



# Cabinet

<b>Date:</b>	<b>Thursday, 21 June 2012</b>
<b>Time:</b>	<b>6.15 pm</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

**Contact Officer:** Mark Delap  
**Tel:** 0151 961 8500  
**e-mail:** [markdelap@wirral.gov.uk](mailto:markdelap@wirral.gov.uk)  
**Website:** <http://www.wirral.gov.uk>

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## SUPPLEMENTARY AGENDA 3

42. DEVELOPMENT OF A LIVERPOOL CITY REGION DEAL (Pages 1 - 38)

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## WIRRAL COUNCIL

### CABINET

21ST JUNE 2012

<b>SUBJECT:</b>	<b>DEVELOPMENT OF A LIVERPOOL CITY REGION DEAL</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION, HOUSING AND PLANNING</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>LEADER OF THE COUNCIL</b>
<b>KEY DECISION?</b> <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	

#### 1.0 EXECUTIVE SUMMARY

- 1.1 Over the course of the last 3 months, Liverpool City Region partners have been working together with Government officials to prepare a Liverpool City Region 'Deal' with Government departments. The principal function of these deals is to allow city areas to innovate and come up with solutions that attempt to remove barriers to economic growth. As part of the deals process, Liverpool City Region partners have been expected to offer robust and tangible contributions in return for specific asks of Government.
- 1.2 The purpose of this report is to provide an update to the Cabinet on the development of the Liverpool City Region Deal and the likely timescale for its negotiation and agreement. Members are asked to note the content of the latest version of the City Region Deal and authorise Wirral Officers to continue to negotiate aspects relevant to Wirral as part of the next stage of the process.

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Government published 'Unlocking growth in cities' in December 2011 which encouraged core cities and their surrounding economic areas to agree a bespoke set of Deals with Government; these would identify additional powers devolved to local areas in return for additional economic performance. The additional powers and responsibilities are designed to remove blockages in a range of different areas and to deliver significant and transformational change. In return the City Region will commit to deliver a range of enabling actions in support of the 'asks'. The deals process is very similar to the negotiation with Government which was undertaken in 2009 as part of the Multi Area Agreement (MAA), although the process for the deals in 2012 has different mechanism for negotiating with Government Department Officials.
- 2.2 Liverpool City Council agreed a specific City Council deal with Government in January, which contained additional responsibilities and considerable funding, along

with a recommendation to the City Council to adopt a Mayoral governance system. This specific 'Mayoral' City Deal is expected, by Government to be seen alongside the wider City Region deal, with all partners and Local Authorities (including Liverpool) playing a full part in the wider City Region deal. However, it has always been made fundamentally clear that the wider city region deal would not be able to accommodate any significant financial requests, which changed the format considerably from the process Liverpool City Council participated in.

2.3 The City Region Deals process has been operating throughout April and May and a number of meetings have taken place to discuss and debate the process and Wirral Council Officers have been at the forefront of the process which has been led by Knowsley Council who operate the current secretariat function for the Liverpool City Region Local Enterprise Partnership (LCRLEP). These meetings confirmed the approach to focus on a smaller number of more specific deals with Government.

2.4 A series of discussions have been taking place with Government colleagues over recent weeks to progress to focus and sharpen the asks of Government and offers from the City Region. This has included challenge sessions with Lord Shipley, former Leader of Newcastle City Council, and Greg Clark, Minister for Cities. The 5 areas set out in our proposal to Government connect and deliver national and local priorities within the Liverpool City Region. They are:

- An international Business Festival which showcases and celebrates business opportunities to Europe and the rest of the World, delivering £100m return on investment;
- To pilot a streamlined local planning process that will support and accelerate over £100m investment into offshore wind infrastructure into the Liverpool City Region over the next five years;
- To increase employment by combining public and private employment and skills investments and empowering businesses to create more jobs, tackle skills gaps and raise productivity;
- To put transport at the heart of economic development through a revised approach to governance and creation of a joint investment fund of £850m; and
- To harness the City Region's science and knowledge assets, attracting 'big science investment', increasing GVA and generating job growth.

2.5 Detailed discussions have been taking place with Departments on the specifics of the Deal and the current submission to Government is attached as Appendix One: this is likely to change during negotiations with Government.

2.6 The timescales for the completion of the City Region Deal are tight. Cabinet Office have advised that the current intention is to have a City Region Deal in place to be launched on 9 July, which is the date of the Local Enterprise Partnership Stakeholder Event. In order to do this, a finalised submission needs to be submitted to Cabinet Committee before Friday 29 June. More detailed discussions will take place with departments following this launch

### **3.0 BENEFITS FOR WIRRAL**

3.1 **International Festival of Business** – this event is being championed by both Wirral Council and Liverpool Council to organise a month long International Festival of

Business in 2014. The proposed event is ambitious and will focus on a number of commercial sectors and be of sufficient scale to provide a step change in business performance, forming a key component of the UK's action plan to rebalance the economy. It will target global growth markets and exporting, notably USA, China, India, Europe and South America.

- 3.2 The Festival will include a month long exhibition of key trade markets and themed business weeks, with a spotlight on: Trade (focusing on: Knowledge; Low Carbon; Creative / Digital; Port Logistics); Investment; Higher Education; Tourism and Visitor Economy. It will build upon the opportunity presented by the Atlantic Gateway, SuperPort Development, International Trade Centre, the expanded City Centre Commercial District, Freeport, key City Region sectors and Daresbury Science and Innovation Campus.
- 3.3 It is a significant opportunity for Wirral and will support many of the Boroughs global companies who are already involved in trade and export, particularly the emerging BRIC (Brazil, Russia, India and China) markets where there is a strong cache attached to the 'Made in Britain' brand. It is expected to also promote new export opportunities and it is acknowledged that the International Trade Centre, which is due to open in 2014, will provide a platform for doing this. Invest Wirral currently do a lot to promote export opportunities and this event would provide a target focus for companies and would allow more specific support, such as focussing on smaller manufacturing companies to strengthen the supply chain and ensure they are export ready
- 3.4 The estimated total cost of £15m for the Festival will be met in part from private sector contributions and a variety of public sector funding sources, providing some £10m in total. Government is being asked to make a specific contribution of £5m subject to a satisfactory business case: this funding will underpin associated infrastructure costs, a sustainable event transportation system to secure maximum connectivity as well as exhibition infrastructure costs. Government's contribution will also fund the costs associated with anchoring involvement from international and national partners, underwriting major events designed for the key growth sectors and other focused support measures. The International Festival of Business requires some immediate planning in order to hold it in 2014 and Liverpool Vision, who are co-ordinating the activity, Wirral Council and the LCR Local Enterprise Partnership are looking to develop a delivery plan to scope the £15m event. A report will be brought back on proposed arrangements for the event but Cabinet is asked to authorise the Director of Regeneration, Housing and Planning to contribute up to £15,000 to the development of a business plan.
- 3.5 **Accelerating investment in the low carbon economy** – Wirral has been the main sponsor of this particular deal which is designed to support emerging development within the Offshore Wind sector. This deal is centred on the opportunities for the LCR (and particularly Wirral) economies of the expansion in offshore wind proposals in the Irish Sea. The Round 3 Gwynt y Mor wind farm will contain 1,000 turbines, with a total development value of £18 billion and could create 4,500 jobs. Operations and maintenance work for the existing offshore energy industry is already providing jobs for local residents and the challenge is to increasingly provide for this market from within the LCR.

- 3.6 A major issue for LCR local authorities and developers is the potential delay caused by the requirement to conform to ecological constraints brought about by the presence of 19 Sites of Special and Scientific Interest, many of which are also Natural 2000 sites, designated for their flora and fauna. It is not the intention of the City Region Deal to circumvent the legislation applying to these sites but to work more effectively and efficiently with a range of statutory consultees and regulators. These statutory bodies include Natural England, Environment Agency and the Marine Management Organisation.
- 3.7 Wirral Council has submitted a Regional Growth Fund Round 3 bid in support of the offshore energy industry and Cammell Laird in particular. It is intended that the LCR and in particular Wirral can become a key West Coast hub for advanced manufacturing and offshore energy support and maintenance. The LCR LEP is also applying for CORE status (Centre for Offshore Renewable Engineering), which was awarded to a group of East Coast ports last year. It is not the intention that the LCR should compete with the East Coast ports but rather draw trade from further afield in Northern Europe.
- 3.8 The offer and ask on Low Carbon builds on the Local Nature Partnership (LNP) bid 'Locally Resilient' submitted to Government in June by the LCR and working in partnership with the LEP. The LNP brings together the public, private and voluntary sector to champion and drive a sustainable development agenda. In the context of the City Region Deal, this provides one of the offers to Government, to co-ordinate and support environmental monitoring and the maintenance of an up-to-date environmental evidence baseline. The development of this baseline will assist developers and statutory consultees and regulators to make more streamlined decisions, without a number of organisations asking for the same information at different stages of regulatory processes.
- 3.9 **A Deal for Jobs and Skills** - It is projected that the LCR has the economic assets, opportunities and latent growth potential for businesses to create 100,000 jobs in the next 10 years if a series of constraints can be lifted. These constraints include skills gaps and the integration of £81 million of public and private sector investment delivering business-led skills for growth.
- 3.10 The headlines of this City Region Deal include 10,000 new jobs to be created with Small and Medium Sized Enterprises (SME) from a unified job creation investment fund; a Skills for Growth Bank, which will be an employer-led mutual to simplify skills funding through grants and loans to businesses. There are some points which Wirral need to pick up with Knowsley, the lead authority on employment and skills, over the coming months.
- 3.11 **Transport** - The City Deal notes on the strengths in transport in the Liverpool City Region, particularly in respect of the track record of delivery as well as Halton and Merseyside having both produced double excellent Local Transport Plans (LTPs). However, it outlines areas for improvement in respect of strategic governance and required changes in bodies and groups, to reflect the emergence of the Local Enterprise Partnership and Mayor of Liverpool. A variety of bodies across the LCR have a role in transport and this leads to confusion and duplication.

- 3.12 The proposal within the Deal is to create a Strategic Transport Body, but there has been no detailed discussions or agreement to date on the constitution or representation for that body, and its scope and remit is still to be decided, although there has been broad principle agreement that the function will set the strategic transport priorities for the LCR. The model could give the opportunity for the LEP Chair and the Mayor of Liverpool to influence transport. It is important to note:
- Existing decision making within local authorities and the Integrated Transport Authority (ITA) would be retained.
  - The Board will prioritise transport and highway projects.
  - A Strategic Transport Investment Budget will be established to fund the projects and a Transport Levy used (as part of the funding mechanism).
- 3.13 A single strategic transport body is welcomed as it will address the requirements of Government. The finer detail on decision-making, terms of reference needs to be developed and this needs careful assessment to determine the impact on decision-making of the Council's Cabinet on the Transport Capital Programme funded through the LTP. It is unclear how the Transport Block from the LTP will be determined by the strategic transport body. Approval and prioritisation of all the Merseyside LTP Transport Block funding by the strategic transport body could result in removal of decision-making by Cabinet. This would affect the ability to approve specific schemes that relate to local priorities such as road safety and more consideration needs to be given to this over the coming weeks.
- 3.14 A single coherent transport strategy for the LCR is welcomed as this will demonstrate a unified region with clear purpose and commitments on transport. The detail of incorporating two LTP's into one single strategy will be quite complicated and could require complex changes either to the current statutory bodies or transport legislation.
- 3.15 It is unsure at this stage whether the strategic transport body will meet the aspirations of Government as they could still view the structures as complex and have decisions taken by a number of transport bodies.
- 3.16 The Transport Investment Fund (£850m) is a positive demonstration of the commitment and importance given the City Region to transport and this should provide positive signals to investors, however Wirral Officers need to investigate the makeup of the £850m and seek clarification of the matters set out in 3.13.

#### **4.0 RELEVANT RISKS**

- 4.1 At this stage, the City Region Deal process is still subject to change, as are the tasks contained within the LCR deal itself. A report will be brought back to Cabinet as soon as possible detailing the latest position subject to the second stage of negotiations. There are a number of risks which arise, particularly in relation to the International Business Festival. The total cost of the event is estimated to be £15m, with government expected to directly contribute £5m. This leaves £10m to be found, which would need to be private sector contributions and other public sector funding. Officers will not commit Wirral funding or covering any potential liabilities without bringing a further report to Cabinet.

4.2 The transport proposals have received broad agreement from across the LCR on the broad principles outlined within the document. However the finer detail and the scope of the constitution and decision making powers is still to be finalised. If this detail isn't finalised by December, the position with Government in respect of the Deals process could be compromised.

## **5.0 OTHER OPTIONS CONSIDERED**

5.1 Several other activities were proposed by Wirral as part of this City Region Deal process. The current deal, after lengthy debate and negotiation with Cabinet Office officials has seen some asks drop out of the process.

## **6.0 CONSULTATION**

6.1 Significant consultation has been undertaken with relevant authorities and other relevant organisations from across the City Region as part of the City Region Deal process.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 No implications arising as a direct consequence of this report.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 At this early stage, the potential financial implications are not fully known. Improving the evidence base for the environmental monitoring of the LCR to support Offshore Wind planning applications may have cost implication arising and a more detailed report with analysis of required actions will be brought back to Cabinet with options once the required information is available on this matter.

8.2 The International Festival of Business requires some immediate planning in order to hold it in 2014 and Liverpool Vision, who are co-ordinating the activity, Wirral Council and the LCR Local Enterprise Partnership are looking to develop a delivery plan to scope the £15m event. A report will be brought back on proposed arrangements for the event but Cabinet is asked to authorize the Director of Regeneration, Housing and Planning to contribute up to £15,000 to the development of a business plan. This will come from existing investment strategy resources.

## **9.0 LEGAL IMPLICATIONS**

9.1 None as a direct consequence of this report.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and impact review is attached – *(insert appropriate hyperlink)*.

*(To find your departmental hyperlink click on*

*<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>*



*Please delete this instruction before you finalise your report.)*

(b) No because there is no relevance to equality.

(c) No because of another reason which is

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*\* Delete the two answers above which don't apply.*

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 The Liverpool City Region Deal includes a specific section on accelerating Low Carbon activities across the City Region

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 None as a direct consequence of this report.

## **13.0 RECOMMENDATION/S**

13.1 That Cabinet notes the progress made to date on the City Region Deal, and supports the significant opportunities that will arise subject to successful negotiation with Government.

13.2 That Cabinet authorises Council Officers to continue to negotiate the City Region Deal Process and work up the detailed aspects of the Process as appropriate..

13.2 That Cabinet authorises the Director of Regeneration, Housing and Planning to contribute up to £15,000 (which shall be met from approved investment strategy resources) and work with other key LCR partners to the development of a business plan for the proposed International Festival of Business,..

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 The Liverpool City Region Deal is entering into a significant period of negotiation with Government Departments on the aspects outlined in detail in this report. A further report will be brought back to Cabinet to update on the outcome of the negotiations and a plan for implementing the ones that have implications for Wirral. The purpose of this report and the recommendations is

**REPORT AUTHOR:** **ALAN EVANS**  
*Regeneration, Housing and Planning*  
telephone: (0151) 691 8426  
email: [alanevans@wirral.gov.uk](mailto:alanevans@wirral.gov.uk)

## **APPENDICES**

Copy of the City Region Deal

**REFERENCE MATERIAL**

*(Include background information referred to or relied upon when drafting this report, together with details of where the information can be found. There is no need to refer to publicly available material: e.g. Acts of Parliament or Government guidance.)*

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>

# Equality Impact Toolkit (new version February 2012)

**Section 1: Your details**

**Council officer:** Alan Evans

**Email address:** [alanevans@wirral.gov.uk](mailto:alanevans@wirral.gov.uk)

**Head of Service:** David Ball

**Chief Officer:** Kevin Adderley

**Department:** Regeneration, Housing and Planning

**Date:** 21 June 2012

**Section 2: What Council function / proposal is being assessed?**

**Liverpool City Region Deal**

**Section 2b: Is this EIA being submitted to Cabinet or Overview & Scrutiny Committee?**

Yes

If 'yes' please state which meeting and what date

.....21<sup>st</sup> June 2012.....

**And please add hyperlink to your published EIA on the Council's website**

.....

**Section 3: Will the Council function / proposal affect equality in .....? (please tick relevant boxes)**

- Services**
- The workforce**
- Communities**
- Other** (please state)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4: Within the Equality Duty 2010, there are 3 legal requirements. Will the Council function / proposal support the way the Council .....(please tick relevant boxes)**

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 5:** Will the function / proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any negative impact.

Protected characteristic	Positive or negative impact	Action required to mitigate any negative impact	Lead person	Timescale	Resource implications
All	Positive – outcomes will improve services and delivery of priorities in line with the Councils investment strategy	N/A	Kevin Adderley	Ongoing	To be determined

**Section 5a:** Where and how will the above actions be monitored?

**Section 5b:** If you think there is no negative impact, what is your reasoning behind this?

Economic inequalities exist across a wide range of groups in the population. The Investment Strategy interventions by the Council and our partners aim to address and mitigate these inequalities. It is therefore envisaged that the Major projects and business planning team will not have any negative impact.

**Section 6:** **What research / data / information have you used in support of this process?** The Investment Strategy is built on a strong evidence base, developed through a detailed and robust analysis of Wirral's economy, and using on ongoing economic analysis and intelligence. We produce regular economic profiles that are used to review the Strategy and to inform effective interventions, programmes and projects. Wherever possible, we use information that enables analysis of economic inequalities and disadvantaged groups (eg poverty, gender, ethnicity, disability) or spatial areas.

**Section 7:** **Are you intending to carry out any consultation with regard to this Council function / policy?**

No

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 8:** **How will consultation take place?**

Before you complete your consultation, please email your 'incomplete' EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for re-publishing.

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**Liverpool City Region**  
Local Enterprise Partnership

## **Liverpool City Region Deal with Government**

**19 June 2012**

## Foreword

On behalf of the business and civic leadership in the Liverpool City Region, we are proud to submit this Liverpool City Region Deal 2 with Government. We believe that this document not only outlines our position in the North West economy but also highlights some of the opportunities we want to take forward, our approach and importantly our commitment to driving forward economic resurgence, and indeed making that sustainable.

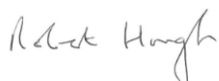
The Liverpool City Region's economy has closed the gap on national performance in recent years, but there remains a significant challenge to continue this. Working together, our businesses have identified the potential for additional GVA of £2bn and 100,000 jobs over the next 10 years, an opportunity unparalleled in the country. The role of Government and the public sector is to support and facilitate this growth where it is needed. It's not just for the benefit for our City Region and our communities but also the North West and the UK as a whole.

We are more than just a City Region of 1.5 million people. We have more than just a £20 billion economy to be proud of, and our ambitions stretch beyond our City Region's natural economic and development assets. We are passionate, ambitious and already proving we can close the gap on national performance, where many of our contemporaries fail.

Furthermore, we are ready for the challenge and all that that will bring to our City Region. Whilst we have the determination and character to succeed, we also recognise that the economic journey for the Liverpool City Region is ongoing and that strong leadership and partnership in the years to come is essential in making this happen.

We know that we are already on the right road. We have a powerful public and private partnership and dynamic and successful leadership. We also have real assets we can build on including the unique potential of the Atlantic Gateway to name just one. This £50 billion investment over 50 years will significantly boost the economic potential of the region, making it simpler and more enticing for businesses to invest in the area as a whole. This, in turn, will not only raise the profile of the area, but will have a huge positive impact on the economy, transport links, employment and skills in the region and beyond. With all this in mind, we present our proposals with the confidence that they will deliver the economic impact and influence that is needed and that will make the difference we need to in our region and beyond.

There is a commitment from business and civic leaders in the City Region to take the once in a generation opportunity that is before us: this Deal proposal allows Government to match that commitment.



Robert Hough  
Chair, Liverpool City Region Local  
Enterprise Partnership



Joe Anderson  
Mayor of Liverpool and Chair, Liverpool City  
Region Cabinet

## Executive Summary

Liverpool City Region, with its population of 1.5 million people and £20 billion economy, is a key player in the £120bn North West regional economy. A powerful private and public partnership exists between the Local Enterprise Partnership (LEP), City Region Leaders and the newly elected Mayor of Liverpool focusing on the City Region's natural economic strengths of the SuperPort, Advanced Manufacturing, the Low Carbon, Knowledge and Visitor economies. This provides the platform to accelerate economic growth across the City Region and the wider Atlantic Gateway within the North of England.

The Deals presented in this document seek to fully capitalise on these assets and build on the impetus of the Liverpool City Mayoral Deal. As Lord Heseltine and Sir Terry Leahy noted in their report for Government, rebalancing Britain has to be more than a slogan. We are committed to make that a reality and have been ruthless in ensuring that our Liverpool City Region Deal reflects and complements the recommendations of Lord Heseltine and Sir Terry and the plans of our businesses to create 100,000 jobs over the next 10 years.

In achieving our vision and objectives, we must ensure that this success reaches all parts of the Liverpool City Region. This includes addressing some long term structural issues that if not dealt with will hinder our growth, including low business density, significant skills gaps, relatively high levels of unemployment, and relatively low productivity.

The 5 areas set out in our proposal to Government connect and deliver national and local priorities within the Liverpool City Region. They are:

- An international Business Festival which showcases and celebrates business opportunities to Europe and the rest of the World, delivering £100m return on investment;
- To pilot a streamlined local planning process that will support and accelerate over £100m investment into offshore wind infrastructure into the Liverpool City Region over the next five years;
- To increase employment by combining public and private employment and skills investments and empowering businesses to create more jobs, tackle skills gaps and raise productivity;
- To put transport at the heart of economic development through a revised approach to governance and creation of a joint investment fund of £850m; and
- To harness the City Region's science and knowledge assets, attracting 'big science investment', increasing GVA and generating job growth.

Supporting this will be the development of a wider Liverpool City Region Investment Framework to bring together public funding streams and private sector investments aligned to our strategic priorities. As part of this Deal we are looking for Government to devolve the management of European funding for 2014-2020 to the City Region to deliver against agreed investment priorities and support local decision making.

## Introduction

The Liverpool City Region economy is connected to global markets, through its ports, Liverpool John Lennon Airport, Manchester International Airport and by its many multinational companies. The Port of Liverpool is one of the largest ports in the country and has the opportunity to regain its position as the premier trading centre for the North of England. World leaders, including Unilever, Jaguar Land Rover, Maersk, NSG (Pilkington), Novartis, Iberdrola and Sony, are major investors in our business friendly and cost competitive environment. Alongside this, the competitiveness of local firms on an international basis will be critical in determining the Liverpool City Region's future economic prospects.

Four key sectors are already creating new jobs and new opportunities (Visitor Economy, the Low Carbon Economy, the Knowledge Economy and the SuperPort) and these are at the heart of the City Region's economic development strategy. In addition, the Atlantic Gateway, a strategic growth corridor stretching from SuperPort on the Mersey along the Manchester Ship Canal into the heart of Manchester, represents a unique investment opportunity of international importance.

There are 3,000 manufacturing companies in the Liverpool City Region employing nearly 35,000 people and this sector is expanding faster than the economy as a whole. The City Region has particular strengths in lean, efficient manufacturing processes, and can participate in the manufacturing sector at all points of the supply chain from the design and supply of component materials to companies throughout the world, to the final assembly of finished products within the region. In this context, the City Region has a critical and essential 'offer' that will contribute to economic growth at the national level.

Across the City Region there are many excellent opportunities to attract further investment and create additional jobs directly in the key sectors and indirectly through the enhancement of supply chains. Through the creation of Enterprise Zones in Daresbury, Wirral and Liverpool Waters, plus the City Fringe Mayoral Enterprise Zone, the City Region is well placed to make further progress. These combined approaches show the impact and benefits of local leadership within economic development.

As an illustration of the Liverpool City Region's ambition, development and infrastructure schemes already in the pipeline include:

- Liverpool and Wirral Waters (planned £10bn private investment);
- International Trade Centre (planned £200m private investment);
- New Deep Water Port on the Mersey (planned £300m private investment);
- Expansion of Daresbury Science and Innovation Park (planned £600m private and public investment);
- Mersey Gateway Bridge (planned £450m PFI investment);
- Expansion of the Mersey Multimodal Gateway (3MG) (£100m private investment); and
- New Royal Liverpool University Hospital and Bio Campus (£500m PFI investment).

The Liverpool City Region has:

- A track record of delivery, including the 2008 European Capital of Culture celebrations delivering £800m economic benefit to the area and the £4bn private and public sector led transformation of Liverpool City Centre;
- A decade of strong economic performance, with major new projects in the pipeline: a reliance on traditional industry has widened with private sector investments such as Liverpool ONE, Pilkingtons, Peel International Trade Centre and Jaguar Land Rover strengthening the economic base;
- Improved educational attainment and a focus on skills for business, with a 30% increase in GCSE attainment since 2006;
- Invested in investment in infrastructure to encourage growth, including an extensive metro rail network and the planned £450m Mersey Gateway bridge;
- A distinctive cultural and tourism offer, with the highest concentration of cultural and heritage venues in any UK city outside of London;
- An internationally significant knowledge base, building on the strengths of the 4 Universities and the Daresbury Science and Innovation Campus; and
- A growing low carbon economy and high quality environment.

### **The Inherent Opportunity**

Over £5bn has been invested in new infrastructure and businesses in the last decade. The City Region is committed to improving its economic performance and long-term prospects with a projected 100,000 jobs to be created over the next 10 years (Merseyside Economic Review 2012). Many of the measures highlighted elsewhere in this Deal will make a significant contribution to creating these new jobs over the next ten years.

<b>Sector</b>	<b>Projected job growth</b>
Low Carbon	5,000
Knowledge Economy	
• Advanced Manufacturing	12,000
• Digital & Creative	6,000
• Life Sciences	6,000
• Professional & Financial	22,000
Visitor Economy	19,000
SuperPort	24,000

(Cambridge Econometrics modelling for Merseyside Economic Review 2012)

### **Governance and Accountability**

The private and public sector have made significant progress in closing the performance gap of the City Region with the rest of the UK economy, reclaiming our position as a competitive City Region and this has been recently reinvigorated with the formal establishment of our Local Enterprise Partnership (LEP) bringing together business and civic leaders. Complementing this model of strategic leadership is the emerging governance arrangement for the newly elected Mayor of Liverpool, together with a clear accountability to the electorate of the other 5 authorities within the functioning economic area via the City Region's Cabinet of Leaders.

## **International Festival of Business**

The Liverpool City Region LEP and Liverpool City Mayor are working together to organise a month long International Festival of Business in 2014. This will build on the City's experience of hosting Capital of Culture in 2008, participation in the Shanghai International Exposition, the successful hosting of the Global Entrepreneurship Congress in March 2012 and the work of the Liverpool Embassy in London.

This priority supports the Government's target to double annual UK exports to £1trillion by 2020 and will promote our vision that the Mersey once again becomes a key global trading centre. There is more trade than ever going through the Port of Liverpool and this will expand further with a new £150m deep water berth being built in the Port of Liverpool which will allow the largest ships in the world to visit Liverpool and use the City as an access point not just for the Atlantic Gateway but for the country as a whole.

The proposed month long International Festival of Business will focus on a number of commercial sectors and be of sufficient scale to provide a step change in business performance, forming a key component of the UK's action plan to rebalance the economy. It will target global growth markets and exporting, notably USA, China, India, Europe and South America.

The Festival will include a month long exhibition of key trade markets and themed business weeks, with a spotlight on: Trade (focusing on: Knowledge; Low Carbon; Creative / Digital; Port Logistics); Investment; Higher Education; Tourism and Visitor Economy. It will build upon the opportunity presented by the Atlantic Gateway, SuperPort Development, International Trade Centre, the expanded City Centre Commercial District, Freeport, key City Region sectors and Daresbury Science and Innovation Campus.

Many of the City Region's Advanced Manufacturing companies are already involved in trade and export, particularly the emerging BRIC markets where there is a strong cache attached to the 'Made in Britain' brand. Support is being provided to smaller manufacturing companies to strengthen the supply chain and ensure they are export ready, particularly in the context of the Festival and the improvement of international logistics links in 2015 with the new deep water berth on the Mersey.

The estimated total cost of £15m for the Festival will be met in part from private sector contributions and a variety of public sector funding sources, providing some £10m in total. Government are asked to make a specific contribution of £5m subject to a satisfactory business case: this funding will underpin abnormal infrastructure costs, a sustainable event transportation system to secure maximum connectivity as well as exhibition infrastructure costs. Government's contribution will also fund the costs associated with anchoring involvement from international and national partners, underwriting major events designed for the key growth sectors and supporting our ambition for the event to be digitally enabled with a cutting edge event app.

A clear strategy will be prepared and implemented prior to the event which includes a comprehensive legacy programme for business and the community. The impact of the Festival anticipates that the return on investment will be £100m over 5 years with economic benefits derived from 4 key areas:

- **Development of Image:** raising awareness; enhancing the global perception of the North of the UK as an excellent place to visit, work, invest, study and live.
- **Uplift to exports:** providing a focus to accelerate the growth in the export of both goods and services. Encouraging companies new to exporting to explore markets for the first time as well as assisting experienced exporters to increase the value of their international business through a linked support programme.
- **Securing inward investment:** providing a focus to expand inward investment into the region.
- **Increasing Tourism and direct visitor spend:** As well as core visitor spend a complementary month long cultural programme will attract visitors and play an important part in our long term positioning strategy influencing international tour operators and the business tourism market.

The International Festival of Business will be hosted in a hub of three locations at the core of the City Region: the hugely successful Arena and Convention Centre Liverpool, the International Trade Centre Wirral and a proposed iconic investment centre in North Liverpool to promote investment in the City Region. The LEP will work with SMEs throughout the City Region, to ensure that they are export ready and prepared to seize the opportunities the Festival presents. The tangible outcome for Government's investment will be some £100m economic growth and a transformed international perception of the business base of the North of England.

City Region Offer to Government	City Region Ask of Government
<ul style="list-style-type: none"> <li>• Deliver a National Enterprise Conference in Liverpool in Spring 2013</li> <li>• Deliver the International Festival of Business in 2014, providing ⅓ cost from private and local public sources</li> <li>• Generate a return on the investment of Government of more than £100m over five years</li> <li>• Commission additional export support for SMEs to prepare themselves for trade opportunities</li> <li>• Commission an independent evaluation of the economic impact of the festival</li> </ul>	<ul style="list-style-type: none"> <li>• Endorse and actively support the delivery of the event as a major focal point of UK business and investment strategy, providing a letter of support from the Prime Minister</li> <li>• Commit Senior Ministerial attendance to the Festival</li> <li>• Fund £5m to the overall cost conditional upon the achievement of agreed level of economic impact</li> <li>• Commit senior Civil Service time to the delivery of the project</li> </ul>
<p><b>Estimated Impact</b></p> <ul style="list-style-type: none"> <li>• £100m additional economic activity in 5 years</li> <li>• Increase in the competitive advantage of the City Region</li> </ul>	

## **Accelerating Investment in the Low Carbon Economy**

### **The Economic Opportunity**

The City Region's proximity to the Irish Sea together with its port and marine infrastructure provides a unique opportunity to deliver offshore wind and energy projects. For example, in 2011 RWE Innogy and Cammell Laird signed contracts valued at £8m and projections show that this sector could easily grow to more than £100m in the next five years. In addition the value of the 1,000 wind turbines planned for the Irish Sea Round 3 are estimated to be in the region of £18bn (Arup, 2010) and with an industry calculation of 4.5 jobs per installed turbine (Renewables UK), capturing a share of this market will bring immediate jobs, but also open up supply chain and export opportunities in this expanding industry.

### **Barriers to Growth**

With the River Mersey at its heart, the City Region is an area of great beauty and has many conservation designations, including 19 SSSIs and 13 Natural 2000 Sites. We wish to balance our economic, social and environmental objectives but our private sector investors tell us that they currently face significant delays on regulatory and planning decisions which act as a barrier, or ultimately prevent investment. For example:

- the construction of temporary quayside infrastructure to support major low carbon energy investment (£500,000 of investment) has taken 17 weeks from a valid submission with no timetable for a MMO decision;
- a planning application for coast defence works taking nearly 11 months instead of the 13 week EIA deadline due to lack of interaction and clarity at the early stages as to what information was required. This led to the timescale for responses being restarted each time more detail was requested from the applicant;
- an application delayed due to advice from regulatory agencies being unclear, internally inconsistent and ill-founded.

These delays are due to information and process issues within the main Regulatory Bodies, lack of clarity and responsiveness from the local planning authorities and, in a significant number of cases, delays and unsatisfactory responses from the private sector developers deriving from confusion and uncertainty within the process.

### **The Solution**

We will invest in and deliver proactive development processes and we seek Government support to improve the responsiveness of the Regulatory Agencies (including Natural England, the Environment Agency, the Marine Management Organisation). This will lead to clearer expectations from the private sector resulting in more efficient overall regulatory processes without compromising regulatory objectives – delivering shorter timescales for decisions, lowering costs and increasing the attractiveness of the UK for investment.

### **The Offer**

- We will accelerate delivery of those actions within the National Planning Policy Framework (NPPF) that fall to the Local Authorities, including trialling a brokerage system to support and engage the private sector, co-ordination of local and national agencies, early engagement of statutory consultees and regulatory bodies and local communities, and investment in a robust environmental evidence base agreed with statutory consultees and regulatory agencies.
- Evaluation of the approach so that other sub-regions can streamline processes.



- Support investment into the sector by committing resources to develop a Green Investment Bank pipeline of projects and by using enhanced capital allowances (ECAs) to secure prime investments in the offshore wind sector within the City Region.

**The Ask**

- Government to carry out the actions within the NPPF that fall within their remit at an accelerated rate. Actions to support this include: effective pre-application engagement; the provision of a single environmental account manager to provide a co-ordinated view from the regulatory agencies, enabling an integrated approach to Habitats Regulations Assessment (HRA); and for those regulatory agencies to meet the 13 week requirement to deal with low carbon planning applications within the City Region.
- Designate CORE status to the City Region.
- Commit 10 days resource to support the development of the Green Investment Bank (GIB) pipeline and links to appropriate financial advisors.
- Grant ECA status to an extension of the Enterprise Zone to facilitate and accelerate investment in the offshore energy industry.

<b>City Region Offer to Government</b>	<b>City Region Ask of Government</b>
<ul style="list-style-type: none"> <li>• Accelerate delivery of those actions within the NPPF that fall to Local Planning Authorities and commit to removing barriers to the development process by taking forward the following actions:               <ul style="list-style-type: none"> <li>• provision of a senior environmental account manager and Merseyside Environmental Advisory Service (MEAS) to work with applicants and statutory/regulatory bodies to provide end to end co-ordination of the regulatory processes including HRA and planning;</li> <li>• Local authorities working with the LEP to invest in an up-to-date environmental monitoring baseline to enable clear and quick measurement of the likely impact of proposals;</li> <li>• co-ordination of activity with the national Regulatory Agencies including provision of office space for the Regulatory Agencies' Accounts Manager within the LEP and MEAS;</li> </ul> </li> <li>• Provide a brokerage support service to private sector applicants to ensure they understand the requirements government seeks at the earliest stage;</li> <li>• LCR to provide an evaluation and report to Government on the benefits and impacts of the approach, including a single HRA process and reports for dual consents as agreed with the regulatory authorities.</li> <li>• Engage the voluntary sector and local communities in planning issues to inform a strengthened environmental baseline;</li> </ul>	<ul style="list-style-type: none"> <li>• Commit national regulatory agencies to accelerating the implementation of NPPF including:               <ul style="list-style-type: none"> <li>• appoint a single Environmental Accounts Manager to provide a co-ordinated view (from NE, MMO, EA, as outlined in Defra's Red Tape Challenge, Environment Theme);</li> <li>• ensure that a single Habitats Regulation Assessment report is prepared for all major LCR low carbon energy projects;</li> <li>• invest in the environmental monitoring baseline in partnership with the LCR authorities</li> <li>• NE to provide up-to-date Citations and Notification packages including revised Conservation Objectives that cover all the qualifying features of the Natura 2000 sites within the LCR by end 2013.</li> </ul> </li> <li>• Regulatory agencies to successfully complete consultative and advisory duties on all low carbon planning applications within the LCR within 13 weeks (starting from first submission of application) in line with the Government's Red Tape Challenge (and agreed by Natural England and Environment Agency) and to report by exception to the Cities Minister.</li> <li>• Allow an integrated consenting process to be developed for LCR marine/ energy projects, formalising an agreed timetable and data requirements for MMO and local planning authorities, giving a clearly understood process for private sector applicants. Government to promote the LCR Pilot</li> </ul>

<b>City Region Offer to Government</b>	<b>City Region Ask of Government</b>
<ul style="list-style-type: none"> <li>• Commit 4 FTE staff/partners for a minimum of 10 days to develop a green investments pipeline that meets the requirements of the Green Investment Bank and to follow up work as required;</li> <li>• Use innovative local financial models to enable packages of investment to come forward e.g. Chrysalis (JESSICA)</li> <li>• Use Enhanced Capital Allowances to secure prime investment into the offshore wind sector within the City Region.</li> </ul>	<p>approach nationally.</p> <ul style="list-style-type: none"> <li>• Confirm designation of the LCR as a Centre of Offshore Renewable Engineering.</li> <li>• Allocate dedicated support (10 days) to work with the LCR to structure investment ready packages for consideration by the Green Investment Bank.</li> <li>• Grant Enhanced Capital Allowance status to part of the Cammell Laird site as an extension of the existing Enterprise Zone whilst complying with pre-agreed financial limits.</li> <li>• Grant enhanced customs warehouse status for the International Trade Centre.</li> </ul>
<p><b>Estimated Impact</b></p> <ul style="list-style-type: none"> <li>• £100m private investment in next 5 years</li> <li>• Creation of 3,000 jobs over 10 years</li> </ul>	

## A Deal for Jobs and Skills

The City Region has the economic assets, opportunities and latent growth potential for businesses to create 100,000 jobs over the next decade but it will be held back unless a distinct set of challenges and inhibitors in our employment and skills system are addressed.

With the agreement of this Deal the City Region will increase employment by combining public and private investments and empowering our businesses to create more jobs, tackle skills gaps and raise productivity. This will:

- Bring together £81million of public and private sector investment delivering business-led skills for growth;
- Create a skills system that keeps pace with structural economic rebalancing;
- Reduce long-term youth unemployment by half within 3 years.

The City Region's Employment and Skills Board, accountable to the LEP and City Region Cabinet, brings together business, providers and Government Agencies and has a strong track record of delivery. Working collaboratively across the labour market area has delivered a number of successes, for example almost eradicating the City Region's Level 2 qualification deficiency from 6% in 2004 to just 2% in 2010. In this last year the City Region created more Apprenticeship opportunities for young people than ever before through a business-led campaign, resulting in 10,000 Apprentices in 10½ months.

Building on this momentum our proposition is to create a simplified and liberated 'skills for growth' system to drive forward growth and meet the local businesses needs. The key headlines of this Deal include:

- **10,000 Additional New Jobs Created with SMEs** – from a unified job creation investment fund for Small and Medium Size Businesses;
- **The Skills for Growth Bank** - an employer-owned mutual to simplify skills funding through grants and loans to businesses. Unlocking £20m skills co-investment from the Private Sector and allowing businesses to reshape the skills system to deliver 6,000 Apprenticeships, help 7,400 people into work;
- **Significant improvement to the effectiveness of the skills system** - by piloting a 'payment by results' approach to adult skills. Where providers are rewarded when their services get people into work or on in work.; and
- **Reducing long-term youth unemployment by half in three years** – by Government supporting directly (and through its contracts) the recommendations of an ESB commissioned Youth Unemployment Task Force.

### Our Challenges

For too long the employment and skills challenges we face have been looked at as needing a supply-side push rather than a demand-side pull. An over-reliance on combating unemployment by preparing people for work in a manner that is too far removed and independent from business growth. Our most immediate challenge remains a need to use all available means at our disposal to grow private sector jobs.

The City Region is making progress in overcoming long term structural issues, but skills gaps remain the most severe in the country and this has knock on effects to productivity

and the attractiveness of the City Region as an investment opportunity. Some 43% of the City Region's businesses report specific skills gaps; this is particularly acute in growth occupations such as Engineers and Chefs. To meet England averages we would need:

- 16,060 more Level 2 qualifications;
- 48,159 more Level 3 qualifications
- 67,065 more Level 4 qualifications; and
- 28,234 fewer people with no qualifications.

It is not just the sheer scale of this skills gap but the disjoint between training given to individuals and the skills needed by businesses. Enrolments remain high for sectors in structural decline and low for industries experiencing growth: for every individual that enrolls on a Maritime course there are 46 people enrolling on Hair and Beauty courses (2009/2010). In general terms, individuals choose courses that interest them rather than those that may have a more demonstrable impact on their economic productivity. As public resources tighten and growth opportunities arrive this is a luxury we may not be able to afford.

The rebalancing of skills investments needs to move at the same speed as our economic rebalancing. The ESB is increasing the depth and breadth of provider and business partnerships with 'Skills for Growth Agreements' between businesses, schools and providers; but unless businesses have a stronger role in determining skills investments the mismatch of provision will continue to inhibit growth.

Public funds alone will not be enough to unlock the step change in skill levels we need. Current mechanisms for co-investment are inefficient as businesses spend their money with different service providers than Government. To obtain greater impact we need to get public and private investments working together.

Our skills gap and historically low job density translate into significant challenges around worklessness, with 54,356 people registered as unemployed (Jobseekers Allowance) and a further 102,680 on Incapacity Benefit/Employment Support Allowance. Across all age groups, unemployment and benefit dependency remains much higher in the Liverpool City Region than almost anywhere else. This is particularly acute in the challenges facing young people trying to get a foothold in the labour market, the youth unemployment rate is nearly 50% higher in the City Region than the England Average. To avoid a lost generation we need to become much better at breaking down departmental and geographic boundaries to tackle unemployment in a way that fits with travel-to-work patterns and not local and national administrative constructs.

### **Current Employment and Skills Investments**

We estimate that public sector investment in jobs and skills totals at least £150m per year, coming from a variety of local, national and EU funding streams and creating a provider-base of over 400 organisations. In far too many cases the look and feel of each of these programmes is driven by the offers providers choose to make and the restrictions of different funding streams. Those who stand to benefit most from investments are not sufficiently empowered to drive the allocation of resources.

Current arrangements for EU funding in the City Region are fragmented, disjointed and compartmentalized across separate Whitehall Departments. The result is that European Social Fund has been used by Central Government for top-down initiatives with limited

opportunity for local partners and the LEP to articulate what is needed and critically what is already being funded.

Information on what works is far from transparent, which limits our collective ability to buy the best performing services to help residents get back to work. Currently the ESB is overseeing local investments of £12.6m to tackle worklessness through ESF. If, along with Government and Work Programme Primes, we were able to share what works, we would all be better placed to invest more effectively. DWP in particular should work across the whole labour market area to prioritise and agree its resources alongside the ESB.

There are a number of local and national employer incentives working independently and frequently overlapping (leading to deadweight). These vary from £1,500-£9,000 per individual and are distorting the market. If unified and targeted they could act as a significant job creation tool to deliver many new and additional jobs in small businesses. This would avoid confusion, duplication and deadweight. We are looking for Government to devolve this funding to create a unified job creation investment fund to streamline processes, reduce bureaucracy and simplify incentives for businesses.

In short, Government locally, nationally and EU-wide has created an overly bureaucratic system and there is too much of a separation between funder, supplier and customer – our deal seeks to empower individuals and businesses to lead the transformation of employment and skills investments.

<b>Ask 1: Bring together £81m of investments and incentives to help businesses create more jobs, address skills gaps and increase productivity</b>	
<p><b>Liverpool City Region will:</b></p> <ul style="list-style-type: none"> <li>• Create the UK’s first Skills for Growth Bank. A business-owned mutual to unify public and private sector employment and skills investments, subsidies and incentives.</li> <li>• Invest up to <b>£1m</b> to create and mutualise the ‘Skills for Growth Bank’</li> <li>• Create ‘The Marketplace’ – an online price and quality comparison tool for skills training and co-investment by businesses.</li> <li>• Invest <b>£15m</b> in the provision of incentives to SMEs to create additional jobs and Apprenticeships.</li> <li>• Establish standardised non-competing Job Creation and Apprenticeship employer incentives with the City Region. Simplifying the landscape, eliminating deadweight and reducing bureaucracy.</li> <li>• Leverage <b>£20m</b> of commercial skills co-investment through The Bank.</li> <li>• Create 10,000 new jobs with SMEs</li> <li>• Deliver 6,000 Apprenticeships and place 17,400 people into work</li> </ul>	<p><b>UK Government will:</b></p> <ul style="list-style-type: none"> <li>• Endorse the approach in the LEP’s application for £30m of Employer Ownership Pilot Funds to create the UK’s first Skills for Growth Bank Mutual, which provides the framework for the other asks in this section</li> <li>• Devolve 3,000 Apprenticeship SME Grants and extend the period of delivery by an extra year – <b>(£4.5m over 2 years)</b></li> <li>• Encourage Work Programme primes to co-invest their employer incentives into this unified pot and allow flexibility in how they are granted in return for proportionate outcomes <b>(£4.5m over 3 years)</b></li> <li>• Co-invest residual ESF and other DWP resources (e.g. Flexible Fund, Work Choice Subsidy) in this fund <b>(£6m over 3 years)</b></li> </ul>

<b>Ask 2: Create a skills system that keeps pace with structural economic rebalancing</b>	
<p><b>Liverpool City Region will:</b></p> <ul style="list-style-type: none"> <li>• Invest £0.5m to create a Labour Market Information Service to deliver high quality labour market information to help employment and skills providers reshape their services</li> <li>• Work with the SFA to develop a robust 'payment by results' pilot methodology</li> <li>• Align local skills and employment investments to the same 'payment by results' formula to avoid market distortion.</li> <li>• Pilot an approach to 'Innovation Coding' to free providers to respond quicker to growth.</li> <li>• Challenge all deliverers of skills and employment services to perform better.</li> </ul>	<p><b>UK Government will:</b></p> <ul style="list-style-type: none"> <li>• Design, test and pilot a 'payment by results' system within elements of Adult Skills Funding in the Liverpool City Region: this will link the payments providers receive to the employment and wage gains of the individuals they provide services to. Movement from designing and testing to full scale will require Ministerial and City Region agreement in advance of the 2013-14 academic year.</li> <li>• Or, instruct the SFA to work with the ESB to use price as lever to make the skills market more responsive to economic needs.</li> <li>• Expand the Innovation Code pilot to cover new Apprenticeships at Levels 3 and 4.</li> </ul>
<b>Ask 3: Help us to reduce long-term youth unemployment by half in three years</b>	
<p><b>Liverpool City Region will:</b></p> <ul style="list-style-type: none"> <li>• Mobilise our civic and business leadership to support this shared cause</li> <li>• Publicly commit to the achievement of this target</li> <li>• Commission a Youth Unemployment Task Force</li> <li>• Continue to resource governance arrangements that bring supply and demand together.</li> </ul>	<p><b>UK Government will:</b></p> <ul style="list-style-type: none"> <li>• DWP to designate the Liverpool City Region as a Contract Package Area for future commissioning. Making its district and contracting relationships co-terminus with our natural economic area.</li> <li>• Formally recognise the ESB as the single voice and strategic lead for employment and skills.</li> <li>• Pilot 'customer choice' in the Work Programme</li> <li>• Improve accessibility to New Enterprise Allowance by lowering eligibility to 3 months JSA/ESA and permitting delays in Work Programme trigger points to allow sufficient time for business ideas to be explored.</li> <li>• Give cross-departmental support to the creation and recommendations of an ESB Youth Unemployment Task Force chaired by Jobcentre Plus District Manager. Work Programme prime contractors should also be encouraged to be involved.</li> </ul>
<p><b>Estimated Impact</b></p> <ul style="list-style-type: none"> <li>• £81m targeted investment</li> <li>• 6,000 additional Apprenticeships</li> <li>• 17,400 unemployed people into work</li> <li>• Long term youth unemployment halved in 3 years</li> </ul>	

## **Improving Transport Connectivity**

The Liverpool City Region has considerable potential for economic growth and a bespoke offer in terms of transport infrastructure, systems and skills.

This offer includes: the SuperPort incorporating major logistics hubs such as 3MG, the Atlantic Gateway and the proposed Mersey Gateway; an extensive motorway network providing links to all other parts of the UK and Europe; Manchester International Airport and Liverpool John Lennon Airport, one of the fastest growing airports in the country; the Mersey Tunnels; Mersey Ferries; comprehensive local bus networks; and a strategic rail network that links both passengers and freight to all other parts of the country. The City Region also has an enviable history of successfully delivering sustainable transport schemes and initiatives.

The City Region's vision is to ensure these assets are developed sustainably and to their true potential, so as to ensure all its communities have access to jobs and education; and to enable businesses to thrive because of their ability to move people, goods and services quickly and efficiently both within the UK and overseas.

We must also ensure that our Enterprise Zones have the necessary transport infrastructure in place to allow them to reach their full potential for job creation and become centres of national and international renown.

To do this, the City Region must ensure that all transport activity is effectively coordinated and that decision making is fully joined up at the strategic level, with any current real or perceived 'disconnects' being removed. Transport must meet the needs of both the public and private sector and it must be integral to LEP decision making, underpinning the City Region's key priorities. The City Region also sees itself leading a multi-agency transport group with Network Rail and Highways Agency to ensure the agencies regulating and delivering transport infrastructure work collectively and collaboratively, to remove delays and bureaucracy. A transport governance review is a key element of the city region's offer to government.

It is self-evident that HS2 would benefit Liverpool enormously if the city is directly on the HS2 map. This is particularly relevant in respect of the capacity for, and the movement of, freight, goods and people. Should this not be possible, reassurance from government is sought that Liverpool's rail connectivity to London and the south east will be substantially enhanced via 'classic-compatible' high speed running into Liverpool, to ensure that Liverpool's economic competitiveness is not disadvantaged in relation to Manchester and other areas.

There remains a need for long term economic rebalancing and transformation, to make significant and enduring changes in the competitive balance of the North. Government, in conjunction with Network Rail, are asked to expand and accelerate the scope for the Northern Hub rail project, to better connect Liverpool, Manchester and Leeds. There is also a need to work with DfT, northern PTEs and northern local authorities on the development of a single Northern Rail franchise with devolved powers to the PTEs concerned to operate and to develop services.

The Access to the Port of Liverpool study considered the implications of port expansion on the local transport network, the potential for transfer of port related traffic to rail or water and the transport access options to accommodate the predicted growth. Alongside support for shorter term measures such as rail based and water based transport, which will need to be developed in partnership with the DfT and other agencies, there will still be a need to provide a long term highway intervention. This will include working with bodies such as Network Rail and the Highways Agency on option appraisal and scheme development work.

Greater freedom and flexibility is sought with existing funding sources, to support the delivery of the City Region's priorities, e.g. the devolution of Bus Services Operators Grant, targeted revenue freedoms with LTP block funds to support measures that improve competitiveness, and a strategic dialogue with government to align funds from other government departments and agencies for transport purposes, where this would support the growth of the city region's economy. Similarly, appropriate powers need to be devolved to a local level e.g. in respect of Quality Contract decision-making powers over bus.

City Region Offer to Government	City Region Ask of Government
<ul style="list-style-type: none"> <li>• Review transport governance to establish a single strategic transport body for the City Region by 31/12/12, and to produce a coherent transport strategy to support the wider economic development and growth of the LCR. This will include support from government to achieve the above and to:-               <ul style="list-style-type: none"> <li>○ Devolve enhanced transport powers to the City Region, e.g. the devolution of bus Quality Contract-making powers from the Traffic Commissioner to a local level;</li> <li>○ Establish and support the multi-agency Transport Group to include DfT, Network Rail and the Highways Agency.</li> </ul> </li> <li>• Establish an £850 million City Region Transport Investment Programme over the next 10 years combining               <ul style="list-style-type: none"> <li>○ £350 million of committed investment up to 2017 for schemes such as                   <ul style="list-style-type: none"> <li>▪ The Mersey Gateway</li> <li>▪ Silver Jubilee Bridge</li> <li>▪ Thornton to Switch Island Link Road</li> <li>▪ Improvements to Liverpool Central station</li> <li>▪ Merseyside and Halton LTP priorities; and</li> </ul> </li> <li>○ A £500 million Strategic Investment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• For Government to work with the City Region on specifying the details, timing and funding to take forward the Next Steps recommendations identified in the Access to the Port of Liverpool Study</li> <li>• Fund and support the delivery of the Northern Hub, and support improvements to city region rail connectivity via key priorities such as the Halton Curve and the Bootle Branch Line. This will include working with DfT and northern Councils and PTEs and northern local authorities on the development of a single Northern Rail franchise, with devolved powers.</li> <li>• Work with the City Region to ensure that the High Speed 2 rail scheme improves the city region's connectivity, through a direct rail link to Liverpool, or enhanced 'classic compatible' running into Liverpool via a high quality connection from the high speed line.</li> <li>• To work with the City Region to develop new and innovative sources of funding to support local transport interventions, including:-               <ul style="list-style-type: none"> <li>○ Greater freedom to use LTP block funds for revenue purposes. This would be in a targeted way and would be phased, to deliver bespoke solutions that support growth and economic competitiveness, particularly to key employment, educational and training sites. Measures could take the form of travel planning support, better bus access, information, targeted travel concessions and ticketing</li> </ul> </li> </ul>



<p>Fund with a 2022 horizon, made up of:-</p> <ul style="list-style-type: none"> <li>▪ European funding</li> <li>▪ Anticipated Government transport allocations.</li> <li>▪ Private sector contributions.</li> <li>▪ Devolved major scheme funds</li> </ul>	<p>and cycling training and promotion.</p> <ul style="list-style-type: none"> <li>○ The devolution of Bus Service Operators Grant (BSOG), to enable funds to be better matched with core transport funds.</li> <li>○ To develop a strategic dialogue with government to seek to align funds from other government departments and agencies for transport/access-related measures that would support the growth of the city region's economy, e.g. working with DWP to deliver measures that improve access to work and training for job-seekers or new recruits, and working with the Department for Health to sustain and a healthy workforce and reduce the drain of worklessness and ill-health on the economy. Such funding could be included as part of the proposed Strategic Investment Fund, for maximum benefit across the city region.</li> <li>○ Allied to the above would be the devolution of appropriate powers, such as the devolution of bus Quality Contract-making powers from the Traffic Commissioner to a local level</li> <li>○ Devolve Transport Major Scheme funding to the City Region.</li> <li>○ Support from Government for the City Region's Local Sustainable Transport Fund bids and from the Highways Agency's Pinch Point programme, especially where this would support access to the City Region's Enterprise Zones.</li> </ul>
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**Estimated Impact**

Transport measures are established economic enablers and support economic growth through reduced congestion, access to labour, better and more reliable journey times and reduced costs for employees and businesses.

Looking at wider impacts, improved, cleaner transport networks support the economic attractiveness of the city region, and clean, accessible, well-connected cities are synonymous with prosperous cities.

Reducing the adverse health impacts of transport will impact positively on the city region's worklessness levels and on absences from work, with associated economic benefits.

## Harnessing the City Region’s Science and Knowledge Assets

The Liverpool City Region is home to a wide range of nationally and internationally world class knowledge based assets. Over the past decade employment in knowledge intensive business in the City Region has grown by over twice the rate of the rest of the economy. The growth of the Knowledge and science sector is central to the Liverpool City Region’s vision of creating a thriving economy with world-class aspirations. This part of the Deal aims to secure more effective application of these assets, thus creating more jobs, higher productivity and higher GVA.

Daresbury Science and Innovation Campus (DSIC) is one of only two centres in the UK (along with Harwell Oxford) for ‘big scale’ science. The critical importance of the development of the DSIC for the long-term economic growth of the North and the UK as a whole is well-known. It is complementary to the Manchester and Liverpool economies along the Atlantic Gateway, providing a collaborative, innovative and entrepreneurial science and business environment. The DSIC campus model acts as a powerful magnet for over 100 high growth knowledge and international companies, including IBM, BAE Systems, Perkin Elmer and Rapsican Systems, with over 100 technology companies already on site. These companies have grown by 37% per year over 4 years. The site development plans will lead to over 1m m<sup>2</sup> high quality office space, laboratory, and workshop facilities; which will deliver £217m of GVA annually, lever £156.7m of private sector investment and create 10,000 high value jobs.

Complementary to Daresbury, the Liverpool Knowledge Quarter (LKQ) is a remarkable concentration of internationally renowned, high quality knowledge economy assets and activity including Life Sciences and Physical Sciences; Biotech Manufacturing and Research and Development. The institutions which form the core of the Liverpool Knowledge Quarter – including the Universities, Royal Liverpool University Hospital, Liverpool Science Park and Liverpool School of Tropical Medicine – support more than 14,000 fulltime equivalent jobs. The impending redevelopment of the Royal Liverpool University Hospital and expansion of the internationally renowned School of Tropical Medicine provides an opportunity to accelerate the development of this strength for the benefits of the national economy, and this forms part of one of the Mayoral Development Zones approved as part of the Liverpool City Deal.

City Region Offer to Government	City Region Ask of Government
<p>Liverpool City Region and Daresbury Science and Innovation Campus will develop a long term complementary productive working relationship, through the Liverpool Knowledge Economy Group and Daresbury’s strategic relationship with HEIs in the City (and the LEPs for Greater Manchester, Cheshire and Warrington) , to support leading edge innovation and its translation into goods and services to:</p> <ul style="list-style-type: none"> <li>Secure £600m of investment; create and sustain 12,000 new jobs through the successful delivery of the</li> </ul>	<p>To work with the City Region on investment in priority science areas at Daresbury over the next 2-4 years to realise:</p> <ul style="list-style-type: none"> <li>ICE-CSE phase 2 (£25M): this second phase of hardware investment would build on and strengthen the first phase investments in ICE-CSE that are now in place. It would allow us to install two supercomputers of novel design which are likely to grow in commercial importance over the next decade as relatively cheap ways to achieve very high level performance.</li> <li>CLARA (£35M): STFC invested £2.5M in the</li> </ul>

<p>Daresbury master plan, a Joint Venture with the Science Technology Facilities Council and Langtree Group. The first phase of £19m infrastructure will deliver technical space, improve the power supply and the physical access and will lead to 125,000 sq foot of high quality office space completed, creation of 1,010 new jobs and 30 new businesses.</p> <ul style="list-style-type: none"> <li>• Create a pioneering Daresbury SciTech Economic Investment Fund to promote wider economic regeneration within the area, notably to attract and support investment in world class science (namely, accelerator science, computational science and super-stem) at Daresbury.</li> <li>• Ensure that the delivery of the Investment and Action Plan for the Knowledge Quarter Mayoral Development Zone (MDZ) including Flagship projects such as the Liverpool BioInnovation Centre, the redevelopment of the Royal Liverpool and Broadgreen University teaching hospital, the expansion of the School of Tropical Medicine and the opening of Liverpool Science Park's third building.</li> </ul>	<p>Electron Beam Test Facility at Daresbury in 2010, which provides the first stage of an electron particle accelerator together with two laboratories for use by industrial and business users. The CLARA (Compact Linear Accelerator for Research and Applications) project builds on this investment and extends it by installing a cutting edge electron accelerator occupying the full SRS Outer Hall at the Daresbury Laboratory. CLARA was identified as a very high priority by STFC's accelerator review board in 2011.</p> <ul style="list-style-type: none"> <li>• Government to provide strategic support to the Mayoral Development Corporation (MDC) and HEIs to ensure the delivery of the Bio Campus alongside the Science Park and Innovation Park as key economic generators with the knowledge sector.</li> <li>• UKTI to engage in constructive dialogue with the Mayor of Liverpool to raise the profile of the Knowledge Quarter MDC and position the MDZ to secure flagship projects, and anchor tenants for this world leading agglomeration of sites.</li> </ul>
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<p><b>Estimated Impact</b></p> <ul style="list-style-type: none"> <li>• £19m investment (Daresbury)</li> <li>• £28m investment (BioInnovation Centre)</li> <li>• 1,010 jobs (Daresbury phase 1) and 900 high tech/high value jobs (BioCampus short term)</li> </ul>
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## Liverpool City Region Investment Framework

For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. The development of the Liverpool Arena and Convention Centre generating in excess of £300m to the visitor economy is a prime example of this approach. A pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Enterprise Zone and Growing Places funds. This approach includes the following:

- All of the uplift of business rates from the Sci Tech at Daresbury Enterprise Zone will be focused on wider development of the site and of the companies based there. For example, Phase 1 investment of £6.5m will set aside to deliver the first phase of infrastructure works and will lead to the provision of £19m of infrastructure being provided in subsequent phases;
- 50% of the uplift of business rates from the Mersey Waters Enterprise Zone will be available to the LEP for strategic economic development;
- The Chrysalis Fund of £30m is the City Region's JESSICA fund, promoting a recycling fund which is available to support wider investments. This is currently oversubscribed with projects such as the Exhibition Hall at the Arena and Convention Centre;
- The first wave of Growing Places funding has been allocated to 7 projects which are due to unlock £430m investment to create 3,800 jobs, build 1,500 homes and 320,000 m<sup>2</sup> commercial and industrial floorspace;
- The plans to create a Transport Infrastructure Investment Fund of £850m are covered in the transport section; and
- The City Region has an ambitious local housing investment plan which has been approved by the LEP and all the Local Authorities.

By bringing together public funding streams and the ability to make local decisions on these priorities, the Liverpool City Region can ensure that resources are invested in ways that will have maximum impact on the economy. This will be underpinned by the production of a clear and transparent City Region Investment Framework, with decision making through the LEP.

The City Region is already integrating our Regional Growth Fund (RGF) submissions to ensure a complimentary approach to investment in creating jobs. Submissions will be made in June. The LEP itself will submit a bid to ensure that businesses requiring capital investment of less than £1m (and who could not themselves apply alone to RGF) can access funds that will create jobs and secure private sector investment. The known private sector led bids in the City Region would see £2.9m of RGF matched by private monies of ca.£12m. The aim however would be to create a programme of £7m - £12m that could be flexibly deployed to allow resident businesses to expand and international businesses to locate in the City Region.

The City Region already has a track record in managing and operating EU programmes; this has been developed over three EU programmes with a value of £3.2bn, of which £1.6bn came from ERDF and ESF. We are well on with delivering the current £240m ERDF Operational Programme and through the LEP in determining the priorities for the remaining £30m of this current resource.

However, current arrangements for the management of EU funding are fragmented and disjointed, with the Structural Funds in the UK managed by various Government departments which all use different and un-connected operational programmes, governance arrangements, administration structures, and application / claims / payment / audit processes. Therefore, our 'ask' is for Government to establish a dedicated ERDF and ESF Operational Programme that delegates future EU funding for 2014 - 2020 to the City Region for agreed investment priorities.

The City Region's experience during 18 years of EU funding is that outcomes are improved by taking an integrated partnership based approach to investment. Combining and consolidating ERDF and ESF with local and national investment in a single programme creates greater impact and ability to leverage funds. This joining up of partners, funding streams, and timescales focuses resource on priority actions and outcomes, results in more effective delivery, improved results and reduced costs.

As a potential transition region the Liverpool City Region will receive a substantial allocation of ringfenced EU funding for the 2014 – 2020. The City Region has the experience, expertise and capacity to directly manage this resource and believes that delegating ERDF and ESF funding to the City Region in a single integrated Operational Programme is the most effective way of managing and delivering this EU funding. This approach will ensure that EU funding is directed at LEP strategic priorities, will maximise opportunities for local match funding, complement the Liverpool Mayoral Deal, and be a practical demonstration of Government's localism agenda. It would also lead to a programme that was much more targeted on local priorities and deliver at least 10% efficiencies in programme running costs.

<b>City Region Offer to Government</b>	<b>City Region Ask of Government</b>
<ul style="list-style-type: none"> <li>• Manage and deliver a dedicated ERDF and ESF Operational Programme for the City Region, and is willing to become Managing Authority to achieve this.</li> <li>• Total infrastructure for Phase 1 of Daresbury EZ will reach £19m.</li> <li>• 50% of the uplift of business rates from the Mersey Waters Enterprise Zone will be available to the LEP for strategic economic development.</li> <li>• Produce a City Region Investment Framework, including detailed criteria, with strategic decision making through the LEP.</li> <li>• City Region RGF Programme Bid.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a dedicated ERDF and ESF Operational Programme that delegates EU funding for 2014 - 2020 to the City Region for agreed investment priorities.</li> <li>• A commitment to explore with the City Region investment in priority science areas at Daresbury over the next 2-4 years.</li> <li>• Endorse the Investment Framework approach.</li> <li>• RGF Programme bid to be allocated to the City Region and invested as part of the overall Investment Framework.</li> </ul>
<p><b>Estimated Impact</b></p> <ul style="list-style-type: none"> <li>• Strategic investment to deliver the City Region's growth priorities</li> <li>• Reduction in bureaucracy at both the national and local levels with a more effective appraisal and due diligence process</li> <li>• Lower overheads for appraisal and monitoring with savings for Government departments</li> </ul>	

## Glossary

3MG	Mersey Multimodal Gateway
BRIC	Brazil, Russia, India, China
BSOG	Bus Services Operators Grant
CLARA	Compact Linear Accelerator for Research and Applications
CORE	Centre of Offshore Renewable Engineering.
DEFRA	Department for Environment, Food and Rural Affairs
DfT	Department for Transport
DSIC	Daresbury Science and Innovation Campus
DWP	Department for Work and Pensions
ECA	Enhanced capital allowance
EA	Environment Agency
EIA	Environmental Impact Assessment
ERDF	European Regional Development Fund
ESB	Employment and Skills Board
ESF	European Social Fund
EU	European Union
FTE	Full time equivalents
GIB	Green Investment Bank
GVA	Gross Value Added
HEI	Higher Education Institutions
HRA	Habitats Regulations Assessment
HS2	High Speed Rail Line 2
ICE-CSE	International Centre of Excellence in Computational Science and Engineering
JESSICA	Joint European Support for Sustainable Investment in City Areas, a revolving fund which makes loans to projects
LCR	Liverpool City Region
LEP	Local Enterprise Partnership
LKQ	Liverpool Knowledge Quarter
LTP	Local Transport Plan
MDC	Mayoral Development Corporation
MDZ	Mayoral Development Zone
MEAS	Merseyside Environmental Advisory Service
MMO	Marine Management Organisation

NE	Natural England
NPPF	National Planning Policy Framework
PFI	Private Finance Initiative
PTE	Passenger Transport Executive
RGF	Regional Growth Fund
SFA	Skills Funding Agency
SMEs	Small and medium sized enterprises
SRS	Synchrotron Radiation Source
SSSIs	Sites of special scientific interest
STFC	Science and Technology Facilities Council
UKTI	UK Trade and Investments

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