



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

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Work with Key Sectors in Lancashire

Appendices A - D refer

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Executive Summary

This report is intended to update members of the Business Support Management Board on the local work which is taking place to engage, understand and support the development of the key sectors identified in the LEP's Strategic Economic Plan.

The advanced manufacturing and energy sectors remain areas of high productivity and added value within the local economy, but digital products services and skills are increasingly being seen as a pre-requisite to the continued competitiveness of these industries and as a key sector in their own right. Health, visitor economy and construction are also referenced within the SEP and Employment and Skills Plan given their importance in terms of employment, growing local demand and importance within specific localities.

Locally, we have provided limited resource to established and emerging industry membership bodies in aerospace, automotive, creative and digital sectors and are represented on health focussed Innovation Agency. These organisations provide insight and are able to articulate the assets and services needed to foster further growth.

Over the summer, we have also been working to represent the needs of local sectors within the development of the new national Industrial Strategy. This work is detailed in the body of the report.

Recommendation

It is recommended that the Business Support Management Board:-

- Receives an update from Digital Lancashire on their initial work to underpin a sector strategy.
- Notes the update information within the report.



1. Background and Context

- 1.1 The LEP's Strategic Economic Plan (March 2014) identified *Sector Development and Growth* as the first of six priorities for investment and support in the Lancashire's first Growth Deal bid to Government. This has been a consistent strand of a highly successful strategy to win investment for new assets and facilities which support businesses to adopt new technologies and to access an appropriately skilled pool of labour.
- 1.2 These bids for resource have been underpinned by local intelligence, gained through a partnership with established and emerging sector lead bodies and key businesses.
- 1.3 Existing programmes and contacts with the aerospace, automotive and creative industries sectors have now been augmented with the establishment of Digital Lancashire. This is timely as the sector grows in its own right and has become a cross cutting competency for our other priority sectors.
- 1.4 Activity reports for work with the automotive and aerospace sector are appended and Digital Lancashire will present on their work programme and priorities.

2. Sector highlights and opportunities

- 2.1 **Aerospace** - The market for civil aviation remains buoyant, driven by the aspiration to travel amongst newly wealthy populations across South East Asia. Despite this the aircraft manufacture is being principally driven by updates as opposed new aircraft programmes. Military programmes remain vulnerable to cuts in government budgets but new and existing programmes remain an important component of the sector in Lancashire.

Over recent months, working with the North West Aerospace Alliance we have:-

- Refreshed the analysis of the sector locally (see attachment 3).
- Made representations through the Aerospace Growth Partnership to try to shape the emerging sector deal
- Attended Paris Air Show as part of NWAA stand to promote sites and opportunities in Lancashire
- Hosted a Developing Sector Knowledge visit for 25 overseas post staff from the Department of International Trade, visiting SAFRAN Nacelles and the Academy for Skills and Knowledge at BAE.

Key challenges – motivating and linking supply chain companies to engage with innovation, technology, finance and business improvement programmes which will allow them to increase productivity and deliver higher quality to



customers. Ensuring the offer and technology mix within publicly funded assets and services is right for the sector and is accessible.

2.2 Automotive – The sector within Lancashire is made up of a commercial vehicle prime, tier 1 equipment suppliers and a mix of more innovation led smaller companies. Over the past year we have seen some notable company closures e.g. Torotrak but also some further market opportunities for those able to respond. NAA have had a particular focus on making their members aware of developments around electric vehicles and increasing autonomy.

Activity has been focussed on:-

- Work with North West LEPs and North Wales to build on shared issues and opportunities.
- NAA have been promoting Boost, skills development and HEI business support offers with their businesses
- Liaising with foreign owned companies within the sector.
- Contributing to LEP led thematic work around sectors

Key challenges – potential impact of OEM's not delivering a 60% locally sourced end product, in the event that trade with EU reverts to WTO regulations.

2.3 Energy – The LEP played host to one of the Northern Powerhouse Partnership's energy sector consultation events over the summer led by Andy Kloss from Drax and with a strong representation from Lancashire and Cumbrian energy businesses. The current programme of work to deliver an Innovation Strategy is being led from the LEP by Mick Gornall of Westinghouse.

Activity:-

- The LEP has been meeting with colleagues from Cumbria, Cheshire and Warrington and Heart of the South West LEP to develop a "place based ask" within the nuclear sector deal.
- Two new business energy efficiency and low carbon sector programmes have been approved by the ESIF partnership delivered by East Lancashire Chamber and UCLAN.
- Energy HQ which hosts the hub of the national college for onshore oil and gas has opened at Blackpool Airport Enterprise Zone

2.4 Health – The Health Innovation Campus at Lancaster University continues to progress and remains one of the main elements of LGF activity in Lancashire. In addition to capital programmes, the LEP continues to work with the North West Coast Academic Health Science Network (now branded the Innovation



Agency) to market the region as an area for health innovation, promoting collaboration between facilities and pairing commercial innovation with NHS test-beds such as the one in east Lancashire.

- 2.5 **Creative Industries** – The LEP continues to work with Creative Lancashire which provides networking and business promotion activities to its network of businesses across the nine creative sectors. The Department of Culture Media and Sport commissioned Peter Bazalgette to produce a national strategy for the sector. This seems likely to lead to a CI sector deal and a potential national cultural fund. The LEP is also seeking to back a proposal by Lancaster University to access funding from the Arts and Humanities Research Council to investigate how creative clusters work and can be developed across the North West.

3. **Recommendations**

- 3.1 It is recommended that the Business Support Management Board:-
- Receives an update from Digital Lancashire on their initial work to underpin a sector strategy.
 - Notes the update information within the report.