in the City Deal area is close to the national average and apprenticeship uptake is relatively high, this does not currently translate through into a strong adult skills base, with adult qualifications being lower than Lancashire wide.

### The Lancashire Economy

2.1 The Lancashire LEP is one of the largest in the North, with a population of almost 1.5 million. The area is geographically diverse, with a network of urban centres surrounded by areas of countryside and rural fringe. Lancashire's key economic centres include Preston and Lancaster which contain leading universities, with the Enterprise Zone sites at Samlesbury and Warton driving advanced manufacturing growth, and Blackpool a leading destination in the UK visitor economy.

### Employment and Unemployment

2.2 In 2014, workplace employment in Lancashire stood at just over 623,500, which is 72% of the working age population and equates to an employment density of 67,252 jobs per 100,000 working age residents. Concentrations of employment are found in Preston (13% of the Lancashire total and forming the economic centre of the county), Blackburn with Darwen (10%), Blackpool and Lancaster (9% each).

2.3 Lancashire's employment rate has been lower than the national rate for most of the past ten years. Between 2007 and 2009, recessionary pressures led to the loss of over 23,000 jobs in Lancashire – a 4% reduction compared to a 1% loss across the North West and no reduction nationally (excluding London). Despite bucking the national trend in 2010-2011, since 2011 the employment rate has continued to fall in Lancashire whilst being on an upward trend nationally and in the North West.

2.4 In 2013, employment in Lancashire was at a lower level than it was in 2009. If Lancashire matched the national average employment rate, an additional 43,500 residents would be in employment.

2.5 Unemployment in 2014 was in line with the regional average at 7.5% but higher than the national average (6.6%). Based on the UK's official measure of unemployment (ILO), 50,000 working age residents in Lancashire were unemployed in that year. Looking at trends over time, unemployment in Lancashire rose during the downturn from 40,700 in 2009 (5.9%) to 57,400 in 2012 (8.2%).

## Sectoral Structure

2.6 Lancashire's traditional employment base has changed significantly as a reflection of economic conditions. Whilst manufacturing remains a key sector for Lancashire, the sector has declined significantly in recent years, accounting for 24% of total employment in 1998 down to 13% in 2013 – a loss of nearly 45,000 jobs. In 2013, the largest employment sector was the public sector (comprising education, health and public administration, accounting for 191,000 jobs), followed by wholesale and retail (106,000 jobs), and finance, professional and business services (93,000 jobs).

2.7 Between 2009 and 2013, Lancashire experienced high levels of growth and outperformed the national average in a number of key sectors including health and social work (+7,400 jobs, 8% growth); administration and support service activities (+5,500 jobs, 17% growth); and professional, scientific and technical activities (+4,500 jobs, 15% growth), although this was insufficient to compensate for the high levels of decline experienced in other sectors.

2.8 Over this period, the manufacturing sector declined by 12% (-11,100 jobs), and both the art, entertainment and recreation; and accommodation and food services sectors experienced employment decline (-5,800 jobs and -3,500 jobs, respectively) in Lancashire in contrast to low levels of growth nationally. Whilst remaining a significant employment sector in Lancashire, construction experienced a small decline of 4% between 2009 and 2013 (1,300 jobs).

## Business Base

2.9 In 2013 there were approximately 49,800 active businesses in the Lancashire LEP area – a business density of 54 businesses per 1,000 working age population compared to 59 nationally. If Lancashire matched the national average, there would be an additional 4,000 businesses. Lancashire's business size profile is generally in line with the national economy but with a slightly smaller proportion of micro businesses, and a slightly larger proportion of small businesses (employing 10-49 people) than the national average. The largest number of businesses were in the professional, scientific and technical sectors and construction, with over 5,000 businesses in each. Preston has the highest number of active businesses in Lancashire, followed by Lancaster, West Lancashire and Blackburn with Darwen.

## Productivity

2.10 Productivity has been a long term challenge for Lancashire and levels are currently equivalent to just 83% of the national average. In 2012, the Lancashire LEP area generated £24.7bn of GVA, the equivalent of £49,580 per FTE compared to £59,939 nationally.

2.11 GVA levels have risen by 15% since 2004, although this is substantially lower than the national increase of 25% over the same period. If Lancashire had kept pace with the national increase, GVA levels would be £2.7bn (11%) higher. As a recognised driver of productivity, an increased focus and requirement for higher level skills and occupations may help to address this challenge, although GVA growth will have to significantly outpace the national average to close the gap.

## Travel to Work Areas

2.12 The Lancashire economy does not sit in isolation. Figures from the 2011 Census show the travel to work patterns across all sectors, and demonstrate that the flow of people commuting out of Lancashire for work is slightly greater than the flow of people commuting in - 14% of residents (80,600 people) work outside of Lancashire while 12% of employment (66,900) is accounted for by in-commuters. These patterns in part reflect Lancashire's employment gap, as residents seek employment outside of the county. The most significant outward flows are to Manchester and Bolton (7,500 each), followed by Sefton and Wigan (6,700 and 6,400 respectively).

### Travel to Work Patterns 2011 (all sectors)

<i>Residents and place of work</i>			
	<b>Total Residents in Work</b>	<b>Inside Lancs.</b>	<b>Outside Lancs.</b>
Residents – No.	556,742	476,105	80,637
Residents – %	100%	86%	14%
<i>Workers and place of residence</i>			
	<b>Total Workers in Lancs.</b>	<b>Lancs. Residents</b>	<b>Reside Outside Lancs.</b>
Workers – No.	542,956	476,105	66,851
Workers – %	100%	88%	12%

Source: Census 2011

### Economic Ambition

2.13 Lancashire LEP has embarked on a 20-30 year journey to transform the Lancashire economy. Lancashire's Strategic Economic Plan (SEP) sets out an ambitious plan to create 50,000 new jobs, 40,000 new houses and add £3bn of additional economic activity to the Lancashire economy over a ten year period. This represents a step change for an economy which currently underperforms compared to the national average.

2.14 The overarching vision for Lancashire is to re-establish the area as an economic powerhouse and to build on current strengths and capabilities in key sectors to establish Lancashire as a national centre of excellence in advanced manufacturing and focus on other sectors and services where market demand is growing and long term prospects are positive. Achieving the SEP targets would enable Lancashire to outperform the national employment growth rate and increase the value of the LEP economy by 10% over the next 10 years.

2.15 Key features of the Growth Deal include:

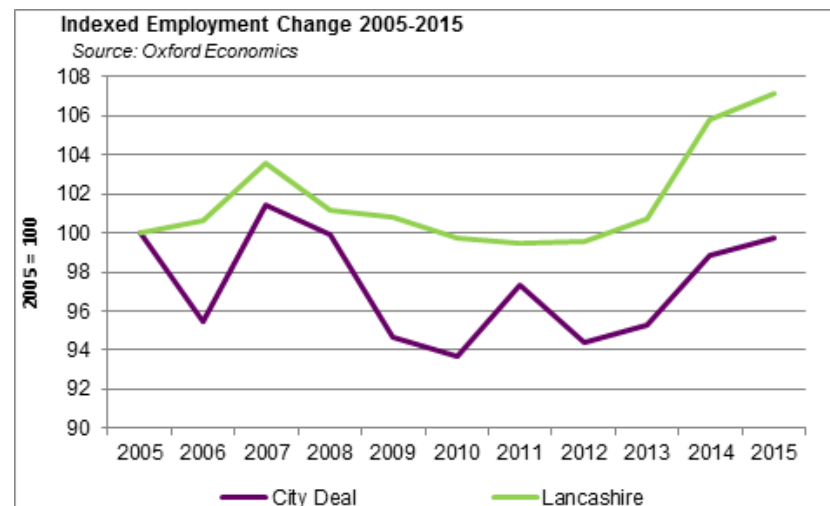
- releasing growth potential, with transport improvements to support job creation and enable the release of land for more homes and businesses;
- supporting the renewal and growth of Blackpool, with £9m to be invested in Blackpool to boost the visitor economy and improve housing standards; and
- growing the local skills and business base, including the development of Blackpool and Fylde College in preparation for a new energy HQ and support for the Business Growth Hub.

2.16 The City Deal area comprises the local authority areas of Preston and South Ribble. It is located in Central Lancashire and benefits from good mainline rail and motorway connections as well as a supply of strategically located development sites for both employment and housing use. As shown in the statistics below, it forms an important element of the Lancashire economy.

### Employment

2.17 As of 2015<sup>4</sup>, the City Deal economy provides 158,000 jobs accounting for 21% of employment in the Lancashire LEP, a proportion that has fallen two percentage points over the last ten years. This reflects static employment levels in the City Deal area over the period (with annual peaks and troughs), at a time when employment grew 7% Lancashire wide. If the City Deal area performed in line with the Lancashire average, there would be an additional 14,000 jobs in 2015.

2.18 Employment in the City Deal area has only recently returned to close to pre-recession levels while the Lancashire wide recovery has been quicker with 2005 employment levels exceeded in 2013.



### The City Deal Economy

2.19 Prominent employment sectors in the City Deal area are:

<sup>4</sup> Oxford Economics Forecasts, April 2015

- Human health and social work activities (24,500 jobs);
- Wholesale and retail trade, (24,100 jobs);
- Construction (19,600 jobs); and
- Manufacturing (11,200 jobs).

2.20 Significant investment, such as that proposed through City Deal, will be required to allow the area to substantially grow its economic contribution.

### GVA Contribution

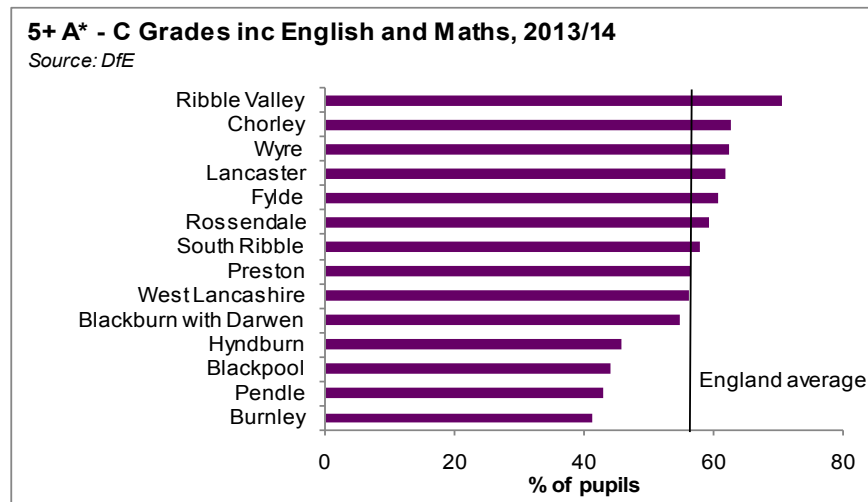
2.21 In line with their employment share, the City Deal authorities currently contribute 21% of Lancashire's Gross Value Added (GVA). As with employment, this contribution reduced between 2005 and 2015 with reductions focused in Preston. Preston's GVA per FTE is slightly lower than the Lancashire average (99% of Lancashire's).

### The Skills Context

#### Schools Performance

2.22 GCSE results for 2013/14 show that seven of Lancashire's local authorities perform above the England average with a significant range of GCSE achievement rates across Lancashire's local authority areas. The City Deal authorities are mid-performers in a Lancashire context and perform broadly in line with the national average.

2.23 Achievement rates in the City Deal authorities will help young people to prepare for accessing further education or employment. However, despite average performance in a Lancashire context, a considerable proportion of young people do not achieve the expected standards, which will have long-lasting implications for employment and skills challenges across the economy and may require investment beyond compulsory education to ensure employer skills needs are satisfied.



#### Post-16 Destinations

2.24 Statistics for 2011/12 show that the majority of pupils in Lancashire continued in education after the age of 16, with the 89% doing so being in line with the national average. Apprenticeships were more commonly selected (6% against 4% nationally) and 8% did not sustain an education destination (for the first two terms of the 2012/13 academic year) which again is slightly higher than the national figure.

#### Further Education Provision

2.25 Further education for young people and adults makes an important contribution to the overall level of skills within Lancashire's resident population. The data is drawn from two sources: the Statistical First Releases published by the Skills Funding Agency (SFA) and the Department for Business, Innovation and Skills, and the SFA's Data Cube.<sup>5</sup>

<sup>5</sup> The data contained on the Data Cube was analysed under the terms of ekosgen's data sharing agreement with Lancashire Enterprise Partnership and the Skills Funding Agency. The agreement states that the Data Cube data must not be externally published, although following analysis of the data, it is permitted to make narrative statements about what it shows, such as trends over time, percentage change in the take up of particular provision etc. Data which is included in reports for publication must be drawn from publicly available data, such as that contained in the Statistical First Release publications.



2.26 The data included on the Data Cube counts the number of learning aims, rather than the number of learners, reflecting the fact that learners can be following numerous programmes of study at the same time, which may be at different qualification levels and cover different subject areas. The figures suggest that approximately 300,000 learners are entering and leaving FE provision per annum.

Learners Resident in Lancashire		
Category	Definition	No. of learning aims
Achievements	The number of learning aims, or apprenticeship frameworks, that have been achieved.	245,700
Enrolments	Number of apprenticeship framework/learning aim enrolments. An enrolment indicated that the learner was on an apprenticeship framework or learning aim at some point during the period covered by the dataset.	335,000
Leavers	The number of learning aims, or apprenticeship frameworks, that have a learning actual end date.	301,100
Starts	Number of apprenticeship framework/learning aim starts.	298,400

Source: Data Cube

Note: Starts based on learners with a 2013/14 start date and Achievements and Leavers based on learners with a 2013/14 leave data. Enrolments capture all learners who were learning in 2013/14.

2.27 Supporting learners to understand the range of employment opportunities currently available in the local area and anticipated in the future will be important to generate a workforce of sufficient scale and skills to support growth and personal career progression. The FE sector is expected to play an important role in providing an appropriately skilled young workforce so will require knowledge of the employment opportunities to be created at a high level and of specific sector/employer requirements in order to be responsive.

### 19+ Provision

2.28 There were 181,490 learner aim starts in Lancashire in 2013/14, a 1% decrease overall from the previous year. There were significant numbers of learning aims with regard to health, public services and care, ICT and arts media and publishing as well as business and administration.

Learner Aim Starts aged 19+ by sector					
	2012/13		2013/14		Change
	No.	%	No.	%	No.
Preparation for Life and Work	63,500	35%	71,070	39%	12%
Health, Public Services and Care	22,830	12%	21,770	12%	-5%
ICT	16,290	9%	16,380	9%	1%
Retail and Commercial Enterprise	13,640	7%	13,850	8%	2%
Arts, Media and Publishing	13,050	7%	11,590	6%	-11%
Business, Administration, Law	9,150	5%	8,310	5%	-9%
Construction, Planning and the Built Environment	8,660	5%	8,110	4%	-6%
Engineering and Manufacturing Technologies	6,120	3%	6,370	4%	4%
Languages, Literature, Culture	6,260	3%	5,340	3%	-15%
Leisure, Travel and Tourism	5,600	3%	4,510	2%	-19%
Education and Training	3,110	2%	3,260	2%	5%
Science and Mathematics	2,160	1%	2,160	1%	0%
Agriculture, Horticulture and Animal Care	2,190	1%	2,050	1%	-6%
History, Philosophy and Theology	1,610	1%	1,490	1%	-7%
Social Sciences	610	0%	430	0%	-29%
Unknown	6,740	4%	1,820	1%	-73%
Not Applicable	1,610	1%	2,970	2%	84%
<b>Total</b>	<b>183,100</b>	<b>100%</b>	<b>181,490</b>	<b>100%</b>	<b>-1%</b>

Source: Data Cube

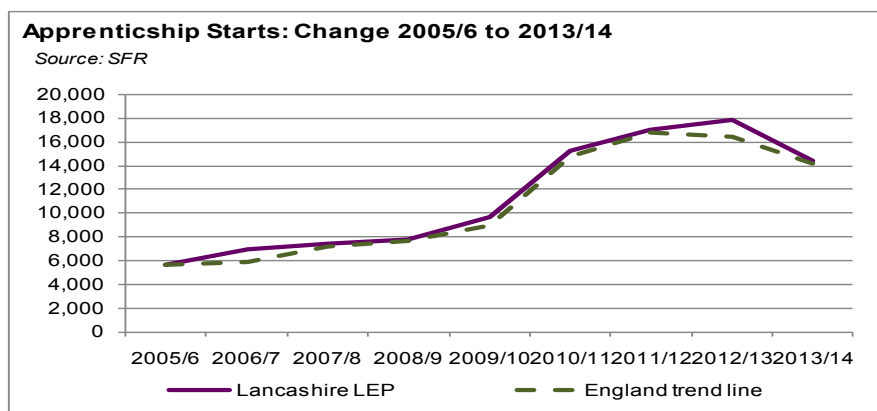
2.29 When viewed against economic forecasts (see Section 5), it is important that engineering and manufacturing; construction, planning and the built environment; and training linked to the other growth sectors are maintained if Lancashire as a whole and the City Deal area are to achieve target growth rates.



## Apprenticeships

2.30 Following a significant campaign to raise awareness and take up, government figures show that more school leavers are choosing to embark on apprenticeships in England, and the construction sector is a major exponent of these. In a 12 month period between March 2013 and 2014, the number of 16 to 17 year olds entering apprenticeship programmes jumped from 41,738 to 49,228 – an increase of 15%. Similarly in Lancashire, there has been a clear increase in total apprenticeships, peaking in 2012/13 – an uplift of 200%.

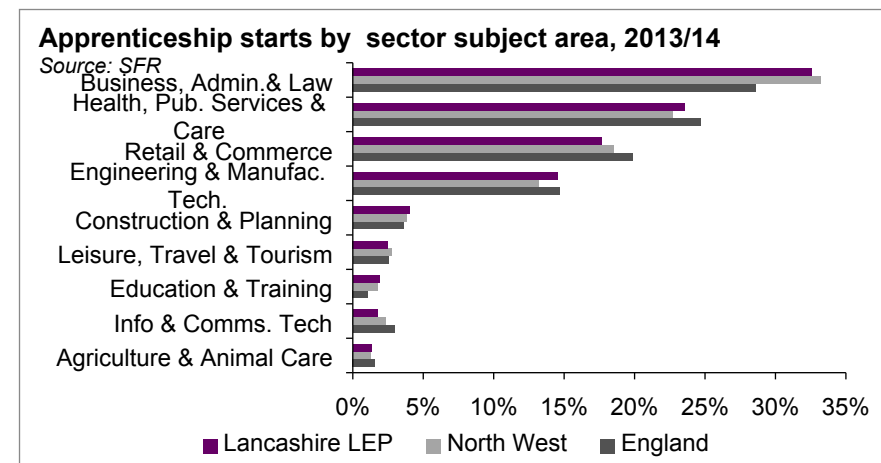
2.31 Since 2010 there has been a marked increase in apprenticeship starts by Lancashire residents, in line with national policy. The peak of apprenticeship starts across all sectors was in 2012/13 before falling in the following year. This reduction in overall starts was a result of fewer advanced level apprenticeship starts, which experienced a 42% decrease. This will at least in part reflect changes to 24+ advanced learning loans introduced from 2013/14.



2.32 Lancashire is similar to the national profile in terms of apprenticeship starts by sector, however business, administration and law are proportionately higher. When combined with health, public services and care; and retail and commercial these sectors account for almost 75% of apprenticeship starts in Lancashire.

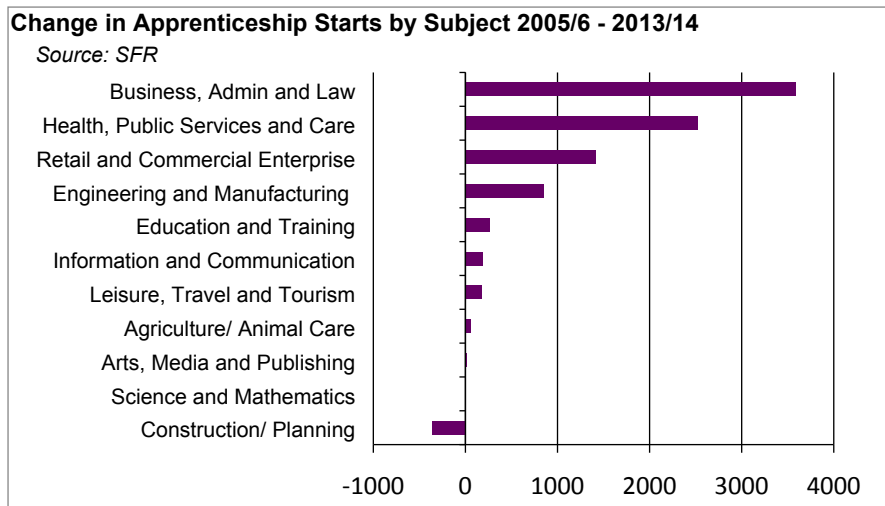
2.33 Manufacturing accounts for 15% of apprenticeships which reflects the importance of the sector. The similarly important construction sector is not however supported by a higher than average number of apprentices, with its number of starts being relatively small. In 2013/14 there were 1,090 apprenticeship starts in construction, planning and the built environment which equates to just 3.8% of total

starts. When compared to regional and national figures, Lancashire has a slightly higher percentage of starts in Construction and Planning related apprenticeships, however this is still disproportionate to the size of the business base and employment in the sector locally.



2.34 As demonstrated in the following figure, apprenticeship starts in construction have decreased in absolute terms in Lancashire between 2005/06 and 2013/14. This is likely to reflect the general trends in construction employment which peaked prior to the recession in around 2007. However as the industry has picked up following wider economic improvements, providers of construction apprenticeships say interest is climbing again.

2.35 With construction apprenticeships being recognised as a well-regarded training route to employment in the sector and with major regional construction projects in the pipeline (see Section 6), there is a clear opportunity to boost apprenticeship starts in the sector to ensure that a skilled workforce is established of significant scale to deliver both City Deal and wider development ambitions.



2.36 The other areas where apprentice numbers could be increased and which are particularly relevant to the City Deal partnership are ICT; arts, media and publishing; and leisure, travel and tourism.

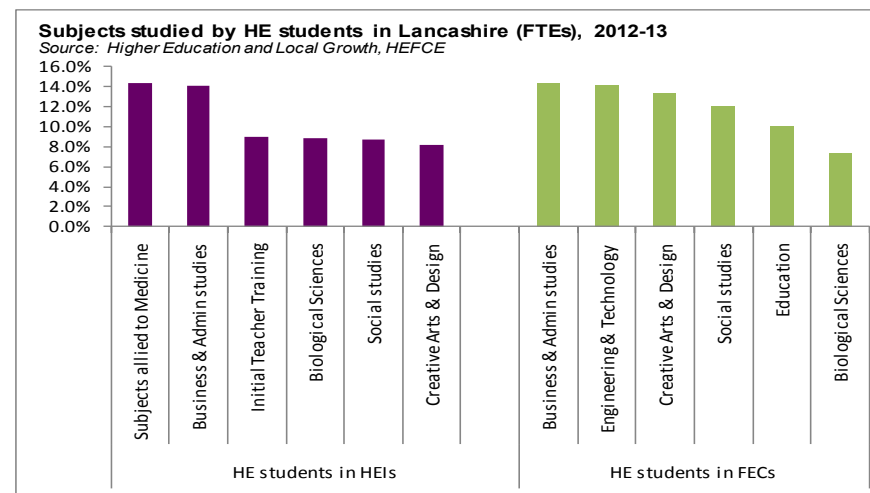
2.37 Employer numbers in ICT and arts, media and publishing are likely to be smaller than other sectors and many employers will be micro businesses. Increasing apprenticeship numbers may require additional assistance by local agencies. There remains a challenge of persuading and supporting more employers across all sectors of the economy to provide apprenticeship places, even in industries where the tradition of apprenticeships is strong and where skills shortages are a feature of the labour market.

**Higher Education Provision**

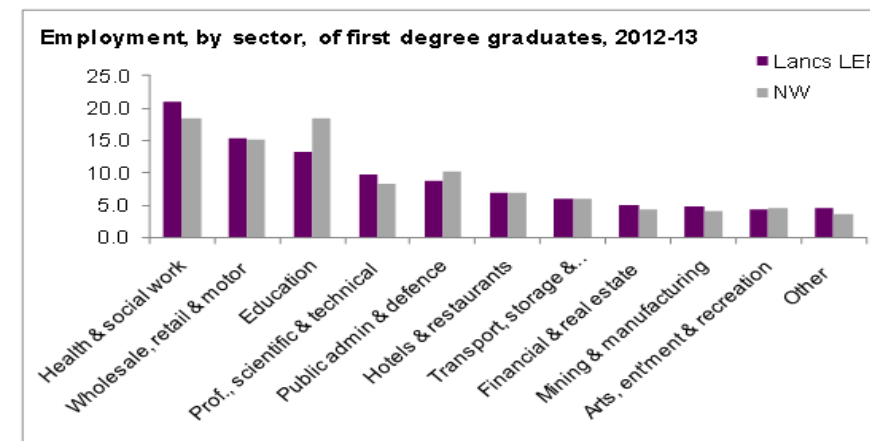
2.38 Higher education (HE) provides a regular supply of well qualified young people, although employers tend to draw from a range of institutions rather than solely local providers. Over 66,000 full time equivalent students are registered with higher education institutions located within the Lancashire LEP area, over 20% of which are post-graduate students.

2.39 Data for 2012/13 shows that while numbers were substantial in relation to many of the service sector growth industries, a much smaller percentage were enrolled in courses related to architecture, building and planning, accounting for 1.3% in higher education institutions and 1.7% in further education colleges, and

2.2% of students enrolled in courses related to engineering and technology, which is a key supporting subject for the construction industry.



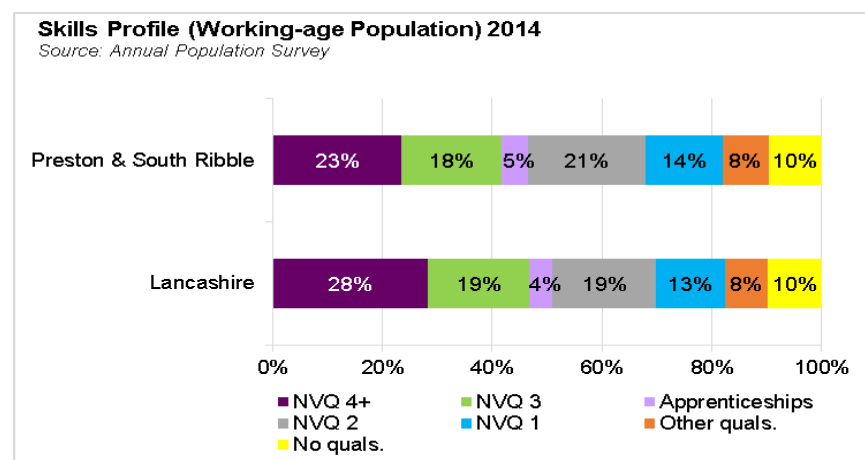
2.40 Wider subject provision will support the development of a workforce to occupy positions in priority sectors (e.g. business and admin studies for financial and professional services and creative arts and design for digital creative) and overall employment growth ambitions.



2.41 Potential investors and occupiers require an understanding of the scale and breadth of local HE provision. A strong HE base, generating a pool of highly skilled workers and that can build effective relationships with industry, will be an attractive feature, particularly where provision supports the growth of priority sectors (see Section 2). Promoting provision will also help to attract high quality students to Lancashire’s institutions and, aligned with the ambition of growth plans, help to retain graduates and attract skilled workers in from higher education institutions outside Lancashire to find work and progress their careers.

### Adult Skills

2.42 Preston and South Ribble has a lower proportion of highly skilled residents than Lancashire as a whole. Across Lancashire, 47% of working age residents hold Level 3 qualifications or above compared to 41% in Preston and South Ribble. In contrast, the City Deal area has a slightly higher proportion of residents with apprenticeships and NVQ 2 skills.



2.43 The Lancashire economy has experienced significant turbulence through the recession and subsequent period of recovery. Reducing dependence on the public sector where further job losses are anticipated and building a diversified private sector economy are important considerations for the future as well as seeking ways to improve productivity.

2.44 As of 2015<sup>6</sup>, the City Deal economy provides 158,000 jobs accounting for 21% of employment in the Lancashire LEP, a proportion that has fallen two percentage points over the last ten years. This reflects static employment levels in the City Deal area over the period (with annual peaks and troughs), at a time when employment grew 7% Lancashire wide. If the City Deal area performed in line with the Lancashire average, there would be an additional 14,000 jobs in 2015.

2.45 The City Deal area will play an important role in delivering change. It already forms a significant element of the County’s economy but has seen its contribution decline in recent years with employment only recently returning to pre-recession levels. It has significant sectoral strengths to build on, including in construction.

2.46 While GCSE attainment in Lancashire is variable, the City Deal authorities perform close to the national average with strong progression into continued education and higher than average uptake of apprenticeships suggesting enthusiasm for learning. This does not currently translate through into a strong adult skills base with qualifications held typically lower than Lancashire wide.

2.47 The varied skills provision base can support residents to access and progress through qualifications and subsequently employment in a range of sectors and occupations. Lancashire’s HE base is a strength that will require promotion to attract both high quality students and investment that typically follows a strong graduate base. Building skills within the current workforce is however likely to be necessary as employer skills demands increase over time (see Section 5). Ensuring providers are aware of anticipated future growth areas and associated skills requirements will be important to ensure provision is responsive and the scale and breadth of demand is satisfied.

## Conclusions

<sup>6</sup> Oxford Economics Forecasts, April 2015

### 3 Key Sectors

#### Key Findings

- Six priority sectors – advanced engineering; energy and environment; professional, financial and business services; creative, digital, media and IT; logistics; and visitor economy – are expected to form the focus of growth opportunities in Lancashire.
- In a City Deal context, the most relevant priority sectors are:
  - Business, finance and professional – with the largest concentration of activity in Lancashire based around Preston and South Ribble.
  - Manufacturing – including being home to BAE Systems and the adjacent Samlesbury Enterprise Zone.
  - Energy – with South Ribble accounting for a third of Lancashire’s energy and environmental technologies employment.
  - The visitor economy – including Preston City Centre as an important attractor of visitors.
- Specific skills needs have been identified to affect each of the priority sectors but cross-cutting issues include ensuring the work readiness of new recruits, the offer of high quality of information, advice and guidance to inform career decisions and securing a strong supply of well qualified potential recruits.
- Lancashire accounts for a significant proportion of the North West construction business base at 22%, while Preston and South Ribble account for 18% of Lancashire’s construction business base.
- Construction is an important employer in the City Deal area economy. In 2013 Preston and South Ribble had a workplace employment figure of 14,259 in the construction sector, some 10% of the workforce compared to less than 6% across Lancashire.

#### Lancashire’s Priority Sectors

3.1 The Strategic Economic Plan identifies six priority sectors to sit at the core of the Lancashire economy, from the perspective of current scale and/or opportunities for growth. They are:

**Advanced engineering:** building on the presence of world class Original Equipment Manufacturers and an extensive supply chain. Aerospace plays a leading role in using new materials and production processes to maintain Lancashire’s strong contribution to UK trade.

**Energy and environment:** an important employer with new opportunities anticipated in energy production, waste management and environmental services to provide a major source of new employment over the next twenty years.

**Professional, financial and business services:** the main source of private sector employment in Lancashire at present, with clusters of employment in Preston, South Ribble, Lancaster, Skelmersdale, Burnley and rural Fylde, and home to both national and regional companies in key sub-sectors.

**Creative, digital, media and ICT:** opportunities identified to build on a number of emerging centres as well as a strong representation in many rural parts of the County, with new entrepreneurs taking advantage of the quality of life and the opportunity to work from or close to home in inexpensive offices and workshops.

**Logistics:** benefiting from the strategic road network and large sites available for distribution and logistics centres, as well as the county’s location as the gateway to the Scottish economy.

**Visitor economy:** combining coast, country, outdoor and heritage assets, offering a product and support services which meet the increasing demand, both domestic and international, for high quality leisure activities.

3.2 These sectors will be the main source of wealth generation in Lancashire’s future economy. Other sectors, such as retail, health, education and transport, will also play a role in providing the services needed to support strong local economies and communities.

3.3 The four priority sectors with the greatest relevance to the City Deal economy are business, finance and professional services, manufacturing, energy and the visitor economy. The current scale of each of these sectors in Lancashire is considered below, as well as the baseline of activity within the City Deal area.

## **Business, Finance and Professional Services**

### **Scale of the Sector**

3.4 The business, finance and professional services sector plays an important role in Lancashire's economy, employing 82,000 people (13% of total employment) and contributing £5.6bn GVA (22%) to the economy. The sector is particularly important for the City Deal area, with the largest concentration of activity in Lancashire being based around Preston and South Ribble. Dominant sub-sectors in Lancashire are legal and accounting activities, employment activities and real estate. The only sub-sector which is above the national average in terms of concentration is legal and accounting.

3.5 Lancashire has 10,200 financial and professional services businesses, which account for 22% of the business base. Key employers include National Savings and Investments, the Co-operative Bank and Chesnara Plc. The business size profile is generally consistent with the national profile, however notably two thirds of the sector's turnover is accounted for by medium sized businesses.

3.6 More than four fifths (82%) of employees in the FPS sector nationally are employed full-time, compared to 73% across the whole economy. Associate professional and technical and administrative and secretarial occupations are highly represented in the financial and professional services sector, accounting for 40% of the workforce.

3.7 In the business, financial and professional service sector, there were over 2,000 vacancies posted in Lancashire in 2014, an increase on the previous two years. A large percentage of these were in computer programming activities with around half of all vacancies in the sector (1,060). The next highest were in non-life insurance and insurance (290 and 100).

### **Known Skills Needs**

3.8 As in other industries, employment growth and technological change are key drivers in demand for skills in the sector. Skills requirements in the sector cover both technical skills such as IT, analytical skills, legal, risk and change management as well as generic skills such as interpersonal and problem solving skills. There is a recognised shortage of skilled specialists and new recruits to the sector are often deemed not to be work ready, requiring early action to allow people to adapt to new roles.

3.9 The recession and wider perception issues have impacted on recruitment to parts of the sector. This is particularly true of financial and insurance services which has resulted in a limited supply of skilled workers.

## **Manufacturing**

### **Scale of the Sector**

3.10 Manufacturing is a further key sector within the Lancashire economy, employing over 80,000 people and contributing 20% of total GVA. A high proportion of activity is classed as advanced manufacturing, accounting for three quarters of total manufacturing employment, and 13% of GVA. Preston and South Ribble is home to BAE Systems, one of the UK's most important manufacturing and exporting companies, based next to the Samlesbury Enterprise Zone.

3.11 Manufacturing makes up a significant proportion of the business base in Lancashire, with 3,400 businesses, of which 2,100 are within the advanced manufacturing sector. As is the general economic profile, the majority of businesses in manufacturing are micro businesses, however 20% of Lancashire's large businesses are in the manufacturing sector.

3.12 Lancashire's specialism in manufacturing is supported by a location quotient of 1.4 overall, with particularly high representations in the sub-sectors of manufacture of leather and related products (LQ of 7) and manufacture of other transport equipment (LQ of 5), predominantly aerospace.

3.13 In line with national trends, 10,000 job losses occurred in the advanced manufacturing sector between 2009 and 2013 (accounting for 90% of losses in the manufacturing sector), representing a decline of 15%. Further, the manufacturing sector is forecast to continue to decline over the next 15 years with intervention required to stem losses, particularly in advanced manufacturing.

### **Known Skills Needs**

3.14 Despite falling employment rates in the manufacturing sector, there are continued skills shortages, with 4,000 vacancies between June 2014 and June 2015. The most common vacancies were for engineering technicians, welding trade roles and production managers, however they covered a broad range of roles. The main skills requirements by employers were industry experience, knowledge of machinery, experience in sales, repair and CAD. This in part reflects an ageing workforce representing a large proportion of the current employee base (45% of employees are aged 45 to 64 compared to 40% economy wide and only 18% are



aged 16 to 29 against an economy wide average of 24%) that will need replacing with suitable skilled personnel in the coming years.

3.15 Changes in technology are also expected to have a significant influence on the demand for skills, as manufacturing industries increasingly seek employees with technologically advanced and industry specific skills such as Computer Aided Design (CAD) and 3D printing. The advanced manufacturing sector has one of the highest levels of skills shortage vacancies in Lancashire.

## Energy Sector

### Scale of the Sector

3.16 The energy sector employs over 40,000 people in Lancashire, equating to 7% of the workforce. The sector has experienced employment growth in recent years, increasing from 2009 before levelling off in 2011. A third of energy and environmental technologies employment is located in South Ribble, which reflects the wider characteristics of the district and the presence of large companies.

3.17 Key energy sub-sectors in Lancashire include nuclear, offshore gas, oil and wind, onshore wind, waste recovery and environmental technology and manufacture. Sub-sectors which are significantly overrepresented in the area are construction of utility projects for electricity and communications (6,900 employees/LQ 31.2), the production of electricity (1,300 employees/ LQ 1.9) and the processing of nuclear fuel (1,300 employees, LQ 5). These notable sub-sectors are contributed to by the presence of several key employers such as Springfield Fuels, EDF and AMEC PLC.

3.18 The largest occupational category in Lancashire's energy sector is skilled occupations with 34% of the workforce. The next highest are managers, directors and senior officials with 18%, followed by process, plant and machine operatives with 14%.

### Known Skills Needs

3.19 The sector is recognised to face several significant skills issues which are expected to increase in importance in coming years. Issues include reliance on an ageing workforce, causing high levels of replacement demand, and the low number of young people specialising in engineering (an issue that is recognised nationally). Further, the widening of job roles often requires recruits to possess multiple skills but there is also demand for specific technical skills as technology applied in the sector becomes more specialised.

## Visitor Economy

### Scale of the Sector

3.20 The visitor economy sector employs over 50,000 people which equates to 8% of total employment in Lancashire. A high proportion of this activity is centred around Blackpool, but it is represented across the county. When looked at through its sub-sectors, the largest source of employment is food and drink, followed by accommodation and sports and recreation, which account for 92% of the sector's employment. Other sub-sectors which are relatively overrepresented in Lancashire include amusement and theme parks, (LQ 2.4), event catering activities (LQ 1.8) and other amusement and recreation activities (LQ of 1.6).

3.21 There are 3,800 businesses operating in this sector in Lancashire, which account for 8% of the total business base. As in the wider economy, these are predominantly micro and small businesses with fewer than 50 employees.

3.22 Due to the nature of the industry, a significant proportion of the workforce are young people, with 34% of workers being under the age of 30 compared to 24% on average in Lancashire. The most common occupation in the Lancashire visitor economy is sales and customer service staff, accounting for nearly a quarter (24%) of the workforce.

### Known Skills Needs

3.23 A series of skills and employment challenges have been identified to impact on the sector, in part reflecting the seasonal and transient nature of some employment. Key points to note are:

- High staff turnover – reflecting the seasonality of employment and a high proportion of young people working in the sector. This can act as a disincentive to invest in workforce training, resulting in skills gaps.
- High vacancy numbers – due to high staff turnover, with 17% of hotels and restaurants reporting vacancies, although fewer vacancies are classified as hard to fill than in other sectors. Employers are often looking for employees with the 'right attitude', rather than specific skills.
- Skills gaps are common – with hotels and restaurants accounting for 12% of all employers in the LEP reporting skills gaps. Soft skills, such as customer service skills and effective communication with colleagues, are particular priorities.

- Poor pay and conditions – are expected to continue to impact on recruitment in the sector as the economy recovers and competition for workers increases.

### Cross Priority Sector Skills Challenges

3.24 Work readiness of new recruits is regularly highlighted by employers as a skills issue, with many candidates lacking key skills such as communication and interpersonal skills, as well as an appropriate attitude towards work. Many industries also have a skills challenge of requiring occupations with both specialist skills sets and wide-ranging abilities to be flexible to changing ways of working.

3.25 Given the scale of employment growth envisaged by City Deal partners and the move toward a higher skilled and well qualified workforce, it will be important that:

- Young people leave school with good qualifications and move on to appropriate academic and vocational training. This will need to be accompanied by strong STEM performance and high quality IAG at an early stage.
- FE Colleges are equipped to provide a regular cadre of well qualified and motivated young people for the growth sectors, particularly those with STEM requirements.
- Apprenticeship numbers are increased to provide a well trained younger workforce in sectors where apprenticeships have a strong tradition as an entry level route to skilled employment.

3.26 It is important that education and training providers anticipate the changes in the economy and the increasing demand from employers for well qualified work ready young people.

### The Role of the Construction Sector

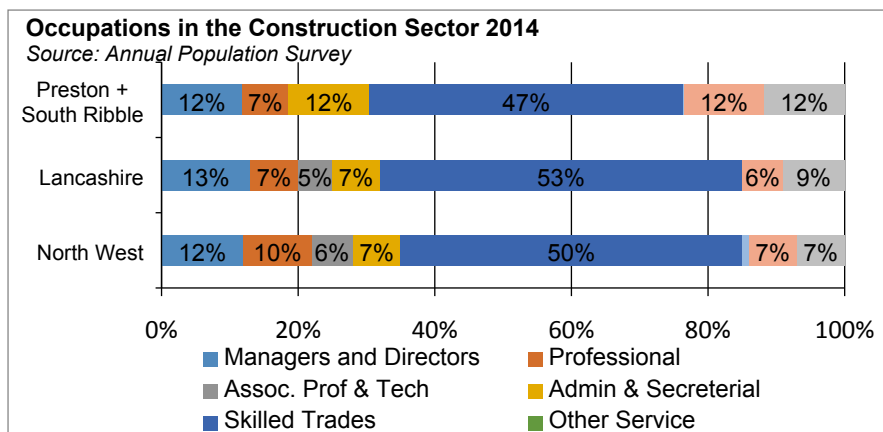
3.27 Although not a priority sector, construction has an important role to play in the Lancashire economy both in its own right and to support growth in other sectors. It also has an important role to play in the City Deal area due to existing concentrations of employment and the development opportunities to be created (see Section 6 for further details). The sector's current composition is therefore considered here to provide context for the delivery of City Deal activity.

3.28 Lancashire accounts for a significant proportion of the North West construction business base at 22%, compared to 21% of businesses across all sectors. Similarly Preston and South Ribble account for 18% of Lancashire's construction business base, compared to 17% across all sectors. Therefore construction is slightly overrepresented in Lancashire compared to the North West, and in Preston and South Ribble compared to Lancashire.

3.29 The construction sector is dominated by micro-businesses of fewer than 10 employees. Whilst the UK Business Count shows there are no construction businesses with over 100 employees in Preston and South Ribble, a number of significant construction companies do have a presence in the City Deal area (including their headquarters in a number of cases), such as Eric Wright Group, Kiernan Construction, Conlon Construction and John Turner Construction Group.

3.30 Construction is an important employer in the City Deal area economy. In 2013, Preston and South Ribble had a workplace employment figure of 14,259 in the construction sector, which equates to 10% of the workforce. This is a significantly higher proportion than regionally and nationally, for example across Lancashire less than 6% of total employment is in construction (35,328). Whilst the City Deal area accounts for 23% of Lancashire's total employment, it accounts for 40% of construction employment.

3.31 The predominant occupation in the construction sector is skilled trades, such as bricklayers and roofers, although the share of employment in Preston and South Ribble is slightly lower than the Lancashire figure, at 47% compared to 53%. Preston and South Ribble are slightly higher than the Lancashire figure for administrative and secretarial occupations, process, plant and machinery operatives and elementary occupations (i.e. typically the lower skilled, lower paid categories of employment). Professional and associate professional and technical occupations are under-represented in the City Deal area relative to regional figures.



## Conclusions

3.32 The priority sectors have an important role to play in Lancashire’s economy both at present and in the future. Recognising existing assets can help to inform employment and skills initiatives and ensure that businesses and individuals are prepared to take forward growth opportunities.

3.33 Skills challenges are evident across the priority sectors with intervention required to allow them to be overcome and growth to be secured. Ensuring employers and training providers work together to determine requirements will be important to overcome existing skills challenges and other challenges that may arise over time.

3.34 Looking beyond the identified priority sectors, Lancashire accounts for a significant proportion of the North West construction business base at 22%, while Preston and South Ribble account for 18% of Lancashire’s construction business base. Construction is an important employer in the City Deal area economy. In 2013 Preston and South Ribble had a workplace employment figure of 14,259 in the construction sector, which equates to 10% of the workforce. This is a significantly higher proportion than regionally and nationally, Lancashire has less than 6% of total employment in construction (35,328). Opportunities for businesses and individuals in the City Deal area to capture benefits from supported activities could therefore be considerable, subject to adequate awareness and planning. Recognising construction as a priority sector for the City Deal area will be an important step forward in acknowledging the sector’s local value and ensuring initiatives are designed to support the sector’s growth.



## 4 The City Deal Programme

### Key Messages

- City Deal represents an important opportunity to deliver transport infrastructure and drive forward employment and residential development across priority sites and locations in Preston and South Ribble.
- Over a ten year period, the ask to government document forecast that the investments and flexibilities would generate more than 20,000 net new private sector jobs, including 5,000 in the Lancashire Enterprise Zone and 17,420 new homes.
- There is an issue of the timing of benefits. In effect new investment will begin to have an impact from year three onwards, rather than from year one of the agreement. This reflects the City Deal focus on infrastructure investment.
- City Deal investments will unlock a considerable programme of development activity on priority sites. Plans are in place to deliver over 1 million m<sup>2</sup> of new employment floorspace and 16,950 homes over a 10 year period, a significant uplift on recent commercial and residential development levels.
- The major opportunities are in North East Preston and Preston City Centre, and Samlesbury EZ and Cuerden in South Ribble. These locations offer considerable potential to accommodate advanced engineering companies, logistics and distribution businesses and office based accommodation for high growth service sector activities.
- While Preston City Deal is expected to deliver early in the ten years, reflecting the timing of City Deal investment, the South Ribble contribution is expected to be greater in the second five year block, and is dependent on Cuerden delivering significant employment land from 2019/20 onwards.
- The increase in housing completions envisaged by local partners will require the availability of attractive sites and a very active and significant housing development industry.
- The proposed scale of new commercial and residential development is significantly higher than at any time in the past six years. It may take some time to establish the momentum needed to deliver the quantum of development.

### The City Deal in Preston, South Ribble and Lancashire

4.1 The Preston, South Ribble and Lancashire City Deal was the first of 20 second wave agreements, signed in September 2013. The City Deal was developed by local partners to drive forward local growth by empowering the area to make the most of its economic assets and identified opportunities. City Deal status is valid for ten years from 2013/14 to 2023/24.

4.2 Over the period, the ask to government document forecast that the requested investments (£334m) and flexibilities would generate:

- More than 20,000 net new private sector jobs, including 5,000 in the Lancashire Enterprise Zone;
- Nearly £1 billion growth in Gross Value Added (GVA);
- 17,420 new homes; and
- £2.3 billion commercial investment leveraged.

4.3 Given the emphasis on transport infrastructure improvements and the time needed to complete work, there is an issue of the timing of benefits. In effect new investment will begin to have an impact from year three onwards, rather than from year one of the agreement.

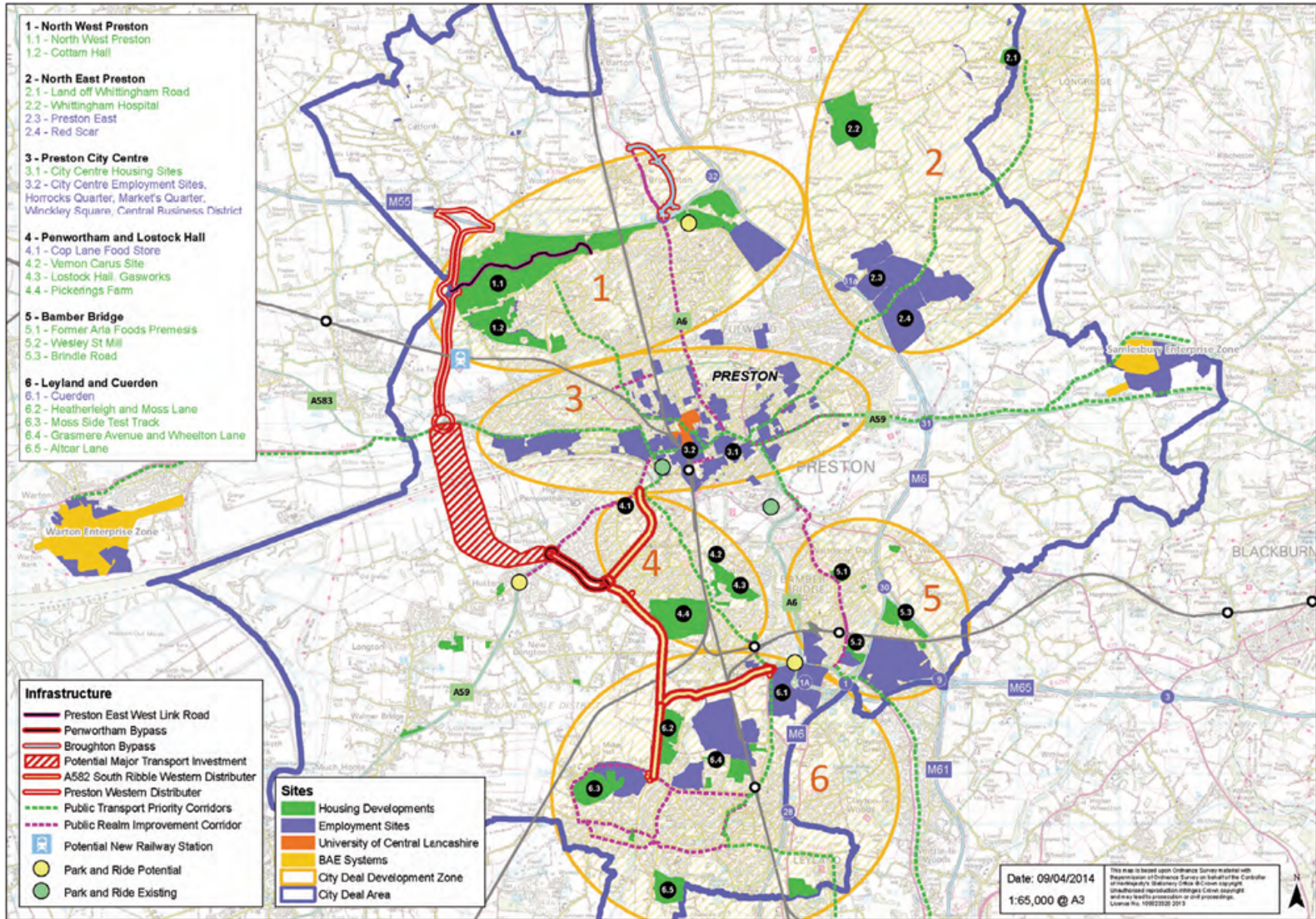
4.4 To achieve the targets, investments are focusing on the development of strategic transport infrastructure and bringing forward strategic sites to deliver both employment and housing growth. The core economic challenge that needs to be addressed is the need for critical infrastructure – a considerable programme of investment is required to overcome barriers to further sustainable housing and employment growth. Insufficient capacity on the highway network has been identified as a particular challenge. The City Deal investment will provide South Ribble and Preston with a 20 year land supply for commercial and residential development.

City Deal Investment Proposals		
	Overview of Activity	Costs £m)
<b>Major Highways/Transport Schemes</b>		
East-West Link Road	Introduction of an east-west link to connect the North West Preston housing area to the Preston Western Distributor.	9.8
Preston Western Distributor	A new road to link the A583/A584 to the motorway through a new junction on the M55 (including to improve access to the Warton Enterprise Zone) plus the provision of new link roads to proposed housing areas in Cottam and North West Preston.	104.5
Cottam Parkway	Development of a new 'parkway' style railway station to serve the North West Preston housing area and provide park and ride opportunities through car access from the Preston Western Distributor to Preston, Manchester, Liverpool, Blackpool.	15.0
Broughton	Introduction of a new bypass supporting congestion relief and improvements to M55 J1 and M6 J32. The scheme will support housing and employment land development in East Preston.	33.999
Preston Bus Station	Refurbishment and regeneration of the bus station and multi-storey car park to create a public service hub, including the creation of a refreshed bus station, a new Youth Zone and enhanced public realm.	23.342
Pickerings Farm Link Road	Introduction of a link road to connect the A582 Penwortham Way and the B5254 Leyland Road, to potentially include a new (or alternatively an improved) bridge across the West Coast Main Line, supporting a major development scheme.	4.5
Moss Side Test Track	Development of road infrastructure on the former Leyland Motors test track to enable residential development on the site.	2.05
Heatherleigh and Moss Lane Spine Road	Provision of a spine road through the Croston Road site to link the Flensburg Way roundabout with Croston Road and Heatherleigh to provide access to a housing development site.	1.0
Cuerden	Introduction of strategic site road infrastructure to unlock this major development site and allow development to commence.	5.05
South Ribble Western Distributor	A series of interventions to reconfigure junctions (at Chain House Lane, Golden Way, Stanfield roundabout, Tank roundabout and the Croston roundabout) and dual sections of the route (on the A582 from Cop Lane Bridge to the Broadoak roundabout, A582 Golden Way) to support the development of and access to the Cuerden site.	44.671
Penwortham By-pass	Completion of the Penwortham by-pass to complement the South Ribble Western Distributor capacity improvements and connect through to Ringway.	17.5
New Ribble Bridge	Designed to complete the Preston Western Distributor network between the M55 near Bartle and the M65 at Cuerden to relief pressure on the network in and around Riversway.	2.0
Other South Ribble Schemes	Details to be determined later in the programme.	5.0
<b>Major highways sub-total</b>		<b>268.412</b>
<b>Local Highways and Public Realm Schemes</b>		
Green infrastructure	Provision of green infrastructure to support development in North West Preston.	5.256
Fishergate Central Gateway	Investment in high quality public realm including re-configuration of gateways to improve connections to the bus station and rail station as well as catalyse private sector investment in the city centre.	6.914
Public Transport Corridors and Local Centres – Preston	<b>Broughton/Fulwood (north of the M55)</b> – delivery of public transport, cycling and walking improvements along the A6 – one of the main routes into Preston City Centre from the north. Improvements may include more road space, redesigned junctions and public realm improvements. The corridor will also benefit from the introduction of the Broughton bypass.	12.125
	<b>Broughton/Fulwood (south of the M55)</b> – delivery of public transport, cycling and walking improvements to the southern stretch of the A6. Improvements may be as described above.	

	<p><b>North West Preston/Cottam/Ingol/City Centre corridor</b> – the B5411 is one of the main routes into Preston City Centre from the north west. Improvements remain to be confirmed but will mirror the proposals above. This corridor will also benefit from the introduction of the Preston Western Distributor and East West link road.</p> <p><b>Warton to Preston Western Distributor</b> – the corridor from Warton to Samlesbury will benefit from public transport, cycling and walking improvements. The scope of works remains to be confirmed but will mirror the items outlined above. This corridor will also benefit from the Preston Western Distributor.</p> <p><b>Longbridge/Grimsargh/Ribbleton/City Centre</b> – this scheme will improve the B6243 – one of the main routes into Preston City Centre from the north east – to support public transport use, cycling and walking.</p> <p><b>Fishergate/Winckley Square</b> – refurbishment of the Winckley Square Gardens and public realm improvements to retail areas leading on to the square.</p>	
Public Transport Corridors and Local Centres – South Ribble	<p><b>Hutton to Higher Penwortham/City Centre</b> – improvements to the A59 – one of the main routes into Preston City Centre from the west – to potentially include more road space, redesigned junctions and public realm improvements. The corridor will also benefit from the delivery of Penwortham by-pass and the South Ribble Western Distributor.</p> <p><b>North of Lostock Lane – Lostock Hall</b> – this corridor is one of the main routes into Preston City Centre from the south and will benefit from improvements to support greater public transport use, cycling and walking. The corridor will also benefit from delivery of the South Ribble Western Distributor.</p> <p><b>South of Lostock Lane</b> – a programme of improvements to potentially include providing more road space, improved junctions and public realm improvements to a main route into Preston City Centre from the south.</p> <p><b>Bamber Bridge/City Centre</b> – improvements to the A6/B5258 to enhance the experience of public transport users, cyclists and walkers on a main route into Preston City Centre from the south. The corridor will also benefit from delivery of the South Ribble Western Distributor.</p>	12.125
<b>Local enhancements sub-total</b>		<b>36.420</b>
<b>Education and Community Infrastructure</b>		
Community infrastructure – Preston	<p>Schemes identified to date are: <b>Guild Wheel Upgrade Link, Lancaster canal towpath/cycleway, Grimsargh Green</b> – and <b>East Cliff Cycle Link</b></p> <p>Allowance has also been made pre-development stage works at this point in the programme to explore opportunities for community provision across the City Deal area.</p>	4.944 major sites 8.031 other
Education infrastructure – Preston	Scheme details remain to be determined but expected to include the provision of new schools to cater for a growing population.	28.495
Community infrastructure – South Ribble	<p>Known schemes are: <b>Landmark features</b> – works to upgrade three local landmarks/gateway features – the lorry pop at the A582 Croston Road roundabout; the iron horse at Longmeanygate roundabout; and the Leyland tractor at Schleswig roundabout; and <b>St Catherine's Park and Worden Park</b></p>	7.4 major sites 4.922 other
Education infrastructure – South Ribble	Scheme details remain to be determined but expected to include the provision of new schools to cater for a growing population.	11.203
<b>Education and community sub-total</b>		<b>64.995</b>
<b>Capital Financing Cost</b>		
<b>Capital financing total</b>		<b>6.056</b>
<b>City Deal total</b>		<b>£375.883</b>
Source: Draft City Deal Infrastructure Delivery Plan 2015/18		

4.5 The plan overleaf shows the location of major infrastructure schemes and their relationship to priority development areas (considered below).





## Timescales

4.6 An intense delivery period is proposed to coincide with City Deal timescales. The schedule below provides an overview of the anticipated delivery periods on a programme by programme basis.

City Deal Delivery Timescales by Programme										
Programme Name	Years 1-5 (year 1 = 2014/15)					Years 6-10 (year 6 = 2019/20)				
	1	2	3	4	5	6	7	8	9	10
<b>Preston Delivery Programmes</b>										
<b>Major Highways/Transport</b>										
East-West Link Road										
Preston Western Distributor										
Cottam Parkway										
Broughton										
Preston Bus Station										
<b>Local Highways and Public Realm</b>										
Green infrastructure										
Fishergate Central Gateway										
Public Transport Corridors and Local Centres										
<b>Education and Community Infrastructure</b>										
Community infrastructure – major sites										
Community provision										
Education infrastructure										
<b>South Ribble Delivery Programmes</b>										
<b>Major Highways/Transport</b>										
Pickerings Farm Link Road										
Moss Side Test Track										
Heatherleigh/Moss Lane Spine Road										
Cuerden										
South Ribble Western Distributor										
Penwortham By-pass										
New Ribble Bridge										
Other South Ribble Schemes										
<b>Local Highways and Public Realm</b>										
Public Transport Corridors and Local Centres										
<b>Education and Community Infrastructure</b>										
Education infrastructure										
Community infrastructure – major sites										
Community provision										
<b>Capital Financing</b>										
Capital financing										

Source: Draft City Deal Infrastructure Delivery Plan 2015/18



## The City Deal Investment Fund

4.7 A nominal allocation of £100m from the £150m local property allocation has been identified for the City Deal Investment Fund. The Fund, invested as a new venture within the wider Lancashire Pension Fund, intends to be co-invested in housing and development schemes across the City Deal area. All investments are made on a commercial basis.

4.8 To date, one substantial award has been made of approximately £18m to support the development of new student accommodation at the bottom of Friargate in Preston. The pipeline of activity suggests that a combination of scheme purchase and development will be supported, with the mix to be adjusted throughout the investment period to maintain an acceptable level of risk. Hotel and student accommodation schemes have been identified to offer good yields within the City Deal area, although all schemes are assessed on an individual basis. The drawdown of funds will be dependent on the portfolio of schemes supported by the Fund as will the level and timing of funds being returned to the investment pot.

## Facilitating New Development

4.9 Whilst the City Deal area already makes an important contribution to the Lancashire economy, City Deal investments present an opportunity to enhance growth prospects and counter sluggish growth over the last ten years. A combination of new housing to cater for a growing population and expanded employment opportunities will be important contributions.

4.10 The introduction of infrastructure to serve major development sites will be important to ensure the commercial and residential opportunities they are expected to unlock can be realised. Delays in infrastructure provision could have considerable implications for the roll out of associated development plans, including the creation of new homes and employment opportunities.

4.11 The detail of proposals has continued to be worked through since the original City Deal submission to government, providing clarity on where development will be taken forward, timescales and the scale of housing and employment land to result.

4.12 There will be a requirement to ensure development partners are engaged throughout the infrastructure delivery programme. This will help to ensure that site development occurs promptly following the provision of infrastructure and that should any challenges arise during the City Deal delivery phase, appropriate solutions can be determined that continue to support wider development objectives.

## Unlocking Employment Land Development

4.13 A total of nine employment sites have been identified to be supported by City Deal activity. Together they are forecast to create 1 million m<sup>2</sup> of new floorspace across a range of use classes over 10 years, rising to 17.7 million m<sup>2</sup> over 15 years. A summary of the scale, nature and timing of development on each site is provided below. All figures are based on the latest monitoring returns prepared for DCLG, discussions with planners from the two local authority areas and scheme details available in site masterplans. In many cases, figures remain indicative as final scheme details remain to be confirmed.

City Deal Employment Sites Overview				
Scheme Name	10 yr Scale of Development	Primary Use	Start Year	End Year
<b>Preston sites</b>				
North East Preston	359,510 m <sup>2</sup>	B2 and B8	2014/15	2023/24
Preston City Centre	146,788 m <sup>2</sup>	B1	2015/16	2023/24
North West Preston	9,700 m <sup>2</sup>	Retail	2014/15	Beyond CD
<i>Sub-total</i>	<i>515,988 m<sup>2</sup></i>	-	-	-
<b>South Ribble sites</b>				
Penwortham/ Lostock Hall	27,593 m <sup>2</sup>	B2	2016/17	2023/24
Cuerden	207,692 m <sup>2</sup>	Mixed use	2018/19	2022/23
Moss Side Test Track	30,000 m <sup>2</sup>	B2 and B8	2018/19	2020/21
Samlesbury EZ	145,360 m <sup>2</sup>	B2	2016/17	Beyond CD
Bamber Bridge	12,194 m <sup>2</sup>	B1	2016/17	2017/18
Lancashire Business Park <sup>7</sup>	85,100 m <sup>2</sup>	B2	2023/24	Beyond CD
<i>Sub-total</i>	<i>507,939 m<sup>2</sup></i>	-	-	-
<b>City Deal total</b>	<b>1,023,937m<sup>2</sup></b>	-	-	-

Source: DCLG monitoring returns and ekosgen analysis

4.14 Emerging details of the site development proposals are as follows. The major opportunities are in North East Preston and Preston City Centre, and Samlesbury EZ and Cuerden. These locations offer considerable potential to

<sup>7</sup> Please note, the Lancashire Business Park site is being captured in City Deal monitoring returns to DCLG but is not part of the City Deal pay-back arrangement

accommodate advanced engineering companies, logistics and distribution businesses and office based accommodation.

Employment Site Development Summaries	
Scheme Name	Overview
<b>Preston sites</b>	
North East Preston	The largest development opportunity area in the City Deal programme. North East Preston brings together a package of sites clustered around J31a of the M6, including Bluebell Way, the Preston East Employment Area and redevelopment of the former Whittingham Hospital site. The area is expected to cater for a mix of B2 and B8 uses and provide over 350,000m <sup>2</sup> of new floorspace.
Preston City Centre	Development of an office based offer across key city centre sites including the Argyll Road depot and Parker Street sites. Private sector activity in this area also includes development of a new cinema and delivery of UCLan's campus masterplan.
North West Preston	Opportunities for mixed use development to round off the urban form of Preston through development of land south of the M55 stretching from the Cottam site to land north of Eastway/south of the M55 to the east plus the Cottam Brickworks site.
<b>South Ribble sites</b>	
Penwortham/Lostock Hall	Development to include a focus on B2 provision on part of the Pickerings Farm site and small scale development at Cop Lane.
Cuerden	South Ribble's largest development area, covering 65ha. Although firm proposals for the scheme remain to be finalised, it is expected to cater for mixed use development.
Moss Side Test Track	Development of the former Leyland Motors test track to potentially accommodate a combination of B2 and B8 uses.
Samlesbury EZ	Phased build out of the Enterprise Zone site to accommodate predominantly advanced manufacturing businesses.
Bamber Bridge	Further build out of the existing South Rings employment site during an early stage of activity to provide predominantly office accommodation.
Lancashire Business Park	Development to commence at the end of the City Deal period to expand current provision on the site, with a focus on B2 uses.

4.15 The employment land made available in the final three years of City Deal investment totals over 400 hectares, most of which will be developed in the 2025-2035 period. As considered in Section 5, this scale of development will support the attraction and retention of employment across a range of sectors.

## Unlocking Residential Development

4.16 Seven housing priorities have been identified in City Deal records to form the focus of activity. Across a ten year development period, the latest proposals suggest that 16,950<sup>8</sup> homes will be created – 15,750 through new build activity and 1,200 by returning vacant homes to active use.

4.17 This level of development across a considerable number of sites will require the engagement of both large and medium sized housebuilding companies for a sustained period. It is likely that significant new development of social and affordable housing will be required alongside increased activity in the private rented sector. These elements of new housing will require other types of investment finance.

City Deal Residential Sites Overview			
Scheme Name	10 yr Scale of Development	Start Year	End Year
<b>Preston sites</b>			
North West Preston	5,212 units	2014/15	2023/24
Preston City Centre	3,425 units	2014/15	2023/24
Re-use of vacant homes	1,200 units	2014/15	2023/24
<b>Sub-total</b>	<b>9,837 units</b>	-	-
<b>South Ribble sites</b>			
Penwortham and Lostock Hall	1,676 units	2014/15	Beyond CD
Leyland and Cuerden	2,606 units	2014/15	Beyond CD
Bamber Bridge	761 units	2014/15	2022/23
Other priority sites	2,070 units	2014/15	Beyond CD
<b>Sub-total</b>	<b>7,113 units</b>	-	-
<b>City Deal total</b>	<b>16,950 units</b>	-	-

Source: DCLG monitoring returns and ekosgen analysis

4.18 An overview of the anticipated housing development schemes is provided below. These sites will support a growing population attracted by expanded employment opportunities, outlined later in this report.

Housing Site Development Summaries	
Scheme Name	Overview

<sup>8</sup> A figure marginally lower than identified in the ask to government, as development plans have been finalised

Preston sites	
North West Preston	City Deal's largest residential development opportunity which includes the Cottam Hall development site (capacity for up to 1,100 units) to be delivered as part of the Central Lancashire New Town urban extension.
Preston City Centre	Development of new housing provision on key city centre sites, including the Argyll Road depot and Parker Street sites.
Re-use vacant homes	A programme of refurbishment works, tailored to the needs of individual properties, to allow vacant, predominantly terraced, stock to be returned to active use.
South Ribble sites	
Penwortham/ Lostock Hall	Development will be focused on the Pickerings Farm site (79ha site) and redevelopment of the former Lostock Hall gasworks site to deliver almost 1,700 new homes.
Leyland and Cuerden	South Ribble's largest development area, covering 65ha. Although firm proposals for the scheme remain to be finalised, it is expected to cater for mixed use development.
Bamber Bridge	Delivery of new housing across a package of sites, including the former Arla Foods site on School Lane and land at Brindle Road.
Other priority sites	Sites yet to be determined but offering potential for housing development over the course of the City Deal programme.

4.19 The development profile shows that annual completions are forecast to peak during 2019/20 at over almost 2,400 units per annum. In three of the ten years, completions will exceed 2,000 units per annum and in a further four years are forecast to exceed 1,500 units.

4.20 The increase in completions envisaged by local partners will require the availability of attractive sites and a very active and significant housing development industry. Private sector completions typically account for approximately 85% of completions, suggesting that in the region of 2,500 homes would typically be expected to be delivered by other parties. The availability of mortgage finance will also be a factor in determining levels of demand and therefore the rate of build out.

## Conclusions

4.21 City Deal investments will unlock a considerable programme of development activity on priority sites. Plans are now in place to deliver over 1 million m2 of new employment floorspace and 16,950 homes over a 10 year period which will be a significant uplift on recent development levels.

4.22 This level of development will require significant investment by private sector property developers and housebuilders, at a level not seen in Lancashire for many years. Engaging with new commercial investors will be a key area of activity for the City Deal team and two local authorities.

4.23 The major employment land opportunities are in North East Preston and Preston City Centre, and Samlesbury EZ and Cuerden. These locations offer considerable potential to accommodate advanced engineering companies, logistics and distribution businesses and office based accommodation for high growth service sector activities. Securing new investment from advanced manufacturing and supply chain companies will be challenging.

4.24 While Preston City Centre is expected to deliver early in the next ten years, reflecting the timing of City Deal investment and the impact of some recently completed public realm works, the South Ribble contribution is expected in the second five years of the work, and is dependent on Cuerden delivering significant employment land for development from 2019/20 onwards.

4.25 The increase in completions envisaged by local partners will require the availability of attractive sites and a very active and significant housing development industry. It is also likely that forecasts will include significant new development of social and affordable housing, as well as increased activity in the private rented sector. These elements of new housing will require other types of investment finance.

4.26 Increased construction activity will have a very positive impact on the Lancashire economy, creating other jobs or helping to safeguard jobs in a broad range of sectors. There is the potential for City Deal partners to work with the construction industry to explore construction related manufacturing.



## 5 Forecast Employment and Skills Needs

### Key Findings

- The City Deal area already forms an important element of the Lancashire economy, accounting for 21% of employment. City Deal investment presents an opportunity to enhance this growth trajectory.
- Based on the nature of floorspace to be created the City Deal supported sites have the potential to accommodate over 30,800 jobs, although this reflects the long term legacy of City Deal. It is unlikely that the scale of floorspace envisaged will be fully developed and occupied within a ten year period. A more likely, although still ambitious, target is that two thirds will be developed and occupied over a ten to fifteen year period, suggesting an employment impact of 20,000 jobs.
- City Deal employment growth will be driven by new investment in manufacturing jobs, predominantly in the Enterprise Zone, logistics and distribution with a leading role for South Ribble and office based employment in and around Preston City Centre.
- While new sites and premises will accommodate employment growth, new inward investment and the availability of a quality workforce will be critical in securing incoming businesses and the growth of existing businesses, including in priority sectors.
- The workforce will become increasingly better qualified and higher skilled, particularly the younger workforce, and local education and training providers have an important role to play over the next ten years.
- A large workforce catchment will be important for employers and strengthening the connectivity and accessibility of the City Deal area will contribute to economic growth.
- Housing is an important element of economic growth – providing housing for a young, well educated workforce will make a contribution to economic growth.
- FE Colleges need to provide a regular supply of well qualified and motivated young people for the growth sectors. Graduate recruitment will be important for employers, with promotion of the availability of local graduates to be an important element of marketing.

### The City Deal Policy on Growth Scenario

#### Site End Uses

5.1 The true legacy of City Deal investments will be in the unlocked development sites that go on to support a growing population and employment growth across a range of sectors. The City Deal site end uses provide Preston and South Ribble with a platform to provide new business space and deliver significant economic and employment growth. Although many site details remain to be finalised, assumptions have been made regarding the nature of employment to be accommodated across the City Deal sites and the anticipated timing of opportunities.

#### Total Scale of Anticipated Employment

5.2 Based on the nature of floorspace to be created and applying Homes and Communities Agency employment density guidance, the City Deal supported sites have the potential to accommodate over 30,800 jobs.

#### City Deal Employment Sites – Gross Employment Potential

	B1	B2	B8	Other use classes	Total
Preston Sites	10,092	4,083	2,779	485	17,439
South Ribble Sites	2,637	8,796	1,523	415	13,371
<b>All Sites</b>	<b>12,729</b>	<b>12,879</b>	<b>4,302</b>	<b>900</b>	<b>30,810</b>

Source: ekosgen analysis

5.3 Planned construction programmes provide an indication of the potential timing of employment opportunities. The figures are indicative, reflecting annual forecasts for the creation of floorspace. It should however be noted that the timing of employment benefits will be dependent on the completion of phases of development/complete buildings and the attraction of occupiers, meaning that the annual profile is subject to change.

5.4 Given the focus of City Deal on infrastructure investment, the substantive employment impact is likely to be more apparent from year 3 onwards, increasing significantly again from year 5. It is unlikely that the scale of floorspace outlined above envisaged will be fully developed and occupied within a ten year period. A more likely, although still ambitious, target is that two thirds will be developed over a ten year period, suggesting an employment impact of 20,000 jobs, in line with the City Deal targets.

5.5 This target remains ambitious given the time needed to deliver both infrastructure investment and then subsequent investment by developers and companies. A more likely timescale is 10 years from the completion of the initial major works, which would suggest years 13 and 14 post agreement.

## Employment Growth

5.6 The table below sets out a policy on forecast<sup>9</sup> against the 2015 base employment levels. The successful delivery of City Deal employment ambitions will have significant implications for employment levels across a range of sectors and will support the rebalancing of the economy by increasing levels of private sector employment whilst also helping to reduce the scale of anticipated manufacturing job losses.

City Deal Policy On Forecasts			
Sector	2015 baseline	2025 policy on forecast	Jobs uplift
Manufacturing	11,159	12,659	1,500
Construction	19,641	22,641	3,000
Wholesale and retail	24,114	24,814	700
Transportation and storage	6,386	9,386	3,000
Information and communication	4,083	5,583	1,500
Financial and insurance	2,796	4,396	1,600
Real estate activities	2,695	3,675	980
Professional, scientific and technical	8,219	11,819	3,600
Administrative and support services	13,967	15,667	1,700
Public administration	12,446	13,146	700
Arts, entertainment and recreation	3,166	3,566	400
Other <sup>1</sup>			1,320
<b>Total (selected sectors)</b>	<b>108,670</b>	<b>128,670</b>	<b>20,000</b>
	<b>16,000</b>	<b>180,000</b>	<b>20,000</b>

Source: Oxford Economics Forecasts and ekosgen estimates

<sup>1</sup> Including care and higher education amongst others not captured by traditional employment floorspace

<sup>9</sup> A policy on forecast takes account of planned City Deal investments

5.7 The policy on scenario is dependent on reversing manufacturing employment decline (including energy and environment, building products), and a much higher level of growth in business and professional services and digital and creative industries. In addition, construction employment potential needs to be fully supported.

5.8 If achieved in a ten year period, the City Deal will have to treble its employment growth relative to the policy off<sup>10</sup> forecast. This figure reduces if the employment target is stretched over 13-14 years to allow for the fully impact of the road infrastructure to have effect.

5.9 The impact of the policy on employment growth will be to change the make-up of the workforce, and a large proportion of the jobs will require a degree educated workforce, while others will require well qualified and skilled staff, including through growth in apprenticeships.

City Deal – Policy On Occupations	
Occupation	
Managers, directors, senior officials	2,500
Professional	3,600
Associate professional and technical	4,000
Skilled trades	1,600
Administrative and secretarial	2,000
Process, plant, machine operatives	2,000
Sales and customer services	1,500
Caring, leisure and other services	1,800
Elementary	1,000
<b>Total</b>	<b>20,000</b>

Source: ekosgen estimates

5.10 If the City Deal was to deliver 20,000 additional jobs, it would considerably increase the contribution of Preston and South Ribble to Lancashire's employment growth, helping to push the employment growth rate to a level which matches or

<sup>10</sup> Policy off forecasts present the position in the absence of City Deal (and other planned) interventions

exceeds the national growth rate, and is in line with the LEP's ambitions. Crucially, the City Deal area, through the successful development of the Enterprise Zone, has a critical role to play in strengthening manufacturing employment and securing new investment in advanced manufacturing and the supply chain.

### The Priority Sectors under the City Deal Scenario

5.11 The City Deal is expected to support improved prospects in a number of Lancashire's priority sectors. Achieving the employment and skills potential of these sectors, both within the City Deal area and across Lancashire, will be dependent on the provision of appropriate sites and premises, attracting investors and occupiers into the area (both of which City Deal activity can support) and enhancing local skills and employment prospects through delivery of actions proposed through the recently produced Sector Skills Plans. Developed in consultation with employers and providers, these documents are based on an understanding of current conditions and forecasts and outline actions to overcome challenges and build on identified opportunities that can benefit local businesses and residents.

5.12 The sub-sections below consider the role that the City Deal area can play in supporting the growth of the priority sectors, including to support the delivery of actions identified in Lancashire's recently produced Sector Skills Plans. Strong opportunities to contribute to the growth of priority sectors within the City Deal area reflect: existing sectoral strengths; target occupiers for new development sites; opportunities to accommodate a growing workforce through the provision of new homes; and a commitment through this Skills and Employment Strategy (as well as individual sector plans) to support an uplift in skills to support sector needs.

### Business, Finance and Professional Services

5.13 Forecasts suggest that this sector will play a leading role in securing employment growth in Lancashire with local forecasts suggesting the county will out-perform the national economy. The recently produced Sector Skills Plan forecasts a total requirement for 62,400 employees across Lancashire between 2012 and 2022, taking account of growth forecasts and replacement demand.

5.14 City Deal sites in Preston City Centre are expected to play an important role in supporting the growth of this sector. There is an existing concentration of employment to build on and a skilled workforce to support sector growth in this

location. The development of new homes will also provide further capacity for a growing workforce through the offer of an expanded high quality housing offer.

5.15 Challenges to satisfying demand have been identified through development of the Lancashire Sector Skills Plan to include:

- A mismatch between supply and demand – including an undersupply of graduates completing financial and professional services related degrees.
- High levels of replacement demand and a need for effective succession planning – particularly true for higher level occupations presenting a need to upskill workers to take over roles to be vacated, particularly in family run businesses where the departure of key staff members may otherwise result in business closure.
- Rise of professional occupations with fewer administrative roles – requiring a fuller pool of labour to draw on in order to satisfy demand for higher level occupations.
- Shortages in specialist technical skills – currently requiring the importing of skills but that could in future be addressed through more specialist skills provision within the County.
- Issues with new entrants – specifically in relation to work readiness, including possessing basic English and maths, a strong work ethic and 'people skills'
- Coordination and information failures – with opportunities to improve relationships between HE and FE providers and employers to increase internships and apprenticeships.
- Image issues for the county – with a need to promote Lancashire's offer to both attract and retain workers in the sector and compete with neighbouring cities.
- Workforce profile – there is a need to secure greater workforce diversity in the sector, including for those that have not taken the university education route.
- Intelligence issues – presented by limited communication between employers and providers requiring a better understanding of requirements and associated lead times.
- Diversity of the sector – the composition of the sector's employment is forecast to change with the skills system required to respond.

5.16 It will be important for the City Deal local authorities and their residents to effectively support the delivery of activity under four thematic areas, identified in the Financial and Professional Services Sector Skills Plan in response to:

- meet the demand for skills, including addressing skills gaps and shortages and meeting replacement demand requirements;
- develop the supply side, so that it can address the changing needs of employers;
- increase the attraction of the sector and the location, to improve the retention of workers; and
- increase intelligence by tracking sector development, horizon scanning and articulating employer needs to providers.

5.17 Supporting these actions will help the City Deal area to attract new investors and growing businesses as well as secure growth in the sector's workforce.

### Manufacturing

5.18 The manufacturing sector is forecast to experience continued turbulence but City Deal activity is expected to help stabilise the sector, reducing the considerable scale of job cuts that would otherwise be experienced. Although demand led forecasts have been reduced from the scale of supply led development potential, the City Deal investments will play an important role in maintaining the sector's presence and performance.

5.19 A series of City Deal sites are expected to continue to support Lancashire's manufacturing sector. The Samesbury Enterprise Zone site will play a key role in supporting the attraction of advanced manufacturing activities into Lancashire, both to the sites themselves and potentially supporting the growth of associated supply chains.

5.20 The recently produced Lancashire Sector Skills Plan identified the following challenges to achieving forecast growth:

- Ageing of the workforce and a need to plan for replacement demand, including widening the sector's appeal to young people.
- Technology is changing skills needs with a requirement to embrace technological change to enhance competitiveness and innovation.
- Challenges to attracting higher skilled employees, particularly technical specialists and leadership and management positions, with a requirement to generate more local supply.
- Securing a coherent and responsive model of skills provision that covers both core and specialist requirements.
- Ensuring the skills and growth capacity to become preferred suppliers through supply chain opportunities.

5.21 Sector skills plan priorities emphasise the importance of the following to drive sector growth:

- inspiring and engaging young people;
- recruiting and retaining a competitive workforce;
- developing a responsive learning infrastructure system; and
- securing employer investment in training.

5.22 Given the role that City Deal is expected to have in retaining high levels of manufacturing employment in Lancashire, partners will need to consider how best to respond to local opportunities.

### Energy and Environmental Technologies

5.23 Opportunities in this sector have been forecast as part of the overall manufacturing figure with opportunities also evident in the growth of the professional, scientific and technical sector which, taking account of demand, is forecast to generate the highest number of net additional jobs on the City Deal sites. The Energy and Environmental Technologies Sector Skills Plan suggests that there are uncertainties about the rate of growth in the sector with forecasts suggesting that employment in Lancashire will grow by between 500 jobs (using a narrow definition) and 12,000 jobs (using a broad definition).

5.24 Sites to be developed as part of the City Deal that could accommodate increased employment in the sector include Cuerden, due to its relative size and mixed development opportunities. Office developments in Preston City Centre could also accommodate office-based functions of companies in the energy sector.

5.25 The Lancashire wide Sector Skills Plan identifies the following challenges to achieving growth:

- Shortage in specialist technical skills – including new and experienced engineers across a range of disciplines.
- Gaps in multi-disciplinary and softer skills – including communication and team working, high calibre management competencies and the ability to manage and commercialise innovation.
- Issues with new entrants – with particular challenges around work readiness and identifying engineers with business acumen.
- Workforce profile – including an ageing workforce, contractors who are mobile and a small overall labour pool which results in poaching.
- Image issues – seen in the low numbers of people studying STEM subjects (particularly women) and competition from other sectors for graduates.

- Intelligence issues – lack of communication between providers and employers to ensure appropriate skills provision with a need for more effective planning.
- Supply side issues – recruitment challenges in identifying FE teaching staff in the sector.

5.26 Four thematic areas have been identified in the Energy and Environmental Technologies Skills Plan to support the sector to:

- meet demand for skills, including technical skills, softer skills and business skills;
- increase the attraction of the sector in Lancashire through changing perceptions of both the industry and the location;
- improve intelligence by tracking developments in the sector; and
- develop the supply side by ensuring availability of appropriately skilled FE staff and adjusting provision to meet employer needs.

5.27 Ensuring that sector specific skills actions are aligned with timescales for relevant site developments and the attraction of new occupiers working in the sector will be important to allow the City Deal area to capture its employment share.

### Visitor Economy

5.28 The visitor economy is forecast to experience employment growth over the City Deal delivery period and levels of replacement demand are also forecast to be significant. In a City Deal context, Preston City Centre is already an important attractor of visitors (including international visitors, potentially linked to the location of the University of Central Lancashire) with the vibrancy of the centre to be further driven by City Deal activities as well as supporting investments being taken forward by others, for example investment in the city centre public realm and proposals for a new cinema development.

5.29 Securing the forecast scale of new employment will require consideration of the sector's skills needs. The recently produced Visitor Economy Sector Skills Plan for Lancashire identified the following skills challenges facing the sector:

- Opportunities in the sector are under-sold – the breadth of opportunities offered by the sector is poorly understood, particularly in advice offered through schools.
- Negative perceptions persist – jobs in the sector are often, wrongly, seen as second best, in part due to attitudes towards the service sector and low average pay.
- Applicants are not work ready and lack soft skills – employers are demanding higher standards than those currently delivered through the skills system to ensure applicants have a rounded skills set.
- Pay and conditions are not favourable – entry level roles are often at the minimum wage, average wages remain low and the need for weekend and evening working presents a further challenge to recruitment.

5.30 In response, the Sector Skills Plan has prioritised activity around three key themes:

- preparing the future workforce, to attract more appropriately skilled young people into the sector;
- developing the existing workforce, addressing skills gaps relating to management and leadership, increasing online sales capabilities and ensuring the sector is prioritised within workforce development programmes; and
- learning from good practice, by supporting the roll-out of innovative and effective practice.

5.31 There may be opportunities for the City Deal authorities to position themselves to take a leading role in delivering some actions (e.g. delivering a pilot of a Visitor Economy Ambassador Programme) to support the capture of forecast employment growth.

## Skills Forecasts

### Economy Wide Forecasts



5.32 Workforce skills demands are changing across the economy, for both new recruits and existing workers. OEF forecasts (prepared under a policy off scenario) provide data on Lancashire’s skills requirements over the next ten years. These suggest that:

- Skills requirements across the workforce will increase with the proportion of employment requiring people qualified at Level 4 + expected to rise from 34% to 38% between 2015 and 2025 (an additional 33,500 people) and the proportion requiring no qualifications to fall from 8% to 6% (a reduction of 8,600 people).
- The four sectors forecast to report the largest employment uplifts will all require a higher proportion of people qualified to Level 4 + by 2025.

5.33 OEF forecasts for the City Deal area show that in Preston the proportion of employment requiring people qualified at Level 4+ is expected to reach 36% by 2025 (a 12% increase over 10 years) and in South Ribble the rate will reach 19% (a 17% increase from a low base). Across the two authorities this equates to an additional 6,700 people qualified to Level 4+. Conversely, the proportion of employment requiring no qualifications is forecast to fall by 17% in Preston and 14% in South Ribble, a total reduction of 1,700 people. Providing people with the skills needed to access and progress in employment will therefore be a priority.

5.34 In general, there is a move to up-skill the labour force and this applies across all sectors. In some of the most important growth sectors, the future workforce is based on a younger and better educated and qualified workforce.

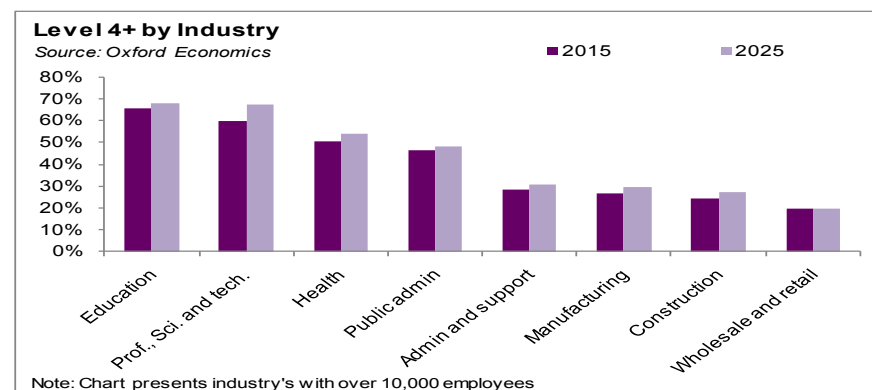
5.35 The need for greater anticipation and planning for local skills challenges has been widely acknowledged through both research and policy in recent years. The 2010 Skills for Sustainable Growth Strategy emphasised the need to ensure that skills provision meets the needs of employers and individuals. A report prepared by the OECD in the same year, drawing on an international review of local skills strategies, stated that “the assessment and anticipation of local skills and labour market needs is required to improve the efficiency of the local labour market; better match labour supply and demand to reduce bottlenecks; and better define the content and structure of education and training systems<sup>11</sup>.”

5.36 Reviews of vocational education have been particularly keen to promote greater employer engagement in the planning of provision. The Richard Review of Apprenticeships noted the facilitation role local partners could play between employers and apprentices while the Wolf Review of Vocational Education

recommended employer involvement in quality assessment and assessment activities.

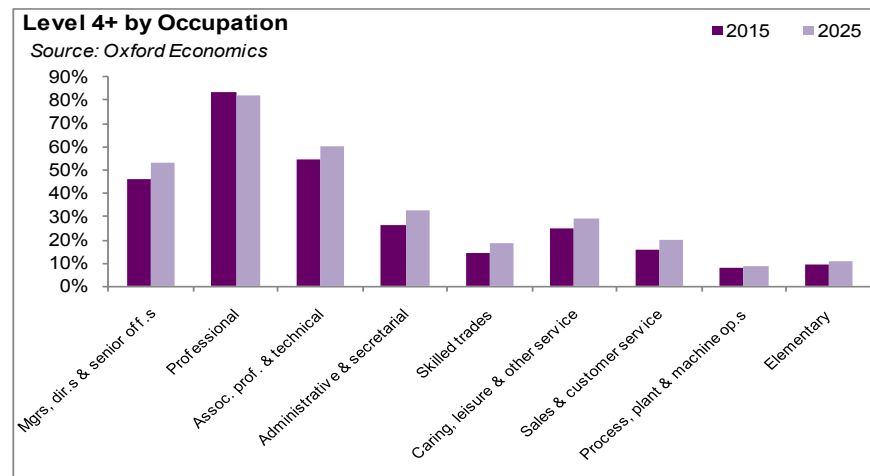
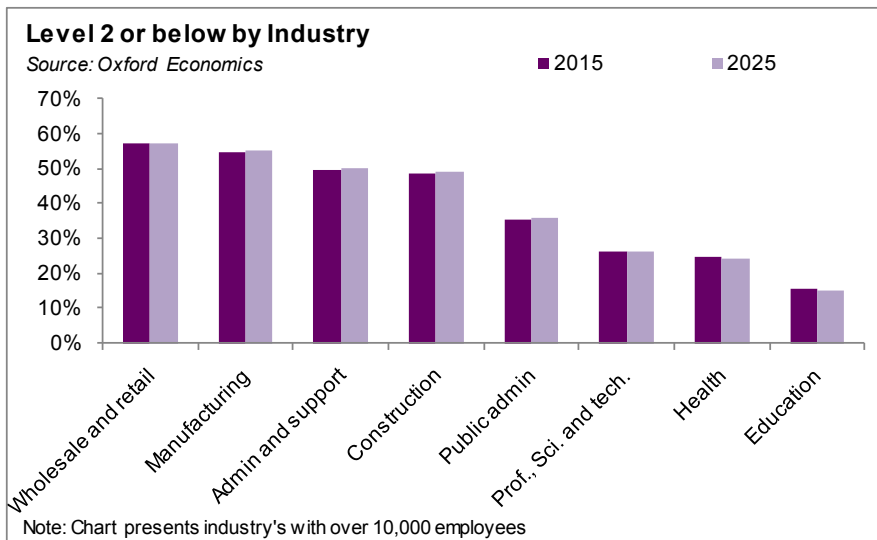
### Forecasts by Industry

5.37 Most sectors are expected to see an increase in skills over the next decade, with the largest increase being in the professional, scientific and technological industry. Construction and manufacturing are expected to increase slightly in terms of the employees with level 4 qualifications and over, however the figure is forecast to remain under 30% in 2025.



5.38 The percentage of the workforce with level 2 qualifications or below is expected to stay much the same by 2025, decreasing slightly in sectors such as health and education at one end and increasing slightly in sectors such as manufacturing and construction at the other. These figures combined with those for level 4 qualifications suggest a polarisation of the workforce, between high skilled and low skilled employees which has been a common feature across broader geographies and timescales. Changing requirements will have implications for the planning and delivery of future education and training provision as well as information, advice and guidance offered through the education system, access to employment initiatives and job search support.

<sup>11</sup> Measuring Skills and Human Capital in Local Economies, OECD, 2010



### Forecasts by Occupation

5.39 The occupation with the highest proportion of employees with level 4+ qualifications is professional occupations; however this is expected to decrease slightly by 2025. In all other occupations, skills levels are expected to increase slightly in the same time period, the largest being in administrative and secretarial occupations.

5.40 Overall employees holding level 2 or below qualifications are expected to decrease across all sectors over the next 10 years, with the exception being amongst skilled trades which is expected to increase slightly. Given the strong manufacturing and construction sectors in the City Deal area, this may be an important consideration.

### Conclusions

5.41 The level of employment growth in the City Deal area will play an important role in the Lancashire LEP meeting its economic growth ambitions set out in the Strategic Economic Plan. An additional 20,000 jobs would represent an increase of 12% from 2015, against a policy off forecast of 4% (which in itself does however not take account of recent and planned investment in Preston and South Ribble).

5.42 City Deal employment growth will be driven by new investment in manufacturing jobs (helping to arrest the decline), predominantly in the Enterprise Zone, logistics and distribution with a leading role for South Ribble and office based employment in and around Preston City Centre. Based on the nature of floorspace to be created and applying Homes and Communities Agency employment density guidance, the City Deal supported sites have the potential to accommodate over 30,800 jobs if fully developed and occupied. This is in effect the City Deal long term (20 year) legacy.

5.43 Over the medium to long term, the City Deal area will support employment growth across a range of sectors and play an important role in increasing opportunities available in a number of the priority sectors, as well as supporting sectors. This will follow a short to medium term focus on employment in the construction sector to facilitate the development of infrastructure as well as new employment premises and homes for a growing workforce.

5.44 Achieving the scale of forecast growth will potentially present challenges. For example, it is not clear how the construction industry and other growth sectors will be able to recruit the numbers of experienced personnel required over the next three to five years, and increasing demand may impact on some of the planned Lancashire infrastructure projects.

5.45 There is a strong case to work with employers to increase apprenticeships, graduate recruitment and the recruitment of older workers to help companies meet their skills needs over the next five years. Greater awareness of the scale of employment and skills opportunities is also required across Lancashire and beyond to support businesses and individuals to prepare.

5.46 The City Deal employment growth will benefit from Lancashire wide training and skills initiatives as well as locally planned and delivered activity. New initiatives with regard to the construction industry are particularly important to Preston and South Ribble, as are sector skills plans for advanced manufacturing and financial and professional services.

5.47 FE Colleges will need to provide a regular supply of well qualified and motivated young people for the growth sectors. While FE provision covers a range of occupations and sectors, it will be important to focus on the types of business services and IT employment which will dominate employment growth. Apprenticeships will also play an important role in providing employers with a young well qualified workforce in many sectors. Working with employers to increase the provision of apprenticeships will be a key priority for local partners as well as promoting the availability of local graduates as an important element in up-skilling the workforce and attracting investment and occupiers.

5.48 A large workforce catchment will be important for employers' and strengthening the connectivity and accessibility of the City Deal area will contribute to economic growth. Similarly, housing is an important element of economic growth – supporting population growth and providing housing for a young well educated workforce will make an important contribution to achieving economic growth ambitions.



## 6 Short to Medium Term Construction Requirements

### Key Findings

- Construction is already an important element of the local economy with City Deal activity to generate considerable further opportunities for the sector.
- There are three components to labour demand for City Deal related construction:
  - Housing, particularly new housing development
  - City Deal infrastructure investment
  - New commercial and industrial space.
- New building housing will require an annual workforce of almost 3,000 in the initial period, increasing to almost 5,000 post 2019, although it is not clear if the envisaged scale of completions can be achieved.
- The total jobs requirement averages 4,156 jobs each year from 2014/15 to 2018/19 and 6,363 from 2019/20 to 2023/24. Not all of this employment will be in Preston and South Ribble companies, although it will support the expansion of the employment base, in line with economic forecasts.
- Demand forecasts for higher level skilled construction posts (e.g. architects and surveyors) suggests over 1,500 jobs each year in the initial period, increasing to over 2,400 in the final five years of City Deal.
- There will also be substantial demand for skilled trades. Overall, the demand forecast suggests over 2,300 jobs each year in the initial period, increasing to over 3,670 in the final five years of City Deal.
- Employment forecasts show the sector's substantial scale of opportunity. There is a need to support the recruitment of required numbers of experienced personnel over the next three to five years including through increased apprenticeships and recruitment of graduates and older workers.
- There is a rationale for local City Deal partners agreeing construction as a priority growth sector and developing new initiatives to tackle business, innovation and skills issues. A public-private super-initiative, which brings together all of the relevant resources, and deals with both short and medium term industry challenges would be beneficial.

## Total Scale of Anticipated Employment

6.1 Assessment of the capital spend required to support a construction job year in the North West economy, suggests that the City Deal infrastructure investments will support over 4,300 construction job years with the build out of residential sites to support a further 16,100 construction job years and employment sites 11,800 construction job years.

6.2 Forecasts produced by the CITB Labour Forecasting Model, recognising the varied nature of both directly and indirectly supported City Deal activities, suggest that the total construction workforce requirement by year will peak in 2019/20 with a requirement for over 7,200 construction workers. In eight of the ten years considered, requirements will exceed 4,000 workers.

6.3 On average, an annual requirement of over 4,000 workers has been identified for the first half of the programme rising to 6,300 during the second half of delivery. Forecasts suggest that residential development will be a leading employment requirement.

### Annual Average Employment Requirement

	Annual Average 2014/15-2018/19	Annual Average 2019/20-2023/24
Major highways/transport schemes	351	150
Local Highways/public realm	51	15
Education and community infrastructure	108	152
Housing: new build	2,958	4,965
Housing: refurbishment	32	32
Employment uses: office	441	544
Employment uses: industrial	110	329
Employment uses: warehousing	17	55
Employment uses: leisure and retail	88	93
<b>Total</b>	<b>4,156</b>	<b>6,363</b>

Source: CITB Labour Forecasting Model

6.4 CITB forecasts suggest that in the first five years, City Deal will lead to a 5% increase in construction activity across Lancashire and potentially a 16% increase within Preston and South Ribble. In terms of employment growth, this makes construction a priority sector for the City Deal area.

## Higher Level Skills Requirement

6.5 Delivery of a large scale construction programme will require a considerable skilled workforce to plan, develop and oversee activity. Forecasts suggest that higher level skills requirements will average 1,584 during the first half of the programme and 2,434 during the second half. This represents approximately two fifths of overall forecast labour demand for construction.

6.6 The occupations in greatest demand are non-construction professional, technical and IT, other construction process managers and other construction professionals and technical staff.

Annual Average Employment Requirement: Higher Level Skills		
	Annual Average 2014/15-2018/19	Annual Average 2019/20-2023/24
Senior, executive, and business process managers	226	365
Construction project managers	67	93
Other construction process managers	276	396
Non-construction professional, technical, IT	491	778
Civil engineers	115	153
Other construction professionals, technical staff	240	377
Architects	59	96
Surveyors	110	176
<b>Total</b>	<b>1,584</b>	<b>2,434</b>

Source: CITB Labour Forecasting Model

## Other Construction Skills Requirement

6.7 Forecasts suggest that there will also be considerable demand across a range of construction trades. Again the demand for these is expected to be higher during the second half of the programme, with an average requirement of 2,376 workers in the first half compared to 3,673 in the second. These figures equate to approximately three fifths of overall labour demand.

6.8 The occupations forecast to be in greatest demand are wood trades and interior fit-out, labourers, plumbing, heating, ventilation and air condition trades and electrical trades and installation.

Annual Average Employment Requirement: Other Construction Skills		
	Annual Average 2014/15-2018/19	Annual Average 2019/20-2023/24
Wood trades and interior fit-out	381	622
Plumbing, heating, ventilation, air con. trades	255	419
Electrical trades and installation	249	405
Painters and decorators	173	284
Building envelope specialists	165	266
Bricklayers	112	181
Specialist building operatives (other)	106	156
Construction trades supervisors	96	121
Plasterers and dry liners	89	147
Roofers	81	132
Floorers	42	69
Glaziers	51	84
Scaffolders	39	64
Plant operatives	91	111
Plant mechanics/fitters	52	75
Steel erectors/structural	43	67
Logistics	49	63
Labourers nec*	293	407
<b>Total</b>	<b>2,376</b>	<b>3,673</b>

Source: CITB Labour Forecasting Model

6.9 Future skills requirements emphasise the range of opportunities available in the construction sector, including in higher skilled, typically higher paid occupations which are not always recognised. Publicising these could help to overcome negative perceptions of the industry. One stakeholder echoed the views of many when stating: *“The biggest challenge is getting people to see construction as a worthy occupation to fill the skills gaps we have”* while another commented *“Our industry has been frowned upon as a last choice...[it is seen as an option] if you are not academically astute enough”*.

## Recognising the Wider Construction Context

6.10 Delivery of the Preston, South Ribble and Lancashire City Deal programme will not occur in isolation. Construction markets typically operate at a level higher than individual local authorities and LEP areas. Skilled trade people travel across local authority and sub-region boundaries and Lancashire construction companies operate in a North West marketplace. This position is likely to become more pronounced as the level of demand for construction workers increases over the next four years and beyond, reflecting the considerable scale of construction forecast in the region.

6.11 The recently produced North West Construction Pipeline Analysis 2015, commissioned by the Greater Manchester Chamber of Commerce, sets the regional development context and emphasises the scale of potential employment and skills challenges and opportunities, which will have implications for Lancashire.

## The Scale and Nature of North West Development

6.12 There is a strong sense of optimism in the North West's construction sector. Agencies note that both the overall scale and ambition of development is increasing and demand from potential occupiers of commercial and residential development is growing.

6.13 Research identified a £29.9 billion (bn) construction output pipeline for delivery across the North West between 2015 and 2018 inclusive. The total (which is recognised to exclude some major projects due to limitations in available data) is only marginally less than the pipeline for the South East of the UK which has been valued at £33 bn.

6.14 Within these figures, the research suggests that Lancashire's output will be £2.6bn – the smallest sub-regional programme in the North West and a proportion considerably below Lancashire's share of construction employment. Reflecting the scale of development anticipated through City Deal, Lancashire has a higher than average proportion of housing projects in the pipeline (51% - £1.35bn).

6.15 Ensuring Lancashire can compete for labour in a competitive marketplace will be a priority. As one consultee commented, *“you can always tell when there are big jobs in Manchester – it is difficult to recruit”*. This challenge is expected to grow as all parts of the region embark on major construction programmes. At a time of high demand, it will be important for the sector to remain competitive and productive, including through effective management of supply chains. However, a competitive market is likely to result in recruitment and retention challenges for many employers.

## Anticipated Employment and Skills Requirements

6.16 Forecasts produced through the CITB Labour Forecasting model suggest that the scale of construction programme outlined above will result in:

- Labour demand in the North West for 184,064 workers in 2015 and average labour demand for 122,000 workers between 2015 and 2018.
- Training needs between 2015-2018 which will be 45% higher than the 2011-2014 average.
- The top five professions in demand during 2015 being:
  - Non-construction professional, technical, IT and other office-based staff
  - Wood trades and interior fit out
  - Construction managers
  - Plumbing and heating, ventilation and air conditioning trades
  - Electrical trades and installation
- A typical training need for 10% of the workforce across all occupations, totalling 18,420 requirements during 2015.
- Across all occupations, the increase in average training needs between 2011-2014 and 2015-18 exceeds 40%, ranging from 43% in plumbing and heating, ventilation and air conditioning trades to 53% for scaffolders.

6.17 Research also noted that even when people are training in construction, only a third receive the on-site competency based qualifications required to work in the sector.

6.18 Ensuring training providers and employers are alert to this required uplift and the employment and skills challenges it presents is now a priority. There are signs that some organisations are looking ahead, for example in the construction and engineering sector the iSTEM Centre created by Eric Wright in partnership with Preston's College provides modern facilities in 'real work environments' and some FE colleges are offering roll-on, roll-off provision to meet employer needs. Given the scale of the opportunity outlined through this report, more work does however need to be done.

## Conclusions

6.19 There are three components to labour demand for City Deal related construction:

- Housing, particularly new housing development
- investment in highways, education and community infrastructure
- New commercial and industrial space.

6.20 The major housing building programme is the main driver of labour demand, although it is not clear if the envisaged scale of completions can be achieved. New build housing will require a workforce of almost 3,000 in the initial period, increasing to almost 5,000 post 2019.

6.21 Across all development types, the total construction jobs requirement averages 4,156 jobs each year between 2014/15-2018/19 and 6,363 between 2019/20 to 2023/24. Not all of this employment will be in companies based in Preston and South Ribble, although it will support the expansion of the current employment base, in line with economic forecasts.

6.22 There will be considerable demand for higher level skilled construction workers including project managers, civil engineers, architects and surveyors. Overall demand forecasts suggest over 1,500 higher skills jobs will be required each year in the initial period, increasing to over 2,400 in the final five years.

6.23 There will also be substantial demand for a broad range of skilled trades including bricklayers, scaffolders, roofers, painters and decorators, glaziers and wood trades. Overall, the demand forecast suggests over 2,300 jobs each year in the initial period, increasing to over 3,670 in the final five years of City Deal.

6.24 It is likely that the construction industry will expand considerably in Preston and South Ribble, and this will in part be due to City Deal related infrastructure commercial and residential development. There may however be considerable recruitment and skills issues over the coming years due to the scale of forecast workforce requirements and the time taken to train a growing workforce. It is not currently clear how the sector will be able to recruit the numbers of experienced personnel required over the next 3-5 years.

6.25 There is likely to be considerable scope to increase apprenticeships, graduate and older workers recruitment (including from the unemployed), as companies seek to address the challenges of recruiting and retaining a skilled workforce. The construction sector needs to plan ahead to cater for increased demand. Lancashire City Deal's direct infrastructure investments and related commercial and residential development will be delivered in a very busy and competitive regional marketplace where skills shortages and recruitment difficulties are already apparent.

6.26 There are already a number of organisations involved in addressing the challenges facing the construction industry at both a regional and national level, in recognition of the scale of activity forecast to be taken forward and existing challenges within the sector. More importantly there are strong local industry networks and experienced training providers involved with some of the company base. Resources are available from a number of sources, although funding can be short term and limited.

6.27 Some of the solutions for industry challenges will involve the provision of more partnerships and more industry relevant FE courses, although these respond to medium term challenges. At the same time, the industry may have to consider recruiting older workers to meet some of the immediate challenges. Given these challenges, along with the need to introduce new technologies and processes, a single initiative, well-resourced and with close industry involvement, could be the most effective way of addressing challenges and supporting company and employment growth. An initial challenge will be to increase awareness of the current position, the scale of opportunities and the need for collective action to allow individual businesses and Lancashire as a whole to take advantage of construction opportunities and the longer term benefits they will generate (e.g. through the build out of new employment sites).

**Skills in Lancashire:**

**Skills and Employment Strategy and Implementation Plan for Preston, South Ribble and Lancashire City Deal**

**December 2015**

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# 1 Introduction

## Document Scope

1.1 This document sets out the strategy and priority actions required to ensure that Lancashire (comprising residents, businesses and stakeholders) secure the greatest value from City Deal investment. It has been produced alongside an evidence base report that provides the detail underpinning the strategy, including consideration of economic conditions in the City Deal area and across Lancashire, economic forecasts and the detail of City Deal investment propositions, both in terms of direct investment in infrastructure and site development to be unlocked. The key points raised through this analysis are outlined below to set the context for proposals in this strategy and implementation plan.

## Baseline Conditions and Growth Forecasts

1.2 The Lancashire Local Enterprise Partnership is one of the largest in the North, with a population of almost 1.5 million and almost 623,500 people working in the area. It is however currently performing below its potential, lagging behind national averages for employment growth and productivity, as examples. Manufacturing and the public sector remain significant employers despite recent declines.

1.3 The City Deal authorities of Preston and South Ribble sit at the centre of the Lancashire economy and account for just over a fifth of employment. The area has experienced a slow economic recovery, only recently returning close to pre-recession employment levels. Construction is an important employer in Preston and South Ribble, accounting for 10% of workplace based employment compared to less than 6% Lancashire wide.

1.4 Under a policy-off growth scenario (i.e. not accounting for City Deal and other investment proposals), forecasts suggest a 4% employment uplift. There is widescale recognition that a step change in economic performance is required to allow Lancashire and sub-areas within it to perform to their potential and address the gap against national performance.

1.5 Six priority sectors have been identified that sit at the core of the Lancashire economy, based on current scale and/or opportunities for growth as:

- Advanced engineering
- Energy and environment
- Professional, financial and business services
- Creative, digital, media and ICT
- Logistics
- Visitor economy

1.6 The Strategic Economic Plan set out ambitious growth targets (see Section 4 for details), taking account of both priority sector and wider growth and City Deal is seen as a central component in allowing these ambitions to be realised.

## The City Deal Opportunity

1.7 The Preston, South Ribble and Lancashire City Deal was developed by local partners to drive forward growth. The status is valid for ten years from 2013/14 to 2023/24 and allows the area to make the most of its economic assets and opportunities.

1.8 At its core is a series of strategic transport infrastructure investments, many of which are long standing priorities for the area and are intended to open up new development opportunities. The planned programme of activities totals £375.883m<sup>1</sup> representing a substantial investment programme.

1.9 City Deal status generates benefits from three perspectives:

- Direct benefits associated with the infrastructure works programme;
- Direct benefits arising from a nominal allocation of £100m from a £150m local property pot identified for the City Deal Investment Fund to co-invest in residential and commercial developments on a commercial basis<sup>2</sup>; and
- Indirect benefits to be secured through subsequent site development that is forecast to accommodate up to 16,950 homes<sup>3</sup> and over 1 million m<sup>2</sup> of new employment floorspace.

1.10 A series of investment proposals have been identified across these categories.

## The Scale and Nature of Employment Opportunities

<sup>1</sup> Contingency has been built into the current total in recognition that some scheme details remain to be finalised and cost estimates remain at an early stage of preparation

<sup>2</sup> As details of investment under this strand are subject to change dependent on allocations no benefits have been factored into employment benefits

<sup>3</sup> 15,750 new build and 1,200 by returning vacant homes to active use



1.11 City Deal is forecast to be a major employment generator during both the construction phase and the subsequent occupation of new development sites and premises. Whilst construction employment will be an early win, gaining full value from resulting sites will represent a 20 year legacy of City Deal activity.

1.12 Assessment suggests that directly supported activities will create an annual average requirement for over 4,000 construction workers during the first half of the programme (2014/15-2018/19), rising to 6,300 workers per annum during the second half of delivery. These CITB generated forecasts suggest that in the first five years, City Deal will lead to a 5% increase in construction activity across Lancashire and potentially a 16% increase in Preston and South Ribble.

1.13 Medium to long term employment captured on unlocked development sites will be in the region of 20,000 against the base 2015 position with market adjusted forecasts suggesting that new development will play an important role in:

- Reversing manufacturing decline;
- Securing higher growth in business and professional services and digital and creative;
- Supporting growth in the construction sector; and
- Driving demand for graduates and other highly qualified workers.

1.14 Securing 20,000 jobs over the next 10 years would represent growth of 12% from 2015, against the policy-off forecast of 4% growth.

### Potential Challenges to Delivery

1.15 Whilst City Deal represents an important opportunity for the Lancashire economy it also presents potential challenges from a skills and employment perspective. The scale of planned activity is considerable and construction is due to occur at a time when there are already recognised workforce gaps.

1.16 The evidence base review has identified the following core challenges to be addressed through the City Deal Skills and Employment Strategy:

- The City Deal area presents an important opportunity to create a step change in the Lancashire economy, creating new employment of a scale and diversity that will contribute to Lancashire wide objectives. Achieving this will require partners to work effectively together to plan and deliver responses.

- Construction has recently been identified as a key sector for the City Deal and Lancashire economy, reflecting existing strengths, the scale of opportunities to be created and the need to intervene to generate a workforce of sufficient scale and skills.
- City Deal construction activity will be delivered at a time of high demand across the sector in the North West and nationally presenting strong competition for skilled workers. Securing sufficient, experienced personnel over the next three to five years will be a particular challenge, ahead of the skills system being able to respond.
- An ageing population places pressure on all sectors of the economy at a time of growth, requiring all those who wish and are able to work to be supported to do so and a large workforce catchment to be considered by employers in order to achieve recruitment targets.
- Skills demands are increasing across the economy with the proportion of employment requiring people qualified at Level 4+ forecast to rise from 34% to 38% between 2015 and 2025 (an additional 33,500 people Lancashire wide of which 6,700 are in Preston and South Ribble) and the number of roles requiring staff with no qualifications falling by 8,600 over the same period (1,700 in the City Deal area).
- Skills and training provision will need to be responsive to business needs, promoted through greater employer engagement, and be forward looking to address emerging skills requirements.
- Young people and adults need to be alert to the scale and nature of forecast employment changes to allow them to secure the skills and qualifications needed by employers to access and progress in work, thereby planning their personal career paths in response to opportunities.

1.17 These challenges set the context for the strategy and actions that follow.



## 2 Securing Social Value

2.1 City Deal is a substantial investment opportunity that presents opportunities for benefits to be captured through multiple routes. Planning for benefits capture from an early stage is an important requirement to ensure that a wide range of potential benefits are realised in the City Deal authorities and across Lancashire. Capturing social value is a key consideration in the context of the scale of opportunities to be created and current restrictions on labour supply and business preparedness. A public sector drive can support engagement in this area.

### Opportunities to Capture Social Value

2.2 Securing social value through public sector investment is a high priority to allow the benefits of City Deal activity to be maximised. The Social Value Act (2013) places a statutory duty on local authorities to consider, at the pre-procurement stage, what social, environmental and economic value is obtainable from public service contracts above the EU threshold. There are also opportunities for social value to be secured through lower value contracts and through the planning system. Implementing such approaches can play an important role in demonstrating partners' ambitions and ensuring that requirements of developers and suppliers are formalised.

2.3 Social value can take a variety of forms, including:

- Supporting local people to gain employment opportunities, for example through the offer of apprenticeships and guaranteed interview schemes, and secure a fair rate of pay.
- Targeting opportunities on particular groups, for example those considered to be disadvantaged in the labour market or priority regeneration areas.
- Engaging young people, for example through school visits and the offer of work placements to increase interest and engagement in the world of work and knowledge of opportunities available locally.
- Increasing the proportion of expenditure captured by local businesses and their supply chains.
- Supporting new investment to be attracted into the area.
- Securing environmental benefits, including commitments to reductions in carbon emissions and/or energy consumption.

2.4 The scale of construction activity to be taken forward through both direct City Deal activity and the subsequent development of sites represents a significant opportunity that partners are keen to grasp. Steps are now required to ensure that opportunities are effectively captured throughout the duration of City Deal activity.

### Policy Recommendations

2.5 Although partners recognise the opportunity to secure social value, at present insufficient mechanisms are in place to capture benefits. For an initiative of the scale and profile of City Deal a range of benefits should be sought. The following recommendations should be applied when considering City Deal social value policy:

**Articulate social value expectations in a City Deal policy:** A single City Deal social value policy should be developed and applied to all activity (and by partners more widely where appropriate) to ensure that:

- a) The social value ambition is articulated to all parties;
- b) The way in which social value requirements will be contracted and monitored is understood by all developers/suppliers;
- c) Requirements are consistently applied.

An Action has been included in Section 5 of this plan to ensure that development of a social value policy is an early priority.

**Develop a toolkit to build on existing initiatives and approaches:** Achieving social value should build on existing activities. For example, there will be opportunities to link to requirements outlined in the Lancashire Skills Pledge to allow consistent goals to be worked towards and the potential for confusion regarding requirements to be minimised.

**Engage relevant parties in policy development:** The policy should be challenging but achievable. Considerations in developing the policy will need to include compliance with procurement regulations and the ability of developers/suppliers to deliver proposed benefits. Securing involvement of relevant parties ahead of arrangements being finalised will help to ensure deliverability from a range of perspectives.

**Clearly define benefits indicators and performance metrics:** Social value performance metrics need to be agreed between partners to allow achievements to be captured and assessed over time. Transparency and clarity will be required around the definition of all agreed forms of social value to allow for consistent forecasting, delivery and monitoring of activities across schemes.

**Specify priority benefit indicators:** Although there is value in delivering all forms of social value, there may be some forms of benefit that partners wish to encourage over others, for example supporting local residents to access employment and increasing local supply chain expenditure. This should be considered in the development of the policy. Consideration will also be required of how sustained benefits (e.g. an apprentice continuing to be engaged to support the next level of training) are assessed relative to new benefits (e.g. new apprenticeship starts).

### Process Recommendations

2.6 Effective delivery of social value objectives will require clear processes that are widely understood by both internal parties (including the City Deal team and local authority planning and procurement teams) and external partners (including developers, suppliers and other skills and employment support providers). The following recommendations are made to ensure a transparent process is established from an early stage of delivery.

**Require all City Deal related activity to demonstrate social value:** Social value will take different forms for different types of activity but the starting point will be to state that all developers and suppliers are required to contribute to articulated social value objectives with flexibility to be offered where necessary to allow the benefits offered to reflect the nature of supported activity (for example, potential benefits will differ between say the commissioning of infrastructure construction works and commissioning marketing support).

**Alert procurement and planning teams to expectations and identify early opportunities in response:** Incorporating social value requirements into procurement exercises and planning conditions requires early consideration, if they are to be effectively applied. If not identified at an early stage, there is a risk that activity will be delayed while details are worked through. Raising awareness across such teams and others (for example where colleagues may be aware of forthcoming planning applications and procurement requirements) will be important to allow for effective planning and having a clear process to allow opportunities for social value capture to be identified and documentation prepared accordingly.

**Engage supporting partner organisations in the process:** Effective delivery will require engagement with a range of potential delivery partners to allow activity to build on existing employment and skills initiatives, for example the work of the Lancashire Employment Support Service, work trials offered through JobCentre Plus and actions to be taken forward through the Lancashire Skills Hub and its Sector Development Groups.

**Agree social value contractual arrangements early:** New contract requirements should be discussed and agreed at an early stage to ensure outcomes are effectively captured in contracts let through procurement and planning application award decisions. Such requirements should be clearly articulated in application paperwork to ensure contractors and developers are alert to how required outcomes will be incorporated.

**Implement robust monitoring arrangements:** Securing a commitment to delivering social value benefits is a first step with robust processes then required to allow evidence to be gathered. A process will be required that articulates what information needs to be collected, in what format, at what frequency and arrangements for submitting details for monitoring purposes. This will allow the City Deal partnership to assess social benefits secured by individual schemes and the programme overall.

### 3 Strategy Objectives

#### Introduction

3.1 Much of the City Deal documentation to date has focused on the capital investment programme. This strategy recognises the human capital element to the successful delivery of the outcomes – economic and employment growth.

3.2 Without an appropriately skilled and scaled workforce, the Preston, South Ribble and Lancashire City Deal will not deliver to its full potential, either through delivery of the infrastructure programme itself or the wider and lasting portfolio of opportunities through site development of both new business space and residential development. This strategy and action plan has been prepared to support partners to take the steps needed to ensure that it does, involving partners throughout the process.

3.3 The scale of the labour force needed to deliver the ambition is considerable and requires a multi-faceted skills set. While there are strengths to build upon, the scale of the challenge should not be under-estimated with prompt and diverse activities required to support Preston, South Ribble and Lancashire to deliver and benefit from activity.

3.4 Considerable resources are available to help support employment and skills plans in the City Deal area. These include the European Social Fund, Skills Funding Agency capital and revenue investment, and the support of agencies such as the National Apprenticeship Service.

3.5 The City Deal area also benefits from the presence of Universities and Further Education Colleges, as well as private sector training providers. These organisations are important local partners as well as the providers of training services. In addition, secondary schools have an important role to play in the provision of information, advice and guidance to young people about the new employment opportunities which will be available over the next ten years.

3.6 The City Deal area is a core part of the Lancashire economy and will draw its workforce from a wide geographical area. It will be important that skills and employment plans recognise the importance of the wider Lancashire workforce in developing initiatives rather than simply people living within the City Deal boundary, if the scale of ambition is to be realised. The planning of future post 16 and post 19 support and any re-organisation arising from area-based reviews need to take account of the skills requirements of the City Deal.

#### Strategic Challenges

3.7 Achieving this aim will require careful planning and management, recognising the scale of the ambition, the multiple partners with a role to play in delivery and the wider context in which City Deal activity is being taken forward.

3.8 The major challenges with regard to the City Deal aspirations are:

- Providing a workforce for the new economy, particularly the priority sectors; including a large cohort of young and well qualified workers attractive to incoming employers.
- Providing a workforce for the construction industry which will deliver the infrastructure, commercial and residential development set out in the City Deal, addressing the challenge of delivering a marked increase in new housing development.
- Maximising the training and employment opportunities available for both young people and older people from construction activity, using procurement processes to deliver a higher level of industry engagement and increase social value for public sector construction expenditure.
- Providing training and skills support which helps to secure new inward investment and company expansion in the City Deal area.

3.9 These challenges require a medium term approach, rather than short term initiatives, with consistent actions over the next five to seven years.

3.10 A key feature of the response to skills challenges will be the need to increase working with senior schools, sixth form colleges and Further Education colleges, recognising their role working with younger people.

## Priority Sector Challenges

3.11 As well as recognising economy wide challenges, it will be important for City Deal partners to recognise challenges facing priority sectors with a key role to play in the area's growth. Recently prepared Sector Skills Action Plans have already highlighted challenges to sector growth with the key points to note in the development of City Deal proposals being:

Recognised Priority Sector Skills and Employment Challenges
<b>Business, Finance and Professional Services</b>
<ul style="list-style-type: none"> <li>• Mismatch between supply and demand – including an undersupply of graduates completing sector related degrees and a need to engage workers who have not taken a university route.</li> <li>• High levels of replacement demand and a need for effective succession planning – particularly for higher level occupations presenting a need to upskill workers to take over roles.</li> <li>• Image issues – with a need to promote Lancashire's offer to both attract and retain workers in the sector and compete with neighbouring cities.</li> <li>• Intelligence issues – limited communication between employers and providers with better understanding of requirements and lead times needed.</li> <li>• Diversity of the sector – the composition of the sector's employment is forecast to change with the skills system required to respond.</li> </ul>
<b>Manufacturing</b>
<ul style="list-style-type: none"> <li>• Planning for turnover – including to recognise ageing of the workforce and replacement demand and widening the sector's appeal to young people.</li> <li>• Responding to technological change – with a need to embrace change and associated skills needs to enhance competitiveness and innovation.</li> <li>• Attracting higher skilled employees – particularly technical specialists and leadership and management positions, with a requirement to generate more local supply.</li> <li>• Covering a variety of skills needs – securing a coherent and responsive model of skills provision that covers both core and specialist requirements.</li> <li>• Building opportunities for businesses – ensuring the skills and growth capacity to become preferred suppliers through supply chain opportunities.</li> </ul>

<b>Energy and Environmental Technologies</b>
<ul style="list-style-type: none"> <li>• Shortage in specialist technical skills – including new and experienced engineers across a range of disciplines.</li> <li>• Gaps in multi-disciplinary and softer skills – including communication and team working, high calibre management competencies and the ability to manage and commercialise innovation.</li> <li>• Workforce profile – including an ageing workforce, contractors who are mobile and a small overall labour pool which results in poaching.</li> <li>• Image issues – seen in the low numbers of people studying STEM subjects (particularly women) and competition from other sectors for graduates.</li> <li>• Intelligence and supply issues – lack of communication between providers and employers to ensure appropriate skills provision plus recruitment challenges to secure FE teaching staff.</li> </ul>
<b>Visitor Economy</b>
<ul style="list-style-type: none"> <li>• Opportunities in the sector are under-sold – the breadth of opportunities offered by the sector is poorly understood, particularly in advice offered through schools.</li> <li>• Negative perceptions persist – jobs in the sector are often, wrongly, seen as second best, in part due to attitudes towards the service sector and low average pay.</li> <li>• Applicants are not work ready and lack soft skills – employers are demanding higher standards than those currently delivered through the skills system to ensure applicants have a rounded skills set.</li> <li>• Pay and conditions are not favourable – entry level roles are often at the minimum wage, average wages remain low and the need for weekend and evening working presents a further challenge to recruitment.</li> </ul>

3.12 Positioning the City Deal area to both respond to sector opportunities and overcome challenges will in many instances require participation in Lancashire wide initiatives proposed through the sector plans.

## Overarching Objective

3.13 This strategy has been prepared to support the achievement of one overarching objective:

*Build and maintain a workforce of sufficient scale, skills and ambition to deliver the City Deal infrastructure programme to the agreed delivery programme and support the development and sustainable growth of priority sectors, capturing benefits for Lancashire residents and businesses*

3.14 Achieving this aim will require careful planning and management, recognising the scale of the ambition, the multiple partners with a role to play in delivery and the wider context in which City Deal activity is being taken forward.

3.15 The City Deal employment and skills plan sits within the context of Lancashire wide plans, particularly with regard to the priority sectors. As such, City Deal partners will need to work closely with training providers across a wider geography, accessing where necessary specialist training provision relevant to companies and new inward investors in Preston and South Ribble.

3.16 One of the most important aspects of City Deal skills and learning aspirations is a long term commitment to increase the quality of vocational opportunities open to young people in Preston and South Ribble. This will begin with guidance in schools and close working with employers, Sixth Form and Further Education Colleges and UCLAN, as the local university, to ensure young people have a broader choice as they enter employment and further and higher education.

3.17 Another underlying aspiration is to ensure that older workers and those returning to the labour market also have more choice in terms of training and employment opportunities as a result of the City Deal related investment. The intention is to increase employment and economic activity rates, and reduce the numbers of unemployed people and those seeking employment.

## Strategic Objectives

3.18 A series of supporting strategic objectives have been identified to support achievement of the headline ambition. This approach recognises that a series of actions will be required, spanning a range of subject areas, to support Lancashire partners to recognise, plan for and exploit the City Deal opportunity.

3.19 The Plan also recognises that City Deal is essentially a major infrastructure programme designed to unlock a long term land supply for commercial and residential development. As such, City Deal partners have a particular interest in the construction sector and associated opportunities.

3.20 There are four strategic objectives:

- Provide the well qualified workforce needed to support employment growth and meet replacement demand, with a special emphasis on the Lancashire priority sectors.
- Support the development of the construction industry and supply chain in the City Deal area as a priority sector for company and employment growth, working with local companies to strengthen skills and training provision.
- Work with the construction industry, using procurement processes where appropriate, to increase training and employment opportunities for young people and older workers and increase social value.
- Develop a skills, training and recruitment support package for employers taking up business space on the City Deal linked priority sites and premises, including Preston City Centre, the Enterprise Zone and Cuerden as the major centres for new inward investment.

3.21 The success of City Deal is dependent on both the outcomes of infrastructure investment, i.e. land and premises developed, and companies providing new employment. While the construction related opportunities can be mapped with some certainty, the growth of the priority sectors will require a very effective inward investment marketing and promotion effort over a sustained period, as well as a competitive support offer to attract new companies to Lancashire.

**Provide the well qualified workforce needed to support employment growth and meet replacement demand, with a special**



**emphasis on the Lancashire priority sectors.**

3.22 The priority sectors are a very important source of local jobs in the Lancashire economy. The sectors forecast both employment growth and replacement demand and will provide a consistent source of employment opportunities.

3.23 There are five objectives with regard to the Priority sectors, some of which require a medium term commitment. These are:

- a) Increase the STEM performance in senior schools, where necessary working with younger pupils.
- b) Strengthen the information, advice and guidance system in senior schools and sixth form and FE colleges to provide a pool of well qualified young people interested in pursuing careers in the Priority sectors, including construction.
- c) Increase the number of apprenticeships across the broad range of occupations needed to support the Priority sectors, embedding a cultural change in company investment in training for the future workforce.
- d) Work with local companies, UCLAN and Lancaster University to increase the internships, placements and graduate recruitment linked to supporting company growth in the Priority sectors.
- e) Establish the Lancashire Enterprise Zone as a leading centre for manufacturing, energy and environment and construction related vocational training, linked to new assets and the leading role of BAE Systems and its supply chain.

3.24 The provision of a well-qualified workforce is critical to Lancashire meeting its economic aspirations for its economy and communities. There is considerable scope in all of the Priority sectors, all of which provide opportunities for progression in terms of supervisory and management positions. It is important that young people in particular are aware of these opportunities to progress with experience.

3.25 There remains a continuing challenge of promoting vocational opportunities on a par with academic opportunities and the Priority sectors provide good openings for both graduate and non-graduate young people.

**Support the development of the construction industry and supply**

**chain in the City Deal area as a priority sector for company and employment growth.**

3.26 The construction industry is already facing skills shortages and as new build activity increases, these issues will become more acute. There is a short to medium term problem regarding the availability of a skilled labour force to meet the needs of the construction industry in Lancashire and elsewhere in the North West.

3.27 A number of initiatives are already underway with regard to construction and there is a need to increase and intensify the industry given the employment forecast and the planned scale of construction activity. Fundamental to any efforts to strengthen the construction labour force is a strong commitment of employers to invest in workforce development.

3.28 There are five objectives with regard to the construction industry, some of which require a medium term commitment. These are:

- a) Increase the number of apprenticeships across the broad range of occupations needed to support the construction industry, embedding a cultural change in company investment in training for the future workforce.
- b) Work with local construction and supply chain companies to increase the internships, placements and graduate recruitment linked to supporting company growth.
- c) In the light of the persistence of skills shortages, work with the construction industry to support the recruitment of older workers from other sectors and backgrounds.
- d) Prioritise construction companies for bespoke business support through the Lancashire business development support system including management development, planning and investing for growth and improving productivity.
- e) Foresight: Explore construction related manufacturing and supply chain product development to increase the economic benefits from construction.

3.29 The most important step for Lancashire is recognising the construction industry as a priority sector in its own right, with the potential to provide both jobs and new manufacturing and supply chain opportunities which will contribute to economic growth.

**Work with the construction industry, using procurement processes where appropriate, to increase training and employment opportunities for young people and older workers and increase social value.**

3.30 The construction industry is a very important source of local jobs, with employment growth and replacement demand providing a consistent source of employment opportunities. Large construction companies are familiar with public sector requirements to provide training and work placement opportunities as part of contractual requirements for some public works contracts.

3.31 Recent developments have added the concept of social value to the ambition of public sector agencies to increase the benefits from public sector investment. The introduction of social value does however need to take account of the costs of any requirements and the ability of companies to contribute to social value goals.

3.32 There are four objectives with regard to the construction industry, some of which require a medium term commitment. These are:

- a) Ensure a specific commitment to working with local schools and colleges with regard to IAG and require site trips and visits as part of public sector funded construction contracts.
- b) Prioritise groups which have difficulty accessing apprenticeships, including women and ethnic minority groups, in public sector funded construction contracts.
- c) Secure a commitment to recruiting older workers, where necessary using public sector skills support to make candidates work ready and attractive to contractors and sub-contractors.
- d) Develop a social value ask/requirement which takes account of the other requirements being placed on contractors.

3.33 Given the scale of public sector investment in construction activities, and the potential for further investment over the next ten years, there is an opportunity to assist some groups in the labour market who have the potential to take up training and employment but where there are barriers which need to be addressed.

3.34 This objective needs to be balanced by the costs involved, and setting ambitious but realistic targets for company engagement and commitment will be a key part of the development and negotiation process with the construction industry.

**Develop a skills, training and recruitment support package for employers taking up business space on the City Deal linked priority sites and premises, including Preston City Centre, the Enterprise Zone and Cuerden as the major centres for new inward investment.**

3.35 The City Deal will provide Preston and South Ribble with a long term land supply with the capacity to attract significant new investment in a range of sectors. There is a need to assist companies with recruitment, addressing skills shortages and developing training plans, including pre-recruitment training where appropriate. These activities need to build upon existing arrangements for inward investors and include consideration of company growth plans for existing businesses.

3.36 There are three objectives with regard to assisting company growth plans in the priority areas. These are:

- a) Develop and promote a clear recruitment, skills and training offer for companies locating or expanding in the priority locations and sectors in the City Deal area.
- b) Develop a clear pre-recruitment training offer to increase the prospects of local people securing employment and new employers recruiting a suitable workforce.
- c) Assist new companies and those expanding their workforce to develop workforce training plans which incorporate apprenticeships, internships, graduate recruitment and other workforce up-skilling arrangements, including links to employer networks and training providers.

## 4 Alignment with Wider Ambitions

4.1 The City Deal Skills and Employment Strategy has not been developed in isolation nor will it be delivered as a stand-alone plan. Throughout the development process, consideration has been given to the wider strategic context and fit with emerging actions proposed through both Lancashire economy wide strategies and sector specific skills plans.

4.2 The main areas of contribution are outlined below. The identification of aligned objectives emphasises the need for City Deal partners to work with partners across Lancashire to ensure that both programme and LEP wide ambitions are satisfied and that resources can be efficiently and effectively focused. Actions that respond to both City Deal specific requirements and opportunities yet support the achievement of wider strategic ambitions follow in Section 5.

### Fit with the Strategic Economic Plan

4.3 As recognised in the evidence base report, Lancashire’s Strategic Economic Plan (SEP) sets out an ambitious plan to create 50,000 new jobs, 40,000 new houses and add £3bn of additional economic activity to the Lancashire economy over a ten year period. This represents a step change for an economy which currently underperforms compared to the national average with the delivery of City Deal activity, both directly and indirectly, to make an important contribution towards these ambitions.

4.4 SEP skills ambitions are outlined to support overarching targets through a Skills for Growth strategic programme which aims to re-focus skills provision to be responsive to business needs and demands. Proposals included establishment of an Apprenticeship Hub and securing greater flexibility over the use of skills capital funding to respond to local priorities.

4.5 ESF resources are recognised to be an important funding source for the delivery of skills ambitions, focused around two programme aims to drive skills for growth and create opportunities for disadvantaged groups and communities. Considering how City Deal requirements can be addressed through Lancashire wide programmes will be an important consideration going forward with a rationale to support both access to employment and upskilling activities within the City Deal area and to support a workforce resident in a wider area to access City Deal related opportunities.

## Contribution to the Lancashire Employment and Skills Strategic Framework

4.6 The recently produced Lancashire Employment and Skills Strategic Framework brings together evidence gathered through a series of sector skills plans and an early draft of this City Deal commission to identify common themes in the requirements of employment and skills activity. The need to engage people of all age groups and skills levels in the agenda, and ensure that all relevant partners play a role based on up to date intelligence, is recognised by the framework’s structure around four themes of:

- Future Workforce
- Skilled and Productive Workforce
- Inclusive Workforce
- An Informed Approach

4.7 The four themes show clear areas of alignment with the objectives and opportunities identified through the City Deal Skills and Employment Strategy, as well as delivery opportunities. In summary:

Contribution to the Employment and Skills Strategic Framework	
Theme	City Deal Contribution
Future Workforce	Opportunities to demonstrate to young people the scale and breadth of employment offered through construction and site end uses, including opportunities for progression to inspire the next generation
Skilled and Productive Workforce	Support the workforce to continue to develop their skills (including gaining higher skilled qualifications) to support progression and address skills gaps in construction (in the short term) and priority sectors accommodated on City Deal sites (in the medium to long term)
Inclusive Workforce	Enhance IAG to ensure local people are informed about employment opportunities and associated skills needs to support them to access and progress in employment through a variety of routes
An Informed Approach	Support the collection of intelligence at the City Deal level to feed into the Skills Hub



4.8 Sitting below this, the priority actions identified in Section 5 show a strong fit with actions outlined in the Lancashire Employment and Skills Strategic Framework (as shown in the far right hand column) ensuring that delivery supports the achievement of Lancashire wide objectives as well as City Deal specific requirements. In this context, coordinated delivery to ensure that City Deal activity is set in the context of Lancashire delivery is strongly recommended.

### Supporting the Delivery of Sector Skills Priorities

4.9 As recognised through the evidence report, a series of challenges and opportunities have been identified to realising the growth potential of Lancashire's priority sectors. Of particular relevance to the City Deal area are actions required to support growth in the business, financial and professional services, manufacturing, energy and environmental technologies and visitor economy sectors, reflecting the anticipated use of City Deal unlocked sites.

4.10 Delivery of this strategy and implementation plan will however play a role (as part of Lancashire wide activities) in overcoming a number of identified challenges, including through the following opportunities to be considered with partners:

Contribution to Sector Skills Needs	
Business, Finance and Professional Services	
Requirement	City Deal Opportunity
Address skills gaps and shortages	Increase awareness of new and growing employment opportunities, equipping individuals and employers with the knowledge they need to prepare
Develop the supply side	Encourage greater collaborative planning of provision (including forward looking) in response to business needs
Increase worker interest and retention in the sector	Demonstrate the scale of opportunities anticipated on City Deal sites to young people and adults and through this show that there are opportunities for career progression
Increase sector intelligence	City Deal intelligence (e.g. inward investment enquiries and site specific development plans) to feed into Lancashire Skills Hub evidence

Manufacturing	
Requirement	City Deal Opportunity
Inspire and engage young people	Increase awareness and interest in opportunities amongst young people, including greater understanding of the breadth of available opportunities and career routes
Recruit and retain a competitive workforce	Increase the skills of the local workforce, including through opportunities for on the job training and knowledge transfer, plus new entrants
Develop a responsive skills system	Improved working relationships between providers and employers to drive responsive, timely provision
Secure employer investment in training	Engage employers to understand the scale of skills challenges as part of coordinated activities with partners and publicise available skills support
Energy and Environmental Technologies	
Requirement	City Deal Opportunity
Meet varied demands for skills	Increase liaison with employers to assess skills requirements and allow an appropriately skilled and scaled workforce to be offered in response
Attract new entrants to the sector	Increase awareness of the scale and nature of opportunities anticipated to be created, including knowledge of anticipated skills requirements
Improve sector intelligence	Use evidence from existing businesses plus enquiries for City Deal sites to feed into Skills Hub intelligence
Develop the supply side	Support improved working relationships and forward planning between employers and skills providers
Visitor Economy	
Requirement	City Deal Opportunity
Prepare the future workforce	Publicise the scale and nature of employment expected to be created and demonstrate progression routes to young people
Develop the existing workforce	Work with employers and employees to explore future skills requirements and potential approaches to address, e.g. through on the job training and knowledge transfer
Learn from good practice	Explore opportunities for initiatives elsewhere in Lancashire to be rolled out in the City Deal area to support sector growth and skills development



## 5 Priority Actions

### Key Early Actions

5.1 A series of key early actions have been identified to support delivery of the City Deal Skills and Employment Strategy and progress all four supporting objectives, whilst also recognising wider strategic drivers. Identifying both priority actions and partners with responsibility for delivery at this early stage ensures that momentum established through the strategy's development continues to be built upon and there is local ownership of activity. It is recommended that partners continue to identify required actions over time to ensure that implementation of the strategy remains responsive to experience on the ground as well as wider change in policy and economic drivers. Longer term actions are anticipated to focus on publicising what has been achieved through short term actions (e.g. new initiatives established) and demonstrating to potential inward investors and expanding businesses that a skilled workforce is available to meet their needs. Reflecting wider strategic fit, all actions should be developed and implemented in coordination with wider activity being progressed across Lancashire through the leadership of the Lancashire Skills Hub to ensure that the potential for duplication is reduced, the most effective use is made of available resources and partners have aligned plans across different strands of activity.

<b>Strategic Objective 1: Provide the well qualified workforce needed to support employment growth and meet replacement demand, with a special emphasis on the Lancashire priority sectors</b>				
<b>Early Action</b>	<b>Lead Partner</b>	<b>Supporting Partners</b>	<b>Funding Opportunity</b>	<b>Employment and Skills Strategic Framework Fit</b>
Coordinate IAG in Preston and South Ribble schools and colleges to ensure consideration of opportunities available in the priority sectors is embedded in material	School, college and training networks	STEM initiative leads, Sector Development Groups	Existing funding City Deal focussed	FW2b
Engage with existing sector initiatives such as STEMFirst to ensure that all initiatives are aware of the scale and nature of City Deal related employment and skills opportunities	City Deal team	STEM initiative leads, schools, colleges	Existing funding City Deal focussed	SPW4a
Increase sector specific marketing of apprenticeship opportunities for priority sectors and work with apprenticeship providers to agree target numbers by sector for year on year achievement	Lancashire Apprenticeship Hub	Employers, sector representatives organisations, education and training providers, JobCentre Plus	ESF and existing funding Lancashire wide initiatives	FW3a
Support and promote support for tailored skills provision available to businesses through the Sector Skills Action Plans	Lancashire Skills Hub	In liaison with a range of partners and business networks and linked to the Sector Development Groups	ESF and existing funding Lancashire wide initiatives	SPW4a
Coordinate an enhanced skills re-training and guidance offer for older workers and returners looking to access opportunities in priority sectors, including those affected by redundancies and the contraction of	Lancashire Skills Hub	Skills and training providers, JobCentre Plus, Lancashire Work Clubs, Central Lancashire Employment Taskforce	ESF and existing funding Lancashire wide initiatives	IW1a and 1b

traditional industry				
Work with employability support services to raise awareness of the scale and nature of employment opportunities to be created by City Deal investment and wider growth	City Deal team and Lancashire Skills Hub	JobCentre Plus, Work Programme prime contractors	ESF and existing funding City Deal focussed	IW1a and 1d
FE and HE providers to continue to work together to plan provision and progression routes to support people to secure the higher level skills required by the priority sectors, as well as exploring opportunities for students to secure practical work experience with local employers to help develop the skills of the future workforce	FE and HE providers	Lancashire Skills Hub, employers, construction sector groups	ESF Lancashire initiatives	FW3a
Local FE and HE providers to incorporate targeting of the priority sectors through both existing and new intern and graduate recruitment initiatives	UCLAN and FE colleges	Lancashire Skills Hub and sector representatives' organisations.	New funding required City Deal focussed	FW4a
Regularly monitor achievements against priorities identified in the Sector Skills Action Plans to assess change and identify and help overcome any identified challenges to delivery	Lancashire Skills Hub	Action owners identified in the Sector Skills Action Plans	Existing resources Regular monitoring data required	AI1a

<b>Strategic Objective 2: Support the development of the construction industry and supply chain in the City Deal area as a priority sector for company and employment growth</b>				
<b>Early Action</b>	<b>Lead Partner</b>	<b>Supporting Partners</b>	<b>Funding Opportunity</b>	<b>Employment and Skills Strategic Framework Fit</b>
Secure agreement from partners across Lancashire to formally identify construction as a priority sector for growth in Preston and South Ribble to support wider actions to flow from this (e.g. including construction as a priority sector for programmes such as Lancashire Skills Support for the Workforce and successor initiatives)	Lancashire LEP (through the City Deal team)	LEP Board members, Lancashire businesses, skills/training providers, local authorities, public sector partners and others (as appropriate)	City Deal initiated Lancashire wide action	IA2b
Increase the tailoring of Growth Hub marketing materials and support advisors to actively target and support construction businesses to help them to plan for and achieve growth in City Deal related activities	Boost Business Lancashire (Lancashire's Growth Hub)	In consultation with sector representatives (e.g. CITB) and other business support providers, including local authorities	ESF and existing funding Lancashire wide initiatives	SPW3a
Map out career opportunities, progression routes and core elements of existing provision to support skills development in the construction sector to inform information, advice and guidance (IAG) offered to young people to allow them to make informed choices, develop a specific programme of careers actions for schools linked to construction businesses and skills providers, e.g. CITB, and develop a means of communicating choices directly to residents	School and college networks, prompted by Lancashire Skills Hub	Sector representatives (from sector bodies and large employers), skills/training providers, Central Lancashire Employment Taskforce members	New funding required City Deal focussed	FW2b
Run a construction specific Apprenticeship campaign in Lancashire to alert local businesses to the scale of workforce requirements identified for City Deal, support available through the apprentice programme, how they can identify an apprentice, the nature of training available and the costs and benefits associated with doing so	Lancashire Apprenticeship Hub (steered by Lancashire County Council)	Employers, sector representatives (e.g. CITB, Construction Hub), skills and training providers, JobCentre Plus	ESF and existing funding Lancashire wide initiatives	SPW1a
Develop an industry approved training programme which supports adults/older workers to move into the sector	Skills and training providers	Employers, sector representatives (e.g. CITB), Lancashire Skills Hub	ESF and existing funding Lancashire wide initiatives	SPW4a

		Construction Hub), JobCentre Plus		
Prepare a brief and commission research to explore opportunities for Lancashire to capture a wider share of construction related activity, for example consideration of opportunities for local businesses to play an active role in the manufacture of building materials, how supply chains can support new product development. The research should identify both existing strengths to build on and opportunities for new specialisms to be established in the medium term	Lancashire County Council (on behalf of the City Deal partnership)	Brief to be developed with industry representatives and work to be overseen by an appropriately skilled steering group	New funding required City Deal initiated Lancashire wide action	IA1a

<b>Strategic Objective 3: Work with the construction industry, using procurement processes where appropriate, to increase training and employment opportunities for young people and older workers and increase social value</b>				
<b>Early Action</b>	<b>Lead Partner</b>	<b>Supporting Partners</b>	<b>Funding Opportunity</b>	<b>Employment and Skills Strategic Framework Fit</b>
Prepare a formal Social Value policy to be included in all procurement packs that clearly states overall ambitions for City Deal investments, the form of benefits that will be preferred (e.g. offer of apprenticeships, employment opportunities for Lancashire residents, priority groups, allowance for school visits) and how agreements will be enforced	Lancashire County Council procurement team	To be developed in consultation with City Deal staff, a sample of employers and sector representatives through the Construction Club and other local authority economic development and planning contacts to ensure ambition yet realism	Funding required City Deal focussed	IW1e
Require a Skills and Employment Plan to be prepared for all City Deal commissioned construction contracts that clearly outlines the contractor's commitment to delivering social value, including through training and employment activity, and sets out how achievements will be evidenced through the Lancashire Skills Pledge	Lancashire County Council procurement team	To be progressed in consultation with City Deal staff and a sample of employers and sector representatives, including through the Construction Club	Existing resources City Deal focussed	SPW3b
Develop a monitoring framework that allows social value gained through individual contracts to be consistently gathered and aggregated to show the return secured on City Deal investments over time through a social value toolkit and associated performance metrics	City Deal team	Preston City Council, South Ribble Borough Council	Existing resource City Deal Team	IW1e
Existing sector groups (e.g. the new Construction Club for Central Lancashire and the East Lancashire Chamber of Commerce Construction Alliance) to encourage construction businesses to work with local schools and colleges to promote careers in construction and support work experience placements	Construction Club for Central Lancashire to initiate	Schools, colleges, construction businesses	New funding required City Deal initiated Lancashire wide action	FW2b
Develop employer engagement channels (for construction as part of a wider initiative for Lancashire) to ensure up to date intelligence is secured from businesses to	Lancashire Skills Hub	Lancashire business base, schools, colleges, training providers	ESF and existing funding City Deal initiated Lancashire wide action	la1a

inform future education and training provision and IAG activity (potentially through new Curriculum Advisory Panels)				
Skills and employability support providers (such as Lancashire Skills Support for the Workforce and Work Programme prime contractors) to continue to work with partners to ensure a good understanding of the sector's skills needs is established to ensure the potential workforce (including older workers and those exploring new career opportunities) is job ready	Support service providers	Priorities to be identified through consultation with businesses	Existing resource City Deal initiated Lancashire wide action	SPW4a
Once live, promote the proposed 'Lancashire Skills Pledge' amongst construction businesses, working to an agreed take-up target and promoting links to wider actions (e.g. use of apprenticeships)	Lancashire Skills Hub	Local employers, local authority economic development and planning teams	New funding required City Deal initiated Lancashire wide action	SPW3b
Work with apprenticeship providers to agree target engagement levels for the construction sector to ensure sufficient provision is available to support sector needs and active steps are taken to engage both learners and employers to achieve the targets year on year	Lancashire Skills Hub	Apprenticeship providers, schools, employers	New funding required City Deal initiated Lancashire wide action	SPW1b



<b>Strategic Objective 4: Develop a skills, training and recruitment support package for employers taking up business space on City Deal linked priority sites and premises, including Preston City Centre, the Enterprise Zone and Cuerden as the major centres for new inward investment</b>				
<b>Early Action</b>	<b>Lead Partner</b>	<b>Supporting Partners</b>	<b>Funding Opportunity</b>	<b>Employment and Skills Strategic Framework Fit</b>
Establish and publicise an agreed point of contact for skills and employment matters associated with incoming and growing businesses in the City Deal area to ensure consistency of messages and coordination of resulting skills planning and delivery	City Deal team	Contact point to be communicated to a wide range of partners  Local authorities through inward investment/investor development activity	New funding required City Deal Team	N/A
Produce a development prospectus that sets out the ambition for City Deal sites, including consideration of the scale and quality of space to be created and the sectors/types of business to be attracted to help generate interest amongst incoming and expanding businesses. This should be based on up to date local authority Employment Land Study assessments	City Deal team	Lancashire County Council marketing team produced in partnership with local authority marketing teams and to be distributed through partners	New funding required City Deal Team	N/A
Create initial information packs (tailored by site and sector) to be hosted on the City Deal website and issued to interested parties with details of the recruitment and skills offer as well as strengths in the education and training provision and existing workforce available to incoming and expanding businesses, with clear points of contact for further information identified	Lancashire Skills Hub	Lancashire County Council, Preston City Council, South Ribble Borough Council	New funding required City Deal Team action	IW3a
Deliver tailored pre-employment training support that responds to the specific requirements of incoming businesses and helps local people to benefit from the employment opportunities being created	Lancashire Skills Hub to initiate	Lancashire Work Clubs, JobCentre Plus, Work Programme prime contractors, local authorities and Central Lancashire Employment Taskforce	ESF and existing funding City Deal initiated	IW3a
Enhance support available to new and expanding businesses to develop workforce training plans that can be supported by current education and training provision and help to inform employer responsive future	Lancashire Skills Hub to initiate	Employers, schools, FE, HE and training providers	New funding required City Deal initiated Lancashire wide action	FW3a

provision				
Encourage occupiers of City Deal supported sites to sign the Lancashire Skills Pledge to demonstrate their commitment to continual investment in their workforce	Lancashire Skills Hub	Local employers and local authorities through inward investment, investor development and planning activities	Existing resources City Deal Team action	SPW3b

## 6 Arrangements to Support City Deal Delivery

### A Committed Team and Partnership

6.1 Delivering the core strategy of new commercial and residential development will require a long term commitment by senior partners and developers. The success of the infrastructure investment and the scale and pace of new development will be critical to employment growth.

6.2 At the same time, a major commitment by a considerable number of other local partners and front line staff will be required to support company and employment growth. Successful delivery will require:

- Collaborative working to ensure that employment and skills activity is coordinated across providers to make the best use of available resources at a time of high demand.
- Engagement with the majority of employers from a range of sectors and of varied sizes, and a system to keep up to date with employers' requirements.
- Sufficient flexibility for education and training provision to respond to local and changing needs as the economy develops.
- A culture of regularly reviewing progress to reflect on achievements and identify priority topics for future intervention.

6.3 The actions outlined in the previous section will ensure that these foundations are set as early as possible.

6.4 Whilst all partners have a clear desire to ensure that skills and employment considerations are integrated into the delivery of City Deal activity, at present that is limited clarity about the resources available to support this. Although significant resources have been secured to deliver construction works, funding arrangements for staffing and coordinating wider activity, such as employment and skills considerations, remain limited.

6.5 The core City Deal partners (Lancashire, Preston and South Ribble Councils and the Lancashire Local Enterprise Partnership) need to finalise resourcing arrangements as quickly as possible to take account of:

- Existing resources, including their scale, nature (including whether funding or staff time) and flexibility
- The scale and nature of resource required to deliver all of the actions outlined in the previous section

- Identified gaps in capacity and skills once the two points above have been considered together
- The potential funding sources available to support delivery, both of individual actions and for the underpinning delivery resources needed to initiate and oversee coordinated activity

6.6 Based on an assessment built through this commission, resources will be required in the following areas as a minimum:

Requirement	Rationale
A developer and company central contact point	To ensure that interested parties know where to go to access information and that enquiries are handled in a consistent way, including in the material that is shared and onward referral routes where necessary
Marketing	Create an outward facing identity for City Deal that helps to build awareness of proposed activity and the role it will play in underpinning economic growth across Lancashire. Materials will need to be developed for a range of audiences, including residents, investors, occupiers and contractors
Investor and occupier engagement	Generate awareness and test interest in medium term investment opportunities to ensure that development sites are taken forward once infrastructure is in place and that the types of eventual uses envisaged as part of City Deal planning and the wider SEP are captured on completed sites. This will require emphasising the scale of the opportunity and the assets that are available to support growth (including strengthened infrastructure, existing employment specialisms and the offer of a skilled workforce)
Employer and training provider liaison	To support greater understanding of employer workforce demands including scale and specific skills requirements. This will help to ensure that provision is responsive and that potential employees also understand skills requirements and career paths into and through the employment opportunities to be created

## Financing and Delivering City Deal Skills Actions

6.7 City Deal is a capital programme focused on realising employment and residential land which supports employment growth. There is no dedicated source of funding to provide skills initiatives linked to the workforce required to support company growth.

6.8 The Lancashire LEP has however considerable influence over skills investment and has developed a Lancashire wide Skills Plan, directed by the LEP Skills Board, with a number of sector plans recently published, after detailed research and consultation. The LEP has a major influence over ESF funding for skills, although agencies such as DWP and the Skills Funding Agency are closely involved in delivery.

6.9 There is a delivery challenge to ensure that LEP proposed skills initiatives fully impact on Preston and South Ribble companies and residents, and avoiding duplication of activities at the local level.

6.10 There are therefore three complementary aims for City Deal partners and local training providers. These are:

- To ensure Lancashire wide initiatives fully target Lancashire businesses and residents, particularly with regard to Priority sectors.
- To provide new training initiatives to address gaps in provision and activities.
- To monitor key skills metrics in Preston and South Ribble, including numbers of apprenticeship places and companies engaged with skills programmes.

6.11 These aims will help to ensure that priorities are pursued at an appropriate level and any shortfall in local provision linked to City Deal employment and workforce growth are fully addressed.

## Securing Representation in Lancashire Wide Structures

6.12 A number of new skills structures are being established across Lancashire to take forward delivery of the Lancashire Skills and Employment Strategic Framework and the priority sector Skills Action Plans. The LEP Skills Board will have oversight of the Strategic Framework's delivery while Sector Development Groups are being established to take forward the sector skills plans.

6.13 As shown in Section 5, many of the City Deal's employment and skills ambitions will be delivered in the context of Lancashire wide activities. This approach ensures that resources are not unnecessarily duplicated and that a consistent approach to delivery is taken across Lancashire. Maintaining oversight and input to activity will however remain important.

6.14 Achieving this will require appropriate representation within Lancashire wide structures. It is recommended that early discussions are initiated through the Lancashire Skills Hub to agree how City Deal interests will be represented within the LEP Skills Board and Sector Development Groups with potential candidates to be identified to provide a City Deal perspective.

## Monitoring Progress and Measuring Success

### Proposed Metrics

6.15 The success of delivery of employment and skills plans will be measured in terms of early actions implemented and progress against a series of metrics. It is recommended that regular monitoring reports be provided on:

- The number of Preston and South Ribble companies involved in apprenticeships, including the number involved in higher level apprenticeships
- The number of Preston and South Ribble companies involved in Skills Hub supported initiatives
- The number of Preston and South Ribble companies involved in Priority Sector Skills Plan initiatives
- The number of Preston and South Ribble residents involved in apprenticeships, including the number involved in higher level apprenticeships
- The number of City Deal area/Lancashire residents securing work in the construction sector and in businesses accommodated on City Deal supported sites
- The number of City Deal area/Lancashire residents completing qualifications and taking up employment in priority sectors

- The number of apprenticeships supported each year in the construction and priority sectors.

6.16 Specific metrics may also be developed to assess performance against the achievement of individual actions outlined in the section above, for example to capture social value gains through construction activity and the number of employers and training providers engaged in regular communication.

### **Baseline**

6.17 In order to assess progress, City Deal partners need to understand the area's current baseline against the key metrics, such as the numbers of apprenticeships and companies involved in business and skills programmes. While some of the data may not be immediately available, the City Deal secretariat should establish an initial baseline for as many of the key indicators as possible.

### **Monitoring**

6.18 To support monitoring against the baseline, Lancashire wide initiatives will need to be obliged to breakdown achievements by local authority area that can in turn be aggregated up to the City Deal area. Early discussions will be required to facilitate this and allow the City Deal area's share of engagement and achievements to be demonstrated.

6.19 Delivering the strategy will require a successful inward investment effort to take up the new business space which the infrastructure projects will facilitate over the next ten years. Maintaining a record of both the activities completed and successes as a result will be an important consideration, including records of marketing activity undertaken, direct company approaches made, the number of businesses moving into the City Deal area and the scale of employment secured as a result.



# Agenda Item 12

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