

**DRAFT: Lancashire Local Industrial Strategy:  
Evidence Base  
Executive Summary**

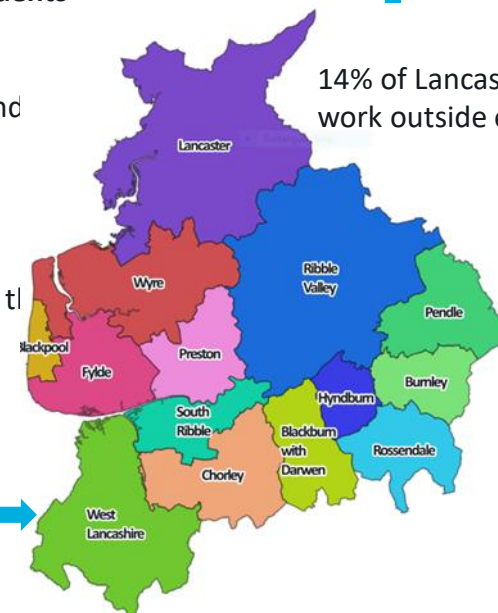
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# Executive Summary: Headline Evidence

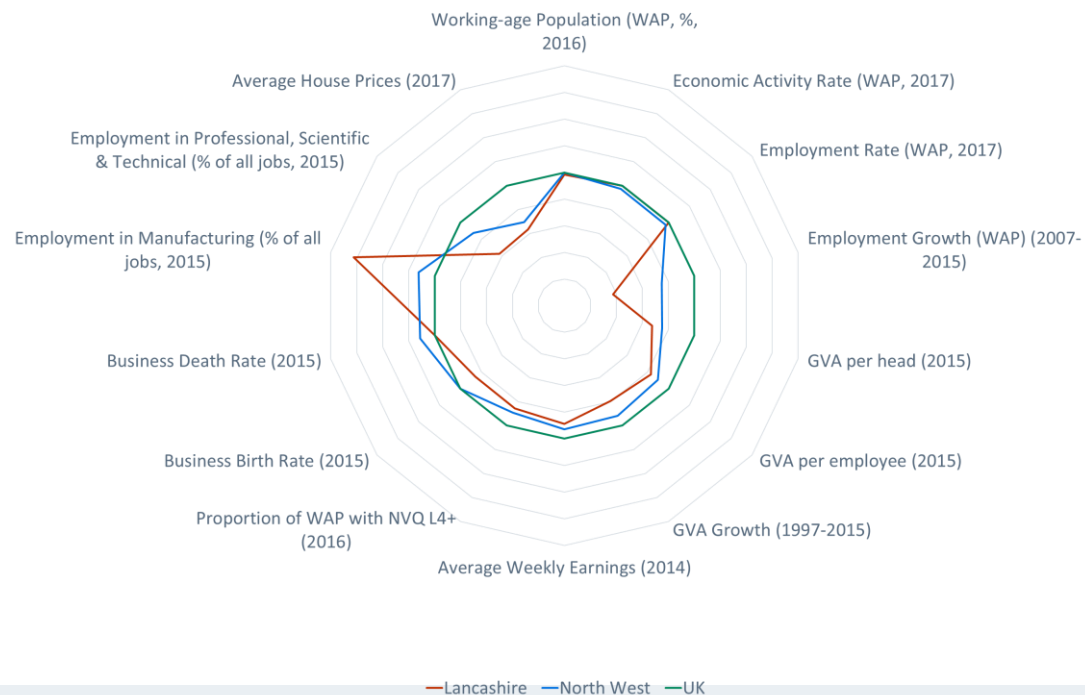
- Lancashire is a polycentric county with a population of c.1.5 million and a total Gross Value Added (GVA) of £30.8 billion p.a. It has a working population of just under 1 million (62% of its total population, in line with North West and UK averages). Its economic activity rate is 78% and its employment rate is 74% – equal to the UK and just ahead of the North West.
- It is a relatively self-contained area in terms of commuting – 12% of its workforce commutes in to Lancashire and 14% of residence work outside the area.
- GVA has risen 39% since 1997. This is 6 percentage points fewer than the North West and 10 percentage points fewer than the UK.
- Its GVA per head is £19,600 p.a. £2,200 p.a. below the North West average and £9,400 p.a. below the UK average – demonstrating a challenge for delivering inclusive growth and shared prosperity.
- Average weekly earnings are £480, relative to £502 in the North West and £541 in the UK, however, there are significant variations by local authority district.
- Lancashire has a lower share of high-skilled workers (those qualified to NVQ4+) in its workforce than North West and UK averages.
- Lower levels of worker productivity and lower skill levels are key factors in the relatively low weekly earnings of Lancashire residents.
- Lancashire has a lower business density than regional and national averages. Its business birth rate runs at 2 percentage points below the North West and UK average of 14%, and a business death rate of 9% in line with the UK average and 1 percentage point below the North West average.
- Employment is concentrated in Preston, Blackburn with Darwen, Blackpool, Lancaster, South Ribble, and Fylde – see next slide.

## Where do Lancashire residents work within Lancashire?

- 13% in Preston
- 9% in both Blackpool and Blackburn with Darwen
- 8% in Lancaster
- 7% in South Ribble
- 6% in Fylde
- Less than 5% in each of the remaining LAs

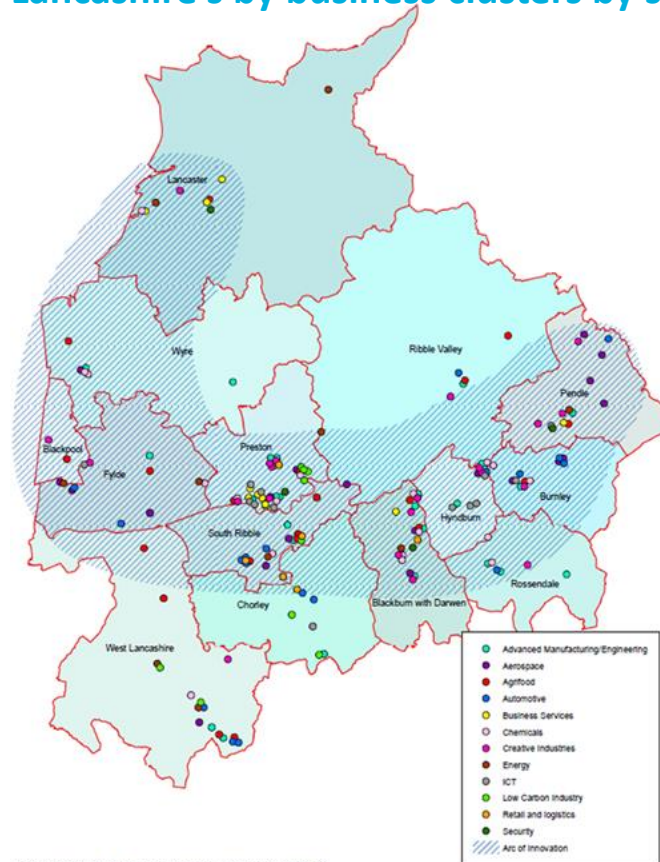


## Lancashire relative to North West and UK



# Executive Summary: Key Business Clusters and Innovation Assets

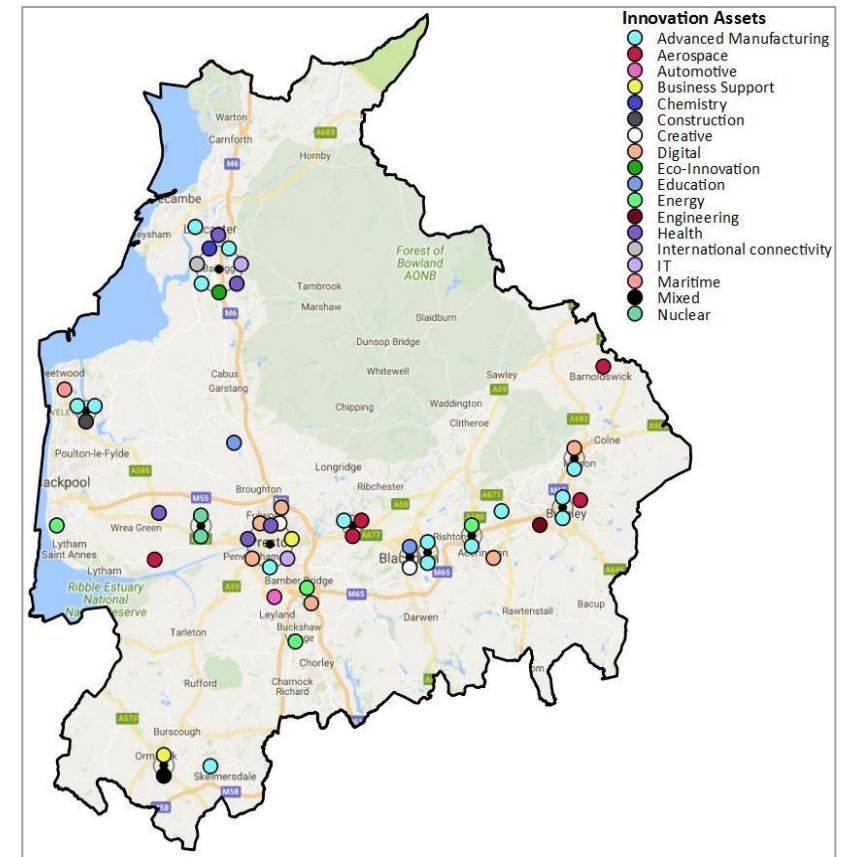
## Lancashire's by business clusters by sector



### The Arc of Prosperity

- There is a concentration of innovation assets and business activity in key sectors along the West to East corridor (M55-M6-M65).
- There is also a substantial concentration of assets around the Lancaster University and UCLAN Campuses.

## Lancashire's Innovation Assets



The Lancashire Innovation Plan identifies 54 innovation assets that support and enable innovation, including:

- There are clusters of Advanced Manufacturing and Engineering in Samlesbury/Warton (South Ribble), Fleetwood (Wyre), Burnley, Lancaster and Preston.
- Lancashire is home to the single largest concentration of Aerospace activity in the UK, with clusters in Burnley, Fylde, Pendle and the Ribble Valley as well as Samlesbury and Warton.
- Energy and Environmental assets form part of the North West Coastal Arc of nuclear and clean growth assets, including nuclear at the two power stations at Heysham (Lancaster), and Preston, plus a broad range of renewable businesses.
- Tourism clusters are in Blackpool and Lancaster supplemented by a dispersed rural offer.

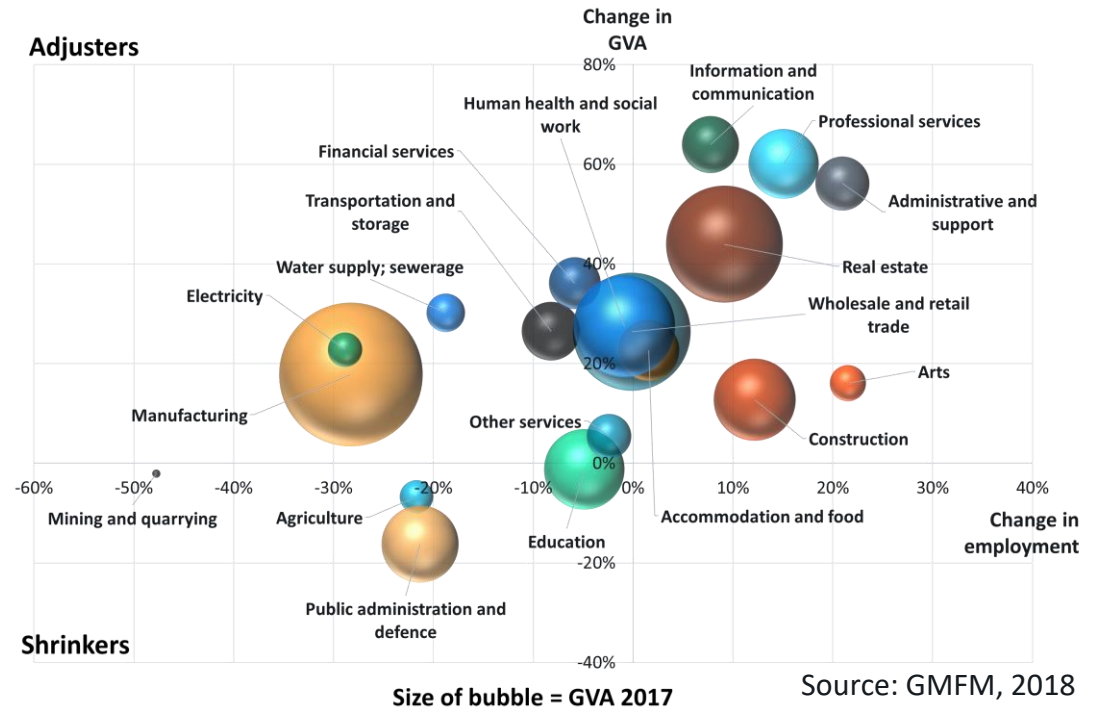
- Advanced Manufacturing (15 assets);
- Digital (6 assets);
- Energy (5 assets);
- Aerospace (5 assets); and
- Health (5 assets).

# Executive Summary: Sectoral specialisms and projected changes

## Sectoral change

- Lancashire's economy has a specialism in Manufacturing, a relatively high concentration of Public Sector activity, and a low concentration of high-value added Service activities.
- Its GVA specialisms are in Manufacturing (Location Quotient of 1.9) and Agriculture (LQ 1.6).
- There are, however, significant variations in the industrial structures of Lancashire's Local Authority Districts.
- Economic projections using the Greater Manchester Economic Forecasting Model indicate that Lancashire is likely to see significant changes in employment patterns with:
  - Growth in the following high-value sectors: Information and Communication, Professional Services, Real Estate, and Construction;
  - Growth in the following low-value sectors: Administrative support, Arts;
  - Decline in the following high-value sectors: Manufacturing, Financial Services, Water, Electricity, and Transportation and Storage; and
  - Decline in the following low-value sectors: Agriculture, and Public Administration and Defence.

## Projected sector change to 2038



## Occupational change

- Projections suggest the following occupations will grow by more than 5% over the next 20 years: Culture, Media & Sports Occupations; Business & Public Service Professionals; Business & Public Service Associate Professionals; Skilled Construction & Building Trades; Science & Technology Professionals; Customer Service Occupations; and Leisure & Other Service Occupations.
- With declines of more than 5% in the following occupations: Textiles, Printing & Other Skilled Trades; Science & Technology Associate Professionals; Administrative Occupations; Teaching & Research Professionals; Secretarial & Related Occupations; Elementary Occupations: Trades, Plant & Storage related; Process, Plant & Machine Operatives; Protective Service Occupations; and
- Skilled Metal & Electrical Trades.

# Executive Summary: Headline Analysis



Without action Lancashire’s productivity gap with the UK will widen and its employment will decline, posing a challenge to delivery of inclusive and sustainable growth

*Business As Usual is not enough, if Lancashire is to: (a) attract and retain workers, e.g. via cross-cutting programmes to extend working lives through health and wellbeing and re-training; and (b) cross-sector initiatives to utilise current assets and knowledge, e.g. orphan IP in HEIs and businesses to tackle new challenges or respond to new opportunities.*



Major technology & market drivers are disrupting markets, sectors, and supply chains and economic forecasts indicate continued decline in manufacturing and routine roles

*Partners in Lancashire need to support businesses and workers to adapt to but also to make the future. To do this, Lancashire needs to build on digitalisation programmes for businesses, e.g. Made Smarter in manufacturing, and training for workers, e.g. the Digital Skills Partnership, to build agility, adaptability, and resilience in the economy.*



Lancashire has key strengths in aerospace, automotive, energy and marine sectors – it needs to stay ahead where it is strong and forge new routes to excellence to develop new markets

*Lancashire partners need to ensure that these high-value manufacturing sectors and their supply chains continue to innovate and operate at a global scale to stay ahead – particularly responding to technological convergence based on digitalisation and new materials (light weighting) and supply-chain rationalisation.*



Lancashire currently lags England in terms of business density and start-up survival rates – but the economy requires new businesses in new sectors if it is to develop new routes to excellence

*Lancashire partners need to support the businesses of the future, if it is to grow employment and raise productivity. Partners need to build on current Scale-up success, the strong Start-up performances of Blackburn with Darwen and Burnley, and Ribble Valley and Pendle on start-up survival rates, plus UCLAN’s graduate enterprise work to build the employers of tomorrow.*



Opportunities for and challenges to growth in Lancashire vary significantly by place, based on location, connectivity, quality of life and historic economic roles

*The LIS needs to reflect the diversity and distinctiveness of Lancashire’s places in terms of different: Offers for the visitor economy  
Quality of life offers to attract and retain workers  
Natural assets e.g. for energy and agriculture  
Business clusters e.g. Health Innovation, emergent Digital and Creative clusters*

## Emerging Priorities for Action

### **An agile workforce, fit for the future**

Upskill & reskill the workforce across all age groups & sectors to respond to sectoral and occupational change – with a focus on movement from declining to rising employment sectors & higher-level skills and extending healthy working lives

### **Start-ups, Scale-ups and internationalisation to make the future**

Raise business density, start-ups, survival rates  
Build on Scale-up success Growth across all sectors with a focus on adding value to existing goods & services & inventing new goods & services to drive productivity

### **Harness supply-chain strengths to stay ahead**

Supply chains serving Aerospace, Automotive, Marine and Energy sectors are fusing due technology (digital) & materials (light-weighting) convergence Given supply-chain rationalisation, firms need support to innovate to stay ahead in these sectors

### **Energy Opportunities to build new excellence**

Use Lancashire's concentration of Low Carbon Energy assets, e.g. nuclear, wind, marine, & battery technology to attract inward investment & research collaboration to build new excellence based on existing strengths  
Plus, Shale gas – if exploitable

### **Distinctive Places**

Place-specific assets and vulnerabilities require bespoke place-based responses e.g. (a) Coastal and Rural Visitor Offers, (b) Cultural/leisure offers to attract and retain residents, (c) Property markets to attract/retain businesses and workers

# Enabling Imperatives required to deliver the LIS

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## Leadership & governance

Reinforce leadership to build investor confidence & represent local diversity

## Local capability & flexibility in delivery

Invest in local delivery capability to enable local variation in delivery to meet local priorities

## Global outlook

Develop a global/international outlook for businesses & citizens: *'Think Global First'*

## Foresighting

Capacity for to undertake & anticipate Market & Technology Foresight

## 21st C Infrastructure

Future-proofed infrastructure for net-zero carbon & digital connectivity