



ANNUAL REPORT 2019/20

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

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SUMMARY

The first Delivery Plan of the Liverpool City Region Local Enterprise Partnership (LCR LEP) was produced in 2019 for the 2019/20 financial year and set out a clear but simple framework for action:

1. **Governance:** new governance arrangements put in place between the LCR LEP and the Mayoral Combined Authority (MCA) to strengthen the LCR LEP and create a step change in the delivery of inclusive City Region growth.
2. **Strategic Priorities:** for the LCR LEP and City Region.
3. **Delivery:** how these priorities for growth would be delivered.
4. **Outputs and Outcomes:** the outputs and outcomes we expected to achieve.

In this Annual Report for 2019/20 we set out below the planned activities, outputs and outcomes in each area and our progress in achieving these by the end of the year. Overall, 2019/20 marked a year of excellent progress against all of the LEP's core areas, from strengthening of Governance, through development of strategy to ensuring effective delivery of both capital and business projects and initiatives.

PLANS AND PERFORMANCE

1. Governance

Plans: In our Delivery Plan we said that we would:

- continue to provide strategic business insight and guidance to inform public sector decision making on the most effective use of public funds to drive Liverpool City Region growth through its main and sub boards;
- continue to have oversight responsibilities for key funds (e.g. Local Growth Fund) as determined by Government;
- formalise these arrangements by adopting a joint National Local Growth Assurance Framework (NLGAF) with the Combined Authority setting out roles and responsibilities of the respective organisations;
- embed the LEP within the MCA and has adopted its legal independence;
- commission interventions through the MCA to support growth and will continue to directly commission certain funds such as Growth Hub;
- operate a jointly created a City Region Growth Company with specific delivery remit to ensure there is a clearer, simpler model in which to deliver greater growth for the City Region and;
- provide greater alignment and investment impact whilst retaining independence

Performance: The LEP has successfully fulfilled all of its governance changes and priorities and now provides an excellent, robust governance model for a LEP working in conjunction with an MCA. In particular it has:

- strengthened and diversified its main and sub boards to provide more commercial and strategic business insight to the Combined Authority
- worked closely with MCA colleagues and leaders to oversee and manage the effective dispersal of LGF and other funds
- fully adopted and applied the NLGAF with the MCA and embedded the LEP within the MCA's legal identity
- established Growth Platform (with the MCA) as the City Region's Growth Company to support inclusive and sustainable growth and simplify the business support ecosystem in the City Region
- through Growth Platform commissioned a range of interventions to support business growth including local growth hub delivery partners, business resilience support, new markets programmes and supported a range of MCA commissioned funds and programmes
- achieved excellent alignment of interventions with CA and other partners whilst retaining substantial independence

Overall, from a Governance perspective, this important transition has been achieved seamlessly with excellent collaboration with MCA and LA partners and we believe provides a benchmark for good LEP governance for the Government.

2. Strategic Priorities

Plans: The Strategic priorities of the LEP's 2019/20 Delivery Plan were based on the three pillars of the 2016 Growth Strategy "Building our Future" and evolved with the Local Industrial Strategy which was developed by the CA with support from the LCR LEP.

These priorities were framed within the five foundations of the Industrial Strategy as below:

Ideas: Maximise the potential of our sector strengths and assets by promoting innovation, each becoming a beacon of excellence, productivity and accelerated growth.

People: Improve and increase skills, develop existing talent and attract new talent for sustainable growth.

Infrastructure: Improve our transport, digital and energy infrastructure so that Liverpool City Region is Green, Global and Digital.

Business Environment: Become one of the best places in Europe to start, grow and invest through a dynamic innovation and enterprise ecosystem.

Place: Protect and enhance our cultural and environmental assets and improve the quality of life for residents.

Performance: As the year progressed, the LEP engaged in extensive consultation with businesses, Colleges, Universities, LAs, Third Sector bodies and others jointly with MCA colleagues in the development of a Local Industrial Strategy for the City Region.

Our Local Industrial Strategy sets out Liverpool City Region's vision for transforming together, delivering a competitive, clean and inclusive City Region. It provides a framework for our investment decisions, and for our conversations with government about how we work together, through devolution, to maximise prosperity for all people and communities.

Founded on extensive engagement and a collaborative approach with our partners, the Local Industrial Strategy articulates how we will build on our distinctive economic strengths, tackle our

challenges, and develop transformational policies to unlock growth and be a catalyst to the development of an inclusive economy.

Underpinned by evidence and aligned with the National Industrial Strategy's Grand Challenges our Local Industrial Strategy is focused across a number of transformational opportunities that builds on our key assets and competencies:

- Building a sustainable industrial future through utilisation of industrial digital technologies;
- Open health innovation to improve health and wellbeing whilst developing new market opportunities;
- Global cultural capital, through creating a City Region where culture creates prosperity for all;
- Social innovation to solve society's deepest challenges;
- Pioneers of the zero-carbon economy, to become a national leader in clean growth and a net zero carbon City Region by 2040;
- Tech for good, which utilises our specialisms to use technology and data in a way that improves society and addresses global challenges.

To realise these opportunities, we have identified the need to further improve our performance against the following five foundations of productivity:

- Thriving and distinctive places (places);
- The opportunity to turn potential into prosperity (people);
- A dynamic business base creating opportunity (business environment);
- Collaboration that translates innovation into impact (ideas);
- Connecting all of our communities to opportunity (infrastructure).

Each of these are addressed in turn within the strategy.

Taken together, the realisation of our opportunities and the range of actions set out in the Local Industrial Strategy will support the City Region in being a globally competitive, clean and fully inclusive economy.

The Local Industrial Strategy was agreed locally in March 2020. Since then, the COVID-19 pandemic has altered the landscape, and so the next stage will be to reframe the strategy to ensure that the fundamental changes within economy and society are fully reflected.

3. Delivery

Plans: Operating within the strategic framework set out above, the LCR LEP plan was to focus on the following five mechanisms to effect delivery in 2019/20.

- Influence over MCA decision making on the use of the SIF/LCR investment strategy for capital/infrastructure investments.
- Performance Monitoring of the projects funded through the SIF/LCR investment strategy for capital/infrastructure investments.
- Establishment of a new City Region Growth Company with continued delivery and expansion of locally led initiatives including the Local Growth Hub.
- Continuation of and development of new initiatives to be delivered directly through the Growth Company and with others/partners.
- Encouragement and support for businesses to develop investment proposals to drive growth especially in the LCR's growth sectors.

A range of significant projects and initiatives formed the basis of this delivery that were to commence, complete or deliver outputs during the year. These included:

Infrastructure: City Centre Connectivity; Sustainable Transport Enhancement Package; Shakespeare Rail; M58 Junction Improvements; A580 Employment Hubs; Port Capacity; Halton Curve; Maghull North; Newton le Willows Interchange; Knowsley Express Way & Industrial Park; Mersey Tidal Energy Business Case; Ultrafast Digital Infrastructure

Skills: Alstom Technology Centre; Hugh Baird Port Academy; Waters Skills Factory; Smart Logistics Academy; Wirral STEM Centre; Everton Learning & Skills; Riverside STEM Innovation Centre; Health Engagement & Training Hub

Business: Liverpool City Region Growth Company established; Liverpool City Region Investment Service launched; Digital Innovation Facility; Centre of Excellence in Infectious Diseases Research; North West Energy Hub; Liverpool City Region Careers Hub; High Growth Business Programme; Inward Investment and Business Growth Funds established

Performance: As can be seen in the outputs section below, huge progress was made on delivery of many of these projects and whilst some of the more complex projects progressed more slowly than anticipated, overall the project investment exceeded target for the year.

Significant efforts had been made on a consistent basis both to ensure good project management of supported schemes and the development of a substantial and high quality pipeline of projects that could be brought forward if there was any programme slippage.

From a business perspective, particularly the areas under direct control of the LEP, huge progress has been achieved with the establishment of Growth Platform, launch of the LCR Investment Service, growth of NW Energy Hub and the expansion of the Careers Hub. In all a very impressive step up in performance across the business portfolio.

This paves the way for an even stronger performance in 2020/21 and is a good demonstration of the relationship between LEP and CA and wider LA and other partners working together effectively.

4. Outputs

Plans: LCR LEP committed to both long term strategic outputs based on our Growth Strategy and to shorter term operational outputs delivered through our key projects.

Short Term Operational Outputs (2019/20)

Performance of short term output targets for 2019/20 is set out in the table below

Short Term Output Targets	Output Performance
£87m capital invested (LGF)	£95.5m capital invested (LGF)
£21m capital leveraged LGF)	£12.8m capital leveraged (LGF)
1,146 jobs created (1,428 LGF, 168 GH)	1,694 jobs created
539 learners supported (LGF)	2,163 learners supported
2,209 sqm floorspace developed (LGF)	Not yet available
3,500 businesses supported (GH)	4,396
LCR Growth Company established and launched	Yes
LCR Investment Service established & launched	Yes

On balance the outputs achieved in terms of capital invested, jobs created, businesses and learners supported was excellent, all significantly exceeding the targets set for the year. This coincided with

the successful establishment of Growth Platform, the LCR Investment Service, NW Energy Hub and Expansion of the Careers Service.

This provided an excellent platform for growth in 2020/21. Unfortunately, but this has been hugely compromised through the onset of the covid pandemic, where attention has shifted away from growth to job retention and business survival.

Long Term Strategic Outputs (to 2040)

Performance of the long term strategic outputs for 2019/20 is set out in the table below

Strategic Outputs by 2040	Progress in 2019/20
100,000 net additional jobs	22,000 net additional jobs
20,000 net additional businesses	615 net additional businesses
£22 billion GVA to £50 billion.	£536m GVA
Productivity per worker to increase by 56% to over £76,000.	0.3% - No significant increase

(Figures based on most recent available official data)

The stand-out performance in the economy in the period of reporting was the huge increase in employment across the City Region (22,000) achieving over 4 years of predicted growth in just 12 months. What we saw in the City Region though was jobs growth at the expense of productivity growth which remained almost the same as the previous year. This fits well with the very clear sense on the ground that the economy was doing well, generating large volumes of medium to low paid jobs, but seeing less growth in the highly productive sectors and in innovation.

The challenges for future years remain the increase in business density, productivity and GVA and strategically, as set out in the LIS, priorities for 2020-21 and beyond must be about driving innovation, productivity and entrepreneurship to complement the City Region’s capacity for generating jobs growth in the service economy.