

# **Liverpool City Region**

# **Multi-Area Agreement**

**Working draft**

**22<sup>nd</sup> September 2008**

# 1. Introduction

## 1.1 About this document

This document presents the 'Story of the Liverpool City Region'. It demonstrates the substantial progress that the City Region is making towards reaching its economic ambitions, as well as reflecting on the challenges and opportunities that still remain.

Meeting our economic aspirations will not be achievable by 'continuing business-as-usual'. To really accelerate economic growth, the Liverpool City Region will need to have stronger alignment with growth sectors within the UK economy, and make the most of its own competitive advantages in the global economy. The document sets the context for a new partnership between City Region partners, the NWDA and Government: a Multi-Area Agreement – a long-term joint commitment to working together to achieve more.

## 1.2 Geography

The Liverpool City Region MAA covers the boroughs of Halton, Knowsley, Sefton, St Helens, Wirral and the City of Liverpool. The combined population of this area is around 1.5 million people and it forms the core of a more extensive economic zone of influence of over 2 million people that extends into West Lancashire, Warrington, West Cheshire and parts of North Wales.



## 1.3 Strategic context

This document is not intended to replay or replace existing strategies or action plans. The City Region has a clear vision of what it aims to achieve, underpinned by a well established evidence base, and a commitment from partners to align resources against clearly identified priorities (see chapter 2). The 'Story of the Liverpool City Region' is, therefore, intended to summarise existing progress and lay the foundation for additional or innovative actions to further accelerate growth or to address barriers to growth.

These additional actions – including key 'asks' of Government – are provided in supplementary, detailed platform papers.

## **1.4 Structure of the Story of Place**

The 'Story of the Liverpool City Region' begins with clearly articulating the vision and aims of the City Region. This is underpinned by a strong evidence base providing details of recent progress made in growing the economy, as well as some of the challenges the City Region still faces. These are found in sections 2- 4.

At the core of our aspirations is a new set of Governance arrangements. These are detailed in section 5.

Sections 6-8 are based around Government's drivers of economic growth: Enterprise, Skills and Investment. Each section demonstrates progress made to date, plans for future development in each of these areas, and any potential barriers to growth.

In addition, the Liverpool City Region has identified three transformational actions that have the potential to deliver a step-change in economic performance over the next 15 years. These are found in section 6. Transport and Housing also underpin success across the Liverpool City Region and the basis for supplementary activities in these areas can be found throughout the document.

## 2. Vision

### 2.1 Vision for the Liverpool City Region

The Liverpool City Region is in a period of renewed optimism and opportunity. Recent economic performance has been strong, with growth over the past five years outstripping the rest of the UK as a whole, the North West and other comparator City Regions. Our collective vision is to:

***“Establish our status as a thriving international City Region by 2020”***

The overall gap in GVA per capita between the Liverpool City Region and the rest of the UK is £6.8bn. In conjunction with Cambridge Econometrics, we have looked at the future economic growth potential of the Liverpool City Region up to 2020. From 2006 – 2020 GVA is forecast to increase by £8.5bn (£17bn in the wider City Region ‘travel to work’ area). In this scenario annual growth exceeds the UK and North West level, going some way to closing the GVA gap. By 2010 the projections indicate that average GVA per head in the Liverpool City Region will also exceed the North West average.

Employment levels are forecast to rise with an increase of 12% by 2020. This will be led by a further consolidation of growth in business and service sectors (increasing by 15,000 jobs). Growth in high value-added sectors is also predicted with a net increase of 11,700 jobs in the Professional Services sector and 4,800 in computing services. Growth is also anticipated in Logistics, Transport and Distribution sectors.

The opportunities arising from building on the growth potential of Knowledge Base and other high value-added sectors underpins the collaborative priorities for which City Region partners are seeking future investment support. Liverpool City Region’s MAA presents the case for Government to share in realising the growth potential of those opportunities to raise GVA levels and close the wealth gap with the rest of the UK.

### 2.2 Aims

To achieve this ambition the Liverpool City Region requires a twin-track approach to sustainable economic growth.

We estimate that £4.2bn of our GVA per capita gap is due to the lack of productivity of existing businesses. This is caused in part by skill levels that are generally lower than the rest of the North West, and lower number of businesses, particularly in high value activities.

***Our first aim is to accelerate growth and substantially close the productivity gap with the rest of the UK.***

A further £2.6bn of the economic gap is caused by the relatively lower scale of economic activity compared to the rest of the UK. A characteristic of the City Region is that this inactivity is concentrated in certain neighbourhoods and these tend to be the same areas as those experiencing acute and long-term problems of multiple deprivation. We are already making substantial progress in providing employment opportunities, underpinned by recent infrastructure investments. However, the challenge is to help people take up these employment opportunities, through giving people the skills they need to work, and to access these job opportunities.

***Our second aim is therefore to reduce worklessness across the Liverpool City Region, providing routes for people to move into work and progress in their jobs.***

### 2.3 Underpinning principles

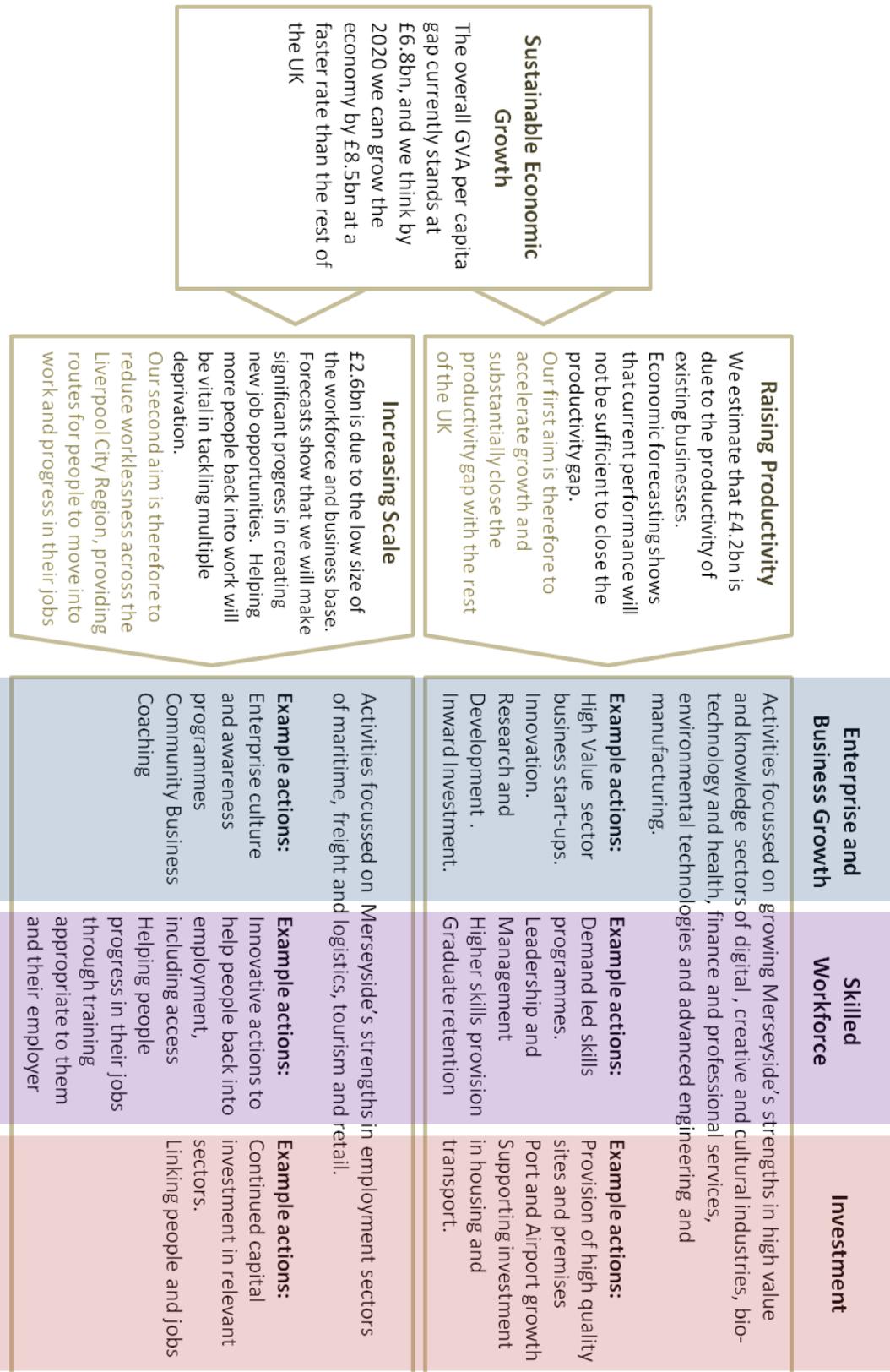
The Multi-Area Agreement is based on key principles that underpin the vision and aims. These are:

- ***Strong Governance and Leadership*** – Existing partnership arrangements across the Liverpool City Region are being formalised as part of this Multi-Area Agreement.

- *Private sector engagement* – Partnership arrangements across the Liverpool City Region require strengthened input from the private sector. In governance terms this includes representation of private sector membership organisations such as The Mersey Partnership and the City Region’s Chambers of Commerce. However, collaboration extends beyond formal representation, and includes a strengthened understanding of employer needs, and the development of programmes that are strongly demand led.
- *Sustainable Development Principles* – both in terms of meeting the North West’s climate change objectives, and ensuring equality of economic growth across all sections of society. This MAA will be subject to a separate sustainability appraisal.

### Achieving Sustainable Economic Growth in the Liverpool City Region

The following diagram articulates the model of sustainable economic growth needed for the Liverpool City Region. It clearly demonstrates the need for a twin track approach, tackling issues of both productivity and size and scale. It also shows how three drivers of growth relate to the overall story of place.



### 3. Economic Evidence Base

#### 3.1 A Recent Renaissance

The economy of the Liverpool City Region has seen some significant improvements over the last 10 years and has contributed to the economic uplift of the wider North West region. In 2005 the total GVA was £17.3bn, representing 16.3% of the North West total. With the inclusion of Halton and Warrington (£6.4bn) this rises to £23.7bn. Over the past five years the size of the economy has grown by over 25%. The City of Liverpool has been a key driver of this growth and accounted for 41% of the City Region's GVA in 2005.

- Gross Value-Added (GVA) per person stood at £12,748 in 2005 and has grown by around 62% over the previous ten years. This is above the national average, and one of the highest growth rates in the UK for comparator urban areas.
- Between 2002–05 productivity increased by over 13% to provide a GVA per job measure of £28,920.
- Between 1995 and 2006 growth in the City Region's business density (VAT-registered businesses per 1,000) was significantly higher than across the rest of the UK at around 20%, compared to the national rate of 13%. The City Region had 27,960 VAT-registered businesses in 2006.
- Economic Activity Rates in 2006 grew to 73.4% and the annual rate of change remained ahead of the North West.
- Over the past 10 years the City Region's employment rate has increased by 5.7% - the greatest level of improvement of any of the comparator metropolitan areas.
- The knowledge-based sector is a major component in driving up the City Region's economic performance. Knowledge-based sectors employ 315,000 (53% of all employment) and have grown by 6.4% since 1998, against 5.1% nationally.

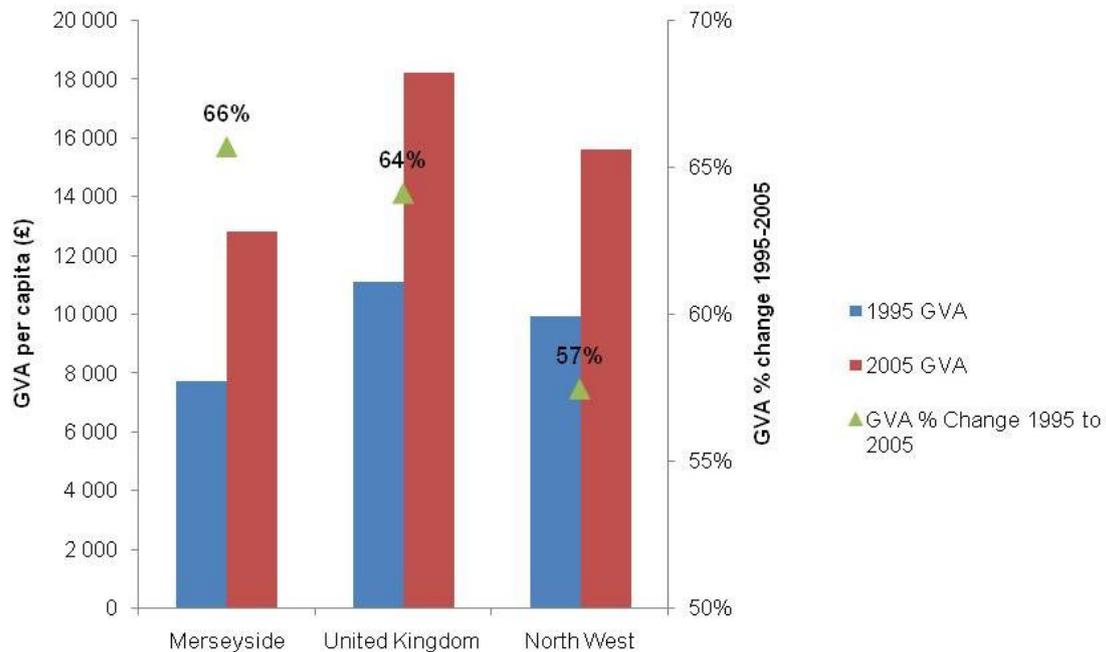
Evidence of long-lasting transformation is also demonstrated by some of the physical improvements found within the Liverpool City Region.

- Significant private and public investment in physical regeneration is bringing a lasting transformation to the look, image and business confidence in the City Region.
- Liverpool European Capital of Culture 2008, along with the area's unique portfolio of cultural, leisure and sporting assets, makes the City Region a destination of choice for tourists, with 4.2 million overnight stays in 2006 contributing around £1.2bn to the sub-region's economy. The city region's combined cultural assets are unique and distinctive and the strongest package outside London, which presents a major opportunity for future economic growth
- Since 2003, almost 7,000 homes have been refurbished, more than 2,000 new homes have been built and a similar number of older homes have been cleared by the NewHeartlands Housing Market Renewal Pathfinder.
- In addition, the Port of Liverpool handles 34m tonnes annually – the seventh largest in the UK. The £160m investment in a new post-panamax container facility has the potential to double the amount of traffic into the Port, supported by access improvements to the Port of Liverpool
- Improved connectivity has been an important driver of the City Region's improving economy. In 1997, Liverpool John Lennon Airport handled under 700,000 passengers. Ten years on LJLA passenger handling has exceeded 5.5m, travelling to and from 14 countries and on 69 scheduled routes.
- We have invested in road and public realm improvement schemes including City Centre Movement Strategy, Bootle Town Centre and the A58 Blackbrook diversion. A new award winning transport hub at Liverpool South Parkway and rail station, interchange and access improvements at Lime Street and other Merseyrail stations have resulted in 38m passenger journeys made on Merseyrail. The Workwise initiative has supported over 12,000 residents

to access employment and training opportunities, and provided over 160,000 employees and 80,000 students with information to help them make sustainable travel choices.

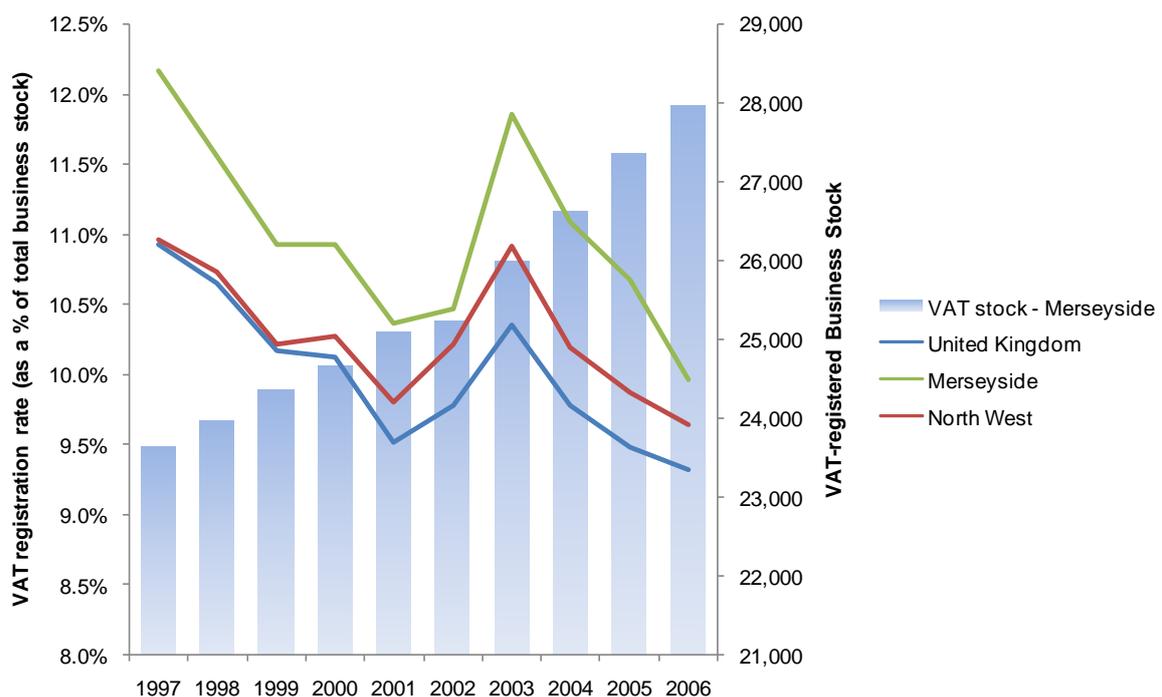
The following charts demonstrate the progress made in the Liverpool City Region over the past 10 years.

### 3.1.1 GVA per capita change between 1995 and 2005 – Merseyside (not including Halton), UK and NW



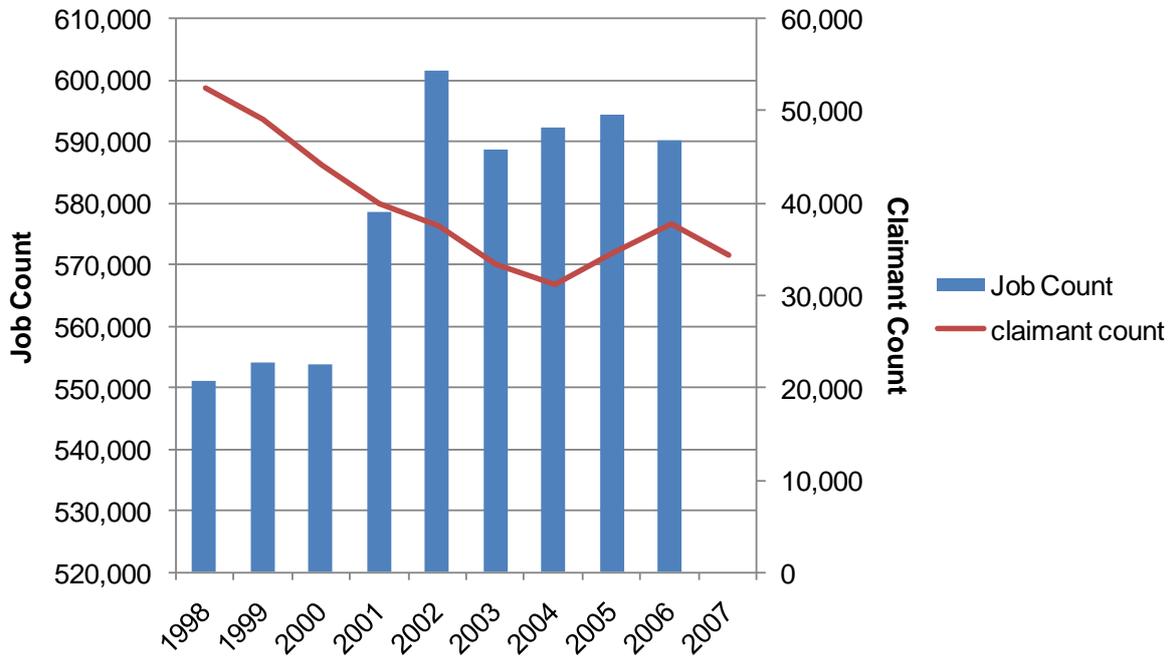
As can be seen, between 1995 and 2005 the Merseyside economy grew from just under £8000 per capita to around £13,000 per capita. This is a growth of 66% over the entire time period – greater growth than both the UK (64%) and North West (57%).

### 3.1.2 Business Growth – VAT stock and VAT registrations as a percent of total business stock between 1997 and 2006 – Merseyside, NW and UK



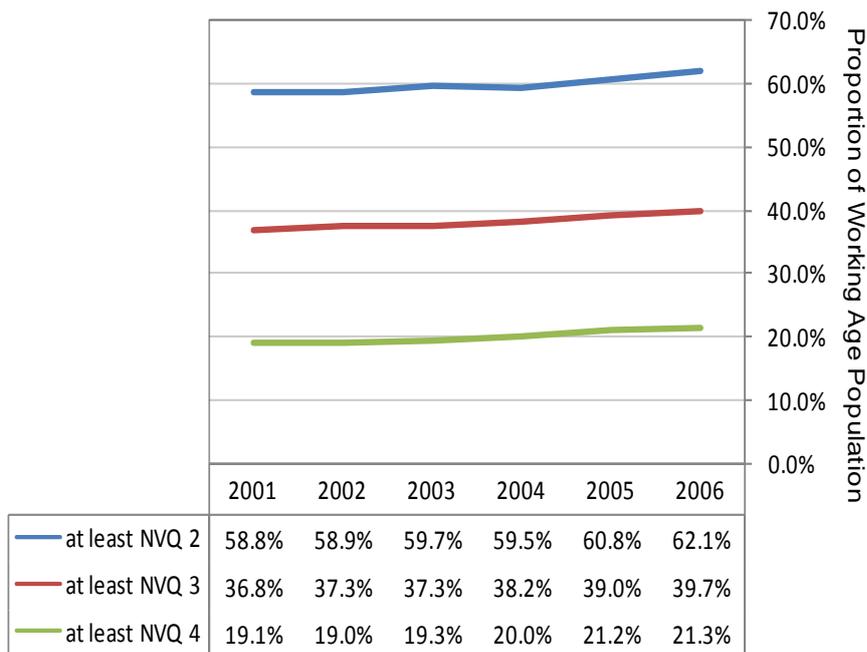
Although starting from a low base, this graph demonstrates the consistently high rate of business start-ups experienced in Merseyside. The average annual start-up rate between 1997 and 2006 was approximately 11% for Merseyside compared to around 10% for both the UK and the North West.

### 3.1.3 Employment – Job Count and Claimant Count – Merseyside 1998 to 2007



Since 1998, there has been a fall in the number of people claiming unemployment benefits. Over the entire period this is equivalent to a fall of around 20,000 claimants. In addition, there has been an increase in the job count of approximately 40,000.

### 3.1.4 Workforce Skills – Proportion of working-age population with NVQ 2, 3 and 4 qualifications



Since 2001, there have been significant and consistent improvements in the proportion of the Merseyside population gaining NVQs at all skill levels.

### 3.2 Significant Challenges

Despite the economic improvements sustained over the past ten years, the Liverpool City Region continues to face a number of economic challenges associated with significant levels of worklessness and concentrations of deprivation in particular neighbourhoods.

- There is a long-term widening in the productivity gap (measured as GVA per job-filled) between the City Region and the UK. In 2000 the productivity gap stood at 11%. In 2005, the gap had grown to around 16%. Forecasts show that even with the range of programmes in the pipeline over the next 15 years, this productivity gap will not close.
- Entrepreneurial activity in the City Region is demonstrably lower than elsewhere. The City Region has a self-employment rate of 6.8%, compared to the UK average of 9.4%. In addition, gross VAT-registrations in 2006 stood at only 23 per 10,000 compared to a UK average of 37 per 10,000. At current growth rates, it would take over 30 years to reach current UK business VAT registration rates.
- Current economic growth will not meet the needs of people within particularly deprived communities. Over 240,000 people in the Liverpool City Region are economically inactive and 24.5% of super output areas in Merseyside appear in the top 5 percent of the IMD 2007 most deprived SOAs. To meet the Government's aspiration of an 80% employment rate an additional 108,780 people need to move into employment.
- Some 20% of working age people in Merseyside have no NVQ qualifications, compared to 13.6% for the UK. The overall skill profile of the city region compared to the UK as a whole shows a propensity towards low-level qualifications with a deficit of higher-level qualifications (NVQ Level 4+) and a particular excess of individuals with no skills, as shown. Across all skills levels the Liverpool City Region is lagging 4 – 6 % behind the UK average.
- Poor national image and perception – Liverpool city region is still seen as a region that has been defined by its problems rather than its successes.
- Housing quality, choice and range remain an issue for parts of the city-region – low-quality stock is a major constraint on the regeneration and renewal both of deprived areas and the wider City Region, restricting mobility and constraining the efficient functioning of the labour market. In addition, high concentrations of vacant properties in parts of the city region continue to blight neighbourhoods, restrict housing choice and send out a negative message about the quality of place and quality of life in the sub-region.
- Increasing traffic growth will start to affect business productivity and future investment due to congestion and unreliable and delayed journeys. Parts of the Merseyrail network are at or exceeding capacity at peak travel times in particular. Existing rolling stock and lack of park and ride availability are barriers to increasing the use of rail. Bus usage continues to decline, accompanied with a fourfold increase in the cost of public transport, resulting in transport-derived social exclusion. Transport-derived environmental impacts (air and noise pollution and green house gas emissions) will impact on the health and quality of life for those who live, work and wish to invest in the City Region.
- Access to the Mersey Ports is currently constrained by the existing highway network and the competing use of the network by freight, business and local transport. Gauge restrictions on the rail network are also restricting rail freight movements and future opportunities and demand.

- Compared to the UK, the Liverpool City Region has considerable issues surrounding population health, with air quality and inactive lifestyles contributing to poor health. 28% of the UK's 1% most health deprived SOAs are in the City Region.
- Despite much progress in improving the sub-region's economy, there are still too many places with concentrations of worklessness and patterns of endemic deprivation have remained largely the same. Tackling these issues, therefore, needs careful integrated planning, with linkages and shared priorities between economic growth, employment and skills, housing and transport.

### **3.3 A Unique Opportunity**

There is real excitement about the scale of the opportunity to be realised within the Liverpool City Region, recognition that the City region can achieve more and a belief that we can deliver.

- Ambitious plans have been released for £10 billion worth of investment in Liverpool and Wirral Waters that will transform the Mersey Waterfront, deliver 44,000 jobs and be nationally significant in scale.
- A successful Liverpool European Capital of Culture 2008 programme, strong investment in key visitor assets including Liverpool City Centre, a vibrant, creative cultural and visitor sector across the City Region and large increases in visitor numbers provide a distinctive competitive advantage for the City Region on which to base economic growth.
- The City Region's internationally significant knowledge-base, underpinned by three Universities and boosted by recent investments in the Daresbury Science and Innovation Campus, National Bio-manufacturing Centre, Liverpool Science Park and Liverpool School of Tropical Medicine currently contributes around £1 billion to the economy, and has the potential to act as a driver for business productivity and a magnet to attract key talent to the North West.
- The Mersey Gateway - a second Mersey river crossing - will be delivered by 2014.
- The planned expansion of the Mersey Ports and Liverpool John Lennon Airport present an opportunity for an internationally significant Superport.
- The Merseyrail network is one of the most intensively used commuter railways outside South East England. Since Merseytravel took responsibility for franchising rail services in 2003, Merseyrail Electrics has become the best performing commuter railway outside the South East.
- Our natural resources, combined with the potential \$500bn growth in global environmental technology by 2050, provide substantial scope for inward investment whilst making a significant contribution to the UK's combined climate change effort.
- In summer 2008, the government announced that two Growth Point expressions of interest from the sub-region – from Liverpool and Wirral (encompassing the Liverpool and Wirral Waters developments), and Halton, St Helens and Warrington – had been successful and that those places would be invited to work up detailed proposals for housing growth. This represents a real opportunity to improve the housing offer across the Liverpool City Region and, in part, to help capture economic growth for the sub-region.

### **3.4 The rationale for collaborating across Liverpool City Region**

The City Region's leadership recognises that meeting the substantial challenges that the City Region faces and making the most of the opportunities that present themselves requires a new way of working:

- Administrative boundaries of the City Region are now 34 years old. This period has seen significant changes to the way the economy operates and Local Authorities functional spatially; people and businesses are not confined to these political boundaries and the Liverpool City Region reflects a more realistic economic and spatial geography with regard to travel to work areas and housing supply and demand with three strategic housing market areas identified in the City Region.
- The scale of the challenges that the City Region faces cannot be met by individual local authorities and will require the alignment of assets and resources across the City Region.
- Similarly, the potential impact of opportunities is enhanced by working together across the City region boundaries. Delivering potential transformational activities such as our knowledge assets or SuperPort requires a joint vision, the utilisation of a wider set of assets, the alignment of private sector investment and the channelling of public sector investment into agreed strategic priorities.
- The high levels of public sector resource used to pump-prime key infrastructure investments over the past 15 years is declining, requiring a more entrepreneurial approach, particularly with the private sector. This approach needs to provide new models of investment that overcome limitations of separate investment streams and create more flexible solutions that can leverage maximum support from private sector.

### 3.5 The added value of a Multi-Area Agreement

Development of the Multi-Area Agreement will provide significant added value for the Liverpool City Region. Specifically it will

- Formalise relationships and responsibilities within the City Region, and provide a clear framework for agreeing priorities with Government.
- Provide a prioritised programme of interventions to enable us to deliver more – either in terms of additional outcomes, accelerated progress or better quality provision.
- Ensure that there is alignment across investment programmes to support the delivery of key priorities, including economic development, housing, transport and employment and skills.
- Provides a new partnership with Government, impacting in the following ways:
  - Aligning national, regional and City-Regional priorities.
  - Tailoring responses to address the unique needs and opportunities of the City Region, with freedoms and flexibilities where needed.
  - Securing investment to deliver the City Region’s opportunities and assets will help Government to deliver PSA targets (we are currently working to align our intended MAA outcomes with PSA targets).

## 4. Monitoring and target setting

### 4.1 A monitoring framework

The following table shows a set of indicators, developed to be used as a monitoring framework for successfully delivering the MAA. This is fully aligned with indicators used in the Action Plan for the Liverpool City Region, and shows a baseline position, current position and a three year rolling target to monitor progress.

	Measure	Baseline Datasets collated in 2007)	Target 2011	Latest Datasets	Progress to target
1	GVA (£million)	17,001	21,220	17,352	↑
2	GVA growth (per annum)	5.7%	5.7%	2.7%	↓
3	VAT business density per 1000 people	22	23.1	23.0	↑
4	Net VAT registrations per annum	600	1000	610	↑
5	Congestion (keeping increase in minutes per person mile below 5.1%)	100 (index)	105.1m	95.7	↑
6	Commercial A-grade property value	£20 per sq ft	Maintain current growth rate.	£21.5 per square ft	↑
7	Industrial property value	£375 per sq m		£380 per sq m	↑
8	New jobs from inward investment	795 (per annum)	1400 (pa)	1200	↑
9	% employed in high growth sectors	39.2%	44%	39.4%	↔
10	% of working-age population at NVQ Level 4+	21.2%	24.2%	23.1%	↑
11	% of working-age population at NVQ Level 2+	61%	65.0%	62.1%	↑
12	Employment rate	68.1%	70.6%	67.7%	↓
13	% inactivity rates for women, BME, disabled.	31% (women)	30% (women)	31% (women)	↔
14	Accessibility of workless residents to employment location	76%	81%	79%	↑
15	Total LCR CO2 emissions per capita	43.1 tonnes	To follow	42.7 tonnes	↑
16	No. and proportion of the SOAs in the worst 5% nationally	254 (25.8%)	Improvement	242 (24.5%)	↑
17	Net growth in housing stock (pa)	4,470	4,470	5,799	↑
18	Revenue generated from Tourism	£1,176m	£1.362 million	£1,208 million	↑
19	Overnight stays by visitors	10.22 million	11 million	10.41 million	↑

### 4.2 Target setting

Further work is being progressed to develop a comprehensive set of targets directly related to the additional and innovative activities proposed as part of this MAA. This will be complete by April 2009.

## 4. The MAA in context

The Liverpool City Region MAA is not a stand-alone document. It builds on a much wider set of strategies, action plans and institutional arrangements that have underpinned recent successes in the Liverpool City Region. This section will not review this work in detail. However, references and resources are available in Annex A.

### 4.1 Strategy and Evidence Base

A range of analysis has been undertaken to underpin this Multi-Area Agreement.

- **The Liverpool City Region Development Programme (2005)** - produced as part of the Northern Way initiative, this provided a strong, evidence-based rationale for City Region working and a collective vision of the City Region.
- **The Merseyside Economic Review** is a comprehensive and authoritative report on the current economic situation in the City Region. It provides detailed statistics and policy implications for the City Region across a wide and varied set of indicators and commissions specific pieces of additional evidence where appropriate. MER 2008 is currently under production, and will be delivered in early October 2008.
- **The Action Plan for the Liverpool City Region** is a rolling investment plan that gives details of key programmes and projects to be delivered over the next three-year period. The document provides the important functions of identifying investment priorities, and mapping how investment will flow into these priorities. The latest iteration of the Action Plan was published in November 2008, and identifies over £1bn of pipeline projects to be delivered by the public, private and voluntary sectors in the next three years.
- **“Economic Forecasts for the Liverpool City Region”** was originally produced to underpin forecasts in the Liverpool City Region Development Programme, and was updated in 2007. This work, produced on behalf of the Liverpool City Region, analyses historical and current performance and makes projections of future performance based on planned investments in the City Region. The report provides the basis for plans developed around the economy, housing and transport.
- **The Liverpool City Region Housing Strategy (2007)** and its related documents provide a framework for improving the city region’s housing offer. It sets out the context against which joint priorities and actions have been identified, and provides a range of information which will support the development of local strategies and policies as well as this MAA.
- **Merseyside and Halton Local Transport Plans** cover the period from 2006-2011. It is a statutory document, and sets out our proposals for improving transport in the City Region, including assessing the impact of change on travel and transport demand. The City Region transport partnership has embarked on the Planning for the Future programme, designed to provide clear analysis on future transport demand, based on the economic forecasts detailed above. This work will lead to a longer term transport vision and strategy for the City Region, which will embrace the third Local Transport Plan from 2011.
- A range of special reports and commissions supplement this basic understanding of the way that the City Region functions. A list of these, with sources, can be found in annex A of this document.

### 4.2 Partnership and Delivery

The Liverpool City Region has an increasingly strong history of cooperation and partnership working in achieving economic growth:

- Greater Merseyside Leaders and Chief Executives have worked together over a number of years to provide collective leadership within the City Region. Following the development of

the City Region Business Case in 2007 a new model of strengthened city region governance is under development.

- The Mersey Partnership - the economic partnership for the City-Region. TMP also delivers the Liverpool City Region Inward Investment Agency, and is the Tourist Board for the Liverpool City Region.
- The City Employment Strategy Board and Delivery Plan has been operating for 18 months aligning our efforts to address worklessness and jointly commissioning DWP DAF funding.
- The Merseyside Local Transport Plan (LTP) Partnership - consists of Merseytravel and the five district councils of Merseyside, with Halton Council represented on strategic City Region transport groups. Both the Merseyside LTP Partnership and Halton were awarded 'excellent status' for their current LTPs 2006-2011 and successful delivery of LTP 2001-2006. The joint authorities have also been awarded Beacon status for their approach to improving accessibility to disadvantaged areas; they were particularly commended for the level of partnership working and their joined up approach.
- NewHeartlands Housing Market Renewal Pathfinder – a combined regeneration effort to tackle failing housing markets and create sustainable communities in some of the City Region's most deprived neighbourhoods across three local authorities.
- Two joint new growth points – covering Liverpool/Wirral and Halton/St Helens/Warrington – have recently been announced; detailed proposals for these are still being developed but will require joint management governance between the districts involved.
- The Mersey Waterfront Regional Park – A strategic investment framework for the Mersey Waterfront, that extends across four Local Authority areas.

This MAA builds on these collaborative arrangements in proposing formal governance arrangements to enhance responsibility, accountability and effectiveness of delivery.



The City Region model will be based on a clear definition of projects, programmes and initiatives that are identified as the responsibility of the city region.

Conversely the city region will not be drawn into the statutory/operational responsibilities of partner organisations but will work in partnership to pick up larger, cross cutting initiatives where collaboration will benefit the development of the city region.

There will be a clear gateway system for assessing and deciding what is kite-marked as a city region project or programme in full consultation and partnership with the relevant joint boards or partnership and key stakeholders.

For kite-marked projects or programmes that the city region is responsible for, the Cabinet will agree the most appropriate delivery mechanism. In some cases the Cabinet will be the Accountable body e.g. for the MAA with delivery through the appropriate Boards, in other cases individual organisations will be the most appropriate delivery vehicle.

There will be a dispute resolution process to resolve issues arising with kite marked projects or programmes. Should this not resolve issues an individual authority will retain its own statutory planning or other rights to oppose or object to a proposal but the position and support of the city region will be resolved by a majority decision of its members.

### **Cabinet membership and decision making**

The city region will comprise of a cabinet made up of the 6 Leaders of the constituent local authorities and the private sector representative who shall be the chairman of TMP. Each shall have one vote.

The Chairman of the Cabinet will be known as the Chairman of the City Region and elected from and by the Cabinet for a tenure of four years subject to continued eligibility as a cabinet member.

The Cabinet will also have associate members who shall be invited to attend items relevant to their responsibilities and contribute to discussion but shall have no vote. These shall be the Chairs of relevant Joint Boards of Merseyside and Leaders of "Associate" Local Authorities.

Warrington, Cheshire West and Chester and West Lancashire shall be invited to be "Associate" Local Authorities.

There shall be a system of structured regular liaison with Greater Manchester City Region and Lancashire County Council.

### **Scrutiny**

There shall be a scrutiny panel established by the City Region to scrutinise the work of the City Region and the effectiveness of the partnership with the Joint Boards. It shall have a core membership of six drawn from the six local authorities and up to five additional members nominated by the core members for each scrutiny exercise from relevant stakeholders.

There shall be a published annual work plan for the City Region Cabinet and the scrutiny panel.

### **Legal basis**

A formal constitution will be developed for the City Region and it shall become

	<p>incorporated as a legal entity.</p>
<p><b>Economy Board (TMP)</b></p>	<p>The Mersey Partnership (TMP) is the Liverpool City Region’s sub-regional partnership, inward investment agency and Tourist Board. It is a unique public / private partnership organisation with nearly 500 members, including 109 corporate members, and all major public sector organisations. It has direct private sector engagement on its board, and this is further strengthened by representation from organisations such as the Chambers of Commerce.</p> <p>Collaboration to date has provided for the Annual publication of the Merseyside Economic Review, development of the Liverpool City Region Development Programme and Action Plan for the Liverpool City Region as well as delivery of thematic programmes:</p> <ul style="list-style-type: none"> <li>• Tourism – collaboration via a public / private tourism board and successful implementation of Destination Management Plan and Capital of Culture 2008</li> <li>• Enterprise – Evidence base development by Merseyside Enterprise Commission with follow up pilot programmes and the development of a joint Enterprise strategy.</li> <li>• Liverpool City Centre – Identified priority for investment and a strong example of public and private complementarity – delivery underpinned by Liverpool Vision URC programme facilitating high levels of private investment.</li> </ul> <p>As part of the new governance arrangements, The Mersey Partnership Board will be the City Region Economy Board. The governance of the current TMP Board is currently under review to include possible changes that may be required for TMP Board to fulfill its role as the Economy Board within the new city region governance structure</p> <p>The Economy Board will oversee delivery of the economic development elements of the MAA.</p>
<p><b>Employment and Skills Board</b></p>	<p>The City Employment Strategy has been developed, setting out a continuum model for tackling worklessness, and meeting employer skill demands. This includes the development of a joint commissioning framework to which relevant sources of funding align.</p> <p>Building on the City Employment Strategy Board and delivery arrangements, the city region will establish an Employment and Skills Board (ESB), as part of the new governance arrangements. The Board will have high level representation from elected members and a strong employer presence in order to secure greater devolution.</p> <p>The ESB will be the decision making body for employment and skills strategy and funding at the city-regional labour market level. Roles and responsibilities of the Board will include:</p> <ul style="list-style-type: none"> <li>• To oversee the development and delivery of an Employment and Skills strategy and commissioning plan which defines local training priorities in response to needs and gaps;</li> <li>• Joint target setting in line with local priorities;</li> <li>• Co-commissioning mainstream employment and skills provision with flexible contracts to suit local conditions and the needs of local people;</li> </ul>

	<ul style="list-style-type: none"> <li>• Pooling and aligning of funding streams (DWP, ESF, WNF) to support shared priorities;</li> <li>• Performance management of national DWP and DIUS contracts;</li> <li>• Raising demand for services from employers and individuals;</li> <li>• Simplifying the offer to local employers and developing package of support to meet their specific recruitment and workforce development needs;</li> <li>• Managing relationships with regional and national agencies – DWP, new Skills Funding Agency etc;</li> <li>• Testing new and innovative approaches to service delivery</li> </ul> <p>The ESB will oversee delivery of the employment and skills elements of the MAA.</p>
<p><b>Transport</b></p>	<p>The development, implementation and monitoring of transport strategy, priorities and plans are integrated across the Liverpool city region through a long established strategic transport partnership made up of elected members from the six local authorities.</p> <p>Both Local Transport Plans (for Merseyside and Halton) have been recognised as excellent in planning and delivery terms. They were awarded ‘Excellent’ status by the Department for Transport (DfT) for both the quality of their current LTPs 2006-2011, and their successful delivery of LTP 2001-2006. As the only Metropolitan area in the country to be so accredited, this status brings recognition of our overall approach to improving transport.</p> <p>The city region has a draft transport vision and strategy. The Planning for the Future programme and action plan for the city region is already underway. The city region transport model will enable options and preferred interventions to be tested that will support the defined regeneration and sustainable economic development priorities. The Planning for the Future model and the vision and strategy will provide the evidence base and policy direction for the development of a single LTP for the Liverpool City Region.</p> <p>Partners are committed to a review of the governance and delivery arrangements for transport, as part of the new city region governance model. The review will include the determination of the preferred model for an Integrated Transport Authority and Transport Board for the City Region. The Local Transport Bill and the creation of an Integrated Transport Authority, will be key drivers of change for City Region transport governance.</p> <p>The Transport Board/ITA will oversee delivery of the transport elements of the MAA.</p>
<p><b>Housing and Spatial Planning.</b></p>	<p>There is a history of joint working to support housing work across the city-region for example through the Merseyside Housing Forum and the development of the Liverpool City Region Housing Strategy and Action Plan, and a single approach to the Regional Spatial Strategy. This will be built on through the new city region governance arrangements and support delivery of the MAA.</p> <p>The Liverpool City Region Housing Strategy (2007) was produced to provide an investment and planning framework for housing development and regeneration across the wider travel to work area (covering 13 local authorities in all).</p> <p>The City Region Housing and Spatial Planning Board will be established in the autumn of 2008. It will make recommendations to the Cabinet on Housing and Spatial Planning</p>

matters, may take decisions on such matters as delegated by the Cabinet, and will oversee (and commission where necessary) work to support and inform the development and implementation of city-regional housing and planning policies.

The Board will comprise members with responsibility for housing and planning at executive or similar level - two per district - and will be chaired by the Liverpool City Region Leader with responsibility for housing and spatial planning (currently Cllr Brian Spencer, Leader of St Helens MBC). Wider membership on the Board is under consideration from neighbouring authorities, GONW, the NWDA, 4NW and the Homes and Communities Agency.

The Housing and Spatial Planning Board will oversee delivery of the housing elements of the MAA.

## 6. Skills and employment

*N.B. Detailed negotiations on skills and employment are still ongoing. It is expected that this section will be revised alongside the accompanying platform paper on employment and skills.*

### Where is the Liverpool City Region currently?

Greater Merseyside's economy has the recent performance needed to make a significant contribution to accelerating the achievement of the Government's priorities and targets. However, at the same time, such issues as persistently high levels of worklessness, concentrations of deprivation and low skills attainment present the Liverpool City Region (LCR) with some significant challenges and barriers to closing the productivity gap and delivering social justice for all communities.

There is a large degree of variation within the City Region. The central urban district of Liverpool has witnessed the fastest growing employment in the North West while nearby areas such as Wirral and Sefton have suffered falling employment. Given the sub-region's history of relatively low labour demand, the overall economic performance has been strong and the number of benefit claimants has been reduced.

The skills profile in the sub - region is improving, but is still poor compared to other parts of the North West and the UK average. Large parts of the workforce lack the lowest skill levels, one in three (34.8%) working age adults are without an NVQ2 qualification, compared to 38% in England. This is due largely to particularly high levels of economic inactivity in certain areas. Many of these areas are close to major or future employment growth centres, raising the question of how skill needs will be addressed. The solution is likely to be a combination of drawing people out of worklessness, and attracting migrants and workers from neighbouring sub - regions. However, this raises additional questions about the ability to provide the right mix of skills in the right place, and at the higher skill level, the ability of the sub - region to provide the housing and quality of place offer to attract graduate level workers in what is a national labour market. The proportion of residents with at least an NVQ4 stands at 21.6% (compared to an England average of 27.1%) and in recent years this gap has increased.

Greater Merseyside underperforms in the North West in terms of young people's educational performance and a lower proportion of adults are qualified at higher levels. The occupational shift towards a large proportion of employment in higher-level jobs has been present elsewhere but is not being replicated in the sub-region on the same scale.

A key issue for the sub-region is its high level of worklessness. Therefore a priority for sub-regional partners is to improve the skills base of the local population by prioritising Skills for Life delivery to target groups, increasing the numbers working towards their first Level 2 qualification, and creating opportunities for progressive learning. There is also a higher number of young people that are not in education or employment (NEET) which can be disproportionate in some Boroughs due partially to the relative levels of deprivation, and again the reduction of NEET numbers remains a sub-regional priority.

The employment rate has been growing over the past decade, especially since 2001, when it has grown by 2.6% points. However, the rate remains some way below the regional average, and is currently estimated at 68%, compared to 72.5% in the North West (figures for June 2007). To reach the Government's 80% employment target, 106,830 additional people would have to move into employment. There remain particular concentrations of worklessness, especially in Liverpool, Knowsley and Halton. This is a concern given the high levels of workplace job growth in Liverpool especially, and is reflected in high levels of benefit claiming, especially of Incapacity Benefits. The LSC, Jobcentre Plus and Local Authorities have engaged in the development of the City Employment Strategy (CES) and this is a major framework for addressing employment issues in the sub - region.

The CES has sought to support the growth sectors identified in the City Region Development Plan and the key regeneration projects that have created substantial job opportunities within the City Region including the Liverpool one retail development,

tourism growth linked to Capital of Culture 2008 and the extension of John Lennon Airport among others.

The overall level of workforce development training provision in Merseyside appears to be high. An estimated 69% of establishments provide some form of training for their employees, compared to 68% in the North West as a whole. The percentage of establishments with a dedicated training budget is the highest of all the sub - regions at 40%, with the regional average only 36%. This may well reflect the role of the public sector and a range of UK and EU economic development programmes in supporting workforce development within the sub - region, for example, the SkillWorks programme and LSC initiatives to encourage employer investment in workforce development.

### **What are our ambitions**

There are four key ambitions within this theme:

- 1) The introduction of a City Region strategy and planning framework integrating employment, skills and learning against which policy and commissioning priorities will be determined and delivery and performance will be managed across the Liverpool City Region.
- 2) Establishing a radically new relationship across the key funding agencies of DWP, LSC/Skills Funding Agency, North West Development Agency and Local Authorities leading to co-commissioning and joint management of employment and skills services.
- 3) Reforming delivery services to ensure a truly integrated employment and skills offer to individuals and employers that provide choice and opportunity for both adults and young people and drives forward the local economy and increases the GVA of the conurbation.
- 4) Giving employers a greater say in shaping and influencing the co-ordination and accessibility of learning and skills provision, this includes the establishment of an Employment and Skills Board with Section 4 powers.

The ambitions within this theme are part of the wider context for the MAA, and in particular the economic development and enterprise platform. To meet the ambitions of creating value through business growth and expansion, and increasing business productivity employers need to have greater influence over learning and skills provision to reflect their business needs. Equally, increasing entrepreneurial levels in particular cohorts will only come about by increasing the levels of basic skills that people have within our most deprived communities.

The housing and transport platforms will also be key elements of the MAA and while they are still in the early stages of development there are already clear links between skills and employment and some of the themes that will emerge in these platforms. The City region Housing Strategy aims to improve the mix of housing so that there are fewer neighbourhoods with a high proportion of workless residents. In addition we are seeking to improve the quality and range of housing across neighbourhoods so that people with a choice will choose to live in the City Region, thereby creating an upward spiral in neighbourhoods and over time increasing the range of skills within neighbourhoods and available to local businesses.

In addition we are seeking to improve sustainable transport links and accessibility so that people living in all of our communities are better able to travel around the city region and have greater access to employment and training opportunities across the city region.

### **What are the barriers?**

Although local partners are working together through the City Employment Strategy to better join up the commissioning of employment and skills interventions as referenced by the "Work Skills" paper, it is felt that maximum integration can only be achieved if the

decision-making responsibility for planning and commissioning for all employment and skills activity is discharged at the Liverpool City Region level.

Responsibility for the planning of employment and skills investments are currently discharged at a national and regional level either by DWP and the LSC. Indeed plans proposed for the Skills Funding Agency operating at a national level means it will inevitably operate remote from local labour market intelligence, and will not be able to plan a skills system that is responsible to the changing needs of local employers.

Alongside this the planning and investment of ESF resources is made at a regional level. Again, this one size fits all approach does not promote innovation and the testing of new approaches based on local needs.

Through the City Employment Strategy (CES) partners have collaborated on the development of a Single Investment Framework, this work has enabled partners to align discretionary funds, for example, ESF, NWDA, ERDF, WNF, which has enabled partners to jointly create a continuum approach to employment and skills interventions.

Greater Merseyside partners believe that to ensure the particular employment and skills challenges are met for the Liverpool City Region, responsibilities for planning and investment in skills and employment services are better discharged at a sub regional level rather than under the current national/regional system. The Employment and Skills Board is proposed as the appropriate governance structure to undertake this responsibility.

Problems still remain at a local level in integrating the statutory Accessibility Strategy with the City Employment Strategy affecting our efforts to promote social inclusion by overcoming those transport barriers which impact on an individuals' ability to access job opportunities and the other essential services they need.

Since April 2006 the City Employment Strategy pathfinder has been in place. The CES has three key strategic objectives:-

- To increase the supply of suitably skilled labour to meet demand from growth and for replacement labour across the whole travel to work area;
- To build skilled, working communities, eliminating child poverty and increasing opportunity and social mobility;
- To make a real difference to businesses and communities around the opportunities of European Capital of Culture 2008 and related economic growth;

Alongside the two main co-financing organisations of LSC and DWP/JCP, there is the complementary strand of ESF, dedicated specifically to support the CES priorities and higher level skills, and managed by the CES Board.

As part of the Local Transport Plan, the statutory Accessibility Strategies and associated Access Plans are focussed on improving access to employment, training and education between areas of opportunity and need and within deprived communities.

A new Greater Merseyside commissioning framework will be established to provide a more robust way of integrating services, enhancing the targeting of both mainstream and

**Progress  
that we are  
making**

discretionary support, and reducing duplication and bureaucracy.

It is proposed that Liverpool City region establish an Employment and Skills Board (ESB), based on governance arrangements integrated with the Leaders Cabinet and the other sub-regional boards. We will aim to secure high level representation from elected members and a strong employer presence in order to secure greater devolution.

The ESB will be the decision making body for employment and skills strategy and funding at the sub-regional labour market level. Roles and responsibilities of the Board will include:

- Provide leadership on employment and skills to the City Region, including the Economy Board, City Employment Strategy, Directors of Children's Services and higher education
- Approve and take decisions to secure the delivery of the Liverpool City Region Employment and Skills Strategy;
- Set the priorities for City Region Commissioning Plans for both pre-19 and post-19 employment, skills development and learning;
- Oversee major capital investment related to skills and specialisms;
- Review and endorse 14-19 Local Authority Plans;
- Commission from training providers and general further education colleges to deliver 14-19 entitlements;
- Co-commission DWP, DIUS, NWDA post-19 employment and skills provision and review performance;
- Review the performance of national and regional employment and skills contracts being delivered in the sub-region;
- Take decisions to pool and align funding streams (including DWP, European Social Fund, North West Development Agency, Working Neighbourhoods Fund) to support shared priorities;
- Continuously ensure alignment with emerging policies and initiatives and review and approve changes to the Employment and Skills Strategy as necessary; and
- Manage relationships with regional and national agencies, including DWP, Jobcentre Plus, the new Skills Funding Agency, Young People's Learning Agency, National Apprenticeship Service, NWDA etc.

**What can Government do?**

The LCR Strategic Employment and Skills Plan is accepted by the relevant Government Departments as the overarching vehicle for the agreement of employment and skills priorities and targets and for the investment and alignment of core funds from DWP/JCP, NWDA and DIUS/LSC (SFA post 2010).

Grant Section 4 status of the Further Education and Training Act to allow for the establishment of a statutory ESB so that DWP, DIUS and CLG together with City Employment Strategy partners agree to a governance structure which will facilitate the adoption of shared targets and align reporting hierarchies through a duty to cooperate.

That Government recognises the challenges facing the Liverpool City Region and seeks

to give early commencement to new initiatives that will help to tackle the issues highlighted, for example, early start of the Flexible New Deal Programme and the early roll out of “Skills Accounts” for our area from autumn 2009.

**How will we  
measure  
success?**

## 7. Enterprise and Business Growth

### Where is the Liverpool City Region currently?

Increasing the size of the Merseyside 'business base' has long been cited as a key objective in achieving the City Region's targets for economic growth, and substantial progress has been made.

The Liverpool City Region now has 27,960 VAT registered businesses following ten consecutive years of business stock growth. The growth rate has been marked, with an 18.3% increase since 1997, in excess of all of the City Region's comparator areas. Further growth is also recorded in smaller businesses, with a 26% increase in the number of businesses who are not VAT-registered over the period 2002 to 2007.

Growth has also been strong in terms of value in the economy, with GVA growth of 25.9% between 2000 and 2005, ahead of growth experienced in the West Midlands, and comparable with that seen in much larger regional economies such as West Yorkshire and Greater Manchester.

Productivity has also started to move in the right direction, with 2005's data measures Merseyside GVA per job as £28,920, against £31,697 in the North West and £34,225 nationally. In Merseyside, this represents an annual increase of 2.5%, ahead of the UK rate of 2.4%. Growth in the Liverpool City Region's priority sectors is also vitally important and evidence shows that there has been significant employment growth in some of the key sectors over recent years – in particular, life sciences and the banking, finance and insurance sectors.

However significant challenges exist. The table below is drawn from the Enterprise and Business Growth Strategy. The table shows the deficits for five measures which exist between the City Region and the Northwest and UK average. Also shown (as 'impacts') are the additional amounts for each measure needed to close the deficit. Important points to note are:

- That ceterus paribus, the economy would need to grow by approximately 8% and 20% against the Northwest and UK respectively to close the gap in GVA per employee. This would increase to approximately 21% and 40% if we consider the gap in GVA per capita. The five-year annual average change in GVA for Merseyside is 5%.
- In terms of VAT-registrations (per 10,000 working age people), the number of registrations would need to grow by approximately 33% and 50% in order close the gap with the Northwest and UK, respectively. The five-year annual average change in VAT-registrations for Merseyside is 0.8%.
- In terms of total VAT-registered stock (per 10,000 working age people), the stock would need to grow by approximately 40% and 65% in order to close the gap with the Northwest and UK, respectively. The five-year annual average change in VAT-stock for Merseyside is approximately 2%.

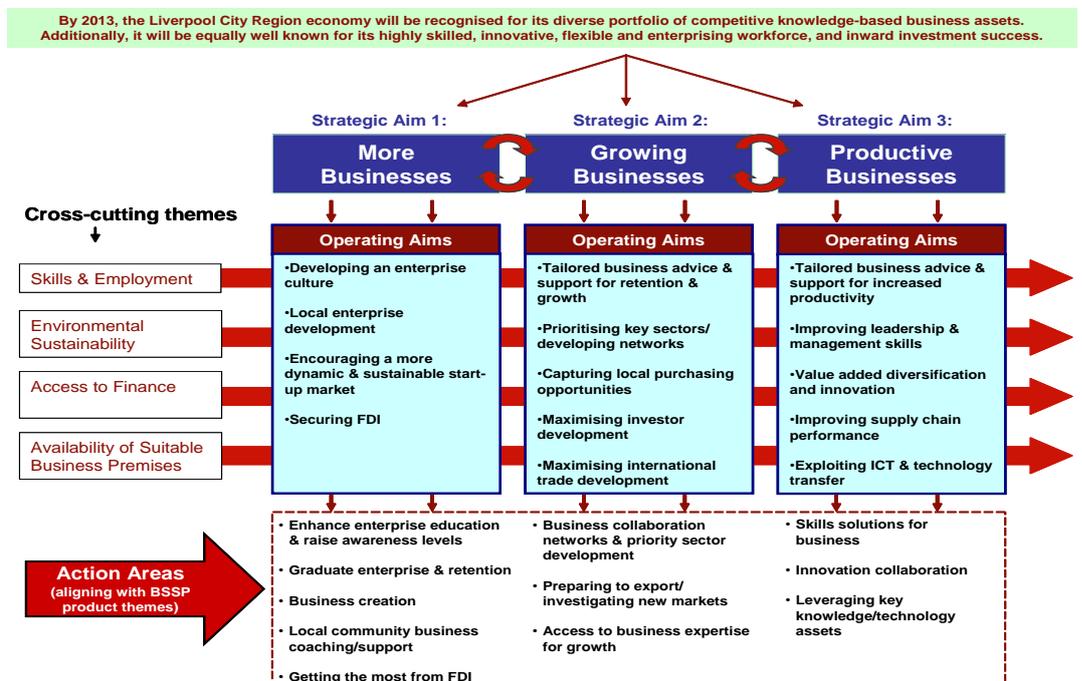
	Figure	Compared to the North West		Compared to the UK	
		Deficit	Impact needed	Deficit	Impact needed
<b>GVA per employee, 2004</b>					
United Kingdom	£33,717				
North West	£30,492				
Merseyside	£28,448	<b>-£2,044</b>	£1,337 million	<b>-£5,270</b>	£3,448 million
<b>Deficits table for GVA per capita, 2004</b>					
United Kingdom	£17,149				
North West	£15,080				
Merseyside	£12,594	<b>-£2,487</b>	£3,676 million	<b>-£4,556</b>	£6,733 million
<b>Deficits table for VAT registrations per 10,000 working age people, 2006</b>					
Great Britain	50				
North West	43.7				
Merseyside	31.6	<b>-12</b>	1,060	<b>-18.4</b>	1,620
<b>Deficits table for VAT registered-stocks per 10,000 working age people, 2006</b>					
Great Britain	532				
North West	453				
Merseyside	317	<b>-136</b>	12,000	<b>-215</b>	18,900
<b>Deficits table for self-employment rates, 2006</b>					
Great Britain	9.3				
North West	8.2				
Merseyside	6.8	<b>-1.4</b>	12,200	<b>-2.5</b>	21,800

## What are our strategic ambitions?

In response to these challenges, the City Region has developed an Enterprise and Business Growth Strategy. The Strategy has set itself three over-arching imperatives:

1. Grow the scale of the existing business base through increased business starts and improved survival rates, including making self-employment an attractive option for workless people.
2. Support the creation of value through business growth and expansion
3. Deliver competitiveness by increasing business productivity.

The diagram below goes further, identifying the range of activities required to meet these aims, and the inter-relationships between enterprise and business growth and other drivers such as skills and investment.



## Progress that the Liverpool City Region is making

Alignment of effort and reduction of duplication is critical to deliver the Enterprise and Business Growth strategy, and to tackle the deficits the Liverpool City Region faces. Responsibility for the delivery of the Enterprise and Business Strategy is currently overseen by the sub-regional partnership. In new City Region Governance arrangements

this responsibility will lie with the Economy Board

The City Region recognises the challenges laid out in the Business Support Simplification Process, to simplify and streamline the delivery model. To this end the City Region is working closely with NWDA in developing regional programmes that meet the City Regions needs.

Similarly, innovative procurement solutions are being developed to ensure that investment from local (including Working Neighbourhoods Funding), regional (NWDA Strategic Investment and ERDF) and national (LEGI) sources are aligned to jointly identified priorities.

Specific activities will be delivered against 11 actions areas. Further detail on these action areas can be found in the Enterprise and Business Growth Strategy, but they are:

- Enhance enterprise education and raise awareness levels.
- Graduate enterprise and retention.
- Business creation.
- Local community business coaching/support.
- Getting the most from FDI.
- Business collaboration networks and priority sector development.
- Preparing to export/investigating new markets.
- Access to business expertise for growth.
- Skills solution for business.
- Innovation collaboration.
- Leveraging key knowledge/technology assets.

In addition, the City Region is also making strong progress in the following areas:

- Intensive and detailed dialogue with Business Link – to ensure that products are fit for purpose.
- Completion and follow up of pilot programmes established as part of the Merseyside Entrepreneurship Commission - and any subsequent role out of new innovative actions.
- Linkage of the enterprise agenda to other agencies – Schools, Health services, HE & FE, and the Third Sector.
- Development of specialist support for those target geographies / individuals not catered for by generically procured products.
- A coordinated approach to developing key transformational actions to drive up value in the economy, including maximising the City Regions science and research assets.

### **Links with other priorities**

There is a clear linkage between this priority and those found elsewhere in this MAA document.

Employment and Skills initiatives are a theme that runs throughout the Enterprise and Business Growth strategy: Self-employment is a key route out of worklessness, higher business number drives up overall levels of employment, and skills are integral to productivity levels.

Infrastructure is identified as a key cross cutting theme of the enterprise and business growth strategy due to the impact that it has at all points on the business growth cycle. The strategy provides intelligence regarding the levels of incubator space needed for new business, grow-on space for business within high growth sectors and premises requirements of new inward investors.

**What are the** Alignment of effort and reduction of duplication is critical to deliver the Enterprise and

## barriers to success?

Business Growth strategy, and to tackle the deficits the Liverpool City Region faces. The City Region recognises the challenges laid out in the Business Support Simplification Process, to simplify and streamline the delivery model. This will include a significant shift in business support culture towards the regional procurement model.

However the scale of the challenge is so large that **a distinctive approach to growing enterprise in deprived areas is needed, including innovative delivery mechanisms** to be developed alongside generic products across the rest of the North West.

A particular barrier identified to enterprise and business growth is how to maximise the underlying entrepreneurial culture in the City Region, and in particular to minimise risk in particular cohorts:

- a) individuals within deprived areas on particular types of benefit, where this safety net is withdrawn upon starting an business
- b) In the 25-40 age group, where evidence shows us that business starts in this cohort can be the most scaleable.

## How can Government help?

*A supplementary paper detailing asks in this area is under development, to be delivered in April 2009. Current asks include:*

Work with the City Region to identify innovative, distinctive solutions to tackle enterprise and business growth deficits. Options may include

- i) The need to extend eligibility to access for and referral to self-employment provision.
- ii) Lift restrictions on sole trading – i.e. enable claimants to employ others whilst test trading.
- iii) Address implications of anomalies with Working Tax Credit.
- iv) Consideration should be given to extending the Test Trading period beyond 26 weeks.
- vi) Iron out the anomaly relating to **IB customers** who are currently ineligible to access test trading but partners can through the ND for partners route.

## How will we measure success?

Over the five year lifetime of the Strategy, we will have closed our GVA per employee gap with the North West completely, and reduced by 50%, our GVA per capita deficit with the region.

Further, over the same timeframe and using the same comparator benchmark geography (the North West region), we will have reduced our new VAT registration rate and VAT registered stock deficits by at least 33% and all of the following deficits by more than 50%: self-employment rate; proportion of employment in knowledge intensive businesses; proportion of our working age population possessing NVQ Level 4+ and proportion of employment in the top three occupations of the SOC.

*We will be developing specific evidence to demonstrate the impact that ask may have on number of businesses started to be completed by April 2009*

## 8. Investment and Infrastructure

### Where is the Liverpool City Region currently?

The Liverpool City Region is undergoing a significant transformation in terms of its image, infrastructure and private sector investment confidence. Evidence for the transformation is tangible to any of the 10.4 million visitors who stayed in the City Region over the past year.

Liverpool City Centre is the principal investment driver for the City Region conurbation, generating benefits in terms of employment, leisure, transportation and culture for the whole sub-region. The £1bn investment by Grosvenor in Liverpool City Centre was the biggest retail development in the UK and phase-one successfully opened in May 2008.

2007 saw a significant amount of office space take-up in Liverpool. Over half a million sq ft was let to business clients, a 14% increase on the five-year average. New developments and refurbishments contributed 680,000 sq ft of grade-A office space, of which 40% was pre-let. The volume of new supply is set to peak this year, and by 2010, over 1 million sq ft of new space will have been completed.

Over the next two years an extensive package of existing developments will come on stream including:

- New high-quality commercial office space. Approximately 35,000 sq m of Grade A office space is planned over the next two years.
- The further development of the Liverpool waterfront as an international visitor destination, including the new Museum of Liverpool, the new cruise liner terminal and public realm improvements along the Mersey Waterfront Regional Park.
- The City Region's significant knowledge-base, underpinned by three Universities has been boosted by recent investments in the Daresbury Science and Innovation Campus, National Bio-manufacturing Centre, Liverpool Science Park and Liverpool School of Tropical Medicine currently contributes around £1 billion to the economy.
- A City Centre Movement Strategy to strengthen Liverpool's offer as both a premier destination and a compelling proposition for inward investment.

But the physical transformation and investment in the City Region is not limited to Liverpool City Centre. Across the City Region a combination of public sector pump-priming and private investment is providing further investment, employment and business growth opportunities. The following diagram provides some spatial context to the Liverpool City Region and some of the major physical infrastructure investment that has occurred since 2000.

**INSERT MAP of the City Region to reflect key infrastructure improvements. Map to be completed w/c 22 September.**

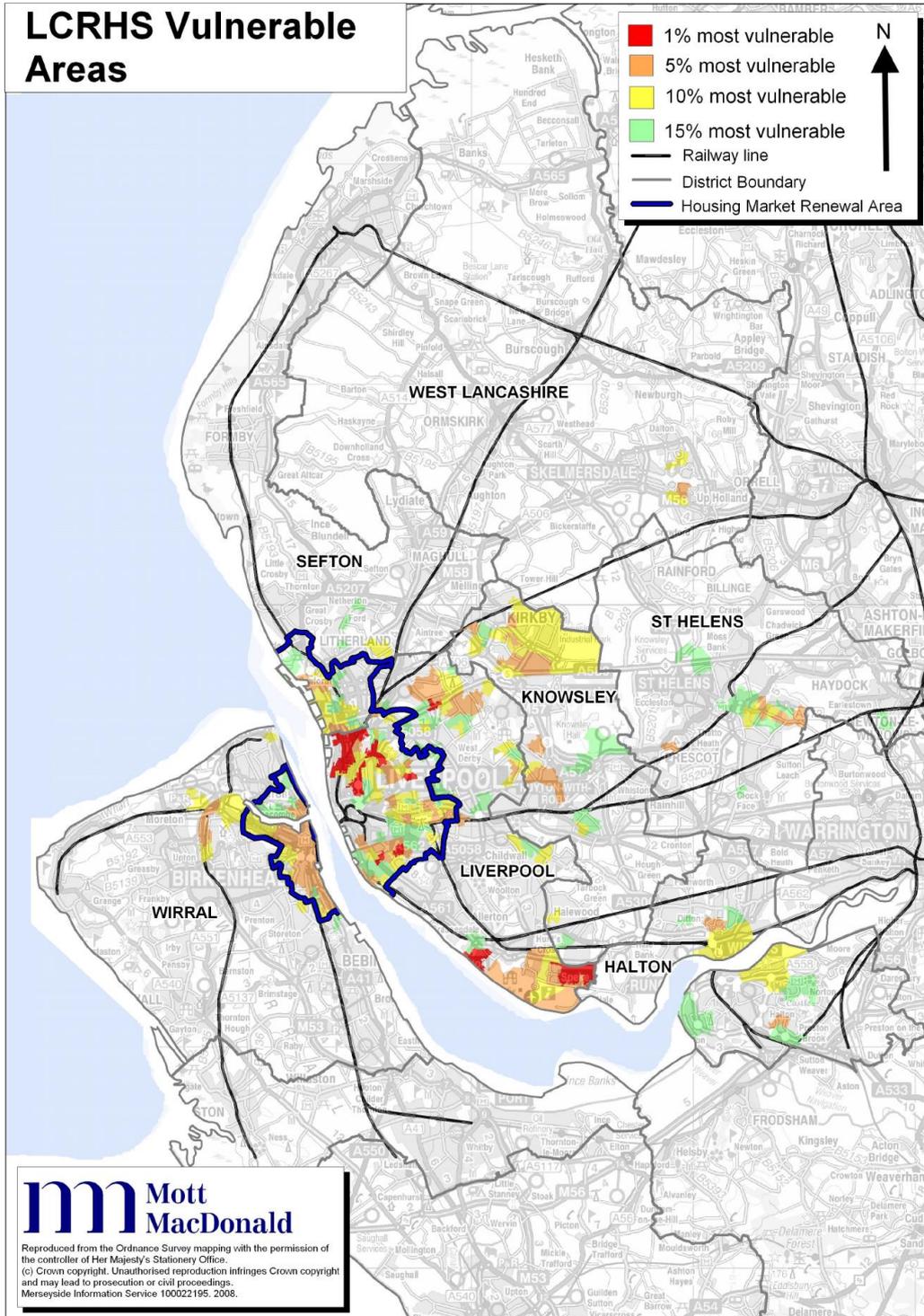
The role of public sector investment should not be under-estimated in the renaissance of the Liverpool City Region. In the period 2000 – 2006 some £918million of funding has been committed to projects via the Merseyside Objective 1. The successful delivery of this programme is underpinned by a mature approach to joint investment planning and decision-making and strong relationships with the private sector.

Whilst recent success is impressive, there is still much to do. The story of the Liverpool City Region is not complete without reflecting on the potential capacity that remains latent and the level of deprivation caused by long-term under-investment that remains unsolved.

- Benchmarking with other major European City Regions shows that Liverpool City Region is still constrained.
- Relationships with key local business and inward investors show that links to the rest of UK and internationally are a barrier to further investment, particularly in some value sectors.
- Over 240,000 people in the Liverpool City Region are economically inactive and

24.5% of super output areas in Merseyside appear in the top 5 percent of the IMD 2007 most deprived SOAs.

- Key brownfield strategic and employment sites are not ready to bring to market due to contamination or poor infrastructure
- In spite of extensive effort and investment, concentrations of disadvantage, both in social indicators and quality-of- place.
- Worklessness is particularly acute in particular communities, and this is closely correlated with other deprivation indicators



<p><b>What are our strategic ambitions?</b></p>	<p>The scale of the investment opportunities identified by the private sector in the Liverpool City Region is nationally significant.</p> <ul style="list-style-type: none"> <li>• Masterplans for Liverpool and Wirral waters present a radical vision of a £10bn investment opportunity over the next 30 years with the potential to deliver 44,000 new jobs.</li> <li>• The development of a Superport to rival New York or Dubai.</li> <li>• The City Region’s knowledge-base has the potential to act as a driver for business productivity and a magnet to attract key talent to the North West by developing global competitive advantage in key sectors.</li> <li>• Continue to develop the City Region as a premier destination and cultural capital of international standing</li> </ul> <p>The Liverpool City Region recognise that to deliver these visions will present challenges. Consequently our ambition is, through this MAA, to</p> <ul style="list-style-type: none"> <li>• Identify clear priorities for infrastructure investment across the City Region</li> <li>• Be more demand-led in identifying these investment priorities, working closely with the private sector.</li> <li>• Continue to work with the private sector to foster a delivery partnership that instills confidence in order to realise the scale of the opportunities presenting the City Region</li> <li>• To drive-up inward investment levels, linking people with job growth, in particular high growth activities. This will include supporting existing investors to remain competitive.</li> <li>• Underpin economic performance with a strong supporting offer in housing, transport, health and education.</li> </ul> <p>Current economic forecasts show that the City Region has the prospect of strong employment growth based on past performance, but this is not matched by productivity gains to close the gap with the rest of the UK. Our strategic ambition is to realise this potential while improving the productivity levels of the economy as a whole.</p>	
<p><b>Progress that we are making</b></p>	<p style="text-align: center;"><b>Objective</b></p> <p>Growing our knowledge and sector assets.</p> <p>Increase the level of inward investment into the Liverpool City Region</p> <p>Grow the port to double the amount of container cargo by 2020</p> <p>Growing the airport to cater for 12m passengers by 2015</p>	<p style="text-align: center;"><b>Collaboration and Progress</b></p> <p>Together we are:</p> <ul style="list-style-type: none"> <li>• Investing in the Universities as drivers of business growth, attractors of talent and knowledge and to underpin existing sector strengths.</li> <li>• Investing in Daresbury and Liverpool Science Parks.</li> <li>• Ensuring the provision appropriate grow-on and incubation space for high value business.</li> <li>• We are jointly funding a Single Inward Investment Agency to lead on the attraction and location of new investment into the City Region</li> <li>• We have developed a prospectus for the development of a SuperPort – engaging with the private sector to maximise synergies between Port, Airport and the Freight and Logistics sector.</li> <li>• We are participating in the delivery of investment plans for our Ports and Airport,</li> </ul>

	<p>Develop a Premier Destination, achieving 12m visitor night stays by 2015</p> <p>Capitalise on our world-class waterfront as a location for visitor growth, quality of life and for investment.</p> <p>Regenerating our deprived communities.</p> <p>Link people to jobs better, with investment in public transport</p>	<p>including the delivery of a deep sea container berth at Seaforth.</p> <ul style="list-style-type: none"> <li>• We are significantly enhancing multi-modal freight hubs at key strategic sites in St Helens, Knowsley and Widnes</li> <li>• Joining up our tourism and culture programmes through our Tourist Board and the delivery of a City Region-wide Destination Management Plan</li> <li>• Delivering the attack brand products of Liverpool One, Museum of Liverpool, International Slavery Museum, Arena and Conference Centre Liverpool (and its associated business tourism opportunities).</li> <li>• Working collectively to deliver a lasting legacy for the Liverpool European Capital of Culture 2008 year.</li> <li>• Recent strong ‘product’ investment in hotels, bars and restaurants</li> <li>• Collaborating to deliver the Mersey Waterfront Regional Park, a long term strategic framework for the 120 mile waterfront</li> <li>• Delivering a Housing Market Renewal Pathfinder</li> <li>• Implementing the Liverpool City Region Housing Strategy to meet housing demands, including numbers, affordability and choice.</li> <li>• Through the excellent rated delivery of the Merseyside and Halton Local Transport Plans</li> </ul>
<p><b>What are the barriers?</b></p>	<p>Recent investment in strategic and employment sites has taken care of easier propositions. The City Region is now primarily left with the “difficult to do” brownfield sites. These are made difficult by the restrictions caused by contamination or lack of basic infrastructure. In particular, the development of some strategic sites is hampered by the lack of available power supply. Outdated utilities infrastructure and lack of competition in the market place has led to long development times for key infrastructure projects. This problem is compounded by the fact that some of the City-Region’s target industries, such as digital and creative industries, have particular requirements such as high power demands.</p> <p>Significant progress has been made on the West Coast Mainline (WCML), but even with all maintenance works complete and resolution of outstanding bottlenecks, the WCML will be capacity by 2016. The need for High Speed Lines between London and Scotland and across the North of England is crucial to the City Regions long term economic and climate change priorities. An air link to London Heathrow is needed, but the development of High Speed Rail would remove the need for this link and make significant contributions to reducing the transport sectors carbon demands</p> <p>Pan-Northern rail links are currently constrained by capacity and rolling stock issues, and the Manchester Rail Hub is currently a key barrier to delivering rail improvements across the North and with links to other City Regions and London.</p>	

	<p>Parts of the Merseyrail network are at or exceeding capacity at, peak travel times in particular. Existing rolling stock and park and ride availability are barriers to increasing the use of rail for business trips. Due to a lack of full local decision making of the Merseyrail network, Merseytravel are unable to effectively manage and enhance the network, so restricting the contribution that rail can make to business productivity, competitiveness and improving accessibility for all.</p> <p>The second Mersey Crossing ‘Mersey Gateway’ is vital to the productivity, competitiveness and employment opportunities of the City Region. The new crossing will address congestion, unreliable and increasing journey times, and provide a range of benefits: creation of new and permanent jobs; new business opportunities; improved public transport links across the river; increased economic performance across the City Region and Region; creation of additional new commercial floorspace; catalyst for new homes, shops, offices and leisure facilities; improved intra and inter regional link.</p> <p>Access to the Mersey Ports is currently constrained by the existing highway network and the competing use of the network by freight, business and local transport. Gauge restrictions on the rail network are also restricting rail freight movements and future opportunities and demand.</p> <p>Increasing traffic growth will start to affect business productivity and future investment due to congestion, unreliable and delayed journeys. In addition, negative environmental impacts (air and noise pollution and green house gas emissions) will impact on the health and quality of life for those that live, work and wish to invest in the City Region.</p>
	<p>In addition to these programmes, we are working to develop greater collaboration and partnership working across the City Region in order to:</p> <ul style="list-style-type: none"> <li>• Develop closer linkage of investment priorities with wider economic growth strategy. <ul style="list-style-type: none"> <li>• Property development that supports key sector strengths, knowledge assets but also employment drivers.</li> <li>• LTP fit with local employment and enterprise initiatives and also key inward investor needs.</li> </ul> </li> <li>• Extend programme funding for key strategic infrastructure projects in collaboration with NWDA – this is something that we can do ourselves in collaboration with NWDA.</li> <li>• Deliver the Single Inward Investment Agency – aligning NWDA, Local Authority and partner promotion, lead generation and image campaigns to promote the attack brand Liverpool City Region. To be done ourselves.</li> <li>• Examine options for transport links to the rest of the UK to discuss with Government. Joined up approaches in tackling the issues of housing, transport and skills</li> </ul>
<p><b>What can Government do?</b></p>	<p><i>A supplementary paper detailing asks in this area is under development, to be delivered in April 2009. Current asks include:</i></p> <p>Work with the Liverpool City Region, and NWDA to overcome power supply issues affecting the City Region. We believe these to be regulatory issues between current power providers and Offgen.</p> <p>Support the Mersey Gateway scheme through the major schemes process to full approval.</p> <p>Recognise the economic and productivity value of Superport with support for strategic rail and road access improvements through the RFA and national investment programmes, including Productivity TIF, Highways Agency and Network Rail. Asks within the SuperPort concept may also examine existing planning and policy constraints.</p> <p>A set of comprehensive transport ‘asks’</p>

	<p>Ensure that UKTI is aligned with Liverpool City Region internationalisation and inward investment drives</p> <p>To explore the possibility of implementing Accelerated Development Zone Status for selected areas of the Merseyside waterfront</p>
<p><b>How will we measure success?</b></p>	<p><i>Measures of success will be developed by April 2009 (see section 4)</i></p> <p><i>Additional benefit of interventions in power are will be £x m of additional investment in key named sites. Overall GVA growth of those projects.</i></p>

## 9. Developing Transformational Ideas

*These activities are currently under-development, with extensive dialogue between partners on the scale of the opportunity presenting the Liverpool City Region, and the evidence base development to under-pin it. It is our intention to develop these proposals to include key barriers to delivery, and proposals for Government to support the City Region in delivering these actions. This will be complete by April 2009.*

### Concept 1: SuperPort

SuperPort physically comprises the core assets of port, airport, logistics and transportation infrastructure but conceptually it can be much more by integrating these attributes together to provide a cohesive cost efficient entity.

In addition, the City Region has a world-class freight community able to make best use of these physical assets. Indeed, SuperPort has the potential to become a genuine unique selling proposition for the Liverpool City Region and the North West by seizing competitive advantages in a global industry with an assured, long-term future.

By learning, and applying, best practice from across the world Liverpool SuperPort can become a leading example of technical and service innovation, harnessing the potential of its supply chains and ensuring that not only does it become a global destination and transshipment hub of choice but becomes a pioneer in the field of sustainability.

SuperPort also has the potential to provide a key driver in the development of inward investment as external parties are made aware of the opportunities opening up in the City Region through the inward investment activity of the Mersey Partnership.

### Concept 3: Knowledge Economy

The strong and developing knowledge economy in the Liverpool City Region includes biosciences, life sciences and a general science base. It encompasses outstanding existing assets such as the Liverpool School of Tropical Medicine, Science Park, Daresbury and the three City Region's Universities.

The scaled impact of these assets are substantial drivers for future economic growth and include £1bn income to the City Region economy, 15% of the City Region's total GVA and over 14,000 jobs.

With this unique range of strengths and assets the Liverpool City Region is well placed to improve its economic performance and productivity based on science, research and knowledge; through increased inward investment, increasing R&D in both the HEI and private sectors, enterprise start-up and growth, and improved skill levels.

### Concept 2: Low Carbon Economy

The environmental economy is one of the UK's fastest growing markets. Over the next 10 years, the market is expected to expand by £30bn across the UK. The Stern Review of 2007 clearly equated inaction to climate change with costs to economic growth. The cost of not acting is estimated to be as much as 20% of global GDP, but that the cost of reducing carbon dioxide to safe levels would be between 1-3%. Together with these costs, there will be a significant restructuring of the economy towards low-carbon industries. The promotion of sustainable transport and land use planning will enable the creation of a low carbon transport system that contributes to climate change mitigation and adaptation, energy efficiency priorities, and maintained and improved environmental quality and human health.

The precise nature of the opportunity within the Liverpool City Region is not yet quantified , this work is underway and a key part of the early stages of our strategy development.

The Liverpool City Region is uniquely positioned to contribute to the growth of this market, and to grow its own economy as a result. It has a range of assets that make it well suited to further investment:

- Strong natural resources (harnessing the power of the Mersey and the wind capability of the Mersey estuary)
- Strong existing business base in related industries. The City Region is currently home to large industries that are influential in the low carbon market (Pilkington and their obvious links to solar energy would be a good example, but there are range of others). There are also a number of high-energy users, whose proposed investments will have positive and negative impacts to the environment.
- Existing barriers to infrastructure include the lack of supply of energy to key sites. The opportunity exists to increase supply using renewable sources, including on-site generation or the creation of enhancements to the existing grid based on renewable investment
- Some strong flagship projects in which demonstrator technologies are proving a return on investment (e.g. ACCL, Liverpool South Parkway rail station), and this can be replicated successfully given the extent of planned investment in the City Region over the next three years.