



Company Number: 07388600

Lancashire Enterprise Partnership Limited

Tuesday, 13th September, 2022 in Committee Room 'C' - The Duke of Lancaster Room, County Hall, Preston, at 4.30 pm

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Minutes of the meeting held on 11 July 2022 (Pages 1 - 8)**
- 3. Matters Arising**
- 4. Declarations of Interest**
- 5. LEP Update - Budget, Workplan and Vision (Pages 9 - 12)**
- 6. LEP Board Membership (Pages 13 - 16)**
- 7. LEP Governance and Committees Report (Pages 17 - 22)**
- 8. Growing Places Investment Strategy (Pages 23 - 38)**
- 9. Any Other Business**
- 10. Date of Next Meeting**

The next Lancashire Enterprise Partnership Board meeting is scheduled to be held on 13th December 2022, 4:30pm, venue or Microsoft Teams TBC.
- 11. Exclusion of the Press and Public**

The Board is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, it considers that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 12A to the Local Government Act 1972 as indicated against the heading to the item.

Part II (Items that are Private and Confidential)

- 12. Chief Executive's Update (Pages 39 - 42)**
- 13. Growing Places Report - Ormskirk Court Hotel use of Facility Agreement (Pages 43 - 50)**
- 14. Growing Places Report - Fleetwood FRP Ltd updated request (Pages 51 - 58)**
- 15. Growing Places Report - Holmes Mill Properties Ltd (Pages 59 - 64)**



Lancashire Enterprise Partnership Limited

Minutes of the Meeting held on Monday, 11th July, 2022 at 5.00 pm held virtually using Microsoft Teams

Present

Debbie Francis OBE

Graham Baldwin
Miranda Barker OBE
Councillor Alyson Barnes
Ann Dean
Kam Kothia OBE DL

Mick Gornall
Mark Rawstron
County Councillor Aidy Riggott
Alison Robinson
Claire Whelan

In Attendance

Paul Evans, Assistant Director, Area Lead, Dept for Business, Energy and Industrial Strategy
Nick Gerrard, Growth and Prosperity Programme Director, Blackpool Council
Phil Green, Executive Director of Growth, Environment and Transport
Michele Lawty-Jones, Director of Skills and Employment Partnership, Lancashire County Council
Andy Milroy, Democratic Services Manager (Companies), Lancashire County Council
Anne-Marie Parkinson, Programme Manager, Lancashire Enterprise Partnership
Angie Ridgwell, Section 151 Officer, Chief Executive and Director of Resources, Lancashire County Council
Sue Roberts, Commercial and Business Support Manager, Lancashire Enterprise Partnership
Laura Sales, Company Secretary and Director of Corporate Services, Lancashire County Council
Catherine Stott, Democratic Services Officer, Lancashire County Council
Andy Walker, Acting Director - Growth, Environment and Planning, Lancashire County Council

1. Welcome and Apologies for Absence

The Chair, Debbie Francis OBE, welcomed all to the meeting. Apologies for absence were presented from Councillor Ivan Taylor, Dave Holmes and Andrew Pettinger.

2. Minutes of the meeting held on 23 November 2021 and note of the inquorate meeting held on 22 March 2022

Resolved: That the minutes of the meeting held on 23 November 2021, and the note of the inquorate meeting held on the 22 March 2022 are confirmed as an

accurate record.

3. Matters Arising

None

4. Declarations of Interest

None

5. Updated Annual Plan and Budget (2022-23)

The Chair, Debbie Francis OBE, introduced a report (circulated) which provided an updated Annual Plan and Budget for the LEP for 2022/23.

The Chair confirmed that the three local authority company members have agreed their match funding amount and this is reflected in the grant amount contained within the report, with it noted that this represented an overall reduction.

Some staffing costs taken out that were planned but not yet incurred. Prepare and update budget with plans for how to operate. There is another opportunity to submit an updated budget to BEIS in November.

noted that, in wake of the significant budget reductions and plans to appoint a new CEO the board would need to provide a new budget for November (following on from the previous budget submitted in July).

Paul Evans (BEIS) informed the board that with regard to paragraph 6.1 in the report that the annual LEP review has now finished and governance issues need to be resolved as a matter of urgency. The Chair noted that this issue will be addressed in the Part II section of the meeting.

Resolved: The Lancashire Enterprise Partnership Limited Board:

- (i) Noted that the ongoing Government review of LEPS may have a material impact on the role and responsibilities of the LEP and the Board.
- (ii) Noted the revised financial settlement with Government for 2022/23.
- (iii) Approved the planned expenditure for 2022/23 as summarised in this report, based on the income to be received plus the use of reserves, noting that confirmation of funds provided by Members and Government sponsors had been received; and
- (iv) Noted the forecast end of year position on LEP reserves and the highlighted risks and challenges.

6. LEP Governance and Committees Report

Andy Milroy, Democratic Services Manager (Companies), Lancashire County Council presented a report (circulated) containing Governance and Committee meeting updates with the Board asked to note the report including the urgent decisions taken by the Board, via the Urgent Business procedure, since the last meeting.

It was also reported that there are two current vacancies on the LEP Enterprise Zone Governance Committee.

Andy Walker, Acting Director – Growth, Environment and Planning, Lancashire County Council, raised that the UK Shared Prosperity Fund was discussed at the LEP Skills & Employment Board, and the Business Support Management Board, resulting in both Boards sending letters to their respective Secretaries of State, raising concerns around the new funding arrangements.

Resolved: The Lancashire Enterprise Partnership Board:

- (i) Noted the updates provided in the report in relation to Governance, urgent decisions taken since the last LEP Board meeting and the Committees of the Lancashire Enterprise Partnership as set out; and
- (ii) Noted the update and subsequent letters sent to the Secretaries of State regarding the UK Shared Prosperity Fund.

7. Availability of Finance in Lancashire

Sue Roberts, Commercial and Business Support Manager, Lancashire Enterprise Partnership, presented a report (circulated) which provided an update on how Access to Finance and the University of Central Lancashire (UCLAN) Investment Readiness Programme are working together to provide a clearer picture of the services business will be able to provide after their ERDF funding ends in 2023, including the commercial prosperity fund.

Board Members raised the issue of simplifying how easily businesses are able to access the various financial services available to them, suggesting the set up of a portal or similar tool to streamline access to services. Sue Roberts informed the board that Lancashire County Council are conducting a finance simplification programme to address this.

Board Members also noted that the same issue concerning ease of access has been raised in the manufacturing sector group.

In addition, Board Members sought clarification on how long it would take to deliver such a programme. Sue Roberts informed the board that this is dependent largely on resources. The piece of work that will take the longest is the application for Equity Funding.

The Board also suggested that the portal system is tailored so that it can be built on as the work progresses. Sue Roberts noted her intention to engage with the Local Authorities on an individual basis to gain a better understanding of what services are required.

Resolved: The Lancashire Enterprise Partnership Board:

- (i) Reviewed and approved the Executive Summary and Action Plan as set out; and
- (ii) Noted that regular updates on progress against the Action Plan will be brought to the LEP Board and oversight will be provided by the Business Support Management Board.

8. Lancashire Digital Strategy

Kam Kothia, LEP Director, presented a report (circulated) which provided an update on Lancashire Digital Strategy, highlighting the following:

- The UK's tech economy has grown rapidly in recent years, standing as the third largest in the world. The West Midlands is cited as the UK's fastest growing tech region, expected to deliver 52,000 roles in tech by 2025, while Manchester is sighted as the top digital 'tech city'
- Lancashire has strong tech capability that requires a new strategy to fully exploit its potential – attracting inward investment and supporting new business start-ups.
- A new strategy could increase employment from 23,500 to 50,000 by 2025
- The Department for Digital Culture, Media and Sport have just announced a £20m digital growth fund to be delivered over the next 5 years, which could be a key source for funding.
- If the strategy is approved, then a 'Task and Finish' group will be formed to deliver the strategy.

Board Members commented that the technology sector lacks representation from the colleges and this should be addressed in the strategy.

The Chair queried how the Task and Finish group will be formed and who will be included. Kam informed the board, if approved, they will look to existing stakeholders for its membership, but further outreach will be conducted once the board is formed.

Annette Weekes reinforced support of the manufacturing and health sector for the Digital Strategy and expressed an interest in involvement in the Task and Finish group. Annette also informed the board that both Burnley College and Blackburn College have expressed interest in being involved in the digital hub.

Board Members also stressed the need to cooperate with existing digital hubs and queried where the funding to deliver the strategy would come from.

Kam informed the board of the plan to model Lancashire's strategy using existing digital hubs, conducting research into their sources of funding. Annette Weekes raised Lancashire's existing partnership with BAE and other organisations, agreeing that funding may be available from various sources.

Resolved: The Lancashire Enterprise Partnership Limited Board:

- (i) Approved the Lancashire Digital Strategy; and
- (ii) Approved the formation of a Task and Finish group to develop a detailed implementation and investment plan, overseen by the Digital Sector Group.

9. Lancashire's Internationalisation Strategy and Action Plans

Sue Roberts presented a report (circulated) which updated the Board on Lancashire's Internationalisation Strategy and Action Plans, highlighting the following:

- Further work has been conducted on the export plan, identifying Ireland as a good starter market with strong export potential.
- An executive summary is being drafted with the aim of simplifying the full report, noted as potentially unengaging due to its length.

Board Members raised the issue of the length of the report and stressed the need to make any messaging around the report relevant and engaging to all audiences and supported the need for simplification of support and queried whether it could be condensed to focus on key sectors.

Board Members also commented that the report was useful as a resource for a variety of different groups and stressed its importance in connecting local business with international trade.

In addition in answer to a query regarding who the key players were involved in the delivery of the report recommendations, Sue Roberts informed the Board that currently one member of staff oversees export operations and there is one account manager paid for by the Department for International Trade (DIT). Other operations are managed between herself, Andy Walker and others from DIT with it confirmed that until more funding is sourced, this set up will continue.

Miranda Barker noted the businesses previously funded by European Structural Funding and the Department of International Trade as a useful resource for accessing funding.

Resolved: The Lancashire Enterprise Partnership Board:

- (i) Considered and noted the next steps and approve for publishing the Internationalisation Strategy at Appendix 'A' (to the report).
- (ii) Considered and noted the next steps and approve for publishing the Export Action Plan at Appendix 'B' (to the report).
- (iii) Considered and noted the next steps and approve for publishing the Foreign Direct Investment Action Plan at Appendix 'C' (to the report).
- (iv) Considered and noted the next steps and approve for publishing the Capital Investment Action Plan at Appendix 'D' (to the report).
- (v) Considered and noted the next steps and approve for publishing the Innovation Action Plan at Appendix 'E' (to the report); and
- (vi) Considered and noted the next steps and approve for publishing the Visitor Economy Action Plan at Appendix 'F' (to the report).

10. Any Other Business (Part I)

None

11. Date of Next Meeting

The next meeting will be held on 13th September 2022 at 4:30pm as planned, with the venue / type of meeting to be confirmed at the Informal LEP Board meeting but with a preference for a face-to-face meeting.

12. Exclusion of the Press and Public

Resolved: That the meeting move into Part II, Private and Confidential, to consider the remaining agenda items as they contained information defined as confidential or exempt in accordance with the relevant paragraph in Part I to schedule 12A to the Local Government Act 1972.

It was considered that in all the circumstances the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

13. Proposal for the Leadership of the LEP for the forthcoming 12 months

Andy Walker left the meeting at this point while the Board deliberated.

The Chair, Debbie Francis OBE, presented a report (circulated) which informed the Board of the need to appoint a CEO for the next 12 months. It was noted that following discussion with the Company Members, the Board have been asked to

consider employing an interim Chief Executive, with Andy Walker, the current Acting Director for Growth, Environment and Planning at Lancashire County Council proposed to act as Interim LEP Chief Executive.

It was noted that the Department for Business, Energy and Industrial Strategy (BEIS) have been consulted on and approved the recommendation set out in the report on the grounds it is set up as a secondment arrangement. The Chair recommended that the position should be reviewed at six and twelve months. It was noted that the post would be allocated as two days a week.

Board Members sought clarification on the working arrangements of the post being allocated as two days a week but accepted this was unavoidable given current limitations.

The Chair informed the board that the position would not be advertised permanently unless a further review of the arrangements was undertaken and deemed it necessary to appoint permanently.

Board Members expressed a view that it was a sensible decision to bring in someone with knowledge and experience of the LEP and therefore supported the proposal at this stage.

Resolved: The Lancashire Enterprise Partnership Limited Board approved the recommendations as set out in the report and therefore approved the appointment of Andy Walker as Interim Chief Executive Officer of the LEP.

14. Any Other Business (Part II)

Andy Walker re-joined the meeting at this point.

Dormancy Status

The Chair provide an update on the company's dormancy status highlighting the following

- Following further advice from Pinsent Masons it is now recommended that the LEP files active accounts.
- An auditor and accountant will need to be appointed if the Board agrees to submit active accounts.
- Further advice will be sought from Pinsent Masons.

Resolved: The Lancashire Enterprise Partnership Limited Board:

- (i) Approved that the company begins the process of filing active accounts with officers authorised to make arrangements as necessary taking further advice from Pinsent Masons as required.
- (ii) Approved that a small task and finish group be formed by officers to assess

potential auditors with Ann Dean and Mark Rawstron volunteering to be part of the task and finish group.

- (iii) Requested that the Interim LEP Chief Executive, Andy Walker, obtain advice regarding tax liabilities.

LEP Compliance – BEIS Review

The Chair also provided an update on the situation regarding the LEPs non-compliance following a review with BEIS. The two areas of concern were noted to be:

- 1) The appointment of an independent secretariat
- 2) The LEP's account submission process going forward

BEIS have requested that a Governance Champion be appointed to oversee the transition with it requested that LEP Director Andrew Pettinger be appointed.

It was noted that the Board must appoint an independent secretariat by the end of September 2022, with it noted this could be adopted as a secondment position.

Resolved: The Lancashire Enterprise Partnership Limited Board approved that the company seek to comply with the BEIS requirements and appoint an independent secretariat by the end of September 2022 with the Interim LEP Chief Executive requested to engage with this process.

LEP Director Resignation

The Chair informed the board of Councillor Steven Atkinson's resignation and that as he was nominated by the Lancashire District Leaders Group, the Group would be consulted to nominate a replacement.

Resolved: The Board acknowledged the resignation and that a replacement nomination will be sought.

Lancashire Enterprise Partnership Limited

Private and Confidential: No

Date: Tuesday, 13 September 2022

LEP Update - Budget, Workplan and Vision

**Report Author: Andy Walker, Tel: 01772 535629,
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Executive Summary

Despite some short-term assurances from the Department of Levelling Up, Communities and Housing and the Department for Business, Energy and Industrial Strategy, the future policy on Enterprise Partnerships will not be clear until a Prime Minister and cabinet have taken office later in September. Even with a will to continue with LEPs as a part of the Levelling Up and regeneration landscape, recession, inflation, and the cost-of-living crisis make it unlikely that additional resources will start to flow via LEPs as a conduit. The core grant award to LEPs was reduced for 22/23 for the first time in several years. In Lancashire grant will fall from an annual £500,000 to £375,000 and the local match ask of 50% falling from £250,000 to £187,500. This new total grant income of £562,500 can be paired with Growing Places interest and other income to give a total income figure in 22/23 of £717,500 down by 30% on the total income in 21/22.

This policy uncertainty and reduced funding has forced the LEP to strip back budgets and actions plans for the coming year, focussing on some key projects and areas where the LEP can continue to add value. In response to this new role, the LEP Board are asking what the new vision for the LEP will be. This report sets out these new budget constraints, work programme priorities and vision for the LEP moving forward.

Recommendation

The Lancashire Enterprise Partnership Board are invited to note and comment on this approach moving forward.



Background and Advice

With continued uncertainty around the future role of Local Enterprise Partnerships, a reduction in core funding for 22/23 and a medium-term objective to better align the LEP with nascent aspirations to establish a County Combined Authority in Lancashire, the LEP in Lancashire has re-cast its action plan and budgets and seeking Board confirmation for a renewed vision of its role.

Resources 2022/23

In terms of revenue budgets, once staff and operating costs of £495k have been deducted, the LEP retains a limited discretionary revenue budget of £393k as agreed in March / April 2022 covering : -

Work with Sectors	£ 60k
Work to support the establishment of National Cyber Force	£ 65k
Eden Levelling up Fund Bid support	£ 60k
Samlesbury Innovation Hub feasibility	£ 60k
Marketing (events, reports)	£ 72.5k
General project funding, consultancy and prof. services	£ 75.5k
Total	£ 393k

To meet these commitments and proposals we will already need to revise the budget headings and via monies out of sectors and marketing budgets.

In total the forecast expenditure for 2022/23 remains within the £ 393k , but there will be pressure to extend this, particularly to address the recently completed sector action plans and Internationalisation strategy. it should be noted that this level of expenditure already requires the use of reserves in year.

In terms of capital, the LEP retains and earns interest from the £19.4m Growing Places Investment Fund, the majority of which has already been recycled once and is available for investment however with only one loan actively repaying interest currently it is likely that the budgeted level of income may not be achieved until further loans are made

Reserves

At the start of financial year, 2022/23, the LEP had reserves of £2.160m. The Operating Plan for 2022/23 requires further investment of LEP reserves to the plan £170k to meet the expenditure above assuming continuation of grant funds from Government and Company Members are as above. There is also a forecast of 150k of income from growing place loan interest and with only 1 loan actively drawing down at the moment this level of income is unlikely, reduction in this income will place greater reliance on the use of reserves to meet expenditure commitments above as would increased expenditure commitments

Work Programme Priorities

Reductions in staffing (reduced CEO capacity and loss of Innovation co-ordinator) and budget have also informed a rationalisation of the work programme which the LEP can actively progress in the coming year.

- The LEP retains its on-going responsibility to ensure that Growth Deal and Getting Building Fund projects fully meet the obligations set when grants were awarded to projects.
- The LEP has worked well to coalesce a Team Lancashire approach to identify, qualify and land new investment opportunities such as the National Cyber Force. The team will continue to support activity streams to fully realise the benefit of this and other potential investments and to develop new propositions where aligned opportunities exist.
- The LEP will continue to oversee the work of its six business-led sector groups, with a view to understanding business issues in real time, to inform existing support services and initiatives and to understand where the priorities for future investment programmes might lie, should funding become available.
- Key sub-group and programmes supporting Employment and Skills, Business and Innovation will continue as a focus for strategy and the deployment of continued resource.
- Whilst Lancashire's Enterprise Zones individually now have their own momentum, the LEP will continue to discharge its responsibilities regarding these sites and to support collective activity where appropriate.
- The LEP will maintain strong governance and assurance standards and represent Lancashire within national and regional forums and organisations.

A Refreshed Vision for the LEP

Given the new context within which the LEP is working it will be important for LEP Board members to agree those activities and ways of working which will inform this new phase of the LEP's development.

The suggested principle for these new ways of working are as follows: -

1. The LEP remains the key business voice for Lancashire recognised by government.
2. The LEP remains a conduit for some key investment into Lancashire and it can add value, intelligence and credibility, based on its track-record to champion future strategic bids for resource.
3. The LEP will work with other local stakeholders to inform, co-commission and endorse those strategies related to business, economy, skills and innovation.



4. The LEP supports the on-going process to secure a devolution deal for Lancashire and would support working as part of any new democratic structures as an independent business voice.
5. The LEP will build on its track-record of supporting inward investment through convening local stake-holders to best represent strong Lancashire propositions.
6. Effective sector groups and thematic work on Business Support, Employment and Skills and Innovation strengthen the analytical and delivery capacity of the LEP.
7. The LEP will seek to augment capacity by seeking co-financing and secondment of resource from other stakeholder organisations.
8. In line with the existing Assurance Framework, the LEP will seek to reflect the demography and diversity of the Lancashire economy in its membership, reflecting existing and emerging strengths and providing an effective route to lobby government.



Lancashire Enterprise Partnership Limited

Private and Confidential: No

Date: Tuesday, 13 September 2022

LEP Board Membership

**Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk**

Executive Summary

Over the summer the LEP has seen the resignation of three directors with a further four coming towards the end of the existing terms of office (3+3 years) in the Autumn. Given the continued uncertainty around the role of LEPs moving forward, it might prove a difficult time to recruit new board members, but the LEP potentially has several options to "tidy-up" outstanding governance issues, retain a strong base and extend and refresh its reach.

The options open to the LEP include: -

- Accepting a reduction in the size of the Board, noting that this doesn't impinge on the decision-making ability or required gender balance of the Board.
- Revising its previous decision that board-members terms should be limited to six years and extending tenure for those who wish to stay
- The LEP could leave terms as is and run a significant recruitment campaign through the Autumn to refresh membership in a way which delivers the required gender balance and better reflects existing and emerging sectors within the Lancashire economy.

In reality, we feel that a partial refresh of the Board will work best at this time, but there is no need to push directors to leave or fill outstanding vacancies

Recommendation

The Lancashire Enterprise Partnership Board is recommended to:

(i) Agree that the LEP seeks to sustain a strong and balanced board, retaining key skills, whilst using some vacancies to extend the breadth of sectoral representation to include representatives from the Visitor Economy and Food and Farming sectors and partially refresh membership. The detail of these changes will be confirmed once all involved members have been spoken to; and



(ii) That the LEP also takes this opportunity to formally appoint a Deputy Chair and that a new diversity champion needs to be appointed from amongst the existing and new members.

Background and Advice

As it presently stands, the LEP Board Membership is made up as follows.

Public Sector Representatives

There are five Local Government Director appointments which are exempt from a "term of office" as they are elected representatives that are appointed by virtue of their election by the public to their respective councils.

County Councillor Aidy Riggott (Lancashire County Council),
Councillor Ivan Taylor (Blackpool Council),
Councillor Quesir Mahmood (Blackburn Council)

2 District Council representatives – currently they are
Councillor Alyson Barnes and a vacancy following Councillor Stephen Atkinson's resignation.

The process for appointing the 2 District Council reps is that the District Leaders Group is invited to select the 2 nominations from amongst their number – a request has been sent to the District Leaders Group asking that they nominate a replacement for Councillor Atkinson.

Private Sector Representatives

The LEP Board is private sector led with private sector / education sector reps and the Chair and Deputy Chair who are subject to time limits.

The original Government Guidance for LEPs stated that Chairs / Deputy Chairs should serve a maximum of 3 years and in exceptional circumstances a further 3 years – total of 6 years. The LEP Board then approved a report to impose those same limits on all the rest of the private sector / education directors at a Board meeting held on 25th June 2019. There are currently 11 Private Sector / Education Sector Directors as follows, the date is when their term started:

1. Graham Baldwin – 18th May 2022
2. Miranda Barker – 7th February 2019
3. Ann Dean – 29th November 2016
4. Debbie Francis – 22 June 2021
5. Mick Gornall – 29th November 2016
6. Dave Holmes – 19th November 2015
7. Kam Kothia – 25th November 2020
8. Mark Rawstron – 10th November 2017
9. Alison Robinson – 15th June 2022



- 10. Annette Weekes – 8th December 2020
- 11. Claire Whelan – 29th November 2016

This means that:

- Dave Holmes' 6 year term expired on 19th November 2021
- Ann Dean's 6 year term is due to expire on 29th November 2022
- Mick Gornall's 6 year term is due to expire on 29th November 2022
- Claire Whelan's 6 year term is due to expire on 29th November 2022

- Mark Rawstron term expires on 10th November 2023
- Miranda Barker is next – 7th February 2025
- Kam Kothia is 25th November 2026
- Annette Weeks is 8th December 2026
- Debbie Francis is 22nd June 2027
- Graham Baldwin is 18th May 2028
- Alison Robinson is 15th June 2028

Requirement to fill vacancies

The Government Guidance for LEPs states that their make-up is for local determination and a maximum of 20 Directors in total. There will continue to be 5 council nominated directors, even if the 4 people whose terms are either up or expire later this year resign and are not replaced there will still be 6 private sector / education sector directors so the LEP will still be private sector led. That would be 11 Directors in total.

Directors would potentially only need to be replaced if there was a view that additional Directors were needed. The maximum of 20 is the upper limit, it doesn't mean the LEP must have 20 Directors, it's whatever is determined locally as the needs of the LEP.

Gender balance and wider representation

The Government guidance states within its diversity statement that that LEPs should include a commitment to ensure that by 2020 at least one third of members of LEP Boards are women with an expectation for equal representation by 2023.

Best Practice

It is best practice for a report to be made to the Board each year discussing progress in encouraging diversity and how improvements can be made.

In addition, it is best practice for each LEP to nominate a diversity champion from its Board. Their role will be to encourage diversity and ensure that the LEP is acting in line with its diversity statement.

As it stands now there are 16 Directors split as follows:

Private Sector 11 – they are exactly equal now – 5 male and 6 female

Public Sector 4 (will be 5) – there is no say over this and Government / BEIS have previously recognised this as they are elected representatives there are 3 male 1 female (with the 5th rep to be determined again by District Leaders Group).

In terms of Private Sector reps, as it stands, the 50/50 target for 2023 is being met. Even after the 5 directors reach the end of their term this year, if those Directors are not replaced, the split of the remaining 7 private sector directors will be: 4 female and 3 male.

The process for selecting directors

For any new private sector directors, the process has previously been:

- Advert put out there across private sector (usually through your Economic Development Groups) plus on the LEP website inviting applications via a short form.
- Shortlisting is undertaken, usually a panel is setup involving a small group of LEP Directors including the Chair and a mix of public and private sector reps.
- Interviews held – and "recommendations" made by the Panel to the LEP Board.
- The LEP Board in turn have to make recommendations to the 3 company members as ultimately appointing new Directors is a power reserved to the three company members collectively – LCC, Blackburn and Blackpool. It's advisable to make sure at least one company member Director is on the shortlisting / interview panel.

Lancashire Enterprise Partnership Limited

Private and Confidential: No

Date: Tuesday, 13 September 2022

LEP Governance and Committees Report

**Report Author: Andy Milroy, Democratic Services Manager (Companies),
Lancashire County Council Tel: 01772 530354, andy.milroy@lancashire.gov.uk**

Executive Summary

This report extracts the key items considered by each of the Lancashire Enterprise Partnership Board (LEP) Committees at their recent meetings and, where applicable, and if not considered elsewhere on the Board's main agenda, contains decisions referred to the Board by its Committees for approval. The report also contains Governance updates and any Governance decisions required by the Board.

Recommendation

The Lancashire Enterprise Partnership Board is asked to note the updates provided in this report in relation to Governance, urgent decisions taken since the last LEP Board meeting and the Committees of the Lancashire Enterprise Partnership as set out.

Background and Advice

This is a standing report which provides an update on governance issues and meetings of committees of the LEP since the last inquorate Board meeting on 22 March 2022 in accordance with the LEP Assurance Framework, publicly available on the Lancashire Enterprise Partnership website:

<https://lancashirelep.co.uk/about/policies/>

Current LEP Committee Vacancies / Appointments

Vacancies

Khalid Saifullah has resigned from the LEP Board with effect from 30th August 2022.

Councillor Stephen Atkinson has resigned from the LEP Board with effect from 8th July 2022, the Lancashire District Leaders Group have been asked to nominate a replacement representative in accordance with the LEP Assurance Framework.

There are currently 2 vacancies on the LEP Enterprise Zone Governance Committee.



Councillor Zainab Rawat has resigned from LEP Joint Scrutiny Committee. Blackburn with Darwen Council have been asked to appoint a replacement representative in accordance with the Terms of Reference.

Updates from recent LEP Committee Meetings / Decisions taken by the Urgent Business Procedure of the LEP

1. Urgent Business Procedure Decisions

There have been no decisions made via the Urgent Business Procedure since the last meeting.

2. City Deal Executive and Stewardship Board

There have been no meetings of the City Deal Executive and Stewardship Board since the last update.

Full agendas and minutes for the Combined City Deal meetings can be accessed here: <http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1072>

3. Growth Deal Management Board

There have been no meetings of the Growth Deal Management Board since the last update.

Full agendas and minutes for Growth Deal Management Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1218>

4. Enterprise Zone Governance Committee

The Enterprise Zone Governance Committee met on 31 August 2022 and considered / approved the following:

Blackpool Enterprise Zone Progress Report – The report included updates on activity since the last meeting, including achievements to date, KPIs and milestones, risks and actions, an update on the masterplan and delivery plan, project management, fiscal incentives, current activity, the Town Deal, Squires Gate Industrial Estate, planning applications, communications infrastructure, marketing, Blackpool Airport and the risk register.

It was highlighted that since the report had been circulated there had been a delay on the outline planning application for the new Highways, which would now be presented to the Blackpool planning committee in October, rather than September.

It was noted that the Marketing Manager from the project team had moved roles, and recruitment was underway.



Hillhouse Technology Enterprise Zone Progress Report – The report included updates on activity since the last meeting, including achievements to date, KPIs and milestones, risks and actions, an update on the delivery plan, the Getting Building Fund, residential development, the Fleetwood/Poulton Rail Line, marketing, the Hydrogen Steering Group, the Vinnolit site, new onsite companies and job creation.

It was highlighted that there may be a slight delay in completing the new Gate House under the Getting Building Fund, and the expected November date may slip.

Feedback from the Department for Transport was still awaited for the Fleetwood-Poulton railway line; progress was being chased. It was noted that Wyre Borough Council (the accountable body) had created a fund of around £150,000 to support overarching surveys of the site which would help produce a transport strategy, a flood risk strategy and an ecological strategy. This work had begun with a topographical survey of the site.

Samlesbury Aerospace & Warton Aviation Enterprise Zone Progress Report - Regarding the Samlesbury site, the report included an update on the site delivery programme for phases 2a and 2b, an update on planning, commercial marketing agents, ancillary accommodation, communications, skills and the low carbon feasibility study.

The foul water drainage was highlighted, with the advanced designed already commenced and construction works programmed to begin later in the year.

Attention was drawn to the Local Development Order on the site, which runs until 2024. It was noted that the team were preparing a replacement Local Development Order which would be in place when the 2024 Order expired. The proposed replacement would consider progress on the site to date and would look to support anticipated uses going forward together with latest priorities relating to amenity and environmental/carbon reduction aspirations.

Regarding the Warton site, the circulated written report was presented. Rick Prosser and Hannah Swindell from BAE Systems gave a presentation on potential opportunities at the Warton site. It was requested that Andy Walker lead the team on developing a list of intervention packages, which would lead to a business plan.

Full agendas and minutes for the Enterprise Zone Governance Committee meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1171>



5. Lancashire Skills and Employment Advisory Panel

The Lancashire Skills and Employment Advisory Panel met on 1 September 2022 and considered / approved the following:

Update from the Lancashire Skills Hub, Employment Hub and Partners –

The report provided an update from the Lancashire Skills and Employment Hub and partners structured against the strategic themes and priorities outlined in the Lancashire Skills and Employment Strategic Framework 2021 and provided an update on activity since the last committee meeting.

Lancashire Skills Bootcamps Update – 2022/23 Programme – A presentation was provided with it noted that:

- 5 providers are now beginning the journey of supporting 350 candidates towards a new future through training, employment support and a guaranteed interview.
- Cohorts are due to start in August/September, run for 12 weeks and have a range of delivery methods including remote, face to face, part time, evenings and full time. Sessions are recorded to support all participants needs.
- Representation from a wide spectrum of residents is encouraged including women, unemployed, over 50s, ex offenders and refugees.
- An update was also provided with details of the successful providers and how the funds have been allocated.

Exploring Economic Inactivity in Lancashire – A detailed presentation was given which provided a review of the data, as requested at the informal committee meeting in July, regarding the rise in Economic Inactivity in Lancashire and the impact on employment rates and the Lancashire Labour Market.

Full agendas and minutes for the Lancashire Skills and Employment Advisory Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1011>

6. Business Support Management Board

At the time of writing this report the Business Support Management Board is scheduled to meet on 8 September 2022 an update on this meeting will be reported to the next LEP Board meeting.

Full agendas and minutes for the Business Support Management Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1220>



7. Lancashire Innovation Board

At the time of writing this report the Lancashire Innovation Board is scheduled to meet on 5 September 2022 an update on this meeting will be report to the next LEP Board meeting.

Full agendas and minutes for the Lancashire Innovation Board can be accessed here: <https://council.lancashire.gov.uk/ieListMeetings.aspx?Committeeld=1678>

8. Joint Scrutiny Committee

At the time of writing this report the Joint Scrutiny Committee is scheduled to meet on 13 September 2022 an update on this meeting will be report to the next LEP Board meeting.

Full agendas and minutes for the Joint Scrutiny Committee meetings can be accessed here: <https://council.lancashire.gov.uk/ieListMeetings.aspx?Committeeld=1708>

List of Background Papers

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



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: Tuesday, 13 September 2022

Growing Places Investment Strategy
(Appendix 'A' refers)

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Executive Summary

The Growing Places Fund has been available to unlock stalled sites in Lancashire for over 10 years.

The fund has been recycled and has new flexibilities which enable it to be used for other purposes. The Investment Strategy sets out a framework to assist the LEP board in decision making with regards to this Fund and the inherent risks that accompany it.

Recommendation

The Lancashire Enterprise Partnership Board is asked to consider and approve the Growing Places Investment Strategy as presented at Appendix 'A'.

Background and Advice

Background

1. The Lancashire Enterprise Partnership Ltd received its allocation of Growing Places 10 years ago and it has been used as revolving loan fund to unlock stalled sites ever since.
2. The Fund has been completely recycled and now has new flexibilities regarding how the Fund can be used.
3. It is the only pot of funding available to the LEP to deploy.
4. The Investment Strategy at Appendix A sets out a framework to enable the LEP Board consider applications for use of this Fund and the inherent risks that accompany it.



Lancashire Enterprise Partnership

Growing Places Investment Strategy

August 2022

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1. Background

- 1.1 The Growing Places Fund (GPF) was launched in 2011 as a joint initiative of Department for Communities and Local Government (DCLG) and Department of Transport (DfT) who sought assurance that local partnerships were committed to using GPF for the provision of infrastructure and would target projects which represent good value for money.
- 1.2 When the GPF was launched, it was strongly encouraged by Government, to be used as a revolving Fund to unlock stalled investment; this has been the approach to-date in Lancashire with 100% of allocations being made in this way
- 1.3 In 2012 the Lancashire Enterprise Partnership (LEP) was allocated £19,378,944 million.
- 1.4 GPF has three overriding objectives,
 - To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing,
 - To allow LEP's to prioritise the infrastructure they need, empowering them to deliver their economic strategies,
 - To establish sustainable revolving funds so that funding can be reinvested to unlock further development and leverage private sector investment.
- 1.5 In 2015 DCLG commissioned an Appraisal Report in England which evaluated the performance of GPF.
- 1.6 It reflected that 84% of the GPF had been awarded on a loan only basis. A minority of LEPs deployed the funds as grant only or a mixture of loan and grant. This therefore sets the precedent that LEPs can use the Fund as grant in order to meet economic needs.
- 1.7 The Lancashire LEP uses the interest generated from the GPF to pay for salaries of officers and strategic initiatives to supplement the grant funding received from government and company members in the operational budget.
- 1.8 The original funding allocation was un-ringfenced and came with the single condition that it had to be used for capital projects. In July 2020 DCLG confirmed that there were no specific conditions regarding whether repaid loans could be treated as capital or revenue when it was returned to the LEP.
- 1.9 Therefore, it can be assumed that the LEP has the flexibility to use the funds for capital, revenue or grant. For any approval of funds such as grants, the LEP needs to be aware that if grant is deployed then there will be a consequential loss of income regarding

the LEP's core operating budget as well as the opportunity to recycle the funds to further projects in the future i.e. reducing the overall pot available for investment

- 1.10 For every £100k of GPF loan, the LEP could expect to receive an average return of 4% plus the Bank of England base rate.

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2. Current Position

- 2.1 The purpose of GPF is to grow the economy of Lancashire by bringing forward development on marginal schemes which would not have come forward if left to market forces.
- 2.2 The current criteria for GPF is a stalled scheme based in Lancashire. The funding is for development sites which include housing, infrastructure, commercial or industrial buildings. Security is always taken for the loan, usually in the form of a first charge over the land or building and the borrower pays for the legal, valuation and monitoring surveyors fees of the LEP.
- 2.4 The benefit of this approach has been to create an Evergreen Fund which contributes to the economic success of Lancashire. The outputs and impacts of the scheme are outlined in Section 3 below.
- 2.5 The nature of GPF in the alternative finance market is that schemes can take a long time to come forward. Many borrowers have not previously gone through a rigorous due diligence and monitoring process which has subsequently resulted in developers being much more robust in their approach going forward after a Growing Places scheme.
- 2.6 GPF has successfully brought forward development continuously since 2012 and now is the only funding available to the LEP to deploy.
- 2.7 Given that it is the only Fund available to the LEP then consideration should be given to how to exploit GPF to its maximum potential to impact the Lancashire economy and utilise the flexibility of the Fund.
- 2.8 Currently schemes come forward and are assessed on a case-by-case basis.
- 2.9 There are three schemes going through due diligence and due to a freeze on marketing the Fund, there are no further development sites scheme in the pipeline.
- 2.10 It is estimated that circa 80,000 workers per annum travel outside of Lancashire for highly paid jobs to match their skill set. There are 4 jobs for every 5 people of working age which means that Lancashire need to grow the quantum of jobs in the county.
- 2.11 There are a number of potential options relating to inward investment, EZ development and the co-creation of an Innovation Fund. Going forward, consideration should be given to nominally splitting the Fund into 4 areas to cover
- Development Sites – business as usual
 - Inward Investment opportunities
 - Enterprise Zone development
 - Innovation/ Manufacturing/Low Carbon Fund - to be externally managed
 - A closer alignment with LEP sectoral priorities and sector action plans.

2.12 As of 31 July 2022 the Growing Places loan has delivered the following outputs.

Measure	Output
Number of completed schemes	10
Number of schemes on site	1
Value of loans	£38,923,089
Value of loans repaid	£37,207,520
Private sector investment	£107,301,465
Interest received on loans	£2,177,036
Square Foot/Square Metres developed	2,125,128 Sq Ft (201,563 sqm) buildings plus 215,278 sq ft (20,000 sqm) public realm
Jobs created	2,135
Housing units delivered	776

2.13 Types of schemes developed.

Type of scheme	Number
Commercial	2
Mixed Use	2
Housing	2
Land remediation	1
Infrastructure	1
Retail	1
Leisure	1
Total	10

2.14 The impact of GPF has been to support private sector development on the back of public sector investment in places such as in Burnley, Wyre and Pendle. GPF schemes have come forward as a result of public sector investment via the Growth Deal or Getting Building Fund programmes and has widened the impact of those schemes.

2.15 It has supported Local Authority strategic aims in West Lancashire and Preston with GPF schemes kick starting regeneration in those boroughs as developers had the confidence to realise their ambitions. In these instances, the banks were not prepared to lend to the borrowers. Again, further private sector development has ensued.

2.16 It has enabled new developers in Lancashire to start their development journey thereby growing capacity in the market.

3. SWOT

3.1 The SWOT analysis presented below is based on the performance of GPF over 10 years and sets out the strengths, weaknesses, threats and opportunities for the Fund going forward.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Successful deployment of funds creating private sector leverage, jobs, housing units, infrastructure and development space • Evergreen Fund created • Operated on a commercial basis • Capital recycled • Creates income for the LEP • Only pot of money now available to the LEP to deploy 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Not widely deployed • Fund size cannot be increased • Currently only used for stalled sites • Slow process through due diligence can deter borrowers
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Other uses could be investigated due to new flexibilities • Could support inward investment on a capital or revenue basis • Could support development on Samesbury Enterprise Zone on a capital basis • Could support expansion development projects on a capital basis • Could provide revenue funding into an Innovation Fund for Lancashire 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • LEP budgets squeezed due to LEP Review and may be needed for operational activity • Grant use would deplete the Fund • No money currently available to increase the size of the pot • Uncertainty of use of funds after merger of LEP into County Combined Authority • Other competing public sector funds such as the Lancashire Urban Development Fund, the Northern Powerhouse Investment Fund and Rosebud • UK Government Recovery Loan Scheme

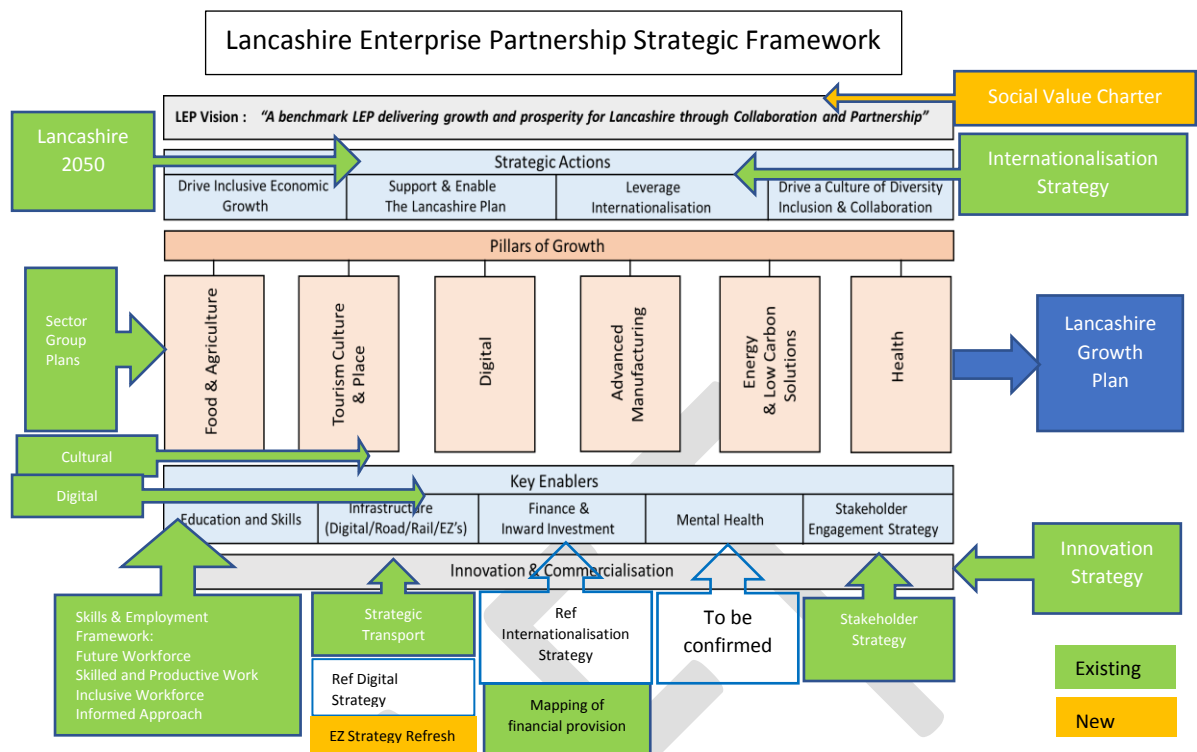
3.2 GPF has successfully deployed loan funds that have delivered significant outputs and generated over £2m of interest as income for the LEP.

3.3 It is run on a commercial basis and each loan is judged on its own merit with the interest rate set according to the EU Reference Rate. This takes into consideration the value of the security and the strength of covenant of the borrower.

- 3.4 However, GPF is not oversubscribed and needs to be marketed to fully utilise the funds.
- 3.5 Funds left on deposit with LCC attract a rate of interest of 0.1% the funds deployed attract a much higher rate of interest to reflect the risk taken in investment. Also funds on deposit are not being utilised to support the Lancashire economy.
- 3.6 As GPF is the only pot of funding available to the LEP to support economic development there could be a number of calls on it.
- 3.7 With the new flexibilities available to GPF, consideration should be given to expand the uses of the Fund on a loan basis in order to have greater economic impact. If it's used as grant then there will be less funding for future use and less income for the LEP.
- 3.8 GPF has been used as capital funding and the recently launched Lancashire Urban Development Fund also provides capital funding for office, commercial and industrial buildings. GPF can work in conjunction with this Fund but to date no joint schemes have come forward. It should be noted that the Urban Development Fund cannot support housing development.
- 3.9 The Northern Powerhouse Investment Fund and Rosebud provide revenue funding for Lancashire businesses. The recent Availability of Finance in Lancashire report (July 2022) highlighted that apart from early seed funding there wasn't a lack of funding for businesses in Lancashire.
- 3.10 GPF could be used to support inward investment in a capital or revenue capacity. For example, there is an opportunity to attract a nuclear imaging company into Lancashire and loan funding from Growing Places could be used for revenue and capital to attract the company to land here. Grant funding could be used but it would limit the size of the Fund going forward.
- 3.11 GPF could be used alone or in conjunction with another lender such as LCC to provide an attract loan package in order to attract inward investment into the county. It could be based on capital or revenue or a mixture of both.
- 3.12 GPF could be used in a revenue capacity to collaboratively create a new Innovation Fund such as a Low Carbon Innovation Fund with partners such as the University of Central Lancashire.

4. Investment Strategy

- 4.1 The Investment Strategy sets out the framework to manage the inherent risks in lending.
- 4.2 Growing Places is an alternative financial instrument to high street lenders and as such the viability of the scheme or creditworthiness of the borrowers may not satisfy bank lending. It is therefore an inherently riskier proposition.
- 4.3 Balanced against the riskier proposition is the economic benefits that schemes will bring to Lancashire. Those benefits could include sq ft developed, buildings brought back into use, new infrastructure created, highly skilled new jobs created, private sector funds leveraged into Lancashire and the commercialisation of R&D.
- 4.4 It is proposed to adopt a generally cautious approach but be prepared to accept a higher level of risk where a lending opportunity has a strategic fit with the LEP's Sector Groups or Strategic Framework and has a significant economic impact.
- 4.5 Going forward, consideration should be given to nominally splitting the Fund into 4 areas to cover
- Development Sites – business as usual
 - Inward Investment opportunities
 - Enterprise Zone development
 - Innovation/ Manufacturing/Low Carbon Fund - to be externally managed
- 4.6 This would cover the work of the LEP's Sector Groups, which are business led and provide the LEP with sector intelligence. They have developed or are in the process of developing action plans to support the businesses in their sectors. In addition to the six sector groups detailed below there are four emerging sectors.
- 4.7 Existing Sector Groups,
- Energy & Low Carbon
 - Advanced Manufacturing
 - Digital
 - Food & Agriculture
 - Health
 - Tourism, Culture and Place
- 4.8 Emerging Sectors, as identified in the refresh of the Lancashire Innovation Plan,
- Cyber, Digital and Secure Systems
 - Clean and Sustainable Growth
 - Advanced Mobility and Manufacturing
 - Health Analytics
- 4.9 Schemes coming forward for GPF should align to one of the LEP's Strategic Framework. The Strategic Framework is illustrated below but it should be noted it has been updated to reflect today's position.



- 4.10 Each scheme will be assessed on its own merits but should deliver economic impact in terms of highly skilled new jobs, private sector leverage, sq.ft. developed and R&D in line with the LEP's Strategic Framework. The impact should address at least one of the above elements.
- 4.11 In order to improve the utilisation of GPF, the purposes for which it can be used should be promoted via a targeted marketing campaign.

5. Approach to Risk

- 5.1 To assist decision making for investments the portfolio should be reviewed to establish how much risk the LEP Board is prepared to take.
- 5.2 To manage the portfolio, the loans are RAG rated according to how they are performing as follows,

RAG Rating	Description for classification purposes
Red	<ul style="list-style-type: none"> • New facility • Unproven borrower or weak borrower creditworthiness • Issues arising with the development • Reliant on security valuations to cover amount drawn down • Impact will be significant but risky proposition
Amber	<ul style="list-style-type: none"> • Facility not all drawn but development progressing in line with expectations • Medium borrower creditworthiness • Facility in process of repayment • Security to cover the whole value of the loan from the start • The benefit of Outputs and Impacts starting to be delivered
Green	<ul style="list-style-type: none"> • Facility being repaid to schedule • Strong borrower creditworthiness • Solid security from the start • Outputs and impacts being delivered in line with expectations

- 5.3 New loans will automatically be classed as **Red**, unless the borrower has a strong creditworthiness and security to cover the whole loan, in which case it will be classified as **Amber**. Otherwise, **Red** loans will over time move to **Amber** loans which will ultimately move to **Green** loans.

- 5.4 It is proposed that the spread of risk is based on a relatively equal split as follows,

30 % Red
40 % Amber
30 % Green

- 5.5 The spread of risk should be reviewed on an annual basis so that the Fund can respond to market forces.

5.6 The current portfolio is rates as follows,

Scheme	Value	Actually Drawn	Percentage of Fund	RAG Rating
	£5,000,000	£2,000,000	25.7%/10.3%	
Cash	£14,378,944	£17,378,944	74.3%/89.7%	
Pipeline schemes				
	£1,600,000	0	8.3%	
	£2,450,000	0	12.6%	
	£1,500,000	0	7.7%	
Cash when funds drawn	£8,828,944		45.7%	

5.7 Currently 100% of the GPF is rated as green which is a secure position but it is not fulfilling it's potential to create maximum impact.

5.8 When the pipeline schemes are drawn then the portfolio will look as follows,

28.6% Red
71.4% Green

6. Conclusion

- 6.1 GPF is now the only Fund available for the LEP to deploy and consideration should be given to supporting the Strategic Framework through capital and revenue loan funding.
- 6.2 Grant funding could be considered in exceptional circumstances where use of it would significantly impact the Lancashire economy.
- 6.3 GPF now has the flexibility to extend beyond its current parameters and could support the Strategic Framework through
- Continued capital development loan funding,
 - Inward investment capital and revenue loan funding,
 - Enterprise Zone capital funding
 - Revenue funding to provide equity or loans through a Fund Manager as part of a collaboration of partners.

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Agenda Item 13

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Agenda Item 14

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Agenda Item 15

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