

UK Shared Prosperity Fund

A Summary of Preston's Investment Plan

July 2022

Introduction

The UK Shared Prosperity Fund is a central pillar of the UK government's Levelling Up agenda and provides £2.6 billion of funding for local investment up to March 2025. This fund replaces European Union structural funds. The fund is focused on building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances in local places.

Preston City Council has been allocated £5.2 million which will be split between the following three core Priorities, as defined by Government:

- Communities & Place
- Supporting Business
- People & Skills

In addition, Government identified an overarching requirement for all local authorities to consider the contribution of UKSPF funding to the delivery of the Government's net zero and nature recovery objectives and impact on natural assets and nature.

Preston's Investment Plan, which was submitted to Government at the end of July 2022 and approved in December 2022, set out the local context for the three Priorities with a focus on challenges and opportunities. This informed the selection of interventions to deliver each of the three Priorities. Interventions were defined by Government in the UKSPF Prospectus and can be viewed in full here [UKSPF Interventions list for England](#).

Section 1 of this summary includes the challenges and opportunities identified in the Investment Plan.

Section 2 lists the UKSPF interventions selected in response.

Section 3 breaks down the allocation of funding by priority and intervention in Preston's Investment Plan.

Section 1: The Local Context in Preston

Priority 1: Communities and Place

- **Challenges**

The pandemic and its negative impact on the pre-existing challenges of poverty and deprivation in Preston

While the pandemic has impacted all parts of the UK, it has not done so equally. At the end of June 2020, almost 200,000 jobs in Lancashire were furloughed, with some districts accounting for the highest take-up of the scheme. This has had a seismic impact on the Lancashire economy and on the local community¹.

Pre-pandemic poverty and deprivation were major issues in Lancashire impacting on health, education and skills and employment. Over a quarter of neighbourhoods in Lancashire fall within the bottom 10% in England. Lancashire is overrepresented in the bottom five deciles, and underrepresented in the top five, with less than 1% in the very best category². Amongst the 12 local authorities within Lancashire, Preston has the greatest number of people who are employment and income deprived (including children and older people)³.

The challenges that Preston faced pre-pandemic have been compounded by Covid. Significant investment is required in the city's social infrastructure to build cohesive communities in Preston that are able to thrive.

The local and global consequences of the climate emergency

In 2019, Preston City Council declared a Climate Emergency⁴. Data from the Met Office UK Climate Projections 18 (UKCP18)⁵ shows that northern England is around 11% wetter today than between 1961 and 1990 and the top 10 warmest years on record have been since 1990. In Preston, summer temperatures have reached over 30C over the last 3 years, with record high temperatures recorded in July 2022. Unprecedentedly high temperatures are likely to become more common and for longer periods. The effects of continued rising temperatures and extreme weather will cause a substantial threat to the economy, public health, resources, infrastructure and the natural environment within Preston.

In its declaration of a Climate Emergency, the Council pledged to reduce its own carbon emissions to achieve net zero by 2030 and to use its leadership and influence in the city to work with others towards making the district of Preston net zero by the same date. The declaration was an acknowledgement of the unprecedented challenge posed by climate change at a global, national, and local level.

¹ [Taking-stock-An-audit-of-Lancashires-economy-in-2021.pdf \(lancashireier.org\)](#)

² [ibid](#)

³ [2019 deprivation analysis - Lancashire County Council](#)

⁴ [Climate change action - what we're doing - Preston City Council](#)

⁵ [UK Climate Projections \(UKCP\) - Met Office](#)

The Climate Emergency presents multiple local challenges. These include increasing biodiversity, improving green spaces, encouraging more active travel and addressing fuel poverty, including by improving the energy efficiency of domestic dwellings.

Biodiversity and improving green spaces

Preston's Parks and Green Spaces Strategy⁶ highlights the critical importance of creating a local environment that is biodiverse and which supports a variety of trees and woodland to deliver net zero. At the same time it outlines the challenges to achieving this ambition. Currently 5% of Preston is covered in woodland but the distribution of some types of woodland garden trees is geographically uneven across the city, and the range of species and genus too narrow to 'future proof' the stock of trees and adapt to climate change. This issue of distribution and biodiversity is also evident with several instances of 'wrong tree in the right place'. As regards health and wellbeing, Preston has relatively poor air quality in the highly urbanised core^{7 8}. An improved and expanded treescape has a key role to play in addressing this challenge. Green spaces and woodlands provide significant benefits to people, nature, and the environment and are therefore critical in achieving many of the Council's ambitions for the community in Preston.

The need to encourage more active travel

Another key challenge for Preston in addressing the climate emergency is encouraging more active travel within the city. Preston has a large net inflow of ~23,000 commuting trips. Trips by car are the most prevalent (66%). Coupled with a near-capacity highway network, this has resulted in significant congestion⁹ and this in turn has contributed to Preston ranking among the 10 English cities with the highest per capita carbon dioxide emissions¹⁰. Community engagement with local interest and community groups including park users, sports groups and cyclist groups, has highlighted local concerns about congestion and the poor quality of active travel options and networks which are blighted by severance and missing links. The City Council has invested, and will continue to invest, in projects which improve active travel options. As highlighted below, investment in active travel is central to the Council's recently submitted Levelling Up Fund bid. It is clear that such improvements are critical to changing behaviour by providing residents with a feasible and attractive alternative to car use.

Fuel poverty and the poor energy performance of the local housing stock in Preston

The issue of fuel poverty and energy inefficient housing is also a significant challenge which, if addressed, has the potential to improve health and wellbeing as well as address the climate crisis. Currently, Preston overall has a fuel poverty rate of 14.9% but there are two wards in which over 30% of households were already living in fuel poverty before the most recent energy price shocks¹¹. A major contributing factor to fuel poverty is inefficient domestic energy performance¹². Preston currently has 42% of EPCs rated at band C and above compared to an England average of 40% to the

⁶ [Preston Parks and Green Spaces Strategy 2021-2031.pdf](#)

⁷ [Air quality - Lancashire County Council](#)

⁸ [Carbon dioxide emissions - Lancashire County Council](#)

⁹ [6469-cycling-and-walking-strategy.pdf \(lancashire.gov.uk\)](#)

¹⁰ [UK local authority carbon dioxide emissions estimates 2019 \(publishing.service.gov.uk\)](#)

¹¹ [Fuel poverty - Lancashire County Council](#)

¹² Energy Performance Certificates - [Microsoft Power BI](#)

average for England and Wales but has significant numbers of lodgements with EPC rating D (39%) and E, F or G (20%).

Public and community facilities for sports, recreation and to promote volunteering and community action

Improved place-making and community cohesion require public and community facilities that meet community needs and aspirations for access to green spaces, sports and recreational facilities and volunteering. People use and value public and community spaces but they require public investment and support to ensure they nurture opportunity for everyone. In the preparation of Preston's Parks and Green Spaces Strategy, friends groups, local organisations and charities were consulted to discuss provision in the city¹³. These groups highlighted the interlinked health, well-being and community cohesion benefits of parks and green spaces and how this contributes to a greater sense of optimism about the future within the local community.

Sports and recreation

Despite these benefits, a high proportion of Preston's parks, sporting and playing pitch infrastructure, including pitches and ancillary facilities (e.g., changing facilities), is assessed as 'poor'¹⁴. There is a significant under-supply of well-drained quality grass pitches, which would allow higher rates of utilization, as well as 3G pitches and changing facilities. For example, Ashton Park's changing facilities are closed as they are not fit for purpose, and the park's playing pitches are predominantly closed to general use. This reduction in quality and capacity of facilities has had a negative impact on local residents, players and teams who no longer benefit from access to local facilities and must incur additional travel time and cost to access alternative spaces.

Volunteering infrastructure

Community facilities are also a key component of a vibrant volunteering infrastructure. Without access to facilities, the capacity of community groups to develop and sustain volunteering schemes and opportunities is significantly reduced.¹⁵ This is a serious challenge as demand for the services provided by community groups continues to grow. In Preston ten groups responding to a recent Council survey of community partners reported an increase in the number of people utilising their services ranging from 10% to 150%. The groups agreed that supporting access to community facilities was necessary to sustain their volunteering capacity and respond to the growing demand for their services.

Digital Exclusion

In an increasingly online society where digital infrastructure and skills are required to access a growing number of public and private services, digital exclusion compounds other drivers of social isolation and economic deprivation. People who are digitally excluded face greater challenges entering the job market and are therefore at greater risk of worklessness and financial exclusion. The challenge of digital exclusion has intensified with the pandemic as the accelerated move online, forced by lockdown, has meant that those already lacking basic digital skills and access to the internet have been further disadvantaged, an impact felt most acutely by the most deprived

¹³ Ibid

¹⁴ Central Lancashire Playing Pitch Strategy Assessment, 2019

¹⁵ Community Engagement Grants Funding Survey

households¹⁶. The Lloyds Consumer Index 2019 indicated that 10% of people in the North West were offline at that time and that this figure had improved by only 1% in the previous four years. Among benefit claimants, 16% in the North West were digitally disengaged.

Addressing this challenge is a priority identified in the Lancashire Skills Framework. The Framework highlights the need for programmes and interventions to support households without digital access including with training in essential digital skills.

Crime

Preston has high rates of crime and the city ranks among the top 10 locations for crime in Lancashire. The overall crime rate in Preston in 2021 was 115 crimes per 1,000 people¹⁷, well above Lancashire's overall crime rate of 77 per 1,000 residents. There has been considerable engagement with the local community to address community safety concerns in the city. Alleys have been highlighted as hot spots for crime and anti-social behaviour and the community has consistently expressed a desire for alley gating as a method to tackle these issues.

- **Opportunities**

Promoting active travel and greater community use of parks and green spaces for recreation, sports and community volunteering including food growing initiatives

A number of major investments in the public realm are underway in the centre of Preston. The Transforming Friargate North and Ringway scheme is being delivered by Lancashire County Council, in partnership with Preston City Council and the University of Central Lancashire (UCLan), as part of a successful Transforming Cities Fund bid. The scheme will improve connections between parts of the city centre, improving facilities for active travel and making the area more attractive. Work on the project started in mid November 2021 and is on course to be completed by spring 2023. The scheme will reconnect the city centre between the university and the Harris Quarter, improving access for cyclists and pedestrians. Preston's £20 million Towns Fund investment secured in 2021 will deliver new public realm in the Harris Quarter itself, including cultural and leisure projects, renewal of the Harris Museum and Gallery and investment in the regeneration of buildings for new economic uses.

As well as committed investment, the proposed LUF investment, submitted to DLUHC in July 2022, is a programme to link the Harris Quarter directly into an enhanced active travel infrastructure and includes route improvements across the city centre, a Mobility Hub at Preston Bus Station and a replacement River Ribble cycle and pedestrian bridge, creating an active travel network radiating out across the city that better serves and connects communities, businesses, education, transport and cultural/leisure assets. The LUF bid also includes projects to regenerate Preston's major parks, providing higher quality and more accessible sporting, community, public realm, heritage and safety infrastructure improvements.

Investment on this scale creates the opportunity for major behavioural change in Preston which could see significantly higher levels of walking and cycling in the city, including to access improved recreational and sporting facilities in the city's parks. The

¹⁶ [new horizons digital exclusion report final.pdf \(cam.ac.uk\)](#)

¹⁷ [Crime in England and Wales - Office for National Statistics \(ons.gov.uk\)](#)

benefits to residents' health and to the quality of environment, as well as the contribution to delivering net zero, could be very important indeed.

The UKSPF provides the opportunity to leverage this potential further in a number of ways. A feasibility study for a cycle hire scheme will be commissioned to explore options for matching the extended cycle network with public access to bicycles; a competitive community grants scheme will be made available to voluntary and community groups to encourage greater participation in both sports and community gardening in the city's parks and green spaces; and a programme of improvements to green spaces within the city will be developed and commissioned by the Council's Parks Service.

In the event that Preston's LUF bid is not successful, the proposed commitment of UKSPF funding will still be effective in leveraging the investment already committed to improving the public realm and promoting active travel in Preston.

Strengthening the voluntary, community and faith (VSF) sector and providing more opportunities for volunteering across the city

Preston, like many other towns and cities across the UK, experienced an upsurge in volunteering and community initiatives to support the city's most vulnerable residents during the pandemic. Most notable was the emergence of Preston's Food Hub Network which brought together over 40 community groups across the city to coordinate and align their activity. However the lack of a volunteering infrastructure in Preston, including a central volunteering centre to provide face to face matching of people to suitable opportunities and to support community groups wishing to recruit volunteers, means that many groups are now struggling to find the volunteers they need. Opportunities are also being lost to support those who are economically inactive or socially isolated by offering them a chance to volunteer and gain confidence and other life skills. Establishing a volunteer centre in Preston was a key recommendation made at a recent workshop attended by a wide range of VCSE groups in central Lancashire and detailed in the ***Reset and Rebuild Report - reimagining the public sector relationship with voluntary, community, and social enterprise sector partners.***

The UKPSF funding creates the opportunity to address this gap by commissioning a suitable provider to establish a volunteering centre in Preston. Funding will also be used to encourage community groups to develop their own volunteering schemes and invest in their local facilities via the opportunity to bid into a competitive grants scheme.

Working in partnership with Preston's anchor organisations to develop a place-based response to the climate emergency

The Council has been working for several years in partnership with other public sector institutions in Preston, including as a member of the Central Lancashire Social Value Network and a research partner in an ESRC-funded Place Based Climate Action Network (PCAN) research project, to progress shared commitments to social value and the delivery of net zero. Partners include UCLan, the Lancashire Teaching Hospitals Trust, Community Gateway Housing Association and Preston College.

The PCAN research project was undertaken during the pandemic and involved key stakeholders and staff at the Council, UCLan and Community Gateway as well as tenants' groups, representatives of Preston's voluntary, community and faith (VFS) sectors and Climate Action Preston. One of the key recommendations of the research

was to mirror the cooperative response to the pandemic across the public and VFS sectors by developing a place-based response to the climate emergency. It was proposed that this response be informed by a citizen-based Climate Assembly.¹⁸

The UKSPF provides the opportunity to commission a Climate Assembly for Preston, ensuring in this way that the voice of a demographically representative group of Preston residents informs the pathway to net zero and adaptation to a changing climate in Preston.

Working in partnership with local communities to increase tree planting and create new green spaces in Preston

Linking to the review and revision of Preston City Council's Tree Strategy, a UKSPF funded community tree planting programme will provide the opportunity to increase much needed tree and woodland cover, simultaneously improving biodiversity and delivering on Preston's net zero commitments whilst creating a sense of community and improving health and wellbeing through outdoor physical activity.

In Lancashire there are several well-established environmental charities with a strong track record in developing community tree planting schemes commissioned by local authorities. A recent example of such a scheme is the Pennine Lancashire Treescapes Project (PLanT) which planted 40,000 trees across Pennine Lancashire in the winter of 2021/22. Blackburn with Darwen, Burnley, Hyndburn, Pendle and Rossendale Borough Councils worked with charities Ribble Rivers Trust and Prospects Foundation to deliver the project. Funding was secured from the Forestry Commission's Local Authority Treescapes Fund and from Trees for Cities. A mix of native tree species and fruit trees were planted in a series of micro woodlands, helping to combat historic and ongoing loss of trees caused by urbanisation, pests and diseases. All planting was undertaken by volunteers, including children from 40 schools who planted an average of 100 trees in their school grounds. Around 35,000 trees were planted on ninety-five council-owned sites.

The availability of (i) local project delivery experience and (ii) opportunities to leverage in match funding, further underpin the rationale for the inclusion of a community tree planting scheme in Preston's UKSPF investment plan.

Building on our track record of working with Cosy Homes in Lancashire (CHiL) to do more to address fuel poverty in Preston and reduce carbon emissions

Preston City Council is a member of Cosy Homes in Lancashire (CHiL), an energy efficiency works consortium developed by the Lancashire local authorities which offers residents in the region access to affordable heating including low carbon solutions, energy advice and support on a range of money saving energy measures. CHiL is managed on behalf of the participating local authorities by Blackpool Council, with Blackpool managing the day to day running of the scheme with governance of the consortium held by Blackpool also. Each local authority in CHiL has its own contract with the delivery partner procured by the consortium to provide energy efficiency works.

As services are already procured, CHiL provides an opportunity to direct UKSPF funding for energy efficiency improvements without delay to Preston residents in fuel poverty. With the further hike in energy prices expected in October 2022, the urgency

¹⁸ [Executive Summary FINAL.pdf \(pcancities.org.uk\)](#)

of timely action cannot be overstated. As well as offering retrofits, CHiL offers handy person visits, which include energy efficiency advice and the fitting of low cost measures, and a boiler servicing scheme for the elderly which delivers small repairs free of charge and refers on for fully funded measures such as boiler replacements or insulation. This creates significant potential for UKSPF investment to leverage match funding.

By funding CHiL to improve the energy efficiency of homes, Preston's investment plan for the UKSPF provides an opportunity to deliver significant reductions in carbon emissions as well as provide timely support to local households most vulnerable to the cost of living crisis.

Partnership working to address digital exclusion

Since early 2022 a Levelling Up Subgroup of the Central Lancashire Social Value Partnership has been meeting regularly in Preston. This is chaired by the Council Leader and attended by the Deputy Chief Executive of Lancashire Teaching Hospitals Trust (LTHTR). A priority for the group is to address digital exclusion in the city, given the compounding issues of worklessness and poverty, but also the challenge digital exclusion poses to moving public services online. Increased digitalisation is a strategic priority for the LTHTR to deliver efficiency targets and meet net zero commitments but this must be achieved whilst simultaneously extending digital inclusion. This alignment with a key public sector partner creates the opportunity for the Council to develop a strategic approach to addressing digital exclusion in the city to which the Preston's UKSPF can make a significant contribution.

The roll out of full fibre broadband provides further rationale for Preston to use the opportunity of the UKSPF to work with local partners to develop a place-based response to digital exclusion. Recent research highlights the risk of a fragmented market emerging in the UK for broadband with one million homes lacking fibre connections by 2030, while three million homes could have a choice of five providers. To address this, Building Digital UK (BDUK), an agency of DCMS, will be delivering phased contracts for hard to reach parts of the UK which require government subsidy to meet the cost of gigabit capable broadband.

Lancashire County Council is the BDUK nominated body for Lancashire local authorities, including Preston, and is coordinating a project to include community facilities in more deprived areas of the county in the roll out of full fibre broadband. LCC is inviting lead authorities for the UKSPF in the county to include this project in their investment plan. Preston Council intends to support this opportunity to reduce the risk of greater digital exclusion as full fibre broadband rolls out across the city. The opportunity provided by the project to establish community facilities as hubs for full fibre connectivity will also improve their sustainability, strengthening their capacity to support local community groups and increasing the services they can offer local people. The project may also encourage commercial providers to deliver full fibre to nearby domestic /commercial properties by reducing overall costs and de-risking delivery in more deprived areas.

Working with the County Council and Lancashire Police on community safety

As stated in the previous section, a considerable amount of engagement with the local community has taken place to address community safety concerns in the city. Alleys

have been highlighted as hot spots for crime and anti-social behaviour and the community has consistently expressed a desire for alley gating as a method to tackle these issues. There is an opportunity to co-ordinate efforts to improve community safety with Lancashire County Council and Lancashire Police through alleygating. As stated by the College of Policing there is extensive evidence that the installation of lockable gates prevent offenders from accessing alleyways without any diffusion risks of crime being displaced to surrounding areas¹⁹.

¹⁹ [Alley gating | College of Policing](#)

Priority 2 – Local Business Investment

- **Challenges for local business investment**

Historically low rates of economic growth and barriers to reaching business growth potential

The Lancashire economy faces a number of challenges:

- Low productivity – GVA per head was £22,765 in 2018 for Lancashire, compared to £29,356 nationally.
- Sectoral and structural weaknesses with a significant underrepresentation of key high value sectors, such as R&D, financial services, digital design and advanced medical sectors, relative to other areas of the UK.
- Low business start-up rates – Lancashire lags behind regional and national rates for entrepreneurship.
- Low levels of inward investment - the county was ranked by the UKTI as one of the poorest performing areas in the UK in terms of attracting new foreign-owned companies.

Lancashire needs to close the productivity gap in its business base and encourage SMEs to grow. Investment is required to grow productive capacity, increase higher level skills, deliver higher productivity per worker and a higher wage base.

Research informing the final round of the European Regional Development Fund (ERDF) indicated that although Lancashire had a healthy rate of new business formation, start-ups faced significant barriers to growth including recruitment, skills development and finance. The reasons for this linked to a range of information failures including a poor understanding of the benefits of business advisory services and a lack of willingness to pay for them as well as limited access to finance and knowledge about how to sustain a successful business. For this reason, business support services have been a priority for the current EDRF programme. With the transition to the UKSPF, there is strong evidence from recent assessments of the Lancashire economy that there is a continuing demand for such services ²⁰ ²¹ and a particular need to strengthen relationships between Lancashire's considerable knowledge assets and local businesses.

Business uncertainty as a result of EU exit

Whilst the long-term impacts of Brexit are as yet unknown, initial trade frictions have impacted local firms. There have been some reports of confusion among Lancashire businesses around exporting to Northern Ireland, where there are direct links via Heysham port. The University of Central Lancashire's Centre for SME development reported that activity to support the "internationalisation of businesses" was the top priority for improving productivity. This need will be particularly acute in the Preston area as pre-pandemic mid Lancashire (Fylde, Preston, Ribble Valley and South Ribble) accounted for the largest share in the county of goods exported by value to both EU and non-EU countries. With respect to services, exports from mid-Lancashire

²⁰ [Taking-stock-An-audit-of-Lancshires-economy-in-2021.pdf \(lancashireier.org\)](#)

²¹ [Microsoft PowerPoint - Redefining Lancashire- Priorities for Economic Restart 25 June Final \(V2 update\).pptx](#)

accounted for two thirds of the £3 billion total, largely attributable to the established and growing services industry in Preston.

Soaring energy prices and the challenge facing businesses to decarbonise

It was reported in March that small and medium-sized businesses (SMEs) had faced an average increase in the price of gas of more than 250 per cent in the previous 12 months. For businesses across Lancashire price hikes add even greater urgency to the task of decarbonising, a direction of travel also increasingly driven by the need for businesses to demonstrate their carbon footprint to access key customer markets. However the rapid development of new technologies to deliver decarbonisation and the financial planning and capital investment required present informational and financial barriers for many smaller businesses wishing to make the transition. Preston currently has 5,165 enterprises, the largest number of enterprises across Lancashire. To decarbonise their operations many of these business will require assistance to understand their baseline emissions, create an in-depth decarbonisation plan and develop the necessary skills to take this forward.

Innovation in Lancashire - the twin challenges of broadening the innovation base and the commercialisation 'pinch point'

Nationally there is a clear drive to support innovation as a key factor in improving productivity. Businesses that innovate grow faster than those that do not and innovating economies are more resilient to market and technology change. Furthermore, in Lancashire, innovation will be central to closing the productivity gap relative to the rest of the country.

The Lancashire Innovation Plan and recent refresh, along with the work of the Lancashire Innovation Board, which brings together public and private innovation stakeholders, has identified the challenge to increase and grow knowledge intensive and innovation driven businesses across the county. To reduce dependence on major and global companies for innovation, SMEs must also be part of the mix. The county has a long tail of less innovative, less productive business which are much less resilient to economic shocks. Greater diffusion of innovation and adoption by more businesses will be crucial to increase the resilience of local employers as well as improve their ability to respond to new opportunities. It has been shown that RD&I Investment significantly increases productivity, pay and growth in local economies.

Traditionally across Lancashire the development of new products through to full scaled up manufacturing is constrained at various pinch points, with end to end first invention to full commercialisation taking well over a decade. Early stage innovation in the North West is well supported by a double digit number of high quality universities, with well-established, broad-based innovation supporting initiatives. These specialise in driving the first stage of innovation and the development of products, attaching PhD students to companies and helping produce prototypes. However, it is access to support to move beyond this stage where the business community often hits a barrier. Support to take the product beyond prototype is not usually funded. The pathway to commercialisation involves a range of stages. These include identifying the market and the initial customer base; finding a facility and funding to build a first demonstrator to showcase to the customer; determining a manufacturing plan; and finding a site and the funding to build the first products. This support in the North West is not usually

there. The impact is that the benefits of full commercialisation, which are the jobs created and the flow of income to local economies – are not achieved.

The impact of the pandemic on the visitor economy in Preston

The impact of the covid-19 pandemic on the visitor economy in Preston was unprecedented. There was close to a 70% reduction in the number of visitors, significant loss of revenue and jobs in the arts and cultural sector, events were cancelled and local venues closed. Pre-pandemic, Lancashire was attracting over 67 million visitors a year, generating £4.41 billion in economic impact. The sector was recognised as a catalyst for change and a creator of wealth for the local economy in Preston.

Recovery from the impact of the pandemic poses several challenges for the tourism and hospitality sector in Preston. One of the most significant is increasing the ratio of staying to day visitors. In 2018, staying visitors across Lancashire were 8.22 million, accounting for 12% of the total. The number of visitor nights generated by staying visitors was 25.55 million and the average length of stay was three nights. The economic impact generated was estimated at £2.23 billion, equivalent to just over half (51%) of total economic impact.

It is clear from these figures that staying visitors bring greatest benefit to local businesses. Attracting them in higher numbers will be key to the recovery and growth of the visitor economy in Preston. Improving visitor perception of the tourism offer in Preston will be central to achieving this and is a key ambition outlined in the Lancashire Visitor Economy Strategy. This will require public and private partners across Preston to work together in developing a distinctive and diverse offer that can appeal to a wide audience and encourage people to visit the city.

- **Opportunities**

Maintain and improve the offer of business support to businesses in Preston

Boost is a well-established business growth hub which commissions business support and advice services for business across Lancashire. Lancashire County Council is the accountable body and the service has been funded under ERDF Priority Axis 3 (2014-2020).

Boost's mission is to enhance the competitiveness of SMEs by promoting entrepreneurship, supporting the creation and extension of advanced capacities for products, services and development and supporting the capacity of SMEs to grow. Boost was developed to address a number of challenges faced by the Lancashire economy including low productivity, sectoral and structural weaknesses, low business start-up rates and low levels of inward investment in the county. The service supports BEIS Principles of Funding for Growth Hubs and aligns with the Department of International Trades' national programme.

A recent evaluation of Boost concluded that overall it has performed well against output targets and the services offered remain relevant to the current context and the need for business support in Lancashire which has increased and changed due to Covid and EU exit impacts. In the face of the range of public and private sector business support services available the evaluation concluded that Boost has an

important role to play by providing a single point of contact to help businesses navigate the support available.

Boost has well established processes for commissioning business support, as well as strategic knowledge of the provider market and access to management systems, including a CRM system, to track support provided to businesses (including for the purpose of managing subsidy control). For these reasons, as well as its strong track record, Preston City Council intends to use the opportunity of the UKSPF work in partnership with Boost to develop a bespoke offer of business support to local businesses in the city. This will allow the Council to benefit from the scale economies and strategic expertise Boost can provide whilst ensuring that services commissioned by Boost address local needs, whether around decarbonisation, support with international trade, training and skills development or technological innovation and commercialisation. It will also create an opportunity to strengthen existing partnerships between local providers, higher education institutions, the Lancashire Employment and Skills Hub and local businesses to ensure that high quality business support is available via a coordinated business growth offer.

Link local businesses to global leaders in innovation

Lancashire has well established and recognised strengths in the aerospace, automotive, energy, nuclear, digital and health innovation sectors. There are strengths in biological sciences, life sciences and healthcare, advanced manufacturing and materials and digital. The county is home to leading global businesses at the cutting edge of innovation in advanced manufacturing supported by a supply chain cluster of high-tech small and medium-size enterprises (SMEs). Protecting, enhancing, and diffusing these strengths across their supply chains and across sectors will be a key feature of the future innovation landscape in Lancashire and Preston is in a strong position to benefit from this opportunity. Within the county Preston as a district has the most enterprises across these sectors located within the local authority boundary.

Lancashire's Higher Education (HE) sector (UCLan, Lancaster University, Edge Hill University and the Advanced Manufacturing Research Centre NW) have research strengths in STEM subjects including computer science, mathematical science and general engineering. They provide significant research and consultancy services to local businesses. The four HEIs recorded a total income of £26million from contract research and consultancy services across in 2015/16. The translational research centres such as the Engineering Innovation Centre at UCLan in Preston, the Northwest Advanced Manufacturing Research Centre at Samlesbury and the Lancaster Health Innovation Campus are catalysts for research development and adoption across the local economy and beyond.

Access to this wealth of local innovation resource offers Preston the potential to become a globally competitive knowledge cluster within Lancashire, embodying excellence and collaboration by ensuring that innovation in the HE sector feeds through to increased commercialisation and growth in the local economy. The UKSPF provides the opportunity for the Council to commission an innovation support programme for local business. In doing so the Council will work in partnership with Boost and Innovate Lancashire to ensure that programmes are aligned with local business needs and provide a coherent offer to local companies.

Build on the strengths of the existing low carbon sector in Lancashire

Decarbonising the Lancashire economy is a key priority in the Clean Growth Strategy for Lancashire. Within the country there are estimated to be over 650 low carbon technology businesses and thousands of advanced manufacturing firms that have the potential to diversify into component manufacture for the sector. A recent audit of Lancashire's economy highlighted the central importance of transforming manufacturing to spearhead net zero in order to avoid a decline scenario and enhance both productivity and employment.²² Critical to achieving this diversification will be R&D support for the development of products as well as support with identifying and applying for funding to scale up to full production and to demonstrate new products to potential customers.

In fact Lancashire's industrial base is well placed to benefit from the expertise of local research focused universities, academic institutions and sectoral initiatives to maximise opportunities for energy sector innovation and to drive local commercialisation of new technologies. Examples of the expertise in the county include the Energy, Low Carbon and Sustainable Technologies Innovation Mission led by Lancaster University, the Low Carbon Smart Building at the AMRC North West Facility and the Lancashire Centre for Alternative Technology. The county also has strengths in local low carbon generation, pre-existing relationships with offshore wind installations as well as onshore generation including wind and solar.

The UKSPF provides the opportunity for Preston to draw on this local expertise to commission targeted and bespoke programmes of innovation support for companies wishing to diversify into low carbon technologies.

Leverage the investment in the Harris Quarter and drive growth in the visitor economy by developing a programme of cultural events and supporting strengthened public/private partnership in Preston

It is well evidenced that arts and culture have a positive impact on economic regeneration, tourism, health and wellbeing, cohesion and place-making. Recent major events in Preston have contributed to a sense of place across the local community and impacted positively on city centre businesses. The Preston Guild in 2012, a celebration of the city which takes place every 20 years and dates back to 1542, attracted 4.8 million visits and participants to activities over the year across the whole city. The 2018 Lancashire Encounter festival increased weekly footfall by 10.8% and delivered positive outcomes for arts organisations and local businesses.

Major projects to regenerate the cultural assets of the Harris Quarter and develop a new leisure and cinema complex in the heart of the city will be completed during the lifetime of the UKSPF. Much of this funded by the £20.9 Towns Fund investment, projects include the refurbishment of the Grade I listed Harris Museum, Art Gallery and Library, a Youth Zone to provide social, sporting, and artistic spaces for young people and the redevelopment of publicly-owned buildings for new cultural and community uses. The municipally funded Animate project will deliver a new cinema and bowling attraction with food and drink venues, a car park and public square next to Preston Markets.

²²*[Taking-stock-An-audit-of-Lancshires-economy-in-2021.pdf \(lancashireier.org\)](https://www.lancashireier.org/Taking-stock-An-audit-of-Lancshires-economy-in-2021.pdf)

Taken together these investments provide a major opportunity for the Council, in partnership with the local business community, to market Preston as a regional centre for culture and leisure, with a vibrant and diverse offer appealing to a wide audience. Drawing on the momentum created by past events programmes, there is an opportunity to use UKSPF investment to promote Preston with a series of major events, marking the reopening of the Harris Museum, the opening of the Animate leisure complex and the inauguration of the Youth Zone. Such a programme has the potential to significantly increase the number of people visiting Preston benefiting the hospitality sector and businesses across the city.

Realising the business potential of investment in the Harris Quarter and the wider public realm in Preston is central to the mission of Preston Partnership, a private sector-led community interest company established in 2018 to work closely with the Council to inform and shape regeneration and placemaking strategy in the city. The organisation has over 100 members from all sectors including property and construction firms, manufacturers, business professionals, leisure and retail and service providers. It was a sub-committee of Preston Partnership – the Towns Fund Board – which secured the £20.9 million Town Deal in March 2021 and in 2020 it worked closely with the Council to develop the City Investment Plan, a 15-year strategy that will shape Preston’s future development. The UKSPF provides the opportunity to build on this positive momentum by providing the Preston Partnership with pump-priming investment to develop a financially sustainable operating model to underpin its mission for the city.

Promote the transition to renewable energy by encouraging community investment in renewables and wider adoption of electric vehicles

There is a growing community energy sector across the UK investing in renewable energy generation. Using the governance structure of a community benefit society (CBS), community energy groups are uniquely permitted by the Financial Conduct Authority to raise investment via a community share issue. All profits raised are committed to a community benefit fund for allocation to community projects agreed by CBS members. In many cases these projects directly address fuel poverty. In 2021 there were 424 active community energy organisations across the UK.

Lancashire’s community energy sector is small and to enable the county to benefit more from the additional funding the sector can raise to expand local renewable energy generation, the NW Net Zero Hub, funded by BEIS, is coordinating a Lancashire-wide project to seed and develop new community energy groups. This will build on the success of the region’s Rural Community Energy Fund programme. The UKSPF provides the opportunity to support this initiative in order to grow the community energy sector in Preston.

Fundamental to the wider adoption of electric vehicles in the city, including by local businesses, is increased access to EV charging points. The Council will use the opportunity of the UKPSF to commission a feasibility study to look at options for installing charging points on its estate.

Priority 3 – People and Skills

- **Challenges**

The impact of the pandemic on young people not in education, training or employment (NEET)

A recent report by the Institute of Fiscal Studies on the impact of Covid-19 on inequalities in education, skills and incomes in the UK²³ found evidence that the fall in employment resulting from the pandemic and the massive decline in face-to-face learning have exacerbated growing inequalities in the UK with young people from lower income households most adversely affected in terms of income and educational performance. A report published by the Local Government Association in May 2021²⁴ provided further context by exploring the barriers into employment, education or training facing young people. Poor emotional or mental health; too few or unsuitable education, training and employment (EET) opportunities; and low levels of aspiration among young people were mentioned frequently as barriers by the local authorities participating in the research. With regard to mental health problems, some councils identified that such difficulties had been ongoing throughout a young person's education creating a compound effect, others highlighted the more recent effects caused by the Covid-19 pandemic, including the impact on young people's confidence and self-esteem. As a result, support services working with these young people reported that building new and trusting relationships to support them into education, training and employment was taking longer as the issues facing young people were more complex.

Data on levels of deprivation, health and wellbeing and economic inactivity in Preston indicate that the issues for young people exposed in national research will be even more acute in Preston. Preston is the 46th most deprived area of 317 UK local authorities with around 20% of LSOAs in the 10% most deprived nationally. Health and living environment deprivation contributes significantly to the overall measure, with higher than average levels of inactivity, obesity and lower life expectancy. Economic inactivity due to long-term sickness is higher in Preston (31%) than the North-West (28%) and Great Britain (25%) and it is particularly high for children and young people (32%). Twenty eight per cent of residents report high anxiety, the second highest proportion in Lancashire districts.

Anecdotal evidence reported by the DWP's Strategic Partnership Manager in the North Central area corroborates the data. Delivery partners within Preston and across Lancashire are reporting that young people who left school during the pandemic have been finding it very hard to find employment, are often living at home and feeling increasingly isolated and anxious. As these feelings escalate into mental health issues, many young people are being signed off as sick and are no longer engaging with job centres and the support they offer for those actively looking for work. This cohort have been supported by programmes funded by the European Social Fund, but

²³ Blundell, R. et al. **Inequalities in education, skills and incomes in the UK: The implications of the Covid-19 pandemic**, The Institute of Fiscal Studies

²⁴ **Education to Employment – Supporting Youth Participation**, Local Government Association, May 2021 [Education to Employment - Supporting Youth Participation | Local Government Association](#)

as these end over the next few months, the availability of local expertise to meet a growing need is at risk.

A further local factor which will drive demand for support for this cohort in the next few years is demographic growth. ONS demographic statistics show that in 2022 there are 9,543 young people aged 15-19 resident in Preston. This is forecast to steadily increase to 10,515 by 2025 and peaking at 11,002 by 2031.

The impact of the pandemic and rates of economic inactivity including among the 50+ cohort

For the first 18 months of the pandemic, it was feared that high unemployment rates would be a legacy of Covid-19, especially after the end of the furlough scheme. However the expected spike in unemployment never occurred, and rates are nearly back to pre-pandemic levels. Instead ONS data shows that the effect of the pandemic on the labour market has been a significant rise in economic inactivity – people who are not in work and not looking for work. Nationally, economic inactivity for 16 to 64-year-olds increased by 302,000 between January to March 2020 and October to December 2021, reversing the declining trend of the past decade. Economic inactivity is an even greater challenge in Preston: the rate increased from 16.8% in 2019 to 28.0% in 2021 compared to regional figures of 22.3% in 2019 and 23.5% in 2021 and national ones of 21.1 % and 21.6% (ONS data).

Nationally, the age groups recording the biggest percentage increase in economic inactivity over the pandemic were young people and 50 to 65-year-olds. Some of the factors explaining the increase among young people have been discussed above. Among the 50 to 65 age cohort national data indicates an increase of 1.1 percentage points between quarter one 2020 and the same quarter in 2022, reversing a trend of falling economic inactivity in this age category in the previous decade. According to analysis by the Institute Fiscal Studies, retirement was the main factor contributing to this rise, especially among the 60+. But older workers were also more likely to leave the labour market due to ill health. Among people aged 50-54, almost half became economically inactive during the pandemic because of poor health and workers in lower paid occupational groups, particularly in caring, leisure and other service occupations and sales and customer services, were far more likely to leave work due to ill health than managers and professionals. According to the ONS data for 2021, Preston had a higher than average share of workers in these occupational groups, at 18.1% and 10.4% respectively compared to a national average of 16.2% and 6.9%. This may have contributed to Preston's higher rate of economic inactivity relative to the national average.

High and increasing rates of economic inactivity are creating a number of local challenges. For the individuals themselves, especially those in lower paid sectors of the economy, leaving the labour market before state pension age can be damaging for their financial stability and mental well-being. This is particularly true for those with no or inadequate levels of occupational pension who are forced to rely on working age benefits, increasing their risk of economic and social exclusion and increasing the already high rates of deprivation in Preston.

In terms of the impact on the local economy, the high rates of economic inactivity in the city are contributing to employers' difficulty in filling job vacancies. ONS data on jobs density for Preston in 2020 was 1.06 compared to 0.82 for the North West and

0.84 for Great Britain. As the jobs density figure represents the ratio of total jobs to population aged 16-64, a rate of economic inactivity of 28.0% implies a significant under-supply of workers available to fill vacant posts. This will put at risk local recovery from the worst phases of the pandemic.

Workforce skills and training challenges including the impact of the pandemic

In 2021 the Lancashire Skills and Employment Hub published the refreshed Lancashire Skills and Employment Framework (LSEF) 25. Key workforce challenges identified in the document were:

- Lower than average attainment levels and increasing numbers of young people who are NEET in disadvantaged areas.
- An ageing workforce and reducing working age population, alongside high replacement demand in key sectors such as manufacturing, energy and health.
- Higher than national average rates of inactivity in the working age population, with significant variations between districts and some of the highest rates in Preston.
- High rates of digital exclusion. The Lloyds Consumer Index 2019 indicates that 10% of people in the Northwest are offline and that this figure has only changed by 1% in the last 4 years. 16% of benefit claimants in the Northwest are digitally disengaged.

For employers the need to reskill and diversify their workforce to enable technology adoption is key. The demand for digital skills is projected to increase, both within the digital sector and across all sectors, to support technology adoption and productivity. One in six digital workers are female and 40% are aged 50-64 in Lancashire – therefore there is a need to increase diversity and attract younger people

The LSEF identified specific objectives and actions to address these challenges including:

- Improving the employability and skills of unemployed and economically inactive residents and supporting their progression into learning, volunteering, self-employment and work, particularly in disadvantaged areas and for those groups and areas where Covid-19 has had a greater adverse impact. Including in Preston.
- Reskilling & upskilling the current workforce with a focus on digital skills to support technology adoption.
- Enabling development of workplace initiatives that focus on the retention and reskilling of ageing workers.
- Developing workplace initiatives that enable a healthy workforce, in response to concerns, including mental health, pre and post Covid-19.

In March 2022 Lancashire's Local Skills Improvement Plan reported rising shortages in essential technical skills across the majority of sectors and that this was far more profound than before the pandemic. Two-thirds of employers surveyed felt their sector was suffering from a shortage of qualified individuals.

- **Opportunities**

A well-established local infrastructure to deliver strategic investment in employment support, training and skills to meet local needs

²⁵ [LancashireSkillsFramework_2021-compressed.pdf \(lancashirelep.co.uk\)](#)

The LSEF identified the UKSPF as a key mechanism for addressing training and skills needs in Lancashire and this is reflected in Preston’s investment plan and the selection of interventions under the people and skills investment priority. The opportunity to realise this to best effect in Preston is provided by a well-established infrastructure of strategic advice and local provision. This includes the Lancashire Skills and Employment Hub²⁶ and community and voluntary sector delivery partners including The Lancashire Colleges²⁷, Active Lancashire and Selnet.

Preston City Council will work with these and other partners to deliver the People and Skills investment priority in two phases during the lifetime of the UKSPF:

- In the first two years of the programme by ensuring that current ESF-funded voluntary and community sector provision for young people who are NEET and for economically inactive adults is maintained in Preston (UKSPF interventions E33 and E34);
- In 2024/25 by drawing on the expertise of the Lancashire Skills and Employment Hub to commission (i) programmes that extend the provision of employment support for those who are economically inactive (UKSPF interventions E33 and E34) and (ii) workforce training programmes which meet the in-work training needs of Preston employees and employers, including vocational qualifications and courses up to level 2 and digital skills to support the adoption of technology. (UKSPF interventions E37 and E38). These programmes will support workforce retention by focusing on groups most likely to leave the workforce early and/or who are new to - or newly returned to - the workforce after a period of economic inactivity. This will align with the approach developed in the LSEH’s Lancashire Skills Escalator²⁸ which provides a pathway for workers from economic inactivity into skilled work.

The ‘green’ economy in Lancashire and associated employment opportunities in Preston

A further opportunity for UKSPF investment in local skills development is provided by the growth of the low carbon economy in Lancashire. According to a report by the Local Government Association *Local Green jobs – accelerating a sustainable economic recovery*²⁹ Lancashire’s 14 local authorities are forecast to account for 44,000 low carbon jobs by 2030, the equivalent of 6.3% of all of such jobs nationally. Fifty-eight per cent of Lancashire’s jobs are projected to be in low carbon electricity, which equates to over 25,000 jobs, accounting for 16.1% of all projected low carbon electricity jobs nationally. Low emission vehicles and infrastructure employment expectations for 2030 in Lancashire number over 7,500, 17.3% of all low carbon jobs in Lancashire and 8.0% of employment in low emission vehicles and infrastructure nationally.

LGA estimates for low carbon jobs in Preston per sector to 2030 are as set out in the table below:

²⁶ [Home - Lancashire Skills and Employment Hub \(lancshireskillshub.co.uk\)](https://lancshireskillshub.co.uk)

²⁷ [Home | The Lancashire Colleges \(tlc.ac.uk\)](https://tlc.ac.uk)

²⁸ [Skills Escalator - Lancashire Skills and Employment Hub \(lancshireskillshub.co.uk\)](https://lancshireskillshub.co.uk)

²⁹ [Local-green-jobs-accelerating-a-sustainable-economic-recovery_final-1.pdf \(gemserv.com\)](https://gemserv.com)

Low carbon electricity	530
Low carbon heat	415
Alternative fuels	39
Energy efficiency	380
Low carbon services	145
Low emission vehicles/infrastructure	578
Total	2,087

Drawing on the strategic expertise of the Lancashire Skills and Employment Hub and on its developing knowledge of the local business sector, Preston City Council will commission training to address priority needs in the low carbon sector during 2024/25 (UKPSF E39).

Section 2: Preston's UKSPF Investment Plan - Selected interventions

Priority 1 - Communities and Place

E3: Funding for local green spaces, community gardens, watercourses and embankments
E5: Design and management of the built and landscaped environment to 'design out crime'.
E9: Funding for volunteering and/or social action projects
E10: Funding for local sports facilities, tournaments, teams and leagues; to bring people together.
E11: Investment in capacity building for local civil society and community groups.
E12: Investment in schemes to support community involvement in decision making in local regeneration.
E13: Community measures to reduce the cost of living, including by improving energy efficiency to combat fuel poverty.
E14: Relevant Feasibility Studies
E15: Investment and support for digital infrastructure for local community facilities.

Priority 2 – Local Business Investment

E17: Funding for the development and promotion (both trade and consumer) of the visitor economy.
E19: Increasing investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities.
E21: Funding for the development and support of appropriate innovation infrastructure at the local level.
E23: Strengthening local entrepreneurial ecosystems.
E24: Funding for new and improvements to existing training hubs, business support offers, 'incubators' and 'accelerators' for local enterprise (including social enterprise).
E26: Support for growing the local social economy, including community businesses, cooperatives, and social enterprises.
E29: Supporting decarbonisation and improving the natural environment whilst growing the local economy.
E31: Funding to support relevant feasibility studies.

Priority 3 – People and Skills

E33: Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps. *via Multiply.
E34: Supporting people furthest from the labour market through access to basic skills, Courses including basic skills (digital, English, maths (via Multiply) and ESOL), and life skills and career skills provision for people who are unable to access training through the adult education budget or wrap around support detailed above.

Supplemented by financial support for learners to enrol onto courses and complete qualifications

E37: Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. This includes supporting the retention of groups who are likely to leave the labour market early.

E38: Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that is not being met through other provision.

E39: Green skills courses targeted around ensuring we have the skilled workforce to achieve the government's net zero and wider environmental ambitions.

Section 3 - Allocation of funding by priority and intervention in Preston's Investment Plan

Investment Priority	Intervention	UKSPF Allocation
Communities & Place	E3: Creation of and improvements to local green spaces	£291,666
	E5: Built & landscaped environment to 'design out crime'	£125,000
	E9: Impactful volunteering and/or social action projects	£332,859
	E10: Local sports facilities, tournaments, teams & leagues	£166,193
	E11: Capacity building & infrastructure support local groups	£166,193
	E12: Community engagement schemes, local regeneration	£41,667
	E13: Community measures to reduce the cost of living	£496,921
	E14: Relevant feasibility studies	£20,833
	E15: Digital connectivity for local community facilities	£250,000
	Subtotal	£1,891,332
Local Business	E17: Development & promotion of visitor economy	£326,229
	E19: Investment in research & development at the local level	£317,708
	E21: Development of innovation infrastructure at a local level	£177,083
	E23: Strengthening local entrepreneurial ecosystems	£83,333
	E24: Training hubs, business support offers, incubators & accelerators	£486,979
	E26: Growing the local social economy	£52,083
	E29: Supporting decarbonisation & improving natural environment	£406,250
	E31: Support relevant feasibility studies	£41,667
Subtotal	£1,891,332	
People & Skills	E33: Employment support for economically inactive people	£621,276
	E34: Courses including basic, life & career skills	£283,375
	E37: Tailored support for the employed to access courses	£185,230
	E38: Local areas to fund local skills needs	£185,230
	E39: Green skills courses	£185,230
	Subtotal	£1,460,340
Preston UKSPF Total		£5,243,004

