



**An evaluation of Liverpool Vision  
Ltd, 2005**

**A Final Report to Liverpool Vision  
Ltd**

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#### **SQW Quality Statement**

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# 1 Evaluation objectives and methods

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## Evaluation objectives

- 1.1 In February 2005, Liverpool Vision Ltd (LV) commissioned SQW Limited, economic development consultants, to undertake an evaluation of its role and impact on the regeneration of Liverpool City Centre (the City Centre). The Steering Group for the study comprised representatives from LV and its partners – English Partnerships (EP), Liverpool City Council (LCC) and the Northwest Development Agency (NWDA) – as well as Government Office for the North West (GONW) and the Office of the Deputy Prime Minister (ODPM). The broad basis of representation on the Group reflected the interest in the lessons from the experience of LV in its own right and as an example of an Urban Regeneration Company (URC).
- 1.2 The objectives of the evaluation, which was undertaken between February and October 2005, are set out in Figure 1-1 below.

Figure 1-1: Objectives of the evaluation of LV

- 1) Show the nature and extent of the benefits and impact of LV
- 2) Consider the role and contribution of the partners in delivery
- 3) Examine how the presence of LV has created added value beyond what would have happened in any case
- 4) Assess the LV implementation arrangements both as originally envisaged and as they have evolved, identifying obstacles and deficiencies and providing advice – based upon evidence – on ways in which delivery could be improved at a local level and through regional/national support
- 5) Measure the overall resourcing that underpins LV and its programme and provide objective and well-argued conclusions on its adequacy, effectiveness and value for money.

## Evaluation methods

- 1.3 The objectives of the evaluation required both a backward look to assess the contribution of LV to improved performance of the City Centre and a forward look to understand what the future needs of the City Centre are likely to be and what the role of LV might be in its continued regeneration. As anticipated generally for the URCs, the role of LV was to *‘produce a powerful and coherent single vision for the future of their entire area and then co-*

*ordinate its implementation*'.<sup>1</sup> The challenge for the evaluation was therefore to identify and assess the added value of LV's influence through this strategic, coordinating and catalytic role in inducing projects and activities that would not otherwise have occurred at all or, at least, not in the same shape, quality or to the same schedule.

1.4 The key messages and conclusions presented in this evaluation report are based on the following sources of evidence:

- Consultations with representatives from LV and its partner agencies, private sector developers, and local business and community representatives with observations to make on the performance of LV's rationale, objectives, activities, structure and operations (a list of consultees is provided in Annex C)
- Secondary data on the changing contextual conditions and trends in Liverpool City Centre (see Annex B), and programme and project monitoring data provided by LV and partner organisations (including information on project expenditure and outputs)
- Detailed case studies of six projects that have been influenced by LV in their shape, form and/or timing. These are reported more fully in Annex A
- Background documentation relating to LV and its partners' activities since 1999, the City Centre Strategic Regeneration Framework (SRF), and the wider strategic context.

### Report structure

1.5 The rest of this evaluation report is structured as follows:

- **Section 2: The rationale for Liverpool Vision** assesses the underlying rationale for LV, stemming from both the URC policy initiative and the circumstances prevailing in Liverpool at the time, and its continuing robustness with changing conditions in the City Centre
- **Section 3: LV objectives, functions and structure** sets out the objectives of LV and their evolution over the period to 2005, and the functions and structure adopted to achieve them
- **Section 4: LV activities and added value** explains LV's functions and activities and how they added value to the projects with which it is associated
- **Section 5: Associated project spend and outputs** provides an account of the cumulative spend and outputs associated with the projects in which LV is involved and the performance of the City Centre against the objectives of the SRF

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<sup>1</sup> The EP and ODPM URC web-site - <http://www.urcs-online.co.uk/>

- **Section 6: Conclusions and Recommendations** addresses the key issues in the evaluation specification, and sets out options for the future of LV and makes recommendations on the way forward.
- 1.6 We would like to thank all those individuals who assisted us with our work during the evaluation. In particular thanks are due to those consultees who gave up a considerable amount of their time to share their experiences of LV.
- 1.7 The findings and views expressed in this report are those of SQW's study team, and not necessarily those of LV.

## 2 The rationale for Liverpool Vision

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### Introduction

2.1 This evaluation is directed at assessing the way that LV has operated as a URC and the contribution that it has made and is likely to make to the regeneration of Liverpool City Centre. As such, one of its first tasks must be to consider the robustness of the rationale for the establishment of LV at the time when it was set up in 1999 and whether that rationale remains valid – taking account of the changes that have taken place in the City Centre since then. The consideration of the continuing case for LV’s role, and for LV as the vehicle to deliver it, must also take note of the changing policy agenda with regard to URCs, the emerging role of cities in regional economic development and, more specifically, recent regeneration initiatives in Liverpool.

### The policy rationale for URCs

2.2 The report of Lord Rogers' Task Force<sup>2</sup> was produced in June 1999 and, amongst a wide range of recommendations, proposed that *‘the pace of regeneration could be increased if responsibility for delivering area programmes was placed in the hands of ‘arms length’ organisations, owned by local partnerships’*. These organisations, subsequently configured as URCs, *‘could not only oversee work to completion but also raise private finance and undertake direct development where necessary’*.

2.3 Following this recommendation, the Government supported the establishment, in 1999/2000, of three pilot URCs in Liverpool (City Centre), East Manchester (situated immediately to the East of the City Centre) and Sheffield (City Centre) to *‘work with a range of private and public sector partners, including the Local Strategic Partnerships, to redevelop and bring investment back to the worst areas in our cities and towns’*.<sup>3</sup> They were designed to deliver physical and economic regeneration within focused geographical areas through implementation of a shared vision by co-ordination of investment plans from both the public and the private sectors and the attraction of new investment through the marketing, promotion and regeneration of their areas.

2.4 It must be emphasised that URCs represented a policy innovation at the time. They were intended to achieve their objectives by reliance on existing agencies for their core funding and required long-term support from them for the running costs of their teams. This meant that the main influence of the URCs, unlike predecessor initiatives such as Urban Development

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<sup>2</sup> Towards an Urban Renaissance - <http://www.renewal.net/Documents/RNET/Policy%20Guidance/Towardsurbanrenaissance.pdf>

<sup>3</sup> The Urban White Paper (November 2000)

Corporations,<sup>4</sup> had to be through the leadership and expertise they could bring in pooling the resources of partners and stakeholders, building delivery capacity, working to the strengths of the partners in the delivery of specific strategic interventions, and engaging with the private sector to secure co-ordinated action.

### **The rationale for Liverpool Vision at the outset**

2.5 The original rationale for the creation of LV was presented to the Department of Environment, Transport and the Regions (DETR) in June 1999. It was constructed around two key challenges seen to be facing the City Centre at that time:

- **Market Failures** – *‘economic decline which has created a number of property and land market failures – the effect of which is that the cost of redevelopment of major City Centre sites is far greater than the end value that can be achieved. A characteristic of these economic failures is that very little private sector investment can be achieved without public sector support – either directly in the form of grant or indirectly. The cycle of dependence on grant and other forms of support has not declined in recent years so one of the major challenges for the Task Force will be to create investment opportunities which eventually lead to a reduction in the dependence on public sector support.’*<sup>5</sup>
- **Legacy of past action (Institutional and Organisational Failures)** – *‘the second difficulty arises from the limited impact of previous public sector initiatives compared with other cities. The Merseyside Development Corporation (1981-1998), City Challenge (1992-1997), Ropewalks Partnership (1996 – 2001), North Liverpool Partnership (since 1995) and on the border of the City Centre two SRB-funded Partnerships (Dingle and Granby Toxteth).’*<sup>6</sup>

### **Market Failures**

2.6 Liverpool and its City Centre experienced a substantial population loss between the 1970s and the early 1990s, although there was some levelling-off in the decline as observed from the standpoint of the late 1990s. This was associated with a general ageing of the population of working age, and an increasing proportion of the economically-dependent population. The unemployment rate in Liverpool – at 9.5% in 1999 – was twice the then national average and higher than in Merseyside as a whole. Long-term unemployment was a particular problem – 36% of the unemployed, compared with 24% nationally. The City itself was ranked as the

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<sup>4</sup> Urban Development Corporations were established under the Local Government, Planning and Land Act 1980, tasked with a broad remit to secure the regeneration of their designated areas and given significant budgets and a comprehensive range of powers, covering land and property transactions (including extensive compulsory purchase powers), building, infrastructure and other works, planning control, and a general power 'to do anything necessary or expedient' in the interests of their objective

<sup>5</sup> EP and NWDA submission to DETR for Liverpool City Centre Task Force (June 1999)

<sup>6</sup> EP and NWDA submission to DETR for Liverpool City Centre Task Force (June 1999)

most deprived amongst the 354 English local authority districts on the Index of Multiple Deprivation, with some 70% of its population living in the 10% worst wards in England.

- 2.7 This economic and demographic decline of Liverpool was reflected in the under-achieving performance of the City Centre. The barriers to investment in the central area lay in its poor image and environmental quality, a lack of confidence amongst land and property investors and developers, and inadequate transport and infrastructure. Analysis of the existing office supply showed the relatively low level of stock built in the late 1980s and 1990s but the high proportion of space with planning permission in 1998. This was taken to indicate that *'whilst historically Liverpool's market has been poor, there is the potential for higher levels of development activity in the near future to accommodate some of the current requirements.'*<sup>7</sup> City centre rental levels only increased by 29% between 1989 and 1999, compared with an average of 41% in comparable urban centres across the UK. Speculative development was only likely to become part of the 'norm' if developers saw confidence being restored, levels of take-up increasing and rental values rising. There was some evidence of this in the recent period preceding 1999/2000 but the signs were fragile.
- 2.8 The submission to DETR in June 1999 stated that *'unlike in many other City Centres such as Sheffield, Leeds, Manchester, Birmingham and Bristol, regeneration activity in Liverpool has traditionally been piecemeal and the decline in commercial, social and retail activity has been dramatic.'* The SRF<sup>8</sup> prepared by LV and its partners in the eighteen months after its inception states that *'the quality of Liverpool's (commercial office) stock compares poorly to comparable centres'*.

### **Legacy of past action - Institutional and Organisational Failures**

- 2.9 As we have already noted, the submission to the DETR argued that there had been limited impact on the performance of the City Centre from the previous interventions that had taken place to bring about the regeneration of Liverpool or its parts.
- 2.10 Figure 2-1 overleaf provides a brief introduction to some of the key initiatives and demonstrates that these were designed to provide both direct and indirect development support. The initiatives were either broader in scope than the City Centre (i.e. under Merseyside) or narrower (particular disadvantaged areas or areas of potential within the City).

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<sup>7</sup> Building Design Partnership et al: *Liverpool City Centre Visioning Study: Baseline Report*: October 1999

<sup>8</sup> SRF refers to the Strategic Regeneration Framework for Liverpool City Centre produced by LV and its partners. The SRF was published in 2000 – it established a broad vision of Liverpool as a World Class City for the 21<sup>st</sup> Century, set out a key goals and identified a number of key Action Areas and Supporting Themes to guide activity in support of the over-riding objectives for the City Centre

Figure 2-1: Key regeneration initiatives in Liverpool prior to the launch of LV

<p><b>Merseyside Development Corporation</b></p> <p>The Merseyside Development Corporation (MDC) was established in 1981. It identified four key strategic priorities for securing the long-term renewal of Merseyside:</p> <ul style="list-style-type: none"><li>• Create a positive perception of Merseyside</li><li>• Remove any constraints to investment, through the acquisition, treatment and reuse of derelict and vacant sites and support for existing businesses</li><li>• Improve access to opportunities, including physical mobility via upgraded transport provision</li><li>• Attract inward investment to the area.</li></ul> <p>MDC was responsible for the re-development of the Grade 1 listed Albert Dock complex, which was completed in 1988 (Phase 1 opened in 1984 to complement the International Garden Festival that took place at Otterspool, which lies to the South of the City Centre).</p>
<p><b>Liverpool City Challenge</b></p> <p>City Challenge was a five-year central Government initiative aimed at transforming specific rundown inner-city areas and improving the quality of life for local residents. Liverpool City Challenge (an unincorporated partnership) ran from 1992 to 1997 and was invited to bid for £37.5 million, which could be invested in a range of socio-economic and physical regeneration initiatives in an area to the East of the City Centre (with a population of 4,000 and covering an area of 138 hectares). This area included a broad range of functions: civic, commercial, residential, cultural and educational. The main priority for the Programme was to bring new economic uses to the area through large-scale physical regeneration of buildings, land and infrastructure. The Liverpool Programme improved more than 700 dwellings, created or preserved over 4,000 jobs, improved 14 hectares of land, developed/improved almost 140,000 sq metres of new commercial floor-space and supported almost 380 new business start ups. The Programme attracted some £112 million of private sector investment into the City Centre.<sup>9</sup></p>
<p><b>Liverpool Ropewalks Partnership</b></p> <p>The Ropewalks Partnership was established in 1997 and was responsible for co-ordinating a large regeneration programme within the Duke Street conservation area of Liverpool City Centre, including parts of Chinatown and the historic warehouse district. The programme centred on a number of commercial and residential developments, conservation, public realm improvements and training, employment and business support with a package of national, European and private sector funding. The Partnership had a secured funding package against an agreed programme provided by the Merseyside Objective One Programme and English Partnerships (later the NWDA).</p> <p>Key projects supported by the Partnership include the £10 million FACT Centre for Film, Art and Creative Technology, a £20 million mixed-use scheme featuring a training centre for Liverpool Community College plus various residential schemes, workspaces, retail units, public squares and cafes. LV has recently developed a Phase 2 Action Plan for the Ropewalks area, including a Supplementary Planning Document (SPD) to guide future development activity.</p>

2.11 The evaluators are not convinced that these initiatives were of themselves evidence of institutional or organisational failure. However, what they seem to show is the lack of an intention to develop a coherent and holistic regeneration strategy focused on the City Centre or, at least, the difficulty of putting such a strategy in place and implementing it. This is consistent with the view expressed in the URC submission to the DETR which claimed that *‘the results of these initiatives have been patchy... it has left an uncoordinated, complex delivery structure with individual organisations struggling to deliver their objectives.’*

<sup>9</sup> Appendix K of the Final Evaluation of City Challenge for DETR by KPMG, February 2000

- 2.12 This was clearly being recognised as a weakness by Liverpool City Council and partners towards the end of the 1990s. As reported in the Parkinson and Robson URC process evaluation,<sup>10</sup> when the URCs were declared in 1999, a political consensus had developed in Liverpool that there should be a greater focus on the City Centre following a decade when there had been virtually none. The ending of both the Merseyside Development Corporation and Liverpool City Challenge had ‘left a vacuum in the decision-making arrangements for the City Centre’ (Parkinson/Robson para 3.13). The reasons for the failure of the SRB bid in 1998 for regeneration funding of the City Centre were revealing in this regard. According to Parkinson/Robson, the Government Office rejected the bid on the grounds that, although the need and opportunity had been adequately demonstrated, the bid ‘was not sufficiently well developed in terms of delivery and implementation’.
- 2.13 By the late 1990s, after a significant amount of consultation, the City Council developed a City Centre strategy which explicitly acknowledged the economic significance of the City Centre for wider regeneration and growth in Liverpool and Merseyside. It created a City Centre strategy group and was planning to establish a specific City Centre development team. The development proposals were relatively modest – Parkinson/Robson estimated them to be equivalent to public and private sector investment of £400m over a five-year period.
- 2.14 So, it is evident that the URC principles and proposals sat well with the political mood in Liverpool at the time and offered a decision-making mechanism with a City Centre focus that was currently missing or, at least, not well developed.
- 2.15 The consultations carried out amongst partners and stakeholders for the current evaluation revealed that their recollections of the circumstances back then were in accord with the picture painted by the data and Parkinson/Robson and other commentators. They highlighted the need for a targeted geographical focus on the underperforming City Centre in the late 1990s and the requirement for a brokerage mechanism to secure partner (public and private sector) commitment and buy-in to the emerging City Centre strategy.

### **Observations on the original rationale**

- 2.16 In large part, the evidence adduced in the baseline report to support the case for the LV URC was circumstantially strong but was not direct and specific to conditions in the City Centre and the role of the relevant stakeholders in improving them. The evaluators would, therefore, confirm the findings in the Amion report<sup>11</sup> when it reflected on the three URC baseline studies that they ‘cannot be considered to be full baseline studies in the sense of providing an information base and monitoring framework which can subsequently be updated to track

<sup>10</sup> M Parkinson and B Robson: *Urban Regeneration Companies: A Process Evaluation*: October 2000 - [http://www.urcs-online.co.uk/webmaster3/files/urcs/website/backgroundDocuments/Document/URC\\_parkinson\\_robson\\_rpt.doc](http://www.urcs-online.co.uk/webmaster3/files/urcs/website/backgroundDocuments/Document/URC_parkinson_robson_rpt.doc)

<sup>11</sup> Amion Consulting for the DETR: *Urban Regeneration Companies – Learning the Lessons*: July 2001

*changes in the respective areas*'. As will become evident in the next sub-section, this issue has not gone away - the tracking of changing conditions in the City Centre relevant to the rationale and role of LV has remained a challenge.

- 2.17 Furthermore, whilst the evaluators agree with the argument in the DETR submission about the lack of a strategic and organisational focus on the regeneration of the City Centre, it is difficult to determine precisely from the submission document, which institutional and organisational failures LV was established to remedy and how it was expected to do so.
- 2.18 So, the case for the establishment of a URC in Liverpool focused on the City Centre was made in a circumstantial way at a time when the tide of opinion was in favour of such a strategic focus. In this sense, the URC policy initiative came at an opportune time for Liverpool. The evaluators think that the rationale for a holistic regeneration strategy for the City Centre was probably robust. But, it is likely that the opportunity presented by the URC initiative was seized without a clear and agreed idea as to how the URC would add value to the City Centre regeneration process, what its respective role would be vis-à-vis its partners and how its success would be assessed and measured. These things were going to have to be worked out as LV and its partners went about their business.

### **Changing conditions in the City Centre**

- 2.19 The study team found it more difficult than it should be to pull together a descriptive statistical account of the progress made in the City Centre since the inception of LV. Neither baselines nor contextual indicators were readily available. This in part can be explained by the fact that the geography of the City Centre does not correspond with standard administrative boundaries for which the majority of published contextual data is available.<sup>12</sup> LV was instrumental in the preparation of the SRF and, whilst it established a monitoring and evaluation framework for assessment of progress against the SRF objectives, this has yet to be operationalised in the sense of being fully populated with data and used for strategic and management purposes within LV and amongst its partners. The following account of changing conditions in Liverpool City Centre is consequently by no means comprehensive and the evaluators recommend that early action be taken to rectify this situation. The account is structured around three inter-related themes:<sup>13</sup>

- Environment

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<sup>12</sup> The City Centre Visioning Study Baseline Report that was published in 1999 includes regional, sub-regional, district and ward-level data analyses. It does not provide an accurate City Centre baseline.

<sup>13</sup> These themes were identified by the Cityfocus Board, which is responsible for co-ordinating and managing the City Centre Single Regeneration Budget (SRB) and Objective One Strategic Investment Area (SIA) programmes. Liverpool City Centre was awarded an SRB Round 6 Programme and designated as an SIA under the Merseyside Objective One Programme. These are two of the initiatives that support the overall goals of the Strategic Regeneration Framework for the City Centre

- Economy
- Equity.

### **Environment**

2.20 Substantial improvements have been made to the City Centre environment since the time of LV's establishment. Almost 80% of users perceive the City Centre as becoming a more vibrant and lively place to be (2005), the number of hotel rooms increased by one quarter between 2001 and 2004, and since 1999, residential building completions have risen more than five-fold. On the flip side, the number of recorded violent crimes rose by 122% between 1999 and 2004,<sup>14</sup> and this quantitative evidence is supported by a fall in users who perceive the City Centre as being safe at night. However, it is often an unfortunate consequence of an increased number of people living in and using a City Centre for work and leisure (especially at night) that crime levels and rates increase. The evidence suggests that Liverpool City Centre has indeed witnessed a significant increase in retail, tourism and leisure activities since LV was launched in 1999. This has provided LV and its partners with a much more dynamic and positive demand back-drop to their efforts to promote private sector development confidence, interest and investment.

### **Economy**

2.21 Economic performance across Liverpool City Centre has been broadly positive. Office take-up has increased by 32% between 1999 and 2004 and in the last financial year investor enquiries for Liverpool City Centre were up 65% on 2002/03 figures. In August 2005, a Liverpool-based law firm signed a contract to take 12,000 sq m (130,000 sq ft) of Grade A space at the new St Paul's Square Development in the Commercial Quarter, which has been supported through the English Cities Fund (ECF). This letting increased the City Centre's headline rent to £18 per sq ft. The Autumn 2004 GVA Grimley Regional Office Market Outlook Report states that *'the amount of available prime space remains very limited, although development activity has picked up from very low levels seen throughout most of the 1980s and 1990s. Most of the recent development activity has occurred at Princes Dock, outside the traditional City Centre.'* The report also reveals that *'average annual completions from 2004 to 2007 are likely to exceed the average annual level of grade A take-up recorded over the last five years. However, this should increase the attractiveness of the City to potential occupiers by providing a greater level of choice of quality buildings.'*

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<sup>14</sup> Data sourced from Liverpool Citysafe. It is important to note that in 2002 crime recording methodology (NCRS) changed to a victim focused approach, which had the impact of inflating recorded violent crime. Using the new recording methodology, a rise is still evident in recorded crimes involving violence (increase of 50% between 2002 and 2004).

2.22 The evidence suggests that the City Centre is attracting increasing interest from potential inward investors, and is growing as a sustainable business and employment base. However, it still suffers from a relatively low level of enterprise and the City Centre retail core continues to under-perform relative to other UK centres.<sup>15</sup> Also, despite a gradual increase in the proportion of working age people qualified to NVQ level 4+ in Liverpool, the district still falls short of the national average. In fact, the gap with Great Britain has widened over the past five years. So, whilst there has been some strengthening of economic activity in the City Centre since 1999, it could be argued that there remain some fundamental weaknesses in its economic foundations in terms of enterprise and skills – two of the key drivers in the Treasury’s analysis of the reasons for poor productivity performance in the regions and in sub-regions such as Liverpool.<sup>16</sup>

### **Equity**

2.23 Equity and deprivation are long standing and deep-seated issues for Liverpool, which according to the Index for Multiple Deprivation for 2004, is considered to be the most deprived local authority area in England. Due to the embedded nature of the problem, progress against the equity theme has been relatively limited over the past five years. On the positive side for example, earnings for residents of the Abercromby<sup>17</sup> ward are well above the national average, and between 2002 and 2003 rose by 25%. However, this level of wealth has not been spread equitably across the City Centre as a whole – the benefits of economic growth are undeniably polarised. Earnings for residents of Everton ward are only 69% of the national average, and this gap continues to widen.

2.24 This evidence suggests that, to date, there have been limited benefits cascading out to other parts of the City Centre and probably not enough for there to have been a u-turn in the trend over the previous decade when economic activity fell by 5% and unemployment and Incapacity Benefit claimant rates remained stubbornly high.

### **Comparator Cities**

2.25 We have also compared progress made by other similarly sized northern cities, namely Sheffield, Manchester, Newcastle and Leeds, to give some indication of how well markets, and supporting institutions and organisations have performed in Leeds, Manchester and

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<sup>15</sup> Grosvenor was selected by Liverpool City Council as developer for the Paradise Street Development Area (PSDA) project in March 2000. This 234,000 m<sup>2</sup>, £920 million scheme is expected to transform Liverpool’s retail offer and push it back near to the top of the UK’s retail centres

<sup>16</sup> HM Treasury: *Productivity in the UK – regional dimension*: November 2001

<sup>17</sup> For certain socio-economic datasets, we have used the Everton and Abercromby wards as crude proxies for the Liverpool City Centre geography. It should be noted that the two wards actually extend beyond the recognised boundary of the City Centre

Newcastle without a URC,<sup>18</sup> in comparison with Liverpool and Sheffield.<sup>19</sup> These comparisons are discussed in more detail in Annex B. The comparative evidence reinforces the picture painted by consideration of recent activity in the City Centre compared with historical trends, namely significant increases in residential and retail activity and associated increases in employment but with some nervousness still apparent in commercial and office developments (as evidenced by office take-up rates and rental values). This illustrates the continued relatively weak demand for commercial office space in Liverpool City Centre. Further, much of the recent employment gains appear to be in low-value added sectors such as tourism, leisure, public administration, health and social work and contact centres. Unlike other comparable UK cities, over recent years Liverpool City Centre has not attracted large numbers of well-paid jobs and graduate employers (employment in 'other business activities' actually fell by 10% during the period 1999 to 2003<sup>20</sup>).

### **Observations on changing conditions in Liverpool City Centre**

2.26 The fragile evidence of improvement in City Centre property market conditions that could be observed at the time LV was set up has strengthened in subsequent years particularly in relation to residential and retail markets. The health of the City Centre commercial office market also improved during the early years of LV. However, the evidence has yet to suggest that there has been a fundamental improvement in the underlying strength of the economic and social foundations of the City Centre and Liverpool as a whole over the whole period from 1999. It is possible that what is being witnessed through the prism of the indicators is a recovery from the bad times of the late 1980s and the 1990s, but a recovery that remains fragile especially when compared with other cities in England. This might be expected given the fact that a number of LV's larger transformational projects such as Kings Waterfront, Mann Island and the Lime St Gateway scheme (total investment of some £730 million) will not be completed for another two to three years.

### **The changing URC policy agenda . . .**

2.27 In 2004, the ODPM reported its stock take of the URC initiative and produced revised guidance and qualification criteria for URCs.<sup>21</sup> The basic principles and essential

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<sup>18</sup> Manchester east does have a URC (New East Manchester), established in October 1999, although resources are focused on an area covering 1,100Ha directly east of Manchester City Centre, rather than the City Centre itself

<sup>19</sup> It is important to note that the comparisons made in this section are subject to the influence of differential boundaries and associated spheres of influence – i.e. Liverpool and Sheffield encompass the geographical cities, whereas the boundaries of Newcastle and Manchester artificially exclude areas such as Gateshead and Salford, which bear influence on the comparison of economic activities

<sup>20</sup> Based on ABI data and using the Abercromby and Everton wards as proxies for the City Centre

<sup>21</sup> ODPM: *Urban Regeneration Companies Policy Stocktake: Final report*: May 2004 and ODPM: *Urban Regeneration Companies: Guidance and Qualification Criteria*: May 2004

requirements that underpin the case for URCs set out in the 2004 guidance are summarised in Figure 2-2.

Figure 2-2: Basic Principles and Essential Requirements for URCs

<p><b>Basic Principles</b></p> <ul style="list-style-type: none"><li>• A URC is intended to provide a focus and dedicated resource that is needed only where a combination of existing agencies, including local authorities, could not have the desired effect.</li><li>• Hence, partners considering establishing a URC need to ask and answer certain questions as a starting point – such as how would a URC make the key difference and create distinctive added value:<ul style="list-style-type: none"><li>▪ Boosting the internal capacity of founder members through joined up assessment and monitoring systems</li><li>▪ Improving cooperation and integration linking effectively with other relevant programmes</li><li>▪ Facilitating and supporting development projects with an early strategic impact</li><li>▪ Supporting the activities of other partner bodies . . . to ensure a coordinated approach to strategy</li><li>▪ Improving co-ordination of funding stream</li><li>▪ Providing a focused marketing image to raise the national/regional profile of the area</li><li>▪ Creating potential to recycle development value back into the area</li></ul></li></ul>
<p><b>Essential Requirements</b></p> <ul style="list-style-type: none"><li>• Local authority and RDA membership &amp; RDA support in recognition of a high priority in the Regional Economic Strategy</li><li>• Focus on physical delivery of development</li><li>• Evidence of market failure and/or institutional or operational failure that require the different approach offered by a URC</li><li>• Indications of how the proposed URC will create distinctive added value</li><li>• A URC Board chaired by a representative of the private sector and with no public sector majority and no local authority influence or control (as defined in legislation)</li><li>• Supported by the LSP(s)</li><li>• Evidence and written assurances that all the potential URC members are full aware of and committed to the principles of a URC and its resource implications.</li></ul>

2.28 It would not be appropriate to evaluate LV against requirements that were introduced some five years after its establishment. But, we think it is a valid part of the evaluation to offer observations on the basis of the LV experience about the justification for the requirements and the extent to which it has already lived up to them or may be expected to do so.

### **The emergence of City-Region policy . . .**

2.29 In addition to changes in URC policy, there has been a major shift in the last two years in the importance attached to city-region policy. Two developments are especially important; first, the development of the Core Cities concept which seeks to emulate the experience elsewhere in Europe, where research has shown that the success of competitive regional economies is closely correlated with the performance of major regional centres. Building on this, and seeking to provide a supra-regional response, is secondly the Northern Way which is bringing

together the eight major cities of the north of England in confederated actions to address the productivity gap between the North of the country and the South.

- 2.30 Liverpool is extensively associated with both of these emerging policy experiments. The city has already developed a Core City Prospectus<sup>22</sup>, which has laid the foundations for the wider positioning of Liverpool at the heart of the emerging Liverpool City Region, taking in Merseyside, West Lancashire, Cheshire, and North Wales. The City Centre, by virtue of its wealth creating potential and employment scale, is seen as being fundamental to the success of both policy developments. In the light of these developments, therefore, the City Centre remains not only absolutely key, but also of increasing relative importance as the concept of a productive City Region takes root.

### **... and continued and new initiatives for City Centre regeneration in Liverpool**

- 2.31 The political and strategic context in which LV currently operates and which framed LV's establishment is crucially important. Prior to the establishment of LV in 1999, the Liberal Democrats won control of Liverpool City Council and a new Chief Executive was appointed in 2000, who has implemented a significant programme of rationalisation and reshaping of mainstream services. In addition, since the creation of LV there has been a number of key regeneration initiatives and contextual developments that have influenced the City Centre regeneration process. These are summarised below:

- The Liverpool Partnership Group (LPG) is the City's Local Strategic Partnership (accredited as an LSP in February 2002) and it supports the Liverpool First Board. Liverpool was a phase one pathfinder for the Local Government Association's 'New Commitment to Regeneration' and this provided a strong platform for the subsequent development of the city-wide Partnership. The LPG is responsible for the development and delivery of the Liverpool Community Strategy, which identifies the renaissance of the City Centre as a major strategic priority
- The Cityfocus Board was established in 2002 as a sub-group of the LPG to oversee the management and delivery of Liverpool's £25 million SRB6 City Centre scheme and the £38.6 million Merseyside Objective One Strategic Investment Area (SIA) programme, which is also focused on the City Centre. The Cityfocus 2003/04 Delivery Plan sets out the following vision for the two programmes: *'To support Liverpool's drive to become a premier European city by making the most of the growth potential of the City Centre economy, by improving the environment to ensure its attractiveness for investment and by channelling its economic opportunities to support the regeneration of Liverpool and Merseyside's most deprived communities'*

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<sup>22</sup> <http://www.corecities.com/cityprosps/Live.pdf>

- Liverpool has also been successful in securing resources through the Government's Neighbourhood Renewal Fund Programme (NRF). The NRF targets deprived neighbourhoods in particular, with the aim of promoting better skills, housing and the physical environment, reducing crime and worklessness, and improving health in the City's poorest communities. Liverpool has secured £104 million of funding over the period 2001-6. NRF activities are guided by the Liverpool Neighbourhood Renewal Strategy (NRS), which has been developed by the LPG
- The Regional Economic Strategy (RES) published in 2003 by the NWDA identified Liverpool City Centre as being a major regeneration challenge for the Region. It stated that *'the NWDA will guarantee significant funding for the lifetime of the three existing URCS: New East Manchester, Liverpool Vision, and Furness & West Cumbria – Westlakes Renaissance.'* The RES 2003 is currently being updated and a consultation draft of the refreshed document published in June 2005 identifies the Liverpool City Region as a key economic growth driver of the City, the Merseyside Sub-Region and the wider Northwest. It also highlights the sustainable urban renaissance of Liverpool as a 'transformational activity'
- It has recently been agreed that The Mersey Partnership will be the Sub-Regional Partnership for Merseyside and the organisation is now seen by the NWDA as its prime delivery interface for the sub-region.

2.32 This changing context since 1999 and the relatively new found commitment to delivering a City Centre renaissance has contributed to progress made against the SRF. The regeneration programmes such as SRB, City Centre SIA, NRF, HMRI and the NWDA have provided much needed additional resource and the improvements achieved within the local authority have complemented LV activities. However, these initiatives have also added to the complexity of the strategic jigsaw across Liverpool City Centre. This has led to a number of co-ordination, and strategic alignment challenges for LV. These are explored in more detail in section 3 of this report.

### **Observations on the continuing robustness of the rationale for LV**

- 2.33 Most partners and stakeholders consulted as part of this evaluation understand and support the original rationale for LV being established back in 1999, and claim that there is still a need for the public sector to intervene in support of the City Centre.
- 2.34 The evaluators agree with this view on the basis of the evidence that has been considered relating to the performance of the City Centre. This demonstrates to the study team that the economic and environmental conditions and prospects in the City Centre have improved over the period since LV was launched. This has provided LV and its partners with a more favourable and positive demand context in which to promote commercial developments in the

City Centre. However, the loss of developer and investor confidence to the deep-seated and extensive degree that occurred over the 1970s, 1980s and 1990s is not easily restored – and not by a few years of favourable indicators of increased activity. The City Centre’s revival is progressing well but the job is not yet complete.

## 3 LV objectives, functions and structure

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### Introduction

- 3.1 LV was established in June 1999 by Liverpool City Council, the NWDA and English Partnerships to focus on transforming the under-performing City Centre. Together with resources from the Merseyside Objective One Programme and Cityfocus, its purpose was to create a City Centre that attracted new investment, created employment opportunities and shared the benefits with the whole of Merseyside. It did not have access to any resources other than those that partners were willing to commit. Therefore much of the added value of LV was expected to result from the company's co-ordinating, influencing and facilitating roles.
- 3.2 This section of our report describes LV's objectives and the functions and structure it adopted to achieve them. It describes the way these things changed in the light of experience and in response to changing circumstances and concludes by offering observations about the relative strengths and weaknesses of LV as a delivery vehicle.

### Liverpool Vision objectives

- 3.3 The URCs set up in 1999-2000 were pilots and, therefore, it would be reasonable to expect change and evolution in the way they went about their business and even in the specification of what they were there to do. This was especially likely to be so in an initiative where the nature of the URC model was ambiguous. The report of the Urban Task Force was imprecise about the role of the URCs although it suggested they might have direct development powers. The Government was clear in its announcement of the URC pilots that they would not have such powers and that they would have no additional programme funding. But, it was less clear on other matters – for example their modes of working were not specified except in general terms. Despite the lack of a clear model for the URCs, expectations about their contribution were ambitious – to bring together key players around an agreed vision and strategy for the area concerned, to ask them to surrender some degree of authority and cash for the coordinated good of the area and, at the same time, to respect the independence of these new bodies.
- 3.4 The way in which LV's aims and objectives have evolved since 1999 reveal a gradual hardening of purpose – from statements of intent couched in neutral terms like 'management', 'guardian' and 'champion' to more assertive declarations about taking on 'challenges' and providing 'leadership', 'co-ordination' and 'promotion'. We have summarised the development of LV's aims and objectives in Figure 3-1 overleaf.

Figure 3-1: Evolution of LV objectives

Objectives						
Source	Aim	Objectives				
5 Year Business Plan 2001-06	Managing implementation of the SRF	Guardian of the SRF	Management of the Implementation Plan	Champion of the City Centre	Project management of developer enquiries	Reporting & monitoring of progress
Business Plan 2002/03 - 2004/05	Developing the economic, social & environmental prosperity of Liverpool City Centre	Guardian of Strategic Regeneration Framework (SRF) principles and practices – e.g. quality protocols	Programme management of funding programmes and project priorities	Champion City Centre to ensure its regeneration remains high priority with partners	As above but focused on specifying development briefs and selecting potential partners	As above but focused on establishing monitoring & evaluation framework
Business Plan 2004/05 – 2006/07	Meeting the challenge of ensuring that partners deliver in accord with the SRF & agreed delivery plans	Leadership to promote SRF principles & priorities & ensure flexibility to changing conditions	Manage & coordinate – funding regimes and priority projects	Promotion – reinforce recognition of importance of City Centre to partners & communities and contribute to promotion of City Centre externally	Project development – first point of contact and identification and development of potential projects	Absorbed within leadership objective

3.5 The 2005-06 Performance Plan opened with a statement of partners' roles in the regeneration of the City Centre and acknowledged that the key challenge for the company was to ensure that its partners – public and private – delivered in accordance with the objectives of the SRF and the agreed project delivery plans which were set out later in the document. The role for LV was explicitly set out to be to provide:

- **Leadership:** to promote the principles and priorities established in the SRF, to keep the framework under review so that it is flexible to changing priorities, to monitor/report overall progress against baseline measures and to communicate effectively with partners
- **Management and Co-ordination:** to provide overall programme management of the funding regimes and priority projects contributing to the achievement of the objectives set out in the SRF
- **Project development:** to act as first point of contact for City Centre development proposals, to contribute to the identification and development of projects which will meet the regeneration objectives in the City Centre and to engage effectively with partners towards the delivery of those projects
- **Promotion:** to reinforce the importance of the City Centre to partners and communities and to contribute to the external promotion of the City as a location for investment and as a visitor destination.

3.6 To what extent did these objectives flow robustly from the rationale for LV discussed in the previous section, and were they likely to ensure that LV's aims would be met? The

assessment of the evaluators is that they were appropriate and robust in this sense but with two major caveats each of which, may reflect a general weakness in the URC model as originally set out and the specific circumstances of its implementation in Liverpool.

***Caveat 1 - Clarity of LV and partners' objectives and roles***

- 3.7 The evaluators have already observed that there was some ambiguity about the URC model in its original formulation. URCs had no additional powers or resources, their objectives were not precisely stated and their expected modes of operation were not well-defined. This provided flexibility to respond to local situations but it meant that it would be likely that URCs might take time to 'find their feet' and make their distinctive mark on the regeneration process.
- 3.8 In the case of LV, consultations with stakeholders revealed that even now there was a lack of clarity about its role and objectives and those of partner organisations who were also actively involved in shaping and delivering the regeneration of the City Centre. Initially, LV was tasked with developing the SRF document and this was clear and welcomed by partners. However, since the SRF document was published, there appears to have been some confusion about who is now responsible for leading on the different goals which it defines for the City Centre.
- 3.9 This issue about fuzziness and lack of clarity with regards to specific roles and responsibilities was compounded by the lack of any formalised agreements setting out which organisations (including LV) were responsible and accountable for ensuring that different SRF goals were delivered effectively and that progress against each of these was monitored effectively. Whilst LV was correctly perceived to be the lead for SRF goals related to the physical environment of the City Centre and Liverpool City Council to be the lead for social and economic issues, it was not clear how this worked in a strategic sense. As a result the evaluators think some important synergies may have been missed. For example, it is not clear what efforts have been made to connect new employment opportunities in the City Centre (generated through LV supported projects) with areas of need within the City's deprived neighbourhoods.

***Caveat 2 – Strategic Alignment***

- 3.10 The focus of LV on the physical development aspects of regeneration tended to mean that its main activities were associated with specific projects and development prospects rather than with ensuring that partners' strategies and initiatives for the City Centre and Liverpool more generally were designed, scheduled and implemented in a co-ordinated way with the physical developments.

- 3.11 The LV business and performance plans reveal this focus on projects – one that is entirely justified by one aspect of LV’s distinctive role. However, the 2005-06 Performance Plan also demonstrated that LV was concerned that there was *‘insufficient understanding and coverage of our wider activity’*. It concluded that LV needed to continue to raise its profile, explain the range of activities undertaken and engage with people and organisations to communicate its role in turning the strategic vision for the City Centre into reality. Board members were to be provided with basic briefing data on the City Centre and asked to take a more active role on the promotion of the importance of the centre and LV’s role. Relations with partners were to be reinforced through the re-introduction of regular ‘Communications Group’ meetings.
- 3.12 But, this is a matter of strategic alignment and co-ordination as well as improved communication. Many of those consulted for the evaluation claimed that LV’s external positioning in the City and beyond could be enhanced by its adoption and declaration of clearly-stated regeneration objectives that interlocked with those of its partners and stakeholders in mutually supportive ways. For the future, this might be achievable in some cases through formal protocols and service level agreements with partners to ensure that development activity and mainstream service provision in the City Centre is well-aligned with the holistic SRF goals.
- 3.13 There may have been some reluctance amongst partners to engage fully with each other (and LV) and to deliver against the SRF because of their different strategic, budgetary and operational cultures, and also by virtue of a lack of clarity about respective roles and responsibilities for delivery in the City Centre in particular (see Section 5 for more details on budget control and financial management issues). LV, as guardian of the SRF, and through its membership of the Liverpool First Board and the Liverpool Partnership Group, was in a position to devote particular effort to defining respective roles and relationships and to set out clearly the ways in which all City Centre partners could secure mutual benefit from working together to deliver the SRF. However, it is not evident to the evaluators that LV has been as successful in this role as it has been in its project management objectives.

### **LV functions**

- 3.14 An evolution was also observable in the way that the declared functions of LV changed over time - as summarised in Figure 3-2. The study team thinks this also demonstrates LV’s increasing focus on project development and delivery rather than strategic alignment. In its 2002/03-2003/04 Business Plan it observed that, whilst its primary interest was in physical development, the successful implementation of the regeneration framework required it to take *‘a wider view of economic and social regeneration plans and programmes and to help ensure that there is effective integration between the physical, economic and social elements of the*

overall programme.<sup>23</sup> For example, it noted the need to ensure that a link was made between the expected growth in construction activity in the City Centre and local industry's ability to take advantage of that and to ensure that job opportunities were accessible to residents in the less successful areas of the City and the sub-region.

3.15 However, the 2004/05-2006/07 Business Plan was largely devoted to the main projects in which it was involved and their associated spend and outputs, reflecting the fact that the Business Plan was used as a mechanism to secure funding allocations from partner agencies and it reflected that the emphasis of LV activity had shifted to delivery. Within the Business Plan, there was some consideration given to issue of communications where it noted that 'a lack of understanding of Liverpool Vision's role was identified during preparation of the Communications Strategy' and that, despite initiatives (like the partner away day to establish more effective dialogue with partners over the key issues and challenges), more needed to be done. But there was little evidence of the integration between the physical, economic and social elements of the overall programme that was acknowledged to be required in the previous business plan.

Figure 3-2: Liverpool Vision functions

Sources	Functions				
	SRF Guardian	Management	Champion	Projects	Reporting
5 Year Business Plan 2001-06	<ul style="list-style-type: none"> <li>Establish design code</li> <li>Set up expert panel</li> <li>Review briefs for development</li> <li>Review SRF</li> </ul>	<ul style="list-style-type: none"> <li>Provide support to Forums</li> <li>Funding strategy</li> <li>Networking</li> <li>Implementation plans</li> </ul>	<ul style="list-style-type: none"> <li>Reflect City Centre in partners' promotion</li> <li>Champion City Centre with partners</li> <li>Coordinate PR with partners</li> </ul>	<ul style="list-style-type: none"> <li>Referral service</li> <li>Manage LCC City Centre development team</li> <li>Coordinate public realm investments</li> </ul>	<ul style="list-style-type: none"> <li>Monthly progress reports</li> <li>Annual review reports</li> <li>Benchmarking progress</li> </ul>
Business Plan 2002/03 - 2004/05	<ul style="list-style-type: none"> <li>Set up design and development code</li> <li>Establish area development frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Simplify structure of forums</li> <li>Work through City Centre implementation group</li> </ul>	<ul style="list-style-type: none"> <li>Clarify task and role partitioning between partners</li> <li>Develop wider strategic context</li> <li>Develop communication strategy</li> </ul>	<ul style="list-style-type: none"> <li>Establish hierarchy of priority themes</li> <li>Specify 1<sup>st</sup> and 2<sup>nd</sup> order projects</li> </ul>	<ul style="list-style-type: none"> <li>Set up monitoring and evaluation framework</li> </ul>
Business Plan 2004/05 – 2006/07	<ul style="list-style-type: none"> <li>Leadership in defining partners' distinctive roles</li> </ul>	<ul style="list-style-type: none"> <li>Management and co-ordination of programme and assess progress against core priorities</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of LV – profile and role not well defined</li> <li>Community engagement – need to maintain public interest</li> <li>Contribute to marketing</li> </ul>	<ul style="list-style-type: none"> <li>Develop and promote projects</li> <li>Ensure programme and project spend kept to targets</li> </ul>	<ul style="list-style-type: none"> <li>Transferred to leadership functions</li> </ul>

<sup>23</sup> Liverpool Vision Business Plan 2002/03 – 2003/04

3.16 The role and functions of LV in project development and delivery had been well illustrated in the 2001 Implementation Plan<sup>24</sup> statement of the sequence of steps that would be involved in pursuit of a particular project - as shown in Figure 3-3.

Figure 3-3: Sequence of steps in pursuit of an action area<sup>25</sup>

Steps	Functions	Responsibility	Actions
1.	Bring together key players and promote/coordinate early activity	Liverpool Vision	<ul style="list-style-type: none"> <li>• Determine project brief</li> <li>• Identify key players</li> <li>• Establish area management team or forum</li> <li>• Prepare management action plan</li> <li>• Task key players with testing feasibility</li> <li>• Prepare area wide implementation plan</li> <li>• Identify and deal with 'gap' actions</li> </ul>
2.	Prepare feasibility or business case	Lead agency	<ul style="list-style-type: none"> <li>• Investigate technical and economic feasibility and report</li> <li>• Funding evaluation, application and approval in principle</li> <li>• Full risk and benefit analysis</li> <li>• Coordinate impact assessments with other key players</li> </ul>
3.	Commission & prepare area masterplan	Liverpool Vision	<ul style="list-style-type: none"> <li>• Ensure effective community engagement</li> <li>• Consider the case for each project and test against the strategic framework</li> <li>• Procure area masterplan</li> <li>• Coordinate funding, programme, demand, feasibility etc</li> <li>• Arrange for plan to be adopted into Planning Guidance</li> <li>• Instigate action to deal with infrastructure shortfalls</li> </ul>
4.	Package projects and give to key players	Liverpool Vision	<ul style="list-style-type: none"> <li>• Establish funding package and maintain risk register</li> <li>• Update management action plan</li> <li>• Ensure that area co-ordination meetings continue</li> <li>• Identify leaders for the 'gap' projects</li> <li>• Maintain overall programme and coordinate with remainder of City Centre</li> <li>• Continue input in the project team until project execution plan in place</li> <li>• Lead on site assembly</li> </ul>
5.	Implementation	Lead agency	<ul style="list-style-type: none"> <li>• Assembling the teams, draw down funding, planning consents, bankrolling, entering into contracts</li> </ul>
6.	Monitoring progress	Liverpool Vision	<ul style="list-style-type: none"> <li>• Compliance with strategic framework and masterplan</li> <li>• Funding management</li> <li>• Site assembly strategy</li> <li>• Co-ordination city wide to ensure the City keeps moving</li> <li>• Facilitation and incorporating new projects</li> <li>• Ensuring effective sustained community engagement and communication with target audience</li> </ul>

<sup>24</sup> The LV Implementation Plan was an internal document and was not shared or agreed with partners

<sup>25</sup> LV Implementation Plan 2001

3.17 This sequence of steps demonstrates very clearly the specific roles and functions of LV in project development. Despite the degree of confusion reported earlier amongst consultees with regards to LV and partner objectives, there was general appreciation and support for LV's solution-orientated approach and the fact that it had used its independence effectively to fix a number of project-related problems. Consultees associated the following types of activities and functions with LV (which are entirely consistent with the functions envisaged for URCs in the original policy rationale and with the division of functions set out in Figure 3.3):

- **Development brokering and deal-making:** Liaising with potential investors and developers to finalise deals, putting together sensible funding packages that are attractive to developers and 'fixing' project-specific and programme-level problems (sequencing of projects etc) in an effective and efficient manner (without political interference). One consultee stated that *'the whole point of LV is to try, as far as possible, to abstract development from local political issues'*
- **Driving project development and delivery:** Identifying development and investment opportunities within the City Centre, working with partners to make things happen and *'pushing things through the City Council'*
- **Providing the strategic direction for the City Centre:** through the development and ownership of the SRF and important master-planning work in key SRF Action Areas (such as the Commercial District and the Baltic Triangle)
- **Managing public sector investment:** Leveraging public sector funds into the City Centre by making detailed submissions, lobbying and influencing partners and assisting with the development of proposals
- **Building private sector confidence and galvanising support:** Providing a credible interface to potential developers in the City Centre by being independent from public sector agencies, having the right specialist skills and expertise to find solutions to problems and by marketing and promotional activities.

3.18 Feedback from consultees on the promotional role that LV plays revealed the lack of clarity that has already been identified about how activities are shared amongst LV, Liverpool City Council, The Mersey Partnership and Business Liverpool. There was some confusion about which organisation potential City Centre investors are supposed to contact first: the evaluators, like some consultees, see it as particularly important to resolve this apparent confusion, given that medium-long term success requires a step-change in the amount and quality of investment attracted to the City.

## Relations with partners

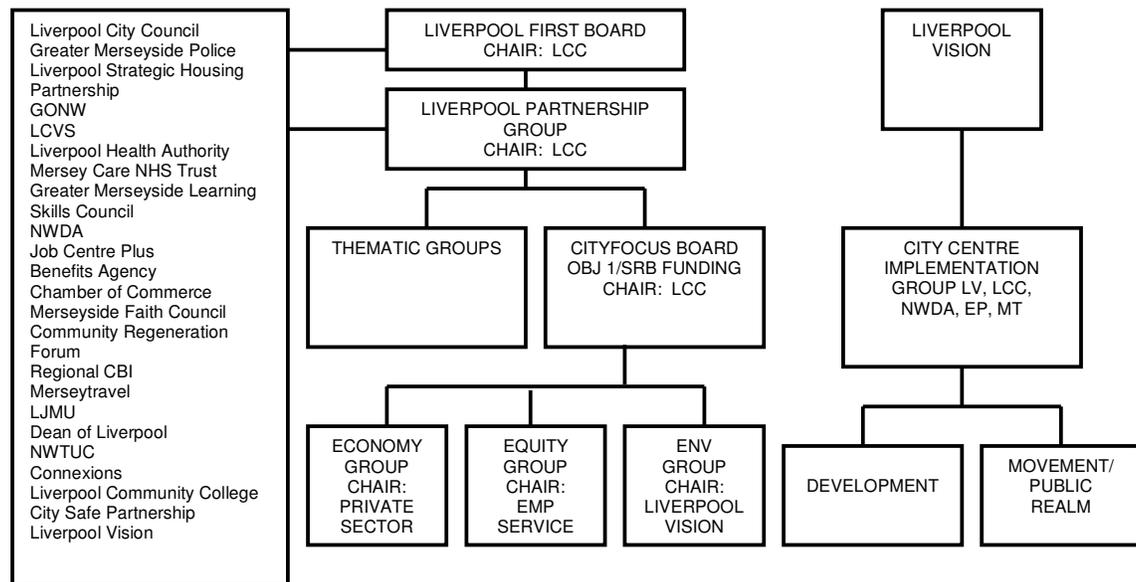
3.19 The critical nature of the relationship with partners, and with Liverpool City Council, the NWDA and English Partnerships in particular, has rightly remained a pre-occupation of LV throughout its existence. Its 2004/05 Business Plan starts with a statement of the respective roles of these three partners. In summary, their key roles are to:

- Provide financial and operational support to LV
- Manage their assets and capital programmes in a manner which is consistent with and supportive of the objectives established in the strategic framework
- Agree and implement a programme of financial and other support towards key regeneration projects in the City Centre
- Use Compulsory Purchase Orders (CPO) and other appropriate powers in support of the agreed programme
- Promote the City Centre
- Act as accountable body for the City Centre Objective 1 and SRB Programmes (Liverpool City Council).

3.20 LV also operates within a wider network of partners and stakeholders most notably within the strategic context established by the Local Strategic Partnership (LSP). The LSP leads the management and co-ordination of most of the key regeneration programmes across the City, including the City Centre. It comprises 25 key public, private, voluntary and community sector representatives on the Liverpool First Board and the Liverpool Partnership Group (LPG). The LSP's role is to agree an overall Vision and Strategy, set priorities, and monitor and review their implementation. A Cityfocus Board was formed as a sub-group of the Liverpool Partnership Group to oversee the management and delivery of the City Centre SRB6 scheme, and the European Objective One Strategic Investment Area (SIA) City Centre programme. Figure 3-4 outlines the LSP structure in Liverpool and its links to LV. Ensuring closer and more effective synergy across the mileu of City Centre initiatives is something that LV could usefully lead on.

3.21 The LV Chairman is a member of the Liverpool First Board and the LV Chief Executive sits on the LPG and Chairs the Environment sub-group as well as being represented on the Cityfocus Board. So, the connections and networks are there to provide the potential for integration of the different City Centre initiatives but there was not a lot of evidence from our evaluation of such integration in practice.

Figure 3-4: Local Strategic Partnership Structure and links to LV<sup>26</sup>



## LV structure

3.22 LV is a not-for-profit company limited by guarantee. Its Board comprises 13 individuals from the public and private sectors and it has a specialised internal team working across the planning, design, programme management and development domains.

3.23 The first LV Business Plan identified an initial organisation structure for the Company and another to which it was expected to migrate as it became operational in implementation of the SRF. In summary:

- Both organisation structures had a City Centre Development Team which comprised the City Council team responsible (pre-LV) for the City Centre. These staff were accommodated alongside LV but were not (and are still not) formally seconded to LV. Four of the nine posts in the Team were transferred back to the Council because they dealt with the Council's interests in City Centre property and were not under LV's management control. This reduced confusion to the outside world and simplified internal management arrangements. The remaining members of the City Centre Development Team are now fully integrated in the management arrangements for LV and report within the Company
- The Paradise Street Development Area (PSDA) team was co-located with LV to facilitate integration of the retail development process with the wider City Centre Programme. The PSDA team were (and are) LCC employees and were never (nor were they intended) to

<sup>26</sup> LPG graphic sourced from LV

be under the management structure of LV. The PSDA team returned to LCC accommodation in 2004 as the PSDA scheme went into delivery mode

- The Lighting Strategy Project Manager was a City Council employee undertaking work relating to activities established before the creation of LV. He returned to LCC in 2001 and has not been replaced
- The main structural elements of the organisation proposed at the outset for operational purposes – Planning/Design, Development and Programme Management - were retained and are reflected in the current organisational structure for the company. What has changed is the level of resources employed within the company and how these resources are allocated under each of the key elements. Another key change is the reduced reliance on consultancy support located within the company to carry out programme management.

3.24 The current structure provides for flexible allocation of some ‘City Centre Development Team’ staff between the Development and Planning/Design teams as the need arises. The importance of the Waterfront Priority and the level of works dictates a special ‘team’ comprising a part time Senior Project Manager, Project Manager and a Public Sector Manager for the Mann Island project funded directly by NWDA and located with LV (but not on the LV complement). The original holder of the Director of Planning/Design post resigned in 2003. The view was taken then that it would be difficult to replace his expertise and to find an alternative way to introduce a design resource to the City Centre and to make it more accessible to developers, community groups etc. Earlier this year that was achieved through the establishment of a CABA officer post located in RENEW, Liverpool.

### **Robustness of the LV vehicle**

3.25 Overall, the view of the evaluators is that the LV vehicle has been robust in delivering the URC model in Liverpool especially with regard to the formulation of the SRF at the outset and in its implementation through project developments. However, LV seems to have struggled throughout its existence so far to offer clarity with regard to its distinct strategic role and responsibilities vis-à-vis partners in the regeneration of the City Centre and to be as committed to strategic integration as it has to the co-ordination of project development. These and some other issues were raised in the study team’s consultations for this evaluation – as summarised in the following paragraphs.

### **Objectives**

3.26 LV needs to revisit and clarify its own objectives and also to update the SRF so that it reflects the changes that have taken place in the City Centre since its inception. The evaluators think that the emphasis of the LV programme now needs to shift away from retail, residential and

the public realm. The focus should now be on creating genuine high quality employment opportunities that will underpin any future City Centre economic growth.

- 3.27 Currently, much of the City Centre Programme is development-led and we believe that the long-term sustainability of the City Centre regeneration process will be undermined unless new demand is generated, from private sources as well as from the public sector. Although the provision of some high quality space is an essential step in stimulating demand, future private sector investment flows into the City Centre will ultimately be determined by the scale and nature of demand.
- 3.28 This point was reinforced by consultees who called for LV to shift the focus of its activities post 2005/06 to securing high value employment in the City Centre by attracting new tenants (as opposed to relocations from other parts of the City) to the Commercial District, generating new demand for commercial office space, supporting entrepreneurship activities to raise indigenous business formation rates (complementing activities at Liverpool Science Park) and by ensuring that the City Centre has high quality Grade A commercial office space (with large floor-plates) and a wider business offer that is competitive on the international stage. LV has initiated discussions with The Mersey Partnership and Business Liverpool to explore how marketing, inward investment and business support activities can be enhanced in order to attract high value-add employment and to create a sustainable City Centre economy.

### ***Leadership and management***

- 3.29 Generally, consultees were impressed with the calibre, skills set and professionalism of the LV team, praising the Chief Executive, Senior Development Manager and Programme Director in particular. However, the reliance of the Company on key individuals at senior level was noted as a concern because there were no formal arrangements in place with respect to partners' roles that would survive their departure.
- 3.30 The evaluators have mixed views about the performance of the LV Board. The prestige of the Board, evidenced by the individual status of Board members, can be seen as a strong positive commitment to LV, underlining the seriousness of the City's commitment to change. But, members of the study team think that more active use could be made of Board members in brokering deals with the public and private sectors and in using the Board as a mechanism for raising the profile of the City Centre amongst business leaders and for securing new private sector investment.

### ***Operations and partnership working***

- 3.31 Despite LV's limited direct powers, we think the URC has established effective and constructive relationships with key agencies involved in the regeneration of the City Centre

and has secured a high level of support for the SRF amongst the public sector and with private sector developers (especially around key sites).

- 3.32 Consultees recalled some tensions between partners but saw this as a natural and inevitable consequence of LV's role in constructively challenging the intentions and actions of partners. However, it was also a function of the lack of clarity about respective strategic roles to which reference has already been made. The evaluators think that, with respect to project development, the allocation of roles has been done on a pragmatic and ad hoc basis and that this has generally worked well.
- 3.33 The relationships between LV and its three partners were seen as being very different. The relationship between LCC and LV was described by most consultees as being one of 'constructive tension'. That with the NWDA was seen as somewhat at arm's length. And the relationship with English Partnerships was described as being particularly close partly because it was very project focused and partly because of the background of the Chief Executive in EP.
- 3.34 The evaluators think that LV has brought a much needed private sector discipline and credibility to the City Centre regeneration process along with a far greater commercial awareness. This helped to remove some of the procrastination and 'endless reconfiguration' that often characterised previous regeneration efforts involving a number of public sector partners. It provided an effective risk management capacity and a focus on outcomes rather than process.
- 3.35 The positive effect that LV is having on partnership working in general across the City and capacity building amongst key partners since 1999 was highlighted and praised by consultees. It was claimed that, when LV was first established, many local partners had insufficient capacity and resources to successfully regenerate the City Centre, despite the fact that some organisations at that time, such as Liverpool City Council, had already recognised the need to transform the way in which they operated and were starting to implement a change process. One developer stated that it had been difficult for the private sector to take forward or bring forward proposals in the City Centre prior to the creation of LV as there was no coherent policy framework to respond to. The SRF had been a symbol of public commitment, as well as providing an aspirational statement and framework, and this provided confidence to partners, which was reinforced by LV's clear focus on achieving development, and its style of working.

## 4 LV activities and added value

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### Introduction

- 4.1 The evaluators have discussed the objectives, structure and operations of LV so far in general terms and have suggested that it has been a robust vehicle for the regeneration of the City Centre especially with regard to project development. In this section of the report, the focus shifts towards the added value that has been provided by the vehicle through the activities it has undertaken. The latter are broadly described in two categories – the preparation of the SRF (in the first eighteen months of the life of LV) and LV’s implementation of the Framework. The evaluators then assess the added value provided by these activities.

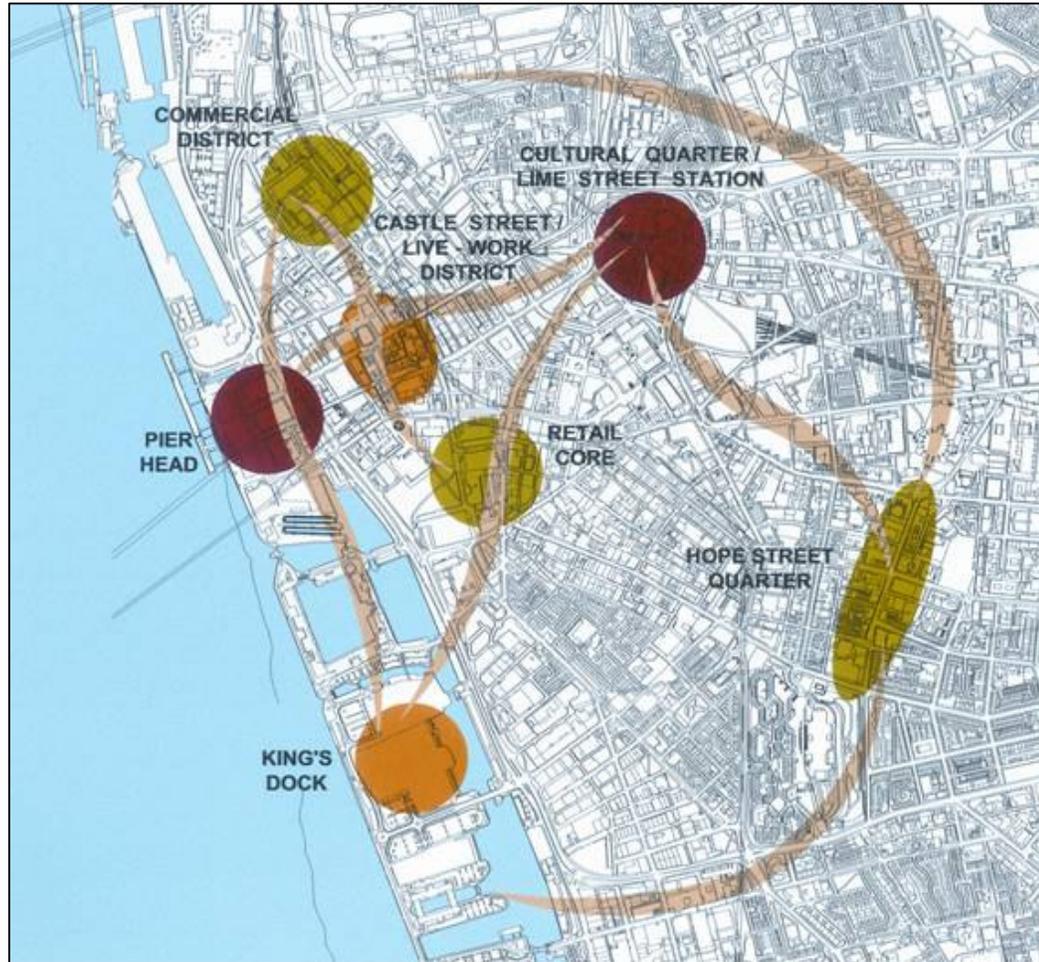
### LV activities

#### *Preparation of the Strategic Regeneration Framework*

- 4.2 In its first eighteen months, the principal focus for LV was the development of the SRF for the City Centre, which was completed and launched in July 2000. Six major consultancies were invited to submit expressions of interest in September 1999 to develop the SRF. Each firm was provided with an outline of the key issues facing the City Centre and then formally invited to respond. The LV Board made a final decision to appoint Skidmore Owings and Merrill (SOM) at a full Board meeting in December 1999. The consortium of consultants included SOM, Gillespies, MVA, EC Harris, Jones Lang Lasalle, and Sir Bob Scott as a strategic advisor.
- 4.3 Extensive consultation was carried out during January and February 2000 with over 50 key partners and stakeholders to identify the emerging needs and opportunities for the City Centre. This fed into the development of an outline strategy, which was presented to the LV Board in February 2000. Over the next two months, the strategic framework was developed further and different elements and ideas were refined. A draft SRF document was then put forward for extensive public consultation around the City through a public engagement programme before being finalised and published in July 2000.

4.4 The spatial focus of the SRF is presented in Figure 4-1.

Figure 4-1: Seven Action Areas of the SRF



4.5 It should be emphasised that the spatial focus was not determined with a hard and fast boundary – it was designed to provide a focus for activity whose benefits could extend to wider areas.

4.6 The overall aim of the SRF was to establish Liverpool as a world-class city for the 21<sup>st</sup> Century. It was designed to be a flexible framework for action – rather than a strategic Masterplan - to serve the strategic objectives set out in Figure 4-2.

Figure 4-2: Strategic objectives of the SRF

<p><b>Environment</b></p> <ul style="list-style-type: none"><li>• Create a high quality safe urban environment, that's attractive to investors, employers, residents and visitors generating a sense of pride in the City</li><li>• Build upon the City Centre's rich historic character through complementary and contemporary design initiatives</li><li>• Identify public attractions that complement existing facilities and establish Liverpool as a world class visitor destination</li><li>• Create a sustainable and vibrant City Centre that supports a quality lifestyle attractive to inward investors and potential future residents</li><li>• Create quality strategic gateways into the City Centre, making it a welcoming experience.</li></ul> <p><b>Economy</b></p> <ul style="list-style-type: none"><li>• Establish a 21<sup>st</sup> Century economy able to compete with other European cities, creating new job prospects for the people of Liverpool</li><li>• Set a benchmark for the next generation of international City Centre development</li><li>• Reposition the City Centre as a premier regional shopping destination</li><li>• Attract and retain young people by providing learning opportunities and competitive career prospects.</li></ul> <p><b>Equity</b></p> <ul style="list-style-type: none"><li>• Establish inclusive communities and a skilled and adaptable workforce able to contribute to and share the benefits of sustainable economic growth.</li></ul> <p><b>Strategic promotion and delivery</b></p> <ul style="list-style-type: none"><li>• Confirm the identity of Liverpool as a premier European City</li><li>• Create an effective and efficient way of delivering the Vision.</li></ul>
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4.7 The twelve strategic objectives were framed within the SRF by seven designated Action Areas and six Supporting Themes, which are presented in Figure 4.3. These additional features of the SRF were identified to provide a focus for the deliverability of the framework to achieve the overall vision of regenerating the City Centre.

4.8 The Action Areas were developed specifically to:

- *'Concentrate related activity and lever higher returns from publicly supported projects'*
- *'Enable the City authorities to create a co-ordinated approach to project delivery'*
- *'Provide the ability to sequence the preferred interventions to generate the optimum regeneration and economic benefit to the City.'*<sup>27</sup>

4.9 The Supporting Themes (see Figure 4-3) were designed to cover the entire City Centre, to help bring the Action Areas together and to develop synergies. In other words, they were designed to cross-cut the SRF and to help ensure integration and linkage within and across the Action Areas. According to the SRF document, the Supporting Themes ranged *'from actual*

<sup>27</sup> SRF document (July 2000)

physical connections as outlined in connectivity, to economic strategy as described in business development'. The SRF describes in detail the actions and opportunities that should be driven forward for each Action Area and Supporting Theme along with preliminary cost estimates. The evaluators feel that the seven Action Areas identified within the SRF are valid and appropriate. However, there is a strong argument for inclusion of an eighth Action Area around Liverpool University.<sup>28</sup> The University is one of the largest employers in the City Centre, it plays a major role in supporting the formation of new high quality businesses and the physical environment around the main campus is in need of improvement.

Figure 4-3: SRF Action Areas and Supporting Themes<sup>29</sup>

Action Areas	Supporting Themes
<ul style="list-style-type: none"> <li>• Castle Street / Live-Work District</li> <li>• Commercial District (Business Exchange)</li> <li>• Cultural Quarter / Lime Street Station</li> <li>• Hope Street Quarter</li> <li>• Kings Dock</li> <li>• Retail Core</li> <li>• The Pier Head.</li> </ul>	<ul style="list-style-type: none"> <li>• Business Development</li> <li>• Community Engagement</li> <li>• European Capital of Culture</li> <li>• Movement</li> <li>• Public Realm</li> <li>• Reinforcing City Communities.</li> </ul>

4.10 In addition to the SRF Objectives, Action Areas and Supporting Themes described above, LV later identified six Core Priorities through its business planning process:

- The Waterfront
- The Paradise Area Retail Development
- The Commercial District
- Movement / Transport and Public Realm
- The Lime Street Gateway
- Capital of Culture.

4.11 The definition of these Core Priorities enabled LV (and partners in the case of The Paradise Area Retail Development and Capital of Culture) to focus its resources effectively. It also facilitated the availability of an agreed funding programme with the NWDA and through the Objective One programme.

<sup>28</sup> In 2004 LV established a working group to explore development opportunities for the Brownlow Hill area of the City Centre and in-depth discussions have taken place between LV and the two City Centre universities

<sup>29</sup> LV (February 2005) Liverpool City Centre Performance Plan 2005/06, published by LV

- 4.12 Although the SRF was intended as a flexible strategic guide to the developments needed to regenerate the City Centre, it was specified sufficiently precisely in terms of the programmes and projects that would be required for the total cost of implementation to be estimated at £1.5 billion over the period 2000 – 2010,<sup>30</sup> of which £500 million was anticipated to be forthcoming from the public sector.
- 4.13 The range of SRF objectives was extremely diverse and, for each of them, there was an appropriate and often different mix of lead and supporting partners. So for example, Liverpool Learning Partnership was to work with Liverpool Strategic Employment Partnership to establish a skilled and adaptable workforce; Merseyside Police, Liverpool City Council and the City Safe Partnership were to join forces to create a safe environment; and Business Liverpool, LV, Liverpool City Council and The Mersey Partnership were to work in partnership to establish a successful and sustainable City Centre economy.
- 4.14 The specific objectives on which LV was to focus concerned those to do with creating a high quality City Centre environment, building on the centre's historic character, creating a vibrant and attractive centre and establishing a successful and sustainable City Centre economy. The priorities for LV within the overall strategic context of the SRF were to initiate and/or co-ordinate the design and development of programmes and projects, primarily in land and property markets, with a budget allocation agreed with funding partners (LCC, Local Transport Plan, NWDA, Objective One and EP) to address the following Core Priorities:<sup>31</sup>
- **The Waterfront** – includes the development of world-class conferencing and arena facilities
  - **The Commercial District** – aims to improve the quality and quantity of new office space across the City Centre
  - **Movement / Transport and the Public Realm** – to create a world-class environment and public realm in preparation for the European Capital of Culture. Developments under this Core Priority Area are based upon the City Centre Movement Strategy produced by LV and its partners
  - **The Lime Street Gateway** – to rejuvenate Lime Street as the key gateway into the City Centre for business visitors, investors, tourists, and commuters.

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<sup>30</sup> The SRF identifies 2008 as a medium-term target but suggests that by 2010 the Vision for the City Centre will have been realised

<sup>31</sup> The Paradise Retail Expansion and Capital of Culture Core Priorities are not included within the City Centre Programme as they were not funded through it

4.15 In addition to these Core Priorities, LV established the concept of a City Centre Programme, which was presented in the LV Performance Plan 2005/06. This can be defined as the public funding programme (i.e. from EP, NWDA, Objective One, LCC and Local Transport Plan) over which LV and its partners have most control. The Paradise Street Retail Development and Capital of Culture Core Priorities are not included within the City Centre Programme because they are not funded through it. In addition, other Public Sector supported interventions that LV does not directly control, such as activity under the equity and economy themes, are not contained within the City Centre Programme and related spend and outputs are not captured by LV. The Programme also includes a number of smaller ‘Momentum Projects’, many of which were initiated prior to the creation of LV.

### ***Observations on the SRF***

4.16 There are some aspects of the SRF on which the evaluators would like to pass comment:

- First, it is a framework rather than a masterplan. This was a sensible step before setting in train the preparation of detailed implementation plans. The strategic framework stated a sense of direction and a process for following it rather than a critical path towards some well-defined end point. The goal was the regeneration of the City Centre but the Framework acknowledged that there needed to be flexibility in the route by which it would be achieved. The study team thinks this was helpful in rapidly engaging partner and stakeholder commitment
- Second, the framework did not have a well-defined spatial boundary. The evaluators think this was entirely appropriate for the kind of model represented by LV in which the boundaries of its sphere of influence may need to be drawn differently depending on the configuration of needs and opportunities. For example, the spatial area of development opportunity (e.g. the clearance of a derelict site) could be supplemented with programmes that spiral out to reach areas of social deprivation. So, the spatial boundaries for the Framework are more likely to have soft verges (rather than cliff edges) if they are adequately to link need and opportunity
- Third, the SRF has a large number of objectives and these are supplemented by action areas and supporting themes. This is likely to have been confusing to partners and stakeholders. The evaluators think that this ought to be addressed in any revision to the SRF through its simplification and streamlining
- Fourth, the framework is based on partnership working and task partitioning (i.e. development and delivery of the Framework can be broken down into component parts allocated to lead partners). The evaluators suggest this is a good approach for managing the risks associated with a programme as ambitious as regenerating the City Centre. However, for this approach to be effective, it is essential that the contribution of each task

to the strategic direction is agreed and well understood between the partners. It also requires that review points are written into the approach so that the outcome of each task can be assessed and linked to the outcome from other tasks. The evaluators are not convinced that this has happened

- Finally, there was added value in LV managing and co-ordinating the development of the SRF. LV was seen as providing an independent and targeted City Centre resource, with no axe to grind of its own other than the successful regeneration of the City Centre.

#### ***LV activities in pursuit of the SRF***

4.17 After the development of the City Centre baseline, publication of the SRF document and completion of the community engagement programme (more than 400 people registered for the initial round of consultation involving an extensive eight week period of events) LV moved into the implementation phase.

4.18 LV produced the City Centre Implementation Plan in August 2001. The document outlined a programme of activities for the next five years that would achieve against the Vision and Strategic Objectives presented in the SRF. In particular the Implementation Plan addressed:

- The role of LV and the framework in which it operates
- The key Action Areas for the period 2001 – 2006
- The costs of the projects and the anticipated route for securing the requisite funding
- The skills and financial resources required to manage the delivery process
- How LV would review progress and monitor success.

4.19 The Implementation Plan mapped out a phased approach (with identified targets) leading to the sustainable regeneration of the City Centre:

- Phase 1 (2001 – 2003) would result in action being taken to build confidence with stakeholders, including potential investors and the public
- Phase 2 (2004 – 2006) would encompass the delivery of major schemes designed to re-establish the target markets and to generate demand
- Phase 3 (2007 onwards) would focus on maintaining the impetus and the enhanced market conditions across the City Centre.

4.20 The detailed process of prioritising and sequencing activities included in the Implementation Plan was co-ordinated by a team comprising representatives from LCC, Merseytravel,

NWDA, GONW, LV, GVA Grimley, EC Harris and the Liverpool Ropewalks Partnership. This led to the development of a series of draft implementation plans during April and July 2001. A further round of discussions and consultation was carried out before the final Implementation Plan was produced.

- 4.21 The key projects in which LV exercised its influence are provided in Figures 4-4 to 4-8 for each Core Priority Area (Paradise Area Retail Development will not be supported directly through the City Centre Programme over the next three years). Some of the main cross-cutting LV activities are introduced under the ‘Momentum Projects’ and ‘Communications’ headings. The summaries draw on information provided in LV’s Business Plans (2002, and 2004/05-2006/07), LV Annual Report (2004), and the Liverpool City Centre Performance Plan (2005/06). They do not seek to review all the projects but rather to provide a flavour of recent key activities of LV – activities that, the evaluators consider, are most likely to make a difference to the conditions of Liverpool City Centre.<sup>32</sup>

Figure 4-4: Waterfront

<ul style="list-style-type: none"><li>• Key projects under this Core Priority Area include the following:<ul style="list-style-type: none"><li>✓ <b>Kings Waterfront.</b> This 14 hectare site has been chosen as the location for a 9,400 seat arena and state of the art conference and exhibition complex, which will include an extensive range of new public spaces, shops, offices, hotels, restaurants and residential apartments. To date, architects have been appointed, plans have been subject to public consultation, and the necessary planning and funding approvals are secured. Infrastructure works have started on site and the main construction contract has been let</li><li>✓ <b>Cruise Liner Facility.</b> This project proposes to construct a new Cruise Liner Facility in preparation for large cruise liners that are scheduled to return to the City over the next few years. To date, planning permission, Harbour Revision Order and DTI Port approval have been secured, in addition to £17.5m of NWDA/Objective 1 funding. Construction is due to commence in 2006</li><li>✓ In July 2004, a decision was taken by public sector partners to terminate the <b>Fourth Grace</b> project as a result of rising costs, which had <i>‘forced fundamental changes to the character of the scheme undermining its core function as a new public destination and catalyst for the re-animation of the waterfront’</i><sup>33</sup>. Revised proposals for a mixed use scheme supporting a major visitor attraction (Museum of Liverpool) are well advanced. The City Council has approved a Planning and Development Brief for the site, planning applications have been submitted for the Museum, the extension of the Leeds – Liverpool canal link and a development partner is progressing with the detailed design of the mixed-use scheme.</li></ul></li></ul>
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<sup>32</sup> More information on many of the projects listed here can be found in Annex A

<sup>33</sup> LV (2004) *Annual Review*, published by LV

Figure 4-5: Paradise Area Retail Development

- LV rightly sees that a strong retail offer and a return of Liverpool to the top of the retail league is an essential element in the regeneration of the City Centre – allowing Liverpool City Centre to play its full role in the future growth and development of the City Region., Major retail-led projects in the City Centre include:
  - ✓ **Paradise Street Development Area Scheme.** This scheme is not directly supported through the City Centre Programme. It aims to re-establish Liverpool's position as a premier European city and a leading retail destination through the provision of 38,000m<sup>2</sup> of new leisure facilities, 125,000m<sup>2</sup> of new shops and 28,000m<sup>2</sup> of major residential developments. Construction of this £850m development commenced in November 2004
  - ✓ **Met Quarter Scheme.** Construction has also commenced on developing 147,000ft<sup>2</sup> of retail space at the Met Quarter on the Old Head Post Office site in Whitechapel, at a cost of approximately £70 million. This development aims to open in late 2005, and has already secured prestigious pre-lets to Armani and Flannels.

Figure 4-6: Commercial District

- A key aim for Liverpool City Centre is to improve the quality and quantity of new office space through expanding the supply of modern, flexible, high quality offices to accommodate the growth needs of existing businesses and attract new business to the City Centre. Key projects undertaken in the Commercial District are:
  - ✓ **101 Old Hall Street.** During 2004/05 the 101 Old Hall Street development was completed. This development has created 140,000 sq ft of new office space which has since provided accommodation for businesses such as Unisys Insurance Services and the UK Passport Agency. A gap funding grant of £3.8m has been clawed back as a result of these lettings
  - ✓ **City Square.** Under a joint venture between Scarborough and Shepherd Construction, approximately 145,000 sq ft of new office space has been developed, 100,000 sq ft of this has been let to the Lord Chancellor's Office and the remaining space is under offer. The significant pre-let to the Lord Chancellor's Office has resulted in an agreed gap grant of £5.6m (50% ERDF, 50% NWDA) not being used
  - ✓ **Unity scheme.** This development on Chapel St consists of a 30 storey residential tower, with 150,000 sq ft of new office space. The developers are hoping to let at £20 per sq ft
  - ✓ **St Paul's Square.** Planning permission and funding from the English Cities Fund have been secured for a 350,000 sq ft commercial development at St. Paul's Square. This represents the first phase of the Commercial Quarter masterplan centred on Old Hall Street and the land to the rear of Mercury Court
  - ✓ **Pall Mall.** The next phases of the Commercial Quarter masterplan are proposed for a 6 hectare site of the former Pall Mall railway station lands to the rear of Mercury Court. The site is currently in use as a NCP car park. The site could accommodate over 1million sq ft of offices as well as residential apartments. A development brief has been issued seeking a development partner for a 1.8 hectare site and this is progressing through the masterplan, Supplementary Planning Document and ongoing engagement with the landowners.

Figure 4-7: Movement/Transport/Public Realm

<ul style="list-style-type: none"><li>• LV and its partners have developed a City Centre Movement Strategy to shape a £73 million investment programme across the City Centre. The first phase of this programme concentrated on three developments in <b>Williamson Square, Cavern Quarter and Covent Garden</b> which aimed to create a world-class environment and public realm in preparation for the European Capital of Culture year in 2008. These projects were successfully completed in November 2004. Since then, work has commenced on two major highway projects on <b>Hunter Street / Byrom Street</b>, and on <b>Renshaw Street / Berry Street</b> as part of work to re-route through traffic away from the City Centre.</li></ul>
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Figure 4-8: Lime Street Gateway

<ul style="list-style-type: none"><li>• <b>Lime Street Station</b> is a key gateway into Liverpool City Centre for business visitors, investors, tourists and commuters, although the physical and environmental quality of this area is currently poor. LV has recognised the potential scope of the Lime Street Gateway development in transforming initial perceptions of the City Centre and establishing its function as a key transport interchange. To date, the Concourse Tower and shops in front of the station have been successfully acquired by English Partnerships with a view to demolish the Concourse itself and to reveal the original stone façade to the station. The project will also involve extensive re-design of the public realm in the area including development of a new public space with a seating area. Iliad have been appointed as the Development Partner for the mixed use scheme and planning permission has been secured.</li></ul>
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### *Momentum Projects*

4.22 Momentum Projects within the City Centre Programme include a mixture of relatively small projects that were either inherited by LV (they were initiated prior to the creation of LV such as the schemes for the Ropewalks area) or have been developed since by LV, but fall outside of the SRF Action Areas. Examples include:

- Environmental Improvement Programme schemes have been completed at St. Georges Square and St. James Gardens, and work has commenced at the sites of Berkley Square and Upper Duke Street
- The Architectural Lighting Programme is a £1.3 million programme which aims to establish Liverpool as the UK's City of Light. By 2004/05, some 29 historic landmarks and buildings had been illuminated as part of the City Centre lighting programme
- A £2 million development to improve the Hope Street public realm has been approved and is now on site. This follows extensive consultation with local residents, businesses and community organisations
- A £12 million investment by Scottish Power to upgrade the power infrastructure across the City Centre has been confirmed
- The Buddleia development will refurbish a former warehouse in the Baltic Triangle which will provide 4,000 sq. m. (42,800 sq. ft) of workshops, and arts/cultural and

voluntary accommodation specifically for Black and other Minority Ethnic groups across the City Centre. To date, planning and listed building consent has been agreed but no funding has been approved as the project is still being appraised.

### *Communications*

4.23 LV's communications activities aim to promote the strategy for the City Centre and the role of the Company, engage the community and relevant stakeholders, and promote the City Centre as an investment location. Communications activities are a joint effort with The Mersey Partnership, Business Liverpool and the private sector. Key activities undertaken to date include:

- **The City Centre Strategy and the role of LV.** LV has played an active role in the production of 'City Centre' supplements to the 'Your City' magazine and a second Annual Review for the Company, both have which have been distributed appropriately across the City. LV has recently taken a more pro-active approach to media relations in appointing Spin Media, a PR consultant
- **Community engagement.** LV has presented major public exhibitions on the proposals for Kings Waterfront, Lime Street Gateway and the Commercial Quarter, which has successfully contributed to securing planning permission. The company has also held workshops on development activity through its Community Engagement Group
- **Promoting and marketing the City Centre.** LV initiated the 'Liverpool – Business in the Capital' publication, which was launched in September 2004, and played a key role in the promotion of Liverpool at the Expo Real Property event in Munich (October 2004). The most recent edition of the magazine was published in the Summer 2005.

### *LV's added value in action*

4.24 There are two sources of evidence on the added value of LV that have been drawn on in the evaluation – from general perceptions of city stakeholders about the role of LV and from the specific perceptions of those who were engaged as partners in the six case-studies reported in more detail in Annex A.

### *General perceptions of LV's added value*

4.25 There was considerable support for the SRF developed by LV which was given credit for playing the key role in securing support and commitment from partners to the SRF when it was first published. Consultees across the board agreed that the company could have done more to promote the twelve SRF goals, to update these over time, to demonstrate its ownership of the SRF document and to assign formal responsibility to partners for delivery

and monitoring against specific goals. It was argued, for example, that LV needed to strengthen its strategic clarity and communications to complement its existing strengths in ‘clout and connections’ in order to more effectively demonstrate its guardianship and promotion of the SRF. However, partner agencies must also take some responsibility for failing to communicate a clear strategic purpose and set of priorities that map directly on to the SRF goals. Effective partnerships cannot function properly internally, or attract external support, if it is necessary to read between the lines of strategy and planning documents.

- 4.26 In general, consultees considered that LV has made a substantial difference to the physical fabric of the City Centre landscape and that much has been achieved that would not have otherwise come to fruition – or would have taken much longer to achieve and without the emphasis that LV places on high quality developments. In particular, LV has successfully influenced the strategic decision making policies of partners and lobbied for additional funding to be allocated to projects within the City Centre (NWDA, English Partnerships and GONW). Consultees from both the public and private sectors, argued strongly that there had been clear benefits of having LV as a mechanism for change in the City Centre during 1999 to 2005.

#### ***Case studies of LV added value***

- 4.27 The evidence from the case studies, during which partners were quizzed in depth about the influence of LV on their behaviour and performance, was the major source on which the evaluators base their assessment of the additionality of LV influence with respect both to specific project development and to the contribution that LV made to the way partners behaved and operated. Figure 4-9 provides a summary of the contribution of LV on these two counts. The summary is presented as a set of scores (in the range of 1 to 5 to represent, respectively, weak and strong effects from LV influence) based on the judgements of the case study evaluators whose assessments are provided in more detail in Figures 4.10 to 4.15. The case studies are presented in full in Annex A of this report.

Figure 4-9: Selected case studies – project additionality and capacity building scores

	Public Realm & Movement	Cruise Liner Terminal	Commercial District	Scottish Power	Kings Dock	Rope Walks SPD	Total across the case studies
	Project additionality and capacity building were scored at 0 for no effect, 1 for minimal effect up to 5 for major effect from LV involvement.						
<b>Project Additionality</b>							
Scale	3	1	3	0	3	0	<b>10</b>
Timing	4	2	3	3	4	1	<b>17</b>
Quality	4	1	3	0	4	2	<b>14</b>
Leakage – specific area/group	0	1	1	0	3	1	<b>6</b>
Displacement	0	1	1	0	3	1	<b>6</b>
<b>Total additionality Score</b>	<b>11</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>1</b>	
The 'total additionality score' is the sum of scores for scale, timing and quality, minus scores for leakage and displacement.							
<b>Capacity Building</b>							
Internal capacity	1	1	2	0	4	3	<b>11</b>
Cooperation & integration	3	2	3	4	4	3	<b>19</b>
Co-ordination of funding streams	4	3	2	0	4	0	<b>12</b>
Marketing	2	3	2	0	2	0	<b>9</b>
<b>Total Capacity Building</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>4</b>	<b>14</b>	<b>6</b>	
<p>Note: The aggregate score of 17 across all case studies for timing additionality, therefore, suggests that LV's influence was primarily in accelerating project development. The low scores on leakage and displacement indicate that these were not major features of the projects in which LV was involved. The high aggregate score on co-operation and integration suggests that LV's influence on partner behaviour and operations across the projects was to ensure that the projects were initiated and delivered with a greater degree of co-ordination between relevant partners than otherwise would have been the case.</p>							

### *Project Additionality*

- 4.28 On the evidence of the case studies, the strongest additionality effects were in terms of timing and, to a lesser extent, quality and scale. There was no evidence that investments were made because of LV influence that would not otherwise have been made in the City Centre at some time and/or in some form or another. However, by the same token, there was only one case where it was suggested that the investments had significantly displaced other activity. There was also little evidence of adverse leakage effects out of the City Centre and Liverpool.
- 4.29 So, overall, the evidence of the case studies was that net additionality from LV's influence was generally positive and primarily in accelerating project development and delivery at higher levels of quality and at a larger scale. This was particularly so with regard to the investments in the Public Realm/Movement and the Commercial District where scale, timing and quality additionality was assessed to be high and leakage and displacement effects non-

existent or low. LV's significant contribution to the Kings Dock project is reflected in the scheme's high scores for scale, timing and quality. However, the project also scores highly in terms of leakage and displacement effects.

### *Capacity Building*

- 4.30 The other aspect of LV influence that emerged from the case studies was its contribution to enhancing the capacity of partners to design, develop and deliver projects (e.g. through the provision of information about needs and opportunities), increase co-operation and integration between partners, improve the co-ordination of funding streams and improve the marketing and promotion of the developments that were proposed and/or put in place. The assessment from the case studies was that LV has played a significant role in improving co-operation and integration between partners and has contributed significantly in some cases (such as Kings Dock) but less in others to the co-ordination of funding streams (particularly in the case of public realm/movement investments) and has made more modest contributions in enhancing capacity and marketing.

Figure 4-10: Public Realm and Movement – evidence of additionality

LV has had a significant influence on the level and co-ordination of funding for this initiative. Although the City Centre Movement Strategy within the Local Transport Plan was already in existence, and LTP resources were available to support it, the SRF and the Public Realm Implementation Framework provided an impetus to explicitly link public realm and movement into the economic regeneration of the City Centre. It is likely that in the absence of the SRF, LTP resources would have been spent on public realm and movement activity, but the activities would probably have had to be delivered to a lower quality and over a longer period of time. It is also likely that in the absence of the SRF there would have been less co-ordination of the strategy in terms of explicitly targeting public realm improvements in areas of expected development activity.

Figure 4-11: Cruise Liner Terminal – evidence of additionality

LV's influence on the Cruise Liner Terminal project was principally through the SRF and its role in providing a basis for the prioritisation of funds by NWDA and Objective 1. The cruise liner terminal project was not a new one – it had been promoted by Mersey Docks & Harbour Company some time before, but was knocked back on State Aid and Port Competition grounds due to it being promoted by a private sector operator. In order to be taken forward, the project therefore needed strong public sector backing, and that required a clear strategic role and strong backing by key stakeholders. The project proposal was picked up again during the SRF process, and became embedded in the Waterfront Investment Strategy.

This strategic impetus gave the project a stronger justification for funding approvals and the evaluators judge it is likely to have brought the project significantly forward in time. In the absence of the URC, and of the SRF, it is difficult to imagine a situation where a project of this kind would have been seen as a sufficient priority given Liverpool's many other regeneration needs. LV's involvement in the practical development and appraisal of this project was more limited, although it is credited with acting as a good signpost for enquiries by parties interested in the project, co-ordinating community engagement activities and for marketing the project at exhibitions and events.

Figure 4-12: Commercial District – evidence of additionality

Given that NWDA and Liverpool City Council had CPO powers and could gap-fill development schemes through grants, the first schemes might have been achieved without LV. Nevertheless, LV played a significant part in establishing the Commercial District Strategy (with GVA Grimley in 2001), in promoting the use of public funding to achieve part (101 Old Hall St) or whole developments (St Paul's Square and Unity), in identifying the St Paul's area as a strategic opportunity, promoting the interest of ECF and driving the public sector element of the scheme. LV also negotiated the final agreed form, and early successful lets were used, first to generate the confidence to start the St Paul's Sq development, then to accelerate the timing for phase 2. The evaluators judge that early lettings of commercial/office space, albeit mainly to the public sector, have also been instrumental in building confidence for the planning, and first stage development, of the long-term Commercial Quarter scheme (behind Mercury Court). There has therefore been significant impact in terms of **scale and timing**: enhanced confidence has also made it easier to realise **quality**.

In terms of process factors – **capacity, cooperation/integration, co-ordination and marketing** – the evaluators believe that there has been a distinct contribution, but that this must be qualified by the scale and context within which LV operates, as a facilitator rather than a direct delivery agent. With regard to the Commercial District, LV has been able to focus and coordinate efforts. Key individuals have been seconded in, and experience gained which should be shared by – and ultimately transferred back to – partner organisations, but in the short term, an inevitable effect is that partners' roles become more restricted and the capacity under their direct control is somewhat reduced.

LV has been able to work in a way which is generally seen – by developers as well as partners – as leading to a more **integrated** approach: funding streams and deliverable development propositions could have been brought together without LV, but partners' efforts would inevitably have been spread across other objectives and activities, and the impact would have been reduced. **Co-operation** already existed, but, through LV, it became focused on delivery in line with the agreed Development Framework. Looking forward, there is still a question as to whether promotion and **marketing** is sufficiently well-organised to enable the ambitious aims for the Commercial District to be realised; this should be considered as a matter of urgency by all those organisations involved.

The evaluators concluded that **leakage and displacement** have both been low: the benefits are focused on the physical built form, income generation and spending (commercial/business services and leisure) that make for a more economically viable City Centre. The additionality is limited to date – only the first buildings have been completed, and these are for the most part occupied by organisations that were already operating in Liverpool centre. But their retention has provided a plausible basis for further marketing and development, and we found no evidence that bringing forward the Commercial District had displaced development that would have otherwise have taken place elsewhere in the City or sub-region. In some cases, central Manchester might have been the alternative.

Figure 4-13: Scottish Power – evidence of additionality

This case study demonstrates the contribution that LV has made without significant investment of funds to improve the co-ordination mechanisms between partners, to enhance mutual understanding of their respective decision-making processes and the information/knowledge that drives them and to prompt consideration of ways forward that might not otherwise have been contemplated. In this case, the result was an acceleration of investment in electricity supply capacity by maybe 1-2 years that secured regeneration developments in the City Centre that might otherwise have been jeopardised and might not have happened at all.

Figure 4-14: Kings Dock – evidence of additionality

**Scale:** Without LV seizing the initiative in 2003 and promoting an ambitious mixed-use scheme - incorporating both the major civic facilities alongside the supporting uses on adjoining sites – there is a strong view that a development of this nature would never have been achieved. A fall back development simply comprising a mix of residential (housing) and commercial premises was very much seen as the alternative – particularly by EP the landowner.

**Timing:** The way in which LV has driven forward the development of this project was seen as absolutely key in having brought the project forward within a relatively short time scale. Views have been expressed that without this highly structured and organised arrangement the project would have taken considerably longer to deliver – if at all.

**Quality:** LV have been proactive in promoting the development of an over-arching master plan for the Kings Dock area and ensuring that design and quality is at the forefront of all proposals. Their direct promotion of these objectives has been fundamental in achieving the high quality of the current scheme.

**Leakage – Specific area or group:** It is anticipated that there will be leakage outside the City Centre in terms of job and other opportunities. Most opportunities should be taken up within the City and other parts of the sub-region.

**Displacement:** Little displacement was anticipated with regard to the main civic facilities being provided within this development nor with the associated developments in offices, retailing, leisure provision and hotel accommodation. The main exception was residential development, where there is considerable new build housing going on elsewhere in the City Centre at the present time and new development on the Waterfront will certainly attract occupiers away from these other areas.

**Capacity:** There is no doubt that the capacity of the partners to this scheme was increased as a result of LV's activities. LV has been instrumental in bringing in experienced project / development professionals to drive forward the various elements of the project and this has in turn encouraged other partners to make similar appointments in order to support their inputs to the project.

**Co-operation and Integration:** The establishment of the network of contacts between the partners to specifically focus on this project has vastly improved co-operation and integration throughout the team. In particular, the creation of the Steering Group and the Working Group to specifically focus on key aspects of the scheme has proven exceptionally successful and has facilitated dialogue between senior decision makers within all of the partner organisations.

**Co-ordination of Funding Streams:** Clearly funding was already available within some partner organisations. Through the development of the Master Plan and the Business Plan however LV has successfully crystallized the funding requirements for the project and brokered commitments between the various parties to ensure that funds are available to meet the range and scale of costs now required. Further, LV produced the Waterfront Investment Programme to persuade the Objective One Programme to allocate funding to the scheme. The Objective One funding for Kings Dock is additional to the City Centre allocation under the City Centre SIA (Measure 21).

Figure 4-15: Ropewalks Supplementary Planning Document process – evidence of additionality

<p><b>Process:</b> LV's involvement in the preparation of the Ropewalks SPD does not lend itself to scoring on the criteria – as a process-led initiative (as opposed to one aiming to produce direct outputs or outcomes), benefits were focused on boosting the capacity of partners, and encouraging cooperation and integration between those involved.</p> <p>In terms of <b>capacity</b>, LV's actions helped to overcome the City Council Planning Department's limited resources to embark on SPD preparation. The Council now have greater expertise and confidence, and a useful template with which to undertake future work on SPDs in other parts of the City.</p> <p>LV successfully encouraged <b>co-operation</b> between a variety of partners, including the City Council, English Heritage, the Environment Agency, and local businesses and community representatives; regular meetings of the Steering Group were led by LV, who managed to bring together initially disparate approaches and arrive at a consensus from which to produce the final draft of the SPD document. LV developed good relations with those involved in the process, and gained their trust and support.</p> <p>The <b>quality</b> of the SPD draft is likely to have benefited from the leadership of LV, although this is hard to quantify. In the longer term, implementation of the SPD will lead to high quality and sympathetic development in Ropewalks, consistent with the strategic priorities of the SRF and the regeneration objectives of City Centre partners. Due to the clarity and detail of the SPD document, there is less likelihood of objections to planning applications in the Ropewalks area, and less leeway for the potentially inappropriate interpretation of planning requirements by developers.</p> <p>In terms of <b>timing</b>, additionality is hard to judge, not least because the development process is still underway. Nevertheless, some delays were experienced, due to a lack of clarity in the initial brief for consultants, and the production of many versions of the final draft. Although LV should not be held responsible for these problems, the score given above reflects their position as leaders of the process.</p> <p>Finally, due to the precise geographical definition of the SPD, and its specific focus on planning, there is no discernable <b>leakage</b> outside the target area of the project. Similarly, <b>displacement</b> is not an area of particular concern, with little evidence that the SPD has diverted City Council Planning Department resources away from other activities in the City.</p>
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### Concluding observations on LV activities and its added value

- 4.31 The evaluators conclude from the general and project specific feedback from consultees and the evidence of the case studies that LV's influence has been a strongly positive one, particularly with regard to the *acceleration* of the schedule of investments that LV encouraged. The case studies have been cautious in claiming full additionality from LV's involvement but, in some cases, it was evident that the slower pace of development without LV's involvement might have jeopardised some project developments altogether.
- 4.32 The evidence suggested that, as a result of LV activity, the *quality* of new developments taking place across the City Centre has radically improved. There was inevitably a down-side to this in that the process of injecting higher quality into the developments could involve longer gestation periods in bringing developments to fruition. For example, there was some evidence that LV's influence on planning procedures in the City Centre, such as the push for

the development of Supplementary Planning Documents for Ropewalks and other key areas, had led to some short-term delays.

- 4.33 Nevertheless, the evaluators are generally impressed with LV's contribution to the enhancement of the quality of developments. For example, developers involved in the Paradise Street Development Area project have signed up to use the same materials for all of their public realm works – *'LV has assisted by articulating good design principles and by being able to persuade partners to apply them'*. In addition, the evaluators think it likely that the quality improvements achieved through the public realm works are now beginning to filter through to other projects as developers are being challenged to produce similar standards.
- 4.34 A key message from the case studies and the consultations is that, as a result of LV's influence through the SRF and in and around specific projects, development activity has occurred in a *cohesive, targeted and geographically focused manner* in contrast to what a number of consultees described, as 'scatter gun' developments over the last decade.

## 5 Programme spend, outputs and systems

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### Introduction

5.1 This section of the report presents a quantitative analysis of the achievements and impacts of LV's City Centre Programme. The section is structured as follows:

- The first sub-section comments on LV's budget control and financial management
- The second sub-section explores LV's data systems, and reviews their effectiveness
- The next two sub-sections are devoted to offering a thorough assessment of the City Centre Programme spend and outputs, along with a review LV's operating costs
- The fifth sub-section sets out some initial thinking on how programme data systems could be improved and presents a draft scorecard of City Centre performance, illustrating the progress that has been achieved to date against each of the SRF objectives
- The final sub-section sets out our main conclusions on the added value and impact of LV.

### Budget control and financial management

5.2 The total level of funding available for the City Centre Programme is dependent upon the level of financial resource available from LV's main public sector partner agencies and the level of private resources levered in. Because LV is wholly dependent upon the funding and financial management disciplines of these partners, this has resulted in a number of difficulties. Specific budget control and financial management issues relating to each of the main City Centre Programme sponsors are investigated below.

### NWDA

5.3 Since 2004/05, the NWDA has provided LV with a 'ring-fenced' City Centre budget allocation for the current financial year and indicative allocations for the following two years. These allocations were developed in response to the LV Business Plan and this commitment from the NWDA has been welcomed by LV and seen as a positive step forward in facilitating more effective financial planning.

5.4 However, some practical issues and difficulties with the allocation process remain. LV has initiated a series of monthly financial monitoring meetings with staff from the NWDA and the Cityfocus team. These are designed to review spend performance against forecasts and to identify any necessary actions required to ensure that spend profiles are achieved. The

majority of individual projects that are claiming NWDA funds are monitored by NWDA staff, which means that those actions identified during the monitoring meetings must be delegated effectively to the suitable NWDA project officer. According to LV, there have been some associated delays with this process although the system is now improving. Another difficulty for LV is that there are often changes to project spend between approval and legal commitment. Also, due to the nature of the projects supported through the City Centre Programme, there is a tendency for spend to slip from one year to the next. This creates a challenge for LV in future years, which can become significantly over-programmed. In response to the slippage issue, LV has agreed to hold quarterly strategy meetings with NWDA staff to see how it can best be resolved. The NWDA has stated to LV that it will not be obliged to fund slippage of expenditure from one quarter to another or from one year to another.

- 5.5 Prior to the formal allocations from the NWDA that commenced in April 2004, LV received no formal response to its Business Plan and no formal funding allocation. However, the URC did not have any difficulty in securing NWDA funding for projects identified in its Business Plan. Nevertheless, there was considerable frustration within LV that City Centre Programme projects that were receiving NWDA funding had to go through the full NWDA application process despite being detailed in the LV Business Plan. This issue has now been resolved between LV and the Agency.
- 5.6 From April 2006, LV will take responsibility for undertaking project appraisals. To support this process, a Project Review Group has been created within LV. The Chair of the Group is the LV Chief Executive and other members include the LV Programme, Development and Planning/Design Directors along with a Senior Development Manager from the NWDA's Merseyside Team. This will provide LV with greater flexibility in managing the project development process, although the Company will not have any delegated powers to approve projects.
- 5.7 LV has undertaken two rounds of Single Programme Training to ensure that LV's processes comply with recognised best practice.
- 5.8 Over recent years, progress has been made between LV and the NWDA in resolving some of the practical issues around funding allocations and project appraisal. However, it is evident that some key challenges remain, particularly around over-programming, monitoring and further streamlining of the working arrangements.

### **English Partnerships**

- 5.9 LV has not received any formal response to its Business Plan(s) from EP. The funding relationship between the two organisations is project-focused as opposed the Programme style

arrangements with the NWDA. EP's current contribution to the City Centre Programme is dominated by an £87 million gross investment in Kings Dock and the Lime Street Gateway schemes. Prior to the development of these projects, EP was willing to support LV through the acquisition of sites and buildings (such as the ABC Cinema building on Lime St) and to participate in the Environmental Improvement Programme with the NWDA.

- 5.10 EP has provided LV with the space to take the lead role on the projects that it is actively involved with (Kings Dock, Lime Street Gateway and Duke St). There are no formal documents that set out the working arrangements between EP and LV.

### **Liverpool City Council**

- 5.11 Liverpool City Council is not a major sponsor of the City Centre Programme, except through its access to the Local Transport Plan funding, which is being used through the City Centre Movement Strategy. The City Council is the accountable body for the Objective One and City Centre SRB6 Programmes. These two programmes are managed by the Cityfocus Board of which the LV Chief Executive is a member. This is the only formal link between the City Council and LV. This also provides the link between LV and GONW, who reinforced the importance of the City Centre in its Objective One Strategy and have provided ring-fenced budgets to the Programme.
- 5.12 Some of the working arrangements between the City Council and LV, such as the Company's management of the claims process for Objective One schemes involving private sector partners (such as Unity), have been formalised. The City Council does not provide any ring-fenced funding for the City Centre Programme, although it has used some of its own capital programme funds to carry out works in the City Centre (such as improvements to footpaths on Dale St). LV has held some initial discussions with LCC about undertaking an audit of their land and property assets within the City Centre and to support the development of a strategy to guide their future use. However, to date no strategy has been produced. LV is also part of a City Council chaired group that reviews the progress made in the Objective One SIAs (including the City Centre).
- 5.13 LV receives all significant planning applications relating to City Centre developments and although the Company is not a Statutory Consultee within the planning process, its comments are presented to the Planning Committee and factored into the decision-making process. LV regularly discusses applications with LCC and the Company has supported the City Council in the development of various Supplementary Planning Documents in the City Centre (such as Ropewalks).

### **Summary**

- 5.14 LV has over recent years, been able to establish more effective and less onerous working arrangements with its funding partners. Good progress has been made by senior individuals within LV working to establish constructive bilateral relationships with individuals in partner agencies. However, the lack of formalised agreements and protocols, caused by a lack of SRF role and responsibility clarity, has on occasion hindered working. For future URCs, ensuring this clarity of role and purpose through formalised agreements would be a positive step forward.

### **City Centre Programme data systems**

- 5.15 It is evident from the evaluation that the current monitoring and evaluation processes and systems utilised by LV will need to be refined and enhanced if the Company is to successfully perform its leadership (promotion and updating of the SRF as well as monitoring progress against it) role as defined within the City Centre Programme Performance Plan 2005/06. The monthly monitoring meetings attended by LV, NWDA and Cityfocus staff should help to improve things.
- 5.16 The current monitoring and evaluation framework for assessment of progress against the SRF objectives that has been developed by LV could be a useful monitoring tool, although it has not yet been fully operationalised. A series of headline indicators has been agreed between LV and the Liverpool Partnership Group to track progress against the SRF goals and there has been proactive engagement with other key partners (such as the Cityfocus Team and the Liverpool City Council Regeneration Department) about accessing and sharing City Centre contextual data. However, the evaluators feel that this framework should be developed into an operational scorecard (see Figure 5-6 for more details) that captures secondary contextual data (covering an agreed spatial footprint for the City Centre Programme and each of the SRF objectives where possible) and can be accessed by key decision-makers across the City including the LV Board. LV will need to ensure that all relevant City Centre partners (such as Liverpool City Council, Business Liverpool, Liverpool Learning Partnership, Graduates for Merseyside, Cityfocus, Citysafe Partnership, The Mersey Partnership and others) understand the logic of such a scorecard and that they are fully committed to providing the necessary data on a regular basis. This will also enable LV to clarify which partners are responsible for leading against each SRF objective.
- 5.17 For the integrated performance scorecard to be effective, it will also require accurate and up-to-date programme monitoring data (financial and output data cut by Core Priority Area) including reliable annual forecasts. Ideally this data will be provided by the Cityfocus secretariat, the NWDA and EP staff on a quarterly basis. At present, there are several

difficulties associated with accessing such project data due to resource constraints and conflicting priorities within partner agencies and different IT and monitoring systems across the funders. As outlined in the previous sub-section, monthly meetings currently take place between LV, NWDA and Cityfocus secretariat staff to review project spend against forecast, planned expenditure and to discuss what actions are needed to ensure that programme profiles are achieved and how programme monitoring systems could be better harmonised.

5.18 The reporting of monitoring data to the LV Board takes two forms:

- Spend and output performance of the City Centre Programme against forecasts are reported to board members on a quarterly basis. This includes a summary of spend by source against the forecast position for the quarter and year to date. Outputs are similarly reported. Variations within the spend and output profiles from forecasts are identified and discussed. The LV Board does not receive regular, formal reports for all projects
- The LV Chief Executive also reports to the Board on the progress of major projects on a regular but ad hoc basis. For example, during the early stages of the Kings Dock scheme there was a regular agenda item on the scheme.

5.19 LV makes a quarterly return to EP to cover spend and outputs as part of EP's wider URC monitoring and evaluation activities.

### **Programme expenditure**

5.20 Between 1999/00 and 2004/05, a total of £126.4 million of expenditure was incurred through development projects which LV had helped to put in place, of which 71% was sourced from the public sector and 29% from the private sector. Over this time period, NWDA made the largest public sector contribution (48%), followed by ERDF (31%), EP (14%) and SRB (7%).

### **Projects**

5.21 Much of the account in the rest of this section will refer to projects and expenditure under the City Centre Programme. Two points should be borne in mind when considering project activity and associated spend. First, the projects do not necessarily involve significant expenditure and some of LV's strategic, catalytic and co-ordinating functions might not even get recorded against the projects. The Scottish Power case study (see Annex A) demonstrated how LV could exercise influence in bringing forward investments with minimal outlay from its own budget or that of partners. Second, the expenditure involved is primarily sourced by LV partners through individual project allocations, as presented in the LV Business Plan.

5.22 Since 1999/00, LV has successfully built up a wide portfolio of activity, with which they have been involved, totalling over 80 projects to date. These projects are categorised and delivered

against the Core Priority Areas. In the last financial year (2004/05), 59% of the 23 projects in this year fell under the ‘Momentum Projects’ category, with a further 26% accounted for by the Waterfront and Commercial District Core Priority Areas.

### **Programme expenditure by Core Priority Area**

5.23 Figure 5-1 below profiles the distribution of expenditure in each Core Priority Area by public and private sector partners.

Figure 5-1 Spend by Core Priority Area <sup>34</sup>

Core Priority Area	Cumulative Spend to Date (£m)			Spend still to come (£m)			% of lifetime costs spent to date		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Waterfront	22.1	-	22.1	223.4	491	714.4	9%	-	3.1%
Retail	-	-	-	-	-	-	-	-	-
Comm. District	7	31.1	38.1	17.2	116.8	134	28.9%	21%	22.1%
Movement/ Public Realm	13	-	13	47.5	7	54.5	27.4%	-	19.3%
Lime St. Gateway	5	-	5	14.5	31	45.5	25.6%	-	11.0%
Cap of Culture	0.1	-	0.1	8.7	0.5	9.2	1.2%	-	1.1%
Momentum	42.6	5.5 <sup>35</sup>	48.1	12.8	23.7	36.5	76.9%	n/a	n/a
<b>Total</b>	<b>89.8</b>	<b>36.6</b>	<b>126.4</b>	<b>324.1</b>	<b>670</b>	<b>994.1</b>	<b>21.7%</b>	<b>5.2%</b>	<b>11.3%</b>

### **Waterfront**

5.24 Between 1999/00 and 2004/05, some £21.1 million of public sector funding was spent on projects under the Waterfront Core Priority Area, representing 17% of total programme expenditure. The acquisition of the Mann Island site dominates this expenditure, accounting for almost half (£10.2 million). Further analysis reveals that the Kings Dock development has also accounted for a relatively large proportion of this spend (36%). Following the collapse of the proposed Everton FC stadium on the site, the revised Kings Dock arena scheme has made strong progress; planning permission has successfully been secured, as has funding from EP, NWDA and the Objective One programme. Infrastructure works have started on site and the main construction contract has been let.

5.25 To date, projects under this Core Priority Area have spent 9% of their estimated lifetime costs. Delayed starts to a number of projects, including the Cruise Liner Facility, have resulted in a large proportion of the spend slipping forward into future years. Additionally,

<sup>34</sup> Cumulative spend to date refers to the sum of annualised project data provided by LV. Lifetime spend has been sourced from the May 2005 Performance Plan, but also includes more recent information provided by LV

<sup>35</sup> NWDA have been unable to capture any private sector investment associated with NWDA expenditure on Momentum Projects between 1999/2000 and 2001/2002. Final output figures for private sector investment are generally captured on project completion

the Kings Dock development will account for a large proportion of future spend (around £400 million of private sector funding in total).

### *Paradise Area Retail Development*

- 5.26 There is no partner funding from the City Centre Programme for the Paradise Street Development Area retail scheme. However, LV has provided non-financial contributions through specialist advice and co-ordination activities. The 2004/05 LV Business Plan indicates that the project will account for some £645 million of private sector investment.

### *Commercial District*

- 5.27 To date, a total of £38.1 million of expenditure has been incurred by projects in the Commercial District Core Priority Area, which accounts for 30% of total programme spend. Projects under this Core Priority Area have been particularly successful in securing private sector funding. Over £31 million of the total expenditure was sourced from the private sector, of which three-quarters came through the 101 Old Hall Street development. There has, however, been some slippage under the Commercial District Core Priority Area which has impacted on spend to date. A delayed start and inaccurate original expenditure profiles for the Unity development resulted in some slippage, although work is now progressing on site.
- 5.28 To date, projects under the Commercial District Core Priority Area have achieved 22.1% of their expected lifetime spend. It is anticipated that a large proportion of the remaining lifetime spend, amounting to some £116.8 million, will be generated through private sector investment. Importantly, the St. Paul's Square project is expected to attract a total of £80 million in private sector match funding.

### *Transport/Movement & Public Realm*

- 5.29 Between 1999/00 and 2004/05, some £13 million of public sector funding has been spent on projects under the Movement and Public Realm Core Priority Area, which represents 10% of total programme expenditure. The Core Area Public Realm project, which has now been completed and formally launched, accounted for the majority of this spend (78%).
- 5.30 Almost one-fifth of lifetime expenditure has been spent to date under this Core Priority Area. Progress made by the City Centre Movement Strategy (CCMS) has been slower than anticipated, and as a result this project is expected to account for a large proportion of future investment. Furthermore, the project has not yet secured £7 million in private sector funding as expected during 2004/05.

### *Lime Street Gateway*

- 5.31 To date, developments under the Lime Street Core Priority Area have incurred £5 million in public sector expenditure. This represents 4% of total programme spend. A large proportion of this £5 million has been spent on the acquisition of concourse tower (over £3m) and a number of the shops that front Lime Street station. Over the next three years, the Lime Street Gateway project(s) is expected to require £14.5 million in public sector funding, which will finance the design and delivery of a new public realm and landmark building, primarily for residential use.

### *Capital of Culture*

- 5.32 There is only one project which falls under the Capital of Culture Core Priority Area, namely the Bluecoat Arts Centre redevelopment. To date, this project has incurred a total of £0.1 million in public sector expenditure, which represents 0.1% of the total programme spend. This project has experienced some slippage, and as a result the large majority of lifetime spend will be incurred between 2005/06 and 2007/08.

### *Momentum Projects*

- 5.33 To date, Momentum Projects have received the largest share of programme expenditure, at 38% or £48.1 million. It is important to note that a significant proportion of this spend (£6.9 million) has been incurred through projects which were established prior to LV, particularly in the Ropewalks area of the City Centre. Momentum expenditure has been spread across a large number of individual projects, ranging from the Environmental Improvement Programme, to the acquisition of the ABC Cinema, to the conversion of the Beatles Hotel. However, further analysis reveals that acquisitions, such as Kingston House, are a key component of spend under the Momentum theme.
- 5.34 In terms of public sector expenditure, Momentum Projects have made good progress against forecast lifetime spend; 77% of public sector lifetime spend has been incurred to date. Projects coming to the fore over the next three years include the Buddleia project, Cathedral Technology Park (providing grow on space for companies graduating from the local business incubator), the Environmental Improvement Programme, and the Townscape Heritage Initiative.

### *Match Funding*

- 5.35 Between 1999/00 and 2004/05, LV's activities have successfully attracted £36.6 million of private sector funding. This gives a public to private sector funding ratio of 1:0.41. This current level of match funding is low for two reasons. First, a large proportion of activities to date have involved setting up LV and the preliminary stages of project development, which

are less likely to generate private sector match funding. Second, delays have occurred in key projects, such as Unity, Kings Dock and a small number of projects have been removed from the Programme, such as City Square (as a result of a successful pre-let) and the Fourth Grace, all of which were expected to generate significant amounts of match funding. However, it is envisaged that private sector match funding will be substantially increased as the major projects come on stream. The total lifetime spend public to private sector funding ratio is 1:1.7 (if the private sector investment in the Paradise Street retail scheme is included, this ratio increases to 1:3.27). We can compare this figure with the ratios of 1:1.54 (this falls to 1:1.1 if a £1.2 billion investment made by Siemens is excluded) for total expenditure of the National City Challenge Programme and 1:3.07 for National City Challenge Programme expenditure on development schemes only (Appendix N, Final City Challenge Evaluation February 2000).

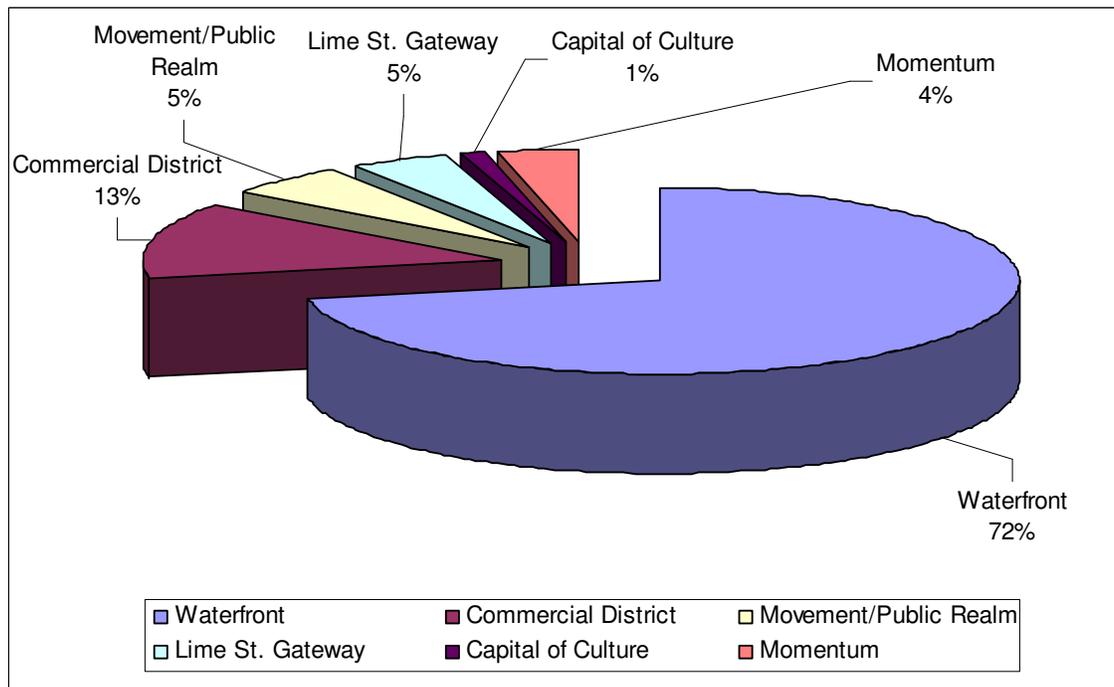
### *Future Spend*

- 5.36 Looking forward across the lifetime of projects, activities involving LV are expected to incur a further £994.1 million in expenditure,<sup>36</sup> of which approximately one-third will come from the public sector and two-thirds from the private sector. It is evident that funding will become increasingly focused on those projects under the Waterfront Core Priority Area (72% or £714.4 million). Within this Core Priority Area, the Kings Dock development dominates anticipated expenditure, accounting for some £541.8 million of predominantly private sector funding.

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<sup>36</sup> This is calculated by subtracting actual spend to date from estimated lifetime spend for each project

Figure 5-2 Lifetime spend still to come



### Operating Costs

- 5.37 Between 2001/02 and 2004/05 the operating costs of LV stood at £5.7 million.<sup>37</sup> Figure 5-3 profiles LV's annual operating costs. The data reveals that operating payments rose in line with operating income levels by an average of 20% per annum between 2001/02 and 2003/04. By 2004/05 both operating income and payments fell by 2% and 7% respectively.
- 5.38 The original LV 5 Year Business Plan (2001-2006)<sup>38</sup> set out the requirement for the three key funders, namely LCC, NDWA and EP, to each contribute £330,000 per annum to fund LV's operating costs.<sup>39</sup> This commitment was fulfilled in 2001/02, and has since risen to £471,000 per annum each in 2004/05. Together these key funding bodies account for approximately three-quarters of all operating income. The remaining quarter of income is made up by contributions from Objective 1, and to a lesser extent SRB and the balance brought forward each year.

<sup>37</sup> Operating income and payment data is not available prior to 2001/02

<sup>38</sup> LV (2000) 5 Year Business Plan 2001-2006, published by LV

<sup>39</sup> This does not account for inflation

Figure 5-3: Annual Operating Costs, 2001/02 – 2004/05 (£000s)<sup>40</sup>

	2001/02			2002/03			2003/04			2004/05		
	Budget	Actual	Actual as % of budget	Budget	Actual	Actual as % of budget	Budget	Actual	Actual as % of budget	Budget	Actual	Actual as % of budget
Income	1,167	1,263	108%	1,367	1,441	105%	1,716	1,780	104%	1,770	1,752	99%
Payments	1,093	1,136	104%	1,343	1,345	100%	1,667	1,681	101%	1,670	1,562	94%

5.39 Staffing costs are by far the largest operating payment incurred by LV. Between 2001/02 and 2004/05, staffing costs stood at £2.1 million, of which approximately half was accounted for by seconded staff salaries. In the Five Year Business Plan (2001-2006), LV proposed a relatively flat staffing structure, with an Executive team of four Directors (Chief Executive, a Director of Design/Planning, Development Director and Programme Management Director) and a limited number of support staff (eight). In 2002/03 all of the Director level posts had been filled, and LV expected to be fully staffed by October 2003 and to continue at that level, subject only to normal turnover, thereafter. To date, all key positions have been filled – this includes a Chairman, a Chief Executive, three Directors, 8 Full Time Equivalents (FTEs) Managers, 4.5 FTE Officers, and 9.5 FTE Assistant/Support/Administration posts, plus a dedicated Waterfront Team. LV is also in the process of recruiting a marketing assistant. The evaluators have no evidence to suggest that these operational costs are inappropriate or that the structure and size of the LV team is not fit for purpose.

### **Summary of spend analysis**

- 5.40 To date, a total of £126.4 million of expenditure has been incurred through LV activities. The distribution of total expenditure across the Core Priority Areas has been concentrated in two areas of the Programme, namely the Commercial District, which accounted for 30% of total expenditure, and the legacy of Momentum Projects, which accounted for a further 38%. Progress against lifetime expenditure is lower than anticipated due to delays with a number of large projects, including the Cruise Liner Facility, Kings Dock and Mann Island.
- 5.41 In terms of LV's operating spend, costs increased up to 2003/04 as LV incurred set-up costs and expanded its staffing base. Since 2003/04, operating costs have reduced slightly as the URC has become more established and staff recruitment has stabilised.
- 5.42 Over the forthcoming years, the Waterfront Core Priority Area will come to the fore, accounting for 72% of the £994.1 million remaining lifetime programme expenditure, of which some £400 million of private sector investment is committed to the Kings Dock

<sup>40</sup> The costs of the City Council's City Centre Development Team have not been included in Figure 5-3 because they are not a direct cost to the Company. Data for 2003/04 and 2004/05 includes consultancy fees

Development. The Commercial District will also account for a significant share of future expenditure (13%).

## Programme Outputs

5.43 This sub-section presents outputs achieved to date against eight key output indicators identified by LV to monitor performance, and profiles outputs still to come by Core Priority Area (see Figures 5-4 and 5-5.).

Figure 5-4: Outputs by Core Priority Area<sup>41</sup>

	Jobs Created (net additional)			Job safeguarded			Construction Person Years			New Floor-space (000 Sq m)		
	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date
<b>Waterfront</b>	0	4136	0%	0	16	0%	0	3641	0%	0	359.9	0%
<b>Commercial District</b>	217	932	19%	1226	460	73%	324	1607	17%	13	50.6	20%
<b>Movement</b>	0	0	-	0	0	-	137	178	44%	0	0.0	-
<b>Lime Street</b>	0	0	-	0	0	-	0	681	0%	0	12.0	0%
<b>Capital of Culture</b>	2	16	11%	0	16	0%	0	129	0%	0	1.7	0%
<b>Retail</b>	0	0	-	0	0	-	0	0	-	0	0.0	-
<b>Momentum Projects</b>	35.5	673	5%	7	67	9%	498	832	37%	13.3	14.6	48%
<b>Grand Totals</b>	<b>255</b>	<b>5757</b>	<b>4%</b>	<b>1233</b>	<b>559</b>	<b>69%</b>	<b>959</b>	<b>7068</b>	<b>12%</b>	<b>26.3</b>	<b>438.7</b>	<b>6%</b>

<sup>41</sup> Outputs to date refer to the sum of annualised project data provided by LV. Lifetime outputs have been sourced from an updated version of the May 2005 Performance Plan, provided by LV. Outputs still to come have been calculated by subtracting actual outputs achieved to date from project lifetime outputs

Figure 5-5: Outputs by Core Priority Area

	Refurbished Floor-space (000 Sq m)			Private Investment (£m)			H.A. Land Developed			Residential Units		
	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date	Outputs achieved to date	Outputs still to come	% of lifetime achieved to date
<b>Waterfront</b>	0	0	-	0	491	0%	0	17.7	0%	0	1950	0%
<b>Commercial District</b>	0	0	-	31	122.9	20%	0.56	1.84	23%	0	161	0%
<b>Movement</b>	0	0	-	0.08	-0.02	156%	1.1	2	35%	0	0	-
<b>Lime Street</b>	0	0	-	0	30	0%	0	0.1	0%	0	120	0%
<b>Capital of Culture</b>	0	3.75	0%	0	0.5	0%	0	0	-	0	0	-
<b>Retail</b>	0	0	-	0	0	-	0	0	-	0	0	-
<b>Momentum Projects</b>	11	38.8	22%	20.3	23.7	46%	6.76	-4.1	254%	87	92	49%
<b>Grand Totals</b>	<b>11</b>	<b>42.5</b>	<b>21%</b>	<b>51.4</b>	<b>668.1</b>	<b>7%</b>	<b>8.42</b>	<b>17.5</b>	<b>32%</b>	<b>87</b>	<b>2323</b>	<b>4%</b>

- 5.44 Figure 5-4 reveals that at the programme level LV's activities have been most successful in safeguarding 1,233 jobs since 1999/00. Against this key output, LV's activities have already achieved almost 70% of the Programme's lifetime targets. 101 Old Hall Street project, under the Commercial District Core Priority Area, has contributed to the majority of these safeguarded jobs. However, it is important to note that successes in safeguarding rather than creating jobs have occurred because, to date, commercial developments have been taken by public sector/related occupiers, or consolidating private services already based in the City.
- 5.45 So far, 7% of the private sector investment forecast output from the projects in the Programme has been achieved. LV acknowledges that the forecast level of private sector investment has been overestimated. A number of factors have contributed to this, including the collapse of the Fourth Grace scheme, a delayed start for the Unity development, and the loss of the City Square project from the Programme, due to a large pre-let secured for the building.
- 5.46 Performance against the lifetime targets for jobs created has been limited, with only 4% of the lifetime target for this output being achieved to date. A key factor contributing to this was that 101 Old Hall Street, anticipated to be major job-generating scheme in the Programme, created a large number of safeguarded jobs (as a result of Unisys occupying the building and relocating staff from Royal and Sun Alliance who are based in Liverpool) rather than creating new jobs (lifetime jobs created for this project is 364).

### **Outputs by Core Priority Area**

- 5.47 Since 1999/00, Commercial District and Momentum Projects have delivered the majority of the recorded outputs. Projects under the Commercial District Core Priority Area have performed particularly well in creating 85% of all jobs created and 99% of all jobs safeguarded; whereas Momentum Projects account for 100% of all refurbished floor-space, 80% of developed land and 100% of all residential units.

### **Future Outputs**

- 5.48 Analysis of outputs still to come reveals that projects under the Waterfront Core Priority Area are expected to deliver a substantial proportion of future outputs. These include an estimated 4,136 jobs created, 3,641 construction years, 360,000 square metres of new floor-space and 1,950 residential units. The Kings Dock scheme will play a major role in generating these outputs. It is important that LV and its partners ensure that any other project-related outputs (not captured through standard output measures) such as those associated with the Cruise Liner Terminal and the proposed Leeds-Liverpool canal link are also recorded.

### **Summary of Output Analysis**

- 5.49 In terms of quantitative outputs achieved to date, LV's activities have been particularly successful in safeguarding jobs and supporting the refurbishment of floor-space. There is, however, considerable work to be done in creating new jobs, construction, land development and the attraction of private investment if targets are to be reached successfully.
- 5.50 It is not surprising that the City Centre Programme has, to date, delivered a small proportion of lifetime outputs. This can be explained by problems and delays to a number of large high risk schemes such as the original Kings Dock project and the Fourth Grace. The Programme's performance in terms of generating outputs will improve significantly over the next few years when some of the other large development projects will be completed.

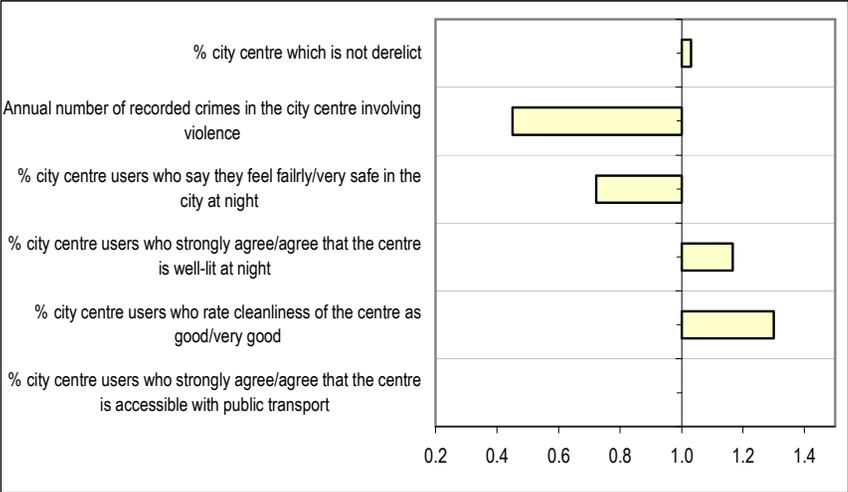
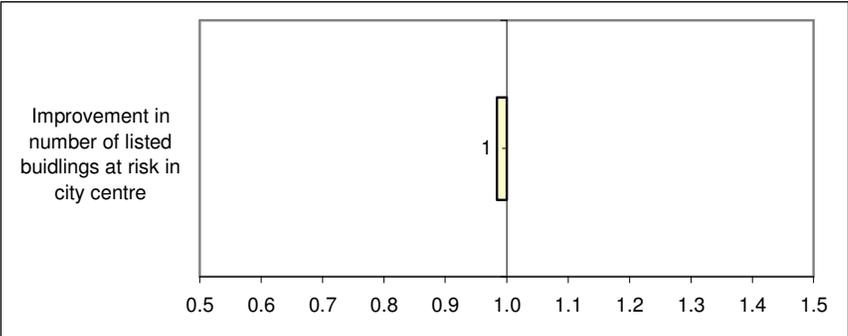
### **City Centre performance, progress against SRF goals & some suggested programme systems improvements**

- 5.51 Given the evaluators' observations about the limited outputs to date from the projects with which LV was closely associated, it will be evident that any improvements in the City Centre will not be attributable to these projects – although LV may have exerted an indirect influence through increased developer and investor confidence and enhanced morale of resident businesses and households. Nevertheless, the evaluators thought it worthwhile to develop a draft scorecard of City Centre performance in order to take a view on the priorities for the future work of LV and its partners by considering the changing context for each of the SRF

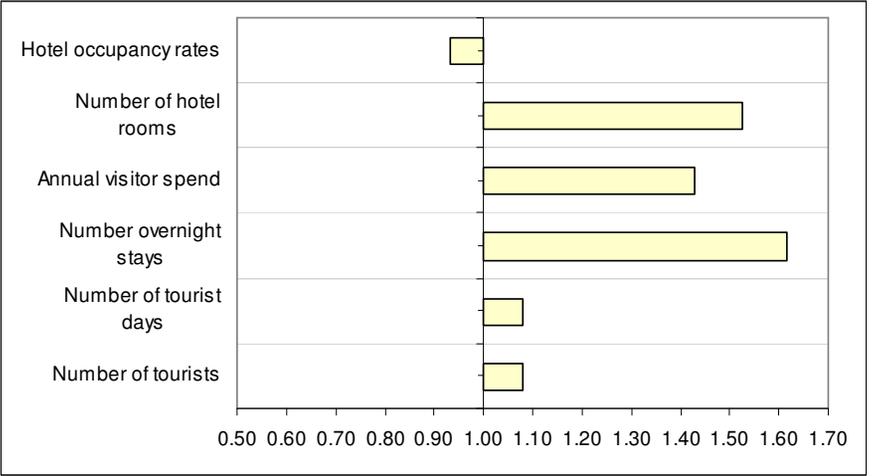
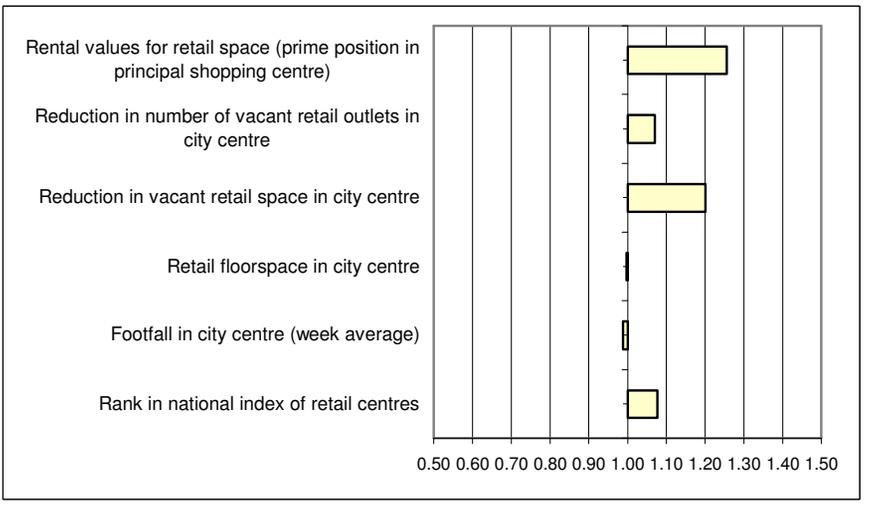
objectives, and to offer some initial thinking on how contextual monitoring can be improved. This draft scorecard is a first attempt at developing what the evaluators believe should already have been operationalised by LV. This will link with the monitoring of outputs to produce an integrated SRF performance scorecard.

- 5.52 The draft scorecard has been developed using a range of indicators, some of which are drawn from LV's monitoring and evaluation framework, some from the work being done on the URC 'profiler' and some from the evaluators' own assessment of what might be useful. The summary performance scorecard is presented in Figure 5-6 and more details can be found in Annex B.
- 5.53 The picture painted in the scorecard is generally a positive one. This is particularly the case with regard to the measures of tourism and visitor activity and of the vibrancy of the City Centre as an attractive location for inward investors and potential residents. However, there are a number of thematic areas in which progress has been slower, most notably with regard to the establishment of more inclusive communities and the strength of the business base. There are also some domains within the scorecard in which there has been a deterioration over recent years, most particularly with regard to crime.
- 5.54 So, overall, the picture is positive but there are probably too many domains in the scorecard where performance was neutral or only showing marginal improvement to be confident that the City Centre is now set for sustainable growth under its own steam. As the evaluation team noted at the outset of this report, the general picture is one of fragile developments which will need continued nurturing if they are to achieve the ambitions of the SRF. This is perhaps most clearly revealed by the last set of indicators in the scorecard on the relative performance of Liverpool against Manchester and Leeds. These indicators suggest that there has been no overall increase in the comparative advantage of Liverpool over the last five years. There is still more work to be done to enhance the relative performance of Liverpool City Centre and the developments in the pipeline prompted by LV should help to achieve this as long as they are supported and reinforced by the success of its partners' initiatives in other domains within the performance scorecard.

Figure 5-6: Liverpool City Centre: Draft Performance Scorecard

Strategic Regeneration Framework Objective	Index of progress against SRF objectives (Baseline index =- 1.00 and index for later years calculated so that an index greater than 1.00 reflects an improvement and below 1.00 a deterioration)	Baseline date	Latest year	Commentary	Traffic lights																												
<p>To create a high quality safe urban environment, that's attractive to investors, employers, residents and visitors generating a sense of pride in the City</p>	 <table border="1" data-bbox="428 423 1276 915"> <caption>Data for Figure 5-6 (Top Section)</caption> <thead> <tr> <th>Metric</th> <th>Baseline Year</th> <th>Latest Year</th> <th>Index Value (approx.)</th> </tr> </thead> <tbody> <tr> <td>% city centre which is not derelict</td> <td>2000</td> <td>2004</td> <td>1.00</td> </tr> <tr> <td>Annual number of recorded crimes in the city centre involving violence</td> <td>1999</td> <td>2004</td> <td>0.45</td> </tr> <tr> <td>% city centre users who say they feel fairly/very safe in the city at night</td> <td>2003</td> <td>2005</td> <td>0.75</td> </tr> <tr> <td>% city centre users who strongly agree/agree that the centre is well-lit at night</td> <td>2003</td> <td>2005</td> <td>1.15</td> </tr> <tr> <td>% city centre users who rate cleanliness of the centre as good/very good</td> <td>2003</td> <td>2005</td> <td>1.30</td> </tr> <tr> <td>% city centre users who strongly agree/agree that the centre is accessible with public transport</td> <td>2001</td> <td>2005</td> <td>1.00</td> </tr> </tbody> </table>	Metric	Baseline Year	Latest Year	Index Value (approx.)	% city centre which is not derelict	2000	2004	1.00	Annual number of recorded crimes in the city centre involving violence	1999	2004	0.45	% city centre users who say they feel fairly/very safe in the city at night	2003	2005	0.75	% city centre users who strongly agree/agree that the centre is well-lit at night	2003	2005	1.15	% city centre users who rate cleanliness of the centre as good/very good	2003	2005	1.30	% city centre users who strongly agree/agree that the centre is accessible with public transport	2001	2005	1.00	<p>2000</p> <p>1999</p> <p>2003</p> <p>2003</p> <p>2003</p> <p>2001</p>	<p>2004</p> <p>2004</p> <p>2005</p> <p>2005</p> <p>2005</p> <p>2005</p>	<p>Percentage of land which is not derelict up 3 pp to 93.2% in 2004</p> <p>Number of crimes involving violence up 122% to 3,609 in 2004</p> <p>Proportion of City Centre users who feel safe in City Centre at night fell by 13 pp to 34% in 2005</p> <p>63% of City Centre users believe City Centre is well-lit at night, compared to 54% in 2003</p> <p>Proportion of users rating City Centre cleanliness as good/very good up 8 pp to 39% in 2005</p> <p>Proportion of users who agree that City Centre is accessible with public transport remains static, but is high nonetheless at 82%</p>	<p>☹️</p> <p>☹️</p> <p>☹️</p> <p>😊</p> <p>😊</p> <p>😊</p>
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<p>To build upon the City Centre's rich historic character through complementary and contemporary design initiatives</p>	 <table border="1" data-bbox="428 976 1276 1312"> <caption>Data for Figure 5-6 (Bottom Section)</caption> <thead> <tr> <th>Metric</th> <th>Baseline Year</th> <th>Latest Year</th> <th>Index Value</th> </tr> </thead> <tbody> <tr> <td>Improvement in number of listed buildings at risk in city centre</td> <td>2001</td> <td>2004</td> <td>1.00</td> </tr> </tbody> </table>	Metric	Baseline Year	Latest Year	Index Value	Improvement in number of listed buildings at risk in city centre	2001	2004	1.00	<p>2001</p>	<p>2004</p>	<p>Between 2001 and 2004, the number of listed buildings at risk increased from 63 to 64</p>	<p>☹️</p>																				
Metric	Baseline Year	Latest Year	Index Value																														
Improvement in number of listed buildings at risk in city centre	2001	2004	1.00																														

Strategic Regeneration Framework Objective	Index of progress against SRF objectives (Baseline index =- 1.00 and index for later years calculated so that an index greater than 1.00 reflects an improvement and below 1.00 a deterioration)	Baseline date	Latest year	Commentary	Traffic lights
To establish a 21st century economy able to compete with other European cities, creating new job prospects for the people of Liverpool		1999	2004	Office rental value up from £103m <sup>2</sup> to £120m <sup>2</sup> for large units	😊
		1999	2004	Office take up increased by 32% to 320,000 sq. ft. in 2004	😊
		2000	2004	Office space increased by 5%	😐
		1999	2003	Business stock increased by 4% to 4,250 in 2003	😐
		1999	2003	Average earnings of City Centre employees up by 18% to £391 in 2003	😊
		1999	2003	7% rise in employee jobs in City Centre – totalling 90,624 in 2003	😊
To establish inclusive communities and a skilled and adaptable workforce able to contribute to and share the benefits of sustainable economic growth		2002	2003	Proportion of 16-19 year olds leaving compulsory education for employment, education or training increased by 11% to 91.4% in 2003	😊
		1999	2005	Number of unemployment benefit claimants in Everton ward fell by 7% to 372 in 2005	😊
		2002	2003	Earnings of Everton ward residents have fallen slightly to £274 per week in 2003	😐

<p>To identify public attractions that complement existing facilities and establish Liverpool as a world class visitor destination</p>		<p>2001 2001 2000 2000 2002 2002</p>	<p>2004 2004 2003 2003 2003 2003</p>	<p>Fall in hotel occupancy rates explained, in part, by significant expansion in number of hotel rooms in City Centre</p> <p>Number of hotel rooms up by 53% to almost 2,500 in 2004</p> <p>Annual visitor spend increased by 43% between 2000 and 2003, to £373.3 million in 2003</p> <p>61% increase in number of overnight stays to 1.4 million in 2003</p> <p>Number of tourist days up by 8% to 20.3 million in 2003</p> <p>Number of tourists increased by 8% to 18.6 million in 2003</p>	<p>☹️ 😊 😊 😊 😐 😐</p>
<p>To reposition the City Centre as a premier regional shopping destination</p>		<p>1999 2001 2001 2000 1999 2000</p>	<p>2005 2003 2003 2004 2003 2004</p>	<p>Rental values for prime retail space up by 26% to £2,700 / m<sup>2</sup> / p.a. in 2005</p> <p>Number of vacant retail outlets fell from 76 in 2001 to 73 in 2003</p> <p>Vacant retail space reduced by 17%</p> <p>Retail floor-space in the City Centre has remained relatively static at 1.8 million sq. ft in 2004</p> <p>Weekly average footfall in City Centre has also remained relatively at 106,000 people</p> <p>Position in retail ranking improved from 14<sup>th</sup> in 2000 to 13<sup>th</sup> in 2004</p>	<p>😊 😐 😊 😐 😐 😐</p>

<p>To create a sustainable and vibrant City Centre that supports a quality lifestyle attractive to inward investors and potential future residents</p>	<p>City centre resident population</p> <p>Residential building completions in city centre</p> <p>Investor enquiries in city centre</p> <p>Perceptions of extent to which centre is becoming more vibrant and lively</p>	<p>1998</p> <p>1999</p> <p>Apr 02 – Mar 03</p> <p>2003</p>	<p>2003</p> <p>2004</p> <p>Apr 04 – Mar 05</p> <p>2005</p>	<p>City centre resident population, as defined by the SIA area, rose by 6% to 11,600 in 2003</p> <p>Residential building completions in City Centre increased five-fold to 601 in 2004</p> <p>Investor enquiries in City Centre up by 65% to 162 in 2004/05</p> <p>Proportion of users stating that City Centre is becoming more vibrant and lively remains high at 78%, although shows no signs of improvement</p>	<p>😊</p> <p>😊</p> <p>😊</p> <p>😊</p>
<p>To attract and retain young people by providing learning opportunities and competitive career prospects</p>	<p>Number of working age residents qualified to NVQ Level 4+ (Liverpool District)</p> <p>Proportion of young people (aged 16-29) in city centre resident population</p> <p>Graduate retention (% of Liverpool HEI leavers entering employment, who enter employment in Liverpool)</p>	<p>Jun 98 – May 99</p> <p>1991</p> <p>1998/99</p>	<p>Jun 04 – May 05</p> <p>2001</p> <p>2003/04</p>	<p>Number of residents qualified to degree level or above in Liverpool District up by 18% to 52,000 in 2004/05</p> <p>The proportion of young people living in Liverpool City Centre almost doubled between 1991 and 2001 censuses to 7,627 in the 2001 Census</p> <p>Graduate retention of Liverpool HEIs - leavers entering into employment in Liverpool increased from 4.9% in 1998/99 to 5.7% in 2003/04</p>	<p>😊</p> <p>😊</p> <p>😊</p>

To confirm the identity of Liverpool as a premier European city	<p>The bar chart displays the following data points (approximate values):</p> <ul style="list-style-type: none"> <li>Change in employee jobs - Liverpool Vs Leeds: 1.05</li> <li>Change in employee jobs - Liverpool Vs Manchester: 0.95</li> <li>Change in retail rental values (prime position in principal shopping centre) - Liverpool Vs Leeds: 0.95</li> <li>Change in retail rental values (prime position in principal shopping centre) - Liverpool Vs Manchester: 1.05</li> <li>Change in office take up - Liverpool Vs Leeds: 1.35</li> <li>Change in number of hotel rooms - Liverpool Vs Leeds: 0.85</li> <li>Change in number of hotel rooms - Liverpool Vs Manchester: 0.95</li> <li>Change in residential completions - Liverpool Vs Leeds: 0.55</li> <li>Change in residential completions - Liverpool Vs Manchester: 1.65</li> </ul>	1999	2003	City centre employee jobs:	😊
		1999	2003	<ul style="list-style-type: none"> <li>7% increase in Liverpool</li> <li>11% increase in Manchester</li> </ul>	😊
		1999	2003	<ul style="list-style-type: none"> <li>2% decrease in Leeds</li> </ul>	😊
		Apr 2002	Apr 2005	Retail rental values (prime site):	😊
		Apr 2002	Apr 2005	<ul style="list-style-type: none"> <li>17% increase in Liverpool</li> <li>11% increase in Manchester</li> <li>21% increase in Leeds</li> </ul>	😊
		1999	2004	Office take up:	😊
		2001	2004	<ul style="list-style-type: none"> <li>32% increase in Liverpool</li> <li>1% decrease in Leeds</li> </ul>	😞
		2001	2004	Number of hotel rooms:	😊
		1999	2004	<ul style="list-style-type: none"> <li>53% increase in Liverpool</li> <li>48% increase in Manchester</li> <li>81% increase in Leeds</li> </ul>	😞
		1999	2004	Residential completions:	😊
			<ul style="list-style-type: none"> <li>Up five-fold in Liverpool</li> <li>Up three-fold in Manchester</li> <li>Up twelve-fold in Leeds</li> </ul>	😊	

## Conclusions on LV additionality and progress

- 5.55 The headline assessment of the evaluation team is that LV is contributing significantly to the regeneration of Liverpool City Centre. Its work in establishing the SRF, in planning its implementation and in facilitating faster, higher quality developments in the City Centre has provided a focus and a mechanism that brings the public and private sectors together more coherently than otherwise would be the case, at least with regard to specific project developments.
- 5.56 It is likely that some degree of focus on the City Centre as an integral part of the renewal of Liverpool and wider Merseyside would have happened anyway. This seems a reasonable conclusion to draw given the initiatives that Liverpool City Council was preparing in the period before the launch of LV. It is also likely that the improvements that have been seen in the City Centre since then would have materialised to some degree in any event.
- 5.57 But, the evaluators doubt that the plans for City Centre renewal would have been as ambitious or that alternative mechanisms would have attracted the same extent of public and private sector confidence, commitment and resources to the implementation of the regeneration framework. LV brings an independent and 'can do' approach to the design and development of projects and the financial packages to fund them. It largely succeeds in doing this by demonstrating to partners and stakeholders (public and private) that it can enable them to achieve their objectives and target outputs more effectively and cost-effectively – with no axe to grind of its own other than the renewal of the City Centre. This would have been difficult for existing mechanisms (pre LV) to emulate.
- 5.58 Consequently, the evaluators think that the recovery shown in the property market would have been more fragile without the influence of LV. Moreover, since many of the outputs from projects associated with LV have yet to be generated, its full influence can be expected to be more apparent in future. This influence is most likely to be evident in the property market. The proposed performance scorecard suggests that this will be a welcome reinforcement of the achievements over the last five years in this aspect of the performance of the City Centre. However, the scorecard also suggests that performance needs to be raised in other thematic areas if sustained improvement in the comparative advantage of Liverpool is to be secured relative to other cities in England and the rest of Europe.

## 6 Conclusions and Recommendations

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### Introduction

6.1 The Terms of Reference for this evaluation required it to address five specific issues. Each of these are summarised in the following sub-sections. The evaluators were not required to offer recommendations on the way forward for LV, but it proved difficult to refrain from comment on this given the nature of the conclusions. So, this report ends with recommended next steps for LV in the regeneration of Liverpool City Centre.

### The nature and extent of the benefits and impact of LV

6.2 LV's contribution to the regeneration of Liverpool City Centre has been three-fold:

- **It has provided a strategic focus for the work and funding of its public and private sector partners** through the City Centre's SRF and the subsequent implementation plans and specific projects
- **It has enabled effective overall programme management of the funding regimes and priority projects required to achieve the regeneration objectives set out in the SRF.** This has sometimes proved problematic when partners have had to respond to changing policy directions and budgetary constraints
- **It has facilitated the development of projects** - the full impact of the projects which LV has helped to put in place has yet to be felt in terms of, for example, floor-space and jobs created. However, there is no evidence from the evaluation case studies, in particular, to doubt that these outputs will be forthcoming in due course.

6.3 All the same, the evaluation has found two areas where LV has been less effective than might have been expected:

- **LV has had difficulty throughout its existence in providing the leadership and co-ordination required to ensure that all aspects of the SRF are pursued by partners in integrated ways.** There is only modest evidence that LV has kept the Framework under review, monitored progress against baseline measures for its wide variety of objectives, or initiated actions to ensure that the various strands of the SRF were mutually reinforcing
- **As acknowledged in its later business plans, there has been insufficient understanding amongst stakeholders of LV's wider objectives** – i.e. beyond the physical development projects where it has been able to demonstrate its value added. There remains a lack of clarity about LV's objectives and its distinctive roles and responsibilities for the future. For the future, LV needs to do more – e.g. through more

pro-active use of its prestigious Board - to raise its profile, to contribute to the external promotion of the City Centre and the wider city as a destination for investment and an attractive visitor location, and to engage with people and organisations to communicate its role in turning the strategic vision for the City Centre into reality.

### **The role and contribution of the partners in delivery**

- 6.4 The critical nature of the relationship with partners, and with EP, LCC and the NWDA in particular, has remained a pre-occupation of LV throughout its existence. Indeed, its 2005-06 Performance Plan openly acknowledges that the key challenge for the company is to ensure that its partners – public and private – deliver in accordance with the objectives of the SRF and the agreed project delivery plans flowing from this.
- 6.5 The key roles of the partners are to:
- Provide financial and operational support to LV
  - Manage their assets and capital programmes in a manner which is consistent with and supportive of the objectives established in the strategic framework
  - Agree and implement a programme of financial and other support towards key regeneration projects in the City Centre
  - Use Compulsory Purchase Orders (CPO) and other appropriate powers in support of the agreed programme
  - Promote the City Centre.
- 6.6 There was a general view amongst those consulted during the evaluation that **partner and LV roles have been effectively defined and delivered with key agencies involved in the operation of regeneration projects**. LV has adopted a pragmatic and ad-hoc approach to the development of constructive relationships with partners, and this has generally worked well.
- 6.7 **However, it is not clear that quite the same clarity of roles and responsibilities has been established between LV and partners with respect to strategic matters and funding arrangements**. This was bound to be more problematic. LV's focus is the heart of the City Centre whilst its partners have a broader remit and, for them, Liverpool City Centre has to vie with other demands and priorities for scarce resources and funding. This has meant it can be difficult for them to formally ring-fence funding for LV's City Centre regeneration programme. Indeed, it was only in the last two years that the NWDA has been able to do this, a move which has been widely welcomed.

6.8 **Many of those consulted for the evaluation claim that LV's external positioning in the City and beyond could have been enhanced by its adoption and declaration of clearly stated regeneration objectives** that interlocked with those of its partners and stakeholders in mutually supportive ways. For the future, this might be achieved through, for example, more formal declarations of commitment and broad service level agreements with partners to ensure that development activity and mainstream service provision in the City Centre is well-aligned with the holistic SRF goals.

**The added value provided by the presence of LV beyond what would have happened in any case**

6.9 The evaluation finds that **the strategic focus on the City Centre provided by the SRF and subsequent implementation plans is more ambitious and steadfast with LV in place than might otherwise have been the case.** The evaluators doubt that the City Centre would now be such a key priority in partners' plans and forward agendas without the continuing influence of LV and that **other agencies alone in the City would not have been as successful as LV has been in securing additional public sector funding for the City Centre.**

6.10 At the project level, the evidence from case study work is that LV has provided added value in two ways:

- **First, through its project design, development and funding operations, LV has accelerated the implementation of the projects, induced higher quality standards and generated stronger private sector commitment.** What is also evident from the case studies, although to a lesser degree and subject to problems of quantification, is that the accelerated and higher quality projects with which LV was associated are likely to have had knock-on effects – e.g. in the form of other projects that might not have been able to proceed at all without LV's interventions, or are now proceeding at higher levels of quality
- **Second, LV has played a significant role in improving co-operation and integration between partners and in the co-ordination of funding streams** (particularly in the case of public realm/movement investments). This had made it much easier to get projects developed and implemented. In part, this is a function of the SRF – generating confidence by demonstrating public commitment as well as providing an aspirational statement and framework. However, it has also been reinforced by LV's clear focus on achieving development and its challenging and engaging style of working with partners.

6.11 For these reasons, **the evaluation finds that the revival of the property market in the City Centre over the last five years would have been significantly more fragile without LV's influence, and that it is more likely to be sustained as a consequence of the LV-induced developments currently in the pipeline.**

## LV implementation arrangements

- 6.12 LV's basic operating structure has remained intact since its launch. It is a not-for-profit limited company, accountable to a Board with members from the public and private sectors and a specialised internal team working across the planning, design, programme management and development domains. Whilst the team comprises some staff seconded from the City Council, LV has made sure that only staff essential to its purpose are located within its organisation. For example, it transferred some staff back to the Council because they dealt with the Council's interests in City Centre property. This is not the function of LV and it wanted to reduce potential confusion to the outside world, to simplify internal management arrangements and to make clear its independent status. **This independence has been a critical feature in enabling LV to provide added value by, for example, bringing private sector disciplines and credibility to the City Centre regeneration process, together with far greater commercial awareness and drive.**
- 6.13 Following the publication of the SRF and the development of the implementation plans, the level of resources employed within the Company has grown appropriately to deliver Planning, Design, Programme Management and Delivery functions.
- 6.14 The current arrangements allow for flexibility in the delivery of the following functions (some of which may be required more than others at different stages of the project development process):
- Providing the strategic direction for the City Centre
  - Development brokering and deal-making
  - Driving project development and delivery
  - Managing public sector investment
  - Building private sector confidence and galvanising support.
- 6.15 **The contribution of LV to the regeneration of Liverpool City Centre (after the launch of the SRF) has been particularly marked with regard to project development.** At the same time however, LV's input has been less evident with respect to strategic integration of the different strands within the SRF. This is reflected in LV's implementation arrangements. Although LV has established a monitoring and evaluation framework, this has yet to achieve operational status fully. Consequently, there does not appear to be systematic monitoring of the implementation of the SRF. Indeed, it is notable that the latest LV business plans do not retain monitoring progress against the SRF as a separate objective – reflecting a departure from the earlier business plans.

- 6.16 **In the absence of this operational monitoring and evaluation framework, it is difficult to see how LV is meeting its strategic leadership objective** namely ‘*to promote the principles and priorities established in the SRF, to keep the framework under review so that it is flexible to changing priorities, to monitor/report overall progress against baseline measures and to communicate effectively with partners*’ (2005-06 Performance Plan). Such a framework would not only be helpful for monitoring purposes; it would also help to clarify the respective roles and responsibilities of LV and its partners, provide the basis for establishing more formal, contractual arrangements between LV and its partners where appropriate, and contribute to wider promotion of the SRF and the roles of partners in its delivery. For the future, LV needs to build on the monitoring and evaluation foundation it has laid, and push this onto a level where it provides detailed evidence of progress made in achieving the SRF objectives.
- 6.17 The potential for more formal arrangements between partners that such a framework might afford could also provide a **counter to another feature of LV’s implementation arrangements, namely its heavy reliance on individuals and the relationships between them**. LV was always going to have to rely to a significant degree on the clout and connections of its senior executives and its Board members. However, this still needs to be complemented by a more formal set of structures and procedures that help to define LV’s relationships with its partners and enable learning and transfer of good practice that will survive the passage of time and people. This is an aspect of LV’s implementation arrangements which could have been improved by closer scrutiny of its performance by ODPM, given that it initiated the three URC pilots, together with those partners whose funds are being deployed on the regeneration programme for the City Centre.

#### **Assessment of the adequacy, effectiveness and value for money of the overall resourcing for LV and its programme**

- 6.18 **The evaluation has assessed the added value of LV – in both a strategic and general sense and in the development of particular projects – to be positive and high, especially as it related to the bringing forward of projects at larger scale and higher quality than otherwise would have been the case.** Across broad areas, there is considerable praise for the work of LV, the development of the SRF and the City Centre Programme, and the impact that it is having on the physical fabric of the City Centre and associated levels of confidence.
- 6.19 **This has been achieved with a modest investment of additional funding and there is no reason to doubt that, in terms of project development, LV resourcing has both been adequate and provided good value for money.** However, the evaluation is less confident about the extent to which LV has been effective in embedding the SRF and its implementation in formal structures, procedures and capacity building with the complex mix

of partners active in the City's regeneration. This is an increasingly key issue as the role of a thriving and successful City Centre in the development of a competitive wider City Region is recognised.

6.20 In this regard, it may be worth considering the evolution of LV in the context of the three phases outlined in LV's internal Implementation Plan:

- The first phase could be seen as the building of confidence amongst stakeholders, investors and the public. In addition, the building of consensus and partnership around strategic priorities for the regeneration of the City Centre and articulating and communicating these through the SRF were also important elements of this initial phase
- The second phase is associated with the delivery of major demand-generating schemes, involving the design, development and funding of projects to ensure that the physical and environmental strands of the strategy are delivered. This phase is now well underway
- The focus of the third phase is on maintaining the enhanced market conditions across the City Centre. It is also important during this final phase that LV starts to fully integrate the different strands with the other aspects of the strategy, ensuring that partners deliver against the objectives for which they are responsible and building the capacity for co-ordination and integration between partners in ways that will be sustained after the passing of LV.

6.21 Unlike the Implementation Plan, the evaluators do not think that the second two phases should be sequential - although the pressure to get key projects implemented (and all the difficulties that this is bound to involve) could distract attention and energy from work on the third phase. Given the delivery momentum that LV has now built, and the fundamentally changing nature of the City Centre in new policy developments, such as the Sub-Regional Partnership and the City Region, the evaluation finds that LV should now be devoting itself more fully to the requirements of this third phase.

### **Recommended next steps**

6.22 In this final part of the evaluation report, the evaluators take a forward look and offer some observations on the next steps for LV. The evaluation team starts by providing a concise summary of what still needs to be done in the City Centre in respect of delivery against the SRF goals. The evaluators then investigate what the priorities should be over the short-term and finally, we consider the role for LV in this process.

***A major job still to be done in transforming the City Centre economy***

- 6.23 Since the establishment of LV, **the City Centre has performed well against SRF Strategic Goals to ‘build upon the City Centre’s rich historic character through contemporary design initiatives’ and ‘to identify public attractions that complement existing facilities and establish Liverpool as a world class tourist destination’.** However, in a context of stubbornly high concentrations of deprivation, and relatively weak demand for commercial office space, LV still has considerable work to do in two key thematic areas, both of which have ensuing implications across the wider SRF. Specifically, **the strategic goals on which the partners to the SRF must focus are to ‘establish inclusive communities and a skilled and adaptable workforce able to contribute to and share the benefits of sustainable economic growth’ and ‘establish a 21st Century economy able to compete with other European cities, creating new job prospects for the people of Liverpool’.** This is given additional importance by the development of the Sub-Regional Partnership for Merseyside and the development of the Liverpool City Region.

***Regeneration priorities in the short term***

- 6.24 Drawing together the main findings of the evaluation, nine specific recommendations for LV and its partners have been identified. These are grouped as follows.

***Strategic alignment***

1. LV should oversee the creation of an **updated version of the SRF** to reflect the changing City Centre and sub-regional contexts, and ensure that this is widely shared and supported. This needs to look forward to Liverpool after 2008, and the role of the central area in developing the next phase of the City’s renaissance and the emerging City Region of which it is a key part. Taking forward this recommendation, LV should streamline the SRF so that it has fewer strategic goals that are linked to specific priorities with **greater strategic clarity in terms of lead roles and responsibilities** for partners against the SRF requirements. **Key action partners: GONW, LCC, LPG, LV and The Mersey Partnership**
2. LV and its partners should establish a more **formalised set of arrangements and protocols between partner agencies**, with particular attention paid to the need for clearer working arrangements and more effective delivery of city-wide and cross-cutting activities such as promotion and marketing. Partner agencies should demonstrate their commitment to the City Centre Programme by adhering to these formalised arrangements and by identifying the City Centre as a key priority in any formal corporate plans or strategic documentation. **Key action partners: Business Liverpool, EP, GONW, LCC, LV and NWDA**
3. Recognising the imperative for increased wealth creation and productivity, LV should ensure that the City Centre Programme provides a **greater emphasis on securing**

**high-quality employment opportunities and generating demand for commercial office space** through targeted marketing/promotion and business support. **Key action partners: Business Liverpool, LV and The Mersey Partnership**

4. As the sub-regional and City Region agendas continue to develop, LV should work actively with its partners to ensure that **new economic opportunities generated** in the City Centre **connect to areas of socio-economic need** across the wider City. If managed effectively, the regeneration of the City Centre can play a major role in bringing forward increased access to employment and economic equity. **Key action partners: LCC, LLDC, LPG, LV, New Heartlands HMRI and NWDA.**

#### *Organisational capacity*

5. Working closely with City Region and wider partners, LV should oversee the development of a **formal capacity building programme** (through training, good practice manuals and other means) and establish a set of appropriate **political and professional milestones for partners** to achieve in order to demonstrate their capacity to co-ordinate the delivery of the SRF. **Key action partners: Business Liverpool, LCC, LPG, LV, The Mersey Partnership and NWDA.**

#### *Commitment to monitor and review*

6. LV should take responsibility for enhancing its existing **monitoring and evaluation framework**, ensuring that it relates secondary data on the performance of the City Centre with the interventions by partners and their associated outputs. Key to this will be securing agreement with partners on LV's spatial footprint. The framework should be developed into an **operational performance scorecard** that is agreed by partners and can be used by senior decision-makers and for promotional purposes. Partners should agree to share contextual data for the City Centre with LV to assist them with populating the scorecard. **Key action partners: Business Liverpool, CityFocus, LCC, LPG, LV and The Mersey Partnership**
7. LV and City Centre partners should commission **further evaluation work focused specifically on the future regeneration requirements of the City Centre and the institutional capacities and resources available to deliver these.** It might be sensible to combine some of this evaluation work with the programme of research planned as part of the Capital of Culture event. **Key action partners: Business Liverpool, LCC, Liverpool Culture Company, LPG, LV and The Mersey Partnership.**

#### *The continuing role for LV*

- 6.25 The overall conclusion of the evaluation is that the rationale for LV remains valid, that it has added value through its project development activities and is likely to have contributed to the performance of the City Centre in the recent past and is likely to do so in the future. However, the evaluation concludes that LV has not been as effective in embedding the SRF

and its implementation in formal structures, procedures and capacity building with partners. The evaluation's eighth recommendation is that **LV should continue in existence but with an orientation directed more towards achieving strategic alignment between partners to a revised SRF supported by a robust monitoring and evaluation framework that provides the basis for more formal allocation of roles and responsibilities between partners.** This activity should, crucially, think about the position of the City Centre in the context of the Liverpool City Region, and the likely successor programme for post-2006 Structural Fund activity. **Key action partners: Business Liverpool, CityFocus, EP, GONW, LCC, LPG, LV and NWDA.**

- 6.26 This third phase in LV's evolution might take two to three years to complete, during which time many of the key projects currently in the pipeline will come to fruition. Therefore, at the end of this period, it should be possible to make a more informed judgement on whether the market and institutional failures that justified LV in the first place have been adequately addressed.
- 6.27 The end of that period would coincide with the European Capital of Culture which itself will raise the profile of the City, will require co-ordinated action between partners and will provide a further boost to investor and developer confidence. Clearly, the SRF needs to have a time horizon, which extends beyond 2008. Therefore, the evaluation's final recommendation is **to schedule, at about this time, a fundamental review of the rationale for LV's role in the implementation of the SRF and its continued existence post-2008.** **Key action partners: EP, LCC, LV, NWDA and ODPM.**