

Report to the Cabinet

Meeting to be held on Thursday, 5 May 2022

Report of the Head of Strategic Development

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Supporting economic growth;

Lancashire Levelling Up Investment Fund

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Brief Summary

This report proposes the creation of a Lancashire Levelling Up Investment Fund of £5m. This bespoke fund will enable, accelerate, unlock and assist in the delivery of Lancashire's multi-£billion pipeline of major development projects and infrastructure programme, complementing the Government's Levelling Up White paper.

The Fund will principally support county council-led projects as well as those delivered in partnership with both public and private sector organisations focused on Lancashire's contribution to the levelling up agenda and the emerging vision and ambitions of "Lancashire 2050". The report also references the Lancashire Economic Recovery & Growth Fund and the opportunities for the proposed Lancashire Levelling Up Investment Fund to build upon the success of this programme.

This is deemed to be a Key Decision and the provisions of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to:

- (i) Approve the allocation of up to £5m to fund a targeted programme as outlined in this report.
- (ii) Authorise the Executive Director of Growth, Environment, Transport and Community Services to finalise the programme and award funding to projects, in consultation with the Cabinet Member for Economic Development

and Growth, Director of Corporate Services and Director of Finance, and to enable the commissioning and procurement of further work as required and entering into legal/funding arrangements as required.

Detail

Cabinet is reminded of the successful £12.8m Lancashire Economic Recovery & Growth Fund, approved by Cabinet at its September 2020 meeting to support COVID-19 economic recovery as part of a response outlined in "Re-defining Lancashire: Our Approach to Recovery".

This pan-Lancashire fund was developed following the production of Lancashire's strategic response to the consequences of COVID-19 and the adverse effects upon the entire economic base across Lancashire. To facilitate this programme's delivery a process was undertaken to establish key funding criteria, to determine appraisal and approval mechanisms and to develop grant funding agreements for approved projects coupled with a monitoring and evaluation framework.

To date a comprehensive programme of projects has been identified and agreed, and funding is being allocated through the County Council's Growth, Environment and Planning Major Projects Steering Group and Board to invest in strategic/priority projects across Lancashire involving district and borough councils, that best support the objectives of this economic recovery funding.

The county council's financial support is already significantly benefitting Lancashire's economy and will continue to address the key project objectives of supporting the regeneration of our towns, cities and rural areas encouraging development and increased visitor numbers, whilst also supporting Lancashire's strong manufacturing base and unlocking capital investment and infrastructure projects.

The county council's support for economic recovery and growth has also been manifested in other strong, focused, and comprehensive interventions such as a re-focus of the Boost Business Lancashire support programme, the establishment of the Community Renewal Fund, the recently launched Urban Development Fund and a range of skills and employment related responses.

Purpose

A range of national, regional, and local responses to COVID-19 have been made to mitigate the economic impact of the pandemic, and following the relaxation of restrictions, economic functions are beginning to recover and adjust to new working ways and practices, albeit in the face of well-reported market pressures which continue to impact upon the UK's economy. The Government has previously launched its own Levelling Up Fund and earlier this year published the Levelling Up White Paper which focusses upon a range of pan-UK initiatives, opportunities and funding sources.

The county council is leading the facilitation of programmes, projects and initiatives stimulating local economic growth, supporting Lancashire's contribution to the levelling up agenda and the emerging vision and ambitions of "Lancashire 2050".

The Lancashire Levelling Up Investment Fund will therefore provide an ambitious push to drive forward growth through investment.

This economic accelerator is essential to assist and re-establish local growth aspirations and opportunities, and support the emerging, overarching vision/strategic plan as set out in the collective, long-term, ambition for "Lancashire 2050".

The county council has been engaged locally in shaping Lancashire's priorities and next steps will include the development of those principles in response to the Levelling Up White Paper. The county council's four corporate priorities, the emerging themes of "Lancashire 2050" and the initial scope of Our New Deal for a Greater Lancashire are all well aligned to the Government's twelve Levelling Up Missions. The initial scope of Our New Deal for a Greater Lancashire sets out four key themes within which a potential devolution deal might be framed: Economic, Growth and Investment; Transport, Connectivity and Infrastructure; Early Years, Education, Adult Skills and Employment; and Environment, Climate Change and Housing Quality.

In parallel, and to facilitate the above, the county council is pro-actively seeking to continue to deliver against a significant pipeline of major development and infrastructure projects as part of a comprehensive investment strategy comprising both public and private sector investment.

Proposed Lancashire Levelling Up Infrastructure Fund Project

The county council currently supports a multi-£billion pipeline of major development projects across the whole of Lancashire, including £10bn transport and digital infrastructure, £3.5bn local town and city regeneration plans, four enterprise zones and the £2bn of Strategic Development projects and activities. In addition, the Government has recently announced its £5bn National Cyber Force will be headquartered in the Samesbury area. Delivery, economic impact, and growth as well as the creation of employment and skills development opportunities are also the key drivers alongside the low carbon and wellbeing agenda. This development pipeline has the ability to expand with further investment potential being actively sought to grow the Lancashire economy.

The proposed £5m Lancashire Levelling Up Investment Fund will contribute to early interventions in developing and delivering the County Council's major development project pipeline through a range of project activity. In doing so it will support an ambitious economic growth programme, targeting investment in support of the 'levelling up' agenda through related development activity. It will potentially also be used to provide match-funding for other Levelling Up Fund projects in the county where there is strategic alignment to the County Council's programme of activity. Funding will also be critical in leveraging substantial public and private sector investment working across a range of partnerships and networks.

The Lancashire Levelling Up Investment Fund will therefore provide budgets and investment towards developing the existing and emerging project pipeline, as such enabling an accelerated delivery of activity aligned to the county council's major priorities and strategic objectives, for example, key transport infrastructure, utility, site preparation, environmental/sustainability, and Economic Development activities.

It is the intention that the funding parameters will remain flexible to facilitate delivery and to allow alignment with current and emerging Government policy, with potential support ranging from business case development, (e.g. feasibility studies, masterplans, etc.) to spend on direct interventions and investment (e.g. site delivery/ land acquisitions to unlock and facilitate the delivery of key sites, etc). The Fund will not be overly prescriptive and therefore will allow a flexible and holistic approach to facilitate growth opportunities. Governance will be established to focus upon quick and timely interventions whilst ensuring that clear approvals systems and necessary county council processes and approvals are in place.

Timescales, Delivery & Next Steps

Funding timeframes will be similar to the current Lancashire Economic Recovery and Growth Fund programme, with a target fund expenditure by March 2025. However this timeframe will be subject to flexibility depending upon, for example, development pipeline project requirements.

The Fund will be based upon previously well-rehearsed and diligent project development, management and approval processes, which will be simplified and streamlined, where relevant, to allow funds to be allocated efficiently. Authority is therefore requested for programme and project approval to be made by the Executive Director of Growth, Environment, Transport and Community Services to finalise the programme and award funding to projects, in consultation with the Cabinet Member for Economic Development and Growth, Director of Corporate Services and Director of Finance.

Monitoring and reporting mechanisms similar to those of the Lancashire Economic Recovery and Growth Fund programme will be retained and developed as required with updates being provided through the County Council's Growth, Environment and Planning Major Developments Steering Group and Board to the Executive Director of Growth, Environment and Transport and to the Corporate Management Team alongside Cabinet as required.

Communications

A comprehensive communications plan will be developed to ensure publicity milestones are clearly identified and programmed to promote the investment, the outcomes and benefits to Lancashire as a whole.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

A process of detailed due diligence will be undertaken on each project awarded grant funding. Suitable measures will be put in place to ensure surety of programme

and risk mitigation measures will need to be identified by applicants and as appropriate key items being monitored through current county council processes.

Legal

The legal services team will provide support in the provision of any grant funding agreements required; such agreements will include provisions relating to eligible expenditure, record keeping, monitoring and clawback in the event of default. Support will also be provided in the due diligence process, particularly in respect of subsidy control compliance.

Financial

The programme will be funded by the county council and will be monitored through the Major Projects Steering Group/Board.

All funding awarded under this programme will be subject to a suitable level of due diligence, to be identified and managed with input of the county council's financial management colleagues and, where required, depending upon project scope will be backed by appropriate agreements/processes in line with the county council's financial regulations.

List of Background Papers

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