



Lancashire Enterprise Partnership

Ms Susan Heywood
c/o Ms Yvonne Parker
2 Priory Court
Burnley
Lancashire
BB11 3KH

15th February 2013

Dear Ms Heywood,

South Ribble Local Development Framework Site Allocations and Development Management Policies Development Plan Document. Endorsement of Policy C4 Cuerden Strategic Site and Policy C5 BAE Systems, Samlesbury

The Lancashire Enterprise Partnership (LEP) would like to endorse Policy C4 Cuerden Strategic Site and Policy C5 BAE Systems, Samlesbury of the South Ribble Local Development Framework Site Allocations and Development Management Policies Development Plan Document.

The development of the Cuerden site is considered to be a key element of the sustainable economic growth ambitions for Central Lancashire and the wider Lancashire area. The site forms an integral part of the LEP's current Wave 2 Preston City Deal Expression of Interest to Government, which has the key aim of realising the sustainable growth potential of the area. A copy of our City Deal application is enclosed, and we expect to hear the outcome of the Government's decision on 20 March 2013.

The Samlesbury site (along with the Warton site in Fylde) forms part of the Lancashire Enterprise Zone (EZ). Unlocking significant growth through EZs is a key priority for Government, and the development of Samlesbury is a key priority for LEP, with a clear focus on developing the area's importance as an international centre for advanced manufacturing and engineering. The LEP has strategic responsibility for the Lancashire EZ and has established an EZ Governing Body to ensure robust investment frameworks and masterplans are in place to generate the business growth and jobs we are working with Government to deliver. The enclosed briefing sets out the EZ offer in more detail.

Yours Sincerely,

Edwin Booth
Chair, Lancashire Enterprise Partnership Ltd

PRESTON CITY DEAL: EXPRESSION OF INTEREST

A1: Proposal Title:

Preston City Deal - Delivering Economic Growth and Opportunity

This Wave 2 City Deal proposal builds on the impressive economic performance generated by the Preston City Deal area over the last 10 years, which has resulted in the creation of more than 20,000 private sector jobs.

In order to unlock further significant levels of market driven growth and private sector investment, a more strategic and ambitious approach is required to remove the infrastructure barriers to enable sustainable growth, allowing the area to realise its full economic potential.

Our proposal focuses on addressing strategic transport infrastructure and development challenges, which in turn will generate:

- 23,000 new jobs;
- Nearly £1billion in new GVA growth;
- Over 15,000 new homes; with
- A minimum of £500m in leveraged private investment.

Importantly, these benefits can begin to be delivered immediately a City Deal is negotiated.

A2: Key Partners Involved in the Proposal:

Preston City Council and Lancashire County Council, with the support of South Ribble Borough Council, under the auspices of the Lancashire Enterprise Partnership (LEP), are developing this Wave 2 City Deal proposal. The proposal has cross-party support in each of the three local authorities.

In recognition of the wider economic benefits this proposal represents for Lancashire, the Leaders of Blackburn with Darwen Borough Council and Blackpool Council are also fully supportive of this proposal.

The Lancashire Pension Fund has also committed to supporting the delivery of the City Deal through the deployment of a Local Investment Allocation.

A3: Local Point of Contact:

Luwin Booth, Chairman - Lancashire Enterprise Partnership Limited, and Chairman, E H Booth & Co

Phil Halsall, Chief Executive - Lancashire County Council

Lorraine Norris, Chief Executive - Preston City Council

Private sector support for this proposal includes:

Jim Carter, Chairman - Preston Vision Limited, and Deputy Chairman, Eric Wright Group Ltd

Cliff Robson, Managing Director - Industrial Capability, BAE Systems

Mike Blackburn, Vice President - BT Global Services, and Chair of the Greater Manchester Local Enterprise Partnership

Mike Tynan, Chief Executive - Toshiba Westinghouse, Europe, Middle East and Malaysia

Malcolm McVicar, Vice Chancellor - University of Central Lancashire

Graham Cowley - Chief Executive, Capita Symonds Ltd

Owen McLaughlin, Vice Chairman - Lancashire Enterprise Partnership Limited, and Chairman of Inceptum2

PROBLEM DEFINITION

B1: What is the single economic challenge or opportunity that you want to address through a city deal? Why has this been chosen as the focus of your proposal?

An area which has seen huge private sector growth which can be continued:

Over the last 10 years, the Preston 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. Not surprisingly, the Preston area has been independently identified by the Centre for Cities¹ and other analysts² as a location that can consistently deliver new jobs and economic growth.

Whilst impressive, this economic growth has occurred against a backdrop of piecemeal strategic planning and investment in the development and highway infrastructure of the City Deal area. Indeed, we have now reached a point that without investment, the potential for future growth, especially given the number of current large-scale economic development and housing opportunities, could be severely inhibited or lost. The required investment cannot be delivered from existing sources.

Future private sector growth, unlocked through the implementation of the City Deal, will ensure the delivery of a number of strategic development locations, including Preston City Centre, Cuerden in South Ribble, the North Preston Housing Corridor and international investor development opportunities on the Lancashire Enterprise Zone at Samlesbury and Warton, including the National Aerospace Supply Chain Centre, which will build on Lancashire's strength as a national leader in the aerospace and advanced manufacturing sector.

Future growth is constrained:

We have compelling evidence that demonstrates the lack of **strategic investment to deliver the critical infrastructure** could seriously limit the future prospects of the City Deal area to thrive as a dynamic place to invest, work and live. Indeed, it is already evident that private sector investment plans are being hindered. Some key examples are summarised below.

A number of residential planning applications have been refused on the grounds of insufficient capacity on the highway network to accommodate these developments. Other schemes sponsored by Taylor Wimpey and Redrow are also at risk of planning refusal. These 'refusals' and 'at risk' developments amount to almost 2,000 housing units which have the potential to create 3,000 jobs in the construction sector.

In Preston City Centre, there is investor and occupier demand for key elements of a comprehensive commercial mixed-use development, with a direct investment value of £50m. The developer-led scheme, which would create 3,000 jobs and generate £45m of GVA, incorporates 200,000 sq ft of new high quality office development as well as retail, cinema and associated leisure and car parking. However, the ability of the private sector to deliver the scheme continues to be undermined by uncertainty regarding the longer term development prospects of the City Centre due to highway and infrastructure constraints and a lack of finance to fund localised, but costly, highway and infrastructure improvements.

The City Deal area is home to UCLAN, the 5th largest university in the Country. UCLAN is bringing forward major plans totalling £50m through the use of its own capital investment funds and other commercial investment sources, to remodel its Preston campus as an international centre of advanced engineering underpinned by its strong research base and industrial partnerships. By realising the full potential of the Preston City Deal area, UCLAN will be able to deliver its own ambitious plans to become a renowned international centre of learning and innovation and support the development and growth of Lancashire's world-class aerospace and advanced manufacturing sector and supply chain.

¹ Centre for Cities: Cities Outlook and Hidden Potential: Supporting Growth in Sunderland & England's other Mid-Size Cities, 2011

² Ekosgen, Preston City Deal Economic Analysis, 2012

Unlocking growth requires investment in critical infrastructure:

In order to secure current and future commercial and residential development opportunities, the Preston City Deal will prioritise investment into three major road schemes; the Preston Western Distributor, the A582 South Ribble Western Distributor and the completion of the Penwortham Bypass. These road schemes will be supported by complementary investment in the public transport network.

The total estimated capital construction cost required to deliver these three schemes is £150m, of which £63.5m will be funded from the private sector through Community Infrastructure Levy (CIL) contributions. This represents a 42% contribution from the private sector ranging from 25% towards the Preston Western Distributor to 90% towards the South Ribble Western Distributor, significantly higher than other quoted national exemplar schemes such as the A43 Corby Link Road. A further £86.5m is required towards capital construction costs, with the County Council providing additional funds for scheme preparation and post delivery costs.

Due to the scale and nature of these schemes, their delivery will take place over the next 10 years and will support the creation of 2,000 construction-related jobs, in addition to those created through new house-building schemes. However, the schemes will facilitate completion of developments in the short term as the investment sought through the City Deal will give the necessary 'pump-priming' to deliver the infrastructure improvements. This will provide the private sector with the confidence needed to implement own investment and development plans.

Major projects which cannot be funded through existing measures or the private sector alone:

Failure to address this issue of a lack of investment in critical infrastructure will negatively impact on the long-term growth path of Lancashire as a whole, with policy makers missing the opportunity to deliver growth of regional and national significance. Independent work by Centre for Cities³ underlines the track record of the City Deal area in promoting growth - nearly 50,000 jobs exported from Preston City Centre alone to other parts of Lancashire.

Much of this economic growth and private sector investment is occurring at a sub-optimal level and not at the pace required. There is strong developer appetite, policy and political support for development, however local market failure is preventing the realisation of pent-up development. The City Deal will remove this dysfunctional market blockage by delivering to the private sector the certainty that investment in critical infrastructure will be delivered to support their ambitious plans for growth.

The private sector is clearly willing to invest in critical infrastructure to deliver strategic developments, but it is the scale of investment required which remains the key barrier.

We have a model which will leverage private sector and local resources to unlock these projects without the need for new resources:

We are fully committed to pooling and prioritising mainstream funds, whilst bringing into play new investment sources, including the Lancashire Pension Fund. By working with Government, we will establish a **City Deal Development and Infrastructure Investment Fund worth almost £400m** to deliver transformational levels of economic and housing growth.

The **City Deal Development and Infrastructure Investment Fund** will act as a catalyst for economic development and housing sites in the City Deal area, with the Homes and Communities Agency (HCA) and Lancashire Pension Fund investments⁴ key to this aspect of the Fund. It will provide 'pump-priming' resources and will be the key to unlocking constrained private sector investment, thereby maximising the potential of public sector assets (the highway network), for which the public sector has statutory responsibility. This will deliver economic growth which the private sector would be unable to achieve alone.

³ Strength from Within: Supporting Economic Growth in Preston, 2011

⁴ The Lancashire Pension Fund Committee approved a City Deal Local Investment Allocation as part of the Investment Strategy which was agreed at a meeting on 10th December 2012

The City Deal offers a real opportunity for national and local partners, with a clear understanding of the relationship between economic growth and critical infrastructure, to work together within robust, binding and innovative new governance arrangements to deliver genuine additional economic growth. Importantly, it will also provide the private sector with the confidence that the public sector is fully and financially committed to a long-term investment strategy.

Early and constructive dialogue has already begun with local partners instrumental in delivering the Preston City Deal, specifically the HCA and the Highways Agency (HA), and there is clearly a genuine willingness amongst key partners to make this happen.

B2: Why can't this be taken forward by the private sector or through existing policy tools?

The critical infrastructure required for the Preston new town was never completed. The level of investment in critical infrastructure now required to support current and future private sector-led economic growth cannot be delivered by the private sector alone. However, the private sector is willing to make a significant contribution (42%) through the CIL.

The **City Deal Development and Infrastructure Investment Fund** will operate on a commercial basis as a recycled investment fund, investing in commercial development and road schemes. Road schemes will be funded through a combination of CIL, DfT, HCA locally-retained land receipts, County Council and New Homes Bonus funds, with the Lancashire Pension Fund investing alongside the private sector and HCA in commercial schemes.

There are a number of Government initiatives available to both the private and public sector; however, due to the scale of critical infrastructure required to release economic growth in the City Deal area, these initiatives are insufficient.

Regional Growth Fund is a competitive fund, administered on a grant basis, which is designed to deliver immediate job creation. On this basis it is unable to fund critical infrastructure costs.

Growing Places is a recycled fund, invested on a commercial basis, to unlock stalled schemes. The Lancashire LEP has already invested the majority of its £20m creating almost 3,000 jobs, 150 housing units and leveraging in £100m of private and public sector investment. However, as already identified, the private sector is prepared to invest its own resources in both development schemes and related infrastructure in the City Deal area through mechanisms such as CIL. The issue remains the scale and certainty of investment which is required, which is neither available nor appropriate through funding mechanisms such as *Growing Places*.

The opportunity does exist to pool local resources, including the *New Homes Bonus* and *Local Major Transport Scheme funding*, which with devolved flexibility, could support the delivery of the critical infrastructure required.

New Homes Bonus is estimated to be worth £20m in the City Deal area over a 10-year period. However, without the investment in critical infrastructure and the public sector playing an active role in maintaining and improving its assets (including the highway network) revenue cannot be generated if residential developments continue to be refused planning permission. *Local Major Transport Scheme funding* is now being devolved to LEP areas and for Lancashire this is estimated to result in around £14m of out-turn funding per year, which could be used as part of a pooled investment fund.

BROAD APPROACH

C1: What broad approach do you intend to take to addressing the challenge or opportunity identified above?

Unequally for the North West, the Preston City Deal area is able to leverage major private sector investment for housing and infrastructure. However, the scale of investment required to deliver the critical infrastructure to enable this private sector growth is simply too big to be funded alone.

Therefore, the Preston City Deal would establish a **Development and Infrastructure Investment Fund worth almost £400m**.

The City Deal Fund will operate on a commercial basis as a recycled investment fund, maximising private sector investment. The Fund would NOT operate on a grant funding basis. In the first instance, the Fund would look to draw-down from the following pooled funding and investment streams of City Deal partners, including:

<i>Lancashire County Council - Capital Development Programme</i>	<i>£10m</i>
<i>Retention of Business Rates at Strategic City Deal Locations</i>	<i>£10m</i>
<i>Redirection of New Homes Bonus</i>	<i>£20m</i>
<i>Community Infrastructure Levy Contributions</i>	<i>£65m</i>
<i>Lancashire Pension Fund - Local Investment Allocation</i>	<i>£100m</i>
<i>Homes and Communities Agency – Locally Retained Land Receipts</i>	<i>£100m</i>
<i>Local Major Transport Funding Programme</i>	<i>£90m</i>

The ***Development and Infrastructure Investment Fund*** will invest in development schemes and roads.

The Pension Fund's Local Investment Allocation will be co-invested with private sector funding in City Deal development schemes. At its next meeting on 22nd March, the Pension Fund will consider proposals to define the specific investment mandate for the City Deal Local Investment Allocation, including the target return and any restrictions on the split between equity and loan capital type investments.

Investment to deliver the three road schemes will be funded through the £63.5m generated from CIL contributions, combined with a proportion of pooled funding resources from HCA, DfT, County Council and New Homes Bonus revenue.

As part of the City Deal, the County Council would also loan £20m to the LEP's Growing Places Fund, which would double the current value of this Fund.

There would also be major opportunities to enhance the ***Development and Infrastructure Investment Fund*** with support from the 2014-20 ERDF programme and secure new institutional funding.

C2: How can this approach “do more with less” by delivering greater efficiency in public spend or by leveraging new resources from the private sector?

The City Deal area is endowed with 11 key employment and housing sites, which are currently within the ownership of the HCA. By working with Government to develop an approach that would ensure the HCA's local land receipts are retained, recycled and reinvested in the City Deal's Fund, we believe greater efficiencies in public spend and a better return on public sector assets can be achieved.

This process has already begun to be explored with the sale of a key employment site, Cuerden, to the County Council. The City Deal would provide the framework required to review the use and deployment of all of the HCA's land assets in the City Deal area. The City Council is also committed to leveraging the 13 acres of land which it owns in the City Centre to promote private sector-led development.

Alongside the Pension Fund, the success of the LEP in commercially investing its £20m Growing Places Fund should provide Government with further comfort regarding the capacity and ability of local partners to manage the proposed City Deal Fund.

For example, the County Council has procured two commercial development partners (Eric Wright Group Ltd & Carillion PLC), to help make greater economic use of its own £250m property portfolio.

We would also like to use Preston's pilot status with the Government Property Unit to explore joint planning and shared accommodation opportunities across local and national partners in the City Deal area.

The City Deal Fund would be managed and operated by an Investment and Appraisal Panel, chaired by the private sector Chairman of the LEP, with a Vice-Chair drawn from the Lancashire Pension Fund, the

Head of Portfolio Management. The Investment Appraisal Panel would be an integral part of the governance arrangements of the wider Preston City Deal.

By bringing together key public and private sector partners in binding arrangements, we can significantly reduce transaction costs, maximise strategic procurement arrangements and implement shared services. For example, the County Council has developed a Joint Venture Company with BT, One Connect Limited (OCL). Over the lifetime of this partnership, £300m of traceable savings will be delivered and already 350 jobs have been relocated into Lancashire. The County Council would look to use OCL to deliver further cost reductions from any new City Deal arrangements.

C3: What local resources do you expect to invest in addressing this problem?

The Lancashire Pension Fund has already approved £100m as part of a City Deal Local Investment Allocation, and is leading the way in shaping the new national pension framework with respect to investing in major infrastructure projects. This, when combined with a £10m allocation from the County Council's Capital Development Programme, a commitment to retain Business Rates at key City Deal locations and redirection of New Homes Bonus provides local resources worth £140m which will be invested on a recycled basis.

Local partners are already combining their own financial resources with new Government funding (including the Growing Places Fund) to secure new private investment to deliver major development opportunities.

The County Council has also committed to loan £20m in the LEP's Growing Places Fund, which would double the current value of this Fund.

The County Council will also work with its new commercial development partners to realise opportunities in key City Deal locations, making greater economic use of the Council's own property portfolio, which is valued at over £250m, and combining and investing resources to accelerate City Deal area development opportunities.

As part of a shared service approach, the three local authorities will work together to reduce the administrative processes and costs involved in planning, economic development and housing functions.

EXPECTED BENEFITS

D1. How do you expect your proposal to have an impact on local jobs and growth, and at what scale?

Independent economic analysis⁵ of the Preston City Deal proposal has identified impacts of regional and national importance.

Our latest analysis indicates the City Deal's proposals could deliver the following key benefits:

- £940m of new economic activity (Gross Value Added);
- 23,000 new private sector jobs;
- 15,000 new homes; with
- A minimum of £500m in leveraged private investment.

Importantly, these benefits can begin to be delivered immediately a City Deal is negotiated.

Of the 23,000 jobs created in the City Deal area, 11,000 high-value jobs will underpinned by the delivery of the Lancashire Enterprise Zone and the related aerospace and advanced manufacturing supply chain. A further 9,000 jobs will be created in and around the City Centre in the business and professional services sector.

⁵ Ekosgen, Preston City Deal Economic Analysis, 2012

The Preston City Deal has the potential to generate a quarter of all Lancashire's new economic growth by value, half of all new jobs, and one fifth of all new homes, over the next 10 years.

The scale and nature of the City Deal will help to attract and retain world class employers and their workforces, harness the area's growth potential as an international centre for advanced manufacturing, and realise Preston's regional role as a hub for high value professional and commercial services.

The City Deal will help create high-value jobs, in terms of GVA per head at £40,000 per year, compared to the local average of £16,000, helping to transform the long-term growth prospects of Lancashire.

The City Deal will be complemented by the delivery of the adjacent Lancashire Enterprise Zone, which is solely focused on the advanced manufacturing sector, and anchored by BAE Systems, which has UK orders valued at over £19 billion⁶, with its Lancashire sites key to the delivery of these and new market opportunities. The Zone at Samlesbury is also the proposed home of the National Aerospace Supply Chain Centre and will play a central role in ensuring UK-based SME businesses capture new market opportunities valued at £4 billion, creating over 10,000 high skilled jobs and driving the repatriation of high-value manufacture to the UK from overseas economies.

These significant outcomes will clearly drive the long-term growth path of Preston and Lancashire as a whole, enabling the area to establish stronger economic linkages with its key neighbours in Manchester, Liverpool and Leeds⁷.

However, we also expect the certainty of City Deal status to help accelerate the delivery of a number of key economic development and housing initiatives, which, in turn, will give further confidence to investors and new occupiers to Preston and Lancashire. Early successes for the City Deal include:

- a £50m City Centre mixed-use commercial development scheme creating 3,000 jobs and generating £45m in GVA;
- UCLAN's £50m investment to establish its Preston campus as an international centre for advanced engineering; and
- by 2015, ramping up a build programme of 1,000 new houses per year.

In the longer term, the City Deal will deliver strategic employment sites including Cuerden and Preston East/Redscar, facilitating the creation of over 7,000 jobs and major housing developments, including Pickerings Farm, South Ribble, which is a 1,200 housing unit scheme.

Given the economic importance of the Preston City Deal area, the LEP and key partners will also deliver a range of initiatives ensuring City Deal opportunities are accessible to businesses and individuals across Lancashire. These measures will look to enhance the benefit and impact of the wider City Deal core package, and include the:

- Lancashire Enterprise Zone, including the proposed National Aerospace Supply Chain Centre, which is spearheading Lancashire's renewal as the nation's centre of excellence in the advanced engineering and manufacturing sector;
- Lancashire Regeneration Property Partnership - the County Council's new strategic property partners would be deployed in support of the City Deal;
- Lancashire Superfast Broadband Programme, which is valued at £130m, will help ensure businesses in the Preston City Deal area, along with those in the rest of Lancashire, have a national competitive advantage in broadband speeds and quality;

⁶ As at 30th June, 2012

⁷ SURF, City Relationships, 2009 and IPPR, Northern Economic Futures Commission, 2011

- Lancashire Business Growth Hub will be fully operational by April 2013. This £8m initiative will streamline and channel business support services (valued at around £30m) at high growth businesses in Preston and across the whole of Lancashire; and
- One Connect Limited, a joint venture between the County Council and BT, is investing £10m in creating 5,000 new training and apprenticeship opportunities for young people across Lancashire. We will use this programme and its wider leverage to link Lancashire residents without jobs to the new opportunities being created. We will engage OCL to deliver a significant new Apprenticeship Programme in support of the City Deal, with an initial focus on providing apprenticeship opportunities in the construction sector generated as a result of the early delivery of key infrastructure and development projects.

GOVERNANCE

E1: Over what geographical area will you address this problem? Why?

The Preston City Deal area (see enclosed map at Annex A) combines the local authority districts of Preston and South Ribble, with a resident population of 250,000, which is expected to rise to 260,000 by 2023.

The City Deal area offers the greatest single opportunity for growth in Lancashire. The area also represents a natural economic geography recognised by business leaders, investors and residents alike. In project delivery terms, the City Deal area fully captures all the proposed major infrastructure and development initiatives essential to delivering the economic growth and housing impacts identified in this proposal.

In labour market terms the City Deal area is relatively self-contained, with 75% of all employment undertaken by City Deal area residents, but Preston's exceptionally strong performance has helped to generate employment for around 50,000 residents outside the proposed City Deal area. Preston is very well-connected, in terms of national rail and road networks, but will only realise the full economic advantage of its national connectivity, if the local transport infrastructure priorities, highlighted in our proposal, are addressed.

The Preston area economically outperforms nearly all of the Core Cities and many of the Wave 2 invited areas. The area is also home to over 8,000 businesses and is recognised as one of the nation's most enterprising locations. The City Deal area is bounded by the Warton and Samlesbury sites of the Enterprise Zone (EZ) to the West and East, respectively, and is situated at the hub of the main North-South and East-West road and rail routes through Lancashire, including the West Coast Mainline and key national motorway networks (M6/55/61/65). Preston also stands to benefit from the electrification of heavy rail lines which will improve connectivity to Blackpool, Manchester and Liverpool, as well as other Northern Rail Hub initiatives.

Preston's location at the heart of key transport and new superfast broadband networks, which will be improved via a contract already underway with BT, will ensure maximum local access to new growth opportunities for residents and businesses in Blackpool & the Fylde Coast and East Lancashire.

E2. What governance structures will ensure effective, binding and strategic decision-making across the relevant economic areas?

The LEP is the partnership vehicle of choice to secure the private sector leadership and leverage needed to deliver strategic economic change in Lancashire. To this end, the LEP will be responsible for the governance and delivery of the Preston City Deal and is fully committed to ensuring its success.

LEP partners have worked tirelessly to establish a strong single economic voice for Lancashire after many years of fragmentation and division. The opportunity to combine a strong LEP with a delivery-focused Preston City Deal programme marks a watershed in securing the economic prospects of Lancashire as a whole.

It is also the private sector leadership of the LEP, especially the Chair and Vice Chair, which has tested and championed the development of our City Deal proposal. As major employers and representatives of

many SME companies, LEP Board members have confirmed the business logic and benefits of developing a City Deal proposal with a clear focus on delivering key infrastructure and development priorities in Preston.

The local authority partners directly involved (Preston City Council, Lancashire County Council and South Ribble Borough Council) have expressed no hesitation in working together or in agreeing the LEP should provide the governance structure for the Preston City Deal. At the LEP's Board meeting on 11th December, the Leaders of the County, Blackpool, Blackburn with Darwen, Burnley and Wyre Councils (in their role as representatives of the district councils) confirmed their support for the Preston City Deal. The unanimous support of all council representatives further demonstrates the City Deal can deliver major benefits for the whole of Lancashire.

Given the new sense of direction and shared purpose, local partners are now working to derogate other key functions critical to the economic success of Lancashire within the LEP's governance framework and strategy. Again, on 11th December, the LEP Board, which includes Lancashire's three highway authorities, agreed to modify its constitution to become the sub-region's Local Transport Body, in response to Government's new approach to devolved transport funding arrangements.

For the first time, Lancashire will be able to integrate key economic and transport priorities and delivery plans. The LEP will be able to make robust and binding decisions at the right level, which transcend complex local economic relationships and transport patterns, as well as imperfect local government boundaries - an overarching governance framework critical to securing the success of the Preston City Deal.

In the Lancashire context, there is overwhelming strategic and pragmatic sense in locating the governance arrangements of the City Deal within those of the LEP. By adopting this approach, the City Deal will have accountable and binding governance arrangements, which are strengthened by the full commitment of key partners in Lancashire, including the unitary authorities of Blackpool and Blackburn with Darwen.

The Preston City Deal, underpinned by a LEP governance structure that commands the support of all key public and private sector partners, with a clear and targeted focus on where the greatest economic opportunities can be delivered, should provide national and local partners with confidence required to take forward this bold initiative.

We would look to progress and finalise the most appropriate governance framework with Government, but we are proposing to establish a City Deal Board, either as a subsidiary of the LEP or committee of the LEP Board. At this stage, we envisage the Leaders of Preston City Council, South Ribble Borough Council and the County Council playing central roles on the City Deal Board. However, the Board will have a private sector majority with the three local authorities providing and co-ordinating the economic development, planning and transport powers and responsibilities needed in a two-tier area to deliver the City Deal. The City Deal Board would take all key decisions, but would be accountable to the main LEP Board.

The LEP has been established since its inception in April 2011, as a company limited by guarantee, with a clear majority of private sector directors. As a company in its own right, the LEP's governance arrangements would provide robust legal structures to guide and oversee the delivery of agreed priorities/outcomes. The LEP would provide the overarching governance framework for the City Deal, but its constitution and structure would be modified to create the focus required to drive the initiative forward.

There are also a number of local strategic and operational advantages generated by this approach which need to be highlighted. The LEP provides economic leadership for Lancashire, whilst Preston generates growth and employment that benefits all of the sub-region. As the County Council is the company secretary and accountable body for the LEP, there are clear synergies and efficiencies to be achieved in managing and combining City Deal arrangements. This commitment should help to reassure Government that any devolved financial resources would be properly managed and accounted for and any funding risks shared.

The LEP will host the Local Transport Body for Lancashire, as outlined above, and further reinforcing the importance of the LEP in hosting the governance of the Preston City Deal and in delivering key transport infrastructure improvements. In our view, the LEP and its City Deal Board would be able to make the tough and binding decisions required to deliver agreed outcomes. Given the focus on delivering key development and infrastructure priorities, we envisage the City Deal to be a 10-year binding contract, and would welcome the opportunity to work further with Government to develop our company-led/contract-based City Deal approach.

The Preston City Deal has the capacity and desire to become a national exemplar, in terms of establishing a company-led/contractual model of City Deal governance. The City Deal would also demonstrate in an area characterised by two-tier local government arrangements that strong and inclusive cross-party civic leadership can be successfully combined with dynamic private sector drive to deliver economic and housing outcomes of national significance.

E3: How will you generate momentum in developing a workable city deal proposal?

Momentum has already been established for the Preston City Deal. Preston City Council, South Ribble Borough Council and Lancashire County Council have already secured unanimous Cabinet approval for their involvement in developing and delivering the City Deal initiative⁸.

Although the three local authorities directly involved in the City Deal have different political leaderships, all three (and their opposition groups) are fully committed to making the initiative a success.

Lancashire's two unitary authorities, Blackpool and Blackburn with Darwen, have also given their support to the City Deal initiative. This further demonstrates that the Preston City Deal can deliver benefits for all of Lancashire.

Our City Deal proposition has also been tested and championed by key business leaders and representatives of business, including Lancashire's two Chambers of Commerce. There is overwhelming support for the geographical approach and priorities set out in this proposal. The private sector-led Board of the LEP has given its unanimous support for the City Deal proposal, as has the private sector-led Board of Preston Vision.

In terms of readiness to deliver, key planning, housing and transport planning frameworks are already in place and/or about to be agreed in early 2013. The County Council has strategic development partners of national and international standing (including BAE Systems, BT and Carillion) which should help reassure Government of our ability and capacity to deliver.

The Lancashire Pension Fund has already identified a significant Local Investment Allocation of £100m to be co-invested in the Preston City Deal, as well as a desire to be at the vanguard of developing new approaches to infrastructure investment.

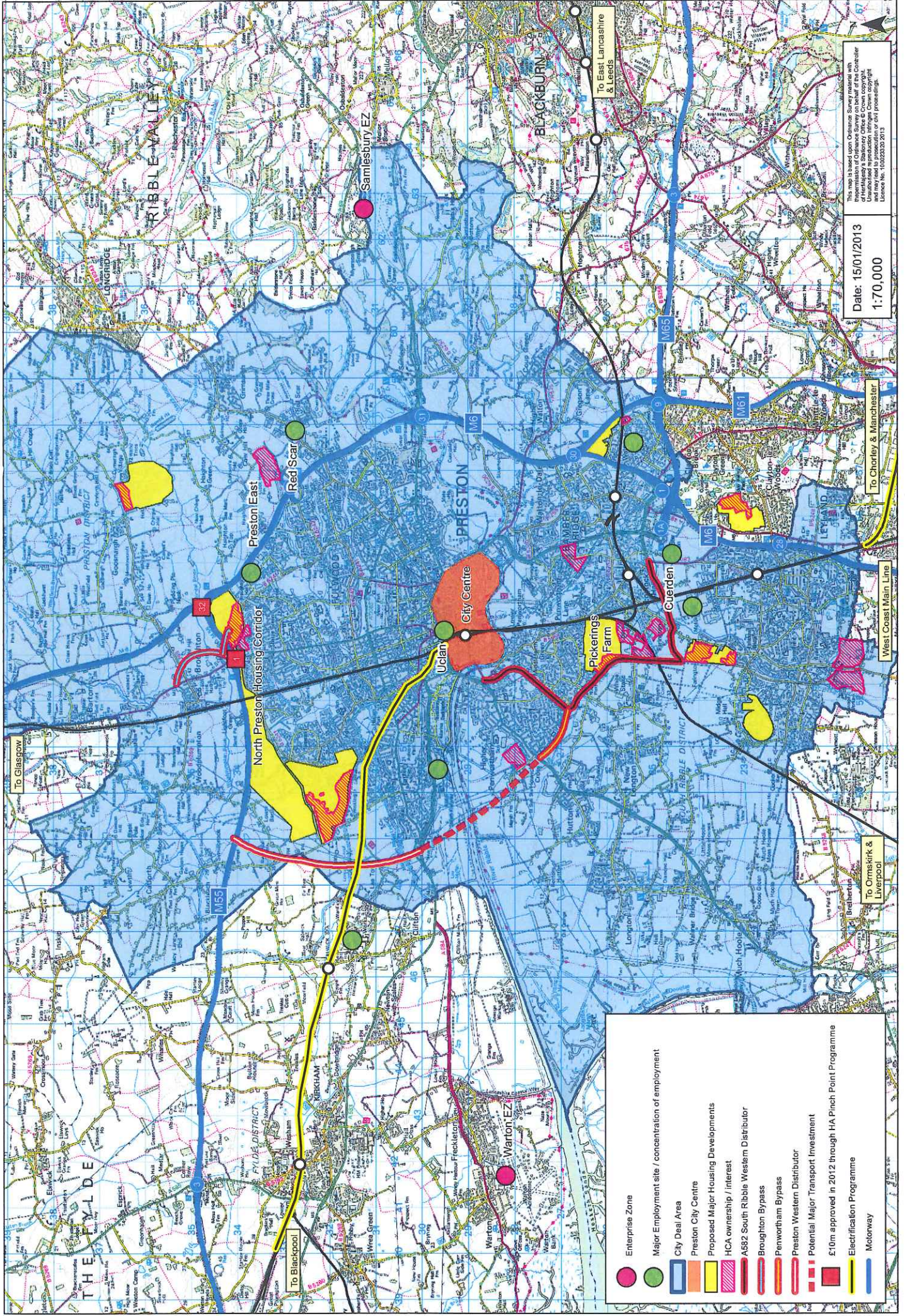
Early and exploratory discussions with the HCA and DfT locally, potentially our key Government partners, have also been responsive and positive.

In submitting this proposal, local City Deal partners have committed themselves to playing their full part in leading and delivering an economic and housing growth programme of national significance, and understand the need to combine their responsibilities and frameworks, pool resources, and share any risks and rewards. Government can be assured of working with credible and committed local partners from the private and public sectors, with a strong track record of delivery.

⁸ The City Deal proposal was unanimously agreed by the Cabinet of Lancashire County Council on 3rd January 2013 and by the Cabinets of Preston City Council and South Ribble Borough Council on 9th January 2013

ANNEX A PRESTON CITY DELIVERING ECONOMIC GROWTH AND PORTUNITY - MAP

ANNEX A



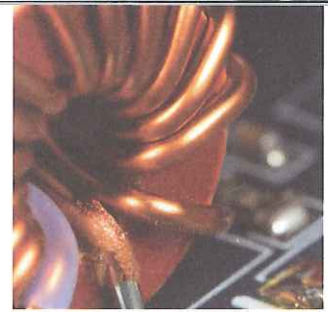
- Enterprise Zone
- Major Employment site / concentration of employment
- City Deal Area
- Preston City Centre
- Proposed Major Housing Developments
- HCA ownership / interest
- A692 South Ribble Western Distributor
- Broughton Bypass
- Preston Western Distributor
- Preston Western Distributor
- Potential Major Transport Investment
- £10m approved in 2012 through HA Pinch Point Programme
- Electrification Programme
- Motorway

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Date: 15/01/2013
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Lancashire
Enterprise Partnership



Lancashire Enterprise Zone

A world class opportunity for advanced engineering and
manufacturing at the heart of the United Kingdom





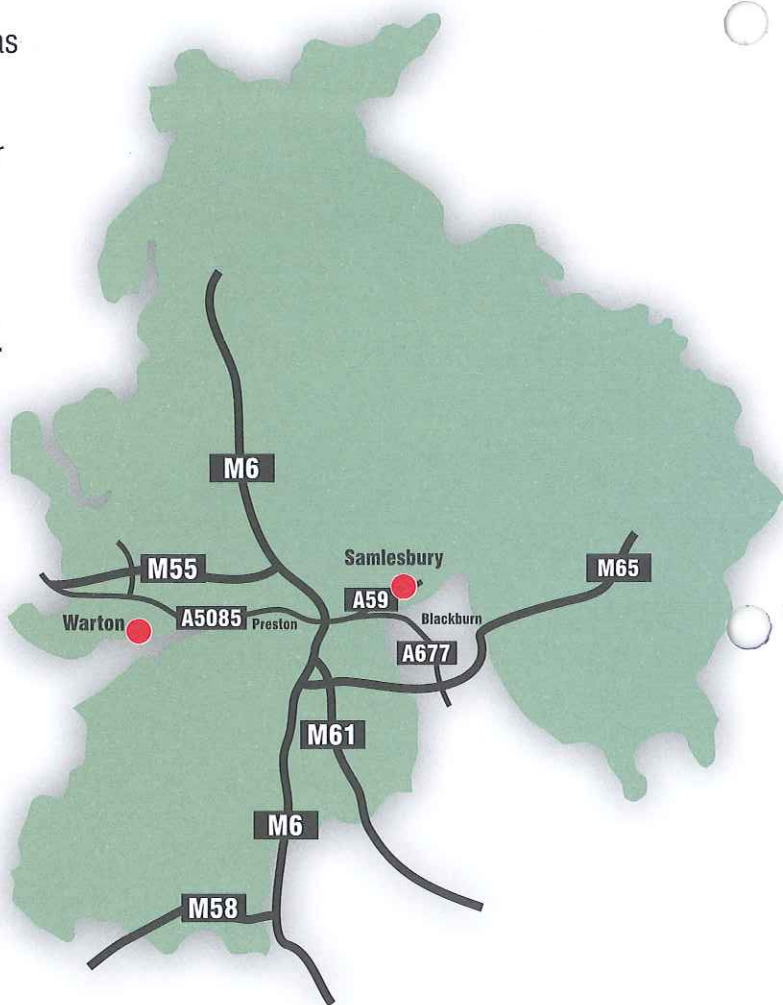
Lancashire Enterprise Zone is a world class location for businesses seeking to set the standard in advanced engineering and manufacturing.

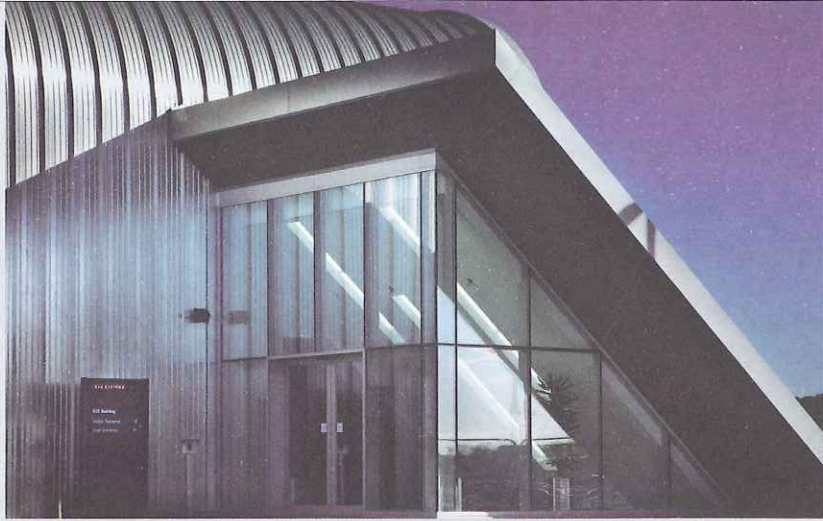
At the heart of the United Kingdom, Lancashire Enterprise Partnership supported by BAE Systems has created a prime development opportunity – one that will become a national hub of expertise and harness the county of Lancashire’s hard-earned reputation for excellence in the sector.

We are seeking suitable companies to locate on 150 hectares of land at BAE Systems’ globally renowned Samlesbury and Warton sites in North West England.

Our plans will build on Lancashire’s existing strengths including the aerospace, automotive and nuclear industries, as well as new growth areas such as the energy industry.

Those with the vision to innovate and create employment here will benefit from superb infrastructure, the opportunity to develop purpose-built premises alongside BAE Systems’ world class facilities, a highly skilled local workforce and an exceptionally capable local supply chain. They will also get influential and flexible support from the public and private sector, simplified planning regulations and government-backed tax relief on business rates.





division, which has developed some of the most advanced engineering and manufacturing capability anywhere in the world.

Lancashire is truly geared up for advanced engineering and manufacturing, with not just great companies and locations but great people – around 90,000 employed in the sector including 20,000 in aerospace. Training and development are a focal point for keeping us at the forefront, which is why the development of a new National Skills and Supply Chain Academy is a key feature of the vision for Lancashire Enterprise Zone. We are working with local academic institutions to ensure companies will be next door to one of the leading centres for skills in the UK.

The place to be

Lancashire Enterprise Zone has an enviable position - centrally located in the UK, in easy reach of all the major Northern cities, Manchester Airport and Liverpool Superport, at the heart of the national motorway and rail network, and yet enjoying a rural environment where the quality of life is hard to beat.

The Samlesbury site is in rolling countryside a short drive from the M6 motorway in central Lancashire and offers substantial undeveloped open space. The Warton site, 12 miles west of Samlesbury, adjoins the village of Warton on the Ribble Estuary and is part of a secure airfield with a 7,900ft active runway. Both are home to BAE Systems' Military Air and Information

Bespoke development to meet your needs

Getting ahead

We have secured Local Development Orders at both Samlesbury and Warton to simplify the planning process. This means the local planning authorities and the Government have already authorised development within clearly defined limits, which enables businesses to quickly secure approval for their specific



150 hectares
across two
sites with
superb
infrastructure



development plans and support Lancashire Enterprise Zone's rapid growth. We will work with companies locating here to develop purpose-built facilities that meet their needs and, with the first new developments opening in 18 months to 2 years from now, we will also provide a package of support to assist with companies wishing to relocate in the interim.

Development on Lancashire Enterprise Zone will reflect prospective tenants' preferences and be a mix of office and industrial facilities. Both sites are on a large scale and we anticipate development ranging from small offices, laboratories and production units through to buildings able to accommodate 600+ people and large scale industrial use. Our aerial maps show the planned sequence of development at the two sites, with building set to begin at Samlesbury in early 2013.

Master planning is underway on both sites to ensure tenants here will have fully serviced facilities including suitable power, gas and drainage. We will be working with utility providers, statutory organisations and prospective tenants to tailor the infrastructure to suit tenants' operational requirements.

For a further competitive edge, Lancashire Enterprise Zone will have superfast broadband connectivity as part of the Superfast Lancashire programme, which is setting the whole county apart nationally as a place to do business. This all combines with immediate access to the main road network and, at Warton, an active runway suitable for large aircraft.

We are also able to offer business rate relief to companies investing here, which may be worth up to £275k over a 5 year period to your business.

Located
alongside
world-leading
industry





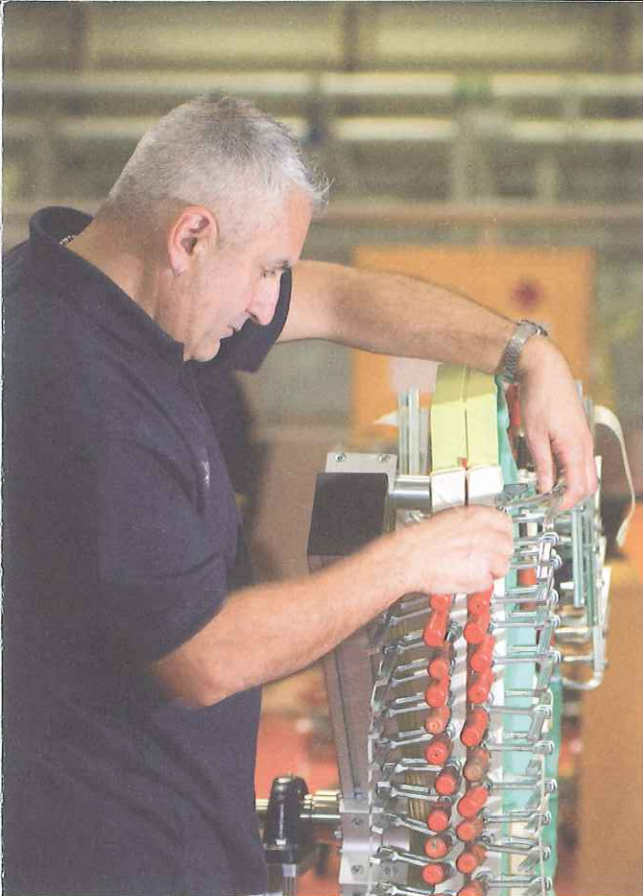
Artist's impression

Positive about growth

Lancashire Enterprise Partnership and BAE Systems have developed the Lancashire Enterprise Zone because we know the enormous potential for success. Our commitment is to new growth – national and international companies setting up in Lancashire for the first time, or start-ups, that can demonstrate the will and expertise to be part of that success.

Those who want to move here will benefit from the support of a united private and public sector partnership that is flexible and focused on making positive things happen and an enterprise zone tailor made to meet their needs.





Contact us

If you would like to talk to us,
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A history in
innovation,
a future in
inspiration

