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Lancashire
Enterprise
Partnership
Annual Report
2017/18



www.lancashirelep.co.uk



Lancashire
Enterprise Partnership

We are Lancashire

The place for growth

We are Lancashire



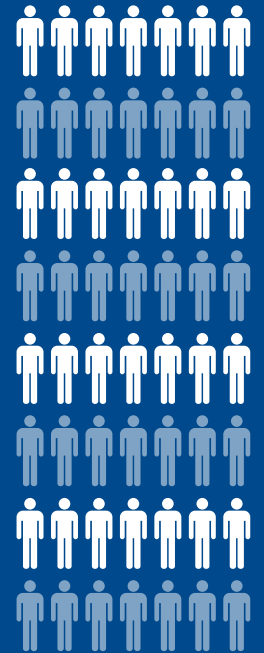
One of the largest economies in the Northern Powerhouse with

52,350

businesses generating

£29.0

Billion per year



Employs 85,000 workers in the manufacturing and engineering sector with UK's largest concentration of aerospace employment



No 1 in the UK for aerospace with 500 supply chain companies



Lancaster University was named as the University of the Year by The Times and The Sunday Times Good University Guide 2018

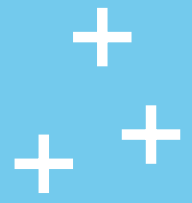
UCLan is estimated as being in the top 3.7% of worldwide universities by the Centre for World University Rankings

Edge Hill University was ranked Gold in the Teaching Excellence Framework

67M

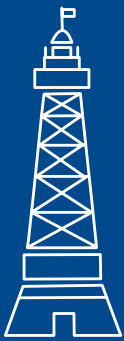


Lancashire welcomes over 67M visitors each year



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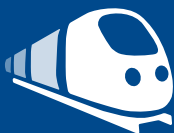
17M

Blackpool is the UK's most visited seaside destination attracting 17M visitors each year



A potential global leader in the development of Small Modular Nuclear Reactors

2M



Preston is the third busiest railway station in the North West with over 2M customers per year



Linked by 5 major motorways



30 minutes from Manchester airport



Foreword

As I come to the end of my tenure as Chair it is a pleasure to introduce the Lancashire Enterprise Partnership's Annual Report for 2017/18.

The LEP has made remarkable progress since its inception in 2011 in securing national resources and delivering strategic investment programmes to improve the economic performance of the county. Our Annual Report for 2017/18 demonstrates how our core offer to create the infrastructure to encourage and support Lancashire's business to grow has gone from strength to strength. The report also notes the progress of some of our previous investment decisions, with some now coming to fruition and adding to our already considerable range of state of the art and innovation assets.

Whilst it is important to look back and reflect upon what we have achieved, we also need to ensure that as the role of LEPs in driving economic growth becomes increasingly more important, we are able to respond to the rapidly changing landscape in which LEPs will operate in the future.

We do not know the impact on Lancashire businesses of external influences such as Brexit however we cannot simply sit back to see 'what will happen'. Lancashire has always found ways to build a vibrant economy and rise to challenges through the innovative approach adopted by its people. From the Spinning Jenny to the Jet Engine Lancashire's businesses have always responded positively to change and creativity becomes increasingly important as we enter a period of uncertainty.

Looking to the future, the Lancashire Enterprise Partnership is about to embark on its next phase of evolution as it implements the recommendations of the Government's Review of LEPs and develops a Local Industrial Strategy, which will illustrate the role that Lancashire plays in the economic growth of the region and beyond. We will ensure

that Lancashire is placed at the heart of opportunities arising from the National Industrial Strategy and in particular as part of the Northern Powerhouse.

These are exciting times for the Lancashire Enterprise Partnership and I feel privileged to have been in a position to lead such a successful LEP from the very beginning. There is so much more to do and with the strength of our board I am confident that through continued collaboration between the public and private sectors, Lancashire will become more prosperous with a part for all its citizens to play. I should like to take this opportunity to thank the Directors of the Board and Executive Team without whom we would not have experienced the success we have enjoyed had they not provided the skills, knowledge and dedication needed to drive forward economic growth and investment in Lancashire. It has been a pleasure to work with each and every one.

I should also like to recognise the support of Lancashire County Council as the principal local funder of the LEP and the contributions it makes to the delivery of key LEP programmes.

In 2011 I was told by a senior Minister that LEPs were an experiment. In Lancashire we have proved the theory and turned our government's idea into a valuable resource for the county. I wish the Lancashire LEP every success in the future.



Edwin Booth DL
Chair,
Lancashire Enterprise
Partnership

Governance and Accountability

Since its inception in June 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 Chair and Vice Chair are drawn from the private sector and Directors are not remunerated. This has been the case since the LEP's inception.

The LEP does not directly employ staff but does fully fund the LEP's core Executive Team which consists of a Head of LEP Coordination, Investment Programmes Manager, Economic Policy and Communications Manager and Commercial and Business Support Manager. These posts are employed by Lancashire County Council in its role of Accountable Body.

In April 2015, the LEP produced its first Assurance Framework. This document is regularly updated to reflect changes to the National Assurance Framework and changes within the LEP's own governance.

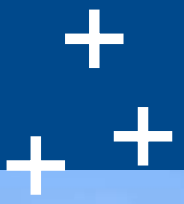
The Chair of the LEP along with fellow Directors and officers from the core Executive Team attend annual sessions with Government officials from the Department of Business, Energy & Industrial Strategy to review the

LEP's performance in the areas of delivery, governance and strategy. The LEP has attended two 'Annual Conversations' to date, in December 2015 and January 2017. The second 'Annual Conversation' reconfirmed the LEP's excellent progress in delivering national growth programmes and economic initiatives using robust and rigorous implementation procedures.

In March 2018, the LEP participated in a 'Deep Dive' Review with Government's Internal Audit Service. The outcome of this confirmed the LEP is 'Good' with 'Outstanding' features.

In addition, Lancashire County Council's Internal Audit Function has worked with the LEP as part of an Annual Audit Plan with no concerns or issues having been raised.

The LEP also plays an active role in the national LEP Network, ensuring Lancashire is represented in matters best practice and Peer Review.



Key Achievements

2017/18



During 2017/18 the LEP built upon the achievements of the previous year, all of which further underpin its ambition to halve Lancashire's GVA performance gap to the rest of the country whilst increasing the number of high value jobs.

- The £69.8m secured by the LEP from Government's Growth Deal 3 programme, in addition to the £251m secured from Growth Deal rounds 1 and 2, equating to £320.8m, is now fully allocated to 44 projects, 84% of which have obtained LEP approval with 80% of projects in the programme being 'Live' on site and delivering. All of these are well on track to create 11,000 jobs; 3,900 homes; and leverage £1.2bn of private sector investment.
- Actuals to 31st March 2018, for key indicators include:
 - £88.772m Local Growth Funding defrayed / claimed by projects
 - £80.058m leverage defrayed / claimed by projects
 - 86 Housing Units completed
 - 601 Jobs Created / Jobs Safeguarded / Apprenticeships Created
 - 3510 Sqm Area of Commercial floor space
 - 30,057 Sqm Area of New or Improved training floorspace
 - 8,804 Learners Assisted
- Projects allocated Growth Deal funding include:
 - £20m allocated to the Advanced Manufacturing Research Centre North West project, which will be an applied research centre, based on the Samesbury Aerospace Enterprise Zone, providing the tools, technologies and techniques required by Lancashire and the North West manufacturing companies to compete in today's global markets.
 - £12.4m of Growth Deal invested in Blackburn - Bolton Rail Corridor project, which delivered station improvements to allow additional train frequency/reliability between East Lancashire and Greater Manchester to increase usage/performance and support development activity.
 - £15m of Growth Funding invested in the Blackpool Conference Centre, a £24m project which will see the creation of a new conference centre and hotel anchored at Blackpool's famous Winter Gardens enabling Blackpool and Lancashire to compete for new growth opportunities.
 - £17m of Growth Deal invested in the Lancaster Health Innovation Campus, a £41m project a multi-phased campus, located at Lancaster University, providing Research & Development space and facilities for the development of new services and technologies for health-related care.
 - £16.4m invested in Blackpool Tramway, a £22m project, which will provide an additional and enhanced tram system to integrate the tram and rail networks at Blackpool North.
 - £15.5m in the creation of the A6 Broughton By-Pass, which opened 5th October 2017, aimed at relieving congestion on the A6 north of Preston, unlocking housing sites.
- As previously reported, the Lancashire Enterprise Partnership was one of the first LEPs to launch a social value toolkit aiming to maximise the social value (or social benefit) of LEP programmes. As at March 2018, Lancashire's Growth Deal social value performance included:
 - 251 graduate placements, internships and work experience placements
 - 393 apprenticeships
 - 45 employment opportunities for disadvantaged Lancashire residents
 - 116 procurement and commissions of local SMEs, social enterprises and third sector organisations
- Work has continued on the development of the Lancashire Advanced Manufacturing and Energy Cluster (LAMEC), which comprises three Enterprise Zones over four sites, including:
 - Samesbury Aerospace Enterprise Zone: completion of £11m of Phase 1 Infrastructure works including a new spine road and access points from the A59 and A677 and on and off-site ecological mitigation and opening of the £15m Academy for Skills and Knowledge and £17m Defence Logistics Centre.
 - Blackpool Airport and Hillhouse Technology Enterprise Zones: public consultation on the master plans for the delivery of both sites and preparation of Delivery and Implementation and Marketing Plans for submission to Government.

£320.8M now fully allocated to 44 projects

- In collaboration with businesses and educational providers, the Lancashire Skills Hub initiated the development of a *'Technical Education Vision for Lancashire'*. As part of the development work, funding was secured from the Gatsby Foundation to support the implementation of the vision, including preparation for the roll out of T Levels.
- The first Local Digital Skills Partnership in the Country was launched in Lancashire, in partnership with DCMS. The partnership aims to raise digital skills at every level across the Lancashire area.
- The Lancashire Enterprise Adviser Network, which was launched in February 2016, has grown to 134 local volunteer business leaders (Enterprise Advisers) who support 120 secondary schools and colleges to develop Careers and Enterprise Plans. The Network aims to link young people with local employers – raising aspirations, increasing insight into the world of work, boosting employability and enabling informed careers choices.
- £26M of previous Growth Deal invested in skills facilities, resulted in the launch of state of the art centres across Lancashire, including the Food and Farming Innovation & Technology Centre at Myerscough College, the Energy HQ at Blackpool and The Fylde College and the Tech Hub at Edge Hill University.
- £50M of ESF was contracted. To-date contracted ESF projects have delivered:
 - 682 Training Needs Analyses with Lancashire businesses;
 - Upskilled over 7,000 employees;
 - Supported almost 3,000 unemployed adults to engage with employment;
 - Supported just over 1,500 disadvantaged adults towards employment;
 - Over 2,500 young people at risk of or NEET to re-engage with learning or work.
- The Lancashire Labour Market Intelligence (LMI) Toolkit was published on the Lancashire Skills and Employment Hub website, providing local partners with a rich source of LMI data by the 6 Travel to Work areas of Lancashire.
- Lancashire's educational institutions continue to provide excellence for students:
 - UCLan is estimated as being in the top 3.7% of worldwide universities by the Centre for World University Rankings
 - Lancaster University was named as the University of the Year by The Times and The Sunday Times Good University Guide 2018
 - Edge Hill University was ranked Gold in the Teaching Excellence Framework
 - Collectively the Lancashire Colleges Group engaged with over 15,000 businesses and trained over 10,000 apprentices
- Boost – Lancashire's Business Growth Hub continues to act as the single point of call for any business seeking growth support and advice in Lancashire. Local monies matched 1:1 with European Regional Development Fund monies produce a programme worth in total around £2m each year.
- Since its inception in 2012 the Growth Hub has supported over 5,000 businesses of which 3,000 have benefited from more intensive support (over 12 hrs). During this time, we have also seen an additional £60m of GVA generated, 1,800 new jobs created and over 500 new businesses have been launched.
- Barriers to Growth and Productivity – The LEP continues to support work promoting innovation, access to finance, clean growth (low carbon activity) and internationalisation, all help to address the wider issue of low productivity in some parts of the Lancashire economy.
- An Innovation Plan, targeted at addressing productivity issues within local businesses, was endorsed by the LEP and is now being rolled out by a team which includes a post jointly funded by three Lancashire universities. The LEP is also an active partner in the NW Digital Adoption Pilot which has emerged from the Made Smarter Review on the pace and extent of industrial digitisation.
- In the first half of the year the Access to Finance service has provided support to 40 businesses of which 14 were offered funds totalling £750,000. The LEP has also helped East Lancashire Chamber of Commerce to provide a centre of excellence where businesses can access support to increase energy efficiency and to explore opportunities to develop new, low carbon products and services.
- Work with Key Sectors – the LEP and local investment in local sector lead bodies continues to offer a highly effective way to understand, engage and stimulate growth in these priority sectors.
- Work in the year to date with both the Aerospace and Automotive Alliances has ranged from in-company performance assessments and improvement programmes, linked to the emerging National Manufacturing Competitiveness Levels, to supporting companies to take on apprentices.
- Work with Digital and Creative sectors remains both a vibrant and productive area of work. Digital Lancashire (DL) has organised and delivered a series of events including - Lightning Talks, Women in Tech, sector networks and Socials and Code for Lancaster (hackathons using public data to create civic impact). DL has also worked with the LCC library service to support with digital transformation (including facilitating a strategy day) and created a proposal on best practice for Chorley Council in relation to Strawberry Fields – their developing digital office park. The team also arranged a tour for Lancaster City Council to visit Sensor City and Baltic Creative (Liverpool) to gather inspiration for technology hubs in Lancaster.
- In 2018, the LEP also received £40,000 from BEIS to develop an Energy Strategy. This was a multi-partner exercise, engaging local Chambers, utility companies, local authorities and academic partners. This work is now complete and is informing investment plans alongside a clean growth Science and Innovation Audit led by Lancaster University.
- The Preston, South Ribble and Lancashire City Deal continues to be on track to meet or exceed its targets, with 3,702 housing completions achieved, over 1,670 new jobs created and £125m invested in new infrastructure to date.
- A City Deal Skills and Employment Officer has been appointed to ensure local residents are able to directly benefit from the employment opportunities arising from the Deal.

Annual Accounts

2017/18

Lancashire County Council acts as Accountable Body for the LEP and provides financial and legal support required to deliver the LEP's key growth programmes including the £320m Growth Deal, £20m Growing Places Investment Fund, £434m Preston, South Ribble and Lancashire City Deal and the Samlesbury Aerospace and Warton Aviation Enterprise Zones.

The LEP receives grant funding from Government to support it in delivering its day to day activities. This funding comes in the form of Core Funding and Strategic Funding, with the Government's Core Funding directly matched by Lancashire County Council. The LEP also generates interest from commercial investments made through the Growing Places Investment Fund, which now fully supports the LEP's Executive Team.

The LEP sets an annual Operational Budget which is based on the in-year grant funding received from Government and the direct match received from Lancashire County Council. The Operational Budget also includes interest generated from the Growing Places Investment Fund which specifically funds the LEP's staffing expenditure.

Expenditure included within the Operational Budget includes independent appraisal of Growth Deal Business Cases, strategic marketing and communications activity to support the LEP's place-making agenda, raise the profile of Lancashire's economic strengths and opportunities in the Northern Powerhouse, UK and internationally and promote Growth Deal investments.

The Operational Budget also identifies expenditure and activity on evidence base, policy development and case making to enable the delivery of a refreshed Strategic Economic Plan and Local Industrial Strategy.

The LEP's Performance Committee, chaired by a private sector Director and which has membership from both the private and public sector, is responsible for the regular monitoring of the LEP's annual Operational Budget. The Committee also provides

oversight of performance made in delivering the LEP's key growth programmes and has prepared a Risk Register and Risk Map which it oversees working with the Chairs of the LEP's Sub-Committees.

The Performance Committee also reviews the LEP's financial position over the short to medium term, considering opportunities for income generation. It is focussed on setting a financial strategy which maximises the LEP's balance sheet position to ensure the LEP discharges its responsibilities in line with its Assurance Framework as well as managing risk around potential reduced funding resources and changes in national policy which may affect Local Enterprise Partnerships in future years.

The Performance Committee received the Profit and Loss Account for 2017/18 at its meeting on 22 May 2018.

The LEP's opening balance sheet for 2017/18 was £2,377,226 with expenditure incurred in the year of £753,700. Spend has been deployed on core staffing, marketing and communications activity, independent business case appraisal of Growth Deal schemes and the evidence base to underpin the refresh of the Strategic Economic Plan and the development of a Local Industrial Strategy, which has included the publication of Lancashire's Innovation Plan.

Opening Balance Sheet 2017/18

Opening Balance Sheet 2017/18	Total
Funding brought forward	2,377,226
Balance of P&L	15,579
Total funding available	2,392,805

Profit and Loss Account

2017/18

Profit and Loss Account for 2017/18	2017/18	Total
Income		
Government Income (inc. Core and Strategic)	500,000	500,000
LCC Match (for Government Core Funding)	250,000	250,000
Learn Direct Income for Technical Education Study	19,279	19,279
Total Income		769,279
Expenditure		
Staffing	234,037	234,037
Core Running Costs	9,091	9,091
Studies and Appraisals:		
Growth Deal Business Case Appraisals	133,722	
HIF Bid Support	14,700	
SEP Refresh	12,500	
Housing Growth Study	33,995	
Investment Coordination	22,700	
Technical Education Study	23,728	
Innovation Plan	20,000	
		261,345
Marketing and Communications Activity:		
General Marketing Activity inc. Design and Print Costs	160,158	160,158
Professional Fees:		
Dedicated Legal Support	47,069	
Contribution to LCC Company Secretarial Services	42,000	
		89,069
Total Expenditure		753,700
Net P&L		15,579

What's Next?

2019 will see the Lancashire Enterprise Partnership working within a rapidly changing landscape as it implements the recommendations of the Government's Review of LEPs and enters into its next phase of evolution. This will be an exciting period for the LEP, as the role of LEPs becomes more critical to local growth, developing Local Industrial Strategies and increasing productivity, transparency and good governance will form an inherent part of the LEP's DNA. The LEP will continue to build on the solid foundations already laid through Lancashire's largest ever growth programmes and collaboration with local, regional and national growth partners which will be underpinned by the development of a Local Industrial Strategy.

The repurposed Lancashire Enterprise Partnership will result in our focus and priorities being framed by the development of the Local Industrial Strategy and the implementation of the recommendations from the LEP Review. In particular:

- ▶ Implementation of the recommendations of the Government's Review of LEPs:
 - Establish an independent Secretariat and legal identity in a new location within Lancashire;
 - Ensure membership of the LEP Board continues to have two thirds private sector membership as well as working towards ensuring at least one third of the Board is female;
 - Continue to develop robust governance arrangements to ensure transparency in all decisions taken by the Board, aligning the Local Assurance Framework with a revised National Assurance Framework by 31st March 2019;
- ▶ With the announcement by Edwin Booth to stand down as Chair of the LEP, the process for the appointment of a new Chair will be concluded by spring early 2019. In line with the recommendations of the LEP Review, the appointment will be subject to a rigorous and transparent process following consultation with the business community in the development of a comprehensive job description and person specification;
- ▶ With a focus on the drivers of productivity, innovation and internationalisation and underpinned by a robust evidence base supported through the Innovation Plan, Energy Strategy, Internationalisation Strategy and Cultural Strategy, a Local Industrial Strategy for Lancashire will be developed. This will influence all future investment activity and position Lancashire's key sectors and supply chain strengths and opportunities;
- ▶ Investments made by the LEP through the three rounds of the Growth Deal Programme will come to fruition, strengthening the complement of Lancashire's innovation assets. Completed investments will include: Lancaster University's Health Innovation Campus, UCLan's state of the art Engineering and Innovation Centre and the world-renowned Advanced Manufacturing Research Centre based at Samlesbury Aerospace Enterprise Zone;
- ▶ At the heart of the Local Industrial Strategy will be people and place, and the LEP will continue to work with partners to develop place-based growth strategies to improve the performance of our key towns and cities;
- ▶ We will continue to build on the success of Lancashire's Business Growth Hub, Boost, with an enhanced offer to rapidly growing scale-up businesses;
- ▶ In collaboration with businesses and education providers, we will launch and implement the *Technical Education Vision for Lancashire* which will improve educational attainment levels in our most deprived communities and provide a framework for nurturing the highly skilled and flexible workforce needed for Lancashire to be placed at the heart of opportunities from the Local Industrial Strategy and in particular the Northern Powerhouse;
- ▶ Ensure the Lancashire Enterprise Partnership continues to play an active leadership role within the Northern Powerhouse and Transport for the North to develop a common narrative with Government on sector, skills, transport and investment priorities;
- ▶ Continue to raise the profile of Lancashire as a destination of choice and place to invest with the launch of the Invest in Lancashire website and attendance at key national and international events;
- ▶ Compete successfully for any new national growth funds and position Lancashire for European successor funds;
- ▶ To ensure the LEP effectively communicates and engages with the business community, local decision makers, MPs, the public and other key stakeholders, the LEP will produce and implement a Communication and Engagement Strategy which will also commit to holding an Annual General Meeting to publicise its work.

Our Investments

Growth Deal Schemes

A6 Broughton Bypass
Advanced Manufacturing Capital for Skills Development & Employer Engagement
Advanced Manufacturing Research Centre (AMRC) NW
Blackburn – Bolton Rail Corridor
Blackburn Town Centre Improvements
Lancashire Energy HQ
Mechanical & Electrical Replacements, Bispham Campus
Maritime Engineering Facility
Blackpool 21st Century Conference Centre
Blackpool Heritage Based Visitor Attraction
Blackpool Bridges Maintenance Scheme
Blackpool Integrated Traffic Management
Blackpool Town Centre Quality Corridors
Blackpool Tramway Extension
Burnley Vision Park
Café Northcote
Centenary Way Viaduct Maintenance
Darwen East Distributor
East Lancashire Strategic Cycle Network
Edge Hill University Innovation Technology Hub
Energy Simulator Suite for Lancashire Energy HQ
Engineering & Innovation Centre (UCLan)
Fleetwood Fire Training Centre Phase 2
Burnley – Pendle Growth Corridor
Lancashire Centre for Excellence for Digital Technology and Innovation
Lancaster Campus Teaching Hub
Lancaster University Health Innovation Campus (HIC)
Lomeshaye Industrial Estate Extension
M55 to St Annes Link Road
Making Rooms – Lancashire's First Fab Lab
Mechanical & Electrical Replacements, South & Montreal Buildings
Farm Innovation Technology Centre at Myerscough College

Advanced Engineering & Manufacturing Innovation Centre
North West Burnley Growth Corridor
Pennine Gateways
Preston City Centre Improvements
Preston Western Distributor
Rawtenstall Redevelopment Zone (Spinning Point)
Redevelopment of Brierfield Mill (Northlight)
Runshaw College Science & Engineering
Enhancing IT Infrastructure Project
Shady Lane, Junction 28 M6 Improvements
South Lancaster Housing Growth Initiative
Training 2000 Additional Engineering Training Capability

Growing Places Investment Fund schemes

Blackburn Cathedral Quarter
Blackpool Pleasure Beach
Burnley Bridge
Chatsworth Gardens
ETC Urban
Innovation Drive
Luneside East
On The Banks
Teanlowe Centre

Lancashire Advanced Manufacturing and Energy Cluster



ESIF Activity

Skills Funding Agency Skills Support for the Unemployed
Skills Funding Agency Skills Support for the Workforce
Big Lottery
DWP Reducing Woklessness
Employment & Mental Health Integration
BOOST
Access to Finance
Pan-LEP Specialist Manufacturing Service
Propel to Grow
UCLan Innovation Clinic
DlgitME2
Digital First
Investment Readiness
Engineering Innovation Centre
UNITE+
Better Off in Business
Enhancing SME International Trade Performance
U Start
Lancashire Forum
Low Carbon Lancashire Innovation Hub
Digital Office Park
Building Capacity & Capability Health Businesses
Brilliance
Dairy Processing Factory
Processing Storage & Marketing
Dairy Processing Plant
Diving Test Centre
Hedging Innovation Project
Transmission
Northern Powerhouse Investment Fund
Strengthening communities
Chorley Employment Inclusion Project
My Place
WorkFit Women
More Positive Together



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