

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

**AGENDA**

**DATE:** Thursday, 1st December, 2016

**TIME:** 8.30 am

**VENUE:** Merseyside Fire and Rescue Service HQ, Bridle Road, Bootle L30 4YD

**LIVERPOOL CITY REGION  
LOCAL ENTERPRISE PARTNERSHIP BOARD - AGENDA**

**1. DECLARATIONS OF INTEREST**

Board members to declare any interests in items under consideration.

**2. VOLUNTARY, COMMUNITY AND FAITH SECTOR (PR)**

**3. MINUTES OF THE LAST MEETING**

To consider the minutes of the last meeting held on 15<sup>th</sup> September 2016.

(Pages 1 - 8)

**4. INTERNATIONALISATION (PR)**

**5. SINGLE INVESTMENT FUND UPDATE (P)**

(Pages 9 - 28)

**6. SKILLS INVESTMENT FUND - SKILLS CAPITAL (P)**

(Pages 29 - 44)

**7. LOCAL GROWTH DEAL IMPLEMENTATION MAJOR TRANSPORT SCHEMES**

**(a) SUSTAINABLE TRANSPORT ENHANCEMENTS PACKAGE – A STEP CHANGE FOR GROWTH YEARS 3 TO 6 (P)**

(Pages 45 - 56)

**(b) REVISED TIMESCALES FOR THE A570 LINKWAY CORRIDOR IMPROVEMENTS MAJOR SCHEME (P)**

(Pages 57 - 60)

**8. RECRUITMENT OF CHAIR (P)**

(Pages 61 - 66)

**9. CHAIRMAN'S VERBAL REPORT (V)**

**(a) ATLANTIC GATEWAY UPDATE (P)**

(Pages 67 - 72)

**10. ANY OTHER BUSINESS**

The next proposed meeting of the Board is to be held on 9 February 2017 at 8.30am with a venue to be confirmed.

**KEY**

(V) – Discussion/verbal update no paper

(Pr) – Presentation

(P) - Paper

## LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP BOARD

At a meeting of the Liverpool City Region Local Enterprise Partnership Board held in the Foyer Conference Room, Jaguar Land Rover, South Road, Halewood, L24 9PZ on Thursday, 15th September, 2016 the following Members were

### PRESENT:

Asif Hamid (Chairman)  
Mayor Joe Anderson OBE  
Chris Bliss  
Kath Boullen MBE  
Richard Else  
Mike Houghton  
Councillor Rob Polhill  
Neil Sturmey  
Professor Nigel Weatherill  
Kate Willard

### APOLOGIES:

Councillor Phil Davies  
Councillor Barrie Grunewald  
Amanda Lyne  
Councillor Ian Maher  
Councillor Andy Moorhead

### IN ATTENDANCE:

|                   |                           |
|-------------------|---------------------------|
| Ged Fitzgerald    | Liverpool City Council    |
| Frank Rogers      | Merseytravel              |
| Mark Basnett      | Liverpool City Region LEP |
| Tony Wade         | Liverpool City Region LEP |
| Andrew Bilsborrow | Knowsley MBC              |

### 233. MIKE HOUGHTON

The Chairman welcomed Mike Houghton who was attending his first meeting as a member of the LEP Board.

### 234. MINUTES OF THE LAST MEETING

The minutes of the meeting of the Board held on 21<sup>st</sup> July 2016 were received as a correct record and signed by the Chairman.

Matters arising from the minutes -

223(c) Area Based Review – the Skills Task Group had met and, following positive discussions, a paper was to be presented to the Combined Authority, at its meeting to be held on 16<sup>th</sup> September, seeking the establishment of a LCR Skills Commission.

In view of the significance of the issue, it was AGREED that Skills be included as a standing item on the agenda for future LEP Board meetings.

224 EU Referendum – The short briefing paper had been circulated. In addition,, the Chairman referred to the recent establishment, at a national level, of a group, led by the CEO of Vodafone, that was examining the Brexit impact through an analysis of

import/export currency exchange rates. He indicated that further details would be shared with the local Chambers of Commerce.

225 Single Growth Strategy – The appropriate officers from the LEP and the Combined Authority had drafted a joint LCR Communication Strategy that would be rolled out shortly.

226 Local Growth Fund Round 3 Submission – The final LGF3 had been signed off and submitted. Informal feedback received suggested that the bid had been well received and a formal announcement was expected on 27<sup>th</sup> November as part of the Autumn Statement.

227 Sounding Board Update – The Sounding Board was awaiting the outcome of the Combined Authority's consideration of the next steps in the process to determine the resource and capacity issues.

229 (b) Skills for Growth Delivery Model – Positive discussions had been held with the Employment and Skills Team and a collaborative approach was to be adopted with regard to the recruitment of skills brokers. The need for a mechanism to measure business driven qualitative outputs was stressed as was the requirement to make progress as there was a time limited window.

231 Access Fund for Sustainable Travel – The bid had been endorsed and submitted. The need for a web portal that would enable Board members to access such documentation was highlighted. This facility was currently in development and a progress update would be sent to Board members.

## **235. DECLARATIONS OF INTEREST**

The Chairman highlighted the importance of Board members making such declarations to ensure the transparency of decision making in line with the Assurance Framework.

No situational conflicts were declared by Board members.

## **236. CHAIRMAN'S VERBAL UPDATES AND FROM LEP BOARD REPRESENTATIVES ON EXTERNAL BODIES**

The Board considered:-

(a) the Chairman's verbal update in which he:-

1. highlighted the recent strong City Region performance including the Shop Direct Group's recent profit announcement and the 9.5% rise in job growth. He stressed the need to keep pushing forward such positive news stories.

The Board had a discussion on the importance of a consistent Communications Strategy that ensured a positive profile of the City Region at a regional, national and international level.

At a local level, the current lack of dedicated local business journalism and the need for positive local press interaction was stressed. In addition, the need to maximise the opportunities presented by social media was highlighted. Members felt that the

current journalistic approach of the Liverpool Echo was counter-productive. It was suggested that the Chairman should seek a meeting with the Editor of the Liverpool Daily Post and Echo to discuss the Board's concerns.

At an international level, it was pointed out that investment in Britain, post-Brexit, was seen as an attractive proposition. In terms of markets in the Middle East and India, the importance of effective links into established avenues of communication to showcase what the City Region had to offer, was stressed. It was also felt that a mapping exercise, to identify the connections that are in place and together with potential international targets, would be beneficial.

2. highlighted issues relating to the current composition of the LEP Board. In view of the LEP's pivotal strategic role, the evolving relationship with the Combined Authority and the ongoing discussions on capacity issues, he put forward the following proposals that:-
  - the LEP Board should continue in its current format;
  - Amanda Lyne be offered a 12 month extension to her term of office; and
  - Work should continue to seek the inclusion of a representative of the third sector on the Board's membership.

In addition, Mayor Anderson suggested that future consideration should be given to the inclusion of a trade union representative.

- (b) the content of the Atlantic Gateway Brochure 2016.

It was AGREED –

- (i) That the verbal updates be noted;
- (ii) that the current structure of the LEP Board should continue and Amanda Lyne's term of office as a Board member be extended by 12 months; and
- (iii) that, with regard to the discussion on regional, national and international publicity:-
  - (a) the Chairman seek a meeting with the editor of the Liverpool Echo; and
  - (b) a short paper be circulated to Board members summarising the available cross-collaboration opportunities, such as the establishment of an International Exchange Group or through the Assist the Cities Group, to maximise international business opportunities.

## **237. EU REFERENDUM**

The Board considered a presentation by Jonathon House of PWC which highlighted their development of a diagnostic tool that would involve a structured/systematic assessment of the potential implications of Brexit scenarios. The presentation:-

- Highlighted the impact channels – tax, regulation, movement of people, funding, trade, FDI and uncertainty;
- Indicated that an understanding of the above would lead to the production of a model external environment from which an action plan would flow;
- Set out some general questions to consider when mapping the channels through which possible impacts might arise; and
- Set out some specific questions that a City Region may wish to consider when mapping the possible impacts.

In this respect, PWC were looking to provide their services without fee to test out the diagnostic tool in a major City Region area.

During the consideration of the presentation, the following points were made:-

- Further clarification was sought on the impact of Brexit on higher education with the City Region having 4 Universities and a Knowledge Quarter;
- The current uncertainty and the number of ‘unknowns’ was highlighted and the need, therefore, to drill down further to identify where the impacts will be;
- The need to assess the impact on the Region’s Single Growth Strategy should be a central thread. In that regard it was agreed that KPMG should also be approached as they had assisted in the development of the Single Growth Strategy and therefore had greater familiarity with it. If PWC’s offer was taken up, or any other, then a clearly defined specification, drawn up by the LEP, would be required; and
- Further information was requested on the timeframe for the process and the resource implications for the LEP.

It was AGREED – That in order to inform the future consideration of PWC’s offer, the Executive Team examine the staff resource implications for the LEP, the specification for the project and any other key questions to be addressed.

## **238. SINGLE GROWTH STRATEGY**

The Board considered a verbal update which indicated that the LCR Combined Authority, at its meeting to be held on 16<sup>th</sup> September 2016, was to consider a proposal for the LEP to lead the process for the development of an Action Plan for the LCR Growth Strategy ‘Building Our Future’ for the period 2016-2021. The proposed process would identify, prioritise and sign-off key actions within the City Region Growth Pillars of: Productivity, People and Place.

It was AGREED – that the update be noted.

## **239. LOCAL GROWTH FUND IMPLEMENTATION**

### **(a) Skills Capital Investment**

The Board considered a report that sought approval of the Skills Capital Investment Panel’s recommendation to support the City of Liverpool College – Digital Academy skills capital application. The report indicated that the proposal had received an in-principle agreement from the LEP Board, at its meeting held in February 2016, and had proceeded to full application with a number of conditions.

Kate Willard referenced discussions at the Digital Creative Board and highlighted a number of concerns about the way the current processes for the allocation of Skills Capital Investment Fund applications by priority sectors are undertaken.

The Chairman noted that there was to be a Skills Capital re-launch and suggested that Kate Willard meet with Sue Jarvis in order to discuss her concerns regarding the identification of sector priorities.

It was **agreed** –

- (i) That the recommendation made by the Skills Capital Investment Panel to approve the Digital Academy project for investment, as set out in paragraph 4.5 of section 4 of the report now submitted, be endorsed; and
- (ii) that the overall grant commitment as set out in section 5 of the report now submitted, be noted.

**(b) Local Growth Deal Implementation Maghull North Railway Station Scheme**

The Board considered a report that set out the progress made on the development of a Maghull North Railway Station scheme, including the changes in the timescale for the project, the significant increase in the cost of the project and the need to provide additional funding in order to deliver the project.

The Chairman referred to the increase in the scheme costs arising from Network Rail's systematic underestimation of the costs and timescales required to deliver such projects. In view of its monopoly position, he suggested that, at some point, the Combined Authority may wish to highlight such concerns.

It was **agreed** –

- (i) That the current stage of development of the Maghull North Railway Station Scheme and the completion the Full Business Case and the positive BCR of 1.89 that had been generated, be noted;
- (ii) that the details of the increase in the scheme costs above the original cost estimate be noted and the recommendation to seek additional funding from the Combined Authority increasing the Local Growth Fund contribution from £6.2m to £10.7m, be approved; and
- (iii) that the endorsement of the Transport Advisory Group for the project at the higher cost of £13.0m, be noted.

**240. GROWING PLACES FUNDING - REPORT OF THE LEAD CHIEF EXECUTIVE FOR ECONOMIC DEVELOPMENT**

The Board considered a report that sought approval of a request received from New Capital Knowsley Ltd for an extension of their Growing Places loan for a project to develop a site on Knowsley Industrial Estate.

The report indicated that Liverpool City Council are the Accountable Body for the Growing Places Fund. Schemes that are chosen by the LEP for support are assessed by the City Council in terms of State Aid compliance, deliverability and legal compliance.

The report also set out an update on status of those schemes that are currently in receipt of GPF funding.

It was **agreed** -

- (i) That the request for an extension of 6 months to the loan agreement with New Capital Knowsley Ltd to 30 April 2017, be approved;
- (ii) that it be noted that the Accountable Body would undertake the relevant due diligence in this respect; and
- (iii) that approval be given for any future requests for loan extensions of 12 months and under to be granted by the Accountable Body, subject to due diligence and the submission of a report to the LEP Board.

#### **241. THE EDGE 2016 EVALUATION REPORT**

The LEP considered a report which presented the Evaluation Report on The Edge IFB2016 Official Fringe Festival.

The report indicated that the LEP had assumed a leadership and facilitating role on behalf of the LCR to develop a fringe festival to the IFB2016.

In presenting the item, Kate Willard took the opportunity to:-

- Express her disappointment that the work UKTI were meant to undertake to bring together England's 39 LEPs, did not materialise; and
- Place on record her thanks to Eamonn Smith for his significant contribution to the success of the Edge

Board members also took the opportunity thank Kate for her significant input into the leadership and facilitation of the event.

It was **agreed** –

- (i) That the content of the evaluation report, and the recommendations it makes, be noted; and
- (ii) that, in support of a further fringe festival in 2018, the LEP Company Board fully evaluate the resource implications and instruct the Executive, and any Board representatives, to work with Liverpool Vision to develop The Edge 2018.

#### **242. ANY OTHER BUSINESS**

- (a) Richard Else

The Chairman reported that Richard Else was attending his last meeting of the LEP Board and paid tribute to Richard's input to the work of the LEP over a number of years and, in particular, his Chairmanship of the Employment and Skills Board. The Board wished Richard every success in his new role with Jaguar Land Rover.

(Note: During the Board's consideration of the next item, Mark Basnett, Sue Jarvis and Tony Wade left the meeting).

(b) Interim Managing Director of the LEP

The Chairman referred to a recent evaluation of the LEP Company Board and highlighted the need for a single point of contact at Executive level. He proposed, and it was AGREED - That Mark Basnett be appointed as the LEP's Interim Managing Director for a period up to May 2017.

(Note: During the Board's consideration of the next item, Asif Hamid left the meeting).

(c) Interim Chairman of the LEP Board

Professor Weatherill referred to recent discussions with the Councillor Phil Davies regarding the consideration of initial thoughts with regard to the succession strategy for the appointment of Chairman of the Board. He reported that a job description had been drawn up and highlighted the interim arrangements for the Chairman of the LEP Board. He suggested that to provide continuity and certainty, Asif Hamid should be offered the opportunity to continue as Interim Chairman until mid-2017.

It was AGREED –

- (i) That Asif Hamid be asked to continue in the role of Interim Chairman of the LEP Board until the end of the 2016/17 financial year; and
- (ii) that the Appointments Committee be asked to undertake a stocktake of potential candidates and a report be submitted to future meeting of the Board setting out a structured view on the way forward including the timescales involved.

Minutes 233 to 242 received as a correct record on the 1<sup>st</sup> day of December 2016

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Chairman of the Board

(The meeting closed at 10.50 am)

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## Single Investment Fund Update

LEP Board Meeting 1 December 2016

Author:  
Mark Basnett  
Liverpool City Region LEP

## **1. Purpose of the Report**

1.1 This reports sets out a progress made by the LEP Executive since the last Board Meeting, working closely with the Combined Authority in its lead role in developing Commissions and supporting Calls for the Single Investment Fund in line with the SIF Prospectus agreed by the Combined Authority.

## **2. Recommendation**

2.1 It is recommended that the LEP Board consider and approve the progress made by the LEP Executive in line with the SIF Prospectus and authorises the LEP Executive to continue as proposed in the report.

## **3. Executive Summary**

3.1 The Single Investment Fund Prospectus, agreed by the Combined Authority (CA) and Published in September 2016, indicated that funding would be available for two types of project; Commissioned and Open call. It identified the type of project call (Commissioned or Open) under each of six themes Business Growth and Sector Development; R+D and Innovation; Skills; Regeneration, Development and Culture; Transport and Other Infrastructure; and Housing. An indicative budget allocation for 2016-2018 was agreed for each theme to a total of £150m. The indicative allocation for Business Growth and Sector Development was agreed by the CA as £15-30m and for R+D and Innovation £7m-£22m.

3.2 Commissioned projects are those that address opportunities for growth identified in the LCR Growth Strategy and other relevant and supporting plans and/or by the CA. Being a Commissioned Project offers no preferential status in the appraisal and prioritisation process and they will be addressed on an equal basis with any open call projects.

3.3 Within each theme area lead organisations were tasked with identifying commissioned projects and/or proposing an appropriate approach to commissioning. The LEP was identified by the CA as lead organisation for Business Growth and Sector Development and for Research and Development and Innovation.

3.4 It was agreed by the CA at its Meeting on 18 November 2016 that there would be commissioned projects and approaches as follows in Business Support and Sector Development and in R+D and Innovation:

- Business Support: 3 commissioned projects (High Growth Business Programme; Flexible Business Growth Fund; IFB 2018)
- Inward Investment: An Inward Investment Programme be commissioned
- Sector Development: Open Calls invited/encouraged
- Research and Development: Projects invited that fit with the City Region's SIA submission to Government around Materials Chemistry; infection and high performance/cognitive computing
- Innovation: Open Calls invited/encouraged

- 3.5 To be considered for funding all projects, Commissioned or Calls, must submit a full Strategic Outline Case (SOC) based on the five cases model (strategic case, economic case, commercial case, financial case, and management case) to the Combined Authority by 9<sup>th</sup> December 2016.
- 3.6 The LEP is pulling together Commissions on High Growth Business Programme, Flexible Growth Fund and Inward Investment in consultation with the Enterprise Executive Board, Investment Hub Board and other partners and stakeholders. Liverpool Vision is preparing the Commission on IFB 2018.
- 3.7 The LEP has been approached to provide advice and guidance to organisations and businesses that wish to make submissions under the Open Call process. Whilst it has no role in the appraisal and determination process, the LEP is providing strategic fit guidance with regard to the Growth Strategy to those who seek its support.
- 3.8 The attached report, approved by the Combined Authority on 18 November 2016 on the Single Investment Fund, sets out how the portfolio of SIF projects will be determined. A central priority is the stimulation of increased employment and GVA. (Annexe 1).
- 3.9 Packaging and Prioritisation of projects will take place after initial appraisal of projects and before the CA Meeting on 3<sup>rd</sup> February, overseen by the Local Authority Chief Executives.

#### **4. Next Steps**

- 4.1 The LEP will continue to provide strategic fit guidance to all those organisations interested in submitting Open Call SOCs in those areas where it has lead responsibility, whilst making it clear that this in no way confers any advantage or approval in the determination process which is wholly the role of the CA.
- 4.2 The LEP will complete the 3 Commissions referred to above by 9<sup>th</sup> December for consideration by the CA.

#### ANNEXE 1

Agenda Item 4 - CA Board Meeting 18 November 2016  
Liverpool City Region Single Investment Fund  
Report of the Head of Paid Service

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## LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Chair and Members of the Combined Authority

Meeting: 18 November 2016

Authority/Authorities Affected: ALL

EXEMPT/CONFIDENTIAL ITEM: No

### REPORT OF THE HEAD OF PAID SERVICE

#### LIVERPOOL CITY REGION SINGLE INVESTMENT FUND

#### 1. PURPOSE OF REPORT

- 1.1 At its last meeting the Combined Authority considered and agreed the principles for each theme to determine projects which the Combined Authority may wish to commission for support under the Single Investment Fund (SIF).
- 1.2 This report sets out the outcome of the work of each SIF theme and gives the Combined Authority an overview of the list of projects in those areas where the SIF was not subject to an open call for projects.
- 1.3 Such projects remain subject to an assessment at Strategic Outline Case stage alongside other potential projects submitted by the deadline of 9 December 2016. There is no approval being given to projects at this stage. The Combined Authority will after that point, have the opportunity to prioritise the best package of projects to come forward with an Outline Business Case/Full Business Case from both commissioned and open call projects.

#### 2. RECOMMENDATIONS

- 2.1 Liverpool City Region Combined Authority are recommended to:-
  - a) Note the list of commissioned projects by each theme to move forward to Strategic Outline Case assessment stage;
  - b) Note that all projects will be robustly assessed at Strategic Outline Case stage as outlined in sections 4 and 5 and prioritised accordingly. The outcome of this assessment presented to the Combined Authority in February 2017 with the total package of prioritised projects to be taken forward to the next stage of appraisal and approval;
  - c) Agree that where strategically important projects have time critical delivery issues and are developed to an Outline Business Case/Full Business Case stage, the Combined Authority may appraise and approve these projects in parallel to 2 (b);

- d) Agree to establish a SIF Investment Policy as outlined at 5.5 – 5.12 and agree the Investment policy for Regeneration and Property projects as set out in Appendix 1; and
- e) Note the next stages of the decision making and governance timetable as set out in 5.13 – 5.15 including the opportunity to revise and reopen the SIF in Spring 2017.

### 3. BACKGROUND

- 3.1 The Single Investment Fund Prospectus (September 2016) indicated that funding will be available for two types of project: commissioned and open call. It identified the type of project call – commissioned or open – under each of the six themes - Business Growth and Sector Development; Research and Development and Innovation; Skills; Regeneration, Development and Culture; Transport and Other Infrastructure; and Housing.
- 3.2 Commissioned projects are those that address opportunities for growth identified in the Liverpool City Region Growth Strategy, other relevant supporting plans and/or by the Combined Authority. These projects will be invited to submit a Strategic Outline Case (SOC) or initial proposal. Commissioned projects will also be eligible to apply for pre-feasibility/feasibility funding.
- 3.3 Being identified as a commissioned project offers no preferential status in the appraisal and prioritisation process where there are also open project submissions. There is no pre-allocation of funding to commissioned projects and they will be assessed on an equal basis with any open call projects.
- 3.4 Table 1 sets out those Themes and sub-strands within Themes where the SIF Prospectus identified a commissioning and/or an open call approach. It also identifies the indicative budget allocation within the indicative allocation for 2016-2018 which was set at £150m.

| Table 1: SIF Themes – Commissioned or open call approach |                        |                               |      |
|--|------------------------|-------------------------------|------|
| Theme and sub-strand                                     | Indicative allocations | Commissioned                  | Open |
| Business Growth and Sector Development                   | £15m - £30m            |                               |      |
| • Business support and development                       |                        | Yes                           | No   |
| • Inward investment                                      |                        | Yes                           | No   |
| • Sector development                                     |                        | Yes                           | Yes  |
| Research and Development and Innovation                  | £7m - £22m             |                               |      |
| • R&D (including Centres of Excellence)                  |                        | Yes                           | No   |
| • Innovation Support                                     |                        | No                            | Yes  |
| Skills   | £15m - £30m            | No applications in this Round |      |
| Regeneration, Development and Culture                    | £30m - £44m            |                               |      |
| • Property Development                                   |                        | No                            | Yes  |
| • Regeneration   |                        | Yes                           | No   |
| • Town/District Centres                                  |                        | No applications in this Round |      |
| • Cultural development and events                        |                        | Yes                           | No   |
| Transport and other infrastructure                       | £37m - £52m            |                               |      |
| • Transport infrastructure and operations                |                        | Yes                           | No   |
| • Other infrastructure                                   |                        | Yes                           | No   |
| Housing  | £1m - £15m             | No                            | Yes  |

## 4 APPROACH TO COMMISSIONING WITHIN THEMES

4.1 Within each of the Theme areas lead organisations or groups were tasked with identifying commissioned projects and/or proposing an appropriate approach to commissioning. The lead organisations or groups were as follows:

- Business Growth and Sector Development – LCR LEP;
- Research and Development – LCR LEP;
- Regeneration, Development and Culture;
- Regeneration – Regeneration Directors;
- Cultural Developments and Events – Culture Liverpool; and
- Transport and other infrastructure – Merseytravel.

4.2 The criteria adopted for selecting commissioned projects included strategic fit, need, affordability, potential economic impact and value for money, and deliverability.

4.3 The stage of development of projects varied across the thematic areas. In the case of some Themes and sub-strands several projects were identified which offer significant potential but further work is required to ensure that those that can meet the SIF criteria and deliver the best value for money are commissioned.

4.4 The following commissioned projects and approaches are recommended:

- **Business Growth and Sector Development**

- *Business support and development* – three commissioned projects have been identified: High Growth Business Growth programme, Flexible Business Growth Fund and International Festival for Business 2018;
- *Inward investment* – an Inward Investment Programme has been identified for commissioning; and
- *Sector development* - it is proposed that no specific projects are commissioned during this SIF Round and that applicants are encouraged on an open basis to prepare and submit SOCs. These would then be appraised and compared to select the best projects.

- **Research and Development and Innovation**

- *Research and Development* – The approach to commissioning in relation to the R&D (including Centres of Excellence) sub-strand is proposed to focus on those areas where the Liverpool City Region has world-class underpinning scientific capabilities. Three specific areas have been identified in the recent City Region Science & Innovation Audit submission to Government, as follows: materials chemistry; infection; and high performance/cognitive computing. This approach of commissioning activities focused on research-driven local strengths is consistent with the Smart Specialisation approach to growth. It is proposed that any projects which fit with the three identified areas of research strength are encouraged to prepare and submit SOCs. Again these would then be appraised and compared to select the best projects.

- **Regeneration, Development and Culture**

- *Regeneration* – it is proposed that the Combined Authority only seek to commission truly ‘Unique Projects’ as part of this round, namely: the Cruise Liner Terminal and Shakespeare North and that all other projects that meet the SIF criteria be offered the opportunity to submit an SOC as part of the open call process. In addition, given that the potential total open call asks will significantly exceed available resources it is suggested that a rigorous ‘market needs based’ assessment process should be applied at the SOC assessment stage. In this regard, it is strongly recommended that the Combined Authority only support a project (whether it be requesting feasibility or delivery funding) if:
  - a) there is demonstrable and identified priority need for that type of product;
  - b) the quantum of ‘product’ proposed aligns with envisage demand within the first five years of the SIF programme (without creating an oversupply during that period);
  - c) the project / site is attractive to the market; and
  - d) the project (if appropriate) links to other themes such as transport and housing. In this regard at appraisal stage this should be assessed and that assessment should ensure that projects are occurring at the same time or are sequentially logical (i.e. we do not pay to remediate a site that will not get transport links for another 3 years).

To assist in determining which projects should be supported from a feasibility funding perspective it is suggested that those projects which can demonstrate the ability to potentially also commence ‘physical delivery’ within the initial period of the SIF be prioritised (key to this will be delivery funding). In this regard in selecting a project for prioritisation, regard should be had to the likely level of SIF ask to support delivery. Should the ‘delivery ask’ be considered unrealistic or unsupportable the project should not receive feasibility funding. Only expenditure incurred post approval will be eligible for funding. The SIF should not be used to recover feasibility costs already incurred by applicants.

- *District/town centres* - No calls or commissioning work will take place in relation to the district/town centre programme until late 2016 to achieve alignment with the City Region’s One Public Estate Programme. An update to the Prospectus will be presented to the Combined Authority.
- *Cultural Development and events* – a programme approach is proposed with the commissioned projects that will be invited to submit for SIF funding being part of the annual major events programmes/seasons for 2017 (67:17 – 50 Summers of Love) and 2018 (Eighteen for 18).

- **Transport and other infrastructure**

- *Transport*<sup>1</sup> – the schemes and projects that are proposed to be commissioned through this SIF round will stem from the City Region’s provisional ‘pipeline’ of transport interventions. These schemes have previously been sifted against their local ‘policy fit’ by an independent party. For the purposes of this first SIF call, any medium-term and long-term schemes will be ineligible for scheme funding as

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<sup>1</sup> The transport projects that will be eligible for funding through the SIF will be larger-scale projects (i.e. costing in excess of £3 million), as small scale transport projects and minor highway maintenance interventions will be funded outside of the SIF process from other funding sources managed by the Combined Authority.

they are not expected to be deliverable during the lifetime of the Fund. Scheme promoters will be invited to submit an initial SOC for only the schemes set out below:-

- City Centre Connectivity Phase 2;
- Improvements to A580 to serve Haydock Industrial Estate;
- Prescott Town Centre Connectivity - including Prescott station improvements;
- Parkside Link Road;
- Smart Ticketing phased approach; and
- A59 Corridor Improvements in Sefton (Switch Island area).

These will subsequently be assessed against the criteria governing SIF monies, and further prioritisation may be undertaken to take account of the available resources and the linkages with other commissioned projects or developments in other Themes, especially other schemes emerging through the open call process. This recognises that the funding levels available are limited, though slippage in other programme areas could provide scope for further schemes to enter the programme at a later date.

To ensure there is a well-developed pipeline of projects, promoters of the transport schemes identified below will be invited to progress interventions through the pre-feasibility application route that is available within the SIF at this stage, on the expectation that such projects could be delivered within the SIF's 2016-2021 timeframe. Again, further prioritisation may be undertaken subsequently to take account the available resources and the linkages with developments in other Themes. The commissioned projects eligible for SIF pre-feasibility funding are:

- Turnback Facility at Liverpool South Parkway to improve capacity at Liverpool Central station;
- Future-proofing Junction 23 of the M6 (for Parkside);
- Liverpool John Lennon Eastern Access Road;
- Dualling of A558 – strategic access to Daresbury from M56;
- Saughall Massie Link Road - New Infrastructure (Golf Resort);
- A41 Corridor (Capacity) phases can be delivered;
- Parkside Rail Connection; and
- Saughall Massie Road - Infrastructure Upgrade.

- Other infrastructure – to be included within a future commissioning round.

4.5 The SIF Prospectus identifies that commissioned projects are also eligible to apply for pre-feasibility/feasibility funding. As set out above, for transport a specific commissioning approach has been proposed for this type of project support to ensure an appropriate future pipeline of schemes. In relation to the regeneration theme and subject to resources, it is also envisaged that a number of schemes may require feasibility funding for the same reason.

## 5. DETERMINING THE PORTFOLIO OF SIF PROJECTS

- 5.1 As advised to the Combined Authority in September and October 2016, all projects, whether commissioned or submitted through an open call, follow the same appraisal and approval process and will be required to submit an SOC by 9 December 2016.
- 5.2 At this stage, the Combined Authority will be able to test all projects against the SIF appraisal criteria. This is important for the Combined Authority as it will allow the ability to make decisions on which projects are invited to move to the OBC/FBC stage following assessment of the SOCs. This has the benefit of the Combined Authority being able to make decisions based on an understanding of the total pipeline of projects, their appraisal outcomes and against the resource available.
- 5.3 It is recognised that there will be strategically important projects which have time critical delivery issues. In order to ensure the appraisal and approval process works to support the delivery requirements of these projects, if they are developed to an OBC/FBC stage, the Combined Authority will appraise and approve these projects in parallel to the prioritisation and assessment stage outlined in 5.2.
- 5.4 As a reminder for the Combined Authority, the appraisal process for the SIF is consistent with HM Treasury's Green Book and Business Case Appraisal process, including supplementary and departmental guidance, such as the Department for Transport's (DfT) WebTAG appraisal guidance and DCLG's Appraisal Guide. This will be based on the five cases model:-
- the strategic case – which provides a compelling case for change and explains how the project provides fit with the objectives of the organisation and wider public sector agendas;
  - the economic case – which describes how the project/preferred option represents best public value;
  - the commercial case – which demonstrates that the deal is attractive to the market, can be procured and is commercially viable;
  - the financial case – which confirms that the proposed spend is affordable; and
  - the management case – which confirms that what is required from all parties is achievable.
- 5.5 A single appraisal approach will be applied to all projects, which will be transparent and equitable. The project appraisal criteria will include:-
- fit with the Growth Strategy, SIF objectives and other relevant strategies – including strategic linkages with other thematic projects;
  - clear evidence of the rationale and need (or demand) for the project and application of best practice;
  - the additional GVA and employment impacts, as well as the wider benefits, at the City Region level;
  - clearly defined inputs, activities, outputs, and anticipated outcomes and an assessment of additionality (including displacement and deadweight);
  - clear detail of the financial costs of the proposal and evidence of the need for SIF support and availability of match funding;
  - confirmation that the investment represents value for money (the degree to which benefits exceed costs assessed using Benefit Cost Ratios and Net

Present Public Value) and is the preferred option in line with the most recent HM Treasury Green Book guidance;

- that the project has robust risk management, delivery, and monitoring and evaluation arrangements; and
- that the project complies with necessary regulations and requirements, including legal due diligence requirements and state aid.

5.6 It is important to note that the Combined Authority will take account the full range of evidence when deciding whether to invest in a project within the context of a robust value for money appraisal. Even if the Benefit Cost Ratio (calculated on HMT Green Book conditions) is low or poor the Combined Authority will base its investment decision on the range of evidence presented within the business case including the strategic case and other local impacts and analyses of cost effectiveness (including jobs and GVA).

#### SIF Investment Policy

5.7 The Liverpool City Region Single Investment Fund has been established with a principle of becoming a self-sustaining fund over time. The Combined Authority has set out its ambition to fund a portfolio of projects that deliver the economic impact but also generate as much of a return to the SIF as possible subject to value for money considerations. In addition, private and other public sector leverage will be maximised. The SIF is an “Investment Fund”, capable of providing different types of financial intervention. It is built on the principle of a gainshare approach whereby public sector funding should generate a return on its investment. Where possible the SIF will be invested so that resources can be recycled, including in assets that generate a revenue or capital receipt.

5.8 However, it is recognised that the SIF is also prioritising economic growth and jobs as a return for funding and there will be cases where investments do not generate a direct financial return but that unlock future phases of development or economic opportunities. The Combined Authority will wish to manage a balanced portfolio of investments in this regard.

5.9 In order to achieve this, the Combined Authority should agree an Investment (or gainshare) Policy which can be used to guide the appraisal process and help determine a balanced portfolio of projects for the Combined Authority to support. This will be in line with the gainshare principles already agreed as part of the devolution agreement and subsequently through the SIF Prospectus and Assurance Framework. At a headline level these are:-

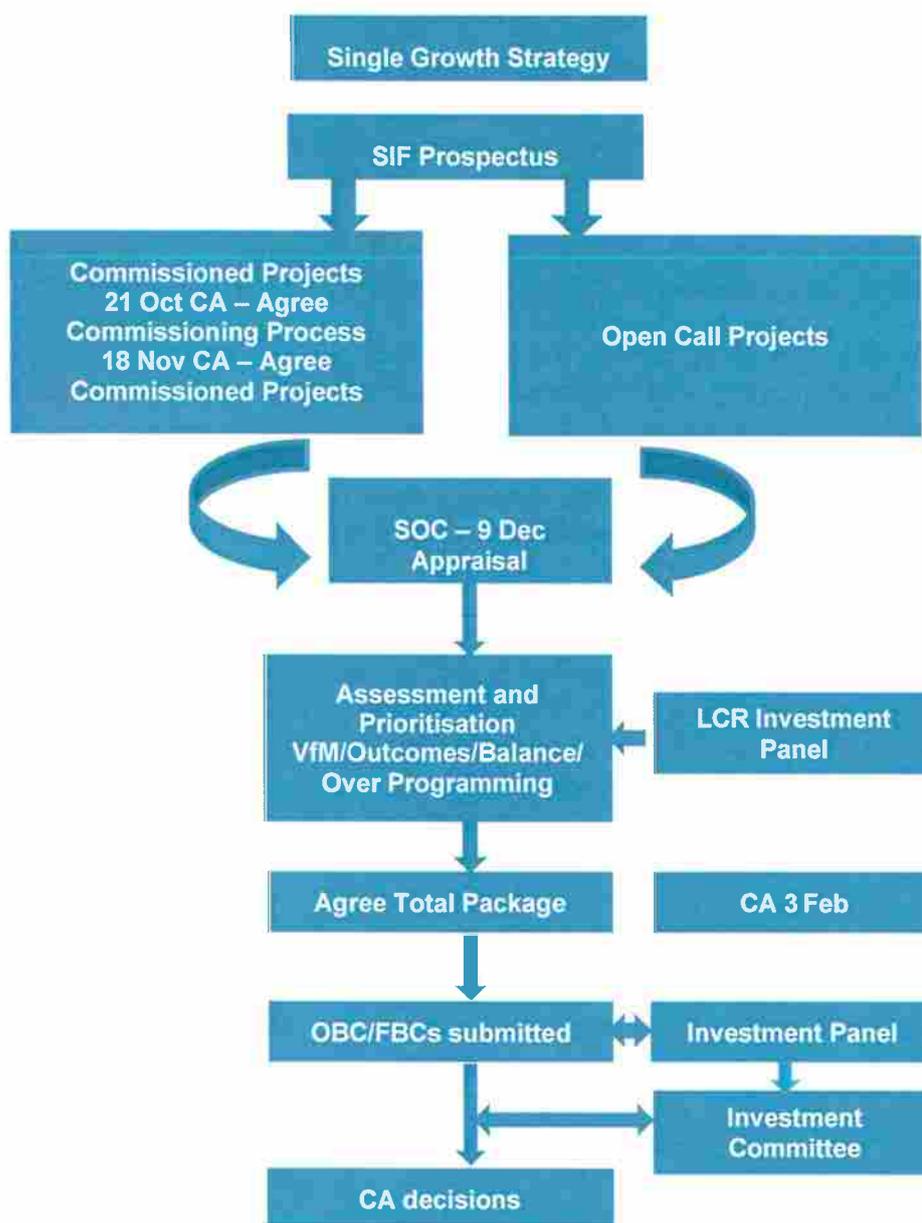
- a) The SIF will only fund projects which meet the objectives of the Single Growth Strategy, prioritising those which deliver employment and GVA growth;
- b) The SIF aims to become a more self-sustaining Investment Fund over time. Subject to value for money considerations, preference will be given to support in the form of loans or investments that generate a return along with additional business rates and council tax generated; and
- c) The SIF will prioritise projects that have strategic impact and target proven demand.

- 5.10 Without such a policy and the commitment to apply it, there is a danger that the SIF becomes a grant funding pot, which does not move the City Region's economy forward and which will be exhausted after one or two rounds of funding. It is recognised that the City Region's economy and investment market continues to have challenges in bring sites and premises forward. However, there are a range of options open to the Combined Authority to support such interventions which can be equally if not more attractive than grant funding.
- 5.11 It is also recognised that for some themes, such principles are easier to operationalise than for others. However, the imperative for the Combined Authority has to be to explore all such options whether that it is in relation to the investments it makes direct to businesses or with developers or within a transport scheme which unlocks employment or housing sites which will subsequently offer additional business rates, council tax or new homes bonus.
- 5.12 In order to operationalise these principles, an investment policy is being drafted which includes:-
- a) Overall SIF investment objectives;
  - b) Policies and criteria relevant to project type/theme;
  - c) How additional business rates or council tax should be treated where SIF investment has unlocked the development;
  - d) A SIF charging policy which sets out the requirements for applicants to resource the due diligence and appraisal process in line with normal private sector practice and sets out fees for loan interventions;
  - e) Conditions of funding which the Combined Authority will apply and such as noncompliance, overage, expectations in terms of security etc.
- 5.13 A draft policy is attached as Appendix One in respect of Regeneration and Property projects which has been developed and agreed by Liverpool City Region Regeneration Directors. This policy will help guide the Combined Authority's decision making process in respect of such projects and will also provide additional clarity to developers and applicants in respect of our approach. The policy, if appropriately applied, will limit the Combined Authority's exposure to purely grant funding projects and will ensure a portfolio of projects which will deliver a return to the SIF over time. It will also ensure that the Combined Authority can retain as much of the gainshare funding as possible for projects rather than expenditure on administration by seeking to apply a fair charging policy to recover costs of appraisal, due diligence, and management and monitoring costs.
- 5.14 The investment policy will help the Combined Authority to consider a package of projects with full sight of all projects available to it and to determine the best portfolio of investments which ensure:-
- that the City Region will deliver on the economic outcomes which will be tested as part of the 5 yearly gateway assessment;
  - it represents the best value for money alongside a consideration of a balanced portfolio of investments;
  - the potential for the package of projects to deliver returns to the SIF is maximised and understood;
  - alignment between projects is maximised including delivery timing for those projects which have dependencies;

- decisions can be taken on the level of over programming which is appropriate assuming the fund is oversubscribed; and
- gaps in provision which will need to be addressed in future rounds of the SIF.

- 5.15 This packaging and prioritisation stage will take place after the initial appraisal of projects following 9 December 2016 and before the 3 February 2017 Combined Authority meeting. This work will be overseen by Liverpool City Region Chief Executives. Without this stage, there is a risk that the Combined Authority will approve “first dressed” projects in contrast to the stated aim of the Single Investment fund - to give the City Region the opportunity to align funding and allocate it in a strategic manner to deliver the best economic outcomes.
- 5.16 A process chart was included in the previous report in October 2016 and this is repeated below setting out the next steps, the role and involvement of the Combined Authority governance structures and a potential timeline.
- 5.17 Members will note the tight timeline to follow. However it is essential to meet this so that decisions can be taken on resources which the Combined Authority already has for 2016/17 and to allow delivery to begin so that the 5 yearly gateway evaluation can be met.
- 5.18 Following these stages, the Combined Authority may also wish to give consideration to agreeing a timeline for updating the SIF prospectus and reopening SIF in Spring 2017. This will be particularly relevant once the City Region is aware of any settlement in respect of Local Growth Fund 3.

**Diagram 1: Anticipated SIF Timeline for Decisions**



## 6. SIF MANAGEMENT

- 6.1 Interim appraisal resource as well as programme and financial management capacity is being put in place through Merseytravel for the Combined Authority. This is essential to meet the Government's expectations of devolved decision making and will allow the City Region to bring forward projects at scale and pace. The proposals for executive capacity previously considered by the Combined Authority included posts of a Chief Investment Officer and SIF Investment Team. Until these have been recruited, the Combined Authority is in the position of needing to buy in this resource. This involves expert technical appraisal and investment advice from specialist consultancies and interim programme and financial management and

operational support staff to be based within Merseytravel's Programme Management and Finance offices.

- 6.2 Elsewhere on this agenda, the Combined Authority is considering recruiting for the posts of Managing Director and Chief Investment Officer. However, quite clearly, if the Combined Authority is to move towards a more complex manner of investments, then it will need to consider the resource implications of this in the medium term. Utilising consultants and technical experts is possible and helps establish the SIF programme at scale and pace but is expensive and the Combined Authority will of course wish to deliver the cost effective SIF process and programme management function.
- 6.3 Chief Executives will be reviewing these requirements and the recruitment of an experienced Chief Investment Officer will help guide the Combined Authority to establish the capacity which is necessary and appropriate.

## **7. RESOURCE IMPLICATIONS**

### **7.1 Financial Implications**

- 7.1.1 There are no direct financial implications to this report as projects are not at this stage being recommended for approval.
- 7.1.2 There are financial costs to the Combined Authority in managing this process as previously reported. The budget for this has been agreed as part of the Combined Authority budget in February 2016. A framework is being established which the Combined Authority can use to draw down the appropriate appraisal resource. Recruitment is underway for the additional interim programme / financial management and operational support.
- 7.1.3 In addition, there will be normal project and business development costs which will need to be borne by individual project sponsors.

### **7.2 Human Resources**

- 7.2.1 The SIF is a significant devolution commitment which the City Region has to deliver in terms of the ambition to generate additional economic growth and jobs in the City Region and create a self-sustainable fund. Future tranches of gainshare funding are dependent on its success.
- 7.2.2 As noted above the dedicated capacity is being put in place in an interim basis to support SIF operational elements but it is also the case that individual theme leads from Local Authorities, Merseytravel and the LEP are supporting the process outside of their individual responsibilities.

### **7.3 Physical Assets**

- 7.3.1 There are no Physical Assets implications associated with the implementation of the recommendations in this report.

## **7.4 Information Technology**

- 7.4.1 There are no Information Technology implications associated with the implementation of the recommendations in this report.

## **8. RISK AND MITIGATION**

- 8.1 The main risk to the Combined Authority in relation to the SIF at this stage is a potential lack of delivery during the period of the SIF.
- 8.2 This is being mitigated by careful consideration of the best approach to take in supporting projects in each theme which Lead Officers are doing. Such work is important in identifying a clear pipeline of projects to either commission or to develop a clear call for projects which seeks market responses to the identified needs set out in each theme area.
- 8.3 Delivery can also be impacted upon by lack of capacity and the right capability to manage this process. As the Combined Authority becomes a fully established devolved Mayoral Combined Authority by May 2017, it will require a dedicated resource to manage the SIF.
- 8.4 While these plans are being implemented, the Combined Authority will procure interim resource to ensure the appraisal and approval process can be supported in the appropriate manner.

## **9. COMMUNICATIONS ISSUES**

- 9.1 The SIF prospectus has been published via the Combined Authority website. Each Lead Officer will undertake the relevant communications as appropriate with stakeholders depending on whether projects are sought as part of an open call or commissioned.
- 9.2 All projects which are approved will be publicised appropriately and in line with the Combined Authority/LEP communications plan.

## **10. EQUALITY AND DIVERSITY IMPLICATIONS**

- 10.1 There are no specific equality and diversity implications arising from this report. However all individual project funding decisions made by the Combined Authority under this Assurance Framework will need to be assessed in relation to their equality and diversity implications.

## 11. CONCLUSION

- 11.1 This report sets out the proposed approach to the commissioning of projects for SIF funding. The principles and approach set out in this report will be applied to develop the package of commissioned projects for the Combined Authority to agree which will deliver the best returns and economic outcomes for the City Region.

GED FITZGERALD  
Head of Paid Service

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Appendix:-

Appendix One - Investment Policy on Single Investment Fund - Property and Regeneration

**Investment Policy on Single Investment Fund (“SIF”) - Property and Regeneration**

**Purpose**

This document sets out the Investment Policy for the Property and Regeneration theme of the Liverpool City Region (LCR) Single Investment Fund (SIF or the Fund). It forms part of the wider SIF Investment Policy.

**General Principles**

The SIF will invest in activities that meet the objectives of the Single Growth Strategy and deliver economic growth (as measured using Gross Value Added) and jobs to unlock the economic potential of the City Region.

The LCR SIF has been established with a principle of becoming a self-sustaining fund over time. Subject to value for money (vfm) considerations, preference will be given to support in the form of loans or investments that generate a return, along with net additional business rates, New Homes Bonus and/or Council Tax generated being recycled to the Fund on a pro-rata basis reflecting public sector investment where appropriate. In addition, private and other public sector leverage will be maximised.

The SIF will prioritise projects that deliver, on a risk weighted basis, the greatest additional benefits at the lowest net public sector cost.

**Financial and Structural Appraisal**

All projects will be subject to a detailed appraisal at each business case stage – Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC). As part of these appraisals, financial and structural analyses will be undertaken by specialist advisors to ensure that the net public sector investment is minimised.

Where gap funding support has been sought, this will involve assessing the opportunities to provide a loan or repayable co-investment rather than grant. This may include the provision of cash flow support, which would remove interest costs, subject to this being State Aid compliant. This approach would reduce the net public sector funding required.

Value for money will be assessed based on the net public sector costs. Therefore, all other things being equal, those projects that repay the SIF investment are likely to offer the best value for money.

The financial and structural analysis will:

- in co-operation with Chrysalis, maximise the repayable and risk based finance offered to each project;

- ensure that the proposed SIF support represents the best structure and/or lowest achievable intervention rate. Appropriate specialist advice will be obtained; and
- allow developer's profit within a 'range' considered appropriate for the proposed project, level of risk taken by the developer and support proposed, which in most cases are expected to be:
  - Speculative – (Range 5% - 15%)
  - Bespoke Development – (Range 5% - 15%)

A full financial and structural appraisal will be undertaken at the OBC stage. At the SOC stage, the appraiser will undertake a high-level assessment of the potential to restructure the project so that the net public sector investment can be reduced.

### **Choice of investment instrument and value capture mechanism**

The choice of investment instrument will be based on the result of the financial and structural appraisal and may include:

1. Debt (senior, junior, corporate)
2. Cash flow / Co-investment
3. Equity – Preferred and Straight
4. Grant (Subordinated Equity)
5. First Loss participations
6. Commercial & Sub Commercial investment
7. Guarantees

Repayment may be in the form of a capital receipt or ongoing income.

In addition to assessing the potential to secure repayment of SIF through the development project itself the opportunities to obtain re-imbursalment of any additional business rates, New Homes Bonus and Council Tax on a pro-rate basis to public sector support will also be considered. Any such repayment to the SIF will be based on the complementary policies being developed by the Local Authority Chief Financial Officers.

### **Allocation of Funds**

The SIF will target to commit no more than [50]% of funding as grant (subordinated equity) through the Initial SIF Prospectus period (2016-19). Other investment instruments (such as cash-flow) will be favoured as a policy subject to the overall programme resources.

The proportion of Funds allocated to grant will be monitored by the Chief Investment Officer and reported to the Investment Panel.

## **Portfolio approach to investment**

The SIF Investment in property and regeneration projects will also be subject to a portfolio level assessment in terms of:

- demand and supply by property type and location; and
- risk – including the likelihood of SIF repayment.

## **Conditions of Funding**

All SIF funding will be subject to specific conditions, including:

- agreed milestones and long-stop dates;
- appropriate guarantees/security in relation to repayment of the support;
- outputs – with repayment provisions if these are not achieved;
- overage provisions – in the event of profit being greater than forecast; and
- clawback provisions – if other conditions are not met.

## **Fees for Applicants**

In line with a charging policy to all SIF projects, applicants will be required to pay an initial non-refundable fee upon submission of an OBC to meet Combined Authority costs associated with appraisal and due diligence. This fee will be set to reimburse the actual costs incurred.

A further fee will be charged to applicants if their application is approved. This will meet the costs of setting up the investment support such as loan arrangement fees. In addition all projects will be expected to contribute to monitoring and management arrangements which the Combined Authority will need to put in place.



## Skills Investment Fund – Skills Capital

LEP Board Meeting 1 December 2016

Author(s):  
Cover report – Tony Wade LCR LEP  
Annexe – Mike Harden  
LCR Lead Chief Exec.

Presented by:  
Sue Jarvis, Knowsley Council  
Kate Willard  
LEP Board Member

## 1. **Executive Summary/Purpose of Report**

- 1.1 The Skills Capital Investment programme (£41.4m) was paused in early 2016 to allow the outcomes of the LCR Area Based review to be considered and how these may impact future use of these funds.
- 1.2 This is now complete and has led to redesign of the principles and framework to inform future investment decisions and these will be reflected in a further commissioning process for the balance of uncommitted funds. The commissioning framework will operate within the Single Investment Fund process. The framework will make clear what Skills Capital will fund, how much is available from the launch until 2019 and what organisations are eligible to apply.
- 1.3 The LEP has been involved in this redesign through Kate Willard as agreed at a previous meeting of the LEP Board. The Employment and Skills team have now finalised their work and have brought forward the proposed commissioning priorities and principles for the investment Framework Design. These are set out in the attached paper along with an overview of the appraisal process.
- 1.4 The Combined Authority endorsed the design framework at its meeting on 18 November 2016 and has agreed to delegate authority to Lead Officer for Employment and Skills to finalise and issue a prospectus to allow a launch of the next phase of investment in December 2016.

## 2. **Recommendations**

- 2.1 The LEP Board are now asked to;
  - a) Note the Liverpool City Region's approach to skills capital investments to date as set out in Section 3 of the annexed paper;
  - b) Note the Phase 2 commissioning priorities and Design Framework principles for a new skills capital call as agreed by the Combined Authority on 18 November 2016, as set out in Sections 4 and 5;
  - c) Note the delegation of authority to the Lead Officer for Employment and Skills to finalise and issue a new skills capital prospectus to enable a scheme launch in December 2016; and
  - d) Consider how the LEP Board can support the communication process in light of the impending scheme launch and by acting as a conduit to the private sector to encourage businesses to assist eligible applicants to develop quality proposals that meet their needs.

## 3. **Background and proposal**

- 3.1 Liverpool City Region successfully secured £41.1m of Local Growth Fund (LGF) monies in 2014 to support skills capital investments as part of our Growth Deal with Government. Describe purpose of paper. This enabled the Liverpool City Region to design a programme led approach to the 'Skills Capital Investment Fund' with 4 distinct strands of activity, being; Sites and Premises, Improved Facilities, Equipment and Low Carbon.
- 3.2 Having committed £21.5m of a total £41.4m, with £11.5m claimed, the programme was paused in early 2016 to allow the outcomes of the LCR Area Based review to be considered. The review is now complete and the results will be reflected in a further commissioning process included within the Single Investment Fund process with redesigned principles and framework to inform investment decisions.

- 3.3 The LCR Employment and Skills Team has developed a commissioning framework and this is explained in the annexed paper. The design principles for the investment fund support the ambitions and priorities set out in the single growth strategy, Building Our Future, which was commissioned by the CA and produced by the LEP.
- 3.4 The amount of funding to be made available is between £20m and £30m dependent on the number of applications and their quality alongside any changes to economic priorities, locally or nationally and any newly emerging growth opportunities.
- 3.5 Eligibility has been broadened from FE Colleges to include a broader spectrum of types of provider that are listed in the report and it will be important to ensure that businesses have the opportunity to engage with eligible applicants to ensure that quality proposals come forward that link to growth opportunities or skills gaps and respond to their needs.
- 3.6 The investment priorities of the fund have been used to define the requirements of the funds in making investments and these will be published in a prospectus. The process to be used is one of commissioning projects to meet specific requirements rather than issue an open call.
- 3.7 Applicants will need to demonstrate that their proposal delivers and meets the investment priorities. An appraisal process in line with the SIF appraisal criteria has been developed to evaluate projects which will be under the oversight of the Skills Capital Investment Panel which includes two LEP business representatives plus a LEP officer. The Employment and Skills Board will continue to act as the advisory board for the fund with the CA responsible for funding decisions.
- 3.8 The fund is ready to be launched on 14 December 2016 to allow a project pipeline to be constructed in early 2017 and for projects to commence in summer 2017.

#### 4. **Conclusion**

The Skills Capital Investment Scheme is being opened again following a pause during the Area Based Review process. Applications will be appraised as part of the Single Investment Fund Assessment Framework.

The LEP has had representation on the redesign of the investment scheme to take account of the outcomes of the LCR Area Based Review and be cogniscent of the ambitions and priorities set out in Building Our Future. Government will judge areas on their ability to deliver and the re-commencement of this investment programme will demonstrate the LCR's capabilities in this.

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# LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Liverpool City Region Combined Authority

Meeting: 18 November 2016

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

## REPORT OF THE LEAD OFFICER: EMPLOYMENT AND SKILLS

### SINGLE INVESTMENT FUND - SKILLS CAPITAL CALL

#### 1. PURPOSE OF REPORT

- 1.1 The report summarises the Liverpool City Region's approach to skills capital investment to date and seeks approval of the Phase 2 Design Framework to enable a new skills capital call as part of the Single Investment Fund (SIF) process.
- 1.2 The Design Framework outlines what the skills capital SIF call will fund, the indicative levels of funding available for the period 2016-19 and those organisations eligible to apply. All applications to the skills capital call will need to be made in-line with the SIF prospectus, the accompanying applications paperwork already issued and in conjunction with the Liverpool City Region Assurance Framework.

#### 2. RECOMMENDATIONS

- 2.1 Liverpool City Region Combined Authority is recommended to:-
  - a) Note the Liverpool City Region's approach to skills capital investments to date as set out in Section 3 and at Appendix One;
  - b) Consider and approve the Phase 2 commissioning priorities and Design Framework principles for a new skills capital call, as set out in Sections 4 and 5;
  - c) Delegate authority to the Lead Officer for Employment and Skills in liaison with the Combined Authority Treasurer to finalise and issue a new skills capital prospectus to enable a scheme launch in December 2016.

### 3. BACKGROUND

- 3.1 Liverpool City Region successfully secured £41.1m of Local Growth Fund (LGF) monies in 2014 to support skills capital investments as part of our Growth Deal with Government. This was one of the larger LGF grant awards made by government for skills capital investments and enabled the Liverpool City Region to design a programme led approach to the 'Skills Capital Investment Fund' with 4 distinct strands of activity:-

Table A: Skills Capital Investment Fund Summary

| <b>Investment Strand</b> | <b>Allocation Total</b> | <b>Total Committed 2015-2017</b> | <b>Strand Purpose and Eligibility</b>   |
|--------------------------|-------------------------|----------------------------------|---|
| 1. Sites and Premises    | £23.6m                  | £17.128m<br>(11 projects)        | For larger construction and refurbishment projects within the 7 local General FE Colleges and *Other Approved Training Organisations (on a competitive basis)               |
| 2. Improved Facilities   | £4.0m                   | £2.156m<br>(9 projects)          | For facilities improvements to the 7 local General FE Colleges (primarily on an allocation basis)   |
| 3. Equipment             | £7.0m                   | £0.720m<br>(6 projects)          | To ensure training environments are to modern industry standards within the 7 local General FE Colleges and *Other Approved Training Organisations (on a competitive basis) |
| 4. Low Carbon Fund       | £6.5m                   | £1.500m<br>(7 projects)          | To improve the energy efficiency and sustainability of the 7 local General FE Colleges (on an allocation basis)   |
| <b>Total</b>             | <b>£41.1m</b>           | <b>£21.5m<br/>(33 projects)</b>  |   |

\* Must hold a contract with the Skills Funding Agency

- 3.2 The Skills Capital Investment Fund operated calls for projects between February 2015 and October 2016 and has awarded grant offers to 33 projects, committing circa £21.5m of LGF monies (see Appendix One).
- 3.3 The monitoring programme for skills capital investments is well underway, starting with the larger projects; collectively these 8 sites and premises projects are forecast to result in a range of outputs including circa 1,800 additional Apprenticeships and 1,600 additional classroom based learners.
- 3.4 To date £11.477m of the committed monies has been claimed, with the remainder of commissioned projects set to complete and claim by the end of the 2016/17 financial year. The exception to this is the 3 projects approved by the Combined Authority in July 2016 and September 2016 which have an agreed tail funding facility into 2017/2018.

- 3.5 The skills capital programme was paused earlier in 2016 to allow the outcomes of the Liverpool City Region Area Based Review to be reflected within the next stage of commissioning and scheme design. However, no structural skills capital demands were identified in the formal College recommendations. The softer outcomes from the Review regarding specialisation are reflected within this new scheme design.
- 3.6 With the Review concluded the Liverpool City Region is now in a position to re-open calls for skills capital projects with the £19.6m of uncommitted funds to be brought forward in future years as part of the Single Investment Fund process.

#### 4. SKILLS CAPITAL CALL - FRAMEWORK DESIGN PRINCIPLES

- 4.1 The following design principles and framework for Phase 2 skills capital investment (2016-2019) is being proposed.

##### Strategic Context

- 4.2 The skills capital framework will support the ambition and skills priorities outlined in the recently published Growth Strategy 'Building Our Future' and specifically:-
- a) Investments that support the **technical skills capabilities** of Liverpool City Region learners and workers through new facilities including **public/private investments**;
  - b) Investments that improves the learning environment, particularly for Liverpool City Region **priority sector** related provision; and
  - c) Investments that support **diversity** and the life chances of Liverpool City Region residents to include the provision of high quality learning and **pre-employment** training environments for those furthest from the labour market.
- 4.3 These investments may require new facilities, improvements to existing facilities or investment in equipment or adaptation of premises. Skills capital investments will be in the form of a grant which will require a match funding element from applicants. Cash match funding will be a priority although in-kind match may be acceptable in exceptional circumstances (e.g. for some community and charitable sector training applications) and where this can be clearly evidenced by the applicant.
- 4.4 The level and type of co-investment offered by the applicant will be judged within the appraisal process and will depend on the status and financial circumstances of the applicant but above all a value for money judgement will form part of the criteria and process of project selection.
- 4.5 A mixed approach of private cash match, in kind match (evidenced) will be eligible and a provision for repayable loans for the match funding element will also form part of the scheme design. The latter is complementary to other aspects of the Single Investment Fund programme and will be implemented follow the same principles and processes once established.

- 4.6 Overall co-investment will be assessed at programme level; this allows for an overall programme level investment package approach to value for money judgements (similar to the previous skills capital scheme) reflective of the fact that some projects are higher priority but applicants may have varying skills capital needs and ability to co-fund projects.
- 4.7 The principal benefits of skills capital investment will be learner benefits. While the outcomes in terms of total learner numbers are difficult to predict at this stage, it is envisaged these will be comparable to those set out at Section 3.4.

#### Funding Available

- 4.8 The indicative level of funding available for this call is £20m-30m (2016-2019). Please note this level of funding is subject to change at the City Region's discretion depending on the quality/quantity of applications received and in light of changes to economic growth opportunities and national and local funding priorities.

#### Eligibility

- 4.9 To date the majority of skills capital investment has been through the 7 local General Further Education (FE) Colleges based in the Liverpool City Region, with some access to funds for private / community sector Skills Funding Agency contracted providers. The second phase of skills capital will seek to expand eligibility beyond this group to include more employer-led provision.

- 4.10 Eligibility will now be expanded to include the full list below:-

- General FE Colleges;
- Sixth Form Colleges;
- Employer Providers who offer apprenticeships and other training provision to staff and supply chains (including SME's);
- Group Training Associations (providers led by a board of employers);
- Universities (who are or plan to deliver Higher and Degree Apprenticeship);
- SFA registered voluntary and community sector training organisations and social enterprises;
- Community learning providers including Local Authorities; and
- Other Skills Funding Agency approved training providers.

### **5. SKILLS CAPITAL CALL – COMMISSIONING APPROACH**

- 5.1 The approach to commissioning skills capital investments will follow the Phase 2 investment priorities identified in paragraph 4.2 and involve the development of a prospectus to commission projects (rather than an open call) as follows:

#### Prospectus of Requirements

- a. *Investments that support the technical skills capabilities of Liverpool City Region learners and workers through new facilities including public/private investments*

Significant refurbishment of (or new build) facilities to offer industry standard learning environments for the following:-

- Rail Manufacturing and Maintenance Technology Centre;
- Catapult Centre Model(s) to support sensor and low carbon engineering technologies to be accelerated within businesses;
- Construction Technology Centre – to support new build construction technologies and industry specialists; and
- Aviation College – to include pilot training, aviation management, air traffic control, fire and rescue and ground operations (aligned to *local Airport needs*)

*b. Investments that improve the learning environment, particularly for Liverpool City Region **priority sector** related provision*

Purchase of packages of equipment for learner use or improvements to premises to include the following:-

- Specialist high cost equipment needs to ensure that training meets industry standards for Science, Technology, Engineering and Mathematics and other priority sectors e.g. maritime and digital;
- Capital support to enable the widening of the delivery of Higher Education (HE) within Further Education (FE) environments for priority sectors – providing recognised HE Learning Centres within a FE Colleges; and
- Capital support to enable an expansion of learner pathways into priority sectors for 14-19 year olds (includes real workshop environments) linked to the national Post-16 Skills Plan;

*c. Investments that support **diversity** and the life chances of Liverpool City Region residents to include the provision of high quality learning and **pre-employment** training environments for those furthest from the labour market*

Adaption of premises or purchase of equipment to support an expansion and improve the quality of the learning experience for the following:-

- Improvements to training facilities and equipment focused at supporting NEET groups, BAME groups and those with learning difficulties and differences;
- Equipment and improvements to facilities for Special Educational Needs;
- English, Maths and Digital learning upgrades to centres to deliver excellence in teaching and learning;
- Equipment to improve the carbon footprint of learning facilities; and
- Facilities to widen the accessibility and quality of employment provision to include equipment and improvements to create integrated real work classroom environments to meet sector and industry requirements.

5.2 These projects will be commissioned with a preference for Full Business Cases (FBC) wherever possible, but Strategic Outlines Cases (SOC) may also be accepted for less developed projects.

## 6. APPRAISAL PROCESS

6.1 Applicants will be required to clearly demonstrate how their project meets the above investment priorities and will be scored against the following (aligned to the overall SIF appraisal criteria):-

- Project Appraisal – to establish the strategic case and economic impact of the project and alignment with the Framework;
- Education impact – to establish how well the project meets the needs of learners and employers;
- Deliverability – to establish the commercial case is viable and financial investment is appropriate / available and confirms the project management requirements for all parties is achievable i.e. able to be successfully delivered within the 2016-2019 funding period, with the applications through this call needing to commence on site by Sept 2018 at the latest;
- VFM (value for money) – to establish projects value for money, including cost benefit ratio, return on investment learner benefits relative to investment sought; and
- Employer engagement – to test the level of employer collaboration and ownership of the project.

6.2 In addition all projects:-

- Must demonstrate how they will support delivery of the Liverpool City Region Growth Strategy's ambition and the priorities within the People section of the strategy specifically;
- Will have to satisfy the City Region that their project is state aid compliant; and
- Will be considered against the outcomes of the Liverpool City Region Area Based Review.

### Governance

6.3 It is proposed that the current governance arrangements remain in place, with the Skills Capital Investment Panel continuing to provide detailed oversight to the appraisal of applications to ensure processes are robust, consistent, fair and transparently applied (in line with the Growth Deal Assurance Framework). The Employment and Skills Board continues to act as an Advisory Body for this funding with the Combined Authority responsible for funding decisions and the Local Enterprise Partnership Strategic Board responsible for approving the strategic economic fit of projects.

## **7. NEXT STEPS**

- 7.1 The scheme design and commissioning approach will be taken to the Local Enterprise Partnership Strategic Board on the 1 December 2016 for consideration prior to formal launch.
- 7.2 A detailed timeline for the submission of applications, assessments and grant award is in the process of being prepared but it is important that a pipeline of skills capital projects is created for starts on site during 2017-18, and preferably to start over the crucial summer works period in 2017. For this reason the new skills capital scheme will be launched in December 2016.
- 7.3 Work on the development of the prospectus is underway and this will be aligned to the SIF approach and is expected to be ready by early December 2016. A detailed timeline and approvals process is also being developed.
- 7.4 To allow us to meet the proposed launch date of December we recommend that the Combined Authority delegate authority for sign off of the prospectus and detailed processes for the scheme to the Lead Officer for Employment and Skills.

## **8. RESOURCE IMPLICATIONS**

### **8.1 Financial**

The financial issues are set out in this report as at point 4.8

### **8.2 Human Resources**

To run a commissioning process of this size and technical requirements within such a short timetable will take considerable resources. The process will be led by the Liverpool City Region Employment and Skills team (it should be noted there is no longer Skills Funding Agency support for this work) and it likely that additional resources (including technical appraisal support) will be required and this will be taken forward within the wider SIF commissioning arrangements.

### **8.3 Physical Assets**

If taken forward, the recommendations in this report will result in local improvements to FE sector buildings and facilities and improve the quality of teaching, learning and employment engagement.

### **8.4 Information Technology**

There are no Information Technology implications associated with the implementation of the recommendations in this report.

## **9. RISKS AND MITIGATION**

- 9.1 As per the wider Single Investment Framework Round 1 call, the main risk to the Combined Authority in relation to the SIF skills capital commissioning at this stage is a potential lack of delivery during the period of the SIF
- 9.2 This issue is being mitigated by taking a programme approach to creating a pipeline of skills capital projects, with varying investment benchmarks provided dependent on provider type and the ability to submit combined Outline and Full Business Case applications while still maintaining a Strategic Outline Case for less developed projects to be approved in principle.
- 9.3 Delivery can also be impacted upon by lack of capacity and the right capability to manage this process. As the Combined Authority becomes a fully established devolved Mayoral Combined Authority by May 2017, it will require a dedicated resource to manage skills capital projects.
- 9.4 While these plans are being implemented, the Combined Authority will procure interim resource to ensure the appraisal and approval process can be supported in the appropriate manner.

## **10. EQUALITY AND DIVERSITY IMPLICATIONS**

- 10.1 Successful skills capital investments as a result of this call will have a positive impact on equality and diversity, including learner benefits for local young people and adults including those living in deprived communities. As part of the due diligence process for any projects taken forward, applicants will be asked to consider these impacts in full including realising any skills through procurement opportunities.

## **11. COMMUNICATION ISSUES**

- 11.1 The SIF prospectus has been published via the Combined Authority website and the necessary paperwork for the skills capital call will be posted alongside this when launched.
- 11.2 To ensure that as wider set of eligible applicants as possible are aware of the commissioning and applications process a launch event and workshop will be held in conjunction with the Local Enterprise Partnership during December 2016.
- 11.3 Other avenues of communication will also be considered such as LEP sector Boards and business forums to reach as wider audience as possible.
- 11.4 All projects which are approved will be publicised appropriately and in line with the Combined Authority/LEP communications plan.

## 12. CONCLUSION

- 11.1 This paper has provided the design principles and strategic commissioning framework for the next round of skills capital investments to be secured as part of the Growth Deal. The Combined Authority is asked consider and approve the Design Framework and delegate authority to the Lead Officer for Employment and Skills in liaison with the Combined Authority Treasurer to approve the prospectus and launch of the scheme.

MIKE HARDEN  
Lead Officer: Employment and Skills

Contact Officers:  
Sue Jarvis, Knowsley Council (0151 443 3559)

Appendices:  
Appendix One – Skills Capital Investment Fund Progress Summary

**SKILLS CAPITAL INVESTMENT FUND PROGRESS SUMMARY**

The Skills Capital Investment Fund operated calls for projects between 2014-2016, with 33 projects awarded grant offers and a total commitment of circa £21.5m of LGF monies.

Larger Project Outcomes

For the larger skills capital projects approved, the following practical outcomes have been (or are expected to be) achieved aligned to the City Region’s priority sectors, as set out in Table 1:

Table 1: Skills Capital – Investment Mapping Summary

| <b>Single Growth Fund Priority Sector</b> | <b>Investment Made (Principal Sector Focus)</b>  | <b>Outcome</b>  |
|---|--|---|
| Advanced Manufacturing                    | £1.509m grant to Riverside College STEM Centre   | Will provide new career pathways into advanced manufacturing, life sciences (2 lab facilities now completed) and digital careers, including for those on academic pathways by offering vocational training on the current 6 <sup>th</sup> Form College site in Cronton. |
|   | £2.000m granted towards the Wirral Metropolitan College (WMC) STEM Centre                    | Mix of classroom and workshop based vocational provision delivered, including for mechatronics, manufacturing and the sciences.   |
|   | £0.407m grant to Southport College, (as part of a general refurbishment projects)            | Creation of an extended manufacturing / engineering workshop area completed to service local SME training needs.  |
| Digital and Creative                      | Grant of £2.180m to City of Liverpool College Digital Academy (subject to funding agreement) | Linked to COLCs partnership with Microsoft, the project will create innovative high tech learning environments for IT, gaming and design students to learn including by use of real world projects /briefs.   |
| Financial and Professional Services (FPS) | Multiple   | As a curriculum area, FPS is being delivered across a number of the project sites (e.g. WMC and HB). This is possible as the nature of this curriculum area means it often doesn’t need specialist learning space.  |
| Low Carbon Energy (inc. construction)     | £0.218m grant to North Liverpool Regeneration Co.  | This community based project will transform the classroom element of the providers’ facilities, giving a better all-round experience for learners in which to study for their English, Math’s and functional  |

|                          |   |   |
|--------------------------|---|---|
|                          |   | based learning.   |
| Maritime and Logistics   | £1.980m grant towards Port Academy Liverpool at Hugh Baird College (HB)   | The project has benefitted from employer support including from Peel Ports and is designed to easily enable learners to work in project teams across curriculum areas on maritime sector and related activities   |
|                          | £1.380m grant towards the Northern Logistics Academy (co-located at Knowsley Community College and St Helens College) | The Academy has an employer-led steering group and has succeeded in creating real world logistics environments with a traffic control centre, portal frame warehouse unit and mock production line on site.   |
|                          | £0.243m towards the Engineering College refurbishment at Birkenhead (formally known as MECNW)                         | The newly branded Engineering College (a Group Training Association delivering employer focused engineering provision primarily Apprenticeships) has created a modern learning environment for learners with a new mezzanine classroom space and equipment provision including virtual welding. |
| Visitor Economy          | Multiple  | Wirral Met. College, Southport College and City of Liverpool College have all received funding towards improvement of their training kitchens to deliver modern chefing skills and implementation of this element is being taken forward by the LCR Visitor Economy Skills group.               |
| Health and Life Sciences | £3.011m grant to City of Liverpool College STEM Centre  | New laboratory space including for 16-18 learners and bioscience and pharmacy higher level apprenticeships and HNC/HND provision.   |
|                          | £2.200m grant to WMC and University of Chester. University Health Campus  | New build development planned at Wirral Waters Enterprise Zone to provide new vocational/HE pathways into nursing, midwifery and dementia care.   |
|                          | £3.011m grant to City of Liverpool College STEM Centre  | New laboratory space including for 16-18 learners and bioscience and pharmacy higher level apprenticeships and HNC/HND provision.   |

Summary outcome information for the other investment strands (2-4) is as below:-

### Strand 2 - Improved Facilities

Each package of works within this Strand has varied by applicant, but typical items have included: roof replacement/repair, new windows and doors, fencing, boiler replacement, classroom re-design and electrical works. All schemes of works are either well underway (with November 2016 completion dates) or have already been completed and claims submitted.

### Strand 3 - Equipment

Projects have included grants towards new training kitchen facilities (City of Liverpool College and Wirral Metropolitan College), engineering equipment (Maritime and Engineering College NW and Knowsley Community College), a TV and music studio (St Helens College) and accessibility improvements/aids (Blackburne House). All schemes of works are either well underway (with November 2016 completion dates) or have already been completed and claims submitted.

### Strand 4 - Low Carbon

Has delivered efficiencies to the carbon footprint of the FE Estate including reductions to energy bills by installation of new LED lighting, improved insulation, general energy management measures and boiler replacement works. With the exception of 1 project (Hugh Baird College) all projects are now completed and claims submitted and / or paid out, with 2 projects having submitted project variations to agreed timescales as part of this.

### Outputs Forecast / Achieved to Date

The principal benefits of skills capital investment are learner benefits. Specifically, growth in learner numbers resulting from skills capital investment will be monitored over the lifetime of the Local Growth Fund (to 2019/20), with the first of these learner benefits expected to be claimed in Quarter 3 2016/17. For example, as a result of the Strand 1 Sites and Premises projects, an additional circa 1,800 Apprenticeships, 1,600 adult (19+) classroom based learners and 3,000 16-18 year old learners are forecast to be created.

In addition to the Strand 1 outputs, as set out in paragraph 3.3, other outputs are:-

Table 2: Skills Capital – Other Skills Capital Outputs

| <b>Output Type</b>                                  | <b>Forecast Total</b> | <b>Claimed to date (2016/17)</b> |
|---|-----------------------|----------------------------------|
| Learning Floor space Refurbished (m <sup>2</sup> )  | 24,000                | 5,330                            |
| Learning Floor space Constructed (m <sup>2</sup> )  | 2,072                 | 180                              |
| Learning Floor space Rationalized (m <sup>2</sup> ) | 413                   | 427                              |
| Direct Jobs Created (Permanent)                     | 430.5                 | 10.6                             |
| Direct Jobs Created temporary i.e. Construction     | 87.4                  | 91.2                             |



**Sustainable Transport Enhancements  
Package – A Step Change For Growth  
Years 3 to 6**

**LEP Board Meeting 1 December 2016**

Author:  
John Smith  
Merseytravel

Presented by:  
Frank Rogers  
Merseytravel

## 1. **Purpose of report**

- 1.1 The purpose of the report is to seek approval of the revised Full Business Case for the Sustainable Transport Enhancement Package (STEP) years three to six delivery programme to commence delivery in the 2017/18 financial year.

## 2 **Recommendations**

- 2.1 Approve the revised Full Business Case for the Sustainable Transport Enhancements Package; and
- 2.2 Approve the years three to six delivery programme for STEP.

## 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 eight schemes.
- 3.7 As part of the Growth Deal announcement, the Government has made a total of £41.4m available to the Liverpool City Region for Sustainable Transport improvements over a six year period from 2015/16 to 2020/21.
- 3.8 The submitted business case covers years three to six of the STEP programme. The Combined Authority approved years one and two of the STEP in April 2015. The STEP programme for 2017/18 to 2020/21 builds on the work the LCR has already started through delivery of STEP during 2015/16 and 2016/17. STEP is one of the largest investment in sustainable transport in the UK which continues to support the aims of transport acting as an enabler to boost economic growth and access to opportunities for all.

The detail of the scheme and the results of the independent assessment of the revised full business case 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 revised full business case and the years three to six programme of the STEP.

Appendices:

A - Report of the Lead Officer Transport – Sustainable Transport Enhancements Package – A Step Change For Growth Years Three to Six

B - STEP Years Three to Six Full Business Case Review

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## LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Chair and Members of the Combined Authority

Meeting: 16 December 2016

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

### REPORT OF THE LEAD OFFICER: TRANSPORT

#### **SUSTAINABLE TRANSPORT ENHANCEMENTS PACKAGE – A STEP CHANGE FOR GROWTH YEARS 3 TO 6**

#### **1. PURPOSE OF REPORT**

The purpose of this report is to seek approval of the revised Full Business Case for the Sustainable Transport Enhancements Package (STEP) years three to six delivery programme commence delivery in the financial year 2017/18.

#### **2. RECOMMENDATIONS**

It is recommended that the Liverpool City Region Combined Authority:

- (a) Approve the revised Full Business Case for the Sustainable Transport Enhancements Package; and
- (b) Approve the years three to six delivery programme for STEP.

#### **3. BACKGROUND**

- 3.1 Merseytravel, on behalf of the Liverpool City Region (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 transport and highway issues in the Liverpool City Region.

#### 4. SUSTAINABLE TRANSPORT ENHANCEMENTS PACKAGE FULL BUSINESS CASE FOR APPROVAL

- 4.1 As part of the Growth Deal announcement in July 2013, the Government has made a total of £41.4m available to the Liverpool City Region for Sustainable Transport improvements over a six year period from 2015/16 to 2020/21.
- 4.2 The submitted business case covers years three to six of the STEP. The Combined Authority approved years one and two of the STEP in April 2015. The STEP programme for 2017/18 to 2020/21 builds on the work the LCR has already started through delivery of STEP during 2015/16 and 2016/17. STEP is one of the largest investment in sustainable transport in the UK which continues to support the aims of transport acting as an enabler to boost economic growth and access to opportunities for all.
- 4.3 The Full Business Case for STEP has been submitted and has been assessed by the Transport Advisory Group's (TAG) independent advisory consultant, Waterman's.
- 4.4 The appraisal indicates that, according to Department for Transport (DfT) guidance, the Benefit to Cost Ratio (BCR) of the entire combined package assessed represents high Value for Money, and within this 16 out of the 22 schemes demonstrate very high VfM. In particular, there are large beneficial impacts in terms of journey time savings, with a monetised Present Value of Benefits (PVB) of £99.8m across the programme. There are also large beneficial impacts in terms of journey quality (monetised at £24.9m) and physical activity (monetised at £29.4m).
- 4.5 Table 1 shows the range of BCRs calculated for the different types of schemes appraised by Waterman. It shows that the programme performs well, resulting in high VfM. In addition to this, VfM of low carbon infrastructure and public realm investment is either high or very high.

Table1 - Summary of Value for Money by Scheme Type

| Scheme Type                     | Assessed Range of BCRs | Value for Money Assessment |
|---------------------------------|------------------------|----------------------------|
| Pedestrian/Cycling Improvements | 1.11-5.03              | Low – Very High            |
| Highway Improvements            | 1.97-8.87              | Medium – Very High         |
| Public Realm Improvements       | 3.74                   | High                       |
| Rail Station Improvements       | 1.41-7.99              | Low – Very High            |
| Low Carbon Infrastructure       | 8.88                   | Very High                  |
| <b>STEP 3-6 Programme</b>       | <b>3.28</b>            | <b>High</b>                |

- 4.6 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, TAG will ensure, aided by Waterman's 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.

- 4.7 The detailed feedback from the assessment from Waterman’s of the STEP 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. While the assessment does highlight shortfalls in the Full Business Case, these are relatively minor in nature and do not significantly impact on the conclusions drawn by Waterman’s.
- 4.8 Based on the assessment of the Full Business Case by Waterman’s, TAG is recommending that the Combined Authority approve the Full Business Case and years three to six programme for the STEP.

## 5. RESOURCE IMPLICATIONS

- 5.1 In preparing this Business Case, LCR partners have carried out thorough estimates of the costs of each of their schemes to provide a robust basis for the Economic and Financial Cases. The costs included in the programme for Years three to six have been developed in line with relevant WebTAG guidance, and include appropriate allowances for inflation and risk.
- 5.2 Years three to six of STEP will be funded by a combination of £27.7m LGF funding and £3.9m of local contributions from the LCR partner authorities. The detailed funding profile is set out in table 2 below.

Table 2 – STEP Years Three to Six Funding Profile

| <b>Scheme Description</b> | <b>Total Scheme Cost</b> | <b>Local Growth Fund Ask</b> | <b>Local Contributions</b> |
|---------------------------|--------------------------|------------------------------|----------------------------|
| Total – Year 3 (2017/18)  | £8,577,228               | £6,911,444                   | £1,665,784                 |
| Total – Year 4 (2018/19)  | £7,808,284               | £6,942,500                   | £865,784                   |
| Total – Year 5 (2019/20)  | £7,717,200               | £6,920,200                   | £797,000                   |
| Total – Year 6 (2020/21)  | £7,589,400               | £6,942,400                   | £647,000                   |
| <b>TOTAL</b>              | <b>£31,692,112</b>       | <b>£27,716,544</b>           | <b>£3,975,568</b>          |

## 6. RISKS AND MITIGATION

- 6.1 The LCR partners have identified the risks associated with the management and delivery of the STEP programme. The results of this process are captured in a risk register. A series of risk meetings with partners were held in July 2016, to identify the risks and mitigation measures associated with each of the proposed schemes. This was then followed by a risk workshop to discuss the impact of governance, commercial and financial risks. The resulting risk register formed the basis of the Quantified Risk Assessment (QRA).
- 6.2 The full Risk Assessment and Management Strategy is included in the Full Business Case

## **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 Waterman's on behalf of the Combined Authority has been discussed in TAG; 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 the Department for Business, Energy and Industrial Strategy to ensure that the City Region maximises profile for the schemes.

## **9. CONCLUSION**

Based on the advice of the Independent Assessor (Waterman's), TAG recommends to the Combined Authority the approval of the Major Scheme Business Case for the STEP years three to six programme to enable the scheme promoter to draw down LGF to commence delivery of schemes to support the ambitions of the Liverpool City Region.

FRANK ROGERS  
Lead Officer Transport

Contact Officer(s):  
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### Appendices:

Appendix A – STEP (Years 3 to 6 Programme) Full Business Case Review

### Background Documents

None

# STEP (Years 3 to 6 Programme)

## Full Business Case Review

**Date:** November 2016

**Client Name:** Merseytravel

**Document Reference:** WIE14530-103 -R-3-1-3-

This document has been prepared and checked in accordance with Waterman Group's IMS (BS EN ISO 9001: 2008, BS EN ISO 14001: 2004 and BS OHSAS 18001:2007)

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| Issue | Prepared by                               | Checked & Approved by               |
|-------|---|-------------------------------------|
| V1    | Peter Jackson Horner<br>Transport Planner | David Prior<br>Principal Consultant |

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### 1. Introduction

- 1.1. The Sustainable Transport Enhancements Package (STEP) is an integrated programme of investment in sustainable transport in the Liverpool City Region over the six-year period from 2015/16 to 2021/22. The STEP programme for years 1 to 2 (2015/6 to 2016/17) has already been subject to Major Scheme Business Case assessment and review. The purpose of this Technical Note is to review the Major Scheme Business Case for years 3 to 6 of the STEP programme.
- 1.2. A copy of the STEP Major Scheme Business Case (Years 3-6) report (V2) was provided to Waterman along with the associated appendices. The review of these STEP documents is based upon guidance provided by WebTAG. It has been undertaken using a spreadsheet based process developed and agreed with Merseytravel. This process has been undertaken for each of the 22 schemes which form the years 3 to 6 programme for STEP and for the overall programme. This note summarises the assessment of the STEP programme across all elements.
- 1.3. The reviews have been based upon the best practice five case model and have specifically considered:
  - Whether the proposal is WebTAG compliant/ in line with the DfT Transport Business Case requirements
  - Whether all impacts of the proposal have been considered
  - Accuracy and correctness of key aspects (eg Value for Money)
- 1.4. The contents of this Technical Note have been based upon the five Business Case headings:
  - Strategic
  - Economic
  - Financial
  - Commercial and
  - Management

## **2. Strategic Case**

- 2.1. The Strategic Case has been provided in significant detail. The background to the scheme and existing / future problems have been outlined in full. A number of scheme objectives have been set out and the long list of options has been included, with consideration given to local, regional and national policy. While the option sifting process is not consistent with EAST it is considered to be appropriate bespoke process for this project. Support for the scheme has been evidenced from major stakeholders with significant detail provided on existing and proposed consultation processes. There is a lack of detail regarding forecast future problems and trends within the programme area.

## **3. Economic Case**

- 3.1. The Economic Case has been provided in full. The business case methodology has been applied in line with WebTAG guidance. The economic impacts; environmental impacts; social impacts; and public accounts impacts for each scheme have been assessed, although these impacts have been generally assessed at a programme, rather than scheme specific, level. A Benefit Cost Ratio (BCR) has been calculated for each scheme and the overall programme. This, and the Value For Money rating are summarised within the Conclusions section of this Technical Note. It is clear from this analysis that the level of VfM varies significantly between the identified schemes.

## **4. Financial Case**

- 4.1. The Financial Case has been provided in full. While the scheme base costs have been included, there has been no breakdown of the elements within these costs. An optimism bias of 15% has been applied for all schemes.
- 4.2. The scheme costs have been broken down by year. Overspend assurance, in the form of a signed letter from a S151 Officer, is provided. A quantified risk assessment has been undertaken based upon scheme types and the main risks have been summarised.

## **5. Commercial Case**

- 5.1. The Commercial Case has been provided, but lacks detail in some areas. The STEP outputs have been verified and the procurement strategy, including preferred and alternative methods, has been included. The rationale for selecting the preferred option has been explained.
- 5.2. Topic elements, such as payment mechanisms; performance incentives, risk allocation and transfer have been described. However, the pricing framework and charging mechanisms have only been briefly touched upon. Contract lengths have been listed but some detail is lacking in relation to key contractual clauses. Contract management and timescale information has been included. However, no information has been given regarding in-service management, such as the additional support during roll out and closure.

## **6. Management Case**

- 6.1. The Management Case has been provided, but lacks some detail, particularly in relation to the programme plan. A range of successful similar projects have been identified. The management

structure of local and regional authorities has been provided in detail, including their various roles and responsibilities.

- 6.2. Support for the scheme has been evidenced through previous consultation events and the methods for future engagement have been set out. The Assurance and Approvals Plan; Risk Management Strategy; and Benefits Realisation Plan have been discussed, but with a lack of detail in certain elements.

## 7. Conclusions

- 7.1. Significant elements of the Business Case for the STEP years 3 to 6 programme are based upon work already undertaken for the years 1 to 2 programme of STEP. Due to the nature of STEP, as a package of schemes, the Business Case is based upon elements that are based upon the overall programme, other elements which are related to the scheme type or growth zone, with only certain elements of the Business Case being specific to the individual schemes.
- 7.2. Overall, across the 22 schemes included within the STEP years 3 to 6 programme, it is concluded that the Strategic Case, Economic Case and Commercial Case have been assessed in full with the vast majority of required information being provided. The Financial Case and Management Case have been covered, but detail is lacking in parts of these cases, specifically in relation to the programme plan and breakdown of the base costs. **However, this does not change the overall view that STEP years 3 to 6 is fully compliant with WebTAG and offers a high value for money to the City Region. Therefore, it is our recommendation that the Liverpool City Region Combined Authority approve the STEP years 3 to 6 business case and programme.**

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## Revised Timescales For The A570 Linkway Corridor Improvements Major Scheme

LEP Board Meeting 1 December 2016

Author:  
John Smith  
Merseytravel

Presented by:  
Frank Rogers  
Merseytravel

## 1. **Purpose of report**

- 1.1 The purpose of this report is to update the LEP Board of the proposed works planned for the A570 Linkway Corridor and to seek endorsement for the Transport Advisory Group (TAG) recommendation to the Combined Authority to approve the revised timescales for the delivery of the A570 Linkway Corridor Major Scheme.

## 2 **Recommendations**

- 2.1 Note the contents of the report ; and
- 2.2 Approve the revised dates for the A570 Linkway Corridor Improvements major scheme as recommended by the TAG.

## 3 **Background**

- 3.1 The A570 Linkway Corridor Improvements Scheme Full Business Case was approved at LCR Combined Authority on 15 July 2016 with a proposed two year programme over 2016/17 and 2017/18.
- 3.2 Since the approval, three key issues have been identified during the detailed design process. These issues are:
  - Network Rail Lime Street Closures;
  - Town Centre Christmas 2017; and
  - Detailed Design, Local Plan development and Land Release.

### **Issue 1 – Network Rail Lime Street Closure**

- 3.3 On 20 July 2016 a verbal update was made at the Major Events Board of the proposed Network Rail improvements where it was confirmed that a series of closures in 2017 and 2018 are proposed to allow:
  - Huyton 4 tracking;
  - Redevelopment of Lime Street Station with improved and additional platforms; and
  - Renewal of signalling and track
- 3.4 To enable the above, a programme of rail replacement bus services, are proposed to be in operation. This includes rail replacement bus operations from St Helens Central and St Helens Junction railway stations during the above periods of works.
- 3.5 Both stations are served by the A570 Linkway Corridor and the road is important for passengers accessing both stations for local and long distance rail services. The proposed rail replacement bus services will use the A570 Corridor to continue their services to and from the Liverpool City Region during the above works.

- 3.6 It is likely that while a quality rail replacement operation is used, existing rail passengers with access to a car would drive for some of their rail journeys during its operation placing additional demand on the road network.
- 3.7 The road is also the key route from the M62 for St Helens Town Centre, St Helens Rugby League Club, NSG/Pilkington Glass, Wincanton Distribution and numerous other businesses and residents.
- 3.8 As part of the regular Project Reviews for the A570 Corridor Improvements Major Scheme, its proposed programme and the proposed Network Rail closure programme were reviewed for potential issues and this identified that both schemes would be on site in September and October 2017. While only for a short time it would be during a key part of the current proposed construction programme for the A570 Corridor Improvements.
- 3.9 This could add additional delay and unreliability to not only rail passengers but existing road users on the A570 Corridor and wider St Helens area.

### **Issue 2 Town Centre Christmas 2017**

- 3.10 Options to move the A570 Corridor improvements around the proposed Network Rail improvements within the proposed delivery years of 2016/17 and 2017/18 would push key elements of the programme into the Christmas shopping period in 2017 where a highway works embargo is in place in St Helens.
- 3.11 It is considered that A570 improvement work during the embargo period would significantly damage the retail offering in St Helens Town Centre and nearby retail parks especially during the current challenging economic conditions.
- 3.12 As part of a project review it is proposed to ensure the best rail replacement bus operations and St Helens Christmas retail offering in 2017 the project would have to extend past its March 2018 completion date. This would also then potentially impact into the yet to be confirmed Network Rail 2018 closures outlined above.

### **Issue 3 Detailed Design and development of scheme**

- 3.13 Considering the two key issues above the opportunity to achieved greater improvements through the detailed design of A570 corridor schemes is created. A extended timescale would allow for greater consideration of the issues below which have developed further since the Business Case was submitted:
- 3.14 Incorporating the change of proposed development at Mere Grange from industrial to housing into the A570 Corridor Improvements scheme;
- 3.15 Opportunity to incorporate additional land for the A570 Corridor Improvements scheme at Elton Head Road/A570 junction from a proposed development at Linkway Distribution Park;
- 3.16 Enable the option to trial traffic management measures to inform the infrastructure element of the design;
- 3.17 Enable greater value engineering design against any statutory undertaker diversions and their requirements;
- 3.18 Enable a more cost effective scheme and minimize user impact;

- 3.19 Evaluate the recently published St Helens Emerging Local Plan site allocations and their potential impact on the scheme; and
- 3.20 Develop more future proofing into the design to enable capacity for future developments.

### **Proposal**

- 3.21 With the improvement package impacting on around 8,000 road users an hour at the weekday peaks then delivering the scheme which has the least amount of impact on the residents and economy of St Helens and the wider LCR region is considered best value. This can only be achieved through an extended delivery programme.
- 3.22 Based on the above it is proposed to revise the A570 programme and request funding over four financial years 2016/17, 2017/18, 2018/19 and 2019/20. This ensures that works are not on site during the Network Rail closures and the Retail Christmas Periods in 2017 and 2018. It also allows for work to be undertaken during quieter periods of the year reducing congestion and delays and allow for option testing and to incorporate Local Plan land release.
- 3.23 It is also more cost effective as it allows a programme that reduces associated costs such as costly revised traffic management layout changes and this would help maintain the project within the agreed budget.
- 3.24 While the scheme is now within four financial years instead of two the length of the works on site has not changed dramatically just programmed to be delivered more effectively to ensure local economic activity and a major Liverpool City Region Transport Scheme can be delivered with minimal impact. The scheme would be delivered at the latest by Autumn 2019 and it is still delivered within the Local Growth Fund period.

## **4 Conclusions**

- 4.1 Given the issues identified above and the risks to the delivery of the A570 scheme within the currently approved programme, the TAG is recommending the Combined Authority to approve the proposed revised delivery timeframe for the A570 Linkway Corridor Improvements Major Scheme.



## Recruitment of Chair

LEP Board Meeting 1 December 2016

Author:  
Mark Basnett  
Liverpool City Region LEP

## **Special Purpose Committee Proposal for LEP Board Consideration**

### **1. Purpose of the Report**

1.1 This reports sets out a proposal for consideration by the LEP Board from the Special Purpose Committee on the process to appoint a Chair of the Liverpool City Region Local Enterprise Partnership.

### **2. Recommendation**

2.1 It is recommended that the LEP Board consider and approve the proposal and authorise the LEP to commence the process of recruitment of Chair as set out in this paper.

### **3. Executive Summary**

3.1 It was agreed at the last LEP Board Meeting that Asif Hamid should continue as Interim Chair of the LEP for the remainder of the 2016/17 Financial Year until 31 March 2017 whilst a successor Chair was recruited and that a proposal for so doing be brought before the LEP Board for approval.

3.2 The proposal is set out below.

### **4. Proposal for LEP Chair Recruitment**

4.1 It is proposed that the Special Purpose Committee oversee the process, reporting their findings and recommendations to the LEP Board for consideration. The Special Purpose Committee currently comprises Cllr Phil Davies, Leader of Wirral Council and Nigel Weatherill, LJMU Vice Chancellor and Asif Hamid, Interim LEP Chair. It is proposed that Asif Hamid stand down from this Committee and that Chris Bliss, as LEP Company Board Director joins the Committee. It is further proposed that a representative of the Government's Cities and Local Growth Unit is invited to join the Committee as observer to ensure Government is satisfied that the process is compliant with Government guidelines for LEPs.

4.2 LEP Finance Director Tony Wade is authorised on the Board's behalf to publish on the LEP website and circulate to members, partners and stakeholders on 9<sup>th</sup> December the specification of the LEP role, Chair's role and person sought to be the Chair of the LEP. He is also authorised to engage a recruitment agency to assist with the initial search process. The specifications are set out at Appendix 1 to this report.

4.3 Applications to be invited in writing and electronically addressed to Tony Wade, no later than Monday 9<sup>th</sup> January 2017. Applications should include a CV and covering letter setting out the reasons why the applicant is suited to the role addressing the

specification, the availability for the role and other commitments during the proposed term of the role (see below).

- 4.4 Applications will be considered by the Special Purpose Committee against the agreed assessment framework as set out in the specification by Monday 16<sup>th</sup> January 2017. Candidates considered suitable by the Special Purpose Committee will then be invited to a meeting with the Special Purpose Committee during the week commencing 23<sup>rd</sup> January 2017 to discuss their application, interest in and suitability for the role.
- 4.5 The Special Purpose Committee will then prepare their recommendation to the Board, supported by the Finance Director, to be considered at the LEP Board on 9<sup>th</sup> February 2017. The LEP Board will then seek to determine by unanimous decision of all Board members, including those absent on the day, the preferred applicant.
- 4.6 In the event that a unanimous decision cannot be reached, the preferred applicants will be invited to meet with LEP Board Members at a date to be agreed but no later than 28<sup>th</sup> February. If a unanimous decision still cannot be reached, a clear majority decision will be sought. In the event of a tied decision the Special Purpose Committee will have the casting vote.
- 4.7 The LEP Board will then instruct the Special Purpose Committee, with the support of the Finance Director, to communicate with the preferred applicant to confirm acceptance and report back to the Board.
- 4.8 It should be noted that the position of Chair will be for an initial term of 3 years commencing as soon as possible after 31 March 2017 which can be extended at the discretion of the Board to a maximum of 3 years.
- 4.9 It should also be noted that the role of the Chair is not an executive position and as such is not remunerated, but reasonable expenses relating to the fulfilment of the role will be paid.

### **Role of the LEP in City Region Economic Development**

1. The City Region's Leading Strategic Business Organisation dedicated to Economic Growth
2. A Full member of the Combined Authority, represented on the Board, providing a strategic advisory role on business and economic growth matters
3. A constructive and supportive partner to our Local Authorities working collaboratively towards common goals
4. Active engagement with Central Government on economic strategy and effective implementation in the City Region working with our private and public sector partners to achieve powerful and aligned single and complementary voices
5. Interface and Engagement with all businesses across the City region, including leaders in key growth sectors, to small and micro businesses, to fully understand their needs, challenges and opportunities and ensure these are fully reflected in the strategic advice provided to the Combined Authority on business growth and support interventions
6. Lead body for development of City Region Growth Strategy & its effective implementation
7. An effective Delivery Organisation – taking a lead and coordinating role with partners to ensure that the needs of the City Region to deliver business growth are realised
8. A membership organisation, securing the support of multiple businesses and wider partners to a common goal of accelerated growth for our City Region to realise its economic potential

### **Role of the LEP Chair**

The role of the Chair is to ensure that the LEP successfully fulfils its core functions as set out above. Specifically, this includes:

- i. To inspire confidence in Business, Government, Local Authorities and the Combined Authority that the LEP understands the needs and opportunities of business and can effectively articulate these into strategic economic advice and implementation
- ii. To provide an authentic and respected voice of business on behalf of the LEP Board, Members and Executive on matters of economic strategy and growth – to Government, partners and to the media
- iii. To Chair the LEP Board so that all Board members can fully and effectively contribute and the Board can reach balanced and informed positions on key issues to provide strategic guidance to LAs and the CA
- iv. To work closely with the Senior LEP Executive, so that there is a unified and coherent approach to all LEP matters, that fully utilises the LEP executive expertise
- v. To represent the LEP and the wider business community on the Combined Authority Board and other Strategic Boards as appropriate
- vi. To promote Liverpool City Region as an outstanding location to invest and grow and to directly encourage and stimulate investment in the City Region
- vii. To support the LEP Executive in ensuring the organisation is run effectively so that it can continue to deliver its strategic objectives to support the City region's accelerated growth

### **Person Specification of Chair**

- a) A senior business leader that understands the needs of business both within the City Region, regionally and nationally

- b) An individual that commands respect of public and private sector members, partners and stakeholders
- c) An outstanding communicator and relationship builder with business and government
- d) A demonstrated commitment and passion for Liverpool City Region
- e) Availability to meet the demands of Chair role in engagements with Combined Authority, Government and business in conjunction with other commitments

**Assessment Framework for Chair**

| Specification | Weighting | Scoring                |
|---------------|-----------|------------------------|
| A             | 20%       | 0=not demonstrated     |
| B             | 20%       | 1= partly demonstrated |
| C             | 20%       | 2= mostly demonstrated |
| D             | 20%       | 3=fully demonstrated   |
| E             | 20%       | 4=exceeded             |

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## Agenda Item 3.a.

### Atlantic Gateway Update: LCR LEP November 2016

#### 1. Introduction

This paper provides a quarterly progress update (August– October 2016).

#### 2. Overview

AG's activities have focused on meeting with a range of key private and public sector partners across AG to discuss the development of a new AG brochure as agreed at the last AG Board. These meetings also discussed the role and value of AG and its strategic fit with wider developments including NP and TfN. See Section 3.

In the last quarter, there have been a number of significant announcements and developments both locally and nationally which are relevant to AG including:

- ongoing Government response to the EU referendum and analysis;
- new Prime Minister and Cabinet including various statements on NP;
- the announcement of a new Northern Powerhouse Partnership think tank to be chaired by George Osborne (discussed separately);
- announcement of the formal opening of L2 in November;
- local announcements re Labour Mayoral candidates for Liverpool and Manchester; and
- ongoing development of TfN's investment plan.

These developments will inform the content of the new AG brochure, AG's 2017 Business Plan and ongoing work plan.

#### 3. Update on core activities

##### 3.1 Business planning

The AG Board agreed that all work on a new Business Plan should be suspended until an AG brochure is produced. Planning work already done in relation to the Business Plan will be rolled forward to 2017.

##### 3.2 AG Brochure

###### *Progress:*

The AG Board agreed to produce a brochure/positioning document as a direct result of the EU referendum, change of Government leadership, concerns about Government's commitment to delivering a Northern Powerhouse and general market uncertainty. It was agreed that this should be developed in conjunction with key private and public sector



partners from across AG (consultee list agreed by Board including Ged Fitzgerald from the LCR). Consultee brief is included as Appendix 1.

Consultee meetings are almost complete with two further meetings required in November. A number of themes and comments have been made including:

- partners have a good understanding of AG and its priorities;
- there is continued support for AG which has increased in the last 6 months given uncertainty over Government's commitment to NP, the result of the EU referendum and ongoing need to secure transport investment;
- recognition that AG provides a platform for engaging with government on critical issues;
- recognition of the value that AG has in supporting the economic case for strategic investment in the North, raising awareness of and addressing issues affecting growth/development, supporting area-wide collaboration of critical issues and providing a united voice into the NP for LCR, GM and C&W;
- full support for the development of an AG brochure focusing on what AG is, its value, how it fits with NP, strengths of the area, a series of case studies and key asks of government and others;
- several examples for case studies have been suggested including Mersey Gateway Bridge, C&W Science Corridor, L2 and MSC, Omega, Airport City and Liverpool Waters;
- need to work closer with TfN, the developing NP structure and new think tank;
- need to work with partners in developing a targeted communications plan (across Government and key influencers);
- electronic brochure essential – hard copy optional; and
- consultees would like to be engaged in the ongoing development/review of the publication.

**Next steps:**

- Remaining interviews to be completed – November;
- Draft document and case studies to be developed – November/December;
- Work with an AG partner (TBC) to develop a high quality electronic publication - November;
- AG Executives Group to oversee the development/review of the first draft including obtaining feedback from consultees (if they have expressed an interest) – December/January;
- AG Board to review and approve the document – January;
- Development of communications plan (media coverage/distribution list) – November; and
- Take forward other actions raised with relevant organisations (TfN, NNP, key players in NP) – November/December.



## ATLANTIC GATEWAY

### 3.3 Infrastructure priorities

All infrastructure priorities had been agreed by the AG Board and partners. Next steps include:

- incorporate the priorities into the new AG business plan;
- AG executive group to agree AG-wide barriers, issues and opportunities in relation to these priorities; and
- one-to-one session with priority leads to discuss AG value, role and activities.

Work on infrastructure priorities to be undertaken post completion of the AG brochure. Status of infrastructure priorities and key issues/barriers continue to be discussed at the quarterly AG Executive Group meetings.

### 3.4 Wider activities/developments

- Quarterly AG Executive Group meeting – AG brochure, infrastructure priorities, science opportunities, key barriers and issues.
- Representing AG at various dinners/events/forums.
- Ongoing bi-monthly meeting with BIS/DfT on regional developments, national priorities and developments, priorities, NP activities.
- SuperPort – strategic development of the logistics sector.
- Continued focus on social media with 10% increase in followers month-on-month. In the region of 20,000 impressions per month. Twitter feed move to front page of website to provide increased visibility of news and commentary.
- Media coverage – regional and national commentary on infrastructure. Declined offers for interviews on EU referendum with SKY news, BBC news and national/regional press.
- Wider website improvements are limited due to the platform used as previously reported to the Board.
- Discussions with event organisers about potential collaborations.



## ATLANTIC GATEWAY

### Appendix 1 – Consultee briefing note

#### *About the Atlantic Gateway Partnership*

The Atlantic Gateway (AG) Partnership is a private-sector led board established in 2012 with members from the area's leading public and private sector leaders, including the area's three LEPs. Its vision is to support the growth of the economy of the East-West corridor between the cities of Liverpool and Manchester and including the immediate surrounding areas in Cheshire and Warrington.

It prioritises high growth opportunities which have the greatest opportunity to transform long term economic success. AG is outward looking, and has played a critical role in:

- influencing Government policy and investment decisions;
- attracting investment;
- supporting collaboration both inside and outside of AG; and
- unblocking issues and barriers to investment.

It has prioritised infrastructure, including transport, and two high growth sectors of logistics and science and innovation.

It has helped to secure funding and break down barriers associated with several major developments and initiatives including the Mersey Gateway Bridge, the Port of Liverpool, Port Salford and strategic transport for the North. Developments like Transport for the North, the Northern Powerhouse, devolution and result of the EU referendum have given it the opportunity to consider its strategic role.

A 2016 stakeholder survey confirmed that 71% believed that AG has had a positive effect on raising the profile of long term growth opportunities in the area. 86% agreed that the AG brand has a good resonance with government and adds value to the region.

**However, the survey also suggested that AG should establish its fit with the developing Northern Powerhouse and strengthen its role with Central Government.**

#### *Looking Ahead*

The UK is in a period of political and economic uncertainty following the result of the EU referendum. The AG Board believes that it is important that the momentum is not lost and that AG should play a lead role in:

1. maintaining business confidence in the AG area;
2. demonstrating that the area is "open for business";
3. promoting the key investment opportunities across AG;
4. reinforcing the most recent success stories in the AG area; and
5. highlighting the role of AG in unlocking key development opportunities.

The AG Board is committed to the development of a consistent message which aligns with its key partners across the AG area, especially Northern Powerhouse. Collaboration with key partners is essential during this period of uncertainty.



## ATLANTIC GATEWAY

AG would like to arrange a series of meetings with the area's key private and public sector leaders to inform the development of an AG Brochure. This will be used to communicate these five points and to explain the purpose of AG, the value it provides and its fits with a range of high profile Northern and National Initiatives. The publication would be used to communicate with Government, key partners, investors and local and national press.

We believe that AG has, and can continue to, add value across the AG area by:

1. providing a united consistent voice on key issues and opportunities;
2. providing a joined up AG voice within the Northern Powerhouse;
3. focusing on AG priorities - AG's agreed priorities are infrastructure, freight and logistics, and science and innovation. Each of these priorities are key drivers of productivity and economic growth within the Northern Powerhouse Independent Economic Review;
4. supporting collaboration - AG provides a framework for bringing together the area's public and private sector partners on its agreed priorities;
5. unlocking investment - accelerating the development of AG projects to drive growth; and
6. influencing Government and investment decisions.

### *Have your Say*

Your views are welcomed to inform the next phase of AG, focusing on the following questions:

1. What is your current understanding of AG and its role/value?
2. What can AG do more/less of?
3. What role can AG play in the short term during this period of potential economic uncertainty?
4. Do you support the development of an AG brochure to reinforce key messages?
5. What would you like to be included in the brochure? What should be off-limits?
6. What should AG focus on moving forward? Do you agree with the roles set out above? Where can AG add most value?
7. What role should AG play with Northern and National Initiatives including for example Northern Powerhouse, Transport for the North, National Infrastructure Plan?
8. Should AG build upon the evidence and growth sectors as identified in the NP Independent Economic Review?
9. How can AG work more effectively with partners and Government to support growth?
10. Is there anything else that AG should do now to support and add value its partners?

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