



ANNUAL REPORT 2020/21

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

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SUMMARY

The 2020/21 Delivery Plan of the Liverpool City Region Local Enterprise Partnership (LCR LEP) was developed at the outset of the COVID Pandemic against a backdrop of huge economic uncertainty given the unprecedented nature of the health crisis the UK and world was facing and continues to face today.

As an organisation we sought to maintain our business objectives whilst adapting to delivery by working remotely. We continued to adopt a clear but simple framework for action:

1. **Governance:**
2. **Strategic Priorities:**
3. **Delivery:**
4. **Outputs and Outcomes:**

Overall, 2020/21 marked one of the most difficult years for business and for the communities we serve for a generation but throughout, the delivery of the LEP and its core partners, the Liverpool City Region Combined Authority, Local Authorities and Chambers of Commerce has been outstanding.

Working together we delivered a year of excellent progress against all of the LEP's Delivery Plan ambitions, from strengthening of Governance, through development of strategy and delivery of projects and business support to a beleaguered business community to excellent effect – helping to minimise the negative economic impacts of the pandemic.

In this Annual Report for 2020/21 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.

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;
- Apply the joint National Local Growth Assurance Framework (NLGAF), which sets out responsibilities of the respective organisations, in execution of its role;

- Continue to commission LCR LEP and LCR MCA's jointly created City Region Growth Company, Growth Platform, to provide business support for growth and investment and ensure the business ecosystem is clearer and simpler for businesses to navigate including through Growth Hub from BEIS;
- Continue the strengthening of governance that has improved alignment and impact of investment whilst retaining independence, to be further enhanced by growth of the sub boards and enhanced diversity and inclusion across all Boards.

Performance: The LEP successfully fulfilled all of its governance objectives for the year and continues to provide an excellent, robust governance model for a LEP working in conjunction with an MCA. It is recognised as an exemplar LEP by regional Government representatives. In particular it has:

- Further strengthened and diversified its main and sub boards to provide more commercial and strategic business insight to the Combined Authority – achieving 50:50 gender balance on the LEP Board ahead of Government targets
- Established a Built Environment Board to recognise the significance and challenges of the sector to the economy – all working remotely
- Worked intensely with MCA colleagues and leaders to ensure the effective dispersal of LGF and other funds to agreed budgets and timelines
- Continued to apply the NLGAF with the MCA with the LEP embedded within the MCA's legal identity
- Successfully managed Growth Platform (with the MCA) as the City Region's Growth Company to support the business community throughout the pandemic – providing a lifeline to thousands of local businesses through the business support ecosystem
- Through Growth Platform commissioned a range of interventions to support business growth including local growth hub delivery partners, business resilience support, ERDF Recovery Grants 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, the LEP has been strengthened further despite the pandemic. This strengthening of governance has enabled the LEP to successfully manage and oversee excellent business outcomes in the most difficult trading conditions for a generation and we believe provides a benchmark for good LEP governance for the Government.

2. Strategic Priorities

Plans: The City Region's Strategic Priorities for 2020/21 were set out in the Liverpool City Region Local Industrial Strategy which was submitted to Government in March 2020. They included:

- **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.

Performance: Founded on extensive engagement and a collaborative approach with our partners, the Local Industrial Strategy articulated how we would 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.

Unfortunately, the opportunity to effectively adopt and enact this strategy was dramatically curtailed both locally and nationally by the covid pandemic – where priorities quickly pivoted from growth to protection; protection of our communities and of our businesses.

Our business growth programmes, where feasible, were adapted to business resilience and survival, working with government programmes as they emerged from the pandemic.

To all intents and purposes, the priorities and ambitions for inclusive and sustainable growth became secondary to survival, in the face of a threat to lives and livelihoods that none of us had ever previously experienced. We made progress where we could – developing and launching a multi faceted Digital Strategy for the City Region, at a time when we had all come increasingly to rely on our digital skills, tools and infrastructure to an unprecedented extent.

And as the year progressed, increasingly, with our CA and LA partners, we began to look forward, to our post pandemic economy. We collectively developed a strategic Economic Recovery Plan that set out how we could build back better – stronger, more resilient.

Whilst our in-year priorities reacted to the pandemic, our long-term priorities emerged informed and shaped by it – with many core principles retained, but sharpened and clearer than before. The pandemic so cruelly exposed and widened the gaps between the haves and have nots in our communities, deepening the challenges in our most deprived communities and against this backdrop we committed to ensure that our economy going forward would be stronger, cleaner and fairer.

And as we enter a new financial year, battered by a difficult year, we are hardened to the task required of us to drive stronger, cleaner and fairer growth for our people and our businesses for the years ahead.

3. Delivery

Plans: Operating within the strategic priorities set out in the Local Industrial Strategy, we said that the LCR LEP would use the following mechanisms to effect delivery:

- i. Influence over MCA decision making on the use of the Liverpool City Region (LCR) investment strategy for capital/infrastructure investments – through main LEP and Sector Boards and active engagement on Investment Panels etc.
- ii. Performance Monitoring of the projects funded through the LCR investment strategy for capital/infrastructure investments – working closely with CA colleagues and frequent operational performance meetings.

- iii. Further development and expansion of Growth Platform as the City Region Growth Company with delivery and expansion of locally led initiatives including the Growth Hub.
- iv. Development and implementation of new initiatives to take forward the Local Industrial Strategy, particularly through Growth Platform and its network of partners and suppliers.
- v. Encourage and support businesses to develop investment proposals to drive growth especially in the LCR's growth sectors and aligned to the Local Industrial Strategy.

We identified a range of significant projects and initiatives that we expected to form the basis of this delivery that would be commenced, completed or delivering outputs during the year. These included:

Infrastructure

- Runcorn Station Quarter
- Kirkby Town Centre
- Halsnead Garden Village
- Chancerygate
- City Centre Connectivity

Skills

- Riverside College
- Southport College

Business

- Manufacturing Technology Centre
- Flexible Growth Fund
- Pall Mall
- Sandon Global
- Growth Platform Expansion
- LCR Investment Service Development
- Liverpool City Region Careers Hub Expansion
- High Growth Business Programme; Inward Investment and Innovation Funds

Performance: As can be seen in the outputs section below, despite the enormous challenges presented by the pandemic, 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 the target set for the year and the LGF allocation was fully expended.

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 through the expansion and realignment of Growth Platform to meet the very different needs of businesses impacted by the pandemic. Over 10,000 local businesses were supported during the year, more than 200% of target, guiding them to appropriate advice and support to keep them trading wherever possible. New services were established, including an ERDF Recovery Grant, supporting 500 businesses and a EU Exit Trade Service to support businesses with adjusting to changes in business regulations and process with the EU.

Final LGF Expenditure Profile

	Total Grant Budget	Total Spend to Date (All Years)
<u>Infrastructure</u>		
Runcorn Station Quarter (£10.4m)	£10,400,000	£10,400,000
Kirkby Town Centre (£10m)	£10,000,000	£10,000,000
Halsnead Garden Village (£4.6m)	£4,600,209	£4,489,060
Chancerygate (£4.5m)	£3,901,365	£3,901,365
City Centre Connectivity (£4m) phase 2	£4,178,135	£4,178,135
<u>Skills</u>		
Riverside College (£2m) Strand 1	£2,000,000	£2,000,000
Southport Colege (£2m) Strand 1	£2,035,117	£2,035,117
<u>Business</u>		
Manufacturing Technology Centre (£5.85m)	£5,055,000	£5,055,000
Flexible Growth Fund (£5m)	£5,000,000	£2,592,523
Pall Mall (£3.85m)	£3,850,000	£3,850,000
Sandon Global (£2m)	£2,000,000	£2,000,000

Other Key Schemes with Spend in 20/21

<u>Infrastructure</u>		
City Centre Connectivity phase 1	£38,547,665	£36,088,711
STEP 3-6 Princes Ave Central Reserve	£3,529,088	£3,529,088
STEP 3-6 Valley Rd- Stonebridge Cross Walking & Cycling Links	£1,666,500	£1,666,496
Shakespeare Rail	£7,970,747	£7,965,125
KRN A580 Employment Links	£2,677,500	£2,677,500
Tower Road	£1,250,000	£1,250,000
<u>Business</u>		
Vynova Runcorn	£3,000,000	£3,000,000
<u>Skills</u>		
Digital Innovation Factory	£5,000,000	£5,000,000

Progress on inward investment has understandably been limited but the time was used to develop clear competitive value propositions (CVPs) for the City Region's most investable sectors and

campaign plans to be rolled out later in 2021 as the pandemic hopefully is under greater control and the global economy is more geared to investment.

Our work with schools went almost completely online, but remarkably, many of the key indicators of improvement in careers guidance and the numbers of schools engaged increased during the period, with excellent use of online tools and resources.

That this was achieved during the pandemic is a huge credit to the staff working for or on behalf of the LEP and Growth Platform who worked tirelessly throughout the year, almost all remotely, to ensure that the needs of businesses and the priorities of the organisation were realised. It is credit of course also to the delivery partners from the CA and LAs to our local Chambers of Commerce and other business support organisations.

As a result, we are confident that the City Region economy and the LEP are in good shape for the hoped for and expected regional, national and global economic recovery in 2021/2.

4. Outputs

Plans & Performance: The Output targets for 2020/21 and the performance towards these outputs are set out in the table below:

202/21 Output Targets	2020/21 Output Performance
£69m capital invested (LGF)	£69m capital invested (LGF)
£82m capital leveraged LGF)	£82m capital leveraged (LGF)
1,635 jobs created (1987 LGF, 259 GH)	2,246 jobs created
1,106 learners supported (LGF)	4,815 learners supported
3,600 sqm floorspace developed (LGF)	3,800 sqm floorspace developed
5,000 businesses supported (GH)	10,915
LCR Growth Company established and launched	Yes
LCR Investment Service established & launched	Yes

OVERALL PERFORMANCE for the 2020/21 years is assessed as **GREEN**. All KPIs are rated GREEN. Despite the impact of the pandemic all performance metrics are at or above target with the exception of jobs created through business support, which understandably are down, which is more than offset by the above target jobs created through LGF. This is in contrast to the huge effort undertaken to support businesses through the pandemic with over 10,000 businesses supported against a target of 5,000. In incredibly challenging circumstances this performance overall is outstanding. When our business community most needed support the LEP and its partners stood up and admirably fulfilled their role.

INVESTMENT A strong performance in locally leveraged funds in Q3 compensated for performance in the first two quarters and made the annual target more achievable in Q4. The achievement of spending the total award by the 31 March deadline is an impressive performance especially given it was only 47% spent at the end of 2018-19, which was four years after the first award of LGF, and then being delivered during the pandemic.

JOB creation through LGF slowed in the three quarters prior to Q2, which on its own delivered 54% of the annual total. Q3 was not as impressive, but any job creation during the lockdowns is to be welcomed and so the Q4 performance is a significant boost to the local economy. Whilst Growth Hub's performance is below target, the circumstances were exceptional and the upturn seen in Q3 continued into Q4 and reflects business resilience and the validity of the continued approach.

SKILLS outputs on learner metrics coincide with the academic year and so the non-performance of metrics in some quarters earlier in the year was not a concern. Q2 and Q4 performance both surpassed the annual target for learners assisted ensuring over-performance for the year was more than four times the annual target.

FLOORSPACE The forecast for delivery of floorspace in 2020-21 was from projects that were in delivery from the second call for projects after the pause caused by the Adult Education Budget review. The closure of facilities due to the pandemic allowed work to be advanced and accelerated resulting in the annual target being surpassed.

BUSINESS SUPPORT has performing exceptionally well despite the difficult conditions in which it is operating. The annual target was almost achieved after two quarters and an upturn in performance in Q3 and Q4 saw it surpassed at more than double the target value.

5. Conclusion

After one of the most challenging years for our society, our economy and for business, the fact that the LEP with its partners, achieved all of the targets set for the year, in many cases surpassing them considerably, is a remarkable achievement.

It was made possible by a number of factors:

- The outstanding governance structure of the LEP – with broad and deep business engagement in every key sector of the economy
- A highly committed, motivated and skilled staff working for or on behalf of the LEP – who worked above and beyond their roles to support the needs of businesses in exceptional circumstances
- Fantastic work by exceptional public and private sector partners – CA, LAs, Chambers and others
- A high level of mutual respect and trust between partners working collaboratively to collective, agreed ambitions

If ever the value of the LEP should be put to the test, then it was in this year.

It passed that test with flying colours and it is sincerely hoped, that the infrastructure, partnerships and people, that are involved in this are retained and built upon over the coming years as we drive our economy through recovery to productive growth and prosperity in the years to come.