



Lancashire Enterprise Partnership Limited

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Internationalisation Strategy for Lancashire

(Appendices 'A', 'B', 'C', 'D', 'E' and 'F' refers)

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Executive Summary

Lancashire's first Internationalisation Strategy has been developed in collaboration with partners as the fifth element of the Independent Economic Review which is now known as Lancashire 2050. The strategy is fundamental in driving forward our continued economic success and for future asks of Government. Our long-term vision is to emulate our city region neighbours in global competitive performance.

Lancashire is the second largest economy in the North West but growth has stagnated over the past decade. Lancashire businesses tend to trade less and levels of foreign direct investment and capital investment are proportionally lower than the size of the economy might indicate.

It's time to do something different, drive a step-change and catalyse growth in the economy. Currently the ratio of available jobs to working age population is 4-5. Without new investment good quality, high productivity jobs will not be created and Lancashire will continue to under-perform.

This Internationalisation Strategy is a blueprint to address those concerns and capitalise on the opportunities that are available. It is based on a five-pillar approach to ensure that all elements of the county work together to produce a bigger impact.

The LEP Chief Executive will have stepped down when the Board considers this report so they are not requested to approve any resource. When the budget and the direction of travel has been approved the board may be asked to consider resource to deliver specific elements of this strategy.



Recommendation

The Lancashire Enterprise Partnership Board is asked to:

- (i) Consider, note the next steps and approve for publishing the Internationalisation Strategy at Appendix 'A'.
- (ii) Consider, note the next steps and approve for publishing the Export Action Plan at Appendix 'B'.
- (iii) Consider, note the next steps and approve for publishing the Foreign Direct Investment Action Plan at Appendix 'C'.
- (iv) Consider, note the next steps and approve for publishing the Capital Investment Action Plan at Appendix 'D'.
- (v) Consider, note the next steps and approve for publishing the Innovation Action Plan at Appendix 'E'; and
- (vi) Consider, note the next steps and approve for publishing the Visitor Economy Action Plan at Appendix 'F'.

Background and Advice

Internationalisation Strategy for Lancashire

1. Background

- 1.1 Lancashire's performance on the international stage is lacking both strategic and resource, whilst untapped opportunity is very significant Lancashire has only one dedicated resource and that post is funded by the Department for International Trade (DiT).
- 1.2 The objective of this strategy is to provide a clear way forward for Lancashire to transform its economic performance through an international strategy that positions Lancashire to secure better outcomes based on attracting investment, trade, talent and ideas from around the world and that opens up new markets and opportunities. The strategy is grounded in data, intelligence and evidence and is benchmarked against successful regions of the UK.
- 1.3 Recent times are continuing to be both hugely challenging and uncertain. Whilst the response and recovery process to the major global economic shock arising from covid19 remains uncertain, the UK has completed its transition to Brexit.
- 1.4 The LEP in response has developed a new Strategic Framework. It has also established a number of business-led priority sector groups. Local resilience



is at the centre of our response but continuing macroeconomic financial and economic uncertainty is the playing field.

- 1.5 Lancashire still remains the second largest economy in the North West with 54,000 businesses, punching £33bn GVA per annum. It contains the fourth largest aerospace cluster in the world and has world class companies and innovation assets across energy, advanced manufacturing, engineering, automotive and the green economy. It has the potential to become a much more important part of our aspirations to make Britain a leading-edge green and clean industrial superpower.
- 1.6 With a resident population of 1.5m people, over 60% of whom are working age, Lancashire provides 732,000 jobs and a significant talent pool. Across four universities, a student population of over 55,000 continuously adds to that talent every year. The port of Heysham is an important facility supporting international seaborne trade and will be a gateway to Europe via the Irish Republic post Brexit. Lancashire also supports major transport infrastructure that links England to Scotland via the M6 and the West Coast Mainline.
- 1.7 But Lancashire is falling behind other Northern economies with relatively lower economic growth and productivity. Lancashire ranks 7th out of the Northern Powerhouse 11 LEP's in terms of value of good exported in 2019 and Foreign Direct Investment projects (2015-2019). It ranks 8th for UKRI funding (2018-2019) and 7th in terms of the visitor economy visits and spend (2015-2019).
- 1.8 Deprivation is high in parts of the area and skills levels and wages are low, with concentrations of 'left behind' communities. Nevertheless, we are holding onto aspirations to halve our economic output gap, close our productivity gap and secure net carbon by 2050.
- 1.9 In this new emerging context, an internationalisation strategy transitions from a 'could have' to a 'must have'. Internationalisation already plays a critical role in our economy in many of the county's key assets including towns and cities, universities, sports clubs, culture and areas of outstanding natural beauty. There is a need to maximise the opportunities presented from globalisation, but also in response to Brexit and future trade deal.
- 1.10 Currently: (a) 1% of the NW investor base is foreign owned but delivers 17% of the region's GVA; (b) FDI companies generally pay more per worker and are more productive per worker than the indigenous business base; (c) Many global businesses control supply chains from within the county.
- 1.11 The county plays an important role in globalised innovation through firms and institutions leading international research programmes: (a) International students attend universities in the county making a vital revenue contribution to the universities and colleges and the local economy; (b) International migrants who have settled within the county, bringing a wealth of talent skills



and expertise; (c) Effects and impact of Covid and Brexit have led to the loss of migrant workers particularly in the healthcare and food and agriculture and hospitality sectors; (d) At least 90 different languages spoken; (e) More than 18 categories of ethnicity represented at the last census; (f) Recent strategic investment opportunities in the pipeline.

1.12 Some of the world's greatest global challenges can be addressed by solutions developed in Lancashire. The United Nations Sustainable Development goals are the blueprint to achieve a better and more sustainable world for all. Whilst the LEP Sector Groups take a sector led approach to challenges and opportunities, many identify global opportunities to address global challenges with local solutions. A few examples of relevant goals might include:

- End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Ensure healthy lives and promote well-being for all at all ages
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Ensure availability and sustainable management of water and sanitation for all
- Ensure access to affordable, reliable, sustainable and modern energy for all
- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Take urgent action to combat climate change and its impacts
- Ensure sustainable consumption and production

1.13 The total quantum of resources invested in internationalisation activities represents a small fraction of resources invested by our city region neighbours by comparison, with a not unexpected performance which is significantly diminished as a consequence.

1.14 If Lancashire wants to fulfil its ambition to grow the economy and retain the talent that comes out of our four universities an Internationalisation Strategy is essential to frame the activities and outcomes, with appropriate allocation of resources to deliver that strategy. Even if it takes some time to identify and allocate that resource, the ambition should be set now with clear outcomes in mind.

1.15 The desired outcomes are to:-

- Position Lancashire at the forefront of innovation with cutting edge and progressive research. This will result in more UKRI funding, the development of an innovation roadmap and more international innovation partnerships being created.
- Build a globally competitive county by increasing trade, foreign direct investment, R&D, innovation and visitor numbers. This will result in



more exporters, new trading relationships in key overseas markets, new jobs, foreign direct investment linked to innovation, an increase in private equity investment and more Lancashire towns receiving Levelling Up Funding.

- Promote the Lancashire brand internationally to attract investment, business visitors and increase visitor spend in the county. This will result in attracting more international business visitors, more visitor spend and create new visitor economy jobs.
- Establish Lancashire firmly as a place which attracts and retains talent and investment. This will result in more graduates of Lancashire's universities staying in Lancashire taking up high quality jobs thereby reducing the number leaving the county to take up jobs elsewhere.

1.16 The LEP commissioned an Internationalisation Strategy from OCO Global/Metro Dynamics after a procurement exercise in April 2021. The commission was overseen and developed by a local partnership team, including the LEP, Marketing Lancashire, DiT, the universities and Lancashire County Council.

1.17 The scope of the commission was to deliver a 10-year strategy that identifies a clear way forward for Lancashire to transform its economic performance and grounded in data, intelligence, evidence and analysis.

2. Methodology

2.1 A ten-step process to develop the strategy included desk-top and literature review and stakeholder engagement. Analysis of Lancashire's strengths and value proposition were analysed along with a review of the global market opportunities. Many variables were considered within a bespoke Lancashire model which was used to inform the final selection of markets.

2.2 A five-pillar approach to the strategy focused on the following elements of internationalisation, recognising that it is not an exhaustive list but is a means to structure the report and resulting activities:

- Export (trade)
- Foreign Direct Investment (inward investment)
- Capital Investment
- Innovation and education
- Visitor Economy

Other elements might include civic and sporting connections, business ambassadors, university overseas campuses.

2.3 Each pillar details the strategy, baseline performance, domestic and international benchmarking, examples of best practices, priority sectors and markets. Action plans have been developed along the pillar structure and the



activities will be collaborative across pillars to maximise the resource available.

- 2.4 A stakeholder group consisting of partners who work internationally met regularly since April 2021 to oversee the development of the strategy. The group has provided information from their organisations to inform the strategy and they have reviewed and commented on the strategy. They have also been instrumental in developing the Action Plans.
- 2.5 Members of the stakeholder group have also been working on other LEP plans such as the Innovation Plan, Finance Plans and Sector Group Plans.
- 2.6 To ensure that this strategy aligned with the LEP's Sector Group Plans, the consultants engaged with them to gather information regarding key & emerging sectors and key & emerging markets. The consultants reviewed their findings with the Sector Groups to ensure alignment with their Sector Plans.

3. Findings

- 3.1 The Internationalisation Strategy at Appendix A details the findings and a ten-year plan to achieve the Strategic Objectives outlined.
- 3.2 It is timely that the strategy follows the announcement of the location of the new National Cyber Force to be in Sarnesbury. This generational investment will create a gravitational pull of investment, talent and innovation to the heart of Lancashire's assets and capabilities and ensure that operational capability will be world-class.
- 3.3 The LEP's overall opportunities and strengths, across all five pillars and the growth sectors of the LEP's Strategic Framework, coalesce across the following key markets:
 - Canada
 - China
 - France
 - Germany
 - India
 - Malaysia
 - Netherlands
 - Nordics
 - Singapore
 - USA
- 3.4 The key strengths of the county have been identified as
 - Universities
 - National Cyber Force Campus
 - Innovation assets
 - Four Enterprise Zones



- Prime manufacturers
- Strong natural assets
- Strong leisure and cultural offer
- Destination Management organisation

3.5 A number of great opportunities have been identified but there are weaknesses and challenges that will need to be addressed in order for Lancashire to fulfil its potential on the world stage.

4. Consultation

4.1 The Internationalisation Strategy has been out to consultation to Lancashire's Local Authorities, Universities and DiT.

4.2 Feedback from the consultations have been incorporated in the document.

5. Pillar Action Plans

5.1 In order to support, be included in the delivery of Lancashire 2050 and a devolution deal, this Internationalisation Strategy has developed action plans for each pillar. The action plans detail the resources that are available now and what is needed to deliver the outcomes.

5.2 Action Plans have been developed for each pillar and many of the plans are inter-connected. For example, in the Visitor Economy pillar the workstream to Collaborate on Capital Investment means that work on the Capital Investment pillar will impact the Visitor Economy. By working together, the intention is that more can be achieved to benefit the whole economy.

5.3 In order to improve the efficiency of the resources available partners should collaborate on all of the Action Plans. This will also maximise the impact to the county. The stakeholder group will continue to meet to drive forward the action plans and collaborate on actions that overlap the pillars.

5.4 The Export Plan at Appendix B has been extensively developed with a stakeholder group overseeing its production. DiT is tasked with increasing exports and Lancashire currently has a dedicated Export Manager. In order to encourage more of our companies to export we need this resource and access to further resources from DiT.

5.5 The Foreign Direct Investment (FDI) Action Plan at Appendix C details the work that is needed to really gain traction in inward investment. Currently there is a dedicated Key Account Manager, funded by DiT but much more could be done if resource is available. Inward investment represents new money into the economy and the job creation that comes with it creates further economic benefits.



- 5.6 The Capital Investment Action Plan at Appendix D details the potential that Lancashire could achieve if dedicated resource was available to pursue capital investment into the county. Currently there is no dedicated resource for capital investment.
- 5.7 The Innovation Action Plan at Appendix E provides the actions and resource needed to position Lancashire at the forefront of innovation.
- 5.8 The Visitor Economy Action Plan at Appendix F builds on the work that Marketing Lancashire had started internationally. The Action Plan covers the resources needed to make an impact in terms of international visitor numbers and will need to work collaboratively with other pillar resource.

6. Next Steps

- 6.1 The Internationalisation Strategy document is a blueprint for the work that needs to be done. The ten-year strategy sets out the ambitions of the county to fully exploit the opportunities that are now presented in terms of NCF and a county deal.
- 6.2 Integral to the success of the Internationalisation Strategy is alignment and concurrent delivery of the Sector Plans, the Innovation Plan and the Finance Plan. All of which create the ecosystem to propel Lancashire on a growth trajectory.
- 6.3 The stakeholder group is represented by organisations that are working on those plans so all parties remain informed of the activities and progress occurring in Lancashire. They will collaborate on resources and apply for funds when appropriate funding pots are identified.
- 6.4 The Pillar Action Plans show the potential work for the next three years subject to resources and they will be refreshed on a rolling three-year basis with progress reported to the board annually.
- 6.5 There are significant budgetary implications needed to deliver this strategy in its entirety and the LEP will work with partners to identify funding opportunities.
- 6.6 Once approved, the Internationalisation Strategy will be published along with the Action Plans and work will commence on identifying resource and delivering the plans.

7. Financial and Legal Implications

- 7.1 There are financial implications in the Internationalisation Strategy and a resource breakdown is included in the Action Plans. The cost of the activity will not be borne by one stakeholder rather it is a collective cost of what is



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available now and can be used to secure new resources when they become available.