



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

AGENDA

DATE: Thursday, 17th August, 2017

TIME: 8.30am

VENUE: Main Stand, Liverpool Football Club, Anfield Road, Liverpool, L4 0TH

**LIVERPOOL CITY REGION
LOCAL ENTERPRISE PARTNERSHIP
BOARD**

AGENDA

1. WELCOME AND INTRODUCTIONS

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

Board members to declare any interests in items under consideration.

4. MINUTES OF THE PREVIOUS MEETING

To consider the minutes of the last meeting held on 6 April 2017.

(Pages 1 - 8)

5. CHAIRMAN'S UPDATE (V)

6. BOARD COMPOSITION (PR)

7. LOCAL GROWTH FUND UPDATE (P)

(Pages 9 - 16)

8. INTERNATIONALISATION STRATEGY UPDATE (P)

(Pages 17 - 20)

9. COMBINED AUTHORITY 100 DAY PLAN (PR)

10. ANY OTHER BUSINESS

Key (V) - Discussion/Verbal Update no paper
(Pr) - Presentation
(P) - Paper

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

At a meeting of the Liverpool City Region Local Enterprise Partnership Board held in the Arriva Merseyside, Stoneycroft, Liverpool L13 7HS on Thursday, 6th April, 2017 the following Members were

PRESENT:

Asif Hamid (Interim Chairman)
Mayor Joe Anderson OBE
Councillor Phil Davies
Mike Houghton
Amanda Lyne
Councillor Andy Moorhead
Councillor Rob Polhill
Neil Sturmey
Professor Nigel Weatherill
Kate Willard

APOLOGIES:

Chris Bliss
Kath Boullen MBE
Councillor Barrie Grunewald
Councillor Ian Maher

IN ATTENDANCE:

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

Prior to the start of the meeting, as the host organisation for this meeting, Howard Farrell, Regional Director – Arriva, gave a presentation which set out information on the:-

- Arriva company structure
- geography of Arriva North West and North Wales
- company's robust community programme
- Merseyside Bus Alliance.

The Interim Chairman thanked Howard Farrell for the presentation and the hospitality provided.

261. DECLARATIONS OF INTEREST

The Interim Chairman highlighted their importance and sought any declarations of interest which were submitted as follows:-

Member	Minute No.(s)	Nature and Extent of Interest
Mike Houghton	General	Siemens may, at some point, submit/or take part in applications to the SIF

(Prior to the consideration of the following item, Asif Hamid – Interim Chairman left the meeting and Neil Sturmeay took the Chair during its consideration).

Neil Sturmeay
(in the Chair)

262. APPOINTMENT OF CHAIRMAN

The Board considered a confidential briefing paper, that had been circulated to Board members, which set out the recruitment process, overseen by the Special Purpose Committee, undertaken with regard to the position of Chairman of the Board.

It was AGREED (unanimously) –

- (i) That the extensive recruitment process followed for the appointment of Chairman of the LEP Board, as detailed in the report, be endorsed as wholly appropriate;
- (ii) that the level of interest received which reflected the demands placed on the position, the qualities sought and the lack of remuneration be noted; and
- (iii) that Asif Hamid, the current Interim Chairman, be offered the post of Chairman of the LEP Board with a 3 year term of office with effect from this meeting.

(At this point, Asif Hamid returned to the meeting and, having accepted the above offer, took the chair for the remaining items of business).

Asif Hamid
Chairman of the LEP Board
(in the Chair)

263. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Board held on 9th February 2017 were received as a correct record and signed by the Chairman.

Matters arising from the minutes –

257(a) LEP Board Composition Review – it was reported that expressions of interest were being assessed and initial consideration would also be given to the identification of a Vice-Chairman of the Board.

257(b) Code of Conduct – The LEP’s National Assurance Framework was submitted and was subject to review by DCLG. It was found to be compliant and has now been published on the website. In addition, it was subject to a LEP Network peer review which will look to promote best practice amongst LEPs.

264. INDUSTRIAL STRATEGY

The Board considered a presentation from Mark Basnett on the development of the City Region’s response to the Government’s Industrial Strategy consultation process. In this respect, the presentation provided information on:-

The Government Approach	structured around the 10 pillars set out in the Green Paper – the deadline for formal responses to which is 17 th April 2017
Consultation Undertaken	hosted ministerial visit on 9 th February at which discussions had been held with Greg Clarke MP; an open event had been held on 29 th March at Anfield Stadium; responses had been sought online; discussions with Sector Boards; BEIS meetings/discussions; response from Employment and Skills team.
Structure of draft response	introduction setting out LCR context; specific 10 pillar response and a summary of the opportunities to accelerate inclusive UK growth

The views were sought from the Board on the following questions:-

- LEP or LCR response?
- Is the response structure appropriate?
- Are there any other appropriate consultees?
- What are the key issues that should be included?

During its consideration of the presentation, the following comments were made by Board members:-

- Mayor Anderson highlighted the City Region’s Growth Strategy which he pointed out was an excellent starting point for a joint Combined Authority/LEP consultation response. He also pointed

out that housing was a significant issue that was not connected into the proposed Industrial Strategy and stressed the need to maintain the Government's focus on devolution agenda by driving forward the City Region's ambitions by maximising its current position of 'being ahead of the game'.

- Kate Willard stressed the need for the City Region's response to be distinctive and stand out.
- Amanda Lyne felt that there was an opportunity to showcase what City Region was trying to achieve by the inclusion of 2/3 key actions for implementation by 2020.
- Mike Houghton pointed out that the City Region needed to be careful not to stray too far away from the expected structured response approach as it may not be well received by Government. A balance was required with any innovative approach being weaved into the expected narrative.
- Councillor Moorhead suggested that, as it was essential that the City Region had its own energy resource, the tidal barrier project should be highlighted.
- Councillor Davies suggested that the response should clearly set out the Region's 'big ticket' asks such as HS3, vocational education and housing.
- Professor Weatherill reported that the universities had adopted a different approach to their consultation response by placing an emphasis on the challenge to increase productivity through the skills agenda.

It was AGREED -

- (i) That, taking on board the comments made by Board members, the LEP Executive and Combined Authority colleagues draw together a joint submission to the Government's Industrial Strategy Green Paper by the 17th April deadline; and
- (ii) that the final version of the submission be circulated to Board members.

265. INTERNATIONALISATION STRATEGY

The Board considered a presentation by Mark Basnett that gave an update on the progress made on the provision of an Internationalisation Strategy for the Liverpool City Region. In this respect, the presentation set out information on the progress made with regard to the launch of the Global Partners together with a broad outline of the proposed timetable for consultant procurement, the development of the Strategy and the delivery structures required to enable it to be in place by April 2018.

During its consideration of the presentation, the following comments were made by Board members:-

- Neil Sturmev highlighted the need to identify what the City Region wanted to achieve and how it could be delivered. The challenge was to get the most important investors on board by harnessing the current contacts including key multi-national companies such as Unilever and Jaguar Land Rover.
- Professor Weatherill noted that the strategy was not anticipated to be in place until April 2018 and stressed the need to have short term actions in place now.
- Mayor Anderson suggested that the Combined Authority could look to create a designated ambassador to promote the Liverpool brand and this something the new City Region Mayor may wish to consider.
- Councillor Davies pointed out that the Region had a good platform to build upon following previous visits to China, MIPIM and discussions held with potential Middle Eastern investors.
- Amanda Lyne highlighted the current lack of support given to SME's to exploit export opportunities.
- Councillor Moorhead stressed the need to develop initiatives now, to avoid the Region falling behind, such as an International Desk.
- The Chairman pointed out that political/private sector collaboration was an essential element. He also touched upon the recent Qatar – UK Business Forum which highlighted the real appetite to invest and the significant opportunities that were available. He felt that the City Region should have a have a presence at the key international trade events and undertake trade missions. For this to happen, the appropriate financial resources should be made available.

It was AGREED –

- (i) That the detail of the tender documentation for the consultant procurement be shared with Board members; and
- (ii) that the LEP Executive and the appropriate Combined Authority Lead Officers scope out, and where necessary seek the approval of the Combined Authority for:-
 - (a) appropriate short term capacity to enable the provision of initiatives, such as an 'International Desk', to seek investment in the City Region and support the engagement of businesses and other organisations in international markets, in the interim period before the Internationalisation Strategy is in place in April 2018; and
 - (b) a budget source to meet the cost of the attendance by City Region delegations at significant international trade events and trade missions.

266. STRATEGIC TRANSPORT UPDATE

The Board considered a presentation by Frank Rogers which gave an update on the following key strategic transport projects:-

- Transport and the Economy
- Transport for Growth and the link to the Northern Powerhouse
- Transport for the North – The case for High Speed Rail and the development of options for a link into Liverpool
- Long Term Rail Strategy
- The current £340m investment suite of projects in the Liverpool City Region
- The £460m investment in new rolling stock
- LCR Freight logistics – a re-balancing opportunity and the Liverpool 2 deep water terminal
- The Mersey Gateway
- Key route network improvements
- The Mersey Tunnels
- The LCR Bus Alliance
- Walrus Smart ticketing
- The opportunities provided by SIF - £458m up to 2020/21.

An update was also given on the plans that had been put in place by Merseyrail as a result of the industrial action by the RMT on Grand National Day (8th April 2017).

Board members highlighted the key issues to be addressed to deal with the additional road freight traffic volume to, and from, the Port of Liverpool on Dunnings Bridge Road to Switch Island. Mayor Anderson touched upon the ongoing discussions held with Highways England but stressed that political conversations were required first in order to fully consider the available options.

It was AGREED –

- (i) That the content of the presentation be noted; and
- (ii) that an update on the enhancement of road freight traffic access to the Port of Liverpool, be submitted to the Board at the appropriate time.

267. CHAIRMAN'S VERBAL REPORT

The Chairman gave an update on the discussions he had held as part of the Qatar – UK Business and Investment Forum that took place over two days on 27th and 28th March in London and Birmingham. With reference to the Board's earlier discussion on an Internationalisation Strategy, he also highlighted two significant trade events in India in September and, looking further forward, the Dubai 2020 Expo.

It was AGREED that the verbal update be noted.

(a) **Atlantic Gateway**

Kate Willard presented a paper that provided a quarterly progress update of Atlantic Gateway's activities for the period December 2016 to March 2017.

It was AGREED that the report be noted.

(b) **Bus Alliance**

Kate Willard gave an update, as the Board's representative, on the Merseyside Bus Alliance whose focus was to increase the number of fare paying passengers, improve customer satisfaction and drive up investment for the benefit of all who use bus services. In this respect she highlighted the following two initiatives:

- With an input from Transport for London, a number of new initiatives were being piloted to transform the look of a number of vehicles in the bus fleet to improve the customer offer; and
- As part of the diversity agenda, and in view of the flexible working opportunities available, a project to encourage more female drivers.

It was AGREED that the report be noted.

(c) **Transport for the North (TfN) Partnership Board Update**

The Board considered an update paper that set out the current composition of the Transport for the North (TfN) Partnership Board and indicated that the proposal for statutory status had been submitted to the Secretary of State for Transport in October 2016. The report indicated that should statutory status be granted, the Northern regions would be asked to formally nominate their representatives.

The Chairman reported that he was to review the LEP's representation on all bodies and suggested that the nomination of representatives on the TfN Partnership Board be deferred pending the outcome of the review.

It was AGREED – That consideration of the nomination of the LEP representation on the TfN Partnership Board be deferred pending the wider review of LEP Board member representation on external bodies.

268. ANY OTHER BUSINESS

Neil Sturmeay referred to the LEP Company Board's consideration of potential changes to its future business model, and associated financing, including the introduction of membership model inclusivity. In

this respect, he indicated that a report would be submitted to a future meeting of this Board.

Minutes 261 to 268 received as a correct record on the 17th day of August 2017

Chairman of the Board
(The meeting closed at 10.42am)



LEP Board Meeting 17 August 2017

Local Growth Fund update

1. **Executive Summary**

- 1.1 This paper provides an overview and update on Local Growth Fund (LGF) awards to Liverpool City Region.
- 1.2 The paper presents an overview of the total LGF awards allocated to the Liverpool City Region through rounds 1, 2 and 3. Whilst LGF awards are agreed they are not available in full but are drawn down across a number of years in line with a pre-agreed profile and are conditional upon performance.
- 1.3 The implementation of the Single Investment Fund (SIF) provides a mechanism for the co-investment of LGF alongside other funds under the control of LCR CA. These investments will be prioritised and will test suitability against a range of criteria including strategic fit informed through the Single Growth Strategy ('Building Our Future').

2 **Recommendations**

- 2.1 The LEP Board are recommended to;
 - a. To note the report which summarises the three LGF awards to LCR;
 - b. To note the draw-down profiles that LCR CA are committing to; and
 - c. To note the progress on LGF1 and 2 and the process change for unallocated LGF funds now that the SIF has been implemented.

3 **Background**

- 3.1 In the June 2013 Spending Review, Government asked LEPs to develop multi-year local Strategic Economic Plans to be used as the basis for negotiations on 'Growth Deals'. These deals awarded funds through the Single Local Growth Fund, created in the same Spending Review.
- 3.2 In March 2014, all the then 39 LEPs submitted Strategic Economic Plans and in July 2014, the government announced details of funding received by each LEP over the period 2015 – 2021 (Round 1). In January 2015, the government expanded the deals, with LEP areas awarded a further £1 billion in total between 2016 and 2021 (Round 2).
- 3.3 The 2016 Budget included the announcement that up to £1.8 billion would be allocated through a further round of Growth Deals and in the 2016 Autumn Statement the government awarded a third round of Growth Deal funding, worth £1.8 billion.
- 3.4 Liverpool City Region (LCR), with LCR LEP engagement, has successfully bid and been awarded funds in each of the three rounds of Local Growth Fund (LGF) competitions. LCR has performed well in these competitions and it has received the eighth highest amount in total whilst only having the sixteenth largest resident population of the now 38 LEPs. The total award received by LCR is £332.9m comprising of £232.3m in round 1, £31.6m in round 2 and £72m in round 3.
- 3.5 Since the initial award, LCR has formed a Combined Authority (LCR CA) and negotiated a Devolution Deal with Government. Consequently, the LCR CA created a Single Investment Fund (SIF) with an aligned and uniform process for prioritisation, appraisal and award of public funds for investment in growth projects. In view of this, and with Government approval, the LCR LEP agreed that any unallocated funds in each of the awarded LGF rounds (and any

future rounds) would be co-invested through the SIF where they met the strategic objectives of the LEP as set out in the Single Growth Strategy ('Building Our Future').

- 3.6 Whilst the LGF awards are governed and administered by the LCR CA through the SIF Assurance Framework, the LEP retains a responsibility for oversight of their use and their impact in achieving the growth ambitions set out in the Single Growth Strategy.
- 3.7 Even where funds are not allocated through the SIF the LCR CA performs all stewardship and administrative functions with the LEP having only a strategic role. Progress and performance of LGF funds will be provided to the LEP by the LCR CA regardless of whether they are invested through the SIF.

4 LCR's LGF Awards

- 4.1 As stated above in 3.4 a total of £332.9m of Local Growth Funds have been awarded to LCR through three discrete rounds. LCR has been consistent in its approach in proposing a programme of investments which now, through the SIF, are allocated to individual projects meeting strategic criteria and after thorough appraisal as set out in the SIF Assurance Framework and the LEP Assurance Framework where the project was commissioned prior to the SIF being launched.
- 4.2 However, at the point of introducing Growth Deals several key strategic projects had already been agreed with government departments and in these cases these projects were included in the award value for round 1 (£53m of LGF 1).
- 4.3 The table below provides a breakdown of the three rounds by priority area of investment.

£m		Round 1	Round 2	Round 3	Total
Transport	Previously committed transport schemes	44.1			44.1
	Major transport schemes (includes £33m DfT retained)	97.7		40.0	137.7
	Sustainable Transport	41.4			41.4
	Sub-total	183.2		40.0	223.2
Skills	Skills Capital – Infrastructure	34.6		8.0	42.6
	Skills Capital – Low Carbon	6.5			6.5
	Sub-total	41.1		8.0	49.1
Business Growth and infrastructure	International Festival for Business (IFB)	5.0			5.0
	Business Growth and Infrastructure		31.2	24.0	55.2
	Low Carbon		0.4		0.4
	Sub-total	5.0	31.6	24.0	60.6
TOTAL		229.3	31.6	72.0	332.9

- 4.4 Much of the Round 1 award was allocated to individual projects prior to the implementation of SIF and the LEP Board has received reports and updates individually on these in previous

meetings. Round 2 funds and Round 3 will be managed through SIF and any Round 1 fund underspend will also be invested through the SIF.

- 4.5 Under devolution the LCR has greater freedom to exercise virement between different funds coalesced within the SIF. However, in awarding LGF funds to LCR, the Government requires LCR to provide discrete and specific expenditure profiles for their use.
- 4.6 It has been previously reported that some transport schemes are experiencing increases in cost (Halton Curve and Maghull North FBCs indicated higher outturn costs than their original LGF bid forecast) and this will be funded from the devolved transport majors pot which was an unallocated fund provided for use under local determination.

5 Progress and performance

Monitoring Mechanisms

- 5.1 It is necessary to monitor progress and performance at an aggregate level against the profile submitted to government and also at a project level. Once a year a meeting takes place between representatives of the LCR and representatives of government to review progress, this is known as the 'Annual Conversation'. Subject to the outcome of this review the next year's profiled allocation may be released or if unsatisfactory performance has occurred it may be withheld.
- 5.2 In addition, through the Devolution Deal the city region will also be subject to Gateway reviews every 5 years and whilst this is with regard to 'gainshare' funds and not LGF, the use and impact of the latter provides context and evidence as to the success of the investment strategy.
- 5.3 As such, robust monitoring of individual projects allows issues that might impact overall performance to be identified and allow corrective action or re-profiling. Executive functions to support this role have been in place with a dedicated Programme Management Office (PMO) established, though it is recognised that further capacity is necessary to ensure the projects supported by the SIF are also subject to robust monitoring and control.
- 5.4 This capacity is being built and in the meantime interim arrangements are in place including an executive monitoring function, the Interim Programme Board (IPB). The PMO reports monthly to the IPB on progress and performance for LGF and SIF funds. The IPB is chaired by the Head of Paid Service (HoPS) and includes the CA Treasurer, the Head of Programme Management, the Senior Head of Operations (Merseytravel) given the large number of LGF transport schemes, the Finance Director (LCRLEP), the Chair of the Transport Advisory Group (an executive group) and the Project Controls Manager (Merseytravel). As such all key stakeholders are represented.
- 5.5 The IPB receives a performance report from the PMO that consolidates all individual reports of the Project Managers. The report uses a RAG system to flag underperformance so issues and barriers to performance can be identified and corrective action or re-profiling recommendations proposed. It should be noted that the PMO has commenced monitoring SIF projects as well as LGF though this report deals only with LGF.

Progress to 30 June 2017

- 5.6 Monitoring presently covers financial performance amongst other parameters such as schedule and risk, and, in due course, as projects near completion their impact will also be reported as benefit realisation metrics are captured. LGF and SIF have significant monitoring

and evaluation obligations and demonstrating the impact of local investment is critical to securing future funding. In terms of financial performance, government will require re-assurance that profiles, as previously submitted, will be achieved and where this is not the case that appropriate measures are in place to recover any variances. Spending to profile evidences project delivery and execution in order that benefits are realised as early as achievable.

5.7 By reference to table 4.3, the progress against committing funds against projects in each round of LGF is as follows;

LGF 1

£m		Award	Approved projects value	Committed value ^{note1}	Balance to be committed
Transport	Previously committed transport schemes & Local Majors Pot	44.10	42.74	42.74	1.36
	Major transport schemes	64.70	59.37	59.37	5.33
	Sustainable Transport	41.40	41.40	41.40	0.00
	Sub-total	150.20	143.51	143.51	6.69
Skills	Skills Capital – Infrastructure	34.60	34.60	17.64	16.96
	Skills Capital – Low Carbon	6.50	6.50	1.50	5.00
	Sub-total	41.10	41.10	19.14	21.96
International Festival for Business (IFB) - 2016		5.00	5.00	5.00	0.00
TOTAL		196.30	189.61	167.65	28.65
DfT retained project included in award value (now in process)		33.00	0.00	0.00	33.00
TOTAL		229.30	189.61	167.65	61.65

LGF 2

£m		Award	Approved projects value	Committed value ^{note1}	Balance to be committed
Business Growth and infrastructure	Business Growth	15.60	0.00	0.00	15.60
	Business Capital	15.60	8.37	3.42	12.18
	Low Carbon	0.40	0.0	0.0	0.40
TOTAL		31.6	8.37	3.42	28.18

LGF 3

£m		Award	Approved projects value	Committed value ^{note1}	Balance to be committed
Transport		40.00	0.00	0.00	40.00
Skills		8.00	0.00	0.00	8.00
Business Growth and infrastructure		23.95	0.00	0.00	23.95
TOTAL		71.95	0.00	0.00	71.95

SUMMARY

£m	Award	Approved projects value		Committed value ^{note1}		Balance to be committed	
LGF 1	229.30	189.61	83%	167.65	73%	65.62	27%
LGF 2	31.60	8.37	26%	3.42	11%	28.18	89%
LGF 3	71.95	-	0%	-	0%	71.95	100%
TOTAL	332.85	197.98	59%	167.10	50%	165.75	50%

Note 1 – Committed means the issue and acceptance of a Grant Funding Agreement (GFA)

- 5.8 In total, 51% of the LGF award value is committed although this increases to 57% if the DfT retained scheme is excluded which makes Round 1 more advanced than the other two rounds, with 85% committed. The under-commitment in LGF 1 was due both to slippage in third party delivery schedules, such as Network Rail or the result of having to take forward Compulsory Purchase Orders, and LCR CA's decision to determine the results of the Area Based Review before making further investments. Furthermore, a decision was taken to await the launch of the SIF to make use of LGF 2 and 3 funding. A more aggressive investment programme from 2017/18 onwards is expected.
- 5.9 As stated in 5.6, actual spend against previously submitted profiles provides important reassurance to Government that the city-region's Growth Deal is on track for delivery. The table below shows the actual levels of expenditure against previously submitted profiles, as well as current forecasts against the original profile provided to government.

£m	2015/16 Actual	2016/17 Actual	2017/18	2018/19	2019/20	2020/21	TOTAL
LGF 1	22.99	28.91	68.14	39.50	8.55	8.13	176.22
LGF 2	0.0	1.30	4.12	26.18	0.00	0.00	31.60
TOTAL	22.99	30.21	72.26	65.68	8.55	8.13	207.82
Receipts from Gov't ^{Note 2}	32.00	71.20	36.80	27.30	20.10	20.10	207.50
Variance	-9.01	-40.99	35.46	38.38	-11.55	-11.97	0.31
Cumulative variance		-50.01	-14.55	23.83	12.28	0.31	

Note 2 – Receipts from Government are actual in 2015/16, 2016/17 and 2017/18. £53.1m is excluded from LGF 1 reflecting pre-committed and retained schemes that will be paid directly by sponsoring Government Departments such as DfT.

- 5.10 It can be seen from a cash-flow perspective that a significant unspent balance of LGF was realised at the end of 2016-17. However, the LCR CA has been able to bring forward other capital fund commitments to utilise this balance and make cash available in future years to meet the LGF approvals once committed.
- 5.11 With the award of a further £72m under round 3, the original profiles have been replaced as shown in the table below.

£m	2015/16 Actual	2016/17 Actual	2017/18	2018/19	2019/20	2020/21	TOTAL
			Forecast				
LGF 3 Awarded profile	0.00	0.00	17.20	14.10	7.10	33.60	72.00
LGF 1 and 2 Revised Profile	22.99	30.21	72.26	65.68	8.55	8.13	207.82
Total	22.99	30.21	104.17	66.30	16.65	41.73	279.82
Receipts from Gov't	32.00	71.2	53.56	40.91	27.08	54.80	279.55
Variance	-9.01	-40.99	35.90	38.87	-11.43	-13.07	0.27
Cumulative variance		-50.00	-14.10	24.77	13.34	0.27	

- 5.12 The actual spend in 2015/16 resulted in a carried-forward underspend of £9.01m. which is compounded by an underspend in 2016/17 of £40.99m producing a cumulative underspend of £50m. It is planned that this will be corrected in 2017/18, although not fully, with a cumulative underspend of £14.1m at the end of 2017/18.
- 5.13 The causes of the under-commitment in LGF 1 and 2 were explained in 5.8 above but the implementation of SIF will see a more aggressive investment programme which is reflected in the profile from 2017/18 forward. Nevertheless, sixteen of seventeen LGF 1 funded schemes have had Full Business Case approval by LCR CA.
- 5.14 £9.95m of LGF 2 was approved against 2 schemes prior to the implementation of SIF (Littlewoods and Alstom – see LEP Board papers 17 March 2016 and 21 July respectively). Through the SIF, a further 3 schemes have been requested to develop business cases which will fully commit the Business Capital component (£15.6m total). The Business Growth element - a Flexible Growth Fund - (£15.6m see LEP Board paper 9 February 2017) has moved to Outline Business Case status, within the SIF process, but requires further development by the CA and LEP to progress.

6 Conclusions

- 6.1 The LCR has been successful in competing and winning awards from the Local Growth Fund and with the introduction of SIF their use will be made more effective as they are invested alongside other funds under the control of LCR CA. The SIF provides the platform to prioritise, appraise, award and monitor projects in which LGF funds will be invested alongside other sources of funds.
- 6.2 Delivery is now key to evidencing progress in terms of the use of funds in line with proposed expenditure profiles but monitoring and evaluation will assess and evidence the impact of investments. The SIF Assurance Framework section 4 explains the LCR CA's approach to this, which is both at project and programme level and LCR level. This is not only important for internal scrutiny but in dialogue with government, particularly at the 5-year Gateway Reviews but also the LGF Annual Conversations. The SIF will also provide a uniform monitoring and evaluation framework.
- 6.3 The feedback from the last Annual Conversation meeting was positive and this was reflected in our LGF 3 award which was the fourth highest award nationally.

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LEP Board Meeting 17 August 2017

Internationalisation Update

1. Purpose of Report

- 1.1 It was agreed at the LEP Board in December 2016 that the LEP should seek to bid for secure Single Investment Fund (SIF) resources to develop an Internationalisation Strategy and 3 year Delivery Plan for the City Region.
- 1.2 The purpose of this report is to advise the Liverpool City Region LEP Board of the proposed substance and timetable for the delivery of an LCR Internationalisation Strategy and Delivery Plan and to invite input on its development.

2 Recommendations

- 2.1 It is recommended that LEP Board:
 - (i) Note the Internationalisation Strategy and Delivery Plan proposal
 - (ii) Advise who the LEP should engage with from their organisation in developing the Strategy and Delivery Plan

3 Executive Summary

- 3.1 The LEP submitted a SIF application for £100K for funding to produce a LCR Internationalisation Strategy and Delivery Plan in December 2016. This application was approved by the Combined Authority in February 2017.
- 3.2 The LEP has now agreed detailed contract arrangements with the Combined Authority for the delivery of this activity as set out below.

Project Activities:

- 3.3 Clarification of objectives, priorities and target outputs of key stakeholders through an Internationalisation Working Group (members of the Internationalisation Working Group to be public/private and university as agreed by the Recipient and the Funder) including:
 - capital investment into development, infrastructure and the wider economy
 - end user investments; research and development investment
 - talent including students; visitors; international reputation
 - jobs created; economic growth
 - increase in exporters and value of exports
- 3.4 A review of the Liverpool City Region's value propositions, products and attractiveness for investment, particularly around its key growth sectors, property and infrastructure. This should include an assessment of their international competitiveness, which are market ready, which need further investment and how they should best be presented.
- 3.5 A review of the market opportunity for these various propositions and how they could be best promoted internationally by function, sector and geography
- 3.6 A review of current and potential investment resources and practices from public and private partners, included funding, dedicated staff resources and expertise, budgets, etc. This should include engagement with the City Region Global Partners Programme, Chambers of Commerce, Invest Liverpool, Colleges, Institutes and Universities and DIT and include a review of existing practices developed in a partnership approach to international trade and investment programme (Eg MIPIM, China Partnership) and how these can be built upon and developed further

- 3.7 A review of the City Region's current export performance and proposals for how this can be significantly improved through a partnership approach
- 3.8 An assessment of the resources required with and in addition to those available from partners, in order to deliver the Strategy and Delivery Plan and achieve agreed objectives set by the Working Group and Combined Authority
- 3.9 In undertaking this work the LEP will undertake extensive consultation and engagement with partners from the public and private sector and provide a dedicated Project manager to oversee the process and co-ordinate engagement, consultation and other activities in addition to providing senior management resource to oversee the process and bring reports to the LEP Board and Combined Authority Board and to the City Region's Regeneration Directors and Chief Executives groups.
- 3.10 As a specific outcome the LEP will identify resource requirements for delivery of the Internationalisation Strategy and Delivery Plan and develop an investment business case for funding for Combined Authority by 31 March 2018.

3.11 **Project Milestones**

September 2017 – Consultant Tenders issued, reviewed and consultant appointed

October 2017 - Strategy development commences and consultation with key partners

December 2017 – Draft Strategy produced for consultation

January 2018 - Draft Delivery Plan produced for consultation

March 2018 – Strategy and Delivery Plans (together with resource business case and target outcomes) submitted to the CA for consideration

3.12 **Project Outputs:**

Internationalisation Strategy:

A single LCR Internationalisation Strategy to attract talent, trade, business and capital investment from key global markets. The strategy is expected to determine stretching but achievable high level objectives and outcomes for inward investment and trade in the LCR through setting Key Performance Indicators (KPIs) and how these can be achieved through taking a more commercial, collaborative and inclusive approach between business, Universities and the public sector.

The proposed approach to internationalisation will build upon the globally competitive sector strengths and capabilities of the LCR, its extensive international connections, its global brand, its spatial investment opportunities and its research, innovation, further and higher education excellence. It will work with and learn from the Global Partners Network, Place Marketing for Investment Project and the forthcoming Export Commission to be launched by the LEP. It will also take into account at a local level the anticipated implications of Brexit on trade and investment where feasible. By better understanding global trends and opportunities in key markets LCR will be better positioned to ensure the optimum use and impact from resources deployed to deliver these KPIs.

Delivery Plan:

A clear 3-year resource and delivery plan that sets out how the high-level LCR Internationalisation Strategy can be achieved, leveraging the knowledge, insight and connections of hundreds of businesses, individuals and organisations throughout the LCR

including those already engaged in international trade and investment activity.

The Delivery Plan will identify proactive interventions and key markets for both trade and investment activity, the resources required to do so and the returns that could be expected as a result of these interventions.

The Delivery Plan will help to inform the business case for allocation of resources from the CA, LAs, businesses and Universities and the benefits of a joined up approach to international trade and investment in the City Region in return for clearly identified output and outcome targets. The Plan will need to be dynamic in order to adapt to changing external factors including the precise nature of the Brexit Deal.

4 Financial Implications

- 4.1 The budget approved for this project in February 2017 by the Combined Authority is £100,000. This will cover cost of specialist consultancy which will be competitively procured and contribution to the cost of a project manager within the LEP for the duration of the project. Other LEP resources including Sector Managers will be provided at no cost to the project and will be resourced by the LEP.

5 Next Steps

- 5.1 The Combined Authority has issued the Grant Funding Agreement to the LEP to manage this process and commence procurement of the commercial expertise required to develop the strategy and delivery plan.
- 5.2 LEP Board Members, Local Authorities, The Combined Authority and the extensive City Region wide partners will be extensively consulted during the development of the Internationalisation and Delivery Plan
- 5.3 The completed Internationalisation Strategy and Delivery Plan will be presented to the LEP Board for endorsement and the Combined Authority for approval.
- 5.4 The Combined Authority and the LEP will then determine how the Strategy and Delivery Plan should be taken forward including allocation of resources.