

LEP - Business Support Management Board

Thursday, 19th January, 2017 in Former County Mess - The John of Gaunt Room, County Hall, Preston, at 12.00 pm

Agenda

- 1. Welcome and Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes of the meeting held on 25 October 2016** (Pages 1 - 4)
- 4. Matters Arising**
- 5. New ESF Workforce Training Programme** (Pages 5 - 6)
Presented by: Karen Cochran, Learndirect
- 6. ERDF Funded Business Support Projects in Lancashire** (Pages 7 - 20)
Presented by: Andy Walker
- 7. Provision to support Scale-Up Businesses within Lancashire** (Pages 21 - 36)
Presented by: Andy Walker
- 8. Lancashire Enterprise Partnership Activity Update Presentation**
Presentation to be tabled at the meeting.
- 9. Business Support Management Board - Work Programme 2017** (Pages 37 - 54)
Presented by: Andy Walker
- 10. Matters to be Reported to the LEP**
Standing item
- 11. Any Other Business**
- 12. Date of Next Meeting**
Tuesday 7 March 2017, 1pm – 3pm, Room B15a, County Hall, Preston

Private and Confidential

LEP - Business Support Management Board

Minutes of the Meeting held on Tuesday, 25th October, 2016 at 12.00 pm at the Former County Mess - The John of Gaunt Room, County Hall, Preston

Present

Michael Blackburn

Michael Damms
Sue Smith

Timothy Webber

In Attendance

Andrew Leeming

1. Welcome and Apologies for Absence

Chair welcomed members and apologies were noted from Lee Petts, Gary Lovatt, Councillor Frank McKenna and Kevin Duffy. Andrew Leeming attended on behalf of Andy Walker, Alan Welsh on behalf of Barbara Murphy and Paul Foster on behalf of Gary Lovatt.

Chair also welcomed Steven Cochrane from Growth Lancashire and Mark Brennan from Freshfield attending to present information to the Board under Item 7.

2. Declarations of Interest

There were no declarations of interest noted at this time.

3. Minutes of the meeting held on 30 August 2016

Resolved: Minutes from the meeting held on the 30 August 2016 were agreed as an accurate record and signed by the chair.

4. Matters Arising

Further to discussions at the last meeting around International Trade – Strategy and Provision, members were advised that the draft strategy would be circulated to the Board for comment.

Members agreed that any proposal through Boost should be examined around the international trade element.

It was also recognised that there was a need to gain awareness on the capabilities for international trade in Lancashire. Members agreed that there was a requirement to identify data on how many companies export to measure the outputs required for the strategy.

Resolved:

- i. Data mapping and planning exercise requirements to be identified.
- ii. To be brought back to the next meeting of the Board for further discussion.

5. Schedule of Meetings

Andrew Leeming, Boost Programme Manager, Business Growth and Innovation reported that future meetings of this Board would be scheduled in line with Lancashire Enterprise Partnership (LEP) Board meetings to assist with more effective reporting to the LEP Board from the sub committees.

6. European Structural and Investment Funds - Update

Andrew Leeming presented the report circulated with the agenda on the European Structural and Investment Funds (ESIF) Business Support Programmes update.

The report included a copy of the letter to Philip Hammond, Chancellor of the Exchequer on the potential ESIF funding at risk following the EU referendum result.

Following discussions held by the Board on this report, a number of questions were raised and areas identified:

- How could Lancashire start to plan requirements post Brexit and without EU funding?
- Would Boost continue after Brexit and if so what would it look like?
- Members agreed that there is a need for a mapping exercise to be completed and to look at apprenticeships and the type of apprenticeships required.
- There is a need to look at how to incite a response by identifying initially what Lancashire would require post Brexit.

Resolved: The Board;

- i. Noted the overall position in terms of ESIF funding
- ii. Noted and endorsed the representations made by the LEP and shadow Lancashire Combined Authority to retain funds for key programmes
- iii. Noted the new business support programmes which have commenced since the last meeting of the Board in August

7. Growth Hub Update

In addition to the report provided to the Board on the Growth Hub update, Andrew Leeming introduced the following guest presenters to provide information to members on the marketing and gateway services of the Growth Hub:
Mark Brennan from Freshfield (Boost's marketing partner)
Steven Cochrane from Growth Lancashire (Gateway service provider)

Information (appended to the minutes) was tabled at the meeting which provided an update on the Boost objectives and enquiries.

From these discussions, members agreed:

- That there was a need to look at learning from past experiences.
- That there was a need for collaboration with other partners to avoid duplication.
- Further information on the outcomes against the outputs to be identified.

Resolved: The Board;

- i. Noted the Boost performance update
- ii. Noted the presentations from marketing and gateway partners

8. Wider LEP Update

Andrew Leeming provided a brief verbal update to the Board on the wider LEP work.

It was reported that there is currently a skills area review for colleges taking place with meetings being held in November. From this, proposals would be drafted by the end of November.

9. Reporting to Lancashire Enterprise Partnership Board

Members identified items to be reported to the next LEP Board meeting following the discussions held around the ESIF update.

Resolved: The Board confirmed the following to be reported to the next LEP Board meeting:

- i. The potential challenges around the EU funding and Lancashire's response to the upcoming changes.
- ii. Boost/Business Support – what would Lancashire need to assist business growth (based on learned experiences) and what would the future hold.

10. Any Other Business

A request was made for clarification to be sought on whether the additional member for a HEI representative included in the current Terms of Reference for

the Board would still be required given that Susan Smith has now joined the Board.

Resolved: A request for clarification to be made.

11. Date of Next Meeting

Members discussed the need for the December meeting given that it fell only five weeks from this meeting and that a meeting date has been set for January 2017.

Resolved: That the planned meeting in December be cancelled.

Next meeting would be held on the 19 January 2017 at 12pm, County Mess, County Hall, Preston.



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Thursday, 19 January 2017

New ESF Workforce Training Programme

**Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk**

Executive Summary

Using European Social Fund monies matched against resource from the Skills Funding Agency, the LEP Skills Hub have commissioned a £15.5m programme of skills support for Lancashire targeted on employees working within Small and Medium Sized Enterprises, with some provision for larger inward investors or companies facing down-sizing.

Learn Direct won a competitive tender to deliver this programme and are now working in Lancashire.

A brief summary of the offer is given on page 2 of this report, but Karen Cochran will present more detail to the Business Support Management Board.

Recommendation

Members of the Business Support Management Board are invited to:

- Note this report and the presentation from Learn Direct
- Support this project by building awareness amongst Lancashire business networks

Background and Advice

Contact details:

Your name:	Karen Cochran
Organisation:	learndirect
Contact no:	0345 521 10066
E-mail address:	tred@learndirect.com



Programme details:

<p>What is it? <i>(Describe what the programme offers to residents and/or businesses in no more than 50 words)</i></p>	<p>A brand-new, Lancashire-wide programme offering fully funded training to employers of all sizes across the county.</p> <p>We're offering a bespoke development programme to raise attainment levels, increase apprenticeship participation and reduce skills shortages that can restrict the growth and productivity of your business.</p>
<p>Why get involved? <i>(Describe the benefits to residents and/or businesses in no more than 75 words)</i></p>	<p>As the UK's largest integrated provider of skills, training and employment services, we work with employers, large and small, across the UK, including Starbucks and Tesco's, as well as smaller enterprises across Lancashire. We'll work with you to create a bespoke Training Needs Analysis and support you to secure the perfect training and development approach for your business.</p>
<p>Eligibility criteria <i>(Details of who can or can't apply in no more than 75 words)</i></p>	<p>Any employer who would like to discuss workforce and succession planning or funded training and development opportunities.</p> <p>Any individual aged 16 who is either currently employed, at risk of redundancy or has been made redundant in the last 3 months.</p>
<p>Supporting information <i>(Please provide details of any case studies or testimonials from Lancashire residents and/or businesses)</i></p>	<p>This is a new programme; case studies will be provided.</p>
<p>Person to contact: <i>(Name, job title and organisation)</i></p>	<p>Will Holloway, Engagement Manager, learndirect</p>
<p>Website:</p>	<p>www.learndirect.com/tred</p>
<p>Telephone: <i>(Name, job title and organisation)</i></p>	<p>0345 521 0066</p>
<p>E-mail address:</p>	<p>tred@learndirect.com</p>



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Thursday, 19 January 2017

ERDF Funded Business Support Projects in Lancashire (Appendixes A, B and C refer)

**Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk**

Executive Summary

This report provides the Business Support Management Board (BSMB) with its regular update on those projects which have been awarded European Regional Development Fund (ERDF) resource to deliver projects which should support and engage the business community.

These programmes principally address issues of business competitiveness, innovation, low carbon activity and the effective use of digital and broadband infrastructure.

Whilst the local ESIF partnership and The Department for Communities and Local Government are responsible for allocating this resource and ensuring programme targets are met, the BSMB has a wider role to ensure that projects deliver the intended impact within the Lancashire economy and are well co-ordinated.

Central to this process is the role of Boost – Lancashire's Business Growth Hub which, in addition to providing a gateway to services, is also working to fully understand, co-ordinate and monitor provision.

Recommendation

Members of the BSMB are asked to note this report and the steps being taken to improve reporting and co-ordination of the wider family of ERDF projects operational within Lancashire.

Background and Advice

1. Introduction

- 1.1 Whilst the total value of Lancashire's share of the national ERDF fund varies with the GB£ to Euro exchange rate, using present assumptions, the areas programme is worth £124m of which only 94% can be formally allocated at this time. To date £59m has been earmarked or allocated to projects with £58m still to be used.

2. Projects in receipt of ERDF funds in Lancashire

- 2.1 To date 18 projects have been granted ERDF in the current programme, the majority of these (14) being funded as part of Thematic Objective 3 SME Competitiveness. A further 3 projects have been funded under Thematic Objective 1 – Innovation and 1 under Thematic Objective 4 Low Carbon. The projects approved are as follows:

BOOST	LCC	ERDF P3
Access 2 Finance	GMBS	ERDF P3
Pan-LEP Specialist Manufacturing Service	GMBS	ERDF P3
Propel to Grow	Vedas	ERDF P3
UCLan Innovation Clinic	UCLan	ERDF P1
DigitME2	UCLan	ERDF P1
Digital First	UCLan	ERDF P3
Investment Readiness	UCLan	ERDF P3
Engineering Innovation Centre	UCLan	ERDF P1
UNITE+	UCLan	ERDF P3
Better Off in Business	Princes Trust	ERDF P3
Enhancing SMEs International Trade Performance	Chamberlink	ERDF P3
U Start	Lancaster University	ERDF P3
Lancashire Forum	Lancaster University	ERDF P3
Low Carbon Lancashire Innovation Hub	Lancaster University	ERDF P4
Digital Office Park	Chorley Council	ERDF P3
Building Capacity & Capability in Health Businesses	Innovation Agency	ERDF P3
Transmission	UCLan	ERDF P3
Northern Powerhouse Investment Fund	BBB	P3 and P4

3 Project Co-ordination Activity

- 3.1 As a condition of funding each project was asked to liaise with Boost and guarantee that they would work collaboratively with the Growth Hub and other commercial and publicly funded business support providers within Lancashire.



To formalise this arrangement the Growth Hub has developed a Memorandum of Understanding setting out the principals of collaboration and data sharing.

- 3.2 In addition to this agreement, a dedicated lead officer has been identified from LCC's Business Growth team to liaise with each project and template to gather key performance data is also being developed.

4. Performance of Boost – Lancashire's Business Growth Hub

- 4.1 Boost was fortunate to be one of the first projects commissioned in the new round of ERDF funding and as such can provide a detailed report on progress since June 2016.
- 4.2 Boost is the main business support programme in Lancashire. Its aim is to identify and to work with businesses in Lancashire who have the potential to grow. Boost's task is to accelerate that growth by identifying barriers to growth and working with businesses to overcome these. It works with existing businesses and potential entrepreneurs.
- 4.3 Boost was established in 2013 and in its first phase of activity, up to the end of 2015, supported over 1200 businesses, helping to create over 1100 new jobs. Boost subsequently received a new tranche of funding from the Lancashire ESIF programme to deliver support to businesses across Lancashire over the period January 2016 to December 2018. In its updated form, Boost builds on the experience gained in the previous 3 years of the type of support that businesses find most useful, and that has shown to be most effective. Most of the match funding for Boost is provided by Lancashire County Council, with a smaller element of funding coming from the private sector in the form of their contribution to Growth Voucher projects.
- 4.4 Boost has just reached the end of year 1 of its current 3-year funding period. Year 1 saw the phased introduction of four main strands of business support. Two projects – the Growth Support Programme and the Growth Mentoring programme were launched in March 2016; a third, the Boost Gateway commenced in June and the fourth – Growth Vouchers was launched in October, and will start to contribute outputs to the project in Quarter 1 of Year 2 (2017). For this reason the output profile for Year 1 does not represent a straight one third split of the 3 year total project. Approximately 20% of the targets will be achieved in Year 1, 50% during year 2 and the remaining 30% in year 3. Each strand of support has been allocated its own output profile (please refer to appendix 1 - Year 1 performance table) against which it is being monitored. The table shows performance against the latest (December 2016) targets. The aggregated targets form the basis of a Grant Funding Agreement with DCLG. In the following section the output reference numbers (C1, P13 etc) refer to Published ERDF output definitions.

Output performance

C1 - Number of Enterprises receiving support (3 year target - 1360)

By the end of Year 1, 249 businesses had received some form of intensive intervention from Boost, comprising at least 12 hours support, ahead the anticipated target. This has been achieved by two projects significantly over-performing. The Growth Support Programme supported 110 businesses against a previous target of 86, and the Growth Mentoring Programme helped 139 businesses against a target of 120. The overall activity will ramp up significantly in year 2, with a target of 643 businesses planned to be supported over the next 12 months. Key to this achievement will be the performance of the Growth Voucher programme which is now live and has over 100 applications pending for support. There is also an issue with 60 of the C1 outputs being unallocated to individual projects, meaning that a degree of over-performance from projects will be needed if Boost is to achieve its full targets.

P13 - Number of enterprises receiving Information, Diagnostic or Brokerage Support (3 year target – 1640)

Due to difficulties in recruiting staff to the delivery team, this activity was only phased in towards the end of the Year 1 programme, and the Year 1 targets had to be revised downwards to take account of this. Nevertheless 120 IDB outputs were recorded against a revised target of 114. It is planned to rapidly scale up this area of support during Year 2 in order to meet the increased Year 2 target of 1024 P11 outputs, and a delivery profile to achieve this has been agreed with the contractor – Growth Lancashire.

C8 - Employment increase in supported enterprises (3 Year target – 1000)

The major employment impact of the Boost project is planned to be achieved towards the end of the 3-year project, once the growth projects proposed by individual businesses have been implemented. 114 jobs were projected by the end of year 1 with a further 384 in year 2 and an additional 502 jobs in year 3. The Year performance was significantly ahead of target with 133 jobs being created during Year 1 with both the Growth Support and Growth Mentoring programmes well exceeding their original targets.

C2 - Number of enterprises receiving grants (3 year target – 300)

In addition to the three strands of business support advice, Boost now can offer Growth Vouchers in the form of a 50% grant to help businesses unlock specific barriers to growth. The scheme was launched in October 2016, with applications invited from interested businesses. Consequently no specific target was set for Year 1 in terms of Growth Vouchers actually paid to businesses. At the present time there are over 100 applications in the pipeline



and a target of 197 Growth Vouchers implemented has been set for year 2, with the remaining 103 being delivered in Year 3.

C6 - Private investment matching public support (3 year target £750,000)

This output indicator represents the private sector contributions toward the projects supported by the Growth Vouchers, and as such the delivery profile mirrors that of the Growth Vouchers themselves, with no target set for Year 1, £492,500 for Year 2 and £257,500 for Year 3.

C4 - Number of enterprises receiving non-financial support

This target represents the total number of businesses supported by Boost who do not receive financial support. Since no Growth Vouchers were awarded in Year 1, the performance mirrors exactly the achievement of the C1 outputs, with 249 businesses being supported against a target of 240.

P11 - Number of potential entrepreneurs assisted to be enterprise ready (3 year target 360)

Excellent progress has been made towards achieving the project target for potential entrepreneurs, with 46% of the 3-year total being achieved by the end of year 1, although it has been intended throughout that most of the P11 support will be delivered in years 1 and 2. 165 potential entrepreneurs have completed an initial programme of support to date (previous target 138) and it is envisaged that at least half of these will progress to launch new businesses.

C5 – Number of new enterprises supported (3 year target 180)

Although 23 businesses have been launched to date, these have not been reflected in the formal monitoring of targets or claimed in the quarterly returns to DCLG. This is because the recent revised guidance on ERDF output indicators has amended the count criteria and evidence requirements for C5. These outputs will therefore be reconciled following agreement of an updated delivery and expenditure profile (a Change Control) that was submitted to DCLG in December.

GVA increase in supported enterprises (3 year LEP target £50,000,000)

The overall impact of the Boost project on the Lancashire economy will be measured through calculating the change in GVA for those companies supported by Boost. Because there is a 12-month monitoring period for the GVA evidence, the totals should start feeding into the performance reports during Year 2. It should be noted that the GVA is being monitored for reporting to the LEP only and is not a DCLG requirement.

Summary

Overall Boost is performing in line with its expected profile and most indicators are on target. The main pressures during Year 2 will be in achieving the increased rate of IDB completions and in converting the current interest in



Growth Vouchers into actual growth projects that can be implemented by local businesses. It will also be interesting to note the scale of the GVA uplift on businesses once these figures start feeding through.

A table detailing results against profile is attached to this report.

5. Summary

- 5.1 Members of the BSMB are asked to note this report and the steps being taken to improve reporting and co-ordination of the wider family of ERDF projects operational within Lancashire.

Memorandum of Understanding with Pipeline ESIF Projects

Practical Collaboration With Boost –Lancashire’s Business Growth Hub

This document is intended to provide high level guidance on what the requirement for projects to show that they are well aligned with the activity of Boost – Lancashire's Business Growth will actually mean in practice. This relationship brings both benefits and responsibilities but is driven by the aspiration to ensure businesses are receiving the best mix of services to realise and drive their growth.

Core Principles

The Lancashire Enterprise Partnership through its Business Support Management Board is trying to ensure that there is a coherent business support offer in Lancashire which:-

- Meets the identified needs of businesses and allows them to grow
- Is clear and easily navigable
- Makes best use of limited public resource
- Doesn't "crowd out" private sector activity

Boost – Lancashire’s Business Growth Hub sits at the centre of this and is resourced to fully understand what business support is available, to conduct and manage a dialogue with businesses to determine a hierarchy of needs and to draw in those who are not currently using business support services.

Use of the Boost Gateway Service (Provided by RPL)

The Boost Gateway consists of the web portal and a business advisory team who generate and respond to enquiries from a variety of communications activity and channels.

The Gateway Service is the premier provider of Information Diagnosis and Brokerage services to business and is impartial (running no other projects of its own).

Whilst it is recognised that individual projects will have their own diagnostic and client outcome planning processes, we will aim to ensure processes are aligned in order to liberate as much time and resource as possible to work to address the business requirements.

Principle 1:

Business support organisations are encouraged to direct initial business enquiries to the Boost Gateway so that company needs can be independently assessed and they can be directed to the most appropriate source of assistance

Project Advocacy and Referral

In order for the Gateway to be fully able to refer businesses to another ESIF funded programme, it is vital that the staff are well briefed on what the individual projects offer and can match the profile of the typical beneficiary business/ individual to the offer. In order to do this, projects must be



Lancashire
Enterprise Partnership

prepared to brief and update the gateway staff and commit to keep product knowledge current, through scheduled regular briefings.

Principle 2:

Business support organisations undertake to provide the Boost Gateway with up to date information on the availability of their business support products and services.

Tracking Business Engagement

It remains the aspiration of LEP to understand which publicly funded projects are working with which Lancashire businesses at any given time. This is an aspiration shared by Local Authorities who are keen to see the impact of activity within their own boundaries.

Boost has worked with RPL and Alcium over a number of years to develop a bespoke CRM system run on the Evolutive platform. All Boost activity is recorded on this system.

Whilst we respect the need for individual projects to show that they have properly procured their own CRM solutions, we would suggest that Evolutive be considered as part of that process.

Should projects choose to retain or select a separate CRM, we would request a monthly upload of data in a form which could be imported into the Evolutive system and which contains sufficient data to evidence which businesses are engaged, the nature of the project, how far the intervention has progressed and what the state aids value of the intended intervention is.

The exchange and use of this data will be subject to an appropriate data sharing and use policy.

The Growth Hub is also charged by BIS to understand and report business satisfaction with local services.

Principle 3:

ESIF funded business support projects must undertake to share data on the businesses they are assisting in order that an accurate assessment of the effectiveness of business support in Lancashire can be obtained.

Co-ordination, Arbitration and Cumulative State Aids accrued by individual businesses

As a corollary of the data sharing set out above, gateway systems are able to provide some key benefits to projects in respect of co-ordinating engagement.

Where a business is identified as working with two initiatives simultaneously the Gateway / LCC can:-

- Identify if the two programmes are discrete and can be delivered as a dual assist
- Reference IDB information to determine which programme should be the priority for the client.

In addition, the Gateway/ Evolutive system can provide projects with a cumulative value of the state aids assistance received by an individual business in the past 3 years if De Minimis is the chosen form of state aid exception.

Principle 4:



Organisations accept that LCC as agent of the LEP will have the ability to arbitrate between providers in the event of any dispute regarding the most appropriate provider of support and the allocation of relevant ERDF outputs.

Co-ordination of the Lancashire Business Support Offer

In addition to co-ordination activity through the gateway, the Growth Hub Management Team will run specific business support co-ordination forums. Initially these forums will be run quarterly and we will review frequency as the landscape of provision becomes more established.

Given that there are likely to be a number of organisations with multiple projects, the request is that at least one representative should attend but be capable of speaking for all that organisations projects.

As well as briefing partners on the project offer, representatives will also be required to report on the current performance of the programme.

Show unique and complementary nature of intervention

In addition to this co-ordination activity, the Boost marketing contract will convene a separate marketing sub group. Attendance arrangements as above.

Principle 5:

Organisations will commit to attendance at business support coordination meetings organised by LCC.

Incubation / Capital Projects

Revenue based support to develop businesses within new incubator facilities should first call on Growth Support Programme or Boost Mentoring (for more mature businesses) where that offer is appropriate to their tenants.

Other (in project) business support should only be used where it provides:-

- Specific sector expertise
- Technology based expertise, or where
- A greater intensity of provision is required.

Principle 6

New publicly funded business support services should only be provided if they do not duplicate existing support available through the growth hub and its aligned partners.

Partner Agreement

We acknowledge the above MOU and its core principles and will work with Boost and LCC as described, to ensure that business support in Lancashire meets the needs of businesses, is well aligned and is easily reported to those seeking to validate its impact and impact.

Signed on behalf of partner organisation:-



Print Name _____

Position _____

Signature _____

Date _____

Signed on behalf of Boost / LCC

Print Name _____

Position _____

Signature _____

Date _____



Lancashire
Enterprise Partnership

APPENDIX C

BOOST Output Monitoring

Period: Year 1 (Performance against Change Control targets for December 2016)

	Number of Enterprises receiving support (C1)		Number of enterprises receiving IDB (P13)		Employment increase in supported enterprises (C8)		Number of enterprises receiving grants (C2)		Private investment matching public support (£) (C6)		Number of enterprises receiving non financial support (C4)		Number of potential entrepreneurs assisted to be enterprise ready (P11)		Number of new enterprises supported (C5)		GVA increase in supported enterprises (£) (LEP target)		
	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	
Gateway	0	0	114	120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Growth Support	110	110	0	0	58	69	0	0	0	0	110	110	166	165	23	2*	0	0	0
Growth Mentoring	130	139	0	0	56	64	0	0	0	0	130	139	0	0	0	0	0	0	0
Growth Vouchers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Programme wide	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50,000,000	0	0
TOTALS	240	249	114	120	114	133	0	0	0	0	240	249	166	165	23	2*	50,000,000	0	0
% achieved	103.75%		105.26%		116.67%		100.00%		100.00%		103.75%		99.40%		12.22%		0.00%		
Year 2 Target	643		1018		377		197		492,500		446		195		122		0		0
Year 3 Target	468		502		490		103		257,500		365		0		56		50,000,000		0
Programme Target	1360	18.31%	1634	7.34%	1000	13.30%	300		750,000	0.00%	1060	23.49%	360	45.83%	180	1.11%	50,000,000	0.00%	0

* Note C5 output reconciliation will take place following Change Control agreement due to revised count criteria and evidence requirement



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Thursday, 19 January 2017

Provision to support Scale-Up Businesses within Lancashire

(Appendices A and B refer)

(A copy of the Scaleup Review 2016 is attached at Appendix C)

**Report Author: Andy Walker, Tel: 01772 535629
andy.walker@lancashire.gov.uk**

Executive Summary

Over the past year increasing prominence has been given by government to the role played by so-called "Scale-Up" businesses within the economy.

Whilst the definition "*annualised growth in employees or turnover greater than 20 per cent per annum over a three year period*" is similar to the national Business Growth Service's focus on finding and supporting "gazelles", the decision of BEIS to withdraw from direct provision for this cohort of businesses and the scarcity of other resource make the policy prescription for supporting Scale-Ups somewhat different.

It is suggested that the UK has a Scale-Up gap compared to international competitors and that if we manage to close the scale-up gap, we will secure significant economic value and the competitive advantage of Britain for generations to come:

- In the short-term, RBS analysis suggests an additional 238,000 jobs and £38 billion additional turnover is possible within three years of reversing the scale-up gap.
- In the medium-term, Nesta research shows a possible boost of £96 billion per annum is possible.
- Long-term analysis by Deloitte shows a potential of £225 billion additional GVA and 150,000 net jobs by 2034.

(see next page for recommendations)



Recommendations

In exploring and developing a response to ScaleUps the BSMB recommends that the LEP should look to:

1. Progress actions in respect of making contact with and further investigating the needs of Lancashire Scale-Ups through its current programme of research and Business Support.
2. Map and engage Lancashire's "entrepreneurial ecosystem" and facilitate business access to stakeholders and partners utilising the Boost Bespoke Brand to frame this offer.
3. Work with the Skills Hub to feature opportunities for young people in scaleups and improve the supply of talent needed by growing businesses.
4. Further explore the priorities for business support investment as existing parameters of factors such as eligibility for European funding change.
5. Examine the mix of fully funded and charged for services, as the Growth Hub moves forward.



Background and Advice

1. Introduction

- 1.1 In September 2016, a new report published was by the CBI, in partnership with Lloyds Bank, Aston Business School and the ScaleUp Institute, identifying scaleup medium-sized businesses as *“the entrepreneurial heroes of the UK economy”* and critical to solving the UK’s productivity puzzle.
- 1.2 Based on data from companies across the UK and interviews with 30 scaleup businesses, the report highlights new research on the impact of scaleup businesses on UK productivity and profiles their insights and strategies into raising competitiveness and efficiency within firms.
- 1.3 The report highlights that a small number of entrepreneurial firms make a large contribution to UK productivity. Scale-up firms, in particular those rapidly increasing sales, have higher productivity rates:
 - In 2013, four per cent of firms contributed 17 per cent to total UK productivity
 - Between 2012 – 2015, over 18,500 businesses rapidly scaled-up their turnover – 650 of these were mid-market firms
 - Within the scale-up community, highly productive firms are twice as common
 - 8 out of 10 of the UK’s most productive businesses are located outside London

2. Scale-Ups in Lancashire

- 2.1 Identifying scale-up businesses is something that would ideally be done using HMRC data, and this is one of the “asks” of government from The Scale Up Institute. In the interim analysis using Companies House data, it is estimated that there are 157 scaleups in Lancashire with a combined turnover of £48bn, with an average turnover growth of £581,000 per annum and accounting for 21,000 employees.¹
- 2.2 Whilst this list needs to be cleansed and de-duplicated, these businesses (see listing in Appendix A) clearly constitute a highly dynamic element of the Lancashire economy and merit further investigation. To this end, we have asked the Productivity Study commissioned from UCLAN by the LEP to pick up a sub-set of these businesses in their questionnaire and interviews with Lancashire businesses.

¹ Data source - <http://www.scaleupinstitute.org.uk/scale-up-businesses/search/?lep=E37000019§or=>



3. A Policy Response to Support Scale-Ups

- 3.1 Assuming that we can move to a position where we can accurately find and track Lancashire's scaleups, the question then becomes whether publicly funded support can play a role to either increase the number of businesses which reach this phase of rapid and sustained growth, or enable existing scaleups to realise their growth plans even faster.
- 3.2 There appear to be differing views across the scaleup community as to what the best prescription for growth support is, but all revolve around the concept of an effective and functional "entrepreneurial ecosystems". This is the idea that to enable growth, businesses need a number of actors in the local economy to work effectively. This landscape consists of:

Stakeholders

Entrepreneurs
Government
Educators
Large Corporates
Media
Supports

Supports are further disaggregated as

Talent
Leadership
Customers
Finance and infrastructure

- 3.3 The ScaleUp Institute itself has endorsed a number of business support programmes as potentially beneficial in this entrepreneurial eco-system. These including the Goldman Sachs 10,000 businesses programme, the Business Growth Fund, the Santander Breakthrough Programme and the (Manchester) Business Growth Hub.
- 3.4 There is a school of thought within the ScaleUp movement that the balance of public funding for business support is wrong and that providing finance for start-ups is not only a less efficient use of resource, but also traps wider resources like talent and finance within slow growing businesses at the expense of scale-ups².

² [Don't Judge the Economy](#) by the Number of Start-Ups by Daniel Isenberg and Fernando Fabre



4. Developing a ScaleUp Response in Lancashire

4.1 As the LEP moves towards developing a new Strategic Economic Plan for Lancashire it seems appropriate that the Business Support Management Board should begin to give consideration to how the LEP finds and supports this cohort of businesses.

4.2 The Scale Up Institute suggests³ that, as a minimum:

*Publicly funded organisations such as **local enterprise partnerships** and cities seeking public funding should review and report on the extent to which the top 50 scale-ups in their areas are increasing their turnover and job growth from year to year with the objective of increasing the proportion of scale-ups with more than 250 employees by three per cent by 2025.*

***Local Enterprise Partnerships** and city / cluster/ ecosystem leaders should work with existing private collaborative initiatives to promote the top 50 scale-up companies in their jurisdiction to adults for the next phase of their careers.*

*A 'scale-up Visa' should be made available from **local enterprise partnerships** to the top local scale-up companies so they can recruit staff from overseas within two weeks of applying. These foreign workers help expand the distribution of local scale-up companies' existing products to foreign markets and help local scale-ups introduce new products and services.*

***Local enterprise partnerships**, universities and the private sector should work together to ensure effective learning programmes are available in their areas aimed at leadership development of scale-ups.*

4.3 Whilst some of the above is within the gift of the LEP, issues such as the recruitment of foreign workers are clearly tied up within Brexit and other national discussions.

5. Recommendations

5.1 In exploring and developing a response to ScaleUps the BSMB recommends that the LEP should look to:

Progress actions in respect of making contact with and further investigating the needs of Lancashire Scale-Ups through its current programme of research and Business Support.

Map and engage Lancashire's "entrepreneurial ecosystem" and facilitate business access to stakeholders and partners utilising the Boost Bespoke

³ The Scale Up Report 2016 – Summary of Recommendations (in full at Appendix B)



Brand to frame this offer.

Work with the Skills Hub to feature opportunities for young people in scaleups and improve the supply of talent needed by growing businesses.

Further explore the priorities for business support investment as existing parameters of factors such as eligibility for European funding change.

Examine the mix of fully funded and charged for services, as the Growth Hub moves forward.

Appendix A

Lancashire's Top 50 Scale-Up's as identified by the ScaleUp Institute

Name	Address	Incorporation Date	Company Type	Turnover	Turnover Growth	Employee Count
Qegs Blackburn Academy Trust	West Park Road, Blackburn, Lancashire, BB2 6DF	14/12/2012	Private limited by guarantee without share capital, exempt from using "Limited"	20701289	82655.5	116
Dorman Smith Switchgear Limited	Ground Floor Unit, 1 Nile Close, Nelson Court Business Centre, Ashton-On-Ribble, Preston, Lancashire, PR2 2XU	08/05/1937	Private limited with share capital	5597489	551.41	33
116 Cardamon Limited	Speed Medical House, 16 Eaton Avenue, Chorley, Lancashire, PR7 7NA	28/02/2008	Private limited with share capital	7715930	344.57	51
Omega Holidays Plc	Storey House, White Cross Industrial Estate, South Road, Lancaster, Lancashire, LA1 4XQ	16/11/1987	Public limited with share capital	13687735	339.25	42
Burnley Fc Holdings Limited	Turf Moor, Harry Potts Way, Burnley, Lancashire, BB10 4BX	18/12/2012	Private limited with share capital	78770000	301.27	167
Burnley Football & Athletic Company, limited(the)	Turf Moor, Harry Potts Way, Burnley, Lancashire, BB10 4BX	1897-09-29	Private limited with share capital	78770000	301.27	167
The Fresh Chicken Company Limited	The Henhouse Elliott Street, Aqueduct Street, Preston, Lancashire, PR1 7XN	06/01/2005	Private limited with share capital	17320408	294.43	28
Crossley Advanced Engineering Limited	Rear Crosses Barn Shaw Brow, Whittle-Le-Woods, Chorley,	21/06/2012	Private limited with share capital	2560333	171.96	47



	Lancashire PR6 7HG, PR6 7HG					
Glendale Horticulture Limited	Parkwood House, Berkeley Drive, Bamber Bridge, Preston, Lancashire, PR5 6BY	21/09/1970	Private limited with share capital	8900000	155.01	145
Total Care And Support Limited	Unit 28, Time Technology Park, Blackburn Road, Burnley, Lancashire, BB12 7TW	05/06/2002	Private limited with share capital	10523917	144	124
Fylde Coast Academy Trust	Blackpool Old Road, Blackpool, Lancashire, FY3 7LR	17/01/2013	Private limited by guarantee without share capital, exempt from using "Limited"	31233243	137.23	360
Heritage Trust For The North West	Park Hill, Barrowford, Nelson, Lancashire, BB9 6JQ	31/10/1978	Private limited by guarantee without share capital, exempt from using "Limited"	2349692	119.95	42
Bako South Eastern Limited	74 Roman Way Industrial Estate, Ribbleson, Preston, Lancashire, PR2 5BE	22/03/2013	Private limited with share capital	18506851	112.1	65
Flybrid Automotive Limited	1 Aston Way, Moss Side, Leyland, Lancashire, PR26 7UX	11/12/2006	Private limited with share capital	2221000	107.03	27
Brand Search Limited	Richard House, 9 Winckley Square, Preston, Lancashire, PR1 3HP	28/11/2006	Private limited with share capital	22045897	106.3	11
Cpuk Commercial Holdings Limited	Chadwick House Maple View, White Mossi Business Park, Skelmersdale, Lancashire WN8 9TD, WN8 9TD	09/09/2013	Private limited with share capital	59213513	105.98	113



Bs Property Holdings Limited	BS PROPERTY HOLDINGS LIMITED, Richard House Winckley Square, Preston, Lancashire, PR1 3HP	03/06/2009	Private limited with share capital	22139450	105.44	11
Baas Construction Limited	The Old Chapel, Brooklands Road, Burnley, Lancashire, BB11 3PR	29/04/1982	Private limited with share capital	20617963	102.2	79
Inficon Limited	Unit 1, Centurion Park, Davyfield Road, Blackburn, Lancashire, BB1 2QY	20/07/2000	Private limited with share capital	2449879	98.41	13
The Garden And Home Trading Company Limited	Unit 1 Millennium City Park, Millennium Road, Preston, PR2 5BL, PR2 5BL	15/03/2012	Private limited with share capital	4252497	96.78	30
Tauheedul Education Trust	Tauheedul Education Trust, Shadsworth Road, Blackburn, Lancashire, BB1 2HT	23/08/2010	Private limited by guarantee without share capital, exempt from using "Limited"	70402000	93.93	289
Hardroad Limited	Scotland Road, Carnforth, Lancashire, LA5 9JZ	12/05/2011	Private limited with share capital	21600787	89.18	85
Set Europe Limited	15-17 Seddon Place, Stanley Industrial Estate, Skelmersdale, Lancashire, WN8 8EB	03/03/2003	Private limited with share capital	11114031	87.82	18
Daisy Wifi Limited	Daisy House, 20 Lindred Road, Brierfield, Nelson, Lancashire, BB9 5SR	11/05/1998	Private limited with share capital	1899000	80.86	10
Virgin Wines Holding Company Limited	37-41 Roman Way Industrial Estate, Ribbleson, Preston, Lancashire, PR2 5BD	29/02/2012	Private limited with share capital	37117000	79.74	147



Edcawi Limited	Waides House Mill, Townsley Street, Nelson, Lancashire, BB9 0RY	03/06/2013	Private limited with share capital	11138423	78.46	94
Ics Umbrella Ltd	2 Mannin Way, Lancaster, Lancashire, LA1 3SU	21/03/2002	Private limited with share capital	21084019	74.78	527
Builders Supply (north West) Limited	Scotland Road, Carnforth, Lancashire, LA5 9JZ	08/08/1975	Private limited with share capital	16889456	74.2	74
Medical-legal Appointments Limited	Speed Medical House, 16 Eaton Avenue, Chorley, Lancashire, PR7 7NA	12/10/1990	Private limited with share capital	8032914	73.37	52
W.h. Good Limited	Unit 7, Carrs Industrial Est, Commerce St, Haslingden, Rossendale, Lancashire, BB4 5JT	06/09/2002	Private limited with share capital	14187510	72.44	33
John Wilkinson & Son (builders) Limited	Carrfield Works, 334 Park Lane, Preesall, Poulton-Le-Fylde, Lancashire, FY6 0LU	06/12/1974	Private limited with share capital	15568872	69.1	66
Create Construction Limited	Unit 15, Thompson Road, Whitehills Business Park, Blackpool, Lancashire, FY4 5PN	22/03/2006	Private limited with share capital	28457155	66.12	32
Construction Partnership Uk Limited	Chadwick House Maple View, White Moss Business Park, Skelmersdale, Lancashire, WN8 9TD	07/03/2000	Private limited with share capital	38119173	62.17	105
Haydock Finance Holdings Limited	Challenge House, Challenge Way, Blackburn, Lancashire, BB1 5QB	08/12/2004	Private limited with share capital	11199000	61.37	37
Haydock Finance Limited	Haydock Finance Ltd, Challenge House, Challenge Way, Blackburn, Lancashire, BB1	07/11/1980	Private limited with share capital	7105000	60.6	37



	5QB					
Castle Metals Uk Limited	Units 10-11 Walker Ind Park, Guide, Blackburn, Lancashire, BB1 2QE	18/09/2002	Private limited with share capital	27981865	59.61	110
Industrial Tomography Systems Plc	85 Quay Street, Manchester, Lancashire, M3 3JZ	11/01/2001	Public limited with share capital	1121351	57.76	11
Ayrton Ltd	Carrfield Works, 334 Park Lane, Preesall, Poulton-Le-Fylde, Lancashire, FY6 0LU	11/07/2002	Private limited with share capital	17063726	57.54	75
Bryan's Salads Ltd.	Poplars, Gorse Lane, Tarleton, Preston, Lancashire, PR4 6LJ	20/10/2000	Private limited with share capital	23280522	57.44	61
Consummate Investments Limited	Unit 2B, Maple Court, Maple View, White Moss Business Pk, Skelmersdale, Lancashire, WN8 9TW	04/12/2009	Private limited with share capital	15467807	51.36	67
Sustainable Building Services (uk) Limited	Unit 2B, Maple Court, Maple View, White Moss Business Pk, Skelmersdale, Lancashire, WN8 9TW	03/08/1978	Private limited with share capital	15467807	51.36	65
Burnhart Holdings Limited	Britannia House, Junction Street, Darwen, Lancashire, BB3 2RB	20/03/2013	Private limited with share capital	51521945	50.77	586
Daisy Wholesale Limited	Daisy House, 20 Lindred Road, Brierfield, Nelson, Lancashire, BB9 5SR	04/05/2001	Private limited with share capital	56935000	50.57	162
Cuadrilla Resources Holdings Limited	Unit 6, Sceptre Court, Sceptre Way, Bamber Bridge, Preston, Lancashire, PR5 6AW	04/02/2010	Private limited with share capital	3415857.92	50.45	33



Energy Services Topco Limited	Ribble House Ballam Road, Lytham St. Annes, Lancashire FY8 4TS, FY8 4TS	23/04/2013	Private limited with share capital	38373000	47.99	553
Vision Support Services Limited	2nd Floor, Darwen House, Walker Industrial Est, Walker Road, Guide, Blackburn, Lancashire, BB1 2QE	27/05/2008	Private limited with share capital	25696250	47.67	42
Chellaton Limited	Park House, 17 Moor Park Avenue, Preston, Lancashire, PR1 6AS	30/05/1997	Private limited with share capital	21754704	47.14	35
M.a.c. (roofing & Contracting) Limited	Park House, 17 Moor Park Avenue, Preston, Lancashire, PR1 6AS	01/09/1975	Private limited with share capital	21754704	47.14	35
Kaman Composites - Uk Holdings Limited	India Mill, India Mill Business Centre, Darwen, Lancashire, BB3 1AD	16/01/2004	Private limited with share capital	3000000	46.34	17
W.h.good Group Limited	W H G H Ltd, Carrs Industrial Est, Commerce St, Haslingden, Rossendale, Lancashire, BB4 5JT	01/04/2008	Private limited with share capital	17463961	45.24	64



Appendix B

The ScaleUp Report - Summary of recommendations

Recommendation 1

National data sets should be made available so that local public and private sector organisations can identify, target and evaluate their support to scale-up companies, and evaluate their impact on UK economic growth.

Recommendation 2

Publicly funded organisations such as local enterprise partnerships and cities seeking public funding should review and report on the extent to which the top 50 scale-ups in their areas are increasing their turnover and job growth from year to year with the objective of increasing the proportion of scale-ups with more than 250 employees by three per cent by 2025.

Recommendation 3

50 per cent of public funding and promotion currently reserved for 'entrepreneurship' should be directed towards collaborative initiatives based on evidence of these initiatives' track-record that demonstrates impact on employment and turnover growth of scale-up companies and the return on investment of their efforts.

Recommendation 4

A minister should be made responsible for reversing the scale-up gap by 2025 with cross-departmental resources allocated, independent bodies named to monitor and a task-force appointed to deliver a scale-up report to the pm every november for the next five years.

Recommendation 5

The Department for Education and Local Enterprise Partnerships should ensure that Britain is in the top 5 of the oecd pisa rankings for numeracy and literacy by 2025 and use their convening and promotional power to ensure educational institutions guarantee that students at schools, colleges and universities come into contact with the top 50 scale-up business-leaders within 20 miles of their establishment.

Recommendation 6

Local Enterprise Partnerships and city / cluster/ ecosystem leaders should work with existing private collaborative initiatives to promote the top 50 scale-up companies in their jurisdiction to adults for the next phase of their careers.



Recommendation 7

A 'scale-up Visa' should be made available from local enterprise partnerships to the top local scale-up companies so they can recruit staff from overseas within two weeks of applying. These foreign workers help expand the distribution of local scale-up companies' existing products to foreign markets and help local scale-ups introduce new products and services.

Recommendation 8

Local enterprise partnerships, universities and the private sector should work together to ensure effective learning programmes are available in their areas aimed at leadership development of scale-ups.

Recommendation 9

The government should draw attention to scale-up companies and their leaders so that it is easier for them to act as role models to others and to find customers, partners and investors, both at home and overseas.

- UK Trade and Investment should ensure that scale-up companies are well represented on international trade missions, and publish details annually.
- Central and local government should publicly report on the level of procurement they source from scale-up companies and their funding should be reviewed in terms of the amount of procurement they do with scale-ups.

Recommendation 10

The impact of regulation 'cycle time' on rapidly growing companies should be a major consideration for regulators and agencies. agencies that interact frequently with scale-ups, like the Border authority, listing authority and hmrc should report on their efficiency in relation to regulatory peers in other countries.

Recommendation 11

Government and industry must ensure that progress in closing the finance-gap is maintained and review and report on the extent to which scale-ups, in particular, are supported.

Recommendation 12

Government and industry must ensure that progress in infrastructure areas is maintained and review and report on the extent to which scale-ups, in particular, are catered for.



SCALEUP REVIEW 2016

SCALEUPINSTITUTE.ORG.UK

A 'scaleup' is an enterprise with average annual growth in employees or turnover greater than 20 per cent per annum over a three year period, and with more than 10 employees at the beginning of the period.¹

THE NUMBER OF SCALEUPS IN THE UK²

9,979
2013

10,754
2014

11,575
2015

CLOSING THE 'SCALEUP GAP' HAS THE POTENTIAL TO DELIVER³

150,000 additional jobs by 2034, across every region of the UK as much as £225bn (net) towards UK GDP, from 2015 to 2034 increased productivity in all sectors of the economy

WHY SCALEUPS MATTER



SCALEUPS ARE PRODUCTIVE

high levels of productivity twice as common in firms that are scaleups⁴



SCALEUPS CREATE JOBS

3 x as many per week as FTSE 100 in 2014⁵



SCALEUP JOBS ARE HIGH QUALITY

80 percent + job satisfaction⁶



SCALEUPS ARE INNOVATIVE AND INTERNATIONAL

with those exporting 3x more likely to introduce products or services that are new to their sector than businesses which are entirely domestic⁷



SCALEUPS ARE ACROSS ALL SECTORS

2016 scale up survey had scaleup CEO respondees from: construction, manufacturing, automotive, chemical engineering, advertising, marketing, hospitality, retail, food and drink, oil and gas, energy and utilities, creative, games, property development, fintech, life sciences, recruitment, education, healthcare, consultancy, bioindustry, and IT/software⁷



SCALEUPS ARE DIVERSE

927 female-led businesses with £1M-£250M in revenues growing on average at 28% p.a. 336 of them were found to be growing at > 50% per annum. Their contribution was an additional £2 bn to UK plc in 2015⁹

1. OECD
2. Deloitte Research 2014 ScaleUp Report
3. ONS Business Structure Database based on IDBR (Figures may differ by small amounts from those published in ONS outputs due to the application of rounding methodologies)

4. CBI "Lifting the Trophy": 2016 CBI in partnership Lloyds Bank and Aston Business School.
5. Octopus Investments High Growth Small Business: Centre for Economics and Business, 2015
6. Endeavor: Multiplying Impact through High Quality Jobs, 2012

7. Goldman Sachs Foundation and 10,000 Small Businesses UK report "Unlocking Productivity", 2015
8. ScaleUp Institute Survey 2016
9. Doteveryone and Founders4Schools October 2016

WHAT SCALING BUSINESSES MOST WANT HELP WITH



TALENT



LEADERSHIP



ACCESS TO MARKETS



FINANCE



INFRASTRUCTURE



SCALEUP UP SURVEY 2016 AT A GLANCE

Views from more than 300 scaleup leaders



OUR AMBITION IS THAT BRITAIN BECOMES THE MOST FERTILE GROUND FOR BUSINESSES, NOT ONLY TO START UP BUT TO SCALE UP AND GROW

If the UK is to capitalise on its long history as a trading nation and the vibrant entrepreneurial spirit which has seen an explosion in vitality over the past five years, it now needs to focus determinedly on how it 'leans in' to support its growing firms to scale. The UK's future economic prosperity and social wellbeing are critically dependent upon our being a world-leading environment in which companies thrive after they have been started, enabling opportunity for reach and scale and contributing positive impact for generations to come. The ScaleUp Institute collaborates with policy makers,

corporate partners and educational establishments to advance understanding of how to scale up a business, and how to build the most effective environment in which scaleups can flourish. We spread best practice, providing opportunities for scale-up companies across industry sectors and regions to meet and share ideas. We undertake research, thought leadership and targeted projects with partners. We work with policy makers to identify opportunities that will support scale-up businesses. We share our methodology and ideas to create resources that will help aspiring scaleup businesses.



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Thursday, 19 January 2017

Business Support Management Board - Work Programme 2017 (Appendices A and B refer)

**Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk**

Executive Summary

This paper is intended to support a discussion within the Board to consider those areas of work which should be a focus for the group through 2017.

At present it is scheduled that BSMB should meet four times through the year 7 March, 8 June, and 11 October and the LEP itself is looking to focus activity within an existing or smaller number of sub groups.

This report highlights those key tasks and responsibilities with which the group is already involved and emerging areas of work where it is likely to be asked to oversee activity in the coming year.

Recommendation

The Board is invited to note the content of the suggested work programme for 2017 and to contribute other ideas and issues for consideration.

Background and Advice

1. Introduction

- 1.1 It is likely that 2017 will present a range of opportunities and challenges for the co-ordination and delivery of programmes which will contribute to economic growth and well-being in Lancashire. The LEP itself will take this opportunity to renew its own Strategic Economic Plan (SEP) but the wider work programme will undoubtedly be influenced by factors such as the Growth Deal 3 settlement we receive, the emergency of a new, national Industrial Strategy and the course and impacts of the Brexit process.



- 1.2 The terms of reference of the BSMB (Appendix A) identify the following areas of work as priorities:

Develop and promote business support strategy, initiatives and programmes aligned with agreed priorities, as part of the LEP's Strategic Economic Plan.

Seek to co-ordinate and commission a publicly funded business support offer which is clear, fit for purpose and which complements both commercial and national offers.

Commission and maintain an evidence-base to help understand key business support demands in the LEP area;

Identify and work with other LEP areas on business support issues of strategic and cross-boundary significance; and

Advise on the deployment of business support funding directly accessed or influenced by the LEP and make best use of public investment in this policy area.

2. LEP Work Streams Relevant to BSMB

- 2.1 Within the portfolio of activity set out above, some key tasks will continue as recurring reporting items for the Board chiefly the oversight and impact of publicly funded business support programmes.
- 2.2 The plans to spend the core Growth Hub funding from BEIS will also continue to come to the LEP Board for ratification.
- 2.3 With the refresh of the SEP taking place through the Spring, the BSMB's role to develop an evidence base for activity and to develop an explicit business support strategy will be important in contributing to that process. Current research on productivity (UCLAN) and Innovation (currently being commissioned) will be reported the Board and preparatory work by the Chambers on an International Trade Strategy should be bolstered by the imminent release of HMRC Trade data for each LEP area. All three streams are vital components of the new SEP.
- 2.4 It is anticipated that a consultation draft of a new national Industrial Strategy will be published in late January, followed by a 12 week consultation process. The LEP's Science and Innovation Audit has already begun to identify cross LEP supply chains for key Energy and Advanced Manufacturing sectors and to sketch out the capital assets and revenue programmes which will support their growth. The BSMB should use part of its meeting in March to review a LEP response to the Industrial Strategy consultation.



- 2.5 In terms of wider events, the path taken by the Brexit process and its impacts on business competitiveness and the availability of European Structural Funds will need to be monitored. As part of the LEP's Regional Research Collaboration activity a Brexit Monitor is now being produced (at Appendix B), this will be circulated to Board members.
- 2.6 Finally, the unique role of this sub group to facilitate two way communication between the LEP and business community will remain critical. As some activity and functions potentially migrate to the Combined Authority we will aim to keep business networks fully appraised of these developments.

3. Conclusions

- 3.1 Members of the Business Support Management Board are invited to note the content of the suggested work programme for 2017 and to contribute other ideas and issues for consideration.

LANCASHIRE BUSINESS SUPPORT MANAGEMENT BOARD
TERMS OF REFERENCE

Composition

1. Unless otherwise agreed by the Lancashire Enterprise Partnership, the Business Support Management Board shall comprise a minimum of 4 members and a maximum of 10.
2. The Members of the Business Support Management Board shall be appointed by the Lancashire Enterprise Partnership and shall draw members be drawn from business, business representative organisations, business support providers and business finance specialists.
3. The proposed members of the Business Support Management Board, as at the date of adoption of these Terms of Reference, are as follows:

Mike Blackburn	Proposed Chair / LEP Board Member
Mike Damms	Proposed Vice Chair / LEP Board Member / EL
Babs Murphy	NWL Chamber
Frank McKenna	Downtown in Business Lancashire
Gary Lovatt	Federation of Small Business
John Kersey	Lancashire Institute of Directors
Tim Webber	Regenerate Pennine Lancashire

In addition the group will seek by nomination members offering expertise on:-

HEI's as a provider of Business Support
Business Finance as a constraint on business growth ambitions.

4. The Business Support Management Board may invite any persons it sees fit to attend meetings as observers.
5. When considering the appointment of additional members to the Business Support Management Board, perceived gaps in knowledge / experience, together with sectoral and geographical coverage will be taken into account.

Chair and Deputy Chair

6. The Lancashire Enterprise Partnership shall appoint the Chair.
7. The Chair shall not have a casting vote.
8. The Business Support Management Board may appoint one of its number to act as Deputy Chair ("Deputy Chair").

Quorum

9. The quorum for Business Support Management Board meetings shall be 4.
10. If within fifteen minutes from the time appointed for the holding of a Business Support Management Board meeting a quorum is not present, the meeting shall be adjourned. The Secretary shall arrange for the meeting to take place within two weeks.

Secretary

11. The Company Secretary of the Lancashire Enterprise Partnership (or their nominee) shall serve as the Secretary ("The Secretary") to the Business Support Management Board.
12. The Secretary shall produce minutes of all meetings of the Business Support Management Board and will maintain a list of conflicts of interests. Future Business Support Management Board agendas will include a standard item requiring declarations to be made in relation to specific items of business.
13. The Secretary shall produce and maintain an action list of all outstanding Business Support Management Board matters, a copy of which shall be circulated to meetings of the Business Support Management Board.

Meeting Frequency

14. The Business Support Management Board shall meet according to operational need.

Decisions in Writing

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

Remit

16. The Business Support Management Board's primary responsibility is to consider business support priorities across the LEP geography and any related issues and make recommendations on the same to the relevant bodies. In doing so, the Business Support Management Board shall:
 - a. Develop and promote business support strategy, initiatives and programmes aligned with agreed priorities, as part of the LEP's Strategic Economic Plan;
 - b. Seek to co-ordinate and commission a publicly funded business support offer which is clear, fit for purpose and which complements both commercial and national offers.
 - c. Commission and maintain an evidence-base to help understand key business support demands in the LEP area;
 - d. Identify and work with other LEP areas on business support issues of strategic and cross-boundary significance; and

- e. Advise on the deployment of business support funding directly accessed or influenced by the LEP and make best use of public investment in this policy area.

Governance Relationship with the LEP

17. The LEP is responsible for agreeing the Terms of Reference of the Business Support Management Board and has the power to vary the same.
18. The Business Support Management Board shall review its Terms of Reference from time to time as necessary and report their findings to the LEP.
19. Minutes of Business Support Management Board meetings shall be submitted to the LEP Board at the LEP's request and significant action points will be reported as part of a Chair's Update.
20. The Chair shall provide update reports to the LEP Board at the LEP's request.

Relationship with Lancashire County Council

21. Lancashire County Council shall provide administrative and legal support to the Business Support Management Board.
22. Lancashire County Council shall maintain an official record of the Business Support Management Board proceedings and a library of all formal Business Support Management Board documents.

North West Brexit Monitor

Key economic and policy developments

November 2016

Executive Summary

Building on momentum highlighted in previous Monitors, **latest data appears to suggest the economy is continuing to grow, with exports benefitting from the devaluation of the pound.** However, a recent High Court judgement concerning the implementation of Article 50, and the election of Donald Trump in the USA, have added further uncertainty to local and global markets, all while input costs and forecast inflation rise sharply.

The following section sets out the headline findings. More detail and all sources used are shown in the main section.

Macro economy:

- **Phillip Hammond will deliver his first Autumn Statement on 23 November**, which is expected to include the first indications of the Government's economic and fiscal response to the Brexit vote. New Economy will release a briefing shortly after the announcement for the North West.
- **Lagging supply-side analysis suggests that GDP growth has been driven by a strong increase in output by the Services sector (+0.8%),** with ONS data suggesting that output in all other sectors decreased in Q3 compared with Q2. In contrast with leading indicators provided by private-sector sources elsewhere in this report and in previous Monitors, ONS data shows **Manufacturing contributed most to the decrease in the index for production, having fallen by 0.9% in Q3²,** highlighting the importance of considering a range of evidence in current market conditions.
- **Lloyds Bank's Regional PMI suggests business activity in the NW continued to grow in September, albeit at a slower rate than the UK average and previous months.** Retail spending also continued to grow in September, though increased input prices are driving upward inflationary pressures.

Key sectors and business investment:

- Markit PMI data continues to report **growth in business activity and output in both Manufacturing and Services sectors.** Though in contrast with later released index of production data, above, this momentum is reflected in ONS Index of Services data, which grew by 3.2% in August 2016.

Executive summary

Terms of trade, regulation & access to European funding:

- The High Court has ruled in favour of a challenge against the Government's plan to trigger Article 50 by royal prerogative, which, pending appeal, will mean **Parliament must now vote on the terms of the UK's approach to exiting the EU.**
- Government has stated that all ESIF (ERDF & ESF) projects securing funding before the point at which the UK leaves the EU will have their funding guaranteed. The statement means that **any project which is contracted before leaving the EU will be funded either from EU resources or from domestic resources if the project continues beyond the point of the UK's departure from the EU.**

Property investment, housing and planning:

- The Prime Minister has stated that **infrastructure, energy and housing policy will play a major part in her economic strategy to tackle Britain's low productivity.**
- According to Savills - despite pre-referendum concerns, **office investment volumes remains strong in the M25 and NW at the end of July 2016** (£3.7bn), 37% above the long term average for this period.
- The Wall Street Journal reported in October that **investors are looking to cities like Birmingham and Manchester for property investment as an alternative to London.**

Economic inclusion:

- Markit's Household Finance Index (HFI) suggests that **UK households have seen a noticeable downturn in current finances during October**, due to increased inflation and income from employment nearly stagnant.
- Commenting on the Government's freeze of working-age benefit payments until 2019, former DWP secretary Iain Duncan Smith has suggested Phillip Hammond should review the policy in light of revised inflation estimates, which would result in a real terms cut in income for claimants.

Macro-economic trends and developments

Macro-economy

- **UK GDP grew by 0.5% in Q3 2016 according to the ONS.** Whilst slower than the 0.7% rate in Q2, this rate of growth exceeds estimates for the July – September period, which had been set at 0.3%. Year-to-year growth was also higher than expected, with UK GDP having increased by 2.3% over the course of the last 12 months, compared to a forecast of 2.1%.¹
- **Supply-side analysis suggests that GDP growth has been driven by a strong increase in output by the Services sector (+0.8%).** However, all other sectors decreased output in the Q3 (Production by -0.4%; Agriculture by -0.7%; and Construction by -1.4%). **Manufacturing contributed to most to the decrease in the index for production, having fallen by 1% in Q3.**²
- **Recent evidence suggests a clear correlation between Brexit and the value and stability of Sterling.** Following an announcement in October by Theresa May on the timetable for negotiations to leave the EU under Article 50, the pound fell sharply against the dollar, decreasing in value by 1.2% and hitting a 31 year low of \$1.28. Against the euro it fell by 0.9% to €1.12 - its lowest level since 2013.³ Interestingly, the recent High Court ruling on Article 50 saw a sharp increase of 1.1% in value of the pound against the dollar and euro.⁴
- **As expected the Bank of England announced in early November that interest rates will remain at 0.25%,** however the longer term outlook for the UK economy appears to be turbulent, with the Bank's Monetary Policy Committee predicting rises in petrol prices and imported goods, the and also forecasts a rise in inflation from 1.3% this year to 2.7% in 2017 and 2018.⁵

Consumer sentiment

- **According to the latest CPI data (released in November 2016), inflation stood at 1% in September** – a significant increase from 0.6% in August, and its highest since November 2014. The main upward contributors to change in the rate were rising prices for clothing, overnight hotel stays and motor fuels, and prices for gas, which were unchanged, having fallen a year ago.⁶ Higher inflation and currency fluctuations have led to predictions that consumer spending will weaken and wage growth will be overtaken by inflation.⁷

Public Service Spending

- Research by the Institute for Fiscal Studies suggests that **weak growth will drive down tax receipts in the UK, and forecast a £10.4 billion budget surplus in 2019-2020 being wiped out, forcing the government to borrow an extra £14.9 billion.** This analysis suggests that any savings from leaving the European Union's single market will be outweighed by lower growth and consequent budgetary shortfall.⁸

Key sectors & business investment

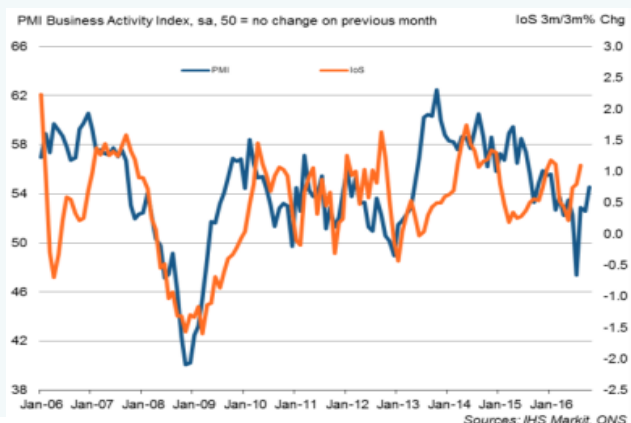
Business Investment

- Speaking at the CBI's annual conference, **Theresa May announced an extra £2bn a year by 2020 to fund R&D** – focussing on areas where the UK has traditionally been weak, such as commercialisation of academic research and patents. Commenting on the announcement, Juergen Maier, chief executive of Siemens UK and chairman of the NW Business Leadership Team, said “Brexit is without doubt creating uncertainty and that is not good for business. We see this as a bit of an antidote”. May **highlighted the creation of an Industrial Strategy Challenge**, which could direct funding to emergent and breakthrough technologies in advanced manufacturing, digitisation, robotics and biotechnology.



Manufacturing

- Though down slightly on last month's data, **Markit/CIPS Manufacturing Index (54.3) remains well above long-run trends (51.5), with upturns in output, new orders and employment.**¹⁰
- While the weaker pound has benefitted exporters, there has been a sharp rise in input costs across consumer, intermediate and investment good sectors and for firms of all sizes. Construction output also increased – driven by residential work, but saw input prices continue to rise sharply also, at the second fastest rate since January 2011.¹¹



Services

- Markit/CIPS Services PMI data for November provides encouraging signs of growth in the UK's dominant sector, as **total business activity and new business expansion accelerated at the fastest pace since January**, with the Index rising to 54.5.¹²
- This momentum is reflected in ONS Index of Services data, which grew by 3.2% in August 2016 compared with August 2015 and by 0.2% on July 2016, with the ONS finding “**no evidence of a significant impact of the outcome of the EU referendum on August's services output figure.**”¹³

Trade, regulation and access to funding

Terms of trade, rules and regulatory developments

- The High Court has ruled in favour of a challenge against the Government's plan to trigger Article 50 by royal prerogative, which, pending appeal, will mean **Parliament must now vote on the terms of the UK's approach to exiting the EU**.¹⁴
- The government has lodged an appeal against the judgement at the Supreme Court, which will hear the case in early December and could deliver a verdict in early January. Nevertheless, **Government has said it will deliver a full exit from the European Union, its Brexit timetable would not be affected and it is still intends to begin the process before the end of March**.¹⁵
- However, **Trade Secretary Liam Fox said the Government would have to wait for an appeal before it rolls out new plans for the Article 50 legal process**. In the mean time, Colombia president Juan Manuel Santos suggests that trade between his country and the UK has the potential to grow after the Brexit.¹⁶
- **The pound appreciated against all its major peers after the ruling**. However, investors believe turbulent market conditions – which have been exacerbated by the election of Donald Trump as President elect of the US – will persist, as world markets react to a possible reorientation of the US economy toward more protectionist policies.¹⁷

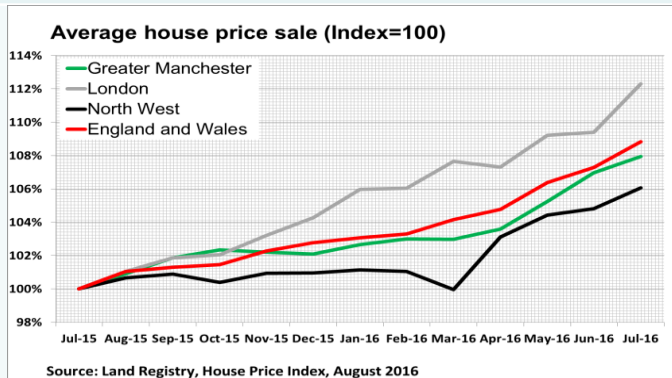
Access to European funding

- On 13th August, the Chancellor of the Exchequer released a statement setting out Government's intention that in the short term all ESIF projects that are contracted by the 2016 Autumn Statement (23rd November 2016) will be funded. This has since been updated in an announcement on the 3rd October that all projects securing funding before the point at which the UK leaves the EU will have their funding guaranteed.
- These announcements apply, not only to ESIF projects, but to all EU funded activity and so also encompasses EAFRD (rural), Erasmus+, Horizon 2020, Interreg, URBACT and so on. The statement means that **any project which is contracted before leaving the EU will be funded either from EU resources or from domestic resources if the project continues beyond the point of the UK's departure from the EU**.
- Should this guarantee be as comprehensive as it appears, it potentially amounts to a major protection against the chief danger for partners in getting involved in trans-national projects: namely, that the UK might exit the EU part way through the project and funding for involvement in the project would cease.

Property investment, housing and planning

The Prime Minister has already stated that infrastructure, energy and housing policy will play a major part in her economic strategy to tackle Britain's low productivity. **Housing remains high on the political agenda; and support for construction of infrastructure and housing will have the potential to provide employment to mitigate any risks that could emerge, if the UK sees slower economic growth.** New homes sales across the UK are slower, but so far there has been no real impact on pricing outside London. However, **it is too early to draw any conclusions as to the impact of 'Brexit' but activity across the UK over the last few weeks is encouraging.**

Average House Prices Sales



UK Housing Markets

- Official Housing Index data from the Land Registry suggests Brexit has had little impact on house prices, with continued moderate growth in average sales this period.¹⁸
- Savills have produced a forecast of the housing market to 2021 and predict a 12% increase in house prices in the North West by 2021.¹⁹
- There were tentative signs of a convergence in house price growth amongst the English regions (year to date). Most southern regions saw a slowing in price growth, whilst the North West saw a pick-up in growth.

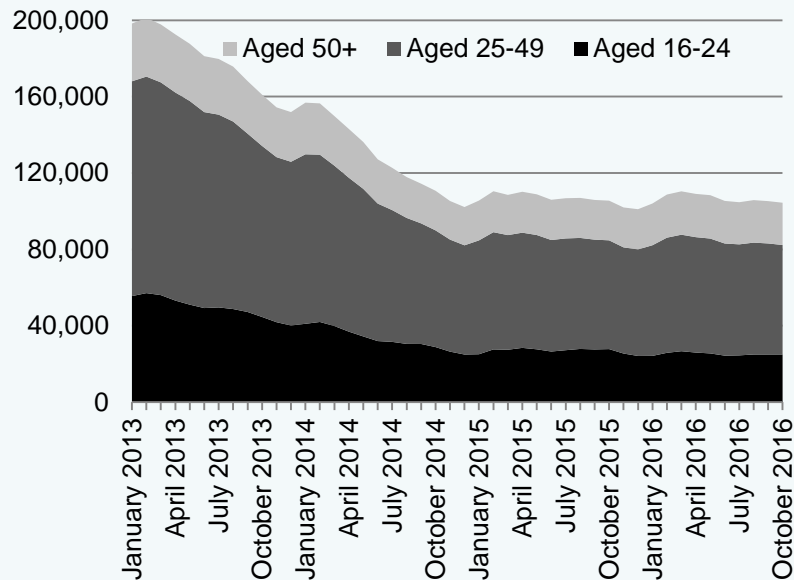
NW Office and Property Investments

- According to Savills - despite pre-referendum concerns, the M25 and regional office investment volumes remained strong as at the end of July 2016 (£3.7bn) 37% above the long term average for this period.²⁰
- However, research by CBRE provides a more nuanced picture, with Liverpool city region seeing improved levels of office-space take-up in H1 2016 compared with 2015, while office take up in Manchester was lower than 2015 levels. They also note "There has been marginal growth in demand for companies looking to northshore from London, for example Freshfields, while inward investment remains strong with Lonza and Escada both opening new city centre operations."²¹
- The Wall Street Journal reported in October that investors are looking to cities like Birmingham and Manchester for property investment as an alternative to London.

Economic Inclusion

- The monetary policy committee has predicted inflation will rise from 1.3% this year to 2.7% in 2018, and has dropped plans for a further interest rate cut, maintaining the current rate at 0.25%.²² Furthermore, Markit's Household Finance Index (HFI) suggests that UK households have seen a noticeable downturn in current finances during October, due to increased inflation and income from employment nearly stagnant.²³
- Commenting on the Government's freeze on working-age benefits until 2019, former DWP secretary Iain Duncan Smith has suggested Phillip Hammond should review the policy in light of revised inflation estimates, which would result in a real terms cut in income for claimants.²⁴
- A white paper on prison safety and reform, released by the justice secretary Elizabeth Truss, outlines plans to invest £104m to fund an extra 2,500 prison officers and build 10,000 modern prison places, including five small women's "community prisons". The reform emphasises the importance of safety and rehabilitation of offenders, with a view to reducing high levels of re-offending rates.²⁵

Claimant count (JSA and UC) unemployed by age group²⁷



Monthly Unemployment by age of resident

- While the unemployment rate in the NW (2.3% of resident working-age population) is higher than the UK average (1.9%), there has been little change in rates and volumes since the EU referendum vote, with a 0.8% decrease in October on the previous month. ILO unemployment in the NW remained at 5.1% - above the national level, which remained at 4.9%.²⁶
- **GM 16-24 unemployment in October is down 10% on October 2015, though this is partially offset by an increase in unemployment amongst 50+ year olds (6.5% increase, or 1,345 claimants).**
 - 16 to 24: There were 24,995 young people claiming JSA/UC in October 2016. This figure is down 2,780 on October 2015.
 - 25 to 49: There were 57,300 residents claiming JSA/UC in October 2016, up slightly on October 2015.
 - 50+: There were 22,135 residents aged 50+ claiming JSA/UC in October 2016.

Sources (1)

1. ONS - Domestic Product, preliminary estimate: July to Sept 2016
<http://bit.ly/2fkap6LGross>
2. Experian economics foresight report: UK GDP – 2016 q3 first estimate (27/10/2016)
3. Financial Times, 'Sterling near 31-year low against dollar as May sets Brexit start date'
<https://www.ft.com/content/43aef004-893e-11e6-8aa5-f79f5696c731>
4. BBC, 'Pound jumps in wake of Brexit ruling'
<http://www.bbc.co.uk/news/business-37858010>
5. The Guardian, 'Bank of England warns households to expect sharp rise in inflation next year'
<https://www.theguardian.com/business/2016/nov/03/bank-of-england-rate-cuts-2017-growth-forecast-inflation>
6. ONS, UK consumer price inflation: Sept 2016
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest>
7. Experian economics foresight report: UK GDP – 2016 q3 first estimate (27/10/2016)
8. IFS, Outlook for the UK's public finances has worsened by £25 billion since Budget
<https://www.ifs.org.uk/publications/8719>
9. FT, 'Industry welcomes £2bn R&D windfall but queries effect on output'
<https://www.ft.com/content/35a780cc-b010-11e6-9c37-5787335499a0>
10. IHS Markit, Manufacturing PMI
<https://www.markiteconomics.com/Survey/PressRelease.mvc/8be1ad9476034d6c9768baab3130d7c4>
11. IHS Markit, Construction PMI
<https://www.markiteconomics.com/Survey/PressRelease.mvc/8be1ad9476034d6c9768baab3130d7c4>
12. IHS Markit, Services PMI
<https://www.markiteconomics.com/Survey/PressRelease.mvc/d2b6f4d1be494f72b908da3af2a5cdf0>
13. ONS, Index of Services: August 2016
<http://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexofservices/august2016>
14. The Guardian- "High court says parliament must vote on triggering article 50"
<https://www.theguardian.com/politics/blog/live/2016/nov/03/article-50-high-court-ruling-high-court-set-to-rule-on-whether-mps-should-vote-on-triggering-article-50-politics-live>

Sources (2)

15. UK Reuters- "May promises EU exit in full despite legal challenge"
<http://uk.reuters.com/article/uk-britain-eu-may-idUKKBN13100B>
16. The Independent- "Brexit legal challenge: Pound rises as High Court rules against Theresa May triggering Article 50 without Parliament"
<http://www.independent.co.uk/news/business/news/brexit-legal-challenge-pound-sterling-value-rise-latest-dollar-euro-currency-exchange-high-court-a7394951.html>
17. The Guardian- "Sterling soars on Trump jitters and Brexit hopes"
<https://www.theguardian.com/business/2016/nov/04/sterling-pound-ftse-currencies-dolalr-donald-trump-brexit-hopes-eu-referendum>
18. DCLG Live Tables, Table 253a
<https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>
19. Savills Research, Property Data (Q2 2016)
http://www.savills.co.uk/research_articles/141280/209211-0
20. Savills Research, Property Data (Q2 2016)
http://www.savills.co.uk/research_articles/141280/209211-0
21. CBRE: THE PROPERTY PERSPECTIVE Varied picture of occupier demand in core regional markets, 2016
22. The Guardian, Bank of England warns households to expect sharp rise in inflation next year, <https://www.theguardian.com/business/2016/nov/03/bank-of-england-rate-cuts-2017-growth-forecast-inflation>
23. IHS Markit, Markit Household Finance Index™ (HFI™), October 2016
<https://www.markiteconomics.com/Survey/PressRelease.mvc/25b61c5e2051471f924b855259a24555>
24. Independent, 'Government must look to end working age benefits freeze, Iain Duncan Smith says'
<http://www.independent.co.uk/news/uk/politics/benefit-cuts-freeze-working-age-iain-duncan-smith-cap-dwp-a7402551.html>
25. The Guardian, Prisons in England and Wales to get 2,500 extra staff to tackle violence, <https://www.theguardian.com/society/2016/nov/02/prisons-in-england-and-wales-given-boost-of-2500-new-staff-to-tackle-violence>
26. ONS (2016): Claimant Count by sex and age, NOMIS September 2016
27. ONS (2016): Annual Population Survey, Unemployment rate, NOMIS September 2016