

June 2009

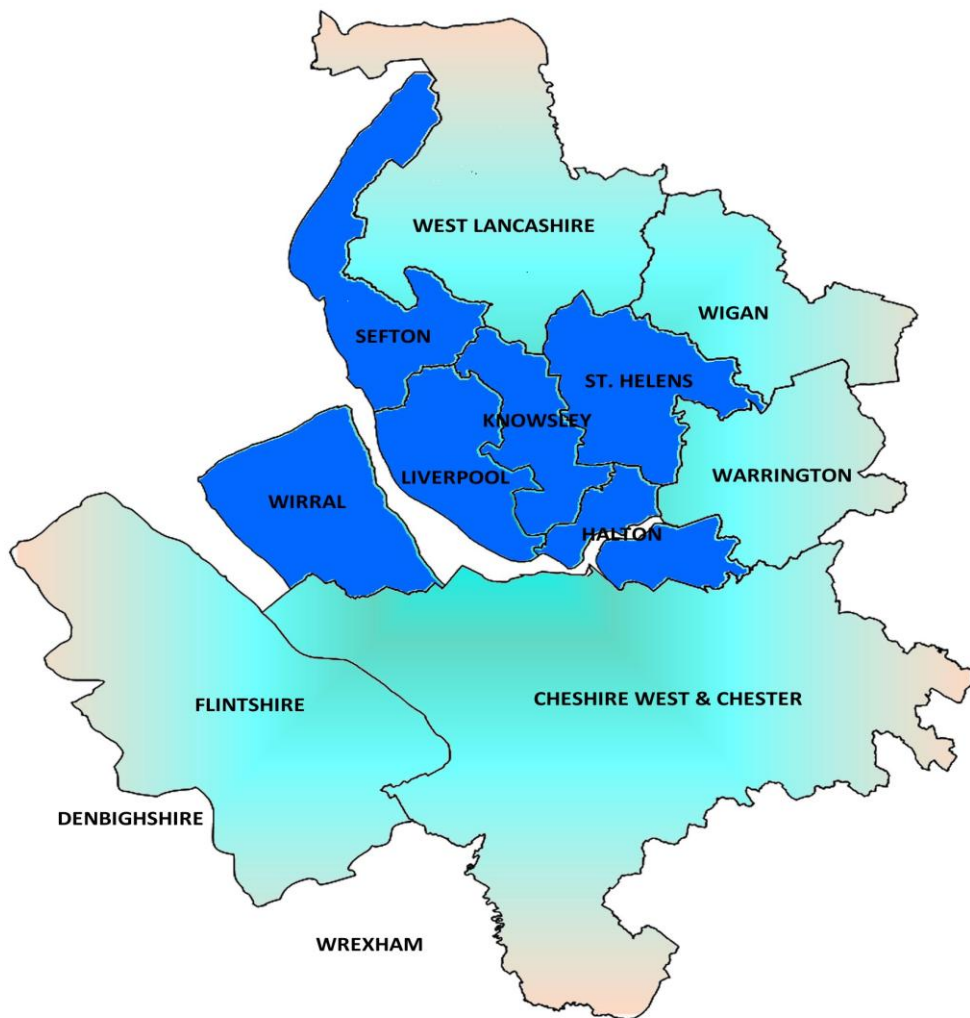
# Liverpool City Region Multi Area Agreement



# LIVERPOOL CITY REGION

## MULTI AREA AGREEMENT

Our Multi Area Agreement covers the Boroughs of Halton, Knowsley, Sefton, St Helens, Wirral and the City of Liverpool.



# FOREWORD



The Liverpool City Region Multi Area Agreement (MAA) enables the City Region to set out a series of unique proposals which will support the delivery of improvements in the economic and social prospects of our communities, residents and businesses.

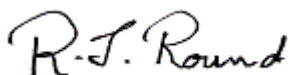
Our MAA covers the Boroughs of Halton, Knowsley, Sefton, St Helens, Wirral and the City of Liverpool. The combined population of this area is around 1.5 million people, with the area forming the core of a larger economic zone of influence of over 2 million people which extends into West Lancashire, Warrington, West Cheshire and parts of North Wales.

The MAA outlines the progress that we have already made through collaborative working across the Liverpool City Region and how we are strengthening our capacity to deliver across the sub region. This includes the preparation of a Strategic Framework to update our Liverpool City Region Development Programme in order to act as the key strategy statement to guide joint activity.

The Liverpool City Region MAA reflects the clear vision as set out in our Development Programme. It provides us with the opportunity to work in partnership with Government to ensure that we minimise the adverse impact of the current economic downturn, whilst maximising our longer term ambitions to improve the economic and social prospects of the City Region. It is made up of a suite of documents comprising the Story of Place and four Platform Papers (covering Employment and Skills, Economy, Housing and Transport) which set out our economic ambitions for the City Region.

In January 2009 we agreed our Employment and Skills Platform with Government and implementation is progressing well. We are now submitting our revised Story of Place together with the Economy, Housing and Transport papers to form an integrated package of proposals which will provide the step-change in performance necessary to accelerate our growth. This step-change will be delivered through four transformational actions as set out in the Economy Platform, namely – Culture and the Visitor Economy, Liverpool SuperPort, Low Carbon Economy and the Knowledge Economy, and will be supported by actions to stimulate the underlying conditions for growth as reflected in the activity outlined in the Employment and Skills, Housing and Transport Platform papers.

We are ready to move ahead with the implementation of the measures set out in our MAA and we look forward to working with Government to drive forward change, build on our economic progress and improve opportunities and the quality of life for the people of our City Region.

A handwritten signature in black ink that reads "R. J. Round".

Councillor Ron Round  
Chair of the Liverpool City Region Cabinet



# CONTENTS

## Page

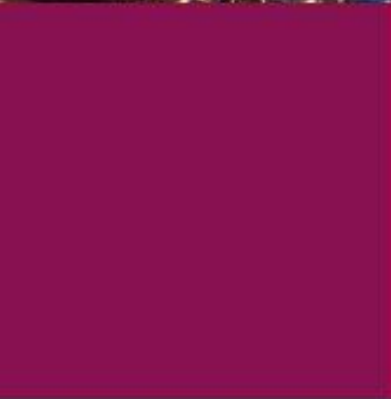
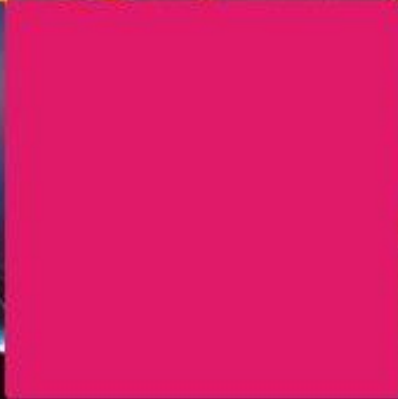
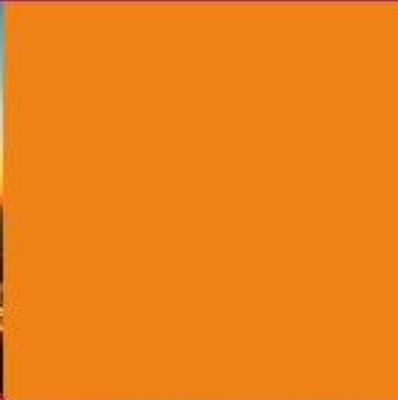
### FOREWORD

<b>1.</b>	<b>STORY OF PLACE</b>	<b>1</b>
	1. Summary	1
	2. Vision	4
	3. Our Ambitions	4
	4. Our Current Position	11
	5. Responding to the Opportunities and Challenges	18
	6. What we are already delivering outside the MAA	20
	7. Our MAA – The Focus	27
	8. What our MAA will deliver	29
	9. Governance Arrangements	31
	Appendices	33
<b>2.</b>	<b>ECONOMY</b>	<b>48</b>
	1. Executive Summary	49
	2. The Case for Transformation	51
	3. Transformational Action 1: Culture and the Visitor Economy	55
	4. Transformational Action 2: Liverpool SuperPort	64
	5. Transformational Action 3: Low Carbon Economy	75
	6. Transformational Action 4: Knowledge Economy	86
	7. Ensuring Underlying Economic Growth	101
	8. Economic Governance	107
	9. Targets and Outcomes	110
	Appendices	112

<b>3.</b>	<b>EMPLOYMENT AND SKILLS</b>	<b>118</b>
1.	Summary	119
2.	The Need for Change	123
3.	Existing Partnership Activity	126
4.	Barriers to Effective Partnership Working	131
5.	Our Proposals	133
6.	Integrating Employment and Skills	142
7.	Our Offer to Government	148
8.	Our Asks of Government	151
9.	Outcomes and Target Setting	153
	Appendix	158
<b>4.</b>	<b>HOUSING</b>	<b>160</b>
1.	Executive Summary	161
2.	The Need for Change – Housing in the City Region	163
3.	Our Proposals	170
4.	Governance	179
5.	Monitoring and Targets	181
6.	Timetable	184
	Appendix	185
<b>5.</b>	<b>TRANSPORT</b>	<b>188</b>
1.	Executive Summary	189
2.	Addressing the Challenges – Taking the Opportunities	194
3.	Existing Delivery	201
4.	Our Proposals	203
5.	Governance	233
6.	Monitoring and Targets	234
7.	Timetable	236
	Appendix	238



# Liverpool City Region Multi Area Agreement



Story of Place

# 1. SUMMARY

The Liverpool City Region Multi Area Agreement (MAA) comprises our Story of Place together with four platform papers – Economy, Employment and Skills, Housing and Transport and this summary sets out the key messages, our vision and our ambitions.

The Vision of the Liverpool City Region is.....	To establish our status as a thriving international City Region by 2030
Our aims, in order to meet this vision, are to .....	<ul style="list-style-type: none"><li>→ Maximise potential: Our people are our number one asset and we want everyone in the LCR to make the most of their potential. We will use their creativity and work with our businesses and education institutions to develop an economy based on knowledge, ideas and innovation that sets us apart from the rest of the UK.</li><li>→ Develop our cultural offer: Our outstanding waterfront and our cultural, sporting, maritime and architectural heritage will place the Liverpool City Region as one of Europe's 20 favourite places to visit by 2030, and provide an outstanding place to live for our residents.</li><li>→ Tackle Deprivation: We know that we have issues of disadvantage and long-term unemployment that we must tackle. Our vision for economic growth can only be achieved through the development of strong and sustainable communities and this means that it is our ambition to have none of the UK's 5% most deprived areas by 2030.</li><li>→ Improve our housing: We will improve the City Region's housing, by improving existing stock and ensuring a supply of high-quality new housing, ensuring that our housing supply is an attractive asset which plays its part in helping us to attract and retain investment.</li><li>→ Improve transport: We will develop a City Region transport network that meets the needs of all stakeholders, and is recognised as setting a standard for others to follow. It will be a fully integrated, sustainable and safe transport network, which supports economic and social regeneration, ensures good access for all, and which is operated to the highest standards to protect the environment and ensure good quality of life.</li><li>→ Maximise connectivity: Through the combination of our ports, airport and multi-modal freight and logistics infrastructure, we will deliver Liverpool SuperPort and significantly improve our position as one of the UK's primary international gateways by 2030.</li><li>→ Become a low carbon economy: We will become energy self-sufficient and a net energy exporter by the year 2030, through a combination of greater energy efficiency and renewable supply. This will drive us to become the biggest low carbon goods and services City Region economy in the UK.</li></ul>



<p>To achieve this we will need to.....</p>	<ul style="list-style-type: none"> <li>→ Create an additional 107,000 jobs.</li> <li>→ Increase the size of the economy (GVA per capita) by approximately £5,000 from some £13,500 (2006) to around £19,000 and raise levels of productivity (GVA per worker) by approximately £9,000 from some £23,000 (2005) to £32,000</li> <li>→ Improve our business stock by an additional 163 businesses per 10,000 working age people, from 307 (2007) to 470 per 10,000.</li> <li>→ Increase the skills levels of our resident population to above that of the North West, with a further 30,580 people being qualified at NVQ 3+ and a further 24,734 qualified at NVQ 4+.</li> <li>→ Reduce the number of workless people in the City Region by some 81,000.</li> </ul>
<p>We have made good progress already....</p>	<ul style="list-style-type: none"> <li>→ Over the past ten years the Liverpool City Region economy has experienced a 9% rise in employment, 62% rise in total economic value, and a 21% rise in business density. These rates have often exceeded the UK, North West and other comparator areas.</li> <li>→ Substantial investment has been made by both the private and public sectors in the physical infrastructure of the City Region, including the £1billion investment by Grosvenor in Liverpool One that has moved Liverpool from 17<sup>th</sup> to 5<sup>th</sup> in the league table of retail cities. Since 2003, almost 7,000 homes have been refurbished, more than 2,000 new homes have been built and a similar number of older homes have been cleared by the NewHeartlands Housing Market Renewal Pathfinder. Increased private sector confidence has been one of our key achievements.</li> <li>→ We have supported over 12,000 resident's to access employment and training opportunities; trained 24,000 young people to cycle safely; provided over 160,000 employees and 80,000 students with information to help them make sustainable travel choices.</li> </ul>
<p>And we have some great assets on which we can build and some big plans.....</p>	<ul style="list-style-type: none"> <li>→ The Liverpool City Region's cultural and tourism offer is the strongest outside of London and has been boosted by Liverpool European Capital of Culture 2008. The offer is now one of the UKs most compelling with 4.2 million overnight stays in 2006 contributing around £1.2bn to the LCR economy.</li> <li>→ The City Region's internationally significant knowledge-base is underpinned by three universities drawing over 50,000 students per year, with recent investments in the Daresbury Science and Innovation Campus, National Bio-manufacturing Centre, Liverpool Science Park and the Liverpool School of Tropical Medicine.</li> <li>→ The Merseyrail network has significant enhancement and expansion potential; new rail station facilities have helped to generate 38m passenger journeys made on Merseyrail every year, and £3m extra trips on Merseyrail since 2006; The £7.6m Olive Mount rail chord has opened up new rail freight access to the Mersey Ports.</li> <li>→ The Mersey Gateway, a £450 million second Mersey river crossing, will be delivered by 2014 and a £150 million post-panamax port facility at Seaforth.</li> <li>→ £10 billion worth of investment in Liverpool and Wirral Waters will transform the Mersey Waterfront, deliver 44,000 jobs and be nationally significant in scale.</li> </ul>

But, we know that we have significant challenges.....	<p>→ When compared to the North West and the UK average we have a significant gap in overall economic value, a relatively low business base, a significant skills deficit and, statistically, some of the UK's most deprived communities. This is even before the current recession started to impact.</p> <p>→ Despite a period of relatively strong growth, these gaps are not closing fast enough and, in some cases, are increasing.</p> <p>→ There are a number of actions that we will be delivering outside of this MAA to address these challenges. We will, for example, continue to address child poverty, tackle crime, drive up education attainment rates, promote community cohesion, and increase enterprise rates within disadvantaged communities and with young people. These will be addressed primarily via Local Strategic Partnerships working with Government in each Liverpool City region district.</p>
We therefore need to make a step-change in performance....	<p>→ But at a City Region level we need to make a step - change in economic performance. We will do this by delivering four transformational activities as part of this MAA. These transformational actions are set out in the economy section of our MAA document. They are actions that will be delivered over the longer term and are future looking. They will lead to greater outcomes, build on the distinctive features of the Liverpool City Region Economy, and will require co-operation across the LCR, and with Government to be successfully delivered.</p> <p>→ The actions are Culture and the Visitor Economy, Liverpool SuperPort, Low Carbon Economy and The Knowledge Economy.</p>
Supporting the step-change	<p>→ The transformational actions cannot be progressed in isolation. We have identified key areas where we can bring added value to activity that is taking place in order to support the underlying conditions for growth – these are reflected by the activity outlined in our Employment and Skills, Housing and Transport platforms.</p>
Our Asks of Government	<p>→ We are committed to progressing these priorities through joint working within the Liverpool City Region, however we are also clear that there are specific areas where delivery can be enhanced or increased by closer working with Government. These areas are set out as Asks within each of our Platforms.</p> <p>→ A number of Asks have already been agreed for our Employment and Skills platform and implementation is underway. The Asks relating to the other three platforms are summarised at the end of the Story of Place as well as appearing within each platform</p>

## 2. VISION

Our vision, as articulated in our Liverpool City Region (LCR) Development Programme, is:

*‘to establish our status as a thriving international City Region by 2030’*

To achieve this, we must improve the quality of life of our residents and support the building of safer, stronger, sustainable communities, underpinned by delivering significant improvements in our economic performance.

## 3. OUR AMBITIONS

In our Liverpool City Region Development Programme we outline five strategic priorities that we have identified as being critical to driving forward the city region economy and which underpin our vision. These priorities are supported by a range of programmes that have been agreed by city region partners as having the most impact and value and through which we can work to deliver economic and social improvements. The priorities are:-



We have undertaken an analysis of our five strategic priorities and this has clearly shown us that our actions have resulted in good progress although we will, like all of the UK, need to review our strategy once the impact of the recession is better understood.

**However, we are clear that despite this positive progress it will not be enough by itself to close the gap that currently exists between our economic performance at a city region level and that of the North West region and the UK. A step-change is needed if we are to begin to close this gap and city region partners are clear that ‘closing the gap’ is fundamental to achieving our vision.**

The MAA provides us with an opportunity to define that step-change and to work in partnership with Government to deliver it.

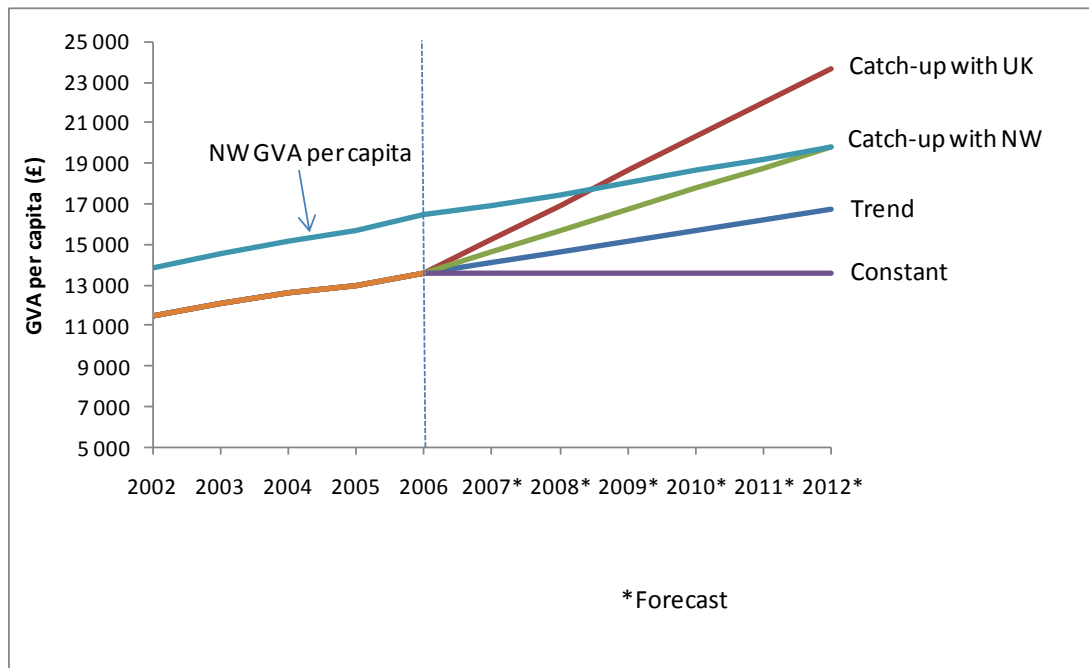
We set out on the following pages our analysis of the growth we will need to achieve against each of our five strategic priorities in order to close the gap against regional and UK performance and achieve our vision by 2030. This analysis has led to our identification of the four platforms where actions can be taken that will deliver the necessary step-change - Economy (including culture and tourism), Employment and Skills, Housing and Transport. This analysis is informing the development of our Strategic Framework which is a revision of the current LCR Development Programme.

### 3.1 Creative and Competitive City Region - Economy

An impressive recent renaissance has seen the LCR become a significant driver of growth within the North West economy, with a total value of over £18bn, 600,000 jobs and nearly 30,000 VAT registered businesses. However, major challenges still remain with a GVA gap (in 2006) between Merseyside and the UK of £5,815 per capita (Source: ONS, GVA, 2008) reflecting low productivity rates, a low business density rate and entrepreneurial activity lower than elsewhere in the UK. Achieving our vision will require us to address the following:

- **Accelerated economic growth** - by 2030 we will need to have increased our GVA output to punch above the North West average. To achieve this it will be necessary for the LCR economy to increase both the size of the market and levels of productivity so that GVA per capita is increased by some £5,155 from £13,615 (2006) to £18,770 and GVA per worker is increased by some £8,774 from £22,968 (2005) to £31,742. The graph below shows that, based on 'business as usual' trend line, we will not have closed the gap.

Figure 3.1: GVA per Capita



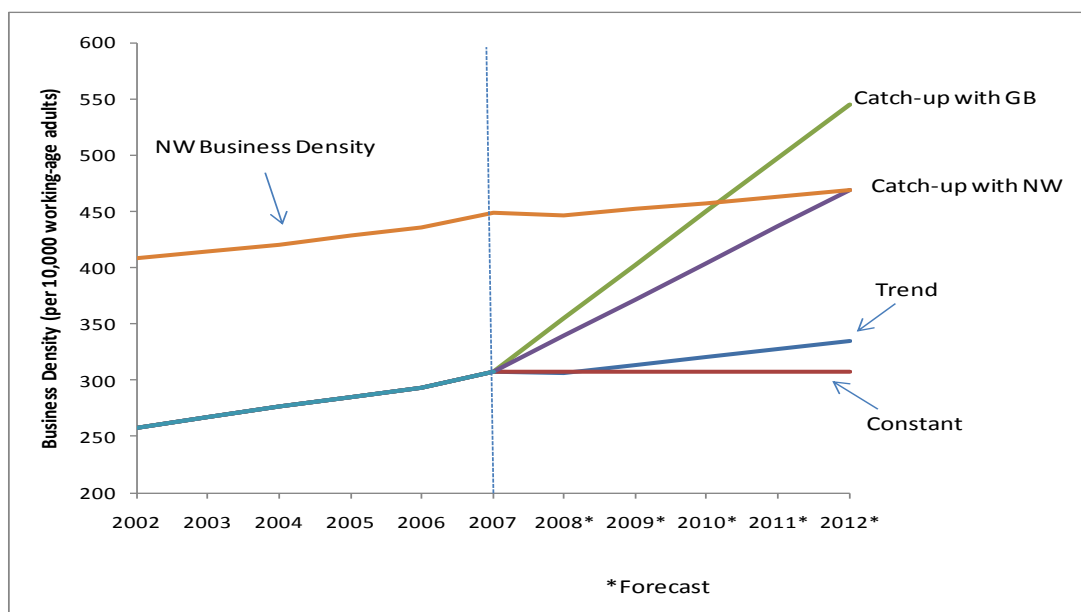
- **A strengthened and enlarged business base** – the LCR has a diverse economic base and a number of sectors where growth is predicted over the next 20 years and where we would expect our market share to grow and business activity to increase. These are sectors where we have existing competitive advantages or which are likely to be drivers of growth in a future international economy. To achieve our vision we would need our LCR economy to grow to above the north west average and this would require an additional 163 businesses per 10,000 working age people, to take us from 307 (2007) to 470 per 10,000. Clearly, the current economic downturn will impact on performance and work is underway to define this. However the underlying basis of our analysis still remains valid and, by 2030, we would expect to see higher levels of inward investment and existing firms expanding into new domestic and international markets in areas that include:
  - **Knowledge based industries** – this includes the development of internationally significant knowledge-based assets, created through a leading research and development and innovation base within three universities, Daresbury Science

Innovation Campus and the Liverpool School of Tropical Medicine. We would also seek to develop digital and creative industries which will underpin growth in this sector by acting as drivers for business productivity.

- **Environmental technologies** - we will become energy self-sufficient and a net energy exporter by the year 2030, through a combination of greater energy efficiency and renewable supply. This will drive us to become the biggest low carbon goods and services city-region economy in the UK.

The graph below shows that with regards to business density based on current trend trajectory we would not close the gap and therefore would not meet our aspirations.

Figure 3.2: Business Density



### 3.2 Premier Destination Centre - Culture and tourism

Our outstanding waterfront and our cultural, sporting, maritime and architectural heritage will enable us to place the Liverpool City Region as one of Europe's 20 favourite places to visit by 2020 (LCR Tourism Strategy to 2020), and provide an outstanding place for our residents to live.

In economic terms, our vision is that the visitor economy will support 37,000 jobs (up from 23,000) and an annual visitor spend of £2 billion (up from £1.3 billion) by 2020.

To achieve this we will need to maximise our strengths as follows:

- our critical mass of culture that is unrivalled in cities across the UK;
- build on a legacy on the platform created by Liverpool's year as European Capital of Culture 2008, which saw the value of tourism rise from £1.1bn to £1.3bn.<sup>1</sup> Jobs supported by tourism spend were up from 21,000 to 23,000, and staying visitor nights in the Liverpool City Region were up from 9.6m to 10.7m<sup>2</sup>;
- promote recent infrastructure investments such as Arena and Conference Centre, Liverpool One and Southport Classic Resort.

<sup>1</sup> STEAM 2007 projected

<sup>2</sup> Liverpool Vision Company

### 3.3 Talented and Able City Region – Employment and Skills

Research has shown that skills differences are a key determining influence on the productivity gap. Our people are our number one asset and we want everyone in the LCR to make the most of their potential. We will use their creativity and work with our businesses and education institutions to develop an economy based on knowledge, ideas and innovation that sets us apart from the rest of the UK.

Over the past 10 years, the City Region's employment rate has increased by 5.7% - the greatest level of improvement of any of the comparator metropolitan areas. Whilst the economic downturn is clearly impacting on this progress, our Employment and Skills platform of the MAA - which has already been agreed - provides a firm foundation for working together to help mitigate the worst effects of this for our residents.

Closing our skills gap with comparator city regions means that by 2030 we will have:

- **Retained talent** – Liverpool City Region is not attracting and retaining its most talented people; in fact it has a declining working age population with graduates moving to London and the south east. To achieve our ambition we will need to reverse this position and ensure that our brightest and most creative people are retained to drive forward and expand our economy.
- **Raised the skills ceiling** – by 2030 we will need to have increased the skills levels of our resident population to match that of the North West, with a further 30,580 people being qualified at NVQ 3+ and a further 24,734 qualified at NVQ 4+. Whilst the work of our current Employment and Skills platform (which includes actions and targets for developing higher level skills) provides the foundation for this, further action across our five strategic priorities will be required if this target is to be achieved and the skills levels of our residents raised by 2030.

Figure 3.3: NVQ Level 3

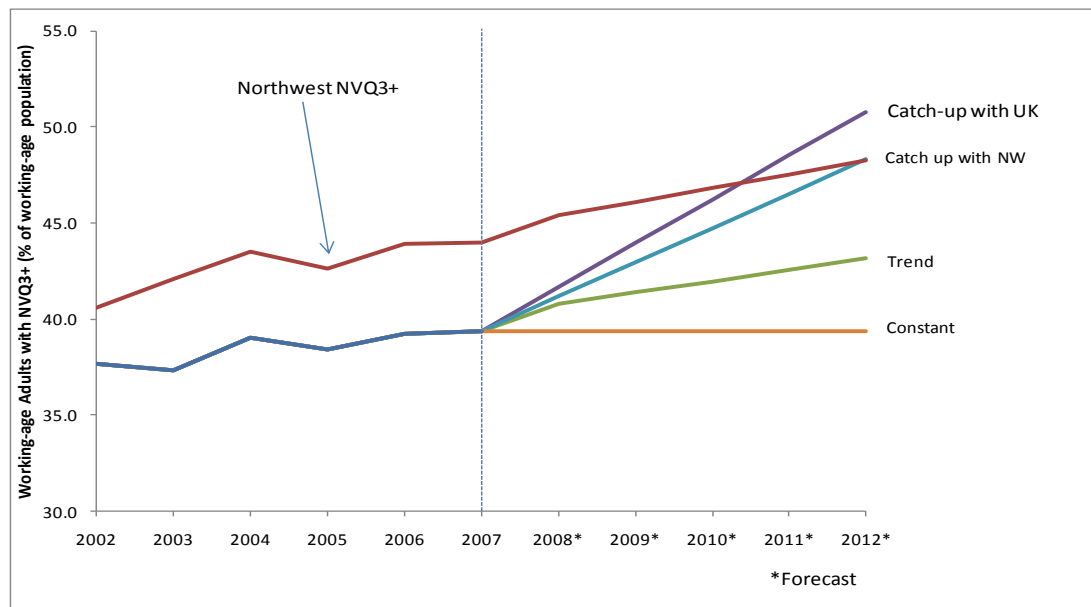
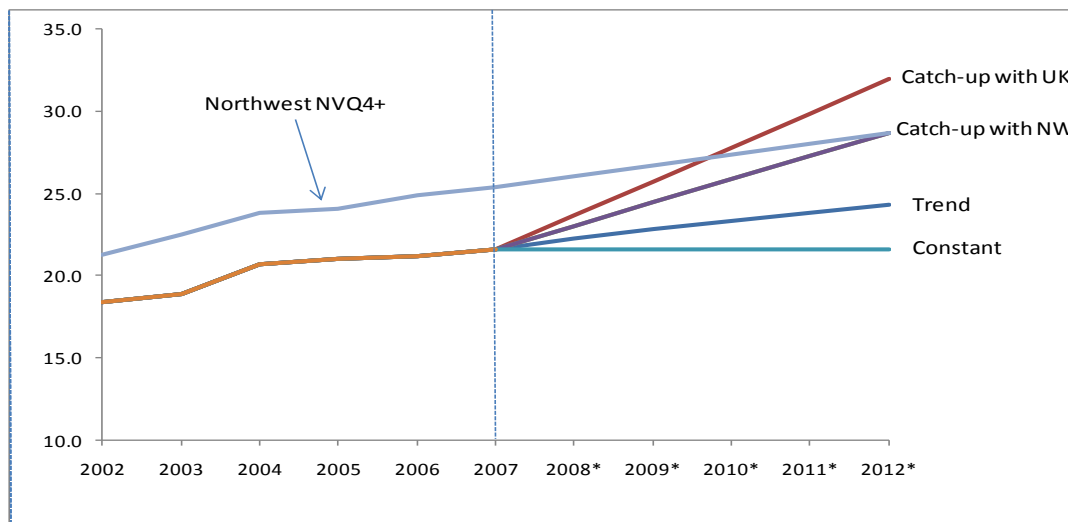




Figure 3.4: NVQ Level 4

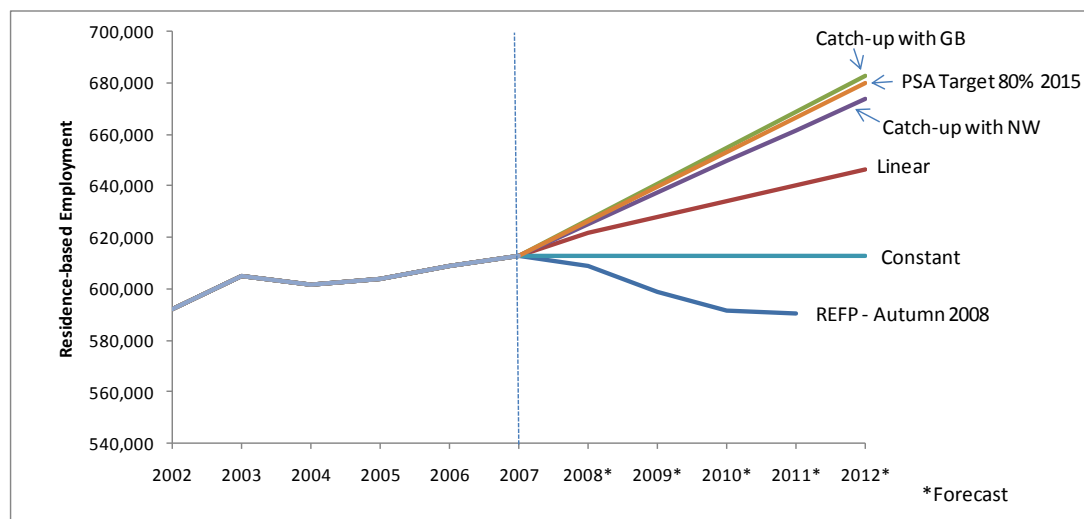


- Built our skills foundations** - in the Merseyside Economic Review (MER) 2007 we identified worklessness as one of the most serious aspects of market failure in the LCR and one of the key problems for our most deprived areas - some 18.6% of working age people in the city region have no NVQ qualifications.

In our Employment and Skills platform we focus on addressing some of the fundamental problems associated with low economic activity rates, employability and low skills. This is a key building block in ensuring that we have a sufficient stock of appropriate skills to match the changing needs of employers and potential investors and our city region working will enable close alignment of skills development with our economic activity over the coming years. However to achieve our vision we need to reduce the number of workless people to below that of the North West figure, a city regional reduction of some 81,093.

The graph below has not built in the impact of the recession but shows again that, without a step-change, we will not increase our employment rate to match that of the North West and will not achieve this reduction in worklessness by 2030.

Figure 3.5: Residence Based Employment



### **3.4 Sustainable Communities - Housing**

We know that we have issues of disadvantage and long-term unemployment that we must tackle. Our vision for economic growth can only be achieved through the development of strong and sustainable communities and, to this end, it is our ambition to have none of the UK's 5% most deprived areas by 2030. We are working through our Local Strategic Partnerships to ensure that all sectors, including the voluntary and community sectors are involved in tackling deprivation and in meeting this vision.

Trend analysis would indicate, however, that despite the current targeted regeneration programmes, our Programmes for economic growth and the activity being progressed through our Employment and Skills platform, the gap between our worst and best performing areas will not narrow significantly without a clear economic step-change. This step-change will also include the need for further action to be taken in respect of housing. Poor quality housing can act as a brake on economic growth and therefore proposals to ensure good quality, affordable and market housing in appropriate locations are a key part of our MAA.

Substantial investment is taking place in our housing stock by LCR partners and through our HMR and Growth Point initiatives. However the provision of good quality and affordable housing, which meets the aspirations of existing residents and those seeking to work or invest in the city region, and which is in accessible locations, is essential to support the economic growth of the LCR and is at the heart of our vision for 2030.

We have, therefore, developed a housing platform which sets out our opportunities and challenges. Through the MAA we will improve the city region's housing offer by supporting better management of the private rented sector and by making our housing stock more energy efficient. This will support our ambition to both increase the supply of new homes and make a major shift in the choice and quality of the city region's overall residential offer in the next 20 years.

### **3.5 Well Connected City Region – Transport**

We want to ensure that our economic growth ambitions are supported by a transport network that enables our residents to access employment, education and other opportunities and services, and which also maximises the capacity and connectivity of the LCR network for business growth and investment.

A key feature of this will be progress on logistics, transport and distribution - through the combination of our ports, airport and multi-modal freight and logistics infrastructure, we will deliver Liverpool SuperPort and significantly improve our position as one of the UK's primary international gateways by 2030.

We believe that our proposals offer a significant contribution to the realisation of our transport vision that by 2030 the LCR will have a City Region transport network that meets the needs of all stakeholders, and is recognised as setting a standard for others to follow. It will be a fully integrated, sustainable and safe transport network, which supports economic and social regeneration, which ensures good access for all, and which is operated and maintained to the highest standards to protect the environment and ensure good quality of life.

The vision supports the Liverpool City Region's aspirations across economic growth, skills and employment, and housing. To this end we have developed a transport platform that outlines our approach to this challenge and the support that is required from government if we are to achieve this ambition. The proposals have been designed to ensure that change is expedient and additional to what we could and will achieve through our existing policies and programmes detailed within the Merseyside and Halton LTPs.

### 3.6 How will we achieve our vision?

We have set out above the key building blocks that taken together underpin our vision for the city region and have indicated the level of growth that will need to be secured to achieve this. The graphs also show our anticipated level of growth based on the current activity that is being taken forward in partnership at the city region level and that this falls far short of the growth needed to achieve our vision.

Attracting inward investment, increasing productivity and delivering the growth that our vision demands will require us to work even more effectively with the private sector. We have a firm base upon which to build and our single investment agency, The Mersey Partnership, is a key partner within our city region structures. Accelerating the performance of the city region and increasing its competitiveness and productivity underpins our strategic priorities and working with our private sector partners on those areas identified as having the greatest economic impact will be at the heart of the transformation that will be required to meet our aims for 2030.

The following sections of this Story of Place will set out what we are doing to maximise our opportunities and face our challenges. **This will clearly show that a ‘step-change’ in performance is needed but also that a key factor in delivering this accelerated change will be to progress the transformational actions set out in our Economy Platform, supported by the other three platforms.**

## 4. OUR CURRENT POSITION

### 4.1 A Recent Renaissance

We have seen some significant improvements in the economy of the Liverpool City Region<sup>3</sup> over the last 10 years and this has contributed to the economic uplift of the wider North West region. In 2006, the total GVA was £18.4bn, representing 16.3% of the North West total. With the inclusion of Halton and Warrington (£6.8bn) this rises to £25.2bn (Warrington is included due to data set requirements). Over the past five years the size of the economy has grown by over 24%. The City of Liverpool has been a key driver of this growth and has accounted for 41.4% of Merseyside's GVA in 2006 (*Source: ONS, GVA, 2008*).

Whilst these figures provide an indication of the underlying longer term transformation of the city region, they do not take account of the recent economic downturn. Partners are tracking a number of key indicators to better understand the effects of the recession within the city region and some up to date information (March 2009) is outlined in 4.2 below.

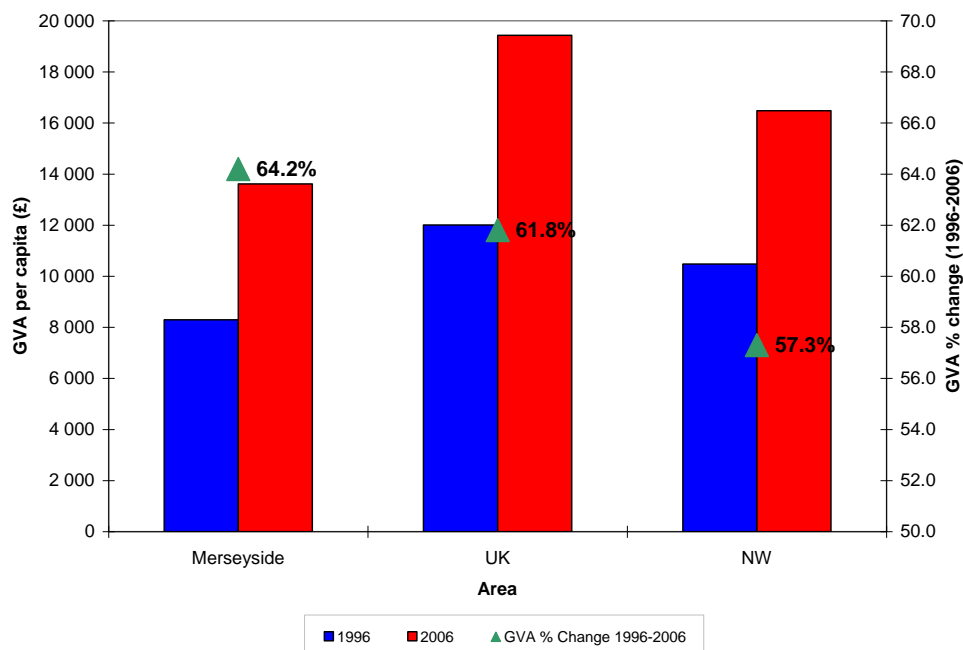
- Gross Value-Added (GVA) per person stood at £13,615 in 2006 and has grown by around 64.2% over the previous ten years. (*Source: ONS, GVA, 2008*). This is above the national growth rate (61.8%), and one of the highest growth rates in the UK for comparator urban areas.
- Between 1995 and 2006 growth in the City Region's business density (VAT-registered businesses per 1,000) was significantly higher than across the rest of the UK, at 21.3% compared to the national rate of 13.5%. The City Region had 27,960 VAT-registered businesses in 2007. (*Source: NOMIS, VAT reg data, 2008*).
- The latest annual Economic Activity Rates for the City Region (October 2007 to September 2008) were 71.9% (*Source: NOMIS, APS, 2009*) compared with 76.8% in the rest of the NW. Prior to the current recession rates for the previous 12 month period (*Oct 2006 to Sept 2007*) were 73.2% (LCR) and 76.5% (NW).
- The knowledge-based sector is an important component of the City Region's economic growth. Knowledge-based sectors employ 315,000 (53% of all employment) and have grown by 6.4% since 1998, against 5.1% nationally.
- Evidence of long-lasting transformation is also demonstrated by some of the physical improvements found within the Liverpool City Region.
- Through significant private and public investment in physical regeneration, stakeholders have brought a lasting transformation to the LCR image and increased business confidence. Grosvenor's £1billion investment in Liverpool One has moved Liverpool from 17<sup>th</sup> to 5<sup>th</sup> in the league table of retail cities.
- Since 2003, almost 7,000 homes have been refurbished, more than 2,000 new homes have been built and a similar number of older homes have been cleared by the NewHeartlands Housing Market Renewal Pathfinder.
- We have invested in road and public realm improvement schemes including a City Centre Movement Strategy, Bootle Town Centre and the A58 Blackbrook diversion. A new award-winning transport hub at Liverpool South Parkway and rail station as well as interchange and access improvements at Lime Street and other Merseyrail stations have resulted in 37m passenger journeys made on Merseyrail. The Workwise initiative has supported over 12,000 residents to access employment and training opportunities, and provided over 160,000 employees and 80,000 students with information to help make sustainable travel choices.

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<sup>3</sup> Unless otherwise stated, all references to the LCR in this document denote an aggregation of the 6 LADs of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral.

The following charts demonstrate the progress made in the Liverpool City Region over the past 10 years.

#### 4.1.1 GVA per Capita



Source: ONS, GVA, 2008) NOTE: Excludes Halton

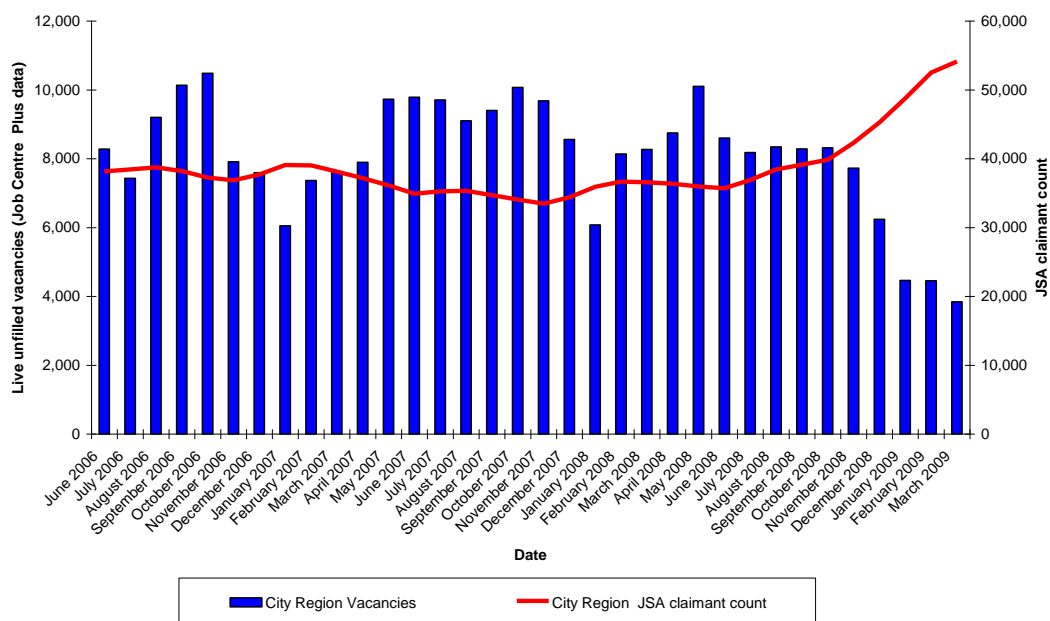
Between 1996 and 2006 the Liverpool City Region (excluding Halton) economy grew from just over £8,000 per capita to over £13,600 per capita. This is a growth of 64.2% over the entire time period – greater growth than both the UK (61.8%) and North West (57.3%).



Source: NOMIS, VAT reg data, 2008

Although starting from a low base, the graph above demonstrates the consistently high rate of business start-ups experienced in Liverpool City Region. The average annual start-up rate

between 1997 and 2007 was 11% for Liverpool City Region compared to 9.9% for the UK and 10.2% for the North West.



Source: NOMIS, JSA claimant count and JCP vacancies, 2009

The graph above shows that, since October 2008, there has been a sharp increase in the number of JSA claimants in the City Region. This coincides with a fall in the number of live unfilled vacancies reported monthly by Job Centre Plus, which began around the same time.

Since 1998, there has been a fall in the number of people claiming unemployment benefits. Over the entire period this is equivalent to a fall of around 20,000 claimants. In addition, there has been an increase in the job count of approximately 40,000.

#### 4.1.2 NVQ Qualifications



Source: NOMIS, APS, 2009



The graph on the previous page shows that since 2004 the percentage of the LCR working age population with NVQ qualifications has increased overall, especially in terms of NVQ Level 2. Those qualified to at least NVQ Level 2 (i.e. Levels 2, 3 and 4 combined) have increased from 50.3% to 56.9% between 2004 and 2007.

## 4.2 Impact of the Economic Downturn

Liverpool City Region is accepted as entering recession later than some other areas. European Capital of Culture 2008, relatively high public sector employment and the substantial public/private sector investment within the City Region (e.g. Liverpool One, St Helens and Whiston Hospital rebuild) are cited as reasons for this. However, job losses in the Merseyside Job Centre Plus district are now significant, particularly in the areas of Manufacturing, Professional Services, Finance and Administrative support.

Partners in the LCR were still in the process of addressing many of the structural weaknesses of the labour market before the current recession. These are identified in Section 4.3 below (covering high incidences of worklessness/ Job Seeker Allowance claimants; skills deficits at all levels- particularly Level 2; low wage/ low skill economy in certain areas of the LCR and the balance of public / private sector business base). A range of LCR activity is being co-ordinated in partnership with Job Centre Plus, LSC and NWDA to address the impact of the economic downturn. It is, important that we continue to address these underlying weaknesses as the skills needed for the upturn will need to reflect those required by our priority growth sectors, together with addressing skills gaps and skills shortages.

This is supported by evidence to the Northern Way Private Investment Commission, which confirms that long term prosperity ultimately depends on the underlying performance across the economic cycle and that paying attention to fundamental economic drivers will place the economy in a better position to exploit the opportunities likely to be present in the upturn.

Whilst it is too early to fully interpret the impact of the current recession on the LCR economy, a number of key indicators are being tracked by the partners. These include:

- **The JSA claimant count.** This is some 20,000 more than the baseline month (October 2007) and around 17,500 more than in March 2008. The claimant count has increased by around 36% over the past six months. It is likely that the numbers of unemployed people within the city region is actually higher than this figure as there is already a high level of structural unemployment present. Furthermore, on a national level there is a difference of around 1m people between the claimant count and the more widely recognised ILO definition of unemployment, which could also be relevant here.
- **Impact on businesses.** According to Business Links Business Performance Index (BPI), there has been a general rise in the number of insolvencies since the baseline month. The Liverpool Chamber of Commerce quarterly survey identifies that 84% of manufacturing businesses and 71% of service businesses are reporting that they are operating below capacity.
- **Staff retention.** The Chamber of Commerce survey suggests that the manufacturing sector seems to be worse hit than the service sector with 43% of manufacturing businesses reporting a decline in staff numbers during the past three months, compared to 24% in the service sector. A number of sectors that are strategically important to the city region are at risk – Automotive, Chemicals, Construction, Retail/leisure, Tourism. The impact on the last three has so far been mitigated by the effects of European Capital of Culture 2008 and the construction of Liverpool One, but are likely to be badly affected as companies and households adjust their balance sheets and de-leverage. In the short-term, the public sector will retain staff, but is likely to come under strong pressure to cut costs in the medium term.

### **4.3 Significant Challenges Remain**

Significant challenges remain for the Liverpool City Region. These challenges are evidenced by work undertaken by MIS Mott Macdonald in November 2008, but do not take full account of the current recession.

#### **4.3.1 Significant GVA per capita gap**

The GVA gap between Merseyside and the UK currently stands at around £5,045 per capita. The Merseyside economy would need to grow by £6.85bn against the UK to close this gap.

#### **4.3.2 Workforce productivity**

Approximately half of the gap in GVA per capita between Merseyside and the UK is due to the difference between local and national productivity levels. This difference results in a £2,554 per capita gap against the UK (or, equivalently, £3.46bn). Although productivity grew marginally faster than the UK between 2002 and 2005 (adding about £666 million on average to the Merseyside economy each year), the gap between UK and Merseyside productivity has actually increased in absolute terms. Productivity is determined by a number of factors, including capital utilisation, skill levels and management techniques.

#### **4.3.3 Employment and Economic Inactivity Rates**

In 2007, the employment rate in Merseyside stood at around 68.1% compared to 74.4% in Great Britain overall. Bringing employment up to the national PSA target of 80% by 2015 would require an additional 107,280 people going into employment. Although the inactivity rate in Merseyside declined between 2004 and 2007, the inactivity rate of 26.4% of the working age population still compares unfavourably with the UK average of 21.6%. Together, lower employment and activity rates result in a gap of some £1,554 per capita compared to the UK overall. Taking into account commuting rates, the gap against the UK increases to £3.4bn.

#### **4.3.4 Low Business Base**

The business stock in Merseyside currently stands at 27,960. Although the business start-up rate has been consistently higher than the England average, the gap in business density has risen in absolute terms. In terms of VAT-registrations (per 10,000 working age people), the number of registrations would need to grow by approximately 33% and 50% in order to close the gap with the Northwest and UK, respectively.

In terms of total VAT-registered stock (per 10,000 working age people), the stock would need to grow by approximately 40% and 65% in order to close the gap with the Northwest and UK, respectively.

#### **4.3.5 Skills Gap**

Some 18.6% of working age people in Merseyside has no NVQ qualifications, compared to 13.1% for the UK. Across all skills levels the Liverpool City Region is lagging 4 – 7 percentage points behind the UK average. In order to match UK skill levels, around 31,877 extra people would have to be educated to at least NVQ2+, 62,279 people to at least NVQ3+ and 63,057 people to NVQ4+.

#### **4.3.6 Housing quality, choice and range**

Housing quality, choice and range remain an issue for parts of the City-Region – low quality stock is a major constraint on the regeneration functioning of the labour market with 40% of owner occupied and 55% of privately-rented homes failing the decency standard. In addition,

high concentrations of vacant properties in parts of the City Region, some 7% in Liverpool, continue to blight neighbourhoods, restricting housing choice and sending out a negative message about the quality of place and quality of life in the sub-region.

#### 4.3.7 Accessibility

Increasing traffic growth (a 20% increase has been experienced between 1993 and 2007) has been coupled with increasing levels of car ownership (17.4% increase between 1999 and 2007), both of which will start to affect business productivity and future investment due to congestion and unreliable and delayed journeys. Parts of the Merseyrail network are at or exceeding capacity particularly at peak travel times (rail patronage has grown by 40% between 1997 and 2008). Existing rolling stock and lack of park and ride availability are barriers to increasing the use of rail. Bus usage continues to decline (bus patronage declined by 23% between 1997 and 2007), accompanied with a fourfold increase in the cost of public transport, resulting in transport-derived social exclusion. Transport-derived environmental impacts (air and noise pollution and green house gas emissions) are increasing and will impact on the health and quality of life for those who live, work and wish to invest in the City Region.

Access to the Mersey Ports is currently constrained by the existing highway network and the competing use of the network by freight, business and local transport. Gauge restrictions on the rail network are also restricting rail freight movements and future opportunities and demand.

#### 4.3.8 Sustainable Communities

Despite much progress in improving the sub-region's economy, there are still too many neighbourhoods with concentrations of worklessness and the map of deprivation remains largely unchanged in recent years. The 2007 Index of Multiple Deprivation showed that nearly 1 in 3 of the 1% most deprived Super Output Areas within England and Wales, and 9 of the 20 most deprived, are within Liverpool city region. Tackling these issues, therefore, needs careful integrated planning, with linkages and shared priorities between economic growth, employment and skills, housing and transport.

### 4.4 Our Assets and Opportunities

In order to define how we will move the economy forward, we must understand both what we have achieved, and the challenges that remain. It is critical to achieving our ambitions and our vision that LCR partners recognise the potential of our assets and build upon a number of significant attributes that differentiate the city region from other parts of the UK.

**In the LCR Development Programme we have identified a number of key assets as having major strategic importance, of providing competitive advantage and as underpinning our vision for the future growth of the city region. These are as follows:**

- The impact of Liverpool European Capital of Culture 2008, along with the area's unique portfolio of cultural, leisure and sporting assets, positioned the City Region as a destination of choice for tourists, with 4.2 million overnight stays in 2006 contributing around £1.2bn to the sub-region's economy. The city region's combined cultural assets are unique and distinctive and the strongest package outside London, which presents a major opportunity for future economic growth.

- Major progress has been made in revitalising Liverpool City Centre with the £1bn investment into Liverpool One together with the development of the Arena and Convention Centre. In addition Southport is benefitting from a £60 million investment by the private sector in new hotels, retail floorspace and town centre amenities.
- The Mersey Waterfront Regional Park initiative has been supported by both public and private investment and has resulted in a programme of waterfront improvements that have helped transform, energise and connect the waterfront and its assets.
- The planned expansion of the Mersey Ports and Liverpool John Lennon Airport present an opportunity for an internationally significant Superport. The Port of Liverpool handles 34m tonnes annually – the seventh largest in the UK. The £100m investment in a new post-panamax container facility has the potential to double the amount of traffic into the Port, supported by access improvements to the Port of Liverpool.
- The Mersey Gateway - a second Mersey river crossing - will be delivered by 2014.
- £10 billion worth of investment in Liverpool and Wirral Waters will transform the Mersey Waterfront, deliver 44,000 jobs and be nationally significant in scale.
- Our natural resources, combined with the potential \$500bn growth in global environmental technology by 2050, provide substantial scope for inward investment whilst making a significant contribution to the UK's combined climate change effort including opportunities for the development of tidal energy.
- There are a range of assets, in addition to the power of the Mersey and the wind capability of the Mersey estuary, that make this a key area of strategic importance. This includes a strong existing business base in related industries, such as Pilkington and their links to solar energy, and flagship projects in which demonstrator technologies are providing a return on investment, such as Arena and Convention Centre Liverpool, Liverpool South Parkway rail station.
- The City Region's internationally significant knowledge-base is underpinned by three Universities and boosted by recent investments in the Daresbury Science and Innovation Campus, National Bio-manufacturing Centre, Liverpool Science Park and Liverpool School of Tropical Medicine and currently contributes around £1 billion to the economy, and has the potential to act as a driver for business productivity and a magnet to attract key talent to the North West.
- The scaled impact of these assets are substantial drivers for future economic growth and include £1bn income to the city region economy, 15% of the city region's total GVA and over 14,000 jobs.

We are already progressing work to develop these assets and this is detailed in the Economy Platform. However, the following section outlines that this alone will not provide the step-change in economic growth needed to close the gap. This will be achieved by building on the momentum of this work and also by using this opportunity to work in partnership with Government to progress our MAA.

## 5. RESPONDING TO THE OPPORTUNITIES AND CHALLENGES – DELIVERING THE VISION

In the sections above we have provided clear outlines of the difficulties we face in achieving our vision. However, we also have an equally strong grasp of the strengths and opportunities that underpin our vision to be a major contributor to national competitiveness and inclusion goals.

This intelligence, (together with emerging findings from work updating our 2007 forecasts by Cambridge Econometrics) has helped shape our understanding of the level of growth we will need to secure and deliver across our five strategic priorities if we are to achieve our vision by 2030.

We have shown that despite the real achievements made by the LCR economy in recent years we still lag behind the national economy and that of the north west and, regardless of the impact of the current economic downturn, these underlying factors will still remain. Partnership working at the city region level will deliver progress and ensure that we keep pace with the regional and UK position, but closing the gap will require a step-change in approach.

### 5.1 The MAA – the four platforms

Our MAA provides us with an opportunity to define and deliver a step-change. Our proposals will show, firstly, how we can address our strategic priorities and accelerate economic growth by focussing on our four transformational actions and through providing the right underlying conditions for growth, and secondly, how by working in partnership with Government we can 'up our game' to maximise the benefits of city region delivery. We have put forward four platform papers reflecting our strategic priorities, and forming an integrated and dynamic package of measures that we will deliver across the key economic levers of growth. The Asks of Government related to these Platforms are summarised at Appendix 2.

It is therefore the added value of the MAA which will support the delivery of accelerated change which is fundamental to closing the gap and achieving our vision and this is addressed by the offer made by LCR in each of the Platforms together with The Asks of Government are as follows:

#### 5.1.1 Economy

- We aim to raise the level of GVA and increase productivity through growing the LCR economy and developing the business base in line with the UK growth sectors, particularly reflecting those sectors in which the LCR has a competitive advantage. These growth sectors, as defined in our LCR Development Programme, are:
  - ⇒ Culture and the Visitor Economy
  - ⇒ Liverpool SuperPort
  - ⇒ Low Carbon Economy
  - ⇒ The Knowledge Economy
- Our 'transformational actions' are at the heart of our MAA and their delivery will be supported by the range of measures outlined in our other three platforms.

### 5.1.2 Employment and Skills

- Raising skills levels, particularly through raising aspirations within our most deprived communities;
- Reducing worklessness by providing routes for people to move into employment and progress in their jobs.

### 5.1.3 Housing

- Ensuring that investment in housing complements our growth plans and provides housing that is attractive, affordable and sustainable.
- Increasing investment in, and delivery of, energy efficiency in housing.

### 5.1.4 Transport

- Delivering a safe, efficient, and sustainable integrated transport system that supports the Liverpool City Region's aspirations across economic growth, skills and employment, and housing.
- As a package our proposals will accelerate the delivery of:
  - (i) A network designed to ensure the efficient movement of people and goods, addressing congestion and accessibility;
  - (ii) A comprehensive package of measures to ensure that nobody is excluded from the economic and social life of the City region because of lack of transport;
  - (iii) A reliable and efficient transport network that supports economic growth and productivity, based on an enhanced local rail network responsive to local demands, and able to offer real alternatives to private transport;
  - (iv) A long term comprehensive package to support the City Regions strengths around the port and logistics;
  - (v) A network designed to support the City Region's strengths and priorities.



## 6. WHAT WE ARE ALREADY DELIVERING OUTSIDE THE MAA

The Sub-National Review identified the role of City Regions as economic powerhouses and as key tools to deliver economic prosperity. This is already reflected in a range of activity that takes place across the LCR area. As a result, whilst our MAA represents a key policy driver for the area, it is not a stand-alone document; it builds on a much wider set of strategies, action plans and institutional arrangements that have underpinned recent successes in the LCR. It also builds on the immediate work that is being progressed to tackle the challenges of the current economic downturn.

As a result the following section sets out some of the key strategies and activities that are taking place across the LCR in relation to the four areas covered by our MAA and which will not be addressed by the individual Platform papers of the MAA. This is covered in the following two sub sections – our strategy and evidence base and our on-going partnership activities. We have also attached (as Appendix 1) an overview of actions that are being progressed in response to the economic downturn.

### 6.1 Strategy and Evidence Base

A range of analysis has been undertaken to underpin this Multi-Area Agreement.

- **The Liverpool City Region Development Programme (2005)** - produced as part of the Northern Way initiative, this provided a strong, evidence-based rationale for City Region working and a collective vision of the City Region. This was updated in 2006.
- **The Merseyside Economic Review** is a comprehensive and authoritative report on the current economic situation in the City Region. It provides detailed statistics and policy implications for the City Region across a wide and varied set of indicators and commissions specific pieces of additional evidence where appropriate. MER 2008 was published on 3rd October and is available online at [www.merseyside.org.uk](http://www.merseyside.org.uk).
- **The Action Plan for the Liverpool City Region** is a rolling three-year investment plan that gives details of key programmes and projects to be delivered. The document provides the important function of identifying investment priorities, and mapping how investment will flow into these priorities. The latest iteration of the Action Plan was published in November 2008, and identifies over £1bn of pipeline projects to be delivered by the public, private and voluntary sectors in the next three years.
- **Liverpool City Region Employment & Skills Strategy Delivery Plan (2007)** provides a framework to increase the supply of suitably skilled labour to meet demand from growth and for replacement labour across the LCR; to build skilled, working communities, eliminating child poverty and increasing opportunity and social mobility.
- **“Economic Forecasts for the Liverpool City Region”** was originally produced to underpin forecasts in the Liverpool City Region Development Programme, and was updated in 2007. This work, produced on behalf of the Liverpool City Region, analyses historical and current performance and makes projections of future performance based on planned investments in the City Region.
- **The Liverpool City Region Housing Strategy (2007)** and its Action Plan provide a framework for improving the city region’s housing offer. It sets out the context against which joint priorities and actions have been identified, and provides a range of information which will support the development of local strategies and policies as well as this MAA.
- **New Heartlands Business Plan** – sets out how we will deliver sustainable communities in the NewHeartlands area with a diverse range of tenures, house values and household income groups. Every household will have access to a home of a high standard in neighbourhoods with high quality, safe physical environments which are provided with

access to a range of employment opportunities and good quality health, education and other services.

- **Merseyside and Halton Local Transport Plans** cover the period from 2006-2011. These are a statutory documents, and sets out our proposals for improving transport in the City Region, including assessing the impact of change on travel and transport demand. The City Region transport partnership has embarked on the Planning for the Future programme, designed to provide clear analysis on future transport demand, based on the economic forecasts detailed above. Both LTPs are rated 'excellent', both in terms of their approach for the current period, from 2006 - 2011, and the effectiveness of delivery in the first LTP period. This status resulted in reward funding of 25% above the agreed Merseyside and Halton levels. This means that Merseyside has £230m and Halton £8.3m to spend on improvements to the transport systems in Merseyside and Halton, and a further £40m and £11.4m respectively to ensure existing facilities are well maintained.
- The strength of the existing collaboration between Merseyside and Halton LTPs is illustrated by the fact that as a LCR Partnership they have been awarded Beacon status for work supporting access to work and training, and were particularly commended for the level of partnership working and joined up approach..

## 6.2 On-going Partnership Activities and Programmes

This section sets out a range of on-going programmes and activity that currently impact across the city region in respect of the four areas that we are addressing through our Platform papers – Economy, Employment and Skills, Housing and Transport.

We are clear, however, that these actions by themselves will not be sufficient to provide the step change that we have illustrated as being required if we are to fulfil our ambitions and achieve our vision by 2030.

Accelerated growth will be driven by our four Transformational Actions that will be addressed in our Economy Platform – Culture and Tourism, Liverpool SuperPort, Low Carbon Economy and the Knowledge Economy, and supported by the measures in our other three platforms which will provide the underlying conditions for that growth.

Some examples of current activity relating to our four Platforms are as follows:

### 6.2.1 Economy

- **Liverpool City Region Inward Investment Agency**

The NWDA and the six Local Authorities within the Liverpool City Region have already boosted the inward investment capability within the City Region. They have collectively invested over £1million in The Mersey Partnership as the single investment agency – with the specific aim of selling the Liverpool City Region investment destination under the attack brand of Liverpool, with particular focus on the City Region's key sector strengths aligned with this MAA. This investment will return some 1,500 new or safeguarded jobs per year.

- **Liverpool City Region Enterprise and Business Growth Strategy**

The Liverpool City Region has agreed an Enterprise and Business Growth Strategy with three over-arching imperatives:

- ⇒ Grow the scale of the existing business base through increased business starts and improved survival rates, including making self-employment an attractive option for workless people
- ⇒ Support the creation of value through business growth and expansion
- ⇒ Deliver competitiveness by increasing business productivity.

Alignment of effort and reduction of duplication is critical to deliver the Enterprise and Business Growth strategy, and to tackle the deficits the Liverpool City Region faces. The City Region recognises the challenges reflected in the Business Support Simplification Process (BSSP), to simplify and streamline the delivery model. To this end, the City Region is working closely with NWDA in developing regional programmes that meet the City Region's needs.

Similarly, innovative procurement solutions are being developed to ensure that investment from local (including Working Neighbourhoods Funding), regional (NWDA Strategic Investment and ERDF) and national (LEGI) sources are aligned to jointly identified priorities. There is a clear linkage between this priority and those found elsewhere in this MAA document.

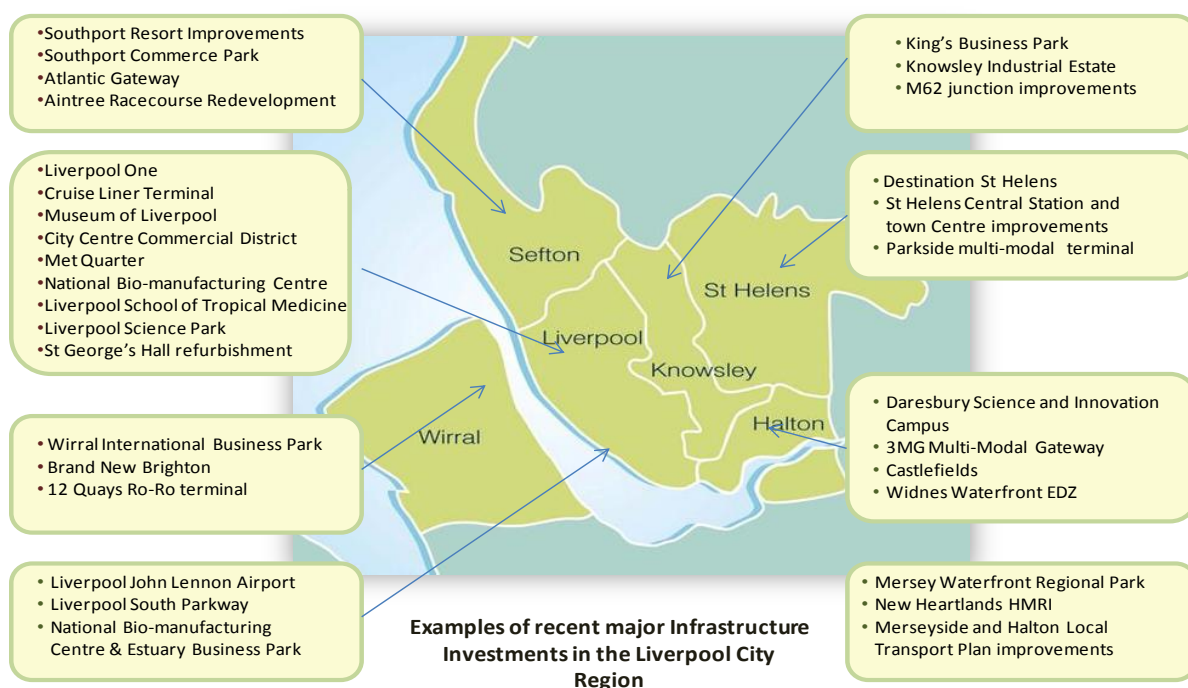
As an example, the city-region has two LEGI programmes – one for Liverpool and Sefton, and one for St Helens.

Both of these programmes are delivering a range of enterprise and business support projects. The programmes are working closely with Business Link (under the banner of BSSP) to ensure there is a complete offer for businesses and exploring more in depth support for business. For example mentoring programmes and funding for advisors to provide more detailed on-going support for the existing business or new start up.

These programmes are linked to the four transformational actions. For example supporting Liverpool SuperPort through Mersey Maritime projects plus continuing to attract partners to increase the level of new starts that are centred on the Knowledge economy.

#### • **Liverpool City Region Infrastructure Investment**

The map below shows recent investments made across the Liverpool City Region, and these sites continue to provide major development opportunities. Development on these sites has clearly slowed due to the availability of credit for private sector developers, but the City Region is looking at innovative ways of using its resources, especially ERDF, to prepare for recovery.



Key developments that are progressing include:

**(a) Culture and the Visitor Economy - Waterfront development**

The iconic and visually distinctive waterfront of Liverpool is recognised the world over; the urban waterfront of Wirral will add to that in the coming years complemented by the classic coastal resort of Southport and the rural coast of the Wirral Peninsula and of Sefton. Attributes such as the River Mersey, the Liver Building, Mersey Ferries and the Gormley sculptures at Crosby reinforce the iconic status of the City Region's waterfront, and infrastructure investments over recent years (including Liverpool One, the Cruise Liner Terminal, Southport Resort improvements and Brand New Brighton) have maximised these assets.

**(b) Liverpool SuperPort - 3MG Multi-modal Gateway**

3MG is an innovative rail and road logistics hub offering a completely bespoke solution to meet customers logistics needs. It aims to be industry leading and has already attracted visitors from across Europe lookign to learn from its operations and design. Although the site will continue to be developed until 2012, it already benefits from five daily rail services, with storage capacity of 6000 containers and high quality warehouse space available. 3MG is located within a maximum of four hours of every major UK destination.

**(c) Low Carbon Economy - Liverpool South Parkway**

The aims of the project are to build a high quality, accessible interchange linking national and local rail services together on one site and allowing rail passengers easy access to some of the main bus routes in South Liverpool. It was designed with sustainability in mind and because of this, many environmentally sustainable features were incorporated into the fundamental design of the building. The project also had a BREEAM Bespoke assessment developed, the first of its kind for a public transport site and achieved a 'very good' rating.

The eco-friendly interchange with its futuristic design is one of Merseytravel's biggest construction projects and continues to demonstrate what can be achieved when priority is put into a sustainable and low carbon operation.

**(d) Knowledge Economy - Knowledge Quarter**

Liverpool Knowledge Quarter stretches from the city's Anglican Cathedral through the core facilities of Liverpool John Moores University and University of Liverpool, taking in the Metropolitan Cathedral, Liverpool Science Park, Hope Street's cultural offering and the Royal Liverpool University Hospital and Liverpool School of Tropical Medicine. The Knowledge Quarter also includes John Moores University's City campus, Liverpool Hope University, Liverpool Community College and Liverpool Institute for Performing Arts (LIPA). Together, the Knowledge Quarter institutions generate £1billion each year and support 14000 full-time jobs – a large number of which are highly paid and skilled knowledge-based jobs

## **6.2.2 Employment and Skills**

The City Employment Strategy (CES) Board priorities include the following areas of work:

- Raising significantly the service delivery performance along the employment and skills pathway. This will require:
  - ⇒ A clear understanding of what is meant by each stage of the pathway;
  - ⇒ The availability of good quality, timely and service performance data to capture outcomes from a wide range of programmes that support the CES delivery plan;

- ⇒ A single CES management information system to track and evaluate clients' progression through the menu of interventions.
- ⇒ Identifying and sharing best practice
- ⇒ A willingness to accept the potential for changes in the nature of engagement and the services currently provided.
- ⇒ The ability to design, specify, and procure new services; including redesign where duplication is identified.
- Securing the better integration of service delivery between partners to provide a comprehensive and responsive package of support for individuals and employers. This will include:
  - ⇒ Securing the best fit between services resourced by the CES partnership and those resourced through the mainstream (e.g. DWP/ LSC);
  - ⇒ Securing the best fit between employability resources and key support services (e.g. health, housing, transport);
  - ⇒ Maximising the joint effectiveness of employability and skills interventions.
- Securing a significantly increased contribution from major public and private employers to employment and training opportunities for workless people, and to further in-work skills development to promote progression and advancement in the workplace. This includes:
  - ⇒ Developing an Employer Engagement Framework building on the Local Employment Partnership and Skills Pledge approach;
  - ⇒ Ensuring clear linkages with the Economy Board.
- Cross cutting priorities are identified as:
  - ⇒ Narrowing the employment gap (and skills deficit) by having a general focus on those wards with the worst concentrations of worklessness;
  - ⇒ Tackling child poverty; and
  - ⇒ Focusing on skills needed for the economic upturn, planned investment projects and future growth sectors.

### 6.2.3 Housing

The following major investments are planned over the next three years:

- The Government is investing over £830m in housing for the Northwest (2008-2011). £526m is being invested in affordable housing for rent or for low cost home ownership. £305m is being allocated to local authorities for housing purposes, such as improving the quality of existing housing.
- The Government expects to invest £530m from 2008 to 2011 in the region to restructure housing markets in areas where there is low demand for existing housing. For the Liverpool City Region this encompasses £152m of renewal activity focusing on low demand areas such as the Klondyke and Bedford Queens areas of Sefton, the Stanley Park, Anfield, Kensington and Eastern Approaches areas of Liverpool, and the Rock Ferry area of Wirral.

- Six new Growth Points within the region have been announced, where additional housing will be provided over and above existing allocations in the Regional Spatial Strategy. Two are in the Liverpool City Region:
  - ⇒ Mersey Heartlands (covering parts of Liverpool and Wirral), which will be focused on revitalising parts of the waterfront and docks on both sides of the Mersey as well as the communities of North Liverpool;
  - ⇒ Mid-Mersey (parts of Halton and St Helens with Warrington) which aims to provide new housing to support major economic development sites at Daresbury, Ditton, Omega and Parkside.
- NewHeartlands was established in 2003 and the programme is expected to last for 15 years. It covers around 130,000 properties in some of Merseyside's most disadvantaged communities across Liverpool, Sefton and Wirral. Despite the difficult current economic climate, NewHeartlands has continued to make excellent progress in 2008/2009. Whilst other Pathfinders have renegotiated output targets downwards, NewHeartlands has stuck to the outputs that were agreed with the CLG in the Deed of Variation. In 2008/2009 NewHeartlands exceeded its target for new build figures – 605 new builds achieved against a target of 603. This demonstrates the excellent work that is being undertaken in working with RSL and developer partners to adjust and maintain the momentum of the programme through a difficult economic period.

The projects and programmes already underway will help us to improve our housing offer by supporting the provision of affordable housing, supporting housing market and neighbourhood renewal, and by providing infrastructure to support accelerated housing development in key parts of the city region. Through the MAA we will introduce additional measures designed to improve our existing housing, by making it more energy efficient and ensuring better management of the private rented sector.

#### 6.2.4 Transport

The Merseyside and Halton LTPs are demonstrating a high level of achievement:

- A new transport hub at Liverpool South Parkway, improvements at Lime Street, and other Merseyrail stations (including £6m rebuild of St Helens central and £4.25m upgrade of Bootle Oriel Road to provide improved access and increase the attractiveness of the rail journey) have helped to generate 38m passenger journeys made on Merseyrail every year, and £3m extra trips on Merseyrail since 2006;
- The £7.6m Olive Mount rail chord has opened up new rail freight access to the Mersey Ports, a key part of our freight strategy designed to improve movement of goods and reduce traffic congestion;
- There have been major highway and public realm improvement schemes including the City Centre Movement Strategy (supporting Capital of Culture and its legacy by providing a high quality city centre environment) and Bootle Town Centre (£7m, national award winning);
- New highway infrastructure in the A58 Blackbrook by-pass, designed to support regeneration and ease community disruption from high traffic levels; and £2.5m improvements on the A580 East Lancashire Road, designed to support continuing development and regeneration in this key corridor;
- We have supported over 12,000 resident's to access employment and training opportunities; trained 24,000 young people to cycle safely and provided over 160,000 employees and 80,000 students with information to help them make sustainable travel choices;



- We have made our roads safer by reducing traffic accidents, particularly amongst young people;
- We have tackled a number of congestion 'hotspots' within the Borough of Halton;
- We have introduced variable message signing to advise drivers of problems on the Silver Jubilee Bridge (SJB);
- New initiatives have been introduced to increase the accessibility of key services, such as education and employment, which have been supported by investment in new vehicles and software for a vehicle scheduling/booking system.
- Passenger numbers on Halton Community Transport accessible transport services increased by 20% in 2007/08;
- The Borough also secured an additional £14.3m from Primary Route Network funding for essential maintenance works to the SJB, which will be delivered through a partnering approach over a three year period.

We are also progressing a number of major transport schemes through the Regional Funding Allocation Transport Investment Programme that will deliver the LCR Transport Strategy and objectives, including the A5036 Access to Port of Liverpool Improvement Scheme (led by the Highways Agency) and Bidston Moss Viaduct Major Maintenance Scheme.

## 7. OUR MAA – THE FOCUS

We are developing the second phase of our MAA in a period of unprecedented turmoil in global markets which has resulted in an economic recession. The disruption in the housing markets and in the availability of credit is likely to lead to a period of slow or negative growth affecting not just the north west, but all of the UK together with our trading partners. We are working with Government and regional agencies to implement a co-ordinated approach to support businesses, communities and individuals to manage the effects of the economic downturn and to position our city region for future sustainable recovery and long term resilience and growth.

It is still too early to identify trends or to fully understand the implications of the downturn so whilst our MAA is clearly located within the context of the recession and ensures that shorter term actions are understood, progressed and monitored, it nevertheless maintains a focus on longer term goals. Some examples of action being taken to address the recession are set out in Appendix 1.

It would be possible for partners to maintain the Liverpool City Region's current trajectory, responding to the economic downturn and seeing improvements in the economic performance of the region as the recession comes to an end. However, the evidence is clear that we must deliver something longer term, and wholly more transformational in order to give the necessary uplift in economic performance that is illustrated in Section 3 and to close the gap between the city region's economic performance and that of the North West region and the UK.

We have focussed on identifying how we can achieve this additional growth and, based on our strategic priorities, we have:

- identified those areas where we can bring added value to activity that is taking place in order to support the underlying conditions for growth – these are reflected in our Employment and Skills, Transport and Housing platforms;
- identified growth sectors where we have market advantage in order to bring forward actions that will play to our competitive strengths and provide the driver for our step-change – these are the transformational actions in our Economy Platform.

### 7.1 Our MAA will focus on:

**Greater outcomes** - actions that will deliver on all of our key indicators – more jobs, higher-value business opportunities, more investment, greater innovation, higher quality of life for residents and lower carbon emissions.

**Building on the distinctive features of the Liverpool City Region Economy** - which reflect those areas where we have existing market advantage.

**Looking to the future** - actions must be about re-engineering our economy to be globally competitive in the future, building on our existing strengths.

**Co-operative working** - actions where we must co-operate to deliver at a local, City Region, North West and national level, namely:

- No individual district can deliver the extent of gains needed, or deliver programmes of this scale in isolation. To deliver successfully will require the alignment of national, regional and local policy and initiatives behind these City Region priorities.
- We must deliver actions 'across platforms'; They require a truly integrated approach
- Actions require alignment of effort from the private sector, voluntary and community sectors and various public sector agencies.

- Actions will need strong central government support, as they may require specific policy intervention to deliver.

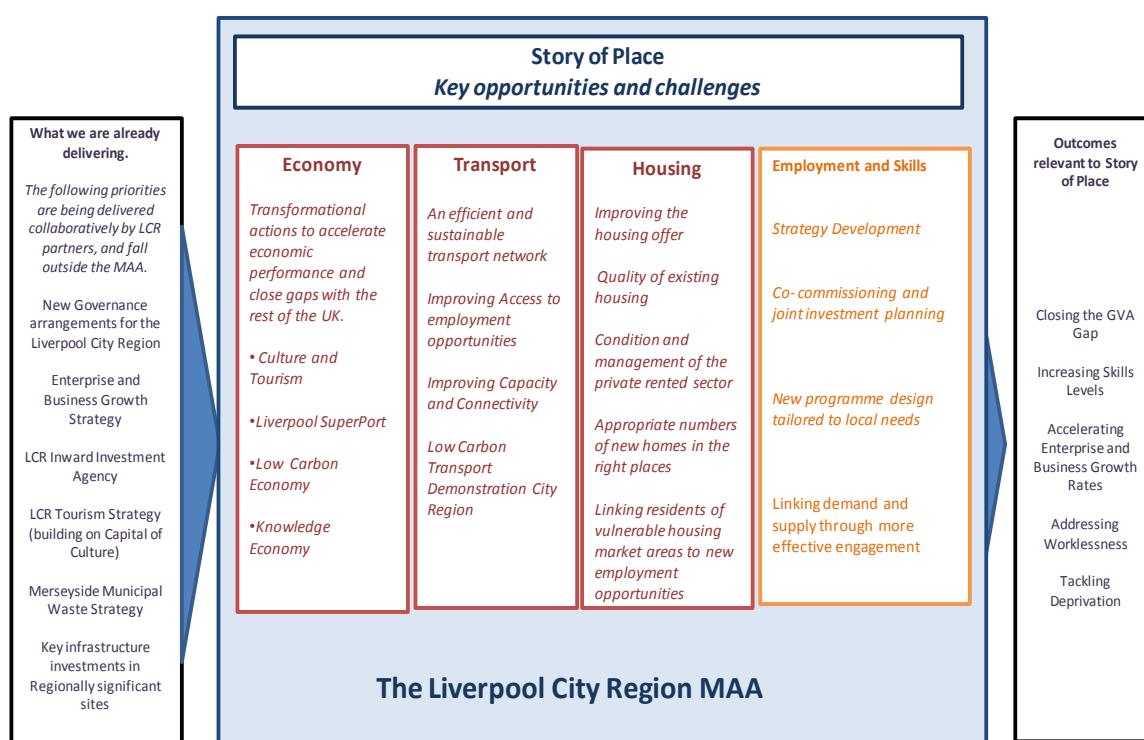
## 7.2 Transformational Actions

Whilst our **MAA** is made up of the four integrated platform papers we are clear that the driver of the step-change will be the economic growth that will be achieved through building on our competitive strengths. This is set out in section 4.3 above and has resulted in the confirmation that our four transformational actions will be at the heart of our MAA as they will drive forward economic growth as defined by our ambitions and vision:

- Culture and the Visitor Economy
- Liverpool SuperPort
- Low Carbon Economy
- The Knowledge Economy

## 7.3 The Liverpool City Region MAA

These transformational actions were first identified as being critical to achieving our economic aspirations within our City Region Development Programme and the Economy Platform will set out the detailed business case to clearly articulate this and to indicate the linkages within the Employment and Skills, Housing and Transport proposals. This is summarised in the table below:



## 8. WHAT OUR MAA WILL DELIVER

Our MAA will bring significant gains and added value to the LCR's economic performance and through this will improve the quality of life of our residents. Our Asks of Government are summarised at Appendix 2 and the linkages between our four platform papers are set out in the table at Appendix 3. Our MAA is based on the understanding that achieving sustainable and prosperous communities requires improved outcomes relating to skills, economic performance, housing and transport that can only be delivered at a city region level. In addition we would also suggest that many national Public Service Agreement (PSA) targets will only be secured if they are achieved in city regions' as this is where the gaps in outcomes are often the widest.

We will agree a set of key performance indicators (KPIs) and related targets against which the performance of the City Region can be measured over the next three years.

Some of our KPIs will reflect the Government's new performance framework for local authorities and their partners, and from which each local authority will have drawn its Local Area Agreement Indicators. Whilst our MAA will have reference to the indicators and targets agreed at local authority level, it is an agreement to deliver activity at a sub regional level that cannot be achieved at a local level and is therefore a separate and distinct process.

Our KPIs are set out in the table opposite and include those already agreed with Government in respect of our Employment and Skills platform (which have been shaded in the table).

The Governance section (9) outlines that the LCR Cabinet will be accountable for the delivery of our MAA outcomes supported by an infrastructure and working practices that will ensure its effective operation. This includes the establishment of Policy Boards and the relevant Board will oversee the delivery of each MAA platform. The timing of establishing these Boards is likely to be determined by consideration of a range of factors including priority of importance and the need to develop arrangements in the light of existing or forthcoming legislation.

In the mean time the delivery mechanisms for the MAA reflect existing city region partnership working groups and Boards. This includes the City Employment Strategy Board, The Housing and Spatial Planning Board, the Sub Regional Partnership and the Merseyside Strategic Transportation and Planning Committee and these Boards have been supported by a range of working groups which have taken forward the development of our MAA and will now drive forward its delivery. The development and implementation of the MAA is based on the premise that capacity is drawn from the full range of partners involved in city region working to ensure that all sectors are involved in supporting the growth of the area and enabling us to draw from the widest range of talent, skill and expertise. A Chief Executive and Lead Officer have been identified to drive and support each of the Boards and working groups currently responsible for progressing the development and then the delivery of the MAA Platforms and the associated Asks.

The working groups and Boards are able to draw upon a range of city region resources to support the implementation of the MAA. This includes our research and information service that is currently funded by all of the local authorities and which ensures that our performance management systems are underpinned by consistent and coherent data and research findings. The Merseyside Improvement and Efficiency Partnership which will support the development of capacity to ensure effective and efficient city region working and a secretariat function for city region working provided by the Merseyside Policy Unit.

Detailed action plans for driving forward the delivery of the Employment and Skills Asks have been progressed and similar plans are currently under development in relation to the remaining three platforms. This reflects the firm commitment from all LCR partners to progress the priorities set out in our MAA.

No.	Key Performance Indicator	2012 Outcome	National Indicator	PSA
1.	The average % of 18-24 year olds leaving JSA and entering work	35 % (Baseline of 29.4% between Sept 07 and Sept 08)	No	PSA8: Employment opportunity for all
2.	The average % of all JSA claimants leaving JSA and entering work	40% (Baseline of 36% between Sept 07 and Sept 08)	No	PSA8: Employment opportunity for all
3.	Total no. of Incapacity Benefit , Employment and Support Allowance claimants	96,028 (2008-09 baseline of 105,070)	No	PSA8: Employment opportunity for all
4.	LCR residents qualified to Level 2 and above	72.37% (2006 baseline of 62.97%)	NI 163	PSA2: Skills
5.	LCR residents qualified to Level 3 and above	48.6% (2006 baseline of 42.0%)	NI 164	PSA2: Skills
6.	LCR residents qualified to Level 4 and above	Exceed the average annual north west growth rate. If current trends continue, this would equal 3.2% pa (based on average annual growth rates between 2004 and 2007).		PSA2: Skills
7.	GVA growth (per annum)	Exceed the average annual north west growth rate. If current trends continue, this would equal 5.5% pa (based on average annual growth rates between 2004 and 2007).	No	PSA1: Productivity  PSA7: Economic Performance
8.	VAT business density per 1000 people	Exceed the average annual north west growth rate. If current trends continue, this would equal 1.43% pa (based on average annual growth rates between 2004 and 2007).	NI 171 NI 172	PSA6: Business Success
9.	The number of new homes built in the Liverpool City Region	Return to mean annual completions level for 2003-2008 <i>This would see the city region return to pre-recession levels of development, with 3,800 homes completed per year by the end of 2011 - 12</i>	Link to NI 155	PSA20: Increasing long-term housing supply and affordability
10.	Number of private sector homes removed from unfitness as a direct result of action by the Liverpool City Region authorities	Remove 20% more homes from unfitness annually by 2011-12 <i>This would see the city region authorities removing an additional 360 homes per year from unfitness, based on a current rate of tackling around 1,800 properties annually</i>	Links to NI 138 and NI 187	PSA18: Promote better health and wellbeing for all
11.	% of workless Merseyside residents who are within 30 minutes of a major employment location by public transport	81% (2010/11 outcome)	NI 176 LTP 1	PSA 5 DfT DSO 4
12.	Congestion (person delay – keeping increase in person delay per mile below 5.1%)	105.1 (2010/11 outcome)	NI 167 LTP 7	PSA 5 DfT DSO 1
13.	Transport related emissions (tonnes/year) of CO2, nitrogen oxides & particulate matter	To be determined in line with the DfT Green House Gas budget allocation	No	PSA 27 DfT DSO 2 DEFRA DSO 3 DCLG DSO 5

## 9. GOVERNANCE ARRANGEMENTS

Liverpool City Region local authorities have a long history of working in partnership amongst the six local authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral as well as with the Joint Boards for Transport, Fire, Police and Waste. In recent years this partnership working has extended to working with private, voluntary and education sector partners through a number of mechanisms including the sub regional partnership.

City Region partners have worked collectively on economic regeneration since 1995 with the onset of European regional funding (Objective 1). In recent years, a common approach to inward investment, waste planning, transport planning and priorities, a city region housing strategy and a city employment strategy have all contributed to stronger and more collaborative partnership arrangements working on behalf of the city region.

Following the development of the City Region Business Case in 2007 a new model of strengthened city region governance has been developed and this new model of city region governance will be responsible for overseeing mechanisms of delivery (including the MAA) to enhance leadership, accountability and the effectiveness of delivery.

This necessitates a voluntary realignment of our working arrangements in order to make them fit for purpose to deliver the growth objectives for the people of the Liverpool City Region and to increase partners' confidence in joint working across the area and also with central government. The MAA will provide a vehicle to demonstrate practically how agreement at the City Region level can benefit our residents, communities and businesses through shaping sustainable economic development trajectories resulting in effective 'place shaping'.

### 9.1 Liverpool City Region Cabinet

The Liverpool City Region Cabinet comprises the leaders of each of the six local authorities and the Chair of The Mersey Partnership. The Cabinet was established in shadow form in October 2008 and it will be accountable for the delivery of the city region vision and objectives, together with the determination of policy priorities and performance management including the delivery of the MAA. The vision and objectives will be set out in a LCR Strategic Framework which will integrate thematic and spatial priorities and set out the key economic, social and environmental objectives for the area. Work is currently taking place to develop this Framework.

A great deal of our governance arrangements build on current sub regional partnerships and joint working where we have come together to agree priorities and actions. We recognise the need to review the capacity of these structures to ensure that they have the resources and skills to undertake the city region role that has now been identified and this work is now underway with the intention that a full city region governance structure will be in place by October 2009.

### 9.2 LCR Policy Boards

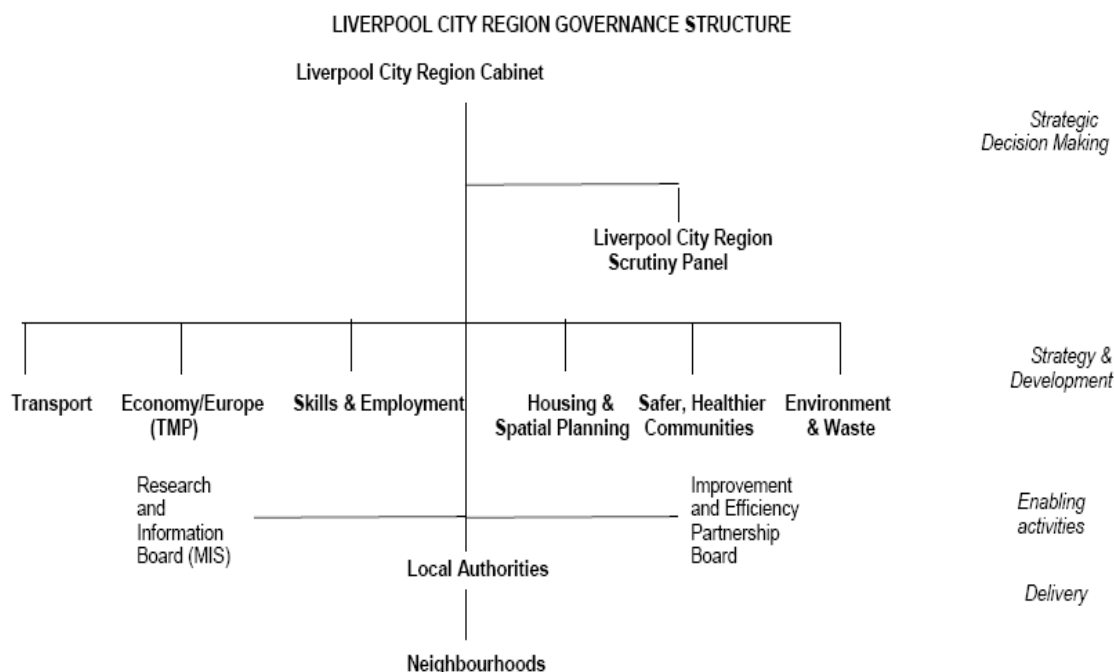
The City Region Cabinet has recognised that the new governance arrangements need to have an infrastructure in place to support them and so capacity will be embedded in the local authorities or in partner organisations. This will ensure that input is received from the broadest of possible partnerships, including the City Regions' Local Strategic Partnerships, supported by a range of capacity-building programmes developed through the Merseyside Improvement and Efficiency Board.

The support to the LCR Cabinet will consist of six Policy Boards for:

- Economic Development (led by Liverpool City Council in conjunction with The Mersey Partnership)
- Employment and Skills (led by Knowsley MBC)
- Environment and Waste (led by Wirral MBC)
- Transport (led by Halton BC in conjunction with Merseytravel)
- Housing and Spatial Planning (led by St Helens MBC)
- Safer, Healthier Communities (led by Sefton MBC)

Two further Boards for Improvement and Efficiency and Research and Information will provide cross-cutting support to the Cabinet and the six Boards in terms of building capacity to improve services and develop efficiency and also to provide strategic analysis and a robust evidence base for city region planning. Each local authority will take a key role in leading/championing the issues and activities to be addressed by each Board, as outlined above.

Where appropriate, each Board will be chaired by the relevant Cabinet member. Membership of each of the Boards is currently being defined and will differ given the varied remit of each of the Boards. The Boards will have high level representation from elected members to ensure democratic accountability and will also consider appropriate engagement from key public, private and voluntary sector stakeholders within the city region. In addition each Board will consider appropriate mechanisms for engaging key regional and national agencies such as NWDA, LSC, Job Centre Plus, the Homes and Communities Agency, and the Environment Agency.





### **9.3 Employment and Skills Board**

Draft Terms of Reference for the Employment and Skills Board are now under development and this will reflect Government guidance about membership which is expected in April 2009 and which will inform the final composition of the Liverpool City Region Board. It is intended to undertake a promotional campaign to recruit private sector representatives to the Board during May and June, leading to a launch of the Board in July 2009.

### **9.4 An Economic Prosperity Board**

The City Region Cabinet has agreed to move towards a statutory sub region authority once enabling legislation is in place and this intention was reinforced in January 2009 by their decision to progress the development of an Economic Prosperity Board reflecting the proposals set out in the Government's Local Democracy, Economic Development and Construction Bill. This would further enhance effective long term and strategic decision-making in respect of economic development and regeneration at the city region level. Work will take place to define the relationships between the Board, the Liverpool City Region Cabinet and the Economy Board to determine the most appropriate sub-regional arrangements.

## Appendix 1: CURRENT ECONOMIC CONDITIONS - OVERVIEW OF LCR ACTIONS

We are working with Government and regional agencies to implement a co-ordinated approach to support businesses, communities and individuals to manage the effects of the economic downturn and to position our city region for future sustainable recovery and long term resilience and growth.

We are also revisiting our economic forecasts in order to:

- Understand what impact the economic downturn will have on our long-term forecasts for the economy;
- Provide baseline likely recovery scenarios;
- Examine the impact that this MAA and other initiatives will have on the baseline forecasts.

It is still too early to identify trends or to fully understand the implications of the downturn so whilst our MAA is clearly located within the context of the recession and ensures that shorter term actions are understood, progressed and monitored, it nevertheless maintains a focus on longer term goals. This approach includes a number of actions:

- **Information and intelligence sharing**

Together the NWDA and GONW coordinate an Economic Forum which meets on a monthly basis, issues raised at these meetings feed directly into a Regional Intelligence Snapshot provided to DBERR. To feed into this, the Liverpool City Region partners and NWDA are using their links to individual businesses, developers and representative organisations such as the Trade Unions, Chambers of Commerce, FSB and EEF to provide in depth and timely intelligence and analysis to ensure Government understands the challenges that businesses in the region are facing.

LCR partners also raise areas of particular concern for consideration and support from the Joint Economic Commission which has identified four priorities:

- ⇒ Labour Market - focus on apprenticeships and rapid response to redundancies
- ⇒ Support for Business - enhanced support from Business Link, Business health checks, business finance and transitional loans
- ⇒ Public infrastructure - capital projects and gateways
- ⇒ Preparing for upturn - Atlantic Gateway, Cumbria Energy Coast, Renewable energy, Creative Industry.

- **Support to Business**

LCR has implemented a series of projects to support business through the recession in addition to the NWDA and Governments (BERR and HMT) launch of “The Northwest Economy – a joint response to changing economic conditions” with a package of financial measures, which includes:

- ⇒ £140m Venture Capital Loan Fund
- ⇒ £40m package of support to stimulate investment in priority skills development
- ⇒ £10m High-Growth business support.
- ⇒ £4m Innovation Voucher Scheme.
- ⇒ Dedicated Access to Finance support within Business Link NW

We are conscious that many businesses in our area are facing a difficult time, and we recognise the need for us to work collectively with partners to minimise the adverse impacts of the economic downturn on businesses and their employees. Access to capital and cash flow has been identified as a major problem. For example, within Wirral, the business makeup is dominated by micro-businesses (those with fewer than ten employees) and a number of these have reported continued difficulty in speedy access to funds through current and, indeed, proposed arrangements.

A programme has been designed to specifically support SME's with 250 employees or less with a specific focus on micro businesses. The fund will be available for a wide range of support, including access to consultancy and grants. It is also hoped that the availability of such financial support will encourage banks and other lending institutions to also invest in these businesses.

- **Site development**

Given the private sector hesitance to develop sites, the City region, working with NWDA, has agreed that ERDF will now be used to fund activities covering site remediation, servicing and infrastructure. This will ensure that funds are invested into the City region and also contribute to shortening the recession - the latter on the basis that when the recession begins to relax its grip on the commercial sector and confidence starts to grow, then the strategic sites already identified for development will be immediately available for capital build, rather than waiting a further 12/18 months for preparation work to be completed.

The City Region is considering the opportunities presented by the European funding programme JESSICA (Joint European Support for Sustainable Investment in City Areas). As we move away from grant dependency we are exploring new ways of supporting regeneration activity; JESSICA will offer the possibility to take advantage of outside expertise and to have greater access to loan capital for the purpose of promoting urban development. If this were to proceed the city region would contribute resources from the ERDF programme, while the European Investment Bank, other international financial institutions, private banks and investors would contribute additional loan or equity capital as appropriate. Since projects will not be supported through grants, programme contributions to urban development funds will be revolving and will help to enhance the sustainability of the investment effort.

- **Employment and Skills**

This is just a snapshot of some of the activity that is taking place across the city region which is seeking to mitigate the worst effects of the recession. We will ensure, through implementation of our Employment and Skills platform, that co-ordinated action is being progressed to meet the challenges of the downturn for residents seeking work, and for the practitioners that are working with them. Some of the current activity includes:

- ⇒ Information sharing - i.e. the labour market response to the downturn is a standing agenda item at Lead Officers Group meetings, the latest market intelligence is shared between partners and there are regular briefings from Jobcentre Plus (JCP) and the Learning and Skills Council (LSC) on the latest available provision;
- ⇒ All members fully support the Regional Skills and Employment Board action plan developed by the Regional Employability Group (REG)
- ⇒ The City Employment Strategy (CES) action plan is aligned to REG plan
- ⇒ Provision mapping across the CES area has been updated to include identification of support options for those threatened with redundancy and those recently made unemployed

- ⇒ LSC and JCP are leading work to identify potential duplicate provision and areas where gaps remain
- ⇒ The consortium strategy has been adapted to include:
  - (i) supporting business (particularly SMEs) considering redundancies;
  - (ii) contracted provision broadened to include recently unemployed and those at risk from redundancy
- ⇒ Delivery partners looking at the performance and scope of current contracts for flexibilities to meet emerging needs including NWDA and Working Neighbourhoods Fund provision
- ⇒ Where required, new initiatives to be commissioned throughout 2009

- **Housing**

**Newheartlands** carried out research in March 2009 into mortgage availability across a number of the most recognised lenders. This showed that, on new build apartments, deposits of up to 35% were required with one lender not offering mortgages on apartments less than 2 years old. As regards new build houses, deposits of up to 25% were required. Across most of the lenders the offer of mortgages was based on affordability checks.

A credit crunch monitoring report has been developed which looks at the state of the Pathfinder property market and draws information from national sources as an interesting comparison. The areas reported on comprise mortgage availability, auction activity, repossessions, sales prices, volume of sales and estate agents reports. This report will be updated on a quarterly basis and will allow NewHeartlands to monitor activity and any trends.

NewHeartlands has recently commissioned two pieces of research. The first is Aspirations from Emerging Households in the NewHeartlands Area. This study will help NewHeartlands to develop an overview of the scale and type of emerging households in the area and an assessment of their tenure and housing aspiration. The study will also develop an understanding of how emerging households are being affected by changes in the local economy and the restriction in securing mortgage finance as a result of the credit crunch.

The second study will provide a review of affordability trends, analysis of key affordability drivers and the development of affordability projections for the NewHeartlands area.

**The Local Authorities** are working with their developer and RSL partners to ensure that new build developments continue during this difficult economic period. Actions taken include:

- ⇒ RSL new build homebuy changed to social rent
- ⇒ Flexibility created with tenure splits
- ⇒ Switch of shared ownership units to rent to homebuy
- ⇒ Revised design of proposed new build developments
- ⇒ Liverpool City Council home ownership survey (for residents interested in the deposit scheme being considered by LCC to assist people into home ownership).

## Appendix 2: SUMMARY OF THE LCR ASKS

The Asks relating to each of the four platforms are set out below.

### EMPLOYMENT AND SKILLS

The Employment and Skills Asks were agreed with Government in January 2009.

#### **ASK 1**

Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions, which facilitate all parties jointly implementing and performance managing the strategy and plan by June 2009.

#### **ASK 2**

DWP and LCR will work to agree a Flexible New Deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales.

#### **ASK 3**

With a view to agreeing formal pilot status by end of March 2009, DWP will work with the LCR to refine their proposals for a 'Fit for Work' service pilot to deliver an early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment. DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilot status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.

#### **ASK 4**

DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Advancement Careers Service (AACS) by trialling other aspects of the new AACS framework.

**ASK 5**

Government and its agencies agree to the following enabling measures to support delivery of 'asks' 1 to 4:

- 5.1 DWP and DIUS agree in principle to a city region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009 (supporting ASK 1, ASK 2, ASK 3)
- 5.2 By March 2009 map key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved (ASK 1)
- 5.3 DWP and CLG will involve LCR in a joint department project starting in January 2009, which will result in the identification and agreement of data that will be shared by March 2009, to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes. (ASK 1, ASK 2, ASK 3, ASK 4)
- 5.4 By March 2009 agree how the roll out of Skills Account trials and their further development can be tailored to support the LCR priorities (ASK 1, ASK 2)
- 5.5 By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the Employment and Skills Strategy and Commissioning Plan for the LCR (ASK 1)
- 5.6 DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area - enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan (ASK 1)
- 5.7 DIUS will provide support, advice and periodic reviews to the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through granting Section 4 status of the Further Education and Training Act by April 2010 (ASK 1).

## ECONOMY

We are now seeking agreement to the Asks below.

### **ASK 1: Implementing a Liverpool City Region Visitor Economy Strategy**

A Liverpool City Region Strategy for the Visitor Economy will be published by September 2009. LCR partners and NWDA will establish a time limited task-and-finish group between July and December 2009 to develop and agree an action plan to deliver this Strategy. The group will have involvement from DCMS (and other Government departments where appropriate), and the Action Plan may include additional policy flexibilities to be implemented by Government to help maintain LCR's status as England's Cultural Capital City.

### **ASK 2: Establish effective dialogue mechanisms with Government to deliver Liverpool SuperPort**

Government and LCR will convene a time limited task-and-finish group to develop Liverpool SuperPort. This group will review the evidence base and prepare an Action Plan by the end of 2009. The Action Plan will be presented to Leaders and Ministers and will cover policy support, access and connectivity, land assembly, sustainability, marketing and global positioning. The transport elements of Superport will be developed and progressed within the context of Government's 'Delivering a Sustainable Transport System' planning process.

### **ASK 3: Developing a Low Carbon Economy**

LCR together with Government and its agencies will jointly review the emerging Low Carbon evidence base. Subsequently, by March 2010 we will develop and agree a strategy and initial action plan to implement a low carbon economy in the City-Region which secures significant job creation and environmental benefits.

### **ASK 4: Potential major projects**

Government and LCR will explore by March 2010 the viability of a Mersey Tidal Energy project, a Northern BRE centre and a LCR trial site for next-generation distribution networks [such as the Smart Grid concept].

### **ASK 5: Partnership on the Knowledge Economy Group**

Government departments and their agencies agree to work with LCR to develop and agree a Knowledge Economy Plan by July 2010 which will include, where appropriate, supportive additional policy flexibilities to be implemented by Government in the areas of funding, upgrading digital networks, marketing, graduate and internship support, business support and realising the potential of key sites.



## HOUSING

### ASK 1: Supporting Growth and Renewal

- Government departments and their agencies will establish a Joint Investment Board with Liverpool City Region partners, based on the HCA 'single conversation', to develop by the end of 2009 a single joint investment plan to more effectively co-ordinate and align relevant funding streams and associated strategy, particularly covering housing, regeneration and transport.
- Government and the Liverpool City Region partnership will establish a time limited task-and-finish group (to include an RSL and developer) to review evidence about the Liverpool City Region housing market and the totality of products and policy levers available to partners to develop the market. This group will prepare recommendations for Ministers and the Liverpool City Region Cabinet by October 2009 on any further actions, products or policy flexibilities that will secure the MAA objectives; namely the delivery of housing growth and regeneration/renewal of the City Region's vulnerable housing market areas.

### ASK 2: Affordable Warmth

We welcome that Government has adopted the regulation allowing European Structural Funds to be used for housing energy efficiency projects and we wish to work with Government and the NWDA to align these funds with the City Region's allocation for affordable warmth programmes in order to support the development of training programmes for the unemployed to implement the programme.

### ASK 3: An effective private rented sector

We welcome the Government's response to the Rugg review, including the intention to consult on a national register of private landlords and additional criteria for selective licensing regimes.

We would welcome the opportunity to extended selective licensing proposals as a positive tool for housing and neighbourhood improvement in order to drive up the quality of the private rented sector, and would like to discuss opportunities to pilot measures along these lines.

## TRANSPORT

### ASK 1

Government to re-affirm their commitment to accessibility planning and ensure priorities are set out in clear lines of responsibilities for all stakeholders.

### ASK 2

Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework by April 2010 that provides clear equality of opportunity to those without access to private transport.

### ASK 3

To underpin this approach, Government and local partners to map funding streams and timelines and to agree how synergy between different funding streams can be achieved by December 2009, to enable a single LCR accessibility strategy to be offered and delivered.

### ASK 4

In order to establish long term funding for this approach, the LCR and Government to examine by April 2010 the cross sector benefits of transport interventions to create a clear understanding of costs and benefits across the different delivery and funding agents.

### ASK 5

Examine ways and means by April 2010, in collaboration with DCLG and DfT, how transport, land use and locational choice planning and development can be strengthened to reduce unnecessary transport demand. This is also a critical element of our proposals for a low carbon transport city and is dealt with under Proposal Three.

### ASK 6

Department for Transport to engage at an early stage, in preparation for refranchising by 2012, with the City Region in the development of the franchise specification for the replacement Northern franchise, in advance of statutory consultation on the invitation to tender in 2011. DfT to look for opportunities to give relevant transport bodies a bigger influence over decisions on local rail services.

**ASK 7**

Implement single body control, through Merseytravel, of stations as soon as practically possible. The DfT to take an active stance in facilitating discussions between Network Rail, the City Region and the Office of Rail Regulation on the voluntary transfer of stations on the Merseyrail network from Network Rail to Merseytravel on a long lease.

**ASK 8**

DfT to engage at an early stage with the City Region to enable partners to provide evidence relating to growth and capacity at Liverpool Central and James Street stations, as the Department develops its High Level Output Specification (HLOS) for Control Period 5 (2014-2019).

**ASK 9**

Optimising the management of the strategic national and local highway network through a package of measures including, enhanced integration of national and LCR highway network Variable Message Signing, greater flexibility in their permitted message content and use of HA Traffic Officers on Trunk Roads as well as Motorways.

**ASK 10**

Support the further development and enhancement of Smarter Choices by April 2010.

**ASK 11**

For DEFRA and DfT to work with the LCR to examine by April 2010 how transport's air quality emissions can be better addressed and managed, and for DfT and DECC to examine with the LCR by April 2010 how transport's greenhouse gas emissions can be better addressed and managed.

**ASK 12**

Work with the LCR Freight Partnership to promote further the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration by April 2010. We will also look to how to incentivise behaviour change and carbon reduction.

## Appendix 3:

# LINKAGES WITH THE STORY OF PLACE

Asks		Story of Place Imperatives	Tackling Worklessness and improving the quality of life of the most deprived people in the LCR.	Improving the size and depth of the LCR business base.	Equitably closing the wealth and productivity gap between the LCR and the rest of the UK.	Significantly raising the skill level of the LCR population.	Developing a sustainable, modern and efficient infrastructure (digital, transport and energy)	Improve the quality, availability and affordability of the LCR housing stock.
Economy Platform	<b>Ask1: Implementing a Liverpool City Region Visitor Economy Strategy</b> A Liverpool City Region Strategy for the Visitor Economy will be published by September 2009. LCR partners and NWDA will establish a time limited task and finish group between July and December 2009 to develop and agree an action plan to deliver this strategy. The group will have involvement from DCMS (and other Government departments where appropriate) and the action plan may include additional policy flexibilities to be appropriate to be implemented by Government to maintain LCR's status as England's Cultural Capital City.		✓✓✓	✓✓	✓✓	✓✓	✓	✓
Economy Platform	<b>ASK 2: Establish effective dialogue mechanisms with Government on SuperPort</b> Government and LCR will convene a time limited task-and-finish group to develop Liverpool SuperPort This group will review the evidence base and prepare an Action Plan by the end of 2009. The Action Plan will be presented to Leaders and Ministers, and will cover policy support , access and connectivity, land assembly, sustainability marketing and global positioning. The transport elements of Superport will be developed and progressed within the context of Government's 'Delivering a Sustainable Transport System' planning process.		✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓
Economy Platform: Low Carbon Economy	<b>ASK 3: Developing a Low Carbon Economy</b> LCR together with Government and its agencies will jointly review the emerging Low Carbon evidence base. Subsequently, by March 2010 we will develop and agree a strategy and initial action plan to implement a low carbon economy in the City-Region which secures significant job creation and environmental benefits.		✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓
	<b>ASK 4: Potential major projects</b> Government and LCR will explore by March 2010 the viability of a Mersey Tidal Energy project, a Northern BRE centre and a LCR trial site for next-generation distribution networks [such as the Smart Grid concept].		✓✓	✓✓	✓✓	✓	✓✓✓	✓✓
Economy Platform: Knowledge Economy	<b>ASK 5: Partnership on the Knowledge Economy Group</b> Government departments and their agencies agree to work with LCR to develop and agree a Knowledge Economy Plan by July 2010 which will include, where appropriate, supportive additional policy		✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓

	flexibilities to be implemented by Government in the areas of funding, upgrading digital networks, marketing, graduate and internship support, business support and realising the potential of key sites.						
Housing Platform	Government departments and their agencies will establish a Joint Investment Board with Liverpool City Region partners, based on the HCA 'single conversation' to develop by the end of 2009 a single joint investment plan to more effectively co-ordinate and align relevant funding streams and associated strategy, particularly covering housing, regeneration and transport.	✓✓				✓	✓✓✓
	Government and the Liverpool City Region partnership will establish a time limited task-and-finish group (to include an RSL and developer) to review evidence about the Liverpool City Region housing market and the totality of products and policy levers available to partners to develop the market. This group will prepare recommendations for Ministers and the Liverpool City Region Cabinet by October 2009 on any further actions, products or policy flexibilities that will secure the MAA objectives; namely the delivery of housing growth and regeneration/renewal of the City Region's vulnerable housing market areas.	✓✓	✓			✓✓	✓✓✓
	We welcome that Government has adopted the regulation allowing European Structural Funds to be used for housing energy efficiency projects and we wish to work with the Government and the NWDA to align these funds with the City Region's allocation for affordable warmth programmes in order to support the development of training programmes for the unemployed to implement the programme.	✓✓	✓✓	✓	✓✓	✓✓	✓✓✓
	We welcome the Governments response to the Rugg Review, including the intention to consult on a national register of private landlords and additional criteria for selective licensing regimes. We would welcome the opportunity to extended selective licensing proposals as a positive tool for housing and neighbourhood improvement in order to drive up the quality of the private rented sector, and would like to discuss opportunities to pilot measures along these lines.	✓✓				✓	✓✓✓
Transport	Government to re-affirm their commitment to accessibility planning and ensure priorities are set out in clear lines of responsibilities for all stakeholders.	✓✓	✓			✓✓	
	Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework by April 2010, that provides clear equality of opportunity to those without access to private transport.	✓	✓	✓		✓✓	
	Government and local partners to map funding streams and timelines and to agree how synergy between different funding streams can be achieved by December 2009, to enable a single accessibility strategy to be offered and delivered.	✓	✓	✓		✓✓	
	In order to establish long term funding for this approach, the LCR and Government to examine by April 2010 the cross sector benefits of transport interventions to create a clear understanding of costs and benefits across the different delivery and funding agents.	✓	✓	✓		✓✓	

	Examine ways and means by April 2010, in collaboration with DCLG and DfT, how transport, land use and locational choice planning and development can be strengthened to reduce unnecessary transport demand. This is also a critical element of our proposals for a low carbon transport city and is dealt with under Proposal Three.	✓	✓	✓		✓✓	
	Department for Transport to engage at an early stage, in preparation for franchising by 2012, with the City Region in the development of the franchise specification for the replacement Northern franchise, in advance of statutory consultation on the invitation to tender in 2011. DfT to look for opportunities to give relevant transport bodies a bigger influence over decisions on local rail services.	✓	✓	✓		✓✓✓	
	Implement single body control, through Merseytravel, of stations as soon as practically possible. The DfT to take an active stance in facilitating discussions between Network Rail, the City Region and the Office of Rail Regulation on the voluntary transfer of stations on the Merseyrail network from Network Rail to Merseytravel on a long lease.	✓	✓	✓		✓✓✓	
	DfT to engage at an early stage with the City region to enable partners to provide evidence relating to growth and capacity at Liverpool Central and James Street stations, as the Department develops its High Level Output Specification( HLOS) for Control Period 5 (2014-2019).	✓	✓	✓		✓✓✓	
	Optimising the management of the strategic national and local highway network through a package of measures including, enhanced integration of national and LCR highway network Variable Message Signing, greater flexibility in their permitted message content and use of HA Traffic Officers on trunk roads as well as Motorways.	✓	✓	✓		✓✓✓	
	Support the further development and enhancement of Smarter Choices by April 2010.	✓	✓	✓		✓✓✓	
	For DEFRA and DfT to work with the LCR to examine by April 2010 how transport's air quality emissions can be better addressed and managed, and for DfT and DECC to examine with the LCR by April 2010 how transport's greenhouse gas emissions can be better addressed and managed.	✓	✓	✓		✓✓	
	Work with the LCR Freight Partnership to promote further the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration by April 2010. We will also look to how to incentivise behaviour change and carbon reduction .	✓	✓	✓		✓✓	
Employment and Skills	Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions which facilitate all parties jointly implementing and performance managing the strategy and plan by June '09.	✓✓✓	✓	✓✓	✓✓✓		
	DWP and the LCR will work to agree a flexible new deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales.	✓✓✓		✓	✓✓		
	With a view to agreeing formal pilot status by end of March '09, DWP will work with the LCR to refine their	✓✓✓	✓	✓	✓✓		

	proposals for a 'Fit for Work' service pilot to deliver and early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilots status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.						
	DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Careers Services (AACS) by trialling other aspects of the next AACS framework. DWP and DIUS agree in principle to a City region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009.	✓✓	✓		✓✓		
	By March 2009 key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved.	✓	✓	✓	✓		
	DWP and CLG will involve LCP in a joint department project starting in January 2009 which will result in the identification and agreement of data that will be shared by March 2009 to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes.	✓✓	✓	✓	✓✓		
	By March 2009 agree how the rolls out of skills account trials and their further development can be tailored to support the LCR priorities.	✓✓		✓	✓✓		
	By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the employment and skills strategy and commissioning plan for the LCR.	✓✓✓	✓	✓✓	✓✓✓		
	DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area – enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan.	✓✓	✓	✓	✓✓		
	DIUS will provide support, advice and periodic reviews of the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through gathering Section 4 status of the Further Education and Training Act by April 2010.	✓✓✓	✓✓	✓✓	✓✓✓		





# Liverpool City Region Multi Area Agreement



Economy

# 1. EXECUTIVE SUMMARY

**Our Vision is to establish our status as a thriving international City Region by 2030.**

The LCR Economy platform aims to try to transform the City Region's economic prospects by:-

- increasing the scale of activity in the economy by creating more jobs, and creating and growing businesses;
- raising the productivity of existing businesses

Our analysis has identified four transformational actions that will make a step-change in performance, closing the gap with the North West over the next 20 years and making substantial progress to close the gap with the rest of the UK. These actions are based on new, emerging economic development governance structures, a strong evidence base, economic strategy, stakeholder engagement and key delivery programmes and will help the North West punch above its weight in the global economy.

The four transformational actions that will drive forward our economic growth and deliver our ambitions are as follows:

- Culture and the Visitor Economy
- Liverpool SuperPort
- Low Carbon Economy
- The Knowledge Economy

We are committed to progressing these actions through joint working within the Liverpool City Region, however we have also identified a number of areas where delivery can be enhanced or increased. These are reflected in the five Asks of Government as set out below:

## **ASK 1: Implementing a Liverpool City Region Visitor Economy Strategy**

A Liverpool City Region Strategy for the Visitor Economy will be published by September 2009. LCR partners and NWDA will establish a time limited task-and-finish group between July and December 2009 to develop and agree an action plan to deliver this Strategy. The group will have involvement from DCMS (and other Government departments where appropriate), and the Action Plan may include additional policy flexibilities to be implemented by Government to help maintain LCR's status as England's Cultural Capital City.

## **ASK 2: Establish effective dialogue mechanisms with Government to deliver Liverpool SuperPort**

Government and LCR will convene a time limited task-and-finish group to develop Liverpool SuperPort. This group will review the evidence base and prepare an action plan by the end of 2009. The Action Plan will be presented to Leaders and Ministers and will cover policy support, access and connectivity, land assembly, sustainability, marketing and global positioning. The transport elements of Superport will be developed and progressed within the context of Government's 'Delivering a Sustainable Transport System' planning process.

**ASK 3: Developing a Low Carbon Economy**

LCR together with Government and its agencies will jointly review the emerging Low Carbon evidence base. Subsequently, by March 2010 we will develop and agree a strategy and initial action plan to implement a low carbon economy in the City-Region which secures significant job creation and environmental benefits.

**ASK 4: Potential major projects**

Government and LCR will explore by March 2010 the viability of a Mersey Tidal Energy project, a Northern BRE centre and a LCR trial site for next-generation distribution networks [such as the Smart Grid concept].

**ASK 5: Partnership on the Knowledge Economy Group**

Government departments and their agencies agree to work with LCR to develop and agree a Knowledge Economy Plan by July 2010 which will include, where appropriate, supportive additional policy flexibilities to be implemented by Government in the areas of funding, upgrading digital networks, marketing, graduate and internship support, business support and realising the potential of key sites.

## 2. THE CASE FOR TRANSFORMATION

### 2.1 About this Economy Platform

The Story of Place accompanying this MAA outlines the vision for economic growth over the next twenty years, the good progress that has been made over the past ten years, and the challenges facing the economy.

As part of our overall Multi Area Agreement we are focussing this platform paper on four major transformational actions. These actions will make a step-change in performance, closing the gap with the North West over the next 20 years, and making substantial progress to closing the gap with the rest of the UK. They will also provide the basis for a future local economy that can be internationally competitive both in existing industries and in new and emerging markets, and also to help the North West and UK punch above its weight in a global economy.

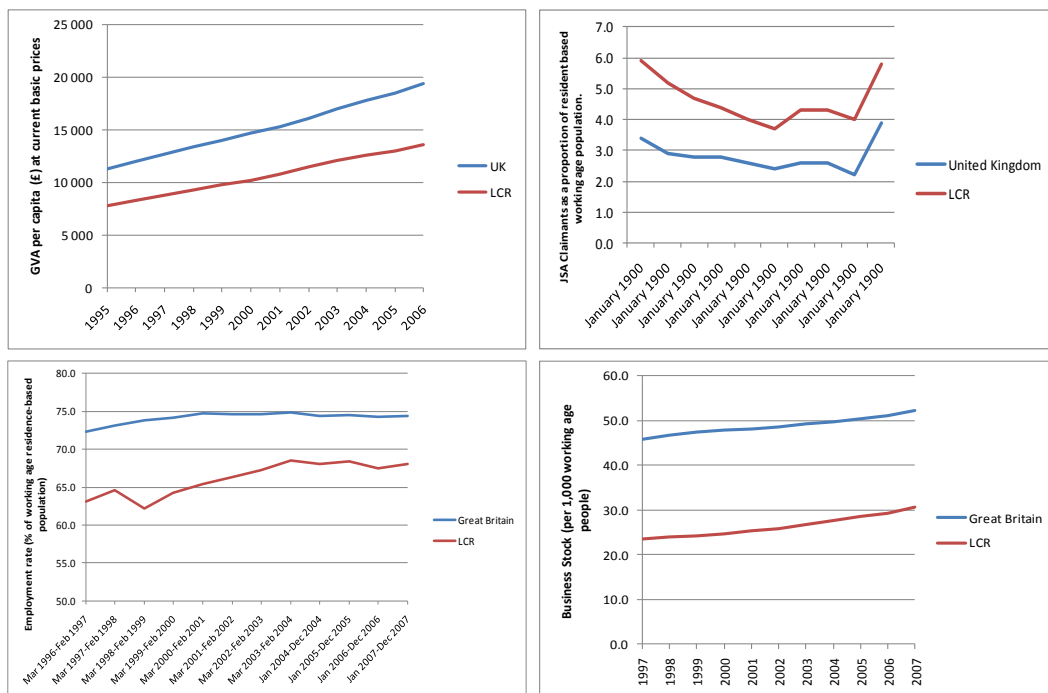
These transformational actions are based on new, emerging economic development governance structures, a strong evidence base, economic strategy, stakeholder engagement and key delivery programmes and will be progressed by the Liverpool City Region Economy Board.

### 2.2 Liverpool City Region's recent renaissance

The Liverpool City Region economy has experienced an impressive recent renaissance. Over the past ten years the economy has experienced a 9% rise in employment, 62% rise in total economic value, and a 21% rise in business density. These rates have often exceeded the UK, North West and other comparator areas. Substantial investment has been made in the physical infrastructure of the City Region, and its cultural and tourism offer, boosted by Liverpool European Capital of Culture 2008, is one of the UKs most compelling.

### 2.3 Economic Prospects

However, even with this renaissance, the gap between the Liverpool City Region and the UK average still remains significant, and that despite strong performance this has not closed substantially.



The analysis of past performance is reflected by economic forecasts. An assessment of economic prospects undertaken in 2007 concludes the following.

#### **ECONOMIC PROSPECTS FOR THE LIVERPOOL CITY REGION**

The underlying prospects for growth in Liverpool, Merseyside and the LCR show an improvement on their historical performance although the underlying prospects for long-term growth, as indicated by a 'business as usual' scenario, are weaker than for the UK and North West.

Although trend based projections for growth remain weak, the region has developments in place to support significant growth. Reviewing all the significant development projects ongoing or planned for the LCR identifies the potential creation of 120,000 gross jobs by 2020. An estimated 62,000 (about 50%) of jobs going to these new developments may be displaced from elsewhere in the LCR.

Importantly, much of the growth associated with development projects comes from those projects that are either in delivery or soon to enter delivery; only 18% of the potential impact on the economy is from pipeline projects, which are at a much earlier stage in the planning and development process.

The impact on overall productivity of projects due to be delivered by 2020 is small, with 40-45% falling within relatively low productivity industries, such as retailing, distribution, hotels & catering and other leisure/tourism related services. For productivity to grow, the nature of activities that are attracted to the new development sites must be in higher value-added activities than are currently undertaken in the City Region.

The potential increase in employment is to be welcomed. However, in order to sustain the large employment in sectors such as retail and hotels & catering, which may be the source of initial employment opportunities for many, the economy needs to attract and secure the spending of individuals. Given the aspirations of the region, much of this will be from those employed in high value-added activities. Attracting high value-added employment to the City Region is necessary to support the sectors which can be the source of initial employment opportunities for the less skilled.

*SOURCE: Extracts from Liverpool City Region Economic Projections and Prospects, SQW Consulting / Cambridge Econometrics, October 2007*

## **2.4 Impact of Recession**

We are in the process of updating of the economic forecasts (above) with three specific aims:

- to understand what impact the economic downturn will have on our long-term forecasts for the economy;
- to provide baseline likely recovery scenarios;
- to examine the impact that existing delivery projects and our MAA, including actions set out in this platform paper, will have on baseline forecasts.

This work will also be aligned to forecasting work underway across the North West in preparation for the development of the Regional Strategy 2010, and will be ready by the end of July 2009.

We have set up a regular monthly tracking of the economy with partner organisations to (a) share information about impacts and (b) ensure businesses are provided with appropriate support. Recent tracking shows that the JSA claimant count is some 20,000 more than the baseline month (October 2007), and around 17,500 more than in March 2008. The claimant count has



increased by around 36% over the past six months. This figure is likely to be an understatement of the true impact of the recession in terms of numbers of people made unemployed (on a national scale, there is a difference of around one million people between the claimant count and the more widely recognised ILO definition of unemployment). The difficulty in the Liverpool City Region is that there is already a high level of structural unemployment; the additional impact of high levels of cyclical unemployment may well put pressure on the ability to maintain levels of welfare and get people back into work.

It is particularly difficult to quantify the impact of the recession on businesses. According to Business Link's Business Performance Index (BPI), there has been a general rise in the number of insolvencies since the baseline month. Looking at the Chamber of Commerce quarterly survey, more manufacturing and services businesses are reporting declines in both domestic and overseas sales and orders. 84% of manufacturing businesses and 71% of service businesses are reporting that they are operating below capacity. In terms of staff retention, the survey suggests that the manufacturing sector seems to be worse hit than the service sector with 43% of manufacturing businesses reporting a decline in staff numbers during the past three months, compared to 24% in the service sector.

There are a number of sectors that are strategically important to Liverpool City Region that are at risk – automotive, chemicals, construction, retail/leisure and tourism. The impact on the last three has so far been mitigated by the effects of a very successful year as European Capital of Culture and the £1bn construction of Liverpool One, but will be badly affected as companies and households adjust their balance sheets and de-leverage. In the short-term, the public sector will retain staff (even increase it in some cases), but is likely to come under strong pressure to cut costs in the medium term.

## **2.5 Transforming the economy**

What is now clear as a result of this analysis is that the 'business as usual' approach will not be enough to close the gap, particularly in the current economic climate. Our Story of Place emphasises that a twin-track approach is required – to increase the scale of activity within the economy, both in terms of employment and business numbers, and also to raise the productivity of existing businesses, and this has led us to focus on the four transformational actions. The Actions are:-

- Culture and the Visitor Economy
- Liverpool SuperPort
- Low Carbon Economy
- Knowledge Economy

In the medium to long term, these actions will reduce the high and enduring structural unemployment that the LCR suffers from. This will be achieved by supporting the growth of nascent industries to off-set against those in decline, and increasing the competitiveness of existing industrial strengths such as the automotive and maritime sectors. We will also be ensuring that the population of the LCR are able to contribute to economic growth and partake in the opportunities that are presented as a result of it, through increased skills provision and participation in the labour market.

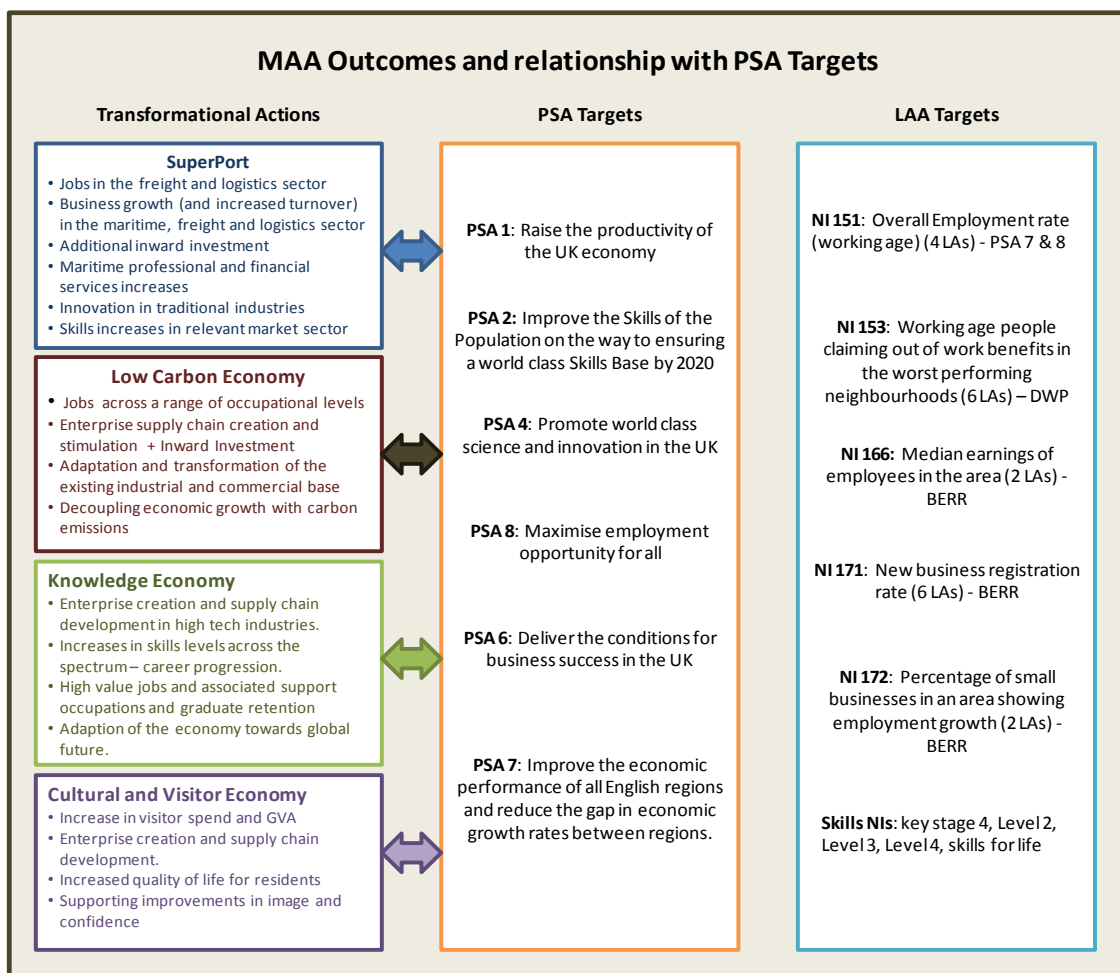
In the short term, we need to ensure that businesses are given the support they require to adapt to the adjustments currently underway in the economy and that people in the LCR who are made unemployed as a result of this recession are given the help they need to re-enter employment as promptly as possible.

The transformational actions presented in this platform paper and the proposals laid out in the other platform papers will support the longer-term vision given above; mitigating the effects of this recession and maximising the opportunities that will appear in the recovery.



## 2.6 Outcomes

We anticipate that these transformational actions will create greater growth over the next three years than the North West average and we will begin to close the gap.



These actions build on the distinctive features of the Liverpool City Region Economy - that reflect those areas where we have existing market advantage.

They are future looking - actions must be about re-engineering our economy to be globally competitive in the future and building on our existing strengths.

## 2.7 Greater co-operation

- Emerging governance arrangements will provide greater focus and accountability.
- No individual district can deliver the scale and extent of gains needed, or deliver programmes of this scale in isolation. To deliver successfully will require the alignment of national, regional and local policy and initiatives behind these City Region priorities.
- Actions require a truly integrated approach to economic development, housing, transport, employment and skills, and environment. In Liverpool City Region governance terms they are cross-board activities.
- Actions will require alignment of effort by the public, private, voluntary and community sectors.
- Actions will need strong central government support, as they may require specific policy intervention to deliver.

### 3. CULTURE AND THE VISITOR ECONOMY

*“It is 2020 and the visitor economy is now central to the regeneration of the Liverpool City Region. The visitor economy supports 37,000 jobs (up from 23,000) and an annual visitor spend of £2 billion (up from £1.3 billion).”*

*“Liverpool is now well established as one of Europe’s top 20 favourite cities to visit.”*

#### 3.1 Introduction and Context

##### 3.1.1 Importance of Culture and the Visitor Economy to the Liverpool City Region

Culture is recognised as a critical component of the continued economic and social renaissance of the northwest region. A critical mass and excellence in culture are essential prerequisites for a competitive region. The Liverpool City Region has an important contribution to make to that agenda recognising that investment in culture is investment in the economy, in GVA, in jobs and in the community. It also reinforces the position of the City Region as a location of choice for the creative industries.

Liverpool is arguably the number one cultural destination in England after London. It has one of the highest concentrations of cultural and heritage venues in a UK city outside of the capital. The range and diversity of the culture speaks for itself:

- seven national museums and galleries with an eighth (the Museum of Liverpool) coming on stream in 2009.
- an internationally recognisable waterfront skyline and maritime heritage.
- the home of the Beatles and a very strong pop music culture manifest in its visitor attractions, music venues and festivals.
- Tate Liverpool – an international cultural brand of distinction.
- four theatres.
- the Philharmonic Hall and Royal Liverpool Philharmonic Orchestra.
- a World Heritage Site.
- FACT – Foundation for Art and Creative Technology.
- the internationally recognised architecture of its two cathedrals, including the largest Anglican Cathedral in the world.
- a host of internationally and nationally renowned sporting venues including Anfield (Liverpool Football Club) and Goodison Park (Everton FC), Aintree (home to the Grand National), Haydock Park, St. Helens RLFC, and the Open golf championship courses of Royal Birkdale and Royal Liverpool.

Liverpool embraces visual and performing arts; classical and contemporary culture. Culture is manifest in the architecture (historic and modern), music and maritime history. The high profile venues are complemented by specialist museums and arts centres, public art installations and events and festivals. This critical mass of culture is unrivalled in cities across the UK.

The world-class cultural resource of Liverpool provides huge potential for the city as a destination but also creates an opportunity for cultural and heritage attractions and sporting venues elsewhere in the City Region to punch above their weight. As a result, they can deliver far greater benefits for their local economies, business communities and residents than would be possible as individual facilities.

### 3.1.2 Impacts of the Visitor Economy

The visitor economy makes a significant direct contribution to the economy of the Liverpool City Region through visitor spending. This spend creates demand for new and additional services that lead to the creation and growth of small businesses. It also helps support employment in the City Region across a wide range of sectors that deliver services to visitors and also to tourism businesses. The current tourism industry in the Liverpool City Region is estimated to be worth £1.3 billion in visitor spend. Tourism spend supports 23,000 jobs<sup>4</sup>. Recent extensive investments in the retail experience in Liverpool, the opening of new hotels and plans for new visitor attractions suggest that these figures will grow further in the immediate future.

The visitor economy also provides additional benefits for a local economy:

- improved quality of life for people living in the City Region.
- support for the care and management of historic and natural environments.
- a focus for local regeneration, helping to sustain the viability and vitality of local services such as shops, cafes, pubs, local museums and leisure facilities.
- improved connectivity and transport linkages.
- spin-off benefits to other sectors and inward investment through further raising the profile of the Region.
- improvements to health, wellbeing and sense of civic pride through participation and volunteering in culture, sporting and heritage activities.
- entry level employment opportunities provided by the visitor economy for disadvantaged communities.

The cultural opportunity of the city and the benefits it can bring for the City Region has been most spectacularly illustrated by Liverpool's year as European Capital of Culture 2008, which is widely regarded as one of the most successful European Capital of Cultures ever.

### 3.1.3 Impacts of Liverpool Capital of Culture 2008

Early estimates show that the city welcomed 15 million visits to cultural events and generated an estimated £800 million for the regional economy during 2008<sup>5</sup>. This figure is based on visitor spend, activity at the Echo Arena and Convention Centre (ACC) directly attributable to the Capital of Culture Programme and estimates from available data on the value of global media coverage. Significantly, Liverpool welcomed a high percentage of new visitors – over a quarter – in 2008.

The success of the European Capital of Culture is one important step in the cultural and regeneration journey of Liverpool which is leading the growth of tourism in the City Region.

In the three years leading up to the European Capital of Culture, the value and volume of tourism in Liverpool City Region experienced a period of strong growth and investment:

- the value of tourism was up from £1.1bn to £1.3bn.
- jobs supported by tourism spend were up from 21,000 to 23,000.
- staying visitor nights in the Liverpool City Region were up from 9.6m to 10.7m.
- hotel occupancy grew from 69% to 71% despite a growth in supply that saw the number of hotel rooms double in the 10 years to 2008. For comparison hotel occupancy in the northwest is, on average, just under 60%. Rooms sold in the city centre alone stands at 915,000 in 2008; up 26% on the figure in 2004.

<sup>4</sup> STEAM 2007 (projected)

<sup>5</sup> Liverpool Culture Company

- 42 cruise ships berthing in the city, seeing approximately 34,000 passengers visiting or passing through Liverpool, and a tall ships event that saw 120,000 visitors on the Wirral shoreline alone.
- the number of visits to the seven largest attractions on Merseyside jumped 45% from 2006 to 5.5m in 2008.

Significantly, the city of Liverpool leapt from 16th to 6th place in the league table of the most visited British cities by overseas visitors during the same period. This illustrates the transformation of the city into a significant international destination. It is a powerful statement about how the city is seen elsewhere in the world. That image is one factor that supports inward investment and the growth of the knowledge economy as well as being good news for tourism in the city and the City Region more widely.

This tourism growth is a measure of the effect of public and private sector investment in the City Region, with greatest impact on the city of Liverpool, the City Region's waterfront and its culture.

2008 provided a deadline for delivery and flagship achievements included:

- the opening of Liverpool ONE retail development which ensured that Liverpool delivers a leisure shopping experience commensurate with its achievements and future aspirations as a world class city. This strengthens the underpinning visitor economy, helping to raise the significance of the LCR as a regional destination. It also supports the distinctive cultural and waterfront experience, which are two major focal points for national and international visitors.
- Arena and Convention Centre Liverpool / BT Convention Centre - a state of the art 10,500 seater concert arena and a purpose built meetings facility that consists of 3 auditoriums, 18 breakout rooms and a 3725 m2 multi-purpose hall with comprehensive business support. These facilities enable Liverpool to compete effectively within the discretionary business tourism sector. Delivering an excellent conference tourism offer is essential to creating a rounded and balanced tourism economy and to strengthening mid-week hotel occupancy.
- opening of the new cruise liner terminal, which saw the number of cruise line passengers visiting the city leap from 6,000 in 2006 to 18,000 in 2008.
- opening of the new Liverpool canal link, 'bringing increased vibrancy to the core waterfront area':

### 3.1.4 Market Trends in the Visitor Economy

The trend in visitors taking short-breaks is predicted to continue to be driven, to a large extent, by city and cultural breaks and influenced by the experience economy which, in turn, is driven by the desire for the real, the distinctive and the personal.

Competition between UK destinations will remain fierce within this market, particularly in the higher spending sections. European destinations that are considered easy to get to, safe to visit and which have regular budget flights from London and regional airports will remain key competitors for city breaks. Liverpool will continue to compete in an international arena. Britain as an established destination will continue to appeal to the US and European markets and will attract its share of visitors from the emerging BRIC<sup>6</sup> markets as well.

Festivals, events and spectator sports have an important role to play in satisfying these needs and provide an opportunity for visitors to become part of a community and join the 'tribe'; sharing an experience with like-minded people. It will be important for the Liverpool City Region to capitalise on its strong festivals and spectator sports offer and to develop that further.

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<sup>6</sup> Brazil, Russia, India, China

Trends also point towards an increasingly demanding consumer. This means ensuring the visitor experience meets and exceeds expectations, provides opportunities to explore, learn and importantly the potential to personalise a visit, and to experience a unique moment. Good customer service and well maintained destinations and facilities are expected; they are a baseline, not a selling point.

### 3.2 Liverpool City Region Tourism Strategy – *Leading with culture and leading with Liverpool*

Liverpool City Region is updating its tourism strategy to take on board the success and opportunities arising from Liverpool as the European Capital of Culture 2008.

It is a framework strategy designed to help all stakeholders with a responsibility or interest in tourism and the visitor economy to prioritise activity and, as a result, to work together effectively to optimise the performance of tourism as a key economic sector for the City Region.

The City Region also produces an annual Destination Management Plan (DMP) that sets out a rolling three year programme of more detailed tourism priorities and actions. The strategy provides a framework for that activity. There are also local tourism strategies and accompanying delivery plans for Sefton (includes the resort of Southport), St. Helens and Wirral, which provide more detailed analysis of the opportunities in those specific districts. Liverpool is also developing its own tourism strategy.

The strategy is developed around a small number of key drivers for visits to the City Region, which have growth potential:

- Culture – with a focus on Liverpool's strengths in heritage, sport and popular music
- Liverpool as the lead destination with international profile
- Conference tourism

This approach is supported by the two destination brands of:

- Southport
- England's Golf Coast

There are several key messages in the strategy:

- the need to balance consolidation of achievements with maintaining the momentum created in 2008 and harnessing the 'can do' approach it has created
- the need to do fewer things and do them to an excellent standard
- the need to back winners
- the importance of growing the UK visitor market – to date, Liverpool and the wider City Region has not performed strongly in this market and has suffered from outdated images of Liverpool which lag behind the reality. European Capital Culture status has helped to alter this and it is now essential to build on the opportunity this has created
- the importance of continuing to grow and diversify the international visitor base
- the need to deliver the underpinning visitor experience to ensure a mature, quality destination.

The recently published *British Tourism Framework Review*<sup>7</sup> indicates that the visitor economy is an even more significant part of the UK economy than had previously been estimated. It reveals the high number of new business start-ups in tourism; and establishes how tourism plays a vital

<sup>7</sup> Visit Britain, 2009

role both in regeneration and in the rural economy and highlights the significant multiplier effect tourism has on other parts of the British economy. It also identifies the many areas in which the visitor economy improves the quality of life for UK residents and makes it clear that, if the industry is to reach its full potential, Government must play an active enabling role for the industry.

The Tourism Strategy for Liverpool City Region seeks to maximize the potential that the visitor economy holds for the City Region and help support the regional objectives around productivity, employment growth and sustainable development. Tourism, as well as being an important economic sector in its own right, is acknowledged as playing a wider role in the regional economy contributing to:

- a higher quality of life for citizens of the City Region
- restoring civic pride and a sense of wellbeing
- improving the image of the City Region which has held back the regeneration over recent decades.

The emerging new Regional Strategy for the northwest brings together spatial and economic planning. It provides a platform to spell out the wider significance of the visitor economy. The implementation of the tourism strategy will focus on actions that help to deliver these opportunities.

The strategy has set some ambitious growth targets to build on the significant success so far and to use these as a way to measure progress and celebrate achievement. The target for the 13 years to 2020 is:

- to increase visitor spend by just over 60% to £2.1bn
- to increase jobs in tourism or those dependent on it by 60% to 37,000
- to ensure Liverpool is always in the top five cities in the UK league tables for:
  - ⇒ Overseas visits and international airport arrivals
  - ⇒ Short breaks
  - ⇒ International conferences
  - ⇒ Cultural attendances.

Over the longer term:-

- Liverpool John Lennon Airport masterplan suggests growth in passenger numbers from 5m in 2008 to 12.3m in 2030. Analysis of trends suggests that one in seven travellers are inbound visitors as opposed to domestic outbound, of a value to Merseyside of £213m. Using this growth, we would see an additional £311m (at current prices) flowing in from visitors using LJLA by 2030.
- TMP's Destination Management Plan only projects to 2015; however, using conservative projections we could place the following likely increases:
  - ⇒ An additional 20,000 jobs supported by tourism (either directly or indirectly) by 2030, almost doubling from the current level of 23,000.
  - ⇒ An additional 1.9m staying visitor nights in the area.

- Already, there is work underway to further develop the hotel offering in the city, with an expected 64% increase in the number of rooms available in the city centre from 2008 to 2012. This will see the number of establishments increase from 32 to 49.

### 3.3 Delivery in the next five years

In working together across the Liverpool City Region, we will deliver:

- Investment in the visitor economy of the key distinctive quarters both in the city and elsewhere in the City Region in a way that brings together local businesses, destination development and investment in the public realm with new visitor markets. The areas for focus include Liverpool's waterfront and the Ropewalks; a creative business and cultural quarter that includes specialist retail, and the Chinese quarter.
- Festivals, events and exhibitions to capitalise on the strong reputation of Liverpool as a festival city, on its maritime history and on its music and sporting culture in particular. The City Region has developed a three year programme of festivals to build up and consolidate on achievement overtime. Festivals and exhibitions will be designed to create leisure and B2B marketing and promotional opportunities; provide reasons to visit and come back again; create opportunities to spotlight specific cultural themes and, in so doing, provide practical ways to foster cultural delivery partnerships and encourage and support culture.

To implement new agreed delivery structures for tourism which are designed to be dynamic, fleet of foot and responsive to the needs of the marketplace, visitors and tourism businesses. This new structure will ensure that the public and private sectors work together more closely to maximise the visitor economy opportunities for the Liverpool City Region. The restructure will build on the existing structure to create five departments:

- Destination development
- Destination marketing
- Destination management
- Major Events
- Convention Bureau

Key landmark tourism projects, including festivals, which are confirmed or in the planning stages are:

New attractions opening: Pier Head Ferry terminal and Beatles attraction U-Boat Story	→	<b>2009 Year of Environment</b>	←	Launch of 'On the Waterfront' Waterfront Festival Music, Art and Film – Liverpool, July-Sept
			←	Wirral International Kite Festival – June Wirral Food and Drink Festival – September Wirral International Guitar Festival – November
			←	A Winter's Trail events, Nov-Jan
			←	Liverpool Food And Drink Festival, Sept
North West Masters at Haydock Park, Nov	→		←	Eclectica Music Festival, St Helens, August

National Boat Show?	→	<b>2010 Year of Health and Wellbeing</b>	←	Museum of Liverpool Phase 1 opening
Further development of 'On the Waterfront Story' July-Sept	→		←	Liverpool Food And Drink Festival, Sept
Eclectica Music Festival, St Helens, August	→		←	Cultural Olympiad
National Boat Show, Liverpool, May	→		←	Shanghai World Expo
			←	A Winter's Trail events, Nov-Jan
			←	Southport Food and Drink Festival, May
Southport Classic Resort destination marketing campaign launch, Jan	→		←	Southport Jazz Festival, May
			←	Wirral Golf Classic, August
		<b>2011</b>	←	Wirral Christmas Gourmet Fair, Dec
England's Golf Coast event, Southport, June	→		←	Wirral International Kite Festival – June Wirral Food and Drink Festival – September Wirral International Guitar Festival – November
Titanic Commemorations begin	→		←	Museum of Liverpool – completion
Waterfront Festival, Music, Art and Film – Liverpool, July-Sept	→		←	Cultural Olympiad Activities
Eclectica Music Festival, St Helens, August	→		←	Liverpool Food And Drink Festival, Sept
			←	A Winter's Trail events, Nov-Jan
Southport Classic Resort destination marketing campaign launch, Jan	→		←	National Boat Show, Liverpool, May
			←	Southport Food and Drink Festival, May
Southport Jazz Festival, May	→	<b>2012</b>	←	England's Golf Coast event, Southport, June
Wirral Golf Classic, August	→		←	Wirral International Kite Festival – June Wirral Food and Drink Festival – September Wirral International Guitar Festival – November
			←	London 2012 and Cultural Olympiad
			←	Open Golf – Royal Lytham?
Titanic and Liverpool – New York Commemoration	→		←	Southport Food and Drink Festival, May
Southport Classic Resort destination marketing campaign launch, Jan	→		←	Southport Jazz Festival, May
			←	England's Golf Coast event, Southport, June
Wirral International Kite Festival – June Wirral Food and Drink Festival – September Wirral International Guitar Festival – November	→			

### 3.4 Opportunities and Barriers to Success

The world-class cultural facilities of the City Region are the main drivers for the visitor economy and all the benefits which arise from it. Those world-class facilities have to deliver a world class experience. If they slip behind the expectations of visitors then they undermine the investment made by the public and private sectors elsewhere in the visitor economy.

The scale and nature of the importance of these cultural facilities mean that the City Region alone cannot ever have the resource needed to achieve and sustain them to a world-class standard and deliver the other aspects of maintaining an excellent destination. Yet one without the other is insufficient to deliver what is needed.



Tourism is unusual in that the sector requires a high percentage of public sector support to deliver world class destinations - investment in the public realm, at gateways and main arrival points, in cultural and conference facilities and in destination marketing - to underpin the private sector investment in retail, restaurants and hotels and in the marketing of their own facilities.

Liverpool City Region partners are committed to prioritising these investments and working with NWDA to bring forward continued development of the visitor economy product within the City Region. To this end some £110m of investment is currently proposed to 2012, from organisations within the sector for major events, festivals and infrastructure, leveraged by some £11m of public funding.

Additionally, local authorities and TMP together also deliver business support to the tourism or to ensure the many small businesses that are the backbone of tourism rise to the quality and service challenges of delivering a world class visitor destination. Local authorities also play an important role in delivering visitor-facing events and festivals within the City Region. Some £18.5m of investment, ostensibly publicly funded, is identified up to 2012 across these activity areas and is designed to strengthen the City Region's position as a major destination post-2008 and to maximise public-private partnership opportunities going forward as funding sources such as ERDF begin to reduce post 2012.

The cultural sector recognises the importance of building on the image of Liverpool as the core brand for the sub-region. They are aware that a lack of leadership in the sector and the drain of local creative talent towards Manchester and London remain ongoing challenges<sup>8</sup>. Changes to tourism structures will be delivered as part of the governance arrangements delivered by this MAA, delivering stronger leadership based on the needs of business within the sector.

The MAA acknowledges and should back the city's cultural and arts sector networks as part of the legacy of the European Capital of Culture and help to grow these networks across the City Region. The key networks are Liverpool Arts Regeneration Consortium (LARC) and the Small and Medium Arts Collective (SMAC). In addition there is the previously established Arts and Culture Network (part of the Liverpool Community Network). These groups have helped spearhead the new confidence and strength within the city's cultural and creative sector. They need to be further developed and the links between the cultural agenda and the visitor economy strengthened to maintain momentum and deliver a legacy for the Capital of Culture. Critically this good practice needs to be embraced across the City Region to ensure the economic benefit is delivered more widely.

#### **ASK 1: Implementing a Liverpool City Region Visitor Economy Strategy**

A Liverpool City Region Strategy for the Visitor Economy will be published by September 2009. LCR partners and NWDA will establish a time limited task-and-finish group between July and December 2009 to develop and agree an action plan to deliver this Strategy. The group will have involvement from DCMS (and other Government departments where appropriate), and the Action Plan may include additional policy flexibilities to be implemented by Government to help maintain LCR's status as England's Cultural Capital City.

To this end we will seek a series of meetings with DCMS (in collaboration with NWDA) upon publication of the Tourism Strategy. This is about delivering excellent facilities and about world class programming. Venues that fall short of world class will not be able to compete effectively within the international arena.

<sup>8</sup> Impacts 08 Core Messages, 2007 and early 2008 data, January 09, Liverpool University

Some of the challenges we bring to the table, and which will inform the way forward, are as follows:

- Liverpool City Region cultural organisations have a diverse funding base but are nonetheless strongly reliant on it and this frequently results in competition between venues for development, marketing and operational budgets.
- Many of the smaller cultural venues provide the diversity and depth of offer that are a critical part of delivering a strong cultural tourism offer. They can help generate and support a range of visitor markets and encourage repeat visits. They require support to help them maintain their creative edge and ensure business efficiency and sustainability. The objective is to ensure the total cultural offer of the City Region is of a consistent high quality, not just the high profile venues.
- Ensuring that the visitor and cultural economy is reflected in the emerging RS2010.

Aligned to this ask is the importance of connectivity. Liverpool has an established reputation in international markets which it needs to sustain and grow. Connectivity for inbound passengers by air is central to the continued growth of Liverpool City Region as an international destination and will be built into our plans for developing Liverpool SuperPort.

However, a key challenge is to grow the reputation and market positioning of the City Region within the UK short breaks market. Good connectivity by, rail and road is essential to deliver that and reinforces the need for improved connectivity for the aspirations of the City Region more widely. This reinforces asks made as part of the Transport Platform paper of this MAA.

## 4. LIVERPOOL SUPERPORT

*“To bring together and integrate the strengths of the Mersey Ports, Liverpool John Lennon Airports and the freight community to create a ‘SuperPort’ for freight and passenger operations within the Liverpool City Region that will become a key driver of its economy.”*

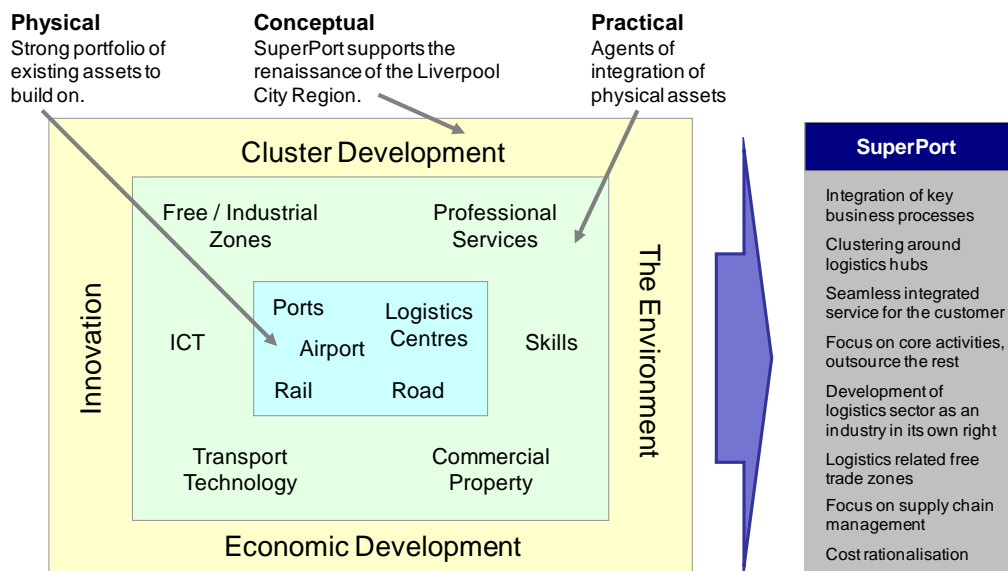
*“To create the most effective and cost efficient environment for freight cargo logistics and passenger transit in the UK.”*

### 4.1 What is SuperPort?

International business is now operating on a completely new scale, leading to concentration whereby fewer, larger companies take an increasing share of global business, particularly in manufacturing, retail and transport. Creating a new burgeoning market and building on considerable existing maritime capabilities, SuperPort is the Liverpool City Region’s response to become a leader in this dynamic and truly global market place.

SuperPort physically comprises the core assets of Mersey ports (£913m GVA contribution per annum alone), Liverpool John Lennon Airport, logistics and transportation infrastructure but conceptually it can be much more by integrating these attributes together to provide a cohesive cost efficient entity that creates a credible product for a global marketplace. In addition, the region also has the scale of freight community able to make best use of these physical assets.

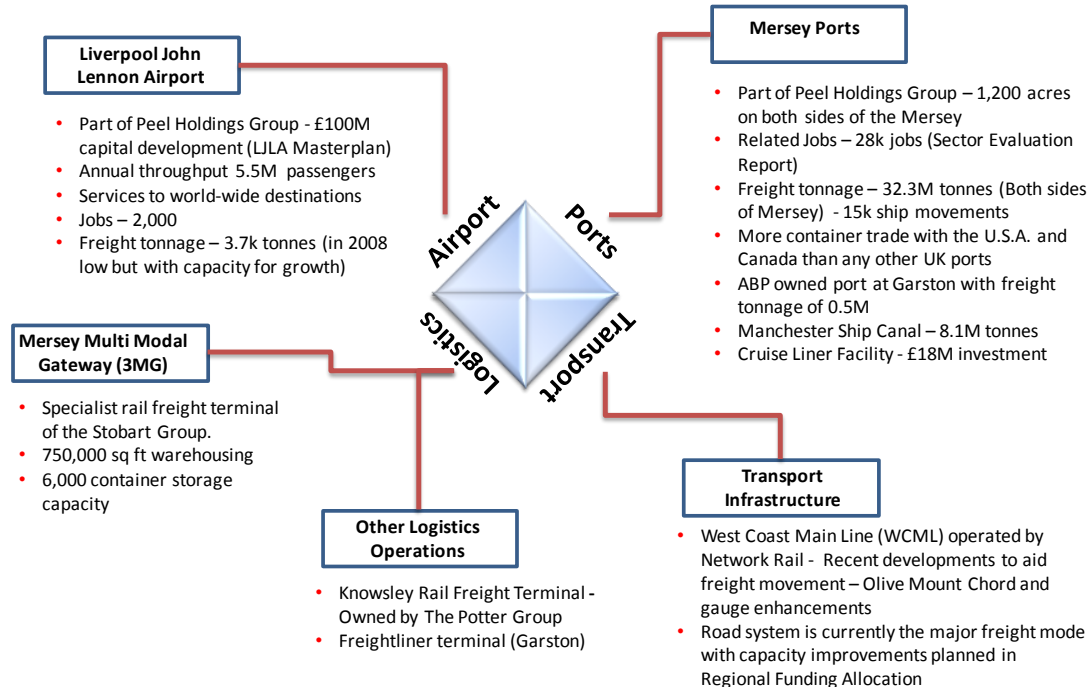
Liverpool SuperPort is multi-dimensional in that it contains physical, practical and conceptual components:



Indeed, SuperPort has the potential to become a genuine unique selling proposition for the Liverpool City Region and the North West by seizing competitive advantages in a global industry with an assured, long-term future, this despite the current, but projected short-term downturn in containerised trade.

#### 4.1.1 Existing Physical Component of SuperPort

Largely operating as a set of vertically integrated entities the core elements of what will make up the physical component of SuperPort are already well established and extensive plans currently exist to strengthen them to meet future market demands beyond the current economic crisis.



<b>The Mersey Ports</b>	Can currently handle over 800k TEU (Twenty foot Equivalent Units – the standard measure for containers) of freight per annum. With the delivery of the proposed Post-Panamax Facility this capacity will double to over 1.5M TEU.
<b>Liverpool John Lennon Airport (LJLA)</b>	<p>One of the fastest growing airports in Europe, handles over 5.5M passengers per annum and has achieved 23% growth per annum from 1994 to 2004 against the national average of 5.8% in the same period. Numbers are expected to further rise to 8.3M passengers by 2015 and 12.3M by 2030. The LJLA Masterplan is predicting an up-lift for freight to over 40k tonnes to 220k tonnes by 2030 a year on year increase of 8.3%.</p> <p>Freight at LJLA is currently at a low level (only 9.2k tonnes per annum as of 2004) but capacity does exist for a substantial penetration into this market if a number of key infrastructure developments are delivered successfully and to schedule (World Cargo Centre, Runway extension). The Airport Masterplan is predicting an up-lift to over 30k tonnes by 2015, a year on year increase of 11.5%.</p>
<b>Sustainable Distribution Facilities</b>	Expanding with the development of 3MG in Halton and the proposals for the redevelopment of the Parkside colliery site as major rail freight distribution parks.

Although each of these SuperPort assets are predicting substantial growth, which will need to be supported through policy development and implementation, the essence of the concept is the extent they integrate with each other to provide a stronger global customer proposition and a key driver for the Liverpool City Region economy.

#### 4.1.2 Practical & Conceptual Components of SuperPort

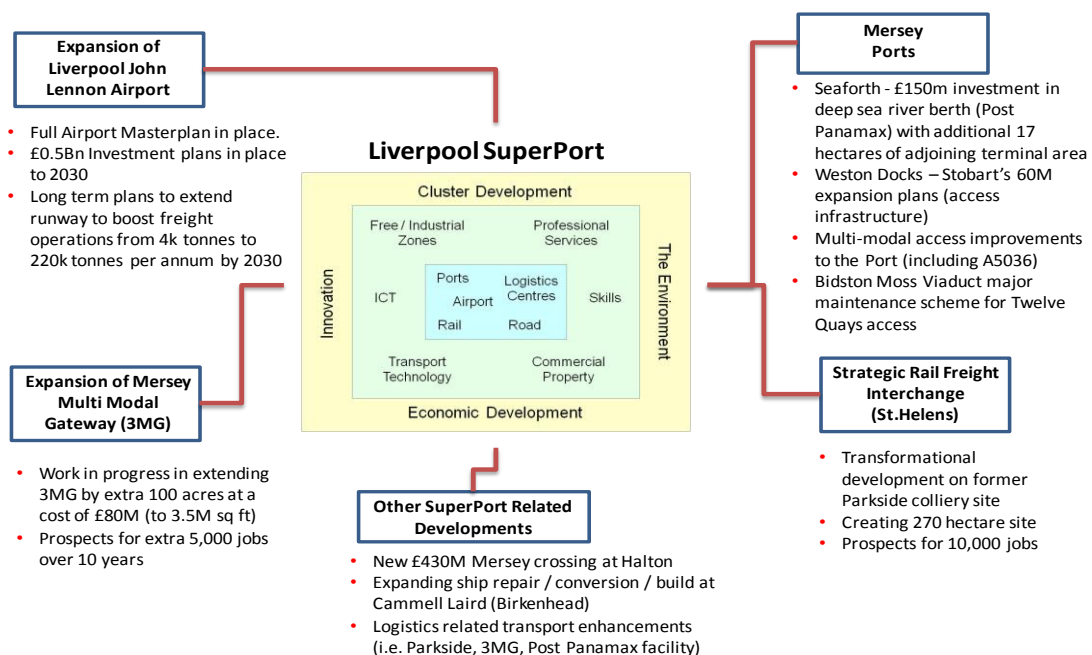
The global innovators of the SuperPort concept such as Singapore and Dubai have sought business and economic advantage through integration of:

Ideas	Facilities	Services	Procedures
Knitting together public sector institutions and engaging key private sector companies to chase the vision over the long term.	Pursuing excellence in these and in the connectivity between them.	Encouraging excellence and innovation in services to exploit synergy between facilities (e.g. for sea-air cargo).	Reducing bureaucracy and barriers to trade and new service providers.

By applying these best practices from across the world Liverpool SuperPort can become a leading example of technical and service innovation, harnessing the potential of its supply chains and ensuring that not only does it become a global destination and trans-shipment hub of choice but also becomes a pioneer in the field of sustainability.

#### 4.1.3 SuperPort Priorities

Exact priorities for the Liverpool SuperPort are still emerging but delivery of the key pivotal infrastructure currently in the pipeline (esp. Post-Panamax Facility, LJLA Runway extension, Halton Curve, Mersey Gateway, Parkside, Weston Docks expansion, A5036 port access road etc.) is essential.



At the cornerstone of the SuperPort is Peel Group's Ocean Gateway strategy for the Mersey and Manchester Ship Canal as is Stobart Group's plans for extending their logistics footprint in the City Region and other key operators' plans for port and logistics infrastructure. These will ensure that the overall SuperPort concept is, and remains, very much a private sector driven initiative.

The City Region is aware of a new concept (Atlantic Gateway) in development by NWDA / GONW that seeks to capture many of the plans outlined in Peel's Ocean Gateway Strategy and Liverpool City Region's SuperPort concept. It is envisaged that this concept will be explored further during 2009 in the development of the Regional Strategy 2010.

## 4.2 Why Liverpool SuperPort?

### 4.2.1 A Transformational Regeneration Driver

Due to the complex and multi-agency nature of its delivery and the highly volatile macro-economic conditions, it is difficult to articulate definitive headline benefits of SuperPort for the City Region in terms of jobs, GVA, investment levels etc. However, City Region partners, through the SuperPort Steering Group, have commissioned a study from MDS Transmodal that will examine proposed returns from the key infrastructure developments and the impact on wide City Region sector development. This is expected to report back in June 2009.

In the interim, much of the evidence outlined below has been extracted from the report “NWDA North West Ports Economic Trends & Land Study” also compiled by MDS Transmodal.

The Liverpool City Region already has the primary North Atlantic port in the UK supplying a national UK hinterland, one of the fastest growing airports in Europe and a rapidly expanding logistics industry.

The headline assets include: -

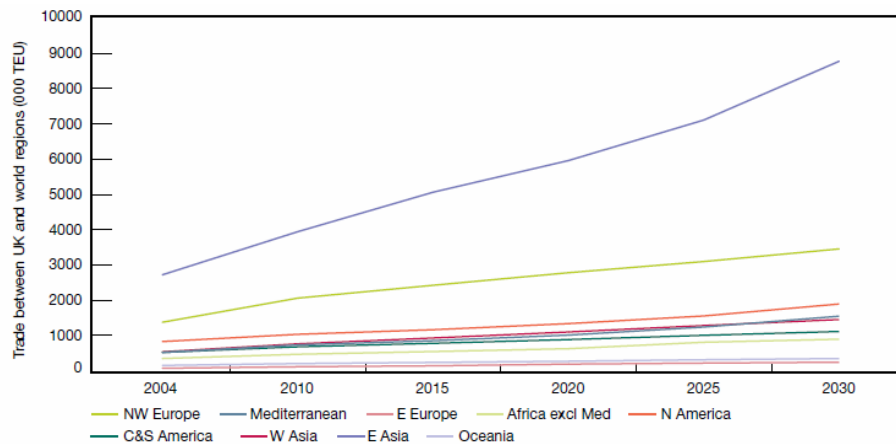
- maritime sector contributes 5-5.5% to Merseyside's total GVA.
- direct employment in the maritime sector in Merseyside in 2004/05 was estimated to be 21,000 Full-Time Equivalent (FTE) jobs, with a further 6,000 supported through indirect and induced effects.
- the maritime sector offers relatively high value added employment – average GVA per employee for the maritime sector was estimated at £34,600 compared to a Merseyside all-sector average of £26,000.
- 7th largest port in UK in terms of tonnage 32M per annum and 4th largest GB container port in 2007 with 8.4% of total GB market.
- Liverpool John Lennon Airport one of fastest growing airports in the UK with over 5.5M passenger journeys per annum and with services to world-wide destinations.
- extensive RoRo facilities at both Liverpool and Birkenhead (12 Quays >2M units) providing longer distance, more environmentally sustainable RoRo services across the Irish Sea and the Isle of Man for both freight and passengers.
- 75,000 sq ft. warehousing at 3MG with 6,000 container storage facility.
- significant passenger services – 650,000 Irish Sea passengers and 34,000 cruise customers.

In order to be considered as a transformational idea for the Liverpool City Region, SuperPort needs to be able to penetrate strong global markets through a portfolio of outstanding port related assets and a collective willingness from stakeholders to cooperate under the Liverpool SuperPort brand.

Despite the current economic down-turn long term growth rates for sea-bound trade are still forecast to be about 4% per annum between 2005 and 2030 (Port Traffic forecasts – DfT 2007).



### Forecast containerised traffic 2004-2030, by World Region ('000 TEU)



Source: MDS Transmodal, 2004

Liverpool SuperPort needs to be equipped to take maximum opportunity from this global growth, particularly where it does not have a recognised strength, such as in the Far East. Currently 77% of container traffic is handled through the deep sea ports in the South East, ports that are increasingly capacity-constrained.

Essential to growth into this market is the delivery of the Post-Panamax facility at Seaforth, a £150M investment into a river berth able to take the world's largest ships and, in particular, those able to traverse the Panama Canal from the Pacific Rim when the canal is expanded in 2015. The proposed development will increase capacity at Seaforth from 800k to 1.5M TEUs, potentially alleviating the overload in the South East.



The Europe-North America route, which is of particular importance to the Port of Liverpool, had been shielded from the need to cater for very large containerships because of the importance of the US east coast market and the limited draft available in East Coast North American ports. However, ports such as New York have now been dredged to accommodate 14.5m draft vessels over wide tidal windows and this provides the opportunity for the world's largest ships to trade between the Far East and the East Coast of North America via the Mediterranean and NW Europe.

The Panama Canal will be widened by 2014 and this will facilitate the use of post-panamax vessels on round the world services. As shipping lines generally continue to make a single call

in GB and the British market may need to be served to “fill” the ships across the Atlantic on these round the world services, a west coast port is well-located to accommodate these calls on a reasonably direct route between Gibraltar and New York. Furthermore, Liverpool provides the most central location of any GB port for inland distribution by road and rail, thereby minimising inland distribution costs and is likely to be more cost-effective for a large shipping line than other west coast ports.

The development of the Post Panamax Facility, although at the heart of SuperPort, is but one of many components that make up SuperPort. Extensive private and public sector investments are already planned for the short, medium and long-term, the most notable being:-

- **Expansion of Liverpool John Lennon Airport.** £0.5bn investment underpinned by Airport Masterplan to 2030. Will boost freight operations from 4k currently per annum to 220k by 2030 and provide additional capacity to grow further its passenger route network linking the region with the rest of the world.
- **Mersey Gateway** - £430m investment to provide 2nd crossing of the Mersey in Halton. It remove existing bottlenecks and improve road access to the 3MG rail freight distribution park and the proposed Parkside Development.
- **Expansion of 3MG** – £80m investment by Stobart to create extra 100 acres with prospects for additional 5,000 jobs. The facility will enable companies to come together to provide a facility for freight trains to be efficiently connected with warehousing and distribution facilities both locally and nationwide. The development will also have regional and national significance, shifting an estimated 195 million kilometres of heavy goods vehicle movements from the U.K. road network and onto rail every year. One of the key advantages of this type of operation is that it helps to reduce congestion and ultimately pollution from the transport of goods over long distances by road. A typical freight train transports the equivalent of around 50 lorry journeys and about 80% less carbon dioxide per tonne-kilometre.
- **A5036 Port Access** – The £170m port access improvement investment (especially improvement to A5036) is essential to the anticipated increase in traffic through the post-panamax facility. Although purpose is to provide additional capacity by all available modes the road improvement is of paramount importance.
- **Parkside** - Transformation of 270 hectare site close to M6 and West Coast Mainline into a multi-modal Strategic Railfreight Interchange with potential for an additional 10,000 jobs. This will be combined with related training provision, working with local education providers and job centres to ensure local people benefit from these new job opportunities.

However, the essence of SuperPort is that it is far more than port and airport infrastructure or indeed about front end interaction with logistics and passenger customers. To realise its potential it needs to interact and influence the development and growth of a number of prominent high value sectors across the Liverpool City Region, in particular:-

- **ICT** – The development of innovative customer facing ICT solutions will move SuperPort towards its goal of operational integration and material cost efficiencies.
- **Professional Services** – Build on the existing and historic strengths that the City Region has in maritime profession and business services markets and adapt to the needs of the integrated SuperPort.
- **Transportation** – Examine innovate solutions to the needs of the expanding Liverpool SuperPort for both freight and passengers in line with the Transport MAA and evolving City Region governance.



- Skills development - Coordinated partnership approach needed for the employment and skills requirements to support the Superport. This includes the requirement for a highly skilled technical workforce provided through the development of an Employment and Skills Strategy, together with an accompanying Commissioning Plan influenced by the priorities set out in each of the MAA platforms.

If SuperPort is realised, its future role will be: -

- the only west coast deep sea container port, able to accommodate post-panamax vessels handling both direct calls by deep sea vessels, transshipment traffic to Ireland and traffic fed from other UK and Continental deep sea container ports.
- A major deep sea “gateway” port for the region and Great Britain, handling the full range of deep sea traffics. From a North West perspective SuperPort will be the sea gateway for the Manchester City Region through the development of the Manchester Ship Canal.
- a vibrant air gateway for the North West for both passengers and freight whilst balancing the needs to provide a sustainable environment.
- the major Irish Sea RoRo port in the North West region, following the development of a riverside terminal.
- a major sustainable distribution hub (waterborne, rail and road freight transport), serving a national hinterland, with associated warehousing.

#### 4.2.2 A Vibrant Investment Proposition

One of the key transformation aspects of SuperPort will come from using the existing and future physical assets of the SuperPort, and the services they support, to attract investment from shippers and logistics providers, particularly by offering a cost-effective location for distribution centres. This will allow investors to take advantage of distribution sites with access to deep sea and short sea container services, RoRo services to Ireland, rail freight services and a central location for distribution to the rest of the British Isles. An example of this is shown below.

Liverpool SuperPort will be a global brand that can be leveraged to entice increased private sector investment, inward investment from outside the UK and new freight and passenger customers into the Liverpool City Region. Ultimately its aim is that the Liverpool City Region becomes as synonymous with its role as a SuperPort as Dubai and Singapore are synonymous with their roles as regional and international logistics hubs.

In fact SuperPort has the potential to provide one of the primary drivers of inward investment as external parties are made aware of the opportunities opening up in the City Region through the activity of The Mersey Partnership and its partners.

As the case study below illustrates there has been a recent notable success.

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### Case Study: Maersk and Liverpool City Region’s Maritime Core



Liverpool City Region has a particularly strong maritime heritage, and this gives us significant clustering strengths, especially in the provision of maritime services. We know that maritime business like to be located close to one another. We also know that expansion of the maritime sector also means jobs and business opportunities in transportation, freight handling, logistics, storage and refrigeration, legal and financial services.

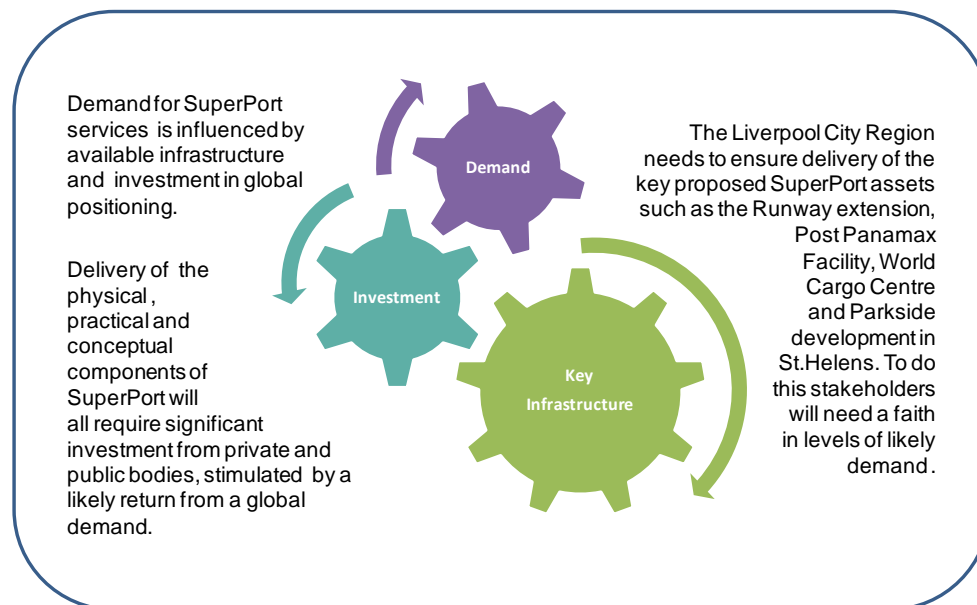
Maersk have just announced a move of their UK HQ facility to the Liverpool City Region. This is a substantial image boost and provides an initial 80 jobs, including their senior management team.

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### 4.3 Challenges in delivering Liverpool SuperPort

At the core of the Liverpool SuperPort is the delivery of the fundamental infrastructure, without which the concept has little if any foundation. This will not be delivered by the public sector per se but private sector investment will require high levels of cooperation throughout the planning and implementation phases from both local and national Government.

As the diagram below illustrates, SuperPort needs to ensure in today's harsh economic climate that it achieves the balance and gearing between capital infrastructure delivery and flow of investment, which, in turn, is dictated by global demand.



### 4.4 Issues impacting on the delivery of the Liverpool SuperPort

Although the ports and airport have experienced sizeable recent growth, Liverpool City Region partners have identified a number of barriers that need to be overcome and opportunities that need to be seized if SuperPort is to truly maximize its potential as a transformational concept for the City Region economy.

#### Infrastructure

<b>Core Infrastructure Delivery</b>	<p>The Liverpool City Region needs to ensure delivery of the key proposed SuperPort assets such as the Runway extension, Post Panamax Facility, World Cargo Centre and Parkside development in St. Helens.</p>	<p>At the heart of Liverpool SuperPort is the development of the core infrastructure which will require not only the actual physical development of the assets but also sustained investment from a wide group of stakeholders and in line with the low carbon agenda.</p>
<b>Land Availability</b>	<p>There is inadequate identification, prioritisation and effective release of appropriate land suitable for maximising development of ports, airport and logistics operations.</p>	
<b>Private Sector Investment</b>	<p>Current and proposed levels of private sector investment in SuperPort, although substantial, are centred around a single provider (Peel). A wider level of investment needed to support the developing supply chain.</p>	
<b>Sustainability/ Low Carbon</b>	<p>The development of SuperPort offers the Liverpool City Region an opportunity to ensure that the ports and airport build on their lead position in developing renewable technologies and reducing carbon output.</p>	

## Policy Development

<b>South East Ports Domination</b>	Widely held perception that Government policy appears to support the dominance of the South East ports, despite serious issues around road congestion in and out of the ports and airports.
<b>Taxation Policy</b>	Some Government policy on taxation has (or could have) a detrimental effect on the growth of the SuperPort. E.g. Air Passenger Duty and Air Freight Taxation on the development of Liverpool John Lennon Airport.
<b>Relevant Public Sector Investment</b>	No position has been defined as to how the public sector can assist the provision of private sector investment and/or supplement existing investment in SuperPort.
<b>Public Agency Coordination</b>	Currently a lack of coordination in the development of policies from a national, and local Government perspective that will provide an effective uplift to SuperPort ambitions.
<b>Skills / Employment Provision</b>	Currently a tenuous link between the needs of SuperPort related employers and the skills and employment base of the resident population (to be addressed through employment and skills plan).

The role of the public sector in Liverpool SuperPort must be to create an effective environment that will stimulate private sector investment.

It will only do this if Government policy supports growth and the multiple public agencies, national and local, work in a coordinated manner.

## Connectivity

<b>Surface Access to Ports and Airport</b>	With the SuperPort growth forecasted improvements to surface access to the ports and airport will be required if the impact on communities and freight companies is not to become increasingly problematic. This refers not just to road access but also to the poor standard of rail access currently provided.
<b>High Speed Rail Link to South East</b>	Liverpool City Region's connection with London and the South East has often failed to meet the demands of a growing business base and freight capacity that being part of a high speed rail link would facilitate.
<b>Reliance on Road Transport</b>	SuperPort aims to provide initiatives that will provide relief to congestion on the roads and particularly around the South East ports. However, the majority of freight continues to be road-bound.
<b>Air link to London and the South East</b>	Liverpool City Region currently lacks a direct air link with London airports despite considerable lobbying and has had to turn to KLM and a link to Amsterdam Schiphol to reconnect itself with the rest of the world.

A key aim of Liverpool SuperPort is to help the national objective of reducing congestion on the road. To do this the Liverpool ports and airport need to be firmly on the Government agenda for High Speed Rail and port access schemes.

## Global Positioning

<b>Liverpool SuperPort Brand</b>	The Liverpool City Region needs to ensure delivery of the key proposed SuperPort assets such as the Runway extension, Post Panamax Facility, World Cargo Centre and Parkside development in St.Helens.
<b>New Global Markets</b>	Despite recent strong growth in the ports, airport and logistics industries, Liverpool City Region is not yet recognised by potential customers as a major hub in a global marketplace.
<b>Cost Efficiencies</b>	SuperPort's ability to compete on a global basis is undermined by better integrated operations across the world currently showing greater cost efficiencies from scale and technological innovation.
<b>Promotional Activity</b>	Currently strategy exists to promote SuperPort on a global basis.
<b>Benchmarking</b>	Liverpool SuperPort needs to be benchmarked against like operations across the world to ensure that targets set and a realistic competitive positioning is developed.

The ultimate aim of the Liverpool SuperPort concept is to position SuperPort as a viable alternative for North Atlantic trade to existing major ports such as Rotterdam, Felixstowe and Antwerp.

To do this above and beyond the infrastructure development will be a programme of positioning and marketing on a global basis.

#### 4.5 Why City Region cooperation is needed regarding SuperPort (Ask of Government)

The role of the public sector, including Government, is to ensure that the appropriate physical and policy environment is provided to encourage the planned developments to proceed.

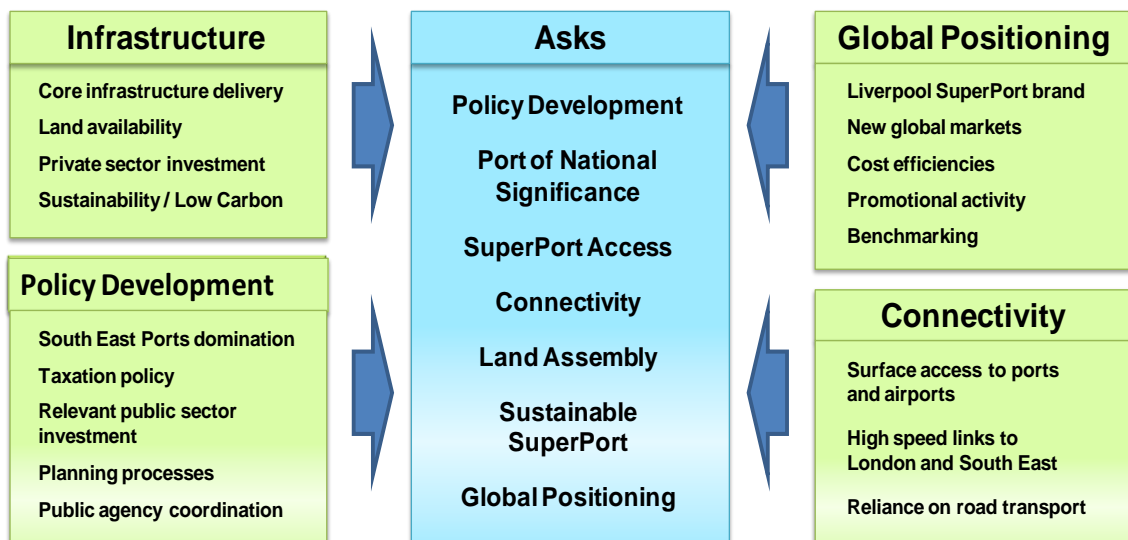
SuperPort impacts on all of the Liverpool City Region Local Authority areas. The Port of Liverpool and Liverpool John Lennon Airport sits along the Sefton, Wirral, Halton and Liverpool boundaries while there are development plans for assets in Halton (Weston Docks, Gateway), Wirral (Wirral Waters), St.Helens (Parkside) and Knowsley (Knowsley Industrial Park), to name just a selection.

Add to these the resulting logistics supply chains and end customers and the level of cooperation that will be needed across political boundaries to realise the immense SuperPort potential becomes evident. In particular, private sector developers will be looking to public sector partners to provide the policy framework that allows pipeline projects to proceed in optimum conditions, and across political boundaries, especially in these challenging economic times.

Liverpool City Region Partners will need to establish effective dialogue with Government departments predominantly the Departments for Communities & Local Government (DCLG), Business, Innovation and Skills (DBIS) and Transport (DfT) with the seven asks above forming the agenda, and ensure that subsequent policies support the development of Liverpool SuperPort. The following sections provide more detail on the content and nature of the conversations to be held.

##### **ASK 2: Establish effective dialogue mechanisms with Government to deliver Liverpool SuperPort**

Government and LCR will convene a time limited task-and-finish group to develop Liverpool SuperPort. This group will review the evidence base and prepare an Action Plan by the end of 2009. The Action Plan will be presented to Leaders and Ministers and will cover policy support, access and connectivity, land assembly, sustainability, marketing and global positioning. The transport elements of Superport will be developed and progressed within the context of Government's 'Delivering a Sustainable Transport System' planning process.



<b>Policy Development</b>	<p><b>Multiple Agency Coordination:-</b> Ensure that the multiplicity of agencies involved in delivery of SuperPort have incentive to work together effectively (in particular NWDA, HCA and Liverpool Vision) in coordinating land assembly through Compulsory Purchase Order (CPO) activity.</p> <p><b>Taxation regimes:-</b> Ensure that existing and future taxation changes being considered (e.g. Air Freight Taxation, Air Passenger Duty (APD) and Port Rate Revaluation) do not put the UK at a disadvantage in the development and penetration of key markets such as air passenger/freight.</p> <p><b>Accelerated Development Zones:-</b> Utilising the emerging findings from the proposed Accelerated Development Zone (ADZ) pilots, to work with Liverpool City Region to investigate the feasibility of establishing an ADZ to support the development and implementation of proposed SuperPort key infrastructure and activities.</p>
<b>Port of National Significance</b>	<p><b>Port of National Significance:-</b> Ensure equitable treatment for Liverpool ports in relation to southern-based ports, such as Felixstowe and Southampton, with Government investment and policy creation (matter for emerging National Policy Statement due in Summer).</p>
<b>SuperPort Access</b>	<p><b>Port Access (A5036):</b> - Work with Govt. to ensure a commitment to the Regional Funding Allocation / Regional Economic Strategy proposals to improve access to the port, especially capacity improvement on the A5036.</p> <p><b>National Port Access Route</b> - Support the newly designated national port access route by financially supporting the development and delivery of a study to consider strategic, all mode, access to the Port of Liverpool, as a crucial component in achieving improved gateway access to the internationally designated Port of Liverpool whilst minimising the environmental impact on the local community.</p> <p><b>Highway Utilisation</b> - Optimising the management of the strategic national and local highway network through a package of measures including, enhanced support from the Highways Agency Traffic Officers and integration of national and LCR highway network Variable Message Signing.</p>
<b>Connectivity</b>	<p><b>High Speed Connectivity</b> - Establish effective transport communications with London and the South East that meet the demands of LCR's growing business base, through land transport improvements and acceptable air links. As a priority pursue capacity improvements on the West Coast Main line and examine the case for a high speed rail line connecting Liverpool with the South East that would help to tackle the emerging freight capacity issues. Further, re-starting air links to London would result in passengers and freight customers having greater travel options when taking into account time sensitivity, purpose of travel, traffic issues and competitive air/rail market conditions.</p>
<b>Land Assembly</b>	<p><b>Post-Panamax Land Assembly:-</b> Ensure Government assistance and intervention in terms of land assembly strategy in consideration of the overriding public interest in developing the currently designated post-panamax facility port expansion.</p> <p><b>Future Growth and Development:-</b> Develop and coordinate effective land strategy for future development of ports, airport and logistics operations with public and private sector partners.</p>
<b>Sustainable Port</b>	<p><b>Low carbon transport demonstration city:-</b> Support the City Region as a low carbon transport city, as we develop modern and innovative approaches to the transport network, supporting the aims of DaSTS and the LCR low carbon economy. The detail for this proposal is within the Transport Platform.</p> <p><b>New Funding Opportunities:-</b> Explore and support the further development and enhancement of Smarter Choices and low carbon transport projects. The detail for this proposal is within the Transport Platform.</p> <p><b>Low Carbon Behaviour</b> - Work with the LCR Freight Partnership to promote further the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration. We will also look to how to incentivise behaviour change and carbon reduction in the freight sector. Options include seabound transportation and working with existing logistics operators close to ports. This is clearly linked to the Access to the Port study. The detail for this proposal is within the Transport Platform.</p> <p><b>Adaptation</b> – any developments with SuperPort or other key sub regional projects will make full use of the latest information on the impact of climate change and ensure projects are well adapted and resilient.</p>
<b>Global Positioning</b>	<p><b>Global positioning for SuperPort:-</b> Work with UKTI and Government to market Liverpool SuperPort to potential investors developing its reputations as a major hub in a global marketplace.</p>

## 5. LOW CARBON ECONOMY

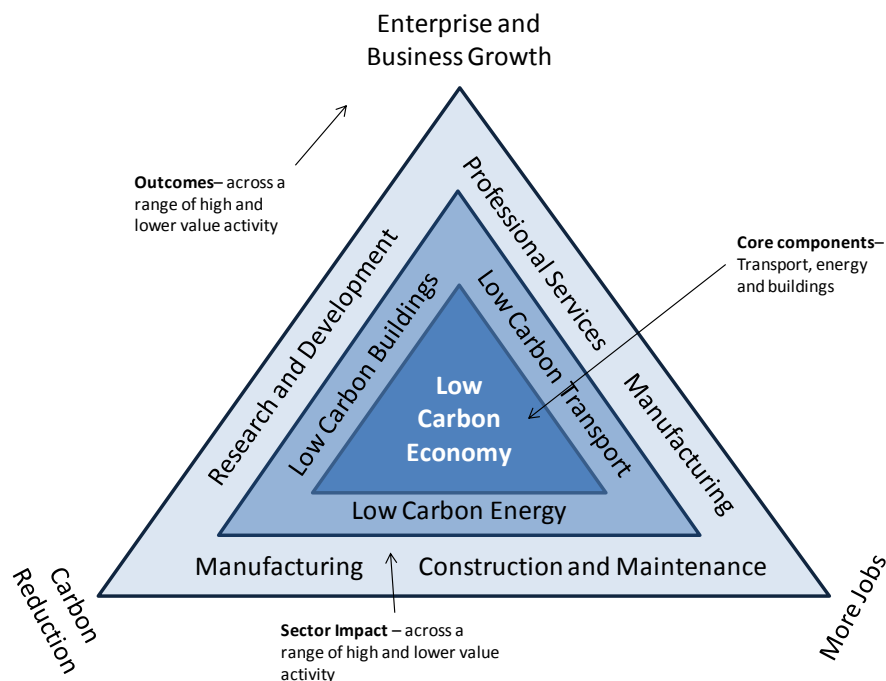
*“We will become energy self-sufficient and a net energy exporter by the year 2030, through a combination of greater energy efficiency and renewable supply.”*

*“We will become the biggest low carbon goods and services city-region economy in the UK.”*

### 5.1 What is a Low Carbon Economy?

There is international consensus on the need to significantly reduce carbon emissions in order to mitigate the extent of climate change caused by economic activity. The Kyoto protocol is to be updated in Copenhagen in December 2009.

The EU and UK governments have set legally binding targets to reduce emissions. The UK has gone further than any other developed nation by committing to reduce carbon emissions by 80% of 1990 levels by 2050. The UK government established the Department of Energy and Climate Change in October 2008 to deliver and co-ordinate its carbon reduction commitments. The North West has one of the UK's most developed and integrated climate change programmes led by the North West Climate Change Partnership. For this reason, NWDA is the lead Regional Development Agency for the new Department for Energy and Climate Change.



The three main sources of carbon in all developed economies are emissions from power production, transport and buildings.

International impetus and government targets provide the basis for significant economic opportunities to those who produce low carbon products and services. The demand for low carbon products and services is set to grow strongly across all market and geographic sectors. Consequently there will be significant growth opportunities across the UK within the low carbon



economy, with the global market for low carbon goods and services worth £3 trillion (2009), expected to grow to £4.3 trillion by 2015. UK taxation policies are being amended to favour low carbon products and services, and Government is due to invest some £10.4 billion over the next three years.

Global competitiveness is likely to demand a well-adapted location with the appropriate supply-chain and skills mix. The UK Stern review estimated the cost of adapting to climate change as 1% of total economic output.

There is extreme volatility in global energy supply systems - reflected in market rates for energy supply. Long term energy supply security and fuel poverty are emerging strategic issues down to a local level. Energy cost and supply will be a future driver of business competitiveness.

**There will be substantial business and employment growth opportunities for all locations across the UK, and the extent of success will depend on a) existing businesses facing up to the opportunities that present themselves, and b) the nature of the local policy response.** Our challenge, addressed through this MAA, is to work closely with businesses to ensure that opportunities are taken, and to ensure that a policy framework is in place to position the Liverpool City Region at the forefront of Low Carbon market development.

## 5.2 Why the Liverpool City Region

Overall the City Region is not a particularly high carbon producing area by UK standards, emission per capita are below the national average and its overall economic structure is a lot less vulnerable than areas more focused on heavy industry.

The City Region has considerable natural assets that can be utilised in support of energy generation. A strong start has already been made in this area. Wind turbine developments are already found along the Estuary and substantial offshore capacity has been installed off the Liverpool coastline. The potential to harness the power available from the tidal range of both the Mersey and the Dee is now well researched and plans to develop tidal energy schemes for the Mersey are the most advanced in the UK.

The City Region has developed a thriving environmental technologies sector employing over 9,000 people and generating wealth in excess of £1.1bn. This highlights the real and sustained investment already put in place to develop low carbon products and services. This foresight and entrepreneurship means that the LCR has a strong asset base to build on. The aim is to strengthen and exploit existing products and expertise and to ensure that established companies develop emerging opportunities and adapt quickly to climate change legislation and regulation.

The City Region has significant experience in creating innovative partnerships that harness skills, expertise and capital to deliver multi-layered solutions. This approach will be critical in delivering a low carbon economy as it cuts across a number of major themes that will require cross-sector working. Whole geographic areas will be affected by the move and the opportunities that will arise. The City Region's track record in areas such as comprehensive regeneration holds it in good stead.

It also directly relates to Liverpool City Region challenges of re-engineering the current industrial base – with the potential to drive growth in professional and financial services, as well as high skilled (and growing) manufacturing industries. It is also a driver of future employment increases – with employment across the range of skills industries. The future requires resilience and it must be understood that there will be a certain amount of climate change already happening: - need to develop adaptation to temperature rise, and resistance to flooding and more frequent and intense extreme weather events.

### 5.3 Liverpool City Region Potential

Low Carbon Components	Potential	Outcome
<b>Renewable Energy</b>	Self-sufficiency for the Sub Region from indigenous renewable energy assets	<ul style="list-style-type: none"> <li>Addressing issues of carbon reduction, energy security and fuel poverty.</li> <li>This level of renewable generation would also allow the City Region to become a net power exporter. Low carbon energy will be an increasingly valuable commodity and, consequently, out-of-region export will develop into a major revenue stream.</li> </ul>
	Development of the renewable energy manufacturing and service sectors – especially tidal systems	<ul style="list-style-type: none"> <li>Building on existing manufacturing strengths and offer transformational opportunities to existing companies. Technology options in this area are still being developed and there is an opportunity to harness the private sector know-how to the City Region's academic prowess in related areas to create a global centre of excellence in this emerging market.</li> </ul>
	The City Region has significant bio fuel capacity from both virgin crops and from waste arboreal matter.	<ul style="list-style-type: none"> <li>The development of a stable supply chain and the acceptance of burning wood material</li> <li>Transformation of a waste cost stream into a low carbon income stream.</li> <li>Virgin biomass production works well on remediated brownfield sites such as collieries and capped landfill, thus creating a public amenity during growth and employment in growth and harvesting.</li> </ul>
<b>Sustainable Transport</b>	The existing heavy-rail network and potential light-rail development can both be powered exclusively from electricity.	<ul style="list-style-type: none"> <li>By linking this electrical requirement to local renewable generation it would be possible for the City Region to have a zero-carbon public transport core network.</li> <li>A significant proportion of the rail network in the City Region is already electrified with relatively minor 'in-fill' schemes required to complete the network.</li> <li>Electrification enables more efficient rolling stock to be introduced that can use regenerative braking to put power back into the network.</li> </ul>
	The area's bus network will continue to be a core element of the system. The fleet could be moved towards hybrids and biofuels and eventually towards hydrogen.	<ul style="list-style-type: none"> <li>Zero-carbon public transport core network.</li> </ul>
	Delivery of Liverpool SuperPort	<ul style="list-style-type: none"> <li>Provides the most carbon-efficient means of moving international freight to end destinations in the north of the UK. In order to maximise the carbon benefits, freight landed in Liverpool must be able to move freely, preferably by rail or barge, to its end destination</li> </ul>
	The City Region fundamentally requires full connectivity to the emerging High Speed 2 rail link from London to the North	<ul style="list-style-type: none"> <li>The City Region requires excellent connectivity to the South East of England, across the North of England, with Scotland and Europe. Emissions-based taxation systems for transport are being introduced in EU member states. Air travel will fare badly in this regime with the potential impact on individual route viability and hence reduced regional connectivity. High speed rail would mitigate some of these effects and support the reduction of transport sector emissions</li> </ul>



<b>Sustainable Transport</b> (continued)	Low carbon transport city	<ul style="list-style-type: none"> <li>• We will be working with Government to support national and local economic competitiveness by continuing to build a modern and sustainable transport network that reduces transport's carbon dioxide emissions and tackles climate change through our low carbon transport city proposals detailed in the Transport MAA Platform</li> <li>• Enhanced role of smarter choices across a large metropolitan area.</li> <li>• New technologies, products and services that support the realisation of a low carbon transport network and services.</li> <li>• Examine how transports air quality and green house gas emissions can be better addressed and managed.</li> <li>• Examine how to incentivise behaviour change and carbon reduction in the freight sector.</li> </ul>
	Adaptation of the existing vehicle manufacture and vehicle fuels	<ul style="list-style-type: none"> <li>• Support to extensive supply chains and research and development facilities.</li> <li>• Industrial first-mover advantages</li> </ul>
<b>Low Carbon Buildings</b>	Reduced carbon output of both public and residential building stock within the City Region	<ul style="list-style-type: none"> <li>• This will have the dual advantage of reducing occupier's energy costs and carbon emissions whilst also providing enhanced demand for low carbon building products and services.</li> </ul>
	Increased take-up of emerging technologies	<ul style="list-style-type: none"> <li>• The City Region already has a strong and vibrant building products sector especially in areas such as glazing, insulation and building controls. Emerging technologies such as LED lighting and microgeneration are also well represented. The issue to be addressed is to maximise take-up of these technologies. Key to enabling this is to develop a strong professional services sector to inform, support and fund such low carbon technology applications.</li> </ul>
	Given the existing strength of the building sector in areas such as glazing, insulation and photo voltaics a strong case can be made to establish a Northern centre for the Building Research Establishment (BRE) within the City Region	<ul style="list-style-type: none"> <li>• This would act as a focal point for low carbon research and development and as a showcase for the technologies and practices</li> </ul>

## 5.4 Impacts and Outcomes

### 5.4.1 Jobs

There are over 9,000 people employed directly in the Environment Technology Sector (ETS) today in the City Region. The main sectors of employment are water treatment, recycling and building technologies which employ over 10,000. **The Liverpool City Region's Mini Stern Report to be published in June 2009 highlights that there could be a further 6,000 to 15,000 ETS jobs available to the City Region by 2015.**

The Department for Energy and Climate Change are forecasting an additional 130,000 jobs in the ETS. As an example, wind turbine development both onshore and especially offshore could create 60,000 jobs in manufacturing and installation and a further 13,000 in operation and maintenance support in the UK by 2020. A wide variety of skill-sets will be required in this sector from pure and applied research and development through to trades people. The sector will require a mix of new skills and the adaptation of existing skills.

There are an estimated 400 firms in the Environmental Technologies Sector in the Liverpool City Region. They employ an estimated 8,700 staff, accounting for c. 1.5% of total employment. The most significant opportunities are as follows:

- Waste Management and Recycling (currently 3,800 jobs in 210 firms) – typically the largest sub-sector in the EETS. There are some opportunities for diversification into Energy from Waste (EfW).
- Renewable Energy (currently 800 jobs in 41 firms) – significant potential opportunities in particular in servicing off-shore wind and any future tidal energy scheme.
- Energy Management (currently 800 jobs in 22 firms involved in activities such as combined heat and power installation, energy efficient lighting, insulation and energy controls) – sector is likely to benefit from increased demand for energy efficiency across a range of sectors.
- Microgeneration – there are six identified installers of microgeneration systems in the Liverpool City Region, two of whom also manufacture units. The Liverpool City Region is not particularly well-suited to mounted micro-wind generators or PV installations but there are likely to be significant future opportunities for installation of technologies such as solar thermal (for hot water heating) and ground source heat pumps. This sub-sector is likely to expand.

#### 5.4.2 Strengthening key sectors

Based on existing experience, a number of sectors would expect to see employment growth potential from a low carbon economy. These include:

- **Professional Services**

New and forthcoming legislation will require significant changes in building design and operation. There will be a consequential increase in the demand for architects and consultants and planners. The creation of new infrastructure and products and services will require specialist finance and legal skills. The City Region's professional services companies are adapting to take advantage of these requirements but at a lower level than Manchester.

- **Management and Administration**

Renewable energy production and low carbon products and services will generate management positions and require significant administration in areas such as billing, procurement and customer service.

- **Construction and Maintenance**

Construction jobs will be derived from building conversion and upgrading to meet new insulation and energy efficiency standards. In addition renewable energy systems both stand-alone and on-building will require installation. This equipment will need ongoing maintenance, upgrading and eventual disposal.

- **Manufacturing**

The City Region has an existing manufacturing base in products that reduce carbon emissions such as glazing, insulation and building control systems. These products are

being heavily promoted and mandated by Government. The wider manufacturing base in areas such as chemicals and automotive faces further adaptation as carbon emissions are increasingly taxed and costed more punitively. There will be significant opportunities for manufactures who adapt their products to address this trend.

- **Transport**

The sustainable transport sector offers potential in generating employment in the Liverpool City Region. In movement to a low carbon economy, the transport sector needs to make a significant contribution, and there is potential for employment growth in many of these areas such as TravelWise behaviour change, cycling enabling schemes, public transport operations.

- **Research and Development and Skills**

The scientific evidence base that supports climate change and underpins the requirements to move to a low carbon economy is still evolving. This in turn informs the products and services that are required to transform and adapt to Government targets. Both of these areas provide significant opportunities for both pure and applied research across the City Region's HEI sector. In addition the evolving products and services will generate the requirement for new or updated skill sets that will provide the FEI sector with opportunities. The city's universities already have considerable capacity in certain key areas such as marine modelling and management, advanced engineering and construction and civic design. Key research outputs in these areas are already being converted into commercial applications, such as the input into the Mersey Tidal project by the Proudman Oceanographic Laboratory.

#### 5.4.3 Enterprise and Innovation

It is vital that a link is formed between improvements to carbon emissions and local economic stimulation. Without this link, the City Region could become a net importer of low carbon products and services and create new markets for companies in other regions.

The low carbon agenda is still evolving, albeit rapidly. The science that underlines the requirement for urgent, transformational actions is still developing. The responses to the political and increasingly economic imperative for rapid change are still in their infancy. This state should be viewed as a positive opportunity to reposition the City Region in the vanguard of this movement. There is considerable first-mover benefit available to regions that understand the opportunities and create strategies to exploit them.

Just as the adoption of low carbon principles is still evolving, so is the commercial and industrial response. One consequence is that many companies exploiting this potential are recent start-up SME's. These organisations need to be nurtured and protected during their infancy, especially in today's prevailing business climate. One practical measure is to encourage and develop local supply chains. This helps to create a potential market. An expanding local market for low carbon products and services would give financial institutions more confidence to invest and nurture these new enterprises.

Training and skills in low carbon techniques need to be developed and implemented quickly and promoted as long-term, aspirational benefits. Many low carbon products and services are evolutions of existing ones. This allows existing companies and individuals to build on their strengths and knowledge in their low carbon adaptation thus widening opportunities whilst accelerating inclusion.

The move to a low carbon economy is a global phenomenon and as such presents global opportunities to export products, services, concepts and ideas. It is vital that marketing and communications expertise is used to raise the profile of Liverpool City Region companies to generate overseas recognition and sales.

#### 5.4.4 Carbon

The Liverpool City Region already has relatively low carbon emissions when compared to other neighbouring sub regions. From an environmental perspective this is positive. However, one of the primary reasons for this position is directly linked to economic activity levels. There has been a direct correlation between economic activity and carbon emissions. As companies expand they consume more energy, conduct more business travel and pull in employees from a wider catchment area. Greater economic stimulus also results in higher levels of affluence which in turn feed through to larger houses, greater car ownership and usage and the propensity to commute further for jobs, schools and leisure.

The carbon footprint of the Liverpool City Region, measured on an end-user basis, is 11,100kt in 2006, equivalent to 7.6 tonnes per resident head. Almost half of this is through commercial and industrial emissions, one third domestic use and a fifth transport use. Carbon emissions per head are somewhat lower than the regional (6% lower) and national average (9%). There is very little difference in domestic emissions across comparative areas. Transport emissions are comparable to other cities. That the City Region has 7% fewer residents in employment than average seems to be the most significant factor in explaining lower commercial and industrial emissions.

The City Region needs to develop a model that de-couples economic growth from carbon emissions. By learning from and not repeating mistakes made in other regions this model is technically possible. It is far easier to prevent new emissions than to remove existing ones, thus giving our region a significant advantage.

### 5.5 Strategy for Delivery

A Strategy for developing Liverpool City Region's Low Carbon Economy is currently under development. The following aspects will form part of the strategy.

#### 5.5.1 Low Carbon Energy

The coastal position of much of the Liverpool City Region offers significant opportunities for renewable energy generation. The principle opportunities surrounding coastal energy supply come from the following options:

- **Tidal Energy**

The Mersey Estuary is one of the largest tidal ranges in the UK and is considered one of the best locations for tidal energy. Increased demand for renewable energy (driven in large part by the Renewable Obligation) and improved marine energy technology has led to increased commercial interest. A pre-feasibility study was undertaken in 2007 led by Peel Energy which determined several options could be commercially feasible. The next stage is to refine options for planning submissions and implementation by 2020. This would create significant construction jobs and potentially supply chain jobs.

- **On-Shore Wind**

The coastal parts of the City Region have good quality wind. However there are only two grid-connected on-shore wind farms – Royal Seaforth Dock and Port of Liverpool – and the City Region only accounts for 2% of the on-shore wind capacity of the North West. There is clearly an opportunity to promote additional wind schemes, in particular on industrial and derelict land for example, which would have little adverse visual impact. However on-shore wind installations do not necessarily produce significant local jobs.

- **Off-Shore Wind**

Liverpool is the nearest major port to off-shore wind farms in the Liverpool City Region (e.g. Burbo Bank, which accounts for 25% of the North West's off-shore capacity) but also to major current and planned installations in North Wales (e.g. Gwyny Mor, Anglesey). There are opportunities for supply chain and maintenance companies.

In addition to coastal energy assets, there are opportunities for energy generation from the following sources:

- **Energy from Waste (EfW)**

A major new facility (150kW or equivalent to the electricity supply for c. 200,000 homes ) is to be built at Ineos Chlor site in Runcorn which will burn Solid Recovered Fuel (SRF) from residual municipal waste from across the North West to produce both energy and steam which will be used by the plant. Peel Energy is also promoting a significant Energy from Waste plant at Ellesmere Port. Such developments offer a means by which major emitters, such as Ineos Chlor, can reduce their carbon footprint and improve robustness to increased costs of carbon. These are major developments in the Liverpool City Region in a rapidly developing area; expertise developed locally could potentially be exported to other parts of the UK or abroad.

- **Biomass**

There are significant sources of biomass in the Liverpool City Region, both from the Mersey Forest and from waste wood which is unsuitable for recycling. Also the position of Liverpool as a west-facing port means there is an opportunity to import biomass. There are significant opportunities for biomass installations at large process industry sites and public sector buildings. This potentially offers modest job creation for the Liverpool City Region.

This mix of renewable energy technologies with development potential should enable the promotion of the City Region as a centre for renewable energy development based around existing and planned installations. To deliver this vision it is important that the City Region's infrastructure is moulded to support renewable development. Specific issues to be addressed include: Utility network improvements to facilitate renewable feeds into the Grid, identify and secure an appropriate land and seabed bank, refine local planning conditions to favour renewable development, develop appropriate skills provision in relevant sectors and to develop local financing capacity and capability for low carbon business support.

The range of renewables available to the City Region means that each local authority area has particular strengths; Coastal energy obviously centres on Liverpool, Sefton and Wirral, whilst biomass and waste to energy capacity potential is spread across the City Region. This geographic clustering relates to specific generating site location. The manufacturing, construction and maintenance of supply chains to support the generating sites are spread across the City Region, resulting in a spread of potential job opportunities and economic growth.

### 5.5.2 Low Carbon Transport

A fully integrated, sustainable, and safe transport network, which supports economic and social regeneration, ensures good access for all, and which is operated and maintained to the highest standards to protect the environment and ensure good quality of life for all is a fundamental requirement of a low carbon economy.

The ability for people and goods to move sustainably throughout and to and from the City Region reduces emissions and delivers one of the principle means of decoupling carbon emissions from increased economic prosperity. If it is accepted that for the foreseeable future there will be a mix of public transport and private cars then the City Region has to develop strategies to ensure that both are used sustainably and have the lowest emissions from their operation. Infrastructure provision and the vehicles that use it will have to be decarbonised. This process will create opportunities to develop new low carbon transport products and services.

A key proposal in the Transport MAA platform is the progression of low carbon transport city that will contribute to reducing emissions and addressing climate change. DfT, Defra and its agencies agree to work with the LCR Transport Partnership to examine and develop the options that will deliver the 'Delivering A Sustainable Transport System' challenges of supporting economic growth and tackling climate change. Please refer to the transport platform for detailed information on the Asks of Government and the business case for the proposal.

The largest reductions in carbon emissions from transport would be achieved by changing the energy source of the vehicles, reducing the need to travel and supporting sustainable transport choices. In rail operations the most effective means of delivering reduced emissions would be through electric trains powered by electricity generated from renewable sources. For the bus fleet power would come from either biofuels or battery powered vehicles. A similar principle applies to private cars. In the medium to longer term hydrogen fuel cell technology may become dominant. Travelwise and the active promotion of smarter choices are an essential and critical element of our plans. We will be delivering a co-ordinated and comprehensive informed choices communications programme for our transport strategy and programme that will support the Low Carbon Transport and Economy priorities. We are delivering a greatly enhanced programme to ensure good value from both existing and new resources.

The City Region has an extensive heavy rail commuter network. The Merseyrail Electrics network is electrified at 750 DC. The southern route of the City Line is electrified at 25Kv AC. The eastern routes towards Manchester and Wigan are not electrified. There is a strong case for infill electrification on low carbon grounds if the electrification process is linked to the development of locally sourced low carbon electricity to power the network. Electric trains are more fuel efficient, have greater acceleration and can put power back into the network through regenerative braking. Moving to an all electric network would also allow a larger standard train fleet as both the electric and diesel fleet are scheduled for replacement before 2020.

Power demands for an electrified railway are relatively constant and would provide a useful outlet for locally produced renewable power. The provision of a stable baseload local market would improve the attractiveness of the City Region to renewable energy investors.

The ability to effectively convert the local heavy rail network into a low carbon, attractive public transport offer would significantly improve the chances of delivering increased economic activity without the corresponding increases in carbon witnessed in other City Regions.

The City Region already has a substantial advanced manufacturing base that supports mass car production in Halewood and Ellesmere Port. The expertise carried within the supply chains and the educational and training infrastructure to support car production should be encouraged to adapt to deliver lower emission vehicles. Lower emission vehicles will come from changes to powertrains and adoption of lightweight materials. The City Region must ensure that these transformational measures are embraced as they will ensure stability within the existing manufacturing base and deliver transferable technologies and skills with a global reach.

It is an imperative that the City Region be fully connected to the emerging High Speed 2 project that will see a dedicated high speed railway line heading north from London and the Channel Tunnel. A high speed railway link will cut journey times and offer a viable lower carbon alternative to flights from markets such as the South East and North West Europe. It will also free up capacity on the existing lines. This capacity is vital if freight is to be transferred to rail and commuter services improved, both reducing emissions. It is a critical factor in allowing the SuperPort concept to achieve its full potential.

The LCR is very keen to be a key partner in the development of proposals for a High Speed Rail network in the UK. It is vital the City Region is a part of the opportunities that can be realised through the development of High Speed Rail, and we wish to contribute to any proposals and be an active stakeholder in the realisation of High Speed 2.

### 5.5.3 Low Carbon Buildings

Construction and the manufacturing of building products are significant employment centres for the City Region. Building standards are already tightening (Part L) and voluntary sustainability standards such as the Building Research Establishment Environment Accreditation Methodology (BREEAM) are being widely adopted. In addition, the energy performance of buildings, both public and residential is now officially assessed and audited. These measures aimed at reducing emissions from buildings should provide significant opportunities for the City Region. It has companies that are in the vanguard of producing low carbon building materials such as insulation and glazing and has growing capabilities in emerging LED lighting and micro CHP technology. In order to support and stimulate demand for low carbon building products and services a number of initiatives should be supported.

Investment in energy efficiency measures for social rented housing and the private sector. A short term co-ordinated programme of retro fitting energy efficiency improvements would provide employment and skills, improve household net incomes and contribute to carbon reduction.

Local authorities could support raised energy efficiency standards in buildings before they become compulsory. The public sector has the ability to pump prime low carbon markets through its procurement and planning policies. This is critical at the present time as private sector development has stalled. Concepts such as district heating schemes linked to combined heat and power plants can be developed in the City Region as many districts see their schools, housing stock and public buildings comprehensively rebuilt and reorientated. Opportunities to develop integrated low carbon systems for districts are generational and consequently must be taken now if emissions reduction targets out to 2050 and beyond are to be realized.

The introduction of local approved low carbon professional and contractor standards and only award contracts to such approved contractors would give a powerful message to the market and reinforce the confidence of local companies that there is a worthwhile market if they transform their products and services to a low carbon offering.

Fundamental to delivering low carbon buildings is the requirement to develop innovative and sustainable funding methods. It has to be accepted that most low carbon technology and services carries a price premium over a traditional alternative. This is principally due to development costs still being paid off and lower economies of scale until full market acceptance has been reached. The cost and availability of low energy lightbulbs is a case in point. The development of a lease-finance system for environmental technologies would enable take-up rates to be accelerated and SME companies to reach maturity. This provision could be linked to the development of a Liverpool City Region low carbon finance company.

### 5.5.4 Adaptation

We understand that a certain amount of climate change is inevitable and that this will have an impact on our economy, for example through increased flooding and other severe weather events that will need to be addressed. Our response to adaptation is being addressed principally through work undertaken by local authorities in taking forward actions to deliver against National Indicators, in particular NI 188. The private sector is also addressing this in relation to individual schemes. This is all being co-ordinated and referenced against work undertaken by the Environment Agency. All major projects will have full Environmental Impact Assessments carried out using the latest standards and have the latest data built into them.

## 5.6 National Government support

### 5.6.1 Long-term relationship with Government

It is too early to specify the exact nature of Government support needed to support the Low Carbon Economy in the Liverpool City Region. We are in the process of developing a detailed



strategy for delivery, and developing an early stage delivery plan with NWDA. To this end we have:-

- Commissioned a detailed mini-stern report for the Liverpool City Region. This will explore the costs and impacts of climate change and the move to a Low Carbon economy. This will report in June 2009.
- This will be accompanied by a detailed prospectus that outlines the opportunities that face the Liverpool City Region. These are in place to be delivered by summer 2009.
- A detailed package of interventions has been developed using European Regional Development Funding to promote early intervention in this programme.

### **ASK 3: Developing a Low Carbon Economy**

LCR together with Government and its agencies will jointly review the emerging Low Carbon evidence base. Subsequently, by March 2010 we will develop and agree a strategy and initial action plan to implement a low carbon economy in the City-Region which secures significant job creation and environmental benefits.

#### **5.6.2 Accelerated Investments**

In the present economic climate we believe that there is an opportunity to accelerate investments by Central Government in key Liverpool City Region projects. This would provide an acceleration of the move to a Low Carbon Economy, and meet Governments commitment to climate change adaption and mitigation. They also have the potential to pump prime wider developments and leverage additional private sector support. They are also based on existing concepts and as such can have their development and implementation accelerated if required. We would like Government to consider the following proposals:

- Recognise the potential for 'power from the Mersey' in forthcoming energy policies. The Mersey Tidal Energy project to be given comparative status within Government and priority access to energy innovation funding schemes comparable to the Severn Tidal project. Central to the development would be a Tidal Energy Centre to act as an R&D facility to support the development of the skills and products required to service tidal energy production.
- To develop a northern centre for BRE within the City Region to complement the existing BRE involvement with the Centre for Construction Innovation at Salford University. The centre would focus on glass-related products, photo-voltaics and micro CHP.
- To use the City Region as a trial site for next-generation electrical distribution networks such as the Smart Grid concept. The network would be developed to be fully accessible for renewable and distributed energy and offer DC-grid capability.

We are developing a detailed evidence base for the implementation of each scheme. We would like to present these findings with Government in the period between July and December 2009 and to explore measures to bring forward the implementation of these schemes.

### **ASK 4: Potential major projects**

Government and LCR will explore by March 2010 the viability of a Mersey Tidal Energy project, a Northern BRE centre and a LCR trial site for next-generation distribution networks [such as the Smart Grid concept].

In addition, there are other projects that we would wish to continue to pursue over the medium and longer term. These provide Government with an opportunity to trial and pilot intended schemes. The areas of engagement centre around improving the regulatory framework in areas such as energy network provision, low carbon transport and building energy performance. Other areas to be covered include procurement rules and tax policy towards low carbon products and services. Whilst a number of these topics have regional or national implications and benefits the City Region would be a useful, self contained test-bed to trial options.



## 6. LIVERPOOL CITY REGION KNOWLEDGE ECONOMY

*“The vision is for an international City Region of knowledge and science renowned for its creativity and innovation.”*

### 6.1 Introduction and Context

Developing the knowledge economy is critical to Liverpool City Region's (LCR's) economic future and is fully aligned with the Government's aims for the UK as the world leader for innovation, where high level skills and creativity drive the technologies, products and services needed to meet increasing future demands.

The Liverpool City Region has the assets, capacity and opportunities to build greater critical mass in its science, technology and knowledge-based economic functions, with more leading-edge R&D excellence, more innovative businesses and a larger talent pool supporting more highly skilled jobs. This will enable the City Region to compete more effectively for investment, ideas and trade in an increasingly competitive global environment.

International benchmarking<sup>9</sup> has identified that LCR has a smaller level of knowledge-based economic functions than comparator–competitor urban economies in developed countries. LCR economic intelligence<sup>10</sup> reinforces the need to balance the relatively low value but large scale job growth of the last decade with a shift towards more jobs and businesses in higher-value, knowledge-based sectors and clusters.

As the global and national economies become more knowledge intensive, we must enable all of our communities to benefit from and contribute to a larger knowledge economy through more effective engagement, particularly for school students and young people, in learning, creativity and employment opportunities in these fields.

Realising the full potential of the City Region's knowledge strengths and assets would result in a significant contribution to the UK's international competitiveness. Our analysis identifies the very strong match between the capability of the City Region and the opportunities and challenges identified in Government's emerging industrial policy<sup>11</sup>. It would also provide a catalyst for the City Region to accelerate the shift in its industrial structure and productivity to more high-value knowledge-based functions – a key element of the sustainable prosperity which is at the heart of the vision for the future.

The Knowledge Economy component of this MAA comprises:

- Proposals to develop a 'Knowledge Economy Plan' (KEP), setting out the vision, opportunities and actions to develop a competitive, high value knowledge economy through public and private sector collaboration; and
- A number of 'Asks' of Government, in the form of enablers, removal of barriers and improvement of strategic alignment and co-ordination to support the development and delivery of the plan to grow a dynamic knowledge economy. Our collaborative planning is at a relatively early stage and, therefore, both the proposals and the 'asks' are necessarily of a preliminary nature, to be developed in full during 2009.

<sup>9</sup> (BAK Basel 2008 for Liverpool Vision)

<sup>10</sup> (Merseyside Economic Review 2007, 2008, TMP; LCR Economic Forecasts 2005 & 2007 - Cambridge Econometrics with SQW for TMP)

<sup>11</sup> DBIS: New Industry, New Jobs. April 2009.

## 6.2 Knowledge Economy Potential of the Liverpool City Region

### 6.2.1 Knowledge Assets

The LCR has a substantial portfolio of assets, which includes three universities, the Daresbury Science and Innovation Campus; several centres of excellence – many of which are of international importance – and a significant health research and teaching sector including related manufacturing.

Liverpool's three universities currently attract 53,000 students; across the wider City Region, 30,000 students study at the universities of Chester and Edge Hill (West Lancashire). This provides an important economic and knowledge-based driver for the City Region with an important pool of research and innovation capacities and higher level skills.

In the last decade, the City Region's knowledge assets have grown considerably through both public and private sector investment. This includes the development of quality premises and surrounding public realm as well as key centres of excellence.

The Liverpool Knowledge Quarter contains an exceptional concentration of expertise, knowledge and wealth-creating potential, currently supporting 14,000 jobs and generating £1bn to the City Region economy and £1.6bn to the economy of the North West. The Quarter covers the eastern edge-of-City Centre area where the campuses of the University of Liverpool (UoL) and Liverpool John Moores University (LJMU), the Liverpool School of Tropical Medicine, Liverpool Science Park and the Royal Liverpool University Hospital complex are located.

In particular, in Liverpool, both in the Knowledge Quarter and the International Gateway business area, there is a developing international and national hub of life sciences activity through the juxtaposition and interactions of:-

- (a) Knowledge assets in the University of Liverpool and Liverpool John Moores University, Liverpool School of Tropical Medicine and Royal Liverpool University Hospital Trust
- (b) the Bio Medical Research Centre, a £20 million national research centre and one of 12 developed as part of Government's health research strategy.
- (c) other Research Centres including the National Centre for Zoonosis Research and the Centre for Sports Science
- (d) the proposed Vaccine Development Centre
- (e) the MerseyBio Incubator
- (f) the National Bio-Manufacturing Centre and
- (g) a concentration of pharmaceutical companies.

Liverpool Universities also have major strengths in advanced science, technology and engineering including accelerator science, telecommunications and material science, a range of environmental sciences specialisms and management and business. There is a combined research portfolio of some £300m in value and, together, they have the largest portfolio of Knowledge Transfer Partnership projects in the North West Region.

In Halton, the Daresbury Science and Innovation Campus is a national scientific research asset that includes the Science and Technology Facilities Council's (STFC) Daresbury Laboratory; the Cockcroft Institute of Accelerator Science and Technology; and the Daresbury Innovation Centre. The Innovation Centre provides business and innovation support to 75 high growth technology companies. The campus is supported by Government alongside STFC, NWDA, Halton Borough Council and the universities of Liverpool, Manchester and Lancaster.

Daresbury campus provides world class research facilities in accelerator science, instrumentation and supercomputing. Since 2005, the Cockcroft Institute has been successful in raising over £30m of R&D funding. Government has identified Daresbury as one of the leading scientific research facilities in the UK with support for a £65m computer sciences centre and detector systems research facility.

LCR also has R&D strengths in key sectors e.g. Unilever and Novartis vaccines development. The Unilever Research facility at Port Sunlight is one of 6 strategic R&D centres globally within the Unilever group, and is one of only two in the UK. The R&D facility employs 700 scientists. It is the largest research facility for Home & Personal Care within the group and is a centre of excellence for consumer goods research.

### 6.2.2 Strengths and ambition

These strengths and assets provide the foundations for a larger, more competitive and leading-edge knowledge economy, making an even greater contribution than now to meeting important and changing needs both here and abroad – in medicine and health care; in the care and wellbeing of ageing populations; in the increasing demand for learning generated by a growing young population, particularly in China and India; in the demand for quality products through advanced manufacturing and in the ever-expanding markets for digital entertainment and communications.

The LCR has the ambition and potential to capitalise on these assets and opportunities and, in doing so, to generate high added-value growth for the City Region, the North West of England and to the national economy.

## 6.3 Developing a collaborative approach – Knowledge Economy Plan

This ambition is shared by City Region partners who have established a Knowledge Economy Group (KEG) comprising University of Liverpool and Liverpool John Moores University, The Mersey Partnership, Liverpool Vision, Northwest Development Agency, NW Science Council and the private sector.

KEG's remit is to take a strategic overview of knowledge economy policy, strategy and activities and to advise delivery bodies as required. The promotion and strategic coordination of this work will be delivered through a Knowledge Economy Plan, to make Liverpool an internationally significant City Region of knowledge and science.

This will evidence research around existing strengths for a finer-grain of understanding of the collective capacities of the key partners and of how these might be better utilised. Partners will explore the potentially substantial synergies which could be generated through more effective linkages and integration of both existing activities and of the major plans currently under development – particularly those in the bio-medicine. The asset platform will also help to inform the identification of further opportunities to be developed, particularly those where university and private sector R&D can add further strength to key industrial sectors in the city and to meeting newly identified urgent needs, such as those for new materials or environmental technologies.

The nature of the task means that the development of the Knowledge Economy Plan will be incremental, assembled by partners over a period of time, with a first phase in 2009. The proposals set out below are, therefore, a starting position, indicating the scope and direction of travel.

**Six key themes** form the emerging strategic framework, as follows:

#### 6.3.1 Leadership, partnership and collaboration

##### (a) **The Knowledge Economy Group and the development of the Knowledge Economy Plan**

KEG is established as a strategic partnership between the universities, the business community and the public sector.

KEG has embarked on the development of the LCR Knowledge Economy Plan in 2009 which will identify how we can better support the key national and regional strategic directions of travel (particularly those set out in Government's 'New Industry, New Jobs' White Paper as well as the national science and innovation framework) and will also inform the development of the North West 'single' Regional Strategy 2010. Partners have not yet determined the final scope of the plan but many of the components identified to date are set out below.

One of the enabling processes will be to add to the body of research and evidence which partners have undertaken to date through a rigorous assessment of assets, strengths and opportunities.

We will want to discuss with Government, through NWDA, the capacity and resource needs of the audit and development of the KEP.

The outcome will be a comprehensive evidence base and strategic plan to inform national, regional and city regional planning for the knowledge economy.

##### (b) **Partnership with Government**

The scale and nature of the LCR knowledge economy potential is of national significance and the realisation of that potential needs a new, stronger working relationship with Government. KEG, through the KEP, will build a consensus around a shared vision in the City Region and will be the vehicle for stronger integration and co-ordination of the key components.

One of the constraints is that, to achieve this ambition, we will need strong support, alignment and co-ordination, particularly at national level.

The ask of Government is, therefore, for Department for Business, Innovation and Skills (DBIS) and DoH engagement as partners on KEG, in the development and delivery of the Knowledge Economy Plan and in supporting close alignment with emerging national science and industrial policy and their respective programmes and investment streams.

This working partnership will, amongst other things, identify specific detailed barriers and constraints – local, regional or national – to achieving the vision of Liverpool as a nationally important knowledge city region.

We will also want to explore with Government how Liverpool could become an exemplar City Region in taking forward those aspects of the Industry White Paper where we have specific strengths and capabilities.

The outcomes of this proposed collaborative relationship will be a more effective utilisation of assets and strengths and greater synergies between investment streams and activities across the key areas of physical development, research, knowledge transfer, cluster and sector development, spin-outs and new enterprise, the commercialisation of innovation and inward investment.

### 6.3.2 Creating a quality physical environment for knowledge, science and innovation

#### (a) The Knowledge Crescent

Liverpool's Knowledge Quarter contains a significant concentration of some of the City Region's most important university assets. A public realm programme complements the development by the universities of important new knowledge centres. The Quarter will see further transformation through the £400m relocation and rebuilding of the existing University Teaching Hospital. It is also connected to the city's Knowledge Corridor which includes Liverpool Innovation Park, and to the Ropewalks / Baltic Creative Industries Quarter.

Together, these locations comprise a 'crescent' of two Strategic Regional Sites with a mass of existing knowledge activities and the capacity to create a top quality environment for the clustering of further centres of excellence and knowledge based businesses – connected to Liverpool City Centre and its rich cultural offer. The Knowledge Quarter is already an outstanding place of learning, research and culture; the 'crescent' as a whole has the potential to become an even more important quality location for knowledge and innovation and to make a massive contribution to national and regional economic growth and competitiveness.

We will develop a strategic investment framework for the Knowledge Crescent to provide the basis for physical master-planning and for public and private sector investment and development decisions for the next decade. This will be integrated with joint action by partners to build an internationally significant life sciences cluster, described in more detail in section 6.4.4 below.

One of the constraints to realising the potential of the Knowledge Quarter is the availability of immediate to medium term public funding to lever in private investment and the constrained nature of private funding flows. Recognising the challenges involved in this very different development and investment context, the strategic planning framework will seek to identify how financial instruments such as JESSICA, Asset Based Vehicles and Accelerated Development Zones might be used within a new type of funding strategy for the Knowledge Crescent including how partners' assets might be used within the investment plan.

The ask of Government and NWDA is, therefore, to look positively at the use of such financial instruments as part of the Knowledge Crescent funding strategy and, in particular, to incentivise and enable partners to maximise the leverage of their publicly owned assets in the area.

The outcomes will be a world leading knowledge quarter and the physical transformation of an important part of Liverpool's inner core. The Knowledge Crescent will also enhance adjacent neighbourhoods and consolidate public investment in housing renewal and new schools. This blending of knowledge-based activities and revived residential areas within the same environment will help to establish learning and knowledge as everyday features of life in the city, strengthening access for residents to learning and employment.

#### (b) Infrastructure and appropriate knowledge sector workspace

We have already identified that there may be a need for more space for the life sciences sector and that there is insufficient flexible and grow-on workspace for new innovative businesses. We will undertake a comprehensive review of the property offer in the City Region and plan to create an appropriate, modern ladder of provision, with a particular focus on the needs of the key knowledge sectors.

We will work with Business Link and Sector Networks to ensure that flexible, grow-on workspace is adequately served by appropriate business support services.

We will link this with a review of digital communication infrastructure with a view to ensuring that the City Region's knowledge institutions and its businesses have 'state of the art' digital connectivity in the City Region.

One of the constraints is that today's 24:7 global knowledge and R&D environment requires fast and effective digital communications. Equally, speed of transaction is increasingly one of the most important forms of competitive advantage, particularly for businesses involved in the exchange of, or trade in, information, services and digital entertainment.

For these reasons, the ask of Government, along with NWDA, is to work with LCR on the upgrading of digital networks to make the City Region a national exemplar of the roll-out of 'state of the art' connectivity infrastructure.

The outcome will be a digital connectivity infrastructure which is capable of supporting the City Region's knowledge functions to operate effectively and competitively across the world.

### **6.3.3 Global positioning – marketing the knowledge economy internationally and nationally**

The exceptional success of Liverpool's Capital of Culture year in 2008 has repositioned the City Region in the international arena. Post-Capital of Culture the Liverpool brand has been refreshed and launched with a stronger emphasis on knowledge assets alongside traditional identifiers of culture, the port and sport.

#### **(a) Marketing the Liverpool City Region knowledge and science offer**

Through KEG, LCR partners will now collaborate on promoting and marketing the knowledge economy offer to international and national partners and markets.

#### **(b) Showcasing the Liverpool City Region's knowledge offer at Shanghai Expo 2010**

The Expo provides an unprecedented opportunity to promote the City Region's knowledge and science base to an anticipated audience of some 70 million visitors in one of the world's biggest and fastest-growing economies.

Liverpool will be the only British city with a pavilion and presence in Shanghai in 2010. One of the months within the six-month themed programme will be dedicated to showcasing Liverpool and the North West's leading-edge knowledge and science assets and opportunities. This will further strengthen Liverpool University and Liverpool John Moores University's existing strong connections and presence in China.

One of the enablers to generate even greater outcomes for the UK, North West and LCR is effective targeted introductions and publicity.

The ask of Government is for UKTI to work with the Liverpool Shanghai Partnership on a vigorous marketing campaign both to promote the Liverpool City Region and the North West of England within the UK Pavilion at the Expo and to maximise wider publicity around Liverpool's presence and offer.

The outcome will be increased and strengthened showcasing of some important knowledge assets and opportunities to potential markets in China (and other international visitors to the Expo).

#### **(c) Inward investment**

LCR's knowledge economy will grow through a combination of new business formation, growth of indigenous businesses and inward investment. TMP, with LCR partners, has strengthened its capacity and renewed its inward investment campaign. Through KEG, and working through NWDA and TMP, the inward investment strategy will develop a stronger focus on the City Region's research strengths and knowledge networks with closer links with the universities' international alumni ambassadors and networks.

### 6.3.4 Building a greater critical mass of assets and strengths

Alongside the investment in expanding our physical knowledge assets we must also grow a larger pool of appropriately skilled people.

The area of skills is one where the MAA Economy Platform links directly with the Employment and Skills Platform – a relationship which will see close collaboration between KEG and the Employment and Skills Board when this is established. Our initial priorities have been identified as follows:-

#### (a) Work Force Development and Higher Level Skills

NVQ level 4 skills in LCR are below the national average. Alongside non HEI programmes, this will be addressed, in part, through the continuing supply of graduates into the labour market coupled with greater graduate retention (with graduates living and working in LCR or living in LCR and working in the NW region). Skills levels will also increased through more active workforce development. In particular, the universities will extend their range of Continuing Professional Development, executive education and managerial courses to supplement ongoing adult education programmes that are often a good way for adults to return to learning. E-learning is already established through the universities and will be promoted further.

##### *Outcomes*

- Greater number of employers engaged in workforce development programmes.
- Greater number of employees engaged in workforce development programmes.
- Increase in NVQ Level 4 skills in the LCR.

#### (b) Increasing the supply of graduates into the labour market

The three universities in the LCR, UoL, LJMU and Hope supply c.15,000 graduates and postgraduates per annum into the labour market with a significant proportion in the STEM (Science, Technology, Engineering and Mathematics) subjects. The three universities are also ensuring that their graduates are competitive in the market place by also having the transferrable skills required by employers, work and volunteering experience and exposure to international issues and networks.

##### *Outcomes*

- Continuing flow of highly-skilled (mainly young) people into the labour market.

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## Case Study: LJMU students have the WoW® Factor

**“LJMU’s World of Work is just what a modern university ought to be doing.”**

*Richard Lambert, Director General, CBI and LJMU Employer Advisory Board Member.*

Building upon its impressive record of working with industry, LJMU carried out extensive research and consultation to identify exactly what is required from a university and its graduates in the 21st century. This radical approach means that the whole of the university’s undergraduate degree portfolio now has explicit work related learning and the development of eight Graduate Skills embedded within all programmes. Uniquely, students are also encouraged to recognise and develop a set of higher level ‘World of Work’ or WoW® Skills that give them the edge in the increasingly demanding graduate market.

The focus for WoW development is to enable individual students to identify, develop and seek verification for these skills, the cachet for students and for employers is that it is employers themselves who are judging whether they have been achieved.

This distinctive new approach to Higher Education is recognised as being a fundamental change for a university and has gained the support and backing of many senior industrialists.

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(c) **Graduate retention**

On average, 70% per annum of the UoL's graduates/postgraduates and 76% of LJMU's graduates/postgraduates enter employment on gaining their degrees, with around 20% going on to further study. Of those employed, around 32 % of UoL graduates and 46% of LJMU graduates are retained within the City Region. Through more focused employer engagement, as outlined above, more graduates are likely to find jobs in LCR.

*Outcome*

- *Graduate retention around 50% in the LCR within the next 5 years.*

(d) **Graduate Internships**

The development of graduate internships in LCR will meet a number of key objectives. Factors influencing high GVA per capita include population (working age), employment growth and productivity - all of which can be influenced by graduate employment / placement/internships.

LCR HEIs have a strong track-record in working together to deliver student internships. Between 2006 and 2008, for example, the Centre for Knowledge Exchange – a collaborative project run by the local HE careers services – engaged with 193 businesses, registered 517 students and graduates undertaking work-based training, and successfully facilitated 464 internships.

The benefits of internships are considerable. The SQW report on the economic impact and potential of higher education institutions in the North West<sup>12</sup> states “one of the most significant conclusions from our work is that the number of graduates from North West HEIs who stay and work in the region (and hence the number of *people* in the workforce with level 4 qualifications) is the key variable. Continuing to increase participation in HE will have a real effect but, more importantly, increased graduate employment in the region will be important to improving GVA in the future.”

This is supported by the findings of the Evaluation of the Graduates for Merseyside Centre for Knowledge Exchange<sup>13</sup> which concluded that:

- “The programme had a clear positive impact in improving business performance among participating businesses.
- Participating graduates report strong linkages between the employability skills gained through the CKE, and their success in accessing subsequent job opportunities.
- High Levels of graduates report their retention in the North West that, in turn, supports a clear aim of the NWDA in growing the region's skill base.”

The Evaluation made a number of recommendations including:-

- a greater focus on targeting growth within key sectors of the economy,
- ensuring future initiatives retain the demand-led focus of the CKE with a balance of delivery partners,
- establishing more formal referral and sign-posting protocols with bodies such as Business Link NorthWest and adding value through collective strengths.

A key constraint to building on this potential is that existing initiatives lack the scale and momentum to create real change and, therefore, we need to scale this up by incentivising employers to take up more graduate employment.

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<sup>12</sup> SQW, April 2009, [http://www.nwriu.co.uk/documents/NWDA\\_HEI\\_economic\\_impact\\_potential\\_Final\\_Report.pdf](http://www.nwriu.co.uk/documents/NWDA_HEI_economic_impact_potential_Final_Report.pdf)

<sup>13</sup> Inner City Solutions, Final Report to the NWDA, May 2009

The asks of Government are as follows; a Graduate Tax Credit pilot scheme to support SME participation in the Graduate Talent Pool; a Growth Sector Internship Pilot; targeting medium/large companies in 2 key sectors Life Sciences & Digital; cross-departmental dialogue (DBIS) to establish new protocols with Business Link NorthWest/other stakeholders for the promotion and delivery of large scale graduate skills and internship opportunities.

*Outcomes:*

- *Increased volume, impact and sustainability of graduate internships leading to enhanced levels of graduate employability in the City Region, helping to lift business productivity and therefore increased GVA per capita.*

**(e) Employer engagement**

The Knowledge Economy Plan will seek to strengthen links with businesses across the City Region through two strands:

- The 'demand' side will be understood more fully, in respect of the need for skills and innovation.
- Employers will be actively engaged with suppliers of graduates, skills training and innovation services – directly, through specific contracts and programmes, and indirectly through business networks.

In addition to the economic survey work that will be undertaken, there will be a renewed 'push' in respect of employer engagement, not least through initiatives like Knowledge Transfer Partnerships, employer fairs, a bigger placements and internship programme, UoL and LJMU's business clubs and the UoL's Innovation Academy.

*Outcomes*

- *Greater understanding of employers' needs, ensuring a more market-responsive supply of services.*
- *Increased graduate retention within the LCR.*
- *Greater take-up by employers of graduates (placements/internships and permanent recruitment), workforce development programmes and business improvement/innovation services, leading to greater business survival and growth.*

**(f) Developing knowledge networks – Proposal for a Liverpool Research Alliance**

The evidence from other successful knowledge economies around the world is that more attention needs to be placed on the 'people assets' that drive the knowledge economy. This requires a much greater exposure of leading academics to each other and to the public support agencies in the LCR, in order to build a convincing 'knowledge enterprise'. A practical way of doing this will be through a new Liverpool Research Alliance. Significantly, this will also connect the LCR with other global knowledge networks, especially in the USA.

*Outcomes*

- *Establishment of the Liverpool Research Alliance by the beginning of the 2010-2011 academic year, with a minimum of 5 'Eminent Scholars'.*
- *Formal MoU with Georgia Research Alliance, USA*
- *Incentivisation of academics*
- *Commercialisation of knowledge assets*

### 6.3.5 Unlocking the economic potential

#### (a) **'Bio-Medical / Health Park' – international life sciences hub**

The proposed 'Bio-Medical / Health Park' will be the single most important element of the Knowledge Crescent. The vision is of a cluster of some of the most important research facilities, health services and clinical practice and leading edge businesses in a top quality environment with state of the art facilities connected to a vibrant city centre. KEG will work with and support a dedicated partnership focused on the development of the health cluster, overseeing the integration of the physical development plan – including the rebuilding programme for the Royal Liverpool teaching hospital – with the growth and expansion of the Life Sciences sectors and the consolidation of related areas of research, innovation, services and manufacturing.

One constraint is the scale of the project and the sheer complexity of the issues involved, requiring effective strategic co-ordination and delivery at national, regional and local levels.

The ask of Government is for DoH, DBIS to work with the NWDA and NHS with KEG as partners in this nationally significant development, to ensure maximum strategic, funding and delivery alignment at the national level, to support a coherent, integrated approach.

The outcome will be an internationally significant 'state of the art' medical / health park and life sciences hub, making a significant contribution to meeting some of the UK's - and the world's - most challenging problems of health and wellbeing. It will attract top international researchers and research investment. It will generate significant spin-out and spin-in businesses as well as attracting leading edge businesses to the City Region. It will provide learning, career and employment opportunities for residents of adjacent regeneration areas and from across the City Region.

#### (b) **Daresbury Campus**

The current master plan for Daresbury Campus has identified a 30 year investment programme of over £600m with the potential to generate around 12,000 jobs. Recent studies estimate that this would generate around £217m GVA to the regional economy.

The ask of Government is to work with NWDA and City Region partners to realise the full potential of Daresbury.

The outcome will be to create one of two major national science facilities. This would enable Daresbury to fulfil its potential as an economic driver for the UK, North West and Liverpool City Region.

#### (c) **Identification and promotion of research strengths and sectoral critical mass**

Through the internationally acclaimed research at the UoL, LJMU and Daresbury Campus and the concentration of other institutional assets (e.g. hospitals, Liverpool School of Tropical Medicine) and business (e.g. National Biomanufacturing Centre), LCR has critical mass or important specialisms in the following main areas:

- Bio-medical/life sciences and public health/sports science
- Materials science
- Environmental technologies
- Creative digital/ICT

A detailed summary of LCR's research strengths is outlined in the attached annex.

KEG partners have already started to undertake research into key knowledge strengths, starting off with bio-medical / life sciences. This process will be extended to cover all the key areas to produce a comprehensive profile.

#### *Outcomes*

- *Better general communication of the LCR's strengths in these areas to inform and support the marketing strategy and the actions to attract world-leading academics in these areas.*
- *Strengthened support, including knowledge transfer, to support the growth of the key knowledge-based industrial sectors.*
- *Production of material to support NWDA / TMP's inward investment strategy.*

#### **(d) Targeted support to grow the key knowledge sectors**

Central to the strategy for a bigger and more dynamic knowledge economy is creating the right conditions to support the growth of the key high value sectors through the closer integration of research and innovation and knowledge transfer to support new business starts, growth and expansion of existing companies, and attraction of new firms.

LCR partners will seek targeted and focused support for Life Sciences, Digital and Creative and Environmental Technology sectors, and for Advanced Manufacturing, as well as ensuring that the SuperPort objectives are well supported through new technologies for the Maritime Sector.

One of the constraints to growing stronger and larger industrial sectors is that there are insufficient direct connections between the research and teaching strengths of the universities and these sectors at present, in a form which can directly drive and support the growth and increased productivity of businesses within the sectors within the City Region.

The ask is for NWDA and Business Link to ensure that regional cluster and sector strategic and support programmes have stronger dedicated focus at city regional level (within the overarching regional framework) to help strengthen strategic alignment, potential collaborative research and knowledge transfer relationships and thereby make much better use of the strong fit between the combined strengths of the universities and the key high-value knowledge-based clusters and sectors in the City Region.

The outcomes will include better support for businesses in these sectors, underpinned by a more coherent public sector package including a fit-for-purpose physical business environment and related infrastructure, resulting in more leading edge businesses and increased business productivity.

#### **(e) Seed funding for knowledge businesses**

LCR partners will work with the North West Venture Capital & Loan Fund to ensure that new and growing knowledge businesses have effective access to finance. A new Business Angels network will be developed and it will seek to maximise co-financing opportunities with the regional fund, particularly targeting knowledge-based businesses.

The ask of Government in this respect will be that any new national '3i' type fund that may be established in the future should be capable of providing specific focus on knowledge-based businesses in City Regions such as Liverpool.

(f) **Graduate enterprise**

In addition to supporting an increased number of innovative spin-in and spin-out businesses within the targeted, sector focused approach described above, KEG partners will work with NWDA and Business Link to develop and deliver a significantly larger graduate enterprise programme, making full use of the universities' Business Schools.

We will explore the potential of introducing entrepreneurship into all relevant areas of the curriculum. We will examine the scope to promote and support the new enterprise opportunities of KEG partners' activities and procurement processes and we will seek to strengthen mentoring for graduate businesses.

*Outcomes*

- *increased graduate retention*
- *an increased contribution to the stock of businesses*
- *more businesses with owners / managers with high level skills (thereby increasing business productivity)*

**6.3.6 Connecting communities with the knowledge economy**

In a world of rapid technological change, we must ensure that all of our communities can benefit from, and contribute to, a City Region economy which will increasingly become knowledge based.

KEG will work with partners in the City Region to identify a coherent strategy to engage communities in learning and employment opportunities. A key imperative will be to improve access for young people to science, technology, engineering and maths and to provide ways in which the creativity of young people can be captured and channelled into innovation, particularly in the area of digital entertainment where the City Region is a national leader. Our initial proposals are as follows;

(a) **Engagement with communities**

We will develop initiatives to raise the aspirations and improve the economic well-being of communities in our regeneration areas. Universities and their partners have developed successful community engagement projects linking key knowledge sectors, such as creative and digital, with disadvantaged neighbourhoods across the City Region. The International Centre for Digital Content case study (below) demonstrates successful outcomes in raising skills levels, job creation and developing new business opportunities.

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### **Case Study: ICDC Social and Digital Inclusion Activity**

Over the last six years the Digital Inclusion team at ICDC has researched, developed and delivered a diverse series of projects that have been built upon the two main themes of identifying the extent of digital technologies in place within communities, and understanding people's motivations for engaging with them. This work has led to a partnership, multi-agency and multi-funder approach with each project having a mixture of key community stakeholders, grassroots community involvement and delivery partners.

Focussing on community development and personal progression, projects have delivered activities from initial engagement with excluded groups, to accredited skills training in disciplines such as content and media production, as well as work placement opportunities and support for the creation of new business ventures. The aim has been to deliver 'enabling' support to develop participants' skills and support progression from an interest in new media, to higher level training or employment within the sector.

Alt Valley Vision received £462,000 from the Neighbourhood Renewal Fund. This was a community media partnership established by ICDC, working with disadvantaged communities

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across North East Liverpool. Working with key agencies from the public, private and voluntary/community sectors, including the City Council, ICDC delivered a challenging programme of activities which resulted in the creation of new community-based websites and blogs, as well as short and animated films. The project provided accredited training to 77 local residents aged between 15 and 70, resulting in 100 new media qualifications at Levels 1 and 2, and supported 45 individuals into employment, voluntary work or further education, with a view to progression towards degree programmes within the University's Screen School. This work has created a sustainable media initiative which is now being taken forward independently of LJMU by two successor bodies.

Other projects include "Mobile Movies" in which young people via the use of their mobile phones were encouraged to become confident producers of innovative digital content by producing broadcast quality films and designing a website via which to share their views and talent with the wider community.

## (b) Health

New hospital developments across the City Region provide a major opportunity to increase the number of local residents accessing jobs with the Hospital Trusts and PFI partners by working through City Employment Strategy partners and Job CentrePlus (JCP). We will seek to increase the volume of customised pre-recruitment training schemes to provide residents with relevant vocational skills (e.g. through Local Employment Partnerships - LEPs), increasing take-up of construction training programmes amongst local residents, working with partners to develop promotional materials to raise local awareness of the employment opportunities available and providing access to good quality childcare to enable lone parents to take up employment.

*The outcomes will include:-*

- *an increased employment rate*
- *more community-based enterprise*
- *more people going through 'health skills escalators'*

## 6.4 Milestones

The time is tight for the development of a coherent Knowledge Economy Plan. It represents a significant commitment and undertaking for LCR partners and will require considerable time to develop.

We envisage the following broad milestones:-

<b>Quarter 2, 2009</b>	Detailed development framework, work-streams, resources and structures agreed by KEG, NWDA and other partners.
	Agreement with Government about partnership working.
	First KEP work-streams start (eg: joint marketing group; review of premises etc)
	Start of Knowledge Crescent Strategic Investment Framework. Discussion with Government and NWDA on use of new funding mechanisms.
	Start of development of Bio-medical / health park & lifesciences cluster plan including partnership with DoH, DBIS.
<b>Quarter 2, 2009</b>	Development of individual projects; e.g. graduate enterprise programme. Agreement on resources for delivery.
<b>Quarter 2 - Quarter 4, 2009</b>	Liverpool Shanghai Partnership and KEG, with UKTI, develop the knowledge and science promotion package for Shanghai Expo 2010

<b>Quarter 3, 2009 through to Quarter 2, 2010/2011</b>	Detailed development of Knowledge Economy Plan. Audit of strengths and opportunities. Preliminary recommendations. Key strategic directions feed into development of NW Regional Strategy 2010. Agreement with Government & NWDA on key priorities. Life Sciences Cluster Plan agreed.
<b>Quarter 1, 2010</b>	Start of delivery of individual projects following agreement on resources & delivery
<b>Quarter 2, 2010</b>	August 2010 – LCR / NW knowledge and science offer showcased at Shanghai Expo 2010
<b>Quarter 2, 2010</b>	Knowledge Economy Plan finalised and launched. Key projects incorporated in KEG partners' corporate & investment plans.
<b>Quarter 3, 2010</b>	Liverpool Research Alliance launched with a minimum of 5 'Eminent Scholars'. MoU with Georgia Research Alliance, USA.
<b>Quarter 4, 2011</b>	Benefit Realisation Report on LCR Shanghai Expo presence
<b>Quarter 1, 2011 – Quarter 4, 2016</b>	Detailed implementation of KEP Interim evaluation Strategy review

## 6.5 Government Support

The scale and nature of the LCR knowledge economy potential is of national significance and the realisation of that potential needs a new, stronger working relationship with Government.

We recognise at this point in the development of the Knowledge Economy Plan and, indeed, as the key elements of the national Industrial Policy are finalised, that further dialogue with Government will be needed to consider the key issues, route-map and 'asks', and to refine and agree the 'asks' identified in this submission.

We have already established the Knowledge Economy Group and it is envisaged that this will become part of the new economy board structure under new City Region governance arrangements.

Partners are committed to developing a Knowledge Economy Plan and those elements which have already been identified in this document. The Knowledge Economy Plan will provide a coherent strategy and investment and action framework for national, regional and local partners. This will identify specific barriers and constraints to achieving the vision of Liverpool as an internationally important knowledge City Region. The scale and complexity of our proposals require strong support, alignment and co-ordination at the regional but particularly the national level. The ask of Government is therefore for DBIS and DoH engagement as partners on KEG, in the development and delivery of the Knowledge Economy Plan and in supporting close alignment with emerging national science and industrial policy and their respective programmes and investment streams.



**ASK 5: Partnership on the Knowledge Economy Group**

Government departments and their agencies agree to work with LCR to develop and agree a Knowledge Economy Plan by July 2010 which will include, where appropriate, supportive additional policy flexibilities to be implemented by Government in the areas of funding, upgrading digital networks, marketing, graduate and internship support, business support and realising the potential of key sites.

The agenda for discussion with Government, in the process of developing the Knowledge Economy Plan, as outlined above, is as follows:

- to discuss with DBIS how Liverpool could become an exemplar City Region in taking forward those aspects of the Industry White paper where we have specific relevant strengths and capabilities and to agree the key joint actions to achieve this;
- to discuss with Government, though NWDA, the capacity and resourcing needs of the underpinning audit and related research for the development of the Knowledge Economy Plan;
- to work with DoH and DBIS, and NWDA and NHS, on the development of the Bio/Medical park and Life Sciences cluster;
- to work with NWDA and City Region partners to realise the full potential of Daresbury as one of two major national science facilities. This would enable Daresbury to fulfil its potential as an economic driver for the UK, North West and Liverpool City Region;
- for UKTI to work with the Liverpool Shanghai Partnership on a vigorous marketing campaign both to promote the Liverpool City Region and The North West's knowledge and science offer within the UK Pavilion at the Shanghai Expo and more widely;
- Government and NWDA to look positively at the use of new financial instruments such as JESSICA, ABV and ADZ as part of the funding strategy for the Knowledge Crescent and on incentivising partners to make maximum use of assets within the funding strategy;
- to work with LCR on the upgrading of digital networks to make the City Region a national exemplar of state of the art digital connectivity;
- support for specific activities within the City Region as follows: a Graduate Tax Credit pilot Scheme to support SME participation in the Graduate Talent Pool; Growth Sector Internship Pilot; targeting medium/large companies in 2 key sectors Life Sciences & Digital;
- to work with KEG as partners in this nationally significant development, to ensure maximum strategic, funding and delivery alignment at the national level, to support a coherent integrated approach;
- NWDA and Business Link to ensure that regional cluster and sector strategic and support programmes have stronger dedicated focus at the City Regional level (within the overarching regional framework) to make maximum use of university strengths in order to grow larger and more productive and competitive clusters and sectors in the Liverpool City Region.

## **7. ENSURING UNDERLYING ECONOMIC GROWTH**

### **7.1 Introduction**

The Story of Place for this Multi-Area Agreement lays out in some detail the actions that Liverpool City Region partners are already undertaking to support economic growth. This includes:

- an enhanced inward investment offer, under the auspices of a single inward investment agency (TMP) creating or safeguarding 1,500 jobs per annum.
- a portfolio of employment and sites and premises provision based around the City Region's Regionally Strategic Sites.
- major investments over the next three years, including £530 million to restructure housing markets in areas where there is low demand for existing housing, an £830 million investment in housing (across the North West) and two new housing growth points in the Liverpool City Region.
- continued excellence in the delivery of the Local Transport Plans for Merseyside and Halton.
- combined European (ERDF and ESF), National (Deprived Areas Funding) and Local (WNF) investment in the LCR City Employment Strategy.

### **7.2 Current Economic Conditions**

We are developing this MAA in a period of unprecedented turmoil in global markets which has resulted in an economic recession. The disruption in the housing markets and in the availability of credit is likely to lead to a period of slow or negative growth affecting not just the North West, but all of the UK, together with our trading partners.

We are working with Government and regional agencies to implement a co-ordinated approach to support businesses, communities and individuals to manage the effects of the economic downturn and to position our City Region for future sustainable recovery and long term resilience and growth.

It is still too early to understand the implications of the downturn but we are revisiting our economic forecasts in order to:

- understand what impact the economic downturn will have on our long-term forecasts for the economy;
- provide baseline likely recovery scenarios;
- examine the impact that this MAA and other initiatives will have on the baseline forecasts.

#### **7.2.1 Information and intelligence sharing**

Together, the NWDA and Government Office North West coordinate an Economic Forum which meets on a monthly basis. Issues raised at these meetings inform a Regional Intelligence Snapshot provided to DBIS. To feed into this, the Liverpool City Region partners and NWDA are using their links to individual businesses, developers and representative organisations such as the Trade Unions, Chambers of Commerce, FSB and EEF to provide in-depth and timely intelligence and analysis to ensure Government understands the challenges that businesses in the region are facing.

LCR partners also raise areas of particular concern for consideration and support by the Joint Economic Commission which has identified four priorities:

- Labour Market - focus on apprenticeships and rapid response to redundancies

- Support for Business - enhanced support from Business Link, Business health checks, business finance and transitional loans
- Public infrastructure - capital projects and gateways
- Preparing for upturn – Atlantic Gateway, Cumbria Energy Coast, Renewable energy, Creative Industry.

### 7.2.2 Support to Business

We are conscious that many businesses in our area are facing a difficult time, and we recognise the need for us to work collectively with partners to minimise the adverse impacts of the economic downturn on businesses and their employees. LCR partners have implemented a series of projects to support business through the recession in addition to the NWDA and Governments (DBIS and HMT) launch of “The Northwest Economy – a joint response to changing economic conditions” with a package of financial measures, which includes:

- £140m Venture Capital Loan Fund
- £40m package of support to stimulate investment in priority skills development
- £10m High-Growth business support
- £4m Innovation Voucher Scheme
- Dedicated Access to Finance support within Business Link NW

Access to capital and cash flow has been identified as a major problem, and further bespoke solutions are being developed to tackle these issues.

For example, within Wirral, the business make-up is dominated by micro-businesses (those with fewer than ten employees) and a number of these have reported continued difficulty in speedy access to funds through current and proposed arrangements. Therefore, a programme has been designed to specifically support SME's with 250 employees or less with a specific focus on micro businesses. The fund will be available for a wide range of support, including access to consultancy and grants. It is hoped that the availability of such financial support will encourage banks and other lending institutions to invest in these businesses.

## 7.3 Addressing Enterprise Challenges

### 7.3.1 Challenges

Even before the recession, enterprise was a significant challenge for the Liverpool City Region. The following table summarises these challenges.

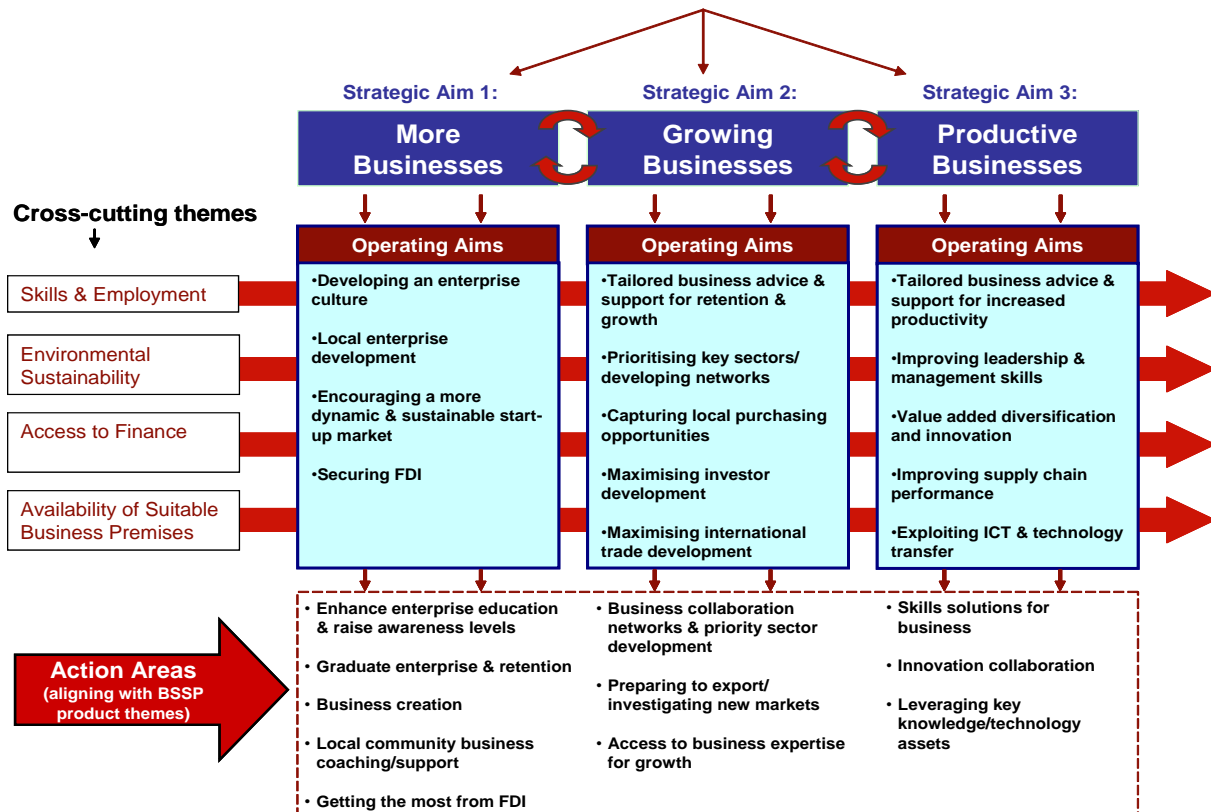
	Figure	Compared to the North West		Compared to the UK	
		Deficit	Impact needed	Deficit	Impact needed
<b>GVA per employee, 2004</b>					
United Kingdom	£33,717				
North West	£30,492				
Merseyside	£28,448	-£2,044	£1,337 million	-£5,270	£3,448 million
<b>Deficits table for GVA per capita, 2004</b>					
United Kingdom	£17,149				
North West	£15,080				
Merseyside	£12,594	-£2,487	£3,676 million	-£4,556	£6,733 million
<b>Deficits table for VAT registrations per 10,000 working age people, 2006</b>					
Great Britain	50				
North West	43.7				
Merseyside	31.6	-12	1,060	-18.4	1,620
<b>Deficits table for VAT registered-stocks per 10,000 working age people, 2006</b>					
Great Britain	532				
North West	453				
Merseyside	317	-136	12,000	-215	18,900
<b>Deficits table for self-employment rates, 2006</b>					
Great Britain	9.3				
North West	8.2				
Merseyside	6.8	-1.4	12,200	-2.5	21,800

### 7.3.2 Enterprise and Business Growth Strategy

We have agreed an Enterprise and Business Growth Strategy with three over-arching imperatives:

- grow the scale of the existing business base through increased business starts and improved survival rates, including making self-employment an attractive option for unemployed people
- support the creation of value through business growth and expansion
- deliver competitiveness by increasing business productivity.

By 2013, the Liverpool City Region economy will be recognised for its diverse portfolio of competitive knowledge-based business assets. Additionally, it will be equally well known for its highly skilled, innovative, flexible and enterprising workforce, and inward investment success.



Alignment of effort and reduction of duplication is critical to deliver the Enterprise and Business Growth strategy, and to tackle the deficits the Liverpool City Region faces. The City Region recognises the challenges reflected in the Business Support Simplification Process (BSSP) with the need to simplify and streamline the delivery model. To this end, the City Region is working closely with NWDA in developing regional programmes that meet the City Region's needs.

Similarly, innovative procurement solutions are being developed to ensure that investment from local (including Working Neighbourhoods Funding), regional (NWDA Strategic Investment and ERDF) and national (LEGI) sources are aligned to jointly identified priorities.

As an example, the City Region has two LEGI programmes – one for Liverpool and Sefton, and one for St Helens. Both of these programmes are delivering a range of enterprise and business support projects. The programmes are working closely with Business Link (under the banner of BSSP) to ensure there is a complete offer for businesses and that they are exploring more in-depth support for business.

### 7.3.3 Recent Successes

The City Region has been extremely successful in delivering key strategic infrastructure developments over the last fifteen years. Two successfully delivered Objective One programmes has succeeded in addressing some key areas of market failure with investment projects that have delivered renewal within some of the most disadvantaged communities in England and Wales.

### 7.3.4 Barriers to success

However, the business base of the Liverpool City Region is characterised by the number of small business which are not registered for VAT. The impact of this on overall productivity and GVA is significant and encouraging growth within this part of the business base is essential to achieving overall economic growth targets.

Whilst most business support during the recession is focussed on SME's, micro businesses are also suffering. Unless this is addressed, it will continue to hold back economic growth in the medium to long term.

Redundancies are reported to Jobcentre Plus when they exceed 20 members of staff per organisation so we cannot be sure how many small businesses are being deregistered which do not appear on the radar. Anecdotally, through work with accountants, we know that access to working capital is one of the primary reasons for failure in micro businesses, with firms going out of business because of cash flow difficulties.

Each LA area has a new business start up programme and there has been a steady increase in the number of new starts. However, as recognised by the Northwest Development Agency, the funding for post start-up support and promotion of business growth has been inconsistent.

Market failure has long been prevalent within the City Region when it comes to Business Start-Ups. Of the businesses which do survive, a high proportion do not register for VAT and, therefore, do not contribute significantly to employment growth.

Under BSSP, the current Northwest Development Agency contracts for new business start programmes do not include support during the first two years of trading – it is at the discretion of the Local Authority to include this at local level. The City Region continues to implement BSSP but the scale of investment in business start-up and support is not commensurate with the level of the challenge within the economy. This is because there is not currently enough demand in the marketplace for business support products. An example of this is the new Business Link programme; whilst approximately 18% of resource is channelled to Liverpool City Region by this programme, the City Region's Phasing-In status (set because of the acute enterprise challenges that we face) has ring-fenced around 40% of resource to the City Region. This is a situation that needs to be unlocked jointly between Government, NWDA and City Region partners.

### 7.3.5 What we are doing to address enterprise barriers

The City Region has a number of ideas that will help address the issues outlined above; we are in the process of exploring these ideas and aligning investment with NWDA

Firstly, new business starts need to be given the best possible chance of survival in a very difficult financial climate. Additional support could be given to supplement existing regional contracts. This would allow City Region partners to address specific market failure, as appropriate, in a consistent and co-ordinated manner.

Depending on location, this could be up to £4,000 per business, and could be paid for out of EU funds that so far have not been given to the regions from the previous structural fund programmes. A target could be set, depending on the level of investment, to ensure survival rates remain high throughout the difficult financial period.

Secondly, BSSP products developed by NWDA have intervention rates attached to grants and interest rates attached to repayable loan facilities that were set in a different financial climate. We will work with NWDA to review, where appropriate, these intervention rates on a short term basis using Merseyside ring-fenced ERDF allocations to plug deficits where appropriate.

Thirdly, we will be working with NWDA to develop interventions that can be used to stimulate demand for additional take-up of existing business support products.

Fourthly, the Liverpool City Region has positioned itself in recent years as a market leader in some emerging technologies. However, those businesses wishing to expand into international markets are unable to afford to test multiple markets down to lack of available working capital.

We would like to develop a small pilot grant scheme to allow businesses the ability to test new markets, based on sound business models, as appropriate. This grant fund would pay up to 50% of the cost of attending specialist trade fairs, EU open days and other such activities. The approach has been successful in Ireland in enabling smaller businesses to promote products in different markets.

## **7.4 Infrastructure Investment**

### **7.4.1 Barriers to continued infrastructure investment**

Current financial conditions have led to a significant stalling of property investment in the City Region; an initial portfolio of some public sector pump-priming of £60m has diminished to a position where less than £15m of these original schemes are progressing.

This is especially an issue at this time as the Liverpool City Region ERDF phasing-in status requires us to commit 85% of the North West Operational Programme ring-fenced ERDF monies by December 2010.

In particular, there has been a severe slowing of “speculative development”, where no end user has been identified for the development. Under current grant regulations eligibility for gap funding is determined by the development in question being classed as “speculative”. The consequence is that despite having resource available for grant funding, there is a shortage of eligible schemes to progress.

In contrast, due to credit conditions, financial institutions are unwilling to fund some private sector schemes that have end users identified (non-speculative) as there may not be revenue generated at the instant a development is completed.

The City Region also faces significant power supply constraints that are hampering the development of key strategic sites, and will restrict the scale of renewal planned for the next twenty years. Most of the strategic sites identified for the long term regeneration of the City Region have no (or limited) readily available power supply. NWDA has had to provide additional investment in four sites to unlock existing power supply issues. This is not just a City Region issue, and we have collaborated with the NWDA in undertaking a comprehensive study of the challenges that face the region in respect of power over the next twenty years.

### **7.4.2 What we are already doing to unlock this situation**

Given the private sector hesitance to develop sites the City Region, working with NWDA, has agreed that ERDF will now be used to fund additional activities covering site remediation, servicing and infrastructure. This will ensure that funds are invested into the City Region and provide a platform for further investment when the recession begins to relax its grip on the commercial sector. Strategic sites already identified for development will be immediately available when confidence begins to build, avoiding a further 12 – 18 months’ preparation work.

The City Region is considering the opportunities presented by the European funding programme JESSICA (Joint European Support for Sustainable Investment in City Areas). As we move away from grant dependency we are exploring new ways of supporting regeneration activity; JESSICA will offer the possibility to take advantage of outside expertise and to have greater access to loan capital for the purpose of promoting urban development.

Under this model, the City Region would contribute resources from the ERDF programme, while the European Investment Bank, other international financial institutions, private banks and investors would contribute additional loan or equity capital as appropriate.

We will be working with NWDA over the next two months to explore eligibility rules around gap funding, on the grounds that the particular timing of recession requires an innovative approach to maximise available pump-priming resource.

We are working closely with Government departments on relocation projects as a result of the Lyon's Review. The City Region has not yet benefitted from a major relocation despite a strong offer in terms of cost competitiveness, skills mix and appropriate premises availability. Major departmental relocation will help stimulate the office market in particular and we will be continuing to take this message directly to departments considering relocation.

## 7.5 What Government can do to help

We are working closely with NWDA to address barriers to both enterprise growth and infrastructure constraints. This process is not yet complete; we feel that in some cases the outcome of discussions may require particular Government intervention to unlock potential barriers. This may include (with the agreement of NWDA):

- Changes to European programmes currently agreed by DCLG
- Regulatory reform
- Flexibilities around BSSP – or the addition of time-limited or pilot products.

The timetable for addressing these issues is important, as measures will need to be implemented swiftly to combat short term financial conditions, and to ensure that ERDF phasing-in resource is maximised.

We would like a follow-up discussion with DCLG and DBIS on these issues before any scheduled MAA refresh process. At these discussions we will report on the outcomes of discussion with NWDA and, where flexibilities are needed, we will bring forward a detailed business plan. We anticipate that this will take place in the final quarter of 2009.

LCR and NWDA will, between July and September, explore the removal of barriers to business growth and infrastructure development due to current economic conditions. Following this process, we will convene further meetings with DCLG and DBIS if specific Government intervention is required to unlock any proposed solutions.



## **8. ECONOMIC GOVERNANCE**

### **8.1 Governance**

The Liverpool City Region Cabinet comprises the Leaders of each of the six Local Authorities and the Chair of The Mersey Partnership. The Cabinet was established in shadow form in October 2008 and it will be accountable for the delivery of the City Region vision and objectives, as set out in an integrated strategic framework, together with the determination of policy priorities and performance management including the delivery of the MAA. The Cabinet will be supported by six Policy Boards including the Economy Board which will oversee the delivery of the Economy Platform of the MAA..

### **8.2 The Mersey Partnership**

Current proposals are for the Economy Board to build on the existing role of The Mersey Partnership which is an employer-led organisation representing some 500 businesses across the City Region, together with the Local Authorities and sub-regional agencies. The members of The Mersey Partnership reflect the diverse sectors which are stakeholders in the City Region's economy and include private, third sector and public sector organisations. Members range from household names such as Pilkington and Jaguar Land Rover to small and medium sized enterprises and they play an important role in supporting and developing The Mersey Partnership's activities in its three core areas of economic development, investment and tourism.

### **8.3 Restructuring the Economy Board**

Reflecting the strengths of The Mersey Partnership, the Economy Board will strengthen the strategic capacity of the Liverpool City Region to play a key role in the implementation of proposals resulting from the Government's Sub-National Review of economic development and regeneration.

Membership and Terms of Reference for the Economy Board and its relationship with the existing TMP Board have been reviewed by The Mersey Partnership and its local authority partners. At its meeting of 22nd April 2009, The Mersey Partnership Board endorsed a set of proposals made by the Chair for restructuring The Mersey Partnership in order to generate focus and rigour, specific responsibilities and clear accountability throughout the partnership's activities. The objectives of the proposals are:

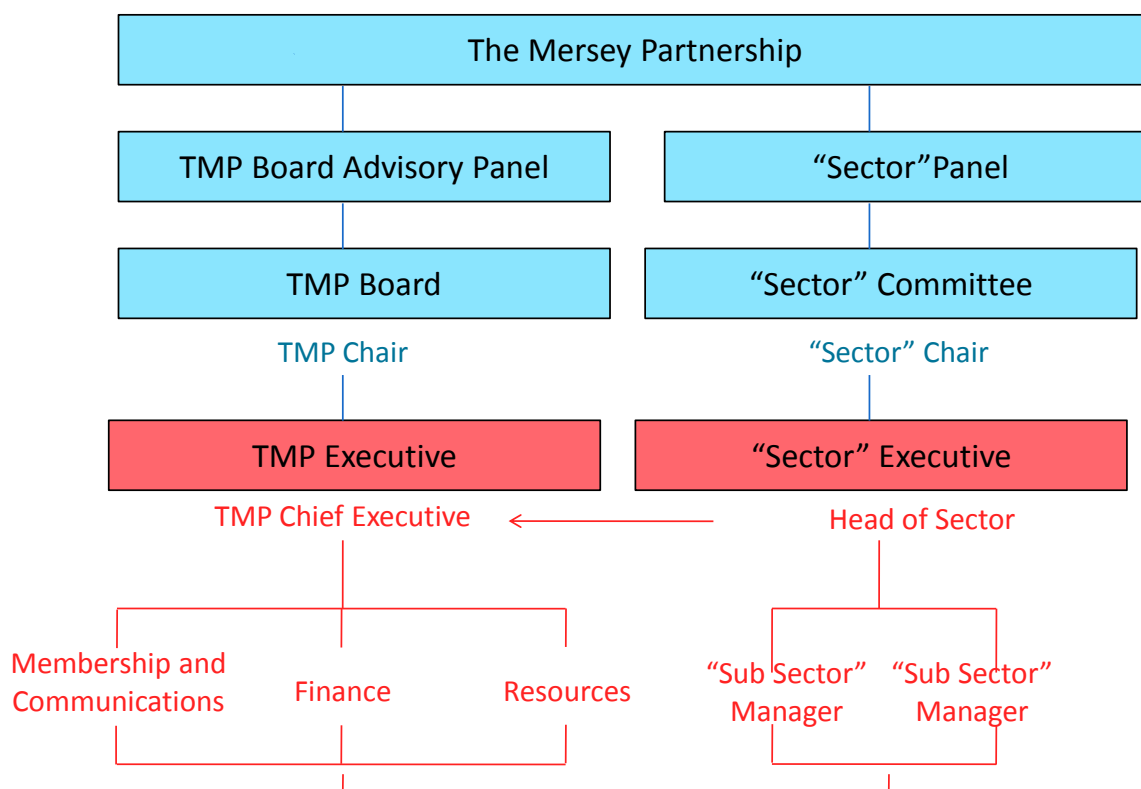
- To engage the private sector more effectively and more transparently;
- To get more from existing resources inside TMP and its partners – a better return on the amount of effort that currently goes into meetings and a better return on executive costs, by reducing overlap and duplication; by a better match between representation and responsibility; and by pooling skills and expertise;
- To restructure TMP so that arrangements are better understood and are capable of taking on additional and ad hoc tasks, without distracting from others;
- To increase commercial income.

The broad principles set out in the proposals are as follows

- They will accommodate the various "sector" activities that the Partnership carries out at present (such as Inward Investment, Tourism and Economic Development), as well as additional activities (which may well be focussed around specific transformational actions).
- Panels drawn from the Sub-Regional Partnership's membership and beyond will be set up for each sector and each Panel will appoint a small Committee.

- With assistance by the TMP Executive, each Committee will set up an operational Unit to do the day-to-day work. The Units will be drawn from existing TMP staff, the Local Authorities, the Private Sector, etc, as appropriate – for no longer than necessary, located where most convenient.
- Some groups that already exist can be drawn into these arrangements.
- Each ‘Sector’ Committee will be responsible for the outputs, actions, reports and recommendations of its Unit. The TMP Board and Executive will be responsible and accountable for arranging resources, financial control and monitoring the Units’ progress; and for stimulating commercial income generation wherever possible.
- It is proposed to confirm the present TMP Board’s de facto role as a representative Board Advisory Panel and to have a smaller, more focused “executive” TMP Board. The TMP Board and Executive will have a “holding, enabling, commissioning, coordinating and monitoring” role.
- The proposed arrangements will make more effective use of the Sub-Regional public/private Partnership, and involve more people, making better use of their time. They will improve the decision making process, remove unnecessary duplication and overlap and give partners a better return on their “investment”.
- The proposals will enable TMP to be more effective in its present activities and to cater for additional tasks, without enlarging the organisation itself.

The following diagram summarises the proposed structure.



## 8.4 Timetable

The TMP Board has committed to making these changes as early as practicably possible. The intention is to establish the first economic development panel in summer 2009.

This timetable reflects the City Region Cabinet’s decision to move towards a statutory sub region authority, once enabling legislation is in place, and to have in place by October 2009 a full City Region governance structure.

## **8.5 Economic Prosperity Board**

The intention to progress towards a statutory sub region authority was reinforced in January 2009 by the Liverpool City Region Cabinet's decision to progress the development of an Economic Prosperity Board. This reflects the proposals set out in the Government's Local Democracy, Economic Development and Construction Bill.

This would further enhance effective long term and strategic decision-making in respect of economic development and regeneration at the City Region level and work will, therefore, take place to define the relationships between such a Board, the Liverpool City Region Cabinet and the Economy Board to determine the most appropriate sub regional arrangements. It will lay the platform to explore potential delegation and devolved funding functions in the future as the Prosperity Board develops.

## **8.6 Economic Assessment**

Progressing the establishment of an Economic Prosperity Board will include a review of current economic development arrangements across the City Region and will be informed by the local authorities' economic assessments as set out in the Sub-National Review. These assessments will be carried out at the local level by each of the local authorities but, reflecting the government's intention that economic decisions should be taken at the most appropriate spatial level, the assessments will enable a robust, shared evidence base to be developed at a City Region level.

This shared evidence base will support the Economy Board to produce an overall strategic framework and related investment plan for the City Region which will support both sub regional and regional strategic planning and investment. Drawing together economic assessments at the City Region level will build on and incorporate work that has already been undertaken through The Mersey Partnership which includes:

- The Merseyside Economic Review (MER)
- The Liverpool City Region Development Plan (LCRDP)
- Action Plan For The Liverpool City Region (APLCR)

This work will support the Economy Board in providing the basis for strategic decision making at the City Region level and strengthen capacity for delivery and implementation of a range of programmes including the delivery of the Economy Platform of the MAA.

## **8.7 City Region Priorities**

Progressing strategic economic priorities will be supported by a process that enables a clear definition of projects and programmes that will be identified as the responsibility of the City Region. This will include a gateway system for assessing and agreeing priorities which will be 'kite-marked' as City Region projects or programmes. This will involve full consultation with relevant partnerships, joint boards and key stakeholders together with agreement as to the most appropriate delivery vehicle.

This process will be overseen by the City Region Cabinet, but the Economy Board will play a key role in determining economic activity that cannot be undertaken without collaborative working and which should be put forward for kite-marking. In addition the Board will ensure that kite-marked projects are developed and progress monitored to ensure maximum economic benefit for the residents of the Liverpool City Region.

## 9. TARGETS AND OUTCOMES

### 9.1 Approach to developing targets

We are not assigning targets and outcomes to individual asks within the economy platform.

The economy platform identifies transformational outcomes that will impact over the medium / longer term, and are inter-dependent in that they will rely on the delivery of each other, and on asks in other MAA platforms.

However, we will be committing ourselves to staying ahead of the North West growth rate over the next three years to continue on our trajectory to close the gap with the North West.

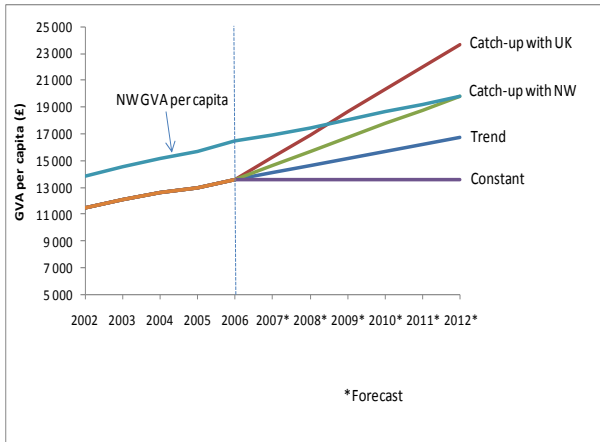
No.	Key Performance Indicator	2012 Outcome	National Indicator	PSA
6.	LCR residents qualified to Level 4 and above	To match or better the average annual North West growth rate. <i>If current trends continue, this would equal 3.2% pa (based on average annual growth rates between 2004 and 2007).</i>		PSA2: Skills
7.	GVA growth (per annum)	To match or better the average annual North West growth rate. <i>If current trends continue, this would equal 5.5% pa (based on average annual growth rates between 1995 and 2006).</i>	No	PSA1: Productivity  PSA7: Economic Performance
8.	VAT business density per 1000 people	To match or better the annual North West growth rate. <i>If current trends continue, this would equal 1.4% pa (based on average annual growth rates between 1997 and 2007).</i>	NI 171  NI 172	PSA6: Business Success

These outcomes will be subject to annual review, and we will do this each year with Government Office NW as part of the implementation and monitoring of the Multi-Area Agreement.

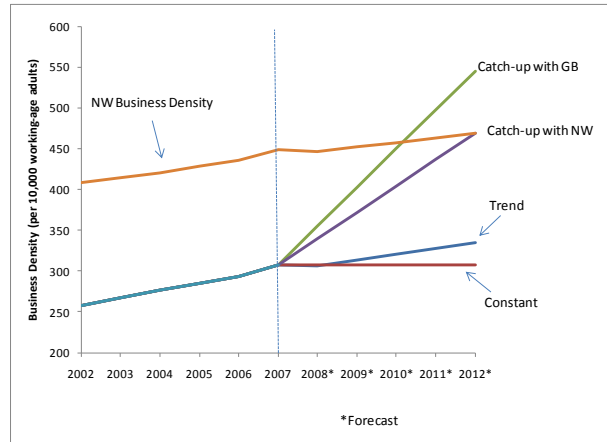
Achieving these outcomes will be particularly challenging. Baseline forecasting work prepared by Cambridge Econometrics and due to be discussed and endorsed by the Regional Economic Forecasting Panel in June 2009 shows that for both growth in GVA and GVA per head the LCR will be 0.4% less than the agreed regional consensus forecast. In productivity terms, LCR will be growing at 0.1% less than the North-West, and in employment terms 0.2% less than the North West.

Over the longer term, as a result of the transformational actions of the MAA we expect to close the gap with the North West – as shown broadly in the graphs below and reflected in the Story of Place.

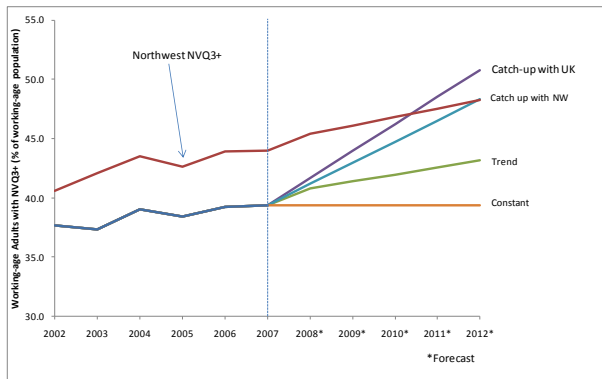
### GVA Per Capita



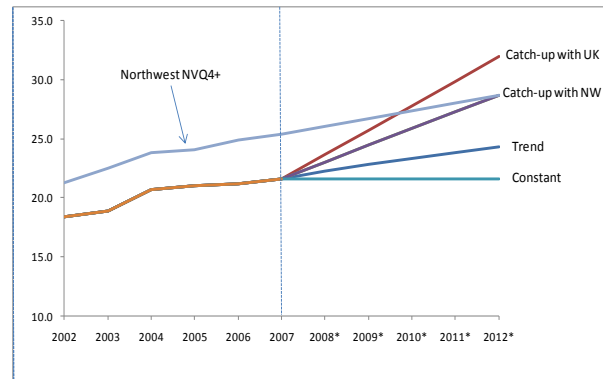
### Business Density



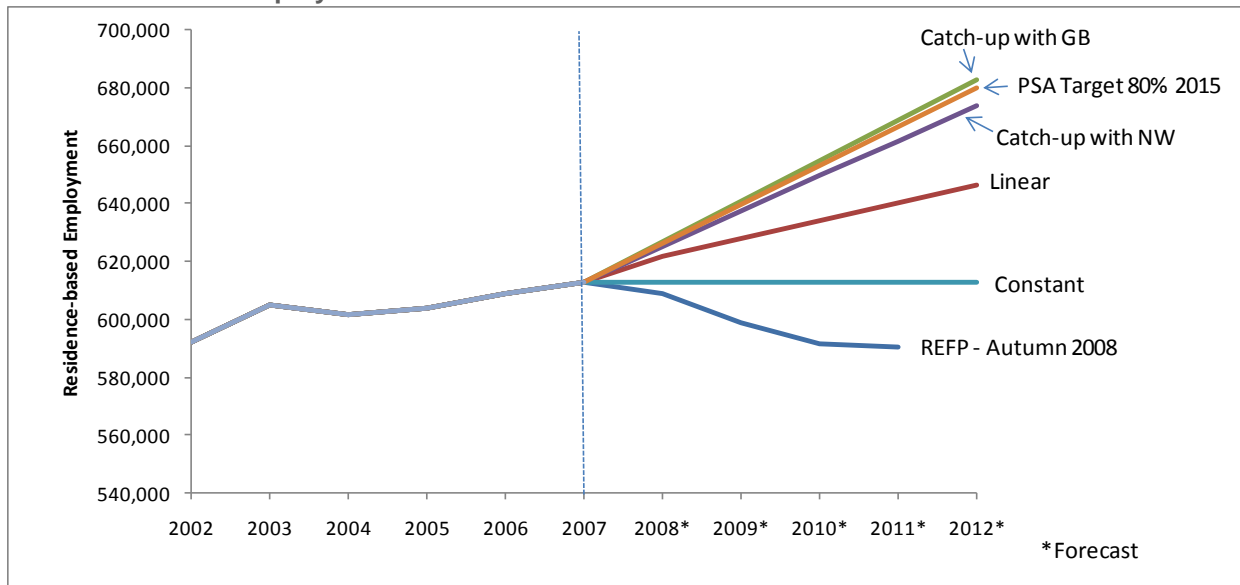
### NVQ Level 3



### NVQ Level 4



### Residence Based Employment



## Appendix 1

# KNOWLEDGE ECONOMY: LCR RESEARCH STRENGTHS

Through the internationally acclaimed research at the UoL ; LJMU and Daresbury Campus and the concentration of other institutional assets (e.g. hospitals, Liverpool School of Tropical Medicine) and business (e.g. Unilever; National Biomanufacturing Centre), LCR has critical mass in several sectors, notably:

- Bio-medical/life sciences
- Public health/sports science
- Materials science/environmental technologies
- Creative digital/ICT

### Bio-medical: Life Sciences

The **Liverpool Biomedical Research Centre**: The UK's leading, specialist research centre for microbial diseases. It is funded by the National Institute for Health Research and will ensure that the city becomes a pioneer in the development of new drugs and diagnostic tools for a range of conditions such as *Clostridium difficile*, HIV, tuberculosis (TB), cystic fibrosis and drug safety. During the next five years, the Centre will deliver 13 groundbreaking projects. They are focused on four areas – pulmonary infections, sexual health, hospital and community acquired infections and the safety of antimicrobials.

**Clinical Trials Research Centre (CTRC)**: The CTRC is a Centre of Excellence in clinical trial design, management and analysis, accessed by both the public and private sectors, and one of only a small number of units in the UK awarded Full Clinical Research Collaboration registration status. The CTRC conducts trials activity in distinct clinical areas – cancer (through the Liverpool Cancer trials Unit), medicines for children (through the Medicines for Children Research Network Clinical Trials Unit) and also other units in development funded through an NIHR Health Technology Assessment infrastructure award e.g. epilepsy, infection, oral health, obstetrics and gynaecology

**The Centre for Medical Statistics and Health Evaluation (CMSHE)** provides innovative statistical analysis support and advice to clinical trial collaborators and researchers within the Wolfson Centre for Personalised Medicines and the University's MRC Centre for Drug Safety Science, and delivers a number of CME-accredited courses that are designed to provide healthcare professionals in the NW with research skills. The innovative activities of this resource are essential to the optimum performance of the CTRC.

The £2.8m **MRC NW Hub for Trial Methodology Research**: In collaboration with Lancaster University and Bangor University the Liverpool-based Hub provides a focus for research in the region around trial methodology, developing a world-class centre where methodological issues facing the clinical trials community can be investigated, improving patient care by improving the validity and relevance of the healthcare evidence base. The Hub will provide clinical trial methodological expertise in areas such as drug safety, medicines for children, epilepsy and cancer. This will include research into the design and analysis of both early and late phase trials and issues related to the patient perspective. Training programmes will be established to develop the next generation of clinical trialists, trial methodologists and clinical trial personnel. A 2-way symbiotic relationship exists with the CTRC where best practice information is fed from the Hub into the CTRC, and methodological difficulties fed back for further research.

The £10m **Wolfson Centre for Personalised Medicines**: The first of its kind in Europe – an inter-disciplinary Centre of Excellence for experimental medicine research in pharmacogenetics and its clinical application; that is, the study of how genetic variation determines the efficacy and/or toxicity of a drug. The Centre works with industry to optimise use of drugs in patients, and to develop genetic diagnostic tests for use with drug therapies, which will in turn require clinical trialling. In this respect the CTRC will provide the clinical trials resources essential in determining the clinical and cost-effectiveness of tests for genetic markers of drug reactions and efficacy. This centre complements the University's £3.3M UK Department of Health funded NHS Chair in Pharmacogenetics, the first and only such award in the UK. Professor Munir Pirmohamed has been appointed to the Chair and is pioneering a major initiative to establish the clinical evidence base for safe and effective medication based on a patient's unique genetic make-up.

**MRC Centre for Drug Safety Science**: Liverpool's national and international expertise in drug safety research has been confirmed by the establishment of the new £3.7M Medical Research Council (MRC) Centre for Drug Safety Science. The Centre provides an environment for collaboration between researchers and industry, informing the patient, the doctor and the medicinal chemist about the benefits and risks of new medicines, with the ultimate aim of making drug therapy safer.

**UK Medicines for Children Research Network (a national network coordinated by Liverpool)**: The £20 million National Institute for Health Research (NIHR) Medicines for Children Research Network (MCRN) to develop medicines specifically for use in children is being led by the University of Liverpool and the Royal Liverpool Children's NHS Trust (Alder Hey), the largest Paediatric Hospital in Western Europe.

**Liverpool School of Tropical Medicine**: The LSTM is an international postgraduate centre of excellence, devoted to research, education and training, and consultancy. A registered charity affiliated to the University of Liverpool, the School was founded in 1898, becoming the World's first institution devoted primarily to tropical health. It has extensive links with UN organizations, health ministries, universities, non-governmental organizations and research institutions worldwide and is involved in numerous programmes to control diseases of poverty and to develop more effective systems for health care. The School prides itself on its links with developing countries and is committed to increasing such partnerships. LSTM is in the middle of a very intensive programme of expansion, centred around the construction of the new Centre for Tropical and Infectious Diseases, a £23 million state of the art facility for research and development of new drugs and pesticides to combat some of world's deadliest diseases. The new building will be ready for occupation early in 2008.

LSTM has grown from 164 staff and a turnover of £7 million in 2001 to 250 staff and a turnover of £22 million last year. The School maintains a strong portfolio of research, a large part of which is based in the developing countries of the tropics. There are also laboratory-based programmes, particularly in the area of parasitic and other communicable diseases. Research ranges from studies devoted to improved delivery of health services to poor and disadvantaged populations, through social science research and clinical intervention studies, to basic studies in the molecular sciences, genomics and immunology of communicable diseases. The School has main research themes of:

- Tropical and Infectious Diseases
- Development of Drugs and Diagnostics
- Clinical Trials
- Vector Control
- Control of Veterinary Diseases
- Child and Reproductive Health
- Health Services Research



Life Sciences are a vibrant, active and growing subject area at LJMU. Discreet areas of research expertise include pharmaceuticals, offering consultancy support to multinationals such as Johnson & Johnson Co. and Novartis; and nutrition & appetite, with a series of applied research activities delivered in partnership with Kellogg's. Future research in the life sciences will benefit from the University's capital programme which will see considerable investment in facilities over coming years.

### **Public Health: Sports Science**

The Centre for Public Health is the largest research team within LJMU and specialises in applied research addressing health issues at all levels from policy development to service delivery. The Centre hosts the North West Public Health Observatory (NWPHO), one of a national network of nine regional public health intelligence organisations, researching and disseminating information on emerging public health issues, informing public policy and shaping professional practice. The NWPHO leads the national network's research agenda on alcohol, drugs, violence, health protection & dental health and also hosts the National Collaborating Centre for Drug Prevention.

The School of Sport and Exercise Sciences provides innovative, research-led undergraduate and postgraduate programmes that are supported by world class academics. In RAE2008 the school was ranked joint 1st in the UK on the basis of its world-leading (4\*) research and was described as being "amongst the very best departments in the World". The School has an international reputation for the application of Sports Science in football, working with UEFA, FIFA, the FA, a range of Premiership clubs and most recently Real Madrid, on research and innovations in sports performance, training methodologies, equipment design and injury prevention.

### **Materials Science: Environmental Technologies**

**Centre for Materials Discovery:** A centre for the discovery of new materials for applications such as energy storage, medical equipment and consumer products. This £9.6 million centre is accessible to all businesses across the Northwest and UK and is enabling small, medium, and large industries across a range of sectors to move rapidly into the next generation of materials science. Businesses will have access to state-of-the-art research facilities supported by highly trained staff and a base of academic expertise.

**The Virtual Engineering Centre:** Recently approved with a grant of £3.5m from NWDA, VEC will provide the UK engineering value chain with VE capabilities for optimising costs-effective design, manufacturing and operational options. The VEC will be manned by highly experienced VE Engineers and will build on a strong public-private sector partnership that brings together the University of Liverpool, STFC Daresbury, the NWAA and its members, and, crucially, the prime contractors who see the development of the VEC as critical to the survival of the regions aerospace cluster.

The **Research Centre for Built Environment and Sustainable Technologies (BEST)** at LJMU, ranked 3rd in the NW in RAE2008. Its research focuses on three key themes; Sustainable Technologies, Planning and Development, Construction and Facilities Management. LJMU's General Engineering Research Institute (GERI) is at the forefront of the development of carbon-capture and green fuel technologies. One of GERI's six research groups is exploiting microwave technology to develop innovative recycling methods for domestic and industrial waste and investigating the creation of multi bio-fuel from some of these waste products. This research has already led to a number of commercialisation opportunities.

The **General Engineering Research Institute (GERI)** is active in a variety of fields ranging from optical metrology, advanced manufacturing technology, radio-frequency & microwave research to electronics, image processing and mechanical engineering. The research undertaken is increasingly multi-disciplinary, e.g. in the life sciences and health research. The

work of GERI is acknowledged as being of an international standard of excellence and is one of the strongest of its kind in the UK with 20% of its activity rated as World-leading in RAE2008.

The **Radio and Microwave Frequency Group (RFM)** – one of six major research groups within GERI - has just been selected by the Defence Science and Technology Laboratory (DSTL) at Porton Down to undertake a prestigious research contract into the real-time monitoring of activated carbons in warfare masks. Also part of GERI, the work of The Advanced Manufacturing Technology Research Laboratory (AMTReL) is largely conducted in collaboration with major industrial partners to provide bespoke engineering solutions. Key partners include: Airbus UK and Rolls Royce Ltd.

The **Agility and Supply Chain Management Centre**, University of Liverpool Management School: Agility and Lean manufacturing implementation. This £1.5m project assisted 84 small companies to significantly improve their manufacturing and marketing operations. This involved training and coaching firms in the principles of waste minimisation and operations improvements as well as training to bring new customers to the business. The principles are applicable to all kinds of firms.

## **Creative/Digital**

LJMU is at the centre of the City Region' thriving creative and digital business cluster. The University's unrivalled academic and physical infrastructure includes the International Centre for Digital Content (ICDC), established in 2000 as a centre of excellence in digital technology; The Liverpool Screen School, the North West's only Skillset accredited Media Academy; and the Art and Design Academy, a state-of-the-art facility providing a knowledge hub for the region's creative industries. Opened in 2008, the new Art and Design Academy provides an interface between LJMU's research and professional expertise and the North West's participants and practitioners within the artistic and creative sector, through public facilities, exhibition spaces and galleries, as well as new creative networks.

## **ICT**

LJMU's **Centre for Health and Social Care Informatics (CHaSCI)** is an interfaculty initiative to promote informatics within healthcare and related disciplines. Key partners include Unilever research. The Centre brings together multidisciplinary skills from the areas of Health Sciences (HS), Computing and Mathematical Sciences (CMS), Engineering and Sport Science to consider the effective deployment of IT systems in health and social care sectors, specifically exploring the needs of the allied health professionals in relation to informatics, rather than the needs of the medical profession.

CHaSCI delivers a diverse range of research, with current projects including prognostic risk modelling for Breast cancer patients, gaming tools for hospices and fall prevention in the elderly, using dynamic balance assessment. Resulting commercialisation activities include Forsigs Ltd, which is set to change the landscape of digital investigations involving the search for illegal or malicious multimedia. This innovative solution has evolved from partnership with leading academic researchers, law enforcement agencies and the commercial sector to meet the needs of today's digital forensics investigations.

## Accelerator Science and Technology

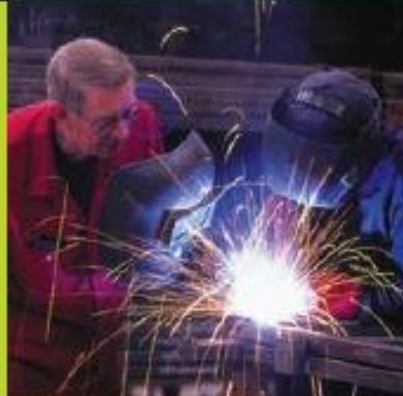
**The Cockcroft Institute:** An international centre for Accelerator Science and Technology (AST), jointly delivered by the universities of Liverpool, Manchester and Lancaster, the Council for the Central Laboratory of the Research Councils (CCLRC at the Daresbury and Rutherford Appleton Laboratories), the Particle Physics and Astronomy Research Council (PPARC), and the North West Development Agency (NWDA). The Institute is located in a purpose-built building on the Daresbury Laboratory campus, and in centres in each of the participating universities. The Institute's aim is to provide the intellectual focus, educational infrastructure, and the essential scientific and technological facilities for Accelerator Science and Technology research and development, which will enable UK scientists and engineers to take a major role in accelerator design, construction, and operation for the foreseeable future.

## Appendix 2

# LINKAGES WITH THE STORY OF PLACE OUTCOMES

Asks	Story of Place Imperatives	Tackling Worklessness and improving the quality of life of the most deprived people in the LCR.	Improving the size and depth of the LCR business base.	Equitably closing the wealth and productivity gap between the LCR and the rest of the UK.	Significantly raising the skill level of the LCR population.	Developing a sustainable, modern and efficient infrastructure (digital, transport and energy)	Improve the quality, availability and affordability of the LCR housing stock.
Economy Platform	<b>Ask1: Implementing a Liverpool City Region Visitor Economy Strategy</b> A Liverpool City Region Strategy for the Visitor Economy will be published by September 2009. LCR partners and NWDA will establish a time limited task and finish group between July and December 2009 to develop and agree an action plan to deliver this strategy. The group will have involvement from DCMS (and other Government departments where appropriate) and the action plan may include additional policy flexibilities to be appropriate to be implemented by Government to maintain LCR's status as England's Cultural Capital City.	✓✓✓	✓✓	✓✓	✓✓	✓	✓
Economy Platform	<b>ASK 2: Establish effective dialogue mechanisms with Government on SuperPort</b> Government and LCR will convene a time limited task-and-finish group to develop Liverpool SuperPort. This group will review the evidence base and prepare an Action Plan by the end of 2009. The Action Plan will be presented to Leaders and Ministers and will cover policy support, access and connectivity, land assembly, sustainability, marketing and global positioning. The transport elements of Superport will be developed and progressed within the context of Government's 'Delivering a Sustainable Transport System' planning process.	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓
Economy Platform: Low Carbon Economy	<b>ASK 3: Developing a Low Carbon Economy</b> LCR together with Government and its agencies will jointly review the emerging Low Carbon evidence base. Subsequently, by March 2010 we will develop and agree a strategy and initial action plan to implement a low carbon economy in the City-Region which secures significant job creation and environmental benefits.	✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓
	<b>ASK 4: Potential major projects</b> Government and LCR will explore by March 2010 the viability of a Mersey Tidal Energy project, a Northern BRE centre and a LCR trial site for next-generation distribution networks [such as the Smart Grid concept].	✓✓	✓✓	✓✓	✓	✓✓✓	✓✓
Economy Platform: Knowledge Economy	<b>ASK 5: Partnership on the Knowledge Economy Group</b> Government departments and their agencies agree to work with LCR to develop and agree a Knowledge Economy Plan by July 2010 which will include, where appropriate, supportive additional policy flexibilities to be implemented by Government in the areas of funding, upgrading digital networks, marketing, graduate and internship support, business support and realising the potential of key sites.	✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓

# Liverpool City Region Multi Area Agreement



Employment &  
Skills Platform



# 1. SUMMARY

## 1.1 Introduction

This document sets out the context for a new partnership between the Liverpool City Region partners, Northwest Development Agency and Government and its agencies to deliver skills for employability and growth: a Multi Area Agreement - a long term joint commitment to working together to achieve more.

## 1.2 Our Vision for Employment and Skills

The Liverpool City Region vision is that by 2025, Liverpool will be a premier European city region. Supporting this vision are two mutually reinforcing goals of:

- Ensuring the supply of appropriately skilled labour to meet current and future employer demand, and increasing productivity. Both of these mean higher level skills and qualifications; and
- Bringing a greater number of people into the labour market as the pre-requisite to securing economically sustainable communities and eliminating the severe deprivation which is a major constraint on the prospects of a better future for many thousands of people in the city region.

## 1.3 Significant Challenges Remain

The Story of Place describes an impressive recent renaissance that has seen the Liverpool City Region (LCR) become a significant driver of economic growth within the North West economy. However, despite this recent economic growth, substantial European investment, Liverpool's status as this year's European Capital of Culture and major physical developments such as the 'Liverpool One' project; it is clear that not all of the city region's population are benefiting from its economic progress. The cycle of worklessness, benefits, poor educational attainment and poor health remains a reality for many people. Over 240,000 people in the LCR are economically inactive and 24.5% of super output areas in the city region appear in the top 5 percent of the 2007 Index of Multiple Deprivation's most deprived areas.

## 1.4 Accelerating Change through a Multi Area Agreement

To achieve our long term vision for employment and skills, partners are clear that it is essential to improve the integration of employment and skills services within the city region, and to deploy resources more effectively in response to what individual residents and employers require. Adopting this new approach is vital if partners' are to address the scale of need and accelerate the pace of change.

Currently there is considerable investment in employment and skills provision across the city region but this is fragmented and uncoordinated; valuable lessons are not always shared. Links between existing services are weak and residents and employers are faced with a complex range of options. As a result, individuals can fall or be lost between services and may not continue to progress towards work or retain employment.

We want to create an integrated package of services based on a clear vision for employment and skills development that local partners, Government and its agencies all endorse. This would be the basis for coordinating mainstream and non-mainstream funding, and helping to accelerate performance, reduce worklessness and raise skill levels for our most disadvantaged groups and within our most deprived communities.

Achieving this vision is at the core of the MAA and will require:

- Setting a strategic approach for the Liverpool City Region;
- Appropriate resource allocation between policy priorities to lever the maximum impact at the local area;
- Delivery of bespoke solutions at the right spatial level designed to meet the needs of individuals and employers;
- Working collectively to align and co-commission resources; and
- Changing the behaviour of key implementation agencies and solving some critical design issues.

## 1.5 New Governance Arrangements

The City Region Leaders have committed to developing a robust governance structure comprising a City Region Cabinet underpinned by six policy boards. This includes the establishment of an Employment and Skills Board by April 2009 to give employers a prominent role in local decision making. The Board will be the catalyst for change. It will set the strategic framework for public spending on adult employment and skills provision, ensuring that it matches employers' needs and will oversee the implementation of the proposals in this document.

## 1.6 Our Asks of Government

We are not asking Government for more funding; there is already considerable investment in employment and skills in the city region. What we want from Government and its agencies is an agreement to work with the LCR partners to implement a number of policy asks and associated enabling measures which, when in place, will mean that the city region achieves more rapid progress in meeting its vision for employment and skills.

We are asking for:

### ASK 1

Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions, which facilitate all parties jointly implementing and performance managing the strategy and plan by June 2009.

### ASK 2

DWP and LCR will work to agree a Flexible New Deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales and will take into account wherever possible:

- Using local resources to develop a universal offer of self-employment provision that includes an enhanced model of test trading;
- Providing additional support where required to all 18 year olds who were previously Not in Education, Employment or Training;
- Delivering a personalised information, advice and guidance service supported by the seamless transition for young adults from Connexions to the Adult Advancement and Careers Service;
- Integrating Skills Accounts with the package of support available;
- Integrating Halton with the five Merseyside local authority districts so that a single city region contract can be tendered for Flexible New Deal;



**ASK 2 (continued)**

- Agreeing clearly defined and agreed roles and responsibilities of individual partners in the commissioning and performance management of the Flexible New Deal contract.

**ASK 3**

With a view to agreeing formal pilot status by end of March 2009, DWP will work with the LCR to refine their proposals for a 'Fit for Work' service pilot to deliver an early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment. DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilot status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.

**ASK 4**

DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Advancement Careers Service (AACS) by trialling other aspects of the new AACS framework.

**ASK 5**

Government and its agencies agree to the following enabling measures to support delivery of 'asks' 1 to 4:

- 5.1 DWP and DIUS agree in principle to a city region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009 (supporting ASK 1, ASK 2, ASK 3)
- 5.2 By March 2009 map key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved (ASK 1)
- 5.3 DWP and CLG will involve LCR in a joint department project starting in January 2009, which will result in the identification and agreement of data that will be shared by March 2009, to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes. (ASK 1, ASK 2, ASK 3, ASK 4)
- 5.4 By March 2009 agree how the roll out of Skills Account trials and their further development can be tailored to support the LCR priorities (ASK 1, ASK 2)
- 5.5 By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the Employment and Skills Strategy and Commissioning Plan for the LCR (ASK 1)
- 5.6 DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area - enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan (ASK 1)
- 5.7 DIUS will provide support, advice and periodic reviews to the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through granting Section 4 status of the Further Education and Training Act by April 2010 (ASK 1).

The rationale for selecting these asks and the associated enabling measures are presented later in the document.

## 1.7 Delivering Change

The MAA is the first step in developing and implementing a range of transformational outcomes and enabling measures to achieve the city region's wider economic aspirations and improve the quality of life for residents. It is about improving the way in which partners work together, as well as the nature and priorities for action.

The focus of this document is on the immediate priorities of addressing employability and low skills that must be addressed in the short to medium term. Subject to approval of this agreement, the document will be reviewed on an annual basis to ensure its continued alignment with new national, regional or city region priorities. In addition, it is proposed to bring forward a further iteration, if required, when the wider MAA is submitted in April 2009. This will allow any outcomes linked to the city region proposals for the economy, housing and transport to be progressed.

By then local partners will also have more clarity about the Government's Machinery of Government reforms and specifically the structure, roles and responsibilities of the Young People's Learning Agency and Skills Funding Agency. There may be enabling measures linked to these proposals that would require further development and discussion with Government and its agencies.

The indicators and targets we must deliver within the first three years are suitably ambitious and stretching but are provisional in nature because they have developed prior to the completion of the wider MAA. For this reason they will be reviewed as part of the submission of the full MAA in April 2009.

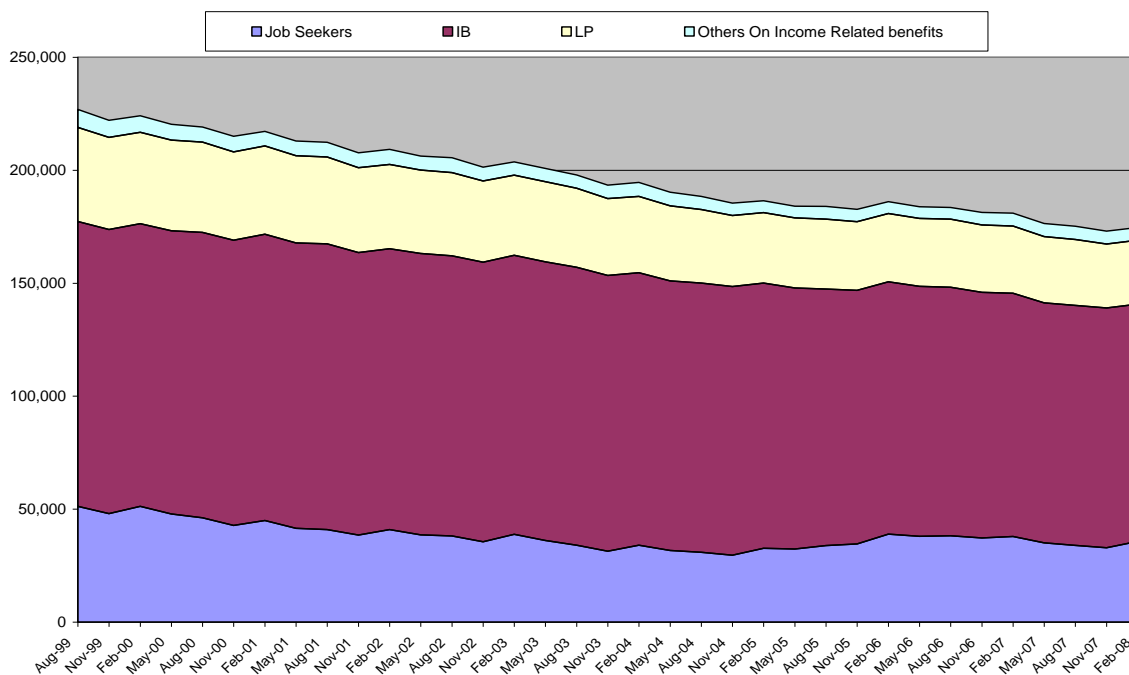
## 2. THE NEED FOR CHANGE

### 2.1 Economic Context

The LCR economy has an unacceptably low employment rate of 68.1%, persistently high levels of worklessness, concentrations of deprivation and low skills attainment. This low employment rate poses a significant cost for the North West region in terms of the loss of potential output and wealth creation. The costs to the national Exchequer of maintaining significant numbers of people on out of work benefits often for prolonged periods has a negative impact on the national and regional economy.

Figure 1 illustrates the take up of out of work benefits in the LCR ie Job Seekers Allowance (JSA), Incapacity Benefit (IB) and Income Support (IS). A total of 35,680 working-age people are JSA claimants; 105,070 are claiming IB and 33,930 people claim IS. This gives the LCR an out of work benefit total of 174,680 and a rate of 19.3%. This is over 4.5 percentage points above the North West average of 14.8% and 7.4 percentage points above the National rate of 11.9%.

Figure 1: LCR Workless Benefit Categories, August 1999-February 2008



More than one in three (37.0%) around 303,489 working age adults are without an NVQ2 qualification, compared to 33% in the North West and 31.9% in England. This is a considerable barrier to driving forward the LCR economy and our ambitions to boost productivity through a higher value added business base.

Within the LCR disadvantaged groups have not all benefited to the same extent from the recent growth in jobs:

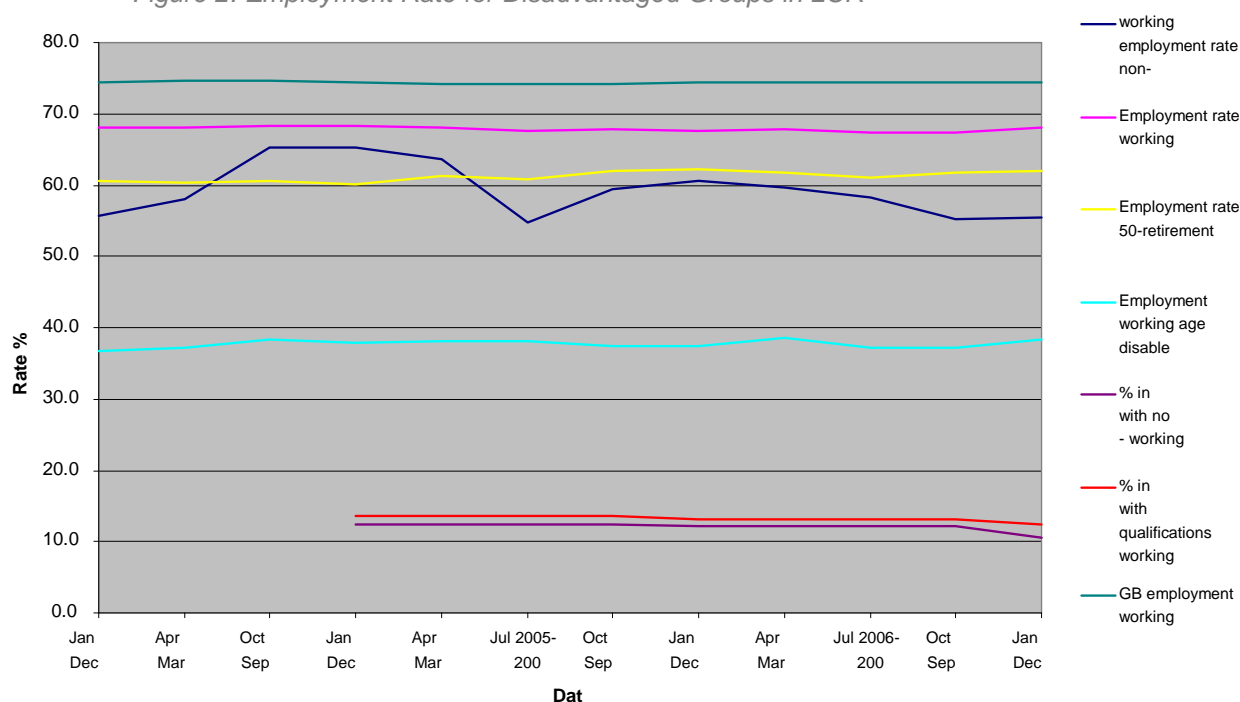
- Black and minority ethnic groups had closed the employment rate gap with the Merseyside average but this has recently opened up;
- The over 50s employment gap has narrowed but at 62.0% is still behind the North West (67.3%) and GB level (71.4%);

- The lone parent rate has been improving but is still below the GB level;
- Disabled people have been closing the gap but the rate has still not reached 40%.

The gap has also widened for people with low or no qualifications. The new jobs have been accessed by those with intermediate and high qualifications, leaving those with low qualifications at an increasing disadvantage. For example:

- Employment rates for 16-19 year olds are low; unemployment rates are higher and they are also the group at a higher risk of becoming unemployed during periods of economic or business downturn;
- The over-50s and those without qualifications are considerably over-represented amongst the workless (40% of all workless);
- The number of children in households claiming benefits is higher than in comparable areas. One in four children live in a household claiming a workless benefit - partly explained by lone parent households;
- Almost 50% of all workless claimants have been claiming a benefit for 5 years or more.

Figure 2: Employment Rate for Disadvantaged Groups in LCR



Worklessness is identified as one of the most serious aspects of market failure in the LCR, concentrated in several major areas of multiple deprivation and with wide variations between and within the six local authorities. The deeply entrenched nature of worklessness in many areas and persistent problems of low skills means that communities are increasingly disconnected from the economy. These factors have combined to diminish the aspirations of families and create areas where low income levels undermine the vitality of neighbourhoods and potentially constrain economic growth. Residents are less able to compete for jobs with higher skilled commuters travelling into the city region. In addition, transport to jobs is a key issue in some parts of the city region and limited travel horizons are a further barrier.

The high number of IB claimants among LCR working age residents is a key concern. The IB/Severe Disablement Allowance claimant rate of 11.7% in the LCR is 22.7% higher than the North West average (9.53%) and 73.6% higher than the England average (6.74%). Among the LCR districts, Knowsley (13.6%) has the highest proportion of IB/SDA claimants, twice the

England rate, and Sefton (9.6%) the lowest. Compared to the English core cities, LCR districts also have poor claimant rates; Knowsley and Liverpool have worse rates than all core cities.

Nationally, a third of new claimants currently cite mental health conditions as the primary cause of their incapacity compared with one fifth in the mid-1990s. Individuals with mental health problems are, however, known to have the highest “want to work” rate of any disabled group. More individuals across the LCR (42.5%) claim IB/SDA for mental or behavioural disorders than any other condition. This is in line with the North West average (42.3%) and slightly higher than the England average (41.1%).

With regard to young people, the LCR has been successful through its 14 – 19 partnerships in tackling young people not in education, employment or training (NEET) but it is now becoming more difficult to maintain the rate of progress seen in previous years. We still have far too many young people who are NEET at an average of 11.2% compared to an average of 9.5% across the North West. (Source: Adjusted 16-18 NEET CCIS Connexions version Quarter 4 2007). We have particular problems with drop out from learning at 17 and 18, this is having an impact on the number of 18 year olds registering for Job Seekers Allowance (JSA) and we know from experience that those with a history of being NEET are more likely to become long term unemployed in the future.

## 2.2 The Scale of the Challenge

The scale of the challenge facing the LCR is illustrated very clearly by considering the city region's current performance against national Public Service Agreement (PSA) targets:

- To increase the proportion of residents with functional literacy and numeracy skills to 90% by 2020, it will be necessary for 164,301 more residents to gain a level 1 qualification. An increase of 25.5%.
- To achieve the aim of 79% of working age residents qualified to a Level 2 or above by 2010-11, a further 131,376 (16.03%) of LCR working age residents would need to obtain a Level 2 qualification or above. This equates to an increase on the present figure of 516,098 by 25.46%. (Source: Annual Population Survey 2006 – DIUS)
- To achieve the aim of 56% of working age residents qualified to a Level 3 or above by 2010-11, a further 114,717 (14%) of LCR working age residents would need to obtain a Level 3 qualification or above. This equates to an increase on the present figure of 344,252 by 33.3%. (Source: Annual Population Survey 2006 – DIUS)
- To achieve the aim of 34% of working age residents qualified to a Level 4 or above by 2010-11, a further 90,585 (11.05%) of LCR working age residents would need to obtain a Level 4 qualification or above. This equates to an increase on the present figure of 188,075 by 48.16%. (Source: Annual Population Survey 2006 – DIUS)
- To reach the Government's 80% employment target, 108,780 additional people in the LCR would have to move into employment.

The above is compounded by the current economic climate. Latest indicators produced by the Chambers of Commerce show that the city region economy has slowed dramatically in the last quarter. The trend locally appears to be towards negative growth during the rest of 2008 and the start of 2009. Around 80% of manufacturing businesses and 70% of service businesses are now operating below capacity. Although employment levels have held up relatively well across the LCR, businesses expect to reduce staff during the rest of 2008. For those businesses that are still continuing to recruit they have still found it difficult to recruit the right people – particularly where they are looking for skilled staff. More businesses have experienced a sales fall rather than a rise and this applies for both service and manufacturing sectors.

### 3. EXISTING PARTNERSHIP ACTIVITY

Local partners have started to develop and deliver integrated employment and skills services through existing partnership arrangements. Pilot activity linking local engagement activity, referral and employability services, through to in work support is being delivered under the City Employment Strategy banner. There are also other high profile examples of cooperative working across policy areas that are influencing the future strategy and direction of employment and skills activities within the city region.

#### 3.1 City Employment Strategy

In 2006 the LCR became a City Employment Strategy Pathfinder area, one of fifteen national pilots. The City Employment Strategy (CES) has facilitated a good understanding and awareness of the challenge of worklessness and low skills across the six local authority districts and of key partners' respective policies, targets and programmes. Before CES there was little cross boundary local authority communication or activity on this agenda.

We have worked hard to establish an effective partnership bringing together the private, public, voluntary and community sectors. We are now focused on improving outcomes in those areas with the highest concentrations of worklessness and lowest skills levels. In taking this forward, the CES Board has agreed the following first principles to steer the work of the partnership:

- Getting people into jobs and keeping them in jobs;
- Meeting the needs of employers and ensuring people are job ready;
- Delivering a step change in performance;
- Addressing culture/stigma/perceptions of workless residents;
- Using resources smartly to secure outcomes;
- Prioritising interventions for the benefit of the city region not boroughs; and
- Focusing on those areas of greatest need.

Through the CES partners have already started to collaborate on the development of a Single Investment Framework to support the delivery of integrated employment and skills services. This has resulted in the alignment of discretionary funds to deliver the continuum model for employment and skills and target key client groups and geographic areas (see case study). However, this framework does not drive the delivery of mainstream provision.

#### Case Study 1 - City Employment Strategy Single Investment Framework

The six local authorities, LSC, DWP/ JCP and NWDA have worked together to join up circa £80 million pounds of investment for the period 2007/08 to 2010/11 to deliver agreed priorities. As a result of this collaboration partners were able to:

- Map existing provision including most mainstream delivery;
- Identify current funding levels and likely shortfalls in funding as a result of the end of Merseyside's Objective 1 programme in 2008;
- Identify gaps in mainstream provision, area coverage and issues of scale in relation to tackling worklessness in neighbourhoods;

- Identify examples of good practice projects;
- At headline level agree a set of principles for the use of ESF co-financing and ESF complementary strand funds so as to avoid duplication and to maximise targeting of priority groups.

By aligning and in some cases pooling funds in this way we are supporting a 7,700 volume reduction in out of work benefit claimants over this 3 year period.

Through the CES a number of innovative pilot programmes that are tailored to the specific needs of individuals living in our most deprived areas have been developed. The following two case studies illustrate this.

### **Case Study 2 - Reach Out Plus**

Wirral's DAF wards have a worklessness rate double the Wirral average. Delivered by a third sector organisation, Reach Out Plus was commissioned to increase the volume of priority customer groups within DAF wards entering employment and to provide in-work mentoring to support retention and progression within the workplace. The project has the capacity to cross refer to other employment and skills partners at any time throughout the employment and skills continuum to provide a truly customer focused employment and skills solution. The focus of the activity is all DAF priority groups with a particular emphasis on workless households and delivering on child poverty.

Six Employment Support Workers are based in community locations offering direct advice and guidance as well as signposting to other agencies when required. Through the Employment Support Worker the participant can apply to access a discretionary fund to overcome barriers to jobsearch and final barriers to employment. This fund can be accessed by all employment and skills providers delivering in Wirral's DAF wards on behalf of their participants. The Employment Support Workers also provide an In-work service to support job retention and progression in the workplace and they are currently exploring the possibility of an In-work emergency fund. The activity provides an out of hours facility seven days a week, with a rotation of on-call Employment Support Workers accessible by mobile phone. This is particularly beneficial to support the in-work element.

The funding for this activity was £150,000 from November 2007 to March 2008. This timescale included recruitment and training and the delivery of the activity commenced in January 2008.

The target for this activity was 81 DAF priority group residents into employment. Reach Out Plus achieved 121 job outcomes across all CES priority group with an 85% retention rate at 13 weeks.

Given the success of this programme activities have now been extended to March 2009 using Working Wirral funds.

### **Case Study 3 – Step Closer 2 Work**

In Liverpool there are 37,000 people in receipt of IB. 24,000 have claimed for 5 years or more and have a substantial journey to make back to the world of work.

Step Closer 2 Work (SC2W) is a Jobcentre Plus sponsored project that receives its funding from the Working Neighbourhoods Fund. SC2W is tasked with developing innovative and imaginative ways of engaging with people in receipt of IB for 6 months or more and assisting them, on a voluntary basis, to move into training and work through individually tailored support. This support continues once a client enters work. SC2W complements and adds value to the



Jobcentre Plus mainstream Pathways to Work programme that targets new and repeat claim IB recipients.

SC2W became operational in autumn 2006, formulating a neighbourhood engagement strategy allied to a marketing and publicity campaign. Activity is concentrated within those local authority wards with the highest levels of deprivation and worklessness. These are primarily in the north of the city.

The project operates a whole family approach and thus can also identify and flexibly address barriers to work not directly related to the IB recipient. Operational delivery is formulated around four 'must do' activities of identification, engagement, closer working and results.

By September 2008, 417 IB recipients had been placed into work. Within the same period 307 had their vocational training needs identified and met and 366 had undertaken employment related learning and awareness activities. Of those placed in to work:

- 44% had been in receipt of IB from 6 months to 2 years
- 22% had been in receipt from 2 years to 4 years
- 23% had been in receipt from 4 years to 9 years
- 11% had been in receipt for 10 years plus

### 3.2 Developing a LCR Child Poverty Strategy

Despite there being a national target to eradicate child poverty, it was increasingly evident that little had happened at a local level to tackle child poverty in a co-ordinated strategic way across the LCR. With some of the highest rates of child poverty in the country, the CES Board seized the opportunity to be involved in the roll out of the Child Poverty toolkit - developed by the Centre for Economic and Social Inclusion (CESI) and Child Poverty Action Group (CPAG).

A series of child poverty sessions have been held across the six local authority areas. One of the ultimate objectives of these sessions was to bring together decision makers from across key policy areas such as Local Authority Economic Development, Children's Services, Jobcentre Plus, Sure Start Children's centres and Primary Care Trusts to develop a cross cutting strategic approach to addressing Child Poverty.

These child poverty sessions enabled partners to identify issues common to all boroughs that would benefit from a city region child poverty strategy such as: in work poverty, workforce development, childcare, benefit take up levels (particularly in work benefits such as tax credits). Making appropriate links to the Local Area Agreements has also occurred.

The CES Board has committed funding to build on the work undertaken so far and there are plans to introduce a common framework approach to tackling child poverty that will ensure that all the LCR authorities:

- Are signed up to a child poverty vision statement and child poverty reduction target;
- Delivering activity on the ground with a specific focus on families identified as living (or at risk of living) in poverty; and
- Agree a common approach to measuring and monitoring child poverty using the indicators developed as part of the child poverty toolkit.

### 3.3 Improving Accessibility

Improving accessibility for communities across the LCR is a shared priority for partners and underpins the Merseyside and Halton Local Transport Plans. Through joint working

Merseytravel, local authorities and the CES partners have agreed a joint approach to improve residents access to employment opportunities.

WorkWise Merseyside targets residents living in the most deprived areas of the LCR. Working in partnership with Jobcentre Plus, Connexions, Neighbourhood Travel Teams (in all six local authority areas) and the Community and Voluntary Sector, the following package of measures that can be tailored to the particular needs of individuals, are being delivered:

- Scooter Commuter – A six month loan of a 50cc scooter for those where transport is not available for travel to employment, training or education;
- WorkWise Wheels – A six month cycle hire scheme;
- WorkWise TravelCard - For residents in targeted areas who have an offer of employment, education, training or an interview;
- WorkWise Information - A series of 'How to Get to' guides provide details of how to reach a particular employment site by all modes of transport in a clear format;
- Interactive Employment Map - Available online the map provides referral agencies and clients themselves with the ability to match potential employment or education to the availability of public transport;
- WorkWise Web-site - A bright, easy to use website contains all information on all WorkWise schemes for use by organisations and by potential clients.

Through the integration of WorkWise with Neighbourhood Travel Teams and local Employment Advisors a coordinated approach to advice and guidance is taking place. Clearly the ability to access and understand information is crucial in overcoming transport barriers and broadening travel horizons for excluded people. The Transport platform of the MAA will build on these successful examples.

A complementary range of initiatives is being pursued within Halton including:

- Links 2 Work discounted taxi scheme for new entrants to the labour market;
- Travel training and advice for young people and vulnerable adults wishing to enter employment / training; and
- Discounted ticketing in partnership with Merseyside Connexions for NEET clients.

### **3.4 Health is Wealth**

The LCR Health is Wealth Commission met over a 12 month period and published its final report in September 2008. Commissioners were drawn from a diverse range of backgrounds creating a broad based body which took evidence from a range of witnesses to investigate health related and economic issues.

One of the themes looked at by the Commission was IB and the links between worklessness and poor health. The acuteness of the problem in the city region is what concerned the Commission with almost 12% of the working age population claiming IB/SDA, accounting for over a quarter of claimants in the North West and 5% of the England total. The majority of IB claimants are male and in the over 50 age bracket. Long term benefit dependency is also a key issue with over two-thirds of claimants being in receipt of benefits for over 5 years. The majority of claims, accounting for 45% are for 'mental and behavioural disorders' including stress-related illnesses and depression.

The Commissioners also considered the social and economic impacts of improved occupational and work based health that were reviewed in Dame Carol Black's report 'Working for a Healthier

Tomorrow'. The report states that an average of 3% of the workforce are off work sick at any one time, and that the annual cost of sickness absence and worklessness to the national economy is £100 billion – greater than the current annual budget of the NHS. The Commission concluded that there was a need not only to give occupational health a much higher priority, but also for a cultural shift to promote the health benefits of work. One of its recommendations is to work with key stakeholders to develop a 'Health at Work Charter' for the city region that public sector and private sector employers would commit to, as one of the ways to address this.

The Commission's work is timely and a number of its final recommendations are highly relevant to the implementation of the MAA:

- The development of a city region 'Wellbeing at Work Charter' – a statement about the way the LCR supports its workforce and its employers; setting out an underlying philosophy for the way in which the city region conducts business;
- The creation of a shared Occupational Health Service scheme – as a social enterprise, funded through membership and possibly subsidised through public monies – that can be accessed on demand or as necessary by its members, particularly for those SMEs and social enterprises that may otherwise struggle to provide occupational health services;
- The establishment of a 'Northwest Works Task Force' to examine the causes of and contributors to IB claims and worklessness, to audit current schemes and projects across the region and identify areas of best practice, and to determine positive routes for change; and
- The adoption of a common 'Procurement Concordat', designed to stimulate, develop and adopt best practice – specifically in creating employment and training opportunities, supporting social enterprise and engaging those citizens who have been in receipt of long-term Incapacity Benefit.

## 4. BARRIERS TO EFFECTIVE PARTNERSHIP WORKING

There are a number of specific barriers, largely issues of process and organisational culture, that we are asking Government and its agencies to help us address. Some of these issues have been raised before with Government departments by individual local authorities as part of their Local Area Agreement (LAA) negotiating process or as part of the LCR City Employment Strategy enabling measures.

A number of specific enabling measures were identified by the CES at the outset of the initiative but so far none have been granted by DWP. The failure to allow specific, local enabling measures is a considerable disappointment and we believe this limits the activities that can be undertaken by the partnership.

- The LCR is a single labour market area that includes the five Merseyside districts of Liverpool, Knowsley, Sefton, St Helens and Wirral as well as Halton. But current commissioning arrangements for the delivery of employment programmes straddle two Jobcentre Plus administrative districts (Merseyside and Cheshire, Halton and Warrington). As a result Halton has a different ESF prime contractor to the rest of the LCR; consequently the provision on offer to individuals and employers is not consistent with the rest of the city region or as well aligned to the LCR continuum framework. We propose that a single geography is used for future tender arrangements so that Halton is included as part of the LCR. This change supports our proposals to move towards integrated arrangements for employment and skills delivery.
- The City Employment Strategy partners have mapped the funding streams and target regimes operating in our area and have found a complex web of funds, targets, and institutional arrangements. Progress has been made to improve integration across the employment and skills spectrum through the introduction of the Single Investment Framework. But we are convinced that there are real gains to be achieved by working more closely with Government and its agencies to streamline existing strategies, rationalise funding streams, improve provider performance and deliver efficiencies.
- Currently, DWP commissioned programmes tend towards getting an individual into employment rather than supporting them to develop skills for sustainable employment and career progression. Similarly, a priority for DIUS/LSC mainstream provision is focused on securing recognised qualifications for Skills for Life and at Level 2 rather than basic, job specific skills for employment. A substantial proportion of LCR client groups are in the first instance too far away from the labour market and will not access or achieve full qualifications. In some instances the best way of moving from inactivity to volunteering, training or employment is to provide alternative employability interventions which are often not accredited.
- An integrated offer to individuals and employers can only truly be achieved if it is embedded with the initial design framework and within the resulting contracts. Funding streams and performance frameworks drive provider behaviour and can distort the experience of individuals and the support they get. In addition providers have no clear incentive to work together; contracts are generally not set up to reward the progression of individuals by signposting forward to other provision or across different funding streams and/or providers. Nor is there any consistency of pricing, performance management and provider assessment mechanisms.
- A single integrated offer to individuals and employers will only be effective if it is doing the right thing for the right people in a targeted way that maximises the use of limited

resources. Sharing data across partners can facilitate the targeting of activity that works as well as enable the evaluation of different interventions. For example, sharing data such as on/off flows would enable partners to analyse “churn” to develop interventions such as employment retention.

- Targeting at the right spatial level across the LCR is critical to making a real difference in the areas where support is most needed. It has the advantage of increasing the amount of resource per capita in target areas and potentially increasing the effectiveness of delivery. All LCR LAA's have PI 153 (worklessness in the worst performing areas) and most have PI 116 (children in workless families) and P1 117 (NEET) within their basket of worklessness indicators. Tackling these concentrations of worklessness at the Lower Super Output Area (LSOA) can only be achieved by spearheading its delivery approach. Although Jobcentre Plus has small area information of this nature it is not shared with partners and hampers effective targeting.
- Prompt and more easily accessible local information and more qualitative data at non disclosure levels is an area that partners are interested in developing with DWP to support a targeted response to making a difference in our worst performing areas and for our most disadvantaged groups.

## 5. OUR PROPOSALS

### 5.1 Stimulating Employer Demand

To ensure a well co-ordinated partnership approach to employment and skills that matches employers' needs we will establish an Employment and Skills Board (ESB). This will be the principal vehicle to take forward actions proposed in this MAA. We are therefore asking for Government's support in the steps towards establishing an ESB that has delegated functions and responsibility.

The ESB will form part of the wider LCR governance arrangements and be integrated with the Leaders Cabinet and other Liverpool City Region Boards. This Board must be capable of articulating current and future employment and skills demand. Local employers are best equipped to articulate this demand so it follows that they will have a strong voice on the ESB.

Proposed roles and responsibilities for the ESB include to:

- Provide leadership on employment and skills to the city region;
- Approve and take decisions to secure the delivery of the LCR Employment and Skills Strategy;
- Set the employment and skills priorities for city region commissioning plans for both pre-19 and post-19 employment, skills development and learning;
- Oversee major capital investment related to the learning infrastructure;
- Co-commission DWP, DIUS, NWDA post-19 employment and skills provision and review performance;
- Review the performance of national and regional employment and skills contracts being delivered in the city region;
- Take decisions to pool and align funding streams (including DWP, European Social Fund, North West Development Agency, Working Neighbourhoods Fund) to support shared priorities;
- Work with the community and voluntary sector to design community owned solutions to tackling employment and skills disadvantage;
- Target innovative programmes in particular areas of need;
- Continuously ensure alignment with emerging policies and initiatives and review and approve changes to the Employment and Skills Strategy as necessary; and
- Manage relationships with regional and national agencies, including DWP, Jobcentre Plus, the new Skills Funding Agency, Young People's Learning Agency, National Apprenticeship Service, NWDA; and feed in good practice from other regions in the UK.

### 5.2 A Strategic Approach to Employment and Skills

We will develop a LCR Employment and Skills Strategy by June 2009 setting out our vision for how we integrate employment and skills services, as well as our priorities and targets. Building on the existing City Employment Strategy and NEET reduction work, it will be developed in co-operation with local partners and DWP, DIUS, DCSF, DH, Jobcentre Plus, the Learning and Skills Council, North West Development Agency and employers.

The Strategy will be consistent with and add value to the new Regional Strategy, sub regional and local economic assessments. It will set out a high level vision and the key employment and skills priorities that reflect LCR's distinctive geography. This approach will help deliver relevant PSA targets and close the employment and skills performance gaps both within the LCR and with the north west and nationally.

As part of this approach to align strategic objectives we are seeking to establish a common framework of shared targets for our integrated service, including clear incentives for providers in both the public (ie through Job Outcome Targets) and private sector (ie through appropriately structured payment arrangements) to support residents into sustained employment and jobs with training. This would require agreement with DWP and DIUS for new and/or additional performance targets and payment items in provider contracts in order to stimulate desirable behaviours within the provider base and, in particular, to secure integrated support to individuals.

Once the strategic priorities and outcomes have been developed and agreed by LCR partners, Government departments and its agencies through the endorsement of the LCR Employment and Skills Strategy, a joint prospectus and co-commissioning plan will be produced that complements the national core service offer adding local value and flexibility.

### 5.3 Integrating Employment and Skills Delivery

We will deliver the step change in performance required by creating an integrated package of services based on an employment and skills continuum. This continuum (see Figure 3) will be the model by which Government departments and their agencies come together with local authorities and others to align funding and deliver activities to help people get a job, keep a job and progress to higher level employment opportunities.

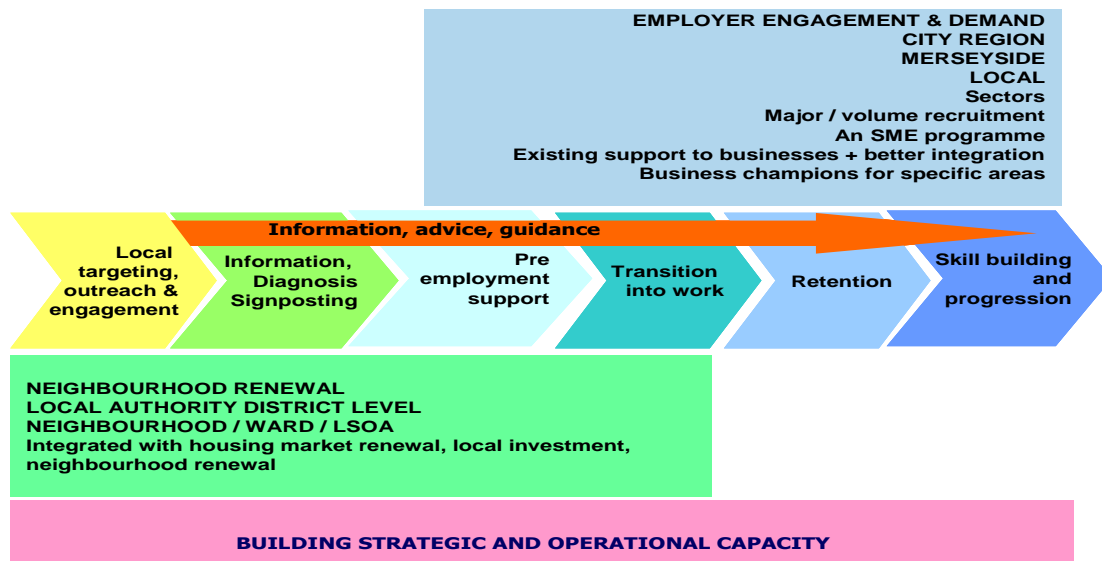
The key elements of this model are:

- A demand led approach which engages employers, with a particular emphasis on creating route-ways to employment for local people in LCR growth sectors e.g. retail/ leisure/ tourism and maritime;
- Delivery of effective packages of recruitment and training services which meet the needs of employers, maximises the take up of Apprenticeships and Train to Gain and provide progression across the full qualifications spectrum from Level 1 through to Level 2, Level 3 and Level 4;
- Ensuring a good quality information, advice and guidance service is integrated within each stage of the journey into work and is also widely accessible within the workplace;
- A routeway of personalised assistance to individuals from worklessness to employment, with subsequent support for job retention, up-skilling and progression;
- The integration of these measures with neighbourhood and housing renewal.



Figure 3: The LCR Employment and Skills Continuum

Source: Continuum Model CES Delivery Plan 31/5/2007



Our aim is to achieve better integration of services from the point of planning through to procurement and frontline delivery, through integrated objectives, targets and processes. Data and information needs to be shared and there should be a 'no wrong door' approach to delivery. The model will also maximise impact by stopping ineffective provision and scaling up provision which is successful.

Changing provider behaviour will also be critical to our success and we will work with Government departments and agencies to jointly agree a common catalogue of funding levers and output measures that encourages more collaboration and referral across delivery interventions.

## 5.4 Working with Employers

We want to stimulate the market so that employers are exercising the control they already have over significant amounts of funding for training, through increased take up of the Train to Gain service and also through Apprenticeships, making sure they get access to the skills needed for the workforce of the future.

Train to Gain plays a major role in helping to deliver the Government's skills strategy and ambitions. By 2010/11, more than £1bn of public funding will be routed through Train to Gain and the service will support more than 950,000 employees each year. Further flexibilities continue to be introduced into the service where the offer not only includes Basic Skills through to Level 4 qualifications but also now includes the provision of units or modules of qualifications specified as being important to SMEs, repeat Level 2 qualifications and additional funding for Level 3. The LCR will utilise these increased flexibilities through its delivery of the overall city region strategy and commissioning framework.

For young people, who are particularly vulnerable to job losses during an economic downturn, we are working with employers and providers around Apprenticeships and how we can support our young people to continue in learning if their employer has to let them go. We are establishing employer pools, where Apprentices may work and continue their learning through a range of different employers.

We are seeking to stimulate demand within the city region employer base to recruit workless residents, and the vulnerable groups that make up this cohort, through the Local Employment

Partnerships. Employers' recruitment and skills challenges are tackled in a number of ways, including pre-recruitment training (using sector specific skills toolkits) and through the offer of further training once an individual is in employed via Train to Gain. Currently some 742 (Jobcentre Plus, October 2008) employers operating across the city region are signed up to the Local Employment Partnership and Jobs Pledge. However many of these employers operate nationally and a key constraint on Jobcentre Plus and other partners' ability to increase the number of locally based businesses signing up to this approach is the limited partnership resources that are focused on employer engagement. The introduction of new programme activity commissioned from the partnerships' joint investment programme (see Chapter 7) will help to redress this balance and assist partners to work more with employers.

Recent surveys indicate reluctance on the part of companies to recruit people with mental health needs. Anecdotal evidence indicates that this is largely a result of stereotypical myths and a lack of information about mental health conditions. Employers have also indicated that they appreciate ongoing advice, guidance and responsive support. Through the Local Employment Partnerships, opportunities to get people back into the work place through mentoring, on the job training and work trials, will benefit this customer group. In addition, part of our broader employer engagement proposals will aim to increase awareness of mental health at work through signposting to the Mindful Employer national initiative.

Currently, one of our biggest issues is that we have no clear picture of the employer journey when it comes to recruitment and the following on workforce development. We need to better understand the process and flow from the employer perspective from placing an advert through to identifying skills for recruitment, interview and selection process, job offer, appointment, induction and on going workforce development.

Only if we understand this journey as an employer can we design packages and stage our interventions to ensure that referrals to other services are made and acted upon by providers. For example, when people are placed in employment there is no clear process or data sharing in terms of referral and follow up by the Train to Gain Brokerage Service.

LCR are committed to developing an integrated employer journey and in doing so will work together to:

- Map the recruitment journey from the employer perspective;
- Identify the employer offer at each stage of the journey and the interface with the different agencies/ providers;
- Examine opportunities for sharing data (as part of our data sharing protocol) at each stage of the process;
- Examine ways in which providers can be rewarded with incentives to make and follow referrals from other providers/ provision (part of the co-commissioning proposals); and
- Examine ways in which the Train to Gain Brokerage Service can become more integrated within the journey for employers and individuals.

## 5.5 Co-Commissioning of Bespoke Services

The complexity and scale of the challenge in the LCR requires interventions that are carefully planned, tailored to meet needs, but also flexible. Success will depend on a more integrated approach to commissioning, and this in turn will depend on the removal of operational barriers such as the following:

- Agencies operate within different policy frameworks stemming from different Government departments and consequently proposals do not always sit neatly within local frameworks;

- Initiatives are often developed in isolation, introduced during different time periods and are managed by different agencies. Some agencies have a primary focus on employment or economic development or skills, while others focus on area based regeneration;
- A duplication of provision in some areas and gaps in provision in others;
- Contracting processes can act as a barrier to collaboration e.g. Jobcentre Plus and LSC are 'very likely' to be purchasing similar services from the same provider at the same time but different contract management systems, data collection and payment arrangements exist;
- When different providers are appointed to deliver very similar interventions the consequence is that different organisations are competing for the same customers and causing confusion;
- Funding often drives provider behaviour, and current contracting mechanisms do not encourage the flow of individuals between providers and through the customer journey; and
- Problems exist with tracking clients across providers.

LCR partners wish to establish a radically new relationship with DWP, DIUS, DCLG and their agencies to the commissioning and contracting of activity which will deliver a more integrated offer to individuals and employers. We believe that adding value to, and flexing up, mainstream programmes such as the New Deals (Flexible New Deal from 2010), Train to Gain, Apprenticeships and Adult Responsive Provision will accelerate routes into work for LCR residents. In return local partners will review where Area Based Grant, Working Neighbourhoods Fund, European Union and North West Development Agency funding can be used to provide complementary services.

### **Co-commissioning**

Our approach to co-commissioning is predicated on Government departments and agencies working with LCR partners to develop and implement new models of service delivery that are over and above the common 'spine' operating across the country (see 'No one written off: reforming welfare to reward responsibility', DWP July 2008). We want to go further than Government departments simply consulting with local partners prior to commissioning their programmes in the LCR and instead move to arrangements whereby city regional approaches are agreed that supplement the spine of national provision with additional wraparound services to address specific local issues (see Chapter 6). In addition, LCR partners are seeking greater influence over future departmental commissioning processes to secure more effective delivery of city region priorities once these are agreed with Government and its agencies.

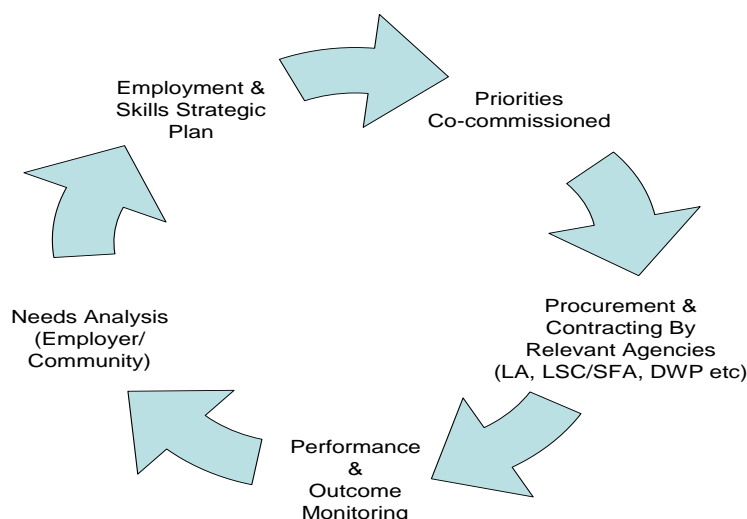
Partners see the LCR Employment and Skills Strategy as the overarching document to which all public sector investments and provision are aligned. This will serve as the framework for the future 'co-commissioning' of mainstream and non-mainstream employment and skills activity in the city region. Although the full extent of the commissioning plan will evolve over time as the Employment and Skills Strategy is implemented, the following core requirements of co-commissioning should apply:

- All agencies and planning and funding bodies will take into account the content of the Employment and Skills Strategy when developing plans and distributing resources;
- A commissioning/joint investment plan involving DWP, LSC, NWDA and the local authorities will be the first step in setting out the priorities for action to achieve the Strategy;
- Through this joint investment plan we would expect all partners to agree roles and responsibilities (to minimise overlap and duplication), joint priorities, aligned targets, clear timetables and implementation plans;

- Partners will influence the procurement/competitive tendering processes for all new services; this includes input at the invitation to tender stage, bid evaluation and management of contract performance; and
- All commissioning decisions will be rooted in a firm commitment to allocate budgets wisely, target provision of the highest quality and provide value for money.

Over time we would want to look at how other organisations can be brought into this process, including the new arrangements for pre and post 19 learning from 2010/11, higher level skills and, building on the recommendations of the Health is Wealth Commission, by securing closer alignment with Primary Care Trust commissioning plans. It is important that this new approach includes European Social Fund (ESF) programme funding which has a major contribution to play in supporting some of the most disadvantaged people into work. Therefore we would expect this funding to be aligned to the aims and ambitions of the Employment and Skills Strategy and are asking Government for the Strategy to be recognised as the single ESF Co-Financing Plan for Merseyside from 2010.

To achieve our aims we are proposing to use the following business cycle model to *jointly* commission activity with Government, develop a step change in contracting practices and promote provider collaboration across delivery and funding streams.



The key components of the business cycle model and how it connects to the asks of Government are presented in the following table. The specific programme areas where we are seeking to deliver new co-commissioning arrangements are detailed in Chapter 6.

Commissioning Business Cycle	Processes/ Actions	Approach	ASK
Needs Analysis	<ul style="list-style-type: none"> <li>• Input from ESB, employer groupings</li> <li>• Labour market intelligence</li> <li>• Input from LCR Economy Board on growth/regeneration prospects</li> <li>• Cross reference with Transport and Housing Boards</li> <li>• Customer feedback</li> <li>• Workshops with local partners including local authorities, voluntary and community sector, health, private sector training providers, colleges, front line staff</li> <li>• HEI input re knowledge based economy and higher value added pathways</li> </ul>	On-going process to identify priority sectors, growth opportunities and spatial priorities for investment	ASK 1 ASK 5

Commissioning Business Cycle	Processes/ Actions	Approach	ASK
Employment and Skills Strategy	<ul style="list-style-type: none"> <li>• Articulates LCR vision and aspirations for skills and employment based on long term needs</li> <li>• Includes LCR economic opportunities and challenges</li> <li>• Identifies spatial, customer and individual sector/employer needs</li> <li>• Influenced by and aligned with regional, sub-regional and local authority economic assessments</li> <li>• Influenced and aligned with Joint Strategic Needs Assessments</li> <li>• Articulates the skills framework for 14-19 Educational Plans</li> <li>• Provides a framework for major capital investment related to the learning infrastructure</li> <li>• Headlines employment and skills performance targets agreed within the MAA and the method by which impact will be monitored and measured across the LCR</li> <li>• Acts as the framework for the commissioning of all employment and skills interventions including mainstream, discretionary and higher level skills</li> <li>• Facilitates and drives forward the co-commissioning of activity across partners</li> </ul>	<p>The LCR Employment and Skills Strategy will be the overarching strategic document which all mainstream and non-mainstream investors will align their investment to</p> <p>It provides the framework for the commissioning of all employment and skills interventions including mainstream, non mainstream and higher level skills</p> <p>It shapes partners investment plans</p>	ASK 1 ASK 5
Co-commissioning services	<p>The Employment and Skills Strategy will inform a co-commissioning framework for joint investment planning. This will specify:</p> <ul style="list-style-type: none"> <li>• Priority groups, spatial priorities, investment streams/amounts/ funding flows</li> <li>• Core activities (mainstream) and variations agreed to mainstream delivery e.g. early entry for certain groups (and how this is to be funded)</li> <li>• Alignment of non core activities (Area Based Grant/Working Neighbourhoods Fund, ESF, ERDF, Health Sector investment)</li> <li>• Joint targets</li> <li>• Commissioning process and timetable to take account of partners business cycles</li> <li>• Processes to ensure the quality and responsiveness of services</li> </ul> <p>As employers play an increasingly demand-led role, specifying their needs through the ESB, providers will be expected to adapt and flex their provision and delivery arrangements accordingly</p>	<p>Joint programme design agreed via:</p> <ul style="list-style-type: none"> <li>• Partner design workshop</li> <li>• Specification sharing and comment facility</li> <li>• Joint outcome/ output catalogue framework</li> <li>• Endorsement/ sign off process</li> </ul> <p>We will look to join up processes over the life of contracts to underpin the integration of employment and skills</p> <p>Over time we will seek to converge our funding and the management of common providers</p>	ASK 1 ASK 2 ASK 3 ASK 4 ASK 5
Procurement/ contracting by relevant agencies	LCR partners (via the ESB) will input throughout the individual agency procurement process from Invitation to Tender, evaluation and the letting of contracts.	Agree joint bid assessment arrangements, joint contract award panels	ASK 2 ASK 3 ASK 4

Commissioning Business Cycle	Processes/ Actions	Approach	ASK
	Contracting processes will be agreed and published. This will include a standardised assessment framework, criteria and complaints handling procedure.		
Performance and outcome monitoring	<p>Provision of the following management information for DWP/LSC/ESF prime contractor contracts:</p> <ul style="list-style-type: none"> <li>• By postcode (so this can be mapped to Super Output Areas) in line with the NI 153 target</li> <li>• By benefit type</li> <li>• By ethnic group (where available)</li> <li>• By gender</li> <li>• By parental marker (including lone parent)</li> <li>• By age</li> <li>• By duration of claim</li> </ul> <p>This information should be available by contract and provider – including for the supply chain.</p> <p>Area Based Grant/ WNF/ ESF Complementary Strand to provide similar performance information.</p> <p>Common approach to quality monitoring and sharing information to be developed, review of STAR rating system and Framework for Excellence models.</p>	<p>Agree joint approach to contract management and performance monitoring</p> <p>Agree common approach to quality monitoring</p> <p>Common evaluation framework and customer/ employer satisfaction</p> <p>In the first instance this information will be provide for the following programmes:</p> <ul style="list-style-type: none"> <li>• ESF Prime contractors</li> <li>• FND</li> <li>• Pathways to Work</li> </ul>	ASK 2 ASK 5

## 5.6 Improved Data Sharing

Our proposal is for LCR partners and DWP to develop an Employment Data Framework that will be the agreed mechanism to inform future employment and skills delivery across the city region. Where the data required (see below) cannot be gathered from current data sources such as Nomis or the DWP Tabulation Tool, DWP/JCP and LCR partners will seek through relevant Memorandum of Understandings (MoUs) either direct or indirect access to locally held data held on the Jobcentre Plus GIS information tool at lower level / small areas as outlined below. Furthermore DWP and LCR partners will explore and recommend ways for joint, direct or indirect access through data gateways to be agreed with regard to Jobcentre Plus GIS data sharing.

Data requests include (not yet exhaustive) small area data at below LSOA and postcode levels of:

- Children in families on working age benefits.
- Movement between benefits (eg IS to JSA)
- Increased on/off flow data
- Increased small area / lower level data of benefit cohorts by age, duration, ethnicity, gender.
- Provider performance (by individual provider) for each programme in each local authority area including lower level spatial performance and targets.

The data will be utilised to inform our LCR Employment and Skills Strategy and to better direct the interventions and activities of our delivery partners which will enable better targeting of resources to accelerate performance, meet targets and achieve value for money. The JCP /

GIS data system holds the most recent information and analysis of this is critical to understanding the local landscape, the challenges and tracking progress. This information will be more fully utilised if it is available to a wider pool of LCR partners.

All data will be securely stored and only shared in line within the legislative and Memorandum of Understanding guidelines agreed with identified partners. Clarity of usage and sharing will additionally be agreed and adhered to across the wider LCR partnership as required.



## 6. INTEGRATING EMPLOYMENT AND SKILLS

Our ambition supports the aims of the Work Skills command paper to create integrated services that are more responsive to the needs of individuals and employers (Work Skills, DWP and DIUS, June 2008). Given the scale of the challenge in the LCR and the complexity of the employment and skills marketplace partners are clear that a number of delivery options must be pursued in tandem rather than one big idea being promoted. The following proposals reflect current opportunities, build on existing collaborations of the City Employment Strategy partners and will support the implementation of key recommendations from the Health is Wealth Commission. They reflect the components of the LCR employment and skills continuum (see section 5.4) and will support the partners aim to achieve better integration of services from the point of planning through to procurement and frontline delivery.

The rationale for and scope of these initial requests is presented in the remainder of this section.

### 6.1 Incapacity Benefit

With around 106,000 LCR residents claiming IB our objective is to facilitate a multi-disciplinary approach to delivery that will reduce the number of IB claimants. To ensure the greatest level of impact a long term approach that aligns mainstream and non-mainstream investment and links the appropriate delivery infrastructures is required. This includes providing a seamless transition for residents throughout the employment and skills continuum; from outreach and engagement activity to information, advice and guidance through to pre-employment and in-work support.

Research carried out in Knowsley by Fothergill (2008) identified formidable obstacles in the way of moving IB claimants into employment, including:

- The very long duration of many incapacity claims;
- The high proportion of claimants who have no formal qualifications;
- The predominantly low-skill manual experience of so many claimants;
- The prominence of ill health, as a cause of job loss and as a reason for not wanting a job, and the pessimism of so many claimants about their health prospects;
- The low proportion who say they would like a job; and
- The even lower proportion who are presently looking for work.

The research identified that just less than one quarter of Knowsley's IB claimants could be potential targets for future back-to-work interventions (i.e. those individuals who say that they would like a job or they might like a job further in the future). Such individuals tend to be younger (around 35-45 years of age), have not been on benefit the longest and report significant health problems. If the same proportions of IB claimants found to want a job now or in the future are applied to the LCR data it is estimated that around 25,500 claimants could be potential targets for future back to work interventions.

Through the Single Investment Framework partners have already commissioned non-mainstream interventions to tackle IB-related worklessness for existing, as opposed to new, IB claimants in targeted areas. However we recognise that this provision must build on existing best practice and add value to the mainstream Pathways to Work / Employment Support Allowance provision. We know that more individuals across the city region (42.5%) claim IB/SDA for mental or behavioural disorders than any other condition. Therefore we must also align activity with the rollout of the Improving Access to Psychological Therapies programme across the Primary Care Trusts. This programme aims to improve access to psychological therapies for people with depression or anxiety disorders.

The following two examples illustrate how partners can work together to ensure an integrated approach is adopted.

Example 1: The **Step Closer 2 Work** programme targeting the IB stock is commissioned by Liverpool City Council and delivered by Jobcentre Plus advisors on detached duty. We would like to explore the option of extending this approach to other areas of the LCR and in doing so provide joined-up delivery arrangements for existing and new IB claimants. In addition, stronger links between health and employment programmes will be introduced during the life of this MAA to build on the recommendations of the Dame Carol Black report, linking up a range of employment, skills, health, mental health and housing services to offer a more tailored package of support for individuals. This will be achieved through a number of measures including the co-location of Jobcentre Plus staff and other advisors in deprived areas. It will also mean addressing operational barriers through the introduction of protocol and procedures such as the use of Jobcentre Plus data to target IB claimants and the promotion of joint advisor training in advance of bringing staff from Jobcentre Plus, employment organisation and/or health bodies together.

Example 2: The **Knowsley Works** IB pilot was one of the projects funded by the NWDA through the Northern Way investment programme. Ecotec's evaluation of the programme highlights its success in developing an effective approach to outreach and engagement. Key success factors were identified as:

- Concentrating on having a clear offer or 'carrot' with which to encourage attendance and engagement, whether in the sense of employers with vacancies attending, or the opportunity to take up attractive training offers – the latter including in Knowsley, for example, a trip to Paris as part of a catering training package where clients worked and trained in hotel kitchens;
- Extensive preparatory work in selecting effective outreach locations and mechanisms tailored to local conditions;
- Developing a targeted and localised approach to the deployment of resources, effectively 'flooding' an area for a particular period of time in an intensive manner rather than spreading resources more thinly over a wider area in more of a blanket approach; and
- Combining related engagement elements within an overall approach to increase its impact, with one example in Knowsley involving a targeted letter publicising an event sent by Jobcentre Plus to particular clients in an area, supported by leafleting and door-knocking in the build up to the event.

The Knowsley pilot opened resource centres and project 'shops' in the middle of neighbourhoods with high concentrations of IB claimants and ran regular 'surgeries' in specifically targeted super output areas. The approach was designed to ensure a permanent and ongoing presence and hence improve the project's visibility in the community. It was also supplemented through the employment of engagement officers drawn from the local population, and financial inclusion officers who could help assist with debt and other financial barriers and concerns facing claimants, all of whom are able to work on an outreach basis whether on the streets, door-knocking or in the Knowsley Works 'shops'. The use of innovative approaches to engagement helped the project to engage large numbers of clients and by the end of the Northern Way funding period the project had engaged over 2,500 clients onto the programme.

Through the development of joined up relationships and delivery models with partner organisations, including the health sector, our aim is to deliver a more integrated and complete service tailored to the IB client group. Influencing the commissioning strategies of DWP, the LSC and PCT health related services (such as Improving Access to Psychological Therapies) will be essential. A combination of geographical targeting based on need and available

resources and a clear engagement strategy with expectations expressed through service level agreements and contractual clauses will support this approach.

## 6.2 Fit for Work Service

Recognising the need to address the significant Incapacity Benefit challenge facing the city region and given existing good practice at the local level that can be built upon, we believe that the LCR has a strong case to be considered as a Fit for Work pilot area now and for negotiations to commence with DWP to take this forward. Securing formal DWP pilot status is important to the city region for a number of reasons, and because it:

- Provides a city region context to this issue;
- Enables LCR to be part of the learning set with other pilot projects;
- Supports the integration of activities into local communities.

The 'Health is Wealth' report clearly evidences broader linkages between health and economic/social deprivation. Within health disparities, it is essential to tackle economic inequalities linked to mental health. For example, 43% of IB/SDA recipients in the city region are claiming because they have a mental health condition. Within this analysis the highest proportions are found within the following ward boundaries: Dukes (55%), Arundel (53%) Birkenhead (52%) and Tuebrook (52%) (Source: DWP Information Directorate Working Age Client Group Data at Feb 2008 by 2003 Ward Boundaries).

Partners in Wirral have begun to address these issues and have established a Wirral Working for Health partnership that consists of NHS partners, Wirral Council, Jobcentre Plus, Trade Unions and organisations from the third sector. The remit is to combine bio-psychosocial rehabilitation services with employment and skills services to reduce worklessness rates across the borough. The initial cohort identified within the activity is to support those with mental health issues, ranging from mild to moderate to severe and enduring.

The City Employment Strategy partners are currently developing a Fit for Work activity building on Wirral's experience, to support those on sickness absence back into employment and reduce the flow of people from work onto Employment Support Allowance. This approach has been taken to accelerate the model of early intervention as recommended by Dame Carol Black in Working for a Healthier Tomorrow and it is anticipated that this activity will be developed and commissioned by the LCR in 2009.

This partnership approach will combine the expertise and resources of partners including Local Authorities, Primary Care Trusts, NHS Trusts, Jobcentre Plus, the voluntary and community sector and private providers. We believe that the provision of a bespoke service that meets different local needs will add value to the existing mainstream activities in this arena, including condition management programmes. This approach will also build on the recommendations of the Health is Wealth Commission to create a shared occupational health service scheme.

Until now progress in this arena has been variable across the local authority districts, and further research is being undertaken to fully understand the detail and to ensure a consistency of approach and integration for the proposed new service. This includes scoping work with stakeholders to map existing health provision, and as part of the consultation process to obtain feedback from the Primary Care Trusts, Unionlearn and local employment providers as to which elements of support or enablement partners feel are missing or need strengthening. Alongside this we will work with DWP to understand the elements of their proposed Fit for Work model to ensure we add value. However, at this stage we would like to strongly articulate that our early preparatory work should not distract or exclude the LCR from any future pilot pump primed by DWP.

It is anticipated that the LCR model of early intervention will support GPs with a new option for referral based on case-managed multidisciplinary support in the early stages of sickness absence and provide an individualised action plan for achieving recovery with a focus to return to appropriate work at the appropriate time. This activity will be designed and developed to fully complement and add value to the LCR employment and skills continuum, providing essential provision to fill an identified gap and support this vulnerable group to retain and progress in the workplace. The activity will support employees on sickness absence towards job readiness and return to work through combining health services and appropriate employability programmes, i.e. combining bio-psychosocial rehabilitation services with employment services. Elements of this model of early intervention may include:

- **NHS Employability Training** - To include a rolling training programme for health partners to bring about raised awareness and culture change in relation to employability issues.
- **Engagement** - Mainly through referrals from NHS partners for those who are 'hard to reach/seldom heard' (i.e. have had limited contact with mainstream employment agencies) but who are looking to return to work and whom have regular contact with the health sector.
- **Fit for Work Advisers** - To aim to get employees back to work and away from moving onto working age benefits and providing a bridging service between NHS/health partners and the employability and skills support activity. Fit for Work Advisers can provide shared occupational health support to fill the gap for those employees that do not have access to independent occupational health advice.
- **Employer Liaison Role** - An integral element of this activity is the role of an Employer Liaison Officer to work in partnership with TUC UnionLearn to support joint approaches in the workplace around health and wellbeing, return to work issues and to address the stigma and discrimination relating to employment and mental health in the workplace. This approach will also increase employer awareness of preventing and managing work related health problems including mental health and stress issues.

### 6.3 Flexible New Deal

Merseyside and Halton Jobcentre Plus districts have both been included in Phase 2 of the Flexible New Deal (FND) rollout and given the scale of the challenge it is important to our strategic planning that we work with DWP to ensure that the JSA residents across the city region get the full package of welfare to work support that is possible.

First we would like DWP to agree that one FND contract is tendered for the LCR embracing both the Merseyside and Halton Jobcentre Plus administrative districts.

Secondly, we would like to work with DWP to identify which elements of the Flexible New Deal core programme can be flexed to better respond to local need and to align non-mainstream resources where appropriate, to develop a model that includes:

- A universal offer of self-employment provision that includes an enhanced model of test-trading to run alongside the FND delivery model. Funded by local partners, this intervention will address the current market failure and challenge to narrow the LCR's enterprise gap (see Economic and Enterprise MAA Platform);
- Ensuring that all 18 year olds who were previously NEET get additional support where required through more effective early interventions and earlier programme take up;

- Agreeing how the local information, advice and guidance infrastructure will deliver a more personalised service, supported by on-going advice and the seamless transition for young adults from Connexions to the Adult Advancement and Careers Service;
- Introducing additional customer flexibility through more effective early interventions and earlier programme take up for interventions such as Skills Health Checks and Skills Accounts;
- DWP releasing detailed information on benefit flows and current participation in programmes; and
- DWP releasing more detailed information on the performance of existing mainstream programmes / interventions, including their costs.

Thirdly, given the challenging economic conditions facing the UK economy, we would like to work with DWP to ensure that the commissioning process and contract management procedures adopted for the FND are flexible enough to respond to any further deterioration in local labour market conditions. In the short term this may mean issuing contract variations to the existing New Deal programme contracts.

#### 6.4 Skills Accounts

In 2009, existing trials will be expanded across all 9 regions. LCR partners would like dialogue with Government and their agencies on the shape and nature of any trial within the LCR.

#### 6.5 Information, Advice and Guidance

As a golden thread to integrated employment and skills delivery we want to develop a more co-ordinated and cohesive information advice and guidance service that engages people across the wider range of support services for example, housing and health so as to create a “no wrong door” policy and to empower people to make a move towards sustainable employment at every opportunity.

Recently, LCR partners were successful in their bid to be a prototype area for the new Adult Advancement and Careers Service (AACS). By working together to forge new delivery networks across the full range of information advice and guidance, skills and recruitment and retention services, we want to provide a ‘no wrong door’ approach to service delivery and greater choice for individuals and employers. This includes enhancing and linking existing networks/provision and connecting with individuals both in work and those making the transition into work.

There is a clear statement of intent from DIUS (see Shaping the Future – a new adult and advancement and careers service for England) and emphasis that this new service will also seek to provide support for those already in the workplace (and who, for example, could be at risk of redundancy). Developing the AACS prototype, and existing activity already commissioned through the Single Investment Framework, will also improve our understanding of employer needs and the drivers of employer investment in workforce development.

#### 6.6 New Arrangements for 16-19 Learning

The position with regard to formal responsibilities for the planning and commissioning of 16 -19 learning will be different in the future. The recent changes proposed by the White Paper -

'Raising Expectations' - mean that local authorities will take responsibility for the planning and commissioning of 16-19 learning locally from 2010.

In support of this, all six Local Authorities have proposed to Government that the Greater Merseyside sub-region is the most appropriate geography to discharge the planning and commissioning responsibilities for 16 -19 year olds.

Moving forward, LCR partners want to create synergy with these arrangements and the developing MAA framework so as to enable a single conversation with employers and through this process to support the development of a single skills strategy for young people and adults that takes account of employer demands and supports the transition from full time education to employment and further learning through the establishment of vocational specialisms and clear career progression pathways. We also seek to align the operational support underpinning the sub regional grouping as part of the transfer of 16-19 funding to local authorities with the MAA.

At the point of writing this platform paper local partners are waiting for more clarity from Government about the Machinery of Government reforms; specifically the structure, roles and responsibilities of the Young People's Learning Agency and, for adults, the Skills Funding Agency; and the proposed commissioning arrangements. As a result, further enabling measures may be required for the city region and, if so, these will be discussed with Government and its agencies prior to the submission of the wider MAA in April 2009.

## **6.7 Employer Engagement**

We must make it easier for employers to work with public sector and the voluntary and community sector agencies; and to commit to providing work placements and other support to help workless people get a job, review their approach to training for both new entrants and their existing workforce. To do this we will improve the co-ordination and accessibility of employer facing services by working towards a single employer engagement strategy for the LCR by 2010. In addition, LCR employers need to be given a stronger voice in shaping the future employment and skills provision of the city region so that it meets the needs of key sectors and improves productivity. Our proposals for a LCR Employment and Skills Board will address this.

## **6.8 Higher Education**

LCR has an ambition to grow its higher value added employer base. Through the development of our Employment and Skill Strategy we will work with the HE sector to build on our existing assets, for example Liverpool and Daresbury Innovation and Science Parks, to develop higher level skills pathways in key knowledge based industries such as Science, Health, Creative Industries, IT and Media/Digital; alongside a more co-ordinated approach to meeting employer needs through graduate retention. This work will be closely aligned with our emerging Economic and Enterprise platform of the MAA.

## 7. OUR OFFER TO GOVERNMENT

The LCR partners are committed to implementing the measures set out in this MAA. They recognise that the proposals to enhance joint working around employment and skills provide them with a unique opportunity to deliver change and make a real difference to the individuals and businesses within the city region. In taking our vision forward the LCR offer to Government is as follows.

### 7.1 Joint Investment

The City Employment Strategy has delivered a Single Investment Framework which has facilitated local partner investment of £80m. This investment, which complements mainstream Jobcentre Plus and LSC programmes, is primarily focused upon supporting workless residents along a continuum of activity that is designed to improve their employability and move them from unemployment into sustainable employment. The alignment, and in some cases pooling, of Area Based Grant, European Social Fund, European Regional Development Fund, North West Development Agency and Local Authority funds will support the delivery of activities until 2010.

The Single Investment Framework sets out a policy framework and demonstrates how the City Employment Strategy partners will deliver against the key targets and action strands detailed within the City Strategy delivery plan, how partners will address identified and agreed local and city region priorities and ultimately what drives partner investment decisions. It provides an overview of the activities to be commissioned and/or delivered by the core partners. It will inform the development of the city region commissioning plan.

The programmes of investment identified in the Single Investment Framework will facilitate the introduction of innovative pilot projects at the city region or local level, address gaps in mainstream provision and top up and extend existing interventions that are being shown to deliver real results. For example, the ERDF funded programme has a focus upon demand side issues through engagement and then working with employers to understand recruitment needs and provide practical support. It will operationalise the Local Employment Partnership programme by providing support to assist companies to fulfil their Jobs Pledge. The planned activity will also add value to the supply side activities of partners that are being supported through mainstream Jobcentre Plus and LSC programmes.

The principles and experience gained from developing and implementing the Single Investment Framework; including extensive stakeholder consultation; sharing best practice, the better management and integration of mainstream and non-mainstream services; and joint performance monitoring will underpin and inform the development of the LCR Employment and Skills Strategy and commissioning plan. In addition, partners are clear that the future targeting of unallocated resources or reprofiling of funds within the Single Investment Framework, together with any new requests to manage non-mainstream funds in-year or via new initiatives will be aligned to the broader MAA objectives.

For example, an additional £17m European Social Fund (ESF) has recently been allocated for Merseyside (excluding Halton) for the 2007-13 ESF Programme due to changing exchange rates. Through the co-commissioning process we will identify how this funding can add value to core mainstream programmes to better respond to local need in our most disadvantaged communities. Similarly, an additional £3m ESF is available to the Merseyside authorities to support innovative and trans-national activity to integrate disadvantaged groups into the labour market.

In addition local partners will review where Area Based Grant, Working Neighbourhoods Fund, European and North West Development Agency funding can support the proposals set out in the MAA.



## 7.2 Delivering a Demand Led Approach

Partners will establish a LCR Employment and Skills Board to give employers a prominent role in helping to increase the employment, skills and productivity of the LCR and in local decision making. LCR partners recognise that employers are best placed to identify the needs for the future development of the workforce and the skills needs of the future. The Board will be charged with setting the strategic approach to employment and skills for the city region.

Proposed membership of the ESB is as follows:

- 6x Local Authority Leader/Cabinet Member
- 1x Chair of Greater Merseyside Employer Coalition (private sector)
- 1x Chair of Chamber of Commerce (private sector)
- 4x Private sector (representative of key LCR sectors)
- 1x Learning and Skills Council (and its successor agencies: YPLA, SFA)
- 1x Jobcentre Plus
- 1x Northwest Development Agency
- 1x Voluntary and Community Sector
- 1x Unionlearn
- 1x Health

Employers will be at the forefront of our approach and in addition to their strong representation on the Board we will strengthen links with existing employer networks (see below). In doing so we will adopt a city region approach to engaging and working with employers that recognises the different drivers and elements of employer engagement: strategic, stakeholder, customer and provider focussed engagement; and will tailor our engagement strategies appropriately to better support employer needs.

With regard to existing relationships, the six Merseyside Chambers of Commerce represent 4,500 businesses between them and will be represented at the ESB supporting the employer led focus of the LCR Employment and Skills Strategy. The Chambers are already playing an important role in helping to shape employer focussed provision through their forecasting and survey work with business and partners will build on this approach.

The public sector currently represents around 40% of the LCR employer base and through their membership on the ESB we will lever in additional Apprentices and Train to Gain volumes into this sector. All six local authorities have already signed the Skills Pledge and signed or are working towards the Local Employment Partnership. The ESB will take this commitment one stage further by expecting its members (both public and private sector) to provide opportunities for workless residents to gain sustainable employment in their organisations.

The Board will proactively engage with the wider LCR business infrastructure – the sector networks, SME Federations, Employer Coalition, Chambers and other business organisations – to gather employer intelligence to inform its work, grow a critical mass of employers and secure genuine commitment to delivering the priorities set out in the Employment and Skills Strategy. This includes working closely with the Board of The Mersey Partnership to align our work and support the future economic growth of the city region.

The Mersey Partnership is an employer led organisation representing nearly 500 businesses across the city region including manufacturing and trading companies, public sector organisations, media, professional agencies, tourism and conference businesses. The

members of The Mersey Partnership reflect the broad and diverse activities which are the trademark of the city region's economy. Household names like Jaguar, Littlewoods and Pilkington, along with small and medium sized enterprises, play an important role in supporting and developing The Mersey Partnership's activities in its three core areas of economic development, investment and tourism.

The ESB will also engage with Higher Education Institutions to establish a joint approach that ensures good quality information about higher level skills is available in the workplace for individuals and employers to make informed choices. Similarly, through engagement with the Merseyside Colleges Association and Greater Merseyside Learning Providers Federation, the Board will seek to agree a joint protocol for employer engagement as part of our efforts to deliver a simplified offer to employers.

There is a clear commitment on behalf of the LCR partners to engage with employers of all types: large and small, and in our key sectors, to secure their input to the development and implementation of the Employment and Skills Strategy. A robust and inclusive stakeholder consultation process will be undertaken to develop the strategy and to ensure that partners input ideas. This includes a series of city region stakeholder workshops targeted at employers, presentations to existing employer forums, such as the six Chambers of Commerce, The Mersey Partnership and the Employer Coalition. Employers will also be represented on the Steering Group who will provide the practical steering of the strategy development.

Moving forward partners in the city region will work together to ensure the better co-ordination of employer marketing strategies and engagement campaigns. Also, partners are particularly keen to recruit high profile employers as ambassadors for employment and skills, using an employer to employer approach to marketing the value of skills in terms of the economic bottom line.

Our proposed approach to employer engagement will be applied to progress the Economy and Enterprise platform of the MAA. Working in this co-ordinated way rather than in thematic silos will make it easier for employers to work with public sector and other agencies to improve job and skills opportunities; and it will ensure employers are clear of the overall objectives and approach to developing the city region through the MAA.

## 8. OUR ASKS OF GOVERNMENT

LCR partners have agreed to establish an Employment and Skills Board which will come into operation from April 2009 and to develop a single Employment and Skills Strategy for the city region by June 2009. Our asks of Government Departments and their agencies revolve around greater cohesion being brought to the investment and interventions made via the public sector and to better align activity to help tackle the high levels of economic inactivity that exist. We would see the LCR Employment and Skills Strategy being the overarching document to which all public sector investment and interventions are aligned.

To support this improved cohesion and more appropriate interventions, LCR partners have identified the following asks of Government and its agencies:

### ASK 1

Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions, which facilitate all parties jointly implementing and performance managing the strategy and plan by June 2009.

### ASK 2

DWP and LCR will work to agree a Flexible New Deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales and will take into account wherever possible:

- Using local resources to develop a universal offer of self-employment provision that includes an enhanced model of test trading;
- Providing additional support where required to all 18 year olds who were previously Not in Education, Employment or Training;
- Delivering a personalised information, advice and guidance service supported by the seamless transition for young adults from Connexions to the Adult Advancement and Careers Service;
- Integrating Skills Accounts with the package of support available;
- Integrating Halton with the five Merseyside local authority districts so that a single city region contract can be tendered for Flexible New Deal;
- Agreeing clearly defined and agreed roles and responsibilities of individual partners in the commissioning and performance management of the Flexible New Deal contract.

### ASK 3

With a view to agreeing formal pilot status by end of March 2009, DWP will work with the LCR to refine their proposals for a 'Fit for Work' service pilot to deliver an early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment. DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilot status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.

**ASK 4**

DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Advancement Careers Service (AACS) by trialling other aspects of the new AACS framework.

**ASK 5**

Government and its agencies agree to the following enabling measures to support delivery of 'asks' 1 to 4:

- 5.1 DWP and DIUS agree in principle to a city region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009 (supporting ASK 1, ASK 2, ASK 3)
- 5.2 By March 2009 map key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved (ASK 1)
- 5.3 DWP and CLG will involve LCR in a joint department project starting in January 2009, which will result in the identification and agreement of data that will be shared by March 2009, to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes. (ASK 1, ASK 2, ASK 3, ASK 4)
- 5.4 By March 2009 agree how the roll out of Skills Account trials and their further development can be tailored to support the LCR priorities (ASK 1, ASK 2)
- 5.5 By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the Employment and Skills Strategy and Commissioning Plan for the LCR (ASK 1)
- 5.6 DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area - enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan (ASK 1)
- 5.7 DIUS will provide support, advice and periodic reviews to the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through granting Section 4 status of the Further Education and Training Act by April 2010 (ASK 1).

## 9. OUTCOMES AND TARGET SETTING

### 9.1 Our Approach

It is important to stress from the outset that target setting, and measuring performance against targets, must be considered with caution. Targets are in part based upon forecasts of what is likely to happen. Therefore any substantial change in economic conditions will have a major impact upon our progress towards achieving the targets proposed.

LCR partners believe that the development over the coming months of the Economic Development and Enterprise Strand, with a clear focus on growing the city region's strengths in high value and knowledge sectors, and with interventions focussed on demand-led skills programmes, leadership and management, higher level skills provision and graduate retention, will impact significantly in the area of skills acquisition and qualification achievements at Level 3 and Level 4. Therefore any targets developed and agreed in relation to Level 3 (and subsequently Level 4) should be done so in the context of developing this strand of the MAA.

Movement of the LCR towards the national PSA target levels would be too ambitious in the short term, especially within the current economic climate and this will take longer than three years to achieve. However it will be the ambition of the MAA over a much longer period to match the regional and indeed national proportions of the population qualified to Level 2 and Level 3.

### 9.2 Challenging Economic Conditions

LCR partners are setting performance targets for the employment and skills theme in the light of increasingly challenging economic conditions. The Treasury has announced that the economy shrank for the first time in 16 years between July and September 2008, confirming that the UK is on the brink of recession. Output has fallen by 0.5% and forecasts are that the UK economy will continue to slow down (Office for National Statistics 24/10/09).

Despite strong recent performance the LCR economy has also seen a dramatic slowdown. Latest indicators produced by the Chambers of Commerce show that the city region economy has slowed dramatically during the last quarter. The trend locally appears to be towards negative growth during the rest of 2008 and the start of 2009. Around 80% of manufacturing businesses and 70% of service businesses are now operating below capacity. Although employment levels have held up relatively well across the city region, businesses expect to reduce staff during the rest of 2008. For those businesses that are still continuing to recruit they have still found it difficult to recruit the right people, in particular skilled staff. More businesses have experienced a sales fall rather than a rise and this applies for both service and manufacturing sectors.

### 9.3 Indicators and Targets

It is against this background that the following indicators and targets have been agreed by partners: increasing the percentage of resident off flows from Job Seekers Allowance (JSA); a net reduction in Incapacity Benefit (IB) customers of 9,042, and maintaining the Level 2 skills targets agreed across the LAAs, but with an agreement to 'refresh' in April 2009. The rationale for choosing these indicators and targets is outlined in the remainder of this section.

#### 9.3.1 Targets 1 and 2: Job Seekers Allowance

Despite reducing worklessness and an improvement in the LCR employment rate in recent years, evidence of increasing on-flow onto JSA is now emerging and the economic slowdown in

the city region is becoming increasingly evident. The LCR JSA claimant count increased from 36,586 (4%) in March 2008 to 39,120 (4.3%) in September 2008. This is in comparison to the GB rate of 2.5%. Since September 2007, the claimant count in the LCR has risen by 12.7%. At the 6 month stage, the JSA off-flow rate in the LCR is 79.3%, compared with 83.1% nationally.

In light of these trends and the current worsening economic climate, which is likely to impact disproportionately on weaker local economies, setting targets around JSA claimant levels may seem at best impractical, and at worst meaningless. However, some sort of target geared to JSA claimant levels is still perhaps one of the few ways to focus attention on the need for intervention.

It is also important to note that responsibility for the JSA client group lies with Jobcentre Plus and therefore might not be considered an appropriate target. However, it is precisely this isolated approach to addressing worklessness that the MAA is intended to address. It is the explicit objective of our MAA to ensure that all stakeholders align their efforts to be able to impact on all of the indicators presented.

Clearly, absolute JSA claimant levels will be influenced by global and national economic conditions as well as local ones; however, the off-flow of JSA claimants into work should better reflect the impact of local interventions.

Realistically, JSA claimant levels are likely to increase between now and 2012, and off-flow from JSA into jobs is also likely to reduce. However, irrespective of the absolute numbers claiming JSA (and whether or not that is rising or falling) it is still reasonable to set a target around the percentage of those coming off JSA we want to see moving into jobs.

For this reason, we have focused on off-flow data as our primary indicator and we are proposing two discrete targets: one focusing on the under-24 age cohort leaving JSA, and the other on all claimants leaving JSA.

#### Target 1

Between September 2007 and September 2008 in the LCR, the average percentage of **18-24's** leaving JSA and entering work was 29.4%. The proposed target is to increase this to 35% by 2012 and maintain a level above the national average.

#### Target 2

Between September 2007 and September 2008 in the LCR, the average percentage of **all** JSA claimants leaving and entering work was 36%. The proposed target is to increase this to 40% by 2012 and maintain a level above the national average.

### 9.3.2 Target 3: Incapacity Benefits

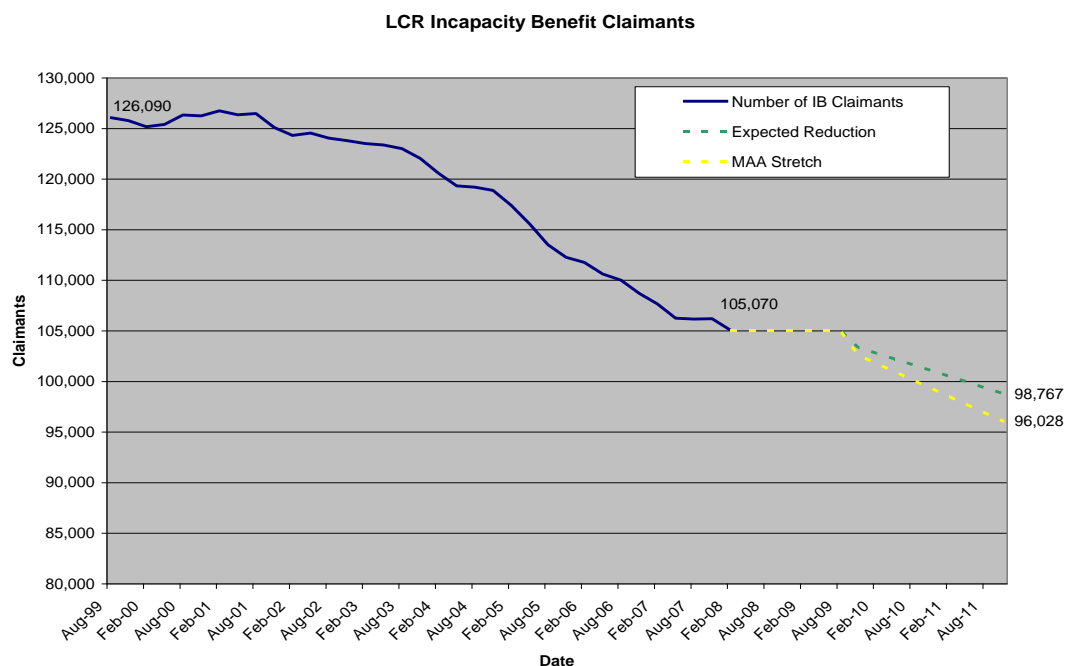
The reduction in incapacity benefits is about dealing with the stock of IB claimants (those people that have been on IB for more than 6 months) for which there is no mainstream provision.

Indicator	Baseline 2008/09	2009/10	2010/11	2011/12
A reduction in Incapacity Benefit MAA Stretch	105,070	102,604	99,316	96,028
A reduction in Incapacity Benefit	105,070	103,351	101,059	98,767

Source: Authors calculations of DWP WACG data October 2008

The data in the table above is based on historical trends from August 1999. If this trend continues we expect to achieve a reduction in IB claimants to 98,767 by March 2012. If the 'asks' of Government are granted to the city region we believe that we can offer a further reduction in IB claimants to 96,028. Achieving this target is also dependent on local provision and mainstream provision working in a complementary way to offer an improved package of support for existing IB claimants in particular areas. However, it should be noted that these

figures are based on recent trends and do not take into account the current economic slowdown, therefore even achieving the higher figure is likely to prove extremely challenging.



### 9.3.3 Targets 4 and 5 - Skills

The following scenarios have been produced using DIUS, Annual Population Survey (APS) 2006 data and Learning and Skills Council data modelling LAA proposed or agreed targets for Level 2 and Level 3 qualifications. The APS 2006 DIUS data has been used as the baseline dataset. Partners believe these proposed targets are stretching for an area such as the city region which has additional barriers to learning.

Delivering the MAA's proposals will support the achievement of LAA targets agreed between the LSC and Government Office North West (GONW) for National Indicator (NI) 163 and NI164. The upper and lower confidence intervals and associated descriptions provided indicate the possible maximum and minimum levels of performance to achieve the target. It should be noted that these indicators may not currently be priority targets for every local authority's LAA.

#### Level 2

The target represents accumulated target agreed with GONW for LAA priority targets. It is compliant with the target ranges prescribed by DIUS for GONW to use in LAA Negotiations and which is based on 2006 APS. During the recent LAA negotiation process partners were made aware that the trajectory would be subject to change upon agreement of a true baseline based on a re-weighted 2007 APS.

Local partners are about to commence the LAA refresh process and where the achievement of targets may be affected by the economic downturn they would wish for this to be reflected within any revised LAA agreements. So for example, where Level 2 skills delivery is focussed heavily upon delivery in the workplace, an economic downturn presents a significant challenge that should not be underestimated.

In the context of the MAA, it is proposed that we retain the current Level 2 target expressed as a percentage increase over the stated time-period and plus or minus the confidence interval, but with the stated intent that we will 'refresh' again between now and April as we a) develop the Economic Development and Enterprise Platform of the MAA and b) as part of the LAA refresh process.



From the Annual Population Survey 2006 baseline of 516,098 (62.97%) residents of LCR are qualified to at least Level 2.

19-59/64 qualified to at least level 2							
	2003	2004	2005	2006	2006 CI (%)	19-59/64 Population (000s)	Number (000s)
England	66.0%	66.7%	67.2%	68.1%	0.2%	28,726	19,558
North West	64.9%	65.6%	65.7%	67.0%	0.6%	3,829	2,564
Merseyside/Halton	60.3%	60.3%	61.4%	63.0%	1.2%	820	516

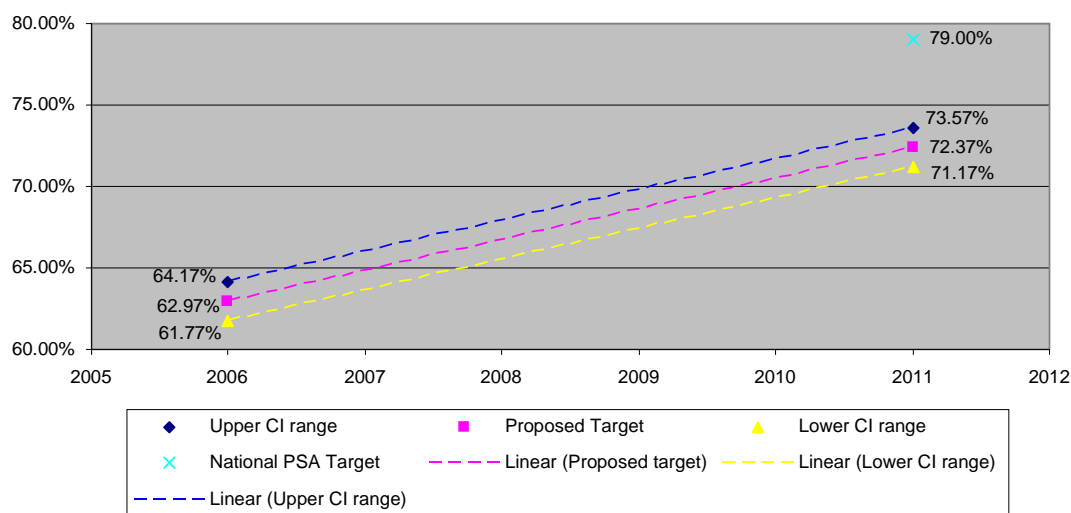
Source: Annual Population Survey 2006

- To achieve the upper confidence interval prediction in real terms, a target of 73.57% for 2011, there would need to be an increase of 86,876 (10.6%) to Level 2 qualified residents.
- To achieve the proposed prediction target of 72.37% for 2011 there would be an increase of 77,048 (9.4%) to 593,146 Level 2 qualified residents.
- To achieve the lower confidence interval prediction in real terms, a target of 71.17% for 2011, there would be an increase of 66,020 (8.2%) to 583,304 Level 2 qualified residents.
- To achieve the National Public Sector Agreement target of 79% by 2011 there would need to be an increase of 131,376 (16.03%) to 647,474 Level 2 qualified residents.

Level 2		2006	2011				
		Baseline	Trend projected	LAA cumulative	Lower CI MAA Target (L2 8.2%)	Proposed MAA Target (L2 9.4%)	Upper CI MAA Target (L2 10.6%)
	Number	516,098	550,762	593,146	583,304	593,146	602,974
Level 2	Percentage	62.97%	67.20%	72.37%	71.17%	72.37%	73.57%
	PSA Target						79.00%

Source: Annual Population Survey 2006

Target Rate Increase of Level 2 Residents



Source: Authors 2008 calculations of DIUS APS data 2006 and National PSA target for Level 2

### Level 3

Currently Level 3 is not a priority target in any of the LCR LAAs, however, this is seen as a key area for development. The Level 3 target shown here is a clear indicator of our intent to build greater prosperity within the city region and will underpin the emerging Economic and Enterprise platform of the MAA.

As with Level 2, the 'references' in the current MAA document around Level 3 relate to the accumulated target figures produced for LAA negotiations with local authorities. Only one local authority has chosen Level 3 as a LAA Priority Target.

From the Annual Population Survey 2006 baseline of 516,098 (42.0%) residents of LCR are qualified to at least Level 3.

19-59/64 qualified to at least level 3							
	2003	2004	2005	2006	2006 CI (%)	19-59/64 Population (000s)	Number (000s)
England	45.7%	46.5%	46.9%	47.8%	0.3%	28,726	13,742
North West	44.2%	45.0%	45.4%	46.5%	0.6%	3,829	1,782
Merseyside/Halton	39.3%	40.2%	40.9%	42.0%	1.2%	820	344

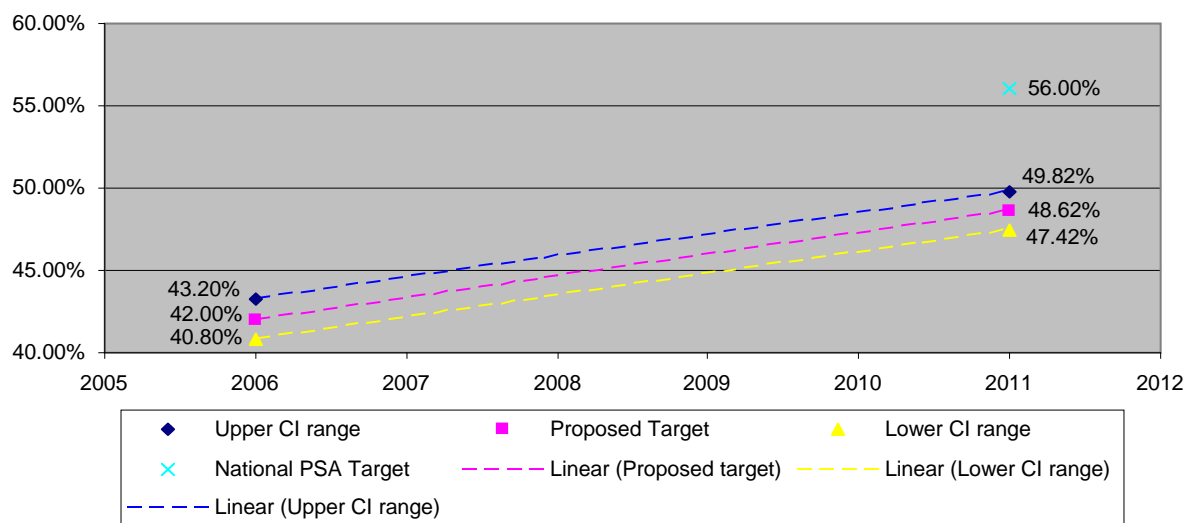
Source: Annual Population Survey 2006

- To achieve the upper confidence interval prediction in real terms, a target of 49.8% for 2011, there would need to be an increase of 64,075 (7.8%) to Level 3 qualified residents.
- To achieve the proposed prediction target of 48.6% for 2011 there would be an increase of 54,240 (6.6%) to 398,492 Level 3 qualified residents.
- To achieve the lower confidence interval prediction in real terms, a target of 47.4% for 2011, there would be an increase of 44,405 (5.4%) to 388,656 Level 3 qualified residents.
- To achieve the National Public Sector Agreement target of 56% by 2011 there would need to be an increase of 114,714 (14%) to 458,969 Level 3 qualified residents.

Level 3		2006	2011				
		Baseline	Trend projected	LAA cumulative	Lower CI MAA Target (L2 5.4%)	Proposed MAA Target (L2 6.6%)	Upper CI MAA Target (L2 7.8%)
	Number	344,252	378,649	398,492	388,656	398,492	408,327
	Percentage	42.0%	46.2%	48.6%	47.4%	48.6%	49.8%
							PSA Target
							458,969
							56.0%

Source: Annual Population Survey 2006

Target Rate Increase of Level 3 Residents



Source: Authors 2008 calculations of DIUS APS data 2006 and National PSA target for Level 3

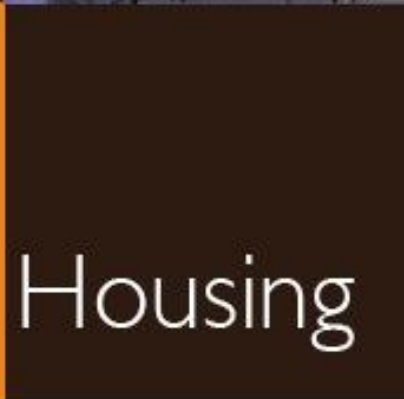
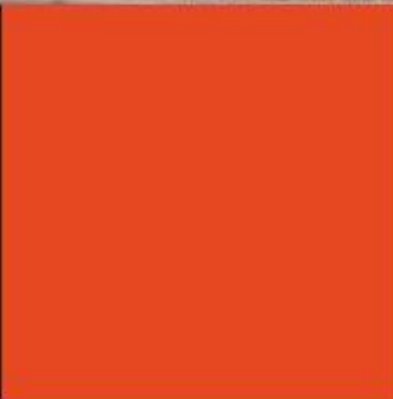
## Appendix 1:

# LINKAGES WITH THE STORY OF PLACE

Asks	Story of Place Imperatives	Tackling Worklessness and improving the quality of life of the most deprived people in the LCR.	Improving the size and depth of the LCR business base.	Equitably closing the wealth and productivity gap between the LCR and the rest of the UK.	Significantly raising the skill level of the LCR population.	Developing a sustainable, modern and efficient infrastructure (digital, transport and energy)	Improve the quality, availability and affordability of the LCR housing stock.
Employment and Skills	Government Departments and its agencies agree to work with LCR to develop and agree an Employment and Skills Strategy and Commissioning Plan, together with a set of actions which facilitate all parties jointly implementing and performance managing the strategy and plan by June '09.	✓✓✓	✓	✓✓	✓✓✓		
	DWP and the LCR will work to agree a flexible new deal tailored to local needs by aligning core provision with non-mainstream resources provided by local partners. Agreement will be subject to further detailed discussion about finance and time scales.	✓✓✓		✓	✓✓		
	With a view to agreeing formal pilot status by end of March '09, DWP will work with the LCR to refine their proposals for a 'Fit for Work' service pilot to deliver and early intervention service for people in work who are in danger of falling out of work because of a health condition or impairment DWP and LCR will also work together to develop a jointly owned evaluation strategy for the pilot. The benefits of any pilots status conferred through the MAA will not include funding which will be distributed by DWP and the Department of Health through a fair and open competition, though LCR may submit a business case for funding along with other potential pilot areas as part of that process.	✓✓✓	✓	✓	✓✓		
	DIUS to support LCR partners to build on the award of a prototype bid for the Adult and Careers Services (AACS) by trialling other aspects of the next AACS framework. DWP and DIUS agree in principle to a City region commissioning geography that integrates Halton with the five Merseyside local authority districts and will confirm, subject to feasibility, agreement to this by March 2009.	✓✓	✓		✓✓		
	By March 2009 key funding and commissioning cycles and agree where synergy between cycles can be achieved or existing arrangements improved.	✓	✓	✓	✓		
	DWP and CLG will involve LCP in a joint department project starting in January 2009 which will result in the identification and agreement of data that will be shared by March 2009 to inform the development of the Employment and Skills Strategy and Commissioning Plan, improve the targeting of activities and ultimately improve employment and skills outcomes.	✓✓	✓	✓	✓✓		
	By March 2009 agree how the rolls out of skills account trials and their further development can be tailored to support the LCR priorities.	✓✓		✓	✓✓		

	By March 2010 DWP, DIUS and LCR partners will have aligned resources and interventions to best achieve the priorities and targets within the employment and skills strategy and commissioning plan for the LCR.	✓✓✓	✓	✓✓	✓✓✓		
	DWP agrees that the relevant parts of the LCR Employment and Skills Strategy will form the Merseyside element of the ESF Regional Framework and as a result will direct ESF investment in the Merseyside area – enabling individual co-financing plans in Merseyside to be consistent with LCR's Employment and Skills Strategy and Commissioning Plan.	✓✓	✓	✓	✓✓		
	DIUS will provide support, advice and periodic reviews of the partnership to support the introduction and continued development of an Employment and Skills Board which, subject to sufficient evidence of its effectiveness and robustness, can assume powers to set the binding strategy for adult skills in the LCR through gathering Section 4 status of the Further Education and Training Act by April 2010.	✓✓✓	✓✓	✓✓	✓✓✓		

# Liverpool City Region Multi Area Agreement



Housing

# 1. EXECUTIVE SUMMARY

Our vision is to improve the City Region's housing, by improving existing stock and ensuring a supply of high-quality new homes. This will ensure that our housing is an attractive asset which plays its part in helping us to attract and retain investment, thereby contributing to establishing our status as a thriving international City Region by 2030.

Our priorities for housing build on the joint work we have already done to establish city region housing objectives and support the delivery of economic growth and social regeneration across the city region.

Our priorities are to:

- Continue to improve the quality of the city region's existing housing, including reducing its environmental impact;
- Improve the private rented sector;
- Deliver appropriate numbers of new homes in the right places;
- Ensure that people have appropriate and affordable housing;
- Help residents of vulnerable neighbourhoods access education, training, employment, shopping and leisure opportunities.
- Seek to link local employment and training opportunities with our housing plan.

Our proposals will help to deliver against appropriate Public Service Agreements (PSA) and Department Strategic Objectives (DSO) targets, and we will link with Local Strategic Partnerships (LSPs) Local Area Agreements to help deliver their housing targets.

We are setting out three key proposals:

## **ASK 1: Supporting Growth and Renewal**

- Government departments and their agencies will establish a Joint Investment Board with Liverpool City Region partners, based on the HCA 'single conversation', to develop by the end of 2009 a single joint investment plan to more effectively co-ordinate and align relevant funding streams and associated strategy, particularly covering housing, regeneration and transport.
- Government and the Liverpool City Region partnership will establish a time limited task-and-finish group (to include an RSL and developer) to review evidence about the Liverpool City Region housing market and the totality of products and policy levers available to partners to develop the market. This group will prepare recommendations for Ministers and the Liverpool City Region Cabinet by October 2009 on any further actions, products or policy flexibilities that will secure the MAA objectives; namely the delivery of housing growth and regeneration/renewal of the City Region's vulnerable housing market areas.

## **ASK 2: Affordable Warmth**

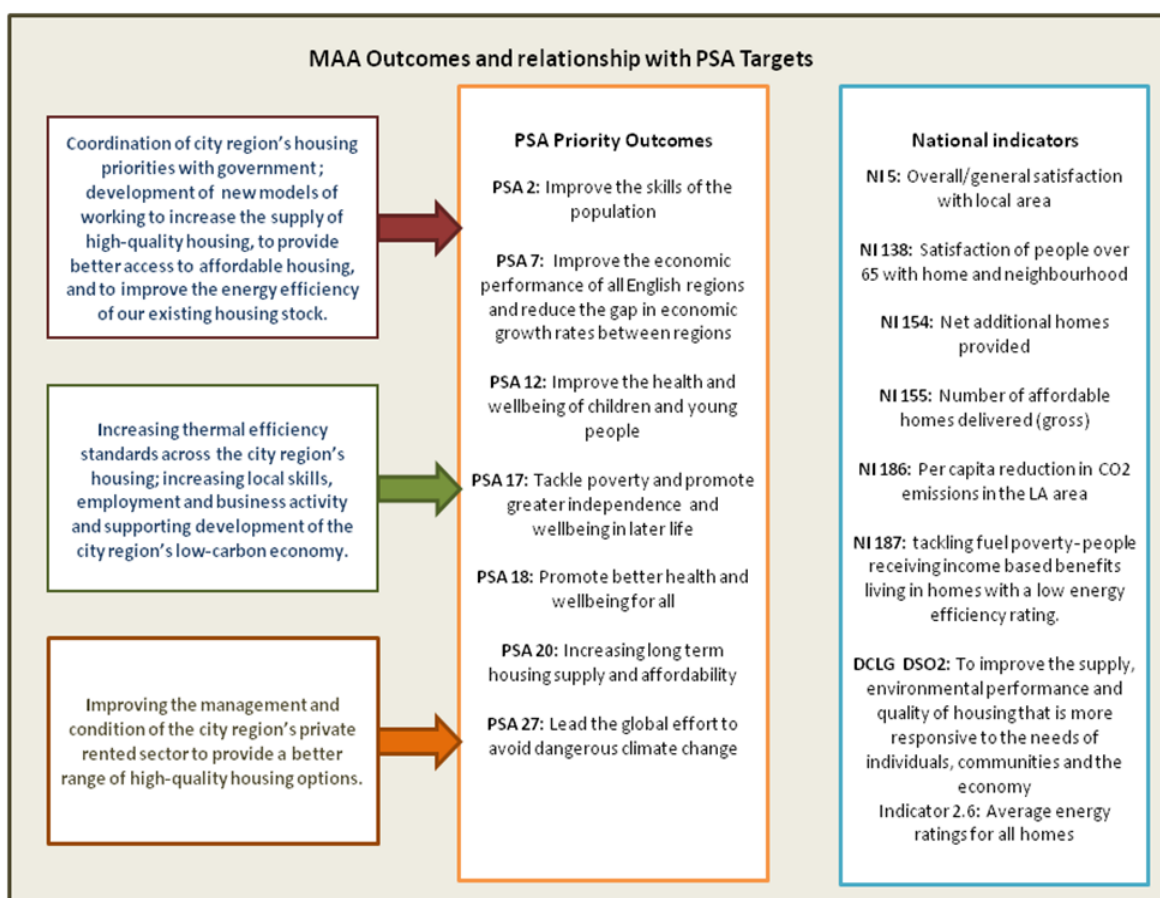
We welcome that Government has adopted the regulation allowing European Structural Funds to be used for housing energy efficiency projects and we wish to work with Government and the NWDA to align these funds with the City Region's allocation for affordable warmth programmes in order to support the development of training programmes for the unemployed to implement the programme.



**ASK 3: An effective private rented sector**

We welcome the Government's response to the Rugg review, including the intention to consult on a national register of private landlords and additional criteria for selective licensing regimes.

We would welcome the opportunity to extended selective licensing proposals as a positive tool for housing and neighbourhood improvement in order to drive up the quality of the private rented sector, and would like to discuss opportunities to pilot measures along these lines.

**MAA Outcomes and relationship with PSA targets**



## 2. THE NEED FOR CHANGE – HOUSING IN THE CITY REGION

### 2.1 Background

In the Liverpool City Region we have made great progress in recent years in improving both our economy and our housing offer, but there still remain significant weaknesses, in particular with the quality of and choice of housing – and there remains the need to complete the delivery of existing regeneration programmes, including the NewHeartlands HMR programme. We want the city region's housing to support, and contribute to, future economic growth and to support social and economic inclusiveness.

The Liverpool City Region Multi-Area Agreement is focused on improving economic performance. The housing priorities which contribute to this are:

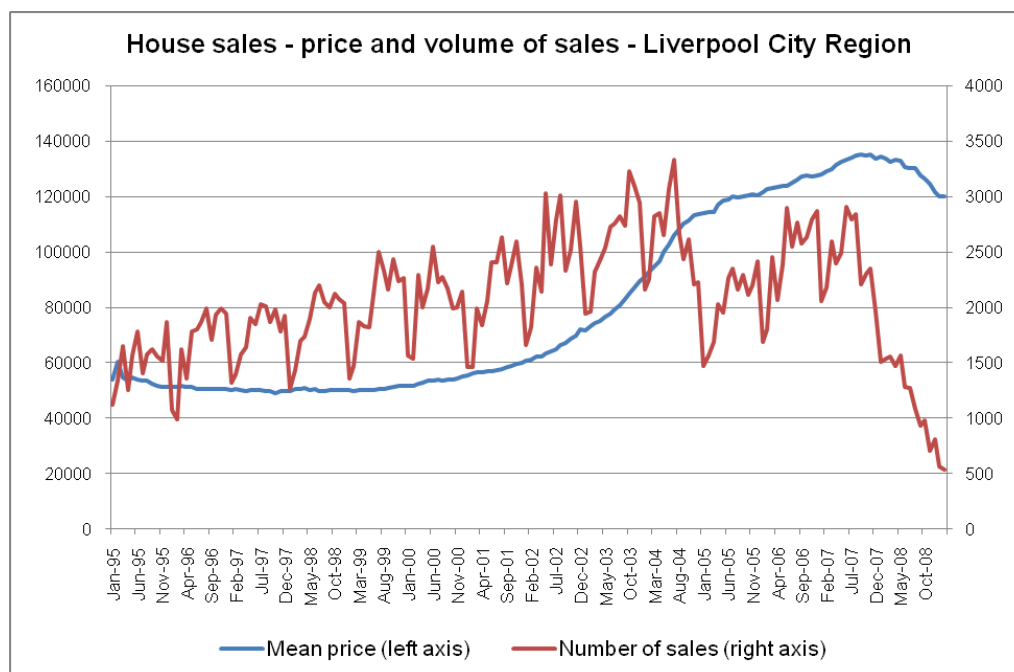
- Continuing to improve the quality of the city region's existing housing, including reducing its environmental impact;
- Improving the private rented sector;
- Delivering appropriate numbers of new homes in the right places;
- Ensuring that people have appropriate and affordable housing;
- Helping residents of vulnerable neighbourhoods access education, training, employment, shopping and leisure opportunities.
- Seeking to link local employment and training opportunities with our housing plan.

These priorities build on the joint work we have already done to establish city region housing objectives, linking them to the delivery of economic growth and social regeneration across the city region.

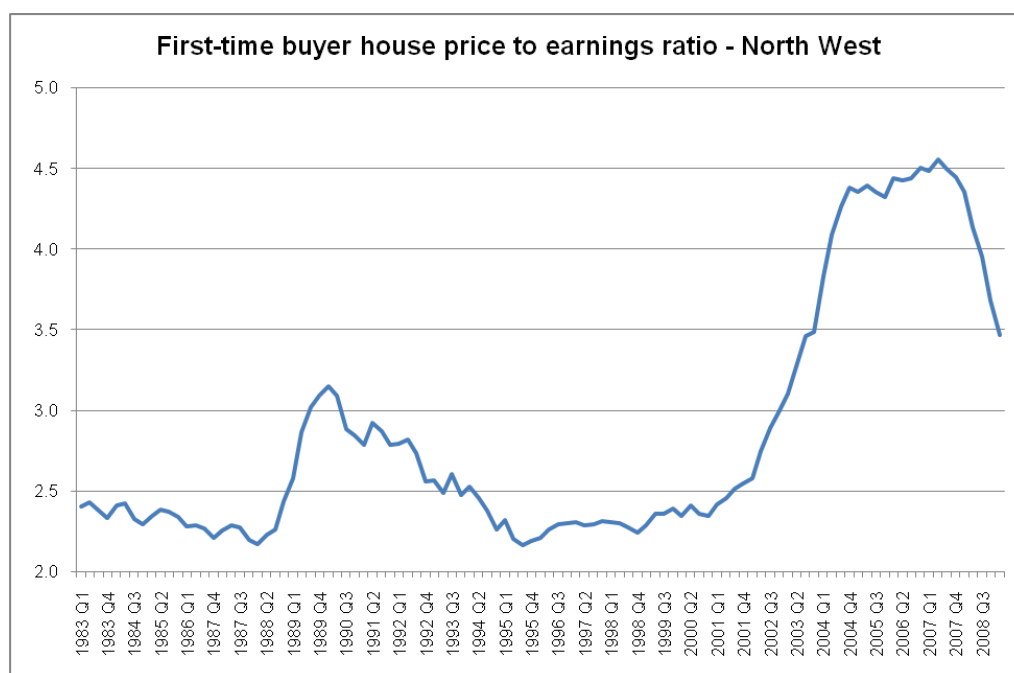
In developing our proposals we have tried to strike a balance between reacting to the current recession – which is, of course, having a major impact on the housing market and development industry – and our long-term goals, which are to develop and grow the city region's housing offer so that it complements and supports our economic growth ambitions. There is also a need to balance and integrate the revival of areas subject to extensive renewal action with the housing growth we are seeking (for example, through our two Growth Points) to give a sustainable and successful housing outcome. In line with the proposals in the Regional Funding Advice for the North West (RFA2) and the recently-published Regional Housing Strategy, there is also a need to ensure that proposals for growth in residential supply will be integrated with renewal in respect of planning, community consultation and service provision. In particular, the New Growth Points at Mersey Heartlands (Liverpool—Wirral) and Mid-Mersey (Halton—St Helens—Warrington) will be delivered in a sustainable manner which will provide new housing to support economic growth which complements and supports housing regeneration programmes. By delivering housing growth at these locations we will be providing the kind of high quality, 'aspirational' housing which will help the city region to make a good recovery from the current recession.

## 2.2 Impact of the recession

There have been a number of impacts of the recession on housing in the Liverpool City Region, though these are not unique to our area. Development activity in the private sector has slowed down significantly, there has been a rapid drop off in house sales, and house prices are generally falling<sup>14</sup>.



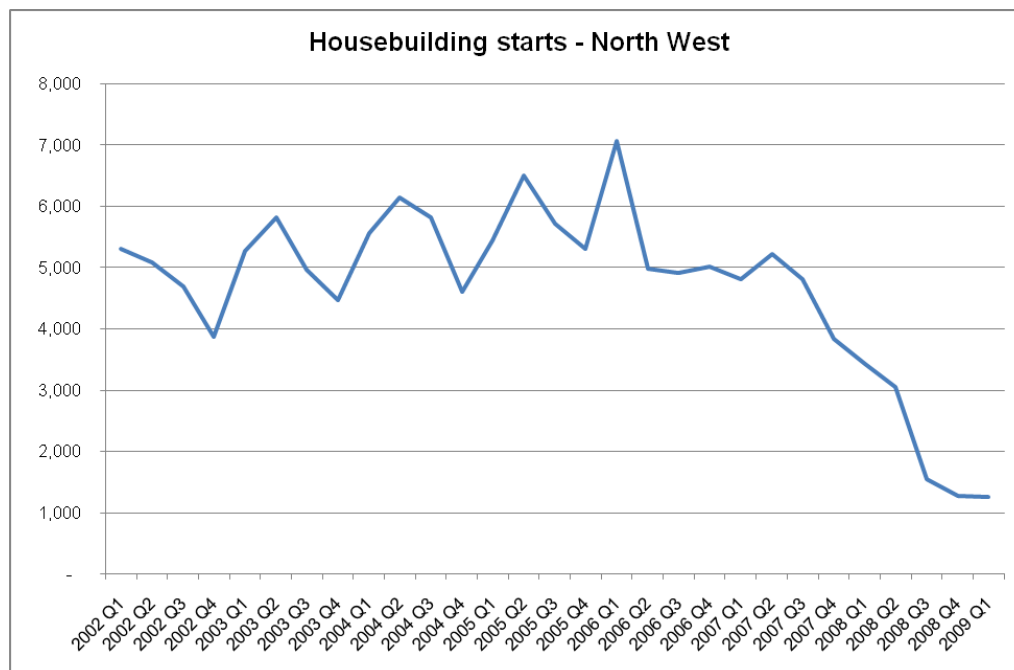
The difficulties of accessing mortgage finance, despite low interest rates, have wiped out the benefits to first time buyers of lower price to income ratios<sup>15</sup>. The fall in sales and associated reduced liquidity has created severe problems for many developers and has seen a number of them stop building<sup>16</sup>.



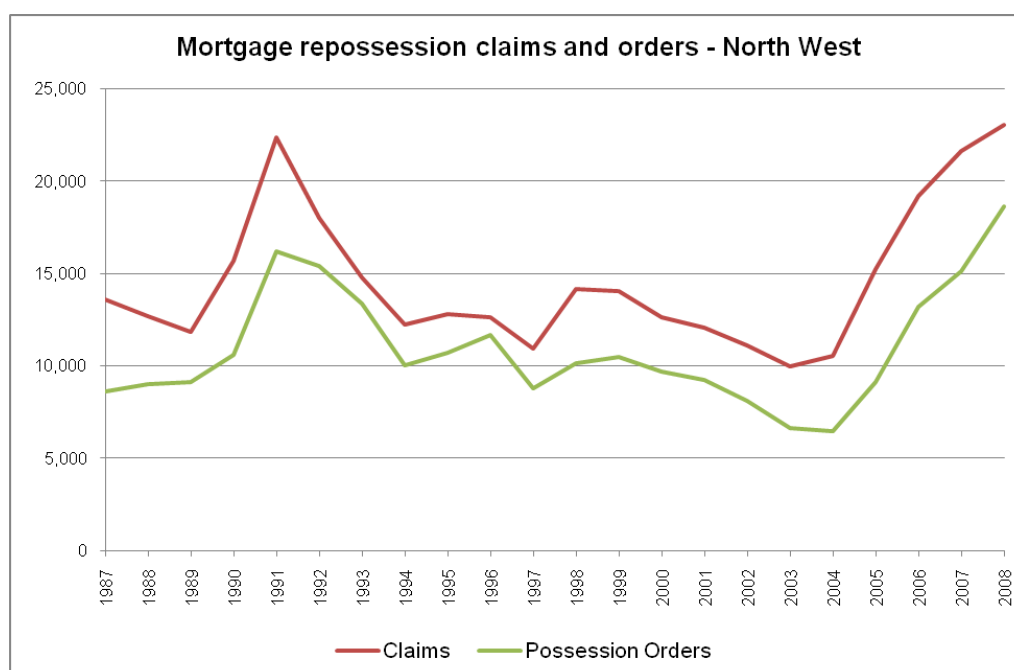
<sup>14</sup> Custom report from <http://www.landregistry.gov.uk/>

<sup>15</sup> <http://www.nationwide.co.uk/hpi/historical.htm>

<sup>16</sup> DCLG figures from <http://www.communities.gov.uk/documents/statistics/xls/1150420.xls>

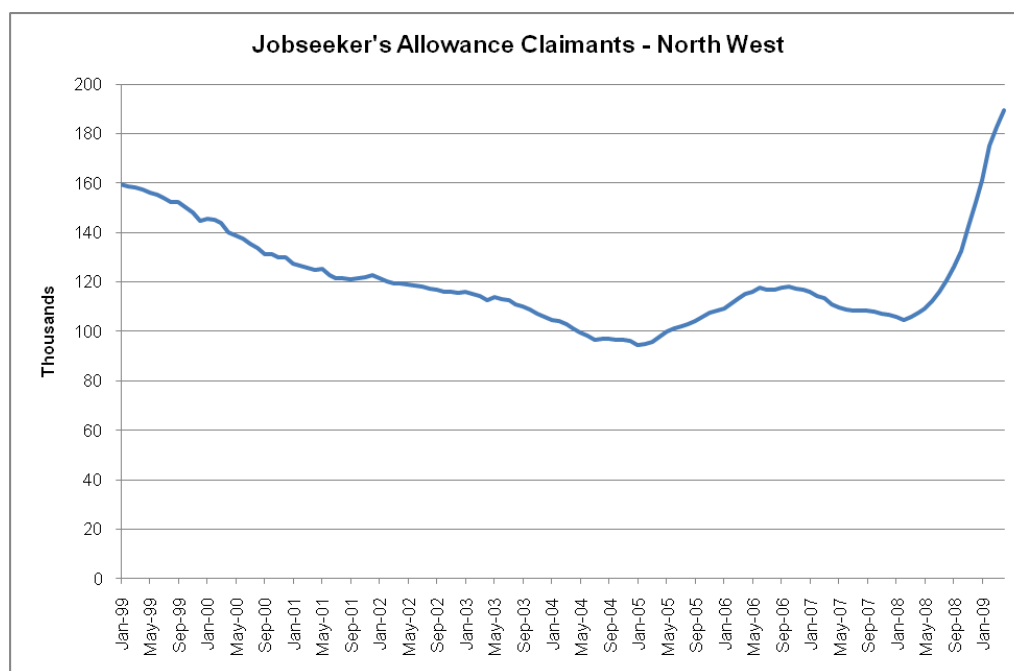


The number of homes being repossessed has increased (in the third quarter of 2008 mortgage repossession orders issued by courts in the North West were up by 27% on the same period in 2007)<sup>17</sup>. It is likely that, as unemployment rises<sup>18</sup>, more people will find themselves in financial difficulties which impact on their housing, although measures taken by government to slow the pace of repossession orders (for example, the Mortgage Pre-Action Protocol, introduced in November 2008) may mitigate these effects to some degree.



<sup>17</sup> <http://www.justice.gov.uk/publications/docs/stats-landlord-mortgage-historic-20-02-09.xls>

<sup>18</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/Monthly-LMS/LMSmonthly0409.zip](http://www.statistics.gov.uk/downloads/theme_labour/Monthly-LMS/LMSmonthly0409.zip)



We would like to discuss with Government and its agencies the development of a range of measures – including funding flexibilities – which will help us to deal with the economic recession and prepare the ground for us achieving our longer-term ambitions of growing our population and our economy.

## 2.3 Long term issues

Despite the problems caused by the current economic climate, the long-term objectives of the city region remain as relevant as ever. Our commitment to growing and improving our housing offer remains strong, although some of the measures needed to ensure we succeed in this are different to those which would have been appropriate in the 'booming' economic circumstances of two years ago. There is an opportunity for us to facilitate development where we can (and where it is appropriate), while preparing the ground for the eventual more general recovery in the economy. This is being done in the NewHeartlands area, for example, where sites are being acquired and prepared for development. In the longer term, the two new Growth Points announced late in 2008 (Liverpool-Wirral and Halton-St Helens-Warrington) will also contribute to housing supply delivery.

We still have far too much housing which is in a poor physical condition. Local authorities and Registered Social Landlords have made great strides in achieving decent homes standards, but major problems remain in the private sector, where 40% of owner-occupied and 55% of privately-rented homes fail the decency standard.<sup>19</sup> The impacts on the wider economy of poor housing are well-known – the health problems alone can lead to people being unable to work and in many cases becoming dependent on the support of health and social services at significant cost to the taxpayer. We want to take greater steps to improve our existing housing, for example by increasing the provision of energy efficiency measures, and to see through our existing commitments – for example, the NewHeartlands Housing Market Renewal Pathfinder.

Areas of poorly maintained or vacant housing also project a negative image of the city region, hindering other efforts to attract investment, and we have too many properties standing empty. These are not just a wasted resource in terms of meeting the need for affordable housing and a

<sup>19</sup> Halton Private Sector Stock Condition Survey 2002; Knowsley Private Sector Stock Condition Survey 2004/Private Rented Sector Condition Survey 2006; Liverpool House Condition and Energy Survey 2006; St Helens Stock Condition Survey 2006; Sefton Private Sector Housing Condition Survey 2007; Wirral/BRE Housing Stock Options Report 2006

blight on the image of the city region; they also represent significant embedded energy – in other words the energy already used for their construction, sourcing materials and so on – and our efforts to move towards developing a successful low carbon economy will be boosted by success in renewing and revitalising our existing housing stock.

Finally, we have far too many neighbourhoods where deprivation is endemic – in the 2007 Index of Multiple Deprivation nearly 1 in 3 of the 1% most deprived [Lower level] Super Output Areas (and 9 of the 20 most deprived) are within the Liverpool City Region<sup>20</sup>. These are often places where the housing itself may have already been improved – for example through Estate Action programmes or work to achieve decent homes standards – but where the residents still do not or cannot interact with opportunities for education, training and employment. We will build on work already underway – for example, the CoNet project in Liverpool is a multi-agency outreach approach of housing and employment and skills agencies, led by a Registered Social Landlord, seeking to remove barriers to economic inactivity of residents – to develop, share and expand good practice to improve skill levels, tackle worklessness, and improve access to education, training and employment in the city region's vulnerable neighbourhoods.

## **2.4 Joint housing work in the Liverpool City Region**

The local authorities of the Liverpool City Region have been working together with various partners in recent years to develop a common strategy for housing across the sub region and to deliver housing and economic renewal programmes in the NewHeartlands area

### **2.4.1 Liverpool City Region Development Programme**

The Liverpool City Region Development Programme (CRDP)<sup>21</sup> recognised that improving the housing offer to meet the aspirations of existing residents and prospective newcomers would play a major part in supporting and responding to economic growth. This would need to go beyond simply tackling 'market failure' – important though this is – to improving 'liveability' across the conurbation.

### **2.4.2 Liverpool City Region Housing Strategy**

The Liverpool City Region Housing Strategy 2007 (LCRHS)<sup>22</sup> developed the issues highlighted in the CRDP. It is a collaborative piece of work, funded by the Department for Communities and Local Government and developed by 13 local authorities from the wider city region, which provides a policy and investment framework for future housing development. The objectives of the LCRHS are:

- To support the economic growth and regeneration of the City Region;
- To identify sustainable locations for growth, linked to economic development prospects, sustainable levels of infrastructure, service provision and housing land availability;
- To maximise the contribution that regeneration areas can make in supporting the economic development of the City Region;
- To provide for a range of affordable housing products across the City Region in recognition of the growing mismatch between income levels and lowest quartile house prices;
- To secure investment in the quality of neighbourhoods as a major economic asset of the City Region in attracting and retaining population.<sup>23</sup>

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<sup>20</sup> Indices of deprivation 2007, Department for Communities and Local Government: <http://www.communities.gov.uk/communities/neighbourhoodrenewal/deprivation/deprivation07/>

<sup>21</sup> Liverpool City Region Development Programme, The Mersey Partnership, 2005

<sup>22</sup> Liverpool City Region Housing Strategy - [http://www.4shared.com/file/87299941/66d2e5a3/LCRHS\\_Final\\_200711.html](http://www.4shared.com/file/87299941/66d2e5a3/LCRHS_Final_200711.html)

<sup>23</sup> Liverpool City Region Housing Strategy, chapter 2



- To develop employment and training opportunities for local people in delivering the strategy.

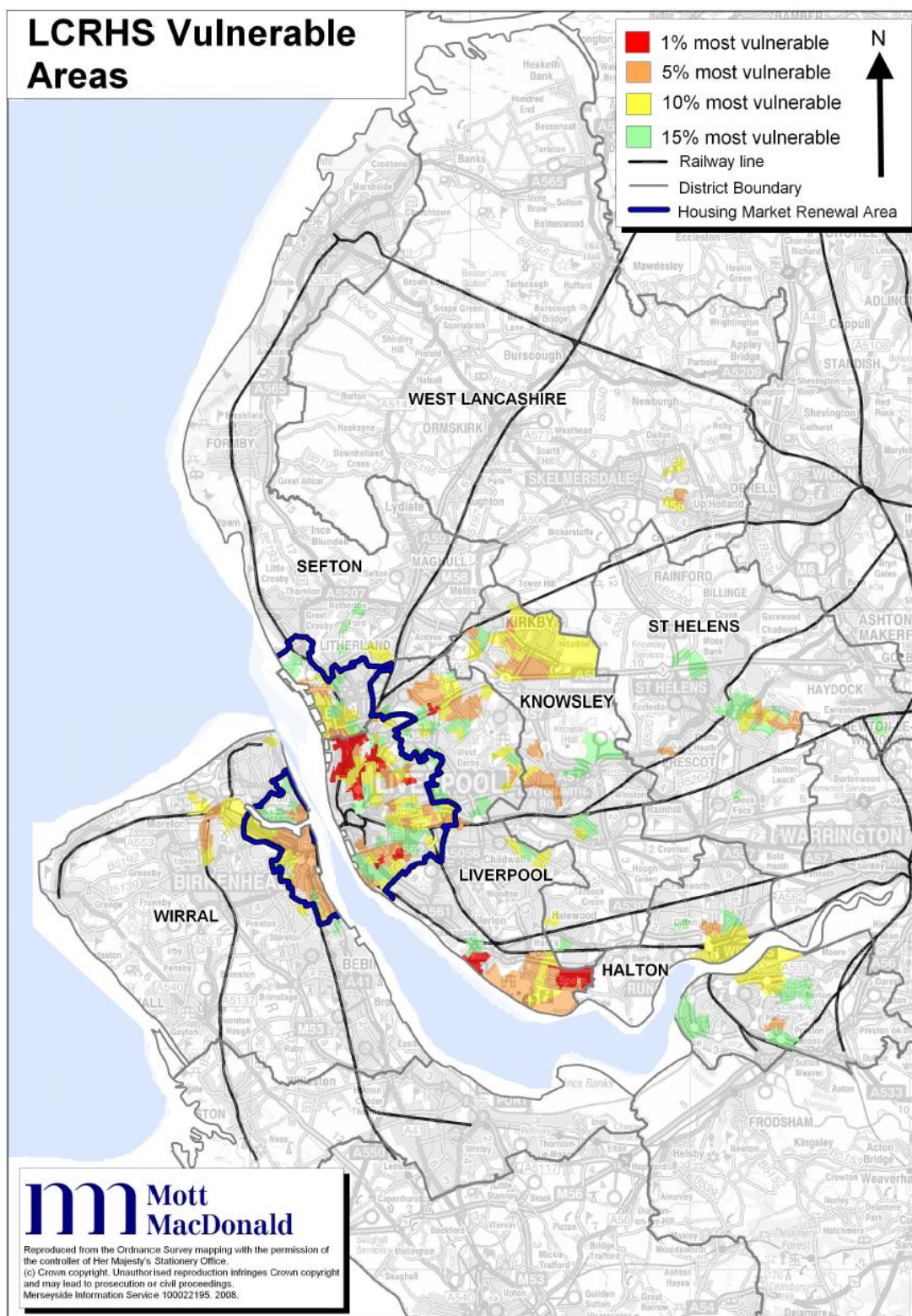


Figure 1: Vulnerable housing market areas identified in Liverpool City Region Housing Strategy

Unlike previous strategies at local and regional levels, the LCRHS seeks to focus resources on the areas which can support and enhance the economic development potential of the City Region. This includes areas of current vulnerability which have potential for growth and recovery

(for example, the NewHeartlands Housing Market Renewal Area at the core of the conurbation is an area of current vulnerability but with opportunities for growth linked to the economic potential of the regional centre and its hinterland and a New Growth Point). The LCRHS identified the “most vulnerable housing market areas” across the city region (see map above), and it has been agreed by the city region that these should be the priority for coordinated renewal efforts.

#### **2.4.3 Liverpool City Region Housing Strategy Action Plan**

The LCRHS is supported by an Action Plan (2008) which provides a means of implementing the recommendations of the strategy. The LCRHS and Action Plan have been adopted and agreed by all six Liverpool City Region local authorities as the basis for joint housing working, and have paved the way for the development of the MAA.

We appreciate the need to continue to work with partner authorities beyond the six districts preparing this MAA; the LCRHS was developed by a group of 13 local authorities. We will continue to work with that wider group where we can – for example, with Warrington in developing and implementing proposals for the Growth Point it shares with Halton and St Helens – to ensure that our actions reflect the requirements of the ‘wider’ city region.

#### **2.4.4 The scope of the MAA**

This platform paper does not stand in isolation, and the proposals within it have strong links to the ambitions set out in the MAA Story of Place document and the other platform papers. For example, our proposals to improve the energy efficiency of the city region’s existing housing stock will contribute to the delivery of the Low-Carbon Economy priority of the Economy paper.

The housing platform paper of our MAA proposes specific actions aimed at improving the quality of our existing housing in particular. We have identified specific measures which would enable us to increase the rate at which we can deliver energy efficient housing, and which would allow us to take a more positive approach to the management of the private rented sector. Focusing on energy efficiency will ensure that our housing makes a significant contribution to the City Region’s low-carbon economy ambitions by supporting improvements to the housing stock which in turn will provide opportunities for training and for local businesses to develop their expertise in this area. Improving the quality of the private rented sector will help it make its full contribution to our housing offer and to labour mobility, as well as ensuring that it contributes to a positive image for the city region.

There are many other issues which would help us to meet our long-term housing goals – for example, considering how we can assist in preparing sites for housing development, and how we can provide flexible support to help get people into affordable housing. As well as the firm proposals we set out in this paper, we would like (as part of working with government under our first ‘ask’) to develop joint responses to these and other issues which will help us to ensure that we have a range of housing which supports the economic development of the city region rather than it being seen as a burden.



## 3. OUR PROPOSALS

### 3.1 Housing Ask 1 – Supporting Growth and Renewal

#### 3.1.1 What is the issue? What do we want to achieve?

The Liverpool City Region Housing Strategy (May 2007) and subsequent Action Plan (June 2008) form the basis of joint housing work in the city region, and have been signed up to by all six local authorities.

The Liverpool City Region Housing Strategy is underpinned through both Regional Spatial Strategy (RSS) and the Regional Housing Strategy (RHS). RSS provides policy support for the quantity and location of new housing required in the city region, while the three objectives of RHS – achieving the right quantity of housing, continuing to raise the quality of the existing housing stock, and connecting people to the improved housing offer – provide a regional housing policy framework which supports what we are trying to achieve in the city region.

We would like to ensure that housing investment in the city region is coordinated not just between the city region's districts, but with government and agencies including the Homes and Communities Agency and the North West Development Agency.

We wish to ensure that investment decisions complement the city region's own housing priorities, including the completion of the NewHeartlands housing market renewal programme and the regeneration of other priority areas for investment, namely most vulnerable neighbourhoods identified in the Liverpool City Region Housing Strategy<sup>24</sup> (see Figure 1 above). This alignment of priorities will maximise the economic potential, urban renaissance and social inclusion within these areas through ensuring a sufficient proportion of new housing investment, development and renewal is located there.

We are also looking to provide an increase in the supply of affordable and market housing to address demographic needs and to support economic growth and regeneration, including that arising from the delivery of the New Growth Points. We want to ensure that housing development policies and proposals support regeneration objectives in terms of housing numbers, type and phasing of delivery.

The Liverpool City Region Housing Strategy provides evidence of the housing growth needed to support economic growth, and we have recently had two Growth Points (Liverpool—Wirral and Halton—St Helens—Warrington) designated by government. The current economic conditions mean that developers are extremely cautious towards new development, and we therefore wish to discuss measures (complementing those being implemented in NewHeartlands) to:

- Prepare the ground and provide the right conditions for accelerated growth when the market improves;
- Facilitate continued development activity wherever possible; and
- Give buoyancy to the market and more certainty of an end user for new development.

There is also a requirement to increase the supply of affordable housing in the sub-region. Although the 'economic downturn' is having the effect of reducing house prices, this is likely to have little real impact on the need for affordable housing across the city region, as tighter restrictions on lending mean that less money is made available to those wishing to purchase homes. It also seems likely that rising unemployment will result in increased numbers of people struggling to stay in homes that they have purchased with mortgages – resulting either in increased demand for 'rescue' type packages to keep them in those homes or, alternatively, if

<sup>24</sup> LCRHS paragraph 7.11 (p.52)

they are forced to sell (possibly in a situation where they have negative equity) an increase in demand for social housing, placing increased burdens on local authorities and Registered Social Landlords.

### **3.1.2 What are we already doing?**

We already have an agreed City Region Housing Strategy and Action Plan signed up to by all the individual local authorities.

The Liverpool City Region local authorities are introducing new governance and cooperation arrangements, including a Cabinet and thematic Boards (see 'Governance' section, page 21), to coordinate joint working and strategy development.

We are working together and pooling resources to deliver NewHeartlands Housing Market Renewal programme, regeneration in the 1% and 5% most "at risk" areas lying outside the Housing Market Renewal area, and the Mersey Heartlands and Mid-Mersey Growth Points. These will deliver an increased supply (and improve the quality of) housing to support economic growth within the City Region.

NewHeartlands has already exceeded its 2008/09 targets in areas of new build, refurbishments and acquisitions, which demonstrates the excellent work being undertaken within the City Region to improve housing standards and to create affordable homes.

### **3.1.3 What else will we do?**

Statutory plans and strategies of the City Region authorities will be aligned to ensure the delivery of the housing objectives of the Liverpool City Region.

In the Housing Growth Point Areas, we are working in a tripartite partnership with Private Housing Developers and the Homes and Communities Agency, to unlock housing sites through land remediation and investment. This new infrastructure will create readily-developable sites for the delivery of new housing, including affordable homes.

We will invite the HCA, NWDA, 4NW (and others as and when appropriate) to attend the Liverpool City Region Housing and Spatial Planning Board.

### **3.1.4 What else would we like to do? What are the barriers to this?**

We would like Government to recognise that the Liverpool City Region is the appropriate spatial level to make housing investment and policy decisions, and to work with the City Region local authorities and partners to develop policy approaches in support of the City Region's housing priorities. We will take this opportunity to build a formal relationship which leads to the development of a common implementation and investment framework for housing.

There are a number of areas where we would like to work with Government and its agencies to deal with priorities in the City Region. These include:

- The Liverpool City Region is the first City Region to have developed a Housing Action Plan which will provide us with the basis for having the 'single conversation' with HCA on new developments and on the priority housing renewal areas.
- We would like to work with Government to carry forward the Liverpool City Region Housing Strategy and the priorities within it in order to increase housing supply and improve stock conditions.
- Increasing the supply of housing, where we would like to develop joint approaches to unlocking stalled housing developments, to improve access to development sites, and to work with HCA and others to agree a strategy for the city region which prioritises areas and sites for preparation for future housing development.

- We will continue to work with Government and HCA to deliver our Housing Growth Point initiatives and wish to work in partnership to develop innovative ways to unlock all stalled housing development projects.
- We will work with HCA to ensure that all investment opportunities are maximised in order to pursue the delivery of new and affordable homes in the City Region.
- We wish to work with Government in order to continue to secure regeneration in our vulnerable housing areas, in order to complete our housing market renewal programme.
- There are currently opportunities for pathfinders like NewHeartlands to use money more flexibly by taking advantage of lower land prices in order to provide a land bank as a platform to build and refurbish even more affordable homes. Increasing access to affordable housing is a key priority in the City Region and we will continue to work with the HCA through the single conversation to maximise affordable housing outputs.
- Partners have all recognised that a focus on high quality design solutions is vital to deliver the desired step change in housing standards and the City Region is committed to finding new and innovative ways of improving the design of housing stock. We want Government to continue to work jointly with the City Region to develop new models of urban design aimed at delivering affordable and desirable properties within the priority renewal areas and Growth Points and we would be willing to pilot specific design initiatives.
- Tackling more effectively the wasted resource and blight of empty homes. In support of this issue the majority of Liverpool City Region authorities have chosen to eliminate the council tax discount on empty homes as a strong signal to property owners that the practice of leaving homes vacant is unacceptable. We wish to work with HCA and Government to find innovative ways to bring empty properties back to the housing market in order to increase capacity whilst also complementing the NewHeartlands HMR programme.

We would like to discuss approaches to these and other issues with Government and its agencies within the scope of the joint working we propose below.

#### **ASK 1: Supporting Growth and Renewal**

- Government departments and their agencies will establish a Joint Investment Board with Liverpool City Region partners, based on the HCA 'single conversation', to develop by the end of 2009 a single joint investment plan to more effectively co-ordinate and align relevant funding streams and associated strategy, particularly covering housing, regeneration and transport.
- Government and the Liverpool City Region partnership will establish a time limited task-and-finish group (to include an RSL and developer) to review evidence about the Liverpool City Region housing market and the totality of products and policy levers available to partners to develop the market. This group will prepare recommendations for Ministers and the Liverpool City Region Cabinet by October 2009 on any further actions, products or policy flexibilities that will secure the MAA objectives; namely the delivery of housing growth and regeneration/renewal of the City Region's vulnerable housing market areas.

### 3.1.5 What will the outcomes of this be?

Working to coordinate our approaches to the city region's housing priorities will result in more efficient use of resources, by ensuring that different agencies are working towards the same goals in the City Region.

We will work with Government to develop new models of working to increase the supply of high-quality housing, to provide better access to affordable housing, and to improve the energy efficiency of our existing housing stock. This will help Government to meet its aspirations in these areas announced in the 2009 Budget<sup>25</sup>.

Despite the economic recession, evidence is showing that the NewHeartlands HMR pathfinder area is delivering new houses. Continued support for the programme will help deliver the Government's objectives of providing new housing supply in an area which makes best use of infrastructure and where population stabilisation and growth is required thus complementing public and private sector investment made to date.

Delivering the full Housing Market Renewal programme will remove a brake on the City Region's economic competitiveness by improving the quality of our housing offer, will deliver lower carbon emissions through the provision of new environmentally-sustainable housing, and will help to provide jobs and training in the places where they are most needed.

## 3.2 Housing Ask 2 – Affordable Warmth

### 3.2.1 What is the issue? What do we want to achieve?

We would like, through the MAA, to address as a priority issues around energy efficiency and fuel poverty. This will reduce the burden on other government resources such as benefits and the NHS, will help people to become healthier and therefore more able to be economically active, and will help meet the 'low-carbon economy' goal of the MAA by reducing energy demands and providing opportunities for local businesses to get involved in providing energy efficiency goods and services.

We want the Liverpool City Region to be a place where good quality housing helps to attract and retain population. Housing quality also has significant impacts on residents' physical and mental health – the cost to the economy of providing healthcare for conditions brought on or exacerbated by poor housing is enormous, as is the cost of providing benefits to those unable to work because of poor health. The table below shows the costs to the National Health Service alone of a number of common housing problems<sup>26</sup>; from this it can be seen that tackling excess cold in the city region's housing alone would save the National Health Service £27m per year.

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<sup>25</sup> For example, proposals around accelerating development (Budget Report 2009 paragraph 4.9), retaining skills and capacity in the development industry, unlocking stalled developments, and ensuring a long-term supply of affordable housing (Budget Report 2009 paragraphs 5.75–5.79)

<sup>26</sup> Good Housing Leads to Good Health – Chartered Institute of Environmental Health (CIEH) and Building Research Establishment (BRE) Toolkit - [http://www.cieh.org/policy/good\\_housing\\_good\\_health.html](http://www.cieh.org/policy/good_housing_good_health.html). Provides a method for measuring and showing the value of private sector housing intervention on health, society and quality of life. Model applied to Liverpool City Region private sector housing stock (502,967 dwellings).

Hazard	Expected number of incidences causing harm	Estimated total costs to mitigate within the stock (£)	Expected total annual saving to NHS (£)	Expected NHS annual saving per hazard mitigated (£)
Damp and mould growth	898	9,945,350	394,900	440
Excess cold	1572	7,848,996	26,863,500	17,089
Falling on level surfaces etc	2794	1,075,969	7,367,100	2637
Falling on stairs etc.	1572	531,336	3,809,700	2423
Crowding and space	90	1,487,070	1,025,600	11,396
Entry by intruders	15,718	16,441,028	6,896,900	439
Totals		£37,329,749	£46,357,700	

*Table 1: Costs of and savings from tackling selected housing problems*

It can therefore be seen that there are strong arguments for acting to improve the energy efficiency of the city region's housing on a number of fronts: it would provide an opportunity for training and employment, would enable local businesses to develop expertise, and would improve the health of many of our residents (thereby enabling more of them to be fit for work and reducing the burden on the NHS and the benefits system).

### 3.2.2 What are we already doing?

The City Region Authorities have jointly developed a Merseyside Affordable Warmth Strategy. The strategy ensures strong awareness of affordable warmth; fosters collaboration on affordable warmth; ensures access to impartial information and advice and includes a number of practical programmes to address energy efficiency and fuel poverty.

The Authorities work in collaboration with a number of energy providers to resource campaigns and information and investment in improving the energy efficiency of homes. We have been active in developing local initiatives to address poor thermal efficiency and tackle fuel poverty. We work closely with the Energy Saving Trust to deliver thermal efficiency improvements through Warm Front grants and some bespoke LA grants, again largely targeted at vulnerable households. Liverpool City Council has also had some recent success in attracting Primary Care Trust (PCT) resources to fund thermal efficiency and fire prevention works. The initiative is targeted at those areas considered the worst in terms of both poor health and poor housing condition.

### 3.2.3 What else will we do?

The Merseyside Authorities are committed to working towards a step change in the energy efficiency of our homes through:

- Making best use of complementary funding e.g. European Structural Funds and PCT funding; and
- Continuing to work with energy providers to promote awareness of energy efficiency issues and enabling access to resources and expertise to improve the energy efficiency of homes.

### 3.2.4 What else would we like to do? What are the barriers to this?

We would like to develop an energy efficiency pilot scheme, supported by the European Regional Development Fund. The city region is committed to working up a proposal to invest in energy efficiency and renewable energy measures. There is an opportunity for substantial work to be undertaken in the city region, with good practice then being shared with the rest of the North West and nationally.

We would like to link the development of this to Intermediate Labour Market (ILM) projects and proposals being developed through the Liverpool City Employment Strategy, including the Future Jobs Fund. We will seek to link the development of new technologies to opportunities for training and employment in the construction trade. The city region's universities could also be involved with the new technological developments, ensuring that new jobs are created at a range of levels. It might be possible to encourage innovative approaches such as some estates having their own community combined heat and power (CHP) generator, which would be maintained using local labour and could generate a small income for the community by feeding surplus electricity into the national grid.

We have the potential to use the ERDF windfall to create better, warmer, cheaper social housing over the long term, while reducing carbon emissions, and at the same time creating work for the unemployed, raising skills for the future jobs, and encouraging our indigenous firms to gain the experience and skills in producing what we will need for a low carbon economy.

As well as this, we would like to commission our Affordable Warmth Programme on a city region basis. This would allow us to access more competitive rates available in the region, producing better value for money and help ensure that these programmes can be used to increase local employment and skills.

We would like to make it easier for tenants who are trying to access Warm Front assistance. We would like government to ensure that all tenants are made eligible for this grant irrespective of their responsibility for the maintenance of their home.

#### **ASK 2: Affordable Warmth**

We welcome that Government has adopted the regulation allowing European Structural Funds to be used for housing energy efficiency projects and we wish to work with Government and the NWDA to align these funds with the City Region's allocation for affordable warmth programmes in order to support the development of training programmes for the unemployed to implement the programme.

### 3.2.5 What will the outcomes of this be?

This approach will drive up thermal efficiency standards across the private sector thus contributing to targets for the reduction of carbon emissions. It will also mitigate fuel poverty, particularly in vulnerable households. In addition, the standard of thermal comfort achieved through the Warm Front grant should mitigate failure under the Decent Homes standard in this area.

Use of European funding to invest in energy efficiency measures will lead to:

- Improvement of up to 500 of the least energy efficient houses in the sub-region through direct intervention;
- Increased awareness of the opportunities and benefits of improving energy efficiency leading to increased investment by home owners and landlords; and
- Better integration of energy efficiency improvements in general property improvements.

Our energy efficiency programme will be used as a basis for increasing local skills, employment and business activity in this area, and will support the development of the city region's low-carbon economy.

### **3.3 Housing Ask 3 – An effective private rented sector**

#### **3.3.1 What is the issue? What do we want to achieve?**

Evidence is now showing that at both a national and local level, the private rented sector is making an increased contribution to meeting housing needs, particularly as the economic recession and resultant reduction in the availability of finance make it harder for people to purchase their home. It is also clear that a healthy and well-managed private rented sector can encourage mobility amongst workers, and can provide economic benefits by ensuring that the labour market is sufficiently flexible to respond to changing circumstances. However, this sector has some specific problems which mean that it tends to be difficult to manage and monitor, and in some instances to become severely stigmatised.

Problems with management and quality, and the general poor perception of the private rented sector as an insecure, short-term tenure, effectively limit opportunities for supporting investment and restrict choice for households.

The private rented sector contains higher concentrations of poor quality stock than other tenures (for example, 56.5% of private rented sector homes in St Helens fail to meet Decent Homes Standard compared to 34.3% of all private sector homes in the Borough). Despite the recent increase in new build apartments in the region's city and town centres, private rented sector properties are still primarily concentrated in the oldest stock with the highest potential property repair costs. Limited knowledge of property standards by landlords can mean that expenditure is not always targeted at properties most in need.

Engaging with the full range of landlords is often problematic with relatively low take up of voluntary accreditation schemes. Inevitably, Local Authorities tend to concentrate on the lower 'slum' end of the market and can rarely interact with the majority of landlords whose tenants have no cause for complaint. The significant increase in the private rented sector over the last 2 or 3 years has not been balanced by increased staffing resources, leaving a number of Authorities only able to 'fire fight' and provide a minimum statutory reactive service.

#### **3.3.2 What are we already doing?**

A number of Liverpool City Region local authorities have established accreditation schemes for private sector landlords and organise regular forums to enable information sharing and to support management best practice. These are particularly well advanced in Liverpool and Wirral. Currently, the city region authorities have commissioned a study to review existing working arrangements in each local authority, in respect of landlord accreditation, in order to identify barriers to and opportunities for a common accreditation scheme across the sub region that would increased take up of membership.

NewHeartlands, in response to advice from the Audit Commission to develop a coordinated approach to the private rented sector, has established a Private Rented Sector Working Group with its main remit being to provide a forum for sharing good practice, to consider opportunities for further joint working, to work jointly on identifying and accessing funding and, in response to the Liverpool City Region Housing Strategy aim of developing a more coordinated approach to the private rented sector across the City Region, potentially to coordinate work in this sector for the whole City Region.



### 3.3.3 What else will we do?

There is a commitment from all the Liverpool City Region districts to develop a common accreditation scheme. The development of such a scheme is likely to be attractive to landlords with cross boundary portfolios. Whilst there is a commitment from all the city region authorities to promote landlord accreditation, each authority is currently engaged in developing its own scheme. This is both staff intensive and poses complexity for some landlords that operate across local authority boundaries. Rather than continue down this path, we will develop a city regional approach to the problem by administering a single accreditation scheme for the city region. This would have several advantages:

- The scheme could be administered by a single lead authority resulting in efficiencies
- The scheme should be more appealing to landlords, more easily marketed and provide consistency of approach.
- A single accreditation scheme should operate better under Choice-Based Lettings arrangements
- A skills base around quality management and letting would develop

We would like to work with Government to make better use of selective licensing by identifying areas of low demand and/or anti social behaviour where selective licensing could be introduced.

### 3.3.4 What else would we like to do? What are the barriers to this?

We would like to make better use of selective licensing in our housing priority areas, particularly in areas of low housing demand and/or anti social behaviour (see 'Vulnerable Housing Market Areas map – Figure 1 on page 168). In order for a selective licensing scheme to be a success, we need to be able to identify which properties are owned and let by private landlords. We would like to have access to information showing contact details of landlords and their property locations so that accreditation can effectively marketed and enforcement action targeted appropriately. The most significant barrier to the take up of accreditation is lack of information about the location of landlords and their properties and thus effective marketing is extremely limited. There are few incentives for landlords to identify their whereabouts to the local housing authorities and contact is often only initiated when a complaint is received and enforcement action taken.

We would like to see greater flexibility in the use of the Regional Housing Pot to target revenue as well as capital projects in the private rented sector. This may require specific direction to local authorities as this approach is restricted in many districts. Revenue resources, particularly those for staffing in respect of policing the private rented sector has not grown with the recent increased numbers and demand from the sector. Local authorities have access to capital resources through the Regional Housing Pot to target property improvements. However, whilst enforcement action often generates a capital asset, this is regarded as a revenue cost by District Audit. Local authorities are under severe financial constraints particularly in respect of revenue costs and are therefore unable to resource, for example, targeted proactive enforcement action in local neighbourhoods. Capital expenditure is also compromised in respect of grants/loans to private landlords through lack of staffing resources.

We would like to discuss approaches to these issues in more detail with Government with the scope of sharing information between local authority departments – for example between Council Tax records and benefits sections – in respect of private rented sector ownerships and locations, incentives in respect of the payment of local housing allowance to landlords signing up to accreditation and flexibility in the use of Regional Housing Pot monies to support interventions in the private rented sector.

**ASK 3: An effective private rented sector**

We welcome the Government's response to the Rugg review, including the intention to consult on a national register of private landlords and additional criteria for selective licensing regimes.

We would welcome the opportunity to extended selective licensing proposals as a positive tool for housing and neighbourhood improvement in order to drive up the quality of the private rented sector, and would like to discuss opportunities to pilot measures along these lines.

**3.3.1 What will the outcomes of this be?**

Taking steps to improve the management and condition of the city region's private rented sector chimes with the Rugg Review's stated desire that private renting should be "a less marginal, poorly-regarded 'third' option that sits behind the preferred tenures of owner occupation and social renting"<sup>27</sup>. Direct targeting of both accreditation and enforcement action will improve the quality and management of the private rented sector in the City Region. The opportunity to implement Selective licensing of private rented sector properties in renewal/regeneration areas will offer the opportunity to effectively support landlords and their tenants without stigmatising the area and compromising future investment. Increased proactive enforcement activity would drive up standards within the private rented sector, enable greater contact with landlords and their managing agents and provide an opportunity to promote accreditation. It would also create the additional capacity to work with other agencies and partners to address other neighbourhood issues, for example, tackling anti-social behaviour, addressing health inequalities and drug abuse.

Generally, these actions would support the broad economic ambitions of the MAA by providing a better range of housing options to support flexible labour markets, and making the city region as a whole a more attractive place for businesses and individuals to locate. Strong partnership working in this area across the city region will enable the development of a common strategic approach to addressing poor quality private rented sector property.

<sup>27</sup> <http://www.york.ac.uk/inst/chp/Projects/PRSreview.htm> – Executive Summary page xiii

## **4. GOVERNANCE**

### **4.1 Governance and management of the MAA Housing Proposals**

The city region has taken steps over the last couple of years to put in place a new structure of governance and cooperation. We now have a Cabinet comprising the leaders of the six local authorities and a representative of the business sector, and this will be the strategic decision making body for the city region.

Six thematic boards are being established to coordinate joint working and strategy development and to guide the Cabinet; the Housing & Spatial Planning Board will oversee the implementation of the housing elements of the MAA within the city region, and ensure that the housing strategy is coordinated with the other elements of the city region's plans. The Housing and Spatial Planning Board will make recommendations to the Liverpool City Region Cabinet on housing and planning matters.

### **4.2 Role of the Housing & Spatial Planning Board**

The terms of reference and responsibilities of the Board will include;

- Developing and coordinating the Liverpool City Region Spatial Strategy development, as the framework for underpinning the economic plans for the region and to make the appropriate links between the Core Spatial Strategy with the Local Development Frameworks of the constituent councils.
- Coordinating and managing joint Local Framework activity across the city region (including the Waste DPD) to ensure the planning framework will deliver all the key economic drivers and major schemes.
- Developing, coordinating and monitoring the implementation of the Liverpool City Region Housing Strategy and Action Plan.
- Recommending to the City Region Cabinet the priorities for action and the allocations of pooled public sector housing resources to meet the key strategic priorities.
- Identifying employment and skills opportunities associated with the delivery of the City Region Housing action plan.
- Implementing and monitoring the Housing Platform of the City Region Multi Area Agreement.

The Board will work with the Homes and Communities Agency to develop a strategic plan and Housing Investment Framework and to deliver a set of targeted interventions to meet the challenges of the housing market in the Liverpool City Region.

### **4.3 Role of the Housing & Spatial Planning Board**

The Board will be constituted with six elected members from the constituent councils; the Chair of New Heartlands; private sector representatives (to be determined in conjunction with The Mersey Partnership); and an invitation to attend the board in a supporting role will be extended to HCA, GONW, 4NW and the NWDA.

#### 4.4 Housing & Spatial Planning Board relationships

Tier	Group	Function and relationships
1	<b>Liverpool City Region Cabinet</b> <i>Current Chair: Cllr Ronnie Round (Knowsley)</i> 6 District Leaders	Decision-making body for Liverpool City Region.
		↓ Agrees sub-regional priorities for action.
2	<b>Housing &amp; Spatial Planning Board</b> <i>Current Chair: Cllr Brian Spencer (St Helens)</i> 6 District Members with Housing and/or Spatial Planning responsibilities	↑ Makes recommendations to Cabinet on housing and planning matters.
		Agrees sub-regional housing and spatial planning actions in line with Cabinet decisions.
		↓ Commissions housing and planning work.
3	<b>Housing &amp; Spatial Planning Coordinating Group</b> <i>Current Chair: Carole Hudson (St Helens)</i>	↑ Advises and reports to H&SP Board.
		→ Responsible for coordination of H&SP work with other work areas – e.g. Environment & Waste, Transport
		↓ Oversees housing and planning work.
4	<b>Housing Advisory Group (Merseyside Housing Forum)</b> <i>Chair rotates between districts annually</i>	↑ Advises H&SP Officer Group.
		Technical oversight of housing matters.
		↓ Sub-groups managed as required.
	<b>Planning Advisory Group (District Planning Officers)</b> <i>Chair rotates between districts biennially</i>	↑ Advises H&SP Officer Group.
		Technical oversight of planning matters.
		↓ Sub-groups managed as required.

## 5. MONITORING AND TARGETS

### 5.1 How we will deal with intelligence and monitoring

The city region authorities will maintain the commitment to produce first class intelligence relating to market changes and the neighbourhood impacts of regeneration activity. This intelligence function will provide information to inform strategic planning and to monitor adjacency and displacement impacts from growth and renewal interventions, at the local and sub regional levels.

Our monitoring, research and intelligence offer includes:

- A continued joint research programme into Liverpool City region housing market characteristics, changes etc;
- Monitoring delivery of the LCR Housing Strategy Action Plan;
- Establishment of accurate and reliable city region data base on private sector housing and levels of decency/repair;
- Research into new data sources e.g. development of Bristol/NHS information base; and
- Joint research/funding programme with HCA on jointly agreed areas of work.

### 5.2 Developing targets

The MAA Housing Platform proposes a range of actions to help us deliver more and better housing across the city region. With these two aims in mind, we propose to monitor these key aspects of the MAA and set targets which we consider to be both realistic yet ambitious.

#### 5.2.1 More homes

Housebuilding completions are declining as the recession bites, schemes 'on site' are worked through and in some cases, mothballed. The number of starts across the city region has fallen even more dramatically, which means that we can expect it to take a considerable time – even when the development industry does take off again – for completions to increase. Districts are currently working to review their housing trajectory figures in the light of the economic recession, but although there are sites out there with planning permission (for almost 40,000 homes across the city region) there is little sign of a resumption of significant development at present. Starts are currently well below levels seen in the worst years of the last decade, which will have obvious consequences for the subsequent level of completions over the coming years.

The measures we are already taking across the city region, combined with our MAA proposals (working with HCA and others to 'unlock' stalled developments, improve access to development sites, assemble sites for development, etc.) would enable us to do more than would otherwise be the case. The MAA therefore sets a target returning to 2003—2008 mean gross completion levels by the end of the 2011—2012. The 2003—2008 period saw housebuilding increase (with an average of 3,800 homes being built per year) from the decade low which saw just over 2,500 homes completed in 2001—2002<sup>28</sup>. In the current economic circumstances, in particular those in which the housebuilding industry finds itself, this will represent a major turnaround from the present position; this is therefore a challenging goal but one which we hope to achieve through joint working between the LCR authorities, regional and government partners<sup>29</sup>.

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<sup>28</sup> All figures from [www.communities.gov.uk](http://www.communities.gov.uk)

<sup>29</sup> Although we recognise this target is subject to the outcomes of LAA refresh negotiations.

### 5.2.2 Better housing

The former “Housing Fitness Standard” was repealed and replaced by the Housing Health and Safety Rating System (HHSRS), under the Housing Act 2004. Houses are now assessed against a range of hazards that may be found in the home environment, which in turn have adverse health outcomes. The most severe hazards are classified as category 1 hazards. Where category 1 hazards are identified by a local authority, there is a requirement (on the authority) to take action. For a house to meet the minimum statutory standard it must be free from category 1 hazards.

We will measure improvements in the private rented sector undertaken by the Liverpool City Region authorities in pursuance of their legal duties under the Housing Act 2004 taken as a result of formal action against landlords. A ‘business as usual’ scenario would see around 1,800 properties tackled every year across the city region. Through the MAA and our other joint working (development of landlord accreditation proposals, developing best practice through a targeted Private Sector Group etc.) we aim to improve on this rate, and feel that looking to be doing 20% more by 2012 is ambitious but achievable. For example, in putting in place landlord accreditation schemes, the city region authorities would only accredit properties that met the statutory minimum standard and therefore the drive to accredit more properties should have a positive impact on the indicator. In addition, one of the key hazards that forms part of the statutory minimum standard under HHSRS is Excess Cold, so our actions in improving the energy efficiency of the stock and addressing fuel poverty will also contribute towards meeting this target. Finally, actions taken to improve properties through the use of local authority grant/loan products and the clearance of properties that have come to the end of their useful life will also contribute.

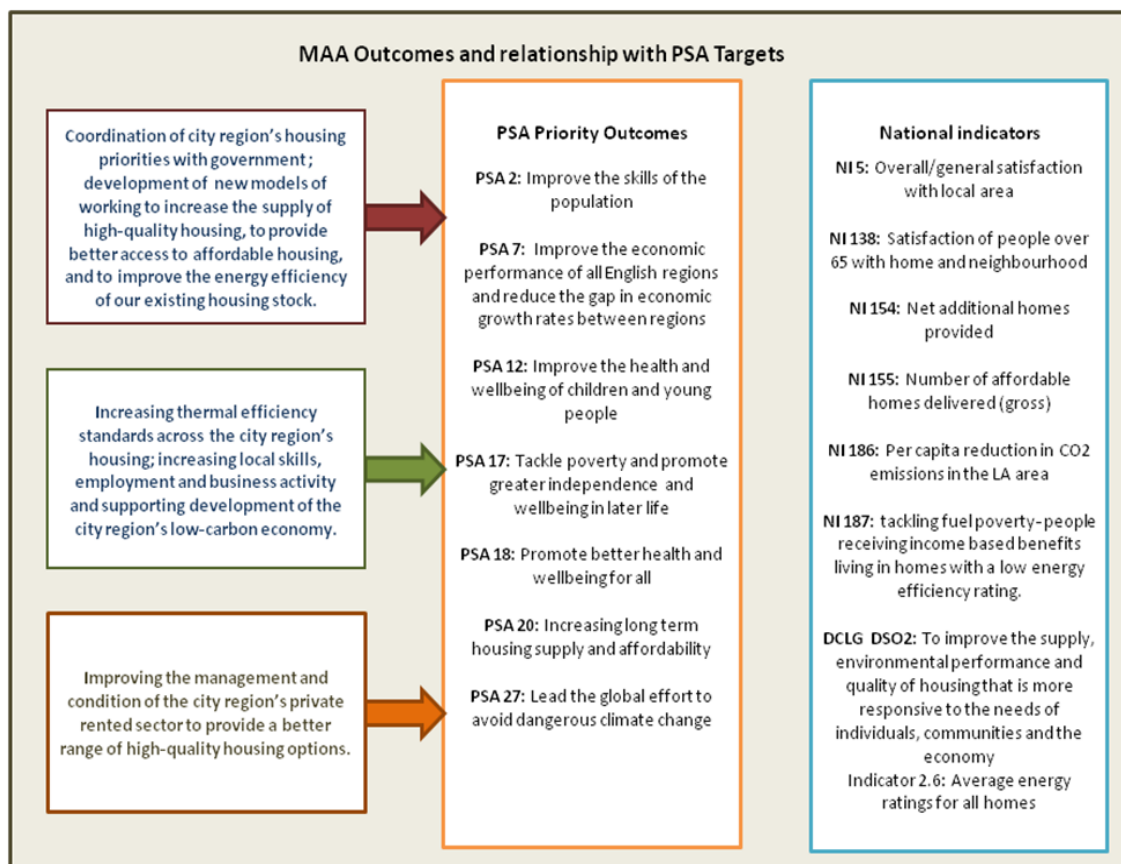
## 5.3 Targets

No.	Key Performance Indicator	2012 Outcomes	National Indicator	PSA
9	Number of new homes built in Liverpool City Region.	Return to mean annual completions level for 2003—2008  <i>This would see the city region return to pre-recession levels of development, with 3,800 homes completed per year by the end of 2011—12.</i>	Link to NI155.	PSA20 – Increasing long-term housing supply and affordability.
10	Number of private sector homes removed from unfitness as a direct result of action by the Liverpool City Region authorities.	Remove 20% more homes from unfitness annually by 2011—12.  <i>This would see the city region authorities removing an additional 360 homes per year from unfitness, based on a current rate of tackling around 1,800 properties annually.</i>	Links to NI138 and NI187.	PSA18 – Promote better health and wellbeing for all.

Changes in the broader economic conditions internationally and nationally will have a major impact upon our progress towards achieving the targets proposed. We will therefore review these targets each year with GONW as part of the implementation and monitoring of the Multi-Area Agreement.

## 5.4 Links to National Indicators and Public Service Agreements

As well as the targets we have set above, we believe that our proposals will contribute to the achievement of other local priorities (as set out in Local Area Agreements and measured through National Indicators) and national priorities as expressed in Public Service Agreements (PSAs).





## 6. TIMETABLE

### 6.1 Key steps in the early implementation of our MAA proposals

LCR, government, HCA and other agencies develop membership and Terms of Reference of Joint Investment Board	June 2009
LCR task-and-finish group established	June 2009
LCR agrees appointments to Housing & Spatial Planning Board	July 2009
Joint Investment Board established	July 2009
Development of LCR energy efficiency programme	Summer 2009
Development of LCR landlord accreditation proposals	Summer 2009
Task-and-finish group recommendations for government and LCR Cabinet	October 2009
Joint Investment Plan produced	End of 2009

## Appendix 1:

# LINKAGES WITH STORY OF PLACE OUTCOMES

		Story of Place Priorities						Housing Platform Paper Priorities					
Ask		Tackling worklessness and improving the quality of life of the most deprived people in the LCR.	Improving the size and depth of the LCR business base.	Equitably closing the wealth gap between the LCR and the rest of the UK.	Significantly raising the skill level of the LCR population.	Developing a sustainable, modern and efficient infrastructure (digital, transport and energy)	Improve the quality, availability and affordability of the LCR housing stock.	Completing the city region's housing renewal	Improving the private sector offer	Improving the private rented sector	Delivering the right number of new homes in the right places	Ensuring that residents have better access to appropriate and affordable housing	Linking vulnerable housing market areas to new opportunities for education, training, employment and other services
1 (a)	Government departments and their agencies to establish a Joint Investment Board with Liverpool City Region partners to develop by the end of 2009 a single joint investment plan to more effectively co-ordinate and align relevant funding streams and associated strategy, particularly covering housing, regeneration and transport.	✓✓				✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓
1 (b)	Government and the Liverpool City Region partnership to establish a time limited task-and-finish group to build on existing city region housing market evidence to review products and policy levers available to partners to develop the market. This group will prepare recommendations for Ministers and the Liverpool City Region Cabinet by October 2009 on actions, products or policy flexibilities which will secure the MAA objectives; namely the delivery of housing growth and regeneration/renewal of the City Region's vulnerable housing market areas.	✓✓	✓			✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓

		Story of Place Priorities						Housing Platform Paper Priorities					
Ask		Tackling worklessness and improving the quality of life of the most deprived people in the LCR.	Improving the size and depth of the LCR business base.	Equitably closing the wealth gap between the LCR and the rest of the UK.	Significantly raising the skill level of the LCR population.	Developing a sustainable, modern and efficient infrastructure (digital, transport and energy)	Improve the quality, availability and affordability of the LCR housing stock.	Completing the city region's housing renewal	Improving the private sector offer	Improving the private rented sector	Delivering the right number of new homes in the right places	Ensuring that residents have better access to appropriate and affordable housing	Linking vulnerable housing market areas to new opportunities for education, training, employment and other services
2	LCR to work with Government and the NWDA to align European Structural Funds (to be used for housing energy efficiency projects) with the City Region's allocation for affordable warmth programmes in order to support the development of training programmes for the unemployed to implement the programme.	✓✓	✓✓	✓	✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓		✓	✓✓✓
3	LCR and government to discuss opportunities to pilot the extension of extended selective licensing proposals as a positive tool for housing and neighbourhood improvement in order to drive up the quality of the private rented sector.	✓✓				✓	✓✓✓	✓✓	✓	✓✓✓		✓	



# Liverpool City Region Multi Area Agreement



Transport

# 1. EXECUTIVE SUMMARY

Our vision is a fully integrated, sustainable, and safe transport network, which supports economic and social regeneration, ensures good access for all, and which is operated and maintained to the highest standards to protect the environment and ensure good quality of life for all. This vision supports the Liverpool City Region's Multi Area Agreement (MAA) aspirations across economic growth, skills and employment, and housing.

We will seek to assist business and regeneration, reduce our carbon output and provide all members of the community with equal opportunity to access jobs, training and other opportunities.

Our proposals are designed to integrate the key Liverpool City Region (LCR) priorities with our responsibilities for delivering the shared national transport priorities (Accessibility, Air Quality, Congestion, Road Safety) and the five Delivering a Sustainable Transport System (DaSTS) goals (supporting economic growth, tackling climate change, contributing to better safety, security, health and longer life-expectancy, promoting equality of opportunity and improving quality of life). In particular, we will work with the DfT to take forward DaSTS at the LCR level, so we can develop a transport network designed to grow the economy in parallel with reducing carbon outputs.

Finally, our proposals will help to deliver against appropriate Public Service Agreements (PSA) and Department Strategic Objectives (DSO) targets, and we will link with Local Strategic Partnership's (LSPs) Local Area Agreements (LAAs) to help deliver their transport targets.

We are setting out three key proposals:

## 1.1 Proposal One - Improving accessibility to employment and opportunities

**Synopsis** - Access to employment and education opportunities are essential for the City Region. All evidence supports the view that this is not simply a transport issue and that land use/location choice are critical, as are the policies and funding of key agencies such as DWP through Job Centre Plus.

**Summary** - Government Departments and its agencies agree to work with the LCR Transport Partnership (Halton, Knowsley, Liverpool, St Helens, Sefton, Wirral and Merseytravel) to facilitate a package of measures to secure a long term planning and funding framework that provides clear equality of opportunity to those without access to private transport.

### ASK 1

Government to re-affirm their commitment to accessibility planning and ensure priorities are set out in clear lines of responsibilities for all stakeholders.

### ASK 2

Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework by April 2010, that provides clear equality of opportunity to those without access to private transport.

**ASK 3**

To underpin this approach, Government and local partners to map funding streams and timelines and to agree how synergy between different funding streams can be achieved by December 2009, to enable a single LCR accessibility strategy to be offered and delivered.

**ASK 4**

In order to establish long term funding for this approach, the LCR and Government to examine by April 2010 the cross sector benefits of transport interventions to create a clear understanding of costs and benefits across the different delivery and funding agents.

**ASK 5**

Examine ways and means by April 2010, in collaboration with DCLG and DfT, how transport, land use and locational choice planning and development can be strengthened to reduce unnecessary transport demand. This is also a critical element of our proposals for a low carbon transport city and is dealt with under Proposal Three.

## 1.2 Proposal Two - Improving the capacity and connectivity of the LCR network.

**Synopsis** – The geographic location of the LCR means that connectivity to the regional and national networks is critical. Its importance as a major port and centre of an extensive logistics sector reinforces this. The LCR have agreed to build on this strength in developing ‘SuperPort’ as one of its transformational programmes. This is seen as a potential key area in the future economic recovery of the LCR post recession. DaSTS has confirmed this by its recent upgrading of port access to national/international status. Linking Proposal One and Proposal Three is critical and there are concerns about capacity constraints on the local rail network.

**Summary** - Government Departments and its agencies agree to work with the LCR Transport Partnership to examine and develop improved national, regional and local connectivity, addressing network capacity issues.

**ASK 6**

Department for Transport to engage at an early stage, in preparation for franchising by 2012, with the City Region in the development of the franchise specification for the replacement Northern franchise, in advance of statutory consultation on the invitation to tender in 2011. DfT to look for opportunities to give relevant transport bodies a bigger influence over decisions on local rail services.

**ASK 7**

Implement single body control, through Merseytravel, of stations as soon as practically possible. The DfT to take an active stance in facilitating discussions between Network Rail, the City Region and the Office of Rail Regulation on the voluntary transfer of stations on the Merseyrail network from Network Rail to Merseytravel on a long lease.



**ASK 8**

DfT to engage at an early stage with the City Region to enable partners to provide evidence relating to growth and capacity at Liverpool Central and James Street stations, as the Department develops its High Level Output Specification (HLOS) for Control Period 5 (2014-2019).

**ASK 9**

Optimising the management of the strategic national and local highway network through a package of measures including, enhanced integration of national and LCR highway network Variable Message Signing, greater flexibility in their permitted message content and use of HA Traffic Officers on Trunk Roads as well as Motorways.

### 1.3 **Proposal Three - Low carbon transport city: Reducing emissions and addressing climate change**

**Synopsis** – Supporting national and local economic competitiveness by continuing to build a modern and sustainable transport network that reduces carbon dioxide emissions and tackles climate change is identified in DaSTS as the single greatest challenge facing transport. The LCR Transport Partnership is committed to meeting these twin goals and the requirements of the Climate Change Act, and supporting the LCR transformational programme around a low carbon economy. The preferred outcome, as detailed in DaSTS, the Climate Change Act and the LCR low carbon economy vision, is clear, but the next stage is to develop the options and most cost-effective solutions.

**Summary** - DfT and its agencies agree to work with the LCR Transport Partnership to examine and develop the options that will deliver the DaSTS challenges of supporting economic growth and tackling climate change.

**ASK 10**

Support the further development and enhancement of Smarter Choices by April 2010.

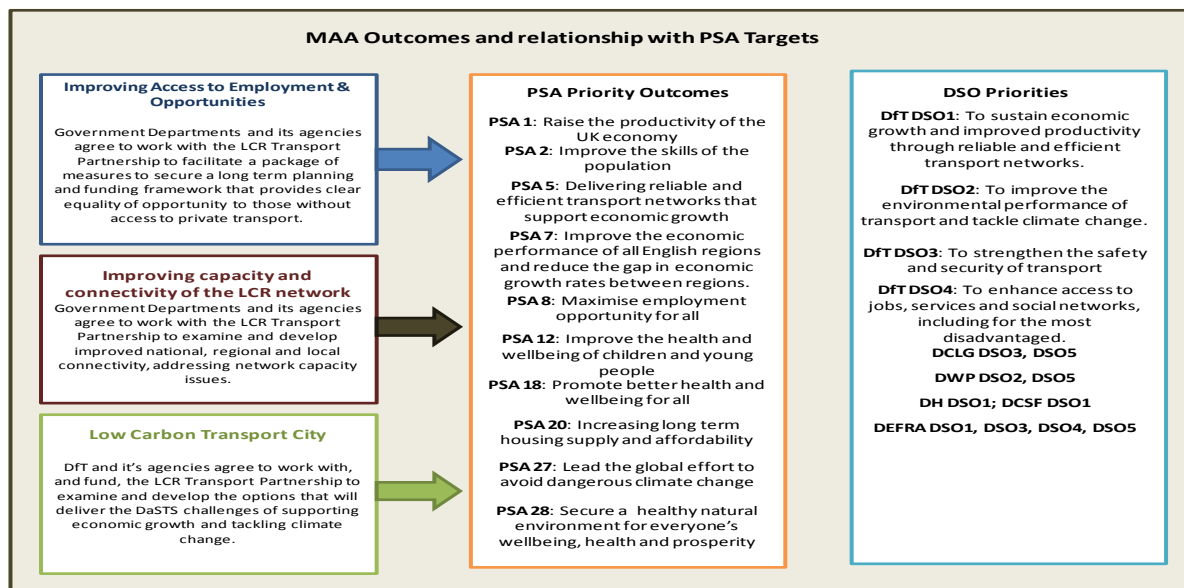
**ASK 11**

For DEFRA and DfT to work with the LCR to examine by April 2010 how transport's air quality emissions can be better addressed and managed, and for DfT and DECC to examine with the LCR by April 2010 how transport's greenhouse gas emissions can be better addressed and managed.

**ASK 12**

Work with the LCR Freight Partnership to promote further the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration by April 2010. We will also look to how to incentivise behaviour change and carbon reduction.

## 1.4 MAA Outcomes and relationship with PSA Targets.



## 1.5 Integration

A fully integrated, safe, and sustainable transport network is essential to the continuing economic growth and regeneration of the City Region. Its inclusion within the wider Liverpool City Region (LCR) MAA is recognition of this importance in supporting key ambitions in terms of economic growth, skills and employment and housing. This integration of transport within the wider policy agenda is already reflected in the priorities set out in the Local Transport Plans (LTP) covering Merseyside and Halton, reinforced in the City Region Development Plan, and the current Merseyside Action Plan.

## 1.6 Building from Strength

The Merseyside Transport Partnership consists of Merseytravel and the five district councils of Merseyside - Knowsley, Liverpool, Sefton, St Helens and Wirral. Halton Council is responsible for the development and implementation of a Local Transport Plan as a Unitary Authority. Collectively they are referred to as the LCR Transport Partnership in this document.

Both LTPs are rated 'excellent', both in terms of their approach for the current period, from 2006 - 2011, and the effectiveness of delivery in the first LTP period. This status resulted in reward funding of 25% above the agreed Merseyside and Halton levels. This means that Merseyside has £230m and Halton £8.3m to spend on improvements to their transport systems, and a further £40m and £11.4m respectively to ensure existing facilities are well maintained.

The strength of the existing collaboration between Merseyside and Halton LTPs is illustrated by the fact that, as a Liverpool City Region Partnership, they have been awarded Beacon status for work supporting access to employment and training, and were particularly commended for their level of partnership working and joined up approach.

Key strategic senior officer decision-making groups, including the Merseyside Strategic Transportation and Engineering Group (MSTEG) and the Liverpool City Region Transport Working Group (TWG), include all of the six LCR Authorities and Merseytravel. This ensures that development, implementation and monitoring of transport strategies and plans are

integrated across the City Region. The same arrangements are replicated at Member level via the Merseyside Strategic Transportation and Planning Committee (MSTPC).

## **1.7 Planning for the Future**

Planning for the Future (PFF) is designed to provide a long term (to 2025 – 2030) examination of the impact on demand for transport and traffic levels as a result of continuing economic growth and regeneration. This is based on work jointly commissioned with the LCR Partnership using Cambridge Econometrics to examine future economic development, employment, housing and population trends. The City Region transport model will enable options and preferred interventions to be tested that will support future policy and delivery. The City Region will embrace the development of a LCR Joint Local Transport Plan from 2011. Options will emerge from this process in summer 2009, and will both inform and be informed by the MAA framework.

In order to hold a broad and informed debate and to engage with all sectors, The Merseyside Transport Partnership (MTP – Knowsley, Liverpool, St Helens, Sefton, Wirral and Merseytravel) has embarked on a communications strand of the Planning for the Future programme. This includes: building a knowledge and evidence base through research and stakeholder engagement to inform the development of the City Region's long-term transport strategy; a regular transport forum to engage the private sector in partnership with Liverpool Chamber of Commerce; quarterly cross sector professional stakeholder meetings and a more targeted, in depth discussion forum led by the University of Liverpool; and an annual conference as well as active ongoing communications and progress reporting. A full communications programme for development of LTP3 will be prepared using this basis.

## **1.8 Accelerating Change**

We believe that our proposals offer a significant contribution to the realisation of an integrated, safe, sustainable and efficient transport network that supports the Liverpool City Region's aspirations across economic growth, skills and employment, and housing. The proposals have been designed to ensure that change is expedient and additional to what we could and will achieve through the existing policies and programmes detailed within the Merseyside and Halton LTPs.

As a package, our proposals will accelerate the delivery of:

- a network designed to ensure the efficient movement of people and goods, addressing congestion and accessibility;
- a comprehensive package of measures and initiatives to ensure that nobody is excluded from the economic and social life of the City Region because of lack of transport;
- a reliable and efficient transport network that supports economic growth and productivity, based on an enhanced local rail network responsive to local demands, and able to offer real alternatives to private transport;
- a long term comprehensive package to support the City Region's strengths around the port and logistics;
- a system designed to support the City Region's strengths and priorities based on best and innovative practice in addressing transport's contribution to climate change, and securing a healthy natural environment for the future.

## 2. ADDRESSING THE CHALLENGES – TAKING THE OPPORTUNITIES

### 2.1 Background

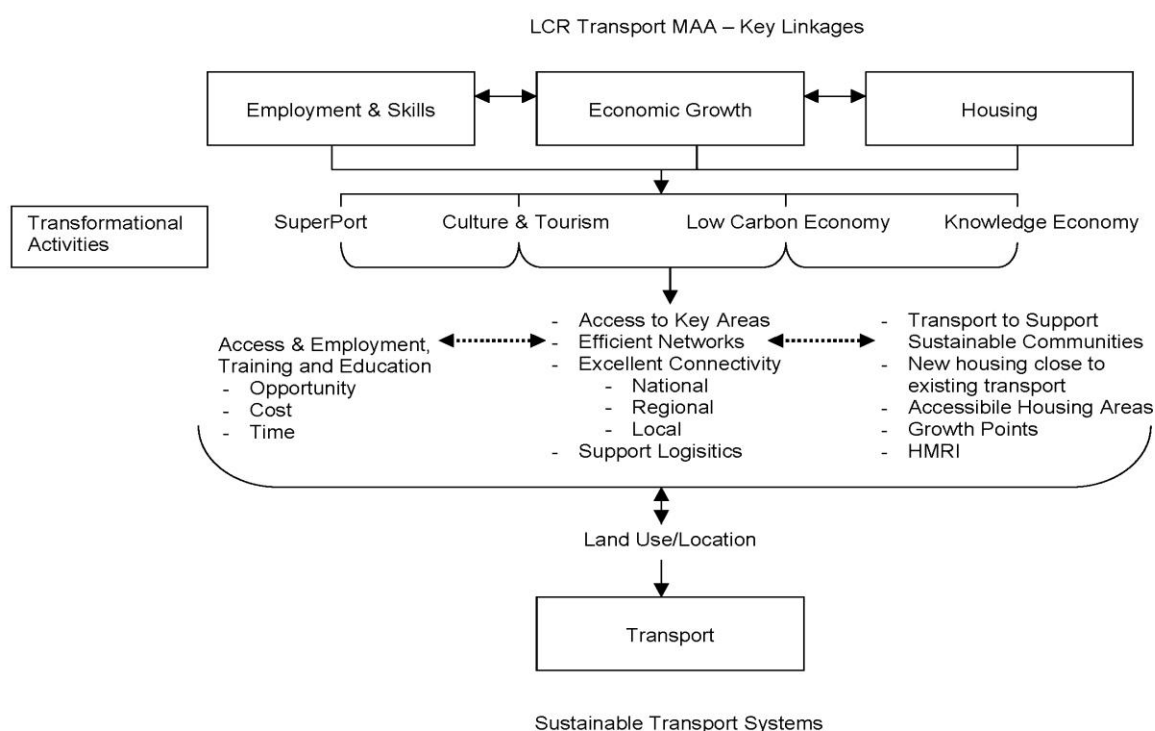
A comprehensive and high performing transport system is essential for sustained economic prosperity, productivity and sustainable economic growth. Efficient transport can help to facilitate a competitive edge, and reduce social exclusion.

The efficiency of transport linkages affects the wider efficiency of the City Region, including:

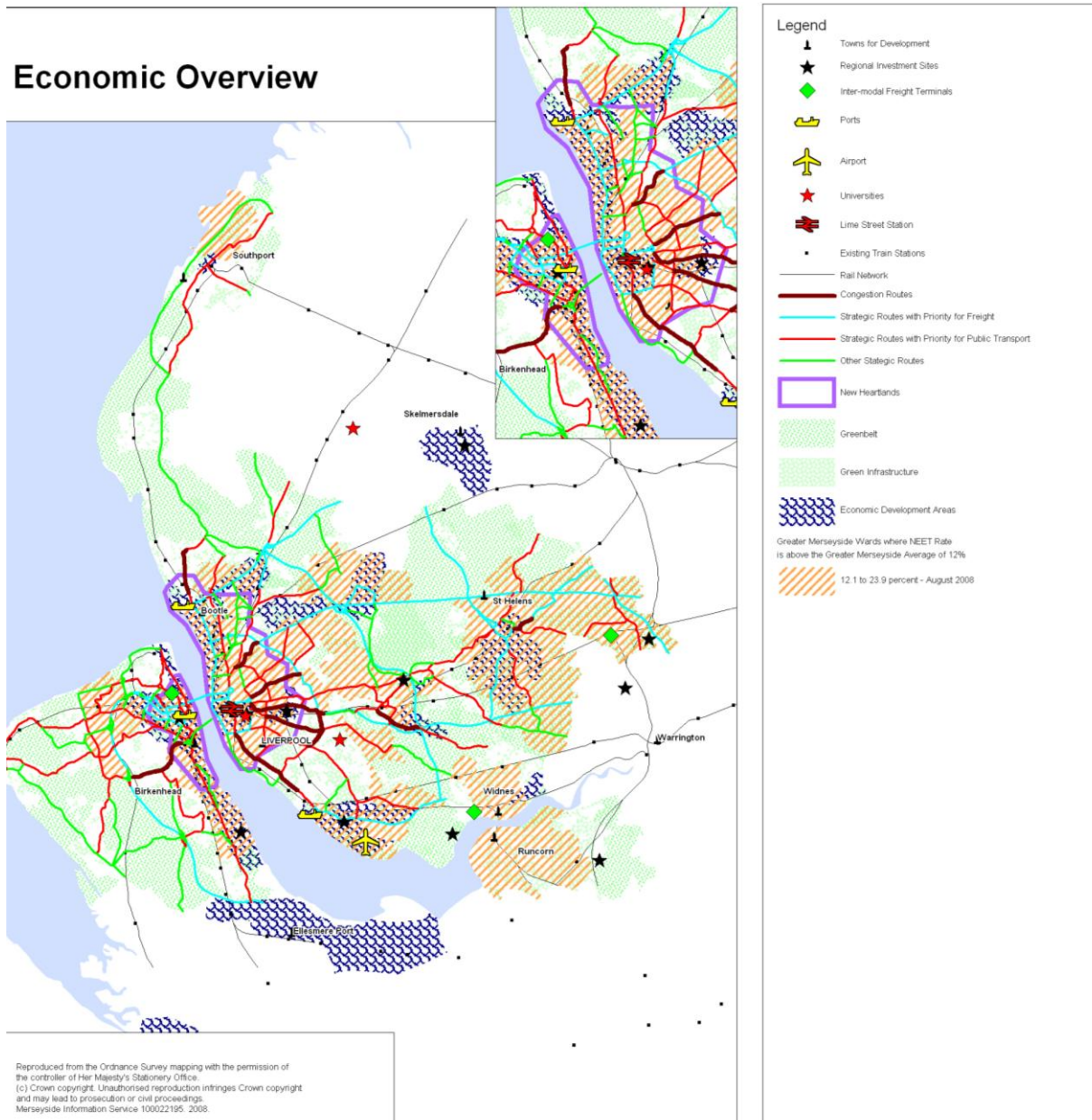
- Access to employment, training and other opportunities;
- Business viability and success - for example, through managing congestion and creating accessible locations relating to labour skills and access to markets. This also includes business logistics, freight and major priorities including access to the ports and SuperPort;
- Supporting housing markets, including MidMersey and Mersey Heatlands Growth Points and New Heartlands Housing Market Renewal, in terms of accessibility and providing attractive sustainable locations;
- Helping to create a quality of life which is itself an advantage and selling point for the City Region.

Figure 2.1 summarises this whilst Map 2.1 illustrates some of the spatial linkages.

Figure 2.1: Transport and wider policy linkages



Map 2.1: Location of disadvantaged areas in relation to areas of employment concentration within the City Region



## 2.2 Challenges that remain

*'Over the next 20 years, the three strategic economic priorities for transport policy should be: congested and growing urban areas and their catchments; together with key inter urban corridors, and international gateways..'*

(The Eddington Transport Study- HMT 2006).

### 2.2.1 Supporting Economic Growth

Despite the current economic conditions evidence suggests that there will be increasing demand for transport in the long term. Despite some evidence nationally and locally <sup>30</sup> (1) of

<sup>30</sup> Mott MacDonald and Merseyside Local Transport Plan Support Unit. (2009). LTP Fuel Price Survey. Liverpool: Merseyside Local Transport Plan Support Unit.



the effects of recent fuel rises, the demand for travel is likely to continue to grow. This demand for travel creates a number of challenges, including:

- Congestion, along with increasing journey times and unreliability, will begin to erode business efficiency and act as a constraint on new business opportunities;
- (Reliability and punctuality of public transport; and
- Transport's increasing contribution to greenhouse gas, air pollutant emissions and carbon demands; these impacts are already affecting public health (with the whole of Liverpool being declared an Air Quality Management Area (AQMA) and further AQMAs declared and about to be declared in Halton, St. Helens and Sefton).

This latter point is particularly important as compared to the UK, the Liverpool City Region has considerable issues surrounding the health of the population, with air quality and inactivity, including travel behaviour, being significant contributors to poor health – 28% of the UK's 1% most health-deprived Super Output Areas are in the City Region. The recent locally commissioned Health is Wealth report confirms this position <sup>31</sup>.

Detailed research, undertaken jointly by the Merseyside Transport Partnership and the Chambers of Commerce <sup>32</sup> across a wide cross section of the business community revealed the following:

- 90% of businesses stated that transport was important to their operation with over 75% stating it was very important;
- Over half of all employers believe commuting delays have an impact on their business; and
- 78% of businesses considered that freight traffic delays had increased over the last 5 years, 15% felt that delays regularly had an impact on their operation.

Further recent research <sup>33</sup> suggests that the costs to the local economy of road congestion may be in the region of £470m - £700m per year, whilst the annual costs for road transport may be in the region of £54m. These are substantial costs and suggest that measures to alleviate these impacts will be a major benefit.

There are however, a number of impediments to making those improvements. Patronage on the local rail network has been rising to the point where parts of the Merseyrail network are at or exceeding capacity at peak travel times in particular. Existing rolling stock levels and lack of park and ride availability are barriers to increasing the use of rail. Generally, bus usage continues to decline (although there is evidence of growth on some parts of the network. There has been a fourfold increase in the cost of public transport.

Access to the Mersey Ports is currently constrained by the existing highway network and the competing use of the network by freight, non-freight business and local transport (public and private). Gauge restrictions on the rail network are also restricting rail freight movements and future opportunities and demand. Throughput at the Port of Liverpool increased by 10.3% in the period 2002 – 2006 <sup>34</sup>. Pressure on port access will be exacerbated by Peel's proposed development at Seaforth to take post Panamax ships.

<sup>31</sup> The Liverpool City Region Health is Wealth Commission. (2008). Health is Wealth. Liverpool: October Communications.

<sup>32</sup> Mott MacDonald and Merseyside Local Transport Plan Support Unit. (2009). Merseyside LTP Business and Transport Research 2008. Liverpool: Merseyside Local Transport Plan Support Unit.

<sup>33</sup> Whitelegg, J. (2008). Moving into the 21st Century: Harnessing transport interventions to maximise economic performance and regeneration. Liverpool: Merseyside Transport Partnership.

<sup>34</sup> Merseyside Transport Partnership. (2008). Travel in Merseyside 2008. Liverpool: Merseyside Transport Partnership

The UK Cities Monitor <sup>35</sup> has highlighted that, in a nationwide business survey, Liverpool was ranked 11th (out of 15) in terms of its external (national) transport links. Interestingly, it was ranked much higher in terms of its international links, which illustrates the importance of Liverpool John Lennon Airport (LJLA).

The success of the Mersey Ports and LJLA forms the basis of emerging LCR proposals to develop the SuperPort concept as one of its 'transformational' activities. Current levels of activity and employment in these sectors confirms the LCRs strengths in these areas. This is described in greater detail in the Economy Platform but the proposals will clearly have substantial transport demands.

Despite great improvements to the West Coast Mainline, the UK Cities Monitor confirms the adverse impacts of reduced rail links to Liverpool over a number of years. In this regard, the implementation of improvements associated with the Manchester Hub project are of particular importance. The Eddington study recognised the Liverpool – Manchester - Leeds corridor as one likely to be under stress in the next 10 years.

This suggests the needs for action in several areas including:

- Continuing efforts to manage congestion, including improvements to the public transport network;
- Further examination of transport costs on business and the wider community, including clear lines of communication with the Economy Board;
- Linking business and transport costs to the national climate change strategy, discussed below;
- Support for SuperPort;
- City Region engagement with major national and regional transport proposals; and
- The need to improve and maintain the transport network to increase levels of connectivity and accessibility.

## 2.2.2 Skills and Employment

*'A poor public transport infrastructure can make it difficult to access work and public services and to participate fully in society'*

(Department for Work and Pensions, 'Working Together – UK National Action Plan on Social Inclusion' 2008).

*'...analysis of the strength of the sub regional economy should also reflect the degree to which the opportunities that exist are accessible to those living in the most deprived areas in terms of skills match and transport connections...'*

(DCLG, 'Transforming Places - Changing Lives')

Research commissioned in 2007 <sup>36</sup> by the Transport Partnership, Business Liverpool, TMP, and New Heartlands HMRI on behalf of the City Region has illustrated that the area can anticipate continued economic growth and job creation. (There is a necessary caveat here as this was prepared before the current economic conditions). However, it was clear that this growth was likely to be at the lower end of the job value spectrum, and high value jobs may be constrained by the housing and skills available within the City Region.

<sup>35</sup> Cushman and Wakefield. (2008). UK Cities Monitor 2008. London: Cushman and Wakefield

<sup>36</sup> SQW Consulting and Cambridge Econometrics. (2007) Liverpool City Region Economic Projections and Prospectus. Cambridge: Cambridge Econometrics.



Likewise, employment creation at strategic employment sites at the edge of the City Region, particularly at Deeside, has created a shortage of labour around the area, but potential employees from Wirral have experienced great difficulty in accessing the area due to poor transport links. The Mersey Dee Alliance (MDA) undertook detailed research illustrating that it was not simply a question of providing additional transport links as, in many cases, the skills on offer from Wirral residents did not match the job requirements<sup>37</sup>. This gave rise to a more targeted approach to new services linked with new approaches to match potential employees and employment. This has been developed into programmes such as WorkWise and Let's Get Moving which formed the basis of the 2008 Beacon award to the LCR Transport Partnership<sup>38</sup>.

These findings reinforced extensive research undertaken within the Merseyside Pathways areas, as part of the 2001-2006 Objective One programme, which showed that there were many factors influencing a person's ability to travel, ranging from lack of services, high fares, lack of information and limited travel options.

Map 2.1 illustrated the location of disadvantaged areas in relation to areas of employment concentration within the City Region.

The recent DCLG Report<sup>39</sup> stated, in relation to concentrations of worklessness, that, '**...other barriers reflected practical problems including high public transport costs in relation to low wages and an absence in some places of reliable and affordable public transport...**'.

This confirms that there are a number of potentially significant transport barriers preventing access to employment and training opportunities. This suggests a number of priorities:

- (a) Fully integrating both LTP accessibility strategies with the City Employment Strategy, and ensuring clear lines of communication with the Employment and Skills Board;
- (b) Ensuring priorities are taken forward jointly with key agencies such as JobCentre Plus;
- (c) Working with LSPs to deliver an integrated approach at local level; and
- (d) Examining new funding sources to allow long term certainty for transport initiatives designed to assist access to employment and training.

### 2.2.3 Housing

*'Issues of connectivity between jobs and those without work are therefore of significance.... of particular significance, (are): Connectivity and commuting opportunities between deprived areas and wider jobs markets within cities and across city-regions'*

(Joseph Rowntree Foundation, -'Transforming disadvantaged places; effective strategies for places and people', 2008).

As the economy changes and becomes more knowledge based, the numbers of people travelling to work is likely to increase. Whilst the City Region may secure significant growth in employment, there is a risk that only adjacent and already well-favoured areas will benefit from the resulting housing demand.

Equally, if the workforce is not sufficiently up-skilled then job creation within the City Region may be reliant upon drawing in workers from outside the area, causing the same dynamics and associated travel demands and transport impacts. More widely, new business models (such as remote working, and 'double-hubbing' - that is, having more than one formal workplace with a single employer) are likely to give rise to still more complicated travel-to-work patterns.

<sup>37</sup> JMP Consultants, Regeneris Consulting, Simpson Carter. (2003). Transport and Accessibility Improvement Study: Employment and Skills Issues. Manchester: Regeneris Consulting

<sup>38</sup> Merseyside Transport Partnership. (2008). Let's get moving, Case Studies. Liverpool: Merseyside Local Transport Support Unit

<sup>39</sup> DCLG. (2008). Transforming Places Changing Lives: A Framework for Regeneration. London: DCLG

This makes it imperative for City Region housing initiatives, such as New Heartlands and Growth Points, to be alert to changing housing requirements as the fundamental nature of the economy shifts.

The City Region Housing Strategy<sup>40</sup>, has a central premise that there ‘exists a tangible and shared relationship between housing and economy in the City Region’ and that it is designed to identify suitable locations for growth, which includes the need for sustainable infrastructure.

It further recognises that future transport provision must be able to match housing demand and poor existing provision may be a contributory factor in creating ‘vulnerable housing markets’.

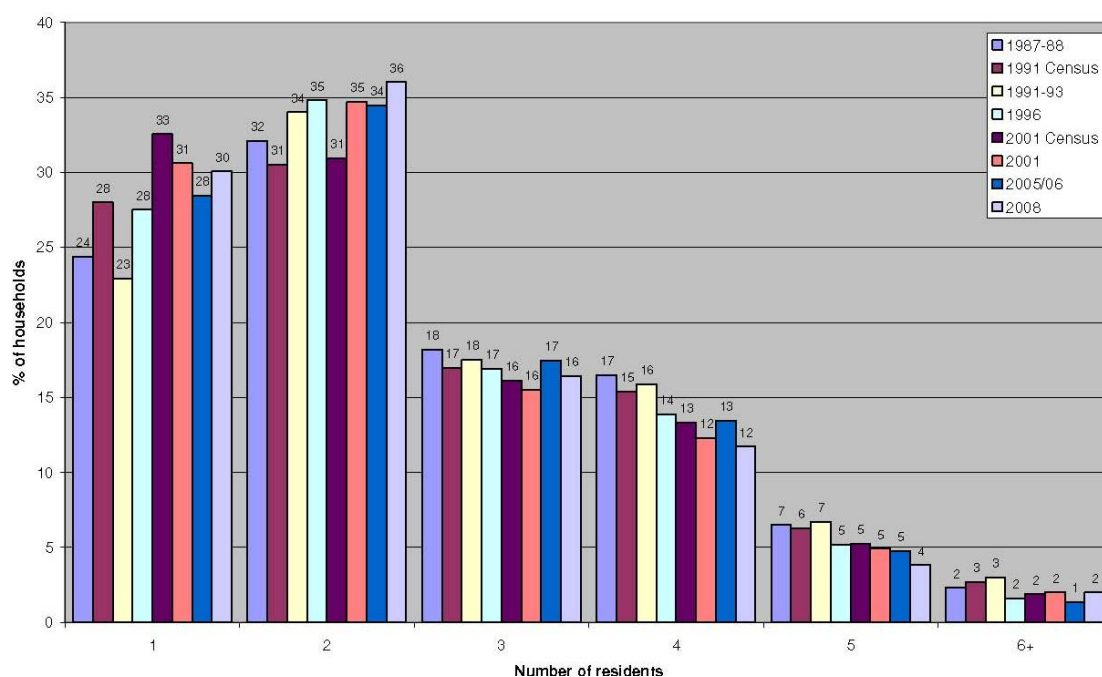
These two factors are already well understood. The recently completed Countywide Household Travel Interview Survey<sup>41</sup> illustrates the changes in household size, which will have potentially major impacts on the demand for transport. Figure 2.2 summarises this.

Within vulnerable areas reducing public transport provision is understood as a factor of reducing an area's attractiveness, especially when combined with reductions in other key services such as Post Offices and fresh food stores.

This brief analysis suggests the following key actions:

- Transport must be a clear part of the City Region Housing Action Plan, and have clear lines of communication with the Housing and Planning Board;
- Transport planning, design and integrated implementation must be a key component of the HMRI delivery; and
- Examination of funding regimes required to allow appropriate transport services and infrastructure to support the City Region Housing Strategy and it's implementation.

Figure 2.2 – Household Size



<sup>40</sup> GVA Grimley & Liverpool City Region Partners. (2007). Liverpool City Region Housing Strategy. Manchester: GVA Grimley.

<sup>41</sup> Mott MacDonald and Merseyside Local Transport Plan Support Unit. (2009). Countywide Household Travel Interview Survey. Liverpool: Merseyside Local Transport Plan Support Unit

## 2.3 National, Regional and Local Drivers for Change

There a number of key drivers for transport that provide further rationale for our proposals including:

- **‘Delivering a Sustainable Transport System’ (DaSTS)** which sets us the target of ensuring transport is an enabler of economic growth whilst, at the same time, tackling climate change and carbon emissions. This is a major task that requires a properly joined up approach, involving many diverse aspects, including land use and key service planning and demand management. Success will be dependent on an effective cross sector approach;
- **The Local Transport Act** demands better and changed governance that suits and supports local circumstance. The benefits of joined up planning at the city level have been clearly demonstrated in London, and focussed upon in the Sub-National Review;
- **The statutory Regional Spatial Strategy for the North West of England (RSS)** – ‘the North West Plan’ – was published in September 2008. The following principles underpin the RSS, with sub-regional plans and strategies needing to adhere to these principles: promote sustainable communities; promote sustainable economic development; make best use of existing resources and infrastructure; manage travel demand, reduce the need to travel and increase accessibility; promote environmental quality; reduce emissions and adapt to climate change. The Regional Transport Strategy embraces the spatial principles and outlines transport policies that support the RSS vision and objectives by concentrating on the development of better transport links within the region, and between the North West and other parts of the UK, Ireland, mainland Europe and beyond;
- **The Regional Strategy for the Northwest** is currently being developed, and provides a unique opportunity to bring together the region’s spatial, economic, social and environmental strategies and build a new long term vision for the region. The goal is to produce an agreed strategy for the region which will guide action and investment by businesses, National and Local Government and the Voluntary and Community Sectors. Transport has been identified as a key issue which the region will want to consider and prioritise before it moves on to detail of strategy development; and
- **LAAs and MAA’s** offer a real opportunity for integrating transport with other policy agendas. There are already a number of transport or transport related targets contained within each of the LAAs; the MAA allows these to be coordinated and developed across the City Region. This is illustrated in chapter 6.

## 2.4 Taking the Opportunities

This brief analysis suggests a clear rationale for ensuring that transport policy and implementation are clearly aligned to meet City Region ambitions and national and regional priorities. Merseyside and Halton LTPs have also clearly set out their commitment to social inclusion and addressing climate change.

Our broad assessment has revealed a number of potential barriers to successful implementation. Some of these must be addressed at the local level, but we believe there are a number of areas where joint working with Government may unlock greater potential and advantages. Our assessment of the challenges and priorities that we face suggests the following priority proposals detailed in chapter 4.

### 3. EXISTING DELIVERY

Our vision is a fully integrated, sustainable, and safe transport network, which supports economic and social regeneration, ensures good access for all, and which is operated and maintained to the highest standards to protect the environment and ensure good quality of life for all. We aim to secure the appropriate transport infrastructure and governance arrangements to aid economic and social regeneration, increase accessibility, reduce congestion and protect the environment, and contribute to measures to address climate change.

Our longer-term LCR transport strategy is based upon the need to manage for growth in demand for travel and ensure the efficient movement of people and goods. Our strategy is based upon the following objectives, which are drawn from the existing Merseyside and Halton LTPs:

- Manage and maintain appropriate infrastructure to support social and economic growth and regeneration;
- Strive to provide access for all to ensure an inclusive community;
- Manage demand to provide an efficient transport network;
- Support a healthier community by ensuring transport actively improves health, does not impair quality of life, and ensures the safety and security for all users;
- Protect and enhance the environment; and
- Make best use of existing resources and strive to ensure value for money at all times.

The Merseyside and Halton LTP progress reports (presented to GONW and DfT in October 2008) are able to demonstrate a high level of achievement, including:

- A new transport hub at Liverpool South Parkway, improvements at Lime Street, and other Merseyrail stations (including £6m rebuild of St Helens Central and £4.25m upgrade of Bootle Oriel Road to provide improved access and increase the attractiveness of the rail journey). These have helped to generate 38million passenger journeys made on Merseyrail every year, and £3m extra trips on Merseyrail since 2006;
- The £7.6m Olive Mount rail chord has opened up new rail freight access to the Mersey Ports, a key part of our freight strategy designed to improve movement of goods and reduce traffic congestion;
- Major highway and public realm improvement schemes including the City Centre Movement Strategy (supporting Capital of Culture and its legacy by providing a high quality city centre environment) and Bootle Town Centre (£7m, national award winning);
- New highway infrastructure in the A58 Blackbrook by-pass, designed to support regeneration and ease community disruption from high traffic levels. £2.5m improvements on the A580 East Lancashire Road, designed to support continuing development and regeneration in this key corridor;
- We have supported over 12,000 residents to access employment and training opportunities, trained 24,000 young people to cycle safely and provided over 160,000 employees and 80,000 students with information to help them make sustainable travel choices;

- We are making our roads safer by reducing traffic accidents, particularly amongst young people;
- We are tackling a number of congestion 'hotspots' within the Borough of Halton;
- Variable message signing introduced to advise drivers of problems on the Silver Jubilee Bridge (SJB);
- New initiatives have been introduced to increase the accessibility of key services, such as education and employment, which have been supported by investment in new vehicles and software for a vehicle scheduling/booking system;
- Passenger numbers on Halton Community Transport accessible transport services increased by 20% in 2007/08; and
- Halton also secured an additional £14.3m from Primary Route Network funding for essential maintenance works to the SJB, which will be delivered through a partnering approach over a three year period.

We are also progressing a number of major transport schemes through the Regional Funding Allocation transport investment programme that will deliver the LCR transport strategy and objectives:

- A5036 Access to Port of Liverpool Improvement Scheme (Led by the Highways Agency);
- Bidston Moss Viaduct Major Maintenance Scheme;
- Edge Lane/eastern Approaches;
- Hall Lane Strategic Gateway;
- Mersey Gateway (New Mersey Crossing);
- Silver Jubilee Bridge Major Maintenance Scheme; and
- Thornton to Switch Island Link Road.

## 4. OUR PROPOSALS

In this section we describe in more detail the rationale behind the ‘asks’ set out in the executive summary, building on the evidence base provided.

### 4.1 Proposal One - Improving access to employment and opportunities

Access to employment and education opportunities are essential for the City Region. All evidence supports the view that this is not simply a transport issue and that land use/location choice are critical, as are the policies and funding of key agencies such as DWP through Job Centre Plus and the Learning and Skills Council.

It has been agreed that proposals for improving accessibility will be taken forward through the Employment and Skills Strategy and commissioning strategy, as partners in the City Employment Strategy.

#### **Summary**

*Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework that provides clear equality of opportunity to those without access to private transport.*

#### 4.1.1 Challenge and Opportunities

The high level of worklessness being experienced across the City Region is one of the most serious aspects of market failure, as identified in the Employment and Skills Platform. Worklessness is concentrated in several of the most disadvantaged areas across the LCR and these workless areas can be characterised as having the lowest employment rates, the worst health, the lowest educational achievement, poorest housing conditions and the lowest spending power. So worklessness is only one of the factors of multiple deprivation.

These factors have, over time, combined to have a significant effect on the environmental and social fabric of local communities which, in turn, could potentially affect economic growth. Residents are less able to compete for jobs with higher skilled, more mobile commuters travelling into the City Region. Public transport is not always available to areas of employment growth at the time it is required and at a cost that those on a low income can afford. It is also often the case that the significant journey times to reach jobs by public transport can have a serious negative effect on workless people who will not travel to new job opportunities due to low travel horizons.

The City region has already stated that:

*“...the location of future jobs growth does not correspond that closely to patterns of population growth.”*

We will ensure that our proposals for new and improved links and the active promotion of public transport fully support the proposals being set out in the Housing Platform.

Tackling the high level of worklessness is the top priority for the Accessibility Strategies and the LTPs – in particular, overcoming those transport issues which currently prevent workless residents from accessing job opportunities. We need to work with all our stakeholders across the LCR to address this. This will be taken forward through the Employment and Skills Strategy to develop and implement initiatives that address improving access to employment, training and education.

#### 4.1.2 What we want to achieve

Our aim is to ensure that we promote social inclusion by overcoming transport barriers which impact on an individual's ability to access job and training opportunities and other essential services. This will be achieved by:

- reviewing existing practice and barriers in order to create better integrated decision-making across service providers.
- working with partners to review location choice decisions and hours of operation of key services.
- reviewing and establishing synergies between funding streams.
- establishing an evidence base for value for money from transport interventions in wider policy areas.

#### 4.1.3 Existing partnership activity

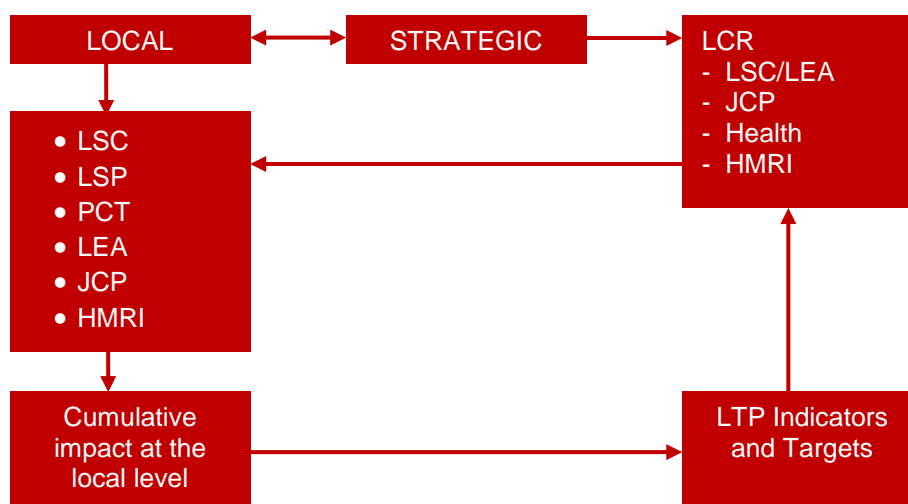
The LCR has a long history of working in partnership to improve access to key opportunities and services. To facilitate the development of the Accessibility Strategy the MTP established Strategic Accessibility Partnerships (SAPs) around the themes of health, employment and education. In addition to this, further partnerships at a strategic level have been established with Housing Market Renewal teams in Liverpool, Sefton and Wirral as well as food leads in each of the Primary Care Trusts. Each of these Partnerships include stakeholders with both policy development and delivery roles.

At a local level, each of the local authorities has developed a Local Area Access Plan with partners, through the Local Strategic Partnership, setting out actions to meet identified accessibility problems.

A series of joint action plans have been developed by each of the SAPs. These plans set out a phased approach to addressing accessibility barriers to key opportunities and services for the most disadvantaged communities over the lifetime of the LTP.

To ensure that all partners are fully aware of accessibility issues, we have agreed a mechanism for ensuring that they are fully informed of emerging priorities. Figure 4.1 below sets out the inter-relationship between partnerships at the City Region level and partners at the local level.

*Figure 4.1 – Agreed strategy plans developed by Strategic Accessibility Partnerships (SAPs), delivered at the local level*



Learning and Skills Council (LSC), Local Education Authority (LEA), Job Centre Plus (JCP), Housing Market Renewal Initiative (HMRI), Local Strategic Partnership (LSP), Primary Care Trust (PCT).



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## Example of Existing Partnership Activity:

### The Development of an Accessible Modern Health Service Network in Liverpool

Recognising that healthcare service delivery and take-up are influenced by factors such as cost, distance, time and service availability (of both public transport and health care services) Liverpool City Council and Liverpool Primary Care Trust worked in partnership to help develop Liverpool PCT's reviewing New Health Service Plan for provision of services outside of hospitals.

A City Council accessibility audit was carried out for all current locations and determined the most accessible locations within Liverpool. The results showed that the existing 120 facilities could be reduced to around 23 – 25 sites and provide a travelling time of 15mins by Public Transport. However, research showed that residents' expectations are to be able to walk to their nearest facility within 20mins. The accessibility audit concluded that 60 sites at accessible locations would provide access on foot within 15 minutes.

These findings and recommendations from the Accessibility Audit were incorporated into the adopted New Health Service Plan for Liverpool, which set out the following proposals:

- (i) Around 60 GP Premises and Health Centres will be upgraded or rebuilt by 2014, providing more services;
- (ii) Patients without mobility requirements will be able to walk to their nearest Practice within 15 minutes;
- (iii) NHS Dental Services will be located equitably across the city; and
- (iv) Local Pharmacies will be supported to remain in local communities.

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We have made significant progress in improving accessibility. The European funded 'Lets Get Moving' project has, to date, assisted 12,000 people to access employment and training opportunities. The WorkWise element of this project has a retention rate of almost 80% of participants. This success has seen the project expanded through securing additional funds for the Lets Get Moving Programme. This integrated approach enabled the LCR Transport Partnership to gain Beacon status for their approach to improving accessibility.

We are continuing to strengthen our partnership activity. The partnership, through Merseytravel, is now represented at the City Employment Strategy (CES) Board and we are working with the CES lead officers group to ensure our transport proposals are fully integrated with the agreed Employment and Skills Strategy.

#### 4.1.4 Barriers

There are a number of issues that are currently preventing us from delivering our accessibility agenda more effectively. In summary, these are:

- a lack of integration with key stakeholders such as JCP to ensure that accessibility is part of their policy and planning decisions;
- a lack of resources from local authorities and key stakeholders to fully engage with improving accessibility; and
- funding generally remains a major issue in delivering projects to improve accessibility.

The Social Exclusion Unit "Making the Connections: Final Report on Transport and Social Exclusion" recognised that accessibility is not just about transport but also about how services

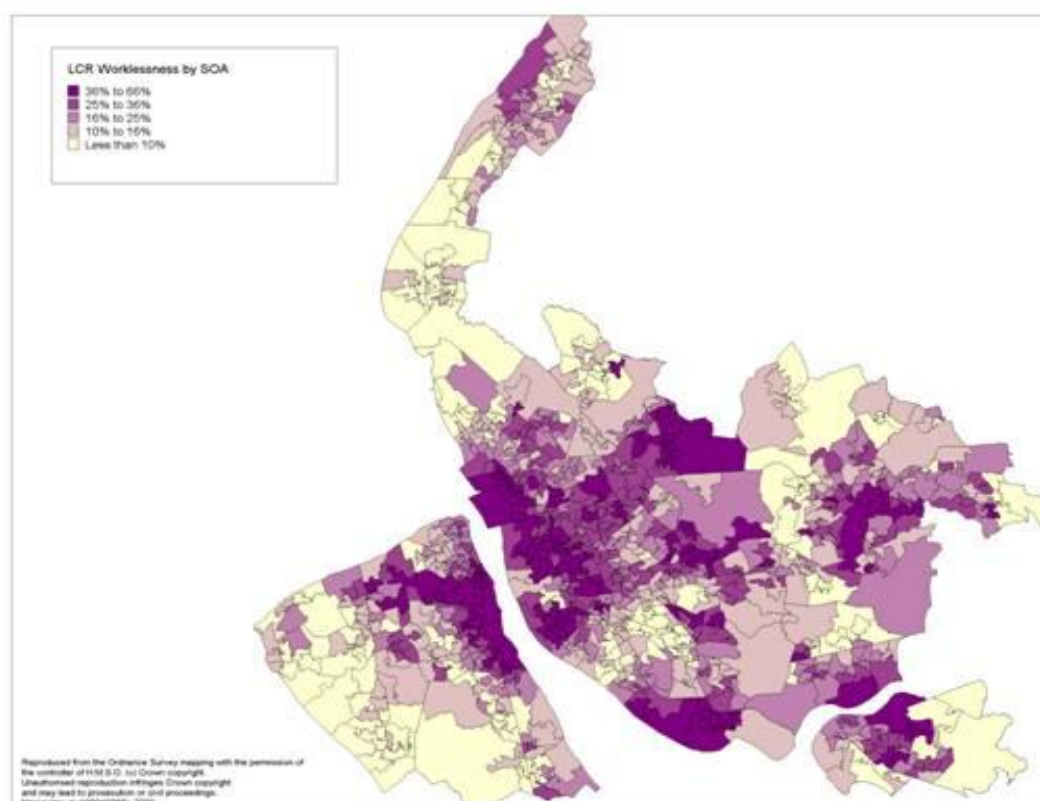
are delivered and where they are located. Therefore, the report set out a cross-Government strategy for dealing with accessibility issues.

The report further highlighted that simply improving public transport from areas of need to areas of economic growth may not be enough to address worklessness. As stated earlier, research from the Mersey Dee Alliance highlights that new or improved public transport linking areas of need to areas of opportunity are unlikely to assist many residents in disadvantaged communities if they do not have the skills to offer the economic growth areas.

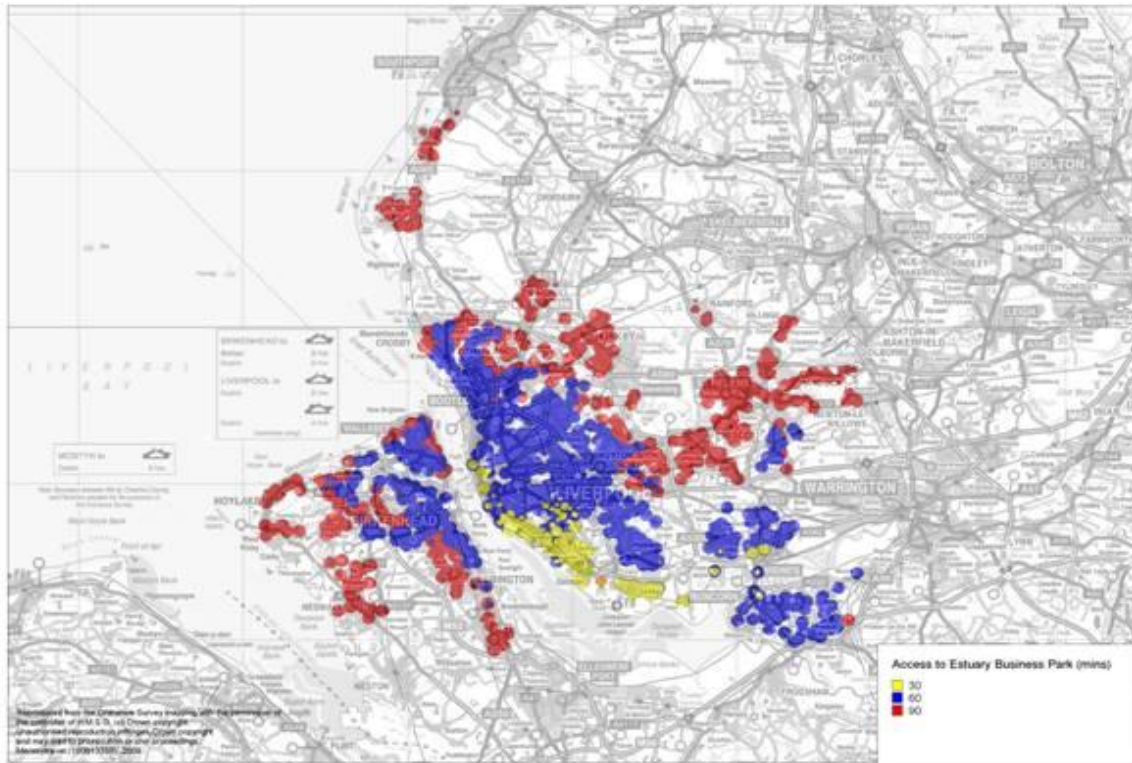
A further issue is highlighted by research undertaken more locally to examine where job creation was most likely within the city and wider region. The research identified an uneven distribution of new employment growth which could have a disproportional affect on disadvantaged communities by necessitating the need to travel further afield for employment and training opportunities. For example, workless residents in Wirral will continue to rely on opportunities being created outside of the City Region in areas such as Deeside and Cheshire.

Maps 4.1 and 4.2 illustrate the nature of the problem. Map 4.1 shows the spatial distribution of worklessness across the LCR while map 4.2 shows the level of public transport accessibility to a key employment site. A direct correlation between levels of worklessness and transport deprivation can clearly be seen, with significant journeys times for some and no public transport accessibility from a number of areas.

*Map 4.1 – LCR Worklessness by SOA*



Map 4.2 – Access to Estuary Business Park (minutes)



Specific guidance was developed for key government departments and local planning authorities setting out why stakeholders such as JCP, learning providers and Primary Care Trusts should be involved in accessibility planning.

In developing the Accessibility Strategies for the LTPs, a great deal of work was undertaken to highlight the benefits of being involved in the accessibility strategy with key stakeholders.

However, since then, decisions made at a national level on the future direction of organisations such as JCP, the LSC and the re organisation of the NHS have limited the extent to which we can fully integrate the accessibility strategy with stakeholders. This has inhibited our relationships with stakeholders, which has resulted in accessibility not being fully considered by some partners.

There may be a lack of appreciation by key stakeholders of the benefits that can be accrued in developing joint initiatives to improve accessibility. Although numerous local projects have been initiated in deprived and isolated communities over the years, they have rarely been robustly evaluated. Without the 'hard' evidence of the economic and social benefits of improving accessibility in deprived areas that such interventions can provide, local bodies with the power to fund such schemes are reluctant to allocate their scarce resources to them. This knowledge deficit is increasingly important in light of the difficulties in securing revenue to fund accessibility improvements.

Funding for accessibility measures remains a major concern for the partnership. While funding streams such as European Regional Development Fund, Urban BusChallenge (latterly Kickstart), Neighbourhood Renewal Funding and Working Neighbourhood

Funding have been welcome, they are often time-limited funding regimes with no guarantee of additional funding to follow. Many of the initiatives being used to improve accessibility are revenue intensive.

For example, Lets Get Moving is reliant upon continuation of European funding and there is no additional money to implement additional schemes targeted at improving accessibility. Continuation and development of programmes such as Lets Get Moving would benefit greatly from funding certainty.

As a consequence, integration between the accessibility strategy and the agendas of City Employment Strategy, HMRI and Growth Points is weak. This is despite shared targets with JCP in the LTP for improving access to employment and a number of the new Local Area Agreements having accessibility indicators.

#### 4.1.5 Overcoming Barriers

To establish properly joined up delivery with more secure funding to support the LCR and its City Employment Strategy, we need to establish new working arrangements for all stakeholders, sharing common goals and pooling resources.

Priorities are currently not sufficiently aligned, making transport integration problematic. We have a mechanism in place for ensuring that all partners are aware of accessibility issues and we will review this mechanism to ensure that the priorities of City Region stakeholders support one another.

In addition we will review the Strategic Accessibility Partnerships to ensure that they reflect LCR priorities. To underpin this approach, the SAPs will revise the joint accessibility action plans and agree how synergy between policy areas can be achieved to enable clear transport proposals to be offered and developed.

Working with Government Departments, we will facilitate the development of a package of measures to secure a long term planning and funding framework that provides clear equality of opportunity for disadvantaged communities.

Funding is, and will remain, a significant barrier to implementing accessibility measures. We will, with city region partners, map funding streams and timelines and agree how synergy between different funding streams can be achieved.

The Powers of Well Being available to local authorities offer a potential way forward. We will, with the Employment and Skills Board, seek ways of using these powers to create a central resource to help remove barriers to accessing employment and training opportunities.

#### 4.1.6 Asks of Government

##### **ASK 1**

Government to re-affirm their commitment to accessibility planning and ensure priorities are set out in clear lines of responsibilities for all stakeholders.

##### **ASK 2**

Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework by April 2010, that provides clear equality of opportunity to those without access to private transport.

##### **ASK 3**

To underpin this approach, Government and local partners to map funding streams and timelines and to agree how synergy between different funding streams can be achieved by December 2009, to enable a single LCR accessibility strategy to be offered and delivered.

**ASK 4**

In order to establish long term funding for this approach, the LCR and Government to examine by April 2010 the cross sector benefits of transport interventions to create a clear understanding of costs and benefits across the different delivery and funding agents.

**ASK 5**

Examine ways and means by April 2010, in collaboration with DCLG and DfT, how transport, land use and locational choice planning and development can be strengthened to reduce unnecessary transport demand. This is also a critical element of our proposals for a low carbon transport city and is dealt with under Proposal Three.

**4.1.7 Our Offer to Government**

The LCR Transport Partnership regards accessibility as its main priority in LTP2. Strong local existing partnerships have been put in place to deliver the agreed access plans. Building on this, the LCR will develop its tenure as a Beacon Authority to:

- use the new City Region structures, in collaboration with the LSPs, to secure cross sector integration, helping to deliver stretch targets on accessibility indicators;
- work with the City Employment Strategy to provide a clear focus linking transport provision with the skills and employment sector; and
- work with the accessibility team in the DfT to develop proposals for establishing a new national forum on access issues with a view to developing a longer term strategy for improving accessibility.

**4.1.8 Outcomes**

In working in partnership with stakeholders to better align priorities and develop joint initiatives for accessibility improvements, a number of impacts can be anticipated:

- (i) working together and more closely with Government to support accessibility planning;
- (ii) widespread implementation of the LCR Accessibility Strategy to support the LCR and, in particular, the CES and its proposals to address worklessness;
- (iii) mainstreaming of accessibility initiatives in each of the authorities' LAA;
- (iv) mainstreaming activities should give greater funding certainty to allow the continuation of successful programmes such as Lets Get Moving to assist workless residents back into employment. We currently have proposals to continue our existing Lets Get Moving activities which will assist a further 12,000 workless residents. However, this is dependant on securing additional funding;
- (v) widespread ownership of mandatory Local Transport Plan targets on accessibility and agreed Access Plans based on a clear evidence base and best sustainable practice with an appropriate investment framework;
- (vi) for target L13 of the Merseyside LTP, this is a 1% per annum improvement in the number of workless people accessing employment opportunities by public transport. This equates to assisting an additional 2,000 workless residents;
- (vii) this will, in turn, have a significant impact on the DfT PSA target for securing improvements to accessing local public transport;
- (viii) widespread ownership of one or both accessibility indicators NI175 and NI176 in Local Area Agreements and agreed Local Area Access Plans developed by each partner



authority, based on clear evidence and best sustainable practice, with an appropriate investment framework;

- (ix) contributing to targets set out in the Employment and Skills platform for reducing the number of Incapacity Benefit claimants and supporting NI153 Working age people claiming Out Of Work benefits in the worst-performing neighbourhoods;
- (x) significant impact on the National Action Plan by contributing to the reduction of child poverty through encouraging more people back into work, improving household expenditure and providing assistance where access to transport is a barrier; and
- (xi) the partnership is keen to work with the Department for Transport and other Government departments to ensure they deliver the transport and social inclusion agenda. The partnerships Beacon tenure and participation in a new long-term study for the DfT could provide a platform for taking forward a new joint national forum on access issues.

#### 4.1.9 Evidence to support the identified outcomes.

It is widely acknowledged that transport is a key barrier to enabling people to find a job or return to work. This is set out earlier in this platform and is highlighted by the Employment and Skills platform. However, transport alone cannot address the difficulties faced by 'workless' residents; this requires a number of different interventions across a range of platforms.

This is recognised in a booklet published by the DfT in 2008. Meeting Targets through Transport is specifically aimed at Local Strategic Partnerships and highlights the importance of transport to LSPs:-

*“Well planned transport services contribute to the achievement of stronger and safer communities, healthier children and young people, equality and social inclusion, sustainability and better local economies.”*

and;

*“Where transport fails, these aims are put at risk.”*

Therefore, meeting Targets through Transport places transport at the heart of the work of LSPs on place shaping.

*“Effective delivery of Sustainable Community Strategies and Local Area Agreements is likely to depend on how well transport planning and delivery is integrated with wider plans.”*

The booklet sets out a number of case studies which show how partnerships have already successfully taken action on transport to support wider objectives such as social services, health and education – and hence to achieving key outcomes like healthier, safer communities and more people into work.

There is a range of recent research from a number of sources, relating to social exclusion and, in particular, to the role transport can play in helping to reduce social exclusion with reference to improving accessibility.

Unpublished research undertaken by Atkins Transport Planning and the Centre for Research for the DfT concludes that a systematic evaluation is necessary to provide evidence of how accessibility planning is working and the extent to which it is working.

Further research by the Joseph Rowntree Foundation provides more evidence for supporting evaluation of the cross sector benefits of transport interventions and for adopting a joint approach through a range of stakeholders to fund transport improvements. The Benefits of Providing New Public Transport in Deprived Areas states that:

*“.....more needs to be done to support transport services if regeneration is to be successful. A lack of systematic evaluation of new transport services means local authorities and other agencies lack vital evidence to secure further funding once initial funding ends.”*

The report recommends that, at the local level, the social benefits of new transport projects need to be systematically evaluated and articulated in policy objectives. This would involve improved liaison with non-transport agencies such as Jobcentre Plus as well as local regeneration and economic development partnerships.

The National Action Plan on Social Inclusion outlines the current position in the UK and the action the UK will take in the years 2008 to 2010 to tackle poverty and increase social inclusion. The report reflects in depth engagement with a wide range of stakeholders, including those in poverty, the voluntary and community sector and devolved and local government. It highlights transport as an issue and recommends transport and non-transport agencies to work collaboratively to address this.

*“.....a poor public transport infrastructure can make it difficult to access work and public services and to participate fully in society.....”*

We will continue to work with our CES partners to ensure that our evidence base takes account of emerging priorities to inform our proposals moving forward.

## **4.2 Proposal Two - Improving the capacity and connectivity of the Liverpool City Region network**

The geographic location of the LCR means that connectivity to the regional and national networks is critical. Its importance as a major port and centre of an extensive logistics sector reinforces this, and DaSTS has confirmed this by its recent upgrading of port access to national/international status. LCR partners have agreed to build on this strength in developing ‘SuperPort’ as one of its transformational programmes. This is seen as a potential key area in the future economic recovery of the LCR post-recession. Linking ‘Asks’ and outcomes of this Proposal with Proposal One and Proposal Three is critical.

There are significant concerns about franchise and capacity constraints on the local and regional rail network, which impacts upon the quality and long term safety of the LCR rail network.

### **Summary**

*Government Departments and agencies agree to work with the LCR Transport Partnership to examine and develop improved national, regional and local connectivity, addressing network capacity issues.*

### **4.2.1 Critical Development of the LCR Rail Network**

Merseytravel supports the expansion of the rail network to meet existing levels and facilitate projected growth in demand for passenger and freight transport and to support the economic regeneration of the LCR and beyond. Merseytravel has developed a long term vision ‘To provide a high quality rail network that meets the needs of the people of Merseyside in a secure, accessible, sustainable and cost effective way’ to develop the rail network in the Liverpool journey-to-work area. This vision has identified five areas of expansion, including Network Coverage.

A key proposal to extend the coverage of passenger rail services in the Liverpool journey-to-work-area is Borderlands Electrification (including new stations and provision of park and ride). Merseytravel is currently investigating the technical, operational, economic and financial case of



a number of options to integrate some or all of the line between Wrexham and Bidston into the Merseyrail Electrics network. Proposals are being progressed through a consortium of interested parties: Merseytravel, Local Authorities, Network Rail and the Welsh Government. This proposal, which is not an MAA Ask, has direct relationships with Asks 6, 7 and 8.

Partners are very keen for the LCR to play a key role in the development of proposals for a High Speed Rail network in the UK. It is vital the City Region is a part of the opportunities that can be realised through the development of High Speed Rail, and we wish to contribute to any proposals and be an active stakeholder in the realisation of High Speed Two.

### **Potential extension of the Merseyrail Franchise**

#### **4.2.2 Challenge and Opportunities**

There have been significant improvements to the City Region's connectivity, including the WCML improvements and major improvements to Merseyrail and Liverpool South Parkway. However, there remain significant challenges to address. These include capacity constraints across many parts of the City Region rail network and rail capacity constraints on the Trans Pennine rail corridor and to Manchester Airport.

#### **4.2.3 What we want to Achieve**

The aim of reviewing local services is aimed at delivering into a single a single management approach to local services on Merseyside and ensuring the high quality delivering of such services throughout the LCR and covering all corridors into Liverpool.

The delivery of this 'Ask' would ensure that customers needs are met in a consistent fashion on the Merseyrail network which includes, not just the electric service provided by Merseyrail Electrics, but also the local LCR services delivered by Northern Rail.

This could be incorporated into a pre-franchise review prior to 2013 when the current Northern Franchise ends.

#### **4.2.3 Existing Partnership Activity**

Merseytravel oversees the Concession for the delivery of Merseyrail Electric services which runs through to 2028 and is also a co-signatory of the Northern Rail Franchise Agreement which ends in 2013.

Merseytravel also funds additional services through both the Merseyrail Concession Agreement (Hunts Cross Line) and the Northern Franchise Agreement (City Line strengtheners).

#### **4.2.4 Barriers**

Merseyrail is a unique concession in the UK as the role of the Department for Transport has been delegated by Parliament to Merseytravel and the concession agreement is between the operator and Merseytravel. This gives much better local control of local services. Another unique feature is the length of the concession which is 25 years from 20 July 2003, with review dates along the way. The current Merseyrail Electrics franchise thus ends in 2028.

However, the Merseyrail Electrics Franchise covers only a specific part of the wider railway network within the Liverpool City Region – namely, the third rail suburban electric lines. This focuses on the "loop and link" lines underneath Liverpool city centre. The Northern Line extends to Southport, Kirkby and Ormskirk and the Wirral line extends to West Kirby, New Brighton, Chester and Ellesmere Port.

The City Line elements of the network, which extend south from Lime Street to Liverpool South Parkway, east through Halewood and Warrington Central and north east through Huyton, St Helens to Wigan are all covered by separate franchises which include Northern, First Trans Pennine Express and East Midlands Trains.

#### 4.2.5 Overcoming Barriers

The proposal through the MAA is to work with Government to deliver all local services on rail corridors into Merseyside as a single group rather than separate corridors delivered to different priorities and to try and ensure a common standard for local rail services on Merseyside.

We believe that modifications to the current franchise would also allow the City Region to develop the key rail links within and outside our area, in particular the travel to work areas. In addition, we believe that these 'Asks' could usefully tie into any emerging electrification strategy that is developed by the DfT/Network Rail, which would also allow the Merseyrail rolling stock (class 507/508 electric multiple units) to be replaced by new dual voltage electric units capable of higher loadings, acceleration and speed than the current mixed diesel fleet.

Similarly, the possible extension of the Merseyrail Concession beyond its current boundaries would allow Merseyrail standards to be extended elsewhere, most notably at Widnes and Runcorn East, which would allow for improved levels of staffing at these stations and more consistent levels of service for rail users in the City Region.

#### 4.2.6 Ask of Government

##### **ASK 6**

Department for Transport to engage at an early stage, in preparation for refranchising by 2012, with the City Region in the development of the franchise specification for the replacement Northern franchise, in advance of statutory consultation on the invitation to tender in 2011. DfT to look for opportunities to give relevant transport bodies a bigger influence over decisions on local rail services.

#### 4.2.7 Our Offer to Government

Merseytravel has a very good relationship with NedRail/Serco who currently deliver both the Merseyrail Concession and Northern Franchise Agreement. This relationship is instrumental in the delivery of the high level of performance on local rail services on Merseyside.

Extending local rail franchising to cover the Liverpool City Region area, while incorporating all local rail services into a single franchise is Merseytravel's aim, it is appreciated that there are governance issues which currently prevent this and would therefore restrict this 'Ask' to confirmation of full engagement in the franchise process when the Northern rail franchise comes up for renewal in 2013.

#### 4.2.8 Outcomes

The delivery of this 'Ask' would allow the City Region to continue to develop key rail links outside of the area focusing on the travel to work area for the LCR.

It would also help deliver better integrated transport services and ensure public transport meets the needs of the City Region.

#### **Full Local Decision Making for Merseyrail**

#### 4.2.9 Challenges and Opportunities

The long-term strategy seeks to establish a partnership between Merseytravel, the Train Operating Company (TOC) and other users which would allow FLDM to create a single integrated public transport network. Key objectives would be:

- delivering solutions to local problems by people with local knowledge;

- improved performance and passenger satisfaction; and
- increasing value for money for passengers, taxpayers and the government.

The fact that the Merseyrail Electrics network is almost completely-self contained means that the TOC is well suited to greater control by Merseytravel. Under FLDM, this would mean taking full responsibility for the track and infrastructure, which would pass from Network Rail to the ITA on a long-term lease. A separate infrastructure management company - an infraco - would be created, with a contract, and then let to the infraCo who would undertake maintenance and renewals.

Merseytravel would retain responsibility for securing investment for the new facilities and service improvements, building on its successful record of investment in stations and facilities across Merseyside. It would continue to set new service levels, season ticket prices and monitor the performance of the operators.

It is, however, appreciated that total FLDM would be a major step and that further work may be required to justify the benefits that could accrue from such a change. A first step, therefore, would be to transfer control of the stations to Merseytravel leaving the track within the control of Network Rail.

#### 4.2.10 What we want to Achieve

Merseytravel became the franchise authority for the Merseyrail Electrics network in 2003 and work is underway towards exploring the adoption of Full Local Decision Making (FLDM) which will bring the infrastructure, as well as the train services, within Merseytravel's responsibility. The self contained nature of the network, the service and the market means that the Merseyrail Electrics franchise is well suited to greater control and accountability.

A potential first step in this process would be to transfer total control of the stations across to Merseytravel and gaining benefits from a single body controlling all aspects of maintenance and renewals required on stations.

Merseytravel has supported Full Local Decision Making (FLDM) since it was appointed the franchise operator for the Merseyrail Electrics Franchise in 2003. This aim stems from the 1998 Transport White Paper "A New Deal for Transport: Better for Everyone", which emphasised the need for an integrated transport policy, including greater influence for regional and local stakeholders over transport decisions. This was progressed in the "Future of Rail" White Paper, which set out reforms for ITAs around specification and procurement of rail services. This also reformed funding arrangements, so that ITAs can directly bear the financial implications of their decisions. This has been legislated for by the Railways Act 2005.

#### 4.2.11 Barriers

The barriers which need to be addressed include:

- a lack of influence of local stakeholders over transport decisions. Choices to be linked with other priorities such as economic development, regeneration and housing;
- the dual maintenance regime for the national railway station infrastructure;
- financial waste in relation to the use of public funds for securing maintenance work.

#### 4.2.12 Overcoming Barriers

Whilst these proposals have been rejected by Network Rail thus far, the Commons Transport Select Committee backed the plans for FLDM in December 2007. The proposals also remain a key part of the adopted Rail Strategy for Merseyside, which is a follow-on strategy to the statutory Merseyside Local Transport Plan 2006-2011.

In practical terms, the proposals for at this stage would cover only station infrastructure, specifically securing the station lease for the station facilities on the Merseyrail Electric franchise. Further stages could include control of the track and signals fall within the control of the Sandhills signalling and control centre.

#### 4.2.13 Ask of Government

##### **ASK 7**

Implement single body control, through Merseytravel, of stations as soon as practically possible. The DfT to take an active stance in facilitating discussions between Network Rail, the City Region and the Office of Rail Regulation on the voluntary transfer of stations on the Merseyrail network from Network Rail to Merseytravel on a long lease.

#### 4.2.14 Our Offer to Government

As a first step towards Full Local Decision Making, Merseytravel would take responsibility of the station infrastructure from Network Rail under the terms of a long lease.

This will deliver local solutions, to local problems that are currently not possible with regard to the Merseyrail Electrics infrastructure network. It will provide a position where one body is responsible for all renewal and maintenance issues on a station rather than the current position where two bodies are responsible.

There will be improved performance and passenger satisfaction, and increased value for money for passengers, tax payers and Government.

#### 4.2.15 Outcomes

There will be improved performance and passenger satisfaction, and increased value for money for passengers, tax payers and Government through the delivery of services by one body rather than two.

This would bring demonstrable benefits to the user, including a greater focus on passenger enhancement. It would provide clear lines of responsibility, leading to greater control and accountability. It would also provide a single point of decision making by removing duplication of roles and duties and lead to shorter lines of communication. Reducing interfaces would also mean improved safety and efficiency.

Savings through FLDM would be expected through better asset management, where best practice asset management systems would be introduced and processes using the latest technology. At present, work is often planned, cancelled and replanned before it is actually completed and delivered. When work is cancelled, however, the labour element is still charged out as it is booked and provided by contractors. A single maintainer of stations only priority would be work on the Merseyrail Electrics network, not competing with needs elsewhere on the national system. Cheaper overheads would also be introduced, as there would not generally have the large head office organisation employed by Network Rail, but it would have joint management and support from the local TOC.

FLDM will contribute to the enhanced and accelerated delivery of the shared core LTP priorities for transport (Congestion, Accessibility, and Air Quality), and enable the City Region to support the Government in achieving the following Public Service Agreement (PSA) targets: Deliver reliable and efficient transport networks that support economic growth; PSA 20 Increase long term housing supply and affordability; PSA 27 Lead the global effort to avoid dangerous climate change; PSA 28 Secure a healthy natural environment for today and the future.

The establishment of a long-term partnership between Merseytravel, the train operator and other users, to enable FLDM, would work towards the vision of rail becoming part of a Single Integrated Public Transport Network.

By integrating the network in this way, Merseytravel believes there are demonstrable benefits to the user i.e. there would be greater focus on performance enhancement through the shared management objectives of the infrastructure manager and operator. This integrated approach would:

- (i) Provide clear lines of responsibility leading to greater control and accountability;
- (ii) Confirm investment and refurbishment of existing assets;
- (iii) Offer greater flexibility to allocate funding between transport modes resulting in a more efficient and effective use of local and national funds;
- (iv) Provide a single point of decision-making by removing duplication of roles and duties in different management structures;
- (v) Lead to shorter lines of communications and reduced interfaces which will mean improved safety and efficiency;
- (vi) Result in more efficient communications enabling, for example, more responsive maintenance works through shared information and joint training.

Savings are expected through:

- (i) Better Asset Management - Introduction asset management systems and processes using the latest technology to assist process;
- (ii) Work Planning - Work is often planned, cancelled and re-planned before it is actually delivered and completed. The focused priority will be work on the Merseyrail Electrics network, not competing with needs elsewhere on the national network;
- (iii) Cheaper Overheads – There will not be the large Head Office organisation employed by Network Rail. A joint management and support organisation will be in place with Merseyrail Electrics.

### **Addressing capacity issues on the Merseyrail Network**

#### **4.2.16 Challenges and Opportunities**

There have been significant improvements to the City Regions connectivity, including the WCML improvements and, within the City Region, major improvements to Merseyrail and Liverpool South Parkway. However, there remain significant challenges to address. These include capacity constraints across many parts of the City Region rail network and rail capacity constraints on the Trans Pennine rail corridor and to Manchester Airport.

#### **4.2.17 What we want to Achieve**

Liverpool Central is the busiest station on the Merseyrail network with over 15 million passengers alighting, boarding or interchanging each year. The main underground island platform on the Northern Line handles the vast majority of passengers and it is an extremely poor facility in relation to modern standards.

The proximity of the station to Liverpool's growing retail centre means that significantly more passengers use the island platform on a Saturday than on a weekday, and it is already over capacity during the busiest hour on Saturdays. Weekdays are also becoming increasingly busy, although any interventions that are required to meet future Saturday demand will be sufficient for the weekday peak.

We expect further passenger growth, and even a moderate number of additional passengers will mean that the platform will be significantly over capacity for several consecutive hours by around 2015.

In the absence of any interventions to increase capacity, there would be a severe impact on the train service with some or all trains unable to call at Central. This would be a major loss of railway facilities at the time of maximum demand which would be extremely inconvenient to passengers and lead to crowding problems at adjacent railway stations.

#### **4.2.18 Existing Partnership Activity**

Merseytravel is currently working with Network Rail and Merseyrail to address capacity issues at City Centre stations. Network Rail's Merseyside Route Utilisation Strategy identifies severe problems at Liverpool Central in the near future and work is being undertaken to assess the severity of the problem and the possible interventions which could be made.

#### **4.2.19 Barriers**

The Merseyside Transport Partnership is extremely concerned at the overall lack of rail investment within Merseyside, particularly the Liverpool City Centre stations; Central and James Street stations.

The Liverpool City Centre stations have not had any significant work carried out on them since the mid-1970s when the Loop and Link were built. As such, there is a real concern from all parties including Merseytravel, Network Rail and Merseyrail that Liverpool Central and James Street will not be capable of playing the key role on Merseyside of delivering passengers into Liverpool City Centre.

Network Rail, in its Strategic Business Plan, identified two stations within Merseyside, Liverpool Central and Liverpool James Street, as stations which required major investment in order to ensure that they meet the demands of rail users in the near future. Their inclusion in the SBP was based on demand modelling undertaken as part of the Merseyside Route Utilisation Strategy which identified that, in the very near future, these stations would be operating at capacity for large parts of the day. This situation has been exacerbated, particularly during weekend peaks, by the major upturn in retail and cultural activity within Liverpool City Centre with the opening of the new retail development Liverpool One and Capital of Culture legacy.

While the Partnership appreciates the rationale behind the ORR excluding both proposals from the draft determinations, this does not take account of both the needs of the rail users on Merseyside and the North West and the subsequent demands placed on the rail network.

Rail plays a key role in delivering passengers into Liverpool City Centre and it is important that the infrastructure is fit for purpose to meet this role.

Without improvements at these City Centre stations, particularly Liverpool Central, there will be severe overcrowding issues on a regular basis, particularly on Saturdays when the level of traffic to the city centre reaches its peak. It is imperative therefore that these stations are included within Network Rail's programme of works for Control Period 5.

#### **4.2.20 Overcoming Barriers**

The Network Rail Route Utilisation Strategy identifies a series of short, medium and long term strategies for improving capacity of the city centre stations. These will form the basis of any future interventions.

#### 4.2.21 Ask of Government

##### **ASK 8**

DfT to engage at an early stage with the City Region to enable partners to provide evidence relating to growth and capacity at Liverpool Central and James Street stations, as the Department develops its High Level Output Specification (HLOS) for Control Period 5 (2014-2019).

#### 4.2.22 Our Offer to Government

Merseytravel will work with the rail industry to produce a realistic plan to alleviate the problems at city centre stations, particularly at Liverpool Central. Work will be undertaken, where possible, during Control Period 4. However, the main aim will be to deliver a robust case for improvement which would take place in Control Period 5.

#### 4.2.23 Outcomes

The City Centre Station improvements will deliver:

- rail infrastructure that is fit for purpose to meet the increasing demand for delivering passengers into Liverpool City Centre;
- prevention of severe overcrowding issues on a regular basis, particularly on Saturdays when the level of traffic to the city centre reaches its peak;
- improved reliability of the local rail network leading to increased patronage and reduced congestion levels.

#### 4.2.24 Evidence to Support the Identified Impact

Since the award of the Concession to NedRail/SERCO, Merseyrail performance has shown steady year on year improvement with the Public Performance Measure Moving Annual Average now 94.9%. This is a testimony to the partnership work on Merseyside. However, with it comes increased confidence of the public to use the railway and thus increased demand.

Passenger growth on Merseyrail is currently increasing between 3% and 4% per annum and the longer term projections within the Merseyside Route Utilisation Strategy (RUS) suggest an increase of over 2% per annum. This is greater than identified in the High Level Output Statement (HLSO) which assumes growth of 1% per annum.

Network Rail is currently developing a Dynamic Model, in partnership with Merseytravel, for Central Station. The data from this model will be available in the new year and will be drawn upon in advance of our submission in April 09.

### **Optimising management of the highway network**

#### 4.2.25 Challenges and Opportunities

The finite capacity of the strategic highway network, both within and approaching/leaving the LCR means that whatever can be done to maximise capacity will improve the efficient movement of people and goods in the area. Many of these strategic routes are the responsibility of the LCR local authorities but a number are motorways or trunk roads and these are the responsibility of the Highways Agency. This includes routes into Liverpool itself, and the Port of Liverpool (PoL).

The free flow of traffic within the City Region and on the regional and national highways is critical for business efficiency, to support the efficient movement of freight and address climate



change. It is critical to two of the LCR transformational activities: to develop a low carbon economy and SuperPort. Increasing congestion and worsening environmental conditions around access to the Ports is a major challenge. The integration between the City Region network and regional and national links is poor, and a package of measures could have a measurable impact in terms of assisting traffic movement and making best use of existing assets. It will be important that our work links with similar proposals included in the Greater Manchester MAA.

Clear linkages with our proposals for working with the logistics sector are set out later. These actions will be fully integrated.

#### **4.2.26 What we want to Achieve**

Integrated partnership working is essential to achieve the most efficient use of this strategic resource and we are seeking to improve specific areas where co-ordination of activity could be improved to the general benefit of all users of the network.

#### **4.2.27 Existing Partnership Activity**

The HA and Merseyside local authorities already have a good working relationship. The HA attends:

- the Merseyside Traffic Managers Group;
- the Steering Group for the production of the Liverpool City Region Transport Mode;
- the LCR Freight Partnership.

This is in addition to the normal consultation which takes place on the LTPs and major development proposals.

#### **4.2.28 Barriers**

- Protocols exist for the use of variable message signs on the motorways and trunk roads by the HA. Local authorities have similar systems on their highways but the two are not co-ordinated. Although the police are a common factor between the two systems, a joint protocol would be required to allow the co-ordination of traffic signs on both the motorway/trunk road network and on the local network that feeds into it.
- Limitations on the format of messages that can officially be displayed on VM Signs are felt to be overly prescriptive, and approval of variants is lengthy. This restricts the ability of highway authorities to provide accurate and timely information to road users.
- HA Traffic Officers are currently only permitted to patrol the motorway network. It would be beneficial to extend this cover to all HA routes, i.e. include the important trunk road network. In order to extend cover in this way, a revised agreement is required, with protocols for TOs working with LAs, utilities etc.

#### **4.2.29 Overcoming Barriers**

With support from DfT, LAs would wish to:

- negotiate a joint protocol with the HA which integrates the VM signing on the motorway/trunk road with that on LA strategic roads as a means of minimising congestion and meeting the requirements of the Traffic Management Act;
- negotiate with HA and ACPO for more flexibility in the permitted wording of messages on VM signs to improve driver information;
- seek support from DfT to extend the remit of HA Traffic Officers to patrol the Merseyside and Halton trunk road network in the same way that they currently patrol the motorway network.

#### 4.2.30 Ask of Government

##### **ASK 9**

Optimising the management of the strategic national and local highway network through a package of measures including, enhanced integration of national and LCR highway network Variable Message Signing, greater flexibility in their permitted message content and use of HA Traffic Officers on Trunk Roads as well as Motorways.

#### 4.2.31 Our Offer to Government

To improve the efficient use of the major highway network within and around Merseyside by establishing a joint approach to highway control with the HA which makes more effective use of variable message signing and the use of HA Traffic Officers. The programme would embrace:

- work with ACPO and DfT to achieve agreement on a more flexible arrangement for the details that can be displayed on Variable Message Signs;
- linking local and regional highways systems to integrate messaging;
- developing a technical sharing arrangement for VMS protocols which would allow HA and LA messaging systems to be co-ordinated;
- piloting the use of HA Traffic Officers on Trunk Roads as well as motorways to aid free movement of traffic;

#### 4.2.32 Outcomes

We anticipate the following:

- Integrated signing allowing traffic management over a wider area, which will be particularly beneficial to longer distance freight movement accessing the Port;
- Information relating to traffic disruptions such as highways works or incidents on the strategic network to be widely disseminated (including via [www.merseyfreight.org](http://www.merseyfreight.org)), which may help modal transfer on longer distance commuting trips and assist freight movement;
- Piloting the use of Traffic Officers on trunk routes to allow continuous management of traffic on key routes, particularly access to the Port (for example on the M57/A5036 route);
- Continued and co-ordinated availability of key local and regional routes

#### 4.2.33 Evidence to support the identified impact

We will draw on evidence from experience in Greater Manchester and elsewhere of problems that can arise from non-action. It is evident that the main capacity restriction for Port access, for example, is off the motorway network, and measures to improve flow elsewhere will assist ASK 8.

### **4.3 Proposal Three - Low carbon transport city: Reducing emissions and addressing climate change**

Supporting national economic competitiveness and growth, whilst reducing transport's carbon dioxide emissions and tackling climate change, is identified in DaSTS as the single greatest challenge facing transport. The LCR Transport Partnership is committed to meeting these twin goals, the requirements of the Climate Change Act and supporting the LCR transformational

programme around a low carbon economy. The outcome is clear, but developing the options and most cost-effective, acceptable solutions requires considerable work.

#### **4.3.1 Challenges and Opportunities**

The City Region has unacceptable levels of unemployment and worklessness. Creating the right conditions to address these problems is the overriding priority. The LCR is also committed to a low carbon economy as one of its transformational activities; transport must play a major part in this ambition. In order to achieve regeneration in a sustainable way, approaches which embrace quality of life and environment, which prioritise sustainable transport and which recognise these as central to the LCR's economic attractiveness, will need to be developed. The LCR will look to other successful European cities which have adopted these approaches and seek to learn from their experience. We have a solid foundation upon which to build. This includes the largest metropolitan Smarter Choices programme outside London through our TravelWise team [Merseytravel being the first Public Transport Executive to gain the ISO14001 standard and the Carbon Trust Award] and a very firm commitment within LTP2 to address climate change and environmental impacts.

#### **4.3.2 What we want to Achieve**

We want to achieve a modern and innovative approach to a transport network supporting the aims of DaSTS and the LCR low carbon economy. This will be based upon key areas including:

- (i) A changing City Region perspective supporting a sustainable approach to transport provision that supports its wider policy agendas;
- (ii) An enhanced role for Smarter Choices, based on the development of a clear evidence base, which enables an understanding of the maximum scale of Smarter Choices' contribution to achieving low carbon transport goals and sustainable economic growth, and that is capable of being applied to other large conurbations;
- (iii) More holistic approaches to planning, land use and locational choice that assist in managing travel demand;
- (iv) Meeting the growth in the demand for travel through sustainable modes and low emission vehicles utilising new technologies and low carbon fuels;
- (v) Joint approaches to supporting a sustainable and low carbon logistics industry;
- (vi) Addressing health problems caused by poor air quality as a result of traffic;

#### **4.3.3 Our overall offer to Government**

The LCR presents a number of unique characteristics which make it ideally positioned to explore low carbon transport futures.

The LCR's regeneration is still underway meaning a lower carbon footprint than most metropolitan areas, but there is potential for significant and swift growth in carbon emissions as regeneration continues. The Partnership is committed to addressing air quality and climate change impacts and achieving carbon demand reductions. Our approach to DaSTS will provide an effective way of assessing our success in addressing carbon reduction, air quality and climate change.

LCR is ideally placed to tackle the link between economic growth and carbon emissions and the following package presents a strong basis from which to develop these policies.

At regional level there is considerable work being undertaken to address Climate Change, including a localised 'Stern Report' assessment of carbon reduction potential and a well-established Environmental Economy Group. A representative of the Partnership is currently chair of the North West Climate Change Transport Group, which provides technical and professional advice and monitoring to the North West Climate Change Partnership (responsible for the North West Climate Change Action Plan) and assists with activity

associated with education, awareness raising and sharing of best practice on transport issues relating to Climate Change.

The LCR Atmospheric Emissions Inventory (LCRAEI) is a database of all sources of air pollution and greenhouse gases across Merseyside and is used to consider the contribution of different sources to overall emissions, including estimated transport-related emissions of key pollutants for LTP Indicator monitoring and reporting. It acts as a basis for air quality modelling to inform the Local Air Quality Management Review and Assessment process and as a tool for scenario emission modelling in assessing future transport options and packages.

### **The role of Smarter Choices**

#### **4.3.4 Challenges and Opportunities**

The Merseyside Transport Partnership has a long-standing commitment to the role of Smarter Choices as a critical element of its Local Transport Plan. It underpins many activities including support for the DfT Congestion Management Strategy, school travel and workplace parking. We believe wider application of Smarter Choices can offer significant advantages to the City Region and national priorities. To be successful it will require firm and long term commitment.

#### **4.3.5 Existing Partnership Activity**

The Merseyside Transport Partnership already has a well developed transport communications strategy which includes a programme of professional stakeholder engagement and the successful TravelWise behaviour-change programme.

The LCR Transport Partnership hold regular discussion forums with all sectors regarding developing transport policy including: Chamber of Commerce private sector Transport Forum; quarterly cross sector LTP briefings; cross sector future policy group led by University of Liverpool; Travel Plan Forum for all sectors; and Freight Quality Partnership Group.

The Partnership also has a strong research programme to inform future policy development, including the LCR Strategic Transport model, and research regarding the cost impacts of current movement patterns. Research currently being commissioned will enable the LCR partnership to identify comparator EU cities with a low carbon transport approach, learn from these experiences, and identify the potential contribution to economic growth, including new employment opportunities.

The TravelWise Merseyside programme delivers an integrated marketing communications campaign for sustainable transport across the LCR. It integrates programmes, marketing each mode with those targeting school and work journeys and households and provides one of the largest of such schemes in a metropolitan area. The programme also benefits from a comprehensive targeting, monitoring and evaluation framework to assess implementation and delivery.

The Merseyside Supplementary Planning Document (SPD) 'Ensuring Choice of Travel' has been developed by the Merseyside Transport Partnership in collaboration with Halton Borough Council, and will be adopted by all Merseyside Authorities (with Halton adopting their developed SPD) within their Local Development Frameworks. The aim of the SPD is to set out clear and consistent standards for Local Planning Authorities and developers to ensure that a transparent, fair and clearly understood system is in place to improve the integration of land use and transport. It will ensure that new developments promote good access by all modes of transport and encourage sustainable travel. It also provides a framework for future investment in Merseyside's road and rail network where new development would create additional travel demand, including detailed guidance on securing planning agreements and travel plans that support sustainable transport.

#### 4.3.6 Barriers

Demands outlined for transport in the Climate Change Act and the DfT's DaSTS framework mean that, to be truly effective, we must meet several challenges. These include:

- (i) Gaining widespread acceptance that new approaches to transport will not impact upon LCR economic competitiveness and stunt economic growth, but could present opportunities for more lasting, wide-reaching development of the LCR;
- (ii) Implementing more robust land use/location choice policies to support more sustainable travel patterns and transport systems;
- (iii) By most standards, the TravelWise Merseyside campaign is well funded, but still suffers uncertainties around the long-term nature of that funding and the evidence that higher levels of funding could have real sustainable impacts. Securing long term funding to implement the policies and programmes, based on clear evidence of effectiveness, is a major and critical priority; and
- (iv) The current taxation system provides a subsidy for driving to work and, therefore, encourages high carbon travel and more driving. This sends the wrong signals about government priorities as illustrated in the box below:

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At present there is a subsidy for driving to work and having free parking provided. If an employer provides a car parking space for an employee free of charge, this is not considered a taxable benefit. Incentives to travel by other modes incur tax implications.

There have been schemes brought in to create different taxation systems, for example, one where employers can enable staff to purchase cycles and equipment through salary sacrifice (the employer purchases the bike, and the employee pays back through salary at source, therefore making tax saving), but these schemes are complex, time consuming approaches with many barriers to implementation, and certainly put many employers off, as well as employees. Similarly, a scheme to support companies subsidising bus travel can, in some circumstances, be used to reduce the cost of travel, but this is an even more convoluted process which sets many barriers to widespread uptake. This latter solution, however, has the potential to reduce some of the excessive disparity between the cost of bus use and the cost of driving, having benefits for accessibility as well as sustainability.

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#### 4.3.7 Overcoming Barriers

The DfT have supported a number of smaller towns as part of their Sustainable Transport Demonstration Towns project. On a larger scale, the European funded CIVITAS programme is allowing a range of policy options within larger cities to be tested. It is now time to draw together the lessons emerging from these programmes and elsewhere to examine in depth how DaSTS may be achieved in a large urban area.

At the same time, a number of Government Departments, including DfT and its agencies such as HA, DoH and DfES, are implementing a number of campaigns around behaviour change or, in particular, initiatives such as Travel Plans. We believe there is scope to look at a total package aimed at a common set of goals. This provides additionality and reduces the risk of conflicting messaging.

Communication is at the heart of this approach and, through Merseyside TravelWise and Halton BC, there is a firm local foundation in place. However, current efforts are underfunded, leading to a reduced impact. At the same time, there is still much to be learned about efficient messaging and targeting.

Our approach is based on the belief that a City Region able to offer effective and sustainable urban mobility will grow as an incentive to inward investment and that sustainable mobility will

provide a competitive edge in the global economy as well as providing a very high quality of life for the community.

Current approaches have largely been based upon ‘carrots and sticks’ – i.e. the TIF congestion funding approach. Our approach is based on choice and incentives at a personal and corporate level, which are informed by excellent communications.

Coupled with our beliefs that such an approach adds to the LCR attractiveness to investment, we believe that the current productivity and congestion strands could be examined in a more holistic light in order to deliver the Low Carbon Transport Demonstration City.

We also wish to examine the potential for pooling funding within Government Departments and agencies as outlined above.

As also already noted, we would like to base our approach on incentives and choice. One of the key areas we would like to examine is tax incentives to overcome the barriers detailed above.

The potential role of enhanced technology in areas such as smart card technology and information systems is also critical.

Despite a wealth of emerging evidence, it remains difficult to secure long-term funding because there remains some scepticism about the value and effectiveness of smarter choices, especially when looking over the longer term. We wish to work with the DfT and use Low Carbon Transport Demonstration City to inform the longer-term debate.

#### 4.3.8 Ask of Government

##### **ASK 10**

Support the further development and enhancement of Smarter Choices by April 2010.

DfT support the City Region as a low carbon transport city by:

- (a) Working with the LCR to understand the potential of implementing a large scale behaviour-change programme across a metropolitan area and what other policies and infrastructure would be needed for maximum effectiveness. This would include sharing and working jointly on research to build a case for smarter choices in LTP3s, which would be transferrable to other areas;
- (b) Engaging in dialogue with the LCR to address funding barriers to implementing revenue-based initiatives to address economic growth and carbon reduction;
- (c) Sharing with LCR data and research being undertaken at Government level regarding carbon impacts of transport, potential of carbon reduction programmes, targeting and segmentation. This will particularly involve research being conducted by DfT, DoH and Defra. Examples are: research into the carbon-reduction potential of Smarter Choices, which could inform local policy development and segmentation tools; and data analysis conducted for the Change for Life programme, which could inform campaigns for walking and cycling;
- (d) Examining ways and means, in collaboration with DCLG, how transport, land use and locational choice planning and development can be strengthened to reduce unnecessary transport demand; and
- (e) Facilitating a dialogue between LCR, DfT, DCLG, BERR and Treasury regarding tax barriers to sustainable travel and removing these barriers. Also. identifying other mechanisms for incentivising behaviour from business, such as business rates.

#### 4.3.9 Our Offer to Government

Merseyside and Halton already have well-established, advanced and effective TravelWise programmes. This integrated social marketing campaign ensures all aspects of Smarter Choices are delivered in a targeted, consistent, branded manner. The programme is based on comprehensive market research. Ongoing evaluation of individual campaigns and the overall programme is extensive and provides a basis for comparison to a baseline position taken at the start of LTP3. The TravelWise programme is ideally placed to be delivered at a larger scale to make significant contributions to a low carbon transport future, and to demonstrate the effectiveness of this approach in a metropolitan area.

Our approach to the integration of land use and transport will provide a platform for our proposal to build upon, which we believe is crucial to realising a low carbon transport city. The links with other policy agendas and priorities is strong, with the development of a Low Carbon Economy for LCR and the active involvement in the regional climate change agenda offering added value and substance to our proposal.

#### 4.3.10 Outcomes

Although we currently have an effective and comparatively well funded Smarter Choices programme via our Merseyside TravelWise initiative, the current scale of implementation is not capable of delivering the step change that will be required to effectively address DaSTS and the Climate Change Act across the LCR.

We believe that there is a real opportunity to draw together a number of existing yet disparate strands, dealing in broadly the same areas, particularly around behaviour change. We are currently building on a joint approach with PCT's to link health issues with climate change concerns. We believe these are closely related issues, and a major joint initiative gives a real opportunity to make a big step forward in this area.

Working with Government on a programme package will allow a far more effective programme to be implemented, which will be doubly effective because it will be seen as having Government support and show that Government is serious about addressing the problems.

This is particularly important as economic growth and job creation remain critical to the LCR (even before the current economic circumstances). For DaSTS to be achievable, it will need to demonstrate that the twin aims of a sustainable transport network and supporting economic growth can be reconciled

#### 4.3.11 Evidence to support the identified impact

At a local level, our TravelWise and Smarter Choices programmes are able to demonstrate some convincing evidence of impact where they have had the resources to target key areas.

The Whitelegg report (op cit) has demonstrated, in a limited way, evidence that major Cities are looking to sustainable mobility as a major selling point and show growth, which suggests that such an approach works.

A report for the Australian Government (15) has also demonstrated large impacts and paved the way for continuing long term Smarter Choices interventions.

The Goodwin report for DfT demonstrated clear evidence of high impacts of well packaged and targeted Smarter Choices. They highlighted the need for such schemes to be implemented on a larger scale, with associated infrastructure and service improvements for walking, cycling and public transport.



## Addressing transports air quality and climate change impacts

### 4.3.12 Challenges and Opportunities

The LCR Transport Partnership is committed to addressing transport's impacts on air quality and the resulting health inequalities that are caused, as well as reducing the carbon footprint of transport in the region. A key task in relation to air quality management is to ensure that the Air Quality Action Plans (AQAP) of any local authorities who declare AQMAs is incorporated into the LTP. The key ongoing task for the Merseyside Transport Partnership is to support the adoption and implementation of AQAPs in the authorities declaring new AQMAs.

Transport-derived air quality impacts are exacerbating. At the start of the LTP2 in 2006, there were two Air Quality Management Area (AQMA) declarations in Liverpool, both transport derived. Air quality has steadily worsened in several other locations in the city of Liverpool and across the LCR. Given the number and distribution of these locations, Liverpool City Council has declared the whole city an AQMA. Sefton MBC, St Helens MBC and Halton Borough Council also have (or are planning to declare) three, two and one AQMAs respectively.

The LCR population is already experiencing significant health deprivations, including respiratory and pulmonary diseases. Transport's air quality impacts are also more acutely felt by communities that are already deprived due to the alignment of primary transport corridors through these deprived communities. However, it is often difficult to identify clear causal links between air pollution, deprivation and health due to the influence of various other factors. This is something we would wish to look into further, as outlined below.

### 4.3.13 What we want to Achieve

The LCR Transport Partnership is committed to addressing transport's impacts on air quality and the resulting health inequalities that are caused, as well as reducing the carbon footprint of transport in the region.

### 4.3.14 Existing Partnership Activity

Primarily, local authorities have the responsibility for the implementation of their AQAPs, but the LTP programme supports the AQAPs.

The LCR Air Quality Management Group is comprised of air quality officers across the LCR. It delivers strategic consideration of air quality across the city region and sharing of best practice, and is well represented in the LEAST Group, ensuring air quality considerations are part of the delivery programme of the LTPs. It jointly uses the LCRAEI described below.

The LEAST group of the MTP has objectives relating to quality of life and the protection and enhancement of the environment through appropriate appraisal and monitoring of LTP programmes, and the delivery of environmental initiatives.

Specifically, the group has the following objectives:

- deliver improvements in air quality through better air quality management and integration of air quality action plans with the LTP;
- ensure that the principles of sustainability are incorporated into the delivery of LTP projects, from design through to construction;
- improve the quality of life of people on Merseyside, through enhancing the local environment and better managing activities that impair quality of life;
- address the contribution that transport makes to greenhouse gas emissions and plan for the impacts of climate change; and
- support the Merseyside Transport Partnership with the relevant environmental assessment and monitoring to comply with statutory requirements.

In 2007/08 Sefton Council achieved Beacon status under the theme 'Delivering Cleaner Air'. Sefton worked with the other Beacon Councils and the Centre of Excellence for Low Carbon Technologies (CENEX) to develop guidance on the production and implementation of Low Emissions Strategies (LESSs). LESSs provide a package of policies and measures to mitigate transport impacts of development by accelerating the uptake of low emission transport fuels and technologies in and around a new development.

#### **4.3.15 Barriers**

There is a severe weakness in the current system of addressing problems of poor air quality caused by transport, despite it being an LTP2 'shared priority' in both LTPs and a known contributor to serious problems to personal health.

The problem appears to be lack of clarity around which Government department has responsibility to address the issues. In broad terms at the present time, Local Authority Air Quality officers are required to produce monitoring reports to Defra; many of the AQMA's are the result of transport. However, solutions to tackle the issues are often difficult for the transport sector to deliver due, often, to political concerns. The consequence is that little or no effective action is being taken to address a serious public health issue at national or local level.

Our existing air quality monitoring and modelling capabilities need to be further developed, building on the excellent MAEI and modelling work that we already utilise. The main barrier to this is a resource issue with all work limited by the fact that funding supports just one full time officer in conjunction with system updates and development of new projects. The uncertainty of long-term resource inputs means that forward-reaching projects cannot be progressed with confidence. Ideally, as the MAEI develops further, it would be beneficial to have a more integrated approach, with air quality monitoring outputs across the LCR as a key aid to modelling of future transport scenarios. Development of system resources would be necessary to take this forward.

Emissions estimation, air quality modelling and integration of greenhouse gases within a framework, such as the MAEI, are evolving disciplines. This makes the constant reviewing of approaches necessary, in order that developments reflect any emerging consensus.

The total grant for Air Quality measures from DEFRA will be in the order of £3 million. To put this into context, the amount applied for by local authorities last year was £8 million.

There needs to be a system of incentives to induce action and a clear and robust response from Government if Local Authorities are not responding to transport derived air quality issues through the Air Quality Management Area designation and planning process.

#### **4.3.16 Overcoming Barriers**

There is currently no clear direction from Government on the way forward in addressing transports air quality and green house gas emissions.

The split in responsibility between DEFRA (lead on AQMAs and AQAP) and the DfT (lead on addressing transports air quality impacts) on air quality does not help provide a unified government approach. We are wishing to work with both departments to address this existing barrier to improving air quality, through a task and finish group that identifies the issues, challenges and opportunities to improved joint working, and the development of solutions that achieve outcomes beneficial to all involved.

There needs to be a system of incentives to induce action and a clear and robust response from Government if Local Authorities are not responding to transport derived air quality issues through the Air Quality Management Area designation and planning process.

To enable a robust response to be developed, our monitoring and modelling capabilities need to be further developed, building on the excellent MAEI and modelling work that we already

utilise. The terms of reference of the MAEI should be reviewed, and consideration needs to be given to how it moves from being solely a tool for air quality management and greenhouse gas reporting to researching wider policy issues, such as wider health concerns and transport policy affects on air quality and climate change. Improvements would be greatly aided by the development of a national consensus on approaches within this field. Such consensus could benefit from projects, such as the European CITEAIR II programme, currently in progress.

#### 4.3.17 Ask of Government

##### **ASK 11**

For DEFRA and DfT to work with the LCR to examine by April 2010 how transport's air quality emissions can be better addressed and managed, and for DfT and DECC to examine with the LCR by April 2010 how transport's greenhouse gas emissions can be better addressed and managed, through the following engagement activities:

- (a) Commit to work with, including invitation to the workshops, the LCR through the planned DEFRA, DfT, GONW City Region Air Quality workshops to develop outcomes based guidance on air quality and transport as part of LTP3 guidance. The LCR is keen to discuss, and progress, the need for more rigorous requirements for air quality monitoring, management and solution delivery, within a comprehensive performance management framework, that achieve outcomes beneficial to DEFRA, DfT, GONW and LCR Local Authorities; and
- (b) Increased technical input (including sharing of research between Government and the LCR Local Authorities) and support from DEFRA and DfT to investigate the following:
  - development of a national consensus on how to maximise the potential of atmospheric emissions inventories in supporting the development of transport policy responses to transport derived air quality, climate change and health impact issues;
  - identify, test and transfer good practice to integrate transport derived greenhouse gases into existing air pollutant emission inventories for regulated pollutants;
  - examining the interactions between measures to reduce air pollutant and greenhouse gas emissions; and
  - identify, test and select measures with a combined effect on reduction of transport urban pollutants and greenhouse gases, including understanding the potential of smarter choices to improve air quality and reduce greenhouse gas emissions.

The air quality element is to be progressed with DfT and DEFRA, and the greenhouse gas element is to be progressed with DfT and DECC. The City Region understands the split between DEFRA and DECC on policy leads for Air Quality and Climate Change.

#### 4.3.18 Our Offer to Government

We will use our partnership and expertise to work with DEFRA and DfT to explore ways of ensuring transport related AQMA's are effectively delivered. We will do this by:

- (i) At the LCR level there is limited co-ordination between Air Quality and Transport Professionals. One way which the LCR Transport Partnership is seeking to address this is in the logistics sector. The LCR Freight Partnership is in the process of setting up a task group to look at Logistics contribution to Air Quality.
- (ii) Having the MAEI aids understanding of the links between transport, air quality, greenhouse gas emissions and health. It can also help with identifying future impacts through scenario modelling and can be used with census data, such as the Index of Multiple Deprivation, to examine the links between transports related pollution, health and deprivation. There is currently a debate about whether air quality impacts should be

assessed in terms of emissions or concentrations, with concentrations being the direct link to health but also being affected by a broad range of other factors. Having the MAEI allows this to be explored.

- (iii) The achievement of Beacon status and the success of the LESDP demonstrate the necessary air quality expertise and knowledge of project work required to deliver the projects identified in the MAA. Also, the experience of working with broad partnerships gained through both programmes will greatly assist in developing the partnerships necessary to deliver the requirements of the MAA.

#### **4.3.19 Outcomes**

- Enhanced dialogue and joint working is to ensure shared solutions are identified and progressed in addressing the issues within the AQMAs.
- A greatly enhanced understanding of how transport's air quality and green house gas emissions can be better addressed and managed, resulting in improved air quality and reduction in transport green house gas emissions in the LCR.
- An accepted methodology for putting greenhouse gas emissions into the existing MAEI that would be transferable to other similar projects nationally.
- A clearer framework for action to improve air quality and reduce greenhouse gas emissions.
- A methodology for examining the links between transport, air pollutant and greenhouse gas emissions, and deprivation.
- An understanding of how the effects of transport emissions on health can be assessed.
- The ability to consider air quality and greenhouse gas emission effects of transport policies, coupled with the opportunity to consider the impacts of behavioural change on both air quality and greenhouse gas emissions from transport.
- Provision of data to support the work on freight's contribution to air pollution and greenhouse gas emissions for the FQP air quality group.

### **Balancing the needs of freight and communities**

#### **4.3.20 Challenges and Opportunities**

Another of the LCR transformational activities is to build on the LCR strengths around the port and logistics; the Superport concept. Ask 9 and 10 within this platform reiterates our support for this with a number of requests, particularly around access to the PoL.

Clearly, the importance of freight and logistics to the future prosperity of the City Region is clear, but equally as the DaSTS report on logistics (14) points out, there are some obvious conflicts. It is imperative we find solutions to this if we are to avoid the two transformational activities around Superport and low carbon economy becoming mutually exclusive.

The LCR Freight Partnership is committed to working with Government to support the development of sustainable and low carbon logistics industry and the common goals as outlined in DaSTS Logistics Perspective.

#### **4.3.21 Existing Partnership Activity**

The LCR Transport Partnership already has a well established Freight Quality Partnership, which is active across the diverse sectors it represents. The aim of the LCR Freight Partnership is:

To seek to bring together logistics specialists within the industry to develop and promote best practice in environmentally sensitive, economic, safe and efficient freight transport.

Specifically the group has the following objectives:

- to set the agenda for the LCR Freight Partnership by developing the work of the Delivering a Sustainable Transport System for input into the Local Transport Plan Process;
- to develop work packages & funding packages as outlined in the LCR Freight Partnership Work Programme;
- to set the agenda for the Themed Meetings and to guide the work undertaken by the LCR Freight Group (LCRFG);
- to champion the work of the LCRFP within the LTP Partnership & externally;
- to strengthen membership & engagement of the LCRFP;
- to review and update engagement activities;
- to assist with the creation of Local Area Freight Partnerships; and
- to respond to Government consultations on freight policy and strategy.

#### 4.3.22 Barriers

The logistics sector generally has a poor image and an aging workforce. Raising the profile of the industry within the local communities in the LCR will hopefully assist greatly with future recruitment and skill issues. Given high levels of worklessness across the city region the logistics sector could potentially offer increased employment opportunities. (This is clearly linked to the Asks contained within proposal one).

Fleet Operations of Local Authorities across the LCR are a mix of in house and outsourced services. The trend is moving towards more outsourced services such as refuse collection and recycling. The individual Authorities currently monitor their individual performance across the varying fleets using a range of different systems. Part of this process will be to pull together information relating to outsourced fleets / own livery and the current management systems used.

At the present time there is a lack of understanding relating to the contribution and impact the logistics sector has on air quality issues across the LCR. A number of newly declared AQMA are in the vicinity of the key generators as follows:

- A5036 Princess Way, A565 Crosby Road Junction – (Sefton);
- A5058 Millers Bridge, A565 Derby Road Junction – (Sefton);
- Liverpool City Wide - (Liverpool); and
- M6 Motorway within St Helens Unitary Boundary - (St Helens).

DaSTS, The Logistics Perspective, highlights the need to better understand the van sector under Cross Cutting Themes Goal Theme 16. The LCR Freight Partnership currently has little knowledge of the current position in relation to this sector and its diverse operations. The LCR Freight Partnership currently has a number of members from this sector however this network will need to be extended to assist with the process. The development of an end to end journey case study as described in DaSTS Logistics Perspective would also be considered as part of this process. This will involve looking at commercial and residential Servicing and Delivery activities which complements the development of Service and Delivery Plans by the LCR Freight Partnership and the final mile delivery sector.

#### 4.3.23 Overcoming Barriers

The Task and Finish Group need to review the issues around DaSTS Logistics Perspective Climate Change Goal, Theme 2 and 3 and Quality of Life Goal, Theme 10. However the DfT's

input in relation to data sharing and expertise is essential to ensure a successful outcome for the Group. This is linked to Ask 12 Addressing Climate Change and Air Quality issues.

This approach to bring together different Government departments and the LCR Freight Partnership to develop Project Merseyfreight, will greatly enhance knowledge pooling across the agencies involved. The project will also be an opportunity to develop best practice to tackle DaSTS Logistics Perspective Theme 8 & 9. Bringing together all the necessary Government departments to seek to address the poor image of the industry is essential to realise ASK 13.

In order to improve the management of emissions from LCR Local Authority Fleets, a universal benchmarking tool that could be incorporated into future contract requirements and used by the remaining in-house fleets would be ideal. Much of this work has already been undertaken by the Departments Freight Best Practice Benchmarking Tool. Modifying this tool for use by Local Authorities as part of the Freight Best Practice Work programme would assist in the fulfilment of Ask 13 (b)

The DfT and its agencies are involved in collating logistics and air quality data, drawing from this information and expertise will greatly assist the partnership in their aim to gain an improved understand of Air Quality issues in relation to the freight and logistics sector.

Working with the DfT to gain an improved understanding of the van sector will assist the LCR Partnership greatly and provide an excellent opportunity for best practice to be produced.

#### 4.3.24 Ask of Government

##### **ASK 12**

Work with the LCR Freight Quality Partnership to further promote the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration by April 2010. We will also look to how to incentivise behaviour change and carbon reduction (This is clearly linked to the National Port Access Route Study ask detailed in the Economy Platform – Liverpool SuperPort) through:

- (a) The development of an educational package “Project Merseyfreight” for community groups, schools and other interested local people who live within the LCR. This package will be targeted initially at those communities who are situated near to key freight generators or routes frequently used for freight activities. Project Merseyfreight will seek to raise the profile of the logistics and freight sector, to enhance understanding of the sector in the local community and to offer career options. Government is asked to support this process by providing the necessary networks via the Department of Education and Skills, Department for Transport, Learning and Skills Council to assist in the development of Project Merseyfreight;
- (b) To seek to work with Freight Best Practice to develop a public sector benchmarking tool that will build on the current industry specific model. Government is asked to provide support via the Department’s Freight Best Practice Team to modify the current model;
- (c) To seek to develop an improved understanding of freight’s contribution to air quality by initiating a task and finish group to report back to the LCR Freight Partnership. We would welcome the Department’s participation in the group in terms of sharing of data and research on the issue; and
- (d) To seek to further enhance the LCR Freight Partnership membership of those companies operating in the van sector. We would welcome working with the department to gain an understanding of the overall nature of the van sector including:
  - o which vehicles are being used for which uses;
  - o vehicle kilometres; and
  - o fuel composition and barriers.

#### 4.3.25 **Our Offer to Government**

We have a very firm foundation through the LCR Freight Partnership, and our existing links with the Chambers of Commerce to assist DfT in looking at how behaviour change within the logistics industry can be implemented as key element of our climate change strategy and Low Carbon City programme.

At the LCR level there is limited co-ordination between Air Quality and Transport Professionals. One way which the LCR Transport Partnership is seeking to address this is in the Logistics sector. The LCR Freight Partnership is in the process of setting up a task group to look at Logistics contribution to Air Quality.

#### 4.3.26 **Outcomes**

Raise awareness of the logistics and freight sector within the local community to boost the understanding of the logistics sector within the LCR and to increase potential employment horizons.

A methodology for comparing carbon emissions across the LCR fleet which will provide an understanding of how improvements can be made. This can be clearly linked to the LCR Districts Carbon Management Plans

A clearer understanding of the logistics sector's contribution to Air Quality issues within the LCR. This will allow for a range of measures to be drawn together for consideration by the wider LCR Freight Partnership.

A greatly enhanced understanding of how the van sector is operating in the LCR and how we can work towards reducing the emissions of that sector.



## 5. GOVERNANCE

Partners are committed to a review of the governance and delivery arrangements for transport, as part of the developing City Region governance arrangements. The review will include the determination of the preferred model for an Integrated Transport Authority for the City Region. In the longer term it is possible that the new ITA will oversee delivery of the transport elements of the MAA. Until such arrangements are in place, interim arrangements will be implemented. These will be confirmed at a later date.

We have adopted a working draft of a transport vision and strategy and this is reflected in this submission <sup>42</sup>.

We are therefore in a strong position both institutionally and in terms of delivery. But we want to do far more to further facilitate economic growth, address social inclusion and climate change.

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<sup>42</sup> Liverpool City Region Transport Partnership. (2007). Liverpool City Region Transport Vision and Strategy. Liverpool: Liverpool City Region Transport Partnership

## 6. MONITORING AND TARGETS

Our Key Performance Indicators (KPIs) reflect the Government's new performance framework, drawing upon the Local Area Agreement Indicators selected by Authorities in the LCR, and the existing indicators within the two LTPs that aim to measure the key national outcomes and local priorities.

The indicators are designed to provide evidence of real and measurable improvements in the quality of life and the quality of transport services for the LCR.

No.	Key Performance Indicator	20005/06 Baseline	2008/09	2009/10	2010/11 Outcome	National Indicator / Mandatory LTP Indicator	PSA / DSO
	% of workless Merseyside residents who are within 30 minutes of a major employment location by public transport. (1)	78%	79%	80%	81%	NI176 LTP 1	PSA5 DfT DSO 4
	Congestion (Person Delay – Keeping increase in person delay per mile below 5.1%). (2)	100	104.3	104.7	105.1	NI 167 LTP 7	PSA 5 DfT DSO 1
	Transport related emissions (tonnes/year) of CO <sub>2</sub> , nitrogen oxides and particulate matter	To be determined in line with the DfT Green House Gas budget allocation				L16	PSA 27 DfT DSO 2 DEFRA DSO 3 DCLG DSO5

1. *Halton Borough Council have selected accessibility indicator NI175. The Merseyside Transport Partnership has an agreed outcome for indicator NI176. It has been agreed by Partners that we should have just one performance indicator on accessibility for the MAA, with NI176 being selected because of its direct relevance to Proposal One 'Improving access to employment opportunities'.*
2. *Halton Borough Council are currently not part of the national congestion management programme operating in England's Metropolitan areas. Consequently, the congestion outcome will only apply to the five metropolitan boroughs of Merseyside. Halton do, however, measure congestion at Option 3 level, and this information will be drawn upon in measuring our performance across the LCR.*

These KPIs and outcomes will be reviewed and revised as part the development of a joint Local Transport Plan 2011-2016 for the LCR.

Alongside the MAA KPIs and outcomes detailed above, we believe that we will also support the achievement of the following LAA Indicators in the LCR through the MAA proposals.

<b>National Indicator</b>	<b>Key Performance Indicator</b>
47	People killed or seriously injured in road traffic accidents
48	Children killed or seriously injured in road traffic accidents
55	Obesity among primary school age children in Reception Year
56	Obesity among primary school children in Year 6
151	Overall employment rate
153	Working age people claiming out of work benefits in the worst performing neighbourhoods
167	Congestion - average journey time per mile during the morning peak
168	Principal roads where maintenance should be considered
169	Non-principal roads where maintenance should be considered
175	Access to services and facilities by public transport, walking and cycling
176	Working age people with access to employment by public transport (and other specified modes)
185	CO2 reduction from LA operations
186	Per capita CO2 emissions in the LA area

## 7. TIMETABLE

We will be agreeing with DfT, and other Government Departments, a detailed implementation programme for delivering each ASK in the MAA. An agreed programme will be secured following Government sign-off in July 2009.

Action	Timescale (Delivered By)	LCR implementation responsibility	Government implementation responsibility	Other interested parties
Government to re-affirm their commitment to accessibility planning and ensure priorities are set out in clear lines of responsibilities for all stakeholders.	Already agreed.	John Smith (MLTPSU)	DfT (Nigel Dotchin)	CES Partners
Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework by April 2010, providing clear equality of opportunity to those without access to private transport.	April 2010. Allows integration with LTP3.	John Smith Access Group	DfT (Nigel Dotchin)	CES Partners
To underpin this approach, Government and local partners to map funding streams and timelines and to agree how synergy between different funding streams can be achieved by December 2009, to enable a single LCR accessibility strategy to be offered and delivered.	December 2009.	John Smith Access Group	DfT (Nigel Dotchin)	CES Partners
In order to establish long term funding for this approach, the LCR and Government to examine by April 2010 the cross sector benefits of transport interventions to create a clear understanding of costs and benefits across the different delivery and funding agents.	April 2010. Parts may be dependent on already commissioned work being undertaken for DfT.	John Smith	DfT (Nigel Dotchin)	CES Partners
Examine ways and means by April 2010, in collaboration with DCLG and DfT, how transport, land use and locational choice planning and development can be strengthened to reduce unnecessary transport demand. This is also a critical element of our proposals for a low carbon transport city and is dealt with under Proposal Three.	April 2010. Allows integration with LTP3.	John Smith Huw Jenkins (Merseytravel)	DfT (Nigel Dotchin) DCLG	CES Partners
Department for Transport to engage at an early stage, in preparation for franchising by 2012, with the City Region in the development of the franchise specification for the replacement Northern franchise, in advance of statutory consultation on the invitation to tender in 2011. DfT to look for opportunities to give relevant transport bodies a bigger influence over decisions on local rail services.	In preparation for re-franchising in 2012.	Dave Jones (Merseytravel – Rail Services)	DfT (Stephen Wolstenholme)	Network Rail, TOCs

Implement single body control, through Merseytravel, of stations as soon as practically possible. The DfT to take an active stance in facilitating discussions between Network Rail, the City Region and the Office of Rail Regulation on the voluntary transfer of stations on the Merseyrail network from Network Rail to Merseytravel on a long lease.	Timescales to be set by requirements of the Ask.	Dave Jones	DfT (Stephen Wolstenholme)	Network Rail TOCs
DfT to engage at an early stage with the City region to enable partners to provide evidence relating to growth and capacity at Liverpool Central and James Street stations, as the Department develops its High Level Output Specification (HLOS) for Control Period 5 (2014-2019).	Timescales to be set by requirements of the Ask.	Dave Jones	DfT (Stephen Wolstenholme), ORR	Network Rail, TOCs
Optimising the management of the strategic national and local highway network through a package of measures including, enhanced integration of national and LCR highway network Variable Message Signing, greater flexibility in their permitted message content and use of HA Traffic Officers on trunk roads as well as motorways.	June 2010	John Harrison (MLTPSU) Lee Davies (MLTPSU)	DfT HA (Dave Clarke)	Police
Support the further development and enhancement of Smarter Choices by April 2010.	Phased. Some to be complete by April 2010 for LTP3.	Sarah Dewar (MLTPSU)	DfT (Joe Finlay)	DCLG, BERR, Treasury
For DEFRA and DfT to work with the LCR to examine by April 2010 how transport's air quality emissions can be better addressed and managed, and for DfT and DECC to examine with the LCR by April 2010 how transport's greenhouse gas emissions can be better addressed and managed.	April 2010.	Helen Windel (MLTPSU)	DfT (Victoria Butler) DEFRA (Robert Vaughan)	DECC, DCLG, BERR
Work with the LCR Freight Partnership to further promote the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration by April 2010. We will also look to how to incentivise behaviour change and carbon reduction.	April 2010 To support LTP3.	Lee Davies	DfT (Victoria Edmonds)	HA, DECC, BERR, DFES, SsL, LSC, FBP

## Appendix:

# LINKAGES WITH THE STORY OF PLACE OUTCOMES

Asks	Story of Place Imperatives	Tackling Worklessness and improving the quality of life of the most deprived people in the LCR.	Improving the size and depth of the LCR business base.	Equitably closing the wealth and productivity gap between the LCR and the rest of the UK.	Significantly raising the skill level of the LCR population.	Developing a sustainable, modern and efficient infrastructure (digital, transport and energy)	Improve the quality, availability and affordability of the LCR housing stock.
Transport	Government to re-affirm their commitment to accessibility planning and ensure priorities are set out in clear lines of responsibilities for all stakeholders.	✓✓	✓			✓✓	
	Government Departments and its agencies agree to work with the LCR Transport Partnership to facilitate a package of measures to secure a long term planning and funding framework by April 2010, providing clear equality of opportunity to those without access to private transport.	✓	✓	✓		✓✓	
	Government and local partners to map funding streams and timelines and to agree how synergy between different funding streams can be achieved by December 2009, to enable a single accessibility strategy to be offered and delivered.	✓	✓	✓		✓✓	
	In order to establish long term funding for this approach, the LCR and Government to examine by April 2010 the cross sector benefits of transport interventions to create a clear understanding of costs and benefits across the different delivery and funding agents.	✓	✓	✓		✓✓	
	Examine ways and means by April 2010, in collaboration with DCLG and DfT, how transport, landuse and locational choice planning and development can be strengthened to reduce unnecessary transport demand. This is also a critical element of our proposals for a low carbon transport city and is dealt with under Proposal Three.	✓	✓	✓		✓✓	
	Department for Transport to engage at an early stage, in preparation for franchising by 2012, with the City Region in the development of the franchise specification for the replacement Northern franchise, in advance of statutory consultation on the invitation to tender in 2011. DfT to look for opportunities to give relevant transport bodies a bigger influence over decisions on local rail services.	✓	✓	✓		✓✓✓	
	Implement single body control, through Merseytravel, of stations as soon as practically possible. The DfT to take an active stance in facilitating discussions between Network Rail, the City Region and the Office of Rail Regulation on the voluntary transfer of stations on the Merseyrail network from Network Rail to Merseytravel on a long lease.	✓	✓	✓		✓✓✓	
	DfT to engage at an early stage with the City region to enable partners to provide evidence relating to growth and capacity at Liverpool Central and James Street stations, as the Department develops its High Level Output Specification (HLOS) for Control Period 5 (2014-2019).	✓	✓	✓		✓✓✓	

	Optimising the management of the strategic national and local highway network through a package of measures including, enhanced integration of national and LCR highway network Variable Message Signing, greater flexibility in their permitted message content and use of HA Traffic Officers on trunk roads as well as motorways.	✓	✓	✓		✓✓✓	
	Support the further development and enhancement of Smarter Choices by April 2010.	✓	✓	✓		✓✓✓	
	For DEFRA and DfT To work with the LCR to examine by April 2010 how transport's air quality emissions can be better addressed and managed, and for DfT and DECC to examine with the LCR by April 2010 how transport's greenhouse gas emissions can be better addressed and managed.	✓	✓	✓		✓✓	
	Work with the LCR Freight Quality Partnership to further promote the opportunities for best practice in balancing the needs of freight and communities and examine priority areas for consideration by April 2010. We will also look to how to incentivise behaviour change and carbon reduction in the freight sector.	✓	✓	✓		✓✓	



