

The State of Liverpool City Region Report:

MAKING THE MOST OF DEVOLUTION



#StateofLCR | @livuniheseltine

Professor Nigel Weatherill
Vice-Chancellor
Liverpool John Moores University

Professor Janet Beer
Vice-Chancellor
University of Liverpool

THE STATE OF LIVERPOOL CITY REGION REPORT:

MAKING THE MOST OF DEVOLUTION

**Michael Parkinson, Richard Meegan,
Richard Evans, Jay Karecha**

ANSWER 9 QUESTIONS

- Why report matters?
- Why us?
- How did we do it?
- What is the state of the nation & LCR?
- What does a successful city region look like?
- How far has LCR come, how far has it to go?
- What do partners think about & want from LCR?
- What messages from Greater Manchester?
- What messages for ALL city region leaders?

THANKS

- Vice Chancellors leadership, partnership, commitment city region
- LJMU colleagues
- Leaders Combined Authority
- Project Advisory Group
- LEP & LCC data colleagues
- Report designers
- Today's organisers
- But especially YOU the audience
- Our report – but YOUR issues!

NOT EASY

- Done quickly
- Moving target – whether, when ,what, how, devolution
- Focus shifted from data to devolution
- Nothing new under the sun
- Can't please everybody
- First not last word
- Questions as much as answers
- Architecture for improvement not blueprint for success
- Pollyanna or Eeyore? – the eternal Liverpool dilemma
- So tried be honest, fair, constructive

1. WHY REPORT MATTERS?

- Doomed live in interesting times
- City regions are back, Liverpool is back
- Huge opportunity but risks
- LCR can be big player Northern Powerhouse & UK plc
- But not naïve government policies - cuts hurt
- Big prize on offer with devolution
- But devolution only tool – not strategic ambition
- Help us get there - not say where we should go
- WE must decide direction – sustainable, successful LCR for all!



“The Liverpool City Region faces many social and economic challenges but also boasts a proud history, fascinating cultural heritage and enormous potential.

The ground-breaking devolution agreement we recently agreed with Liverpool City Region's civic leaders offers an unprecedented opportunity for the city to determine its own priorities and to vote in a Mayor that will give it a powerful new national voice. It's an exciting opportunity to accelerate progress and return Liverpool to the world-class city we all know it can be.

“This report poses some tough questions but lays the foundations for a strong and enduring recovery across the Liverpool City Region. This is the Northern Powerhouse in action and something I am sure will be widely welcomed in the city and beyond.”

Prime Minister David Cameron

#NorthernPowerhouse

2. WHY US?

- Universities anchor institutions – your fate, our fate
- Good citizens in shared enterprise
- Make best contribution our intellectual capital
- Illustrate partnership working in LCR
- Vice Chancellors joint offer LCR – pro bonum
- Not wish be vulgar – but worth c.£100k old money
- Team national & international credibility
- Independence but commitment – can speak truth unto power

3. HOW DID WE DO IT?

- Read lots plans & strategies
- Lots hard data performance UK & European city regions
- Talked lots partners :
 - How robust is city-region project ?
 - How far come, how far to go economically & socially?
 - Clear picture assets, future economy with investment and business plans to exploit?
 - Capacity to deliver that future economy?
 - Who does what better in future?

4. WHAT STATE NATION & LCR?

- Trend policy right
- City regions back – wealth of nations not basket cases
- At heart government policy
- Ambition rebalance UK economy makes more important
- Devolution, city regions and elected city region mayors
- Despite cuts devolution could help us
- But not silver bullet
- Necessary not sufficient condition success

4. WHAT STATE NATION & LCR?

New agenda challenging

- Government mixed motives, ambitions, voices
- Belief market forces & reduced state challenge LCR
- Scale cuts creates big economic, social, political pressures
- Requires cultural change work at city region level
- Two separate agendas – devolution & elected mayors
- Very fast before many city regions agreed key issues involved
- Agenda has been divisive
- So Liverpool not alone in challenges – but must face them

4. WHAT STATE NATION & LCR?

- LCR good news story after difficult period change
- Increased achievements and ambitions
- Looks and feels very different place
- Improvements key drivers performance
- Huge physical regeneration, especially Liverpool city centre
- Mood music LCR good – better than statistics
- Some external & Government more positive than internal
- Baseline higher, trend positive

4. WHAT STATE OF NATION & LCR?

- Not underestimate challenges
- Well off our knees – but not out of woods
- LCR rise was from low baseline
- Other places have also improved
- Recession has hurt
- LCR not yet where its leaders wish it to be
- Gap best in UK & Europe still big & could get bigger
- Leaders must be ambitious set standards high to succeed
- But I think we and they know that



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5. WHAT SUCCESSFUL CITY REGION LOOK LIKE?

- Economic diversity
- Human capital skills
- Innovation
- Connectivity – internal and external
- Place quality
- Strategic leadership, political maturity, governance capacity



5. WHAT SUCCESSFUL CITY REGION LOOK LIKE?

Barriers cooperation:

- Lack of vision
- Institutional fragmentation
- Historic tensions places
- Personal rivalries
- Party political rivalries
- Economic rivalries – investment, prestige projects, talent
- Too many strategies
- Complacency – ‘good enough’ not see global challenge & risk
- Germans call it ‘Kirchtum denken ‘

5. WHAT SUCCESSFUL CITY REGION LOOK LIKE?

What encourages cooperation?

- Partnership – working together, sharing credit
- Tolerance – larger not bully smaller
- Trust – all places will benefit
- Honesty – strengths, weaknesses, opportunities
- Time – working together projects
- Delivery capacity
- Incentives from national government

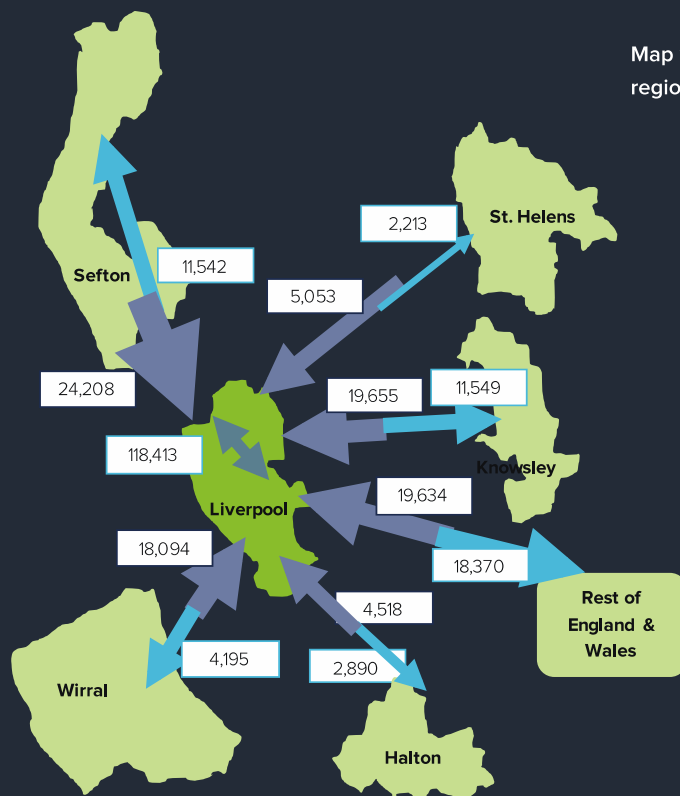
6. THE HARD FACTS. HOW FAR HAS LCR COME, HOW FAR HAS IT TO GO?

HEADLINE PERFORMANCE

- Wealth gap
- Productivity gap despite recent improvements
- Industrial structure still weighted public sector but changing
- Only moderate on scientific technical sectors
- Business birth rate low – but improving
- Jobs gap especially young people
- Income gap reflecting economic activity
- Poverty gap some country's worst off neighbourhoods

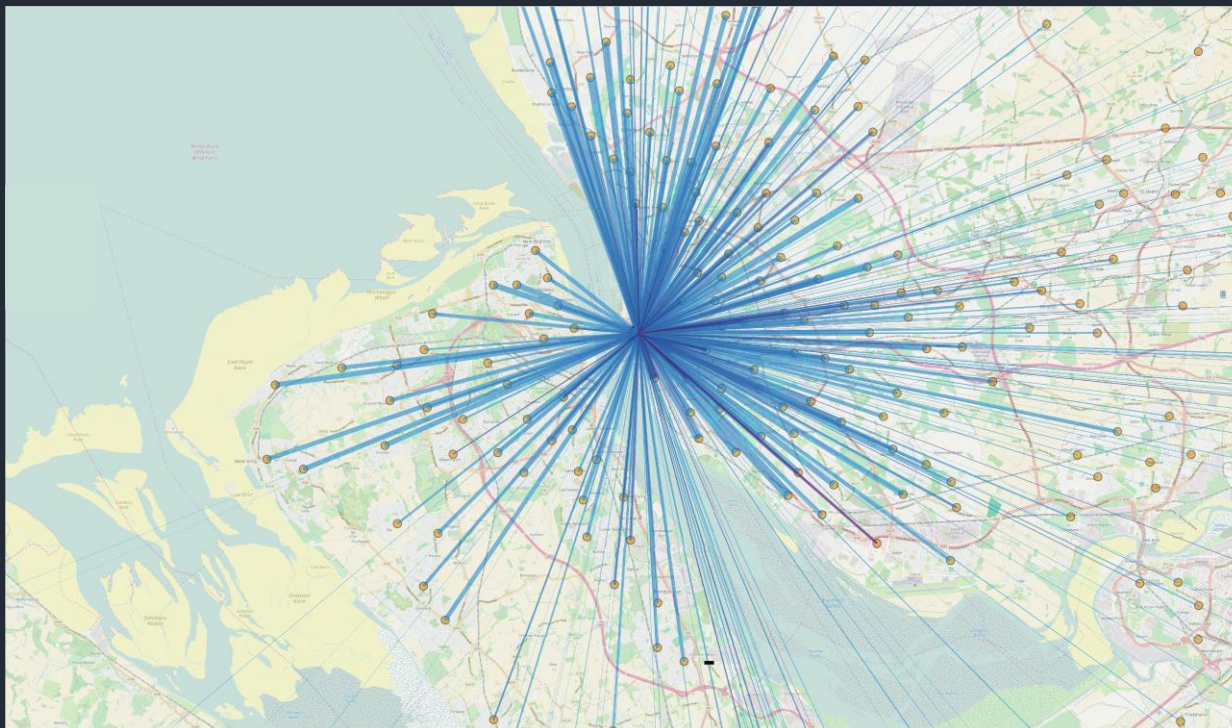
Q1. Do we function as real city region economy? Yes

- LCR integrated labour market – but with fuzzy boundaries
- Jobs and economic activities different areas connected
- Have an important impact on each other.
- We need each other, we feed each other
- Makes sense work more at city regional level
- UK 19th C government, 20th C boundaries, 21st C economy
- Must change!

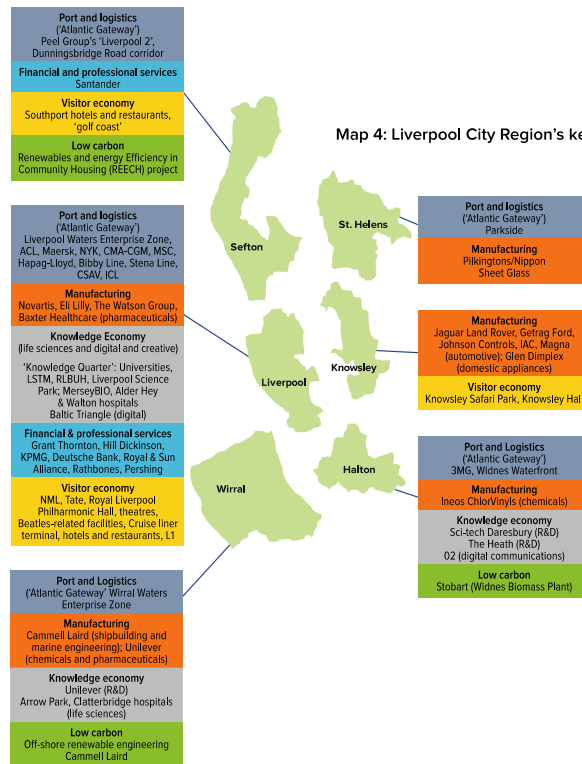


Map 1 : Commuting flows to jobs between Liverpool and the other city region local authorities and the rest of England & Wales, 2011

Map 2: Commuting flows to jobs to and from Liverpool city-centre



Source: DataShine Commute, UCL CASA



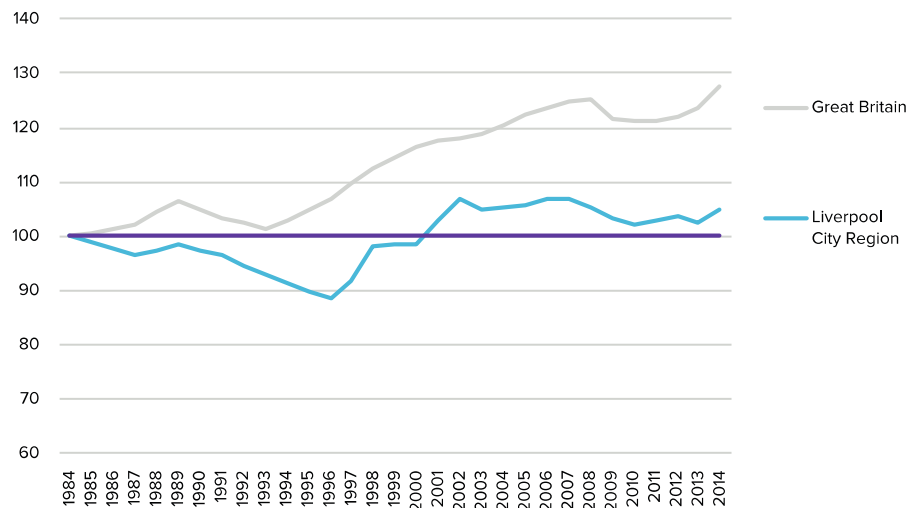
Q2. How well in boom?

- Recovery jobs
- Recovery output & productivity
- Recovery population

But recession has hurt so

- Output too low – lag similar European city regions
- Reasonable productivity - just not enough jobs

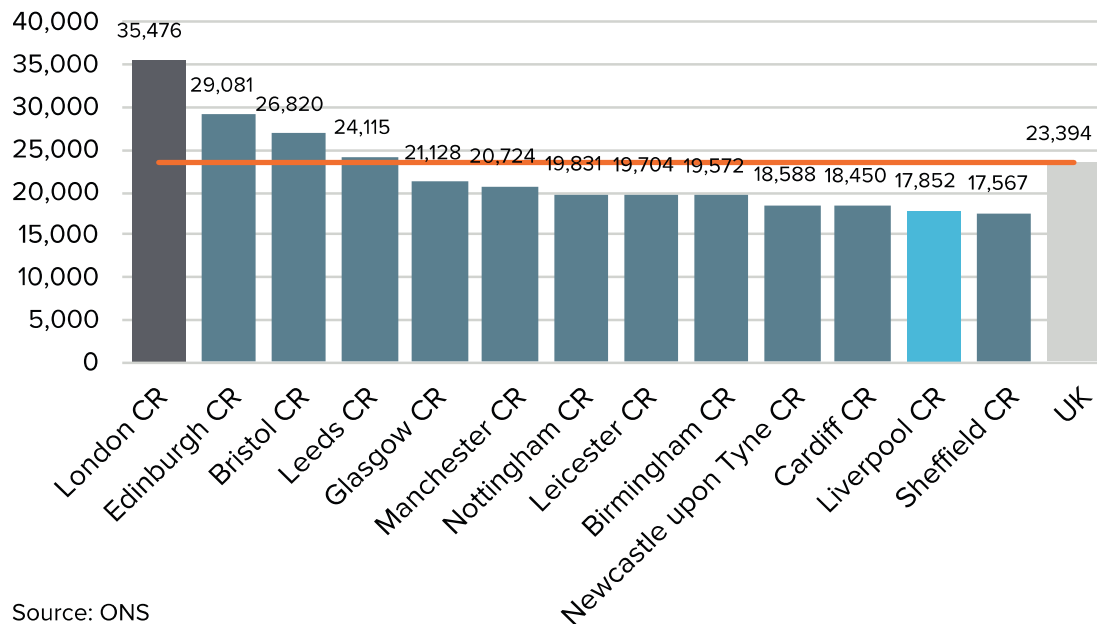
Figure 3.3: Total Employees, GB and Liverpool City Region, Indexed, 1984-2014 (1984 = 100)



Source: Census of employment – employee analysis; Annual employment survey employee analysis; Annual business inquiry employee analysis; Business register and employment survey



Figure 3.14: Wealth – GVA per capita, £, 2013



Source: ONS

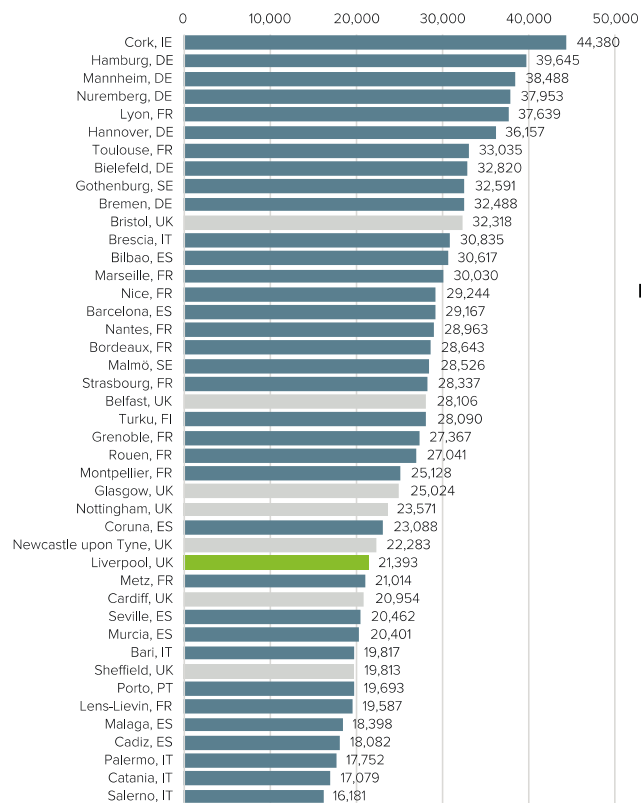
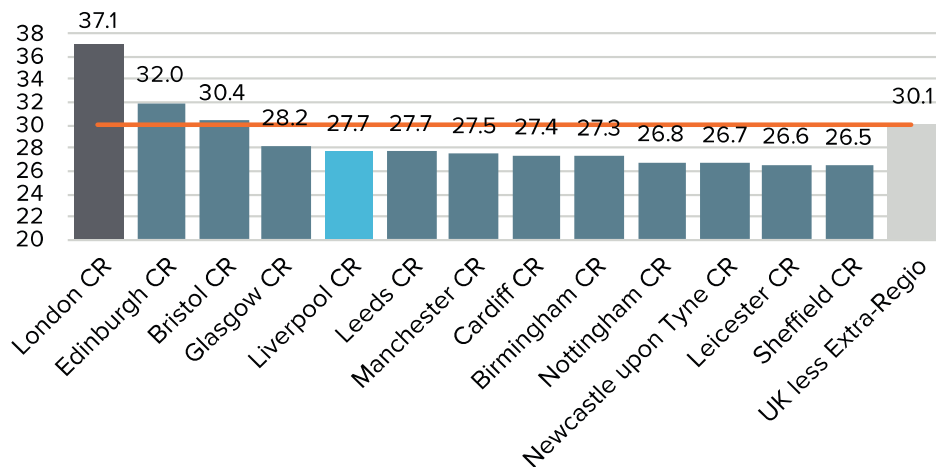


Figure 3.15: GDP in PPS per capita, 2012

Source: Eurostat

Figure 3.16: GVA per hour worked, £s, 2013



Source: ONS



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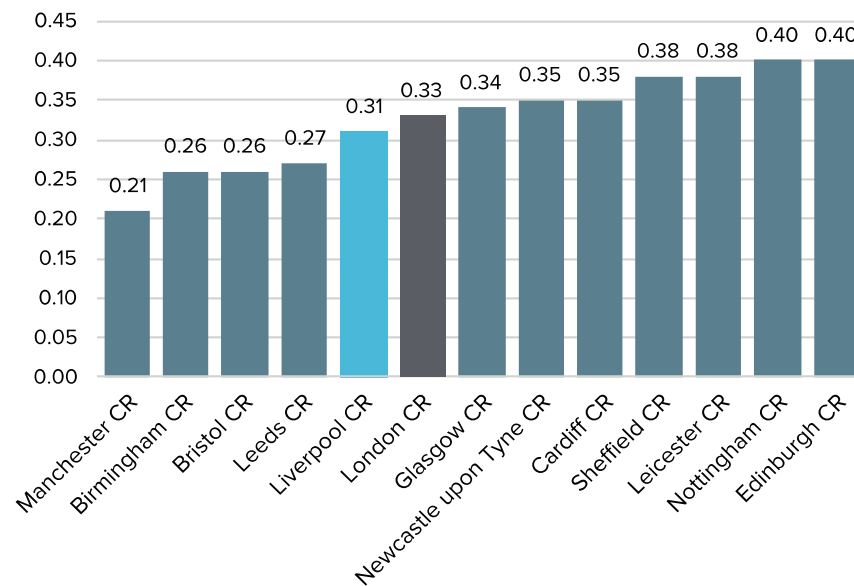


Q3. How well perform drivers success?

- Human capital
- Innovation
- Diversity
- Connectivity
- Place quality

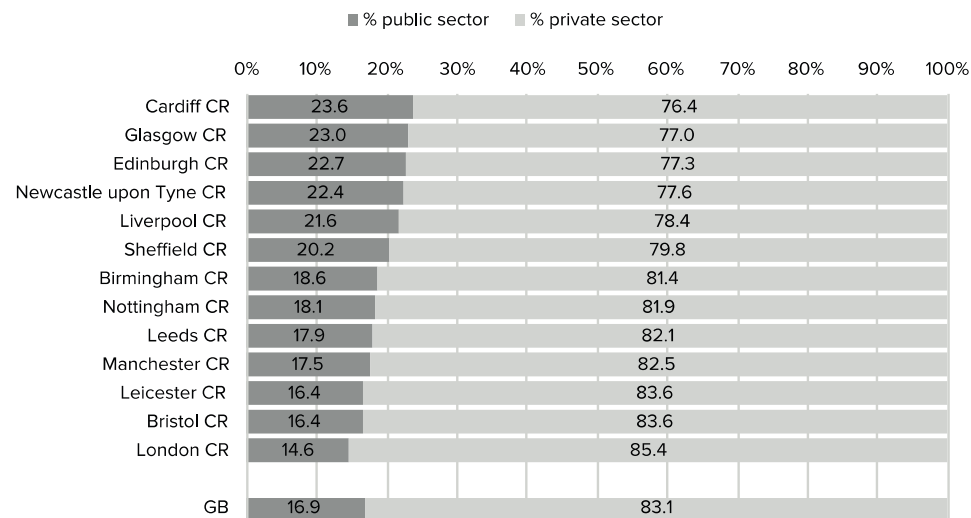
- Diversity quite good
- Public sector not as big, private sector bigger.

Figure 3.18 Economic diversity – the Krugman Similarity Index by city region, 2014



Source: Business register and employment survey

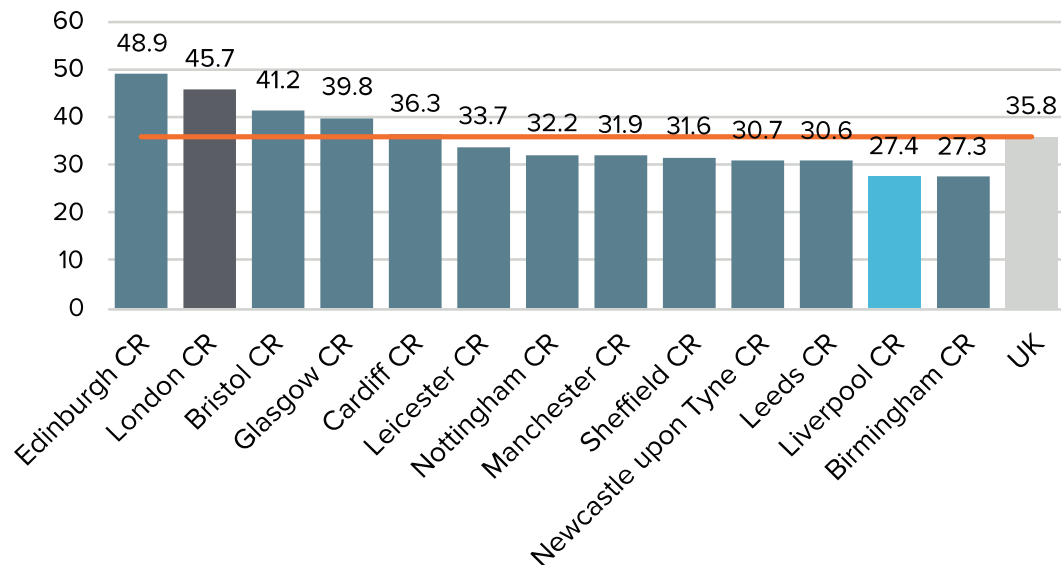
Figure 3.22: % split public and private FTE employment, 2014



Source: Business register and employment survey

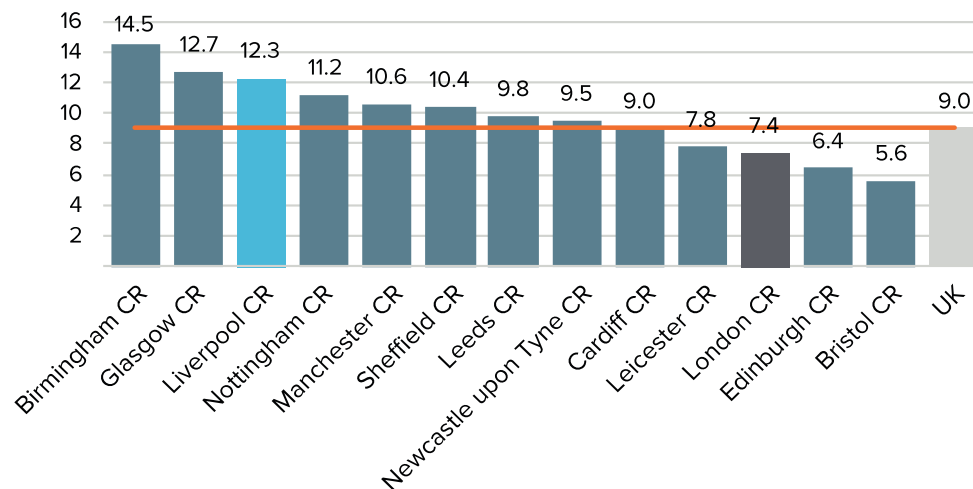
- Skill levels good enough?

Figure 3.27: High level skills: % (aged 16-64) with NVQ4+, 2014



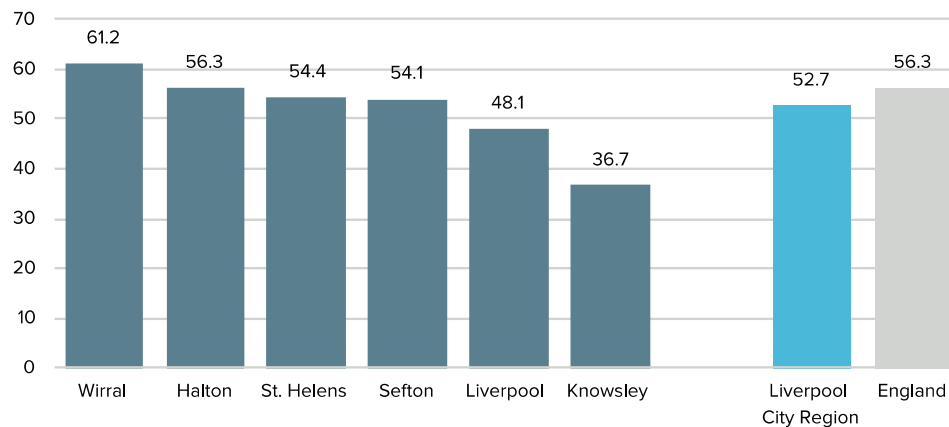
Source: Annual Population Survey

Figure 3.28: Unskilled; % (aged 16-64) with no qualifications (NVQ), 2014



Source: Annual Population Survey

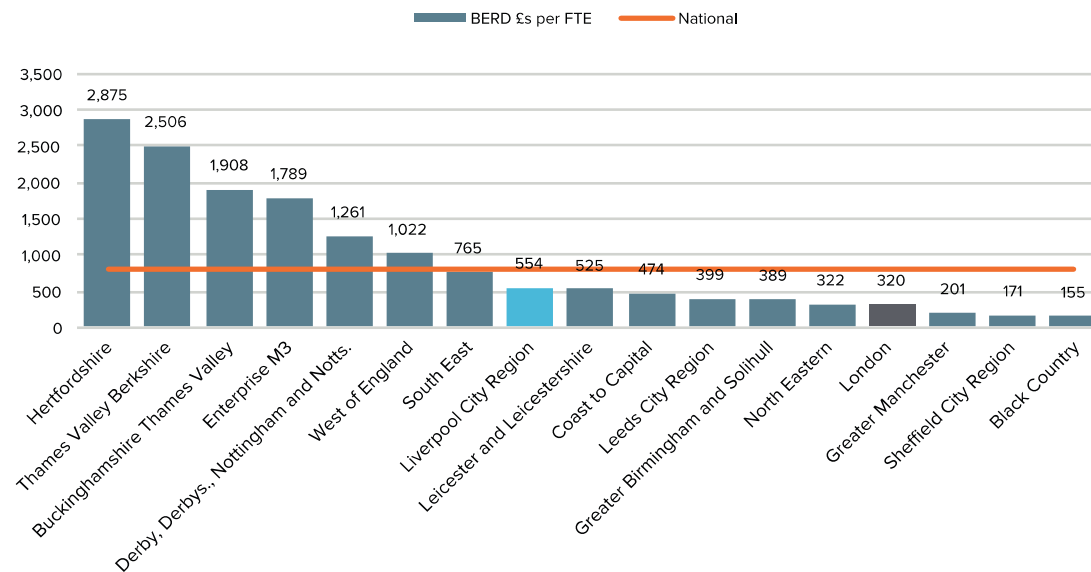
Figure 3.29: Educational attainment: % of pupils achieving 5+ A*-C GCSEs (or equivalent) including English and Maths, 2014/15



Source: Department for Education

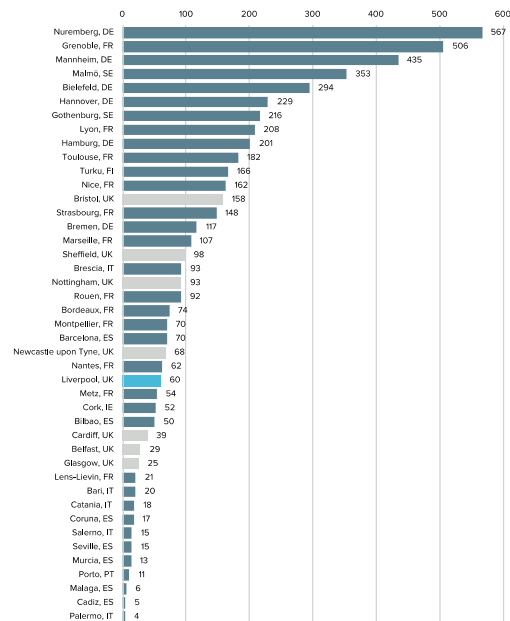
- Is LCR Innovative enough?

Figure 3.30: Business Enterprise R & D expenditure, £s per FTE, 2013



Source: ONS

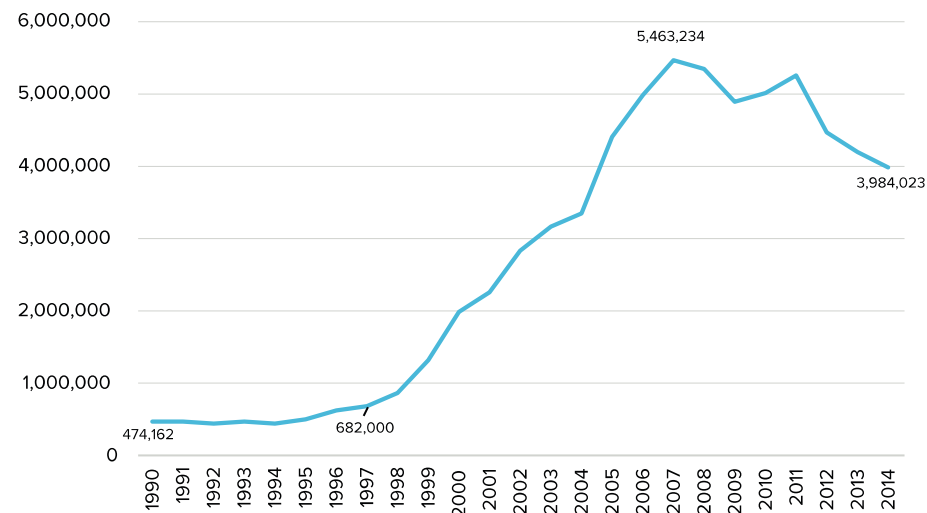
Figure 3.31: Patent applications to the EPO by city region, per million inhabitants, annual average, 2008-2012



Source: Eurostat

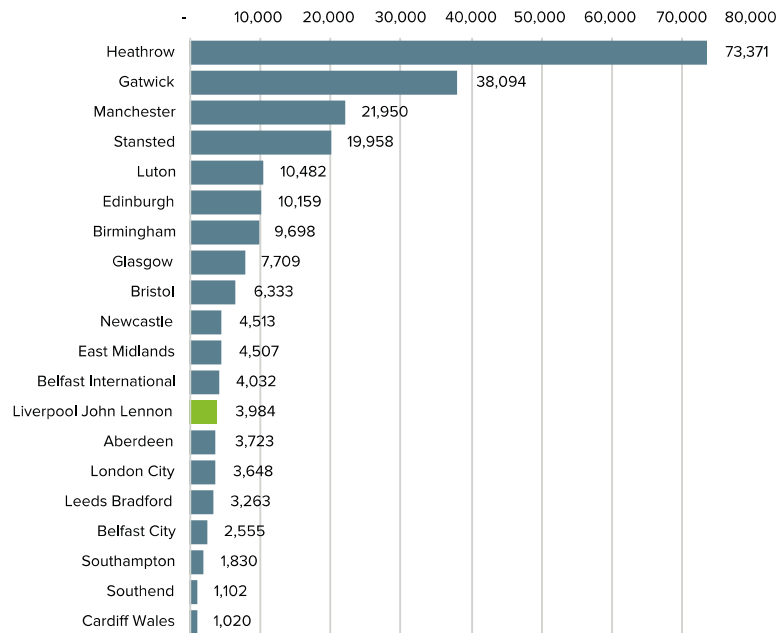
Q4. Connectivity good enough? – improving but needs more

Figure 3.38: Air passenger numbers, Liverpool John Lennon Airport, 1990-2014



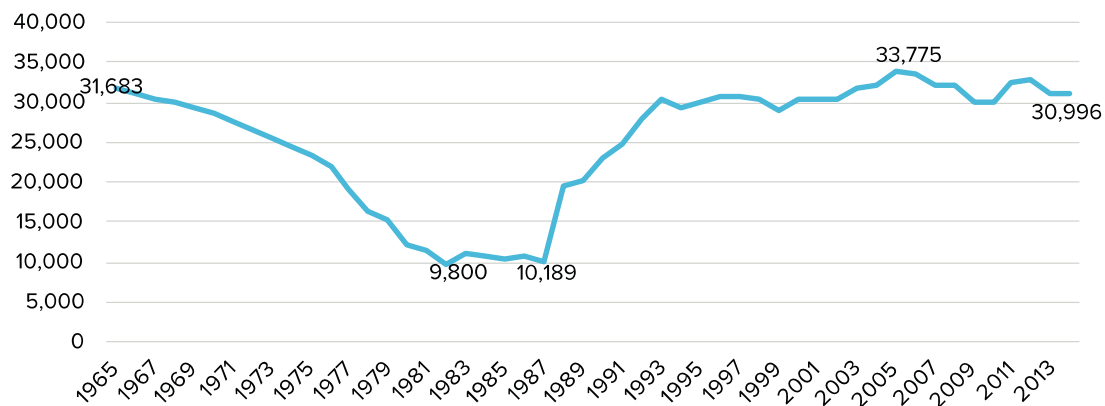
Source: Civil Aviation Authority

Figure 3.40: Terminal passenger numbers in 000s, selected UK airports, 2014



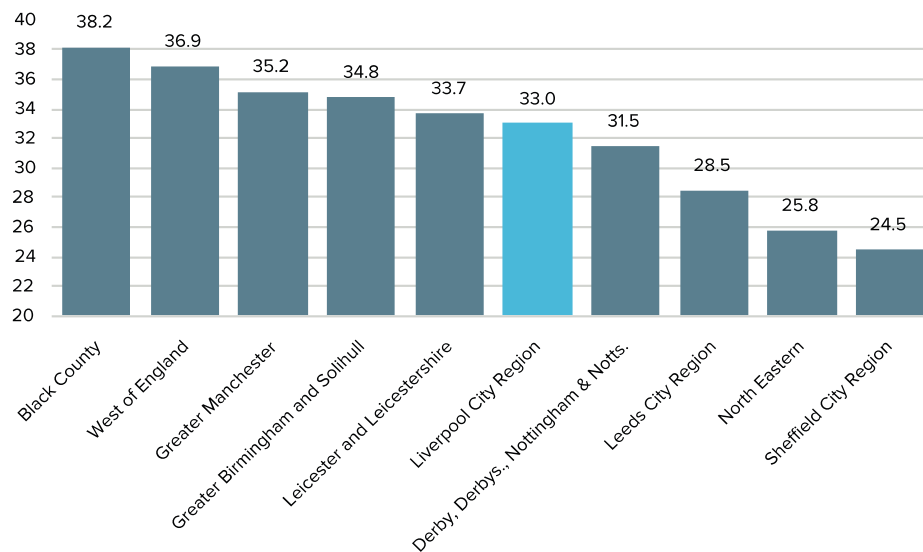
Source: Civil Aviation Authority

Figure 3.41: Liverpool port – all traffic ('000 tonnes) 1965-2014



Source: Department for Transport UK Port Freight Statistics

Figure 3.47: Take-up of lines > 30 Mbit/s (number of lines)
by Local Enterprise Partnership area, 2014



Source: OFCOM

Q5. Is place quality good enough?

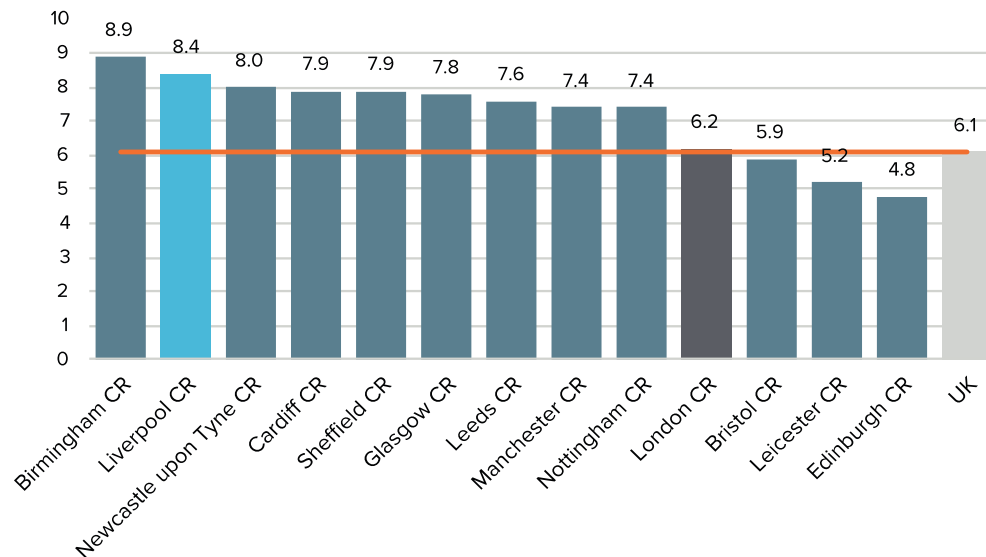
- Tremendous assets and potential – heritage, culture, city centre, visitor economy, creative & digital
- But social dimension still challenging

Table 3.1: Liverpool City Region rankings in the RSA Heritage Index

	<i>Total Score</i>	<i>Historic built environment</i>	<i>Museums, archives and artefacts</i>	<i>Industrial heritage</i>	<i>Parks and Open space</i>	<i>Landscape and natural heritage</i>	<i>Cultures and memories</i>	<i>General / Infrastructure</i>
Liverpool	59	229	55	124	185	22	40	104
Sefton	61	302	270	117	216	7	244	146
Wirral	73	253	213	121	148	8	170	272
Halton	155	234	170	30	243	93	188	288
St Helens	304	269	223	150	232	318	189	317
Knowsley	323	296	267	304	119	310	324	325

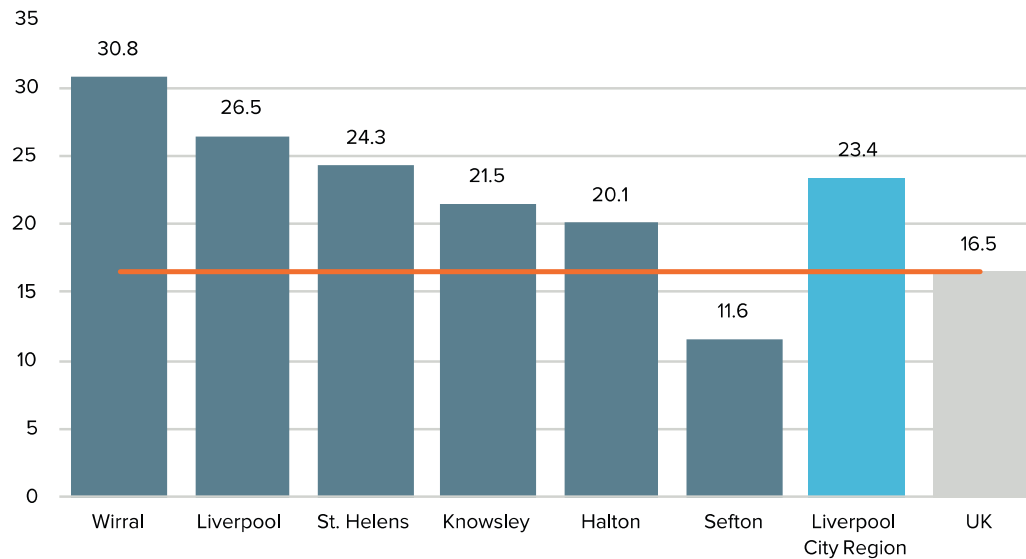
Note: The rankings are for 325 English Local authorities. Traffic lights: green (top third, 1-108);

Figure 3.50: Unemployment rates (% of 16-64s), April 2014-March 2015



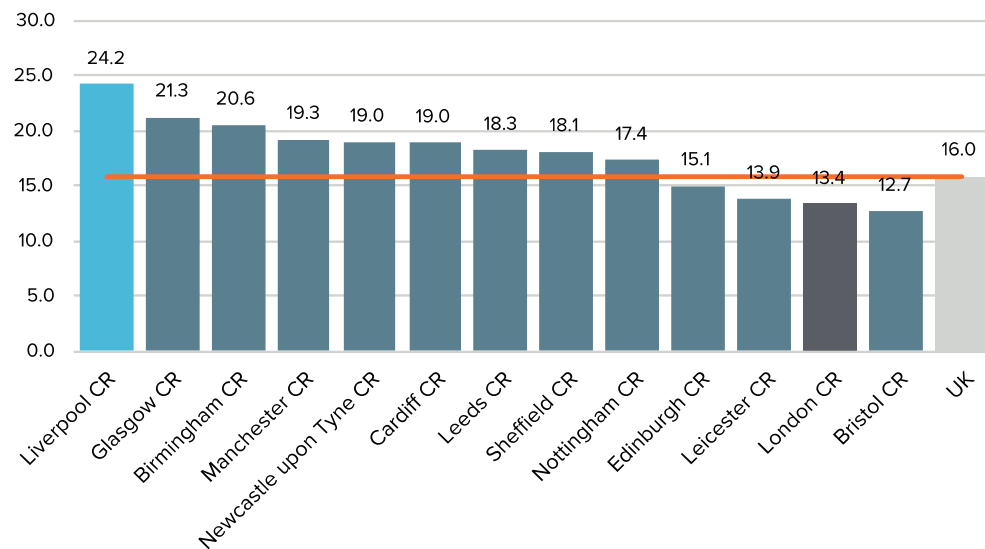
Source: Annual Population Survey

Figure 3.53: Unemployment rates (% of 16-24s), April 2014 – March 2015



Source: Annual Population Survey

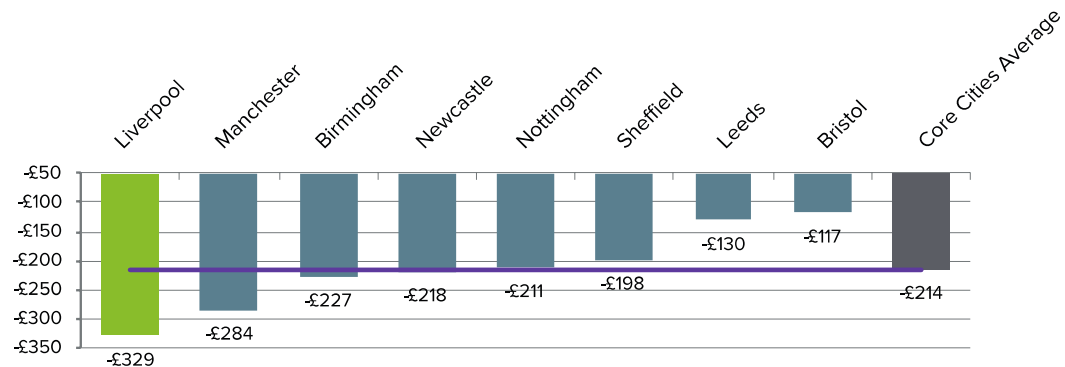
Figure 3.54: Share (%) of households that are 'workless', 2014



Source: ONS

- Government cuts will impact upon place quality

Figure 3.60: Cumulative reduction in Revenue Spending Power 2010/11 to 2014/15, £s per person – Core Cities



Source: Newcastle City Council, *2013/14 and Provisional 2014/15 General Funding Settlement*, (2013)

Figure 3.61: Cumulative reduction in Revenue Spending Power 2010/11 to 2014/15, £s per person – Liverpool City Region local authorities



Source: Newcastle City Council, *2013/14 and Provisional 2014/15 General Funding Settlement*, (2013)

Table 3.2: Where does Liverpool City Region stand? – A summary

City region	GVA pc 2013	GVA per hour worked (£) 2013	Job density	Net birth & death rate per 100 active enterprises 2013	High level skills NVQ4+	No qualifications	Employment rates 2014-15	Unemployment rates 2014-15	Youth unemployment rates 2015	% workless households 2014	Income GDHI pc £s 2013
London	35,476	37.1	0.90	6.4	45.7	7.4	73.1	6.2	17.9	13.4	22,000
Edinburgh	29,081	32	0.86	4.8	48.9	6.4	74.1	4.8	12.3	15.1	18,783
Bristol	26,820	30.4	0.87	4.3	41.2	5.6	66.2	5.9	13.6	12.7	17,664
Leeds	24,115	27.7	0.85	4.6	30.6	9.8	70.9	7.6	19.5	18.3	15,788
Glasgow	21,128	28.2	0.71	4.2	39.8	12.7	70.0	7.8	20.6	21.3	16,049
Manchester	20,724	27.5	0.77	5.1	31.9	10.6	69.2	7.4	17.5	19.3	14,515
Nottingham	19,831	26.8	0.76	4.2	32.2	11.2	69.1	7.4	17.5	17.4	14,985
Leicester	19,704	26.6	0.74	4.7	33.7	7.8	71.4	5.2	10.8	13.9	15,058
Birmingham	19,572	27.3	0.74	4.3	27.3	14.5	75.8	8.9	22.6	20.6	14,368
Newcastle upon Tyne	18,588	26.7	0.72	4.6	30.7	9.5	70.5	7.9	20.2	19.0	15,397
Cardiff	18,450	27.4	0.70	5.7	36.3	9.0	67	8.0	18.2	19.0	15,397
Liverpool	17,852	27.7	0.68	6.6	27.4	12.3	65.8	8.4	23.4	24.2	15,140
Sheffield	17,567	26.5	0.68	3.5	31.6	10.4	70.6	7.9	22.6	18.1	14,331
GB/UK	23,394	30.1	0.79	4.4	35.8	9.0	72.6	6.1	16.5	16.0	17,559

Notes: City regions ranked by GVA per capita 2013. Traffic light colouring: green= better than national; the remainder of the distribution is split in two: amber=top half including median value and red=bottom half below median value.

WHAT IS TO BE DONE?

Productivity and poverty twin key challenges

City region leaders must try:

- Create, attract retain better jobs;
- Raise skill levels, retain skilled people;
- Encourage innovation;
- Improve place quality, especially excluded people & communities

Are leaders up to and up for it?

Turn that next

7.WHAT DO PARTNERS THINK ABOUT AND WANT FROM LCR?

Headline performance last driver – leadership, governance

- Great realism how far come how far to go – big in both cases
- Recognise key assets but not enough credible, investment business strategies for them
- Concern not enough capacity deliver city regional agenda future
- Most believe in city region but do not believe enough partners and places demonstrate they believe
- Concerns trust, commitment, collaboration, coherence, capacity



Much Done But Much to Do

‘The image of the city is transformed. The environment has been transformed. Tourism, the port, the city centre are huge achievements. But we have too few businesses in the city. We have too many areas of deprivation. We lack high quality office availability. And we need better travel networks.’

Private sector leader

Confidence is higher

‘The big shift is in confidence levels. We do not whinge anymore.’

Private sector leader

Liverpool is different.

‘The city has huge international traction. There is a vibrancy and idiosyncrasy simply not found in other provincial cities. We have got something really substantial to draw upon internationally.’

Academic leader

‘Liverpool is cool and investors want to be associated with cool. Make them a business proposition.’

London investor

Sharing the benefits?

The statistics hide the gap within the city region. You can obviously see the developments in Liverpool in the city centre and waterfront. But across the region loads of people have been left behind. We are plugging away, getting our patch up the league tables. The relativities may have changed. But the same people and places are stuck in the same place.'

Business association leader

A city region for young people?

We need to have a clear view about how young people will benefit from the emerging opportunities in, for example, the creative and digital industries and give them a real choice to succeed in those industries rather than dealing in stuff they should not be involved in.'

Social investor

Understand assets - yes

‘Boats, Beatles, Brains, Barrage’

Have investment strategies - no

‘Our biggest challenge is our biggest opportunity. We have a huge array of assets. But they are not catalogued, they are not exploited, they are not interlinked and they are not communicated properly.’

Economic development organisation leader

Do we build on 'Brains' enough – no

We play the reactive game well. But we are not proactive enough. Take innovation. We need more Sensor City and Material Innovation Factory projects. We do not exploit the hospitals well enough. We need a stronger narrative on innovation. The Knowledge Quarter is a lost opportunity. There is a lot of talking and not a lot of action. Somebody needs to put their hands in their pockets.'

Academic leader

'Barrage' do we exploit low carbon enough – no

'We do not see the low carbon agenda clearly enough. We are too fragmented. We don't have major global companies involved in it yet. There are huge opportunities, with the river, to become the first energy efficient city. But to get there it can't be business as usual. We have to think and organise differently. There is a huge prize to gain.'

Private sector leader

LCR does not pass the pub test. More hearts and minds have to be won.

‘The case for the city region has not been won. It is seen as an administrative convenience. We are still far too organised and seen through the lens of the individual local authorities.’

Private sector leader

Too many plans, too little delivery

‘We have got more visions than St. Bernadette. The key thing is the lack of cohesion, coordination and organisation. Devolution could help us deliver this.’

Business association leader

What is the right positioning for LCR?

‘We need a single approach instead of parts of the city region fighting for investment against each other. We work in Poland and they have seen they need to get their act together. We must. And we need to recognise that if Liverpool does well St Helens does well.’

Multinational company leader

Who wins, who worries? Actually everybody!

‘It is easy to see the importance of the city region when you are in Liverpool. But here that conversation has no resonance with anyone. There is a real blindness within Liverpool how little the LCR matters to the rest of the city region. It makes sense to me but not to many of my organisation’s members. They feel we might simply be moving control from London to Liverpool.’

Business association leader

What should we do differently in future?

Changing relationships & processes

‘We have come a long way in a very short period of time. But we have a hell of a long way to go. The main problem is institutional. The gap is enormous. We do not have the capacity or competence to be in the top ten city regions yet.’

Policy analyst

Bring in best & brightest

‘We need to mobilise the talents across the city region, get the team in and let them focus upon the big issues and the opportunities. They need to generate the ideas, test the projects, and bring forward a pipeline of projects.’

Private sector leader

More collaboration public, private sectors

‘The private sector needs to have a greater voice in the debate. But we still need a more coherent private sector. The devolution process has encouraged that process of finding a collective voice. And we are desperate to help the leaders deliver on the agenda.’

Liverpool based investor

Anchor institutions should punch their weight

‘The Universities need to be playing a more strategic role. They are too much on the periphery. We want them to be more centre stage’

Local authority leader

***‘We need a simple clear vision.
We need to get people behind
closed doors and agree what it is
and get buy in. This is what we
want to do; this is who does
what in the city region, this is
what we want government
support for.’***

Private sector leader



More confidence, more ambition, more risk

‘We need to have greater confidence to take a risk and to try different things in the economy. The risk appetite is not there. We have to trust individuals and institutions to take a chance and fail if necessary.’

Private sector investor

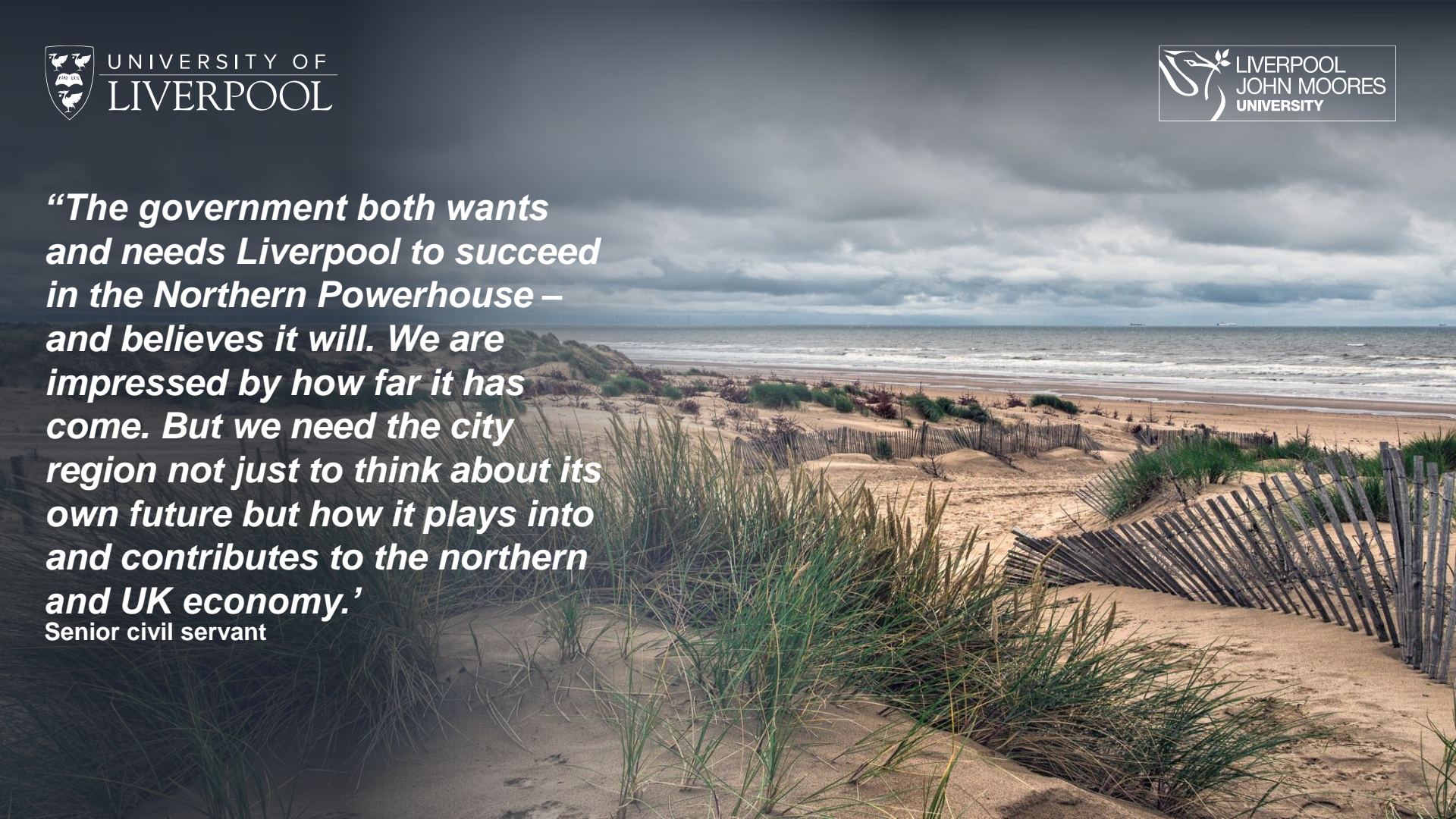
Winning friends & influencing people in high places

‘Liverpool needs a more distinctive voice in London. Other places sell themselves better. You do not blow your own trumpet enough. You should have more confidence in your achievements and your potential contribution.’

Senior civil servant

“The government both wants and needs Liverpool to succeed in the Northern Powerhouse – and believes it will. We are impressed by how far it has come. But we need the city region not just to think about its own future but how it plays into and contributes to the northern and UK economy.”

Senior civil servant



THE BALANCE SHEET – WHAT IS OUR STRATEGIC DECISION MAKING CAPACITY?

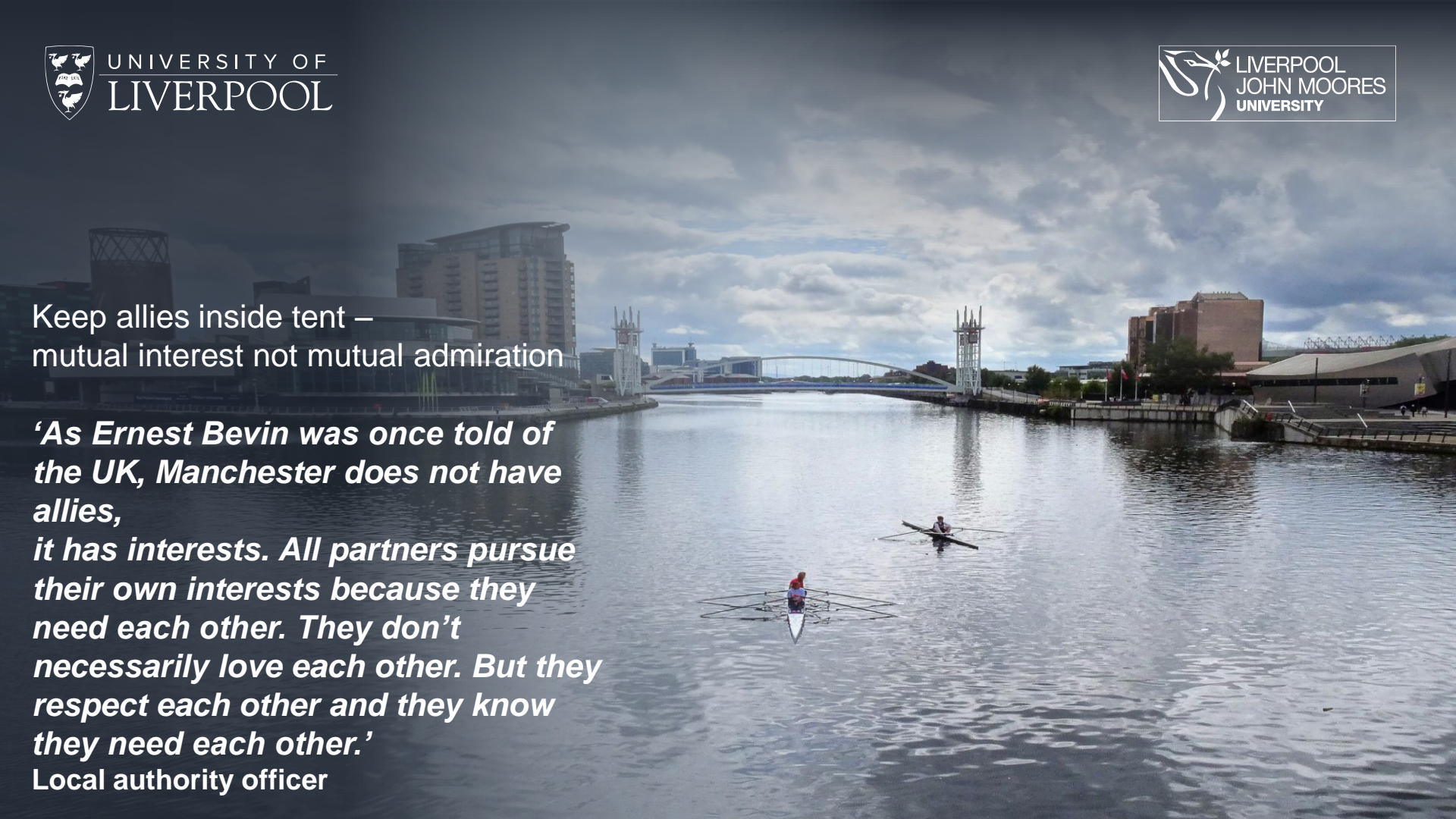
- Some good news
- Relationships improving
- Commitment & confidence higher
- But more to do on business plans to exploit assets, commitment city region, capacity to deliver
- But devolution focused attention on weaknesses
- Made us more willing to change
- Prospects challenging but not insurmountable

8. MESSAGES GREATER MANCHESTER

Keep allies inside tent —
mutual interest not mutual admiration

***‘As Ernest Bevin was once told of
the UK, Manchester does not have
allies,
it has interests. All partners pursue
their own interests because they
need each other. They don’t
necessarily love each other. But they
respect each other and they know
they need each other.’***

Local authority officer



Stability, leadership, consistency

‘We have thirty years of working together with consistent leadership.’

Local authority official

Sing from same hymn sheet

‘We have worked very hard for a long time at building agreement on our shared priorities and sharing them across all the family partners. We put our best officers not the weakest on city region working. They give us quality.’

Local authority Chief Executive

Create a private sector growth model

‘We have tried to create a private sector model of the economy. That will help us as we go into the next period of public sector cutbacks. I have always thought that Liverpool’s dependency on the public sector and Europe was a short term cosmetic advantage for it, but in the longer term a real disadvantage.’

Local authority leader

Stay onside with government

‘Manchester always tries to make an offer to government. If we do earnback or want to tackle poor neighbourhoods we always try to show how this helps the government or the Chancellor. We are very fleet of foot and we try to work with different government psyches.’

Local authority senior official

Keep trouble in the family

‘Manchester fights in private but once a line is reached it is always held – with the media and with government. Liverpool has its fights on the front page of the Echo.’

Economic development organisation leader

Make city region central not peripheral

‘The city region is an integral part of the strategy not an add-on for our local authority. You’ve got to spend more time with the ‘family’ to make it work.’

Local authority Chief Executive

Create a hymn sheet – the Manchester Independent Economic Review

‘The MIER transformed a perfectly decent voluntary partnership into something which will drive us forward in the future. It started to help individual authorities believe in the idea of Greater Manchester being a world class city region. It gave us a good kicking when it was needed. It showed us how to raise our game. Why can’t Liverpool do that?’

Local authority Chief Executive

Win government money

‘MIER not only gave us a story inside the region. It was crucial with government. When we go to them they can see we have a powerful analysis and argument. It makes it easier to win our case. It cost a million but I think we have got £200 million back from government.’

Local authority Chief Executive

Keep up the evidence and the argument

‘We have a serious evidence base and are taken seriously by government. Liverpool does have good pockets of evidence on individual issues from individual places. But it does not have the coherent, long term or independent analysis that we did and do.’

Economic development organisation Chief Executive

Manchester rates and needs us

‘Liverpool’s assets are far richer than ours. I’d give my right arm to have those assets in Manchester. We can’t understand why it is not flying.’

Economic development official

‘Liverpool will be critical to the Northern Powerhouse. Bluntly we could do it without Sheffield. But we could not do it without Liverpool. It is partly its location and partly its physical assets. The port, the heritage and the universities are much stronger than in Sheffield. Liverpool must play in the Northern Powerhouse.’

Private sector leader Manchester

9. WHAT KEY MESSAGES CITY REGION LEADERS?

- Not 20 things before breakfast
- Strategic, long term relationships priorities
- Devolution not deck chairs on Titanic, despite cuts

Values

- Strengthen partnership – this affects everyone
- Generate more leadership – not just local authorities
- Create greater trust & honesty
- Collaboration – public & more coherent private sector
- More confidence & ambition
- Commit more to LCR so it passes the pub test
- Look further forward and outward

9. WHAT KEY MESSAGES CITY REGION LEADERS?

Strategies

- Reduce institutional complexity
- Simpler economic narrative 'Boats, Beatles, Brains, Barrage'
- Improve communication – win more friends home & abroad
- More clarity who does what local authorities, CA, LEP, private
- Contribute more northern & national growth agendas
- Test realism existing strategies
- Create credible business investment plans
- Clearer spatial strategy – jobs, transport, housing, infrastructure

9. WHAT KEY MESSAGES CITY REGION LEADERS?

Operational

- Organisation generate better intelligence, analysis, investment
- Delivery, delivery, delivery –increased capacity key
- Maximise existing capacity immediately – share staff
- Create executive capacity
- Create Task Force best & brightest

9. WHAT KEY MESSAGES CITY REGION LEADERS?

- Realism but optimism
- LCR delivered lot recent past – can do more in future
- Carpe diem – or just do it!

Liverpool City Region
has achieved a lot and there
is a lot to build upon.
With the right leadership,
capacity and ambition,
it could achieve even
more in future.



TODAY

CALL TO ARMS

CALL FOR ANALYSIS

CALL TO ACTION

Q&A

Panel Discussion

The State of Liverpool City Region Report:

MAKING THE MOST OF DEVOLUTION



#StateofLCR | @livuniheseltine