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## **Lancashire European Structural & Investment Funds Programme**

As you may know, Lancashire has one of the largest and best performing local European Structural and Investment Fund (ESIF) programmes. We are currently working with local and national partners to deliver our £211m ESIF allocation, the 6<sup>th</sup> largest allocation in England.

More specifically, Lancashire is currently placed in the top third of local areas in England, in terms of committing European Social Funds (ESF), and one of the best performing Transition Areas with regard to committing European Regional Development Funds (ERDF). This strong performance is based upon a well-structured and targeted ESIF Strategy, linked to and supporting our Strategic Economic Plan, Growth Deal programme, and Skills and Employment Strategy. Utilising a rigorous project pipeline development process we have been able to allocate resources to projects that will deliver to national objectives and local priorities.

Despite strong progress in delivering new growth and renewal plans in recent years, Lancashire is still grappling with major regeneration challenges and is currently operating at 25% below national GVA benchmarks. However, ESIF funds over recent decades have played an important role in helping places such as Lancashire to restructure their economic-base. However, the uncertainty created by the recent EU referendum result has placed over £100m in EU funding at risk in an area which currently includes five of England's 30 most deprived local authority areas - Blackpool, Blackburn, Burnley, Hyndburn and Pendle.

Although, the national ESIF programme started a year late, Lancashire has recommended £100m worth of activity for approval leaving over £100m still to be committed, which we fear may not be covered by your recent funding guarantee.

The Lancashire ESIF Committee, which is managed by Government officials, had originally scheduled a number of calls in order to commit as much funding as possible by summer 2017. This would have supported the achievement of national ESIF programme performance targets. As a result, we have over £30m of funding calls lodged with Government departments waiting to be issued. These calls, all integral to Lancashire's proactive approach to raising growth and skill levels, should have been issued earlier in summer 2016 but are all currently stalled.

In the case of ESF calls, we have been told that due to our strong performance Lancashire is not an immediate priority for calls and that the focus will be on other areas that are performing less well. From Lancashire's perspective, our perceived success is being used as an argument for holding back the delivery of our ESF programme.

Our ERDF calls are focused on research and innovation and flood mitigation, amongst other themes; all areas that are key for Lancashire and the UK, having been highlighted in our ESIF Strategy and the national Operational Programme. Delays in issuing calls will militate against planned delivery, in particular where significant match funding is either already agreed or time limited, and thereby could have the impact of further reducing the effectiveness and impact of these projects.

Within the European Agricultural, Farming and Rural Development (EAFRD) Programme Lancashire has allocated resources to support our Superfast Broadband roll-out. We are now onto Phase 2 of the rollout with, in conjunction with planned commercial coverage, 99% of Lancashire to be covered by the end of 2018. EAFRD resources would allow us to enhance connectivity for rural businesses where the current roll-out and ERDF resources cannot reach. However, it is not clear at the moment whether these funds will still be available.

Whilst appreciating the need for Government to assess spend in the light of Brexit, there is also a need to continue support for priority activity and the achievement of key outputs such as enterprises supported, businesses and homes protected from flooding, and an increase in the number of apprenticeships, for example. To this end, we welcome the latest initiative by the Government to assess future ESIF funding proposals and look forward to a constructive discussion regarding the use of the remaining ESIF resources based upon our priority activity and national objectives.

However, we are concerned that the momentum built up by Lancashire's programme of activity is about to be dissipated. Our pipeline of activity has been developed to meet local identified needs, within the context of a national programme, to deliver sustainable growth outcomes that will benefit both the Lancashire and national economy.

The following scheme proposals highlight our deep concerns. As you may know, the Lancashire Enterprise Partnership (LEP) has prioritised Lancaster University's Health Innovation Campus (HIC). The Campus is a crucial addition to the North of England's research and innovation infrastructure and will position the area at the leading edge of a national growth sector. The HIC has the potential to establish a world class science park comparable to offers in Oxford and Cambridge with the prospect of creating up to 3,000 new jobs. With an independently assessed business plan in place, the HIC is seeking £12M in ESIF funding to support the first phase of this development. We had planned that a call to support this proposal would be open by now for a possible approval in spring 2017, but we are concerned this key scheme is now in jeopardy.

The Lancashire Business Growth Hub, BOOST, was one of our first major LEP developments and has provided a streamlined and refocused support package for growth orientated businesses. To date, BOOST has worked with over 3,000 local SMEs and helped to create over 1,000 new jobs in less than 3-years. BOOST is supported by a suite of ESIF projects providing a range of business support activity. Future planned calls were to be focused on extensions to current activity to 2020 to maintain momentum and enhance longer term impacts. Further ESIF support, matched by local funding contributions, would have helped to sustain one of the country's best performing Business Growth Hubs. Again, we are uncertain as to whether Lancashire will be able to access this key funding source.

We consider maintaining the support the ESIF programme provides, until a fit for purpose successor is ready, to be all important. However, any successor programme must continue to support priority local activity and fully reflect the scale of an area's economic and social challenges.

The flexibility to adapt any new national programme to local conditions would also be welcome and fully consistent with Lancashire's devolution ambitions, especially given our strong desire and track record of driving forward growth and renewal programmes.

The Lancashire ESIF programme is a critical element of our economic growth and regeneration offer. The support it provides, by helping to unlock other resources, can make the difference as to whether an activity is deliverable and capable of generating outcomes of scale and relevance.

We recognise Lancashire is not unique in terms of its concerns regarding the future of ESIF resources. However, given the scale of funding at risk, and how local partners have skilfully linked these funds to other major public/private investment streams, the shadow Combined Authority and LEP are deeply concerned that our long-term growth and regeneration plans will be thwarted with no clear view on the way forward, with local residents and businesses penalised as a result.

We look forward to your response to the matters we have raised and an assurance that Lancashire and its key project proposals will not be financially disadvantaged as a result of the recent EU referendum.

Yours sincerely,

Simon Blackburn  
Chair of the shadow Lancashire Combined Authority

Edwin Booth  
Chair of the Lancashire Enterprise Partnership