

Figure 20

| Lancashire District | In most 50 deprived local authorities | Average rank of LSOAs (1 is most and 326 is least deprived) | Extent (% of population living in most deprived LSOAs) | Number of LSOAs amongst the 10% most deprived | Proportion of LSOAs amongst the most deprived | LSOAs amongst the most deprived % change from 2007 IMD |
|-----------------------|---------------------------------------|---|--|---|---|---|
| Blackburn with Darwen | Y | 28 | 50% | 31 | 34% | -6% |
| Blackpool | Y | 10 | 51% | 35 | 37% | -17% |
| Burnley | Y | 21 | 49% | 20 | 33% | -43% |
| Hyndburn | Y | 40 | 38% | 11 | 21% | -10% |
| Lancaster | | 133 | 20% | 10 | 11% | +11% |
| Pendle | Y | 41 | 39% | 17 | 30% | -6% |
| Preston | Y | 59 | 37% | 18 | 21% | +10% |
| West Lancashire | | 153 | 17% | 6 | 8% | 0% |
| Wyre | | 185 | 13% | 6 | 9% | -20% |

Source: Department for Communities and Local Government – The English Indices of Deprivation 2010

Across Lancashire qualification levels are mixed, as indicated above, with some areas such as the Ribble Valley, Fylde and Lancaster showing consistently high working age percentages well above the UK average. These areas have significant numbers of managerial and professional residents who are generally higher skilled, and are exporters of higher paid labour to other areas of Lancashire. Lancashire also has numbers of people with no qualifications particularly in areas such as Blackpool (14%), Blackburn with Darwen (17%), and Pendle (14%). Residents from these areas record low skill levels with a lack of qualifications directly linked to unemployment and disadvantage.

As NVQ level 2 qualifications become the minimum requirement for a workforce the impact of low or no skills will be exacerbated. This is demonstrated by employment rates by qualification level, with almost 85% of those qualified to NVQ4+ in employment compared with only half of this number who possesses no qualifications. The 69.4% of those qualified to NVQ2 who are in employment in Lancashire mirrors the national rate (70%), suggesting that this is the minimum qualification level at which people should have an expectation of joining the workforce.

Whilst a lack of skills will restrict local economic growth it also impacts upon other challenges. The areas within Lancashire with the lowest skills levels are also those that are the most deprived, with the poorest health, highest levels of economic inactivity and lowest life expectancy. Lancashire has some of the worst life expectancy figures in England and Wales (ONS Life Expectancy at Birth, 2013); the average life expectancy is lower than the national average for both males and females in the majority of Lancashire districts (12 out of 14 for males and 13 out of 14 for females).

Seven of Lancashire's local authority areas are ranked in the 50 districts with the lowest life expectancy in the country, with Blackpool, Burnley, Blackburn with Darwen and Hyndburn ranked in the worst eight districts for life expectancy, with Blackpool having the lowest life expectancy in the country. These areas are amongst some of the most deprived in Lancashire, with deprivation directly linked to decreased life expectancy. The Slope Index of Inequality (SII) is an

indicator of social gradient in life expectancy based on correlation of life expectancy data and the Indices of Multiple Deprivation (IMD). Latest SII data shows that

Lancashire is ranked the worst area for life expectancy inequalities, with the widest gap in life expectancy between the most and least affluent. There is a clear gradient from higher to lower life expectancy as social deprivation increases.

Significant intervention is required to break this cycle of deprivation to create and link opportunities to local residents. Health issues contribute to these barriers whether the result of physical incapacity and/or Mental Health issues. Over 200,000 of Lancashire's working age population have long term health problems that limit their day to day activities; in addition, another 165,000 provide unpaid care for family or friends with an illness or a disability.²⁶ Reducing the time individuals are economically inactive will increase their chances of returning to employment; someone who has been off sick for 6 months or more has an 80% chance of being off work for 5 years²⁷.

Interventions by the Third sector will be vital in addressing the challenge to increase employment and participation rates. Lancashire's network of Third Sector specialist employment and training organisations have a role to play in working with those with low skills and re-engage them in the labour market. They can provide structured pre-employment training and a first step to employment for the long term unemployed to allow them to become economically active and independent members of the community. It is proposed to use ESI Funds to complement and add value to mainstream provision and in doing so the third sector will play a significant role in providing solutions to these issues based upon local needs and opportunities in order to release untapped potential.

Lancashire has a relatively low unemployment rate but, as with economic activity rates, this overall picture masks significant differences. The Job Seekers allowance (JSA) claimant count stands at 3.1% for Lancashire compared to 3.7% in the North West and 3.2% nationally. Whilst many deprived localities across Lancashire, such as Blackpool and Burnley, record rates well above national averages other areas show unemployment at low levels including rural Lancashire.

Lancashire residents over the age of 50, members of BME communities and women appear to be particularly disadvantaged in the Labour Market as is demonstrated by their economic activity rates. For those aged between 50 and 64, the economic inactivity rate is 35% compared to a national 30%. As with other indicators this figure varies by geography; in Blackburn the figure is 41% and in Wyre 45%. Individuals from BME Communities also tend to have higher economic inactivity rates; 37% compared to the Lancashire average of 25% and the UK average of 22%²⁸. Female residents of Blackburn (37%) and Wyre (37%) have much higher economic inactivity rates than either the Lancashire (28%) or National (29%) averages. In comparison the female residents of Ribble Valley and Rossendale are much less likely to be economically inactive (18% for both).

As with economic activity, the picture for incomes in Lancashire is mixed with average incomes per head and disposable incomes significantly below the national levels. On average Lancashire's residents earn 9% less than the rest of the UK but with places such as West Lancashire and Ribble Valley having on par or higher than national average income levels. In the poorest areas, Blackpool and Blackburn with Darwen for example, incomes are significantly (22%) below the

²⁶ Lancashire Joint Strategic Needs Assessment (JSNA)

²⁷ 'Is work good for your wellbeing?' Waddell, C & Burton, K (2006)

²⁸ Annual Population Survey, ONS

UK average. The weak competitive position of low skilled people means that almost half are not in employment and of these around 80 per cent are economically inactive. The main reasons cited by the unqualified individuals for inactivity include ill-health, disability and care responsibilities but these are unlikely to be absolute barriers to employment²⁹.

The presence of high value businesses in Lancashire and good links to Manchester and Liverpool has enabled some Lancashire residents to take advantage of higher value work opportunities. In particular Chorley, Rossendale, West Lancashire, Fylde and Ribble Valley have benefited as exporters of higher skilled and higher paid labour to employment centres such as Preston and Manchester. Within Lancashire the disparity in Preston between resident and worker earnings (lower/higher) reflect its status as a primary employment area and importer of workers from across Lancashire and beyond. The expected growth in the Lancashire economy will enable all residents, with the right support and infrastructure, to take advantage of the opportunities that arise to improve income levels through greater economic activity.

The benefits of the Lancashire Superfast Broadband programme can be built upon to address the 'Digital Divide' and raise awareness of the employment opportunities that will be created. Given that many training and employment opportunities depend upon access to and/or depend upon the internet this is of crucial importance given 27% of Lancashire households do not have access to the internet, of which 48% have a disability and 38% are unemployed. Lancashire is keen to build upon the opportunities that the new Broadband infrastructure can provide and the Lancashire Digital Inclusion Strategic Framework sets out an overarching approach with a focus on priority groups with either low or no digital skills or awareness.

Lancashire's Care and Urgent Needs Support Scheme was developed to take over DWP's Discretionary Social Fund. Working in partnership with the Lancashire Community Recycling Network, eight local Third Sector furniture reuse and training organisations have been supplying good quality second hand furniture and household items. This is a national example of best practice in service delivery to address community need in partnership.

Despite Lancashire's economic growth opportunities and assets there is a requirement to work with individuals and communities to support their pathway to training and to the labour market. The initiatives that will be supported by the ESI Funds Strategy will focus mainly on activities that improve employability, raise skill levels and promote entrepreneurship. They will also include capacity building local agencies and support enabling infrastructure to improve the economic prospects for individuals and communities most in need. In particular, the Third Sector is well placed to offer preventative, early intervention and support services to address exclusion. Lancashire needs to build upon the benefits of growth in our key sectors and ensure they are able to be accessed by all, thereby improving earning levels and supporting more sustainable employment.

²⁹ Low skills and social disadvantage in a changing economy" UK Commission for Employment and Skills

3.6 Rural Lancashire

Rural Lancashire is an integral part of Lancashire; it plays host to some of Lancashire's prime assets and makes a substantive contribution to economic, social and environmental outputs. Supporting businesses in rural areas and capturing the potential of growth industries is an economic priority for the Lancashire LEP. Agribusinesses, supporting Food and Drink, key sectors such as the Visitor Economy, as well niche businesses, are a strong basis for growth and increasing competitiveness. Lancashire will focus on ensuring the right conditions exist for business growth and improved opportunities for sustaining and diversifying the economy in rural areas.

A number of LEP economic priorities are relevant to the rural Lancashire, in particular the development of key economic sectors, broadband access and skills provision. Many of the issues faced by businesses, such as access to finance, infrastructure and a skilled labour supply are relevant across both urban and rural areas. Many of these issues are more pronounced and varied in rural areas due to lower levels of connectivity and require tailored responses in taking forward an agenda for economic growth. Recent research has indicated that business perception of the main challenges within the rural economy relate to labour and labour supply. The LEP is in the process of developing a Rural Growth Strategy that will provide the basis for relevant interventions supported by the Growth Deal.

With 80% of Lancashire being rural it is unsurprising that over half of Lancashire's businesses are located in designated rural areas and that much of the type of business stock is broadly the same as in urban areas³⁰. The largest sectors being property and other professional and business services, followed by wholesale and retail, construction, community activities and production (including manufacturing).

Lancashire's rural businesses are concentrated in Ribble Valley, West Lancashire, Wyre and Lancaster. Businesses are divided along geographic lines e.g. uplands and more low lying agricultural areas, as well as sectoral lines e.g. agricultural/horticulture and the Visitor Economy. Independent analysis suggests that our rural areas host a high level of small micro businesses, with four or fewer employees and/or a turnover of less than £250,000. There are higher concentrations of medium businesses in Rossendale and Blackburn, while West Lancashire and South Ribble have higher concentrations of large businesses.

The population of rural Lancashire is approximately 266,000³¹, 18% of the total population. The largest rural populations are in places such as West Lancashire, Chorley and Ribble Valley (65% of the total population) with other significant concentrations in Lancaster, Fylde and the Wyre. However, the rural population of Lancashire is shrinking, by 10% according to the latest figures from DEFRA, and is becoming increasingly bounded by urban populations.

The areas covered by the Lancashire Rural Development Programme (RDPE) LEADER initiative 2007-13 had a greater proportion of residents employed in professional, scientific and technical activities, and financial services than in Lancashire as a whole.

Rural Lancashire has both higher economic activity (75 to 68%) and employment rates (19 to 14%) than in Lancashire as a whole, with rural residents on average working longer hours (21 to 16%) and a higher proportion working for 15 hours or less (34 to 30%). This needs to be set against a background of a more pronounced ageing of the population in rural areas, in particular the fact that the 45-64 and 65 and over age groups are more highly represented in rural areas than Lancashire as a whole. The most recent data on deprivation indicated that 35,000+ rural households were identified as being deprived in one of four deprivation indicators (Employment, Education, Health, Disability and Housing)³².

³⁰ EKOSgen 2013

³¹ ONS

³² CARL 2006.

The quality, functionality and variety of the rural landscape forms the cornerstone upon which much of the success and potential of the various businesses and sectors in the rural area are based, particularly in regards to the Food and Drink and Visitor Economy sectors. The demand for British and locally sourced food, which can demonstrate a commitment to animal welfare and good farming practices, is growing.

The rich farming heritage and natural landscape in Lancashire, the Ribble Valley and Forest of Bowland in particular, has resulted in the establishment of a wealth of successful small artisan food and drink producers. Agricultural activity in turn supports a food cluster of related services including food processing, packaging and freight. Working with key stakeholders, including those in the AONBs such as United Utilities and the Duchy of Lancaster and Grosvenor, will identify those management objectives which will underpin the overall set of priorities for the sustainable growth of the economy.

The previous RDPE LEADER programme (2007-13) supported over 120 SMEs through nearly £6m of investment, leveraging in nearly £9m of private sector investment. The LEP will seek to build upon the successes of this programme through mainstream business support and future LEADER activity³³. Developing strong links between rural needs and priorities and initiative such as BOOST will ensure that Lancashire can take a strong lead in supporting rural businesses to thrive, grow and meet their full potential within local, regional and national economies.

By the end of 2015 approximately 97% of Lancashire will have access to Superfast Broadband. Linked to other ESI interventions the LEP will seek to maximise the benefit of this coverage and extend the benefits where appropriate. This will include working with the LEADER Local Action Groups on priority activity.

In addition, Lancashire will want to look at communalities with other areas, and the opportunities they offer, whether in other parts of the North West, such as the North of Greater Manchester, the South Pennines (West Yorkshire), Cumbria and Merseyside.

The 6 ESI Funds themes identified for the Lancashire economy will all be applicable to the opportunities, assets and challenges that exist in the rural areas of Lancashire.

3.7 Natural and Heritage Capital

The environmental quality and diversity of Lancashire sets it apart from other areas. Lancashire is internationally recognised as a highly attractive place. It contributes significantly by creating a distinctive '*sense of place*' to attract investment. It provides a powerful resource to support the economy and deliver sustainable development.

Lancashire's landscape supports sectors such as Food and Drink, and the Visitor Economy, whilst sustaining and increasing the environmental and economic resilience of Lancashire as a whole. This diverse environment, ranging from the City of Lancaster to the West Pennine Moors, has strong growth characteristics particularly as an attractive location for locally based enterprise but its economic potential is underplayed.

Brockholes is the Lancashire Wildlife Trust's award winning nature reserve and Visitor Village. It has attracted over £12m of funding to create a diverse blend of wetland and woodland as natural resource. In 2013 it attracted over 180,000 visitors.

Lancashire has over 140 miles of coastline, two Areas of Outstanding Natural Beauty (Bowland and Arnside) all of which are of high landscape and environmental value. The Lancashire coast contains the well know seaside resorts of the Fylde Coast (Blackpool, Lytham St Anne's) as well as the expanse of

³³ Lancashire's current LEADER Local Action Groups are currently developing Local Development Strategies for the start of the new programme in January 2015.

Morecambe Bay. It is estimated that currently the Fylde Coast receives 1.82 million beach users per year, supporting 1,200 jobs and generating £36.9 million of GVA. Within this natural landscape there is a built environment of historic towns and villages that together create areas of distinctive character, traditions, customs and cultural heritage.

Maintaining the environment and enhancing the economic opportunities it provides is crucial to Lancashire's economy. The impact of recent flooding on the economy has provided an additional focus on the need to respond and adapt to the challenges of Climate Change and the need to sustain and protect local businesses and communities. For example, the Starr Hills environmental improvement scheme is designed to improve the nature conservation interest of the coastal habitats, improve the efficiency of the dunes/saltmarsh as soft sea-defence and enhance public appreciation and enjoyment of the dunes. ESI funds can be used to continue this type of work to support of key economic areas and help Lancashire to adapt to and mitigate the effects of Climate Change, E.g. assessing environmental impacts on strategic investment sites.

Building upon our strong cultural heritage, a landscape scale will allow Lancashire to promote a range of assets, from the natural beauty and wide-open spaces of the moors and coast for recreation to our range of fine food.

3.8 Infrastructure and Connectivity

Transport infrastructure is a high priority for the Lancashire Enterprise Partnership. Through the establishment of Transport for Lancashire (TfL), the LEP is helping to ensure strategic economic development and transport priorities are fully integrated across Lancashire for the first time. TfL will also work with neighbouring transport bodies and Government to secure maximum benefit from national transport initiatives, including the development of the Northern Rail Hub, Rail Electrification and HS2, which improve the area's linkages to other major centres of economic growth, including Manchester, London and Leeds.

TfL is developing a £325m investment programme to support a number of **Transport Masterplans** focusing initially on East Lancashire, Lancaster South and West Lancashire. They will include activity to support Strategic and Employment Site development along the Burnley-Pendle Corridor (in support of existing and future employment sites in proposed Assisted Areas), access improvements in Lancaster linked to the expansion plans of Lancaster University (in addition to the Heysham M6 link), and rail links in Skelmersdale improving connectivity to Manchester and Liverpool.

Through the Preston, South Ribble and Lancashire **City Deal**, Lancashire will have the ability to unlock the economic potential of Preston by providing the "missing" critical infrastructure needed to bring forward new housing and employment sites through the establishment of a £400m development and infrastructure fund. Over the last 10 years, the **City Deal** area has created more than 20,000 private sector jobs, largely driven by growth in SMEs, with an economic-base generating nearly £9 billion in GVA. As well as representing nearly half of Lancashire's economic wealth it also outstrips the majority of England's Core Cities for scale and level of performance. It is clear to the LEP that the growth of Preston can generate benefits that can be accessed by all across Lancashire.

*The approval of the **City Deal** will deliver critical infrastructure providing the opportunity to create 23,000 new jobs, build 15,000 new homes and generate new economic activity valued at £1 Billion.*

Lancashire's three upper tier authorities, in conjunction with BDUK and the current North West ERDF programme, are investing over £35m to bring Superfast Broadband to 675,000 businesses and homes by end 2015. The challenge for the future will be to enable individuals and businesses to exploit this technology to develop new services and products, as well as promoting social inclusion and overcoming isolation in rural areas. By the end of 2017 11,000 plus ERDF eligible businesses will have access to Superfast Broadband.

4. Building on Lancashire's strengths, Addressing the challenges – Rationale for Intervention

Lancashire possesses specific economic strengths and assets that can be developed and built upon to increase economic growth and employment. In developing the ESI Funds Strategy the LEP has assessed both the opportunities and weaknesses within the economy to see how the Funds can be invested alongside other resources to build upon Lancashire's inherent strengths and asset base.

In order to accelerate growth Lancashire must capitalise on the opportunities in important sectors, exploiting the full potential of its economic, environmental and social assets. The sectors that provide a platform for this growth include Advanced Engineering and Manufacturing (Aerospace & Automotive), Energy (Nuclear, Renewable & Generation) as well as Chemical and Polymers. Others that offer clear potential for economic growth include the developing Creative and Digital sectors, Food and Drink and our strong Visitor Economy and Social Enterprise sectors.

In tandem with this activity Lancashire needs to address its skills deficit developing the capacity and expertise of its residents. This is particularly important in those areas, and for those groups, already suffering from economic exclusion and living in places where employment growth is predicted to be limited for those with lower skills or suffer from other barriers to economic activity.

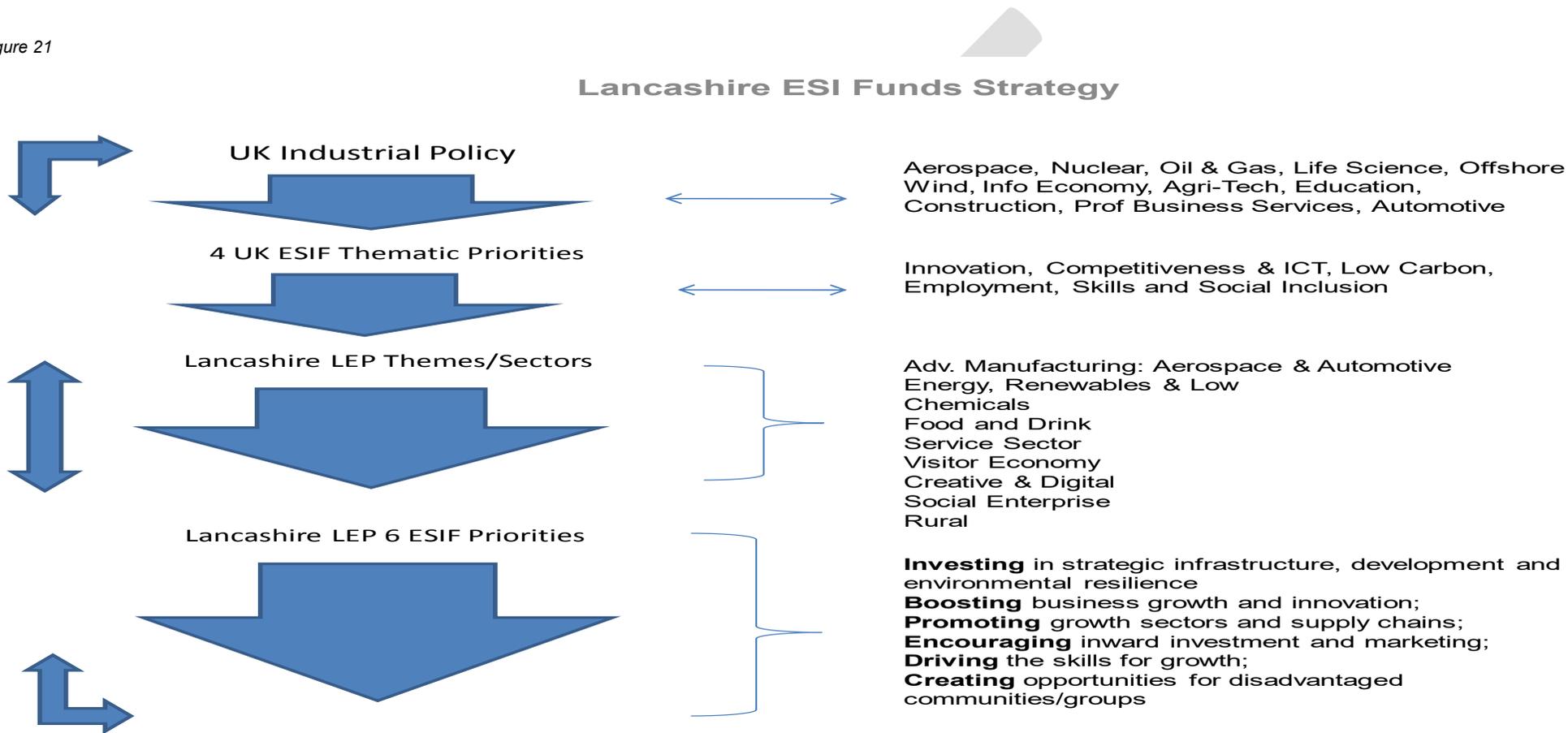
Lancashire is renowned as a centre of excellence in Advanced Manufacturing, Aerospace, Automotive and Energy related sectors, but it still underperforms in positioning and marketing itself to potential new investors and occupiers. As well as working to support indigenous businesses Lancashire needs to attract additional higher value investment. The ability to attract these types of business can be affected by the Quality of Life / '*sense of place*' that an area can offer. This is a particular strength in Lancashire with its wealth of unique and diverse cities, towns and villages. Vibrant communities require strong cultural, heritage and natural capital to provide attractive places in which to live, work and invest.

Although our businesses and universities compete globally evidence suggests that Lancashire is failing to 'punch its weight' in terms of securing Foreign Direct Investment (FDI) successes. The county is currently ranked by UKTI as one of the worst performing areas in the UK in terms of attracting new foreign owned investment. The LEP is now making progress to address this in order to retain Lancashire's capacity to compete internationally for investment, jobs, learners and visitors. The key drivers, which underpin success in this area, are the opportunity to access new markets for our companies, the availability of quality sites and business locations and the availability of key skills and capabilities within the local economy.

ESI Funds can be used to strengthen Lancashire's performance as one of the nation's leading exporters by repositioning it with investors, businesses, residents and visitors on a regional, national and international scale. They can also be used to address the barriers to private sector led growth, working with established businesses and academic partners in key markets to maximise opportunities through the UKTI overseas network.

The interventions required to support Lancashire's growth sectors, and support a transformational change in the economy, will need to be of a high quality and of the required intensity to make a serious long term positive impact on wealth creation and employment. For this reason, Lancashire will seek to focus on a relatively small number of initiatives that are of a scale to support change.

Figure 21



There is strong synergy between stated European and UK economic growth priorities and the objectives of the Lancashire LEP. This provides a sound basis on which to construct a strategy for intervention. The following Economic SWOT analysis of the Lancashire economy highlights the opportunities and challenges that need to be addressed.

The following SWOT analysis of the Lancashire economy summaries the key issues for the Lancashire economy and the opportunities that exist not only to address then but strengthen and enhance economic growth.

| STRENGTHS | WEAKNESSES |
|--|--|
| <p>Economy/GVA</p> <ul style="list-style-type: none"> ▪ One of the largest economies in the north of England, generating £23.4bn of GVA, supporting over 617,000 jobs ▪ Large and diverse economic base with over 45,500 enterprises ▪ Number of world class companies including BAe Systems, Rolls Royce, Safran Aircelle and Toshiba Westinghouse ▪ Strong employment growth over recent years in parts of Lancashire ▪ Major concentration of university assets, with Lancaster, UCLan and Edge Hill supporting economic growth through world class research, knowledge transfer & innovation ▪ Strong & Resilient Third Sector | <p>Economy/GVA</p> <ul style="list-style-type: none"> ▪ Continuation of low wage, low skilled, and low value added economic activity ▪ Economic performance consistently lags behind UK and neighbouring competitor locations, with Lancashire's GVA per head only 77% of the UK average ▪ Employment growth has primarily been in lower value service sectors and has not had a significant impact on GVA growth ▪ Low wage levels with average wage of Lancashire residents 91% of national figure |
| <p>Investing in strategic infrastructure, development and environmental resilience</p> <ul style="list-style-type: none"> ▪ International gateways which provide access to global markets through excellent road and rail links to major ports and Manchester and Liverpool airports ▪ Developed strategic road connectivity, with the motorway network providing access to the UK & beyond ▪ Excellent rail connectivity to the south east and Scotland via the West Coast mainline ▪ Diverse and extensive natural capital providing the infrastructure on which to deliver growth and attract inward investment ▪ Significant coastal and marine assets including Off Shore energy generation ▪ Supply of investment ready employment sites based upon City Deal and Enterprise Zone | <p>Investing in strategic infrastructure, development and environmental resilience</p> <ul style="list-style-type: none"> ▪ Lack of enough high quality strategic employment sites ▪ Shortage of available quality office developments needed to attract higher value service sectors ▪ High volume of outdated industrial premises, not suitable for higher value activities ▪ Concentrations of warehousing and factory floorspace generally correlate to those areas which experience the greatest economic deprivation and slowest growth ▪ Disparity in broadband coverage across Lancashire acts as a barrier to economic growth ▪ Several underperforming town centres, with poor quality of place, accommodation, and retail offers ▪ Rail network does not cater adequately for Lancashire's constraining economic growth ▪ Poor maintenance of some natural capital |
| <p>Boosting Business Growth and Innovation</p> <ul style="list-style-type: none"> ▪ Significant cluster of excellent FE Colleges ▪ World leading research and teaching linking to innovation in key growth sectors ▪ Established Lancashire Business Growth Hub (BOOST) in support of GVA growth | <p>Boosting Business Growth and Innovation</p> <ul style="list-style-type: none"> ▪ Low levels of entrepreneurship and business number/formation rates well below national averages ▪ Number of small and medium sized enterprises not fully equipped to compete in a global economy ▪ Insufficient levels of R&D in the SME base to support knowledge based growth |
| <p>Promoting Growth Sectors and Supply Chains</p> <ul style="list-style-type: none"> ▪ Key centre for AEM in the UK esp. Aerospace & Automotive ▪ Largest single concentration of aerospace activity in the UK ▪ Manufacturing GVA contribution higher than the national average ▪ Unique capability, skills and resources within BAe Systems & throughout the Local supply chain to design & integrate whole products, i.e. aircraft, and support the product over the complete lifecycle ▪ Significant nuclear assets, with two nuclear sites, major nuclear fuel production capability and ability to support the whole nuclear power lifecycle ▪ Speciality chemicals and polymer production ▪ Diverse manufacturing supply chain, with a core of innovative SMEs ▪ Nationally important natural capital. ▪ Significant energy resources including offshore potential and shale gas. | <p>Promoting Growth Sectors and Supply Chains</p> <ul style="list-style-type: none"> ▪ Proportion of manufacturing sector remains low value, low growth & at risk from global competition ▪ Over reliance on public sector employment ▪ Low representation of higher value service sectors, including professional, business & financial services |
| <p>Encouraging Inward Investment and Marketing</p> <ul style="list-style-type: none"> ▪ Significant visitor economy with strong tourism and cultural heritage assets ▪ Access to a high quality environment with great natural physical diversity, attractive and extensive countryside/ coastal areas, & 2 Areas of Outstanding Natural Beauty ▪ Lancashire's diversity of offer, a network of urban areas within a high quality environment, differentiates it from neighbouring and competing investment locations | <p>Encouraging Inward Investment and Marketing</p> <ul style="list-style-type: none"> ▪ Lower levels of inward investment ▪ Limited links with neighbouring Greater Manchester and Liverpool city region |
| <p>Driving Skills for Growth</p> <ul style="list-style-type: none"> ▪ Base of Higher level skills & Rising Qualification levels ▪ Significant cluster of academic and training institutions ▪ Significant experience of developing low level skills via natural capital | <p>Driving Skills for Growth</p> <ul style="list-style-type: none"> ▪ Insufficient numbers with higher level qualifications and too many low/unskilled ▪ Low levels of graduate retention and limited offer to attract graduates to Lancashire ▪ Lower proportion of employees in higher skilled occupations |
| <p>Creating Opportunities for Disadvantaged Communities/Groups</p> <ul style="list-style-type: none"> ▪ Growth Areas in close proximity to disadvantaged communities ▪ Active Third Sector with local expertise and effective networks | <p>Creating Opportunities for Disadvantaged Communities/Groups</p> <ul style="list-style-type: none"> • Significant pockets of social/economic deprivation with low skills, poor health and high numbers of working age benefit claimants, especially incapacity • 27% of Households without internet access |

| OPPORTUNITIES | THREATS |
|--|--|
| <p>Economy/GVA</p> <ul style="list-style-type: none"> ▪ Rebalancing of Lancashire's economy, shifting from the public sector to higher value private sector growth ▪ Existing industrial specialisms, i.e. Aerospace and AEM, & potential in emerging sectors ▪ Lancashire City Deal to utilise infrastructure developments to 'unlock' economic potential ▪ Growth Plan to increase GVA by £3bn and employment by 50,000 ▪ Focus on creating the right environment for growth – <i>Superfast Broadband, Growth Hub, City Deal, Growing Places</i> and <i>TfL</i> ▪ Utilise existing Third Sector assets | <p>Economy/GVA</p> <ul style="list-style-type: none"> ▪ Continuing poor economic performance resulting in insufficient GVA growth, will see Lancashire falling further behind as the UK economy grows at a faster rate ▪ Increasing global competition ▪ Vulnerability of Lancashire to the reduction in public spending due to the reliance on public sector employment ▪ Population decline in some areas, with net outward migration of residents |
| <p>Investing in strategic infrastructure, development and environmental resilience</p> <ul style="list-style-type: none"> ▪ Development of the Lancashire Enterprise Zone (EZ) to establish Lancashire as a leading global centre for AEM sector ▪ City Deal to unlock economic potential of Preston through delivery of critical infrastructure, bringing forward new housing and employment sites ▪ Roll-out of Superfast Broadband to 97% of premises by 2015, maximising SME take up ▪ Delivery of ultrafast broadband in key strategic locations ▪ Development portfolio of new strategic employment sites ▪ Transport infrastructure improvements including proposals for the HS2 rail links, rail electrification and improved access to international gateways for export led growth ▪ Establishment of TfL to ensure Lancashire's major transport projects are fully aligned with the delivery of key economic priorities ▪ Investment by the LEP of Growing Places Fund in development schemes to deliver new business growth, jobs and housing ▪ Environmental resilience and mitigation schemes to protect/enhance economic growth | <p>Investing in strategic infrastructure, development and environmental resilience</p> <ul style="list-style-type: none"> ▪ Capacity issues and increasing levels of traffic congestion within Lancashire and on the strategic motorway network will impact on productivity and potential for economic growth ▪ Coastal and Inland Flood Risk impacting upon and impeding economic growth ▪ Investment will go elsewhere without portfolio of appropriate investment sites ▪ Poor quality of some natural capital reduces its ability to deliver environmental resilience, undermining economic development |
| <p>Boosting Business Growth and Innovation</p> <ul style="list-style-type: none"> ▪ Capitalise on Lancashire's world class innovation assets to share commercial potential, promote the commercialisation of R&D and support university led spin out opportunities ▪ Build upon the Business Growth Hub to deliver support services to high growth companies and promote enterprise & entrepreneurship | <p>Boosting Business Growth and Innovation</p> <ul style="list-style-type: none"> ▪ Supply Chain becoming uncompetitive due to failure in invest and innovate |
| <p>Promoting Growth Sectors and Supply Chains</p> <ul style="list-style-type: none"> ▪ Capitalise on strengths in key high value sectors such as advanced manufacturing, aerospace and nuclear to deliver strong and sustainable economic growth ▪ Potential to develop strengths in other high growth sectors – including low carbon, environmental technology, renewable energy, Shale, creative and digital, chemicals and high value service sectors such as professional and business services ▪ Strong tourism, cultural assets and rural offer, including speciality food and drink sector | <p>Promoting Growth Sectors and Supply Chains</p> <ul style="list-style-type: none"> ▪ On-going decline in low GVA manufacturing employment has not been offset by growth in higher value service sectors and will result in the further economic decline of those areas in Lancashire heavily reliant on the manufacturing sector ▪ National government policy changes relating to key economic sectors in Lancashire |
| <p>Encouraging Inward Investment and Marketing</p> <ul style="list-style-type: none"> ▪ Build upon current and planned trade programmes & academic links ▪ Establishment of Marketing Lancashire to promote assets and opportunities ▪ LEP collaboration opportunities under including UKTi ESIF Opt in proposal ▪ Development of higher value Visitor Economy linked to a 'Sense of Place' | <p>Encouraging Inward Investment and Marketing</p> <ul style="list-style-type: none"> ▪ Negative perceptions of Lancashire as a place to live, work or invest ▪ On-going low level private sector investment in Lancashire |
| <p>Driving Skills for Growth</p> <ul style="list-style-type: none"> ▪ Local skills provision to be more responsive to business demands and maximise ▪ Link disadvantaged communities to employment growth ▪ Improve GVA performance through workforce development ▪ Facilitate progression from Low to High Skills | <p>Driving Skills for Growth</p> <ul style="list-style-type: none"> ▪ Lancashire's existing low skills base cannot support the required shift to a higher value economy without significant action ▪ Graduate career progression |
| <p>Creating Opportunities for Disadvantaged Communities/Groups</p> <ul style="list-style-type: none"> ▪ Implementation of Community Led Local Development & Local Growth Accelerators ▪ Intensive support for Social Enterprises ▪ Locally led activity based upon local solutions | <p>Creating Opportunities for Disadvantaged Communities/Groups</p> <ul style="list-style-type: none"> ▪ Worsening levels of deprivation and widening disparity with affluent communities ▪ Adverse impacts upon health and well being |

5. Lancashire's Priorities for European Structural and Investment Funds

There are significant areas of economic potential in Lancashire, as well as barriers to growth that both need to be addressed. A fundamental need is to address overall productivity within the economy, raise GVA, whilst increasing economic participation rates and promoting social inclusion. There is much to capitalise on, and many opportunities to exploit Lancashire's strengths and assets.

In the development of Lancashire's priorities, it became apparent that an integrated approach to supporting business and sustainable employment growth is all important. This view has been borne out by consultation with Stakeholders who have all stressed the need for **maximum flexibility** linked to real business and individual needs.

As a result, the outputs in the ESI Funds Strategy Financial Tables are grouped against the appropriate areas of activity rather than constrained by a purely thematic objective allocation and the LEP would seek to be able to manage Output and Result achievement on a programme level.

As is highlighted in this Strategy, Lancashire's needs the right infrastructure to allow businesses to grow and create jobs. The LEP is keen to be able to support these activities, where eligible and appropriate, with ESI Funds.

Many of the elements that need to be changed are structural within the economy and will need a sustained effort over a number of years. The following themes have been developed to address the issues highlighted in the economic context and SWOT analysis of the Lancashire economy. The priorities are designed to provide a framework for ESI Funds interventions across the Lancashire economy over the period to 2020. As a result, they highlight eligible interventions that will address the barriers holding back Lancashire's economy and address the opportunities that need to be realised in order to support transformational economic growth.

Theme 1 – Investing in Strategic infrastructure, Development and Environmental Resilience

As the Lancashire economy emerges from the recent economic downturn, investment will be needed to develop, promote and protect key infrastructure and environmental assets. ESI Funds will be used to support investment and development opportunities that will support and unlock growth potential in the Lancashire economy. The aim will be to support investment in employment, investment and environmental sites, premises and locations where this will tackle constraints on the Lancashire economy and result in the creation and safeguarding of jobs and GVA growth.

This theme will enable the delivery of key investment opportunities and projects, including Government backed initiatives to support high value economic growth by and can include;

- Securing a supply of key strategic employment sites and fit-for-purpose commercial premises for businesses in LEP priority & ESI Funds eligible sectors (including FDI projects). (Priority Axis 3)
- Investing in low carbon infrastructure and innovative energy solutions, such as smart energy networks. (Priority Axis 4)
- Building on the deployment of superfast broadband to deliver ultrafast broadband (UFBB) in key strategic locations in Lancashire in support of other priorities areas. (Priority Axis 2)

In addition, investing in the enhancement of the image of Lancashire as part of a *'quality/sense of place offer'*, thereby stimulating investment and encouraging people to visit, live and work in Lancashire, which can include;

- Improving the Built and Heritage environment in key strategic/economic locations in support of Boosting Growth and Supply Chain priorities (Priority Axis 3)
- Investing in key business infrastructure to enhance the attractiveness and investment potential of key strategic/economic locations and to strengthen local supply chains (Priority Axis 3)
- Investing in enabling infrastructure and new developments to capitalise on Lancashire's strengths in the Visitor Economy by exploiting the potential of strong tourism, cultural, heritage, natural and leisure assets. (Priority Axis 3 & Priority Axis 6)
- Support and investment in Green/Blue infrastructure to support and sustain business growth and enhance Environmental resilience. (Priority Axis 6)
- Protection of key economic sites through flood mitigation and coastal resilience measures. (Priority Axis 5)
- Provision of support and advice for businesses in resource efficiency and encouraging the adoption of innovative technologies to promote resource efficiency – this relates to theme 2 as well. (Priority Axis 6)

Support access to the employment opportunities created by the infrastructure activity supported by this theme (combining ERDF/ESF/EAFRD activity as appropriate). This will include ESF activity under Priority Axis 1 'Inclusive Labour Markets' focused on supporting sustainable employment and labour mobility in the economically inactive and disadvantaged groups.

The delivery of these activities will be supported through investment in the **Evergreen (JESSICA)** Financial Engineering Instrument.

Theme 1 will support the following Priority Axes:

| Funding Source | Priority Axis | Thematic Objective |
|----------------|--|--------------------|
| ERDF | 2: Enhancing Access to, and use and Quality of, ICT | TO2 |
| ERDF | 3: Enhancing the Competitiveness of SMEs | TO3 |
| ERDF | 4: Supporting the Shift Towards A Low Carbon Economy In All Sectors | TO4 |
| ERDF | 5: Promoting Climate Change Adaptation, Risk Prevention and Management | TO5 |
| ERDF | 6: Preserving and Protecting the Environment and Promoting Resource Efficiency | TO6 |
| ESF | 1: Inclusive Labour Markets | TO8 |
| EAFRD | | |

Theme 2 – Boosting Business Growth and Innovation

Lancashire needs to address its GVA deficit compared to the rest of the UK. The ESI Funds will be deployed to encourage the formation of dynamic new enterprises, the expansion of existing businesses, supporting innovation, including the dissemination and adoption of new technologies, and the exploitation of the full economic potential of Lancashire's rural economy

Specific support will be introduced to develop Lancashire's technological and innovation assets, i.e. the 'Arc of Prosperity' and to secure access to these resources by SMEs including appropriate premises and infrastructure. This will enhance key actions to strengthen Lancashire's world-class centres of industrial/technological development and research excellence by working with Lancashire's HEI cluster to maximise knowledge transfer and the commercialisation of IP.

Encouraging and enabling start-ups will provide a significant opportunity for Lancashire to increase its concentration of private sector businesses in addition to ensuring the right support to maximise the potential growth within Lancashire's Third sector, specifically social enterprises.

Enabling and infrastructure support to ensure a supply of relevant Higher Level skilled employees for Lancashire's SMEs and Supply Chains

This priority will build on **BOOST**, Lancashire's Business Growth Hub, to ensure that a full range of business growth support measures are available for businesses within Lancashire by;

- Supporting innovation in enterprises through increased collaboration with research and development activity for high growth sectors to deliver to new markets. (Priority Axis 1)
- Investing in and supporting existing and new innovation assets in Lancashire, including infrastructure and innovation space, and dissemination, adoption and commercialisation of new technologies (Priority Axis 1)
- Increasing productivity through the integration of key innovation assets and support services across a range of high value sectors in Lancashire. (Priority Axis 1)
- Maximising the take-up of superfast broadband by Lancashire SMEs in LEP priority growth sectors through demand stimulation activity (Priority Axis 2)
- Strengthen 'innovation ecosystems' in Lancashire and build local capabilities to support these with universities, SME's, sector networks and key agencies (Priority Axis 1)
- Foster innovation through the exploitation of new ideas to promote entrepreneurship and support the creation of new businesses in Lancashire. (Priority Axis 3)
- Diversification of rural businesses, especially micro businesses, with a focus on in key high value/growth sectors. (Priority Axis 3 & EAFRD activity)
- Support for Graduate start up, Enterprise and HEI spin off activity (Priority Axis 1 & Priority Axis 3)
- Support the development of innovative social enterprise including the Social Investment Business finance and co-operative/mutual ownership models (Priority Axis 3)
- Support the social enterprise sector to develop capacity to deliver a range of activities, recognising the need for wraparound support. (Priority Axis 3)

In addition, the theme will support activities that:

- Will accelerate the development, innovation, production, distribution and cost reduction of renewable and low carbon energy resources including the development of energy efficiency and renewable and alternative energy use (Priority Axis 4)
- Develop low carbon technologies and services, including the diversification of businesses into new low carbon products and services (Priority Axis 4)
- Promote energy efficiency and the use of renewable energy in enterprises (Priority Axis 4)
- Capitalise further on the R&D expertise of Lancashire's university cluster to support innovations in renewable and low carbon energy resources, develop and share innovations with commercial potential and promote high value economic growth. (Priority Axis 1)

The theme will develop a demand-side approach to skills provision in Lancashire and the requirements of businesses to grow and develop, particularly in high growth/value sectors by;

- Stimulating and developing a Higher Level skills supply for identified sectoral needs (intermediate, technical and higher level). (ESF Priority Axis 2 Skills for Growth)
- Developing/addressing the demand for different Apprenticeship and Traineeship programmes, linked to higher level skills, and promoting their benefits to Lancashire SME's. (ESF Priority Axis 2 Skills for Growth)
- Further enhancing the linkages between HE delivery and innovative SMEs. (ESF Priority Axis 2 Skills for Growth)

This priority will be supported through Financial Engineering Instruments, National and Local Business Support products.

Theme 2 will support the following Priority Axes:

| Funding Source | Priority Axis | Thematic Objective |
|-----------------------|---|---------------------------|
| ERDF | 1: Promoting Research and Innovation | TO1 |
| ERDF | 2: Enhancing Access to, and use and Quality of, ICT | TO2 |
| ERDF | 3: Enhancing the Competitiveness of SMEs | TO3 |
| ERDF | 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors | TO4 |
| ESF | 2: Skills for Growth | TO10 |
| EAFRD | | |

Theme 3 – Promoting Growth sectors and Supply Chains

Through a ‘Smart Specialisation’ approach Lancashire can build on its strengths, developing highly skilled, productive businesses that can compete in global markets and create real wealth within the local economy. Key target employment sectors have been identified that are, or have potential to be significant net contributors to the Lancashire and national economies.

*This theme will also provide support for the development of businesses and support mechanisms for economic growth located in the Lancashire **Enterprise Zone**.*

Activities will include supporting a centre of excellence for each priority sector, as detailed in the Lancashire ESI Funds Strategy, and unlocking Lancashire's strengths, in terms of the complementary business clusters and skills by:

- Optimising the significant opportunities from the Lancashire **Enterprise Zone** for Advanced Engineering and Manufacturing companies and related supply chains (Priority Axis 1 & Priority Axis 3)
- Focusing on supply chain development to support the growth of each priority sector identified in the Investment Strategy (Priority Axis 3)
- Ensuring that high growth businesses in Lancashire are aware of and have access to the full range of formal business support services to allow them to achieve their full potential, including relevant financial, developmental and technology-led support products (Priority Axis 1 & Priority Axis 3)
- Advice services for high growth businesses for entrepreneurship, commercialisation and exports (Priority Axis 3)
- Providing support for rapidly growing and nascent businesses and their supply chains in key priority sectors. (Priority Axis 1 & Priority Axis 3)
- Supporting the growth of businesses to exploit the economic potential of Lancashire's Visitor Economy. (Priority Axis 3)
- Promoting entrepreneurship in highly skilled individuals to support new business creation, especially in growth sectors. (Priority Axis 3)
- Support for low carbon sector, research, innovation and adoption of low carbon technologies. (Priority Axis 4)

Theme 3 will support the following Priority Axes:

| Funding Source | Priority Axis | Thematic Objective |
|----------------|---|--------------------|
| ERDF | 1: Promoting Research and Innovation | TO1 |
| ERDF | 3: Enhancing the Competitiveness of SMEs | TO3 |
| ERDF | 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors | TO4 |
| EAFRD | | |

Theme 4 – Encouraging Inward investment and Marketing

In addition to indigenous growth it will be important to maximise the opportunities offered by mobile international investment, to present Lancashire’s strengths in the best light and to build on the potential of foreign owned enterprises already located within Lancashire including the exploitation of academic links. In parallel, support will be provided for Lancashire’s distinctive Visitor Economy through support to attract varying audiences nationally and internationally thus increasing spend. In particular exporting SMEs are likely to be more productive and enhanced support is required to aid growth and facilitate access to overseas markets.

This theme will support the development of a comprehensive sectoral inward investment proposition to attract high value sectors to Lancashire, focused on Lancashire’s competitive advantages, and by developing internationalisation capabilities of Lancashire’s high growth SMEs, enabling them to explore and develop into international markets. This will include exploiting Lancashire’s high quality of place offer, natural assets and distinctiveness and strong sectoral advantages to promote inward investment and attract and retain the talent needed to grow the economy utilising strategic marketing opportunities. It will also support interventions to exploit the full potential of the academic links of our HEIs.

Support will be provided for Lancashire’s distinctive Visitor Economy through support to attract visitors and increased spend.

This theme will be supported through enhancing the activities of UK Trade and Investment (UKTI) and to encourage and support SMEs to access and trade in new international markets, and thereby strengthen the local supply chain.

Initiatives such as the Lancashire Enterprise Zone will support the AEM sector in Lancashire by seeking to strengthen its base in the area and support additional employment growth either indigenous SMEs expanding into new and alternative markets as well as attracting and widening Lancashire’s levels of Foreign Direct Invest (FDI) in this and other sectors. ESI funds can be used to support the narrowing of this gap through targeted investment in key growth sectors, supply chain and skills development.

Theme 4 will support the following Priority Axes:

| Funding Source | Priority Axis | Thematic Objective |
|-----------------------|--|---------------------------|
| ERDF | 3: Enhancing the Competitiveness of SMEs | TO3 |

Theme 5 – Driving the Skills for Growth

To deliver growth Lancashire will need to plan for the skills needs and demands that will underpin the economy. This theme will be used to drive up skill levels, from basic level and employability skills (where opportunities to engage with learning must be developed), to management and leadership. In particular, there is a strong need to increase the number of residents with level 4 qualifications and above and increase the demand responsiveness of the Skills funding system.

Initiatives will also need to focus on the skills being sought by employers, supporting growth sectors within the economy and pathways such as advanced/higher level apprenticeships, student placements and internships that prepare young people for the place of work.

This priority will promote the development of higher-level workforce skills to support research, development and innovation including workforce and management development, as well enhancements to graduate employability through links with SMEs.

Activity to include:

Increasing the number of Lancashire residents with NVQ Level 4 qualifications, with a focus on supplying the types of skills required to support a high value economy in Lancashire by attracting and retaining increased numbers of graduates and increasing student placements within Lancashire companies

Skills development to support priority sectors will include:

- Up-skilling activities for those in work (to support the transition towards a highly skilled workforce) and to improve the ability of key growth sectors to compete globally (ESF Priority Axis 2: Skills for Growth)
- Management and leadership skills development in growth oriented and priority sector SMEs (Priority Axis 3)
- Developing demand-led skills initiatives and innovative delivery methods responsive to the needs of the local economy (Priority Axis 3 & ESF Priority Axis 2: Skills for Growth)
- Development of workforce based training and skills packages (Priority Axis 3 & ESF Priority Axis 2: Skills for Growth)
- Work with older workers (50+) to support Lifelong Learning and related Health Literacy³⁴ (ESF Priority Axis 1 Inclusive Labour Markets)
- Support for Lancashire's ESI Funds Thematic priorities, i.e. Skills for the Green Economy and skills development in supply chains, etc.

Aligning initiatives that deliver employability and enterprise skills with pre-existing provision, from basic skills to higher level qualifications including

- Increasing pathways between skill levels so that people can move from basic skill levels to higher level qualifications and to help people move into and progress at work, (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)
- Enhancements to Information, Advice and Guidance provision (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)
- Re training for those either at risk of or made redundant (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)
- Increasing the number of Lancashire residents with NVQ Level 2 qualifications as a minimum (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)

³⁴ WHO Health 2020

Theme 5 will support the following Priority Axes:

| Funding Source | Priority Axis | Thematic Objective |
|-----------------------|---|---------------------------|
| ERDF | 1: Promoting Research and Innovation | TO1 |
| ERDF | 2: Enhancing Access to, and use and Quality of, ICT | TO2 |
| ERDF | 3: Enhancing the Competitiveness of SMEs | TO3 |
| ESF | 1: Inclusive Labour Markets | TO8 |
| ESF | 1: Inclusive Labour Markets | TO9 |
| ESF | 2: Skills for Growth | TO10 |
| EAFRD | | |

Theme 6 - Creating opportunities for disadvantaged communities/groups

The most disadvantaged communities and groups will need support to access the opportunities created by growth in the Lancashire economy. Lancashire contains significant pockets of deprivation, and without intervention there is a real danger that sections of the community will be left behind as the economy develops.

Within our most deprived areas and groups multiple factors combine to exclude large numbers from the Labour Market as a result of benefit dependency, low skills, poor health and housing, amongst other issues. Those most at risk of exclusion from the labour market will include;

- Young people aged 16 to 24 year old (who are not in education, employment or training)
- Older People aged 50 or over and seeking work (supported through the BIG Lottery Opt n)
- Residents of rural areas at risk from geographic and/or labour market exclusion
- People with physical disabilities, learning disabilities or mental health conditions
- People who are unemployed and from black and minority ethnic communities
- Vulnerable People, who are facing additional barriers especially, ex-offenders, people in recovery from alcohol or substance misuse, homeless people, troubled families (using the Government definition)
- Women –especially from black and minority ethnic communities, lone parents, living in troubled families or victims of domestic abuse
- Migrants and refugees
- LGBT individuals
- Looked after children/care leavers
- Young carers

Experience has shown that investment in employability, skills and social inclusion infrastructure can help even the most disadvantaged individuals into employment. The third sector will be engaged in developing initiatives targeted at the areas and communities most need. Community Led Local Development type activity, building upon Lancashire's expertise and experience of the related approach in the EAFRD LEADER programme, will be both a key mechanism for delivery and a way of building local capacity.

Encouraging entrepreneurship and building the capacity for local residents to help themselves will be important, including the physical resources for new enterprises to locate and grow within the heart of their communities. This will also be supported by Social Enterprise activity and Local Impact Funds.

The ingrained issues in Lancashire require intensive interventions, in particular focusing those furthest from the labour market, and aim for longer term reengagement rather than short term outputs. This approach will achieve longer term saving for the Government in the form of increased productivity and reduced welfare payments. Potential actions include:

- encouraging entrepreneurship, and new business creation, including social enterprises, in deprived areas and amongst disadvantaged groups This is covered in theme 2 as well
- investment in local business and social enterprise infrastructure to support enterprise and employment, such as managed workspace and employment sites, this is now covered in Theme 2 as well

- support for digital inclusion initiatives building on the roll-out of superfast broadband across Lancashire (Priority Axis 2 & ESF Priority Axis 1 Inclusive Labour Markets)
- intensive support to improve basic and employability skills for the most disadvantaged (ESF Priority Axis 1 Inclusive Labour Markets)
- Pre Apprenticeship Programme and paid Internships (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)
- Enhancements to employability programmes that are responsive to local demands and business needs including a package of support that will equip unemployed people to develop the skills and workplace experience that employers require including links to wellness services. (ESF Priority Axis 1 Inclusive Labour Markets)
- Activities to link environmental resilience and protection (energy efficiency, recycling, etc.) with employment and training opportunities (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)
- Addressing barriers to employment and training caused by health related issues. (ESF Priority Axis 1 Inclusive Labour Markets & ESF Priority Axis 2: Skills for Growth)

Theme 6 will support the following Priority Axes:

| Funding Source | Priority Axis | Thematic Objective |
|-----------------------|---|---------------------------|
| ERDF | 2: Enhancing Access to, and use and Quality of, ICT | TO2 |
| ESF | 1: Inclusive Labour Markets | TO8 |
| ESF | 1: Inclusive Labour Markets | TO9 |
| ESF | 2: Skills for Growth | TO10 |

6. Governance, Partnership and Delivery

Since its inception, the Lancashire Local Enterprise Partnership (LEP) has established a national reputation for pan-sector leadership, clarity of purpose and scale of ambition. The complexity of public sector administrative arrangements in Lancashire, allied to the breadth of economic opportunities across a diverse county, demand that clear, simple and trusted governance arrangements be in place at a strategic level to guide decision making.

Governance

The ESIF programme in Lancashire is overseen by a subcommittee of the national Growth Board comprising Lancashire partners, including LEP Board members. The meetings of the subcommittee are serviced by the ERDF Managing Authority with local support provided by Lancashire County Council, One Lancashire and the NW Universities Association.

A broad range of local partners are engaged through the Lancashire European Network which acts as a two way conduit of information between the subcommittee and local stakeholders.

Partnership

Lancashire's priorities for investment have been developed in conjunction with a range of partners. Under the direction of the LEP Board lead for European Funding the ESI Funds Strategy has been developed using existing partnership arrangements, i.e. the Lancashire European Network, as the basis for engagement with a specific focus on how partners can support the achievement of outputs. Specific sector consultations have been organised with the Third Sector, Lancashire's Local Nature Partnerships amongst others. This has been in addition to bilateral consultations with a range of partners including Higher Education, Local Authority, Social Enterprise and Private Sector representatives³⁵.

The LEP has engaged Technical Assistance support from the Lancashire Nature Partnership to address Sustainable Development issues. In order to understand the impact of the ESI Funds Strategy on the residents of Lancashire, we will be undertaking a full Equality Analysis using the principles of the Lancashire County Council Equality Analysis Toolkit. The toolkit has been devised to ensure that due consideration has been given to groups sharing certain protected characteristics such as age, race, gender etc. when strategies are developed. The analysis will consider, for example, the information gathered to support the development of the strategy, stakeholder engagement and consultation and the impact, positive or negative, of the strategy on various groups within the community. As part of this, consideration will also be given to any activity required to mitigate any potential negative impact of Strategy.

³⁵ See Annex E

Delivery

Lancashire partners have a broad range of experience in delivering ESI Funds, whether large infrastructure projects, support for growth orientated SMEs and/or to Social Enterprises and of working closely with HM Government at a local and national level to deliver effective programmes. Partnership expertise encompasses project design, engineering and delivery to performance management and audit compliance. This experience is based upon delivery of EU funded projects for over twenty years.

Lancashire County Council has been operating the *Rosebud* Loan Fund to great success for many years and is currently managing the implementation of the *Superfast Lancashire* ERDF project worth over £30m. In partnership and on behalf of our Lancashire partners, Regenerate is currently delivering £20m ERDF and RGF funding for business support/growth activities. This is in addition to significant levels of resources invested by the Universities in Lancashire in support of research and development and business growth and innovation. The County Council and partners are in the process of implementing the proposals contained within the Lancashire City Deal, moving forward with the development of the Lancashire Enterprise Zone and approving individual projects contained within the Lancashire Growth Deal.

Lancashire partners already have experience of the use of EU funds in loan and recycled schemes through its engagement in the current North West ERDF Programme (the programme currently supports the North West Fund, which provides loans for businesses in targeted sectors, and the Evergreen Fund which support strategic infrastructure and site development). Bringing together this expertise, and working alongside the Local ESI Fund Teams, will ensure the delivery of the programme is based upon robust and effective performance management and monitoring systems.

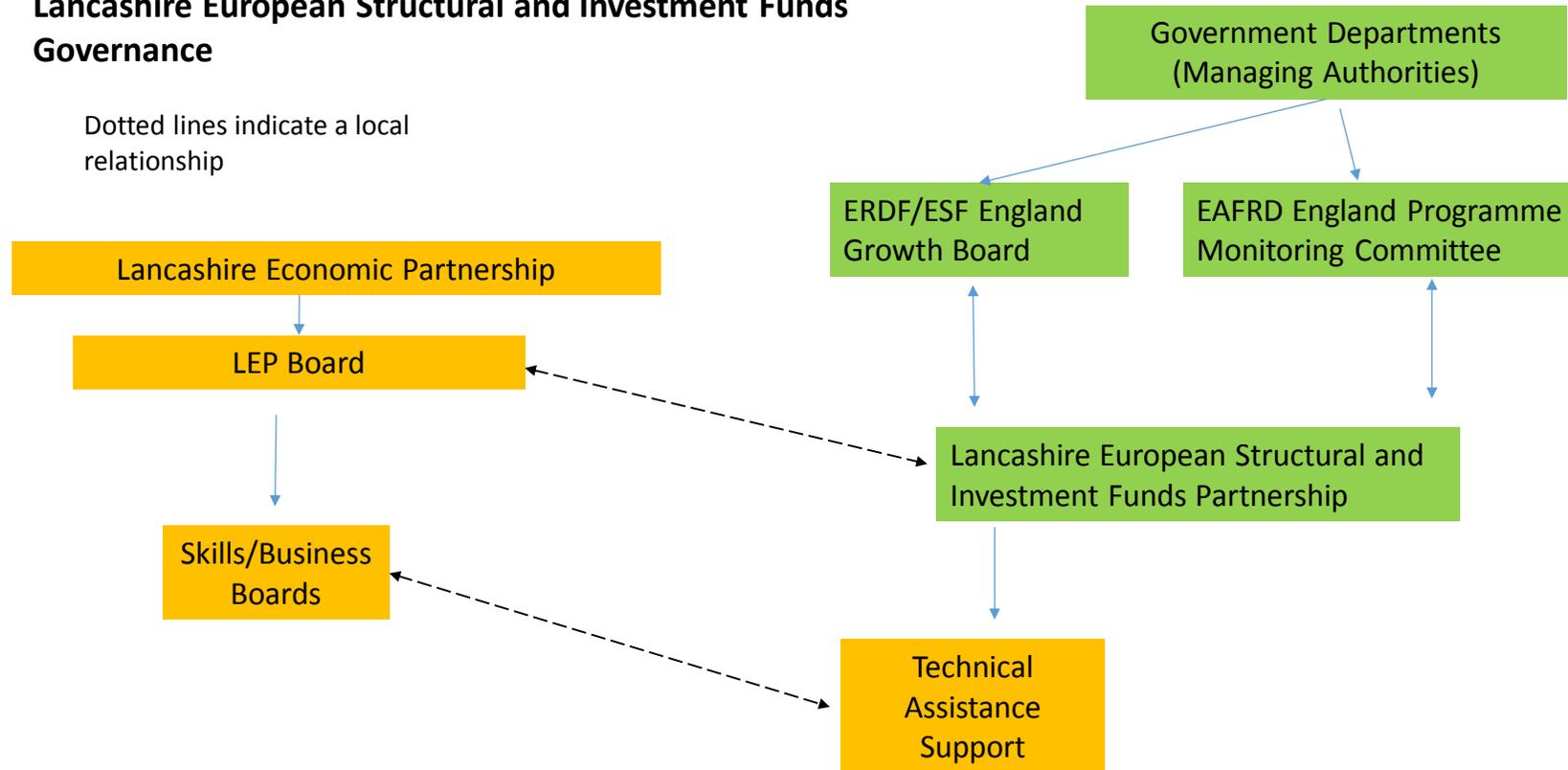
Lancashire Priorities and Outputs

The finalised Output targets and Financial allocations (based upon the planning Euro Exchange rate of £0.71) are detailed in the following Annexes.

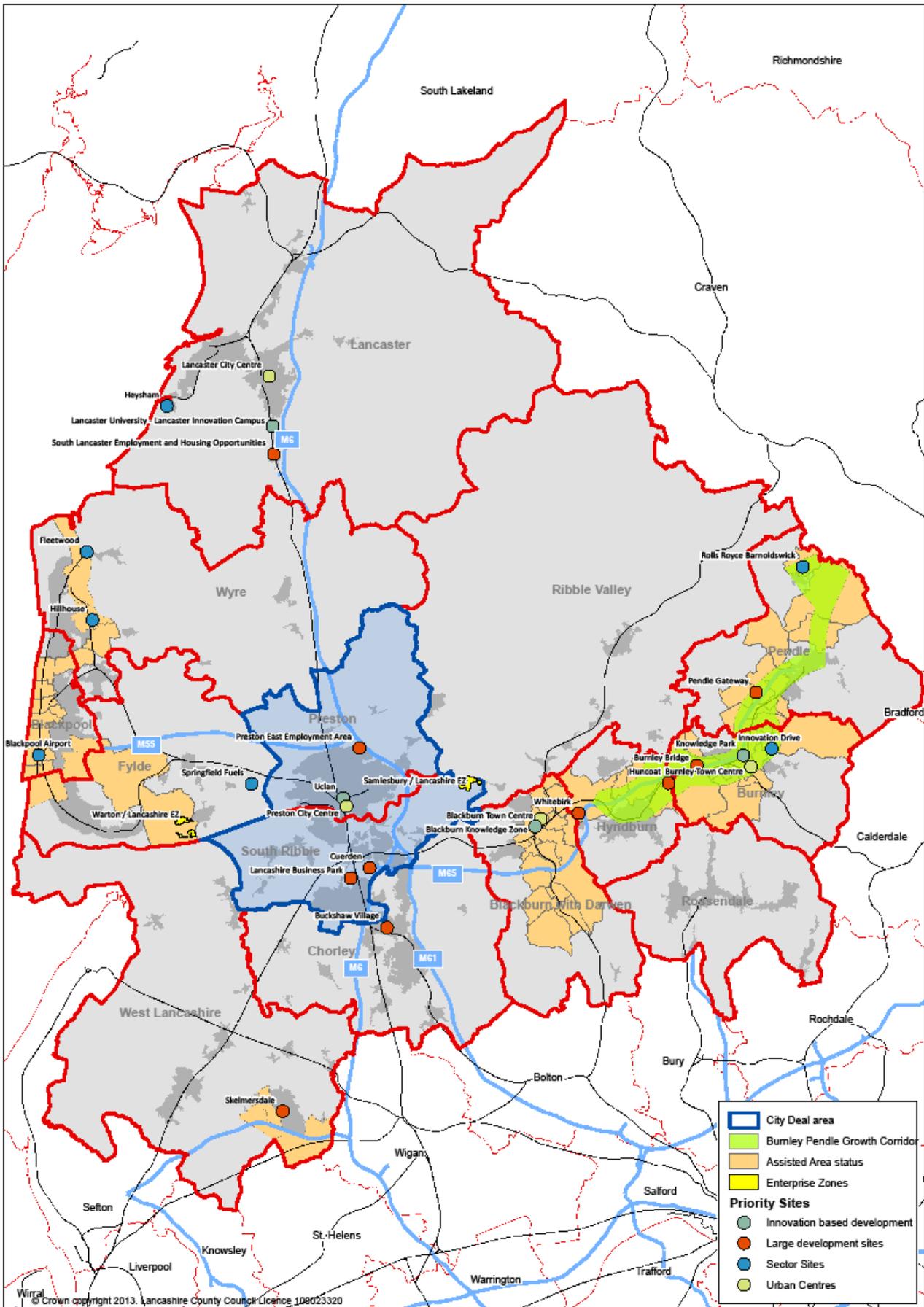
Annex A

Lancashire European Structural and Investment Funds Governance

Dotted lines indicate a local relationship



Annex B Map of Lancashire



Annex C Lancashire ESIF Partnership Membership

| | | |
|--|-------------------------------|-------------------------------------|
| Dennis Mendoros (Chair) President, Euravia Engineering | LEP Board | LEP EU Funding Champion |
| Amanda Melton Principal, Nelson and Colne College | LEP Skills Board | |
| Mike Damms Chief Executive, East Lancashire Chamber | LEP Board | LEP SME Business Champion |
| Graham Cowley | LEP Board | LEP Private Sector Director |
| Gary Lovatt Federation of Small Businesses | LEP Board | LEP Private Sector Director |
| Leader | Lancashire County Council | |
| Leader | Blackburn with Darwen Council | |
| Leader | Blackpool Council | |
| Leader | Chorley Council | |
| Leader | Pendle Council | |
| Andrew Atherton, Deputy Vice Chancellor, Lancaster University | LEP Board | HE Representative |
| Lis Smith Principal, Preston's College | FE Sector | Lancashire College Principals Group |
| Garth Hodgkinson, Director, One Lancashire | VCF Sector | Blackburn and Darwen CVS |
| Elisabeth Taylor, Chief Executive , Bootstrap Enterprises | VCF Sector | |
| Mick Smith, Managing Director, Newground | Environmental Sector | |
| Ann Turner Principal, Myerscough College | Rural | LEP Rural Policy Advisor |
| Lynn Collins NW TUC | Trade Unions | |
| Plus 3 Managing Authorities | | |

Annex D Opt In and FEI Proposals

The Lancashire LEP has engaged in discussions and started negotiations with the promoters of a number of Opt In proposals and Financial Engineering Instruments (FEIs) with a view to assessing the best approach for the opportunities and needs that exist in Lancashire, in support of the delivery of the ESI Funds Strategy. Before formally entering into agreements with the Opt In and FEI promoters the LEP will wish to ensure that it has a strong commissioning role and is able to effectively scrutinise provider performance. Lancashire would wish to take advantage of the Match Funding and Delivery Mechanisms offered by the following;

Skills Funding Agency (SFA) – The opt-in to the Skills Funding Agency (SFA) offers an opportunity to support the delivery of key skills priorities for Lancashire, maximise the impact of skills provision under the new programme and provide substantial match-funding for the LEP's ESF allocation. Key for Lancashire will be ensuring that SFA provision addresses current and emerging skills requirements in Lancashire and delivers the desired programme outputs and impacts. The LEP Skills Board and Skills Plan will have a key role in shaping this area of delivery for the SFA opt-in. Discussions with the SFA are on-going to establish the nature of provision for Lancashire and the extent of potential financial commitment to the opt-in by the LEP. This will form the basis for the development of a bespoke strategy for ESF funded skills investment in Lancashire and the procurement and administration of activity by the SFA to support the delivery of this strategy. Current priorities are NEETs, Skills Support for the Workforce and Skills Support for the Unemployed.

Department for Work and Pensions (DWP) – Given the nature of the DWP opt-in as a national programme delivered at a local level, of particular importance for Lancashire will be ensuring that ESF provision is locally driven and procured to reflect local needs and is focused on supporting individuals to secure employment, even those facing the greatest barriers and requiring specialised support. The LEP will liaise with DWP to scope plans for potential additional employment programmes in Lancashire that address the requirements and challenges of the local area and add value and complement existing and planned provision.

Big Lottery Fund (BIG) – Lancashire has entered into an arrangement with the Big Lottery Fund which will enable it to build a strong foundation for social inclusion programmes. BIG has indicated that it is able to offer a delivery and match funding service which will enable Lancashire to ensure their social inclusion priorities are met. Lancashire has agreed projects focused on those furthest from the labour market; specifically, NEETS, Older People with low or No Skills and Disadvantaged Groups

Urban Development Investment – Discussions are on-going with the **Evergreen Fund** (of which Lancashire County Council is a member in the 2007-13 NW ERDF programme) as to how Lancashire can maximise the benefit of the current programme and any future activity. The 2014-20 programme provides an opportunity for LEPs to build on the experience gained in establishing the current NW JESSICA structure in order to ensure effective targeting in Lancashire. These discussions are based upon a collaborative approach between the 5 North West LEPs.

Local Impact Funds - This model will promote investment into the social economy through loans and finance to Social Sector Organisations (SSOs) utilising a £5m ESIF investment. It would provide affordable finance to achieve sustainable social and economic outcomes together with support for social organisations to develop the financial, managerial and business skills needed to apply for, manage and repay investments. This proposal would likely provide a mix of investment in SSOs together with a programme of tailored business and investment readiness support. It would complement activity being supported through BOOST, Lancashire's Growth Hub.

Northern Powerhouse Loan Fund - Following almost two years of seeking to find a way to continue the current North West Business Fund arrangements, partners were approached the British Business Bank, with a view to establishing a combined a single fund across the Northern Powerhouse geography. Ten of the eleven LEP's within the area have now given in principal approval to the programme, on the basis that in addition to leveraging European Investment Bank fund to match ESIF contributions, the British Business Bank would bring further additional monies into a single pot. The proposed size and composition of the fund is shown below and BBB are now working with LEPs to have the service up and running by September 2016. A Strategic Oversight Board with 5 LEPs represented will oversee this process.

Annex E Consultation Summary

Through the development of the Lancashire ESI Funds Strategy, the LEP has engaged with over 90 different organisations through a series of workshops and through direct contact by email/face to face. This is in addition to discussions with the 15 Local Authorities in Lancashire and relevant Government Departments and agencies. The ESI Funds Strategy has been considered by the LEP Board on a regular basis since April 2013.

Workshops/Engagement with Partners

| | | |
|---------------------------------|---|--------------|
| 3 rd July 2013 | Lancashire European Network Workshop | 28 attendees |
| 3 rd August 2013 | Third Sector Workshop (Coordinated by One Lancashire) | 45 attendees |
| 22 nd August 2013 | Local Nature Partnerships Workshop | |
| 13 th September 2013 | ESI Funds Strategy Stakeholder Workshop | 65 attendees |
| 3 rd December 2013 | Lancashire European Network | |
| 15 TH January 2014 | Low Carbon Workshop | |
| 8 th January 2014 | Social Inclusion Workshop | |
| 23 rd January 2014 | ESI Funds Strategy Stakeholder Event | 80 attendees |

Annex E(i) Consultation Summary- List of Organisations

Accrington and Rossendale College
Blackburn College
Blackpool and Fylde College
Blackpool Bay Company
Bootstrap Enterprises
Brothers of Charity
Burnley, Pendle & Rossendale CVS
Cancer Help Preston
Care and Repair, Wyre and Fylde
Carers Link
Central Lancashire CVS
Cheshire LEP
Community Foundation for Lancashire
Community Futures
Co-operatives NW
Country Land Association
Cumbria LEP
East Lancashire Chamber of Commerce
Edge Hill University
Elementas Consultancy
Environment Agency
Environmental Sustainability Knowledge Transfer Network
Enworks
Federation of Small Businesses
Friends of Fishwick and St Martins
Galloway's Society for the Blind
Greater Manchester LEP
Groundwork
Homes and Communities Agency

Homestart Pendle and Ribble Valley

In Training

Lancashire BME PACT

Lancashire Colleges

Lancashire Community Recycling Network

Lancashire LGBT

Lancashire Nature Partnership

Lancashire North Local Action Group

Lancashire Pennine Local Action Group

Lancashire Rural Futures

Lancashire Sport

Lancashire West Local Action Group

Lancashire Wildlife Trust

Lancaster Chamber of Commerce

Lancaster College

Lancaster University

LEADER Local Action Groups

LESS Lancaster

Longridge Social Enterprise Company

Marketing Lancashire

Merseyside LEP

Morecambe Bay Partnership

Myerscough College

National Farmers Union

N-Compass North West Ltd

Nelson and Colne College

Network for Europe

New Era Enterprises Ltd

Newground CIC

North and Western Lancashire Chamber of Commerce

North West Aerospace Alliance

One Lancashire Blackburn

One Lancashire Blackpool

Pennine Prospects
Preston College
Preston Community Network
Preston Older People's Forum
Project BME Lancashire
Queens Park Residents Association
Regenerate Pennine Lancashire
Relate Lancashire
Renaissance at Drugline - Lancashire
Sahara in Preston
Scaitcliffe Community Centre Ltd
SEED and Breathe Therapies
Selnet
Social Enterprise North West
Social Enterprise Solutions
South Ribble Borough Council
Spiral Health
The Big Lottery Fund
The Princes Trust
Third Sector Lancashire
Trade Union Congress
University of Central Lancashire
UR Potential
Valley Supported Living and Kingfisher
VCFS Network Chorley
Vedas Services
Via Partnership
Voluntary Sector NW
West Lancashire College
West Lancashire CVS
Wyre and Fylde Together
Young Lancashire
Youth Action

Annex F Output Summary

ERDF Performance Framework Targets

| Priority Axis | Indicator or key implementation step | Measurement unit | Milestone for 2018 | Final target (2023) |
|---|--|------------------|--------------------|---------------------|
| 1 - Promoting Research and Innovation Final | Productive investment: Number of enterprises receiving support | Enterprises | | 744 |
| 1 - Promoting Research and Innovation | Expenditure | Euros | 12,377,996 | 48,464,829 |
| 1 - Promoting Research and Innovation | Number of enterprises receiving support that has been achieved by partially or fully completed operations Final | Number | 183 | |
| 2 - Enhancing access to, and use and quality of, ICT | Expenditure | Euros | 3,559,020 | 13,934,993 |
| 2 - Enhancing access to, and use and quality of, ICT | Additional businesses with broadband access of at least 30mbps | Enterprises | 902 | 3,532 |
| 3 - Enhancing the Competitiveness of SMEs Final | Productive investment: Number of enterprises receiving support | Enterprises | | 6,354 |
| 3 - Enhancing the Competitiveness of SMEs | Expenditure | Euros | 34,396,615 | 134,676,574 |
| 3 - Enhancing the Competitiveness of SMEs | Number of enterprises receiving support that has been achieved by partially or fully completed operations Final | Number | 1,107 | |
| 4 - Supporting the Shift Towards a Low Carbon Economy | GHG reduction: Estimated annual decrease of GHG | Tonnes of CO2eq | | 13,719 |
| 4 - Supporting the Shift Towards a Low Carbon Economy | Expenditure | Euros | 14,326,873 | 56,095,467 |
| 4 - Supporting the Shift Towards a Low Carbon Economy | Number of enterprises receiving support that has been achieved by partially or fully completed operations Final | Number | 149 | |
| 5 - Promoting Climate Change Adaptation | Expenditure | Euros | 1,689,153 | 6,613,713 |
| 5 - Promoting Climate Change Adaptation | Percentage of schemes in place | Percentage | 12 | |
| 5 - Promoting Climate Change Adaptation | Businesses and properties with reduced flood risk | Number | | 1,365 |
| 6 - Preserving and Protecting the Environment | Nature and biodiversity: Surface area of habitats supported to attain a better conservation status | Hectares | | 61 |
| 6 - Preserving and Protecting the Environment | Expenditure | Euros | 1,363,346 | 3,753,724 |
| 6 - Preserving and Protecting the Environment | Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations | hectare | 9 | |

ERDF Output Targets

| Code | Output Indicator | Measurement unit | Target Value (2023) |
|-------------|--|-------------------------|----------------------------|
| CO25 | Research, Innovation: Number of researchers working in improved research infrastructure facilities | Full time equivalents | 22 |
| P1 | Number of researchers working in improved research or innovation facilities | Full-time equivalents | 44 |
| P2 | Public or commercial buildings built or renovated | Square metres | 2,240 |
| CO01 | Productive investment: Number of enterprises receiving support | Enterprises | 8,502 |
| CO02 | Productive investment: Number of enterprises receiving grants | Enterprises | 4,761 |
| CO03 | Productive investment: Number of enterprises receiving financial support other than grants | Enterprises | 406 |
| CO04 | Productive investment: Number of enterprises receiving non- financial support | Enterprises | 1,830 |
| CO05 | Productive investment: Number of new enterprises supported | Enterprises | 2,833 |
| CO06 | Productive investment: Private investment matching public support to enterprises (grants) | EUR | 27,368,539 |
| CO07 | Productive investment: Private investment matching public support to enterprises (non- grants) | EUR | 8,498,829 |
| CO08 | Productive investment: Employment increase in supported enterprises | Full time equivalents | 2,699 |
| CO26 | Research, Innovation: Number of enterprises cooperating with research institutions | Enterprises | 412 |
| CO28 | Research, Innovation: Number of enterprises supported to introduce new to the market products | Enterprises | 160 |
| CO29 | Research, Innovation: Number of enterprises supported to introduce new to the firm products | Enterprises | 959 |
| P3 | Additional businesses with broadband access of at least 30mbps | Enterprises | 3,532 |
| P4 | Additional businesses taking up broadband with speeds of at least 30Mbps | Enterprises | 145 |
| P11 | Number of potential entrepreneurs assisted to be enterprise ready | Persons | 4,068 |
| P13 | Number of enterprises receiving information, diagnostic and brokerage | Enterprises | 509 |
| CO30 | Renewables: Additional capacity of renewable energy production | MW | 5 |
| CO34 | GHG reduction: Estimated annual decrease of GHG | Tonnes of CO2eq | 13,790 |
| CO31 | Energy efficiency: Number of households with improved energy consumption classification | Households | 213 |
| CO32 | Energy efficiency: Decrease of annual primary energy consumption of public buildings | kWh/year | 205,231 |
| CO23 | Nature and biodiversity: Surface area of habitats supported to attain a better conservation status | Hectares | 64 |
| P6 | Businesses and properties with reduced flood risk | Number | 1,365 |
| CO22 | Land rehabilitation: Total surface area of rehabilitated land | Hectares | 1 |

ESF Performance Framework Targets

| Priority axis | Fund | Key implementation step or indicator | Measurement unit | Milestone total for 2018 | Milestone men for 2018 | Milestone women for 2018 | Final men target (2023) | Final women target (2023) | Final target (2023) |
|---------------|------|--------------------------------------|------------------|--------------------------|------------------------|--------------------------|-------------------------|---------------------------|---------------------|
| 1 | ESF | Amount of spend | Euros | 16,515,974 | | | | | 88,085,194 |
| 1 | ESF | Participants | Number | 6,501 | 3,519 | 2,982 | 18,720 | 15,860 | 34,580 |
| 2 | ESF | Amount of spend | Euros | 16,645,197 | | | | | 88,774,386 |
| 2 | ESF | Participants | Number | 6,537 | 3,202 | 3,335 | 17,030 | 17,740 | 34,770 |

ESF Output Targets

| ID | Output Indicator | Total Target Value | Men Target Value | Women Target Value |
|------------|---|--------------------|------------------|--------------------|
| O1 | Participants | 61,600 | 35,750 | 33,600 |
| O2 | Participants (below 25 years of age) who are unemployed or inactive | 7,750 | | |
| | Total Participants | 69,350 | | |
| ESF - CO01 | Unemployed, including long-term unemployed | 22,490 | | |
| ESF - CO03 | Inactive | 10,130 | | |
| O4 | Participants over 50 years of age | 11,710 | | |
| O5 | Participants from ethnic minorities | 8,090 | | |
| ESF - CO16 | Participants with disabilities | 10,540 | | |
| O6 | Participants without basic skills | 10,540 | | |
| ESF - CO14 | Participants who live in a single adult household with dependent children | 4,840 | | |
| CO23 | Number of supported micro, small and medium-sized enterprises | 590 | | |

EAFRD to be confirmed

Annex G Financial Summary**Lancashire ESIF Funding 2014-20**

| Fund | Priority Axis | Thematic Objective | Investment Priority | Description | Final Allocation (Euros) | Final Allocation Converted to Sterling (£) | Final Allocation Exchange Rate Revaluation (£) |
|-----------------------------|--------------------|--------------------|---------------------|--|--------------------------|--|--|
| ERDF | 1 | 1 | 1a, 1b | Research & Innovation | € 29,078,898 | 24,897,352 | 20,646,018 |
| | 2 | 2 | 2a, 2b | ICT | € 8,360,996 | 7,158,685 | 5,936,307 |
| | 3 | 3 | 3a, 3c, 3d | SME Competitiveness | € 80,805,945 | 69,186,050 | 57,372,221 |
| | 4 | 4 | 4a, 4b, 4c, 4e, 4f | Low Carbon | € 33,657,280 | 28,817,363 | 23,896,669 |
| | 5 | 5 | 5b | Climate Change | € 3,968,228 | 3,397,597 | 2,817,442 |
| | 6 | 6 | 6d, 6f | Environment | € 3,202,828 | 2,742,261 | 2,274,008 |
| | ERDF TOTAL | | | | | € 159,074,175 | 136,199,309 |
| ESF | 1 | 8 | IP 8i (1.1) | Employment - unemployed & inactive | € 21,283,255 | 18,222,723 | 15,111,111 |
| | 1 | 8 | IP 8ii (1.2) | Employment - young people | € 9,389,670 | 8,039,435 | 6,666,666 |
| | 1 | 9 | IP 9i (1.4) | Social Inclusion - active inclusion | € 22,178,191 | 18,988,967 | 15,746,516 |
| | 1 | 9 | TO9 total | Social Inclusion | € 22,178,191 | 18,988,967 | 15,746,516 |
| | 2 | 10 | IP 10iii (2.1) | Skills - employed & lifelong learning | € 46,806,815 | 40,075,995 | 33,232,839 |
| | 2 | 10 | IP 10iv (2.2) | Skills - skills provision SMEs & micro | € 6,457,817 | 5,529,183 | 4,585,050 |
| | ESF TOTAL | | | | | € 106,115,748 | 90,856,303 |
| ERDF & ESF TOTAL | | | | | € 265,189,923 | 227,055,612 | 188,284,845 |
| EAFRD | EAFRD TOTAL | | | | | 4,200,800 | |
| ESIF TOTAL | | | | | € 265,189,923 | 231,256,412 | 231,256,412 |

See attached for Sterling based allocations

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