



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

AGENDA

DATE: Thursday, 5th October, 2017

TIME: 8.30 am

VENUE: NGF Europe Ltd, Lea Green Road, St Helens, WA9 4PR

**LIVERPOOL CITY REGION
LOCAL ENTERPRISE PARTNERSHIP
BOARD**

AGENDA

Welcome from David Farmer, Managing Director, NGF Europe

1. WELCOME AND INTRODUCTIONS FOR NEW MEMBERS

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

Board members to declare any interests in items under consideration.

4. LIVERPOOL AIRPORT STRATEGIC PLAN (PR)

(Mark Povall – LJLA)

5. MINUTES OF THE PREVIOUS MEETING (P)

The minutes to be agreed and actions ratified from the meeting held on 17 August 2017.

(Pages 1 - 6)

6. WRITTEN PROCEDURE FROM THE LAST MEETING (V)

7. SKILLS

(a) OPTIONS FOR THE COMMISSIONING OF THE ESIF RESPONSIVE SKILLS FUND (P)

(Pages 7 - 10)

(b) EMPLOYER SKILLS SURVEY (PR)

8. VACCINES DEVELOPMENT AND MANUFACTURING CENTRE CALL (P)

(Pages 11 - 14)

9. LEP SUB BOARDS: STRUCTURE, PURPOSE AND PEOPLE (PR)

10. INNOVATION: UPDATE ON PROGRESS AND OPPORTUNITIES (PR)

(Jon Hague – Global VP Unilever and Innovation Board Chair)

11. LGF TRANSPORT SCHEMES

**(a) LOCAL GROWTH DEAL IMPLEMENTATION MAJOR
TRANSPORT SCHEMES (P)**

(Pages 15 - 24)

12. CHAIR'S VERBAL REPORT

13. FUTURE MEETING DATES

- 18 January 2018
- 22 March 2018
- 24 May 2018
- 19 July 2018
- 20 September 2018
- 22 November 2018
- 24 January 2019

All to start at 8.30am.

14. ANY OTHER BUSINESS

Key - (V) – Discussion/verbal update no paper
(Pr) – Presentation
(P) - Paper

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LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

At an inquorate meeting of the Liverpool City Region Local Enterprise Partnership held in Liverpool Football Club on Thursday, 17th August, 2017 the following Members were

PRESENT:

Asif Hamid MBE (Chair)
Councillor A Moorhead
Mike Houghton
Amanda Lyne
Neil Sturmey
Kath Boullen MBE

APOLOGIES:

Mayor Joe Anderson OBE
Councillor Phil Davies
Councillor Rob Polhill
Councillor Ian Maher
Chris Bliss
Professor Nigel Weatherill

IN ATTENDANCE:

Frank Rogers	LCR Combined Authority
Metro Mayor S Rotheram	LCR Combined Authority
Deputy Mayor A O'Byrne	Liverpool City Council
Mark Basnett	Liverpool City Region LEP
Tony Wade	Liverpool City Region LEP
Trudy Bedford	Knowsley MBC

Prior to the start of the meeting, as the host organisation for this meeting, Andrew Parkinson, Operations Director, Liverpool Football Club, gave a verbal presentation which set out the following:-

- The background to the development of the Main Stand, which officially re-opened in September 2016 and was completed on time and within budget;
- Highlighted the challenges the Club faced during this period, particularly on match day; and
- The increased capacity, improved hospitality facilities and additional job opportunities available as a consequence of the enhancement of the Main Stand.

The Chair thanked Andrew Parkinson for the presentation and the hospitality provided.

269. DECLARATIONS OF INTEREST

The Chair highlighted the importance of Board members making such declarations to ensure the transparency of decision making.

No situational conflicts were declared by Board members.

270. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Board held on 6th April 2017 were received as a correct record and signed by the Chairman.

Matters arising from the minutes:-

264 Industrial Strategy – it was reported that the views expressed by the Board on the Industrial Strategy had been very helpful and had informed the submission to the Government's consultation process which had subsequently been circulated to Board Members. Furthermore, it was recognised that the Industrial Strategy would provide excellent opportunities for the City Region, particularly as it would provide access to additional funds to support the development of the Strategy. Board Members were thanked for their contribution.

265 Internationalisation Strategy – following the views expressed at the last Board meeting it was recognised that action shouldn't be dependent upon the implementation of the Strategy. It was reported that work was ongoing and it was envisaged that contracts would be signed shortly. However, no funds had been as yet sought from the LCR Combined Authority and the consultation process would commence in September 2017 at which time this would provide an opportunity for the Strategy to have a stronger focus.

266 Strategic Transport Update – Frank Rogers provided an update on the development of the road freight to the Port of Liverpool. He advised that discussions were ongoing with Highways England to address the concerns raised and it was envisaged that Highways England would be making an announcement in early September 2017.

268 Any Other Business – Board Members were informed that there would be revisions to the future business model of the LEP Company. Initial consideration was being given to conversion to a partnership approach rather than the current membership model which Government was thought to be more positively disposed to. Formal proposals would be presented to a future meeting of this Board for consideration.

271. CHAIR'S UPDATE (V)

The Chair reported that the LEP offices had relocated to the 12th Floor, Mann Island and thanked Frank Rogers for making the transition work in an effective and timely manner. The move had supported a closer working relationship with both the Metro Mayor and the broader Combined Authority. The Chairman expressed his concerns regarding the need for further capacity within the Combined Authority.

(a) LCRCA Capacity

Frank Rogers reported that progress was being made in identifying the additional capacity required to resource the Combined Authority. Furthermore, a meeting of the LCR Appointments and Disciplinary Committee had been arranged for Friday 18 August at which approval would be sought for the creation of the first stages of the senior management structure. It was recognised that the appropriate resources were required to progress the work of the LCR Combined Authority and the Metro Mayor and this had commenced with the re-location of the Employment and Skills Team from Knowsley MBC to the LCR Combined Authority.

The Chair welcomed the update and highlighted that the business community were keen to see developments within this area.

(b) Business and Brexit Portfolio

The Chair provided an update on the Business and Brexit Portfolio which he had been appointed too at the LCR Combined Authority. He reported that the opportunities available to the City Region, to develop trade links with the United States and the wider global arena where particularly encouraging.

(c) Single Investment Fund

The Chair made reference to the Single Investment Fund and emphasised the importance of sharing the progress of the allocation of the Fund with the Business community this would enable them to identify areas where bids could be made and also share bids with the Sector Boards.

It was AGREED that:-

- (i) the verbal update be noted; and
- (ii) a report outlining the progress of the Single Investment Fund (SIF), including Chrysalis and Local Growth Fund be presented to a future meeting of this Board.

272. BOARD COMPOSITION (PR)

The Board considered a presentation from Mark Basnett on the development of the Board's composition, which:-

- summarised the background to expanding the private sector membership of the Board as agreed previously by the Board, the addition of Metro Mayor Steve Rotherham to the membership of the Board and confirmed that the proposed expansion would provide for 15 private sector members and 7 public sector members which would retain a 2:1 ratio;
- set out the process for seeking expressions of interest to join the LEP Board;
- set out the current private sector membership of the LEP Board;
- set out the additional proposed private sector LEP Board positions and those individuals considered to offer best strategic fit for these positions from the process undertaken for determination by the Board as follows:-
 - Digital and Creative (Paul Corcoran – Agent Marketing)
 - Health and Life Science (Laura O'Brien – Seqirus)
 - Maritime/Logistics (Mark Whitworth – Peel Port Group)
 - Third Sector (Angela White – Sefton CVS)
 - Advisory Council (John Syvret – Cammell Laird)
 - Education/Skills (Janet Beer – University of Liverpool)
 - International/Investment (Jon Hague – Unilever)
 - Construction (or consider a CSR position)

- Summarised the next steps, which subject to Board agreement would allow the new members to be invited to join the Board with effect from October 2017.

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

- Neil Sturmeay recognised the wealth of experience which had been identified within the new roles. However, the challenge was ensuring that appropriate representation of SME's was achieved.
- Amanda Lyne highlighted that much confusion remained within the business sector regarding the role of the LEP, particularly when trying to determine whether an individual sought membership of the LEP for self-serving purposes or a genuine commitment to achieve growth across the City Region.
- Kath Boullen MBE suggested that the Education/Skills position was focused on the university sector when consideration should be given to engaging the primary and secondary school sector.
- The Board suggested that the Education/Skills position should be split with Janet Beer being nominated as the Education representative.
- Metro Mayor Steve Rotheram reported that the City Region Skills Commission was due to appoint a Chairperson and when they did, that individual could be the appropriate person to be appointed as the Skills representative.

It was AGREED that:-

- (i) the positions and individuals identified be confirmed as representatives on the LEP Board;
- (ii) the Education/Skills position be split and the newly appointed Chairperson of the Skills Commission be approached to be the Skills representative on the LEP Board; and
- (iii) the individuals be invited to join the Board at the October meeting and briefing sessions be arranged for the newly appointed Board Members.

273. LOCAL GROWTH FUND UPDATE (P)

The Board considered an update paper which provided an overview on the Local Growth Fund (LGF) awards to the Liverpool City Region. The report highlighted that a total of £332.9 million had been allocated to projects within the areas of Transport, Skills, Business Growth and Infrastructure. It was emphasised that ensuring projects were delivered was of paramount importance and this would be addressed through the building of capacity within the LCR Combined Authority. Furthermore, it was noted that the forecast for July had highlighted further slippage and this needed to be addressed as a matter of urgency to ensure that the remaining Fund would be allocated within the required timeframe.

In considering the report, the Board highlighted the following issues:-

- The Chair suggested that appropriate report mechanisms should be implemented to enable the escalation of issues at an early stage in the process.
- Frank Rogers noted that there were concerns regarding the appropriate Schemes being identified, particularly as they should be strategic in nature.
- Amanda Lyne referenced the £5million allocated to the Skills Capital Fund and how low carbon projects had not been allocated further funding from it.

- Frank Rogers further reported that a review of the SIF process was being undertaken and the review would focus on infrastructure and accelerating projects as well as identifying Officers who would be responsible for each project.
- The Chair suggested that representatives from the Private Sector should be involved within the review of the SIF in particular to facilitate the sharing of performance monitoring templates.
- Councillor A Moorhead recognised the importance of building innovation into the development of SIF proposals.

It was AGREED that:-

- (i) the report which summarised the three LGF awards to the LCR be noted;
- (ii) the draw-down profiles that LCR CA are committing to be noted; and
- (iii) the progress on LGF1 and 2 and the process change for unallocated LGF Funds now that the SIF has been implemented be noted.

274. INTERNATIONALISATION STRATEGY UPDATE (P)

The Board considered a report which provided an update on the proposed substance and timetable for the delivery of an LCR Internationalisation Strategy and Delivery Plan. The report also provided an opportunity for Board Members to comment on the development of the Strategy and Delivery Plan.

Mark Basnett reported that the LCR Combined Authority had approved the Internationalisation Strategy in principal at its December meeting. It was reported that the purpose of the Strategy was to ensure that the necessary infrastructure be in place to attract inward investment into the City Region and secure global sales. Furthermore, a working group would be established comprising of representatives from the Private, Public and University Sector to help shape and engage the proposals. In conclusion, it was highlighted that consultants would also be involved in the process.

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

- Amanda Lyne commented upon the language used in the priority which appeared to be heavily weighted towards inward investment. She highlighted that Trade and Export were very different and as such this should be reflected within the Strategy
- Kath Boullen MBE confirmed that a different approach was required to support investment into the City Region.

It was AGREED that:-

- (i) the internationalisation Strategy and Delivery Plan proposal be noted;
- (ii) the comments raised by the Board be reflected within the tender specification and this be circulated to Board Members for further comment; and
- (iii) Amanda Lyne be invited to support the development of the Strategy and the Delivery Plan.

275. COMBINED AUTHORITY 100 DAY PLAN (PR)

The Board considered a presentation from Mark Basnett which set out the Metro Mayor's 100 Day Plan.

In this respect, Metro Mayor Steve Rotheram reported that the 100 Day Plan comprised of five key themes which were Ambitious, Fair, Connected, Together and Green. He provided a summary of a number of projects which would support the achievement of the five key themes and how they would support the creation of economic growth across the City Region.

It was AGREED that the presentation be noted.

276. ANY OTHER BUSINESS

The Chair requested that the October meeting of the Board be extended by 30 minutes.

Councillor A Moorhead referred to the outstanding appointment of the Vice Chairperson for this Board and suggested that Amanda Lyne be appointed as the Boards Vice-Chairperson. The Board was informed that due to the nature of Amanda's appointment to the LEP this required further investigation and would be reported at a future meeting.

Deputy Mayor A O'Byrne reported that the outcome of Liverpool City Council's bid to host the Commonwealth Games in 2022 would be announced during the first week of September 2017. She encouraged all Board Members to use the hashtag LiverpoolCG2022 on social media to bolster the support for the bid. Mark Basnett reported that 10 senior business leaders from across the City Region had been approached to sign a letter of support for the bid.

Minutes 269 to 276 be received as a correct record on the 5th day of October 2017.

Chair of the Board

(The meeting closed at 10.51 am)



Options for the Commissioning of the ESIF Responsive Skills Fund

LEP Board Meeting 5 October 2017

Author:
Sue Jarvis
Liverpool City Region Combined Authority

Purpose

- 1 The purpose of this briefing is to provide an outline on the development of the ESIF Responsive Skills Fund and options for its' replacement.

Background

- 2 Liverpool City Region has had a long standing skills gap with national rates: at the time of agreeing the local ESIF Strategy, it noted that there was a deficit of 82,000 individuals with NVQ4 qualifications compared to national rates and 32,600 more individuals needing to hold a qualification. Improving skills levels was an important part of the ESIF Strategy, helping the City Region to achieve the objectives of increasing GVA, growing the business base, creating jobs and helping residents into employment.
- 3 The Strategy set out this need to invest in skills, and make this responsive to the needs of businesses. Following further consultation with a broad range of stakeholders (including business representatives, community and voluntary sector organisations, public bodies and skills providers), the Employment and Skills Board recommended to the ESIF Committee that this should be a Responsive Skills Fund: this would be flexible to meet business needs. The Fund would be deployed using the procurement opt in offered by the Skills Funding Agency. The offer from the Skills Funding Agency was to see delivery through to March 2018.
- 4 The £6m procurement specification was developed to be in line with the terms of the Skills for Growth Service delivery. This meant including a requirement for employees to provide a cash coinvestment alongside the public grant. The rationale was to ensure that there were not competing offers in place to businesses in the City Region. The requirement was included within the specification for the Responsive Skills Fund contract which the Skills Funding Agency procured. Whilst the specification was agreed locally the City Region had no involvement in the evaluation process, despite a strongly worded letter to the SFA on this matter from Cllrs Davies and Maher and Asif Hamid.
- 5 Learndirect were awarded the City Region contract as well as a number of other contracts in other areas nationally. A local consortium of colleges and training providers (who had recently worked together on an SME workforce development and training contract) submitted a response to this procurement but were unsuccessful.
- 6 Upon contract initiation, Learndirect were surprised to see that the City Region would be enforcing the requirement to collect a cash coinvestment. Officers from the Skills for Growth Service met with Learndirect to share processes and documentation and explain the local approach. On reflection on this, Learndirect chose to withdraw from the contract as a result of this requirement to collect cash co-investment. There were subsequent meetings with Learndirect during the notice period to seek a way forward but they were unwilling to agree to the City Region's specification, which they had originally submitted a bid for.
- 7 The funding has not been lost to the City Region as it will be reinvested in further delivery. The question for the City Region is the form that this will take and how it will be commissioned.

Current position in the City Region

- 8 Businesses have identified a range of specific skills needs that are preventing them from recruiting staff, improving their productivity or increasing their growth. The lack of skills in some sectors is leading to significant increases in workloads for other employees. Whilst the City Region is closing this skills gap, there is more that needs to be done, which can support growth and closing the productivity gap.
- 9 The current Skills for Growth Service can make grants for training through to March 2018, with the training needing to be complete by June 2018. The feedback from businesses involved

has been positive and they have particularly valued the support from the independent Skills Broker, as part of the wider Business Growth Hub. The provision of impartial advice is an important part of the offer from this service and would need to be included in any subsequent ESIF procurement.

- 10 The feedback that is being received from many businesses is that they value independent and impartial advice on skills needs and provision and the ability to source this from a range of organisations, rather than this being from any specific college or training provider. This is a change to previous delivery contracts.
- 11 In support of this, there remains a clear need for a flexible and responsive fund to support businesses with their skills needs.

Model of delivery

- 12 It is recommended that the future model should provide independent advice and support to employers, with provision being sourced from an approved consortium of providers. This could be delivered from a number of different organisations. There is currently around £14m unallocated within the Skills priority axis which can be used for skills delivery, development and capacity building (such as the currently committed Apprenticeship Hub, Maritime Superskills and updating the Skills for Growth agreements).
- 13 As a sense of scale, the Skills for Growth Service operates with 4 independent brokers and is currently making around £0.100m grants per month. This should be taken as a broad sense of scale in terms of how much funding can be committed.
- 14 Sheffield City Region are operating a similar model to the Skills for Growth Service: their Skills Bank has around a similar number of brokers and back office staff, delivered by PwC under contract. They have Growth Deal funding (as does Liverpool City Region) and this is working effectively. They also have ESF funding through the Education and Skills Funding Agency procurement opt in and this is a difficult contract to deliver due to the way in which the ESFA is managing the contract. In addition, it is focused on only supporting SMEs due to ESF regulations.

Commissioning options

- 15 The Education and Skills Funding Agency have been considering their options for future involvement with ESF through their procurement opt in. One of the options included in the submission to Secretary of State for Education is for delivery to be extended to March 2019: this would involve extending existing contracts which are delivering to profile and running a limited number of new procurements for those areas with gaps. Option One for the City Region would be to procure additional skills support for employers through to March 2019 through the ESFA opt in. However, it is likely that the City Region would again be unable to participate in the evaluation process.
- 16 Should this be allowed, delivery could start in April 2018, giving 12 months of delivery: at a rate of training grants being committed at £0.200m per month plus brokerage and other non training costs, this would give a contract of around £3m-£3.5m. However, the difficulties being experienced by Sheffield with their Skills Bank should rule this out.
- 17 The other option available to the City Region is to utilise the open call process, Option Two. This is where match funding becomes an issue. Colleges would like to use their current Adult Education Budget to match any ESF funds but this is not permitted within ESFA contracting rules. It may well be that there are other organisations who would have match funding to bring to this but this is not known at the current time.

- 18 It may be possible to combine the employer cash coinvestment of around 28% with other funds to generate the level of match funding required. This is being investigated as part of the Skills for Growth Service sustainability review.

Analysis

- 19 A comparison of the advantages and disadvantages of both options is shown below:-

	Option One ESFA opt in	Option Two Open call
Provides match funding	✓	
Shorter time to delivery	✓	
City Region set specification	✓	✓
City Region involved in appraisal and evaluation		✓
Can contract for longer period		✓
Deliverability		✓

- 20 Neither option is straightforward but on balance proceeding with an open call would provide the flexibility required. The LEP Board are recommended to request that this is pursued.
- 21 There is a longer term piece which is required to assess the support that would be required to more quickly close the City Region’s skills gap. Should the European funding here be contracted, this would start to make inroads but it would still leave significant gaps to be met. This has been identified by the Employer Skills Survey which is covered elsewhere on the LEP Board’s agenda and will be raised in the forthcoming Skills Strategy.

Conclusion

- 22 This briefing note has set out the position in respect of the need to commission skills funding provision in the City Region and recommended an option to go forward.

Contact Officers:-

Sue Jarvis, Liverpool City Region Combined Authority (0151 330 1225)
 Rob Tabb, Liverpool City Region Combined Authority (0151 330 1250)



Vaccines Development and Manufacturing Centre call

LEP Board Meeting 5 October 2017

Author:
Dr Andrew Rose
LCR LEP

Presented by:
Mark Basnett
LCR LEP

1. Purpose of Report

- 1.1. The purpose of this report is for the Board to consider the opportunity for a City Region based bid to be developed and submitted to Government for the new £66m National Vaccines Development and Manufacturing Centre.
- 1.2. This opportunity has arisen as a result of the Industrial Strategy Challenge Fund, specifically under the Health Care and Medicines Challenge, but there are considerable uncertainties around any bids.

2. Recommendations

- 2.1. The Board is asked to consider the development and submission of a bid for the Vaccines Development and Manufacturing Centre to be based in the City Region and mandates the LEP executive to work on its behalf with partners exploring whether a submission to Government is possible.

3. Executive Summary

- 3.1. The Government published its [Industrial Strategy Green paper](#) for consultation in January 2017, with the LEP supporting the LCR Combined Authority's detailed response to the consultation. The [Industrial Strategy Challenge Fund](#) has subsequently been launched, and in August the [Life Sciences Industrial Strategy report](#), a strategy/sector deal for Life Sciences sector, was published.
- 3.2. The Industrial Strategy Challenge Fund was created to provide funding and support to UK businesses and researchers, ensuring that research and innovation is central to the Industrial Strategy. Six challenges have been selected to receive fund support to-date:
 - Healthcare and medicines
 - Robotics and artificial intelligence
 - Clean and flexible energy
 - Driverless vehicles
 - Manufacturing and materials of the future
 - Satellites and space technology
- 3.3. Under the Healthcare and Medicines challenge, calls have started to be issued:
 - [Leading-Edge Healthcare challenge](#),
 - [Medicines manufacturing round 1: challenge fund](#) (closes 1 Nov)
Local interest from Alder Hey (with UCLAN and others)
 - **Vaccines Development and Manufacturing Centre (Briefing 25 Sept)**
 - Medicines Manufacturing Innovation Centre (Briefing 21 Sept)
 - Advanced Therapies Treatment Centre (Briefing 26 Sept)
- 3.4. The **Vaccines Development and Manufacturing Centre** is being established to develop and manufacture vaccines for clinical trials and prepare for emergency epidemic threats: the government is investing £66m in a single new centre of excellence. Given the strategic alignment of this initiative to LCR industry and academic expertise (particularly in the context of the [Science and Innovation Audit](#)) it is considered in the City Region's interests that a regional consortium bid for the centre to be based in the City Region.

- 3.5. Andy Rose from the LCR LEP attended the Vaccines Development and Manufacturing Centre briefing in London 25 September. He has reached out to large pharmaceutical companies, University of Liverpool and Liverpool School of Tropical Medicine (LSTM) to discuss a bid, with feedback from colleagues indicating that a regional consortium would be desirable.
- 3.6. The briefing on 25 Sept indicated that timelines are very short, with 15 November being the deadline for submissions, which seems short for a £66 million application. Given timelines, more advanced approaches exploring the utilisation of large pharmaceutical industry facilities will be impossible to negotiate. **This means that smaller local or other manufacturing companies would lead bids to design/build and commercially operate the facility.** To this end, discussions have been initiated with local and other national companies with a view of encouraging them to develop facilities in Liverpool.
- 3.7. However, the scope of the bid is very technical in terms of development and continued operating costs, and funding may be required to develop the bid. There is considerable uncertainty if a robust business model can be developed by 15 November.
- 3.8. Partners in the development could include University of Liverpool/Liverpool School of Tropical Medicine/local pharmaceutical companies, but this could be limited to technical expertise and/or support of corporate acceleration models. Company incubation facilities as an adjunct to facility development might be considered if within £66 million envelope. Bids could incorporate expertise from University of Liverpool/Liverpool School of Tropical Medicine:
- Pandemic resilience expertise and facilities locally (including containment level 3 laboratories)
 - Clean manufacturing expertise (antimicrobial surfaces)
 - Clinical trials (research facilities/inc phase I/networks)
 - Vaccine candidates (including those for epidemic preparedness)
 - Links to major national and international partners

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Local Growth Deal Implementation Major Transport Schemes

LEP Board Meeting 5 October 2017

Author:
John Smith
Merseytravel

Presented by:
Frank Rogers
Merseytravel

1. **Purpose of report**

- 1.1 The purpose this report is to seek approval for the Transport Advisory Group (TAG) recommendation to the Combined Authority for the approval of the Full Business Case for the Liverpool City Centre Connectivity (LCCC) major scheme to commence delivery in the financial year 2017/18.

2 **Recommendations**

- 2.1 Endorse the TAG recommendation to the Combined Authority to approve the Full Business Case for the Liverpool City Centre Connectivity scheme.

3 **Background**

- 3.1 The announcement by Government in July 2014 of the award of £232.2m in Local Growth Funds (LGF) was reported to the LEP Board that month.
- 3.2 A significant element of the award (£183.2m) related to transport schemes with the funds originating from the Department for Transport (DfT).
- 3.3 Whilst these funds were earmarked for LCR and in many cases against specific schemes it is necessary for the LCR to develop business cases, as detailed in the Assurance Framework, for those schemes that were prioritised.
- 3.4 The strand of the Assurance Framework dealing with transport major schemes was well developed from pre-existing DfT frameworks that were operated by the LCR Local Transport Body (LTB).
- 3.5 In December 2014, the LEP Board received a presentation on how this would operate which was through the 'Major Schemes Business Case Process'. The process has 5 stages as follows;
- a. Problem identification.
 - b. Scheme design.
 - c. Strategic Outline Case.
 - d. Outline Business Case.
 - e. Major Scheme Business Case.
- 3.6 In the same presentation the status of the individual schemes was given and which showed schemes were at various stages of progress. Three schemes were at an advanced stage and the Board approved them as meeting the City Region's strategic objectives. Subsequent to this, the Board has approved a further nine schemes.
- 3.7 As part of the Growth Deal announcement in July 2014, the Government has made a total of £38.4m available to the Liverpool City Region for the Liverpool City Centre Connectivity Programme subject to the submission and approval of a robust business case.
- 3.8 The LCCC has proposals to improve connectivity in Liverpool City Centre, making the city more attractive and easier to navigate. The aim is to reduce traffic dominance on key streets, linked to improved pedestrian and cycle facilities and public realm.
- 3.9 The Full Business Case for LCCC has been submitted and has been assessed by the Transport Advisory Group's (TAG) independent advisory consultant, Waterman's.
- 3.10 The appraisal indicates that, according to Department for Transport (DfT) guidance, the Benefit to Cost Ratio (BCR) of the entire combined LCCC programme assessed is 1.265

which represents low to medium value for money. However, significant weight can be afforded to the wider economic, social and environmental benefits which are anticipated for this scheme as well as the ability of the scheme to address multiple city regional policy objectives. It should be noted that schemes such as LCCC will usually perform poorly in relation to the standard BCR calculation methodology as this was developed for the assessment of transport (primarily highway) capacity improvement schemes. Therefore, schemes which include the removal of some highway capacity will often achieve comparatively low BCR levels.

- 3.11 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 approval process considered by the Combined Authority.
- 3.12 The detailed feedback from the assessment from Waterman's of the LCCC business case is set out in Appendix One. It is considered that generally the Business Case for the LCCC is in line with the requirements of WebTAG. However, the following aspects should be noted:
- The reports on the transport modelling for this project have been reviewed. The conclusion within the latest modelling report is that whilst the model does not meet all WebTAG criteria, it is fit for purpose. However, the weakness in the validation results, particularly in the vicinity of The Strand scheme, is a cause for concern. This weakness is of particular concern given the significance of The Strand proposals within the overall LCCC.
 - Some information regarding the costings within the QRA is lacking.
- 3.13 The BCR calculations for the project do rely heavily upon extensive 'wider benefits' in order for the BCR of 1.265 to be achieved. Without the assumption of these wider benefits the BCR would only be 0.951, which is a 'Low' BCR. These wider benefits reflect the wider economic, social and environmental benefits which are anticipated for this scheme as well as the ability of the scheme to address multiple city regional policy objectives.
- 3.14 Taking into consideration these conclusions it is recommended that the LCCC Business Case can be approved as:
- WebTAG compliance of the LCCC Business Case is satisfactory.
 - The comparatively low calculated BCR for the proposals are supplemented by the wider economic, social and environmental benefits which are anticipated

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 full business case for Liverpool City Centre Connectivity.

Appendices:

Liverpool City Centre Connectivity Full Business Case Review, Waterman, September 2017

Liverpool City Centre Connectivity

Full Business Case Review

Date: 11th September 2017

Client Name: Merseytravel

Document Reference: WIE14530-104 -R-2-3-3-

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)

Issue	Prepared by	Checked & Approved by
V1	Ed Ducker Associate Director	David Prior Associate Director
V2	Ed Ducker Associate Director	David Prior Associate Director
V3	Ed Ducker Associate Director	David Prior Associate Director

1. Introduction

- 1.1. The Liverpool City Centre Connectivity (LCCC) has proposals to improve connectivity in Liverpool City Centre, making the city more attractive and easier to navigate. The aim is to reduce traffic dominance on key streets, linked to improved pedestrian and cycle facilities and public realm. The purpose of this Technical Note is to review the Full Major Scheme Business Case (FBC) for LCCC.
- 1.2. A copy of the three LCCC FBC reports were provided to Waterman. These three documents were:
 - Strategic Case – FBC Stage (Ref CO00205283 /003 Revision 03)
 - Economic Case – FBC Stage (Ref CO00205283 /004 Revision 02)
 - Financial, Commercial & Management Cases – FBC Stage (Ref CO00205283 /005 Revision 03).
- 1.3. The review of these documents is based upon guidance provided by WebTAG. It has been undertaken using a spreadsheet based process developed and agreed with Merseytravel.
- 1.4. 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).
- 1.5. The contents of this Technical Note have been based upon the five Business Case headings:
 - Strategic
 - Economic

- Financial
- Commercial and
- Management.

1.6. To reflect the importance of the transport modelling for this scheme a specific section is included identifying the work which has been undertaken and reported in relation to transport modelling for this project.

2. Transport Modelling

2.1. Significant transport modelling has been required for this project. As part of the review of the development of the business case for this project comments have been made regarding the modelling, particularly in relation to calibration and validation. This was because the initial report for the project in relation to the transport modelling had identified material issues in relation to WebTAG compliance. As a result of these discussions regarding the transport modelling compliance with WebTAG the project team have reviewed their previous analysis and issued a revised report on 15th August 2017.

2.2. From the review of the revised modelling report it has been concluded that:

- The model has been produced in accordance with the appraisal specification.
- An 'old' criteria has been introduced to the trip validation criteria (using previous DMRB acceptability for screenlines).
- Generalised cost factors are consistent with the current LCRTM.
- The rationale for requiring trip matrix estimation (ME) is acceptable and follows WebTAG advice.
- The use of data for calibration and validation is suitable.
- The model network has been developed in a suitable manner.
- ME has been constrained to suit the rationale, which is also suitable. The results of the process show good correlation between the 'before' and 'after' matrices and zone to zone, trip end, trip length and sector to sector results are within WebTAG criteria.
- Assignment checks show that the calibration of the model is within WebTAG criteria.
- Validation for flows shows that only the AM peak meets the criteria, but inter and PM peak periods are only marginally outside the criteria.

2.3. Validation for screenlines is complicated as the data from the earlier modelling report has been rearranged and the selection of data appears to have been managed in order to achieve improved apparent results. There are five screenlines (the minimum) but these have been split into directional counts to achieve ten statistics. Based upon this approach:

- The AM peak is acceptable but shows a weakness for inbound flows along the East City screenline.
- Inter-peak values are poor with only 60% meeting the criteria.
- The PM peak is marginally acceptable with weakness along the East of Strand (westbound) and inbound on the East City screenlines.
- Validation when considering journey times is acceptable for the AM and Inter peaks but weak for the PM peak. The PM model journey times are reported as being slightly longer than collected data.

- 2.4. It is concluded that calibration of the model is robust but the validation results are weak. The conclusion within the modelling report is that whilst the model does not meet all WebTAG criteria that it is fit for purpose.
- 2.5. With all transport modelling, a level of interpretation is required to justify the scheme impact. For these proposals, this judgment will also take into account the potential weaknesses in the model along the above flows / screenlines and time periods.
- 2.6. To summarise, significant work has been undertaken in order to accurately model and assess the LCCC proposals. The revised model has been built with the previous matrix as a near-fixed point and therefore WebTAG compliant for calibration.

3. Strategic Case

- 3.1. The Strategic Case has been provided within a separate report. The background to the scheme and existing / future problems have been outlined. A number of scheme objectives have been set out and the list of options identified, with consideration given to local, regional and national policy. The option sifting process is identified as being consistent with EAST. Support for the scheme has been evidenced from major stakeholders with some detail provided on existing and proposed consultation processes. Overall the Strategic Case is well constructed and justified.

4. Economic Case

- 4.1. The Economic Case has been provided within a separate report. The business case methodology has been applied in line with WebTAG guidance. The economic impacts; environmental impacts; social impacts; and public accounts impacts have been assessed. At the OBC stage a 'Low' BCR of 1.0 was expected. The initial FBC Benefit Cost Ratio (BCR) is calculated as 0.951 which is a 'Low' BCR. This is then adjusted to 1.265 'Low to Medium'.
- 4.2. This adjustment of the BCR is take account of wider economic impacts and a range of social and distributional benefits. Some elements, relating to urban realm impacts (i.e. property rateable values) and to wider economic impacts (i.e. Induced investment, employment and productivity benefits) have been quantified as a percentage uplift to the initial estimate of monetised benefits, enabling an adjusted BCR to be calculated. This approach has been used by the project team as they considered that the standard BCR calculations did not fully reflect the wider benefits to be derived from the project. References are made within the Economic Case to selected comparable cases to justify the level of adjustments made to the User Economic Benefits.
- 4.3. This scheme, as a LGF1 scheme, is governed by the original Assurance Framework. This contains a paragraph that takes account of schemes with a low BCR:-
"the TAG will be able to make positive recommendations on schemes having lower VfM, having regard to specific circumstances including very convincing wider economic, social and environmental benefits, the ability of the scheme to address multiple city regional policy objectives, and circumstances where significant levels of match funding are being provided by the scheme promoter. Other criteria will include urgent health and safety considerations, particularly in the event of a major maintenance scheme and very strong levels of public support."
- 4.4. Significant weight can be afforded to the wider economic, social and environmental benefits which are anticipated for this scheme as well as the ability of the scheme to address multiple city regional policy objectives. It should be noted that schemes such as LCCC will usually perform poorly in relation to the standard BCR calculation methodology as this was developed for the assessment of

transport (primarily highway) capacity improvement schemes. Therefore, schemes which include the removal of some highway capacity will often achieve comparatively low BCR levels.

- 4.5. It should be noted however that the scheme does have mixed levels of public support, particularly for the proposals at The Strand. Given that the proposals at The Strand are such a significant proportion of the overall scheme costs (approximately £19M of the total £42M) the heavily polarised response to the proposals within the consultation undertaken to date should be taken into consideration.

5. Financial Case

- 5.1. The Financial Case has been provided in a comprehensive manner. The scheme base costs have been included, and there has been some breakdown of the elements within these costs. An optimism bias of 8.07% has been applied and this is appropriate as 3% is considered acceptable at FBC stage. It was noted that cost elements within the Quantified Risk Assessment appeared to be low, given the scale of the project, but the level of detail within the QRA did not fully confirm whether these cost elements were appropriate.
- 5.2. Overspend assurance, in the form of a signed letter from a S151 Officer, has been provided and included in the Business Case.

6. Commercial Case

- 6.1. The Commercial Case has been provided, but could provide additional detail in some areas. The project outputs have been verified and the procurement strategy, including preferred and alternative methods, has been described. The rationale for the preferred procurement option has been explained.
- 6.2. Overall, while there are elements lacking certain desirable details, the Commercial Case contains all essential elements at this FBC stage.

7. Management Case

- 7.1. The Management Case has been provided and has been found to contain all essential information. Information in relation to a range of successful similar projects has been identified. The management structure of local and regional authorities has been provided in detail, including their various roles and responsibilities.
- 7.2. Support for the scheme has been briefly described 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.

8. Conclusions and Recommendations

- 8.1. It is considered that generally the Business Case for the LCCC is in line with the requirements of WebTAG. However, the following aspects should be noted:
 - The reports on the transport modelling for this project have been reviewed. The conclusion within the latest modelling report is that whilst the model does not meet all WebTAG criteria, it is fit for purpose. However, the weakness in the validation results, particularly in the vicinity of The

Strand scheme, is a cause for concern. This weakness is of particular concern given the significance of The Strand proposals within the overall LCCC.

- Some information regarding the costings within the QRA are lacking.
- The BCR calculations for the project do rely heavily upon extensive 'wider benefits' in order for the BCR of 1.265 to be achieved. Without the assumption of these wider benefits the BCR would only be 0.951, which is a 'Low' BCR. These wider benefits reflect the wider economic, social and environmental benefits which are anticipated for this scheme as well as the ability of the scheme to address multiple city regional policy objectives.

8.2. Taking into consideration these conclusions it is recommended that the LCCC Business Case can be approved as:

- WebTAG compliance of the LCCC Business Case is satisfactory.
- The comparatively low calculated BCR for the proposals are supplemented by the wider economic, social and environmental benefits which are anticipated.

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