



Lancashire Enterprise Partnership Limited

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Strategic Economic Framework for Lancashire (Appendix 'A' refers)

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Executive Summary

Over the course of the past 12 months, the Board of the LEP have engaged widely with a range of stakeholders, including businesses, local authorities, public and private sector partners, MPs and Ministers, to produce a new Strategic Economic Framework for Lancashire.

In order to bring this framework to life, this paper reflects and recognises some of the relevant and most significant elements of economic development' strategy, programmes and initiatives, already in place in Lancashire as a foundation on which to build a Delivery Plan, set against the Strategic Framework.

This report highlights key elements of the development of the Delivery Plan and sets out an action plan and timetable to achieve the next phase of development and proposes a budget envelope required to develop this next phase.

Recommendation

The Lancashire Enterprise Partnership Board is asked to:

- (i) Approve the action plan to develop the Delivery Plan of the 'Strategic Economic Framework for Lancashire' and
- (ii) Note the resource envelope of £290k is required to develop the next phase of the Delivery Plan, of which £150k of this envelope has already been approved under delegated limits and reported within the Operating Budget.

Background

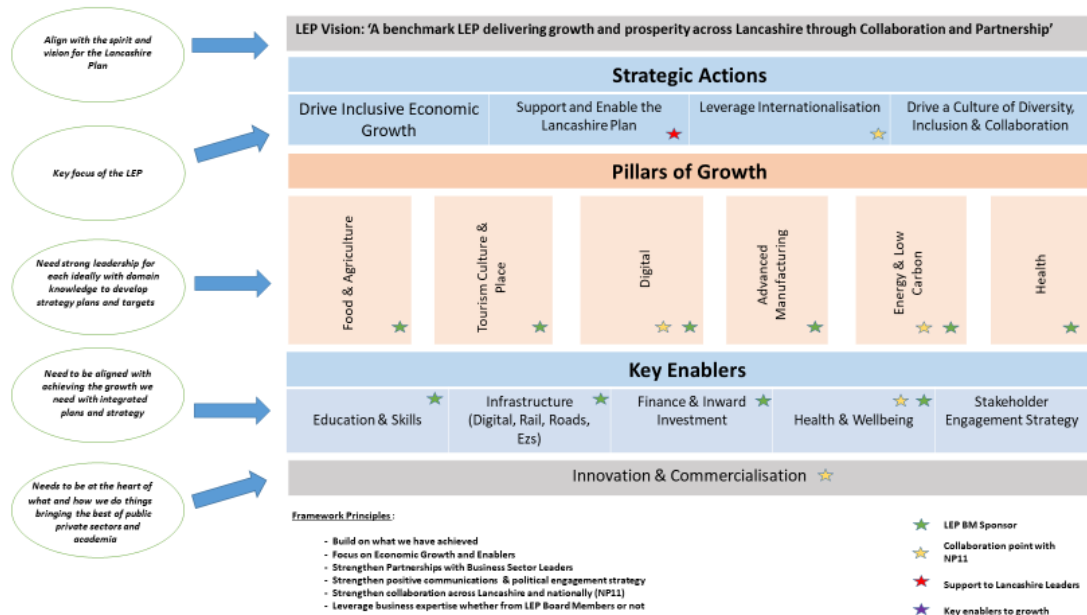
1. Background

- 1.1 The role of the LEP is to set the economic strategy for its area, the current policy remains directed towards the delivery of Local Industrial Strategies



(LIS). The LEP has previously developed and approved the precursor to the LIS, the Strategic Economic Plan (SEP) for Lancashire (2014) which focused on improving capability and capacity and seeking to overcome barriers to growth.

- 1.2 Whilst major elements of the SEP remain valid today, a series of significant socio-economic events continue to challenge the performance of Lancashire's economy and its impact on the everyday lives of its people and communities, such that a new economic framework is required, which best positions Lancashire to address today's challenges and embrace tomorrow's opportunities.
- 1.3 At the last Annual Performance Review of the LEP, the LEP was rated "Good" for Delivery" and but "Not meeting requirements" for Strategic Impact.
- 1.4 Over the course of the past few months, the LEP Board, under the leadership of a new LEP Chair, Steve Fogg, has consulted widely with a variety of stakeholders, partners and businesses to produce a new *Strategic Economic Framework for Lancashire*.



- 1.5 The Framework itself is not a strategy but sets the parameters and focus of attention in particular areas and domains, against which the following can be further developed:
 - Data and evidence collation and analysis to support decision-making
 - Economic policy and strategy setting for Lancashire
 - Key priorities for investment and intervention determined
 - Resource allocation and alignment of public funds to agreed priorities
 - Monitoring and evaluation of strategic impact



- 1.6 In addition, the Framework also positions a set of behaviours and values (*strategic actions*) which are to be embedded throughout the development and implementation of the Delivery Plan, behaviours and values which the LEP agrees to demonstrate at both an individual and organisational level.
- 1.7 The Framework prescribes a system leadership approach which brings together both the public and private sector to address the underlying economic challenges of the county, as well as respond to existing and emerging opportunities. It identifies key industry sectors for employment and productivity growth (*pillars of growth*) and a set of enablers, essential to the success of those industry sectors where barriers to growth may need to be addressed and enabling factors fuelled for greater impact.
- 1.8 In recent months the socio-economic landscape of Lancashire has experienced some of the worst impacts of Covid19 and is yet to deal with the realities of Brexit. Opportunities and challenges have, and will continue to arise, from these significant events and the Framework will ensure that the appropriate attention is given to real-time, rapidly evolving changes in Lancashire's socio-economic environment.
- 1.9 Within the Framework system, a series of inputs will start to determine evidence-based strategies and priorities for action, which will deliver strategic impact for Lancashire with respect to the following:
 - New and sustainable jobs for everyone
 - Improved productivity across Lancashire's business base
 - A vibrant ecosystem which supports new business start-ups and growth
 - Investment and growth in new industries for Lancashire
 - Significant contribution to net zero carbon targets across all sectors
 - Enhanced sustainable, internationally competitive businesses
- 1.10 The role of the LEP stretches beyond that of economic strategy setting to ensure that it continues to:
 - act as the interface with government in bidding for new resources which can be deployed to deliver local growth priorities
 - advocate on behalf of all Lancashire businesses as an independent voice, to influence and shape policy determination and decision-making at a local and national level for the greater benefit of the county
 - deliver programmes aligned to business support, skills, innovation, inward investment, infrastructure, regeneration and place-making
- 1.11 The LEP will continue to consult widely with stakeholders and partners in the development of individual elements of the Delivery Plan.



2. The Approach

Pillars of Growth

- 2.1 At the heart of the framework there is identified six *pillars of growth* against which a sector development approach is being taken, led by sector groups formed of business leaders which represent, all areas of the county and most recognised sub-sectors of their industry. The Sector groups are chaired by individuals passionate for the success of their sectors:

Manufacturing led by Dave Jones, MD of Veka

Tourism, Culture and Place – led by Kate Shame, MD of Merlin Entertainments

Energy & Low carbon Technologies led by Mick Gornall, MD Cavendish Nuclear

and Miranda Barker, CEX East Lancashire Chamber of Commerce

Food & Agriculture led by David Hall, Regional Director NFU

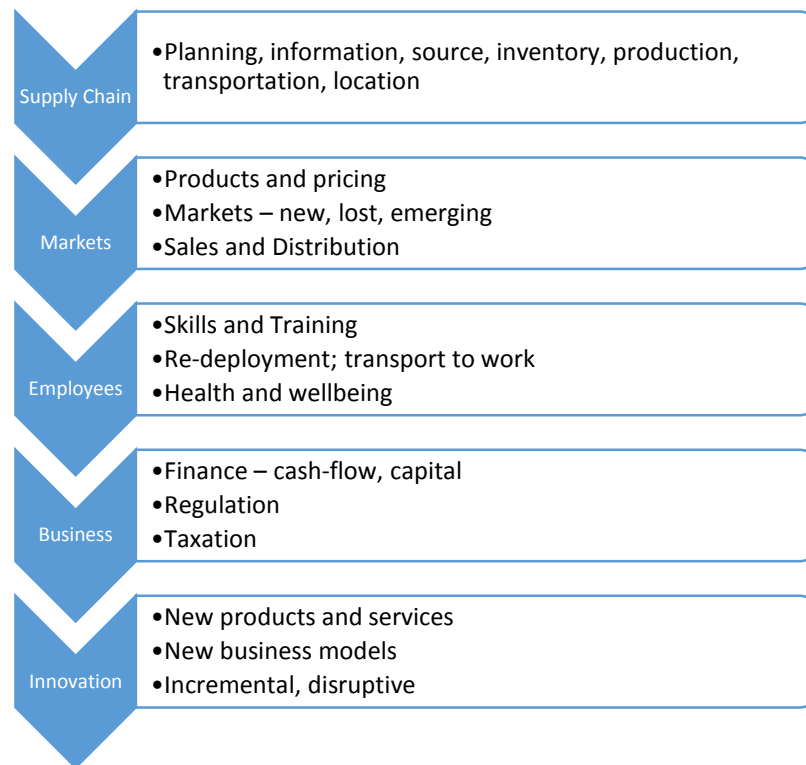
Digital led by Kam Kothia, CEO of Time2 Technology

Health led by Stjohn Crean, Professor at UCLAN

- 2.2 In response to the emerging economic crisis as a result of the impact of Covid19, the Sector Groups' initial focus is on an effective response to the crisis. Each group has or will identify and characterise its position at any given time, in terms of four phases:

Survival, Stabilisation, Recovery and Return to Growth

The group will set out the specific challenges and opportunities of the sector, defining what "good" might realistically look like. The sector group examines its situation through a number of optics which might include, but is not limited to, Supply Chains, Markets, Employees, Business and Innovation.



- 2.3 A set of priorities and interventions will be identified to respond to the "immediate and urgent", recognising that each sector has and is continuing, to experience a differential impact to Covid19 by scale and intensity, some having been very severely impacted, such as tourism and hospitality and others much less so, such as nuclear industries. Where required, the sector group may commission further evidence or a specific task and finish group to address the particular needs of a specific subsector and produce a Recovery Plan. For example The Lancashire Aerospace Task Force convened in the early stages of lockdown to produce a Recovery Plan, recently published.
- 2.4 The output of this initial activity of the sector group to address the impact of Covid, will be published as soon as possible and shared with all stakeholders and partners. Working groups will be formed with partners where required, to lead the implementation of any actions arising from these early plans for the sector and the LEP will work directly with government and partners to raise the resources required to implement the plan and any desired shifts in policy.
- 2.5 Building on the foundations of the response to Covid19, the Sector Groups will continue to lead the development of long terms sector plans to achieve and sustain a competitive position on both a national and international platform, based upon a deep knowledge and understanding of their sectors. Their focus will be to address the elements by which new pathways back to growth, are developed and the creation of competitive advantage is achieved through:
- increasing the productivity of companies based within the area
 - driving the direction and pace of innovation in business



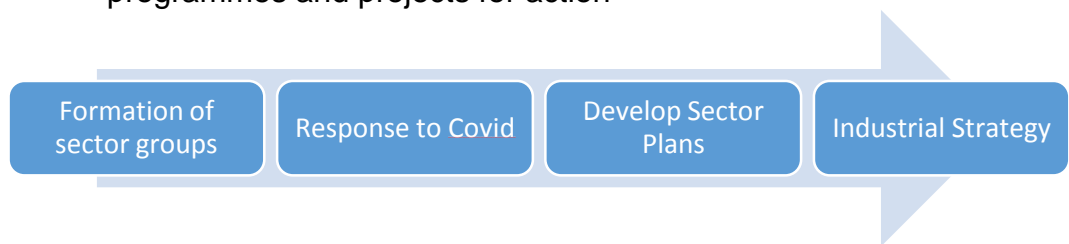
- stimulating the formation of new businesses

2.6 The Sector Groups will look towards competitive success, focusing resources and policies toward developing and retaining businesses, and creating and sustaining employment across the pillars of growth, which demonstrate the best opportunity to build, and enhance, the region's economic strength.

Local Industrial Strategy

2.7 In turn, the Sector Plans will inform the further development of the Local Industrial Strategy by:

- bringing a real-time, business-led independent view of the performance of the sector
- providing initial evidence and analysis from within a rapidly changing economic environment
- establishing key priorities for action with appropriate timing and sequencing of intervention
- setting benchmarks for performance of the sector
- providing oversight to the implementation and impact of specific programmes and projects for action



2.8 Within each sector group, there will be a clear focus on increasing productivity (expressed via the Local Industrial Strategy), innovation (expressed via the Innovation Strategy and Plan) and stimulating the formation of new businesses, supported by a new focus on incubators and accelerators, investment finance, business support and global opportunities.

2.9 The LIS requires a new evidence base to be developed which reflects the post-Covid19 reality. The prescription of the original LIS will be expanded from sub-regional competitiveness to be more reflective and responsive to inclusive growth.

2.10 The LEP is commissioning a new economic forecasting model which will be updated regularly to track changes in the economy at a local level. The same data set will be used as foundational intelligence to support the Independent Economic Review for Lancashire and will be made available to all local authorities to serve their very specific purposes. In essence, Lancashire will be making decisions based on a single version of the truth.

2.11 The LIS will incorporate an additional element which seeks to understand the structural reasons for Lancashire's underperformance in the economy, taking both a backwards and forwards look, from 1980 to 2050. This understanding will set out a number of "deep dives" into the drivers of underperformance,



deep dives which are to be incorporated as part of the Independent Economic Review.

2.12 The LIS will also articulate the future potential of Lancashire as an economic engine for the North, which will inform future conversations with government and investors as to where and how to target investment to maximise growth and job creation.

2.13 The initial analysis output report is anticipated before the year end and the LIS to be completed in Spring. There is intended to be consultation around the final Strategy and a working group which includes economic development officers of local authorities is established, to support and guide the production of the LIS.

Enablers

2.14 The Sector Groups will identify which *Enablers* are most important to the success of their sectors and what barriers to growth might exist. In particular, there will be a focus on the enablers identified with the Strategic Framework:

- Education and skills
- Infrastructure (transport, utilities, digital)
- Finance for business
- Inward investment and internationalisation
- Health and wellbeing

2.15 The Sector Plans may also recognise and reflect other enablers vital to success, and set priorities and actions as appropriate to each sector. Certain elements of the framework, namely Digital and Health are to be regarded as both enablers to all sectors and pillars of growth in their own right.

2.16 The work of the Sector Groups will not only serve to shape the Local Industrial Strategy but will also provide vital inputs to:

- broader related economic strategy in key policy areas such as skills, transport, inward investment and business support
- policy shaping and influence at a local and national level
- stakeholder engagement plans
- bidding for new resources for investment from both the public and private sectors
- identifying priorities for capital funds investment by providing an economic lens
- proposition development to attract new investors

The groups will consider intervention at all levels – for *individuals* as a source of talent and desirable skillsets, for *businesses* to enhance their competitive positions, at an *industry* level to address market failures and emerging



opportunities which businesses by themselves, cannot achieve and at a *global* level to embrace and capture existing and emerging opportunities.

3.0 Strategic Actions

3.1 The Strategic Framework identifies four *Strategic Actions* which are primarily a set of behaviours and values which will be ubiquitous in their application, for all elements of the Delivery Plan to:

- Drive inclusive economic growth
- Support and enable the Greater Lancashire Plan
- Leverage internationalisation
- Drive a culture of diversity, inclusion and collaboration

3.2 There are many definitions of *inclusive economic growth*, but at its broadest level, it's about ensuring that everyone can both benefit from and contribute to, economic success; no-one gets left behind. Economic growth also delivers social value - a measure of the relative importance that people place on the changes which they experience in their lives. The LEP wants to ensure that through delivery of its core objectives, social value is optimised against any given activity and approach, and that it endeavours to capture and measure social value, giving it equal import to other more traditional economic measures.

3.3 Examples of social value might be the value people experience from increasing their personal confidence as a consequence of work experience, or from improved health and wellbeing as a consequence of living next to a community park. These things are important to the LEP, but haven't always been commonly expressed or measured in the same way that economic or financial value has been reported.

3.4 The Strategic Framework will recognise the importance of disparities and inequalities at all levels. Social value has huge potential to help change the way we understand the world around us, and make decisions about where to invest resources. By changing the way the LEP accounts for value, the LEP can positively contribute to a region which is serious about the levelling up agenda and creating a healthy and sustainable environment.

3.5 The benefits of addressing social value include:

- Maximising the value the LEP creates – both social and economic
- Involving the people who matter most – those who live and work in Lancashire
- Gaining competitive advantage for Lancashire's businesses
- Enhancing communication and understanding between stakeholders and partners
- Securing more resources for investment in Lancashire



- 3.6 The LEP will produce a new *Social Charter* which sets out the Principles of social value, Objectives and Measures. Applying the Principles will help the LEP to become more accountable for what happens as a result of its actions, and means being accountable for more than just achieving its objectives; inclusive growth and embracing difference, working collaboratively are all equally important aspirations.
- 3.7 The outcomes can remain specific to the context, activity, and the stakeholders involved. When applied, the Principles also create an account that recognises that the level of rigour required depends on the needs of key stakeholders in any given place and the decisions which will be taken.
- 3.8 In producing the Social Value Charter, the LEP will work with the leaders of both business and the community to understand what matters most in different places and to ensure that social value is maximised and captured in all elements of its work.
- 3.9 Building effective relationships with stakeholders is fundamental to the work of the LEP. The success of the wider work of the LEP and the ambitions of the Strategic Framework and core strategies such as the Local Industrial Strategy is dependent upon our ability engage with our diverse range of stakeholders. Collaboration and partnership working is therefore the backbone to our approach to providing the economic leadership to produce positive outcomes for Lancashire's residents and businesses.

Greater Lancashire Plan

- 3.10 The *Greater Lancashire Plan* reflects the aspirations of Lancashire local authorities for a plan for Lancashire designed to secure the economic, environmental and social wellbeing of all of its communities. Authorised by all fifteen local authorities the GLP is the basis for securing a single voice and greater collaboration, particularly across local government at the pan-Lancashire level, where the whole would be greater than the sum of the parts.
- 3.11 The first step was to produce a single evidence base built upon three commissions: an independent economic review, an environmental study, focussed on net carbon and climate change, and public reform.
- 3.12 As the lead body for the subnational economy in a non-Mayoral Combined Authority area, it is important that the Independent Economic Review takes its lead from the Strategic Economic Framework and Lancashire's Local Industrial Strategy. For these strategies to maximise economic growth and jobs for Lancashire, including higher productivity, levelling up, and the green revolution, it is important that the LEP Board is fully engaged as an active client of the Review. Steps are being put in place now, to enable that engagement to happen with the appointed consultants, Metro Dynamics, who have already identified the LEP Board as a key stakeholder. Sessions will be set up with the Chair and the Board and Sector Groups to shape the Review as it develops.



- 3.13 Equally, the Review must not cut across the development and finalisation of the Local industrial Strategy but feed into it and help shape it. The Review will add value by shining a light on the contribution of wider factors that impact on local economic conditions, such as housing, transport, planning and the environment. This alongside a series of 'deep dives' has the potential to strengthen the Strategic Economic Framework and the Local Industrial Strategy as well as the GLP. The Board and the Sector Groups will be well placed to shape the development of these wider factors and determine and shape which deep dives are most critical to success.
- 3.14 The Environmental Study, also part of the Greater Lancashire Plan, will produce a technical analysis of the gaps and options in achieving net zero carbon targets. Again, the Board and the Sector Groups will have similar key opportunities to respond to and shape this work going forward.

International Strategy

- 3.15 *Internationalisation* plays a critical role in Lancashire's economy as a strategic element of the county's business base and supply chains, its innovation, research and development landscape, sporting and cultural heritage, visitor destinations and universities. Covid19 has demonstrated the need to build greater resilience within supply chains, forge new networks and relationships, diversify through innovation to produce new products, access new markets and distribution channels and develop new skillsets. With Brexit impending and new challenges and opportunities to face, there is a need to maximise all opportunities presented from globalisation.
- 3.16 In particular, the ability to drive new inward investment into Lancashire is an essential component of creating jobs and increasing productivity. A very small proportion of foreign-owned businesses generate a very large proportion of the region's GVA, from companies proving to be more productive than many indigenous businesses and paying more per worker as a consequence. Many global businesses rely on supply chains from within the county and significant globalised innovation is delivered through firms and institutions leading international research programmes.
- 3.17 A very large proportion of international students attend universities in the county making a vital revenue contribution to the universities and colleges and the local economy, but numbers of students and revenues are down significantly as a consequence of Covid19.
- 3.18 Many international migrants who have settled within the county, bring a wealth of talent, skills and expertise, although the effects and impact of Covid19 and Brexit, have led to the loss of migrant workers, particularly in the healthcare, food and agriculture and hospitality sectors. At least 90 different languages are spoken in Lancashire and more than 18 categories of ethnicity are represented, according to the last census.



- 3.19 Lancashire needs to be far more specific and tactical in targeting strategically important markets as well as exploring and exploiting existing international connections. More effort needs to be made to articulate the sector propositions for investment and enhance trade and international supply chain opportunities.
- 3.20 Whilst there is a lot of business support activity happening in this space, it is not well co-ordinated and integrated, nor promoted within target markets, despite strengths in many areas. As yet, we have no sight of the UK Shared Prosperity Funds, intended to replace European Regional Development Funds which limits Lancashire's ability to incentivise global mobile investment, but as those discussions proceed with government, Lancashire needs to be clear about its ambitions and objectives in respect of globalisation.
- 3.21 It is therefore proposed that the LEP commissions an *Internationalisation Strategy* which directly contributes to the levelling up agenda and closes the productivity gap, through:
- Development of internationally competitive sectors, through outward and inward investment, trade and international supply chains and by developing an internationally comparable skills base
 - Maximising the potential of the county's science and innovation, research and development base and education assets, by promoting research concentrations and knowledge capabilities internationally
 - Targeting strategically important countries for growth in trade and investment, by consolidating our position in established markets and explore new opportunities
 - Enhancing the region's international connections through transport links, networks, ambassadors, political connections and attracting international events, tourists and visitors
 - Influencing European and international policies which have a direct impact on the county

4.0 Action Plan

- 4.1 The LEP Board held an Away Day in November to discuss each of the domains of the Strategic Framework and put forward a set of actions to develop the Delivery Plan, the main actions summarised below:
- Develop a LEP **Social Charter**
 - Develop a **Stakeholder Engagement Plan**
 - Commission the production of an **Internationalisation Strategy** for Lancashire
 - Support and guide the development of the **Independent Economic Review (GLP)**
 - Establish **Sector Groups** for each of 6 key sectors
 - Produce a **Response to Covid19** and **Sector Plan** for each sector and provide input to,



- Complete the **Local Industrial Strategy**
- Produce a one-year refresh of the **Skills and Employment Framework**
- Support the Implementation of the **Innovation Strategy and Plan**
- Commission a review of **Finance for Business**
- Produce a refresh of the **Strategic Transport Priorities**
- Develop a **Strategic Financial Strategy** to assure continued development and implementation of strategic economic priorities

These actions and supporting sub-actions are summarised in Appendix 1, together with a quarterly plan for delivery and proposed resource allocation. Further actions may subsequently be added to the Plan as the Deliver Plan for the Strategic Framework is formulated.

- 4.2 The Board are requested to approve these actions and note the overall resource envelope of £290k to complete actions where investment might be required; some actions are already underway where specific costs fall within the delegations of the Chair and Chief Executive of the LEP. To-date, £150k of the wider resource envelope has already been approved under those delegated limits and is reported under the Operating Budget.
- 4.3 The Board is also requested to note that this resource envelope excludes activity which may be related but separately funded from Programme resources.
- 4.3 Subject to Board approval, the Board will receive regular updates of progress on a quarterly basis.

5. Section 151 commentary

The impacts of the above framework are included, where forecasts are available, in the operating budget report. Forecasts for the remaining commissions will need to fit within the envelope of reserves available and given consideration when further annual ongoing expenditure commitments are being considered.

List of Background Papers

Paper	Date	Contact/Tel
none		
Reason for inclusion in Part II, if appropriate		
N/A		