**LEP Strategy Programme Board**

**MINUTES (DRAFT)**

Meeting Held: Wednesday 29th June 2022

In person: The Innovation Centre, Sci-Tech Daresbury

**Present:**

John Downes (Chair) Steve Park Rupert Collis

Stephen Gleave Carol Young Iain Paton Philip Cox Melissa Crellin Kurt Allman

Patrick White Daniel Timms Chris Hindley

Peter Broxton

**Apologies:**

Charlie Seward Robert Davis Nicola Dunbar Connor Diskin Eunice Simmons Jayne Traverse Peter Skates

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

The Chair welcomed members and guests to the meeting, including Patrick White and Daniel Timms from Metro Dynamics who will lead a presentation and workshop (agenda item 3), and those here for this item: two members of the Board Peter Broxton and Chris Hindley, and Kurt Allman from the University of Chester.

Apologies were received from Nicola Dunbar, Charlie Seward, Jayne Traverse, Peter Skates, Robert Davis, Eunice Simmons, Gemma Davies, and Connor Diskin.

**Agenda Item 2: Declarations of Interest**

There were no declarations of interest.

**Agenda Item 3: Evidence Update on the Cheshire and Warrington Economy – Presentation and workshop with Metro Dynamics**

Metro Dynamics presented an update to the evidence base with a question-and-answer session and workshop. Those present discussed the implications of the evidence for understanding the Cheshire and Warrington economy in 2022.

* + At the beginning of the session, Patrick White ran through the overview of evidence produced by Metro Dynamics for the session. The main points arising from this were:
	+ The economy is strong with solid foundations, but there has been no real productivity growth in a decade
	+ Inflation is rising faster than earnings in the subregion, putting particular pressure on poorer households
	+ The increase in the cost of energy is having a particular impact on manufacturing, the largest sector (by value) in Cheshire and Warrington. Many sectors are heavily dependent upon natural gas and oil, where prices are soaring
	+ The subregional labour market has continued to tighten, with the economically active population contracting sharply after the pandemic. Already, there was a very high jobs density in Cheshire and Warrington, suggesting more people are communting in, and/or double jobbing. This was driven in large part by people retiring early and long-term sick levels going up in Warrington. At the same time demand for workers – particularly in health and care, and sales – has remained very strong
	+ The overall GDP performance is estimated to be slightly ahead of the UK based upon sector shares in the LEP, suggesting a small level of growth in economic activity over and above the pre-Covid level.

### Discussion

* + Business confidence seems to be holding up fairly well despite the gloomy economic outlook. This may be because businesses feel confident in their ability to adapt (drawing on the pandemic experience). Or it may be that businesses haven’t fully processed how challenging cost rises are likely to become. There are some signs in property markets that businesses are looking to invest now to lock in rates – which appears as increased activity in the statistics, but may in fact reflect a pessimistic outlook for the future. It is very hard to generalise for the economy as a whole, as there are many moving parts which affect some sectors more than others.
	+ The response to price rises will look very different in different sectors. The accommodation/hospitality sector is one that is likely to be especially affected by inflation, with consumers cutting back on unnecessary spending. Logistics may see some consolidation, with big beasts like Amazon able to pay staff more. The professional services sector can probably ride things out, though this is a smaller sector as a proportion in Cheshire and Warrington. Falling goods exports is likely to affect local manufacturing especially badly.
	+ If the Bank of England gets involved to tackle inflation or waits for a global shock to correct rising prices – either way a recession is likely. The Bank continues to predict a return to 2% inflation in the next couple of years, but given how sharply its projections have been revised every quarter, there is a question about how credible this appears to the market
	+ Some of what is happening in the labour market is obscured by changes to the Universal Credit system, which is continuing to be rolled out. For those a long way from the labour market, there is now less funding available to support their return. However, in simple terms, low wages and productivity remaining static is more of a problem in the economy than unemployment – though this may change if a recession is induced to bring inflation down.
	+ A query was raised about whether large amounts of commercial land were being converted to residential. This doesn’t appear to be a cause of rising prices though – there has been a small decline in office space – though this is minor, and less than the drop off for England and Wales – and industrial space has increased slightly in the last couple of years – possibly driven by greater demand for logistics space.
	+ There are concerns that lower economic complexity in Cheshire and Warrington is indicative of the area becoming less attractive relative to others. The example of Rolls Royce moving their consultancy business to Manchester City Centre where it was easier to attract young workers was given. This may also link to ease of recruiting skilled staff. The lack of a devolved settlement may also be holding Cheshire back – with the recent example of CF Fertilisers concentrating their operations on Teeside where the support of the metro mayor was a big draw.
	+ Across all these topics, change is happening quickly, and the most important thing is to get qualitative data from businesses about what they are experiencing as quickly as possible. Business intelligence and pooling key account management intelligence must feed into the evidence base to test theories and provide indications of the economy’s direction of travel, especially in the short term.

There was also a discussion about the structure of the Board’s sub-committees and how this business intelligence can be harnessed for the purpose of providing insight to the LEP and the Strategy Programme Board. Philip Cox and John Downes to meet outside the meeting.

**Action: Philip Cox and John Downes to meet discuss the points raised on LEP structure and business intelligence.**

At the end of the session the Chair thanked Metro Dynamics for their presentation and helpful discussion. Metro Dynamics will incorporate findings into the work in phase 2 of this process, which will be shared with strategy programme board at a future meeting**.**

At this point guests left the meeting: Patrick White, Daniel Timms, Chris Hindley, Peter Broxton, Kurt Allman, Iain Paton.

**Agenda Item 4. Minutes of Strategy Committee held 25th March and Matters Arising**

The minutes for 25th March were accepted as a true record of the discussions.

*29th June 2021* Item 5 – business case development fund (previously carried forward): MC confirmed that when all the project financial returns have been completed Rebecca Luck, Programme Manager, will be in a position to report on the outturn from last year’s fund.

*25th March 2022* Item 5 - On the terms of reference query raised, MC confirmed that no further changes were needed to the terms of reference at present.

*25th March 2022* Item 6 – MC conveyed SPB’s feedback and this was incorporated in the delivery plan.

*25th March 2022* Item 8 – workshop organised for this meeting.

*25th March 2022* Item 10 – ESG added to the agenda at Chair’s request

***Matters Arising***

On the LEP business case fund PC noted that the annual fund has been c.£400k however a decision on a fund for 2022/23 has been delayed until mid-way through the year to coordinate with the LEP Review decisions. The purpose of the fund is to prepare business cases for projects within the subregion that have a reasonable chance of getting government funding, where the fund and its timing is known.

**Agenda Item 5: Public Speaking Time / Open Session**

There were no members of the public at the meeting.

**Agenda Item 6: Strategy Programme Board purpose pyramid and delivery plan**

The purpose pyramid and delivery plan were noted, which had been updated following comments.

**Agenda Item 7: ESG (Environmental, Social and Governance)**

The Chair outlined that ESG has become prevalent in business and investment and that it would be helpful to other businesses if the LEP could lead by example. Cheshire East Council has a social value tool kit which may assist in this agenda. It was agreed to prepare a paper for the LEP Board on ESG and possibly to consider it as an item for discussion at the 30th September LEP Board dinner and away day.

**Action: Agreed to prepare a paper on ESG for a future LEP Board.**

**Agenda Item 8: Part B – non public items**

There were no non public items.

**Agenda Item 9: AOB**

There was no AOB.

**Agenda Item 10: Date and Time of Next Meeting**

The next meeting TBC. Meeting schedule to be confirmed.