



# Capital Investment Action Plan 2022 - 2025

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# Introduction

**Global trends forecast a boom in infrastructure private equity and private equity investments are growing globally. Lancashire needs to position itself in order to attract a share of this investment.**

The overall trend shows private equity investment is growing in Lancashire in line with global trends.

Since 2013 there have been 59 deals in Lancashire, with a value of £2.9m invested. While there were no deals in 2020, the figures to December 2021 show the highest number of deals in the last nine years. The overall trend in deals has been steady growth.

Looking forward the driving forces in global private equity are likely to be technology, media & telecoms, the digitisation of industry and sustainability.

Current global conditions and government priorities suggest the infrastructure private equity industry will experience a boom in the next few years due to remote working, the growing market share of electric vehicles, global supply chains is encouraging investment at ports, increased demand for data storage is driving investment in telecoms and governments and asset owners are increasingly focussed on the resilience of infrastructure to climate change.

## Lancashire's Strategic Objectives



**Position Lancashire at the forefront of innovation**, with cutting-edge and progressive research, leader in the fields of Industry 4.0+, cyber, space and security related industries, energy and low carbon technology, health innovation and advanced mobility. Lancashire's universities are the most engaged universities in the UK supporting economic growth and collaborating with business and academia.



**Build a globally competitive county** by increasing trade, foreign investment, R&D and Innovation and visitor numbers, supporting business development and partnership working to deliver local growth ambitions and bring benefits to local businesses and residents



**Promote the Lancashire brand internationally** to attract investment, business visitors and increase visitor spend in the county, celebrating the strong quality of life offer. Exploit the new conference centre in Blackpool to host international events centred around our strengths in the North West Cyber Corridor, Net Zero technologies and defence.



**Establish Lancashire firmly as a place which attracts and retains talent and investment** in technology, skills and productivity and as a recognised destination of choice for business and leisure visitors.

# Lancashire's Capital Investment Ambition



Increase visibility of the capital investment ecosystem in Lancashire



15% increase in private equity investment in Lancashire companies by 2030



More towns included un central government funding such as the Levelling Up Fund



Lancashire projects receiving funding for low carbon initiatives



Increase in infrastructure investment coming from private sector investors

# Capital Investment Priority Sectors and Markets



## Low carbon transition in Lancashire will require investment

Alongside attracting international investors, Lancashire should seek to work more closely with Manchester and London as links to capital investment. The county's plan for a low carbon transition is likely to need a proportion of private financing. As a global centre for green finance, London provides links to institutional investors and sovereign wealth funds.

Likewise, a targeted approach should be taken to seeking capital investment that focuses on markets, and within those markets, investment sources that are prioritising low carbon investments. This applies across Lancashire's key sectors, from both a large capital and growth capital perspective. Likewise, outperformance in IT and healthcare investment should drive sector focus.

Therefore, Lancashire will need to prioritise investment attraction in key sectors across:

- **Core markets** – where there is both a current and future opportunity
- **Emerging markets** – with a medium / long term opportunity which will need curating

Global investment trends suggest that capital investment is becoming more prevalent and developing a targeted approach to attracting this capital will ensure Lancashire receives its fair share of this pot.

Major infrastructure projects (Blackpool Central) or development projects (Eden North) are potential opportunities for investment. Raising the profile of these investment opportunities in international markets will be key to ensuring that capital is raised to fully support them.

Beyond large capital, Lancashire is also a prime target for venture capital and private equity investment. Growing innovation in the county is opening the door for investors looking for start-ups or SMEs to invest in at an early stage.

## Using national platforms will be important to attracting capital

Attracting more central government infrastructure projects will raise the profile of the county among infrastructure investors. Working with central government to understand opportunities will be important.

Likewise, being able to flag investment opportunities through national platforms to an international audience is important to raise profile and awareness. Currently, Lancashire has no investment opportunities listed on DIT's Investment Opportunity database. Understanding how to get projects requiring investment listed on this database is a key way to drive more investment. Working with DIT colleagues will help assess eligibility requirements.

**Find your investment opportunities**

We have selected a range of attractive large capital and foreign direct investment opportunities to meet your needs.

[DISCOVER MORE >](#)

***DIT's Investment Opportunity database lists capital investment opportunities currently existing in the UK for overseas investors***



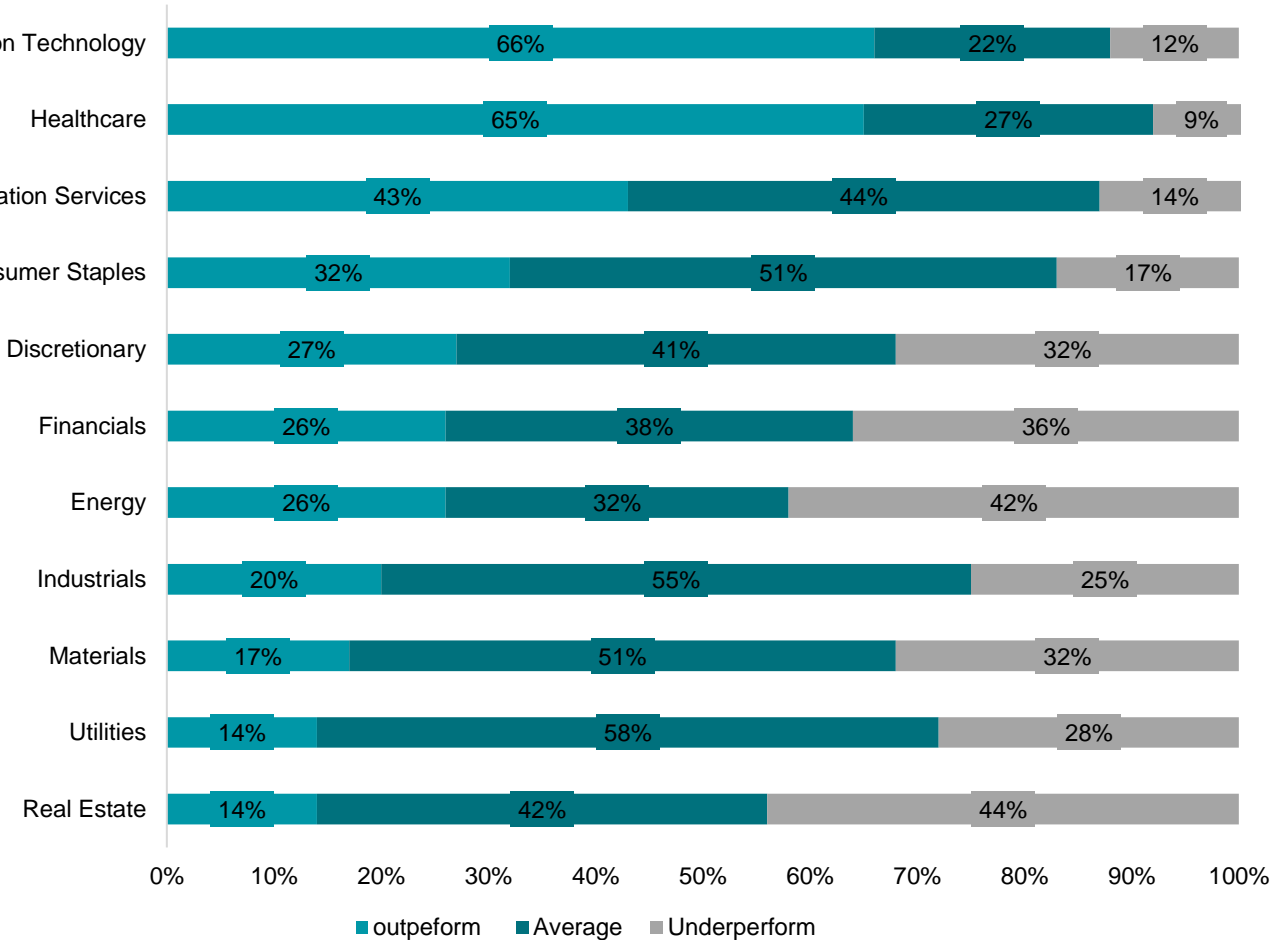
## Private equity investments target sectors and verticals

Identifying the most valuable sectors for private capital in each region is complicated by the fact that the investment potential of one sector may actually be caused by its enabling capacity in another sector. For example, investment in technology such as Artificial Intelligence can revolutionise industrial production.

While acknowledging this issue of imperfect definitions, it was still possible to conduct more detailed research on each sector in the key markets identified by the data modelling.

In a survey of 500 institutional investors, technology and healthcare were the two sectors the majority of respondents believed would outperform the market average and therefore the most likely to receive investment. Other strong sectors included communication services, consumer products, energy and financials. Industrials were of less interest to investors, but this is likely to be because the opportunity is in the digitisation of manufacturing rather than manufacturing itself.

Combining this analysis with historic investment trends discussed earlier, it is possible to align priority sectors in Lancashire with investor priorities. Although a slightly subjective judgement, the most likely areas for investment include:



## Infrastructure private equity can be attracted to new infrastructure plans in Lancashire

Foreign capital investment in infrastructure into the UK is broken down into real estate, and energy & infrastructure. Opportunities revolve around the UK infrastructure pipeline, government initiatives, local government development plans, housing development, and private developer projects. Examples include:

- The **UK national infrastructure and construction pipeline** is forecast at £650bn of public and private infrastructure investment across the country over the next decade.
- **Levelling Up Fund** is a £4.8bn government programme to invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The first round of applications announced in October 21 includes £46m for new projects in Lancashire.
- **Decarbonisation of transport** including funding for zero emissions flight infrastructure and R&D, £12bn for local transport systems, and £90m for electric vehicle infrastructure.
- The “Getting Building Fund” will provide £900m to deliver jobs, skills and infrastructure across the country. This investment is being targeted in areas facing the biggest economic challenges as a result of the pandemic. It is supporting the delivery of shovel-ready infrastructure projects, agreed with mayors and Local Enterprise Partnerships to boost economic growth and fuel local recovery and jobs.

Examples of projects in Lancashire are provided below and listed by investment type (regeneration, transport, tourism, and social infrastructure). These are a good match with the main capital investment themes emerging from the stakeholder consultation.



- **Blackpool Central** (£300m)
- **Colne Town Centre** regeneration £6.5m
- **National Cyber Force Corridor**



- **Burnley Railway Station Accessibility Improvements** (£19m as part of a package with public realm and college investments)
- **Blackpool tram extension and transport interchange**



- **Eden North** (£125m)
- **4\* hotel at Blackpool North station**



- **Burnley Campus Expansion** (£19m as part of a package with public realm and railway improvements)
- **Blackpool affordable housing** with the pro-active assistance to developers

Data modelling identified that the leading countries for capital investment closely matched those identified for inward investment. This is unsurprising given the similarities in priority sectors and that multinational companies and private equity investors are looking for the same thing – strong stable markets and innovative ecosystems. The emerging markets represent the global economic shift to the East and are three of the most common markets that the UK works with in Asia for capital investment.

## CORE MARKETS



USA



Canada



Germany

## EMERGING MARKETS



India



Singapore



China




***Eden North presents an example of a significant investment opportunity, particularly for those markets interested in sustainability and innovation***

**Core markets** provide a current and future opportunity. These are some of the largest existing investment markets for Lancashire as well as providing more accessible opportunities for investment.


**Emerging markets** provide a more medium to long-term opportunity. There are genuine, material opportunities as well as investment relationships but they may require more work to work with than core markets.

We acknowledge that there is limited resource and as such, 6 markets may be too many to tackle at once. We propose a further prioritisation in which initially Germany, Singapore and the USA are focused upon in the short term, with Canada, India and China having a more medium to long term focus.


### SHORT TERM



Germany



Singapore



USA



### MEDIUM TO LONG TERM



China



India



Canada



## Focus Markets



Globally, the USA is the largest source of capital investment. It is also one of the largest investors in the UK and North West in terms of large capital investment as well as growth capital such as Venture Capital and Private Equity funding. A lot of the current priority sectors for US investors also align with Lancashire's priorities.



Germany has high investment figures across creative & digital as well as health, two areas in which Lancashire is focusing innovation energy for further investment. Within Germany are two of Europe's largest capital investment hubs in Berlin and Frankfurt.



Singapore typifies the rise of capital investment in Asia and is trying to make itself the Silicon Valley of the East by investing in and collaborating with companies around the world. It is also a financial services hub which acts as the investment arm for many Asian funds.

# Lancashire's Capital Investment Action Plan

This Action Plan is underpinned by three key themes that cut across the wider Internationalisation Strategy, as well as other work being undertaken as part of Lancashire 2050. Importance on the international stage requires particular attention and should be considered throughout each workstream outlined in this plan.

## **Sustainability**

Sustainability is becoming increasingly important in investment decisions as companies shift their focus to new types of activity to reduce environmental impact. From an internationalisation perspective more needs to be done to promote the county and a leader in Low Carbon innovation and manufacturing. Many of the excellent energy innovation assets in Lancashire need to be promoted to greater effect both nationally and internationally. Work is needed to establish collaborative partnerships internationally. Green trade presents major opportunities for the UK economy as set out in the UK Board of Trade Report July 2021, driving sustainable growth, building the green industrial base, and securing more green jobs. Lancashire has the opportunity to build on the report as a centre for sustainability to attract capital investment in schemes and businesses supporting this agenda.

## **Digitisation**

There is a greater emphasis on digital technology in the world of Foreign Direct Investment and Lancashire will need to embrace an international dimension to its web presence.

An ambitious target for Lancashire, would be the creation of a digital platform which could be used across all the pillars to promote Lancashire. This platform will allow for a substantial reach across stakeholders in the county and would streamline one-to-many activities to help with resourcing constraints.

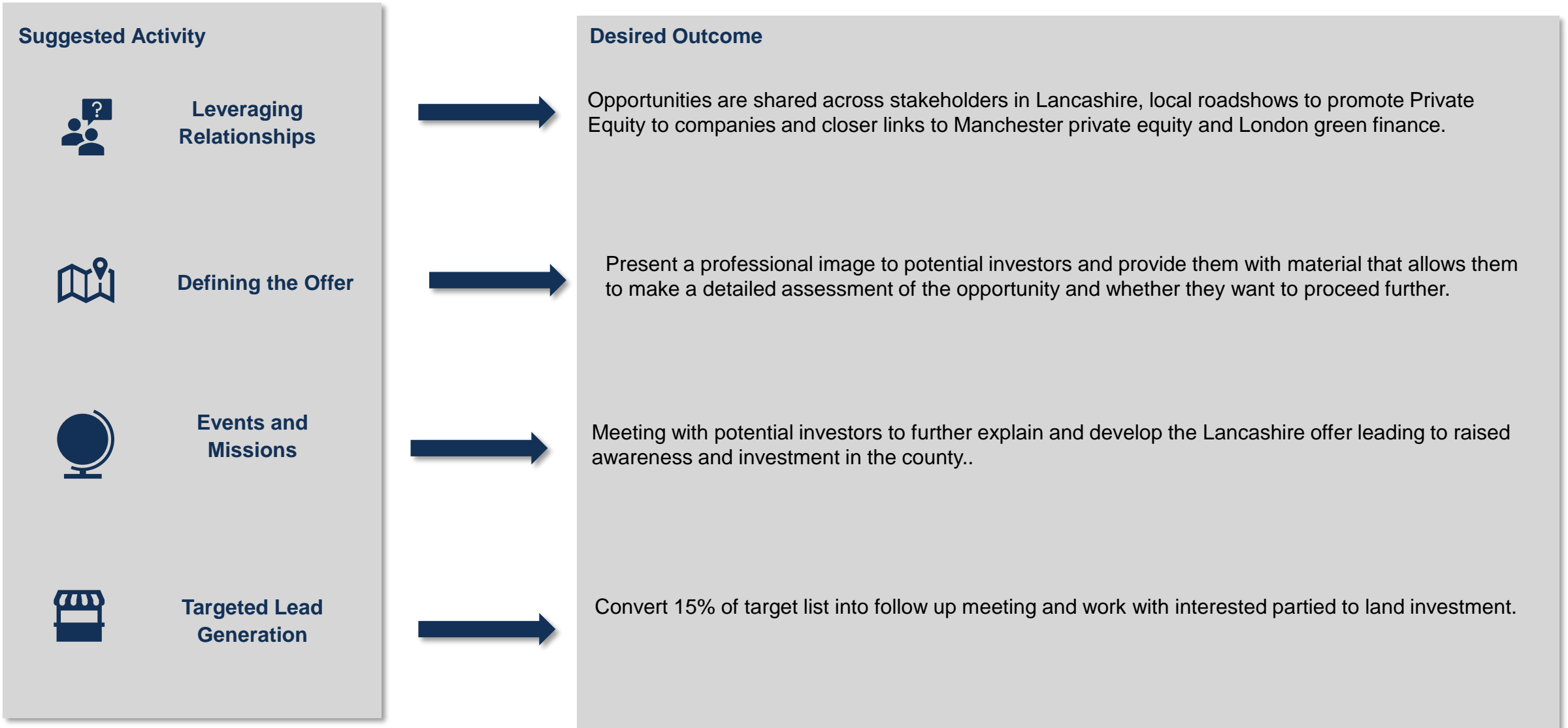
Lancashire could digitise low value-add services, providing basic information on inward investment opportunities along with exporting, frequently asked questions, e-learning, key sector & market opportunities for businesses to help reach international visitors. This will allow support to focus on higher value-add activities, ensuring that resources are used most effectively to ensure the highest return on investment.

## **Branding and Promotion**

Throughout this strategy, there emerged a need for a more coordinated approach to selling Lancashire. Marketing Lancashire has already produced a cohesive brand, however, more needs to be done to sell this to an international audience. The county's identity can be promoted at events, through targeted activities and with a greater online presence in international markets using the Invest in Lancashire website. Further resources would be needed to update the website to engage with international businesses and markets.

Working with trade, investment, and innovation teams will help to spread the message and create a cohesive brand that can be used to holistically sell Lancashire in key markets. Working closely with the already outward-facing organisations in the county, such as universities, will be a strong enabler for this work.

This Foreign Direct Investment Action Plan sets out 4 suggested activities to enable to achievement of Lancashire's strategic export objectives. These enablers and activities can be implemented by stakeholders across the county and aim at fostering greater cooperation and collaboration between the broad range of supporting organisations.





# Workstream 1 - Leveraging Relationships



Activities are plotted against a three year timeline to help with prioritisation. Although the strategic outcomes are targeting a 10-Year strategy, activities will need to be reviewed and refreshed throughout to ensure relevance and keep material up to date.

Months	0-6	6-12	12-18	18-24	24-30	30-36
Activities	Map private equity investors in Lancashire		Database infrastructure projects		Develop infrastructure propositions	

<b>Description</b>	<p>Build relationships in Lancashire, the UK and abroad to ensure that major projects in Lancashire are being seen by potential investors, government and regional bodies (NPH).                      All major infrastructure projects are shared by local authorities and private developers across the county.                      Build relationships with emerging sectors such as green financing.                      Promote the value of private equity to local businesses and build contacts with companies who are likely to need growth capital in the near future.                      Incorporate activity with the Action Plan of the Availability of Finance report.</p>		
<b>Ease of implementation</b>	Time consuming with medium to high complexity to align all the local authority opportunities.		
<b>Proposed approach and activities</b>	<p>This work will involve the following activities:</p> <ol style="list-style-type: none"> <li>1. Engage with Key Account Manager and map Foreign Owned Companies in Lancashire in terms of ownership to see who the private equity investors are</li> <li>2. Collate all infrastructure projects into a database</li> <li>3. Ascertain which projects are open to private equity</li> <li>4. Use existing relationships to build relationships with investment houses, sovereign wealth companies and family offices</li> <li>5. Develop infrastructure propositions to go onto the Invest in Lancashire and the DiT's Investment Atlas websites e.g Clean Energy Technology Park proposition</li> </ol>		
<b>Resourcing and Budgetary Considerations</b>	<p><b>Number of FTE required</b> 0.5</p>	<p><b>Number of months required</b> 36 months</p>	<p><b>Total cost of FTE</b> £82,500</p>

# Workstream 2 - Defining the Offer

Activities are plotted against a three year timeline to help with prioritisation. Although the strategic outcomes are targeting a 10-Year strategy, activities will need to be reviewed and refreshed throughout to ensure relevance and keep material up to date.

Months	0-6	6-12	12-18	18-24	24-30	30-36
<b>Activities</b>	Create proposition for CETP		Use proposition with DiT colleagues		Create a central store of material	
		Review		Review		
<b>Description</b>	Develop marketing material on potential large capital investment projects that can be stored and accessed alongside other inward investment marketing material and develop a Lancashire Capital Investment Prospectus that demonstrated the business case for future opportunities alongside projections for return on investment.					
<b>Ease of implementation</b>	Medium complexity in co-ordinating all activities to make the biggest impact and link in with events and missions.					
<b>Proposed approach and activities</b>	<p>This work will involve the following activities:</p> <ol style="list-style-type: none"> <li>1. Develop an infrastructure proposition for the Clean Energy Technology Park to sit alongside the FDI proposition</li> <li>2. Develop a Visitor Economy capital investment proposition around an international hotel chain</li> <li>3. Create a portfolio of infrastructure propositions such as Lancashire Central, Enterprise Zones, Eden North etc</li> <li>4. Publish the propositions on the Invest in Lancashire website and DiT's Investment Atlas</li> <li>5. Actively promote the propositions with NPH and DiT colleagues</li> <li>6. Engage with international investors as per workstream 1 to promote the opportunities</li> </ol>					
<b>Resourcing and Budgetary Considerations</b>	<b>Number of FTE required</b> 1		<b>Number of months required</b> 18 months		<b>Total cost of FTE</b> £82,500	

# Workstream 3 - Events and Missions

Activities are plotted against a three year timeline to help with prioritisation. Although the strategic outcomes are targeting a 10-Year strategy, activities will need to be reviewed and refreshed throughout to ensure relevance and keep material up to date.

Months	0-6	6-12	12-18	18-24	24-30	30-36
<b>Activities</b>	Identify international investors in clean energy		Develop propositions		Create London Capital Investment event	
		Review		Review		
<b>Description</b>	Link with FDI and Visitor Economy pillars to select the most suitable events and outbound missions. Work with DiT and NPH to ensure involvement in regional and national events. Leverage London’s position as a global finance hub and organize events in the capital that can indirectly tap into international investors,					
<b>Ease of implementation</b>	Low to medium complexity to link into regional and national events and missions					
<b>Proposed approach and activities</b>	<p>This work will involve the following activities:</p> <ol style="list-style-type: none"> <li>1. Identify international investors in the clean energy sector and investigate events to meet those investors</li> <li>2. Engage with NPH and DiT to promote Lancashire’s infrastructure propositions</li> <li>3. Attend events and missions to promote Lancashire’s capital investment propositions</li> <li>4. Work with the stakeholders to create visibility of the financial eco system in Lancashire</li> <li>5. Work with NPH and DiT colleagues to organise a capital investment event in London and market to the international investor market</li> <li>6. Follow up on any leads generated by any of the above activity to secure capital investment in to Lancashire</li> </ol>					
<b>Resourcing and Budgetary Considerations</b>	<b>Number of FTE required</b> 1		<b>Number of months required</b> 24		<b>Total cost of FTE</b> £96,000	

# Workstream 4 - Targeted Lead Generation



Activities are plotted against a three year timeline to help with prioritisation. Although the strategic outcomes are targeting a 10-Year strategy, activities will need to be reviewed and refreshed throughout to ensure relevance and keep material up to date.

Months	0-6	6-12	12-18	18-24	24-30	30-36
<b>Activities</b>	Build target list of investors		Engage with investors to land capital investments			
<b>Description</b>	Build a target list of institutional investors most interested in large capital projects within the Lancashire pipeline Build a target list of private equity firms with an investment strategy linked to priority markets Target investors with tailored promotional activity of in person contact Understand the needs of interested investors and develop bespoke propositions					
<b>Ease of implementation</b>	Medium to high complexity building relationships and gaining trust to provide the right opportunities to the right investors,					
<b>Proposed approach and activities</b>	This work will involve the following activities: <ol style="list-style-type: none"> <li>1. Building on workstreams 1, 2 and 3 develop a target list of institutions investors, sovereign wealth firms and family offices.</li> <li>2. Building on workstreams 1, 2 and 3 develop a target list of private equity firms.</li> <li>3. Understand what type of investments each investor is interested in and if possible the amount available for investment</li> <li>4. Create bespoke marketing material for target companies</li> <li>5. Engage with investors with a view to increasing private equity investment in Lancashire</li> <li>6. Ensure all leads are followed up on a timely basis.</li> <li>7. Meet with investors to progress and complete the investment.</li> </ol>					
<b>Resourcing and Budgetary Considerations</b>	<b>Number of FTE required</b> 2		<b>Number of months required</b> 36		<b>Total cost of FTE</b> £300,000	

# Workstream Activities 2022 - 2025



Activities are plotted against a three year timeline to help with prioritisation. Although the strategic outcomes are targeting a 10-Year strategy, activities will need to be reviewed and refreshed throughout to ensure relevance and keep material up to date.

Months	0-6	6-12	12-18	18-24	24-30	30-36
Activities	Map private equity investors in Lancashire		Database of infrastructure projects		Develop infrastructure propositions	
	Create proposition for CETP		Use proposition with DiT colleagues		Create a central store of material	
	Identify investors in the clean energy sector		Develop propositions		Create London Capital Investment event	
	Build target list of investors		Engage with investors to land capital investments in Lancashire			
				Review progress		Review progress and refresh

# Summary

Workstream	Resource	Cost	Outcomes
1. Levering Relationships	0.5 FTE	£82,500	Long term post to create meaningful relationships with international capital investors.
2. Defining the offer	1 FTE	£82,500	Create a portfolio of propositions for website and DiT for Capital Investment opportunities. Engage with overseas investors and pursue capital investment into county to secure development.
3. Events and Missions	1 FTE	£96,000	Promote Lancashire's capital investment propositions at identified events and missions to secure investment into Lancashire.
4. Target Lead Generation	2 FTE	£300,000	Produce a list of investors that may be interested in the capital investment propositions and engage to secure capital investment in Lancashire.
<b>Total</b>	<b>4.5 FTE</b>	<b>£561,000</b>	

Currently there is no resource dedicated to Capital Investment in Lancashire and no resource in the pipeline. The suggested resource is for varying periods between 18 and 36 months and the detail is in the workstream slides.

There is the potential for a Head of Investment post to be fulfilled within the LEP budget that could take on some of this work and given the importance of the National Cyber Force Corridor to Lancashire this resource should be considered.

This action plan could impact partners who may decide to dedicate some resource to capital investment opportunities to increase the amount of government funding that Lancashire receives.

If resource could be secured as part of a County Combined Authority Deal then Lancashire could make a stepped change in its performance in Capital Investment terms.