

The Liverpool City Region

Transforming Our Economy

THE STRATEGIC PROPOSALS

May 2005



Leading learning and skills

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THE LIVERPOOL CITY REGION – TRANSFORMING OUR ECONOMY

The Liverpool city region development programme has been assembled under the overview of The Mersey Partnership, (the sub-regional partnership), through an operational group chaired by Liverpool City Council and comprising the local authorities of Wirral, St Helens, Knowsley, Sefton and Halton, Merseytravel, GM Learning and Skills Council, The Mersey Partnership and Merseyside Policy Unit.

Significant contributions have also been made by Liverpool University, Liverpool John Moores University, the City of Chester, the Cheshire and Warrington Economic Alliance, Flintshire, Wrexham, and West Lancs. Comments have also been received from a wide range of partners from across the City region.

This economic strategy has been produced alongside work on the Regional Spatial and Housing Strategies, the Merseyside Local Transport Plan and the review of the North West Regional Economic Strategy. It sets out an initial analysis of the city region and presents a strategic and action framework for further development. Appendix 1 comprises more detailed action priorities.

The main report is underpinned by an economic baseline report and a preliminary assessment of the economic prospects for the city region, set out in Appendix 2. This has the status of 'work in progress. We recognise that economic forecasting, particularly undertaken at a local level and over a long time horizon is remarkably uncertain. In this regard, the supporting analysis can only provide an initial context to consider how the city region economy might look in the future. This work will be subject to further refinement as partners undertake more detailed broadening of the individual investment programmes over the coming months.

May 2005

FOREWORD AND EXECUTIVE SUMMARY

Introduction

Our aim is to improve the economic future of the Liverpool City Region for all our residents and businesses. In doing this over the next twenty years we will contribute to the growth of the North of England economy and help reduce the economic gap with the rest of the UK.

The Liverpool City Region is already established as an important economic driver for the North of England. The Liverpool City Region is a distinctive and internationally recognised brand. It is of pivotal importance as a strategic sea and air gateway into the European Union. Alongside its substantial economic base, the city region also has significant potential for the expansion of its strategic economic, knowledge, cultural and connectivity assets.

The city region comprises the Core City of Liverpool and local authority districts of St Helens, Wirral, Knowsley, Sefton, and Halton plus the adjacent areas of Warrington, Chester, Ellesmere Port and Neston (West Cheshire), and North Wales and West Lancashire. There are also strong economic interrelationships with the Manchester city region. Its markets inter-act over a much wider catchment area; 6.75 million people live within 60 minutes drive time from Liverpool City Centre. The city region economy contributes a 40% share of the North West region's GVA and 34% of its jobs.

The Liverpool City Region is an economy on the move. *The core city region economy is amongst the fastest growing regions in the UK with the following key features:-*

- In the most recent year the economy of the core of the city region grew by 6% (Gross Value Added (GVA)); and GVA per capita grew 6.2%: higher than any other region in the UK except for Inner London.
- However, per-capita GVA levels remain lower than the UK.
- Between 1998-2003, 46,352 new jobs were created – a rate of growth of 9.4% outstripping the North West (7.5%) and UK (5.9%).

Liverpool is the economic centre with a stabilising population of 442,000 and 217,000 jobs. As the key economic driver, Liverpool achieved a 7.2% growth in both GVA and GVA per capita in 2002, outperforming national, regional and all other Core Cities' growth rates.

The outer parts of the city region, embracing West Cheshire, Warrington and North Wales also provide a significant economic asset base to support the transformation of the economy. They have high levels of productivity and several very important clusters and sectors including automotives, aerospace, chemicals and professional services.

Key Assets & Challenges

In addition to its combined economic strength the city region has major potential for the expansion of its strategic cultural, knowledge and connectivity assets including:-

- **An outstanding critical mass of culture, sporting, heritage, leisure, natural environment and retail assets** including the programme for delivering Liverpool's European Capital of Culture 2008 and realising the unique coastal assets of the Mersey Waterfront Regional Park.
- **Its sea-board location and role as the seaboard gateway for trade and people into the North West, North Wales and North of England**, Key assets include the Ports of Liverpool and Liverpool John Lennon Airport.
- **An internationally significant knowledge economy** through its three Universities, Health related research; the Daresbury Science and Research Park, Liverpool Science Park and the National Bio-manufacturing Centre.
- **Premier business locations** including Liverpool City Centre; 7 Strategic Investment Areas and two Economic Development Zones; Chester Business Park and Deeside Industrial Park.
- **Internationally and nationally significant clusters** – Aerospace, automotives, Life Sciences, chemicals and ICT and sub-regionally important sectors including maritime, tourism, professional services, environmental technologies, creative industries, construction, food and drink and health.
- **A quality living environment of exceptional variety and choice** – from city centre living in Liverpool, the heritage of the City of Chester, to the coastal towns and resorts of Southport, New Brighton, and North Wales, and attractive town centre, suburban and rural settlements.

But we also have big challenges to overcome.

Our major priority is to focus on sustaining and accelerating economic growth as our primary ambition. We must work to accelerate our Gross Value Added to the point at which it becomes achievable to close the gap with the UK's overall performance – and to lead the North in our output and productivity performance.

We must do more on the significant levels of worklessness and poverty experienced in parts of the city region. We have 300,000 people who are economically inactive and although our target for growth will deliver the jobs, we have to ensure that a good proportion of our people, including future generations, can take up these opportunities. People's talents currently trapped in concentrations of worklessness must be unleashed. We will require essential transport infrastructure to be installed to help bring people and job opportunities closer together.

Vision

Our Vision is to regain our status as a premier European city region by 2025. We will secure an internationally competitive economy and cultural offer; and outstanding quality of life; and vibrant communities contributing to and sharing in sustainable wealth creation.

To reach our vision we will pursue action and investment in five strategic priorities, undertaken with an outward looking and collaborative approach:

- The Premier Destination Centre.
- The Well Connected City Region.
- The Creative and Competitive City Region.
- The Talented and Able City Region.
- The City Region of Sustainable Neighbourhoods and Communities.

Strategic Priorities and their key actions

□ **The Premier Destination Centre.**

An exceptional critical mass of cultural, heritage, leisure and sports attractions. Key investments include:

- effective national and North of England marketing of Liverpool Capital of Culture 2008
- sustaining the investment in Mersey Waterfront Regional Park's unique range of coastal assets to create a new sense of place that attracts tourists, businesses, and investors to the city region and reduces the outflow of our talented young people.

□ **The Well Connected City Region.**

The sea and air gateway to the North West, connecting North America, Ireland and Northern Europe and serving international, national and regional markets, investors and visitors. Key investments include:

- Developing the Port of Liverpool as the International Sea Gateway to the North of England ;
- Infrastructure investments to support the expansion of Liverpool John Lennon Airport.
- The Mersey Gateway will provide a new road bridge crossing of the River Mersey between Runcorn and Widnes to improve and modernise road access to the city region
- Enhanced Rail connections including improvements to the West Coast Main Line; Trans-Pennine routes and Lime Street Station and Gateway.

□ **The Creative and Competitive City Region.**

A world class science, innovation and R&D base, a 21st century business environment; and productivity levels on a par with the UK. Key investments include:

- Research and Development - addressing knowledge transfer and commercialisation of research ideas within the HE and business bases, particularly in our health and life sciences strengths.
- Focus Clusters will enable world class clustering infrastructures in our key areas of global industrial strength.
- Pervasive Productivity will work to secure a step-change in raising the productivity of our wider business base.
- Public Sector Excellence - modernising public services, and maximising its role as a major purchaser of goods and services for the benefit of the City Region.
- 21st Century Sites and Premises - delivering a diverse range of modern and flexible sites, capable of meeting the needs of modern businesses.
- Environmental technologies – developing the region’s unique potential for excellence in environmental technology/performance, expanding the knowledge base, and achieving international recognition for centres of excellence in selected sub-sectors

□ **The Talented and Able City Region.**

Key investments include: Full Employment in the City Region which will tackle concentrations of worklessness through an accelerated process of up-skilling and employability and Skills for the City Region, to develop a highly skilled and flexible workforce.

□ **The City Region of Sustainable Neighbourhoods and Communities.**

Key investments include: Expanding the quality and choice of our housing offer; and enhancing our residential areas to sustain and reflect economic growth. We also recognise that ‘health is wealth’ and aim to make a significant improvement in the health prospects of our people.

Conclusion

Recently the Liverpool City Region has begun to see significant economic growth, marking the first steps of our economic transformation and the resumption of our status as a premier and distinctive European City Region. The City Region is building on this success and developing the masterplan for sustained and accelerated economic growth for decades into the future. Growth will be achieved through step-change productivity increases; rising numbers of new businesses for the long term and a greater part played in the economy by the wealth-generating private sector; delivered by a root-and-branch improvement in the skill level of our workforce.

Alongside economic growth we intend to deliver the social benefit brought by good, varied housing; a focus on health; transforming educational standards; and the important work being done to bring into economic participation those currently excluded from the labour market. In addition, we focus on realising the environmental and quality of life advantages of maximising the cultural, heritage, sports and leisure, waterfront and green space assets in which the Liverpool City Region is so rich.

The success of the Liverpool City Region is of essential importance to our residents, certainly; and is of pivotal impact in the North West and the North's economy too. With the investment in our economic assets fully developed - we will be reclaiming our position as one of the premier European urban centres.

A TRANSFORMING CITY REGION

The Liverpool city region is a distinctive urban area, internationally recognised through Liverpool's attack brand. It is of pivotal importance to the North West Region and the North of England because;

- it is a major economic driver and is already making a significant contribution to the international profile and economy of England's North West – its combined economic strength currently contributes 40% of the region's GVA and 34% of its jobs;¹
- it is a strategic sea gateway for the north of England and Wales to the world and has an excellent range of international connections through its businesses, people and networks;
- it is developing as the cultural capital of the North; and
- more importantly and looking to the future, because it has significant potential for expansion of its strategic economic, knowledge, cultural and connectivity assets;

The Liverpool city region has a mixture of strong and weaker economic centres and sharp contrasts in productivity and quality of life. Well established and strong local economies interact with the dynamic resurgence of the conurbation core. Alongside some of the UK's best economic performance are found some of the most severe instances of market failure (housing, skills levels, worklessness and deprivation).

Cities and city regions – engines of economic growth

Cities and city-regions are central to driving the sustainable competitive advantage of UK plc. Strong and vibrant urban economies are the economic motors of well performing regions and they are the key building blocks of the strategy to build the knowledge economy which is essential to the future prospects of the country and to the challenge to the city region of contributing to closing the productivity gap between the North of England and the rest of the UK.

Emerging from a period of recovery from structural changes in the national economy thirty years ago, British cities and their conurbations are rapidly transforming into dynamic economic and cultural centres, increasingly showing their promise of being able to compete with their counterparts in Europe and the rest of the world.

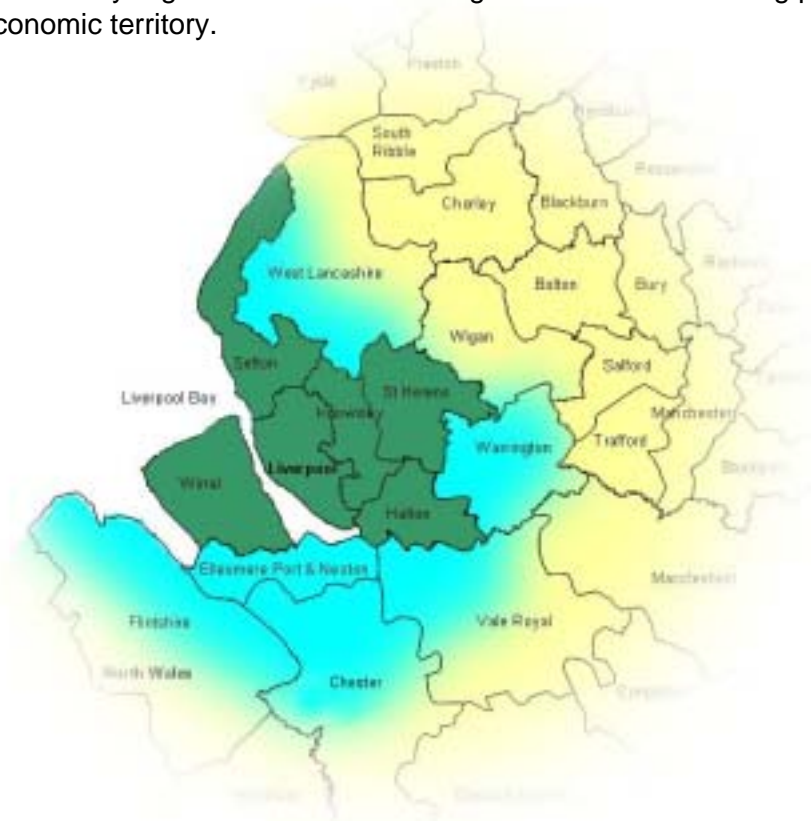
As the major centres of population and economic activity city regions are catalysts in driving regional and national economic performance. Today European and UK policy gives centre stage to developing, maintaining and supporting the conditions for the renaissance of cities and city regions. This will provide fertile ground for businesses to invest, innovate and grow, to attract and retain residents in localities of quality housing and education and other amenities and to enable all communities to contribute to and share in sustainable prosperity and high quality of life.

¹ At this stage of development the CRDP draws mostly on data for the key administrative areas (Local Authority Districts and NUTS). The GVA and jobs figures are for the whole LAD areas.

This approach is above all not about traditional administrative boundaries but rather the development of a clear collaborative focus on the territory occupied by economic relationships – on optimising all the assets and opportunities (and overcoming the constraints) at the spatial level where the investment and action will have the greatest impacts. It is part of new emerging European, national and regional policies to drive up productivity, competitiveness and jobs.

Defining the Liverpool city region

Understanding the make-up and complex dynamics of the Liverpool city region and its relationship with the city regions of the North of England is a critical starting point in charting the economic territory.



The Liverpool city region has a complex and varied economic landscape with three primary spheres of economic activity, each different in nature, character and position in its own development trajectory, but linked together through some clear economic relationships:

- Liverpool lies at the heart of a traditional urban agglomeration, with a history strongly embedded in international commerce, manufacturing and transport, shaped by its strategic sea-board position. One of the country's richest cities at the start of the last century, it has faced the full weight of the forces shaping the decline in manufacturing evident across the UK in the last thirty years. Liverpool city centre is the economic, commercial, transport, cultural and retail hub, extending to Bootle and Birkenhead. Liverpool's resurgence in recent years – and in particular the vibrant renaissance of the city centre – is a vital ingredient in shaping the future prospects of the city region which it serves;
- The urban core of the city region comprises the areas of Liverpool, Wirral, Sefton, Knowsley, St Helens, and Halton which together form the Merseyside Sub Region.

Ellesmere Port and Neston have an important economic relationship with the core areas, and particularly the maritime economy, but their economic and social profile is closer to that of Chester.

- Chester and Warrington are different in role, scale and function:

Chester lies at the heart of one of the most productive areas in the North of England. It is an established and balanced knowledge economy and retail centre and has developed an important financial services sector outside the urban area of the North West.

Warrington has grown significantly since its establishment as a new town. Located midway between Liverpool and Manchester and positioned well in terms of North/South transport links, it has evolved into a competitive location for the service sector and advanced manufacturing activity; and

- Around this triangle lie areas that interact with each of these nodes – West Lancs to the north east, including Skelmersdale and the M58 corridor, and North Wales to the south west, including Flintshire and Wrexham with their highly developed manufacturing sectors along with Denbighshire.

Census analysis provides some indication of the extent of interaction between the Liverpool² and other city regions (CR) in the North West. The future development of the CRDP will include a better understanding of all of the key market relationships which operate across this economic geography.

Taking these areas together as currently defined, the Liverpool city region is an area of some two million people and 900,000 jobs. Its markets interact over a much wider catchment area; 6.75 million people live within 60 minutes drive time from Liverpool City Centre.

Within the Liverpool CR boundary, patterns of commuting indicate three primary employment areas – Liverpool, Warrington and Chester. These are the only three areas with large net in-commuting flows, though the draw of Liverpool is significantly greater than the other two and Warrington is more significant than Chester.

Liverpool is the economic centre with a population of 442,000 and 217,000 jobs. It imports 70,000 workers from the rest of Merseyside and some 17,000 from outside the wider surrounding economic area - across almost all of the key occupational groups. With 87,000 workers in-commuting to the city and 40,000 Liverpool residents travelling out of the city to work, Liverpool is a net importer of 47,000 workers.

Liverpool in-flows are primarily drawn from Sefton, Knowsley and Wirral while Warrington flows are dominated by St Helens and Halton and Chester flows dominated by Ellesmere Port & Neston and Wirral.

Liverpool also has an important network of regional, national and international trading links and its supply chain links which span the globe, and many thousands of foreign students

² The Liverpool CR does not include Denbighshire, Flintshire & Wrexham in this analysis.

at its Universities and the School of Tropical Medicine. Over 60 languages are spoken in the city.

The major 'source' districts are Wirral, Sefton and St Helens. Commuting flows from the Wirral are dominated by Liverpool though Ellesmere Port & Neston and Chester also feature. Sefton outflows are also dominated by Liverpool though moderate flows are also evident to West Lancs and Knowsley. Finally, St Helens outflows are primarily directed at Warrington, Knowsley and Liverpool.

There are similar important flows between Wirral, Ellesmere Port, Chester, Flintshire, Denbighshire and Wrexham to the south. Cheshire and Warrington interact closely with both Liverpool and Manchester and there is a strong relationship between Halton, St Helens, Knowsley, Warrington and Wigan. West Lancs straddles both the Liverpool and Central Lancs city region areas.

In terms of Liverpool city region residents working in other city regions, some 13% of managerial workers travel to other CRs. This figure falls away substantially as one progresses down the occupational hierarchy – only 4% to 6% of lower order occupations work in other CRs. In terms of destinations, interaction is significantly higher with the Manchester city region than the Central Lancashire region.

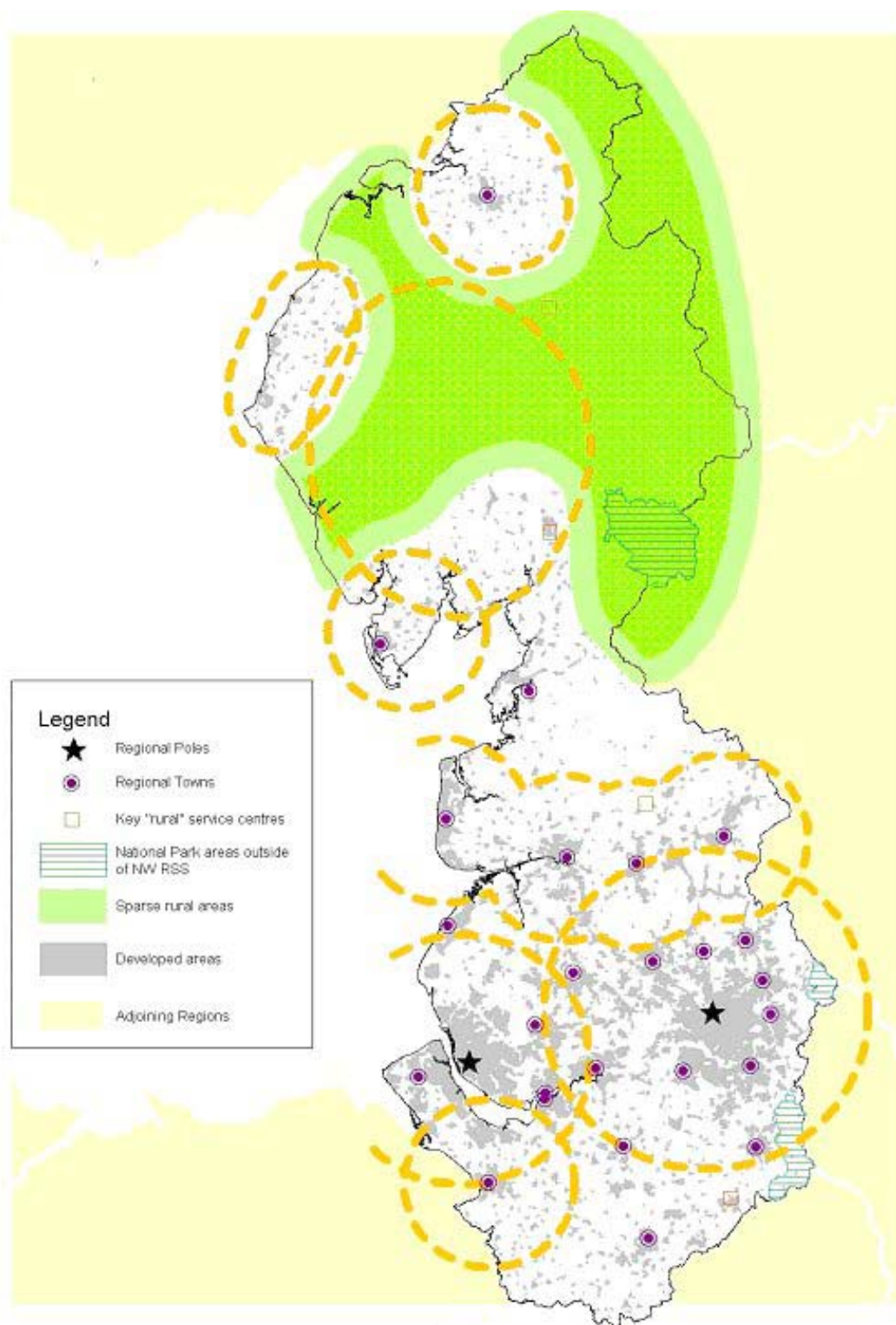
Exactly the same analysis can be applied to residents of other CRs working in the Liverpool city region and the profile is very similar - some 13% of managerial jobs in the Liverpool CR come from other CRs and this figure also falls away substantially as one progresses down the occupational hierarchy. In terms of destinations, interaction is again significantly higher with the Manchester city region than the Central Lancashire region.

Liverpool city region – headline data

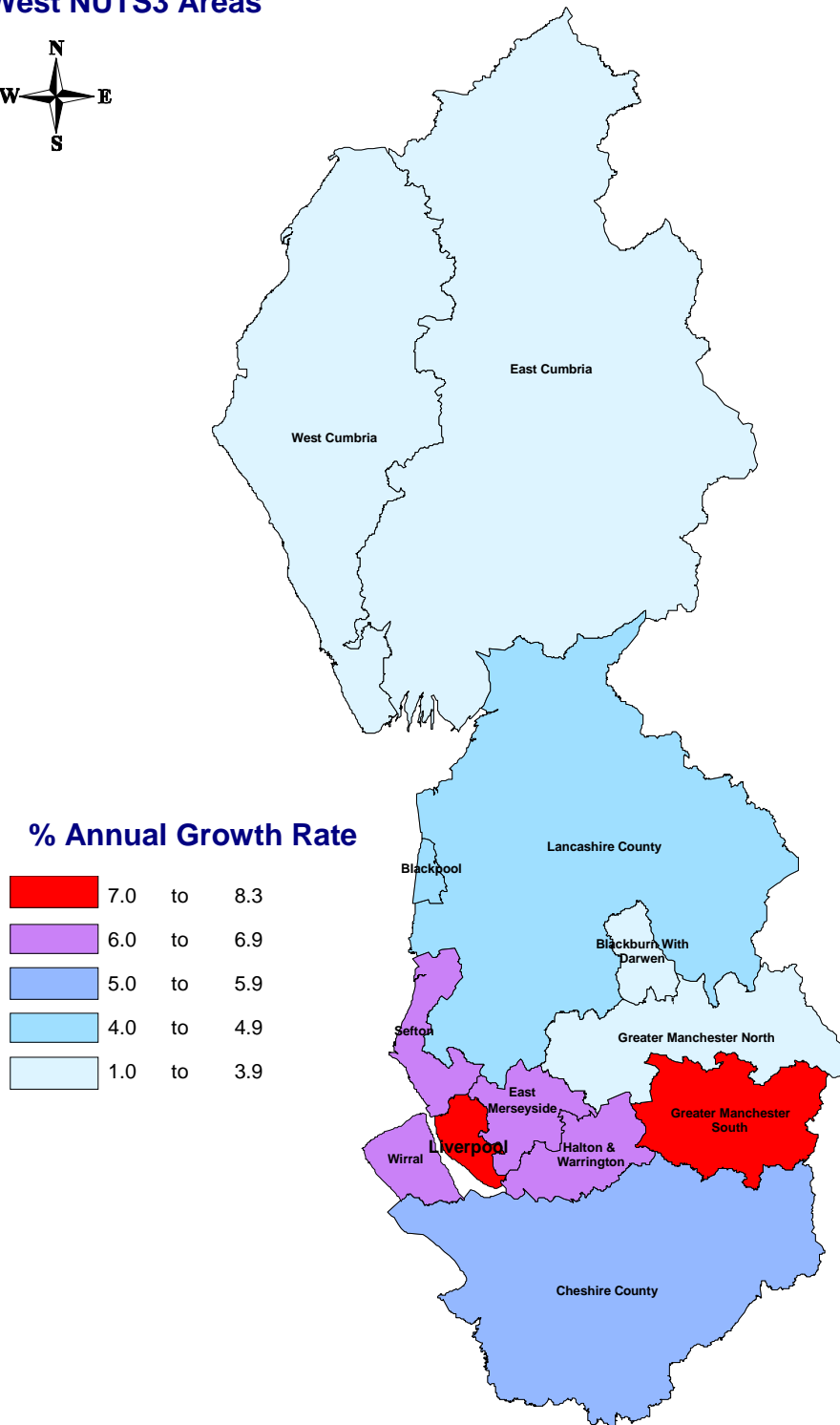
Area	Population (000)	Jobs 2003	VAT Businesses 2003	GVA 2002 (£ million) (% change 1995-2002)	GVA 2002 per capita £ (%UK)	GVA per capita % change 1995-2002
Liverpool	441.8	217,064	8,085	6,085 (+43.1%)	13,776 (90)	+50.60%
Knowsley	150.2	54,217	1,755	3,411 (+44.9%)	10,415 (68)	+46.4%
St Helens	176.7	63,279	3,075			
Sefton	281.6	106,065	5,485	2,861 (+38.6%)	10,152 (66)	+42.10%
Wirral	313.8	101,311	5,455	2,902 (+39.6%)	9,232	+44.90%
Halton	118.4	51,833	2,170	5,330 (+43.5)	17,170 (113)	+43.2%
Warrington	193.2	108,580	5,005			
Ellesmere Port /Neston	81	34,741	1,455	Cheshire Value 16,953 (+41.4%)	Cheshire Value 17,205 (113)	Cheshire Value +40.0%
Chester	119.1	70,667	3,985			
Denbighshire	94.9	33,716	2,910	(Plus Conwy) 2,043 (+32.4)	(Plus Conwy) 10,001 (64)	+28.9%
Flintshire	149.4	59,514	3,840	(Plus Wrexham) 4,074 (+27.5)	(Plus Wrexham) 14,654 (94)	+23.9%
Totals	2,120	900,987	43,220	-	-	-

(NB; West Lancs not included in this table because of difficulties of disaggregating official data to the required spatial levels).

The interaction of these over-lapping local economies in the North West region is illustrated in Map 1 – (prepared by NWRA as part of the emerging Regional Spatial Strategy).



GVA per Capita Average Growth Rate per Annum (1995-2002) – North West NUTS3 Areas



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Economy

With recent growth rates in excess of the North West region, and in some cases above the UK, the Liverpool city region makes a significant contribution to the regional economy and to starting to close the gaps with the rest of the UK. The challenge for the medium term is to drive up performance and productivity to an extent which enables the Liverpool city region to become internationally competitive.

Appendix 3 sets out the initial assessment of the city region's economic performance and future prospects which has informed this strategic prospectus. The current headline economic indicators confirm the solid foundations for future growth as well as highlighting the weaknesses which constrain the potential.

Economic profile

The City Region is a mix of differing industrial structures. Assessing the 'importance' of sector profiles through share of employment and concentration (location quotients), the overall profile of LCR is intriguing in that no manufacturing sector stands out – it is retailing, hotels and restaurants and land transport along with public and business services that are defined as the high share and high concentration sectors.

However, the strategic issue for the city region is the future prospects of those clusters and sectors which have the potential to propel it into a highly productive, modern knowledge and business services based economy. This is not just a matter of the current scale of activity or output. For example, the bio-technology sector in Speke, Liverpool, is relatively small in contrast with other clusters in the city region but it is the largest concentration of bio-manufacturing in Europe. Its connections with University and private sector R&D and with the National Health Service all form part of a wider context of significance. The challenge for all the sectors in the city region will be their capacity for innovation, increased productivity, adaptability to global market conditions – at a scale and with a scope which enables them to compete nationally and internationally.

The analysis which follows is therefore a baseline profile, set out to provide the current economic context. It shows the variety across the city region.

Manufacturing sectors are in evidence across various sub-areas:

- food drink and tobacco in Chester, West Lancashire, Wirral and Flintshire;
- manufactured fuels in Warrington;
- chemicals in Halton, Warrington, Chester and Flintshire;
- mechanical engineering in West Lancashire and Knowsley;
- motor vehicles and related in Warrington and Knowsley;
- Aerospace in Flintshire.

In terms of non-manufacturing sectors, notable profiles include:

- construction in Warrington, Chester, Ellesmere Port and Neston and Flintshire;
- hotels and catering in Vale Royal, Chester, Liverpool, Sefton, Wirral and Flintshire;

- land transport in all but Vale Royal, Warrington, Sefton and Wirral;
- communications in Halton, Warrington and Ellesmere port and Neston;
- banking and finance in Vale Royal, West Lancashire and Sefton;
- insurance in Liverpool and professional services in Ellesmere Port and Neston;
- business services in Halton, Chester, Ellesmere Port and Neston, Knowsley, St Helens and Wirral;
- public services in most areas with the exception of Halton, Warrington. Ellesmere Port and Neston and Flintshire.

These patterns demonstrate the complexity of the city region with sub-areas that are very different in terms of high presence/high concentration sectoral composition. The sectors that have the most common presence across sub-areas are (in order of commonality) land transport, education, retailing, hotels and restaurants, other business services, health and social work, public administration, construction and distribution, food and drink and chemicals.

The fact that manufacturing sectors are identified in sub-areas but not the overall LCR profile is a reflection of the changing nature of the CR economy. A number of manufacturing sectors have location quotients greater than 1 but also have a relatively small share of local employment – they have above average concentration but a small local presence, a process typical of transition.

Economic performance

- Gross Value Added (GVA) – is the principal measure of the financial value generated by industries in an area. GVA and GVA per capita growth rates in LCR have been high in recent years, exceeding those of the North West as a whole;
- Business start-ups relative to existing stock have been strong with evidence of strengthening performance in very recent years;
- Business survival rates are high and in most areas are higher than the North West average;
- Inward investment is stable with continued ability to attract FDI despite vastly increased competition;
- Relatively large numbers of jobs have been created in recent years with much of the loss from manufacturing decline offset by growth in public services;
- Overall population trends have become much more encouraging with working-age population growing in many areas. Alongside this, the working age population will decline over the next 20 years with some key policy implications to be addressed in the immediate to medium term;
- Unemployment continues to fall with marginal narrowing of the differential with the UK;
- The cost base of the city region is moderate with property, land and wage costs competitively priced; and
- Port and air transport activity remains strong and expanding;

Within the context of these positive trends, however, there lies a set of much more complex issues that continue to condition, if not challenge, the future direction of the city-region:

- While GVA performance has been strong, most parts of the LCR lie some way behind national GVA per capita levels. The core conurbation area, for example, has an overall GVA per capita level that is some 73% of that for the UK³. Whilst this area, and particularly Liverpool (with GVA per capita of 90% of the UK and average growth per annum of 6.2% between 1995 and 2002), has shown some of the fastest growth in the UK in the last five years, accelerated high growth over many years is required to merely erode such differentials;
- Analysis of business density shows a substantial variation. Parts of the city-region are comparable with the North West, but most have densities that are lower and evidence shows that lowest densities are in, or close to, the core urban area. The economy of the latter is relatively small compared to other Metropolitan areas and, as such, both high registration and survival rates over many years will be required to broaden the business base of the sub-region;
- The overall pattern of employment change over recent years has been decline in primary and manufacturing activities offset by growth in services. Public service expansion, in particular, has been a major contributor to employment growth within the city region but this brings some clear vulnerabilities. Achieving a better overall balance will require some accelerated development of private sector service sectors. Since average GVA per employee tends to be lower in services rather than manufacturing, part of the GVA growth performance may be due to expansion in the volume of employment rather than productivity improvement per-se;
- The skill base of the LCR area is as variable as many other features of the area. Parts of the sub-region (Chester, Warrington) have high proportions of their working age residence base qualified to NVQ level 4+ but there is strong tailing off in many of the urban core areas. A mirror image exists for no qualifications but both profiles are skewed by inactivity levels in the urban core;
- Labour market activity rates across the sub-region vary widely but there exists a distinct pattern with rates in the core urban area falling away significantly from other areas. Evidence suggests that close to a fifth of the inactive base in the LCR aspire to work but the low levels of activity in part of the LCR are a specific characteristic of the concentrations of deprivation and remain one of the primary challenges in moving forward;
- Unemployment profiles differ substantially within the LCR from areas that are double the North West average to areas that are half that average. Warrington and Chester, in particular, appear to be operating at virtually full capacity whereas there is considerable slack in the urban core;
- Deprivation levels in parts of the LCR are among the highest in the UK and are intrinsically related to patterns of low economic activity and skills and to the failure of housing markets in the conurbation core.

³ Some care is required in reviewing per capita figures as they compare GVA generated in an area (reflecting in-commuters who are employed locally) with resident population (some of whom may not work or may work outside the local area).

The city region is not a homogenous entity but rather a patchwork consisting of different sub-economies that interact but operate primarily in the context of their own evolved competitive strengths and weaknesses. There are economic ‘hotspots’ in terms of performance – namely the three activity nodes of Liverpool, Chester and Warrington – but even these are different in scale, function, capacity and operation.

Hence the CRDP sets out to structure a series of interventions to enhance underlying sub-economy performance while recognising the subtle differences in the nature of the challenges that condition the framework for development in each.

Economic resurgence - Liverpool and Merseyside

With a combined GVA (2002) of £15.258bn, the Liverpool / Merseyside core of the city region accounts for 42% of the city region’s output and it is also a significant player in the region, generating 17% of the North West’s GVA and 18.5% of its jobs. The areas of the conurbation core are amongst the key major improvers in terms of GVA growth, with all six Local Authority areas outpacing the North West Region between 1995 and 2002 in terms of GVA and employment growth.

Liverpool is the key economic driver. With 7.2% growth in both GVA and GVA per capita, the city outperformed national, regional and other Core Cities’ growth rates between 2001 and 2002, and ranked No 9 of the 92 NUTS 3 areas. Absolute GVA has increased by 43% since 1995 – an average growth rate of 6.2% compared with the NW region rate of 5.4%.

Over this same period, Liverpool’s productivity - GVA per capita – has grown by 50.6%, outstripping national and regional performance (41.8% and 38.9% respectively) and ranking third of the eight English Core Cities. In relative terms, with GVA per capita at 90% of the UK average in 2002, Liverpool is moving fast to narrow the gap with the UK.

The Merseyside sub-region as a whole has demonstrated consistent growth between 1995 and 2002⁴. GVA has increased by 6% and GVA per capita by 6.2% - both above regional and national rates. While per-capita GVA levels are lower than the national, the differential with the UK is steadily being eroded. Between 1998-2003, 46,352 new jobs were created on Merseyside – a rate of growth of 9.4% compared with 7.5% in the North West region and 5.9% nationally. Job growth in Knowsley alone increased by 30%.

Stable high performance in Cheshire, Warrington, Flintshire and Wrexham

The combined Flintshire and Wrexham NUTS 3 area and the Cheshire County Council NUTS 3 area has a GVA of £15.697b, equivalent to 43% of the City Region’s total. The majority of this is the result of the strength of the Cheshire economy which has consistently been one of the best performing sub-regions in the NW. In terms of GVA per capita (for the workplace based population) Cheshire records a figure that is 13% above the UK average demonstrating the sub-region’s strength. The actual figure for Cheshire of £17,212 is notably higher than the corresponding figures for the UK and NW (£15,614 and £13,599 respectively) and is considerably higher than the £11,176 figure for Merseyside.

⁴ In this context Merseyside is the five local authority areas of St Helens, Wirral, Knowsley, Sefton and Liverpool. However, Halton, which is classified with Warrington, has also seen consistent growth in absolute GVA and GVA per capita.

However, between 1995 and 2002 the growth in the GVA per capita figure for Cheshire, and for Flintshire and Wrexham, has been less than that for the UK and NW. For Flintshire and Wrexham there has only been a 23.9% rise while Cheshire has witnessed a 38.5% rise. The NW and UK have seen rises of 38.9% and 41.8% respectively while Merseyside has seen a rise of 46.7%. Although the absolute GVA per capita figure for Cheshire remains consistently higher than that for the City Region the rate of growth in other City Region areas is likely to be better resulting potentially in the gap closing.

Employment rates for the Flintshire and Cheshire areas have been consistently higher than the GB and NW as has the sub-regions population. In regard of business performance, Flintshire has seen a 4.9% increase in the business stock between 1999 and 2004 while Chester has seen a 2.8% decrease

ASSETS AND PROSPECTS

The CRDP builds on success and strengths, to put the most important assets to best use and to seize the opportunities to create a strong and competitive city region which holds its own in the league tables of high achieving European city regions and is able to withstand shocks to the national and global economies.

The assets

The Liverpool city region has a rich, distinct and diverse asset base providing the key ingredients which will shape its future:

- **Its sea-board location and role as the gateway for trade and people into the North West, North Wales and North of England**, a crucial link in the multi-modal North European Trade Axis, extending from Ireland to the Humber Ports and through to Northern European markets. Key assets include the Ports of Liverpool, Liverpool John Lennon Airport, the Mersey Rail network (with 80 stations extending to Chester and West Lancs and several major freight terminals) and excellent inter-city rail and motorway connections;
- **An outstanding critical mass of culture, sporting, heritage, leisure, natural environment and retail assets** which are rapidly making it the destination centre of choice for national and international visitor markets, businesses and residents. Liverpool's European Capital of Culture 2008 award will provide the focal point for an internationally and nationally significant year long programme of culture. The Mersey waterfront Regional Park - including Liverpool's World Heritage waterfront site - has 135km of unique coastal, leisure and sports assets, currently the subject of a collaborative investment programme to enhance and market its attractions to visitors, businesses, investors and residents.
- **An internationally significant knowledge economy** through its knowledge based companies, its Universities, Daresbury Science and Research Park, Liverpool Science Park and the National Bio-manufacturing Centre and globally important centres of excellence such as the School of Tropical Medicine, other centres of excellence such as the Royal Infirmary, Alder Hey and Fazakerley Hospitals, together with private sector R&D in Speke, Liverpool and West Cheshire;
- **Premier business locations** including Liverpool City Centre, strategic investment areas in St Helens, Huyton, Prescot and Kings Business Park in Knowsley, Wirral Waterfront, Atlantic Gateway straddling Sefton and Liverpool, Speke Garston Halewood and Approach 580 – in Liverpool and Knowsley, Eastern Approaches in central Liverpool and economic development zones in Widnes Waterfront in Halton and 4Ms in Ellesmere Port. Chester Business Park is a well established financial and professional services centre; the Heath in Halton and Deeside Industrial Park are of regional significance.
- **Internationally and nationally significant clusters** – aerospace, automotives, life sciences, chemicals and ICT and sub-regionally important sectors including port and

maritime, tourism and leisure, professional services, environmental technologies, creative industries, construction, food and drink and health;

- **A skilled, creative and diverse workforce** – the city region’s skills base closely mirrors the regional profile and it has considerable labour market capacity for current and future demand;
- **A quality living environment of significant variety and choice** – from city centre living in Liverpool to the coastal towns and resorts of Southport, Crosby, New Brighton, Hoylake and Flint, the heritage town of Chester and attractive town centre, suburban and rural settlements from North Wales through to West Lancashire.

Economic prospects and challenges

Underpinning the development of the CRDP a study undertaken by Cambridge Econometrics is considering how the city region economy might look in the future.

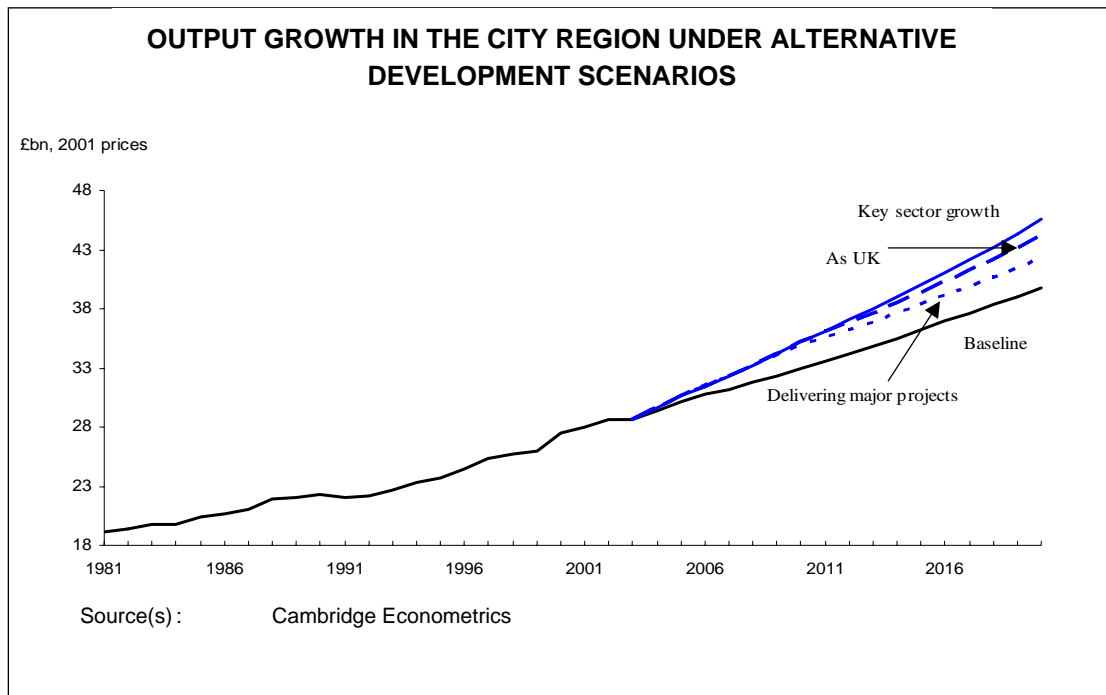
The alternative development paths considered range from the continuation of past relative performance, which might be considered a ‘worst-case’ outcome, to the successful delivery of existing major projects, and onto strong, sustained growth in key sectors achieved in part through a greatly improved productivity performance.

The five scenarios being considered are: a base projection based on past relative performance, the successful delivery of major development / investment projects, future growth moving in line with prospects for the UK, faster productivity growth in key sectors, and still stronger performance from key sectors.

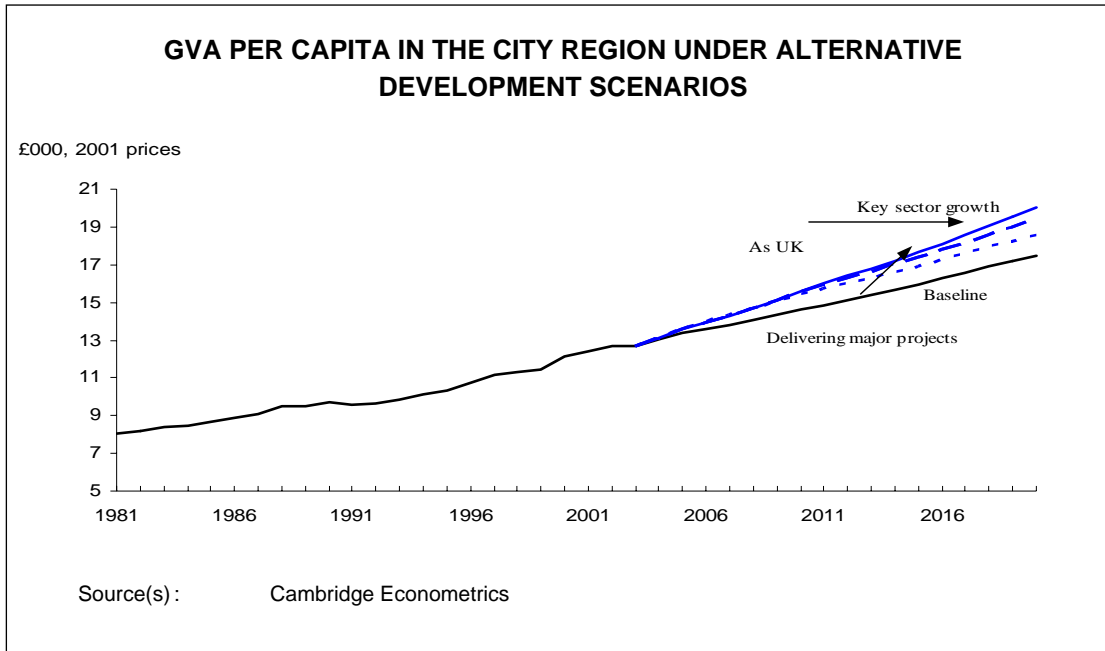
These five preliminary scenarios raise a number of issues that have implications for the development plan for the Liverpool City Region.

- The prospects for growth in the short-term are very favourable, given the major projects that are underway or are expected to be underway shortly. Most of the developments which formed the basis for the ‘project delivery’ scenario are an important element of strategies in the city region to develop a quality business environment to support growth and inward investment. Whilst the number of jobs these will generate is considerable, the study has not been able to apply any sensitivity analysis to identify wider potential displacement effects. Moreover, whilst the overall impacts on GVA and jobs will be positive, because of their nature they are not thought likely to change fundamentally the underlying prospects for the sectors.
- The range of long-term (2010-20) growth rates for the LCR economy provided by the various scenarios is quite narrow, ranging from just under 2% pa in the ‘baseline’ scenario and ‘project delivery’ scenario to just over 2½% pa in the ‘key sector growth’ scenario.
- It is only in the ‘key sector growth’ scenario that output growth exceeds that projected for the UK a whole. However, the strong performance of the LCR in this optimistic scenario relies on strong performance of key sectors over a sustained period of time, something which, although has occurred in the past (and was thus the basis for the assumption) is not expected on a trend basis in the future, even for the UK industry as a whole.

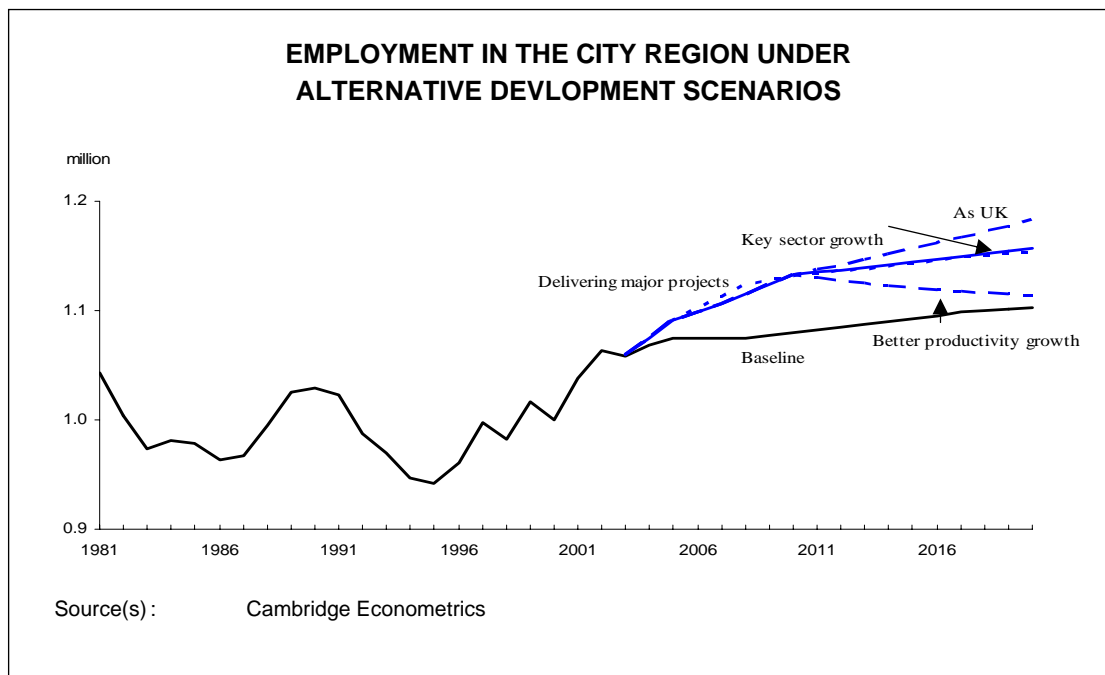
- In all the scenarios, the strongest growth in the long term is projected for transport & communications and financial & business services. Even in the most optimistic scenario presented, manufacturing growth is weaker than overall growth in the LCR economy as a whole.



- The level of GVA per capita in the LCR, relative to the UK, improves substantially in the more optimistic growth scenarios. In the most optimistic scenario the gap with the UK is more than halved. There is an improvement in all scenarios to 2010 due to the strength of growth projected due mainly to the major development schemes that will deliver in this period. However, this improvement unwinds in the long term due to the relatively poor rate of underlying growth in the LCR.
- If the future population growth turns out to be stronger than is indicated by the ONS trend-based projections used in this study (this might occur because if the LCR economy achieves a sustained improvement in its underlying economic performance then it might encourage more people to move into the region and/or act to lower the rate at which people might migrate out), the actual improvement in GVA per capita will be less than is being projected.
- In each scenario, all districts within the LCR share in the increases in GVA per capita projected in the region. However, there is generally little, if any, closing of the current gaps between districts.
- The major projects considered in the 'project delivery' scenario are expected to deliver about 50,000 jobs by 2010, or 5% of current employment levels. This would mean that employment growth over 2005-10 would average ¾% pa. While weaker growth than this has been seen since 2000, it would mean that employment will have grown by almost 1% pa through the decade to 2010 – a major rate of growth.



- In the long term, the scenarios indicate a range of employment growth between a decline of $\frac{1}{4}\%$ pa and growth of $\frac{1}{2}\%$ pa. However, the employment outcome is strongly reliant on the improvements in productivity growth that are actually achieved.



- In each scenario the projected change in future employment is in marked contrast to the strength of the possible decline in the labour force. This makes the issue of the low rates of participation in the LCR in general, and in certain districts in particular, a key issue.

- If rates of participation can be improved in the long term towards the higher rates currently in the region then this would lead to a significant increase in the labour force than would otherwise be the case. There are factors working in the right direction:
 - If participation rates among some of the older age groups are low due to the legacy of past changes in the structure of local economies and policy actions, (such as moving people onto incapacity benefit) then as younger cohorts age the possibility is that they will have higher rates of participation than their predecessors.
 - The direction of government policy is clearly to encourage all who are able to work to return to the labour market.
- In the short term (ie to 2010) almost half the additional jobs created are in Liverpool city, as this is where the bulk of the major projects are located. In the long term, the outlook for additional employment growth in Liverpool city is less strong, with the largest increases (both absolute and percentage) in Halton, Chester, Warrington and St Helens. However, the outcome for these districts is quite heavily influenced by the prospects for productivity improvements in the key sectors; this is also so for Liverpool city. It is only in Warrington where there is expected to be a corresponding increase in the population.
- In each scenario the underlying trends in the type of employment opportunities in the LCR are towards increasing the number of high-level occupations, including managers, professional and associate professional and technical occupations, and reducing the overall demand for the other occupations, particularly for lower-order occupations, such as process, plant & machine operatives and elementary occupations.
- In the short term the successful delivery of the major projects will provide additional demand for most occupations. The largest increase is among managers and administrators, but there are significant new opportunities for lower-order occupations including administrative & clerical occupations, sales occupations, plant & machine operatives and elementary occupations. While in the past these employment opportunities might be expected to provide 'entry-level' jobs that could bring people into the labour force who would otherwise not be participating, it is now the case that employers are looking for increasingly well-qualified people: new entrants to the labour market may not necessarily be attractive to these employers.
- The two more-optimistic scenarios presented are designed around the rationale that improving productivity will be an important factor enabling key sectors improving their underlying rate of growth.
- The precise way in which productivity improvements can be achieved will clearly be industry, and even firm, specific, but will require some balance of improvement in the productivity drivers: skills, enterprise, investment, innovation and competition. However, the city region is not well placed in a number of these areas and there is little indication at present that the underlying changes in the factors driving productivity are set to improve, or to improve more than would be expected elsewhere. Therefore, the scale of the challenge to stimulate increases in productivity in the city region can not be underestimated.

Key messages for the Liverpool city region

The economic modelling, although well advanced, still has some way to go including some crucial sensitivity analysis to ensure the most robust analysis and results.

From the preliminary conclusions, the issues facing the city region are not new. There have been a considerable number of regeneration initiatives in the past but the gap in underlying economic performance in the city region remains. If the city region economy is to evolve in the long term along the lines indicated in either of the more optimistic scenarios, then experience would seem to suggest that the approaches needed to bring it about will need to be different from, but build on, those previously deployed. In particular, the priorities are to drive up productivity – including accelerated actions on skills and business information – and to tackle economic inactivity, balancing opportunity with need and the imperative of growth with that of creating sustainable communities. Each scenario highlights that the challenge is one of delivering transformation.

THE OPPORTUNITY, THE VISION AND THE DRIVERS

The opportunities

The opportunities for a step change are here – and the need to build a sustainable competitive advantage in a fast changing world economy – with strong foundations and catalysts which include:

- the rapid economic recovery and growth of the core of the city region in recent years and the dynamism of its city and town centre renaissance;
- the city region's developments in science and innovation - and particularly life sciences – now expanded yet further through developments such as the Liverpool Science Park, the MerseyBio Incubator and the National Bio-Manufacturing centre in Speke Garston;
- the stable and strong economies of Cheshire and North Wales – knowledge economy businesses and R&D, manufacturing, including advanced manufacturing / engineering;
- the international and national focus on the city region and its exceptional destination offer which European Capital of Culture 2008 will generate – and indeed which has already had significant impacts on investor confidence;
- the expansion of the Ports of Liverpool, increasingly offering an alternative to the congested ports of the south and east of England;
- the fast growth and further potential as a magnet and economic driver in its own right of John Lennon Airport - the fastest growing regional airport in the UK – opening up new connections with national and international markets, benefiting the development of the city region economy;
- the improved connectivity between the key centres of the city region – and with the Manchester City region and the Midlands which will result from the Mersey Gateway Bridge (the second River crossing);
- the city region's considerable as yet unused capacity for expansion in the form of land released by the decline of manufacturing in past decades and in its pool of human capital;
- the synergies which will be generated by increased collaboration across the city region through the future development and delivery of the CRDP;
- repositioning the city region as a major centre for international business and knowledge.

The Liverpool city region vision

The city region will build on its role as a world class destination place - outstanding quality of life and natural environment, excellence in knowledge, innovation, culture, leisure and sports - to attract and retain international investment and the highly skilled mobile,

entrepreneurial and innovative human capital of a knowledge economy – key determinants in positioning city regions in today's hierarchy of successful economies.

It will expand its connectivity with international and national markets through its location and role as a significant link in the Northern European Trade Axis. It will balance its drive for economic growth and increased productivity to close the gaps with the UK and maximise its contribution to the North of England with the need for poly-centric economic regeneration and accelerated action to support and drive the overcoming of aspects of market failure which constrain expansion and productivity.

This will ensure sustainable growth which realises the full potential of the city region's key assets and opportunities whilst protecting the recovery of the conurbation core and avoiding exacerbating polarisation between the stronger and weaker centres.

Our Vision is to regain our status as a premier European city region by 2025. We will secure an internationally competitive economy and cultural offer; and outstanding quality of life; and vibrant communities contributing to and sharing in sustainable wealth creation

The drivers of change

In developing the strategic agenda for the transformation of the city region for a competitive future in the 21st century we have identified six drivers of change. They fall into three groups:

- first, to support the imperative of increased growth and productivity, we have adopted the **drivers of productivity** identified by the Treasury and the DTI; skills and learning, enterprise and entrepreneurship, investment and infrastructure and innovation and knowledge;
- secondly, the drivers of productivity are intrinsically linked to **employment** in national and European policy which is expressed as the city region's full employment objective;
- thirdly, **quality of place and life** are increasingly key determinants in positioning cities and city regions in a new hierarchy of economic competitiveness. Excellence and critical mass in culture, art, sport and leisure, with quality housing, education and amenities, are pre-requisites for a competitive city region, in attracting and retaining the highly skilled, mobile, entrepreneurial and innovative workforce of a knowledge economy. With social justice, inclusion and the celebration of diversity, they are the building blocks of sustainable city regions and communities.

Together, these drivers are the key ingredients – and significant challenges – for the transformation of our city region and its economy. Specifically they provide a lens through which we look at how we can:

- improve our competitiveness, achieve our potential, deliver greater resilience and flexibility in our business base and create a sustainable value-added economy;

- raise skills levels and pay rates and achieve full employment across the different generations and sections of the workforce, equipping those established low skills / low pay sectors to modernise and diversify;
- match public and private investment over time to deliver balanced and sustainable growth and avoid overheating and market failure;
- establish strong and credible leadership and governance for investor confidence

Strategic priorities

In applying the drivers of change we need to ensure that they are specifically tailored to the city region's distinctive features assets, opportunities, challenges and risks - they need to be right for our place, and focused on the priorities, spatial levels and localities where they can make the biggest difference.

The Liverpool City Region identifies six strategic priority themes for action;

- 1 **The city region as a premier destination centre** with an exceptional critical mass of cultural, heritage, leisure and sports attractions;
- 2 **The well connected city region** – the sea gateway to the North West, connecting North America, Ireland and Northern Europe through the Liverpool to Hull northern way – and serving international, national and regional markets, investors and visitors through its Ports and John Lennon Airport, road, rail and ICT connections;
- 3 **The creative and competitive city region**, with a world class science, innovation and R&D base, 21st century business environments, and employment and productivity levels on a par with the UK
- 4 **The city region of talented and able people** – with a highly skilled and flexible workforce and full employment in every community, and
- 5 **A city region of sustainable neighbourhoods and communities**, with high quality housing, liveability and health standards, celebrating cultural diversity, excellent public services and social inclusion
- 6 **Delivering the city region strategy – with high quality foresight and intelligence, effective strategic leadership**, governance, collaboration and delivery

Drivers of Change



Strategic guiding principles for the city region

The Liverpool city region transformational plan must also balance six critical and overarching principles. In part these derive from the different strengths and challenges of the component areas of the city region and in part from the analysis of current economic performance and of future challenges and prospects. The strategy to make a step change in economic performance must tailor interventions and investments to the specific opportunities and challenges of the localities as well as developing a common agenda for collaboration.

- ***First, the restructuring and recovery of the conurbation core of the city region must be completed, consolidated and yet further accelerated.***

Much of the legacy of decline has now been removed and much the majority of the former sun-set manufacturing base is now steadily being replaced with knowledge and service sector activities. But the recovery is still fragile, several significant aspects of market failure remain to be overcome and there is a need to change the balance more rapidly towards a higher value, knowledge based economy. The basis for this transition is already in place; Liverpool, Sefton, Wirral, Knowsley and St Helens – whose former below EU average economic performance attracted Objective 1 support in 1994 - are now the UK's fastest improvers, generating some 50,000 new jobs in the last five years and above average GVA growth rates. They are set to create significant parts of the city region's growth over the next decade. Halton, whilst not an Objective 1 area, shares some of the same characteristics – with important knowledge economy assets in Daresbury but also high levels of deprivation.

Specifically, the strategic priorities for action include the completion of the investment programme which is already establishing a quality business environment in the city centre, strategic investment areas and economic development zones – including the further spare capacity in relation to land, sites and premises - the further development of the science and innovation base and securing the further expansion of the Ports of Liverpool and John Lennon Airport and related transport infrastructure. Addressing the

inherent weaknesses in skills, activity rates and business densities through accelerated actions – and the elimination of these constraints - will in turn generate significant outcomes for the whole city region and, in relation to skills and employability, provide the human capital to meet demand in these areas as well overcoming the growing shortages of labour across the city region as a whole.

Similarly, expanding the quality and choice of housing through the revitalisation of the housing market renewal pathfinder area in central Liverpool, Birkenhead and South Sefton will make a major contribution to the revitalisation of the physical and social fabric of the conurbation core. Equally, reinvestment in smaller pockets of housing market failure and in former local authority stock outside the pathfinder area will play its own part in enhancing the city region's housing offer to retain and attract population – adding to the vitality of city centre living and the portfolio of attractive and desirable housing areas in the city region.

- ***Secondly, the economic base in Cheshire and North Wales is also of vital importance to our collective success*** but has experienced a slow down in growth over the last decade. Its high output and productivity and the further development of its knowledge economy base and important sector and cluster networks must continue. Over the long term, its substantial potential for expansion through the development of strategic sites - the Deeside Hub and Omega - will be important sources of economic growth in the medium term.

This further expansion will be dependant in part in improving the working of the city region's labour markets through improved access to jobs and by ensuring a better match between demand and supply across the whole city region. Radically improved access and new ways of working across the administrative boundaries will equally benefit the city region's businesses and residential communities.

- ***Thirdly, the city region as a whole must significantly increase its productivity***

The productivity drive is a key shared imperative for co-operation across the city region, focusing both on nationally and regionally significant clusters and on the sectors which are important at the city region, regional and sub-regional levels. For the conurbation core, an added challenge is to change the balance between high and low added value sectors and occupations whilst providing jobs for what must be a reducing number of lower skilled workers.

Central to the drive for increased productivity is the development of a highly skilled and flexible workforce for the future needs of the entire travel to work area and to support its transition to a major knowledge economy centre.

Moreover, with an ageing and reducing workforce in the next decade, the capacity currently trapped in the major concentrations of worklessness in the core areas of the city region must now be unlocked to support both the substantial growth of jobs in the six Merseyside areas and to tackle the existing pressures on demand in Cheshire and Flintshire – and the further expansion of their economies over time.

The city region's expanding economy has the pre-conditions for full employment for all of its communities. There is then both the opportunity and the need to build on – and

extend the principles of - the Mersey Dee Alliance's joint work to improve access to jobs in Ellesmere Port, Chester and North Wales for residents in Wirral and rest of the city region. Transport and skills are the key ingredients of this menu to improve the workings of the city region's labour markets.

- ***The fourth imperative is city region collaboration to maximise the synergies which will accrue from collaboration and make the most of the distinctiveness and critical mass of all of the city region's assets and opportunities – including the cultural, sporting and heritage offer and outstanding natural environment*** – to drive up economic vitality and growth. Collaboration on increasing the output and productivity of the key clusters which operate across the city region and on Capital of Culture - including the extension of the regional Waterfront Park to the Dee Estuary and the better integration of tourism strategies - forms part of the new agenda for joint working being spearheaded by the CRDP to drive our clear competitive advantage over other city regions in the UK.
- ***The fifth guiding principle is about integrated and comprehensive action for the transformational step change which will realise the city region's full potential.*** The success of the Liverpool city region's aspiration of competing with the best in the UK and Europe will be determined by excellence in every aspect of its economy, quality of life and quality of place. This must translate into models of leadership, planning and delivery which effectively join-up investment and action on the six drivers of change.
- ***The sixth principle is about joint working with city regions across the North, throughout the UK and Europe.*** We will actively collaborate with other knowledge economy cities through our Universities and theirs – in the UK and across the world - to create critical mass in science, innovation and new product development. We will develop a joint strategic agenda with the immediately adjacent city regions, building on the Liverpool-Manchester Vision study and concordat and identifying further common ground with Central Lancashire. But equally we have common cause with all the major city regions across the country, through Liverpool's membership of the English Core Cities Group, and growing working relationships with European city regions through international networks such as Eurocities and URBACT.

The priority action plan

The priorities which comprise the action plan for the city region stem from our initial economic analysis and assessment of the key opportunities, assets – and constraints. They are summarised in the table overleaf, presented in the following sections and in the detail in Appendix 1.

Table 1

Strategic Priority	Proposed Actions	Fit with Drivers of Change	Contribution to Change Outcomes	Time Line
<p>The Premier Destination Centre</p>	<p>Premier Destination Centre</p>	<p>Investment & Infrastructure Innovation & Knowledge Full Employment Quality Of Place & Life</p>	<p>Employment Entrepreneurship Health & Well-Being</p>	<p>Focus on delivery through to end 2008, following by extensive activity through to 2015 & beyond to capture & leverage benefits</p>
<p>The Connected City Region</p>	<p>Port Of Liverpool Expanding John Lennon Airport The Mersey Gateway Road & Rail Connections</p>	<p>Investment & Infrastructure Full Employment Quality Of Place & Life</p>	<p>Employment Prosperity Deprivation Population</p>	<p>Sustained programme of activity from 2005 through to 2020. Initiation, over next three years, of Expanding John Lennon Airport and Mersey Second Crossing projects Improvements to Road and Rail Connections and City Region's transport infrastructure will be longer term</p>
<p>The Creative & Competitive City Region</p>	<p>Research & Development Focus Clusters Pervasive Productivity Public Sector Excellence 21st Century Sites & Premises Environment Economy</p>	<p>Enterprise & Entrepreneurship Investment & Infrastructure Innovation & Knowledge Full Employment</p>	<p>Productivity Employment Entrepreneurship Prosperity</p>	<p>All proposed actions can be initiated promptly, and will be operational with 12-18 months Ensuring long-term stability and certainty in the delivery of the proposed actions will be vital. Each action will, indicatively, operate for not less than 10 years</p>

<p>The Talented & Able City Region</p>	<p>Project Full employment Skills</p>	<p>Skills & Learning Enterprise & Entrepreneurship Full Employment</p>	<p>Employment Entrepreneurship Prosperity Deprivation</p>	<p>Again, proposed actions can be promptly initiated Embedded nature of the Inactivity and Upskilling challenges will require these actions to operate for not less than 10 years, bringing stability and certainty to tackling the issues</p>
<p>The City Region of Sustainable Communities</p>	<p>Housing Choice Health Is Wealth</p>	<p>Investment & Infrastructure Quality Of Place & Life</p>	<p>Employment Prosperity Deprivation Population Health & Well-Being</p>	<p>Housing activity already underway through the work of the Housing Market Renewal Pathfinder. Environment Economy will be initiated within 18 months, and operate for the following 10 years to equip LCR to function as a fully sustainable City Region Health is Wealth will be operational within 2 years</p>
<p>Quality Governance & Delivery</p>	<p>Monitoring & Evaluation City Region Foresight</p>	<p>All Drivers of Change</p>	<p>All Change Outcomes</p>	<p>Both proposed actions are fundamental to the success of the LCR Action Plan Work to develop the Monitoring & Evaluation framework will be the first activity to progress the CRDP Action Plan, and will commence immediately on approval City Foresight should be operational with in 12 months, and will operate for not less than five years</p>

THE PREMIER DESTINATION CENTRE

A distinctive mix of cultural, sports and leisure assets

The Liverpool city region is becoming the culture and leisure capital of the North of England. An exceptional critical mass of assets, regeneration and opportunities makes it the destination centre of choice for growing national and international visitor markets, investors, businesses and residents.

The portfolio includes; European Capital of Culture 2008; a revitalised Liverpool City Centre with the Paradise Street retail development and World Heritage status for the Waterfront; City of Chester's heritage and retail attractions; the classic resort of Southport and the coastal towns of New Brighton, Hoylake and West Kirby; the towns, villages and natural environment of North Wales; world class sport and leisure facilities and events including England's Golf Coast; two premier league football clubs – Liverpool and Everton; the National Museums in Liverpool galleries of the Walker and the Tate; the Royal Liverpool Philharmonic Orchestra; and the outstanding natural environment of the Merseyside Waterfront Regional Park.

'The Vision for Tourism in 2015' (TMP) places the Liverpool city region amongst the top 20 European city region destinations with an annual visitor spend of £1.8bn, supporting 40,000 jobs.

Liverpool City Centre

Liverpool is a winning, instantly recognisable world famous brand. Liverpool City Centre is the focal point, offering an increasingly attractive and fashionable alternative to London for the most talented of the region's young people, with a mixture of well paid jobs in the sectors that attract knowledge workers and a dazzling array of supporting lifestyle infrastructure. It is the hub for the sheer variety of the city-region's cultural, sports and leisure assets – a critical mass of unparalleled significance for the North of England.

Liverpool City Centre is undergoing a radical and dynamic renaissance through a £2bn investment programme which will restore its status as a premier commercial, cultural and retail centre, refurbishing and adding to its physical fabric and renewing its infrastructure.

Recognised throughout the world, Liverpool's waterfront was awarded World Heritage Status by UNESCO in 2004. By 2008 its attractions will be expanded by the £150m Kings Waterfront multi-use 20,000 seat arena, exhibition space and 1,000 delegate capacity conference centre. By 2012, Liverpool aims to rank in Europe's top 25 conference cities.

The Cruise Liner Facility at the Pier Head will bring 40 big ships into the Mersey each year, opening up new premium international visitor markets for the city and North West in 2005. Across the river, Wirral Council is bringing new life to the resort town of New Brighton with a proposed £70m development to create a new lido leisure and retail complex. Up the coast, Southport is building on its Classic Resort status with a £50m investment programme.

Prime retail destinations

Shopping is a key economic driver for prosperous city centres and makes its own contribution to today's culture and leisure offer. With 1m square feet of new retail space for several flagship department stores, 90 new shops and another 1m square feet of ancillary leisure and residential development, Grosvenor's £850m Paradise Street development will create in excess of 4,500 new jobs and catapult Liverpool into the top 5 of UK retail destinations.

Together with Liverpool, Chester is a nationally significant retail centre, ranked in the Experian top 20, soon to be boosted by the £280m Northgate Development creating 70 new shops. And Southport's Lord Street offers a regionally important quality shopping experience in a sea-side town.

The cultural and sports offer

The excitement of diversity and infinite choice is a hallmark of successful cities and the scale and mix of the Liverpool city-region's cultural and sports assets is both a magnet for visitors from all over the world and part of the area's culture of creativity.

Internationally significant museums and galleries such as National Museums Liverpool – drawing 1.5m visitors to its 8 venues including England's only national collection based outside London – and Tate Liverpool, home of the National Collection of Modern Art in the North of England are complemented by important regional galleries – the Atkinson in Southport and the Williamson in Birkenhead. FACT (Foundation for Art and Creative Technology) is the UK's leading organisation for the development, support and exhibition of film, video and new and emerging media. Spaceport – the International Space and Exploration Centre on the Wirral - will open in 2006.

The £63m Mersey Waterfront Regional Park is developing 135 km stretch of outstanding natural environment and leisure amenities of the Mersey and Dee river estuaries.

We host globally significant sports events - Aintree Grand National, Open Golf Championship at the Royal Liverpool Golf Club in Hoylake in 2006 and the Royal Birkdale in 2008, Liverpool, Everton and Tranmere Rovers Football Clubs, St Helens, Warrington and Widnes Rugby League, major race meetings at Haydock and Chester, Liverpool International Tennis, The Clipper Round the World Race 2005 and the Tall Ships 2008.

Our festivals include the Liverpool Biennial International Festival of Contemporary Art, Mersey River Festival, Mathew Street Festival, Summer Pops, Southport Flower Show and Jazz Festival and Wirral Show.

Liverpool city centre's live music venues, clubs, bars and restraints offer a dazzling variety of entertainment making it one of the liveliest night scenes in the UK, with up to a quarter of a million visitors every weekend.

The Royal Liverpool Philharmonic Orchestra, is an international musical ambassador for the city region. Renowned for our dramatists and actors, we have a rich offer of theatres including the Liverpool Empire which hosts major national touring productions, the acclaimed Playhouse, Everyman and Unity theatres, THE Bindley (Runcorn) and stage entertainment venues in Southport, St Helens and Wirral.

With the largest Roman Amphitheatre and the fourth most visited cathedral in Britain, Chester is one of six 'heritage cities' in the UK, drawing in some 8 million visitor trips each year, generating £300m visitor spend.

Significant National trust and other heritage venues include Speke Hall, the Chambre Hardman house and photographic collection, the childhood homes of John Lennon and Paul McCartney, Little Morton Hall and Tatton Park in Cheshire, Knowsley Hall, Norton Priory, Birkenhead Park, Port Sunlight, Chester Super Zoo, and Knowsley Safari park.

Capital of Culture 2008

Liverpool's European Capital of Culture 2008 is the catalyst for drawing together the sum of the city and the wider city-region's outstanding cultural, leisure, sport and retail offer into an event of international and national significance.

The impact of Capital of Culture has been estimated at creating some 13,500 new jobs in the broad array of creative and tourism sectors, attracting in excess of 11 million visits to Liverpool in 2008, and a visitor spend of some £550 million in that year alone.

Capital of Culture will also reinforce Liverpool and Chester as the two attack brands for marketing the North West region to attract and disperse large numbers of new visitors to the wider city-region and the north - west coasts of England and Wales, to the Lake and Peak Districts, the Snowdonia regional park and coastal towns of north Wales and tourist routes to Eire and Northern Ireland.

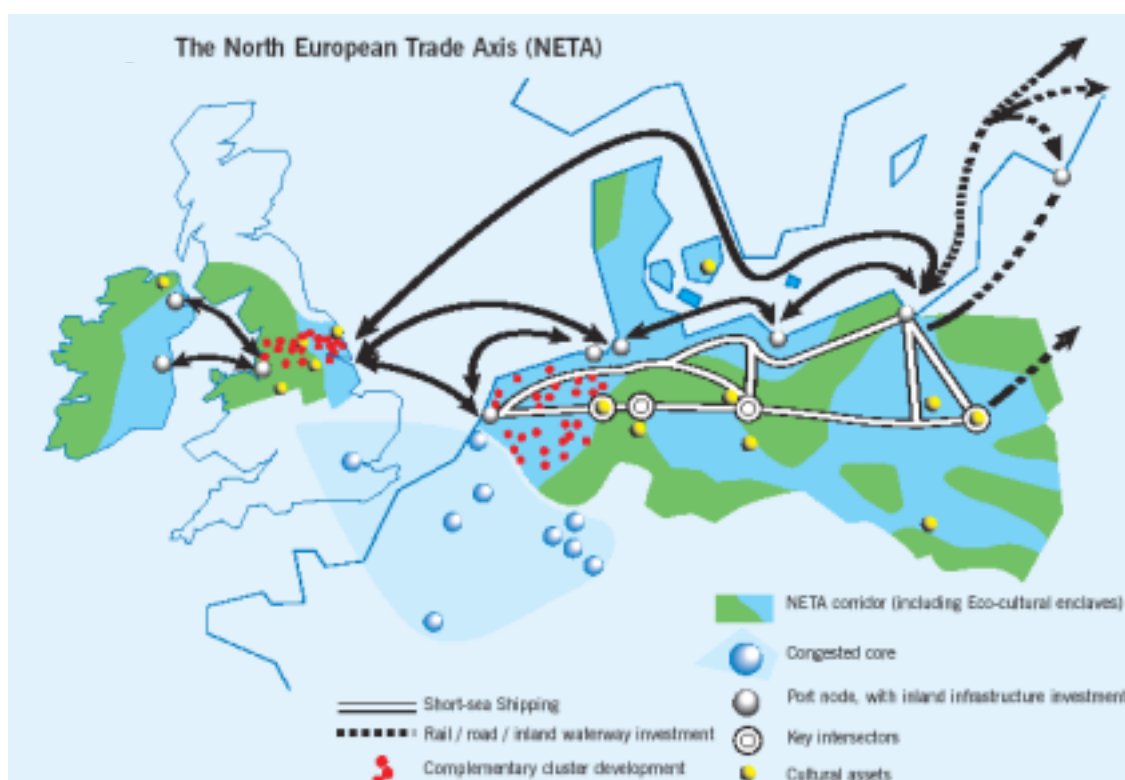
Priorities for action

<p>Priority action 1</p>	<p>The Premier Destination Centre</p> <p>Developing the Liverpool City Region as the culture capital of the North of England</p>
<p>Brand and market a unified city region offer – in the form of a 10 or 20 year, city region destination development plan supported by a sustained and substantial marketing campaign. Alternatively, partners may prefer greater collaboration between separately identifiable brands to add value to the city region offer – linking into Manchester, Lakes and North Wales.</p> <p>Effective national and North of England marketing of Liverpool Capital of Culture 2008 as an event of international and national significance and as the focal point for the city region’s critical mass of cultural, heritage, sport, leisure and retail attractions, supporting tourism through Liverpool and Chester’s international brands.</p> <p>Mersey Waterfront Regional Park (MWRP) – continued investment in realising the full potential of this a strategic pan-waterfront programme to maximise the value, use and impact of the city region’s unique coastal assets – including the expansion of MWRP to cover the Dee Estuary and Cheshire and integrate into the LCR tourism offer. Develop the Cheshire Culture Park concept.</p> <p>Maximising the potential of the international events to provide a shop window to the world. To be achieved by focussing marketing and promotional activity upon a smaller number of internationally acclaimed events and assets.</p> <p>Part of the focus of the Destination Plan will be on developing the city region as a business destination as well as a tourism destination, including the promotion of the city region’s quality business sites, premises and commercial office space, its innovation and R&D offer and business support services.</p> <p>Retail offer – Liverpool city centre, Chester, Cheshire Oaks and Southport – to integrate retail assets into tourism offer and to add value to retail, culture and tourism sectors by increasing linked visits;</p> <p>Realise the opportunities to ensure for the ICT sector derives from the emergent and increasingly important e-based tourism marketing opportunities;</p> <p>Improve quality and skills across related sectors (culture, sport, leisure, retail and services) and integrate this into the marketing offer – build on the ‘<i>Liverpool Welcome</i>’ approach across the city region that makes uniform high quality service a key element of the city region’s offer;</p> <p>Work with airport, budget airlines and rail service providers to increase inbound tourism.</p> <p>Derive benefit from the multiple reasons people visit; for example, marketing of leisure packages to business visitors for a return trip or return shopping trips to visitors coming to sporting events.</p> <p>What Government can do:</p> <p>Promote Liverpool European Capital of Culture 2008 as an internationally and nationally significant event</p> <p>What Northern Way can do:</p> <p>Market Capital of Culture and the Liverpool City Region’s destination offer as a key priority in the Northern marketing Plan</p> <p>What regional, city regional and local partners can do:</p> <p>Develop and deliver the Liverpool City Region Destination Plan including the delivery of an extended Waterfront Regional Park and associated projects</p>	

THE WELL CONNECTED REGION

The Liverpool to Hull route is the northern way. The Mersey Ports and Liverpool John Lennon Airport are key links in the multi-modal North European Trade Axis, stretching from Ireland, across Northern England to the Humber ports and across the North Sea to the Netherlands, North Germany and Poland. Improving transport connections across the Liverpool city region will enhance crucial strategic linkages across the Northern Way and the NETA trade axis, providing a counterweight to the overheated trade corridors through ports in the south of England.

Much growth in port traffic serves the USA, China, and the Far East, and Liverpool as a deep-sea port is therefore vital to this growing trade. Connectivity is also vital to the city-region's current and future economic success and its role as a destination centre. This includes the new Mersey Gateway Bridge (the second river crossing), expansion of Liverpool John Lennon Airport and the Port of Liverpool, and improved road and rail connections with London and other major cities, and in the multi-modal west-east axis through to Ireland and North America, and via Hull to Northern European markets.



Crucial connections – the transport assets

The city region serves as a strategic gateway for trade and people into, and out of, the North of England. Key assets include:

The Mersey Ports are nationally significant. The Port of Liverpool, the premier gateway for industry in the North of England, is strategically located within 60 km of the largest

population and export generating region of any UK port outside London. It is the largest Freeport Zone in the UK; one of Northern Europe's top 10 container handling posts, handling some 5.3% of the total freight of UK ports. It is the top UK port for UK -USA and UK- Canada container trade, the single most important gateway into Ireland and increasingly important role in the expanding markets of the Far East, North America and around the Indian Ocean. It also has a far higher share of global cargoes carried in containers compared to the East Coast Ports.

Liverpool is the only Northern Port with major direct 'deep sea services'. Further investments including the £80m new deep sea terminal at Seaforth, the Cruise Liner facility at the Pier Head and the expansion of the Twelve Quays terminal will drive the continuing growth of the maritime sector.

The further importance of the Ports of Liverpool to the North West are evident in the greater critical mass of maritime connectivity provided by; the Port of Garston as well as the Eastham and the Ellesmere Port and Stanlow on the Manchester Ship Canal. Mostyn, on the Dee estuary has a particularly important role in relation to the transportation of Airbus wings from the Broughton manufacturing plant.

The ports are also an important passenger and tourist gateway to the North of England with some 650,000 passengers using the Irish Sea passenger ferries each year.

The Mersey maritime sector employs 14,000 people and is of national and international significance. Merseyside is the only place in the North where the head offices of major container shipping lines are based. Mersey Maritime, the sector development agency, is the UK leader, and is developing a public-private partnership to grow the business capacity, support knowledge and innovation, increase jobs and improve the skills base of the 920 companies it serves who have a combined annual turnover in the region of £1.5billion

Improving access to the Port of Liverpool by rail and road is of vital importance to maintaining the North West's competitive advantage. Strategic freight routes will need to be strengthened through the expansion of Ditton and Knowsley Rail Freight Terminals and the Knowsley/St Helens logistics cluster developments. Work is underway with the SRA on the re-instatement of the Olive Mount Chord rail link to enhance the efficiency and capacity of rail freight to and from the Port and free up capacity on passenger routes.

Liverpool John Lennon Airport is the UK's fastest growing airport, meeting increasing demand from passengers and businesses requiring access from their local airport. With two-thirds of its passengers from outside the city region, the airport has a catchment area of 12 million people within 90 minutes' driving distance extending into the North of England and North Wales. The Aviation White Paper supports its growth proposals which complement further growth at Manchester Airport which also provides the region with inter-continental connections.

70% of all UK CEOs now fly low cost for business purposes⁵. Low fare operators are now driving the market and are increasingly attracting business users and inbound tourists. The three largest low fare operators have all chosen to base themselves at LJLA. In 2004, LJLA agreed significant additional routes and operating arrangements with Ryanair and FlyBe.

⁵ Barclaycard Company Annual Survey 2003.

By summer 2005, LJLA will offer connections with over 28 major European destinations and will handle approximately 5 million passengers p.a. The current estimates of passenger numbers are 6.3 million by 2006; 8.3 million by 2009 and 9.7 million by 2015 and, with the right partners in place, the White Paper targets will be reached and probably exceeded by 2030.

LJLA 's Airport Masterplan will outline the infrastructure improvements needed to support the expansion plans set out in the White Paper servicing up to 12m passengers by 2030. In 2005, it will submit a planning application for infrastructure to support an annual passenger throughput of 10 million including major extensions to the passenger terminal facilities, the identification of land needed for the runway extension and improvements to surface access via a new eastern access road and enhanced public transport links.

The Mersey Gateway – building a bridge to prosperity

The Silver Jubilee Bridge - the only river crossing between the Mersey tunnels and Warrington – is of strategic importance for the performance and expansion of the city region's economy. Designed to carry a maximum of 60,000 vehicles per day, today the Silver Jubilee Bridge regularly exceeds 90,000, creating unacceptable and damaging congestion which will increase as the volume of inbound business and tourism-related passengers is growing exponentially. The clogged artery of the existing bridge must now be replaced with a new Mersey gateway to provide a vital road link to Liverpool, to extend the catchment area of Liverpool John Lennon Airport and provide a direct road link between Liverpool and Manchester Airports. The new bridge will also link North Wales to the major Trans-Pennine and Trans-European routes, and provide new space for development for the pressurised Chester / M56 corridor. The proposed route for the new bridge attracts 90% of non-local traffic, and will therefore have a significant impact on traffic flows across the North West and into North Wales, easing pressure on the Thelwall Viaduct and on the increasingly congested M6. Significant journey time saving will be achieved of between 16.5 minutes and 19.6 minutes as well as positive new perceptions of transport accessibility, certainty and reliability.

The new Mersey Gateway bridge is also of strategic importance to the growth of the Merseyside bio-tech sector, linking Daresbury Research Park with bio-tech and pharmaceutical companies in Speke and the University of Liverpool research centres at MerseyBio, Liverpool School of Tropical Medicine and the Cancer Research Centre. Significant competitive benefits will accrue to the Port of Liverpool, regional distribution centres including Wincanton in Halton and News International and QVC in Knowsley, Sainsburys and Somerfield in St Helens, automotive manufacturers Jaguar in Halewood, which will shortly commence production of the new Freelander, and Vauxhall in Ellesmere Port.

An assessment of Transport Economic benefits estimates that the proposed Mersey Gateway will realise over £1.4 billion in net present value. The estimated annual GVA increase is £80m using a narrow estimate of the value of the 3350 direct jobs.

Inter Regional Connectivity

Radical improvements are required to rail links between the city centres and airports of Liverpool and Manchester and connectivity with other Northern city regions via the Cross-Pennine route. The Manchester Airport Western Rail Link proposal would provide an additional rail route between Liverpool and Manchester and their airports.

Liverpool Lime Street Station, the busiest gateway to the city region, is the subject of a £22.5m up-grading investment. It is served by Trans-Pennine services, West Coast services from London, direct services from Birmingham, as well as services from Preston and the north. The current journey time to London of 2.5 hours will be shorter still on completion of the West Coast Mainline improvements. However, there is an urgent need to restore connection to the InterCity rail network and particularly to Glasgow, Edinburgh, Bristol, Cardiff, Newcastle as well as other major centres in SW and SE England.

Parallel priorities for action include delivering low-cost - though strategically important - improvements for heavy rail access to the Port of Liverpool, such as the £7 million reinstatement of the Olive Mount Chord by the Strategic Rail Authority (and its successor). The development of Liverpool South Parkway is an example of radical improvement in connectivity between the national and the local Merseyrail network and improved access to Liverpool John Lennon Airport. A similar priority is the retention of the Halton Rail Curve (linking the Chester-Manchester line with the West Coast Main Line) which will improve access both to the south Liverpool Ports and to Liverpool South Parkway and Liverpool John Lennon Airport. Electrifying the Earlestown-Edge Hill section will provide additional benefits to the UK as a whole by providing a diversionary route for electric trains from London. Electrification of the Bidston – Wrexham line would also dramatically improve connections between the city region and North Wales and improve access to advanced manufacturing / engineering jobs - such as Airbus - on Deeside.

Freight Terminals

Ditton in Halton and the former Parkside Colliery in St Helens have been designated by the Regional Development Agency as being capable of meeting the need for strategic inter-modal freight terminals to support the Government's integrated transport strategy. The Ditton Strategic Rail Freight Park programme is developing significant industrial related facilities within the context of a major new rail/ road freight handling and road-rail interchange facility. The site sits alongside the West Coast Mainline, is in close proximity to port and airport facilities and covers an area of 180 hectares. The programme will achieve the expansion of a regional rail-road freight infrastructure facility dealing with both incoming and outgoing freight (including port/ airport freight), and stabilisation of the locality's, borough's and region's freight economy through major investment in infrastructure and commercial premises, and the generation of jobs.

The proposed Parkside Freight Village in St Helens lies adjacent to the M6 and M62 motorways and also adjacent to the West Coast Main Line and Trans-Pennine rail routes. It is well located as a freight distribution centre for both the Liverpool city region and the wider region and is recognised within the agreed list of Transport Priorities within the North West.

In addition, a further £13million expansion of the existing Knowsley Rail Freight Terminal is proposed to accommodate increasing market demand for rail freight, to meet the requirements of specific logistic/distribution companies and to relieve road congestion across the region and beyond.

City Regional Connectivity: Public Transport

Improving the efficiency and quality of the transport infrastructure within the city region to support accessibility and sustainable development through the creation of a fully integrated public transport network using new tram, rail, bus and ferry services is being driven through the Local Transport Plan partnership between Merseytravel and the five Merseyside districts.

Liverpool has a compact and accessible city centre at the heart of a city region which is relatively uncongested compared to other core cities. Maintaining this essential competitive advantage during a period of economic growth will require major improvements to public transport infrastructure and services. With over 80 stations, extending to Chester and West Lancashire, the Merseyrail network is a major and unique asset with major potential to support substantial economic expansion. Merseytravel has become the franchise authority for the Merseyrail Electrics network, run by Serco/Nedrail on a 25 year agreement - the best performing network on mainland UK.

Priorities for improvement include upgrading the Merseyrail underground stations, expansions to the electrified network, station improvements, improvements to rolling stock on the City Line and infrastructure, helping to increase modal share, combat congestion and improve air quality.

The development of the 3-line Merseytram network will augment the heavy rail and bus network by providing improved access to key employment growth areas and improved links across the city centre. Line 1 will provide a fast and reliable, sustainable, environmentally friendly, mode of travel into and out of the city centre. Construction will start in summer 2005.

A concern to improve the quality of services has led partners to seek powers to establish a Merseyside Quality Bus Contract (QBC). This will enable greater alignment with regeneration, accessibility and inclusion policies and will also improve environmental quality, particularly in the City Centre as part of the Air Quality management options.

Further key actions for the city region include improving the quality and efficiency of road gateways into the city region and in particular to Liverpool city centre and the city region's ports and airport.

Priorities for action include:

<p>Priority action 2</p>	<p>The Ports of Liverpool Strategy Developing the Port of Liverpool as the International Sea Gateway to the North of England</p>
<p>Support the expansion of the Port of Liverpool through its £80m new in-river deep-sea container terminal at Seaforth including supporting road infrastructure. The highway authorities have been working to improve immediate road access from the M57 and M58 motorways to the major deep-sea terminals at Seaforth (A5036). Strategic access from the M6 and the south would be substantially improved by the Mersey Gateway Project. A number of small but vital projects (estimated at £15m) would improve rail access to port facilities on the Mersey. These include improvement to enable 9'6" high containers to reach Seaforth from the West Coast Mainline, the reinstatement of the Olive Mount Chord to avoid the need for freight trains to reverse at Edge Hill to gain access to Seaforth, and the reconnection of Birkenhead Docks to the rail network.</p> <p>Complete the development of a new Cruise Liner facility at the Pier Head.</p> <p>Support other port improvements including at Garston, the Manchester Ship Canal, Stanlow/Eastham, and Mostyn on the North Wales coast.</p> <p>Optimise the re-use of non-operational port land to support the port and maritime strategy.</p> <p>Develop the innovation and maritime technologies capabilities and skills base and capacity of the maritime sector on Merseyside through the establishment of the proposed new Maritime Institute in conjunction with the Wirral College (estimated £14m), as well as with the Sector Skills Agreement currently being developed between Greater Merseyside Learning Skills Council and Mersey Maritime.</p> <p>What Government can do:</p> <p>Develop the National Ports Strategy and reflect within it the key role of the Liverpool City Region ports in serving Atlantic and deep sea trades</p> <p>Public funding for infrastructure improvements – including the national motorway network (M62/M6)</p> <p>What Northern Way can do:</p> <p>Support for Liverpool City Region's role as the North's major gateway to the Atlantic and deep sea shipping</p> <p>Northern Way support for public funding for a package of rail improvement to improve freight access to port facilities</p> <p>Secure funding for immediate road infrastructure improvements, including the A5036</p>	

Priority action 3	<p>Liverpool John Lennon Airport</p> <p>Develop Liverpool John Lennon Airport as an international airport serving global destinations.</p>
<p>Major investment has already taken place at the Airport, with a new terminal extension opened in 2004. The Airport is currently developing a Master Plan for further expansion to match forecasts of future growth. The next phase of development will enable the Airport to grow to a throughput of up to 12m passengers per year. This may require the release of additional development land and the construction of a new eastern access road, linking the Airport with the A561 east of the Speke Park residential area (at an estimated cost of about £14m).</p> <p>To expand its scheduled traffic to connect the City Region to the world support is needed in attracting new carriers and opening up new routes. This is the top priority over the next three years.</p> <p>Public transport access to the Airport will be improved at the end of 2005 when the new Liverpool South Parkway interchange is opened, which is expected to have a direct bus link to the Airport. In the longer term, it is planned that Line 3 of Merseytram will provide a through public transport link to the Airport from the city centre. To the east, the Mersey Gateway Project will improve road access to the Airport from south of the Mersey, whilst upgrading of the Halton Curve could provide a direct rail link from Chester and North Wales. A top priority is surface access by rail.</p> <p>The complementary roles of Liverpool John Lennon and Manchester Airports would be reinforced by improved rapid transport between them. There is clear evidence that the introduction of new routes from Liverpool John Lennon Airport have not prevented continued growth on existing routes from Manchester to the same destinations.</p> <p>The City Region would greatly benefit from a direct link into Heathrow both to promote tourism to the area, including that linked to the Capital of Culture, and for more general business travel, as well as further route development. The development of such routes would be supported by appropriate marketing and start-up support.</p> <p>Further emphasis needs to be given to handling in-bound tourist and helping them to access the City Region and other parts of the Northern Way.</p> <p>The potential for the development of wider economic activities around the airport as a hub must be brought forward. The Airport terminal could also be developed as a centre for public art.</p> <p>What Government can do:</p> <p>Support the implementation of the policies expressed in the Aviation White Paper</p> <p>What Northern Way can do:</p> <p>Fully reflect the key role of Liverpool John Lennon Airport in the Northern Airports Priorities Plan</p> <p>Support to realise the Airport Masterplan and access improvements</p> <p>Marketing and Route Development Fund (Northern Way) support</p> <p>What can the NWDA/local partners do:</p> <p>City region support for the substantial development of the Airport</p> <p>Delivery of linked actions – including programmes associated with the Cluster Development work in the City Region and new activities to ensure local SME's can benefit from the airports growth.</p>	

<p>Priority action 4</p>	<p>The Mersey Gateway</p> <p>A new road bridge crossing of the River Mersey between Runcorn and Widnes to improve and modernise road access to the city region.</p>
<p>The Mersey Gateway Project involves the construction of a new crossing of the River Mersey up to two kilometres east of the existing Silver Jubilee Bridge at Runcorn-Widnes. The Project will provide a dual two-lane road crossing, with provision for future widening to dual three lanes if warranted by traffic growth and with the potential also for incorporating a future light rail link across the River. As part of the project, the existing Silver Jubilee Bridge will be converted for priority use by pedestrians, cyclists and bus services and as a facility for local vehicle movements only. The total capital cost of the project is estimated at about £250m (in January 2003 prices), before any allowances for risk and optimism bias. It is anticipated that the project will be financed through the Private Finance Initiative.</p> <p>The project will help to address the barrier to north-south movements that is created by the Mersey and the constraints of the existing crossing. In particular, it will improve surface access to Liverpool John Lennon Airport, which is a key “growth pole”, to Chester and North Wales (see the Liverpool John Lennon Airport priority). Importantly it will also facilitate the development of a number of designated strategic regional sites as identified in the Regional Economic Strategy including Estuary and Speke Garston Halewood, Daresbury Park, Ditton , Chester, Kings and University Edge (see the 21st Business Environment priority) as well as the longer terms development of the Deeside Hub and Omega. It will trigger economic benefits of £1.8bn and up to 7,000 jobs and serve the expansion of industry and commerce including Liverpool John Lennon Airport.</p> <p>What Government can do:</p> <p>Government approval to funding</p> <p>What Northern Way can do:</p> <p>Support the Mersey Gateway as a key connectivity infrastructure development of importance to the North West Region and North Wales</p> <p>What can the NWDA/local partners do:</p> <p>City region support for the Mersey Gateway</p> <p>Delivery of linked supporting actions</p>	

Priority action 5	<p>Rail connectivity</p> <p>Improving rail connectivity across the Northern Way – NETA – and connections to international markets</p>
<p>Liverpool Lime Street Station is the main rail passenger gateway to the City Region, and the Lime Street Gateway project will improve passenger facilities in and around the station (£22m). This project is important in the context of the West Coast Mainline upgrade.</p> <p>There is also a need for the restoration of direct rail links with Liverpool that have been lost in recent years, and in particular services to Scotland - as well as for trans-Pennine linkages.</p> <p>Increased capacity at the Manchester Rail Hub is a regional pre-requisite.</p> <p>Upgrading of the Halton Curve would allow direct services to operate into Lime Street from North Wales, plus improvement in links with North Wales via electrification of the Bidston-Wrexham line.</p> <p>Improved links between Manchester Airport and the Liverpool City Region.</p> <p>Local rail services would benefit from the expansion of platform capacity at Liverpool Central underground station to cope safely with growth in passenger throughput as major commercial developments take place in the city centre.</p> <p>Other proposed local rail improvements include the reinstatement of the St Helens Central to St Helens Junction rail link, the introduction of passenger services on the Bootle Branch line, electrifications beyond Kirkby and Ormskirk, upgrading and redeveloping Chester Station Gateway, upgrading Hooton Station with its link to Roften Woods Business Park.</p> <p>Local links with the rail network will be improved by the Merseytram and bus network quality proposals being promoted through the LTPs. In particular, Merseytram Line 3 will link the Airport to the local and regional network.</p> <p>Key freight developments include expansion of the Ditton Strategic Rail Freight Park near Widnes, the proposed Parkside Freight Village at St. Helens and expansion of the Knowsley Rail Freight Terminal, as well as the re-instatement of the Olive Mount Chord to improve rail freight access to Seaforth docks via the Bootle Branch line (see the Liverpool City Region Ports Priority).</p> <p>The opportunity for a ‘step change’ in the quality, capacity and speed of rail transport should be explored – for example; an ultra fast Maglev system to reduce journey times from the City Region to Heathrow to under 1 hour and provide a fast link (less than 10 minutes) between Liverpool John Lennon and Manchester airports. A system of this type would be the strategic backbone for a globally competitive Northern Way.</p> <p>What Government can do:</p> <p>Prioritisation and funding support for key Northern Way and City Region projects, including the West Coast Mainline upgrading, improved Trans- Pennine links and direct rail links to other regions</p> <p>What Northern Way can do</p> <p>Support for feasibility and other studies to establish the case for City Region rail improvements</p> <p>Funding and other support for key Northern Way and City Region projects, including the Manchester Rail Hub, Merseytram proposals and local freight access to the port</p> <p>What can the NWDA/local partners do</p> <p>Policy development in RSS, RTS and LTPs to support actions identified</p> <p>Further discussions and collaboration with the rail industry Government approval to funding</p>	

THE CREATIVE AND COMPETITIVE CITY REGION

The Liverpool city region is developing its existing internationally significant knowledge economy assets to create a world class R&D and innovation base through Daresbury Science and Research Park, the Universities, National Bio-Manufacturing Centre in Speke and Liverpool Science Park.

To accelerate its positive economic performance it is striving expand the internationally important life sciences, chemical, automotive, ICT and aviation sectors and to increase productivity levels towards parity with the UK.

The city region is developing a 21st century business environment with premier sites, premises and office space; a public sector renowned for cost effective delivery and innovation; a highly skilled resident population and high levels of economic activity and inclusion.

People are our most important asset and we aim to expand our skilled and flexible workforce into one which is internationally renowned – and in the process to make the most of the strong performance of the city region's economy to achieve full employment in every community.

The public sector is important in the city region and provides strong foundations for developing the city region as an area which delivers high levels of productivity in the public services.

Knowledge and Innovation

The Liverpool city region has an important and varied knowledge and innovation base.

Daresbury Science and Research Park with a substantial and well established mix of industry, university and public sector R&D activity is a centre of excellence for scientific research and development. Northwest Development Agency investment of £25.7 million will provide a direct link from the Laboratory's research to industry. In the medium-term, Daresbury will be developed as a mixed-use science campus, including the £25 million 4GLS (Fourth Generation Light Source) project, Europe's most powerful academic research computer, and the world's most powerful microscope. An award of over £7M from PPARC, with a further £10M investment from the NWDA, will fund development of the first phase of The Cockcroft Institute: A National Centre for Accelerator Science. This major development involves collaboration between the Universities of Liverpool, Manchester and Lancaster, NWDA, CCLRC and Halton Borough Council.

The Universities

As part of the Northern Way initiative, the University of Liverpool is partnering with seven other research intensive Universities across the North of England to provide the leadership in taking forward some key areas of science and technology. These areas, covering

energy, bio and chemical manufacture, and ageing, mental health and obesity, seek to address major national and regional priorities, and represent activities where the North of England has key strengths and critical mass.

The University of Liverpool, had some 20,000 students a turnover of £220m in 2003/04, and external research income of £60m pa, and is a member of the Russell Group of universities as reflected in the high proportion of its subject areas - 23 - having international standing with 5 or above research ratings, including one 5** rating for Physiology. Strategic developments in a number of key research areas range from oncology and tissue engineering to accelerator science, e-business, infectious diseases and nanotechnology/materials. To strengthen and develop this position, it is recruiting 100 internationally leading researchers.

Liverpool John Moores University had a turnover of £106M in 2003/4, over 24,000 students, and research and research-related contracts to a value of over £60m. According to the last RAE, JMU generates more research income than any other comparable university in the UK. Specialist centres of excellence flourish in Engineering Design, Digital Content, Public Health, European Institute for Urban Affairs, with one 5** area (Sports Science), one 5 graded area (General engineering) and many at national excellence levels in Astrophysics and subjects Allied to Medicine (including biomedical).

These assets are being used effectively to develop and embed innovation and research into the economy and businesses in a number of ways;

- The Universities, NWDA and City Council have led the development of the Liverpool Science Park, with the first phase of development, an incubator, opening in 2004 with Cambridge based Cam-Sci as the operator. It will incubate 30 SMEs in its first phase and provide 44,000sqft of incubation space, supported by a £25m seedcorn fund. Liverpool Science Park will be the new brand for the existing sites of Wavertree Technology Park and the former MTL site. It will provide up to 250,000 sq ft of new grow on and single user space for the increasing number of companies spinning out of the Universities and spinning in from inward investment. Key projects will include a new micropackaging centre (£30m). It will encourage and incubate new businesses and attract key companies and agencies such as the International Centre for Digital Content, part of LJMU and Connect Internet Solutions Ltd from the University of Liverpool.
- There is major strength in Health in the Liverpool City Region, including research at the University of Liverpool, Liverpool School of Tropical Medicine, nationally significant hospital trusts including the Royal Liverpool and Alder Hey.
- MerseyBIO is leading the development of the life sciences sector and raising the profile of Liverpool as a leading UK life sciences location. The MerseyBIO Incubator, a state-of-the-art facility at the University of Liverpool, provides laboratory and associated office space for up to 15 biotechnology companies in the global health and agricultural industries.
- The £34m National Biomanufacturing Centre will deliver expertise and manufacturing capability to early stage biotechnology companies and product development programmes in the UK and Europe. The 4000 m2 facility will provide

the full range of services necessary to take a novel biopharmaceutical from proof of concept through to GMP manufacture for clinical trials.

- The University of Liverpool's internationally renowned School of Tropical Medicine is expanding to create a major Centre for Tropical and Infectious Diseases to develop and clinically trial drugs, vaccines, insecticides and diagnostics from the research base prior to transfer to local industrial partners for biomanufacturing, commercialisation and marketing.
- Liverpool John Moores University is developing the £24m Digital Academy, DigitInc – spinning out new businesses and the £20m Design and Screen Academy.

The business R&D base

Cheshire adds to the wider city-region's HEI assets through the University College of Chester, West Cheshire College and Chester Law School.

Cheshire & Warrington is an important engine of growth for the region for privately driven and funded R&D and knowledge based industries. Key firms include AstraZeneca, Aventis, Bentley, BNFL, MBNA, National Nuclear Corporation and Shell. It has more employment in knowledge based industries than any other parts of the region and knowledge based employment is growing at a faster pace.

A Knowsley Innovation and Technology Centre is at planning stage to provide stronger linkages between Merseyside, the North West and Northern England and to European and other sources of technology transfer. Kings Business Park in Knowsley, home to Vertex and Computer Sciences Corporation – one of the leading global IT services companies – is developing as a centre for ICT and plans to develop this further through the proposed Centre.

A 21st century business environment

Central to the city-region's economic resurgence is the utilisation of its capacity for expansion through targeted investment in quality sites, premises, business infrastructure and commercial office development in Liverpool city centre, seven strategic investment areas and the Widnes and Ellesmere Port Economic Development Zones, forecast to generate in excess of 32,000 new jobs by 2006.

Liverpool City Centre, a regional economic driver, is increasing its profile as a major business centre for the wider city-region, including North Wales, west Cheshire and west Lancashire. Liverpool city centre is the key to reviving the city-region's commercial economy. Of particular significance is expanding the supply of modern, flexible, high quality offices in the Commercial District. The initial target of 1m square feet of new Grade A office space is already close to being achieved through developments such as the 101 Old Hall Street project for Unisys and the Passport Agency, the pre-letting of over 100,000 square feet in City Square to the Department of Constitutional Affairs and the construction of the prestigious Unity development on Chapel Street.

Liverpool Vision, the city centre URC, is driving new developments to massively expand the core Commercial District. Planning permission has been granted for English Cities Fund's St Paul's Square office led development will deliver 350,000 sq ft of new commercial office space. 13 acres of brownfield land at the rear of Mercury Court will create a new commercial quarter comprising 1m sq ft of Grade A offices, apartments and a new public square.

There is also significant potential to extend further commercial activity into the edge of city business locations, in particular Bootle and Birkenhead where good transport infrastructure, and commercial space availability combines with an attractive, competitive offer to inwardly locating companies.

The Strategic Investment Areas and other strategic sites are also vital to the city-region's offer to investors and indigenous businesses, providing a substantial portfolio of capacity for re-location, new investment and growth.

- Speke Garston Halewood, (Liverpool and Knowsley), a nationally significant business location, with first class communications through Liverpool John Lennon Airport and road connections to the M62 and M56. It is home to Jaguar, the National BioManufacturing Centre, the city region's bio-manufacturing sector and the Estuary Business Park, and attracts a steady flow of major investors.
- Huyton Prescot SIA, (Knowsley) includes Kings Business Park and offers a high quality business environment to several key corporates and a major cluster of ICT businesses, with state-of-the-art purpose built accommodation, connected into an unrivalled transport network. Prescot Town Centre Regeneration Programme will extend the offer of sites for investors.
- St Helens SIA acts as a major focal points for business development supporting the Borough's City Growth Strategy.
- Atlantic Gateway, straddling Sefton and Liverpool, has a key focus on the development of the Port and maritime port-related industries and provides strategic access to the Port.
- The Wirral Waterfront SIA is bringing economic revitalization to the Wirral International Business Park, the 12 Quays site and the Wallasey and Birkenhead Docklands.
- Approach 580 SIA, spanning Knowsley and Liverpool, includes the Knowsley Industrial and Knowsley Business Parks (one of the largest business parks in Europe) and Aintree Industrial Estate. investment focusing on the logistics sector and further expansion of the Knowsley Rail Freight Terminal will help to make the most of its excellent motorway connectivity. The Stonebridge Park Development will bring forward quality business premises for investors .
- Widnes Waterfront is being masterplanned to transform 80 hectares of industrial land into a regionally significant quality environment for commercial and industrial development complemented by a major visitor attraction.
- Eastern Approaches, including Wavertree Technology Park, provides some of the development space for the Liverpool Science Park and is the key eastern gateway into the city centre.

Extending the strategic opportunities

Major regional assets include Chester's strong financial services sector, the Shell petrochemical refinery at Stanlow, Cheshire, Vauxhall at Ellesmere Port and Chester Business Park. Improving links between employment opportunities and residents in Ellesmere Port, Wirral and Deeside is critical.

Cheshire and Warrington are positioned to deliver growth of significance for the Northern Way. Objectives are to maintain GVA per capita as one of the five highest NUTS 2 regions in the UK and by 2014 to increase GVA per head to 14% above the UK average; and to increase the birth rate of businesses to 20% above the national average by 2014.

The wider city region also includes regionally important assets with capacity for growth such as Omega in Warrington and the Deeside Hub, extending through into North Wales.

Optimising the city region's existing quality offer and its wider vast potential to create complementary opportunities is part of the challenge of the city region development programme. Immediate priorities are to maintain the momentum and consolidate the successes and impacts of current public and private investment. The city region will work with partners in Whitehall, the Welsh Assembly, the Northern Way and North West Region to take the longer view and create a deliverable vision of an internationally competitive urban economy able to hold its own in the global league tables of successful cities.

Inward Investment

The city region's portfolio of sites and premises is critical to attracting the businesses of the future. Merseyside is securing record levels of new inward investment – more than any other sub region of the UK in 2003/4 - drawn by an economic and urban renaissance which makes it one of the most attractive UK inward investment locations in which to do business. In 2004 Merseyside secured FDI that will ultimately create or safeguard over 1500 jobs involving capital investment of over £300m over the coming 2 years.

Sectoral analysis identifies strong inward investment performance in new business services and software projects, but also significant re-investment in automotive, pharmaceuticals, chemicals and food sectors. An example of investment confidence is the FDI decision of German based Bertelsmann Group to invest £122m into a new Gravure Printing facility in Speke Garston, Liverpool, directly creating 450 highly skilled jobs.

Productivity

At present, a clear productivity gap exists between the Liverpool City Region, the North West (NW) and the UK (£2.8 billion with the NW & approximately £6.6 billion with the UK). This is despite attracting and generating large numbers of new jobs (43,000 more jobs in 2003 compared to 1998) and securing impressive GVA per capita gains (rising from £9,227 per capita in 1998 to £11,176 in 2002 in Merseyside).

There is a multiplicity of causal factors underlying this productivity gap, such as continued industrial restructuring (away from highly productive Manufacturing into lower productivity Service and Public Sector activities), a declining population (which has fallen by 9% of the last twenty years - the highest in the North West), relatively low levels of skills, investment and innovation, and as touched upon earlier, high embedded levels of labour inactivity in

parts of the City Region.

Business density is also low compared to some competitor areas, with 21 VAT businesses per 1,000 population, compared with NW and GB benchmarks of 31 and 37 per 1,000 population, respectively. Whilst these figures in aggregate are concerning in themselves, they also mask the fact that there is considerable productivity dispersion within Merseyside and the City Region. Merseyside alone needs to create and sustain an additional 12,000 new businesses.

Employment rates also fall well below the national aspiration of 80% and are characterised by some major concentrations particularly in areas of social housing and housing reinvestment. The skills deficit is a contributory factor, restricting the supply of labour to meet demand and constraining entrepreneurialism.

These deficits present a serious challenge for the long term wealth and sustainability of the city region – a challenge which will build on and encompass important developments already in place in the city region;

- Two City Growth Strategies provide robust models. St Helens, one of the first wave national pilots for City Growth, has achieved substantial new business start figures recently, rising from 20 per 10,000 people in 2002 to 27 in 2003. The successes are being delivered by identifying and supporting high-growth firms, aligning training provision with identified employer demand, and devising practical, on-the-ground support for business start-ups. Liverpool City Growth aims to connect some 5,000 SMEs with major economic opportunities, stimulate entrepreneurship particularly in the city's Black and Racial Minority communities and grow local industrial sectors.
- Business Link for Greater Merseyside, Business Liverpool, The Merseyside Special Investment Fund (MSIF), Sector Development Directors and other business support services across the city region are working to extend incubation facilities, startup support and venture capital availability.
- The Merseyside Enterprise Commission, comprising local entrepreneurs and led by Phil Redmond of MerseyTV has a wide remit - from deep cultural issues embedded in the education and social system, through to more specific challenges of recognition and support for entrepreneurial endeavour. The aim is to build a culture which encourages and supports entrepreneurship.
- The Merseyside Business Start Up Strategy builds on best practice models in Knowsley and St Helens and gives particular focus to youth enterprise, including work with schools, formalising the informal economy and developing community based enterprise support.
- The Mersey Partnership's research has led to a consensus that a significant source of competitive advantage for Merseyside in the future will be to become a good place for women to participate in the workforce and to establish businesses. Support programmes include the provision of appropriate skills and training, the development of safe public transport provision serving womens' needs, and childcare and care for elderly people.

- ICT Connectivity is vital for business success. Liverpool has been named the European ICT capital in the prestigious European Cities and Regions of the Futures 2004/05, judged, in the face of stiff competition from Frankfurt, Paris, Glasgow, and Milan, as having the Best IT and Telecommunications Infrastructure in Europe. Liverpool's low telecom charges and 100% broadband coverage impressed the judges, with a one minute call to the US from Liverpool costing as little as €0.014 per minute. And 93% of schools in Merseyside have broadband connectivity, a figure which leads the country. Key priorities are to improve household takeup, supporting enterprise initiative Liverpool Digital, and building business density within knowledge economy sectors.

The growth clusters and Sectors

Life sciences are highly significant with public investment in catalyst projects being matched by HEI/private sector investment. Public and HEI funding has been reinforced by significant private sector players choosing Liverpool as their location of choice from the whole of Europe, such as Chiron (investing £85m in vaccine manufacturing) and Eli Lilly (£28m investment in 2003). Biotechnology HEI research and development is managed collaboratively with the Manchester Universities, increasing economic connectivity and enabling the North to operate on the global stage. Biotechnology and bio-manufacturing represent one of the most important opportunities to grow an internationally competitive industry cluster and bring significant economic benefit to the North of England.

The demand for **professional services** is increasing as the stock of businesses rises, and the volume of inward investment grows. A major initiative is underway to build networks of small firms and linkages with firms in the wider region, including Chester, Manchester and Preston. Collaborative specialist training will grow firms, increase graduate retention, and attract and retain higher value services to support the NW region.

Aerospace is a high growth sector. The North West Aerospace Alliance (manufacturing expertise) and the North West Aviation Group (skills development and strategy) are creating linkages between small and large firms across Merseyside, Manchester, Deeside, and Lancashire. Joint activity to identify and exploit emerging new technologies is designed to lead to a concerted effort to build export capability, strategically grow the indigenous businesses, and develop routes into the wide range of employment opportunities by young people from the region.

Tourism is a key part of our sector development programme, with the Vision for Tourism in 2015 placing the Liverpool city region amongst the top 20 European city region destinations with an annual visitor spend of £1.8bn, supporting 40,000 jobs. The aware of European Capital of Culture 2008 and the themed years running up to that are delivering substantial benefits, tourism having grown to a value of over £1bn in GVA in the last year of data.

The **Maritime sector** covers trade at the Ports of Liverpool; associated distribution and supply chain manufacturing companies, and a significant skills and workforce development programme. The sector employs 14,000 people and encompasses over 920 separate companies, coordinated through Mersey Maritime the sector development agency.

Generating 26% of economic output, **the public sector** is the single largest element of the city region economy and an important opportunity to become a real centre of excellence serving other regions. The city region is an established location for Government activity, hosting the greatest concentration of civil service staff in the UK outside of London and the South East. 20 Government Departments have a significant presence here, employing over 17,000 Civil Servants, in addition to local public services. With excellent connectivity with the capital – train journeys of 2h30m and five daily flights from Liverpool Airport to London City - the city region offers an outstanding opportunity for Government Departments to improve efficiency and service delivery across a host of executive and technical functions, within a

cost competitive environment, as evidenced by the decision to build the HSE's new 32,000m2 headquarters in Bootle.

Environmental Technologies and Services is an important sector not only in itself but more widely in providing solutions to environmental problems for other sectors and society. It comprises some 400 businesses, employing around 15,000 people, with annual turnover of £1bn, both manufacturing and service sector.

Envirolink Northwest is the Environmental Technologies and Services sector development champion for Merseyside, working across the Northwest with more than 1,500 businesses and stimulating innovation (to create new products/services, new businesses and new employment opportunities), improving learning and skills training; and promoting the sector regionally, nationally and internationally.

The sector is a major opportunity for growth, innovating solutions for waste management & recycling; renewable energy technologies; energy efficiency technologies; contaminated land remediation (freeing up brownfield land for development), air pollution control technologies and cleaner production techniques. And the city region is well placed to service major renewable energy projects in Liverpool Bay – now one of the most active marine energy provinces in the UK.

Automotive manufacturing is of major importance. The Jaguar plant at Halewood is the most efficient in the Ford global empire and will manufacture the Freelander from 2005. Vauxhall manufacturing of the new Astra model at Ellesmere Port is of a similar order of regional significance. The UK-wide supply chain for the automotive sector forges links with centres such as Ford in the Midlands, and is one of the strongest sectors in terms of potential to increase exports to all global markets. Vital to the continuing success of the sector are transport infrastructure improvements and particularly the Mersey Gateway and strategic rail freight investments outlined in the Local Transport Plan.

The Creative Industries group, a broad span of commercial activity with creativity at its centre, employs 16,000 people in Liverpool / Merseyside and generates £484 million in revenues. There is a growing film and TV sector - Liverpool is now the most filmed UK city outside London - and a strong reputation for new media, particularly games software. Along with our world-wide recognition for popular music, there is a growing status in graphic and product design. Liverpool John Moores University is home to the International Centre for Digital Content (ICDC), the only UK university research centre focussed on new media. Outside its focal point in the city centre, the sector also extends into Knowsley and St Helens.

Creating a sustainable competitive advantage

The Liverpool city region has travelled at an impressive pace in the last decade in its development as a competitive urban economy. The following action priorities aim to make full use of our potential to make a difference to the North of England.

Priority action 6	Research and development
<ul style="list-style-type: none"> • Promotion of the sub-region as a major centre for research and learning, and innovation and enterprise, focused especially on the City Region's priority sectors and areas such as Health where we have internationally recognised resource • Foresighting activities, aligned with our priority sectors, to identify opportunities and response • Networking between education/research organisations and business in the City Region's target sectors (within and outwith the City Region) to <ul style="list-style-type: none"> ○ Identify and address business needs in the City Region's priority sectors, through activities such as technology transfer, and joint projects e.g. developing the Science Park as a science and technology R&D infrastructure ○ Assemble partnerships for e.g. Technology Programme, Framework Programme 7 bids ○ Influence government and other funding agencies in the UK and abroad • Widening participation activities to increase participation rates in higher education by local residents (the recent announcement of University status for Hope and Chester Colleges is a recent further help in this respect) • Increase the availability of early stage funds for research commercialisation through for example, MSIF and Liverpool Ventures • Develop research capabilities where there are gaps in relation to sectoral priorities • Extension of the enterprise in education movement across schools, colleges and local HE • Extension of CPD to existing businesses • Actively working to retain our brightest and best graduates and post-graduates • Completion of: <ul style="list-style-type: none"> ○ Existing initiatives in relation to life sciences, notably the National Bio-manufacturing Centre ○ Liverpool Science Park Phase II ○ The Daresbury product. <p>What Government can do:</p> <p>Explicit commitment from HEFCE for a funding regime that creates space for the maintenance and building of research excellence in the Liverpool City Region. Increased funding to enable research excellence in subject areas relevant to the City Region's priority sectors</p> <p>What Northern Way can do</p> <p>Lobbying of Central Government for HEFCE funding regime that is aligned with the needs of the City Region. Facilitated and driven dialogues between HE bases across the Northern Way, so that HE activity in the Liverpool City Region benefits from HE activities elsewhere and reciprocates in return.</p> <p>Regional Partners – recognition by North West Development Agency and North West Science Council of the needs of HE needs in the Liverpool City Region, and bending of funding to support. Active involvement and drive from North West Universities Association</p> <p>What can the NWDA/local partners do</p> <p>Continued close working between HE institutions in Liverpool, and further improved links between HE and the City region's business base, perhaps through an R&D Task Force for the area.</p>	

<p>Priority action 7</p>	<p>Focus Clusters</p> <p>Enabling forward serious, self-sustaining clustering in our priority industries. Building on recent work, Focus Clusters will have two goals: The provision of infrastructures that support clustering and the active encouragement, and facilitation, of clustering behaviours.</p>
<p>Both entity and behaviour aspects are key for successful clustering activity. As a consequence, it will be vital that Focus Clusters enables both aspects.</p> <p>Enabling cluster entities</p> <p>This strand will work to ensure that the four infrastructural components recognised as being necessary to the development of high performance clusters are in place. Specifically, this strand will focus on:</p> <p>Entrepreneurial people with ambitious aspirations</p> <p>It is widely documented that many managers in SMEs feel overwhelmed by the demands of day-to-day survival and believe that they cannot spare time for reflection on plans, strategies, and possible avenues for innovative change. Amongst owner-run firms, a significant proportion of managers have less formal education and training than would now be expected from those in their positions</p> <p>Addressing these people, constraints are key to ensuring that this component of the cluster mix works properly. Initiatives and programmes (for example by the SBS and ELWA, the Learning and Skills Councils& ELWA, have vital roles to play here.</p> <p>People and the labour market</p> <p>The quality of human resources, the prevailing attitudes towards risk taking and change, and the flexibility of the labour market are vital elements in cluster development. Fundamental change in these respects relies on the education system, and in many regions the emphasis on key skills in education should make for more appropriate base-level skills on which further, focused, aptitudes can be grafted later through specialist education and training.</p> <p><i>Positive individual attitudes towards risk taking, often as a result of experience, make it more acceptable to legislate for labour market flexibility, and subsequently to achieve it. They are, however, not easy to achieve in practice, although they are more likely to be evident in a buoyant regional economy, where employment alternatives are more readily on offer.</i></p> <p>Land, property and hard infrastructure</p> <p>The flexible availability of land and premises is a crucial element of well-functioning clusters. Existing firms facing growth may well have changing requirements for sites or premises and if these cannot be met readily, the likelihood of their remaining in the cluster may be reduced. Partly the answer may lie with the land use planning system and regulations. The stance of property providers is, however, also important in terms of the types of lease that are available, the requirements in terms of financial covenant and the degrees of risk that a property lease imposes on a tenant firm. If the property market overly increases the levels of risk that a firm has to bear this will, necessarily, reduce the propensity for innovative and clustering behaviours.</p> <p>As the experience of Mersey Bio shows, land, and premises are particular issues for the new knowledge-based business and start-ups. Typically, a new start will be constrained financially, be able to offer little collateral and will lack a convincing business case to show that it will be a secure tenant (unless its founders can point to previous experience). Traditionally the most common approach was to develop by bootstrapping; with growth potential being constrained by the ability to generate internal resources from retained trading profits.</p>	

With speed to market increasingly the imperative for knowledge-based firms, such a laborious approach is not viable. This has been recognised by the increasing numbers of publicly-supported incubators, managed workspaces and innovation centres that reduce the property worry for firms in their, critical, early years. In most cases, these initiatives also encompass on-site business support and in some, typically those with a clear sectoral focus, there may also be high value, specialist equipment available for shared used by tenants.

Money and external business support

Finance is essential but not sufficient for clustering. What many firms need now, if they are to be innovative, is sources of finance plus ingredient X. Whilst their specific needs may vary, finance alone is seldom enough. Effective clusters must also encompass advisers on technical, market, legal, financial and IP issues. Ideally, these advisers should be enthusiastic to invest in developing longer-term relationships with high potential firms and not be fixated on individual transactions alone.

Public support can help in this sphere by monitoring the quality of business services that are available and, where deficiencies are identified, taking the lead in steps to remedy them. Sometimes this may involve encouraging/assisting inward investment by a specialist provider. More typically, the practicable approach will be to ensure that strong links are built with centres of the business service expertise outside the region and if necessary subsidising activities and initiatives that keep local firms on the map of the specialist business service providers – including financiers.

Knowledge

Each of the above factors is a vital element in the development of functional and self-sustaining cluster entities. For innovative and technology-base clusters in particular, access to knowledge is an especially significant enabling factor. Knowledge is important for two reasons. First, as a strategic resource, it allows firms to better understand the product, service, and technology markets in which they operate, and so are better equipped to make choices as to how they develop and grow their enterprises. Second, as a factor of production, it allows firms increasingly to compete based on innovation and technological content, rather than cost alone.

The most important sources of knowledge and intellectual capital are those institutions that develop advanced technological and scientific skills. In many cases, these institutions will also have a range of teaching strengths, providing skilled people to participate in the labour market. A range of ways of harnessing these knowledge resources to the innovation and clustered efforts have been developed in many regions in recent times, notably through HEIF and other reach out programmes. Increasingly, the emphasis is on outreach to firms, and aligning teaching and research with the requirements of the business base.

Enabling cluster behaviour

The second strand of **Focus Clusters** will be to encourage active clustering behaviours. Against the context of the key drivers of productivity (Skills, Enterprise, Innovation, and Investment), five broad phases are planned:

- Promotional and motivational activities that contribute to:
 - The identification of a critical mass of SMEs sharing similar growth constraints and market development interests
 - Their sensitisation to the benefits of networking, and
 - The emergence of groups and of group leaders.

- Strategic planning phase for specific emerging networks involving:
 - an analysis of common problems and opportunities
 - the establishment of common goals and plans
 - an organisational structure to take things forward

A pilot project phase, through which cooperation starts bearing concrete benefits to participating partners. The aim is to generate visible results (although of a short-term nature) in order to engender optimism and trust and to consolidate the network's willingness for further cooperation. Often, the projects undertaken during this phase have a commercial and/or promotional value, and include:

- Joint participation in market research and promotion initiatives
- Joint purchase of production inputs and materials
- Cost-sharing involvement in design of collective catalogues, etc.

Over time, pilot projects will give way to strategic projects, focused on specialisation and complementation at the operational level. Strategic projects will commonly involve one or more of the following components:

- progressive increases in the degree of specialisation, by process and by product, of the network members
- the development of common or shared facilities to support the now emerging cluster
- the development of new enterprises within the cluster

The fifth and final stage is the self-management phase, which coincides with the group of enterprises gaining greater autonomy and the capability to carry out further joint activities independently.

These sorts of activities are invariably prevalent in regions whose labour markets exhibit a high degree of internal churn. For instance, Silicon Valley software engineers who, move jobs every eight or nine months, inevitably ensure that tacit knowledge is spread from one firm to the other – even if this is not what the firms intend. Similar sorts of informal networking and clustering behaviours can also be found in the city regions such as those around the historic cities of northern Italy, Oxford and Cambridge in the UK, or the provincial centres in much of the rest of Europe. Such behaviours are not, however, naturally prevalent across a large, dispersed region or within a major metropolis, and as such need to be actively nurtured.

What Government can do:

Support in the design and delivery of pilot initiatives

What Northern Way can do:

Resourcing and active intermediation between City Regions to ensure sharing of cluster support ideas/to assist inter regional pooling of knowledge and financial resources as required. A commitment to maintaining a knowledge base of world class approaches to cluster development.

What can Regional Partners do:

Working with and building on regional cluster development activities in the Merseyside context. Significant support to resourcing high-level regional leadership posts for cluster development activities. Additionally, a commitment to financial support of cluster development activities to an excellent standard.

What can the City Region Partners do:

Bending and building local programmes in order to support local cluster development. A commitment to finding and funding excellent grade leadership at a city level to support cluster development.

Priority action 8	<p>Pervasive Productivity</p> <p>Alongside Focus Clusters, Pervasive Productivity will work to secure a step-change in raising the productivity of our wider business base, and so close the significant ‘GVA performance gap’ that we have with the rest of the UK</p>
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Pervasive Productivity will deliver a broad package of activities designed to improve the City Region’s long term productivity performance by focusing on removing local barriers to economic growth. **Pervasive Productivity** will complement the *Focus Clusters*, *Public Sector Productivity* and *Full Employment and Skills* programmes of activity.

Pervasive Productivity will build on existing initiatives whilst at the same time bring a new packaged approach designed to address historic weaknesses in five key areas that influence the rate of productivity growth in our City Region - Skills, Enterprise, Innovation, Investment, and Competition. In responding to these challenges, the **Pervasive Productivity** imperative will be to ensure that they are tackled in an inclusive manner – all of the City Region’s communities must play a part in our future success.

Practically, **Pervasive Productivity** will work at two levels. First, it will seek to augment, complement, and better mesh together those existing activities that are already underway within and throughout the City Region. As such, the action will further strengthen the harmonisation of business support, skills, labour market, and related activities, not seeking to replace these but rather securing better synergies and sustained impacts. Across the four target audiences, this will include, amongst others, support for the following activities:

Existing businesses in the City Region and their Management

- The national work of the Sector Skills Councils, making sure that the key priorities and potentials of the City region are fully reflected
- The work being done more widely by the Learning and Skills Council (LSCs), Connexions and Job Centre + and the Liverpool Pathway to Work Pilot, to address worklessness
- The continuing expansion of enterprise and vocational learning within the 14-19 phase of learning
- The new business birth-rate strategy, funded under Objective 1, the emphasis of which is on further promoting positive attitudes toward enterprise and entrepreneurship
- The Counselling/Coaching /Consulting /Mentoring business support model being delivered by Greater Merseyside Enterprise
- Working with the Merseyside Social Enterprise Network (SEN) to develop and grow the social enterprise sector
- Working to support innovation and smarter working across all business activity in the City Region
- Strengthen the linkages between the Public, Private and Academic sectors. Ensure that business leaders are fully engaged in the development of new strategy
- Intensive awareness raising campaign highlighting the productivity gap between the City region and the NW as well as the long-term benefits of raising GVA and ongoing innovation
- ‘Continuous improvement’ focused business support activity pitched at a wide business base - e.g. encouraging ICT adoption, skills development & sophisticated management

- Third Sector Innovation Audits designed to unlock quality IP
- Comprehensive packages of services to business investors and the many SMEs in the City Region that are failing to progress to the next stage of growth and expansion (71% of Merseyside businesses employee four or less people while 68% of businesses have a turnover of less than £250,000)
- Develop links with national productivity centres across the world – organise visits for key business leaders
- Employed people working across the City Region
- Celebrate local and international innovation successes and develop a ‘good ideas’ bank
- Develop an Innovation Awareness Strategy for the City Region – with a focus on school children
- Establish a Science Day for all schools in the City Region
- Create a series of ‘Think Smart’ competitions and resources for people who solve everyday social and economic problems, or develop smart services or products in the City Region
- Development of an Innovation museum for the City Region such as The Tech in San Jose
- Tailored community capacity building programmes so that communities across the City Region play a greater role in the development and ongoing management of their neighbourhoods
- Undertake a series of community-based assessments of local strengths, weaknesses and opportunities to help unlock the true innovation potential of the City Region
- Organise a problem solving forum comprising star employees from across the City Region. Task the Forum with brainstorming smart ideas that can be used to make the City Region a better place in which to live and do business (themes may include health or reducing business crime etc)
- Mobile communities in the City Region and those that may be attracted to it (e.g. students, both indigenous and temporary residents).
- Strong vocational training interface between businesses and educational institutions
- Make HE and FE courses in the City Region more financially accessible to low-income families
- Enhanced and focused marketing to raise awareness of employment/career opportunities with the City Region for well educated young people leaving schools, colleges and universities
- Develop a targeted immigration/ “talent attraction” strategy for the City Region – to attract highly skilled workers to the area
- Brand the Liverpool City Region as a destination of choice for skilled immigrant workers and entrepreneurs
- Unemployed and economically inactive people in the City Region (this will be supported through the Full Employment project)
- See Full Employment project for details of other actions.

Second, **Pervasive Productivity** will come forward with new evidence-based initiatives to improve our ability to respond more smartly to the fundamental challenges posed by the five productivity drivers and everyday life.

Indicative action areas may include:

- Work with partners across the City Region to increase the demand for broadband and other ICT products
- Rolling out the Partnership for Learning model with employers in key strategic locations

- Ensuring that sufficient resources are available to support enterprise and vocational learning for 14-16 year olds
- Extending the successful Skillworks Plus project post-2008
- A focused programme of technology audits of the City Region's large and medium firms (including those in declining sectors), with a view to identifying 'orphan Intellectual Property' which can be spun out and commercialized for the City region's wider benefit
- In partnership with UKTI and the Liverpool International Trade Centre promote international business activity (focus on SMEs and not just large employers) and identify new overseas markets
- Establish a long-term programme of City Region foresight, designed to provide people and businesses with hard evidence on future market and technology trends, and the labour market implications likely to arise from these.

What Government can do:

Support in design and delivery of pilot initiatives, and wider feasibility work

What Northern Way can do

resourcing, and active intermediation between City Regions to ensure that the shared productivity and business density issues across the Northern Way can draw on and benefit from one another

What can the NWDA/local partners do

Active bending of regional initiatives to better address productivity, underpinned with high quality regional-level growth forecasting and analysis (e.g. through the Regional Economic Forecasting Panel)

Priority action 9	Public Sector Excellence Reflecting the Government's Agenda for the Modernisation of Public Services and the Gershon Report, Public Sector Excellence will work to maximise the productivity of the Public Sector, and ensure that its role as a major purchaser of goods and services is maximised for the benefits of the City Region.
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When all education, health, local authority and other government workers are considered the total number on the government payroll in the City Region amounts to just under 203,000. The public sector in total accounts for 34% of the local workforce and is the single largest element of the City Region economy. This initiative focuses on setting up a framework for action. The framework includes:

- Setting up a local public sector Task Force to address productivity
 - Membership from local and central government departments, local authorities, other government funded agencies such as Job Centre Plus and key stakeholders such as union members.
 - Supporting the Task Group with permanent dedicated officer/officers whose primary role is to facilitate action and network with other local and regional initiatives.
- Developing an analytical framework to focus activity
 - Establishing a mechanism to choose key annual /quarterly thematic foci for activity.
 - Establishing which public sector functions are performing poorly compared to others in a regional, national and international context
 - Setting up thematic groups
 - Choosing activities that focus on a wider focus than procurement
 - Task Force Officer/s network with relevant regional and national public sector organisations promoting productivity in order to ensure activities complement/augment existing initiatives.
 - International best practice to be incorporated into planning activities
 - Task Force Officer/s network with relevant private sector organisations in order to transfer ideas relating to productivity.
- Researching new approaches
 - Undertaking feasibility studies
 - Undertaking research
 - Piloting new approaches
- Trial implementation
 - Implementing new ideas within interested public sector bodies
- Monitoring and evaluation
 - Providing feedback to the Task Force
- Regional dissemination
 - Providing feedback to regional and national bodies

Additional local level activity may be viewed as “just another layer of bureaucracy”. Government funded agencies are already taking part in regional and national level initiatives. However, if the public sector in the City Region is to gain a reputation for public service excellence and improve

faster than other areas then additional activity is required. This activity can be developed in such a way that the demands that it places on public sector officers is minimal. For example:

- The permanently employed officers would be responsible for undertaking administration activities for the Task Force, networking with a variety of relevant organisations and co-ordinating activity.
- The Task Force members could be expected to be in position for relatively short periods i.e. there could be an annual rotation of members.
- Thematic activities could be led by small groups of public servants who would be engaged to undertake project based activity over a period of say – no more than 3 months.

In this way the activity could continue over a long period of time, it could be very active but not expect any one individual to make long term commitments.

What Government can do

Support in the design and delivery of pilot initiatives

What Northern Way can do

Resourcing and active intermediation between City Regions, particularly regional level initiatives, to ensure sharing /dissemination of ideas between regions. A commitment to maintaining a knowledge base of world class approaches to public sector improvement.

What can the NWDA/local partners do

Working with and building on regional developments in public sector productivity improvements.

<p>Priority action 10</p>	<p>21st Century Sites and Premises</p> <p>21st century Sites and Premises will deliver a diverse range of modern and flexible sites, capable of meeting the needs of modern businesses.</p>
<p>Actions to create a 21st Century Business Environment will work at a number of levels and across a number of themes:</p> <p>1. Support the Growth of Potential Business Sectors : Portfolio of sites and premises</p> <p><i>Demand and locational requirements</i></p> <p>Key factors in the economies of successful regions is the presence of thriving clusters of business with networks to support them⁶. There are clear spatial requirements in providing for the growth of the key clusters and sectors in the city region sectors and their associated infrastructure.</p> <p><i>Providing a portfolio of sites and premises</i></p> <p>The Liverpool City Region has a range of sites and premises including high quality city centre office accommodation, key waterfront areas central to the conurbation, major industrial centres in and around vital corridors, and major peripheral sites and gateways to the sub region. Ensuring a quality supply to meet demand is vital if competitiveness and productivity increased in the following key locations:</p> <ul style="list-style-type: none"> ▪ Continuing the Renaissance of Liverpool City Centre: <p>Liverpool's city centre economy is central to the economic growth of the Liverpool City Region and identified as a growth pole in the Regional Economic Strategy. It is the major centre for the metropolitan area and as such forms the strategic hub in terms of its cultural assets, its transport infrastructure, the Universities, retailing and business and leisure tourism and financial and professional services. The city centre is a primary focus for growth in the key sectors such retailing, tourism and leisure, business services, and the creative industries and financial & professional services. Over recent years significant progress has been made in bringing forward key development opportunities such as Paradise Street, Kings Waterfront and the expansion of the commercial district. Such developments, particularly the provision of quality office space, have redressed the city region's historic deficit of quality premises but demand continues to exceed supply. The city centre remains a strategic priority for the City Region. Additionally, as a critical mass of quality premises starts to emerge and with growing investor confidence there is also clear potential to start encouraging the wider expansion of commercial activity into areas at the edge of the city centre – such as edge of town office centres in Bootle and Southport – and, across the River Mersey, into Birkenhead.</p>	

⁶ Planning for Clusters: A Research Report, DETR, June 2000

▪ **Supporting the development of an employment base, especially with regard to key clusters, through investment in - Merseyside SIAs, Widnes EDZ, Ellesmere Port MEDZ and the Strategic Regional sites**

The SIAs, EDZs and other strategic regional sites already have, to varying degrees, some sector specialisms, which need further development and expansion. These include the emerging industries with a science and innovation angle developing within the City Centre, Eastern Approaches SIA, and the University Edge and already well established at the Daresbury Science and Research Park. Speke Halewood SIA is in the top three locations for bio-pharmaceuticals in the UK and has a successful automotive industry with Ford and Jaguar, as well as links to the Liverpool John Lennon Airport (which is an economic driver in its own right). Both the Atlantic Gateway and Wirral Waterfronts have a specific focus on the Ports and related activities, and are a major logistic location for the Liverpool City Region and Maritime sectors, in capturing increased trade opportunities and the movement of goods through the North of England. The Automotive and Bio Pharmaceuticals are well established at Ellesmere Port. Kings Business Park, within the Huyton - Prescot SIA is starting to emerge as an ICT sector. This SIA has the benefit of strong logistical connections to the M57 and M62 road corridors. The concentration of distribution and manufacturing sectors in the Approach 580 SIA also benefit from the areas strong road and rail connections.

The Liverpool City Region strategy is to complete and consolidate the existing programme of strategic spatial development in the medium term. This will safeguard investment to date, realize the potential of the assets and opportunities in these areas including important regeneration objectives, further deliver the sector development strategy and underpin the development of some world class sectors particularly bioindustries, ICT, automotives etc. The public sector is important in the city region; parts of its area have been identified by Whitehall as prime locations for the relocation of civil servants and its property offer is a key ingredient.

In addition to its city centre, the Liverpool City Region has significant capacity for expansion through sites available within the seven SIAs, the Widnes EDZ, the Ellesmere Port MEDZ and the NWDA strategic regional sites (some of these sites are contained within the SIAs). The main opportunities for economic land development will be:

- The seven Strategic Investment Areas (Atlantic Gateway, Huyton – Prescot SIA, Eastern Approaches, Gilmoor Kirby, Speke Halewood, St Helens SIA and the Wirral Waterfront.
- Widnes Waterfront EDZ
- Ellesmere Port 4MEDZ

Other NWDA designated Strategic Regional Sites:

- Liverpool University Edge
- Omega South, Warrington
- The Welsh Spatial Strategy identifies the Flintshire area within the Deeside Hub as a key employment site.

The wider potential – Deeside Hub and Omega – is an important part of the Liverpool City Region strategy. The size and scale of the opportunities to be developed on both of these sites, requires both phased development / land release to ensure that the supporting infrastructure such as transport connections are in place and that activities and developments are complementary to the wider Liverpool City Region and not in competition.

The recent Inspector's Report⁷ on the Warrington Unitary Development Plan endorsed the planning permission for Omega South.

These strategic and priority areas have a significant role in supporting the city region's economic growth and competitiveness objectives and in contributing to local employment opportunities and in sustaining local neighbourhoods. The development of a 21st Century Business Environment must be properly supported by an integrated package of public interventions – particularly business support, skills and workforce development, local transportation and employability measures and marketing of the City Region's offer to international and national investors.

2. Build a more entrepreneurial City Region

The overall package must also develop an entrepreneurial dimension which supports the needs of existing SMEs and new businesses outside these areas. The St Helens and Liverpool City Growth Strategies, Business led Dtl / SBS projects, have both identified the lack of suitable business premises as a key constraint on the productivity of existing businesses and the formation of new ones. This is also a specific constraint for new businesses which immigrant and refugee communities into the Liverpool City Region have identified – an area of entrepreneurship which would considerably add to the city region's multi-cultural offer. The needs and requirements of small and new start up businesses suggest there is some scope for the development of a strategy to develop managed workspace and live/work space.

3. Improve competitiveness and productivity of businesses – meeting employer skills needs & business support

- Whilst much work has been done to increase the city region's skills base, more needs to be done to meet future needs. Creating a 21st Century Business Environment, will require an increased local skills base in line with the demands of growing and emerging industries. Projects Full Employment and Skills for the City Region will address this challenge.
- Business support networks and funding through agencies such as the Business Links, and Business Liverpool and programmes such as the MSIF, and the TMP Sector Development programme will need to be targeted at developing the business base to accommodate economic growth.

4. Develop and exploits the region's knowledge base.

There are opportunities to expand the Universities R&D activities to support and lever in a range of new services, new businesses spin outs and new products. Liverpool has been working closely with the Universities to support the development of entrepreneurial activity centered round the HEIs by identifying and developing business incubation facilities to encourage start up and spin outs. A range of incubator support now exists which is centered on a range of sectors from bio tech to creative and digital industries. Some of Merseyside's Strategic Investment areas are emerging as locations for some of the key growth sectors including Liverpool Science Park, the Estuary Commerce Park and the University edge. Links to Southport Commerce Park/Hibernia Atlantic and the emerging roles of the Universities are being established.

Connectivity

- Public sector investment will need to ensure that linkages, in terms of transport access, are available to the benefit of the wider sub region. This element of the 21st Century Business Environment Project links to the Liverpool City Region projects to improve connectivity

⁷ Warrington UDP Inquiry: Inspectors Report, April 2005. available www.warrington.gov.uk

What Government and the Northern Way can do:

- Recognise the importance of the city region's current and emerging portfolio of quality sites and business premises in relation to investment and the marketing of the city region.
- Strengthen the support and commitment and resourcing between the City Regions to ensure that shared productivity, business growth and density issues across the Northern Way can benefit from one another

Collaboration with other City Region Partners

- for example Manchester, Central Lancashire and Leeds, Hull and Humber Ports to establish and explore opportunities for joint working and complementarity in relation to sector development and growth and links to global markets.

What can the NWDA/local partners do

- Ensure that the spatial priorities set out in this project are reflected in the RSS and RES and that city region partners are enabled to deliver an integrated and comprehensive package of investment, development and services to existing businesses and new investors to the city region.

Priority action 11	<p>Enterprise and environment</p> <p>Develop the region's unique potential for excellence in environmental technology/performance, expand the knowledge base, and achieve international recognition for centres of excellence in selected sub-sectors</p>
<p>Build on the existing sector development plan piloted through Envirolink and roll out across the city region, focussing on strengths/clusters within different areas of the region such as –</p> <ul style="list-style-type: none"> ▪ off-shore – windpower development, wave technology potential, marine pollution, ▪ process/product design (resource efficiency) (Likely to be HE based), ▪ waste management, recycling, re-manufacturing, product marketing ▪ agriculture, forestry, land management, conservation ▪ energy efficiency ▪ environmental management systems and services <p>Support the potential for environmental technology diversification of automotive and aerospace industries in LCR and integrate projects/programmes into sector development plan</p> <p>Integrate and expand existing strategic land management programmes (Mersey Forest Plan. Mersey Waterfront programme, and linked regional park proposals New Approaches etc), to drive major regional landscape change and enhance the setting of the region with related quality of life, image and land value impacts.⁸</p> <p>Linked to above expand local land- management capacity and exportable expertise and provide a seedbed for business growth in land management (including social businesses) including 'green technologies' such as horticulture, biomass, timber, composting. green tourism</p> <p>Develop interaction and synergy with other sectors through problem-solving, intermediary business services building on existing cross-sector links with tourism, chemicals, food industry and construction and other forms of partnership working</p> <p>Develop the city region as a centre of excellence for CSR including responsible supply chain management and procurement procedures thus improving competitiveness of region</p> <p>Establish a sector framework to promote the sector, ensure communication within the sector, and build capacity and confidence and a strong marketing campaign, developing leadership and focus.</p> <p>Develop the capacity to monitor performance, benchmark and provide quality control for the sector.</p> <p>What Government can do:</p> <p>Recognise the city region's real potential to drive UK environmental technology development and production</p> <p>What Northern Way can do</p> <p>Recognise the potential of the city region's proposals for the North of England as a whole</p> <p>What can the NWDA/local partners do</p> <p>Support a significant expansion of the sector in the Liverpool city region</p>	

⁸ A Forestry Commission report on the impact of woodland creation on house prices in the Bold area of St Helens shows the potential economic impact of large scale roll-out of major landscape change projects and associated land management innovation]

THE CITY REGION OF SKILLED AND TALENTED PEOPLE

Learning, skills and the labour market

A world class economy needs world class human capital – intelligence, knowledge and skills, to drive innovation, new technologies, manufacturing, trade, commerce, culture, communications, connections and networks. Education, skills and lifelong employability are the passports to sustainable prosperity – for the city region, its communities and businesses – and a fundamental driver of the higher levels of productivity and the knowledge economy base we are striving to achieve. Key to the city region’s transformation agenda is the delivery of accelerated employability and up-skilling programmes.

Full employment and economically sustainable communities

Alongside strong economic performance and continuing growth in jobs a major challenge for the city region, and in particular its area concentrations of worklessness in the conurbation core, is to increase the number of working age adults entering, staying and progressing in the labour market. Whilst the unemployment rate has fallen across the city region, it remains higher than national and regional levels and is particularly high in Liverpool, Knowsley, Wirral and south Sefton. This masks the similarly low employment rates in these areas and, in Liverpool, the significant major concentrations of worklessness in the city’s inner core and outer estates where 30 out of 100 working age adults are in jobs, where the city’s Black and Racial Minority Communities have an employment rate of 28%, and where some 50% of residents have skills and qualification levels below the employability threshold. Alongside this, the Liverpool Economic Review 2004 identified that 80% of the 180,000 new and replacement jobs in the city over the next 10 years will require Level 4 skills.

The new national focus on working age adults in receipt of Incapacity Benefit is therefore welcomed in the city region. Two Working Neighbourhoods Pilots – Wirral and Knowsley – are adding to the support services for workless communities. The IB Pathfinder will also bring new resources and capacity to help more people to access the growing stock of jobs. But there is a bigger goal of achieving ‘full employment’ – of building thriving and economically sustainable communities where the majority of adults contribute to and benefit from a competitive economy and where employers have access to skilled local labour matched to their current and future business needs.

With some 90,000 workless adults, Liverpool’s challenge in this respect is particularly acute, reflected in its No 2 position for employment and income deprivation in the Indices of Deprivation. Driven by the need for accelerated up-skilling and employability measures, integrated with investment in neighbourhood renewal and housing, Liverpool has established a joint working party with a number of Whitehall Departments (DWP, HMT, ODPM) to develop and deliver a five year ‘full employment’ plan which can make the most of the medium job growth opportunities to revive local economies and ensure a supply of skilled labour to businesses across the city.

Tackling and eliminating the residual pockets of deprivation, low skills and worklessness which are the result of structural changes in the economy some 30 years ago is a key

priority for the city region and for the North of England. As the joint HMT – DWP report 'Full Employment in Every Region' (2003) identified, the impact of increasing the employment rate in the major cities where the challenge is the greatest will bring the regions into parity with the rest of the UK and make a major contribution to regional economic performance. The challenge is therefore a joint one – for Liverpool, with the greatest scale of difficulty and the imperative of ensuring that all sections of the community have equal representation in the labour market, for the major pockets of deprivation across the city-region and particularly in Knowsley, Wirral and Sefton – and for the region, North of England and UK plc.

Skills for the city region

Education and skills are improving within the city region with clear evidence of significant progress being made within the Post-16 learning and skills sector.

The work to develop an economic evidence base for the city-region has highlighted the imbalance of skills across the city-region, with the proportion of working age residents qualified to NVQ level 4+ lower in the city-region than both the north west and UK, while the proportion with no qualifications is higher. There are also significant disparities within the city region. At level 4+, three districts (Knowsley, Liverpool and Halton) have less than 20% of their working age population qualified to that level; in both Chester and Warrington this is over 30% of the working age population. The reverse is evident in the profile of residents without any qualifications, with around a third of the working age population in Knowsley and Liverpool having no qualifications while Sefton and Ellesmere Port and Neston have half that figure.

As well as addressing this existing skills gap, additional pressure on the city-region is evident as over the next 15 years, the size of the labour force declines because of the aging of the population and lower activity rates in higher age groups. At the same time, there is both a forecasted increase in the number of jobs in the city-region and a projected growth in the number of jobs requiring higher level skills.

The economic assessment undertaken by Cambridge Econometrics underpinning the development of the CRDP estimates that an additional 50,000 jobs will be created in the city-region by 2010 as the result of current investments in sites, premises and infrastructure. Of these new jobs broadly 50% are forecast to be in two sectors: retail, hospitality and leisure, and financial and business services. At the same time, there are high levels of replacement demand in a number of sectors important to the city-region.

This analysis raises a number of challenges that we need to address. The stark differences in performance between parts of the city-region mean that whilst in some parts of the city-region we are seeing serious labour and (high-level) skills shortages, in the core of the city region in particular there is an oversupply of labour with low, or no skills. Even in those parts of the city-region where skills gaps/shortages are not particularly pronounced, lower levels of skills amongst employees will be constraining the growth potential of existing businesses. Developing our existing workforce (as well as ensuring new entrants to the workforce are highly skilled) will both remove the constraints on business and economic growth, and create opportunities at intermediate levels in the workforce for those people who aren't in employment.

○

Areas on the periphery of the City Region such as Cheshire and Flintshire have experienced considerable growth in recent years to the point that they are now starting to overheat in terms of available labour supply. For example, Chester has huge growth in the financial services sector, making the labour market very competitive and unable to support the demand for skilled labour; in Flintshire Airbus and other manufacturing, companies are finding it difficult to recruit skilled labour.

Whilst other elements of the CRDP will address infrastructure issues related to access, there are opportunities to work with key employers both to stimulate interest in job opportunities in the City-region and also to develop pre-recruitment training and development programmes to ensure that applicants have the entry level skills required to access employment. Models with full employer engagement (i.e. with guaranteed jobs for those meeting agreed criteria) have been successful elsewhere and should be explored to meet demand.

This is one of the biggest challenges facing businesses and the LSCs are focussed on stimulating demand for skills by targeting employers and individuals. Strategic Area Review (StAR) aims ensure that the skills needs of individuals, employers and individuals both now and in the future are being met. The review of 16-19 provision is well developed and will extend choice, and improve participation and attainment. Level 2/level 3 attainment is a critical platform as it facilitates progression to level 4

As is evident, the occupational profile of the City Region is projected to continue to shift in favour of (largely) higher-level occupations employing more qualified people (employment growth). At the same time, there continues to be significant replacement demand across the sub-region, much of which will be in intermediate skill level occupations. The CRDP seeks to make better use of the resources available to us to support skills development and to identify opportunities for new approaches to skills development that will accelerate the rate of skills acquisition across the city-region. In particular the objectives are to;

- Put employers in the driving seat when it comes to designing and delivering training;
- Increase the graduate retention rate within the City Region;
- Improve the position of people in work by achieving higher levels of vocational competence at L3 and L4 ;
- Create a culture of continuous professional development from school age to retirement integrated with the future economic prosperity of the region:
- Reduce skills shortages across the region, promoting local people for local jobs;
- Improve the responsiveness of public funded learning to meet employer and individual needs;
- Build a strong skill base for the future by the delivery of a coherent 14-19 phase with clear route ways to employment and further training
- Build a City Region renowned for its pool of highly skilled flexible labour;
- Maximise the opportunities for working across regional boundaries to support the skills agenda.
- Make direct links with the activities supporting the goal of achieving a 80% employment rate across the city region and a 60% threshold rate in every community.

Action priorities to create a city region of talented and able people are:

<p>Priority action 12</p>	<p>Full Employment in the city region</p> <p>The aim is to achieve the national full employment rate of 75 – 80% with a threshold rate of 60% in every community by 2015.</p>
<p>1. Improved services to non-employed residents (working with Jobcentre Plus , LSC and local authorities to ensure better job preparation, job placement and post employment support)</p> <p>City of Liverpool has begun work with key Whitehall Departments (DWP, DFES, ODPM and HMT) on the development of a pilot five year Employment Plan, the aims of which are to increase the city's employment rate from 63% to the UK level of 75% and within this to bring all parts of the city to a threshold level of 60%. This approach will be rolled out to all of the City Region's worklessness hot spots through joint working between the Local Authorities and their partners. This will particularly require:</p> <ul style="list-style-type: none"> ▪ development of further brand-leading intermediaries that are employer-facing and have a good understanding of sector and employer needs and of disadvantaged neighbourhoods; ▪ drawing on experience of Employment Zones, Actions Teams, Working Neighbourhood pilots and the (for example) City of Liverpool's delivery of Jobs, Education and Training (JET) centres for localised delivery integrated with neighbourhood renewal and neighbourhood management; ▪ roll-out of intensive inter-agency outreach, building on the Liverpool 'Streets Ahead' model to ensure that harder to reach clients have access to a range of support services to remove all barriers to skills and jobs; ▪ use of transitional forms of employment – work experience and training in enterprises and places that are only partly exposed to the open labour market; ▪ develop sectoral approaches – through Gateways designed by and for employers with healthy levels of recruitment to entry level jobs . The Skills Passport measure developed with employers in the automotive and other key sectors in Liverpool offers one useful model for the new menu of interventions. <p>2. Meeting employer demand more effectively</p> <ul style="list-style-type: none"> ▪ Retention and aftercare service - the project should concentrate on providing a range of post-placement services to employees and to employers. These should concentrate on: ▪ Continued skills formation for employees once placed in employment – supplying job specific skills required by employers and generic skills – ideally through an accreditation mechanism recognised by other employers in the conurbation. ▪ Strengthening employees' market position if placed in temporary jobs by supplying move-on services; ▪ Considering the use of employee pools in sectors that have high numbers of short term, relatively casualised positions; ▪ Providing transport solutions for employees that need to move from one job to another, navigating within the conurbation and, in particular, to less orthodox work locations ▪ It will be essential to meet employer requirements – partly by designing more business-responsive training services – but also by actively engaging employers in the design and management of programmes. 	

3. Making work pay in a conurbation characterised by inter-generational and area concentrated benefit reliance

- The project should explore innovative ways of helping claimants negotiate the entry into work:
- Further reduce the effects of difficult transitions from benefit 'stability' into the less certain environment of paid work – explore HB/rent and Council Tax 'holiday' periods, deferred payment schemes.
- Identify ways to turn illicit working into legitimate activity, stabilise non-standardised work
- Active case management of debt and low incomes

4. School to work transitions to combat a cynical culture towards 'schemes'

- The City Region has a high level of NEET population aged 16-24. Prolonged periods of non-employment are highly detrimental to this age group's future prospects of ever entering the labour market:
- A new system of financial support and activity agreements is to be tested by the Treasury. The City Region should experiment with other, bolder mechanism for ensuring young people stay in the 14-19 phase of learning, make the transition into work better – by augmenting orthodox Modern Apprenticeship and E2E routes into work.

5. Collaborative effort across the whole city region to develop new and effective ways of better managing labour markets. This will build on pioneering work developed between Wirral Council and the Mersey Dee Alliance in delivering better access to jobs in Cheshire and Flintshire (including Airbus and other advanced engineering in North Wales) through joint up—skilling and employability measures and transport connections.

6. The further evolution of Liverpool's 'Full Employment Plan' proposals, rolled out in partnership between local authorities with JCP, the LSCs and Connexions Services, to target the key concentrations of worklessness and the development of a new model of delivery which marshals mainstream resources with additional interventions for an accelerated programme linked to the key growth sectors and employers.

What Government can do:

proactive partnership (building on the Liverpool / Whitehall working group) to develop and support a policy and programme context for a city region full employment pilot programme to enable the city region to reach at minimum at 75% employment rate (and related 60% neighbourhood threshold)

What Northern Way can do

- strengthened commitment to and support for the new policy levers for accelerating up-skilling and employability measures and for the piloting of city region full employment plans in those cities and city regions where the economic and social inclusion needs are the greatest and where the greatest impacts can be secured for improved regional economic performance.

What can the NWDA/local partners do

- Active engagement by the Regional Alliances for Skills and Productivity to ensure full involvement in the action, and active bending of regional initiatives around worklessness and labour market entry to support action objectives

LCRDP Partners

- Alignment and bending of existing activities to align with action's objectives

Priority action 13 Skills for the city region

The project seeks to support skills development and to identify opportunities for new approaches to skills development that will accelerate the rate of skills acquisition across the city-region – to create a city region renowned for a highly skilled and flexible workforce.

1. Putting employers in the driving seat – sector/cluster working

Developing on the national work of Sector Skills Councils, LSCGM, the Objective One Programme and The Mersey Partnership are fast tracking a number of sub regional Sector Agreements for the key growth sectors on Merseyside – including the public sector. Through this process local employers will be engaged in identifying and agreeing what needs to be done to improve skills in their sector, providing funding bodies with the information needed to target resources at a City Region level. As a result, colleges and training providers will be able to deliver education and training that is more responsive to employer needs. This work will be underpinned by a programme of employer led collaborative ‘skills academies’, both virtual and actual. Examples that already exist in the city-region include the NHS Academy (health), Partnership for Learning (automotive) and [DN FE Responsiveness project – check name] (airport cluster). Further potential exists for the development of such approaches in key employment sectors including the public sector, retail and construction, and in the high growth sectors (highlighted in the Focus Clusters project).

2. Improving productivity and sustaining employability – skills escalators

This action is designed to tackle the productivity gap through the development of higher level skills in the existing employed workforce, and in so doing open up employment opportunities for new/re-entrants to the labour market supported under the full employment project. Key to upskilling the existing workforce is helping employers to identify their skill gaps and the availability of training that equips existing employees with the necessary skills.

The new Skills Brokerage service being developed by the LSC and RSP will support employers to identify and address their skill needs. This service will provide access to a range of government funded training, including basic skills, level 2 and 3 training in the workplace (NETP), apprenticeships and leadership and management training.

Alongside this core offer, LSCGM currently co-finances an employer led flexible skills training programme (Skillworks). The expansion (to those parts of the sub-region outside Greater Merseyside) and extension (beyond the end of the Objective 1 programme) would greatly enhance the ability of the city-region to close the skills and productivity gap.

Joint working between the LSC and Jobcentre plus will also play a role in the brokerage of learning opportunities with Jobcentre plus staff promoting apprenticeships and other LSC workforce development opportunities to individuals and employers via their job brokerage functions and New Deal opportunities.

This integrated approach will promote continuous professional development to people in work, changing jobs and moving from unemployment or inactivity.

3. Increasing level 4 skills in the labour market

Effective strategies need to be in place to support people from inactivity in to work if the core of the city region is to achieve the employment rate target of 80%. Moving people from inactivity is vital as is reducing the numbers of people with no qualifications (which is twice the national average in some areas of the region). A focus on NVQ level 2 is still therefore a fundamental term priority and will in itself provide a springboard for accelerating the drive towards higher level qualifications.

The increasing demand for higher level skills across the city-region (and particularly in those areas with existing high levels of GVA) will not be met from the current labour force. We need to both generate more demand from individuals to achieve level 4 qualifications and ensure that those individuals can access level 4 education and training. We also need to do more to retain in the city-region labour market both graduates from local universities and local people who go outside the sub-region to study at level 4.

The first of these will be supported by a city-region wide protocol with HE, covering:

More open recruitment practices and access requirements (particularly in relation to people who have achieved a level 3 through a vocational/work-based route)

A better vocational level 4 offer, aligned to existing pathways to level 3 and occupational demand from employers

An HE footprint in each district of the city-region

As part of this, local models of HE delivery (linking HEIs with FE colleges, WBL providers and schools) will be expanded and developed, with potential for this to be explored as part of Lifelong Learning Network development.

To support graduate retention, new graduate opportunities will be developed, working with employers to create sector/cluster focussed opportunities. This project will develop models of collaboration across cluster/sector employers to provide employed status graduate training programmes. The model will deliver partnerships between SME's and larger businesses and will give graduates the opportunity to work across similar and linked sectors e.g. manufacturing, distribution, logistics, retail.

This project will also strengthen the role of the Universities with industry and will be responsive to messages fed through from employers via sector skills agreements.

4. Building a strong skill base for the future – 14-19

A key concept within 'Every Child Matters' is that of young people becoming economically active. Across the city-region significant progress has been made on widening access for young people to vocational opportunities whilst in compulsory education and developing clear vocational pathways through to 19 and beyond. This success can be built on and sustained through a number of actions:

The creation of a 14-16 vocational learning revenue and capital funding stream. This work is currently funded through initiative funding (and no capital exists for this at all), limiting both the range and sustainability of collaborative arrangements.

A programme of support for young people from the age of 11 to encourage them to consider vocational routes alongside academic routes, including mini-tasters, engaging employers in classroom learning etc. Specific work with high value clusters and significant employment clusters/sectors should be undertaken through schools/colleges/EBPs etc to raise awareness of careers

5. School to work transitions (see Full Employment project)

LSCGM has also been identified by government to run two pilots targeted at the NEET group (young people not in education, employment or training), both of which will run from 2006. One will target 16-17 year olds in work with no training to develop Negotiated Learning Agreements, designed to lead to Apprenticeships. The other project will pilot Activity Agreements and Activity Allowances with 16-17 year olds not in employment or learning.

Huge investment and innovation through 'Building Schools for the Future' in the region, and the development of Learning Centres aimed at widening participation across communities.

6. Maximise the opportunities for cross boundary working

Areas on the periphery of the City Region such as Cheshire and Flintshire have experienced considerable growth in recent years to the point that they are now starting to overheat in terms of available labour supply. For example, Chester has huge growth in the financial services sector, making the labour market very competitive and unable to support the demand for skilled labour; in Flintshire Airbus and other manufacturing, companies are finding it difficult to recruit skilled labour.

Whilst other elements of the CRDP will address infrastructure issues related to access, there are opportunities to work with key employers both to stimulate interest in job opportunities in the City-region and also to develop pre-recruitment training and development programmes to ensure that applicants have the entry level skills required to access employment. Models with full employer engagement (i.e. with guaranteed jobs for those meeting agreed criteria) have been successful elsewhere and should be explored to meet demand.

What Government can do:

- support (including financial) in design and delivery of pilot initiatives, creation of local flexibilities (e.g. 14-16 funding)

What Northern Way can do

- Resourcing and support for additionality aspects of plan and supporting the piloting of models of delivery which support the city region's objectives

What can the NWDA/local partners do

- active bending of regional initiatives to better address skills issues, underpinned with high quality regional-level analysis of skills demand

LLCRDP Partners –

- Alignment and bending of programmes to deliver the activities and strong partnership working

THE CITY REGION OF SUSTAINABLE COMMUNITIES

The Liverpool city region is developing sustainable communities with a diverse quality housing offer and thriving urban neighbourhoods, excellent schools and local amenities and high levels of social and economic inclusion with a sustainable critical mass of population. Health is also a vital component of well-being – a major challenge for the city region and one which we must achieve to enable our residents to enjoy the same quality of life and life expectancy as other communities in the rest of the country.

Growing critical mass in the economy and population

Creating a city region where people actively choose to live and work is central to our ambition to compete with the best in Europe. The housing offer has been changing with the economy in response to the aspirations of existing residents and newcomers. Population decline has stabilised with the first shoots of new growth. Our housing offer must support and be responsive to economic growth. We must capitalise on our successes and create housing, social and environmental transformation. Our successes include;

- Strong market led investment in high quality apartment living in Liverpool city centre;
- Strong suburban markets fostered by a greater ambition to offer a full range of choice and quality to families, and thereby avoid future reduce migration;
- Designation of the New Heartlands Housing Market Renewal Pathfinder targeting selected areas of Wirral, Liverpool and Sefton. Covering 123,000 properties, it is a holistic, locally-tailored approach to regenerating local neighbourhoods. Its challenging strategic prospectus has secured an initial tranche of £90m for the first phase of its comprehensive and integrated regeneration programme that will lever a further £350m investment.
- Extending choice and quality through re-investment in local authority stock. The transfer of council housing following option appraisals have confirmed the enormous investment potential of RSL and ALMO ownership vehicles. Wirral, St Helens and Knowsley have transferred their stock and Sefton, Liverpool and Halton aim to have transferred their total stock or completed stock transfer appraisals by the end of 2005. The identified scale of the resources required by Liverpool is substantial, reflecting the challenge which the city faces in achieving the decency standard for its remaining stock.

We have moved through the early and difficult processes of analysis and masterplanning into real interventions and land assembly with developers who are committed to building new communities in areas where the old housing markets have failed. There is also a consensus about taking a long term and sustainable approach to residential housing in areas that are popular and in demand. The public sector has now created the conditions in which private sector partners can deliver market led, innovative housing and environmental solutions.

These new partnerships are characterised by flexibility in the delivery of the products – in design, construction methods, finance and the desire to understand the customer. The city region is short on choice – in house types, in tenure, in financial instruments and in quality. Much effort is going into ensuring that all households are offered real choices and our range of product choices is growing rapidly. Quality is now integral to any housing offer that genuinely speaks of diversity and choice. The feel of the urban realm will be a determinant in the decisions made by the residents we aim to attract and retain.

Our growing success is also built upon taking tough decisions which impact upon many thousands of households, require difficult political decisions and involve large tracts of land and hundreds of millions pounds in assets. For example:

- The scale of land demolitions and land assembly currently taking place in Wirral, Liverpool, Knowsley and Sefton
- Consensus on a transformation, rather than improvement, agenda
- Preparedness to use planning restraint powers to support interventions in the New Heartlands areas
- Commitment to maximising brown fields redevelopment

Increasingly the six Merseyside authorities are starting to work with partners in West Lancs and Cheshire to develop policies and initiatives which are sensitive to the primacy of sub regional spatial priorities. For example - work on the distribution of new housing development across the city-region for the North West Regional Spatial Strategy; a housing development concordat under discussion between the Housing Market Pathfinder and the Merseyside non-Pathfinder local authorities .

Tackling housing market failure

Alongside the desirable and sustainable residential areas, there is also the challenge of housing market failure in the heart of the conurbation. Structural changes in the economy thirty years ago devastated the areas most dependent on the old port and related sun-set industries. When the jobs left in the 1970s and 1980s, the people went with them. Those who remained faced increasing social and economic pressures and many, having found their way back into the labour market, then bought their route out into more desirable and stable neighbourhoods. The decline in population, increasingly concentrated deprivation and abandonment led to a collapse in local housing markets.

The nature of much of the housing in these areas – in Liverpool’s inner core, south Sefton and the Wirral wards of Bidston, Tranmere and Birkenhead – also feeds the complex processes of decline. Whilst many areas of late 19th century terraces remain stable and attractive, those in the neighbourhoods of market failure are amongst the least desirable.

Strategically, the revitalisation of the city region’s urban core is vital to consolidate, safeguard and extend the economic and urban renaissance of Liverpool City Centre and the Bootle and Birkenhead town centres. A critical mass of attractive and vibrant neighbourhoods in these areas will stem the outflow of population and improve the attractiveness and variety of its housing offer to existing and new residents.

The Housing Market Pathfinder is vital to rebuilding the core of the conurbation, retaining settled communities in Wirral and Sefton and restoring a critical mass of population and sustainability in Liverpool. The scale of the challenge and of the opportunity must be reflected in its continuing priority in policy and investment terms.

Balanced housing markets

For the non pathfinder authorities of Halton, St Helens and Knowsley there is a strong awareness of the complementary nature of their largely suburban housing and the role it plays in offering a balanced housing offer that is city region-wide.

Our understanding of the stratification of the housing offer is becoming increasingly sophisticated. There is evidence of polarisation between low and high price areas. Pockets of deprivation exist in all six Merseyside authorities in areas outside the Housing Market Renewal Pathfinder. The worst is in North Huyton and is the subject of a comprehensive and community led regeneration scheme supported by New Deal for Communities and shortly to select a substantial private sector partner as investor and developer. Other areas that do not have the severity or scale of market failure within the Pathfinder are increasingly becoming the focus of strategic commissioning decisions.

The city region has seen increasing house prices during 2004. Affordability is an emerging problem, currently hitting hotspots rather than a wholesale concern. The challenge of economically sustainable housing - how to meet the choices of lower and middle income aspirants to the owner occupier market - is being addressed in Housing Strategies.

Excellent schools, together with clean, safe and well managed neighbourhoods act as anchors for strong and sustainable communities and magnets for new residents. Major initiatives are underway to improve the educational offer of the city region and the quality of schools. Liverpool and Knowsley both have well advanced investment plans for new learning centres and academies.

Alongside the city-region's growing economic prosperity, deprivation continues to present a very real challenge. Sefton is the only Merseyside Authority not in the top 10 ranking in the Indices of Multiple Deprivation, with Liverpool and Knowsley occupying 1st and 3rd positions. Building sustainable communities is therefore as much about improving the social and economic fabric as it is about transforming the built environment. All six Authorities and their Local Strategic Partnerships are delivering neighbourhood renewal strategies to deliver an even playing field of opportunity and quality of life. Neighbourhood management increasingly forms part of the drive for better - and better integrated - service delivery. Liverpool rolled out neighbourhood management teams across the whole city in 2004.

THE JOINT STRATEGIC AGENDA

There is a clear consensus that the new Regional Spatial Strategy for the North West currently in preparation must be supportive of the scale and pace of change that is now underway in the city region. This pace will quicken in the latter half of this decade and the rate of replacement of housing must match this if the economic prospects of the city region are not to be undermined and the dynamic momentum diminished.

Priority action 14**Creating sustainable communities**

The project aims to expand the quality and choice of our housing offer; enhance the liveability and amenities of our residential areas to support and reflect economic growth; rebuilding and revitalising the conurbation core and smaller pockets of market failure; tackling and eliminating multiple deprivation, celebrating diversity and improving access to opportunity for all; making a step change in health and community safety

1. Development of a robust plan, monitor and manage process that fulfils the requirements of RSS and is sensitive to the contribution of the development industry.

This should build on the spatial priorities for housing provision set out in RSS and address issues of both low demand and affordability acknowledging the continued need for restraint measures to ensure that development is focused in areas in need of renewal and regeneration. There is a need therefore to develop an understanding of the housing market in the City Region as a whole and the issues which impact upon it. Importantly, there will also need to be an understanding of the factors impacting on those housing markets at the interface with other City Regions.

The approach will be supported by the development of a monitoring framework that not only addresses the need of the planning system, but also customer feedback from developers, investors, existing and potential residents. Regular customer feedback and product evaluation is necessary to ensure that the housing offer provides the right properties at the right quality and price in the right locations at the right time. Clearly, the offer must provide for the needs of different sectors of the population (high earners, students, supported housing etc).

2. Development of a sub-regional governance structure which oversees the above plan, monitor, manage approach, monitoring and promotion.

It is essential that improved co-ordination is developed at the highest level within local authorities to ensure shared strategic priorities and spatial priorities for housing development, and improved inter-authority collaboration for the delivery of services.

3. Support the NewHeartlands Housing Market Renewal Pathfinder as a key driver of housing market renewal at the centre of the City Region.

The designation of the Pathfinder is of key importance to foster the renaissance of the City Region and continued sustained investment is essential to ensure that the challenges within the NewHeartlands area can be effectively addressed. In addition, there are other outlying areas contributing to the suburban renaissance of the City Region including Huyton and Kirkby in Knowsley, Castle fields in Halton and the Eastern fringe estates in Liverpool. A co-ordinated programme of housing market renewal using the Pathfinder as a model of best practice and innovation is required. Housing restraint measures will be required in certain areas to ensure that development is focussed towards areas in need of renewal and regeneration and these should be developed in a co-ordinated manner. Monitoring of such mechanisms is essential to ensure that development is being prioritised in appropriate locations and regeneration in the restraint areas is not being compromised.

4. Address affordability issues in areas where there are growing indications of housing pressure and threats to sustainability,

A co-ordinated approach to addressing the issue of affordability needs to be taken, including the use of local housing assessments, to fulfil the requirements of PPG3, RSS and the RHS.

5. Develop inter-authority collaboration to address the ‘soft’ infrastructure elements of sustainable communities.

Local authorities within the City Region have focused initiatives aiming to address liveability through neighbourhood management and a holistic approach to regeneration incorporating access to services, education, crime, health, transport and environmental quality. These issues need to be addressed through a more co-ordinated approach involving joint programmes, co-ordinated funding bids and sharing best practice.

6. Promote the role of the construction sector in contributing to economic growth and develop active partnership working with developers and investors on a co-ordinated sub-regional basis.

The construction activity involved in developing an improved housing offer for the City Region needs to be highlighted and promoted, which links to existing initiatives such as Fusion 21 and the Merseyside Construction Initiative. In addition, an improved and co-ordinated relationship across the city region, between local authorities, and developers and investors, is crucial to ensure the creation of a more appropriate housing offer to attract and retain the economically active population. This will involve developing a co-ordinated package of assistance and information for developers and investors.

7. Promote the re-branding and image of the City Region to encourage economically active population and graduate retention – linking back to other areas of CRDP work regarding image, connectivity and transport links, culture etc. Also need to consider competition with the South East and selling the Liverpool City Region to other areas of the country following the Lyons Review, for example. This links to the overall intention of the Sustainable Communities theme within the Northern Way – selling the housing offer in the same way that the economic offer is being sold.

What Government can do:

- Long term policy and funding commitment to the sustainable communities agenda supported by joined up policies for housing, neighbourhood renewal and economic development

What Northern Way can do

- Continuing support for the objective of expanding the quality and choice of housing and liveability in the North of England to support the growth of the city regions’ economies

What can the NWDA/local partners do

- Ensure that the policy objectives set out in this project are reflected in the regional spatial and economic strategies
- Incentives city regions and their partners to develop and deliver integrated and comprehensive sustainable communities strategies
- Bend mainstream and other resources to achieve the objectives of balanced housing markets and inclusive, sustainable communities

Priority action 15	<p>Health is wealth</p> <p>Establish the Liverpool City Region, internationally and nationally, as place a where health and personal well being matches the image of a thriving economy and growing European city.</p>
<ul style="list-style-type: none"> • This initiative will be led by a Health Commission established for a fixed term of no more than three years, charged with designing and putting in place the means of implementing a strategy. The Commission will be led by and include members who have national as well as regional credibility. A small executive team will serve the commission and work with local partners to bring forward innovative proposals for progress in the three main focus areas :- <ul style="list-style-type: none"> ○ Research and Development ○ Economic Impact ○ Public and Community Health • The Commission will undertake research and receive evidence which will enable it to make informed judgements but the emphasis will be on ideas which can be implemented in the short to medium term, not just longer term aspiration. • This project is intended to be a high profile initiative which fully exploits existing International relationships and it will help to foster expansion and further development of overseas collaboration. • Raising aspiration and commitment from local people and business requires a measure of campaigning and public profile. The commission will ensure that existing measures are strengthened where possible rather than creating anything which duplicates current effective resources. <p>What Government can do:</p> <ul style="list-style-type: none"> • Support from key departments such as Dept of Health and DTI in the development stage and a willingness to consider recommendations for change which come from the commission's work. <p>What Northern Way can do</p> <ul style="list-style-type: none"> • A contribution to the resourcing of the venture alongside that invested by local partners <p>What can the NWDA/local partners do</p> <ul style="list-style-type: none"> • There are key partners identified above who are essential players in implementing actions which flow from this work. There are others whose involvement is important in establishing support across the region • This project is rooted in the city region and the LCRDP partners will need to look for ways in which they can be supportive. Access to information, expertise and existing activities are the obvious requirements. 	

DELIVERING THE CITY REGION AND LOOKING FORWARD

Foresight, intelligence, monitoring and evaluation

The delivery of our transformational economic strategy for the Liverpool City Region will be underpinned by the better deployment of our assets and removing barriers to growth. Key priorities include agreeing new forms of strategic collaboration which play to the city region's strengths, build on the partnership arrangements already established and provide legitimacy, strategic leadership and accountability. Projects (set out detail in Appendix 2) include:-

- **Market and Technology Foresight** - Operating on a rolling basis for not less than 10 years, it will be led by the Private and Academic sectors and will work to identify market and technology opportunities and /threats facing the city region. This programme will play a major role in shaping activities (by both Public and Private Sectors) to develop our business base for the coming decade.
- **Monitoring and Evaluation** - will deliver a framework for monitoring and evaluating outcomes arising from this strategy for use by partners to hold delivery agents to account, and provide an evidence-based account to wider stakeholders of what is being achieved in the name of the strategy and its actions.

Change Outcomes

Delivering the economic transformation of the city region will also require a clear set of measures to enable us to understand what change is being achieved. A small number of headline indicators and targets will focus partners' attention when allocating resources and communicating progress to stakeholders. The indicators reflect the Vision of being 'a premier European city region by 2025, with an internationally competitive economy and cultural offer and outstanding quality of life, and vibrant communities contributing to and sharing in sustainable wealth creation.'

The indicators operate across the Priority Actions set out in this strategy. The targets support our aim of narrowing the gap between the City Region and the rest of the UK by 2025. They are stretching but realistic.

Productivity	Productivity will be tracked using Annual Gross Value Added ⁹ per employee. This gives a good guide to progress on addressing the City region's 'productivity gap'. Now, the Merseyside sub-region stands at 73 % of the UK average for GVA per employee. The aim is to halve the gap with the UK average.
Employment	<p>Employment performance will be tracked using employment rates.¹⁰ The current employment rate in the UK is 74 per cent, while that of the City Region is 70 per cent.</p> <p>The goal is that by 2025, the City Region's employment rate will match the national average</p> <p>There is variation on employment rates within the City Region: Merseyside's employment rate is at 68.5 %, while Liverpool's is 60.6 % (2003). In some wards, employment rates are below 40 per cent. In order to tackle these concentrations of 'worklessness', partners propose two area-based employment targets:</p> <p>All local authorities will have an employment rate closer to the national average. Almost all wards in the City Region will have an employment rate below 60 per cent by 2015.</p>
Skills	<p>The development of a skilled and flexible workforce will be measured using Labour Force Survey data on skills. At the Greater Merseyside level, 34.7 per cent of the workforce has no qualifications (28.9 per cent in England), 16.4 has level 1 NVQ (16.6 per cent in England), 19.2 per cent has level 2 (19.4 in England), 7.9 per cent has level 3 (8.3 per cent for England) and 15 per cent has level 4/5 (19.9 per cent for England). The city region as a whole lags the North West and the UK in relation to Level 3, 4 and 4+ skills.</p> <p>In order to ensure that the workforce has the skills required to grow the City Region's economy, by 2025 partners aim to have 60 per cent of 21-year-olds with a level 3 qualification; 50% of adults with a level 3 qualification; and 28% with a level 4 qualification.¹¹ These targets are in line with current national targets and therefore represent the potential make-up of the national workforce by 2025.</p> <p>Additionally, we will devise city region monitoring of sector and employer skills shortages with the aim of setting year on year targets to ensure that skills based vacancies in all sectors are well below those of the region as a whole.</p>
Entrepreneurship	<p>Entrepreneurship is vital for the long-term sustainability of the City Region's economy; it will be tracked using business density.</p> <p>The City Region has 33 VAT registered businesses per 1,000 working age population, a gap of 15 businesses per 1,000 people, when compared to the average business density in Great Britain.</p> <p>Our target is that by 2025, we will match the national average for business density.¹²</p>

⁹ GVA gives an indication of the value of the economic activity generated within an area.

¹⁰ The proportion of working age population in employment by region of residence – working age 16 to 59 women/64 men.

¹¹ 'Adults' means all those, between the ages of 18 and 59(F)/64 (M), who are in employment or actively seeking employment. Level 3 = 2 A levels, an NVQ level 3, an Advanced GNVQ or the equivalent. Level 4 = NVQ level 4, i.e. having a degree or a higher level vocational qualification.

¹² The average fluctuates from year to year; therefore, the target should look at performance over a five-year average.

<p>Prosperity</p>	<p>Prosperity will be tracked using two figures - Gross Value Added per resident and Weekly Earnings. These will monitor both general wealth in the City region, and the extent to which the workforce is benefiting from growth.</p> <p>Gross Value Added per resident in the City Region is 81 per cent of the UK average (2002 data).¹³ The target is to narrow this gap to zero by 2025.</p> <p>Employed residents in the City Region earn an average of £368 per week. The national average is £393 a week, a gap of over 6 per cent. We will build an economy which halves the weekly earnings gap with the national average by 2025.</p>
<p>Education & Training</p>	<p>Partners in the City Region will improve the productive potential of the workforce by enhancing its skills. We will set targets for attainment of education and skills for children on the verge of entering the workforce and for adults in the workforce.</p> <p>To measure educational performance, we will target the percentage of 16 year olds leaving school with five GCSEs at grades A to C. In 2004, the national average was 53.7 per cent; the lowest attainment levels in the City Region were in Knowsley (38.1 per cent).¹⁴</p> <p>We will work to ensure that by 2025, no local education authority has attainment levels for 16 years of age that are below the national average.</p>
<p>Health & Well-Being</p>	<p>The partners will use life expectancy as a key headline indicator of health and well-being.¹⁵ In 2002, men’s life expectancy in England was 76.2 years; Liverpool had the City Region’s lowest male life expectancy at 72.7 years, a gap of 3.5 years. In 2002, women’s life expectancy in England was 80.7 years; Liverpool had the City Region’s lowest female life expectancy at 77.7 years, a gap of 3 years.</p> <p>We will work to ensure that by 2025 each local authority area has life expectancy levels that start to move closer to the national average. We recognise that the step change needed in the city region will take at least one generation to be achieved.</p>

Next steps and future joint working

This economic strategy has been produced in a relatively short time alongside other city regional and sub-regional contributions to the regional spatial, economic and housing strategies and work on local transport plans.

The processes of dialogue and joint working across the city region have led to agreement about the value and importance of continuing and building on both the existing forms of co-operation and the new working relationships which have developed through this work. In the immediate term, city regional working groups on housing, tourism, productivity and the skills and labour priorities will continue to develop the policy priorities set out here.

The further development of the Regional Spatial and Economic Strategies will also require both continuity of joint working as well as better integration with the proposals set out in

¹³ A narrow definition of the City Region is used here due to restrictions in the data the figure excludes Chester, Ellesmere Port & Neston, West Lancashire and Denbighshire.

¹⁴ Up by 66 per cent on its 1998 level.

¹⁵ The Neighbourhood Renewal Unit provides regular updates on these targets via its Floor Targets Interactive service, which is on its website.

this document – and indeed those which now form part of regional and sub-regional housing and transport policies.

Part 2 of our work will be completed in the coming months through our Steering and Operations Groups to refine investment and activity priorities and to establish a strong delivery and monitoring framework for the sub-regional three year action programme.

May 2005