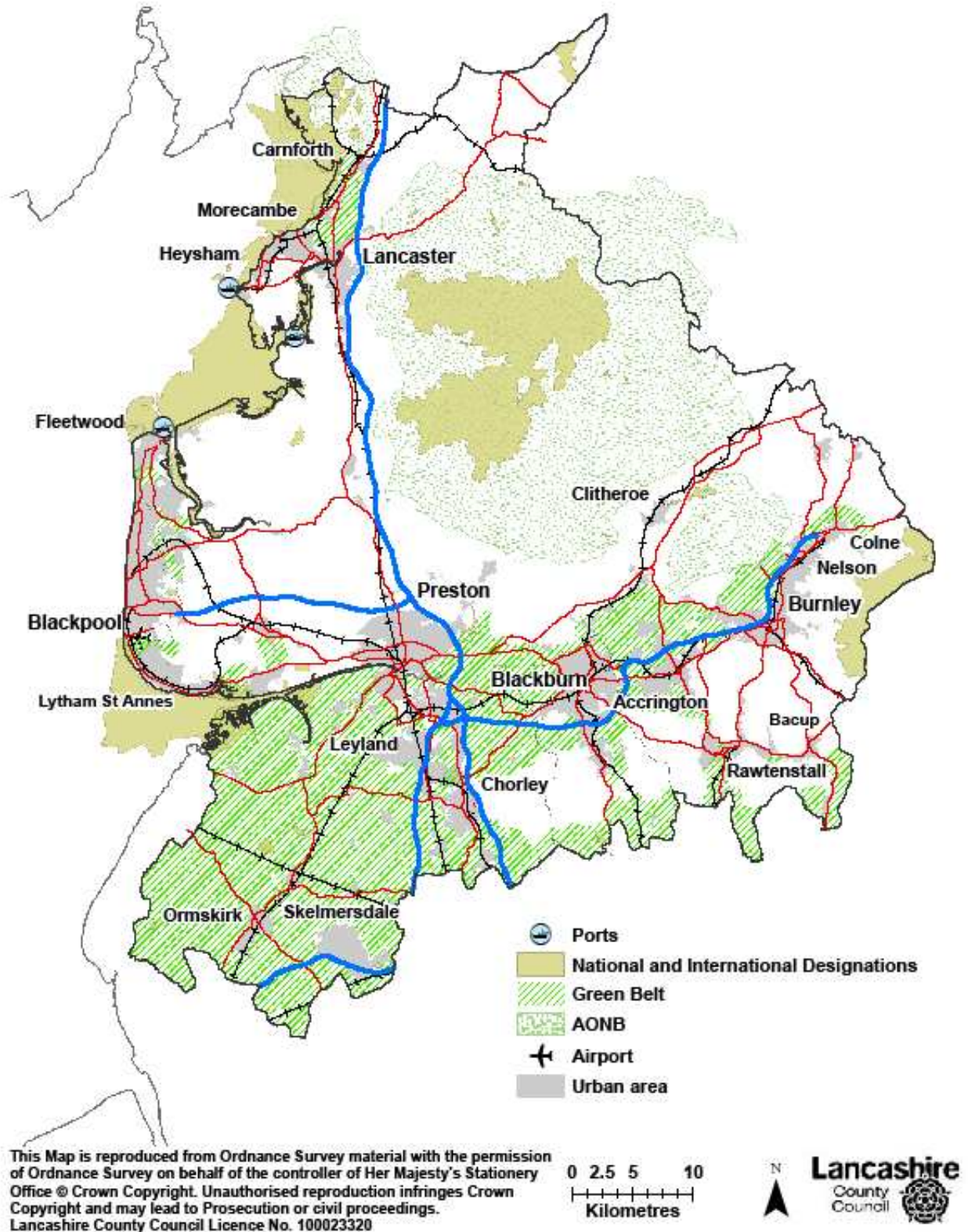


LANCASHIRE COUNTY DEVELOPMENTS LTD

BUSINESS PLAN 2012 /2013



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LCDL BUSINESS PLAN 2012-2013



Chair's Foreword

Lancashire County Developments Ltd Business Plan for 2012/13 builds on the progress made during 2011/12 to re-structure the Company and ensure it has the capacity to achieve the objectives established by Lancashire's Economic Development Strategy, adopted in by the County Council in 2010.

The strategic goal is to improve Lancashire's economic performance consistently over time in relation to the North West region and the country as a whole. This will be achieved through close co-operation with private sector firms, large and small, who alone have the capacity to deliver the growth we require; our job is to facilitate their efforts through improving infrastructure and services and removing obstacles that stand in the way of their success. Partnership with district councils, unitary authorities, and other publicly funded bodies, plus Lancashire's excellent universities is a critical element in providing a comprehensive range of mechanisms to support our wealth creators.

2011 registered some notable achievements; the formation of the Local Enterprise Partnership has placed the County Council's relations with Lancashire's major employers on an entirely new footing; the first fruits are already apparent in the establishment of an Enterprise Zone at Warton and Samlesbury, a Growing Places Fund worth £20 million from government is a vote of confidence in our approach. In addition, the County Council acquired a strategic development site at Cuerden and through an agreement with Silentnight Ltd has underpinned the creation of 140 new jobs in the eastern part of the County.

The detailed objectives for LCDL's operating divisions, Business Growth and Innovation and Strategic Development, are set out in the Business Plan; our corporate philosophy dictates that we concentrate our limited resources on a few clearly stated priorities in the expectation that successful delivery will have a multiplier effect across the County. While an element of flexibility is necessary, we will not be distracted by short-term incentives or an addiction to easy wins. Our Business Development Team will actively seek out entrepreneurs and established firms in our key growth sectors and encourage them to come to Lancashire and establish a critical mass of growth oriented operators benefiting from a package of tailor made business supports.

During the year we will complete the restructure of our Rosebud Investment Fund to fit better with our priority sectors and commence the re-development of the Leyland Business Park following December's catastrophic fire. We shall look for ways to increase our financial capacity through increased revenue from our investment and economic development projects and by developing new financial instruments based on the continuing strength of our balance and Lancashire's triple A credit rating.

Business Plans are only as good as the outcomes they achieve - this document sets out the aspirations for LCDL and its staff in 2012/13; the Board is confident that they have the capacity to deliver.

County Councillor

Michael Welsh

2. STRATEGIC CONTEXT

LCDL is a company limited by guarantee which is part of Lancashire County Council's Economic Development Service. (The chart on page 16 sets out the service's organisational structure).

In 2010, Lancashire County Council approved an Economic Development Framework which sets out the strengths and challenges of the local economy.

Economic Development is however dynamic and fluid and the public sector must be flexible to respond to changing economic conditions, market demands and national legislation and policy.

The establishment of the Lancashire Enterprise Partnership (LEP) in 2011 has provided leadership for the whole of the sub-region and will be a catalyst for job creation and economic growth. It is a Government-endorsed partnership between the private and public sectors, with a Board driven by the leaders of some of Lancashire's largest and most dynamic businesses. The LEP is a wholly owned company of the County Council and LCDL's work programme will support the delivery of LEP priorities.

Lancashire has two economic development companies (EDCs), Regenerate Pennine Lancashire and Blackpool Bay Company. The County Council is a founder member of both EDCs and LCDL continues to support their agreed priorities.

The twelve districts and two unitary authorities have localised economic development functions, whilst LCDL continues to provide capacity and resource on a range of projects across Lancashire.

3. RELATED PLANS

The primary purpose of this Business Plan is to set out a work programme and resource plan for 2012/2013 for the company.

The Business Plan sits alongside a number of key documents which provide strategic direction for the company's activities and governance arrangements.

Linked & Related Plans

LCDL Business Controls Manual. This manual sets out arrangements and authorities for the company. Subject to approval of the 2012/13 Business Plan, a refreshed manual will be presented to the Board in June, 2012.

Property Portfolio Plan. This plan provides a 3-year (2012-2014) platform for structured and rigorous forward thinking for the property portfolio. The Board receives quarterly reports on the Property Portfolio Plan.

Rosebud Investment Programme. The company's investment products are managed and delivered, under contract, by Enterprise Ventures. The Board receives quarterly reports on the performance of the Investment Programme.

LCDL Risk Register. The company's Audit Committee approved the draft 2012/13 Risk Register at their meeting on 13th February 2012.

LCC Marketing and Communications Plan. The County Council's Corporate Communications team produce annual directorate communications plans. The emerging Marketing and Communications Plan for LCDL will be presented to Board in June, 2012

H R Procedures and Policies. All LCDL officers are employees of the County Council, and, as such, are subject to its terms and conditions.

4. WORK PROGRAMME AND DELIVERY

The company's 2012/13 Work Programme will be delivered by the two core teams - Business Growth and Innovation; and Strategic Development, working together with the Economic Development Service and in partnership with the private and public sector partners.

The two LCDL teams have focussed work programmes, set out in this Business Plan. Increasingly these programmes are overlapping to directly link emerging business growth opportunities with spatial development initiatives. Under the guidance of the Operations Director, these teams will also work to support the delivery of the emerging priorities of the LEP.

Communications and Marketing

Communication of the company's objectives and offers is important. A comprehensive Communication and Marketing Plan for the activity of the company will be brought to the Board for approval in early summer. The Plan, which will also reflect the strategic priorities of the LEP, will incorporate the marketing strategy for the Property Portfolio, and for Rosebud and a communications calendar for key strategic development and business support messages.

A BUSINESS GROWTH AND INNOVATION WORK STREAMS

The Business Growth and Innovation Team is designed to deliver projects capable of unlocking the growth of high value sectors and companies, and the commercial potential of Lancashire's University cluster.

Key Business Growth & Innovation Work Streams

- Key Business Sectors
- Business Support Services
- Promoting Innovation, Technology and Higher Education links to Business
- Developing Business Skills/ Lancashire LEAD

B STRATEGIC WORK STREAMS

The core remit of the Strategic Development Team is to support private and public sector partners in bringing forward physical investment and development activity.

Key Strategic Development & Special Projects Work Streams

- Strategic site development
- Property Portfolio Strategic Management
- Partnership working

A BUSINESS GROWTH AND INNOVATION WORK STREAMS

The new structure of the Business Growth and Innovation Team (BGI) has now been in place since the start of 2012, giving an opportunity to refocus the Team's work programme, to align activity with the priorities set out by the LCDL Board, and to support the work and ambition of the LEP.

The work programme has been set out to reflect the twin priorities of supporting key sectors and promoting business growth:-

Individual programmes will primarily be delivered by commissioning expert provision from other organisations, although we will also clearly work with partners and networks. Limited account management of key businesses by staff in the service will also take place, but this will need to be both targeted and productive.

Some opportunities also exist to lever further funds and income for the service by matching LCDL resources with European and other funding. We will ensure that this is done only where it contributes to the priorities we have set for the service.

BGI Work Stream Area 1: Key Business Sectors

It is the ambition of LCDL that Lancashire comes to be seen as the "business location of choice" for growing and relocating businesses within our priority sectors.

The work programme of the BGI Team will help to establish a Centre of Excellence for each priority sector, unlocking the County's strengths, in terms of the complementary business clusters, skills and support which are available.

The BGI Team will take on key responsibilities with regard to co-ordinating sector development plans, which will be brought forward for the consideration of the Board later in the year. This work will include a review of the activities overseen by Creative Lancashire, and an assessment of recent environmental technology initiatives between the County Council, Universities and business sector.

<i>Key business sectors</i>
<ul style="list-style-type: none">▪ Aerospace▪ Advanced Manufacturing▪ Creative & Digital Industries▪ Energy, Environmental and Low Carbon industries, and▪ Finance and Professional

The core activities undertaken by each of the sector leads will include:-

Sectoral Business Data - This exercise will identify major employers in each sector by local employment levels and Gross Value Added (GVA). We are also exploring the use of business diagnostic tools to identify and benchmark rapidly growing/contracting businesses and their supply chains.

Account Management - Working with other partners and sector bodies we will ensure that key businesses within our priority sectors have an identified single point of contact. For some businesses

(predominantly Foreign Owned Companies), this relationship will be part of the division of labour agreed in the Memorandum of Understanding between the County Council and UK Trade and Investment (UKTI).

Account managers will act to explain and direct businesses to relevant support products be they financial, developmental or technology-led. BGI Team staff will be able to access the North West Sector Investment Fund, which will match LCDL spend on officer time as they work with this type of client.

Developing a Sectoral Inward Investment Proposition – Aligned with the relationship with UKTI, LCDL sectoral leads will also be working with partners to develop a compelling case for businesses to consider relocation to Lancashire. This offer will include detailed information on the key businesses and clusters which already exist as well as the skills base and Higher Education centres of excellence which can further enhance competitiveness. Coupled with the investor offer of the Enterprise Zone and other strategic sites, we aim to create a comprehensive and detailed proposition to attract mobile investment and high value sectors.

BGI Work Stream Area 2: Business Support Services

In addition to the sector focus, it is intended that the BGI Team play a leading role in ensuring that high growth local businesses are aware of and have access to the full range of private and public business support services to allow them to achieve their full potential.

The key areas of work identified are:

Key areas of work
<ul style="list-style-type: none">▪ Business finance▪ Business growth support▪ Technology, Innovation and Higher Education Business links▪ Business Skills Development

B2.1 Business Finance

Access to finance is considered to be one of the main current barriers to business development for both growth orientated organisations and for the wider business community. It is proposed that LCDL should adopt a twin track approach to addressing this issue.

B2.1.1 Access 2 Finance Service

Access 2 Finance is an established service which has previously worked under the auspices of Business Link NW. It is proposed that LCDL lead a consortium of local agencies to provide match funding to continue this service across Lancashire. The service comprises a mixture of one to one business advice and group training activity. The advisors provide support to make businesses "investment ready" working to develop applications for public and private finance.

B2.1.2 Rosebud Business Solutions

In addition to the capital funds delivering Rosebud loans, LCDL has also offered resource for businesses to secure Non-Executive Director (NED) support. This offer has been little used in the past two years, and it is proposed that LCDL should consider de-coupling the NED support from the loan scheme. This would allow us to place meaningful,

informed support with a broader range of businesses.

B2.2 Business Growth Tools

Based on analysis of current provision, LCDL will work with other partners in Lancashire on commissioning both a local business information service – the Lancashire Business Growth Hub - and works to bring forward additional specialist business support products which build a distinct, highly effective and unique business growth offer within the area.

B2.2.1 Lancashire Business Growth Hub Portal

Business Growth Hubs are being actively promoted by Government as a local solution to supporting growth, innovation and employment.

In summary, they provide a web based solution to help market private and public business support services to growth orientated businesses.

It is also suggested that Growth Hubs may become a key route-way by which Government seeks to resource further local business development. There is also interest in developing a network of Growth Hubs across the North West.

B2.2.2 Lancashire Business Growth Hub Products

LCDL is presently working with partners to map the newly revised business support offer and the variations in service across the County. This will form the basis of further reports to the Board which will describe both gaps in provision and intended interventions.

B2.2.3 Business Support to Business Park Tenants

In 2012/13 we propose to make the Property Plus offer a reality, by working with businesses on our own Business Parks to support growth, identify finance, find new staff, support skills development and encourage business to business trading through networking events.

B2.2.4 Aligning the LCC Business Offer

There are now opportunities within the coming financial year to improve the presentation and marketing of LCDL activities on the websites of the County Council and LEP.

BGI Work Stream Area 3: Promoting Innovation, Technology and Higher Education links to Business

The County has a competitive advantage in terms of the higher education offer which is present within the area. These institutions are already actively engaging the local business community and seeking to maximise business advantage from the Intellectual Property they have developed. LCDL will continue to support this process and ensure that agencies such as the Manufacturing Advisory Service Technology Strategy Board and the Design Council deliver their programmes effectively for the benefit of Lancashire businesses.

B3.1 Superfast Broadband – Business Demand Development

A major opportunity in the near future will be the business demand stimulation work associated with the roll-out of

superfast broadband. LCDL will work with BT, the County Council's delivery partner, to ensure that businesses understand how this new service can improve the way they do business, access new markets and provide new sales opportunities.

BGI Work Stream Area 4: Developing Business Skills/ Lancashire LEAD

Management and leadership skills amongst growth orientated businesses are consistently reported as a major obstacle to growth. It is proposed that LCDL look to continue the highly successful LEAD programme delivered by Lancaster University's Business School and to subsidise the cost of the programme to a cohort of Lancashire growth businesses, the first intake proposed to be recruited for a September 2012 start on programme.

It is also proposed that the Lancashire LEAD opportunity is combined with all Rosebud loan offers to maximise business success.

LCDL will also continue to work with UCLan, Lancaster and Edge Hill Universities to ensure local businesses benefit from their skills, technology and facilities.

B STRATEGIC DEVELOPMENT WORK STREAMS

SD Work Stream Area 1 : Strategic Site Development

Following consultation with developer/investors and local authority partners, and an analysis of development opportunities that could best stimulate and promote economic growth in Lancashire, seven strategic projects form the core of the Team's work programme.

Priority Actions

SD1 – Cuerden

LCDL is the managing agent for 65 acres at Cuerden.

2012/13 key activities will include:

- Advice to the County Council on routes to development
- Project manage highways, environment/other departments
- Site Masterplanning
- Support developers in planning application submission

SD2 – Preston City Centre

LCDL is jointly working with Preston City Council and other stakeholders to stimulate investment in the City Centre.

2012/13 key activities will include:

- Provide support to investors and developers
- Enable the delivery of key investment opportunities/projects
- Programme manage County Council Directorate activity/resources
- Facilitate economic benefit from public realm and highway improvement schemes

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SD3 – Hillhouse Business Park

LCDL will work with the local economic development company, Wyre Borough Council and other stakeholders to raise the profile of the Hillhouse Business Park.

Key priority actions for 2012/13 include:

- Advice to the County Council on ownership issues
- Unlock site utility issues
- Explore funding routes
- Site signage and marketing

SD4 – Skelmersdale Town Centre

LCDL will work with West Lancashire Borough Council and its development partners to bring forward the realisation of the Skelmersdale Town Centre Masterplan.

Key priority actions for 2012/13 include:

- Developer support to identify & assemble site/s for occupiers
- Support on planning application(s)
- Project manage highways, environment/other departments

SD5 – Heysham Gateway

LCDL will work with Lancaster City Council, LCC property and environment and Heysham Port owners to support phased expansion.

Key priority actions for 2012/13 include:

- Heysham Port masterplan
- Heysham industrial/business park consolidation options
- M6 link development sites assessment

SD6 – Lancaster Science Park

LCDL will work with Lancaster City Council, Homes and Communities Agency (HCA) and Lancaster University to support the establishment of an appropriate science park facility for the University.

Key priority actions for 2012/13 include:

- Advise to City Council on scheme option testing & development routes
- Project manage LCC highways, environment and property

- HCA/Lancaster University commercial development option liaison

SD7 – M65 Corridor

LCDL will work with developers and investors, local authorities, and other public agencies to help bring forward strategic development opportunities along this Corridor.

Key priority actions for 2012/13 include:

- Weavers Triangle – Burnley
- Burnley Bridge – Burnley
- Junction 7 Business Park – Hyndburn
- Explore any economic development opportunities aligned with Pennine Reach

SD8 – 2nd Tier Strategic Developments and Special Projects

LCDL will work on a range of 2nd Tier development initiatives

Key priority actions for 2012/13 include:

- Development of projects eligible Growing Places Funding
- Barrow Brook – Ribble Valley
- Fleetwood's Business Park and Port
- Lancashire 2012 work including, Open Championships and Torch Relay

SD Work Stream Area 2 : Property Portfolio Strategic Management

The 2011/12-2013/14 Property Portfolio Framework sets out the principles under which LCDL property is managed. The Portfolio consists of 2.17m sq ft industrial and office accommodation, with a capital value of £40.25m, accommodating over 170 businesses that employ more than 2,250 people.

Priority Actions

PP1 – Lancashire Business Park Masterplanning and Rebuild

The redevelopment of parts of LBP will require significant input from LCDL officers.

Key priority actions for 2012/13 include:

- Site masterplanning
- Tenant support and communication
- Adjacent site/land owner engagement
- Site marketing and positioning

PP2 – Property Portfolio Framework Management

The property portfolio plan sets out management, monitoring and reporting arrangements.

Key priority actions for 2012/13 include:

- Driving progress through operational meetings
- Quarterly Board reports and presentations
- Property Management Plus business support

PP3 – Rising Bridge Future Options

LCDL will focus on securing tenant occupation and active use on this site

Key priority actions for 2012/13 include:

- Detailed options analysis
- Targeted communication and marketing of site

PP4 – Invest To Save Feasibility Options

In competitive market conditions it is vital that the Property Portfolio remains attractive and fresh for existing and new tenants alike.

Key priority actions for 2012/13 include:

- Provide cost-benefits for broadband at White Cross
- Develop 'Virtual office concept' at White Cross

SD Work Stream Area 3 : Partnership Working

LCDL's ability to influence and shape economic development activity over the coming years will largely be determined by our ability to ensure partnership working practises underpin all our work.

Priority Actions

PW1 –Private Sector Liaison

PW2 – HCA Lancashire Assets Liaison

PW3 – District/City Liaison

PW4 – LCC Cross- Directorate Activity

5. FINANCIAL OVERVIEW AND BUDGET ALLOCATIONS

2012/13 Company Financial Statement

A draft company budget for the 3 years 2012/13-2014/15 was recommended for approval by the company's Audit Committee in February 2012. The detailed budget for 2012/13 is attached as Appendix 1 to this Business Plan and is summarised below:

Economic Development Budget	Budget 2012-13 £000
Net profit from PROPERTY	1,943
<i>Less:</i>	
Overheads	(804)
Finance (costs)/income	(214)
Net profit available for Economic Development	925
<i>Add:</i>	
Economic Development Income	2,360
	3,285
<i>Less:</i>	
Net cost of INVESTMENTS	(422)
Staff costs	(887)
Funds available for Economic Development Projects	1,976
<i>Less: Committed:</i>	
RDPE	(234)
ED projects	(276)
LBTB	(400)

Funds available for Economic Development projects	1,066
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Property Finance

A detailed budget is in place for the company's Property Portfolio demonstrating income of £4.35m for 2012-13 resulting in a net profit of £1.943m, which is then available to cover the company's overheads and to fund new economic development projects.

Investment Finance

The budget for new investments in Lancashire companies is maintained at £1.9m per annum to be invested in Rosebud and Rosebud Micro.

Economic Development Finance

The 2012/13 budget for economic development project activity is £1.342m for existing and new projects. The table opposite outlines the draft budget allocation for the work areas set out in Section 4 of this Business Plan.

The budget allocation for each of the work areas has been based on a detailed consideration of the priority actions for 2012/13, and includes a small margin for contingency.

This system of budget allocation is considered to be the most effective way to allocate resources, deliver anticipated outcomes, and provide clarity and focus for LCDL staff and external partners.

LCDL, working as part of the wider Economic Development Service, will play a pivotal role in making recommendations to the County Council regarding the delivery of key economic development priorities. Initial pump priming investment by LCDL will enable project information, diligence and detail to be gathered which will help informed

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and commercial investment decisions to be made by the County Council on potential schemes and initiatives.

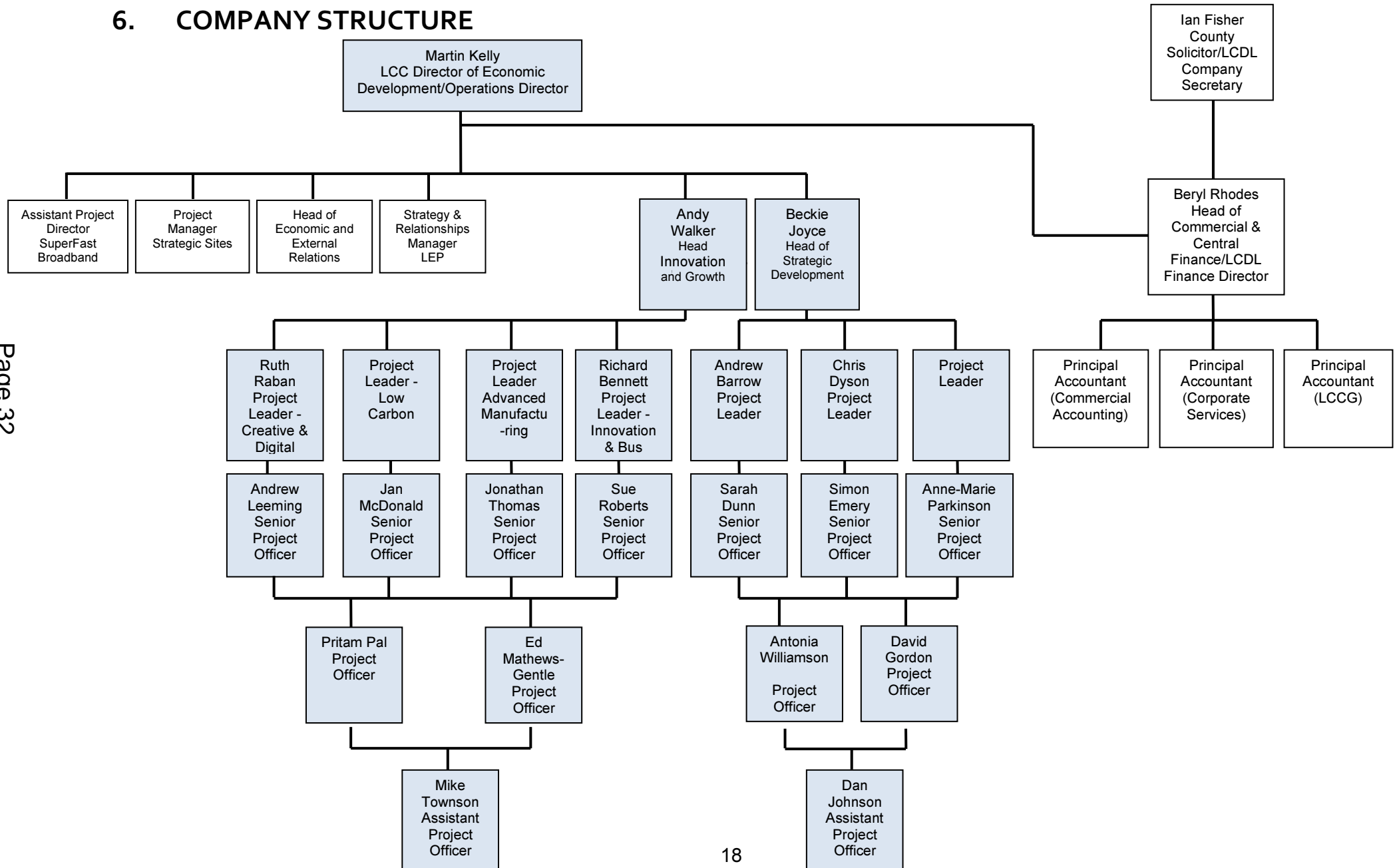
Economic Development Activity, 2012-13

Business Growth & Innovation Work Stream	
Work Stream Area 1	£150,000
Key sector support: <ul style="list-style-type: none"> ▪ Aerospace ▪ Advanced Manufacturing ▪ Creative & Digital Industries ▪ Energy, Environmental & Low Carbon ▪ Finance & Professional 	
Work Stream Area 2	£195,000
<ul style="list-style-type: none"> ▪ Business finance ▪ Business Growth tools ▪ Technology, Innovation & Higher Education Business links ▪ Business skills development ▪ Rosebud business solutions ▪ Lancashire Business Growth Hub Portal ▪ Business support to Business Park tenants 	
Work Stream Area 3	£185,000
<ul style="list-style-type: none"> ▪ Promoting Innovation, Technology & Higher Education links to business ▪ Superfast Broadband – Business Demand 	
Work Stream Area 4	£150,000
<ul style="list-style-type: none"> ▪ Developing business skills/Lancashire LEAD 	
Staff development & Training	£6,000
Total	£686,000

Strategic Development Work Stream	
Work Stream Area 1	£300,000
<ul style="list-style-type: none"> ▪ Cuerden ▪ Preston City Centre ▪ Hillhouse Business Park ▪ Skelmersdale Town Centre ▪ Heysham Gateway ▪ Lancaster Science Park ▪ M65 Corridor ▪ 2nd Tier Strategic Development 	
Work Stream Area 2	£50,000
<ul style="list-style-type: none"> ▪ Lancashire Business Park Masterplanning & Rebuild ▪ Property Portfolio Framework Management ▪ Rising Bridge Future Options ▪ Invest to Save Feasibility 	
Work Stream Area 3	
<ul style="list-style-type: none"> ▪ Private sector ▪ HCA Liaison ▪ District/City Liaison ▪ LCC cross-directorate 	
Staff development & Training	£6,000
Total	£356,000

Existing Commitments	£276,000
<ul style="list-style-type: none"> ▪ Queen's Award for Enterprise ▪ Proof of Concept (Lancaster University Joint Working) ▪ Building Creative Networks ▪ Home Grown Undergrad Phase 2 ▪ Future Horizon Private Sector ▪ Fleetwood/Hillhouse Developments ▪ Lancashire Open For Business ▪ Open 2012 Impact Study ▪ Lancashire in 2012 - Website ▪ Rising Bridge 	

6. COMPANY STRUCTURE





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