



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: 30th September 2020

Report of the LEP Chief Executive

(Appendix 'A' refers)

**Report Author: Sarah Kemp, Tel: 01772 531885,
Sarah.Kemp@lancashirelep.co.uk**

Purpose of the Report

Provide the LEP Board with an overview of activity carried out in the previous period and planned for the following period in respect of Strategy, Accountabilities, Commissioning, Programme

Recommendation:

LEP Directors are requested to note the contents of the report.

Background and Advice

Strategic Framework

- 1.0 Work is fully underway now to develop the Strategic Framework in a clear Delivery Plan which includes:
 - Review of all current economy-related Strategy, Plans, Policy and Programme to determine strategic fit and identify gaps in the Framework
 - Current gaps identified, include an Internationalisation Strategy, Coast and Rural Plan for Lancashire, review of *finance for business* provision across the County, a refresh of the Skills and Employment Framework and a Stakeholder Engagement Plan
 - Completion of the Local Industrial and Recovery Strategy in a post-Covid world
 - The first element of the Sector Group work – Response to Covid.
- 2.0 The Commissioning of the **Internationalisation Strategy** and mapping of finance for business provision will take place in this forthcoming period. The scope of this work will be shared for LEP Directors' comments shortly.
- 3.0 The **Skills and Employment Framework** Refresh Consultation will be consider by LEP Directors at the Bi-weekly Board Meeting in October.



- 4.0 **Sector Groups** are formed for Manufacturing, Energy and Low Carbon, Tourism Culture and Place and Food and Agriculture. The groups are generally making good progress and where slowed, this is mainly due to holiday period and urgent requirements to attend to own businesses demands in current economic crisis. Energy and Low Carbon will be the first sector group to report its findings back to the Board, following which, the report will be published. The Food and Agricultural Group has also made good progress and follows closely, in respect of setting out its priority interventions in respect of Covid and recovery. This group in particular is focussed on Brexit, as much as the impact of Covid and will continue to develop its programme of action with Brexit at the forefront of their thinking.
- 5.0 The **Local Industrial Strategy** will be re-commissioned for completion, in this forthcoming period in order to have in place, a clear economic strategy for Lancashire as the current Strategic Economic Plan reaches term in 2020. Local Industrial Strategies were required by Government to be prepared by all Local Enterprise Partnerships and in January 2019 the Lancashire Enterprise Partnership commissioned Steer, to prepare an evidence base to support its development. Government required that these strategies were co-produced and co-published with them.

As part of Wave 3, Lancashire was in train to receive sign off for the Strategy in March 2020. Unfortunately, however, Brexit negotiations and the General Election disrupted the timeline for senior officials and the process was postponed. The re-start of the process was then further undermined by Covid19. Government has not yet made explicit, any changed policy with regards to Local Industrial Strategies but the LEP is seeking a less "prescribed" approach to production, that allows us to fully address the impact and recovery of Covid 19 and drivers to various scenarios of economic forecast.

There is now a real pressing need to revisit the original analyses, refresh the numbers and re-position the strategy to take full account of the impact, the prospects and interventions for stabilisation and recovery and to re-find the pathways to growth. To do this meaningfully, we purchase new economic forecasts that account for the disruptive impact of Covid and review the chapters, the propositions, asks and offers of the emergent strategy as well as re-socialise it with key partners.

On that basis, it would be sensible to continue to work with the existing consultants given they produced original analyses, but extend the work. Nevertheless, we believe a lot of in-house work will replace some of the re-working of the chapters and propositions as the new normal emerges for Lancashire..

- 6.0 The LEP has been encouraging a collaborative approach to producing the Independent Economic Review of the **Greater Lancashire Plan** with the unitary authorities and county council to agree the basis and specification of a



longer-term economic review as part of the Greater Lancashire Plan process. The procurement of the economic analysis will be re-started as a consequence of the passage of time, and will build on the foundation of the Local Industrial Strategy and evidence base in order that the same evidence base and forecasting model is used to support both pieces of work.

Governance

Peer Review

7.0 The LEP Network are leading a programme of Peer to Peer Review for all LEPs across England, it's purpose being to ensure that all LEPs are operating to a consistently high standard around the three areas, on which government assesses LEP performance – governance, strategy and delivery, and that LEPs collectively have successfully addressed the recommendations from both the National Audit Office and Public Accounts Committee findings.

Lancashire LEP was paired with the Solent LEP of which there were surprisingly many similarities. In facilitated discussion, the Chairs, Chief Executives and a couple of senior officers met for the first time in June and held a conversation which was centred on the subject areas of, response to Covid, relationships with accountable bodies and strategy setting. It proved to be a very fruitful exchange of understanding and ideas and both LEPs agreed it would be beneficial to maintain this closer relationship moving forward. The LEP Network are currently evaluating the effectiveness of these reviews and will inform us in due course, on the continued support to this programme, particularly in the context of the White Paper on Devolution.

Review of Form and Functionality

8.0 A review of the core functionality of the LEP has been undertaken and used to inform proposals to ensure that the LEP has effective institutional capacity and capability. The CEX will be meeting with all Members of the Board individually to discuss the proposals and seek feedback. The aspiration is to ensure that there is sufficient capability to meet the core functions of a LEP, namely:

- Strategy development
- The allocation of funds – developing investment opportunities and prioritising them for potential funding
- Coordination – in response to challenge the local area may face
- Advocacy – an 'informed and independent voice' for the area

and in respect of the key policy areas of:

- Capital Fund investment
- Inward Investment
- Business Support
- Innovation
- Place marketing
- Skills



- Transport

The proposals will take into account the existing capability and capacity in these functional areas allocated to the LEP and the key consideration of affordability.

Governance Review

9.0 A Review of governance arrangements is underway, initiated by the Members of the LEP, Lancashire County Council, Blackpool BC and Blackburn and Darwen BC. Officers from each Member have been selected, offering different but relevant, functional expertise and generally independent of LEP operational activity, to work with the LEP's Chief Executive and make recommendations to the Members to ensure:

- An effective LEP, driving and delivering economic growth and job creation for Lancashire
- National policy and framework compliance
- A collective and purposeful stake in the LEP organisation and its remit
- Effective, transparent and financially supported operational arrangements

The Review has been carried out reflecting the evolving nature of LEPs since their formation in 2010 and subsequent national reviews, policy changes and recommendations. The LEP will be benchmarked against the current expectations of LEPs as well as established best practice. In addition, more detailed reviews of governance and associated operational functionality will be taken into account. Those recommendations will be considered within this period and shared with the LEP Board for views in due course.

Mid-Term Review BEIS

10.0 A mid-term review by BEIS is scheduled imminently. The previous Annual Review carried out in January 2020 set out the following findings:

- Strategic impact Requirements not met
- Delivery Good
- Governance Requires Improvement

This makes a clear statement that the LEP has work to do in order to improve. The LEP has welcomed a mid-term review both to demonstrate progress, provide a clear focus for action and seek validation and support from BEIS in respect of actions for improvement, including those set out by BEIS in the most recent Annual Review. Of particular note, the LEP will carry out an independent Annual Audit, produce an End of Year Annual Report, hold an Annual General Meeting and produce an Annual Plan for next financial year, for the Board to approve in March 2021.

The mid-term review will be concerned with the extent to which the "spirit" of expectations is being met and not just the meeting of minimal functionality requirements. The governance review which is currently being carried out by



the LEP and Members of the Company will be used as a foundational piece of the LEPs submission to BEIS. The findings of this review will be reported at the December Board Meeting.

Programme Updates

11.0 Reported as a separate Board agenda item, including the proposed process for formal approval of projects to be delivered as part of the "Getting Building" Fund.

Programme Assurance

12.0 The LEP Board is accountable to HMG for delivery of government funded programmes. In this coming period the LEP will base-line the following programmes to assure the LEP Board of strategic impact, performance of delivery, compliance with assurance frameworks and that all risks have been identified and appropriate mitigation has been put in place:

- Growth Deal
- Growing Places
- Enterprise Zones

Other Programmes of the LEP will be reviewed in the last quarter of this financial year.

Financial Report

13.0 Reported as a separate Board agenda item

Risk Register

14.0 Presented in the Governance update report

Major Initiatives

EDEN North

15.0 On the 4th September, a Green Book compliant Outline Business Case was submitted to HMG seeking £70m of public sector funds towards a £125m overall project value to create a year-round, Top5 North West visitor experience destination attracting 950,000 visitors each year from 2024; success of the business case is dependent on these visitor numbers. The Business Case sets out the following:

- The preferred option for finance - £70m HMG funds, plus £10m of private philanthropic contributions, £10m contractor loan, £30m senior bank debt and £5m local crowdfunding.
- The Benefit to Cost Ratio (BCR), the amount of benefit generated for each £1 public sector funds invested is calculated to be 3.61 to 1
- A clear and apparent state aid exemption block GBER Article 53 provides gives clear headroom of >£83m against public funds already committed as well as total project costs.



- Multiple elements of benefit including the creation of 2000 jobs construction jobs between 2021 and 2024 as well as commit to 80% of supply chain spend in the local economy.

The environment in which this bid is submitted for funds, is very competitive given the context and scale of Post-Covid asks of Government. Government has indicated that they are not expecting an announcement necessarily in the Comprehensive Review of support for EDEN North, but this doesn't mean that support is not being considered.

Feedback has already been provided from colleagues across government departments which is being addressed by the project team as they come through. An earlier submission to government of this project received a response from the then NPH Minister Simon Clarke, outlining a number of points to be addressed; these points are now addressed in the OBC.

Site transfer from Lancaster City Council to EDEN is now at Heads of Terms stage and Lancashire County Council has offered to become the Accountable Body for any HMG funding, as well as providing funds to finish development of the OBC. A further £1.5m has been raised by partners which includes £1.2m of approved LEP Growth Funds, to complete the Development design phase and take the project to full Planning Consent.

Capital of Culture 2025

16.0 A verbal update will be provided at the LEP Board

Policy Update

Comprehensive Spending Review

17.0 The Comprehensive Spending Review is a process of Treasury Engagement with Government departments to agree policy areas of action and associated budgets for the forthcoming fiscal period. Although the LEP has not been invited to submit a response directly, many LEPs will, and Government has invited third party views via a consultation process which will facilitate LEP submissions. This LEP has prepared a response which will be considered by LEP Directors before submission on 24th September.

NP11 and the LEP Network will also be making a direct submission to the consultation.

Devolution White Paper

18.0 At the time of writing there is no definitive position on the publication of this paper although various drafts are in circulation amongst government officials. The most recent indication is that this paper will be published by late October, early November.



Energy White Paper

19.0 Similarly, this much anticipated paper has no confirmed date of publication, but carries very high significance in respect of the opportunities, challenges and interventions of the Sector Group for Energy and Low Carbon.

Brexit

20.0 No updates to report

UK Shared Prosperity Funds

21.0 No update to report

Other Business

22.0 The post of Head of Strategic Communications and PR is currently under recruitment and Blackpool MBC will be the employing authority; the post will be seconded to the LEP. The application response was very strong with 31 applicants and interviews are taking place over the next couple of weeks.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A