

Liverpool City Region Growth Deal

Background Detail

The Liverpool City Region Growth Plan – Summary

The Liverpool City Region Growth Plan and Strategic Economic Plan (SEP) provides the strategic framework for interventions to drive new job creation and growth in the City Region. The Growth Plan and SEP articulate the ambitions of the City Region in terms of stimulating job creation as well as providing the rationale for intervention with a particular emphasis placed on enabling private sector investment and growth.

The Liverpool City Region economy is more resilient compared to the past and is well positioned to capitalise on the strengthening UK economy. We are the second best performing sub-national economy amongst our peers based on economic growth between 2011 and 2012 and the best performing over the five years up to 2012. We have also witnessed a net increase of 31,000 private sector jobs in the City Region since the lowest point in the recession cycle.

The Liverpool City Region has a unique mix of assets and market facing opportunities which, if fully exploited, will create jobs, improve productivity and stimulate economic growth. As importantly and from a national perspective it is an under-utilised asset base that has the potential to drive a rebalancing of the economy throughout the Atlantic Gateway corridor and the wider North of England.

Our Growth Plan and SEP will complement our European Structural and Investment Fund (EUSIF) strategy and will work as a catalyst to better enable and support all businesses that want to grow. Our projects will be targeted, and we will prioritise delivery based on maximum impact and value for money as well as by ensuring that our proposals are deliverable.

As a City Region there is a joint commitment amongst partners to align resources in an effective and efficient way and have established a Combined Authority who will act as the Accountable Body for Local Growth Funds. We are also working to establish a single appraisal and approval process for all schemes seeking funding. This process builds on the Assurance Framework required by Department for Transport (DfT) for devolution of Major Scheme Funding and commitments made by the City Region in our City Deal 2012 to establish a City Region Investment Framework.

Our Strategic Approach

Liverpool City Region's Growth Plan takes a twin-track approach. First, where the City Region has genuine comparative strengths and competitive advantages investment will be prioritised and targeted to drive economic growth. Second, and across all aspects of the economy and in all sectors, we will ensure that we create an environment that supports growth and that will see all people and places benefit in a sustainable way. Our Plan is based on a thorough understanding of the current sector composition of the City Region economy and which sectors have the potential to provide the greatest impact in achieving economic growth and job creation. Alongside this, the City Region has recognised that we have some unique assets which provide us, and Government, with areas of genuine strength and unique market facing or asset based opportunity. These are:

- To build on international connectivity and brand-recognition. Our investment will be targeted at establishing a **globally connected City Region**, driving the attainment of the SuperPORT

concept and enhancing our internationally recognised visitor economy assets. The Liverpool City Region will exploit these opportunities to establish itself as a centre for trade and export led growth, as well as a leading location for inward investment.

- To maximise the economic growth opportunity from being a **centre for energy led and low carbon growth**. With the River Mersey and the £18bn investment taking place in off-shore wind energy in the Irish Sea there are few, if any, places in the UK with the Liverpool City Region's energy potential. Our aim is to capitalise on this unique, natural, asset base.
- To build on its status as a **hub for innovation, science and creativity**. The City Region will aim to exploit our science and innovation strengths including the nationally important Daresbury Science & Innovation Campus (SIC), and our major companies and internationally known universities, in addition to the latent talent of people in sectors such as advanced manufacturing and digital technology.

In all of these areas our particular strength is magnified by the combination of our assets with those of adjacent LEPs. Through the Atlantic Gateway initiative, and other areas of joint work with other LEPs, we are seeking to maximise what can be achieved from our Growth Deal approach.

With this Framework in place the City Region has sought to identify what is necessary to drive job creation and enable sustained economic growth. Based on evidence and our market facing opportunity and asset base we have identified five transformational strategic projects:

- **Liverpool City Centre** as a global brand, visitor and business destination, a centre for commercial and business growth and a location for a growing cluster of knowledge assets
- **The Liverpool City Region Freight and Logistics Hub** that builds on our natural assets and the changing nature of the international and national logistics industry to identify a set of key projects (both in transport and key sites) that directly create new jobs throughout the City Region
- **LCR²Energy** which will facilitate the transition of the City Region's energy supply need to a more low carbon supply by capitalising on off-shore wind energy and marine energy generation with associated supply-chain business growth benefit
- **Access to the Port of Liverpool** is a medium-term project which is absolutely necessary if the economic opportunity of the City Region is to be obtained. The City Region, with Government, is working to identify the appropriate solution to increase capacity to and from the Port and wish to see the project included within national infrastructure planning.
- **A City Region Capital Investment Fund** to include local funds from Growing Places Fund and our European Programme, alongside Government monies, to co-invest in key capital schemes that will deliver new jobs. This includes aspects of the above strategic transformational projects and also our three **Enterprise Zones** (Daresbury SIC, Mersey Waters and the Liverpool City Zone) as well as to attract inward investment in response to end-user demand

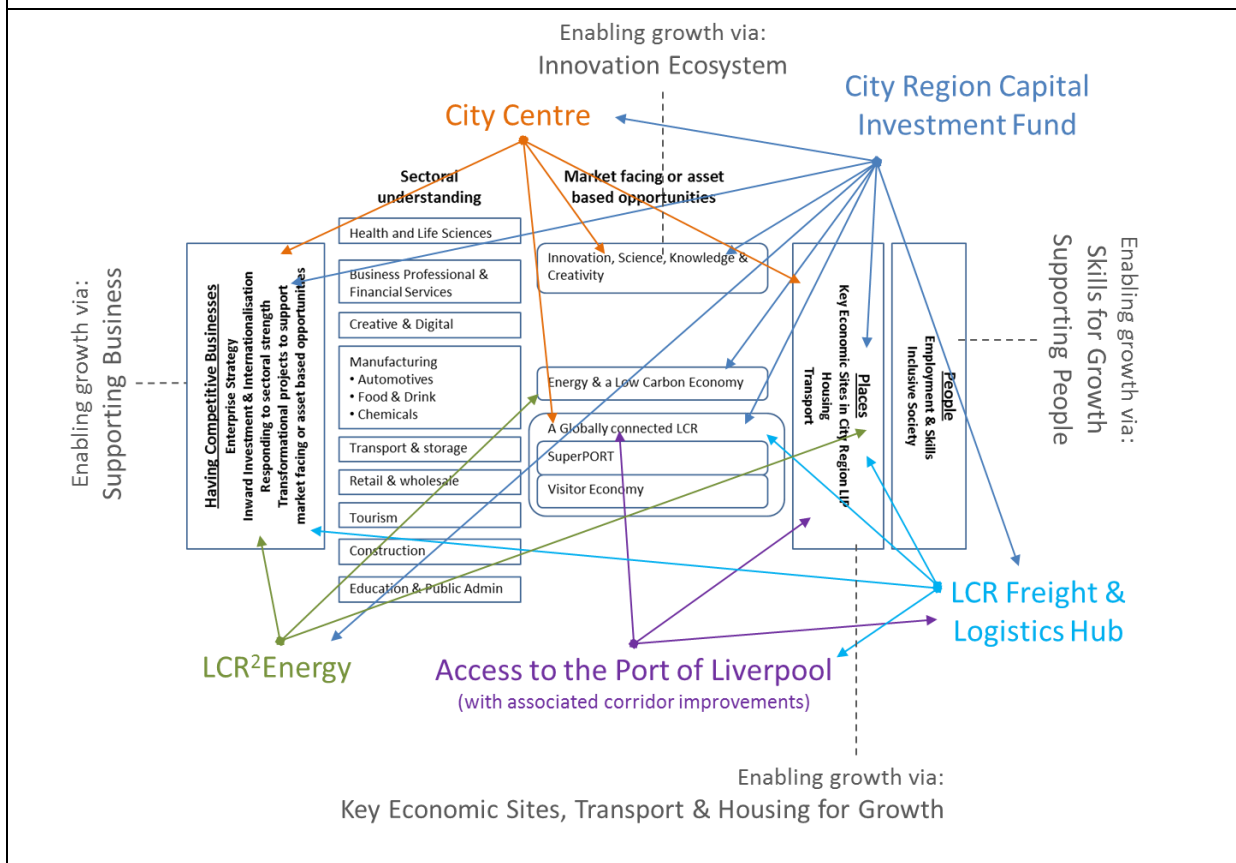
These will be the primary projects, on an appropriately sequenced and costed basis, for which the City Region will seek investment and will contribute directly to delivering our long-term Growth Plan.

Alongside these we will ensure that we will enable the sustainability of job growth through enabling activities that:

- **support business**, including a more effective and targeted approach to business support via a shared City Region Business Support Strategy, collaboration in attracting inward investment and ensuring a more entrepreneurial culture evolves
- ensure we support people via appropriate **skills for growth**, which includes building on our City Deal with Government and the City Region’s national reputation as a leader for developing more demand responsive mechanisms of skills delivery
- provide the right physical **place and environment** in which growth can occur, which in addition to the appropriate sites for business will also include the right transport and housing offer as well as the right environment in which growth can occur; and
- develop an appropriate **innovation eco-system**, building on the great work done at Daresbury SIC, and by our major businesses and Universities and to extend ‘innovation’ throughout our economy

The Framework of our Growth Plan, how our strategic transformative projects map against that framework, and how the enabling areas map against each is shown in Figure 1 below. In one diagram, this is our strategy for growth and job creation in the City Region.





Figure 1: The Liverpool City Region ‘whole-systems’ approach to delivering economic growth – our five strategic projects and enabling requirements



The Local Growth Fund

Government required Local Enterprise Partnerships (LEPs) to produce their Strategic Economic Plan to inform their investment ask of the Local Growth Fund (LGF) as part of a 'Growth Deal' process.

Government has committed to provide £2bn per annum to the Local Growth Fund to make investments in job creating projects. Of the £2bn available for 2015/16 over 50% was made available by the Department of Transport (DfT) while the other most significant funding available came from the skills capital budgets of the Skills Funding Agency (SFA). With our high-level Growth Plan determined the LEP approach, which was outlined to our partners in the City Region and also reported to the Combined Authority, was to target our funding asks against the known funding source. The approach was successful, as detailed below:

Our Overall Ask	
 <p>LCR Growth Plan is seeking over £250m to capitalise on the success of the regions assets in the Key Growth Sectors</p>	<p>Overall our ask was for £250m of identified investments including Transport and Skills Capital Funding.</p> <p>A TOTAL OF £232m WAS SECURED</p>
Project A: Liverpool City Centre	
 <p>LCR Growth Plan is seeking £52m to enhance connectivity and attractiveness of City Centre as a place to visit, do business and live</p>	<p>We sought £52m of Major Transport investment into Liverpool City Centre to improve it as a place to visit and do business.</p> <p>THE TOTAL £52m HAS BEEN SECURED</p>
Project B: Freight & Logistics Hub	
 <p>Secure £52m Growth Fund ask for Transport Infrastructure</p>	<p>We also sought £52m (rising to £59m) of investment in Our Freight & Logistics Hub proposals.</p> <p>A TOTAL OF £46m HAS BEEN SECURED WITH ALTERNATIVE FUNDING AVAILABLE FOR REMAINING SCHEMES</p>
Our minimum skills ask	
 <p>win £32m of Skills Capital Funds from Local Growth Fund</p>	<p>We sought a minimum of £32m of skills capital funding to invest in specific college projects, in development of an equipment fund, and, to establish a Low Carbon Fund for colleges in the City Region.</p> <p>A TOTAL OF £41.1m HAS BEEN SECURED</p>
Other elements	
<p>The other main elements from the Local Growth Fund included:</p> <ul style="list-style-type: none"> • Pre-commitment of LSTF to the City Region - £41.4m committed to 2020/21 • Maintenance of local Transport Majors as a deployable fund – all £24m available to be spent • Smaller amounts for RGF / Housing / other projects form LGF – totalling c. £30m <p>We also asked for (but funded from outside the LGF):</p> <ul style="list-style-type: none"> • Extension to the Skills for Growth Bank model - £4.64m allocated • Establishment funding for a Business Growth Hub • Commitment to establishing a University Enterprise Zone - "Sensor City" - £5m committed 	

The Growth Deal and Local Growth Fund in numbers

The schemes funded by the Local Growth Fund announcement are outlined below:

<u>GROWTH DEAL ANNOUNCEMENT IN NUMBERS</u>		
	Allocated (£m)	Sub-total (£m)
<u>MAJOR TRANSPORT SCHEME ALLOCATIONS</u>		
<u>Freight & Logistics Hub - Major Transport Schemes</u>		
Knowsley Expressway	4.0	
Newton-le-Willows	14.4	
Access to Knowsley Industrial Park	5.6	
Halton Curve	10.4	
M58 J1	5.5	
Maghull North Station	6.2	
Total	46.1	46.1
<u>City Centre - Major Transport Schemes</u>		
North Liverpool Corridors	13.3	
Strand	5.4	
City Centre Connectivity	33.0	
Total	51.6	51.6
<u>TOTAL MAJOR TRANSPORT SCHEME ALLOCATION:</u>		<u>97.7</u>
<u>OTHER ALLOCATIONS FROM LOCAL GROWTH FUND</u>		
Local Sustainable Transport Funding	41.4	
Previously committed (including £24m locally deployable Major Transport pot)	44.1	
Skills Capital Funding	34.6	
Low Carbon College Fund	6.5	
Allocation to an International Festival for Business in 2016	5.0	
Housing at Kew Southport (loan)	3.0	
<u>OTHER ALLOCATIONS - TOTAL</u>		<u>134.6</u>
<u>OVERALL TOTAL LOCAL GROWTH FUND ALLOCATION</u>		<u>232.3</u>
<u>OTHER ALLOCATIONS (OUTSIDE OF LOCAL GROWTH FUND)</u>		
Extension of Skills Bank	4.7	
Sensor City (University Enterprise Zone) approval	5.0	
Business Growth Hub	0.5	
Total	10.2	10.2
<u>OVERALL TOTAL ASSOCIATED WITH THE GROWTH DEAL</u>		<u>242.5</u>

NOTE: Rounding of figures means rows/columns may not add up exactly.