



**MEETING OF LIVERPOOL CITY REGION  
LOCAL ENTERPRISE PARTNERSHIP  
BOARD**

**AGENDA**

**DATE:** Thursday, 9th June, 2016

**TIME:** 8.30 am

**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 21<sup>st</sup> April 2016.

(Pages 1 - 6)

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

To receive a verbal update from the Chairman and an update from the Board member representing the LEP on the following external body:-

(a) **ATLANTIC GATEWAY**

(Pages 7 - 10)

**4. POLICY UPDATE**

(Pages 11 - 16)

**5. SINGLE GROWTH STRATEGY**

(Pages 17 - 20)

**6. LEP SUB-BOARD UPDATES**

(a) **ADVANCED MANUFACTURING (PRESENTATION ONLY)**

(b) **LCR DIGITAL AND CREATIVE INTERIM BOARD AND SECTOR DEVELOPMENT BRIEFING**

(Pages 21 - 32)

**7. LOCAL GROWTH FUND 3**

(Pages 33 - 38)

**8. LOCAL GROWTH DEAL IMPLEMENTATION - MAJOR TRANSPORT SCHEMES**

(Pages 39 - 72)

**9. ANY OTHER BUSINESS**

The next meeting of the Board is to be held on 21 July 2016 at 8.30am.

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## LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

At a meeting of the Liverpool City Region Local Enterprise Partnership held in the LEP Boardroom 12 Princes Parade Liverpool L3 1BG on Thursday, 21st April, 2016 at 10.30am the following Members were

### PRESENT:

Robert Hough CBE (Chairman)  
Mayor Joe Anderson OBE  
Chris Bliss  
Kath Boullen MBE  
Amanda Lyne  
Councillor Rob Polhill  
Neil Sturmey  
Kate Willard

### APOLOGIES:

Councillor Phil Davies  
Richard Else  
Asif Hamid  
Councillor Andy Moorhead  
Councillor Barrie Grunewald  
Councillor Ian Maher  
Professor Nigel Weatherill

### IN ATTENDANCE:

Ged Fitzgerald	Liverpool City Council
Mark Basnett	Liverpool City Region LEP
Tony Wade	Liverpool City Region LEP
Gillian Bishop	Liverpool City Region LEP
Andrew Bilsborrow	Knowsley MBC

### 203. DECLARATIONS OF INTEREST

No situational conflicts were declared by Board members.

### 204. MINUTES OF THE LAST MEETING

The minutes of the meeting of the LEP Board held on 17<sup>th</sup> March 2016 were received as a correct record and signed by the Chairman.

Matters arising from the minutes:-

185(c) LEP Core Funding 2016-17 – The Core Funding application had been approved and formal confirmation was received on 14 April 2016. Confirmation of the payment of the funds was awaited.

186 LEP Board Constitution and Appointments Committee – The Constitution document had been circulated to Board members.

197 (c)NAO – LEP Assurance Framework – The audit finding documents had been published.

**205. 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 that with regard to the current two vacancies on the Board's membership, Mike Houghton, (Siemens Process Industries and Drives Managing Director) had accepted the offer of a place on the Board. In addition, two individuals representing the 3<sup>rd</sup> sector had been identified as candidates to fill the remaining vacancy;
  - (b) In terms of the LEP Company Board, he reported that it was proposed that Amanda Lyne be included in its membership;
  - (c) He referred to the Strategy session held immediately prior to this meeting and, with regard to the proposed establishment of a Sounding Board, set out its proposed Terms of Reference and membership as follows:-

“To inform and receive reports from the Executive Group addressing the implications and opportunities for the Liverpool City Region Local Enterprise Partnership as part of the emerging governance arrangements and capacity requirements for an integrated model of growth in conjunction with the Combined Authority, with a view to receiving from such Executive Group, a worked through proposal for discussion by the Sounding Board and, if thought fit, for recommendation by such Sounding Board to the LEP Board.

Membership

Robert Hough CBE  
Chris Bliss  
Councillor Phil Davies  
Asif Hamid  
Amanda Lyne  
Neil Sturmeý”

- (d) He reported that a Special Purpose Group, linked to the Appointments Committee, was to be established to consider the succession strategy for the appointment of

Chairman of the Board. In this respect, the composition of the group was to be proposed by Asif Hamid.

- (e) The recent award of £5m of ERDF development funding support to the High Tech Sensor Hub, that is to build on the success of Sensor City, was highlighted by the Chairman.
  
- (ii) an update on the activities of the Atlantic Gateway (AG) team up to April 2016. In this respect, Kate Willard referred to the request for the LEP Board to consider an increase, from £5,000 to £15,000, of its financial contribution to AG as a contribution towards the extension of the secondment from Grant Thornton and website development.

(Note: Both Kate Willard and Neil Sturmey left the meeting during the consideration of the above request).

During consideration of the request, Board members pointed out that:-

- Further information was required on the benefits the LEP would receive as a result of an increased financial contribution to AG;
- A number of key organisations were also involved in the AG potential projects, as listed in table 1 to the report, but it was not clear of the level of financial contributions made by other parties;
- The LEP itself faced a challenging financial position.

In view of the need for the further information, as highlighted above, and the timing of its next meeting, it was suggested that delegated authority be granted to the Chairman, and Chris Bliss, to receive such information and determine the request.

It was **agreed** –

- (i) That the content of the Chairman's update report, and the AG update, be noted;
- (ii) that the appointment of Mike Houghton, to the LEP Board and Amanda Lyne to the LEP Company Board, be approved;
- (iii) that the establishment, Terms of Reference and membership of the Sounding Board be approved; and
- (iv) that the Chairman and Chris Bliss be authorised to consider the additional information required for, and then determine, the request from AG for an additional £10,000 contribution for the 2016/17 financial year.

## 206. POLICY UPDATE

The Board considered a report that provided an update on recent policy developments across the UK with regard to devolution – the Local Growth Fund (LGF) and Area Based Review, the National Audit Office (NAO) audit of LEPs and the effectiveness of Government monitoring, the Northern Powerhouse – Phase 2 and High Speed Rail and Growth and Productivity.

With regard to the LCR's Area Based Review of Post-16 Education and Skills, the report indicated that this was to be led by a Steering Group. An Advisory Group to the Steering Group, had also been established on which the LEP had been invited to nominate a representative. Further information would be circulated and the appointment would be dealt with under written procedures.

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

## 207. LEP SUB-BOARD UPDATES

### (a) Low Carbon

The Board considered a presentation by Amanda Lyne that set out the progress made by the Low Carbon Sector in terms of:-

#### Low Carbon

- Off-shore wind – Burbo Bank
- Northern Powerhouse alliance – building on the collaboration with core cities and Humber and Cumbria LEPS

#### Devolution Agreement

- Regulatory Pilot Area
- Tidal Energy
- Housing Efficiency
- Cleanest River Standard

#### Recent LCR Achievements

- Private Investment - £4.3bn over the last 5 years
- Significant Public investment
- Research Capability
- Employment – 5,400 jobs created
- Profile of the LCR recognised as a centre of low carbon technologies and investment

#### Strategic Interventions in the next 5 and 15 years

- Policies, Infrastructure and Investment Attraction
- Tremendous opportunity of the Hydrogen Gas Grid.

A request was made for the presentation slides to be circulated to Board members.

It was AGREED – that Amanda Lyne be thanked for her informative presentation.

**(b) Governance - Health and Life Sciences Board - Terms of Reference**

The Board considered the draft Terms of Reference of the Liverpool City Region Health and Life Sciences Board that had been developed with an input from LEP colleagues and the Chair of the LCR Innovation Board.

Amanda Lyne pointed out that there had been many previous attempts to commercialise health innovation with a number of parties having their own agenda. As such she felt that the Board's work should be viewed as a long term commitment.

It was **agreed** – that the Terms of Reference of the LCR Health and Life Sciences Board, as set out in Appendix A to the report, be approved.

**208. LCR DEVOLUTION AND THE SINGLE POT FUND**

The Board considered a report that provided an update on the progress made with regard to the LCR Devolution Deal commitment to establish a "Single Pot" of government funding including Local Growth Funds. The report indicated that a key element of the initial devolution agreement was the establishment of a Single Investment Fund (SIF) that would align national and City Region funding in order to give the LCR Combined Authority greater flexibility. In this respect, appendix 1 to the report set out a discussion paper on such SIF proposals.

It was **agreed** –

- (i) That the content of the report be noted and the Single Investment Fund principles, as outlined in Appendix 1 to the report, be endorsed; and
- (ii) that 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 be endorsed.

**209. SINGLE GROWTH STRATEGY UPDATE (VERBAL REPORT)**

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

- (a) indicated that the evidence bases of the individual sectors were coming together in order for the Strategy to provide a compelling response to the challenges and opportunities to be presented;
- (b) outlined the work undertaken by Oxford Economics; and
- (c) set out the key milestones including the workshop session on 10<sup>th</sup> May at which the key elements of the Strategy would be presented to enable Members to inform the final document to be submitted to the Board on 9<sup>th</sup> June and the Combined Authority on 17<sup>th</sup> June.

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

#### **210. DIGITAL CATAPULT CENTRE**

The Board considered a report that outlined details of an opportunity available to the Liverpool City Region to submit a bid to house a centre for the Digital Catapult via the 'Open Call for New Digital Catapult Centres'. New centres are to be sought through a competitive call process that ends at 5.00pm on Monday 25<sup>th</sup> April 2016.

It was **agreed** – that in the event that a consortium comes together to propose a suitable plan and submits a formal application, the application be endorsed by way of a letter of support.

#### **211. ANY OTHER BUSINESS**

The Chairman, and Kate Willard, reported on the dates of the following events for Members' information:-

- Launch of 'The Edge' – 5.00pm on Thursday 28<sup>th</sup> April at the Radisson Hotel;
- The Chairman's farewell event on Thursday 14<sup>th</sup> July; and
- The LEP Annual Dinner on Thursday 22<sup>nd</sup> September.

Minutes 203 to 211 received as a correct record the 9<sup>th</sup> day of June 2016

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Chairman of the Board

(The meeting closed at 11.28 am)



## Atlantic Gateway General update: LCR LEP May 2016

The next AG Board meeting will take place in July 2016 therefore this paper provides an interim update on core activities focusing on infrastructure priorities and science and innovation.

### **Infrastructure priorities**

AG infrastructure priorities have been agreed by the Board following cross-LEP and Combined Authority agreement. It was agreed that the infrastructure priorities should clearly demonstrate that they will:

- be of pan-LEP importance;
- require coordinated action across AG area;
- be of an importance that will unlock economic growth across the AG area;
- focus on those priorities that will deliver the greatest economic benefit for the AG and the wider Northern Powerhouse; and
- focus on the agreed AG thematic areas as agreed with the 3 LEPs in AG (infrastructure including transport, freight and logistics and science and technology).

The agreed infrastructure priorities are attached as Table 1 and will be used as a basis to develop AG's new business plan which is currently being produced. This has a strong strategic fit with city region growth strategies and TfN's Northern Powerhouse economic analysis.

### **Science and innovation (S&I)**

SQW was commissioned in late 2015 to review potential collaboration opportunities across AG to strengthen the long term development of the S&I sector. Following consultations and data analysis a draft report has been produced and will be finalised by the end of May 2016. This highlights a number of recommendations which will be discussed at a cross-LEP level to prioritise actions, agree on potential leads to take forward the recommendations and to discuss the strategic fit with the work currently being undertaken nationally with regards to science audits.

All LEPs have been represented on the Steering Group to oversee this work, agree on the recommendations and approve the final report. This work has stimulated significant cross-LEP discussion of shared priorities and areas for collaboration which is a positive outcome of this work and has resulted on increased cross-working. The Executive Summary and final report will be made available to each LEP.

### **KPIs**

A set of AG KPIs has now been endorsed by the AG Board following an electronic survey which was issued to key stakeholders in the north west and within central government. This included representatives from the LCR. This will be incorporated into AG's revised business plan and used to evaluate performance moving forward.



### **AG Business Plan 2017**

AG will produce a new business plan during Summer/Autumn 2016. This will be underpinned by the economic analysis already undertaken by TfN as part of the Northern Powerhouse economic review. It will look to identify key AG priorities and themes where AG can add value on shared priorities and opportunities across the LCR, GM and C&W areas.

LCR will be involved in this process via AG's LCR LEP lead, LCR's board member nominations to the AG Board and we will also seek to obtain a representative at an officer level to feed into this process. A process and timetable will be agreed with each area for consultations, wider input and endorsement.

*26<sup>th</sup> May 2016*

<b>AG infrastructure priorities</b>	<b>AG example projects</b>
<p><b>1. Connectivity improvements</b>            Focused on the Transport for the North proposals to improve freight and passenger connectivity and local connectivity improvements which may constrain growth</p>	<p>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&amp;L study and will review the key outputs from TfN to determine specific priorities moving forward</p>
<p><b>2. Development of the freight and logistics sector</b>            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</p>	<p><b>For example:</b>            Port Salford, Port Warrington and wider use of the MSC            Carrington            L2 – Port of Liverpool            Parkside            3MG</p>
<p><b>3. Development of the science and innovation sector locations</b>            Focused on the development of key strategic sites and enabling infrastructure to promote the growth of the sector</p>	<p><b>For example:</b>            Knowledge Quarter, Liverpool            Corridor Manchester            Cheshire Science Corridor including Thornton, Birchwood, Daresbury, Alderley Park</p>
<p><b>4. Development of key strategic sites across AG</b>            Focused on delivering key enabling infrastructure to support the development of AG’s key strategic sites</p>	<p><b>For example:</b>            Manchester Airport City*, Mersey Waters*            * Excludes housing</p>
<p><b>5. Creation of a more resilient and adaptive environment for business</b>            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</p>	<p><b>For example:</b>            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</p>

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## Policy Update

LEP Board Meeting 9 June 2016

Author:  
Matthew Thompson  
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

- 3.1 **The North East of England has agreed its devolution deal** for devolved powers on the regional economy, transport, and skills development. Six of the seven members of the leadership board of the North-East Combined Authority (NECA) voted on 17 May to support the establishment of a mayoral combined authority. Durham and Northumberland councils had delayed their decision pending further information about long-term funding and rural issues, but joined Newcastle, Sunderland and North and South Tyneside in accepting the deal. Gateshead remains opposed, an island in a sea of devolution, creating what some commentators are describing as a 'devolution doughnut'. Gateshead councillors stress their support in principle for devolution, but argue that the current offer does not represent a fair financial settlement for the region.
- 3.2 Centre for Cities has commissioned **new polling to find out what people expect from City Region Mayors in 2017**. Of all the five city regions in which polling took place – including Greater Manchester, Sheffield, North East and West Midlands – Liverpool City Region's residents were most positive and knowledgeable about their City Region Mayor, with 49% already familiar with the plans, and 60% in favour of the new mayor having greater powers than elected council leaders, both the highest of all city regions. Building affordable public housing is the top priority issue to be dealt with by Mayors for 22% of people polled across all regions, with smart ticketing receiving only 3% support as a top priority.
- 3.3 **The National Audit Office (NAO) published a report on the "English devolution deals"** on 20<sup>th</sup> April 2016, which considers how central government is managing devolution deals being agreed between central and local areas. You can access the full report here: <https://www.nao.org.uk/wp-content/uploads/2016/04/English-devolution-deals.pdf>.
- 3.4 Key findings from NAO include:
  - **The scale and scope of English devolution deals increased substantially in the last 18 months.** The first devo deal was with Greater Manchester in November 2014; with 34 bids received in September 2015, of which five were taken forward by Government (Sheffield, Liverpool, North East, Tees Valley, West Midlands); and three more deals announced in March 2016 Budget: East Anglia, Lincolnshire and West of England.
  - **Despite differences, there are common themes:** all include devolved responsibility for substantial aspects of transport, business support and further education; some include housing and planning, employment support and health and social care.
  - **Government has announced new additional investment funding of £246.5 million** a year for current devo deals (compared to £461.5 million a year provided to Local Enterprise Partnerships)
  - **Central government's management approach to brokering devolution deals is designed to support localism:** deals should be led by local areas; but government

has decided not to set out a clear statement of what it is trying to achieve, with no timetable announced for further devo deals, causing frustration in some areas.

- **Significant accountability implications** arise from the deals: it remains unclear how/when devolved powers will be transferred to Metro Mayors; and how devolution deals will align with existing local administrative areas – producing increasingly complex geographies.
- **Devo deals require new management and accounting measures** to assess performance and impact: the Government is jointly commissioning an independent panel with localities to begin to assess impacts
- **Risks that resourcing and financing are inadequate** to meet challenges of devo deals. The Cities and Local Growth Unit has increased its capacity – currently at 155 full-time equivalent staff – to handle multiple responsibilities, including city deals, growth deals and devolution deals. Fears at local level include financial sustainability of devolved public services and capacity to meet objectives of devo deals.

## 4 NORTHERN POWERHOUSE

- 4.1 The **world's largest offshore wind farm** is being constructed off Grimsby, Yorkshire, by DONG Energy, scheduled to commence operations by 2020. This will strengthen the supply chain specialisms we have in the Liverpool City Region as part of Northern Powerhouse collaborations on offshore wind.
- 4.2 Government has released a short promotional film entitled '**Northern Powerhouse is GREAT**' (available here: <https://www.youtube.com/watch?v=yoHrRcKIBKw>). It has already been viewed over 7,000 times on YouTube and has been shared around the world, from India and Florida to Japan and the United Arab Emirates, and was also included as part of the Queen's birthday celebrations. This film highlights diverse investment opportunities and sector strengths in the Northern Powerhouse.

## 5 LEP NETWORK

- 5.1 Anna Soubry MP toured the growth hub exhibition at the Department for Business, Innovation and Skills last week to mark the completion of the **growth hub network** that now covers 100% of the registered business population. The minister said that

*“Small businesses are the beating heart of our economy and this government continues to build the right environment for them to thrive. We will keep cutting red tape and business taxes, improving access to finance and broadband, and taking forward the measures in the Enterprise Act to cement our position as the best place in Europe to do business. Growth hubs have already helped thousands of businesses and, with the full network up and running, every registered business in England can access the expertise they need to succeed. They will help entrepreneurs boost their business and create more jobs for people in the local area.”*

- 5.2 **LEP Network is commissioning research** on behalf of LEPs which seeks to provide answers to the questions: '**what is the future role of LEPs?**' The research report will:

- a) gather information on the emerging models of governance in the Devolution Deals in England announced by government;
- b) gather information on best practice and lessons learnt from a LEP perspective;
- c) clearly outline the LEP role in the governance and implementation of the Deal;

d) and explore the variety of options for the future role of the LEP.

The audience for this report is LEPs, in particular the Chair and Chief Executive, and will be presented at a meeting of LEP Chairs in mid October, date to be agreed, though it is not intended for publication.

## 6 FUTURE POLICY

6.1 The **Queen's Speech** at the State Opening of Parliament on 18<sup>th</sup> May set out the Government's ambitions to move Britain to a "higher wage and lower welfare economy". The speech set out the three broad themes underpinning this session's legislative programme, with the first two being of particular interest to LEPs:

- Delivering security for working people;
- Increasing life chances for the most disadvantaged;
- Strengthening national security.

Bills mentioned in the speech with specific relevance for LEPs include:

- **Bus Services Bill** aims to "give elected mayors and local transport authorities the power to improve bus services for the people who use them" with Mayoral combined authorities "given London-style powers to franchise local services". This is pivotal for Liverpool City Region's devolution aspirations, opens up opportunities for more integrated transport and smart ticketing, and is a central lever in how we will implement our growth strategy. The Bill enjoys cross-party support.
- **Neighbourhood Planning and Infrastructure Bill** aims to "ensure Britain has the infrastructure that businesses need to grow". In supporting the Government's ambition to deliver one million new homes by the end of the Parliament the Bill will aim to strengthen neighbourhood planning, tackle the overuse of planning conditions to avoid delay in getting development underway, and establish the National Infrastructure Commission on a statutory basis.
- **The Local Growth and Jobs Bill** will allow local government to retain all local taxes to "spend on local government services". This will give local authorities an incentive to support business and develop their local economies as well as the freedom to cut business rates in their areas, while also allowing Mayors of Combined Authorities to raise additional funding for infrastructure with the support of local businesses.
- **Education for All Bill** to "lay foundations for educational excellence in all schools", with the ambition to reform technical education through a strong employer-led system supporting a "clear line of sight to skilled employment" and helping to close the "major productivity gap" between the UK and other leading economies.
- **Digital Economy Bill** has attracted the most media attention with its nebulous claims to "create the right for every household to access high speed broadband". The Bill is intended to modernise the climate for enterprise and ensure Britain's businesses "continue to create jobs". Measures include giving every household a "legal right to a fast broadband connection" and passing new laws to "help telecommunications providers build the infrastructure needed for faster broadband and better mobile networks". The Government "expects the minimum speed to be at least 10Mbps" with Ofcom to review the speed over time "to make sure it is still sufficient for modern life".
- **Modern Transport Bill** to put "Britain at the forefront of the modern transport revolution" with legislation to enable the development of commercial spaceports in the UK and to help the UK pioneer driverless cars.

## 7 GROWTH AND PRODUCTIVITY

7.1 **Innovate UK will invest £561 million** in supporting business-led innovation over the next 12 months. They have recently published their **2016/17 Delivery Plan** which describes the level and types of funding and support that they will be offering to businesses across the UK in the coming year, with a special focus on four key sectors: Emerging and Enabling Technologies; Health and Life Sciences; Infrastructure Systems; Manufacturing and Materials. This aligns closely with four of the seven key growth sectors we have identified for the Liverpool City Region Single Growth Strategy.

7.2 Innovate UK Chief Executive Dr Ruth McKernan said:

*“To be globally competitive the UK must innovate and grow. **Innovation is responsible for 50% of all productivity growth** and the mission of Innovate UK is to help make this happen. We will build on our track record of success, focusing ever more closely on scaling up SMEs, equipping them to reap the benefits of the **fourth industrial revolution.**”*

7.3 Innovate UK have produced a **new interactive map** (accessible here: <http://innovationmap.innovateuk.org/map>) which gives local and regional breakdowns of innovative projects that Innovate UK has funded and supported. It gives easy access to LEPs on public information about Innovate UK's investments in more than 7,000 organisations across the UK. The data can be interrogated in various ways, including by region, LEP area, parliamentary constituency or other options. Innovate UK hopes that the map will be a useful resource for LEPs, contributing to a better understanding of the geography of innovation across the UK, and an aid to planning and delivering future local programmes and investments.

7.4 The government is seeking the views of businesses, education organisations and LEPS about how the UK can improve its innovation savvy in seven key areas: regulation, procurement, access to finance, data, challenger businesses, national infrastructure and intellectual property. The results of the Innovation Survey, which closes on 30 May 2016, will feed into a **National Innovation Plan** due to be published by the Government later this year.

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## Single Growth Strategy

LEP Board Meeting 9 June 2016

Author:  
Gillian Bishop  
Liverpool City Region LEP

Presenter:  
Mark Basnett  
Liverpool City Region LEP

## 1. **Purpose of Report**

- 1.1 This paper provides a final update, and requests the approval of the focus and themes for the single Growth Strategy for the Liverpool City Region.

## 2. **Recommendations**

- 2.1 The Board is requested to consider and approve the broad themes as the basis of the Strategy with the final version delegated to the Chair and Vice Chair to formally sign off.

## 3. **Introduction**

- 3.1 At the LEP Strategy Away Day in November, one key recommendation was the agreement to the formation of a single Growth Strategy for the City Region. The LEP Board endorsed this outcome and the Combined Authority approved that the LCR LEP develop a single Growth Strategy for the Liverpool City Region on its behalf.

- 3.2 The objectives and rationale for the Growth Strategy included:

- Unique opportunity – opportune time with devolution deal confirmed to consolidate the current myriad of LCR strategies into one overarching Growth Strategy, and align the growth strategy with devolution implementation plans
- To confirm the overarching vision, identity and brand of LCR as a growth engine
- To state the current assets of LCR as a springboard for future growth
- To provide a clear focus on priorities, interventions and iconic projects for growth over the longer term and short term deliverables over the next five years
- To raise the profile of LCR, nationally and globally to secure additional investment from investors (global and national) and central government
- To create the strategic framework for an implementation plan to manage delivery and performance, which will be developed upon completion of the strategy

- 3.3 From January 2016, the development process has taken the form of:

- Input by Executive Directors and LEP Sector Teams
- Establishing a Strategy Team of officers from across the City Region to bring together existing knowledge and expertise
- Engagement with G12, LEP Sector Leads and Chairs to gain knowledge of current and future strategic ambitions in the agreed seven growth sectors
- Engagement with the Regeneration Directors via a series of meetings and workshops
- Engagement with young entrepreneurs to ensure the future of the City Region is future proof
- Engagement with KPMG to capture and maximise their knowledge and expertise and to provide an external critique in the development of the strategy
- Engagement with Professor Michael Parkinson and the Heseltine Institute to take forward the 'State of the Liverpool City Region' report through the Strategy, to maximise their knowledge and expertise and to provide an external critique

- 3.3 On the 10<sup>th</sup> May a LCR LEP Board workshop took place, the purpose of the workshop to share the current position of the single Growth Strategy with the Board, and to provide an opportunity for the Board (and Sub Board Chairs) to influence the formation of the Strategy document. The feedback from this session was used to shape further drafts of the Growth Strategy.

## 5 Growth Strategy – Focus, Themes & Impact

### 5.1 Focus & Vision

The single Growth strategy has been written to enable to City Region to realise our ambitions for economic growth over the next 25 years. The document explains how the Strategy for Growth, encompasses the entire City Region, and acknowledges the unique strengths and assets of each of the region’s local authority areas and communities, recognising, that we are stronger together. The timing of this document is critical because it follows our devolution agreement with Government, a milestone which means we are better able to shape our own future. The document highlights that the time to face our challenges and seize our opportunities is now. The Strategy will capitalise on our strengths in the seven key sectors to unlock growth, creating tens of thousands of new jobs and businesses. It will take advantage of the opportunity presented by devolution, and it will provide the strategic focus for the priorities and objectives of the Single Investment Fund (SIF) and future investment programmes.

The focus of the strategy is economic growth, it is important to remember that economic growth is not, in itself, an end. It is rather the key factor in ensuring that all of our residents have the opportunity for a decent quality of life for themselves and for their children and their children’s children.

**Our Vision:** Liverpool City Region will build on our strong track record of innovation and will once again be a first tier global city. We will do this through utilising our unique international connectivity, pioneering digitisation and green energy to attract talent and drive business growth to transform the City Region and the North of England economy.

**Our Mission:** To start, grow and invest in business to attract and capitalise on our existing talent and create sustainable employment and high value added jobs to grow our economy.

#### Our Guiding Principles:



### 5.2 Themes

The strategic response to delivering the vision and securing the City Region’s economic future is focused on three ‘pillars’: **Performance, People and Place.**

**5.21 Performance:** The first step to sustained economic growth is to focus on our sector strengths and related assets to ensure they are maximised to their full potential; focus will also be placed on starting and growing successful businesses by promoting innovation and entrepreneurial activity.

Our ambition is for Liverpool City Region to become an Enterprise Capital of Europe and one of the best places to start, grow and invest in businesses, delivering increased business density, growth and employment. There a wide range of factors that impact on business formation, survival, investment and growth. Never before has the City Region had a wholly coherent approach to all of these factors to deliver increased business density and growth.

Furthermore, the City Region has a wealth of intelligence, capacity, capability and opportunity in its core business sectors that will be catalysed to provide a powerful engine for increased productivity and sustained growth of our economy over the coming decades.

**5.22 People:** The second step is to improve and increase the right skills, to the right level, in the right way; capitalising on existing talent in the City Region will be pivotal for sustainable growth. This will be delivered through the production and adoption of a comprehensive business-led skills strategy for the City Region. The City Region has a long-standing and extensive skills gap which widens at higher level skills. An employer-led skills strategy will be developed and adopted by summer 2017 and be subject to continuous monitoring and refinement.

**5.23 Place:** The third step is to protect and enhance our distinctive quality of place and our cultural and environmental assets. This will improve quality of life for residents and attract and retain investors, skilled workers and visitors who will contribute to growth. Our Place strategy focuses on capitalising on our port city status and ensuring we have the right transport connectivity for people and goods, aligned with ultra-fast broadband and sustainable energy supplies, whilst maximising the distinctive quality of Liverpool City Region as a place to live, work, visit and invest in. Our history, unique cultural and economic assets and architectural distinctiveness have already made Liverpool City Region a globally renowned destination. Our ambition is to enhance that quality of place and build on that brand reputation to attract and retain investors, entrepreneurs, skilled workers and visitors who will contribute to future economic growth.

### **5.3 Impact**

The aspirations which have driven this Strategy are ambitious, far-reaching and bold. And our proposed strategic interventions will lead to a new jobs, new opportunities and improved prosperity and quality of life right across the Liverpool City Region. Oxford Economics have analysed the impact of the Growth interventions contained in the Strategy. The quantified impact will be included in the published Growth Strategy document. In summary the impact includes the following:

- The creation of an additional jobs and falling unemployment in the City region
- A population increase and an increase in the number for people coming to live in the City region
- A net increase of businesses over the next 25 years
- Increased demand for public services
- The creation of additional GVA by 2040 alongside an increase in the average productivity levels
- Increased demand for housing across the Liverpool City Region
- A substantial increase in the number of exporting business and the value of exports

## **6 Next Steps**

6.1 The next steps are:

- Consideration and approval of the single Growth Strategy by the Chair by the 17 June 2016;
- Production of the Executive Summary and Final Full Document by the 20 June 2016;
- Official launch of the Strategy on 30<sup>th</sup> June at 7.45am -9.30am at the Maritime Museum
- Continue the development of the Growth Strategy Implementation Plan.



## LCR Digital & Creative Interim Board & Sector Development Briefing

LEP Board Meeting 9 June 2016

Author:  
John Whaling  
Liverpool City Region LEP

Presented by:  
Kate Willard  
Liverpool City Region LEP

## 1. Executive Summary/Purpose of Report

- 1.1 The purpose of this report is to update the LCR LEP Strategic Board with regard to progress made by the interim LCR Digital & Creative sector growth Board and seek agreement to associated recommendations.

## 2. Background

- 2.1 “Digital & Creative” has long been explicitly recognised as a key sector for LCR economic growth – both in its own right and as an underpinning enabler of wider growth - and identified in the Innovation Plan as one of the 4 focal “smart specialisation” areas where resources and efforts should be prioritised.
- 2.2. This is based on a number of factors (see **Appendix 1** for more detail), namely:
  - the fact that using digital tools and technology is now a basic form of literacy
  - digital technologies are globally transformational
  - the above average growth of the sector itself, both within the LCR and nationally
  - its actual and potential contribution to accelerating the development/growth of other sectors
  - the LCR’s wealth of distinctive assets in this regard, from the STFC Hartree Centre and IBM Watson platform deployment at Daresbury to specialised local SMEs operating across the globe.
- 2.3 Digital is also identified in the recent ‘Independent Economic Review of the Northern Powerhouse’ as one of 4 key, common, focal areas for economic growth and rebalancing.
- 2.4 Despite this widely acknowledged economic importance, there is no longer any dedicated support for the development of the sector across the City Region (the only identified LCR growth sector without a dedicated Sector Manager), nor any associated governance structure.
- 2.5 In order to redress the latter, the Strategic Board agreed on 3 December 2015 to the establishment of an Interim LCR Digital & Creative Board.

## 3. Interim Digital & Creative Board: Progress & Developments

- 3.1 The membership of the interim Board has evolved to include those indicated in **Appendix 2**.
- 3.2 The interim Board has met twice, plus held a strategy development session at Agent Marketing in late April, in part intended to feed into the Single Growth Strategy. Cllrs Ann O’Byrne and Nick Small were also invited as the Liverpool Deputy Mayor and Cabinet Member for Education, Employment & Skills respectively.
- 3.3 An indicative 5-year vision has been agreed: “For the LCR to be the best place in the UK to start, grow and scale a digital/creative business”.
- 3.4 5 key strands for the intended action plan have also been agreed:
  1. Business-friendly and business-led investment structures and interventions
  2. Business-led & business-relevant skills and workplace development programmes
  3. Access to other national and international markets
  4. Long-term digital/creative place and space strategy
  5. Marketing and communications strategy.
- 3.5 The interim Board has endorsed the need to commission a digital & creative sector foresighting study, in order to identify and match key future market trends and opportunities to the LCR’s actual and latent differentiating assets and capabilities.
- 3.6 At the invitation of IBM, the next Board meeting will be held in July at the STFC Hartree Centre at SciTech Daresbury.

## 4. Other Relevant Developments

- 4.1 Digital – specifically, High Performance Computing (HPC), Cognitive Computing, Big Data Analytics and Sensor Technology – was highlighted in the LCR’s January bid to BIS’s Science & Innovation Audit Initiative (SIA) as one of 3 spheres<sup>1</sup> where the LCR has a genuine and distinctive combination of world class research, innovation assets and industrial capability with

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<sup>1</sup> the other 2 were materials chemistry and infectious diseases.

the potential to lever transformational growth. While BIS chose to only pilot 5 SIAs in the 1<sup>st</sup> round, a 2<sup>nd</sup> round opens in June/July and the LCR+ bid was explicitly encouraged to resubmit.

- 4.2 The LEP, on behalf of LCR partners, submitted a bid on 25 April to become a designated local centre of the Digital Catapult. This would not grant funding but would lever access to the national catapult network, digital catapult resources, and lend significant kudos and profile. The outcome of this bid process is not yet known.
- 4.3 Digital & Creative is one of the growth sectors expressly highlighted in the consortium-based LCR ESIF Place Marketing bid currently awaiting sign off.
- 4.4 Also pending official sign off is 'LCR 4.0', a major ERDF revenue broad-based partnership project seeking to transform the productivity of the LCR's advanced manufacturing sector via the application of digital and sensor technologies.
- 4.5 An ESIF call was issued in April under the Innovation strand for a single, consortium-based project to create a digital accelerator and commercialisation platform for SMEs to maximise the benefits of the world class big data analytics, HPC and cognitive computing capabilities at the Hartree Centre and linked to the IBM Watson platform. The deadline for submission for this call is 6 June.
- 4.6 The LEP is in the process of finalising a Single Growth Strategy for the City Region on behalf of the Combined Authority, in which Digital & Creative is identified and reinforced as a critical growth sector.

## 5. Next Steps

- 5.1 Approve the formal establishment of the LCR Digital & Creative Sector Board, to include those already involved in the interim body.
- 5.2 Approve the draft Terms of Reference attached at **Appendix 3**.
- 5.3 Undertake an open process to recruit a private sector Chair plus additional Board members.
- 5.4 Consult the growth sector boards on LCR-wide digital infrastructure requirements.
- 5.5 Agree the need for a dedicated LCR Digital & Creative Sector Manager.
- 5.6 Continue to actively shape and support the development of the single, consortium-based ESIF digital innovation bid, which offers a direct potential means to establish a dedicated new Sector Manager role re. Digital & Creative.
- 5.7 Develop a framework action plan, based on the 5 agreed strands highlighted above.
- 5.8 Work with LJMU to draft a tender brief for the intended foresighting study.
- 5.9 In line with BIS encouragement to do so, resubmit a refined version of the LCR+ SIA bid in the full round in June/July, with "digital" at its core.

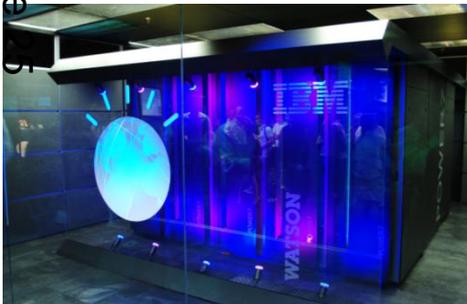
## 6. Recommendation

- 6.1 The Board is asked to **endorse** the extensive development activities to date and **approve** the "Next Steps" outlined above.

NB. The Digital & Creative Board will report back to the LEP Strategic Board on an ongoing basis.

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# DIGITAL & Creative: Growth Sector Focus & Strategic Interventions



John Whaling: Innovation & Strategic Investment Lead  
[john.whaling@liverpoollep.org](mailto:john.whaling@liverpoollep.org)

# Why is the Sector Important for Growth?

NESTA CEO : “*Digital technologies are unlike any others – they change everything businesses do*” = a form of basic literacy, a major sector in its own right, plus a multiplier that underpins growth across all other sectors...

**Globally transformational** : 5 of 12 disruptive technologies that will change the world/economy + big data 1 of “8 Great Technologies” where UK world-leading

**Major UK Growth Sector**: digital growing 32% faster than the rest (2016); 1.56million jobs; 41% in other industries, e.g. public sector, financial services

**UK-Significant LCR Growth**: Liverpool 2<sup>nd</sup> fastest-growing digital cluster in the UK (2015); St.Helens 6<sup>th</sup> fastest job growth in the UK; Liverpool 8<sup>th</sup> (2015)

**Disproportionate LCR Growth**: digital & creative 10.1% growth versus 2.7% overall (2010-15); +52% to £269million +16% average pay to £42,153 (2010-14)

→ Existing UK & LCR Growth + “smart specialisation” niches where the LCR has actual/potential internationally significant assets/competitive advantage ...

# Achievements = Asset Base = Competitive Advantage

**Big Data Analytics & HPC:** STFC Hartree Centre UK's most powerful industrial R&D Supercomputer: £200million IBM & £113 million UK Government;+ Intel Parallel Computing Centre + 1<sup>st</sup> UK Power Design & Acceleration Centre + UK-leading Virtual Engineering Centre

**Health Tech:** AIMES N3 secure data storage at Wavertree Tech. Campus; e-health cluster & largest deployment for a single economy in Europe

**Creative Industries/Niches:** Film & TV; Gaming; Music Technology; Baltic Triangle; FACT

**Internet of Things:** 1 of only 3 UK IoT tech. clusters, linked to expert SME base

**Big Players:** IBM; NVidia; Intel; Sony; Shop Direct; Unilever; O2 test bed (St.Helens)

**HE:** UoL 1<sup>st</sup> in UK for “world leading/internationally excellent” Computer Science research & LJMU 8<sup>th</sup> for Big Data publications impact - 17% in global top 10% (2014 REF)

**FE:** 1<sup>st</sup> UK Microsoft “Showcase College” (City of Liverpool )

NB. IBM Watson cognitive computing platform already being applied to help realise Alder Hey's “Living Hospital” concept...

# 5 & 25 Years Strategic Interventions

## SHORT/MEDIUM-TERM:

- LCR Digital Sector Growth Board & intended foresighting study
- LJMU/UoL Sensor City UEZ - one of the world's 1<sup>st</sup> sensor tech. incubators
- LCR 4.0 – industrial Internet of Things for advanced manufacturing
- April 2016 ESIF Innovation Call -> SME digital accelerator linked to Hartree & LKQ
- Baltic Triangle expansion; Edge Lane Sound Stage & Digital Campus
- Pan-North integration, e.g. Tech North; Cheshire Science Corridor dark fibre
- Skills, skills, skills...

**LONG-TERM LCR+ SIA VISION: to be a world-leader in the application of HPC, cognitive computing, big data & sensors to revolutionise productivity across ALL sectors**

Draft Innovation Plan Objective	Economic Development Ambition
Maximise Materials Chemistry R&D capabilities	Global FMCG equivalent of Silicon Valley
Transform the NW Chemicals Industry	One of Europe's top x Chemicals clusters
Solve Antimicrobial Resistance & Malaria challenges	World's leading commercial infectious disease & antimicrobial resistance hub
Create the world's 1 <sup>st</sup> "Living Hospital"	Global leader in both paediatrics & overall hospital experience/design
Establish a Maritime Knowledge Hub	Regain international primacy re. North American trade & as a maritime entre of excellence
Energy self-sufficiency, net exporter & public utility co.	Global integrated sustainable energy exemplar

## **APPENDIX 2: Interim LCR Digital & Creative Board Membership**

### **Interim Chair:**

- Kate Willard, LCR LEP Board Member & Stobart Group Head of Corporate Projects

### **Members:**

- Bryan Adams, MD, PH Creative
- Paul Corcoran, CEO, Agency Marketing
- Evan Grant, Programme Manager, STFC & IBM Collaboration, IBM
- Kevin McManus, Creative & Digital Investment Manager, Liverpool Vision
- Norman Mellor, Client Director, Central & Devolved Government, Telefónica UK Ltd. (O2)
- Tim Nichol, Dean of the Business School, Liverpool John Moores University
- Lee Omar, CEO, Red Ninja
- Dan Rubel, Group Strategy & Communications Director, Shop Direct
- Angela Walsh, Business Development Manager, STFC Hartree Centre
- Jo Wright, Executive Director, FACT

### **Associate Members:**

- Jessica Cecil, Controller - Make It Digital, BBC
- Lou Cordwell, CEO, Magnetic North

### **Support & “Caretaker” Sector Lead**

- John Whaling, Innovation & Strategic Investment Lead, LCR LEP

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# LIVERPOOL CITY REGION (LCR) DIGITAL & CREATIVE BOARD: Terms of Reference

## 1. Purpose

The overarching purpose of the Liverpool City Region Digital & Creative (D&C) Board is to act as the dedicated high-level, multi-sector leadership group that drives, promotes, and accelerates the growth, productivity and competitiveness of the sector, both across the Liverpool City Region, and in the wider national and international context.

The Board will form an integral part of the of LCR and Local Enterprise Partnership (LEP) governance architecture, and integrate with the work of other dedicated Growth Sector Boards.

It will directly contribute to the delivery of the LCR Innovation Plan, within which Digital & Creative is one of four designated smart specialisation sectors, and a critical element of the proposed “LCR Innovation Exchange”.

It is also intended that the process of working closely together to prioritise and deliver beneficial outcomes will in itself lead to new learning, insight and joint initiatives, and provide a useful platform for future action in its own right.

## 2. Role & Functions

The intended role/functions of the D&C Board are to:

- Serve as the designated strategic advisory body to the LCR LEP Board, LCR Innovation Board, and other sector boards on all matters relating to the D&C sector.
- Share relevant information, intelligence and ideas, act as a wider sounding board in relation to the LCR D&C sector, and agree collective responses to influence national, European, and international policy and strategy.
- Play a lead role regarding sectoral skills development.
- Co-ordinate and broker strategic collaborations and relationships within the D&C sector and sub-sectors, across other LCR sectors, as well as nationally and internationally.
- Promote and advocate locally, nationally and internationally on behalf of, the LCR’s core, distinctive, competitive D&C assets, and oversee associated sectoral place marketing activities.
- Devise and own a collaborative vision for a dynamic, competitive and sustainable LCR D&C sector, plus shape the development of an associated action plan with agreed performance targets and investment priorities, based on gaps, opportunities and potential positive impact on LCR economic growth and competitiveness.
- Own and oversee action plan implementation, progress and performance, and use individual and collective means to facilitate and champion the development and delivery of individual collaborative activities and projects, overcome associated obstacles, and hold project delivery agents to account.
- Help secure new private and public sector UK and EU investment, finance and funding streams to support delivery.

### 3. Membership

The Board will draw its membership from senior level representatives across the D&C sector, have a private sector focus, and be chaired by a private sector representative.

As the Board's fundamental raison d'être is to agree what needs to be done and then make things happen, it is vital that Members are willing, committed and prepared to positively collaborate, and bring their own experience, expertise and insight to bear.

Board Members are therefore expected to commit to:

- Attending meetings
- Preparing fully for each meeting
- Responding promptly to communications between meetings
- Disseminating information within their own respective organisations and networks
- Championing appropriate agreed actions and activities
- Declaring any conflict of interest

Neither the Board Chair nor its Members will be remunerated.

The appointment of the Chair and Members will be via a transparent process, and subject to formal approval by the LCR LEP Strategic Board.

### 4. Operation

**Duration:** The longevity of the Board is indefinite, and dependent on progress, success and an ongoing rationale for operation. Organisation including membership, Chair, procedures, and objectives, will be reviewed annually.

**Frequency:** It is anticipated that the Board will meet four times per year, however it is for the Chair and Members to determine the timing and frequency of meetings in line with needs and opportunities. It is similarly the Board's prerogative to establish task and finish sub-groups as and when required in order to deliver specific initiatives.

**Chair:** The Chair will agree meeting content/agendas, chair Board 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.

**Integration:** The Chair will ensure that the workings, findings and recommendations of this sectoral Board are reported regularly to the LCR LEP Strategic Board as well as to other sectoral Boards.

**Support:** The LCR LEP will act as the Secretariat for the Board. This will involve organising Board 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 in particular.

**Venue:** It will be for the Chair and Board to decide whether it will have a fixed meeting venue or alternate the host location/organisation.



## Local Growth Fund - Round 3

LEP Board Meeting 9 June 2016

Author:  
Tony Wade  
Liverpool City Region LEP

## 1. **Executive Summary**

- 1.1 This paper provides the background to the invitation to submit a proposal to seek the award of Local Growth Funds in Round 3. It presents the particular context of Liverpool City Region as a LEP area with a Combined Authority and Devolution Deal in place and how this impacts on the process. Finally it provides an overview of the process and the timeline attached.
- 1.2 The paper emphasises the need to see LGF3 as an opportunity to augment its investment programme as currently being developed for operation through the Strategic Investment Fund (SIF). Such investment will be informed by the growth opportunities and barriers identified in the Single Growth Strategy that will be published at the end of June.
- 1.3 Therefore, whilst recognising that LGF3 is a discrete competition the funds, if awarded, will be used as part of a wider investment programme consisting of multiple sources of funds and constituted as a Single Pot Fund. The narrative for LGF3 will re be written in this wider context although referencing how LGF1 and 2 contributed to the creation of the Single Pot and how they are now being co-invested alongside other funds through the SIF.

## 2. **Recommendations**

- 2.1 The Board are asked:
  - 2.1.1 To note the opportunity presented but also the change in approach to LGF1.
  - 2.1.2 To endorse the proposed approach being taken as set out in 3.3 and the timeline and next steps set out in 3.4.
  - 2.1.3 To nominate representatives to attend the Challenge Sessions as set out in 3.3.7 and by taking account of the previous representation in the LGF1 session as detailed at 3.4.2.

## 3. **Background**

### 3.1 **Government announcement and structure of Growth Deal Fund**

- 3.1.1 All LEPs received a letter (Appendix 1) from the Secretary of State for Communities and Local Government, Greg Clark, titled 'Competing for Growth – Further Growth Deals. The letter invited proposals for the next round of Growth Deals and confirmed that again it would be a competitive process.
- 3.1.2 This is the 3<sup>rd</sup> round for the award of Local Growth Funds (LGF3) but as the letter states is seeking greater ambition and such would be measured against criteria set out in the letter. The competition comprises of 3 discrete elements that together total £4.275bn, they are;
  - a. £475m – Large transport projects.
  - b. £2bn – Large housing developments (Home Building fund).
  - c. £1.8bn – Growth Deal funds.
- 3.1.3 The large transport project funding is both for scheme delivery and business case development funding. LCR is unlikely to bid for scheme delivery or business case development funds as there are no schemes sufficiently developed, at the minimum value of £75m. However, there are likely to be further rounds and there are a number of schemes that can be developed to bid stage but which require further business case development.
- 3.1.4 The housing development fund will be integrated into the existing Home Building Fund but whilst announced in the letter this element is not yet launched and will not now be launched until after the EU referendum. Developers will bid directly into the fund and awards will be made directly to them to unlock sites for development of at least 1,500 units. However, LEPs will have a role in the approval of projects brought forward. LCR are developing multi-layered

spatial plans to support the Single Investment Fund (SIF) that will allow strategic assessment of proposals for the use of land.

- 3.1.5 The final element, and with which this paper deals specifically, is the £1.8bn of Growth Deal funds. Whilst there are separate funds for large transport schemes and for housing, this does not preclude their inclusion in the Growth Deal bid but they will have a different focus than bids under the specific fund allocations. In the case of transport, this could focus more on sustainable transport as the Local Sustainable Transport Fund has been rolled up into the flexible Growth Deal funds. In addition to sustainable transport, skills capital has been increased both in quantum and being committed for six years from two.
- 3.1.6 The success of bids will be enhanced by being able to demonstrate strong governance reform such as formations of CAs and introduction of elected Mayors at that level. Further confidence will be provided by ensuring that government strategies such as area based reviews are reflected and integrated in proposals and that this presents a consistent narrative and harmonised with previous growth deals.
- 3.1.7 As stated in 3.1.2, these bids need to be more ambitious and that will be measured by the level of private sector leverage and the additionality they bring over and above the existing growth deals. Involvement of the private sector is important not only in providing financial support but also in engaging more actively both in assisting the achievement of strategic objectives in respect of economic growth and advocating LCR as a place to invest and do business. Business growth is a key driver, both in the number of businesses in LCR and in their size, SMEs are vital and demonstrating their engagement will further enhance bids. LCR is in a strong position to demonstrate this through its LEP membership model and expert sub-boards that are sector focused.

## 3.2 **LCR Context**

- 3.2.1 Government continue to recognise the diversity of LEP areas, and in this process whilst setting out criteria that will be used to review bids, they will not be prescriptive nor provide guidance on how bids are developed and presented. They rely on local partnerships to demonstrate strong collaboration within the partnership that LEPs represent, so must be owned by both political and business leaders. They should also show the systems in place to ensure proper use of public funds and that use of the funds delivers value for money.
- 3.2.2 If LEPs were already diverse economic geographies, then the formation of Combined Authorities and the agreement of Devolution Deals has created another layer of diversity, such as in governance arrangements. As stated in 3.1.6, this provides assurance to government of a localities ability to appropriately manage public funds. Such confidence means that the process to be followed differs for those with CAs and elected Mayors as being able to make proposals at a programme level rather than project level with the latter being appraised locally and not centrally.
- 3.2.3 LCR is in the process of implementing the Devolution Deal agreed with Government in 2015 which, in addition to devolved powers, allows funds to be devolved to be managed locally in the form of a Single Pot. However, such funds will only be devolved when LCR demonstrates to Government that its governance mechanisms and systems and processes are sufficiently robust. This will be articulated in a Single Pot Assurance Framework that Government will review and accept or reject but until agreed, no funds will be devolved.
- 3.2.4 LCR's response to this has been to develop a Single Investment Fund (SIF) which was reported to the last meeting of the LEP Board and the principles of which were endorsed along with the inclusion in the SIF of the present and future Local Growth Deal awards.
- 3.2.5 As such, whilst representing a discrete competition, the proposal and use of the Local Growth Deal funds will be aligned and integrated with other sources of funds in the Single Pot and be invested in line with the principles of the SIF. The SIF investment Prospectus will work in three

year cycles and will be based on the Single Growth Strategy that provides a twenty-five year vision for the LCR economy and identifies where growth opportunities lie.

3.2.6 The LCR approach, and this will be reflected in prioritisation and appraisal methods, is that whilst thematic pipelines will be developed and maintained they will, through weighted scoring, be combined into a single prioritised pipeline. The themes for these pipelines are;

- a. Business and sector development.
- b. Research & Development and innovation.
- c. Skills.
- d. Regeneration, development and culture.
- e. Transport.
- f. Housing.

3.2.7 This approach also means that pipelines will not be developed for individual funding opportunities but those funding opportunities will be exploited to gain additional funds (above those already in the Single Pot) to support delivery of the project pipeline which will deliver the programmes referenced in 3.2.2.

### 3.3 **Bid process**

3.3.1 Given the changes that have occurred since LGF1 was bid for in 2013 the process to be adopted has also been modified reflecting a much greater collaborative process between the public sector, through the CA, and the private sector through the LEP. Government acknowledges that in areas with Devo Deals and Combined Authorities the processes may be different to other LEP areas.

3.3.2 The LEP working with LA and CA colleagues will establish a collective, agreed position for this LGF bid that aligns with the Single Growth Strategy. Within the Single Growth Strategy the LEP will make sure that the growth sectors are bringing forward projects to populate a unified LCR pipeline. Alongside the LEP, LA Regeneration Directors are developing and reviewing pipelines on economic development/infrastructure, Merseytravel is leading on Transport and St Helens on Housing. The LEP Board endorsement of the SIF confirmed that LGF 1&2 and 3, if successful, will form part of the Single Pot to be managed under the principles of the SIF. As such, the process of producing LGF 3 must not be seen as separate to the SIF.

3.3.3 A working group has been formed consisting of officers from the LEP (Mark Basnett/Tony Wade plus Nicola Christie) and representing the LAs/CA are Lisa Smith (Liverpool - SIF), Wes Rourke (Halton - Regen), Huw Jenkins (Merseytravel - Transport), Sue Jarvis (Knowsley – Skills) and Graham Russell (AMION - SIF). It was further agreed that Wes Rourke would act as project lead for the team.

3.3.4 The success of LCR in both implementing the SIF and gaining additional LGF3 resources depends to a significant degree on having a strong and well developed pipeline of schemes that is prioritised using GVA and jobs to measure impact and which has sufficient robustness in terms of development and deliverability.

As such, whilst LGF3 is a discrete competition it will be developed and constructed in line with the wider investment programme that SIF represents. Therefore, rather than develop separate pipelines, a single pipeline of schemes is being developed from which a clear set of cross portfolio priorities can be developed and against which we can seek to ensure funding is available for delivery from whatever source. Pipeline development is most advanced in infrastructure, transport and housing but in time the other portfolios will develop pipelines although not all of these will be appropriate to be included in bids for funds such as LGF.

3.3.5 The pipelines are at different stages of development and the leads and Mark Basnett will be the lead for the growth sectors and business growth theme will work together to bring these to

the same point to allow prioritisation to begin and which would select those to be included in LGF3.

3.3.6 Government are also modifying their approach and whilst still planning to hold Challenge Sessions in LGF3 these will be prior to the bid submission rather than after. In that regard Government are expecting a high level snap shot proposal to be submitted for these sessions and ahead of the full proposal. Again, consistency in the narrative between LGF1 and 2 and the Single Growth Strategy as well as that for Devo. Deals are important for these sessions.

### 3.4 Timeline and next steps

3.4.1 The timings of the key events are as follows;

- a. High Level Snap Shot proposal – 24 June
- b. Challenge Sessions - 30 June – 21 July
- c. Full proposal - 28 July
- d. Assessment – August/September
- e. Discussion/evaluation – September/October
- f. Announcements – October onwards

3.4.2 The participants in the LGF1 Challenge Sessions are set out in the table below (and the roles they performed at that time), the LCR representatives for LGF3 will need agreeing but should reflect the partnership.

Government		LCR	
Lord Heseltine	Policy Advisor	Robert Hough	LEP Chair
Greg Clark	Minister for Cities	Mayor Joe Anderson	LCC leader and LEP Board member
David Mowat MP	PPS to Greg Clark	Cllr. Phil Davies	Wirral leader and LEP Board Member
David Higham	BIS	Bernard Molloy	Chair of SUPERPORT Committee
Ian Hamilton	BIS	Kath Boullen	Chamber of Commerce and LEP Board Member
Richard Perry	DfT	Ged Fitzgerald	CEx of LCC – lead CEx on Econ. Development
Diarmid Swainson	Cabinet Office	Sheena Ramsey	CEx of Knowsley – lead CEx on LEP/LA relations
		David Brown	CEx Merseytravel
		Mike Palin	Exec. Director LEP - Economic Development

3.4.3 An initial stock take has reaffirmed that LCR can develop a solid strategic narrative (using the previous submissions and the emerging Single Growth Strategy. This will be supported by a developed Single Pot Assurance Framework and an appraisal process, alongside work on the SIF.

3.4.4 At the time of the writing, work is being undertaken to prioritise and categorise projects that are emerging from the respective theme areas i.e. regeneration, housing, transport etc. A pro-forma is being produced which captures information in a consistent way. This information will be presented to Chief Executives meeting on 27th May which includes all LAs, Merseytravel and the LEP. It will be presented in a spatial plan format, overlaying projects, which will show linkages to sites and themes.

3.4.5 Officers are also undertaking a desk top exercise to evidence progression made since the submission of LGF1 and 2. This will include identifying potential case studies to demonstrate the interrelationship between themes, whilst emphasising a good track record in delivering targets set by Government. Work is also being undertaken to ensure that there is a cross-

referencing between the Single Growth Strategy (the What and Why) to the emerging projects (the How).

#### 4. **Conclusions**

- 4.1 Since LGF1 and 2, LCR has undergone transformational changes both in its economic performance and the mechanisms by which it will sustain economic growth. There is still much to be done and LCR has ambition and vision that will be articulated through its Single Growth Strategy and delivered from its Single Pot, won through its Devolution Deal, and facilitated by investment from the SIF.
- 4.2 The opportunity to win more funds to augment those already awarded and now consolidated in the Single Pot will assist accelerating the investment programme to deliver results more quickly and help to secure retention of gain share funds.
- 4.3 Importantly, the success to winning these funds lies not in any projects that they may specifically support but in supporting a much wider and larger investment programme consisting of a number of sources of funds, either local, national, European and both public and private. As such the narrative to support the proposal will need to reflect that position and so will the challenge session and so the selection of those who can articulate this at that session is important.



## Local Growth Deal Implementation Major Transport Schemes

LEP Board Meeting  
9 June 2016

Author:  
John Smith  
Merseytravel

Presented by:  
Huw Jenkins  
Merseytravel

## 1. **Purpose of report**

- 1.1 The report provides an update on the progress of developing the shortlisted Liverpool City Region Transport Schemes and to request approval of the Full Business Case for two schemes to commence delivery in the financial year 2016/17.
- 1.2 Appended is a detailed report from the LCR Combined Authority Lead Officer for Transport that provides a general update on the progress and status of fourteen prioritised schemes addressing the City Region's most pressing investment priorities for transport using an agreed shortlisted process set out in the city region Transport Assurance Framework.
- 1.3 In particular, two further schemes have developed Full Business Cases and now requires formal approval to progress to allow delivery to commence in 2016/17. These are the M58 Junction 1 Improvements scheme being promoted by Sefton and the A570 Linkway Improvements being promoted by St Helens. The M58 scheme is being considered by the Combined Authority in June 2016 and the A570 scheme will be considered by the Combined Authority at the July 2016 meeting.

## 2 **Recommendations**

- 2.1 To note the appended report by the CA's Lead Officer for Transport that details the progress on the development of 14 Full Business Cases which address the most urgent transport and highway issues in the Liverpool City Region; and
- 2.2 To approve the Full Business Case for M58 Junction 1 Improvements scheme.
- 2.3 To approve the Full Business Case for the A570 Linkway Improvements scheme.

## 3 **Background**

- 3.1 The announcement by Government in July 2014 of the award of £232.2m in Local Growth Funds (LGF) was reported to the LEP Board that month.
- 3.2 A significant element of the award (£183.2m) related to transport schemes with the funds originating from the Department for Transport (DfT).
- 3.3 Whilst these funds were earmarked for LCR and in many cases against specific schemes it is necessary for the LCR to develop business cases, as detailed in the Assurance Framework, for those schemes that were prioritised.
- 3.4 The strand of the Assurance Framework dealing with transport major schemes was well developed from pre-existing DfT frameworks that were operated by the LCR Local Transport Body (LTB).
- 3.5 In December 2014, the LEP Board received a presentation on how this would operate which was through the 'Major Schemes Business Case Process'. The process has 5 stages as follows;
  - a. Problem identification.
  - b. Scheme design.
  - c. Strategic Outline Case.
  - d. Outline Business Case.
  - e. Major Scheme Business Case.

- 3.6 In the same presentation the status of the individual schemes was given and which showed schemes were at various stages of progress. Three schemes were at an advanced stage and the Board approved them as meeting the City Region's strategic objectives. Subsequent to this, the Board has approved a further four schemes.
- 3.7 Two further schemes are now brought forward for approval of their Full Business Cases, the final stage of approval prior to commencement. The schemes are the M58 Junction 1 Improvements and the A570 Linkway Improvements.

The detail of the scheme and the results of the independent assessment at outline and full business case stages is included in the appended papers.

#### **4 Conclusions**

- 4.1 The process of business case development and assessment for transport schemes is well established through predecessor processes develop by the LTB following DfT guidelines. Consequently reliance can be placed on the outcomes of these processes.
- 4.2 The LEP Board should satisfy itself that the outcomes of the assessment process deliver outcomes that meet its strategic expectations and if content endorse the recommendations to approve the M58 Junction 1 Improvements and A570 schemes.

#### Appendices:

- i. Report to the LCR CA from the Lead Officer for transport including the Major Business Scheme Assessment for each scheme:
- A – LCR Major Schemes Full Business Case Assessment – M58 J1 Improvements Scheme (including appendices 1 and 2 outline and full business case assessments)
- B - LCR Major Schemes Full Business Case Assessment – A570 Linkway Improvements (including appendices 1 and 2 outline and full business case assessments)

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## LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Chair and Members of the Combined Authority

Meeting: 17 June 2016

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

### REPORT OF THE LEAD OFFICER: TRANSPORT

#### LIVERPOOL CITY REGION GROWTH DEAL SCHEMES

#### 1. PURPOSE OF REPORT

The purpose of this report is to update the Combined Authority on the progress of developing the shortlisted Liverpool City Region (LCR) Transport Schemes and to request approval of the Full Business Case for the M58 Junction 1 Improvements (M58 J1) major scheme to commence delivery in the financial year 2016/17.

#### 2. RECOMMENDATIONS

It is recommended that the Combined Authority:

- (a) Approve the Full Business Case for the M58 Junction 1 Improvement scheme.

#### 3. BACKGROUND

- 3.1 Merseytravel, on behalf of the LCR, is managing a programme of developing major schemes to take advantage of investment through the Local Growth Fund (LGF). These 14 schemes form a prioritised list of the City Region's investment priorities for transport using an agreed shortlisted process set out in the city region Transport Assurance Framework.
- 3.2 Authorities across the City Region have continued the development of 14 Full Business Cases which address the most urgent transport and highway issues in the LCR. These are:-

Scheme Sponsor	Scheme Name	LGF Value (£m)	Status
Knowsley MBC	Access and Connectivity Improvements to Knowsley Industrial Park	£5.6m	Approved by the Combined Authority January 2015

<b>Scheme Sponsor</b>	<b>Scheme Name</b>	<b>LGF Value (£m)</b>	<b>Status</b>
Knowsley MBC	A5300 Knowsley Expressway	£4.0m	Approved by the Combined Authority January 2015
Merseytravel	Newton-le-Willows Interchange	£14.4m	Approved by the Combined Authority January 2015
Merseytravel	Halton Curve	£10.4m*	Approved by the Combined Authority April 2016
Merseytravel	Maghull North	£6.2m	Full Business Case under development
Liverpool City Council	A565 North Liverpool Key Corridors	£13.3m	Approved by the Combined Authority March 2016
Liverpool City Council	City Centre Strand Corridor	£5.4m	Following discussions with DfT this scheme has been combined with the DfT retained City Centre Connectivity scheme as the two are linked. See below
Liverpool City Council	City Centre Connectivity	£33.0m	Scheme is a retained scheme and will be appraised by DfT. Approval will be sought from the CA following/in line with DfT timescales during 2016
Halton	Silver Jubilee Bridge Maintenance	£3.6m	Approved by the Combined Authority December 2015
St Helens MBC	A570 Linkway	£3.6m	Full Business Case under development
St Helens MBC	Windle Island	£3.8m	Approved by the Combined Authority December 2015
Sefton MBC	M58 Junction Improvements	£5.5m	Will be considered by the Combined Authority – June 2016
Wirral MBC	Wirral Dock Bridges	£6.7m	Funding secured from DfT Highways Maintenance Challenge Fund and was formally withdrawn from this process in October 2015
Merseytravel	Sustainable Transport Enhancement Package (STEP)	£41.4m	Approved by the Combined Authority April 2015

*\*The Combined Authority approved an additional LGF contribution of £5.7m towards Halton Curve on 15 April 2016*

3.3 A further Full Business Case has been submitted and is therefore seeking full approval from the Combined Authority. This is the Major Scheme Business Case for M58 Junction 1 Improvements.

#### **4. 2016/17 GROWTH DEAL SCHEMES FOR APPROVAL**

4.1 There are currently seven large transport schemes that have been identified to commence delivery during 2016/17. These are:-

- (a) Halton Curve, Merseytravel
- (b) Maghull North, Merseytravel
- (c) Silver Jubilee Bridge Maintenance, Halton Council
- (d) A565 North Liverpool Key Corridors, Liverpool City Council
- (e) Windle Island, St Helens
- (f) A570 Corridor, St Helens
- (g) M58 J1 Improvements, Sefton

4.2 Of the seven schemes, four schemes have been approved by the Combined Authority, two are currently preparing final business cases and one scheme has submitted a final business case for consideration by the Combined Authority – M58 Junction 1 Improvement scheme.

4.3 The Full Business Case for M58 J1 has been submitted and has been assessed by the Transport Advisory Group’s (TAG) independent advisory consultant, Watermans.

4.4 The Full Business Case accords with the Department for Transport (DfT) appraisal guidelines. The Benefit Cost Ratio (BCR) for the scheme is set out below:

Scheme	Assessment	BCR
M58 J1 Improvements Scheme	Very High value for money	9.39

4.5 In addition, as part of the detailed scheme approval process, the Combined Authority requires scheme promoters to submit evaluation and monitoring statements **and the requirement to monitor and evaluate schemes will be a funding condition.** The monitoring and evaluation strategy submitted as part of the business case must follow current DfT guidance. As part of its evaluation exercise, the TAG will ensure, aided by Watermans that monitoring and evaluation proposals are fit for purpose and accord with DfT guidance and this will form part of the recommendations to the Combined Authority.

4.6 The detailed feedback from the assessment from Watermans of the M58 J1 business case is set out in Appendix A but in summary, the business case is well presented, and conforms to WebTAG criteria and has a high value for money.

4.7 Based on the assessment of the Full Business Cases by Watermans, the Transport Advisory Group is recommending that the Combined Authority approve the Full Business Case for M58 J1 Improvements.

## 5. RESOURCE IMPLICATIONS

### 5.1 Financial

5.1.1 The tables below set out the base cost funding profile for M58 J1 Improvements, identifying the level of funding being sought and the levels of match funding contributions from the promoting authorities.

5.1.2 It is also confirmed that the funding contributions are in place and a signed Value for Money Statement from the District's respective Section 151 Officer has been included in the Full Business Case for the scheme. This is a core criterion in any funding decisions being considered by the Combined Authority. The Value for Money statement has been validated by Watermans and the TAG is satisfied that the scheme offers very high value for money to the City Region, based on the BCR.

#### 5.1.3 M58 Junction 1 Improvements

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>Total</b>
LGF funding required	0	£613,803	£2,166,655	£2,719,542	£5,500,000
Local contribution	£4,025	£128,300	£467,092	£586,284	£1,185,701
<b>Annual Totals</b>	<b>£4,025</b>	<b>£742,103</b>	<b>£2,633,747</b>	<b>£3,305,826</b>	<b>£6,685,701</b>

### 5.2 Human Resources

None directly.

### 5.3 Physical Assets

None directly

### 5.4 Information Technology

None directly.

## 6. RISKS AND MITIGATION

There is a risk that without the approval of the Major Scheme Business Case for the M58 J1 Improvements scheme, the promoting authority will not be in a position to commence delivery of the scheme during 2016/17 and therefore there may be a consequent reputational risk to the city region's ability to deliver large transport schemes.

## 7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1 As part of developing a Full Business Case, scheme promoters must give due consideration to the equality and diversity implications of their scheme and what mitigation measures, if any, will be required to ensure that the implementation of the

scheme does not have any negative implications on those who have protected characteristics.

7.2 No concerns were raised in the assessment of this Full Business Case.

## **8. COMMUNICATION ISSUES**

8.1 A detailed technical report into the Independent Assessment of the business cases undertaken by Watermans on behalf of the Combined Authority has been discussed in the Transport Advisory Group; therefore, all directly involved Liverpool City Region partners have been involved in agreeing the recommendations put forward.

8.2 Once a decision is reached by the Combined Authority all business cases are published on the Merseytravel website in accordance with the Transport Assurance Framework.

8.3 A communications Plan and protocol for the Local Growth Fund (LGF) Transport Schemes has been developed by the LEP with support from Merseytravel, the districts and BIS to ensure that the City Region maximises profile for the schemes

## **9. CONCLUSION**

Based on the advice of the Independent Assessor (Watermans), the Transport Advisory Group (TAG) recommends to the Combined Authority the approval of the Major Scheme Business Case for M58 J1 Improvements Scheme to enable the scheme promoter to draw down Local Growth Fund (LGF) to commence delivery of schemes to support the ambitions of the Liverpool City Region.

FRANK ROGERS  
Lead Officer Transport

Contact Officer(s):

John Smith, Merseytravel, 0151 330 1307

Liz Carridge, Merseytravel 0151 330 1151

Appendices:

Appendix A – Major Scheme Business Case Assessment

Background Documents:

None

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## **Appendix A - Liverpool City Region Major Schemes Full Business Case Assessment**

### **M58 J1 Improvements Scheme**

#### **Introduction**

The purpose of this report is to present to the Transport Advisory Group (TAG) the findings of the Major Scheme Business Case assessments carried out for the Outline Business Cases and Full Business Cases by Waterman's for the M58 J1 Improvements (M58 J1) major scheme.

This report further set out recommendations, based on the formal assessment for TAG to consider before making any final recommendations to the Combined Authority (CA).

#### **Background**

##### Headline Description

The M58 Junction 1 improvement scheme seeks to improve traffic conditions by improving access to the strategic road network, reducing congestion and improving reliability of travel time. Currently Junction 1 only has two slip roads on the east side of the roundabout that only allows limited traffic movements. There are many disadvantages of not allowing 'all movements' at a motorway junction which is very close to vibrant communities and a thriving future economy. Limited movements can not only cause additional travel costs to the road users but can also inhibit economic growth.

A thriving economy can prosper on a strong and robust transport infrastructure that establishes the crucial connection between the local economy and the wider global market. It is therefore fundamental to recognise why the proposed Junction 1 improvement scheme is important to the wider community and in turn how it can contribute towards the local, sub-regional and national economic prosperity.

Traffic movements on and around M58 Junction 1 will increase due to proposed residential and commercial developments in Maghull and Knowsley. The Sub-regional significance of this improvement has been prioritised due to the ongoing Liverpool SUPERPORT programme, which is a high profile project to develop a major freight hub in six of the local authorities within Liverpool City Region (LCR), including Sefton.

##### The Scheme

Currently, Junction 1 of the M58, only has two east-facing slip roads and can thus only allow limited traffic movements. The proposed junction improvement scheme seeks to address a number of current issues at this location, such as peak time congestion on the local road network through Maghull and improve network resilience by offering better route choice for existing road users improving access to the motorway network.

Located towards the western end of the M58, Junction 1 forms an important ‘north – south’ route between Maghull and Knowsley and is a vital link for both residential and key employment / industrial sites for the South Sefton / North Liverpool area. An improved M58 Junction 1, with the addition of ‘west facing slip roads’ will deliver a number of key benefits including:

- Improved route choice;
- Improved congestion relief for Maghull Town Centre;
- Improved Journey Time Reliability and
- Provide a junction that is equipped to deal with future demand pressures, such as proposed housing development sites to the west of the current junction.

Strategically the proposed scheme will play an important role in allowing the economic growth in the South Sefton / North Liverpool / LCR area. The LCR has ambitious plans for growth over the next 15 years and aims to create between 95,000 to 130,000 jobs. This growth is expected to be focused on four key sectors: the low carbon economy, the visitor economy, the knowledge economy and the SuperPort. As part of the LCR strategy there is already significant investment at sites close to the proposed M58 Junction 1 improvement scheme such as Liverpool2, part of the Liverpool SuperPort.

The success of the LCR strategy, in part, relies on the ability to quickly and easily transport people and goods as efficiently as possible. There is a need to relieve current congestion points and to ‘future proof’ the existing network. Improved access to and from the M58 will be crucial to ensure that the increased economic activity and growth within the LCR is achieved.

Table 1: M58 J1 Improvements Scheme Costs

	2015/16	2016/17	2017/18	2018/19	Total
Major scheme funding required	0	£613,803	£2,166,655	£2,719,542	£5,500,000
Local contribution	£4,025	£128,300	£467,092	£586,284	£1,185,701
<b>Annual Totals</b>	<b>£4,025</b>	<b>£742,103</b>	<b>£2,633,747</b>	<b>£3,305,826</b>	<b>£6,685,701</b>

### **Business Case Assessment – Summary Headlines**

Set out below is a summary of the key headlines from the assessment of the Outline Business Case (OBC) and Full Business Case (FBC) for the NLKC scheme. A more detailed breakdown of identified issues for the OBC’s is set out in Appendix 1 and the detailed assessment of the FBC’s is set out in Appendix 2.

In assessing business cases, Waterman’s are required to consider the following:

- Business Cases accord with DfT requirements and are therefore webTAG compliant;
- Business Cases are proportionate to the size of the scheme; and

- Business Cases are sufficiently robust and offer the best value for money to help meet the ambitions of the CA.

### Outline Business Case

Following submission of the Options Appraisal Report, the OBC focusses on a detailed assessment of the options presented to find the best solution. Full economic and financial appraisals take place during the OBC (building up the economic and financial cases), a preferred option is selected and where relevant, preparations are made for the potential contract through the development of the commercial case. The arrangements required to ensure successful delivery of the scheme are set out in the management case. In summary, the OBC is used to:

- Align the progress of the project towards achieving city region objectives;
- Confirm the strategic fit and the case for change;
- Set out a detailed assessment of the options to find the preferred solution;
- Refine the investment/intervention proposal; and
- Provide details of the schemes overall balance of benefits and costs against objectives.

The assessment of the OBC by Waterman's did highlight some issues with the Commercial case. However, these issues were resolved following discussion between Waterman's and the scheme promoters which will be fully reflected at the Full Business Case stage. Appendix 1 highlights those areas that required further information to be addressed during the development of the Full Business Case.

### Full Business Case

Using the feedback from the assessment of the OBC, scheme promoters are required to complete a FBC for each of their schemes. The FBC's will be assessed by Waterman's and TAG will consider each FBC assessment and make recommendations to the Combined Authority as to whether business cases should be approved and a scheme therefore proceeds to implementation. The FBC should:

- Provide details of the schemes overall balance of benefits and costs against objectives and set out plans for monitoring and evaluating these benefits when required;
- Confirm the strategic fit and the case for change;
- Provide the business and financial rationale for the scheme;
- Detail the proposed contract management resourcing, processes and benefits realisation plans;
- Show how the return would justify the overall investment of time and money; and
- Continue to be used to align the progress of the scheme towards achieving Combined Authority objectives.

The detailed feedback from the assessment by Waterman's of the FBC is set out in Appendix 2. **The BCR for the scheme shows that the M58 J1 scheme offers very high value for money with a BCR of 9.39.**

There are no major deficiencies with the FBC. This has been shared with the scheme promoter.

	Topic	Commentary	What is included in Full Business Case	Justification
Strategic Case	No issues identified			
Economic Case	No issues identified			
Financial Case	No issues identified			
Commercial Case	No issues identified			
Management Case	No issues identified			

## Conclusions

Following the assessment of the FBC, it is the view of the appointed independent assessor, that the business cases for M58 J1 is generally well laid out, easy to review and in line with the requirements of WebTAG and offers very high value for money to the LCR. Waterman's consider therefore that the scheme can be recommended by TAG to the CA for approval.

## **Appendix 1 - Outline Business Case Assessment**

Any issues identified in the assessment of the Outline Business Case for M58 J1 to be addressed in the Full Business Case are summarised below.

### **The Strategic Case**

<b>Element</b>	<b>Commentary</b>
Business Strategy	Strategic aims and responsibilities have been identified in the OBC.
Problem Identification	Evidence of existing problems is provided and links to how the scheme will address the existing issues is provided.  Future trends have been discussed and justification of how the scheme will help overcome any future problems provided.
Impact of not changing	The consequences of failure to progress the M58 Junction 1 scheme have been clearly identified
Objectives	The objective is clearly identified and links to relevant policies provided. Achieving efficient surface access and improved connectivity to, from and between the town centres, and other existing & future development areas and wider strategic road network is the definition of success for objective 1.  The objective is clearly identified and links to relevant policies provided. Measure for success for this objective is defined as reducing travel time for both commuters and business travels.  Objective 3 is clearly defined and links to relevant policies are provided. A measure of success is defined as 'providing quicker route and eliminate conflict with the local traffic'  A 4th objective is clearly defined and links to relevant policies are evidenced. 'Reducing congestion and providing better alternative routes' will be a measure of success for objective 4.
Measures for Success	Definition of success is provided however success hasn't been fully broken down into outputs and wider impacts.
Scope	The Scope of the Project section within the Strategic Case is brief. Details are provided
Constraints	Information is provided regarding physical land constraints and how to manage these constraints. There are no archaeological features have been identified as part of the initial environmental and habitat survey, further habitat surveys will be undertaken as part of the scheme assessment. No technological or managerial constraints are identified.

<b>Element</b>	<b>Commentary</b>
Interdependencies	The scheme is seen as an important element of the future plans for Maghull, providing much improved transport links to the Motorway network. The scheme is seen as complimentary, but not dependent upon, the new Maghull North station and the development sites identified in the Local Plan.
Stakeholders	Consultation events to date are outlined however details regarding the outcomes, attitudes and level of support of stakeholders are missing.
Options/Scenarios	<p>Details of potential solutions and options are provided however details of the 'sifting' process are lacking.</p> <p>Four options are provided for the main slip road and three options are provided for Giddygate Lane within the OBC.</p>

### The Economic Case

<b>Element</b>	<b>Commentary</b>
Introduction	An overview of the economic case has been provided.
Options Appraised	Appendix B Optioneering Report includes details of the options appraised.
Assumptions	Traffic modelling appraisal period, modelled years, traffic growth and annualisation factors are included and reliable compared with the relevant guidelines.
Sensitivity and Risk profile	Section 5.5 of the OBC document provides details of the Quantified Risk Assessment (QRA) & the full assessment is included in Appendix G.
Appraisal Summary Table	<p>Relevant economic impacts have been assessed as indicated in the completed in the Appraisal Summary Table included in Appendix E to the OBC and demonstrate a high VfM.</p> <p>The OBC includes detailed assessments for environmental impacts. The scheme will have a positive impact on greenhouse gas emissions, neutral impact upon noise, air quality, landscape, townscape and historic resources and a slight adverse impact upon biodiversity and the water environment.</p> <p>Within the OBC it is stated that the scheme will have the greatest beneficial impact on travel impact &amp; reliability for commuter and other users, journey quality, accidents, access to services and affordability.</p>

<b>Element</b>	<b>Commentary</b>
	The Cost to Broad Transport Budget is calculated to be £5.89m and the Indirect Tax Revenues cost calculated to be £2.4m.
Value for Money Statement	The modified BCR represents Very High Value for Money according to DfT criteria.

### The Financial Case

<b>Element</b>	<b>Commentary</b>
Introduction	OBC sets out methodology and assumptions underlying the Financial Case
Costs	<p>Base costs are set out in the OBC except for supervision and testing and maintenance costs.</p> <p>All risks have a low probability following mitigation; however the impact if the risk were to happen would still be high.</p> <p>Optimism bias correctly calculated for stage of Scheme. An Optimism Bias of 44% has been applied to all the costs to comply with DfT guidelines.</p>
Budgets/ Funding Cover	<p>Funding is split between LCR Growth Fund and Sefton Council from its Capital programme. Costs per year are identified.</p> <p>Reference is made to the potential for developer contributions but that these would be after scheme completion date. The OBC states that no alternative funding arrangements have been identified. Without Liverpool City Region Growth Funding the scheme will not be progressed.</p> <p>Letter from Section 151 Officer for Sefton Council included in Appendix I.</p>

### The Commercial Case

<b>Element</b>	<b>Commentary</b>
Introduction	Introduction to the commercial case is missing.
Output based specification	Outputs and outcomes specified.
Procurement Strategy	The strategy was agreed with the Highways Agency as the project involves works to the Motorway Network this is

<b>Element</b>	<b>Commentary</b>
	consistent with Sefton Council's own Contract Procedure Rules. Alternative procurement routes are discussed and discounted.
Sourcing Options	Sourcing options are demonstrated and justified.
Payment Mechanisms	The OBC states payment mechanisms and incentives cannot be specified at this point and will be identified and confirmed at the Full Business Case stage.
Pricing framework and charging mechanisms	The OBC states this information cannot be specified at this stage and will be identified and confirmed at the Full Business Case stage.
Risk allocation and transfer	Clear information on risk allocation and transfer provided.
Contract length	Some likely details of contract are outlined in the OBC Commercial Case. However details of the key contractual clauses are lacking.
Contract management	Contract management methodology and resources outlined in OBC with the exception of roll-out/closure support details.

### The Management Case

<b>Element</b>	<b>Commentary</b>
Introduction	The Management Case introduction is included.
Evidence of similar projects	A wide range of example projects are provided and links to the current project.
Programme/Project dependencies	The OBC states that the scheme is seen as complimentary, but not dependent upon, the new Maghull North station and the development sites identified in the Local Plan.
Governance, organisational and structural roles	LCR Strategic Governance together with Roles & Responsibilities of each part of the organisation is fully covered. Details of LA governance structure, roles & responsibilities are included.
Programme/project plan	Scheme delivery programme included in Appendix J critical path is included.
Assurance and approvals plan	Assurance Plan and Review process outlined but not detailed in some areas including competence of the review team.

<b>Element</b>	<b>Commentary</b>
Communications and stakeholder management	<p>Stakeholder support identified, however some detail lacking on consultation that has been undertaken to date.</p> <p>The OBC provides details of the Stakeholder Communication Strategy which identifies a number of key groups, both internal and external to Sefton Council and its partners that will be consulted on a regular basis.</p>
Programme/project reporting	The Council's Communication team will lead on the delivery of the Strategy, reporting to the Project Board and working closely with the Council's Project Manager.
Risk management strategy	Details of the Risk Management Strategy are provided.
Benefits realisation plan	Benefits realisation plan is fully outlined within Table 7.5 Overall responsibility falls to the Sefton Council, who will be responsible for ensuring benefits realisation, including monitoring and evaluation of scheme benefits, is on track.
Monitoring and Evaluation	<p>Monitoring and evaluation methodology described &amp; consistent with the OBC.</p> <p>Monitoring &amp; evaluation will include: traffic surveys and route user surveys on the A59, Switch Island and other key routes, accident monitoring &amp; monitoring the programme of development on key employment and residential sites. No details of costs are provided.</p>
Options	A summary of the overall approach for project management is included.

## **Appendix 2 - Full Business Case Assessment**

### **Strategic Case**

<b>Element</b>	<b>Commentary</b>
Business strategy	Strategic aims and responsibilities have been identified in the FBC.
Problem identification	Evidence of existing problems is provided and links to how the scheme will address the existing issues is provided.
	Future trends have been discussed and justification of how the scheme will help overcome any future problems provided.
Impact of not changing	The consequences of failure to progress the M58 Junction 1 scheme have been clearly identified.
Scheme objectives	The objective is clearly identified and links to relevant policies provided. Achieving efficient surface access and improved connectivity to, from and between the town centres, and other existing & future development areas and wider strategic road network is the definition of success for objective 1.
	The objective is clearly identified and links to relevant policies provided. Measure for success for this objective is defined as reducing travel time for both commuters and business travels.
	Objective 3 is clearly defined and links to relevant policies are provided. A measure of success is defined as 'providing quicker route and eliminate conflict with the local traffic'.
Measures for success	Definition of success is provided and the Benefits Realisation Plan, included in Appendix N provides an overview of the benefits expected to be delivered through the scheme, how and when they will be realised, how they will be monitored and reported on and who has responsibility for them. It is closely linked with the Monitoring and Evaluation proposals, in Appendix O, which describe the information that will be collected (scheme objectives and outcomes).
Scope	The Scope of the Project section within the Strategic Case of the OBC has been updated from the OBC to include what is out of scope.
Constraints	Information is provided regarding physical land constraints and how to manage these constraints. There are no archaeological features have been identified as part of the initial environmental and habitat survey, further habitat surveys will be undertaken as part of the scheme assessment. No technological or managerial constraints are identified.

Interdependencies	The scheme is seen as an important element of the future plans for Maghull, providing much improved transport links to the Motorway network. The scheme is seen as complimentary, but not dependent upon, the new Maghull North station and the development sites identified in the Local Plan.
Stakeholders	Consultation events to date are outlined and details regarding the outcomes, attitudes and level of support of stakeholders are included.
	Methods for future consultation are provided in detail within the Strategic Case & Appendix D. Reference to the Management Case is provided within the Strategic Case.
Options/scenarios	Details of potential solutions and options are provided however details of the 'sifting' process are lacking.
	Four options are provided for the main slip road and three options are provided for Giddygate Lane within the FBC.

### Economic Case

<b>Element</b>	<b>Commentary</b>
Introduction	No new information required.
Options appraised	Appendix B Optioneering Report includes details of the options appraised.
Assumptions	Traffic modelling appraisal period, modelled years, traffic growth and annualisation factors are included and reliable compared with the relevant guidelines.
Sensitivity and risk profile	Section 5.5 of the OBC document provides details of the Quantified Risk Assessment (QRA) & the full assessment is included in Appendix G.
Appraisal summary table	<p>Relevant economic impacts have been assessed as indicated in the completed Appraisal Summary Table included in Appendix F to the OBC and demonstrate a high VfM.</p> <p>The AST Table has been updated since the OBC. The scheme will have a positive impact on noise, air quality, greenhouse gases, neutral impact on landscape and townscape and historic environment and a slight adverse impact upon biodiversity and the water environment.</p>

	<p>Within the FBC it is stated that the scheme will have the greatest beneficial impact on travel impact &amp; reliability for commuter and other users, journey quality, accidents, access to services and affordability.</p> <p>The Cost to Broad Transport Budget is calculated to be £5.89m and the Indirect Tax Revenues cost calculated to be £2.4m.</p>
Value for Money statement	The modified BCR represents Very High Value for Money according to DfT criteria. BCR remain the same as in the OBC.

### Financial Case

<b>Element</b>	<b>Commentary</b>
Introduction	FBC sets out methodology and assumptions underlying the Financial Case.
Scheme costs	<p>Base costs are set out in the FBC except for breakdown of supervision and testing and maintenance costs. Fees associated with CPO and Orders were included in the OBC however these have been removed in the FBC. Capital maintenance costs are only referred to in relation to need for agreement with HE and Sefton to take responsibility for non-HE costs.</p> <p>An extensive QRA has been provided as part of the FBC.</p> <p>Optimism bias correctly calculated for stage of Scheme. An Optimism Bias of 15% has been applied to all the costs to comply with DfT guidelines.</p>
Budgets/ funding cover	<p>Funding is split between LCR Growth Fund and Sefton Council from its Capital programme. Costs per year are identified.</p> <p>Reference is made to the potential for developer contributions but that these would be after scheme completion date. The FBC states that no alternative funding arrangements have been identified. Without Liverpool City Region Growth Funding the scheme will not be progressed.</p> <p>Letter from Section 151 Officer for Sefton Council included in Appendix I.</p>

## Commercial Case

<b>Element</b>	<b>Commentary</b>
Introduction	Additional information has been provided including details of contracts, KPI & securing of land and any necessary permissions.
Output based specification	Outputs and outcomes specified. No mention of any updates
Procurement strategy	The strategy was agreed with the Highways Agency as the project involves works to the Motorway Network this is consistent with Sefton Council's own Contract Procedure Rules. Alternative procurement routes are discussed and discounted.
Sourcing options	Sourcing options are demonstrated and justified.
Payment mechanisms	Payment mechanisms and incentives have been identified and confirmed within the FBC.
Pricing framework and charging mechanisms	Information on pricing framework provided.
Risk allocation and transfer	Clear information on risk allocation and transfer provided.
Contract length	Details of the likely contract are outlined in the FBC Commercial Case including details of key contractual clauses.
Contract management	Contract management methodology and resources outlined in FBC with the exception of roll-out/closure support details

## Management Case

<b>Element</b>	<b>Commentary</b>
Introduction	The Management Case introduction is included.
Evidence of similar projects	A wide range of example projects are provided and links to the current project.
Programme/ project dependencies	The OBC states that the scheme is seen as complimentary, but not dependent upon, the new Maghull North station and the development sites identified in the Local Plan.

Governance, organisational and structural roles	LCR Strategic Governance together with Roles & Responsibilities of each part of the organisation is fully covered.
	Details of LA governance structure, roles & responsibilities are included.
Programme/ project plan	Scheme delivery programme included in Appendix J critical path is included.
Assurance and approvals plan	Assurance Plan and Review process outlined but not detailed in some areas including competence of the review team. No additional information provided in the FBC.
Communications and stakeholder management	Stakeholder support identified, additional information on consultation that has been undertaken to date has been provided within the FBC.
	The FBC provides details of the Stakeholder Communication Strategy which identifies a number of key groups, both internal and external to Sefton Council and its partners that will be consulted on a regular basis.
Programme/ project reporting	The Council's Communication team will lead on the delivery of the Strategy, reporting to the Project Board and working closely with the Council's Project Manager.
Key issues for implementation	Delivery and implementation issues identified.
Contract management	Delivery and implementation issues identified.
Risk management strategy	Details of the Risk Management Strategy are provided, however no additional information provided in the FBC on risk reporting.
Benefits realisation plan	Overall responsibility falls to the Sefton Council, who will be responsible for ensuring benefits realisation, including monitoring and evaluation of scheme benefits, is on track. The Benefits Realisation Plan, including the logic map, is provided as Appendix N and summarised in Table 7.5.
Monitoring and evaluation	Monitoring and evaluation methodology described & consistent with other elements of the FBC.
	Additional details of monitoring & evaluation are included in the Monitoring & Evaluation Plan contained within Appendix O.
Options	A summary of the overall approach for project management is included.

## **Appendix B - Liverpool City Region Major Schemes Full Business Case Assessment**

### **A570 Linkway Improvements**

#### **Introduction**

The purpose of this report is to present to the Transport Advisory Group (TAG) the findings of the Major Scheme Business Case assessments carried out for the Outline Business Cases and Full Business Cases by Waterman's for the A570 Linkway Improvements (A570)) major scheme.

This report further set out recommendations, based on the formal assessment for TAG to consider before making any final recommendations to the Combined Authority (CA).

#### **Background**

##### Headline Description

The A570 Linkway Improvements scheme is a £5.5m project to improve capacity, reduce congestion and address safety issues along the A570 Linkway in St. Helens. The scheme consists of junction improvements to Sherdley Roundabout and Sutton Hall Roundabout, and safety enhancements to the School Lane crossing.

Linking St. Helens town centre to the M62, the A570 Linkway forms a vital link in St. Helens, providing:

- Key north-south movements within St. Helens;
- Strategic access to the A580/M58;
- A vital link for routes accessing key growth sites such as Knowsley Business Park, Haydock Industrial Park and the proposed Parkside Rail Freight Interchange;
- Access to key employment locations such as Liverpool City Centre, Warrington, Wigan, Widnes, Runcorn and Manchester; and
- A direct link to St. Helens town centre, a key leisure and employment site.

##### The Scheme

The scheme will deliver a number of benefits to St. Helens and the wider Liverpool City Region. At an operational level, the scheme will deliver a number of benefits including:

- A reduction in congestion on the corridor;
- Improved journey time reliability;
- A reduction in pedestrian and cyclist accidents;
- Improved condition of the carriageway; and
- Improved functionality of the road as an expressway.

At a strategic level, the scheme will support the regeneration of St. Helens town centre, facilitate an increase in new economic and employment opportunities and support the growth of the Liverpool City Region visitor economy.

Table 1: A570 Linkway Improvements Scheme Costs

	2016/17	2017/18	Total
Major scheme funding required	£494,972	£4,454,748	£4,949,720
Local contribution	£54,997	£494,972	£549,969
<b>Annual Totals</b>	<b>£549,969</b>	<b>£4,949,720</b>	<b>£5,499,690</b>

### **Business Case Assessment – Summary Headlines**

Set out below is a summary of the key headlines from the assessment of the Outline Business Case (OBC) and Full Business Case (FBC) for the A570 scheme. A more detailed breakdown of identified issues for the OBC's is set out in Appendix 1 and the detailed assessment of the FBC's is set out in Appendix 2.

In assessing business cases, Waterman's are required to consider the following:

- Business Cases accord with DfT requirements and are therefore webTAG compliant;
- Business Cases are proportionate to the size of the scheme; and
- Business Cases are sufficiently robust and offer the best value for money to help meet the ambitions of the CA.

### Outline Business Case

Following submission of the Options Appraisal Report, the OBC focusses on a detailed assessment of the options presented to find the best solution. Full economic and financial appraisals take place during the OBC (building up the economic and financial cases), a preferred option is selected and where relevant, preparations are made for the potential contract through the development of the commercial case. The arrangements required to ensure successful delivery of the scheme are set out in the management case. In summary, the OBC is used to:

- Align the progress of the project towards achieving city region objectives;
- Confirm the strategic fit and the case for change;
- Set out a detailed assessment of the options to find the preferred solution;
- Refine the investment/intervention proposal; and
- Provide details of the schemes overall balance of benefits and costs against objectives.

The assessment of the OBC by Waterman's did highlight some issues with the Commercial case. However, these issues were resolved following discussion between Waterman's and the scheme promoters which will be fully reflected at the Full Business Case stage. Appendix 1 highlights those areas that required further information to be addressed during the development of the Full Business Case.

## Full Business Case

Using the feedback from the assessment of the OBC, scheme promoters are required to complete a FBC for each of their schemes. The FBC's will be assessed by Waterman's and TAG will consider each FBC assessment and make recommendations to the Combined Authority as to whether business cases should be approved and a scheme therefore proceeds to implementation. The FBC should:

- Provide details of the schemes overall balance of benefits and costs against objectives and set out plans for monitoring and evaluating these benefits when required;
- Confirm the strategic fit and the case for change;
- Provide the business and financial rationale for the scheme;
- Detail the proposed contract management resourcing, processes and benefits realisation plans;
- Show how the return would justify the overall investment of time and money; and
- Continue to be used to align the progress of the scheme towards achieving Combined Authority objectives.

The detailed feedback from the assessment by Waterman's of the FBC is set out in Appendix 2. **The BCR for the scheme shows that the A570 scheme offers high value for money with a BCR of 2.96.**

There are no major deficiencies with the FBC. This has been shared with the scheme promoter.

	Topic	Commentary	What is included in Full Business Case	Justification
Strategic Case				
Economic Case				
Financial Case				
Commercial Case				
Management Case				

## **Conclusions**

Following the assessment of the FBC, It is the view of the appointed independent assessor, that the business cases for A570 is a well written, robust business case, generally well laid out, easy to review and in line with the requirements of WebTAG and offers high value for money to the LCR. Waterman's consider therefore that the scheme can be recommended by TAG to the CA for approval.

## Appendix 1 - Outline Business Case Assessment

Any issues identified in the assessment of the Outline Business Case for A570 to be addressed in the Full Business Case are summarised below.

### The Strategic Case

Element	Commentary
Business Strategy	Strategic aims and responsibilities have been identified in the OBC
Problem Identification	Lack of analysis in relation to behaviour and attitudes of the population. Existing problems and transport-related issues have been discussed and justification of how the scheme will help overcome the problems provided.
Impact of not changing	The consequences of failure to progress the scheme scheme have been clearly identified.
Objectives	The objectives are clearly identified and with measurable definitions of success.
Measures for Success	Linkages between identified problems, outputs, outcomes, wider impacts and measures of success clearly set out.
Scope	Scope of scheme and relevant parameters clearly identified with the exception of what is outside of the scope, which is evidenced by what is within the scope.
Constraints	Scheme constraints have been discussed and evidenced in detail
Interdependencies	Identified that there are no interdependencies with other schemes
Stakeholders	Consultation to date limited but shows support for scheme
Options/Scenarios	Lack of detail on sifting and EAST

### The Economic Case

Element	Commentary
Introduction	Introduction has been updated outlining the work carried out in developing the Economic Case for the scheme.
Options Appraised	Economic Appraisal Report contains details of the options considered.
Assumptions	Traffic modelling assumptions are reliable and consistent with the LCRTM (Liverpool City Region Transport Model).
Sensitivity and Risk profile	Section 4.5 of the OBC document provides details of the Quantified Risk Assessment (QRA)
Appraisal Summary Table	Relevant economic impacts have been assessed as indicated in Appendix C (Economic Appraisal Report) and the completed

Element	Commentary
	Transport Economic Efficiency (TEE) table included in Appendix E to the OBC and demonstrate a high VfM. The OBC includes detailed assessments for noise, air quality, landscape, townscape, historic resources or biodiversity. It is stated that the scheme will have the greatest beneficial impact on severance, accidents, and journey quality. However accident evidence is limited than that for other sections . Optimism bias of 15% applied and small increase in indirect tax benefits
Value for Money Statement	Both the Initial BCR and Modified BCR represent Very High Value for Money.

### The Financial Case

Element	Commentary
Introduction	OBC sets out methodology and assumptions underlying the Financial Case
Costs	Base costs are set out except for maintenance costs. Optimism bias correctly calculated for stage of Scheme.
Budgets/ Funding Cover	No alternative funding sources identified. Letter from Section 151 Officer for St Helens Council included in Appendix L .

### The Commercial Case

Element	Commentary
Introduction	Introduction to Commercial Case included
Output based specification	outputs and outcomes specified and to be confirmed in Jan 2016
Procurement Strategy	Procurement strategy is based on the ECI route under a JCT form of contract. Alternative procurement routes are discussed and discounted.
Sourcing Options	Although procurement of services has been identified as a one of the 3 key risks (i.e. Procurement of services may not be successful or may be delayed or challenged.) sourcing options for the provision of services are not outlined in the OBC.
Payment Mechanisms	Payment and performance mechanisms outlined
Pricing framework and charging mechanisms	incentives deductions and targets clearly outlined
Risk allocation and transfer	Risk allocation for three main risks is briefly outlined .
Contract length	Contract length & key contractual clauses are outlined.
Contract	Contract management methodology and resources outlined but

Element	Commentary
management	some detail lacking in relation to need for additional support.

### The Management Case

Element	Commentary
Introduction	The Management Case introduction is included.
Evidence of similar projects	Projects listed however links to the current project could be more clearly demonstrated.
Programme/Project dependencies	The project is not dependent on or expected to impact upon any external projects.
Governance, organisational and structural roles	LCR Strategic Transport Governance together with Roles & Responsibilities are fully covered. St. Helens MBC Governance together with Roles & Responsibilities are fully covered together with nominated members of the Project Board.
Programme/project plan	Scheme delivery programme included in Appendix M - no critical path included
Assurance and approvals plan	Assurance Plan and Review process outlined but not detailed, particularly in relation to goals.
Communications and stakeholder management	Limited consultation has been undertaken to date. OBC indicates consultation for the schemes will be progressed using the St.Helens Consultation Toolkit (included in Appendix R). Details of those to be consulted are provided however future consultation strategy and schedule need to be further defined. No details of consultation for general public.
Programme/project reporting	Elements of reporting arrangements described
Risk management strategy	Risk Management Strategy lacks some detail of risk allocation and risk reporting procedure.
Benefits realisation plan	Benefits realisation plan is fully outlined
Monitoring and Evaluation	Monitoring and evaluation methodology described fully Monitoring and evaluation data collection by St. Helens but no detailed cost information provided .
Options	Summary of the overall approach for project management is adequate.

## Appendix 2 - Full Business Case Assessment

### Strategic Case

Element	Commentary
Business strategy	Strategic aims and responsibilities have been identified in the OBC
Problem identification	Detailed analysis of existing population, travel, economic, social and environmental issues and trends
	Future trends and problems have been discussed and justification provided, in places, of how the scheme will help overcome the problems raised
Impact of not changing	The consequences of failure to progress with the scheme have been clearly identified.
Scheme objectives	The objectives are clearly identified and with measurable definitions of success.
Measures for success	Linkages between identified problems, outputs, outcomes, wider impacts and measures of success clearly set out.
Scope	Scope of scheme has been clearly identified.
Constraints	Physical and Environmental constraints have been considered and no constraints have been identified. Managerial constraints not discussed
Interdependencies	It has been identified that there are no interdependencies with other schemes
Stakeholders	The Interest of stakeholders included but lacks evidence on attitudes
	Stakeholder Management Strategy included within the Managerial Case
Options/scenarios	Lack of detail on sifting in relation to EAST
	All four option scenarios have been discussed

### Economic Case

Element	Commentary
Introduction	Introduction has been updated outlining the work carried out in developing the Economic Case for the scheme.
Options appraised	Economic Appraisal Report contains details of the options considered.
Assumptions	Traffic modelling assumptions are reliable and consistent with the LCRTM (Liverpool City Region Transport Model).
Sensitivity and risk profile	Quantified Risk Assessment (QRA) has been undertaken. Relevant economic impacts have been assessed and demonstrate benefit to users.
Appraisal summary table	An assessment has been included for greenhouse gases only, and forecasts a minor reduction in emissions The social impacts assessment indicates a reduction in journey time for commuting and a greater journey time reliability Scheme costs included with an Optimism Bias of 15% applied.

	There is a small increase in indirect tax revenues
Value for Money statement	Both the Initial BCR (2.47) and Modified BCR (2.96) represent High Value for Money.

### Financial Case

Element	Commentary
Introduction	FBC sets out methodology and assumptions underlying the Financial Case
Scheme costs	<ul style="list-style-type: none"> <li>• Base costs are set. Maintenance costs are discussed but have not been included in the total scheme cost estimate as they are negligible</li> <li>• Likelihood of the 3 identified risks occurring are medium to low. Potential cost impacts are classified as medium to high</li> <li>• Optimism bias of 15% has been applied</li> <li>• Scheme costs broken down by year and funding split between Local Growth Fund and St. Helens Council</li> </ul>
Budgets/ funding cover	<ul style="list-style-type: none"> <li>• Alternative funding arrangements discussed and discounted</li> <li>• Letter from Section 151 Officer for St Helens Council included in Appendix J.</li> </ul>

### Commercial Case

Element	Commentary
Introduction	Introduction to Commercial Case included
Output based specification	Outputs, Outcomes and Measures clearly set out
Procurement strategy	Procurement strategy detailed and alternative options have been discussed and discounted
Sourcing options	The rationale for selecting the preferred option has been outlined
Payment mechanisms	Payment and performance mechanisms outlined
Pricing framework and charging mechanisms	Incentives, deductions and targets clearly outlined
Risk allocation and transfer	Contract Risk Management clearly set out
Contract length	The contract will run for a period of 16 months, from Dec 2016 to March 2018, with relevant clauses noted
Contract management	Contract management methodology outlined. Additional support to be sought from an independent Quantity Surveyor

## Management Case

Element	Commentary
Introduction	The Management Case introduction is included.
Evidence of similar projects	All similar projects evidenced were delivered on time and within budget. Two schemes are directly linked to the A570
Programme/ project dependencies	The project can be delivered independently and is not dependent on or expected to impact upon any external projects
Governance, organisational and structural roles	LCR Strategic Transport Governance together with Roles & Responsibilities are fully covered.
	St. Helens MBC Governance together with Roles & Responsibilities are fully covered together with nominated members of the Project Board.
Programme/ project plan	Scheme delivery programme included in Appendix K
Assurance and approvals plan	Assurance Plan and review timeline set out
Communications and stakeholder management	Stakeholder Management Strategy included but lacks evidence on stakeholder attitudes to support
	Future consultation programme and frequency provided within the Stakeholder Management Strategy
Programme/ project reporting	Operational reviews will form part of Capital Monitor Meetings, conducted every month
Key issues for implementation	Risks analysis but some lack of clarity on issues likely to affect delivery.
	Risks analysis but some lack of clarity on issues likely to affect implementation.
Contract management	The contract will be managed by the Asset Management Section of St. Helens Council.
Risk management strategy	Risk management strategy included
Benefits realisation plan	Benefits realisation plan is fully outlined
Monitoring and evaluation	Monitoring and evaluation methodology described fully Monitoring and evaluation data collection by St. Helens
Options	Summary of the overall approach for project management is adequate.

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