



**Company Number: 07388600**

**Lancashire Enterprise Partnership Limited Board**

**Tuesday, 13th September, 2016 in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston, at 4.30 pm**

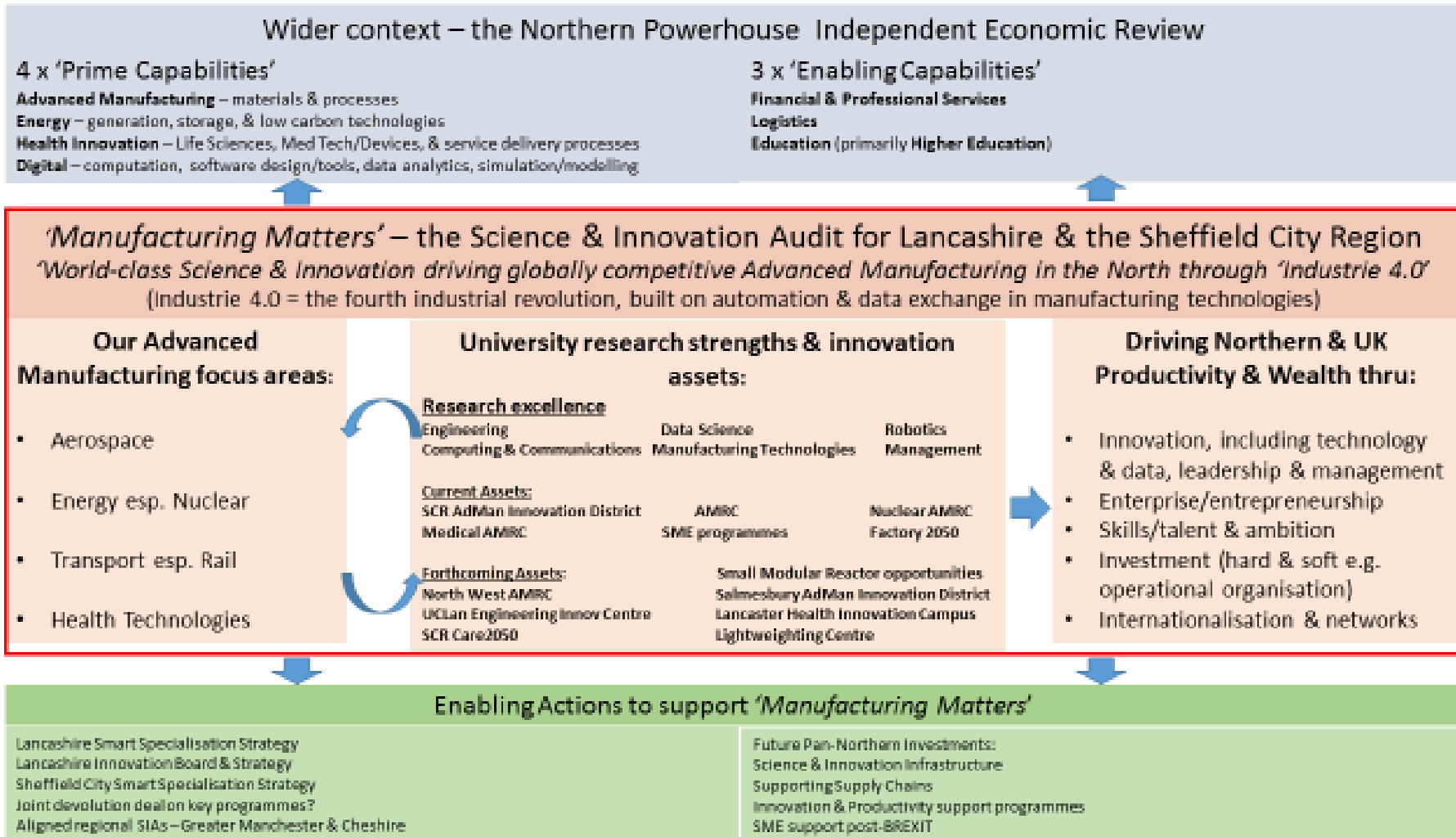
### **Supplementary Agenda**

Please find attached three reports that were listed to follow when the agenda for this meeting was first published. Please note, Item 15 – Growing Places Funding Update and Scheme Approval is a Part II Private and Confidential report.

- 8. Lancashire and Sheffield Science and Innovation Audit (Pages 1 - 4)**
  
- 9. Lancashire Strategic Economic Plan Refresh (Pages 5 - 10)**
  
- 15. Growing Places Funding Update and Scheme Approval (Pages 11 - 20)**



## Lancashire & Sheffield City Region Science and Innovation Audit



*Source: SQW, Sheffield City Region and Lancashire*

## ***Lancashire & Sheffield City Region Science and Innovation Audit***

The conclusion to the SIA is formed on an assessment of the complementary science and innovation assets and excellence in translational capabilities combined with the sound industrial base that can be built upon, sets a series of 'asks' to Government for the significant investment that will be required to drive a transformational change in the productivity performance of the region.

These major potential pan-Northern initiatives will build upon the more localised current and emergent physical and revenue proposals that will become significant enablers of, and pathways to, the bigger programmes that are built on the combined power of Lancashire and Sheffield City Region and the orchestration our complementary strengths and assets to firmly establish the North as a global leader in advanced manufacturing into the long term.

Our suggestions will need to feed into and compliment the Government's new industrial strategy and the direction this will take on making strong connections between industries and places, together with a link drawn through towards future devolution agreements and consideration of the potential for a future joint Lancashire-Sheffield City Region devolution deal on key priorities.

These are categorised as below:

- **Capital Science & Innovation infrastrucutre:** Establish the **Northern Advanced Manufacturing Innovation Corridor** from Sheffield's AMRC/Advanced Manufacturing Innovation District, with emergent opportunities around a light-weighting centre, a robotics and autonomous systems Catapult and strengthened links to the Turing Institute, to the proposed NWAMRC at the Salmesbury EZ and its evolution into the **Lancashire Advanced Manufacturing Innovation District**, linking in UCLan's Engineering Innovation Centre, national assets via the AMRC relationship to the High Value Manufacturing Catapult, Lancaster's proposals to develop a new research centre on joining technology with TWI and a linked £30m HEFCE Research Partnerships Investment Fund bid in this regard with BAE as a key partner, cementing the link between the Sheffield Medical AMRC and Lancaster's Health Innovation Campus and the development of this over three phases, the Nuclear AMRC through to the Springfields and Small Modular Reactor developments (and reach into Cumbria).
- **Northern Innovation Support programme(s):** building upon our collective leading existing and emerging innovation programmes that are advanced manufacturing /engineering focused and drawing in the complimentary disciplinary areas of digital, data science, cyber security, robotics, eco-innovation, health and care, management innovation, etc, linking together the corporate and SME agendas on building better and stronger supply and value chains. Explore the potential for Northern nuclear supply chain productivity/innovation support programme focused on the SMR opportunity.

## ***Lancashire & Sheffield City Region Science and Innovation Audit***

Given BREXIT and the particularly strong historical reliance on delivering such programmes through ERDF and through trans-national innovation and research partnerships, it is critical that Government find other sources of future finance to enable the above in this context.

- **Talent - skills, leadership and management, attraction and retention:** a pan-Northern skills programme to support the requirements of advanced manufacturing businesses, those in the wider complimentary aligned sectors and emergent new skills needs driven by Industry 4.0, supporting the replacement agenda for highly technical skills and risks around an ageing workforce, exciting the younger generation around the new advanced manufacturing and associated value chain career opportunities and stimulating the enterprising and entrepreneurial ambition and talent pipeline. Programmes that better enable us to retain but also attract the very best talent to the region and respond to the critical need to support the retention in the region of our STEM talent and meet the needs of industry to mitigate the growing skills gaps. New enterprise support for advanced manufacturing and linked industries to create the ambitious entrepreneurs and high growth businesses of the future.

Establish a **Northern Productivity Academy** to drive the transformational leadership and management change required to make a significant impact on the region's productivity. This builds on Lancaster's involvement through our partnership with BAE on the Government's Productivity Leadership Group and a pilot leadership for productivity programme under development. This to be underpinned by a strong research agenda and plans at Lancaster to establish a world-leading trans-disciplinary Productivity Research Centre in the Management School and building upon Lancaster's involvement through our work with BAE on the Productivity Leadership Group (and a pilot programme under development.

- Support for **Internationalisation** and how we can best exploit regional Higher Education and industrial networks and partnerships for broader benefit, working with the LEPs, UKT&I, etc. Explore the potential for a Northern Catalyst Programme building on the Lancaster China Catalyst Programme and Sheffield City Region internationalisation programmes.

All of the above further arises through direct consultation with key industrialists from across the best large and small firms in the North and resonates strongly with a recent report by the North West Business Leadership team focused on productivity that made three recommendations to Government to drive the required improvements to close the growing UK productivity gap with international competitor nations:

- Promote leadership and ambition, sharing best practice
- Support increased innovation and technology
- Support and encourage local and national government to prioritise productivity





## Lancashire Enterprise Partnership Limited

**Private and Confidential: No**

**Date: 13 September 2016**

## Lancashire Strategic Economic Plan Refresh

**Report Author: Martin Kelly, Director of Economic Development, Lancashire County Council**

### Executive Summary

The Lancashire Enterprise Partnership (LEP) published the *Lancashire Strategic Economic Plan – A Growth Deal for the Arc of Prosperity* in 2014. The Strategic Economic Plan (SEP) is Lancashire's first strategic framework to gain significant traction on developing and delivering agreed local growth priorities. However, the SEP will be 3-years old in March 2017, and it is important the SEP continues to evidence economic leadership and articulate an agreed Lancashire agenda for change which is relevant and bold.

In light of the strong progress made by the LEP and local partners in advancing key priorities; along with significant changes in national economic policy (with the intention to establish a national industrial strategy), spatial objectives (including the emergence of the Northern Powerhouse) and international relationships (especially post-Brexit); and with major changes in local governance with the development of the Lancashire Combined Authority (LCA), it is considered timely to refresh the SEP.

This report seeks to set out a way forward for the SEP's refresh for Board comment and approval. If the proposed way forward is agreed, the refreshed SEP will be developed in consultation with the shadow LCA, with a view to having a refreshed SEP agreed by the LEP and endorsed by the LCA by April 2017.

### Recommendations

The Board is asked to:

- i. Note the contents of this report;
- ii. Agree to the rationale and proposed way forward with the refresh of the SEP, as outlined in the report;
- iii. Authorise the LEP Chair to engage with the Chair of the shadow LCA to develop the proposed SEP refresh;
- iv. Agree to work with the shadow LCA, whilst engaging with public and private sector partners, to identify new strategic and transformational priorities, programmes and scheme proposals for consideration by the LEP



Board;

- v. Welcome the offer of the shadow LCA to identify senior local authority economic development officers to support the SEP refresh; and
- vi. Request a further report on the SEP refresh work programme to the Board meeting in November following further consultation between the LEP Chair and shadow LCA Chair.

## Executive Summary

### Background and Advice

#### *Current Position*

- 1.1 The LEP published the *Lancashire Strategic Economic Plan – A Growth Deal for the Arc of Prosperity* in March 2014. In recent years, the SEP has provided a robust economic framework which has enabled the LEP and local partners to develop and deliver agreed priorities. The SEP has also enabled the LEP and its partners, in both the public and private sectors, to establish new ways of working to deliver shared objectives.
- 1.2 The most visible measure of the SEP's success is its role in enabling the LEP and its local partners to secure and direct an unprecedented level of national investment, often on a competitive basis, to support the delivery of locally agreed priorities.
- 1.3 Over the last 3-years alone the SEP has provided the overarching strategic framework which has enabled the LEP, and Lancashire as a whole, to direct or influence nearly £1 billion in new public investment in support of locally agreed growth and regeneration priorities. In these terms, nationally, Lancashire is punching way above its economic weight, which is essential if the area is to close long-standing economic performance gaps with the rest of the country.
- 1.4 The SEP has been instrumental in enabling Lancashire to establish a new growth path by focusing on key economic assets and potential with major programmes of national significance now in place with a Lancashire Enterprise Zone programme of Northern Powerhouse significance; a highly regarded City Deal; the largest Growth Deal programme of any non-Core City LEP; Boost, which is recognised as one of the country's best performing business growth hubs; and with the Growing Places Investment Fund driving forward innovation in the financing of new development opportunities.
- 1.5 The SEP has also broken new ground in developing ambitious economic and housing growth outcomes for Lancashire, in the absence of aligned local plans. Spatially, the SEP has developed local thinking about locational economic priorities, the function of Lancashire's economic base with





approaches such as the *arc of prosperity*, and how the area relates to neighbouring city-regions.

- 1.6 The SEP has also provided the framework to continue developing spatial relationships with exciting opportunities emerging in relation to promoting the economic role and reach of places such as Lancaster and West Lancashire, in terms of exploiting their untapped strengths and cross-boundary locations with prime access to new economic opportunities. A strong "economic spine" is in prospect which connects a dynamic Lancaster, an extended City Deal area which recognises Chorley's gateway role, with stronger links with city-region facing West Lancashire. The SEP has also encouraged local partners to deliver change at the sub-county level. For example, partners in Blackpool and the Fylde Coast and in East Lancashire are developing local growth and prosperity plans with shared approaches on the how best to improve their business-base and deliver economic opportunities for residents.
- 1.7 The SEP has also enabled the development of a strong Strategic Transport Prospectus, underpinned by local transport masterplans, with both strategic frameworks helping to positively position Lancashire within emerging Northern Powerhouse economic and transport connectivity agendas, including the recent Northern Powerhouse Independent Economic Review.

#### ***SEP Refresh Rationale***

- 1.8 Clearly, the LEP's strategic thinking, evidence-base and pipeline development activity work has continued at pace since the SEP was first published. For example, in terms of strategic analysis, the LEP now has a strong evidence base underpinning a new Employment and Skills Framework; also as a result of developing Lancashire's nationally important advanced manufacturing sector; with new insights on driving innovation and smart specialisation garnered from the LEP's joint Science and Innovation Audit (SIA) with Sheffield City Region partners. Further analyses are also underway to identify new local approaches to closing productivity gaps, with a clear role for Lancashire's SMEs in this meeting this challenge; in developing a local innovation strategy that builds on SIA outcomes; whilst an East-West connectivity study involving partners in West and North Yorkshire is exploring new joint approaches to developing trans-Pennine growth corridors.
- 1.9 New evidence is also emerging with regard to major local economic opportunities in the energy sector, especially in nuclear with SMR developments, and potentially supply chain opportunities in the shale gas sector subject to the resolution of a range of outstanding regulatory issues.
- 1.10 The Board is also aware the LEP is working with Marketing Lancashire to establish a new strategic marketing approach for Lancashire which is fully informed by the SEP's ambition and priorities.
- 1.11 In summary, though less than 3-years old, the SEP has clearly demonstrated the value of a strong, ambitious and evidence-based framework approach in developing and pursuing an agreed growth agenda for Lancashire. In light of



the progress the LEP and local partners have made in recent years, along with the acceleration and development of new thinking and new development proposals, it would be timely to refresh the SEP in any event.

- 1.12 However, the need to refresh the SEP is given further impetus by recent changes in national economic policy and key spatial objectives, with an ever stronger focus on productivity and economic devolution, with the Government's intention to develop a new national industrial strategy, which aims to link productivity and place priorities. It is vital that the SEP remains contemporary and able to lead and contribute to key national agendas.
- 1.13 The Northern Powerhouse, as a key economic and spatial growth driver, with an institutional structure to support key elements such as Transport for the North, looks set to continue notwithstanding recent changes in Ministerial personnel. A strong Lancashire voice will continue to be required.
- 1.14 Irrespective of change at the Northern Powerhouse level, Lancashire needs to continue to strengthen and forge new economic relationships with its city-region neighbours (and competitors) as their plans have also continued to develop in recent years.
- 1.15 Although the impacts of the recent decision for the UK to leave the European Union have yet to be fully identified there will be significant post-Brexit implications for Lancashire which will need a strong economic response. For example, in relation to international trade and inward investment.
- 1.16 The welcome progress made by local authorities in seeking to establish a Combined Authority, which hopefully will be in place by April 2017, provides a further powerful reason to refresh the SEP. In the meantime, Lancashire's local authorities are operating the proposed LCA in shadow form. As previously reported, the Chair of the LEP is invited to shadow LCA meetings with local authority leaders, with the LEP Chair becoming a non-constituent member of the LCA, once arrangements have been confirmed by Parliament.
- 1.17 The shadow LCA is aiming to develop a Lancashire Plan to direct and focus agreed priorities with a refreshed SEP recognised as the key growth input to a new overarching Lancashire framework on growth, regeneration and public service reform. Though work on developing the Lancashire Plan is still at a very early stage, it is important the SEP refresh provides the shadow LCA with the opportunity to fully contribute.
- 1.18 The shadow LCA, in conjunction with the LEP, is also developing its first Devolution Deal proposal for Government consideration. It will be important that the refreshed SEP provides the strategic context and support for this and future Devolution Deals.
- 1.19 It should be noted that the shadow LCA has offered the support of senior local authority economic development officers to support the SEP refresh. This is a welcome offer. For example, this additional officer capacity will help the LEP to better understand collective local authority spatial thinking, regeneration



and strategic pipeline development priorities, as well as housing growth ambitions linked to economic growth opportunities. This focus may encourage local authorities to work together to establish a comprehensive inward investment service for Lancashire, which is urgently needed, to help deliver new investment opportunities.

### ***SEP Refresh – Next Steps***

- 1.20 The LEP Board is asked to support the need to refresh the SEP. However, the refresh process will aim to build from the strong strategic and evidential platform established by the SEP, which is being further strengthened by new analyses, as outlined above.
- 1.21 The refreshed SEP will remain focused on driving forward Lancashire's growth ambitions with the renewed aim of closing productivity gaps by creating the conditions that enable businesses to grow and local residents to access higher value employment. At this stage, it is not proposed that current SEP strategic priorities<sup>1</sup> be recast, though these will be reviewed for continued relevance and whether any new priorities need to be considered. The base and policy-on economic forecasts used to inform the first SEP will also be reviewed and updated.
- 1.22 The LEP has an established strategic development pipeline enhanced by Lancashire's recent Growth Deal 3 submission. However, the SEP refresh would provide a further opportunity for local partners to bring forward new strategic and transformational programme and scheme proposals for consideration and inclusion by the LEP.
- 1.23 Subject to Board approval, it is proposed that new strategic and transformational programme and scheme proposals (though not necessarily with fully developed business cases, at this stage) be jointly sought by the LEP and shadow LCA from public and private sector partners. In conjunction with the shadow LCA, consideration will also need to be given to engaging Lancashire's 16 MPs in the SEP refresh.
- 1.24 The spatial framework underpinning the refreshed SEP will be critical to Lancashire's growth ambitions. Though requiring continued development, the *arc of prosperity* expression has enabled the LEP and local partners to explain the complex geography of Lancashire in terms of economic flows and functions rather than as a collection of 15 discrete local authority areas. The refreshed SEP provides the opportunity to develop and extend spatial thinking, given a better understanding of the role and function of places such as Lancaster, Chorley and West Lancashire, and the development of local growth and prosperity strategies in Blackpool and the Fylde Coast and East Lancashire.

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<sup>1</sup> The SEP identified six strategic priorities: sector development and growth; innovation excellence; skills for growth; business growth and enterprise; releasing local growth potential; and the renewal of Blackpool.



- 1.25 Similarly, it will be important to work with the shadow LCA to test the possibility of establishing a spatial framework for Lancashire, or aligned local plans, which can support ambitious and sustainable economic and housing growth priorities.
- 1.26 Recent changes in national policy and new strategic local governance developments, as outlined, require the refreshed SEP to be set in a revised context.
- 1.27 The refreshed SEP will need to be more externally focused, given the development of the Northern Powerhouse, for example, but also on matters such as international trade and inward investment. The refreshed SEP will need to identify and develop Lancashire's economic leadership role in key sector and innovation developments with a view to influencing the new national industrial strategy and other key agendas.
- 1.28 It is also proposed that 2040 is adopted as the "planning horizon" end-point for the refreshed SEP to reflect the need to link with long-term strategic transport priorities with growth driving impacts, as a number of these can only be delivered over such a timeframe. However, it is anticipated the refreshed SEP would be ready for review again by 2020.
- 1.29 The initial views of the LEP Board are sought on the proposed SEP refresh with a view to presenting a detailed work programme to the next meeting on 8 November. The expectation is to have a refreshed SEP ready for sign-off by the LEP and LCA by April 2017.
- 1.30 It is also proposed that the LEP Chair engages with the Chair of the shadow CA and CA to gather and reflect their views on the way forward. These will be reported to the November meeting.

# Agenda Item 15

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