

Draft EU Structural and Investment Funds Strategy for Lancashire 2014-20

September 2015 Version

Please note this version is subject to change based upon Government guidance



Lancashire
Enterprise Partnership

EU Structural and Investment Fund Investment Strategy for Lancashire

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Foreword

Lancashire is one of the largest local economies in the North of England. With a population of 1.4m people, Lancashire's economy generates over £23 Billion in Gross Value Added with 44,000 businesses, supporting nearly 615,000 jobs. A multi-faceted area, Lancashire boasts a rich industrial tradition with significant economic strengths and key challenges, with the potential to enhance sustainable economic growth and generate employment through the investment of European Structural and Investment (ESI) funds.

The Lancashire LEP was established in 2011 and is highly focused in driving forward major initiatives to support economic growth. The LEP has been notionally allocated £232m of ESI Funds for the programme period 2014-20. These funds will be invested in parallel to the Lancashire Growth Deal with a focus on their use to increase productivity levels for key economic sectors, promote sustainable employment growth and tackle the barriers to employment for Lancashire's most disadvantaged communities.

With strong leadership and robust governance structures, the Lancashire is well placed to take guide and direct ESI Funds in support of economic and employment growth. ESI funding will increase our capacity to unlock the economic potential of Lancashire's businesses and residents and make a significant contribution to the Government's Growth Programme

This Strategy sets out Lancashire's for the local economy and indicates how ESI Funds can support their achievement.

1. Introduction

Lancashire has been at the forefront of economic change since the first Industrial Revolution. Today a strong combination of high growth companies, technological innovation, academic excellence and renowned quality of life and place, provide a sustainable economic platform to build on through the twenty first century.

Lancashire has key competitive advantages that can become drivers of sustainable growth and we expect the area's key sectors – Advanced Engineering and Manufacturing (Aerospace & Automotive) and Energy - to exceed national trends over the programme period. These sectors, amongst others, are central to Lancashire's and the UK's economic success. As a result, rather than reflecting UK averages at local level, we have adopted a *Smart Specialisation* approach with a focus on Lancashire's economic opportunities and assets.

Driven by the Lancashire Local Enterprise Partnership, the priorities and actions identified in the recently agreed Growth Plan have the potential to create up to 50,000 new jobs over the next 10 years and generate additional economic activity worth over £3 billion to Lancashire's economy. By achieving these challenging outcomes, our employment rate will out-perform the UK average, and the value of the area's economy would rise by an additional 10% by 2023

Local Enterprise Partnerships have been requested to prepare ESI Funds Strategies to set the framework for the new round of EU Structural Funds from 2014 until 2020. These strategies are required to be based upon the themes of the Common Strategic Framework and support the national Growth Programme. In Lancashire's case, the ESI Funds Strategy will combine three Structural and Investment Funds - the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD).

In the developing the Strategy the LEP has assessed how key sectors in the Lancashire economy will support the Government's industrial policy and make a significant contribution to the twin national aims of rebalancing the economy and supporting export led growth. The LEP has also recognised the need to ensure that Lancashire's residents are able to access the benefits of growth and have the necessary opportunities and skills to do so. This growth will be supported by our natural capital and developing environmental resilience to the impacts of climate change.

Key Lancashire Sectors	National Priority Sectors
<ul style="list-style-type: none"> • Advanced Manufacturing • Aerospace and Aviation • Automotive Manufacturing • Creative, Digital, ICT and New Media • Energy Generation and Environmental Technology • Business, Professional and Health Services • Visitor Economy • Food and Drink including Agri-tech • Rural Growth 	<ul style="list-style-type: none"> • <i>Advanced Manufacturing</i> <li style="padding-left: 20px;">Aerospace <li style="padding-left: 20px;">Automotive <li style="padding-left: 20px;">Life sciences <li style="padding-left: 20px;">Agri-tech • <i>Knowledge services</i> <li style="padding-left: 20px;">Education <li style="padding-left: 20px;">Information Economy <li style="padding-left: 20px;">Professional business services • <i>Enabling sectors</i> Energy: nuclear, oil and gas and offshore wind

Lancashire's key sectors have the potential to deliver a scale of growth which will have a transformational effect on the local economy. Lancashire has core capabilities from which to sustain the existing economic base and underpin new growth and investment.

Lancashire is developing a track record in delivering support for the economy through creating the right infrastructure for private sector led sustainable growth. The existence of the right investment sites, premises and infrastructure is crucial to ensure that Lancashire businesses can remain productive. Addressing our infrastructure constraints needs to be carried out in parallel with support for innovation, resource efficiency and skill development to ensure Lancashire can build upon its competitive advantages, and our businesses are able to grow sustainably and remain competitive. These objectives are currently being supported through a range of initiatives including,

The [Preston, South Ribble and Lancashire City Deal](#) addresses the infrastructure issues that will release the economic potential of core locations through a £340m Investment and Delivery Programme. This will deliver more than 20,000 net new private sector jobs and £2.3 billion in leveraged commercial investment. It has secured a 10 year funding allocation for major transport schemes.

The Lancashire [Growing Places Fund](#) has fully committed its allocation of £20m to support economic infrastructure and will invest recycled funds through a second wave of activity. So far, it has attracted £100m of additional investment, supporting the creation of 3,000 new jobs and over 400,000 sq. of new business space.

The Lancashire [Enterprise Zone](#) will focus on our Advanced Engineering and Manufacturing sector. It will promote Research and Development capability and support supply chain and skills development activity, acting as the focal point for a network of centres of excellence across Lancashire. The first occupiers will be on site in 2015.

Support for growth orientated SMEs is being provided through [BOOST](#), Lancashire's Growth Hub, which brings together £40m of programmes, including £6m ERDF, to support high growth companies and Start Ups delivering 2000 jobs.

Superfast Lancashire will ensure that businesses have access to speedy and modern fibre broadband communications, through a £130m investment programme, of which £15m is ERDF, connecting companies and key strategic and employment sites.

The Lancashire [Growth Deal](#) will support a range of growth business and innovation activity, with ESIF resources playing a key role in ensuring the benefits of economic growth are shared by all residents of Lancashire. This will include support for Lancashire residents to develop their skills, in the context of increasing demand for higher level qualifications, and access the employment opportunities being created.

Additional interventions will be required in order for Lancashire to achieve its full potential. ESI funds will be used to deliver significant levels of investment, in particular support for high growth businesses, and related skills, and the infrastructure required to develop Lancashire's economic potential.

Our ESI Funds Strategy sets out the key aims and objectives for funding over the period 2014-20. It is based upon discussions and consultation with a range of partners and reflects local priorities¹.

¹ See Annex E for a list of the partners consulted in the development process

2. A Vision for Lancashire's Economy

The Enterprise Partnership's aim focus is to foster the right conditions for growth: to invest in **innovation, skills, enterprise and infrastructure**² to accelerate the achievement of Lancashire's full economic potential. As the fourth largest economy in the north of England, Lancashire offers, through this Strategy, a mechanism to use ESI Funds to invest in opportunities that will have a national impact; doing so in a way that means it can also tackle its challenges.

Although Lancashire did experience sustained economic growth in the period up to 2008, with readily identifiable 'hotspots' such as Preston and Lancaster, the area's average economic performance has consistently lagged behind that of UK and neighbouring areas. 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.

With an international reputation in Advanced Engineering and Manufacturing and a nationally significant role to play in energy generation Lancashire can match and outperform competitor locations if the right environment for business growth is established. With additional opportunities in energy generation and, and related supply chains, Food and Drink (including Agri tech) and the Visitor Economy, Lancashire can use ESI funds to build upon its existing strengths.

The LEP is working to unlock growth opportunities across Lancashire to create a more balanced economy, especially in terms of reversing the low growth trajectories of East Lancashire and Blackpool. ESI Funds will be used to support those places that are redefining and re-establishing their economic purpose and seeking to create additional employment opportunities for local residents.

The LEP [Strategic Economic Plan](#) provides the strategic framework that will guide and underpin Lancashire's economic investment priorities. It builds upon Lancashire's strengths in support of economic growth, and access to the benefits of growth for all Lancashire's communities. In order to maximise the impact of Lancashire's key economic assets the LEP will seek to strengthen the linkages between clusters of industry, innovation and technological excellence in support of National and Lancashire growth priorities.

The Plan sets out a vision for the future development of Lancashire's economy based upon the following underpinning objectives;

Establish Lancashire as a natural home for high growth companies with a clear focus on maximising the competitive strengths of the local economy and *Reclaim Lancashire's role as one of the nation's key centres for advanced manufacturing* by fully realising the economic potential of Lancashire's aerospace and engineering sector, and its supply chains, which are amongst the strongest and most significant in the UK.

Drive forward the Lancashire Enterprise Zone and Preston and Lancashire City Deal, as the key drivers of new sustainable growth, with the clear potential to deliver economic benefits for the whole of Lancashire and the wider region.

Maximise the economic value and benefits of an 'Arc of Prosperity' across Lancashire, which links centres of research and innovation excellence and globally competitive business clusters across the area.

Oversee and develop complementary Local Growth Accelerator Strategies, focused on delivering economic change at a local level.

² Built and Natural

Develop Sector Delivery Plans to unlock opportunities of national significance in emerging and established growth sectors which have the potential to create new investment, business growth and employment opportunities.

Create the right local conditions for business and investment success. The ERDF supported *Superfast Lancashire* and the *Lancashire Business Growth Hub* are key elements of an integrated business support offer designed to support the ambitions of high growth companies. The LEP's *Growing Places Fund* (GPF) is providing investment support for commercial development schemes across Lancashire. These successes can be built upon with ESI Funds providing a key element of the funding 'mix'.

Refocus the local skills system to make it more responsive to business skills demands. The LEP's Skills Board is developing a skills plan with clear priorities, which will better align adult skills funding, and national initiatives such as Employer Ownership of Skills to address current and emerging skill requirements in Lancashire. The Opt Ins offered through the Lancashire ESI Funds Strategy will have the opportunity to play a major role in supporting this activity.

Lancashire's continuing focus on strengthening its industrial bases by targeting innovation and the skills and supply chain solutions required to ensure that Lancashire remains globally competitive and attraction to international investors will ensure the longer term viability of the area over the coming years.

The objectives and actions identified in the Lancashire **Strategic Economic Plan** have the potential to create up to 50,000 new jobs over the next 10 years and generate additional economic activity, in excess of the current trend rate of growth, valued at over £3 billion. By achieving these challenging outcomes, Lancashire's employment rate would out-perform the UK average, and the value of the area's economy would rise by an additional 10% by 2023.

A range of infrastructure activities, including strategic transport initiatives, to address growth constraints, will help deliver the LEP's growth ambitions.

3. Lancashire's Economic Strengths, Opportunities and Challenges

3.1 Lancashire's Economy

Lancashire's economy currently generates over £23 Billion in Gross Value Added (GVA), with 44,000 businesses (the vast majority of which are SMEs), supporting nearly 615,000 jobs. In addition to major international companies including BAe Systems, Rolls Royce, Toshiba-Westinghouse and Safran Aircelle, it has an excellent cohort of dynamic, diverse and innovative SMEs. These businesses support a range of supply chain activity and contribute substantially to Lancashire and UK productivity.

By focusing on our key economic strengths, such as Advanced Manufacturing and Engineering and the supply chain opportunities arising from the Energy sector, Lancashire can reemphasise its position as a National and International economic leader and address gaps with competitor locations. In particular, Lancashire will target ESI funds to strengthen and deepen technological supply chains across a range of sectors in support of higher growth and employment creation.

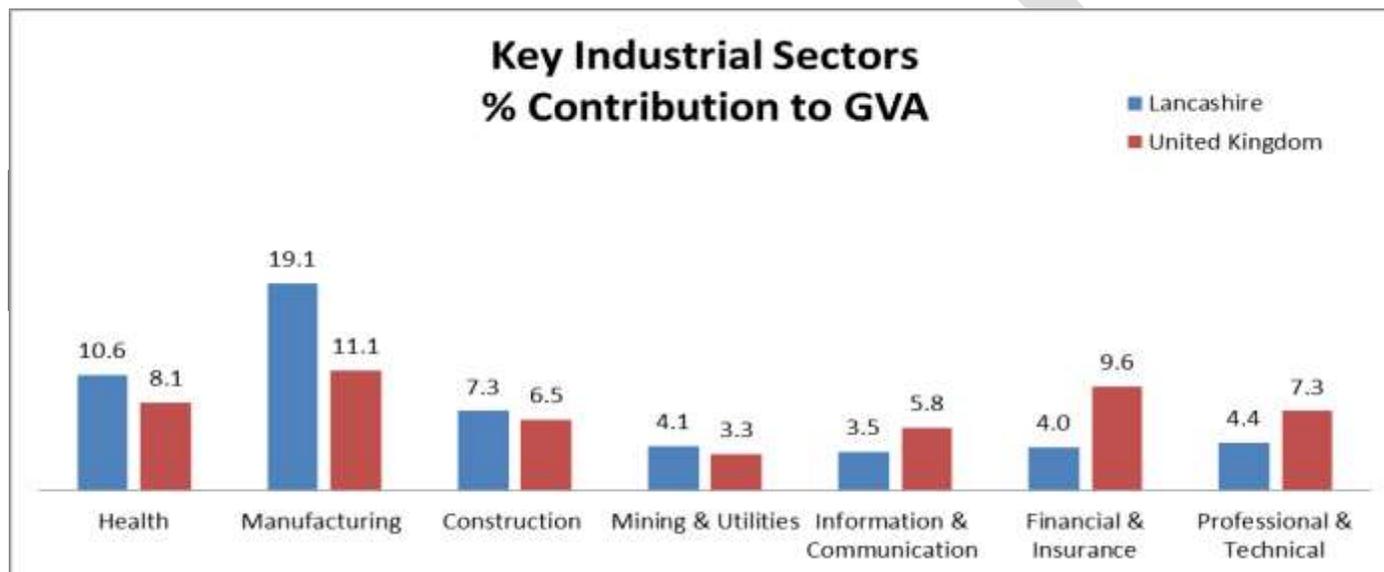


Figure 1 Source ONS Business Register and Employment Survey 2012

Although a growing economy pre 2008, Lancashire's growth was built upon lower GVA service industries and the expansion of the public sector. For example, between 2007 and 2011, Lancashire's economy grew by 4.4% compared to 6.5% nationally. Lancashire's GVA per capita being only 77% of the UK average.

Manufacturing GVA, the main contributor to the economy, only grew by 4% to £4.3bn, compared to service sectors such as real estate which showed growth in GVA of 155%, information and communication with an increase of 108%, and business services with 103% GVA growth. Many of these businesses operate in a highly competitive international market and it is vital that the issues faced are understood and the conditions created to enable competition and growth.

Public sector GVA increased by nearly 90% over this period, in particular in the health and education sectors.

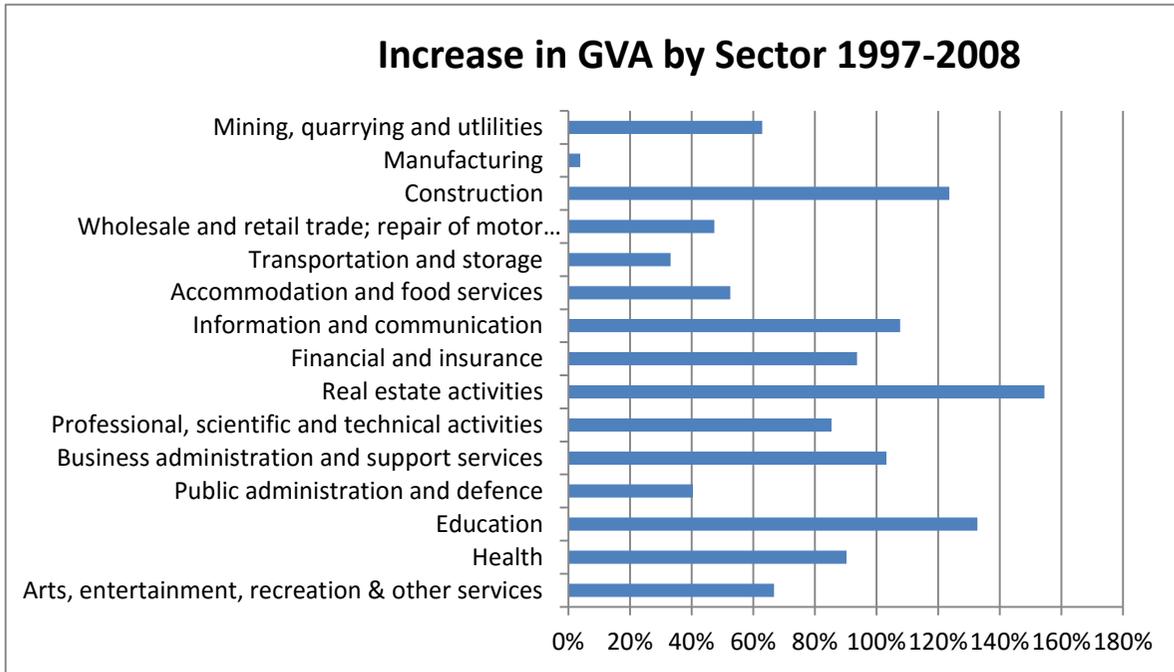


Figure 2 Source ONS Business Register and Employment Survey 2012

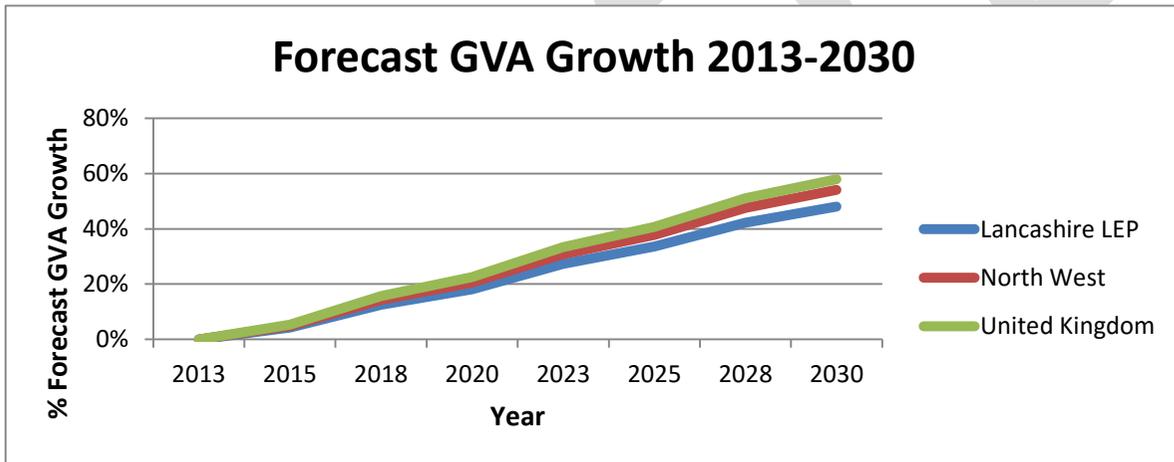


Figure 3 Source: Lancashire Economic Forecasts, Oxford Economics, 2013

Lancashire's GVA gap with the rest of the country is predicted to increase as, 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 will be 33%.

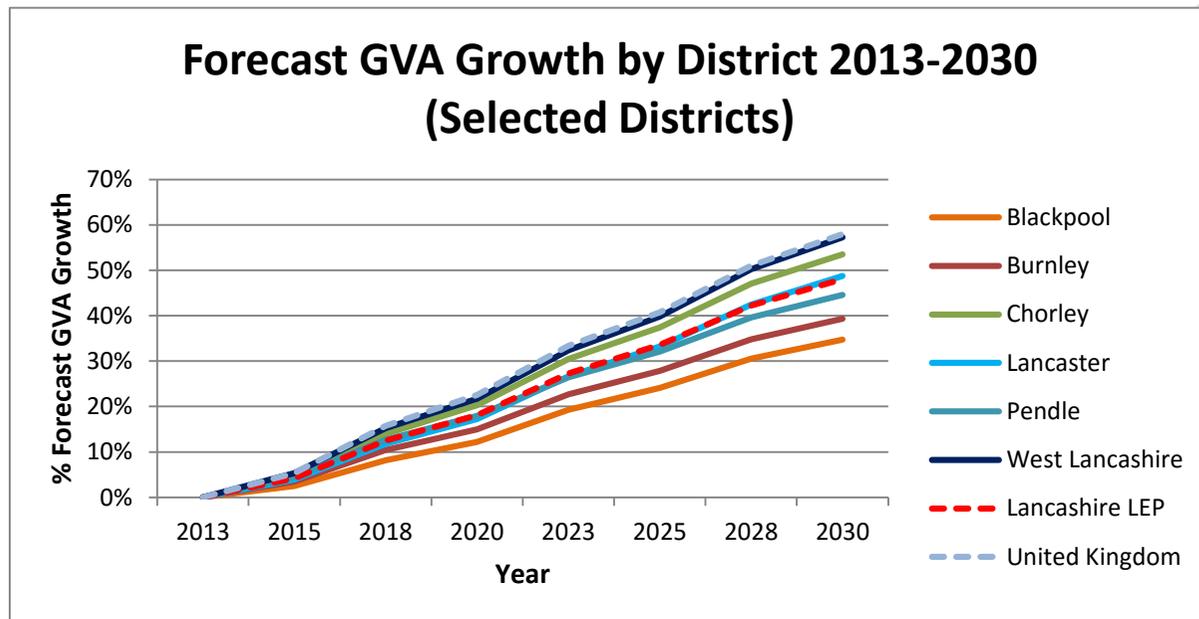
This trend will exacerbate and deepen long term productivity and income gaps. ESI Funds will have a key role to play in boosting Lancashire's economic performance and narrowing the gap.

This trend will exacerbate the existing long term trend and deepen productivity and income gaps. ESI funds will have a key role to play in boosting Lancashire's performance and thereby narrowing the gap.

Although Manufacturing makes the largest contribution to Lancashire's economy, historically its GVA growth has been below that experienced by other sectors.

The capabilities which exist within Lancashire's businesses make up a unique national and international asset the potential of which, if fully realised, would do much to secure our economic future based upon current and future contribution to productivity, employment and wealth creation.

As can be seen from Figure 4 the Lancashire 'average' masks significant geographic differences. Some areas, such as Chorley, Lancaster and West Lancashire predicted to outperform Lancashire and national trends, whilst others such as Blackpool, Burnley and Pendle are predicted to underperform significantly.



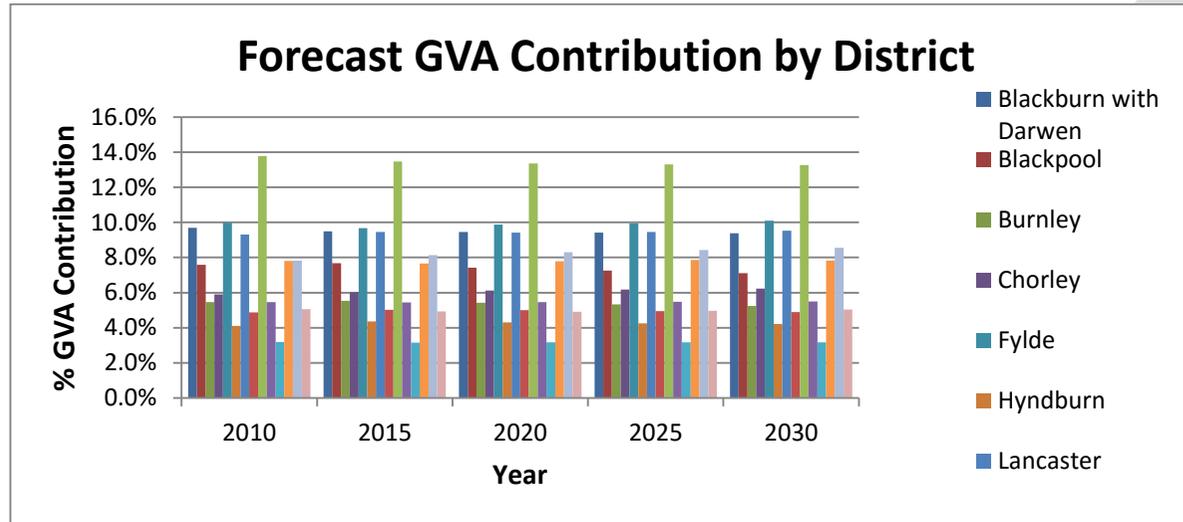
Preston is forecast to continue to be the largest contributor to Lancashire's GVA in the longer term, with the Lancashire Enterprise Zone districts (Fylde, South Ribble and Ribble Valley) forecast to contribute over 16% of Lancashire's GVA up to 2030.

The Lancashire 'average' masks the significant variations that lie within the Lancashire with traditional lower value manufacturing areas performing the worst

The City Deal districts (Preston and South Ribble) are predicted to contribute 27% and with the unitary authorities of Blackpool and Blackburn contributing 7% and 9% respectively.

Figure 4 Source: Lancashire Economic Forecasts, Oxford Economics, 2013

In the decade before the economic slowdown Lancashire saw substantial jobs growth of over 11% compared to 7.5% nationally, with places like Preston showing growth in excess of 20%, largely driven by the Service Sector. This growth tended to be lower GVA and so did not have the same impact upon incomes and productivity as it did nationally.



*In order to support more geographically focused activity the LEP has agreed to pursue a number of **Local Growth Accelerator** initiatives for east Lancashire, Blackpool, West Lancashire and Lancaster. They will be based upon creating the opportunities and environment for local economic and housing growth.*

Source: Lancashire Economic Forecasts, Oxford Economics, 2013

Lancashire has seen a decline in employment of 2.5% since 2008, slightly below the national trend, compared to 3% nationally. Lancashire's economic activity rates now mirror that of the UK average but there are spatial variations that are closely associated with skills/deprivation levels and rural/urban areas. Eight of the 14 Lancashire Local Authorities have economic **activity** rates that either are on par with or are higher than the national average e.g., Ribble Valley and West Lancashire. However, six districts have economic **inactivity** rates well above the national average with Blackburn and Darwen and Wyre's rates exceeding 30%. This correlates with areas of lower economic growth and skills, the result being areas of severe social and economic deprivation contrasting with areas of prosperity and growth.

Lancashire has the potential and latent capacity to deliver higher GVA and employment growth in support of the Government's economic objectives, including addressing the productivity gap and re-establishing Lancashire's strategic importance to the UK economy. To achieve this Lancashire needs to unlock the potential of key sectors and rebalance the economy, shifting from the public sector to higher value private sector led growth. Targeted investment is required to sustain and build upon predicted growth by supporting local businesses, and attracting additional investment, to develop and expand through new products and markets. Part of the challenge is to link business and jobs growth with disadvantaged individuals and communities, some of the most deprived in England, and promote the benefits of economic growth through improved skills, increased entrepreneurship and enterprise.

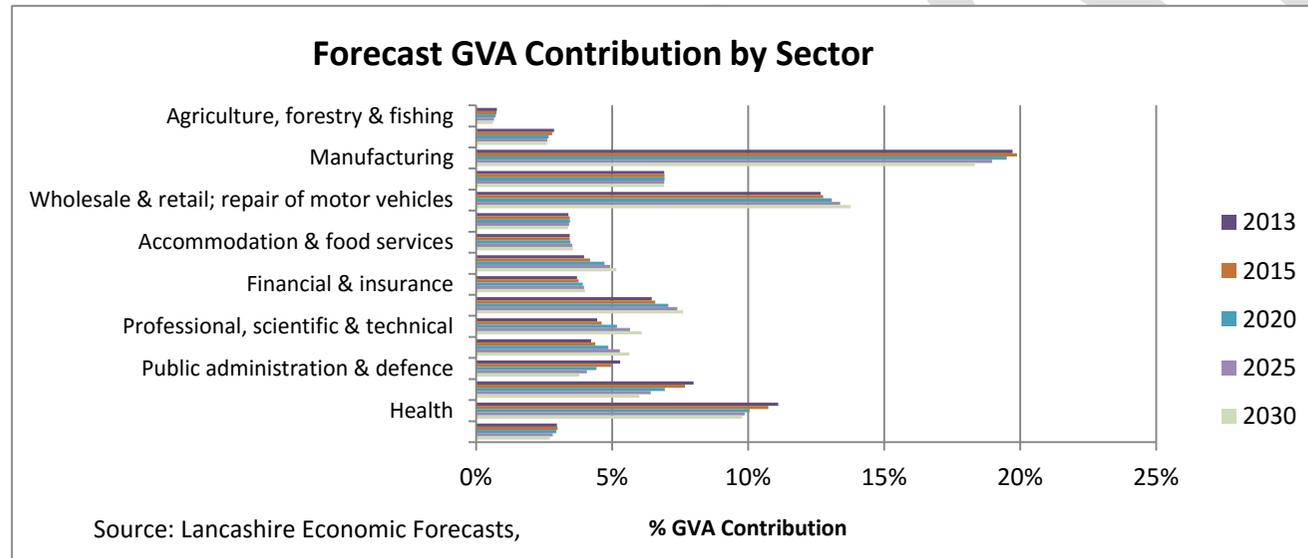
ESI funds will be directed to support interventions to ensure that Lancashire builds upon and exploits the on the opportunities being created and enhanced.

3.2. Lancashire's Growth Sectors

Of the industrial sectors in Lancashire **Advanced Engineering and Manufacturing (AEM)** is especially significant for the UK. **Manufacturing employs almost 80,000 people and accounts for nearly a fifth of Lancashire's £23 billion economy.** The sector dominates Lancashire's economic activity and wealth creation and will be supported to expand further, in particular through export led growth. The development of Lancashire's manufacturing base will be further aided by the Government's proposal for Assisted Area Status, with a focus on the M65 corridor from Blackburn to Pendle and investment areas on the Fylde Coast, containing the majority of Lancashire's manufacturing SMEs.

Lancashire **has the single largest concentration of aerospace production in the UK**, employing over 20,000 people and remains one of the most important centres for high technology manufacturing nationally. A key priority for the LEP is the development of the Lancashire **Enterprise Zone** and related supply chain and skills activity, supporting technological innovation and integration.

The **Arc of Prosperity**, linking our key economic assets, is a key initiative that bring together Lancashire's leading manufacturing and research centres. It will be supported by a delivery plan that will focus on maximising synergies between centres of industrial excellence and supporting the growth plans of our cluster of Higher and Further Education institutions, their innovation and industry focused developments, and higher value and productive industries. The **Arc of Prosperity** encompasses Lancaster (Energy and University/Innovation Campus), Hillhouse (Chemicals and Polymers), Warton (AEM Enterprise Zone), Samlesbury (AEM Enterprise Zone), Darwen (Chemicals), Burnley (Knowledge Park/HE) and Barnoldswick (AEM).



Energy is a developing sector with the potential to create new investment, business growth and employment opportunities. Lancashire has a major contribution to make in helping to deliver the nation's energy generation and low carbon strategies and there is major opportunity for economic and employment growth.

Figure 7

Lancashire will seek to maximise the economic value of its natural environment with Off-Shore and On-Shore wind, as well as Biomass. Lancashire's manufacturing expertise harnessed to internationally important research facilities, such as those existing and proposed at Lancaster University, means there are significant opportunities for Lancashire to be the home to the technologies of the future.

3.2.1 Advanced Engineering and Manufacturing

Manufacturing is the key sector for Lancashire, particularly Advanced Engineering and Aerospace. The AEM Sector is a major international economic asset that can be enhanced through the supply of relevant skills, appropriate infrastructure and the right environment for the commercialisation of innovative technological development.

The sector is supported by a thriving supply chain ranging from design, testing and manufacturing, to repair and maintenance. Over 3,600 manufacturing businesses, the majority of which are SMEs, operate in Lancashire, with a deep and broad advanced manufacturing base employing almost 50,000 people. Key manufacturing strengths include aerospace, advanced materials, as well as automotive and chemicals.

However, manufacturing business investment has fallen in real terms and as a share of the total. In 2011, manufacturing accounted for 12% of business investment, compared with 22% in 1997.³ Given that the availability of finance to support SME expansion remains constricted⁴ Lancashire also needs to facilitate improved access to finance for growth companies. This is a key area that needs to be addressed and can be supported through mechanisms such as Financial Engineering Instruments, as part of the ESIF programme, and the Rosebud Loan Fund⁵.

The presence of a robust manufacturing base gives Lancashire a platform on which to build for further future growth. In particular, ESI funds will be used to strengthen and support the diversification of Lancashire's AEM supply chain (99% of Lancashire AEM businesses are SMEs), and to increase the productivity of current lower value manufacturing. The contribution of firms operating in the AEM sector supports and underpins activity across the aerospace, automotive and energy sectors with businesses often supplying more than one sector at a time.

ESI funds will support developing the capacity of Lancashire's SMEs to adapt and grow in the light of new technologies and address barriers to growth through Workforce Development and Leadership and Management. This will be supported through national products such as the Manufacturing Advisory Service with relevant local enhancements.

Aerospace

The UK's Aerospace industry has its single largest concentration in Lancashire, employing directly and indirectly as many as 28,000 people in 120 companies, and is part of a wider world class cluster accounting for more than a quarter of national production. The industry within Lancashire encompasses all aspects of aerospace activity in engine, airframe, avionics, missiles and ground support equipment; from research and development to a wide ranging design, manufacturing, servicing and testing capability.

Driven by global competition and technological advances manufacturing employment is forecast to decline by 12% in Lancashire over the next 10 years and by 22% by 2030. Despite this, manufacturing will still account for over 10% of total employment in Lancashire and is forecast to continue to make a substantial contribution to the Lancashire economy generating over 19% of Lancashire's GVA in 2023. The sector will produce 5% growth⁶ over the next 30 years and

³ ONS, series: DSI5 (manufacturing), NPEK (total economy)

⁴ November 2013, SME Finance Monitor, Business Finance Task Force

⁵ Lancashire County only

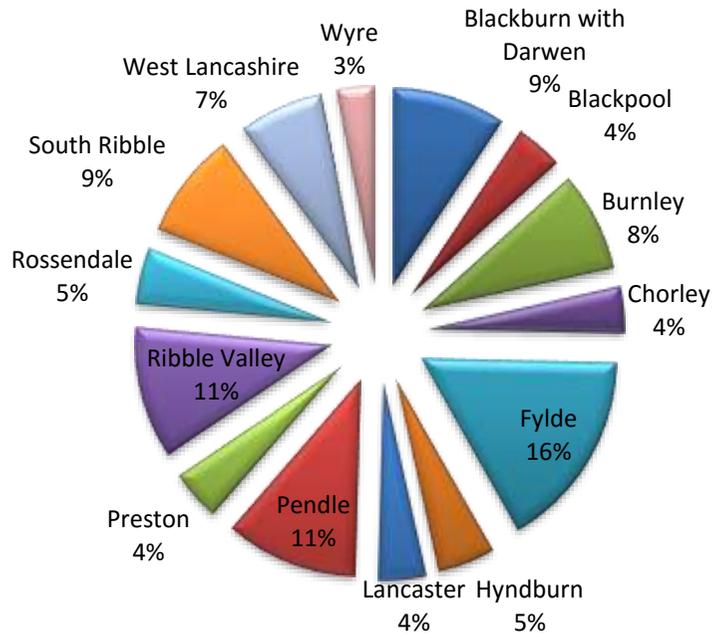
⁶ Lancashire, the UK's leading Aerospace Centre, NWAA, 2013

Lancashire companies need to be able to respond to emerging market conditions. Supporting the supply chain⁷ based around multi nationals, such as BAe and Rolls Royce, is essential to ensure it continues to innovate, remain competitive in a global market and is able to grow and diversify into other areas. In particular Lancashire has the opportunity to build upon recent advances in UAV⁸ to position itself as a centre of excellence in this field.

The Lancashire LEP has approval for a Lancashire **Enterprise Zone** (EZ) solely focused on Advanced Engineering and Manufacturing (AEM), based on the sites at Samesbury and Warton and anchored by BAe Systems. It is designed to exploit the critical mass and “halo effect” of industrial activity, which, in turn, will help re-establish Lancashire as a leading global centre for the AEM sector.

The Lancashire Enterprise Zone (EZ) is expected to create up to 6,000 high-value high-skilled jobs over its lifetime, with between 5,000-7,000 high-value jobs generated in the wider AEM supply chain. The first occupiers are expected to be on-site at by late 2014/early 2015, with the potential to create up to 1,200 new jobs in the first phase, underpinned by £12M in investment loan support from the Government's Local Infrastructure Fund.

Advanced Manufacturing Employment



The development of the EZ is being managed in conjunction with other complementary AEM offers in Lancashire, including Safran Aircelle's **Aerospace Supply Park** initiative in Burnley. The LEP will work with industry and Government to progress the **National Aerospace Supply Chain Centre** and the **Advanced Manufacturing and Engineering Training Academy** to address the key higher level skills required by the developments in the sector.

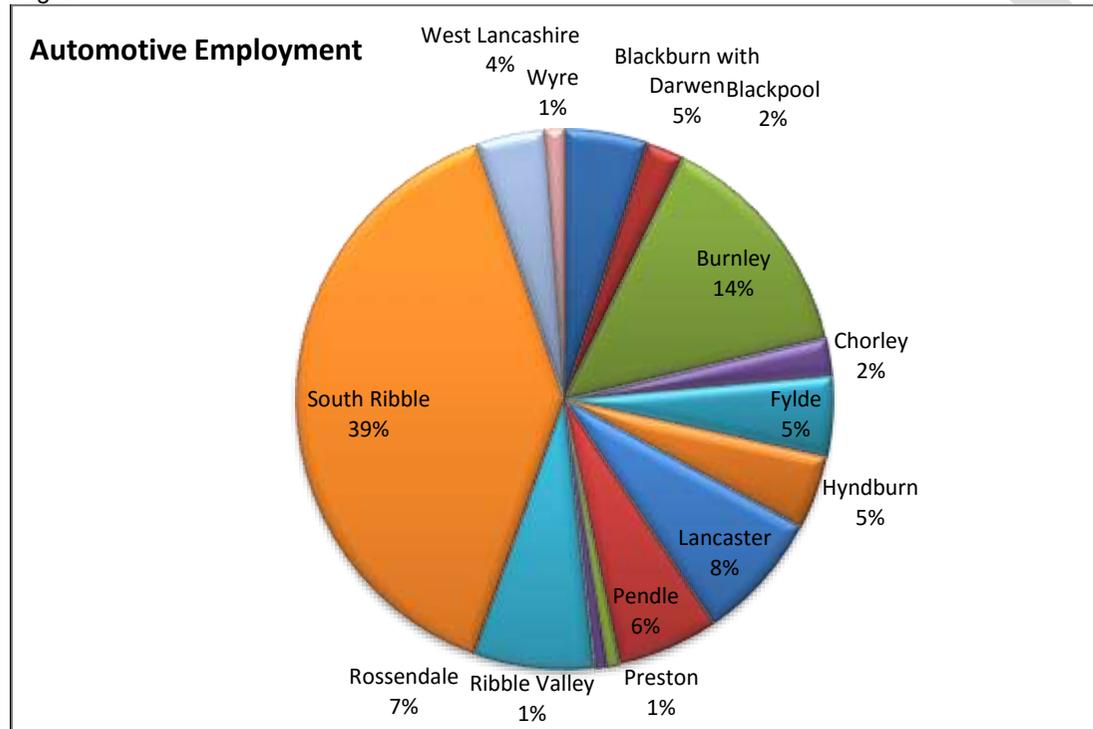
⁷ Kaman, Assytem, Senior PLC and Spirit Aero systems amongst others.

⁸ Unmanned Aerial Vehicles

Automotive

Lancashire has a diverse automotive industry which employs over 3,700 people, ranging from the manufacturing of vehicles to the design and manufacture of parts and components for the industry, including research and development. The sector is supported by an extensive local supply chain offering advanced engineering and specialist automotive capabilities. Other key activities, from a range of internationally owned and local companies, include innovative improvements to transmissions for future vehicles to reduce CO2 emissions, pioneering dual-fuel technology which enables engines to run on diesel/natural gas. In particular significant activity focuses on the supply of high value products for OEM⁹s including Aston Martin and Bentley Motors. Growth in innovation and entrepreneurship has led to the development of a number of unique automotive projects, such as 'Quicksilver', the vehicle used to break the world land speed record.

Figure 9



Source: ONS Business Register and Employment Survey, 2012

Leyland Trucks, a subsidiary of US owned PACCAR Inc., manufactures a range of DAF trucks at one of Europe's most advanced truck assembly facilities, producing over 14,000 trucks a year.

The DAF XF105 ATe has been voted Fleet Truck of the Year at the prestigious Motor Transport Awards 2013.

The DAF XF range is assembled in Leyland, South Ribble.

Almost 40% of all employment in the automotive sector in Lancashire is in South Ribble due to the presence of Leyland Trucks in the area as well as specialist supply chain companies. Further employment is spread across Lancashire through the extensive advanced engineering and specialist automotive supply chain, particularly in Burnley. Key Lancashire based companies include Sankei-Gosei, Erlson, Futabu-Tenneco and TRW Automotive.

⁹ Original Equipment Manufacturers

The development of Lancashire's manufacturing base will be further supported by the government's proposal for Assisted Area Status in Lancashire. The proposal focuses on the M65 corridor from Blackburn to Pendle and on key investment sites on the Fylde Coast and along Morecambe Bay to sites in Lancaster. The proposed coverage covers the majority of manufacturing employment and manufacturing businesses in Lancashire.

3.2.2 Energy, Renewables and Low Carbon

The Energy Generation, Renewables and Low Carbon industries represent a key growth sector for both the UK and Lancashire, where it employs over 36,000 people. The sector, valued at over £100 billion for the UK, is highly diverse, encompassing sub-sectors such as including Nuclear and Renewables, Environmental services and emerging Low Carbon activities. The sector enjoys strong support from Lancaster University and UCLan, both of which have internationally recognised centres of excellence in the energy and environment sectors. The opportunity in Lancashire is to ensure that the right skills are available to support their expansion and exploit the associated supply chain opportunities. The Universities of Central Lancashire (UCLan) and Lancaster already have a strong reputation in these sectors and are well placed to support skills and technological developments.

With energy demand forecast to increase it is crucial that measures are taken to ensure efficient usage and meet energy requirements. Lancashire's key strength lies in its capability to support the whole nuclear power lifecycle and location at the centre of the **Energy Coast**, servicing national and international markets.

The growing oil and gas sectors will have an important role to play in securing the UK's energy supply providing Lancashire with additional opportunities to develop nationally and internationally important expertise and capacity. The LEP will work with key business partners and investors to capture the economic impact of local energy generation and ensure the benefits are felt in Lancashire.

Lancashire's economy has a well-established nuclear industry, and associated supply chain, providing expertise and capacity in nuclear power generation, fuel fabrication and decommissioning. Lancashire's assets include **four Advanced Gas Cooled Reactors in Heysham and an advanced nuclear fuel manufacturing facility at Springfields (Toshiba-Westinghouse)** near Preston. Over 3,600 people are directly employed in the nuclear sector in Lancashire, with 1,300 employed at Heysham, where the two combined nuclear power stations represent one of the largest concentrations of power generation in the UK. The completion of the M6 Link Road to Heysham will open up a range of development and employment opportunities.

The **Springfields** site, employing over 1,800 people, manufactures nuclear fuel products for nuclear power stations around the world and has produced nearly all of the UK's nuclear fuel over the last 50 years. The site has the technology to manufacture fuel for all major designs of nuclear reactors worldwide. Springfields is also home to the National Nuclear Laboratory, which focuses on nuclear physics and advanced reactors, fuel design and manufacture, specialist analytical services and process chemistry.

The specific strengths of Lancashire's nuclear sector, if combined with assets in Cheshire, Cumbria and Greater Manchester, create the opportunity for a coherent industrial and skills strategy for the nuclear sector in the North of England.

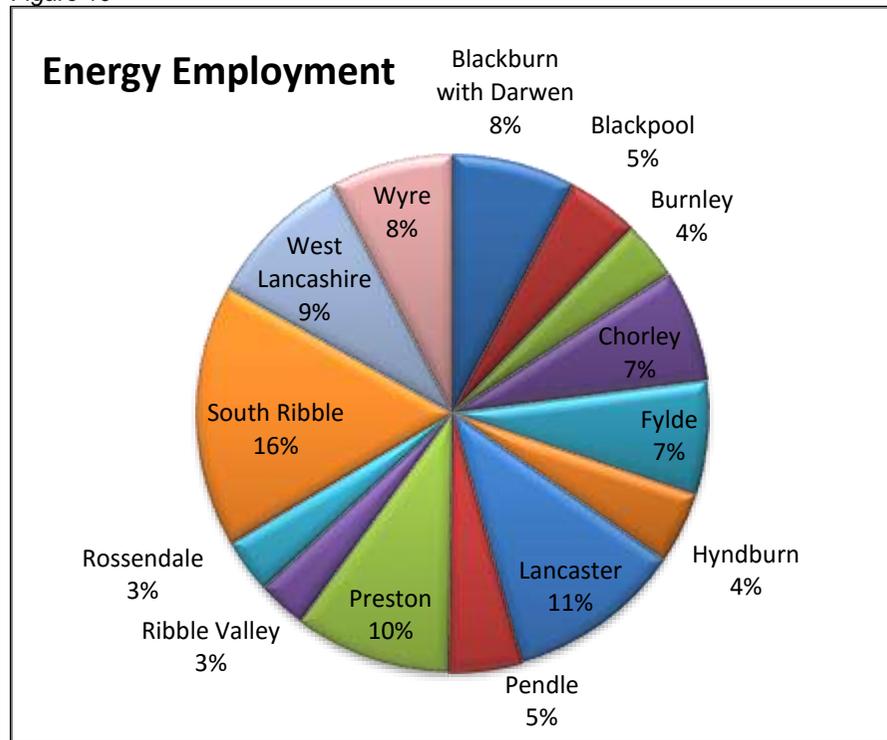
There will be significant opportunities in Lancashire related to the commissioning/de commissioning of reactors. For example, a new build nuclear reactor site would require 4,000 plus construction workers and 1,000 plus operating personnel. This would be in addition to the employment required to support existing reactors. The announcement of the British Nuclear project NuGEN's investment in a new plant at Moorside (Cumbria) is positive news as Springfields will supply the Fuel Rods for the new plant.

The Low Carbon¹⁰ sector is another key growth market for Lancashire with opportunities in carbon capture and storage market and natural economy activities. It comprises approximately 650 businesses, nearly all SMEs, and employs 8,000 people. Lancashire has growing strengths across these sub-sectors with a strong, predominantly SME, business base and supply chain. In particular support can be directed to encourage the diversification of advanced manufacturing products to the supply of Low Carbon goods. This is a crucial area and clearly has a distinct relationship with developing innovative and competitive SMEs.

The TEG Group plc. based in Chorley is an AIM listed green technology company which develops state of the art technology for handling a wide variety of organic wastes. It successfully deploys a growing portfolio of wholly owned energy plants and offers plant planning, installation, servicing and specialist components to an international market. TEG illustrates the capacity for growth in the LCEGS market with full year revenues for the group in 2012 was £22.4m, up from £17.8m in 2011

Through targeted interventions and initiatives SMEs can also be supported through re-engineering productive processes, investing in capital equipment and implementing efficiency measures.

Figure 10



Source: ONS Business Register and Employment Survey

With energy demand forecast to increase it is crucial that measures are taken to ensure efficient usage and meet energy requirements.

*Lancashire's key strength lies in its capability to support the whole nuclear power lifecycle and location at the centre of the **Energy Coast**, servicing national and international markets.*

¹⁰ LCEGS - Low Carbon Good and Services

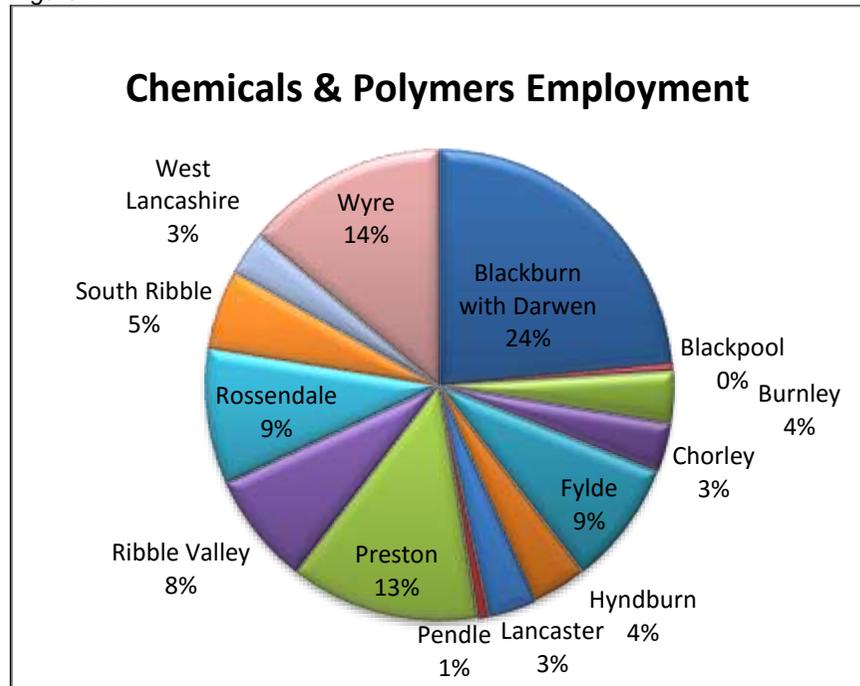
South Ribble has a significant proportion of employment in energy due to the location of the major plant in Leyland as well as a major utilities employer in Enterprise plc. With nuclear power facilities at Heysham, Lancaster has a high proportion of employment in the energy sector. Specialised construction and civil engineering are key areas for energy infrastructure provision and account for a large proportion of energy employment.

3.2.3 Advanced Chemicals and Polymers

The Chemicals industry has a strong history in Lancashire and remains a large sector, employing 4,300 people with twice the employment density than the UK average.¹¹

As well as a base of indigenous companies supplying intermediate and final products, several multi-nationals also have a presence in Lancashire. For example, Asahi Glass Chemicals is one of the only two production sites in the world for TEFLON derivatives used in industry and Vinnolit GMBH is a world leader in PVC manufacture. Key activities include paint production, the manufacture of high-performance plastics materials, production of fluorochemicals and materials, manufacture of organic chemicals, pharmaceutical and speciality polyurethane prepolymers.

Figure 11



Victrex are the leading global manufacturer of high performance polyaryletherketones, used in Oil Drilling and Automotive components. They have recently commenced construction of a new production facility in Lancashire at a cost of £90m, due on stream late 2014.

Source: ONS Business Register and Employment Survey, 2012

As with other sectors Lancashire can build upon the supply chain opportunities that the Chemicals sector provides particularly when the high costs of capital investment in infrastructure tend to make investors 'sticky'¹²; resulting in a need to focus on supporting reinvestment by existing companies, developing and diversifying the supply chain and facilitating horizontal integration into other sectors.

¹¹ Lancashire Sector Matrix, Mickledore 2013

¹² Lancashire Sector Matrix, Mickledore 2013

With advanced materials, composites and chemicals featuring strongly in Blackburn with Darwen's economy, the area accounts for almost quarter of employment in the chemicals sector in Lancashire. The international chemical and polymers companies and associated supply chain located at Hillhouse Business Park, included in the Government's Assisted Areas proposal, is reflected in the 14% share of employment in Wyre. Investment from Lancaster University in the re-establishment of its Chemistry Department (the first in the UK in 50 years) will add to Lancashire's research capacity in this sector.

3.2.4 Food and Drink

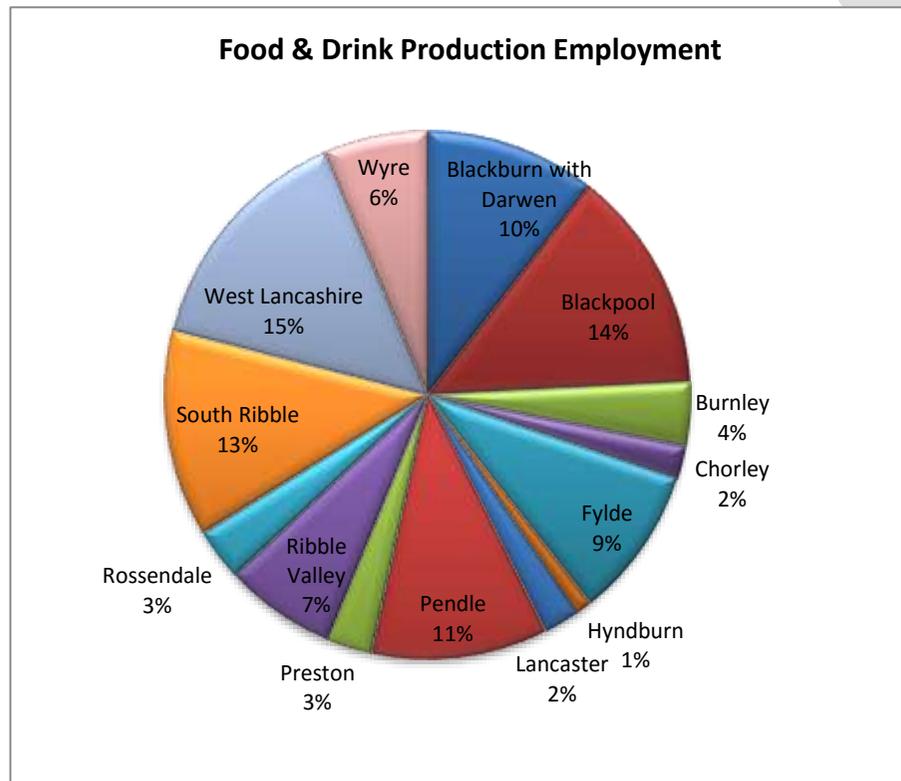
Food and Drink production is a major manufacturing sector in Lancashire, and the largest in the UK, with over 12,000 people employed in the industry, representing over 15% of all manufacturing employment in Lancashire and home to global brands such as Dr Oetker and Pepsico. Growing consumer demand for British and local origin food has stimulated local independent food producers in Lancashire, building upon the areas reputation and creating a significant and growing market opportunity. It also supports a growing aspect of the Visitor Economy, 'Food Tourism'.

Lancashire hosts a significant mix of natural assets which provide the means of producing a range of high quality foods to support Lancashire's diverse food and drink sector. These include extensive areas of Grades 1 and 2 agricultural land for vegetable, fruit and cereal production, field and upland landscapes for livestock rearing and offshore and estuarine areas for fish and shell fish. The overall management of these areas is critical to ensuring the quality and provenance of Lancashire food. This emphasis on quality is fundamental to the sustainable growth of this sector.

Lancashire's producers need to be supported to take full advantage of opportunities to build competitiveness in a global market place whilst responding to environmental pressures and climate change. Improving skills and innovation is critical to this: for example, the national Agri-Tech Strategy (2013) highlighted the need for investment in training and knowledge transfer if farmers are to adopt and exploit new technologies, products and services successfully. As one of the leading land-based colleges in the UK, with a growing international reputation, Myerscough College is well placed to address this challenge, with ambitious plans to develop smart specialisation opportunities in grassland management, livestock/crop production and local food.

There is a mix of employment in food and drink production between producers in Lancashire's in rural areas, such as in West Lancashire with 15% of all food and drink employment, and more urban areas. For example, Blackpool has significant biscuit and confectionary manufacturing companies.

Lancashire's mix of companies in the food and drink sector ranges from multinationals and well-known brands to small independent artisan producers



Burton's Biscuits has recently announced an investment in its manufacturing operation at Blackpool. The investment will see Blackpool established as the company's Cookie Centre of Excellence. It part of Burton's £13.5 million throughout 2013, building its supply chain and manufacturing excellence to help secure the future supply of products to retailers all over the world.

There is a well-developed supply chain, from raw materials and fresh goods to specialist processors and logistics companies. The transport network provides access to markets, with a significant proportion of companies exporting around the globe. The ease of access to raw materials and benefits of a localised supply chain has helped to attract food companies to the area. Much of this industry is based in the rural areas of Lancashire.

Lancashire's food manufacturing sector includes the preparation of processed meals and specialist shellfish based upon high quality, locally sourced ingredients. There are several producers, including farms and artisans, specialising in high quality produce with an emphasis on local provenance with Dairy and Meat being key products. The development of this aspect of the Sector is a key objective of the LEP Rural Growth Strategy and can be supported through sustainable land management strategies and support for local supply chains.

*R Fiddler and Sons Limited is a 3rd generation family owned farming business based at operating for over 50 years at Rufford, West Lancashire. The primary crops grown on the farm are potatoes and other arable crops. Given the variations in wholesale potato prices in recent years the Fiddlers decided to look at diversification and have developed their own kettle chip product; **Lancashire Crisps**, supported by EAFRD funding. The product is now firmly entrenched and brand awareness is developing throughout the North West.*

Even through the economic downturn manufacturing exports have continued with strong performances from meat, dairy, seafood products, The main recipients of UK food and drink exports continue to be mature markets such as the USA, Canada and the EU with developing markets such as the Gulf States and Asia are opening up excellent opportunities for exporters¹³.

3.2.5 Service Sector

To support a transition through to increased GVA growth, Lancashire needs to become home to more high-growth services business. Only 20% of Lancashire's wealth is currently generated by private services sector although over 78% of employment is in service related activities. Almost 40,000 are employed in the financial service sector through major employers such as the Guardian Financial Group. The Co Operative Bank and National Savings and Investments.

Lancashire has seen significant service sector employment growth over recent years but this has not significantly improved GVA growth. In particular, professional, business and financial services remain heavily under-represented. In total higher value added service sectors provide only 15% of Lancashire's employment compared with 23% across the UK. This imbalance needs to be addressed in order to promote long-term economic growth by restructuring Lancashire's economic base to become a high performing private sector led economy.

Blackpool based Chartered Management Accountants, DANBRO have grown into one of the fastest growing companies in the UK providing umbrella specialist accounting and payroll services. They are one of only three accountants in the UK to provide advice to the Professional Contractors Group (PCG)

In particular Business Process Outsourcing (BPO) of Financial and Accounting and HR services are growing areas of 'near shoring'. Preston, Blackburn and Burnley are acting as effective 'near shore' localities with access to a skilled workforce whilst containing costs. Lancashire is forecast to see substantial growth in employment in key higher value service sectors such as information and communication, professional, scientific and technical activities, rising by nearly 29% to 2023. However, the North West with an increase of 33% and the UK with 35% will still outstrip growth in Lancashire. As a result, these higher value sectors

¹³ UKTi

have less of an economic impact than regionally or nationally, contributing only 14% to Lancashire's GVA in ten years' time compared to 20% of the North West's economy and 27% of the UK economy.

The challenge for Lancashire is to building upon the fact that this sector is the one that has generated the most Foreign Direct Investment (FDI) projects in over the past 10 years, and increase the volume of higher level service sector businesses, developing the skills base, proving the right infrastructure and connectivity.

3.2.6 Visitor Economy

Lancashire's Visitor Economy attracts 62m visitors a year, more visitors than Cumbria and the Lake District, Liverpool and Cheshire, contributing £3.4bn to the economy and supporting 55,000 jobs (nearly 10% of total employment). Visitor Numbers have increased by 4.5% since 2010 demonstrating Lancashire's continuing attractiveness as a Visitor Destination. The tourism sector is represented across all of Lancashire but has a particular focus in Blackpool and the Fylde Coast (including Wyre), Lancaster, Preston and the Ribble Valley.

Nationally, the Visitor Economy is predicted to grow strongly with the Government's Tourism policy (2011) setting out a ten year target to grow tourism across England by 5% year on year. This ambition is supported through VisitEngland's Strategic Framework for Growth 2010-2020 which provides a strategic steer in maximising tourism's contribution to the economy, employment and quality of life. Lancashire is well placed to capitalise on this predicted growth by promoting a diverse and strong tourism offer incorporating, leisure, culture, heritage and sporting assets across urban, coast and countryside locations.

The UK's largest seaside resort, Blackpool, with its key attractions of the Blackpool Tower, the Winter Gardens and the Pleasure Beach, and the Fylde Coast area, has the largest single concentration of seaside tourism jobs in the country - more than 19,000¹⁴. The Visitor Economy is the major employer in Blackpool, accounting directly for 19% of all employment (indirectly up to 23%) compared to the national average of approximately 10%.

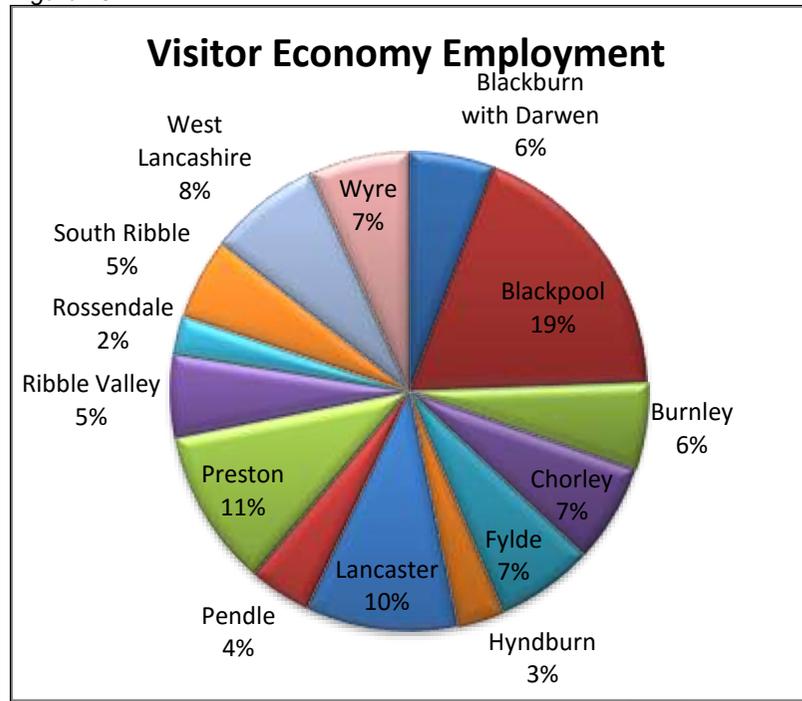
Lancashire's natural and heritage environments are key assets. Areas such as the Forest of Bowland, the first in England to be awarded the European Charter for Sustainable Tourism in Protected Areas, Lancaster City and Morecambe Bay attract significant numbers of visitors. Rural communities and the countryside provide a natural asset right across Lancashire especially in support of land based leisure activities and outdoor pursuits. This potential can be developed to link natural environmental assets to economic diversification, including Food and Drink. Preston's positioning on the West Coast mainline provides ease of access to leisure and business visitors both north and south of the county, offering the opportunity to promote the city as a key gateway as well as capitalising on the opportunities arising from the City Deal.

The quality and variety of the natural and built environment, landscape and heritage in rural Lancashire, its close proximity and accessibility to the urban areas of Lancashire and City Regions of Manchester, Liverpool and Leeds presents a huge opportunity. Sport in particular presents another opportunity¹⁵ for visitor growth.

¹⁴ The Seaside Tourist Industry in England and Wales, Centre for Regional Economic and Social Research, Sheffield Hallam University, June 2010

¹⁵ Lancashire has over 450 outdoor businesses (more than Cumbria), Value & Impact of Sports in Lancashire, KKP

Figure 13



Blackpool accounts for the largest proportion of employment in the visitor economy, with almost a fifth of all employment in the sector. The Fylde Coast accounts for a third of all visitor economy employment.

Lancashire's two cities, Lancaster and Preston, the former with a strong tourism and heritage offer and the latter the administrative centre of Lancashire, also record strong visitor economy employment.

Source: ONS Business Register and Employment Survey, 2012

There is significant potential to develop the economic impact of the Visitor Economy, to further support its often local supply chain and address serious challenges in terms of competitor locations and the quality of the visitor offer. The sector needs to develop the quality and range of visitor products (urban/rural/seaside), in order to sustain/develop numbers and drive up visitor spend. This will be supported through expanding the Eco-tourism offer (Walking/Cycling/Wildlife), and developing cultural and business tourism, etc.

Training to improve sector skills, and help improve graduate retention, will be important in supporting investment to enhance the context for visitor growth and positioning Lancashire as a customer first county renowned for delivering a world class visitor experience. It will also provide opportunities for sustainable entry level employment and as such can be an effective starting point for the career development of those with little or no skills.

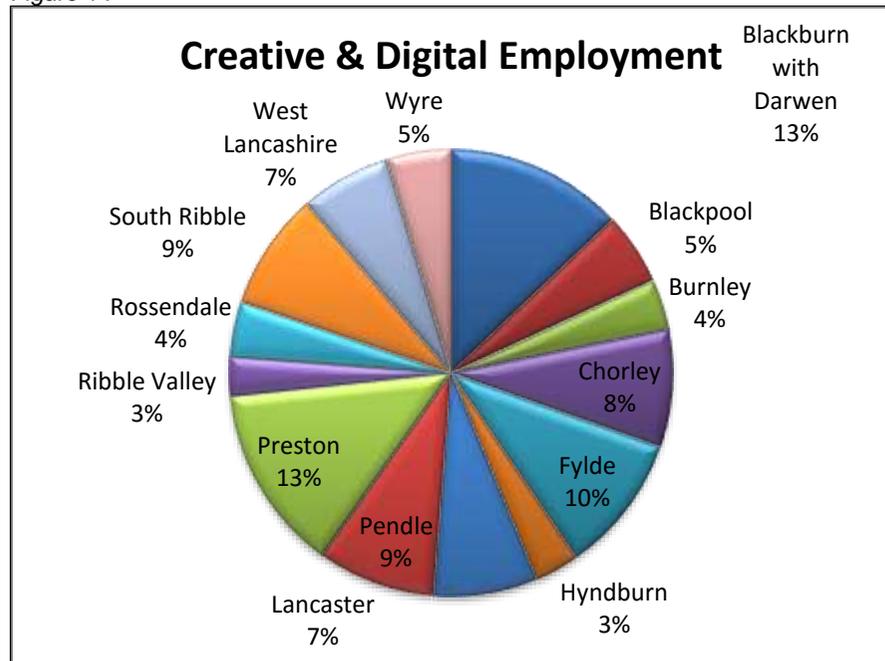
Marketing Lancashire's work in promoting Lancashire as a visitor destination provides a solid platform to address under performance in attracting inward investment by extending activity beyond traditional visitor markets to attract potential new investors and business occupiers.

3.2.7 Creative and Digital

Creative and Digital technologies and businesses are central to Lancashire's future success as a place to live, trade and invest employing over 23,000 people. As a key growth sector for the Lancashire economy, there is an opportunity to build upon existing capacity and skills. The diverse company base ranges from large Telecoms PLCs to niche software firms and university spin outs. Additional sectors include design and branding, film media and broadcasting, publishing, PR and marketing. ¹⁶Security Lancaster is nationally recognised as a centre of excellence in cyber security and Lancaster University will build upon it this position through a Digital and Innovation & Cyber Security Centre.

Lancashire's Higher and Further Education sectors are a key asset in providing the right skills and research and development capacity for this sector to expand. UCLan has invested significantly in this area and is home to the Media Innovation Studio and is proposing a Digital Innovation Hub, whilst Lancaster University is developing a Digital Start Up investment fund.

Figure 14



Source: ONS Business Register and Employment Survey, 2012

Realtime:UK develops CGI films and applications to the gaming, broadcast and automotive industries. They have developed an online system that enables users to customise a car before they buy, right down to the personalisation of the seat stitching and gear stick.

The application is being used by Aston Martin.

The roll out of Superfast Broadband across Lancashire, development of Ultra-Fast Broadband connectivity and proximity to Media City, will help to increase productivity, stimulate activity and attract inward investment from UK-based and international companies.

Preston and Blackburn with Darwen have the largest share of employment in creative and digital in Lancashire, with a particular focus on telecommunications and software as well as design, publishing, advertising and media. Both Pendle and South Ribble have high proportions of employment in telecommunications, with Fylde a significant employer in information service activities.

¹⁶ EPSR-GCHQ Centre of Academic Excellence in Cyber Security

3.2.8 Social Enterprise

Lancashire has an effective social economy sector that underpins our economy. This allows commercial companies to concentrate on generating wealth and the public sector to concentrate on its core objectives.

Lancashire has over 1000 Social Enterprises working on a range of activities across the economic, environmental and social spectrum. These include employability, education and training, financial services, waste management, community transport and health and wellbeing. These businesses support and encourage economic activity amongst the most excluded and hard to reach individuals, and realise business activity and growth in areas where others have failed.

In particular, this sector is skilled at developing new markets, goods, services and employment in previously overlooked areas. Charities, social enterprises and faith organisations run key mainstream services such children's, day and community centres, schools, apprenticeship training provision, employment support, social housing, environmental education, recreation and sports clubs and large sections of social care provision.

Recent transformation of infrastructure support to the third sector has developed a clear route to engagement. Organisations such as *Social Enterprise Lancashire Network* (Selnet) mean the area is well placed to develop a culture of enterprise and entrepreneurship. 88% of Social Enterprises in the North West are predicting growth over the next 5 years¹⁷.

One of Lancashire's largest social enterprises is Brothers of Charity which provides a range of specialist services for people with complex physical and mental health needs in Chorley, Preston and South Ribble. With an annual turnover of £12m, the organisation is run for the benefit of the community.

This sector is able to access significant levels of eligible match funding from a variety of sources to maximise such services in our communities. For example, the Big Lottery who have already invested over £60m in Lancashire over the past 3 years.

However, Social Enterprises, like other parts of the economy, are experiencing difficulties with accessing appropriate finance to support growth. In particular this problem is being felt most acutely by smaller/and or developing Social Enterprises¹⁸. The **Local Impact Fund** Financial Engineering Instrument will add to the opportunities available for this sector.

3.2.9 Public Sector Reform and Health

Lancashire's economy remains strongly reliant on the public sector, which contributes over 20% of Lancashire's Gross Value Added (GVA) and over 23% of all employment. Lancashire is focused on restructuring its economic base to promote strong private sector growth, reducing the reliance on the public sector.

Employment in the public sector is forecast to decline between 2014 and 2020, especially in public administration and education which are projected to decline by 15% and 14% respectively during this period. In Lancashire the forecast is 19%, compared to 20% in the North West. Despite this, the public sector is forecast to remain a key contributor to Lancashire's economy, contributing over 20% to Lancashire's GVA over the next ten years and in the longer term to 2030.

¹⁷ Report on the state of the Social Enterprise Sector in the NW 2011-12 (2014), Social Enterprise North West

¹⁸ Investment Demand Among Social Enterprises in the North West (2014), Social Enterprise North West.

The health sector in Lancashire is a major employer with activity ranging from high level research, medical product manufacture to growing Health and Social Care sub sector. The health integration agenda presents huge opportunities for growth in both the Private and Third Sectors, especially in response to opportunities created by new service delivery arrangements and approaches. At present human health and social care activities employ over 97,000 people in Lancashire and our ageing demographic means that this will be a growing area for enterprises and employment.

In addition, there are significant benefits in developing the interrelationship between health related academic research and the private sector to stimulate even greater innovation and product development. The Lancaster University Innovation Campus will enhance Lancashire's ability to engage and develop the growing healthcare market and commercialise academic led innovation. In addition, Lancaster University will be able to support growth and innovation through a partnership with IBM focused on patient centred diagnosis.

Public Sector authorities and agencies are currently working with the Third Sector to develop a Community Asset Network Strategy to enable communities to develop their own strengths to stimulate innovative social actions that will contribute to the LEPs objectives of economic growth.

Given the relatively high proportion of BME individuals working in the public sector (31.2% compared to BME communities comprising 10% of the Lancashire population) reductions in public expenditure could have a significant impact on employment and economic activity levels (which are already lower for employment and higher for economic inactivity). The private sector growth focus of the LEP will support the creation of employment opportunities in support of the Government's objective of rebalancing the economy.

3.2.10 Enterprise and Self-Employment

Enterprising people and communities will help drive Lancashire's economic future. The importance of the SME base to Lancashire's economy and the vital role of entrepreneurship as a driver of economic growth and job creation mean that Lancashire needs to significantly improve the level of entrepreneurial activity whether in the Private or Third sector. Lancashire is underperforming compared with the rest of the UK in terms of entrepreneurial activity, with business formation rates, business death rates, long term business survival rates and business densities all performing below the UK average; business birth rates are 1% below the national average but death rates are 1.3% below indicating an on-going divergence with national trends.

Encouraging and enabling start-ups will provide a significant opportunity for Lancashire to increase its Private and Third sector concentration, enhancing employment opportunities for local people and businesses growth. This can be supported through improved access to business support and local finance provision, enhanced infrastructure through appropriate and flexible premises, ICT access and a supply of skills that reflect business needs and market opportunities. Lancashire needs to enhance its existing enterprise and entrepreneurial culture to boost start up levels and business density to at least the national level. In doing this it can build upon current strengths including UCLan's position in the top 3 of HEIs for Graduate Start ups¹⁹.

Most recent forecasts indicate that the number of Lancashire residents that are self-employed will not keep up with national trends and will be significantly below; there will be a 33% growth in the number of self-employed across the UK to 2030 but only a 16% increase Lancashire. As with other issues, this underperformance is particularly severe in poorly performing parts of Lancashire that are also predicted to have limited general employment growth. For example, self-employment in South Ribble is predicted to increase by over 50% to 2030 but at the same time self-employment in Blackpool is predicted to decrease. The more deprived

¹⁹ Higher Education Business and Community Interaction Survey.

areas of Lancashire, with the lowest skills levels, are most likely to see the lowest increases in self-employment as well as the lowest increases in economic growth.

Burnley, the Most Enterprising Area in the UK 2013 - The Burnley Bondholders is an initiative that brings together local firms to promote Burnley as a place for business. Through the consortium's combined passion and hard work they have attracted £10 million to the area.

3.3 Innovation

Lancashire has a significant cluster number of world-class centres of innovative excellence. The LEP aims to maximise the economic value and benefits of these centres, and build upon the strengths of our HEIs and FE Sector, in supporting SMEs to increase productivity. In particular, the Witty Review cited ESI Funds as an opportunity for LEPs to make the most of what our universities can do. The Lancashire Growth Deal aims to establish an Innovation Strategy, anchored by Lancaster University and UCLan, based upon and aiming to enhance their competitive strengths.

In Lancashire we are already acting upon these opportunities and in so doing we benefit from existing strong relationships and partnerships between academic institutions, the LEP and wider partners, all committed to growing our local economy. Our focus is on strengthening the growth linkages between our world class clusters of industry, technology and research excellence by aligning them with national/Lancashire priorities and growth-oriented sectors.

Lancashire's HEIs are a crucial component of our, and the UK's, knowledge base and, as such, contribute to innovation and enhanced productivity through knowledge exchange and skills provision. Our universities engage with business in a number of ways to drive innovation: collaborative and contract research & development; consultancy; commercialisation of intellectual property; opening access to university facilities and equipment (including co-location); the provision of continuing professional and educational programmes; and gaining advantage from their international reach and networks. Both UCLan and Lancaster University are in the top 10 of universities, in the UK, in terms of their number of interactions with SMEs²⁰.

Based upon an '**Arc of Prosperity**' the LEP is developing a delivery plan that will maximise synergies between business based research/development and the growth plans of the University of Central Lancashire (UCLAN), Edge Hill and Lancaster Universities, and their innovation-focused and industry spin-out/spin-in developments.

A key part of this work will be to grow and enhance our physical and technological 'innovation infrastructure' by investing in the facilities and equipment for commercially led collaboration, and for increased co-location with high growth and innovative businesses. This is particularly important as 70% of business research and development takes place in the Manufacturing sector.

The **Lancashire Enterprise Zone** will be a crucial to this approach along with complementary initiatives such as UCLan's **Advanced Engineering and Innovation Centre** and additional investment in high quality research and development facilities such Lancaster University's **InfoLab21**.

Lancaster University is one of the leading academic institutions in the UK in terms of the volume and scope of its partnerships with SMEs²¹ and is ranked within the top 1% in the world. The University is bringing forward significant developments to strengthen its core technology base enhancing its position as the leading Physics Research Department in the UK. This will create new opportunities based upon a **Quantum Technology Centre**, a national priority. Lancaster's proposal

²⁰ Witty Review 2013

²¹ Higher Education Business & Community Interaction Survey

for a **Health Innovation Park** will allow it to develop medical based specialisms linked to knowledge transfer and spin off businesses. This will be in addition to the work it has undertaken with over 5000 businesses since 1999, supporting the creation of 4000 new jobs.

The £9.8M Centre for Global Eco-Innovation unites the expertise, resources and global contacts of Lancaster University, the University of Liverpool and Inventya Limited, to develop new eco-innovative products, processes and services in collaboration with ambitious northwest SME businesses. By providing structured research and development collaboration, the centre supports business growth and helps overcome identified barriers to research and innovation.

The University of Central Lancashire (UCLan) is a world class higher education institution - the first modern university in the UK to be recognised as such by the QS World Rankings. It links to and supports SMEs through a range of business activity across a broad spectrum of subjects, and encourages enterprise through Graduate support programmes. UCLan has formed a partnership with Warwick Manufacturing Group (WVG) to provide the **Higher Education Academic Partnership** for the Lancashire Enterprise Zone. This will be capable of delivering bespoke solutions for companies and individuals accessing the sites, including providing an interface to other academic institutions where required.

UCLan is currently delivering £17.5 million of ERDF projects assisting 2000+ businesses in a range of technical and business areas

Lancashire's Higher and Further Education cluster are already supporting SMEs by linking them to student/graduates with resulting benefits. The Further Education sector works with over 20,000 businesses, trains 85,000 people each year and our universities are engaged in a wide range of initiatives designed to raise skill levels and productivity. Lancashire's academic institutions are committed to working with our business community to exploit their research, knowledge, skills and talent for the benefit of the economy. Not only are two of the largest Further Education Colleges in the UK are based in Lancashire But Lancashire is the only LEP in the country where all FE colleges and locally led training provides are recognised as good or outstanding²².

Our HEIs and FEIs have a long and demonstrably successful track record in the management and delivery of publically-funded projects to increase the innovation capacity and competitiveness of SMEs within the UK. Under the current regional ERDF operational programme alone, our universities have delivered a portfolio of projects with a combined value in excess of £50m to engage in knowledge exchange with close to 5000 SMEs.

There is a strong commitment to collaboration and partnership. UCLan, Lancaster University and Edge Hill University are delivery partners in **BOOST**, Lancashire's ERDF-funded business growth hub, recently established by the County Council on behalf of the LEP. Institutions are also involved in the ERDF-funded **Unite with Business** project, led by UCLan in partnership with Lancaster University and a wider group of Northwest HEIs, that funds student/graduate consultancy placements with regional SMEs. UCLAN and Lancaster are partners in the ERDF-funded **HE Enterprise Champions** project, led by the National Council for Enterprise Education, that supports students and graduates to develop their entrepreneurial behaviours and to start their own businesses.

The ability to use ESF funds to support HE activity will facilitate the improvement of the quality of business leadership and management, in particular recognising the support necessary for the management and development of innovation in new and expanding SMEs, as well as graduate employability and retention. This expertise can also be used to support interventions related to increasing employability and enterprise amongst out most disadvantaged communities.

A package of activity, including that delivered by Lancashire's colleges, universities and training providers, will continue to foster and strengthen innovation and enterprise.

²² www.ofsted.gov.

3.4. Employment and Skills

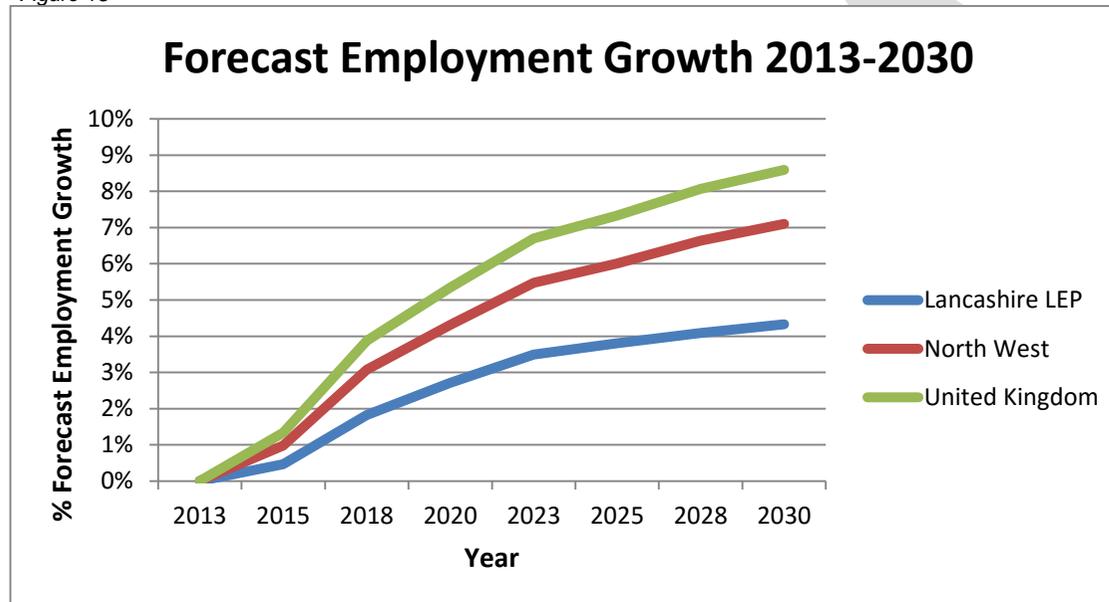
Lancashire has the potential to create significant employment opportunities over the programme period, with the LEP aspiring to support the creation of 50,000 new jobs, many of which are predicted to require Higher Level skills.

In the ten years before 2008 Lancashire created over 48,000 jobs but not at a level to address the productivity and employment gaps with the rest of the UK. An expansion in high GVA businesses will support the growth of better paid jobs but, although Lancashire is a place of rising qualifications, interventions are required to ensure businesses have the right labour supply and local residents the right skills. This will include interventions to support the most disadvantaged in the labour market and/or with low or no skills²³.

Employment

The number of jobs in the Lancashire economy is predicted to increase from 2013 onwards with over 23,000 jobs (employees and self-employment) to be added by 2023 this level of increase, only 3.5%, will be below the 7% increase predicted for the UK.

Figure 15



Without significant interventions in support of the LEP Growth Plan, Lancashire will create 30,000 fewer jobs than if it were creating jobs at the same rate the rest of the UK.

Source: Lancashire Economic Forecasts, Oxford Economics, 2013

As with GVA growth there are spatial differences in Lancashire, with those areas with greater proportions of higher skilled residents and high GVA industries, predicted to grow. Essentially those areas with lower skilled populations and more reliant on traditional lower value sectors (including low GVA manufacturing) are likely to see jobs growth at a lower level than elsewhere, or even net job reductions. This replicates the current position whereby, although current employment rates in Lancashire are comparable to the national average, this masks significant geographic differences²⁴.

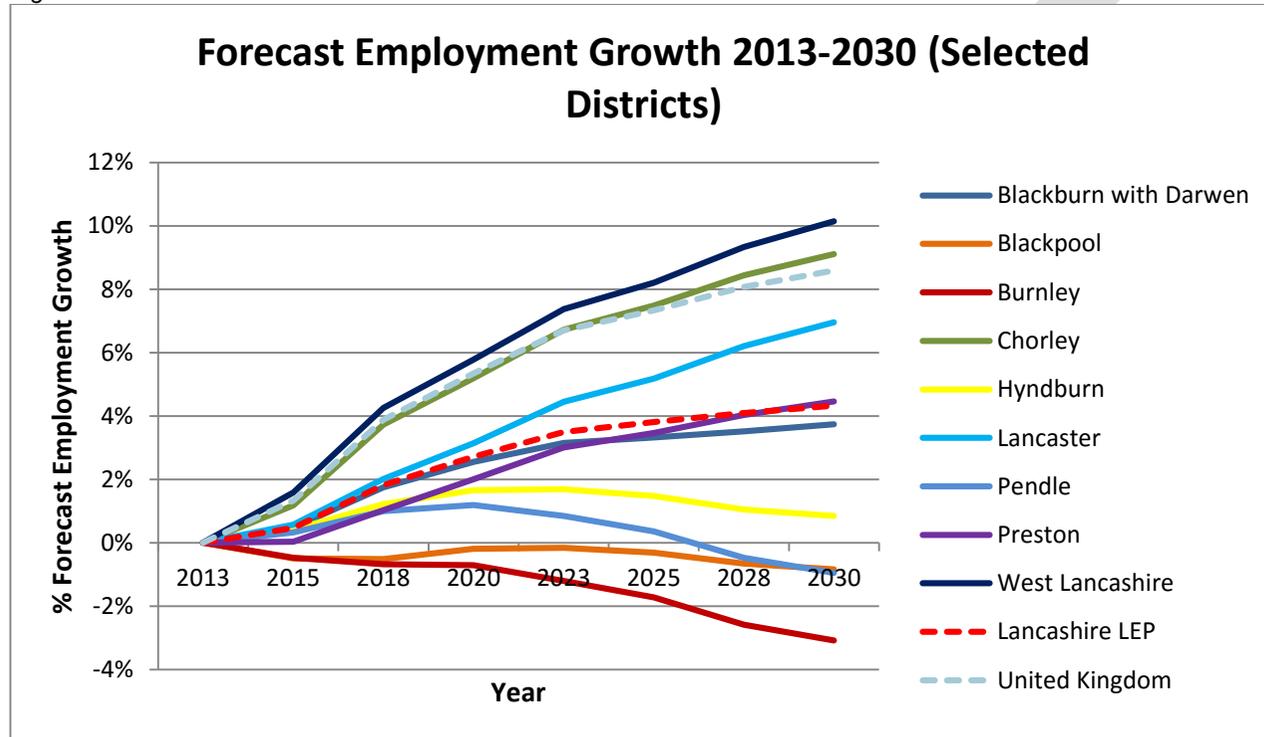
²³ See Economic and Social Inclusion Section

²⁴ See Economic and Social Inclusion Section

In addition to these geographic differences there are a number of groups that are underrepresented in employment. For example, BME individuals have lower employment rates than the Lancashire average²⁵ (54% to 68%). For those who are in employment the largest employing sectors are Retail, Distribution, etc. and Public Administration; either lower skilled or reducing sectors.

The LEP will focus on supporting employment in higher GVA and other sectors with growth potential, linked to a *Smart Specialisation* approach. In addition it will support activity to create and facilitate access to employment opportunities for disadvantaged individuals and communities of less well performing and deprived areas.

Figure 16



Source: Lancashire Economic Forecasts, Oxford Economics, 2013

Employment in Chorley will grow by twice the national average over the period to 2030.

Employment in Burnley, Blackpool and Pendle will decline over the same period.

²⁵ Annual Population Survey, ONS

Skills

Lancashire is a place of rising qualification levels, the proportion of residents qualified to NVQ4+ having increased from 24.5% in 2007 to 30.8% in 2012. However, its performance does not compare well with the rest of the UK and there are areas where significant improvement is required, in particular to address the mismatch between chosen careers and skills development pathways and those sectors with the greatest growth potential²⁶ for example, only 36% of employed people in Lancashire are qualified to NVQ Level 4 or above which is below the national average of 40%. In addition, there are geographic pockets where low skills mirror concentrations of deprivation.

Lancashire does have a solid skills base but that will have to develop and expand to meet current and future business needs.

Figure 17

Highest Level of Qualification (Working Age Population)	Lancashire		Great Britain
	Number	%	%
% with NVQ4+ - aged 16-64	277,600	30.8	34.4
% with NVQ3 only - aged 16-64	155,800	17.3	17.1
% with NVQ2 only - aged 16-64	153,400	17.0	16.8
% with NVQ1 only - aged 16-64	120,400	13.4	12.2
% with no qualifications - aged 16-64	96,900	10.8	9.7

Source: ONS Annual Population Survey, 2013

Changes within the Lancashire's economy will increase the demand for higher level skills as Lancashire's growth sectors develop and businesses increasingly become more knowledge based. This clearly demonstrates the need to develop resident and employee skills up to and beyond NVQ3.

The draft priorities for the Lancashire Skills Strategy. 'Skills for Growth' are

- Utilising the reforms to Apprenticeships to drive future skills delivery in key sectors
- Recognising and building upon the impact of Lancashire's HEIs and retaining their talent in the economy
- Building upon Lancashire 's Growth Hub' BOOST' to coordinate and streamline employer engagement
- Co coordinating an Information, Advice and Guidance system to inspire individuals to invest in skills development to access careers opportunities within key sectors
- Supporting and Improving the skills supply chain for key employment sectors
- Working with partners to provide skills support for those struggling to access employment opportunities.

*The demand for higher level skills, NVQ4 and above is predicted to **increase** along with a significant **fall** in demand for employees with NVQ Level 1 and for those with no qualifications.*

²⁶ In addition to those sectors where there will be replacement demand and/or technological change skills issues.

Using Qualifications and Credit Framework (QCF²⁷) levels, the period to 2020 is projected to see the requirement for an additional 4,385 people with qualifications at QCF8 (Doctorate), a further 30,000 possessing qualifications at QCF7 (higher degree), and 25,000 more individuals with first degrees (QCF6). Overall there will be a demand for a net 60,800 additional qualifications at NVQ Level 4 equivalent and above. Conversely, there will be falls in demand of 12,000 for individuals at QCF3 (NVQ Level 3) and 10,000 for those at QCF1 (NVQ Level 1). The most marked decline is in the requirement for people with no qualifications, a fall of around one-third (21,500 people).

Projections of demand for qualifications by industry in Lancashire for the period 2010 to 2020 indicate an increased demand for employees with higher level qualifications at NVQ Level 4 and above and a significant fall in demand for employees with NVQ Level 1 and for those with no qualifications. In line with the shift toward higher value activity the AEM sector shows a significant increase in demand for qualifications at QCF7 (higher degree) and QCF6 (degree), yet a marked decline in the demand for qualifications at QCF1 (NVQ Level 1) and below.

In particular, there needs to be the right level STEM Skills to support technological development and implement new productive processes. The Skills City Initiative, based around the Samlesbury site of the Enterprise Zone site, will play a significant role in developing the right skills base. Both Lancaster University and UCLan are developing programmes to enhance higher level skills development as are Lancashire's FE Colleges.

Projections also show an increased demand in Lancashire for higher skilled managerial and professional occupations by 36% over the same period and a decline in some mid and lower level occupations, such as administrative and secretarial, skilled trades, and process, plant and machine operatives.

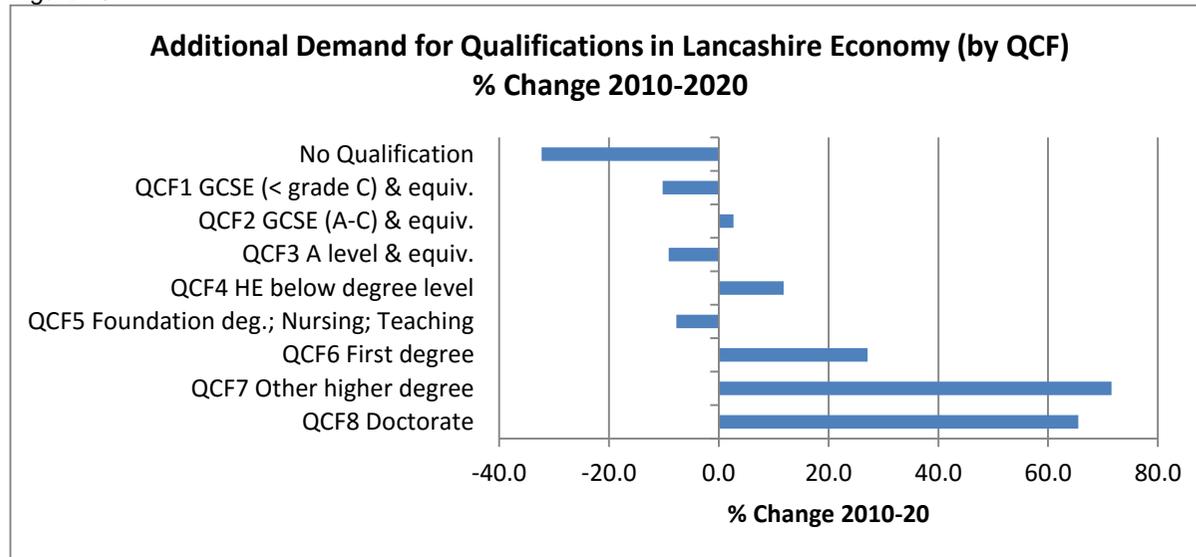
Evidence from within some of Lancashire's target sectors suggest that there is a shortage of skilled employees, especially within the smaller enterprises supporting larger supply chain companies. Work by the Commission for Rural Communities (July 2012) identified that there was less investment in up skilling employees within rural businesses compared with their urban counterparts.

The experience of the Skills Support for the Workforce Capacity Building ESF project will prove useful in seeking to improve core provision and provide resources to ensure that skill shortages do not curtail the development of skill sectors. The results of the Lancashire Business Growth Survey (2014) indicate that almost half of businesses feel there is a lack of skills in the existing workforce that acts as a barrier to growth and expansion.

The UNITE with Business project is a UCLan led consortium of 6 NW Universities (UCLan, Bolton, Salford, Lancaster, Cumbria, Chester) that assists business by placing graduates in the companies to work on specific tasks.

²⁷ Qualifications and Credit Framework (QCF) – QCF 4 and above equivalent to NVQ Level 4 and above

Figure 18



These trends should be considered in the context of the growth objectives for the Lancashire economy, aligned with high growth sectors, and the stagnation and/or decline in lower skilled employment.

Source: Working Futures 2010-2020 UKCES

A few sectors demonstrate an increased demand for lower level qualifications with construction, transport and storage, business services and utilities in particular requiring additional employees qualified to NVQ Levels 1 and 2. Accommodation and food, wholesale and retail are demanding more at NVQ2 and health and social work, real estate and arts and entertainment will see increased demand for both NVQ2 and 3 qualified staff. Although in general these are lower value economic sectors they do provide important opportunities for sustainable employment for less skilled residents.

Blackpool and the Fylde College are investing in an Advanced Technology Centre focusing on AEM, Low Carbon and Energy Solutions to develop the skills for future business needs.

The majority of 16-17 year olds (35,000 in total) are in full-time education and training (79%), 4% in apprenticeships, 2.6% in work based learning and the remainder undertaking other forms of learning. This is an overall increase of 0.4% in Lancashire over the last year, although Blackpool recorded a decline of 2.6% in participation over this period. This 86% participation rate is still below the 88% national rate.

During 2010/11 there were 17,350 people undertaking apprenticeship training in Lancashire, with 35% of participants under 19 years old and 40% aged between 19-24, with the type of learning almost evenly split between intermediate and advanced, with less than 1% at a higher level. There has been a steady year-on-year growth in the take-up of apprenticeships over recent years, such that between 2005/06 and mid 2012, there were 78,320 apprenticeship starts in Lancashire. The largest proportions of these were in the areas of Business, Administration and Law, followed by Retail and Commercial Enterprise. Together, these two sectors accounted for 50% of all apprenticeship starts over the last 7 years. Engineering and Manufacturing Technology starts accounted for 12.5% of the total number and Construction, Planning and the Built Environment accounted for a further 10.5%. Further work will be need to be undertaken to increase the number of higher level apprenticeships and assess the impact of the implementation of the Richard's Review.

Burnley University Technical College (UTC) specialises in engineering and construction from basic skills to degree level. The UTC will provide students with a seamless transition into the world of work or further education and is supported by major employers from across aerospace, nuclear, technology, and green energy industries.

There are a number of groups whose low or lack of qualifications will prevent them from accessing the benefits of growth. This affects a number of groups but in particular Young People not in employment, education and training (NEETs). There are an estimated 3,200 NEET young people in Lancashire, 6% of 16 to 18 year olds in the area. By age group, nearly 600 are 16 years old, over 1,000 aged 17 and 1,600 are 18 years old. Overall Lancashire has a higher than average number of NEETS , with 15% of 16-24 year olds young people only qualified to NVQ Level 1 and 9% with no qualifications. However, over 28% of 16-24 year olds are qualified to NVQ Level 2 compared to the 17% of the total working age population with NVQ2 as their highest level of qualification.

Although the qualification levels for women are not significantly below the national average there are spatial differences within Lancashire. For example, 17% of the female population of Blackburn and 14% of Blackpool have no skills compared to the national average of 10%. In relation to NVQ4 level qualifications Blackburn (28%), Blackpool (25%) and Pendle (20%) all have rates well below the national average of 35%. This compares with 44% of the female populations of Ribble Valley and Rossendale being qualified to NVQ4.

Qualification levels for those aged 50-64 again are not significantly different from the national average but with major geographic variations. For example, the number of those 50+ without qualifications is 24% in Blackburn compared to the national rate of 15%. In Burnley the number with NVQ1 only is 22% compared to the national average of 12%. This compares with those 50+ in Ribble Valley and Wyre qualified to NVQ4+ being well over the national rate; 41% and 45% respectively compared to 31% nationally.

The Opt In Offers from the **BIG Lottery** and **Skills Funding Agency**, will both deliver activity to reduce the number of NEETs in Lancashire with a focus on those furthest from the Labour Market. This will be in addition to activity by local partners that will help support those furthest from the Labour Market.

Lancashire's opportunities can only be fully exploited if there is a keen focus on ensuring that there is the right supply and mix of skills to meet business needs. Although a place of rising qualifications levels, Lancashire still needs to increase the number of residents with, or on the pathway to, higher level and more business orientated skills linked to growth sectors. Whether through workforce training, graduate development or the expansion of Higher/Advanced Apprenticeships, this is a crucial objective.

In addressing this challenge Lancashire can utilise the expertise and capacity provided by its significant cluster of Higher and Further Education Institutions, training providers and business led initiatives, including developing multiple access points and progression routes for people to develop the skills required for Lancashire's future needs. It will also need to address the structural imbalances in GCSE attainment between different areas to ensure good starting points for skills development and better match resident's skills with local business needs.

UCLan is collaborating with Runshaw College on foundation courses/degrees that support student progression to HE, and working with Burnley UTC through setting practical projects that help attract young people into engineering.

Developing Lancashire's skills levels is essential for supporting the LEP's growth ambitions; skills and training have a direct impact on productivity, innovation and creativity within the economy. In order to address these skills issues, and in support of growth sectors, the Skills system needs to become more demand responsive and enhance progression routes for academic and vocational skills working including schools, training providers and higher education. This can be supported by building upon the current 'hub and spoke' approach focusing on integrating progression routes and developing IAG.

3.5 Economic Activity and Social Inclusion

Integral to the ESI Funds Strategy is an approach to ensure that the residents of Lancashire have the opportunities and skills to access current and future, supporting increases in productivity and income levels.

Lancashire contains significant pockets of deprivation and without focused interventions there is a real danger that excluded individuals and communities living in some of the most deprived areas in England will be left behind as our economy develops. As indicated earlier pre 2008 jobs growth in Lancashire did not increase incomes as much as did across the rest of the UK. This Strategy will support activity to move those furthest from the Labour Market closer to appropriate training and employment opportunities. Encouraging entrepreneurship and enterprise, building capacity to enable local residents to help themselves will be essential components of this approach.

The Government's proposals for Assisted Areas status in Lancashire encompass some of our most deprived areas and communities. Assisted Area status will enhance the impact of existing, and planned, activity focused on attracting and supporting business investment and generating employment growth.

ESI Funds will be used to support holistic interventions by both Public, Private and Third sectors, develop the social enterprise sector, attract business investment and increase economic participation rates within the most disadvantaged communities and groups.

An analysis of the Indices of Multiple Deprivation (2010) shows extremes in Lancashire, from the affluent areas of the Ribble Valley and Wyre, to several places that contain large areas of severe ingrained deprivation. These areas are associated with lower skill levels and economic activity rates. Six Lancashire authorities are ranked in the 50 most deprived in the country, with three of these, Blackpool, Burnley and Blackburn with Darwen, falling into the 10% most deprived. A closer examination of Lower Super Output Areas (LSOAs) highlights the extent of the problem with 17.4% of Lancashire LSOAs falling into the most deprived 10% in the country, compared to 15.5% in 2007. In contrast the percentage of LSOAs in Lancashire that are within the most affluent 10% in the country has increased from 1.2% to 5.4%. This illustrates that deprivation is becoming more embedded and the gap is widening between the most and least deprived areas.

In the most deprived areas multiple factors come together to exclude large numbers of residents from the labour market. Long term unemployment, benefit dependency, low skills, low incomes, health, housing problems and poor quality environment create multiple barriers to economic activity. High levels of benefit dependency are particularly acute in the same areas. Eight out of 14 Lancashire authorities have working age benefits and incapacity benefit rates well above the national figure.

The problems are particularly marked in Blackpool, with almost twice the national average, and in Blackburn, Burnley and Hyndburn, which have incapacity benefit rates 50% higher than the national figure. At a more localised level there are wards in Blackpool, Blackburn with Darwen, Burnley, Hyndburn and Preston that have working age benefits claimant rates of more than 30%, twice the national average.

Figure 20

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

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

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

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

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

Seven of Lancashire's local authority areas are ranked in the 50 districts with the lowest life expectancy in the country, with Blackpool, Burnley, Blackburn with Darwen and Hyndburn ranked in the worst eight districts for life expectancy, with Blackpool having the lowest life expectancy in the country. These areas are amongst some of the most deprived in Lancashire, with deprivation directly linked to decreased life expectancy. The Slope Index of Inequality (SII) is an indicator of social gradient in life expectancy based on correlation of life expectancy data and the Indices of Multiple Deprivation (IMD). Latest SII data shows that

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

Significant intervention is required to break this cycle of deprivation to create and link opportunities to local residents. Health issues contribute to these barriers whether the result of physical incapacity and/or Mental Health issues. Over 200,000 of Lancashire's working age population have long term health problems that limit their day to day activities; in addition another 165,000 provide unpaid care for family or friends with an illness or a disability.²⁸ Reducing the time individuals are economically inactive will increase their chances of returning to employment; someone who has been off sick for 6 months or more has an 80% chance of being off work for 5 years²⁹.

Interventions by the Third sector will be vital in addressing the challenge to increase employment and participation rates. Lancashire's network of Third Sector specialist employment and training organisations have a role to play in working with those with low skills and re-engage them in the labour market. They can provide structured pre-employment training and a first step to employment for the long term unemployed to allow them to become economically active and independent members of the community.

It is proposed to use ESI Funds to complement and add value to mainstream provision and in doing so the third sector will play a significant role in providing solutions to these issues based upon local needs and opportunities in order to release untapped potential.

The Via Partnership is an end to end provider for the DWP ESF Supporting Families programme aimed at tackling entrenched worklessness in Lancashire by progressing people, in families with multiple problems closer, to employment. To date Via have supported 305 families providing a vast range of interventions to enable members of the family to access sustainable employment. These have include: addressing personal and social development needs, childcare support, transport issues, work tasters and placements, emotional health and well-being support and access to training and short courses to aid the transition into the labour market.

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

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

As with economic activity, the picture for incomes in Lancashire is mixed with average incomes per head and disposable incomes significantly below the national levels. On average Lancashire's residents earn 9% less than the rest of the UK but with places such as West Lancashire and Ribble Valley having on par or higher than national average income levels. In the poorest areas, Blackpool and Blackburn with Darwen for example, incomes are significantly (22%) below the UK average. The weak competitive position of low skilled people means that almost half are not in employment and of these around 80 per cent are economically

²⁸ Lancashire Joint Strategic Needs Assessment (JSNA)

²⁹ 'Is work good for your wellbeing?' Waddell, C & Burton, K (2006)

³⁰ Annual Population Survey, ONS

inactive. The main reasons cited by the unqualified individuals for inactivity include ill-health, disability and care responsibilities but these are unlikely to be absolute barriers to employment³¹.

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

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

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

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

³¹ Low skills and social disadvantage in a changing economy" UK Commission for Employment and Skills

3.6 Rural Lancashire

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

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

With 80% of Lancashire being rural it is unsurprising that over half of Lancashire's businesses are located in designated rural areas and that much of the type of business stock is broadly the same as in urban areas³². The largest sectors being property and other professional and business services, followed by wholesale and retail, construction, community activities and production (including manufacturing).

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

The population of rural Lancashire is approximately 266,000³³, 18% of the total population. The largest rural populations are in places such as West Lancashire, Chorley and Ribble Valley (65% of the total population) with other significant concentrations in Lancaster, Fylde and the Wyre. However, the rural population of Lancashire is shrinking, by 10% according to the latest figures from DEFRA, and is becoming increasingly bounded by urban populations.

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

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

³² EKOSgen 2013

³³ ONS

³⁴ CARL 2006.

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

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

The previous RDPE LEADER programme (2007-13) supported over 120 SMEs through nearly £6m of investment, leveraging in nearly £9m of private sector investment. The LEP will seek to build upon the successes of this programme through mainstream business support and future LEADER activity³⁵. Developing strong links between rural needs and priorities and initiative such as BOOST will ensure that Lancashire can take a strong lead in supporting rural businesses to thrive, grow and meet their full potential within local, regional and national economies.

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

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

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

3.7 Natural and Heritage Capital

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

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

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

Lancashire has over 140 miles of coastline, two Areas of Outstanding Natural Beauty (Bowland and Arnside) all of which are of high landscape and environmental value. The Lancashire coast contains the well know seaside resorts of the Fylde Coast (Blackpool, Lytham St Anne's) as well as the expanse of Morecambe Bay. It is estimated that currently the Fylde Coast receives 1.82 million beach users per year, supporting 1,200 jobs and generating £36.9 million of GVA. Within

³⁵ Lancashire's current LEADER Local Action Groups are currently developing Local Development Strategies for the start of the new programme in January 2015.

this natural landscape there is a built environment of historic towns and villages that together create areas of distinctive character, traditions, customs and cultural heritage.

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

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

3.8 Infrastructure and Connectivity

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

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

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

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

Lancashire's three upper tier authorities, in conjunction with BDUK and the current North West ERDF programme, are investing over £60 million to bring Superfast Broadband to 675,000 businesses and homes by end 2015. The challenge for the future will be to enable individuals and businesses to exploit this technology to develop new services and products, as well as promoting social inclusion and overcoming isolation in rural areas.

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

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

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

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

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

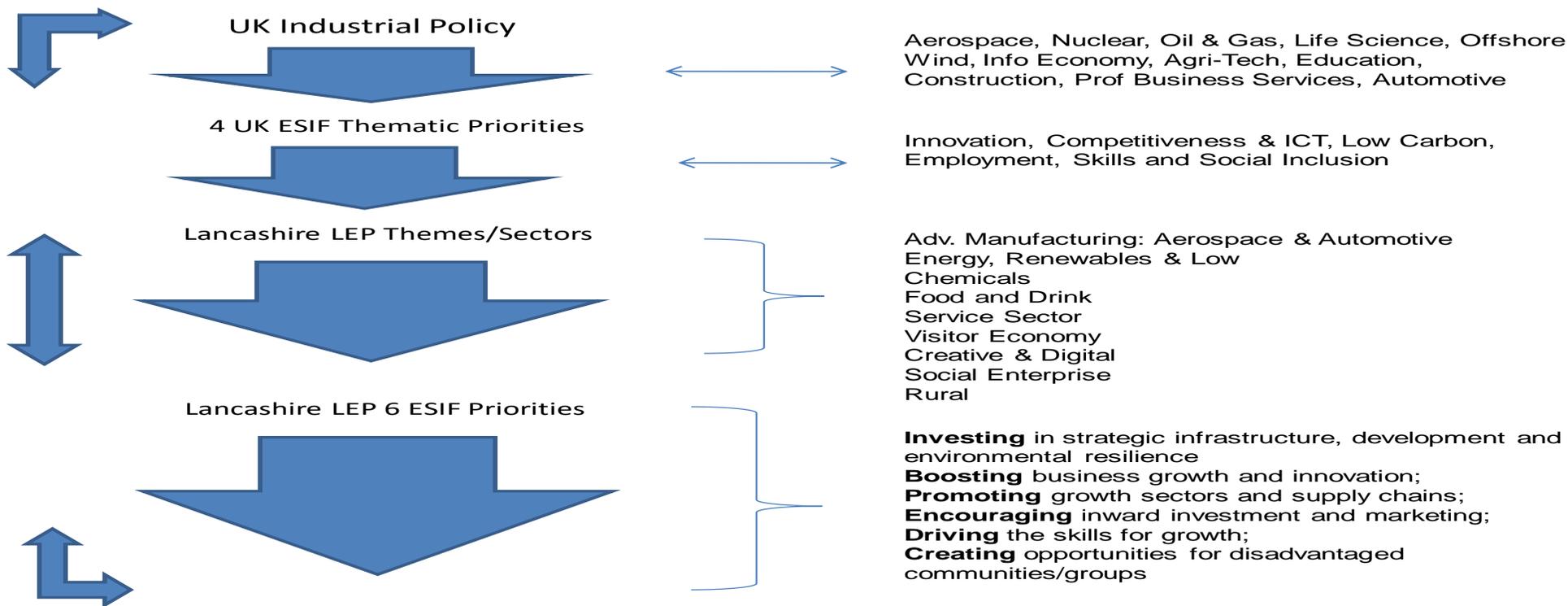
Although our businesses and universities compete globally evidence suggests that Lancashire is failing to 'punch its weight' in terms of securing Foreign Direct Investment (FDI) successes. The county is currently ranked by UKTI as one of the worst performing areas in the UK in terms of attracting new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

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

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

Figure 21

Lancashire ESI Funds Strategy



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

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

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

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

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

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

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

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

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

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

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

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

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

- Securing a supply of key strategic employment sites and fit-for-purpose commercial premises for businesses in LEP priority & ESI Funds eligible sectors (including FDI projects). (Priority Axis 3 & Priority Axis 6)
- Investing in low carbon infrastructure and innovative energy solutions, such as smart energy networks. (Priority Axis 4)
- Building on the deployment of superfast broadband to deliver ultrafast broadband (UFBB) in key strategic locations in Lancashire in support of other priorities areas. (Priority Axis 2)

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

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

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

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

Theme 1 will support the following Priority Axes:

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

Theme 2 – Boosting Business Growth and Innovation

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

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

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

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

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

- Supporting innovation in enterprises through increased collaboration with research and development activity for high growth sectors to deliver to new markets. (Priority Axis 1)
- Investing in and supporting existing and new innovation assets in Lancashire, **including infrastructure and innovation space**, and dissemination, adoption and commercialisation of new technologies (Priority Axis 1)
- Increasing productivity through the integration of key innovation assets and support services across a range of high value sectors in Lancashire. (Priority Axis 1)
- Maximising the take-up of superfast broadband by Lancashire SMEs in LEP priority growth sectors through demand stimulation activity (Priority Axis 2)
- Strengthen 'innovation ecosystems' in Lancashire and build local capabilities to support these with universities, SME's, sector networks and key agencies (Priority Axis 1)
- Foster innovation through the exploitation of new ideas to promote entrepreneurship and support the creation of new businesses in Lancashire. (Priority Axis 3)
- Diversification of rural businesses, especially micro businesses, with a focus on in key high value/growth sectors. (Priority Axis 3 & EAFRD activity)
- Support for Graduate start up, Enterprise and HEI spin off activity (Priority Axis 1 & Priority Axis 3)
- Support the development of innovative social enterprise including the Social Investment Business finance and co-operative/mutual ownership models (Priority Axis 3 & Priority Axis 8)
- Support the social enterprise sector to develop capacity to deliver a range of activities, recognising the need for wraparound support. (Priority Axis 3 & Priority Axis 8)
-

In addition, the theme will support activities that:

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

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

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

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

Theme 2 will support the following Priority Axes:

Funding Source	Priority Axis	Thematic Objective
ERDF	1: Promoting Research and Innovation	TO1
ERDF	2: Enhancing Access to, and use and Quality of, ICT	TO2
ERDF	3: Enhancing the Competitiveness of SMEs	TO3
ERDF	4: Supporting the Shift Towards a Low Carbon Economy in All Sectors	TO4
ERDF	8: Promoting Social Inclusion and Combating Poverty and Any Discrimination	TO9
ESF	2: Skills for Growth	TO10
EAFRD		

Theme 3 – Promoting Growth sectors and Supply Chains

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

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

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

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

Theme 3 will support the following Priority Axes:

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

Theme 4 – Encouraging Inward investment and Marketing

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

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

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

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

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

Theme 4 will support the following Priority Axes:

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

Theme 5 – Driving the Skills for Growth

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

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

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

Activity to include:

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

Skills development to support priority sectors will include:

- Up-skilling activities for those in work (to support the transition towards a highly skilled workforce) and to improve the ability of key growth sectors to compete globally (ESF Priority Axis 2: Skills for Growth)
- Management and leadership skills development in growth oriented and priority sector SMEs (Priority Axis 3)
- Developing demand-led skills initiatives and innovative delivery methods responsive to the needs of the local economy (Priority Axis 3 & ESF Priority Axis 2: Skills for Growth)
- Development of workforce based training and skills packages (Priority Axis 3 & ESF Priority Axis 2: Skills for Growth)
- Work with older workers (50+) to support Lifelong Learning and related Health Literacy³⁶ (ESF Priority Axis 1 Inclusive Labour Markets)
- Support for Lancashire's ESI Funds Thematic priorities, i.e. Skills for the Green Economy and skills development in supply chains, etc.

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

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

³⁶ WHO Health 2020

Theme 5 will support the following Priority Axes:

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

Theme 6 - Creating opportunities for disadvantaged communities/groups

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

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

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

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

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

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

- encouraging entrepreneurship, and new business creation, including social enterprises, in deprived areas and amongst disadvantaged groups This is covered in theme 2 as well
- investment in local business and social enterprise infrastructure to support enterprise and employment, such as managed workspace and employment sites, this is now covered in Theme 2 as well
- support for digital inclusion initiatives building on the roll-out of superfast broadband across Lancashire (Priority Axis 2)
- intensive support to improve basic and employability skills for the most disadvantaged (ESF Priority Axis 1 Inclusive Labour Markets)

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

Theme 6 will support the following Priority Axes:

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

6. Governance, Partnership and Delivery

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

Governance

To be confirmed upon the Lancashire ESIF Partnership becomes a formal sub committee of the national Growth Board.

Partnership

Lancashire's priorities for investment have been developed in conjunction with a range of partners. Under the direction of the LEP Board lead for European Funding the ESI Funds Strategy has been developed using existing partnership arrangements, i.e. the Lancashire European Network, as the basis for engagement with a specific focus on how partners can support the achievement of outputs. Specific sector consultations have been organised with the Third Sector, Lancashire's Local Nature Partnerships amongst others. This has been in addition to bilateral consultations with a range of partners including Higher Education, Local Authority, Social Enterprise and Private Sector representatives³⁷.

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

Delivery

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

Lancashire County Council has been operating the *Rosebud* Loan Fund to great success for many years and is currently managing the implementation of the *Superfast Lancashire* ERDF project worth over £30m. In partnership and on behalf of our Lancashire partners, Regenerate is currently delivering £20m ERDF and RGF funding for business support/growth activities. This is in addition to significant levels of resources invested by the Universities in Lancashire in support

³⁷ See Annex E

of research and development and business growth and innovation. The County Council and partners are in the process of implementing the proposals contained with the Lancashire City Deal and are moving forward with the development of the Lancashire Enterprise Zone.

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

Lancashire Priorities and Outputs

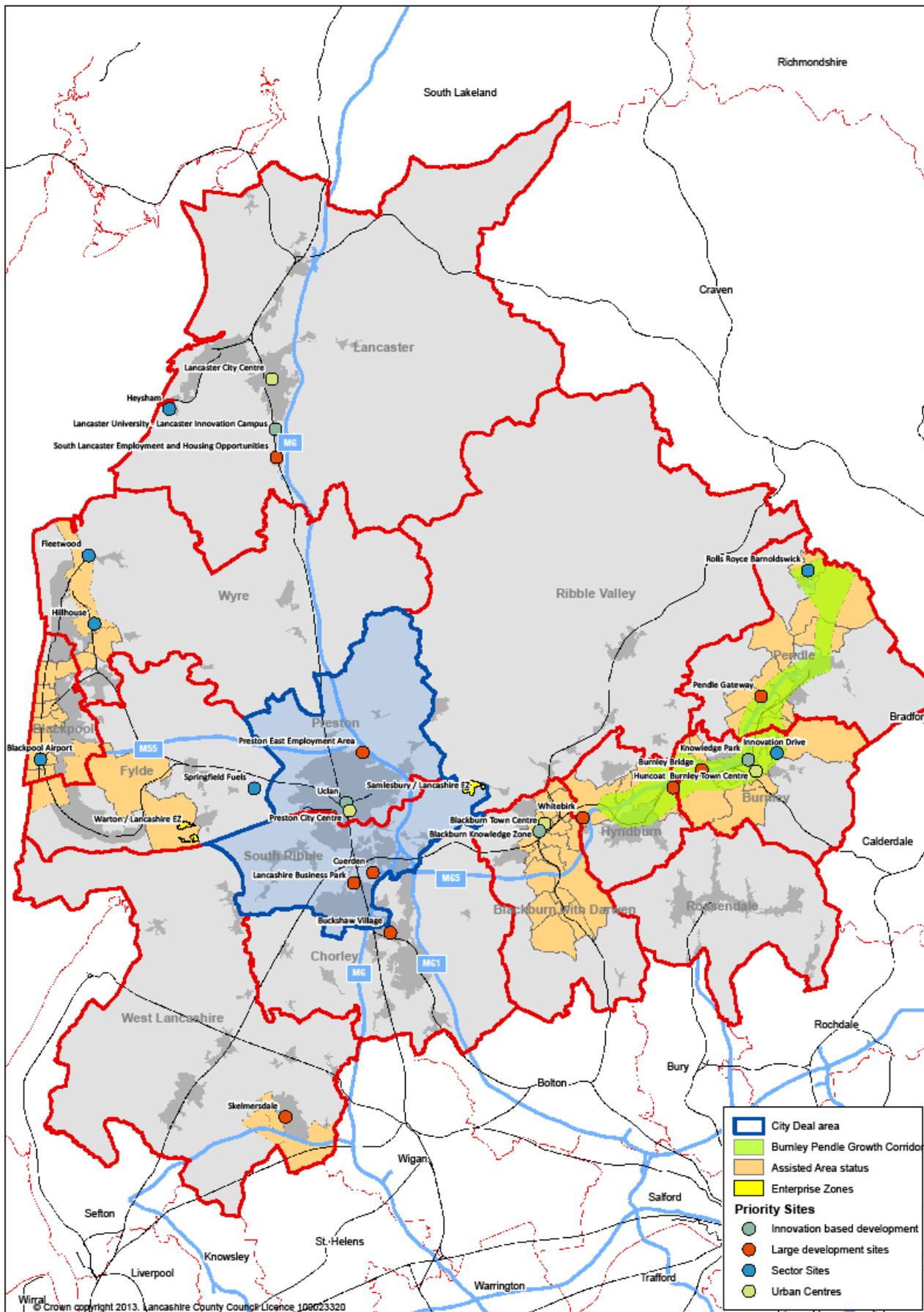
To be confirmed once Lancashire has been informed the outputs it will be required to deliver through the implementation of the ESIF Strategy.

Annex A Lancashire ESIFs Strategy Governance and Accountability Structure

To be Confirmed

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Annex B Map of Lancashire



Annex C Lancashire LEP Board Membership

See the following link for more information – [Lancashire Enterprise Partnership Board Membership](#)

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Annex D Opt In and FEI Proposals

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

Lancashire would wish to take advantage of the Match Funding and Delivery Mechanisms offered by the following;

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

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

Big Lottery Fund (BIG) - An arrangement to 'opt-in' to the Big Lottery Fund will enable Lancashire to build a strong foundation for social inclusion programmes. BIG has indicated that it is able to offer a delivery and match funding service which will enable Lancashire to ensure their social inclusion priorities are met. This includes the ability to build on the initial two year minimum funding arrangement to match fund larger, and/ or longer-term, projects. BIG will work with Lancashire to determine the best way to deliver against the objectives and priorities they have set out and support the development of bespoke local proposals, e.g. targeting of NEETS and the over 50s.

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

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

Annex E Consultation Summary

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

Workshops/Engagement with Partners

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

Annex E(i) Consultation Summary- List of Organisations

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

Lancashire BME PACT
Lancashire Colleges
Lancashire Community Recycling Network
Lancashire LGBT
Lancashire Nature Partnership
Lancashire North Local Action Group
Lancashire Pennine Local Action Group
Lancashire Rural Futures
Lancashire Sport
Lancashire West Local Action Group
Lancashire Wildlife Trust
Lancaster Chamber of Commerce
Lancaster College
Lancaster University
LEADER Local Action Groups
LESS Lancaster
Longridge Social Enterprise Company
Marketing Lancashire
Merseyside LEP
Morecambe Bay Partnership
Myerscough College
National Farmers Union
N-Compass North West Ltd
Nelson and Colne College
Network for Europe
New Era Enterprises Ltd
Newground CIC
North and Western Lancashire Chamber of Commerce
North West Aerospace Alliance
One Lancashire Blackburn
One Lancashire Blackpool
Pennine Prospects
Preston College

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

Annex F Output Summary

To be confirmed

DRAFT

Annex G Financial Summary and Technical Note

To be confirmed

DRAFT

Annex H Impact, Match Funding and Financial Profile Tables

To be confirmed

DRAFT

Lancashire's EU Structural and Investment Funds Strategy – References:

Industrial Strategy, Department for Business, Innovation and Skills, 2013.

Indices of Deprivation, Department for Communities and Local Government, 2010.

Lancashire Economic Assessment, Lancashire County Council, 2011.

Lancashire Economic Forecasts, Oxford Economics, 2013.

Lancashire Growth Plan 2013/14, Lancashire Enterprise Partnership, 2013

Lancashire Growth Deal

Lancashire Profile, Lancashire County Council, 2013.

Lancashire Sector Matrix, Mickledore, 2012

Office for National Statistics (ONS), 2013:

- ONS Census of Population 2011
- ONS Claimant Count
- ONS Regional, Sub Regional and Local Gross Value Added
- ONS UK Business: Activity, Size and Location

Preston, South Ribble and Lancashire City Deal, Lancashire Enterprise Partnership, 2013.

Regulations for European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development, European Commission, 2011.

European Regional Development and Social Fund Operational Programme

European Agricultural, Farming and Rural Development Fund Operational Programme

Digital Inclusion Strategic Framework for Lancashire, Lancashire County Council 2013