

# **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.



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



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

## 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.