

Report Title	Changes to Previously Approved Strategic Investment Fund Projects
Portfolio Holder	Portfolio Holder for Economic Development and Business
Summary of report	To seek approval for material changes to previously agreed Strategic Investment Fund (SIF) Projects.
Is this report exempt?	No
Is this a Key Decision	Yes, In relation to expenditure or savings, it is likely to result in revenue in excess of £250,000 or capital in excess of £250,000.
Is the report urgent	No
Is this decision to be exempt from call in	No
Local Authorities affected	All Local Authorities
Impact and implications of this report	
Financial impact	No
Delegation (s) sought	None
Supporting the Corporate Plan	A Fairer City Region √ A Stronger City Region x A Cleaner City Region √ A Connected City Region x A Vibrant City Region √
Climate Change Implications	Yes, see paragraph 4.3
Equality and Diversity implications	No
Social Value implications	No
Human Resources implications	No
Physical Assets implications	No
Information Technology implications	No
Legal implications	Yes, see paragraph 4.4
Risk and Mitigation	No

Privacy implications	No
Communication and consultation implications	No
Contact Officer(s)	Paula Lowrey-Owen Senior Contracts and Assurance Manager paula.lowrey-owen@liverpoolcityregion-ca.gov.uk
Appendices	No
Background Documents	No

Liverpool City Region Combined Authority

Friday, 15 March 2024

Report of the Executive Director - Investment and Delivery and the Portfolio Holder for Economic Development and Business

CHANGES TO PREVIOUSLY APPROVED STRATEGIC INVESTMENT FUND PROJECTS

1. PURPOSE OF REPORT

- 1.1. This report seeks the approval of the Combined Authority to process material changes to previously agreed Strategic Investment Fund (SIF) Projects.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Liverpool City Region Combined Authority:
 - (a) approve the material change to the Music Industry Sector Development Project indicated in paragraphs 3.1 to 3.10 of the report and the extension of time for completion to 31st December 2024 and financial completion to 31st March 2025;
 - (b) approve the material change to the Vynova Summer Project indicated in paragraphs 3.11 to 3.14 of the report and the extension of time for overall practical completion to 31st December 2024 and the commissioning longstop date to 31st July 2025; and
 - (c) approve the material change to the Skills and Apprenticeship Hub project indicated in paragraphs 3.15 to 3.21 of the report and the extension of time for completion to 31st March 2025 and additional outputs that will be delivered during this extension.

3. BACKGROUND

Music Industry Sector Development

- 3.1 On 20 March 2020, the Liverpool City Region Combined Authority approved an initial funding tranche of £250,000 (from a total request of £2m) SIF funding towards a £5.2m pilot programme sponsored by Liverpool City Council (LCC) which enabled the delivery of specific activities that supported the LCR Music Board strategy in the following areas:
 - Skills & talent development.
 - Bespoke business support.
 - Development of the music sector ecosystem.

- 3.2 However, within days of the approval of the SIF award in March 2020, the Prime Minister confirmed a Covid lockdown. Analysis by the Music Office indicated that activity aimed at Business Growth would be better focused on Business Support and Survival during this unprecedented time. Consequently, on 15 May 2020, the Combined Authority approved that £150,000 of the initial tranche funding allocation could be repurposed and advanced towards Business Support and Survival. Subsequently, a successful case was made to top up the initial tranche funding to ensure that all originally planned activity could still be delivered. This brought the total for Phase 1 funding to £400,000.
- 3.3 An emergency fund was established (the LCR Music Industry Support Fund) to facilitate payments to successful applicants. A Combined Authority evaluation reported on the positive use and outcomes derived from the fund in March 2021.
- 3.4 LCC's Culture Liverpool team, via the UNESCO City of Music Office (overseen by the LCR Music Board) is responsible for the co-ordination and management of the programme. Each strand of activity is being delivered by experienced and specialist Liverpool City Region based organisations. A range of interventions have / are being piloted across each of the three thematic areas and across two phases; with the overarching objective of increasing the size and effectiveness of the sector and, ultimately, to develop the first music cluster in the UK outside the City of London. There is also a small capital element to the project, linked to the refurbishment of Future Yard in Birkenhead (which was completed in October 2021). This new facility now provides a successful physical hub for talent and eco-system development.
- 3.5 To take account of the impact of Covid, in January 2022, the Combined Authority approved a material change to extend time to complete both phases of the project and the previously approved Financial Completion Date from 31 March 2022 to 30 September 2023.
- 3.6 Subsequently, at a meeting of the Internal Investment Panel in June 2022, following a review of project performance and impact (prepared by the Combined Authority's Evidence, Research and Intelligence team), the Executive Director of Investment and Delivery Panel agreed to the release of the second tranche of funding to LCC of £1.6m representing the remaining balance of the £2m grant. The panel also noted proposals to make minor changes to the Phase 2 programme to reflect significant changes in the music industry since the business case was developed.
- 3.7 The project has been proceeding successfully, having achieved all its Phase 1 outputs in June 2022, and making good progress with its Phase 2 outputs. By the end of the programme, LCC expects to have met or exceeded most output targets.
- 3.8 A further time extension is requested that will allow LCC to fully deliver Phase 2 activity and maximise the benefits provided by the project outputs. The remaining balance of 30+ businesses receiving Information, Advice and Guidance and 20 businesses receiving investment support will be met during this extension period. LCC has experienced particular challenges in achieving outputs aimed to provide support for international trade, due to the impact of Brexit. Brexit has made it increasingly difficult and expensive for artists and music industry professionals to work in Europe, as has been acknowledged by all the sector's industry bodies. LCC will however make up for any shortfall in this area through the delivery of additional alternative outputs.

Vynova Summer Project

- 3.9 Vynova is based in Runcorn and manufacture chemicals for export and distribution to operations outside of the UK and are one of the highest adding value companies within the city region. Currently the Vynova manufacturing complex does not meet the requirements of EU Environmental Regulations and UK standards derived from them, and without changes, the plant would need to close.
- 3.10 The Combined Authority awarded funding of £3m in March 2020 to support Vynova in upgrading the chemical plant to meet the required Environmental Standards. The new plant will safeguard 94 direct jobs and up-to 1,000 indirect jobs. It will also safeguard production for a further 20-30 years and reduction in CO2 emission of 2,000 tonnes per year from 2024.
- 3.11 Work is underway with the existing plant having been taken offline in May 2022 for decontamination. The project has experienced several unavoidable delays due to deliveries of steelwork and the ongoing engineering design issues identified resulting in construction redesign. Overall, this has led to a delay of 12 months to the current project completion date.
- 3.12 Vynova has requested an extension to the plant commissioning date from 31st December 2023 to 31st December 2024 and the commissioning Longstop Date from 31st July 2024 to 31st July 2025, to fully deliver this project and achieve the positive impacts for the Liverpool City Region.

Skills and Apprenticeship Hub

- 3.13 The Skills and Apprenticeship Hub programme project (SAH) was approved by the Combined Authority in October 2019. It receives funding from both Gainshare revenue £3,960,000 and European Social Fund (ESF) £5,354,060. The overarching aim of the Skills and Apprenticeship Hub is to provide a dedicated and specialist resource designed to support employers and residents to better understand and take advantage of the benefits of apprenticeships and wider skills training. Activity has been delivered against three interlinked and complementary strands of activity:
- Employer Brokerage;
 - Apprenticeship Promotion; and
 - Sector Development & Careers Support
- 3.14 Due to the impact of the pandemic, which caused significant disruption to the training delivery schedule, the project milestones were prioritised to ensure successful delivery of core funded activity and the related required outcomes. All core targets have now been met or exceeded.
- 3.15 It is now proposed that the SAH project end date be extended to deliver the final elements of the original business case, utilising £400k of the remaining budget, by a further 15 months up to 31st March 2025.
- 3.16 Under the proposals, the Hub will focus on commissioning further development of content on the Be More Portal, promoting equality and diversity in recruitment, and developing a model to support increased apprenticeship recruitment and training

which will look at maximising utilisation of regional Apprenticeship Levy funding and potential delivery vehicles.

3.17 The elements of the programme that will be delivered during the extension as follows:

- Be More Portal - Over the extended period, the proposal is to use £180k of the existing budget for the further development and improvement of the site. It is recognised that the site could be enhanced further by providing information, advice and guidance on the promotion of equality and diversity in recruitment, improving links with partner organisations to co-host information already developed in this field rather than further development commissioning, and improving content uploading from education and careers practitioners.
- Increasing Apprenticeship Opportunities - Over the extended period the proposal is to use £150k of the existing budget for this on-going development. The proposal is to work with Local Authorities (LAs), HM Government, and regional employers to explore how we can create a vehicle to maximise the utilisation of regional Apprenticeship Levy funding and how this can be directed to support recruitment in key sectors in each LA area. The SAH would look to deliver recommendations within 12 months with options for potential implementation in year 2.
- Promotion of Equality & Diversity in Employer Recruitment - A number of deliverables will be agreed with £70k of the existing budget allocated to this work. When developing the Be More Portal, accessibility software was deployed alongside specific content promoting diversity in recruitment. However, this work also needs to be supported by building knowledge, awareness, and participation across the employer base. It is proposed further work takes place in this area with additional content development supported by an engagement plan that will work with individuals and community groups and employers, collaborating with the Race Equality Hub on aims and objectives. This workstream may include community and employer forums which would be supported and delivered by the existing Combined Authority Business Brokerage and Careers teams as well as the team managing ongoing content development of the Be More Portal.

3.18 Whilst the outstanding activities to be carried out during the extension period form part of the original project as set out in the Business Case, there are not specific outputs or outcomes currently attached to them. The new outputs to be attached to the extension and are therefore additional to the Business plan are as follows;

- 200 additional apprenticeship positions created through levy transfer.
- 750 employers engaged on Equality & Diversity support.
- 25 roles delivered through promotion of equality & diversity in recruitment.

3.19 It is therefore proposed to grant an extension to the existing project end date from 31 December 2023 to 31 March 2025 for the Skills & Apprenticeship Hub, and to utilise the remaining £400,000 of the original SIF allocation to extend the project, including delivery of the additional outputs..

4. IMPACT AND IMPLICATIONS

4.1. Financial

There are no additional financial asks emerging from this report.

4.2 Supporting the Corporate Plan

A Fairer City Region

The aim of the Skills and Apprenticeship Hub project is to provide a dedicated and specialist resource designed to support employers and residents to better understand and take advantage of the benefits of apprenticeships and wider skills training, leading to the creation of 200 additional apprenticeship positions through levy transfer.

A Cleaner City Region

The Vynova Summer project will ensure that the plant meets applicable environmental standards and reduce CO2 emissions.

A Vibrant City Region

Music Industry Sector Development Project builds on the City Region's musical heritage with the overarching objective of increasing the size and effectiveness of the sector and, ultimately, to develop the first music cluster in the UK outside the City of London.

4.3 Climate Change

The Vynova Summer project will contribute to the corporate aim of making the Liverpool City Region, a Cleaner City Region. The successful upgrades will make the plant more environmentally friendly and aim to reduce CO₂ by 10,000MWh per annum.

4.4 Legal

The recommendations within this report constitute material changes. The recommendations at 2.1(a) & (b) will require a variation agreement to be signed by the Combined Authority and the project sponsors. These will be in the Combined Authority's standard format and reviewed by Legal Services.

5. CONCLUSION

- 5.1 This report contains the information required for the Combined Authority to consider the changes requested.

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Appendices:

None

Background papers:

None