



## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

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### **Growth Deal 3 Update**

(Appendices 'A' and 'B' refer)

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#### **Executive Summary**

The purpose of this report is to update the Board on the development of Lancashire's Growth Deal 3 (GD3) submission for Government by the deadline of 28 July 2016.

#### **Recommendations**

The LEP Board is asked to:

- (i) Note the contents of this report and consider and agree the proposed GD3 scheme priorities, as set out at Appendix 'A'.
- (ii) Note and comment on the GD3 scheme proposal submitted by UCLAN, as set out at Appendix 'B'.
- (iii) Authorise the LEP Chair to continue working with Lancashire Leaders and the shadow Lancashire Combined Authority to agree GD3 scheme priorities.
- (iv) Note the proposed arrangements for Lancashire's Ministerial Challenge Session on 6 July 2016.
- (v) Note the use of the LEP's independent economic appraisers to assist in the GD3 prioritisation process.
- (vi) Following the inaugural shadow Lancashire Combined Authority on 11 July, endorse the need to provide a further GD3 update to Lancashire MPs; and
- (vii) Note the need for a further special LEP Board, or Board approval via written procedure, to sign-off Lancashire's final GD3 submission by the deadline of 28 July 2016.



## Background and Advice

- 1.1 The LEP Board meeting on 14 June 2016 received a detailed update on the local and national position regarding Growth Deal 3. At this stage, the outcome of the EU Referendum has had no material impact on the Government's GD3 plans and timescales, with LEPs expected to continue with the development of their submissions.
- 1.2 The purpose of this report is to advise the LEP Board on the progress being made with the development of the Lancashire GD3 submission with a view to submitting a strong and competitive proposal to Government by the deadline of 28 July 2016.
- 1.3 Since the last Board meeting, the LEP Chair and officers have engaged with local authority Leaders and Chief Executives on the development of their respective proposals, and, importantly, the need to prioritise Lancashire's submission based on the established factors used by the LEP and Government to assess the merits of GD proposals.
- 1.4 Local authority partners acknowledge the need for the LEP Board to provide leadership and direction on the prioritisation of GD3 scheme proposals. However, given the strengthening relationship between the LEP and Lancashire's local authorities, it is proposed that the LEP's analysis of GD3 priorities is presented to the inaugural meeting of the shadow Lancashire Combined Authority (CA) on 11 July 2016.
- 1.5 The LEP Chair is a non-constituent member of the shadow CA. The views of the shadow CA will be communicated to the Board along with any proposed changes for consideration.
- 1.6 The Board may recall that Government officials were seeking a "snapshot" of Lancashire's emerging GD3 scheme proposals. This was provided and was based on the information considered and agreed by the LEP and Lancashire Leaders. The informal feedback from officials has been relatively high-level though very positive.
- 1.7 The remainder of this report provides more detail on Lancashire's current GD3 scheme proposals and seeks the comments of the Board on the prioritisation analysis which is set out in Appendix 'A'.
- 1.8 However, the Board is also asked to comment on the late submission of a scheme proposal from UCLAN. A completed EOI template has been submitted and is attached at Appendix 'B'. The views of the Board are sought regarding the inclusion of this proposal in Lancashire's GD3 submission.
- 1.9 The Board is also asked to note that Lancashire's Ministerial Challenge Session is confirmed for 6 July 2016, with Robert Goodwill, Minister of State for Transport. The LEP Chair, the Chair of the LEP Growth Deal Management Board (Mr Graham Cowley) and Chair of Transport for Lancashire (County



Councillor Jenny Mein) will form the team of three requested by Government with support from the Director of Economic Development at the County Council. Lancashire Leaders will be represented by County Councillor Jenny Mein. Any significant issues raised by the Minister will be communicated to the Board.

## **2. Developing Lancashire's Growth Deal 3 Submission**

- 2.1 Subject to the views of the Board regarding's UCLAN's GD3 scheme proposal, the current Lancashire submission of 24 proposals represents a total GD3 funding ask of £155.95M, with the potential to deliver 10,000 new jobs, almost 7,000 new homes, with nearly £1.2 billion of private sector leveraged investment. The latter primarily generated by the proposed South Lancaster, Pennine Gateway and NW Burnley schemes. Clearly, Lancashire has a major GD3 funding ask of Government, but such an investment programme has the potential to deliver transformational change.
- 2.2 However, partners in Lancashire recognise that Government requires LEPs without an established Combined Authority, which is committed to mayoral governance, to prioritise the scheme proposals within their GD3 submissions.
- 2.3 Based on the evidence provided by scheme sponsors, LEP officers have undertaken an initial assessment of each proposal against the factors used by LEPs and Government in this (and in previous) GD rounds – namely local/strategic fit; strategic outcomes, including GVA, employment and housing growth; private leverage; deliverability; scale-ability; and VFM. However, the latter factor has not been fully tested, at this stage, as schemes are not required to be business-case ready and given most GD3 funding will only be made available to successful schemes in 2020/21.
- 2.4 In undertaking this initial analysis, it is clear this is the strongest GD scheme pipeline developed by local partners. Therefore, it is important to state the initial categorisation of proposals is not a judgement of the quality of individual schemes but an assessment of their readiness and fit with GD requirements and timescales, at this specific moment in time.
- 2.5 To this end, it is the intention that Lancashire's GD3 final submission should include all 24 scheme proposals.
- 2.6 The findings of the initial scheme analysis are set out in Appendix 'A'. Broadly, there are three emerging categories or priority groups. Priority 1 schemes are listed 1-15; Priority 2 schemes are listed 16-17; with Priority 3 schemes listed 18-24.
- 2.7 Current scheme proposals will be discussed in more detail at the Board meeting. However, Priority 1 schemes, as outlined, would still be seeking a combined GD3 funding ask of £140M. Given the national GD3 fund is likely to be many times over-subscribed, and we are required to prioritise proposals, the Board is asked to give consideration to accepting the proposed ranking of Priority 1 schemes, in our final submission. However, if scheme sponsors can



provide new material evidence in support of their proposal there may be a case to re-assess a scheme's ranking, but this opportunity should close by 15 July 2016. The views of the Board are sought on allowing this degree of flexibility, given the GD3 submission deadline.

- 2.8 As agreed at the last LEP Board, one of the LEP's independent economic appraisal teams (Genecon) has been engaged to check and ensure consistent and accurate GD3 scheme information is provided in support of each proposal and the final submission.
- 2.9 As previously discussed with the Board, the Homes and Communities Agency (HCA) is expected to be responsible for a number of new national housing growth funding streams. The details and timescales of these funds are expected shortly, but they are unlikely to offer any certainty to Lancashire's GD3 schemes with starter home, housing land acquisition/access, Garden Village or Housing Zone elements. However, the LEP and the shadow CA will continue to work with the HCA to maximise local access to any new housing growth funds and reduce Lancashire's GD3 funding ask.
- 2.10 The work of the shadow CA in developing a complementary Devolution Deal with Government, with possibly a new Local Growth and Productivity Fund, would provide an alternative and significant funding opportunity capable of supporting proposals in the GD3 scheme pipeline.
- 2.11 Given the quality of scheme proposals, the LEP and shadow CA will need to consider how they intend to continue developing proposals that are unsuccessful in securing GD3 funding.

### **3. Next Steps**

- 3.1 Subject to the views and approval of the Board, it is proposed that the LEP's scheme prioritisation analysis is shared with the shadow CA on 11 July 2016 for its comment and endorsement.
- 3.2 It is also proposed that the LEP agrees with the shadow CA an update for Lancashire MPs on the latest GD3 position, given their limited response to recent briefings, and with a view to mobilising the support of local MPs for Lancashire's submission.
- 3.3 Formal feedback from the Ministerial Challenge Session on 6 July 2016 will be communicated to the Board with proposed actions to address any concerns raised by the Minister.
- 3.4 Work is underway on drafting the LEP's commentary and case-making in support of Lancashire's GD3 submission and will address the key issues identified by Greg Clark, the Government's lead GD Minister; including
  - *A strong local investment case in support of Lancashire's GD3 proposals underpinned by the LEP's Strategic Economic Plan, additional economic*



*analysis and links to Combined Authority and Devolution Deal developments.*

- *Lancashire's contribution to delivering national growth objectives.*
- *Evidence of strong collaboration between the LEP and Lancashire's local authorities.*
- *Evidence of greater levels of private investment and leverage compared to previous GD submissions.*
- *Evidence of a strong GD track-record of delivery and a fully compliant LEP Assurance Framework.*
- *Evidence of LEP engagement with SMEs.*

3.5 In light of the above, it will be necessary to plan for a further special Board meeting, or alternatively to agree to a written procedure, given the imminent holiday period, to sign-off of the final Lancashire GD3 submission.