

# Building Back Better

## Our Economic Recovery Plan:

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



**LIVERPOOL  
CITY REGION**  
COMBINED AUTHORITY

**METRO MAYOR**  
LIVERPOOL CITY REGION

## Foreword

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

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



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

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

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

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

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

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

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

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

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



Steve Rotheram  
Liverpool City Region Mayor

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

#### Members of the Liverpool City Region Combined Authority

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






#### Liverpool City Region Stakeholders

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

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

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

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## Executive Summary

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

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

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

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

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

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



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

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

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

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

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

With devolved recovery funding, we will:

- Support existing businesses to recover, grow and create decent jobs; radically improve our ecosystem for growth businesses; and deliver the next generation of strategic economic infrastructure – all with private investment now and in the future.
- Protect our gains in education, skills and employment and prepare our workforce for future growth industries.
- Allow our vibrant city centre to lead us to recovery; execute towns revival plans with our private and community sectors to create future places of distinction.
- Launch three major green initiatives, two of which have national importance.

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

# Introduction

## 1 The Best Laid Plans

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

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

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

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

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

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

## 2 Often Go Awry

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

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

## 3 Developed and Delivered in Partnership

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

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

#### 4 Our Proposition: Ambition, Innovation and Accountability

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

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

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

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

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

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

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

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

- The LCR Recovery Platform will recycle funds and lever private investment at the fund, sub-fund and project levels, increasing value to the public purse. It will marry our public sector as an "intelligent client" with our private sector as aligned, responsible investors and experts. With vastly enhanced commercial acumen, an existing distribution mechanism and focus on City Regional SMEs, high growth companies and key economic infrastructure development, it meets requirements our evidence base shows to be missing. This approach, with its recycling and risk alignment, will reduce the public funding requirement now and in future.
- Our Recovery risk capital proposition will provide risk finance to companies able to recover, grow and generate jobs without the need for equity valuation or negotiations. It is based on a warrant structure, developed by a team with decades of investment experience, can be distributed quickly and at scale with a risk alignment and potential to recycle. It is more efficient than grant and simple to monitor.

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

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

## 5 Understanding this Plan

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

1. **National programmes delivered nationally.** Such programmes will include Her Majesty's Treasury's work with the tax or banking system to support businesses in the recovery phase. In these cases, we will work with Government on the successful co-design of programmes to maximise their impact locally. We address these national-national programmes in the "Engagement with Government" section of each recovery theme.
2. **National programmes coordinated or managed locally.** We in the City Region are best placed to understand our labour market, our skills and education needs, our housing market, our cultural offer and the growth potential of our business base. Where Government considers national programmes designed to support these, our response will be to seek local coordination and management, collaboratively, proactively and with due accountability, again to maximize their beneficial impact. We address these national-local programmes in the "Engagement with Government" and "Local Interventions" sections of each recovery theme.
3. **Local programmes delivered locally.** Some programmes are needed to respond to our unique local challenges or opportunities. These interventions, such as tailored business support or new economic infrastructure, simply require devolution of funding and local delivery. We address these local-local programmes in the "Local Interventions" section of each recovery theme.

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

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

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

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



## Economic Impact Summary

### 6 The Liverpool City Region's Economy

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

Figure 1: Business Growth Rate

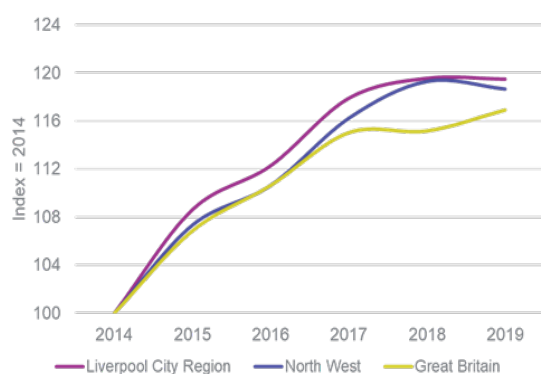


Figure 2: LCR Unemployment Rate



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

Liverpool City Centre has been crucial to this economic progress. It has been the largest employment-generating area driven by its growth as a globally significant leisure, cultural, retail and tourism centre, and has also benefitted from residential development investment which has driven the growth in housing supply in the last decade. It is home to our universities and provides high-value, knowledge-intensive jobs that can gain from agglomeration benefits. Combined with the complementary strengths of our other local authority areas, the City Region's economy has diversified

successfully, and real expertise has emerged in infectious disease control, materials innovation, high-performance computing and artificial intelligence. This upward trajectory and economic positioning of the City Region must be protected.

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

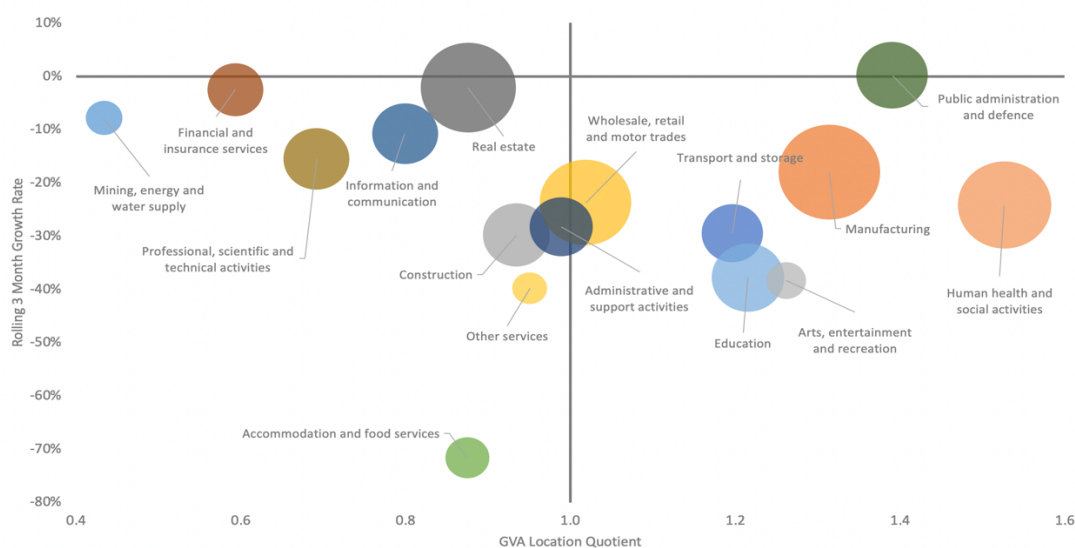
## 7 Local Economic Impact

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

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

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

Figure 3: Sectoral impact of COVID-19 in LCR



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

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

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

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

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

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

Figure 4: Prevalence of COPD by Local Authority



The pandemic has exposed health inequalities across every part of the country. Health outcomes in the City Region are particularly stark and among the poorest in the country. This inhibits the number of people able to work either directly or through caring responsibilities, and is a social, economic and financial challenge that will only worsen as a result of the pandemic. The high prevalence of long-term

conditions such as chronic obstructive pulmonary disease (COPD, Figure 4), asthma, heart disease and chronic kidney disease increases the risk of long-term complications from COVID-19. The disproportionately high number of deaths in the Liverpool City Region also increases the mental health impact the pandemic will have on the City Region’s residents.

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

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

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



## Opportunities to #BuildBackBetter

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

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

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

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

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

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

One of the most positive impacts to come from the crisis is the increased connectivity of people with their local communities. More people than ever are making greater use of their local shops and services. This has allowed small, local businesses to continue throughout the crisis and reduced the likelihood of these much-loved community businesses closing. We want to ensure people continue to support their



local businesses and push forward wider objectives relating to community wealth building, social value and the creation of a more diverse and ethically responsible business base. This ties into creating places of distinction in our towns and district centres that provide an individual offer but, when promoted together, make up a bigger picture of a thriving and creative City Region.

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

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

We commit to the following six principles:

**Principle One: A truly inclusive creative economy**

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

**Principle Two: Social value**

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

**Principle Three: Environmental sustainability**

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



#### **Principle Four: Health, wellbeing and equality**

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

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

#### **Principle Five: Meaningful engagement with our communities**

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

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

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





## The Business Ecosystem

### 8 National Context

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

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

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

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

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<sup>1</sup> Third and public sector organisations are in the same position.



## 9 Liverpool City Region Context

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

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

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

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

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



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

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

## 10 Engagement with Government

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

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

- Reflect the uneven return of demand and capacity across different sectors, with additional financial and targeted business support for the most exposed sectors. The culture, visitor economy and manufacturing sectors are key to us.
- Provide support to enable digitalisation of all businesses, but particularly focused on the long tail of low productivity firms. A co-designed programme could build on our locally successful LCR4.0 programme. The right level of support will ensure that all businesses have access to every tool possible to quickly change, adapt and digitise.
- Co-develop, through STFC and Innovate UK, an AI diffusion programme for early and late majority Liverpool City Region companies, potentially as a national pilot.



- Use the banking and tax systems to help recapitalise businesses at risk or incapable of growth due to equity erosion.
- Support investment in research, innovation and commercialisation to drive long-term prosperity. Such funding must be better connected to place and the simultaneous initiatives of the Combined Authority and its partners.
- Recognise our universities' unique challenges and act quickly to provide certainty to replace European programmes like Erasmus, Horizon and the fall in international student numbers. This is mission critical to economies like ours where our universities are large employers, cultural anchors, talent providers and leaders in our push towards knowledge intensity. This means acting quickly to support emergent research programmes, investing in translational research which boosts local economies, and embracing the benefits international students bring as part of a truly global Britain.

## 11 Local Interventions – Business Ecosystem

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

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

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

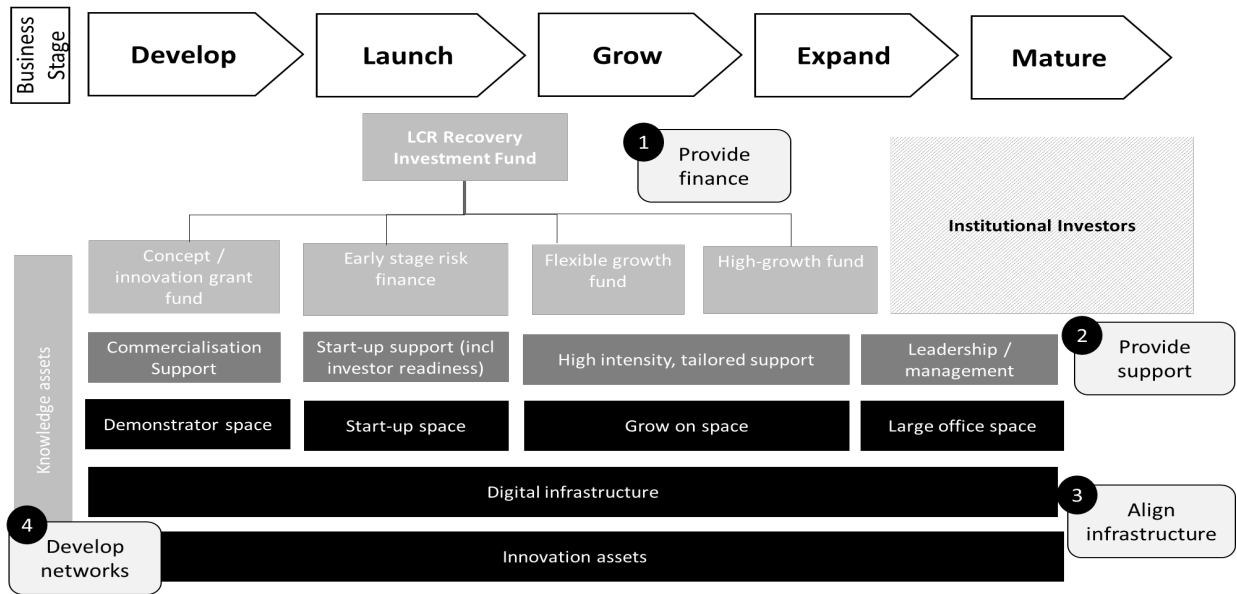


2. We must use the pandemic as an opportunity to rethink the delivery of business support so that it is focused on real business needs during recovery. This includes access to highly qualified finance and resilience advice (building on our privately led and highly rated Mettle and Sustain programmes, and the Growth Hub -> Local Growth Hub model), peer to peer support, investment readiness, digitalisation, organisational change and both domestic and global market development.
3. We have a very significant array of innovation assets, and facilitating access to these, plus suitable innovation space, will become more critical as business models adapt and respond to new growth areas in the economy. Government have set a national target to spend 2.4% of GDP on research and development. Knowledge intensive economies have a significant role to play in this and the pandemic provides an opportunity to change the course on funding and commercialisation of innovation. The City Region's ambition is to reach 5% of GVA by 2027, by committing to radically improving both our business innovation culture and the interconnectedness of our ecosystem, plus associated linkages to our distinctive Research & Development assets, while delivering the projects we name in the infrastructure section below. Growing our research and development infrastructure will also help us to address a range of socioeconomic challenges.
4. Network development will enhance the effectiveness of the ecosystem enabling knowledge sharing and spill-over effects.

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



Figure 5: Framework for Improving the LCR Business Ecosystem



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

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

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



The finance of this fund will focus on:

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

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

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

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

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



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

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

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

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

## 12 Local Interventions – Economic Infrastructure

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

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





disruption in the industry currently presents, including emerging innovations in sterile recycling in the light of the current pandemic.

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

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

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

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

**Glass Futures (£54m project):** An industry backed Research and Technology Organisation leading collaboration across some of the largest companies in the global glass industry, together with academia and government. Glass manufacturing practices are currently responsible for ~2million tonnes of CO<sub>2</sub> per annum in the UK alone and the 90,000 square foot facility will be centred around a 30 tonne/day low



carbon demonstration furnace. The project will create the world's first openly accessible, commercially available, multi-disciplinary glass melting facility with provision for research and development trials to decarbonise the UK glass industry.

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

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

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

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



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

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



## People Focused Recovery

### 13 The National Context

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

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

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

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

### 14 The Local Context

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

Despite this, the City Region already had some of the poorest health outcomes in the country, with high numbers of socially and economically vulnerable people and extensive, persistent health inequalities. Almost 70,000 people in the City Region were not seeking work as the result of both poor physical and mental health,



constraining economic performance and productivity. Every local authority in the City Region has a higher prevalence of mental health disorders than national levels.

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

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

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

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

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



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

## 15 Engagement with Government

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

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



- A national digital poverty programme, which improves access to digital connectivity and devices for those that need it;
- A community and voluntary sector resilience programme which provides the right infrastructure and financial resource for the sector to engage with those impacted by the pandemic (separate to the broader support for social economy through Kindred);
- An enhanced schools catch-up programme to help pupils make up the lost learning, to ensure that young people are not permanently disadvantaged;
- A Liverpool City Region creative curriculum to capture the talent of young people in the City Region. Such as Creative Enterprise Allowance, a pilot fund to provide non-refundable grants to freelancers, artists and creatives to supplement their existing income and allow them the time to focus on setting up new business and creative ventures.

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

## 16 Local Interventions

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

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



provide immediate support to those who become unemployed, while continuing to support existing unemployed residents.

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

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

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

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





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

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

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

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



## 17 The Place We Find Ourselves

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

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

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

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

## 18 Culture and the Visitor Economy

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



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

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

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

## 19 Housing

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

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

## 20 Community Institutions

We are home to nearly 8,500 voluntary organisations, community groups and social enterprises, working to tackle inequalities and improve the lives of local people. The community response and significant uptake of volunteering opportunities across the City Region to help support the most vulnerable in our communities during the



pandemic has been phenomenal. The establishment of LCR Cares, with over £1.53 million raised and distributed to date, has highlighted the need to help and support our communities. We want to maintain this momentum and continue to support our community and voluntary sector to self-organise and build its capacity to thrive and develop post COVID-19.

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

## 21 Town Centres

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

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

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

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

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



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

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

## 22 Shared Focus on Town Centres

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

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

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



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

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

- Huyton Commercial District (£20m), for which Knowsley Council is planning a £132m redevelopment of a seven acre, publicly owned brownfield site adjacent to the rail station and main road network - a ‘key and intrinsic’ part of the town centre. The plan is to deliver a new mixed use development that will include 320,000 square feet of office and commercial space. Its aim is to improve local amenity and capitalise on the town’s excellent transport links, completing the trio of successful town revival initiatives in the borough.
- Bootle town centre, for which Sefton Council has initiated a comprehensive regeneration programme through acquisition of the anchor Strand shopping centre. With Homes England, supporting social enterprises, registered providers, the Canals and River Trust and private investors, the plan foresees a reconnection to the historic canal with improved leisure and living options, and a refreshed value proposition for its existing and well-connected office accommodation.

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

## 23 COVID-19 Connecting Places

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



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

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

## 24 Engagement with Government

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

- A national strategy and programme of activity to support the resilience of the cultural and visitor economy and support its transition to the new normal; this should include targeted support for those sub sectors which are unable to reopen, modifications to tax relief and marketing campaigns;
- Repurposing of the Tourism Sector Deal to make it more appropriate for the new environment;
- Funding for destination management organisations to overcome losses in commercial funding;



- A national destination programme which enhances the vibrancy and attractiveness of local places through culture led initiatives. We are developing a framework in the City Region that can be replicated in other parts of the country;
- A financial package of support for the voluntary and community sector, beyond the welcome but insufficient £750 million announced, to support its resilience and enable it to manage the mounting pressure the pandemic places on it;
- A framework to scale the Liverpool Without Walls pilot nationally;
- Expedited release of heritage monies to support the place agenda and construction employment;
- Engagement with Government on relocation of civil servants out of London with potential to reanimate centres including Bootle.

## 25 Local Interventions

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

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

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



growth and new ideas. There is an opportunity to build on this pilot to scale it in Liverpool and across the City Region.

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

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

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

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



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

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

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



## A Green Recovery

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

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

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

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

## 26 Engagement with Government

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



term development funding support for our ambitious programme of green recovery investments.

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

Our engagement with Government will comprise the following:

- Recognition of tidal power's potential contribution to the North West's and UK's energy mix as a deliverable, predictable and economic source of power;
- Continuing to dis-incentivise carbon emitting power generation and supporting/subsidising clean energy replacement;
- Continued support of Government to fund temporary and permanent repurposing of highway space towards active travel;
- Policy support for a new and more compelling domestic "green deal" to support retrofit;
- Bringing forward the Future Homes standard for new housing from 2025 to 2023 and allow devolution of legislative powers to allow local places to do so to meet their targets;
- Leading and encouraging a shift in appraisal assumptions, particularly in the use of Green Book to directly favour a net zero investment case in economic appraisal and capture true value of measures;
- Devolution of skills budgets coupled with strong national regulatory targets would enable our economy to have confidence in skilling/capacity building which would build-in local expertise and jobs in the "green" economy, e.g. reskilling redundant workforce to work within the economic assets proposed for local delivery;
- Devolution of tree planting and conservation funding announced under Government's pledge to reforest Britain. This would align with Mersey Forest Partnership's programme to "Grow Back Greener" as part of a wider Northern Forest, providing a natural carbon sink while providing opportunities for our visitor economy.



## 27 Local Interventions

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

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

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

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

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



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

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

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

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

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

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



**LIVERPOOL  
CITY REGION**  
COMBINED AUTHORITY

**METROMAYOR**  
LIVERPOOL CITY REGION



**Liverpool City Region**  
Local Enterprise Partnership

