

# **EU STRUCTURAL AND INVESTMENT FUNDS STRATEGY 2014-2020**

## **LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP**

**January 2014**

## **FOREWORD**

I'm delighted to submit our EU Structural and Investment Funds Strategy for the 2014-20 Programme, which sets out how we propose to spend our EU funding allocation. While the settlement of €221.9m for the Liverpool City Region was disappointing and will inevitably impact on our ability to generate growth, increase employment, and tackle exclusion, the new programme is vitally important and a significant instrument to drive growth and create jobs.

Our approach has been to identify what the City Region needs and then to shape the EU investment to reflect this. More specifically, we have identified five interconnected areas of activity which address local need and opportunity while also respecting the requirement to base the programme around the themes identified by the EU and Government.

Collectively we have to make things happen more quickly to create more, better paid jobs. Our approach gives the private sector the confidence to invest, expand and recruit, and ensure that we can deliver a big impact. Our strategy and programme deepens the strong cross-sectoral collaborative approach which has always been a feature of the way that the City Region has worked and will deliver an effective and focused programme for the next seven years.

**Robert Hough**  
**Chairman, Liverpool City Region Local Enterprise Partnership**

The Liverpool City Region is a thriving, key international and national investment location, with strong global trade, knowledge, manufacturing and cultural assets underpinned by resourceful communities. We have benefitted from 18 years of EU Structural Funds over three EU programming periods which have been a significant catalyst in LCR's improved economic performance over the last 20 years, and put in place the building blocks for a 21st century economy.

Our strategy builds on our experience and this programme delivers a greater focus on getting more people in work and growing our businesses. This approach has been developed through mature partnership and taking tough choices to prioritise maximum impact and value for money.

The opportunities for growth and barriers to be addressed are clearly laid out in our strategy and the programme has full buy in from private, public and third sector partners. This allows us to assure delivery, target investment and accelerate the development of our City Region.

**Cllr Phil Davies**  
**Leader of Wirral MBC**  
**Chair of EU Post 2013 Subgroup**

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## 1. Summary

The Liverpool City Region European Programme 2014 – 2020 will be a key component to grow our businesses and support more people into jobs over the next seven years. With an EU funding allocation of €221.9m (circa £190m), City Region partners have prepared a robust and focused programme to maximise our investment opportunities and tackle barriers to growth.

The Programme builds on our significant assets, potential and offer while dealing with the need to reverse long term underperformance and address social inequality. Partners have prioritised our programme for maximum impact on five key areas of genuine strength and economic opportunity to help more local people into work and to unlock business success:

### **Blue /Green Economy**

Delivering jobs and business value by exploiting commercial opportunities from the Low Carbon and Marine economy to be a more resource efficient and sustainable City Region.

### **Business Economy**

Addressing the challenge of creating jobs and establishing businesses through a focus on entrepreneurship and business growth across all of the Liverpool City Region, increased trade and export (linked to 2014 International Festival of Business and its legacy) and access to finance for investment ready businesses.

### **Innovation Economy**

Supporting the translation of our inherent strengths in Big Science, Life Sciences & Bio-Medical, High Value Manufacturing, Green and Blue economy technologies, and Creative & Digital into opportunities for innovation, economic growth and employment

### **Inclusive Economy**

Applying ground breaking innovative approaches to entrepreneurship, skills, social innovation, and local employment to overcome exclusion and capitalise on the latent strength and capacity within the City Region's population and communities

### **Place and Connectivity**

Building on the unique strength of Liverpool City Region's vibrant historic culture, natural assets, and geographic location by focusing our investment on high growth locations across the City Region which are supported by the private sector.

The five portfolios allow the City Region to develop and deliver an integrated approach which is focussed on meeting identified local need and opportunity. Our approach allows assistance to be targeted and act as a catalyst. The programme prioritises delivery of long term benefit, impact and value for money.

### **Allocation of EU Funds**

<b>PORTFOLIO</b>	<b>ERDF</b>	<b>ESF</b>	<b>TOTAL</b>
Blue / Green Economy	£25m	£3m	£28m
Business Economy	£32.8m	£8m	£40.8m
Innovation Economy	£26.5m	£5m	£31.5m
Inclusive Economy	£3m	£61.7m	£64.7m
Place & Connectivity	£25m	-	£25m
<b>TOTAL</b>	<b>£112.3m</b>	<b>£77.7m</b>	<b>£190m</b>

Note:- The annual profile of expenditure which is annexed to this strategy (Annex 4 - BIS spreadsheet) is based on the assumption that expenditure will commence in September 2014.

Building on a strong track record of effective delivery and partnership from previous programmes, the Liverpool City Region Local Enterprise Partnership will be responsible for the delivery of the European Programme and will ensure that all sources of public funding are effectively aligned and act as a lever for additional private investment.

## 2. Socio-Economic Appraisal

### 2.1 Liverpool City Region Overview

The scale, growth potential and unique mix of assets and market facing opportunities mean Liverpool City Region can be a driver of national economic growth.

- **Liverpool City Region is a major economy** with a large number of international firms, annual Gross Value Added (GVA) of £23.1bn and 574,500 jobs. The City Region is home to world leading companies, including Unilever, Jaguar Land Rover, Maersk, NSG (Pilkington), Novartis, Iberdrola and Sony, attracted by the business friendly and cost competitive environment. The City Region has inherent sector strengths in Advanced Manufacturing, Life Sciences, Low Carbon and Renewables, Financial and Professional Services, Digital and Creative, Maritime and Logistics and Visitor Economy.
- **Liverpool City Region has a population of 1.5 million** covering the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral. Most areas have recorded an increase in population since 2006. Currently there are over 37,000 businesses. Over recent years the area has recorded improvements in its relative economic performance. The City Region is considered to be a functional economic area, with 85% of residents living and working within its boundary.
- **Liverpool acts as the City Region hub and is one of England's eight core cities**, the economically most important cities outside of London that will drive local growth and underpin national performance. Over the past two decades the Liverpool City Region economy has diversified, striving to develop international orientated markets and businesses. Currently 15% of employment in the City Region is in export intensive industries and the gap with the national average has narrowed.
- **The Liverpool City Region economy has strengthened over recent years;** key to this has been EU funding working in conjunction with other regeneration funds to build assets. Investment has transformed urban centres, the supply of commercial property and the visitor experience, ensuring that the City Region has the building blocks for growth in place. The City Region has developed a range of strategic investment locations, and these assets have helped establish a strong record in attracting inward investment and supporting business expansion. In 2014 the City Region will host an International Festival of Business.
- **Liverpool City Region has inherent strengths in Big Science, Life Sciences and Bio-medical, High-Value Manufacturing, Marine/Maritime, Low Carbon and Renewable technologies and Digital and Creative industries.** The City Region has a strong network of knowledge assets including a national innovation campus at Sci-Tech Daresbury and the Liverpool Knowledge Quarter which includes world leading centres of excellence such as the Liverpool School of Tropical Medicine and the Oceanography Institute. These strengths have been important drivers of growth in the City Region, enabling application and exploitation of ideas, skills and innovation. Currently, 83,000 people are employed in knowledge intensive industries in the City Region, with further concentrations of high and medium technology jobs. The City Region is exploring its differentiated science and technology offer, including its reputation for social innovation, to identify the opportunities to accelerate and scale up innovation excellence, the commercialisation of R&D and innovation driven business and job growth and is developing mechanisms to scale up such activities.
- **Liverpool City Region has economic connections to its immediate hinterland, wider national markets and also global markets.** The City Region benefits from excellent accessibility and important national and international transport connectivity. It has a growing Atlantic Coast profile, deep water Port with world class facilities including Post-Panamax and first rate connectivity to Manchester via the Ship Canal. People and businesses benefit from high quality strategic transport infrastructure, the west coast mainline, national motorway

network and international transport linkages via Liverpool John Lennon Airport and the Port of Liverpool. It is part of the EU Core Transport Network.

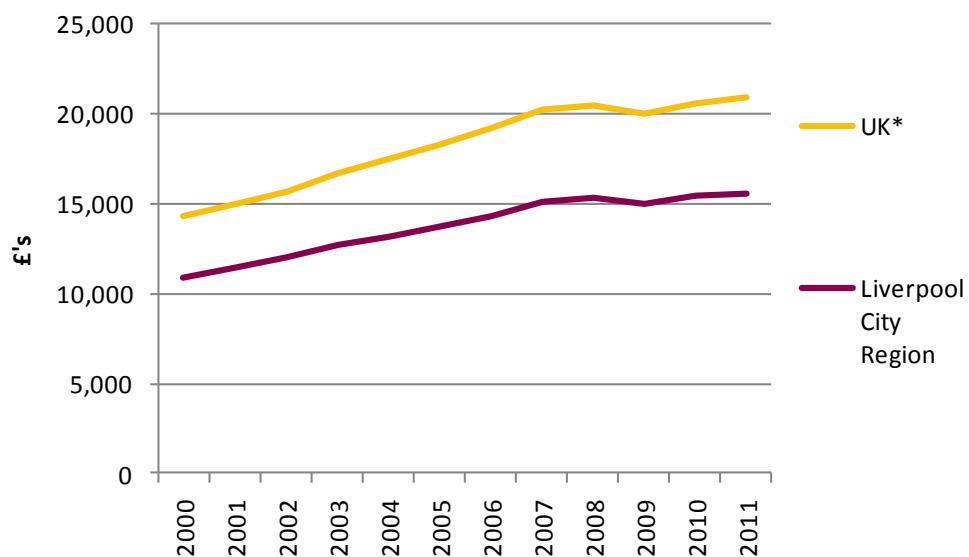
- **Liverpool City Region is a distinctive brand with a vibrant culture, heritage and leisure offer.** The development of Visitor Economy assets has stimulated growth; in 2010 the City Region Visitor Economy generated £3.4bn of economic output. Over the last 20 years the City Region has been transformed and the rejuvenation of Liverpool City Centre has created an attractive urban environment. Academic excellence across the City Region's three universities, School of Tropical Medicine, hospitals and innovation centres has been a catalyst in attracting and retaining talented young people. Over the past ten years there has been an increase in the population cohort aged 18-24 years.
- **Liverpool City Region has established a strong governance framework,** the development of which has led to investigation of the potential for a Combined Authority. This strong governance framework has been integral to the development of the Local Growth Plan, of which the EU Structural and Investment Funds Strategy 2014-2020 (EU SIF Strategy) forms a key part. Development of the EU SIF Strategy has included the integration of wider City Region strategies including the Employment and Skills Strategy and Local Transport Plan, and has been informed by the City and City Region Deal with Government, to create a mutually supportive framework for sustainable and inclusive growth across the City Region.

### **Understanding the Challenges**

Despite its strengths, Liverpool City Region faces considerable challenges which highlight the need for co-ordinated intervention and investment to ensure the City Region's latent potential is exploited.

Notwithstanding progress to date, resilience during the recession and a recent recovery in growth comparable to other similar City Region areas, Liverpool City Region's £23.1bn economy continues to struggle to punch its economic weight. Average GVA per capita is only 75% of the national average and this gap has remained largely unchanged over the last decade. As a result the City Region suffers from an £8.2bn output gap compared to nationally.

#### **GVA per head, per annum**



Source: Office for National Statistics, Regional Accounts

Note: \* = UK less Extra Regio, excludes output that cannot be assigned to regions

A number of structural issues drive the output gap with the UK, from demographic characteristics, labour market participation levels to deficits in economic resources that influence productivity in the City Region compared to nationally. Greater globalisation as well as weakened economic conditions as a result of the recession have increased competition and reduced opportunities for growth.

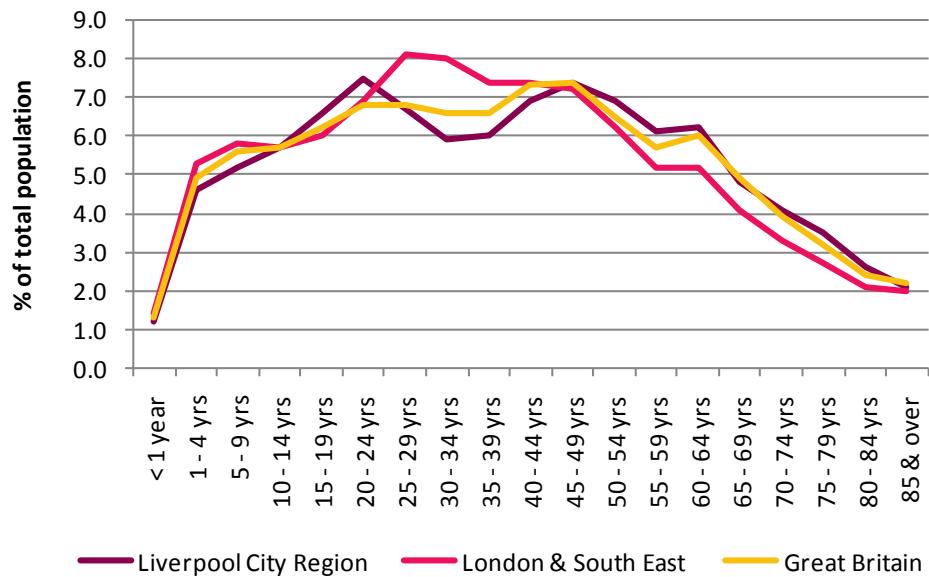
Liverpool City Region needs to maximise the impact of investment and opportunities it has over coming years to reverse underlying structural issues and ensure the exploitation of its latent potential. This remains a significant challenge, and at the heart of the Liverpool City Region EU SIF Strategy.

Differences in economic output performance are at the most fundamental level, a result of variations in employment (which depends on demographics, labour market participation and unemployment) and productivity. Therefore if the City Region is to address its output gap of £8.2bn, it has to address a number of long-standing structural challenges in these areas.

### Realising the Full Potential of Our People

Analysis of the Liverpool City Region population shows that it has suffered long-term decline, and whilst it has recorded growth over recent years, this has failed to match the national average. Looking at the population structure of the City Region highlights a deficit of 30-44 year olds relative to the national average and particularly London and the South East. Migration patterns show that younger people have been moving out of the City Region to areas of greater job potential or career progression. Significantly this age group plays an important role in terms of driving economic growth; it is often the group that starts successful growth businesses. The City Region needs to accelerate job creation, particularly high-skilled opportunities to encourage population retention, especially among graduates.

**Liverpool City Region Population, by Age Cohort**



Source: Office for National Statistics, Mid-year estimates

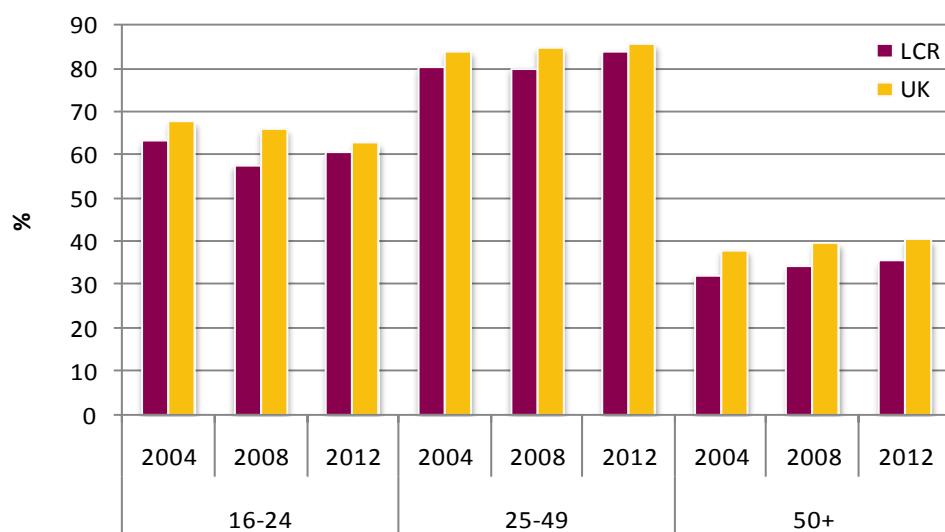
Like many European regions, Liverpool City Region has recorded, and continues to record, growth in its population aged over 65 years. This trend has implications for the labour market, but also for infrastructure, culture and public service requirements. With an ageing population comes a higher dependency rate. Trends in out-migration mean that the City Region is likely to be disproportionately affected. The City Region needs to explore innovative ways to address the challenges presented by an ageing population, from health provision and prevention to housing accessibility and usability, assisted living and the use of technology.

Liverpool City Region continues to face higher underlying economic inactivity than nationally, to an extent impacted by higher deprivation and poorer health levels. Currently the City Region has 35,000 more inactive individuals than on average across the country. Of particular concern is inactivity among young people, which, although it has increased nationally due to the recession, is disproportionately higher in the City Region and feeds through to lower employment levels. Youth inactivity is most prevalent in Liverpool and Wirral where rates are above the national average and have been increasing since 2004.

Across the country rates of employment fell as a result of the recession and have since struggled to recover. However, underlying rates of employment are below the national average in Liverpool City Region. Employment rates are particularly low in Liverpool and Knowsley. To achieve the level of employment equivalent to the national average an additional 46,200 individuals would need to enter employment in the City Region. Of particular concern is the disparity in male employment rates, which have not only struggled to recover to pre-recession levels but are significantly below rates nationally. Whilst female employment rates are lower than for males the disparity with the national rate is considerably smaller.

These structural challenges highlight the link between working-age population shares, labour market participation, employment rates and economic output. It is essential that Liverpool City Region takes action to address its deficits in these areas if it is to improve competitiveness and increase economic growth to close the output gap.

### Liverpool City Region Economic Activity Rates



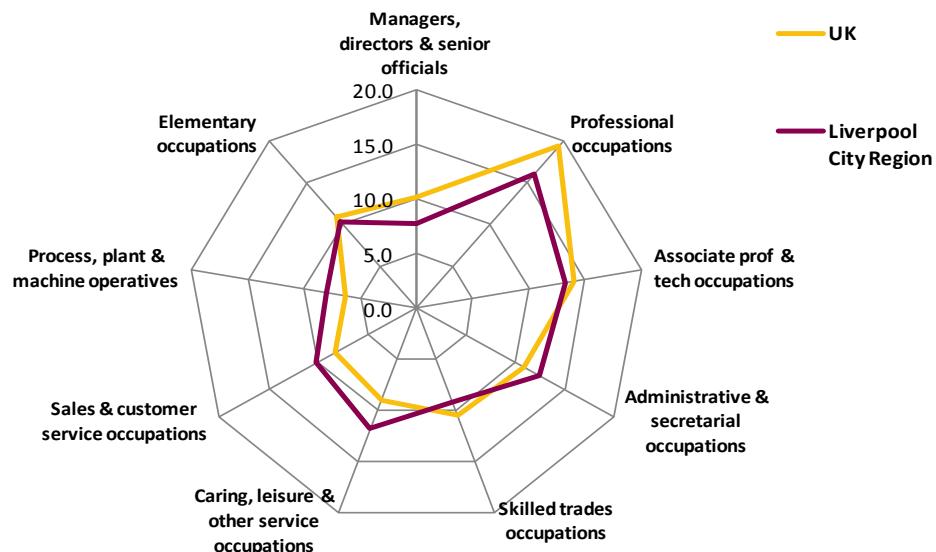
Source: Office for National Statistics, Annual Population Survey

The recession resulted in a loss of jobs in the City Region, a product of its industrial structure, where vulnerable sectors including Construction, Financial and Professional services and Manufacturing are all large employers. Also, given the scale of the public sector in the City Region, the Government's policy to reduce public sector debt and rebalance the economy has had a disproportionate impact. Although over 31,000 private sector jobs net have been created since the recession, job density figures show that the City Region is not creating enough jobs for its resident population. To achieve this, the City Region would have to create approximately 90,000 jobs.

Over recent years the City Region economy has experienced a change in the nature of employment. Job losses have been concentrated in full-time roles whilst there has been a large increase in part-time working. This trend has repercussions for household income levels, with a knock-on effect on consumer spending in the City Region. The challenge of the City Region remains to create long-term sustainable jobs to reduce unemployment as well as under-employment.

Liverpool City Region suffers from a deficit in higher-level occupations, and a prevalence of lower-level occupations when compared nationally. For the City Region to have an equivalent proportion of people employed in higher-level occupations to the national average, it would need to add 40,800 individuals to these occupations. In addition, earnings are lower across occupations compared to the national average and especially London and the South East. These differences impact on economic performance. The challenge for the City Region is to nurture, attract and support high-value activity, therefore increasing high-value opportunities.

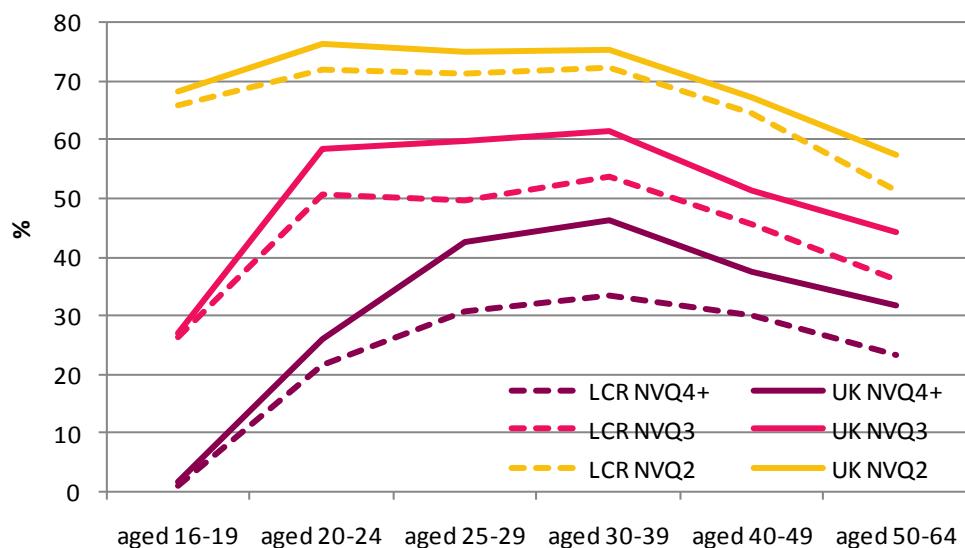
## Liverpool City Region Occupational Structure, 2012



Source: Office for National Statistics, Annual Population Survey

The overall level of education and skills in a workforce can have a critical impact on the output and productivity levels of both an individual firm and the economy as a whole. An increasing number of jobs in the economy require higher level skills. Over recent years, skills levels in the City Region have improved, however they remain below the national average and 13% of the working age population hold no qualifications. For the City Region to attract new investment and grow existing businesses, it needs to improve both higher and generic softer skill levels. The City Region, through the 'Skills for Growth' work, has begun to understand and communicate the current and future skill needs of employees; this is a sound basis for future work.

## Liverpool City Region Skills Gap, by Age Level



Source: Office for National Statistics, Annual Population Survey

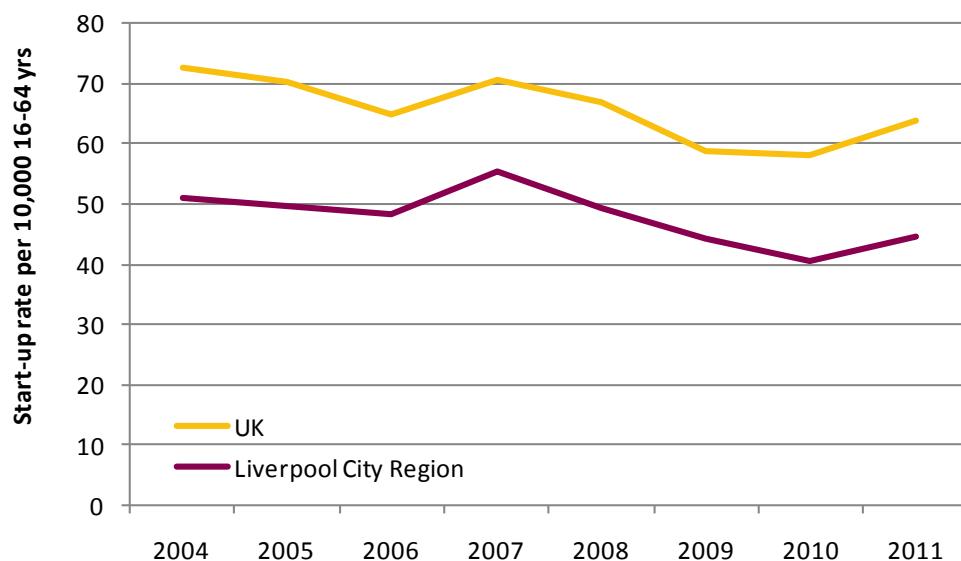
Given the strong link between skill levels and unemployment, the City Region must work to equip people to be job ready and support their transition into work. Individuals make the decision to invest in skills, based on an assessment of the balance between the costs and benefits of gaining those skills.

The City Region needs to ensure that factors influencing access to education and training such as public transport and availability of training opportunities do not act as barriers to skills attainment.

### Creating a Healthy Business Base

Liverpool City Region has a deficit in its business base and a requirement to stimulate new enterprise when compared to national averages. Currently, there are over 37,000 businesses in the City Region, however, compared to the national average this equates to a shortage of 18,500 businesses. Business start-up rates are also below the national average. Establishing a culture of enterprise, improving knowledge and skills, access to finance and business innovation are all key factors in enhancing the level and quality of enterprise in the City Region.

#### Liverpool City Region Business Start-up Rates, 2004-2011



Source: Office for National Statistics, Business Demography & Populations Estimates

Liverpool City Region has seen a rise in self-employment, mainly as a result of redundancies and preference to start businesses rather than take benefits since the recession. However, evidence highlights a continued deficit in female self-employment. The challenge for the City Region is to sustain its recent performance and to bolster entrepreneurial culture in the area through targeted support for specific geographies and under-represented groups. The City Region has also seen growth in the Social Economy, with social enterprises of various sizes being created, the development of jobs and enterprises which are committed to staying in the City Region, tackling new developments in employment, and demographic change, as well as changes in local procurement such as the Social Value Act.

The increasing globalisation of economic activity presents not only new opportunities to trade and invest for Liverpool City Region, but also challenges to industries and sectors that have traditionally dominated the economy. The City Region needs to ensure that its businesses can compete effectively in the global market place. Firms and individuals need to be encouraged to move into new markets.

Global competition and technological change increases the need for innovation. The City Region needs to support businesses to effectively apply new technologies and improve efficiency. Liverpool City Region needs to foster its ability to turn academic research into commercial innovation by stimulating the level of research and development undertaken and further improve partnership working between industry and researchers.

## Focused Action Exploiting Key Assets and Opportunities

The City Region's transformational activities have developed from an accumulation of knowledge and understanding of the economy gained through work developing previous strategies and sector action plans. This knowledge ensures action is focused on measures that maximise growth potential, job and business creation and improve quality of life across Liverpool City Region.

Productivity in Liverpool City Region is 83% of the national average; however despite this overall deficit there are a number of key sectors where productivity is higher than nationally, especially in Manufacturing, Utilities and Transport and Storage; and sectors with above City Region average productivity include Construction, Financial services and Information and Communication. The City Region has taken steps in recent years to provide a platform for growth in these and other key sectors.

Baseline forecast figures for key growth sectors show that currently 224,000 people are employed across the sectors in the City Region, producing output of £9.9bn, 43% of the City Region total. Productivity in the majority of key growth is higher than the City Region average, highlighting the value-added nature of the sectors and that activity focused in these sectors will drive growth across the City Region economy.

Key Sectors	Employment	GVA £m	Productivity £s
Low Carbon	40,000	1,577	39,251
SuperPort	17,000	611	36,449
Digital & Creative	14,000	432	31,192
Advanced Manufacturing	18,000	754	47,305
Life Sciences	3,000	147	50,772
Financial & Professional Services	89,000	5,368	60,482
Visitor Economy	45,000	1,032	22,781
Key Sector Total	224,000	9,922	44,353
Whole Economy Total	637,000	23,162	36,382

Source: Oxford Economics, Liverpool City Region Forecasts 2013

Note: - Visitor Economy figures do not include retail.

Over the period 2010 to 2020 baseline projections indicate that the City Region economy, on its recent economic trajectory, could grow by £4.7bn. Key sectors are forecast to be essential for this growth in the City Region, with the potential to contribute £3.2bn of output growth and create 35,000 additional jobs.

The provision of CORE status is recognition of the City Region's work and continued potential in the Low Carbon and Renewables sector. Its unique maritime location and the River Mersey affords the City Region many of the components required to self-generate renewable energy, whilst established industries have the potential to diversify and many workers hold relevant skills. **Growth can be stimulated through the exploitation of commercial opportunities in Low Carbon environmental goods and services, energy and heat networks and the imperative for modal shift in transportation.**

Liverpool City Region has built on its assets, port, airport, rail and logistics as part of a co-ordinated SuperPORT plan to bolster economic growth and secure the benefits of increased global trade. The 2014 International Festival of Business and its legacy have the potential to support City Region businesses to increase trade and exports. Harnessing inherent strengths in Life Sciences, Bio-medical and Healthcare, High-Value Manufacturing and Advanced Materials and Creative and Digital sectors offer opportunities for job creation and economic growth in the City Region; particularly through the exploitation of Science, Technology and Innovation assets in the Knowledge Quarter and Sci-Tech Daresbury. **The City Region needs to continue to develop areas of relative strength through stimulating indigenous sector growth, inward investment and diversification.**

The mapping of key City Region assets provides an understanding of potential opportunities that can be capitalised upon as well as gaps in terms of future demand that will need to be addressed. The

potential from key government interventions needs to be exploited, including Growing Places Fund, Regional Growth Fund and Enterprise Zones. Mersey Waters Enterprise Zones hold significant employment generating potential such the International Trade Centre and Advanced Supplier Park initiatives. Daresbury Enterprise Zone is a science and innovation campus of national recognition, a location for high-tech business and leading edge science with enormous potential for expansion. **Liverpool City Region needs to work to remove factors that can limit business growth.** Provision of key sites and commercial space are essential for growth, including the right mix of office space, laboratory and grow-on space as well as light industrial and small business space.

In the next twelve months Liverpool City Region will see £1.3bn of construction and development work begin as the Mersey Gateway Bridge in Halton (£600m), the Post Panamax ‘Liverpool 2’ water berth at the Port (£340m), and the redevelopment of the Liverpool Royal Hospital (£330m) all get underway. Ambitious £10bn plans to develop our Enterprise Zones at Wirral Waters and Liverpool Waters, the ongoing development of Sci-Tech Daresbury as a national science asset and plans to bring forward logistics and development sites across the City Region, provide real opportunities to collectively drive forward the City Region.

## 2.2 Links to EU and National Priorities

The Liverpool City Region (LCR) EU SIF Strategy sits within a wider national and EU policy environment.

### European Context

The LCR EU SIF strategy sits within the wider EU budgetary framework for 2014-2020 and has been developed within the constraints set by the new regulations and the government guidance documents. LCR partners have noted the desire for greater coherence and alignment between the EU structural funds and other EU programmes and will be seeking to maximise these during the next period.

The EU has a number of other policies and programmes which will interact with the EU SIF Strategy, in particular the Territorial Co-operation programmes, the Connecting Europe facility (both of which are ERDF funded), Horizon 2020, Life+, Erasmus. There is an express desire to ensure that the funds are inter-connected and add value (see section 5.5). EU policies including Regional Policy, the European Maritime and Fisheries Policy, Research, Technology and Innovation policies will shape delivery going forward. The new EU Core Transport Network will see more emphasis on investment in gateways such as Liverpool.

The new framework for the EU structural and investment funds gives LCR the opportunity to focus investments on a limited number of priorities as a transitional region and for bringing together ERDF, ESF, rural development/EARDF and EMFF funding in a single framework.

### National and Supra Local Context

The UK Government made its intentions regarding a locally led delivery of the EU SIF Strategy clear at the beginning of 2013. The approach sits within the wider context of localism which culminated in the Local Growth Deals. The Heseltine ‘No Stone Unturned’ report provides the wider context for this drive towards localism and devolution of central funds.

The LEP is leading on the development of the Local Growth Strategy and accompanying Strategic Economic Plan (SEP), which will provide the wider socio-economic and environmental context for the EU SIF Strategy. The Spending Review in June 2013 announced the size and scale of the Single Pot which will be allocated to each LEP at a later date. Other LCR strategic plans are being developed at the moment (Innovation Plan, the City Region Enterprise Strategy) and others (SuperPORT Action Plan, Local Investment Plan, Employment and Skills Strategy, Visitor Economy and Low Carbon Action Plan) are already in place to inform both the Local Growth Strategy and the EU SIF Strategy. The detailed evidence base is being developed and will also form part of the EU SIF Strategy (see section 2 for details).

The EU SIF Strategy is the strategic framework for the delivery of EU eligible elements of the Local Growth Plan. The two are progressing in tandem, albeit with slightly different finishing dates. Wrapped around these in LCR is the City Region Deal which was signed off in July 2012. One of the 'asks' related to devolved delivery of the EU SIF Strategy; others include the Skills for Growth Bank, which is integral to our ESF proposals.

One of the major opportunities for the EU SIF Strategy is to contribute to the delivery of the Atlantic Gateway Business Plan which pulls together a number of large scale investments across identified priorities of Growth and International Trade, Creating a Globally Connected Gateway, Developing Low Carbon Infrastructure and Technologies, Sustainability/Adapting the Landscape. Of particular importance is the interaction between the EU SIF and the priorities of infrastructure, including Green Infrastructure, Science and Innovation, especially Life Sciences, and Low Carbon. Collaboration is already in place between LCR and then neighbouring LEPs of Greater Manchester and Cheshire and Warrington. Key elements of the proposed portfolios will support and accelerate the delivery of the Atlantic Gateway priorities, including the SuperPORT, Sci-Tech Daresbury, Liverpool Knowledge Quarter and other innovation assets, and investments in the transition to a low carbon economy, including Renewables, Logistics and Maritime industries.

## 2.3 Summary SWOT

### Strengths

- A number of world leading companies in key sectors
- Inherent sector strengths in Advanced Manufacturing, Life Sciences, Low Carbon, Digital & Creative, Maritime & Logistics and Visitor Economy
- A strengthening economy that has diversified with greater international orientation and a successful track record in utilising investment streams
- Significant knowledge assets including Sci-Tech Daresbury and The Knowledge Quarter
- National and international connectivity for business, logistics & freight as well as Tourism
- Critical mass of cultural, sporting, heritage, leisure, natural environment and retail assets
- The River Mersey as a key economic and environmental asset for the City Region
- LCR is one of five Centre for Offshore Renewable Energy (CORE) regions
- Atlantic sea-board location and role as a deep water gateway for trade and people into the North of England and beyond
- World leaders in water and land clean up and coastal resource management
- Proximity and connection to major markets
- Excellence in HE and FE sector, with particular research specialism
- New school and college facilities
- Sector strengths in waste management and recycling
- Strong governance structure
- A variety of landscapes which provide for diverse and intensive agriculture and forestry, tourism and recreation activities (including a diverse network of protected areas and habitats) and rural based businesses
- Significant sustainable transport infrastructure

### Opportunities

- Expansion of export intensive industries
- 2014 International Festival of Business
- Exploitation of Enterprise Zones
- Major investment to start including The Mersey Gateway, Liverpool 2 (post Panamax terminal) and The Royal Liverpool Hospital
- Potential to expand high productivity sectors
- Continued potential of the Low Carbon and Renewables sector including commercial opportunities
- The potential to build a larger, nationally significant and differentiated innovation economy

- Diversification potential of established sectors in the City Region
- SuperPORT, the potential to exploit the benefits of increased global trade going forward
- Relative improvements in female employment rates and overall self-employment
- City Region production of products and services valued by growing consumer numbers in new and emerging market economies
- Increasing demand for Low Carbon goods and services
- Growth sectors with the potential to offer a range of occupational opportunities
- Improving educational attainment
- Opportunities related to the strength of the Voluntary and Community sector in the City Region
- Development of new training and education facilities that reflect sectoral specialism
- Development of HS2
- Growing numbers of leisure and tourism visitors
- Development of science parks, bio-campus and innovation centres
- Development of partnership working between industry and academia
- Development of skills for growth agreements, matching skills demand with supply
- Economic activity and job creation opportunities related to securing future energy supply given the impacts of climate change
- Development of the River Mersey as a sustainable engine for growth
- Potential for developing urban/rural linkages
- Capitalising on CORE status

### **Weaknesses**

- GVA per head remains well below the national average, has remained at 75% over the last decade
- City Region suffers from an £8.2bn output gap compared to nationally
- Productivity only 83% of the national average, particular deficits in service industries
- Long-term decline in population
- Deficit in City Region business base compared to nationally
- Lower business start-up rates than nationally
- Deficit in female self-employment rates compared to nationally
- Population deficit in 30-44 year olds relative to the national average and particularly London and the South East
- High share of public sector employment
- Lower skilled workforce than nationally
- Skills gaps, technical, high-level and generic across the workforce
- Persistent pockets of deprivation, social exclusion and health inequalities
- Low employment rates compared to nationally
- Low economic activity compared to nationally
- Mismatch between housing stock and demand in locations across the City Region
- Areas of poor housing quality
- Decline in housing affordability
- A significant proportion of commercial properties and housing stock needed to be brought up to higher levels of energy efficiency
- Legacy of hard to treat brownfield land and industrial activity

### **Threats**

- Ageing population with significant implications for the labour force and public service requirements
- Out-migration of population, particularly young people including graduates and key workers
- Loss of accumulated skills from the older workforce
- Change in the nature of employment from full-time to part-time
- Continued global economic fragility impacting on growth opportunities
- Continued competition from globalisation
- Disproportionate impact of Government policies to rebalance the economy

- Increasing demand for better skilled candidates at all levels of the workforce
- Limits to the capacity of the transport network to cope with increased demands placed on it by new developments
- Competition nationally and internationally to capture new developments and inward investment
- Limited high-skilled opportunities impacting on graduate retention
- The potential of climate change to affect the resilience of the City Region
- Future constraints on employment land availability
- Costs of bringing brownfield land back into use
- Potential pressure on economic activity centred in coastal resorts, ports and capital intensive coastal industry due to climate change

From the SWOT and preceding socio-economic analysis, a number of priorities can be identified. These will need to be tested and quantified through the emerging Local Growth Plan and work on this will be on-going between now and the submission of our final EU SIF Strategy in January 2014.

However, for the purposes of this draft EU SIF Strategy, we have sufficient evidence to identify five areas which should be a focus for EU Investment:

- Opportunities associated with Low Carbon, Port, and Marine / Maritime. These include offshore energy (linked to CORE designation), renewable energy including tidal power, Liverpool's position as the premier port for the North West and logistics associated with this, and opportunities emerging from the River Mersey, Atlantic Gateway and EU Atlantic Strategy.
- Exploitation of Science, Innovation and Technology strengths and assets. These include Big Science at Daresbury, Bio and Life Sciences in the Knowledge Quarter, world leading capacity in key knowledge sectors such as Pharma and Automotive, and opportunities arising from Health, the Green and Blue economy, Creative Content and Social Innovation.
- Economic challenges posed by low GVA / GDP and low business density, allied with opportunities to increase trade, enter new markets, and maximise benefits from the International Festival of Business in 2014.
- The need to address significant skills gaps, tackle high levels of youth unemployment, and get 46,200 residents into employment in order to achieve employment rates equivalent to national averages. Liverpool City Region also has significant strengths in the Third Sector which will provide economic and employment opportunities.
- Investment in key transport and economic infrastructure, including green infrastructure, to support growth and economic resilience, and the ability to compete nationally and internationally to attract investment and visitors.

### 3. Priorities

The priorities for EU Investment set out in this document are designed to build on the strengths and address the challenges identified in the socio-economic analysis (section 2). In identifying these priorities we have focused on those elements of the socio-economic analysis that are most relevant to EU funding and ensured these will complement and be integral to the wider LCR Growth Plan which is currently being developed.

The most relevant strengths and opportunities include our geographic location, maritime and cultural history, and international recognition of the Liverpool name; off-shore energy and the Low Carbon economy; Ports and Logistics; Science/Technology, Life Sciences and Knowledge Economy, including Advanced Manufacturing; international trade and investment; and targeted investment into designated growth locations.

The relevant key challenges which LCR wishes to use EU funding to help address are:

- Economic competitiveness: £8.2bn output gap
- Business base: deficit of 18,500 businesses
- Economic activity: deficit of 35,000 economically active working age individuals
- Employment: deficit of 46,200 people in employment
- Skills base : deficit of 82,000 individuals holding NVQ4 qualifications
- Job creation : 32,600 more individuals with no qualifications
- Job creation : need for 90,000 additional jobs

In the current climate of reduced public sector funding, and to reflect the severely reduced level of EU funding available in the new programme period, partners understand that activities and investment need to be prioritised. As a result, the proposed activities are focused on areas where LCR has genuine strengths and economic opportunity, as well as enabling infrastructure, employment and skills support and environment. The focus will always be on catalytic and targeted activities to meet the overarching outcomes agreed by partners.

LCR priorities for EU funding in the 2014-2020 programme period are to align EU funded activity and investment with the LCR Growth Plan to:

- increase GVA
- grow the business base
- create jobs
- help residents into employment.

To address these priorities in a cohesive and integrated manner, we have developed five areas of activity or “portfolios”. The portfolios and interventions are aligned to meeting our needs and maximising our opportunities, with a focus on more productive businesses and higher levels of employment in the private sector, continued rebalancing of the economy and a desire to see more local people in work.

The five portfolios are:

- **The Blue / Green Economy**
- **The Business Economy**
- **The Innovation Economy**
- **The Inclusive Economy**
- **Place and Connectivity**

A detailed rationale and proposed activity within each of the portfolios is set out in detail in the following section.

## 4. Portfolios

### Our Approach

LCR has been working with EU structural funds for 18 years, having been designated as either an Objective One or Phasing-In region since 1994. This extensive experience of EU funding means that LCR is not starting from scratch when designing our EU SIF Strategy but is instead building on tried and tested delivery approaches and partnerships – and adapting these to reflect the Thematic Objectives (TOs) of the new programme, and the significantly reduced levels of EU funding available to LCR.

Experience shows that best results are achieved when an integrated approach is adopted, with funding allocated based on local need and opportunity, regardless of funding source or funding priority. This open approach avoids the risk of a “silo mentality” where each fund / priority becomes focussed on achieving its own required outputs, often at the expense of the bigger picture and strategic needs of the area.

Our starting point when deciding the strategic actions and activity set out below was therefore to identify the City Region’s challenges and opportunities and to shape EU investment to reflect these. The outcome is an approach based around five areas of activity or portfolios which will maximise our ability to deliver an integrated SME, jobs and people focussed programme which addresses local need and opportunity, but also respects the requirement to base the EU SIF Strategy around the ten TOs identified by the EU and Government.

### Portfolio Priorities and Activity

We have combined the activities within five Portfolios, and within each Portfolio we identify four or five priorities to address. Crucially, however, each Portfolio has been developed in close consultation with each of the other Portfolios, with activity designed to achieve individual Portfolio priorities but also complement and enhance activity in the other Portfolios.

The resulting programme will allow the City Region to develop and deliver an integrated approach to SMEs, enterprises and individuals which is clearly focussed on meeting identified local need and opportunity, and will contribute to delivery of the emerging Liverpool City Region Local Growth Plan. The five Portfolios for the 2014-2020 programme are:

- The Blue / Green Economy
- The Business Economy
- The Innovation Economy
- The Inclusive Economy
- Place and Connectivity

The following pages contain a description of each of the five Portfolios, including the purpose, rationale, priorities, key actions and potential indicative activity.

### Delivery Partners

The integrated nature of the activity, and the long standing experience in LCR of partnership delivery, means that many local partners will be involved in delivering the programme. The list below gives an indication of the breadth and experience of proposed delivery partners, all of whom have been closely involved in developing the LCR EU SIF Strategy and who have extensive experience in delivering ERDF/ESF/RURAL Development projects:-

Local Authorities; HE, FE, and other training providers; social enterprises; the private sector including SMEs, large companies, investors, and developers; business support and innovation agencies, including sector support organisations; Chambers of Commerce; Viridis Alliance / RSLs; Nature Connected; Environment Agency; utility operators; trade unions; community and voluntary sector; Sci-Tech Daresbury; Liverpool Science Park; NHS and Foundation Trusts; Big Society Capital; Social Investment Business; Lottery, EIB; UK Government including UKTI, BIS, DWP, SFA, TSB, DfT Highways Agency, Network Rail, EIB.

The list is necessarily indicative at this moment as new agencies and delivery organisations may emerge during the 2014-2020 programme period.

## Portfolio 1 – The Blue/Green Economy

The Blue / Green Economy Portfolio will deliver significant jobs growth and business value by exploiting the commercial opportunities associated with Liverpool City Region's green and blue economies in support of our ambitions to be a greener, more resource efficient and sustainable City Region.

This will include capitalising on our 'assets' such as the River Mersey, the Centre for Offshore Renewable Engineering (CORE) status, the SuperPORT concept, and our unique Maritime location; maximising our ability to self-generate renewable energy and exploit our position as a Low Carbon logistics hub; and focusing on key sector strengths in Low Carbon Environmental goods and services, Logistics, Marine Energy and Maritime sectors. Opportunities and synergies arising from the EU Atlantic Strategy and Action Plan will also be explored.

The four main priorities to be addressed through the portfolio are:

- Blue/Green Energy
- Blue/Green Sector and Supply Chain Development
- Blue/Green Infrastructure
- Blue/Green Skills

### Rationale

This portfolio includes a range of strategic and complementary activities across the Low Carbon, Environmental, Logistics and related Maritime and Marine sectors, building on current and potential key assets and capabilities to create a competitive advantage and a distinctive value proposition for LCR.

Liverpool City Region is home to significant offshore wind farms, biomass and energy from waste plants. It has developed detailed plans for one of the world's largest tidal energy schemes for the River Mersey. It is also leading the development of smart grids and fuel cells at both academic and commercial levels.

This is coupled with our coastal city location on the banks of the River Mersey and our Port, Maritime and Logistics sectors. Both the River Mersey and the Port of Liverpool are identified as key economic drivers for Liverpool City Region in the Heseltine/Leahy report "*Rebalancing Britain: Policy or Slogan*" and also form an integral and unique element of the Liverpool City Region Deal. The City Region will look to further collaborate with national and international organisations.

SuperPORT, the expansion of the Port of Liverpool, our status as a Centre for Offshore Renewable Engineering (CORE) and our growing strengths in the Low Carbon and Renewables sector provide a particularly strong base for business and job growth.

The scale of the market opportunity across these sectors means significant investment will be needed in new facilities, infrastructure, plant and skills to deliver the economic growth potential. This will create substantial opportunities for local developers, manufacturers and an extensive supply chain, as well as local employment. Based on strong stakeholder engagement, EU funding will be used to support this but primarily in a catalytic and enabling role rather than through significant capital investments. In a similar way, we will build on existing successes to encourage and support local jobs and firms to access Low Carbon opportunities in the building stock.

It includes initiatives such as the further expansion of Marine and Maritime infrastructure in off-shore energy generation; we will support activities to ensure that a greater proportion of energy consumed in the City Region is from renewable and Low Carbon sources; this may include for example, research, development and deployment of renewable energy sources such as hydrogen fuel cells, generation and distribution, solar harvesting, offshore wind and marine energy generation, bio and wood fuels and anaerobic digestion; the adoption, deployment and diversification of Low Carbon, Marine and Logistics technologies; investment in 'whole place' Low Carbon solutions including energy

and heat networks, Low Carbon modal shift and improved connectivity opportunities; and wider resource and energy efficiency initiatives, including domestic and commercial retrofitting.

The City Region's local natural assets, the legacy strengths of the 25 year Mersey Basin Campaign and a strong maritime history, together with a suite of nationally and globally significant Low Carbon and port infrastructure developments, also offer the potential for a water innovation cluster specialising in marine impacts, river clean-up, and water smart infrastructure developments.

We will support skills in these sectors through the Skills for Growth Agreements relating to SuperPORT/Logistics and Low Carbon, and the Skills for Growth Bank. These priorities are also aligned with the EU Atlantic Strategy and Action Plan.

## PORTFOLIO 1: THE BLUE/GREEN ECONOMY

### INDICATIVE BUDGET: ERDF £25m & ESF £3m

Portfolio Priorities	Indicative Strands	Indicative Initiatives
1. Blue/Green Energy	<ul style="list-style-type: none"> <li>Develop our marine energy potential moving from demonstration (tidal), through commercialisation (wave) into industrialisation (offshore wind)</li> <li>Develop and deliver energy performance of building stock, for example through design and upgrading, retro-fitting and demonstrators</li> <li>Support energy and resource efficiency in enterprises</li> <li>Development and deployment of 'whole place' Low Carbon solutions, including biomass, hydrogen and energy from waste; decentralised energy and heat networks; community energy schemes; micro generation; and smart energy and demand management concepts</li> </ul>	<ul style="list-style-type: none"> <li>LCR heat pipeline company</li> <li>SEAP project support</li> <li>Energy Performance Certificates target for all residential housing stock to achieve EPC 'C' rating</li> <li>LCR H2N project</li> <li>Indigenous biomass supply chain development</li> </ul>
2. Blue/Green Sector and Supply Chain Development	<ul style="list-style-type: none"> <li>Develop and grow supply chains in the Low Carbon and Environmental Goods and Services (LCEGS), Logistics, Marine and Maritime sectors, including new business opportunities, stimulating market demand, support to diversify technologies and supply chain development</li> <li>Accelerate the demonstration, adoption, deployment and diversification of Low Carbon and resource efficient technologies and processes, including activities that support collaborative partnerships and knowledge transfer to encourage commercialisation and drive innovation</li> </ul>	<ul style="list-style-type: none"> <li>E-fit business support programme/ Eco-Innovation Marine Energy supply chain programme</li> <li>Business diversification support into Low Carbon sector</li> <li>Maritime and Logistics new markets programmes</li> </ul>
3. Blue/Green Low Carbon Infrastructure	<ul style="list-style-type: none"> <li>Enabling activities to support targeted investment in economic infrastructure to exploit opportunities in the Low Carbon, Maritime and Logistics sectors</li> <li>Support green and blue infrastructure provision to harness the natural environmental assets of LCR, to underpin strategic capital developments, tackle constraints on growth and support climate change adaption/resilience</li> <li>Safeguard and future proof infrastructure to be resilient to the impacts of climate change</li> <li>Support economic development through strategic investment in flood and coastal risk management</li> <li>Support development of innovative, Low Carbon connectivity solutions, such as Low Carbon transport infrastructure technologies, modal shift, smart systems, port centric and population centric logistics and ICT applications</li> </ul>	<ul style="list-style-type: none"> <li>Marine Energy support infrastructure inc in-river terminals</li> <li>Biomass transport infrastructure</li> <li>LCR H2N and EVCI projects</li> <li>Ship2Shore Power project</li> <li>Mersey Barrage review</li> <li>Green Print for Growth</li> <li>Smart Grid development</li> <li>Freight and Modal shift Strategies</li> </ul>



4	<b>Blue/Green Skills</b>	<ul style="list-style-type: none"><li>Support for knowledge and skills development to enable local people to take employment opportunities in the Low Carbon, Marine, Maritime and Logistics sectors, based on the Low Carbon and SuperPort/logistics Skills for Growth Agreements, (focused on level 3 and above)</li><li>Marine Energy Training Centre as part of the ME Campus</li><li>Support for the Low Carbon and SuperPort UTC</li></ul>
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## Portfolio 2 – The Business Economy

The Business Economy Portfolio will tackle head on the economic gap between Liverpool City Region and England by engaging with SMEs and social enterprises and supporting the business sector to create the 90,000 jobs and 18,500 businesses which the LCR economy needs. This will be through harnessing the burgeoning entrepreneurial spirit, openness and historic capability in generating and winning new business, international trade, and through collaboration, skills development, clusters and social enterprise.

The portfolio will also support activities to develop and grow existing business in LCR, including links to national initiatives such as UKTI and MAS.

The four main priorities to be addressed through the portfolio are:

- Winning new business
- Business start-ups and entrepreneurial culture
- Business support and investment readiness
- Skills development

### Rationale

To address the challenge of creating jobs and establishing businesses, the Business Economy portfolio will focus on entrepreneurship and business growth across the LCR economy; increased trade and export (linked to 2014 International Festival of Business and its legacy); and access to finance for investment ready businesses.

We will work with key existing businesses and high growth companies to develop competitive clusters and supply chains, building on our competitive strengths. We will also build on our track record of supporting social enterprise and entrepreneurship for disadvantaged groups, with provision for social enterprises embedded in all business support activity across the portfolio. We will also look to specifically increase female entrepreneurship and business growth.

Our local provision will reflect and enhance national services, and LCR will “opt-in” to the MAS, GA and UKTI offer, provided that we can negotiate a package of support that adds genuine benefit, meets local business needs and gives genuine opportunity for local input and control.

The rural areas of LCR are home to a number of businesses (land based and other sectors) which support local employment and underpin the rural economy of the City Region. These will benefit directly from mainstream business and enterprise support as set out in this portfolio. Additionally, we will use our EARDF allocation to support the growth and expansion of rural-based businesses and in time link this to the Mersey Rural Leader programme, and the national Rural Development Programmes.

Support for social enterprises will be part of the mainstream business support set out in the different priorities and we will also establish a dedicated social enterprise fund through the proposed LIF (see section 9).

Access to finance remains a key element in growing businesses in LCR, as is activity to ensure that businesses are investment ready. Work in this area will include development / adaptation of the current JEREMIE financial instrument (NW Fund) to support all stages of business growth, including target provision on key economic sectors, as well as the development of the Local Impact Fund for social enterprises, where Liverpool City Region is leading the way (through investment in the Inclusive Economy portfolio).

We will support skills development in our local businesses in line with the local Skills for Growth Agreements and the Skills for Growth Bank, working with and through SFA as appropriate.

## PORTFOLIO 2: THE BUSINESS ECONOMY

INDICATIVE BUDGET: ERDF £32.8M & ESF £8M

Portfolio Priorities	Indicative Strands	Indicative initiatives
1. <b>Winning new business</b>	<ul style="list-style-type: none"> <li>• Exploit LCR trade and export assets</li> <li>• Maximise/extend MAS, GA and UKTI "opt in" offer</li> <li>• Develop new market and investment opportunities for business.</li> <li>• Support businesses to increase their sales, including through access to public sector procurement and ability to subcontract</li> <li>• Business to business networks to share best practice/peer examples</li> </ul>	<ul style="list-style-type: none"> <li>• International Trade Support</li> <li>• Tender / Sales Training &amp; Support</li> <li>• Quality Standards Programme</li> <li>• Supply Chain Development</li> <li>• IFB Legacy</li> <li>• Priority Sector Development</li> <li>• Business Networks/Ecosystem</li> </ul>
2. <b>Business start-ups and Entrepreneurial Culture</b>	<ul style="list-style-type: none"> <li>• Business Start-Up Support</li> <li>• Additional support for high growth start-ups</li> <li>• Entrepreneurial culture programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Business Start-Up &amp; High Growth Start-Up</li> <li>• Growth Ambitions &amp; Investment Readiness</li> <li>• Target Groups and Social Enterprise</li> <li>• Promoting enterprise in schools and to under-represented groups</li> </ul>
3. <b>Business Support and Investment Readiness</b>	<ul style="list-style-type: none"> <li>• Increasing SME growth ambitions and investment readiness</li> <li>• Activity to support productivity improvements to enable local businesses to grow and expand</li> <li>• Improve resource efficiency</li> <li>• Developing management and leadership skills among business owners</li> <li>• Delivery of programmes of professional advice to SMEs, including patent applications, legal advice, tender training, to support growth and expansion</li> <li>• Provision of finance for all stages of business cycle including proof of concept and early stage funding</li> </ul>	<ul style="list-style-type: none"> <li>• Investment Readiness Support</li> <li>• Supply Chain Development</li> <li>• ICT &amp; Digital Technology Adoption</li> <li>• Enhanced MAS and UKTI programme</li> <li>• Resource Efficiency &amp; Transport planning advice</li> <li>• Leadership and Management Skills</li> <li>• Rural Business Support - LEADER</li> <li>• Access to Professional Advice e.g. Marketing, Legal etc.</li> <li>• Growth Vouchers</li> <li>• Knowledge Transfer Partnerships</li> <li>• Workforce Development Needs Analysis</li> </ul>
4 <b>Skills Development</b>	<ul style="list-style-type: none"> <li>• Support businesses to develop their current and future workforce to achieve business growth, including through high level apprenticeships and higher level skills and qualifications.</li> <li>• Businesses to identify specific skills needs to support economic growth, to be commissioned in line with ESB annual skills priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce Development Support</li> <li>• Access to Professional Qualifications</li> <li>• Leadership and Management Skills</li> <li>• ICT &amp; Digital Skills</li> <li>• Marketing &amp; New Business Skills</li> <li>• Entrepreneurial Skills</li> </ul>



### Portfolio 3 – The Innovation Economy

The Innovation Economy Portfolio will support the translation of our inherent strengths in Big Science, Life Sciences & Bio-Medical, High Value Manufacturing, Green and Blue Economy technologies, and Creative & Digital into opportunities for innovation, economic growth and employment within our key knowledge hungry sectors.

The five main priorities to be addressed through this portfolio are:

- Innovation Infrastructure: facilities for collaborative research with SMEs
- Innovation for Business Starts and Early Growth
- Innovation for Business Growth
- Higher Level Skills for Growth
- Promotion of the LCR Knowledge Brand

#### Rationale

We aim to harness and exploit our Science, Technology and Innovation assets, particularly in and around the Knowledge Quarter and at Sci-Tech Daresbury, to support the national drive for global competitiveness. In 2013 we will complete a new Innovation Plan based on smart specialisation principles within five broad areas, in which the City Region has established advantage and related and connected diversification opportunities. These are in:

- 'Big Science'
- Life Sciences, Healthcare and Bio-Medical
- High Value Manufacturing and advanced materials
- Green and Blue Economy technologies and
- The Creative and Digital sector.

The process of identifying a finer grain of differentiated strengths within these innovation 'platforms' is not yet complete but the initial analysis shows that they include the nationally important role of Sci-Tech Daresbury in High Performance Scientific Computing, Accelerator Science, Nuclear Physics, Super Stem and Virtual Engineering; significant assets in 'Omics' – biomedical infection, vaccines - synthetic biology, clinical/medical research and ageing and wellbeing; advanced materials and virtual engineering; marine, maritime, renewable energy (hydrogen generation and storage, biofuels, anaerobic digestion), water innovation, and agri/food assets where we have important inter-related R&D excellence; building on existing developments in the fields of ageing including dementia, and 'Smart City' proposals; and developing a larger strand of social innovation activity.

A package of supporting measures, dovetailed with our 'Business Economy' portfolio, and designed to make existing business more innovative and competitive, will seek to ensure a strong and effective innovation eco-system. Of particular importance will be ensuring that we can increase Open Innovation access to University, Science Campuses and private R&D for technology and other companies, and that our aims of accelerating the commercialisation of R&D is fully supported by suitable facilities and by business access to leadership, management and higher level skills development as well as a finance environment tailored to commercialising innovation. The emphasis will be on innovation excellence which supports 'innovation hungry' businesses to introduce new products and solutions in order to grow, create jobs, and increase GVA and business turnover.

The rationale and evidence for the proposed actions in this portfolio are being drawn from the emerging LCR Innovation Plan under the oversight of the City Region Innovation Board, (the LEP's expert leadership group for innovation), chaired by the Vice Chancellor of the University of Liverpool which brings together Universities, business, and key national and local public agencies.

The Innovation Plan 'smart' priorities and the mix of actions and investments needed to realise their full potential are being identified via a process extensively based on RIS 3 Guidance, adapted for the scale of the City Region. It includes an analysis of science, technology and innovation assets against future technology markets, a survey of technology companies, and an exploration of the potential for smart diversification across the major innovation based sectors, validated through and supported by

an intensive, structured programme of dialogue and interaction between University, NHS, business and public and Third Sector partners.

The resulting evidence base and SWOT analysis will provide the basis for the final stages of the development of the Plan, and specifically the selection of distinct, differentiated strengths, opportunities and priorities for development and investment which will align with, contribute to and benefit from national policies for innovation, including the Industrial Strategy and the 8 Great Technologies. The Plan will also include measures for strengthened leadership, governance, delivery and animation to support a coherent and effective innovation system to support the City Region's ambitions of building comparative advantage for its businesses, achieving economic, social and environmental wellbeing and to making a wider, distinctive contribution to global and societal challenges in the UK and beyond.

## PORTFOLIO 3: THE INNOVATION ECONOMY

**INDICATIVE BUDGET: £26.5M & ESF £5M**

Portfolio Priorities	Indicative Strands	Indicative Initiatives
<b>1 Innovation Infrastructure : facilities for collaborative research with SMEs</b>	<ul style="list-style-type: none"> <li>Creation of the right physical and organisational conditions to support our 'smart specialisation' priorities in which Open Innovation and commercialisation can prosper</li> </ul>	<ul style="list-style-type: none"> <li>Physical research and innovation infrastructure, including incubation space, equipment and open access user-test facilities, digital and power</li> <li>R&amp;D centres/business interfaces and facilities to support collaborative research, commercialisation</li> <li>Innovation eco-system, e.g. innovation cluster networks</li> </ul>
<b>2 Innovation for business starts and early growth</b>	<ul style="list-style-type: none"> <li>Harness and exploit knowledge assets, including protectable IP, to stimulate high growth, innovation-based businesses and new business models.</li> </ul>	<ul style="list-style-type: none"> <li>IP commercialisation</li> <li>Support for early stage high growth businesses, including spin-outs</li> <li>Social and Health Innovation</li> </ul>
<b>3 Innovation for Business Growth</b>	<ul style="list-style-type: none"> <li>Facilitate direct engagement and collaborative research between research institutions and SMEs, especially high growth and mid-sized companies, to boost the application of knowledge and innovation through Open Innovation and commercialisation of new products and processes</li> </ul>	<ul style="list-style-type: none"> <li>General innovation initiatives, e.g. Innovation vouchers, KTPs, graduate placements, contract research, consultancy in SMEs, B2B collaboration, innovative public procurement</li> <li>Specific initiatives targeted at LCR innovation growth sectors, including High Value Manufacturing, Blue/Green economy, Life Sciences, Creative/Digital</li> <li>Water innovation</li> </ul>
<b>4 Higher level skills for Growth</b>	<ul style="list-style-type: none"> <li>Increase higher level skills to support innovation to enhance the City Region's attractiveness and to develop the capacity of existing businesses, in line with LCR Employment and Skills Board priorities</li> </ul>	<ul style="list-style-type: none"> <li>Interventions to improve leadership &amp; management capacity in SMEs to absorb innovation practices</li> <li>Interventions to increase higher level technical skills in the LCR workforce, based on employer demand</li> <li>Interventions in labour market to promote progress to HE</li> </ul>
<b>5 Promotion of the LCR Knowledge Brand</b>	<ul style="list-style-type: none"> <li>To ensure that LCR is widely known to business, investors, researchers and collaboration partners as a place of innovation, science, technology and creativity, as well as heritage, culture and sporting excellence, linking to joint working across Atlantic Gateway / North of England partners.</li> </ul>	<ul style="list-style-type: none"> <li>Campaign to promote LCR as a Knowledge Hub</li> <li>Alignment with promotion of NW Science Offer</li> <li>Alignment of specific campaigns for the Knowledge Quarter, Sci-Tech Daresbury and leading edge science and technologies.</li> </ul>



## Portfolio 4: The Inclusive Economy

To address long standing employment, skills and poverty issues within LCR, the Inclusive Economy Portfolio will apply innovative approaches to local employment, job creation, entrepreneurship and skills. It will build on social innovation and current activities to overcome social and economic exclusion, deliver skills for growth, and capitalise on the latent strength and capacity within the City Region's population and communities.

The main priorities to be addressed through the portfolio are:

- Tackling youth unemployment (NEETS), including Youth Employment Initiative
- Getting Our People Back to Work
- Social Growth and Connectivity
- Employer Engagement, including Apprenticeships
- Skills for Growth

### Rationale

Developing the skills of the working age population and our future workforce is crucial in building an inclusive economy. The LCR Employment and Skills Board provides a platform for integrated employment and skills interventions that are enshrined in the City Region Deal. ESF will be used to complement and add value to the £200m mainstream investments being influenced by the Employment and Skills Board to create the most demand-led jobs and skills system in the country. The mainstream interventions will inevitably change over the life of this Strategy, which is why it will be necessary to retain agility and flexibility to respond to these changes as well as emergent patterns within the labour market.

There is a long standing gap in employment and skills levels in LCR compared to national rates and, although these have been narrowed in recent years, the following would be required to close the gap: 82,700 more people qualified to NVQ 4+, 71,400 more people qualified to NVQ 3+, 41,300 more people qualified to NVQ 2+, 24,400 more people qualified to NVQ 1+, and 32,800 fewer people with no qualifications. There is similar disparity between LCR and the national picture for worklessness where 1 in 10 people of working age in the City Region are on either jobseekers' allowance or a sickness benefit.

LCR has a long tradition of social innovation and a strong social enterprise sector which complement our ambitions for an inclusive economy, bringing more residents into jobs and self-employment. We will do this via entrepreneurship, skills development, and employment / work readiness programmes to capitalise on opportunities created through the other portfolios. A pilot Local Impact Fund, which is being developed in conjunction with the Social Investment Business Group and Big Society Capital, will be expanded and integrated into our social inclusion activities. We also need to remove barriers to employment, including transport and skills, and align investments with partners. This will be evidence led and informed by evaluation of previous activity. We are investigating the appropriate use of Community-Led Local Development in a few areas of the City Region.

We will build on the work of our ESB, which has identified priorities for targeted support, linked to local business needs; developing independent advice / guidance, and preparing people for work including employability training and supporting them in to work. There is an existing focus on ensuring that additional funding adds value to mainstream services, and ESF will be targeted on excluded and underrepresented groups, including young people, NEETs, those furthest away from work, those in a cycle of low pay/no pay and/or facing redundancy. Key to the design of activity will be to ensure access to provision for individuals, groups and areas which are disadvantaged: this will be built into the approach to securing activity.

We will build on our track record in delivery via the voluntary and community sectors, including developing social innovation, and seek new employment opportunities through tapping into the health and well-being, Low Carbon and local services agendas.

The LCR Skills for Growth work is for the first time at labour market level clearly articulating the current and future skills needs of businesses in a format that schools, colleges, providers and

universities can use to inform their curriculum planning and allowing businesses and providers to collaborate on a much deeper and more meaningful basis than before. The inclusion of digital natives from Generation Y into the labour market will require different approaches to those which are in place now, as organisations respond to the different skills and aptitudes that will now be on offer. There are many who do not yet have the required digital skills and support will need to be provided to these residents to ensure that they have the skills required by businesses.

LCR has a range of organisations across public, private and community and voluntary sectors with experience of delivering this activity, with the potential to respond to new challenges to deliver flexible support to individuals in a rapidly changing environment. We also need to further enhance the support for entrepreneurial activity within LCR, again tapping into the latent potential which is present.

## PORTRFOIO 4 : THE INCLUSIVE ECONOMY

### INDICATIVE BUDGET: ERDF £3M & ESF £61.7M

Portfolio Priorities	Indicative Strands	Indicative Initiatives
1 <b>Tackling Youth Unemployment (NEETS 15-24), to also act as the investment framework for the Youth Employment Initiative funding</b>	<ul style="list-style-type: none"> <li>• Basic, employability and generic work related skills, including removing barriers to work</li> <li>• Transition to work, including work support, work experience, careers guidance, transport etc.</li> <li>• Wage subsidies and Apprenticeships</li> <li>• Information, Advice and Guidance linked to real evidence of local jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Personalised support for young people to include information advice and guidance</li> <li>• Pre-employability programmes</li> <li>• Targeted support for young people with particular barriers to address exclusion</li> <li>• Aligned investment with existing activities e.g. business start up, social enterprise development, health</li> <li>• Additional apprenticeship support to complement mainstream offer through Skills for Growth Bank</li> </ul>
2. <b>Helping adults back into Work and Enterprise (over 24)</b>	<ul style="list-style-type: none"> <li>• Basic, employability and generic work related skills, including removing barriers to work</li> <li>• Transition to work, including work support, work experience, careers guidance, transport etc.</li> <li>• Wage subsidies and Apprenticeships</li> <li>• Information, Advice and Guidance linked to real evidence of local jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Personalised support for adults to include information advice and guidance</li> <li>• Supported employment programmes through Skills for Growth approach</li> <li>• Aligned investment with existing activities e.g. business start up, social enterprise development, health</li> <li>• Targeted support to individuals and communities, particularly those with specific disadvantages</li> </ul>
3. <b>Social growth and connectivity</b>	<ul style="list-style-type: none"> <li>• Micro credit</li> <li>• Development of local social capital (LCR wide and/or 3-4 smaller geographic areas, testing for scalability) linked to Local Impact Fund</li> <li>• Using the natural environment to improve health and employability</li> </ul>	<ul style="list-style-type: none"> <li>• Travel Wise and travel buddy schemes</li> <li>• Small grants programme for community development</li> <li>• Innovative approaches to meet community needs with wider benefits e.g. parental mentors</li> <li>• ESF funded actions to support Local Impact Fund</li> </ul>
4. <b>Skills Development</b>	<ul style="list-style-type: none"> <li>• Support employees and residents to achieve skills and qualifications linked to growth sectors and sectors with significant vacancy volumes, as identified by the Employment and Skills Board's annual skills priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Skills for Growth Bank</li> <li>• Activities aligned to delivery of skills requirements identified through the other portfolios</li> </ul>

Note: Support for youth unemployment and tackling NEETS is integrated with and supported by additional funding from the Youth Employment Initiative

## Portfolio 5 – Place and Connectivity

The Place and Connectivity Portfolio will build on the unique strength of LCR's natural assets, geographic location and vibrant historic culture, by focusing investment on economic infrastructure – such as digital, power, transport, sites and premises – that will support economic growth in strategic locations across the City Region which are supported by the private sector. Activity in this portfolio will complement and enhance activities within the other four portfolios, and the main priorities are:

- Business infrastructure, including power and digital infrastructure
- Transport infrastructure
- Place marketing
- Financial Instruments

### Rationale

To support our businesses to be globally competitive and connect to export markets we will use EU funds to maintain the momentum of the last two decades in building a world class physical environment by complementing private sector investment. The focus for investment will be on our Gateways, Enterprise Zones, Mayoral Development Zones in Liverpool, and key strategic sites across the City Region to create the conditions for private sector led employment and growth. To support this, we also need to invest in the necessary digital, power and sustainable transport infrastructure.

Despite significant investment in property and place making over the previous EU programme periods, the commercial property market in LCR remains fragile. Evidence from investors and developers is that, if the City Region is to expand and modernise its business stock, it will require public sector support. To achieve this, the City Region wishes to continue to use the JESSICA financial instrument, but adapt it to include provision for both loan and grant funding.

Investment in transport will be on enhancements to public transport to ensure the efficient movement of people, and on external connectivity to the City Region, particularly related to the port and inter-modal transport, to ensure the efficient movement of goods. The limited level of funding available to support transport will require a primary focus on enabling activities rather than investment into significant capital schemes.

The City Region is a distinctive world brand, characterised by its location, vibrant cultural, heritage and leisure offer, excellent accessibility and important national and international transport connectivity. Place marketing remains an important component of our economic strategy to ensure LCR is known widely as a place of innovation, science, technology and creativity, as well as a centre of heritage, culture and sport, supporting the attraction of new business, investment and visitors. This strand will link with the Innovation Portfolio.

LCR has extensive experience in the use of Financial Instruments (FIs) and proposes to continue and enhance their use during the new programme. Three FIs will support investment into businesses, investment into property / infrastructure, and investment into communities / social enterprise (via a Local Impact Fund).

We envisage that both JEREMIE and JESSICA type instruments will play a part in our delivery of the EU SIF Strategy. We have made indicative allocations and will complete our evaluations over the next 2-3 months (see section 9 for details).

Liverpool City Region is connected by a thriving rural landscape that includes productive land, thriving towns and villages and an accessible network of high quality and bio-diverse green spaces.

There is opportunity for the City Region to invest in green and blue infrastructure provision to support sustainable economic development, manage climate change and business resilience impacts and connect people to their places of work.

## PORTFOLIO 5: PLACE AND CONNECTIVITY

INDICATIVE BUDGET: ERDF £25M

Portfolio Priorities		Indicative Strands	Indicative Initiatives
1	<b>Business Infrastructure</b>	<ul style="list-style-type: none"> <li>Incubation space and support services to support the next generation of business</li> <li>Development of high quality floor space across the City Region, including site enabling, remediation, access and green infrastructure</li> <li>Power infrastructure and digital connectivity (particularly in rural areas) to support business expansion in key locations</li> </ul>	<ul style="list-style-type: none"> <li>Sites and premises in Enterprise Zones, Mayoral Development Zones and key strategic locations across LCR but only where market failure can be clearly demonstrated</li> <li>Digital infrastructure packages – ensuring businesses in key strategic locations have adequate access to superfast broadband / high speed networks.</li> <li>Measures to address power supply issues to allow growth in key economic locations</li> <li>Green infrastructure</li> </ul>
2	<b>Transport Infrastructure</b>	<ul style="list-style-type: none"> <li>A resilient and efficient LCR public and local transport system that directly supports economic growth</li> <li>Transport bottlenecks and pinch points, including rail, to link local networks to TEN-T networks (port, airport, road and rail), where a strong economic case can be made.</li> </ul>	<ul style="list-style-type: none"> <li>Investments in ticketing technologies and information systems</li> <li>Measures to address congestion / over-crowding</li> <li>Public transport network improvements</li> <li>Infrastructure to connect local networks to TEN-T networks and strategic SuperPORT sites across LCR</li> </ul>
3	<b>Place marketing</b>	<ul style="list-style-type: none"> <li>Place marketing the assets of the LCR growth sectors (SuperPORT, Low Carbon, Innovation/Knowledge Economy and Visitor Economy) in line with emerging place marketing strategy</li> <li>International Festival for Business 2014 legacy.</li> </ul>	<ul style="list-style-type: none"> <li>International place marketing campaigns, capitalising on the legacy of IFB14, to market LCR as a place to invest and do business, and to promote business tourism and the conference/exhibition offer.</li> <li>Campaigns to promote key LCR assets, e.g. Knowledge Quarter, Sci Tech Daresbury, SuperPORT and Blue/Green investments.</li> <li>Place marketing of LCR's developing cultural/leisure/sport offer and Liverpool Waterfront</li> </ul>
4	<b>Financial Instruments</b>	<ul style="list-style-type: none"> <li>A JEREMIE fund to provide access to finance for SMEs, including generic and growth sector Venture Capital Funds; Loan and guarantee Funds</li> <li>A JESSICA Urban development fund, building on Chrysalis, with additional grant funding facility</li> <li>Local Impact Fund, providing a joined up package of loan finance to Social Sector Organisations</li> </ul>	<ul style="list-style-type: none"> <li>Creation /development of VCLF based around NW Fund and MSIF</li> <li>Develop / adapt JESSICA fund to support investments in sites / premises and green / energy infrastructure</li> <li>Development of new Local Impact Fund, developing a pilot fund established under the 2007 – 13 programme</li> </ul>



## 5. Match Funding and Alignment

### 5.1 Local, National, Private

Throughout the development of the EU SIF Strategy, partners have been identifying potential sources of match funding at both national and local level. Given the links to the Local Growth Plan, match funding between different sources are highly aligned. Figures are subject to change as the EU SIF Strategy is finalised with Government over the coming months.

The final detail on match funding (and indeed allocation to the Thematic Objectives and types of funds) will also be influenced by our decision in relation to the national opt-ins and the two current financial instruments (NW Fund and Chrysalis). We are currently taking reports through relevant LCR LEP partnership structures to finalise the scale and any figure in the accompanying spreadsheet is indicative only.

Overall, given the level of ERDF and ESF allocation to LCR, we do not believe that finding relevant match funding will be an issue. During delivery, partners will continue to use their best endeavours to pull together relevant match funding packages.

### 5.2 Opt In / Opt Out

LCR partners have discussed the various opt-in proposals as they relate to our portfolio priorities and agreed that the following general principles will apply to all of our opt-in proposals and negotiations:

- Alignment with local priorities (sector, groups, etc);
- Local input and control over the development of the specification for activity/programmes;
- Commitment to work collaboratively with other projects/programme to secure added value for LCR;
- Ability to terminate non-performing contracts;
- A detailed SLA, including regular management information and reporting to the EU governance structure;
- Agreement by any opt-in organisation that they will work in tandem with other products (whether opt-in or not) to ensure maximum benefit for LCR businesses and individuals.

Detailed discussions have taken place with all of the opt-in providers which LCR wish to utilise and have reached a position where both parties have an understanding of the level of resource which LCR will commit to the opt-ins and the type of activity involved. Over the coming months the fine detail will be agreed, and subsequently incorporated into service level agreements and / or memorandums of understanding as appropriate.

#### ERDF Business Related Opt-Ins: Growth Accelerator, MAS and UKTI

Following discussions with the three delivery organisations we have agreed the following ERDF allocations:

- MAS - £300k over 2015 – 2016
- GA - £150k over 2015 – 2016
- UKTI – circa £350k per year over an initial two years (2015 – 2016) with an intention to extend this for the duration of the programme, subject to continued UKTI funding support and collaboration.

Activity will be focussed on support for our agreed priorities of job creation, new business starts, and winning new business, and will build on ERDF funded provision through the 2007 – 13 programme.

#### ESF Skills and Employment related Opt-Ins: DWP, SFA.

Detailed discussions have been held with the SFA and DWP in relation to their opt-in proposals and partners in LCR are minded to take these up to a limited extent. The LCR Employment and Skills Board are leading on our negotiations and will be seeking to conclude these within the next three months, leading to signing of SLAs / MOUs.

With respect to the SFA we are seeking to conclude agreement in relation to activities covering elements of the Skills, Youth Employment and Adult Unemployment activity in our EU SIF Strategy. It is likely that the agreement with the SFA will be for £24m ESF over the lifetime of the programme, with an initial agreement until 2017, with the possibility to extend this depending on performance and continued availability of SFA match funding.

Similarly we are seeking an agreement with DWP for employment and employability activities, with a likely value of £5m ESF over the lifetime of the programme, with an initial agreement until 2017, and the possibility to extend depending upon performance.

#### Social Inclusion related Opt-Ins: Big Lottery, Princes Trust

We are still in discussion with Big Lottery, with some local concern around the lack of experience that Big Lottery in relation to ESF. However we can see possibilities in relation to Talent Match, social entrepreneurs (working with the proposed LIF) and supporting social innovation and are minded to allocate £1m ESF towards this.

We have considered the Prince's Trust Opt-In but do not wish to take this up, as it is not clear what added value this would bring at the local level. However, we may wish to pursue aspects of the proposed Prince's Trust activity on a project basis.

### **5.3 Major Projects**

At this moment in time, we have not identified any project, which would fall within the EU definition of a major project, i.e. a total cost exceeding €50m for a single project.

### **5.4 Links to Other LEPs**

We have identified a number of areas and activities where we will continue to build and extend our current cross-LEP collaborations.

A first area of potential collaboration is related to our CORE (Centre for Off Shore Renewable Energy) status where we foresee expanding our collaborations with other CORE LEP areas to develop capabilities in relation to Renewables.

Another area for collaboration relates to the current AMSCI initiative around Advanced Manufacturing (featuring Liverpool City Region, Black Country, Coventry and Warwickshire, and Greater Birmingham and Solihull), which could also could be enhanced to include our existing collaborations with North Wales (Deeside) and Cheshire.

We have existing collaborations with the Atlantic Gateway, Greater Manchester and Cheshire & Warrington LEPs around Big Science/Innovation and the potential exists for the creation of a Life Sciences/Bio cluster of international renown, stretching from Liverpool through Cheshire and into Manchester. Atlantic Gateway and the three LEPs have agreed to collaborate on Big Science/Innovation, Connectivity/Infrastructure, Low Carbon and Higher Level Skills - the priorities of the Liverpool City Region submission aligns with these broader agreed areas for collaboration. There is also potential for collaboration with other LEPs in the emerging North West Coast Academic Health Science Network, levering in further match funding from the NHS and developing and commercialising innovation, to support this.

In terms of the Financial Instruments, we will build on our collaboration with the other four LEP areas in the North West around the NW Fund. There may be some collaboration between Chrysalis and Evergreen, the two JESSICA financial instruments in the North West, depending on the outcome of our discussions regarding any potential future Structural Funds allocation. We will also collaborate with North West LEPs around the proposed LIF where both Lancashire and Greater Manchester have confirmed their interest in participating.

On a wider EU footprint, we expect to collaborate with other LEPs and EU areas within the Atlantic Strategy, the relevant Territorial Cooperation Areas (the Atlantic Area, North West Europe and Interreg) as well as Horizon 2020 (see section 5.5).

Over the lifetime of the EU SIF Strategy, there are likely to be other opportunities for collaboration as programmes start to deliver. We would expect that the national assessment by Government will highlight other opportunities across the EU SIF Strategy which are aligned to our local priorities and we look forward to discussing these during the coming months.

### **5.5 Transnational Opportunities Co-operation, Horizon 2020 etc**

The LCR EU SIF Strategy covers only parts of the opportunities available to partners from the European Union. Local partners will continue to be actively involved in a range of the trans-national opportunities, including the Territorial Co-Operation Programmes (North West Europe, Atlantic Area and Interreg), Horizon 2020, Erasmus and Life+. The benefits of such involvement cannot be underestimated and a report for the LCR LEP in 2012 showed the extent of engagement around Knowledge Economy. Many of the trans-national partnerships are based on the strengths of LCR such as the Life Sciences, Marine and Maritime development, public sector service delivery innovations and third sector partnerships.

The recently agreed EU Atlantic Strategy and Action Plan offer particular opportunities for LCR, which are reflected in this Plan, particularly around our investments in connection with the SuperPORT, Logistics, Marine/Maritime professions, research collaborations and strengthening of partnerships around the Irish Sea and along the Atlantic Coast. The Blue/Green portfolio encompasses our EU ambitions in relation to the Structural Funds. Liverpool is one of the core EU ports and the ambition of partners is to develop and reclaim its position as the premier Atlantic Port when the Post-Panamax Terminal opens in 2015. Many local partners such as the universities have extensive links with universities down the Atlantic Coast and indeed across along the North and South American coasts. An embryonic Irish Sea Forum has been developed to address common issues and opportunities. We submitted a detailed proposition for participation in the Atlantic Strategy in response to the recent EU consultation in February 2013 and are working on developing the proposition further with local, national and EU partners. This document sets out the Atlantic context of LCR and the contribution we wish to make.

LCR partners will continue to build on their current participation in a broad range of EU programmes and we see LCR as a key European City Region, able to drive economic growth in a sustainable and inclusive way. We will be looking to share our experiences, developing new solutions to common problems and seizing opportunities for partnership with our EU partners during the 2014-2020 period across the spectrum of EU programmes. Participation in Horizon 2020 Programmes will underpin some of the investments which will be supported with the EU SIF Strategy to drive commercialisation of innovation and research. We are developing a better understanding of what partners are involved with to develop the synergies between the EU SIF Strategy and these other EU programmes.

Liverpool is identified on the EU Core Infrastructure Network, combining road, rail, airport, port and inland waterway infrastructures. During 2014, we will wish to discuss further with UK/EC how we can best utilise the EU SIF funds and the Connecting Europe facility to ensure that Liverpool develops its critical infrastructure position, based on the SuperPORT and Integrated Transport Strategy, with appropriate linkages to secondary networks across the North of England.

We may wish to use a small amount of Technical Assistance to develop our capacity in this area to support partners and enhance SME access to Horizon 2020 programmes. In some cases, we may also support a trans-national element of an ERDF and/or ESF project, provided it meets the strategic aims and objectives of the LCR EU SIF Strategy to create more businesses and more local employment opportunities.

## 6. Cross Cutting Themes and Social Innovation

### 6.1 Cross Cutting Themes: Sustainable Development; Equality; and Social Innovation

The EU regulations governing the EU SIF Growth Funds include a requirement to embed sustainability and equality in all activities co-financed with EU SIFs. Liverpool City Region has a long tradition in delivery of the CCTs and this will be carried forward into the 2014-2020 period.

We are committed to promoting sustainable development, promoting equality and combating discrimination in line with UK and EU policy and regulation. We expect that Government will issue further guidance on the specific requirements in the EU SIF Handbook later this year.

### 6.2 Sustainability

Sustainable development runs as a thread through the LCR EU SIF Strategy, with a priority on delivering local sustainable economic growth, recognising that economic, social and environmental issues are intrinsically interlinked and require an integrated focus of activity to encompass economic, social and environmental objectives, balancing both short term and long term outcomes.

This strategy has been developed through a collaborative approach, involving a wide range of stakeholders, including those representing the environmental, social, rural and voluntary sectors. These partners will continue to be part of the governance structure to assist in implementation and monitoring (see separate chapter on Governance) and in development of appropriate programmes of work aligned with the sustainable development agenda.

In addition, support has been provided to the LEP through the Environmental Sustainability Technical Assistance project (funded by ERDF and the Environment Agency to support the five North West LEP areas), where work has been undertaken across a number of areas to support the evidence base for environmental sustainability across Liverpool City Region.

Liverpool City Region recognise the challenges we face as a result of the impacts of global pressures, such as climate change, on our economic viability from impacts such as, increasing fuel and food prices, insecurity of energy supply, extreme weather events and increased risk of flooding. We also recognise the opportunities arising for new and innovative solutions through areas such as renewable energy generation, energy and resource efficiency, green infrastructure provision, sustainable transport solutions and new skills development opportunities. The complementary thematic portfolios in this strategy will help us to address these challenges and opportunities.

We have fully embraced the Low Carbon agenda, making the Low Carbon Economy a pillar for economic growth for the City Region over the coming years. The EU SIF Strategy reflects this, through the inclusion of a Blue/Green Economy Portfolio, which is focused on developing a more sustainable and resilient City Region.

In addition, we are proposing targeted investments to support enhanced business resource efficiency. We are expecting that all physical developments in sites and premises to develop innovation, incubation and grow-on space for businesses across the investments of the EU SIF Strategy will include Green Infrastructure, flood risk, etc. elements as required to enhance the natural capital of LCR and work towards a sustainable economic cycle. Over 80% of the Liverpool City Region is green infrastructure and 8,000 jobs are directly linked or depend on it. These generate £300m of GVA for the City Region through businesses that are supported by green infrastructure of its products.

This Strategy also builds on the key strengths and natural assets of the City Region, including the unique natural capital asset of the River Mersey, which has the potential to provide an engine for sustainable economic growth, delivering targeted environmental, social and economic benefits.

In its strategic role of developing and pulling together projects for the delivery of the EU SIF Strategy, the LEP will have due regard to the specific sustainability requirements laid down by the Managing Authority.

### 6.3 Equality

LCR has extensive experience in delivering EU projects and programmes which are targeted at specific under-represented groups. The socio-economic analysis of the City Region, which underpins the Local Growth Strategy and the EU SIF Strategy, has identified specific target groups for which projects will be developed. Target groups for intervention will be set in the context of the Strategy, which is focused on developing more businesses and more employment in the City Region. The following identifies the likely main target groups; these will be refined during discussions with government.

ESF interventions will be targeted partly at the reduction of unemployment, under-employment and economically inactive people, where there are high concentrations across the age groups and across parts of the City Region. One target group will be young people, in particular NEETs, where the EU SIF Strategy will include a large programme targeted at, and augmented with the Youth Employment Initiative allocation to LCR in relation to NEETs.

Entrepreneurship and self-employment are low across the City Region and in particular there is a deficit among female entrepreneurs and business owners/managers. We will be looking to commission specific provision for women, but also for other under-represented groups such as older workers, ethnic minorities and disabled people if this cannot be met from within mainstream EU co-financed projects being developed by partners. Both ERDF and ESF will be used to support self-employment, business formation and expansion.

Despite an increase in the number of disabled people in employment over the last decade, disabled people remain significantly less likely to be in employment than non-disabled people. In Liverpool City Region 39.9% of disabled people are in employment compared to 48.8% nationally; the gap between disabled and non-disabled employment rates is larger than nationally. Figures show that more than a third of disabled people who are not in work would like to work. City Region partners will work to provide specific support for disabled people.

Both nationally and in Liverpool City Region, people from ethnic minorities are more likely to be economically inactive than white residents. Liverpool City Region has over 41,000 working age individuals from ethnic groups and compared to overall employment rates, a significantly smaller proportion of these individuals are in employment. This pattern has not changed considerably over the last decade, currently the employment rate for ethnic minorities is 55.4% compared to an overall City Region rate of 65.7%. Figures for the City Region show an under-representation of entrepreneurs and business owners/managers from Black/African/Caribbean/Black British ethnicity as well as individuals from mixed/multiple ethnic groups.

We are developing our data in this area and the monitoring for equality will apply to all EU SIF funds, as appropriate. In its strategic role of developing and pulling together projects for the delivery of the EU SIF Strategy, the LEP will have due regard to the specific equality requirements, including for monitoring, laid down by the Managing Authority.

Last, we will also require monitoring of participants from rural areas to ensure that relevant ERDF and ESF provision meets the needs of businesses and people remote from urban concentrations.

### 6.4 Social Innovation

LCR has a long tradition in promoting and delivering social innovation through its Voluntary and Community sectors.

In the coming EU SIF Strategy, we will support a LCR Local Impact Fund. The LCR LIF is designed to support and finance the development of innovative new public services delivery (such as spin outs and mutuals), of early stage preventative support, of community owned and managed assets, of rapid scaling of social businesses through incubation, etc. thus delivering against several objectives, including social innovation, SME/Competitiveness and Social Inclusion. The LIF would work with other wider business support projects to ensure that social businesses also have access to mainstream support.

The Smart Specialisation Strategy currently under development by the LCR Innovation Board is based on the concept of open innovation. The Innovation Economy Portfolio is likely to provide support for projects which are promoting social innovation, particularly in relation to our sector strength in Life Sciences and the Bio Medical field, to develop new solutions to societal issues such as healthy ageing, water innovation, etc.

## 7. CLLD/Rural Dimension in LCR

The new programme structure has enabled a better integration and targeting of needs among under-represented groups and areas of need across LCR. We will actively align investments to needs and opportunities, building on long standing experience in this area and are pursuing a mainstream approach in relation to CLLD at the strategic level. We are exploring the possibility of limited use of CLLD within the Social Growth and Connectivity Priority of the Inclusive Economy Portfolio, which supports the development of local social capital, including links with the LIF and Big Lottery in line with our EU SIF strategy. We will continue the current Mersey Rural LEADER.

EAFRD in respect of the Local Growth Plan EU SIF Strategy was allocated to LCR in December and we are now discussing potential projects/programmes which will allow us to focus EAFRD on delivering our top priorities of increased GVA, more businesses and more jobs. Four potential activities have been outlined and we will focus on growing the business base of our rural areas (including Tourism) and building the knowledge and skills of these communities. Access to high speed broadband remains an issue in our rural areas. Activity will encompass the development of a Rural Growth Hub.

The delivery of the EAFRD programme/project will be part of the Business Economy Portfolio, thus providing clear linkages for businesses in rural areas and for mainstream business support projects to deliver products to businesses located in rural areas. We will ensure ERDF and ESF project sponsors to set out how they would address and meet the needs of rural-based businesses/people as well as able to report on number and types of intervention delivered and identify number of rural businesses and people assisted.

We understand that the allocation for the LEADER approach will be announced in due course. While this is developed outside the EU SIF strategy, we clearly see this as an integral part of EU investments to support more jobs, more local people in employment and more productive businesses in LCR. The LCR LEADER Programme will build on the successful Mersey LEADER Programme and we will work closely with the emerging proposals to ensure that this is developed with an awareness of wider EU SIF business support activities which rural based businesses can also access. The current Mersey LEADER LAG will be developing the new programme in line with the DEFRA timetable and will report on progress to the LEP EU governance structures. Mersey Rural LEADER has an excellent track record, delivering 5% of all LEADER funded jobs with only 2% of programme funding. Approximately 2% (29,889) of the City Region population reside in rural areas, however 1,565 businesses are located in rural areas, 3.9% of all City Region businesses.

Finally, we expect that LCR businesses and organisations will apply to national Rural Development Programmes once these are announced and we look forward to working with DEFRA so they reflect our rural/land based priorities for dairy, local foods, green infrastructure, livestock management, etc.

## 8. Overview of Outputs and Results

Full details of anticipated outputs can be found in the BIS spread sheet which is attached as Annex 4, along with an indication of the type of results these will generate in the longer term.

The main outputs are:

OUTPUT	NUMBER
Enterprises supported	1655
New jobs created	2000
New companies established	600
Companies involved in research collaboration	110
Amount of private sector funding levered	£77m
Reduction in GHG emissions (Tonnes)	80,000
Number of ESF beneficiaries / participants	56,000
ESF participants unemployed	39,000
ESF participants inactive	11,000
ESF participants employed	6,000
ESF participants 15-24 yr old	28,000

Partners in Liverpool City Region have extensive experience in managing EU funds and believe these outputs to be realistic and achievable for the level of EU funding allocated by Government to the Liverpool City Region.

Two aspects in particular stand out - the relatively low numbers of businesses assisted and jobs created, and the high levels of private sector investment levered. They are the result of two factors.

Firstly the nature of activity proposed, with more than 50% of ERDF allocated to innovation activity and private sector led infrastructure investment. Government guidelines for the preparation of EU Investment Strategies precludes the inclusion of job creation outputs from this type of intervention but does allow for private leverage to be counted.

Secondly, if LCR is to deliver sustainable economic and employment outcomes, this will require the more intensive levels of support and assistance to SMEs than has traditionally been the case. This will reduce the number of enterprises that can be assisted but will enable assistance to be targeted and tailored to the specific needs of enterprises. The intention is therefore to focus on delivering long term benefit and value for money, and not to simply chase business support hours in order to meet output targets.

At this stage LCR has been asked to quantify only the numbers of outputs that will be generated through EU investment and these are set out above and in the spread sheet annex. The City Region believes these outputs will lead to outcomes and results that meet the overall objectives of our EU SIF Strategy (i.e. more GVA, more businesses more jobs, and more residents in employment) and await further guidance on how to quantify results.

## 9. Financial Instruments

### JESSICA

LCR already has extensive experience of JESSICA funds, having worked with EIB to establish an Urban Development Fund in the current 2007 – 13 programme. We wish to build on this experience to develop an evolved JESSICA fund 2014-2020, into which we have provisionally agreed to invest £24m ERDF.

The existing JESSICA fund, known as the Chrysalis Fund, is managed by a private sector consortium led by Igloo Regeneration and has £28m ERDF, plus an additional £6m from HCA, for investment into property schemes in Merseyside. The Chrysalis fund was established in 2012 and as of January 2014 has made 3 investments with a value of £15m ERDF, levering in £23m private and £36m public sector funding. A further 3 investments will close in January with an ERDF investment of £3.6m taking total ERDF investment to £18.6m. LCR and the fund managers are confident that the remaining funds will be contractually committed by December 2014 with all ERDF funds drawn down by December 2015.

Partners in LCR want to expand the remit of the JESSICA fund in the new programme to also cover Low Carbon / energy investments, alongside the property investments that the current fund covers. LCR currently remains a difficult property market in which to operate, a situation that has been exacerbated by the financial crisis, and our experience with the Chrysalis Fund is that a level of public support is still required if JESSICA investments are to be secured. Therefore, in addition to an expanded investment remit for a revamped JESSICA fund, we are also investigating how JESSICA funding can be better integrated with other sources of funding, in order to increase both the attractiveness and the effectiveness of the JESSICA offer.

PWC were appointed by EIB in December 2013 to undertake an ex-ante evaluation into a new JESSICA fund in LCR. The 17 week contract started in the first week of January 2014 and, in addition to the standard appraisal criteria required by EIB, will look at feasibility and desirability of expanding the remit to cover Low Carbon / energy investments, and options to join up JESSICA and other funding (such as RGF, GPF, ERDF grant etc).

A final decision on the structure, remit, and level of ERDF investment for a new LCR JESSICA fund cannot be taken until after PWC complete their report to EIB in early May - and any resulting proposal will be fully discussed and agreed with the Local Growth Team before being implemented.

### JEREMIE

As with JESSICA, partners in LCR also have extensive experience of JEREMIE type funds, including MSIF during the Objective One programme period and the North West Fund during the current 2007-13 period.

The LCR draft EU SIF Strategy included a proposal to invest £15m ERDF into a new JEREMIE fund, probably alongside investment from other North West areas, into a revamped North West Fund. In order to properly consider this proposal, and to fulfil the requirement for an ex ante evaluation, the LEP contracted with EKOS for a research project that would examine the investment landscape in relation to supply and demand, and identify options for ERDF investment for the 2014-2020 period.

The EKOS report put forward a number of opportunities as to how ERDF might be invested in the new programme including a new / revised VCLF type fund; a focus on making SMEs more investment ready; development of a network / syndicate of Business Angels; and exploring other more creative options that could include crowd funding, a capital for enterprise fund, and outreach funding. The report also includes a brief options appraisal showing the main advantages, disadvantages, and risks associated with each option.

Key elements of the report which will influence LCR's use of ERDF for JEREMIE type funds are:

- The scale of the potential market which suggests that demand is relatively small, certainly in UK Fund terms, with perhaps 250 SMEs per annum seeking funding in excess of £50k.

- Analysis of investment performance of the current North West Fund in Merseyside, which suggests that the elements for which there is market demand is the bio medical fund and the mezzanine fund (debt with equity option). Despite having a requirement to invest 40% of their total funds in Merseyside none of the other 4 funds has achieved higher than 27%.
- The continued importance of the MSIF offer, which has typical deal size of circa £50k compared to £250k for NW Fund.
- The lack of financial options outside of traditional routes / sources which might be more attractive and appropriate to smaller enterprises (60% of the SMEs in LCR are micro enterprises with five or less employees).

Based on the above, the LEP Board endorsed an approach that would see the bulk of the proposed £15m (circa £12m) invested into a revamped North West Fund with a focus on those funds and sectors which have demonstrated demand. Consideration should also be given to how the North West Fund or LCR could contract with MSIF to deliver support at the £50k level for which they have developed an expertise. This approach will also maximise LCR's ability to access legacy funding from MSIF and the North West Fund and avoid duplication. The remaining funding could be used to help support and develop some more creative, less traditional funding options that, subject to recommendations in the final report, could encompass business angels, crowd funding etc.

### **LOCAL IMPACT FUND**

LCR wish to establish a local social investment fund which will lend to social enterprises / charities that have viable growth plans, but are unable to secure investment funding from the market at realistic rates. The fund will invest at or above the EU reference rate, which should avoid any state aid issues, whilst allowing enterprises to access funds at a more competitive rate than available from more traditional lenders (such as banks) who tend to load their interest rates to reflect the perceived increased risk of lending to the Third Sector.

In addition to supporting job and GVA growth in the enterprises which the fund invests in, LIF also wants to demonstrate to the wider investment market that social enterprises are viable investment propositions, and thus increase the longer term supply of investment funds to the social sector.

For the 2014-2020 period LIFs are being promoted by the Social Investment Business Group, who expect to establish circa 15 funds across England which collectively will secure £75m ERDF. This will be matched by £75m from a mix of Big Society Capital and other social investors. An FSA regulated company will be involved with raising match funding and fund management as appropriate. Two pilot LIF projects – in LCR and Northants – will commence early 2014 and help inform development of the new LIFs.

SIB has assembled a detailed evidence base to show demand for the project in LCR, which includes information on the number of social enterprises/charities, the number with growth potential, and the number which are seeking investment to support growth. A summary of the evidence report will be annexed to the LCR EU SIF submission at end January. The pilot LIF projects will also help to prove demand.

Investments will be considered against three criteria – economic benefit, social benefit, financial benefit - and SIB will work with local organisations (such as Social Enterprise North West) to identify social enterprises with realistic and viable expansion plans. Loans will be mainly to existing social enterprises – and not small scale new start-ups – but it might be possible to fund significant new spin-out operations from NHS/ LAs or similar that might arise from social innovation activities.

LIF loans will typically be for a 3 to 5 year period with the maximum loan amount capped at £250k. The average loan is expected to be circa £90k - £100k at an interest rate of between 6% and 12%. These assumptions will be tested through the two small scale pilot LIFs.

ERDF and match funding is invested by ERDF and match funding investors on a pari-passu basis, meaning that at least 50% of all returns will be ring-fenced for future investment in LCR - and it is hoped that much of the match funding will also be retained for further investment. Management fees will be in the region of 2% - 6% and SIB is confident that there is sufficient latent demand to enable the full £3m to be invested within 12 months of the funds being passed to the LIF.

As with JEREMIE type funds, the success of LIF will be significantly enhanced by effective wrap around support and informed referrals from other intermediaries / social enterprise support organisations. In addition to activities such as business planning and investment readiness, access to ESF funded training and potentially Big Lottery provision will be pursued.

Projected outcomes and benefits will be verified and tested through the pilot LIF project and informed by significant national research which SIB have undertaken, but current assumptions are that each £1m ERDF will support creation of 120 jobs and £20m additional turnover. LCR is currently proposing a £3m ERDF investment into LIF for 2014-2020 which should generate circa 350 new jobs, £60m increase in turnover and £15m GVA.

## 10. Strategic Governance and Delivery Arrangements

Liverpool City Region has extensive experience of delivering EU Programmes and of the responsibilities associated with them, including risk management. The LEP will be responsible for the delivery of the European Programme and will ensure full integration of EU funding into a local single pot aimed at economic growth and addressing social inequalities. The LCR aims to bring together all sources of funding, including EU funding (RGF, GPF, and discretionary transport and housing funding). The Combined Authority will be the accountable body that is not covered by opt-in arrangements.

Liverpool City Region is very positive about the progress made by CLG in defining the business processes under which LEP areas will be fully involved in the strategic appraisal and decision making around EU funded projects, based on local EU SIF plans.

We understand that the European Commission is of the view that if LEP areas are to be formally involved in the process, and their EU SIF plans to be given weight, then the Combined Authority of the Liverpool City Region needs to be defined as an Intermediate Body in order to undertake tasks on behalf of the Managing Authority.

We believe that formalising an Intermediate Body role within LEP areas can be achieved without additional risk and we would strongly urge Government to hold firm to the model of LEP involvement developed to date and to agree to defining the Intermediate Body as the Combined Authority within the Liverpool City Region

### **EU Strategic Board**

The existing LEP EU Post 2013 Subgroup will be expanded to include partners in line with the EU regulations, including the Community, Voluntary, Environmental and Social sectors and relevant Government Departments. This group will have the appropriate expertise and will become the primary Liverpool City Region Advisory Group for the EU Programme

The role of the EU Strategic Board will be to make strategic decisions regarding the development and delivery of the EU programme, including to:

- Review and update strategic investment priorities.
- Agree structure and process for programme management/delivery, encourage partnership working and identify best practice / collaboration opportunities regarding wider funding streams.
- Review and endorse calls/commissioning criteria, ensuring strategic fit with LCR priorities and Local Growth Plan, and linking in with other LEP Sub Boards
- Approve projects
- Review programme performance, ensuring strategic objectives of LCR are met through efficient delivery of EU projects
- Escalate any development / delivery issues, where necessary, to the Managing Authority and the LEP Board.

### **EU Partnership Group**

An EU Partnership Group will be established, to support the work of the EU Strategic Board, with the following role:

- To support the work of the Strategic Board
- To bring delivery partners together / encourage a consortium approach
- To draft calls/commissioning specifications and frameworks
- To review project applications and manage the appraisal process
- Recommend projects for endorsement by the EU Strategic Board
- Review programme performance and provide reports to the EU Strategic Board identifying any areas for concern
- Undertake any remedial action identified by the EU Strategic Board

## Risk Management

As part of the LEP strategic role, the LEP EU Core Team will develop a risk management plan which will identify major risks to the delivery of the LCR EU SIF Strategy on an on-going basis. This will include an assessment of the risk, possible mitigation, likely probability and consequences of the risk occurring. This work will take place in close collaboration with the Local Growth Team, who is expected to develop the detailed project related risk register and mitigation plan. The main risks foreseen at this moment are the delay in the start of programme implementation (which is dependent on the conclusion of the UK Government's negotiations on the Operational Programme), match funding, delay in delivery by opt-in organisations and the financial instruments. Risks will be escalated as appropriate with partners, project sponsors, the Managing Authority, etc. and will be reported regularly to the EU Strategic Board and/or the LEP Board and the Combined Authority governance structures.

## Managing Conflict of Interest

From experience, there will be occasions where a conflict of interest will arise during the delivery of the EU SIF Strategy. Due to the long experience of ESI Funds, LCR partners are alert to such potential conflicts and will agree a procedure for handling such conflicts. Measures will include declaring any interests at meetings (standing agenda item), withdrawing from decision making in such instances, keeping the LEP informed of any potential conflicts as they arise. Close working with the Local Growth Team will also ensure that information is shared during delivery. The LEP will ensure that the procedure is reviewed annually and formally agreed by the EU Strategic Board.

### 10.1 Programme Management and Delivery

In order to deliver economic growth it is important that all sources of public funding are effectively aligned. This was highlighted in the LCR submission at end May and is based on the assumption that Government (in its capacity as Managing Authority) will concentrate on issues of compliance and monitoring, with LCR will lead on project development, appraisal, and approval to reflect strategic priorities set out in the EU SIF Strategy.

Liverpool City Region will establish a single appraisal and approval process for all schemes seeking funding. The appraisal process will ensure that:-

- schemes fit with LCR objectives
- schemes meet the EU eligibility criteria
- the deliverability criteria is fully tested including all risks
- economic impacts are clearly determined
- value for money will be tested
- social distribution impacts will be clearly determined
- relevant CCTs are addressed

Technical assistance will be sought to support this, along with local programme management and development capacity.

Further discussion is required with Government to ensure that the LCR proposals will not compromise the Managing Authority, can provide the necessary separation between project development and appraisal, and, crucially, will offer a more efficient and effective approach to working with delivery partners and in particular the private sector. This is in line with the LCR City Region Deal ask.

Partners have started to address early delivery arrangements and priority activities through a series of portfolio based workshops. Over the next 4 months the outcomes will be incorporated into a local delivery plan which will be reviewed and updated annually.

To provide Government with an indication of what our early delivery priorities will be, a brief synopsis of the workshop outcomes is included at Annex 2.

## Annexe 1

### **Summary of Consultation with Local Partners for 2013/14**

#### **Timeline**

<b>DATE</b>	<b>MEETING / WORKSHOP</b>
17 <sup>th</sup> January 2013	EU Post 2013 Subgroup*
13 <sup>th</sup> March 2013	EU Advisory Partnership Group**
14 <sup>th</sup> March 2013	EU Post 2013 Subgroup
23 <sup>rd</sup> April 2013	EU Stakeholder Consultation Event (130 attendees) with thematic break-out workshops
25 <sup>th</sup> April 2013	EU Advisory Partnership Group
2 <sup>nd</sup> May 2013	EU Post 2013 Subgroup
23 <sup>rd</sup> May 2013	EU Advisory Partnership Group
4 <sup>th</sup> June 2013	EU Post 2013 Subgroup
7 <sup>th</sup> June 2013	1st draft submission of the EU SIF to Government
1 <sup>st</sup> July 2013	Portfolio Drafting Workshop - Place and Connectivity
4 <sup>th</sup> July 2013	Portfolio Drafting Workshop - Inclusive Economy
8 <sup>th</sup> July 2013	Portfolio Drafting Workshop - Business Economy
8 <sup>th</sup> July 2013	Portfolio Drafting Workshop - Innovation Economy
10 <sup>th</sup> July 2013	Portfolio Drafting Workshop - Blue/Green Economy
23 <sup>rd</sup> July 2013	EU Advisory Partnership Group
26 <sup>th</sup> July 2013	EU Post 2013 Subgroup
6 <sup>th</sup> August 2013	Portfolio Consultation Workshop - Blue/Green Economy
6 <sup>th</sup> August 2013	Portfolio Consultation Workshop - Innovation Economy
7 <sup>th</sup> August 2013	Portfolio Consultation Workshop - Business Economy
8 <sup>th</sup> August 2013	Portfolio Consultation Workshop - Place & Connectivity
8 <sup>th</sup> August 2013	Portfolio Consultation Workshop - Inclusive Economy
3 <sup>rd</sup> September 2013	EU Stakeholder Consultation Event (120 attendees)
12 <sup>th</sup> September 2013	EU Advisory Partnership Group
1 <sup>st</sup> October 2013	EU Post 2013 Subgroup
26 <sup>th</sup> November 2013	EU Advisory Partnership Group

5 <sup>th</sup> December 2013	Portfolio Consultation Workshop - Inclusive Economy
6 <sup>th</sup> December 2013	Portfolio Consultation Workshop - Business Economy
9 <sup>th</sup> December 2013	Portfolio Consultation Workshop - Blue/Green Economy
9 <sup>th</sup> December 2013	Portfolio Consultation Workshop - Innovation Economy
16 <sup>th</sup> December 2013	Portfolio Consultation Workshop - Place & Connectivity
15 <sup>th</sup> January 2014	EU Advisory Partnership Group
27th January 2014	EU Post 2013 Subgroup

#### **\*EU Advisory Partnership Group**

The remit and purpose of the EU Advisory Partnership Group is to advise and support the EU Post 2103 Subgroup to develop the new LCR EU Programme and it covers matters related to ERDF, ESF, Rural Development Funds and the EMFF. Membership of the APG covers the public, private, educational, voluntary/community and environmental sectors as well as trade unions in line with EU regulations.

#### **Members of the EU Advisory Partnership Group**

Alan Welby (Chair) – Local Enterprise Partnership  
 Mark Basnett - Local Enterprise Partnership  
 Andy Churchill – Network for Europe  
 Lynn Collins - TUC  
 John Flamson – University of Liverpool  
 Bob Hepworth – St Helens Council  
 Jonathan Jackson - Knowsley Council  
 Sue Jarvis – Knowsley Council  
 Alan Jemmett – Environmental Advisory Service  
 Mark Knowles – Local Enterprise Partnership  
 Lesley Martin-Wright – Knowsley Chamber of Commerce  
 Frank Rogers - Merseytravel  
 James Sharples – Merseyside Brussels Office  
 Prof. Nigel Wetherill – Liverpool John Moores University  
 Yana Williams - Hugh Baird College  
 Pam Wilsher - Local Enterprise Partnership

#### **\*\*EU Post 2013 Subgroup**

The EU Post 2013 Subgroup has been delegated by the LEP Board to develop the EU SIF Strategy and oversee the work of the Advisory Partnership Group and the EU Core Team. It has a key role in making recommendations to the LEP Board on European matters.

#### **Members**

Cllr Phil Davies (Chair) – Wirral Council and Local Enterprise Partnership Board Member  
 Kath Boullen – St Helens Chamber and Local Enterprise Partnership Board Member  
 Richard Else – Jaguar Land Rover and Local Enterprise Partnership Board Member  
 Asif Hamed – The Contact Company and Local Enterprise Partnership Board Member  
 Carole Hudson – St Helens Council  
 Sue Jarvis – Knowsley Council  
 Amanda Lyne – Burgundy Gold and Local Enterprise Partnership Board Member

Howard Newby – University of Liverpool  
Mike Palin - Local Enterprise Partnership  
David Read – Department for Communities and Local Government  
Alan Welby – Local Enterprise Partnership

## Annex 2

### **Indicative Early Activities by Portfolio**

This annex sets out the activities and initiatives which LCR partners propose to bring forward during the early years of the programme. They have been developed through a series of portfolio based workshops at which relevant stakeholders were asked to identify which of the activities in the EU SIF Strategy were an early priority, how these might be procured (open call, commissioning, or opt-in), and if the cost of these early activities was consistent with the EU SIF Strategy annual spend profile.

#### **Blue/Green Portfolio**

The areas of focus for the first three years are energy (heat networks, hydrogen), domestic and commercial retrofit, and green infrastructure covering a mix of activity to demonstrate feasibility and support / enable investment. This will require some of the JESSICA funding to be brought forward to 2015. Procurement envisaged to be through a mix of calls and commissioning and will also need to reflect availability of match funding.

#### **Business Portfolio**

Activity for early years to be based around the agreed priorities of job creation, new business starts, and winning new business. This will require funding to be brought forward from 2019 and 2020 in order to build on activity under the 2007 – 13 programme and also to link more closely with ESF, particularly around entrepreneurship, business start ups, and workforce training. The proposals for opt-in to UKTI, MAS, and GA were agreed for an initial two year period (2015 and 2016) but with an expectation to renew subject to performance and continued availability of match funding. Majority of non opt-in activity to be procured through commissioning but this needs to be on cross portfolio basis to ensure integrated approach and delivery.

#### **Innovation Portfolio**

There are a wide range of “must do” activities, including eco-system activities and social innovation projects, which need to be delivered through a smaller number of larger projects - which will require collaboration, partnership and bringing together of smaller projects into larger pan LCR initiatives. The early focus will be on Knowledge Transfer and innovation networks, the two key knowledge zones (Daresbury & Knowledge Qtr), and the possible development of creative content and business support funds. Procurement will be primarily through commissioning with a cross-portfolio focus.

#### **Inclusive Portfolio**

The key early priority is Youth Employment in order to maximise benefit of additional funding from the YE initiative. LCR will opt-in to elements of the SFA, DWP and Big Lottery Opt-in but will do this on an initial basis until the end of 2017. ESF activity should focus on filling gaps and complementing mainstream provision, balancing the needs of residents affected by welfare reform, with employment and higher skill needs. Attention is needed to ensure provision for disadvantaged groups, building on evidence of best practice. Procurement through a combination of commissioning and calls but linked to the other portfolios.

#### **Place and Connectivity Portfolio**

Delivery of activity in this Portfolio is closely tied to the successful establishment of a new / replacement JESSICA fund, and it is essential that the new fund is flexible, able to bring together a mix of grant and loan funding, and enable the market to deliver schemes which support LCR priorities. Priority business infrastructure projects will be informed by the work commissioned to identify projects for the Local Growth Plan, with priority transport actions coming through the LTP process which has identified 12 priority schemes. Place Marketing will also be an early activity, particularly linked to IFB to ensure the City Region derives maximum benefit from this major international event. The majority of activity is likely to be procured through commissioning, undertaken on a cross portfolio basis.