



MEETING OF LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP BOARD

AGENDA

DATE: Thursday, 21st April, 2016

TIME: Following a strategy session commencing at **8.30am**.

VENUE: LEP Boardroom 12 Princes Parade Liverpool L3 1BG

**LIVERPOOL CITY REGION
LOCAL ENTERPRISE PARTNERSHIP
BOARD**

AGENDA

1. DECLARATIONS OF INTEREST

Board members to declare any interests in items under consideration.

2. MINUTES OF THE LAST MEETING

To consider the minutes of the last meeting held on 17 March 2016.

(Pages 1 - 12)

**3. CHAIRMAN'S VERBAL REPORT AND UPDATES FROM LEP BOARD
REPRESENTATIVES ON EXTERNAL BODIES**

To receive a verbal update from the Chairman and any updates from Board members representing the LEP on external bodies.

(a) **ATLANTIC GATEWAY**

(Pages 13 - 16)

4. POLICY UPDATE

(Pages 17 - 22)

5. LEP SUB-BOARD UPDATES

(a) **LOW CARBON (PRESENTATION)**

(b) **GOVERNANCE - HEALTH AND LIFE SCIENCES BOARD - TERMS
OF REFERENCE**

(Pages 23 - 28)

6. LCR DEVOLUTION AND THE SINGLE POT FUND

(Pages 29 - 46)

7. SINGLE GROWTH STRATEGY UPDATE (VERBAL REPORT)

8. DIGITAL CATAPULT CENTRE

(Pages 47 - 50)

9. ANY OTHER BUSINESS

The next meeting of the Board is to be held on 9 June 2016 at 8.30am.

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Agenda Item 2

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

At a meeting of the Liverpool City Region Local Enterprise Partnership Board held in the LEP Boardroom 12 Princes Parade Liverpool L3 1BG on Thursday, 17th March, 2016 at 8.30am the following Members were

PRESENT:

Robert Hough CBE (Chairman)
Chris Bliss
Councillor Phil Davies
Asif Hamid
Amanda Lyne
Neil Sturmy
Professor Nigel Weatherill
Kate Willard

APOLOGIES: Mayor Joe Anderson OBE
Kath Boullen MBE
Richard Else
Councillor Andy Moorhead
Councillor Barrie Grunewald
Councillor Rob Polhill
Councillor Ian Maher

IN ATTENDANCE: Mark Basnett Liverpool City Region LEP
Tony Wade Liverpool City Region LEP
Gillian Bishop Liverpool City Region LEP
Andrew Bilsborrow Knowsley MBC
Frank Rogers Merseytravel (for item 3)
Sara Wilde VEB Chair (for item 4)
Ian McCarthy Liverpool Vision (for item 5)
Lisa Smith Liverpool City (for item 9)
Mark Kitts Liverpool City (for item 9)

192. DECLARATIONS OF INTEREST

A member of the Board declared the following situational conflict in the item(s) that the following minute number(s) relate to:-

Director	Minute No. (s)	Nature and Extent of Interest
Robert Hough CBE	194(a) and (b)	Director of Liverpool Airport re Halton Curve Scheme

193. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the LEP Board held on 4th February 2016 were received as a correct record and signed by the Chairman.

Matters Arising from the minutes:-

185 - Chairman's Report – The Chairman invited Neil Sturmy to give a further progress report on the activities of the LEP Company and its examination of the LEP's future resource needs and functions. He indicated that discussions had been held with Ged Fitzgerald, the Lead Chief Executive, in order to ensure that the unique nature of the LEP is built into the delivery/strategy model that will be formally considered by the Combined Authority at its Annual Meeting at the end of June. In order to ensure that LEP Board members had the opportunity to be involved and influence the discussions, a workshop session with Ged Fitzgerald was to be arranged to be held in April at the latest.

The possible establishment of a Task and Finish Group, that would take forward discussions with the Combined Authority was also discussed and welcomed. The Board agreed that its formation should await the outcome of the April workshop session

185 (c) LEP Core Funding 2016-17 – The application had been submitted on time and a formal response was awaited.

186 LEP Board Constitution and Appointments Committee – The draft Board constitution had been circulated and comments had been received relating to the possibility of holding Board meetings in public. The Chairman felt that the current approach of meetings being held in private should prevail and, with reference to Section 11 - Quorum, suggested that the requirements be amended so that the quorum for meetings of the LEP Board will be no less than 6 of its membership of which in addition to the Chair or Vice Chair should include 2 from the Local Authorities, either Mayor or Leader. Notwithstanding the above, a quorum will not in any event exist unless the majority of the LEP Board members present at the meeting are not also directors of the LEP Company Board.

194. LOCAL GROWTH DEAL IMPLEMENTATION

(a) Major Transport Schemes

The Board considered a report, presented by Frank Rogers – Interim Chief Executive of Merseytravel, that set out a detailed independent assessment, prepared by Watermans, of the two shortlisted Liverpool City Region Transport Schemes – the A565 North Liverpool Key Corridors (NLKC) and the Halton Curve. The report sought approval of the Full Business Cases for the two schemes to commence delivery in the 2016/17 financial year.

Appended to the document was a detailed report from the LCR Combined Authority Lead Officer for Transport that provided an assessment undertaken by the Transport Advisory Group's independent assessor on the two major schemes. This was to be developed into Full Business Case status.

It was **agreed** –

- (i) That the report of the LCR Combined Authority Lead Officer, that set out the result of the independent assessment of the two major schemes' business cases, be noted;
- (ii) that the Full Business Case for the A565 North Liverpool Key Corridors, be approved; and
- (iii) that the Full Business Case for the Halton Curve, be approved.

(b) Halton Curve Scheme Update

The Board considered a report that set out the progress of the Halton Curve scheme which highlighted the changes of timescale for the project, the significant increase in the project cost and the need to provide additional funding to deliver the scheme.

It was **agreed** –

- (i) that the information on the current stage development of the Halton Curve Scheme, and the completion of the Full Business Case and the positive BCR generated, be noted;
- (ii) that the increase in the scheme costs above the original cost estimate be noted and additional funding be sought from the Combined Authority to increase the Local Growth Fund contribution from £10.4m to £16.07m; and
- (ii) that the endorsement of the Transport Advisory Group for the project at the higher level cost of £16.07m be noted.

(c) High Speed Rail 2 and 3

The Chairman invited Frank Rogers to give an update on the City Region's aspirations with regard to HS2 and HS3. He highlighted the significance of two recently published documents, hyperlinks to which would be sent to Board members:-

- In the Transport for the North's 'Northern Transport Strategy Spring 2016 Report' in the section on the options for the Northern Powerhouse Rail Network a statement was included

on the potential to integrate Liverpool and Manchester to the planned HS2 infrastructure.

- In the National Infrastructure Commission report 'High Speed North' sections 3.43 and 3.44 highlighted the LCR response to the call for evidence and the potential for infrastructure linking Liverpool to HS2.

In view of the significance of such references, he explained that the challenge over the next 12 months was to fully enhance and accelerate the development of a robust business case for funding.

It was **agreed** – that the verbal update be noted and welcomed.

(d) Sustainable Travel 2016/17

The Board considered a verbal report by Frank Rogers who reported that the DfT had recently announced the availability of £20m funding for sustainable transport schemes in 2016/17. He explained that the deadline for bids was 29th March, which was before the next Board meeting

Amanda Lyne highlighted the need for additional capacity to build on the pipeline of capital projects.

Frank Rogers explained that if the bid was successful it would provide revenue funding to build upon and deliver STEP capital schemes for pedestrians, cycling routes and low carbon initiatives.

It was **agreed** – That the submission of a bid, the detail of which is to be reported to the next meeting of the Board, be endorsed.

195. LEP SUB-BOARD UPDATES

(a) Visitor Economy - Investment Strategy (Presentation)

The Board considered a presentation by Sara Wilde- Mckeown, Chair of the Visitor Economy Board (VEB) which set out a summary of the proposed Visitor Economy Business Plan in terms of

- the economic case – economic contribution, job creation, dependencies, cross cutting and growth scenarios;
- the growth strategy – prioritise position and proposition, dispersal, leisure markets and business and economic tourism;
- the challenges – 4 areas-
 - Welcome and connectivity – Transport Plan for Growth and Skills for Growth funding
 - Product – internationalism – uncertainty of grant funding
 - Destination marketing – cuts in public sector and EU funding – target £1.5m+ by 2020

- Business Visits and events – no long term solution of financial subsidies – ACC subvention of £1.5m per annum
- Opportunities
 - Visitor economy
 - Sustainable Core Funding (visitor tax)
 - National structures
 - Grant funding
 - Devolution Agreement
 - LCR Single Economic Growth Strategy
- Five point plan to be submitted for endorsement –
 - Devolution
 - Culture Plan
 - Core Funding – Visit England/DCMS
 - LCR Strategy Alignment.

The following comments were made by Board members:-

Kate Willard highlighted her experience in the Lake District on slipstream branding which attempted to overcome the hierarchy of the big visitor attractions. She stressed the importance of marketing the visitor attractions outside of Liverpool City Centre in order to provide a flexible City Region offer.

Chris Bliss felt that lessons needed to be learnt from the ultimately unsuccessful bid for the City Region to host the prestigious Routes Europe 2018 event. He explained that whilst the LCR bid had been chosen by the event organisers, UBM, the required funding package to underwrite the event was not confirmed within the required timeframe and the event awarded to the second bidder. The Chairman stressed that he believed the City Region's reputation had not been bruised as a result of the issue.

Councillor Phil Davies referred to Wirral's powerful golf offer and felt that the presentation was excessively centred on what Liverpool, as city, had to offer. Both Amanda Lyne and he stressed the need for more proactive work to ensure a wider visitor spread across the City Region and ensure a greater buy in from constituent authorities.

Councillor Phil Davies also pointed out that the possible introduction of a 'visitor tax' was a contentious issue and required early consultation with the hotel industry.

It was agreed –

- (i) That Sara Wilde-McKeown be thanked for her informative presentation; and
- (ii) that the approach undertaken in the investment plan, in terms of the following be endorsed:-

- (a) the exploration of opportunities for generating alternative forms of income through some kind of levy arrangement;
- (b) the inclusion of the VE within the Cultural Partnership theme of the Devolution deal;
- (c) the inclusion of VE within the new Economic Growth Strategy as a key growth sector and, as such, maximise the ability to leverage future funding opportunities such as the new Growth Deal and access to Combined Authority funds; and
- (d) to ensure that the VE sector is better placed to work with City Region partners to influence the allocation/priorities of National and European Structural Funds.

196. INTERNATIONAL FESTIVAL FOR BUSINESS 2016

The Board considered a progress report, presented by Ian McCarthy of Liverpool Vision, on the implementation of the International Festival for Business 2016 that included a summary of:-

- the full business case for the event;
- the current project management position through a project status report that sat behind the detailed work plan.

Kate Willard also gave an update on 'The Edge' fringe event programme.

In terms of interest in the event from the other 38 LEPs, it was reported that UKTI had taken the lead and had provided a presentation to the LEP Network that had generated significant interest.

The Chairman asked if the LEP could provide any assistance. In response, Ian McCarthy referred to a launch event on 30th March and asked if the LEP could assist in raising awareness amongst its partner membership. It was reported that an e-bulletin would be circulated to raise awareness of the event which the Chairman undertook to attend.

It was **agreed** – That the report be noted.

197. CHAIRMAN'S VERBAL REPORT AND UPDATES FROM LEP BOARD REPRESENTATIVES ON EXTERNAL BODIES

The Board considered:-

- (i) the following verbal updates that were given by the Chairman at the meeting:-

- (a) he reported on the successful Innovation Board event that he had attended, with Mark Basnett, on 14th March which highlighted the excellent science and technology innovative work being undertaken in the City Region;
- (b) he referred to the European Union Referendum on 23rd June and circulated a proposed media engagement position statement.

Chris Bliss suggested that the LEP should produce a brief fact sheet that set out the benefits the City Region had received, such as EU funding of schemes, from the UK's membership of the EU that may help individuals to make an informed decision.

- (c) he referred to the recent audit undertaken by the National Audit Office (NAO) of the LEP Assurance Framework in respect of which Tony Wade gave an update in which he indicated that:-
1. Tom Walker, Director from the Cities and Local Growth Unit had issued an Audit findings statement that indicated that whilst the LEP's Assurance Framework was compliant, a number of areas were only partially compliant as the narrative involved need to be refreshed to reflect the LEP partition. In addition, due to a number of new funding streams, a complete refresh was required; and
 2. he would circulate the audit findings document to Board members with a covering briefing note.

- (ii) he referred to an update on the activities of the Atlantic Gateway (AG) team up to March 2016.

It was agreed -

- (i) That the content of the Chairman's update report, and the AG update, be noted;
- (ii) that with regard to the EU Referendum, a short fact sheet be produced summarising the resources the City Region has received as a result of Britain's membership of the EU; and
- (iii) that the Audit findings, received from Tom Walker – Director of the Cities and Local Growth Unit, and a covering briefing note, be circulated to Board members.

198. LEP BOARD APPOINTMENTS COMMITTEE - BOARD APPOINTMENTS

The Board considered a report that provided an update on the actions taken since the last meeting of the Board, and proposed a way forward, to fill the current LEP Board member vacancies. In this respect, the report set out information on:-

- The composition of the Board and the current LEP Board member terms of office;
- the credentials for potential Board members; and
- the recruitment process that might be undertaken including the advertisement that was posted on the LEP website on 10 February 2016.

The Chairman referred to section 4.2 of the report and indicated that the final sentence should be amended to read:-

'The term of office for private sector members will be a maximum of 3 years although, by agreement of the LEP Board, a second term may be served consecutively. Although 3 years is the maximum term, shorter terms may be offered to facilitate rotation of expertise and background.'

In response to the advertisement on the LEP website, the Chairman also reported that five expressions of interest had been received and which was being considered.

It was agreed –

- (i) That Richard Else, whose term of office expires in March 2016, be offered a one year extension;
- (ii) that the proposal for one of the Board member vacancies to be filled through the membership of the Making-It Board be approved; and
- (iii) that when considering the expressions of interest for the second vacancy, priority be given to an individual from a social enterprise or other entity that operates in the third sector.

199. POLICY UPDATE

The Board considered a report that provided an update on recent policy developments across the UK with regard to Devolution, the Northern Powerhouse, the LEP Network, Growth and Productivity and key sectors.

A copy of a briefing paper on the content of the Chancellor's "A budget for the next generation" delivered on 16th March was circulated.

It was **agreed** – that the content of the documents be noted.

200. CAPITAL COMMISSIONING FRAMEWORK AND OUTLINE BUSINESS CASE FOR LITTLEWOODS STUDIOS LIVERPOOL

The Board considered a report that provided an update on the Capital Commissioning Framework and set out the Littlewoods Studios' proposal and outline business case from Capita and Centric . The report indicated that the business case for the project had been subject to an independent appraisal using the principles of the City Region's Capital Funding Framework that had been previously considered by the LEP Board and the Combined Authority.

Mark Kitts (Assistant Director – Regeneration) and Lisa Smith (Senior Policy Officer) at Liverpool City Council presented the item and responded to Board members' questions.

With reference to the Commencement Business Plan – Liverpool City Region Capital Fund, as set out in appendix 1 to the report, the following issues were highlighted by Board members:-

- It was felt that the wording contained in the document was complex and the processes outlined overly-bureaucratic and would not be easily digested by private sector investors, especially those from outside the UK;
- Assurance was sought that the process would be proportional to the level of capital funding sought; and
- Further information on the timetable for the fund to be 'market ready' was requested.
- The landmark characteristics of the Littlewoods' site and the statement of ambition that the development of the site would make.

In response , it was pointed out that the document was based on a framework required by Government, and as such needed to be detailed and transparent. The Framework was not a 'front of house' document and would not be used for marketing purposes.

It was **agreed** –

- (i) That the ongoing work in relation to the development of the City Region's approach to allocating Capital Funding be endorsed and welcomed and the Business Plan, as set out at Appendix 1 to the report now submitted, that will underpin this work, be noted;
- (ii) that a further report be submitted to a future meeting of the Board setting out the timetable for the implementation of the LCR Capital Fund;

- (iii) that Capita and Centric be invited to come forward with a full business case application in respect of the Littlewoods Studios proposal for a £4.95m allocation of LGF, in accordance with the Assurance Framework process agreed by the LEP and CA and shared with Government, and it be noted that the project had been independently appraised for Liverpool City Council on behalf of the City Region and demonstrated very good value for money; and
- (iv) that, subject to a satisfactory full business case being independently appraised by the Combined Authority and the S73 Officer, approval be given for £4.95m of LGF being made available to the Littlewoods project and the project applicant be informed of this to enable them to further develop the project.

201. NORTHERN POWERHOUSE INVESTMENT FUND ESIF JEREMIE UPDATE

The Board considered a report that provided an update on the proposed use of £12.5m of LCR ERDF funds in a £400m Northern Powerhouse Investment Fund that would give local SMEs access to a range of debt and equity funds to stimulate growth.

It was **agreed** –

- (i) That the proposal of Liverpool City Region ERDF funds contributing to the Northern Powerhouse Investment Fund be endorsed in principle provided that these meet the needs of the local business community, as referenced in the report, and subject to ratification of the detailed proposals from the Business Bank by the LCR ESIF Committee; and
- (ii) that the LEP Executive be mandated to continue to engage with British Business Bank to ensure that the detailed proposals meet the needs of the local business community.

202. SINGLE GROWTH STRATEGY UPDATE

The Board considered a verbal update of Gillian Bishop on the progress of the compilation of a Single Growth Strategy for the Liverpool City Region which indicated that:-

- (a) a workshop session had been held on 10th March 2016 in respect of which a copy of the presentation slides would be circulated to Board members;
- (b) an update presentation was to be presented to the Combined Authority on 18th March; and

- (c) a Board members' workshop session on the Single Growth Strategy was to be held on 10th May with a view to the final proposals being formally considered by the Board on 9th June 2016.

It was **agreed** - that the verbal update report be noted.

Minutes 192 to 202 received as a correct record on the 21 day of April 2016.

Chairperson of the Board
(The meeting closed at 11.20 am)

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Atlantic Gateway

LCR Update: April 2016

This paper provides an update on the recent activities of the AG team.

1. Infrastructure Priorities

As previously reported, the AG Board agreed a set of infrastructure priorities at the January. These were based on a set of common priorities proposed by the three LEP/CA areas with a number of underlying projects.

Reflecting the role of the AG board to ensure that key themes, issues and priorities across the geography are identified which may not be priorities of the individual LEPs/CAs, the board also delegated responsibility for agreeing the wording of an additional priority to a small sub group.

Table 1 shows the final agreed list of AG's infrastructure priorities including the additional priority. These will be used to inform its 2016 business plan and work programme going forward.

Each LEP area has developed its own arrangements for the approval of the infrastructure priorities and have obtained approval at an officer level. LCR obtained CA officer approval for these in December 2015. The priorities are now required to be endorsed by the leaders of each region.

2. Science and Innovation

SQW's brief was focused on the identification of potential collaboration opportunities to promote the growth of the sector. They were also asked to identify specific actions and targeted groups/organisations that may be best placed to take each action forward. SQW has completed its work and are now finalising their report. A copy of this will be circulated when available.

The report and specific actions will form the basis of the next phase of work with AG/LEPs which will focus on (1) identifying which actions should be taken forward and identifying a lead; (2) sharing this information with key relevant partners who are critical to unlocking specific issues raised and (3) identifying and developing media opportunities to highlight the findings and arising opportunities.

3. Business Plan

The Atlantic Gateway business plan was last updated in July 2012 and therefore reflects a different political and economic environment to that which exists today. It pre-dates George Osborne's inaugural speech on the development of a Northern Powerhouse, the establishment of Transport for the North and several devolution deals which have seen powers switch from Whitehall to local control.

During this period, the Combined Authorities and LEPs have also agreed a new Terms of Reference with AG which set out key AG priorities, new governance arrangements and revised principles for key stakeholders to work together.



ATLANTIC GATEWAY

At the January 2016 AG Board it was agreed that a new Business Plan should be produced in 2016 which reflects the current political and economic climate and key priorities across the area. It was also agreed that AG's business plan should build upon the evidence base which has been developed as part of the Northern Powerhouse Independent Economic Review (IER) which includes an analysis of the three LEP area economies which part of the AG geography.

The AG Board agreed that the business plan will build upon infrastructure priorities which have already been agreed and will include a review of wider priorities for AG.

The development of a new business plan is important as it enables AG to:

- i. review and agree its vision, objectives and priorities;
- ii. review its ongoing strategic, political and economic fit;
- iii. clarify its relationships and enable other key stakeholders from the private sector and the public sector to contribute towards the development of AG;
- iv. develop an underlying work programme that is aligned with AG's visions and objectives and that of its key partners; and
- v. set out its KPIs and added value.

Work is currently on-going to agree the methodology, scope, timetable and approvals process for the business plan and to establish a business planning strategic group to oversee its development with representation from each LEP area.

4. Communications

AG has continued to work with UU's marketing consultant, Claire Vincent to develop a communication and stakeholder engagement plan with the following key activities undertaken during the period:

- a. development of an **events diary**, including key milestones;
- b. contribution to a number of short **marketing films** with ICE showcasing opportunities in AG;
- c. establishment of **clear communication channels** between various emerging organisations/strategies and existing critical organisation. e.g. National Infrastructure Commission, Infrastructure and Major Projects Authority; Northern Powerhouse; UKTI discussions with Drumbeat around the potential options for an **update/refresh** of the website;
- d. development of working relationships with the individual **LEPs marketing and communications teams** to ensure consistent messages are communicated and to maximise benefits of shared resources;
- e. establishment of **clear communication channels** between various emerging organisations/strategies and existing critical organisation. e.g. National Infrastructure Commission, Infrastructure and Major Projects Authority; Northern Powerhouse; UKTI;
- f. production of an **AG annual review** showcasing AG's board, achievements to date and action plan going forward;
- g. discussions with Drumbeat around the potential options for an **update/refresh** of the website with the recommended preferred option which should ensure the

- website is 'future proofed' against further technological changes being the development of a new website using a standard content management system; and
- h. development of a programme of events including a presence at IFB/Fringe and a number of round table events on flooding and water resilience and energy generation.

Progress against items e - g above will be dependent on availability of funding and resources for AG (see section 5).

There has been continued general media and PR coverage of AG - magazine articles, commentary on key news items, presentations at conference/events and round table discussions.

Day-to-day news updates and commentary have been focused on twitter which has a direct feed to AG's website on its home page. AG has further increased its twitter following to more than 1,200, posts 3 – 5 tweets a day and earned over 17,000 impressions in the last month alone.

5. Funding and Resources

AG was successful in agreeing a six months' secondment from Grant Thornton at nil cost to the Partnership for the period September – March 2016. Amy Barkatali has made a considerable difference to AG and has enabled a wide range of activities to be coordinated and delivered including the development of a communications plan, enhanced communications, improved stakeholder engagement and cross LEP working, the development of a KPI framework and the development of an infrastructure plan.

AG has the option of extending this secondment arrangement until the end of August 2016 however this would be charged at cost to AG i.e. based upon salary costs only and excluding any mark-up. The option of an extended free secondment has been discussed and is no longer a viable option for Grant Thornton. At the last Board meeting in January there was a broad consensus that partners would consider funding additional resourcing for AG given the momentum that has been developed over the last months and the forward work plan which will require considerable resources to deliver. The forward work plan includes:

- a. development of a new Business Plan for AG
- b. development of a new website which is essential for 2016 given the current platform;
- c. enhanced engagement with BIS, Northern Powerhouse and NIC;
- d. production of a 2016 Atlantic Gateway Review publication;
- e. development of project action plans for key infrastructure priorities;
- f. development of a Delivery Plan to support the Business Plan; and
- g. enhanced speaking and round table events.

Each LEP partners currently contributes £5,000 per annum towards AG and is asked to consider extending this to £15,000 for the financial year 2016/17 which will enable AG to extend its secondment with Grant Thornton (based upon 3 days per week) and will also enable Atlantic Gateway to fund the development of a new website which is estimated to cost in the region of £5,000. Other partners are also being contacted to discuss potential additional contributions.

Table 1: AG Infrastructure Priorities and Projects

AG infrastructure priorities	AG potential projects
1 Connectivity improvements Focused on the Transport for the North proposals to improve freight and passenger connectivity and local connectivity improvements which may constrain growth	The strategic business case and investment plan for TfN are currently being developed. This includes the gathering of new evidence for passenger and freight connectivity. AG will not try to second guess the conclusions of the various studies and final Plan but will continue to feed into the development of the F&L study and will review the key outputs from TfN to determine specific priorities moving forward
2 Development of the freight and logistics sector Focused on the development of key strategic sites and enabling infrastructure to promote the growth of the sector including essential connectivity improvements associated with port access and key logistics sites across the transport nodes	For example: Port Salford, Port Warrington and wider use of the MSC Carrington L2 – Port of Liverpool Parkside 3MG
3 Development of the science and innovation sector locations Focused on the development of key strategic sites and enabling infrastructure to promote the growth of the sector	For example: Liverpool's Knowledge Quarter, Corridor Manchester Cheshire Science Corridor including Thornton, Birchwood, Daresbury, Alderley Park
4 Development of key strategic sites across AG Focused on delivering key enabling infrastructure to support the development of AG's key strategic sites	For example: Manchester airport, Mersey Waters and Liverpool's Mayoral Development Zone
5 Creation of a more resilient and adaptive environment for business Focused on the development of a range of infrastructure measures to promote sustainable long term economic growth, including for example water management, flood management, enhancing green and blue spaces and low carbon energy generation, storage and distribution	For example: Flood and water management – supporting the development of business critical infrastructure improvements in conjunction with the EA and UU Realising the potential of the River Mersey and its catchment – for example, improving the environment quality and recreational use of the River and exploring the potential for sustainable energy generation including Mersey Tidal



Policy Update

LEP Board Meeting 21 April 2016

Author:
Matthew Thompson
Liverpool City Region LEP

Presented by:
Gillian Bishop
Liverpool City Region LEP

1 PURPOSE

1.1. This paper provides an update to the Strategic Board on recent policy developments across the UK, the North and the City Region.

2 RECOMMENDATIONS

1.2. The Board is requested to **note** the report.

3 DEVOLUTION – LOCAL GROWTH FUND (LGF)

3.1 Through existing Growth Deals, Government has awarded £7.7 billion to LEPs nationwide. The recent Spending Review reconfirmed the £12 billion Local Growth Fund and the 2016 Budget identified the funding within the £12 billion LGF. In this tight fiscal context, this is a commendation of the excellent work that LEPs are doing on delivering their existing deals.

3.2 Of the original LGF, £4.275 billion is still available to be awarded in the period up to 2021. The funding is significantly back-loaded towards 2021, but with some funding available in 2017-18 and 2018-19. Here is the breakdown:

- £1.8 billion for a further round of Growth Deals with LEPs
- £475 million will go to a ring-fenced pot within the LGF dedicated to funding large transport infrastructure projects, in a bidding process similar to growth deals;
- £2 billion to unlock large housing sites (over 1500 homes), for developers to bid to the HCA, as part of the Home Building fund to be launched in April, at which time the details of LEPs' role in this will be confirmed.

3.3 The announcement of the new LGF funding confirms that up to £1.8 billion is being made available for new Growth Deals. This will be made up of contributions from BIS, DCLG and DfT. Within it skills capital funding has been extended beyond 2016-17 through to 2020-21, reflecting the Government's support for the FE education after Area Based Reviews have concluded (see below). The Local Sustainable Transport Fund has also been brought into the flexible element of the LGF.

3.4 Although a precise date has yet to be confirmed, proposal submissions to the LGF are expected in mid-Summer this year, with awards made around Autumn Statement. This highly competitive round will follow the description in Greg Clark's speech on 22 March, which states that proposals should:

- Harmonise with the LEP Strategic Economic Plan (currently in production and due to be published in July) and come in the context of the existing Growth Deal;
- Integrate with wider government strategies;
- Demonstrate private sector leverage;
- Show strong governance reform, leading towards Combined Authorities.

3.5 The LGF forms part of the 'single pot' being brought together as the Government's contribution to the Single Investment Fund (SIF). The £458 million 'single pot' is initially committed for 5 years and composed of:

- Devolution Deal allocation of £30 million p.a., totalling £150 million over 5 years (25% revenue, 75% capital);
- Local Growth Fund allocation (as detailed above);

- Devolved local transport budget of £26.5 million p.a., totalling £132.6 million over 5 years.
- 3.6 However, these streams will be joined by the devolved adult education budget in 2018/19, and it is expected that a series of other funding sources will be consolidated as part of the SIF. Please see Item 6 for further details.

4 DEVOLUTION – AREA BASED REVIEW

- 4.1 Area Based Reviews of Post-16 Education and Skills are now under way across the country, with LEPs expected to take a central role in the review process, developing a strong evidence base and providing access to resources like data and impact evaluation, and to act as a more independent participant with no clear vested interests, unlike the FE colleges themselves.
- 4.2 Liverpool City Region's Area Based Review commences in April, led by a Steering Group composed of range of stakeholders, including the LEP. A representative from the LEP will be asked to sit on the Advisory Group to the Steering Group. This is a key piece of preparatory work undertaken in support of the devolution of Adult Education Budget from 2018/90.
- 4.3 A Report has just been published by the House of Lords Select Committee on Social Mobility on 'Improving the Transition from School to Work' (available here: <http://www.publications.parliament.uk/pa/ld201516/ldselect/lsocmob/120/120.pdf>). One of the recommendations in the report states "The most valuable role the Government can take is to act as a facilitator, coordinating the efforts of its existing structures, and brokering collaboration between existing local bodies such as further education colleges, schools, local authorities, local enterprise partnerships and employers." (Recommendation 6, Paragraph 375). In a recent BBC radio interview, Chair of the Committee, Baroness Corston said "... schools, employers FE Colleges and LEPs have no means of working together, and they should have".

5 LEP NETWORK – NAO REVIEW

- 5.1 The National Audit Office (NAO) has completed an audit of LEPs and the effectiveness of Government monitoring. They interviewed seven LEPs as part of their review, but not Liverpool. The final report was published on 23rd March. This is not an assessment of the performance of individual LEPs but focuses mainly on how government has funded and implemented Local Growth Deals. The lessons learnt from the review will be fed into DCLG's preparation of updated guidelines for the Single Pot Assurance Framework.
- 5.2 Although NAO's main criticism centres on the approach of DCLG to overseeing Growth Deals and risks to future value for money, there are some specific points relating to LEPs which will need attention, centring on how transparent LEPs are and if they have the capacity to deliver what Government expects. The most significant issues gleaned from the key findings are:
- There are no quantifiable objectives – such as number of jobs or houses created – for assessing how Growth Deals have contributed to economic growth, so how do LEPs measure the impact and difference they have made?
 - As part of the survey questionnaire sent to LEPs by the NAO, LEPs have expressed reservations about their capacity to deliver amid an increasingly complex devolution landscape and a lack of the right skilled staff.

- 69% of LEPs reported that they did not have sufficient staff and 28% did not think that they had sufficiently skilled staff.
- The majority of LEPs don't have the resources available to meet the expectations of Government.
 - Only 5% of LEPs considered the resources available to them to be sufficient to meet the expectations placed on them by government.
- There are considerable gaps in LEP compliance, and the availability of financial information varies across LEPs.
 - Financial information was unavailable for 5% of LEPs and NAO were unable to find information on senior staff salaries for 87% of LEPs.

5.3 Other notable key findings are:

- LEPs perceived the process of putting together bids for Growth Deals through strategic economic plans positively (this is effectively the role that the LCR Single Growth Strategy currently in production will play for the next funding round of the LGF).
- DCLG's light touch assessment of LEPs' bids for Growth Deal funds relied on processes in LEPs that are not yet fully in place.
- The Department has given LEPs flexibility in how they use Growth Deal funding. The Department has grouped LEPs into three categories of flexibility in how they can spend Growth Deal funding. LEPs can receive greater flexibility through improving their governance.
- Pressure on LEPs to spend their Local Growth Fund allocation in year creates a risk that LEPs will not fund projects most suited to long-term economic development.
- DCLG estimates that Local Growth Fund projects will underspend by £85 million in 2015-16.
- LEPs are highly dependent on local authorities, and the sustainability of this support is uncertain. (less applicable to Liverpool LEP as a uniquely business-based organisation)
- DCLG had not tested the implementation of assurance frameworks at the time that Growth Deals were finalised, and the NAO found that there are considerable gaps in LEPs' compliance with the Department's requirements. The Department is using the results of the NAO study and work conducted by the Government Internal Audit Agency to test LEPs' assurance frameworks.

6 NORTHERN POWERHOUSE – PHASE 2

- 6.1 The Leaders of Leeds, Manchester, Newcastle and Sheffield, and the Mayor of Liverpool, along with Lord O'Neill, signed a Joint Statement between the North's core cities and Government, in March, which sets out their commitment to move into Phase 2 of the Northern Powerhouse, following the initial wave of devolution deals.
- 6.2 Building on the work of the Independent Economic Review commissioned by TfN and northern leaders, this commitment focuses on promoting the development of the four 'capabilities' identified by the IER – advanced manufacturing, energy, health innovation and digital – and to take on its recommendations to enhance more than just connectivity, as a necessary but not sufficient condition to delivering the Northern Powerhouse. To this end, this statement is a commitment to developing joint proposals to respond to these challenges:

- Skills and employment – devolution of adult skills budgets will enable strategies to deliver employer-focused skills training to match needs of local economies, and to cultivate right skills for pan-Northern capabilities.
- Enterprise, innovation and industrial strategy – £400 million Northern Powerhouse Investment Fund will unlock investment in local SMEs to support enterprise; working together to facilitate development of clusters of high productive knowledge-intensive industries.
- Trade and investment – working together to promote Northern Powerhouse to foreign investors, and help Northern exporters unlock foreign market (e.g. collaborative project between Liverpool, Barrow, Teesside and Humber, working with DONG to deliver offshore wind power, maximising use of specialist supply chains in all places.)
- Housing – working together to ensure housing supports growth across Northern Powerhouse.

7 NORTHERN POWERHOUSE – HIGH SPEED RAIL

- 7.1 The National Infrastructure Commission (NIC) report on high speed rail – High Speed North – was published 15th March, and concluded that “North needs immediate and very significant investment for action now and a plan for longer term transformation to reduce journey times, increase capacity and improve reliability.”
- 7.2 In terms of research findings on Liverpool, these points are noteworthy:
- In analysis of economic scenarios from improved connectivity between pairs of cities, the agglomeration benefits estimated for Liverpool-Manchester were found to be less strong than either Leeds-Manchester or Manchester-Sheffield – but still more significant than others.
 - Manchester-Liverpool inter-city railway commuting flows were found to be the highest of all in the north – considerably higher than Leeds-Manchester.
 - Liverpool Central and Liverpool Lime Street are 3rd and 4th busiest stations in north respectively.
- 7.3 Although Liverpool-Manchester high speed linkis not mentioned explicitly as a recommendation for HS3 plans (focused overwhelmingly on Manchester-Leeds), it is nonetheless included in the definition of HS3 and specifically referenced in recommendations on designing northern phase of HS2. The following passages support the case for Liverpool’s high speed rail link:
- “HS3 is a transformed east-west network from Liverpool in the west to Hull and Newcastle in the east. It should make use of key northern sections of HS2, upgraded existing lines, and sections of new track where necessary to provide capacity, speed and congestion relief. It should provide enhanced connectivity and improved journey times between the major cities of the North and to Manchester Airport, its most important international passenger gateway.”
 - “Liverpool City Region, in their response to the NIC’s call for evidence, highlighted that the Golborne link to the WCML would mean HS2 infrastructure covered about half of the distance between Manchester and Liverpool. They propose that with further infrastructure from the proposed HS2 route extending to Liverpool, travel time from Liverpool to Manchester Airport and Manchester Piccadilly could be

reduced to 15 minutes and 20 minutes respectively, at an estimated additional cost of £2.6bn. Given that HS2 will deliver high speed infrastructure spanning a portion of the Liverpool-Manchester corridor, the option of using this infrastructure to radically improve connectivity between Liverpool and Manchester should be fully considered alongside other options for enhancing rail connectivity between these cities.”

8 GROWTH AND PRODUCTIVITY

- 8.1 Recent research conducted by the Enterprise Research Centre on the ‘Spatial Incidence of High Growth Firms’ has found that Liverpool City Region now has the second highest incidence of high-growth firms among all LEPs in the country – only just behind London – in the most recent period 2012-15; having risen from 19thposition in the period 2009-12. (<file:///dc-02/users/matthewt/desktop/ERC-HGF-LEP-Insight-Feb-2016-Final-V3.pdf>).
- 8.2 Liverpool LEP’s incredible growth in high-growth firms reflects the very strong performance of the North West in general – the only region to compete with the South-East in this area – with Cheshire and Warrington 3rd, just behind Liverpool, and Manchester and Leeds 10th and 9th respectively. Anna Soubry, Minister for Small Business, claimed this shows the Northern Powerhouse is already gaining traction.



Governance

Health and Life Sciences Board

LEP Board Meeting 21 April 2016

Author:
Andy Rose
LCR LEP

Presented by:
Mark Basnett
LCR LEP

1. Background

1.1 Discussions within the LCR Innovation Board have indicated that the LEP should establish a Health and Life Sciences Board to help inform and drive forward the City Region's Strategy related to sectoral/economic development for this sector.

1.2 A draft Terms of Reference has been developed with input from LEP colleagues and Chair of the LCR Innovation Board and is attached to this paper as Appendix A.

2. Recommendations

2.1 Recommendations to the Board are as follows:-

- (i) Approve the Terms of Reference of the Health and Life Sciences Board so that it can be formally established as set out in the attached document.

APPENDIX A

Liverpool City Region Health and Life Sciences Board

Proposed Terms of Reference

1. REMIT OF THE HEALTH AND LIFE SCIENCES BOARD

- 1.1 The remit of the Health and Life Sciences Board is to stimulate and support economic growth across the Liverpool City Region (LCR) Health and Life Sciences Sectors, providing expertise and leadership that will direct and support co-ordinated action and investment decisions to achieve strategic goals. The Health and Life Sciences Board will form part of, and feed into, wider LCR Local Enterprise Partnership (LEP) governance structures, reporting into the LCR Local Enterprise Partnership (LEP) Strategic Board and informing the LCR Innovation Board.
- 1.2 Health and Life Sciences is one of 4 designated priority sectors within the LCR Innovation Plan, the commissioning framework for the Innovation Portfolio of the 2014-20 European Structural & Investment Funds (ESIF) programme, and central to future Growth Deal negotiations, and the Health and Life Sciences Board will directly contribute to the delivery of the Plan. It is also intended that the collaborative working stimulated by the Health and Life Sciences Board will in itself lead to new learning, insight and joint initiatives, and provide a useful platform for future action in its own right.

2. OBJECTIVES

- 2.1 Agree the priorities and develop the long-term strategy for the LCR Health and Life Sciences sector to maximise LCR economic growth and competitiveness. Support the delivery of the LCR Innovation Plan and support the development of a linked, specific LCR Health and Life Sciences Innovation Plan.
 - Identify, secure and allocate resources to enable delivery of initiatives.
 - Develop and monitor key performance indicators (KPIs) to assess performance towards the agreed objectives.
- 2.2 Develop LCR Health and Life Sciences industry, including supporting the growth of the SME base, inward investment, commercialisation of intellectual property and skills development.
- 2.3 Facilitate collaboration and networking across the health economy and wider life sciences sector, supporting International, National, Health North, Northern Powerhouse and devolution developments in relation to health and life sciences economic development. Develop links with other LCR innovation sectors i.e. advanced manufacturing, digital and low carbon to maximise the development of new activities and programmes of mutual relevance.
- 2.4 Work to champion/showcase the LCR Health and Life Sciences sector strengths and opportunities to enhance the reputation of the region, collaboration with regional partners and drive inward investment.

3. ACCOUNTABILITY

- 3.1 The Health and Life Sciences Board will develop and approve a specific LCR Health and Life Sciences Innovation Plan and make recommendations to the LEP Strategic and LCR Innovation Boards for endorsement. It will monitor progress against agreed actions and targets and report regularly to the LEP Strategic Board on its delivery.
- 3.2 Partner organisation boards (Innovation Agency, Clinical Commissioning Group, NHS Trust, University, Liverpool Health Partners and others will be kept appraised through the circulation of meeting minutes, with Board membership also being drawn from these organisations (see below)

4. MEMBERSHIP

- 4.1 The Board will draw its membership from senior level representatives across the Health and Life Sciences sector. All partners selected should be representative of their sector and/or organisation types and be able to demonstrate accountability to their constituencies, disseminating information within their own respective organisations and cross-sector networks, as appropriate. Membership will reflect the LCR geography and involve national/international expertise, as appropriate.
- 4.2 Board membership will be initially composed of:
2 Large pharmaceutical representatives
3 SME representatives
1 Bio/health trade organisation representative
1 Innovation Agency (providing NHS England representation)
1 Liverpool Health Partnership representative
1 representative from LCR CCGs
1 representative from LCR NHS Trusts
1 representative from LCR Universities
1 Incubator representative from LCR incubators
1 Health North/Northern Health Science Alliance representative
1 Training and education representative
2 Local/Combined Authority representatives
Support from 2 Senior LEP representatives (and LEP Secretariat)
- 4.3 After initial setup, membership will be agreed by existing Board members and the Chair and Vice-Chair.
- 4.4 All members should have an understanding of the economic context of Liverpool City Region. They should understand local investment priorities and have knowledge of the local conditions, needs and opportunities to bring forward proposals that meet the priorities set out in the Growth Plan and Strategic Economic Plan.
- 4.5 Members must be willing, committed and prepared to positively collaborate, and bring their own experience, expertise and insight to bear (as opposed to pursuing individual and/or organisational interests) to ensure actions are delivered for the City Region. Board appointments are for individuals and no alternates will be allowed unless approved by the Chair/Vice-Chair of the Board.
- 4.6 Minimum attendance at Board Meetings is 50% in each financial year. If attendance is below these levels, the Board will determine whether Membership should be continued. Board Members will serve for an initial 2 year period with a view to extension to a further 2 year term subject to approval of the LEP Strategic Board. Only those members with 50% or above attendance will be considered for 2 year extension.
- 4.7 Key expertise required to facilitate the work of the Health and Life Sciences Board will be agreed periodically reflecting the strategic priorities of the sector, with membership being refreshed as appropriate.
- 4.8 The LEP will advertise the opportunities to join the Health and Life Sciences Board via the LEP website setting out the criteria for selection.
- 4.9 The Board Chair and Vice-Chair will be nominated by Board members and appointed by the LEP Strategic Board. As with other LCR LEP Boards, the Chair will come from the private sector to reflect the Health and Life Sciences Board's role in economic development. The Chair and Vice-Chair will serve for an initial 2 year period with a view to extension to a further 2 year term subject to approval of the LEP Strategic Board.

- 4.10 The Chair (and in their absence Vice-Chair) will agree meeting content/agendas, chair proceedings in an inclusive and effective way that maintains a focus on delivery and maximises intended action plan outcomes, and liaise with other key local and external stakeholders as required, including government and the media. The Chair (or another Board member nominated by the Chair/Board) will also sit on the LCR Strategic Board, subject to the Strategic Board ratifying their involvement.
- 4.11 Neither the Chair, Vice-Chair nor other Members will be remunerated for their involvement with the Board.

5. BOARD MEETINGS

- 5.1 Meetings will take place quarterly with dates set at the start of each year and should be planned to accommodate the LEP Strategic Board and LCR Innovation Board cycles to facilitate interaction and in bringing forward recommendations and decisions. Typically, meetings will last for 2-3 hours given the breadth of issues to be considered.
- 5.2 Papers will be provided at least 5 working days in advance of meetings to allow members to review activity, performance and recommendations.
- 5.3 The LEP will act as the Secretariat for the Board. This will involve organising meetings, preparing performance and progress monitoring reports, taking minutes, following up on agreed actions, and acting as the day-to-day point of contact and liaison, providing close regular advice and support to the Chair/Vice-Chair in particular.
- 5.4 The LEP will provide executive support for the Health and Life Sciences Board.

6. DECLARATION OF INTERESTS

- 6.1 Members will be required to complete a register of relevant interests.
- 6.2 Members will be required to declare an interest in any agenda items where a decision is required and the decision may cause a direct material impact.
- 6.3 Conflicts of interest should be identified to the Chair and minuted.
- 6.4 The Board will determine whether a member may need to be excluded from certain decisions and debates relating to these interests.

7. TRANSPARENCY ARRANGEMENTS

- 7.1 The LEP Assurance Framework requires that decision making is taken in a transparent manner and in that regard much of the business of LEP Boards will be published, this will include the membership of the Boards.
- 7.2 However, in order that commercially sensitive or other information is not disclosed inadvertently the business conducted by Board will be a matter of report to the Strategic Board and not the full minutes.

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LCR Devolution and the Single Pot Fund

LEP Board Meeting 21 April 2016

Author:
Ged Fitzgerald
Liverpool City Council

1. PURPOSE OF REPORT

- 1.1 To update the Liverpool City Region LEP Strategic Board on the LCR Devolution Deal commitment to establish a “Single Pot” of government funding including Local Growth Funds.

2. RECOMMENDATIONS

That the Local Enterprise Partnership Strategic Board:

- 2.1 Note the contents of the report and endorse the Single Investment Fund principles as outlined in Appendix 1; and
- 2.2 Endorse the proposals offered to the City region by Government for Local Growth Funds (existing and future rounds) to be included as part of the Single Pot allocation.

3. BACKGROUND

- 3.1 The devolution deal between Liverpool City Region (LCR) and HM Government was agreed on 17 November 2015. An expansion to the deal was set out in the March 2016 Budget and this has added further momentum for devolution to the City Region.
- 3.2 A key element of the initial devolution agreement was the commitment to the establishment of Single Investment Fund aligning national and City Region funding in order to give the LCR Mayoral Combined Authority greater flexibility over local investment.
- 3.3 HM Government also outlined a commitment in the deal to establish a “Single Pot” of Government funding to the LCR Mayoral Combined Authority. This would be Government’s contribution to the Single Investment Fund for the City Region and is intended to give long term funding certainty and the flexibility to make investment decisions locally.

4. THE SINGLE POT

- 4.1 Government have now written to the City Region outlining what the Single Pot is made up of and their expectations for how it is to be managed. The Single Pot for LCR provides £458 million of flexible section 31 grant funding, committed over at least the next five years (see table 1).

4.2 **Table 1: Liverpool City Region’s Single Pot 2016/17-2020/21**

LCR Single Pot (£ mil.)	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Total	127.7	93.3	83.8	76.7	76.7	458.2
Investment Fund	30.0	30.0	30.0	30.0	30.0	150.0
Local Growth Fund	71.2	36.8	27.3	20.1	20.1	175.6
Transport	26.5	26.5	26.5	26.5	26.5	132.6

- 4.3 Initially, the Single Pot will be made up of three funding lines: the Investment Fund (or “gainshare” funding), the devolved transport grant, and existing Local Growth Funds. The intention is that these will be joined by the Adult Education Budget in 2018/19.
- 4.4 The Single Pot can be augmented with local revenue streams, such as the future mayoral business rates supplement, local recycled funding such as Growing Places fund and any funding devolved by HM government as a result of future devolution agreements.
- 4.5 Single Pot funding will be paid following consent for HM Government to lay the Mayoral Statutory Instrument. This will give LCR the power and flexibility to evaluate projects and choose the direction of investments in line with our local assurance framework.

- 4.6 In order to fully devolve this funding, LCR need to develop a locally-owned Single Pot Assurance Framework. This should build on existing strong assurance processes in place in the City Region and also local government accountability more broadly. Once in place, it will supersede the existing LCR LEP assurance framework and cover all Single Pot spending. HM Government have developed guidelines on governance, decision-making, project appraisal, value for money and assurance and will work with us to co-design a local assurance framework before the summer that will be signed off by DCLG and also by the Combined Authority and LCR LEP Strategic Board at the city Region level.
- 4.7 Once the Framework has been agreed, LCR will then have the freedom, discretion and flexibility to appraise and implement its programme, independent of central government.
- 4.8 It is important to note that the £30 million Investment Fund or “gainshare” allocation over 30 years is subject to five-yearly gateway reviews undertaken by a national evaluation panel. These reviews will measure how investments made by LCR and LCR LEP have contributed to economic growth. This evaluation will also provide context for understanding the impact of wider Single Pot investments.
- 4.9 The involvement and consent of the Liverpool City Region LEP is essential for the Single Pot to function as a strategic fund for investments in the local area and the implementation of the LCR Devolution Deal and the Boards agreement is sought for the inclusion of LGF in the Single Pot.
- 4.10 There is a considerable amount of work to be undertaken to develop the Single Investment Fund approach into which the Government’s Single Pot funding will be placed. Headline principles for the Single Investment Fund were endorsed by the Combined Authority at its meeting on 18 March 2016 and these are attached for endorsement by the LEP Strategic Board.
- 4.11 It is important to note that the investment strategy for the SIF will be based on the emerging Single Growth Strategy which the LEP are developing on behalf of the Combined Authority. The SIF will deliver the comprehensive investment programme, evidence based and targeted to deliver the Growth Strategy.
- 4.12 Alongside this work it is also important to review the pipeline of projects in the City Region which may come forward for support through the Single Investment Fund. Work is currently underway to review this pipeline and to develop a set of clear priority projects which the City Region can consider. The LEP Board, together with the Combined Authority will have the opportunity to review this pipeline in due course.

5. EU FUNDING

- 5.1 The devolution agreement contained provision for the City region to gain greater control over EU funding in the City Region. Through Intermediate Body status, the City Region will have greater influence over which projects to support and will have the ability to formally set the local context for all EU calls and to determine local strategic fit of project applications.
- 5.2 While it is not possible to include this as part of the Single Investment Fund, the city region will want to maximise the effectiveness of these funds by using them in aligned manor to the Single Investment Fund resources. Intermediate Body Status will give the City Region greater ability to do this and align calls for EU funding alongside resources being allocated through the Single Investment Fund.

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Appendix 1

Liverpool City Region Combined Authority Single Investment Fund (SIF)

18 March 2016

WORKING DRAFT – FOR DISCUSSION



**LIVERPOOL CITY REGION
COMBINED AUTHORITY**

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Appendix 1: Outline of SIF Prospectus

Appendix 2: Initial Proposal and OBC/FBC template content

1 Purpose of the paper

This paper to the Leaders and Mayor of the Liverpool City Region sets out the proposals for a Single Investment Fund (SIF).

2 Single Investment Fund Overview

It is proposed to establish a SIF (or the Fund), which will invest in activities that deliver economic growth (as measured using Gross Value Added) and jobs in order to unlock the economic potential of the River Mersey and SuperPort, as well as maximise the opportunities from HS2.

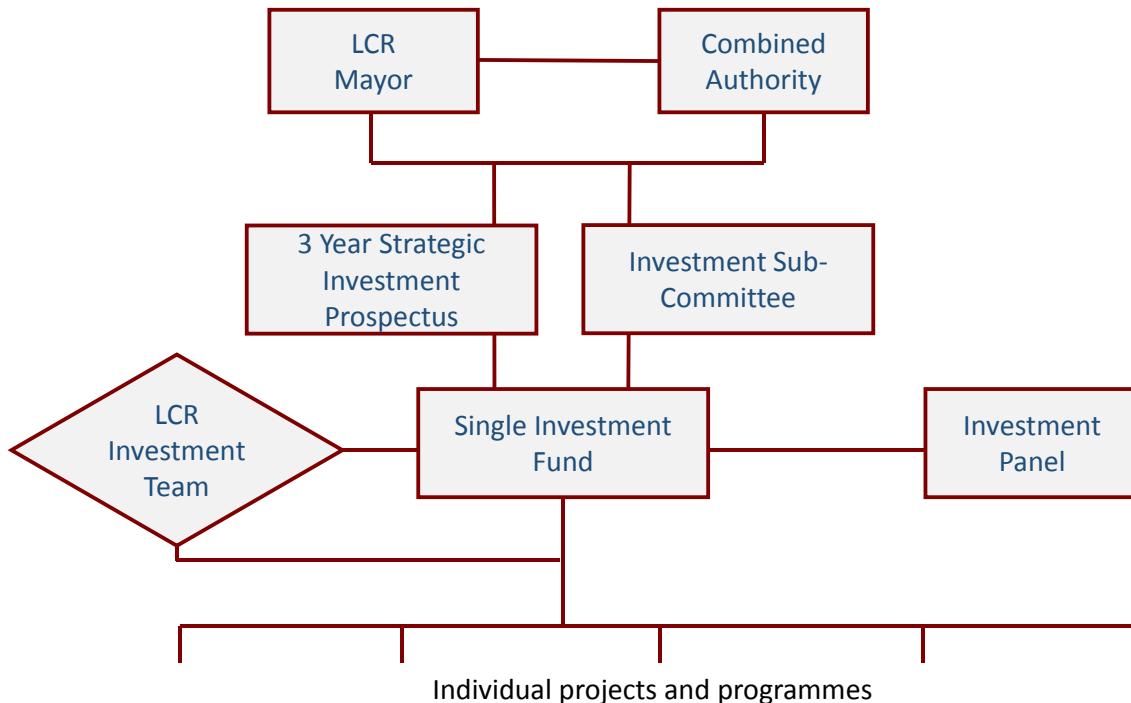
The SIF will be a ‘single pot’ that combines the Devolution Deal allocation of £30 million per annum with other local and national funding sources. It will be subject to 5-yearly gateway assessments.

It is proposed that the Fund will be operated on the following principles:

- investment will be guided by a three year LCR Strategic Investment Fund Prospectus which will make reference to:
 - specific investment will be prioritised on the basis of the net additional GVA and employment impacts at the LCR level;
 - investment in housing will be eligible for support where it contributes to or removes constraints on economic growth; and
 - investment projects that generate additional business rates and/or additional Council Tax/New Homes Bonus will be prioritised.
- all investment projects will be subject to appropriate appraisal and approval. All projects must be deliverable and provide value for money based on the HM Treasury’s Green Book;
- investments can be made in any appropriate capital or revenue project (subject to available resources) and will be available to any suitable corporate entity; and
- clear governance and reporting arrangements will be established comprising an Investment Panel supported by an Investment Team, together with an Investment Sub-Committee.

The overall structure of the Fund is summarised in Figure 2.1.

Figure 2.1: Single Investment Fund Structure



3 Source of funds

The SIF will be established and operate using:

- the Devolution Deal allocation of £30 million per annum – which is 25% revenue and 75% capital;
- re-directed funding such as that sought in relation to Regional Growth Fund (RGF) and Local Growth Fund (LGF);
- the value of local authority land assets identified for projects and as part of the project funding package;
- prudential borrowing either at the City Region or local level; the SIF will have access to local prudential borrowing where this is relevant to the scheme(s) that are funded through the SIF, but the SIF not be making local prudential borrowing decisions on behalf of districts;
- recycled funding from Growing Places Fund (GPF) and Chrysalis;
- European funding (European Regional Development Fund and European Social Fund);
- capital receipts and income from investment assets at the CA level;
- business rates associated with specific investment projects (recycled to the Fund where appropriate on a pro-rata basis reflecting public sector investment);

- Mersey Tunnels toll surplus (but with the ability to use Tunnel toll income as security for borrowings);
- any additional supplement on Business Rates to fund infrastructure; and
- other funding sources, including project specific match funding.

Support will be provided in the most appropriate form for each project based on the results of a robust appraisal and may be in the form of grant, loan, equity investment or guarantee.

Where the opportunity arises the Fund will be invested so that resources can be recycled. In addition, subject to appropriate appraisal and due diligence, it may be invested in assets that generate a revenue or capital receipt.

4 Targeted investment

The three year SIF Prospectus will set out what type of investments will be supported. It will detail the strategy, objectives and targets of the CA and Mayor and, in particular, the role that the SIF is expected to play in realising these. It will also identify the criteria that will be used to appraise projects.

An outline of the Prospectus is shown in Appendix 1.

A periodic open call will be issued for projects. It is envisaged that separate webpages will be created for the SIF, which will provide applicant with up to date information.

5 Business case application and appraisal

The application and appraisal process for SIF will involve three stages, as follows:

- (i) Initial proposal - two page executive summary of the project, which will be appraised against the SIF Prospectus and published criteria. Successful applicants will be asked to complete an Outline Business Case (OBC);
- (ii) OBC – a detailed Business Case for the project which is developed to a level where it is capable of being given approval in principle. If the OBC is endorsed the applicant will be requested to submit a Full Business Case (FBC);
- (iii) FBC – adds details of contractual and delivery arrangements, along with confirmation of costs and benefits to the OBC.

Each Business Case submission will build upon and augment the previous stage. This will avoid duplication and unnecessary effort. Details of the proposed contents of the Initial Proposal and OBC/FBC template are included at Appendix 2. For smaller projects the OBC and FBC stages may be combined depending on the level and quality of information provided. More generally, the application and appraisal process will apply the principle of proportionality – with more detailed information being required for large, complex or contentious projects.

The approach will be fully consistent with HM Treasury's Green Book and Business Case guidance. It will be based on the five cases model which comprises the strategic case, the economic case, the commercial case, the financial case and the management case.

A single appraisal approach will be applied to all projects, which will be transparent and equitable. The project appraisal criteria will include:

- fit with Fund objectives and relevant strategies;
- clear evidence of the rationale and need (or demand) for the project;
- clear evidence of the need for Investment Fund support;
- confirmation that the investment represents value for money and is the preferred option;
- that the project has robust management and delivery arrangements; and
- that the project complies with necessary regulations and requirements, including State aid.

Projects will be scored and must also meet minimum thresholds and requirements (such as a Benefit Cost Ratio that is at least good and being State aid compliant). As part of the process the CA will take its own State aid advice rather than rely on that provided by the applicant.

6 Governance and management

The CA will be the Accountable Body for the Fund. As accountable body, the CA will:

- hold the Investment Funds and make payments in accordance with the decisions of the LCR Mayor/CA;
- ensure that the decisions and activities of the Mayor/CA Cabinet, Investment Sub-Committee and Investment Panel conform to the legal requirements with regard to equalities, environmental, EU issues and other relevant legislation and guidance;
- ensure (through the Section 151 Officer) that the funds are used appropriately; and
- record and maintain the official record of decisions made and hold all Investment Fund documents.

Roles and responsibilities under this structure will be as follows:

- **LCR Mayor/CA Cabinet** – the Mayor/CA Cabinet will make all final project investment decisions in relation to the Investment Fund. It will be informed by a report and recommendation from the Investment Sub-Committee.
- **Investment Sub-Committee** (acting as a sub-Committee of the CA) – it will consider and endorse or return every OBC and FBC. It will be informed by a report and recommendation from the Investment Fund Panel. The sub-Committee will also receive monitoring, evaluation and review reports regarding the SIF from the Investment Fund Panel.
- **Investment Fund Panel** – the Investment Fund Panel will undertake the technical review work and project appraisal. It will consist of a number of key experts procured by the CA for

this purpose and will be supported by the Investment Team. The specific responsibilities of the Panel will be to:

- ensure that value for money is achieved on the Fund;
- consider all new funding applications using an open, objective, transparent and equitable process;
- make recommendations on individual scheme approvals, investment decision making and releasing funding, including due diligence on each project;
- monitor, evaluate and review the performance of projects in the Fund in respect of delivery, expenditure and outputs/outcomes.
- **Investment Team** – appraisal, programme management and administrative support of the SIF and, in particular, the Investment Panel.

In order to fully appraise projects external support is likely to be required in relation to property and development issues, legal advice (including State aid), financial advice and other specialist advice as appropriate in relation to specific project proposals.

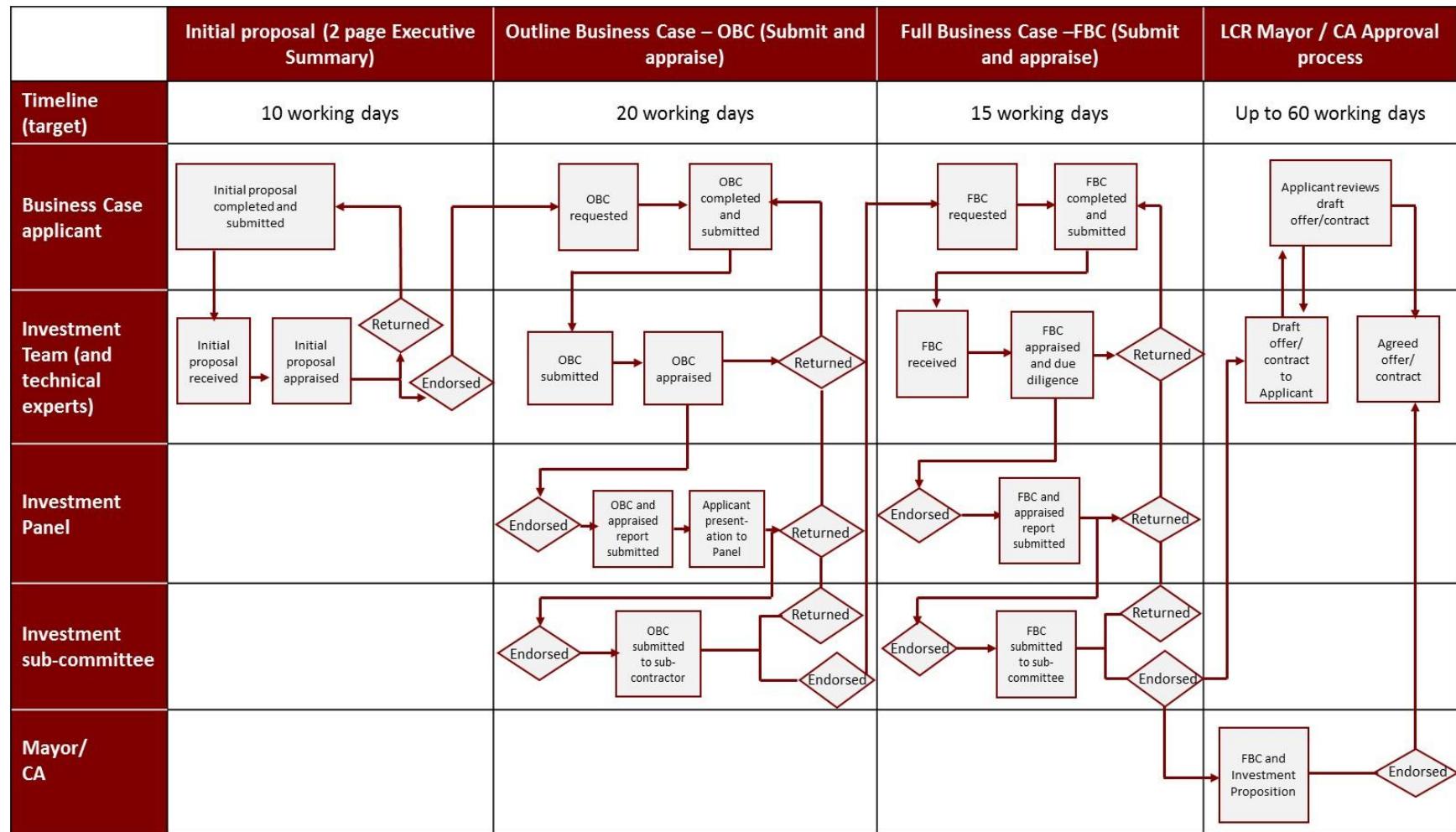
Applicants will be asked to pay a fee for submitting an application, which will contribute to the costs of the Investment Fund Team and due diligence. In addition, revenue funding will be ‘top sliced’ from the SIF to meet the balance of the costs of administering the Fund. Feedback will be provided to all applicant on their project bids.

7 SIF appraisal and approval process

The timeline and procedures for appraising and approving projects is shown in Figure 7.1.

Initial Proposals will be submitted in response to a call request based on the SIF Prospectus. These will be appraised by the Investment Team, who will report to the Investment Panel which will then either return the application or endorse it and request submission of an OBC.

The OBC will be appraised by the Investment Team and Investment Panel. The latter may request a presentation of the project from the applicant. The Investment Panel will submit a report and recommendation to the Investment Sub-Committee. If the latter endorses the recommendation to proceed, the applicant will then prepare and submit an FBC. Following appraisal and approval by the Investment Sub-Committee of the FBC this will be reported to the Mayor/CA for final endorsement. The Investment Team will prepare an offer letter/contract for agreement by the applicant.

Figure 7.1: Business Case timeline

8 Monitoring and review

A monitoring plan will be established for the SIF to control reporting on financial expenditure and claims, business rates and other income and economic outputs/outcomes. A financial/claims schedule will be completed and submitted to the Mayor and CA Cabinet on a quarterly basis. Similarly, progress on outputs and outcomes (on the basis of agreed Key Performance Indicators (KPIs) will also be reported by the Panel on a quarterly basis.

The evaluation of the Fund will be undertaken as part of the wider national evaluation of the infrastructure funds established as part of the City, Growth and Devolution Deal processes.

9 Risk management

A risk register will be established for the Fund and maintained as part of the monitoring process. Risks will be identified and minimised through appropriate mitigation measures.

In particular, risk management will have regard to the ongoing monitoring of achieved investment performance against projected growth. Appropriate measures should be adopted to ensure that the monitoring of investments provides an informed basis for future investment decisions.

Appendix 1: Outline of SIF Prospectus

The three year SIF Prospectus will set out:

- what type of investments will be supported;
- the strategy, objectives and targets of the CA and Mayor and, in particular, the role that the SIF is expected to play in realising these;
- the criteria that will be used to appraise projects.

A periodic open call will be issued for projects. It is envisaged that separate webpages will be created for the SIF, which will provide applicant with up to date information.

Illustrative 3-Year Prospectus Contents	
Foreword from the Leader of the CA – setting the scene and ambition for the SIF	
Section and subject	Illustrative content
1 LCR's Single Investment Fund – an introduction	A summary of the funding available and the growth ambitions and objectives for it
2 Targets for investment	Economic growth-led projects involving property, business investments, training, digital, low carbon, transport and housing. Example projects
3 Nature of funding and eligibility criteria	<p>(i) Focus on loan funding – but with availability of equity, grants and guarantees where applicable to the project.</p> <p>(ii) Reference to:</p> <ul style="list-style-type: none">• Interest rate (European Commission Reference rate plus a margin on the basis of creditworthiness and collateral)• Security to underpin all investments• Minimum investment size (? £100k)• Required private : public funding mix (minimum of 50%)• State aid compliance principles• Outline of financial vet process and requirements• Due diligence process prior to approval <p>(iii) Programme(s) specific eligibility criteria such as sites, housing types, EZ focus.</p>
4 Accessing the SIF	Application process Support for applicants Contacts

Appendices		
I	Expression of interest information	
II	Computation parameters for interest rates	
III	Due diligence requirements	

Appendix 2: Initial Proposal and OBC/FBC template content

Initial proposal (maximum two pages)

- Opportunities or barriers unlocked
- Growth objectives in SIF Prospectus addressed
- Expected tangible (direct and indirect) outputs/outcomes
- Expected total costs and funding
- Main risks and dependencies
- State aid compliance

Outline Business Case/Full Business Case Template

- Introduction and background to the projects
 - Applicant details
 - Project description and objectives
 - Status and progress to date
- Strategic Case
 - Context and existing arrangements
 - Demand, need and additionality
 - SIF Prospectus objectives contributed to
 - Fit with other policies
 - Stakeholder engagement
 - Rationale for investment
 - Strategic issues preventing successful delivery
 - Strategic dependencies
- Economic Case - options
 - Options considered and short-listed options selected
 - Costs, benefits and value for money
 - Risks and optimism bias
 - Justification for preferred option

- Commercial Case
 - Commercial structure and delivery arrangements
 - Procurement arrangements
 - State aid
- Financial Case
 - Cost and funding profile
 - Funding strategy and status of match
 - Dealing with cost overruns and slippage
 - Cashflow
- Management Case
 - Project plan
 - Key milestones
 - Project governance and management (including track record)
 - Monitoring arrangements

Appendices (including the following)

- Plans
- Consents
- Contractual documents
- Risk Register
- State aid opinion

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Digital Catapult Centre

LEP Board Meeting 21 April 2016

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1. Purpose of Report

1.1 The purpose of this report is to make the LCR LEP Strategic Board aware of the opportunity available to the Liverpool City Region by bidding to house a centre for the Digital Catapult via the 'Open Call for New Digital Catapult Centres'.

2. Summary of the Opportunity

2.1 The Digital Catapult develops breakthroughs for the UK around four areas of opportunity:

- Sharing closed data between organisations
- Sharing personal data in a way that's secure and trusted
- Sharing content and licensed data more simply
- Sharing data generated across the Internet of Things

The catapult in London and its three existing centres (Brighton, North East & Tees Valley and Yorkshire) have had good success in the four aforementioned areas. They have created and delivered focused projects, built new collaborations, managed business innovation challenges, found new funding opportunities and have been busy growing and engaging the local digital communities.

The catapult has announced that it is looking for new centres via a competitive call process ending at 5PM on Monday 25th April.

Applicants must be a consortium (preferably led by a LEP, with a letter of support from the LEP as a minimum to legitimise the application) which comprise at least 2 Universities, a public sector partner (e.g. Local Council) and a private sector partner with a specific focus or agenda around one of the 'four areas of opportunity'. There must also be a physical facility available which can house seminars, meetings and showcases. In addition to this, there must be a staff resource commitment from the consortium to effectively run the centre (marketing, operational functions, community management, business development) and a suitable pipeline of projects which can start within 3 months of the centre being 'badged' as an official Digital Catapult Centre.

There is no funding offered to successful applicants.

2.2 LEP staff from Health & Life Sciences and Advanced Manufacturing, in addition to the Strategic Investment Lead for Innovation and Superport, have engaged with organisations from across the City Region in an attempt to gauge interest in an application.

The academic leads for Sensor City from University of Liverpool and Liverpool John Moores University have expressed interest and noted how such a badge would be an attractive proposition to have as part of the Sensor City development.

STFC Daresbury has expressed an interest in supporting a Liverpool City Region application but has requested that the Digital Catapult Centre not be physically located at the Daresbury site for branding reasons.

Identifying suitable projects to 'load' into any proposed centre has, at the time of writing, proved to be the biggest barrier to identifying a suitable way forward.

3. What is being asked of the board?

3.1 In the event of a consortium coming together to propose a suitable plan and formally make an application, it is asked that the LEP, with board approval, **endorse** the application via a letter of support.

- 3.2 It is noted by the LEP staff involved in discussions to date that the work of organising a consortium for this call almost wholly falls within the realms of their current projects (LCR 4.0, HEIE) and work streams around innovation across the core sectors, meaning that there is no marked departure from the course of their regular daily duties. The prospective partners involved are also already heavily involved with the LEP through other projects.

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