**LEP Strategy Programme Board**

**MINUTES (DRAFT)**

Meeting Held: Wednesday 23rd November 2022 3pm

Teams

**Present:**

John Downes Jo Wise Iain Paton

Chris Hindley Annette McDonald Melissa Crellin Philip Cox

**Apologies:**

Eunice Simmons Charlie Seward Robert Davis

Nicola Dunbar Connor Diskin Jayne Traverse Rupert Collis Stephen Gleave Steve Park

**Agenda Item 1: Welcome, Introductions & Apologies**

The Chair welcomed members and guests from the LEP Board to the meeting. Apologies were received as noted above.

**Agenda Item 2: Declarations of Interest**

There were no declarations of interest.

**Agenda Item 3: Minutes of 11th October and 29th June Meetings and Matters Arising**

Minutes and matters arising were deferred to a subsequent meeting when more members of the Strategy Programme Board would be present.

**Agenda Item 4: Public Speaking Time / Open Session**

There were no members of the public at the meeting.

**Agenda Item 5: Economic Insights Pack**

Philip Cox and Melissa Crellin ran through the presentation on economic insights, which had been prepared by Metro Dynamics, using the recently updated evidence base (presentation attached). The Board discussed the insights in relation to priorities for strategic economic planning in the context of the vision for a healthy, sustainable, inclusive and growing economy.

The presentation focuses on what has changed in Cheshire and Warrington’s economy according to the evidence update. The challenge was set to consider the economy in 2022, even though a lot of data is only available up to 2020. These draft insights will inform the subregional economic strategy.

The evidence base update confirmed that the Local Industrial Strategy, produced in 2018/19, is still relevant, with many of the priorities identified being still the right ones. For example, the strategic sector opportunities – energy, life sciences, manufacturing alongside logistics and financial and business services – are still relevant and important to the economy.

The evidence refresh reflects the subregion’s new vision for a healthy, sustainable, inclusive and growing economy, and is set within a changed national and international environment with Brexit, Covid, Net Zero, Ukraine War and the energy crisis. So, we will need to continue to focus on the areas set in the LIS, accelerate work on some and add to those in a targeted number of areas.

Headlines include:

* Still overall a strong, successful economy, and the subregion showed resilience against the recession in 2008
* Real living wage coverage has been improving, following national trends, linked to the national minimum wage uplift, but 1 in 6 of the workforce are still paid lower
* Productivity is higher than the UK average, although (like other areas) currently lower than in 2008 and is not growing
* Goods and services exports have declined, with particular impact on the manufacturing and financial sectors
* Economic complexity is a new measure of how much productive knowledge there is in an area and it correlates strongly with productivity. Using this measure, the area has had the biggest one and three year drop for any area in the UK, losing higher complexity sub-specialisms – notably leasing of IP, retail of high-tech software. Complexity picture appears to be indicative of a more serious decline in high-knowledge activity
* Innovate UK spend isn’t associated with science parks in this area and spend on R&D has dropped significantly. It appears that the move of AstraZeneca’s HQ to Cambridge has been a significant factor
* We have a tight labour market with more people in employment than are economically active (the area imports additional labour from outside the subregion). Long term sickness and early retirement are key factors
* There are serious health inequalities between places across the subregion – healthy life expectancy varies by more than 16 years across the subregion and 47 neighbourhoods are in the 10% most deprived for health outcomes
* Despite footfall recovery vacancy rates are up in office and retail
* Domestic and industrial carbon emissions are higher than average with Cheshire East having higher domestic footprint (more rural) and Cheshire West higher levels overall (linked to industrial cluster)

The discussion included the following:-

*Productivity/growth/R&D*

* Would be useful to have more anecdotal evidence to get more context especially on the skills base/productivity
* Useful to understand when data is available, what happened to economic complexity after the 2019 data
* Innovation investment is thought to be most effective when it is clustered in science parks in a collaborative environment and this needs to be encouraged
* Nationally there is a shortage of lab space – this is a growth area
* We need to do more to help businesses to attract and retain staff as companies are losing a lot of staff to Manchester based companies - transport and amenities that exist in cities are difficult to replicate on a business park
* It would be good to understand how to inspire the next generation of employees to see what’s happening with innovation and R&D in their communities – for example the excellent work at Sci Tech Daresbury which supports GVA/productivity and highly skilled jobs (80% of the jobs are knowledge based)
* 5000 people now work at Sci Tech Daresbury with the majority commuting from a distance –The Halton based workforce has grown from 8% to 12%.
* London based investors’ knowledge of this area’s economic strengths is poor. They think of HS2 as a means of getting people to London more easily, not as a way of connecting with Alderley Park life sciences businesses, Manchester University etc. When they think R&D they think Cambridge/Oxford and they think Manchester is second rate. There is some work to be done on explaining.
* May be useful to designate some sites as centres of excellence for clusters and innovation and then people can be signposted there. Ensure they are well connected.
* But it may not be helpful to draw the line too tightly around sectors/areas for innovation as we can’t predict exactly which businesses will need it
* In the current climate there are distressed businesses, which investors are looking to pick up at lower cost.

*Sustainability*

* Could the LEP look at what impact there will be on large employers / the economy in ten years if their critical issues are not addressed - facilitate/convene conversations to find solutions e.g.:
  + Local supply chains (sustainability)
  + The need for a green/sustainable brand agenda in Cheshire for global positioning and safeguarding of employment sites
  + Issues with lack of sustainable transport – thousands of employees using the private car to get to work e.g. Encirc and the railway line

*Footfall and retail/office/industrial space*

* In Cheshire East in the last 2-3 months the footfall in town centres hasn’t looked good – in Macclesfield the rates in October indicate a 20% drop from the same month in a pre Covid year. A large national retailer is saying that footfall is holding up but spend dropped considerably. This could have a knock-on effect to further retail vacancies
* Daresbury is experiencing very strong demand for office space, linked to SME enquiries for smaller office suites and they want communal areas and breakout spaces – the office market needs to be tailored to this new demand
* There is unprecedented demand for industrial space – rates per square foot have doubled – useful to understand this further
* Is there any granularity re type of office/type of retail voids/issues?
* Impact of EPC regulations on rural rental residential stock- what are the implications on communities, jobs, available skills and services etc, how that affects levelling up between rural and urban particularly as we have lots of innovative SME's in rural areas
* CWaC has been engaging with a focus group of young people. They are saying that the space they need isn’t provided – they want flexible, affordable co-working space with coffee machines. Chester doesn’t have an entrepreneurial movement but there should be one given the size of the city – what can we do to support this
* We should ensure we focus on the question of how we ensure that young people (especially from the areas of deprivation) get the right skills, qualifications, employment/entrepreneurship and have a healthy and long life.

*Healthy life expectancy*

* Need to co-design programmes to ensure they hit the various policy angles at play e.g. economic development and public health need to work together. This is especially important in a tight labour market

*Potential mechanisms for impact*

* Anchor networks are useful to focus on social value post Covid
* Shared Prosperity Fund is a mechanism to address some of the issues however government still had not approved the investment frameworks and a sudden approval will necessitate spend very quickly within 3-4 months
* What levers does the LEP and the subregion have to address any of the issues and what should the plan be for short, medium and long term?
* Importance of focusing on ESG with business – this is not just socially responsible investment but also social value and economic impact
* C&W is a unique investment opportunity and should be incredibly attractive to big investment funds – communicate with them to help tick their ESG boxes and talk their language. There should be clear ESG criteria for partnerships and investment with the LEP. Brand value will be very important.

*Next steps*

Next steps include commissioning some consultancy support to draft the Sustainable and Inclusive Economic Plan. This will include the following:

* A review/evaluation of progress to date against existing strategy / plans
* Engage with local authority partners to undertake a desktop review of local economic and associated strategies with regard to alignment on strategic priorities;
* Develop an initial think piece on potential approaches to developing a more pro-active, place-based, sustainable and inclusive economic plan for Cheshire and Warrington, with a review of the levers and powers at the area’s collective disposal;
* Work with the LEP, local authorities and key stakeholders to translate headline priorities into areas where intervention might be required to build on successes or address weaknesses, aligned to local and national priorities;
* Development of supporting presentation material related to key economic, growth and sectoral messages, within the lens of sustainable and inclusive growth;
* Advice on KPI’s that could be used to monitor progress on the delivery of a strategy.
* Stakeholder engagement sessions

**ACTION: To liaise with the Chair and Strategy Programme Board to design business/stakeholder engagement work as part of the consultation for the Sustainable and Inclusive Economic Plan in the new year.**

**Agenda Item 6: AOB**

There was no AOB.

**Agenda Item 7: Date and Time of Next Meeting**

Meeting schedule to be confirmed.