



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

AGENDA

DATE: Thursday, 17th November, 2022

TIME: 8.30 am – 10:30am

VENUE: Remotely via ZOOM

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP BOARD

AGENDA

1 WELCOME AND DECLARATIONS OF INTERESTS (V) - 5 MINS

2 MINUTES AND MATTERS ARISING FROM THE PREVIOUS MEETING (P) - 10 MINS

Mark Basnett will reference matters arising from the minutes.

(Pages 1 - 16)

3 BUSINESS PRIORITIES IN ECONOMIC HEADWINDS (V) - 40 MINS

Board Members invite to share views in a roundtable discussion on what they consider are the key priorities for the City Region relating to business growth and investment given the serious economic headwinds faced in the UK and globally.

4 LEP AND BUSINESS BOARD RESTRUCTURE DISCUSSION (PR) - 30 MINS

Mark Basnett will take the board through a presentation on options for restructuring the network of LEP Sector and Functional Boards in line with the LEP/CA Integration Plan and principles previously agreed by the LEP Board. The aim is to ensure effective private sector insight and input into City Region policy, strategy and delivery related to business growth and investment. Board members are asked to engage in the discussion and share their views on restructure with these aims in mind.

5 INWARD INVESTMENT UPDATE (PR) - 20 MINS

Mark Basnett will provide an update on the progress of the City Region's Inward Investment Service and significant plans for the year ahead. Board Members are invited to share their views and actively engage in the coming year.

6 BUSINESS SUPPORT POLICY FRAMEWORK AND REVIEW COMMISSION - (P AND V) - 20 MINS

Aileen Jones (Combined Authority) will explain the review of business support and inward investment and the role of consultants commissioned to support this process against the backdrop of the Business Support Policy Framework.

(Pages 17 - 38)

7 CHAIR'S UPDATE (V) - 10 MINS

Asif Hamid will update the Board on significant recent and forthcoming activity as Chair.

8 ANY OTHER BUSINESS - 5 MINS

Next Meetings: 26 January 2023 at 8.30am via Zoom; and
30 March 2023 at 8.30am via Zoom.

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

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LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

At a meeting of the Liverpool City Region Local Enterprise Partnership held in the Remotely on Thursday, 12th May, 2022 the following Members were

PRESENT:

Asif Hamid MBE - Chairperson of the Board in the Chair.
Paul Corcoran – Deputy Chair
Melinda Acutt
Dame Professor Janet Beer
Elaine Bowker
Dr Jonathan Hague
Tom O'Brien
Laura Pye
Angela White OBE
Councillor Janette Williamson

ALSO IN ATTENDANCE:

Mark Basnett – Managing Director LCR LEP
Councillor Graham Morgan – Leader Knowsley Council
Tony Reeves – Chief Executive, Liverpool City Council
Katherine Fairclough - Chief Executive, LCRCA
Dr Aileen Jones – Executive Director LCRCA
Jill Coule – Chief Legal Officer LCRCA
Ste Tant – BEIS
Ellie Stanborough - BEIS
Shelley Lockett – Growth Platform
Lisa Backstrom -Democratic Services, LCRCA

APOLOGIES

Apologies for absence were received from Mick Allen, Mayor Joanne Anderson, Gloria Hyatt MBE and Metro Mayor Steve Rotheram.

505. WELCOME AND DECLARATIONS OF INTERESTS

The Chair, Asif Hamid MBE opened the meeting and welcomed everyone to the meeting.

The Chair asked Mark Basnett, Managing Director of the LCR LEP to report any apologies received.

Mark Basnett advised that apologies had been received from Mayor Joanne Anderson and Metro Mayor Steve Rotheram. Mick Allen had also submitted apologies but had sent through some comments/notes on the LEP Review item.

506. MINUTES AND MATTERS ARISING FROM THE PREVIOUS MEETING

The minutes of the Board Meeting held on 3 June 2021 were agreed subject to the following:-

The amendment of the title of Jonathan Hague from Professor to Dr throughout the document;

Minute 500 – Feedback from Board Members under the heading:-

Melinda Acutt

The second paragraph, line 1, be amended so as to read:-

“There was a pilot project proposed and funding was being sought to support SME’s on their journeys towards Net Zero and the energy price crisis was raising concerns for business and for households.”

Dr Jonathan Hague

In the second paragraph, line 3, the insertion of the word ‘negative’ in front of ‘impact’ so as to read:-

“With regard to Unilever there had been a global top-down re-organisation but this had no negative impact in the LCR.”

The Chair, Asif Hamid MBE, asked Mark Basnett to provide an update on any matters arising.

Mark Basnett, Managing Director of the Local Enterprise Partnership referred to the following matters arising:-

Launch of the Innovation Prospectus

Dr Jonathan Hague explained how impressive the document was and credited John Whaling for his part in putting it together. The document pulled together the assets the City Region already has and the ambition for innovation. The Metro Mayor led the events in London to launch the prospectus which was a landmark event. Jon Hague paid tribute to everybody involved in the creation of the prospectus and it exemplified the collaborate way of working already taking place within the City Region. He added that Lord Heseltine attended the launch, a long-time sponsor and supporter of the City Region.

Dr Jon Hague commented how the document was a statement of serious intent to move to a future economy in full earnest and set the City Region up to be way ahead of the national average in future investment in research and development. There was more to come and more debate needed with the LEP and the Combined Authority to figure out how to maximise impact in the places that matter. He also thanked everyone in the meeting who also went to London to support the launch.

Freeport

Tom O’Brien, Chair of the LCR Freeport updated the Board and recent activity.

Tom O’Brien reported that the Team were still in start-up mode and things were ticking along nicely. In order to secure funding from the Government the business case process was being followed and the full business case had recently been submitted following approval by the Combined Authority on 29 April 2022. Government would now consider the full business case with consultation and

feedback taking place to fine-tune the document over the next few months, but he was feeling optimistic about the outcome.

Tom O'Brien also reported that the Freeport Board had met and affirmed the desire to create good jobs for local residents and to equip them with the right skills and pathways into long-term employment. The Fair Employment Charter and Social Value Policy were going to be key to this aim.

Tom O'Brien added that the role of the Growth Platform and the LCR LEP in marketing the Freeport to grow and attract new businesses was pivotal.

Tom O'Brien also indicated that with the help of the LEP Chair, the Freeport Team had been working with Growth Platform colleagues. They had also been working with Combined Authority and Liverpool City Council at the MIPIM event in Cannes and visited Freeport in the Middle East. There was generally a strong interest in Freeports across England but particularly the City Region which was positive.

Lastly, Tom O'Brien mentioned that capacity in the Team was still being built and he had asked for work to commence on communicating the narrative to make sure that we begin to get the story across local, national and international audiences. He stated that John Lucy, the Freeport Director was willing to provide a briefing to the LEP as a whole or for individual colleagues and suggested that Board Members get in touch with himself or John Lucy to make arrangements.

507. BOARD MEMBERS' FEEDBACK

The Chair, Asif Hamid MBE, invited Board Members to provide a brief update on the current position within their sector.

Melinda Acutt provided an update from the 'Clean Growth' perspective. In particular:-

- progress made with the development of the proposal for a pilot project for a funded programme to support SMEs over their net zero journey;
- the upcoming joint meeting with the Built Environment Sector Board and the Combined Authority to discuss the 'Pathway to Net Zero 2040';
- the rising energy prices and how businesses needed support to deal with energy costs with a lack of capital after a difficult two years, particularly in a 'clean growth' way; and
- the progress made on the development of the 'Clean Growth' Sector Board and the production of a specific newsletter for small businesses which now had 500+ sign-ups

Mark Basnett, Managing Director of the LCR LEP undertook to pick up the issue of support for businesses with Melinda Acutt and colleagues in the Combined Authority following the meeting.

Laura Pye provided the Board with an update on the visitor economy sector. In particular:-

- Energy costs for businesses and the lack of available funds to invest into energy efficiency;
- The opportunities for support for the Visitor Economy Sector following the departure of Pete Sandman;

- Liverpool were about to go out to ballot for the 'Accommodation Bid', which if secured could generate a significant amount of money to invest in marketing and subvention; and
- Although Liverpool was bouncing back quicker following the pandemic, the cost of living rise would start to impact.

The Chair, Asif Hamid MBE asked how things were from an employment status point of view.

Laura Pye explained that things had settled down and rates were not at the ridiculous levels in late 2021. Organisations with good jobs and good employment opportunities were more stable, although it was still quite difficult to recruit in lots of areas, primarily due to Brexit issues more than anything else.

Angela White provided an update to the Board on challenges and opportunities for the Third Sector. In particular:-

- A collective of organisations were looking at support organisations in the Sector to be more energy efficient, which was a big issue due to the sizeable estate within the sector;
- The issues around salary squeezes within organisations and the impact of not being able to give cost of living appropriate remuneration;
- Work was taking place with LCR on a commission around sustainable and affordable food to contribute to the Food Poverty Reduction Strategy;
- A commission had been received through VS6 around digital inclusion, digital mapping of community provision, looking at potential innovation, good practice, and upscaling;
- Catalyst grants work was underway with grants about to be awarded on mental health and community wealth building initiatives; and
- A piece of work initiated by the Lord Lieutenant in relation to business to charity mentorship called 'Merseyside Charity Mentors' had recently launched with the Liverpool Professional Advisory Board. Angela asked Board Members if they wanted to be involved in the work on social responsibility.

The Deputy Chair, Paul Corcoran provided an update on the Creative and Digital Board. In particular:-

- Skills and recruitment remained a real issue and work need to increase on positioning the City Region as a really good place to work;
- The great work being undertaken around mental health in the workplace was encouraging, but further work could be done to support employers to improve their support offer for employees;
- Work was being undertaken to attract talent into the industry with various different boot camps being really well attended;
- More work was needed around provision for meaningful work experience placements across City Region and the potential benefit of alignment with 'T' Levels;
- The recruitment of members for the 'Creative and Digital Sector Board' was taking place with a high volume of quality applications;
- Accommodation/office space remained a real issue for the Sector and work was needed from an inward investment perspective; and
- An update on the pan-Northern initiative on support for Ukrainian refugees coming into the City Region called 'United for Ukraine'. Refugees were being placed into employment and provided with wraparound support. He appealed

to Board Members for further support and to make contact with him if they could help.

Board Members congratulated Paul Corcoran on the 16th Anniversary of his business.

Dame Professor Janet Beer provided an update in relation to the Higher Education Sector. In particular:-

- University of Liverpool's recent results in the Research Excellence Framework (REF), an exercise conducted every 6 or 7 years to assess the quality of research in UK higher education institutions;
- 91% of our research is ranked as world leading (4*)
- 9 units feature in the sector top ten for 4* impact and Liverpool has the top Veterinary School for 4* overall research in Agriculture, Food and Veterinary Sciences
- The Liverpool School of Tropical Medicine also had good results alongside Liverpool John Moores University; and
- It was excellent news for the City Region.

Board Members congratulated Liverpool University on their success.

The Chair, Asif Hamid asked about the situation with International students.

Dame Professor Janet Beer explained that it was a mixed picture. There was interest from India and Nigeria. The situation in China was still difficult for people wanting to leave.

Professor Jon Hague informed the Board that Unilever's growth numbers were really stellar by their standards with 7.3% underlying sales growth. The figures were driven by pricing 8.3% pricing and we lost 1% volume. There would be a €4.8b increase in raw material costs which was unprecedented due to lots of global economic factors. whatever else it is. That's really the story of the of the year so far. Unilever were expecting to return to a more normal operation in 23/24, but it was also gearing up and bracing for a recessionary cycle.

Elaine Bowker provided an update in relation to the Further Education Sector. In particular:-

- It was an important time with Students undertaking exams for the first time in three years with anxiety levels extremely high;
- The impact on the City Region's young people was enormous due to levels of deprivation and barriers in the way was a real concern;
- Talent attraction was a big issue for all employers and price inflation, with key shortage areas being construction, health and social care and visitor economy;
- T levels had been introduced and there was a need for employers and Universities understand what was involved; and
- Liverpool Community College was going to be the biggest provider of the T Levels in the City Region and 3rd in the Country so it was important that the T Levels were aligned with the technical skills needed by the local economy.

Tony Reeves updated the Board on the following in relation to Liverpool City Council:-

- There would be an exciting opportunity announced shortly regarding a technology business locating to Paddington Village in Liverpool, bringing 750 jobs over three years;
- Demand for Paddington village was growing exponentially with a new development called 'Hemisphere' being consulted upon shortly providing another potential landmark building for the City Region over the next two years;
- He had taken over as the Knowledge Quarter Board Chair and he was keen to get the Council, Universities and NHS to use their land assets really strategically to maximise the potential 3 million square feet of growth potential in the area over the next 10 to 15 years;
- The potential to position the 'Knowledge Quarter' as part of a network of innovation districts across the City Region and discussions were taking place with the Combined Authority to look into that;
- Concern about the cost of living crisis and the impact on residents and businesses who were vulnerable to a downturn in discretionary spend;
- The importance of focusing on building the knowledge economy over the coming years to strengthen our economic resilience, productivity and build supply chains across the City Region; and
- The work being led by University of Liverpool, with the NHS and the City Council in creating a Mental Health Centre of Excellence for research and innovation.

Katherine Fairclough provided an update in relation to the Combined Authority. In particular:-

- The announcement of the 'Regeneration Bill' and the opportunities within it for further devolution;
- There had been positive discussions with Department for Levelling-Up in relation to the deal for the Liverpool City Region;
- Attendance at the upcoming UKREiiF which was is a huge opportunity to showcase the great work around regeneration about growth across the City Region;
- Discussions have re-commenced with the DFT around the Integrated Rail Plan in relation to passenger and freight rail which was a positive step and significant for the potential Freeport;
- A piece of work on the impact of COVID across the City Region was almost in its final stage taking into account the tier restrictions and the benefits that came to the City Region a result; and
- The Evidence and Research Team had been doing some work on the impact of the cost of living crisis across the City Region and it would be useful to discuss it at the earliest opportunity.

Councillor Jeanette Williamson updated the Board on the following:-

- The recent Local Government elections had taken place and the annual meeting process was underway;
- A big focus on regeneration , particularly around Birkenhead;
- The lack of coherence or strategy around how 'Levelling-Up' funding was allocated and concerns that Councils were having to compete with each other for funding; and

- Work on the Local Plan was continuing at pace following approval by Wirral Council in March 2022 with submission to the Secretary of State by the Summer.

508. UK SHARED PROSPERITY FUND

The LEP Board considered a report which summarised the level of LCR Combined Authority Award for UK Shared Prosperity Fund (UKSPF) and the requirements for the development of an implementation plan.

Dr Aileen Jones, Executive Director for Investment and Delivery at the Combined Authority highlighted the following key points:-

- The funding allocation of £52.8 million in UK SPF (which includes a Multiply component of £8.4m) for the funding period 2022-2025;
- This was a lower figure than expected and not at the previous levels of allocation for ERDF and ESF which will result in a gap in funding for a number of programmes, particularly in relation to the skills agenda;
- Work was underway to understand the financial impact and look at ways to support existing programmes to continue;
- Government had been clear on the priorities for the investment plan ahead of the submission; which were initially – ‘Community and Place’ and ‘Supporting Local Businesses’
- Funding under the last strand – ‘People and Skills’ would only be made available in 2024-25
- The challenges as a result of the funding gap;
- The Investment Plan needed to be submitted to Government by 1 August 2022 which was a tight deadline;
- Detailed guidance had been provided by Government on what sort of interventions were expected to be included in the plan;
- The proposed approach in relation to the Local Growth Partnership and consultation on the plan, similar to that used for the Economic Recovery Panel; and
- The proposal to include City Region Members of Parliament as consultees and the establishment of a separate mechanism to do that.

The Chair, Asif Hamid MBE was keen that Board Members shared their views on some of the priorities for funding to ensure sustainable, inclusive growth in place in the City Region.

The Deputy Chair, Paul Corcoran suggested that use of the existing Sector Boards who represent the wider City Region as a mechanism for consultation and they would be supportive of this work.

The Chair, Asif Hamid MBE asked what the shortfall in funding was.

Aileen Jones advised that it was a 37% reduction which equated to around £10m per year.

Angela White OBE thanked Aileen Jones and Katherine Fairclough, Chief Executive at the Combined Authority for the opportunity to meet and the discussion around the UKSPF. She asked about the ‘multiply’ element; how would that run concurrently and

would some of the demand of ESF Funding be applicable. Had there been a cross analysis between the two funding programmes. Angela White advised that the Sector was geared up to work with Combined Authority in terms of looking at some of the elements that already fit with the investment framework and our manifesto. Angela referred to an upcoming event and suggested that Combined Authority participation in that event would be great and also enhance the consultation route.

Melinda Acutt asked how the priorities for the funding would be set? Melinda observed that within the papers there were a number of priorities that could be grouped around clean growth which provided an opportunity is to have a real focus on green global growth. Melinda also added that in her experience of being involved in assisting large utilities subject to a reduction in funding, it was helpful not to focus on the current situation what to cut back but think about the funding as fresh and how it could be spent. Focussing on maximising the benefits of the funding available and seeing it from the opposite perspective and a more positive aspect.

Katherine Fairclough provided some broader context and some expectation management regarding the funding. It was going to be very tight and constrained and a lot less money that previously available which was heavily relied upon in some sectors. Katherine suggested that it should be managed not just by the Combined Authority but as a collective. It was going to be a period of instability over the next few months and everything possible was being done to help and support those affected. There were some political issues to consider around how much challenge and lobbying of Government should take place as she had been surprised by some of the responses from some National Politicians in recent weeks around the allocation for the City Region. It was important to understand that the funding had to be distributed across the Country and the allocation was not as generous as previously received through European Funding. She added that it was the collective's responsibility for guiding and supporting front line colleagues in delivering this change but also on the impact that will be felt by many City Region businesses and ongoing dialogue was really important.

Deputy Chair of the LCR LEP, Paul Corcoran stated that communication around this issue was going to be crucial. It was important to ensure that businesses and various different organisations understood the situation with limited funding and the restrictions with decision making. He asked if there was anything that could be done to support organisations who had relied heavily on funding for many years in order to help them to become more sustainable? He felt there was an opportunity for some interesting work as a collective.

The Chair, Asif Hamid MBE took on point the points raised and agreed with the comments around needing to look at things differently and looking at ways to provide support for organisations to become more self-sustaining. He suggested Paul Corcoran and one or two Board Members meet with Mark Basnett and Aileen Jones to discuss the matter. There were more points that the Chair wanted to add to the actual allocation to ensure that money was being allocated to organisations showing results and measurable outputs.

Mark Basnett explained that the whole process of economic development work that the Combined Authority led on was evidence based share and he had been very impressed by their dedication and commitment to that. He agreed with the points raised and during early discussions around UKSPF it was very clear that there was a focus on what worked and delivered impact in previous programmes, particularly

around the policy priorities set out in the plan for prosperity. There was a commitment across the board for that kind of impact focus.

509. LEP REVIEW AND TRANSITION

The LCR LEP Board considered a report which provided an update on the implications for Liverpool City Region following the Government's completion of the LEP Review and the process under way to effect its recommendations and requirements with colleagues in the Combined Authority against a backdrop of reduced funding from Government.

Mark Basnett, Managing Director of the LCR LEP provided a brief overview of the background and following the publication of the 'Levelling-Up' White Paper, the Government's desire to see greater integration of LEPs with Mayoral Combined Authorities with a transition plan requiring submission to Government for approval by 29 July 2022.

Mark Basnett advised that the report detailed the proposed process of information gathering and due diligence by Combined Authority colleagues on the executive roles, funding and structures within the Growth Company (Growth Platform) that currently support the LEP functions and an options appraisal on integration. This would inform a jointly prepared analysis on how the role of business intelligence, insight and advice into City Region Strategy and Delivery could be built upon and strengthened against the backdrop of the review.

Mark Basnett explained that once this analysis had been completed the proposed way forward would be shared for consultation and development with the LEP Board, Local Authorities and businesses, prior to final approval by the Combined Authority at its meeting on 22 July 2022.

The timeline for this process was detailed at section 4.3 of the report.

Mark Basnett advised that the current LEP arrangements in Liverpool City Region were seen as exemplary by Government, providing the basis of mature, constructive and insightful partnership working and brought the insight of the private sector to local economic strategy and delivery, whilst respecting the democratic mandate of locally elected Leaders and Mayors. Its impact in informing and shaping policy interventions to benefit the economy is extensive and, by way of example, much of the City Region's innovation and high growth priorities in the likes of health and digital manufacturing priorities and effective interventions in recent years can be directly attributed to the excellent work undertaken by the Sector Boards of the LCR LEP.

Mark Basnett informed the Board that following discussions with Local Authority Chief Executives it was proposed to broaden the review further and look at what business support investment arrangements were required right across the City Region, particularly given the reduction in Local Authority funding over many years and the reduction in capacity for business support. The review was not only an opportunity for greater integration with Mayoral Combined Authorities but it was also an opportunity to look at the whole business support ecosystem.

Mark Basnett explained that there would be intensive work over the next 6 weeks with an extensive consultation taking place alongside the due-diligence exercise culminating in an options analysis of the various options available. It was an opportunity to develop a business ecosystem that would be properly funded, sustainable and delivered impact for the next three to five years.

Mark Basnett welcomed immediate comments from colleagues, but also engagement in the review process. He asked for feedback over the coming weeks to help shape something fit for purpose for the City Region going forward.

The Chair, Asif Hamid MBE thanked Mark Basnett for this presentation. He added that it was a key critical time for the City Region to promote and shape something for purpose and welcomed comments and thoughts. The LCR LEP was such a powerful Board and an exemplar on a National level.

Dr Jon Hague suggested using the Sector Boards to help feed into the review. It was important to prioritise and focus on the things that would make the biggest difference to the economic output with the limited resources, which was what the Enterprise Board were about.

Mark Basnett, Managing Director of the LCR LEP agree with the comment and explained that there had been increasing focus on what delivered impact and measuring it. He added that a CRM system had been established that tracked business performance against interventions to build a much better understanding of the impact of interventions which then has to align with the City Region priorities.

Katherine Fairclough, Chief Executive of the Combined Authority reiterated the City Region's strong reputation, particularly on strategy and delivery. She stressed that this was a 'transition plan' and would iterate over time. It was about setting the strategic direction and having the collective confidence that plans were in place to get through the intervening six month period and then onwards into the future.

Katherine Fairclough also referred to the uncertainty for the workforce within the LEP, and how the due diligence work and transition plan was important during the period of uncertainty. She pledged to work alongside Mark Basnett and the team and it would be beneficial to have ongoing dialogue and possibly make making it a regular part of the Board Meeting, as well as some separate time for a more detailed look at some of the areas of work. She reminded the Board that it was the transition plan that was required by 29 July 2022, so there was further time to discuss and develop the future model.

The Chair, Asif Hamid MBE agreed with the comments made, particularly in relation to the transition rather than the full blown plan. Assurances needed to be given to the workforce and also to the business community that collaborative work was ongoing on a long-term plan for the LEP. He welcome involvement in the process and asked Board Members to reach out to Mark Basnett.

Mark Basnett, Managing Director of the LCR LEP also agreed with Katherine Fairclough's comments for a broad understanding of the direction of travel. He invited particular input from Local Authority colleagues for a sense of what their aspirations were for a joined up approach. He reiterated that there would be a period of uncertainty for colleagues over the next few months and it wouldn't be easy. He would continue to do his best to help colleagues through this period and he thanked Combined Authority colleagues who had been very supportive.

The Chair, Asif Hamid reported that Tom O'Brien and sent in some observations separately on the report and welcomed his input given his experience on an international level.

Tom O'Brien stated that he would be happy to discuss the points with Mark and provide any help he could.

The Chair, Asif Hamid MBE referred to the work that went on in the background. He thanked Katherine Fairclough and her team and Tony Reeves and his team. Aileen Jones and everyone who very collaboratively in pulling this together. It had been very last minute despite the length of time taken by the Government on the review.

RESOLVED –

- (i) That the detail of the report be noted the process under way to propose effective integration of the LEP with the Combined Authority and determine the future role and structure of the LEP Main Board, Sub Boards and Executive to best support the inclusive and sustainable growth of the City Region economy, be endorsed;
- (ii) That the opportunity for further input over the coming weeks, be noted; and
- (iii) That the proposed approach be discussed and agreed at the LEP Board on 7 July 2022.

(iv)

510. FUTURE IMPACT BOARD

Mark Basnett, Managing Director of the LCR LEP Board referred to the discussion at the previous meeting on how to help articulate the voice of young people across key business boards in the City Region. He invited Rachael Patterson from the Future Impact Board (FIB) to address the meeting.

The LCR LEP Board considered a presentation from Rachael Patterson, Policy Manager at Knowledge Quarter Liverpool and Chair of the FIB.

The presentation highlighted:-

- How the Board was formed and the Board Membership;
- The Board's 12 month Strategy with 5 strategic deliverables:-
 - A Thought Leadership Piece
 - Hosting and Attending events;
 - Representation on Boards across the LCR;
 - Representation of External Panels; and
 - Influencing the MIPIM 2023 Programme.
- Development of Board Members to help improve confidence, public speaking and leadership skills; and
- Board governance and internal structure.

Rachael Patterson explained that the Board provided a valued and diverse voice for the younger generation to influence decision making on a local, national and international stage. The aim of the Board was to bring a young professional perspective into the different sectors across the City Region and also to be able to

carry the voice of perhaps the younger generation where it might not be appropriate for them to sit on a particular board.

Rachael Patterson advised that the Board had been identified as a voice and it had been asked to consult on some key policy documents by Liverpool City Council and the LCR Combined Authority.

Rachael Patterson indicated that the Future Impact Board would like to be represented on some of the boards across LCR to carry the young voice right the way through. The

Rachael Patterson added that as they were young professionals they were keen to be developed and mentored and given opportunities to develop and learn from the LCR Leaders, as well as mentor other young people. It was hoped that the FIB would create a foundation then for young professionals to step into to ensure that their voice is at the table.

Rachael Patterson explained that they were currently very Liverpool City focussed would were looking to expand into the wider City Region. They were in the process of contacting organisations and bring people in from different sectors that currently might not be represented. The FIB were keen that it was an inclusive group and that it represents the entire younger generation. She welcomed questions and comments from Board Members.

The Chair, Asif Hamid MBE thanked Rachael Patterson for her interesting and intriguing presentation. The development of young people, particularly on an international level was one of things he was passionate about.

The Chair indicated that he was in conversation recently with Qatar about the World Cup about bringing the younger generation through on an international level. He offered to put Rachael in touch with the people coordinating it as they were looking for an ambassador from LCR to be involved in it.

Angela White OBE thanked Rachael for her dynamic presentation, it was fantastic and inspirational. She referred to organisations, particularly in the youth sector, who were developing some fantastic links already and inspiring young people like young advisors in youth groups locally who would see the FIB members as role models for disconnected young people. Angela offered to speak with Rachael offline as it would be a great opportunity to link into that area of work with young people.

Melinda Acutt commended Rachael on the fantastic work of the FIB and indicated that a number of members on the Clean Growth Sector Board had retired and the membership was being refreshed. She was keen to work with the FIB, particularly as clean growth was something that was really important to the younger generation and it would be good to have their voice represented.

Tony Reeves commented that he had already has the pleasure of working with Rachael. He added that the FIB was a group of young professionals who could 'punch their weight' in any setting which was important to note. Diverse representation on the Board was hugely important. Looking at issues through a different lens gives diversity real strength and impact. The FIB were not only top professionals, but they also provided a diversity of thought that a different set of life experiences brought.

Elaine Bowker also commended the presentation. She added that mentoring went both ways as well. There were 10,000 young people in her College just about to leave and many of them would want to go into the professions that FIB members work in. She was keen to speak with Rachael outside of the meeting to talk about how the work of the FIB could inspire her students.

Rachael Patterson agreed that young people seeing somebody who is less than 10 years older than them in a career created a more tangible aspiration. She was happy to assist Elaine Bowker and discuss it outside of the meeting.

Tom O'Brien thanked Rachael Patterson for her presentation and appreciated the clarity and precision of it. He mentioned the importance of making good connections, for example the Convention Bureau and Marketing Liverpool. He also mentioned business awards events in the City Region as a mechanism for networking.

The Chair, Asif Hamid MBE appreciated the feedback from the Board and indicated he would be more than happy to be involved and help to connect the FIB to other businesses/organisations. He commended the mentoring programme which he felt was missing in the City Region. He referenced the many ambassadorial people connected with the LCR LEP and he suggested an engagement piece of work as the next step forward.

Mark Basnett, Managing Director of the LCR LEP sensed the strong desire from the Board to work with the FIB, be more embedded across the Sector Boards and involved with the LEP Board. In relation to FIB representation becoming City Region wide, that was perhaps the biggest challenge. There were many other diverse voices, both geographically and by sector that needed to be captured so development work needed to be undertaken over a period of time.

Mark Basnett welcomed input from colleagues input to help the FIB broaden their representation and be properly inclusive and was delighted to work with them in the future.

The LCR LEP Board agreed to work with the Future Impact Board on facilitating representation on the Sector Boards, involvement in the LCR LEP Board and assist with wider engagement and representation across the City Region.

511. INWARD INVESTMENT UPDATE

Mark Basnett, Managing Director of the LCR LEP provided a presentation which updated the Board on the performance of the City Region's Inward Investment Service and the significant plans for the year ahead.

The presentation highlighted:-

- The objectives, process, timeline and targets;
- An overview of the LCR Vaccines Value Proposition project;
- An analysis of project performance since 2019 including:-
 - A breakdown of successful projects by Country, UK Sector and LCR Local Authority,
 - A breakdown of reasons for investment and investment types;
- Project pipeline enquiries;
- Examples of projects;
- An example of project opportunity response; and
- Abandoned leads and projects during April 21 – March 22; and

- Contract targets for 2023 and performance achieved to date.

Mark Basnett outlined how the process that was adopted, working with Combined and Local Authority colleagues and businesses and City Region Investment Board was to ensure that the approach tied into the Strategy for the City Region. By strengthening the key areas and the development of marketing propositions this would raise the profile of the City Region nationally and internationally.

Mark Basnett added that performance was ahead of target. The targets were set pre-pandemic it was remarkable that in some respects steady investment had continued

Advanced manufacturing, digital, health and life sciences and more broadly around innovation were the areas where most project investment had been secured.

A lot of investment came through business expansion but around 60% of the investments secured had been new investments to the City Region. The Science Park offer had been an integral part of the reason for investments.

Mark Basnett also stated that site and land availability was becoming critical to attracting investment. He cited the 'Knowledge Quarter' as an example of a high quality asset to be able to compete nationally and internationally with other areas to provide the infrastructure to attract investment.

Mark Basnett concluded his presentation and stated that despite the pandemic, the Inward Investment Service has managed more enquiries than were targeted and there was the ambition to increase GPA and the proportion of UK investment. He welcomed comments or questions on his presentation at that time or following the meeting.

The Chair, Asif Hamid MBE thanked Mark Basnett for his presentation. He added that some of the results demonstrated the challenges of the pandemic but the enquiries were coming through not just through this platform but also through the Freeport also. He asked Board Members to provide any feedback direct to Mark Basnett.

512. CHAIR'S UPDATE

The Chair, Asif Hamid MBE reported that due to time constraints he wasn't able to provide the usual update on his recent activities but would endeavour to provide an update to the next meeting.

The Chair referred to a number of major matters that were ongoing including LEP Funding, the Levelling-Up agenda, lack of clarity from Government about various issues and challenges for businesses around clean growth. He undertook to try to keep everyone updated.

513. ANY OTHER BUSINESS

The Chair, Asif Hamid MBE indicated that the next meeting of the Board was due to be held on 7 July at 8.30am.

The Chair put forward a proposal for a meeting in person at the later start time of 4pm in order to facilitate a social event post meeting. It would be an opportunity to meet again face to face after a long period of remote meetings.

The Chair indicated that the office would contact Board Members and attendees to canvass views on the proposal via e-mail.

There were no other items of business so the Chair thanked everybody for their time, participation and input. He reiterated the importance of submitting views on the direction of travel for the LEP. He stressed the value of coming together, as business representatives and working with Local Authorities and Leaders to create a strong business voice to take the LEP forward over the next three to five years.

Minutes 505 to 513 received as a correct record on the 7 day of July 2022.

Chairperson of the Board

(The meeting closed at 10.30am)

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LEP Board Meeting

17th November 2022

Business Support Policy Framework

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1. Purpose of Report

- 1.1 The purpose of this report is to inform Board members of the Business Support Policy Framework which has been developed by the Combined Authority in consultation with stakeholders and which goes to the meeting of the Combined Authority on Friday 18th November for adoption as policy.
- 1.2 This Policy will be used to provide a framework for future business support interventions across the City Region through the Combined Authority.

2. Recommendations

- 2.1 Board Members are asked to note the report and to input into discussion at the Board on the business support and inward investment review consultation which it will help to inform.

3. Background

- 3.1 Over the last 12 months there has been an extensive engagement with stakeholders across the business support landscape to better understand the business base, challenges and opportunities to begin to reshape and design a more coherent business support eco system.
- 3.2 The discussion has in part been driven the imminent loss of significant European Regional Development Funds, which have co-funded significant parts of the business delivery infrastructure, and by the launch of the UK Shared Prosperity Fund in its place.
- 3.3 A comprehensive evidence base has been developed by the CA's Evidence and Research Team, which formed the basis of an inclusive consultation process, which provided further valuable input into the development of the Business Support Policy Framework.
- 3.4 In addition, the Growth Platform and Local Authority Growth Directors have had significant input in the collaborative approach to develop the policy framework.
- 3.5 An integral part of the business support framework is the explicit development of design principles, a segmentation of the city region businesses, a core list of elements which all business support should deliver and a framework of outputs, outcomes and impact indicators.
- 3.6 The Framework will feed into the Business Support Commission and provide the base for the reshaping of the business support eco system, which will be both place based (ie at a local authority level) and specialist city region based delivery.
- 3.7 Critical will be the proactive collaborative model, which will enable the city region to deploy its resources smarter and more efficiently in support of the fairer, innovative and inclusive economy that is agreed within the Plan for Prosperity.

- 3.8 This will also put the individual business/entrepreneur at the heart of the business support eco system, enabling businesses to access to right support to thrive and grow, creating resilient business which employ more people.

4. Next Steps

- 4.1 The Combined Authority will consider for approval the Business Support Policy Framework at its meeting on 18th November. Both the Business Support Portfolio and the Inclusive Economy Portfolio Boards have an opportunity to input into the development of the policy framework

LIVERPOOL CITY REGION BUSINESS SUPPORT POLICY FRAMEWORK

PURPOSE

In a time of uncertainty and a changing policy landscape, the Combined Authority and its key stakeholders require an agreed and consistent policy position in relation to Business Support - including links to innovation and skills - to provide the foundations for local conversations, investments, and effective dialogue with Government. This is particularly important as we deliver the strategic objectives in the LCR Plan for Prosperity, which include supporting an inclusive economy, net zero ambitions, and strengthening our place within a globalised world.

The Policy Framework has two main purposes: first, to provide an evidence led framework for the Combined Authority's investment priorities and second, to provide the basis for an agreed approach among City Region stakeholders to business support.

INTRODUCTION

The City Region business, innovation and skills eco systems are wide ranging and in part extremely complex, with public sector business support programmes developed and refined through a number of years. These are augmented by a wide range of private sector, academia and social economy support programmes, which are often addressing a particular market segment and/or business need.

The establishment of the Local Growth Hub and the Growth Platform has helped simplify parts of the core business eco system around start-ups and support for SMEs, supported in the main by ERDF and BEIS funding sources. A third element, the Enterprise Hub, has delivered dedicated start-up and business support for under-represented groups such as women and BAME among others within the core business eco system. At the same time, a range of other public sources of funding have enabled partners to seek funding for specialist business **and** innovation projects, lately also through the Combined Authority. Many funding opportunities are not locally controlled but allow local partners to augment the business support offer, particularly in relation to innovation, R&D and sector specific opportunities.

Consequently, there is a (perceived) lack of clarity and connectivity across the business, innovation and skills eco systems, for entrepreneurs and established businesses as well as for providers and funders. This policy document sets out the principles which should govern the LCR (Liverpool City Region) business support eco system, including basic metrics, collaboration, proactive linkages between business, innovation, skills and the supporting infrastructure to support our vision for net zero, social value and good growth.

WHAT DO WE MEAN BY THE BUSINESS ECO SYSTEM?

Underpinning a successful and resilient local economy are a number of inter-related business, innovation and skills ecosystems which relates to entrepreneurs and existing businesses. For the purposes of this policy framework, the Business Ecosystem is defined as the structures (public, private, 3rd sector, academia, etc) which support entrepreneurship, enterprise, innovation and good growth so that businesses can establish, grow and flourish in the Liverpool City Region.

The following principles underpin any eco system: a degree of openness (i.e. participants will change over time), engagement of multiple partners, provision of exchange of benefit to both eco system partners and businesses, using different methods of engagement (digital, face to face), clarity of roles and ensuring that there are sufficient incentives for the different elements to collaborate.

The current business support eco system delivers the core business support delivery, which enables entrepreneurs, start-ups and businesses to access place based support while also enabling access to other ecosystems covering infrastructure, skills, specialist business and innovation programmes. At its most successful, a business ecosystem is characterised by open collaboration between public, private, academia and third sectors, focused on business needs including growth, innovation and employment opportunities.

Going forward, the business ecosystem will need to balance, enhance and support entrepreneurial opportunity and good business growth with an ‘innovation first’ approach to meet LCR ambitions for economic, social and environmental resilience, meeting the needs of its diverse communities and businesses across all sectors.

STRATEGIC STAKEHOLDER DISCUSSION ON CHALLENGES AND STRENGTHS

To support the strategic discussion with local partners, the Combined Authority initiated an evidence gathering process across the entire business landscape to identify challenges and strengths. A detailed evidence pack was produced and shared with local partners. Six facilitated workshops were held to verify the evidence and the conclusions, as well as highlight gaps and opportunities.

The outcome of this exercise has supported the development of this agreed business support policy document which provides the framework for a collaborative approach to the design of the LCR business ecosystem and a single narrative for LCR priorities.

LCR BUSINESS BASE: CHALLENGES AND OPPORTUNITIES

The evidence base highlighted four key challenges:

- Business base is too small: Liverpool City Region has the third lowest business density of all CA/LEP areas although business start-up rates are high. Therefore, there are opportunities for growth, if low survival rates (53% at 3 years) can be reversed.
- Business growth rates are too low with too few high growth businesses if looked at through the lens of spin outs/tech/innovative start-ups/businesses. There are opportunities to develop support for businesses in all sectors to realise growth (turnover and jobs), innovation and export ambitions to increase business growth rates.
- LCR does not currently have the right infrastructure for growth but has a unique opportunity to develop an integrated offer across skills, innovation/technology, sites/premises **and** access to external finance.
- Needs of the Social Economy (including social enterprises/Socially Trading Organisations) are not always fully met by existing business support.

Key stakeholder messages included:

- Need to be mindful of opportunities for growth and innovation across all sectors of the economy and not focus only on high growth/innovation led businesses – there is agreement that all businesses have a role to play in terms of innovation, be that new products, processes and services, digitalisation, (re)skilling, new markets etc, to support the creation of new jobs, unlock opportunities and meet our ambitions.
- Business support is City Region wide, and places should be supported to deliver the core (or universal) business support tailored to local needs and opportunities, while at the same time enable easy and flexible access to specialist/innovation/skills support at a time when businesses need this – clarity, flexibility, better information and dedicated trained staff are key as is the ability to support all businesses in local places to create and sustain resilient and inclusive local economies.
- Focus on embedding links between business and innovation to enable entrepreneurs and businesses to access seamless support – ensuring that core place based and specialist business/innovation support are not separate but deliver different benefits to businesses at distinct stages of their life cycle; the key is to anchor entrepreneurs and businesses in local places.
- Skills and employment support are critical to foster entrepreneurship, support all businesses to grow and create more local employment.
- Entrepreneurship is a critical underpinning element which will require support from within the skills and education systems.
- Critical to learn lessons from current business support, particularly ERDF and Combined Authority funded activities, but also other places and targeted provision.

On the whole partners agreed with the conclusions from the evidence base and added valuable insights to make the evidence base more nuanced.

All stakeholders agreed that the City Region has a unique opportunity to refocus and reshape business support to meet challenges and deliver opportunities for good business growth (output, turnover, GVA and employment), productivity, and employment, taking account of market segmentation, understanding of business growth/life cycles, a more diverse landscape of entrepreneurship and better integration between skills, business support and innovation support.

There was also a thread running through the feedback that the City Region economy cannot become more resilient and inclusive if the focus is only on high growth, innovative companies, spin outs and growth sectors. Businesses and growth (employment, turnover, new markets, etc) across and within the foundational economy, tradeable services and existing manufacturing companies are equally important if the City Region is to deliver on its ambitions regarding 'innovation first', more local employment opportunities and inclusive growth. What matters is a larger economy overall with more connectivity between and within economic sectors.

This will also need to be connected to the wider enabling infrastructure, including sites and premises, again linked to business requirements moving through the business lifecycle of start-up, growth and expansion.

CURRENT FUNDING LANDSCAPE IS CHANGING

The main public funders in the City Region for business and innovation support currently are the UK government, the European Structural and Investment Funds and the Combined Authority.

Over the last 7-8 years, the majority of revenue funding for business support has come from the European Regional Development Fund and central government via the Local Growth Hubs. Partners decided in 2015 to focus most of the ERDF allocation on support for businesses, through the core place based business support offer and through specialist/innovation/sector support, focused on identified growth sectors and innovation strengths. A total of £106m ERDF has been invested in supporting LCR businesses to start, grow, and develop new products and services and export through both revenue and capital funding. Of this, £29m has been approved for the core place based business support ecosystem.

In total, over 7,800 businesses have been supported, creating 6,225 new jobs, and 1,200 businesses have been supported to develop new products, processes and services. A total of 15 business and innovation support projects, delivered by public, private, HE and third sector partners, will continue to deliver direct support to entrepreneurs and businesses until the end September 2023 and will deliver support across all six local authorities. Likewise, ESF has supported residents accessing new opportunities, training and education.

One significant funder of business capital, the British Business Bank, through the Northern Powerhouse Investment Fund, delivers opportunities for Liverpool City Region's businesses to access growth capital, and has been the beneficiary of significant ERDF resources, which are likely to increase during 2023. The City Region is beginning to address the gap around access to finance (readiness and

capital) through dedicated vehicles including Kindred, the LCR Finance Hub and an Angel Network but the relationship with BBB will continue to be important and should be prioritised to deliver easier routes for City Region businesses as the UK government see this vehicle as the main publicly funded avenue for growth capital.

Over the last couple of years, the Combined Authority has also provided a significant amount of support to more specialist business and innovation support. Examples include Kindred (Socially Trading Organisations), Future Innovation Fund, Flexible Growth Fund, LCR Ventures (now Lyva Labs) and the LCR Finance Hub. The Combined Authority also delivers loans for sites and premises and low carbon through the Chrysalis and Urban Development Fund, both of which are funded via ERDF and currently managed externally.

The UKSPF will provide an opportunity to design and commission LCR focused investments to support local businesses and entrepreneurs. Given the scale of funding over the next 3 years, any funding will have to be aligned to the missions identified in the UKSPF Prospectus and the Levelling Up White Paper. The Combined Authority has been designated as the Lead Local Authority, responsible for the development of the Investment Plan which will unlock the City Region allocation. The City Region will also need to work closely with government with the aim to unlock further national resources to support our ambitions for innovation, good growth and social value.

THE ROLE OF THE PUBLIC SECTOR

The public sector has three interlinked roles to play in supporting its business base to be more resilient, grow, innovate and create good jobs for local residents. As funding reduces, the City Region needs to be smarter in leveraging the role of the public sector to support businesses and generate opportunities.

- Simplify and Strengthen the Business and Innovation System through a collaborative approach and funding for the core and specialist business support offer, based on evidence, analysis and gaps. Appendix 1 sets out a list of core components.
- A driver of innovation, working with the private sector, academia, R&D/innovation organisations and residents to develop new products and services, deliver productivity gains and support jobs. This role of the public sector as a vital underpinning of opportunities has so far been less visible in relation to business growth, but increasingly needs to be, particularly if the City Region is to achieve its ambition of the equivalent of 5% GVA investment in R&D by 2030 – as set out in the Plan for Prosperity and LCR Innovation Prospectus.
- A major purchaser of goods and services, which can help to create and generate social value, local jobs with fair employment conditions to support resilience. Community Wealth Building will be a key component which could also lead to

new business start-ups. Public purchasing can also provide a significant market for local businesses.

BUSINESS ECO SYSTEM DESIGN PRINCIPLES AND PRIORITIES

The Plan for Prosperity provides the high level economic analysis for the City Region and focuses on an inclusive economy, net zero and innovation. From this follows that there are six fundamental elements which together will create and sustain a well-functioning, collaborative business and innovation support ecosystem for the City Region going forward:

1. An LCR wide Core Place Based Business Support Delivery Infrastructure supported by adequate public funds - i.e. revenue costs for teams delivering the core place based business support offer. The funding for this is likely to be predominantly central government led and the UKSPF will also play a major role. Going forward, the LCR Core Place Based Business Ecosystem will need to be re-shaped collaboratively between government, the Combined Authority, the local authorities and relevant business support organisations. It will need to have regard to the national business support offer so that duplication is avoided, and scarce local resources (if desired) could be used to augment and fill gaps in the national offer. Critically, the Core Place Based Business Support Delivery Infrastructure needs to be better able to interact with other overlapping ecosystems, including City Region wide specialist business support, innovation and skills, to enable businesses to innovate, adopt new technologies, develop new products, services and processes, and (re)skill employees.

The core place based business support offer has to be integrated and pragmatic as well as agile and flexible, delivering a City Region wide defined local business support offer, which supports entrepreneurs and existing businesses. A universal brokerage offer is critical in reaching large volume of businesses, but delivery models should be reviewed to increase effectiveness and efficiency so that it is focused on outcomes and impact. Crucially, this offer should, as now, be the main point of contact for local businesses but also tasked with referrals to innovation, skills, sites/premises and sector-based offers which will be likely to be City Region wide to benefit from economies of scale.

However, the City Region must not lose sight of the need to have locally rooted businesses which will provide most of the employment in local places; these will span all sectors of the local economy, be it manufacturing, digital, foundational economy, and services sector businesses. What matters is that they provide good employment, are resilient and responding to the Net Zero and digitalisation challenges. The core place based delivery infrastructure should therefore also deliver a Key Account Management (KAM) function with their locally significant businesses, be they a start-up or an existing business, which could be supported to grow turnover and jobs, through a more dedicated longer-term support.

2. Sitting around the Core Place Based Business Support Offer should be easily accessible Specialist City Region Business and Innovation Offers as well as

Skills Support, some of which will be funded by locally controlled funds through the Combined Authority, including potentially the UKSPF. These are likely to be more mission led to deliver the government led agenda set out in the Levelling Up White Paper. In other words, carrying forward the status quo is not an option, as it will not provide the best business support offer in light of the current evidence base, nor will the funding be available. There needs to be a much sharper focus on maximising impact whilst delivering on inclusive economy, fair employment, and net zero objectives as well as building on the best practice from current business support in the City Region and further afield.

Given the likelihood of scarce resources, the focus will need to be on clearly evidenced market failure as well as achieving economies of scale in delivery of a specialist City Region wide offer, based on the economic strengths and/or gaps identified within the Plan for Prosperity and the business evidence base. Examples would be incubators, sector specific support, dedicated commercialisation activities, development of LCR supply chains based around globally significant companies bases in the City Region (pharma, maritime, glass are examples), support for social enterprises, and specialist start-up support for innovation-based businesses and under-represented groups including BAME, women and graduates.

There also needs to be further focus on how the City Region's strengths in sectors including life sciences, health, AI, advanced manufacturing and tech could be harnessed to develop much stronger economic clusters rather than focused on a single innovation asset. We are beginning to see this coalescing around Glass Futures, the maritime/logistics sector and vaccine manufacturing. Business growth in the future is likely to be less fixed in a traditional sector and much more likely to thrive within clusters of sector specific expertise but including digitalisation, net zero transition, tailored professional and financial services and access to finance. Robust supply chains, exporting, increasing FDI (Foreign Direct Investment) and sites and premises (especially space for expansion) will be critical components. Lyva Labs and LCR Holistic are both delivering a model for this, which could be replicated in other sector strengths such as maritime, logistics, energy/net zero and advanced manufacturing.

A key design element is how collaboration between a Specialist Offer and the Core Place Based Business Support Offer will be incentivised (including sharing information about what support has been given to a business entity as a minimum) to ensure that the needs of businesses and entrepreneurs are central to delivery.

3. A further design principle needs to be the active promotion and delivery of integration between business support, skills and employment support and innovation support. Entrepreneurs and businesses will need different types of support at distinct stages of the life cycle and the Core Place Based Business Support Offer should maintain an on-going relationship with local businesses to anchor those within their local economies. Sharing of information will be critical as is a focus on simplifying access to different offers.

This idea of integration is reflected within the Plan for Prosperity, which sets out clearly the need to generate opportunities across the City Region and across the entire business base, and to enable an ‘innovation first’ culture. Fundamentally, business and innovation support need to drive both turnover and employment growth within the City Region’s businesses. Support for individuals to develop enterprise skills should be part of the skills/employment ecosystem rather than business support.

Digitalisation, net zero and innovation (products, services and processes) are critical to **all** businesses and to creating a more robust and resilient City Region economy, which generates and sustains businesses as well as create more jobs. Some support related to the broader aspects will be available to all businesses, but the more specialist product/offer would be City Region wide, able to exploit economies of scale, but with clear targets for interaction with the Core Place Based Business Support Eco System so that all business can access the right support at the right time.

4. Growth in turnover and jobs: there is a perceived tension within business and innovation support between turnover growth (often resulting from innovation-based growth) and job creation (often equated with the foundational economy) with the former being ‘good’ and therefore the main focus of business support.

This is a false dichotomy, and the City Region economy will need **both** as it needs a bigger business base and local economy with more good quality jobs for local residents. Many of these businesses will be part of the foundational and/or services sectors, both of which support the majority of jobs in the City Region. The business and innovation ecosystem should also focus on strengthening and supporting the development of clusters around LCR innovation strengths and opportunity so that leakages out of the region is reduced.

The sweet spot is of course, investments which deliver both across all businesses be they in the public, private or 3rd sector. Focus needs to be on interventions which support the resilience of local economies through innovation, social value and net zero activities, sometimes led by large companies setting out challenges to its supply chain, sometimes through public sector led innovation and sometimes through adapting new principles such as social value.

Raising aspirations and supporting existing entrepreneurs and businesses to realise their (latent) growth ambitions will also be important to increase longer term survival rates. By linking the business, innovation and skills ecosystems through pro-active collaboration across the public, private, academia/R&D and third sector, the City Region economy is more likely to be able to meet the challenges outlined in the evidence base.

The business support delivery structure needs to actively promote equality, diversity and take an inclusive approach to ensure that no-one and no place is left behind in both the core and specialist business support. Conversely, there will

need to be better linkages between employment and business support to foster both enterprise skills and business growth.

5. Much closer attention to the business lifecycle (entrepreneurs/start-ups, early stage/mature businesses) in the design of business support, both for Core Place Based Business and Specialist Business Support, will be required. LCR has a high rate of start-up businesses, but 3-year survival rates are poor, which in turn perpetuates the weaknesses of the LCR economy.

The Core Place Based Business Support Ecosystem will not – nor should it - have the resources and/or expertise to deliver support across the full lifecycle of a business and the brokerage to specialist support becomes a critical element to achieve longer term growth (i.e. turnover, employment, GVA, etc). What matters, is the needs of the business: any business can benefit from peer to peer/mentoring, but these will range from place based networks to highly specialist networks, the latter of which will require a single City Region wide delivery focus: peer to peer network for life sciences start-ups/businesses will require access to global networks which cannot be delivered through the core place based business support offer.

From a place based perspective, local businesses in any sector which grow and employ more local residents are vital to the resilience of that local economy. This needs to be balanced with a more specialist offer to business start-ups and growth in existing businesses across LCR growth sectors which operate on a wider economic footprint. The key is that all businesses remain anchored in a place, do not get lost to the place based business support system, and support the local business eco system.

6. Robust economic intelligence and a monitoring and evaluation framework. This has two components: analysis of independent metrics, focused on measuring productivity gains, increased trade, improved survival rates, scalability, and business investment in growth to address challenges, identify new opportunities and distil best practice for future design.

All publicly funded business support projects will need to deliver as a minimum against a commonly defined output and outcome framework – the Combined Authority is currently developing its framework, based on best practice and recognised indicators. A second key component will be a common LCR wide system for tracking individual business interventions, delivered through the core and specialist business support offer so that there is a constant feedback loop to ensure that support is responsive to existing as well as emerging opportunities and challenges such as post Brexit exporting, Covid-19 recovery and future economic shocks.

CONCLUSION

Following the collation of an up-to-date evidence base about the local economy and its business base and an extensive consultation exercise, the Combined Authority Policy Team has drawn together and developed a comprehensive Business Support Policy Framework. The Framework makes a distinction between a Core Place Based Business Support and Specialist Business Support: the latter being delivered on a City Region wide basis through a single structure/organisation compared with the Place Based Offer being delivered in each local authority area but within the same overarching framework. There will be additional interactions between and with the innovation and skills/employment eco system.

The Business Support Policy Framework will drive the development of a more inclusive and integrated business, innovation and skills/employment eco-system across both a place based offer (the core business support offer) and City Region wide (specialist) business support offers. The Framework and the fuller statement on design principles should be progressed together.

It is clear from the work undertaken that the current approach is not sustainable going forward, partly due to the significant reduction in the financial allocation from the UK Shared Prosperity Fund. We will need to work smarter, across the public, private, academic and third sectors to deliver a high quality business support eco system, which puts the entrepreneur and business at its centre.

APPENDIX 1: THE CORE PLACE BASED AND SPECIALIST LCR BUSINESS SUPPORT OFFER SHOULD COVER:

1. Support for entrepreneurs/start-ups, focused on sustainability and survival, covering both advice and funding (grants).
2. Leadership/management to support productivity improvements and innovation capabilities, including investment readiness to access external capital.
3. Peer to Peer and mentoring networks within/across sectors.

4. Productivity improvements – focused on more efficient processes; new products, processes and services either new to business/new to market; new/different skills.
5. Accessing new markets (exports but also utilising current capabilities and intelligence on new technologies, market challenges and opportunities to diversify and grow their customer base) – will need to be aligned with national DIT (Department for International Trade) offer re exports.
6. Specialist support on IP (Intellectual Property), supply chains, digitalisation, marketing, regulation, etc.
7. Transition to Net Zero, including energy efficiency; development of new products, services and processes.
8. Access to finance:
 - a. investment readiness & pitching (requires resource funding for teams) – core and/or specialist.
 - b. capital in the form of loans and equity from Angels, MSIF (Merseyside Special Investment Fund), the British Business Bank, Northern Powerhouse Investment Fund, other public sector backed institutions, banks. Specialist support to include early stage, equity, quasi equity, loans and mezzanine as well as proof of concept; long term patient capital and finance for social enterprises.
9. Incubators and/or accelerators – links between HEIs, public sector, private sector, focus on growth sectors and may require specialist teams (mentoring, business planning, market testing, investment readiness) with sector/technology specific knowledge.
10. Sites and premises - SIF (Strategic Investment Fund), Chrysalis, UDF and grant funding are examples. To cover both refurbishment and new build; assessment required re mix of space (shared workspace, labs, grow on, etc.).

APPENDIX 2: BUSINESS BASE SEGMENTATION

Segment	Subsets	Core Place Based Business Support Offer	Specialist Business Support Offer
Start-ups	<ul style="list-style-type: none"> - under-represented groups, including BAME, women, young people, people with disabilities - spin outs, technology, innovation based - start-ups with potential to grow turnover, employ people, export, etc. - graduate entrepreneurs - social enterprise/socially traded organisations - lifestyle 	<ul style="list-style-type: none"> - support for business start ups - intensive support for start-ups likely to employ staff within 2-3 years - access to finance to support growth 	<ul style="list-style-type: none"> - social enterprise, including socially trading organisations - underrepresented entrepreneurs (women, BAME, Graduate, people with disabilities) - spinouts and potential high growth start-ups (see below)
Micro (0-9 employees)	<ul style="list-style-type: none"> - established - includes sole traders, lifestyle businesses 	<ul style="list-style-type: none"> - access to business support offer with a view to support and identify potential for growth (turnover, employment), with management & leadership development to support growth ambitions 	<ul style="list-style-type: none"> -
Small (10-24) to mid-sized (25 - 500 employees)/Mid-Caps	<ul style="list-style-type: none"> - businesses which with support could realise their growth potential at a steady pace (both turnover and employment) based on current product/services as basis for growth 	<ul style="list-style-type: none"> - business support offered to all businesses - focus on identifying local businesses with steady growth potential through all 	<ul style="list-style-type: none"> - Dedicated Access to Finance (investment readiness and capital, non-sector specific) which offer support over and above

Segment	Subsets	Core Place Based Business Support Offer	Specialist Business Support Offer
	<p>and adoption of new technology, product/services improvements</p> <ul style="list-style-type: none"> - businesses with low productivity to secure improvements to support growth and expansion (links to skills offer) 	<p>round support offer</p> <ul style="list-style-type: none"> - focus on productivity improvements across all businesses and links with skills offer - Focus on leadership, productivity improvements, skills, exports, supply chain, etc.; LCR wide defined but locally delivered to align with local sectors/growth aspirations/investments in innovation assets - KAM offer for higher value businesses 	<p>core business support offer</p> <ul style="list-style-type: none"> - Grown on space/new premises (delivered through loans/equity vehicles public/private) across the City Region to meet local growth requirements
High growth, scale ups	<ul style="list-style-type: none"> - spin outs - existing businesses with high growth potential (turnover and/employment 20%+ over 3 years (OECD)) 	<ul style="list-style-type: none"> - focus on identifying potential high growth businesses and advise on LCR wide specialist high growth offer 	<ul style="list-style-type: none"> - Incubators/accelerators - Dedicated specialist products which are defined by technology/sectors/innovation - Access to dedicated finance product – public/private, including angel network - Projects which link business

Segment	Subsets	Core Place Based Business Support Offer	Specialist Business Support Offer
			and HEIs/R&D assets to support rapid growth - Global scale up programme
Large businesses (i.e. over 500 employees)	<ul style="list-style-type: none"> - Private sector companies/key corporates - NHS - Public Sector 	<ul style="list-style-type: none"> - Dedicated KAM delivered at LA level 	<ul style="list-style-type: none"> - Development of LCR supply chains based on industry led challenges - Intelligence on industry/NHS/public sector challenges which could in turn drive support for business base to innovate and develop new products/processes and services

*Note that Government has recently changed the definition of an SME to include businesses with up to 500 employees.

APPENDIX 3: OUTPUTS, OUTCOMES AND IMPACT INDICATORS (PROVISIONAL)

There will need to be a clear framework of outputs, outcomes and impacts which applicants for public sector finance would be obliged to deliver. This should include quantified targets in relation to volumes of funding (against which applications could be assessed for vfm, efficiency and efficacy), geography, equality & diversity, and social value. If there is a national definition for an indicator, the City Region should not define LCR specific ones.

While there has been discussion in relation to the relevance of the ERDF business support outputs, particularly the minimum 12 hr support, it would not be advisable to return to a 'free for all' with applicants providing their own definitions as this would make evaluations of effectiveness and efficiency more difficult. Definitions should be standard across the City Region so that monitoring and evaluation can provide lessons for future investments and should use national definitions wherever possible, having regard to indicators related to Levelling Up, the UKSPF, etc.

Potential **output indicators** could be:

- No of businesses supported (advice – minimum standard to be agreed)
- No of businesses supported (grant – minimum level to be set)
- No of businesses supported to develop products/processes/services new to firm/market
- No of grants/loans/equity investments made
- Amount of grants/loans/equity investment made
- No of businesses supported to export

Information on businesses owners (male/female, age, ethnicity, disability status) should also be required to be collected so that ambitions of a more inclusive economy can be realised.

Potential **outcome indicators**:

- Number of jobs created (male/female; age)
- Turnover growth
- Growth in exports (£; volumes sold)
- Number of businesses introducing products, processes, and services new to firm/market
- Increase in number of businesses innovating (i.e. working with research base to commercialise products, processes and services)

Potential **impact indicators**:

- Increase in survival rates of start-ups
- Increased business density
- Diversity in business base, including increase in social enterprise/STOs
- Growth (turnover/jobs) in existing business (i.e. no of SMEs businesses)
- Increased private sector investment including R&D

APPENDIX 4: STATEMENT OF AGREED DESIGN PRINCIPLES FOR THE BUSINESS SUPPORT ECOSYSTEM

INTRODUCTION

The City Region business, innovation and skills eco systems are wide ranging and in part extremely complex, with public sector business support programmes developed and refined over a number of years. These are augmented by a wide range of support delivered via the private sector, academia and social economy, which are often addressing a particular market segment and/or business need.

The establishment of the Local Growth Hub and the Growth Platform has helped simplify parts of the business eco system around start-ups and support for SMEs, supported in the main by ERDF and BEIS funding sources. A third element, the Enterprise Hub, has delivered dedicated start-up and business support for under-represented groups such as women and BAME amongst others within the core business eco system. At the same time, a range of other public sources of funding, which are separately commissioned, have enabled partners to seek funding for specialist City Region wide business **and** innovation projects, latterly also through the Combined Authority. Many funding opportunities are not locally controlled but allow local partners to augment the business support offer, particularly in relation to innovation, R&D and sector specific opportunities.

Consequently, there is a (perceived) lack of clarity and connectivity across the business, innovation and skills eco systems, for entrepreneurs and established businesses as well as for providers and funders. This document sets out the principles which should underpin a collaborative approach to the business support ecosystem to ensure that it is evolved to meet the needs of entrepreneurs and businesses.

DEFINING A SUCCESSFUL BUSINESS ECO SYSTEM

Underpinning a successful and resilient local economy are inter-related business, innovation and skills ecosystems which relate to entrepreneurs and existing businesses.

The following principles support any eco system: a degree of openness (i.e. participants will change over time), engagement of multiple partners, provision of exchange of benefit to both eco system partners and businesses, using different methods of engagement (digital, face to face), clarity of roles and ensuring that there are sufficient incentives for the different elements to collaborate.

The current business support eco system delivers the core business support delivery, which enables entrepreneurs, start-ups and businesses to access place based support while enabling access to other ecosystems covering infrastructure, skills, specialist business and innovation programmes. At its most successful, a business ecosystem is characterised by open collaboration between public, private, academia and third sectors, focused on business needs including growth, innovation and employment opportunities.

The business ecosystem will need to balance, enhance and support entrepreneurial opportunity, good business growth with an 'innovation first' approach to meet LCR ambitions for economic, social and environmental resilience, and the needs of its diverse communities and businesses across all sectors.

GOING FORWARD

Going forward, the City Region needs to build on evidence of what works within the current business and innovation ecosystem infrastructure and develop new interventions that build on lessons learnt locally as well as elsewhere, to meet challenges and grasp opportunities.

LCR partners have discussed and agreed the following principles which should underpin the design of the Business and Innovation Eco Systems:

1. Agree that the Combined Authority leads the strategic discussions with government on potential devolution of powers and resources to allow the City Region to have more flexibility in the design of the business and innovation support eco system, involving local stakeholders.
2. Agree to build on current infrastructure in relation to the Core Business Support Eco System so that entrepreneurs and businesses have direct access to a place based offer but also accept that the status quo is not an option. The evidence continues to show that the LCR business base is too small; has too few exporters; low growth rates compared with other MCA areas and nationally; and is not as productive as comparable City Regions/places. The Core Business Ecosystem should deliver, as a minimum, an agreed core set of services, in line with national objectives and LCR business support policy.
3. Agree that the Business Support Eco System needs to be both locally based and City Region wide, based on the needs of entrepreneurs, early stage start-ups and established businesses (also including social enterprises), focussed on delivering the best support possible. Anchoring medium and larger businesses in the local place and in the City Region is an important component of a successful local economy, focused on innovation, social value and good growth and employment.
4. Agree that the delivery structure needs to actively promote equality and diversity, and take an inclusive approach to ensure that no-one and no place is left behind in both core and specialist business support. Conversely, there will need to be better linkages between employment and business support to foster both enterprise skills and business growth.
5. Agree that nationally delivered products as well as funding will continue to be a major part of the business support landscape. To ensure coherence and avoid duplication, Liverpool City Region, through the Combined Authority, will work directly with government to co-design the national offer wherever possible and seek adequate devolved funding so that it can be shaped to meet LCR challenges and opportunities.
6. Agree that there will continue to be a need for free to access business, skills and innovation support alongside paid for services, loans and equity but also that the mix will be determined through a co-design process. There will be a focus on embedding collaborative business, innovation and skills eco systems, which are underpinned by openness, engagement of multiple partners, different methods of engagement and ensuring that there are sufficient incentives to collaborate.
7. Agree that there needs to be much more focus on the business lifecycle and on the creation of long-term sustainable businesses, which grow, innovate, export and are good employers across the City Region in the design of business support. The principle

of the 'right support at the right time' will underpin commissioning of public sector supported delivery. This also recognises that not all business support deliverers have the resources and expertise to deliver the full suite of services and that gaps/specialist support may be required.

8. Agree that the design of business support services needs to actively promote and deliver collaboration between all providers of business (core and specialist), innovation and skills/employment support to ensure that entrepreneurs and businesses can access the right provision, irrespective of where and by whom it is delivered to support net zero, social value and good growth. This will support the aim of commercialisation, diffusion, and adoption of innovation across all sectors, including the public sector, the NHS and the foundational economy, as they have a key role to play in relation to employment of the majority of LCR residents. This will also simplify the offer for entrepreneurs and businesses.
9. Agree that the British Business Bank (BBB) will continue to be a major funder of loans and equity within the City Region and LCR will work more directly with the BBB and the Northern Powerhouse Investment Fund to ensure that our entrepreneurs and businesses can access this source of external funding. Where there are gaps, the City Region will look to fund appropriate vehicles.
10. Develop a robust but easily understood indicator, monitoring and evaluation framework, to understand what is being delivered across all publicly funded projects, and to identify best practice early on as well as gaps. A focus on value for money, efficiency and effectiveness as well as equality, diversity and social value will be important as funding is likely to be scarce, as will active collaboration within and across delivery partners. Indicative targets will be developed to aid assessment of applications and drive up quality. Monitoring and evaluation will incorporate both quantitative and qualitative measures.
11. Continuous up to date economic evidence gathering, fore sighting and analysis to allow the City Region stakeholders to understand better emerging opportunities, sector strengths and potential for employment growth. This is an essential component of continuous improvements to the business, innovation and skills ecosystems.

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