

**Lancashire Annual Performance Review 2018/19**

**Location:** Piccadilly Gate, Manchester  
**Date:** 10 December 2018  
**Time:** 1000 hrs

**Present:**

**Lancashire LEP**

- Edwin Booth DL, Chair of LEP
- Graham Cowley, Chair LEP's Growth Deal Management Board & Interim Transition Director
- Liam Finnigan, Chair of the LEP's Performance Committee
- Kathryn Molloy, Head of LEP Coordination, Lancashire County Council
- Martine Winder, LEP Economic Policy and Communications Manager
- Anne-Marie Parkinson, LEP Growth Deal Programme Manager
- Martin Kelly, Director Economic Development and Planning, Lancashire County Council
- Neil Kissock, Director of Finance, Lancashire County Council
- Andy Walker, Head of Business Growth, Lancashire County Council

**CLGU**

- Murryam Anwar, Area Director, North West and Northern Powerhouse, CLGU Chair
- Paul Evans, Area Lead, Lancashire, CLGU
- Steven Greenwood, Head of Implementation, CLGU - Independent Moderator
- Marcella Hague, Compliance Office, CLGU - Independent Moderator
- Katherine O'Connor, Deputy Area Lead, Lancashire, CLGU – note taker

**DfT**

- Richard Perry, Area Lead, North and Devolution Division, Department for Transport

## Actions from 2017 Annual Performance Review

Action	Action Point	Date completed	Resolution
1	Continue to diversify the LEP Board	Ongoing	Work has been undertaken throughout the year to improve the diversity of the Board, the LEP review is now driving this at pace.
2	Continue and expand work with MPs to raise profile	November 2018 although work has been undertaken throughout the year and is continuing	MP engagement strategy has now been produced and Chair has been in regular conversations with MP's who also attended the Lancashire Day event.
3	Continue and expand work with local businesses to promote LEP work	Ongoing	This is a part of the regular LEP work
4	Use work on identifying opportunities to influence government policy	Ongoing	Eden, City Deal Review, SELRAP, NOP11, HS2, Preston Station and HMR in Blackpool
5	Continue to work with Area Lead and colleagues to increase profile with MPs and senior Government official, use local MPs as a route to this	Ongoing	See 2 above, also meetings with Senior Sponsor, NP11 and LEP network involvement
6	Promote Lancashire's cultural offer	June 2018	Cultural Strategy commissioned and due for publication in Spring 2019.
7	Work to continue with BAE on Warton EZ	Ongoing	Both this and 8 are kept under regular review by AL and DAL
8	Area Lead and Colleagues to support LEP in work on Warton EZ	Ongoing	See above
9	Area Director to look at the potential for a City Deal review	May 2018	AL involved in City Deal review
10	LEP to keep AL updated with progress on major schemes such as Cuerden and Preston Western	Fortnightly	AL attends GDMB meetings and received regular programme updates. PWD remains a concern as a result of the public enquiry
11	LEP to ensure that local evidence base is central to development of strategy		Work has been ongoing on the evidence base all year, including development of Innovation Strategy, technical skills strategy, cultural strategy LMI toolkit, etc
12	LEP to discuss strategy with GM (with Area Lead support as required)		Working with GM on Made Smarter, DIT resources, MIPIM attendance
13	SEP refresh to ensure that all partners/stakeholders are engaged		Ongoing development of the LIS now call has come out for all areas this work is likely to increase. All districts and stakeholders consulted on priorities as part of strategic development.
14	Area Lead to look at requests from BAE letter and work with LEOP to deliver		LIS development will cover some of this, there is also discussion between BAE and MoD, but the request here has changed in the light of commercial developments.

All outstanding actions from the 2017 Annual Review have been addressed or are being addressed where these are ongoing (e.g. continuing diversification of the board, promoting the cultural offer of Lancashire).

There are two minor issues coming from the pre-APR Spot Checks and both of the above points were discussed and resolved at the Lancashire LEP Board Meeting on the 12<sup>th</sup> December (minutes available):

**SME representative:**

The National Assurance Framework (page 7) requires LEP(s) to identify a board member to represent and engage with the SME business community. Recent checks found that there is a vacancy for the SME representative. On questioning the LEP, it was noted that they are actively recruiting for this role which will be actioned by March 2019. A senior Board member (Dennis Mendoros) has now been appointed in the interim.

**Cross LEP working**

The National Assurance Framework (page 8) states that LEPs in their local assurance framework must set out the rules governing the arrangements for cross LEP working (where appropriate). Recent checks indicate that these details could not be found, it is recommended that the LEP details how it intends to work cross LEP in the future. The LEP has confirmed that they have updated their LAF following the LEP Board meeting on 12 December 2018.

Murryam welcomed all to the first Annual Performance Review of the North West and commenced by thanking Edwin for this commitment and strong leadership as Chair of the Lancashire LEP since its inception. Murryam also paid tribute to Martin as CEO on his departure from the LEP to Blackburn with Darwen Council.

Murryam advised that the Annual Performance Review is the formal process by which each LEP and Government meets annually to discuss and review the contribution the LEP has made to driving forward economic growth in Lancashire. The review looks at three areas: Governance, Delivery and Strategy.

## **Governance**

### **Summary**

Following last year's Annual Conversation and moderation, Lancashire had taken part in a deep dive which had undertaken an in-depth review of their systems and governance arrangements. Progress is being made to ensuring that board diversity is achieved ahead of the required deadline, as it is towards achieving an independent LEP secretariat.

### **Board Diversification:**

One of the key issues raised was Board diversification. The LEP explained the challenges presented with encouraging diversification through Local Authority representatives. It was pointed out that the leader does not necessarily need to sit on the Board and that this may be one way to encourage a greater diversity amongst Board members.

The LEP are currently seeking to increase the numbers of women on the Board and recruit an SME Champion and Skills and Technical Education expert. This will mean that they will exceed the 20 Board members required by the Review but will then ensure that they comply by the deadline. Those appointments will be reported to the Executive Committee, confirmed at the LEP Board meeting in February and included on the LEP website.

**Action Point: Lancashire to provide details of the timeline of recruitment of their new Board members to CLGU Area Lead. (Action 1)**

### **Combined Authority:**

The LEP were asked if the Local Authority situation was reflective of issues with the challenges of trying to form a Combined Authority (CA) and was there a role for the LEP in bringing the CA to fruition? The LEP advised that from the early start of the shadow CA, the LEP had always been represented. The Shadow CA has now morphed into the Lancashire Leaders Group and the LEP Chair has strongly made the point to them that in order to improve economic growth, the group must form a cohesive unit with all of the Local Authorities. The LEP Chair had also reinforced the point that the LA Leaders need to present a united front and that without a CA there is no other recognised vehicle for public sector unity in Lancashire.

**Independence of LEP:**

The LEP has learned that they are most effective when they have focussed on what they want to achieve using a strong evidence base and convening partners in Lancashire.

The LEP are aware that there is still a perception that they are attached to or part of Lancashire County Council. The LEP review and transition is an opportunity to address this perception.

**Action Point: The LEP to set out a timeline for the creation of an independent secretariat (Action 2).**

**Succession planning:**

The LEP was questioned over succession planning and risk mitigation in respect of the LEP Board changes. In respect of the LEP Chair recruitment they have kept the Area Lead informed of the progress through regular meetings. They have identified suitable recruitment consultants who have a track record on gender and diversity. **They are looking to go to the market in January with a new Chair in place by the end of March.**

**Action Point: The LEP to keep HMG fully informed of progress on the recruitment of the LEP Chair (Action 3)**

David Taylor CBE is the current Vice Chair and has been on the LEP Board for several years. He will take up the role of Chair in the interim period and has been working closely with the LEP Chair and Executive to ensure he is fully briefed and prepared for the handover. David has also attended NP 11 meetings and is due to step in fully to the role including attending Leaders meetings.

The LEP Board meeting this week is due to review operational issues so that in the New Year there is time to action the LEP Review, focusing on Governance, the future Board Structure and the development of the LIS. David Taylor and Graham Cowley have been assisting Edwin as LEP Chair for some time and they have the support of other LEP Directors. As part of the LEP Review and LEP Board recruitment process, Graham has been undertaking a skills audit of Board members and developing job descriptions, this work is continuing and is not being held back for the recruitment of a new Chair.

The Sub Boards of the LEP are being restructured. The current Sub Boards evolved around programmes of work, such as the Enterprise Zone, Growth Deal, City Deal and this has worked well on delivery of the programmes. The new Sub Boards will comprise:

- Programme Board
- Innovation Board (like GM, North East and Sheffield) – this will be proactive and its establishment will be supported by Mark Smith of Lancaster University
- Investment Panel – championing inward investment and other investment programmes into Lancashire

- Skills Advisory Panel
- Transport for Lancashire
- Performance Management
- Executive Committee

Transport for Lancashire remains with the LEP, but this will then feed across to a future CA structure. This is in a report which has recently been shared with Government and views would be welcomed. Terms of reference are being developed to ensure there is a correct balance and elimination of gaps.

This work will then flow through into a Business plan that is both aspirational and affordable and which will underpin the LEP transition.

#### **LEP Induction and training:**

Currently all Directors, Officers and others working with the LEP have a deep induction on the Assurance framework, (revised with the national Assurance framework). This includes details of the Chair and their roles, why they are there and what is expected of them. **This will be reviewed in the light of the new framework and changes to the LEP Board.**

**Action Point: As in previous LAF's, it is anticipated that the LEP will include a revised structure chart showing the flow of organisational decision making (Action 4).**

It was noted that the LEP Chair and Board recognised that the LEP Chair role has become quite onerous and one that may be a challenge for many business leaders.

The LEP Board have been commercially focussed and agile in their investments such as utilising funds (Growing Places) to ensure that the LEP is aspirational and can deliver, so it is essential that the LEP is adequately resourced.

The LEP feel that they have a solid foundation on financial governance and reporting which was confirmed by the S151 Officer.

### **Delivery**

#### **Summary**

The LEP provided highlights of their delivery and advised that in their dealings **they wanted to make it easy for Government to do business with Lancashire and that they would endeavour to deliver value.** They commented on their City Deal which was very different from others and highlighted previous issues with the Samlesbury EZ and political intervention which had provided challenges. Programme delivery is largely on course although there is a need to continue to monitor progress on larger projects.

#### **Large project risks and contingencies:**

The Preston and Central Lancashire City Deal has been a positive initiative and provided an appetite for private sector housing development in the Central Lancashire area. However, there have been some challenges in delivering the

significant and necessary infrastructure required with the Preston Western Distributor scheme having experienced some difficulty with costs. The cost overrun is the result of the quality of the land on which the structure will be built which requires additional significant works.

The LEP is also looking at transport improvements around Lancaster which will help to address the future development of the University of Lancaster, the potential Garden Village and future Eden of the North.

Other transport improvements are looking at improving rail and road across the Pennines including the A59 and the feasibility of Skipton to Colne rail.

When probed on issues relating to the Preston Western Distributor, **the LEP advised that risks are being proactively managed at present by working closely with transport and planning at Lancashire CC and the City Deal Executive as this is a key project for the Growth Deal and Lancashire.** A deal has been struck with the principal objector in the CPO review and they will be withdrawing their objection. This will mean the project is on track with the business case being presented to LCC early next year, with a target price of £189m which includes a contribution of £58m from Growth Deal, with a 6-9 months ready to construction period. **DfT is being kept up to date so there will be no surprises.** The road will allow for 5,000 new houses and provide better links to the Fylde Coast.

From a DfT perspective there are three main risks: -

- The quality of dialogue – DfT are fully engaged with the LEP and LCC on understanding the risks on costs, particularly as the LGF contribution is capped.
- The potential judicial review which seems to be going away.
- Ministerial clearance – Charlie Sunderland at DfT is leading this work, however there will need to be time to ensure that Ministerial clearance is achieved.

**Action point: The LEP will ensure that they will keep Government informed about any further issues or reallocation of funds to ensure delivery (Action 5).**

#### **Programme Commitment Levels:**

On the remainder of the LGF there are now only four schemes which have not been approved with Preston Western Distributor, the largest scheme in the Growth Deal programme, one of the four schemes still to be approved. The Lancaster M6 J33 scheme needs significant resources to deliver and will deliver beyond the LGF programme timescales i.e. March 2021 and therefore replacement funding is now being looked for from the Housing Infrastructure Fund.

Richard Perry commented that it would be good if there could be some recognition of the DfT money in future HIF funded activity.

The LEP have an agreed pipeline of projects which has been developed as a result of previous Growth Deal bidding. In line with the LEP's reallocation

procedure the existing pipeline will be reviewed first. There may be an opportunity to identify any new projects subject to the review of the existing pipeline.

The LGF currently has a minimal underspend though this is expected to be reallocated in line with Growth Deal delivery timescales, however the target outputs are looking to be exceeded.

On the M55 Link Road, LCC have agreed this is a political priority and gathered private and public sector funding and have agreed to support this. Mark Menzies, the local MP is supportive and there is growing confidence that this project will be delivered. This is a £20m scheme with £2m LGF, with LCC finding substitute funding from the public and private sectors. This has led to lessons learned about developers promising to deliver on infrastructure funding which has not been achieved leaving central and local Government having to gap fund. **(To be picked up outside this meeting with the links to housing growth)**

#### **Branding and publicity:**

The LEP confirmed their pro-active approach to branding as this is a Ministerial priority. The LEP are using an external company SKV and since the beginning of the Growth Deal requirements, they have been instrumental in driving good practice through their relationship with delivery partners. There are milestones built into the contracts and there is a process for managing communications. The LEP are meeting SKV this week. The LEP are meeting SKV and they are jointly forward-planning communications to ensure that all projects comply with government branding requirements and raise awareness of the LEP.

**Action: LEP to develop forward plan of milestones to be developed and shared with Area Lead (Action 6)**

#### **Compliance:**

**In respect of compliance, the Lancashire team will be happy to work with the CLGU compliance team to pilot future changes to reporting systems and to look at examples of good delivery management in Lancashire (Action 7).** The Social Value toolkit developed by Lancashire has helped in providing measures that can assist with inclusive growth and resonates with Local Authorities and communities.

The S151 Officer confirmed that he had no issues with the programme and delivery.

### **Strategy**

#### **Summary**

There has been significant strategic work done over the last 12 months in preparation for developing a Local Industrial Strategy and in developing and starting to deliver an MP engagement strategy. The LEP are also working across LEP boundaries on projects and strategy, particularly with GM and Sheffield.

#### **Integration of strategic work into LIS:**

In response to the query about preparedness for the Lancashire Local Industrial Strategy, it was noted that key strategies had been developed including:



- Business productivity analysis;
- Innovation Plan;
- Technical Education Vision; and
- LMI Toolkit.

Lancashire advised that the strategy development will feed into the LIS as well as the work they have been undertaking on refreshing their evidence base. The Strategic Economic Plan has been reviewed and is now being used to inform the development of the LIS evidence base.

In response to the challenge on why work hadn't already started on developing a LIS the LEP responded that they haven't been standing still. They have been working on understanding productivity and the blockers to wealth growth. They are also working on the five foundations of the Grand Challenges and continuing to work on business productivity, innovation, skills and employability, with the four Universities working towards a shared framework. Interdependencies across the evidence base are being investigated in the New Year and Lancashire are working with Greater Manchester on Grand Challenges and learning from them in the work that they have undertaken on their LIS to date with this work being undertaken between December to Spring. The LIS will then be consulted upon in April onwards with the LIS being launched in Summer. The LEP has taken the view that it is better to go later and well than early and badly.

**Action: Begin development of Lancashire LIS in earnest, bringing together last 12 months of strategic development (Action 8)**

These documents and previous updates to the Strategic Economic Plan will help to inform the development of the Local Industrial Strategy. The evidence base will be crucial to the LIS development.

#### **MP Engagement Strategy:**

On MP engagement, the LEP have now produced an MP engagement strategy and are currently seeking to improve their relationship with MPs, which in some cases is very good. They will be implementing actions over the next few months in conjunction with the transition work. The LEP Chair advised that they have tried various activities to engage including visiting Westminster and holding joint MP sessions and allocating time on Fridays to meet MPs.

**The LEP is committed to working on continual improved engagement with MPs (Action 9).**

The LEP has discussed MP engagement with other LEPs through the LEP network and guidance had been written some time ago about the role of individual MPs, their role and Government business.

The LEP Chair advised that on skills they are looking at where they need to be in five years and the challenge to determine what skills and technologies will be needed in the workplace means that Lancashire needs to be flexible in its approach. He mentioned that was why they felt it important to work across

primary, secondary, FE and HE to help young people understand the skills they need and to prepare them for the world of work

Mike Blackburn, Lancashire and GM Board member (ex BT) is leading on the digital skills activity.

Lancashire are currently awaiting publication of the TfN Investment programme although it was envisaged that they had been successful in securing key transport activity. There has been some extensive work on developing the evidence base as well as positioning improvements on West-East connectivity across the county. Lancashire has developed a Transforming Cities bid, however this was not included in the first cut of projects, but it is hoped that this could be announced in future as there is a strong narrative around economic growth linked to the City Deal.

**Engagement with NP 11 and LEP Network:**

Lancashire are working with Greater Manchester and Sheffield and building on strengths and improving the messaging rather than adding new initiatives. In addition, they are working across the NP11 on clean growth, transport, health and aging. Lancashire are engaging looking at working with the North East on the healthy aging agenda.

**The LEP will work with Sinead O’Sullivan, their Senior Sponsor who has offered to assist with cross-Whitehall issues following her visit last month (Action 10).** Murryam has met with Gavin Lambert, Head of Advanced Manufacturing in BEIS and there are considerable links to be made with the North West including activity on Made Smarter and Lancashire’s dependence on AM.

**LEP Feedback**

The LEP Chair advised that he had concerns about Agri-economy and how this works for Lancashire. He mentioned the farm resilience programmes that are in operation through the Prince of Wales programmes. He felt that there needed to be more efficient food production within the UK, however, it is difficult to see how this is referenced. He mentioned that land ownership may need to change to address the farming landscape.

Lancashire have been driving improvements in Skills and enterprise and now have Enterprise Advisors in all secondary schools in Lancashire. This work builds on the work of the two skills hubs and the partnership with the Careers and Enterprise Company. Lancashire are hoping to exceed all the Gatsby benchmarks, including getting young people to have at least four interventions with businesses. They are also working with responsible business networks and getting young people used to the world of work, they will be preparing a briefing of their work with DfE and BITC.

Graham Cowley advised that he was working with Baroness Valentine and Business in the Community’s Responsible Business network in Blackpool through the work of the New Opportunity area.

National Assurance Framework – The LEP asked when the National Assurance Framework would be available. As this is a MHCLG Accounting Officer document this must be fully cleared, and this is in process. It is the intention to publish before year-end, although the political uncertainty now could delay this.

UKSPF – The LEP enquired if there was any further information on the UKSPF consultation and was advised that Government hoped to launch the consultation shortly.

#### Action Points

Action #	Action Point	Owner	Date to be completed	Date completed	Resolution
1	Lancashire will provide details of the timeline of recruitment of their new Board members.	Lancashire LEP	31/1/2019	31/01/2019	
2	The LEP to set out a timeline for the creation of an independent secretariat.	Lancashire LEP	28/02/2019		
3	The LEP to keep HMG fully informed of progress on the recruitment of the LEP Chair	Lancashire LEP	To appointment of Chair (Expected mid-April)		
4	Chair roles and responsibilities to be reviewed following publication of new NAF and updated accordingly. The LEP will include a revised structure chart showing the flow of organisational decision making.	Lancashire LEP	31/03/2019		
5	Keep Area Lead informed of project progress and funding reallocation especially relating to large projects (e.g. PWD)	Lancashire LEP / Area Lead	Ongoing		
6	Forward plan of milestones to be developed and shared with Area Lead	Lancashire LEP	28/02/2019		
7	Work with CLGU Compliance Team to share best practice on delivery and social value toolkit	Lancashire LEP and Mark Hazleton	31/03/2019		
8	Begin development of Lancashire LIS in earnest, bringing	Lancashire LEP	Jan – April 2019		

	together last 12 months of strategic development				
<b>9</b>	Continue to deliver MP engagement strategy and improve relationships with MPs	Lancashire LEP	Ongoing		
<b>10</b>	Work with Senior Sponsor on cross-Whitehall issues and to raise profile of Lancashire	Area Lead / Lancashire LEP	Ongoing		