**CHESHIRE AND WARRINGTON LEP BOARD MEETING**

**Subject: Chief Executive’s Report Agenda Item: 5**

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**Meeting Date: 23 May 2018**

Summary

1. Largely due to Brexit negotiations we are getting very little clarity from the Government about key policy issues. The timing of the conclusion of the LEP Review seems to have slipped to “before recess”, whilst a Cabinet Committee discussion about local industrial strategies has also been delayed - in this instance by the Cabinet re-shuffle that followed the Windrush scandal. As a result, much of the LEP’s work at the moment is focussed on preparatory work for our Local Industrial Strategy and its components.

Devolution

1. The Northern Powerhouse Partnership launched a report from (Lord) Jim O’Neill on devolution at the Crewe UTC on 11 May. Jake Berry, Minister for the Northern Powerhouse, attended and gave a very upbeat presentation on the impact of the first year of metro-Mayors and his ambitions for devolution for Cheshire and Warrington. He is keen for C&W to continue a conversation with him about devolution, although we need to be realistic about the rest of Whitehall’s ability to engage, given its pre-occupation with Brexit.

HyNet

1. The press and regional TV also gave extensive coverage to the launch of the HyNet Hydrogen network by Cadent, the regional gas network operator, on 11 May. Cadent want to build a plant in the Ellesmere Port/Runcorn area to de-carbonise natural gas by turning it into Hydrogen, with the waste carbon dioxide being stored in depleted gas fields in the Irish Sea. The Hydrogen can then be used in industrial plants (in NW) or be blended with natural gas to be used domestically. If it were built, HyNet would further strengthen our energy cluster. The main challenge, however, is that the proposal requires Government under-writing in the form of a very long-term guarantee of the integrity of the carbon storage in the Irish Sea.

Thornton Task Force

1. Ged Barlow and Robert Mee recently met Tim Wheeler to discuss progress with the development of the Thornton Enterprise Zone site. They all agreed that development should be accelerated if we are to take full advantage of Enterprise Zone status, and therefore agreed to establish a Thornton Task Force, which I will chair. Details of terms of reference and membership are currently being worked out.

EZ Business Rate Income

1. The three local authorities submitted their “NNDR3” returns to MHCLG on 29 April, setting out, amongst other things, the Business Rate income that had been generated on the Enterprise Zone during 2017/18. Board members will recall that we needed this return in order to form a view about the level of long term income that the Zone will generate. However, perhaps inevitably given the complexity of the EZ finance regime, the returns generated a series of further questions which we are exploring with the local authorities. None of these impact on this year’s budget, but may well influence the way in which we discuss future budget options with the Board.

Transport Strategy

1. Our draft Transport Strategy was published for consultation on 14 May, with a deadline for responses of 6 May. A dedicated web-address has been established for people to post comments, and a series of consultation events are in the diary, similar to the ones we ran when drafting the current Strategic Economic Plan. In the meantime the first meeting of the Middlewich rail line stakeholder group will take place on 30 May, which will begin the process of making the case for the re-opening of the Middlewich rail line and a new station at Gadbrook Park.

Vauxhall

1. We have sent Vauxhall a draft proposal for a detailed feasibility study into a low cost, low carbon electricity network which will benefit them and the other companies located in Ellesmere Port. The high cost of energy is a key feature in discussions about the future of the plant, and we hope that the study will show this can be addressed. BEIS have been briefed and will make sure that Peugeot’s HQ in Paris is aware of the work and the potential impact on the costs of production at EP. Implementing a local network of this type will also have a positive impact on the proposal to classify the area as an Energy Innovation District. As well as being low cost, our objective is that it will be as close to zero Carbon as possible, and can be used to test new technologies that help to store and manage electricity networks.

Skills

1. Pat Jackson continues discussions with employers about C&W’s proposed “virtual Institute of Technology”. One of the things that is emerging is that digital skills are increasingly important to most sectors of the economy. As a consequence these are likely to be at the core of the programme of courses that will be provided through the “virtual IOT”. The announcement that GCHQ will be establishing a large office in Manchester further re-inforces the importance of digital skills to our economy.

Local Industrial Strategy

1. We will be discussing the steps we need to take in producing our Local Industrial Strategy later in this meeting. Board members may, however, like to note that our annual sub-regional conference will be held on Friday 15 June in Ellesmere Port. The theme of the conference is local industrial strategies and the key note speaker will be Alex Williams, the head of the Sector Deal team at BEIS. A wide range of local business people have been invited to attend and there will be a series of break-out groups to help gather views from the private sector about the key issues they would like to see addressed in our “LIS”. Board members are very welcome to attend.