

# Liverpool City Region Growth Deal

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## **LIVERPOOL CITY REGION GROWTH DEAL – (published by Government, July 7<sup>th</sup>)**

The Liverpool City Region Growth Deal aims to re-establish its reputation as a first tier global city, building on the success of the International Festival for Business. It focuses on transport and skills projects which will support the city region's ambitions to create a freight and logistics hub serving an expanded Port of Liverpool.

The Growth Deal, subject to a satisfactory conclusion of the funding agreement, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on four key priority areas as identified in the LEP's Strategic Economic Plan:

- Creating a **freight and logistics hub** which will put the city region in the best place to respond to changes in the UK and international logistics market
- Building on the revival of **Liverpool city centre** as a world class business and leisure destination
- Driving the transfer of the city region's energy supply to **low carbon** and renewable sources as part of the LCR<sup>2</sup>Energy initiative
- Skills and business support to enable growth.

The Liverpool City Region has secured **£232.3m from the Government's Local Growth Fund to support economic growth in the area – with £35m of new funding confirmed for 2015/16 and £153.2m from 2016/17 to 2021.** This includes:

- as part of the Government's ongoing commitment to the Liverpool City Region an indicative award of a further £153.2m of funding over the years to 2020/21.
- £39.9m of funding which the Government has previously committed as part of Local Growth Deal funding to the area
- £4.2m of previously committed Regional Growth Fund

This substantial investment from Government will **bring forward at least £30m of additional investment from local partners and the private sector. Combined together this will create a total new investment package of £262.3m for the Liverpool City Region LEP**

By 2021, this Deal will create at least 10,000 jobs and allow 10,000 homes to be built.

The Liverpool City Region LEP brings together the six local authorities of Liverpool, St Helens, Wirral, Knowsley, Sefton and Halton, private sector partners and higher education partners such as Liverpool Hope University, Liverpool John Moores University and the University of Liverpool.

### Summary of Liverpool City Region Growth Deal projects and funding

Liverpool City Region LEP Local Growth Fund breakdown (£m)			
	2015/16	2016 onwards	Total
<b>Local Growth Fund award</b>	35	74.5	109.5
<b>Previously committed funding</b>	10.7	33.4	44.1
<b>Provisional allocation to projects starting in 2016/17 and beyond</b>	-	78.7	78.7
<b>Total</b>	45.7	186.6	232.3

The table above includes the provision of £3,000,000 loan funding (subject to due diligence) to BDW Trading LTD to accelerate the delivery of 669 homes on the Kew Southport site.

These totals exclude match funding for European Social Fund (ESF) skills activities. The total amount of ESF skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion Euros. Actual skills ESF match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies.

#### **Liverpool City Region LEP and Central Government have agreed to co-invest in the following jointly-agreed priorities:**

- **Knowsley Industrial Park** – access improvements to one of Europe’s largest industrial parks, which are expected to create thousands of jobs
- **A £47.7m package of improvements for six colleges** – equipment and facilities improved at six city region colleges to ensure that young people are properly trained for the jobs of tomorrow
- **Over £50m of investment in key transport connections into and within Liverpool City Centre**, revitalising the north of the city and better connecting Liverpool’s iconic waterfront to the city centre
- **A new low carbon fund for colleges** – to encourage energy efficiencies in colleges
- Improvements to the **A5300 Knowsley Expressway** to maximise the benefits of the New Mersey crossing and access to Liverpool Airport
- **Improving the Newton-le-Willows interchange**, creating a fully accessible station and transport hub
- Reopening the **Halton Curve** rail line to improve connectivity across the region
- **Improvements to M58 junctions**, increasing capacity and access for the city region
- Development of a **new station at Maghull North**, improving transport across north Liverpool
- A package of **sustainable transport improvements across the city region**
- Committing to a **second International Festival of Business** in 2016

- **A reshaped Liverpool Skills for Growth Bank** which will support employers who are willing to invest in training to source high quality training provision and to grow the skills base in the city region, building on this successful City Deal programme

**Local flexibility over Growth Deal programme:** Liverpool City Region has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration. Government will disburse funds to the LEP annually in advance. Liverpool City Region will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area. Any significant changes to the projects will need to be discussed with the Government in advance.

The Growth Deal does not amount to an endorsement of everything in the submitted SEP. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

**The Liverpool City Region Growth Deal**

The Liverpool City Region Growth Deal focuses on four priority areas:

- **Creating a Liverpool City Region Freight and Logistics Hub**
- **Liverpool City Centre**
- **Low Carbon Liverpool City Region**
- **Skills and business support to enable growth**

These align with three of the core priorities of the Liverpool City Region Growth Plan. The LEP and local partners will use the other resources available, such as Regional Growth Fund and European Regional Development Fund, to deliver larger investments in the other priorities in their Growth Plan, however this Growth Deal will confirm freedoms and flexibilities for the Liverpool City Region that will enable the delivery of all local priorities.

**Creating a Liverpool City Region Freight and Logistics Hub**

Changes in the global logistics industry are creating substantial opportunities for Liverpool City Region and the UK. The widening of the Panama Canal and the £340m private sector investment in new port facilities in the Liverpool2 project open up new economic opportunities for the city region, the Atlantic Gateway, the North of England and the UK as a whole. The programme of projects in this section of the Growth Deal builds on the investment in Liverpool2 and the £600m investment in the Mersey Gateway. Both these projects complement the Atlantic Gateway initiative and the aspirations of the Cheshire and Warrington and Greater Manchester LEPs for job creation resulting from expanding freight capacity.

Aligning to this the Growth Deal supports improved access by a range of transport modes to and from the Port of Liverpool site in Sefton to ensure opportunities for economic growth and job creation are maximised. This builds on the Liverpool City Region City Deal, with substantial funding for this priority coming from sources other than the Local Growth Fund.

<b>Liverpool City Region LEP commitments</b>	<b>Central Government commitments</b>
<ul style="list-style-type: none"> <li>• Deliver local investment of £0.6m in access improvements to Knowsley Industrial Park</li> <li>• Deliver local investment of £1m in improvements to the A5300 Knowsley Expressway</li> <li>• Deliver local investment of £1.4m in improvements to the Newton-le-Willows interchange</li> <li>• Fully develop and secure local investment in the re-opening of the Halton Curve rail connection, improving links with North Wales</li> <li>• Fully develop and secure local investment in improvements to junctions on the M58</li> <li>• Fully develop and secure local investment in</li> </ul>	<ul style="list-style-type: none"> <li>• Invest £5.6m in 2015/16 access improvements to Knowsley Industrial Park</li> <li>• Invest £4.0m in the A5300 Knowsley Expressway, including £2.0m in 2015/16</li> <li>• Invest £14.4m in the Newton-le-Willows interchange, including £4.4m in 2015/16</li> <li>• £41.4m for a package sustainable transport improvements across the LEP area, including £6.9m in 2015/16, subject to DfT scrutiny of business cases prior to delivery</li> <li>• Commit provisional allocations for the following projects from 2016/17:               <ul style="list-style-type: none"> <li>○ £10.4m for the Halton Curve</li> <li>○ £5.5m for improvements to junctions on the M58</li> </ul> </li> </ul>

<p>the development of Maghull North Station</p> <ul style="list-style-type: none"> <li>• The LEP and partners agree to the LEP to take a more proactive role in consultation on long-term rail planning and franchise specification; and provide a co-ordinating role between constituent local authorities</li> <li>• The LEP agrees to take a more proactive role in consultation on long-term strategic road network planning and provide a co-ordinating role between constituent local authorities</li> </ul>	<ul style="list-style-type: none"> <li>○ £6.2m for the development of Maghull North Station</li> <li>• Department for Transport, Highways Agency and Network Rail commit to continue working closely with Liverpool City Region in the local governance arrangements set up following the City Deal. Government is also supportive of the wider Atlantic Gateway proposal and is investing in its support e.g. Mersey Gateway, Western Gateway in Salford and the 3MG site in Halton as well as North West Electrification and the Northern Hub. As part of our commitment to rebalance the economy, Government will continue to prioritise investment in national networks to support Atlantic Gateway</li> <li>• The Department for Transport and Network Rail commit to more proactive engagement of the Local Enterprise Partnership in the long-term rail planning process (e.g. Route Studies) and in rail franchise specification through targeted local engagement of the LEP as part of an enhanced consultation process. The Department for Transport also commits to encourage bidders for franchises to identify and take into account the priorities of LEP and other key local stakeholders as part of the franchising process, and will also encourage Train Operating Companies to continue with, and enhance where possible, their engagement with LEP as key local stakeholders</li> <li>• The Highways Agency commits to developing more proactive and collaborative approaches to promoting national and local growth and commits to continue building strong relationships and working arrangements with LEP and the Local Enterprise Partnership Network, in the same way as with Local and Combined Authorities and the Local Government Association. Through its Route Strategies, the Highways Agency will engage the LEP in better understanding the challenges and opportunities associated with the network and to develop evidence based long-term plans to bring about much needed local economic growth and development, and commits to providing each LEP with a named contact, generally the relevant regional director. The Highways Agency commits to forming a Growth and Economic</li> </ul>
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	Development Group to support LEPs at a national and sub-national level, and a draft licence published on 23rd June 2014 for the new Highways Agency company includes a requirement to co-operate, which will underpin the arrangements described above
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### Liverpool City Centre

Over the last decade investment within Liverpool city centre has been a key driver in the revitalisation of the city region. The city contains high-quality retail, business, residential, a world-class tourism and leisure offer, Universities and the iconic Liverpool Waterfront, along with access to a skilled labour pool, all of which have contributed to the strong international profile of the entire city region.

This has recently been further demonstrated and enhanced through the International Festival of Business. Building Liverpool's successful delivery of the 2014 International Festival for Business the Government is committed to supporting Liverpool hosting, on behalf of the UK, a **2<sup>nd</sup> International Festival of Business in 2016**. Subject to a full business case and match funding from the private sector and local sources the government will provide an in principle commitment of £5m through the Local Growth Fund. Government, including UK Trade and Investment, will also support Liverpool to successfully deliver the festival.

<b>Liverpool City Region LEP commitments</b>	<b>Central Government commitments</b>
<ul style="list-style-type: none"> <li>• Deliver local investment of £1.3m in improvements to the Strand and connecting the waterfront with the city centre in Liverpool</li> <li>• Deliver local investment of £5m in a package of improvements to connections within and into the centre of Liverpool (City Centre Connectivity programme)</li> <li>• Deliver local investment of £1.8m in North Liverpool key transport corridors</li> <li>• Fully develop and secure local investment in a second International Festival of Business to be held, on behalf of the UK, in 2016</li> </ul>	<ul style="list-style-type: none"> <li>• Commit provisional allocations for the following projects from 2016/17:               <ul style="list-style-type: none"> <li>○ £5.4m for the City Centre Strand Corridor project</li> <li>○ £33m for the City Centre Connectivity programme</li> <li>○ £13.3m for improvements to North Liverpool key transport corridors</li> <li>○ £5m for a second International Festival of Business</li> </ul> </li> <li>• Government recognises the commitment and enthusiasm, set out in the Liverpool City Region Strategic Economic Plan, for maximising the economic benefits of HS2, and welcomes the proposals developed by the LEP. Government remains equally committed to ensuring that the positive economic impact of HS2 is felt across the country, particularly in the Midlands and North. The forthcoming response to Lord Deighton's HS2 Growth Taskforce report, <i>Get Ready</i>, will set out a series of measures to harness the transformational impact of HS2 and spread these benefits across the country.</li> <li>• The Homes and Communities Agency will</li> </ul>

	<p>continue to work with and align priorities with the LEP and local authorities working with them to help develop bids against key Homes and Communities Agency programmes and to continue to work together to deliver key projects within the LEP area and the Mayor's priorities including:</p> <ul style="list-style-type: none"> <li>○ Edge Lane – major artery into the city, promoting access and growth into city centre as well as regeneration of wider Edge Lane corridor including the iconic Littlewoods Building</li> <li>○ Improvements to Liverpool Lime Street and surrounding public realm</li> </ul>
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### Low Carbon Liverpool City Region

Liverpool City Region is well placed to develop and take opportunities for low carbon and energy sector growth. Over £18bn is being invested by the private sector off the coast of the Liverpool City Region in some of the world’s largest offshore wind projects and Liverpool’s status as a Centre for Offshore Renewable Engineering (CORE) the city region is in a unique position to exploit, on and offshore, west coast low carbon and renewable growth opportunities. The majority of the public sector investments being made in this area flow from sources other than the Local Growth Fund but this Growth Deal includes a specific commitment to support local skills providers to reduce their energy costs and, in doing so, test new technologies for energy efficiency.

<b>Liverpool City Region LEP commitments</b>	<b>Central Government commitments</b>
<ul style="list-style-type: none"> <li>• Deliver the skills Low Carbon Fund to increase energy efficiency across colleges and other skills providers in the city region</li> </ul>	<ul style="list-style-type: none"> <li>• Invest £6.5m, including £1.5m in 2015/16 to support the creation of the skills Low Carbon Fund</li> <li>• The Environment Agency, Natural England, Forestry Commission and Marine Management Organisation will work closely with the Liverpool City Region LEP in accordance with the Defra Network offer. They will also work alongside the Merseyside Environmental Advisory Service to implement the single point of contact working model and to develop environmental baseline information</li> </ul>

### Skills and business support to enable growth

The Liverpool City Region Growth Deal also provides support to local growth in two key enabling areas: enabling competitive business and delivering skills for growth. Both of these build on successful programmes set in place through the Liverpool City Deals and other locally-led interventions.

This will include significant additional funding, secured through the Growth Deal, to build on the lessons learned in delivery of the Skills for Growth Bank and commit £4.6m over three years (in 2015/16 and subject to Departmental budgets being available in 2016-17 and 2017/18) to **co-invest in a reshaped Liverpool Skills for Growth Bank** which will support employers who are willing to invest in training to source high quality training provision and to grow the skills base in the Liverpool City Region by:

- Simplifying the skills system to provide a single gateway for businesses investing with Government in skills training
- Co-investment in apprenticeships, work-based learning and blended learning activity with employers and individuals
- Testing the implementation of the new employer-routed funding model
- Capacity Support for small and medium enterprises to engage with new apprenticeships funding systems.
- Considering how the Skills Bank investment model can be used to increase business influence over skills provision in line with LEP priorities

In addition, Government will support Liverpool City Region in ensuring that learning and expertise are retained from their current programme through 2014-15 as they develop the next phase of the Skills Bank approach.

Alongside this Government will work with Liverpool City Region to develop a **payment by results pilot** with the aim of better aligning skills provision with locally determined, business driven outcomes.

Since the formation of the Local Enterprise Partnership partners have travelled a great distance in terms of overall governance and accountability arrangements. The Liverpool City Region Employment and Skills Board has undertaken a significant role in challenging the employment and skills delivery system and support the implementation of a skills offer better aligned to our economic growth priorities. We are now going further by formalising arrangements into a new legal structure through the creation of a Combined Authority. In addition to providing more collaboration and accountable body structures, this will significantly strengthen the local democratic accountability of employment and skills activity.

Government also confirms an additional £550k for improved business support.

Liverpool City Region LEP commitments	Central Government commitments
<ul style="list-style-type: none"> <li>• Provide up to £5m public and private funding in 2015/16 to support the delivery of the local growth hub</li> <li>• Provide a clear model for coordinating and simplifying business support so that it joins up national, local, public and private support and creates a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time</li> </ul>	<ul style="list-style-type: none"> <li>• Provide £0.5m revenue funding to the LEP for growth hub business support coordination, subject to the growth hub meeting minimum conditions that reflect the position agreed by the Government review on business support and services</li> <li>• Invest £34.6m, including £11.6m in 2015/16 in skills capital funding</li> <li>• Recognise that Liverpool City Region has played a leading role in the delivery of skills at</li> </ul>

<ul style="list-style-type: none"> <li>• Liverpool City Region commits to continued delivery of the 'Skills for Growth Bank' to empower employers to co-invest their cash in the skills they need for growth</li> <li>• Government recognises that LEPs are well positioned to enhance the current Careers Information, Advice and Guidance offer. To achieve this Liverpool City Region will facilitate stronger linkage between education providers and local businesses. We will also work with relevant local stakeholders to communicate our priorities and align our offer to the National Careers Service (NCS) providers ahead of the new service's roll-out in October 2014 in order to augment the service</li> <li>• The LEP will consider skills implications as part of decision making on growth strategies</li> <li>• The LEP will clearly articulate and evidence their skills priorities in the light of strategic national and local growth opportunities and communicate them to the FE and skills sector</li> <li>• The LEP will positively engage the further education and skills sector in key strategic partnerships e.g. Skills and Employment Boards</li> <li>• The LEP will recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise that investment</li> <li>• To support extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects, Liverpool City Region LEP will commit to work with local partners and BT to support delivery. To support extension of superfast broadband coverage to 95% of UK premises by 2017, Liverpool City Region LEP will also work with local partners to help ensure match funding is in place for the next round of projects</li> <li>• The Government expects Liverpool City Region LEP to open up new jobs associated with the Local Growth Fund to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that local</li> </ul>	<p>a local level. In 2012 Liverpool City Region signed a City Deal with Government which included an employer-owned mutual to simplify skills funding through grants and loans to businesses</p> <ul style="list-style-type: none"> <li>• Work with Liverpool City Region on the co-design and options for delivery of a payment by results pilot for learners aged 19+. The pilot will consider the link between skills investment and improving opportunities for disadvantaged learners</li> <li>• Commit to working with Liverpool City Region to help ensure that local employer priorities are fed into the operations of the new National Careers Service providers in Liverpool city region</li> <li>• Government, through the Skills Funding Agency, will support the process to ensure that provision meets local priorities and that increasing responsiveness is delivered through a three-pronged approach:             <ul style="list-style-type: none"> <li>○ Procurement of new provision: LEPs will be involved throughout the process and providers' track records against LEP requirements will be considered as part of this assessment</li> <li>○ Accountability: Providers will be required through their funding agreements with the Agency to explain to LEPs details of their provision and planning and we are testing ways in which they can be most effectively held to account for being responsive to local economic priorities. The Skills Funding Agency is trialling Skills Incentives Pilots from 2014/15 in Stoke and Staffordshire, the North East and West of England, designed to explore the mechanisms through which providers will account to LEPs for delivery</li> <li>○ Allocations and Intervention: In future years providers' records in delivering to LEP requirements will be taken into account when setting allocations and triggering interventions. From 2015/16 the Skills Funding Agency will take into account the outcomes of the Skills Incentive Pilots in Stoke and Staffordshire, the North East and West of England, in making allocations to those providers in scope; subject to evaluation of the pilots, these mechanisms will be rolled out to</li> </ul> </li> </ul>
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<p>areas use the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value</p> <ul style="list-style-type: none"> <li>• This Government remains committed to helping all young people to achieve their potential and specifically to reduce long-term youth unemployment. As part of this commitment the Deputy Prime Minister launched the Youth Contract for Cities in November 2013 providing local areas with devolved funding to boost employment opportunities for young people. As part of this, Liverpool City Region was awarded £5.9m from the Government to develop its youth employment programme, including through the use of a personalised budget approach. Alongside this Growth Deal, the Government expects Liverpool City Region to deliver against its commitments towards youth employment</li> <li>• Through the Employment and Skills Board provide clear leadership to the employment and skills system within the Liverpool City Region, as a formal part of the Combined Authority arrangements</li> <li>• Produce annual Skills for Growth reports to set out the key issues being faced by residents and businesses within the Liverpool City Region</li> </ul>	<p>other LEPs in future years</p> <ul style="list-style-type: none"> <li>• Set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The Skills Funding Agency will publish information during summer 2014 on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery</li> <li>• Seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. In the summer of 2014 the Skills Funding Agency will provide all LEPs with a data set that updates them on the provision delivered in their areas</li> <li>• As part of the new Combined Authority arrangements we will ensure that reporting on the performance of nationally funded skills programmes is built into the Combined Authority governance structure with the intention of enabling local partners to be better informed on the performance of nationally funded skills programmes and provision and to deepen the understanding of provision within the Liverpool City Region</li> <li>• Agree with the Liverpool City Region a process by which the key providers of employment and skills services within the area are expected to demonstrate how provision is contributing to the delivery of the City Region's priorities. This will include if appropriate a clear requirement for this information to be submitted. We will explore whether this needs to be incorporated on a voluntary or mandatory basis</li> <li>• UK Trade and Investment will commit to effectively communicating its strategic priorities to LEPs and where possible help them access relevant opportunities. UKTI has doubled the number of Partnership Managers to 16. This will ensure that UKTI can work more closely with LEPs and help build their capability to secure more inward investment</li> <li>• The Technology Strategy Board recognises the important and valuable role that LEPs are playing in promoting and supporting innovation, and is committed to developing strong and effective relationships with LEPs</li> </ul>
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	<p>both individually and collectively to build on this. The Technology Strategy Board is committed to supporting LEPs in developing the emerging Growth Hubs and in exploring how LEPs can help drive up local business awareness and engagement in Technology Strategy Board programmes and initiatives</p>
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**As part of the deal, the LEP will:**

- **Strengthen governance:** The formation of the Combined Authority provides the Liverpool City Region with a strong foundation from which to progress. Government expects the LEP and Combined Authority to build on this success to improve operational partnership working, including the joint prioritisation of resources over the city region. In particular Government will expect to see demonstrated progress in the pooling of resources for economic development and business support across the LEP area
- **Ensure implementation and demonstrate success,** by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015
- **Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders** by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.
- **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals. In future rounds Government will welcome the development of projects which have been discussed during the negotiation of the Growth Deal, such as the Wirral Dock Bridges project, and projects which are in development by local partners, for example planned improvements to Heron Road to West Kirby access in Wirral.