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# Liverpool City Region Revival Plan

A business manifesto for regional prosperity

February 2021:  
Regional Growth

# Foreword

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The COVID-19 pandemic has shown the importance of empowering regions, especially as we look to develop plans for a sustainable recovery. The metro mayor of the Liverpool City Region, to be elected in May 2021, will be the champion of this unique, hardworking and culturally vibrant region. A region with a strong history of trade, industry, and connectivity, all of which shape its economy today.

The mayor will have the opportunity to build on this legacy, capitalising on the sector strengths that have emerged in health and life sciences, chemicals and pharmaceuticals, and advanced manufacturing, as well as future growth opportunities in net zero. All of which is underpinned by a range of strengths we are known for, including entrepreneurial spirit, a strong history in high-quality apprenticeships, an established network of higher and further education providers, and international renowned centres of innovation.

The newly elected metro mayor will be entering office at an extremely challenging time. With the economy relying heavily on the visitor and cultural economy, the multiple COVID-19 lockdowns have hit these businesses and their supply chains hard. This is against a backdrop of long-standing, low productivity rates for Liverpool City Region (LCR). GVA per head is around 74% of the UK's average, and this gap has only grown in the last 10 years.<sup>1</sup> This can be attributed, in part, to the high levels of economically 'inactive' people, tied to poor health outcomes, which have also been worsened by the pandemic.<sup>2</sup>

To address the short-term challenges of COVID-19, and to turn the LCR into a healthier, more productive, and thriving place, the metro mayor must develop and champion a strong economic vision. This should be based upon the draft Local Industrial Strategy (LIS), as well as the recovery plan. It should consider how to turbo-charge the recovery, focusing on key projects and outcomes. This economic vision must enable businesses to succeed, allowing the region to shift from its reliance on public sector employment, and to grow the private sector. This should recognise that a strong economy that delivers growth and good jobs can raise living standards and wages for all.

To be a success, this requires a renewed partnership. The metro mayor should work collaboratively with businesses, neighboring authorities, unions and the third sector, as well as all parts of government to revive and thrive in the future. Business is ready to step up and support in this endeavor, working closely with the metro mayor to develop this economic vision, and to embed it.



**Damian Waters**

CBI Regional Director, North West



# Introduction

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The metro mayor of the Liverpool City Region will oversee the area's regional recovery and set the foundations to thrive in the future.

In the short term, the metro mayor will need to consider how to support businesses and their supply chains which were forced to close because of the pandemic. Provisions must also be made to support the mental health of business owners and workers; not just those who have faced the uncertainty of long periods of furlough, but also for those who have worked so hard to keep their businesses alive, navigated support, kept their staff safe, all whilst trying to keep morale high across the firm.

Looking to the future, the metro mayor must consider how to drive productivity growth. This must address the high prevalence of lower productivity sectors, as well as a relatively weak private sector. It must consider the role for a strong economic vision to leverage private sector investment, but also the foundations of productivity, such as connectivity and skills, which make the LCR attractive for investment.

The challenges faced by the region and existing inequalities that have been exacerbated by the pandemic are not insurmountable. This manifesto sets out a way, where business and government can work together and ensure that the LCR achieves its full potential during recovery and beyond. This is based upon three guiding principles:

## **Champion regional dynamism and global competitiveness to raise living standards**

At the forefront of any plan to revive and thrive must be a strong economic vision. This must ensure that the region is an attractive place for businesses to invest. To succeed this should build on the distinctiveness of the region, and align with the transformational opportunities of digitisation, sustainability, science, innovation, and creativity, as set out within the LIS.<sup>3</sup>

## **Transform digital and physical infrastructure on the race to net zero**

There must be a concerted effort to improve connectivity to better connect people to jobs, and to transport goods more easily. Connectivity plans should be locally developed and delivered with an eye to new ways of working, and the future of towns and cities as we look to recover from COVID-19. It must also be cognizant of the race to net zero, as well as the important role digital connectivity has played throughout the pandemic.

## **Stimulate job creation and secure an inclusive workforce for the future**

Underpinning any plans to drive productivity is the need for a skilled, healthy, and productive workforce, supplemented by a strong business base to create inclusive jobs for the future. The metro mayor must take a multi-layered approach to overcoming the challenges which include high unemployment rates, low levels of qualifications, and the impact of COVID-19 on the job market. This therefore requires a focus firstly on addressing the existing low levels of skills, secondly, on delivering good jobs at pace, and finally, on reskilling residents to meet future skills needs. It is vital that this starts from school-age, providing children with the tools to learn, and setting out a clear path, whether through apprenticeships, further or higher education.

# Champion regional dynamism and global competitiveness to raise living standards

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**A welcoming business environment will be vital to attracting and growing world-class businesses within the region. Priorities for the new mayor include developing a strong economic vision and a pro-business agenda focused on bridging regional divides and levelling up.**

## **Use the recovery plan to provide a strong economic vision for the region**

To turbocharge recovery planning and champion a strong economic vision for the future this recovery plan should focus on key projects and outcomes. This should include dynamic business support, reflecting the region's high business creation rates, but also high failure rates, which sit above the UK average.<sup>4</sup> It should consider needs for skills, digital connectivity, and physical infrastructure. Vitally it should be the result of collaboration. The metro mayor is uniquely positioned to act not only as an advocate but also a coordinator, working closely with key stakeholders, and selling the potential of the whole region nationally and internationally.

### **Recommendations:**

- Collaborate closely with business and other partners on developing and implementing an economic vision to ensure wide buy in and support. This includes continuing to make the case for public investment in priority projects, which are vital to leveraging private investment. The metro mayor should back up a long-term economic vision with locally agreed delivery plans for each of the five local authorities, as well as regular performance reviews for the whole LCR.
- Engage with businesses, unions, the third sector, and local and neighboring authorities, and national government through existing lines of communication set up during the pandemic. These should continue to be adapted according to need, to ensure businesses of all sizes and sectors are represented in the development and delivery of an economic vision.
- Support and champion the role of social value in procurement, leading the way with how the Combined Authority procures goods and services. This involves providing support for businesses to engage with their corporate social responsibility and social value potential, going beyond the balance sheet to drive meaningful change.

## **Raise the international profile of the region and be pro-active in attracting new investment.**

The metro mayor has a vital role to play in raising the profile of the region nationally and internationally, pitching it as a great place to live, work and visit. This is vital to driving overseas investment but should also look to build on the strong brand recognition to increase both leisure and business travel, and subsequently increase spending in the local area.

### **Recommendations:**

- Support measures to attract inward investment, including incentives to attract investors. A comprehensive investment prospectus setting out key sectors and opportunities should be developed. This should provide a [non-financial] landing package that helps investors navigate the opportunities of the region and could be extended to support domestic companies planning new projects. The metro mayor has a vital role to plan in promoting this through existing overseas channels, such as consulates and embassies.
- Continue to lead trade missions, both inward and outgoing, and work in partnership with business organisations and other stakeholders, such as the universities, utilising their experience leading overseas engagement. These trade missions should be tied to the existing sectoral strengths including health and life sciences, chemicals, advanced manufacturing, and areas of opportunity, such as net zero, building on offshore capabilities.
- Drive effective marketing of the LCR to encourage domestic and foreign visitors, helping the region and the UK maintain its position as a leading global visitor destination as we look to recover from the pandemic.

## **Promote export as a driver of prosperity and recovery.**

Across the LCR, just 7% of businesses are involved in exporting activities. However, this rises to between 60-70% across specific clusters.<sup>5</sup> With exporting a key driver of productivity, improving the consistency of exporting across the business community must be a top priority. Initiatives should also build on the strengths of the region, including the seaport, which remains a key trading port for North America and acts as a significant driver of growth. This is particularly important as we look to new EU and global trading relationships, where the metro mayor can support businesses to understand the value of new trade agreements and navigate these schemes.

### **Recommendations:**

- Develop a fully integrated regional export strategy that sets out the benefits of trade alongside targeted business support. This should include identifying local and regional exporting champions who can act as mentors and programmes to help businesses grow international sales online. Support should help businesses identify marketing opportunities overseas, develop exporting plans and manage risk as they undertake these new endeavors.
- Ensure businesses have a clear 'one-stop-shop' for support services, delivered in collaboration between the metro mayor, the combined authority, the Department for International Trade, and the new Northern Powerhouse Export Academy, alongside the Local Enterprise Partnership (LEP) and the Growth Hub.
- Support existing exporters to navigate new trading relationships with the EU and diversify into new export markets as the UK strikes new global trading agreements. This should be delivered through improved information sharing on trade intelligence, and through the development of new trading relationships with priority markets.

## **Kickstart R&D investment through a long-term strategy for regional R&D investment and make the case for the creation of a Catapult Quarter.**

When considering innovation, the region already performs above the national average, with over 2% of GDP invested in R&D activities.<sup>6</sup> However, this remains concentrated in specific sectors or locations, and does not always translate to new goods and services. There is also a lack of private R&D investment relative to public. The metro mayor must focus on developing partnerships to drive further investment across all sectors, with a focus on the development of commercially viable products.

### **Recommendations:**

- Develop a long-term strategy in partnership with the LEPs, universities and colleges, industry, and national government to drive both public and private investment in innovation. This should build upon existing local strengths, including the Knowledge Quarter, the Liverpool School of Tropical Medicine, and the Manufacturing Technology Centre. It should also seek to strengthen business led innovation and deployment and encourage knowledge exchange between industry and academia.
- Establish a pro-active plan that addresses the barriers to commercialising R&D and provide support for startups and scale ups in this space, helping SMEs break through the growth ceiling. This scheme must consider the needs of different businesses, include a strategy and champion for SME and scale up businesses, and robust peer networks to support mentoring. This must align with the aforementioned “one-stop-shop” for business support.
- Develop the case for the creation of a Catapult Quarter within the city region. This should be developed alongside industry, be attached to anchor institutions like existing Catapults such as the Manufacturing Technology Centre, Research Technology Organisations, or applied university research facilities. This should incentivise co-location and knowledge exchange through a targeted benefits and support package. The Quarter would provide a clear point of contact for advice, and support LCR businesses and stakeholders access national innovation programmes, including with bodies such as Innovate UK. The Quarter could be focused towards fostering industry innovation around areas of regional potential – for example building on existing digital and health assets – and would create a brand for attracting international investment.



# Transform digital and physical infrastructure on the race to net zero

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**As the country looks to recover from the impacts of COVID-19, considerations must be made to ensure the region plays its part on the race to net zero and is more resilient to future challenges. By focusing on a green recovery and the evolving nature of towns and cities there is an opportunity to improve equity within the Combined Authority.**

**Back a green recovery by ensuring projects and funding promote a more sustainable future.**

Within the LCR there are several areas of focus for a newly elected metro mayor, including ensuring that policy decisions are 'future proof' with net zero at the heart of a long-term economic vision. This will not only maximise the value that comes from the net zero transition, but also improve living standards for all. Initiatives should therefore include plans to tackle poor air quality and energy-inefficient housing.

## **Recommendations:**

- Deliver projects that consider sustainability and promote a greener future. This should utilise upcoming government funding or initiatives, including the proposed UK Shared Prosperity Fund and the Levelling Up Fund. As a priority this should include low-carbon methods of retrofit and construction to ensure all homes are energy efficient and future ready.
- Work hand in glove with national government to decarbonise heat and improve the energy efficiency of homes and buildings. This requires the development of a Local Energy Plan that set out routes to decarbonise power, transport, and heat in the Combined Authority.
- Ensure this plan evolves to align with announcements within the Heat and Buildings Strategy, due from national government this year, and includes local delivery mechanisms to decarbonise heat. This local approach will ensure the most appropriate heating solutions for LCR's residents, that any advice on technology choices comes from a locally trusted body, and that local jobs and supply chains can be developed to match the needs of the city region.



## **Showcase the opportunities from the net zero transition, and the role of business in delivering it.**

COP26 provides a unique opportunity for the country and for the metro mayor. The region has already committed within its LIS to be pioneers of the zero-carbon economy, and this year's conference provides the opportunity to cement that reputation. Collaboration with businesses and local leaders will be vital to selling the opportunities of investment within the LCR.

### **Recommendations:**

- Promote the opportunities of the LCR and the North on the race to net zero, building on existing strengths in renewable and offshore energy generation and low-carbon innovations. The mayor should attend COP26 in partnership with other mayors, LEPs, and local authorities, as well as businesses, higher and further education, and the existing catapults and Research Technology Organisations to showcase the region. This should be closely aligned with the work underway across world class universities and colleges, and within the business community, including initiatives such as Net Zero North West.
- Advocate for the transition to net zero, using influence to promote projects and initiatives, drive positive policy change nationally, and to support supply chain development locally. By setting out a bold, green vision and identifying areas that the LCR can help in the race to net zero the metro mayor will provide a clear focus for the region. This vision should continue to make the case for projects such as the Mersey Tidal Scheme, as well as HyNet, which would see the wider North West developing a hydrogen network for low-carbon heat.

## **Consider the impact of housing and connectivity on net zero ambitions, and in improving people's wellbeing.**

The metro mayor can align strategies for housing and connectivity with those for economic growth, recognising the important relationship between these two priorities. To be a success this must be developed in partnership with local stakeholders and businesses and must consider the impacts of COVID-19 on our ways of working. Plans must also champion a more inclusive environment within the LCR, recognising how access to transport, digital infrastructure and housing can impact opportunities within the region.

### **Recommendations:**

- Deliver a strategic vision for housing and connectivity, highlighting its important role in driving economic growth, in supporting regeneration in the most deprived parts of the region, and in achieving net zero targets. This strategy should support in ensuring funding and local authority initiatives are delivered in a joined-up way across the combined authority. Plans should be developed in partnership with local stakeholders and businesses, considering the opportunity for innovation, including new methods of construction to deliver affordable, low-carbon, environmentally sustainable and high-quality homes at pace. This must also reflect changing living and working patterns because of COVID-19.
- Prioritise the roll-out of gigabit capable broadband and 5G. This includes supporting Local Authorities to work closely with network providers and embed digital infrastructure in their economic development plans, and to identify a digital connectivity champion at cabinet level.
- Develop an integrated, low-carbon public transport system. This includes the promotion and facilitation of active travel options such as walking and cycling and close working with city region transport providers to deliver integrated and sustainable travel options for businesses and residents. Invest in net zero transport, including the deployment of an electric vehicle charging network to facilitate the transition to net zero vehicles. Expand the LCR Hydrogen Economy Programme to deliver the low-carbon transition for heavy goods vehicles.

# Stimulate job creation and secure an inclusive workforce for the future

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**The workforce of the future will need in many cases reskilling and retraining. The existing powers held by the metro mayor, including the devolved adult education budget puts them at an advantage to make sure the LCR is well equipped to revive and thrive.**

**Align local skills provision with current and future needs based on the strategic vision, with a particular focus on the net zero agenda.**

Even prior to COVID-19 the UK had a reskilling and retraining challenge. Research based on pre-COVID data showed that nine in ten workers will need some form of reskilling by 2030.<sup>7</sup> Some jobs will change radically, some incrementally. In the LCR, the challenges are here today, with less than a third of the working age population qualified to a degree or equivalent level, which leaves businesses lacking the talent to grow.<sup>8</sup> This issue is likely to be compounded by the regionalised impacts of COVID-19, for which almost 50% of the working population in the LCR are in industries set to be hardest hit by the pandemic.<sup>9</sup> The devolution deal gives the LCR the opportunity to address some of these challenges, both through the ability to link the local skills agenda with an economic vision, but also through the devolved adult education budget.

## **Recommendations:**

- Drive reskilling and retraining through the development of a locally led Jobs and Skills Hub to align support for individuals seeking employment with opportunities to retrain. This could be aligned with the devolved adult education budget and should bring together higher and further education providers, alongside businesses, the LEP and the Growth Hub to identify and remedy the skills gap. To be a success this should also consider where the LCR's growth opportunities are, and where skills gaps may emerge in the future, such as in low-carbon housing retrofit.
- Improve awareness and understanding of reskilling opportunities for LCR residents and businesses. This includes supporting with careers information, delivering a simplified business offer, using convening power to drive collaboration between businesses and education providers, and establish mechanisms for engaging with businesses to ensure they have influence over the design and deliver of local training.
- Establish mechanisms to support Apprenticeship Levy matchmaking. This scheme would allow those businesses with levy underspend, to redirect it. This could be particularly focused on supporting the SMEs within their supply chain, with the aim of spending more levy funding within the region. This matchmaking service should look to extend to include those firms who are not headquartered in the region, but who have significant operations here, encouraging them to spend their levy within the LCR.

## **Be a strong voice to encourage the creation of good jobs at pace.**

Despite several high-quality academic institutions, and a significant number of graduates, the LCR struggles to retain top talent, in part because of a lack of good jobs for new graduates.<sup>10</sup> The metro mayor must be an advocate for the region to develop new employment opportunities, to retain future talent, and become an attractive destination for future private sector investment.

### **Recommendations:**

- Deliver projects that result in the creation of good jobs at pace by using convening power to encourage the public and private sector to take part in a shared initiative to increase opportunities. Focus should be on areas with high levels of deprivation in the first instance, followed by geographies and sectors where talent is often lost or hard to recruit due to existing skills deficits or a perceived lack of opportunities for progression and development.
- Champion diversity and inclusion within the Combined Authority itself, championing the use of recruitment best practice to encourage diverse candidates to apply to positions. This includes work around local procurement and supply chains and learning from and collaborating with initiatives such as the CBI's Change the Race Ratio,<sup>11</sup> or the Good Business Charter.<sup>12</sup>
- Promote the LCR as a destination of choice for companies considering relocation in the future. This includes showcasing the opportunities of the region through a strong economic vision, as well as highlighting the existing strengths, such as its high-quality academic institutions, and its attractiveness as a place to live and work.



## **Make sure certain sections of society are not left behind, creating an inclusive environment for all.**

To thrive in the future, the newly elected metro mayor must address the long-term skills gap, as well as the poor health outcomes for those who live and work here. Schools outcomes and the proportion of graduates in the workforce is lower than average, and there is a higher-than-average proportion of residents with no qualifications.<sup>13</sup> However, poor health outcomes is one of the most significant factors in the low-productivity levels within the region.<sup>14</sup> Twenty six percent of the working age population is economically inactive due to ill-health. Efforts to close productivity gaps between the LCR and the rest of the country must acknowledge and address this health inequality.<sup>15</sup>

### **Recommendations:**

- Create and support projects that champion education and training to improve youth employment, qualification levels and aspirations. Support industries that provide inclusive work patterns and boost youth employment, alongside learning opportunities and outreach that attract talent and diversity. The Combined Authority and public sector bodies can set a strong example here by continuing to create opportunities for paid internships, apprenticeships and work experience.
- Promote a better standard of careers guidance in schools linked to labour market information and champion stronger links between business and schools in the area. This includes building on the region's strong history of high-quality apprenticeships, continuing to work with business to support in the creation of Kickstarter Jobs, and working closely with businesses, and higher and further education to set out a clear path into work for young people.
- Expand the Households into Work programme to address the challenges faced by those in long-term unemployment. This should look to galvanise the private sector and facilitate collaboration between businesses and the local support services, voluntary organisations and local councils. This is vital to ensure that those responsible for delivering work opportunities are helping shape the programme, that it is targeted at those most in need, and that funding streams and initiatives are delivered in a joined-up way.



# References

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<sup>1</sup> Liverpool City Region Combined Authority, Local Industrial Strategy Draft, March 2020

<sup>2</sup> Liverpool City Region Combined Authority, Building Back Better, July 2020

<sup>3</sup> Liverpool City Region Combined Authority, Local Industrial Strategy Draft, March 2020

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

<sup>7</sup> CBI, Learning for Life, October 2020

<sup>8</sup> Liverpool City Region Local Industrial Strategy: Statement of Emerging Strategic Priorities, August 2019

<sup>9</sup> Liverpool City Region Combined Authority, Building Back Better, July 2020

<sup>10</sup> Ibid

<sup>11</sup> <https://changetheraceratio.com/> Campaign established to increase racial and ethnic participation in businesses at board level.

<sup>12</sup> <https://www.goodbusinesscharter.com/>: Initiative to encourage responsible capitalism and celebrate good business practices.

<sup>13</sup> Liverpool City Region Combined Authority, Local Industrial Strategy Draft, March 2020

<sup>14</sup> Ibid

<sup>15</sup> Ibid



Produced by Hannah Richmond and the [Regional Growth](#) team  
To share your views on this topic or ask us a question, contact:

**Hannah Richmond**  
Principal Policy Adviser  
[Hannah.Richmond@cbi.org.uk](mailto:Hannah.Richmond@cbi.org.uk)