Building Back Better

Our Economic Recovery Plan:

For a globally competitive, environmentally responsible and socially inclusive Liverpool City Region

LIVERPOOL CITY REGION
COMBINED AUTHORITY

METRO MAYOR
LIVERPOOL CITY REGION

Foreword

Liverpool City Region aims to be the most progressive, values and ethics led economy in Europe.

We want to make our society fairer for everyone who lives here. We want to help our businesses create profit through operating with purpose. We want to reimagine the pathway to employment, health and happiness for the most vulnerable in society, and we want to pilot this in ways that can be replicated across the entire country.

Our City Region's economy is forged through a history of industry, reimagined and recreated by culture and standing on the verge of a future inspired by entrepreneurialism, ambition and creative curiosity.

We would all like to see confidence returning to our high streets, to the bars and restaurants, to businesses and workplaces, to schools and universities, to the whole economic ecosystem. But we also need to imbue confidence in our young people, our residents and our visitors in order that they take the next steps on their journey. Through this confidence comes ambition.

Over the last decade and more, we have rediscovered our self-confidence as a thriving City Region: our shoulders have relaxed, our heads have been held higher and we have played our part in the nation's story.

A strong Liverpool City Region is a massive asset for the whole country. We are an international brand with a social conscience; Liverpool translates across nationalities and cultures. In a post-Covid, post-Brexit world we are ready to play our full part and just need the tools to get on and do the job.

This plan is made up of projects which individually represent transformational opportunities for places, communities and sectors across the region; but, collectively, they represent the design for a new, progressive and resilient economy that will define the region for a generation.

As we plan for recovery, our aim is to Build Back Better: to reshape our economy and society in a way that is greener, fairer and more inclusive. There can be no return to business as usual, or the old way of doing things. This plan is a roadmap for recovery that all parts of our City Region have contributed to – and will benefit from. It is a blueprint that is unique to our local economy, our specialisms and our opportunities in a post-Covid world.

Because of our devolved powers and funding, we presently have a pipeline of shovel-ready, world-leading projects like: the National Packaging Innovation Centre; the Health Innovation Digital Campus; the construction of a Manufacturing Development and Training Centre, alongside plans to bring ultra-fast Digital Connectivity to the whole City Region by 2023 as well as town-centre initiatives that, with the injection of government funding, could be started almost immediately.

In conjunction with our regeneration projects, work has been underway for some time to address the long-standing health and wellbeing inequalities that disproportionately afflict the Liverpool City Region and hold us back from reaching our full potential. For too long, too many local people have been shut out of our economy, prevented from enjoying the same opportunities as others. We want to reverse that. We want genuine inclusive economic growth. We're ambitious for all our people and confident of our ability to deliver – and this is reflected in our investment and skills submissions.

The overarching message underpinning our recovery strategy is one of hope and confidence. By aiming for a people-focused recovery, we can offer hope to those who are out of work; we can support our business ecosystem to innovate, grow and thrive in the years ahead; and we can put the fight for a better environment at the heart of everything we do.

Steve Rotheram
Liverpool City Region Mayor

Building Back Better: the Liverpool City Region Economic Recovery Plan is endorsed by the following:

Members of the Liverpool City Region Combined Authority

Joe Anderson OBE	Mayor of Liverpool
Cllr David Baines	Leader of St Helens Council
Cllr Pat Hackett	Leader of Wirral Council
Cllr Ian Maher	Leader of Sefton Council
Cllr Graham Morgan	Leader of Knowsley Council
Cllr Rob Polhill	Leader of Halton Council
Cllr Liam Robinson	Chair of Transport Committee Portfolio Holder for Transport and Air Quality
Asif Hamid MBE	Chair of LCR Growth Platform Chief Executive, The Contact Company
Jane Kennedy	Police & Crime Commissioner for Merseyside

Liverpool City Region Stakeholders

Vidhya Alakeson	Chief Executive, Power to Change
Paula Basnett	Chief Executive, Wirral Chamber of Commerce
Professor Denise Barrett-Baxendale	Chief Executive, Everton Football Club
Professor Dame Janet Beer DBE	Vice Chancellor of University of Liverpool
Gideon Ben-Tovim	Mayoral Advisor on the Environment Chair of the Climate Agreement Panel
Glenn Bemment	Regional Director, Mid Corporates, North, Lloyds Bank
Elaine Bowker	Principal & Chief Executive of City of Liverpool College
Dr Ian Campbell	Interim Executive Chair, Innovate UK
Professor Ian Campbell	Vice-Chancellor, Liverpool John Moores University
Michelle Charters	Chief Executive, Kuumba Imani Millennium Centre
Paul Cherpeau	Chief Executive, Liverpool & Sefton Chamber of Commerce
Paul Corcoran	Chief Executive, Agent Marketing

John Cummins	Managing Director, Future Cities, Legal & General Investment Management
Claire Dove OBE	VCSE Representative and Chief Executive, Blackburne House
Keelan Early	Community Action Wirral
James Gill	Chair of the Strategic Investment Fund Advisory Panel
Tracey Gore	Director, Steve Biko Housing Association
Jonathan Hague	Vice President, Vice President Science and Technology Homecare, Unilever
Helen Heap	Chief Executive, Seebohm Hill
Professor Janet Hemingway	Director, Liverpool School of Tropical Medicine
Robert Hough	Chairman, Peel Airports
Michael Hulme	Managing Director for Trains and Modernisation, Alstrom Group
Matt Johnson	Founder and Managing Director, We Are Form
Racheal Jones	Chief Executive, One Knowsley
Chris Lawrenson	Director of Business Banking, RBS
Neil Lees	Deputy Chairman, The Peel Group
Ian Lomas	Chief Executive, Greater Merseyside Learning Provider Federation
Mark Lawler	Baltic Creative CIC
Rev Canon Dr Ellen Loudon	Reverend Canon, Liverpool Cathedral / VS6 / Kindred
Chris Manka	North West Regional Chairman, Federation of Small Businesses
Lesley Martin-Wright	Chief Executive, Knowsley Chamber
Tracey Mawson	Chief Executive, St Helens Chamber
Phil McCabe	Merseyside and Cheshire Development Manager, Federation of Small Businesses
Professor Philip McCann	Chair in Urban and Regional Economics, Sheffield University Management School
Alison McGovern	Chair of LCR APPG
Stuart McGrory	Chief Executive, Voluntary Organisations Learning Alliance
Neil McInroy	CLES
Frank McKenna	Chief Executive, Downtown in Business
James McKenna	Policy & Campaigns Support Officer, TUC North West
Dr Liz Mear	Chief Executive, Innovation Agency NWC
Frank Millar	Chief Executive, Centre for Process Industries

Peter Moore	Chief Executive, Liverpool Football Club
Mary Murphy	Chair, Merseyside Colleges Association
Matt Noon	Partner, Hill Dickinson
Massimo Noro	UKRI Science & Technology Facilities Council (Sci-Tech Daresbury)
Maggie O'Carroll	Chief Executive, The Women's Organisation Co-chair of Cultural Partnership
Chris Oglesby	Chief Executive, Bruntwood
Rachael Owen	Chief Executive, Halton Chamber of Commerce and Enterprise
Laura Pye	Director, National Museums Liverpool
Bronwen Rapley	Chief Executive, Onward Homes
Neil Rawlinson	Strategic Development Director, MTC
Philip Rooney	DLA Piper
Leon Rossiter	Founder, Newgen
Andrew Ruffler	Chief Executive, Professional Liverpool
Erika Rushton	Director of Baltic Creative / Creative Economist / Kindred
Colin Sinclair	Chief Executive, Knowledge Quarter Liverpool & Sciontec Liverpool
Damian Waters	Director North West, CBI
Norman Wallis	Chief Executive, Southport Pleasureland
Angela White OBE	Chief Executive, Sefton CVS
Sally Yeoman	Chief Executive, Halton & St Helens VCA

Contents

Executive Summary

After a sustained period of growth and development**, the Liverpool City Region economy has much to protect and more to contribute**.

We have, in the last 10 years, reduced our unemployment rate from well above, to just below, the national level; developed an internationally-popular culture and visitor economy; seen our universities act as major investors and civic leaders; expanded our port; developed a fast growing social economy and progressed nationally recognised strengths in material science, infectious diseases control and high performance computing.

Our plan before COVID-19 was to expand these strengths and to tackle head-on the long-standing health and equality issues that, for too long, have held back our potential. These issues mean that COVID-19's impact is more severe in the City Region than elsewhere. As a significant economy in the North West of England, we play an important role in delivering a recovery that reduces regional inequalities.

This plan is based on our firm belief that the long-term opportunities set out in our Local Industrial Strategy still exist, that **our vision for a globally competitive, environmentally responsible, socially inclusive economy** remains still valid and that addressing health, inequality and the climate emergency are mission critical to achieving this vision.

Yet we recognise that the economy has changed permanently. Our plan is developed on a detailed evidence base of the impacts of COVID-19. The evidence leads us to believe that we cannot simply build our way into recovery. We need to reflect the economy's future shape. This is why **our plan refers to the business ecosystem, a people focused recovery, place and a green recovery, all underpinned by tangible commitments to build back better**.

The pandemic has caused disruption to almost every business across the country. The business ecosystem recovery programme sets out the national programmes required to support businesses through the most acute phase of the pandemic, and to restore confidence nationally. Locally we commit to deliver a step-change in how we facilitate business growth. We set out an innovative set of local interventions needed to deliver effective, targeted support and finance filling local gaps in provision. This is complemented by a new generation of ambitious, deliverable economic infrastructure projects capable of providing a short-term economic stimulus now and delivering long term growth and productivity uplifts to level up the North. For all this we have strong private sector support.

The pandemic has had a significant impact on people's health, wellbeing and livelihoods. With the largest growth in employment in the country over the last five years, the people focused recovery rightly shapes our pressing need to protect labour market improvements in the City Region. It sets out the programmes needed at a national and local level to support employability, tackle skills gaps and reduce skills shortages, all with a focus on supporting more people into decent work, with decent pay and a narrowing of employment gaps. Our key employment sectors have been hit hard – harder than the national average – and we must work in close partnership with Government to address these challenges, investing now for future fiscal savings.

Places will change as a result of the pandemic. The place-based recovery programme sets out place sensitive plans to support the revitalisation of our city centres, town centres and local communities in a post-COVID-19 world. It identifies the differentiated support needed for sectors of our economy that contribute to the quality of places in the City Region. This includes culture and the visitor economy, how we can maintain momentum in housing, and the interventions needed in our city and town centres. We live in the UK's most exciting city, and we trust our cultural vibrancy to lead us forward.

The Green recovery programme recognises the significant changes required to achieve carbon-neutrality. The Green New Deal is mission critical and requires significant long-term investment to deliver the green industries and jobs of the future. Our immediate contribution to the national effort comes in the form of Mersey Tidal Power, an ambitious *and innovative* housing retrofit programme and a long-term green investment in hydrogen.

The financial cost and economic impact to date leave no doubt about the scale of the challenge ahead. No single actor can achieve it alone**. This recovery plan was developed through intense engagement with our key stakeholders and its success depends on delivering it together**, and in partnership with Government. Each programme and project responds to our evidence on our economy and what works in public investment.

Leaders across the City Region are more ambitious about the growth of our region than ever. This recovery plan will use this moment of historic opportunity to put in place now the foundations of change for our economy. We will change the narrative which surrounds the COVID-19 pandemic; from one of crisis, to one of opportunity and transformation.

With devolved recovery funding, we will:

- Support existing businesses to recover, grow and create decent jobs; radically improve our ecosystem for growth businesses; and deliver the next generation of strategic economic infrastructure – all with private investment now and in the future.

- Protect our gains in education, skills and employment and prepare our workforce for future growth industries.

- Allow our vibrant city centre to lead us to recovery; execute towns revival plans with our private and community sectors to create future places of distinction.

- Launch three major green initiatives, two of which have national importance.

An investment of £1.4bn will unlock £8.8bn worth of projects **that can begin in the next 12-months** in the Liverpool City Region. These projects will create 94k jobs, a further 28k construction jobs, and secure employment for 26k people who are not in work. We will also unlock the development of 19k new homes, retrofit a further 6.5k homes and bring forward 562k sqm of new commercial and retail floorspace. All of this will generate more than £8.5bn of GVA in the City Region economy.

Introduction

1 The Best Laid Plans

The Liverpool City Region has enjoyed a sustained period of growth and development. We have emerged from a period of hard-earned regeneration with transformative economic opportunities, an internationally recognised brand and renewed ambition. We have much to protect and more to contribute.

We have, in the last 10 years, reduced our unemployment rate from above - peaking at 10% in 2010 - to below the national level; developed an internationally-popular culture and visitor economy; seen our universities act as major investors and civic leaders; diversified our economy; attracted global investment in clean growth and progressed nationally recognised strengths in material science, infectious diseases control, high-performance computing and artificial intelligence.

Our plan before March 2020 was to expand these strengths and transform our economy, shaping a new generation of projects that capture our vision to create a globally competitive, environmentally responsible and socially inclusive economy.

The HILL (Health Innovation Liverpool) project will position the City Region and the UK, as a leader in computerised data analytics and digitally-enabled health and wellbeing innovation, with investment from the Wellcome Trust, Legal and General and Bruntwood; a **National Packaging Innovation Centre** alongside Unilever plc and the Centre for Process Innovation for an industry led approach to taking single use plastic out of a £1 trillion market for packaging; **Kindred**, alongside Power to Change, will pioneer new social investment models to fund community solutions to our most entrenched societal issues; with the only **International Slavery Museum** in the UK, we have an important role to play in the country's response to the Black Lives Matter movement and will invest in its expansion alongside National Museums Liverpool and provide space for socially distanced culture; **Southport** will be revived with a comprehensive leisure, culture and retail transformation.

With a view to the longer term, we will work with the **Manufacturing Technology Centre** to challenge the boundaries of manufacturing, "building houses like you build cars" in a genuine disruption for construction and skills. We will develop the Mersey Tidal Project to unlock **tidal power's** contribution to the energy mix as a deliverable, predictable and economic source of power.

Beyond building, we plan a renewed focus on the longstanding health and equality issues that hold back our social and economic potential. The City Region delivers in this space, using local insight for greatest impact. Our local programmes including **Ways into Work** and **Households into Work** have a strong track record for dramatically reducing the barriers people face to enter the labour market. These programmes are driving up labour market participation across the City Region while delivering impressive fiscal savings. We must update and expand them for the pandemic, committing to deliver more long-term fiscal savings and contribute to reducing the budget deficit in the longer-term.

2 Often Go Awry

This pandemic has done nothing to dim our vision but it has changed how we must achieve it. The projects we were preparing before the pandemic have a role to play in recovering from it, but this plan is direct about our need to support individuals and protect businesses that were viable before the crisis and face rapid structural changes. So we include comprehensive new measures for businesses and people, putting our faith in them to help us secure a sustained recovery.

We can only recover from this pandemic when our economy can fully reopen. Public health is the most important macro-economic tool we have. We still do not know the scale of the challenge which lies ahead but the financial cost and economic impact to date leave no room for complacency. In the acute phase of the pandemic, only Government had the financial resources to counter its impact. As we transition into reopening, and onto recovery, more local interventions will be necessary and partnership across government and local stakeholders will be even more critical.

3 Developed and Delivered in Partnership

This Recovery Plan was developed through intense engagement with our key stakeholders and its success depends on delivering it together. We have conducted on-going business surveys, engaged more than 300 civic and business leaders, created a young person's engagement panel and we are taking the themes of this document back to our residents for consultation. This is a plan for the whole City Region, providing a shared framework for recovery. It proposes how the City Region and national Government can work together to deliver our shared aims and ambitions: to protect livelihoods, to safeguard the economy, secure long-term economic success and, finally, level up the North.

This must be a living plan. We cannot predict the timing of a vaccine or antiviral treatment. It is likely that we will need to learn to live with the risks associated with COVID-19, the threat this poses to public health, the possibility of other future pandemics and the likelihood of prolonged disruption to our lives and livelihoods for months if not years. We must acknowledge the risk that stringent measures such as lockdown and increased social distancing could be periodically reinstated and so we need to revisit, repurpose and update this document as both the situation and our plans evolve.

4 Our Proposition: Ambition, Innovation and Accountability

We welcome the Government's commitment to an investment-led recovery: We are convinced of our opportunities to grow and certain of the social peril of any further austerity.

What follows in this plan is *a programme of interventions to deliver rapidly and emerge better equipped for the future.* Conventional wisdom holds that you can build your way out of a recession by launching public works to stimulate demand in the economy. We support this in the main, but we also recognise that the impact on businesses' balance sheets, the need to protect and retrain workers for future industries, and the risk of aggravating health problems and inequality requires a more comprehensive approach, not only stimulating demand, but also addressing supply and the type of economy we want.

Each programme and project outlined in this plan is capable of launching within twelve months (and some within twelve weeks) and producing outputs in no more than three years. Projects that we consider strategically important, but which cannot meet those timelines, are included in a table of medium-term interventions in Appendices A and B.

Each programme and project responds to the evidence on our economy and what works in public investment. They align strongly with the opportunities we identify in our Local Industrial Strategy: building a sustainable industrial future; open health innovation; global cultural capital and social innovation.

They are capable of generating £8.5bn in gross value added and creating 94k jobs with broader social and environmental benefits. They are also capable of securing our economy as a dynamic, outward-facing, inclusive, northern economy moving through the next decade with confidence.

Government established combined authorities believing that decisions which were made locally would be better decisions, boosting economic growth. Now and in the future, it can continue to rely on the Combined Authority's assurance framework, our mutually agreed governance arrangements that underpin our requirements for transparency, to secure value for money by monitoring and evaluating all our projects and workstreams.

An investment of £1.4bn will unlock £8.8bn worth of projects **that can begin in the next 12-months** in the Liverpool City Region. These projects will create 94k jobs, a further 28k construction jobs, and secure employment for 26k people who are not in work. We will also unlock the development of 19k new homes, retrofit a further 6.5k homes and bring forward 562k sqm of new commercial and retail floorspace. All of this will generate more than £8.5bn of GVA in the City Region economy.

In making this proposition, we want to work with Government to innovate in shaping the next generation of public investment approaches. For example:

- The LCR Recovery Platform will recycle funds and lever private investment at the fund, sub-fund and project levels, increasing value to the public purse. It will marry our public sector as an "intelligent client" with our private sector as aligned, responsible investors and experts. With vastly enhanced commercial acumen, an existing distribution mechanism and focus on City Regional SMEs, high growth companies and key economic infrastructure development, it meets requirements our evidence base shows to be missing. This approach, with its recycling and risk alignment, will reduce the public funding requirement now and in future.

- Our Recovery risk capital proposition will provide risk finance to companies able to recover, grow and generate jobs without the need for equity valuation or negotiations. It is based on a warrant structure, developed by a team with decades of investment experience, can be distributed quickly and at scale with a risk alignment and potential to recycle. It is more efficient than grant and simple to monitor.

We also welcome full accountability. We believe in this plan and in our City Region's good growth potential. We are willing to stand behind it and accept performance risk.

Alongside fresh money, we propose to work with Government and its agencies in coordinating the diverse current funding streams onto our single, comprehensible platform. This includes European Structural Investment Funds, pan-northern funds and Government agency programmes. Only by coordinating their effect locally can we maximise their impact. Our commitment is to make public money work hard for real impact.

5 Understanding this Plan

As response moves to recovery, continued intervention will need to be channelled through the most effective delivery mechanism. This plan assumes three levels of delivery:

1. **National programmes delivered nationally.** Such programmes will include Her Majesty's Treasury's work with the tax or banking system to support businesses in the recovery phase. In these cases, we will work with Government on the successful co-design of programmes to maximise their impact locally. We address these national-national programmes in the "Engagement with Government" section of each recovery theme.

2. **National programmes coordinated or managed locally.** We in the City Region are best placed to understand our labour market, our skills and education needs, our housing market, our cultural offer and the growth potential of our business base. Where Government considers national programmes designed to support these, our response will be to seek local coordination and management, collaboratively, proactively and with due accountability, again to maximize their beneficial impact. We address these national-local programmes in the "Engagement with Government" and "Local Interventions" sections of each recovery theme.

3. **Local programmes delivered locally.** Some programmes are needed to respond to our unique local challenges or opportunities. These interventions, such as tailored business support or new economic infrastructure, simply require devolution of funding and local delivery. We address these local-local programmes in the "Local Interventions" section of each recovery theme.

Our programme covers the business ecosystem, people focused recovery, place and a green recovery. These are not separate endeavours – the plan works as an overlapping whole and cannot be separated out. These will enable us to deliver positive economic, social and environmental outcomes that all people and businesses can benefit from.

Underpinning everything is our commitment to **build back better** with a series of actions and commitments that will apply to all we fund and do.

In what follows, we provide a summary evidence base, details of our commitment to build back better, and address each theme of the recovery plan in turn.

<table>
<tr><td>Vision</td><td colspan="4">Delivering a competitive, clean, inclusive City Region</td></tr>
<tr><td>Principles</td><td colspan="4">Evidence base - opportunities to build back better - deliverability</td></tr>
<tr><td>Workstreams</td><td>Business Ecosystem</td><td>People Focused Recovery</td><td>Place</td><td>Green Recovery</td></tr>
<tr><td rowspan="3">Initiatives</td><td colspan="4">1- National-National: Opportunities requiring a national solution and a national response</td></tr>
<tr><td colspan="4">2- National-Local: Opportunities requiring a national solution and local delivery</td></tr>
<tr><td colspan="4">3- Local-Local: Bespoke local opportunities and challenges requiring a bespoke local response</td></tr>
</table>

Economic Impact Summary

6 The Liverpool City Region's Economy

Historically, the City Region's economy has been centred on industrial activity linked to manufacturing and the port. Over the last century, its economic position has been challenged and influenced by deindustrialisation, shifts in global trade and numerous economic recessions. The City Region has had to diversify and has emerged as a significant economy in the North West of England. We have made demonstrable economic progress, particularly over the last fifteen years, transitioning towards a knowledge intensive economy.

Figure 1: Business Growth Rate

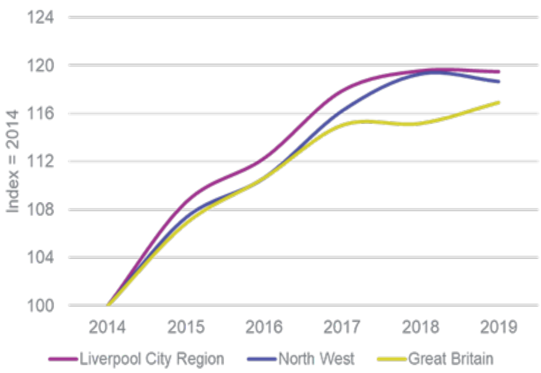
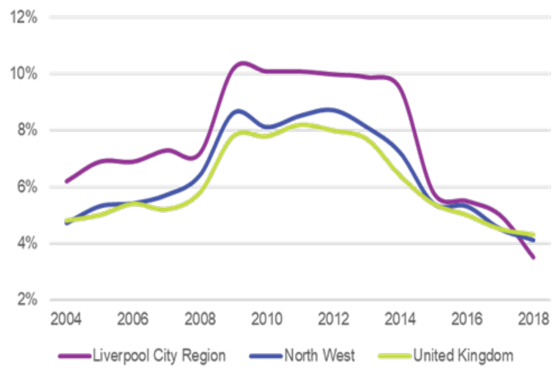


Figure 2: LCR Unemployment Rate



Our economy's growth rate now frequently exceeds national rates. The business base is growing (Figure 1): the City Region has the second highest business birth rate in the country and this is having a positive impact on our labour market. More jobs are created in the City Region each year and, as a result of targeted skills and employment programmes, more people are now in work. The City Region has achieved the highest growth in employment in the country over the last five years, and the unemployment rate has fallen from around 5% above to just below the national level (Figure 2). As the economy has grown, it has become more productive. Liverpool City Region is now the most productive City Region in the North on a GVA per hour worked basis.

Liverpool City Centre has been crucial to this economic progress. It has been the largest employment-generating area driven by its growth as a globally significant leisure, cultural, retail and tourism centre, and has also benefitted from residential development investment which has driven the growth in housing supply in the last decade. It is home to our universities and provides high-value, knowledge-intensive jobs that can gain from agglomeration benefits. Combined with the complementary strengths of our other local authority areas, the City Region's economy has diversified successfully, and real expertise has emerged in infectious disease control, materials innovation, high-performance computing and artificial intelligence. This upward trajectory and economic positioning of the City Region must be protected.

Despite this progress, long-standing and deep-seated socio-economic challenges prevent our economy from facing this economic rupture from a position of strength. Prosperity across the City Region is weakened by inequality. This contributes to stubborn performance gaps between the City Region and the highest performing places nationally and internationally. These gaps are most evident in the City Region's relatively low business density, low skills levels, high economic inactivity, poor health outcomes, and levels of poverty and deprivation. The impact of COVID-19 in the City Region must be mitigated to prevent the further widening of these performance gaps.

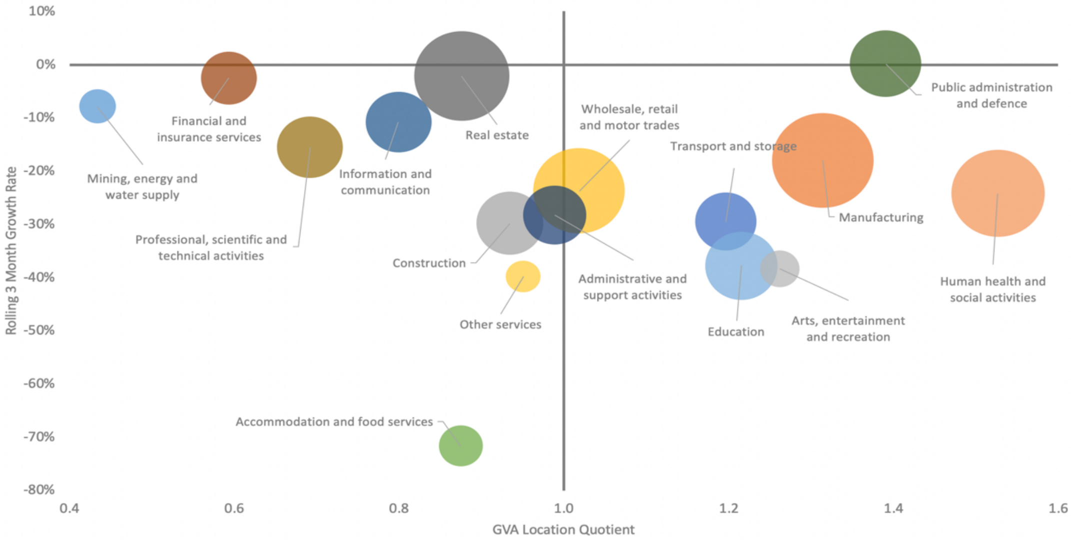
7 Local Economic Impact

COVID-19 is having an unprecedented economic impact globally. Nationally the benefit claimant count is rising dramatically and record monthly output losses are signalling a sharp recession in the first half of 2020. While all parts of the economy have faced some degree of disruption, the impact of COVID-19 differs by business, by sector and by region.

The composition of Liverpool City Region's economy makes the recovery even more challenging. The City Region's economy relies heavily on the visitor and cultural economy and large manufacturing base. These sectors have been severely impacted in the initial period of the pandemic (Figure 3) and both will require reorientation in the later stages through to recovery. Businesses in the visitor and cultural economy will have to respond to new social distancing requirements, reduced visitor numbers and continued uncertainty. The manufacturing base will continue to experience supply chain disruption, shifts in global trade made more complex by Brexit and uncertain levels of demand. Our strength in the automotive industry, with our highly productive Jaguar Land Rover plant and supply chain, exemplifies this.

The City Region also began its positive re-urbanisation later than other northern cities and has a relatively low share of private sector-led service sectors such as professional, scientific and technical activities. These parts of the economy have, despite short term output losses, faced less disruption and will be able to recover quickly; this can be accelerated with further interventions and support.

Figure 3: Sectoral impact of COVID-19 in LCR



During the first week of social restrictions, 96% of businesses surveyed in the City Region had already been impacted by COVID-19, with over 70% experiencing a decrease in revenue. Despite the efforts of national programmes, not all businesses will survive.

High failure rates are all the more unpalatable given the low business density in our City Region, (the ratio of businesses to working age residents), which is an important driver of output and productivity. Our business base was growing at a faster rate than national averages prior to the pandemic, with wide praise for our increasing dynamism, and we *must* protect its positive trajectory.

Business failure will lead to job losses, and the employment rate - already three percentage points below the national rate, will fall further. It is too early to estimate the number of job losses in the City Region due to COVID-19 but data already shows an increase in the number of people claiming benefits due to unemployment. The number of claims for Universal Credit rose 63% in the Liverpool City Region between March and April 2020, and 74% since April 2019.

We anticipate long-term unemployment to be higher in the City Region as a result of:

- the number of people employed in sectors that are facing the biggest pandemic related disruption (49% of our workforce is in sectors forecast to decline by at least 50% in the first half of 2020);
- the acceleration of automation and high prevalence of workers in occupations at risk of automation; and
- the high proportion of workers in the City Region with no qualifications who are more at risk of unemployment.

This must be set against the latest job vacancies data which shows a 55% fall in the number of vacancies in Liverpool City Region. There will be significantly increased competition for fewer jobs, making it harder for those further away from the labour market to get into work. While this trend will not be unique to the City Region, its impact may be felt harder.

Figure 4: Prevalence of COPD by Local Authority

The pandemic has exposed health inequalities across every part of the country. Health outcomes in the City Region are particularly stark and among the poorest in the country. This inhibits the number of people able to work either directly or through caring responsibilities, and is a social, economic and financial challenge that will only worsen as a result of the pandemic. The high prevalence of long-term conditions such as chronic obstructive pulmonary disease (COPD, Figure 4), asthma, heart disease and chronic kidney disease increases the risk of long-term complications from COVID-19. The disproportionately high number of deaths in the Liverpool City Region also increases the mental health impact the pandemic will have on the City Region's residents.

Health and economic inequalities are intrinsically linked. Poor health outcomes cause poor economic outcomes, and poor economic outcomes cause poor health outcomes. This vicious cycle has been intensified during the pandemic and is more acute in areas of high deprivation. The health and economic impacts of COVID-19 risk widening inequalities and further entrenching deprivation in communities.

Yet, prior to the pandemic, our public sector had already begun to address these underlying health and inclusion weaknesses, for example with the merger of our two largest hospital trusts, the establishment of a civic data cooperative to improve public health through participative data use, implementation of single patient health/care records in St Helens, the publishing of Liverpool City Council's inclusive City Plan and a continued push for integrated partnership in Wirral. This whole system approach will become still more important in the post-pandemic environment.

The impacts of COVID-19 feed through from the business base, into the labour market and into communities. Our approach is a mix of fiscal interventions that are about both building infrastructure and stimulating new economic activity to grow businesses in our region. Our focus is on our current strengths, government priorities, and setting ourselves as leaders in zero-carbon, economic inclusivity, and the knowledge economy. The Recovery Plan considers each component in turn; the business ecosystem, people and place and the enabling infrastructure to deliver an economic recovery.

Opportunities to #BuildBackBetter

Before considering each theme in turn, we must establish how our vision and values can be embedded in our response.

Moments of social, economic and political disruption provide a chance for progressive change. The values and changes we embed now are fundamental to realising the globally competitive, environmentally responsible and socially inclusive economy that we need.

The risk of this pandemic is in prolonging and worsening inequalities that already hold our economy back. We entered the pandemic with 70,000 people unable to seek work as the result of ill health; one third of communities in the most deprived decile; women earning, on average, £9k less than men; 25% of people in work paid below the real living wage; and an employment rate of 57% for ethnic minorities compared to 74% for white residents.

The opportunity of the pandemic is to redouble our commitment to reducing these inequalities – a commitment which requires us to pay attention to both the "inclusive" and the "economic" elements of an inclusive economy.

We also recognise the extent to which we have relied on carers, retail assistants, distribution drivers and other vital workers whose pay and working conditions often make them vulnerable. Furthermore, the work of community and voluntary sector organisations that continued to provide human and community services throughout the pandemic has been inspiring. We know that our public services have unstintingly acted as the "carer of last resort". No recovery can last unless we commit, locally and nationally, to recognising these often-overlooked groups.

The lockdown restrictions over the past few months have improved air quality, reduced traffic noise and increased appreciation for local green spaces. As the economy starts to reopen and lockdown restrictions ease, it is important the benefits we have achieved so far are not lost. This is an opportunity to maintain the behaviours we have practiced over the past few months to improve the health and wellbeing of our residents and achieve the 2040 net zero carbon target.

One of the most positive impacts to come from the crisis is the increased connectivity of people with their local communities. More people than ever are making greater use of their local shops and services. This has allowed small, local businesses to continue throughout the crisis and reduced the likelihood of these much-loved community businesses closing. We want to ensure people continue to support their local businesses and push forward wider objectives relating to community wealth building, social value and the creation of a more diverse and ethically responsible business base. This ties into creating places of distinction in our towns and district centres that provide an individual offer but, when promoted together, make up a bigger picture of a thriving and creative City Region.

Finally, we note how necessity has become the mother of invention. Despite the strain placed on the public, private and third sectors during this uncertain period, there are many examples of how effective partnership working, rapid mobilisation and delivery innovation have helped to respond positively to the pandemic. The agility showcased by partners across the City Region during the crisis should be captured as we move into recovery.

We will make our aspiration to **#BuildBackBetter** by linking our support to our values.

We commit to the following six principles:

Principle One: A truly inclusive creative economy

An inclusive economy is one that creates purposeful economic success, measured not just by GDP but by peoples' health, wellbeing and happiness. It is an economy with opportunities for all people and places to prosper that is strengthened by its inclusivity and its individuality.

Principle Two: Social value

We will go further in promoting social value through procurement, aligning our funding to evidence of social outcomes and developing a toolkit for private sector partners who share our vision for long-term prosperity. We will continue developing a City Regional approach to community wealth building, which will include more support for different sizes and types of organisation to succeed in public procurement.

Principle Three: Environmental sustainability

Our Local Industrial Strategy (LIS) sets out our local Grand Challenge of becoming *pioneers of the zero-carbon economy*. We will require every proposal to explain how it is compatible with net carbon neutrality by 2040. We will actively seek short- and long-term solutions to deliver this.

Principle Four: Health, wellbeing and equality

We will embed the improvement of health, wellbeing and equality in all of our work, and actively target those areas which require additional help. This will include completing health and equality impact assessments of all policies, programmes and investments, and supporting the delivery of higher quality neighbourhoods with access to open space.

We will also engage with Government on an ambitious national programme to eradicate digital poverty and secure funding to ensure everyone in our City Region has access to hardware, broadband connections and basic digital training.

Principle Five: Meaningful engagement with our communities

We will embed co-design and active engagement in our ways of working. This will include implementing an LCR "Living Lab" approach to explore, co-create and test new ideas and solutions to our economy's challenges through more engagement and participatory approaches to policy making.; establishing the LCR Social and Solidarity Economy Reference Panel to help amplify the strong voice of community organisations and social businesses in the Liverpool City Region; and develop a Liverpool City Region volunteering approach which builds on the response to COVID-19.

Principle Six: A City Region that can project itself internationally through its cultural, sporting and natural assets

The rapid expansion in the visitor economy, the attraction for students and the thriving creative sector has fuelled the growth and the reputation of the region over the last 10 years. We will use our unique strength of brand and ability to shape places to create a compelling narrative for investment which will support a post COVID-19, post Brexit UK on the international stage.

The Business Ecosystem

8 National Context

As the pandemic declines, Government will face the difficult challenge of restoring the nation's balance sheet. "It will have to choose between the financial health of national accounts and the financial health of millions of UK businesses[1], with consideration of the jobs that rely on them." The key to recovery will be retaining the capacity of intrinsically viable businesses, whilst encouraging more innovation and entrepreneurialism capable of fostering long term growth. Only by allocating sufficient resource to sustaining business density will Government restore the economy's medium-term growth prospects.

Across the UK, businesses face operating with much less investment and working capital. Their assets, like property, may have a lower value. They will consequently have less of their own funds to invest and less ability to borrow from commercial lenders (whose debt ratios will be prohibitive) or raise equity from depleted investors. They will reduce their discretionary spend. When money is tight, business spend on research, innovation and training falls. These falls risk further harming medium-term output and productivity, especially as businesses reckon with deferred tax and increased debt service from 2021.

The pandemic will hasten the decline of businesses that entered the period with structural vulnerability, causing redundancies. The distribution of economic impact will be unequal across sectors, geographies, company size, market orientation and technology. Even in sectors where structural change is modest, businesses will respond with organisational restructuring to re-scope their operations. This will result in redundancies and the release of surplus assets as well as innovation and opportunity.

Beyond these elements, businesses are again assessing the potential disruption in their supply chain and customer base from Brexit. This is capable of disrupting sales and cash flow with potential to trigger business failure or restructuring and structural economic change – as well as new opportunities.

[1] Third and public sector organisations are in the same position.

9 Liverpool City Region Context

The City Region's progress since the global financial crisis is clear, as the economic impact analysis highlights. Despite this progress, there are underlying local weaknesses in the business ecosystem that will act as a barrier to an effective recovery. By addressing them, we will benefit most from the private investment and enterprise.

Recent evidence highlights the risk that our fragmented ecosystem for higher growth businesses may lead to underperformance relative to our potential. Evidence contained in Metro-Dynamics analysis of the City Region's innovation ecosystem, Lee Hopley's North West Innovation Finance Review and the Local Industrial Strategy all recognise similar challenges. The Liverpool City Region business ecosystem is perceived as fragmented and poor at signalling its strengths. It under-exploits its significant innovation assets; has a fragmented investment runway and an inconsistent support offer for growing companies; and, like many UK cities, has a long low productivity tail, signalling a higher risk of failure in these circumstances. *Please note that the Combined Authority has a separate briefing note and evidence base for policy makers on this theme.*

None of these challenges is insuperable. Firstly, we need to support our business base into the medium-term to survive and protect jobs. Where possible, we must simultaneously encourage a long tail of less productive businesses to access tools to change, adapt and digitise.

Secondly, we need to radically improve our ecosystem for growth businesses. Our improved ecosystem needs to be clearer about its specialisms; more effectively connect qualified and specialist services with high growth clusters; be better networked with investors; more collaborative across private, public, academic and community actors; benefit from the diffusion, adoption and absorption of innovation and technologies, particularly in areas where Liverpool City Region has competitive strengths and assets; and better linked to a skills and talent pipeline. *This is crucial at a time when recovery from the pandemic must include the formation and growth of new, dynamic companies from the coming business churn and structural change.*

Business recovery in the City Region will depend on both a national programme of interventions which improves business resilience and adaptation across the whole economy, and a complementary programme of tailored interventions that address the underlying challenges in the local business ecosystem. **These local interventions will be a key part of the levelling up agenda**. The risk of national programmes, particularly national funding programmes, is in reinforcing virtuous circles in established ecosystems: research funding concentrates in the Golden Triangle;

venture capital in London and the South East; northern business investment in Leeds or Manchester. New funding concentrates around developed business ecosystems rather than expanding less developed ecosystems. This is the lived experience of the Northern Powerhouse Investment Fund, for example.

Thirdly, we must commit to the economic infrastructure that drives our good growth and productivity. The opportunity, directly enshrined in BEIS's Science & Innovation Audit initiative and the Strength in Places Fund, is to unlock and massively accelerate the development of distinctive specialist clusters elsewhere across the UK, such as infectious disease control in Liverpool City Region linked to the Liverpool School of Tropical Medicine, as well as materials chemistry (centred on University of Liverpool, Unilever and MIT) and high performance computing and AI (centred around STFC's Hartree Centre and IBM at SciTech Daresbury). We are keen to work also on a North West footprint to further these strengths.

10 Engagement with Government

The scale of funding required to address the business recovery will echo that seen in the pandemic response phase, with measures counted in the tens of billions. Government will need to maintain financial support programmes, and launch new national programmes, to unwind the wholesale (and necessary) suppression of the economy.

The City Region will work in partnership with Government for national programmes that:

- Reflect the uneven return of demand and capacity across different sectors, with additional financial and targeted business support for the most exposed sectors. The culture, visitor economy and manufacturing sectors are key to us.

- Provide support to enable digitalisation of all businesses, but particularly focused on the long tail of low productivity firms. A co-designed programme could build on our locally successful LCR4.0 programme. The right level of support will ensure that all businesses have access to every tool possible to quickly change, adapt and digitise.

- Co-develop, through STFC and Innovate UK, an AI diffusion programme for early and late majority Liverpool City Region companies, potentially as a national pilot.

- Use the banking and tax systems to help recapitalise businesses at risk or incapable of growth due to equity erosion.

- Support investment in research, innovation and commercialisation to drive long-term prosperity. Such funding must be better connected to place and the simultaneous initiatives of the Combined Authority and its partners.

- Recognise our universities' unique challenges and act quickly to provide certainty to replace European programmes like Erasmus, Horizon and the fall in international student numbers. This is mission critical to economies like ours where our universities are large employers, cultural anchors, talent providers and leaders in our push towards knowledge intensity. This means acting quickly to support emergent research programmes, investing in translational research which boosts local economies, and embracing the benefits international students bring as part of a truly global Britain.

11 Local Interventions – Business Ecosystem

Business leaders across the City Region understand local challenges and the interventions needed alongside national programmes. Tailored local interventions to develop an effective business ecosystem will be crucial for long-term growth that underpins a globally competitive LCR, while safeguarding and protecting tens of thousands of jobs.

Together, we propose a comprehensive effort to improve this growth business ecosystem with four components that are each necessary but not sufficient (see also figure 5):

1. Access to finance will become even more constrained as result of the pandemic. Local finance provision built on in depth understanding of local gaps will be critical to support businesses in recovery to survive, adapt, and grow but also central to the development of the wider business ecosystem. Evidence shows access to finance interventions are most effective when they are coordinated with local support provision, which improves access to, and overall effectiveness of, the finance provided.

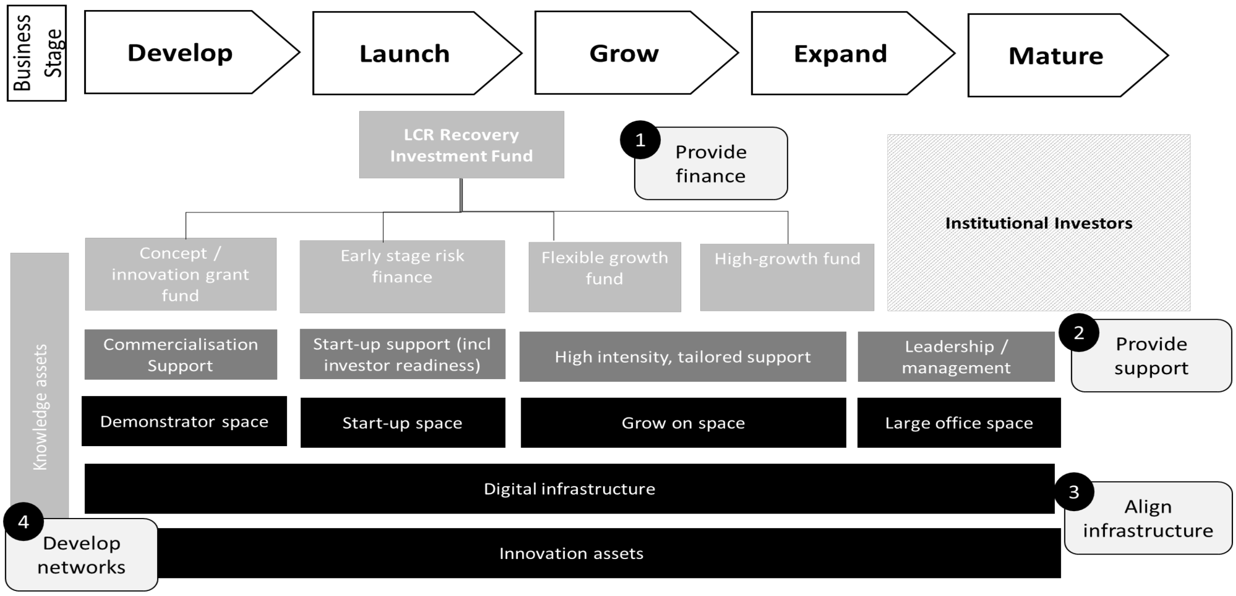
2. We must use the pandemic as an opportunity to rethink the delivery of business support so that it is focused on real business needs during recovery. This includes access to highly qualified finance and resilience advice (building on our privately led and highly rated Mettle and Sustain programmes, and the Growth Hub -> Local Growth Hub model), peer to peer support, investment readiness, digitalisation, organisational change and both domestic and global market development.

3. We have a very significant array of innovation assets, and facilitating access to these, plus suitable innovation space, will become more critical as business models adapt and respond to new growth areas in the economy. Government have set a national target to spend 2.4% of GDP on research and development. Knowledge intensive economies have a significant role to play in this and the pandemic provides an opportunity to change the course on funding and commercialisation of innovation. The City Region's ambition is to reach 5% of GVA by 2027, by committing to radically improving both our business innovation culture and the interconnectedness of our ecosystem, plus associated linkages to our distinctive Research & Development assets, while delivering the projects we name in the infrastructure section below. Growing our research and development infrastructure will also help us to address a range of socioeconomic challenges.

4. Network development will enhance the effectiveness of the ecosystem enabling knowledge sharing and spill-over effects.

On top of this, we will use our private sector led brand narrative work to produce clear, shareable messaging about our place and investment offer. This work is due to launch at the time of the Good Business Festival – www.goodbusinessfestival.com – which will put our City Region and the UK onto a global platform as we ask how purpose drives profit. It launches in October with a festival proper in March 2021. This is funded, on-going work and is ready to complement our business ecosystem plans. Our clear aim is an efficient, privately sustainable business ecosystem that requires limited public intervention. It is key to achieving the dynamism we seek for our business base.

Figure 5: Framework for Improving the LCR Business Ecosystem



We can start to develop this ecosystem now. Through further devolved funds we can begin delivery of the interventions below, immediately providing economic stimulus to our business base, and entering a new contract with local businesses, strongly linked to fair employment and our #buildbackbetter principles.

LCR Recovery Investment Platform (£100m): Designed to provide market-creating finance (aligned to local priorities) and respond to constraints around access to finance in recovery. The instruments that comprise the Platform will catalyse networks, drive cultural change amongst SMEs and lever additional funding from private investors. The Platform will target City Region specific finance gaps and make a fundamental shift from over reliance on grants, preparing business for follow on investment from institutional investors.

The scale of recovery funding required gives a distribution problem: we will innovate in the public sector and engage the private sector to reach more businesses with more targeted instruments. With competent public and private management expertise, this fund can become a distribution mechanism for wider funding to SMEs and follows the recommendations which economists Paul Collier and Colin Mayer make in The Investment Trap: Reforming Financial Systems to Rebuild Economies Post-COVID, 2020.

The finance of this fund will focus on:

1. **Recovery risk finance**, based on new soft equity and flexible loan models that targets repayment on successful realisation of a recovery plan, filling clear gaps for City Region SMEs. Our regional commercial lenders have supported these products.
2. **Investment ladder**, providing and levering funds to create a coherent and locally recognised pathway for funding from concept to maturity, the absence of which is a current growth impediment. We have already started this work.

Future Innovation Fund to support innovative responses to the COVID-19 challenges (£20m): Recently launched as a pilot and immediately over-subscribed, this is a small grants programme aimed at driving innovation in firms with the potential to grow, diversify and realise emergent opportunities as they adapt and respond to new business models, with a particular focus on digitalisation.

Kindred social investment vehicle (£13.5m): Kindred is an innovative model to provide patient capital to socially trading organisations. The investment vehicle has been co-designed with socially trading organisations with an initial request of £5m, the fund can be scaled to meet the growth of the social economy driven by the impact of COVID-19.

Digital Supply Chain Platform (£3m): COVID-19 has disrupted global supply chains and is incentivising a shift to local suppliers. The LCR Supply Chain platform will connect businesses with potential local suppliers, minimising supply chain disruption. The platform can be expanded to cover wider functional economic geographies. Alongside this will be a renewed urgency to map and understand local supply chains and their connections where they exist, and in working with large private and public sector organisations to engage with local SME supply chains.

Advanced Manufacturing Support Programme (£5m): Major job losses are anticipated in the manufacturing sector which is a key employer in the LCR. There is a pressing need to diversify the sector and enable businesses within it to enter into new growth markets such as clean growth or health manufacturing. This programme will require high quality, bespoke business support to transform the sector, together with capital funding to support business investment in equipment where there is lack of access to commercial sources. It will build on the pioneering LCR4.0 programme and Made Smarter national pilot.

Liverpool Health Ventures, enabling a culture of commercialisation (£13.5m): A collaboration between City Region NHS trusts, the Innovation Agency and Universities to create economic infrastructure to commercialise health innovation (clinical and non-clinical) through rapid prototyping, shared workspace, funding, networks and business support.

LCR Accelerator (£2.75m): Start-up accelerators are present in all successful business ecosystems. Evidence shows accelerators deliver rapid development and growth of their own SME cohorts but also substantially increase the wider progress of the local ecosystem. This is achieved by drawing in investors, talent, corporate sponsors, supply chains and wider stakeholders (e.g. regulators). The LCR Accelerator programme will deliver intense, focused support to company founders preparing them to scale their business.

Open Source Payments Infrastructure (£1m): Online intermediaries, such as Amazon and Deliveroo, allow SMEs and consumers to transact easily. However, their extractive commission-based business models are failing to create and distribute value in local economies. This project invests in the development of accessible open source, blockchain platforms that allow frictionless transactions between SMEs and consumers. These in turn enable new methods of B2C business that distributes and retains value within local economies. The project will develop the City Region's blockchain tech cluster to facilitate City Region businesses to trade under a sustainable and inclusive economic model.

An investment of £158.8m will create 16,900 jobs and generate an overall GVA of £841m.

12 Local Interventions – Economic Infrastructure

Committing now to capital investment carries the triple benefit of stimulating economic activity, demonstrating clear direction to private investors and beginning to deliver our strategic priorities. They all exploit the opportunities of both our Local Industrial Strategy and/or our BEIS-endorsed Science and Innovation Audit. Several projects are nationally significant.

National Packaging Innovation Centre (NPIC) (£60m project): in partnership with Unilever's global consumer products Research & Development head office, which is at Port Sunlight, Wirral, we are developing an internationally significant, open-access innovation centre focused on the commercialisation of innovative sustainable packaging solutions. The Centre will enable the UK to further anchor itself into the global £1tn packaging market and capitalise on the various opportunities that the disruption in the industry currently presents, including emerging innovations in sterile recycling in the light of the current pandemic.

The HILL (Health Innovation Liverpool) (£200m project) With Health Innovation Liverpool, (The HILL), we are building on the growth of life science and health innovation in the city. A 10-acre physical health campus, with research and trial facilities and commercial space, we will begin this project with a new initiative, a new virtual health innovation system, integrating health care infrastructure across the City Region. It is step one of an ambitious plan to link up our world-class health and life-science assets, combining world class research and advanced digital technologies.

LCR Long-term Infra Platform (£125m programme) is a new financial instrument designed to invest in critical economic infrastructure that appears viable but not fundable in the private sector alone. The UK has previously used grant funding to provide these assets, but this is potentially wasteful and creates a short-term versus long-term misalignment. Good commercial skills and a longer-term view of viability allow public sector to offer a repayable finance instead, levering private investment at the platform and project level, as per Evergreen, GMPVF (both Greater Manchester) and REEF (London). The platform can play a key, risk diversified role in funding the City Region's long-term economic assets alongside long-term, responsible investors.

Paddington Village (£290m programme) Paddington Central is the city's leading innovation development, creating a high-quality mixed-use scheme with a focus on health, education, life-sciences and technology within the Knowledge Quarter Liverpool Mayoral Development Zone. The project will provide high quality landmark buildings within new public realm and open space. Launched in Autumn 2016, Paddington Village has rapidly gained momentum attracting high profile occupiers, including the Royal College of Physicians, Novotel, and Kaplan.

Upper Central (£450m programme) Upper Central is another major development within KQ Liverpool linking Liverpool City Centre retail district to the remainder of the innovation district, including the university campuses, Liverpool Science Park and Paddington Village. This project would deliver new, mixed-use development to focus on the expansion of the digital, tech and creative sectors in Liverpool and create a new space in the heart of Liverpool City Centre.

Glass Futures (£54m project): An industry backed Research and Technology Organisation leading collaboration across some of the largest companies in the global glass industry, together with academia and government. Glass manufacturing practices are currently responsible for ~2million tonnes of CO_2 per annum in the UK alone and the 90,000 square foot facility will be centred around a 30 tonne/day low carbon demonstration furnace. The project will create the world's first openly accessible, commercially available, multi-disciplinary glass melting facility with provision for research and development trials to decarbonise the UK glass industry.

Liverpool School of Tropical Medicine (LSTM) Capacity Development (£133m programme): The City Region has longstanding expertise in infectious disease, evidenced in both the Science and Innovation Audit and Local Industrial Strategy. The COVID-19 pandemic and the likelihood of similar outbreaks in future has heightened the importance of this local specialism. As part of a wider £80m plan to develop an internationally leading infectious disease ecosystem, there is an opportunity to house a capacity strengthening unit, which is able to rapidly train a future workforce capable of handling and undertaking Research & Development on live virus isolates such as COVID-19. This investment would support delivery of £18.6m of UKRI Strength in Places funding, awarded to a consortium led by LSTM in June 2020.

Littlewoods Film Studios (£62m programme): An internationally significant 260,000 square foot film studio, commercial, creative employment, and educational space, anchored by Twickenham Studios at the former Littlewoods Building. This would enhance the City Region's reputation in culture and creativity, generate jobs across a range of skills levels and provide opportunities for our growing creative and digital cluster. Phase 1 of the scheme comprises "pop up" studios, which can be accelerated for delivery in 2020, capitalising on current demand for studio space, and leveraging additional private sector investment.

The **Maritime Knowledge Hub (£23m):** Maritime Knowledge Hub will capitalise on the City Region's status as a leading seaport with an existing ecosystem of maritime businesses currently generating £4.2bn to the City Region economy, to create a centre of excellence and around 7,000 square metres of 'accelerator' at Wirral Waters. The Maritime Knowledge Hub will catalyse green maritime sector growth by bringing together key sector partners including Mersey Maritime and a local university, alongside regional maritime business to deliver business cluster support, education, skills and training and investment in marine technology.

Halsnead Garden Village - Employment Development (£80m): The prospect of long-term changes to working arrangements resulting from COVID-19 has reaffirmed the importance of online shopping and supply chain infrastructure which underpins moving goods around the economy. The Halsnead South logistics development is an extension to the 1500 dwelling Halsnead residential site which is one of 14 national garden villages. This would deliver at least 450 direct net jobs and 80 construction jobs, equating to over £20millon per annum GVA benefits.

The LCR Digital Connectivity project (£37m and scalable towards £400m): This project will support Government's aspiration to deliver gigabit-capable speeds and fast, reliable broadband across the UK by 2025. Phase one aims to boost productivity and innovation by creating, with a private sector partner, a resilient fibre backhaul network, connecting three transatlantic cables and major economic clusters in each of our six local authority areas. Procurement is underway for a partner and is a UK first for its structure and innovative use of "dig once" assets. The initiative has already attracted hyperscaler data centre development in Sefton and complements Santander plc's plans for a neighbouring, future focused contact centre. Both these developments foresee innovation space linked to the lowest latency data availability. Phase two, to launch imminently, will expand local loops through interventions including dig once, asset reuse, housing association demand and collaborative commercial models, including rail fibre. Both programmes offer Government an innovative route to improving ultrafast connectivity in marginally viable urban areas – to which we can link our successful healthcare 5G pilot, that has demonstrated significant savings across the public sector through the provision of virtual healthcare.

An investment of £243m will unlock our £1.8bn economic infrastructure pipeline of projects. This will develop 12k sqm of commercial floorspace, create c 28k jobs, and generate £3.7bn of GVA.

People Focused Recovery

13 The National Context

The health, economic and social consequences of COVID-19 are having a profound impact on people's lives. While the pandemic has affected us all, the burden has not been shared equally. The likelihood of catching the virus and of suffering more severe consequences varies depending on people's social and economic circumstances. Men, older people, those with existing health conditions, ethnic minority communities, so-called 'low skilled' workers and those from poorer areas all have a greater risk of infection, serious illness and dying from COVID-19.

The lockdown, social distancing and other measures designed to control the spread of infection have had their own impacts. School closures have highlighted the scale of digital poverty and its impact on access to opportunities and education. This risks the progress made on improving educational attainment in recent years, and more support will be required to narrow this gap.

COVID-19 has also highlighted that digital poverty can also be a barrier to work, health services, benefit claims, job search, shopping and keeping in touch with family and friends, with clear skills and affordability challenges in the most deprived areas.

As an economic crisis, the impact on the labour market is stark. A record 2.8 million people claimed unemployment related benefits in May 2020. There are over 9 million people on furlough, many of whom will be at risk of redundancy. Again, the impacts are not uniform. People and places with the lowest incomes are the most vulnerable. Workers from a BAME (Black, Asian and minority ethnic) background, women, young workers, low paid workers and disabled workers, have been most negatively impacted. The pandemic has not created these inequalities, it has merely shone a light on them.

14 The Local Context

Before the pandemic, the City Region had made significant progress, increasing the number of people in employment, reducing rates of economic inactivity, and bringing unemployment below national levels.

Despite this, the City Region already had some of the poorest health outcomes in the country, with high numbers of socially and economically vulnerable people and extensive, persistent health inequalities. Almost 70,000 people in the City Region were not seeking work as the result of both poor physical and mental health, constraining economic performance and productivity. Every local authority in the City Region has a higher prevalence of mental health disorders than national levels.

Productivity is constrained further by weaknesses in the City Region skills base. A higher than average proportion of residents still have no qualifications, and a higher proportion are not qualified to degree level, although these gaps have closed in recent years. Improving the skills profile of the City Region will be an essential component of a successful recovery.

The anticipated impacts of the pandemic on people in the City Region are considerable without intervention. Over 150,000 employees have been supported through the Job Retention Scheme and around 40,000 are supported through the self-employment scheme. Early evidence is showing that people are being transferred from the job retention scheme to redundancy and there is a real risk that this will increase at a rate which is beyond the capacity of the local economy to respond.

This is a challenge for both those who will become newly unemployed, in addition to the 31,000 residents already seeking work prior to the pandemic. The latter now face increased competition for limited jobs and risk being pushed further from the prospect of employment. Immediate support for both groups of people is a necessity. There are some groups and people who find it harder to get into work, including people with disabilities and those from BAME backgrounds: additional targeted support is needed to help them into work, as well as working with businesses to make the workplace culture more inclusive and welcoming.

We need to avoid further job losses wherever possible, particularly to minimise the risk of losing highly skilled workers from key sectors. Where we cannot, we must seek to offset this by creating good quality, secure employment opportunities elsewhere in the economy. We must put the right access to employment measures in place within growth areas of the economy, to ensure that employment creation is accessible to all. This includes improving opportunities for graduates; as each year the City Region sees a net outflow of graduates compared to other university cities.

As the economy and businesses are re-orientating, there will be huge retraining and reskilling needs. Many people and workers will have to be retrained for an increasingly digital economy. The quicker people can reskill, the quicker they can move into other jobs and the less labour market disruption the City Region will face.

A people focused recovery must look to address the unemployment and retraining needs of those who lose their job as a result of the crisis, provide the skills and access to opportunities in growth areas of the economy, all with a relentless focus on addressing inequalities so that the economy works better for all people. We must recognise the pressure this puts on delivery organisations, such as the community and voluntary sector and education providers (who themselves are significant employers) yet are also facing their own challenges as a result of COVID-19. We must support their resilience at a time of increased pressure and demand.

15 Engagement with Government

Responding to the people impacts of this crisis is beyond the remit of any one organisation. The best chance of success will be through a concerted, responsive and co-ordinated effort on a labour market area, cohering national and local responses and programmes. This is why the City Region must work in partnership with Government, trade unions, housing associations, the charitable and voluntary sector, employers, the higher and further education sector, and public health professionals to co-design and co-fund an integrated people focused recovery programme across the domains of employment, skills, health and inequality. We propose to work in partnership with Government on the following programmes:

- A fully funded September Offer for school leavers to have a funded place in education, a job with training, apprenticeship or training programme, with increased levels of bursary funds for providers to respond to needs;
- A young person's guarantee, ensuring that those aged under 25 who have been out of work for more than 6 months can get training, an apprenticeship or a job: this will require the delivery of substantial numbers of Kickstarter jobs in the City Region;
- Creation of increased numbers of apprenticeships (including degree apprenticeships and with increased focus on digital and agile skills) through incentives for businesses and further flexibilities around use of the apprenticeship levy;
- A clearly evidenced, business led skills programme to deliver recovery as set out in the Association of Colleges Rebuild report;
- A digital skills programme to retrain businesses and workers for an increasingly digital world;

- A national digital poverty programme, which improves access to digital connectivity and devices for those that need it;

- A community and voluntary sector resilience programme which provides the right infrastructure and financial resource for the sector to engage with those impacted by the pandemic (separate to the broader support for social economy through Kindred);

- An enhanced schools catch-up programme to help pupils make up the lost learning, to ensure that young people are not permanently disadvantaged;

- A Liverpool City Region creative curriculum to capture the talent of young people in the City Region. Such as Creative Enterprise Allowance, a pilot fund to provide non-refundable grants to freelancers, artists and creatives to supplement their existing income and allow them the time to focus on setting up new business and creative ventures.

These may be national programmes, but they need to be cohered locally in the City Region, so that businesses and people can make informed choices about which best meet their needs. Having ready access to data on who is receiving support under these schemes will be essential if local targeting and promotion is to be effective.

16 Local Interventions

Before the pandemic, we were already implementing a number local targeted interventions, including employment support programmes (Ways to Work Programme, Households into Work); improving links between businesses, schools, colleges, training providers and universities in order to embed job needs in all areas of the curricula; and developing a local talent pipeline, ensuring that learners and young people are developing the skills they need for the future. But our evidence shows the huge people challenges the City Region faces as a result of the pandemic. These challenges require local interventions to be ramped up if the City Region is to continue its trajectory of economic renaissance.

Ways to Work extension (£53m): The pioneering Ways to Work programme has been running in the City Region since 2016, working with 25,000 people and supporting over 15,000 into work. It provides individual targeted support to unemployed people to help them identify, prepare for, and secure employment opportunities. The programme works closely with local employers and skills providers, aligning support to vacancies and skills shortages. Demand for the programme will increase as a result of the pandemic, and there is an opportunity to fund its extension so that it can provide immediate support to those who become unemployed, while continuing to support existing unemployed residents.

Sustainable Job Creation Programme (£180m): Whilst the Kickstarter programme will support 16-24-year olds with jobs, there is a need to support over 25-year olds as well, given that they make up the majority of the unemployed and economically inactive people in the City Region. The Sustainable Job Creation Programme will work with businesses to create jobs where adults can develop the experience and skills that those businesses will need in the coming months and years (e.g. retrofitting, care, logistics, customs): this would typically be 30 hours a week for 6 months but recent experience of delivering 3,000 such roles locally has shown the importance of having flexibilities to meet the needs of businesses, and this will be built in from the start. Training and job search support would be built in from the start with separate mentoring support for people and businesses. There is an existing delivery infrastructure through local authorities and community and voluntary sector organisations to mobilise delivery quickly.

Graduate employment programme (£10m): This will support local businesses to provide local opportunities to 5,000 newly qualified graduates, supporting 3,750 into work. The programme will include shared recruitment and training and development programmes, and where appropriate, shared placements. It will be co-designed by businesses, universities, colleges and students in partnership with the Growth Platform.

Workplace wellbeing programme (£5m): Given the already high prevalence of mental health disorders in the City Region, and the anticipated increase due to COVID-19, this programme will help employers deliver organisational change to improve the health and wellbeing of employees. There is a strong link between employee wellbeing, productivity and profitability yet many businesses are a) not aware of these links or b) do not know how to put improvements in place. Co-designed with Public Health England, Merseycare, Trade Unions and the Growth Platform, the Workplace Wellbeing programme will be delivered as a pilot, providing intensive support to help organisations implement employee wellbeing programmes.

Entrepreneur development programme (£10.25m): There will be a number of people made redundant with skills to start their own business. This programme will provide people made redundant with high quality support including access to professional advisors and networks and will crowd in national start-up loans programmes. There are also opportunities to better support graduates to set up new businesses. This will support 5,000 people, helping 3,000 into work. This initiative compliments business start-up and growth funds described within the Business Ecosystem section.

Targeted support for specific groups (£10m): As well as the universal employment support available through Ways to Work, additional support is needed to narrow the employment and unemployment gaps for people with disabilities and those from BAME backgrounds. This requires a more specialised and targeted support from people within those communities to ensure credibility. This will add value to existing programmes which are based in community and voluntary sector organisations, working with 7,000 and helping 1,700 into work.

Reskill and retrain (£46m): There is an urgent need to develop the skills of people and businesses to improve business productivity in a post COVID-19 and post Brexit world, as part of the most intensive period of skills improvement delivery in a generation. This will involve detailed reskilling plans for businesses, with public co-investment, plus flexible, tailored support available for people who wish to develop new skills. This will support and upskill 22,500 people.

Voluntary, Community, Faith and Social Enterprise (VCFSE) Sector Resilience and Capacity Fund (£25m programme): The VCFSE sector has unique access to and understanding of our most vulnerable communities and this has put the VCFSE sector at the centre of local pandemic response efforts. The **VCFSE Resilience and Capacity Fund** would provide cross-sector investment to develop the sector's long term capacity and resilience and help CVFSE organisations to replenish and prepare for their ongoing role in mitigating the worst effects of the pandemic. The direct effect of this would be to safeguard and sustain the significant level of employment and GVA supported by the sector (24,000 employees, £920m GVA).

An investment of £329.5m will unlock 22,500 learning opportunities, safeguard 26,400 jobs, create 22,914 jobs and provide an economic output of £1.1bn.

Place

17 The Place We Find Ourselves

Lockdown has forced us all to spend more time at home, live more locally and practice social distancing. It has brought into sharp focus, the quality of the homes we live in, the local amenities we access and the importance of good place design. The way people are interacting, socialising and travelling are all changing. We need to reimagine places, systems and our cultural offer to adapt to these changes for an unknown period of time. Liverpool City Council's *Liverpool Without Walls* initiative is an example of a practical yet progressive approach to rapidly redesigning public spaces.

The pandemic has also exposed place-based inequalities. It has had a proportionally higher impact on the nation's most deprived areas. These places also feel the greatest economic consequences, where low income households have less financial security, are more exposed to risk of job losses, as well as suffering from poorer health. These are very often where housing quality is poorest and fuel poverty greatest.

Many people exposed to deprivation are more likely to work in sectors that had to shut down overnight and are facing significant long-term disruption as a result of COVID-19, such as the retail sector and the culture and visitor economy. These sectors also play a role in the placemaking of our towns and cities and cultural vibrancy.

Overcoming geographically concentrated deprivation is an intergenerational challenge but we must address it now to avoid the widening of gaps.

18 Culture and the Visitor Economy

We have strong, international appeal. Our cultural offer, be it music, sport or heritage, has proven to be the rocket fuel of regeneration. It is more than just about jobs, growth or even just our brand - culture binds our communities together and supports people's health, wellbeing, and quality of life. Culture is amongst our most important assets, and one we must use for economic recovery as we reimagine our communities. Our cultural offer is also what drives our visitor economy, across performing arts, music, theatre, dance, museums, visual arts, events and festivals. We stand amongst the top performing destinations in the UK for both leisure and business tourism, generating over 67 million visitors a year, propelling a sector that contributes over £4.9 billion in GVA to the local economy as well as supporting 57,000 jobs. These jobs are now at risk.

Our waterfront and city centre lead this offer. It's what makes us the country's most exciting city and we need to protect it and capitalise on the brand offer throughout the City Region, up the Sefton coast to Southport, through Wirral's leisure spaces and into Prescot's emerging vibrancy around Shakespeare North Playhouse which will complete the UK's Shakespearean triangle – Stratford, Prescot, London.

The seasonality of the visitor economy means that businesses within it will not be able to make up lost revenue during the summer lockdown. The result is a significant, immediate impact. These businesses and organisations will have to open with new social distancing requirements, a constrained offer and fewer visitors; this will have differential impacts for different venues and attractions, some of which may take some time to reopen. The City Region's vibrant visitor and cultural economy is at risk as a result of the impact of the pandemic.

Only partnership with Government and its agencies, and real local collaboration, will secure this sector. We want to create a place-based approach to funding to make real change in the way we work with national partners. This will enable us to use our competitive advantage internationally and our talent locally to drive regeneration with storytelling at its heart.

19 Housing

The City Region has a distinctive sense of place with a vibrant city centre, a wealth of cultural assets, stunning coastal landscapes and natural spaces. With the construction sector hit hard during lockdown and demand for new homes lower than normal (up to one third less) we want to enable housebuilding to start again, supporting the whole supply chain via a stimulus package to get existing sites building and delivering more affordable homes to address the pent up demand following COVID-19.

The City Region has strategic, predominantly brownfield sites, which could be developed for new housing delivery. We welcome the allocation of the £45m Brownfield Land Fund and we will work with Government and Homes England on the forthcoming Single Housing Infrastructure Fund and Affordable Homes Programme.

20 Community Institutions

We are home to nearly 8,500 voluntary organisations, community groups and social enterprises, working to tackle inequalities and improve the lives of local people. The community response and significant uptake of volunteering opportunities across the City Region to help support the most vulnerable in our communities during the pandemic has been phenomenal. The establishment of LCR Cares, with over £1.53 million raised and distributed to date, has highlighted the need to help and support our communities. We want to maintain this momentum and continue to support our community and voluntary sector to self-organise and build its capacity to thrive and develop post COVID-19.

Almost one third of all Lower Super Output Areas in Liverpool City Region are in the most deprived decile nationally. This is driven by an insufficient supply of well-paid, secure employment opportunities and a historic lack of investment in communities. We must ensure that our social and economic response to the pandemic helps to actively dismantle deprivation, by promoting the wealth and vibrancy of communities, and creating new economic opportunities. Our third sector will be our biggest asset in supporting our most vulnerable residents, but their income has been impacted significantly by the pandemic (they have delivered without pause but been unable to fundraise or cross-subsidise their work).

21 Town Centres

This risk of damage from structural change is also acute in our town centres. The pandemic has effectively fast-forwarded market change by about three years. The reduction of in-store retail demand increases our need to repurpose centres as multi-functional community hubs with great quality housing and access.

We must counter the emerging risk that our towns experience proportionately higher redundancies from the collapse of vulnerable retail and hospitality businesses, and cultural offer, which risk making their local impact more acute.

We are already using the £6m LCR Mayoral Towns Fund and associated expert commission to plan for sustainable revival. Birkenhead and Runcorn are candidates for the Future High Streets Fund; Birkenhead, Runcorn, Southport and St Helens are candidates for the Towns Fund.

The pandemic has also given our towns an opportunity to experiment with sustainable connectivity and community-led solutions, focusing on accessibility, quality of environment, green infrastructure, community and voluntary sector measures that repurpose and reinvigorate town centres. We're planning creative and recovery focused measures to leap from response to long-term sustainability.

We note how ambitious our councils' town plans are: Left Bank (Birkenhead) in Wirral foresees up to 18,000 brownfield homes, the overhaul of the retail and business core, new transport connections, a children's museum and a green core. Peel, Muse, Urban

Splash and other developers are helping to lead. Knowsley Council is using the Shakespeare North Playhouse to drive a cultural, independent spirited revival in Prescot and unique offering for the City Region and the North, is underway with long awaited expansion of Kirkby's retail offer, complimented with plans for 700 homes and is planning Huyton's redevelopment to introduce and deliver a new high quality mixed use commercial and residential district. Sefton is preparing a huge expansion in Southport's visitor offer with privately led investment in Pleasureland, a new theatre and convention centre and a revived retail and public realm core; it is preparing to develop public assets in Crosby to refocus footfall in the centre; and it is working to rejuvenate Bootle. Halton has already begun reopening Runcorn with transport and public realm improvements and is planning the next homes and place led phase as well as an expanding Brindley Theatre, which will link to an emerging creative industries and digital hub. The rejuvenation of St Helens' towns and district centres is supported through Partnership with the English Cities Fund, combining housing and commercial projects with people-based heritage and cultural rejuvenation. The area is building on its industrial heritage and manufacturing skills , with science, innovation and industrial opportunities focused on economic recovery. Around all this, the City Region's digital connectivity plans will help improve connectivity to businesses and homes.

In all these, our focus is on great quality submissions to trigger funding from National Government programmes; supporting local investment; private investment; and, of course, collaboration with Homes England.

22 Shared Focus on Town Centres

We have identified three recovery opportunities in the national Towns Fund. The solutions we propose below can hasten delivery, improve value for money and quickly broaden the Government's levelling up agenda.

First, several of our towns' councils lack the development funding necessary to prepare the highest value interventions – particularly since the pandemic. Allocating £2.5m in revenue to town centres across the City Region will radically improve outcomes and increase private leverage because it will make the public plans more robust and investible.

Second, towns may identify extraordinary projects that exceed the £25m funding limit. Whilst the latest guidance recognises this may be exceeded in exceptional circumstances, the current national programme is unlikely to be able to meet this demand. Working with Government to enable follow on / expanded funding for impactful expansion will again cement the impact of current programmes.

Southport has the potential for circa £250m in public and private investment to trigger a genuine transformation. We plan the expansion of the existing Pleasureland attraction with an internationally recognised, branded visitor attraction, creating/safeguarding 1000 jobs (**£50m project**). We are also planning to replace the dilapidated existing theatre (**£70m project**) and conference centre to add £25m per annum to the local economy and catalyse the transformation of the town centre, culminating in a new "Southport Square". The scale of the project, and the impact it can create, requires a greater public investment than £25m.

Third, we support the rapid expansion of the Towns Fund to support follow-on candidates. The two coming priorities are:

- Huyton Commercial District (£20m), for which Knowsley Council is planning a £132m redevelopment of a seven acre, publicly owned brownfield site adjacent to the rail station and main road network - a 'key and intrinsic' part of the town centre. The plan is to deliver a new mixed use development that will include 320,000 square feet of office and commercial space. Its aim is to improve local amenity and capitalise on the town's excellent transport links, completing the trio of successful town revival initiatives in the borough.

- Bootle town centre, for which Sefton Council has initiated a comprehensive regeneration programme through acquisition of the anchor Strand shopping centre. With Homes England, supporting social enterprises, registered providers, the Canals and River Trust and private investors, the plan foresees a reconnection to the historic canal with improved leisure and living options, and a refreshed value proposition for its existing and well-connected office accommodation.

We propose to work with Government to fill the three gaps outlined above. These are key priorities in our place agenda.

23 COVID-19 Connecting Places

Despite the comparative strength of the public transport system in the City Region, there is evidence that too many people can find it difficult to access employment and other opportunities via public transport. Good services in and out of the city centre are not always matched by effective connections across the wider City Region or to cities elsewhere in the UK.

We know that we are working and living through uncertain times. Travel patterns stem from the demand exerted by people and their travel choices and options. Whilst COVID-19 has had a significant and immediate impact on demand for travel, we still don't know how significant these changes will be over time, or if, or when 'normality' will return. We are proactively planning ahead to best understand what these impacts might entail and how we should respond. This is being done through the development of scenarios, the transport impacts of which we will seek to model using our established City Region transport toolkits, which will help shape the solutions and mitigations that we need to be prioritising and investing in.

We are also engaged with scenario development work and in understanding impacts at a pan-Northern level; and this is linked closely to our priorities through Transport for the North's plans and investments. We recently submitted **medium-term transport investment opportunities** that could be brought forward to Transport for the North (TfN) and will use that route to pursue funding until alternative routes are announced. This includes a £500m investment at Liverpool Central station, the third busiest rail station in the north of England, and new Merseyrail Stations serving Baltic Triangle, Liverpool City Centre's expanding digital and creative cluster and Knowsley Business Park the City Region's largest single employment area. Please see Appendix B for a summary of opportunities.

24 Engagement with Government

We will work with Government to explore a range of programmes that will respond to the place related opportunities and challenges COVID-19 has presented. For these programmes to be successful, place-based frameworks for delivery are required, including:

- A national strategy and programme of activity to support the resilience of the cultural and visitor economy and support its transition to the new normal; this should include targeted support for those sub sectors which are unable to reopen, modifications to tax relief and marketing campaigns;

- Repurposing of the Tourism Sector Deal to make it more appropriate for the new environment;

- Funding for destination management organisations to overcome losses in commercial funding;

- A national destination programme which enhances the vibrancy and attractiveness of local places through culture led initiatives. We are developing a framework in the City Region that can be replicated in other parts of the country;

- A financial package of support for the voluntary and community sector, beyond the welcome but insufficient £750 million announced, to support its resilience and enable it to manage the mounting pressure the pandemic places on it;

- A framework to scale the Liverpool Without Walls pilot nationally;

- Expedited release of heritage monies to support the place agenda and construction employment;

- Engagement with Government on relocation of civil servants out of London with potential to reanimate centres including Bootle.

25 Local Interventions

For our **towns agenda**, please see the commentary above. These are both national and local priorities.

Somewhere (£15m): A cultural programme across the city that explores place. A series of interventions that define our region and do two things: build community cohesion and accelerate ambition. The creative communities programme will tackle cohesion with creative responses to diversity, loneliness, mental health and obesity. Alongside this will run an arts programme, leading the region outdoors to view great public art, building on the success of Anthony Gormley's Another Place, Jaume Plensas The Dream and the work of the Liverpool Biennial. Music and theatre would be hosted throughout the City Region, from sand dunes to city streets, car parks to high streets, stately homes to forests: we will rebuild our visitor economy and market it to the world.

Liverpool Without Walls (£5.37m): Liverpool City Council has initiated a series of pilots and interventions that reimagine Liverpool's city and visitor economy within the context of safe social distancing. From 'Reclaim the Road' (which will extend restaurants' and bars' outdoor operating space) to 'Bike and Ride' (a free bike-sharing programme with a simple tracking app), they bring together a range of local businesses and organisations to build new networks and create opportunities for growth and new ideas. There is an opportunity to build on this pilot to scale it in Liverpool and across the City Region.

Confronting Colonial Pasts: Expansion of Liverpool's International Slavery Museum (£63m programme): Liverpool City Region is home to the UK's only International Slavery Museum, housed amongst the UK's largest collection of Grade I listed buildings at the Albert Dock. The recent worldwide events associated with the Black Lives Matter movement and the questions that this has raised on how we confront our colonial past make it more important than ever to learn and reflect on the transatlantic slave trade. Government can align with plans already being developed by National Museums Liverpool to expand a major cultural asset that also acts as a research hub for international scholars.

Total Immersion (£2.6m project): Total Immersion is a sector development initiative designed to maximise Liverpool's established immersive technology ecosystem. Phase 1 of this project will see the development of 4 high-quality integrated reality projects and the establishment of a new model for sharing immersive technology between 10 businesses, 3 universities and the public sector. The end point is the creation of a 3D augmented reality visitor attraction with immersive digital experience at its heart, a unique offer which will both create a new tourism offer as well as public platform for presenting new content and ideas from LCR immersive tech businesses.

An upgraded, sustainable Cruise Liner Terminal (£120m): An upgraded, expanded and modernised cruise liner terminal which would replace the existing temporary facility and enable the City Region to accommodate larger vessels carrying up to 3,600 passengers. This will enable the terminal to be ready for an upswing in demand as social distancing is eased around the world, including into projects now under development like the Shakespeare North Playhouse.

New Housing Delivery (£40m capacity funding and stimulus package for £2.3bn programme): The City Region must deliver more, good quality affordable homes. With additional allocation of a £35m stimulus package, we could purchase stock plots which would stimulate further house building on existing sites and provide new affordable housing. Capacity funding of £5m will be used for preparatory work for the Strategic Housing Infrastructure Fund.

A new stadium for Everton Football Club (£500m project): Everton Football Club is developing a new 52,000 seat stadium at Bramley Moore Dock. This is the largest planned private sector investment in the City Region, which requires significant remediation and preservation work first, and is anticipated to initiate the regeneration of the northern docks area of Liverpool. Following the Club's move the club will also develop the existing Goodison Park ground for housing and community uses. The completed stadium can be levered to augment Bootle town centre's leisure offer, with the Leeds canal providing a heritage link.

Shakespeare North Playhouse (£3m): A 350 seat theatre, modelled on the cockpit-in-court design popular during the Elizabethan era. It will include an outdoor performance garden, exhibition and visitor centre and educational facilities. We will engage with DCMS on existing and new recovery funding lines for an additional £3m to secure the project's construction delivery, noting our continued ambition for culture to lead Prescot's revival.

An investment of £335m will unlock our £3bn pipeline of projects. This will unlock delivery of 14k new houses, and development of 300k sqm of commercial and retail floorspace including in our town centres. This will create c 24k jobs, a further 17k construction jobs, and generate £1.8bn of GVA.

A Green Recovery

The UK is legally committed to achieving net zero carbon emissions by 2050. It is well established that the costs of climate action rise exponentially with time (cf. Stern report), and therefore our urgent need to transition to a zero-carbon economy is unchanged by the COVID-19 pandemic. Lockdown has demonstrated the rapidity with which change can be effected.

Our City Region's target date for reaching net carbon neutrality is 2040. We are well placed to respond to this ambitious challenge, with the local low carbon economy valued at £2 billion per annum, employing 27,000 people across 1,400 businesses, and above average research and development in the sector. We have unique opportunities in tidal energy, hydrogen and an immediate opportunity to improve our housing stocks' efficiency through retrofit.

There are some key green economic assets in place in the City Region, including the Eco-innovatory Programme at Liverpool John Moores University, and real-time data collection and processing assets at Sensor City to create a pioneering programme to enhance carbon literacy throughout the City Region. Accelerating investment in green recovery will aid achievement of the carbon neutrality goals and help businesses to refocus and capture the opportunities and competitive advantages ahead.

Centred around meeting this challenge is recognising that too much of our current housing stock is poor-quality. Almost 70% of the City Region's housing stock is in council tax band A or B, compared to an average of 44% in England. The City Region has a high incidence of fuel poverty (14%) compared to the national average (10%). The pandemic again creates a fresh imperative to improve the quality of our homes to enhance our residents' living conditions and protect their health as well as to stimulate the economy and to become a centre of excellence in developing the technologies and construction processes needed to deliver homes fit for the future, lowering household emissions and supporting a green recovery.

26 Engagement with Government

Green recovery interventions have the distinct characteristics of being typically long-term in both development and benefits realisation, and of requiring state intervention to enable viability. This is commensurate with the scale of their economic, social and environmental benefits, which can be both significant and long-term. In light of this, we will work closely in partnership with Government to maintain a pipeline of near-term development funding support for our ambitious programme of green recovery investments.

We will use our strategic planning powers to embed sustainable development within our emerging Spatial Development Strategy.

Our engagement with Government will comprise the following:

- Recognition of tidal power's potential contribution to the North West's and UK's energy mix as a deliverable, predictable and economic source of power;

- Continuing to dis-incentivise carbon emitting power generation and supporting/subsidising clean energy replacement;

- Continued support of Government to fund temporary and permanent repurposing of highway space towards active travel;

- Policy support for a new and more compelling domestic "green deal" to support retrofit;

- Bringing forward the Future Homes standard for new housing from 2025 to 2023 and allow devolution of legislative powers to allow local places to do so to meet their targets;

- Leading and encouraging a shift in appraisal assumptions, particularly in the use of Green Book to directly favour a net zero investment case in economic appraisal and capture true value of measures;

- Devolution of skills budgets coupled with strong national regulatory targets would enable our economy to have confidence in skilling/capacity building which would build-in local expertise and jobs in the "green" economy, e.g. reskilling redundant workforce to work within the economic assets proposed for local delivery;

- Devolution of tree planting and conservation funding announced under Government's pledge to reforest Britain. This would align with Mersey Forest Partnership's programme to "Grow Back Greener" as part of a wider Northern Forest, providing a natural carbon sink while providing opportunities for our visitor economy.

27 Local Interventions

Mersey Tidal Power Project (£3-10 billion programme): The high tidal range in Liverpool Bay and the Mersey estuary provides a unique opportunity to reliably generate abundant long-term renewable energy. The project has an approved development budget from devolved funds of £2.5million and current activity will conclude in a scheme configuration and specific location preference in late 2020.

Acceleration of the project is possible through additional development phase funding, to advance the development phases activities including FEED studies which would allow early progress to Development Consent Order as a Nationally Significant Infrastructure Project. Construction commencement is likely in mid 2020s subject to business case and consents being secured and would be operational by end of the decade.

The overall investment level is likely to exceed £3 billion and could be a public - private sector approach to delivering an asset that can operate over 120 years. Our request is for additional Central Government funding of £11.5million to support FEED studies, explore a location for a tidal range turbine test facility and a wider system integration study to examine how large scale, 'local' low carbon generation can integrate to Liverpool City Region urban and industrial demand base.

Refurbishing Housing for a Green Future Programme (£250 million programme): Only 1% of our 700,000 homes currently achieve EPC rating A or B, with 75% rated D or lower; the objective of this programme is to bring 6,500 homes to EPC Band C or above over the next four years as part of a post-COVID-19 recovery stimulus package. The interventions proposed include external cladding, re-glazing, renewable energy systems, sensors and smart meters. This will stimulate the local and national supply chain, providing construction jobs and skills as well as associated reduced fuel poverty and improved health outcomes. As recognised in the Governments Summer Statement, housing retrofit is a powerful economic stimulus and the Household Retrofit Vouchers are a welcome tool to start the process of making our housing more energy efficient. Liverpool City Region want to build upon this scheme to embrace neighbourhood level transformation in a strategic way to ensure a strong skills agenda, apprenticeship creation and comprehensive transformation at a larger scale to address our climate ambitions.

Manufacturing Technology Centre's (MTC) radical innovation of Modern Methods of Construction (£155million programme): The next stage of MTC's expansion in the City Region, following a £15m expansion into rapidly reconfigurable and digital production lines, focuses on innovative excellence in modern methods of construction **(MMC)**.

The first phase is to develop new, more efficient methods for housing retrofitting. Concept design has begun with support of Torus and Peel Group, and can be mainstreamed into the above retrofit programme. Phase 2, which features in our medium-term pipeline, is a comprehensive approach to new methods of modular construction – building homes like building cars – and will include a skills and development centre as part of the skills system locally, building on the MTC's highly regarded skills and training centre in Coventry.

The LCR Hydrogen Economy Programme (>£600m programme). Liverpool City Region is perfectly positioned to exploit the potential of hydrogen as a path towards a zero-carbon economy. Our strategic advantages include significant readily available and scalable hydrogen production assets and knowledge; large and growing freight and logistics interchange infrastructure to enable 'destination point' zero carbon fuelling. This is in addition to our scalable renewable energy generation capacity, with the potential to provide power to fuel hydrogen production; significant latent demand for hydrogen for industrial fuel switching; and geology that could provide large volume sub-surface hydrogen storage and similarly carbon capture utilisation and storage within the depleted Irish Sea Gas fields.

With targeted interventions to unlock these strategic advantages, Liverpool City Region will be at the forefront of European, if not global, hydrogen innovation and application. Our emerging programme of hydrogen-based interventions, responding to the above opportunities, is set out as part of our Medium-Term Recovery Pipeline appended to this strategy. This programme could be accelerated with revenue contribution of **£330,000**.

The first phase of this strategy, the procurement of **40 hydrogen buses** and a hydrogen refuelling station which could be delivered for **£27.8m**, to be operational by late 2021. This would introduce a fully hydrogen-powered "green route" on a specific existing service that passes through several Air Quality Management Areas

An investment of £285m will unlock our £3.4bn pipeline of projects. This will deliver 5k homes and retrofit another 6.5k houses. In the short term, 4k jobs will be created, and another 4k construction jobs, and £1bn of GVA will be delivered, however, in the longer term, the employment, economic and environmental impacts of these projects will be significant.

(AQMAs), is close to an existing Liverpool City Region hydrogen manufacturing plant and in proximity to an emerging cluster of hydrogen fuel companies.

Appendix A: Medium-term Capital Investments Pipeline

Beyond the immediate recovery response detailed through each of the thematic strands above, we have a pipeline of projects which will form part of our medium-term recovery response. Many of these projects have benefitted from devolved development funding and can be accelerated with additional central government investment. Some of our key medium-term projects are summarised in the table below; further details are provided within the appended SOCs.

Medium-Term Capital Investments

Project	Description	Location
Town Centres diversification and regeneration programme	A **diversification and regeneration** programme, set by our Local Authority (LA) partners, with CA support, would be delivered in collaboration with the private sector, bringing in their expertise and finance at the earliest opportunity. Funding would be used for a variety of key enabling interventions, including site assembly, land remediation, public realm and infrastructure improvements, supporting Future High Streets Fund and Towns Fund investment plans to improve outcomes.	LCR-wide
Hydrogen Economy Programme	• We are developing a programme that has the potential to make Liverpool City Region the foremost centre of hydrogen-based economic growth in the UK, which encompasses the following emerging strands: • To repurpose the redundant Port of Weston Complex in Runcorn to create a viable in-land Hydrogen Port, which would generate sufficient power to create a sustainable 3,000 tonnes p.a. supply of green hydrogen for use across industry, transport and domestic consumption. The Hydrogen Port project will contribute to the development of 26 hectares of derelict/under-developed land around the Port of Weston, and would be a total c.£600m scheme leveraging significant public and private sector investment, including from freeholders, Stobart Group, and INOVYN. • To deliver a network of at least eight zero-carbon refuelling stations (hydrogen and electric charging) across the City Region by 2025 to	LCR-Wide

Project	Description	Location
	serve a growing market for hydrogen powered transportation, including back to base vehicles (such as refuse trucks). • To roll out a fleet of hydrogen powered buses and refuse and other back to base local authority vehicles, with the overall ambition to decarbonise our bus and refuse vehicle fleets by 2030. • To replace all methane with hydrogen from the City Region's gas grid by 2035.	
Sci-Tech Daresbury (£26m)	This is the sister campus to STFC Harwell and comprises a nationally significant concentration of science and innovation assets including the STFC Hartree Centre and an IBM Global Research Hub that includes its primary "Watson" AI platform deployment. The campus has more than 130 businesses and approaching 1,500 employees on site and is one of three Enterprise Zones in the City Region. Enabling infrastructure works at the campus would unlock a total 600,000 square feet of innovation development floorspace.	Halton
Left Bank Redevelopment	Stretching along the Left Bank of the River Mersey, there is a major mixed-use regeneration opportunity which has to-date included the University of Chester and Wirral Metropolitan College campus developments, 48,000 sq. ft Grade A office, the first phase of Wirral Waters residential developments, establishment of the Wirral Growth Company 50/50 joint venture with Muse Developments, and development of the second Eureka! National Children's Museum. Additional support will catalyse the full potential for up to **20,000 new homes and 6,000 new jobs** through high quality, sustainable development delivered at scale and at pace.	Wirral

Project	Description	Location
Liverpool School of Tropical Medicine – Phase 2	Building on the tactical phase 1 project, In the medium term, phase 2 will establish a major facility for translational R&D infection work, that can sustainably support industry infection R&D needs, but which can also rapidly respond to handling R&D in emergent or re-emergent pathogens to handle any future pandemic outbreaks. This investment would see significant sector growth and job creation opportunities, a pipeline of rolling inward investment and 400 trained professionals feeding demand annually for skills in the growing infection R&D sector nationally.	Liverpool

Appendix B: Medium-term Transport Pipeline

We recognise that sustained investment in our transport network is required to deliver our vision of a **globally competitive, environmentally responsible and socially inclusive economy.** To deliver this, we intend to continuously engage with Government in the following areas:

- In tandem with our targeted investments which will improve access to key international connectivity assets such as the Port of Liverpool and Liverpool John Lennon Airport, we will continue to make the case for improved national connectivity through accelerated full connection to **HS2 and Northern Powerhouse Rail (NPR)** which will benefit our passenger connectivity with the UK and unlock capacity on the freight network;

- Our public transport network has a 95% reliability and a 90% satisfaction rate but there is evidence our local bus services are often considered unreliable and expensive, which acts as a significant barrier to opportunity. For this reason, we will continue to agree a model of **bus reform as part of our "Vision for Bus"**, while continuing with capital investments in our network;

- The COVID-19 pandemic has led to 70% increase in walking and cycling nationally and as a direct result improvement in air quality in the City Region. We intend to sustain these positive changes by seeking accelerated funding to deliver our proposed **600km of walking and cycling routes and creating Active Neighbourhoods** across the Liverpool City Region.

Our key medium-term transport investment opportunities discussed recently with Transport for the North are summarised in the table below; further details are provided within the appended SOCs.

Medium-Term Transport Pipeline

Project	Description	Location
New Rail Station Development	Building on our £460m procurement of a new fleet of efficient and higher capacity trains to serve the Merseyrail electrified network, we plan to open two new stations to improve access to key employment sites in the City Region through public transport. A new station at **Headbolt Lane** will provide access to jobs at Knowsley Business Park and linking residents of Kirkby to opportunities in Liverpool city centre. **St James Station** in Liverpool city centre will provide access to Baltic Triangle, Liverpool city centre's expanding digital and creative cluster.	Liverpool, Knowsley
Rail Station Accessibility	We are currently delivering step-free access improvements to five Merseyrail stations, co-funded with DfT under the "Access for All" programme. Even with this investment, 38 stations without step-free access will remain across the Merseyrail network. Central Government support would enable us to expand the programme to include an initial further seven stations from our original shortlist proposed to DfT.	LCR-Wide
IPEMU Hybrid Power Project	The Independently Powered Electrical Multiple Units (IPEMU) project entails the provision of hybrid battery drive technology for the new Merseyrail rolling stock, to enable operation on non-electrified lines. This would allow a cost-effective expansion of the network to routes identified in our Long Term Rail Strategy including to Preston, Skelmersdale, Wigan, Warrington and Wrexham.	LCR-Wide
Liverpool Central Station	Liverpool Central Station is the busiest station in the City Region, being at the start or end point of more than 50% of Merseyrail journeys, third busiest overall in the North of England and the busiest three-platform station outside of London, with over 16 million passenger journeys starting or ending at the station per year. We are developing a £500m scheme to deliver additional platform capacity, which will address issues of overcrowding and to provide space for growth in passengers and services. The scheme will include additional platforms, upgrading access to	Liverpool

Project	Description	Location
	the platforms from the station concourse, remodelling the station concourse and developing retail and employment facilities.	
Liverpool John Lennon Airport Eastern Access Corridor	We are developing a highway route that will connect the south Liverpool estuary area to the strategic highway network. This will support the delivery of office and commercial developments approved at the Estuary Business Park and 1,100 dwellings at East Halewood urban extension. The local area includes significant advanced health and life sciences and logistics assets which would benefit from journey time and reliability improvements. The scheme would also allow airport freight movements to grow from circa 1,100 tonnes p.a., to its full capacity of 2,000-3,000 tonnes p.a.	Liverpool, Knowsley
Parkside	The Parkside Strategic Rail Freight Interchange will facilitate the movement of containerised goods from the Liverpool City Region to other parts of the UK by rail and enable growth of The Port of Liverpool which is constrained by capacity on the highway network. This will also support the increasing sustainability of freight transport by removing a significant number of Heavy Goods Vehicles from local roads and reducing carbon emissions and pollution.	
St George's Gateway	Following the recent demolition of the Churchill flyover in Liverpool city centre, there is an opportunity to connect existing and proposed pedestrian and cycling infrastructure to significant educational assets (Liverpool John Moores University) and cultural assets (World Museum Liverpool, St George's Quarter), while opening up over 100,000 sq.m of floorspace on the land previously occupied by the flyover.	Liverpool

Project	Description	Location
Birkenhead Central Gateway/ Connecting Wirral Waters	Birkenhead Central Gateway will remove a flyover to directly unlock the Hind Street development adjacent to the Mersey Tunnel entrance, while the related Connecting Wirral Waters would deliver a Green Corridor for cycling, walking and public transport, creating a high-quality segregated corridor linking Wirral Waters and Birkenhead town centre. Together the two schemes would indirectly support development at Wirral Waters, Woodside Waterfront and Birkenhead Town Centre to the value of £439.9m GVA per annum.	Wirral
Daresbury EZ and East Runcorn Connectivity	The scheme will introduce walking and cycling accessibility and a Zero Emission Charging Centre (ZERC) alongside capacity enhancements to the A558 Daresbury Expressway. The scheme would catalyse growth of the Enterprise Zone where 10,000 new jobs are to be created over the next 20 years. The improvements will also directly support the movement of goods for our local logistics assets, including Eddie Stobart, DHL Parcel ltd and Wincanton Logistics.	Halton
Urban Traffic Control Integration	There is an opportunity to bring together existing separate traffic signal management centres across our City Region to enable real-time movements to be managed coherently. UTC will be an invaluable tool to manage conflicting road user movements in the light of increased active travel since the COVID-19 pandemic and will include air quality monitoring and variable response at key sites on the network.	LCR-Wide

Appendix C: Strategic Outline Cases

1. LCR Accelerator

Liverpool City Region has lower than average business scale-up growth, which impacts on the provision of quality employment, knowledge spill-overs, commercialisation, and the ability to drive up productivity. This is due to a combination of factors, part of which is a lack of growth and support infrastructure and dedicated intensive support for businesses with the highest growth potential.

The development and provision of an industry leading business Accelerator which begin to address this issue. The Accelerator will:

- Provide targeted, sophisticated support aimed at accelerating the growth rate of early-stage, knowledge-intensive SMEs;
- Bring together full sector/industry ecosystems to increase the impact of clustering network effects and access to valuable resources, facilities and knowledge;
- Bridge the gap between early-stage SMEs and private sector investors to promote investor readiness, facilitate access to investment, and increase deal flow;
- Attract, retain and develop talent; with a specific target to increase available talent pool of STEM professionals; and
- Promote the reputation of the UK, and the LCR, as a growing digital, creative & tech hub.

The Accelerator will create an estimated 150 additional jobs, cumulative additional GVA (£15m), and wage level enhancement. Its ability to generate significant economic returns is demonstrated by a BCR of 5.5. Wider intangible benefits are also potentially significant, in particular creating a greater critical mass of LCR businesses and high growth peers for the City Region.

Stakeholders

Liverpool City Region Combined Authority, Growth Platform, LEP Sector Boards, Regional Universities, Regional SMEs, Regional/National/International industry stakeholders.

Request from HM Government

£2.75m over 3 years for set-up and ongoing operational and investment costs. Full project cost is £5m - it is anticipated that £2.25m of this could be sourced from ERDF.

Strategic Case

LCR has a vibrant Tech sector, built on a thriving base of creative SMEs, a STEAM-rich HEI base, and a valuable place/cultural offer. The sector now contributes over £1.8bn to the UK economy and 22,000 jobs across 4,500 companies and has grown significantly over the last decade. The local ecosystem grew by more than 144% between 2011-16 alone (TechNation, 2018), meaning there is a growing momentum within the sector. But more must be done to convert early-stage SMEs into scale-ups which are capable of driving productivity, economic growth, high-value job creation and intellectual property. This is particularly important at time when dynamic, growth businesses will be required to drive recovery into the medium term.

However, early-stage firms in the City Region currently face substantial challenges in securing the same access to expertise, shared knowledge, facilities, markets and capital when compared to other UK regions (most notably London). This 'liability of distance' impact is self-affirming; the region is currently in a 'network effect trap' where the short-term absence of experience, facilities and capital prevent the local ecosystem from reaching a tipping point of critical mass.

It is widely accepted that the presence of high-quality, well resourced, early-stage SME accelerators is a critical component in the development and long-term prosperity of healthy innovation ecosystems. Accelerators deliver rapid development and growth of their own SME cohorts but also substantially increase the wider progress of the local ecosystem. This is achieved by drawing in investors, talent, corporate sponsors, supply chains and wider stakeholders (e.g. regulators). LCR currently lacks the presence of any such accelerator which is capable of fully mobilising the underlying potential growth of tech firms. This results from the substantial sunk costs and time to ROI which face 'first mover' accelerator providers.

Through the creation of the LCR Accelerator, public intervention can address these barriers which are currently preventing market leading industry accelerators from locating to the City Region. The programme will work with internationally leading/renowned accelerator providers to establish and 'pump prime' a targeted, well resourced, patient business accelerator offer within the City Region. It will deliver a rich blend of sophisticated support (product, marketing, communications, operations etc) to cohort businesses and facilitate access to investors, facilities, supply chains and talent through their extensive international network. The Accelerator will initially draw cohort SMEs from the LCR and surrounding indigenous geographic LEP regions, before expanding to attract internationally significant early stage firms.

Design and development of the programme will be deeply integrated and aligned with the Local Industrial Strategy priorities and wider local provision including: angel, seed and wider Investment Ladder funding (see separate LCR Recovery Investment Platform SOC); and cluster innovation projects such as the Maritime Knowledge Hub (again detailed in its own SOC).

Financial Case

The Accelerator will cost £1.5m revenue per annum for three years, with an additional £0.5m earmarked for risk seed capital investment in-line with industry standard (c. £25,000 for 7% of cohort business equity). In the medium-long term (c.3 years) it is envisaged that the Accelerator will be financially self-sustaining through significant sponsorship revenues from corporate partners, and realising exits on pre-seed evergreen investments from cohort SMEs for a wide catchment area (potentially internationally).

Economic Case

The LCR Accelerator will have considerable direct and indirect benefits. In particular, it will create a greater critical mass of high growth peers and success stories that will raise the ambition of the business base more broadly to innovate and grow. It will increase levels of employment and ability to raise finance. A successful Accelerator in LCR is also likely to further attract institutional investors and importantly increase the value of investments made into non-accelerated seed companies.

The direct economic impact is on employment (an estimated 150 additional jobs created), cumulative additional GVA (£15m), and wage level enhancement. Its ability to generate significant economic returns is demonstrated by a BCR of 5.5. Moreover, as noted, the wider indirect and less directly measurable impacts across the business ecosystem goes beyond this and adds highly significant value to the proposition.

Commercial Case

The Accelerator is anticipated to intensively work with up to 70 businesses during the initial three year period – with a further impact expected to be realised by a further 200 companies within the wider ecosystem. Evidence from across the City Region and wider area (North Wales, Cheshire, Lancashire) indicates that there will be a high and growing demand for industry leading 'scale-up' support, stimulated by rising levels of digitisation. Recent comparable high quality provision programmes targeted at the digital and creative sector (most notably the Gather LCR Tech leadership programme) have been heavily oversubscribed and are already delivering significant commercial impact for cohort SMEs. Wider UK and global trends are extensively researched and documented by technology thought-leaders and industry bodies (e.g. Nesta) enabling an effective 'intelligent customer' approach.

Management Case

The Programme will be operationally led by a commercially adept, specialist provider of high growth SME accelerators – operators will be selected through a competitive process. Particular focus will be given to attracting internationally renowned operators who have long-standing experience and an established global reach. The provider will deploy staff in the City Region to both ensure efficient provision/focus and to embed wider, long-term capability. A procurement process will be undertaken in consultation with regionally/nationally significant industry figures to objectively ensure that any selected provider is capable of delivering transformative change to the LCR. Continuous input from wide range of stakeholders will be secured at regular intervals through existing LEP Sector Boards and a specialist taskforce to ensure the programme is in-line with best practise and strategic/operational need. The programme will be strategically supported by the Combined Authority who will closely monitor and evaluate provision.

Timeline and Next Steps

There would be a lead in period of 6 months to initial provision. The initial (funded) lifecycle will be 3 years, with commercially self-sustainable provision setup from year 4 onwards.

2. Liverpool Health Ventures

Liverpool City Region (LCR) punches below its weight when it comes to translating its internationally significant science activity into commercial success and new business formation, particularly within health & life sciences. LCR has an impressive suite of specialist NHS hospitals and supporting research assets. However, the innovative ideas generated at these hospitals often face stubborn market and other failures which act as significant barriers to commercialisation and economic growth. Liverpool Health Ventures (LHV) will disrupt this status quo. It will establish LCR as a leading innovation ecosystem for the accelerated commercial development of health and social care innovations. By offering a shared resource and targeting ideas developed by NHS and other healthcare staff, local universities and the wider private sector, LHV will deliver:

- Support for health and social care partners to develop demand-led innovation pipelines;
- A central hub to access the wider innovation ecosystem by signposting, joining up activity and acting as a critical friend;
- Early-stage funding for proof of concept work (LCR Health and Social Care Challenge Fund);
- The LHV Academy to develop entrepreneurial talent and culture in the City Region and help build skilled project teams/capacity/capability;
- The LHV Venture Builder accelerator programme to provide project teams with access to appropriate commercial, regulatory and technical expertise across LCR and beyond; and
- Linkages with follow-on funders to support further project development and to take the early stage ventures from pre-revenue stages through to launch and commercialisation.

The revenue funding will support the first five years of LHV's operation. Quantified economic impacts will be generated through 3 core outcomes:

- Turnover generated by new start-up companies supported by LHV;
- Inward investment projects attracted to the LCR because of the performance of the high growth firms supported by LHV's Challenge Fund and LHV's wider med-tech ecosystem; and
- Direct employment creation within the LHV delivery team.

It is estimated that by 2035, the intervention will generate an additional £100m in net GVA for the LCR, an NPV of £41m and a BCR of 7.4. Additionally, it will create more than 450 high value knowledge-intensive jobs. As noted below, LHV is an early stage intervention and should not be appraised solely on quantified economic impacts. Longer term non-quantified impacts include the growth of LCR's life science cluster, international applicability, reduced healthcare costs, and improved patient outcomes, as well as increasing demand for professional services.

Stakeholders

LCR Combined Authority, Growth Platform, 9 LCR NHS Trusts (who each invested £10k each for a pre-development feasibility study) and wider health and social care, universities, range of innovation ecosystem partners and assets, Fund Management Firms and Managers (co-investment).

Request from HM Government

£13.5m (alongside £5m also expected to be co-invested at the deal level by angels and other private investors).

Strategic Case

Liverpool City Region has a critical mass of internationally significant NHS hospitals and supporting assets. However, there is a lack of specialist advice readily available to develop ideas generated in the public sector into investable propositions, and a lack of local access to appropriate funding. This links to the wider issue of the City Region punching below its weight in commercialisation, particularly in relation to its relative wealth of innovation assets. There are a number of stubborn market and other failures LCR hospitals face which act as significant barriers to commercialisation:

- Limited access to pre-commercialisation finance because of information failures on both sides;
- Information and risk aversion issues whereby individuals lack the skills and knowledge to develop innovative ideas;
- Networking/ co-ordination failures which prevent NHS staff from engaging specialists.

LHV will provide a solution to these challenges, and in doing so utilise many of the innovation assets from across the City Region. It will therefore showcase the possibilities around collaborating to achieve commercialisation ambitions, and help stimulate a cultural shift that is so important for the wider business ecosystem.
LHV will consist of IP management and exploitation strategies, business and commercial expertise and access to early stage (pre-seed) finance via a challenge fund to progress from idea to prototype. This will give the capacity and capability to address market and information failures to support the accelerated commercialisation of healthcare innovation at scale. LHV aligns with LCR Local Industrial Strategy (LIS) priorities and the Science & Innovation Audit (SIA), to drive open health innovation, and better maximise productivity in health and social care, and life sciences. By

contributing to long term productivity growth and the development of the LCR life sciences cluster, it also addresses the priorities of the UK Industrial Strategy.

The LHV Academy will address the need for talent, encouraging an entrepreneurial mind-set and have the potential to offer access to alternative careers for those made redundant from other sectors. LHV will also connect to a separate but aligned seed fund through the LCR Recovery Investment Platform (see separate SOC), to ensure access to appropriate finance along a commercialisation pathway.

The LHV Challenge Fund will provide up to £250,000 per innovation and therefore differentiate from the Future Innovation Fund (see separate SOC) and start-up grants from the LCR Recovery Investment Platform (again, see separate SOC).

LHV will work with the local research infrastructure, the science, technology and manufacturing asset base and SME community to support technical development and prototyping of innovations. It will enable investment in start-ups, license deals and/or collaborations with local SMEs and entrepreneurs to commercialise them. Start-ups will also be supported to target later stage investments from regional, national and sector specific venture capital funds to enable scale-up.

This project has been developed by the Innovation Agency (AHSN), LCR Local Enterprise Partnership (LEP), Growth Platform; alongside members of Liverpool Health Partners (NHS Trusts and universities) and the private sector. This ensures complementarity to the work of the AHSN, the Combined Authority and aligned projects including the Civic Data Co-operative, Health Innovation Liverpool, Knowledge Quarter, STFC, Sensor City and other City Region assets.

Financial Case

LHV is seeking £13.5m in revenue to support a five-year plan to establish a self-sustaining model which will use equity to feed an evergreen innovation challenge fund and develop investor partnerships to maximise funds and de-risk via co-investment. Alongside this, £5m is also expected to be co-invested at the deal level by angels and other private investors. Running costs equate to £3.5m with a £10m challenge fund. Sustainability will be reached through leveraging grant funding, early stage angel and seed investment and longer term through ROI as the portfolio matures. Fee for service offers (e.g. due diligence for venture capital investors, investor readiness services for SMEs and the Academy fees) will generate additional income from year two.

Economic Case

LHV will ensure front line clinicians and entrepreneurs can access commercialisation support and nurture a holistic ecosystem to facilitate and encourage more entrepreneurial thinking. The result will be reduced health & care costs, enhanced levels of care and improved patient outcomes, thus impacting both on economy and society. LHV will directly contribute to driving a critical mass of agglomeration and catalysing continuous cycles of investment into life sciences.

In terms of impact, it is estimated that by 2035, the intervention will generate an additional £100m in net GVA for the LCR, an NPV of £41m and a BCR of 7.4. Additionally, it will create more than 450 high value jobs.

It is important to note that LHV will support the early stages of the commercialisation pathway. The main economic impacts of LHV will occur when ideas have progressed to market and the businesses generate turnover and/or income from IP licensing agreements. However, the intervention will only take projects to Technology Readiness Level (TRL 3) and not all the way to commercialisation (TRL 9). Projects will be reliant on further investment and R&D activity post-LHV. LHV should therefore not solely be appraised on the scale of monetised direct economic impacts delivered given that the main benefits will occur later on. It is important that the figures presented are viewed in this context.

Commercial Case

Supporting 88 SMEs/innovations over the first five years, LHV offers benefits for innovators, Trusts, local authorities, innovation assets and Liverpool City Region Combined Authority, including:

- Positioning LCR as a key geography for the commercial development of health and care innovations;
- Attracting inward investment across LCR and higher quality FDI;
- A connected ecosystem of partners supporting the commercialisation of health and care innovations across LCR;
- Enabling NHS Trusts and local authorities to create revenues which can support frontline services;
- Innovations which support improved outcomes for LCR patients and residents;
- Helping maintain and attract high-quality talent within the LCR.

Management Case

LHV has completed a feasibility stage to establish a full operational model including the legal structure, governance and IP pipeline. Economic impact modelling was completed, the innovation asset base was engaged and considers LHV as a missing catalyst which will improve under-utilised capacity. A team will be recruited and appointed during Autumn 2020. LHV will be a company limited by guarantee, operated commercially for profit but with profits reinvested to enable long-term sustainability of the model. LCRCA will provide back office administration including monitoring and will act as guarantor.

Timeline and Next Steps

LHV would be ready to launch within 3 months with the following timeframes:

- Confirmation of funding (Summer 2020)
- Key Roles Appointed/Seconded (Autumn 2020)
- Venture Builder Programme Start (Winter 2020)
- First Round of Challenge Fund Awards (Spring 2021)
- LHV Academy Pilot Phase Launches (Autumn 2021)
- Launch VC and Investor Support Service (Autumn 2021)

3. LCR Recovery Investment Platform

The current model of regional investment funding does not work optimally for the City Region. It fails to recognise that funding ecosystems function at a sub-regional, rather than regional, level. By way of example, without a detailed knowledge of local SMEs or integration with the local business ecosystem, BBB's NPIF equity fund (managed from Manchester) has made limited impact in the City Region. This problem has been exacerbated by the COVID-19 pandemic. Demand for funding will increase (e.g. for business adaptation) at a time when businesses' own funds (equity reserves) have been eroded. This calls for a new model of funding that recognises that detailed local knowledge of the market is crucial to effective deployment. A model which is financially sustainable. A model which catalyses networks and stimulates the business ecosystem instead of simply providing a financial stop gap.

The LCR Recovery Investment Platform (the "Platform") addresses this challenge, incorporating targeted instruments to provide finance across different stages of the business lifecycle, aligned to local priorities. This will focus on recovery risk finance based on new soft equity and flexible loan models, while levering private funds to create and coherent and locally recognised funding pathway with responsible private deployment that is a critical enabler for business growth and the ecosystem development more broadly.

The Platform is key not just to addressing finance supply gaps, but also specifically to drive cultural change amongst SMEs, generate networks and lever additional investment (angel and institutional) from outside the City Region. This is central to the development of a self-sustaining business ecosystem that supports continual investment in processes, products and people, driving innovation-led growth. Publicly-seeded funds deployed by locally established private vehicles with tacit local knowledge of the LCR market, will provide efficient investment in SMEs as advocated by Oxford economists in a compelling recent paper on levelling-up.[2] The equity funds would be modelled on Scottish Equity Partners, a demonstrably successful public-private initiative, originally seeded by Scottish Enterprise and now a self-sustaining manager in its own right. This can be contrasted with BBB funds which will remain reliant on public money to raise new funds.

The BCR for this project with no repayment of funds is 5.7. However the expected 50% repayment rate would achieve a BCR of 9.4, generating £565m of net additional GVA. This corresponds to up to 10,200 jobs.

[2] Collier & Mayer (15 June 2020). The Investment Trap: Reforming Financial Systems to Rebuild Economies post-COVID

Stakeholders

Liverpool City Region Combined Authority, Growth Platform, Fund Managers (covering each of the sub-funds).

Request from HM Government

£100m capital over five years (breakdown in strategic case). (£65m private leverage at project/deal level).

Strategic Case

Prior to the pandemic, Liverpool City Region SMEs cited access to finance gaps as the most important barrier to growth/scaling-up (at 25 per 10,000 businesses, the proportion of scale-ups is only 72% of the national level). Local market failures result from the liability of distance from national (and regional) funds. As funders are not based in LCR, they are "hubs without spokes", lacking the detailed knowledge of the local LCR SME market. The pandemic has heightened this market failure and eroded SMEs' equity. This results in depleted SME funds for investment but also reduced ability to secure commercial debt or raise equity from constricted investors. SME investment is vital to the recovery but constrained finance will limit survival and growth. Demand for finance will also rise. Business failures and redundancies may produce more business start-ups. Businesses will also need to invest to adapt products and processes following the pandemic.

The solution is to develop publicly funded local investment vehicles to provide appropriate finance, and tailored support, to SMEs at different growth stages. This would follow the recommendations of Oxford economists Collier and Mayer in their paper (footnote 1) as supported by a recent NWBLT innovation finance recommendations report from economist Lee Hopley. Illiquid investment in SMEs is easily compromised by information asymmetries so those intermediaries must have knowledge of the local SMEs and market. This was a priority identified prior to the pandemic, but its importance is now heightened. Without available investment capital, LCR will fail to exploit on the opportunities and competitive advantages outlined in the Local Industrial Strategy (LIS) and Science & Innovation Audit (SIA).

The Platform will deliver this solution, with sub-funds to provide finance at different stages of the business lifecycle. It will address local information, signalling and coordination failures, lever private capital and act as a focal point for strong networks. Crucially, the Platform will generate a sustainable, publicly seeded and private-led growth funding ecosystem. Specifically, the Platform incorporates recovery risk finance and investment ladder funds as detailed below:

- *Start-up grants (£10m)*: Small grants, complemented by advice and support, to enable start-ups and proof of concept, recognising many individuals have been and will be made redundant following the pandemic. This fits alongside the Future Innovation Fund grants and complements the Entrepreneur Development Programme in the People strand (see separate SOCs).
- *Seed equity funding for tech (£20m):* to provide start-ups, early-stage, and emerging companies with risk-capital. The presence of a locally networked equity provider is presently a significant market failure in the LCR ecosystem.
- *Angel co-investment fund (£15m):* to leverage seed and other angel investment, deliver the investment on the right terms, and to the right start-ups. This was a recommendation from a independent report on seed funding for LCR.
- *Seed and venture funding for clinical health ventures (£15m)*: LCR participation in the next round of the GMC Life Sciences Fund, linking to Liverpool Health Ventures commercialisation project (separate SOC). Note that in relation to other key sectors/clusters, the SOC for an Advanced Manufacturing Support Programme provides a specific capital support component where access to commercial finance is difficult.
- *Growth capital for the wider business base*: including growth equity (£20m) and debt (£20m), the latter through the further rounds of the Flexible Growth Fund; flexible debt for businesses with an expansion project that creates employment.

These sub-funds align to priorities set out in the LCR LIS. Note that investment capital for socially trading organisations is the subject of a separate SOC (Kindred).

LCRCA is engaged in progressed conversations with fund managers to deliver these funds which are capable of launching in a short timeframe.

Financial Case

We expect that the funding will partly come through the expected devolved funding settlement, together with a further request for an additional investment from Government. Alongside this we expect approximately £65m private leverage at the project/deal level. Save for the grants, we expect the sub-funds to generate financial returns on a portfolio basis over the medium to long term. The equity funds would initially be seeded with public money over a c.10 year term. Once an investment track record can be established, those funds would be expected to raise private funds in subsequent rounds, going on to become self-sustaining in the longer term. In time, the fund may make investments outside of the region to achieve greater scale and therefore contribute to the financial sustainability. This follows the demonstrable success of publicly-seeded, privately managed equity funds such as Scottish Equity

Partners, originally set up by Scottish Enterprise and now a successful fund manager in its own right. Running costs would be met through market standard carried interest payments from the financial returns generated.

Economic Case

The Platform has multiple positive outcomes, with potential to offer exponential economic impact from capital deployed. Through the development of a culture of sustainable investment, it will make a fundamental shift from over reliance on grants, supporting viable firms to adapt, sustain and grow, and preparing business for follow on investment from institutional investors. Enabled through the investments into economic infrastructure, it will support job creation and enhancing productivity across the whole business base.

The overall impact is subsequently hard to fully predict given that the value often requires a number of years to fully realise across the individual firm and economic footprints – however benchmark NAO figures of British Business Bank impact showed direct monetary impact of £5.60 for every £1 deployed from regional finance packages centred around SMEs. It is expected that the local intelligence nature of the Platform and greater focus upon growth firms will increase this impact value to £6.90 for every £1 deployed.

The nature of the outcomes highlight that the Platform would be hugely significant, and this is demonstrated through its anticipated impact. It is estimated that the Platform will provide a BCR of 9.4 based on 50% repayment back into the funds, generating £565m of net additional GVA. This corresponds to up to 10,200 jobs.

Commercial Case

Our evidence tells us that there is significant unmet demand for such finance, as there is a shortage of finance available in the City Region for businesses looking to adapt, grow or scale. This intervention, building on our granular knowledge from within the City Region and lessons learned from existing and previous finance interventions, will increase the amount of finance in the system to meet demand, the number of businesses receiving finance, and importantly, enhance the levels of finance being leveraged from other sources.

Management Case

The Platform will essentially be run via a public-private partnership. It will be managed at the macro-level by the Combined Authority and Growth Platform. The Combined Authority will provide back office administration including monitoring. At each individual level, the sub-funds will be deployed by procured private fund managers. Each sub-fund relates to specific sectors of the business base or at different points of the business lifecycle, therefore specialist management support and expertise will be required.

Timeline and Next Steps

The approach will be iterative, and sub-funds will be launched as and when they are ready (some are existing, others are pipeline or at concept stage). It is anticipated that all of the sub-funds will be in a position for launch within 6-8 months, meaning that the full Platform could be fully launched by Spring 2021.

4. Future Innovation Fund

The COVID-19 pandemic is creating unprecedented economic and wider societal change. Although it has presented numerous challenges, such change can also create new opportunities and space for innovation. Properly exploited, this can make businesses stronger and more resilient. Many firms currently lack the appetite, capacity and/or resources to innovate and, because of this, Liverpool City Region could experience an impeded recovery. The Combined Authority has set up a £3m pilot Future Innovation Fund to enable SMEs to innovate in response to current and future opportunities. The pilot has been set up at significant pace to provide a timely response to opportunities arising from the pandemic and to test the level and nature of demand that might exist for a larger innovation fund.

The current pilot is providing innovation grants between £25k and £100k, and is being delivered in partnership with Growth Platform, Local Growth Hubs and other partners. The £3m pilot is in mid-deployment and it is expected that 350 net additional jobs will be supported across 52 firms generating £12m net additional GVA. The Combined Authority hopes to follow the initial pilot with an iterated and scaled-up fund to support innovation more broadly across the City Region. The request to Government is for £20m follow-on investment to scale-up the fund and its impact. This could create approximately 2,250 jobs, support 350 firms and generate £80m in net additional GVA. This will significantly increase the capability and resilience of the innovation ecosystem, alongside enhancing the private sector investment profile of many LCR firms.

Stakeholders

Liverpool City Region Combined Authority, Growth Platform, Local Enterprise Partnership (both through direct delivery and the Innovation Board).

Request from HM Government

£20m follow-on investment to scale-up the £3m locally-funded pilot. (£10m also assumed private match at the project level).

Strategic Case

Innovation is central to the City Region's Local industrial Strategy (LIS). This identifies several transformational opportunities for our economy and outlines a clear role for business innovation in responding to them. The Combined Authority's focus on innovation has heightened since the pandemic. Encouraging and enabling the City

Region's SMEs to innovate will help to support a quicker, stronger and more sustainable recovery and enhance the resilience of our business base.

The pandemic presents numerous health, social and economic challenges. At the same time, the economic and societal change arising through the crisis is creating new opportunities for innovative companies to re-orientate their business models, products, services and processes to respond to emerging or rapidly changing markets. The pandemic has heightened many of the barriers that already act to constrain some types of business innovation activity. There is now a risk that businesses will not be able or willing to respond to emerging opportunities for innovation due to a loss of:

- *Appetite:* trading conditions remain uncertain following a protracted period of interruption. Business appetite for risk is likely to be lower and we expect many to be reluctant to commit working capital or increase borrowing to pursue inherently risky innovation projects.
- *Capacity*: many businesses are experiencing capacity constraints due to staff absence (either through furlough or sick leave) or lower worker productivity (e.g. as staff adjust to non-business as usual roles or new operating models). Constrained capacity is likely to dampen appetite to take on new projects.
- *Resources*: the erosion of business capital through the crisis will make it difficult for businesses to self-finance innovation; many will have increased borrowing and seen a sharp decline in revenue. Among the SMEs that have not lost trade, many will face unexpected costs. At the same time, lenders and investors are withdrawing. Even where firms have appetite and capacity for innovation, it may be difficult to fund.

Together these factors create an environment that is not conducive to business innovation. Intervention is needed to encourage and enable businesses to develop and implement innovation projects to capitalise on current opportunities.

Government intervention has so far focused on measures to reduce job losses and business closures during the interruption phase and the limited innovation focused funds that are available (e.g. Innovate UK) have been heavily oversubscribed.

The CA has set up the Future Innovation Fund pilot to encourage and enable businesses to develop and implement innovation projects. There is scope for the pilot fund to be scaled-up to create a significant City Region structure that supports re-orientation and stimulates innovation at scale.

Financial Case

Based on the experiences of the pilot thus far, we expect £10m private match at the project level should it be scaled up to £20m. The initial pilot investment of £3m was secured through re-purposing existing Strategic Investment Fund resources. The intention is to issue three calls for proposals (each at £1m) over the course of 5 months through to November 2020. The first call launched on 12 June 2020.

Running costs for the fund are modest as it is being delivered in partnership with Growth Platform with the Combined Authority supporting the back office functions. Minor deductions from the fund's capital are being made to cover costs of the independent industry assessors but we expect the vast majority of the £3m to be invested into the City Region's companies. Any scaled-up fund would potentially need a small running overhead cost allocation.

Economic Case

The broad outcomes will be a marked increase in the number of firms innovating to adapt their business models, meaning that they are better positioned to grow and respond to opportunities that meet the City Region's Local Industrial Strategy objectives.

The exact scale and nature of the fund's impact depends to a large extent on the characteristics of the demand that seen from businesses, the number of investments the fund makes and the nature of the projects. These factors are changing as lessons are learnt, and intervention is continuously optimised (learning is being analysed with assistance from a range of stakeholders including Nesta). Approximating impact utilising a benchmark investment size of £45,000 (for larger grants) indicates that the current locally funded pilot will generate 350 net additional jobs, across 52 firms and will generate £12m net additional GVA, within 6 months of full deployment in Q4 2020. This impact is expected to increase through iteration of the fund, with a scale up £20m generating approximately 2,250 Full Time Equivalent jobs in the City Region, supporting 350 firms and £80m in net additional GVA. This will achieve a BCR of 4.0. Many of these jobs are expected to be high value, skilled roles given innovation nature of focus.

Commercial Case

The main dependency in the commercial case is the need to understand the nature and scale of demand that exists. The modelling in the economic case is supported by significant demand from first wave of the pilot - 236 applications requesting £15.6m to deliver total project value of £23.9m. This significant interest was secured despite limited promotion, tight turnaround timelines for application submissions and a tightly defined specification which purely focused on projects which could feasibly deliver rapid commercialisation (under 6 months). This strongly illustrates that it is, and will continue to be, heavily oversubscribed.

Furthermore, anecdotal evidence from Growth Platform, LCR Sector Boards and direct business input also suggests there is currently significant unmet demand for innovation funding. For example, Innovate UK's covid-19 business led innovation competition attracted more than 8,600 applications, more than all Innovate UK's 2019/20 competitions combined.

Management Case

The fund will be delivered by Growth Platform in collaboration with the Combined Authority, Local Growth Hubs and other local partners. The Combined Authority will provide back office administration including claims, payment and monitoring. The Growth Platform have recruited a diverse pool of independent assessors for grant applications with commercial expertise in various fields related to the competition scope. There is sufficient capacity to scale up the fund's activities to deliver subsequent and larger calls.

Timeline and Next Steps

The pilot is being delivered in a phased model to gauge demand/need and ensure an agile delivery approach. It will continue with the release of a second wave in August and September. It Is expected that pilot fund £3m will be fully dispersed by late September/early October. The Combined Authority are currently streamlining processes for and will be ready to operationalise a scaled £20m fund almost immediately.

5. Open Source Payments Infrastructure

In 2018, the then Chancellor Philip Hammond advocated open source, blockchain technology to deliver value transfer in local economies globally and achieve inclusive innovation and productivity (Financial Times).

Multinational online marketplace intermediaries such as Amazon and Deliveroo are proliferating rapidly. Whilst these intermediaries allow SMEs and consumers to transact, their extractive commission-based business models are failing to create, distribute and retain value in local economies. The COVID-19 pandemic has accelerated shifts to online consumption to the detriment of bricks-and-mortar retail and local communities. This project invests in the development of open source, blockchain platforms that allow frictionless transactions between SMEs and consumers. These in turn enable new methods of value transfer that distribute and retain value within local economies. Venture capital investors such as NPIF are unable or unwilling to invest due to the longer-term and less commercial nature of the proposition so public intervention is required to unlock access to this market.

The project would position the City Region as a test bed for developing these technologies, attracting new talent and entrepreneurs to help create the inclusive economic vision laid out in the Local Industrial Strategy. It is estimated that by 2022, the intervention will generate an additional £12.5m in net GVA for the LCR, a NPV of £4m and a BCR of 12.5. Additionally, it will directly create more than 20 high value knowledge jobs and kick start at least 20 new companies.

Stakeholders

LCRCA, Spark Capital, Fuse Network Ltd, Peepl Ltd, LCR SMEs (food, retail, software, credit unions, grassroots sports, third sector).

Request from HM Government

£1m capital (with £1m co-investment from global venture capitalist, Spark Capital).

Strategic Case

UK retail and hospitality face significant challenges arising from the pandemic: 17.2m people in the UK will make permanent changes to their shopping habits (A&M) and McKinsey suggest a significant shift to online and local purchasing. Multinational marketplace platforms such as Uber, Deliveroo or Amazon bring convenience to consumers through web or mobile application-based services. Whilst SMEs can use these platforms to extend their market reach and acquire customers, the platforms are extractive, taking significant commission. The proliferation of these platforms has also led to decreased competition and monopolistic practices (e.g. Google $2.7bn EU fine for antitrust breach). Therefore, whilst arguably providing a quality service, the likes of Amazon and Deliveroo fail to create and share wealth within the very local economies from which they generate their profits. In addition, payment processors such as Mastercard, Visa and Worldpay further extract processing fees in individual transactions through these platforms.

This project addresses this problem for SMEs and consumers by removing the need for extractive intermediaries. Fuse is developing an open source, distributed blockchain solution which avoids the need for an intermediary. This allows SMEs and consumers to easily transact with each other but crucially retain and distribute wealth in their local community. This allows a secure, transparent, sustainable and inclusive economic model (by design).

The solution will be achieved through a £2m project as follows:

1. An £800k open source innovation fund (the "Fund") will be open to SMEs across the City Region to build open source applications as part of a 'super app' ecosystem, allowing SMEs to engage in new digital infrastructure to help them through recovery. The Fund will stimulate development of novel approaches to local retail, health & wellbeing and food/ grocery consumption, all building on the existing shared Fuse software infrastructure. SMEs benefit from decreased marketing & sales/technology costs, as any open source infrastructure built in the LCR can be shared amongst other participants in the LCR's 'super app'.
2. £1.2m will be used to build and improve the underlying infrastructure of the entire Fuse Network. This will include a smart contract store, allowing SMEs to benefit from programmable money solutions that previously would have cost £'000s to implement, as well as needing £'000s to ensure security of these financial transactions. The smart contract solutions built, will lend itself to supporting local finance institutions globally, such as credit unions, building societies or local banks, democratising access to finance.

This project aligns to the Local Industrial Strategy's objectives for a truly inclusive economy, benefitting innovators and a wide range of SMEs across sectors:

- Position the City Region as a key geography for the commercialisation of open source, blockchain technologies, attracting high quality tech talent.
- Enable a wide range of SMEs to capture new market share and create new, unexpected forms of value tied to sustainable and local business practices.
- Attract inward investment across the City Region from international blockchain industry investors (as at 7 July, the market cap of the blockchain industry is $269,543,526,054).

Financial Case

The £1m investment represents a 15% equity stake in Fuse Network Ltd. Of the £2m total project cost (i) £800k will be allocated to the Fund for LCR-based SMEs to build open source solutions; and (ii) £1.2m will be invested in Fuse to scale the network infrastructure and build the tools for entrepreneurs to provide a smooth and secure payment experience at the lowest rates possible. Based on current and forecasted market dynamics, capital gains of 10x-30x returns are anticipated within 5 years. The sources of funding are £1m from the Combined Authority and a £1m follow-on investment from Spark Capital, a US-based venture capitalist. The market-making nature of this investment renders it unsuitable for a BBB equity fund.

Economic Case

Lowering the cost of transactions to $0.01 per transaction, not dependent on volume, creates a model where more value will circulate within communities, instead of going to intermediaries/payment providers. This will remove existing costs and provide a better model for entrepreneurs that can focus on building sustainable business models, instead of dealing with expensive integrations and intermediaries. Fuse anticipates this shared infrastructure will service 1m transactions per day within 3 years.

It is estimated that by 2022, the intervention will generate an additional £12.5m in net GVA for the LCR, an NPV of £4m and a BCR of 12.5. Additionally, it will create more than 20 high value knowledge-intensive jobs and kick start at least 20 new companies.
It should be noted though that the main economic impacts will occur when ideas have progressed to market and the SMEs generate turnover. Therefore, the Fuse Network investment appraisal should consider the wider economic and social benefits linked to:

- Economic value associated with reduced technology/ digital payment costs for SMEs;
- Proliferation of innovative economic models based on a new technological paradigm;
- Benefits to community cohesion; shared digital infrastructure fosters new ways of thinking about SME collaboration;
- The Fund can steer innovations to align to the Build Back Better agenda, ensuring inclusivity and sustainability are at the core of projects we fund.

Within 5 years, we envisage having created a world-class blockchain ecosystem that creates 100 new businesses and 2,000 jobs.

Commercial Case

Networks built with Fuse are already in operation in Berlin, Tel Aviv, Seville, Sao Paulo, and elsewhere. This facilitates new ways for organisations and residents to do business, with simple, low friction mobile payments. The Combined Authority would effectively own a stake in all international projects that use the Fuse Network's infrastructure. Fuse's potential to aid in recovery, and its existing global use cases are clear and capital returns are expected.

Management Case

Networks built with Fuse are already in operation in Berlin, Tel Aviv, Seville, Sao Paulo, and elsewhere. This facilitates new ways for organisations and residents to do business, with simple, low friction mobile payments. The Combined Authority would effectively own a stake in all international projects that use the Fuse Network's infrastructure. Fuse's potential to aid in recovery, and its existing global use cases are clear and capital returns are expected.

Timeline and Next Steps

The project is deliverable within 4-6 months of confirmation of funding.

6. Kindred social investment vehicle

Kindred will be an innovative, locally owned vehicle designed to grow the Socially Trading Organisation (STO) sector in the Liverpool City Region (LCR). There is a clear and important role for the STO sector in helping to achieve a fairer and more inclusive economy in the LCR (the importance of which has been enhanced given the disproportionate impacts of COVID-19 in the City Region) but the sector's growth and role is being constrained by a lack of suitable finance and support services. The Combined Authority has invested in developing a new approach to supporting the City Region's STOs and are seeking to establish a locally owned investment and support vehicle that will:

- Ensure appropriate funding is available to STOs at different stages in their life cycle;
- Deliver campaigns to initiate and grow peer networks to encourage and help STOs to grow;
- Enable and improve community asset transfers between the public and STO sectors.

STOs have indicated that they need long-term, sustainable and patient finance. This means that in order to meet the sector's needs, the investment vehicle needs to provide stability and sustained investment and support for the long-term. In Kindred's first 20 years, the fund could disburse at least £13.5m to 640 STOs, and more with private leverage. This would generate social and economic value in excess of £60m, creating a social and economic return of £6 for every £1 invested.

Stakeholders

LCRCA, consortium led by Power to Change, Socially Trading Organisations in LCR.

Request from HM Government

Initial £5m capital and £0.5m revenue. (£1m co-funding already secured from Power to Change). Further £8m follow-on funding (capital).

Strategic Case

The benefits of LCR's strong economic progress over recent years have not been felt equally across the City Region. The need to address a range of persistent socio-economic challenges and address growing health, wealth and wellbeing inequality is widely acknowledged. These priorities are reflected in the clear focus on an inclusive economy within the City Region's Local Industrial Strategy. The COVID-19 pandemic could further entrench many of the City Region's challenges and there is a risk that inequality will worsen. This means that our aspiration to achieve an inclusive economy is now even more important.

STOs play an important role in LCR's communities and economy; they often tackle the most critical issues of jobs, justice & equality, education, environment, health & wellbeing, housing, community and democracy. As they operate in more deprived areas they fill the gaps where markets fail and are active in the communities facing the most entrenched challenges. This means that STOs have a unique and important role to play in addressing local issues (including those essential to improving productivity) so that all of the City Region's residents can benefit from prosperity. In short, a thriving STO sector will help us to deliver an inclusive economy.

The sector's financial status is precarious and this has worsened during the COVID-19 pandemic. STOs are not well served by commercial providers of capital and support services:

3. mainstream finance provision is not tailored or flexible enough for STOs and so many are unable to access the right finance and support at the right time.
4. The sector needs hands on and peer-to-peer support, not traditional finance.
5. STOs are not well served by mainstream advice and support services.

The lack of suitable finance and support services is constraining the sector's growth and limiting the role of STOs in delivering our inclusive economy aspirations. This represents a missed opportunity for the City Region; without the STO sector our access to and understanding of the communities who stand to benefit most from an inclusive economy will be sub-optimal.

The Combined Authority has developed a new approach to supporting the City Region's STOs. Kindred will provide a locally owned investment and support vehicle that will:

6. Pool money from national and local funders and invest this into STOs at different stages in their life cycle using repayable and non-repayable finance;
7. Deliver place-based campaigns to initiate and grow peer networks, and collaborating communities to stimulate and accelerate the growth of STOs; and
8. Improve the practice and delivery of community asset transfers and ownership between the public sector and the STO sector.

Financial Case

STOs have identified a clear need for long-term, patient finance that is not offered by mainstream markets. This type of finance does not create attractive commercial returns; the sub-optimal returns and longer pay-back period are amongst the reasons that the market does not provide adequate suitable finance for STOs.

Repayable assistance offers the end user a 0% interest financial support package and like any investment vehicle, we would expect a proportion of bad debt. Although we anticipate some returns to fund, it will need to be replenished periodically to sustain investment over a longer timeframe. £14.5million funding contributions would sustain investment activity over a 20-year period.

Pending confirmation of devolved funds, Power to Change has committed to providing a £1m contribution for a £5.5m commitment. This may be pro-rated subject to additional funding secured. The LCRCA is looking for HM Government to commit a further £8m to the fund to allow it to provide stable and sustained support to the sector and the long-term, patient finance the sector needs.

Economic Case

The social and economic value that the fund creates and the overall return on investment will depend on the characteristics of the portfolio of investments made (especially the appetite for risk, social aims of the investee STOs and their lifecycle stage) as well as wider economic performance and social conditions.

We expect Kindred to support social and economic value in the Liverpool City Region. This will arise firstly through the role that the fund will play in enabling STOs to continue their important work in our communities and the direct impact of the sector's activity on a range of social and economic challenges. There are a range of wider economic and social benefits linked to:

- Economic value associated with employment and volunteering within STOs;
- Health and wellbeing benefits associated with the sector;
- Supporting people into education and training;
- Reducing crime and reoffending rates;
- Benefits to community cohesion and environmental benefits.

The financial model for the fund projects that in its first 20 years Kindred could disburse £14.5m to 640 STOs (of which 300 will be new starts). This would generate social and economic value in excess of £60m, creating a social and economic return of £6 for every £1 invested. This will produce 1,100 jobs and achieves a BCR of 4.4.

Commercial Case

The approach to establishing and operating Kindred builds on successful precedents in the City Region and lessons learnt from similar projects. The Combined Authority has accepted the principle that Kindred requires its own legal personality in order to be seen as politically neutral and operating in long term interests of STOs. Kindred will be set up as a community interest company (CIC) limited by guarantee. The projected scale of the fund is informed by an evidence base which demonstrates unmet demand for finance from LCR's STOs of circa £35m.

Management Case

The project benefits from significant experience of delivering similar successful ventures at smaller scale. Power to Change are acting as the interim project sponsor. A CIC limited by guarantee is the proposed legal form for Kindred with a strong cooperative governance structure that involves LCR STOs, consistent with the "by the community for the community" ethos.

Timeline and Next Steps

Mobilising Kindred as an operational CIC will be ready for a 'soft launch' with interim governance arrangements in Autumn 2020, with a permanent board and resources in place within 12 months.

7. Digital Supply Chain Platform

COVID-19 has disrupted global supply chains and is forcing businesses to rethink the relationship between cost and supply chain resilience. This is already resulting in a shift towards national as opposed to international suppliers. There is an opportunity to develop embedded local supply chains across the Liverpool City Region which would make it easier for primes to find local suppliers (minimising supply chain disruption), and for SMEs to increase their visibility to primes and each other. Indeed, this is a longstanding need identified through extensive business consultation undertaken both prior to COVID-19 and during the pandemic. It can be delivered through a digital supply chain platform, which enables businesses to easily identify new, suitable local suppliers as they make changes to their supply chains. This will support more local SMEs, capturing more wealth locally and ultimately increasing local employment. No individual business is likely to pay for such a platform, which, once in place, will benefit the whole business community and create positive externalities. For every 50 local businesses successfully utilising the platform to connect into local supply chains, it is estimated that 200 net additional jobs could be created, and £13m in additional GVA per annum.

Stakeholders

Liverpool City Region Combined Authority, Growth Platform, LEP Sector Boards, anchor institutions and other private sector networks.

Request from HM Government

£3m, which incorporates the development and facilitation of the platform over an initial 3-year period.

Strategic Case

Covid-19 has disrupted global supply chains and is forcing businesses to rethink the relationship between cost and supply chain resilience. This is already resulting in a shifting to national as opposed to international suppliers. There is an opportunity to develop embedded local supply chains across the Liverpool City Region which makes it easier for primes to find local suppliers (minimising supply chain disruption), and for SMEs to increase their visibility to primes and each other.

Extensive feedback from the business community and LEP Sector Boards – both before and during the pandemic – suggests local supply chains in Liverpool City Region are historically weak and that businesses want to more effectively connect to the local supply base. These weaknesses are driven by limited information on potential local suppliers, and lower costs offered by global suppliers. As COVID-19 shifts the emphasis from costs to resilience, there is an opportunity to strengthen local supply chains through improving awareness of local suppliers that previously may not have been able to compete on costs. Improved awareness could enable growth of local SME's, capture more wealth locally, and create jobs. Local supply chains also have positive environmental impacts, especially when shifts are made from global suppliers.

These benefits could be realised through improved infrastructure for supply chain management delivered via a digital platform, which connects local businesses with potential customers and suppliers. The existence of market failures provides the rationale for public sector investment in such a platform. These failures are:

Information failure: businesses and anchor institutions have a limited knowledge of local suppliers and there are limited incentives to use them.

Public good externalities: technology-enabled supply-chain infrastructure can be considered a quasi-public good. To be effective all businesses should be able to use and benefit from the platform. This removes the incentive for any one organisation to make the upfront investment in the infrastructure required.

This online platform will be an evolving model which will:

- **Act as a virtual supply base directory**, allowing business to showcase and post a description of their activities, services and products. Other businesses that work with them or use their services will have the facility to post comments and therefore expand profile. Suppliers will be ordered systematically, by service and sector to enable a high degree of accessibility for those seeking services. This will be the principal function of the platform.

- **Allow anchor institutions to connect with businesses.** It will also allow the anchors to have a better understanding of the local supply base and therefore increase levels of local procurement (key to community wealth building).

9. **Create a networking mechanism** that allows an increasing number of cross sector businesses to interact, work together, swap experiences and continue to support one another. Again, through extensive consultation both prior to and during the pandemic, businesses have stated the need for more effective networks to stimulate knowledge sharing and spill-overs. Functionality will be built into the platform to allow this as a secondary purpose.

Financial Case

There is a strong financial case for taking the project forward given the importance in supporting our local business base access opportunities as it adjusts and re-orients within a post COVID-19 environment, together with the relatively low running costs, anticipated at £1m per year. During this initial three-year period, it is envisaged the platform will attract sponsorship revenues from corporate partners, so that it becomes self-sustaining and revenue based. This will be one of the outcomes from a wider work-stream that engages with the City Region's larger businesses and key anchor institutions, supporting them in nurturing their supply chains in ways that reduces costs and gains competitive advantage for them.

Economic Case

The primary outcome of the Digital Supply Chain Platform will be to support more local procurement across the business base, therefore keeping more money and economic benefit within the City Region. In addition to providing direct jobs and GVA benefits, a secondary outcome will be to support cross-sector businesses networks.

In terms of impact, there are over 2,000 medium and large businesses in the Liverpool City Region, each with large supply chains. MHCLG's additionality guidance suggests composite multipliers of 1.45 at the regional level and 1.25 at the sub-regional level, indicating that some of the economic value from these supply chains occurs outside the City Region.

For an average medium-sized business, bringing 20% of its supply chain into LCR could generate £210,000 in net GVA per annum and 4 net jobs. If the platform supported 50 of these businesses in doing this, it could generate 200 net jobs, £13m in net GVA per annum, and a BCR of 4.3.

Commercial Case

The requirement for better coordination amongst local supply chains has been made many times through business consultations. This suggests that demand for such a service is likely to be high, particularly with an increase in business challenges post COVID-19 and the damage the pandemic has inflicted on supply chains across all sectors. With a clear plan, buy in from large public and private organisations, moderate funding and a digital platform, significant gains can be achieved. We will bring together recipients of business support from a range of LCR programmes and offer them the opportunity to share their information on this common platform. It is also important to reach other businesses, many of whom may not have been part of funded programmes in the past. Therefore businesses will also be identified through existing networks, and together with a targeted communications campaign, we are confident that the platform will grow and thrive.

Management Case

The project benefits from building on current learning and experience of delivering a platform at a smaller scale (DCT Scale Up Programme). A procurement process will be undertaken by the LCRCA in conjunction with the Growth Platform, with the most suitable, experienced provider chosen who has experience in supply chain development, and who will be able to develop and facilitate the platform. There are a wide range of capable solution providers available.

Timeline and Next Steps

The procurement and mobilisation period for the platform would be expected to be approximately 6 months.

8. Advanced Manufacturing Support Programme

Manufacturing is critical for employment, productivity and in meeting our strategic ambitions outlined in the Local Industrial Strategy. In the post-COVID-19 environment the sector will face urgent challenges around supply chain disruption, collapse in demand, and increased costs. Dedicated support will be necessary for re-purposing of current strategies and activities. There is also significant opportunity to transform or re-orientate from the inflection point of COVID-19 and the recent economic shutdown; for instance, manufacturing will be essential to delivering a sustainable industrial future, and will be a catalyst for economic restructuring. Its challenges and opportunities are particularly complex, requiring bespoke solutions.

Our Advanced Manufacturing Support Programme will support businesses in developing these solutions. It will provide a single point of contact for support to enable selected businesses to increase productivity and quality while reducing cost, achieved by improving leadership & management capabilities and establishing best practice associated with world-class manufacturing. Serving the specific needs of LCR advanced manufacturers, it will provide mutually beneficial interventions to reflect demand drivers, changes in consumer behaviour, resilience and geo-political factors. The service will:

- Be highly localized, building on established LCR strengths in Industrial Digital Technologies (LCR 4.0/Made Smarter), clean growth and health innovation; and
- Build stronger relationships between the business community and LCR's world-class innovation assets, facilitating effective knowledge and technology exchange and commercialisation.

There are number of local institutions that are leaders in the advanced manufacturing space who will well-placed to deliver this. The programme could generate an estimated £30.5m of net GVA and 550 net jobs, as well as extensive wider impacts across the supply chains. This represents a BCR of 6.1.

Stakeholders

Liverpool City Region Combined Authority, Growth Platform, Local Enterprise Partnership (via the Making It Advanced Manufacturing Board), MTC, HEIs and FE Colleges, Industry.

Request from HM Government

£5m over 3 years for set-up and ongoing running and investment costs.

Strategic Case

LCR has a successful and growing manufacturing sector which is home to some nationally significant manufacturing companies – including Jaguar Land Rover, Astra Zeneca, Unilever, Pilkington and Alstom amongst others – and which boasts smart and industrial digitalization specialisms. The sector comprises 3,000 businesses, is a significant employer (50,000 people), and contributes £3.2bn to the City Region economy. Its productive nature makes it effective at creating and distributing wealth through manufacturing supply chains, generating significant social benefit. It is also critical to boosting export performance in the City Region, where presently just 7% of all businesses are involved in exporting activities. As the UK moves into a green led recovery and towards exit from the EU, a focus on production, wealth creation, exporting and developing sustainable industry will be essential.

But there are challenges. Factors such as Brexit, the US-China trade war and changing consumer behaviour were driving unprecedented change in the sector. The drive for continual optimization and efficiency to improve competitiveness and enable growth has long been a feature of the sector. Productivity improvement is now a matter of survival rather than an enabler of growth as the sector will need to respond to challenges arising from COVID-19, which include:

- *Suppressed demand:* this is affecting large parts of the manufacturing sector.
- *Changing consumer behaviour:* accelerating existing trends (e.g. sustainable and ethical products, local sourcing etc).
- *Need for operational change:* social distancing measures and remote working are causing manufacturers to examine their entire business models.
- *Marketing:* traditional routes to market for many manufacturers are significantly compromised (e.g. trade shows and expos).
- *Supply Chains:* global supply chain disruption and increased costs in most tiers and potential border delays threatening the use of Just In Time (JIT) techniques.

There are opportunities too. The LCR advanced manufacturing sector's demonstrable innovation capacity – highlighted through LCR 4.0, a nationally recognised manufacturing digital innovation programme – is well positioned to respond to the green recovery agenda, and this is enshrined as a key transformational opportunity in our Local Industrial Strategy. Post COVID-19 Brexit, re-shoring, vaccine production and health technologies all present opportunities, the latter being enhanced through the City Region's specialisation in Infectious Disease, as identified in the 2016 nationally recognised Science and Innovation Audit. Local manufacturing will need to change and adjust to capitalize on these opportunities.

LCR has already started to address a lot of the challenges and is ahead of the curve on digitalisation as a driver of productivity improvement. Projects such as LCR 4.0 and the Manufacturing Technology Centre are helping to create a critical mass of activity but the pace and scale of change is not sufficient. The sector must undergo transformational change to address the challenges and seize opportunities. Intervention will be needed to overcome the information and coordination failures that will otherwise prevent timely transformational change. Without intervention, the speed and extent of the sector's change, and its ability to fully capitalise on the differential strengths and opportunities in the City Region, will be limited by:

- Lack of awareness and full understanding of drivers and case for change;
- Poor take up of appropriate specialist support provided commercially;
- Limited application and embedding of the management principles, practices and techniques associated with world class manufacturing.

These factors will limit the sector's response and ultimately threaten its survival.

This Programme will identify and focus on the manufacturing businesses with potential to be globally competitive. It will facilitate transformational change in these businesses, enabling them to be at the forefront of a re-structured, green LCR economy. The Programme will:

- Equip leadership with the awareness, skills and competence to instigate and manage the scale of change needed;
- Encourage and enable business change and the adoption of principles and practices associated with world class manufacturing (including continual improvement to productivity and marketing);
- Work collaboratively to overcome skills shortages in the sector; and
- Strengthen the links between industry and local and national innovation assets.

The Programme will be delivered by a blend of one-to-one diagnostics, an accredited list of specialist providers, a leadership & mentoring scheme, financial support for capital equipment where there are commercial funding gaps, and a suite of online resources. It will signpost to regional and national programmes, and build an online peer to peer community to share advice, best practice and strengthen networks.

Financial Case

Given the clear strategic and economic benefits of taking an advanced manufacturing support function forward, combined with the relatively low running costs over 3 years, there is strong financial case. As with other similar projects, this will be revenue based. Consultancy and leadership support will be subsidised initially, and will be scaled down incrementally by year 3. By the end of the three years those costs will be met 100% by participating companies, who will be confident of the high intensity, high impact support delivered. This will also ensure it is self-sustaining.

Economic Case

It is anticipated that within the first 3 years, 300 businesses will receive high intensity support, with a diagnostic support service also available for other firms. The outcomes of the programme will be significant. It will further drive up productivity and clustering of highly specialised manufacturing activity, increase survival levels within the sector, and support knowledge spill-overs through supply chains (not just within manufacturing but across other sectors too).

These outcomes will translate into considerable impact, with the programme anticipated to generate an estimated £30.5m of net GVA and 550 net jobs over this timeframe, although this doesn't account for wider impacts across the supply chains. This represents a BCR of 6.1.

Commercial Case

Evidence from across the City Region indicates that there will be a high and consistent level of demand. Consultation undertaken by the LEP's Making It Advanced Manufacturing Board over recent years has articulated the specific business support needs within the sector, and surveys with local manufacturing firms has illustrated the particular business support needs which are reflected in this outline case. Many of these are unmet in the current support environment. The model is also replicable, and LCR could act as a pilot region as we are of a scale to gather data and monitor outputs with the expectation to roll out to other areas.

Management Case

A procurement process will be undertaken by Growth Platform in conjunction with the Combined Authority – and with advisory input from the LEP's Making It Manufacturing Board. The most suitable, experienced provider with extensive experience in manufacturing and supply chains will be chosen, and will be able to develop and facilitate all aspects of the programme, providing targeted delivery. Growth Platform already has strong connections with a number of potential organisations who could be well placed to deliver.

Timeline and Next Steps

The functionality of the Programme is already fully mapped out. Therefore, following a procurement process, it could be ready to launch inside 6 months.

9. The LCR Digital Connectivity project

The LCRCA shares the Government's ambition to deliver gigabit-capable speeds across the UK by 2025. Improved digital infrastructure is a major public commitment for the LCR Metro Mayor, and one the Combined Authority is committed to deliver. Fewer than 2% of premises in the LCR have access to ultrafast connectivity. Significantly, it lags far behind the best performing digitally-connected cities internationally.

The Liverpool City Region (LCR) Backhaul Network is a city regional network of high capacity fibre cabling that will connect several transatlantic cable landings, major economic assets (including the Hartree super computer) and reach into each of the six boroughs in LCR. It is intended to improve LCR fibre connectivity for long-term productivity improvements. Once operational, the network will stimulate the private sector to deliver local loops in areas that roll out would not otherwise extend to. This maximises the reach of improved digital connectivity and supports digital inclusion.

It is evidenced that digital innovation and investment in technology is directly linked to economic growth (*The Economic Impact of Full Fibre Infrastructure in 100 UK Towns and Cities*: Regeneris, 2018 (the "Regeneris Report") and as we enter the digital revolution LCR has an ambition to be leading from the front by providing a resilient backhaul network that will service many different end users including SMEs, public sector and future potential hyperscalers. The project has present benefit values of £380m, and forecasts a BCR of 17.4.

Stakeholders

Liverpool City Region Combined Authority (LCRCA) and our member local authorities, highways authorities, future Joint Venture partner, use case innovators.

Request from HM Government

£21.85m total:

- £10m to develop the backhaul network alongside the Combined Authority and its chosen Joint Venture partner.
- £10m to deliver local loops in areas of deprivation, bridging the digital divide.
- £0.55m to include broadband connectivity & devices within the Housing First provision.
- £1.3m for "Barrier Busting" across LCR, to enable digital infrastructure delivery by Telcos.

Strategic Case

As set out in the Regeneris Report, There is a strong evidence base which confirms that the availabiltiy of faster, better, more competitive digital connectivity services can enable businesses to increase sales and achieve productivity gains; attract inward investors; underpin high value technology clusters; and enable more effective and efficient delivery of better public services. There is a correlation between connectivity and city economic performance. Although infrastructure alone will not drive economic growth, poor infrastructure is enough to hinder it.

Ultra-fast internet connectivity would allow towns to develop digital ecosystems. A digital ecosystem involves an interdependent group of enterprises, people and/or things that share standardised digital platforms for a mutually beneficial purpose, such as commercial gain, innovation or common interest.

Digital ecosystems allow towns to offer an exciting new local economy that can open doors for start-up entrepreneurs and established businesses, offering with new employment opportunities for young people in one of the most important economic sectors of the 21st century. Following the impacts of COVID-19, digital ecosystems could equally play a vital role in the recovery of the retail, hospitality, tourism and leisure economies.

There is a strong case for improvement to the LCR’s digital infrastructure. This is based on:

- Continued upward trend in demand for data capacity by households and businesses. Superfast coverage is no longer enough to match the ever-growing data consumption demand, which is rising by c. 50% each year. Technological developments like 5G for mobile require faster, greater capacity fibre underground.
- The need to support innovative uses of data and fibre infrastructure such as the trend towards businesses opting to rent fibre directly (dark fibre), rather than go through Internet Service Provider.
- LCR’s aspiration in data centric sectors like high performance computing, infectious disease control and culture means that the City Region will need the best available infrastructure to contribute towards its comparative advantage.

Financial Case

LCRCA’s indicative LCR Backhaul Network route plan is estimated by LCRCA to require a Joint Venture forecast financing requirement of between £20m to £30m to deliver. LCRCA will commit a maximum matched investment into the Joint Venture of £15m.

Economic Case

The evidence that full fibre connectivity delivers significant economic benefit is strong. The Regeneris Report, estimates this benefit to be c. £1bn in the LCR over a 15-year period. This economic benefit is delivered by full fibre connectivity to both businesses and households.

Businesses capture productivity improvements by being able to exploit new processes and perform routine tasks more quickly. To put the difference between superfast and ultrafast connectivity into context, with a 24 Mbps superfast connection, downloading a 25MB file would take about 10 minutes, with ultrafast (fibre) connectivity, the same file can be downloaded in 10 seconds.

Greater connectivity can also lead to more innovation opportunities, with firms becoming capable of developing a wider range of products and services, while accessing larger markets. The availability of full fibre will also benefit the City Region by supporting its attractiveness as a place for 21st Century business and attracting new inward investors.

Construction of the LCR Backhaul Network would generate an additional £380.7m of economic benefits. Given the cost of developing the infrastructure, this would represent an NPPV of £356.7m.

In addition implementation of the project is anticipated to create 260 FTE construction jobs.

Commercial Case

The commercial model is based on a Joint Venture being formed between LCRCA and the Successful Bidder to deliver and then operate and commercialise the LCR Backhaul Network across the LCR. Each party would take an equity stake in the Joint Venture entity. LCRCA's current assumption is that LCRCA and the Successful Bidder will each own 50% of the Joint Venture entity.

Financial returns (or losses) generated by the Joint Venture will be split pari passu between the Parties in line with their respective investments.

Management Case

Improved digital connectivity is a mayoral priority and has a dedicated Combined Authority portfolio. A delivery and management team within LCRCA has been identified to deliver the programme. The CA has retained KPMG, Analysis Mason, Freeths and CJ Founds Associates to provide commercial, market, legal and technical advice respectively.
Member local authorities are crucial to both the programme's and the Project's success. LCRCA holds a monthly working group with nominated officers from each local authority, has briefed Growth Directors and Chief Executives and will regularly report progress / escalate issues.

Timeline and Next Steps

Commence design and build LCR Backhaul Network in August 2020.The full implementation of the project is anticipated to take up to 3 years, however benefits will begin to accrue in phases once sections of the network are completed. Initial delivery is anticipated in 2021.

10. Halsnead Garden Village - Employment Development

Halsnead Garden Village is former Green Belt land that is identified in the Knowsley Local Plan for providing 1,600 homes, at land close to the junction of M57/M62. Liverpool City Region Combined Authority has previously funded a £12m access package to enable the residential opportunity, which is now being delivered.

There is the opportunity to deliver the next phase of the Garden Village, which will comprise a country park, and 22.5 ha of warehouse/distribution land. Due to the site's prime location on the motorway network in relation to the Port of Liverpool, Garston Docks and the wider logistics network, the site forms a part of the Liverpool City Region SuperPort concept.

The employment opportunity is constrained by a lack of utilities connection, the land being separated from the existing built-up area by the M57/M62 and with limited options for connectivity. As a result of these abnormal utilities costs, a funding viability gap of £4m has been identified in order to deliver the site and associated employment.
An investment of £4m will unlock £76m of private investment and create 454 jobs and 76,900 sqm of commercial space.

Stakeholders

Tritax Symmetry, Knowsley MBC, Liverpool City Region Combined Authority

Request from HM Government

Funding Request: £4m to address abnormal utilities remediation. The total project cost is £80.4m.

Strategic Case

Delivering a low carbon SuperPort of international status has been identified by Liverpool City Region Local Enterprise Partnership (LEP) as one the key sectors that have potential to create significant numbers of jobs and economic opportunities. Studies supporting the SuperPort strategy have identified a need for warehousing and available land for development that is suitable for logistics operations.
Even before the COVID-19 crisis, there was already a growing demand for large scale logistics/ distribution warehouses nationally and agents reported that there a limited supply of such sites across Liverpool City Region. The 2018 Liverpool City Region Strategic Housing and Employment Land Market Assessment (SHELMA) has identified a shortfall of 397 ha of B8 development by 2037 and opportunities for

strategically located sites of significant scale are limited. The resilience of the on-line retail sector since the COVID-19 crisis and increasing customer expectations for same or next-day delivery and expected to continue to drive demand for large scale units in locations with good access to the port and to the motorway network

Financial Case

The project will cost £80,400,000 and will be financed by the developer Tritax Symmetry. A full development appraisal has been created by the developer. The developer will assume development cost risk in all regards.
As a result of the abnormal costs of utilities connections, a viability gap of £4m has been identified for the project.

Economic Case

The project will create 76,900 sq m of initial net employment floorspace with improved viability for surrounding third party development.
The project is anticipated to create 454 net jobs and a present value of benefits of £102.5m. A BCR of 25.6 has been calculated.

Commercial Case

The site is strategically very well located and sits adjacent the M57/M62 Junction. The M57 provides a direct strategic route to the Port of Liverpool, the M62 provides a direct link through Cheshire, Greater Manchester and Yorkshire and nationally via the M6. The area of search is well connected to surrounding local populations in Tarbock, Belle Vale, Whiston, Huyton and Prescot, capturing the strength of the labour force catchment. The land to the north of the junction serves the local industrial market which will likely be the market goods at the site would serve.
Enabling works include provision of fresh and foul water connectivity and energy connectivity between the site and existing connections located to the north and west of the site. A significant area of land to the south-east of the employment site would be developed as flood attenuation and Pre-development work has been undertaken by logistics & distribution operators Tritax Symmetry who have an interest in the site, and provision has been made in development plans for substation infrastructure that would open up adjacent third-party land holdings to future development.
It is the site of the former Cronton Colliery and is currently a vacant brownfield site. Planning is due to be submitted in Summer 2020 and delivery could start immediately following this.
Development can begin during 2020. First 50% of benefits to be achieved by 2021/22 with full build-out completed by 2026/27

Management Case

The project will be delivered by Tritax Symmetry, a major developer of industrial space

Tritax Symmetry is a leading UK industrial and logistics developer, with net assets of approximately £2.5bn. It has agreed options/conditional sale agreements on a key allocated employment site at Huyton at J6 of the M62 Motorway.

Tritax will act as the developer and subject to the viability gap funding will own the development risk for the project. A full development appraisal has been submitted.

Timeline and Next Steps

Estimated start on site: <12 months

11. National Packaging Innovation Centre (NPIC)

Government policies are leading to a drive to reduce the environmental impact of packaging. Around 80m tonnes of plastic packaging are produced globally each year and is expected to triple by 2050. Alongside this, retail and consumer markets are evolving, leading to a demand for higher-value packaging materials, formats, technologies and services. The NPIC will enable the UK to anchor itself in the global packaging market and capitalise on the various opportunities that disruption in the industry now presents.

The Combined Authority is working with Unilever Plc, the Centre for Process Innovation and Wirral Borough Council to develop plans for the UK's National Packaging Innovation Centre (NPIC), a centre for sustainable packaging research and accelerated commercialisation at Port Sunlight, in Wirral, close to one of Unilever's global R&D facilities and benefiting from access to the City Region's vibrant innovation ecosystem and research facilities such as the Hartree Centre.

The intention is to create an internationally significant, open-access, innovation centre to:

- Provide access to industrially relevant capabilities and expertise for packaging innovation, development and demonstration
- Facilitate collaboration across current and future packaging supply and value chains
- Catalyse an eco-system for growth and productivity through opportunities presented by disruptive and market-creating innovation and its commercialisation.

This proposal is underpinned by the support and commitment of Unilever and its world class R&D capabilities at Port Sunlight. Other companies engaged in the project who are supportive of the business case include AstraZeneca, Tesco, Trakrap, Cuantec, PragmatIC Printing and Sherkin Technologies.

It is estimated that NPIC will enable the UK to anchor and then double the current UK global sustainable packaging market from £11bn to £22bn by 2030, by reducing the volume of wasted packaging material while increasing the value-added. This will result in a growth in global market share from 1.6% to 3.2%. Alongside 12,000 jobs created, present value of benefits of £620m and a BCR of 31.0 has been calculated.

Stakeholders

Unilever Plc, Centre for Process Innovation, Liverpool City Region Combined Authority, Wirral Council.

Request from HM Government

£20m capital and revenue over five years. This will leverage at least an additional £40m in private sector contributions.

Strategic Case

The Combined Authority welcomes this Government's commitment to protecting and restoring our natural environment and reducing the environmental impact of packaging. The NPIC presents a unique opportunity to make a major contribution to this Government's environmental agenda, whilst making the most of the UK's innovation potential and increasing R&D and innovation related expenditure.

NPIC is a nationally significant project that will enable UK leadership of a global packaging market that is currently undergoing radical disruption. The packaging sector currently generates $900bn in annual revenues worldwide and is on track to keep growing at a rate of 3.1% annually from now until 2022 (McKinsey). The UK packaging manufacturing industry has annual sales of around £11bn (the Packaging Federation). There is an opportunity for the UK to access a larger share of the global market through leadership in addressing:

- A drive to reduce the environmental impact of packaging. Around 80m tonnes of plastic packaging are produced globally each year; this is expected to triple by 2050.
- A need for higher-value packaging materials, formats, technologies and services. Online purchasing continues to increase its share of revenue from consumer-packaged goods and new concepts, such as 'Amazon Go' are expected to scale and disrupt, whilst the takeaway delivery market continues to grow and is expected to be worth circa £5bn by 2022.
- Demand for smart packaging to support increased product personalisation. Growing middle classes with greater wealth and online voice is driving demand for faster, securer, delivery of better, more personalised product experiences.

Intervention will be needed to facilitate and enable this change and to ensure access to industrially relevant capabilities. This NPIC would deliver a range of important benefits to the LCR and wider UK, including:

- Boosting market growth through innovation and R&D activity.
- Facilitating public– Private co-investment. This proposal is underpinned by the support and commitment of Unilever and its world class R&D capabilities. Other companies engaged are representative of the wider supply chain – e.g. AstraZeneca, Croda, PragmatIC, TrakRap, Pragmatic Printing and Sherkin.

- Aligning to existing programmes. The project will complement the successful "Materials Innovation Factory", a partnership between Unilever and University of Liverpool. It will also link closely to the Smart Sustainable Plastics Packaging (SSPP) programme under the Industrial Strategy Challenge Fund.

Alongside the potential role of NPIC in levelling up LCR's economic and innovation performance, there are several drivers which make LCR an optimal location for NPIC:

- Access and proximity to unique world class packaging facilities, capabilities and expertise.
- Access to a vibrant innovation ecosystem. Access to partner research facilities including the Hartree Centre (STFC), University of Liverpool (incl. Materials Innovation Factory, Virtual Engineering Centre) and University of Manchester (Royce Institute).

Financial Case

The intention is for the Centre to reach sustainable revenues by the end of year five. This will require an initial investment of £60m. The majority of this (£40m) will come from the industry (led by Unilever). The project's financial profile is based on modelling of NPIC activities to provide the best balance between a fast start for the programme and the need to ensure robust prioritisation of areas of capability investment and stakeholder engagement.

There is good scope within the NPIC programme to scale and/or adjust the phasing of activity as i) existing operational R&D facilities could be used to enable some project activity, and, ii) the current business case assumes an early focus on plastic and consumer markets; but programmes serving other materials and markets could be accelerated.

Economic Case

It is difficult to predict the precise scale of the opportunity as much will depend on UK and global policy (including trade, waste, environmental). However, it is estimated that NPIC will enable the UK to anchor and then double the current UK global packaging market from £11bn to £22bn by 2030. This will result in a growth in global market share from 1.6% to 3.2%.

The full benefit of the NPIC extends beyond its effect on global market share. The assessment of impact captures a range of benefit types, including:

- Uplift in R&D and innovation projects
- New supply chain partnership
- New higher value business models
- New recycling technologies
- Reduced waste and environmental impact
- Reduced cost of waste management
- Increase in skilled UK jobs and UK manufacturing base.

It has calculated that 12,000 jobs would be created, with present value benefits of £620m.

A Benefit Cost Ratio (BCR) 31.0 has been calculated for the NPIC project based on employment outputs. This BCR would increase when taking account of environmental benefits and fiscal benefits from reducing the public sector cost of waste management, which stands at £4bn p.a. for England alone.

Commercial Case

The centre model will build on existing best practice. CPI are exploring a public-private partnership model attracting revenues from Collaborative R&D grants and commercial contracts in addition to initial capex injections. The proposal is already de-risked through Tier 1 commitment.

More broadly, there will be access to appropriate levels of private funds as evidenced by the following – Sky Ocean Ventures (VC fund £25m over 5 years), the Alliance to Reduce Plastic Waste (industrial consortium - $1.5bn over the next 5 years) and the Circular Economy Investment Fund (£18m, Scotland). Significant collaborative R&D grant opportunities will come via ISCF (Smart, Sustainable Plastic Packaging and Made Smarter). Other possible sources will be explored (e.g. future shared prosperity funds or equivalent, Strength in Places, other Innovate UK CRD).

Management Case

Partnership and Delivery: NPIC is proposed to be delivered in close partnership with industry (Unilever as initial strategic partner), the Combined Authority and CPI. It is expected that the Combined Authority would invest in NPIC with a view to derive significant economic opportunities and impact for the region and will explore further strategic investments to grow a wider eco-system around this capability. It is proposed that CPI manage and deliver the Centre, applying its best practice and experience gained from establishing a number of national innovation centres such as the National Formulation Centre and the Medicines Manufacturing Innovation Centre, all in partnership with the public and private sectors and academia.

Deployment and Scalability: A fast-start project (within FY 2020/21) would be desirable and feasible for the project partners. The NW facility will build on existing infrastructure, minimising the need for new buildings.

Timeline and Next Steps

With funding, the partnership can launch operations in circa six months.

12. Liverpool School of Tropical Medicine (LSTM) Capacity Development

The Coronavirus pandemic has caused a major global economic shock and public health crisis. The pandemic has highlighted the risks and challenges that as yet unknown emerging pathogens can impose on every aspect of modern life. It is widely acknowledged that most nations were not adequately prepared for the current pandemic and as a result, the global response has been slower that it would ideally have been. This is in part related Infectious Disease Interventions (IDI) market shifting to a high volume / low margin commodity format several decades ago. This has disrupted R&D pipelines and deskilled the industrial base, in turn reducing the ability of the sector globally to respond to the current crisis. Investment is now needed to refocus the sector in developing new products, respond to skills shortages and ensure adequate facilities and infrastructure for the sector.

LCRCA is working with local business, Higher Education providers and the NHS to provide a National Infectious Disease Research & Development (R&D) Ecosystem in the North West that builds on the recognised regional strength in this area and provides improved national and international resilience to diagnose, prevent and treat infectious disease.

This project can form a central part of the UK's response to the global sector's challenges by providing a capacity development centre, expanded pathogen containment and experimentation facilities and a state of the art infection R&D contract research facility.

The Combined Authority requests £3m for phase 1 and a further £80m over 5 years. Phase 1 will deliver a BCR of 16.3, with a present value of benefits of £49m.

Stakeholders

Liverpool School of Tropical Medicine (which hosts the recently awarded SIP Infectious Disease Programme in Partnership with the AMRC, Evotec, Royal Liverpool NHS Trust, Unilever and the University of Liverpool), Liverpool City Region Combined Authority

Request from HM Government

Phase 1: £3m Capital over 18 months
Phase 2: £80m Capital over 5 years

Strategic Case

The Coronavirus pandemic has caused a major global economic shock and public health crisis. It should serve as a stark reminder that SARS-CoV-2 is not the first nor will it be the last pathogen to move from animal to human populations. The pandemic has highlighted the risks and challenges that as yet unknown emerging pathogens can impose on every aspect of modern life. If infection R&D falls back to 'business as usual' after the current crisis, then the UK will have missed an important opportunity to ensure we have a world leading, rapid and effective response.

It is widely acknowledged that most nations were not adequately prepared for the current pandemic and as a result, the global response has been slower that it would ideally have been. The global market for safe and effective infectious disease interventions (IDIs) was not well positioned to respond to the demands of any crisis scenario in a time sensitive manner, hence the current global challenge of "catch up".

The IDIs market shifted to a high-volume low margin commodity format several decades ago. This derailed the R & D pipelines for these products and deskilled the industrial base, which refocused on more lucrative markets. These conditions have slowed the global sector's ability to respond to the current crisis; investment is needed to refocus the sector on developing new products.

While the need to invest in the development of new products is widely accepted, investment in R&D remains unattractive to many. Despite the £107bn market for new products, the risk/reward ratio for IDIs following the standard R&D pathways, with high levels of late stage product failure, is unattractive for industry. Our ability to prevent and treat many infectious diseases will continue be compromised if we do not invest to reduce the risk of new product development.

Even with increased appetite to develop new products, the UK's IDI sector will face challenges related to:

- Availability of Cat 3 and 4 space: this is in short supply nationally and internationally. For example, in the LCRCA despite the high level of infection R&D, LSTM has the only Cat 3 units.
- Skilled staff needed to supply the infection R&D agenda include organic and analytical chemistry, formulation technology, electronic engineering, virology, infection control, diagnostics, Cat 3 management, parasitology, epidemiology, data management, biochemistry, microbiology.

This project can form a central part of the UK's response to these challenges by providing:

- A Capacity Development Centre: Phase 1 will redevelop an existing derelict NHS building, now owned by LSTM, to create a capacity development centre that will act as a feeder into the local industrial R&D need.
- Expanded pathogen containment and experimental facilities: Phase 1 will also reconfigure and refit an existing LSTM Cat 3 space to facilitate training with handling and R&D on Cat 3 pathogens such as COVID-19.

- A state of the art infection R&D contract research facility: This will be able to handle the full range of Category 2, 3 and 4 pathogens. The new facility will be designed for "business as usual ITI R&D" that is commercially attractive to multiple commercial and academic partners but will be capable of being rapidly re-configured to allow it to act as an emergency response facility for any emerging infectious disease threat.

Our overarching strategic aim is to develop an Infection Innovation Ecosystem in the North West that as a magnet internationally for inward investment, that drives local GVA, has beneficial health impacts regionally, nationally and internationally, and is able to respond to the increasingly frequent outbreaks of new, emergent or re-emergent infectious agents.
The infection R&D cluster in the North West already brings together the greatest concentration of infection research anywhere in Europe. The Infection Innovation R&D Ecosystem in the LCR and broader North West is maturing rapidly, has an exceptional skill base, an understanding of and access to the disruptive technologies that are needed, and excellent networks with all the major stakeholders.

Financial Case

The project has already secured £18.6m revenue funding from Strength in Places and this is expected to lever external revenue of circa £96m (the majority from industry and philanthropic donors). £83m capital is required to bring forward phase 1 and 2 of the project.
The intention is for the Phase 1 and Phase 2 facilities to pull through sustainable revenues from the outset leveraging expertise and funding from the Industrial partners, major philanthropic donors such as the Bill and Melinda Gates Foundation. The School of Tropical Medicine will provide the land for the development (~£15M), Industrial and NHS Partners from the new Strength in Places Consortium will provide in kind training within the facility and through training placements.

Economic Case

The Strength in Places bid, submitted pre-COVID-19 was projected to create a minimum of 273 direct jobs, at an average salary of over £65.7K, and 350 indirect jobs, providing a significant uplift in regional GVA over the 5 year SIPF period and beyond. The project benefits the economy in a range of different ways:
- Construction benefits / economic stimulus - the Phase 2 project will support around 200 construction jobs.
- Skills outcomes – an annual output of ~400 trained individuals supplying demand into the growing infection R&D sector nationally.

- Inward investment – we anticipate a minimum steady state of ~£150M per annum as a minimum once the facilities are completed.
- Sector growth (locally and nationally) – linked to Strength in Places a 30% increase in sector growth.
- Sector resilience / effectiveness.

This also provide reputational benefits for the UK's infection R&D and broader life sciences sectors both nationally and internationally.

Commercial Case

We aim to provide a facility that will change the way that we identify workforce needs in infection R&D and respond in a coordinated way with major employers. The R&D facility will position for high level contract research activity that is above the level of basic CROs that already exist within Europe. It will also provide space an opportunity for entrepreneurial spin out of new SMEs

Management Case

Via partnership and delivery. There is already a major consortium of industrial, HEI and philanthropic partners in place, led by LSTM which will occupy and manage the capacity development programmes and R&D envisaged.

Timeline and Next Steps

Phase 1: Detailed costed plans, feasibility studies and value engineering activities have already been undertaken for the Phase 1 site. Work can begin on site as soon as funding is in place with an expected completion time of 12 – 18 months.
Phase 2: The site is available and basic plans are in place. These will be developed with industrial and NHS partners over 6 months with the expectation that construction work will start on site within 12 months, subject to appropriate planning permissions.

13. The HILL (Health Innovation Liverpool)

The Combined Authority is committed to actions that support improvements in the health and wellbeing of our residents. We share this Government's passionate belief in the NHS and commitment to strengthen the NHS and social care and to improve the NHS's overall performance. This is crucially important in the LCR because:

- LCR performs poorly on all health and wellbeing measures;
- We need to better coordinate healthcare services; and
- Poor health is dampening economic performance.

With its world class health and life-science assets Liverpool is well equipped to tackle one of the world's most pressing problems: the timely and effective management of disease. However, one of the major challenges of modern healthcare is to link up world class research with advanced digital technologies.

Health Innovation Liverpool (The HILL) is led by Liverpool City Council (LCC), the University of Liverpool (UoL), the Liverpool City Region Combined Authority (LCRCA) and KQ Liverpool and supported by private and public sector partners from across the LCR, focusing on a new development around health innovation. There are two components to the HILL:

- a virtual component (v-HILL) will deliver new digital infrastructure including open health innovation platforms while integrating NHS and care records to enable timely identification and management of diseases.
- a physical component (p-HILL), a physical health campus set over 10-acres, with research and trial facilities and commercial that brings together all aspects of the City Region's Health Innovation System.

- This is a priority project for the Combined Authority and Liverpool City Council and is reflected in the recovery plans of both organisations. The overall scale of activity for The HILL is £200-£300m. The request of Government is £60m to develop the digital infrastructure and unlock development for the physical health campus.

Stakeholders

University of Liverpool, KQ Liverpool, Liverpool City Council, NHS trusts, NHSA, Liverpool City Region Combined Authority

Request from HM Government

£60m funding to unlock Phase 1 of this project

Strategic Case

The Combined Authority is committed to actions that support improvements in the health and wellbeing of our residents. We share this Government's passionate belief in the NHS and commitment to strengthen the NHS and social care and to improve the NHS's overall performance. This is crucially important in the Liverpool City Region.

In addition to the clear evidence of the need for intervention, we have under-utilised assets in the City Region that could play a critical role in alleviating these challenges:

- We have significant knowledge assets and some of the best digital infrastructure in the UK (including the world's most powerful super computer and a 5G health test bed); and
- Our Science and Innovation Audit has identified distinctive world class Smart Specialisation assets related to infectious disease, materials chemistry and High Performance and Cognitive Computing.

There is a unique opportunity in the City Region to use these assets to:

- support the urgent adaptation of business to the continual presence of COVID-19;
- improve the health of the City Region's population;
- co-ordinate the health and care landscape; and
- create new employment opportunities in a research-fuelled value-chain of healthcare, digital and life sciences organisations.

Financial Case

£60m funding to unlock Phase 1 of this project, supporting the Public Network and CIPHA Network as well as creation and maintenance of analytics platforms and the Smart Release System. Phase One has a total project value of £61m. An additional £21m has already been raised, committed or leveraged to support this project to support; data infrastructure, programme coordination, pump priming of innovation projects and research into COVID_19.

Economic Case

The project will deliver the following:

- An integrated Analytics Platform to measure disease progression and impacts on health;
- A comprehensive engagement process to increase public awareness, enable intelligence sharing and undertake clinical trials.

These activities will lead to the following outcomes and impacts:

- Increased health and digital literacy;
- Insights into disease and public health issues;
- Safe reopening of services;
- Codified knowledge on how to scale the Smart Release System;
- A health and social care system that works effectively, and talks the same language, and which has fewer NHS trusts;
- New employment opportunities for LCR residents: up to 300 high value jobs upon completion and 2,300 training opportunities;
- A healthier, more productive, LCR population from a reduction in health-related economic inactivity;
- A resident population that understands the links between health and wealth;
- Ground breaking research translated into ground breaking drug discovery and clinical activity; and
- Enhanced global reputation of the University of Liverpool medical school.

The present value of benefits is £225m, and the BCR is 3.8.

Commercial Case

Liverpool is building the infrastructure it needs to accelerate growth in innovation. With KQ Liverpool, the city has a magnet for innovative businesses and research institutions at its heart. Schemes are continuing to attract investment even in the current circumstances.

Management Case

Health Innovation Liverpool (The HILL) is led by Liverpool City Council (LCC), the University of Liverpool (UoL), the Liverpool City Region Combined Authority (LCRCA) and KQ Liverpool and supported by private and public sector partners from across the LCR.

Timeline and Next Steps

The programme for the HILL phase 1 is expected to run over a period of 5 years. Initial study and full roll out of a COVID-19 Smart Release System by Autumn 2020.

14. Glass Futures

The glass industry and its supply chain are important sources of employment and wealth creation in the Liverpool City Region and the UK more widely. There is a recognised need to decarbonize the sector both to contribute to the national carbon emission targets as well as protect the UK glass industry's global competitiveness. A step-change is required to create sustainable, economically effective decarbonisation activities in the glass manufacturing sector and the industry needs to invest heavily in Research & Development (R&D) facilities to achieve this. There is an opportunity for the UK to position itself at the forefront of this global shift in the carbon reduction of glass manufacture and bolster the competitive position of our national glass industry.
The Glass Futures National Centre of Excellence will be the world's first openly accessible, commercially available, multi-disciplinary glass melting facility with provision for R&D trials within a safe environment. The National Centre of Excellence will bring together global leaders across glass manufacturers, key brand users of glass and supply chain partners to test (in a commercial scale environment) innovations in glass production to reduce carbon and other emissions, reduce reliance on natural gas, reduce weight, improve strength and other material qualities, broaden raw material supply and improve recyclability and reuse.
The project will aim to reduce carbon emissions from the glass sector, improve the performance of glass products (in particular in processes and in architectural solutions (e.g. windows/Velux), reduce reliance on sensitive raw materials, increase recycling of glass develop real time machine learning (AI) to drive efficiency in glass production and consider alternative fuels for furnace operation.
A site for the pilot project has been identified in St Helens, an area which boasts internationally significant specialism in glass manufacture. The site is also in the vicinity of the existing Pilkington works, providing an ability for key supplies (such as sand) to be accessed.
As well as the 40 jobs created, provisional estimates suggest this project supports a BCR of 10.9, with a present value of benefits of £98.3m.

Stakeholders

Applicant: St Helen's Council; Operator: Glass Futures Ltd (inc. member orgs); Land owner (and future developer/contractor TBD): Network Space Ltd (NSL); Funder: LCRCA.

Request from HM Government

£9m towards £35.3m total project cost (including specialist industrial fit-out).

Strategic Case

St Helens is world renowned for glass manufacturing; the industry and its supply chain are important sources of employment and wealth creation in Liverpool City Region and the UK more widely. Whilst a nationally important and high value added manufacturing sector, the Glass Industry is also a major polluter. It currently generates in the region of 2 million tonnes of CO_2 per annum in the UK alone. Reducing carbon emissions associated with the glass sector would make a significant contribution to UK and global carbon emissions, both directly through glass manufacturing but also, for example, by improving the thermal performance of glass in construction.

The need to decarbonize is widely accepted across the industry; glass manufacturers across the EU have signed up to the British Glass decarbonisation roadmap and decarbonisation targets. It is also acknowledged that a step-change is needed to create sustainable, economically effective decarbonisation activities in the glass manufacturing sector. The industry needs to invest heavily in R&D facilities and activity to make this happen and a collaborative approach is required to overcome shared, global industry challenges.

There is an opportunity for the UK to position itself at the forefront of this global shift in the carbon reduction of glass manufacture and bolster the competitive position of our national glass industry.

Glass Futures is a not for profit Research and Technology Organisation (RTO) developed initially by British Glass and the Glass Technology Institute. Its membership includes the world's leading glass manufacturers (e.g. O&I, ENCRIC, Guardian Glass), users of glass (e.g. Diageo), universities (e.g. University of Leeds) and supply chain experts (e.g. Siemens).

Members of Glass Futures have developed the Glass Futures Pilot Plan project in partnership with St Helens Council and Network Space. The project will provide

- A new and unique open research and innovation centre for the global glass industry. This will include access to a new 30t glass furnace, container glass facility with space to accommodate a flat glass production and testing line in future
- Capacity to deliver Government backed R&D projects to support the glass industry
- R&D facilities for the glass industry (e.g. Guardian Glass, a US based part of Koch Industries, are relocating their R&D team to St Helens) of a scale which bridges the gap between lab scale and commercial scale melting facilities
- Training opportunities for the sector designed to support development of capability and competitiveness for local and national employers in the glass industry.

The project is at a scale that will support the step change needed in capabilities, competitiveness and productivity in the industry whilst reducing the sector's emissions to zero. Priority projects will include reducing embedded carbon in glass, improving the performance of glass products, in particular in construction glass, increasing the range of potential additives to reduce reliance on sensitive raw materials, increase recycling, develop real time AI processing, increase manufacturing efficiency and alternative fuels

A site for the pilot project has been identified in St Helens, an area which boasts internationally significant specialism in glass manufacture. The site is also in the vicinity of the existing Pilkington works, providing an ability for key supplies (such as sand) to be accessed. The facility will be centred around a 30 ton per day industrial demonstration furnace. The project has already secured an in principle £15m grant funding contribution towards the capital costs of production plant and machinery (e.g. furnace and float lines etc.). Due to the abnormal costs of constructing a specialist building which can accommodate specific glass industry plant & machinery there will be a viability gap between the end value which is generated by a headlease from the council & the costs to build.

Financial Case

The total development cost of the Glass Futures facility is estimated to be £35.3m (including specialist fit out). This is made up of:

- Grant funding – £15m (currently at final stage interview);
- Investment sale/Investor – £10m (to be determined);
- Gap Funding from the Combined Authority – c£9m (subject to competitive process)
- Feasibility and business plan development – £1.3m pre-development funding already committed by the Combined Authority.

In addition, industry partners have committed to providing cash and in-kind contributions of c£20m throughout the lifetime of the project.

Economic Case

Provisional estimates suggest this project supports a BCR of 10.9, with a present value of benefits of £98.3m.

Value for Money is delivered by a combination of land value uplift as evidenced by the private sector forward sale agreement and the continued and significant investment by industry over time. The value of further R&D grant funding has not been factored into the public sector costs. Further detailed modelling will take this into account as well as wider public benefits.

Benefits

In addition to the monetised benefits (Jobs, Land Value, Research Spend and Carbon) there are a wide range of non-monetised benefits including value from improved skills and training, conversion of a derelict site in a strategic location and demand drivers for complementary investment including potentially further R&D facilities and a good quality hotel.

Commercial Case

The Glass Futures Business Model is based upon the following core lines of business:

1. Member based value proposition – Participation in the Glass Futures R&D ecosystem
2. Providing an industry front door to training, skills, recruitment, apprenticeship 'Glass Academy' concept.
3. Government and industry backed R&D.
4. Industry driven collaboration – an ecosystem of innovation driven by open, collaborative working facilitated by Glass Futures to inform the development of funded programmes
5. Industry 'commercial' tests and trials – private access to 'offsite' R&D activity, in particular where suppliers lead demonstration or industry lacks capacity/infrastructure
6. Future business income opportunities associated with small scale speciality glass

Management Case

Delivery – A forward funding route has been proposed whereby developers Network Space Ltd (NSL) enters into a forward funding/development agreement with an investor who will in turn become the owner of the property. Network Space, as land owner, will manage the construction and development of the facility.

Operation – Following completion of the development works, NSL will grant a lease to St. Helens BC. St. Helens BC will in turn sub-lease the Centre to Glass Futures who will have responsibility for operation of the Centre. The intention is that GF will pay a rent reflecting the revenue which it receives from operating the Centre.

Timeline and Next Steps

Project undertaking detailed design to RIBA Stage 2 in August 2020. A detailed pre-development and planning programme has been prepared and illustrates that a planning approval will be sought in February 2021.

15. LCR Long-term Infra Platform

This comprises a new financial instrument (the "Infrastructure Platform") designed to invest in critical economic infrastructure that is marginally viable, but which either cannot attract commercial funding or is not viable once commercial finance terms are applied. In the UK, grant funding has most commonly been used to bring forward these developments; opportunities to use repayable mechanisms to provide better long term return on investment and scope to recycle some funding have largely been missed.

Commercial acumen and a longer-term view of viability will allow the public sector to offer a repayable finance instead, levering private investment at the platform and project level, as per Evergreen, GMPVF (both Greater Manchester) and LEEF (London). The platform can play a key, risk diversified role in funding the City Region's long-term economic assets alongside long-term, responsible investors.

Government investment of £50m could provide GVA benefits of £1bn, generating a BCR of 20. This exceptional BCR is possible because the model levers in significant private co-investment at both the deal and platform level.

Stakeholders

Liverpool City Region Combined Authority, private fund and finance advisors, private infrastructure developers and investors.

Request from HM Government

£50m, with a project value of £125m

Strategic Case

The strategic case is built on three market developments:

1. Infrastructure viability is improving in LCR. Economic gains have eroded previous market failure but not completely. For example, headline office rents have risen from circa £19 per square foot to circa £25 per square foot over ~five years, almost reaching a level at which new development is commercially viable. This means that there is a growing number of development opportunities which can now be brought forward using repayable finance rather than grant.

2. There are instances where repayable finance can and should replace grant. The Liverpool City Region Combined Authority has retained an investment team with commercial skills. Using these skills, it has reduced the public

sector's reliance on grant in securing physical development (as Manchester did around 2012). Recent instances include replacing grant on logistics and science park development, and for SMEs, with flexible debt instruments. This greatly improves value for public money.

There is strong precedent for interventions of this nature, including the Evergreen Fund and Greater Manchester Property Ventures Fund in Greater Manchester, the Chrysalis Fund in Liverpool City Region, London Energy Efficiency Fund in Greater London, which are public funds managed/advised by the private sector, often co-invested by the private sector.

3. The pandemic will reduce commercial risk appetite. Commercial lenders and investors will retrench after the pandemic, citing higher risk/volatility and the need to service existing clients/projects over new opportunities. The Combined Authority's ongoing engagement with project sponsors has highlighted continued long term commitment but also heightened short-term uncertainty. This short term uncertainty will reduce financial opportunities to otherwise fundable schemes and could hinder the City Region's economic development. Although grant funding could offset some of this short term risk, we note that grant is a short-term instrument which funds viability gaps that erode over time, especially when the projects funded contribute to a coherent economic strategy. Providing long-term public finance alongside responsible private investors provides an opportunity to build on project sponsors long term commitment and overcome their short term concerns whilst aligning for the long-term and reducing the perception of a viability gap.

There are two linked opportunities here. Firstly, an opportunity to invest in the Liverpool City Region's economic infrastructure priorities with long-term, risk aligned and repayable finance. Such finance will support development of projects that could otherwise stall for lack of funding; lever in private finance at the platform and project level (in particular desirable, long-term finance); and reduce the lifetime cost to the public sector by reducing grant funding.

Secondly, there is an opportunity for the UK Government to prove the viability of this model of investment and demonstrate its applicability to other areas. The Liverpool City Region Combined Authority believes firmly that there is an opportunity to use repayable finance much more widely to reduce reliance on grant funding and deliver a stronger return on investment to the taxpayer. The Combined Authority would welcome the opportunity to work with Government to demonstrate the case for the model and scope to roll it out more widely.

The projects outlined in the "local interventions – economic infrastructure" section of the LCR recovery plan could each be considered for Infrastructure Platform funding, on the basis that their physical infrastructure (buildings, digital infrastructure, a stadium) is viable but not fundable in LCR's post pandemic capital market. Since discussions are commercially sensitive in some areas, we provide no further detail here but the remainder of this project summary assumes the financing of some of these and related projects.

Financial Case

The Combined Authority has explored several options to establish the Infrastructure Platform, including creating a new entity and adapting the City Region's existing Urban Development Fund. The preferred option is to establish a new entity, although options analysis continues.

The Infrastructure Platform foresees a structured vehicle with associated returns waterfall which includes:

- First, private investors in a senior, preferred position (£60m). This provides lowest risk and return and will help lever private capital into projects alongside project match; investors such as Merseyside Pension Fund, Legal & General and Lasalle Investment Management may be suitable for this tranche
- Second, Combined Authority / public funds (£30m) in a second, junior position, with a higher risk and return threshold than private investors; Public Works Loan Board money is appropriate
- Third, a first loss element (for which grant is requested, £30m) to enable investment at the desired scale, pace and risk appetite for the projects contemplated

Whilst each layer receives a commercial return for the risk it accepts, the first loss element is included to overcome the relatively higher risk of current market conditions and the long-term profile of investments. The base case model will show preservation of this first loss element across the portfolio of investments. It is therefore critical to exploiting the strategic opportunity.

In addition to leveraging £60m of private sector funds at a Platform-level, the Platform would also leverage further private sector funds at the individual deal level.

Economic Case

The Chrysalis and Evergreen funds have operated in the North West of England since ~2012 with no loss of capital, investing ~£200m in ~£600m of projects. A simple extrapolation of the performance of the Greater Manchester Evergreen fund indicates that a fund of £125m could generate in the region of £1bn net additional GVA and support a BCR of 20. This high BCR is driven by the significant leverage of private sector funding at the Platform and Deal level as well as the repayable nature of the finance.

Commercial Case

The Combined Authority expect the Infrastructure Platform to generate a commercial return from interest, fees and profits that (above circa £50m) will meet its own operating costs. A base case could assume receiving a 6% IRR at the project level, reducing to 5% IRR at the platform level after management costs and 2.5% after borrowing costs.

The base case assumes the long-term preservation of capital but recognises the relatively high-performance risk in the short to medium-term, for which the first loss element is included.

This is an evergreen model with funds returned from the first investments being reinvested in subsequent economic infrastructure. Like the Evergreen fund, there is potential to sell investments to the private sector, further to lever in private funds.

Management Case

Crucial to successful operation of the Infrastructure Platform is the Combined Authority's ability to act as intelligent client at the programme and project level. The Combined Authority investment team's senior staff is drawn from investment banking, infrastructure investment, commercial law, real estate asset management as well as conventional public investment. It has more than seventy years of relevant investment experience, including in the management of public financial instruments. This team is competent to underwrite, with support from external advisors, the interventions contemplated.

The team will use the Combined Authority's existing finance and legal function, which already serves the "strategic investment fund" and two EU financial instruments. Combined Authority decision-making and governance will run as usual through its democratic services team.

Options for delegation and decision making are under development.

Timeline and Next Steps

The first projects are under development. Funds can be committed in three months, with projects being transferred to the Infrastructure Platform on establishment in 3-6 months. The Combined Authority does not propose to wait for establishment of the platform before pursuing commitment.

16. Littlewoods Film Studios

With its incredible array of architecture, Liverpool is the most filmed city outside London with over 1,300 days of filming each year across nearly 300 projects. However, on average those productions only stay in the city for three days for external filming; production crews then relocate elsewhere in the UK to find studio space to undertake the interior shooting.

The project seeks to improve employment, skills and training opportunities in the film, digital and creative industries in an area which has suffered greatly through the closure of the Littlewoods buildings in 2003 by bringing together film industry and education providers in a single setting.

The project will redevelop the former Littlewoods Pools building into a film studio (anchored by Twickenham Studios), while also providing education programming in partnership with Liverpool John Moores University, and further creative and digital industry employment space. This will deliver the largest creative cluster in the city, comprising of:

- 85,000 sq. ft of studio space for Twickenham Studios;
- 75,000 sq. ft of education space for LJMU; and
- 95,000 sq. ft of flexible employment space for creative industries.

The **first phase** of the project would allow the creation of a **temporary "pop up" film studio** on vacant Liverpool City Council owned land in the three years until Littlewoods Studios is running at full capacity. COVID-19 is influencing more productions to move indoors into studios rather than on location, and a **short-term solution** to meet this demand will kickstart the city's talent pipeline, production base and investment potential. **Phase 2** will deliver the remaining elements of the building, including permanent sound stages.

Overall, this is a £56m development and will generate considerable benefits in its own right, in addition to catalysing wider benefits through increased profile for the city and the clustering of activity that a major, high profile new occupier, such as Twickenham Studios, can generate (as evidenced by similar experience at Media City in Salford, Greater Manchester).

A purpose-built production space in Liverpool could add up to **£200m a year** to the city's economy. It is anticipated that the clustering effect will create over **3,600 additional creative jobs** in the City Region:

The project requests £1.946m in gap funding to deliver Phase 1 with a further £15m for Phase 2 of the project.

Stakeholders

Sponsors: Liverpool City Council, LCRCA and Capital and Centric (developer)
Anchor tenants: Twickenham Studios and Liverpool John Moores University

Request from HM Government

For Liverpool City Council: £1.946m to support Phase 1, with a further £15m for Phase 2.

Strategic Case

Rationale for Investment

The appetite for filming in Liverpool is more prevalent than ever before. Littlewoods Studios is a response to that demand, introducing a world class film and TV production hub, an epicentre of media and creative talent in Liverpool. Upon completion, the site will house the full community needed to support purpose-built sound stages, including a college and degree-level education offer.

Twickenham Studios and a higher education partner are already committed as anchor tenants on the site, and with over 80,000ft^2 of space still available, the studios will become the largest creative cluster in the city. Two new 20,000ft^2 studios will provide for high-end feature film and TV production, a market which is currently seeing a boom in output.

- **Liverpool is the most filmed city outside London** with over 1,300 days of filming each year across nearly 300 projects (2017 data); however, on average those productions only stay in the city for three days then relocate elsewhere in the UK to find studio space to undertake the interior shooting;
- **Currently film and TV add £18m to the city's economy**, however a purpose-built production space in Liverpool could add up to £200m a year;
- Currently **the city is missing out on the huge economic impact that a purpose-built studio would bring**, and evidence from the industry is that were the studios to be complete now, they would be booked up long into the future. The pandemic will slow non-studio film and TV production, driving up demand for studio space for high-end producers. Anecdotal evidence shows that if the studios were up and running now, they would be booked to capacity long into the future.
- The industry is anticipating a **huge leap in production volumes** as soon as stay at home and social distancing restrictions are relaxed.

Strategic Fit

- The development sits in an area which has suffered greatly through the closure of the Littlewoods buildings in 2003, such that child poverty runs at 42% against a national average of 16%, and only 38% of school leavers achieve 5 GCSEs. Against this backdrop, Littlewoods Studios is focused on a **sector which offers unparalleled**

social mobility. There is an incredibly broad range of skills required to facilitate production and the **industry thrives on upskilling**.

- In terms of fit against Government objectives, a 2018 report by Lambert Smith Hampton estimated that the **UK required a further 1.9m square feet of studio space**, excluding all the wrap around facilities. Without this space, UK PLC is missing out on the huge economic benefit this would bring, given that every **£1 spent in a studio equates to £18 spent in the wider economy**.
- A **Pop-Up studio would be a quick turnaround solution** and provide the city with a ready to go facility which would attract productions, help support the hotel and visitor economy and allow Liverpool to kickstart some of the proposals set out in the Screen Liverpool Workforce Strategy.
    - Essentially, it would create an immediate economic and sectoral boost, provide a medium-term solution for Liverpool to continue building production capacity and provide a solid base for the long-term success of the Littlewoods Film and TV Studios.

Financial and Commercial Case

The cost of the refurbishment of the existing Littlewoods building and the construction of two sound stages is estimated at £56m. These estimates are supported by detailed cost plans, which have been developed by Arcadis, on behalf of the developer (C&C) and subjected to due diligence by Gleeds for LCC and LCRCA. Further work is underway in respect of value engineering.

The scheme will be anchored by long-term leases from Twickenham Studios and Liverpool John Moores University. Agreements for leases are in the final stages of agreement.

Based upon valuation of these leases on behalf of the project sponsors and the residual value of additional (non-pre let space) it is anticipated that £35m-£40m of commercial finance can be raised for the project.

Operating costs will be recharged to tenants through agreed service charge arrangements.

Economic Case

The temporary studio will help secure the local production talent pipeline in Liverpool and kickstart the talent development schemes. Essentially it would create an immediate economic and sectoral boost, provide a medium-term solution for Liverpool to continue building production capacity and provide a solid base for the long-term success of the Littlewoods Film and TV Studios.

The development extends to in excess of **260,000 ft^2 of space and will include an education offer** which will sit hand in hand with the best in class of the private sector to provide a broad range of skills training within the creative sector.

The Littlewoods Studios development is also expected to prompt the establishment of an **enlarged cluster of creative activity**: demand for an additional 30,000m^2 employment space in Liverpool and a total of 60,000m^2 across the City Region could be generated, with a consequential uplift in business rate potential.

The potential economic impacts of the proposed scheme are significant with the creation of 780 jobs; 310 construction jobs and 224 new learners.

Further outcomes include:

- Attracting new households to the Liverpool City Region generating additional
- expenditure in the economy and council tax to local authorities;
- Increased levels of quality TV and film production to support higher tourism levels and associated economic benefits; and
- Capturing local economic benefits – if Liverpool capture just 1% of the UK TV and film industry it would contribute £9m spend in the economy and GVA, support over 200 FTE jobs and a share of 5% would elicit tourism spend of £43M a year and GVA contribution to nearly £45M, and almost 1000 FTE jobs.

The estimated Benefit Cost Ratio (BCR) is 2.1 and present value of benefits is £36.1m.

Management Case

The Littlewoods Studios building is owned freehold by Liverpool City Council with head lease granted to Capital and Centric (C&C) as development manager.

C&C are currently advancing the design and planning stages of the project and will procure a main contractor for the project. C&C are advancing discussions with the anchor tenants with agreements for lease expected to be in place shortly. They will also be responsible for marketing the currently un-let space.

Timeline and Next Steps

- The development is currently at RIBA Stage 2, with the anchor tenants committed.
- Planning is already in place for the existing buildings and a new application for the stages plus a reworking of the existing consent for the buildings will be in place by Q3 2020, with start on site Q4 2020 and completion in 2023.

The temporary units are available and can be constructed and soundproofed in 3-4 weeks. The site could be operational by Summer 2020.

17. The Maritime Knowledge Hub

The Maritime Knowledge Hub (MKH) is a vital project to the Maritime Sector within the Liverpool City Region. The Maritime sector is large and diverse. It encompasses industries related to ports, shipping, marine leisure, marine engineering and scientific activities and maritime business services.

The project proposes to redevelop the disused Grade 2 Hydraulic Tower on Wirral Waters, a significant asset linked to the Liverpool City Region's maritime heritage, into an iconic high-profile physical hub for maritime business growth and sector development within the Liverpool City Region. The scheme is located within the Wirral Waters priority regeneration area, forming part of the wider Mersey Waters Enterprise Zone. The MKH will catalyse maritime sector growth in the LCR economy by bringing together key sector partners including Mersey Maritime and a local university, alongside regional maritime business to deliver business cluster support, education, skills and training and investment in marine technology.

Stakeholders

Wirral Borough Council, Mersey Maritime, Peel L&P Ltd, LCRCA and Wirral Metropolitan Borough Council WWIF.

Request from HM Government

£10m

Strategic Case

Liverpool City Region is known worldwide as a leading maritime city. We are focused on building upon our strong maritime innovation capabilities and heritage which saw the City Region become home to the world's first steel ship, lifeboat station, radar-controlled port, and first commercial wet dock. The maritime sector directly supports 7,900 highly productive jobs, generates £4.2bn GVA, with shipping and shipbuilding contributing nearly 50%.

Today, LCR is home to a diverse range of world class maritime companies providing national and global expertise in the ports industry, marine engineering, leisure marine, and specialist maritime financial and professional services. Building on the strong competencies and assets related to maritime will be key in recovery of the City Region, creating jobs and significant economic impact, and driving up productivity gains that will facilitate further inward investment.

With its river base, port infrastructure and concentration of maritime expertise, Liverpool City Region is well placed to exploit its distinctive knowledge-based assets and capabilities in the maritime sector and lead the way in a Port City Cluster model. The MKH will enable the maritime ecosystem to be at the forefront of developing and adopting cutting edge technologies in areas such as smart shipping, robotics, clean growth and ship-tech digitalisation. This will support wider efforts across the City Region to play a leading role in the fourth industrial revolution, as it did for the very first.

Located at Wirral Waters, it will increase competitiveness and growth of the region's existing maritime ecosystem, whilst supporting the City Region's advanced manufacturing, low carbon energy and tidal energy sectors.
Under the proposed scheme, the investment in infrastructure and services will act as a catalyst for LCR maritime sector development and business growth, in three ways:

1. **Business cluster growth** - the MKH project will support maritime growth through an expanded cluster development role
2. **Skills** – the MKH will support the creation of next generation talent, through Degree Apprenticeships in key occupations/technologies, and new provision in marine engineering and naval architecture
3. **Innovation** – the MKH will create an industry facing research facility, enabling businesses to access local specialist marine and advanced manufacturing technology. In particular it will provide facilities and expertise to allow business to undertake product and process innovation from initial design to prototype testing.

Financial Case

The MKH will be constructed by Peel Group as developer with The Council purchasing (at fair market value) the building on practical completion. This will include the benefit of pre-let tenancies including a local university and Mersey Maritime.

Financial modelling has indicated that the purchase of the MKH freehold by Wirral Council at completion is affordable based on a level of pre-let of 80% (by rental value), with occupancy then maintained at 90% on an ongoing basis. Operating costs will be recovered from tenants through services charges. Allowing for initial set-up costs, a surplus is forecast in all operational years.

Economic Case

The MKH aims to:

- Create an iconic new specialist sector facility of 5,458 sq m within the Wirral Waters Enterprise Zone, enabling the relocation of the MKH and re-purposing of existing facilities to provide business growth and job creation within the maritime sector, and establish a talent pipeline for continued and sustained growth and productivity
- Deliver approximately 621 jobs and 22 construction jobs
- Assist 1,340 businesses within the Liverpool City Region to maritime and related sector organisations over a ten-year period. Assistance will take the form of sector specific business support, measures to promote innovation and interventions aimed at addressing skills gaps that are identified barriers to growth
- Increase the number of maritime and non-maritime 'spillover' businesses and other sector stakeholders engaged with the cluster membership organization Mersey Maritime by 75% to 350
- Contribute to addressing gaps in the overall pipeline of sector skills by creating capacity for 173 Higher and Degree Apprenticeships (Level 4 to 7), 25% of which will be new jobs; and providing the facilities needed to support 251 full-time learner places (Level 4 to 7) on new marine engineering and naval architecture courses.

A Benefit Cost Ratio (BCR) of 4.5 is estimated for the MKH project (based on financial appraisal by Peel and WMBC and best practice guidance from HMT for building projects). Present value of benefits is £44.5m.

Commercial Case

Maritime is hugely important sector to the City Region, and the proposed MKH will help not only develop the existing business but help attract further investment into the region. A recent study undertaken by SQW on behalf of Wirral Council and the LCRCA discovered that there are limited examples of similar activity taking place around the world, therefore this project is highly distinctive.

It will further propel the maritime sector and its distinctive qualities and support it in becoming truly become world leading and be a catalyst for further investment opportunities. The project combines talent from across the region including local universities, Mersey Maritime, Bibby and more.

Management Case

Delivery: A forward funding route has been proposed whereby the Council provides pre-agreed funding tranches to Peel via staged payments during the build period, with ownership transferring to the Council at practical completion. It assumes that third party grant funding will form part of the staged payments and may be routed via Wirral Council. Subject to securing in principle support from the CA and project partners, the Council will enter Heads of Terms with Peel. This will enable Peel to progress design development to the specification of the project partners. Design development will in-turn unlock planning, procurement and marketing. Based on current discussions, commencement of the capital build phase will be triggered once an agreed proportion of the facility has been pre-let (indicatively 80%).
Operation: Wirral Council intends to take a virtual freehold (a 250-year long leasehold) interest in the scheme upon practical completion. The Council will then sub-let the premises to occupiers, either directly or via an operator.

Timeline and Next Steps

Start on site – Late 2020 / early 2021 with an 18 month build programme.
PC expected summer 2022 with a September 2022 term opening for universities.

18. Paddington Village

Paddington Village, Central (Paddington Central) is a major mixed-use development that will expand on the success of the KQ (Knowledge Quarter) Liverpool and create a world class environment for the most innovative firms.

Paddington Central, the first of three phases of Paddington Village, is the city's leading innovation development, creating a new high-quality mixed-use scheme over a 10-acre development site with a focus on health, education, life-sciences and technology within the KQ Liverpool Mayoral development zone. The project will provide high quality landmark buildings, increasing the city's offer of office and tech space, set within new public realm and open space.
Paddington Central has gained significant momentum over the last three years and several buildings are now completed or under construction with the scheme attracting new occupiers such as the Royal College of Physicians. **However, the Coronavirus pandemic is having a negative impact on what was previously a scheme being delivered at great pace,** such as:

- LCC's financial model for schemes currently on site and committed, as a result of increased costs and slower uptake (and withdrawal) of occupiers and,
- The financial viability of the remaining plots at feasibility stage to create further office accommodation and jobs in the health and technology sectors due to similar issues.

The project, along with other projects attracting investment in the KQ, will provide the stimulus Liverpool's emerging knowledge economy needs to reach its full potential, removing limitations on growth and providing the kinds of environment which researchers need to interact. This, in turn, will boost productivity and establish the city as a home of ingenious, civic-minded, businesses finding new answers to global problems.
On completion it is anticipated that Phase 1 (completed or committed sites) will deliver 2,050 new jobs, whilst Phase 2 (in feasibility) will deliver 2,903 new jobs.
The construction impacts are considerable too – with Phases 1 and 2 creating 2,868 and 962 construction related jobs respectively.

Stakeholders

Liverpool City Council, Liverpool Knowledge Quarter, Liverpool City Region Combined Authority.

Request from HM Government

£8m

Strategic Case

There is much to celebrate in the recent renaissance of Liverpool City Region's economy. Its people are now more skilled, its communities better-connected, and it can be proud of the strength and diversity of its business base. This is complemented by a wealth of innovation and research assets, from the high-performance computing capabilities at the STFC Hartree Centre, to the future of sciences, health care, and technology being pioneered in Knowledge Quarter, Liverpool. **In Liverpool City Region, the foundations of a high-value, innovation-led economy that can compete with the rest of the world are in place.**

Liverpool is building the infrastructure it needs to accelerate growth in its innovation and knowledge economy. **With KQ Liverpool, the city has a magnet for innovative businesses and research institutions at its heart**, including the future site of cutting-edge healthcare facilities such as one of the UK's first proton beam cancer treatment centre. These will be some of the greenest developments in the country, exemplars of carbon neutral infrastructure, transport, and air quality, fit for the most innovative businesses.

Paddington Central is a **development catalyst** for the wider KQ Liverpool development zone, providing a high-quality environment to attract new occupiers and create knowledge-intensive jobs. Supporting the existing plots in this scheme will unlock the three remaining plots, two of which will generate a considerable number of construction jobs and provide increased office and tech space. The project will create new high-quality Grade A office accommodation to attract new occupiers, new business rates and create new jobs in the knowledge economy.

The COVID_19 pandemic risks arresting development momentum, forcing the Council to take on increased costs due to the slower uptake of units.

Financial Case

For Liverpool City Council: £8 million of additional funding to reduce Council borrowing and ensure that the financial model remains viable by offsetting costs and reductions and income. This will supplement £282,000,000 already funded for schemes committed and in feasibility.

Economic Case

The project will deliver a high-quality mixed-use development from the remediation of 10 acres of brownfield land, providing:

- Two acres of new, high-quality public realm
- New Grade-A office stock with GIA of 600,000ft^2
- 120 residential units
- New, upscale 4* hotel
- District Heating Network supporting construction of green infrastructure

The employment impact of the development will be considerable:

- Phase 1: 2,868 construction jobs
- Phase 1: 2,050 new jobs upon completion
- Phase 2: 962 construction jobs
- Phase 2: 2,903 new jobs upon completion

The estimated Benefit Cost Ratio (BCR) is 31.0 with a present value of benefits of £247.65m.

Commercial Case

Launched in Autumn 2016, Paddington Village has rapidly gained momentum with seven of its ten central plots completed, on–site or committed, attracting high profile occupiers, including the Royal College of Physicians, Novotel, and Kaplan. KQ Liverpool is already home to world-leading institutions and research in health and life sciences, with three university campuses, two NHS Health Trusts, and a host of knowledge-based companies.

Schemes on site have been delivered via investment by LCC on an 'Invest to Earn' basis, using PWLB with the return on investment after debt costs and operating costs being used to support key Council services.

For schemes at feasibility stage, these have initial development appraisals and have formed the basis of bids to secure pre-lets. However, additional costs and reduced revenues through the potential cooling of occupiers and rentals, created through Covid-19, means that either support is required in the form of underwriting the income or gap funding the capital investment.

Management Case

The development of Paddington Central will be led by LCC in partnership with KQ Liverpool.

Timeline and Next Steps

- Schemes committed and under construction – These 5 projects are all under construction.
- Schemes in feasibility – These 2 office schemes have RIBA Stage 2 design complete, robust cost plans and appraisals completed, all infrastructure and abnormals completed (removing delivery risk), full site ownership by LCC and planning parameters and massing approved through an adopted Spatial Regeneration Framework (SRF).

With Government support, through this SOC, this would get two new commercial buildings on site in Q3 2020 and Q4 2021.

19. Upper Central

Upper Central is a major development within KQ Liverpool Mayoral development zone, linking the city centre retail district to the remainder of the innovation district, including the university campuses, Liverpool Science Park and Paddington Village. This project will deliver new, mixed-use development to focus on the expansion of the digital, media, tech and creative sectors in Liverpool and create a new unique space in the heart of the city centre. The high-quality development will be integrated within the LJMU university campus, a new public realm and sit adjacent to Liverpool's city centre mainline train stations.

The creation of new mixed-use development including new Grade-A office development, (especially in the media, tech and creative sectors) and high-quality residential development (for key workers, young professionals, and graduates), would both seamlessly integrate within LJMU's Copperas Hill development (with the first phase on site) and would support new development at Circus in the former Lewis's Building and Central Station. Its location, adjacent to Lime Street Station, would create a development opportunity similar to that of Kings Cross, London with accessibility and connectivity major strengths to exploit.

On completion it is anticipated that the first phase of the project will lead to 3,484 new jobs, with the wider Upper Central project expected to deliver 7,000 new jobs and sector growth in the digital, tech, creative and media industries. The construction impacts are considerable too – with up to 1,466 construction-related jobs created.

Stakeholders

Liverpool City Council, Liverpool KQ, Liverpool City Region Combined Authority.

Request from HM Government

£13.5 M

Strategic Case

There is much to celebrate in the recent renaissance of Liverpool City Region's economy. Its people are now more skilled, its communities better-connected, and it can be proud of the strength and diversity of its business base. This progress is complemented by a wealth of innovation and research assets, from the high-performance computing capabilities at the STFC Hartree Centre, to the future of sciences, health care, and technology being pioneered in Knowledge Quarter, Liverpool. **In Liverpool City Region, the foundations of a high-value, innovation-led economy that can compete with the rest of the world are in place.**

Within Liverpool, the digital sector is growing, with companies specialising in video games development, virtual reality, and smart cities. This activity is fuelling Liverpool's cultural economy, pioneering new ways to entertain and adding to the character of the city.

With KQ Liverpool, the city has a magnet for innovative businesses and research institutions at its heart, the future site of cutting-edge healthcare facilities such as the one of the UK's first proton beam cancer treatment centre. These will be some of the greenest developments in the country, exemplars of carbon neutral infrastructure, transport, and air quality, fit for the most innovative businesses.

However, **there is not yet the scale of effective collaboration** between the City Region's research institutions, innovation assets and business to sufficiently power the kind of innovation-led economy that will sustain the future prosperity of Liverpool City Region.

The pandemic has put some of these developments at risk when they are most needed. In developed, urban economies, those organisations offering advanced services and developing cutting-edge technologies drive economic growth. They draw in skilled workers and investment and are most adaptive to the ruptures we are currently experiencing. Often the most productive and valuable businesses work to tackle the problems the world needs answers to.

The COVID-19 pandemic risks arresting development momentum, forcing the Council to take on increased costs due to the slower uptake of units.

Financial Case

To maintain the momentum and move the project forward to delivery stage at pace, there are a number of aspects to both accelerate site assembly and, mitigate against investment risk as a direct result of Covid-19:

- £13.5 for site acquisition and site assembly of targeted buildings and sites.
- Underwriting of speculative office building c.150,000 sq ft – to be developed by Sciontec

This project will lever in £450m of private investment across 56 acres, delivering 2.5m ft^2 of new development

Economic Case

The project will deliver a high-quality mixed-use development from the remediation of 56 acres of brownfield land, providing:

- 2.5 m ft^2 commercial space for the digital, tech and creative sectors;
- High quality public realm and open spaces;
- Improvement of an important part of the city centre heartland; and
- Delivery of sustainable development and improved city centre air quality through the reduction in car usage and maximizing development adjacent to public transport hubs.

The employment impact of the development will be considerable, creating:

- 1,466 construction jobs
- 3,484 jobs upon completion

The estimated Benefit Cost Ratio (BCR) is 12.9 and present value of benefits of £174.2m

Commercial Case

To maintain the momentum and move the project forward to delivery stage at pace, there are a number of aspects to both accelerate site assembly and, mitigate against investment risk as a direct result of Covid-19:

- £13.5m for site acquisition and site assembly of targeted buildings and sites.
- Underwriting of speculative office building c.150,000 ft^2 – to be developed by Sciontec

This project will lever in £450m of private investment across 56 acres, delivering 2.5m ft^2 of new development

Management Case

The recent completion of the Sciontec joint venture, bringing in Bruntwood SciTech as an equity partner alongside existing partners LCC, LJMU and the UoL, represents a potential delivery option opportunity to bring forward early phases of Upper Central to deliver the proposed commercial space with existing stakeholders and landowners.

Timeline and Next Steps

The anticipated start date is Q3 2020:

- The Upper Central SRF was adopted by Liverpool City Council in March 2020 and provides a strategic planning framework for coherent development to be taken forward against.
- Discussions are well underway with key stakeholders in the area in respect of possible JV/partnership working between LCC, LJMU, institutional investors, landowners, and Network Rail.

LJMU's Phase 1 at Copperas Hill is under construction and specific discussions around site assembly for early phases of commercial development with LJMU are progressing.

20. Community and Voluntary Sector Response, Resilience and Capacity Fund

The Voluntary, Community, Faith and Social Enterprise sector (VCFSE) plays a central role in the social and community fabric of the Liverpool City Region. It works to tackle inequalities and improve the lives of local people by complementing, adding value and improving access to frontline public services. The sector has unique access to and understanding of our most vulnerable communities and this has put the VCFSE sector at the centre of local pandemic response efforts. The VCFSE sector has mobilised and adapted quickly to the needs of pandemic response but this has depleted its resources and further eroded its resilience. We now have a unique and time limited opportunity to create a positive legacy of volunteering from the pandemic. To secure this legacy, we need to make sure the CVS has the capacity and resilience to continue to support the most vulnerable people in our City Region. The **CVS Resilience and Capacity Fund** would provide cross-sector funding to develop the sector's long term capacity and resilience and help CVFSE organisations to replenish and prepare for their ongoing role in mitigating the worst effects of the pandemic. It will seek to 'level up' the sector and build on existing strengths to ensure the sector's sustainable future.

Stakeholders

LCRCA, VS6, LCR Local Authorities, CVS organisations in LCR, volunteers, LCR residents.

Request from HM Government

£5m per year for 5 years.

Strategic Case

LCR has a large and active Voluntary, Community, Faith and Social Enterprise sector (VCFSE). The City Region is home to over 8,600 voluntary organisations, community groups and social enterprises, which employ around 24,000 FTE staff. It generates more than £920m GVA including £300m investment from trusts, funders and other sources outside the City Region.

The sector plays a central role in the social and community fabric of the City Region; it works to tackle inequalities and improve the lives of local people by complementing, adding value and improving access to frontline public services. This role has never been more apparent than during the Covid-19 pandemic. The sector has a unique understanding of, access to and ability to engage with people and communities. In response to the pandemic, the sector has worked to identify, engage with and support people in the most vulnerable situations. This access and understanding has put the CVS (the local VCFSE strategic lead agencies) at the centre of pandemic response efforts. The CVS have coordinated a range of essential frontline services including emergency food provision, advice and advocacy, hands on support for people unable to access facilities and services (eg food and medicine collection) as well as mental health support. These services have been vital to ensuring that the most vulnerable people's basic needs have been met during the crisis.

The sector was quick to adapt to meet the needs of LCR communities during the pandemic. It had to simultaneously adapt its operations to lockdown, rapidly scale up activities and coordinate the work of an extra 5,000 volunteers. This has been a huge challenge and one that the sector has risen to with great success. For example, in May and June 2020 Halton and St Helens VCFSE has supported 20,000 people, made almost 12,000 wellbeing calls and delivered food and essentials to more than 25,000 people. Sefton CVS has provided help and support to almost 5,000 residents, including help with shopping and medicines collection. Community Action Wirral has supported local partners to distribute over 16,000 emergency food hampers supporting almost 61,000 residents

This picture is replicated nationally. Local CVFSE organisations have been key local enablers of recovery efforts across the UK. Their role was strengthened by the national Government's NHS Responders volunteering campaign which helped to create a groundswell of volunteering activity and was part of a wider upsurge in community engagement during the pandemic. This volunteering and engagement momentum has fuelled the CVFSE sector's response to COVID-19. We now need to maintain this momentum so that the sector can continue to work with the most vulnerable people in our communities as we move from response to recovery.

We have a **unique and time limited opportunity** to create a positive legacy of volunteering from the pandemic. To secure this legacy, we need to make sure the VCFSE sector and its infrastructure bodies have the capacity and resilience to embed these volunteers into their local activities, sustain their longer term engagement and continue to support the most vulnerable. This means that we need to invest to help the sector to overcome long standing challenges related to:

- **Resources and Capacity**: An extended period of austerity has both constrained the sector's resources and increased demand for its services. The sector was already operating beyond its optimal capacity and the pandemic has worsened matters by increasing demand and further eroding the sector's income. The sector was agile and resilient enough to survive and maintain its contribution in the short term but this cannot be sustained indefinitely.

- **Co-ordination Resources**: An unintended consequence of the upsurge in volunteering is that it has further stretched the sector's management and coordination capacity. The sector urgently needs to rebuild its coordination capability and capacity to ensure it can respond to future surges in demand as well as develop longer term resilience.
- **Lack of Long-term Investment:** Funding for the sector is fragmented and often piecemeal. Most CVFSE organisations survive on limited, sub-optimal funding and have little or no time, energy or resources for longer term activities that will build capacity and resilience.

The VCFSE sector's strong response to the first peak of the pandemic has used all of the sector's resources. Staff and volunteers are fatigued by the amount of work they have done and concerned that the sector may not have the capacity or resources to respond to a second peak. **The sector must now re-build its capacity at pace**. This will be challenging given the significant recent loss of income (more than 60% of VCFSE organisations in the City Region report that they have lost income during the crisis), continued high level of demand, and the looming loss of EU funding that has supported the sector's core activities for many years.

The CVFSE will use its entrepreneurialism and ingenuity to *survive* through this crisis but without investment in its resilience, the sector will sustain further damage to its longer term sustainability. The CVS Resilience and Capacity Fund would provide cross-sector funding to develop the sector's long term capacity and resilience and help the VCFSE infrastructure and local organisations to **replenish and prepare for their ongoing role in mitigating the worst effects of the pandemic**. It will seek to 'level up' the sector and build on existing strengths to ensure the sector's sustainable future.

Financial Case

The £25m fund will look to invest £5m per year for 5 years across two sub-funds:

The **£5m CVS Resilience Fund** will provide grants to support CVS infrastructure organisations to build long term cross sector resilience. The funding will be invested over a five year period and distributed across five investment objectives:

- Consolidate the community response to Covid19
- Identify and embed new ways to work
- Increase digital skills and improve use of technology to make the sector more effective
- Develop leadership and management capacity and capability
- Encourage more collaboration with the public and private sectors.

The £20m CVFSE Replenish and Respond Fund will invest in line with three objectives:

- Help replenish the sector's capacity
- Ensure local delivery organisations are ready to respond to subsequent emergencies

Support the recovery effort with targeted interventions dependent on economic need.

Economic Case

This fund will seek to develop the capability and resilience in the sector in order to ensure its sustainable future. The direct effect of this would be to **safeguard and sustain the significant level of employment** and GVA supported by the sector (24,000 employees, £920m GVA). The fund will also support the sector to grow, **employ more people and create more wealth** in the City Region.

The economic case here is wider than the sector's considerable economic impact. This is about ensuring that the sector can continue to help residents of the City Region address the challenges that national and mainstream provision doesn't cover. Building the resilience and capacity of the sector will help ensure that it can continue to:

- Help people of all ages to **develop their skills and access employment**: volunteers develop a range of formal and informal skills ranging from less tangible benefits like increased confidence through to formal qualifications or completion of apprenticeships. These can go on to support people to access employment or progress in their existing careers. This is one of the key ways by which society can help people facing unemployment as a result of the labour market.
- Helping to **stabilise and support people experiencing difficult personal circumstances**. CVFSE organisation play an essential role in giving access to basics such as adequate housing and essential services when people cannot access mainstream provision.
- Support **improvements in health and wellbeing of volunteers and service users**, who can experience a range of physical and mental health benefits through engagement.
- **Provide services that lead to indirect cost savings for public sector bodies,** eg by relieving pressure on urgent and emergency care interventions or by reducing overall demand for other services such as primary care, criminal justice and social services. The City Region's CVS coordination body (VS6) uses its representation on the Cheshire and Merseyside health and social care body to explore how to deepen its already essential role in supporting the NHS and public services in the City Region.

- Play a role in levelling up access to services and opportunities in order to **create a fairer, more equal society and an inclusive economy** in which all communities have an opportunity to develop their health, wealth and wellbeing.

The estimated Benefit Cost Ratio (BCR) is 2.7 and present value of benefits of £40m.

Commercial Case

The Combined Authority's experience of administering the LCR Cares grant programme (to support VCFSE organisations during the response phase of the pandemic) has demonstrated a significant need and **latent demand for capacity building funding**. LCR Cares has granted £1.4m to CVFSE organisations during the pandemic.

We expect that current high levels of demand for the sector's support and services will continue well into the recovery phase, so there will be a **continued need for capacity focused funding** irrespective of whether we experience a second peak of the virus.

Management Case

LCR has a strong, active and well organised VCFSE sector. The sector has a long tradition of administering significant amounts of European Funding and adhering to the administrative rigours that come with this. The sector's long standing familiarity with European funding streams has given it an economic as well as people focus and there is a lot of capability and capacity within the City Region to administer and deliver a fund such as this.

- **Existing coordination infrastructure**: Good infrastructure in place via VS6 (a partnership of 10 support organisations who work to champion the role of the VCFSE organisations in LCR). VS6 links into the City Region's 8,600 VCFSE organisations and helps them to collectively influence decision making, coordinate their activities and improve the sector's impact.
- **Mobilisation and delivery capacity**: The City Region can mobilise its resources quickly and effectively. For example, the Combined Authority established the LCR Cares fund in the early weeks of the pandemic. This distributed £1.4million to 300 organisations in the first 12 weeks of the pandemic.

- **Embedded into wider public sector governance structures**: The sector is uniquely placed to understand and respond to the City Region's economic and recovery needs. VS6 is represented on the Cheshire and Merseyside Health and Care partnership, the LCRLEP and has an advisory seat on the LCR Combined Authority.

The fund would draw on and use the existing sector infrastructure. The CVS Resilience Fund would be administered in partnership with VS6 and the VCFSE Replenish and Respond fund would be distributed using the existing LCR Cares framework, in partnership with the Community Foundation.

Timeline and Next Steps

The Resilience and Capacity Fund is **shovel ready** and can be up, running and distributing grants to the sector within 2 months.

21. Ways to Work extension

The pioneering Ways to Work programme has been running in the City Region since 2016, working with 25,000 people and supporting over 15,000 into work. It provides individual targeted support to unemployed people to help them identify, prepare for, and secure employment opportunities. The programme works closely with local employers and skills providers, aligning support to vacancies and skills shortages.

Prior to the pandemic, Liverpool City Region had experienced significant labour market improvements; a very low rate of unemployment, falling levels of economic inactivity, and rising levels of employment since 2014. Despite this, the employment rate was still too low, and economic inactivity too high. The result - too many residents not able to access formal work in the City Region. As a result of COVID-19 pandemic there has already been a sharp reduction in new job vacancies in the City Region as well as in increase in universal credit claims. We expect the City Region to be one of the worst impacted by COVID-19 in terms of jobs losses, as a result of over-reliance on sectors most disrupted through the pandemic, i.e. retail and the visitor economy. This increased competition for fewer jobs could push those already seeking work further from the labour market, and risks widening existing employment gaps (set out in the strategic case).

This project will provide additional job search and employment support for unemployed people and will continue to narrow gaps in economically active and employed residents to national averages.

Stakeholders

Liverpool City Region Combined Authority, Local Authorities, DWP / JCP, local employers, and National Careers Service.

Request from HM Government

£53m revenue over 3 years.

Strategic Case

Prior to the pandemic, Liverpool City Region had experienced significant labour market improvements; a very low rate of unemployment, falling levels of economic inactivity, and rising levels of employment since 2014. Despite this, the employment rate was still too low (72% compared to 75% nationally), and economic inactivity too high (26% compared to 22% nationally). The result - too many residents not able to access formal work in the City Region. There are also stark employment gaps in the City Region, particularly in terms of ethnicity, and disability. The employment rate for ethnic minorities is 57%, and for disabled 50% compared to an overall employment rate of 72% across the City Region.

The pandemic will have a significant impact on the labour market. This is already showing through an increase in claims (1.5m nationally and 90k in the Liverpool City Region by the end of April 2020), and a reduction in new vacancies. We anticipate that despite the measure put in place through the Corona Virus Job Retention Scheme and Self-employed Income Support scheme, We expect the City Region to be one of the worst impact by COVID-19 in terms of jobs losses, almost 50% of workers are in sectors most disrupted throughout the pandemic ie retail and the visitor economy.

Without intervention, there is significant risk of: short-term unemployment converting into longer-term unemployment which is more difficult to address. This also has knock on effects including increased levels of debt and financial insecurity and reduced mental health and wellbeing.

The proposed intervention builds on the successful Ways to Work model of individualised advice and job search support which helps to tackle unemployment and align skills with vacancies in essential sectors. The support provided includes help preparing a CV, mock interviews, skills development, work experience placements and intensive job searches, all aimed at improving unemployed residents' ability to find and secure work. This approach has seen demonstrable success in the City Region in supporting employers to recruit. In addition, flexible support will be provided to businesses who are about to make redundancies, enhancing the national Response to Redundancy Service provided by DWP.

Financial Case

£53m revenue funding would support 49,000 people over a 3-year period. These costs are based on the existing successful Ways to Work model and calibrated accordingly.

Economic Case

The intervention will support 49,000 people over a 3-year period with support to find and secure a job. Based on the success of the existing programme (adjusted for the impact of the pandemic) this would result in at least 14,700 residents supported into a successful job outcome.

Outcomes and outputs will include support for over 50s, an equitable needs-based gender balance of support, support for disabled residents, BAME individuals, support for those living in a single adult household with dependent children and those who are at risk of homelessness or currently without a home.

Evidence from previous recessions would suggest that extension of the Ways to Work programme could make a significant contribution towards recovery. The wage uplift associated with moving people into employment would lead to a net additional £404m GVA in the City Region in addition to net annual fiscal savings of £44m.
The estimated Benefit Cost Ratio (BCR) is 7.6 and present value of benefits is £404m.

Commercial Case

The programme extension would offer additional added value through existing staff and capacity as part of a scaled-up offer. Funding would allow the further development of the current LCR Website signposting offer to bring together a single point of access for the approaches of the 6 local authorities, DWP services including Find a Job, and JCP recruitment services alongside other vacancy and employment support offers.

Management Case

There is an established delivery framework demonstrated through the Ways to Work Delivery Partnership, having supported more than 26,000 workless local residents, placed more than 9,000 of these into work, volunteering or training and worked with local employers to create and secure jobs and employment opportunities for local residents.

The Combined Authority and local authorities would support delivery offering:

- a significant cross-sector recruitment support offer, particularly those impacted by COVID-19 and those sectors that will require job growth in the recovery period;
- coordinated delivery across the City Region, with demonstrable geographic coverage; and over 300 qualified staff directly delivering employment support advice to 49,000 residents over 3 years.

Timeline and Next Steps

The programme outlined could be operational within days of confirmation of funding being confirmed as the service is currently operational but needs to identify future funding.

22. **Targeted support for specific groups**

A programme of tailored support, signposting and advice convened at a City Region level in partnership with local authorities and the voluntary sector, complementing the universal offer available through Jobcentre Plus and Councils. The programme extends and complements existing delivery, offered where appropriate via defined "walk in" locations within a community and/or co-designed with target service user groups.

Existing and increased barriers such as digital exclusion, poor transport and low-grade housing have inhibited access to employment support. These issues are typically clustered geographically. Other non-geographically clustered groups, with characteristics such as disability, race or gender, require targeted support which is co-designed to factor the short, medium and long-term effects of COVID-19 on individuals and their opportunities.

The programme looks to address these issues through locally accessible centres that provide support for the community.

Stakeholders

Liverpool City Region Combined Authority, Local Authorities, VCS Organisations, NHS, PHE, Trades Unions, DWP, DCMS, Registered Providers, TRAs, and Community representative bodies/umbrella organisations, relevant charities.

Request from HM Government

£10m revenue over 2 years.

Strategic Case

The COVID-19 pandemic is negatively affecting deprived communities (clustered geographically) and groups with certain characteristics including race, gender and disability. Issues include poor mental health, digital exclusion, insufficient housing or job support. These groups include the City Region's c.225k economically inactive residents, those in debt and the unemployed. The pandemic has exacerbated these issues but also made it increasingly difficult for these affected groups to access support to address these issues. Intervention is therefore required to provide locally accessible, trusted and tailored support to ameliorate the deepening crisis.

This project will complement universal provision and establish 6-10 community advice centres which would support 5,000 people over 2 years. This would be achieved through (i) location-based support centres in deprived communities and (ii) wider programmes targeting affected groups. The locations would be chosen to complement local retail or other community offers. The wider programmes will be finalised with the involvement of those communities being targeted to ensure maximum effectiveness, access and a necessary ability to match needs and actions as the effects of Covid become clearer.

The programme addresses key local industrial strategy objectives of tackling poor health outcomes and other inequalities such as economic activity and digital poverty. The project would integrate with complementary programmes such as Households into Work (HiW), Housing First and LCR Cares. The approach will build upon traditional good practice such as Trade Union Unemployed Resource Centres, Citizens Advice Bureaux or "Sure Start" style identified community-based support.

Financial Case

£10m revenue (inclusive of admin costs at £0.25m) over 2 years to support 5,000 people at a unit cost of £2k. Of those supported, 1,700 would be helped into work with fiscal savings of £52.5m and present value of benefits of £46.7m.

Economic Case

The programme will provide the following benefits:

- Community-led advice to ensure trust and maximise accessibility
- Retain and build sense of community and shared identity/partnership
- Access to tailored support for 5,000 people
- Help 1,700 people into work
- Ameliorate effects of more entrenched inequality caused by the pandemic

This would safeguard 90 jobs for 2 years and deliver an annual economic impact of £12.7m, providing a 5 year Benefit Cost Ratio (BCR) of 4.7.

Commercial Case

The deliverability of this programme is underpinned by existing partnerships and networks across the Liverpool City Region. The programme has been co-designed with local authority partners and we have well established projects within a number of the communities likely to be targeted such as HiW and Housing First.

Given that there is an urgent need for support, which is only projected to run for 2 years, the best delivery and outcomes would be achieved by adding value to existing programmes and networks, with this programme managed centrally (rather than procuring a central managing agent).

Management Case

LCR-CA will use its existing networks including the Fairness and Social Justice Advisory Board and Poverty and Life Chances Commission alongside existing networks to draw together the necessary approach to ensure full co-design of such programmes alongside an appropriate and robust reporting, assessment and accountability mechanism.

This would be convened at a City Region level in partnership with Jobcentre Plus, local authorities and the voluntary sector, and be based upon existing delivery, including Directions, New Horizons, Ways to Work and Talent Match, adding value to what they are able to deliver. It would be delivered from defined "walk in" locations within a community such as a shopfront or community centre/charity premises, many of which already exist. The offer will pool current expertise and additional targeted support as identified either through partial and temporary relocation or partnership support.

Upon approval, a full delivery and project plan with milestones and partners' roles and responsibilities will be put in place to cover the proposed delivery period including identification of potential locations and likely target groups.

As part of our programme design, delivery, assurance and evaluation principles we will include equality impact assessments to ensure that we secure fair and equitable participation on the programme. Specifically, to ensure that all users of the proposed activities have equal access and opportunities, that specific needs are addressed, and that diversity is promoted wherever possible in all that we do. Where appropriate the programme will target under-represented beneficiaries considering gender, race and disability and other underrepresented beneficiaries.

Timeline and Next Steps

A full commissioning timeframe would need to be developed for this work, although it is envisaged a programme could be operational within 12 weeks of confirmation of the funding being available, ideally from October 2020 for 2 years.

23. Reskill and retrain

As part of our economic response to Covid-19, many skills and business focused key interventions inevitably must be shaped and delivered by means of taking a sectoral and cluster approach.

This proposal sets out a menu of relevant employment and skills support interventions for all sectors that reflects the needs of individuals, sectors, and clusters (as part of place shaped delivery). The proposed interventions and delivery will out of necessity be flexible, agile and be reflective of need and be delivered through a strong relationship and client-centred approach. As key principles, they will support recovery, stability and growth. Interventions will support both individuals, and also have wider business benefits based on need. Proposals will be aligned and packaged with other skills interventions for both new entrants into a sector or job role, as well as to support existing staff in specific sectors to better meet current and emerging business priorities in a volatile socio-economic landscape.

Stakeholders

Sector bodies and boards/ Partnerships and Representative Bodies e.g. Science Industry Partnership; VE Board; Construction Forum DWP; Local Authorities; LCR Health and Social Care Partnerships; The Growth Hub; Skills and Apprenticeship Hub; Independent Training Providers; Colleges and LCRCA.

Request from HM Government

£46m revenue over 3 years.

Strategic Case

Despite significant improvements in recent years, the overall levels of skills and qualifications of Liverpool City region residents remains below national levels. Businesses locally consistently report specific skills gaps that they are unable to address. The current economic crisis has shone a light on the need for particular skills sets (e.g. digital), and there is a need to narrow these skills gaps.

There are a number of external factors which were evident before the crisis, and which are now in sharper relief as part of recovery: these include increased automation, changes to retail and Town Centre usage, more deployment of artificial intelligence and the UK's departure from the EU. There is a need to enhance the overall level of skills of residents (especially digital skills) and to improve specific skill sets as these are requested by businesses: these include agile, remote and flexible working through the use and adoption of new technology; cyber security; transnational marketing and trading; use of new green and environmentally friendly technologies; Data analysis / analytics, Artificial intelligence, Virtual reality solutions; facilitation of the use and adoption of digital and technology solutions in Health and Social Care provision. Timely skilled focused support for individuals, or where businesses have to adapt to new business markets, will be a key component of recovery. Enabling businesses to recruit and retain workers with the right skills and ensuring that prospective employees acquire the skills they need to secure and retain productive employment, will be critical to unlocking business recovery and growth. This will help minimise the risk of individuals becoming long term unemployed, and in ensuring that we can build economic prosperity. Failure to do so means that people are less likely to get jobs and businesses are less likely to improve their productivity.

As part of our economic response to Covid-19, many skills and business focused key interventions inevitably must be shaped and delivered through a sectoral and cluster approach. Meeting the skills needs of our key sectors and clusters, as part of thriving eco-systems and placed based economic development approaches will be key elements of recovery and growth. This will require a flexible approach, organising around the needs of people and businesses and being clear about what the offer is. It is also likely that further programmes will emanate from HMG during the recovery period, and one of the challenges will be cohere and communicate offers so that people and businesses can make informed choices about what works best for them.

Financial Case

The proposed package of investment over three years of £46m will support 22,500 individuals in 2,000 businesses with wider business and sector specific interventions. Despite this scale of investment, delivery will require a nuanced and sectorally targeted methodology and be responsive to sectoral, business or individual needs. This provides a scale of opportunity enabling sectors and businesses of multiple sizes to reap the economic benefits of a relevant skills support programme. There is an expectation that whilst training would be free to people, businesses would be required to co-invest resources.

The economic impact of Covid-19 on all businesses- especially SMEs- is substantial and many interventions could be the difference between business survival and business failure. Investment interventions that helps facilitate a business to a position of earning revenue through delivering its products and services back into the market place, whilst supporting its ability to stabilise, grow and thrive will be essential in the wider socio economic environment.

Economic Case

A three-year support programme is proposed beginning in Autumn 2020 that will identify the key inputs required in consultation with businesses and people. These would evolve over time depends upon the needs of people and businesses, and the economy as a whole. This would build upon current delivery approaches and programmes, across digital skills, Be More Skills Fund and colleges, training providers and universities. Specific targeted outreach will encourage take up to narrow gaps for particular groups or communities e.g. people with disabilities, those from BAME communities.

The phasing of delivery would need review as it is likely that this will ramp up over time, as new needs and opportunities are clearly identified. Delivery will build on the stakeholder and partnership strengths across the City Region and the strength of business and sectoral knowledge.

Assuming that all 22,500 learners gain the equivalent of a full Level 3 qualification, this would produce £9.5m fiscal savings. This would produce a payback period of around 4½ years based upon net annual fiscal savings, thought the contribution to improved productivity levels would be in excess of this.

The estimated Benefit Cost Ratio (BCR) is 2.5.

Commercial Case

The deliverability of this sector and cluster focused programme of activity is underpinned by existing employment and skills partnerships and networks across the Liverpool City Region. In addition, we will utilise our existing networks- such as sector boards, The Growth Platform and sectoral partnerships- such as the Science Industry Partnership and the construction network- to engage with employers.
Working with employers and their partners at all stages of programme design and delivery as a key principle will ensure that the skills needs of employers and their employees will be matched strongly during the programme of activities. Activities are not intended to displace other activities.

Management Case

Upon approval, a full delivery and project plan with milestones and partners' roles and responsibilities will be put in place to cover the proposed 36 month delivery period. The project plan will include business assurance arrangements that include risk management strategies and risk assessment plans to minimise the risk of failing to deliver the outcomes proposed. As part of our programme design, delivery, assurance and evaluation principles we will include equality impact assessments to ensure that we secure fair and equitable participation on the programme.

A full commissioning framework and timeline would need to be developed for this work; this is especially critical whilst any Covid-19 restrictions remain in place. The planned interventions do not displace current delivery, add value, and do not retrospectively fund current or previous activity. Interventions are based on practical deliverable commissioning plans and build on existing models. Key barriers to delivery have been considered both internally and externally by a range of stakeholders and partners

As part of our programme design, delivery, assurance and evaluation principles we will include equality impact assessments to ensure that we secure fair and equitable participation on the programme. Specifically, to ensure that all users of the proposed activities have equal access and opportunities, that specific needs are addressed, and that diversity is promoted wherever possible in all that we do. Where appropriate the programme will target under-represented beneficiaries considering gender, race and disability and other underrepresented beneficiaries.

Timeline and Next Steps

A full commissioning timeframe would need to be developed for this work, although it is envisaged a programme could be operational within 12-16 weeks.

24. Graduate employment programme

Evidence from previous recessions suggests that graduating from university during a prolonged economic downturn has a large and persistent effect on wages throughout an individual's career. This results in lower lifetime earnings than those entering the labour market at more favourable times, and causes jobs considered lower skilled (and lower paid) to be undertaken by individuals with comparatively high levels of qualifications.

The project would result in the creation of 5,000 paid graduate internships in SMEs, that puts in place a 12-18 month programme to ensure the retention of graduate level skills in the City Region, which supports business recovery by providing an accessible and local skills/vacancy matching offer, and with the possibility of a Postgraduate element to reflect higher skills and a later graduation date.

Stakeholders

Universities; Employers; Employer representative bodies; Trades Unions (including student unions) DWP; VCS Organisations and representative bodies/umbrella organisations; LCRCA; The Growth Company.

Request from HM Government

£10m over 2 years.

Strategic Case

This business case is part of a **people-focused** recovery that protects our progress over the last decade. Skills and employment will need to be addressed alongside improving health, wealth and wellbeing for everyone in order to drive inclusive economic growth. The skills dimension to the economic recovery will support people into work and ensure through retraining ensures their skills remain relevant and contribute to local productivity.

The City Region is in the top three of all Local Enterprise Partnerships for growth in the number of working age residents with NVQ4+ qualifications out of all LEPs, while the number of people with no qualifications has more than halved since 2004. Despite significant improvement, the proportion of people qualified to degree level is six percentage points lower than the national average. Our universities are a good source of highly skilled talent in the City Region, however evidence identifies two issues in the graduate labour market in the LCR. Firstly, while the City Region has good graduate retention rates for *home-grown* students, retention rates are low for those not originally domiciled in the City region. Secondly, graduates who do stay in the City Region typically end up in employment not aligned to their skill and qualification level, with local evidence suggesting this is due to a lack of suitable graduate opportunities in the City Region. This is particularly acute in SME businesses.

There are a number of market failures which could prevent SMEs employing graduates: information asymmetries are at play, with many SME employers not understanding the potential benefit of a graduate and seeing the upfront costs in recruitment and training as risky. This is exacerbated by labour market mobility – these upfront costs in training may not be realised in the long term if the graduate moves on to another employer.

Evidence shows that graduate employment markets become even more depressed following a recession, despite the recognition that maintaining and developing a pipeline of high skilled workers is key to driving economic growth in the longer term.

The proposed intervention will work closely with Universities and local businesses to provide paid internships for students who are at or have studied at a University in the LCR. Internships will overcome information failures among SMEs, who will experience the benefit graduates can bring to a business, while improving the skills and employability of the graduate in what will be a challenging labour market to graduate into.

Previous Government-commissioned impact evaluations of Graduate internship programmes have indicated positive benefits. Many saw the experience as their first step along the road to meeting their career ambitions, which they might not have taken without the kick-start of securing an internship.

Financial Case

Across our 6 HEIs more than 8,000 students graduate each year. The proposed option requires a total investment of £10,000,000 to support 2,500 graduates each year. In total, the 5,000 paid internships will have a unit cost of £2,000. This provides a scale of opportunity enabling graduates and SME employers to reap the economic benefits of the programme in support of ensuing a skilled and talented pool of graduates able to add value in the local City Region economy.

The design and subsequent delivery of the proposed programme will be sufficiently flexible so as to maximise the potential to blend activities and this approach with any funding secured for a wider Future Jobs Fund offer, either as a specific but distinctly branded element or a separate scheme funded via the same source.

Economic Case

Graduate (paid) internships of the type proposed have many economic benefits to the intern and the employer and secure high value for money.

The challenge locally is not the lack of graduates who wish to stay locally but the low level of graduate level jobs. This initiative then would allow graduates to develop work experience locally and for SMEs to have an injection of a different skill set, providing additional capacity and capability for the business.

The paid internships would result in improved skills and employability of graduates at a time of challenging labour market conditions, and greater appetite among SME businesses to employ graduates due to greater understanding of the benefits. This will improve the availability of quality graduate jobs available locally, skills-led growth and wage uplifts for graduates, resulting in GVA benefits.

5,000 paid Internships at a unit cost of £2,000 would deliver 3,750 job outcomes. The economic benefit associated with this is derived from the increased wages the graduates receive when compared to a lower paid job in the LCR or unemployment. The GVA impact of these wage uplifts are £92m, delivering a BCR of 9.2. There are also fiscal savings associated with the programme if it successfully prevents unemployment. Fiscal savings are £11.25m.

The estimated Benefit Cost Ratio (BCR) is 9.2 and present value of benefits is £92m.

[1] Data sources : LEO; TEF; HEIDI

Commercial Case

The deliverability of this graduate internship programme is underpinned by an existing employment and skills partnership and network across the Liverpool City Region. We already meet regularly with senior directors and Pro-vice chancellors and Vice-Chancellors from local HEIs- including those responsible for University Careers services and Employment outcomes and have delivered graduate employment related programmes previously.

In addition, we will utilise our existing network s- such as sector boards, The Growth Platform and sectoral partnerships such as the Science Industry Partnership and the construction network - to engage with employers.

Working with employers and their partners at all stages of programme design and delivery as a key principle will ensure that the skills needs of employers and graduates will be matched strongly during the programme of activities. This will avoid displacing opportunities that may ordinarily be available for those with lower level skills and help minimise underutilisation of skills in job roles which arguably should be available for non-graduates.

There are existing delivery partnerships and networks in place across Universities in the City Region, and these can be utilised as the basis for the rapid implementation of this programme.

Management Case

Upon approval, a full delivery and project plan with milestones and partners' roles and responsibilities will be put in place to cover the proposed 12-18-month delivery period. The project plan will include business assurance arrangements that include risk management strategies and risk assessment plans to minimise the risk of failing to deliver the outcomes proposed.

A full commissioning framework and timeline would need to be developed for this work, although it is envisaged a programme could be operational within 12 weeks and manage effectively; this is especially critical whilst any Covid-19 restrictions remain in place. The planned interventions add value, they do not displace current delivery, and do not retrospectively fund current or previous activity. Interventions are based on practical deliverable commissioning plans and build on existing models.

As part of our programme design, delivery, assurance and evaluation principles we will include equality impact assessments to ensure that we secure fair and equitable participation on the programme. Specifically, to ensure that all users of the proposed activities have equal access and opportunities, that specific needs are addressed, and that diversity is promoted wherever possible in all that we do. Where appropriate the programme will target under-represented beneficiaries considering gender, race and disability and other underrepresented beneficiaries.

Timeline and Next Steps

It is envisaged a programme could be operational within 12 weeks. The envisaged timeframe would reflect positively on universities' Graduate Outcome scores (as measured 15 months post -graduation).

25. Sustainable job creation programme

Prior to the pandemic, LCR had made significant progress against key indicators closing many of the gaps with national averages. The current crisis has resulted in significant numbers of people becoming unemployed, allied to increasing concern of a further spike in numbers following the end of the current Government funded Coronavirus Job Retention Scheme. At the same time large numbers of vacancies are available in specific sectors at the heart of the COVID19 response including those in social care and health, food production, retail and distribution and logistics.

The Sustainable Job Creation programme would focus on over 25s to allow the development of work experience and provide key worker employers with recruitment support and individuals with a conduit to continued employment within key sectors. Temporary employment solutions could meet peaks in demand in key sectors and in the medium-term offer redeployment to other essential sectors.

Stakeholders

Employers, TUC, DWP, existing local ILM schemes, social enterprises, Local Authorities, JCP, NCS, LEP/Growth Platform, LCRCA.

Request from HM Government

£180,000,000 would be required over 2.5 years.

Strategic Case

As part of a **people-focused** recovery that protects our progress over the last decade, skills and employment will need to be addressed alongside improving health, wealth and wellbeing for everyone in order to drive inclusive economic growth. The skills dimension to the economic recovery will support people into work and ensure through retraining their skills remain relevant and contribute to local productivity.

Prior to the pandemic, Liverpool City Region had a relatively low rate of unemployment and falling levels of economic inactivity. The result of this, was an increase in employment, which was growing each year since 2014. It is expected that these trends will reverse as a result of COVID19. As a result of the pandemic and lockdown, the amount of new vacancies has fallen by 55%, further pushing those now unemployed further from the prospect of employment. The economic impact of the COVID-19 health crisis has led to an increased number of people being unemployed, who would normally be in work: to date, over 65,000 new claims for Universal Credit have been made from City Region residents, of which 78% have been aged 25 or over – this would complement the Kickstarter jobs being created for 16-24 year olds. Businesses are not able to create sufficient jobs to meet the increased demand for them, and there is a significant risk of there being long term widespread unemployment, with the consequent economic and social costs.

Building on the successful post 2008 Financial Crisis Future Jobs Fund model and 3,000 roles delivered since 2016 by Ways to Work, the Sustainable Job Creation Programme would help tackle unemployment and meet vacancy needs in essential sectors. This could be focused upon keyworker support, matching those looking for work with vacancies in key sectors via match funded placements for a minimum of 6 months, with incentives for employers offering roles at Real Living Wage or above: participating employers may be required to sign up to Fair Employment Charter principles in order to access support. Building on the Support for temporary employment would provide a significant contribution towards economic recovery and support for employers and could be seen as an exit route for employers from the Coronavirus Job Retention Scheme whilst providing a route to continuous employment for individuals.

Financial Case

An investment of £180m would see 18,000 jobs across the City Region created at a unit rate of £10,000 per job. Using the cautious 40% job sustainment rate delivered through Future Jobs Fund, this would see 7,500 finding work subsequently. The capability to meet the financial management requirements of the work would be supported by LCRCA and the work of Local Authorities and key committed employers.

Economic Case

Without intervention to incentivise further temporary employment opportunities, short term unemployment could spiral into the longer term: the longer somebody has been out of work, the harder it is for them to return.

Evidence from previous recessions would suggest that a job subsidy scheme, modelled on and learning from Future Jobs Fund would make a significant contribution towards recovery. A subsidy programme to encourage employers to create temporary jobs would be from 6-12 months in length, depending upon the needs and position of the individual being helped. £180m will support 18,000 individuals across the City Region into temporary positions, with 7,500 going on to find permanent work. Assuming that they were all in receipt of the equivalent of Jobseekers' Allowance, this would see fiscal savings of £21.6m and present value of benefits of £366m.

The estimated Benefit Cost Ratio (BCR) is 2.0 and present value of benefits is £366m.

Commercial Case

The deliverability of a local temporary employment scheme is underpinned by an existing employment and skills provider delivery network operating locally through both AEB contracted provision and ESF demonstrating a successful track record of employment and skills commissioning locally. External partners have also helped inform the potential for any displacement of existing programmes and align the aims of interventions to emerging local needs.

The majority of temporary jobs would be within the private or public sectors, and in those roles where there is the best chance of people gaining work after the temporary job: examples could include retrofitting, care, steel erectors, IT coders or customs agents. The jobs would be additional and not replace or displace any existing roles. 85% of the job roles would be delivered through Councils, with the balance delivered through CVS organisations.

Management Case

A full commissioning timeframe would need to be developed for this work, although it is envisaged a programme could be operational within 12 weeks. The planned interventions do not displace current delivery and are not retrospectively funding current or previous activity. Interventions are based on practical deliverable commissioning plans with the experience of managing the devolved budgets and job creation tracking from previous programmes.

Jobs would be offered out in phases and designed to support people who were a little further away from the labour market; typically, this could be somebody who has been out of work for around 4-8 months, is just returning from caring responsibilities, a care leaver or somebody who is now on an active sickness benefit. Referrals would come through from Jobcentre Plus or through self-referral to Ways to Work services.

As part of our programme design, delivery, assurance and evaluation principles we will include equality impact assessments to ensure that we secure fair and equitable participation on the programme. Specifically, to ensure that all users of the proposed activities have equal access and opportunities, that specific needs are addressed, and that diversity is promoted wherever possible in all that we do. Where appropriate the programme will target under-represented beneficiaries considering gender, race and disability and other underrepresented beneficiaries.

Timeline and Next Steps

A full commissioning timeframe would need to be developed for this work, although it is envisaged a programme could be operational within 12 weeks of confirmation of funding.

26. Entrepreneur Development Programme

The Entrepreneur Development Programme will provide support to individuals who have lost their job as a result of the pandemic and have the potential and ambition to start their own business. There are 150k people in the City Region currently benefitting from the Coronavirus Job Retention Scheme. Local consultation suggests that a substantial proportion of these could be at risk of redundancy as the scheme is wound down. Experience of previous recessions highlights potential for an increase in 'necessity entrepreneurship' and an increase self-employment. We need to ensure there is adequate support of sufficient intensity to enable and encourage start-up activity and maximise survival rates.

The programme will expand the support currently available to people seeking to start their own business in anticipation of increased demand and need for more intensive support. The high intensity programme will be delivered in cohorts of 40 over a three month period and focused around the transformational opportunities identified in the Local Industrial Strategy. The support will be delivered via a series of workshops, providing training and skills development, networking opportunities and high quality financial, professional and legal advice. Participants will also have access to a mentor, start-up finance and assistance to identify and secure other funding opportunities. The programme will maximise survival rates by ensuring both the entrepreneur and the business has the skills, support and resources for success.

Stakeholders

Federation of Small Businesses, Chambers of Commerce, Professional and Business Service sector board, Local Authorities, Growth Hub, Entrepreneurship Hub, LCRCA.

Request from HM Government

£10.25m revenue over 2 years.

Strategic Case

There are 150k people in the City Region currently benefitting from the Coronavirus Job Retention Scheme. Local consultation suggests that many could be made redundant as the scheme is wound down. A third of respondents to a survey of local employers indicated that they expected to make redundancies this year; on average respondents expect to make 23% of their workforce redundant.

Evidence from previous recessions shows an increase in the number of people who start their own business following a recession. This is often driven by the challenging labour market conditions during a recession and the prevalence of 'necessity entrepreneurship'. Trading conditions will be challenging for these new businesses and many will be led by first time entrepreneurs. We must support these businesses to ensure their survival and sustainability and enable them to make a long-term contribution to the City Region's economy. This is especially important given the low business density in the City Region (the third lowest of all Local Enterprise Partnership areas).

Existing provision for start-ups in the City Region is dominated by light touch and low intensity support. International evidence shows that higher intensity support which provides access to high quality mentors, personal development opportunities and finance tends to be most effective in supporting people to start successful businesses. Such programmes require public investment given that participants typically cannot pay for the support themselves. There is currently a lack of this type of support in the City Region's business support portfolio.

The proposed intervention will extend and enhance current mainstream support provision to an additional 5,000 entrepreneurs. It will use this broader reach of these services to identify high growth potential business ideas and entrepreneurs who may benefit from more intensive support. The programme will provide intensive support to 160 individuals per annum for 2 years. The intensive programme will include a series of workshops, training and skills development, networking opportunities, high quality financial, professional and legal advice, access to a mentor, access to start up finance and identifying and securing other funding opportunities.

Financial Case

An investment of £10.25m revenue over 2 years would enable light touch support to be provided to 5,000 entrepreneurs who are wishing to set up their own business and intensive support to 320 of these. The unit cost per intensive assist would be in the region of £30,000.

Economic Case

By supporting people into self-employment the programme can ensure replacement of jobs and capacity in the LCR economy lost as a result of Covid whilst also channelling potential entrepreneurs into sectors and opportunities that need filling or have the potential to grow, increasing the resilience of the LCR economy and providing wider economic benefit.

Economic benefits are delivered as a result of employment creation in the new businesses that are established as a result of the programme. Of the 4.6k individuals supported, we estimate that 50% of these will establish a successful business (that survives a minimum of three years) and will deliver 5,000 net additional jobs in the economy. This has a GVA impact £81m and a BCR of 7.9. As a result of reducing benefit claims from beneficiaries, the scheme also delivers net annual fiscal savings of c.£4.5m and so has a payback period of just over 2 years.

Commercial Case

The deliverability of this bespoke self-employment programme is underpinned by an existing strong partnership and network with key stakeholders across the Liverpool City Region. The project would be managed though existing delivery consortia, including the Entrepreneurship Hub, Growth Hub, Councils, colleges, training providers and Universities. This minimises risk and allows delivery to be clearly focused and to ramp up quickly.

We already meet regularly with Chambers of Commerce, Representative Bodies, Local Enterprise Partnerships and voluntary sector colleagues, including those responsible for providing self-employment support and who have delivered similar programmes previously.

Working with stakeholders and their partners at all stages of programme design and delivery as a key principle will ensure that the skills needs of self-employed people will be matched strongly during the programme of activities. To ensure that the programme is suitable and successful. We would work with key partners to identify appropriate areas in the economy where support might be directed and be most likely to be successful.

Management Case

Upon approval, a full delivery and project plan with milestones and partners' roles and responsibilities will be put in place to cover the proposed delivery period. The project plan will include business assurance arrangements that include risk management strategies and risk assessment plans to minimise the risk of failing to deliver the outcomes proposed.

A full commissioning framework and timeline would need to be developed for this work, although it is envisaged a programme could be operational within 12 weeks and manage effectively; this is especially critical whilst any Covid-19 restrictions remain in place. The planned interventions add value, do not displace current delivery, and do not retrospectively fund current or previous activity. Interventions are based on practical deliverable commissioning plans and build on existing models.

As part of our programme design, delivery, assurance and evaluation principles we will include equality impact assessments to ensure that we secure fair and equitable participation on the programme. Specifically, to ensure that all users of the proposed activities have equal access and opportunities, that specific needs are addressed, and that diversity is promoted wherever possible in all that we do. Where appropriate the programme will target under-represented beneficiaries considering gender, race and disability and other underrepresented beneficiaries.

Timeline and Next Steps

A full commissioning timeframe would need to be developed for this work, although it is envisaged a programme could be operational within 12 weeks of confirmation of funding.

27. New Housing Delivery

Housing led regeneration forms a key theme of the Liverpool City Region Recovery Plan. LCR is a great place to live with an amazing cultural offer, green infrastructure and sense of community. However large areas of our housing stock is single housing types demonstrated by the fact that almost 70% of local housing stock is in council tax band A or B, compared to an average of 44% in England. We have strategic, predominantly brownfield sites which could be developed for new housing delivery. To attract and retain the people we need for our economic growth to meet our ambitions we need to increase quantity, quality and affordable homes

Announced and costed by Government in the March 2020 budget, the Brownfield Land Fund and Single Housing Infrastructure Fund will help the City Region achieve its goals. We seek to have this funding locally devolved (£45m Brownfield Land Fund, £285m Single Housing Infrastructure Fund). Through devolution, we can ensure synergy with other existing funds, maximise interventions in placemaking, and deliver the wider strategic housing objective identified in the City Region Housing Statement. We in the City Region are best placed to understand our housing market and local need. We seek local coordination and management, collaboration and accountability to implement national programming at a local level through use of devolved funds.

The Brownfield Land Fund will help bring forward brownfield land for new housing development. Longer term, the Single Housing Infrastructure Funding is to be allocated to de-risk key strategic housing sites for private sector development to deliver the housing required to address the housing needs of the existing population and attract the people with the skills to continue to grow the local economy.

Funding requested here will enable the Combined Authority to support the delivery of 13,000 new homes together with providing a short-term stimulus to the construction industry and the retention of key construction skills. We will work with the Manufacturing Technology Centre to deliver homes using modern methods of construction. Details of this are set out elsewhere in this plan.

Stakeholders

City Region Combined Authority, Homes England, Registered Providers, Local Authorities, Private Developers, MTC.

Request from HM Government

Initial: £5m of capacity funding and £45m Brownfield Land Fund plus Stimulus Package of £35m

Medium term: Single Housing Infrastructure Fund of £285m

Strategic Case

The City Region has an ambition to deliver new housing to meet its aspirations for economic growth whilst still addressing the housing needs of the existing population. The Combined Authority has adopted, where possible, a policy of brownfield land first development meaning that many of the housing sites are difficult and expensive to develop. With lower housing values in many areas this can make viability extremely difficult.

COVID-19 will lead to a decrease of up to 40% in house building this year. The ability to provide a stimulus to the existing developers, target difficult brownfield land and de-risk more strategic sites to provide a pipeline of suitable housing delivery sites is critical. The ability of the public sector to prepare key sites for private developers whilst at the same time as improving the design quality and housing mix to meet economic growth is vital to our housing success.

The CA have identified a housing sites pipeline with the Local Authorities This has helped identify key strategic sites which require intervention to enable new housing to be delivered to meet the needs of the City Region's economy. It is anticipated that the key strategic sites could deliver around 13,000 new homes.

Demand for new privately-owned housing has decreased whilst a pent up demand for affordable housing is anticipated in light of the economic effects of the lockdown. To provide an initial housing stimulus package it is proposed to work with developers in the City Region to purchase stock plots, particularly on those sites which previously had no affordable housing, to provide RPs with more affordable housing. This will then stimulate further house building in the City Region.

Modern Methods of Construction (MMC) will be an integral part of the delivery of suitable housing schemes aligning with the Manufacturing Technology Centre (MTC) funding bid elsewhere in this recovery plan with up to 3,000 homes being built using the findings of the first phase of the MTC project to deliver cost savings, speedier development times and improved quality of housing finish.

The sites of the interventions will set high standards to ensure that high quality, sustainable communities will be created, raising the design standard in the City Region. All sites will undergo peer review through the City Region Design Champion to ensure best practice advice is provided prior to planning submissions.

Financial Case

The City Region is asking for £5m capacity funding, £45m Brownfield Land Funds and £285m Single Housing Infrastructure Funds to bring forward land with the potential to deliver over 13,000 homes almost one third of which will be built using new processes of MMC. Both Funds have already been identified in Government budgets.

The standard housing intervention benchmark is c£43,000 per home and this bid comes under that benchmark showing good value for money.

With traditionally lower housing values in the City Region this makes the viability of some brownfield sites more difficult to deliver and grant intervention is required to make these more attractive. Otherwise greenfield sites tend to come forward as simpler to deliver than brownfield sites to the detriment of the natural environment.

Economic Case

An initial seven key sites have been identified within majority LA ownership to spend £45m of the Brownfield Land Fund to bring forward remediation to enable development to commence. This would enable land for over 13,000 homes to be remediated and prepared for viable high quality housing schemes with mixed tenure homes to come forward on brownfield land.

The Single Housing Infrastructure Fund this will focus on larger strategic sites that require key upfront infrastructure to enable the quicker delivery of housing to de-risk sites for the private sector to deliver. This will include:

- Land Assembly – to enable schemes to come forward in a comprehensive manner;
- Remediation on brownfield land;
- Road infrastructure including cycle provision both on and off site to deliver enough capacity for housing schemes;
- CHP systems to integrate renewable community energy to reduce carbon emissions;
- Green infrastructure to provide high quality place-making at the heart of new schemes.
- For the SHIF funding it is estimated that over 10,000 homes will be brought forward more quickly than without intervention and that up to 15% of these overall will be affordable homes to meet housing need.

Construction will also provide employment opportunities in the construction sector with 9200 jobs estimated and 1,840 new learners assisted. In line with local policies local labour contracts will be preferred and training opportunities as well as apprenticeships will be included in contracts to maximise the benefits locally.

The estimated Benefit Cost Ratio (BCR) is 3.4 and present value of benefits is £136m.

Commercial Case

The Combined Authority has the experience to deliver funding where most needed in knowing the local sites and markets. Funding bids will be received and assessed using their existing criteria, plus any additional requirements of either funds to ensure compliance and delivery of required outputs. Value for money and economic business case will be a key component of any assessment to ensure a commercial deal is delivered.

The Brownfield Land Fund and Single Housing Infrastructure Fund will be used to maximise place-making and impact in aligning with other CA funds such as the Town Centre Fund so delivering through one mechanism will allow this to happen on a more strategic and coherent basis.

Management Case

The CA has the existing decision-making structures, key relationships and staff to deliver the proposed funds to allow housing to come forward.

Officer level meetings happen every 2 weeks between the CA and Homes England to ensure information sharing and synergy of programmes.

The CA has identified short-term capacity funding to progress the delivery plans for each individual site but required more such funding to ensure they will be deliverable over the next 5 years to ensure a timely delivery of new sites to housing developers.

Timeline and Next Steps

Capacity funding of £1m initially has been granted by the CA to the City Region Local Authorities to advance delivery plans. Once Brownfield Land Fund allocation to the CA is confirmed, projects can be submitted within 3 months and start on site in 3-5 months after that.

- Confirmation of Brownfield Land Fund allocation to CA
- Submission of Brownfield Land Fund projects for funding – Oct 2020
- Start on site for Brownfield Land Fund projects – end 2020
- Confirmation of Single Housing Infrastructure Fund – early 2021
- Submission of SHIF projects – mid 2021

Start on site of SHIF projects – early 2022

28. An upgraded, sustainable Cruise Liner Terminal

Liverpool's visitor economy is a key sector to the City Region economy, and a new cruise liner terminal will increase cruise related visitor spend in the City Region from £7m to £13m per annum. This will support the City Region's economic growth objective by encouraging investment in Liverpool's globally competitive maritime and visitor economies. Liverpool's cruise port is on its world-famous waterfront, and the improved terminal will raise the international profile and brand of Liverpool to visitors from all over the world – helping its marketability as an attractive investment destination.

The new 'turnaround' Cruise Liner Terminal (CLT) will be a transformational infrastructure project for the City Region. It is a key infrastructure project to increase the capacity of the existing terminal so that it can accommodate larger vessels (three times the size of the current capacity) and also low larger cruise ships to call into port as well as cruise turnaround (i.e. for cruise ships to start and end their trips in Liverpool rather than stopping only for visits). The 11,000sqm facility at the Princes Jetty site will replace the existing temporary terminal.

The Liverpool City Region Combined Authority (LCRCA) previously approved an investment of £20m to Liverpool City Council (LCC) towards the new terminal. The project also included a 1750 multi storey car park (MCSP) and a 200 bed 4* hotel. The overall cost of the project was estimated to be circa £127m.

However, due to delays in achieving a planning consent and the Harbour Revision Order, start on site has been delayed by over 2 years, impacting the viability of the project. During this time, the costs of the CLT have risen from £60m to £88m. As such LCC are now seeking an additional £20m from the LCRCA towards the project. In addition, the multi-storey car park has been removed from the scope and the hotel delivery delayed.

It is expected that the CLT will now be operational by August 2023. The investment would prepare the City Region for upswing in demand, as social distancing is eased around the world.

Stakeholders

Applicant: Liverpool City Council; Funder: LCRCA & LCC; Landowners: Peel, Duchy of Lancaster.

Request from HM Government

£40m

Strategic Case

The UK is the third most important cruise market after the US and Germany, with 2 million passengers taking cruises each year. More passengers are choosing to travel from UK ports and, as new cruise ships are increasing in size and capacity. Liverpool must invest in its terminal to maintain and enhance its market position.
Liverpool built its international reputation as a shipping gateway to the new world. Ships from Cunard, White Star and Empress Lines carried passengers and goods to the Americas and beyond. Today, 'maritime, logistics and visitor economy' is a key local growth sector for the Liverpool City Region – and the Cruise Liner Terminal is a significant infrastructure project for attaining that growth.
The Cruise Liner Terminal will exploit and promote the national and international profile of Liverpool; positively impact the local economy, job creation and business growth; improve the quality and range of visitor attractions in the City Region and enhance the City's infrastructure and distinctive sense and quality of place.

Financial Case

The results of a recent tender exercise indicate an estimated cost of £88m for the CLT (an increases of around £19.2m from the previous estimate of £68.8m reported in August 2018). There is a significant viability gap associated with the delivery of the CLT reflecting the difference between capital cost of delivery and net operating revenue likely to be generated by the new CLT.
The impact of Covid-19 will add significant new financial pressures on Local Authorities' overall revenue position and will therefore make the current position of the Council investing £68m of the £88m challenging.
Therefore additional SIF funding is necessary to deliver this unique and strategic asset that will contribute to the wider visitor economy to the City Region and promote Liverpool's brand on an international level whilst, keeping Council borrowing against the project at sustainable level.
LCC will underwrite any future liabilities in operating the facility.

Economic Case

The economic benefit to the City Region is significant. It is anticipated that the new facility will increase visitor spend in the region from £7m to £13m annually. It will therefore provide a significant boost to the region post COVID19.
The economic impact associated with Turnaround calls (which the new Terminal will enable) is much greater than transit calls, due to the requirements for additional support staff, ship stores, ship repairs, refuelling, pre- and post-cruise stays in hotels and associated spend in the City Region economy.

The original appraisal, undertaken by the CA in 2018, considered the gross job creation and the net job creation impacts. Although this will need to be refreshed, it was estimated at the time that the project (including hotel & car park) would have delivered 500 net additional jobs in the City Region and annual net additional GVA of around £18m. The appraiser also identified a Net Present Public Value of £58m with a BCR of 1.5.

Commercial Case

Prior to the Covid-19 pandemic, the global cruise market was buoyant with the number of passengers cruising each year rising by an average of 4.2% per annum. The UK was the third most important cruise market after the US and Germany, with nearly two million people taking cruises, representing an increase of 57% over the past decade. Cruise line operators are responding to growth in demand with orders for new ships over the next ten years totaling 76 vessels currently ordered which will provide over 216,000 new berths.

The current temporary facility opened in 2007 (later expanded in 2012) and since opening has welcomed over 500 cruise ships carrying over 1 million international passengers and crew and generated £72m to the local economy, with an additional 30m gross tonnage (GT) of shipping traffic to the River Mersey

The current terminal can only facilitate "turnaround" vessels that carry a maximum of 1,000 passengers. These tend to be the older ships that have a limited life span, c5-8 years, before they will be mothballed or scrapped. The average new build ships have a capacity of between 3,500 – 5,500 passengers.

Without investment in a new "fit for purpose" CLT, in a period as short as 5 years time, there may not be any sub 1,000 passenger ships operating to provide Liverpool with this turnaround business should the new CLT not be delivered.

The level of investment in the global cruise industry from cruise operators will no doubt result in a rapid response to the pandemic to introduce measures to improve social distancing, food preparation and hygiene standards on ships. Whilst there will undoubtedly be a significant decline in cruising until summer 2021, the new facility will not be operational until spring-summer 2023.

The full impact of the pandemic will therefore need to be monitored carefully and LCC are working with KPMG to develop the updated business model. We understand that the CLT will make an annual operational loss ranging from circa £500k to £2m depending on the amount of cross subsidies available and match funding. We understand LCC will secure cabinet approval to underwrite the running costs.

Management Case

The financial and operational realities of operating a CLT on the River Mersey dictate that no private sector operator is in a position to own, operate and manage a new CLT in Liverpool. Therefore, LCC has taken a lead in the delivery of this key project and it has already invested £8.50m at risk in design development, site investigations and preparatory works.

LCC will continue to operate the new facility as they have an established track record of managing cruise operations having successfully operated the current facility since 2007.

Timeline and Next Steps

The scheme is now well developed. Subject to the Harbour Revision Order being agreed, LCC are ready to start on site in the Autumn 2020. This will enable an opening in 2023 ahead of the Cruise Liner season.

The LCRCA have also re-engaged a consultancy team to reassess the case for investment and ensure VFM. It is envisaged this will be completed late summer with the potential for a GFA to be signed late summer / early Autumn

28.1 Confronting Colonial Pasts: Expansion of Liverpool's International Slavery Museum

National Museums Liverpool (NML) is the only group of national museums based solely outside of London. NML has been developing ambitious plans for growth, the importance of which have recently been highlighted by two key social and economic drivers – COVID-19 and the Black Lives Matter movement. A £63m programme of waterfront estate enhancements is proposed, centring on upgrading and enhancing the unique cultural offer provided by the International Slavery Museum (ISM) and adjoining waterfront heritage assets.

The ISM is currently housed on the third floor of the Merseyside Maritime Museum, which in turn is based in Liverpool's iconic Royal Albert Dock. Royal Albert Dock is home to the UK's largest collection of Grade I listed buildings in the UK and receives over 7M visitors per annum. The ISM already forms a vital part of Royal Albert Dock's cultural offer and the increasing energy and focus on realising a more equal and representative society both here in the UK and across the world places the ISM in a unique position to deliver a step-change in cultural impact. Furthermore, the ISM's ability to act as a beacon for Black rights education, discussion and research can be delivered in a i) COVID-19 accessible way – owing to its unique waterfront location which can facilitate social distancing ii) economically sustainable approach which supports the financial health of the NML and creates inclusive opportunities for SMEs/local economy.

The programme will be rolled out across three phrases with the full programme delivering major improvement to the existing ISM and its surrounding areas to extend its role in education, discussion and research. The project will develop/improve the Martin Luther King building which directly adjoins the ISM's current home at the Maritime Museum to create:

- a visionary and thought-provoking new memorial to people that were enslaved
- valuable new interactive spaces for discussion, exhibition and exploration
- a new entrance to the ISM
- a direct physical link between the Martin Luther King building and the Merseyside Maritime Museum

The project will deliver substantial improvements to NML's waterfront assets by opening the Canning Graving Docks to the public and creating leisure and education facilities in an iconic setting. These will be used to both connect (through creation of architecturally interesting bridges) and enhance the space/offering for visitors in the immediacy of the ILM. This will also facilitate the creation of new revenue streams for NML to support the organisation's sustainability and re-investment into new exhibitions. The completed ISM will be a nationally significant asset, educational resource and memorial and will attract significant visitor numbers.

In addition to the historical and social significance of recognising our local and national role in historical and present-day inequalities, the project has the potential to create 420 jobs in the visitor economy, generating over £91m of GVA benefits. The total Net Present Social Value (NPSV) of the project is estimated at £100m generating a BCR of 4.6.

Stakeholders

Applicant: National Museums Liverpool; Operator: National Museums Liverpool ; Funder: LCRCA, DCMS, NLHF

Request from HM Government

The £63.3m project could be unlocked with initial Government support of £20m over 2020 and 2021.

Strategic Case

The International Slavery Museum (ISM) is a product of many years of hard work and continuous co-development between staff at the NML and representatives/ stakeholders from throughout the UK/global black community. The museum has evolved organically from progress made through the former Transatlantic Slavery Galleries (based at the Maritime Museum) and similar work within the wider NML estate.

A huge opportunity exists to formalise this organic creation into a globally leading museum that exists to promote a much greater/wider understanding of slavery and its impact upon the Black community – alongside more contemporary Black rights issues. Remembering the horrors of the past and acting to ensure that embedded societal privileges are confronted is a key part in addressing the issues which have been brought to the forefront by the Black Lives Matters (BLM) movement. Importantly the Black community will guide this project at every step through a model of co-production.

Investing to increase the prominence and visibility of the ISM will further support the UK's ambition to promote and deliver upon awareness of, and appreciation of, Black culture and history. There is not only a driving social and moral imperative to invest in these areas to ensure community cohesion, but also a strong economic case to develop the ISM and surrounding Canning Graving Dock to create new resilient revenue streams for the NML. Being located outdoors, these will be safely accessible while observing social distancing. In turn this will subsequently facilitate a greater ability for NML, as the region's largest cultural asset, to become more financially sustainable and deliver greater public benefit.

This project will enable ISM to fulfil its purpose of informing and helping visitors to understand the history of the transatlantic slave trade, chattel slavery, its legacies, and wider issues of freedom and injustice. Liverpool regrettably played a major historic role in the transatlantic slave trade but investments such as these will go some way into ensuring that Liverpool, and the UK, continues to deliver upon its more recent history as a beacon of diversity and inclusivity.

Financial Case

The total development cost of the ISM upgrade and associated public realm is estimated to be £63m. This is made up of three phases:

1. Public realm, refurbishment of MLK and link to Maritime Museum £33m;
2. Upgrades to the ground, mezzanine and 4th floor of the Hartley Pavilion £14.5m; and
3. Refurbishment of remaining galleries in the Hartley Pavilion, including moving the ISM galleries to have a more direct relationship with MLK building £14.5m

To date, NML has committed over £500k towards the development of the project and made significant progress with stakeholders and external funders. A further £10m is expected to be raised from philanthropic donations to the NML and NML will be contributing a further £1m over the lifetime of the project. In addition, bids will be submitted to the National Lottery Heritage Fund (£10m), LCR CA SIF (£10m) and DCMS (£20m).

Economic Case

The project will build on NML's role as the only National Museum service in England based solely outside London. In turn, this will both increase visitor numbers and raise awareness of the ISM's collections.
The project will also:

- Provide additional space for commercial opportunities including hosting events and touring exhibitions.
- Maximise the income from educational institutions for access to digital and physical collections
- Raise awareness of the ISM to maximise opportunities for philanthropic income

In addition to the historical and social significance of recognising our local and national role in historical and present-day inequalities, the project has the potential to create 420 jobs in the visitor economy, generating **over £91m of GVA** benefits. The total Net Present Social Value (NPSV) of the project is estimated at £100m generating a BCR of 3.0.

Commercial Case

Plans for ISM were already in development prior to the COVID-19 pandemic and the more recent momentum around the Black Lives Matter campaign. A design and master-planning team was put together in 2019 to undertake visioning for the project. This team was led by architects Feilden Bradley Clegg Studios (FCB) and comprised NML, Arup (planning), Planit (landscape), Fourth Street (commercial), Andrea Nixon (culture) Standard Practice Studio (engagement).

NML are highly experienced at a range of project delivery from blockbuster exhibitions to large capital projects, including the £72m Museum of Liverpool which opened in in 2011. In 2018, the £6.2M *China's First Emperor and the Terracotta Warriors* exhibition was delivered with huge success seeing over 600k visitors and contributing £78M GVA. Most recently, NML has delivered the £1.12M refurbishment of *Life on Board*, a major gallery within the Merseyside Maritime Museum that received funding from DCMS Wolfson Museums and Galleries Improvement Fund.

A professional team is in place to deliver the programme, based on existing partners who have delivered recent improvements to the Royal Albert Dock and NML estates, including an ISM Project Lead, two Capital Estate Managers and a Capital Campaigns Manager.

Management Case

NML has developed a governance structure to reflect the magnitude of the project. This consists of a Board of Trustees, a Leadership Team, Steering Group and a Central Project Board. NML has experience of delivering major capital investment in recent years, including the new Museum of Liverpool and refurbishment works across the estate.

NML has strong existing links with the local, national and international Black community to enable sensitive development of the scheme and equitable access to the economic benefits of the investment. These include the RESPECT Group (a dedicated community advisory body which focuses on the International Slavery Museum, Slavery Remembrance Day, the Centre for the Study of International Slavery (CSIS) in partnership with the University of Liverpool and links with NGOs.

Timeline and Next Steps

Ongoing design development for public realm and MLK building.

SIF Pre-Development submission expected in the autumn to support feasibility and options analysis.

- Public realm and Slavery memorial complete by 2022
- Phase 1 of the ISM complete by 2023
- ISM complete by 2025

29. Liverpool Without Walls

Liverpool Without Walls is a targeted package of projects and interventions that are set to reimagine Liverpool City Region's strategically critical visitor economy within the context of safe social distancing. The visitor economy delivers approximately 30% of the City Region's GDP and represents one of the region's largest employers – supporting c.57,000 jobs. The sector has been rocked by the outbreak of COVID-19 and needs to adapt quickly to respond to the 'new normal' so that local businesses and visitor attractions can safely reopen for business and survive.

The project will centre on a number of unique pilot sub-projects which will enable new concepts, interventions and ideas to be rapidly implemented and trailed. This agile approach will allow new sustainable models of working to be co-designed and tested quickly with local/national stakeholders, ensuring that people can be brought back together safely and quickly and in a way which will enable them to continue enjoying the City Region's rich cultural offer.

Example of pilot projects include:

- Reclaim the Road - which will extend restaurants' and bars' outdoor operating space;
- Bike and Ride - a free bike-sharing programme with a simple tracking app);
- Street Theatre – an innovative mobile theatre capable of facilitating high quality theatrical performance delivery in local communities across the City Region; and
- Events of the Future - defining new models of major event deliver through cross-discipline blend of production, technology, and event management.

The project requests £4.39m in funding to complement existing work and investment by Liverpool City Council and Liverpool City Region Combined Authority. The funding will be used to kick-start the programme and deliver immediate benefits for the City Region's visitor economy. The project will not only deliver direct value to the region, generating an expected £22.2m GVA and 136 jobs, but will also act to represent a global exemplar of how cities can develop new, innovative models of operation in light of COVID-19 challenges. There is an anticipated BCR of 5.1.

Stakeholders

Liverpool City Region Combined Authority, Halton Council, Knowsley Council, Liverpool City Council, Sefton Council, St Helens Council, Wirral Council

Request from HM Government

£4.39m

Strategic Case

Significant and sustained growth within the visitor economy has been at the heart of Liverpool's economic renaissance. The City Region is home to a wide range of heritage buildings, theatres, museums and galleries, as well as more contemporary cultural offers in music, entertainment and food. This unique and valuable combination draws in visitors from across the world. The City Region attracted over 67 million visitors in 2018 alone, generating an estimated spend of £5bn to the UK economy and supporting over 57,000 jobs.

Regrettably, the sector has been significantly compromised by COVID-19, which has had a devastating impact on trade from both UK and international visitors. Despite this, the region's visitor economy has remained resilient and has come up with new ways to engage, attract and entertain visitors whilst ensuring safe practise under social distancing guidelines.

The Liverpool Without Walls project exemplifies this approach and proposes the extension of a successful pilot with the region – with the aim of re-imagining the City Region's visitor economy under the new social distancing norm. Developing and embedding new ways of working within the visitor economy is not only a strategic imperative for business and jobs but also critical in ensuring the wider confidence of the City Region in its efforts to invest with the development of place, talent and culture.

Measures taken through Liverpool without walls will be instrumental in re-attracting visitors and ensuring that businesses can continue to survive in the short term until a point where the public health measures related to COVID-19 can be relaxed and there is no longer a need to ensure social distance measures are embedded as part of the everyday life and visitor experience. It is highly likely that many businesses within the City Region's visitor economy will continue to struggle and survive unless collective efforts and programs such as Liverpool Without Walls are taken to help re-attract visitors by adapting the visitor experience to the post COVID-19 'new normal'

Financial Case

This >£5.37m project will look to begin trials immediately upon receipt of funding, given the pressing nature of the COVID-19 pandemic and its impact upon the visitor economy.
Funding will be split across a number of trials which will be co-designed with local and national stakeholders to ensure maximum value for money. It is expected that spending will be completed within 12 months, with the majority of funding being front loaded to ensure rapid delivery. The project will be funded through a combined

national-local funding mechanism with £4.39m requested to complement a minimum commitment of £0.975m from Liverpool City Council and Liverpool City Region Combined Authority. Additional funding from Local Authority and private sector sponsors should Central Government support be provided.
Funding is not anticipated to be evergreen in the short term, however taking steps to ensure the long-term survival of businesses/organisations within the visitor ecosystem will facilitate locally sourced, long-term funding for programs. This is most notably the case where programs are carried out within the region's Business Improvement District, which are able to secure a local based levy from businesses within the locality.

Economic Case

The project will swiftly deliver innovative capability and value to the visitor experience in order to ensure that visitor economy hubs throughout the City Region can continue to provide a safe, welcoming and vibrant atmosphere to visitors from across the UK and the globe. These steps will act to rejuvenate visitor numbers and subsequent visitor revenue for businesses and organisations across the region – with successful trials taken forward for wider rollout both inside the region and shared throughout the UK. The direct effect of this program within the City Region will be to:

- Safeguard business/organisation survival preserve culture and investment;
- Create and sustain employment and skills, including 136 net jobs; and
- Strengthen the City Region's resilient reputation - the region has gone from strength-to-strength building on 2008 Capital of Culture, 'the Giants' spectacular & Terracotta Warriors. Continuing an 'open for business' message reaches international community is essential to attracting visitors and investors and for ensuring a rapid post- COVID-19 sectorial recovery.

The project will generate an expected £22.2m GVA, and has an anticipated BCR of 5.1.

Commercial Case

The Combined Authority's work with stakeholders throughout the City Region's visitor ecosystem has resulted in a clear, significant and immediate need for support in helping adapt and re-imagine the visitor experience whilst COVID-19 continues to represent a significant public health crisis. It is expected that demand for the project will be exceptionally high throughout the region and throughout the spectrum of visitor attractions – especially given current national Government directives have facilitated partial re-opening of access to visitor attractions and long-distance travel.

Management Case

The City Region's visitor economy is a highly organised and co-ordinated community and includes recognised, embedded leadership platforms through organisation such as the Local Economic Partnership Visitor Economy board. These strong existing engagement pathways will assist in prioritising need, demand, and ideas, and will act to streamline rapid roll out of trails. This is further facilitated by involvement of all 6 local authorities who have domain oversight over the street scene and associate planning requirements.

In addition, Liverpool City Council have already acted to kick-start the Liverpool Without Walls project through a £500K pilot in close collaboration with partners including world leading urban designers Arup and representatives from the local visitor economy community. This has delivered early success and provides a template for further project scale throughout the City Region.

Timeline and Next Steps

The project will be implemented at an expedited pace and will realise immediate economic and social benefits within weeks. Project stakeholders are currently working closely to ensure that further details of proposed trials are explored so that suggested trial sub-projects are close to 'shovel ready' (subject to funding).

30. A new stadium for Everton Football Club

Liverpool City Region has strong, international appeal. Our cultural offering, bolstered by sport, has proven to be the rocket fuel of regeneration. Cultural experiences bind our communities together and support people's health, wellbeing and quality of life. Culture is among our greatest assets, and one that we must use for and protect during our economic recovery.

The development of a new football stadium for Everton Football Club at Bramley-Moore Dock will bring investment and regeneration to an area of Liverpool that has lacked both for many years. It is an essential part of the Liverpool Waters development, as falls within the Mersey Enterprise Zone, not far from the Ten Streets creative cluster. The new Everton FC Stadium will draw visitors from near and afar, bringing significant economic benefits to Liverpool and the City Region.

Bramley-Moore Dock is currently a brownfield site comprised of disused dockland, which will be redeveloped into a venue attracting visitors on both matchdays and non-matchdays. The detailed planning submission sets out the following detail:

- Stadium with matchday capacity of 52,888 (cf. Goodison Park 39,500)
- Development of public realm/public plaza adjacent to the stadium that will be one of the largest in the city;
- The redevelopment of the existing Grade II listed Hydraulic Engine House as a museum/visitor attraction;
- Opening up a riverside cycle/walking path from the City Centre, finishing at the Hydraulic Engine House (the site is currently inaccessible to the public); and
- Re-establishment of historic water channel and exposure of listed dock walls.

The new stadium development will unlock the "Goodison Legacy Project", a community led (through the Club's associated charitable trust, "Everton in the Community) mixed development on the site of the current ground (Goodison Park) including housing, workspace, educational and community facilities.
Taken together, the so-named "People's Project" is forecast to generate over £2.5bn in GVA over its life, and up to 12,000 new jobs through the construction phase and 3,000 in the operational phase and will be funded through private investment. The project has an anticipated BCR of 21.5.

See https://www.peoples-project.co.uk/

Stakeholders

LCRCA, Everton Football Club Company Ltd, Everton in the Community

Request from HM Government

Undisclosed

Strategic Case

Everton's current stadium, Goodison Park, has a number of deficiencies that limit the revenue capabilities of the Club and make it costly to operate. On a matchday the stadium provides a dated fan experience, including restricted sight lines and limited hospitality and retail offering, whilst the non-matchday offering is severely limited. As a result of site boundaries and surrounding residential streets, it is not possible to redevelop to meet modern requirements.

Development of the new stadium will increase matchday capacity to 52,888, creating a step-change in fan experience. The brownfield site is a disused dock and the development will enable wider usage on non-matchdays by local residents and national and international visitors.

Bramley-Moore Dock is located within an area of Liverpool that has not benefitted from significant regeneration over the past thirty years. The development of a major visitor attraction will drive a permanent economic boost for this area, in a way that other projects (e.g. new residential) would not. The People's Project will act as a catalyst for the accelerated delivery of two existing outline and adjacent regeneration projects:

- Liverpool Waters: a 30-year vision for 1.7 million m2 of mixed-use development launched in 2013 for the Mersey Waters Enterprise Zone and promoted by Peel Group. The new stadium development could halve the time that this could be delivered. The economic outcomes of Liverpool Waters development is not included in the above quoted economic impact figures.
- Ten Streets: a 125-acre site targeted for employment and culture-led regeneration by Liverpool City Council

Financial Case

The Club is currently in final stage negotiations with its appointed main contractor Laing O' Rourke. Subject to finalisation of these negotiations the development is anticipated to cost in the region of £500m. There are significant abnormal costs associated with the complex, brownfield site, including land remediation/restoration and the need to preserve historic dock features. The site contains three separate listed structures that will be protected or enhanced through the redevelopment.

The club will finance the overwhelming majority of development using private finance, raised from commercial sources and existing club investors. Final negotiations are underway.

Economic Case

A detailed economic impact assessment of the project has been undertaken by CBRE acting on behalf of Everton. This has identified that significant economic benefits will arise from the stadium site itself, the regeneration benefits in the immediate surrounding area ("Northern Ten Streets") and further benefits arising from the redevelopment of Goodison Park. This estimates an overall GVA of £2.45 bn (NPV over 25 years).

	£ million
Direct Benefits	
New Stadium	323
Goodison Legacy	420
'Northern' Ten Streets	1,707
Overall Total	**£2,450**

Commercial Case

The project will be delivered by Everton Stadium Developments Ltd (ESDL), a wholly owned subsidiary of Everton Football Club Company Ltd. ESDL will own and operate the stadium and stadium revenues will be used to raise the finance for the stadium.
Laing O' Rourke has been appointed to act as the main design and build contractor for the project supported by an experienced professional team.
ESDL has a lease agreement in place with the site freeholder.
The commercial arrangements for the project are being subjected to extensive due diligence on behalf of the providers of commercial finance.

Management Case

The Club has an experienced senior management team and a strong track record of delivering regeneration projects in North Liverpool that have had a large, positive impact on the local community and have been recognised at a national level.
The internal stadium project team enhances this through sector knowledge and proven project delivery expertise and is supplemented by best-in-class consultants and a large UK contractor (Laing O'Rourke).

Timeline and Next Steps

Planning consent is anticipated to be awarded in October 2020.
Final contractual arrangements will be finalised in Q4 2020 with construction starting shortly thereafter.
The stadium build is anticipated to be around 3 years.

31. Pleasureland, Southport

Southport Pleasureland is an existing theme park occupying a large site on Southport Waterfront. The owner, Universal Rides Limited (URL), will lead this project to provide a new year-round indoor attraction on an unused section of the site, branded with an internationally-recognised IP (family film/TV characters), with ancillary food & beverage and retail. This phase 1 would provide 160,000sqft opening in 2022 and 2023, with following phases of 70,000sqft.

The project is part of a phased redevelopment of Southport Pleasureland, supplementing the existing attractions which would remain operational during construction of the new phases. The site is currently open-air and open only during the summer season; the redevelopment zone would be covered and operable year-round. Further phases of the project would include a Viking Village themed adventure golf, Dinosaur Park, a themed family hotel, car parking and redevelopment of the existing miniature railway to include a heritage centre and themed café.

£40m of the £50m development cost will be met by private finance; public support of up to £10m is sought for site remediation and preparation, together with public realm and highways improvements to enable improved connectivity to the town centre and accommodation of increased visitor numbers.

Stakeholders

Applicant: Sefton Metropolitan Borough Council; Operator: Universal Rides Limited; Land owner: Sefton Metropolitan Borough Council; Funder: LCRCA

Request from HM Government

Project Cost: £50m
Funding Request: £10m
Estimated start on site: 6-12 months

Strategic Case

The visitor economy has been recognised within the Liverpool City Region Visitor Economy Report and the Sefton Local Plan, among other documents, as a core sector for the town. The critical importance of the visitor economy to Southport is also the key theme at the Town Deal Board, which includes CA membership. The Town Deal Board have identified that:

- The town has an older demographic than the City Region average, and there is a problem of "youth flight" linked to limited employment opportunities for young people;

- Existing employment in the visitor economy sector is highly seasonal and temporary, which has an impact on the wider town's economy; and
- Town centre businesses are highly dependent on visitor spend, therefore creating a year-round visitor attraction will increase consumer spend throughout the town.

The project would develop a year-round attraction, bringing additional visitors to the town and providing permanent rather than seasonal employment within Pleasureland and throughout the town's businesses.
The investment is anticipated to generate a BCR of 7.8 and initial investment will be repaid through income generation.

Financial Case

A detailed business plan for the redevelopment of the park was created in 2018. This estimated the cost of such redevelopment, including indoor and outdoor attractions and retail, enhanced access (car parks) and hotel at a capital cost of £50m.
The business case is currently being refined, alongside detailed pre-construction activities including masterplanning and site investigations.
The investment will generate a long-term revenue stream through ticket, retail and food and beverage sales which will enable any initial investment to be repaid.

Economic Case

The business case estimates the full project will directly deliver 300 net new jobs at the site, primarily full-time and year-round, plus five apprenticeships created per year; this is in addition to an estimated 700 jobs in the wider economy.
The project provides a present value of benefits of £75m and a BCR of 7.8. The social value benefits of SMBC's lease agreement with URL include rebates to incentivise job creation, apprenticeships and the payment of the Real Living Wage.

Commercial Case

Sefton Metropolitan Borough Council (SMBC) is the freeholder to Southport Pleasureland which has been operated since 2007 by URL.
URL has invested over £8m in the site since 2007, turning the site from a loss-making venture to profitability, achieving 450,000-500,000 visitors across a 100-day annual season. SMBC and URL completed a new 50-year lease for the Pleasureland site in December 2019, requiring specific investment levels to be attained and turnover-linked revenue share after the fifth year.
It is anticipated that SMBC will develop a public private partnership with URL to deliver the project.

Management Case

The project is being led by Norman Wallis, owner and CEO of URL. Norman is an experienced owner/operator of themed attractions and as detailed above has restored Pleasureland from loss making to profitability.
The project is supported by an experienced professional team for masterplanning, business plan development and financing.

Timeline and Next Steps

Short term: Full Business case; Detailed Financial models; Master plan Development to be completed by November 2020
Onsite commencement of development: May 2021, phased completion from May 2022 to 2023.

32. Total Immersion

Total Immersion is a sector development initiative designed to maximise Liverpool's established immersive technology ecosystem, while also supporting Liverpool City Region's retail, cultural, and visitor economies post-COVID-19. This will be achieved using immersive 3D worlds that digitally preserve cultural heritage combined with original content from cultural organisations (e.g. Liverpool Philharmonic, Tate, NML), visitor attractions (Beatles Story) and entertainment/retail brands (Liverpool One / Football clubs).

Over a two-year period, this phased project will deliver digital experiences that completely transform how visitors engage and interact with Liverpool's culture and history. This includes during in-person visits—driving footfall, dwell times and engagement—or remotely from anywhere in the world, all year around, opening new revenue streams for online digital sales in the process. Ultimately, this new centre for immersive R&D would expand beyond culture and tourism and be utilised to look for solutions for perennial social care hot topics, including dementia, mental health and social isolation.

Phase 1 of this project will see the development of four small-scale demonstrators of immersive technology (i.e. app-based augmented reality products to supplement existing visitor economy locations). These would be linked to the "Liverpool Without Walls" programme, the immediate phase of which is being funded locally by Liverpool City Council, and for which a City Region-wide Government funding request has been made. Phase 1 will also allow the formalisation of a model for sharing immersive technology between 10 businesses, three universities and the public sector. The outcome will be publicly showcased working apps, with real-world testing and the specification for an open-access digital platform. This will enable new forms of interactive experiences expansion to a broad reach of external stakeholders and IP owners, including international cultural brands with whom the sector has existing relationships.

Phase 2 will provide a Demonstrator to increase capacity for Liverpool, its digital businesses and its cultural, entertainment and retail organisations to co-develop and produce large scale public immersive and interactive events creating a globally distinctive cultural offer. This will include a talent hothouse to provide a pathway for start-ups, creatives and entrepreneurs.

Phase 3 would result in the creation of a 3D augmented reality visitor attraction with immersive digital experience at its heart. This will enable a unique offer which will both create a new tourism offer as well as public platform for presenting new content and ideas from over 100 LCR immersive tech businesses.

Underpinning this ambition is a specially selected range of existing, proven, market-ready immersive technologies, content, and expertise from upwards of 10 digital businesses and three universities. These are being tailored to deliver a new model

dedicated entirely to accelerating the adaptation of the culture and visitor economy to the lasting changes in social behaviours expected in a post-COVID-19 world.
The present value benefits of the project is expected to be £2.7m, with a BCR of 4.4.

Stakeholders

Liverpool City Council, Liverpool John Moores University, University of Liverpool, Edge Hill University, Liverpool City Region Combined Authority, c.100 LCR businesses.

Request from HM Government

Project cost: £2,615,000
Funding ask: £615,000 total for phase 1 project pilot, which would test a new model for cooperation and influence the scope of phases 2 and 3 prior to further funding applications.

Strategic Case

Creative Industries are one of the fastest growing and important sectors in the City Region and this project provides the opportunity to build capacity and retain talent in this area. In light of COVID-19, the role of immersive technology has become far more widely recognised and understood and the demand for the relevant technology and skills has rapidly increased.
A lack of shared development resources, including access to finance and shortages of senior developer and business development talent have been identified as actual constraints on growth. A collaborative model of sharing existing resource and talent will stabilise the sector, preserve existing jobs and provide opportunities for new and recent graduates.
The visitor economy has been recognised within the Liverpool City Region Visitor Economy Report. Culture, Visitor Economy and Digital & Creative Industries are all priority sectors for both Liverpool City Council (as part of an inclusive growth approach) and in the draft Liverpool City Region Local Industrial Strategy.
Globally the rise in immersive technology applications has been huge. The World's top two art shows (Van Gogh Immersive, TeamLab's Borderless) in 2019 were immersive tech-enabled and it is predicted that the Global AR/VR spend will be $160bn by 2023, up from $16.8bn in 2019 (IDC Forecast). Liverpool City Region has previous experience in attracting huge footfall to projects which mix immersive technology and real-world engagement including the UK's most attended ticketed show of any kind in 2018 which was Liverpool's immersive Terracotta Warriors exhibition, generating £78m for the City Region.

The immediate ability for this to support the re-emergence of the city's cultural and visitor economy paves the way for a more integrated immersive tech sector to grow into the city-wide offer in coming years. Liverpool and the North West do not have an AHRC-funded Creative Industries cluster, but Total Immersion provides a model for future bids to support investment in collaborative R&D and cluster development in digital and creative industries.

The project is also strongly aligned with the Industrial Strategy Grand Challenges -- AI (use of sensor-based technologies in interactive and immersive experiences) and Audience of the Future (large scale 'Demonstrators' capable of identifying new business models and means of distribution to audiences of 100,000+).

Financial Case

Total cost of Phases 1-3 is £2,615.000.

£615,000 is requested for phase 1. This will produce up to 4 high-quality digital experiences linked to Liverpool's 'Without Walls' and which will see the best cultural and sporting content from the city reimagined and re-define audience engagement locally, at scale and online. There will be the ability to attract revenue and funding from content commissioning, including Everton FC and Culture Liverpool and revenue-generation could come from digital content which will be embedded into the design of the PoC's from inception, adding the potential for global online sales of digital goods, tickets.

Phase 1 would then influence the scope of phase 2 (Demonstrator) and 3 (3D augmented reality visitor attraction with immersive digital experience) and they will aim to work closely with Government departments to support the realisation further funding opportunities.

After year 2, full committal to formulising the modal at scale will proceed through private investment or other financial support such as sponsorship, advertising, or investment if monthly recurring (digital) revenues are showing sustained growth over a significant period of time during the project.

Economic Case

Projected outputs of the Phase 1 investment include:

- 50 jobs safeguarded
- 10 jobs created with additional indirect jobs in production services supply chain
- 24 training programmes opportunities
- 50 businesses to receive business support.
- Upwards of 2,000 sqm of unlet business space occupied

New products and services:

i. Liverpool's Digital Nomad Visitor Attraction
ii. Total Immersion Hot House
iii. Four high quality and working at scale Proof of Concepts

The present value benefits of the project is expected to be £2.7m, with a BCR of 4.4.

Commercial Case

The project proposes to establish a Special Purpose Vehicle, the structure of which will be captured in a Letter of Intent between all parties.
A number of successful major international immersive experience / production companies such as Meow Wolf, teamLab and D'strict operate using a variety of collaborative approaches to R&D and it is right we validate the approach through a foundation ahead of fully committing to formalise this model at scale after Year 2, either through private investment or other financial support such as sponsorship, advertising, or investment if monthly recurring (digital) revenues are showing sustained growth over a significant period of time during the project. This will ensure a more sustainable and scalable base for the development of a globally significant ecosystem centred on Liverpool and not a model heavily reliant on private investment into individual companies to materialise, and competition for public funds for R&D and creative content.

This model could provide the blueprint and platform on which similar experiences could be produced in other cities under commercial license / white-label model, generating further recurring revenue streams.

Management Case

Total Immersion is a new model for innovation and sector development, made possible through a special purpose vehicle (SPV) led by upwards of 10 digital businesses, supported by Liverpool John Moores University, Liverpool University, Edge Hill University and a number of big-name brands.

Timeline and Next Steps

The project estimated start date is Q4 2020 and the project is estimated to run a course of 2 years.

33. Town Centres

The economic impact of COVID-19 is anticipated to accelerate existing decline in town centres. Challenges previously faced by retail businesses will be exacerbated and combined with decline in the hospitality and visitor economy sectors.

Town centres can continue to play a vital role in supporting the economic and social life of the City Region, creating local jobs, growing businesses and supporting community action. The Combined Authority has identified town centres as a priority and we are in the process of implementing a £6m town centre innovation package across all six of our local authority areas, supported by the findings of the IPPR North-led LCR Town Centres Commission. Our fund is designed to reimagine and reshape what our town centres look like in the 21st century. There is considerable complementarity between the approach of the Government, and that of the Combined Authority.

Key towns in need of substantial investment have been identified by our Local Authorities and the Combined Authority and are profiled within Appendix A. Four LCR towns have already been chosen for inclusion within the Government's Towns Fund programme, two of these towns are also engaged in the Future High Streets Fund. Others are equally in need of support and are developing their own strategies to diversify uses, increase sustainability and improve connectivity.

The LCRCA Town Centres Fund will be used for a variety of financial interventions, with projects at different stages of development. Proposed interventions include, but are not limited to:

- Public sector land and property acquisition to consolidate and control town centre areas for redevelopment
- Pre-development funding to support the preparation of "shovel ready" projects
- Land remediation for third party development
- Place making and infrastructure improvement
- Right-sizing the retail offer
- The development of commercial and public premises within town centres.

Funding of £200m is requested to support the regeneration of our town centres. This would be allocated to specific projects assessed through the CA's investment framework, as devolved funding, and would be in addition to any funds awarded through National Government town funding schemes.

Stakeholders

LCRCA, Homes England, MHCLG (FHSF/Towns Fund), Local Authorities.

Request from HM Government

Immediate: Support for FHSF/Towns Fund submissions

Medium term: Support for further Towns Fund allocations; Infrastructure and Redevelopment support of £200m devolved funding.

Strategic Case

The Liverpool City Region has a diversity of town centres. Many face the same problems – oversupply of retail, vacant units, declining footfall, relocation of services out of town, poor public realm, inaccessibility, air pollution and congestion. As well as the health impact, COVID-19 is also having a dramatic effect on the local economy and on town centres, in particular.

The economic 'shock' of the pandemic and the rules around social distancing will continue for some time. These conditions will have profound impacts on town centres in LCR in the medium to long-term. This presents a very serious, potentially even existential, challenge to town centres. Their failure, and recovery, is not just about empty high streets but about local identity, confidence and civic pride particularly in a time of social distancing.

This programme will seek to repurpose towns away from an over dominance of retail towards a multi-functional role, providing greater diversity of uses, enabling retail to achieve a sustainable core concentration, introduction of more accessible public uses as well as businesses, improvements to green spaces and public realm. It will also introduce greater community uses, including learning centres in each town, comprehensive digital infrastructure and accessible culture.

Our town centre projects are focused on close alignment with our transport schemes, such as improving station access into town centres and walking and cycling routes, several of which are shovel ready, enabling complementary investment to follow behind without delay. In order to improve the economic benefit, the CA follows a local procurement and employment strategy.

Financial Case

Each town centre will be subject to a separate business case, an indication of the level of support is set out in Appendix A. Plans for our town centres are at separate stages of development, with some detailed costed implementation plans are developed, others further analysis and work is required.

It is intended that, wherever feasible, a proportion of initial funding will be recycled (e.g. through land-value uplift/overage) to deliver enhanced benefits. However, it is recognised that this is a long-term ambition, give the current low land and capital values in many parts of the City Region.

Economic Case

A range of economic benefits are forecast:

- Reduction in vacant premises
- Job creation and retention
- Business growth and innovation
- Construction job creation
- Ha of brownfield land reclaimed
- Increase in access to education and skill training provision
- Homes created
- Sqm of floorspace created or refurbished
- Increase in rental levels
- Energy savings achieved
- Private sector leverage
- Improved transport and digital infrastructure
- Increased climate resilience

Each project would be subject to an economic appraisal to ensure value for money.

It is estimated that 20,000 jobs would be created and 3,000 construction jobs, 600 new learners assisted, 1,000 housing units delivered and 30,000 sqm of commercial floorspace.

The estimated Benefit Cost Ratio (BCR) is 5.5 and present value of benefits of £1.1b.

Commercial Case

The delivery structure will depend on the specific needs and interventions required for each town centre, often using public-private partnerships as optimum delivery vehicles (detailed further for specific towns within Appendix A).

Careful attention to the overall framework for investment is also necessary in order to encourage and facilitate investment activity and provide much needed confidence to public and private stakeholders. The proposed structured partnership approach should greatly assist this.

In addition to the contextual points above, the following commercial benefits are envisaged:

- Generation of financial receipts following disposal of remediated and serviced sites and properties.
- Increased business rates for retention
- Generation of overage based on potential increases in values and lettings
- Potential to explore the creation of JV asset vehicles with Local Authority (depending on the robustness of the acquisition strategies which are brought forward)

Management Case

It is proposed that the projects will largely be delivered through the Local Authorities and JV partnerships, using pre-development funding to help unlock the opportunities, if necessary.

The Local Authorities are already working closely with the CA to identify the opportunities and define strategies. In addition, the CA has appointed IPPR North to lead an independent Commission to advise on how our LCR towns can diversify and reimagine themselves in a new post-retail environment.

As part of this bid, the CA proposes to increase the development capacity within the Local Authorities as well as providing dedicated in-house expertise that can add value to the Local Authorities and support their delivery strategies. This partnership working approach will enable close monitoring of progress to ensure delivery timescales are met.

Timeline and Next Steps

Submission of FHSF and Towns Fund investment plans by mid to end 2020.
Progression of detailed design and financing options for project appraisal during 2020; commencement of delivery 2021 onwards. Ability for more advanced projects to commence on site 2021, with completion of all projects by 2026 latest. Capacity funding, Grant and Loan funding to enable acquisition and development

34. Refurbishing Housing for a Greener Future Programme

With a third of carbon emissions from housing in the Liverpool City Region (LCR), the Government and LCR have various mandatory and voluntary targets to improve the energy efficiency of the existing housing stock. Just 1% of LCR's 713,000 homes have a high EPC rating. The City Region has an older housing stock with a significant proportion of hard to heat pre-1920s property compared to elsewhere in the country.

The City Region has a high incidence of fuel poverty (14%) compared to the national average (10%), with many households unable to afford to heat their properties adequately or access hot water. The pandemic creates an urgent imperative to rapidly improve the quality of our homes, to enhance our residents' living conditions and protect their health.

At the same time, stimulus funding to accelerate plans to upgrade the quantity and quality of good homes in Liverpool City Region, alongside renewed interest in promoting green development and carbon emission reductions, present an important opportunity for the City Region.

This programme will aim to bring up to 6,500 homes up to EPC band C or above in the next four years.

The LCR will build on its strengths in advanced manufacturing and high-performance computing to develop improved and more efficient ways to refurbish housing units in partnership with the Manufacturing Technology Centre (MTC), whilst developing both the capacity and capabilities of the region's supply chain and superior skills of our workforce.

The proposed approach will not only help bridge the massive gap in energy efficiency required to meet the 2035 national target to have every household achieve at least an EPC 'C' ranking, it will also help develop innovative and scalable processes that will reduce unitary and ongoing maintenance costs. The Combined Authority alongside its partners has commenced the R&D phase of this programme at risk. Funding is needed to deploy state-of-the-art refurbishment solutions.

Stakeholders

Liverpool City Region Combined Authority, Registered Providers, Local Authorities, Climate Action Partnership, Manufacturing Technology Centre, Householders, Universities & Colleges, Renovation Industry, NW Energy Hub.

Request from HM Government

Total ask over 4 years: £203.2m.

Strategic Case

HM Government has a legally binding commitment to achieve zero carbon by 2050 and the LCRCA by 2040. A key element of this target is to deliver improvements in existing housing stock for RP stock to EPC C or above by 2030 and by 2035 to all other stock as set out in the Clean Growth Strategy 2017. All scenarios for reaching net zero carbon agree that home energy efficiency is a pre-requisite to attaining this target. However, there is currently no comprehensive programme of retrofitting housing in the City Region. The City Region has an older and less energy efficient housing stock than the national average and one of the consequences is that this stock emits proportionately more carbon than the housing stock nationally.

The Combined Authority will build on current initiatives in conjunction with the Manufacturing Technology Centre, Registered Providers, Private Landlords and Homeowners to develop a comprehensive, innovative retrofit programme where feasible at a whole street/area improvements level to bring housing stock up to at least EPC level C or above.

There are multiple positive outcomes to the retrofit programme which include:

- **Carbon Reductions** – the work will contribute to reducing carbon emissions in all those properties retrofitted providing a first stage to retrofit for the remaining homes not reaching the standard in the City Region in line with carbon targets.
- Reduction in Fuel Poverty – at least 500 of the homes targeted will contain households who are in fuel poverty and the work will reduce energy bills sufficiently that the residents will be able to adequately use their homes in an affordable manner.
- **Health Benefits** – linked to the reduction in fuel poverty residents will also be able to adequately heat their homes leading to a reduction in poor health impacts especially those with existing health conditions such as asthma, COPD and other respiratory illnesses.
- **Improved Skills & Increase in Employment** - the work will provide new and increased jobs in many trade skills with a wide range of levels of learning opportunities. Housing retrofit is one of the best generators of jobs for expenditure with an estimated 30 jobs per £1.3m spend. For every £1m spend there will be at least one new apprenticeship created as part of the contracts as well as other learning opportunities at schools, colleges and local SMEs.

- **Innovation** – in partnership with the MTC, and as part of our ambition to become the National Centre of Excellence of Modern Methods of Construction, the programme will be deployed using cutting edge methodologies, such as Infrared Radiators. These methodologies can be tested at scale in real life situations to assess their potential for more widespread usage. Industrial and academic partners will be involved in ensuring innovation is incorporated into the programme and its delivery.

Financial Case

The current ask for this programme to test out methods of delivery to enable wider whole scale housing retrofit in line with Government targets is £3.2m resource revenue costs over 5 years (£400,000 year 1 and £700,000 years 2-5) and £200m capital implementation costs (years 2-5).

The scale of the task to retrofit almost 75% of existing LCR housing stock is huge and the ability to start this task with Government funding to enable large scale procurement and roll out to reduce costs to c£30k per property retrofit will deliver wider economic and societal benefits. The interventions from external cladding, re-glazing, renewable energy systems to sensors and smart meters will stimulate the local and national supply chain in a much needed stimulus package.

The BEIS Select Committee in their 2019 report Energy Efficiency: Building towards net zero identified significant economic and financial benefits of a national retrofit programme including the sustaining of up to 86,000 jobs annually across the country.

Economic Case

The City Region has a high incidence of fuel poverty compared to the national average (14% in LCR above the national average of 10%) with households unable to afford to heat their properties adequately or access hot water and other energy based basic services which results in unnecessary hardship and large negative impacts on health.

The older housing stock of the City Region is less energy efficient than more modern housing and so costs more to bring up to a reasonable standard in line with government aspirations.

The low value of some of the City Regions housing also makes investment difficult as even with whole scale retrofit improvements the current housing market does not reflect the higher costs to deliver such housing in improved market value. **This programme creates 1,800 new jobs and achieves a BCR of 2.7.**

Commercial Case

There are the skills and opportunities to grow local companies to deliver the retrofit housing programme in the City Region. The work will be tendered using normal procurement legislation to ensure that a commercial deal is struck. The CA and Registered Providers have extensive experience of procuring contracts of this nature.

A Housing Retrofit Board will ensure that the work is guided with expertise and links back to Government to ensure that best practice and lessons learnt are embedded in the project and disseminated to the next phase of housing retrofit both locally and nationally.

Management Case

- The existing and proposed new structure in the CA will fit with the delivery model of this programme.
- A new small Housing Retrofit team will be established to manage the programme including technical expertise to advise delivery.
- A new Housing Retrofit Advisory Group will be established to provide guidance on technical delivery of the programme.
- The Local Authority Housing Officers group will provide Officer oversight of the project.
- The policy context will be overseen by the Housing and Spatial Planning Advisory Board.
- The funds will be disbursed by the existing CA team following a competitive process with advice from the Housing Retrofit Advisory Board.
- The Registered Provider Operational Group brings together all the main Registered Providers in the City Region to ensure co-ordination and sharing resources in delivery.

Timeline and Next Steps

- Establishment of Housing Retrofit Board to guide programme - 0-3 months
- Test of MTC retrofit processes and materials – 3 to 6 months
- Identification of Phase 1 RP properties and improvements required – 6 months
- Start of rolling programme of retrofit activity – 12 months from approval

35. LCR Hydrogen Economy Programme: HyBus Trial Project

Merseytravel is developing the Hydrogen Bus Trial Project ("the Project") to align with City Region and national policy, support wider initiatives to **improve air quality** and to help the Liverpool City Region (LCR) achieve **carbon neutrality by 2040**.

The LCR faces substantial challenges in decarbonising its energy, industrial, housing and transport assets. The Project supports the LCRCA's declared **climate emergency** and the Metro Mayor's pledged **zero-carbon ambition and** builds on the burgeoning low carbon sector.

The Liverpool City Region HyBus Trial Project covers two key areas of activity:

- The procurement of a fleet of at least **20 (and preferably up to 40) hydrogen double deck buses** (FCEB) by Merseytravel; and
- The building of a **Hydrogen Refuelling Station** ("HRS") at the BOC Linde Ltd site in St. Helens.

The bus operators, Arriva and Stagecoach, support the project and are providing significant technical input. Their support is such that they have indicated that **a larger fleet of vehicles, 40,** will allow a full "hydrogen service" to operate on one of the region's busiest routes between St Helens and Liverpool City Centre. 40 buses will cover the PVR of the route and ensure operators can deliver a consistent customer offer. The green credentials of a full hydrogen corridor and increased impact of the larger fleet together with the bus priority improvements identified in our complementing Green Routes programme, will maximise the potential for achieving growth through modal shift. The operators will benefit from economies of scale in the areas of maintenance and training.

Alongside environmental benefits from reduced emissions and benefits to passengers from improved journey quality, the project has the potential to **support the LCR's hydrogen economy ambition, stimulating demand for hydrogen, and supporting industries centred around the new technology**.

Stakeholders

Merseytravel; Bus Operators: Stagecoach and Arriva; BOC; and Liverpool City Region Combined Authority.

Request from HM Government

Our ask of HM Government is £16.9m, enabling the trial to extend from c. 20 to 40 buses. This ask is consistent with the use of OLEV and JIVE funding to support other UK and European bus projects, such as TfL and Aberdeen's hydrogen bus fleets.

Strategic Case

Net Zero and Air Quality: Investment in the low carbon sector and reducing carbon emissions is both an LCR (net zero by 2040) and a national priority.

Delivering policy priorities for low carbon present a number of challenges: **the transport sector is a significant source of greenhouse gas and air quality emissions, contributing towards climate change and harmful to the health and quality of life of residents**. In 2005, transport accounted for 22% of LCR emissions; in 2017 it accounted for 31%. Buses can play a key role in helping to address this; 82% of all LCR public transport journeys are by bus.

In July 2019, the Government committed the UK to be Net Zero Carbon by 2050. Hydrogen offers a clear route to decarbonisation at scale. A key challenge for bringing hydrogen into the mainstream energy system, is ensuring sufficient demand is needed to stimulate investment in production assets. Demand and supply must ramp up in parallel in a quantifiable and predetermined manner.

Hydrogen has great potential application in public transport but is relatively new in the market. Without public intervention in a project like this, it is unlikely that LCR will meet its net zero targets. HyBus is one of the early activities we are undertaking to provide economic stimulus, creating a demand for hydrogen with the North West's first FCEB fleet and HRS.

The HRS will extend the UK refuelling network to the NW. It will be within 100 miles of other refuelling sites in Rotherham and Birmingham. The strategic importance of this is noted in the UK H2 Mobility report which highlights the lack of UK refuelling infrastructure. A project objective is to test the commercial efficiency of high capacity HRS with high use vehicle fleets. The project will provide key insights to support the future commercial rollout of fleet refuelling. BOC forecast, initially, up to 2 FTE engineering posts will be created with the operation of the HRS.

LCR Vision for Bus: A key objective is the 'phasing in of zero and ultra-low emission buses including Euro 6, electric and hydrogen powered vehicles. The LCR fleet requirement is c.1,200 to 1,400. Public intervention, in partnership with operators, will be required to deliver this – driven by the significantly higher prices of zero carbon vehicles compared to diesel and the refuelling infrastructure needed. With the HyBus trial, there is the potential to develop a scalable project that can support other interventions such as the Transport Secretary's ambition for the UK's first hydrogen bus town.

Both Operators are members of the LCR Bus Alliance, a partnership governed by a Voluntary Partnership Agreement. This Project features in the 2020/21 Business and Investment plan.

Wider Economic Impact: The Low Carbon Economy is a pillar of the LCRCA SIF Investment Strategy with development of hydrogen fuel as an explicit example. The current UK market value of the hydrogen economy is in the order of tens of millions, and this is estimated to grow to hundreds of millions by 2025 and around $90Bn by 2050'1. We aim to position LCR to attract a substantial share of that potential economic activity. This project is an illustration of support into commercialisation and early adoption of technology in an area where the LCR already has potential competitive advantage and supply chain capabilities. It provides the **opportunity to create and harness employment and skills opportunities in the City Region.**

Financial Case

The estimated total project capital cost for the purchase of an additional 20 buses and refueller is £16.9m, broken down as:

- £10.9m for 20 FCE buses @ £545k per bus;
- £6m for the HRS;
- £10 m of the LCRCA's Transforming Cities Fund will be used to purchase up to 20 buses. Prices are estimated and do not account for potential economies of scale of a larger order.

Economic Case

Benefits expected from the deployment of the hydrogen bus fleet are focused on:
Environmental benefits – from local air quality improvements (NOx and particulates) and reductions in emissions of Greenhouse gases through replacing diesel-powered buses with those using hydrogen;

- Passenger benefits - from enhanced journey quality (passengers benefiting from quieter, smoother journeys); and
- Decongestion benefits – arising from modal transfer to hydrogen bus from car.

Dependent upon the outcomes from the procurement exercise there may also be net changes in labour supply or productivity within the LCR. These employment and productivity impacts may be associated with the maintenance and deployment of the buses and synergies with current hydrogen projects, such as HyNet, via:

- Support for the LCR as a location for the hydrogen economy, involved in production, repair and maintenance of hydrogen fuel cell technology; and/or
- Movement of economic activity to higher value, more productive, industries, centred around the new technology.

Commercial Case

To ensure value for money, LCRCA will use a competitive tendering process. The decision-making will include consideration of the unit cost, overall "total cost of ownership" (TCO) as well as risk, deliverability and quality. Buses will be leased to operators from Merseytravel at a rate that provides parity compared to existing diesel fleets. The TCO and maintenance arrangements will influence the terms of the lease (not yet negotiated).

Management Case

The project will be led by Merseytravel, who have a well-documented and publicised rolling stock project, purchasing new trains for Merseyrail, which is currently in the delivery phase. The HyBus project delivery approach builds on the rolling stock model. Experienced leads are embedded within the Governance Structure to provide an independent view on the project.

Timeline and Next Steps

Orders for hydrogen buses are expected to be placed in December 2020. The choice of bus manufacturer will influence the delivery timeline. The fastest delivery forecast is up to 9 months post order. The longest timeline would see **buses delivered in mid to late 2022.**

The design and layout of the HRS, including access design, has now been developed. The project has now secured pre-planning approval from the planning authority. HRS activity is expected to commence in September 2020. **The HRS is expected to be operational by December 2021.**

36. MTC Modern Methods of Construction

The UK is still not delivering enough homes to reach its 300,000 per annum target. The Combined Authority shares the Government's aspiration to increase housing supply and is working with the Manufacturing Technology Centre (MTC) to develop a response that will support modern methods of construction, **using innovative design and technology, along with off-site modular construction methods to increase the supply of high-quality affordable housing.**

The Liverpool City Region (LCR) has evidenced strengths in advanced manufacturing and high-performance computing. The Combined Authority has been working collaboratively with the MTC to ensure that we exploit these strengths. We have developed a shared vision and delivery model for an effective digital manufacturing ecosystem.

As part of this vision, the Combined Authority has already invested in MTC's rapidly reconfigurable manufacturing environment and "digital sandpit" projects. The next phase for delivery is an Offsite Manufacturing Sector Development programme. This will include an offsite manufacturing training centre, which will form part of a centre for excellence in Modern Methods of Construction (MMC).

The MTC and LCR stakeholders have aggregated an initial pipeline of over 5,000 homes over 10 years. At the same time, it will support the development and success of the modular, digitised manufacturing sector in the LCR, **increasing productivity, ensuring a strong supply of employment opportunities across the supply chain and supported by an apprenticeship programme**.

The Combined Authority is committed to taking this project forward in partnership with the MTC, Homes England and a group of committed housing associations.

The request from Government is £55m for the full rollout, with £3m required for the first phase of design, feasibility and market preparation. The programme will look to leverage £100m in private investment to support the latter phases. **This project will create 12,000 jobs and has an excellent BCR of 31.**

Stakeholders

MTC, Construction Innovation Hub, Torus Housing Group, Liverpool City Region Combined Authority, Homes England and Peel Land and Property.

Request from HM Government

Option 1: £55m for full rollout.
Option 2: £3m for Phase 1 design, feasibility and market preparation.

Strategic Case

Although there is already some UK based activity in this market, **the sector currently lacks the scale needed to alleviate the housing crisis and deliver the 300,000 homes needed per annum.**

An MHCLG report identified that the housing crisis would not be alleviated without much wider adoption of highly productive Modern Methods of Construction (MMC). **Given the scale of the housing challenge, there is an opportunity to develop a large and high-value sector, with a nucleus in the LCR.**

The emerging nature of this sector means that there are currently significant uncertainties and commercial risks. These include:

- **Uncertain and fragmented pipeline:** the current UK market for MMC homes is small and uncoordinated. Consistent demand and a scaled-up commercial model for the sector has not yet been proven.
- **Current skills shortage:** the sector needs access to skills which are not currently in strong supply. The requirements are different to those traditionally needed by the construction and manufacturing sectors.
- **Perceived constraints on market growth:** difficulties securing warranties, insurance and mortgages for modular homes, plus the uncertain regulatory environment for MMC homes dampens confidence in the market.
- **Lack of supply chain coordination and leadership:** leading to uncoordinated and incompatible solutions being developed across the supply chain – impacting productivity and growth potential.

These challenges are undermining investor and business confidence and leading to sub-optimal growth. Significant up-front investment and coordination is needed to address market failures and overcome the barriers to growth outlined above.

The MTC has identified Liverpool City Region as the home for a Centre of Excellence for MMC. A regional Sector Development Programme will include a Construction Manufacturing Development and Training Centre (CMDTC), which will support the rapid development of the sector by providing a pipeline of demand and a scalable delivery mechanism. The CMDTC will provide:
1: Supply Chain Development and Preparation: an integrated and qualified supply chain is needed to deliver a functional commercial model operating at scale.

2: Enabling Infrastructure: market conditions are currently preventing businesses and investors making the significant capital investment needed for:

- **Product Family Architecture (PFA):** a digital framework to deliver a variety of homes on standardised product and process platforms. This concept is widely established in other manufacturing sectors (e.g. automotive).
- **Tooling and fixturing:** significant up-front costs are associated with the design of tooling and fixturing for the sector. The programme will design and produce the required equipment and make this available to the supply chain on license.
- **Financial products:** demand is currently dampened by a lack of suitable mortgage and insurance products. The programme will work with the industry and government to provide a solution that works at scale.

3: Skills and Training: the sector needs access to various skills to expand. The CMDTC will work with the industry to identify and address specific short- and long-term skills shortages through apprenticeships and CPD courses from its LCR location. As the programme scales, skills activity will extend beyond the LCR.

4: Develop Market Confidence: the MTC and LCR stakeholders have aggregated an initial pipeline of over 5,000 homes over 10 years. MTC expects the pipeline to expand within, and outside the region. Aggregating demand will reduce risk, improve investment viability and stimulate investment into the sector. The LCR will become the proving ground for a national rollout.

Financial Case

Several phases of delivery are needed to overcome the significant market failure that is currently holding the sector back:

- **Phase 1: Design, Feasibility and Market Preparation:** this phase would map the supplier base against sector delivery requirements and skills gaps. The research and design phase would then start the design of the PFA, processes and tooling for the sector. A £3m grant is needed to provide the aggregation across the markets and sector with a consistent, and detailed, solution strategy, which will provide the framework for the Sector Development Programme.
- **Phase 2: Prototyping and Initial Rollout:** this phase will develop, test and refine prototypes, culminating in the finalisation of the PFA and full specification for the tooling requirements. A grant of £52m is needed to reach a stage where the design of the PFA, processes and tooling is finalised, the sector has a qualified supply chain and the Training Centre is operational.

- **Phase 3: Supported Commercialisation:** by this stage, the programme's activities will have reduced, or removed, many barriers to market entry. This, in conjunction with pipeline aggregation, will lead to greater market confidence. Building on this increase in confidence, the programme will look to raise £100m in private investment to support Phase 3.
- **Phase 4: Full Commercialisation:** by this stage, overall capital requirements for the sector should be significantly reduced and market confidence sufficient to justify removing public subsidy (including guarantees) as the approach is rolled out nationally.

Economic Case

Once fully operational, the CMDTC will deliver economic and social benefits which include:

Supply chain development and sector growth: Activities to prepare, integrate, coordinate and lead the supply chain will play an important role in sector development. The programme as a whole will help to increase confidence and enable entry into and growth within the MMC housing market. It will provide the conditions to enable rapid expansion of the sector which would not take place without the intervention.

Increased Supply of High Quality, Low Cost Homes: The Training Centre will manufacture the equivalent of 50 homes per year, with an additional 500 homes per year manufactured in the regional ecosystem. The low projection target is to manufacture over 5,000 homes in the City Region over 10 years (scalable to over 20,000), with aims to deliver further nationally and internationally, opening export markets.

Benefits for LCR Residents: The Centre's apprenticeships and CPD courses will deliver learning outcomes aligned to the Transforming Construction approach and will improve learners' labour market position. The wider growth of the sector will ensure a strong supply of employment opportunities.

Broader applicability: Product Family Architecture (PFA) will be available on an open-source basis to other social and public projects and potentially transferable to schools, hospitals and other public buildings. There is also potential to deliver into other sectors using off-site modular construction platforms.

This project will create 12,000 jobs and has an excellent BCR of 31.

Commercial Case

MTC are in advanced talks with Torus Housing Group (as lead for an LCR Housing Association Group) to move forward with the programme in partnership. Other engaged stakeholders include Peel Land and Property and Homes England. The MTC has started to develop a range of options for the commercial structure that will underpin the programme's implementation. MTC is in advanced talks with regional stakeholders to secure market access to 5,000 new social homes over a 10-year period. This number is expected to scale exponentially once benefits are realised.

Management Case

The MTC is a key partner of the Combined Authority, established in 2010 as an independent, non-profit distributing, Research & Technology Organisation with the objective of bridging the gap between academia and industry. The MTC is one of the seven centres which make up the High Value Manufacturing Catapult, and is part funded by Innovate UK. The MTC has a track record of providing high levels of ROI and GVA and has far exceeded its initial targets.

The MTC incorporates the National Centre for Additive Manufacturing and is the leading partner in the UK's £72m Construction Innovation Hub. This programme could be operated in conjunction with, or as an extension to the Construction Innovation Hub.

Timeline and Next Steps

The Combined Authority and MTC can commence Phase 1 within 3 months of funding confirmation.

LIVERPOOL CITY REGION COMBINED AUTHORITY

METRO MAYOR LIVERPOOL CITY REGION

Liverpool City Region Local Enterprise Partnership

HALTON BOROUGH COUNCIL

Knowsley Council

Liverpool City Council

Sefton Council

ST HELENS BOROUGH COUNCIL

WIRRAL