**Lancashire Enterprise Partnership Limited**

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**Strategic Economic Plan Refresh - Update**

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| **Executive Summary**The Lancashire Enterprise Partnership (LEP) published the *Lancashire Strategic Economic Plan – A Growth Deal for the Arc of Prosperity* in 2014. The Strategic Economic Plan (SEP) has played a central role in establishing the LEP's leadership role; in forging new ways of working between public and private sector partners; in securing and directing unprecedented levels of national public investment in support of locally agreed growth priorities; and, in turn, enabled the LEP and its local partners to be recognised by Government as high performing. However, the SEP will be 3-years old in March 2017, and it is important that the SEP continues to evidence the LEP's economic leadership and articulate an agreed Lancashire agenda for change which is both relevant and bold, given a rapidly changing national and international context. At the Board meeting in November 2016, it was agreed that a “refresh” of the SEP should be undertaken, in conjunction with the shadow Lancashire Combined Authority (LCA), with a view to completing this task by April 2017. This report updates the Board on current progress with the SEP refresh.**Recommendation**The LEP Board is asked to:1. Note the contents of this report, including the revised timetable which has been extended to enable key policy research inputs to fully inform the SEP refresh;
2. Authorise the LEP Chair to continue working with the shadow LCA to develop the refreshed SEP;
3. Agree to work with the shadow LCA, whilst engaging with public and private sector partners, to identify new strategic and transformational priorities, programmes and scheme proposals for consideration by the LEP Board;
4. Authorise the Director of Economic Development of the County Council to continue working with the team of local authority officers identified by the shadow LCA to support the SEP refresh – and especially regarding spatial, housing growth, inclusive growth and pipeline development priorities; and
5. Request a Draft refreshed SEP to be submitted to the Board meeting in March.
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**Background and Advice**

***Current Position***

* 1. The LEP published the *Lancashire Strategic Economic Plan – A Growth Deal for the Arc of Prosperity* in March 2014. In recent years, the SEP has provided a robust economic framework which has enabled the LEP and local partners to develop and deliver agreed priorities. The SEP has also enabled the LEP and its partners, in both the public and private sectors, to establish new ways of working to deliver shared objectives.
	2. The most visible measure of the SEP's success is its role in enabling the LEP and its local partners to secure and direct an unprecedented level of national investment, often on a competitive basis, to support the delivery of locally agreed priorities. For example, Lancashire’s recently announced Growth Deal 3 allocation of almost £70M is only significantly bettered by London and Manchester. Over three competitive rounds of Growth Deal funding, the LEP has successfully secured over £320M to support the delivery of 45 major initiatives across the County with the ability to deliver nearly 11,000 new jobs and 4,000 new homes.
	3. Over the last 3-years alone the SEP has provided the overarching strategic framework which has enabled the LEP to direct or influence nearly £1 billion in new public investment in support of locally agreed growth and regeneration priorities. In these terms, nationally, Lancashire is punching way above its economic weight, which is essential if the area is to close its long-standing productivity and economic performance gaps with the rest of the country.
	4. The SEP has been instrumental in enabling Lancashire to establish new growth opportunities by focusing on key economic assets and potential, with major programmes of national significance now in place with a Lancashire Enterprise Zone programme of Northern Powerhouse significance; a highly regarded City Deal; the largest Growth Deal programme of any non-Core City LEP; Boost, which is recognised as one of the country's best performing business growth hubs; and with a commercially-focused Growing Places Investment Fund driving forward innovation in the financing of new development opportunities.
	5. The SEP has also broken new ground in developing ambitious economic and housing growth outcomes for Lancashire, in the absence of aligned local plans in Lancashire. Spatially, the SEP has developed local thinking about locational economic priorities, the function of Lancashire's economic base with approaches such as the *arc of prosperity,* and how the area relates to neighbouring city-regions.
	6. The SEP has also provided the framework to continue developing spatial relationships with exciting opportunities emerging in relation to promoting the economic role and reach of places such as Lancaster and West Lancashire, in terms of exploiting their untapped strengths and cross-boundary locations with prime access to new economic opportunities. A strong "economic spine" is in prospect which connects a dynamic Lancaster, an extended City Deal area recognising Chorley's gateway role, with stronger links with city-region facing West Lancashire.
	7. The SEP has also encouraged local partners to develop growth frameworks at the sub-county level. For example, partners in Blackpool and the Fylde Coast and in East Lancashire are developing local growth and prosperity plans with shared approaches on the how best to improve their business-base and deliver economic opportunities for residents.

* 1. The SEP has also enabled the development of a strong Strategic Transport Prospectus, underpinned by local transport masterplans, with both strategic frameworks helping to positively position Lancashire within emerging Northern Powerhouse economic and transport connectivity agendas, including the recent Northern Powerhouse Independent Economic Review (IER).
	2. By working with the shadow LCA, the SEP refresh will look to develop an even more ambitious spatial framework to underpin Lancashire's growth agenda.
	3. The Board are also aware the LEP is working with Marketing Lancashire to establish a new strategic marketing approach for Lancashire which is fully informed by the SEP's ambition and priorities. A refreshed SEP will further invigorate the LEP's ramping-up of this activity.
	4. In summary, though less that 3-years old, the SEP has clearly demonstrated the value of a strong, ambitious and evidence-based framework approach in developing and pursuing an agreed growth agenda for Lancashire. However, given the strong progress the LEP and local partners have made in recent years, along with the acceleration and development of new thinking and new development proposals, it is clearly timely to refresh the SEP.

**2.** **SEP Refresh Framework**

 ***A Strong Evidence Base***

2.1 Clearly, the LEP's strategic thinking, evidence-base and pipeline development activity work has continued at pace since the SEP was first published. In terms of strategic analysis, the LEP has an even stronger evidence base on which to develop a refreshed SEP. For example:

* Since the SEP was produced, the LEP had developed a comprehensive Employment and Skills Framework, though further work is currently underway on developing an Apprenticeship Growth Plan; finalising the outcomes of Lancashire’s Area Base Review; as well as planned work with the shadow LCA on better understanding educational and social performance constraints limiting the social mobility and prospects 0-16 year olds in Lancashire.
* New insights on driving innovation and smart specialisation have been garnered from the LEP's successful wave 1 Science and Innovation Audit (SIA) with Sheffield City Region partners, with the prospect of a wave 3 SIA on eco-innovation, again led by Lancaster University. A local innovation strategy is in train which develops these insights, integrates LEP investment in key innovation centres such as UCLAN’s EIC, Lancaster University’s HIC development, Edge Hill University’s Tech Hub and the planned AMRC NW development at Samlesbury, along with aligned skills facility investments and identified market/sectoral opportunities that can exploit leapfrog technologies.
* Further analyses are also underway to identify new local approaches to closing productivity gaps, with a detailed investigation of the role of Lancashire's SMEs, especially scale-up and mid-cap businesses, in addressing this challenge; whilst a new international trade strategy is being developed by Chamber partners with LEP officer support; and under the direction of Transport for Lancashire an East-West connectivity study, involving partners in West and North Yorkshire, is exploring new joint approaches to developing trans-Pennine growth corridors with the aim of informing the revised investment priorities of Transport for the North.
* The LEP has also agreed to fund and support the shadow LCA’s work on developing its understanding of local housing market dynamics, growth opportunities and constraints, with the aim of identifying the key interventions, which may be thematic and/or place-focused, to accelerate the delivery of new and extant housing growth opportunities in Lancashire.
* New evidence is also emerging regarding major local economic opportunities in the energy sector, for example, especially in nuclear with potential SMR developments, and potentially in relation to supply chain opportunities in the shale gas sector.
* The LEP and local authority partners are also developing their understanding of “inclusive growth” and the RSA’s Inclusive Growth Commission will also report shortly. Again, these analyses will provide insights that will help to shape the refreshed SEP.

2.2 The SEP refresh will be fully informed by these analyses, but a number are still work in progress which means the timescale to deliver a refreshed SEP is likely to be extended to May.

 ***Changing Policy Context***

2.3 The need to refresh the SEP is given additional impetus by recent changes in national economic policy. The Government’s recently published Industrial Strategy with its intention to deliver radical productivity improvements via measures such as “sector deals” with industry leaders, alongside continued economic devolution, challenges our SEP refresh to position and identify Lancashire’s contribution to delivering revised national objectives.

2.4 The Northern Powerhouse, as a key economic and spatial growth driver, with an institutional structure to support key elements such as Transport for the North, will continue notwithstanding recent changes in Ministerial personnel. A strong Lancashire voice will continue to be required within the North of England.

2.5 Irrespective of change at the Northern Powerhouse level, Lancashire needs to continue to strengthen and forge new economic relationships with its city-region neighbours (and competitors) as their plans have also continued to develop in recent years.

2.6 Although the impacts of the recent decision for the UK to leave the European Union have yet to be fully identified there will be significant post-Brexit implications for Lancashire which will need a strong economic response – especially in relation to international trade and inward investment.

2.7 The welcome progress made by Lancashire’s local authorities in seeking to establish a Combined Authority, which hopefully will be in place by April 2017, provides a further powerful reason to refresh the SEP. In the meantime, Lancashire's local authorities are operating the proposed LCA in shadow form.

2.8 As previously reported, the Chair of the LEP is invited to shadow LCA meetings with local authority leaders, with the LEP Chair becoming a non-constituent member of the LCA, once arrangements have been confirmed by Parliament.

2.9 The shadow LCA is aiming to develop a Lancashire Plan to direct and focus agreed priorities with a refreshed SEP recognised as the key growth input to a new overarching Lancashire framework for growth, regeneration and public service reform. Though work on the Lancashire Plan is still at an early stage, it is important the SEP refresh provides the shadow LCA with the opportunity to fully contribute to its development.

2.10 The shadow LCA, in conjunction with the LEP, is also developing its first Devolution Deal proposal for Government’s consideration. It will be important that the refreshed SEP supports the strategic case-making for this and future Devolution Deals.

2.11 It should be noted that the shadow LCA has offered the support of senior local authority economic development officers to support the SEP refresh. This is a welcome offer. For example, this additional officer capacity will help the LEP to better understand collective local authority spatial thinking, inclusive growth and strategic pipeline development priorities, as well as housing growth ambitions linked to economic opportunities.

2.12 In time, greater joint working at the LCA level may also encourage local authorities to work together and co-invest to establish a comprehensive inward investment service for Lancashire, which is urgently needed, to help deliver new economic opportunities, whilst also helping to sustain and enhance successful business support services such as Boost. These are some of the priority actions that will need to be considered, in conjunction with the LCA, in developing the action plan in support of the refreshed SEP.

**3. Next Steps**

3.1 The Board has previously agreed that the SEP refresh process will aim to build from the strong strategic and evidential platform established by the first SEP, which is being further strengthened by new analyses, as outlined above.

3.2 The refreshed SEP will remain focused on driving forward Lancashire's growth ambitions with the aim of closing productivity gaps by creating the conditions that enable businesses to grow and residents to access higher value employment.

3.3 At this stage, it is not proposed that current SEP strategic priorities[[1]](#footnote-1) be recast, though these will be reviewed for continued relevance. These priorities will also need to be shared and tested with the shadow LCA for their comment.

3.4 The base and policy-on economic forecasts used to inform the first SEP will also be reviewed and updated. However, we will also utilise the forecasts of others, including updated Northern Powerhouse IER-based analyses, which suggest Lancashire’s underlying growth trajectory has significantly improved in recent years with performance levels expected to out-perform key benchmarks and comparator areas, though our inherited national performance gap is still significant.

3.5 There is also a need to identify new strategic and transformational programme and scheme proposals for consideration and inclusion in the refreshed SEP, with a supporting action plan. Subject to Board approval, it is proposed that new strategic and transformational programme and scheme proposals (though not with fully developed business cases, at this stage) be jointly sought by the LEP and shadow LCA from public and private sector partners.

3.6 In conjunction with the shadow LCA, consideration will also need to be given to engaging Lancashire's 16 MPs in the SEP refresh.

3.7 The spatial framework underpinning the refreshed SEP will be critical to Lancashire’s growth ambitions. The refreshed SEP provides the opportunity to develop and extend spatial thinking, given a better understanding of the role and function of places such as Lancaster, Chorley and West Lancashire, and the development of local growth and prosperity strategies in Blackpool and the Fylde Coast and East Lancashire.

3.8 It will also be important to work with the shadow LCA to test the possibility of establishing a spatial framework for Lancashire, or better aligned local plans, which can support ambitious and sustainable economic and housing growth priorities.

3.9 The refreshed SEP will be more externally focused, given the development of the Northern Powerhouse, for example, but also on matters such as international trade and inward investment. Building on the LEP’s success in developing major centres of innovation and skills excellence, and Lancashire’s key sectoral strengths and challenges, the refreshed SEP will also identify and develop Lancashire's economic leadership role in influencing the new Industrial Strategy and other key agendas.

3.10 It is also proposed that 2040 is adopted as the "planning horizon" end-point for the refreshed SEP to reflect the need to link long-term strategic transport priorities with growth driving impacts, as many major schemes can only be delivered within such a timeframe. However, it is anticipated the refreshed SEP would be ready for review again by 2020.

3.11 The expectation is to have a refreshed SEP ready for sign-off by the LEP and LCA by the end of May. However, the aim is to provide an initial outline draft for the March meeting of the Board which will then be shared with the shadow LCA. This will provide an opportunity to review strategic priorities and comment on the structure and flow of the document, though some detailed analysis will be dependent on key policy research inputs which will only be finalised in April.

1. The SEP identified six strategic priorities: sector development and growth; innovation excellence; skills for growth; business growth and enterprise; releasing local growth potential; and the renewal of Blackpool. [↑](#footnote-ref-1)