**LEP – Sub Committee**

**LEP - Business Support Management Board**

**Private and Confidential: No**

**Strategic Economic Plan - Evidence Base**

Appendices A & B refer

**Report Author:** , ,

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| **Executive Summary** This report is intended to update members of the Business Support Management Board on the activity which is taking place to ensure that the LEP's new Strategic Economic Plan has a current, relevant and robust evidence base.  It is of particular relevance to BSMB as the local response suggested from this analysis will need its own governance and action plans and will be primarily focused on businesses. **Recommendation** It is recommended that the Business Support Management Board:-   * Notes the work which is in train * Agrees to contribute if relevant to their members or constituency of businesses * Begins to consider how governance structures can be best aligned to comprehensively deal with issues and initiatives aimed at enhancing the growth and competiveness of Lancashire's Business Community. |

1. **Background Information**
   1. The Strategic Economic Plan (SEP) of the LEP was last updated in 2014. Over the course of the last year, officers have produced an Achievements document and a three year Business Plan setting out how the LEP will operate moving forward. A refresh to the SEP will complete this review and is timely both in terms of updating the vision for Lancashire, but also as a response to the changing context in which the LEP operates.
   2. As the government moves closer to the launch of new industrial strategy, as sector deals emerge around Lancashire's prime capabilities and we start to understand if and how European structural fund will be replaced, it is vital that the LEP has a clear set of priorities for continued investment.
2. **SEP Evidence base**

2.1 In preparing for the new SEP, the LEP has had time to explore some key areas of work, to refresh the understanding of Lancashire's performance and explore new ways of working. This work has included the development of a fresh set of economic forecasts, coupled with work on productivity, international trade and innovation. In addition to this programme of work, the LEP has this week received confirmation that BEIS will finance a significant piece of work on Energy within Lancashire.

1. **Economic Forecasts**

3.1 The LEP has commissioned a new set of economic forecasts from Oxford Economics and is in the process of analysing and interpreting the data for use within the SEP and wider dissemination. The data covers population trends, migration, employment levels, skills profiles and measures of productivity. Whist levels of accuracy diminish, the majority of these indicators can be analysed by local authority area and by broad and specific industrial categories. In addition to the baseline data the LEP can also use the forecast model to check the impact of planned interventions.

1. **Productivity Study**

4.1 As reported previously the LEP is working with UCLAN to analyse productivity issues within the Lancashire economy. The productivity gap, which has emerged since the 2008, has been a major driver of economic policy nationally and Lancashire's own proposals for investment will be better received if we can articulate how proposals will impact productivity levels locally.

4.2 UCLAN's methodology has involved both a wide ranging questionnaire and more in-depth targeted interviews, particularly with Scale-Up businesses. This will be coupled with a more econometric analysis of the relative determinants of productivity specific to the Lancashire Economy.

1. **Internationalisation**

5.1 The extent to which local economies are linked to wider international markets has come under greater scrutiny as the UK moves towards Brexit. The term internationalisation covers issues such as the extent of foreign ownership and investment with the economy, the geography and value mapping of supply chains and the export behaviour of local firms.

5.2 There are a number of sources of information for this work including a policy paper and consultation with businesses led by East Lancashire Chamber, , the disaggregation of national trade in goods figures to a LEP geography (Appendix A), NW Brexit Monitor produced for NW Business Leadership Team, commissioned research NW Regional Research Collaboration programme (Appendix B). Whilst this work is at an early stage, it does begin to illustrate some of the sectors which have high dependencies on European markets and where a reversion to WTO tariff regimes would have the greatest impact.

5.3 The outcomes of this analysis are likely to suggest that Lancashire needs to have greater autonomy, resource and clarity of offer for those businesses seeking export support and, that with partners, we need to continue to raise the profile of the North of England and Lancashire as an investment location.

6. **Innovation**

6.1 The process to develop an Innovation Plan for Lancashire is now reaching its conclusion. Working with consultants SDG – Economic Development, the work has produced a fresh analysis of the innovation assets within Lancashire and the innovation performance data for the area. The work is now moving into a strategy formulation phase with initial recommendation being tested at a workshop comprising representatives from industry, innovation institutions and those already providing services in this area. It is likely that the strategy will be structured around four aims:-

* **Staying ahead** – what Lancashire's key sectors need to do to retain their advantage.
* **Routeways to Excellence** – how existing capabilities might come together to produce strengths in new and emerging sectors and markets.
* **Building the Lancashire innovation eco-systems** – how existing, institutions, assets and services can make sure Lancashire businesses understand the support available to them.
* **Letting the world know** – how we can better articulate the innovation strengths and reputation of the area.

**7. Conclusions and Recommendations**

7.1 The research and policy development ideas around the topics of productivity, internationalisation and innovation all primarily share the business community as the key actor and focus of intervention. Other LEP areas have developed specific governance structures such as Innovation Boards which drive these policy areas. Within the context of the limited resource available for the LEP to run sub-groups the views of the BSMB are requested as the LEP begins to match its own oversight to the new SEP.

7.2 It is recommended that the Business Support Management Board:-

* Notes the work which is in train
* Agrees to contribute if relevant to their members or constituency of businesses
* Begins to consider how governance structures can be best aligned to comprehensively deal with issues and initiatives aimed at enhancing the growth and competiveness of Lancashire's Business Community.