



Liverpool City Region
All Party Parliamentary Group



Level up, recover and deliver clean, green and inclusive growth:

The final report of the Liverpool City Region APPG Build Back Better Inquiry



September 2021

Foreword

Liverpool City Region has been hit hard by the Covid-19 pandemic. As of August 2021, over 190,000 positive cases had been confirmed while more than 4,580 residents have tragically died with Covid-19 recorded on their death certificate. Nationally, the ONS is reporting that 1.5% of the population are currently experiencing long covid symptoms which suggests around 22,500 in LCR could have long covid, creating additional demands on our already stretched public services.

The economy has also taken a massive hit. 28% of all in employment in LCR have been furloughed at some point during the pandemic and our claimant count has already risen by 25,000 since March 2020 to almost 70,000.

But we are determined not to go backwards. In the last decade the city region has added over £2 billion to its economy in real terms, nurtured a more diverse, and innovative business base, and made significant progress in addressing long-term skills and employment gaps.

This positive momentum must be regained and then sustained as we build back better from the pandemic. But there can be no denying the last 18 months have placed a huge challenge on our essential public services and the voluntary, community and social enterprise sector as well as businesses and the public at large.

Collaboration, resilience and new ideas as well as sheer effort, determination and support from both central and local government have been – and will be – key to getting through these unprecedented times.

And we believe there is a new mood. People do not want to just return to how things were, they want to genuinely Build Back Better. We need a city region that is more community focussed, more inclusive, more equal and more green.

Our agenda has been developed over 2021 during which the APPG for Liverpool City Region has taken evidence at four evidence sessions:

- Challenges and Opportunities for a green recovery in the Liverpool City Region
- Creating good jobs and necessary skills for a green recovery in the Liverpool City Region
- Delivering Green Travel – Including low-carbon vehicles, hydrogen buses and active travel for a green recovery in the Liverpool City Region
- Net Zero Infrastructure: The Liverpool City Region's Road to COP26

Foreword

In total, we heard from 20 witnesses - see appendix - including Government Ministers, the TUC and Labour Party representatives, young people from across the city region, key stakeholders, partners of the APPG and, of course the Combined Authority itself and MPs and Peers from the city region. More than 150 people representing a great diversity of organisations attended the four sessions.

We are grateful to the Heseltine Institute and the APPG Secretariat who have who have written up over the following pages the evidence provided. The 12 recommendations that flow from those sessions speak for themselves but it is clear that by embracing the opportunities of devolution, Liverpool City Region is taking ownership of its economic recovery and laying the foundations for meaningful long-term renewal. It needs all the support it can be given.

Working in collaboration with Government, Liverpool City Region now has the opportunity to help pioneer the UK's transition to Net Zero, close long-standing performance gaps with the rest of the country, and contribute to the delivery of greater national prosperity.

We commend this report for the attention of the Treasury as they prepare their Spending Review as well as all relevant Government Departments. We also hope that it will be read with interest by all those who, like us, care passionately for the future of Liverpool City Region's 1.6 million people.

Yours sincerely



Kim Johnson MP
CHAIR, APPG FOR
LIVERPOOL CITY REGION



Steve Rotherham
METRO MAYOR FOR
LIVERPOOL CITY REGION

The Liverpool City Region All Party Parliamentary Group is kindly supported by:



Heseltine Institute for Public
Policy, Practice and Place

Liverpool City Region's twelve priorities for the spending review - to level up, recover and deliver clean, green growth

Recommendations regarding Skills and Innovation

- 1 Government should work with local authorities and the Liverpool City Region Combined Authority to deliver 'London Challenge' style targeted interventions in LCR schools to improve attainment in key subjects including maths and English.
- 2 To deliver on its promises to 'level up' opportunity across the country, Government should devolve more powers over adult education and lifelong learning, alongside a national commitment to increase funding in post-18 education for all.
- 3 Government to collaborate closely with city-regional/local government on research and innovation, acknowledging the city region's ambitious target that R&D investment should be equivalent to 5% of LCR GVA, as set out in its Covid-19 Recovery Plan.
- 4 Building on the extensive local engagement, economic analysis, and policy development underpinning the LCR draft Local Industrial Strategy, Government should now work with the city region to deliver an approach to levelling up in LCR that utilises local knowledge, expertise, and devolved leadership.

Recommendations regarding Infrastructure, Housing and Transport

- 5 Government must proactively deliver on its ambitions to upgrade and decarbonise poor quality housing stock, ensuring that sufficient long-term devolved funding is in place to provide the necessary market certainty to support this. It should also approve the proposal for the National Centre of Excellence for Modern Methods of Construction for Housing which has been submitted to HMT and establish a National Housing Conversion Fund to fund the transfer of private sector homes to social housing.
- 6 Liverpool City Region should progress local bus franchising, and Government should ensure support is available for continued development of an integrated contactless payment system across buses, Merseyrail and other Merseytravel services.
- 7 Government needs to provide greater clarity in the implementation of its Plan for Growth and the 'Levelling Up' strategy on the places and industries that will be prioritised. More detail is needed on how these strategies will link to the Government's plans to tackle climate change, and grow the renewable energy and clean technology sectors.
- 8 National and local planning policy (including the emerging Combined Authority Spatial Development Strategy) should aim to nurture community assets and social infrastructure in Liverpool City Region, and where possible provide more routes for community ownership and management of community assets such as parks, community centres and natural capital.

Recommendations regarding Net Zero Growth

9

It is vital that the city region can input into decisions made by central government and regulators, such as Ofgem, that impact on our ability to deliver on our Net Zero ambitions.

10

Government to provide long-term policy and financial support for local and regional bodies delivering policies that will contribute to the UK's shift to clean energy and meeting emissions targets including planning and funding provision for marine and tidal energy, reducing the dependency of the region on natural gas.

11

Recognise the potential of hydrogen to contribute to the UK's climate change targets and create thousands of good quality, sustainable jobs.

12

Government should ensure upcoming reforms to planning policy ensure protection for natural capital and support for green and blue infrastructure.



1 Skills and innovation

Liverpool City Region (LCR) faces a number of longstanding challenges in skills and educational attainment. Most of these challenges long predate the pandemic, but many have been exacerbated by it. While there has been progress over recent years, results at GCSE level remain below the national average, and there are significant differences in attainment levels within the city region.¹ Over 50% of LCR pupils do not achieve the expected education standard at age 16, with low levels of Maths and English attainment creating particular problems as students leave education and enter the jobs market.²

The health of the LCR jobs market is closely linked to educational outcomes and, although unemployment fell consistently in the decade between the financial crisis and pandemic, the city region has a higher than average number of residents out of work due to ill health. People from ethnic minorities and people with disabilities face particular challenges, and employment amongst these groups is significantly lower in LCR than the national average.

Despite these challenges, progress has been made in recent years, in part as a result of devolution. The Adult Education Budget (AEB), for residents aged 19 and over, has been devolved to the Combined Authority since 2019, providing more local control over skills funding. The pioneering Households into Work project is supporting 800 families in which two or more people are in long-term unemployment to find work.

The Metro Mayor has also led delivery on a number of schemes to support apprenticeships, including the Be More apprenticeship portal, the Apprentice Travelcard to help young people travel to work affordably, as well as the inclusion of a commitment to apprenticeships within the city region's Fair Employment Charter. Nevertheless, several key challenges will need to be addressed to ensure LCR residents are able to fulfil their potential.

Challenge 1: Improving attainment in Maths and English

Improving levels of attainment at secondary school level will be key to building on these achievements. Ensuring all pupils leave school with good standards in Maths and English is vital, given their importance for STEM-based technical training and the resources currently dedicated by further education providers to addressing the lack of qualifications amongst older learners.³ Poor attainment in these two vital subjects means many further education providers in LCR spend a large amount of time on 'catch up' courses, bringing students up to the minimum level required rather than developing the more advanced skills asked for by employers.⁴

A particular issue is the patchwork of school governance across the city-region, with a mixture of academies and local authority control, leading to something of a postcode lottery. While the Combined Authority and Metro Mayor have no direct control over secondary education, a co-ordinated approach to improving Maths and English attainment will be an important part of ensuring LCR's young residents are equipped with the work and life skills they need.

¹ Liverpool City Region Combined Authority (2021) *Local Skills Action Plan* <https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/Local-Skills-Action-Plan-2021-22.pdf>

² Liverpool City Region Combined Authority (2021) *Local Skills Report* <https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/Compressed-Skills-Plan.pdf>

³ Liverpool City Region Combined Authority (2020) *Skills investment statement 2020-21* <https://moderngov.merseytravel.gov.uk/documents/s43568/Enc.%201%20for%20Liverpool%20City%20Region%20Skills%20Investment%20Statement%20202021.pdf>

⁴ Liverpool City Region Combined Authority (2018) *Skills Strategy* https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCRCA_SKILLS_STRAT.pdf

Given the multitude of organisations involved in delivering school-age education, any interventions will need to involve close co-operation between national, city-regional and local government. The London Challenge, which helped to improve educational outcomes in the capital during the 00s, demonstrates the results that can be achieved if education interventions are targeted at the right areas and in partnership with local leaders.⁵

Challenge 2: Addressing skills gaps in adults

In-work poverty has grown over the last 20 years, with more than half of people in poverty living in a family where someone is in work.⁶ One contributory factor is the shortage of pathways to career progression for many low paid workers. A variety of reasons have been identified for this problem, including lack of support from employers, the increase over recent years in flexible and part-time contracts, and the lack of support for workers with caring responsibilities.⁷

However, the lack of opportunities for workers to retrain and gain new skills has emerged as a particularly acute issue over recent years. Adult participation in learning has fallen to its lowest level in nearly 25 years, with the decline amongst working adults during this period particularly stark.⁸ Cuts to adult education funding over the last decade have contributed to this decline. Therefore the recent commitments to the National Skills Fund and Lifetime Skills Guarantee represent a welcome reversal of this trend.⁹ However, more investment in further education will be crucial over the coming years if skills gaps are to be closed.

In LCR, progress on closing the adult skills gap is already being made, thanks to devolution. The Adult Education Budget (AEB) is supporting residents in low wage sectors by fully funding employed learners who earn less than the Real Living Wage, is providing additional funding for Test & Learn Pilots in key skills priority areas, and improving efficiency across the further education sector. Close co-operation between further education providers and employers will be vital over coming years as new jobs emerge and the economy evolves after the pandemic.

Everton's stadium project, for example, will deliver up to 15,000 new jobs (up to 12,000 during the construction phase) and a £1.3 billion boost to the economy. The project will also help attract and accelerate other developments in the area, worth an additional £650 million. Delivering more than £2.2 million in Council Tax receipts and £1.7million in Business Rates income as well as an estimated 1.4 million more visitors to the city, Everton's sustainable and inclusive stadium development fits both the Government's plans to 'level-up' and the city region's plans to 'build back better'.

In ensuring the transition to Net Zero is a just one, it will be vital that workers have the opportunity to retrain for high-quality, high-skilled sustainable jobs as historically carbon-intensive industries are transformed and new green jobs are created. We therefore welcome the renewed emphasis at a national level on the importance of further education and lifelong learning, and would support further devolution of powers in this area, building on the success of the AEB in LCR.

⁵ Ofsted (2010) *London Challenge* <https://webarchive.nationalarchives.gov.uk/20141105213955/https://www.ofsted.gov.uk/sites/default/files/documents/surveys-and-good-practice//London%20Challenge.pdf>

⁶ Innes, D. (2020) *What has driven the rise of in-work poverty?* Joseph Rowntree Foundation, York. <https://www.jrf.org.uk/report/what-has-driven-rise-work-poverty>

⁷ Kumar, A. and Jones, K. (2020) 'In-work progression'. *Response to Department for Work and Pensions call for evidence and good practice on in-work progression*. Manchester Metropolitan University. <https://www.mmu.ac.uk/media/mmuacuk/content/business-school-nav-menu/Kumar-Jones-DWP-IWP-2020-Final.pdf>

⁸ Smith, R., Egglestone, C., Jones, E. and Aldridge, F. (2019) *Adult participation in learning survey 2019*. Learning and Work Institute. <https://learningandwork.org.uk/wp-content/uploads/2020/04/Adult-Participation-in-Learning-Survey-2019.pdf>

⁹ Sibieta, L., Tahir, I. and Waltmann, B. (2021) 'Big changes ahead for adult education funding? Definitely maybe'. Institute for Fiscal Studies, London. <https://ifs.org.uk/publications/15405>

Challenge 3: Increasing investment in research and innovation

Government has committed to increase its spend on research and development to £22bn annually by 2024 and signalled its intention to make the UK a 'global hub for innovation' by 2035.¹⁰ LCR is well placed to support this objective. The city region hosts several institutions delivering world leading research and innovation in areas with significant growth potential. Liverpool Knowledge Quarter, for example, incorporates research on infection and disease, public health, materials chemistry, sports science and artificial intelligence and the Manufacturing Technology Centre (the lead R&D partner in the proposed National Centre of Excellence for Modern Methods of Construction for Housing which was included in the Combined Authority's Covid-19 Recovery Plan).

Meanwhile Sci-Tech Daresbury, in Halton, hosts the Cockcroft Institute, an international centre for Accelerator Science and Technology (AST). The University of Liverpool has been integral to efforts to tackle Covid-19, including evaluating the Covid-SMART pilot that introduced mass community testing.

The LCR draft Local Industrial Strategy has identified continuing investment in R&D as a key priority. Of particular importance is ensuring that national policy is well-aligned with local priorities. Local leaders, investors and businesses are best placed to identify the areas with greatest research and innovation potential in LCR, and to make sure the city region builds on its existing strengths.

While Government has decided to shift focus from its emerging industrial strategy to the *Plan for Growth*, it should be recognised that significant work has gone into developing local industrial strategies and these should form the foundations for further place-based innovation strategy.

Government should work closely with the LCR Combined Authority, the Local Enterprise Partnership, universities, the MTC, tech hubs and local business leaders to further develop a local research and innovation strategy. It will be vital that the city region can input into decisions made by central Government and regulators, such as Ofgem, that impact on our ability to deliver on our net zero ambitions.

Summary of recommendations

- Government should work with local authorities and the LCR Combined Authority to deliver 'London Challenge' style targeted interventions in LCR schools to improve attainment in key subjects including maths and English.
- To deliver on its promises to 'level up' opportunity across the country, Government should devolve more powers over adult education and lifelong learning, alongside a national commitment to increase funding in post-18 education for all.
- Government should collaborate closely with city-regional/local government on research and innovation, acknowledging and supporting the city region's ambitious target that R&D investment should be equivalent to 5% of LCR GVA, as set out in the Combined Authority's Covid-19 Recovery Plan.
- Building on the extensive local engagement, economic analysis, and policy development underpinning the LCR draft Local Industrial Strategy, Government should now work with the city region to deliver an approach to levelling up in LCR that utilises local knowledge, expertise, and devolved leadership.

¹⁰ Department for Business, Energy and Industrial Strategy (2021) UK Innovation Strategy: leading the future by creating it. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005000/uk-innovation-strategy.pdf

2 Infrastructure, housing and transport

Improving the built environment is key to enhancing quality of life across Liverpool City Region, and must be at the heart of our strategy to build back better from the pandemic. LCR has a number of existing strengths that can form the foundations for a strong and socially just post-Covid recovery.

Merseyrail is a well-run and heavily used network that connects large swathes of the city region, providing affordable travel for commuters, schoolchildren, students, shoppers and tourists. Many areas have affordable, good quality housing. Ultrafast broadband is currently being rolled out across all six boroughs. The city region's natural assets and geographical location make it ideally placed to play a leading role in meeting the UK's climate change targets.

However, LCR faces a number of significant infrastructure, housing and transport challenges. These issues are identified and discussed here, along with the opportunities available if we tackle these challenges successfully.

Challenge 1: Improving housing conditions and building new homes

More than half the privately owned or rented properties in LCR are thought to have been built before 1940, and a quarter are now over a century old. The condition of these homes means fuel poverty is a major issue: 60% of homes in LCR have poor energy performance (as measured by the Energy Performance Certificate), and over a third of total carbon emissions in the city region come from housing.¹¹

Sub-standard housing also has a major impact on health outcomes. Damp and mould caused by inadequate ventilation and poor thermal efficiency, are known to be factors that increase the risk of asthma and other respiratory illnesses.¹² Issues with housing quality, affordability, and security have also been highlighted as contributing factors for mental health conditions such as anxiety and depression.¹³ With one in four people of working age in LCR living with a limiting health condition, as well as an increasingly aging society, it is even more crucial that we ensure our homes, and housing systems, are designed to promote good health and wellbeing throughout our lifetimes.

Retrofitting existing housing stock will be a key part of ensuring all residents in LCR have a safe, warm and affordable home in which to live. Housing associations across the city region are making progress on installing insulation, replacing inefficient boilers and investing in double glazing. However, more co-ordinated action is urgently needed. LCR has a rich heritage of innovation in this area, from the utopian model housing of nineteenth century Port Sunlight, to the Turner Prize winning Granby 4 Streets in the twenty-first century.

¹¹ Liverpool City Region Combined Authority (2019) *Our Housing Ambitions for the Liverpool City Region 2019-24*. <https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCRCA-HOUSING-STATEMENT-2019.pdf>

¹² World Health Organisation (2009) *WHO guidelines for indoor air quality: dampness and mould*. Copenhagen: WHO Regional Office for Europe.

¹³ Shelter (2017) The impact of housing problems on mental health, *Shelter* [online] Available from https://england.shelter.org.uk/_data/assets/pdf_file/0005/1364063/Housing_and_mental_health_-_detailed_report.pdf

There is real opportunity for Liverpool City Region to build on this heritage as a leading player in the retrofit agenda and the design and construction of new sustainable homes fit for the future, including self-built and self-commissioned homes. For example, as part of the proposed National Centre of Excellence for Modern Methods of Construction for Housing, the Liverpool City Region aims to deliver an initial aggregated pipeline of 24,500 new Net Zero homes over the next ten years.

Meanwhile, LCR Combined Authority has already committed to a programme of housing retrofit that aims to bring 10,000 homes up to at least the EPC (Energy Performance Certificate) “C” rating within the next decade,¹⁴ showcasing the potential of modern methods of construction and refurbishment to benefit the environment and the wellbeing of residents.

However, 10,000 is unfortunately just the tip of the iceberg, as there are an estimated 435,000 homes in LCR currently holding an EPC rating of D or below. In addition, every one of LCR’s 720,000 homes will need to be decarbonised over the coming decades in order to achieve Net Zero, with two million tonnes of carbon currently emitted per year from our homes.

Meeting this challenge will require a multi-faceted programme of activity encompassing Government, housing providers, householders, and industry. Already the Liverpool City Region Housing Associations are collaborating with the Combined and Local Authorities to develop retrofit solutions for the many and varied house types in the region. This knowledge could be harnessed for the benefit of the private sector where many of the less well maintained properties are found.

The forthcoming Heat and Buildings Strategy presents an early opportunity for Government to detail its support for this agenda. Overall, significant committed funding, devolved to Liverpool City Region, will be required to provide the long-term market certainty and supply chain confidence necessary to support the timely and effective retrofit of LCR’s housing stock. Liverpool City Region Combined Authority has calculated that at least £12 billion will be required in total to improve and decarbonise local housing stocks through energy and thermal efficiency retrofit.

Equally important is ensuring the right homes are built in the right places and, crucially, that these homes include a mix of tenures including homes to rent as well as buy. Action at a national level will also be required to support ongoing efforts to improve housing stock at a local and city-regional level, and there is strong support across LCR for the proposal by the Affordable Housing Commission for a National Housing Conversion Fund to bring private rented accommodation back into public ownership and available to those on council housing waiting at social rents.

The LCR Spatial Development Strategy (SDS), currently in development, will also play a crucial role in shaping the future of housing supply, quality, and efficiency in the city region. It will need to be ambitious in its aims and scope, and this ambition should be matched by Government, particularly as it implements the Future Buildings Standard and rewrites the planning reforms published in its White Paper in 2020.

Financial support will also be needed to unlock difficult to develop brownfield sites, particularly for social and affordable housing. The construction industry is a major employer in Liverpool City Region and there are significant employment opportunities in delivering the thousands of new homes that will need to be built over coming years. Local planning policy should therefore seek to ensure, through procurement processes, that local companies and workers are provided with every opportunity to access these jobs.

¹⁴ Liverpool City Region Combined Authority (2020) ‘Press release: Liverpool City Region to Pioneer Modern Methods of Construction to boost Economic Recovery’ <https://www.liverpoolcityregion-ca.gov.uk/liverpool-city-region-to-pioneer-modern-methods-of-construction-in-economic-recovery/>

Challenge 2: Encouraging LCR residents to walk, cycle and use public transport

Carbon emissions from transport in LCR have remained essentially static in recent years, largely as a result of the large number of journeys taken by car. Whilst nearly two thirds of the journeys made in LCR are less than 5km, around half of those are still made by car. 68% of journeys to work are made by car. This has consequences for our environment and our health, with harmful emissions from car traffic polluting the air that we breathe. Poor air quality kills around 800 people a year in Liverpool City Region, with those living in deprived areas at particular risk.¹⁵

Public transport and active travel should be encouraged. Meanwhile the infrastructure that will underpin the move towards electric vehicles must be delivered strategically and fairly across our communities, to ensure that those journeys that must be made by car are done so more sustainably.

While Merseyrail performs well, and customer satisfaction is high, Liverpool City Region's bus network is complex and, for many passengers, expensive. Deregulation of buses has resulted in a patchwork of different operators across the city region, leaving some areas underserved. Despite this, prior to the pandemic, almost 60% of people use the bus three or more times a week, with under 18s, students and low income households most likely to take the bus to work, university or school. While satisfaction with the bus network varies between each LCR borough (with Knowsley lowest and Halton highest), the most common complaints relate to the price of tickets, frequency and punctuality, and the impact of buses on the environment.¹⁶

The Government's Bus Back Better strategy, released earlier this year, offers support for any local transport authority wishing to bring buses back under local control through a franchising arrangement. This model has been identified by the Metro Mayor and the LCR combined authority as the leading option for reform of the bus network.¹⁷

Franchising provides more local ownership and accountability over buses than the alternative enhanced partnership approach enabled by the 2017 Bus Services Act, and LCR should seek to move towards this model as soon as is practical. Doing so will ease the path to a fully integrated public transport network in LCR, including much-needed integrated contactless payment systems across buses, Merseyrail and other Merseytravel services, which will help to keep costs down for passengers and improve connections.

We also need to encourage LCR residents to walk and cycle more. Currently only 2% of all journeys in the city region are made by bicycle and 30% on foot. Liverpool City Region is taking bold steps to redress this, promoting active travel as the best mode of transport for short journeys and supporting this through the creation of a 600km walking and cycling network. Schemes to support walking and cycling in LCR have already cut carbon emissions by 1,600 tonnes per year – the equivalent of taking 350 cars off the road.¹⁸

The Government's Active Travel Fund is being used to create a range of schemes to support cycling and walking, and continuing support from central Government will be crucial for local and combined authorities as they make the sometimes difficult political decisions required to prioritise forms of transport that are not based around the private car.

¹⁵ Liverpool City Region Combined Authority (2021) 'The three big reasons to ditch the car in favour of walking and cycling for short journeys' <https://www.liverpoolcityregion-ca.gov.uk/the-three-big-reasons-to-ditch-the-car-in-favour-of-walking-and-cycling-for-short-journeys/>

¹⁶ Transport Focus (2019) 'Big bus debate – Liverpool City Region: results of survey of residents'. *Presentation to the Liverpool City Region Combined Authority, October 2019*

¹⁷ Liverpool City Region Combined Authority (2021) 'Metro mayor responds to publication of the National Bus Strategy'. <https://www.liverpoolcityregion-ca.gov.uk/metro-mayor-responds-to-publication-of-the-national-bus-strategy/>

¹⁸ Liverpool City Region Combined Authority (2021) 'The three big reasons to ditch the car in favour of walking and cycling for short journeys' <https://www.liverpoolcityregion-ca.gov.uk/the-three-big-reasons-to-ditch-the-car-in-favour-of-walking-and-cycling-for-short-journeys/>

Challenge 3: Enhancing social infrastructure and community assets

Infrastructure is not just about buildings, railways and powerlines: it's also about the places, spaces and services that tie communities together. The last decade has seen the closure of many community assets such as libraries, Sure Start centres and sports facilities. Meanwhile, the decline of physical retail in response to changing shopping habits means many high streets and town centres are being repurposed, with more focus on community uses, as well as eating, drinking and leisure. Providing support for the community and voluntary sector can have significant positive impacts: communities with good social infrastructure find it easier to recover after crises, have improved public health outcomes, and reduce conflict.¹⁹

Everton, for example, have long been recognised as a good corporate citizen, helping to meet the challenge of supporting those in need. During Everton in the Community's 30th year it was awarded the honour of Freedom of the City of Liverpool and in 2012 the Government gave it The Big Society Award in recognition of its efforts to change the lives of some of the most vulnerable people in society.

The Liverpool City Region Town Centres Commission has identified the importance of the nurturing social infrastructure, and has recommended the Towns Fund should ensure local communities benefit from investment in physical infrastructure by, for example, ensuring contractors invest in training and jobs for local workers and communities, especially the most deprived.²⁰ The Liverpool City Region Land Commission has also highlighted the important role played by community assets and social infrastructure, and called for more ways communities can get involved in the ownership and operation of public assets.²¹

Town centres and high streets were already being rapidly transformed before the pandemic, as a result of online shopping and shifting retail and consumption habits, and these changes have been intensified by Covid-19 and its impacts. In addition, greater numbers of people working from home are likely to reduce footfall in some city centres, while potentially providing benefits to towns and suburban areas. It will be crucial for local leaders and national Government to work flexibly with the public and voluntary sectors over the coming years to ensure that community uses are integrated into areas previously dominated by retail.

¹⁹ Bennett Institute for Public Policy (2021) Townscapes: the value of social infrastructure https://www.bennettinstitute.cam.ac.uk/media/uploads/files/Townscapes_The_value_of_infrastructure.pdf

²⁰ Longlands, S. Johns, M. and Round, A. (2020) Anchor, belong and connect: the future of town centres. https://www.ippr.org/files/2021-02/1612276230_anchor-belong-connect-feb-2021.pdf

²¹ Centre for Local Economic Strategies (2021) Our Land: Final report of the Liverpool City Region Land Commission https://cles.org.uk/wp-content/uploads/2021/07/Our-Land_the-final-report-of-the-Liverpool-City-Region-Land-Commission-final.pdf

Summary of recommendations

- Government must proactively deliver on its ambitions to upgrade and decarbonise poor quality housing stock, ensuring that sufficient long-term devolved funding is in place to provide the necessary market certainty to support this. It should also approve the proposal for the National Centre of Excellence for Modern Methods of Construction for Housing which has been submitted to HMT and establish a National Housing Conversion Fund to fund the transfer of private sector homes to social housing.
- Liverpool City Region should progress with local bus franchising, and Government should ensure support is available for continued development of an integrated contactless payment system across buses, Merseyrail and other Merseytravel services.
- Government needs to provide greater clarity in the *Plan for Growth* and the 'Levelling Up' strategy on the places and industries that will be prioritised. More detail is needed on how these strategies will link to the Government's plans to tackle climate change, and grow the renewable energy and clean technology sectors.
- National and local planning policy (including the emerging Combined Authority Spatial Development Strategy) should aim to nurture community assets and social infrastructure in Liverpool City Region, and where possible provide more routes for community ownership and management of community assets such as parks, community centres and natural capital.



3 Transition to a Net Zero Carbon Economy

Any effective Plan for Growth in the 2020s must acknowledge the clear environmental limits of our planet and articulate how we can now proactively address the accelerating climate and ecological emergency. With the UK set to host COP26 later this year, now is the time for national, regional and local government to intensify delivery of the Net Zero economy we now urgently require.

As a birthplace of the Industrial Revolution, and with its communities now on the frontline against increasingly extreme weather events, sea level rises, and biodiversity loss, Liverpool City Region has a particular responsibility to play a leading role in the UK's transition to an environmentally sustainable, and resilient, Net Zero Carbon economy. There is also an economic responsibility to position the city region as a pioneer of the Net Zero Carbon economy, unlocking opportunities to create high quality, sustainable jobs through a green industrial revolution that will enable local people, businesses, and communities to thrive for the long-term.

Recognising the scale and immediacy of the challenge, in May 2019 Liverpool City Region's Combined Authority was the first to declare a Climate Emergency with a commitment to becoming a Net Zero Carbon city region by 2040.²² LCR has already taken significant steps to reduce its carbon footprint. The region cut carbon dioxide emissions by almost 40% between 2005 and 2018, performing better than both the North West and the England average over the same time period.

But there is still a long way to go. In 2018, Liverpool City Region produced almost 7,000 kilotonnes of carbon dioxide, and the rate of decline in carbon emissions has slowed in recent years. Between 2017 and 2018 the estimated carbon dioxide emissions in the city region fell by only 0.33%.²³ Everton have been inspired by LCRCA's net zero targets and aims to develop the most sustainable and inclusive football stadium in the country.

Decarbonisation – and the associated electrification of transport and home heating – must be underpinned with robust electricity networks. SP Energy Networks owns and operates the Manweb electricity distribution network in the Liverpool City Region, and is currently developing proposals, with the regulator Ofgem, to strengthen and modernise our local network. Investing ahead of need, where the priorities of local people, devolved government and national net zero targets are aligned, will deliver the necessary infrastructure in a strategic way.

Whilst the need for transition is urgent, we must also make sure it is affordable, accessible, and just. It is vital that all communities are supported to transition to a Net Zero Carbon economy with confidence, ensuring that the Climate Emergency doesn't become an economic emergency for working people and their families. This means supporting people to access the skills, the jobs, and the technologies that will enable them to thrive in a more environmentally sustainable future. For example, it is imperative that charging infrastructure for electric vehicles is delivered in a way that no communities are left behind. In an era of Climate Crisis, levelling up must mean ensuring the full potential of the transition to renewable energy and low carbon technologies is unlocked to create improved wealth, wellbeing, and opportunities for the most disadvantaged communities.

²² Liverpool City Region Combined Authority (2019) 'Climate emergency declared for Liverpool City Region' <https://www.liverpoolcityregion-ca.gov.uk/climate-emergency-declared-for-liverpool-city-region/>

²³ Department for Business, Energy and Industrial Strategy (2021) Emissions of carbon dioxide for Local Authority areas <https://data.gov.uk/dataset/723c243d-2f1a-4d27-8b61-cdb93e5b10ff/emissions-of-carbon-dioxide-for-local-authority-areas>

Challenge 1: Leading the energy transition

Liverpool City Region offers a unique proposition: to lead the UK's transition to Net Zero with innovations in sustainable energy, at scale. The River Mersey was a key source of Liverpool's development into a modern, industrial city in the 18th and 19th centuries, and today lies at the heart of the shift to new forms of power. Already, the Burbo Bank offshore wind turbines dotted off the coast of Liverpool City Region provide enough energy for 310,000 homes each year.²⁴ Across LCR, around 27,000 people are employed in 1,400 businesses operating across the renewable energy, low carbon technology and clean growth sectors.²⁵

The Mersey Tidal Power project represents the best opportunity for LCR to lead the UK's transition to renewable energy. Using energy from the tides in Liverpool Bay and the Mersey Estuary, it will generate power four times a day and help to complement more intermittent and unpredictable sources like wind and solar whilst also helping to meet the increased demand for clean electricity we expect to see from transport, industry, and our homes.²⁶ The tidal barrage could generate enough electricity for up to one million homes, and the project will create thousands of jobs.²⁷

There is huge potential for growth in industries supporting the energy transition, which will create high-quality, sustainable jobs for decades to come, as reflected in the Liverpool City Region draft Industrial Strategy published in 2020. The Government's *Plan for Growth*, which replaced the emerging Industrial Strategy in 2021, is ambitious but currently lacks focus, and more work is needed to ensure investment is targeted in the right places and industries.

Similarly, 'Levelling Up' is at present insufficiently well-defined to give clarity to businesses about where investment is likely to be prioritised. Businesses and investors in renewable energy require certainty about Government policy so they can grow and create jobs, and this will be particularly reliant for places such as Liverpool City Region that have been hit hardest by the economic and social impacts of Covid-19.

Challenge 2: Supporting the hydrogen economy

Liverpool City Region is pressing its advantage in the production and utilisation of clean hydrogen fuel. The city region is a focal point for the ground-breaking HyNet North West project, which aims to use clean hydrogen to replace fossil fuels in industry, transport, and our homes as well as deploying innovative carbon capture and storage technologies to help pave the way to Net Zero.

Liverpool City Region is further investing in the potential of clean hydrogen with the first of 40 new double-decker hydrogen buses set to go into service next year. These buses will be supported by the North West's first hydrogen refuelling facilities, with construction due to begin later this year. However, as well as introducing innovative new vehicles, we must work to improve the frequency, reliability, affordability and wider network integration of local buses. If each double-decker bus has the potential to take 75 cars off our roads, then transforming the city region's bus system will be critical to meeting our Net Zero targets.²⁸

It will also be important to ensure local education providers, including universities, are providing LCR residents with the skills needed to access the estimated 200,000 jobs that could be created nationwide in the Hydrogen sector over the next decade.²⁹

²⁴ Orsted (2017) 'Burbo Bank offshore windfarm workers move in to new £6 million Wirral base'. <https://orsted.co.uk/media/newsroom/news/2017/08/burbo-bank-offshore-windfarm-workers-move-in-to-new-6-million-wirral-base>

²⁵ Liverpool City Region Combined Authority (2020) Local Industrial Strategy Draft. https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCRCA_LIS_March_2020.pdf

²⁶ Ibid.

²⁷ Liverpool City Region Combined Authority (2019) 'Liverpool City Region could become a world leader in tidal power'. <https://www.liverpoolcityregion-ca.gov.uk/metro-mayor-liverpool-city-region-could-become-world-leader-in-tidal-power/>

²⁸ Liverpool City Region Combined Authority (2021) 'Press release: Innovative project to bring new hydrogen buses and refuelling facilities to Liverpool City Region set to begin' <https://www.liverpoolcityregion-ca.gov.uk/innovative-project-to-bring-new-hydrogen-buses-and-refuelling-facilities-to-liverpool-city-region-set-to-begin/>

²⁹ N8 Research Partnership (2021) *Net Zero North* <https://www.n8research.org.uk/media/N8-Net-Zero-North-briefing-document.pdf>

Challenge 3: Enhancing green and blue infrastructure

With climate change accelerating, LCR faces a future of hotter and drier summers, wetter winters, more sea level rise and coastal erosion, and more severe and frequent extreme weather. Our changing climate presents a systematic challenge to the resilience of LCR's infrastructure and utilities systems. It will therefore be vital that improved resource efficiency and climate adaptation is factored in to our built environment and urban infrastructure as we plan, prepare, and adapt for the future. This will include building water saving measures into housing retrofit programmes, upgrading sewer systems and improving physical flood defences.

However, it is neither possible or affordable to simply build one's way out of the climate crisis. Improvements to the built environment must be supported by improvements to our natural environment. As well as providing habitats in which flora and fauna can thrive, green and blue spaces act as vital sources of urban cooling, water drainage, air quality management and carbon sequestration. Natural capital is crucial to our efforts to tackle climate change, and also provides significant economic benefits.³⁰ Liverpool City Region's woodland alone sequesters 32,560 tonnes of carbon every year, equating to an annual value of £2.22 million.³¹

Investment in nature-based solutions will be increasingly necessary to strengthen local resilience to extreme weather events, with trees helping to provide cooling during heat waves or water drainage during heavy rainfall. This will help to mitigate the risk of serious economic disruption and threat to public health as climate change accelerates further, whilst also providing improved living environments for communities to enjoy.

Protecting Liverpool City Region's natural capital account and enhancing it by designing nature into our urban infrastructure will therefore not just help to make our communities greener, but healthier and more prosperous too.

Multi-agency partnership approaches will be critical to success, bringing together utilities providers with NGOs, businesses, local government and communities to deliver natural capital benefits at speed and scale. Planning policy at the national, city-regional and local level, and the *Plan for Growth*, should support this, ensuring that development and growth is consistent with protecting, enhancing and utilising green and blue infrastructure.

Summary of recommendations

- It is vital that the city region can input into decisions made by central Government and regulators, such as Ofgem, that impact on our ability to deliver on our Net Zero ambitions.
- Government to provide long-term policy and financial support for local and regional bodies delivering policies that will contribute to the UK's shift to clean energy and meeting emissions targets including planning and funding provision for marine and tidal energy.
- Recognise the potential of hydrogen to contribute to the UK's climate change targets and create thousands of good quality, sustainable jobs.
- Government should ensure upcoming reforms to planning policy ensure protection for natural capital and support for green and blue infrastructure.

³⁰ Dasgupta, P. (2021) *The economics of biodiversity: the Dasgupta review*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf

³¹ Holt, A., et al. (2020) *Baseline natural capital assessment for the Liverpool City Region* <https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCR-Natural-Capital-Baseline-Report.pdf>



Appendix

Those who gave evidence to the Liverpool City Region APPG Build Back Better Inquiry

Polly Billington, Director, UK 100

Mary Creagh, CEO, Living Streets

Dame Judith Hackitt, Chair, Make UK

Jo Harrison, Environment, Planning and Innovation Director, United Utilities

Sarah Longlands, Director, IPPR North

Martin Land, Project Director, Mersey Tidal Power project

Louise Marix Evans, author of the CCC's report Local Authorities & The Sixth Carbon Budget.

Paul Nowak, Deputy General Secretary, TUC

Andrew O'Brien, Director, Social Enterprise UK

Liam O'Sullivan, Director, SP Manweb

Leah Priestley, Member, Halton Youth Cabinet

Bronwen Rapley, Chair, Liverpool City Region Housing Associations

Steve Rotherham, Metro Mayor, Liverpool City Region

Steve Sutcliffe, Head of Northern Powerhouse Rail Development, Transport for the North

Baroness Vere, Parliamentary Under Secretary of State at the Department for Transport

Chris Warhurst, Warwick Institute for Economic Research & author of Green Job Vacancies in LCR

Patrick Warner, Lead Officer, Bus Decarbonisation, LCR Combined Authority

Dr Charlie Whitford, Regional Director, The MTC

Connor Williams, Apprentice, Merseyside Fire and Rescue Service

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