

Company Number: 07388600

Lancashire Enterprise Partnership Limited Board

Tuesday, 28th March, 2017 in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston, at 4.30 pm

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Minutes of the meeting held on 31st January 2017 (Pages 1 - 8)**
- 3. Matters Arising**
- 4. Declarations of Interest**
- 5. LEP Governance and Committees Decisions Report (Pages 9 - 16)**
- 6. Key Initiatives Update (Pages 17 - 34)**
- 7. Strategic Marketing and Communications Update Report (Pages 35 - 46)**
- 8. Preston, South Ribble and Lancashire City Deal - Cuerden (Pages 47 - 50)**
- 9. SEP Refresh**
 - (a) Trade and Internationalisation: A Global Lancashire (Pages 51 - 62)**
 - (b) East-West Connectivity: An Economic Study (Pages 63 - 78)**
- 10. Industrial Strategy Roundtable Consultation Session**

Session to be led by Kirsty Pearce, Area Director Department for Business, Energy and Industrial Strategy (BEIS) and Mick Allen, Northern Powerhouse Team and Assistant Director – Area Lead Lancashire, BEIS.

11. Any Other Business

12. Date of Next Meeting

The next LEP Board meeting is scheduled to be held on Thursday 29th June 2017, 4.30pm in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston.

Lancashire Enterprise Partnership Limited Board

**Minutes of the Meeting held on Tuesday, 31st January, 2017 at 4.30 pm
at the Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall,
Preston**

Present

Edwin Booth (Chairman)

Councillor Simon Blackburn
Jim Carter
Graham Cowley
Mike Damms
Ann Dean
Richard Evans
Dave Holmes
Dr Malcolm McVicar

County Councillor Jennifer Mein
Mick Gornall
Councillor Phil Riley
Khalid Saifullah
Professor Mark Smith
David Taylor
Councillor Mark Townsend
Claire Whelan

In Attendance

Joanne Ainsworth, Special Advisor Finance, Lancashire County Council
Brian Bailey, Director of Planning and Prosperity, Blackburn with Darwen Borough Council
Andrew Good, Head of Service Financial Management, Lancashire County Council
Neil Jack, Chief Executive, Blackpool Council
Martin Kelly, Director of Economic Development, Lancashire County Council
Andy Milroy, Senior Democratic Services Officer, Lancashire County Council
Kathryn Molloy, Head of Service LEP Coordination, Lancashire County Council
Jo Turton, Chief Executive, Lancashire County Council
Ian Young, Company Secretary

1. Welcome and Apologies for Absence

The Chairman, Edwin Booth, welcomed all to the meeting. Apologies for absence were presented from Mike Blackburn and Councillor Stuart Hirst.

2. Minutes of the meeting held on 8th November 2016

Resolved: That the minutes of the Board meeting held on 8th November 2016 be approved as an accurate record and signed by the Chairman.

3. Matters Arising

None

4. Growth Deal Update

Martin Kelly, Director of Economic Development, Lancashire County Council provided an oral update on the Lancashire Enterprise Partnership (LEP) Growth Deal funding bid.

It was reported that the LEP confirmed it has successfully secured a significant multi-million pound investment allocation from government to drive a range of new infrastructure, skills and regeneration projects across Lancashire.

The £69.8m settlement, which is part of the government's national Growth Deal programme, is one of the largest in the country. Such a substantial funding package reflects the confidence that the government has in the ability of the LEP to deliver effectively and that more investment in Lancashire will help to maximise its pivotal role within the Northern Powerhouse.

The LEP Directors stated how pleased they were with the settlement and thanked officers for their role in drafting the bid.

Resolved: The LEP Board noted the update regarding the Growth Deal funding investment.

5. Declarations of Interest

Dave Holmes declared an interest in Item 7 – AMRC Update, his employer, BAE Systems, are a level one partner within the AMRC Network. It was agreed that Mr Holmes could remain present for this agenda item.

6. Welcome and Introduction to New LEP Directors

The Chairman welcomed four new Directors to the Board, namely Ann Dean, Mick Gornall, Khalid Saifullah and Claire Whelan. Each new Director briefly introduced themselves to the Board and gave an overview of their career history.

The remaining LEP Directors welcomed the new Directors and noted that they would be valuable assets to the Board with skills sets that will complement the existing Board members.

7. Advanced Manufacturing Research Centre (AMRC) North West - Presentation

Part II

At this point the LEP Board approved that the meeting move into Part II, Private and Confidential, to consider a presentation regarding Advanced Manufacturing Research Centre (AMRC) North West as it contained information provided in confidence as defined in the Freedom of Information Act 200. It was considered that in all the circumstances of the case the public interest in maintaining the

exemption outweighed the public interest in disclosing the information.

Emma Hutton and John Baragwanath, AMRC Group, gave a presentation on AMRC North West. It was highlighted that the Centre was devoted to the research and development of new means, methodologies, tools and techniques for Advanced Manufacturing Technology.

The presentation included information regarding the partners involved, machining, composites manufacturing, research and development, design, medical, castings and nuclear technologies.

It was noted that the vision of AMRC North West is to place Lancashire amongst the most innovative regions in the UK, with applied research facilities comparable with the best in the world, ensuring Lancashire is an attractive destination for inward investment and the creation of new businesses, in addition to providing world-class support for existing manufacturers.

Resolved: The LEP Board noted the AMRC North West presentation.

8. LEP Governance and Committees Decisions Report

Part I

The meeting returned to Part I, publically available information, at this point.

Andy Milroy, Senior Democratic Services Officer, Lancashire County Council presented a report (circulated) which provided the LEP Board with an update in relation to the Committees of the LEP and some Governance matters for approval.

The LEP Board were reminded that the LEP is a Company Limited by Guarantee and as such is subject to the Companies Act 2006 with regard to the filing of accounts and annual returns. The LEP does not conduct financial transactions itself as Lancashire County Council carries out this function, on behalf of the LEP, as the Accountable Body. Therefore the LEP's accounts are in essence dormant but still require the formalities of being signed and filed at Companies House.

In addition the LEP Board were asked to approve revised Terms of Reference for the Growth Deal Management Board, the only change being to formally appoint two Observer representatives.

Resolved: The LEP Board:

- (i) Noted the updates provided in the report in relation to the Committees of the LEP.
- (ii) Approved the accounts and financial statements for the period ending September 2016 as set out at Appendices 'A' and 'B', and;
- (iii) Approved the revised Terms of Reference for the Growth Deal

Management Board, and in doing so agreed that Mick Allen and Katherine O'Connor from BEIS be formally appointed as Observers as set out at Appendix 'C'.

9. LEP Operational Budget 2017-18

Kathryn Molloy, Head of Service LEP Coordination, Lancashire County Council presented a report (circulated) which contained proposals for the LEP Operational Budget for 2017 / 18.

Kathryn explained that the Operational Budget had been produced under the guidance of the LEP's Performance Committee which met on the 22 November 2017 and more recently on the 16th January 2017. In setting the Operational Budget for 2017-18, the Committee has reviewed the LEP's previous and current income streams, budget position and staffing and resource capacity.

Resolved: The LEP Board:

- (i) Considered and approved the Operational Budget for 2017-18, as set out in the report, including the proposal to fund additional staffing resource in 2017-18 and 2018-19 on an initial two-year fixed term basis to enhance LEP core capacity;
- (ii) Authorised the Performance Committee to work with the County Council, as Accountable Body for the LEP, to finalise employing arrangements for proposed additional posts; and
- (iii) Approve the Performance Committee to oversee the production of Management Accounts for 2016-16, which will include a final outturn figure, and present this information to the Board early in the next financial year.

10. Key Initiatives Report

Kathryn Molloy presented a report (circulated) which provided an activity and progress update on the LEP Key Initiatives, namely: City Deal Programme, Growth Deal Programme, Enterprise Zone Programme, Boost Business Growth Hub and Growing Places Investment Funding.

Kathryn highlighted the achievements, current challenges, future issues and financial performance metrics for each Key Initiative.

Resolved: The LEP Board noted the updates on each of the LEP's Key Initiatives as presented and set out in the report.

11. LEP Assurance Framework Review

Kathryn Molloy presented a report (circulated) which provided the LEP Board with an update on the LEP Assurance Framework Review process.

It was noted that in October 2016 Government issued a revised National Assurance Framework which superseded the 2014 Local Enterprise Partnership National Assurance Framework. The purpose of the new framework is to ensure that LEPs have in place the necessary systems and processes to manage delegated funding from Government budgets effectively.

County Council officers have undertaken a review of the LEP's Assurance Framework against the Government's new framework. The LEP's Assurance Framework is found to be fully compliant.

However, it was recommended that following the announcement of Growth Deal 3 funding to LEPs, that a further review be undertaken to identify any areas for further improvement, in line with the revised National Assurance Framework.

In addition, the LEP Network, with Government support, has instigated an officer-led LEP Buddy Peer Review. The Lancashire LEP has been asked to review the Stoke-on-Trent and Staffordshire LEP. The Greater Lincolnshire LEP will review Lancashire. The Peer Review will take place through face-to-face meetings of LEP pairs which will begin in mid-February.

Resolved: The LEP Board:

- (i) Noted the contents of the report, specifically that County Council officers have undertaken a review of the LEP's Assurance Framework against the Government's new National Assessment Framework and it is found to be fully compliant;
- (ii) Authorised Lancashire County Council's Section 151 Officer to submit a letter, on behalf of the Accountable Body for the LEP, to DCLG's Accounting Officer by 28 February 2017 certifying that the LEP's local assurance framework has been agreed, is being implemented, and meets the revised standards set out in the National Assurance Framework;
- (iii) Authorised the Chair of the Growth Deal Management Board, with the support of County Council officers, to undertake a rapid review of the LEP's LGF procedures to identify any areas for further improvement, in line with the revised National Assurance Framework, and report any proposed changes to the Board at its next meeting;
- (iv) Reconfirmed that Mike Damms is the nominated Board member to represent and engage with the SME business community as the LEP's SME Champion;
- (v) Considered appropriate mechanisms to ensure meaningful local public engagement in the refresh of the LEP's SEP and in reporting progress against the delivery of the SEP, including key projects; and

- (vi) Authorised the County Council's Director of Economic Development, with the support of County Council officers, to fully participate in the LEP Network's LEP Buddy Peer Review.

12. Strategic Economic Plan Refresh - Update

Martin Kelly presented a report (circulated) which provided an update on the Strategic Economic Plan Refresh.

It was reported that the Strategic Economic Plan (SEP) has played a central role in establishing the LEP's leadership role; in forging new ways of working between public and private sector partners; in securing and directing unprecedented levels of national public investment in support of locally agreed growth priorities; and, in turn, enabled the LEP and its local partners to be recognised by Government as high performing.

It was noted that at the LEP Board meeting held in November 2016 it was agreed that a "refresh" of the SEP should be undertaken, in conjunction with the shadow Lancashire Combined Authority (LCA), with a view to completing this task by April 2017.

Resolved: The LEP Board:

- (i) Noted the contents of the report, including the revised timetable which has been extended to enable key policy research inputs to fully inform the SEP refresh;
- (ii) Authorised the LEP Chair to continue working with the shadow LCA to develop the refreshed SEP;
- (iii) Agreed to work with the shadow LCA, whilst engaging with public and private sector partners, to identify new strategic and transformational priorities, programmes and scheme proposals for consideration by the LEP Board;
- (iv) Authorised the Director of Economic Development of the County Council to continue working with the team of local authority officers identified by the shadow LCA to support the SEP refresh – and especially regarding spatial, housing growth, inclusive growth and pipeline development priorities; and
- (v) Requested that a Draft refreshed SEP be submitted to the LEP Board for consideration as soon as possible.

13. Industrial Strategy Update

It was noted that Industrial Strategy had been discussed as part of the previous item regarding the Strategic Economic Plan Refresh.

14. European Structural and Investment Funds - Post Autumn Statement 2016 Update

Sean McGrath, External Investment/Funding Programme Manager, Lancashire County Council, presented a report (circulated) which provided a post Autumn Statement 2016 update on European Structural and Investment Funds.

It was reported that there has been limited formal guidance from Government on the impact of the EU Referendum other than suggestions to carry on with "business as usual" with a degree of re-assurance offered by the recent Autumn Statement which indicated that contracted projects would have their funding guaranteed even after the UK leaves the EU.

Resolved: The LEP Board:

- (i) Noted the contents of the report, including current commitment levels and "at risk" ESIF resources.
- (ii) Noted the issues related to the European Social Fund (ESF) capacity, as detailed in the report.
- (iii) Noted the broader issues related to the future of the ESIF programme and the need to plan for a successor programme(s) as highlighted in the report; and
- (iv) Agreed that in light of the Building Our Industrial Strategy Green Paper, that officers, on behalf of the LEP Board, lobby Ministers directly to raise the issues contained in the report.

15. Marketing and Communications Update

Ruth Connor, Chief Executive, Marketing Lancashire presented a report (circulated) which provided an update on Marketing and Communications activities since the last LEP Board.

It was highlighted that Place North West was scheduled to be held on 7 February 2017, the Northern Powerhouse Conference from 21-22 February 2017 and MIPIIM Cannes is scheduled to be held from 13-17 March 2017. The LEP will be represented at all events.

The Board also viewed the recently produced "We are Lancashire" promotional video which Board members stated was an excellent, well produced video that showcased Lancashire.

Resolved: The LEP Board:

- (i) Noted the contents of the report.
- (ii) Approved the proposed approach to continuing to develop a strategic marketing proposition for Lancashire, as set out in the report; and
- (iii) Noted that the Chief Executive of Marketing Lancashire, as the LEP's media, communications and PR lead, will continue to provide regular updates to the LEP Board on strategic marketing and communications activity and its outputs.

16. Combined Authority Update

Councillor Simon Blackburn, Leader of Blackpool Council and LEP Director, gave an oral update on the work of the Shadow Combined Authority, it was noted that discussions were ongoing with Government on the timescales for the establishment of the Combined Authority and further updates would be provided to the LEP Board as discussions progress.

17. Any Other Business

None

18. Date of Next Meeting

It was noted that the next LEP Board meeting was scheduled to be held at 4.30pm on 28th March 2017 in Cabinet Room 'D' – The Henry Bolingbroke Room, County Hall, Preston.



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Tuesday, 28 March 2017

LEP Governance and Committees Decisions Report

Report Author: Andy Milroy, Company Services Officer, (01772) 530354,
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Executive Summary

This report extracts the key items considered by each of the Lancashire Enterprise Partnership (LEP) Board Committees at their recent meetings and, where applicable, and if not considered elsewhere on the Board's main agenda, contains decisions referred to the Board by the Committees for approval.

Recommendation

The LEP Board is asked to note the updates provided in this report in relation to the Committees of the LEP.

Background and Advice

The Lancashire Enterprise Partnership Board (LEP) approved the LEP's first Assurance Framework on 17th March 2015 which was subsequently submitted to Government as final in April 2015. The LEP's Assurance Framework has subsequently been updated to reflect any changes to the LEP's governance arrangements and also to reflect updated national guidance. The Assurance Framework is made publically available on the LEP website:

<http://www.lancashirelep.co.uk/about-us/about-the-lep.aspx>

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

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

Governance Updates

There will be a verbal update at the meeting regarding Growth Deal Management Board membership.

Updates from recent LEP Committee Meetings

1. Executive Committee

Decision taken – 16 February 2017

The LEP Executive Committee approved the LEP's Application for Government Core Funding for 2017/18.

Decision taken – 22 February 2017

The LEP Executive Committee approved the updated LEP Assurance Framework, which was updated in line with the new National LEP Framework.

2. Transport for Lancashire Committee

The Transport for Lancashire Committee, Chaired by CC Mein, met on 11 January 2017, and considered the following:

- A presentation from Cushman and Wakefield/Systra on the potential benefits of improving east-west connectivity along the Trans-Pennine corridor between Lancashire and North and West Yorkshire.
- A report on the draft Key Route Network for Lancashire. It was approved as the basis for engagement with a range of interested parties including Transport for the North, the shadow Lancashire Combined Authority, Highways England, neighbouring Combined Authority and Local Authority areas and the twelve district councils within Lancashire.

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

3. City Deal Executive and Stewardship Board

The City Deal Executive and Stewardship Board, Chaired by CC Jennifer Mein (Executive, in the absence of Jim Carter) and Stuart Sage (Stewardship Board, in the absence of Danielle Gillespie) held an inquorate meeting on 22 February 2017.

Subsequently, following the meeting, a number of written resolutions were approved by the Executive and Stewardship Board as set out below:

**Written Resolution of the Preston, South Ribble and Lancashire City Deal
Executive and Stewardship Board – 2nd March 2017**

The City Deal Executive and Stewardship Board Members:

- (i) Approved that the minutes of the inquorate City Deal Executive and City Deal Stewardship Board meetings held on 22nd February 2017 be accepted and ratified as a formal record of the meeting
- (ii) **With regard to Item 6 – Investment Marketing Update Report:**
 - a. Noted the progress made in developing an Invest Central Lancashire Theme and that a regular magazine or newsletter should be produced rather than a static document.
 - b. Approved the framework and strategy for the Invest Central Lancashire prospectus as set out in the report.
 - c. Requested that a framework Invest Central Lancashire prospectus be presented at the forthcoming Executive and Stewardship Board Workshop to be held on 30th March 2017.
 - d. Noted the feedback from the City Deal Place North West Event held on 7th February 2017.
 - e. Noted the need for an ongoing campaign action plan and requested a comprehensive Marketing, Communication and Events Plan is prepared and brought to the June 2017 meeting.
 - f. Requested that marketing material be prepared for delegated attending the MIPIM Cannes event and cleared with the LEP prior to the event; and
 - g. Noted the ongoing activity in respect of the implementation of the existing communications plan.
- (iii) **With regard to Item 9 – Procurement: Penwortham Bypass and Section 1 of the East West Link Road:**
 - a. Agreed to defer a decision regarding the procurement process for Penwortham Bypass to allow further detail to be provided, with the decision to be considered as soon as possible thereafter; and
 - b. Approved that the East West Link Road be subject to a formal tender process.

Executive and Stewardship Board Meeting – 18 November 2016

The Executive and Stewardship Board considered the following:

- A presentation from the Preston Cycling Liaison Group with particular regard to the Guild Wheel. A written response to questions raised would be provided by the Committee to the Group.
- A report from Simon Turner, Freshfields, on Investment Marketing. The framework and strategy for the Invest Central Lancashire prospectus was agreed, of which a draft would be presented at the City Deal Workshop on 30 March 2017. A Marketing, Communications and Events Plan would be prepared for consideration at the June meeting. Marketing material would be prepared for the MIPIM Cannes event.
- An update report from Stuart Sage on the HCA Business and Disposal Plan. A Capacity Funding bid had been submitted to Government.
- An Implementation Update, reporting key milestones achieved in Quarter 3, including submission of planning application for Penwortham Bypass, planning consent received for Preston Bus Station concourse works, the Youth Zone and Moss Side Test Track Masterplan, which was now out for consultation.
- A report on the Procurement Proposals for Penwortham Bypass, on which the decision would be deferred pending further information, and Section 1 of the East-West Link Road which was approved to be subject to a formal tender process
- An update on the Community Infrastructure Plan, which would be brought to the Committee for review in June 2017
- An update on the Resources Review

Also, following the informal meeting in January to consider a marketing strategy for the City Deal, the proposal was agreed via written resolution that:

- (i) That any investment marketing campaign for the City Deal be fully aligned to Marketing Lancashire's "We are Lancashire" brand and campaign;
- (ii) That "Invest Central Lancashire" be used to describe the City Deal investment proposition;
- (iii) That the City Deal logo continue to be used, as and when appropriate, alongside "Invest Central Lancashire";
- (iv) That "Invest Central Lancashire" be promoted at the Place North West We are Lancashire / City Deal event on February 7th; and
- (v) That officers prepare a shell and framework for the Invest Central Lancashire prospectus and that it be brought to the February 2017 meeting of the City Deal Executive and Stewardship Board for consideration.

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



4. Growth Deal Management Board

The Growth Deal Management Board, Chaired by Graham Cowley, met on 08 March 2017 and considered the following:

- An update on communications and publicity
- The Grant Funding Agreement for the Rawtenstall Redevelopment Zone, which was approved
- An update on progress of projects
- An update on finance, and Growth Deal 3
- An overview of the Growth Deal Skills Capital
- It was also noted that Local Growth Fund Agreements had been approved via written resolution for the Lancaster Health Innovation Campus, and Blackpool Integrated Traffic Management

The reports and minutes for Growth Deal Management Board meetings can be accessed here:

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

5. Enterprise Zone Governance Committee

The last meeting of the Enterprise Zone Governance Committee, Chaired by Edwin Booth, met on 06 March 2017, and considered the following:

A report on Marketing and Enquiry Handling Protocol and agreed that:

- (i) Marketing Lancashire to act as the central coordinating function for strategic marketing activity and enquiry handling arrangements be approved.
- (ii) The appointment of a shared Commercial Agent on a fee-finding basis with the LEP financing the appointment and local partners making supporting contributions be approved.
- (iii) The LEP to finance initial development for the overarching LAMEC website, which will include the four EZ specific sites, supporting sector propositions and marketing collateral be approved.
- (iv) Implement agreed enquiry handling arrangements from 1 June 2017, subject to agreement with local partners and landowners be agreed.
- (v) Authorisation for Marketing Lancashire, supported by local public and private sector delivery partners, to develop a strategic Marketing Plan for consideration and approval at a later EZGC meeting be agreed.



- (vi) Authorisation for Marketing Lancashire to lead on the development of sector propositions for each EZ site, in consultation with national and local partners be agreed.
- (vii) The use of the Evolutive System as the CRM system for EZ enquiry handling be agreed.

The EZ Governance Committee also considered a verbal report on the Performance Monitoring of the LEP's four Enterprise Zones, requesting that individual project boards meet regularly and report progress through to the EZGC.

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

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

6. Lancashire Skills and Employment Board

The Skills and Employment Board, Chaired by Amanda Melton, met on 22 February 2017 and considered the following:

- An update from the Skills Hub, wherein it was noted that: the Lancashire Enterprise Adviser Network had exceeded the end of January target and now included 62 schools; the Department for Education had confirmed funding for the Careers and Enterprise Company for 2018-2020; three Strategic Partnership Managers had been appointed to work on European Structural Investment Funds activity.
- A presentation on the National Collaboration Outreach Programme.
- An update on European Social Fund activity, and noted the release of a call against investment priority 2.2, and that calls would not be developed in relation to the £13.7m unallocated funding until clarity around national policy was received.
- A summary report on the Green Paper 'Building our Industrial Strategy', published in January. Committee members would send responses in writing to be fed into the LEP response.
- The draft Apprenticeship Growth Plan, which was approved as a living document.
- A report on the DWP Fuller Working Lives Strategy and the Value of Experience Conference, on retraining, retaining and recruiting older workers.
- The draft specification for the Future Workforce evidence base study, which was approved subject to discussion with the Local Education Authorities. Funding would be sought from the LEP and Combined Authority to enable the piece of work to be commissioned.
- A progress report on the Area Based Review (ABR). The Lancashire ABR report would be published in May.

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



7. Performance Committee

No further meetings of the Performance Committee have been held since the last LEP Board meeting. The next meeting is currently scheduled for 01 June 2017.

Full agendas and minutes for the Performance Committee meetings can be accessed here:

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

8. Business Support Management Board

No further meetings of the Business Support Management Board have been held since the last LEP Board meeting. The next meeting is currently scheduled for 08 June 2017.

Full agendas and minutes for the Business Support Management Board meetings can be accessed here:

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



Lancashire Enterprise Partnership Limited

Private and Confidential: No

Tuesday, 28 March 2017

Key Initiatives Update

**Report Author: Kathryn Molloy, Tel: 01772 538790,
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Executive Summary

This report captures activity and progress made in delivering the LEP's key initiatives; City Deal Programme, Growth Deal Programme, Enterprise Zone Programme, Boost Business Growth Hub and Growing Places Investment Funding.

The report specifically identifies achievements, current challenges, future issues, financial and non-financial performance metrics, potential risks and any general observations relating to the initiatives identified above.

The Board is asked to note that a series of infographics which capture progress made in delivering the Key Performance Indicators (KPIs) for each of the LEP's Key Initiatives are currently being prepared in conjunction with the LEP's Business Plan for the period 2017 – 2020. The next report to the Board on this item will be presented using infographics.

Recommendation

The LEP Board is asked to note and comment on the updates received on the progress of each of the LEP's key initiatives.

Background and Advice

This report captures activity and progress made in delivering the LEP's key initiatives, specifically the City Deal Programme, Growth Deal Programme, Enterprise Zone Programme, Boost Business Growth Hub and Growing Places Investment Funding.

The report captures the following information for each key initiative:

- Achievements in the last three months;
- Current challenges;
- Future issues;



- Financial and non-financial KPIs including programme spend to date including other funding or resources leveraged, jobs created, commercial floorspace created and housing unit completions;
- Newly identified potential risks; and
- Other general observations.
- Programme updates are provided below for the Board's information.

City Deal Programme

This note provides an update against the City Deal Year Three Quarter Three key performances reported to the board at its last meeting. The end of year monitoring is now underway and will be reported to the board at its meeting in June and will include quantitative information against the City Deal metrics and qualitative information on all infrastructure projects and development sites.

Infrastructure Delivery

Progress continues to be made with the delivery of critical infrastructure in the Business Plan, including:-

- Broughton Bypass - under construction and progressing as planned with completion expected in August 2017.
- Preston Western Distributor (PWD) The planning application was submitted and is expected to be determined in Q1.
- The East West Link Road (EWLR) – the planning application was submitted and is expected to be determined in Q1.
- Penwortham Bypass - planning application has been submitted with determination expected to be in Q1/Q2.
- A582 Dualling - planning application is due to be submitted but is subject to additional ecological survey work and a second public consultation being required. An updated programme profile is being developed.
- Preston Bus Station - Works have commenced on the Car Park repairs and the design for the improved concourse and bus station has been finalised. Planning applications for on-site highway works have been submitted.

Housing Delivery

Progress continues to be made in terms of the development of key housing sites as follows:

- Moss Side Test track in Leyland - following the consultation on the Master Plan a revised Master Plan is being considered by SRBC Planning Committee on 22nd March. It is anticipated that construction could start as early as the end of 2017/early 2018.
- Pickering's Farm - Officers continue to work with principal landowners and developers, Taylor Wimpey and HCA, to move this site forward, initially through the development of a site masterplan.



- North West Preston - build out rates on this site are continuing positively which suggests a more confident outlook for sales going forward.
- Government announced in January 2017 that the City Deal is amongst the first wave of 30 local authority partnerships – selected on the basis of their potential for early delivery – to be successful in securing Starter Homes fund, working in partnership with the HCA to bring forward land for Starter Homes capable for build out by private developers by 2020, taking advantage of the various Help to Buy products.
- Over 600 Starter Homes will be developed on sites with a total housing unit build of c1, 200.
- City Deal Bid submitted for HCA Large Sites and Housing Zone Capacity Funding to enable more robust development management arrangements to be introduced, providing enhanced pre-planning, planning, post planning and construction support and expertise.

Commercial Delivery

- The Samlesbury Aerospace Enterprise Zone has seen completion of the new logistics centre and training facility.
- Consultation undertaken on Cuerden development proposals - a planning application has now been submitted.

Current challenges

Whilst progress on outputs presented previously has been strong, targets for future years will accelerate, and therefore delivery progress on employment and housing sites must be maintained.

The following represent the major current challenges that are being monitored and dealt with through a Risk Management programme;

Infrastructure

- As schemes are progressing through the design stages more certainty is now being gained on costs and in some cases funding pressures are emerging. Mitigating action is being taken to value engineer and prioritise schemes within the business plan as well as identifying additional funding sources where necessary.

Housing

- Some house-builders are building out at a slower rate than anticipated on some sites.
- Some developers and house-builders continue to monitor the impact of Community Infrastructure Levy payments on viability.



Commercial

- Office (anchor tenant) demand and viability issues have led to a revision of some City Centre development timescales.
- Delivery of commercial floor-space connected to complex mixed-use sites is delaying some site development.

Future issues

At a national level, potential changes to New Homes Bonus, Business Rates and the Community Infrastructure Levy all have the potential to significantly impact the deliverability of the programme.

The City Deal Executive & Stewardship Board have commissioned a Resources Review in order to understand and prepare for the potential impact and to inform future discussions with Government. The Chair of the Executive attended the LEP's Performance Committee in September and a programme of work to provide assurance on; 1) keeping pace with the programme milestones, 2) value for money and 3) social value, is under way, with the final report being taken to the City Deal Executive in June 2017.

At a local level, in the medium to long-term, the following issues may require particular interventions to help mitigate/resolve;

Housing

- There are a number of large sites that have complex site specific technical issues that require overcoming.
- Uncertainty brought about by Brexit may dampen developer activity/consumer demand.
- Labour and materials shortages may lead to developer competition for resources and slow build out rates.

Commercial

- Uncertainty brought about by Brexit may dampen developer activity/consumer demand.
- Competing demand for residential uses in City Centre sites may squeeze out some commercial uses.

Growth Deal Programme

Background

In July 2014, Government awarded the Lancashire Enterprise Partnership (LEP) £234m from the Local Growth Fund over the period 2015-21. Following the initial award in 2014, a further two awards have since been made to the LEP, resulting in a Local Growth Deal Programme totalling £320m.



It is expected at this stage that the Lancashire Growth Deal will deliver up to 44 capital schemes during the period 2015/16 to 2020/21.

Latest Programme Position

99% of the £320m Growth Deal funding has been allocated across projects, with 70% of projects having completed contracting in line with their original objectives.

Of the 44 projects within the programme, 31 have received LEP funding approval and have a Grant Funding Agreement now in place.

Timescales are presented below for the funding approval process for the remaining 13 projects:

- **Blackburn Town Centre** – Business Case expected to be presented to the June 2017 GDMB meeting.
- **Blackpool Museum (HBVA)** – Business Case expected to be presented to June 2017 GDMB meeting.
- **Blackpool Tramway Extension** – Business Case expected to be presented to November 2017 TfL meeting.
- **Darwen East Distributor** – Business Case expected to be presented to October 2017 TfL meeting.
- **Preston Western Distributor** - Outline Business case expected to be presented to August 2017 TfL meeting.
- **M55 to St Annes Link Road** - Timescales to be confirmed.
- **M6 J28 Improvements** - Timescales to be confirmed.
- **Growth Deal 3 (6 projects)** - Following confirmation of Growth Deal 3 funding in January 2017, discussions are progressing with Project Sponsors to confirm project funding allocation profiles and delivery plans.

The Growth Deal programme is currently delivering in line with its agreed milestones and funding profiles, with no significant issues to report on the 'live' projects within the programme.

Delivery of Programme Outputs and Outcomes

The programme is in its relevant infancy in relation to realising the outputs and outcomes identified for each scheme and as a programme overall. However with 31 projects now delivering and significant reporting expected to commence in 2017/18, in line with capital spend profiles, the reporting of outputs and outcomes is expected to intensify in the coming months.

A comprehensive programme of on-site monitoring visits combined with project claims received to date, demonstrates significant progress being achieved on live schemes with projects currently delivering in accordance with their contracted milestones.

Attention is now being focussed on bringing forward the remaining 13 projects which require a LEP funding approval.



Financial Performance

Of the £320.88m Growth Deal funding awarded to Lancashire, all funding has been allocated to projects with the exception of £1.80m. This unallocated funding is part of the £30m Skills Capital funding which had been set aside pending the outcomes of the Area Based Review.

The breakdown of the £320.88m is as follows:

Local Growth fund project allocations	£ 204.12m
Heysham Link DfT Tail funding	£ 41.00m
Standen Housing Loan fund	£ 6.00m
Growth Deal 3	£ 69.76m
Total	<u>£ 320.88m</u>

2015/16 spend:

There were total payments to Growth Deal listed projects of £30.51m in 2015/16 out of a total funding received of £39.35m. The £8.84m of slippage in the Growth Deal programme was due to later than anticipated contracting on some projects and was allocated on a temporary basis to other capital projects in line with Department for Communities and Local Government (DCLG) advice in November 2015.

2016-17 spend to date:

The current anticipated spend/expenditure profile at February 2017 is:

Quarter 1 to June 2016	£3.66m actual payments
Quarter 2 to September 2016	£7.06m actual payments
Quarter 3 to December 2016	£10.09m actual payments
Quarter 4 to March 2017	£32.59m forecast

Total **£ 53.40m**

Within this profile is a temporary movement of funds in 2016/17 totalling £17.10m to other capital projects which is additional to the £8.84m in 2015/16. This total slippage of £25m has resulted from Growth Deal project either commencing later than planned or as a result of re-profiling of financial spend at contracting stage.

Forecast returns from live projects indicate that the majority of this slippage will be recovered in 2017/18 (£18.84m) with the remainder in later years. Slippage will continue to be reviewed to ensure project funding requirements as contracting occurs are met whilst also ensuring there is no cumulative over spend on the Growth Deal programme which would cause the accountable body a financing issue.

Current Challenges

- To ensure all 'live' projects within the programme deliver in accordance with contracted/agreed profiles.



- To monitor progress in relation Lancaster University's application to secure ESIF match funding for the Lancaster University Health Innovation Campus project.
- To continue to working closely with the M55 to St Anne's Link Road scheme sponsor and other partners to ensure delivery of this complex scheme which has a Growth Deal allocation of £2m.
- To ensure the remaining seven Growth Deal 1 schemes come forward for a funding approval in line with agreed timescales.
- To confirm delivery plans for six Growth Deal 3 projects.
- To ensure delivery of the 'Lancashire Deal' objectives.

Future issues/Risks

- Ensure the 13 remaining projects within the programme, which require a LEP funding approval, are brought forward in line with agreed timescales.
- Ensure recovery of slippage within the programme.
- Ensure projects fulfil their contracting requirements, both in terms of spend and outcomes.
- Ensure the programme collectively meets or exceeds the 'Lancashire Deal' objectives.
- Manage the Growth Deal financial allocations in line with the annual funding allocation from Government.

Enterprise Zone Programme

Branding

Following stakeholder consultation and agreement by the Enterprise Zone Governance Committee, it has been agreed that the Lancashire Advanced Manufacturing and Energy Cluster would be the “parent” name for the LEP's Enterprise Zone Cluster Programme with the four individual sites to be named as:

- Samlesbury Aerospace Enterprise Zone;
- Warton Aviation Enterprise Zone;
- Blackpool Airport Enterprise Zone; and
- Hillhouse Technology Enterprise Zone.

Brand guidelines are being issued to all local authority, landowner, commercial agent partners and key stakeholders who took part in the consultation workshop and survey, with Marketing Lancashire acting as brand guardians.

Promotional collateral and a web presence for the overarching parent brand and the individual sites are to be developed over the coming weeks. All collateral will be signed off through Marketing Lancashire to ensure that the marketing and communications of the EZs is consistent.



Samlesbury Aerospace Enterprise Zone (SAEZ)

Progress to Date

Commercial Development Framework

The site's Commercial Development Framework, completed in early 2016, identified the optimum location for the site's access road and the best configuration of potential commercial plots to optimise development potential and to cater for a range of sizes and types of commercial units on site in support of the Advanced Engineering and Manufacturing sector. The development/delivery options for the plots/site remain flexible to accommodate market requirements.

Spine Road Delivery Programme

The Lancashire County Council (LCC) Highways programme for the spine road, now named Sir Frederick Page Way, which runs through the site connecting the A59 to the A677 remains on programme to be completed in spring 2017.

The final work package includes the construction of the complex cross road junction to provide access to the SAEZ and the BAE Operational site. To ensure effective co-ordination of these works a technical working group with LCC and BAE Systems supported by a Development Team is meeting on a regular basis to develop a comprehensive construction plan.

Full access from the A677 is now in place to the first two new facilities on the SAEZ. The two facilities are the BAE Systems Academy for Skills and Knowledge (ASK) and the Wincanton Defence Logistics Centre (DLC).

The Phase 1 drainage strategy associated with the highway has been implemented, creating a series of open ditch networks and an attenuation pond. Further ecological mitigation (tree planting) and landscape works (mounding) is scheduled to be undertaken in autumn 2017.

Academy for Skills and Knowledge Completion

The £16m 7,400 m² ASK facility is now complete and was officially opened on the 1 December 2016. Over 50 new BAE Systems' apprentices now occupy the learning space completing general and specialist practical engineering learning and development. At any one time in the region of 60 existing apprentices will be undertaking further education training in the Academy.

On a national basis, BAE Systems recruited 667 apprentices in the UK, of which 182 joined the military aircraft business. This 'overtraining' principle also applies to Lancashire, providing a skilled workforce market from which other Lancashire businesses can recruit. The ASK also houses 23 training staff and 8 further office and administration staff.



Defence Logistics Facility Completion

The circa £15m, 15,000 m² Defence Logistics Facility occupied by Wincanton was practically completed in October 2016 and is currently being fitted out. The building will be fully occupied by 150 Wincanton staff.

Appointment of Commercial Property Agents

In spring 2016 Colliers International Property Agents were appointed to market the SAEZ. Colliers have continued to work with the LEP, Marketing Lancashire and the County Council to develop a comprehensive marketing strategy for the site. Colliers are engaged in discussions with a range of confidential enquiries. Updates are provided to the Enterprise Zone Governance Committee, subject to individual business cases being made.

Branding

The SAEZ is the first Enterprise Zone to have a brochure branded in accordance with the new and recently approved LEP Branding Guidelines. A dedicated website is now live and will continue to be developed www.samlesburyaerospaceEZ.com. Site marketing and letting signs will be installed early in 2017 in tandem with further marketing of the site's potential as a high quality advanced manufacturing and engineering business destination.

Current Challenges

The focus over the next 6 months will be to complete the Spine Road in a timely manner. This work package will include the construction of the complex cross road junction which will provide access to the SAEZ and the BAE Systems' Operational site.

To ensure effective co-ordination of works, a technical working group with LCC and BAE Systems, and supported by consultants, is meeting on a regular basis to develop a comprehensive construction plan.

LCC's Highways Team is also developing proposals to undertake additional off site works in the vicinity of the Samlesbury site, the implementation of which is dependent upon statutory processes. These works are envisaged to be undertaken in Spring/Summer 2017. An update on the progress of the proposals has been published on the LEP website.

The development of the broader SAEZ site will be reliant upon the delivery of further essential infrastructure to enable the delivery of commercial business plots. Specialist consultants continue to advise the development team in respect of this matter and future reports will be presented to the Committee for consideration.

The marketing of the SAEZ will continue to be aligned with the Lancashire Advanced Manufacturing & Energy Cluster.



Future issues

There is a continued need to ensure a co-ordinated and targeted marketing and delivery programme to secure end users and deliver development on site.

Financial and non-financial KPIs including programme spend to date:

	Q1	Q2	Q3	Q4
The value of any new public sector capital investment on the zone	£50,000	£2,615,874	£300,000	
The value of any new private sector investment on the zone	£6,000,000		£1,500,000	£1,010,000

Funding or resources leveraged - NA

Jobs created:

	Q1	Q2	Q3	Q4
The number of newly created jobs, excluding construction jobs on the EZ	0	2	10	0
The change in the number of newly created construction jobs on the EZ	0	45	0	0

Commercial floor space created:

	Q1	Q2	Q3	Q4
The area of land was reclaimed and made ready for the development on the zone	0	23.5ha	0	0
The commercial floor space constructed on the zone	0	7400 m ² ASK 15103 m ² Wincanton	0	0

Project Risks

Construction Risk

This relates to the potential for delay in the delivery of the final section of the Spine Road due to complexities around construction of the internal cross roads and the relocation of services within the highway. Bad weather could also impact upon delivery.

The above risk is being mitigated through a cohesive Development Team approach between LCC, BAE Systems and specialist advisors to ensure clear methodology statements are in place and comprehensive communications between the construction team and BAE Systems.



Warton Aviation Enterprise Zone

Two new occupiers located to the site in 2015; Accenture and Trescal creating circa 30 new jobs.

The site masterplan was completed by BAE Systems in 2015 and work is underway between BAE Systems, the LEP and the County Council to understand infrastructure requirements both on and off site.

Blackpool Airport Enterprise Zone

Enquiries

In excess of 100 enquiries have been received via the EDC in respect of the Blackpool Airport EZ since April 2016 and 28 businesses have located or re-located within the EZ to larger premises since its commencement. This excludes a number of micro businesses, including a film production company who have occupied easy in easy out space on the Business Park and Sycamore estate and whose long term presence cannot be guaranteed. Including bespoke design and build projects in negotiation, there are a further 8 fully active property enquiries, all for the small scale accommodation presently available or under construction.

Employment

Circa 435 jobs have been located to the EZ or are legally committed (Lancashire Energy HQ /AC Electrical) since April 2016, of which it is estimated that 140 are completely new and the others are existing safeguarded jobs, from growth companies originally based within the Fylde coast. As with capital expenditure, it is difficult to require new businesses to provide details of staffing, particularly where they do not seek EZ business rates relief. Additional administrative and programme management resource in the process of being recruited to the EDC will enhance capacity to seek out and verify this key data.

Some 350-400 jobs with EZ based Slater Gordon Solutions remain vulnerable, due to the parent companies well documented financial difficulties, however ongoing work with SGS has seen them consolidate their presence on the EZ, vacating a small office at Atlantic House, but taking a renewed lease for the larger Indemnity House whilst retaining their freehold at Viscount House.

Master-plan

Following the award of £50,000 commercial support funding from DCLG in January 2017, it has been possible to progress the commissioning of a detailed master-plan for the Blackpool Airport EZ. Mott MacDonald have been appointed to undertake the development of the masterplan for the site.

The master-plan will, in addition to producing the overall development phasing and framework, look at options for relocation of aviation operational infrastructure, to trigger release of land for future development inter alia, undertake a full audit of existing Highways and utility capacities, and make recommendations as to required upgrades and significant phased infrastructure investment to deliver the master-plan.



It will also review the development Hypothesis which underpinned the original EZ bid of January 2017 and provide the data to Genecon, enabling them to complete the 5 and 25 year implementation and delivery plans required for the site by DCLG.

It is anticipated that the total cost of the master-plan will be in the region of £120,000, with the balance initially funded from the allocation of £1.6m made by Blackpool Council in July 2016 to support delivery of the Enterprise Zone over its initial five years.

It is anticipated that the base report will be available for consideration by stakeholders in June 2017 and when approved will enable the delivery and Implementation plan to be completed and submitted to DCLG .

Blackpool Airport

Blackpool Airport sits at the heart of the EZ and its operational future will be key to the long term ability of the EZ to deliver its full economic potential. The airport is presently being offered for sale by current owners, Balfour Beatty Investments, and it is likely that a new owner will be identified within the next month and subject to satisfactory sale, completed in early summer.

It will only be that once the new owners are in place meaningful discussions can be progressed with regards to the development of surplus land and property within the EZ boundary, and the willingness of the new owners to invest in new aviation infrastructure supporting the EZ established development. Therefore this remains an area of high risk to the EZ at the present time.

Two aviation related businesses have located within the EZ since April 2016 and enquiries have been received from others, which will be progressed once the long term sustainability of the airport can be assured.

Delivery and Implementation plan

Under the terms of the Memorandum of Understanding signed with DCLG in November 2016 there is a requirement to submit a Delivery Plan, Implementation Plan and a Marketing Strategy for the Blackpool Airport EZ to DCLG by the 31st March 2017. Colleagues on the Fylde Coast have approached DCLG to formally request an extension of time to submit these key documents, from March to August 2017.

Key Statistics

Number of jobs created, relocated and safeguarded	140 new / 295 relocated
Company locations to the site	28
Estimated Value of investment to date	Circa £10m



Commercial floor space delivered (refurbished)	Circa 35000 sq. ft.
Commercial floor space in development	Circa 182,000 sq. ft.
Type and value of any infrastructure investment	Not yet underway
Number of live enquiries	8 bespoke and 8 generic
Planning frameworks implemented	Awaiting Masterplan
Public funding secured	£50,000 DCLG commercial support £1,600,000 Blackpool Council
Business rate relief awarded	£2,373,000 (5 year cumulative)
ECA awarded	ECA to commence 1st April 2017
Status of masterplan	Consultant appointment pending
Other public or private investment secured	£ 6.3m Growth Deal contribution To Lancashire Energy HQ

Hillhouse Technology Enterprise Zone

Enquiries

In excess of 30 enquiries have been received via the Blackpool, Fylde and Wyre Economic Development Company and Wyre Council since April 2016.

Additional enquiries have also been received directly by the site owner NPL, including advanced negotiations with a prospective energy from waste operator who may require up to 250,000 ft² of accommodation and proposals from Wyre Power (an NPL controlled company) to develop a large 850MW gas fired power station are progressing well, with the project now progressing through the National Infrastructure approval process, with memoranda of understanding having been signed with a Chinese consortium who would deliver the project on behalf of Wyre Power.

Master-plan

Following the award of £50,000 commercial support funding from DCLG in January 2017, it has been possible to progress the commissioning of a detailed master-plan for Hillhouse EZ. A tender exercise had been conducted in late 2016 and agreement reached in principle to appoint Mott McDonald.

Following progress with specific development proposals for Hillhouse, NPL have now modified the brief for master-planning work and are negotiating with their



preferred consultant for a revised contract price, with a deal to be agreed and work commenced prior to 31st March 2017 .

It is anticipated that the master-plan and base economic report will be available for consideration later this year and when approved will enable the delivery and Implementation plan to be completed and submitted to DCLG .

Delivery and Implementation plan

Under the terms of the Memorandum of Understanding signed with DCLG in November 2016 there is a requirement to submit a Delivery Plan, Implementation Plan and a Marketing Strategy for Hillhouse to DCLG by the 31st March 2017.

Colleagues on the Fylde Coast have approached DCLG to formally request an extension of time to submit these key documents, from March to August 2017.

Key Statistics

- Number of jobs created/ relocated and safeguarded	20
- Company locations to the site	1
- Estimated Value of investment to date	Circa £6m
- Commercial floor-space delivered (refurbished)	None yet completed
- Commercial floor space in development/negotiation	Circa 300,000 sq. ft.
- Type and value of any infrastructure investment	Not yet underway
- Number of live enquiries	8 bespoke
- Planning frameworks implemented	Awaiting Masterplan
- Public funding secured	£50,000 DCLG commercial support £1.3M RGF (Vitrex)
- Business rate relief awarded	£ nil (5 year cumulative)
- ECA awarded	Nil claimed to date
- Status of masterplan	Consultant appointment pending



Boost Business Growth Hub

Boost Performance Report 23/03/2017

Boost, Lancashire's Business Growth Hub, has now been operational since 2012 and was one of the first English Growth Hubs to be established. It is now part of a national network of 40 hubs covering the whole country.

In just over four years of operation, Boost has supported almost 5,000 Lancashire businesses to develop and implement their plans for growth, leading to the creation of 1,300 new jobs.

Boost now sits at the heart of a Lancashire network of over 20 programmes of publicly-funded business support. Together, these programmes have over £30m worth of finance, development and training support on-tap for Lancashire businesses.

We realise that this landscape of provision can be hard to navigate but advisers in the Boost Gateway service can ensure that businesses get access to the right programmes at the right time.

Despite the well-publicised challenges to local authority budgets, Lancashire County Council has remained the largest single funder of Boost and will have provided over £5m to establish and grow this programme.

Considering progress in detail, the Growth Hub key metrics are as follows:

- Lancashire Businesses supported to date 4,799 and by December 2018 we will have supported at least 5,951;
- New jobs created to date: 1,294 and by December 2018 we will have created at least 2,166;
- New Businesses created to date: 170 and by December 2018 this will rise to over 320;
- Private sector investment to date £883,429.43 and by December 2018 this will be at least £1,633,429.34;
- Significant investment from Lancashire County Council, providing all the match funding for this programme, coming in at over £3m;
- The business support finder has over 85 programmes of support that are available to Lancashire businesses; and
- Over 85 registered private sector business support providers in Lancashire work with Boost.

In addition to its core business support function, Boost is playing a key role in promoting the ESF skills support programmes commissioned by the LEP's Skill Hub. On the back of work to distribute flood recovery grants to business, Boost is now engaged in a national pilot with the Prince's Responsible Business Network, BITC and LCC's Emergency Planning Team to see how the Business Emergency Resilience Group (BERG) can more effectively help businesses and the community respond in the event of major events.



Growing Places Investment Fund

Achievements

The LEP has fully recycled its original circa £20m Growing Places Funding on a commercial basis generating circa £730,000 of interest which is supporting the LEP's strategic capacity.

The fund has invested in 8 schemes to date:

- Blackpool Pleasure Beach
- Burnley Bridge Business Park
- Teanlowe Centre, Poulton le Fylde
- Luneside East, Lancaster
- Blackburn Cathedral Quarter
- On The Banks, Burnley
- Innovation Drive, Burnley
- Chatsworth Gardens, Morecambe

As of the 22nd March 2016, £17.4m has been repaid to the fund. This amount includes the part repayment of £2.6m capital from Luneside East Ltd as a result of the completion of a Sale Agreement between Luneside East Limited and Persimmon Homes for the remediated Luneside East land.

The 'On the Banks' scheme has recently drawn down the first funds to enable the delivery of its third phase which is the delivery of 12 starter homes apartments which has the support of the HCA. This starter home scheme is the first in the country.

It should also be noted that £2.1m has been allocated towards Guild Hall Street, Preston. This scheme is currently being progressed through legal and financial due diligence.

Key Performance Indicators Achieved

Through its commercial investment, the Growing Places Investment Fund has created:

- Almost 3,500 new jobs;
- 200 housing units;
- Nearly 500,000 ft² of commercial floorspace; and
- Leveraged £100m of private and public investment.

Current Challenges

- Ensuring a healthy strategic development pipeline.
- Ensuring investments repay.



- Establishing a 'Fund of Funds' approach in light of ESIF issues following the EU Referendum.



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Tuesday, 28 March 2017

Strategic Marketing and Communications Update Report

Report Author: Ruth Connor, Chief Executive Marketing Lancashire, Tel: 01772 426452, ruth@marketinglancashire.com

Executive Summary

This report updates the Board on the development and delivery of a strategic marketing and communications strategy for the Lancashire Enterprise Partnership (LEP).

Recommendation

The LEP Board is asked to:

- (i) Note and comment on the contents of this report;
- (ii) Approve the recommendation that Lancashire will attend the MIPIM International Exhibition and Conference in Cannes in 2018, as set out at point 3.3 in this report;
- (iii) Approve the recommendation to continue to develop a strategic marketing proposition for Lancashire, as set out in this report at point 3.10 by extending SKV Communications' PR and Media contract for a further 12 months; and
- (iv) Note that the Chief Executive of Marketing Lancashire, as the LEP's Media, Communications and PR lead, continues to provide regular updates to the LEP Board on strategic marketing outputs and activity.

Background and Advice

1. Context

The delivery of strategic marketing for the LEP continues with outputs from PR, media and communications, branding, events planning and the delivery and e promotion of the Lancashire narrative. This report outlines the continuing progress being made in each area.



2. Activity update

February and March has seen the LEP enjoy further sustained and positive PR based around some of its key initiatives and events which continue to reinforce the 'We Are Lancashire – the place for growth' positioning which was launched last autumn in the presence of the Northern Powerhouse Minister, Andrew Percy MP.

This strong and focussed messaging has enabled the LEP to take a lead role, underpinned by a collaborative approach, highlighting Lancashire's position as an integral part of the Northern Powerhouse through PR and communications activity in promoting the particular strengths and assets within Lancashire linked to the LEP's priorities of driving growth and prosperity.

Simultaneously, the LEP has continued to sustain the regular 'drum beat' of local and regional PR stories, and the supply of expert quotes/comment on key economic and business issues as well as acting as a consistent and unified voice for those inside and outside of the county to engage with.

Further details of some of this activity from a PR and positioning perspective are captured below, along with details of a number of forthcoming opportunities, events and milestones that which will help maintain this high-profile visibility.

3. Media and Communications Activity Overview

3.1 The Invest In Central Lancashire Conference, Preston, (February 7th)

In early February, the LEP, Marketing Lancashire, Lancashire County Council, Preston Council, South Ribble Council, the HCA and the City Deal communications team came together to deliver a special half-day conference about the investment opportunities linked to 'Central Lancashire'.

Working in partnership with the property, investment and news website Place North West, the event saw over 120 developers, investors and property professionals drawn from across the North West gathered at the Preston headquarters of accountants RSM to find out more about the investment potential offered by Preston, South Ribble and the Central Lancashire region via the City Deal scheme. Panellists included Maple Grove Developments, Muse Developments, Cushman and Wakefield, the LEP, the Chief Executives of Preston and South Ribble Councils, the leader of Lancashire County Council, the Chair of UCLan, the Chair of Marketing Lancashire and local businessman Simon Rigby.

The event was a great success which was captured in a post event press release issued by the LEP showcasing the main talking points and with supportive quotes from key partners involved in the conference, including Muse Developments. Bringing this private sector dimension to the story, with Muse praising the 'open for business' attitude of the local authorities involved in City Deal, gave the PR a newsworthy and relevant edge for other business media platforms.



As result the Invest in Central Lancashire conference, together with pictures, was reported on by the Lancashire Evening Post (both online and in print), Business Quarter, Business Lancashire, Blog Preston, Lancashire Business View and Downtown in Business.

Place North West themselves were so impressed by the quality and depth of the event press release they used it as the basis for their own-post event report which was heavily promoted through their website and email newsletters to all of their readership and in essence the LEP release was the “official record” of the event.

The Chief Executive of Marketing Lancashire is working with the City Deal team regarding the next stages of the Invest Central Lancashire proposition and how this can be launched at a series of events.

3.2 The Northern Powerhouse Conference, Manchester (Feb 21st -22nd)

The Invest in Central Lancashire event was quickly followed by Lancashire’s presence at the Northern Powerhouse Conference hosted at Manchester Central.

Exhibiting under the ‘We Are Lancashire’ banner, and lead sponsor of a special debate on manufacturing in the North, the event had attracted a degree of negative publicity due to a perceived lack of women speakers and panellists.

This meant much of the regional and national media attention during the conference was centred on the ‘women issue’, something Lancashire was not prepared to comment on.

Despite this, after some negotiations between SKV and the BBC North West’s Political correspondent Nina Warhurst, it was agreed that County Councillor Jennifer Mein would talk to the BBC but only about the key role a unified Lancashire was set to play in the heart of the Northern Powerhouse going forward. In this section of the BBC report only three spokespeople were featured (out of a pool of potentially thousands): Minister Andrew Percy, the Head of External Affairs for Manchester Airport Group, Adam Jupp, and County Councillor Jennifer Mein on behalf of the LEP.

This is the second time since January that Lancashire/the LEP has enjoyed positive BBC North West coverage and a name check (the first being the GD3 announcement) at a time when many other LEPS, LAs and city regions were also fighting for coverage over the same issue.

Another benefit of Lancashire’s presence at the NPH Conference included Mike Damms, on behalf of the LEP, leading on the Advanced Manufacturing session which was moderated by journalist John Humphreys and included delegates from Nissan and British Steel. When closing the debate Mike took the opportunity to reaffirm Lancashire’s lead role in advanced manufacturing and advocated the LEP’s partnership approach to driving growth.



Two substantial pieces about the LEP's presence at the conference appeared on the Lancashire Business View website during the week of the event, and a further article in the March/April print edition of the magazine. Other press coverage regarding Lancashire's presence at the conference was secured in the Blackpool Gazette and Business Lancashire.

Another key PR outcome from attending the conference was the chance to get some pictures taken of the Lancashire delegation/stand and some key influencers.

Whilst it wasn't possible to get a shot of Andrew Percy MP on the stand, due to the Minister's time commitments, it was possible to obtain shots of Lord Kerslake, chair of the UK Northern Powerhouse Advisory Board, with County Councillor Jennifer Mein on the We Are Lancashire stand. There were also pictures of Lancashire delegates with Max Steinberg, chair of the Liverpool-based International Festival of Business and Chief Executive of Liverpool Vision.

3.3 MIPIIM International, Cannes (March 13th - 17th)

A small LEP delegation attended MIPIIM, the world's largest property exhibition and conference, as a partner of Manchester. This first year's attendance was intentionally expeditionary with Lancashire never having attended before and not being ready yet to be able to "pitch" to the standard required.

The main objectives of the LEP's attendance was to get a better understanding of how the event operates and what the benefits and outputs are of attending MIPIIM; to strengthen relationships with Manchester who have been attending for over 20 years; to foster new relationships with developers and reconnect with contacts from both inside and outside of the county, to review the competition and improve links with the Department for International Trade (DIT). These are all considered important elements in year 1 to inform our decision as to whether a Lancashire presence at the MIPIIM event would be part of future inward investment activity plans and if so, to build on over the next 12 months in order to showcase more of what Lancashire has to offer in 2018.

Appointments were made both pre-event and whilst out at MIPIIM with meetings and dialogue taking place with GVA Grimley, DIT, the Housing Minister, the Chair of the HCA, Savill's, JP Morgan, RSM, Addleshaw Goddard, Pinnington's and many more. The team attended several presentations including "Driving forward Britain's world class manufacturing sector" and "Enterprise Zones – injecting life into regeneration". A Lancashire Dinner took place on the Wednesday evening with delegates attending from Capita, Sladen Estates, Seddon Construction, Mott Macdonald, Anderton Gables, Virtual Planit, Shakespeare Martineau, HOW Planning, Cushman and Wakefield, Conlon Construction, Network Space and Maple Grove Developments. A follow up note will be sent to those who attended with a suggestion to meet again in about 4 weeks to discuss plans for both MIPIIM UK and MIPIIM Cannes.

The most important image, in terms of PR value to promote Lancashire's first ever presence at MIPIIM was taken at the NPH event in Manchester which was the picture



secured with Sir Howard Bernstein and County Councillor Jennifer Mein on the “We are Lancashire” stand, specifically to help illustrate the partnership between Manchester and Lancashire at MIPIIM. The image, which was accompanied by a supportive quote from Sir Howard, became the main driver behind the all MIPIIM PR and positioning activity. This approach, making the endorsement and partnership with Manchester one of the main thrusts of the Lancashire at MIPIIM piece, helped elevate it above just another “regional inward investment mission to MIPIIM” announcement as well as highlighting Lancashire’s capability in standing shoulder to shoulder with Northern Cities due to its strong and comprehensive product offer.

Whilst out at MIPIIM there were several references made to Lancashire attending the event as well as an exclusive interview with David Taylor representing the LEP with the Insider magazine and an interview on BBC News. Social media and digital coverage from the LEP’s attendance at the event was maximised.

Partnering with Manchester enabled the LEP to not only be part of a 230 plus Manchester delegation of leading professionals in the property development sector but also to raise Lancashire’s profile with international investors, UK institutions and government bodies. It was an opportunity to reaffirm that we indeed have a comprehensive product offer and are open for business on a global stage.

The recommendation is for Lancashire to attend MIPIIM Cannes in 2017 and use the next couple of months as a planning process to determine how Lancashire increases its presence and promotes its offer whilst at MIPIIM; agree and review how best to engage with the private sector, local authorities and the shadow Combined Authority to create a Lancashire delegation; review how a Lancashire MIPIIM presence can be financed and understand the costs of working with Manchester as a partner in 2018.

3.4 The LEP’s Key Achievements Report

Due to the many events and tactical activity taking place, it was decided that the PR activity around the launch of the LEP’s “Our Achievements” report would be delayed until early March.

Further, to mitigate against the risk of the PR being seen as largely a ‘self-reporting’ exercise, the communications piece was framed as both a positive progress report and a ‘vision of the future’ from the LEP and the long-term mission to close the productivity gap with the rest of the UK was highlighted as the LEP’s overarching, strategic objective going forward.

Giving the press release, this ‘visioning’ angle greatly helped secure coverage about the report in Insider, Lancashire Business View, Lancashire Evening Post, Downtown In Business and the Blackpool Gazette. Lancashire Business View are also using the report and press release as the basis for a feature on the LEP’s progress in the eyes of local businesses. SKV has proposed to the LBV editor that the Chair of the LEP should be part of any such feature, and they have concurred. A potential phone interview is currently being explored.



Another opportunity to communicate to media the success, achievements and ambition of the LEP is a proposed mail-out of hard copies of the report to key regional and national journalists. From a media engagement perspective, this exercise will demonstrate that the LEP has the confidence to produce a bold, hard-hitting and evidence-based account of its direct impacts on the county, together with an overall 'state of the nation' summary of all of Lancashire's social and economic KPIs.

Such a wide ranging and in-depth report is also something that cannot be conveyed in a two-page press release. SKV has provided details of over 40 potential recipients for the first wave of mailings, with more to follow.

3.5 Skills, employment and education activity

Community Clothing

A very positive story was secured in the Lancashire Telegraph about this initiative, which highlighted the role of the LEP's Enterprise Advisor Network in improving skills in the textiles industry and placed it in the context of the work of the LEP to improve skills in certain key sectors of the economy. It included a positive quote from Dr Michele Lawty-Jones which also highlighted how the work of the Enterprise Advisor Network was improving employment prospects and life chances for young people.

Digital Advantage

SKV has been in discussions with Lancashire Business View, Blackpool Gazette/Lancashire Evening Post and Lancashire Telegraph about covering the roll out of this innovative initiative which provides training in high-level digital skills to young people. Key messages are about the strength of Lancashire's creative and digital sector and the LEP's support for improving skills, as part of its strategic drive to fuel economic growth.

Apprenticeships

Five of Lancashire's Young Apprenticeship Ambassadors joined young people across the country in a visit to the House of Commons as part of National Apprenticeships Week. This PR opportunity is currently being used to pitch positive messages in regional and local media about the benefits of apprenticeships, supporting the LEP's strategic priority to increase awareness of the benefits of apprenticeships and work-based training. In addition, Dr Lawty-Jones' quotes from her interview with North West Insider about what the apprenticeship levy means to local businesses appeared in the March edition.

Energy Skills & Employment

The 500-word comment piece, drafted by SKV on behalf of Dr Lawty-Jones from the Lancashire Skills Hub, which related to the county's energy sector, new types of emerging jobs within the sector, and the need for increasing vocational training has



still yet to appear in the Lancashire Evening Post and Blackpool Gazette but it is due to run sometime before Easter.

Lancashire Skills Hub's Social Value Toolkit

SKV has now had feedback from Dr Lawty-Jones and is currently refining the messaging in a social value toolkit PR piece to clarify both the importance of social value as a guiding principle in LEP procurement, and with a view to weaving social value messaging (when appropriate) into all future City Deal, Growth Deal and LEP-related PR activity.

University of Cumbria Lancaster campus visit

A story regarding the Chair of the LEP's visit to the University of Cumbria's Lancaster campus, highlighting the LEP's investment in the campus including support to help create more health and social care training places was covered in the Lancashire Evening Post and Lancaster Guardian.

3.6 Partner PR Activity

Supportive and insightful quotes for partner press releases continue to be provided. Such quotes highlight the key support LEP funding has made to partner projects, and how in turn these local projects support the LEP's overall strategic aims of driving economic growth.

Some of the projects that the LEP has been referenced and quoted in since the end of January include:

- The commencement of work at Spinning Point to transform the centre of Rawtenstall;
- The first HCA-backed Starter Homes Scheme in the UK getting underway in Burnley, kick-started by Growing Places funding;
- The start of work on Burnley Vision Park, which will support businesses and create jobs in the advanced manufacturing and technology sector; and
- The British Business Bank's Lancashire's launch of the Northern Powerhouse Investment Fund at Brockholes.

3.7 Other PR items to note:

- Lancashire's aerospace sector was highlighted in a recent George Osborne interview in the New Statesmen. Under the heading "The Cities of the North can rival London", the former Chancellor said: "You can go from the wildest, remotest countryside, the Yorkshire Dales and the North Yorkshire Moors, to deprived inner-city communities in Liverpool, to some of the most successful manufacturing centres and financial centres in Britain, whether it's hedge funds in Leeds or aerospace factories in Lancashire."



- Another piece of positive feedback came from one of Estates Gazette's reporters who was pitching the MIPIM story who said: "We're hearing a lot of positive things about Lancashire" and went on to enquire about a possible podcast interview with the Chair of the LEP for their popular EGi website which is to be confirmed.
- Downtown in Business recently produced a video statement recently about Lancashire and in it they specifically praise the work of the LEP and Marketing Lancashire as having brought the county a long way in terms of unity and cohesion, again reinforcing the point that the LEP remains a unifying voice for the county.
- Nina Warhurst, BBC NW Political Correspondent's feedback at the NPH conference in Manchester was that although initially sceptical about the 'Northern Powerhouse' as an inward investment strategy, she now understands that it is gaining real traction and recognition internationally. She then added she can now see why Lancashire has been so quick to embrace the NPH brand, and has skilfully aligned itself to this much wider (and government-backed) initiative with an enthusiasm/commitment some other Northern regions seem to lack.

3.8 Forthcoming PR Opportunities & Milestones

- Post-MIPIM success PR story – March
- New members for the LEP board - April
- Insider editor's one-to-one briefing with Edwin Booth (April 6th)
- 'The Value of Experience' Skills Conference - 25th April
- Insider Business of Lancashire conference – June
- Place North West proposed Transport summit – June
- Place North West events to promote Invest Central Lancashire July and October
- Paris Airshow - June 19-25
- MIPIM UK – October 18-19
- Launch of new "Invest in Lancashire" brand and web platform, new EZ collateral and Lancashire Ambassadors dates tbc

3.9 Digital Communications

The number of subscribers for the Lancashire Business Brief (LBB) has grown to 1,040 with around a third of subscribers opening the mail. The LBB continues to be a key source of positive economic stories and business news on a weekly basis. The plan is to now incorporate contacts made from the Place North West, MIPIM, BOOST and NPH events into the LBB database.



The LEP website www.lancashirelep.co.uk has received over 7,500 visits in the last 6 weeks. In the last 12 months the site overall has had 160,000 views +10% and 114,000 unique visits +12.5%. The LEP priorities and the news sections have seen increases versus prior year but the homepage and the City Deal have decreased.

The LEP twitter account *@lancslep* number of impressions has reached almost 100,000 with 1,431 followers, having added over 250 followers in the last 6 weeks. Marketing Lancashire continues to regularly tweet positive LEP news, promoting links to key stories and retweeting partner news daily.

A refreshed LEP website will be developed over the coming months.

3.10 SKV Communications

SKV Communications were initially appointed in June 2015 to;

- generate the LEP's PR strategy;
- deliver a stream of positive inward investment, business news and destination features with messages and stories targeted at local, regional and national media;
- build the reputation of the LEP through the positive coverage of key initiatives being delivered through the LEP with a regular flow of case study stories; and
- to change the image perception of a "passive" LEP/dormant Lancashire.

SKV's current contract is due to expire at the end of April 2017.

This combination of maximising the PR value of specific news and targeted events, together with a continued flow of tactical PR pieces aligned to the LEP's priorities, has meant the LEP's external reputation as a credible and ambitious organisation is stronger than ever and as a result Lancashire's reputation as a place to invest in, and do business with, has similarly been enhanced.

There is considerably more activity planned in the coming months and there is also a requirement to build on the momentum that has evolved over the last 12 months through projects like Aerospace Lancashire at the Farnborough Airshow; Lancashire's debut at MIPIM UK; being the first LEP to sign up to the Northern Powerhouse Partnership; the launching of the Lancashire Narrative; the 'We Are Lancashire' promotional film; the LEP's high profile GD3 deal announcement; the Invest in Central Lancashire/City Deal event with Place North West; the LEP's presence and sponsorship of the Northern Powerhouse Conference; Lancashire's MIPIM international mission in partnership with Manchester; and the recent publication and promotion of the LEP's five-year 'Our Achievements' report.

It is therefore recommended that SKV's contract is extended for a further 12 months to capitalise on the strategic marketing activity planned in 2017/2018 but also to ensure we continue with the momentum that has been created since SKV's appointment.



There was a revision to the original contract in December 2016 with SKV Communications continuing to deliver media and communications at a cost of £3,500 per month and Marketing Lancashire taking on responsibility for the LEP twitter account and the production of the weekly Lancashire Business Brief resulting in a fee saving of £2,000 per month. The 12 months cost of extending SKV's contract has been accounted for in the LEP's 2017/2018 marketing budget. The Chief Executive of Marketing Lancashire will continue to manage SKV on an operational level.

4. The Lancashire Advanced Manufacturing and Energy Cluster

4.1 Positioning and promotion

At the Enterprise Zone Governance Committee meeting on 6th March, a report proposed a set of principles and objectives to manage and co-ordinate strategic marketing activity and enquiry handling arrangements across Lancashire's four Enterprise Zone (EZ) sites, which combine to form the Lancashire Advanced Manufacturing and Energy Cluster (LAMEC).

A number of recommendations were approved which included;

- a) Authorising officers to engage with Blackpool, Fylde and Wyre Economic Development Company, NPL, BAE Systems and Lancashire County Council on the proposed strategic marketing activity and enquiry handling arrangements;
- b) Marketing Lancashire to act as the central co-ordinating function for strategic marketing activity and enquiry handling arrangements, supported by local public and private sector delivery partners;
- c) The appointment of a shared Commercial Agent on a fee-finding basis, with the LEP financing the appointment and local partners making supporting contributions;
- d) The LEP to finance initial development for the overarching LAMEC website, which will include the four EZ specific sites, supporting sector propositions and marketing collateral;
- e) To implement agreed enquiry handling arrangements from 1 June 2017, subject to agreement with local partners and landowners;
- f) Authorise Marketing Lancashire, supported by local public and private sector delivery partners, to develop a strategic Marketing Plan for consideration and approval at a later EZGC meeting;
- g) Authorise Marketing Lancashire to lead on the development of sector propositions for each EZ site, in consultation with national and local partners; and
- h) Agree the use of the Evolutive System as the CRM system for EZ enquiry handling.

The Lancashire Advanced Manufacturing and Energy Cluster (LAMEC) includes Samlesbury, Warton, Blackpool Airport and Hillhouse EZ sites, which combine to



provide a compelling offer to investors and occupiers in globally competitive sectors critical to the economic success of the North of England and the Country as a whole.

The Cluster has the potential to generate 10,000 new high value jobs over its lifetime and ensure Lancashire builds on its position as one of the UK's leading centres of excellence in advanced manufacturing and energy.

The Lancashire Enterprise Partnership (LEP), through its Enterprise Zone Governance Committee (EZGC), will work with all partners to ensure that the four EZ sites are developed, promoted and delivered in a way which:

- Establishes and develops the LAMEC brand, as part of the wider Lancashire offer to new investors and business occupiers, which recognises the differing sector characteristics and opportunities of each EZ site;
- Maximises employment and investment growth and generates productivity improvements in the local economy, as well as within Lancashire and the Northern Powerhouse;
- Attracts new businesses and sector capabilities to the Lancashire economy;
- Allows for the expansion and growth of indigenous businesses when no other suitable alternative local sites can be found; and
- Minimises unnecessary competition between EZ sites whilst maximising private investment opportunities; supporting contributions.

Discussions will now focus on the recommendations approved to deliver EZ marketing and promotional activity, enquiry generation and handling, regular communication to monitor progress and feedback sessions with all stakeholders, landowners and agents.

5. Developing an inward Investment proposition for Lancashire

With the development of the LAMEC marketing collateral and with the Lancashire narrative and events promoting Lancashire as a compelling location for inward investment there is a requirement to now make this a tangible showcase to set out the benefits, opportunities and advantages of what Lancashire has to offer from an inward investment perspective.

There is an element of improving recognition of Lancashire as an inward investment location at local, national and international levels and an opportunity to collaborate with local authorities across the county (similar to the EZ way of working) to present a more coherent inward investment programme.

An initial meeting has taken place with Mickledore, an organisation which has previously undertaken work for Lancashire County Council, the LEP and a number of local authorities in Lancashire as well as recently working with Ernst and Young on the potential impact of Brexit on FDI as well as working with the Department for International Trade overseas and UK based teams. A follow up meeting will take



place over the next couple of weeks and progress will be reported at the next LEP Board meeting.



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Tuesday, 28 March 2017

Preston, South Ribble and Lancashire City Deal - Cuerden

**Report Author: Martin Kelly, Tel: 01772 536197,
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Executive Summary

The Preston, South Ribble and Lancashire City Deal is one of the Lancashire Enterprise Partnership's (LEP) key strategic economic initiatives. It was signed by Government, the LEP, Preston City Council, South Ribble Borough Council, Lancashire County Council and the Homes and Communities Agency (HCA) in 2013.

The City Deal Executive and Stewardship Board, chaired by LEP Board Director Jim Carter and Danielle Gillespie, North West Regional Director HCA, oversees the implementation of an annual City Deal Infrastructure Delivery and Business Plan. The three Councils and the HCA have made significant progress in delivering the agreed City Deal outputs with all housing, jobs, infrastructure targets and milestones achieved to date.

The Cuerden Strategic Site, located in South Ribble, is the largest single employment site in the City Deal footprint. Following the adoption, in 2015, of the Masterplan for the site by the Local Planning Authority, the majority land owner, Lancashire County Council, along with its Strategic Property Partner, Eric Wright Group, prepared and submitted a hybrid planning application in January 2017.

The Cuerden Strategic Site has been allocated for employment purposes for decades. The development of the site, in accordance with the development principles set out in the submitted planning application, will achieve significant growth and employment benefits for Lancashire in addition to contributing to the housing and employment targets set out in the City Deal.

A presentation on the development proposals set out in the planning application for the Cuerden Strategic Site will be made to the Board by Lancashire County Council and Maple Grove Developments Ltd, the development arm of the Eric Wright Group.



Recommendation

The LEP Board is asked to:

- (i) Note the contribution that the development of the Cuerden Strategic Site will make to City Deal growth and employment targets plus outputs; and
- (ii) Re-affirm its support, in writing, to the local planning authority for the development proposals for the Cuerden Strategic Site set out in the planning application for the site.

Background and Advice

Context

The Preston, South Ribble and Lancashire City Deal is one of the Lancashire Enterprise Partnership's (LEP) key strategic economic initiatives. Following an extensive period of negotiation with the Cabinet Office, Department for Transport (DfT) and Department for Communities and Local Government (DCLG) was signed, in 2013, by the LEP, Preston City, South Ribble Borough, and Lancashire County Councils and the Homes and Communities Agency (HCA). The core outputs of the City Deal include the creation of over 20,000 new jobs and 17,000 new homes in Central Lancashire.

The two decision making bodies for the City Deal - the City Deal Executive, chaired by LEP Board Director Jim Carter and the Stewardship Board, chaired by Danielle Gillespie, North West Regional Director HCA - now meet in combined format and oversee the implementation of an annual City Deal Infrastructure Delivery and Business Plan.

The City Deal Executive and Stewardship Board, working with the LEP's Skills Hub, has also established a City Deal Skills and Employment Steering Group, chaired by the principal of Preston College and comprising the Skills Hub, local colleges, skills providers, UCLan and the local councils. This group is now implementing a detailed programme of activity covering a number of strands including: the delivery of careers advice and guidance into schools; the establishment of the Construction Hub; the promotion of social value across City Deal infrastructure, housing and commercial development schemes and the broader promotion of investment opportunities.

The City Deal Executive and Stewardship Board have an agreed 6-monthly and annual reporting and monitoring arrangement in place with DCLG and the Department for Business Energy and Industrial Strategy (BEIS) on a range of core and supporting outputs. The three Councils and the HCA have made significant progress in delivering these agreed City Deal outputs with all housing, employment and infrastructure targets and milestones achieved to date.



Cuerden Strategic Site

The Cuerden Strategic Site, located in South Ribble, is a 65-hectare site in a strategic location next to the motorway network. The site has been allocated for employment purposes for some decades and is the largest single employment site in the City Deal footprint. In 2012, Lancashire County Council acquired the majority of the site from the HCA, with the remainder of the site now in the single ownership of the Brookhouse Group, a North West based developer.

The primary reason for the site not having previously been brought forward for development has been the significant cost of the extensive infrastructure required to open up the site. In 2015, the local planning authority, South Ribble Borough Council, consulted on and subsequently adopted a Masterplan for the site that confirmed the planning policy for the site in accordance with the Site Allocation document. This policy for the site sets out that high value uses, such as residential, mixed use, and retail development will be permitted where it can be demonstrated that they contribute to the opening up of the site for employment purposes.

In spring 2016 the County Council, as the majority land-owner, along with its pre-procured Strategic Property Partner, Eric Wright Group, commenced a detailed and intensive work programme to develop scheme proposals for the site. In November 2016, consultation on the development proposals took place and a planning application was subsequently submitted in January 2017.

The proposals set out in the planning application will achieve significant growth and employment benefits for Lancashire, including:

- 4,600 jobs on the site, nearly a quarter of the total City Deal job target;
- 2,900 person years of construction over the lifetime of the development (equivalent to 150 FTE temporary construction jobs per year for 18 years);
- £240m GVA per annum for the Central Lancashire economy; and
- New global retail entrants to Lancashire.

A Skills and Employment statement was also submitted as a formal part of the planning application.

A detailed presentation on the development proposals set out in the planning application for the Cuerden Strategic Site will be made to the LEP Board by Lancashire County Council and Maple Grove Developments Ltd, the development arm of the Eric Wright Group. The presentation will identify the contribution that the development of this site can make to the Lancashire economy and to achieving the aims and objectives of the City Deal.



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Tuesday, 28 March 2017

Trade and Internationalisation: A Global Lancashire
(Appendix 'A' refers)

Report Author: Mike Damms, LEP Director and SME Business Champion

Executive Summary

Lancashire's economic role and contribution to international trade in under-developed within the LEP's current Strategic Economic Plan. However, the SEP refresh allows the opportunity to review this key issue, especially in light of recent Brexit developments.

This report seeks to stimulate and frame the discussion with an outline International Trade Delivery Plan offered for comment and approval.

Recommendation

The LEP Board is asked to:

- (i) Note and comment on the contents of this report, including the outline International Trade Delivery Plan; and
- (ii) Subject to Board approval, request that the analysis within this report be included within the key inputs to the SEP refresh.

Background and Advice

1. Background

Lancashire has been long established as one of the world's outward-facing trading regions, predominately based on excellence in the quality and innovative engineering & design of our manufactured goods.

For the UK to pay its way and overcome the balance of trade deficit it will have to double exports, and the timeframe that Government has set for the nation to achieve this is 10 years.

While this is a formidable challenge, Lancashire has a contribution to make to this goal. Lancashire has justifiable ambitions to grow its economy and this will not be achieved without a significant trade contribution.



It is timely for Lancashire to have a long-term strategy to encourage trade and internationalisation as: the national economy is being re-balanced; manufacturing is recognised as part of a modern economy; post-Brexit there is realignment of trade deals; global growth and liberalisation means increasing opportunities for our companies and their products. Post-Brexit there has also been a currency exchange rate fillip for exporters.

The starting point however is unpromising. There is no previous work to build on, data has not been made available sub-regionally, publicly funded business support has been centralised and insensitive to local need, and inward investment has been through a national prism. Together with a lack of single-minded focus the net effect has been that the balance of payments has long been negative and exports have not increased to any significant degree: the UK as a whole has been failing in the challenge.

While surprising that the UK has not had a Trade Strategy before, it has in 2016 created a Department for International Trade (DIT) and included “ Encouraging Trade and Inward Investment” as one of the 10 pillars in its Industrial Strategy, January 2017, Green Paper which is currently out for consultation. Lancashire will contribute to this consultation and should take the opportunity to align with and inform Government policy.

Going beyond exports alone, if Lancashire wishes to be a truly international trading County, then considerations should also include imports, inward investment, imports, import substitution, labour mobility including international students, and possibly overseas earnings. Behind these sits a mosaic of supply chains, R&D and product development, skills, productivity, capacity, company leadership, finance and business support.

Companies who can compete in international markets are demonstrably more *productive* than their non-exporting counterparts; so targeting, encouraging and supporting those that could increase their international presence is one direct route to addressing *Lancashire’s productivity gap*.

The internet offers unlimited opportunities for companies to promote their wares on an international platform; conversely however it makes it easier for overseas companies to showcase theirs to Lancashire. Reliable high-speed broadband, which is thankfully available throughout Lancashire, is therefore essential.

It is important to note that Lancashire’s trade performance depends on the decisions made in company boardrooms rather than solely in public policy.

Developing trade capability and establishing international relationships is fundamentally a long-term activity but companies also have to be opportunistic and agile, so it is important that Lancashire has an immediate support and response capability as well as an international trade underpin to its long-term overall strategic economic plans.



2. Overview

Internationalisation envelops all activities that the County undertakes with regards to its relation with foreign activities. Within that, *International Trade* envelops all activities that Lancashire's companies undertake with foreign markets. The scale of the opportunities and challenges implicit in the national **imperative to double exports** in order to balance trade will require focussed attention at both levels.

On trade, **Lancashire has a strong tradition of international trade and export activities** and has a bias toward manufacturers in comparison to the rest of the UK, many of whom are already exporting. Growth of export values in the immediate term is therefore more likely to be achieved mainly by expanding markets rather than focussing on new entrants; however new entrants and developing a service sector contribution to trade is essential to Lancashire's long-term economic prospects.

There is an urgent need to collect, or at least to put systems in place, for baseline trade data at the Lancashire level. HMRC are scheduled shortly (2017) to provide information disaggregated to LEP level for the first time: this must be proofed and assessed for completeness.

For **import substitution** the softening of the exchange rate, for as long as it lasts, will encourage some behavioural change. However it could also be driven by product & service innovation and by organic expansion of existing domestic organisations as well as inward investment.

Inward Investment should be considered ostensibly on its contribution to supply chains without displacing indigenous companies and on its contribution to exports.

Building trade and relationships is a long-term process so requires sustained commitment. With the magnitude of the task, awareness should be **culturally embedded** starting in schools (appendix B), progress through Further and Higher Education (appendix A) and be embraced as a priority by Councils, the LEP, the Growth Hub and all intermediaries – with support in the endeavour from central Government as part of the national effort.

Government is currently developing an Industrial Strategy (IS), and indeed international competitiveness is the sum of many initiatives including productivity, innovation and skills and the cost and quality of products and services that ensue. Lancashire must develop its International Trade Strategy alongside the Industrial Strategy. The Government's new Department for International Trade may ultimately produce an expansion of the headlines on Trade outlined in the IS and Lancashire's Strategy has been prepared in a manner that should prove compatible.

An outline **delivery plan and set of actions is proposed in Appendix A**

An International Trade Forum involving Chambers, Universities, Sector Groups, shadow Combined Authority, Marketing Lancashire, operating under the auspices of the LEP, in conjunction with DIT - for a national perspective, should be established to oversee the Strategy and its implementation.



3. Baselines and Data

There is no accurate record of either the number of exporters or the value of exports from Lancashire.

Nationally ONS estimate (2015) that there were 229,000 exporters (c.11% of all companies), representing growth of 41,000 over the previous 5 years. If extrapolated to Lancashire, this would suggest c. 5,000, many of whom would be small. Nationally though, the value of exports has only grown slowly as a share of the economy, having doubled over 40 years - during which time France has trebled and Germany quadrupled.

HMRC do collect data at a local level but have hitherto not been prepared to release it below regional level a) for commercial sensitivity b) concerns about its validity and distortions for example through the 'Head Office effect'. Furthermore, many Lancashire companies in supply chains, for example in aerospace, make components that will ultimately end up abroad, but in practise is instead counted by the Prime they service.

HMRC have agreed to release data at individual LEP level. While the information should be treated with caution, it should be welcomed as with some proofing it should be possible to draw annual comparisons to assess whether relative progress is being made. For European trade, Intrastat and EC Sales declarations could provide detail at a LEP level. (A further update on this date will be provided to the Board meeting).

While it would theoretically at least be possible to carry out a Lancashire survey of exporters, companies are often wary of revealing any accurate detail and a part picture of sales values is unhelpful. However it would afford a better view of the number of exporters.

The County has Chambers of Commerce among the national leaders in the field of trade support and could build on their knowledge and proof the HMRC data. UKTI have also served Lancashire as part of the NW Regional Trade Support contract and their information should be available to BOOST – but again it will be partial, and it will generally only be aligned with the specific Government programmes of the day. Lancashire may not have access to its share of data from UKTI's national and specialist programmes.

Until such time as the data becomes more robust then Lancashire will have to rely on measuring incremental growth rather than absolute performance.

Further steps for consideration could include:

- Reduce the time lag between data collection and publication
- Improvement engagement with business through direct contact and online surveys
- Make export statistics available to individual businesses in an interactive manner
- Consult with business on how and what statistics can be developed to improve their opportunities

4. Industrial Strategy / Government Policy

The *Building our Industrial Strategy Green Paper* (Jan 2017) identifies 10 pillars, including R&D, Skills and Infrastructure all of which have relevance to the country's productivity and competitiveness.

Specifically referring to 'international' are two pillars:

- Encouraging Trade and Inward Investment
- Cultivating World-Leading Sectors

The Government summarises the challenge as “currently there are too few UK businesses that take advantage of the opportunities presented by overseas markets, with less than 11% of businesses exporting.”

DIT advocates a whole-of-Government effort to:

- Promote and support UK export of goods and service, including through export finance and insurance
- Maximise opportunities through supporting Foreign Direct Investment and Outward Direct Investment
- Deliver the best international trading framework for the UK
- Build the global appetite for British goods and services and encouraging more people to visit, study and invest in and do business through the GREAT campaign

In practice this approach means:

- Building future trading relationships and trade deals
- Increasing Defence exports
- Doubling export finance capacity (UKEF)
- Making Government trade services easier to use
- Joining up trade and inward investment promotion with local areas. As an example the team dedicated to the Northern Powerhouse will work closely with combined authority elected mayors, LEPs and other devolution partners to support small firms across the country to export
- Strengthening the value from trade shows
- Developing a new, more strategic approach to inward investment

Lancashire would agree with and be able to contribute to each of these national objectives. At sub-national level (either regional, local or by sector) though there will realistically be occasions when collaboration will be the order (e.g. trade shows) and others when there will be competition (e.g. inward investment?)

The consultation also asks two specific questions, on subjects not directly addressed in the prescription –

1. What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for our firms in increasing their exports?
2. Should we put more emphasis on measuring the impact of Direct Foreign Direct Investment (FDI) on growth?



It is notable that UKTI ITI) would appear to have not achieved the objective through their recent trade support activities – only managing approximately 1/5th of the target growth in the number of exporters required, and significantly less when measuring increased sales. Significantly there is no clarity on proposals for extending the current regional trade support contracts beyond 2018 – but for the introduction of the digital platform great.gov.uk to provide services to help exporters and investors.

Arguably, UKTI's services in the past have been geared to national priorities, and in future a digital platform provides a reactive service but does not proactively encourage greater participation.

In the meantime the Parliamentary International Trade Committee is carrying out (submissions by March 2017) a review of UKTI/ITI performance with the following scope:

- *What progress have International Trade and Investment (ITI, formerly UKTI) and UK Export Finance (UKEF) made on their performance since the Business, Innovation and Skills Committee finished work on its inquiry in 2016?*
- *How has the absorption of UKTI into the new Department for International Trade affected its performance?*
- *Are the Department for International Trade's export and investment services fit for purpose and sufficiently resourced?*
- *In the light of the Secretary of State's admission that £1 trillion export target will not be met, are the Department's export and investment targets transparent, appropriate and achievable? How should the performance of ITI and UKEF be measures?*
- *What standard of advice do ITI and its International Trade Advisers provide?*
- *What standard of support does UK Export Finance provide to companies seeking to export?*

5. Brexit

The simplistic response to Brexit, especially in the period pre triggering of Article 50, is for businesses to carry on as usual and to take advantage of the beneficial movement in exchange rates against both the euro and the dollar. It is recognised that there is going to be some uncertainty and probably hiatus in the period between Article 50 and final exit within 2 years, but that in the meantime business should focus on markets outside the E.U.

In that interim period and beyond, Trade Deals both positive (free trade) and negative (tariffs) will be developed nationally: Lancashire and the LEP currently have no direct role to play but can be indirectly influential via its Chambers through BCC and through some pressures through major companies like BAE Systems.

It would be constructive and hedge risks if effort should be put into sustaining EU country links prior to the conclusion of negotiations. As a base-line plan, companies could assume WTO conditions which would familiarise them with the impending changes and implications of the different potential arrangements.



Less simplistically, changes like the subtle exclusion of Universities from EU Research projects or prospective decreases in labour mobility including international students could have an eroding effect on Lancashire's broader internationalisation.

UCLan has a campus in Cyprus, which may prove a rare presence in the EU post 'Brexit'.

Both the risks and opportunities presented by Brexit require further research.

6. Current Business Support Activities

Lancashire's Universities have significant international student populations and have established overseas presences and partnerships. So besides being a primary link to some of the County's major *Innovation* assets and participation in programmes like Horizon 2020, they have significant latent international trade capital in their well-developed networks and alumni – but reprogramming will be required to add SME/ commercial value to the goodwill in the current graduate/ career focus.

The Lancaster University China Catalyst programme aims to exploit the global links of Lancaster University for the benefit of UK companies, from 2014-2017, with initial investment from the Higher Education Funding Council for England (HEFCE), Lancashire County Council and participating businesses. The University of Central Lancashire (UCLan) is building on 30 years of experience in China to provide support to businesses wishing to trade with China, access to funding both in the UK and China. Recent work has included successfully running entrepreneurial competitions on behalf of the Chinese government in the UK, leading to businesses establishing bases in China and accessing Chinese Government support.

UCLan is also actively developing its considerable Alumni base, to strengthen business links and UK / China opportunities. UCLan is able to provide considerable business support via its Lancashire based ERDF programmes that include innovation/product development support, leadership development in SMEs, student project placements and investment readiness.

DIT/ ITI (UKTI) provide a Regional Trade Support programme, managed by Chamberlink (Manchester Business Support Solutions) which is currently under review and only assured until 2018. However the outputs for Lancashire were of the magnitude of support new exporters for Lancashire as a whole averaged 62 p.a. between 2013 and 2015. (The numbers dropped in 2015 when subsidies were withdrawn), and for mid-cap companies (£15-20m t/o) just 10 supported.

The Chambers, identified as among the leaders nationally, provides a range of services, some commercial, including Trade Documentation, Training, Market Research, consultancy, networks, logistics support... as well as a complementary programme to support RGF applicants with international potential. The Chambers International Trade Club, the longest established in the UK, provides a popular forum exclusively for exporters to exchange information and ideas.

There is virtually no other proven independent private-sector/ commercial export support availability in Lancashire.

The sector bodies, including the Aerospace and Automotive Alliances provide some advice but have been restricted in obtaining public funds as their productivity driver is at odds with the emphasis on jobs growth.

7. Barriers to Trade Expansion

At the individual company level, the potential barriers, both real and perceived, are many and the reasons for reluctance can be complex; they may include

- Leadership: 'lifestyle comfort' with domestic markets: unknown territory
- Lack of specialised staff, shortage of available experienced recruits
- Complexity of administrative procedures
- Insufficient market knowledge
- Uncertainty of how to identify and use agents and distributors
- Limited business support*

*N.B. Trade is a contact sport: technology has a support role, albeit an important one. Current Government thinking to provide a web-portal to SME's ('volume') while focusing face-to-face with large companies ('value') is less appropriate to Lancashire.

8. Risks

It cannot be assumed that Lancashire's current level of exports is necessarily stable and secure. There is exposure in the supply chain of the established key sectors (aerospace, automotive, chemicals) which could render the primes investments vulnerable. Success in the Enterprise Zone strategies is therefore key not just in terms of providing a platform for newly attracted inward investors to export from but also to secure the sectors' foundations. Similarly nurturing the sectors, for example by supporting the Alliances (which is a challenge as they are housed in Lancashire but operate more widely) is also essential in order to protect exports – albeit often indirect exports.

The largest current risks may be in Aerospace. There is an overt threat re the F35 programme that President Trump may attempt to reduce the number of units procured in favour of a lower cost alternative and Airbus could retrench post-Brexit into the E.U.

Similarly, the potential exclusion, not necessarily through deliberate anti-UK sentiment but because our Government funds differently, of British aerospace companies from the European 'Abroad' initiative could be damaging. The initiative links European aerospace companies with their world counterparts through exchange visits in recognition that there is sufficient growth in aeroplane volumes to accommodate collaboration.

9. Targets

Lancashire will have to show considerable ambition and commitment if it is to match the national targets.



To double exports within 10 years, **growth of 10% p.a. in sales** will be required. Much of this will be beyond Lancashire's control, for example trade deals and exchange rates, and in many cases our manufacturers will make components that will be in final assembly elsewhere; but nevertheless 10% of relative growth on like-by-like comparisons is achievable

More directly aligned with business support, and assuming that the current estimate of stock is 4,000-5,000 exporters (11%) the target is an **additional 500 p.a. exporting companies over 10 years**. The probability is that 50% of these **(250)** will go through the BOOST and partners' business support system and the rest will make it on their own.

<u>Aim</u>	<u>Action</u>	<u>Who</u>
Understand	<ol style="list-style-type: none"> 1. Demand comprehensive HMRC data at LEP level 2. Proof HMRC Data 3. Identify key sectors and horizon scan opportunities 4. Assess pre & post Brexit & risks 5. Use BOOST registrations as a source of information on topical activities 6. Listen to the private sector: <ul style="list-style-type: none"> - surveys - events 	<ol style="list-style-type: none"> 1. LEP/CA 2. Chambers/Sector Alliances 3. LEP/Chambers/HE 4. Chambers/Sector Alliances 5. BOOST 6. BOOST/Chamber
Culturally Embed	<ol style="list-style-type: none"> 1. Strategy endorsed by LEP as <i>overarching</i> in the SEP 2. Awareness raising in schools 3. Emphasis on modern languages & student exchanges 4. International module in all FE & HE courses 5. Industrial placements in UK exporters. Student placements overseas 6. <u>All</u> public expenditure to be conditional on consideration of competition contribution. 	<ol style="list-style-type: none"> 1. LEP/CA 2. Enterprise coordination/ schools/ business groups (e.g. bondholders) 3. Enterprise coordinates/ schools. FE & HE (Chamber provide content) 4. HE/ Colleges. HE (and Apprenticeship providers) 5. " " " " " 6. LEP/CA/BOOST
Inspire	<ol style="list-style-type: none"> 1. International Trade Awards 2. Role Models (publicity) 	<ol style="list-style-type: none"> 1. BIBAs, Red Rose, Local, Sector 2. Marketing Lancashire
Support	<ol style="list-style-type: none"> 1. Alignment of DIT/ ITI activity with Lancashire priorities 2. Primary/large company support. 3. General company & SME support 4. Improve access to business support 5. Market searches/ overseas opportunities 6. Specific support for the key sectors for international supply chain development. 7. Support for international websites (including the importance of terms and conditions) 8. Prioritise investment funds (e.g. NPIF) for exporters 9. Guide post-Brexit (e.g. WTO terms) 10. Expand International Trade (Export-Clubs) 11. Challenge the Government's value/volume proposition 12. Streamline support 	<ol style="list-style-type: none"> 1. Steering Group 2. LEP 3. Chambers 4. BOOST 5. Chambers 6. Sector Alliances 7. Chambers/ site providers/ mobile phone companies 8. BOOST 9. Chambers/ Sector Alliances/ BOOST 10. Chambers 11. LEP/ CA 12. BOOST
(Up)skill	<ol style="list-style-type: none"> 1. Promote the value of languages 2. Up-skill procurement (as a proxy for import substitution) 3. Lobby for the free movement of international students and attract talent 4. Provide skills support and qualifications for export sales 5. Leadership training 6. Identification of skills needs 	<ol style="list-style-type: none"> 1. Enterprise Coordinators/ Skills Hub/ Education Authorities 2. East Lancs Chamber 3. HE/LEP/CA/Chambers 4. Chambers 5. Universities/ Chambers 6. Skills Hub
Enable	<ol style="list-style-type: none"> 1. Prioritise support for international trade in the SEP 2. Prioritise infrastructure investment towards international connectivity 3. Showcase Lancashire at Trade Fairs 	<ol style="list-style-type: none"> 1. LEP 2. CAs 3. Marketing Lancashire 4. Private Sector 5. LEP/EZ Board

	<ol style="list-style-type: none"> Support trade negotiations in countries of interest to Lancashire Attracting investment (including Enterprise Zones) with priority to companies who will re-export Commission a horizon-scan on the global opportunities that align with Lancashire's capabilities and potential 	<ol style="list-style-type: none"> LEP
Co-ordinate	<ol style="list-style-type: none"> Create seamless public and private support Feedback into national/centralised business support and ITI review Shared trade missions a) regionally b) sectorally and link with the NP regions to collectively bid for missions Share information between companies and between intermediaries (e.g. growth programmes should automatically have a trade interest) Innovation, productivity and Internationalisation should 'read across'. 	<ol style="list-style-type: none"> Boost/Chamber/ DIT (UKTI) LEP Chambers/ DIT/ LEP Chairs LEP/CA/ Chambers BOOST Business Support Management Group/ HE/ International Trade Steering Group
Measure	<ol style="list-style-type: none"> Identifying the data required and then collecting accurate data over a sustained period is essential The key metric is increased overseas sales (with a presumption of satisfactory margins) A target of 250 new exporters per annum through BOOST and partners Examples of 'hard' data include <ul style="list-style-type: none"> -International student alumni networks should produce trade outputs, not just academic and social ones. -training should lead to improved performance and add value 	<ol style="list-style-type: none"> LEP/CA International Trade Steering Group/Government BOOST & Partners HE/ Skills Hub.



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Tuesday, 28 March 2017

East-West Connectivity: An Economic Study

(Appendix 'A' refers)

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Executive Summary

This report updates the Board on the conclusions of the East-West Connectivity Economic Study commissioned through Transport for Lancashire on behalf of the LEP, in conjunction with partners in North and West Yorkshire. The purpose of the analysis is to provide an independent economic review of the potential economic benefits that might arise from enhanced connectivity between Lancashire and North and West Yorkshire, with a view to developing a strategic economic narrative to support the case for potential investment and intervention in road/rail based connectivity linking these three functional economies.

Recommendation

The LEP Board is asked to;

- (i) Note the contents of this report and its contribution to the refresh of the LEP's Strategic Economic Plan;
- (ii) Note the robust and compelling case that the independent study by Cushman & Wakefield makes for enhanced East-West connectivity to realise the full economic potential of the Central Trans-Pennine Corridor and its role in delivering the long-term growth ambitions of the wider Northern Powerhouse;
- (iii) Note that the study is used as a first stage evidence base to promote the case for improved connectivity with Transport for North (TfN) and other key stakeholders, and that it is to be shared with Transport for the North and the shadow Lancashire Combined Authority; and
- (iv) Request the Chair of Transport for Lancashire provides further updates to the Board on progress in influencing the road and rail investment priorities of Transport for the North, and on the LEP's further joint case-making with partners in North and West Yorkshire.



Background and Advice

1. Context

- 1.1. It was previously reported to the Board that there is growing interest in the strategic east-west transport corridor linking Lancashire with North Yorkshire and the Leeds City Region. However, the corridor is not covered by any of the Department for Transport led studies announced in the Road Investment Strategy in December 2014 as none of the Trans-Pennine routes within it are part of the Strategic Road Network. Up to this point, the development of the Northern Transport Strategy has focused principally on rail links between the North's core cities of Leeds, Liverpool, Manchester, Newcastle and Sheffield together with Hull and Manchester Airport.
- 1.2. The Lancashire Enterprise Partnership (LEP) Board therefore approved funding for an East – West Connectivity Study, with North Yorkshire County Council and the West Yorkshire Combined Authority and in conjunction with York-North Yorkshire-East Riding and Leeds City Region Local Enterprise Partnerships.
- 1.3. An experienced consultancy team, led by Cushman & Wakefield, were subsequently appointed in September 2016 to provide an independent economic review of the potential economic benefits that might arise across the study area from enhanced connectivity between Lancashire, North and West Yorkshire, and to develop a strategic economic narrative to support the case for potential investment and intervention in road/rail based connectivity across the three functional/connected economies.
- 1.4. The study area for the purposes of the quantitative modelling focussed upon the 'Central Trans-Pennine Corridor' and the key East-West routes within it. This 'Central' Trans-Pennine Corridor comprises the M65/A56/A6068, A59 and A683/A687/A65 roads and parallel railways, including the Calder Valley line linking Preston, Blackburn and Burnley with Bradford and Leeds via Hebden Bridge and the line linking Lancaster with Leeds via Skipton. It is important to note that although locations such as Blackpool and Rossendale in Lancashire were not included in this quantitative modelling, in order that they did not skew the analysis as they do not form key East-West business travel patterns, the qualitative narrative does cover the wider LEP area and key economic assets, including Enterprise Zone sites at Blackpool Airport, Hillhouse and Warton, as the economic benefits of improved East-West connectivity would benefit the Fylde Coast.

2. Activity Update

- 2.1 The report concluded that a robust and compelling economic case exists for enhanced East-West Connectivity across the Central Trans-Pennine Corridor. Improved connectivity would not only help address the economic challenges and ambitions of the Corridor itself but it could also enhance the wider growth potential of the North as a whole and enable this Corridor to complement the M62 Corridor and provide enhanced resilience to Trans-Pennine connectivity more generally - a key pan-Northern objective in terms of road and rail,



passenger and freight movements. A failure to improve East-West connectivity and address current constraints would be likely to critically restrict the growth potential of the Central Trans-Pennine Corridor economy, and limit the ability of the Northern Powerhouse to deliver both transformational and spatially inclusive economic change.

- 2.2 The analysis demonstrated that there will be significant economic benefits of investing in road and rail infrastructure with both modes important to meeting current and future economic needs. An optimum investment strategy would include a phased approach comprising multi-modal investment to address both strategic transport connectivity and more localised resilience issues - the latter particularly from a road perspective.
- 2.3 The report found that the rail network in the Corridor is of poor quality, particularly in East Lancashire, and that the provision of enhanced rail connectivity would need to be aligned with local demographic and business/economic need and growth opportunities. Rail flows are typically targeted at major settlements where there are more likely to be high value jobs, for example, in the producer services and consumer services sectors, and rail networks can also significantly enhance accessibility to urban centres to improve the mobility of labour supply.
- 2.4 The case for transport investment within the Corridor needs to relate to the current and future economic drivers of the Corridor and these are varied, although appear to focus significantly on advanced and innovative manufacturing based activity, which is likely to continue to be dependent upon an efficient road transport network, along with other key sectors such as logistics, food and drink and energy. However, other professional service based growth sectors such as digital and health/life sciences may be more reliant upon better rail services to enhance their output and growth prospects, particularly through greater agglomeration and access to skilled labour.
- 2.5 The study specifically concluded that:

- **The Central Trans-Pennine Corridor is already a major economic driver of the Northern Powerhouse and UK economies**

The three LEP areas together have a combined annual GVA output of around £100bn, representing around 7% of national GVA output and one third of the Northern Powerhouse economy GVA output. They comprise around 8.5% of the national population and are home to over 210,000 businesses. The defined 'Corridor' for the purposes of this study is estimated to have an annual GVA value of around £70bn, representing c.22% of the overall Northern Powerhouse GVA activity and c.5% of national economic output. It is therefore evident that this is already a Corridor of national economic scale and significance.



- **The Corridor is home to globally significant businesses, supply chains and economic assets**

It is home to the largest aerospace cluster in the UK (BAE Systems, Rolls Royce, Safran, etc.) with major sector representation and internationally competitive advantages in sectors such as automotive and other advanced manufacturing, digital, health/life sciences and low carbon/energy. These fully align with the Northern Powerhouse's 'Prime Capabilities' as per the Northern Powerhouse Independent Economic Review (IER). It comprises a portfolio of economic assets and drivers that no other region in the UK can offer, including 14 nationally designated Enterprise Zone sites within or adjacent to the Corridor. It is home to world class businesses and industry clusters in key national priority sectors, world leading research-intensive Russell Group/N8 Group universities, growing and dynamic European cities and a quality of life and visitor economy offer that is second to none. There are wholly complementary sectoral strengths and existing economic activities across the Corridor and opportunities to both enhance the resilience of existing businesses and attract new inward investment in key sectors at all spatial scales.

- **There is significant ambition and 'untapped' economic growth potential**

This is a unique and diverse economy with major growth potential offered by its globally recognised economic assets, but which is currently constrained by the lack of East-West connectivity. The three LEP areas have ambitions to together deliver over 100,000 new jobs and over 100,000 homes within the next 10 years. Improving connectivity could accelerate employment and housing delivery, increase the scale of the overall growth opportunity (jobs, homes and GVA) and improve additionality prospects. Economic output and productivity on a per head basis across these LEP areas is reported as below the national average and there is a need to continue to seek to narrow this gap through productivity and output growth – an objective which appears to be shared by the Government's Industrial Strategy Green Paper.

- **Investment in East-West physical connectivity could assist to deliver the IER's transformational economic growth scenario**

According to the IER, this is based on substantial improvements in the skills base, in innovation performance, and in transport connectivity, with GVA projected to be some 15% higher than a 'business as usual' projection. There has been an acknowledged lack of investment in strategic transport infrastructure in the Corridor and this is constraining its economic potential. There is no East – West link in the Strategic Road Network and the recent focus has been on HS2/Northern Powerhouse Rail in the Core Cities and the M62 Corridor to the South.

Without intervention, the Corridor will not reach its potential to deliver against TfN's transformational growth scenario, as set out within the IER. There is an identified need to invest in both road and rail infrastructure at strategic and local levels.

Improved connectivity would increase the size and quality of the labour market through enhanced accessibility; increase the efficiency of supply chains; increase the size of the customer base; promote increased Research & Development (R&D) activity and the commercialisation of intellectual property; reduce transport and overall costs of production; and increase overall business productivity through increased agglomeration. The travel to work analysis points to geographically proximate but economically detached/self-contained labour markets, which is constraining the Corridor's economic potential. Economic benefits will be realised through better connecting economies and businesses/people within them – the evidence base for this is widely acknowledged. There are also distinct mismatches between areas of distinct socio-economic need (e.g. in parts of East Lancashire) and areas of economic opportunity (e.g. Enterprise Zone sites/key urban areas) which enhanced physical connectivity could address.

- **Enhancing the Corridor's economic potential fully aligns with Government policy**

This is an identified Corridor of unique opportunity with significant latent growth and output potential. Enhancing East-West connectivity is a recognised key priority for all three LEPs as defined within the existing policy and strategy base and their respective SEPs, the Northern Powerhouse Strategy, TfN strategy and the Government's emerging Industrial Strategy and recent Housing White Paper.

Addressing the existing East-West connectivity constraints will enable the Northern Powerhouse to achieve its growth ambitions in accordance with national Government agendas. Whilst this analysis has sought to capture *current* economic activity and *real* evidence of East-West inter-relationships where possible, it is imperative that the economic *potential* of the Corridor is acknowledged. It is considered that the current connectivity issues are restricting the realisation of the scale and extent of potential economic opportunities that exist.

2.6 The report provides a *qualitative* case for investment in enhanced East-West connectivity based around the following key potential benefits;

- Supporting complementary high growth, high value economic sectors and clusters;
- Unlocking the skills, R&D and innovation potential of the Corridor economy;
- Supporting the growth potential of other key transport hubs;
- Supporting the needs and expansion of existing major employers and their supply chains;
- Attracting new high value business activity and inward investment to the Corridor and wider Northern Powerhouse;
- Supporting housing and employment growth proposals and requirements; and
- Addressing socio-economic inequalities.



2.7 The report also provides a *quantitative* case. The modelling work examined two key areas of potential benefit:

- Firstly “agglomeration” benefits – the benefits of businesses being located closer together and the associated increases in productivity that arise from this; and,
- Secondly the “employment” effects that look at the benefits of connectivity improvements to the labour market for both employers and employees, with improved skills allocation and productivity. In turn this brings additional employees into the system who may not previously have been in work.

2.8 The report draws the following key conclusions;

- There is likely to be a significant level of net additional economic benefit from wider economic impacts attributable to enhanced East-West transport connectivity across the Corridor;
- Investment in both road and rail will be beneficial considering the wider economic impacts identified. In terms of distribution, investment in highways spreads the benefits across the study area, while rail provides significant benefits at key ‘nodes’ (those larger town and city centres with a rail service);
- This distribution is intuitive given the nature of the road and rail networks, but the fact that the scale of benefits from rail is similar to that from road is noteworthy, as the rail network is relatively limited in the Corridor, suggesting there is ‘more bang’ in terms of wider economic impacts from a limited number of opportunities to improve rail travel. This is perhaps reflective of the very poor quality of rail services in East Lancashire at present, which presents a large opportunity for transformational change.
- Subject to LEP Board approval, there is much in this analysis which can be used to support the SEP refresh, including the opportunity to develop an enhanced vision for East Lancashire within a deeper understanding of Lancashire's wider East-West economic and connectivity relationships with neighbouring areas.

Central Trans-Pennine Corridor East – West Connectivity

An Economic Study

ON BEHALF OF THE LANCASHIRE ENTERPRISE PARTNERSHIP

IN CONJUNCTION WITH THE WEST YORKSHIRE COMBINED

AUTHORITY AND THE YORK NORTH YORKSHIRE & EAST RIDING LEP

March 2017

FINAL REPORT



1.0 Executive Summary

Introduction and overview

- 1.1 Cushman & Wakefield (C&W) and SYSTRA have been commissioned by the Lancashire Enterprise Partnership, together with the West Yorkshire Combined Authority (WYCA) and the York, North Yorkshire and East Riding LEP to explore the potential economic benefits that might arise across the North of England from enhanced connectivity between Lancashire and North and West Yorkshire. The purpose of this is to develop a strategic economic narrative to support the case for potential investment and intervention in road/rail based connectivity across these three functional and connected economies comprising the Central Trans-Pennine Corridor. The study focus has been on a wider economic impact case to understand the likely impacts of enhanced connectivity on the “real” economy and an evidence based quantitative and qualitative assessment to support the economic case for improved connectivity has been set out.
- 1.2 In summary, this report identifies that:
- **The “Central Trans-Pennine Corridor” is already a major economic driver of the Northern Powerhouse and UK economies** - the three LEP areas together have a combined annual GVA output of around £100bn, representing around 7% of national GVA output and one third of the Northern Powerhouse economy GVA output¹. They comprise around 8.5% of the national population² and are home to over 210,000 businesses. The defined ‘Corridor’ for the purposes of this study (see paragraph 2.8) is estimated to have an annual GVA output of around £70bn³, representing around 22% of the overall Northern Powerhouse economy GVA output and circa 5% of national GVA output. It is therefore evident that this is already a Corridor of national economic significance and value.
 - **The Corridor is home to globally significant businesses, supply chains and economic assets** – it is home to the largest aerospace cluster in the UK (BAE Systems, Rolls Royce etc), with major sector representation and internationally competitive advantages in sectors such as automotive and other advanced manufacturing, digital, health/life sciences and low carbon/energy. These fully align with the Northern Powerhouse’s ‘Prime Capabilities’ as per the Northern Powerhouse Independent Economic Review (IER). It comprises a portfolio of economic assets and drivers that no other region in the UK can offer, including 14 nationally designated Enterprise Zone sites within or adjacent to the Corridor. It is home to world class businesses and industry clusters in key national priority sectors, world leading research-intensive Russell Group/N8 Group universities, growing and dynamic European cities and a quality of life and visitor economy offer that is second to none. There are wholly complementary sectoral strengths and existing economic activities across the Corridor and opportunities to both enhance the resilience of existing businesses and attract new inward investment in key sectors at all spatial scales.
 - **There is significant ambition and ‘untapped’ economic growth potential** – this is a unique and diverse economy with major growth potential offered by its globally recognised economic assets, but which is currently constrained by the lack of east-west connectivity. The three LEP

¹ Based on ONS GVA NUTS 3 data (2015 estimates)

²

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/latest>

³ Based on ONS GVA NUTS 3 data (2015 estimates) where applicable although in some instances (Harrogate/Craven/Calderdale) estimates are based on other local sources (such as the Regional Econometric Model) with assumptions applied as necessary as ONS data is not readily available at this spatial scale

areas have ambitions to together deliver over circa 100,000 new jobs and over 100,000 homes within the next ten years. Improving connectivity would accelerate employment and housing delivery, increase the scale of the overall growth opportunity (jobs, homes and GVA) and improve additionality prospects. Economic output and productivity on a per head basis across the LEP areas is reported to be below the national average and there is a need to continue to seek to narrow this gap through productivity and output growth.

- **Investment in East-West physical connectivity could assist to deliver the IER's transformational economic growth scenario** – according to the IER, this is based on substantial improvements in the skills base, in innovation performance, and in transport connectivity, with GVA projected to be some 15% higher than a 'business as usual' projection. There has been an acknowledged lack of investment in strategic transport infrastructure in the Corridor and this is constraining its economic potential. There is no East-West Strategic Road Network link and the recent focus has been on HS2/NPR in the Core Cities and the M62 Corridor to the South. Without intervention, the Corridor will not reach its potential to deliver against TfN's transformational growth scenario as set out within the IER. There is an identified need to invest in both road and rail infrastructure at strategic and local levels.

Improved connectivity could be highly likely to increase the size and quality of the labour market through enhanced accessibility; increase the efficiency of supply chains; increase the size of the customer base; promote increased Research & Development (R&D) activity and the commercialisation of intellectual property; reduce transport and overall costs of production; and increase overall business productivity through increased agglomeration. The travel to work analysis points to geographically proximate but economically detached/self-contained labour markets which is constraining the Corridor's economic potential. Economic benefits will be realised through better connecting economies and businesses/people within them – the evidence base for this is widely acknowledged. There are also distinct mismatches between areas of distinct socio-economic need (e.g. in parts of East Lancashire) and areas of economic opportunity (e.g. Enterprise Zone sites/key urban areas) which enhanced physical connectivity could address.

- **Enhancing the Corridor's economic potential fully aligns with Government policy** - this is an identified Corridor of unique opportunity with significant latent growth and output potential. Enhancing East West connectivity is a recognised key priority for all three LEPs as defined within the existing policy and strategy base and their respective SEPs, the Northern Powerhouse Strategy, TfN strategy and the Government's emerging Industrial Strategy and recent Housing White Paper. Addressing the existing East-West connectivity constraints will enable the Northern Powerhouse economy to achieve its growth ambitions in accordance with national Government agendas. Whilst this analysis has sought to capture *current* economic activity and *real* evidence of East-West inter-relationships where possible, it is imperative that the economic *potential* of the Corridor is acknowledged. It is considered that the current connectivity issues are restricting the realisation of the scale and extent of potential economic opportunities that exist.

- 1.3 Our analysis has explored both the quantitative and qualitative economic case for enhanced connectivity. Key headline messages are presented below from this analysis.

Qualitative case for enhanced connectivity

- 1.4 The qualitative case for investment in enhanced east-west connectivity is based around the following seven key potential benefits:

1. Supporting complementary high growth, high value economic sectors and clusters

Across the Central Corridor and the three functional LEP areas more generally, there are a number of key complementary economic sectors which are considered to be either existing or likely future significant drivers of economic output and productivity. Enhancing the potential for the increased agglomeration of business activity within and between these key existing and growth sectors through improved physical connectivity will undoubtedly offer the potential for enhanced overall economic output across the Central Corridor as well as promote increased innovation, supply chain development, knowledge transfer and overall operational efficiencies. The evidence base to support this relationship between improved physical connectivity and business agglomeration is widely accepted. The economic sectors where we consider there to be key current commonalities/complementarities and significant opportunities for growth across the Corridor based on current economic assets and activity and growth opportunities include the following, which include all four of the IER's identified 'Prime' capabilities:

- Advanced/High Value Manufacturing and Engineering (particularly aerospace, automotive and advanced/technical textiles)
- Health/Med-tech/Life Sciences
- Digital
- Low carbon/energy
- Logistics/distribution
- Food and drink

2. Unlocking the skills, R&D and innovation potential of Corridor economy

The Corridor is home to 9 Higher Education Institutions (HEIs) including a number which are ranked globally as leading institutions in particular taught and research areas. The Universities of York and Leeds form part of the 24 research-intensive, world-class universities that make up the Russell Group and the N8 Research Group includes these as well as Lancaster University. Through the recent Science and Innovation Audit (SIA) and the proposals for a Northern Powerhouse Advanced Manufacturing Corridor, there are plans to further enhance collaborations between the Lancashire and the Sheffield City Region economies including the planned new Advanced Manufacturing Research Centre (AMRC) on the Samlesbury Enterprise Zone site, linked to the existing highly successful operation in Rotherham. Improved Corridor connectivity could deliver increased opportunities for collaboration not only between the universities but also increased opportunities for University-business collaboration and for the Universities to work more closely with the FE sector, particularly in areas where there is no physical HEI presence, a key issue for a large part of the area. Enhanced connectivity could therefore also increase the attractiveness and accessibility of higher level skills development to learners which may have otherwise not been willing/able to consider skills development opportunities and also assist to enhance rates of graduate retention through improving access to employment opportunities, again a key issue for many areas. The Corridor's existing FE/HE offer has a strong focus on key IER and identified growth sectors including advanced manufacturing and Science, Technology, Engineering and Mathematics (STEM) based curriculums and this is evidenced through recent

and proposed initiatives for example in Lancashire such as the Blackpool Energy HQ facility on the Blackpool Airport Enterprise Zone.

3. Supporting the growth potential of other key transport hubs

Enhanced road and rail connectivity could deliver significant benefits to other modes of transport and established transport hubs within the Corridor and the wider North of England, including the following:

- Leeds Bradford International Airport (LBIA) – a rapidly expanding airport with plans to double passenger numbers to 7m per annum by 2030 and to explore freight opportunities.
- Manchester Airport – a nationally significant airport with the designated Airport City Enterprise Zone seeking to promote a global business destination including a MediPark focused on the life science sector opportunity.
- Leeds, Preston and York Rail Stations – all existing major rail hub stations with proposals for major expansion and connectivity enhancement at Leeds and Preston as proposed HS2 station hubs.
- Port of Heysham and other East/West coast ports outside of the Corridor (e.g. Liverpool, Hull, Immingham, Teesport).

4. Supporting the needs and expansion of existing major employers and their supply chains

The Corridor is home to a number of major, globally important businesses and employers, responsible for significant levels of employment and economic output. These are critical to the Northern economy, not only due to their direct employment and economic output but the wider supply chains that they create and support. It is also home to a number of major supply chains in key sectors which are key to the future economic growth of the Northern economy and increased mobility and connectivity across the North will be a key driver of the success of these supply chains and wider economic growth prospects.

With the uncertainty of what Brexit could mean for these businesses and wider global competition within the industry (particularly from lower cost base locations), there is a need to ensure that the local and regional physical infrastructure that these businesses require to meet their operational needs is adequate, otherwise this could be another push factor in favour of relocations to other locations globally. With increasing globalisation and overseas competition across a number of sectors, businesses are under significant pressure to enhance the efficiency of their supply chain operations. With an increasing focus on 'just in time' manufacturing strategy, ensuring supply chain efficiency is key. Supporting the needs of businesses and their supply chains to safeguard existing activity as well as supporting future investment/expansion activity is therefore critical particularly given the scale of operations in sectors such as aerospace and automotive and others in this Corridor. The Lancashire SEP identifies that the failure to deliver the transport infrastructure needed to support sustained business success, accounts for one-quarter of Lancashire's current economic performance gap with the rest of the UK.

5. Attracting new high value business activity and inward investment to the Corridor and wider Northern Region

There is also a case for investment to enhance east-west connectivity from the perspective of attracting new businesses and inward investment to the Corridor and the wider Northern region to strengthen existing clusters in key sectors. The quality and provision of transport infrastructure is likely to be a key factor accounted for by inward investors when assessing the merits of location

options as this can impact upon both labour supply and supply chain operations as well as the accessibility of the location to other company locations across the UK and internationally.

Place marketing and the promotion of wider quality of life is also an integral component of securing inward investment and transport connectivity is key to ensuring that people can live in attractive areas and commute to their workplaces efficiently and effectively on modern and reliable transport networks. Promoting accessibility to high quality cultural, leisure and visitor economy assets will also be important as part of this. For example, the Corridor links together a number of designated national parks, areas of outstanding natural beauty (e.g. the Forest of Bowland and Nidderdale) and coastlines with a number of highly popular coastal resorts such as Blackpool, Scarborough and Whitby which are key economic drivers in their own right. Ensuring that people can access these assets efficiently via road/rail will enhance the attractiveness of the Corridor and assist to drive levels of visits and associated net additional expenditure from both residents within the Corridor and those further afield.

6. Supporting housing and employment growth proposals and requirements

The Central Trans-Pennine Corridor as a whole is likely to experience significant population growth over the medium term in line with wider UK projections and local authorities are planning for this through allocating land for development in conjunction with key national drivers such as the Government's recent Housing and Planning Act (2016) and Housing White Paper (2017) and proposed Government interventions to drive housing supply. It is not only important that there are sufficient new homes and jobs to meet the needs of a growing population, but also that people can physically access employment opportunities. The delivery of transport infrastructure can also directly unlock housing and employment land for development through serving as critical enabling infrastructure.

It is essential that existing and proposed employment sites are supported with the necessary transport infrastructure to maximise their potential. It has already been identified that a number of businesses in the Corridor rely on east west movements as part of their business operations and with such significant growth planned, the emphasis on east west movement is only likely to increase.

It is also recognised that many of the proposed strategic housing and employment sites are located on the either side of the Corridor (i.e. around Leeds/Bradford/York/Harrogate and Preston/Lancaster). This is particularly evident with the locations of the 14 nationally important Enterprise Zone sites – these are all located on the fringes of the Corridor. This is reflective of the larger urban settlements on the fringes of the Corridor and the stronger North-South links in these areas. It is therefore critical that East-West connectivity is enhanced to enable people to access suitable and available employment opportunities, particularly from identified areas of socio-economic need which are concentrated in the heart of the Corridor (see below).

7. Addressing socio-economic inequalities

Parts of East Lancashire (e.g. Burnley, Pendle, Blackburn) and West Yorkshire (e.g. Bradford) represent some of the most deprived communities nationally, based on the 2015 Index of Multiple Deprivation (IMD). Enhanced East-West connectivity (in terms of journey times, cost and resilience) across the Corridor would assist to address the identified socio-economic inequalities and disparities and to enable people to access economic opportunities across the geography of the Corridor. It would enable increased cross boundary/cross county flows and movements and would provide increased opportunities to better connect people to employment and skills/learning and maximise the potential of the Corridor's economic asset and business base. There is no doubt

that the current physical connectivity issues on an East-West basis are restricting the horizons of people, particularly from a travel to work and business to business perspective. Given the relatively small point to point distances between key locations within the Corridor, the transport connectivity issue should not be as significant as it appears to be and needs to be addressed if the economic potential of the Corridor and wider Northern Powerhouse economy is to be fully realised and the productivity gap with the rest of the UK closed.

Quantitative case for enhanced connectivity

- 1.5 In addition to the above qualitative benefits of enhanced East West connectivity, a quantitative assessment, based on a bespoke wider economic impacts model was developed in accordance with the Department for Transport's (DfT) WebTAG.
- 1.6 The modelling work examines two key areas of potential benefit:
 - Firstly "agglomeration" benefits – the benefits of businesses being located closer together and the associated increases in productivity that arise from this; and,
 - Secondly the "employment" effects, which look at the benefits to the labour market of improvements in connectivity where employers and employees can be better matched increasing productivity and better matching skills. In turn this brings additional employees into the system who may not previously have been in work.
- 1.7 To provide an understanding of the potential wider economic impacts of future strategic transport investment across the area, nine "tests" have been conducted covering a range of scenarios reflecting improvements to road and rail, both separately and in combination across the defined study area. The tests also include consideration of the impacts of different scales of intervention. The tests avoid identifying and testing specific schemes. Instead the modelling has focused on what the overall output would be, in terms of generalised cost or journey time reduction. The outcomes of these scenario tests in terms of annual Gross Domestic Product (GDP) benefits are presented below in Figure 1.1:

Figure 1.1. Agglomeration and Employment Model £m GDP per annum

	Description	Agglomeration Model	Employment Model	Total	Rank
Test 1	10% GC Reduction	£30.16	£4.42	£34.58	3
Test 2	20% GC Reduction	£61.52	£9.77	£71.30	1
Test 3	10% GC Reduction (Highways)	£18.77	£3.62	£22.4	5
Test 4	20% GC Reduction (Highways)	£30.32	£8.30	£36.63	2
Test 5	Average to Minimum JT	£15.70	£2.08	£17.79	6
Test 6	Maximum to Average JT	£6.98	£2.09	£9.08	9
Test 7	10 minute Cross Pennine Reduction	£10.92	£0.90	£11.82	8
Test 8	20 minute Cross Pennine reduction	£11.25	£1.01	£12.26	7
Test 9	25% Rail GC Reduction	£30.75	£1.74	£32.49	4

- 1.8 The following key conclusions can be drawn from this:

- There is likely to be a significant level of net additional economic benefit from wider economic impacts attributable to enhanced East-West transport connectivity across the corridor;
- Investment in both road and rail will be beneficial considering the wider economic impacts identified. Indeed, the difference between the modelled outputs from tests 1 & 2 (generalised cost reduction on both road and rail) and tests 3 & 4 (highways only) suggests that the scale of benefit from a reduction of generalised cost on rail is in the same order to that from road. The results of test 9 confirm that potentially significant benefits may accrue from investment in rail. In terms of distribution, investment in highways spreads the benefits across the study area, while rail provides significant benefits at key 'nodes' (those larger town and city centres with a rail service);
- This distribution is intuitive given the nature of the road and rail networks, but the fact that the scale of benefits from rail is similar to that from road is noteworthy, as the rail network is relatively limited in the corridor, suggesting there is 'more bang' in terms of wider economic impacts from a limited number of opportunities to improve rail travel. This is perhaps reflective of the very poor quality of rail services in East Lancashire at present, which presents a large opportunity for transformational change. One caveat on the difference between road and rail is that some benefits may have been lost, potentially significant in scale, as no account of entirely 'external' trips (starting and finishing outside the modelled area, for example, Blackpool to Scarborough) is taken within the modelling work. It is likely that this will affect the road element more than rail, as there are potentially significant numbers of long distance road trips in the corridor;
- There is little additional marginal economic benefit of increasing cross Pennine journey time savings from 10 minutes to 20 minutes. This is a function of the fact that in practical terms, reducing journey times by 20 minutes results in unrealistic average speeds for many road trips (i.e. in excess of legal limits). This also suggests that the main benefits are gained from shorter trips in the immediate cross-boundary area of the corridor.
- The reliability tests (tests 5 & 6) generate a relatively lower level of wider economic benefits than others, suggesting that many of the trips that are affected by poor reliability are relatively short trips. These results suggest that the main reliability benefits may be localised, not from 'end-to-end' or longer journeys. It may therefore be that investments in critical 'pinch point' resilience issues in the network may be the answer to this issue;
- This point regarding local issues is reinforced by the finding that there are diminishing returns on highways improvements - a 20% generalised cost reduction doesn't double the wider economic benefits gained by a 10% generalised cost reduction on highways.

Summary

- 1.9 Overall, there is considered to be a robust and compelling quantitative and qualitative economic case for enhanced East-West Connectivity across the Central Corridor. Improved connectivity would not only address the economic challenges and ambitions of the Corridor itself but it could also enhance the wider economic prosperity of the North as a whole and enable the Corridor to provide a complementary route to the M62 corridor to provide additional resilience to Trans-Pennine connectivity more generally, a key pan-Northern objective in terms of road and rail, passenger and freight movements. A failure to improve East-West connectivity and address current connectivity constraints would be likely to critically restrict the growth potential of the Corridor economy, as a key driver of the wider Northern Powerhouse economy.
- 1.10 The analysis has demonstrated that there will naturally be significant economic benefits of investing

in both road and rail infrastructure and both modes are important to meeting current and future economic needs. An optimum investment strategy would require a comprehensive approach to developing and delivering a phased multi-modal investment programme to address both strategic transport connectivity and critical 'pinch point' resilience issues.

- 1.11 There is a limited rail network across the Corridor, particularly in East Lancashire and the provision of an enhanced rail network would need to be aligned with local demographic and business/economic need and growth opportunities. Rail flows are typically targeted at major settlements where there are more likely to be high value jobs, for example in the producer services and consumer services sectors, and rail networks can also significantly enhance accessibility to urban centres to improve the mobility of labour supply. The case for transport investment within the Corridor needs to relate to the current and future economic drivers of the Corridor and these are varied, although appear to focus significantly on advanced and innovative manufacturing based activity, which is likely to continue to be dependent upon an efficient road transport network, along with other key sectors such as logistics, food and drink and energy. However, other professional service based growth sectors such as digital and health/life sciences may be more reliant upon enhanced rail services to enhance their output and growth prospects, particularly through enhanced agglomeration and access to skilled labour.

