

Lancashire Strategic Economic Plan

A Growth Deal for the *Arc of Prosperity*
March 2014



Lancashire
Enterprise Partnership



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Foreword

Welcome to the Lancashire Strategic Economic Plan (SEP) agreed by the Lancashire Enterprise Partnership (LEP).

Our SEP sets out our growth ambitions for the next 10 years, with a clear focus on realising the potential of the whole of Lancashire. The SEP provides the framework to our Growth Deal with Government and will direct the resources within our agreed European Structural Investment Fund (ESIF) strategy.

Since 2011, the LEP has worked hard to bring forward a range of key priorities, including our Enterprise Zone, City Deal, *Boost* and Superfast Lancashire initiatives, which will make a real difference to the economic performance of Lancashire. Our SEP will build on the momentum we have established and create an overarching framework for economic success.

The SEP's focus on improving the capability and capacity of our local economy, seizing new market opportunities and overcoming barriers that constrain growth will help re-establish Lancashire as a national economic leader.

We will also look to maximise the value of the *arc of prosperity* that sweeps across Lancashire, which links key economic assets, high value business clusters, centres of research and training excellence and new housing growth opportunities.

The SEP will strengthen Lancashire's position as one of the UK's leading export centres, but we intend to capture new investment and employment opportunities in the international market place. By doing so, we will realise our potential as a destination of choice for new investors and growth businesses.

Lancashire has economic scale, but we are also developing strong relationships with our neighbouring city regions to feed-off our respective competitive strengths and links with national growth initiatives.

The SEP provides a clear framework for the years ahead, though we will remain responsive to new opportunities and adapt to changes in market conditions.

In moving forward, the LEP and its partners are committed to providing the leadership needed to deliver the economic and housing growth that local communities in Lancashire require to prosper and thrive.

Edwin Booth
Chairman
Lancashire Enterprise Partnership

Executive Summary

The SEP identifies key priorities and programmes, which command local support and funding commitments. All programmes have the ability to deliver and benefit from Growth Deal and European Structural & Investment Fund (ESIF) support from 2015/16 onwards. The LEP is also seeking a number of specific Government policy flexibilities to maximise their impact.

The LEP's key programmes and policy flexibilities are summarised as follows:

- A **sector development programme** seeking £11m in competitive Growth Deal funding to improve the capability and capacity of Lancashire's competitive strengths in advanced manufacturing - especially in aerospace, automotive and energy.

Key policy flexibility requests: establish a national Catapult Centre at the Lancashire EZ at Samlesbury targeted at high value manufacturing with the Manufacturing Technology Centre; and establish a multi-LEP network led by the Nuclear AMRC at Sheffield to co-ordinate the development of the nuclear sector in the North of England.

- A major **research and innovation programme** seeking £57.2m in competitive Growth Deal funding to enable Lancaster University and the University of Central Lancashire (UCLan) to expand and develop national centres of excellence linked to the delivery of local economic priorities.
- A **skills for growth programme** seeking £47m in competitive Growth Deal funding, underpinned by a capital investment strategy consistent with agreed economic priorities, including a new Apprenticeship Hub to drive-up SME engagement and the local take-up of apprenticeships as career pathways.

Key policy flexibility requests: establish flexibility within SFA capital procurement process to better reflect LEP priorities and to differentiate between growth, refurbishment and other resource bids; explore the benefits of Elite College status for leading colleges in Lancashire; commit to developing a new Energy Trailblazer apprenticeship framework; and explore opportunities and linkages with national training facilities, including new Nuclear and HS2 College initiatives.

- An **enhanced business growth hub** requiring £12.8m in competitive Growth Deal funding to strengthen the support Boost can deliver to high growth SMEs;

Key policy flexibility requests: test if Government will operate a more flexible approach (in terms of business access) to integrating business support programmes which combine Growth Deal and ESIF funding streams; as part of the LEP's capital programme, agree to co-fund an enhanced strategic marketing and investor development function to transform Lancashire's inward investment performance and enable Blackpool to sustain its progress in stabilising visitor numbers.

- An **enhanced Growing Places investment fund** seeking £30m in competitive Growth Deal funding to enable the LEP to continue unblocking stalled development opportunities critical to the economic regeneration of Lancashire.
- A **strategic transport programme** seeking £195.7m in competitive Growth Deal funding to release the economic and housing growth potential of Preston, East Lancashire, Lancaster, and Skelmersdale in West Lancashire, strengthen cross-boundary connectivity with neighbouring city regions, and maximise the local advantage of national infrastructure initiatives such as HS2.

Key policy flexibility request: In order to secure delivery of all schemes in TfL's Investment Programme, including key City Deal infrastructure we request Lancashire's full 10-year funding allocation to be made available through the competitive elements of the Local Growth Fund over the 3-year period 2017/18 to 2019/20.

Key policy flexibility request: establish a HS2 Growth Strategy for Preston to strengthen the recommendations of the recent HS2 Growth Taskforce.

- The development of a **renewal strategy for Blackpool** seeking £26.6m in competitive Growth Deal funding to sustain the growth of the visitor economy and address severe local housing market challenges.

Key policy flexibility requests: opportunity to co-design solutions to address local housing market failure and investment issues; and develop a co-ordinated approach to the regulation of unconventional gas, the location of relevant regulatory functions in Blackpool and granting of a large casino licence.

The LEP and local partners have demonstrated strong leadership and drive in bringing forward key initiatives, including the Lancashire Enterprise Zone, Preston, South Ribble and Lancashire City Deal, Superfast Lancashire and *Boost*; all of which are fully consistent with the delivery of national policy objectives. Our SEP amplifies these achievements.

The recent performance of the LEP and its partners should reassure Government regarding the level of local commitment to delivering Lancashire's growth ambitions. Our track record of working and joint planning with key national partners such as the Homes and Communities Agency, the Highways Agency and Network Rail should also instil confidence in the capability of local partners.

Our governance, programme management and project delivery arrangements are also fit for purpose, with the LEP and local partners demonstrating an on-going commitment to collaborative working, the sharing of services, and the pooling of resources. Local partners fully understand local financial contributions are required to accelerate the delivery of infrastructure necessary to release new economic and housing growth.

Moving forward, we are focused, credible and committed partners, ready to deliver a strong Growth Deal for Lancashire.

Structure of the Strategic Economic Plan

The Lancashire Strategic Economic Plan (SEP) is structured in three parts:

Part 1 sets out the SEP's vision, objectives and outcomes, and provides the framework and context for the Lancashire Growth Deal.

Part 2 presents the strategic programmes and outcomes within the Lancashire Growth Deal. These are:

1. Sector Development & Growth
2. Innovation Excellence
3. Skills for Growth
4. Business Growth & Enterprise
5. Releasing Local Growth Potential
6. Renewal of Blackpool

Part 2 also explains the LEP's approach to governance, the evidence base which underpins the document and a glossary of key terms.

Part 1: Lancashire's Strategic Economic Plan 2015-2025

Section 1: Lancashire in Context

- 1.1 Lancashire has one of the largest local economies in the North of England, valued at over £23 billion, is home to over 40,000 businesses employing in excess of 600,000 people, and has a population of 1.4m. A large and multi-faceted area with a diverse geography, the county boasts a rich industrial tradition, set within a network of densely populated urban centres which are themselves surrounded by outstanding countryside and coastal fringes.
- 1.2 Although Lancashire has experienced sustained growth in the last decade, with readily identifiable economic 'hotspots' such as the cities of Preston and Lancaster, the area's average performance still consistently lags behind that of the UK and neighbouring city regions. For example, between 2007 and 2011, Lancashire's economy grew by 4.4% compared to 6.5% nationally and 4.9% regionally; Lancashire's GVA per capita being 77% of the UK average.¹
- 1.3 Today, the economic performance of Lancashire is more than 20% below the national average, in terms of GVA per resident. Without strategic interventions Lancashire's GVA gap with the rest of the country is predicted to increase. Although Lancashire's economy is predicted to grow by 27% over the next ten years, it will still fall behind the rest of the UK whose average growth is forecast to be 33%.² This will exacerbate the existing long-term trend and further deepen Lancashire's productivity and income gaps.
- 1.4 If Lancashire is to maximise its economic potential it will need to fully exploit its key innovation, skills, sector base and transport assets.

Lancashire's Innovation Assets

- 1.5 Lancashire is home to Lancaster University, University of Central Lancashire (UCLan) in Preston and Burnley, and Edge Hill University in West Lancashire. It also supports the largest campus of Cumbria University which is in Lancaster. Lancashire boasts a significant concentration of HEI excellence with strong relationships building between these institutions. For example, Lancaster University and UCLan are working with the LEP to develop initiatives focused on their respective competitive strengths and complementarities to support the growth of Lancashire.³ An approach, we believe, fully consistent with the Government's national Industrial Strategy and the recent Witty Review.
- 1.6 Lancaster University itself is a world renowned academic institution, consistently ranked amongst the top 10 UK universities for research and teaching, and is ranked

¹ *Economic Forecasts for Lancashire*, Oxford Economics, 2013

² *Economic Forecasts for Lancashire*, Oxford Economics, 2013

³ Lancaster University and UCLan have applied research strengths in physics, chemistry, medicine, computer sciences and engineering.

number 1 for physics research.⁴ The University continues to grow and now has over 11,000 students, with an international profile which will see the university establish industrial links with key international markets. UCLan is the 5th largest university in the country in terms of its undergraduate in-take and was the first modern UK University to be ranked in the prestigious QS World Rankings.⁵ Lancashire also boasts an outstanding Further Education and vocational offer, capable of meeting all skill needs; the county is the only LEP area in the country where all FE colleges and locally-based training providers are recognised as good or outstanding.⁶

- 1.7 The LEP will continue to work with its universities to realise the growth potential of their world class applied research and development centres to ensure they continue to contribute to closing Lancashire's productivity gap with the rest of the nation. By combining the research excellence and industry capacities of Lancaster University and UCLan, the LEP is developing an innovation programme that can deliver a step-change in local economic performance.

Lancashire's Growth Sectors

- 1.8 Independent economic analysis has highlighted the presence of business and industrial clusters in growth sectors across, and within, key locations in Lancashire.^{7, 8} The analysis indicates our local clusters have emerged as a result of natural or historical advantage. For example, Lancashire's tradition in the aerospace, advanced manufacturing and nuclear sectors provides Lancashire with a strong platform on which to develop, sustain and grow clusters of international importance.
- 1.9 Lancashire's continuing focus on strengthening its industrial base by targeting the innovation, skills and supply chain solutions required to ensure Lancashire remains globally competitive and attractive to international investors will ensure the long-term viability of the area over the coming years.⁹
- 1.10 These sectors have the potential to deliver a scale of growth which will have a transformative impact on the local economy and are primarily focussed within the advanced engineering and manufacturing (AEM) sector. Our analysis indicates core capabilities which Lancashire possesses, can be deployed within the aerospace, automotive and energy clusters, and their supply-chains, to sustain the existing economic base, underpin new growth and secure re-shoring opportunities from overseas.^{10, 11}

⁴ Research Assessment Exercise, 2008

⁵ QS World Rankings, 2010

⁶ www.ofsted.gov.uk

⁷ *Strategic Commercial Development Advice*, Colliers, 2014

⁸ This advises that defining what a cluster constitutes is not an exact science but there are indicators which can give an idea as to whether a cluster is present; these include the geography of where companies are based and their proximity to one another, the number of companies based in a certain geographic area and the size and levels of employment of companies.

⁹ These key sector interventions are set out later in Part 2 of our Growth Deal.

¹⁰ *Lancashire – the UK's Leading Aerospace Centre*, North West Aerospace, 2013

¹¹ *Strategic Commercial Development Advice*, Colliers, 2014

Aerospace

- 1.11 Lancashire has been at the forefront of developments in the aerospace industry for over a century, and is central to a regional cluster of aerospace capability which is recognised as the fourth largest in the world, and is one of three key regions of aerospace capability in the UK.¹² As a result Lancashire makes a significant contribution to the whole supply chain of this industry through metal machining of aircraft structure and engine components.
- 1.12 The county has the single largest concentration of aerospace production in the UK, employing over 20,000 people. Major employers include BAE Systems, Rolls-Royce and Safran-Aircelle. These internationally renowned companies have attracted, and support, strong supply chains in design, testing, manufacturing, and repair and maintenance. Key supply chain companies include Kaman, Assytem, Senior Plc and Spirit Aero Systems.
- 1.13 The capability that exists within BAE Systems at Samlesbury and Warton is unique, in that the skills and resources are still in place to design and integrate a whole aircraft in one sub-region of the UK.
- 1.14 As a result of these inherent sector strengths and specialisms, Lancashire's Enterprise Zone (EZ) will provide a world class development opportunity, which will enable companies to build upon the Zone's direct adjacency to BAE Systems and by being at the heart of the county's nationally significant aerospace supply chain.
- 1.15 The sector is balanced between civil and defence related production, and the predicted industry growth trajectory, particularly in civil markets, looks strong with 5% annual growth forecast for the next 30 years.¹³ However, the extent to which UK and Lancashire based companies remain beneficiaries of this growth will ultimately be determined by their ability to respond to emerging market challenges. Pressure to reduce production costs has resulted in upper tier companies seeking to rationalise and simplify their supply chains.
- 1.16 The LEP will strengthen its proactive work with the North West Aerospace Alliance (NWAA) to ensure supply chain companies, which are often small and family owned, are willing and able to respond to this competitive challenge and that suitable re-financing packages and premises are available.

Automotive

- 1.17 The automotive sector has an important base in Lancashire with a workforce of over 3,500. Key companies include PACCAR (Leyland Trucks) Piolax, Sanko-Gosei, Erlson, Futaba-Tenneco and TRW Automotive. Again the supply chain is significant, with the majority of business activity focussed on the supply of high value parts to UK and European Original Equipment Manufacturers (OEMs) - a key Lancashire capability which the UK as a whole is seeking to grow.

¹² Seattle (USA), Toulouse (France) and Montreal (Canada) are the other three international centres, with Bristol and Derby being the other two UK regional centres.

¹³ *Lancashire – the UK's Leading Aerospace Centre*, North West Aerospace, 2013

- 1.18 Exploiting a legacy of testing facilities, Lancashire also has a significant cluster of innovative design and development companies, including Torotrak, Clean Air Power and Scorpion Automotive, on which to build.

Energy

- 1.19 Over 37,000 people in Lancashire work in the power generation sector. The sector enjoys strong support from Lancaster University and UCLan, both of whom have internationally recognised centres of excellence in energy and environmental studies. National companies operating in the sector include Springfield Fuels, EDF, AMEC PLC, SITA, Assystem and Westinghouse-Toshiba. Green technologies are also recognised as being of importance to Lancashire.
- 1.20 Heysham 1 and 2, in Lancaster, represent one of the largest concentrations of power generation in the UK.¹⁴ Nuclear decommissioning is anticipated to commence at Heysham 1 in 2019, with Heysham 2 soon after. Lancashire's close proximity to a number of Nuclear Decommissioning Authority sites makes it an ideal central location from which to serve the industry. Also, the Springfield Fuels site has the capability and capacity to manufacture fuel for all designs of worldwide nuclear reactors.
- 1.21 The specific strengths of Lancashire's nuclear sector, if properly combined with key assets and opportunities in Cumbria, Manchester, Cheshire and Sheffield, creates the prospect of establishing a coherent industrial and skills strategy for the nuclear sector in the North of England. Given these cross-boundary dimensions, the LEP would welcome the development of such an approach under the overarching direction of the Nuclear Advanced Manufacturing Research Centre (NAMRC), which is based in Sheffield; a proposal consistent with the emerging national nuclear strategy.
- 1.22 The Port of Heysham, owned and operated by Peel Ports, is an important UK offshore supply base, providing logistics support to one of the largest offshore gas fields in UK waters. The Port is well placed to exploit the market opportunities presented by existing and new offshore wind operations and maintenance facilities, and Peel is exploring new commercial investment opportunities following commencement of the Heysham to M6 Link Road.¹⁵
- 1.23 Lancashire is also recognised as a key location to bring offshore electricity onshore to connect with the National Grid, providing the opportunity to create a focal point for nationally significant infrastructure investment. DONG Energy is currently working to land the significant £1.76 billion Walney Farm Extension through Heysham, for example.¹⁶
- 1.24 It is well documented that Lancashire has potentially one of the largest reserves of shale gas in Europe.¹⁷ However, there is still much more to be done to assess the extent and viability of this economic opportunity, with significant planning and

¹⁴ Heysham 1 and Heysham 2 are nuclear power stations and contribute over 20% of the UK's nuclear energy – TheGreenAge, 2014

¹⁵ Peel Ports has to date invested £11m in its operations at the Port of Heysham.

¹⁶ Furness Enterprise

¹⁷ British Geological Survey, 2014

environmental requirements still to be tested and approved by local and national authorities. Nevertheless, the LEP is mindful that, subject to regulatory confirmations, the shale gas sector may begin to play an important economic role in Lancashire within the timeframe of the Growth Deal. Locating an 'Elite Institution' in Lancashire for shale gas will be important in establishing the sector both locally and nationally.

- 1.25 In the meantime, Lancaster University and UCLan are working hard to ensure their respective expertise and research excellence in renewable energy technologies, environmental sciences, eco-innovation, and energy management and systems, supports the development of Lancashire's wider energy sector, within which shale may have a key role to play. In addition, our leading colleges and local training providers have established outstanding track records in meeting the skills demands of businesses in the energy sector, with plans to enhance local capacity to meet future growth needs. These opportunities are also identified later in our Growth Deal.

Lancashire's Developing Sectors

- 1.26 In addition to a clear understanding of the role of growth sectors in the Lancashire economy, the LEP has completed a competitive analysis of the local economy. This suggests a number of market specialisms which have the necessary pre-requisites to grow into significant employment and value generating sectors in the future.

Health

- 1.27 The health sector in Lancashire is already a major employer with activities ranging from high level research and medical product manufacture, through to employment in the NHS, and in a significant and growing health and social care workforce which is increasingly migrating from the public to private sector. The sector enjoys support from Lancaster University and UCLan, both of whom have a strong track record in research and development in the sector.
- 1.28 The Government's response to the Lords Select Committee *Ready for Ageing* report has at its heart the principle of 'enabling people to live longer, more prosperous and healthier lives'. Lancaster University is well placed to develop and apply its research capability towards improving the health and wellbeing of an ageing population, not just for Lancashire but also nationally in responding to this important agenda.
- 1.29 Digital health is set to become a significant part of medical delivery in the future and tele-health is already having a significant impact on the shift from hospital-based care to a focus on patient centric diagnosis, treatment and monitoring. IBM and Lancaster University have announced a major partnership in this specific area of development.

Aerospace - Unmanned Aerial Vehicles

- 1.30 A significant opportunity exists for Lancashire to exploit the production of Unmanned Aerial Vehicles (UAVs) through advances in technological developments, primarily made by BAE Systems. The company developed the 'Taranis' semi-autonomous UAV at its Warton site in 2013. The projected increase in the development and use of autonomous systems in both defence and civil applications provides a real opportunity

for Lancashire to position itself as a centre of excellence in this area, particularly in high value spin-off activities such as software development, technology management and analysis of big data. The LEP will work to harness the expertise of Lancaster University, the NWAA and BAE Systems to develop these activities. It will also build on the Growing Autonomous Mission Management Applications (GAMMA) Programme and the adjacency to the Warton EZ site.¹⁸

Digital (Cyber Security, Big Data and Sector Specific Software Applications)

- 1.31 The global security technology and services market is predicted to grow to more than £52 billion by 2016. Lancashire has unique strengths in this sector, specifically through Lancaster University, and there is an opportunity for Lancashire to position itself as a centre of expertise in this growing sub-sector.¹⁹
- 1.32 Lancaster University is also raising its profile in big data; this is considered as datasets whose size is beyond the ability of typical data software tools to capture, store, manage and analyse. The growing use of big data will open up new commercial opportunities, such as the provision of data aggregation and analytics services to a wide range of businesses from climate change to manufacturing and defence. The synergies between big data and cyber security will enable Lancashire to develop a strong competitive offer and market advantage in this area.

Business Process Outsourcing

- 1.33 Inward investment trend data indicates that the business services sector generates the most Foreign Direct Investment into the UK.²⁰ This sector constitutes a large number of sub-sectors including office administration, contact centres, Business Process Outsourcing (BPO) and other business support activity. Industry leaders including Capita, HCL Technologies, CAP Gemini, Carphone Warehouse and HGS operate significant bases in Lancashire.
- 1.34 Within the sub-sector of BPO, financial and accounting services and HR outsourcing are the fastest growing areas, with recent trends indicating a move away from 'off-shoring' to 'near-shoring'. The urban centres of Preston, Burnley and Blackburn act as efficient 'near-shore' locations as they are areas where costs can be contained whilst still providing access to a skilled workforce.

Lancashire's Key Employment Sectors

- 1.35 The LEP recognises the importance of existing major employment sectors to the Lancashire economy, even if the opportunities for GVA growth in these sectors are not transformational. Food manufacturing, the visitor economy and the financial and professional service sectors all remain critical to employment and productivity levels of Lancashire.

¹⁸ GAMMA secured £4.5m in Round 2 of the Regional Growth Fund

¹⁹ including the EPSRC-GCHQ Centre of Academic Excellence in Cyber Security

²⁰ *European Investment Monitor*, Ernst & Young

Food Manufacturing

- 1.36 The food and drink manufacturing industry is the single largest manufacturing sector in the UK. In Lancashire it is a key sector with a workforce of over 13,000, and is home to global brands including Dr Oetker and PepsiCo. Lancashire's locational strength and access to 'raw' materials will ensure that Lancashire is able to exploit key trends in the sector.

Visitor Economy

- 1.37 The visitor economy remains an important employment sector across Lancashire and is the primary economic driver in Blackpool. This sector accounts for almost 60,000 jobs in Lancashire and in Blackpool, almost 20% of the workforce is employed in the sector; a figure which is over twice the national average.

Business and Financial Services

- 1.38 Almost 40,000 people are employed in this sector within Lancashire, in services ranging from back-office administration, customer service centres and accounting activities. Major employers include the Co-operative Bank, the Guardian Financial Group and National Saving and Investments (NS&I).

Lancashire's Skills Issues

- 1.39 Whilst skills attainment levels across Lancashire's working age population match those at regional and national levels, this analysis hides two particular issues within the skills profile of the area:
- A mismatch between the chosen career and skills development pathways of local people and the sectors of the economy which have the greatest growth potential; and
 - Clear geographical pockets where low skill levels within the resident population mirror local concentrations of acute economic and social need.
- 1.40 Similarly, when considering the demand for skills within the Lancashire economy, key sectors with known replacement or technology change issues, seem not to have fully engaged with either potential employees, or in influencing and shaping skills provision.
- 1.41 Over the past year the LEP has made significant progress in establishing a governance structure, evidence base and strategy to direct skills related activity and the use of national and local resources in tackling skills issues.²¹ This work is being further influenced through the development of a shared Knowledge Hub.²² Utilising both LEP and European Social Fund (ESF) Capacity Building resources, the Knowledge Hub will provide a central point to collate, analyse and disseminate consistent data including

²¹ The Lancashire Skills Board comprises representatives from the private, higher education, further education and group training association sectors, and is tasked with working with industry and training providers to ensure a more co-ordinated and demand-led approach to skills delivery in Lancashire.

²² The Knowledge Hub is a programme of research issues of priority sectors funded by ESF.

current and future capabilities of key sectors and their specific skills issues which could constrain their growth.

- 1.42 Despite these issues, Lancashire's key strength is that it is well served by high quality and high performing colleges and universities. The LEP has been instrumental in instigating a broader conversation between these institutions to strengthen their work programme, engagement and relationships with key employers and sectors and their economic impact locally.
- 1.43 Whilst the quantum of resource available through Growth Deal and ESIF processes is less significant, when compared to the mainstream contributions from the Higher Education Funding Council (HEFC), the Education Funding Agency (EFA) and Skills Funding agency (SFA), nonetheless it does present a major opportunity to accelerate change and promote greater strategic integration of resources to deliver national and local priorities.
- 1.44 The LEP has led the development of a Lancashire Skills Strategy, *Skills for Growth*, which has identified key priorities on which to focus activity and resources. The priorities are:
- Utilising the reforms to apprenticeships to drive future skills delivery in key sectors;
 - Recognising and building on the impact of Lancashire's HEIs and retaining their talent within the economy;
 - Building on Lancashire's established business growth hub, *Boost*, to co-ordinate and streamline employer engagement activity and present business driven holistic solutions;
 - Co-ordinating an information, advice and guidance system which inspires individuals to invest in their skills development to access career opportunities within key sectors;
 - Supporting and improving the skills supply chain for key employment sectors as well as those with transformational potential; and
 - Working with partners to provide skills support for those struggling to access employment opportunities.
- 1.45 Through focussing resources and activity on a finite number of priorities, the LEP will develop a skills infrastructure which is aligned to the demands and needs of local businesses and communities to provide a workforce which is capable of realising Lancashire's growth opportunities.

Lancashire's Business Base & Business Confidence

- 1.46 Lancashire's economy currently generates over £23 billion per annum in GVA from a business base of 40,000 companies. Whilst small and medium sized enterprises (SMEs) dominate, the area is also home to a range of major international and fast growing indigenous businesses.

- 1.47 New business 'churn' rates suggest that Lancashire remains an attractive location to start-up and grow a business; Burnley has been specifically awarded the accolade of Britain's most Enterprising Town in 2013.²³
- 1.48 World class companies operate across the spectrum of activity, but key clusters and sectors are clearly discernible across Lancashire, based on both their current and future contribution to the area's productivity, employment and profitability. The contribution of firms working in the AEM sector supports and underpins activity across the aerospace, automotive and energy sub-sectors with businesses often supplying more than one sector at a time.
- 1.49 The capabilities which exist within these businesses makes up a unique national and international asset the potential of which, if fully realised would do much to secure the economic future of Lancashire and reduce the productivity gap which has developed with the rest of the UK. These businesses do however, operate in highly competitive international markets and it is vital that the issues faced are understood and the conditions are created to enable competition and growth.
- 1.50 A recent business survey conducted for *Boost*, found that more than two-thirds (68%) of Lancashire business owners expected to create new jobs in 2014.²⁴ This same survey found that two-fifths (41%) of business owners were expecting growth of more than 15% in 2014. In terms of providing an indication of strategic priorities and investment plans, 70% of business owners said improving their sales and marketing activity was the biggest opportunity to grow their business.
- 1.51 Business owners also identified a number of growth challenges. Almost half (47%) of those surveyed cited a shortage of skills among the existing workforce would be a potential barrier to their growth over the coming year.
- 1.52 However, it is clear Lancashire's SME business community is increasingly confident about local growth prospects.

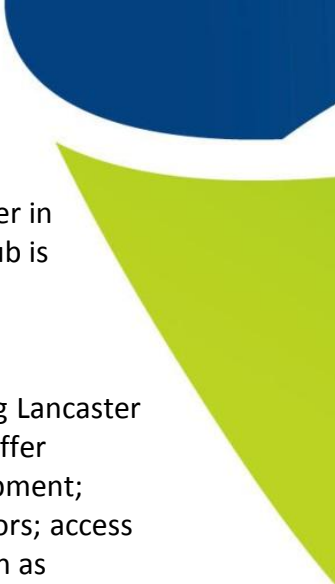
Lancashire's Business Support Landscape

- 1.53 There is currently a strong commercial and publicly funded business support offer in place across Lancashire. Local accountants, solicitors and specialist advisors play a key role in terms of the day to day support provided to their clients, as do banks and membership networks including Lancashire's three Chambers of Commerce, the Federation of Small Business and the Institute of Directors. In addition the area has an excellent track record in securing nationally competitive business support funds; for example, Regenerate has secured three RGF programmes totalling in excess of £30m.²⁵

²³ BIS Enterprising Awards, 2013

²⁴ *Lancashire Business Growth Survey*, 2014

²⁵ Regenerate is an economic development company work to increase opportunities for people living and working in Lancashire, primarily Pennine Lancashire.

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- 1.54 Under the auspices of the LEP, local business support partners came together in 2012 to create *Boost*; a business growth hub for Lancashire. Our growth hub is now fully recognised by BIS as one of a national network of growth hubs, complementing the national offer.
- 1.55 *Boost* brings together programmes from a range of local providers, including Lancaster University and UCLan, to offer a single gateway for business support. This offer includes high growth start-up support; leadership and management development; mentoring services; programmes to unlock innovation; support for key sectors; access to finance support; and added value provision for national programmes such as *Growth Accelerator*. In addition to these core programmes, *Boost* can also match businesses with appropriate national programmes and local provision, which can vary across Lancashire.
- 1.56 Key to *Boost* operating as a growth hub is the portal website; gateway staff who engage and advise businesses on which business programmes will best meet their needs; a central customer relationship management system which tracks client engagement and participation and which also tracks the state aid values of interventions received; and a central marketing budget which raises awareness of *Boost* and drives business traffic to individual programmes.
- 1.57 Moving forward, we see strong potential in further developing the *Boost* model. Further detail is included later in the Growth Deal, Section 6 Priority 4.

Lancashire's Quality of Life & Housing

- 1.58 Lancashire is a county of contrasts and boasts a rich quality of life that makes it an attractive place in which to live; be this in urban, market town, semi-rural or rural locations.
- 1.59 As with the national housing market, Lancashire's house building has been severely impacted upon by the economic downturn. Completions are less than half what they were in 2000. Indeed, such was the strength of Lancashire's housing market in certain places at this time that self-imposed moratoriums were introduced to support the regeneration of key urban centres.
- 1.60 Recent popular developments include sites that are well located for commuting within Lancashire and beyond. For example, Buckshaw Village to the north of Chorley and the Fernhurst Farm/Oakdale developments in Blackburn close to junction 4 of the M65, are examples of large scale, successful, new areas of housing developed over the last decade.
- 1.61 Lancashire is already displaying signs of renewed confidence in the housing market. It is important for Lancashire that the confidence of house builders in certain parts of the county is experienced by all parts, and in particular to Blackpool and urban East Lancashire; areas previously identified as having a failing housing market through the national Housing Market Renewal initiative.

1.62 A key strength of the county, as identified in an assessment undertaken to consider Lancashire's key strategic sites, was the strength of Lancashire's quality of life offer in terms of access to a highly skilled workforce, strong performing schools, strategic transport networks, and effective broadband connectivity. These are important features of Lancashire's ability to attract future inward investment.²⁶

Connectivity

1.63 Lancashire lies within the UK's main north-south transport corridor that links Scotland to London and the South of England, and on to Europe via the Channel Tunnel and ports in the South East. This corridor includes the M6 and the electrified West Coast Main Line. East-west connectivity across Lancashire focuses on the M55 and M65 motorways and parallel railway lines that link Blackpool and Preston with Blackburn and Burnley. Road and rail links eastward into the Leeds city region are largely ineffective and are of much lower quality than links further south between Liverpool, Manchester and Leeds, Sheffield and the Humber ports.

1.64 The M6 is part of the Trans-European Road Network, and reflecting its strategic national/international functions, carries a high proportion of long distance traffic, to and from, as well as through, Lancashire. This route is under considerable stress, particularly between Preston and Birmingham, with the deterioration in operational effectiveness resulting in increased journey times and a worsening of journey time reliability.²⁷ Given the importance of the route to Lancashire for the movement of freight, this is of particular concern as many freight operations now function on the basis of 'Just in Time' delivery.

1.65 Following completion of the West Coast Route Modernisation programme in December 2008 and the fleet replacement progressed by Trans-Pennine Express, parts of Lancashire now benefit from significantly improved rail services to London, Manchester, Manchester Airport, Birmingham and Scotland in particular. However, the West Coast Main Line is experiencing significant growth in passenger numbers, a trend which is expected to continue over the next 25 years.²⁸ Network Rail also anticipates rail freight to grow strongly over the next 10 years and by as much as 140% over the next 30 years.²⁹ Around half of all UK rail freight makes use of the West Coast Main Line at some stage in its journey, including much of the UK's international and domestic inter-modal rail freight traffic. The West Coast Main Line is also currently the only north-south route that can handle the latest generation of inter-modal containers on standard wagons.

1.66 The scope to meet rising demand by running additional services and longer trains is becoming increasingly limited, particularly on the southern section of the route between Rugby and London. This is despite the increase in capacity provided by the

²⁶ *Strategic Commercial Development Advice*, Colliers, 2014

²⁷ *Route Based Strategies: London – Scotland West (DRAFT)*, Highways Agency, 2014

²⁸ *Network Route Utilisation Strategy - Scenarios and Long Distance Forecasts*, Network Rail (2009)

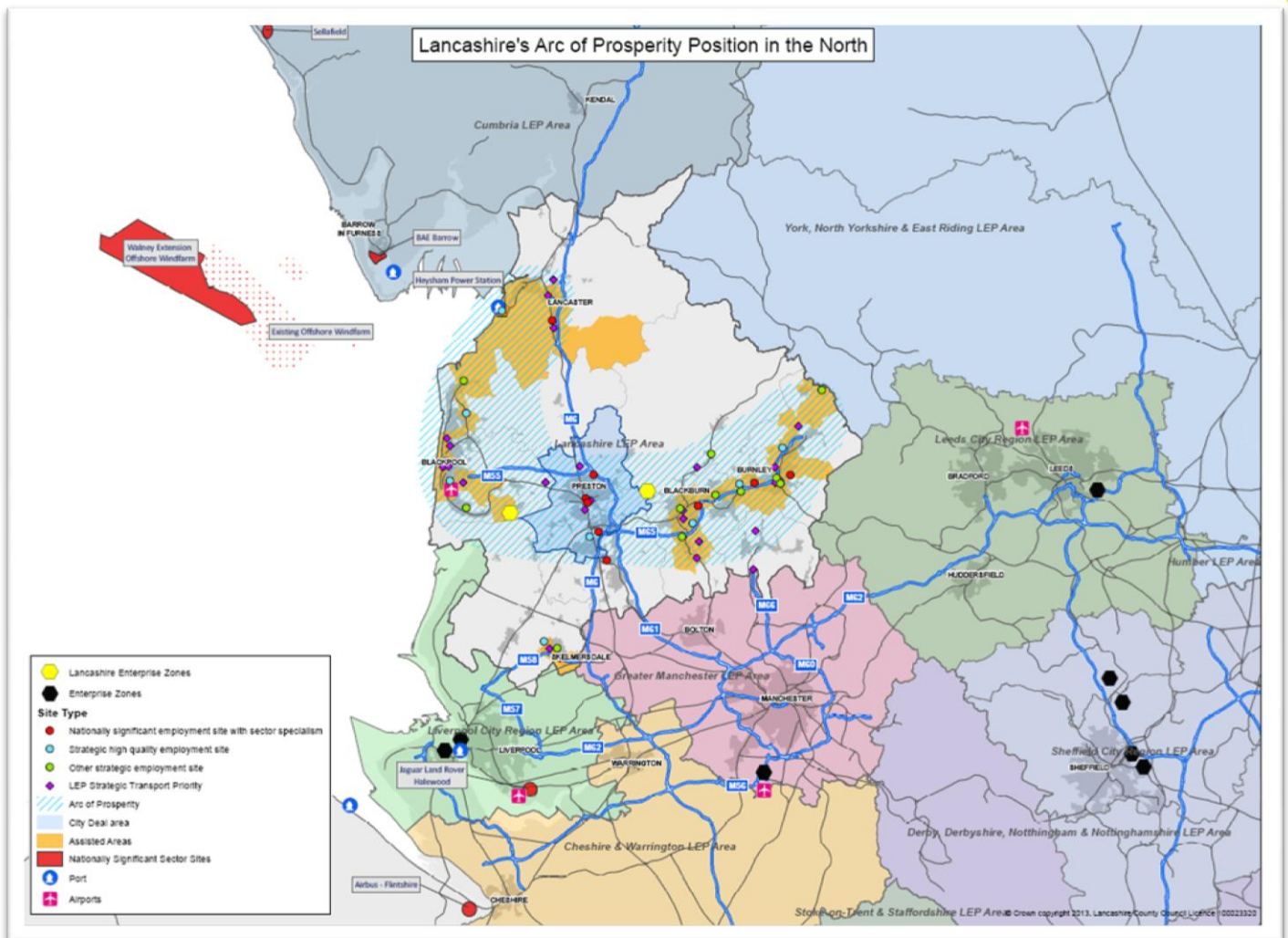
²⁹ *Value and Importance of Rail Freight*, Network Rail (2010)

West Coast Route Modernisation Programme. Any significant increase in the capacity of the existing route will be expensive to deliver and hugely disruptive to existing users, hence the urgent need to deliver an alternative solution such as HS2.

- 1.67 Completion of HS2 to the North West and the transfer of longer distance trains onto it will release a significant amount of capacity on the existing West Coast Main Line, particularly south of Crewe. This will be a key benefit of HS2 and it is essential Government develops a wider strategy for utilising this capacity, including consideration of new or enhanced local, regional and longer distance semi-fast services linking Lancashire directly with destinations such as Milton Keynes, and providing new opportunities for the rail freight industry.
- 1.68 Preston railway station is by far Lancashire's most used railway station with almost 4.5m passengers using the station in 2012/13, and with over 1.25m interchanges, is also the busiest in the North West outside of Manchester Piccadilly.³⁰ Given Preston is the mid-point between existing Glasgow and London services, and acts as rail hub for local centres including Blackpool, Blackburn and East Lancashire, Lancaster and the Lake District, Lancashire is excited by the opportunities of developing with Government a HS2 Growth Strategy for Preston station.
- 1.69 Elsewhere, the quality of many local rail services and infrastructure leaves much to be desired, and although some improvements are currently underway, for example, electrification of the lines linking Blackpool and Preston with Manchester and Liverpool, East Lancashire in particular faces many more years with rail connectivity limited by speed, frequency and poor rolling stock quality. This risks significantly undermining the economic productivity and competitiveness of Lancashire as a whole.
- 1.70 In urban areas such as Preston and Lancaster, congestion has reached a point where it is reducing the reliability and therefore attractiveness of the local bus networks. Whilst such networks are comprehensive and supported by developing cycle networks and improving pedestrian facilities, the majority of commuters still choose to use their cars. High levels of traffic have road safety, environmental and social impacts which extend beyond those that vehicle occupants may experience. Buses suffer from the same delays as other road users unless there are dedicated bus lanes or other bus priority measures. Likewise, cyclists also have to share this road space unless there is dedicated cycle provision. People are less likely to want to walk or cycle any distance if they have concerns about safety and pollution.
- 1.71 Lancashire has nationally significant strengths on which it can build. Delivering opportunities which maximise jobs and growth, whilst ensuring these benefits are accessible across the county, will allow Lancashire to reclaim its position as an economic leader.

³⁰ Office of Rail Regulation

Map below shows Lancashire within the north of England.



Section 2: Lancashire Enterprise Partnership

- 2.1 Established in April 2011, the Lancashire Enterprise Partnership (LEP) was one of the last Local Enterprise Partnerships to be agreed by Government, but is now recognised nationally as one of the most strongly performing.
- 2.2 Chaired by Edwin Booth, Chairman of E H Booth & Co Ltd, the LEP is a business-led Board represented by some of Lancashire's largest and most dynamic companies, with a shared commitment to establishing a single economic voice for the area.
- 2.3 To provide the necessary balance, the Board also includes key political representation from Lancashire County Council and Lancashire's two unitary authorities, Blackburn with Darwen and Blackpool Councils.³¹
- 2.4 Since its establishment, the LEP has focused on driving forward a cluster of major initiatives. These initiatives are increasingly recognised as exemplars of best practice and enable the LEP to prioritise and mobilise the energy and resources of public and private sector partners in Lancashire, and nationally, to drive economic growth.
- 2.5 The credibility of the LEP and the success of its pragmatic approach are underlined by the progress made by key economic development initiatives over the last year, including:
 - The Lancashire Enterprise Zone (EZ) with its national focus on the advanced engineering and manufacturing (AEM) sector and which is primed to secure new occupiers in 2015;
 - The County Council has successfully negotiated, on behalf of the LEP, a £12.4m loan from the Government's Local Infrastructure Fund to advance early works on the EZ site at Samlesbury;
 - The EZ is playing a lead role in developing links with other key local AEM initiatives in Lancashire such as *Innovation Drive* in Burnley, and as a focal point for a hub and spoke network of skills excellence across the area;
 - The roll-out of *Superfast Lancashire* - a £130m investment programme - is ensuring high speed broadband coverage for all key business locations by 2015;
 - The streamlining and intensification of business support services by Lancashire's business growth hub, *Boost* is recognised as one of the country's leading growth hubs and brings together £30m of programmes designed to support high growth companies and start-up businesses in Lancashire;
 - A £20m *Growing Places* investment fund is now starting its second investment cycle. The Fund has already leveraged an initial £100m of additional public/private investment. The first investment cycle will help generate over

³¹ LEP Membership is shown within Part 3.

3,000 new jobs, create around 400,000ft² of industrial and commercial floorspace and see more than 150 new houses built;

- The *Preston, South Ribble and Lancashire City Deal* has established a £340m Infrastructure and Delivery Programme and £100m Investment Fund to help generate over 20,000 new jobs and deliver 17,420 new homes. The City Deal has also secured a 10-year funding allocation, 6-years confirmed and a further 4-years indicative, for local major transport schemes in Lancashire;
 - *Transport for Lancashire* (TfL) is a fully functioning and dedicated committee of the LEP. TfL provides for the first time, the opportunity to align strategic transport investments with agreed economic and housing growth priorities. TfL is now working with key partners to guide a £313m total transport investment programme across Lancashire;³²
 - A series of Highways and Transport Masterplans are currently in development to cover the whole of Lancashire.³³ A key output is the identification of schemes critical to unlocking economic and housing growth opportunities across Lancashire; the approach that underpinned the development of our successful City Deal proposition; and
 - The *Lancashire Skills Board* is in place and work is underway to deliver its *Skills for Growth Plan*, which includes the case-making to support future FE capital schemes linked to established centres of excellence and agreed growth priorities.
- 2.6 These key initiatives have been specifically designed to support and accelerate the delivery of agreed economic and housing growth priorities and reduce local productivity gaps.
- 2.7 The LEP's key initiatives and overarching approach will continue to underpin Lancashire's Growth Deal with Government, building on the successful approach deployed as part of the negotiations to secure the City Deal.
- 2.8 The LEP can clearly demonstrate it has made strong progress over the last three years, and is one of the strongest LEPs without a Core City at its heart.
- 2.9 Strong and inclusive leadership, robust governance structures and binding financial accountability arrangements, have also helped to underpin the LEP's track record of achievement; with its leadership capacities, governance structures and

³² Includes all TfL confirmed and additional allocations (current value £107m), as well as existing commitments (Heysham to M6 Link Road and Pennine Reach)

³³ Lancashire County Council approved the Central Lancashire Highway and Transport Master Plan in March 2013, which underpins the Preston, South Ribble and Lancashire City Deal.

The County Council and Blackburn with Darwen Borough Council jointly developed the East Lancashire Highways and Transport Master Plan, approved in February 2014.

A further three masterplans covering West Lancashire, Lancaster and the Fylde Coast are currently at various stages of preparation.

financial arrangements rigorously assessed as part of the recently signed City Deal agreement.

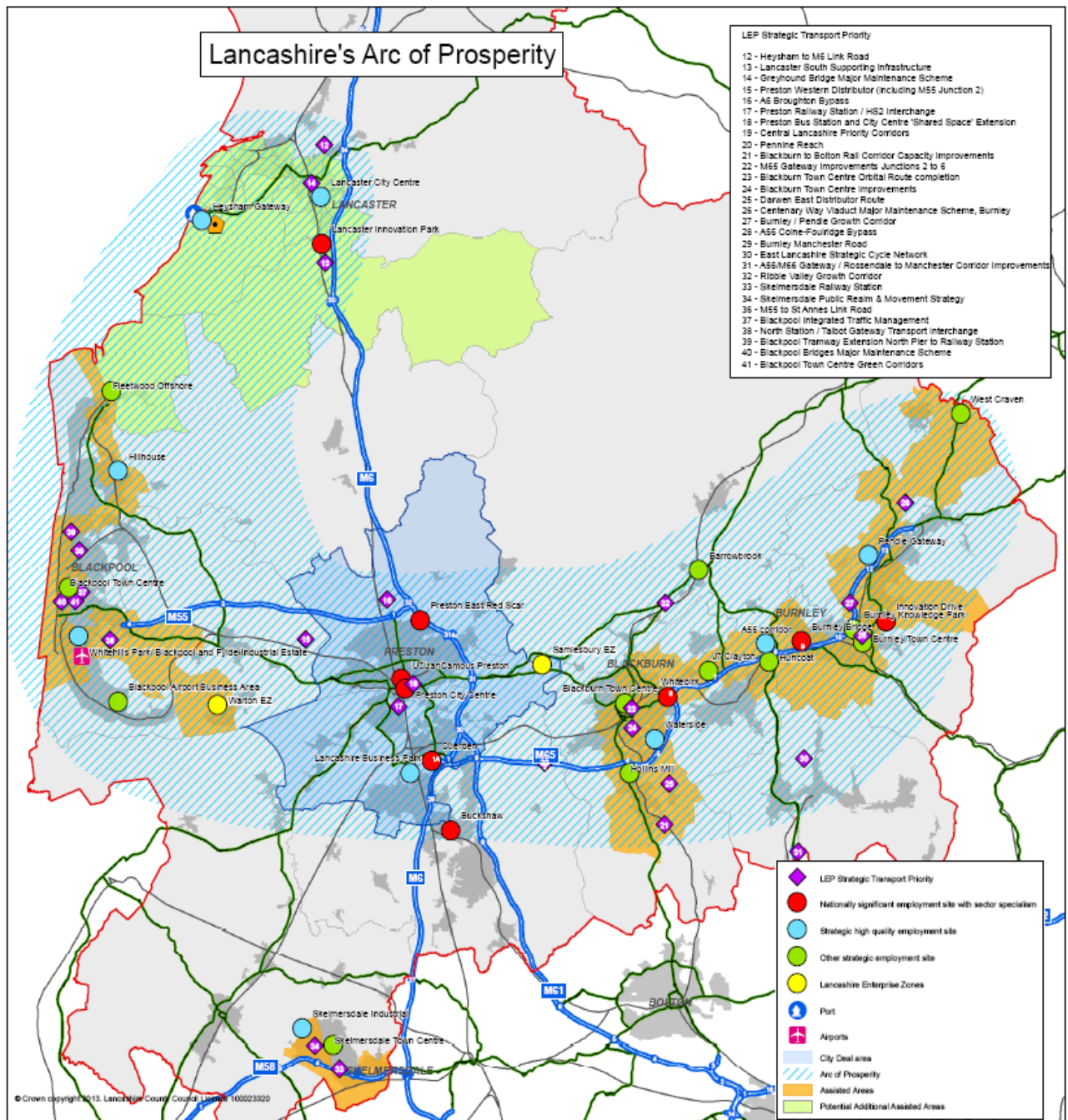
- 2.10 Moreover, local partners across Lancashire continue to demonstrate a commitment to developing shared plans, establishing joint decision making arrangements, and combining capacity and resources to deliver agreed priorities. Local partners accept they must contribute to the funding of specific infrastructure schemes which directly deliver benefit to their area by unlocking new economic and housing growth.
- 2.11 Local authorities are currently focused on delivering two local major transport schemes totalling £164m.³⁴
- 2.12 The Lancashire Pension Fund has already established a Local Investment Allocation for Lancashire, subject to Pension Fund investment criteria.
- 2.13 The significant financial contributions made by local partners in driving forward agreed priorities, as evidenced specifically by the City Deal agreement, demonstrates a willingness to co-invest in the delivery of key priorities and underscores the commitment of the LEP in negotiating a strong Growth Deal for Lancashire.

³⁴ The two schemes are the completion of the Heysham to M6 Link Road and Pennine Reach

Section 3: Strategic Vision - Delivering the Arc of Prosperity

3.1 The overarching purpose of the SEP and Growth Deal is to re-establish Lancashire as an economic powerhouse and a national centre of excellence in advanced manufacturing by maximising its clear competitive strengths and capabilities in the aerospace, automotive, energy and health science related sectors.

3.2 By realising the value of an *arc of prosperity*, which sweeps across Lancashire, the LEP will harness the power and potential of our national industrial hotspots; our key clusters of high value activity; and our internationally recognised centres of excellence in research and innovation.



- 3.3 The contribution of Lancashire's visitor and rural economies and heritage assets is acknowledged by the LEP, as is the complementary role these sectors play in delivering the Lancashire Growth Deal. The former is of particular importance to the renewal of Blackpool, where a strengthened visitor economy will be critical to the town's renewal.
- 3.4 Businesses in Lancashire export their goods and services across the world.^{35,36} The area is rightly identified as one of the UK's strongest export performers, with the likes of BAE Systems' military air operations playing a central role in delivering the UK's largest ever international trade deal. Similarly, Lancashire's universities attract students from all over the globe, with Lancaster University and UCLan establishing academic bridgeheads in China and other fast-growing international markets.
- 3.5 The Lancashire Growth Deal will focus on unlocking the full economic potential of our HEIs' world-class applied research, development and skills strengths, to deliver national innovation objectives.
- 3.6 The Growth Deal also aims to maximise the strong collaborative arrangements and industrial partnerships Lancashire's universities have fostered with industry, SMEs and high value sectors. It will also strengthen linkages with national Catapult Centres and key regional developments such as Media City UK.
- 3.7 It will also establish, for the first time, a local *Innovation Strategy* anchored by Lancaster University and UCLan focused on their competitive strengths and complementarities to support the growth of Lancashire; an approach fully consistent with the recent Witty Review.
- 3.8 Lancashire is the only LEP area in the country where all FE colleges and locally-based training providers are recognised as good or outstanding.³⁷ The Growth Deal will ensure these centres of training excellence continue to over-perform and respond to the skill demands of employers. The centres will focus on maximising the economic value of apprenticeships to SME businesses and to individuals as career paths, especially for those under-represented in established and emerging growth sectors.
- 3.9 Although many of our universities and businesses, indigenous and foreign-owned, successfully compete globally, Lancashire as a location has failed to consistently attract significant new occupiers and investors in recent years. Failure to deliver key strategic sites, a constrained transport infrastructure, and an under-powered strategic marketing capacity, have all contributed to this.
- 3.10 The LEP is now making progress to address these key limitations. Lancashire's Growth Deal will restore more rapidly Lancashire's ability to compete in the international marketplace for new investment, jobs, learners and visitors.

³⁵ *Sector Profiles*, Mickledore, 2014

³⁶ *Strategic Commercial Development Advice*, Colliers, 2014

³⁷ www.ofsted.gov.uk

- 3.11 Whilst Lancashire has benefitted in recent years from key transport and infrastructure schemes of national significance, this masks a collective failure to secure the necessary investment in critical local transport infrastructure over recent decades.³⁸
- 3.12 The failure to deliver the transport infrastructure needed to support sustained business success, it is estimated, accounts for one-quarter of Lancashire's current economic performance gap with the rest of the UK.
- 3.13 The Growth Deal is specifically designed to address this key barrier to growth and establish for the first time a transport investment programme, under the direction of TfL, commensurate with Lancashire's economic and housing growth opportunities and challenges.
- 3.14 This investment programme will ensure key locations can fulfil their potential as growth corridors and major industrial, commercial and transport hubs for Lancashire as well as neighbouring economies. It will also maximise the connectivity opportunities afforded by new national and regional initiatives, including HS2, Airport City, Media City UK, Northern Hub, Atlantic Gateway and Liverpool SuperPort.
- 3.15 The SEP recognises that places such as Skelmersdale, in West Lancashire, and Rossendale, in East Lancashire, are equally capable of taking advantage of their adjacency to growth opportunities in neighbouring city-regions, especially in Liverpool and Manchester. The Growth Deal positions the connectivity solutions necessary to maximise these key cross-boundary opportunities.
- 3.16 Partners are working harder to unlock constrained growth opportunities in all parts of Lancashire to create a more balanced economy, especially in terms of re-establishing the local growth trajectories of East Lancashire and Blackpool. The LEP's work to bring forward high quality opportunities consistent with market requirements indicates East Lancashire can grow its existing advanced manufacturing clusters and attract new industrial occupiers, if there are significant improvements in the local transport infrastructure.
- 3.17 The economic success of Lancashire both depends upon, and supports, a new approach to housing growth. Although local partners consider housing regeneration still to be a key issue in certain parts of Lancashire, and especially in Blackpool, the Growth Deal will provide the opportunity to bring forward housing growth ambitions in areas that were previously characterised as failed housing markets.
- 3.18 The LEP's growth ambition for the Lancashire economy is such that, allied to our own strategic investment plans and those of others, we envisage housing build completion rates returning to levels not seen since the mid-1990s.

³⁸ For example the West Coast Route Modernisation programme, and Blackpool to Fleetwood tram upgrade.

3.19 The *arc of prosperity* currently generates around 75% of Lancashire's wealth and provides the primary focus of our economic and housing growth plans. The SEP therefore concentrates economic activity and Growth Deal investment in this arc.

3.20 In spatial terms, *the arc of prosperity* captures:


- The importance of **Lancaster** as a major location for economic and housing growth, underpinned by its world-class research intensive university, a renewed city centre, and the prospect of further growth as an energy centre and port serving Lancashire and the wider region;
- In **Wyre and Fylde** the truly global excellence of an established base of growing polymer science, nuclear and renewable energy focused companies including AGC, Victrex and Vinnolit;
- **Blackpool** remains one of the UK's leading visitor destinations, but it is vital this competitive advantage is further strengthened and its social and economic renewal accelerated;
- The two Lancashire EZ sites at **Samlesbury and Warton** that are exclusively focused on the growth of advanced manufacturing;
- **Central Lancashire** is home to some of the UK's leading automotive companies, including supply chain clusters with companies such as Clean Air Power and Torotrak, and Tier 1 OEM companies including PACCAR (Leyland Trucks);
- **Preston**, the county's largest urban centre, which is also the home to UCLan and the focal point of our City Deal 10-year infrastructure and development programme; and
- The **M65 Growth Corridor** which forms the economic spine of **East Lancashire**, and includes, Blackburn as its key gateway location, Burnley, the UK's most Enterprising Area, and Pendle, which has the largest concentration of employment in advanced manufacturing in England.^{39 40}

3.21 The LEP has worked hard to align the *arc of prosperity* and Government's proposed Assisted Area coverage for Lancashire.⁴¹ The granting of this status will benefit Lancashire's SME base and advanced manufacturing supply chain, enabling existing businesses to invest and grow, as well as attracting new high-growth businesses. It will also help these businesses to build on their competitive strengths and compete in global markets, creating real wealth and employment opportunities.

³⁹ BIS Enterprising Awards, 2013

⁴⁰ ONS, *Spatial Distribution of Industries Release*, 2013

⁴¹ With extended coverage for areas of opportunity in south Lancaster, Blackpool and Fylde Coast, and along the M65 Growth Corridor.

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- 3.22 The *arc of prosperity* clearly signals where the new jobs and housing growth in Lancashire will ostensibly be generated, supported by key economic and transport interventions. More than 90% of the county's forecast additional employment opportunities will be located on sites, and at locations, within the arc. Almost all of the county's large single-site housing development schemes are also within the arc.
- 3.23 Delivering the *arc of prosperity* is central to achieving the LEP's strategic vision, providing a platform from which the SEP's strategic objectives and priorities can be clearly articulated.

Section 4: Strategic Economic Plan Objectives and Priorities

- 4.1 Since the LEP was established in 2011, local partners have worked hard to refocus shared priorities and bring forward key initiatives to help create the right conditions for sustained economic, business and housing growth.
- 4.2 The LEP recognises that there is no quick fix to tackling decades of relative economic decline, but by establishing a single voice, underpinned by a strong consensus across all sectors on how best to make progress in Lancashire, the LEP has gained support and traction for a clear and focused agenda for change.
- 4.3 The LEP is working hard to unlock growth opportunities across Lancashire, in support of a more balanced economy, especially in terms of reversing the low growth trajectories of particular areas such as Blackpool and East Lancashire.
- 4.4 To this end, the LEP's Growth Plan, which was agreed in 2013, provides the foundation for the SEP and Growth Deal with Government. The Growth Deal creates the opportunity to focus and accelerate the delivery of key objectives, namely:
 - Establishing Lancashire as a the natural home for high growth companies, with a clear focus on **maximising our competitive economic strengths**, and a strong private sector business-base to underpin the future prosperity Lancashire;
 - Reclaiming Lancashire's role as a **national centre for advanced manufacturing** by realising the potential of the area's strengths and capabilities in aerospace, automotive and energy supply chain sectors, which are amongst the strongest in the UK;
 - Maximising the economic value of Lancashire's **centres of research and innovation excellence**, and establishing new links with other national centres and globally competitive business clusters located within the *arc of prosperity*;
 - **Refocusing the local skills system** to make it more responsive to business skill demands, with local apprenticeship routes made more attractive and accessible to individuals and SME businesses;
 - **Strengthening and refreshing *Boost***, our business growth hub, and improving our strategic marketing capacity to attract new investors and occupiers;
 - Driving forward the **Enterprise Zone** and **City Deal** as key engines of economic and housing growth;

- **Creating the right conditions for business and investor growth** by extending our Growing Places investment fund, to help unlock new development and employment opportunities across Lancashire;⁴²
- Ensuring **major transport projects and investments** are fully aligned with the delivery of key economic and housing growth priorities across Lancashire;⁴³ and
- Developing **complementary local growth accelerator strategies** focused on change at the sub-area level, creating economic opportunities for local communities in the greatest need, of which the **renewal of Blackpool** is a key priority.

4.5 The Growth Deal sets out a comprehensive and integrated programme of sector specific, innovation, skills, business growth, strategic transport and place-focused interventions, which will support the delivery of transformational change across Lancashire.

4.6 Signature programmes and projects within the Growth Deal include the following:

- Developing key sector specific initiatives in areas of competitive strength. For example:
 - At the EZ site at Sablesbury, a focus on the clustering of local measures such as Skills City, along with regional spokes of major national industrial policy initiatives, including new hubs of the Manufacturing Technology Centre;⁴⁴ complemented by a super-intensive relationship management and development service for high value SMEs in the advanced manufacturing sector;
 - In Preston City Centre, UCLan is seeking to establish a new Engineering Innovation Centre (EIC) of international standing. The EIC, supported by a minimum investment of £15m by the University, will see the creation of a flagship centre of excellence as part of a phased remodelling of the City Centre campus. The Centre will focus on developing UCLan's existing expertise and established industrial partnerships in the sectors of advanced manufacturing, energy and power management, with a focus on teaching, applied research and innovation underpinned by SME-engagement;
 - In Lancaster, the University is bringing forward major developments to strengthen its core technology science-base, which is underpinned by its leading position in physics and computing sciences. This creates the opportunity to develop new quantum technologies, a key national industrial objective, and the prospect of leveraging spin-out opportunities from

⁴² Lancashire's £20m *Growing Places* investment fund is now starting its second investment cycle.

⁴³ Including those of HS2, the Highways Agency and Network Rail.

⁴⁴ Skills City is shared training facility to focus on meeting demands of advanced manufacturers locally and regionally.

developing major strengths in environmental technologies, medicine and healthcare sciences;

- Opportunities also exist to build on existing expertise within Lancashire's nuclear sector to support new business opportunities, leading to the commercial development of technology ready applications.
- Ensuring Lancashire's hub and spoke network of skills and training centres of excellence remain responsive to economic and business demands, with a focus on integrating vocational progression routes in key sectors and developing new approaches to Information, Advice and Guidance to address employers' workforce requirements;
- Enhancing the area's performance as one of the nation's leading exporters, with strengthened programmes for SME businesses who have the propensity to trade and compete in international markets;
- Sustaining the infrastructure and adding value to the LEP's established business growth hub, *Boost*, which provides a channel for local growth-focused companies to access around £30m in business support programmes;
- Addressing the area's long term under-performance in positioning and marketing the Lancashire offer to new investors and occupiers, whilst continuing to strengthen its role as one of the UK's leading visitor destinations;
- Realising the value of the *arc of prosperity* that sweeps across Lancashire, linking industrial hotspots (including the Lancashire EZ's two sites and M65 Growth Corridor) and clusters of high value economic activity, especially in the advanced manufacturing sector and in internationally recognised R&D centres of excellence;⁴⁵
- Ensuring strategic transport infrastructure supports growth opportunities across and beyond Lancashire, through delivery of the county's Highways and Transport Masterplans;
- Extending the success of the LEP's *Growing Places* investment fund which has been fully invested on a commercial and revolving basis. Given the performance of the LEP in deploying this resource and local investor demands, we are seeking to extend our Fund via the Growth Deal; and
- Developing complementary local growth accelerator strategies focussed on change at a local level, creating economic opportunities for local communities in the greatest need. The economic and social renewal of Blackpool is a key priority.

⁴⁵ The arc is fully aligned with Government's proposed Assisted Area map for Lancashire, especially given the concentration of AEM sector businesses within the M65 Growth Corridor in East Lancashire.

Section 5: Strategic Economic Plan Outcomes

- 5.1 By concentrating focus on Lancashire's competitive strengths and capabilities, tackling major infrastructure constraints, boosting the business base, and refocusing the approach to skills, the LEP will establish new economic opportunities that can deliver:
- **50,000 new jobs;**
 - **40,000 new houses; and**
 - **£3 billion additional economic activity,** above the local trend rate.⁴⁶
- 5.2 In achieving these challenging outcomes, Lancashire's employment rate would outperform the UK average and the value of the local economy would rise by an additional 10% over the next decade. This would help to reduce Lancashire's national economic performance gap by 50%.
- 5.3 The LEP is fully committed to harnessing the local delivery capacity of private and public sector partners to achieve these outcomes and good progress is already being made. However, without further strategic intervention and investment Lancashire will not deliver the transformational change necessary to recover much of the economic ground Lancashire has lost over the last 50 years.
- 5.4 Our Growth Deal priorities individually and collectively contribute to achieving these ambitious outcomes. We have analysed where and how interventions will support this delivery. Nearly one-quarter of the additional GVA forecast will be realised as a direct result of proposed transport interventions.⁴⁷ For each £1 invested it is forecast that an average GVA of £5.40 will be generated, with a return on capital investment of the transport schemes delivered within 6 years of the SEP.⁴⁸
- 5.5 Part 2 of this document sets out the LEP's ambitious Growth Deal proposition which will create an economically confident Lancashire that is capable of playing a leading role, once again, in the economic life of the nation.

⁴⁶ Over the lifetime of the SEP.

⁴⁷ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

⁴⁸ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

Part 2: Lancashire's Growth Deal

Section 6: Growth Deal Priorities

6.1 Lancashire's Growth Deal takes the vision, objectives and priorities of the SEP and sets out an integrated programme of interventions that the LEP believes are capable of generating the step change required to move the local economy forward. These interventions can deliver:

- **50,000 new jobs;**
- **40,000 new houses; and**
- **£3 billion additional economic activity,** above the local trend rate.⁴⁹

6.2 The LEP understands both the opportunities for, and the barriers to, growth and recognises the scale and nature of interventions required to address these challenges and exploit these opportunities.

6.3 The Lancashire Growth Deal draws on this clear chain of logic and sets out the signature programmes and projects which will enable the LEP to direct, deliver and achieve ambitious, yet sustainable, economic and housing growth in Lancashire.

6.4 Delivering the *arc of prosperity* is fundamental to realising Lancashire's growth ambitions. It therefore provides a primary and constant theme that runs throughout the narrative of the SEP and our Growth Deal proposals.

6.5 The Growth Deal identifies six key priorities, set out below, against which the LEP's Single Local Growth Fund (SLGF) ask is set out.

6.6 The first four key priorities are pan-Lancashire, in terms of coverage, and are rooted in maximising the area's competitive economic strengths.

6.7 Spatially specific interventions are articulated within priority five - *Releasing Local Growth Potential*. This analysis includes the LEP's transport proposals and the case to expand Lancashire's *Growing Places* investment fund to accelerate the pace of change in regeneration areas.

6.8 Due to the specific issues of Blackpool, its renewal is considered separately in priority six - *The Renewal of Blackpool*.

6.9 The six key priorities are:

1. **Sector Development & Growth**

Realise the full potential of Lancashire's competitive economic strengths and business base.

⁴⁹ Over the lifetime of the SEP.



2. **Innovation Excellence**

Maximise the economic value of Lancashire's centres of research and innovation excellence and globally competitive business clusters.

3. **Skills for Growth**

Refocus Lancashire's approach to skills provision, ensuring it is responsive to business needs and demands.

4. **Business Growth & Enterprise**

Strengthen and refresh *Boost*, Lancashire's business growth hub, and improve our strategic marketing capacity to attract new investors and occupiers.

5. **Releasing Local Growth Potential**

Create the right conditions for business and investor growth, and unlock new development and employment opportunities across Lancashire.

6. **The Renewal of Blackpool**

Focus on addressing Blackpool's unique characteristics which require a specific focus, to create economic opportunities for its local communities.

Section 7: Growth Deal Proposals

7.1 The introductory narrative within the SEP provides the analysis of Lancashire's primary economic sectors, the opportunities for growth which exist and the rationale for intervention. Whilst these same sectors will also provide a focus for the use of ESIF resources, there are specific projects which can benefit from SLGF.

Growth Deal Priority 1: Sector Development & Growth

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
1	Sector Development & Growth	1.0	-	1.0	2.0
2	High Value Manufacturing Catapult	10.0	10.0	-	20.0
	Totals	11.0	10.0	1.0	22.0

7.2 The thematic proposals which follow later are strongly aligned with the LEP's analysis of sector opportunities, but over and above these individual projects the LEP is also seeking SLGF for four key programmes which inform and draw together these innovation, infrastructure, business support and skills solutions.

Sector Development & Growth

7.3 The LEP has already done much to understand and engage priority sectors to fully understand the market places within which they operate and the barriers to growth which constrain them. At present ESF Capacity Building resource is being used to further extend this knowledge base and engage sectors on growth driven issues such as skills. Whilst much can be done through these networks, there is still a need for a resource of advisors to engage with businesses in key sectors. This service can be provided through a range of partner organisations and we have found industry based bodies such as the NWAA and the North West Automotive Alliance (NAA) to be particularly effective in working with the Lancashire business community.

Energy Skills HQ

7.4 The primary request for resource to create this facility is from the Skills Capital Funding component of SLGF and it is therefore listed as an exemplar project within the *Skills for Growth* section. However, due to the significance of this proposal to Blackpool, a full detailed description is provided within *The Renewal of Blackpool* section of the document. From a sectoral perspective, this resource would provide a focal point for existing energy activity within the nuclear and offshore sectors and a ready base for the development of infrastructure around the unconventional gas sector, should the development of this sector proceed.

High Value Manufacturing Catapult

- 7.5 This centre would act as a 'spoke' facility to the existing Manufacturing Technology Centre (MTC), which is based in Coventry, and would provide the North West with a national centre of excellence, which properly recognises the pre-eminence of the sector. The preferred location for this development is the Samlesbury Enterprise Zone, which is designed to sustain a world class advanced manufacturing business cluster. We believe this facility would deliver both a focal point and resource for the further development of the manufacturing community in Lancashire and beyond.

Pan-LEP Nuclear Supply Chain Network

- 7.6 The specific strengths of Lancashire's nuclear sector, if properly combined with key assets and opportunities in Cumbria, Manchester, Cheshire and Sheffield, create the prospect of establishing a coherent industrial and skills strategy for the nuclear sector in the North of England. Given these cross-boundary dimensions, the LEP would welcome the development of such an approach under the overarching direction of the Nuclear Advanced Manufacturing Research Centre (NAMRC), which is based in Sheffield, as part of the new national Nuclear Industrial Strategy.
- 7.7 The LEP recommends the development and creation of a multi-LEP network drawing on the nuclear specialism of the AMRC and directed to exploit the latent potential of the nuclear supply chain which is focussed in Lancashire and West and South Yorkshire. This network could draw on the Energy HQ programme and the strengths of Lancaster University and UCLan with respect to the nuclear sector.

Growth Deal Priority 2: Innovation Excellence

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
3	Lancaster Health Innovation Park	22.0	44.3	-	82.1
4	UCLAN Engineering Innovation Centre	16.0	15.0	2.00	33.0
5	Centre for Quantum Technology Innovation	9.0	27.0	-	36.0
6	Cyber Security Innovation Centre	10.2	16.5	-	26.7
	Totals	57.2	102.8	2.0	177.8

7.8 Over the last year, Lancaster University and UCLan have worked with the LEP to develop initiatives focused on their respective competitive strengths and complementarities to support the long-term growth of Lancashire. An approach fully consistent with the recommendations and Government's response to the recent Witty Review.

7.9 Lancaster University and UCLan, with its main campus located in Preston and its cluster of key facilities in Burnley, are key growth anchors along our *arc of prosperity*. Over the last 5-years alone, these institutions have engaged in active knowledge exchange with nearly 5,000 local SMEs. UCLan is regularly ranked as a national leader on student start-ups, whilst Lancaster University is a national exemplar, in terms of the scope and number of its SME partnerships, as evidenced by the annual Higher Education, Business and Community Interaction Survey.

7.10 The Lancashire Growth Deal will establish for the first time an *Innovation Excellence Programme* underpinned by Lancaster University and UCLan, which will help realise the growth potential of our HEIs' world class applied research and development centres and deliver a step-change in local economic performance. Our Innovation Excellence Programme represents a comprehensive £270m investment framework, involving 11 major initiatives, which can deliver nearly 3,000 new employment opportunities, safeguard a further 1,500 jobs, and generate almost £400m in new GVA by 2020.⁵⁰

7.11 However, in developing our Growth Deal, the LEP has prioritised four key initiatives:

- Lancaster Health Innovation Park,
- Centre for Quantum Technology Innovation,
- Cyber Security Innovation Centre at Lancaster; and
- Engineering Innovation Centre at Preston.

⁵⁰ Lancaster University, 2014

7.12 These initiatives have a strong strategic fit with the delivery of SEP priorities, and maximise the applied research strengths of Lancaster University and UCLan, in physics, chemistry, medicine, computer sciences and engineering.

7.13 Lancashire's Innovation Excellence Programme is seeking £57.2m in Growth Deal support over six years with £23.7m required in 2015/16, the remainder of the investment package secured from other funding sources, both public and private. The key elements of the Innovation Excellence programme include:

Lancaster Health Innovation Park

7.14 Lancaster University, together with partners Lancaster City Council and Lancashire County Council, is developing a Health Innovation Park on land currently allocated for a Science Park development and which adjoins the University. The Park is a new knowledge based initiative on an 11ha site immediately adjacent to the University campus. It draws on pioneering developments in North America providing an integrated approach to healthcare and services for people who are growing older, as well as integrating and delivering an innovative combination of services applicable to urban and rural environments.

The Innovation Park will be expected to:

- Capitalise on the research profile, collaborative strengths and business linkages of the University;
- Provide research and development activities and raise the profile of Lancaster University as an excellent partner for collaborative research;
- Improve graduate retention in the area;
- Mutually enhance the image and reputation of the City, the region, the University and businesses (with attention to businesses operating in Lancashire).

7.15 At the heart of the Park is the University's Faculty of Health & Medicine which will work with international healthcare providers and companies. The Park will house innovation buildings and provide laboratory and test space for companies carrying out product and service development in collaboration with the University and healthcare bodies, premises for companies working on the Park and interactive facilities for engagement with the community.

7.16 The Park's defining focus will be on health services and product provision related to ageing, including development and delivery of tele-medicine and related remote care services, especially in rural communities. The range of interactions delivered make this initiative the first project of its kind in the North of England.

7.17 Government and policy makers are seeking to understand the potentially significant implications of an increasingly ageing population. The Lords Select Committee on Public Services and Demographic Change report gathered evidence on how well

the UK Government and public services are adapting to the needs of an ageing population, given that the number of people in England aged over 85 is set to double between 2010 and 2030, and over 80% more people aged over 65 forecast to be with dementia.⁵¹ The predicted increases in demand for health and social care for people aged over 65 will result in significantly increased levels of diabetes, arthritis, coronary heart disease, stroke and dementia and an increased in moderate or severe need for social care.

- 7.18 The Government's response to the report was produced in July 2013 and has at its heart the principle of 'enabling people to live longer, more prosperous and healthier lives'. The planned Health Innovation Campus at Lancaster will provide an opportunity for Lancaster University to develop and apply its research capability towards improving the health and wellbeing of an ageing population, and as such could be positioned as a vanguard priority project, not just for Lancashire but also nationally in responding to this important agenda.
- 7.19 In addition to collaborative work in health management, palliative care and biomedicine, this project also draws on the full range of other university research and business engagement. This includes assisted living, engineering and advanced manufacturing design, data management and sensor and network technologies applicable to care in the home, sheltered accommodation and end of life care.
- 7.20 There are potential strategic partnerships with IBM, leading pharmaceutical companies, the NHS, The North West Coast Academic Health Science Network and Lancashire County Council, in terms of co-investment in new elder care facilities and provision.⁵²

Engineering Innovation Centre

- 7.21 The Engineering Innovation Centre (EIC) will transform engineering at UCLan by establishing a state of the art engineering facility capable of raising industry performance and standards. The EIC will also form the focal point for the renewal of UCLan's Preston city centre campus, as identified in the City Deal, to provide a modern environment for knowledge exchange and showcasing technology. This Centre will include facilities for industrial co-location and emphasis will be placed on delivering engineering solutions through the application of research to real world problems.
- 7.22 The purpose of the EIC is to exploit the UCLan's location, at the centre of one of the most important advanced engineering manufacturing areas in the UK, to establish a leading centre for engineering innovation in Lancashire. The Centre's focus will be on a number of interrelated engineering investment priorities including digital and mechanical engineering, aerospace and energy. Each of these areas is identified as a priority in the Government's Industrial Strategy and is well represented in terms of the economic-base of Lancashire. These engineering themes reflect the University's strengths and potential in engineering and contribute to a broad range of Lancashire's

⁵¹ *Ready for Ageing*, Lords Select Committee, 2013

⁵² IBM has announced a major partnership with Lancaster University in this specific area of development

sectors, priorities and opportunities, including the successful development of the nearby Lancashire EZ.

- 7.23 Strategic partnerships are being explored at board level with BAE Systems and United Utilities specifically in the areas of research, technology and training. These partnerships build upon extensive existing relationships with local industry, including an Energy & Power Management Centre at UCLan established with start-up investment from BAE Systems of £1m. The EIC will deliver a range of strategic outcomes in relation to economic growth, including playing a major role in Lancashire's smart specialisation in advanced engineering and manufacturing.

Centre for Quantum Technology Innovation

- 7.24 The Centre for Quantum Technology Innovation at Lancaster University will exploit the behaviour of matter at atomic and sub-atomic levels to create new products and devices for computing, communications, measurement, medical diagnostic and a range of large scale, technologically-disruptive applications. This is a recognised UK technology strength and one in which Government has now committed significant investment.⁵³ It is recognised however that effective engagement with industry at the early stages of technology development will be critical to underpinning UK competitive advantage. Investment will be used to build new quantum technology device manufacturing facilities and train a new generation of technologists to work in existing businesses and create new ones.

- 7.25 This investment will build on the status of Lancaster as home to the UK's top-ranked physics department for research quality. It will also position the University as a lead bidder to form one of a number of recently announced national quantum technology hubs to be supported by the Technology Strategy Board (TSB) and Engineering & Physical Sciences Council (EPSRC).⁵⁴

Cyber-Security Innovation Centre

- 7.26 By maximising Lancaster University's recognised status as one of only 11 EPSRC/GCHQ centres of excellence in the UK, the Cyber-Security Innovation Centre will tackle key market failures to enable SMEs access to, and growth in, the cyber-security sector. Investment will provide new facilities for training as well as product and service development, a dedicated team to support business innovation and help businesses to be cyber-secure with research staff working with companies to develop new products and services.
- 7.27 Working with key sectoral partners (Raytheon UK, Airbus Group, GCHQ) the centre will establish Lancashire as a centre of cyber-security business innovation, specialising in products and services to protect high value, priority areas, including advanced manufacturing and critical national infrastructure.

⁵³ Autumn Statement, December 2013

⁵⁴ Research Assessment Exercise, 2008

Growth Deal Priority 3: Skills for Growth

Project No.	Project Title	CLGF	Private	Other Public Sector	Total Cost
7	Skills Capital	45.5	3.6	4.2	53.3
8	Apprenticeship Hub	1.5	-	-	1.5
	Totals	47.0	3.6	4.2	54.8

7.28 As referred to earlier in this document, the Lancashire Skills Board has identified a number of priorities which will direct skills activity across Lancashire. Two of these priorities form the basis of the skills aspect of the Growth Deal; a Skills Capital Programme and the development of a local Apprenticeship Hub.

7.29 These priorities will be specifically funded from devolved funding streams available to LEPs through the Growth Deal competitive process. Skills Capital Funding, currently administered by the Skills Funding Agency (SFA), is one of the discrete funding streams placed within the overall SLGF by BIS. Opportunities presented through ESIF opt-in will also be explored.

Lancashire Apprenticeship Hub

7.30 Lancashire's colleges and the Lancashire Work Based Learning Forum will establish an Apprenticeship Hub which will support the skill needs of Lancashire's Growth Deal proposals.

7.31 The Lancashire Apprenticeship Hub will offer businesses of all sizes a stream-lined service that will co-ordinate all available support, including national financial incentives and expert help. The Hub will support an increase in participation in apprenticeships and will ensure that growth is directed at key sectors to support Lancashire's growth ambitions.

7.32 The current national decline in apprenticeship participation, particularly amongst the younger cohort, will be specifically addressed through linking the Apprenticeship Hub to the wider priorities of Lancashire's Skills Plan, including information, advice and guidance. Although adult apprenticeships have increased in Lancashire, the SFA has recently reported that 16-18 apprenticeship starts have declined from 4,297 in 2010/11 to 3,695 in 2012/13, representing a 14% reduction.

7.33 The Apprenticeship Hub will be targeted to arrest the current decline in apprenticeship take-up and will aim to increase the number of 16-24 year olds in Lancashire participating by an average of 10% over the first three years. The number of employers engaged with apprenticeships will be increased by 600 over the first three years.

Skills Capital Funding

7.34 Independent analysis commissioned by the Lancashire Skills Board has identified potential capital projects with a total value of £191m.⁵⁵ More than half of the projects identified by Lancashire's colleges and training providers support the LEP's growth agenda. The remaining projects are focused on the refurbishment and upgrade of existing buildings and facilities on Lancashire's college and training providers' estates.

7.35 The key themes and sector focus identified within the growth projects submitted (by volume) are:

- Advanced engineering (9);
- Creative digital media (6);
- Health skills (2);
- Hotel schools / Hospitality and catering (5);
- Alternative energy (2); and
- Sustainable construction (1).

7.36 Almost half the projects are scheduled to start in 2015-16 (47%) with a further 24% due to commence in 2016-17.

7.37 Whilst some of the projects within this pipeline need further development and refinement, the exercise does demonstrate the extent of ongoing estate improvement required, as well as the scale of ambition to support the development of existing and emerging growth sectors.

7.38 Supported by the SFA, the Lancashire Skills Board is undertaking further work to refine this pipeline to ensure that projects demonstrate how they respond to business demand, drive collaboration between institutions to offer integrated access to complementary specialisms, and build on existing excellence in outcomes.⁵⁶

7.39 Exemplar projects include:

Energy Skills HQ

7.40 Given Lancashire's existing strengths within the nuclear and renewable energy sectors and the economic potential of unconventional gas, the LEP sees this as a major opportunity requiring a co-ordinated FE offer. This will add strength and pace to Lancashire's ability to grow the local energy sector as a whole, with a strong physical presence in the Blackpool area. Where Lancashire does enjoy a lead advantage in terms of sectors, the LEP would look to utilise the 'Trailblazer' model to develop new, relevant qualifications to support the growth of the energy sector. It would also seek 'Elite Institution' status for this facility, as proposed for the recently announced Nuclear and HS2 College initiatives.

⁵⁵ *Establishing Priorities for the LEP FE Capital Element of the Local Growth Fund*, Andy Hirst, January 2014.

⁵⁶ See Section 12, Lancashire's Revised Evaluation Criteria for Skill Capital Investment Projects.

Enhanced and Updated Engineering Training Facilities

- 7.41 A range of projects have been identified by Lancashire's colleges and training providers which will strengthen and enhance engineering facilities and update equipment and provision to match technology change within the sector, including composite technology and additive layer manufacturing. These core capabilities have value across the aerospace, automotive, and energy sectors both in large OEM's, and their supply chains.

Health Skills Development

- 7.42 As evidenced earlier within the SEP, a number of projects have been identified which suggest there is potential to further develop the health based industries and health related occupations within the Lancashire economy. This ranges from sub-sectors which can exploit and build upon centres of excellence which already exist within Lancaster University and UCLan, to developments which support the NHS in delivering its own change agenda, and provision of services to support the health and care needs of an ageing population. A stronger, better co-ordinated FE resource within this area would complement other activity and key projects.

Sustaining Excellent Provision with Quality facilities

- 7.43 As indicated, the quality and impact of the Lancashire skills provider base is already rated as being of an extremely high quality. The LEP would look to make use of the Skills Capital resource to sustain, renew and expand the capability of providers where they can illustrate a strong track record of delivering STEM qualifications which further enhance the pipeline of young people qualified to work in key sectors or progress to further learning.

Hospitality facilities

- 7.44 As a counterpoint to supporting higher value sectors and providing greater accessibility for some learners, a number of institutions have come forward with plans for facilities which will upgrade the teaching environment and provide on the job experience for people working within the hospitality sector in the form of training hotels/hotel schools. This sector and the contribution of these facilities is vital to the wider regeneration plans of Lancashire as the sector provides significant employment generation.

Skills Capital Fund Governance

- 7.45 The LEP is keen to work with the SFA to support a robust decision-making process regarding the use of any Skills Capital allocation in Lancashire. It will ensure that there is sufficient flexibility within the assessment process to take account of local priorities, ensuring alignment with the SEP and national policy objectives.

7.46 Having analysed the projects which have received FE Skills Capital Funding over the past five years, the LEP will ensure that there is:

- A more differentiated approach to the assessment of projects, which takes account of the objective of the learning provider in seeking to make this investment;
- Stronger evidence of demand from employers (or learners) which would include not just broad interest in the course and likely numbers of learners but also a willingness to contribute to course supervision/specification of content, offers of industry work experience, contribution of industry specialists to teach specific modules, and willingness to pay; and
- Continued investment in infrastructure but where this is across the learning provider's community and other funding agencies and where there is a need to secure commensurate contributions from these sectors.⁵⁷

⁵⁷See Section 12, Lancashire's Revised Evaluation Criteria for Skill Capital Investment Projects.

Growth Deal Priority 4: Business Growth & Enterprise

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
9	Boost 2 Business	7.4	0.1	30.9	38.4
10	Strategic Marketing	5.4	1.8	3.6	10.8
	Totals	12.8	1.9	34.5	49.2

7.47 Working with local and national partners, the LEP has already invested heavily in a coherent framework of business support services for Lancashire.

7.48 *Boost*, Lancashire's Business Growth Hub, was launched in September 2013. Using LCC, partner and ERDF funding resources, *Boost* cost £7.3m to establish and has already provided support and guidance to over 600 businesses. It is recognised by BIS as part of the Local Enterprise Partnership Growth Hub Network and it actively works to refer businesses to national business support products and services, as well as those that are locally commissioned.

7.49 Based on experience to date in establishing and delivering *Boost*, the LEP has identified key areas which will enable us to provide an enhanced service to businesses moving forward.

7.50 The value of publicly-funded business support provision available within Lancashire between 2015 and 2018 is anticipated to be worth approximately £52m.⁵⁸

7.51 As identified in the project summary table above, the LEP is seeking £7.4m of SLGF in 2015/16 to improve the overall effectiveness and impact of business support provision through *Boost 2 Business*. This forms part of the wider £52m available from 2015.

7.52 Based on evidence gathered through *Boost*, Regenerate and local intelligence gleaned from Lancashire's business base, in terms of the products and services businesses are seeking and the contribution these make in promoting business growth, the LEP will deploy its resources around seven strands:

1. Support for high-growth start-ups;
2. Support for existing businesses with growth potential;
3. Support to access finance;
4. Support to explore international markets and to export products and services;⁵⁹
5. Support to encourage innovation and capitalise on technology led developments;
6. Support to development the leadership and management of SMEs; and
7. Support to develop the workforce;⁶⁰

⁵⁸ Combined anticipated Growth Deal and ESIF Resource

⁵⁹ Working with UKTI

7.53 Of the £7.4m, £2.2m will be used to support the creation of an independent business support gateway which will promote and provide a single access point to Lancashire's publicly funded business support offer.⁶¹ This gateway will build on the existing platform developed through *Boost*; adding value to programmes commissioned using ESIF resources and national business support provision seeking to reach a Lancashire audience. Key activities within the gateway that will be resourced include:

- Developing the web site portal;
- Resourcing the gateway, including a staff resource to signpost businesses to available provision;
- Provision of a central marketing resource to drive demand and access new business users for the service; and
- Creation of a central customer management and business database to track business engagement, alongside tracking of individual business support received and identification of intervention thresholds for state aid purposes as well as suggesting further provision to support business growth.

7.54 In addition to supporting the gateway, the LEP will use the remaining £5.2m of SLGF resources to provide:

- **Support for high growth start-ups:** £1.2m of resources to build on the established successful Lancashire LEAP programme, which targets businesses who will either employ 5 or more people or reach a turnover of £250,000 or more in their first year of operation;
- **Support for existing businesses with growth potential:** £1m of resources delivered as a combination of business advice/consultancy and matched investment resource to support growth related activity;
- **Growth sector support:** £0.9m of resources to provide 'headroom' in the funding of sector lead organisations (for example North West Aerospace Alliance and North West Automotive Alliance) to work with their Lancashire membership base to identify issues and develop bespoke solutions around finance, skills and business growth and innovation;
- **Support to access finance:** £0.6m of resources to build on, and sustain, the Lancashire based Access to Finance team who have delivered support to help over 400 businesses to access publicly funded and commercial finance products which support those businesses growth aspirations;
- **Support to encourage innovation:** £0.75m of resources to work with existing university and commercial providers to increase the number of Lancashire based companies who are genuinely engaging in product or service innovation; and
- **Leadership, management and workforce development:** £0.7m of resources to provide owners and managers within Lancashire's SME base to access the excellent resources available in Lancashire's Business Schools.

⁶⁰ Working with the SFA and maximising ESF resources

⁶¹ One which is not reliant on the outputs to the programme from which it is funded or to which it refers.

7.55 The use of SLGF resources in supporting *Boost 2 Business* will support the creation of 2,000 new businesses, 1,100 additional new private sector jobs and increase Lancashire's GVA by £10m.

Improving Lancashire's Strategic Marketing Capacity

7.56 Lancashire has many key strengths and assets which demonstrate the area's capability to compete in global markets; retain international investors and businesses in high growth sectors; and attract visitors and learners to the area. For example:

- Lancashire's industrial base is central to delivering the world's largest ever international trade deal;
- Lancashire's advanced manufacturing, aerospace and automotive sectors are recognised as internationally competitive by UKTI, with a long established cohort of high value companies based in Lancashire from Japan, Germany, France and the USA;
- Blackpool is the UK's largest seaside resort;⁶²
- Lancaster University and UCLan are two of the UK's most successful universities in terms of attracting international students and establishing academic operations in high growth international markets.

7.57 However, over recent years Lancashire has failed to capitalise on its key competitive strengths and assets to establish a successful track record in securing new inward investment opportunities. The county is currently ranked by UKTI as one of the poorest performing areas in the UK in terms of attracting new foreign-owned companies.⁶³ Lancashire's poor performance relative to its economic size, industrial strengths and neighbouring competitor areas is in part due to the absence of a strategic marketing and investor development capacity.

7.58 To address this, *Marketing Lancashire* has recently been formed and has a clear focus on delivering agreed inward investor and visitor destination priorities. Also, Blackpool and its private sector partners have developed an innovative approach to marketing their leading visitor attractions.


7.59 Given the scale of economic assets Lancashire boasts and the marketing deficit that exists, the LEP recognises the need for Lancashire and its investor offer to be better positioned and portrayed in the market place. It has commissioned independent analysis to assess the current capacity and approach, benchmarking Lancashire's performance against competitor locations.⁶⁴ As a result, the LEP will invest further in Lancashire's own strategic capacity to create a 3-year investment programme to maximise the impact of joint activities.

7.60 However, as the LEP steps-up to take on more responsibility in this area of activity, it will seek to match the funding contributions of local public and private sector partners

⁶² *Visit Britain*, 2014.

⁶³ *Sector Profiles*, Mickledore, 2014

⁶⁴ *Sector Profiles*, Mickledore, 2014



with SLGF resources. This will enable partners to radically improve the skills, capacity and performance of *Marketing Lancashire* and enable Blackpool to successfully grow a year round visitor economy capable of competing in an increasingly sophisticated market.

- 7.61 More specifically, from 2015/16, the LEP and its local public and private sector partners are willing to invest nearly £2m per year to establish the strategic marketing investor intelligence, business campaigning and enquiry handling capacity Lancashire requires, if matched by the Growth Deal, within an inward investment framework agreed with UKTI and Visit England.
- 7.62 Lancashire is recognised as one of the UK's leading export locations. The challenge for Lancashire is to fulfil its potential as a destination of choice for all companies in the sectors in which it has internationally competitive strengths.

Growth Deal Priority 5: Releasing Local Growth Potential

7.63 This section identifies where spatial interventions, often transport infrastructure, are required to unlock employment, housing and economic opportunities.

Growing Places

Project No.	Project Title	CLGF	Private	Other Public Sector	Total Cost
11	Growing Places Fund	30.0	-	-	30.0
	Totals	30.0	-	-	30.0

7.64 The Growth Deal will seek to build upon the success of the LEP's original £20m *Growing Places* investment fund, which is now starting its second investment cycle.

7.65 In deploying this resource, the LEP agreed that it would invest its fund on a commercial and revolving basis with the principle aim to invest in stalled schemes which are capable of unlocking economic growth quickly but where barriers to development, such as ownership and planning issues have been resolved. The fund has other investment criteria that it applies, including jobs and housing unlocked, the level of intervention against total scheme costs, repayment mechanisms and security packages. Schemes are also required to demonstrate that other investment has already been secured, whether public or private.⁶⁵

7.66 To date the Fund has invested in seven schemes and has already leveraged an initial £100m of additional public/private investment. The first investment cycle will help generate over 3,000 new jobs, create around 400,000ft² and see more than 150 new houses built. Repayment terms for these seven schemes are within a 2-3 year period.

7.67 Based upon the achievements of the *Growing Places* investment fund and the demand remaining for it, the fund is now starting its second investment cycle applying these same rules, terms and principles to actively invest in development schemes and co-invest with other private, public and institutional investors to deliver new jobs and housing growth in Lancashire.

7.68 Independent commercial development advice has concluded that whilst in the immediate term Lancashire has a ready supply of sites to meet likely and existing demand, Lancashire could have a problem of meeting demand if sites that are proposed to come forward fail to do so.⁶⁶ Lancashire cannot afford to miss these opportunities.

7.69 This same advice also identifies the specific requirements of advanced manufacturing companies in particular, and the scale of initial investment some of these sites will

⁶⁵ LEP Board Report, 25th September 2012 - *Growing Places*

⁶⁶ *Strategic Commercial Development Advice*, Colliers, 2014

need to fully provide the access and infrastructure for these end uses. In parts of the county historic low values in a number of key locations provide a further challenge.⁶⁷

7.70 The LEP is seeking to build on the success of its existing *Growing Places* investment fund with an additional £30m allocation from the Growth Deal.

7.71 This additional fund would actively look to make commercial investments from 2015 on the same revolving basis and would, as with the existing fund, invest in key infrastructure, including utilities and access, and maximise other investment where available. However, crucially, this fund would focus on enabling the delivery of regeneration-led schemes in locations such as Blackpool and East Lancashire. Specifically, its investment criteria would consider:

- Investment thresholds above those currently stipulated, i.e. become the majority funder;
- Longer repayment periods, likely to be over 5-years, as a result of site's generating returns from land values or letting arrangements;
- Targeted use of funds to support the development and growth of high value sectors, including green technologies.

7.72 Example scheme:

Conference Centre in Blackpool.

Historically, Blackpool successfully hosted conferences and exhibitions on a national and international scale. Its position as one of the premier providers into this marketplace has now eroded due, in part, to a lack of investment in modern facilities. Recent investment to secure and safeguard the fabric and exterior of the Winter Gardens has presented an opportunity to invest in this venue so that it can play host to conferences and exhibitions of scale. Lancashire currently has no dedicated state-of-the-art conferencing venue and recent research has confirmed the potential for a mid-size, multi-purpose venue in Blackpool based in the Winter Gardens.⁶⁸ Such a facility would generate an annual turnover of £120m, 350,000 new visitors and £50m additional GVA per annum.⁶⁹

A 5,000sq ft development is proposed costing approximately £16m. A facility at the heart of the town centre offers an excellent opportunity to realise a modern conference and exhibition facility in the region with the scheme significantly raising the region's business tourism profile. The new centre would boast plenary conference accommodation for over 1,000 delegates with adjoining large exhibition spaces, breakout areas and catering amenities.

Growing Places investment could be repaid using a proportion of the annual turnover.

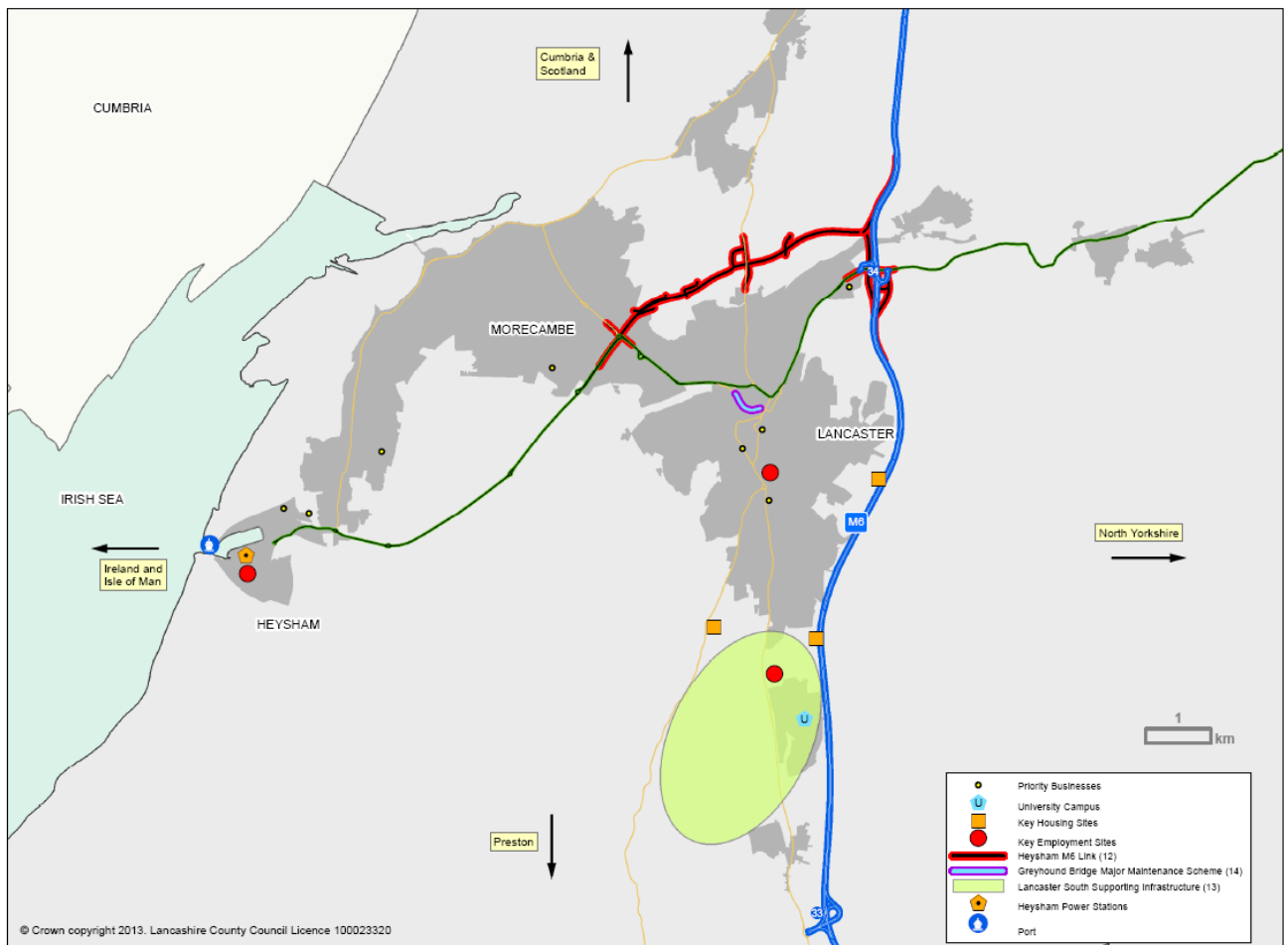
⁶⁵ Reference to be added

⁶⁸ *Right Solutions, 2013*

⁶⁹ *Right Solutions, 2013*

Lancaster

Project	Project Title	CLGF	Private Investment	Other Public Sector	Total Cost
12	Heysham to M6 Link Road	-	-	124.5	124.5
13	Lancaster South Supporting Infrastructure	16.8	3.6	3.6	24.0
14	Greyhound Bridge Major Maintenance Scheme	2.3	-	0.2	2.5
	Totals	19.1	3.6	128.3	151.0



- 7.73 Lancaster is a major location for economic and housing growth within the *arc of prosperity* and is recognised by the LEP as a priority area. Lancaster University is regarded as one of Lancashire's key economic assets.
- 7.74 Independent economic forecasts suggest that Lancaster will see employment and GVA growth above the Lancashire average; continuing a trend evident over several years.⁷⁰ The city boasts economic assets of national importance which, unsurprisingly, are key economic drivers, namely Lancaster University, Heysham 1 and 2 nuclear power stations, and Heysham Port.
- 7.75 Although Lancaster is Lancashire's most self-contained labour market the city acts as a key service and employment centre for the communities of South Lakeland, as well as rural parts of Wyre, Lune Valley and North Yorkshire.
- 7.76 Lancaster benefits from its historic strategic position, which is critical to the city's current economic growth:
- Lancaster is directly adjacent to the M6, with two junctions providing access to the city and key economic assets, such as the University via junction 33 and Heysham Port via junction 34 currently being rebuilt as part of the new Heysham to M6 link road;
 - The city's railway station on the West Coast Main Line provides first class access to national, regional and local centres with frequent direct services to London, Birmingham, Glasgow, Edinburgh, Manchester and Manchester Airport, as well as to more local centres including Preston, Windermere for the Lake District, and Barrow-in-Furness via the Cumbrian Coast. Electrification of the line between Preston and Liverpool brings the possibility of direct services to Liverpool should through services between Liverpool and Scotland be reintroduced.
 - Heysham Port is the third largest port in the North West and is acts as a hub for Roll-on Roll-off ferry services to Ireland and the Isle of Man, and currently handles 12.7% of the total traffic between the UK and Ireland. It is also the supply base for major offshore gas field and wind farms in the Irish Sea. The £124m Heysham to M6 link road, currently under construction, will significantly improve connectivity between the port and the M6.
- 7.77 Despite these inherent advantages the area is often perceived as being a peripheral location by investors. Lancaster has much to gain from a renewed approach promoting the Lancaster offer within the broader strategic marketing of Lancashire.
- 7.78 Lancaster University itself is a world renowned academic institution, consistently ranked amongst the top 10 UK universities for research and teaching, and is ranked number 1 for physics research.⁷¹ The University continues to grow and now has over

⁷⁰ *Economic forecasts for Lancashire*, Oxford Economics, 2013

⁷¹ Research Assessment Exercise, 2008

11,000 students, with an international profile which will see the university establish industrial links with key international markets.

7.79 Lancaster Health Innovation Park is a new knowledge based initiative on an 11ha site immediately adjacent to the University campus. The Park draws on pioneering developments in North America providing an integrated approach to healthcare and services for people who are growing older. It also integrates and delivers an innovative combination of services applicable to urban and rural environments.

7.80 The Innovation Park will be expected to:

- Capitalise on the research profile, collaborative strengths and business linkages of the University;
- Provide research and development activities and raise the profile of Lancaster University as an excellent partner for collaborative research;
- Improve graduate retention in the area;
- Mutually enhance the image and reputation of the City, the region, the University and businesses (with attention to businesses operating in Lancashire).

7.81 At the heart of the Park is the University's Faculty of Health and Medicine which will work with international healthcare providers and companies. The Park will house innovation buildings providing laboratory and test space for companies carrying out product and service development in collaboration with the University and healthcare bodies, premises for companies working on the Park and interactive facilities for engagement with the community. This initiative will be the first project of its kind in the North of England.

7.82 Adjacent to the Innovation Park and university in South Lancaster is a location that has been identified as one capable of delivering significant development, critical to meeting the future housing and employment growth needs of Lancaster which will have wider economic benefits to Lancashire and beyond. The case for such development is strong, as is the case for developing to the south of city in an area adjacent to the university and the M6, between the southern boundary of the city and the village of Galgate. This area includes major housing sites at Bailrigg and Whinney Carr, the University of Lancaster as well as the site of the planned Lancaster Innovation Campus. Jointly these sites will deliver up to 2,000 houses, circa 40,000m² of business and innovation space accommodating over 4,000 high-value jobs and circa 5,000m² of retail and leisure space.

7.83 Releasing the potential of development in south Lancaster, including the Innovation Park, is however severely constrained by the existing highway network with the main access route (the A6) already operating close to capacity.

7.84 To support the full growth ambitions of Lancaster and Lancashire a comprehensive transport solution is required including strategic and local highway improvements necessary to unlock the area's development potential. Such interventions would

deliver additional capacity to realise both currently identified and possible future, development opportunities in the area, with the potential added benefit of assisting with the opening up a number of residential sites in the adjoining district of Wyre.⁷² Initial work assessing the GVA impact of interventions in south Lancaster shows a significant return, based upon the employment and housing potential of the location.⁷³

7.85 Lancashire County Council is working with the City Council to assess potential solutions through the Lancaster Highways and Transport Masterplan currently in preparation. It is clear, even at this, stage that significant public resources will need to be co-invested with local public and private contributions to ensure the final highway solution is sustainable and genuinely unlocks the growth potential of South Lancaster and Lancashire.

7.86 Heysham is an important component of both the local Lancaster economy and Lancashire Energy offer:

- The Port is owned by Peel Ports Limited who support the LEP's growth aspirations and see a strong strategic fit to their ambitions with Liverpool2.⁷⁴ With completion of the Link Road, Peel Ports will invest in underused areas of the existing Port as well as in adjacent land in which they will seek to expand their operation.
- Heysham is also home to two nuclear power stations and is one of 10 sites identified nationally for a new build power station, Heysham 3. Heysham 1 and Heysham 2 are programmed to be decommissioned in 2019 and 2023 respectively. Each of these events will be significant economic impacts upon the local community and broader economy.
- Heysham and its surroundings is also the location for a significant amount of offshore energy and where it is connected into the National Grid. DONG Energy is currently working to land the significant £1.76 billion Walney Farm Extension through Heysham, for example.⁷⁵

7.87 The Heysham to M6 Link Road provides a critical strategic highway link between this energy pulse and the national strategic road network.

7.88 A renewed city centre will underpin broader growth in and around Lancaster. Building upon Lancaster's historic status as a city plans major commercial investments are poised to deliver a radical qualitative upgrade to the city's shopping and visitor experiences.⁷⁶ This includes the Duchy-owned Lancaster Castle, until recently a working prison, which is set to be launched as a major visitor attraction with

⁷² Wyre Core Strategy Preferred Options document (2012)

⁷³ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

⁷⁴ Liverpool2 is Peel Ports new container terminal and will enable the container handling capacity at the Port of Liverpool to be doubled from 750,000 teu to 1.5million teu per annum.

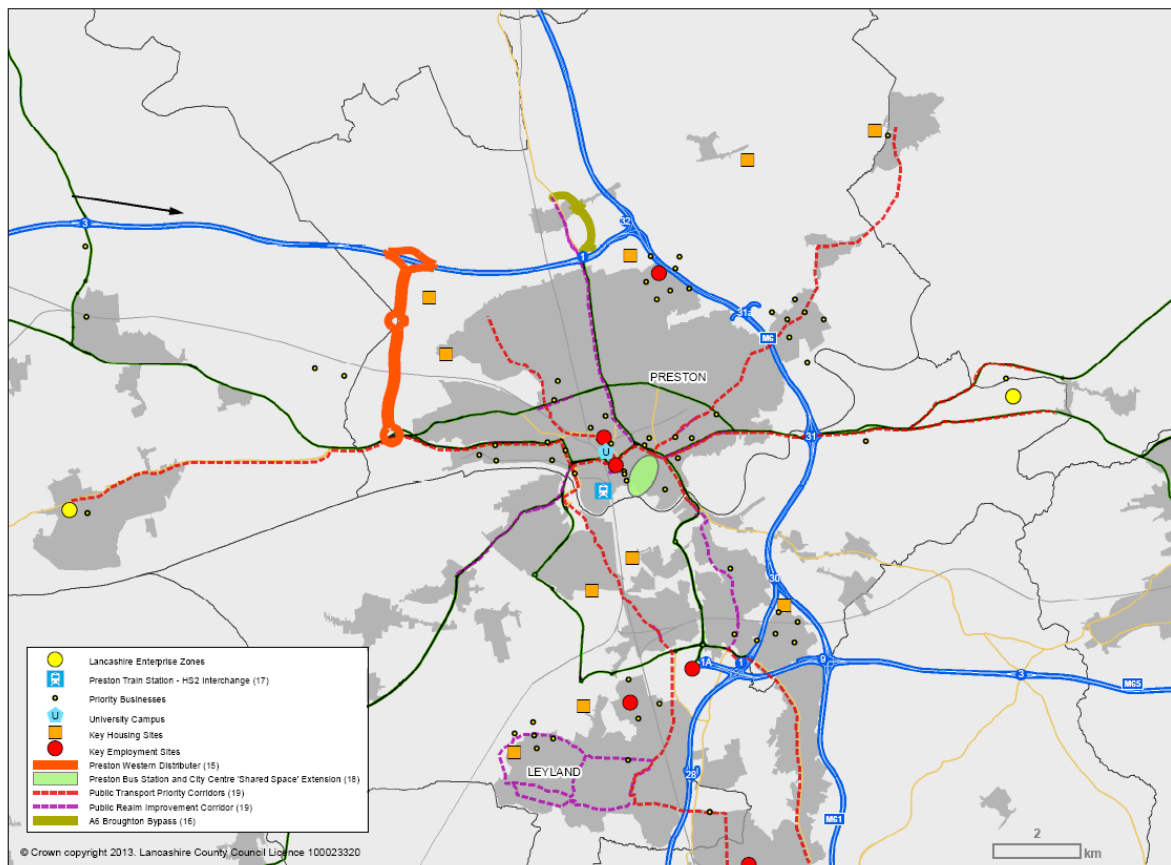
⁷⁵ Furness Enterprise

⁷⁶ One of the North West's three historic cities; Carlisle and Chester are the other two.

commercial uses, whilst also retaining a working court function. In the immediate term city centre movement is potentially compromised by the condition of Greyhound Bridge.

Preston

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
15	Preston Western Distributor (including M55 Junction 2)	30.9	9.0	52.1	92.0
16	A6 Broughton Bypass	6.3	8.8	8.8	23.9
17	Preston Railway Station / HS2 Interchange	40.0	5.0	5.0	50.0
18	Preston Bus Station and City Centre 'Shared Space' Extension	8.0	7.3	8.7	24.0
19	Central Lancashire Priority Corridors	9.0	-	6.0	15.0
	Totals	94.2	30.1	80.6	204.9



- 7.89 Preston's successful City Deal highlighted the recent economic performance and potential of the wider Preston area, which has been independently identified by analysts as a location that can consistently deliver significant new jobs and economic growth, outstripping the majority of England's Core Cities for scale and level of performance.⁷⁷
- 7.90 The City is between two nationally significant employment sites, including the Lancashire EZ sites at Samlesbury and Warton; these sites are also home to BAE Systems' national centre of high-value manufacturing activity, currently employing 12,000 people within Lancashire.
- 7.91 The City Deal will generate over 20,000 new jobs and deliver over 17,000 new homes over the next 10 years. It is clear to the LEP that this nationally significant rate of growth in and around Preston will generate benefits which can be accessed all across Lancashire and beyond.
- 7.92 Delivery of four major new roads, a motorway junction and the necessary local community infrastructure will enable the full development of significant housing and commercial development schemes. Without the City Deal the quantum of residential and employment schemes would not be capable of being realised.
- 7.93 Prior to the Deal signing, several residential planning applications had been refused permission on the grounds of insufficient highway capacity. Now, with the certainty of delivery provided by the Deal, permissions are granted in anticipation of the infrastructure's readiness, in fact in just 6-months since the Deal was signed over 2,000 homes have been consented for planning.
- 7.94 There are four major road schemes two of which require DfT funding, already committed to as part of the successful City Deal negotiations, of which one, the Preston Western Distributor, is required from SLGF. The other two schemes, the South Ribble Western Distributor and Penwortham Bypass, are already being delivered from the City Deal Infrastructure Delivery Fund.^{78 79}
- 7.95 A new Preston Western Distributor will link the A583/A584 to the motorway network via a new junction on the M55. This road will improve access to the Warton site of the Lancashire EZ, the Springfields nuclear fuel facility at Salwick and enable the comprehensive development of the North West Preston strategic housing location which will accommodate over 5,000 new homes. There will be major economic benefit as a result of the Preston Western Distributor; independent estimates suggest the road's benefit to the local economy by 2024 will be in excess of £60m with an average GVA over a 60 year period of £22m per annum, whilst its indicative BCR is >4.^{80 81}

⁷⁷ Preston, South Ribble & Lancashire City Deal, September 2013

⁷⁸ Preston, South Ribble & Lancashire City Deal Infrastructure Delivery Fund, 2013

⁷⁹ The £3m Goldenway Pinch Point scheme (DfT) forms part of the South Ribble Western Distributor improvements.

⁸⁰ GVA Analysis of Lancashire Transport Schemes, Jacobs, 2014

⁸¹ Analysis has been completed for 60-years, in line with WEBTag TAG Unit 3.5.4 Cost Benefit Analysis 2012 and Green Book appraisal good practice.

- 7.96 The road will provide access to a new Cottam Parkway railway station, with direct access to electrified services to Blackpool, Preston, Liverpool and Manchester, as well as services to East Lancashire.
- 7.97 In the long-term it is the ambition to provide a New Ribble Crossing to connect the Preston Western Distributor with the Penwortham Bypass and South Ribble Western Distributor to provide a continuous route between Cuerden and the M55 to the west of Preston. City Deal partners have agreed that any surplus in the City Deal Infrastructure Delivery Fund will contribute to the realisation of this ambition.
- 7.98 A new Broughton Bypass will provide critical congestion relief on the A6 to the north of Preston. This new road will also unlock housing sites to create over 1,400 new homes, as well as enabling full development of new and future employment sites in Preston East creating over 5,000 new jobs.
- 7.99 Significant progress has been made since the City Deal was signed to deliver these roads in line with the timescale set out in the agreed City Deal Delivery & Implementation Plan.⁸² Demonstrating the confidence in Preston following City Deal status, Preston City Council has consented over 2,600 new home permissions since the start of 2013. In addition early works have commenced on all key highway infrastructure projects.
- 7.100 Preston City Centre has a key role to play in fully realising the economic growth of the City Deal and Lancashire. Just under one-quarter of the City Deal's economic uplift and one-third of new employment is estimated to take place in the city centre.⁸³ A City Centre Investment Prospectus was launched in 2012 highlighting the city centre opportunities and as an investor location.⁸⁴
- 7.101 Commercial analysis of Lancashire's strategic employment sites identifies Preston as Lancashire's main office market and one capable of growing its role as a financial and professional service sector location on account of its critical mass and transport links.⁸⁵ To effectively service this market the city centre needs to provide new high quality office space. There has been relatively little additional, new, city centre office supply developed over the last decade, specifically the type of office product demanded by higher value service sectors seeking city centre locations.⁸⁶
- 7.102 However sites have emerged through the City's draft Local Plan, including the area between the railway station and university, as well as around the bus station, where currently several high occupancy office builds are already located, including a sizeable number of Government Property Unit functions.

⁸² *Preston, South Ribble & Lancashire City Deal Delivery & Implementation Plan*, 2014

⁸³ *Economic uplift of Preston, South Ribble & Lancashire City Deal*, Ekosgen, 2013

⁸⁴ <http://www.preston.gov.uk/businesses/economic-regeneration/investment-prospectus/>

⁸⁵ *Strategic Commercial Development Advice*, Colliers, 2014

⁸⁶ *Economic Potential of Preston*, GVA Grimley, 2009

- 7.103 Analysis of Preston's retail and leisure offer emphasises the scale of the city centre's retail catchment, currently almost half a million people, and as such the biggest retail city centre in the North West after Manchester and Liverpool.⁸⁷ Preston's Venue Score ranking at 29, is comparatively high to other North West regional centres, Liverpool and Manchester aside, Bolton being closest with a ranking of 66.
- 7.104 Other regional centres with West Coast Main Line stations, Warrington (71) and Wigan (104) are viewed similarly less well by this venue assessment tool. It would be envisaged that as new housing provides a supply of better quality family housing that Preston's current "lower middle" market position classification is lifted to "middle", making the centre more attractive to brands targeting that market.
- 7.105 Directly adjacent to the city centre is UCLan, the 5th largest university in the country in terms of its undergraduate in-take. UCLan is seeking to establish a new EIC of international standing in Preston City Centre. The EIC, supported by a minimum investment of £15m by the university, will see the creation of a flagship Centre of Excellence as part of a phased consolidation and remodelling of its city centre campus.
- 7.106 A key part of Preston's economic asset base is its strategic location on the road and rail network:
- Preston is the mid-point between Glasgow and London on the West Coast Main Line, and also has regular direct services to Manchester, Manchester Airport, Birmingham, Edinburgh, Leeds and Liverpool, as well as servicing more local centres including Blackpool, Blackburn and East Lancashire, Lancaster and the Lake District.
 - Three motorways intersect with the M6 at Preston; the city benefits, uniquely in a Lancashire context, from having significant population centres to the north, east, south and west, and having a local road network and bus network in keeping with this. Anticipating pressures on this important part of the Strategic Road Network is of critical importance to Preston, Lancashire and the broader north of England economy.⁸⁸
 - The city's bus station was listed in 2013 on account of its design concept for how it was envisaged road transport was to evolve; the bus station's 80 bus bays is testimony to the scale foreseen at the time and even today, with a requirement of at least 34 bus bays is extremely large.
- 7.107 Today, significantly for Preston, the rail and bus stations sit at opposite ends of the city centre; the railway to the west, the bus station to the east. As town and city centres reinvent themselves to take account of changing demands these key transport locations will serve to anchor a revitalised Preston City Centre, creating a centre that sits at the heart of Lancashire driving broader economic growth.

⁸⁷ *Preston City Centre Retail & Leisure Study*, Deloitte, 2013 [Venue Score ranking is 2011-12]

⁸⁸ *Draft Route Based Strategies*, Highways Agency, 2014

7.108 Preston's Railway Station is critical to the city and acts as a gateway to the county and for communities further north for local, regional, national and international connectivity. Today, Preston Station serves nearly 4.5m passenger users annually; with over 1.25-million interchanges each year it is the region's second busiest rail station after Manchester Piccadilly.⁸⁹

7.109 However, whilst passenger demand on long-distance services demonstrates the importance of Preston Station to the broader Lancashire economy, the station's relationship with the city centre is more demure:

- The station building lacks presence, being at the western boundary and below the natural eye-line of the city centre; and
- Preston's business base is predominantly local with relatively few regional and national service sector companies. (Despite journey times to London of just over 2-hrs, Preston has one of the lowest proportions of London headquartered businesses of all UK cities.⁹⁰)

7.110 The station fabric itself has seen limited investment in decades, which, in turn, has created a poor customer experience and prevented the station from becoming a key driver of the City Centre's wider commercial development strategy. In the short-term, electrified services between Preston, Manchester and Liverpool, including to and from Blackpool, will begin from 2016, providing improved journey times and capacity, reinforcing the role of Preston as an interchange.

7.111 Network Rail has indicated to Lancashire County Council its intention to undertake a major renewal (with costs likely to be in excess of £20m) of the railway lines in and around Preston Station during the period 2017-2019.⁹¹ We understand that this will include technical and engineering consideration for Preston so that it is capable of fulfilling its identified role on the High Speed Rail network, as well as potentially increasing the number of platforms from 6 to 9.

7.112 Lancashire is committed to supporting High Speed 2.⁹² As an economic centre in its own right, and identified by Government as being such, it is crucial that Preston has direct and frequent access to HS2 in fit for purpose surroundings.

7.113 Preston City Council is partner within the URBACT II European programme exploring the territorial effects of railway hubs and their urban benefits. Partners from across Europe, including cities on High Speed lines, form part of this programme. This is providing invaluable intelligence from similar cities from their experiences of High Speed rail, including an understanding as to how Preston and Lancashire can fully exploit a High Speed stop.

⁸⁹ Office of Rail Regulation, 2011-12 data

⁹⁰ *Centre for Cities Outlook 2014*, 2014

⁹¹ As part of Control Period 5 (CP5)

⁹² LEP response to HS2 Ltd, 2014

- 7.114 It is critical that the station's environment and passenger experience is transformed from its current Victorian condition to a modern 21st Century facility from which, to which and through which passengers would pass in comfortable surroundings that encourage even greater rail use and fully maximise the inherent advantages on the rail network that Preston benefits from. This would match standards of similar stations to Preston, such as Manchester Victoria.⁹³ Should this be done, it is estimated that there would be a lifetime economic benefit of £150m.^{94 95}
- 7.115 The significance of Preston Station as a driver of economic growth is recognised by stakeholders within and outside the county. As such the station's development is of fundamental importance to the economic growth aspirations of the county. In so doing, and with HS2 functionality, Preston's role as the North West's major rail hub north of Manchester will be reinforced. Establishing a HS2 Growth Strategy for Preston will be an important element to achieving this.
- 7.116 Investment in the public realm outside Preston Railway Station on corridors towards the UCLan is already taking place. This is the first major phase of a wider programme of gateway development work to improve connectivity between the two transport hubs (railway station and bus station) and the key development and commercial "Opportunity Areas" that are located between them.
- 7.117 This work centres on Fishergate. Fishergate is the city's principal street, connecting the city centre's assets, key zones and development areas. It is the primary pedestrian route between the railway station and bus station, is directly adjacent to each of the City's 'Opportunity Areas', and plays host to the majority of principal high street stores and banks in the city.
- 7.118 Completing the rejuvenation of Fishergate is an essential component of change in the city centre, enhancing Preston's image as an attractive and viable business location, especially for higher-value service sectors and retail occupiers.
- 7.119 Preston Bus Station occupies a large site at the eastern end of the city centre. It has recently been acquired by Lancashire County Council providing the opportunity to affect a scale of change required for such a large structure. Developing the bus station is part of a formal collaboration between the County Council and Preston City Council.
- 7.120 The bus station itself was listed in 2013 on account of its original design concept as an icon of Brutalist architecture. Its refurbishment will therefore need to be undertaken sensitively and in full consultation with English Heritage.
- 7.121 In redeveloping the bus station, new non-bus related floorspace will be made available. This, along with other sites in the vicinity of the bus station, will create new opportunities for city centre commercial development. Independent analysis highlights the immediate return on investment this scheme is capable of

⁹³ Manchester Victoria's refurbishment is circa £44m and forms part of Northern hub investment.

⁹⁴ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

⁹⁵ Lifetime benefit taken to be 60-years as per WEBTag TAG Unit 3.5.4 Cost Benefit Analysis 2012.

generating, which is £25m to 2024 and supporting the creation of more than 1,300 new jobs.^{96 97}

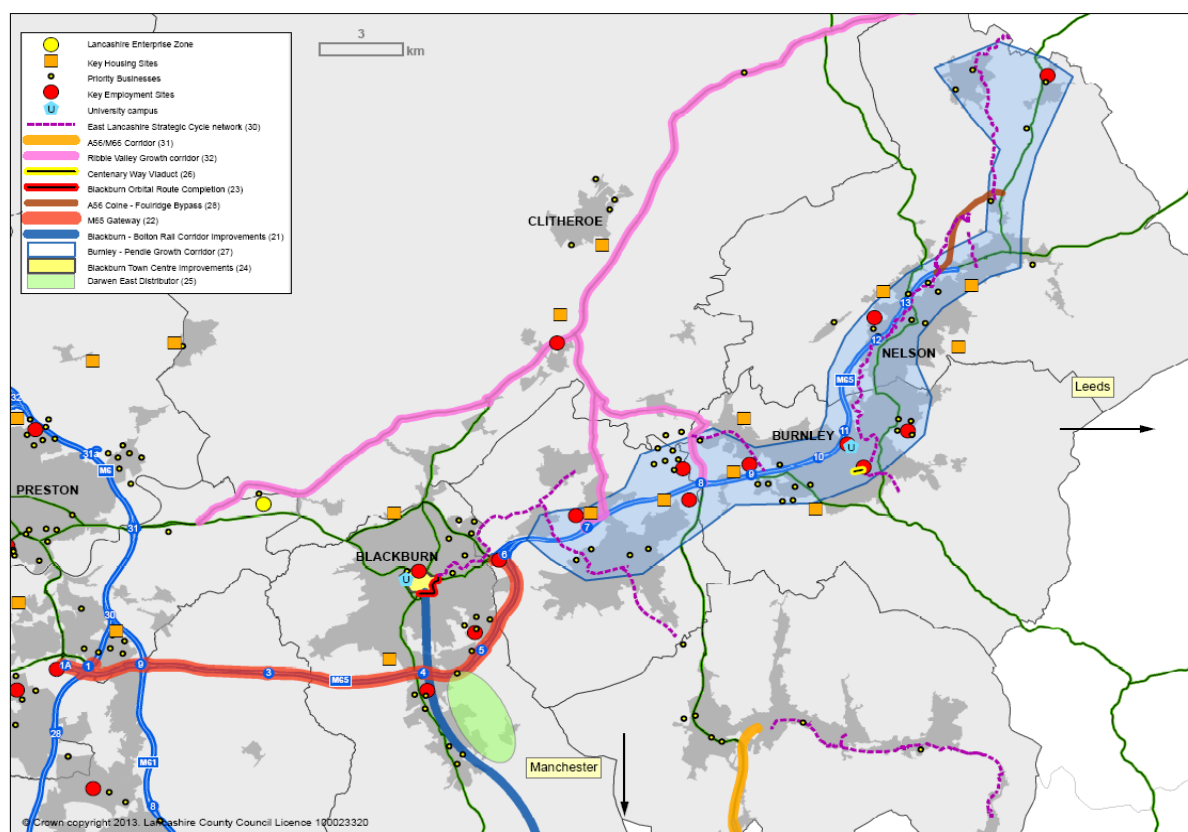
7.122 Together, City Deal and the introduction of HS2 services through Preston represent a once in a generation investment opportunity in the city that can provide the platform for economic growth. However, to fully achieve this critical investment is required in the public transport core infrastructure of Preston City Centre.

⁹⁶ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

⁹⁷ *Economic Impact Forecasts for Lancashire Employment Sites*, Ekosgen, 2014

East Lancashire

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
20	Pennine Reach	-	0.5	39.5	39.9
21	Blackburn to Bolton Rail Corridor Capacity Improvements	3.4	-	10.4	13.8
22	M65 Gateway Improvements Junctions 2 to 6	TBC	TBC	TBC	TBC
23	Blackburn Town Centre Orbital Route Completion	9.0	-	1.0	10.0
24	Blackburn Town Centre Improvements	0.2	-	0.0	0.2
25	Darwen East Distributor Route	2.5	-	0.5	3.0
26	Centenary Way Viaduct Major Maintenance Scheme, Burnley	2.8	-	0.4	3.2
27	Burnley / Pendle Growth Corridor	8.0	-	4.0	12.0
28	A56 Colne-Foulridge Bypass	16.0	-	4.0	20.0
30	East Lancashire Strategic Cycle Network	2.6	-	3.3	5.9
31	A56/M66 Gateway / Rossendale to Manchester Corridor Improvements	TBC	TBC	TBC	TBC
32	Ribble Valley Growth Corridor	2.0	-	1.0	3.0
	Totals	46.5	0.5	64.1	111.0



- 7.123 East Lancashire is home to over half-a-million people. An area of dramatic contrasts, with moors and farmland surrounding historic towns that were once at the forefront of the industrial revolution, its economy is valued at almost £10bn; nearly a quarter of which is in the manufacturing sector.⁹⁸
- 7.124 Manufacturing remains at the core of East Lancashire's economy and is a key part of Lancashire's industrial corridor, with high value advanced manufacturing activities and capabilities located within and along the M65 Growth Corridor from junction 4 onwards.⁹⁹ Blackburn is its key gateway location, Burnley is the UK's most Enterprising Area, and Pendle has the largest concentration of employment in advanced manufacturing in England.^{100 101}
- 7.125 The M65 Growth Corridor, along with the principal urban towns, supports approximately 80% of East Lancashire jobs.¹⁰² The manufacturing sector locally is characterised by high-value high-skilled jobs where earnings are in excess of £36,000 per annum, significantly higher than national and regional averages.¹⁰³
- 7.126 A number of global manufacturers including Rolls-Royce, Safran-Aircelle, Unison Engine Components, Weston EU, Euravia and Kaman, have either headquarters or significant operations based in the area. These companies, a number of whom are foreign-owned, have continued to re-invest significantly locally in their operations and play an active part in local economic growth.¹⁰⁴
- 7.127 The area is also host to a growing group of higher value industries, with aerospace, advanced manufacturing, advanced flexible materials, and digital and creative industries all featuring strongly. These high value industries mean that East Lancashire will play a key role in the economic repositioning of Lancashire, continuing to strengthen the *arc of prosperity*.
- 7.128 The rich manufacturing tradition of East Lancashire today presents two distinct challenges and opportunities to build upon the skills and expertise of its indigenous capabilities:
- 90% of East Lancashire's manufacturing plants (1800) employ less than 50 people; and
 - Many of these businesses still operate from outdated mill premises, potentially constraining their ambitious growth opportunities.
- 7.129 The M65 Growth Corridor boasts a number of modern well-connected existing and planned employment sites. These are capable of providing relocation opportunities in

⁹⁸ Pennine Lancashire Investment Plan, 2013

⁹⁹ *How Pennine Lancashire can contribute to the Economic Objectives of the Lancashire LEP*, Ekosgen, 2014

¹⁰⁰ BIS Enterprising Awards, 2013

¹⁰¹ *Spatial Distribution of Industries Release*, ONS, 2013

¹⁰² Lancashire Profile

¹⁰³ Pennine Lancashire Investment Plan, 2013

¹⁰⁴ Burnley Bondholders is a network of organisations who believe what is good for Burnley is good for business. Member organisations contribute financially or in-kind to promoting our town as a place to live, work, visit and invest.

purpose-built modern premises ideally suited for manufacturing uses, supporting high-value indigenous business growth.

- 7.130 Government's proposed Assisted Area coverage will benefit Lancashire's SME base and manufacturing supply chain, enabling existing businesses to invest and grow, as well as attracting new high growth businesses. SME start-up activity in Blackburn and Burnley is consistently higher than local and national levels. The M65 Growth Corridor is covered by the Government's existing proposals, and is of particular relevance as it will allow SMEs to access public funds at a higher level intervention rate for both premises and provision of equipment, encouraging companies to make proactive investment decisions.
- 7.131 Sites, which include Burnley Bridge Business Park, Innovation Drive and Blackburn Cathedral Quarter, have been unlocked using the LEP's Growing Places Fund. This has invested over half of its £20m investment fund on a commercial loan basis in East Lancashire, an area traditionally viewed locally and nationally as dependent on grant funding.
- 7.132 Independent analysis suggests that cluster based development promotes a greater diversity in economic activity, and that when coupled with private and public sector investment can boost the competitiveness of key sectors of the local economy.¹⁰⁵ Clustering therefore provides for enhanced local resilience and accelerated growth opportunities, with East Lancashire and its manufacturing base a ready-made example of an advanced manufacturing cluster.¹⁰⁶
- 7.133 To support this, creating development sites and commercial premises with the necessary on-site physical capability and which are in close proximity to other similar businesses, further support this clustering of related industries accessible by a skilled workforce. This will be crucial to securing the continued growth and expansion of East Lancashire's advanced manufacturing base. Equally as important, will be the requirement for the public sector to work collaboratively to deliver innovative and tailored interventions to support developments which may be more difficult to deliver.
- 7.134 *Innovation Drive*, Burnley, has been independently identified as a prime example of how special investment decisions, micro factors and the presence of a catalyst have influenced the delivery of a successful development.¹⁰⁷
- 7.135 There has been a long standing desire for this site to be an advanced manufacturing park, building on the town's industrial traditions in the manufacturing and aviation sector and also taking advantage of the presence of Safran-Aircelle also located on the site. However, despite the previous availability of grant funding through the Regional Development Agency, the presence of Safran-Aircelle as an anchor tenant and the Lancashire Digital Technology Centre to fulfil research requirements, alongside a large

¹⁰⁵ *Strategic Commercial Development Advice*, Colliers, 2014

¹⁰⁶ *Strategic Commercial Development Advice*, Colliers, 2014

cluster of aviation and automotive related businesses in the area, the site remained unattractive.

- 7.136 The key factor that made Innovation Drive a reality was the HCA releasing the site (for £1) to the developer and Growing Places Funding being made available to support the commercial development of units for occupation. Companies who have located to the site in additional premises include Kaman and BCW Engineering Limited.
- 7.137 Today, the issues for the site are around connectivity and access, in particular to and from the M65.
- 7.138 The opportunity also exists in East Lancashire to provide a quality of housing capable of supporting those high value jobs currently present in the local economy, as well as those which will be created in coming years. This housing growth will occur in areas that were previously characterised as failed housing markets and where there were moratoriums in place in some locations which were aimed at stimulating development but which instead served to stifle development. Key sites for development include the Gib Lane/Heys Lane site in Blackburn, sites located on Manchester Road/Rosendale Road Burnley, the former Baxi Works site in Padiham, and the Trough Laithe Farm and Knotts Lane sites in Barrowford and Colne, Pendle.
- 7.139 To maximise opportunities local partners are currently undertaking reviews of Green Belt to accommodate new housing development and local plans are adopting a strongly market-facing approach to site allocations. This is underpinned by an understanding of those locations with the greatest potential for growth and clear evidence on viability, whilst also having an emphasis on rebalancing the housing market by delivering aspirational family housing on a significant scale in high quality environments.
- 7.140 The Growth Deal proposals seek to resolve these connectivity issues to unlock these economic, jobs and housing opportunities, including supporting the renewal of urban town centres.
- 7.141 East Lancashire has the potential to generate almost 10,000 jobs and over £500m in GVA through delivery of key employment sites located along the M65 Growth Corridor.^{108, 109} This will be largely achieved through delivery of key employment sites along the Corridor; an area highlighted as having significant commercial growth potential.¹¹⁰
- 7.142 The approved East Lancashire Highways and Transport Masterplan recognises the opportunity to achieve this growth through targeted, yet modest, investment in transport infrastructure, similar to Pinch Point schemes. Such targeted investment will enable these sites and development opportunities along the M65 Growth Corridor

¹⁰⁸ *Economic Impact Forecasts for Lancashire Employment Sites*, Ekosgen, 2014 (Figure includes Huncoat but not other sites of local importance)

¹⁰⁹ These sites include Burnley Bridge Business Park, Pendle Gateway, Whitebirk and Huncoat.

¹¹⁰ *Strategic Commercial Development Advice*, Colliers, 2014

to be brought forward, ensuring they are well connected to their national and international markets as well as to their local supply chain and workforce.¹¹¹

- 7.143 Lancashire County Council is the highway authority for the M65 between Junction 10 and its terminus at Colne. The County Council has produced a route management strategy for the M65 Corridor between Junction 6 and Colne. This strategy will support economic growth through the implementation of a programme of localised interventions from 2015/16 focused on reducing current and projected congestion, improving journey time reliability and widening sustainable travel opportunities.
- 7.144 The LEP in conjunction with Lancashire County Council and Blackburn with Darwen Council is also commissioning a study to investigate what might be necessary in terms of works to improve capacity, reliability and safety between Junctions 2 and 6 and when such works might become necessary. This study will also consider the parallel A6119/A677 route to the north of Blackburn, which connects the M65 from the Whitebirk Strategic Employment Site at junction 6, to the EZ at Samlesbury and M6 at junction 31.
- 7.145 Other schemes identified within the Growth Deal and which directly support the future capacity of the M65 Growth Corridor include:
- Highways Agency 'Pinch Point' Programme schemes at M65 Junctions 4 and 5 to the south of Blackburn;
 - Blackburn Town Centre Orbital Completion and Improvements;
 - Darwen East Distributor Road;
 - Centenary Way Viaduct major maintenance scheme in Burnley.
- 7.146 Independent analysis identifies significant economic return for investments along the M65 Growth Corridor. A £12m package of interventions, of which £8m is sought from SLGF and £4m is provided from local contributions, east of junction 7 is projected to provide direct economic benefit of nearly £140m.¹¹² The interventions will release additional site capacity, enable quicker movement of goods, services and people through the Corridor by focussing on modest routing, movement and capacity improvements.
- 7.147 There nevertheless remains a strong perception locally that East Lancashire is poorly connected, with both road and rail networks hindering the efficient movement of people and goods, and that this relative isolation is having a negative impact on economic development, impeding East Lancashire's communities from fully benefiting from economic growth opportunities.
- 7.148 The M65 is the main route connecting East Lancashire with the M6 and M61 near Preston. It therefore plays an essential role in the economy of this part of the county, connecting people and businesses internally as well as providing the primary means of

¹¹¹ The East Lancashire Highways and Transport Masterplan is fully supported by Blackburn with Darwen Borough Council and Lancashire County Council in their role as Local Transport Authorities.

¹¹² *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

access to the M6. However the M65 terminates abruptly at Colne, with onward connectivity into Yorkshire largely ineffective. Unlike most motorways, the M65 is not three lanes throughout its length, and congestion is already evident during peak periods and exacerbated by the limited capacity, traffic flow composition and close proximity of some junctions. The County Council will be undertaking further detailed work to identify an appropriate solution to the traffic and environmental problems associated with the abrupt termination of the M65 at Colne, including bypass options for Colne.

- 7.149 The A56/M66 route, which links the M65 with the Rossendale Valley and the M60/M62 to the north-east of Manchester, is likewise constrained. The M66 now suffers from very severe congestion during peak periods and increasingly at other times, affecting travel to and from Greater Manchester particularly for commuters.
- 7.150 Future investment may be required to ensure that the two motorway gateways provided by the M65 and M66 will be able to cope with the demands placed on them. Congestion in the M66 corridor is of more immediate concern, and work is underway to examine how best to enhance connectivity if there is demonstrable evidence that investment will deliver significant wider economic benefits for East Lancashire and Rossendale in particular.
- 7.151 Whilst road links to the west and south are of reasonable standard, rail links are much less adequate or non-existent:
- Journey times to Preston, Manchester and Leeds are lengthy and for some require a change of train;
 - Rolling stock is generally of a poor quality and will only fall further behind compared to adjacent networks as they are electrified;
 - Fast, frequent and reliable access by train to Manchester Airport is of critical importance, yet there are currently no through services from east Lancashire;
 - Rossendale, which borders Greater Manchester, has no mainline rail service of any sort; and
 - Low patronage figures for stations on the Colne branch reflect just how poorly Pendle is served by rail.
- 7.152 Such factors all serve to heighten the sense of isolation and the perception of East Lancashire as an area of localised labour markets, narrow travel horizons and limited interaction with the adjacent economies of Manchester, Leeds and Central Lancashire. If Lancashire is to maintain its position as a national leader for advanced manufacturing, investment in East Lancashire's transport infrastructure will be vital to ensure the critical mass of businesses within the sector can continue to operate, invest, expand and grow, and that local people can easily access local job opportunities.
- 7.153 Elsewhere, local and national agencies are already delivering schemes to improve East Lancashire's strategic transport network, with others programmed. These include:

- Todmorden West Curve and the introduction of a through train service between Burnley and Manchester from December 2014;
 - Phase 2 improvements to Burnley Manchester Road railway station;¹¹³
 - Pennine Reach public transport improvements (Darwen-Blackburn-Accrington);
 - Clitheroe to Manchester rail corridor improvements.
- 7.154 Whilst the above schemes will bring about some improvement to the rail network in East Lancashire in particular, partners still need to fully understand the extent to which the rail network can contribute towards improving the area's economic fortunes.
- 7.155 The LEP, in conjunction with Lancashire County Council, has commissioned a study to examine this issue in depth, in particular, the importance of enhanced rail connectivity between East Lancashire and the growth centres of Preston and Central Lancashire, Manchester including Manchester Airport, and Leeds. It will also identify how best to achieve this enhanced connectivity, if there is demonstrable evidence that investment will deliver significant wider economic benefits. The study's outputs will be used to support the case for future investment in East Lancashire's rail network through the next rail industry investment period covering 2019 to 2024 (known as Control Period 6) and future franchise specifications.¹¹⁴
- 7.156 Local travel and short journeys are a vital component of any transport network.¹¹⁵ Cycling in particular has the potential to offer options for short journeys but also for longer journeys to work and for education and leisure. As a result of key employment sites being located along the M65 Growth Corridor they are, in the main, easily accessible from many residential areas. Therefore, Active Travel opportunities, in particular cycling, present an opportunity for employees to use alternative travel modes. In so doing this supports the wider capacity on the road network.
- 7.157 An East Lancashire Strategic Cycle Network will be created, which will provide a coherent cycling network is safe and well maintained. Independent analysis suggests that the economic benefits directly related to health are nearly £3m to 2024.¹¹⁶
- 7.158 To date, we have identified transport interventions costing almost £111m, of which we are seeking £46.5m from the Growth Deal to supplement £64.6m from local contributions. The programme includes investment in the motorway and local road networks, the rail network, the public transport network and the sustainable transport network.
- 7.159 This investment is required to deliver transport infrastructure schemes from 2015 to 2021, with more than one-quarter (£32m) necessary to enable delivery-ready schemes in 2015/16. It will contribute towards making sure that East Lancashire's transport

¹¹³ Phase 2 would be the installation of a footbridge, new platforms and a further extension of the car park to accommodate 150 cars.

¹¹⁴ Control Period 6

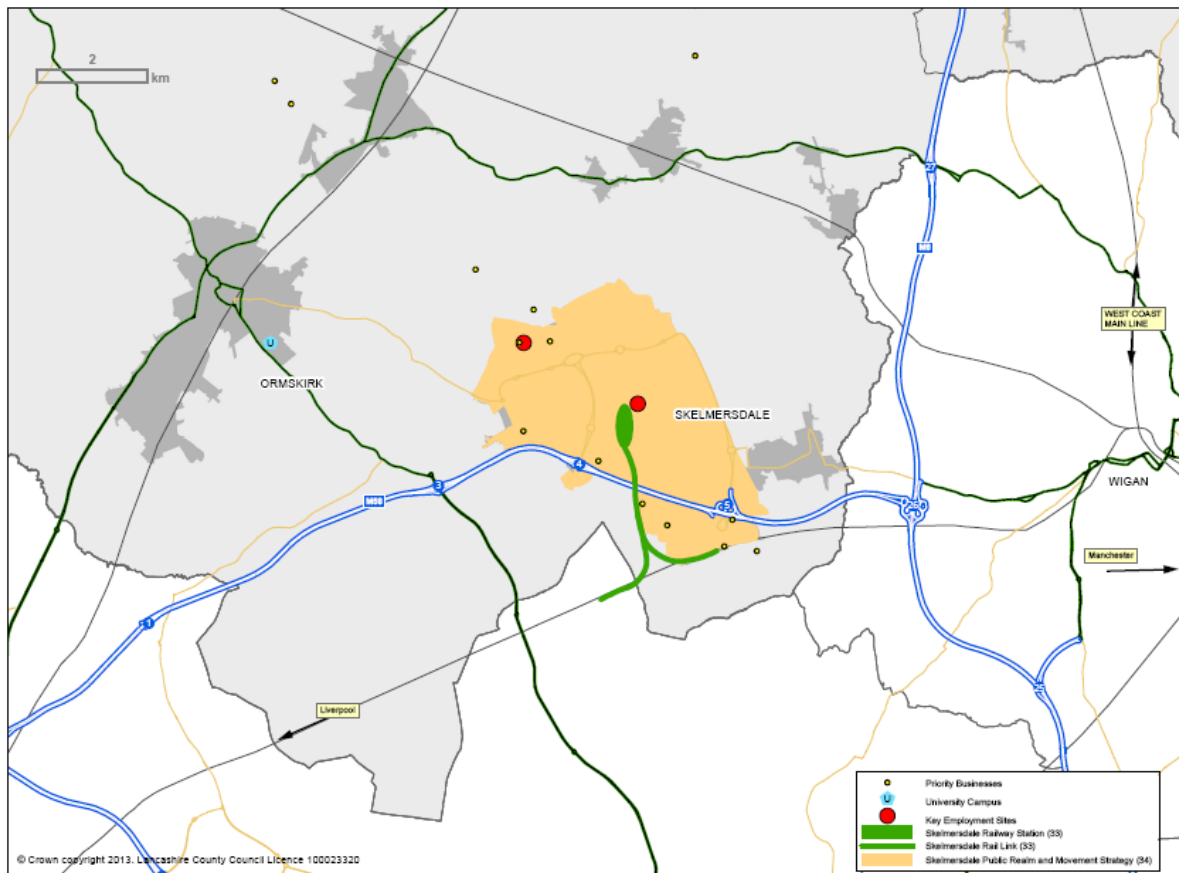
¹¹⁵ 'Door to Door - A Strategy for Improving Sustainable Transport Integration', DfT, 2013

¹¹⁶ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

networks are fit for purpose in the 21st Century, crucial for supporting transformational economic growth across the area.

Skelmersdale

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
33	Skelmersdale Railway Station	TBC	TBC	TBC	TBC
34	Skelmersdale Public Realm & Movement Strategy	36.0	-	4.0	40.0
	Totals	36.0	-	4.0	40.0



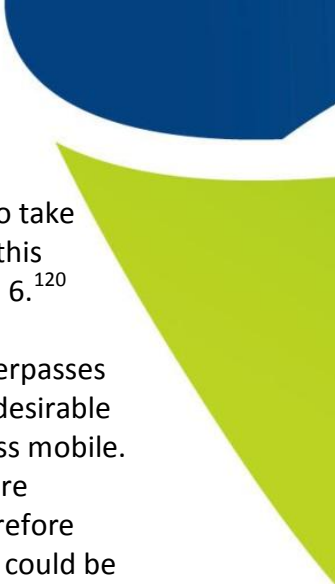
- 7.160 Skelmersdale was a small mining town until the establishment of the New Town in 1961 when it accommodated population overspill from Liverpool. The town has grown considerably since that time and is now the largest and most densely populated settlement in West Lancashire, with a population of almost 41,000 in 2011.
- 7.161 However the town has not reached its originally planned capacity of 80,000, and the new town legacy particularly in terms of the layout, form and functioning of the town all contribute to the significant socio-economic problems Skelmersdale now experiences, with over half of its residents living in areas that are amongst the 20% most deprived in the country. This deprivation is the result of a combination of factors including low income levels, unemployment, low education levels and poor housing, coupled with a lack of community cohesion and high crime levels.
- 7.162 Skelmersdale nevertheless lies at the heart of the North West, within a triangle of key centres with Liverpool to the west, Manchester to the east and Preston to the north. In this context, whilst it sits outside of the *arc of prosperity*, with two junctions on the M58 and close proximity to the M6, Skelmersdale has excellent road access and is home to a number of logistics and distribution companies including ASDA and Walkers Snack Foods. Skelmersdale is on a short list for one of the largest live logistics enquiries in the North West. The town's geographical location is such that it is capable of supporting economic growth in three LEP areas, with the potential to become a key service centre within the Atlantic Gateway corridor.¹¹⁷
- 7.163 Housing developments could see over 2,000 new homes built, with 52ha of land to be newly developed for employment uses. Skelmersdale is a pilot area as part of the Homes and Communities Agency's Land Auction Programme.
- 7.164 The development of the Liverpool SuperPort concept, with Peel Ports' new deepwater container terminal (known as Liverpool2) at its heart, could further increase the demand for distribution and logistics related sites in Skelmersdale. Especially given Peel's ownership of Heysham Port, Skelmersdale is well located to service both facilities. The terminal is due to open in 2015 and will enable the port to handle some of the largest container vessels in the world, vessels that can currently only dock at Felixstowe and Southampton in the UK.
- 7.165 There are obvious advantages to logistics and manufacturing companies in locating close to such a facility, and both Peel Ports and the Liverpool City Region LEP anticipate a significant demand for, in particular, modern logistics space within an hour's drive time of the Port of Liverpool in the coming years. However, resolving access issues close to the port such as the A5036 Dunnings Bridge Road between the M57/M58 Switch Island junction and the port entrance, will be essential if Skelmersdale is to capitalise on this potential. The Liverpool City Region LEP is focussing on ensuring the wider benefits of SuperPort are realised ensuring access and congestion issues in the port's hinterland are addressed.¹¹⁸

¹¹⁷ Greater Manchester, Lancashire and Liverpool City Region

¹¹⁸ Liverpool City Region SuperPort - Market Analysis Land and Property, 2014

- 7.166 The HCA ,County Council and West Lancashire Borough Council have recently commissioned consultants to undertake an in depth assessment of near-to-market opportunities presented by SuperPort and specifically how Skelmersdale and West Lancashire can best exploit these.¹¹⁹
- 7.167 Whilst Skelmersdale has excellent connections to the strategic road network, the local road network no longer serves the purpose for which it was built, and does not support current economic growth aspirations. Worse still, for a town with low levels of car ownership, Skelmersdale has inadequate public transport and sustainable travel opportunities with no direct rail link, poor bus services in terms of frequency, journey times and wider connectivity, lack of provision for pedestrians and cyclists and an inhospitable public realm.
- 7.168 The West Lancashire Highways and Transport Masterplan developed by Lancashire County Council is therefore proposing the wholesale reconfiguration of Skelmersdale's transport networks to meet both current and future needs, not just for the residents and businesses of Skelmersdale and Up Holland, but for West Lancashire as a whole. This is a hugely ambitious project but we believe a Growth Deal provides for the first time a once in a generation opportunity to reshape Skelmersdale through a single programme of works spread over a number of years and ensure that the town has a sustainable, integrated transport network that will allow it to grow and prosper in the future.
- 7.169 The County Council is to develop a Public Realm and Movement Strategy over the next two years that will include all key proposals in the Highways and Transport Masterplan. The strategy will require extensive public consultation and will involve public and private sector partners and the local community. It will prioritise work that supports delivery of a new town centre railway station and rail link and proposed redevelopment of the town centre with a view to seeking significant funding from the Local Growth Fund from 2017/18.
- 7.170 Skelmersdale is the second largest town in the North West without a railway station; the nearest, at Up Holland, is not easily accessible without a car and only has hourly services to Kirkby and Wigan. This limits access to both Liverpool and Manchester, as bus travel times are slow and journeys indirect. The West Lancashire Highways and Transport Masterplan is proposing a new railway station next to the town centre, fully integrated with the bus network and easily accessible by cycle and on foot. Ideally, the station would be served by services to both Liverpool and Manchester, thereby providing access to growth opportunities in both Merseyside and Greater Manchester, including the Liverpool Superport and Airport City (the Enterprise Zone at Manchester Airport) as well as Liverpool and Manchester city centres. It is also envisaged that Skelmersdale could act as a transport hub for surrounding smaller towns and villages, including Ormskirk, which does not have a direct rail service to Manchester.

¹¹⁹ *West Lancashire Economic Study and Action Plan*, Regeneris, 2014.

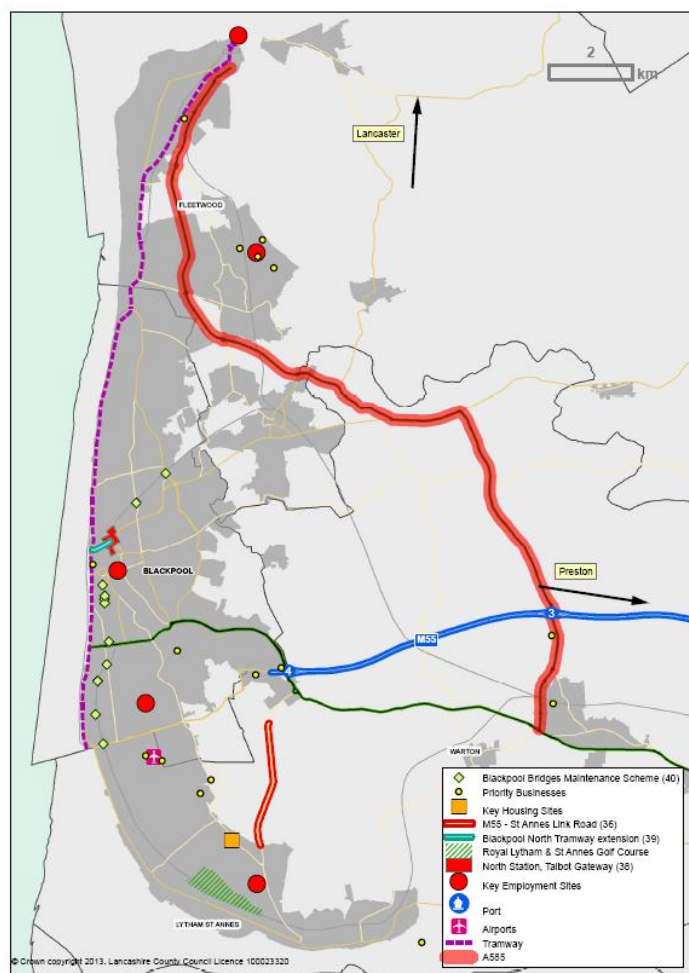
- 
- 7.171 Network Rail is currently working with partners across the three LEP areas to take forward the principles of a new rail link and station, with the intention that this could form part of Network Rail's investment programme for Control Period 6.¹²⁰
- 7.172 The biggest barrier to travel in Skelmersdale is an extensive network of underpasses that, whilst still often the only safe way of crossing a road, have become undesirable places associated with anti-social behaviour and difficulties of use for the less mobile. Often dirty, poorly drained and poorly lit, these underpasses are places where personal safety is perceived as compromised and hence limit travel and therefore access to employment and lifelong learning. Only a limited amount of work could be undertaken to improve a small number of the 80+ underpasses in Skelmersdale without a significant injection of new funding. This will enable removing the need for the underpasses themselves as part of an integrated approach to reshaping the road network and pedestrian and cycling routes.

¹²⁰ 2019-2024

Growth Deal Priority 6: The Renewal of Blackpool

Project	Project Title	CLGF	Private	Other Public Sector	Total Cost
35	Transformational Intervention in the Housing Market	1.3	-	26.0	27.3
36	M55 to St Annes Link Road	3.0	11.0	2.0	16.0
37	Blackpool Integrated Traffic Management	1.7	-	0.7	2.4
38	North Station / Talbot Gateway Transport Interchange	6.4	-	1.6	8.0
39	Blackpool Tramway Extension North Pier to Railway Station	2.2	-	16.0	18.2
40	Blackpool Bridges Major Maintenance Scheme	3.8	-	0.4	4.3
41	Blackpool Town Centre Green Corridors	6.7	-	0.7	7.4
42	Heritage Based Visitor Attraction	1.5	0.6	19.1	21.2
	Totals	26.6	11.6	66.6	104.7

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¹²¹ The M55 to St Annes Link Road, whilst a scheme for Priority 5 *Releasing Growth Potential*, is referenced within Priority 6 *The Renewal of Blackpool*, on account of its role in supporting the Blackpool and Fylde Coast economy.

- 7.173 Blackpool is a distinctive local economy with a visitor economy unlike no other in the country in terms of its size, scale and mass-market appeal. It is the UK's largest seaside resort with nationally recognised attractions of Blackpool Tower, the Winter Gardens and the Pleasure Beach, and attracts over 17 million visitors per year.¹²²
- 7.174 Blackpool is the centre of the Fylde Coast economy which is also heavily tourism based with seaside towns including Fleetwood, Cleveleys, St Annes and Lytham, which regularly plays host to the prestigious Open Golf Championship.
- 7.175 However Blackpool has faced three decades of economic challenge. As the visitor economy changed from the 1980s Blackpool suffered disproportionately on account of its size and scale, combined with decreasing visitor spend. Investment stalled, jobs were lost and residents faced limited employment prospects with low, often part-time, wages. The composition of the population has changed with social problems becoming increasingly deeply entrenched in many parts of the town; Blackpool is now the 6th most deprived authority in England.
- 7.176 Whilst Blackpool remains a popular destination for day visits, the numbers of people choosing to stay longer has remained low since the 1980s. This reduction in the length of visit has resulted in an over-supply of holiday accommodation. The LEP recognises the importance of Blackpool and the role it can again play as a quality visitor destination of choice. Therefore Blackpool's renewal is dependent upon successfully growing a year round visitor economy place and product that can compete in an increasingly sophisticated market place.
- 7.177 Blackpool's coastal legacy however has led to a substantial concentration of small poor quality rental units as guesthouses have been converted into flats and HMOs. In excess of 80% of this supply is funded through Housing Benefit. It is a housing choice of last resort for people with limited housing options available to them with rental values determined by Housing Benefit.
- 7.178 In response Blackpool Borough Council and other public services already commit significant resources in responding to social care, health and educational needs and to ensure properties meet basic minimum standards. In spite of this little progress is being made to stem the high levels of social deprivation and poor housing conditions in large parts of the town's inner areas.
- 7.179 This has had the effect of Blackpool becoming increasingly attractive to transient populations, reinforcing social challenges.
- 7.180 As a result, and despite having the key fundamental assets of a visitor resort, Blackpool does not have a rounded quality offer to visitors. The impact of this is:
- Blackpool's economy has grown at under half the rate of the England average (over 1995-2008);

¹²² STEAM, 2012

- GVA per employee in Blackpool was 65% of the England level in 2008, compared to 72% in 1995;
- Blackpool has the highest rate of unemployment and youth unemployment in the North West; 1 in 4 (22,000) of its working age residents are on some form of welfare benefit, and 11,000 claimants have limiting health conditions (ESA/IB) – twice the national average; and
- Only 22% of the town's population possess qualifications at NVQ-4 or above, compared to 34% nationally; some 12,000 residents lack any qualifications at all.

7.181 Compounding this situation 41% of Blackpool's workforce is in public sector employment. This compares to 28% nationally and means Blackpool is vulnerable to the impact of the ongoing rationalisation of the public sector.¹²³ The Fylde Coast by the end of 2012 has already lost 3,500 jobs in the public sector with a further 4,900 at risk in the area by March 2015.¹²⁴

Prospects for Growth

7.182 Through pursuing a more strategic approach to intervention, concentrating on what Blackpool can do best, there is emerging positive evidence of renewal in Blackpool.

7.183 In 2010 the public sector invested significant resources to secure the town's iconic leisure assets including Blackpool Tower and Winter Gardens. Investment was secured to radically overhaul the tram system into a modern public transport facility, reengineered sea defences creating a world-class promenade with distinctive large areas of open space. In the last three years, and for the first time since the 1980s, the town has seen a year-on-year growth in tourist numbers.

7.184 Blackpool is well served by road and rail networks and is therefore capable of connecting into other economic opportunities within Lancashire and beyond. These include local opportunities for manufacturing and commercial developments on the wider Fylde Coast, including areas such as Hillhouse Industrial area in Thornton (with its cluster of advanced chemicals and materials businesses) and Warton's EZ; electrification of the main railway line, in addition to the M55, means that Blackpool is also well placed to capitalise on the significant infrastructure improvements and employment opportunities created through the City Deal.

7.185 The recent award of a £1m Employer Ownership Pilot will improve customer service and supervisory and management capacity via the newly formed Blackpool Tourism Academy.

7.186 The renewal of Blackpool requires growing the visitor economy and establishing the development of key new sectors, in Blackpool's case the Energy sector. 7 key initiatives will drive this:

- Transformational intervention in the housing market;

¹²³ This includes other public sector locations in the Fylde Coast.

¹²⁴ Public Sector Employment on the Fylde Coast, AMION Consulting, September 2012

- Major visitor attraction;
- Major casino licence;
- M55 to St Annes link road;
- Strategic Blackpool Town Centre transport interventions:
 - Blackpool Promenade & Town Centre Integrated Traffic Management;
 - Blackpool Tramway Extension
 - North Station / Talbot Gateway Transport Interchange
 - Blackpool Bridges
 - Green Infrastructure routes to prosperity
- Leisure Quarter Site; and
- Energy Skills HQ.

Transformational Intervention in the Housing Market

- 7.187 The private rented sector has an increasingly important role in meeting Blackpool's housing needs. Blackpool's coastal legacy has, over time, led to a substantial concentration of small poor quality rental units, as guesthouses have been converted into flats and HMOs. Not only does this undermine the tourist industry in Blackpool, negatively impacting the number of overnight stays but also overall economic growth.
- 7.188 Additionally, in excess of 80% of the inadequate flats and HMO supply are funded through Housing Benefit. It is a housing choice of last resort for people with limited housing options available to them. Rental values are therefore determined by Housing Benefit. In response, the Council and other public services commit significant resources in responding to social care, health and educational needs and in ensuring properties meet basic minimum standards. Despite this, little progress has been made to stem the high levels of social deprivation and poor housing conditions in large parts of the town's inner areas.
- 7.189 Blackpool needs and wants to address the root cause of its housing problems. Through a staged and cohesive package of measures Blackpool wants to improve the success rate of enabling individuals to take personal responsibility for their lives. This means restructuring the housing market by incentivising an increase in the range of accommodation to better cater for families and improving the quality of single unit accommodation whilst also ensuring appropriate services are in place to help people prepare for and access the jobs market. Blackpool recognises these issues can only be addressed through partnership with Government and requests an on-going and focussed dialogue with Government.
- 7.190 The following two inter-related measures could influence positively the Housing Market; the first measure addresses the mix of housing options and the second addresses the quality of the housing.

Influencing the Housing Market

Housing Benefit

- 7.191 Blackpool wants to explore through co-design, the impact of a temporary, more flexible approach to levels of Local Housing Allowance that reflect the quality of accommodation provided. Once the market has been rebalanced, Blackpool would revert to the National model.
- 7.192 Housing Benefit expenditure in Blackpool is £92m per annum and rising. Blackpool, by working with colleagues in Whitehall wants to reduce payment levels by 25% for accommodation that has been developed without the benefit of Planning Permission, with savings shared equally between the Treasury and Blackpool. Blackpool proposes to use its share to expand its work to identify unmet social, health and welfare needs, undertake short term preventative interventions and then support people into work.
- 7.193 A revenue contribution towards set up costs of £200k will be required to fund development of bespoke software to identify property categories and a live interface to link it with the Council's existing HB software system. Anticipated outcomes are:
- Market Correction - reverse the current market incentives that stifle investment in the private rented sector;
 - Incentivise personal responsibility and choice – create a viable private rental market that improves the availability of acceptable quality housing options for local communities including those of families;
 - Reduce HB payments in real terms – the Housing Benefit bill in Blackpool alone is £92m per annum and rising; paying less for inadequate housing has the potential to reduce this figure by £5m to £10m. These cashable savings would be shared between the Exchequer, and local programmes to address the causes of benefit dependency and stepping up housing enforcement activity;
 - Improve resilience of deprived neighbourhoods with reduced requirement for public services and higher levels of employment;
 - Improved private rented sector conditions – reducing rental value of poor quality stock will create the incentives that exist in regular market environments to provide a housing product is attractive to customers;
 - Increased private sector investment in housing supply;
 - Attract and retain family units in Blackpool, who are able to contribute to its economy.

Timescales	
Co design work between Blackpool, The Network, LEP and OGDs	31 st March 2014 to 30 th July 2014
Agree local flexibilities with Government	31 st July 2014
Establish local delivery mechanisms including amendments to administration software	Dec 2014
Implement for new claimants	from Feb 2015
Apply to all claimants	from June 2016
Project longstop date	April 2018 or sooner to align with implementation of Universal Credit

- 7.194 For a fuller indication of the comprehensive and staged approach that is under consideration, Blackpool has longer term plans that are not as yet fully developed. These include exploring the possibility of Blackpool acquiring a stake in the private rental market in order to provide a higher quality and better managed housing offer. Funded initially by prudential borrowing and then by private finance, a new quality benchmark would be established in the market providing tenant choice.

Housing Act powers

- 7.195 Explore with colleagues in DCLG and the Public Service Transformation Network the scope for using Housing Act powers to control space and amenity standards within HMOs and similar properties. Anticipated outcomes are:
- Improved housing conditions by reduction of sharing kitchens and bathrooms by different households with multiply occupied property and better living conditions within bedsit and flat accommodation.
 - Improved choice of housing offer and thereby increase in opportunity to exercise personal responsibility in choice of where to live.
 - Increased private sector investment.

Timescales	
Co-design work between Blackpool, The Network, LEP and OGDs	31 st March 2014 to 30 th July 2014
Agree local flexibilities	31 st July 2014
Adopt local standards	September 2014
Implement new standards	January 2015

Expansion of Transience Approach to Address Benefit Dependency

- 7.196 Transience is a symptom of a range of challenging issues which individuals and families face. There is a clear need to understand the factors that drive individuals and families to move with such frequency and to develop effective strategies that help them to deal with their problems permanently. In Blackpool, the housing stock and in particular the vast number of HMOs has resulted in an above average number of vulnerable people locating in the town. This has a resultant impact on not only the individuals, but also the wider community and the tourism industry. The South Beach Transience Pilot aims to make the area a good place to live, where people will want to stay, will thrive and contribute to their community.
- 7.197 Blackpool has successfully aligned the implementation of Selective Licensing with person centred support programmes aimed at supporting vulnerable people to make healthy and sustainable life choices that lead to employment. This is delivered in the context of a community led approach to developing resilient neighbourhoods that foster personal responsibility and aspiration.
- 7.198 Approximately 600 adults and 150 children have been provided with support through the existing pilot in the South Beach area and there is an urgent need to upscale the project into other areas of the town that are facing similar challenges. Local partners are working with the Public Service Transformation Network to build the robust business case required to secure future investment.
- 7.199 Initial estimates suggest that £500k per annum would be required to expand and accelerate the roll out of this approach, this would fund the additional staffing capacity required to enable unmet needs to be identified and short term preventative interventions undertaken in order to minimise public sector costs and support people into work as Licensing is rolled out.
- 7.200 There are currently a number of funding opportunities which Blackpool is able to bid for from Government Departments but individually they do not enable the accelerated delivery required to achieve impact at scale. There is also a requirement for these to be co-ordinated at a national level to deliver agreed shared outcomes. The ask of Government is to consider the business case for better alignment and co-ordination of national and local partner funding to deliver the transience programme at scale, in line with local outcomes.
- 7.201 Anticipated outcomes are:
- Unmet social care and health needs will be identified early and addressed in the community thereby reducing demand for high cost interventions by emergency services and local authority Adult Social Care and Children's Services. There will also be tangible benefits for Police and Fire and Rescue Service through reduced call outs;
 - Communities will become stronger and more resilient and residents are more likely to want to live and work in Blackpool;

- The roll out of private sector licensing schemes will be accelerated to minimise the risk of displacement and help engineer an environment where landlords take responsibility for property management;
- Improvement in property condition through increased levels of private sector housing enforcement.

7.202 Blackpool will develop an appropriate evidence base to consider and justify needs for licensing regime on a neighbourhood basis within the town's inner areas. Statutory public services will be subject to comprehensive service redesign to ensure they are responsive to identified needs.

Timescales	
Agree funding support	31 st July 2014
Assess evidence base for licensing in inner area neighbourhoods	Feb 2015
Service re-design process	Sept 14 to March 15
Roll out from	May 2015

Investment in Physical Condition of Housing Supply

7.203 A step change in the profile, condition and management of the housing supply is essential for the future economic prosperity of the town and to reinforce the impacts of the housing market and transience initiatives in the long term. It is clear that the private sector on its own has so be unable to deliver a supply of well managed homes that are needed to support economic growth and a sustainable housing market. Therefore, as part of a broader approach to influence the housing market, the Council is planning establish a new commercial vehicle that will draw on private sector expertise to acquire, reshape and manage a significant stake in the private rental market. Envisaged as a medium term intervention, this initiative will provide a range of housing options that are affordable within the Blackpool context.

7.204 A business case is being developed to provide 430 homes over a two year period for an investment of £26 million, funded initially by Local Authority Prudential Borrowing. This development will be undertaken in partnership with private sector construction partners, it is also planned to build on the skills and expertise within the Council's ALMO; Blackpool Coastal Housing with the view to potentially merging the two organisations. Once revenue streams are stabilised it is proposed to source private sector finance through borrowing and/or through an equity share arrangement.

Timescales	
Co-design of housing investment vehicle rational, design and funding with DCLG and HCA	March 2014 to October 2014
Initiate acquisitions	January 2015
Complete first 430 units	March 2017

Blackpool Asks	Blackpool Offers
Alignment of capital funding streams to address empty properties and flexibility of HCA contingent assets funding to support remodelling costs.	Provide revenue funding to cover initial development staffing costs and property management during the initial two year development phase.
Access to loan funding to Blackpool Council at competitive rates which can then be lent to the delivery vehicle at commercial rates. Revenue gains will be used to create a funding reserve to reduce local authority risk and support remodelling costs.	Secure prudential borrowing for the development costs whilst revenue returns are established and stabilised. Consideration will then be given to opportunities to secure long term private finance.
Blackpool is actively exploring the opportunity to fund this initiative through Prudential Borrowing. Development finance borrowing costs during the initial development phase is expected to be in the region of £1.3 million. A short term interest free loan rising to £26 million over two years is requested to mitigate this cost and improve programme viability. This will be repaid through prudential borrowing by Blackpool as units are completed and let.	

Leisure Quarter Site, Former Central Station

- 7.205 Blackpool's former Central Station site is a prime 7.15ha area of land in the middle of Blackpool town centre. The site is in public ownership and has for many years represented the ultimate development opportunity for the resort; it is also a BIS "Growth Demonstrator".¹²⁵ The HCA in recent years has supported Blackpool Council with initial site assembly support via property acquisitions.
- 7.206 Support is needed to release the site for major leisure/retail activity. Typical leisure development could incorporate a mix of a major visitor attraction, hotels and retail. A constraint is the ability to relocate the Ministry of Justice operations, including the town's Police Station, and delivery of supporting infrastructure.
- 7.207 To support the delivery of this key site specific interventions are required:

¹²⁵ Growth Demonstrator projects are major "stalled" private sector schemes which have the potential to create substantial jobs and built development. Government departments and partners actively work to bring schemes to fruition.

- i. Support is required to relocate existing Ministry of Justice (outdated Courts) and Divisional Police HQ including 55 detention cells;
- ii. Support is required to secure alternate sites and cost of relocation. MOJ will need encouragement to accept the option of taking a commercial lease;
- iii. Work to establish a viable proposition that tackles infrastructure challenges, including the re-provision of coach facilities, and realises the site's delivery. This could include accessing resource through the LEP's Growing Places investment fund.

7.208 Development of this site will compliment additional commercial developments in the town, including the development of a new conference centre in the town to be developed with the private sector which will seek Growing Places funds

Major Visitor Attraction

7.209 A £21m Heritage Based Visitor Attraction (HBVA) is proposed for the Winter Gardens. Analysis done for the scheme suggest that this could creating 80 jobs, an additional 400,000+ visitors and £14.9m annual benefit to the local economy.¹²⁶

7.210 The scheme will:

- Anchor the regeneration of the Winter Gardens and ambitions for a new Creative Cluster of business activity;
- Create a new, high-quality, distinctive cultural offer;
- Reach Non-Traditional Museum Audiences and Bring New Visitors to Blackpool; and
- Develop Local Talent, Aspirations and Skills.

Large Casino Licence

7.211 Complementing these schemes Blackpool and Lancashire seek the granting of a large casino licence for Blackpool. Such a provision would consolidate and strengthen Blackpool's position as Lancashire's primary visitor attraction and support the town in attracting significant new investment, enabling it to reaching a new visitor audience.

M55 to St Annes Link Road

7.212 Ensuring that the local road network can support growth is also important to Blackpool and the broader Fylde Coast economy. The Lytham and St Annes strategic location for development could have a profound effect on the housing market in this important area, to the north of Lytham St Annes, south of Blackpool as well as being directly adjacent to Blackpool Airport and the significant employment sites of Whitehills and Blackpool & Fylde Industrial Estate.¹²⁷

¹²⁶ *The Blackpool Museum Business Plan*, Hosta Limited, February 2014.

¹²⁷ *Fylde Local Plan to 2030*, 2014.

- 7.213 In total over 1600 homes are proposed in the strategic location and independent analysis of the employment sites forecasts up to jobs being created across the two employment sites, the largest quantum of new jobs across the Fylde Coast.¹²⁸
- 7.214 However the existing highway capacity will be unable to take this scale of development. To directly support this growth, as well as underpin access to the resort towns, the Blackpool to St Annes Link Road (Lytham St Annes Way) will provide an improved road link between the M55 at Peel Hill and St Annes. This would be largely funded locally, through development, but a contribution from SLGF is sought to ensure that the provision of this key infrastructure does not become a barrier to housing and economic growth in this location.
- 7.215 Provision of the road would be of additional benefit to the broader Lancashire economy in that it would address a primary concern of the R&A over future Open Golf Championships being held at Royal Lytham & St Annes. The Open last came to Royal Lytham & St Annes in 2012 and had a local economic impact of £80m, placing the Fylde Coast, including Blackpool, one a prestigious world platform with the event viewed by more than 400-million households.¹²⁹ Retaining such events and connecting them into the renewal of the broader area would a significant boon to the local economy.
- 7.216 Independent analysis estimates that £5.20 would be generated in GVA for every £1 spent on this scheme.¹³⁰

A585 Corridor M55 to Fleetwood

- 7.217 The A585 between the M55 and Fleetwood is currently part of the national Strategic Road Network and therefore managed and maintained by the Highways Agency. It is a single carriageway road carrying a high volume of traffic with congestion an ongoing issue, principally due to insufficient junction capacity. Peak periods have got longer and congestion is an increasing problem during off-peak periods and at weekends. This can make journey times unreliable, with consequent implications for local residents, businesses and visitors. Whilst the route no longer serves an active port at Fleetwood following the withdrawal of Ro-Ro ferry services to Larne in December 2010, it nevertheless provides access to the extensive urban areas of north Blackpool, Thornton-Cleveleys and Poulton-le-Fylde and the Hillhouse strategic employment site.
- 7.218 The Highways Agency has included two major junction improvements in its Pinch Point Programme for delivery in 2014/15 at a combined cost of £3.1m. The two junctions in question are the A585/A586 traffic signals at Windy Harbour east of Singleton and the West Drive / Bourne Way junctions between Thornton and Cleveleys. Nevertheless, capacity problems will remain at a number of locations, not least the Five Lane Ends

¹²⁸ *Economic Impact Forecasts for Lancashire Employment Sites*, Ekosgen, 2014

¹²⁹ *The Open, Royal Lytham & St Annes 2012, Economic Impact Assessment*, Sport Industry Research Centre, Sheffield Hallam University, 2012

¹³⁰ *GVA Analysis of Lancashire Transport Schemes*, Jacobs, 2014

traffic signals at Little Singleton, which is arguably the worst bottleneck on the A585 and a difficult location at which to make a significant improvement.

- 7.219 There is a long-standing proposal to construct a new road link between the M55 and Norcross. Colloquially known as the 'Blue Route', Lancashire County Council has protected the line of this route since March 2009, although delivery has not progressed due to the scheme failing to emerge as a priority for funding. It is estimated that the 'Blue Route' could now cost in the region of £200m, which raises questions as to its affordability. The scheme is to be reviewed as part of the Fylde Coast Highways and Transport Masterplan currently in preparation.

Strategic Blackpool Town Centre Transport Interventions

- 7.220 Aligned investment in transport infrastructure and traffic control is needed to ensure visitors (and local residents) enjoy a modern transport network, an improved image at both arrival and departure. The following schemes are seen as essential investment to achieve this ambition
- 7.221 It is proposed to install an *Intelligent Transport System (ITS)*, building on the resort's urban traffic management control (UTMC) system, aiming to reduce pedestrian / vehicle conflict, offering alternative routes, improving public transport performance and supporting the Illuminations and other events. The ITS includes Variable Message Signage to minimise parking search trips, increasing visitor dwell time and local spending. UTMC offers a real-time response to congestion and parking management. The north-south running promenade, dividing the town centre area from the tramway and sea front and alternative routes to the east of the town centre will be the project's focus. The measures proposed will help create an excellent visitor experience and encourage dwell time and return visits.
- 7.222 Building on the Blackpool - Fleetwood Tramway's recent refurbishment, the system will be extended the short distance to Blackpool North railway station. There it will be integrated with the central business district (Talbot Gateway) retail and office development, improving public transport connectivity dramatically for visitors and residents. Seamless interchange between heavy and light rail will be achieved, providing rail-borne access between the railway station with its newly electrified trains and the Fylde Coast's attractions and hotels.
- 7.223 The new Central Business District development has improved Blackpool's urban form dramatically. Bus services have been accommodated within the new design. Sited outside Blackpool North railway station, the new offices open up the possibility of heavy rail commuting into the resort, moderating road congestion. Fresh development phases will address Blackpool North railway station itself and the land and property around it. In tandem with the Tramway Extension scheme, it is essential that a high-quality, multi-modal transport interchange be established at this vital location for which a public sector contribution will be necessary.
- 7.224 Bridge condition deterioration has over-whelmed the resources available to repair these vital installations. A partnership with Network Rail has allowed Lytham Road

Bridge to be tackled and success with a recent DfT’s “Pinch Point” submission for the crucial Yeadon Way has been secured. However, other installations are in poor condition approaching failure. These are locations of economic importance and cannot be repaired without a further capital injection. Losing these bridges will sever vital arterial traffic routes and compromise the local distributor network, thus their imminent repair is vital to the resort’s economic future.

7.225 Independent analysis estimates that nearly £17m of economic uplift will be generated by 2024.¹³¹

Green Infrastructure Routes to Prosperity

7.226 Improvements to gateways and routes into the town centre are vital to improving the visitor experience. A network of green infrastructure corridors running from the north, east and south define this project. By influencing travel behaviour and improving the Blackpool tourism offer, the Blackpool’s LSTF proposals would fund improvements resort-wide. This is an approximate project area of 1.175 square miles and will affect a potential 6,753 metres of road. These access routes to the town centre pass through some of the most deprived communities of Blackpool and their recovery through infrastructure improvements and community development initiatives is essential to Blackpool’s future as a viable resort.

The Development of the Energy Sector in Lancashire

Energy Skills HQ

7.227 Research in 2013 by UCLan highlighted the future skills requirements for the Advanced Manufacturing and Energy Sectors on the Fylde Coast.¹³² The study evidenced a market demand to increase the supply of skilled individuals able to support the growing energy and related engineering sectors:

- By 2020 there will be 3,390 wind turbines operating in the Irish Sea. This will make a major contribution to the growth of low carbon sustainable energy creation and the associated skills development needed;
- The nuclear industry in Lancashire currently employs 3,600 people in Lancashire and continues to grow employment opportunities, particularly in the area of de-commissioning;
- In Lancashire, 650 renewable/ low carbon businesses currently employ over 8,000 people who will need the support of a training and development provision to keep pace with industry demands.

7.228 To deliver this Blackpool & Fylde College’s intention is to create an Energy Skills Centre, strategically located to deliver these essential training requirements. The Skills Centre will provide a ‘one-stop shop’ to meet the training needs of employers and their supply chains working in this growth sector. The standalone new building

¹³¹ GVA Analysis of Lancashire Transport Schemes, Jacobs, 2014

¹³² Future Skills Requirements for the Advanced Manufacturing and Energy Sectors on the Fylde, Feb 14, UCLan

will be environmentally sustainable and approximately 3,900m² over two floors comprising state-of-the-art training facilities located close to major transport links.

- 7.229 The College will provide training and qualifications from areas such as specialist groundwork and maintenance through to Advanced Engineering including up-skilling in areas such as blade preparation and maintenance for wind farms. The courses and qualifications offered can be from entry level through to full honours degree level. The College has proven experience of developing bespoke courses with employers to meet specific needs and requirements.
- 7.230 The proposal is anticipated to be a first phase project to provide innovation and training in the Energy Sector responding to employer demand.
- 7.231 Given the potential for growth in energy, particularly shale gas, the site and location should allow for a phased growth in development. The scheme will promote innovation and training in low carbon technologies and deliver skills in energy and resource efficiencies impacting on Climate change. From the statistics and demand led growth noted in the scheme benefits above there is a clear fit with local/regional strategic aims linking in with Central Government priorities in STEM training.
- 7.232 Other interventions will include:
- “Elite Institution status for Shale Gas” be considered for the Energy HQ. This will ensure appropriate skills and related research will be available for the early actors in this industry. This will cement and support longer term sustainable benefits for the industry that will serve a UK/EU wide market from a Lancashire base;
 - Blackpool & Fylde College and a consortium of energy businesses be included in the Phase 3 Trailblazer (for 2015) to develop framework standards for Apprenticeships for the Shale Gas sector; and
 - Making the case to base any associated Government regulatory body for unconventional energy on the Fylde Coast.¹³³

¹³³ In June 2012 the Royal Society/Royal Academy of Engineering report *Shale Gas extraction in the UK*, stated that UK regulators should determine their requirements to regulate the shale gas industry should it develop UK wide in the future, highlighting a need to co-ordinate the activity of the various agencies with regulatory responsibility and to potentially identify a single body whose role would include taking a lead including engagement with local communities.

Section 8: Evidencing the Strategic Economic Plan and Growth Deal

- 8.1 The Strategic Economic Plan (SEP) and Growth Deal proposals are founded on a series of independent studies and analysis. Recognising the need for a robust evidence-based approach the LEP has invested its core funding resources in a series of studies many of which have been produced over the last 12-months. These have ensured that the LEP's first Growth Plan, as well as this SEP and Growth Deal, are based on reliable, credible, relevant and current analysis.
- 8.2 Whilst these have been procured independently of each other, many of the studies are interdependent of and have been informed by others. This involved direct working across commissioned study teams.
- 8.3 Taken as a whole the evidence base provides a strong endorsement of the LEP's priorities, although it also highlights significant challenges facing Lancashire which need to be addressed in order for the county's economy to grow in line with the LEP's aspirations. These are set out within the SEP and inform the approach of the Growth Deal.
- 8.4 This section provides a concise overview of pivotal studies and analysis behind the SEP and Growth Deal, namely:
- *Economic forecasts for Lancashire*, Oxford Economics, 2013
 - *Sector Profiles*, Mickledore, 2014
 - *Lancashire Skills Capital Programme*
 - *Strategic Commercial Development Advice*, Colliers, 2014
 - *Economic Impact Forecasts for Lancashire Employment Sites*, Ekosgen, 2014
 - *GVA analysis of Lancashire transport schemes*, Jacobs, 2014

Economic Forecasts for Lancashire, Oxford Economics, 2013¹³⁴

- 8.5 Base economic forecasts for the Lancashire economy were undertaken by Oxford Economics in 2013. These assumed a 'policy-off' position and covered a number of indicators including employment and GVA growth, including both by Standard Industrial Classification (SIC). Significantly for Lancashire the forecasts clearly show that Lancashire's economic profile, whilst continuing to grow in terms of GVA and employment terms, will not do so at the same pace as that of the region or national economy. The rationale for intervention, as set out in the SEP, is set against this background position.
- 8.6 The Oxford Economics forecasts have been a consistent feature of the evidence base. In addition to direct sources referenced here, they have also been used in the development of Local Plans, housing and local economy assessments across the county.

¹³⁴ Oxford Economics provides global forecasting and quantitative analysis for business and government.

*Sector Profiles, Mickledore, 2014*¹³⁵

- 8.7 Mickledore has worked closely with the LEP and Lancashire County Council in providing a greater understanding of Lancashire's growth, developing and key employment sectors. This work has also considered inward investment trends for Lancashire over recent years.

Lancashire Business Growth Survey, 2014

- 8.8 Understanding of the business needs has been advanced through direct intelligence sourced from Lancashire's businesses through survey data in 2014 of 150 high growth businesses.

Lancashire Skills Capital Programme

- 8.9 In anticipation of preparing a Skills Capital Programme within the SEP, Lancashire LEP commissioned an independent analysis of how skills capital resource had been used over the past five years and the pipeline of projects seeking funding moving forward.
- 8.9 Given the wider scope of institutions able to access the skills capital resource this pipeline includes scheme proposals from Group Training Associations as well as FE Colleges.
- 8.10 The analysis also differentiates projects which are driven by an assessed need to upgrade College estate and projects which more directly create and enhanced response to sectoral skills demand.¹³⁶
- 8.11 The analysis concludes that Lancashire Colleges have made excellent use of the capital resource that they have received in recent years, delivering a range of facilities which are well aligned with the LEP's growth ambitions and supporting the development of the institutions themselves to a point where all are rated "Good" or "Outstanding". This investment has also served to support local regeneration initiatives and maintain or enhance the attractiveness of these facilities as a learning setting.
- 8.12 Whilst a variety of intervention rates have been applied to the use of this resource, the majority of projects have been delivered on the basis of a 2:1 ratio of college resource to grant, and have also contributed to the wider commercial viability of the institutions.
- 8.13 Despite this investment, there remain institutions within the Lancashire LEP area where up to 68% of the estate is still independently rated as being category C/D standard, which would under the previous eligibility criteria have been identified as a priority for support.

¹³⁵ Mickledore provides expertise in inward investment and investor development.

¹³⁶ An expression of interest from West Lancashire College has been included at this stage although technically, as part of the Newcastle College Group this requested should be routed via North East LEP.

*Strategic Commercial Development Advice, Colliers, 2014*¹³⁷

8.14 Colliers International were commissioned in late 2013 to provide strategic commercial advice with regard Lancashire's employment sites and premises, and the extent to which these sites and premises meet the county's future and current economic need.

8.15 The study provided a detailed demand analysis of identified key sectors against market intelligence, trend data, economic forecasting and inward investment performance, and considered more directly the locational demand for space of priority sectors. It then assessed a total of 27 employment sites and premises, including the county's major urban centres.

8.16 Key findings from the study were:

- The economic fabric of Lancashire has been resilient with new sectors emerging, and existing and mature industries expanding and attracting relatively significant public and private sector investments;
- Lancashire is seen as an attractive place to invest partly due to the availability of niche skills but also reasonably priced properties, its local and access to good transport networks;
- The UK wide wave of optimism for advanced manufacturing and aerospace is likely to drive increased demand for high quality industrial property in Lancashire. The investment from global manufacturers and the rapid growth of the export market means that the manufacturing supply chain would also be expanding. The importance of the aerospace supply chain within this cannot be emphasised enough.
- The study has assessed Manufacturing as a broad industry sector and forecasts the need for more and better space. The report anticipates, given the county's strengths in Advanced Manufacturing, that the forecast given is very conservative.¹³⁸ The study also shows that unless additional land becomes available/ developed there will be a "shortage of employment land in Lancashire to 2019 and to 2024".

*Economic Impact Forecasts for Lancashire Employment Sites, Ekosgen, 2014*¹³⁹

8.17 Ekosgen was commissioned to assess the likely economic uplift (net employment and net GVA) from identified priority sites. Calculations were based upon:

- Estimates of total development floor areas;
- The anticipated mix of development use classes;
- Anticipated timescales for development.

¹³⁷ Colliers International provides comprehensive services to investors, property owners, tenants and developers.

¹³⁸ The report forecasts a likely requirement of at least 180,000m² by 2019 and 95,800m² to 2024.

¹³⁹ Ekosgen provide evidence based advice on economic development issues and future direction.

- 8.18 Providing a realistic robustness, the analysis was fully informed by the commercial assessment of Colliers (*Strategic Commercial Development Advice*) to determine the role of each site in the market place, and the spatial scale of their significance.¹⁴⁰ The data produced is supported by standard modelling guidance.
- 8.19 Estimates were calculated for site's total potential delivery and with a time horizon of 2026, to ensure consistency with wider planning timescales.

GVA Analysis of Lancashire Transport Schemes, Jacobs, 2014¹⁴¹

- 8.20 To provide a coherent and realistic appreciation of the actual economic impact of proposed transport interventions Jacobs was commissioned to assess what each transport intervention contributed specifically in terms of GVA; i.e. how much development is dependent on the proposed transport interventions. The intention of this work is to provide a Benefit Cost Analysis (BCA) of each scheme.¹⁴²
- 8.21 Jacobs have developed a bespoke methodology, based on a consistent theoretical framework for prioritising Lancashire schemes, ensures that all schemes are subject to the same process and quantification of benefits. The framework considers each aspect that contributes to the GVA of a transport scheme, determines whether it is relevant for the particular scheme or intervention being assessed, and then applies a standardised methodology to quantify the GVA benefit. This in turn is based on localised demographic, employment, and highway / public transport demands to determine the additional transport capacity created by each scheme, and thus development, jobs and GVA now supported.
- 8.22 Standard models and guidance have been used to inform the methodology and approach which has five distinct elements:
- i. Regenerative Impact and Valuing Net Additional jobs:
 - A key benefit of each of the schemes will be that they provide additional capacity, which in turn is able to 'unlock' additional development. For maintenance schemes a similar approach is applied but is based on the number of jobs 'maintained'.
 - This quantification will be based upon Option 1- a 'survey based approach' – combined with best practice in WebTAG Unit 3.16 for the quantification of dependent development (i.e. the amount of development that could not occur without the transport scheme).

¹⁴⁰ Nationally, regionally or locally significant.

¹⁴¹ Jacobs provide technical and professional services, in the context of this SEP and Growth Deal in support of Transport work.

¹⁴² Transport Benefit Cost Analysis (BCA) has been well established in England for more than 40 years and cemented in current guidance through the New Approach To Appraisal (NATA) and WebTAG.

ii. Productivity Changes:

- For local highway, and maintenance schemes, the primary benefit will be in terms of regeneration, development and local employment impacts. For larger schemes, and schemes with greater reach, additional productivity benefits will also be derived.
- Quantification of these additional productivity values applies a GVA assessment that proxies impacts with reference to both 2011 Census data, and uses KPMG/ DfT evidence on agglomeration elasticities and wage equation approaches with respect to changes in generalised costs of transport promoted by the larger schemes.¹⁴³
- Like more expensive LUTI models, the key inputs to our approach will be demographic data. We will use 2011 Census data for this, along with the Bluesheep Employment database to provide these inputs in a compliant manner.¹⁴⁴
- These will be combined (as a sub-district level) to provide a GIS interface and a series of transport 'zones'. Each has a total population and total level of employment, and is defined by the generalised cost of travel between zones and for each mode. Travel time has been then multiplied by DfT compliant Values of Time, and travel distance multiplied by DfT vehicle operating costs (or fares) from WebTAG 3.5.6 to calculate respective generalised costs for each zonal movement.

iii. Direct Transport Cost Changes:

- Based on the scheme transport cost changes above, there will also be direct transport cost benefits. In GVA terms, any direct savings to companies and freight is a direct productivity benefit as this represents profit; for consumers this is already accounted for in the welfare based BCR already quantified for the schemes.
- The direct distance and time savings for freight and employers business trips for each scheme will then be quantified with reference with WebTAG Unit 3.5.6 to provide a DfT approved methodology for the calculation. These will then be added to each of the above benefits.

iv. Overall GVA Calculation:

- The above benefits have been summed over 60 years resulting in a final GVA value. This provides a standard (and indeed best practice) definition of GVA benefits as follows:

¹⁴³ The KPMG equations are directly relevant for tram and rail schemes- and have the advantage of being suitably calibrated to a North West and Manchester context from the Northern Way study. They are also benchmarked and reviewed against Social and Economic Research Council (SERC) values. DfT agglomeration elasticities will be applied for road schemes, for which they are more specifically designed.

¹⁴⁴ Bluesheep data is required as employment statistics at the required level are not yet available from the 2011 Census.

The total transport-induced changes in jobs, multiplied by GVA per job, adjusted for changes in productivity (agglomeration and labour), plus savings in direct transport costs.

- 8.23 Jacobs work with the LEP, through TfL, is part of a wider role Jacobs performs for Lancashire's key strategic transport projects, supporting the business case development of all schemes, evidencing value for money and supporting the economic case.

Section 9: Governance Arrangements

Governance

The Lancashire Enterprise Partnership – Our Preferred Governance Model

- 9.1 Established in April 2011, the LEP is the partnership vehicle of choice to secure the private sector leadership and leverage needed to deliver strategic economic change in Lancashire. It is within this context that partners agree the LEP should be responsible for the governance and delivery of Lancashire's Growth Deal.
- 9.2 Since its inception, the LEP has been established as a company limited by guarantee, which is wholly-owned by the County Council, but with a clear majority of private sector directors. The LEP's Chairman and Vice-Chairman are also drawn from the private sector. As a company in its own right, the LEP's governance arrangements provide robust legal structures to guide and oversee the delivery of agreed priorities and outcomes.
- 9.3 The LEP comprises 15 Directors, with 10 Directors drawn from the private sector and five from local authorities. Edwin Booth (Chairman) and Owen McLaughlin (Vice-Chairman) form the core of the private sector leadership on the Board, with 8 private sector Board Directors acting as Champions for agreed delivery priorities.
- 9.4 To ensure political accountability, the Leaders of the County Council and Blackburn with Darwen and Blackpool Councils are represented on the Board, as Lancashire's only three upper tier/unitary authorities, with an additional two Leaders drawn from Lancashire's 12 district councils.
- 9.5 The County Council and all 12 Districts meet quarterly, at Leader and Chief Executive level, and receive a LEP update at all meetings and have been actively engaged in the development of the Lancashire SEP and Growth Deal proposals.¹⁴⁵
- 9.6 Given the new sense of direction and shared purpose, local partners are working to derogate other key functions critical to the economic success of Lancashire within the LEP's governance framework. For example, its constitution has been modified to create the focus required to drive key initiatives forward and embrace new opportunities, including the EZ and the creation of TfL.
- 9.7 The LEP model has already demonstrated an ability to make key decisions which have tested the resilience of its governance structures as well as the maturity of local partners. For example, the LEP prioritised one EZ proposition from a long list of more than 10 potential local sites; and in deploying its £20m *Growing Places* investment fund, the LEP has implemented a commercial (i.e. not grant-based) investment strategy which has helped kick-start £100m of private sector investment that will generate over 3,000 new jobs, create around 400,000ft² of industrial and commercial

¹⁴⁵ Lancashire Leaders & Lancashire Chief Executive formal meetings.

floorspace and see more than 150 new houses built. The LEP is now on its second wave of investment cycle as capital and interest repayments from first wave investments have been received back in to the fund.

- 9.8 Based on our agreed City Deal governance model the LEP has demonstrated that it has the capacity to become a national exemplar in terms of establishing a company-led/contractual model of governance. The LEP has demonstrated that in an area characterised by two-tier local government arrangements, strong and inclusive cross-party civic leadership can be successfully combined with dynamic private sector drive to deliver economic and housing growth outcomes of national significance.
- 9.9 The LEP has also demonstrated its capacity to deliver key flagship Government flagship schemes, identifying opportunities where schemes can be accelerated but also where the most effective and efficient delivery of schemes can occur.
- 9.10 With regard to our experiences with City Deal more specifically, it is the private sector leadership of the LEP, which has helped test and champion the development of this proposal. As major employers and representatives of many SME companies, LEP Board members confirmed the business logic and benefits of developing a City Deal proposal with a clear focus on delivering key infrastructure and development priorities in Preston. The LEP will apply this way of working and business logic to identify, prioritise, deliver and manage economic growth opportunities across Lancashire through this Growth Deal.
- 9.11 The LEP's overarching governance framework, which commands to support of all key local authority and private sector partners, is critical to securing the long-term success of the SEP and Growth Deal.

Executive Committee

- 9.12 The LEP's Executive is a decision-making committee of the LEP, managing *Growing Places* and taking other key decisions on behalf of the LEP Board. Its composition is made from the Chair and Vice-Chair of the LEP, Leader of the County Council and two other private sector Board Directors.

Transport for Lancashire (TfL)

- 9.13 TfL is a fully functioning and dedicated committee of the LEP. TfL provides for the first time the opportunity to align strategic transport investments with agreed economic and housing growth priorities. TfL has had full sign off to its assurance framework and TfL is now working with key partners to guide a £164m transport investment programme across Lancashire;¹⁴⁶
- 9.14 TfL advises the LEP Board with regard to the progress and delivery of schemes within Lancashire's transport investment programme, in accordance with its agreed

¹⁴⁶ Includes all TfL Confirmed and Additional Allocations (current value £107m) and Existing Commitments (Heysham to M6 Link Road and Pennine Reach).

Assurance Framework.¹⁴⁷ This advice extends to include all transport schemes programmed for delivery through the Growth Deal.

- 9.15 TfL sends the clearest signal of the resolve of local government partners to work constructively and decisively with the private sector to deliver binding priorities. In December 2012, the LEP Board made a watershed decision to modify its constitution to enable TfL to become Lancashire's Local Transport Body in response to the Government's new approach to devolved local transport funding arrangements.
- 9.16 Unlike the emerging transport bodies in major urban conurbations, TfL cannot deliver major efficiency gains, as there are no politically-dense ITA structures in Lancashire to consolidate or numerous local authorities to persuade of the benefits of establishing a single Local Transport Body. Lancashire only has three local transport authorities, Blackpool Council, Blackburn with Darwen Council and Lancashire County Council, and all necessary political approvals to establish TfL were unanimously secured by 28th February 2013. The first meeting of TfL, chaired by the Leader of the County Council, took place on 30th May 2013.
- 9.17 The LEP recognises that tough decisions will need to be taken, in terms of key transport infrastructure priorities competing for limited resources. This Growth Deal demonstrates very clearly this approach in practice in terms of the LEP being able to make robust and binding decisions at the right level, which transcend complex local economic relationships and transport patterns, as well as imperfect local government boundaries.
- 9.18 TfL will continue to advise the LEP Board with regard to the progress and delivery of schemes within Lancashire's transport investment programme, in accordance with its agreed Assurance Framework. This advice will extend to include all transport schemes programmed for delivery through the Growth Deal. TfL is supported by an Advisory Group chaired by the Interim Executive Director for the Environment at Lancashire County Council and comprising senior officers from the three local transport authorities and the Board Director for Strategic Transport from the LEP. The Deputy County Treasurer at Lancashire County Council has responsibility for the sign-off of Value for Money assessments.

Lancashire Skills Board

- 9.19 Established as a working group of the LEP, the Lancashire Skills Board comprises representatives from the private, higher education, further education and group training association sectors, and is tasked with working with industry and training providers to ensure a more co-ordinated and demand-led approach to skills delivery in Lancashire.
- 9.20 Within its Skills Plan, the Skills Board has identified a number of strategic objectives and priorities which aim to place employers at the heart of a system, whereby a

¹⁴⁷ Lancashire has had Part 3 of its Assurance Framework signed off.

strengthened evidence base and a collaborative partnership approach will ensure Lancashire's skills infrastructure and system is developed according to local economic need.¹⁴⁸ This will result in the delivery of provision which is relevant and in which the value of investing in skills development is recognised and understood by both businesses and individuals.

Assessment of Deliverability, Capability and Risks

9.21 This Growth Deal sets out a comprehensive package of measures to deliver the *arc of prosperity*. The LEP and its private and public sector project delivery partners identified in the Growth Deal have an impressive track record of delivering major infrastructure, economic development, regeneration, business, innovation and skills initiatives:

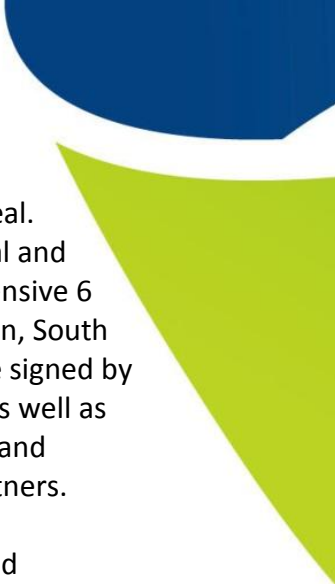
9.22 Lancashire County Council, as the accountable body for the LEP, will act as the accountable body for the Growth Deal. This role encompasses:

- Ensuring appropriate and effective governance and decision making in relation to the use of public funds, and managing the interaction of the decision making processes of the LEP and the various local partners;
- Ensuring effective financial management and stewardship of public funds, including appropriate arrangements for both external and internal audit;
- The co-ordination of negotiating processes on behalf of the various local partners involved in the Deal;
- Ensuring the reporting of performance and delivery to the various funding agencies.

9.23 This activity involves a range of staff from the County Council providing support for the LEP's wider activities. This includes the Council's Economic Development, Environment, Finance and Legal Services Teams. These teams support the LEP directly as well as signature projects including the Enterprise Zone and the Preston, South Ribble and Lancashire City Deal. The County Council will continue to deploy this approach and strong governance arrangements in support of Lancashire's Growth Deal across a complex partnership environment.

9.24 As a result the County Council has been able to undertake this activity on behalf of the LEP within the resources it has allocated for delivering Economic Development activity. The core funding resources allocated by Government for the operation of the LEP are being used to finance direct delivery, including developing a robust evidence base, as opposed to establishing a dedicated structure of support services. It would be possible for this form of arrangement to continue if the Government continues to provide the £0.25m currently allocated to support the LEP, and therefore we ask for the continuation of this funding for the length of the Growth Deal.

¹⁴⁸ Lancashire Skills Strategy - interim draft and work-plan endorsed by Lancashire Skills Board, October 2013.

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- 9.25 A recent example demonstrating deliverability and capability is the City Deal. The City Deal is a powerful demonstration of what can be achieved by local and national partners working together with a common aim. Following an intensive 6 month period of negotiation between the LEP and Government the Preston, South Ribble and Lancashire City Deal was the first of the wave 2 City Deals to be signed by Government in 2013. The pace that the Deal was developed and agreed, as well as the level of rigour achieved, demonstrates both the LEP's ability to design and develop strategic initiatives and its commitment to working with local partners.
- 9.26 Since the City Deal was signed the LEP has met all governance, financial and implementation targets set out in the Delivery and Implementation Plan which was part of the negotiated Deal. The City Deal Executive and City Deal Stewardship Board, both fully established, will approve the 2 key annual plans; a City Deal Infrastructure Delivery Plan and HCA Business and Disposal Plan in April and May 2014 respectively.
- 9.27 All the partners have finalised the pooled funding arrangements for the Infrastructure Delivery Fund and for Year 1 of the City Deal, 2014/15, expenditure will be in excess of £25m from this pooled fund.

Section 10: Growth Deal and Area Wide Funding

- 10.1 The financial model that underpins the Growth Deal sets out clearly what Government is "buying" through the Lancashire Growth Deal. The Growth Deal and SEP provide a compelling story around value for money and delivery capability.
- 10.2 Plausible private sector leverage is clearly shown, and local partners have also clearly demonstrated their commitment to using their resource to deliver the necessary infrastructure to support their local growth ambitions. Local councils have shown a willingness to commit to use advanced sources of funding to support their own growth, such as New Homes Bonus and Community Infrastructure Levy.¹⁴⁹ This is an approach we intend to continue across the county in terms of resourcing local contributions to infrastructure requirements not yet fully determined but against which future resource and investment will be required to maintain and accelerate an appropriate level of growth.
- 10.3 As part of the City Deal negotiations with the Government, in order to secure greater certainty with regard to future funding levels for local major transport schemes and to reflect the need to set City Deal schemes within the context of Transport for Lancashire's broader priorities, the City Deal partners secured a ten year funding allocation. In November 2013, the Department for Transport confirmed an allocation of £106.9m to 2024/25, with £59m committed for the six years from 2015/16 to 2020/21, together with an indicative allocation of £47.9m for the subsequent period to 2024/25.
- 10.4 The 10 year allocation is sufficient to deliver the key transport priorities of Blackburn with Darwen and Blackpool Borough Councils and the highway infrastructure necessary to support the housing and economic growth objectives of the City Deal. However, the City Deal requires this infrastructure to be in place by the end of financial year 2019/20 to secure delivery of almost 8,000 new homes and pave the way for construction of a further 9,500 units by 2024/25. This will require the full 10-year funding allocation to be made available over the 5-year period to 2019/20 to secure delivery of all schemes in TfL's Investment Programme. This is a key ask of our Growth Deal proposal.
- 10.5 Our SEP and Growth Deal acknowledges that without any intervention there will be a modicum of economic, employment and housing growth.¹⁵⁰ The objectives and priorities of the SEP are designed to deliver transformational outcomes that will realise a step-change in economic performance. Each of the programmes identified through our Growth Deal priorities are designed to accelerate growth in bespoke ways.
- 10.6 Our approach is very much programme, not project, led.

¹⁴⁹ where relevant.

¹⁵⁰ *Economic forecasts for Lancashire*, Oxford Economics, 2013

Glossary of Key Terms

<i>arc of prosperity</i>	Concentration of economic activity within Lancashire extending from Lancaster in the north through the Fylde Coast, Preston and East Lancashire to Barnoldswick and its advanced manufacturing cluster. The arc is where the LEP considers the majority of future economic, employment and housing growth will be delivered.
<i>Boost</i>	Lancashire's business growth hub, bringing together £30m of programmes designed to support high growth companies and start-up businesses in Lancashire.
BPO	Business Process Outsourcing
City Deal	Preston, South Ribble & Lancashire City Deal was signed between Government, Preston City Council, South Ribble Borough Council and Lancashire County Council in September 2013.
EFA	Education Funding Agency
EIC	Engineering Innovation Centre
ESIF	European Structural & Investment Fund
EZ	Lancashire Advanced Engineering & Manufacturing Enterprise Zone
GVA	Gross Value Added
HEFC	Higher Education Funding Council
HMO	Homes in Multiple Occupation
LEP	Lancashire Enterprise Partnership
NAS	National Apprenticeship Service
SEP	Strategic Economic Plan
SFA	Skills Funding Agency
SLGF	Single Local Growth Fund
SME	Small and Medium Enterprises
TfL	Transport for Lancashire
UCLan	University of Central Lancashire

