

## BRIEFING NOTE: CHESHIRE AND WARRINGTON'S LOCAL INDUSTRIAL STRATEGY – DRAFT FOR DISCUSSION

SEPTEMBER 2019 (v.6)

### Background

The Industrial Strategy was launched with the release of a Green Paper in January 2017. The main objective was to provide a policy framework for major public and private sector investment decisions and to set out a plan to increase productivity, improve living standards and drive economic growth across the whole of the UK.

Cheshire and Warrington was selected in July 2018 as **one of six LEPs as part of a 'second wave' of LIS development**, following on from an initial three "Pathfinders" – Greater Manchester, West Midlands and Oxford-Cambridge-Milton Keynes.

In the six months from September 2018 to March 2019 extensive work was undertaken to further develop and understand the LEP economy in a finer grain of detail than previously. This has included specific focus on: -

- **Productivity** – overall and sectoral
- **Business base** – profile, demography, companies, R&D, foreign ownership, exports and FDI
- **Residents and labour market** – demographics, employment, skills, earnings, migration
- **Spatial analysis** – 5 principal towns & rural

A high-level summary of the key headlines from the evidence base is attached as **Appendix A**.

The LEP has undertaken extensive engagement over the last 9 months to test its interpretation of the evidence and emerging conclusions, with over 35 events across the sub-region involving a range of key stakeholders. All evidence and insight has also been uploaded to the LEP website (<http://www.871candwep.co.uk/local-industrial-strategies/>).

Further challenge has been provided through the establishment of an internal LIS Steering Group and an external 'Expert Panel'. The former comprises representatives from the LEP, Local Authorities and MHCLG, whilst the Expert Panel comprises a mix of senior policy makers, industrialists and academics.

### Developing LIS Content

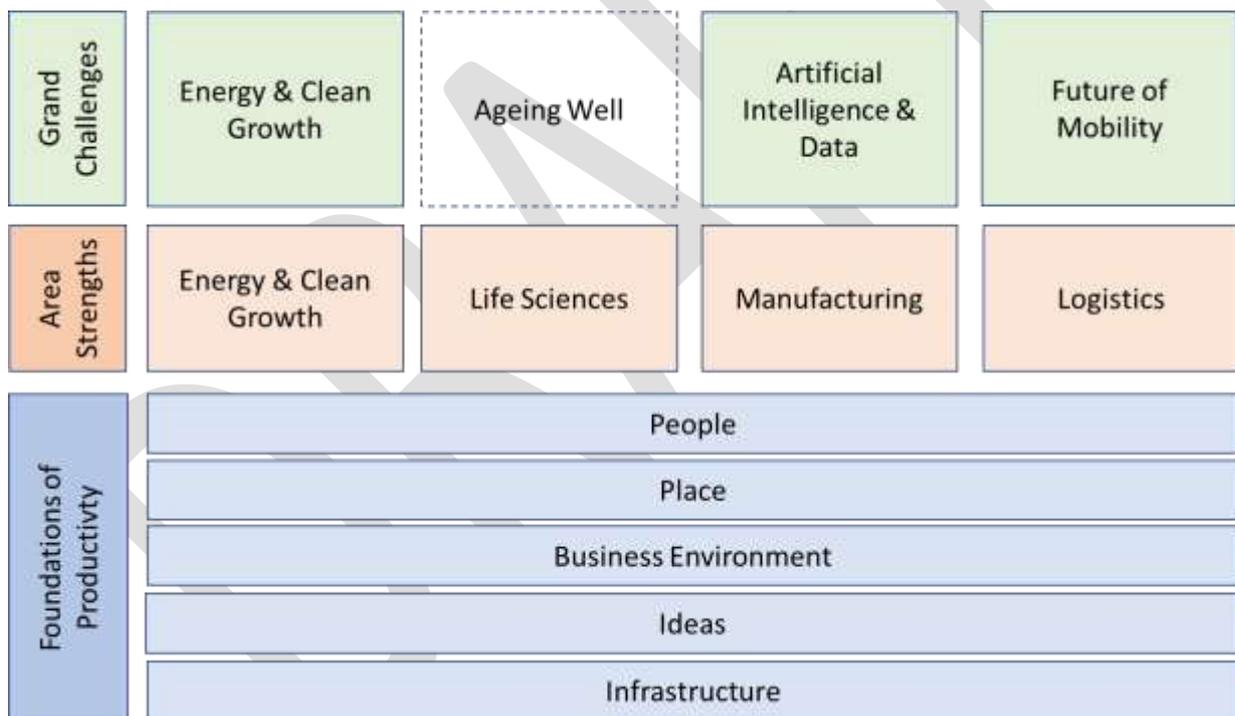
Local Industrial Strategies are intended to set out key priorities and interventions for the short – medium term, in our case to 2030. The Cheshire and Warrington LIS will complement the existing Strategic Economic Plan and its supporting strategies. The Strategy is therefore the start of an ongoing programme of activity based on a series of statements of intent. The detail for many of the

priority interventions are still to be finalised and will need support and buy-in from Government, the business community, our Local Authority partners and wider stakeholders if they are to be developed and delivered successfully.

To date published Local Industrial Strategies have followed a similar general style and format, but government expects that each will be distinctive, rooted in evidence and driven by clear priorities. The narrative and key messages will be developed jointly with each LEP area. The LIS document will be finalised towards the end of the process, with initial conversations locally and with Government supported by a series of Policy Position Papers (PPPs) which set out the public narrative, evidence base, strategic case, local commitment and asks of Government for each of the workstreams under development.

Currently nine workstreams are being progressed (Fig.1) which cover four areas of specialism drawn from the evidence alongside the five foundations of productivity. These workstreams are led by a mix of industry leaders, LEP and local authority policy specialists and have been co-developed using existing networks and groups from across the sub-region.

Fig.1 LIS Workstreams (Area Strengths and Foundations of Productivity)



In addition, the LEP is supporting its three local authority partners to produce Local Area Industrial Strategies to account for the reality that the LEP has some standout strengths, opportunities and challenges, however this means some sectors or places which are significant to local economies can perhaps get lost in the sub-regional narrative.

It is currently anticipated that the Cheshire and Warrington LIS will be published before the end of October 2019.

The next section of this paper sets out the current thinking in respect of each workstream.

## Cheshire and Warrington LIS Outcomes

The work to develop our evidence and impact has led us to target **three clear outcomes** for our Local Industrial Strategy namely, to build: -

### ***A More Productive Economy***

Cheshire and Warrington is a diverse, polycentric area with differences in the economic, sectoral, business, demographic and labour market make up of its three constituent local authorities. It contains urban and rural areas; each of which has its own strengths and challenges. Whilst the LIS focusses on the sub-region as a whole, it is accompanied by local area industrial strategies (LAIS) which articulate and address local opportunities and challenges.

[Map showing sub-region in geographical context with three constituent local authorities – potentially with headline stats and LAIS priorities (?) included as ‘pop outs’ around the map]

Productivity is an important driver of growth. In Cheshire and Warrington productivity, measured by GVA per hour worked, is high relative to other parts of the UK. For every hour worked, £34.63 is produced which is 4.1% higher than the UK average (£33.28) and 13.6% higher than the North West average (£30.49).

Although starting from a high base, productivity has stagnated with a slight decline of 0.5% on average per year since 2007. It has failed to recover to its 2007 level of £36.30 per hour.

There are several possible reasons which could account for the slowing productivity growth and indeed it may be the result of a combination of factors. Many new jobs have been created in traditionally lower productivity, lower wage sub-sectors including health and social care, hospitality and the visitor economy, retail, education and logistics. Additionally, there has been a higher growth in the number of part-time jobs compared to full time roles. Workplace wages are also lower than resident wages suggesting that there is a mismatch between those who live and those who work in Cheshire and Warrington. As Cheshire and Warrington is a net importer of labour, people may be commuting into the sub-region to fill lower wage jobs.

Through our Local Industrial Strategy we want to retain and grow the ‘competitive’ advantage that we have in certain parts of the economy, increasing our output and productivity per work to at least 10% above the UK average.

### ***A More Resilient Economy***

Having a broad-based economy that is made up of a range of sectors and businesses is a good way of building economic resilience – the ability to minimise the impacts of recession or economic shocks. Whilst we have some outstanding sectors, others are underperforming. Only manufacturing and administration outperform the national comparator for productivity. We need all our sectors to improve to create a strong, resilient business base. This means improving skills and boosting innovation, research and development will make our economy stronger and able to adapt to changing circumstances more quickly.

Cheshire and Warrington has a broad business base with over 42,000 VAT-registered businesses in the sub-region and a high number of businesses per capita (454 per 10,000 population which is 12% higher than the UK average). The rate at which businesses form is lower than in other areas (13.4%

compared to 15.2% at the NW level), but survival rates are better. Our smaller businesses rely heavily on local suppliers and on local markets. A fifth of all companies questioned made all of their purchases locally, whilst one-third made all sales locally (i.e. within 10 miles). Increasing the levels of local buying and selling will improve economic resilience and bring benefit to local communities.

We are an outward-facing place with strong international relationships. Many of our large businesses are foreign owned, particularly in urban areas and the manufacturing sector. This is positive for our global reach but it means we must continue to be competitive to ensure our status as the home for choice for these international enterprises.

Resilience will also need to be strengthened in terms of adapting to and mitigating the impacts of climate change. We have ambitious plans to grow our economy, but this cannot be at the long-term expense of the environment or people's health and well-being. The LEP has previously set out possible pathways to halve carbon emissions by 2040, but it is clear that this work needs to be progressed further and more quickly if we are to respond effectively to the Climate Emergencies declared at the national and local level and meet the Government's revised ambition to achieve net-zero carbon by 2050. This will require a concerted, collaborative effort involving business, communities, public sector agencies, academia and government.

### ***A More Inclusive Economy***

As a sub-region we have a shared ambition for an even more successful and prosperous Cheshire and Warrington, improving the lives and opportunities for the people who live and work here. We are committed to being at the forefront of inclusive growth and public sector reform, placing local people at the heart of service design, delivery and opportunities. Ensuring that every resident and business, whether in an urban or rural location, has the opportunity to contribute to and benefit from the sub-region's prosperity is at the heart of our Local Industrial Strategy.

Much of Cheshire and Warrington has a medium value mean annual household income of £45,001 to £50,000. A number of areas have relatively low household income (below £40,000 per year) including parts of Ellesmere Port, Chester, Warrington, Northwich, Winsford, south Macclesfield and the area encompassing Crewe, Sandbach, Alsager and Congleton.

Cheshire and Warrington wants to work with business and other key stakeholders to boost earnings power – acknowledging that a higher than average proportion of our workers earn less than the real living wage. This acts as a proxy for in-work poverty, and data indicates that a higher proportion of workers in Cheshire and Warrington (22.4%) earn below the real living wage compared to 22% nationally and 21.8% in Greater Manchester. We will address inequality by looking to raise the living standards of our more deprived residents and communities.

Skills, connectivity and housing are all an important part in achieving this, and much work is already underway in the sub-region to transform how agencies and employers work together to promote inclusive growth and opportunity.

The Local Industrial Strategy provides an opportunity for us to build on the broad range of activity underway in the subregion, focusing on relevant areas which will help us to increase earnings power. The People chapter sets out ambitions plans to raise skills levels and improve access to opportunity, helping every resident to reach their potential and creating supportive workplaces. This includes creating opportunities for our increasingly older population to stay socially active and economically

engaged, boosting inter-generational working and ensuring that people can stay well in work at a time when levels of poor mental health are on the rise.

## Cheshire and Warrington's Strategic Focus

Cheshire and Warrington has a diverse economy, but for our Local Industrial Strategy to have real impact it needs to focus initially on those sectors that the evidence tell us play the biggest role in driving our economic performance and which have a particular potential to unlock long term growth and prosperity.

### **Energy and Clean Growth**

Reducing our carbon emissions whilst delivering sustainable economic growth is a challenge for the us all. Cheshire and Warrington has a significant depth of expertise in producing, managing and distributing energy, built up over many decades. We are well advanced in bringing forward a range of low and zero carbon energy sources which, when coupled with that energy systems expertise, can put the area in a great position to meet the challenge of decarbonising our economy and creating new economic opportunities as a result. We are already developing and implementing technological solutions which could transform the global energy sector. New projects such as the Protos Energy Park at Ince are a visible sign of the billions of pounds industry in Cheshire and Warrington has already invested or identified to support this ambition.

Work to understand the likely impacts on our local electricity networks of the switch to electric vehicles (EVs) has been led by companies in Cheshire and Warrington. EA Technology, based in Capenhurst, and Scottish Power Energy Networks in particular have been at the forefront of research in this area through projects like Electric Nation<sup>1</sup> and Charge<sup>2</sup>. Our ambition is for Cheshire and Warrington to be at the forefront in preparing for the switch from traditional combustion engines to new forms of power including electricity.

This is an area where Cheshire and Warrington is working with other places to achieve a greater impact. We are working with other LEPs in the Northern Powerhouse to support the development of hydrogen as an alternative fuel for heating, transport and power. Along with Halton in Liverpool City Region, we have been supporting industry-led plans to ramp up existing hydrogen production whilst developing the means to store it within salt caverns in Cheshire and distribute it using existing gas networks were possible.

### *Nuclear*

We are home to the UK's largest nuclear engineering services cluster, employing almost 7,000 people. Centred at Birchwood near Warrington and with other significant assets in Knutsford and Capenhurst, the cluster includes National Nuclear Laboratories as well as the largest private nuclear laboratories in the UK. Our area has strong links across the north west and north wales, where the expertise of businesses such as Wood, Cavendish Nuclear, Rolls Royce Nuclear and Sellafield Ltd is

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<sup>1</sup> <http://www.electricnation.org.uk/>

<sup>2</sup> [https://www.spenergynetworks.co.uk/news/pages/electric\\_streets.aspx](https://www.spenergynetworks.co.uk/news/pages/electric_streets.aspx)

deployed to maintain and decommission the existing nuclear ‘fleet’, as well as working to design a new generation of small and advanced modular reactors.

The national and international market for nuclear new build, maintenance and decommissioning is estimated at over £1.2 trillion by 2030<sup>3</sup>. Supporting innovation and enabling new entrants into the nuclear supply chain can be challenging due to the nature of the sector and the level of regulation that applies when working in the nuclear market.

### **Responding to the Energy and Clean Growth Grand Challenge**

Of the four Grand Challenges set by Government in its Industrial Strategy, Cheshire and Warrington believes that it can make the greatest contribution towards meeting the challenge of Energy and Clean Growth. Our economy is founded on manufacturing and energy is a key factor both as a feedstock for the chemicals industry and as a power source for the wider manufacturing sector. Driving forwards solutions to affordable, long-term, sustainable production will be critical for our continued economic success.

We have an unparalleled level and breadth of expertise in energy and clean growth. Combined with the natural and industrial assets within the area this puts us in a great position to work with industry to develop viable solutions and to lead the way on the Energy and Clean Growth Grand Challenge. A number of our businesses and business groups are working with the LEP to create a multi vector smart energy grid powered by green energy and a mix of energy storage technologies, in doing so contributing to the Government’s mission to establish the world’s first zero carbon industrial cluster by 2040.

Our businesses are working with academia and others to develop new technologies and expertise to build the clean energy industry of the future and address climate change. We will export this knowledge around the world.

The region has a rich pedigree in energy and fuels. The Lancaster bomber and Concorde flew using fuels developed here and today, thanks to that legacy Cheshire and Warrington supplies much of the North West road, aviation and heating oil fuels and as well as producing nuclear feedstock at Capenhurst.

Our local industrial strategy now proposes to accelerate our plans, bringing shovel-ready projects on stream sooner and securing more private sector investment to deliver decarbonisation. This concerted investment programme, will deliver industrial decarbonisation of 5M tonnes equivalent (te) CO2 per annum rising to 15M te per year by 2030. Projects include the ‘E-Port Smart Energy Master Plan’ - a local, low carbon smart energy system based around the industrial heartland of Ellesmere Port. Our work will provide a significant input to the UK’s commitment to net zero greenhouse gases by 2050.

We are looking to build the industry and long-term exportable expertise of the future, delivering more productive growth for the sub-region and UK economy. This will create more high wage, high skilled jobs locally, and provide the blueprint for a global transition to clean growth. At the same time, more sustainable local energy generation will provide reliable and cost-efficient energy for our

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<sup>3</sup> DIT estimates

residents – reducing fuel poverty in areas such as Ellesmere Port – and for business – addressing one of the main barriers to growth.

### **Early Action to Support Cheshire and Warrington’s Ambitions**

We are working with Government, Nuclear Advanced Manufacturing Research Centre and other LEP areas to develop proposals to boost the nuclear supply chain in the UK. Government has allocated up to £10 million to support this through the Nuclear Sector Deal. We will also continue to work with industry groups, Cumbria and Lancashire LEPs and the North Wales Economic Ambition Board (NWEAB) to build on the nuclear strengths identified in the North West Nuclear Arc Science and Innovation Audit, led by Bangor University. For Cheshire and Warrington this will include consolidating the strength and depth of the existing nuclear engineering services cluster at Birchwood Park.

Through our Low Carbon Energy Innovation Fund we are allocating £4.15m of Local Growth Funding to support the development and roll out of a number of projects across Cheshire and Warrington which will reduce carbon emissions whilst demonstrating how, practically, new and existing low carbon technologies can be used together to support the necessary shift away from fossil-fuels.

Under the leadership of the Cheshire Energy Hub, we are already working with Government through the Industrial Strategy Challenge Fund (ISCF) and intend to be an active participant in further rounds of this competition (Energy Detailed Designs), Industrial Clusters Mission and the Industrial Energy Transformation Fund rounds, as well Local Growth Fund activity in Cheshire & Warrington.

We will build on the existing investments and work together to accelerate delivery and promote the area as a centre of expertise and excellence in energy and clean growth.

This will include:

#### Stimulating further innovation

- Research & development into alternative and cheap energy solutions
- Developing new models of carbon capture & storage

#### Creating New Markets

- Implementing smart energy systems and grids
- More deployment of low-carbon energy resources
- Development of the micro modular reactor

#### Supporting transition of the energy system

- Investing in energy supply chains and an energy sector network
- Decommissioning of existing nuclear infrastructure

Our local cluster has already committed to a long-term programme of low carbon energy related investment, with deepened partnership working with government having the potential to catalyse

and accelerate the rate of development. Led by industry and supported by government, many practical and tangible projects have already secured funding in the sub-region and adjacent areas which will really drive practical development of hydrogen and CCUS forwards over the next couple of years.

We will look to work with other LEPs and industry to maximise the benefits of shared expertise and innovation, whilst also driving forward CWLEP ambition using local strengths and opportunities. Our existing investments, which will be important steppingstones to achieving our ambition, include:

Support the development of affordable low or zero carbon energy for clean growth

- The Energy Innovation District - launched in September 2017 - an idea driven by business through the Cheshire Energy Hub, with the overarching aim to lower energy costs and increase energy security has been awarded funding by UK Research and Innovation to deliver the first stage of the 'E-Port Smart Energy Master Plan' - a local, smart energy system based around the industrial heartland of Ellesmere Port.

Demonstrate Leadership in the transition to a low carbon economy; Building new infrastructure

- Over £190m has been invested in delivering three new assets in the past few years – 57MW wind farm, 21MW biomass plant, and 20MW gas fired energy from waste facility
- Protos will deliver a private electrical grid that will connect several energy generation assets and storage with energy intensive industry. This will also form part of the E-Port Smart Energy Masterplan.
- Hynet is a Cadent led initiative to decarbonise gas networks across the NW – providing the potential for a 20% blend in the general gas network and 100% supply to industry – centralised hydrogen generation would be supported by CCS.
- £4m support from government towards a £21m project by Tata Chemicals to build the UK's largest Carbon Capture facility by 2022.

Stimulating further energy innovation

- Centurion is an Innovate UK supported project for 100MW power-to-gas energy storage project supported by INOVYN, Storengy and ITM.
- Through LGF, the LEP has supported the creation of the Intelligent Energy Systems Demonstrator at Thornton Science Park. This offers a flexible space for research, innovation and development, allowing companies to test new equipment in a self-contained environment able to simulate a range of conventional and unconventional energy systems and smart grids
- URENCO in partnership with Wood, Cammell Laird and Laing O'Rourke are developing a micro modular reactor at the Capenhurst facility where it also operates three plants producing enriched uranium to support nuclear power stations across the world.
- £2.9 million contract from government to Wood group to lead a key nuclear research programme to enhance the techniques used to design reactors and optimise their performance.

## **Life Sciences**

Many areas of the UK will include Life Sciences as a strength in their Local Industrial Strategy; in a field that is significant in its breadth in Cheshire and Warrington we know that within Life Sciences we are genuinely one of a handful of locations in the world with a strong track record and strength and depth of knowledge and expertise in medicines discovery, development, formulation and manufacturing.

We have a thriving bio-science cluster built on the legacy of decades of medicines research and development. The cluster is underpinned by significant industry expertise, including leading companies such as Astra Zeneca, Waters Corporation, Advanced Medical Solutions and Recipharm (formerly part of Sanofi Group), and assets in Macclesfield and Alderley Park including the Medicines Discovery Catapult and Anti-Microbial Research Centre. Its growth continues to be driven by the changing nature of the pharmaceutical industry, as it moves away from large single integrated structures to more dispersed models. This new model does create significant opportunities for new company development, research and innovation, but also challenges for smaller companies given the costs involved in developing and testing new drugs.

Core companies in the cluster have raised over £315m of investment since 2014, 35% of the amount raised by core life sciences companies across the north as a whole. Growth has outstripped the figures for the north and north west over the last five years with growth at Alderley Park averaging an exceptional 20% per annum.

By linking the area's industrial expertise with academic institutions and more targeted business support and financing we can work to increase the rate of success for development of new medicines and the proportion of these manufactured in the UK. We will work with industry to develop detailed proposals for an open access high containment facility to support medicines development - 'turning molecules into medicines', which could in addition specialise in support lower volume manufacturing for personalised medicines at the testing stage.

Researchers and scientists at ICI, Zeneca and latterly AstraZeneca at Alderley Park have been responsible for the invention of some of the world's bestselling heart and cancer drugs and the site continues to evolve, cementing its position as the key drug discovery hub site for Northern England. AstraZeneca's manufacturing plant at Hurdsfield is the company's second largest manufacturing site globally – responsible for generating almost three quarters of 1% of all UK exports and with leading expertise in drug formulation; Recipharm (formerly Sanofi) in Holmes Chapel develops and produces a range of asthma treatments whilst Dechra Pharmaceuticals in Northwich is an international specialist veterinary pharmaceuticals business.

### **Case Study: Alderley Park**

The Life Sciences sector in Cheshire and Warrington is successfully adapting to the changing nature of the pharmaceutical industry, as it moves away from large single vertically integrated structures with closed R&D systems to more open dispersed R&D models. This new model creates significant opportunities for new business formation, company development, research and innovation, but it also presents challenges for smaller companies given the costs involved in developing and testing new drugs.

Alderley Park provides an excellent case study in how to adapt to this changing landscape. Initially developed by ICI Pharmaceuticals and later Zeneca and AstraZeneca, over 20 new medicines have been discovered at the site over the last sixty years (on average one new medicine every three years). The site was home to AstraZeneca's largest R&D facility and its global R&D headquarters for cancer research until in 2013 the company announced that it was relocating its R&D functions to a new facility in Cambridge.

In 2014, the site was bought by Bruntwood Sci-Tech with support from Cheshire East Council and has seen exceptional growth of a new cluster of pharmaceutical discovery and development companies and specialist CROs with an average growth in company numbers of 20% p.a. It is now the largest life sciences campus of its kind in the UK, offering 1,000,000 ft<sup>2</sup> of laboratory, office and related space and facilities. with over 200 companies in total, with 70 having established operations in labs/offices, and a wide range of 100+ specialist consultants, the national Anti-Microbial Resistance Centre (AMR) and the Medicines Discovery Catapult.

In the past 5 years there have been 100+ new companies form or arrive at the site, 80 from ex AstraZeneca staff and 57 receiving extensive support from the Accelerator incubator. Of the companies on site 63 are core and 50 non-core. Since 2014 there has been in excess of 20% average growth per annum in terms of company numbers (compared to an average 4% growth rate across the North), and employment in core companies on site has grown from 210 in 2014 to 1137 currently.

In fact, 70% of the new start-ups in the life science sector in the Greater Manchester - Cheshire East area have been at Alderley park in the past 5 years. Today the site represents 34% of GMCE core life science companies, with the 83% employing less than 20 staff.

### **Early Action to Support Cheshire and Warrington's Ambitions**

Through our Local Industrial Strategy, we will build on our existing sector strengths and assets to support growth in two key areas: -

- Biomarker discovery and drug translational science
- Development of Complex and Nanomedicines, (including manufacturing capabilities)

In respect of Complex and nanomedicines, the LEP will support development of structured programmes to attract and support growth of companies in nanomedicine, drug delivery and

complex medicines. This will include a review of how best to support the commercial success of these companies through access to scale-up, including the potential for an open access high containment facility to support medicines development - 'turning molecules into medicines', which could in addition specialise in support lower volume manufacturing for complex and nanomedicines.

This will be supported by wider, ongoing investment into the Cheshire Science Corridor using retained business rates from the Science Corridor Enterprise Zone to ensure that the physical and digital infrastructure is available to the businesses, academics and researchers that need it to do their work and link to other centres of research and development expertise.

We will expand our work through our Growth Hub and sector representative organisations to create the right business environment and networks to enable development of the broader life sciences cluster, attract talent and maintain the sector's significant productivity performance. We will consider how better to support life sciences SMEs face the challenges of scaling up, making best use of existing funding mechanisms.

This will also involve increasing the level of collaboration with neighbouring LEPs, specifically Liverpool and Manchester, to raise the profile of the wider life sciences sector nationally and internationally.

We will continue to work with Greater Manchester on development and deployment of the £31 million Greater Manchester and Cheshire Life Sciences Fund. The Fund is the result of a collaboration between Cheshire and Warrington Enterprise Partnership, Greater Manchester Combined Authority, Cheshire East Council, and Manchester Science Partnerships and offers seed and early stage venture capital funding to life sciences businesses location in the region.

### **Ageing Well**

The government focus on ageing well has been on providing at least five years of better-quality life for people by 2035; we believe that keeping people active and involved in the economy can be as effective a 'medicine' and support better mental and physical well-being. Our ageing population has untapped productive potential, the local industrial strategy is an opportunity to harness the skills, talent and economic power of the older generation.

Building on work started by Cheshire West and Chester as part of the World Health Organisation (WHO) Age Friendly Communities initiative, the LEP aims to set its own 'mission' under the Ageing Well Grand Challenge which will begin to change perceptions of older age and in particular older workers, and the attitude towards the care sector. **[NB: this is still to be fully defined].**

### **Manufacturing**

Home to national and international brands including Bentley Motors, Vauxhall, Siemens, Tata Chemicals and AstraZeneca, Cheshire and Warrington has a rich heritage of manufacturing excellence. Around a quarter of Cheshire and Warrington's GVA is generated by manufacturing activity and almost 10% of employment. This in turn drives significant export activity and inward investment.

Through our Local Industrial Strategy, we have an ambition to make our manufacturing supply chains amongst the most productive in Europe, through increased levels of automation and digitisation, driving the creation of high quality, well paid jobs and through a shift to more sustainable production process and materials.

We are an integral part of one of the largest and most diverse automotive clusters in the country, stretching from Lancashire, though Liverpool City Region and into North Wales. Work undertaken by the Northern Automotive Alliance and Welsh Automotive Forum has highlighted the risks to the current automotive base caused by Brexit. This includes potential supply chain disruptions and a need to secure higher levels of UK-sourced content in a post-Brexit trade environment. It has also identified a series of potential opportunities centred on regional strengths in light weighting and control systems which will be key to the next generation of electric and autonomous vehicles.

For the wider sector, and in particular manufacturing supply chains, to continue to thrive companies and their workforce need support to understand and adapt to a digitally enabled future and meet the challenge of adapting to a low carbon future and the use of more sustainable materials in their production processes. Development of strong, competitive and high-quality supply chains will be essential to maintain the long-term future of the manufacturing sector in Cheshire and Warrington. The nature of the sector also means that the impact of decisions taken by Original Equipment Manufacturers (OEMs) and their large Tier 1 suppliers can be felt across a much wider geography. This is particularly pertinent to key sub-sectors such as automotive manufacturing and chemicals, especially those who may rely heavily on non-UK suppliers at the moment.

There is evidence that automotive companies are making use of national R&D funding opportunities such as the Advanced Propulsion Centre and Innovate UK, bringing new investment into the Cheshire and Warrington region. An example can be seen with FAST STEP 3<sup>4</sup>, an Innovate UK collaborative research project to use titanium in automotive engines with the ultimate aim of lowering vehicle emissions. Crewe-based Bentley Motors are part of that consortium.

### **Early Action to Support Cheshire and Warrington's Ambitions**

We will continue to work with the UK and Welsh Governments and neighbouring LEPs to identify and implement support programmes to help supply chains to prepare for the change in trading environment. This will include encouraging companies to spread risk by looking for markets additional to automotive and to understand and adopt new technologies and ways of working to maintain and increase productivity and competitiveness. An initial focus on automotive for this work will lead to interventions which can be tested, applied and then deployed in other manufacturing sectors. We will work with Government to: -

- Raise the profile and awareness of the opportunities for inward investment in the cluster area
- Develop the competitiveness of existing supply chains through early adoption of regional and national pilots for National Manufacturing Competitiveness Levels (NMCL) and National Product Launch Excellence (NPLX)

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<sup>4</sup> <http://faststep3.org.uk/>

- Capitalise on existing sector strengths to develop products for next generation vehicles including a focus on light-weighting and alternative fuels
- Support growth of supply base companies through identifying and securing EU/national/sector funding for new projects (Like FAST STEP 3) and creating business collaborations with academic organisations.

We have already worked with Government and LEPs across the North West to roll out a £20 million pilot of the Made Smarter programme, and other projects such as National Manufacturing Competitiveness Levels (NMCL) will support manufacturing companies to increase their productivity and competitiveness.

We will work with Liverpool City Region and the Science and Technology Facilities Council to develop and explore opportunities for increased use of Artificial Intelligence in materials chemistry. This project would identify opportunities for digital design and processing of real materials for the benefit of industries and their supply chains. This would increase the speed and decrease the cost of highly complex materials discovery and innovation processes.

Our £30m Virtual Institute of Technology will help equip their workforce with the skills needed to adapt to changing work roles. Our work on the Clean Growth Grand Challenge should also grow supplies of secure, affordable low carbon energy to help the manufacturing sector remain competitive in the face of international competition.

## **Logistics**

In close proximity to two major UK cities and with excellent transport links, Cheshire and Warrington is a major logistics hub. A large employer with 29,000 jobs, logistics and distribution has experienced high employment and business growth in recent years. This is in part due to the development of OMEGA, a £1 billion 575-acre mixed-use development on the site of the former Burtonwood Airbase near the junction of the M6 and M62 motorways. The area has particular specialisms in warehousing and support activities for transport, and postal and courier services.

Home to well-known logistics companies including Eddie Stobart, AO and Great Bear Distribution the area has seen a 45% increase in employment and almost 70% growth in businesses in the sector since 2011/12.

Despite this growth, GVA growth has been low and the sector is less productive than the GB average. Warehousing and support activities for transportation, the most specialised logistics sub-sector, is one of the lowest productivity sectors although it has seen large increases in the number of jobs.

Nationally, Logistics and Transportation is a complex sector, with a mix of national, regional and local activity, as well as companies that operate their own vehicle fleets and others that rely on third parties. In recent years there has been an increase in the way we shop that has further impacted the nature and operation of the logistics sector with home delivery services increasing significantly – a challenge for non-city areas such as Cheshire and Warrington.

As an area with a significant manufacturing base logistics is very important in supporting these businesses to be successful, both in terms of supplying the component parts and raw materials needed for production, but also distributing the final products to national and international markets.

Similarly, sectors like retail and health care are reliant on a smooth running, efficient logistics network.

It's possible that the relative performance of our logistics and transportation sector is a result of the speed of growth that has been experienced over the last 3 – 4 years not yet working through in terms of output. Because of this the LEP will focus on working with the sector and key stakeholders to support the ongoing growth whilst working to maximise the number of higher-level jobs created.

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## Creating the right foundations (the Five Foundations of Productivity)

### People

Cheshire and Warrington is home to almost 930,000 people and a place of work for thousands more who travel in every day from the areas around. Like many places, our sub-region has a population that is ageing but it is also growing much slower than other parts of the UK and has a lower proportion of younger people than elsewhere. Between 2012 and 2017, C&W experienced lower population growth (2.2%) than the UK average (3.7%). It also grew slightly less than the NW average (2.5%). As a result, our economy faces the challenge of being able to be successful and grow whilst having a reducing pool of talent for our businesses and key public services to draw upon. Over 230,000 of our workers are due to retire in the next decade – almost half of the workforce.

Compared to the NW and UK, C&W has an older population. There is a higher proportion of residents at retirement age. Over 21% of C&W residents are aged 65 and over compared to 18.4% in the NW and 18.2% in the UK. Of the five principal towns, Macclesfield has the highest proportion of residents in this age bracket at 19.7%, whilst Warrington town has the lowest (17.2%).

Equally, there is a lower proportion of younger residents in C&W with 22.4% of residents aged 0 to 19 compared to 23.6% regionally and 23.5% nationally. This is more pronounced for the 20 to 34 age group, which represents 16.4% of C&W's population compared to 19.9% in the NW and UK. The age profile of C&W is reflected in the higher ratio of retirement age to working age residents. In C&W, the ratio of retirement age to working age residents is 0.35, compared to 0.29 in the NW and UK.

The area has a high skills base with many people employed in high level occupations. We have one of the best qualified workforces in the Northern Powerhouse with almost 45% of working age people having qualifications roughly equivalent to a degree level or higher, compared to 34.5% regionally and 38.4% nationally. Many of these qualifications sit within our older workforce – our younger people aren't as well qualified as their counterparts in other areas. There currently a number of areas where our skills provision either isn't meeting the changing needs of our employers or keeping pace with the changes in technology which are leading to the creation of new roles and skills needs.

The LEP's Skills and Education Plan identifies two priorities for Cheshire and Warrington to address these challenges: to support businesses to continue to access the skills they need and to support all residents to thrive in employment. The LIS will be an opportunity for us to accelerate work on these priorities and ensure they are delivered in a way that is sustainable, working in collaboration with Government.

The priorities are:

- Making sure businesses are at the heart of inspiring and informing young people, parents, carers and youth workers and individuals seeking work or seeking to progress in work to ensure they make informed decisions about the training and education and careers that they

choose to follow. This will be delivered via a network of local Pledges where employers, local schools, colleges, youth organisations and other partners work together to develop a coherent programme of inspirational events.

- Employers driving the development of a virtual ‘Institute of Technology’, which will bring employers and local colleges together to design and deliver training and education packages - initially focused on digital and STEM skills. This includes retraining and upskilling the existing workforce where there is an urgent need to raise digital skills. The key to success will be real time intelligence about the design and delivery of the skills businesses need.

Underpinning these two priorities is the greater use of real time labour market intelligence – supported through the skills advisory panel funding – to inform the future labour market skills requirements.

### **Early Action to Support Cheshire and Warrington’s Priorities**

The Local Industrial Strategy highlights the importance of digital in helping to raise productivity and improve the overall quality of jobs as well as providing individuals with the skills to access employment across Cheshire and Warrington. An initial focus of the work on the two priorities will be digital and Science, Technology, Engineering and Maths (STEM) related skills. From logistics to automotive to financial services, digital and STEM skills are fundamental to our local employers’ needs. Over the last two years Digital Skills have been identified as a key, cross-cutting skills need that form the corner stone of every business in every sector. We have launched the Digital Skills Partnership, in collaboration with HMG.

HMG and Cheshire and Warrington are working together to deliver the four major programmes of work and to ensure the Pledge network and Virtual Institute of Technology/Skills for Growth programme are sustainable and deliver their objectives. In addition, HMG will work with the LEP, through the Employers’ Skills and Education Board, to address identified barriers to delivery. The first step will be a review of the extent to which data and local labour market intelligence informs the development of training and education across Cheshire and Warrington. This is a priority given the new Ofsted framework.

Whilst the LEP’s priorities and projects are clear, we have identified a number of barriers to delivery which we would like to explore with Government.

- The breadth of national initiatives relevant to the LEP’s framework and priorities can make it challenging to join things up effectively so that we can focus on our agreed priorities. It also creates barriers to colleges responding flexibly to the needs of employers.
- Gaining maximum impact from existing skills budgets including the Adult Education Budget and the Apprenticeship budgets and, in due course, the Shared Prosperity Fund and making sure that that our employer led Board is able to influence and secure a better focus of funding. This could include exploring options to secure the longer-term sustainability of the Pledge Network and the Virtual Institute of Technology.

- Exploring how the apprenticeship levy might be better deployed to allow employers to fund modules of training and to fund brokers to facilitate the transfer of funds to supply chains or other businesses, in particular to focus on our priority sectors.
- Identifying ways to ensure the LEP receives timely and accurate information about the current training and education budgets and their impact on local residents and employers.
- Understanding how we might encourage and reward employers who work with other employers to aggregate demand for training.
- To explore how we can fund work with young people in primary as well as secondary schools and with young people in alternative provision with special needs.
- To effectively influence the priorities for the UK Shared Prosperity Fund, including a focus on opportunities for growth as well as disadvantage

#### **CASE STUDY: THE PLEDGE NETWORK [to follow]**

#### **Delivering more inclusive growth**

Cheshire and Warrington has an ambition to enable all residents to take advantage of local opportunities for prosperity. Building on the findings of the LIS evidence and consultation, we will design and deliver new projects to raise the earning power of all our residents. Through the Local Industrial Strategy we will set out how every Cheshire and Warrington resident will be supported to meet their full potential. We want to grow the economy by offering more opportunities to residents who face significant barriers to employment and to progress to higher paid work. We will also create a compelling offer for older residents and retain the spending power of those residents who choose to enjoy their retirement here.

The economic activity rate in Cheshire and Warrington (78.1%) is similar to the UK. By being higher than the NW (76.5%), this shows that a high proportion of people are involved in the labour market, especially in Warrington (80.2%).

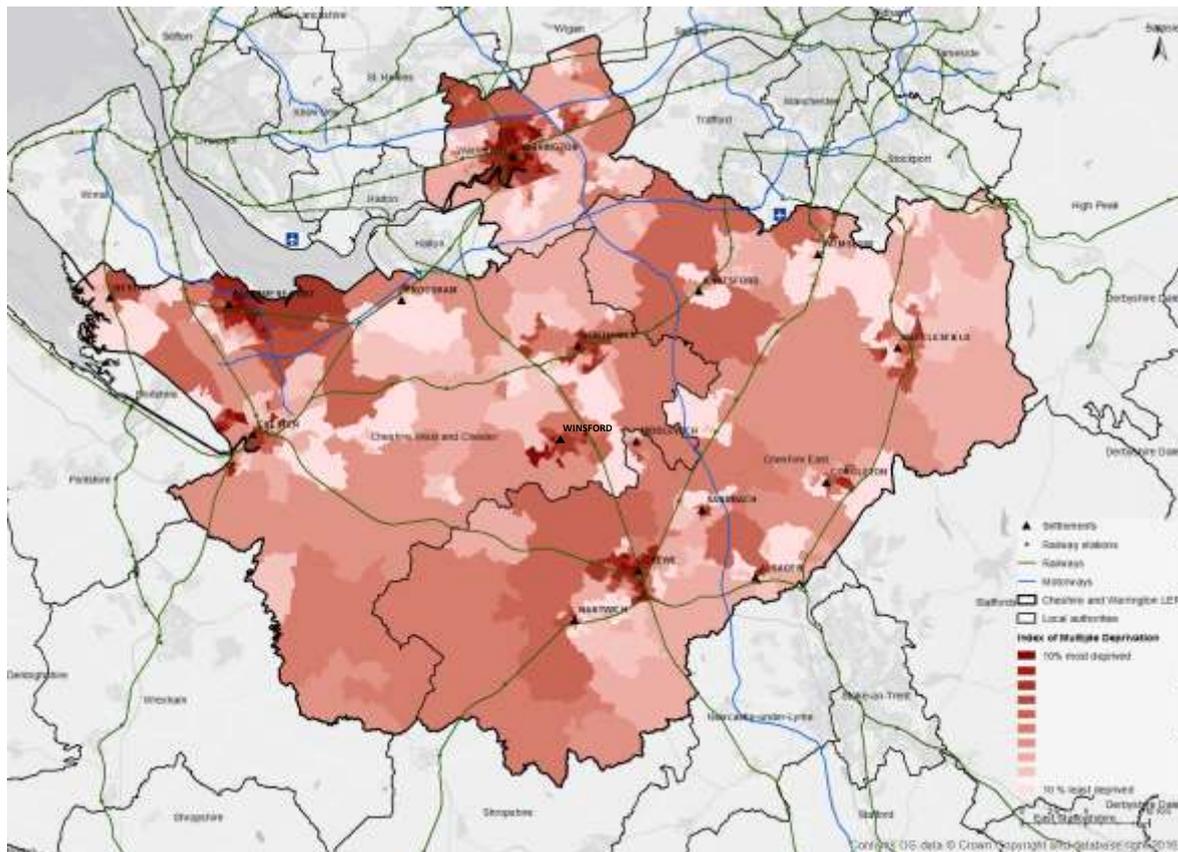
The unemployment rate in Cheshire and Warrington (3.4%) is lower than the regional and national average of 4.5%, whilst the employment rate (75.4%) is higher than average for the NW (73.0%) and UK (74.7%).

In September 2018, there were 11,785 claimants, approximately 25% of which are aged 50 years and over, compared to 26.3% in the UK and 23.6% in the NW. For those residents claiming Employment and Support Allowance (ESA), a study from 2017 showed that 47% had mental and behavioral disorders.

Cheshire & Warrington is among the highest performing regions outside of London in terms of growth; however, we are conscious that the evidence and forecast for future growth presents a challenging picture. Productivity has not recovered to 2007 levels and the number of working age residents is slowing due to our ageing population. The prospect of falling productivity is a real risk

unless we do more to promote inclusive employment and skills opportunities for those residents who experience the greatest barriers to work and explore sector-led pay progression opportunities.

Figure xx, below, shows relative levels of deprivation within Cheshire and Warrington using a combination of measures called the Index of Multiple Deprivation. The darker the shading, the greater the relative deprivation, with the darkest colour showing those communities falling within the 10% most deprived in the UK.



Early retirement is common – both amongst those who choose to retire early and those who are in ill health - and as such we need to explore innovative ways to extend the talent capabilities of our older residents. As the baby-boomer generation approaches the end of their working lives, employers face the loss of skills and experience, with implications for national economic performance. Increasingly employers will have to rely on older workers to fill vacancies. A number of strategies have been adopted by organisations to recruit and retain workers, however more can be done to reduce age bias. This is a pertinent issue for the profile of employees in Cheshire and Warrington.

Productivity would be significantly increased if we were able to design and promote a range of evidence based interventions that would enable people to feel more able to manage their mental health both when they are in work but also for those who are off work or unable to gain employment due to their condition and how this limits taking on a job. Local research tells us that the highest reason that people take time off work due to illness is due to mental health conditions including stress, depression and anxiety. Employers report that they feel limited in their ability to

support people who are suffering with poor mental health. We similarly need to challenge the stigma that exists around poor mental health and enable local people to identify and support their family, friends and colleagues to seek help and support early thus preventing crisis.

Adults in Cheshire and Warrington spend around a fifth of their life in relatively poor health. Of those residents claiming Employment and Support Allowance, 47% have mental and behavioural disorders. Whilst the proportion of residents who cannot work due to chronic illness in (17.6%) is lower than levels in the NW and the UK (22.3%), there are still significant numbers here who could be supported. Local research shows that over 70% of those reporting worklessness in the region also report some degree of limiting long term illness or disability. We have identified three priorities for the local industrial strategy, which expand and link existing programmes (for example 'In to work') and also develop new priority areas. A more inclusive economy will create the conditions where our residents and workers can reach their full potential, be economically and socially engaged and where our workforce have access to the skills and training needed to boost their earnings power.

## Early Action to Support Cheshire and Warrington's Ambitions

### **Promote investment to achieve high levels of social value through local supply routes and promote a fair living wage**

- Embed effective Social Value practice within 'Anchor Institutions' across Cheshire and Warrington, to increase local re-investment and spend within the local economy and promote the Living Wage
- Launch of a Social Value Charter, including a local network for shared learning, a bespoke local training programme, tools and guidance
- Achieve buy in from local employers to Corporate Social Responsibility (CSR) via the development of a CSR Pledge and Kite mark
- Improve the skills and knowledge for 'Social Accounting' at a corporate level within anchor institutions, employers, and measuring the impact of Social Value via contract management with suppliers
- Explore the opportunity for sector-led work to promote low pay progression. Starting with Social Care Sector

### **Maximise the post-retirement opportunities for our older residents**

- To establish a sub-regional campaign and support offer to promote volunteering, mentoring and redeployment / second career opportunities to the over 50's via a 'silver human resource centre' model
- Embed an organisational mission relating to older workers in the workforce
- Harness the rich capacity and experience of our mature residents to give back to local businesses and community organisations and have a vibrant and active retirement
- Enable an inclusive digital skills offer to older people to directly enable self care and independence through intergenerational projects and employer led retirement groups

## **Remove complex barriers to employment and financial independence through our 'In to Work' support programmes**

- Grow the potential workforce by designing new supported employment support that joins up and works for those who have complex barriers to work through the new Journey First project, Health & Work Programme, New Leaf and other supported employment opportunities)
- Establish coordinated and mutually supportive pathways to employment across organisations who make up the In To Work Board
- Ensure that the Skills strategy opportunities extend to people who are currently not in work and face the greatest challenges
- Create a standardised employer policy that promotes good mental health in the workplace
- Develop a suite of evidence based digital self-support tools that can enable people to identify and recover from anxiety, depression and low mood
- Promote and share existing and new talking therapy services for those in work, those who become ill and need time off work and those seeking work across Cheshire and Warrington
- Establish a new community recovery service model including crisis cafés, peer support and response service directory that is readily available

## Place

Cheshire and Warrington brings together a track record of outstanding economic performance, and an array of places to meet the needs of almost anyone – whether that be the buzz of the city, the calm of the countryside or an adrenaline rush from one of the many outdoor sporting and leisure activities on offer. As such we passionately believe that this is the best place in the country to live, work, invest and study.

Cheshire and Warrington is an extremely diverse sub-region, from the historic city of Chester to the new town of Warrington - the North's most economically successful town. The area also boasts some of the most desirable market towns and villages in the country with access to outstanding natural assets such as Delamere Forest and the Peak District National Park. We are home to world class science and technology clusters in life sciences, nuclear engineering and energy and clean growth, the UK's largest chemical engineering cluster and two car plants, Bentley and Vauxhall at the same time as being an important agricultural and food production centre and key visitor destination.

Despite our economic success and outstanding quality of life, we face a number of challenges to ensure that we have vibrant, inclusive and sustainable places across the whole of our sub-region; to make sure that we can attract, grow and retain the businesses and talent we need to support our economic growth ambitions.

Our demographic trends pose a significant challenge to our continued economic success. Population growth in Cheshire and Warrington in the 10 years to 2015 was much lower than the UK average (4.2% compared to 7.8%) and our future population growth is expected to be half that of the England average (8% compared to 15.5%). Over one third of our manufacturing workforce is aged over 50 years and replacement demand alone is estimated at 230,000 jobs by 2025. At the same time, it is estimated that 10,000 20-30 year olds will leave the sub-region by 2026. We need to ensure that we have the

right housing, retail and leisure offer to attract and retain the young people required to support our continued economic growth, and to meet the needs of existing residents as they get older.

Whilst we have seen an increase in the supply and rate of housebuilding in our area, our new supply of housing has been predominately larger traditional family homes for sale in suburban and rural locations that are more suited to families that are already well established on the housing ladder. The fit between housing supply and demand is not aligned and this is a key factor in the low levels of attraction and retention of talented young people in the sub-region. Affordability has worsened significantly since 2009 and house price entry levels are becoming even more unaffordable for people living in the area compared to the rest of the North West.

There are also distinct spatial inequalities within Cheshire and Warrington, particularly around skills levels, deprivation, wages and health, concentrated in areas that consistently underperform against the rest of the sub-region. Parts of Ellesmere Port, Crewe, Warrington, Chester and Winsford are amongst the 10% most deprived areas in the country. We need to ensure that all of our communities benefit from our economic success and enjoy access to high quality jobs, housing, retail, leisure, cultural and natural assets.

### ***The Economy in Rural Areas***

Almost half the population of Cheshire and Warrington (477,000) live in rural areas, and almost 27,000 business are located outside of our main towns and urban centres. Our rural areas have seen a high level of jobs growth (20.2% between 2012-17). Agriculture, food production, logistics and distribution and the visitor economy are important sectors of the economy in rural areas, as well as an emerging digital and creative sector.

There are challenges in ensuring equality of opportunity for people living and working in rural areas, including patches of poor digital connectivity, poor public transport and affordability of housing. Many rural areas face particular demographic issues with some places where less than 10% of their residents are aged between 20 – 34 and some of the lowest levels of population growth, which may pose problems for their long-term sustainability.

### ***Town Centres and High Streets***

Like many other places across the country, our town and city centres are facing the challenges of changing retail habits, the dominance of national retail chains, outdated and ageing retail stock and fragmented ownership. We need to rebalance our town centre offer. Cheshire and Warrington will support efforts to help high streets rediscover their traditional role as social, economic and cultural hubs at the heart of the communities they serve. Significantly increasing residential uses in our urban centres will not only help to revitalise town centres, but will also help rebalance our housing offer, enabling us to build smaller, more affordable homes that will be attractive to younger people and provide more choice in meeting the needs of our older population.

We recognise that having access to a range of cultural, heritage, sporting and leisure activities is not only a key component in promoting a high quality of life for our residents and supporting cohesive and inclusive communities but can also be an important driver of inward investment decisions. Recent developments such as the opening of Storyhouse in Chester, Barons Quay in Northwich and Time Square in Warrington are helping grow our leisure and cultural offer and add to some of the top-class attractions in Cheshire and Warrington including Chester Zoo – the UK's most visited zoo and second

most paid-for visitor attraction in the UK with over 1.9 million visitors a year, Cheshire Oaks, Chester Races, Quarry Bank Mill and Tatton Park, as well as a range of museums, heritage facilities, parks, forests and outdoor attractions. The sub-region has an established programme of major events including the 'Blue Dot' Festival, RHS Flower Show at Tatton and Chester International Film Festival and has previously hosted the Rugby League World Cup, Cycling Tour of Britain, Welsh Rally GB and the International Horse Trials at Bolesworth.

Cheshire and Warrington is already one of the best connected sub-regions in the country, with easy access to the dynamic cities of Liverpool and Manchester and strong economic connections into North Wales and the West Midlands. HS2 offers a once in a generation opportunity to turbocharge our connectivity not only nationally, but importantly within the sub-region itself. It will be a key driver of our future economic growth and will physically and economically transform the town of Crewe. Local and intra-regional connectivity, however, remains poor especially for those households without access to a car.

## **Early Actions to Support Cheshire and Warrington's Priorities**

### ***Creating a world class business environment***

The LEP is determined to make Cheshire and Warrington one of the best locations in the UK to locate and grow a business. A world class science and technology offer exists across the Cheshire Science Corridor, which includes: Jodrell Bank, headquarters of the Square Kilometre Array; Alderley Park, Astra Zeneca's former R&D HQ which is now home to over 150 life sciences businesses; Birchwood Park the UK's centre of excellence in nuclear engineering and Thornton Science Park, fast becoming recognised as a leading UK centre for energy and clean growth. Cheshire and Warrington is taking a proactive approach to the Cheshire Science Corridor Enterprise Zone, investing £30m up front to unlock and accelerate development and creating a sub-regional investment fund to reinvest the retained business rates in economic development projects across the sub-region. In addition to the Science Corridor, we have identified key growth areas and strategic employment sites in Chester City Centre, the Energy Innovation District in Ellesmere Port, Warrington 'New City' and the proposed Crewe HS2 Growth Corridor that will maximise the economic benefits of HS2 for the towns of Crewe, Middlewich and Winsford. The LEP will also ensure a strong supply of high-quality business accommodation that meets needs of our rural businesses.

### ***Building the right homes in the right places***

Housing is an essential component in creating successful places and supporting economic growth. Having the right mix of housing, in the right places and at an affordable price is key to meeting the needs and aspirations of our existing communities and of young people and families moving into Cheshire and Warrington to live and work. We will support a focus on housing growth across our principal cities and towns. The LEP will establish a sub-regional Housing Board to work in partnership with Homes England to positively disrupt the housing market in Cheshire and Warrington by leading, intervening in and making new markets where necessary. By doing this we aim to encourage a broader range of housebuilders and developers and position the area as a sound proposition for institutional investors by de-risking development, particularly on brownfield sites in town centres.

Government has recognised and supported our housing growth ambitions through, for example, initial allocations of over £30m from the Housing Infrastructure Fund.

### ***Rebalancing our town centres***

The public and private sector in Cheshire and Warrington is already investing heavily to strengthen our city and town centres including City Place and Northgate in Chester city centre, Time Square in Warrington and Barons Quay in Northwich, and the £40m expansion of Cheshire Oaks. There are also emerging regeneration plans for Ellesmere Port, Macclesfield, Crewe and Winsford. We want to tackle the challenge of fragmented ownership by bringing landlords together with public sector partners, adapting and extending planning and property development tools and encouraging institutional investment in our high streets through piloting the creation of town centre Real Estate Investment Trusts (REITs).

There are opportunities to work with Government to enhance and accelerate our town centre thinking, through initiatives such as the Stronger Towns Fund, Future High Streets Fund and, for places like Chester and Nantwich, the Historic High Streets Fund.

### ***Enhancing our natural, cultural and leisure offer***

Cheshire and Warrington will ensure that the sub-region offers a broad range of cultural assets, events and activities throughout the year, and that there is a mix that provides for a range of age groups and interests. We want to build on the success of our Visit England funded, Brilliant Science project which promoted the sub-region as a key destination for business tourism, targeting key scientific conferences into the area by embedding the Brilliant Science and a Business tourism approach into our broader place marketing approach for Cheshire & Warrington and the Science Corridor. We will aim to drive visitor numbers across the country, extend the season and to tackle local barriers to tourism growth and seek to be an early pilot for one of the new Tourism Zones.

The area underperforms in attracting funding for arts and cultural initiatives. The Local Industrial Strategy provides a platform for a more strategic conversation with members of the DCMS family to support Cheshire and Warrington to maximise the impact of the arts, culture and leisure resources it has, and develop opportunities to meet identified gaps in provision.

The natural environment (and resources such as water, minerals and fisheries) is as important a factor in our place offer as the built environment. Our rural landscape is the result of centuries of stewardship by farmers and other landowners and for many people is reason enough to locate here. It is also a powerful tool in encouraging better mental and physical wellbeing amongst residents, workers and visitors.

The LEP has recognised this and has developed a Quality of Place Strategy setting out our initial objectives and activities, but LIS provides an opportunity to have more focussed and targeted conversation with the DEFRA and DCMS families to strengthen the economy in rural areas, improve connectivity and boost productivity amongst rural businesses.

Along with the sub-region's constituent local authorities, the LEP supports the Cheshire and Warrington Local Nature Partnership (one of 47 LNPs across England, established by Defra in 2013). The LEP will, in collaboration with the LNP, review the implications of the Government's new 25-year Environment Plan for the sub-region. This will include developing proposals for establishing a Natural Capital Plan for the sub-region, and reviewing how the agenda of the economy in rural areas could be managed in a more joined up way.

***Articulating our place proposition, branding ourselves and our offer more effectively to prospective investors***

The sub-region has many significant benefits that make it attractive to inward investors, but it lacks a consistent and coherent narrative and ‘brand’ when trying to ‘sell’ those benefits to external audiences. Those who live and work in Cheshire and Warrington know what an outstanding location it is – many others (including some surprisingly close to home) don’t. Much of the feedback from business is that there is a great story to tell about Cheshire and Warrington and the places within it, but that as a sub-region we currently don’t do that in a consistent, coordinated and effective way, especially to external (international) audiences.

Cheshire and Warrington will develop a more coherent brand and ‘value proposition’ for the sub-region, the Cheshire Science Corridor and our key sectors. It will also work with DIT and the Northern Powerhouse team to create an inward investment strategy to really showcase Cheshire and Warrington on the global investment stage and increase the flow of foreign direct investment into the sub-region.

<b>Key Spatial Priorities (to be included on a map in the LIS)</b>	
<p><b>Growth Areas</b></p> <ul style="list-style-type: none"> <li>• Warrington New City</li> <li>• Mersey-Dee Alliance</li> <li>• Constellation</li> </ul> <p><b>Strategic Employment Areas</b></p> <ul style="list-style-type: none"> <li>• Cheshire Science Corridor</li> <li>• Energy Innovation District</li> <li>• Crewe HS2 Growth Corridor</li> <li>• Port Warrington</li> </ul>	<p><b>Town Centres</b></p> <ul style="list-style-type: none"> <li>• Crewe</li> <li>• City Place (Chester)</li> <li>• Ellesmere Port</li> <li>• Macclesfield</li> <li>• Northgate (Chester)</li> <li>• Northwich</li> <li>• Warrington</li> <li>• Winsford</li> </ul>

**Business Environment**

***Starting from strong foundations***

Cheshire and Warrington is home to some of the world’s best-known companies including Bentley, Vauxhall, AstraZeneca, Royal London, M&S Bank and Essar Oil. These large companies as well as thousands of smaller, dynamic new businesses are together helping to drive growth.

Our business base is diverse, but with clear strengths in a broad range of manufacturing sub-sectors including automotive, life sciences, chemicals and food and drink. Manufacturing growth in Cheshire and Warrington has outstripped that for the UK for a number of years. Other sector strengths include life sciences, energy and environment, logistics and finance and business services. We have also experienced growth in recent years in the creative and digital sector with particular clusters emerging around Chester in the west and Knutsford / Macclesfield in the east of the sub region.

With over 42,000 VAT registered businesses our business base is stable and growing, with a high number of businesses per capita<sup>5</sup>, a low business death rate of 10% and a good business survival rate leading to impressive scale up rates.

We have a lower than average business birth rate (13.4% compared to a regional average of 15.2% and national average of 14.6%)<sup>6</sup>. This potentially means less opportunity for scale-ups and frontier firms and to expand the business base more generally.

The vast majority of our businesses are SMEs, with 98% of companies in the area employing under 50 people. However, over 50% of jobs in the sub-region are within just 160 large companies (250+ workers) representing just 0.4% of the business base.

We are an outward-facing place with strong international relationships. We export £7.6 billion of goods with strong links to non-EU countries where we send over 60% of our exports. Many of our larger businesses are foreign-owned, particularly in urban areas and the manufacturing sector. This is positive for our global reach, but it means that we must continue to be competitive to ensure our status as the home of choice for these international enterprises. This means creating a supportive business environment and good dialogue with our sectors, mindful that decisions may be taken at a global rather than a local level.

### ***Addressing challenges through our Local Industrial Strategy***

Overall, our economy is growing steadily, but productivity is stalling. Many of our sectors are underperforming compared to other parts of the UK; if our underperforming broad sector groups were performing at the national average this would add £3.7bn to the economy every year.

The ambition through our local industrial strategy is to make our economy more resilient and able to withstand and recover from shocks that may happen. We want to increase the number of fast-growing SMEs, increasing the productivity and resilience of our broad sector mix and create more skilled jobs for our residents. Effective business support will be key to this. Market intelligence from our Growth Hub identifies clear areas of opportunity particularly around SMEs with the potential and ambition to scale. This focus is fed by strong economic intelligence and has informed the development and delivery of support across the sub region.

We see evidence of good scale-up activity already which indicate existing track record of high growth businesses. Cheshire East is ranked as the eighth highest local authority by the number of scale-ups in the country, due to the polycentric nature of the business base and the work of the Growth Hub in Cheshire and Warrington the Scale Up base is continuing to grow and high growth potential businesses are able to flourish. Businesses that start here tend to survive, and the sub-region has low business death rates. We want to capitalise on this supportive environment and grow it.

While the clear focus will be on SMEs with growth ambition and potential, we will also link this work closely with the successful large companies in the sub-region, which together employ over half of our workforce. This will be through close working with the larger companies and developing with them a high value mentoring network and using these companies in a strategic and focused manner

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<sup>5</sup> 454 businesses per 10,000 population (12% higher than the UK average)

<sup>6</sup> Metro Dynamics analysis of ONS data

to ensure their knowledge and expertise is retained in the Cheshire and Warrington economy. By developing this peer to peer network and utilising the knowledge, expertise and strategic importance of our large companies to benefit our growing SME base we believe clear economic impact can be derived.

In order to support this the LEP would welcome more timely access to data held by HMRC. This would allow us to better understand the scale up and export landscape and so offer more focussed support and solutions to business.

### ***Action to enhance our Business Environment***

The LEP will progress work it has started in the first part of 2019 with the ‘Mentoring for Growth’ programme, via ‘Be the Business’<sup>7</sup>, expanding the reach of the programme into Cheshire and Warrington and plugging in to our existing plans for leadership and management development and a wider mentoring network. We want to encourage a greater number of businesses to participate in this programme, by identifying and removing barriers as well as perceptions of barriers that exist in Cheshire and Warrington but also at a national level. The cost of high-quality support and advice is one of the biggest issues holding back potential transformational growth, part of our vision is to demonstrate that the benefit of this potential investment far outweighs the cost of it.

The LEP will continue our work with neighbouring areas to roll out targeted business support through the Manufacturing Growth Fund<sup>8</sup> and the North West Made Smarter<sup>9</sup> programme.

This new activity will complement the priorities already set out in our Strategic Economic Plan, with work underway to create a refreshed and targeted Growth Hub which works with local businesses to provide the right support at the right time to support them to thrive. Through the Local Industrial Strategy, we will increase higher value targeted support with an emphasis on growth and productivity, identifying and targeting only businesses who meet the growth potential criteria (this is currently estimated to be at least 565 businesses<sup>10</sup>). We will offer a broad mix of support, ranging from identification of opportunity through to mentoring, Leadership and Management and key investment support.

Cheshire and Warrington has identified a number of other options to support and accelerate business growth through our Local Industrial Strategy, including: -

- Learning from and adopting local versions of pilot programmes developed by Liverpool City Region to increase awareness and understanding of the business benefits of digitisation in manufacturing SMEs (Industry 4.0)
- Creation of a series of incubators and accelerators designed to enhance business growth through tailored support processes. These would be located to reflect the location of key sector clusters across the sub-region and designed to encourage engagement between clusters and sectors.
- Developing an enhanced trade offer, with a larger role for Chambers of Commerce and co-located Department for International Trade Advisers. This would include tailored support for

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<sup>7</sup> <https://www.bethebusiness.com/>

<sup>8</sup> <http://www.manufacturingnorthwest.com/>

<sup>9</sup> <https://www.madesmarter.uk/made-smarter-north-west-pilot>

<sup>10</sup> Source: Scale Up Institute

firms in the area to work towards the Northern Powerhouse target of 12,000 new exporting companies across the North.

- High Growth Start Up support, though a clear strategy to work with universities, Innovate UK and sector specialists to target spin outs and other start-ups with high growth potential and increase the number of these business choosing to locate in Cheshire and Warrington.
- Identifying specific opportunities to support the finance and business sector to address its under performance compared to national comparators.
- Identify opportunities for early action as a result of the Government's productivity review, including offering to take part in any pilot project activity

The LEP will maintain its close working relationships with Innovate UK, ensuring that Cheshire and Warrington business are aware of and accessing relevant funding opportunities. More broadly, our Growth Hub will continue to work closely with the British Business Bank (BBB) and the fund managers of the Northern Powerhouse Investment Fund to ensure that access to finance does not become a barrier to business growth. There is particular scope to improve levels of micro finance and equity funding across the area.

## Ideas

### **The North's science and technology powerhouse**

Cheshire and Warrington has some of the highest levels of private sector R&D in the UK and the highest proportion of employment in science, research engineering and technology professions in the North of England<sup>11</sup>.

The Cheshire Science Corridor links together a number of nationally and internationally significant science and technology assets including: Jodrell Bank, home to the world famous Lovell Telescope and now headquarters of the international Square Kilometre Array project; Alderley Park, near Macclesfield, home to over 200 life sciences businesses as well as the national Anti-Microbial Resistance Centre (AMR) and the Medicines Discovery Catapult; Birchwood Park the UK's centre of excellence in nuclear services; Capenhurst Technology Park, a cluster of leading technology companies at the site of the former Electricity Council Research and Development Centre, adjacent to URENCO's uranium enrichment and nuclear waste treatment plant; Daresbury (just across the border in Liverpool City Region), which is home to the UK's fastest industrial supercomputer and the University of Liverpool's Virtual Engineering centre; and Thornton Science Park, fast becoming recognised as a leading UK centre for energy and clean growth.

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<sup>11</sup> BEIS (2015), *Mapping Local Comparative Advantages in Innovation*.

The Square Kilometre Array (SKA) is regarded by many as the ‘largest science experiment in the world’. The project, involving over 20 countries and with a phase 1 construction budget of €650 million, is creating the world’s biggest radio telescope, and its headquarters is in the heart of Cheshire at the Jodrell Bank Observatory. The SKA will eventually use thousands of **dishes** and up to a million **low-frequency antennas** that will enable astronomers to monitor the sky in unprecedented detail and survey the entire sky much faster than any system currently in existence.

Its unique configuration will give the SKA unrivalled scope in observations, largely exceeding the image resolution quality of the Hubble Space Telescope. It will also have the ability to image huge **areas of sky in parallel**, a feat which no survey telescope has ever achieved on this scale with this level of sensitivity.

However, our R&D base is dominated by large multi-national companies in a number of foundational industries and large-scale manufacturing in sectors (including chemicals, pharmaceuticals, energy, nuclear and automotive) that are either already being disrupted or are highly vulnerable to disruption by innovations in technology and business models or new market entrants. The recent decisions of AstraZeneca and Shell to relocate their global R&D headquarters out of the sub-region, highlights the potential vulnerability of our R&D base.

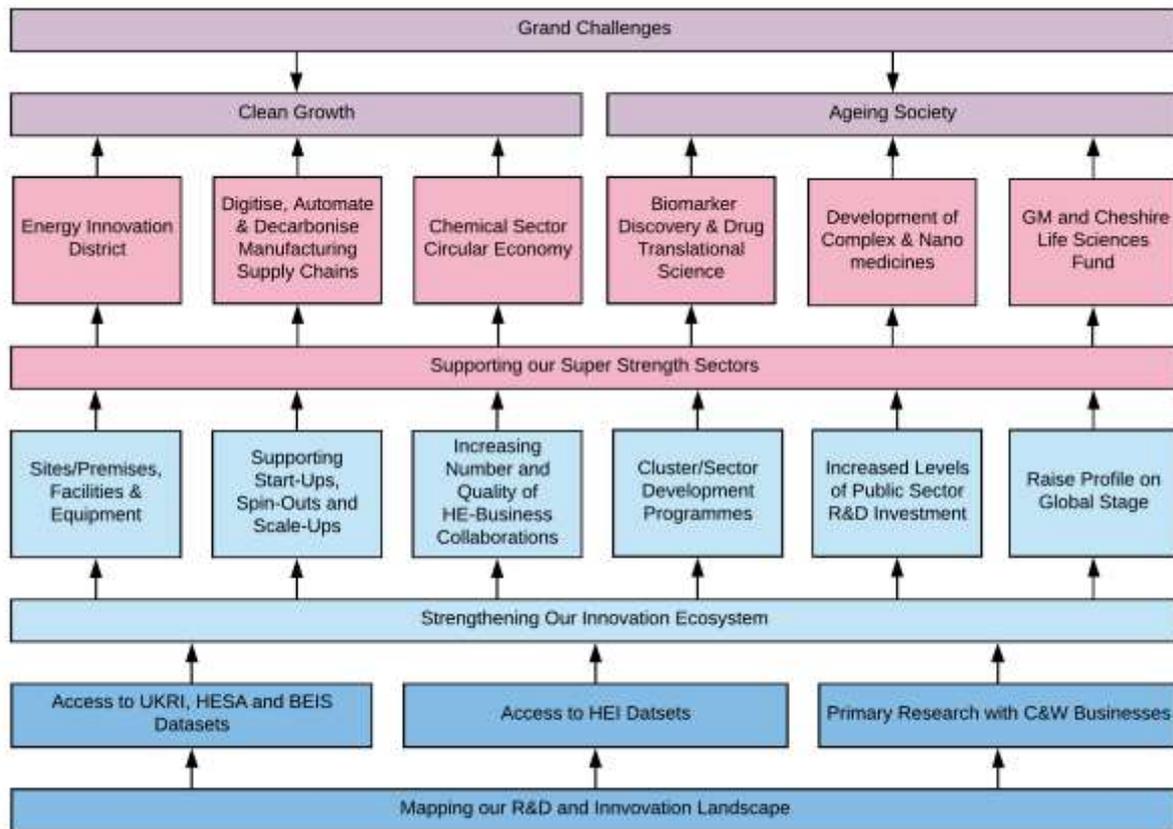
In order to maintain our competitiveness and meet our economic ambitions, Cheshire and Warrington needs to support its existing industries to adapt and innovate and make the shift from closed to open innovation systems, diversifying our R&D base by encouraging and supporting new start-ups and spin-outs to bring new innovations to the market.

The existing innovation ecosystem is highly developed in some areas, particularly in terms of the presence of multi-purpose technologies, high value-added industries, high levels of private sector led R&D and access to talent. However, we do have some key gaps and weaknesses, including: patchy innovation co-ordination, poor knowledge transmission/exchange and commercialisation from universities to the private sector and low levels of R&D being undertaken by SMEs.

### **Early Actions to Support Cheshire and Warrington’s Ambitions**

By focusing on exploiting our super strengths in life sciences, energy, chemicals and manufacturing in order to forge new discoveries and technologies we will help drive productivity and the future economic growth of the Northern Powerhouse and UK plc and play a leading role in meeting the government’s Ageing Society and Clean Growth grand challenges. Figure 1. Below shows our innovation roadmap setting out how we intend to meet these two grand challenges through supporting our key super strength sectors and strengthening our innovation eco-system.

**Fig. 1. Cheshire and Warrington Innovation Roadmap**



### Improving our understanding of our R&D and innovation landscape

The LEP will undertake more detailed mapping of its R&D and innovation landscape by accessing and interrogating additional data held by UKRI, HESA, BEIS and other government bodies as well as data held by universities active in our area. We will supplement this with additional primary research with Cheshire and Warrington businesses. This improved visibility and understanding of our R&D and innovation landscape will help to inform the design of innovation programmes and investments and ensure that we are maximising the impact of any public sector investments.

### Strengthening our innovation ecosystem

Cheshire and Warrington will strengthen its innovation ecosystem by:

- Working with Government and the Office for Life Sciences to bring forward proposals to develop a Life Sciences Opportunities Zone, centred on Alderley Park.
- Growing our Higher Education research base in the sub-region and improving the levels of knowledge transfer and commercialisation universities to industry.
- Maximising the impact of public R&D investment in the sub-region by focusing on our super strengths and driving private sector R&D and innovation.
- Supporting innovative start-ups, spin-outs and scale-ups to form and grow in order to and diversify our R&D and innovation base to drive competitiveness, productivity improvements and increase the resilience of our economy to shock

- Creating cluster and sector development programmes in our key target sectors of energy and clean growth (including nuclear), high-value manufacturing and life sciences to encourage supply chain development, create more open innovations systems, build strong networks of experts and mentors to support SMEs and ensure that the skills agenda is aligned to the R&D agenda.
- Continuing to invest in the Cheshire Science Corridor using retained business rates from the Science Corridor Enterprise Zone to ensure that the physical and digital infrastructure is available to the businesses, academics and researchers that need it to do their work and link to other centres of research and development expertise.
- Joining up our key physical science and technology assets across the Cheshire Science Corridor to encourage and facilitate cross-sector and multi-disciplinary research and innovation.

### **Supporting our super strength sectors to meet the ageing society and clean growth grand challenges**

We will focus our R&D and innovation investment and activities on life sciences, energy, chemicals and manufacturing to help tackle the government's clean growth and ageing society grand challenges by:

- Supporting the development of proposals for the Cheshire and Warrington Energy Innovation District including the E-Port Smart Energy Project, the deployment of large scale smart grids, the development of small modular nuclear reactors and carbon capture, usage and storage and the hydrogen economy
- Supporting our manufacturing supply chains to be the most productive in Europe through increased levels of automation, digitisation and decarbonisation in manufacturing, driving the creation of high quality, well paid jobs and through a shift to more sustainable production process and materials.
- Working with the chemical sector to support the development of and investment in the re-use and remanufacture of raw materials and products to build the circular economy, re-shore activity and build new product bases.
- Working with the life sciences sector to develop complex and nanomedicines through the creation of an open access high containment facility to support medicines development - 'turning molecules into medicines', which could in addition specialise in support lower volume manufacturing for personalised medicines.
- Supporting the life sciences sector to harness the unique capability at Alderley Park to advance new drug programmes from chemical leads to credible clinical candidate drugs – providing and harnessing expertise in biomarker discovery, preclinical imaging, pharmacokinetic and pharmacodynamic modelling (understanding how well medicines perform and for how long, after administration), target validation, safety assessment, patient selection and manufacturing feasibility
- Continuing to work with Greater Manchester on the further development and deployment of the Greater Manchester and Cheshire Life Sciences Fund to offer seed and early stage venture capital funding to life sciences businesses location in the region.
- Exploiting the digital and data expertise and assets at Daresbury Sci-Tech and the Hartree Centre and the Square Kilometre Array HQ at Jodrell Bank to support our super strength industries in terms of digitisation, VR, AI and big data.

Cheshire and Warrington will also support the development of current proposals by the Science and Technology Facilities Council (STFC) around AI-enabled Materials Chemistry and Liverpool School of Tropical Medicine and Alderley Park to deliver more integrated solutions to human infections.

## Infrastructure

### Infrastructure

Infrastructure must not act as a constraint to growth, whether that is in relation to transport, digital communication or other utilities. Business tells us that connectivity is one of their main barriers to growth. Our central UK location, with easy access to Manchester and Liverpool, two airports within 30 minutes, international shipping links from Liverpool, the Manchester Ship Canal and North Wales is one of our key strengths, however parts of our strategic network are heavily congested, and increasingly local roads are struggling to cope with the growth in traffic being experienced. This impacts on productivity and also on key sectors like logistics.

### Transport

Levels of connectivity vary within the sub region with lower levels of accessibility in more rural areas such as the south west. Connectivity by road and rail is also weaker in intermediate locations between the main population centres and for east-west movements. Whilst there are differences in journey times by car across the sub-region, the variability in journey times is particularly noticeable when considering access to public transport.

For major planned investments to achieve maximum benefit, we need to make sure that there is supporting investment in the local connectivity linking our towns and villages to these key transport hubs and that there are attractive alternatives available to the car to make travel within and beyond the sub-region more sustainable.

### Road

Congested motorways and links to motorways, along with poor road connections between the main areas of population, impact on journey times and reliability. Congestion and network resilience are already issues on sections of the M6, M62, M56 and M53 and on key approaches to the M6. Expected growth in traffic levels will further increase pressure on these strategic links.

At a time when there is increased focus on the impacts of climate change, it is notable that private car use is the sub-region's dominant means of travel. Travel to work data<sup>12</sup> highlights that driving a car or a van makes up 68% of commuter trips in Cheshire East and Cheshire West and 71% in Warrington, compared to an England average of 57%. Conversely bus and rail patronage is currently very low at around 3% and 2% respectively, compared to England averages of 5% for rail and 7% for

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<sup>12</sup> 2011 Census Travel to Work Data Analysis

bus. Bus services have been impacted by commercial services focussing on core routes and core times, compounded by the reductions in local authority spend on subsidised services.

## **Rail**

Many local rail links are unattractive due to the quality of local service rolling stock, the length of journey times, rail frequency and reliability. The need to transfer between services can also add to journey times, cause delays, and reduce the legibility of services. These issues are particularly prevalent for east-west rail services, for example journeys between Chester and Manchester take around an hour via Warrington and 90 minutes via the mid Cheshire Line.

In the coming years, Cheshire and Warrington will see major planned rail infrastructure investment via HS2, arriving at Crewe in 2027. HS2 will have up to 5 – 7 trains per hour each way from Crewe Hub to London, Birmingham and Manchester bringing the area within an hours' journey of London. The LEP will look to ensure that the positive benefits to Cheshire and Warrington and the wider region of HS2 investment is properly recognised in the current review of the programme.

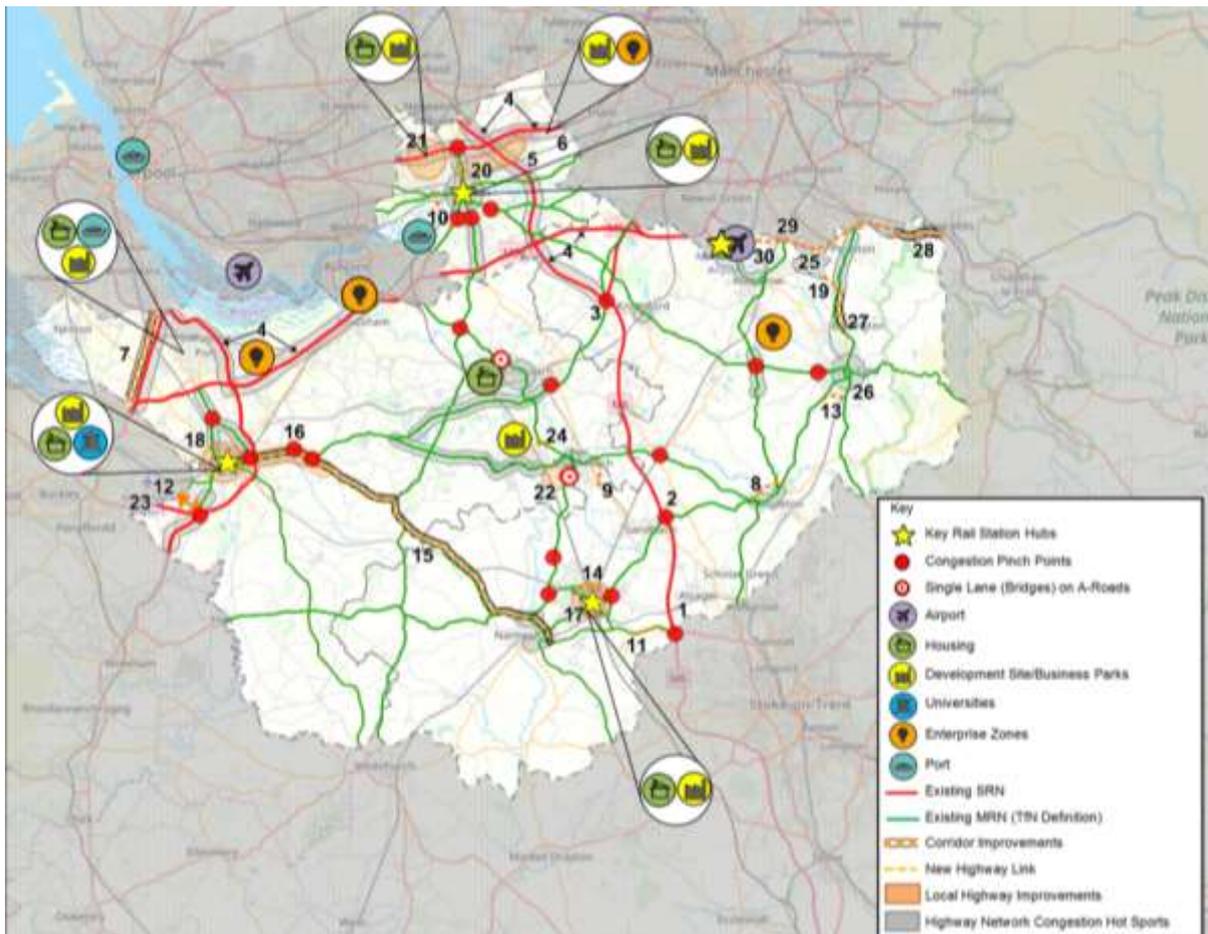
Northern Powerhouse rail (NPR) will increase the capacity, speed and resilience of our east-west links to Liverpool, Manchester and beyond. It creates the opportunity for a significant rail hub at Warrington Bank Quay.

### **Early Action to Support Cheshire and Warrington's Ambitions**

We appreciate that we cannot do everything at once and need to plan future infrastructure in line with need and available budgets and adapt to and embrace changing technologies. Local Industrial Strategy provides an opportunity to prioritise and accelerate those projects which can really make an early impact.

Initially Cheshire and Warrington will focus on developing key hubs, starting with Chester, Crewe, and Warrington given their focus in our transport strategy as key rail hubs, and tying in with extensive work being undertaken by the three local authorities to shape these places to underpin growth. We are also particularly looking to build upon and maximise the benefits of High Speed 2 services stopping at Crewe.

Figure xx below shows the principle road schemes identified in our Transport Strategy that will be needed to support our growth ambitions.



Our short-term priorities include delivery of the schemes currently in the various stages of the government’s approval process:

- A500 Dualling;
- Middlewich Eastern Bypass;
- Poynton Bypass; and
- Warrington Western Link.

Building on our sub regional transport strategy, the LEP is investing more than £1 million over the next three years to develop the detailed studies and business cases to progress our infrastructure priorities and allow the sub region to respond quickly as and when invitations arise from government departments to bid for funding. Our short-term priorities are to develop business cases for:

- Crewe Hub access package - this will identify and develop business cases for multimodal access improvements to ensure Crewe HS2 Hub and neighbouring developments are well connected, including promotion of opportunities to access the station by non-car modes and to address air quality issues;
- Winnington Hill /Bridge Corridor Study - this work involves preparation of a Strategic Outline Business case and Outline Business case for a potential package of schemes to address capacity and traffic congestion along the A533 corridor in Northwich to support the viability of Northwich town centre / Baron's Quay development and potential further housing development in the Northwich area, including the proposals at the TATA site.

- Warrington Last Mile: Town Centre Masterplan - the proposal is to develop a transport masterplan for the Warrington Last Mile Project with the aim of providing high quality and fit for purpose transport infrastructure to make walking, cycling and public transport the obvious way to get to, from and through Warrington town centre. This will build on the opportunity presented by the Western Link (which recently received Programme Entry in the Large Local Majors programme) to review the road network around the town centre and ensure that the capacity released by the western link is 'locked in' for walking, cycling and public transport.

We will step up our work with Cheshire East Council to develop the concept and associated business case for a **Crewe HS2 Growth Corridor**, anchored around the proposed Hub Station at Crewe. HS2 investment creates unique circumstances to foster economic development in the station's wider catchment area. Increased connectivity and public sector investment in the area could start to tackle the long-lasting challenges which have seen the area underperform when compared to the wider sub-region. The proposals bring forward key regeneration and employment sites that can play a role in driving economic benefits from the Crewe Hub HS2 Station and the HS2 depot located between Middlewich and Winsford. This would build on traditional strengths in high value manufacturing as well as growing a new financial and professional services base around the Crewe HS2 Hub Station.

The LEP has also commissioned development of a Strategic Outline Business Case for improvements to the **Mid-Cheshire and Middlewich Rail Lines** which could lead to development of new stations at Middlewich and Gadbrook Park (a major employment site south of Northwich) and enhanced services from Knutsford, via Sandbach to Crewe.

**Chester Station** is an important gateway not just to Chester (with 4 million users per year) but also a key hub particularly for wider connectivity to Liverpool, Manchester and North Wales. Currently there are a number of constraints that prevent the station being used to its optimal level for existing services and which prevent new and additional services to accommodate growth.

The LEP and Cheshire West and Chester Council are working together on proposals for the City Gateway Project. This is a regeneration and infrastructure programme with Chester Railway Station at its heart. The objective is to deliver a combination of on and off-track interventions which will unlock the full economic potential of Chester and the wider West and Wales area. Priorities include capacity improvements at the eastern junction and more platform capacity at the station itself along with highway improvements such as the replacement of Hoole Bridge.

With Warrington Council the LEP has invested in a new £20 million railway station at Warrington West, which opens to passengers in December 2019 and which will serve thousands of new homes being constructed in the area. C&W LEP has also contributed funding to a number of local highway improvements to improve access to the Birchwood and Omega development sites.

Through the Local Industrial Strategy Cheshire and Warrington sees opportunities for government to work with us in delivering our infrastructure priorities, including:

- Supporting Network Rail to undertake their Continuous Modular Strategic Planning process to consider how to improve connectivity to Crewe Hub for regional services;
- Helping us engage with Highways England to identify ways to better manage how the motorways and trunk roads can provide more reliable linkages between Chester, Crewe and Warrington and to the key neighbouring city regions of Liverpool and Manchester as well as

strategic connectivity to North Wales and the Midlands, with a particular focus on managing congestion and improving journey time reliability;

- Helping us to develop solutions for non-car modes in our three hub locations, particularly to/from their hinterlands, including the potential for any future Transforming Cities Funds to be available to support such smaller cities/larger towns; and
- Supporting activity to identify options for sustainable financing mechanisms for local contributions to schemes;

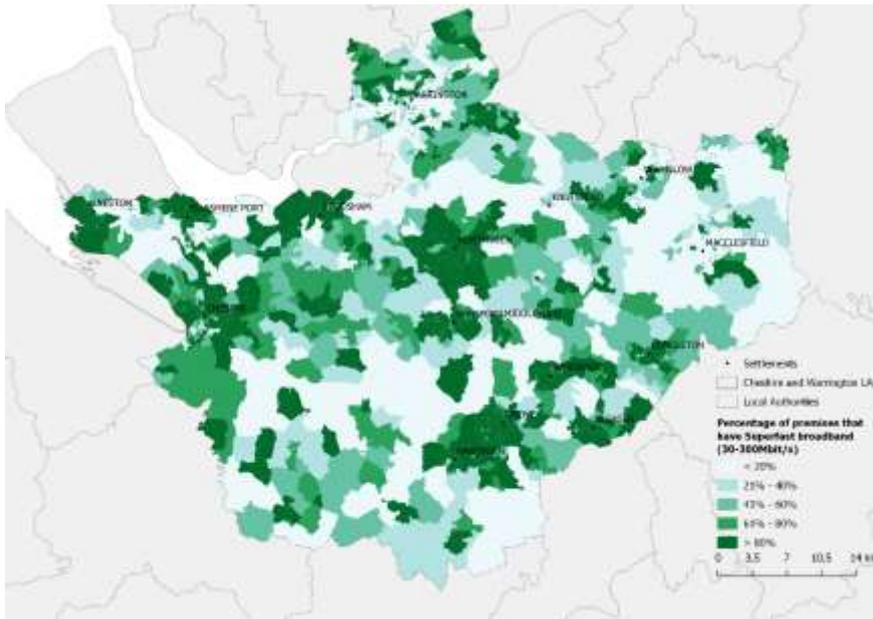
## **Digital**

Effective and high-quality broadband coverage is essential to support businesses and economic growth, especially given the shift towards an internet-based economy and changing work practices with working from home becoming more common.

Whilst coverage has improved greatly in the last few years through the Connecting Cheshire Superfast Broadband programme, it remains sporadic, especially outside of the main towns. The first three phases of our roll-out have been delivered in partnership with Openreach with almost £20m funding invested to reach an additional 100,000 premises; of which over 90,000 are now able to access superfast, or above speeds.

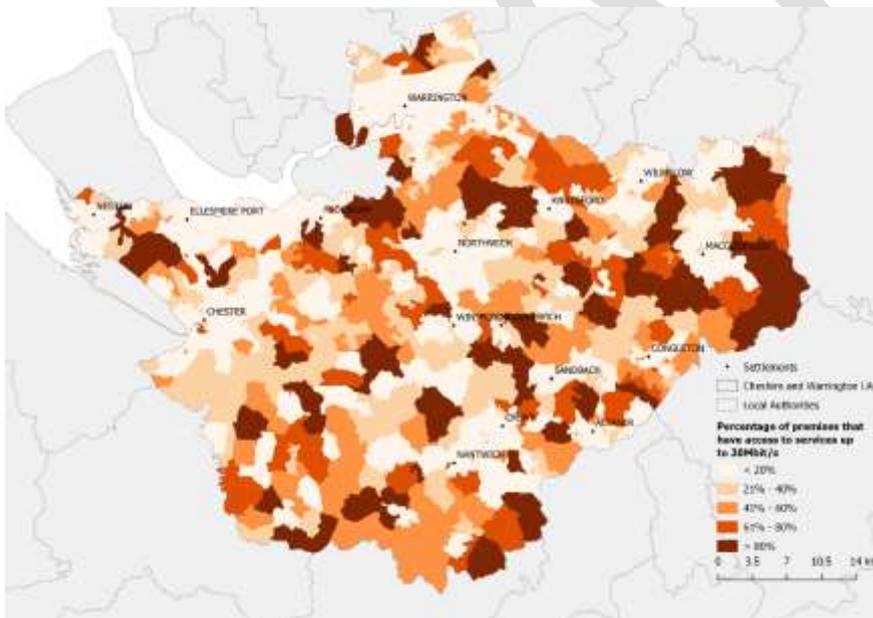
Overall, 29.8% of premises in C&W have Ultrafast broadband with speeds of over 300Mbit/s. There is considerable variation between the local authorities: Warrington – 56.6%, Cheshire East – 29.2%, Cheshire West and Chester – 14.5%.

Figure 1, below shows the percentage of premises that have Superfast broadband at the local level. This also shows that there are a high proportion of premises with this speed of broadband across much of C&W.



*Figure 1: Percentage of premises that have Superfast broadband (30-300Mbit/s) (2018)*

Looking at lower broadband speeds, 7.1% of premises in C&W have access to services with speeds of up to 30Mbit/s. Across the local authorities, the percentage of premises with access to this speed of broadband is 9.0% in Cheshire East, 7.4% in Cheshire West and Chester, and 3.1% in Warrington.



*Figure 2: Percentage of premises that have access to services up to 30Mbit/s (2018)*

There is a low percentage of premises with access to services up to 30 Mbit/s in urban areas (Fig.2), whilst rural areas tend to have higher proportions of premises with this speed.

For low speeds of less than 10Mbit/s, 2.2% of premises in C&W have this speed. By local authority, this is 3.0% of premises in Cheshire East, 2.3% in Cheshire West and Chester, and 0.6% in

Warrington. Areas with a higher percentage of premises with this broadband speed are typically in more rural areas.

For parts of C&W, which have a high proportion of premises with access to services up to 30Mbit/s, such as the areas surrounding Macclesfield and parts of the south west of C&W, this is due to a high proportion of premises having internet speeds of less than 10Mbit/s.

In terms of **mobile data** coverage, there is a reasonable 3G and 4G coverage across the sub-region by the top four mobile phone companies<sup>13</sup>. Mobile data is a potential solution to providing better and faster broadband to those areas of the sub-region where fibre remains economically unviable. On current plans the sub-region is unlikely to benefit from 5G for some time which could result in businesses and residents being at a disadvantage compared to more urban (city) locations.

### **Early Actions to Support Cheshire and Warrington's Ambitions**

We welcome input from DCMS as we take forward our digital strategy through development of a fully costed digital infrastructure plan. This will include a focus on understanding the use of shared data and information to transform strategic planning and developing cost effective options for addressing 'last mile' and rural connectivity issues.

In addition, we want to work with government and utility companies to explore options to develop affordable mechanisms which enable investment in utilities in a timely fashion to avoid capacity constraints restricting our ability to grow the economy. This links in to our work on energy and clean growth and recognises the reality that many parts of our energy infrastructure are at or near capacity and will need adding to or reinforcing to accommodate growth.

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<sup>13</sup> Vodafone, O2, EE and Three

## Appendix A: Evidence Base Headlines

The headlines from the evidence gathering and insight work are that Cheshire and Warrington is: -

### Economy

- **A very successful economy** – currently generating **£30.9bn per year** with an ambition to be a £50bn+ economy by 2040
- **2.7% average annual Gross Value Added (GVA) growth** compared to 2.2% in the UK and 2.1% in NW
- **Highest GVA per head of northern LEPs and 4<sup>th</sup> highest of all LEPs – £33,384**
- **£34.63 produced per hour worked** – 4.1% higher than UK and 13.6% higher than the NW but **stagnant and still not back to 2007 levels**
- Manufacturing is the largest sector by GVA at **£7.7bn** – 25% of GVA with 9% of the jobs
- **Super strengths** (high productivity, specialisation and jobs) in **petroleum, chemicals & pharma** and **motor vehicles**
- **Specialisms** in chemicals, automotive assembly, nuclear energy, oil refining, medicines discovery and manufacture
- **Almost 46%** employed in public services and retail and hospitality. High employment in services and manufacturing

### Ideas

- High levels of business-led research and development, though concerns that this is rested in a few, large-scale businesses.
- The sub-region lags behind other parts of the UK in terms of public sector R&D, though this may be symptomatic of the lack of a major research-intensive University
- Excellent asset base on which to build – the Cheshire Science Corridor has the largest concentration of science and technology assets in the North of England

### People

- Population currently 927,000 but **growing at half the rate** of the rest of the UK.
- A **highly skilled resident population**, but an ageing one, with over **21% of residents 65 and over**; much of the high skills base rests in the older population
- Challenges around inclusive growth, with **over a fifth of residents earning less than the real living wage**<sup>14</sup>

### Infrastructure

- Major opportunity available from the planned **High Speed 2** hub station at Crewe
- Significant **national road assets** but issues of congestion across the motorway and local major route networks
- **Digital infrastructure** provision is good in much of the sub-region but there remain patches of poor coverage, especially in more rural areas.

<sup>14</sup> As defined by the Living Wage Foundation: £9/hr across the UK compared with £8.21/hr for the National Living Wage

- Energy infrastructure could be a break on growth, with much of the electricity network at capacity.

### Business Environment

- **Over 42,000** VAT registered businesses – **89.5%** micros, **8.5%** small, **1.6%** medium and **0.4%** large
- High number of **businesses per capita** with **good survival** and **scale up rates**
- Low business death rate of **10.8%**, but low birth rate of **13.4%**
- An outward-facing, internationally connected economy, with **£7.6bn** exports and over **81%** of current inward investment projects in key sectors

### Place

- A **polycentric** area with wealthy and established rural areas, and clusters of deprivation and **young qualified residents** in urban centres
- **Net attractor** of workers, especially young people from surrounding areas (including Liverpool)
- Areas of **low affordability** in rural areas with **more affordable** urban centres
- Some mismatches between demand and supply in the housing market with a lack of smaller, town centre accommodation across a range of tenures including the private rented sector.