



LEP - Lancashire Innovation Board

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Origins, Context and Role of the Innovation Board
(Appendices A, B, C, D, E, F and G refer)

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Executive Summary

This report and the accompanying presentation (to be delivered at the board) provide the context for the formation of the Innovation Board, its key activity areas and how it operates within the wider strategic framework of the LEP.

Recommendation

The Board is asked to note the contents of the report as context for the further development of the Innovation agenda within Lancashire.

Background

Between 2017 and 2018 the Lancashire Enterprise Partnership (LEP) commissioned the production of an Innovation Plan to bring a more informed and structured approach to its existing assets in this thematic area.

The plan came forward at a time when the LEP had already invested heavily in a range of a range of innovation assets, providing capital resource for the construction and fit out of new buildings through a succession of Growth Deals and revenue and running costs via European Structural Funds.

The Innovation Plan set out five strategic aims:-

1. To stay ahead in sectors and areas of work where the County was already world class.
2. To create new route ways to excellence, recreating the economic base and creating new USPs.
3. To broaden the innovation base and be less dependent on a limited number of larger companies.
4. To create an enabling infrastructure for innovation and commercialisation across Lancashire.
5. To Let the World Know – by telling Lancashire's innovation story better.



The innovation Plan Strategic Aims are also set out in **Appendix 'A'**.

Work has continued across partners to advance this agenda, amassing some shared resource to progress these actions, however, the formation of an Innovation Board marks a further step change and acceleration in this process.

Innovation remains at the heart of the LEP's refreshed Strategic Framework and provides one of the cross cutting themes which supports the increased focus on working with key sectors.

Why Develop a Lancashire Innovation Plan?

The Lancashire Innovation Plan is designed around the principal that innovation matters and will increasingly be an imperative for how Lancashire 'works'.

In 2017 innovation was increasingly viewed as a key driver to improving productivity across the UK. Businesses that innovate grow faster than those that do not, and innovating economies are more resilient to market and technology change, and better equipped to plot their futures than those that do not. Innovation was front-and-centre of the launch of the UK Industrial Strategy, whilst the Northern Powerhouse identifies it as one of its key enablers.

Internationally, work by the Organisation of Economic Development and Cooperation (OECD), has done much to highlight the importance of innovation, as technology brings once distant markets increasingly close to one another.

Against the economic context of Lancashire, innovation still has a significant part to play. Lancashire has many strengths and assets to build on to move our productivity efforts forward. We are home to leading global businesses at the cutting edge of innovation in Advanced Manufacturing, supported by a supply chain cluster of high-tech small and medium-size enterprises (SMEs). Our long standing and well-known strengths in Aerospace, Automotive, and Energy industries sit alongside exciting, emerging strengths in sectors such as Digital and Applied Healthcare. And through our high performing universities and Further Education providers, working closely with national centres of research excellence and knowledge transfer partnerships, our excellence in deep thinking and research provides us with crucial competitive advantage. Yet our Gross Value Added (GVA) per head, the commonly used measure of productivity, across Lancashire's local authority geographies ranges dramatically, from £31,494, (amongst the top 50 districts in the UK and within the top 20 outside London and the South East) to £14,524 (380th of 395 areas).

The Lancashire Innovation Plan sets out how we will use innovation more widely, deeply and, importantly, visibly, to drive the resilience and productivity of our economy to enable Lancashire to achieve its full economic potential and establish a pivotal role both regionally and nationally by 2030.

Our top priority was to use innovation to help improve the productivity performance of Lancashire's sub-areas to the levels of our county's best. Designed with flexibility



at its core, the Lancashire Innovation Plan is not a set of rules or regulations, but rather a route map to how we want to build and embed innovation across the County. In the face of challenges posed by technology and market changes, the Plan aims to support a more dynamic response to key requirements, such as infrastructure, and provides the impetus to harness the power of our existing industrial strengths and identify new, emerging pathways to innovation for the benefit of businesses, people and communities.

Development of the Plan

The formal implementation of Lancashire's Innovation Plan began with identifying the key aspects of Lancashire's innovation activity and development.

To do this, the LEP consulted with over 70 individuals from over 50 organisations from within, and out with, the County. Supported by Steer Economic Development a series of 'scoping calls' to key senior Stakeholders from across private and public sectors were conducted. These included representatives from the Advanced Manufacturing, Aerospace, Automotive, Nuclear, Digital, and Health Sectors, plus thought leaders and local 'innovation champions'. Further stakeholder workshops provided additional data analysis and market futures research to enhance the evidence base.

A comprehensive analysis of socio-economic and innovation datasets, econometric projections and a formal 'Call for Evidence' from key stakeholders in Lancashire was undertaken and an asset list of Lancashire's innovation assets was developed. This 'Asset List' is a live document which will be maintained on an ongoing basis.

Together, this research formed a comprehensive evidence base which fed into the development of an 'Action Agenda', which has driven the delivery of the Innovation Plan so far.

The Evidence Base (**Appendix E**), SWOT analysis (**Appendix F**) and Asset List (**Appendix G**) which supported the development of the Innovation Plan itself are also attached for information.

A Framework for Action

At the heart of Lancashire's Innovation Plan is a simple framework set around a long-term vision and five strategic aims, summarised here and developed in more detail throughout the document. Two of our Strategic Aims relate to Lancashire's innovation capability – the ability of existing and new businesses to develop, adopt, and commercialise innovation, whilst the other three Strategic Aims relate to building Lancashire's innovation ecosystem – building the infrastructures, mind sets, and marketing capability across the County necessary for innovation.

Within each Strategic Aim, we set out why the Aim is needed, and outline a series of supporting objectives which define the practical activity required to achieve them.



Those five aims are:-

1. To stay ahead in sectors and areas of work where the County was already world class.
2. To create new route ways to excellence, recreating the economic base and creating new USPs.
3. To broaden the innovation base and be less dependent on a limited number of larger companies.
4. To create an enabling infrastructure for innovation and commercialisation across Lancashire.
5. To Let the World Know – by telling Lancashire's innovation story better
See Annex 1 for further detail.

The Executive Summary of the Innovation Plan is attached as **Appendix 'C'** and the full plan at **Appendix 'D'**

The New Context for Innovation Policy in Lancashire

Since the plan was ratified by the LEP Board in 2018 there have been some significant changes both in the national economy and within the LEP itself.

Productivity remains a key policy driver for the national government, but we see from response to the COVID-19 that other priorities including green growth and the immediate impact on employment are at the forefront of measures to address the impending economic impact of the pandemic.

There is some anecdotal evidence that social distancing measures may be pushing businesses to adapt, adopting technologies to support and or replace staff and using a process of incrementally bringing staff back from furlough as an opportunity to "right size" the business. This process is obviously made more difficult at a time when both markets and the supply chains of businesses have been significantly disrupted.

Sectors like civil aerospace are already predicting a period of up to six years before their orders return to pre-Covid levels and we have already seen a wave of redundancies across some of Lancashire's most significant supply chain businesses.

Supporting businesses to diversify and find new markets at this difficult time means that a strong innovation support system is more important than ever.

Locally, Steve Fogg the LEP Chair has established a new strategic framework to guide the work of the LEP. This new approach is based around six priority sectors / growth pillars with cross cutting enabling activity including Innovation and Commercialisation built around these clusters. The sectors are:-

Advanced Manufacturing
Energy and Low Carbon Solutions
Food and Agriculture



Health
Tourism, Culture and Place
Digital

See **Appendix 'B'** for more detail.

Each of these growth pillars is being driven by a group of businesses and industry specialists who are providing real time information on the issues facing the sectors within Lancashire both in terms of the immediate COVID crisis and in terms of longer constraints on growth. The Innovation Board will need to develop a two way dialogue with these groups looking at what innovation means across these sectors and how existing and future assets can be harnessed to drive growth.

5. Conclusions

Despite the time which has elapsed since the Innovation Plan was written and the changed context in which it is now operating the broad framework of the plan remains a useful framework to consider the innovation landscape and priorities in Lancashire.

As can be seen in later reports, officers have continued to drive forward the activities suggested across the strategic aims set out in the plan but the Innovation Board needs to think how this work can be amplified.

There is an opportunity for Board members to inform the work programme moving forward but it is suggested that the Board needs to continue to focus on:-

- Ensuring the innovation asset mapping is up to date.
- Ensuring those assets and services work as an integrated eco-system
- Preparing a pipeline of future projects informed by business need, and
- Telling the Lancashire innovation story better
- Articulating the role that Innovation Board can play in developing and delivering the Strategic Economic Framework
- Identifying the innovation opportunities and challenges, specific to a broad range of industry sectors and ensuring that the Innovation Plan remains attuned to these emerging issues

List of Background Papers

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		