

LEP - Performance Committee

**Thursday 1st June 2017 in Room D06, 3rd floor, County Hall,
Preston, PR1 8XJ, at 10.30 am**

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes of the meeting held on 16 January 2017 (Pages 1 - 4)**
- 4. Matters Arising**
- 5. LEP Annual Report 2016-17 (Pages 5 - 24)**
- 6. LEP Performance Metrics Infographic Reporting**
Verbal report – Andy Walker
- 7. Reporting to Lancashire Enterprise Partnership Board**
- 8. Any Other Business**
- 9. Date of Next Meeting**
The next meeting is scheduled for 10.30am on Thursday 14 September 2017 in Room A05, County Hall, Preston.

Part II (Private and Confidential)

- 10. LEP Accounts 2016-17 (Pages 25 - 30)**
(Not for Publication - Exempt information as defined in Paragraph 41 of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

LEP - Performance Committee

Minutes of the Meeting held on Monday, 16th January, 2017 at 10.30 am at the Room A07 - A Floor, County Hall, Preston

Present

Richard Evans

Edwin Booth
Graham Cowley

Michael Damms
David Taylor

In Attendance

Joanne Ainsworth Subject Matter Expert/Specialist Advisor: Finance, LCC

Heather Gittins, Business Support Officer, LCC.

Kathryn Molloy, Head of Service LEP Coordination, LCC.

Laura Sales, Director Legal, Democratic and Governance, Governance Finance and Public Services, LCC.

Holly Tween, Democratic Services officer, LCC.

Andy Walker, Head of Service Business Growth, LCC.

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the meeting and noted that apologies had been received from Cllr Peter Rankin.

2. Declarations of Interest

No declarations of interest were made in relation to items on the agenda.

3. Minutes of the meeting held on 22 November 2016

Resolved: That Minutes of the meeting held on the 22nd November 2016 are confirmed as an accurate record and signed by the Chair.

4. Matters Arising

There were no matters arising.

5. Reporting to Lancashire Enterprise Partnership Board

Items to be referred to the LEP Board were discussed as part of item 8.

6. Any Other Business

There was no other business.

7. Date of Next Meeting

It was noted that the next scheduled meeting of the Performance Committee was 10.30am on the 10th March 2017 in Room A07, at County Hall, Preston.

8. 2017-18 to 2019-20 LEP Operational Budget

At this point the Performance Committee approved that the meeting move into Part II, Private and Confidential to consider the remaining item which contained exempt information provided in confidence as defined in the Freedom of Information Act 2000. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

Kathryn Molloy, Head of Service for LEP Coordination, Lancashire County Council, presented a report and talked through the three tables that were included; Table 1 presented a summary of annual running costs for the LEP for 2016-17, Table 2 presented a summary of the LEP's forecast outturn spend for 2016-17 and Table 3 showed the equivalent proposed LEP spend for 2017-18.

The tables included known work priorities, including the independent appraisal of remaining projects in Growth Deal 1, 2 and 3 (subject to Government confirmation). It was requested that a report showing the variations between Table 2 and Table 3 be produced.

It was noted that marketing costs had increased in 2016/17 and that the Committee needed to consider the contributions made to Marketing Lancashire by other public and private sector partners to ensure that the LEP's funding, provided to the organisation to deliver strategic marketing and communications, is being delivered effectively whilst securing match funding support. A report showing this, produced by Marketing Lancashire, would be brought to the next meeting.

It was noted that officers were satisfied with the external PR and marketing support to the LEP and that they hold a list of third parties to the LEP that is reviewed regularly. SKV's contract would be brought to the Board for review before the renewal date in May.

A budget line had been identified in 2017/18 for transport related strategic case making support. It was noted that that as part of the establishment of the

Lancashire Combined Authority (LCA), responsibility for transport and related governance structures will transfer and, in due course, consideration would need to be given by the LCA as to how it intends to resource local transport body related activity. It was agreed that Mr Edwin Booth, Chair of the LEP Board, would have a discussion with the LCA regarding this.

The Committee recognised that there is a requirement to provide match funding for the £250,000 of core funding made available by Government. The Committee had previously been advised that LCC had agreed to provide cash match funding to the value of £250,000 for 2016/17 and 2017/18 only and that the additional funding includes in kind staff contributions and cash contributions to Marketing Lancashire and LEP projects. Discussions had not yet taken place with LCC about match for core funding beyond 2017/18.

Ms Ainsworth explained that the £250,000 can be drawn down in either direct cash or in kind time of staff. The in kind staff contribution could only be included for staff wholly under the direction of the LEP or Board Directors' time on specific projects but not at LEP Governance Meetings.

The Committee agreed that there was a need to consider income generation to support revenue activities. It was commented that it would be useful to look at how and where other areas were generating income. The Committee agreed to hold a separate workshop to discuss this, and to consider commissioning special advice.

The Committee considered Appendix 2 which set out a proposed funding model including proposed staffing. It showed staff currently paid for by the LEP, the contribution to LCC Company Secretarial Services and included the two additional investments posts. The Committee commented that having the two additional posts would assist Lancashire in establishing its inward investment capacity to support the LEP's core activity and it was noted that these additional posts had been built in for a two year period commencing in 2017/18.

The Committee discussed the suggested expenditure and were reassured that the budget for all areas was reasonable, and generally included a contingency amount.

The Committee requested that a report with proposals on income generation and investments be brought to the next meeting.

The Committee thanked officers for pulling the information together.

Resolved:

1. That the information in the report be noted
2. That a report be produced setting out the variations between Tables 2 and 3 of the summary report
3. That a workshop be arranged to discuss income generation for the LEP

4. That Mr Edwin Booth, Chair of the LEP Board, would have a discussion with the Lancashire Combined Authority regarding support to the Local Transport Body
5. That the 2017-18 Operational Budget be circulated to Committee members for comment next week, before presentation to the LEP Board for approval in January
6. That a report with proposals on income generation and investments be brought to the next meeting
7. That the yearly report on the contributions made to Marketing Lancashire by other public and private sector partners be brought to the next meeting of the Committee



LEP – Sub Committee

LEP - Performance Committee

Private and Confidential: NO

Thursday, 1 June 2017

LEP Annual Report 2016/17

Appendix 'A' refers

**Report Author: Kathryn Molloy, Tel: 01772 538790,
kathryn.molloy@lancashire.gov.uk**

Executive Summary

As part of the Lancashire Enterprise Partnership's focus on ensuring the Board maintains and builds upon its strong Governance and Accountability frameworks, it was agreed that the LEP would commence its first Business Planning process, which would also include the production of a three-year Business and Operational Plan and an Annual Report. The Annual report will be produced in June of each year.

The Annual Report, along with the LEP's Business and Operational Plan, will be made publicly available on the LEP's website and will capture key achievements made in the financial year as well as providing a summary of the key areas of focus for the LEP for the following 12 months. It will also contain information on the LEP's annual accounts, though a separate more detailed report on the LEP's annual accounts is contained elsewhere on the Performance Committee's agenda.

Attached at Appendix 'A' is a first draft of the Annual Report for consideration by the Performance Committee. It is proposed that following consideration and review by the Committee, the Annual Report will be subject to design and editing by Freshfield so that the document is in the same style format as the LEP's 'Our Achievements' and Business Plan documents.

It is proposed that the final version of the Annual report will be presented to the LEP Board at its meeting on the 29 June for final comment and approval.

Following the presentation of the Business and Operational Plan to the LEP Board in January of this year, further comments were sought and received. It is also proposed that a final version of the LEP's three-year Business and Operational Plan, covering 2017-2020, is also presented to the Board for final comment and approval at the June meeting.



Recommendation

The Performance Committee is asked to:

- 1) Consider and comment on the first draft of the LEP's Annual Report for the financial year 2016/17;
- 2) Following comments received by the Performance Committee, approve officers to work with Freshfield to design the document so that it 'fits' with the LEP's corporate suite of documents in terms of style;
- 3) Present the Annual Report for 2016/17 to the LEP Board at its meeting on the 29 June, seeking comment and approval; and
- 4) Approve officers to make final changes to the Business and Operational Plan based on comments received by Board Directors and also present this to the Board at its June meeting for final approval.

Background and Advice

- 1.1 The LEP is committed to re-establishing Lancashire as a major growth centre by unlocking the area's sectoral strengths and capabilities whilst also tackling its most acute growth, productivity and regeneration challenges.
- 1.2 The LEP's ambition and approach is set out in its SEP, which was published in 2014. The SEP is to be refreshed later in 2017.
- 1.3 The SEP represents a major milestone for Lancashire as the first agreed framework to gain any traction on improving the area's economic prospects. Indeed the strategic focus of the SEP has enabled the LEP and its local partners to establish a growth plan valued at nearly £1Bn with a reputation for bringing forward innovative initiatives of scale.
- 1.4 Although still a relatively new body, the LEP commands the support and confidence of key public and private sector partners in Lancashire. The contribution of private sector leaders is also valued with SME businesses and networks engaged at all levels from LEP Board through to overview and business support delivery arrangements.
- 1.5 The LEP also continues to make strong progress across all of its key priorities, which is recognised by Government.
- 1.6 However, in order to ensure the LEP remains effective and compliant in relation to the delivery of key priorities, initiatives and investment programmes it has been proposed by the Chair of the Board, that the LEP produce its first Business and Operational Plan.



- 1.7 The LEP's three-year plan Business and Operational Plan will build on the outcome of the Board's re-purposing day in January of this year and will identify strategic focus, performance, achievements and challenges requiring consideration by the Board. The proposed operational business planning document will identify LEP income and financial sustainability; key priorities for action and investment; governance structure and executive capacity issues; and the positioning of the LEP itself.
- 1.8 It is proposed that the LEP's Business Plan will be complemented by the production of an Annual Report document detailing performance against operational objectives as well a 'dashboard' report of the LEP's progress in delivering its key outputs and outcomes.
- 1.9 Furthermore, it is suggested that the Performance sub-committee is the most appropriate part of the LEP's governance structure to develop and have oversight of this area of work, though subject to Board consideration and approval.

Lancashire Enterprise Partnership Annual Report 2016/17



Lancashire Infographic Performance and LEP Timeline Page

To include a performance summary, in infographic format, of the key outputs achieved by the LEP's key economic initiatives in 2016/17.

This will include jobs created, houses built, businesses assisted, learner outcomes, public and private sector funding leveraged, social value outcomes etc.

Foreword

It is a great pleasure to produce the Lancashire Enterprise Partnership's first Annual Report which captures the progress we have made in 2016/17. It builds on the production of the LEP's first 'Our Achievements' document produced earlier this year which reflected on the LEP's considerable progress made since its inception in 2011.

Our first Annual Report also sits alongside the LEP's first Business and Operational Plan covering the period 2017-2020. These documents demonstrate the LEP's commitment to sharing its progress in securing national resources and in delivering strategic investment programmes to improve the economic performance of the County. They also provide a statement of the LEP's ambition to secure a prosperous and productive future for the Lancashire economy, whilst supporting a wider agenda of inclusive growth.

Since the LEP's inception in 2011, we have established and maintained a strong strategic focus. This has enabled us to secure a £1 Billion growth plan and bring forward over 50 major growth initiatives. Whilst all parts of Lancashire have benefitted from these ambitious growth programmes and investment plans, half of these initiatives are within our five most deprived areas reflecting the LEP's ambition to drive inclusive economic growth.

2016/17 saw the LEP develop a new economic narrative for Lancashire, 'We are Lancashire – the place for Growth', which was launched at the Northern Powerhouse's Minister's visit to Burnley in November 2016.

The LEP model has already demonstrated an ability to make key decisions which have tested the resilience of its governance structures as well as the maturity of local partners. As part of the LEP's commitment to ensuring it remains fit for purpose and focussed on its strategic economic vision and objectives, in 2016/17 the LEP has boosted Board representation from the SME community through the appointment of new Directors from high growth SMEs alongside established business representation through Lancashire's Chamber network.

As a testament to the LEP's strong, robust and accountable governance structures, Lancashire secured the third largest Growth Deal 3 funding award in the North and the fifth largest nationally, resulting in an additional £70M of funding being provided on top of the LEP's previous £250M allocation. Lancashire is now delivering one of the largest Growth Deal programmes in the country.

In 2016/17, the Northern Powerhouse initiative has provided a platform for close collaboration and working with our neighbours and those who share our economic priorities. This has included securing Wave 1 Science and Innovation Audit status with Sheffield City Region and the joint commissioning of an East West Connectivity study with the West Yorkshire Combined Authority and North Yorkshire LEP.

Whilst this foreword provides some highlights of the LEP's achievements over the past year, our Annual Report captures more detail on the breadth and impact of the LEP's activities over the past 12 months.

The success and extent of this activity is a result of the commitment and high calibre skill set of the Board itself, with all Directors playing a full role in directing key agendas of the LEP. It is also a result of the maturity of a wide range of partners across Lancashire, both from

within the public and private sector, who have committed time, expertise and funding resources to support the delivery of the LEP's ambitious growth programme.

A note of thanks is expressed to Mike Damms MBE who retired from the Board at the end of the year and whose dedication and commitment has been invaluable in positioning Lancashire as a key driver of activity particularly in respect of the advanced manufacturing agenda.

And finally, it is important to recognise the continued support of Lancashire County Council as the principal local funder of the LEP itself and the resource contributions it makes to the delivery of key LEP programmes.

Edwin Booth

Chair, Lancashire Enterprise Partnership

Key Achievements 2016/17

2016/17 saw the publication of the LEP's 'Our Achievements' report, which captured the considerable progress the LEP has made over the last five years and setting out its bold vision for the future.

The report reinforced the LEP's hugely successful track record in securing over £1 Billion of transformational economic programmes across Lancashire which have kick-started over 50 major growth initiatives to drive growth, create new jobs and vastly improve the county's infrastructure.

This investment is also helping to support the county's 50,000 businesses who generate almost £28 billion per year, confirming Lancashire's position as one of the most significant economies within the Northern Powerhouse.

Reference to strategic marketing and communications including the development of the EZ branding programme to be added.

Economic Evidence Base and Analysis Reporting

Over the course of the last year, the LEP, with partners, has maintained and strengthened the range of economic and business data it holds on the Lancashire economy, applying this analysis to key subject areas.

In preparation for the renewal of the LEP's Strategic Economic Plan (SEP), investment has continued to be made in economic analysis activity through both research and commissioning partnerships and through specific studies, ensuring the LEP's evidence base is current and robust.

The LEP continues to financially support the North West Regional Research Consortium which has an annual research programme partly informed by the North West Business Leadership Team. In 2016/17, the main outputs of the group included studies on Advanced Manufacturing Employment and Skills Support aimed at retaining and retraining over 50's within the workforce. The team also continued to produce ongoing briefings on the impact of Brexit, contributions to the Northern Powerhouse Independent Economic Review and the National Tax and Spend Tool and Budget Commentaries.

Three key policy themes have continued to dominate, in terms of Government expectations of where LEP projects should contribute to national programmes and economic growth agendas. These are; bridging the productivity gap which has emerged since 2008 between the UK and competitor economies; harnessing innovation; and promoting greater levels of international trade from the local economic base. To understand what can and should be done locally, the LEP commissioned three strands of work to examine how productivity levels can be boosted, protecting employment levels locally, and how Lancashire can encourage more businesses to export and explore new markets and support innovation in the local business base. This work has built on the Science and Innovation Audit conducted with Sheffield City Region and respective HEI partners in the summer of 2016.

Investment in Growth

The LEP secured £69.8M from Government's Growth Deal 3 programme. This latest award of 'Local Growth Funding' was in addition to the £251M of Growth Deal funding already awarded to the LEP, resulting in one of the largest Growth Deal programmes to be awarded to a non-Core City area.

In 2016/17, significant Growth Deal investments have been made by the LEP, which have resulted in major projects either having commenced or completed including:

- Edge Hill University's £12.9M Innovation Technology Hub which will see the creation of high quality space for teaching, learning, student employability, enterprise and knowledge exchange activities. The facility supports the expansion in Digital Creative and Food Science (Biotechnology), to include bioinformatics, product design and prototyping. It also houses a Knowledge Exchange, a CAVE, a Food Science facility and an Enterprise Hatchery.
- Clan's £30M Engineering Innovation Centre which will deliver an internationally competitive centre to provide a local supply of graduate engineers for advanced manufacturing businesses, supporting industry engagement.
- A £32M redevelopment of Brierfield Mill which will see the Grade 2 listed mill building re-developed into a mixed-use development comprising hotel, leisure, apartments, managed office workspace and the establishment of new facilities for Lancashire Adult Learning College and Burnley Football Club in the Community to deliver Community learning facilities.
- The £10M Lancashire Energy HQ, located on the Blackpool Airport Enterprise Zone, which aims to deliver the next generation of engineers and technicians through traditional oil and gas as well as renewable and low-carbon energy generation training and skills. The Energy HQ will also house the UK hub for the National College for Onshore Oil and Gas and will work closely with Blackpool and the Fylde College's Fleetwood Offshore Survival Centre, a leading provider of safety training to the offshore oil and gas industries.

A social value toolkit has also been launched on the LEP's website which aims to maximise the social value, or the social benefit, available through the procurement and commissioning of LEP programmes. The LEP and its partners share a responsibility to ensure that public money delivers better outcomes, be they social, environmental or economic, with the Lancashire Enterprise Partnership recognised nationally as one of only a small number of LEP's embedding Social value through its programmes.

A three-year evaluation of the LEP's Growth Deal has also commenced.

In October 2016, the £140M M6 Heysham to M6 Link, now known as the Bay Gateway, was officially opened.

Excellent progress continues to be made in the delivery of the £22M A6 Broughton Bypass and the £12M Burnley-Pendle Growth Corridor.

Growing Places Investment Fund

The LEP's £20M Growing Places Investment Fund has made eight commercial investments across Lancashire since its establishment in 2012. In 2016/17, the fund started planning its ninth investment, supporting a high quality residential offer in Preston City Centre.

Employment and Skills

In 2016/17, the LEP's Skills Hub was instrumental in progressing several key initiatives, aligned to the LEP's Employment and Skills Framework. These include:

- The development of a robust evidence base including seven sector skills studies.
- Phased growth of the Lancashire Enterprise Adviser Network – 62 schools and colleges now engaged across Lancashire, increasing the number of employer encounters that young people experience in secondary and further education.
- £26M of Growth Deal funding allocated to 16 skills facilities across Lancashire, mapped to the LEP's priority sectors. A number have now opened and are delivering additional learner numbers, including growth in apprenticeships.

Preston, South Ribble and Lancashire City Deal

Reference to be made to Year 3 outcomes being delivered and programme being on track.

2016/17 saw the development of a City Deal Employment and Skills action plan which is now in place and is targeted at; providing a workforce for the new central Lancashire economy and construction industry; maximising training and employment opportunities; and providing training and skills support.

A key achievement in 2016/17 was engaging 660 young people, 150 teachers and 70 parents in activities that promoted the City Deal and career opportunities in the construction industry.

Significant work has also been undertaken to develop a consistent investment narrative to ensure that commercial investors, developers and house-builders continue to be attracted to Central Lancashire. The investment opportunity of Central Lancashire was promoted throughout 2016/17 at a series of successful investor events including; Place North West Investor and Developer event; Lancashire Business Expo; MIPIM Cannes and BOOST Lancashire conference.

Housing Zone status for Preston was successfully secured in 2016/17, with the focus now moving towards implementation stage with a City Living Strategy launched.

Business Databases

Using Department for Business, Energy and Industrial Strategy (BEIS) monies channelled through the LEP to Boost - Lancashire's Business Growth Hub - the LEP has resourced 30 licenses to enable partners to use the Mint and Fame business databases. This resource allows users to easily interrogate live business data for individual businesses and aggregated groups and supports the targeting of business support activities, including the identification of companies whose performance profile is significant within the wider economic context.

Alongside this "whole population" business data, the LEP also supports and has access to Lancashire's Evolutive business database. This system is used by individual business support programmes to record data on business interactions in any given location or sector in Lancashire. In 2016, the LEP began a process to better align the use of this system, its day to day administration and the range of data available to local authorities and delivery partners.

Business Support

The LEP attracts limited direct investment for business support programmes by operating a Growth Hub. By aligning this investment with partners' investment alongside the commissioning of European Regional Development Funding (ERDF), this has resulted in significant resource being applied to business support programmes in Lancashire in 2016/17.

Growth Hub performance

To be included

Business Finance

Northern Powerhouse Investment Fund

In 2016/17, LEP Board Members supported the establishment and governance of the Northern Powerhouse Investment Fund (NPIF). NPIF is a collaboration between the government-owned British Business Bank and ten Local Enterprise Partnerships in the North West, Yorkshire & the Humber and Tees Valley and provides commercially-focused finance to help SMEs start up and grow. It combines £400 million of funding from the UK Government, European Regional Development Fund, British Business Bank and European Investment Bank to help businesses in the region to scale-up and become a successful part of the government's Northern Powerhouse vision.

The Lancashire Access 2 Finance Service

BEIS Growth Hub contribution funding has been matched against ERDF within a North West programme, to provide a discrete team of 3 business advisers working to advise business on financing alternatives to support the growth of their businesses. In 2016/17, this service supported 104 businesses and helped to create offers of finance totalling £5.4m.

Supporting increased Levels of International Trade

Through the course of 2016, the LEP has continued its efforts to equip and support Lancashire businesses who are first-time exporters and those exploring new markets and territories. The Lancashire Chambers have key expertise and lead much of the local activity around this area of work, channelling businesses to a range of national and local provision, both fully funded and commercially provided.

In addition, alongside monies from the Higher Education Funding Council for England, local partners have continued to support the China Catalyst Programme run by Lancaster University providing:

- A programme of planned visits for UK companies to China and Chinese-partner visits to the UK.

- Dedicated human resources to companies via an experienced UK and China-based support team.
- Access for UK companies and their Chinese partners, to significant grant investment from Chinese government funders.

Work with key sectors

In line with the LEP's current SEP, in 2016/17 the LEP has continued to develop a programme of work specific to those key sectors identified as key drivers of economic growth and those sectors which remain key areas of activity and employment.

Work with the manufacturing sector has been focussed primarily on the aerospace and automotive sectors to understand whether changes such as Brexit have impacted on orders and investment plans and in seeking to ensure that public provision supports growth ambitions in terms of providing access to finance, support to develop leadership and management, innovation support and access to a pool of skilled labour.

The nationally sanctioned Science and Innovation Audit, conducted with colleagues from Sheffield City Region, explored in detail the innovation challenges and opportunities facing the energy and manufacturing sectors and the assets, knowledge and programmes that are available locally to help businesses in this transition.

2016/17 also saw concerted work with the digital sector in Lancashire for the first time. Driven by Digital Lancashire, a newly established local trade body, the industry itself began to build its profile, to highlight significant clusters of expertise and to improve the relevance of the skills of young people looking to work in the sector.

Inward Investment Activity

In support of Marketing Lancashire's efforts to raise the profile of Lancashire, partners have continued to work with the Department for International Trade (DIT) to respond to specific Inward Investment enquiries and to develop propositions to attract and retain foreign investment.

Over the year to March 2017, a total of 16 foreign investment successes were ratified by DIT in Lancashire. Of these, 14 had some element of assistance from either national or local partners.

European Strategic Investment Funds (ESIF)

2016/17 saw strong progress in committing Lancashire's £250M European Structural Investment Funds (ESIF) programme which is available to 2020. There are currently 19 live ERDF contracted projects covering Lancashire, committing £31.25M of the Lancashire ESIF programme.

These projects cover most thematic objectives in the local ESIF Strategy, including:

- Innovation funds complementing Growth Deal investments at UCLAN's Engineering and Innovation Campus, Lancaster University's Health Innovation Campus and Edge Hill University's Tech Hub.

- Projects to support improved commercial exploitation of the digital infrastructure legacy of the Superfast Lancashire Programme.
- A range of programmes supporting SME Competitiveness, including Leadership and Management development, business finance support and access to University assets and expertise.

In addition, £44M of ESF activity has been procured to-date, with delivery activity underway, with co-finance organisations and local partners.

In 2016/17, the Lancashire ESIF Partnership has also commissioned 20 business facing ERDF programmes worth over £90M.

Officers have also worked with colleagues in DCLG to ensure that calls for projects and programmes which have been put forward are well aligned with local policies and strategies.

Final Year Accounts 2016/17

Since its inception in 2011, the LEP has been established as a company limited by guarantee wholly owned by Lancashire County Council but with a clear majority of private sector directors. The LEP's Chairman and Vice Chairman are also drawn from the private sector.

In April 2015, the LEP produced its first Assurance Framework to ensure accountability for the delivery of public resources, including Growth Deal funding, through transparent decision making and achievement of value for money. The Assurance Framework is reviewed at least annually by the Board in June of each year and in relation to changes to wider governance in Lancashire relating to closer local authority joint working through a Shadow Combined Authority.

The LEP has established a Performance Committee to oversee the performance of the LEP's key economic initiatives, identify risks associated with delivery and performance and monitor the delivery of the LEP's annual budget. It has also established its Growth Deal Management Board, which has responsibility for overseeing the delivery of the LEP's £320M Growth Deal with Government. The establishment of these two functions have further strengthened the strategic management and oversight of the LEP.

In January 2017, the Chair of the LEP along with fellow Directors attended the LEP's 'Annual Conversation' with Government officials from the Department for Business, Energy & Industrial Strategy (BEIS). The 'Annual Conversations' confirmed the LEP's excellent progress in delivering key national economic initiatives and investment programmes using robust and rigorous implementation procedures.

To ensure the LEP remains effective and compliant in its delivery of public resources and in the implementation of national economic initiatives, growth programmes and investment plans, the LEP has produced its first Business and Operational Plan spanning 2017-2020. The Business Plan identifies the LEP's operational objectives over the next three years, whilst also focussing on strengthening core operational and delivery capacity and the long-term sustainability of the LEP.

The LEP's balance sheet, which is reported below, is made up of funding received directly from Government since 2011, in the form of Core and Strategic Funding. Government's Core Funding has been directly matched each year by the County Council. In addition, the LEP has generated income via interest generated from its Growing Places Investment Fund, which the Board has agreed should be used to support strategic capacity, activity and resourcing.

The LEP sets an operational budget annually, based on the in-year funding received from Government and the County Council. The budget covers a range of activities, primarily, the development of a robust evidence base including appropriate and relevant economic studies, independent appraisal of Growth Deal schemes and marketing and communications. The LEP has also previously invested significant funding to establish Transport for Lancashire, including key transport and infrastructure research and the



development of a robust business case and appraisal methodology for transport schemes which have secured Growth Deal funding.



Lancashire Enterprise Partnership		
Forecast Profit and Loss Accounts - 2016/17		
	2016/17	
Income		
DCLG income (inc. Core and Strategic)	500,000	
LCC match (for DCLG Core funding)	250,000	
Total Income		750,000
Expenditure		
Staffing		
LEP contribution to LCC LEP staff	182,523	
LEP contribution to Skills Hub staff	144,586	327,109
Core Running Costs		
Running costs	812	812
Studies and Appraisals		
Business case appraisals Growth Deal	66,397	
Innovation activity	16,822	
Business Case appraisals Tfl	39,866	
East West connectivity study	15,738	
External Support - EZ Modelling and legal support	7,400	
		146,223
Marketing & Communications		
General marketing activity	136,338	
EZ branding, marketing and communications	5,000	141,338
Professional Fees		
Contribution to LCC Democratic Services	40,000	40,000
Total Expenditure		655,482
Net P&L		94,518



LEP Opening Balance Sheet – 2016/17		
LEP funding brought forward		2,282,708
		2,282,708
Balance of P&L above		94,518
Total LEP funding available		2,377,226

What's next?

Building on the LEP's strong track record for delivery, we are moving forward with a clear set of priorities for the next three years. Working with local partners, the LEP will continue to work to ensure the development of a strategic project pipeline to take advantage of local and national investment streams and policy initiatives.

Key areas of activity for 2017/18 will include:

- A refreshed Strategic Economic Plan for Lancashire.
- Readiness to compete for new local growth fund opportunities.
- Renewed placed-based growth strategies in Lancashire.
- A greater focus on the drivers of productivity, innovation and internationalisation to maximise opportunities within the new national Industrial Strategy.
- Ensuring Lancashire is at the forefront of new national approaches to vocational education and training and supporting local partners to improve educational attainment levels in areas of deprivation.
- Building on the evidence of the SIA to look more broadly at the innovation ecosystem across Lancashire's key sectors.
- Continued, successful delivery and evolution of the LEP's £320M Growth Deal and Preston, South Ribble and Lancashire City Deal Programmes.
- Sustaining funding for the Growth Hub and building an offer for rapidly growing Scale-Up Businesses.
- Championing key sectors and supply chains.
- Establishing a business and investment finance portfolio.
- Raising the profile of Lancashire as an Inward Investment location of choice.
- Continuing to play an active role within the Northern Powerhouse and work with city-region partners to develop growth initiatives of scale.
- Actively Marketing the Lancashire Advanced Manufacturing and Energy Cluster.
- Continuing to make the best use of European Structural Investment Funds whilst they remain available and case-making for successor funds.

Summary and conclusion

Also to include:

Positioning Lancashire to respond to national funding competitions linked to Industrial Strategy or place based competition funds.

Agenda Item 10

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