



**Lancashire Enterprise Partnership Limited**

**Private and Confidential: NO**

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**Update Report - Proposed Development of a Lancashire Urban Development Fund (UDF)**

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**Executive Summary**

This report provides the LEP Board with an update on the progress made since the Board's last meeting, towards establishing an Urban Development Fund (UDF) for Lancashire using the provisional £10M - £15M European Structural and Investment Funds (ESIF) allocation that is currently earmarked for Joint European Support for Sustainable Investment in City Areas (JESSICA) activity.

**Recommendation**

The LEP Board is asked to:

- 1) Note the contents of this report; and
- 2) Approve County Council and LEP officers to continue to develop a full application for the establishment of a Lancashire UDF which will be considered by the Board at its next meeting on 24<sup>th</sup> April 2018.

**Background and Advice**

In November, the Board gave approval for County Council and LEP officers to liaise with the Ministry of Housing, Communities and Local Government (HMCLG – formerly DCLG), the Managing Authority for ESIF, to develop a full application to establish a UDF for Lancashire using the provisional £10M - £15M European Structural and Investment Funds (ESIF) allocation that is currently earmarked for Joint European Support for Sustainable Investment in City Areas (JESSICA) activity.

It was agreed that the application would be presented to the LEP Board for approval at its next meeting in January and was subject to securing the necessary approvals from Lancashire County Council, including determining if the County Council would be lead applicant and Accountable Body for the UDF.



Since the last meeting of the Board, officers have met with HMCLG regarding the establishment of a UDF for Lancashire and a consultant brief has been produced to appoint consultants to develop an Investment Strategy for a proposed Lancashire UDF. It is proposed that the consultants brief is issued for quotation, using the County Council's procurement processes, in the first week of February.

Simultaneously, work is underway to review the Block 1 Ex-Ante Assessment Report which was completed by Regeneris Consulting Ltd last summer to ensure it reflects Lancashire's industrial and commercial market and the opportunity which exists for the delivery of a UDF. The Block 1 Ex-Ante Assessment is key to the development of the Investment Strategy.

Officers are also due to meet with Igloo, the fund managers for Merseyside's Chrysalis Fund and officers from HMCLG on the 25 January. The meeting has been arranged given the alignment in focus of the Merseyside fund with the proposed Lancashire fund, primarily around the provision of industrial floorspace as opposed to city centre commercial floorspace. Also, Merseyside is currently considering the development of a successor UDF to Chrysalis and there could be an opportunity to consider the appointment of a joint fund manager which would reduce costs in overall fund management whilst still retaining individual management of the two funds in accordance with their individual investment strategies.

A meeting has also been arranged on the 1 February with colleagues from Greater Manchester to determine the recycled funds available from investments made through Evergreen 1 and also the availability of any pipeline development and administrative fees associated with the administration of the UDF.

It is proposed that the key tasks outlined above are undertaken by County Council and LEP officers, with a full application developed for consideration by the Board at its meeting to be held on 24<sup>th</sup> April 2018.

Finally, as agreed by the Board in November, discussions will take place with the County Council regarding the role of lead applicant and accountable body for a Lancashire UDF.