

# The Implications of Liverpool City Region's Combined Authority for the Voluntary and Community Sector

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Report by

**VSNW**

Voluntary Sector North West

Accountability | Knowledge | Equality

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## 1. Executive Summary

Since April 2014, there have been five Combined Authorities, all operating across the North of England, covering 72% of the population of the North, 71% of the North's GVA and 33 of the 50 top tier northern local authorities.

Their remit is focused on transport, housing and skills as well as driving the overarching strategic agenda for most city regions in the North of England. As the lead agency for local economic development, they will work hand in hand with their Local Enterprise Partnerships (LEPs). They are a significant new governance and decision-making structure, with significant resource, that combine accountability and local economic strategic leadership. They will provide a new framework for how many agencies within a City Region operate.

Given this, local voluntary and community sector (VCS) infrastructure agencies, in considering their strategic remit on behalf of the local VCS<sup>1</sup>, are considering their priorities and making judgements about how they engage and influence Combined Authorities. The immediate priority, typically, is to ensure VCS engagement in the governance and delivery of the EU social inclusion funds. The critical point will be the extent to which VCS delivery, social inclusion and 'good growth' are realised through the City Region's vision and aspirations. The test of local VCS infrastructure is the extent to which the case for the sector's role in delivering this is understood and backed by the City Region.

This report, commissioned by Liverpool CVS, is therefore intended to inform local VCS infrastructure agencies' discussions. To better understand what Combined Authority status means for the sector in the Liverpool City Region (LCR), we have taken the following approaches:

- conducted an in-depth review of the new structures, constitution and protocols of LCR.
- drawn on the experience of what has happened in Greater Manchester, which was the only Combined Authority between April 2011 and April 2014.
- interviewed local VCS infrastructure leads in the other new Combined Authority areas.

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<sup>1</sup> The NAVCA Core Standards for Quality Local VCS Infrastructure include 'collaboration' and 'influence'. The eleven core outcomes relating to these two standards are listed here: <http://www.navca.org.uk/downloads/generate/3655>

## 1.1 Findings

Combined Authorities will affect local relationships: how decisions are made, how relationships work, how funding travels into localities, what determines strategic priorities, how accountability works, how evidence is collected and how the voluntary and community sector is perceived. Local Authorities in the Liverpool City Region have effectively also become a sub-national economic development agency and this will have a long-term impact on local working.

### **Finding 1 - Combined Authority status is not a side-show.**

It is a key element in a vision for being a successful council, especially in areas of the country where the alternative is 'managed decline'. Councils are developing formal City Region relationships for good reasons. Underpinning this, besides strategic vision, are the simple facts that:

- Combined Authority status gives local councils a stronger, collective voice that can call for pots of decentralised funding and then be the accountable vehicle to hold that cash on behalf of a City Region. It makes decentralisation, as a two-way process, easier. Combined Authorities therefore offer a vehicle, to the local voluntary and community sector, to influence national policy; through close partnership working, with dedicated VCS resource, it is possible for VCS infrastructure to add VCS-positive elements to City Region/national negotiations.
- Huge chunks of councils' core budgets are now linked to housing and business growth. Combined Authority status gives councils greater influence over the strategies that influence their funding allocations (and therefore gives them a shot at 'managed success' in the face of increasingly inadequate funding allocations). Combined Authority status puts councils firmly back at the local economic development helm.
- Decentralisation has favoured, and is likely to favour, LEPs, Greater Manchester Combined Authority and, ultimately, an economic development agenda that finds more permanent ways to solve the equation of welfare need and public spending. This is especially important for large urban areas outside London where income generated from housing and business rates might not be enough to make that equation work, and the pressure to address public service demands in new ways is more acute. Whatever the political make-up of central Government next year, this is the fiscal necessity: spending that reduces spending. And Combined Authorities are the natural vehicle for combining economic development and public service delivery.

**Finding 2 - These realities will inevitably affect how, and why, councils work with VCS groups.**

As Combined Authorities better combine their new responsibilities and funding streams (in the Liverpool City Region, this already amounts to £232.3m Local Growth Fund and c.£200m in European funding up to 2020), they will inevitably and increasingly connect economic development goals and local public service delivery needs and pressures (as stated in above).

The consequence is that this will increasingly alter the case for working with local VCS groups. How these agenda connect, and how partners think about and deliver social and economic inclusion, will go some way to determining the potential role (and shape) of VCS groups engaging with public sector partners. In turn, this will affect the kind of strategic support and representation that VCS groups will require from local VCS infrastructure agencies.

In Liverpool City Region, the strength of VCS engagement with public sector partners will increasingly depend on how it interacts with the Combined Authority's new "whole-system" approach to economic growth.

**Finding 3 - In Combined Authorities, fundamental decisions, that will affect the sector locally, will increasingly be made at a City Region level.**

Local authorities (given their new parallel role as a Combined Authority) will need to be consistent with their Combined Authority and the Combined Authority consistent with its local authorities. There will be two significant lines of development that will affect how the VCS influences and engages with their local authority and local authority partners:

- local authorities, and partners, will further develop centralised strategic plans and planning processes for the City Region. Consultation processes, effective engagement and challenges will increasingly operate at this geography.
- local authorities, and partners, will increasingly move towards sharing centralised delivery of other back-office public service delivery functions (in order to support frontline services). Central Government is encouraging this with small pots of investment designed to support rationalisation (e.g. phase 2 of the Troubled Families programme will support cross-authority delivery in London's Tri-boroughs and in Greater Manchester). These footprints offer the possibility of rationalisation.

It is likely that there will be more bureaucracy. It will therefore be increasingly difficult for local VCS infrastructure organisations to effectively dip in and out of a broadening

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City Region economic and welfare agenda. Without effective VCS infrastructure support, it is unlikely that more than a few larger VCS providers will be able to engage.

**Finding 4 - There are more reasons than the Combined Authority status for VCS infrastructure agencies to work together beyond their patch.**

Combined Authority structures are not the only structures operating across local authority geographies in the Liverpool City Region. There are other policy agenda, and public sector agencies, for which strategic VCS collaboration would benefit the sector. Of particular relevance are the police and crime commissioner and the new health structures.

However, the City Region will increasingly become the natural sub-national footprint for other agencies and for programme delivery more widely.

There is, therefore, a growing need for regular, formalised and consistent VCS strategic activity on a larger footprint.

## 1.2 Recommendations

Given these findings, the way in which VCS infrastructure agencies work together across a City Region becomes increasingly important for the sector.

In order to do this, local lead VCS infrastructure agencies should consider how they establish clear communication channels (with each other, the sector, and City Region partners) and demonstrate collective working.

### **Recommendation 1 - Establish a partnership to develop the sector's capacity to engage with and influence the Combined Authority.**

In the first instance, there will need to be a clear understanding between partners about the membership and model of the partnership. The following options should be considered:

- a. **Status Quo:** The Merseyside Change-Up partnership is now well established and has existed for several years. It provides an excellent forum for sharing but has limited resource and now relies on good will of a number of individuals to co-ordinate.

The partnership does provide an arena for colleagues holding City Region roles to feedback to the partnership but a lack of central support or resource to undertake activity agreed at meetings means opportunities are missed.

- b. **New organisation:** The 'big bang' approach would be to develop a new organisation that sits at the City Region level. The advantages of this are that public sector partners wishing to engage with the sector would have a clear line of sight on who to approach and the organisation could potentially access funds.

The disadvantages of this approach are many, initial resourcing in a climate of reduced funding for key VCS partners, the danger of mission creep and a 'Top down' approach to City region as opposed to 'bottom up'.

- c. **'Change-Up +' approach:** A further option would be to develop a 'hub' for the City region work: potentially in line with how Capacity Builders was delivered within the City Region when funding was available.

Change-Up Partners could create a mechanism that can be promoted to wider VCS as a vehicle for working with the City Region and that can engage with public sector partners at that level. It should be capable of attracting funding in the medium to long term and be an influential policy hub for all aspects of City Region working.

This approach would still require pump-priming, and whilst a number of public sector partners may be convinced to support this approach, it is likely that it would require VCS partners to consider making an initial investment.

Clearly the disadvantages of this model are in the initial investment phase, the advantage over option two is that it can be developed in a lean and efficient manner that does not create an organisation that may suck funds from other areas of work.

### **Recommendation 2 – Engage with the Employment and Skills Board (ESB)**

The sector can and does play an important role in employment and skills provision. As the Work Programme, Talent Match and other skills programmes develop, strategic engagement with the ESB will gain importance, certainly over the life of the next EU programme and as the Growth Deal further develops.

Priorities should include:

- seeking VCS representation on the Board and
- developing evidence of the sector’s ability to tackle worklessness (see *Strategy 5*, page 34);

### **Recommendation 3 – Start discussions with members of the Combined Authority, and lead officers, about a VCS offer around broader sector engagement.**

This should begin an ambitious conversation about the role of the voluntary and community sector in economic growth and within a “whole-system” approach to economic growth (see *Strategy 3*, page 30, for further details).

This should also be linked to the EU SIF strategy in order to ensure broad understanding about the role of an accountable, sector representative (connected to the work of a formalised VCS infrastructure partnership) involved in the governance of social inclusion delivery and funding.

### **Recommendation 4 - Develop a coordinated programme of evidence-building to demonstrate the economic and social impact of the sector across the Liverpool City Region.**

This should be linked to influencing the single evidence base (see *Strategy 4*, page 31), influencing the Employment and Skills Board (see Recommendation 2, above), and the delivery of social inclusion activities (see *Strategy 3*, page 30 and *Strategy 6*, page 37).

As the Combined Authority develops, it is likely that a ‘common language’ around evidencing and demonstrating impact will emerge. It will be important to influence that model, so that it is sector-friendly, and identify resources to help develop VCS groups skills in effectively demonstrating impact.

**Recommendation 5 - Develop strategic relationships with other local agencies operating at a City-Region level.**

A broad partnership model with other private, social and public sector partners could be developed through a “Partners’ Council” (see page 23) and provide a cost-effective mechanism for VCS representation and networking (see *Strategy 1*, page 23).

Work should also include exploratory discussions with local health and social care leads about their potential plans for influencing Combined Authority structures and agenda.

**Recommendation 6 – Develop a fuller plan of collective engagement with the Combined Authority structures and policy agenda, with a clear understanding about individual organisation’s responsibilities.**

Partners should work through the draft table in *Strategy 7* (pages 43/45) which identifies a comprehensive list of points of engagement within the Liverpool City Region Combined Authority.

This plan should also seek to understand which VCS agencies are already plugged into the new City Region structures and policy agenda, and establish clear connections and relationships.

The recommended aim is to develop an agreed engagement strategy, with a clear understanding about who is managing which relationships and how accountability mechanisms for the voluntary and community sector will work. In time, this should result in a transparent programme of activity that can be broadly shared.

In time, this could link to developing:

- a City-Region Compact (see *Strategy 2*, page 24) which incorporates the Combined Authorities’ principles<sup>2</sup>, and
- an engagement strategy based on a worked-through version of *Strategy 7* (pages 43/45) which could then serve as a clear statement of accountability for the broader voluntary and community sector and for partners more widely.

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<sup>2</sup> The Combined Authorities principles are outlined in section 11 of Part 1 of the [Combined Authority’s Constitution](#).

## 2. Introduction

Voluntary Sector North West (VSNW) have been commissioned by Liverpool CVS (LCVS) to explore the implications of the new Liverpool City Region Combined Authority for the local voluntary and community sector (VCS).

VSNW's background is in supporting the VCS to engage in the economic agenda. This includes supporting sector involvement in influencing and delivering Regional Economic Strategies, Regional Assembly (4NW) planning and scrutiny processes, and the Regional Strategy (RS2010). Recent work has included *The Future Role of the VCS in Cheshire & Warrington's Local Enterprise Partnership* (VSNW & CLES: 2014), a national *Directory of VCSE Involvement in Local Enterprise Partnerships* (Regional Voices & VSNW: 2014) and our campaign to promote a new approach to understanding the sector's contribution to *Thriving Places* (VSNW & CLES: 2014).

We have also been, through our work with the Greater Manchester Centre for Voluntary Organisation, closely involved in Greater Manchester Combined Authority's public service reform work for the last two years. Greater Manchester was the first and (between April 2011 and April 2014) the only combined authority.

The aim of this report is to support an informed, strategic response from the voluntary and community sector to the impact of Liverpool City Region's new Combined Authority status. As such, we, and LCVS, based on our analysis of Combined Authorities, believe that there are implications for the way in which local VCS infrastructure agencies, and their partners, work together.

Of crucial importance, and therefore worth emphasising here, will be the manner in which European social inclusion funding and delivery (2014-2020) operates across the Liverpool City Region. The sector's capacity to influence and demonstrate its purpose to public sector partners, in this context, could well be considered, by others, as a defining test of the value of local VCS infrastructure.

### 2.1 Additional geographic issues:

Whilst this document focuses on the issues created by the development of a Combined Authority covering the City Region and the powers that it may possess, there are a wider set of structures worth noting, which may influence any final decisions on moving forward. These include:

*Police & Crime Commissioner:* The geography of the Police & Crime Commissioner for Merseyside includes all of the City Region authorities except for Halton. The work

undertaken by partners here, and how that fits with any final recommendations or options should be considered.

*Health Geographies:*

There are a whole range of geographies at play following the major re-organisation of the NHS that cause confusion. Across the six authorities, there are seven clinical commissioning groups. In terms of other relevant agencies:

- Public Health England Centre is Cheshire & Merseyside (this includes Warrington)
- Commissioning Support Unit is Cheshire & Merseyside (soon to be merged with Greater Manchester)
- Two NHS England Area Teams are Merseyside (which excludes Wirral) and Cheshire, Warrington & Wirral Area Team
- North West Coast Academic Health & Science Network (The NW except for Greater Manchester and North Cumbria)

In respect of all of these geographies, as well as the Combined Authority's, there may be a collective opportunity to present a united front.

### 3. Background – drivers for Combined Authorities

There is limited evidence about what Combined Authorities might mean for the sector.

Except for Greater Manchester, they are very new. Given this, we have approached this work in three ways. Firstly, by considering the remit and future direction of Liverpool City Region Combined Authority; some of this is simply about mapping out and understanding what is happening. Secondly, we have reviewed responses from VCS infrastructure leads to Combined Authorities in other city region areas. Thirdly, and throughout this report, we have attempted to understand the broader drivers and policy context in order to anticipate the future direction of Combined Authorities.

It must be remembered, however, that VCS and public sector partners are still very early on in exploring the implications of Combined Authority status. In the North of England, public sector partners have committed themselves to a new way of working locally. They might not be fully clear about what it means or why they have done it, but they really have gone and done it. The scale is significant. As of April 2014, although there are only five Combined Authorities, all in the North of England, they cover 72% of the population of the North and are responsible for 71% of the North's GVA<sup>3</sup>. They are a big deal.

In many ways, at this point, the two most important considerations for the sector are that this has happened and then to understand why public sector partners have done this.

#### 3.1 Why are local authorities combining?

We think there are four main drivers for public sector partners:

- Combined Authority councils will gain greater control over new powers and funding. This means having a greater say over Growth Deals (about £2bn per year, nationally, mostly Skills, Transport, and Housing, at the moment) and the next EU Structural Investment Fund Programme (about £6bn over 2014-20). Combined Authority status asserts to LEPs: your new devolved powers, are our devolved powers. Combined Authority status can be seen as a mechanism for councils to increase their influence over new, and any future, LEP powers and funding.

*Implication for the VCS: Over the next 12 months, this is likely to mean that EU Social Inclusion funds will be more closely linked to delivering a Combined Authority agenda.*

- Combined Authority status gives Councils greater control over their income. Local Authority funding as of 2013-14 radically changed. Over and above the impact of austerity, the formal Local Authority central grant was nearly halved. Retained business rates and the New Homes Bonus are now very important factors in council income,

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<sup>3</sup> Our calculations based on ONS data for 2012.

especially for councils in the North of England. Combined Authority status formally gives councils a greater say over supporting businesses and building houses, and therefore over their income. It also offers the potential for exploring ways to make savings without affecting frontline services. This is an important aspect in Greater Manchester where a centralised public service reform team (looking at services for 0-5s, older people, ex-offenders and the new extended troubled families pilot: complex dependency) has been established. Public service reform is embedded into the Combined Authority structures and strategies.

*Implications for the VCS: The City Region footprint becomes an important level for discussing public sector funding cuts; and demonstrating economic impact becomes increasingly important.*

- Greater Manchester's Combined Authority (GMCA), established April 2011, has been seen as highly influential<sup>4</sup>. There have been two features to GMCA's perceived success. Firstly, GMCA's 'earnback' model, whereby Greater Manchester earn back a portion of increased GVA as a consequence of infrastructure investment, must be particularly appealing to northern, urban councils. Secondly, and related, GMCA has made public service reform an economic issue. In many ways, this may well be the natural conclusion of Combined Authority status in the urban north (no matter the result of the next election). **If so, it is difficult to understate the fuller implications of this fundamental combining of welfare, reform and growth for the voluntary and community sector.**

*Implication for the VCS: welfare, public service reform and growth will become increasingly inter-related; again, demonstrating economic impact becomes increasingly important.*

- Related to GMCA's success, Combined Authority status gives City Regions a loud, collective voice capable of negotiating with central Government and calling for greater devolution. We have entered a political race to devolve powers to City Regions, over and above what LEPs might gain. Combined Authorities are a vehicle for negotiation and receipt of powers (- the ability to negotiate the 'earnback' model is more important than the model). As such, they anticipate future policy, including the increasingly recognised need for an economically stronger north.

*Implication for the VCS: This is an opportunity for the sector to support local partners, and newly forming City Region collective-leadership, and call for greater local powers.*

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<sup>4</sup> This has been reflected in the size of Greater Manchester's 2015/16 Growth Deal allocation, which is bigger than any other area in England. See page 5 of the Centre for Cities' *Local Growth Deals Briefing* (July 2014): <http://www.centreforcities.org/assets/files/2014/14-07-22%20Growth%20Deals%20Briefing.pdf>. On page 6 of the briefing it can be seen that Greater Manchester's Growth Deal is the only one to include public service reform.

### 3.2 Change is just beginning

Combined Authority status will fundamentally alter external local to national relationships and, more subtly, begin an inevitable change in local dynamics.

Of course, devolution is not moving as fast as the rhetoric. Lord Heseltine's vision of devolving £49bn (over five years) in pooled economic monies<sup>5</sup> has not happened; instead, we have £2bn per year, much of it in project-like packets, often with a road and rail focus. However, we are very early on in the life of Growth Deals, which also include a significant skills agenda. However, the momentum for greater devolution is rapidly growing, and we know, through documents such as *Making Local Economies Matter*<sup>6</sup> that this is part of Labour's thinking too. Combined Authorities are part of that growing momentum and a net for future change.

It won't be overnight but Combined Authority status will affect how decisions are made, how relationships work, how funding travels into localities, what determines strategic priorities, how accountability works, how evidence is collected and how the voluntary and community sector is perceived. Councils in the Liverpool City Region have effectively just become a sub-national economic development agency.

What we have not done, in this paper, is look at the 'non-economic' public sector structures. However, we know from Greater Manchester that health and social care structures have tended to align. This is likely to have happened regardless of the Combined Authority status but Combined Authority status has made for a stronger voice (with formal City-Region sign-off) for promoting a Greater Manchester health and social care business case e.g. early years' public service delivery. Combined Authority status has cemented that relationship and given it teeth. Inevitably, other agencies are increasingly likely to use this new geography for their own activities e.g. Big Lottery Fund (Talent Match and Fulfilling Lives). So, for example, even if the Work Programme uses a different geography to commission, prime contractors will be increasingly obliged to understand and work with Combined Authorities.

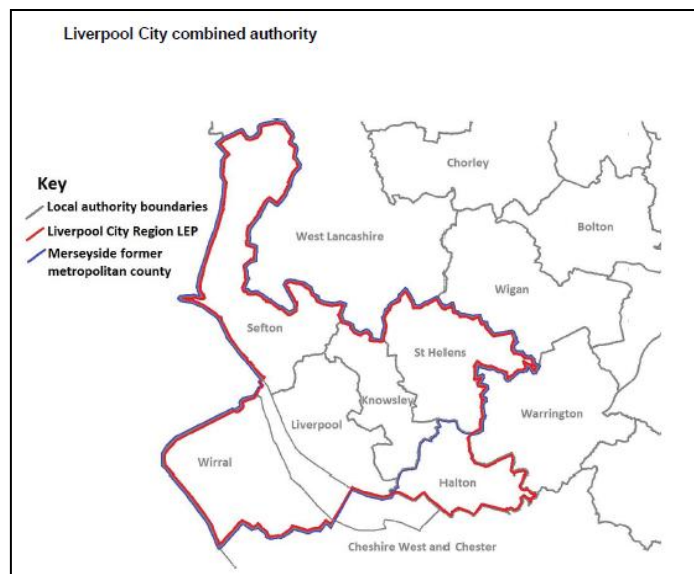
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<sup>6</sup> Smith Institute: 2014, Healey, J. MP and Newby, L

#### 4. What is a Combined Authority?

The Halton, Knowsley, Liverpool, St.Helens, Sefton and Wirral Combined Authority, or [Liverpool City Region Combined Authority](#), was established on 1<sup>st</sup> April 2014.

Including Liverpool City Region, there are currently five combined authorities: Greater Manchester (2011), West Yorkshire (2014), Sheffield City Region (2014), North East (2014).



Combined Authorities are a legal structure, introduced by the *Local Democracy, Economic Development and Construction Act 2009* (sections 103-113), that may be set up by two or more local authorities in England. The local or “constituent” authorities, without losing their own role, come together to become the combined authority. **The formal purpose of a combined authority is to contribute to local transport, economic development and regeneration policy and delivery.**

They offer the potential for greater, more strident, city-region localism. They may not, as was hoped by Government, be mayoral (like London), but they have the potential to have mayoral-type powers. Besides coordination of transport and economic strategies better linked to a ‘travel-to-work’ geography, the advantage of having a combined authority is that it is a “legal entity which would be in a position to attract funding and devolved powers from Government”<sup>7</sup>.

As such, Combined Authority status places councils at the heart of city regions, effectively doing three things: reaffirming local authorities’ lead role in all local matters economic, consolidating local authorities relationship with LEPs (your devolved powers are my devolved powers) and anticipating further devolved powers for city regions. As Sheffield City Region's Combined Authority constitution notes:

"Looking forward, city regions are increasingly a feature of central government policy making. It is anticipated that in the future further powers or functions may well be devolved to the Authority where the Government wishes these to be exercised on a regional basis." (Article 4.4)

<sup>7</sup> MerseyTravel press release accessed 16 July 2014: [It's a green light for the Liverpool City Region Combined Authority](#)

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A Combined Authority's relationship with their Local Enterprise Partnership (LEP) is an important, essential element. This has implications for:

- the way the European programme (2014-20), Growth Deals and City Deals are managed
- how these programmes are given formal, democratic accountability
- how local authorities are better linked into the Government's devolution of economic powers and funding streams to LEPs

Combined authorities also offer a footprint for public service reform alongside economic development. Powers under the Localism Act 2011 (sections 15-20) allow for the transfer of *any public function* to 'permitted bodies', and this includes combined authorities. This builds on the original legislation that asks that The Secretary of State, when granting combined authority status, have regard to the need (a) to reflect the identities and interests of local communities and (b) to secure effective and convenient local government. While it is unclear how the former is assessed, the latter emphasises the role of public service reform and the potential for amalgamating public sector agencies, or frontline/back-office services. Ministers' expectations are that combined authorities will "lead to considerable efficiency savings through sharing and avoiding the duplication of services".<sup>8</sup> On this question, Liverpool City Region, has stated, in the [FAQ governance review consultation briefing](#), that the Combined Authority:

"... will not impact on the services currently provided by local councils. The Combined Authority will have a strategic focus across economic development, housing, transport and employment and skills and not other service areas"

However, combined authorities also offer a footprint for procuring, and commissioning, goods and services that need not impact on the services currently provided by local councils.

Combined Authority status offers councils the kind of collective power to influence central government, to offer the democratic vehicle for increasingly sizeable decentralised funding and powers, and to attract inward investment from the private sector on a new, billion-pound-plus scale.

Combined Authority status will inevitably, and increasingly, affect the local working culture and relationships. It offers a challenge and an opportunity for how the voluntary and community sector engages and operates across the City Region.

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<sup>8</sup> HLDeb 16 Mar 2011 cGC92

## 5. VCS involvement in Combined Authorities

There are five Combined Authority areas, all in the North of England and each focused on large city region areas. It is difficult, at this point, to see to what extent they are vehicles of convenience for local authorities asserting their role in and oversight over Growth Deal and EU SIF funding and delivery.

Combined Authority status reasserts the role of councils in City Region economic development at a time of increasing powers for private sector-led Local Enterprise Partnerships. It must be remembered that LEPs are, for the most part, a mix of private sector and council leaders; councils have a significant say in the decisions of LEPs. Staff teams have strong backgrounds in the public sector, and rely on match funding from councils for core budgets. LEPs, in turn, want to remain focused on their own strengths: taking a strategic lead on business support, playing a role in developing local investment and driving an employer-led skills agenda. LEP and LEP chairs often (each LEP is very different) see big infrastructure projects (housing, transport, capital builds, regeneration) as the operational remit, and strength, of councils and other local public sector partners. Councils, for LEPs, are vital agents of support (political and resource), risk-holding and accountability, not to mention the appeal of Council's ability to draw in inward investment at an economically significant scale.

Councils are powerful players in LEPs, especially in City Regions, and even more so, it appears, in Combined Authorities.

Lead VCS infrastructure agencies are taking different approaches in different combined authority areas. The immediate assessment questions that frame responses to Combined Authorities could be summarised as:

- To what extent should engagement with Combined Authorities be prioritised? Should precious funding and resources be committed?
- What is their purpose? How relevant is their remit to the sector?
- Is LEP engagement adequate at this point? Are Combined Authorities merely the means for councils to take more control over new LEP funds?
- To what extent is their geography relevant to local infrastructure work and relationships? Is a 'wait and see' approach adequate at this time?
- To what extent are new strategies and evidence bases driving collective decision-making? Is the sector involved in this?
- To what extent is Greater Manchester (now in its fourth year as a Combined Authority) a fore-runner for the four new Combined Authorities? To what extent are Combined Authorities just beginning?
- Is this shuffling deck-chairs or a new ship?

## 5.1 North East Combined Authority

The geography of the North East Combined Authority is not the first choice local geography and is probably the least likely of the five Combined Authorities. Voluntary Organisations' Network North East (VONNE) are very much the best fit local lead infrastructure agency.

VONNE are taking a threefold approach to local engagement:

- i. Engaging the LEP: pushing for sector representation on the board and in substructures; working with VONNE to develop a successful North East bid to Big Society Capital; supporting active sector engagement in developing the North East Independent Economic Review, while LEP staff attend the VCS Skills & Employability Focus Group.
- ii. Engaging the Combined Authority. This is proving more challenging to date as it lacks firm structures, lead officers are secondees and thematic lead responsibility is divided between the seven constituent authorities. However, The Combined Authority and the North East LEP have committed to creating a joint executive team with integration of the leadership role into a post of Combined Authority and LEP Executive Director. The CA does not have VCS representation.
- iii. Driving forward the sector's role in, and defining its focus around, social inclusion. Rather than simply seeking to fit in with LEP and CA structures, VONNE are actively driving forward the sector's claims to be involved in the governance of EU Structural Investment Funds and have supported the development of a sector strong (the VCS are 'social inclusion businesses whose business is social inclusion') Social Inclusion Advisory Group.

VONNE ensured that two CVSs are represented on the Social Inclusion Advisory Group and target specific information at CVS CEOs. Seeing this work as strategically important for the sector, VONNE are funding their support for sector engagement out of reserves.

## 5.2 West Yorkshire Combined Authority (WYCA)

In the Leeds City Region (LCR), the main trigger and focus for greater engagement has been the new EU programme and has therefore focused on the relationship with the LEP. This engagement has led to positive engagement for the sector on Community-led Local Development (CLLD) proposals for Leeds and wider involvement for the sector in developing the ESIF Strategy for the Leeds City Region.

At around the same time as this early ESIF work, the CVS in Leeds City Region (LCR), led by Voluntary Action Leeds (VAL), started to consider how they might work together to better engage with the emerging structures. These conversations led to the formation of the LCR Infrastructure Consortium, comprising most of the CVS in the LCR area, and open to appropriate new members – for example, Involve (the regional infrastructure agency, based

in Leeds) are expected to join, and an organisation called YourConsortium, a contract management organisation which has considerable EU funding expertise, has joined. Consortium members have agreed to support a bid from VAL for the Big Lottery's Better Opportunities development funding for the LCR area.

Returning to the question of ESIF governance, VAL wrote to the LEP team on behalf of the LCR Infrastructure Consortium nominating a VCS representative to sit on the ESIF Local Sub Committee. A representative endorsed by the Consortium has been agreed who will now need effective consortium support in order to be able to meaningfully represent the sector.

While engagement with the WYCA itself has not been a priority, the LEP ESIF officers that the Consortium has engaged with will be transferring to the WYCA, and a marker has been put down for engaging with the sector via the Consortium structure. As yet there has not been a formal conversation about WYCA/VCS engagement, although WYCA's website includes the following statement: "And while the leadership of the CA is from council leaders, local politicians and the public sector, representatives from other partners, including the private sector, other public sector agencies and the voluntary sector are key to its success." This leaves room for future discussion and engagement.

### **5.3 Sheffield City Region Combined Authority**

A partnership of local infrastructure organisations in Sheffield City Region (CVS plus the South Yorkshire Community Partnership) are working together and developing a conduit for information in and out of the LEP.

At this point, there are no intentions to develop a specific relationship with the Combined Authority, which has not yet established high level partnerships, beyond one-to-one constituent councils. The Combined Authority is seen as predominantly focused on roads and railways and therefore not a priority for the sector. It's relevance may become more clear as it develops (there is a clear sense that it is a developing 'vehicle of convenience') and, as such, the approach is to wait and see what happens.

CVS partners have considered developing a corporate entity that could hold funds. However, there was not the appetite from trustees of partner CVS to contribute a small amount of funding. At this point, it was not felt to be a strategic priority, given other considerable pressures on resources.

Partly because of an unwillingness to identify one CVS as a local lead agency, and partly because of concerns about match funding and other additional resources, CVS partners are supporting a bid by the Key Fund to the Lottery's ESF programme development funding. Key Fund are therefore the CVS' preferred lead organisation in the City Region in readiness for the main ESF match-funding programme in 2015.

#### 5.4 Greater Manchester Combined Authority (GMCA)

GMCA was established in 2011, three years earlier than any other. However, GM Councils have been working together as the Association of Greater Manchester Authorities (AGMA) since 1986 and the abolition of Greater Manchester County Council. The big question is to what extent GMCA anticipates the future direction of other Combined Authorities.

A coterminous VCS infrastructure agency, GMCVO, was set up in 1975, is core funded by AGMA and received the St Thomas Centre as an asset transfer from Manchester City Council in 1999. While GMCVO does not have a seat on the LEP Board, it links into the broad hierarchy of GM structures (eg through the 'Commission on the New Economy' which supports AGMA, the Greater Manchester LEP and GMCA economic development delivery and intelligence). GMCVO do have a seat on the Public Service Reform Executive.

The partnership in Greater Manchester is well established, with clear statements about its future ambitions. Unlike elsewhere, the LEP was slotted into the family of public sector agencies, which has included seven GM-wide commissions (including one on Health). So, within the recent health changes, GM-wide strategic structures have been established e.g. GM Health & Wellbeing Board. Local arrangements remain strong and clearly in command of local delivery, but there is a clear strategic GM role in Public Service Reform (PSR). In recent years, this has been driven by Greater Manchester's Whole-Place Community Budget and the broader GM public service reform agenda. The commissioning strand of the PSR structures has begun brokering conversations between local commissioning leads (eg Early Years'), health and VCS partners, and providing draft core specifications (e.g. Children's Centres) for use locally.

The link between economic growth and public service reform is restated, again and again, through a long series of core framework Greater Manchester strategy documents that simultaneously embody mesmerizing accountability and collective leadership: Manchester Independent Economic Review (MIER); Greater Manchester's Strategy and refreshed strategy; the Greater Manchester Sustainable Community Strategy; City Deal; Whole-Place Community Budget; in the Cost Benefit Model developed by New Economy in partnership with HM Treasury, and in Social Finance's business case for reforming Early Years' (pregnancy to school ready) delivery across Greater Manchester. These principles of growth and reform are most recently reiterated in Greater Manchester's Plan for Growth and Reform, and are therefore (not for the first time) at the heart of the LEP's proposals too; so, what elsewhere is a predominantly Transport, Housing deal includes Complex Dependency public service delivery, Early Years' and Health and Social Care reform. The Combined Authority and City Region agenda is about addressing demand on public services to generate growth, generating growth to address demand on public services.

On the other hand, GMCVO's engagement with the LEP Board has been minimal partly because input can be achieved through the Combined Authority structures. Strategic

engagement on the EU SIF programme came through supporting a sector response to the GM Strategy (refresh), submitting evidence about the sector and engaging with New Economy. GMCVO's close working relationship (including collocated staff) with New Economy, delivering the Lottery's Talent Match programme, could become an increasingly important relationship, as powers and funding are devolved to City Regions and the Work Programme opens up to local scrutiny processes.

Paradoxically, the public sector drive to generate social and economic inclusion can challenge and squeeze out the VCS. It's early on in this Combined Authority framework debate, but the emphasis on the right kind of sector is pushed towards the interaction with local connections, community assets and creating the right environment for opportunity. The emphasis on VCS infrastructure shifts towards supporting the sector's role in places (['Thriving Places'](#)<sup>9</sup>) rather than public service delivery, and on "[Economic Resilience](#)"<sup>10</sup> linked to a welfare agenda.

Transport has been an important part of GMCVO and AGMA/GMCA's relationship (with a Community Transport post and network supported in the past) in the past. It might not feel like a priority area for local VCS infrastructure, but transport (and its links to economic opportunity and access to public services) is a relatively easy agenda for Combined Authorities. As such, it is a relatively uncontentious agenda that can open doorways (to lead officers) and rapidly and clearly demonstrate purpose.

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<sup>9</sup> VSNW & CLES: 2014: <http://www.vsnw.org.uk/publications/view/2014-02-11-thriving-places>

<sup>10</sup> NEF: 2013: <http://www.friendsprovidentfoundation.org/wp-content/uploads/2013/12/nef-Mapping-Economic-Resilience-1-report.pdf>

## 6. Liverpool City Region Combined Authority –membership, structures and scrutiny

Liverpool City Region Combined Authority, just like the other Combined Authorities, was established following a formal governance review. As such, it creates a new, more formal hierarchy across the City Region. Local authorities are firmly embedded at the centre of a new phase of the City Region.

**Membership of the Combined Authority:** The members of the Combined Authority are nominated by the constituent local authorities, while the LEP Chair is co-opted. This group then elects a chair and a vice chair each year.

| Name                             |            | Membership      | Position within nominating authority | Nominating authority                               |
|----------------------------------|------------|-----------------|--------------------------------------|----------------------------------------------------|
| <a href="#">Rob Polhill</a>      |            | Constituent     | Leader of the Council                | Halton Borough Council                             |
| <a href="#">Ron Round</a>        | Vice-Chair | Constituent     | Leader of the Council                | Knowsley Metropolitan Borough Council              |
| <a href="#">Joe Anderson</a>     |            | Constituent     | Mayor of Liverpool                   | Liverpool City Council                             |
| <a href="#">Barrie Grunewald</a> |            | Constituent     | Leader of the Council                | St Helens Metropolitan Borough Council             |
| <a href="#">Peter Dowd</a>       |            | Constituent     | Leader of the Council                | Sefton Metropolitan Borough Council                |
| <a href="#">Phil Davies</a>      | Chair      | Constituent     | Leader of the Council                | Wirral Metropolitan Borough Council                |
| <a href="#">Robert Hough</a>     |            | Non-constituent | Chair                                | Liverpool City Region Local Enterprise Partnership |

Relationships with these key contacts will be important. This means making the case for the voluntary and community sector across the City Region as well as locally, and having the evidence base to hand too.

The **Liverpool City Region Cabinet** will continue on a non-statutory basis. Key functions and arrangements to support the new Combined Authority will include alignment of the following important structures:

| Function                                | Arrangements / structures                                            |
|-----------------------------------------|----------------------------------------------------------------------|
| Strategic Economic Development          | Liverpool City Region Local Enterprise Partnership Board             |
| Strategic Transport                     | Merseytravel Committee supported by a Transport Advisory Group (TAG) |
| Strategic Housing and Land Based Assets | Liverpool City Region Strategic Housing and Planning Board           |
| Strategic Employment and Skills         | Liverpool City Region Employment and Skills Board                    |

Engagement with these structures will be important. It may be that there are already VCS agencies embedded that can take on a broader representative role and support the sector to influence and engage. For example, Gill Bainbridge's work as a member of the Liverpool City Region Youth Unemployment Task Force and leading Merseyside Youth Association's work on Talent Match will be important for the sector.

A **Scrutiny Panel** will be established, drawn from Constituent Councils. It is proposed that the Panel will: provide a 'critical friend' role; undertake pre-decision scrutiny reviews and monitor the delivery of the Liverpool City Region Combined Authority Strategic Plan. Further detail about the draft Scrutiny arrangements can be found here: [Draft Scrutiny Arrangements LCRCA](#). Currently, 12 of the 14 panellists will be Labour councillors, reflecting local democratic representation.

During the consultation process, it was suggested that SMEs and the private sector would be adequately represented through the co-opted LEP Chair on the Combined Authority. On the subject of wider partner involvement, it was stated as part of an FAQ briefing that: "Additional partners will be involved with the detailed work of the proposed Combined Authority and opportunities will be explored around a **Partners' Council**."<sup>11</sup> Mention of a Partners' Council has not reoccurred but echoes the use of the *Social, Economic and Environmental Partners* group that continues to support the North West Regional Leaders Board (see *Strategy 1*, below).

### Strategy 1: Developing a broader partnership

**Summary:** In the past, the group of Regional Assembly Members known collectively as SEEPs (Social, Economic and Environmental Partners) were representatives from sectors other than the region's Local Authorities. They contributed to decision-making (particularly on issues relating to economy, planning, transport, and housing) by representing the interests and concerns of many sectors that contribute to the social, economic and environmental well-being of their region. These sectors can include business, industry, trade unions, transport, education, equalities, health, housing, culture, voluntary & community sector, faith groups and the environment, and include members of the UK Youth Parliament. The SEEP still meet, and work with local authority leaders, in the North West and nominate representatives from among themselves (representing the balanced interests of social, economic and environmental) to sit on the Regional Leaders Board.

**Relevance:** This provides a model of representation familiar to local authority leaders that is not merely VCS specific but provides a broader, and more influential, umbrella. It also offers the chance to draw current representatives within reach and may be an acceptable proposal for the "Partners' Council" or equivalent. There would need to be a clear VCS candidate with backing from significant voices within the sector.

<sup>11</sup> See Theme 7, page 5: <http://www.merseytravel.gov.uk/about-us/corporate-information/Documents/FAQs%20-%20Consultation.pdf>

It is unclear to what extent the governance review (that established the Combined Authority) should inform further review of the newly aligned substructures. So, for example, to what extent should the membership of the Employment and Skills Board change now it no longer just informs the work of the LEP? This is an important theme for future VCS involvement and, at present, it may be that some of the dust – as far as the substructures are concerned – has not yet settled.

The Combined Authority was born of a governance review and the subsequent relationships will need time to mature. There is a balance to be struck between allowing the dust to settle and placing a clear marker, and thereby helping to establish collective sectoral astuteness.

The emphasis should be on being part of the new family of City Region structures. A Compact, incorporating the Combined Authorities' own principles, could be developed (see *Strategy 2*, below).

### **Strategy 2: Developing a City-Region Compact**

*Summary:* The Combined Authority is a legal public sector entity and in theory should operate to the National Compact Code. It may be that considering the code across the combined authorities could be included as part of the review of city region governance. For LEPs the compact is optional but Combined Authorities are formal, corporate, public sector bodies.

Potentially linked to a Combined Authority Compact are the following decision-making principles embedded within the [constitution of the Combined Authority \(Part 1, s.11\)](#) that could be better linked to the voluntary and community sector (as well as other partners). The principles outlined in the Liverpool City Region Constitution are

- a. Proportionality (meaning the action must be proportionate to the results to be achieved);
- b. Due consultation (including the taking of relevant professional advice);
- c. Respect for human rights;
- d. Presumption in favour of openness;
- e. Clarity of aims and desired outcomes; and
- f. Due consideration will be given to alternative options

## 7. Liverpool City Region Combined Authority – powers and responsibilities

Liverpool City Region Combined Authority has responsibility for a number of areas that are outlined in the Combined Authority's constitution and appendices:

- [Constitution of the Liverpool City Region Combined Authority](#)
- [Operating Agreement](#)

Included in the Operating Agreement are a series of protocols between the Combined Authority, the six constituent local authorities, the Liverpool City Region LEP and a number of other agencies (MerseyTravel, Employment and Skills Board) that define roles and responsibilities. Protocols exist for:

- Economic Development.
- Transport
- Employment and Skills
- Housing Strategy
- European Programme
- Accountable Body

Through them we can more clearly understand the new hierarchy of structures and how they feed into the Combined Authority.

The next section of this paper looks at the relevance of these economic structures for the voluntary and community sector. The Economic Development protocol puts the Liverpool City Region Combined Authority at the heart, alongside the LEP, of economic development in the City Region.

## 7.1 Economic Development

Liverpool City Region defines economic development and regeneration as: business support; inward investment; trade and export; strategic housing; employment and skills, and transport. Namely, the areas of responsibility, which are being handed to Local Enterprise Partnerships (LEPs) by central Government.

The City Region emphasis is on a ‘whole-systems’ approach to delivering economic growth by formally recognising the importance of economic development for all areas of activity across the City Region. The Combined Authority is now responsible for providing democratic and financial accountability and, in partnership with the LEP, for providing strategic leadership for economic development within the Liverpool City Region. The Combined Authority is at the heart of knitting everything together.

The Combined Authority status turns LEPs from being the vehicles of private sector-led economic strategic working to LEPs being the “the primary mechanism *through which* the private sector can influence and support economic development in the Liverpool City Region” [my italics]. For the sector in other Combined Authority areas, there have been three important strategies for engaging with LEP resources: (i) engage with the LEP (ii) engage with the Combined Authority (iii) create your own mechanisms to interact with LEP resources and governance.

Combined Authority structures, alongside the LEP, will therefore become increasingly important as economic development delivery, driven by a number of funding streams, speeds up over the coming years.

So, the Combined Authority will:

**In partnership with the LEP, set the strategic economic vision and align strategic priorities for the Liverpool City Region.** This includes Transport, Housing & Spatial Priorities, and Employment & Skills.

**Agree the Single Local Growth Plan and investment strategy.** This has now been outlined in the [Growth Deal](#) (7 July 2014), and is worth £232.3m (2015/2021). The Growth Deal is the Government’s initial commitment, following the Heseltine Review, to devolve transport, skills and housing delivery to LEPs. Areas of the Growth Deal of potential relevance for the voluntary and community sector include:

- £5.9m government funding for the City Region’s Youth Employment Programme.
- Co-design (by Government and the City Region) a payment by results pilot for learners aged 19+. The pilot will consider the link between skills investment and improving opportunities for disadvantaged learners.

- Developing Liverpool City Region's *Skills for Growth Bank*. This includes providing capacity support for SMEs to engage with apprenticeships.
- Greater links with national and local back to work initiatives.
- The LEP and Combined Authority will "improve operational partnership working, including the joint prioritisation of resources over the city region".
- Establish environmental baseline information.
- Develop community energy schemes and micro-generation, as part of delivering a Green Economy.

**Develop and agree a pipeline of strategic projects/initiatives.** An [investment pipeline](#), with some links to the EU Strategy, has been developed to support the Strategic Economic Plan. This includes:

- A City Region Capital Investment Fund. This will align a number of other resources including the Growing Places Fund, Merseyside's Chrysalis Fund, £24m EU Funds (2014-20) and additional ERDF grant resource targeted at growth and job creation.
- Delivery of a *City Region Enterprise Strategy*. This has been developed by the private sector led Business Growth Board (chaired by Asif Hamid, Deputy Chair of the LEP) "in consultation with key partners throughout the City Region". Details of the board, the work of the board or a copy of the current Strategy do not seem to be available online. It is unclear whether this Board, as a member of the new family of City Region structures, will become more accountable and transparent (business support is being linked to local councils). Proposed *Enterprise Strategy* activities as part of the pipeline include:
  - *Stimulating entrepreneurial aspiration* in schools, colleges and Universities working with those key partners. Partners intend to commission a study to identify best practice in how this might be achieved.
  - *Creating an entrepreneurial business environment* by ensuring the right finance is available and by building on the experience of the City Region's [Entrepreneurial Ecosystem Project](#). The LEP's current evidence base report cites the UK Enterprise Strategy of 2008 and highlights a culture of enterprise as one of five key enabling factors; current entrepreneurial ecosystem models vary in how they incorporate culture
  - ***Delivery of an 'Inclusive Economy' portfolio.*** This includes delivering the City Region Innovation Plan, tackling youth unemployment, helping adults (over 24) back into work/enterprise (using basic employability skills, transition support, wage subsidies and apprenticeships). It also includes a social growth and connectivity strand looking

at: Micro credit; development of local social capital linked to a Local Impact Fund; using the natural environment to improve health and employability; small grants programme for community development; and, innovative approaches to meet community needs with wider benefits e.g. parental mentors.

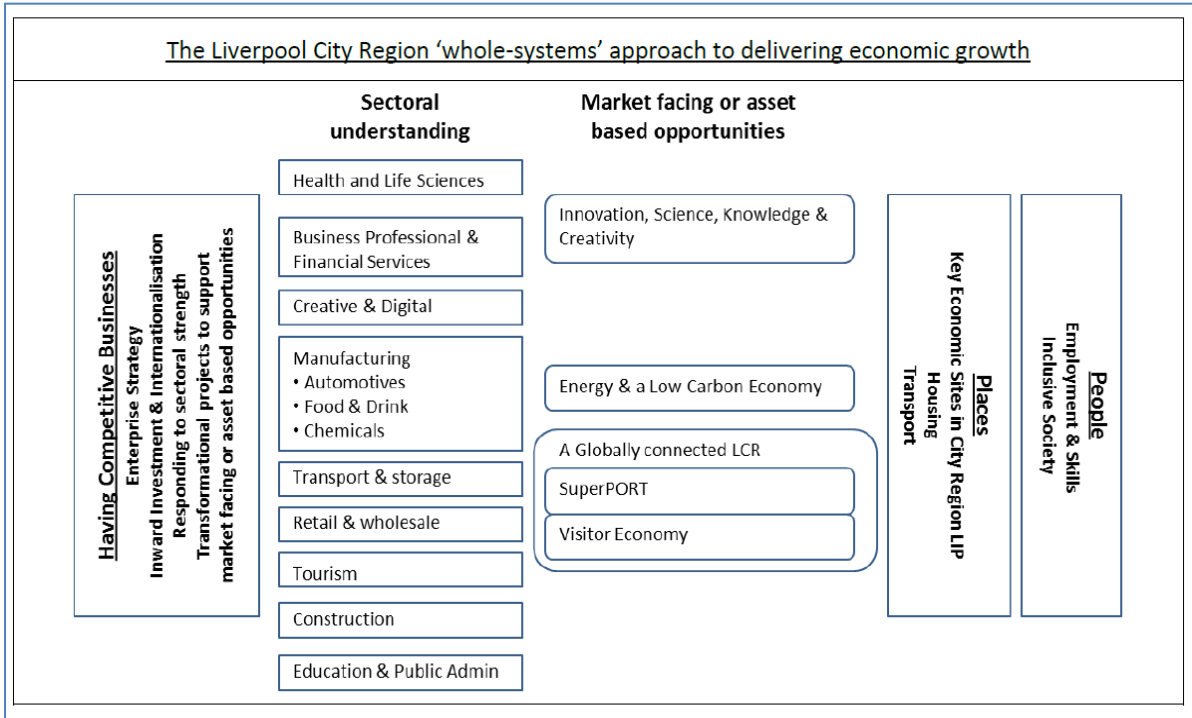
**In partnership with the LEP, agree a Single Investment Fund approach.** This requires the alignment of different funding streams, including the [EU Programme funds for 2014-2020](#).

**Develop a single appraisal framework/process** with regard to the Single Investment Fund in consultation with the LEP.

Other relevant functions to be undertaken by the LEP, together with the CA, will be to:

1. Develop a **single evidence base** in partnership with the Constituent Councils to inform strategic thinking. The current [Liverpool City Region Evidence Report](#) (used to inform the Growth Deal and Strategic Economic Plan submission) does not include any reference to the voluntary and community sector. There is one reference (in a document that identifies 'Human Health & Social Work' as the largest employer in the city region) to the voluntary and community sector on the final page of the [Liverpool City Region Growth Plan: Sectoral composition, socio-economic profile and summary SWOT assessment](#): "Opportunities related to the strength of the Voluntary and Community sector in the City Region". This is positive but there is no further detail in the remaining document other than one mention of social enterprise and a Social Economy. A VCS contribution to the single evidence base should support greater sector involvement in the new structures going forward and demonstrate the economic and social impact of the sector (see *Strategy 4* on page 31).
2. Work with the Combined Authority to co-ordinate inward investment activity across the Liverpool City Region subject to a Protocol between each of the Constituent Councils in relation to the sharing of information and handling of enquiries in particular in relation to how those relevant to their local area should be taken forward;
3. Develop the international economic strategy for the Liverpool City Region to cover inward investment, trade and export.
4. Develop a Business Support strategy with constituent councils.

Possibly, as a consequence of the Governance Review, which helped establish (and evidence the need for) the Combined Authority, there is a strong emphasis on a **'whole-systems' approach to delivering economic growth**. The latest version of this vision, submitted as part of Liverpool City Region's Growth Deal, is below.



Taken from the [draft LCR Growth Plan & Strategic Economic Plan \(2014, Version 6\)](#), p.10

In the official analysis of where the economic proposals meet, an area of promising crossover for the voluntary and community sector exists where the “competitive people” strand of the Growth Plan meets the “inclusive economy” element of the EU Programme. As Liverpool’s submission notes: “the City region suffers lower household income than the national average and ‘competitive people’ is as much about improving peoples standards of living as it is just supply side skills intervention.”

This suggests that an important point of engagement, beyond the EU programme, is with the Employment and Skills Board who, in all likelihood, will drive delivery of this crossover area. There is an opportunity for the sector, as a whole, to make a strong ‘whole-system’ offer. Three potentially complementary models are outlined on the following page (*Strategy 3*, page 30).

### Strategy 3: The role of the VCS in a ‘whole-systems’ approach to economic growth

*Summary:* There have been a number of pieces of work exploring the sector’s potential role in delivering economic growth. Similar work (to the three models below) exploring the future role of the sector in the detailed economic development work of the Liverpool City LEP and the Combined Authority, *linked to appropriate engagement*, could be explored.

- a) VSNW worked with the Centre for Local Economic Strategies (CLES) to **identify local VCS potential in the work of the Cheshire and Warrington LEP**. There were two reports. One looking at the broad scale of the local sector (linked to the evidence base, see *Strategy 5*, page 23) and one looking at four thematic areas of delivery and potential: social inclusion, employment and skills, social enterprise, and social innovation.

*Relevance:* The work laid out a basic business case for the sector, quantitatively and in four thematic areas that are of relevance to a Combined Authority: social inclusion, employment and skills, social enterprise, and social innovation. It also outlines a basic strategy by which economic development agencies can better work with the VCS.

*Links:*

- [Working with the LEP to develop greater social and economic inclusion](#) (2014)
- [The Future Role of the VCS in the C&W LEP](#) (2014)

- b) A ‘**Civil Economy**’ strategy was developed in Manchester by CLES and MACC, Manchester’s lead local infrastructure organisation, to develop the potential of the social sector to contribute to local economic development. The strategy builds on the evidence base work done by Hallam University into the economic potential of the sector and looks at the role of the sector across six themes:

- Encourage collective place leadership
- Ensure equal access and benefit economy
- Foster local social and private sector links
- Support pathways to work
- Promote enterprise
- Enhance the social sector as part of the solution for public services

Link: [Civil Economy](#) (2014)

- c) **Support a cross-cutting City-Region Social Inclusion Framework.** VSNW’s sister organisation, One East Midlands, developed a framework to identify priority groups and activities for the LEP’s social inclusion work. Identified priority groups (with rationale) are: older long term unemployed [over 40]; younger people; women ‘returners’; people with multiple and complex needs; financially excluded cross referenced to five thematic areas of delivery: health and wellbeing; rural inclusion/exclusion; ABCD; involving business; softer outcomes (arts, environmental, confidence-building). This report sets out a model, that fits in with EU SIF and Lottery match models, for developing a City-Region wide social inclusion framework for delivering social and economic inclusion.

Link: [D2N2 Social Inclusion Framework](#) (July 2014)

**Strategy 4: Developing, communicating and integrating a VCS Evidence Base**

*Summary:* In the development of the NW Regional Strategy (2010), formal and positive engagement was enhanced by offering support to develop the evidence base with a focus on the region's voluntary, community and social enterprise sector. The gathering of the evidence base, through consultation, helped align sector interests and profiled the sector's ability to coordinate and work collectively. The subsequent evidence base was circulated to key players in the region and profiled the sector's potential and offer more broadly. The offer helped to demonstrate commitment to the process, vision and partnership.

- [VSNW Submission](#)
- [NW Regional Evidence Base Summary](#) – key points on pages 154/55

In Greater Manchester, Hallam University was contracted to develop a state of the sector report by local infrastructure organisations. Hallam produced a report for each district and a Greater Manchester report based on these local reports (working to a consistent template). The focus of the report was to identify headline findings about the sector's economic and social impact.

- [Greater Manchester State of the Voluntary Sector](#)

How the evidence base is communicated to partners and integrated into City-Region intelligence will be critical.

## 7.2 Transport

On a phased basis (2014/15 to 2018/19), the Combined Authority will become the lead for transport across the City Region (including Halton). The process for taking on these responsibilities, the timetable of implementation, and review process is most clearly defined. The Operating Agreement includes a detailed Schedule. Key points to note:

- Merseytravel is now an executive body of the Combined Authority (CA).
- A combined authority committee called the *Merseytravel Committee*, consisting of 20 members, will be established; this arrangement will be reviewed during 2014/15.
- An officer level *Transport Advisory Group* (TAG) will provide technical advice and recommendations to the CA and the Merseytravel Committee.
- The City Region Cabinet has a non-statutory advisory role in relation to transport.
- A single, statutory 3 / 6 year Local Transport Plan (LTP) will be developed and take effect from April 2015.
- Halton Community Transport (HCT) dial-a-ride services will continue with Merseylink remaining a Merseyside-only service. There will be bus service reviews from April 2015 with a review of community transport provision and services from 1<sup>st</sup> April 2018.

The voluntary and community sector has engaged on a strong footing in this agenda and linked into the Merseyside ChangeUp consortium:

- [Merseyside Community Transport Guide](#) (Community Transport Association: 2006)
- [Halton Community Transport](#)

Formally (re-)establishing a feedback mechanism to the broader sector may be a simple way to connect to this aspect of the Combined Authority's work.

The Combined Authority is using MerseyTravel to support its own structures. As such, and this has been a difficulty elsewhere, a good relationship with MerseyTravel may be a good foot in the Combined Authority door and provide a good way of engaging with lead CA officers.

### 7.3 Employment and Skills

The Employment and Skills agenda will continue to be driven by the [Liverpool City Region Employment and Skills Board \(ESB\)](#), but which will now be responsible to the Combined Authority.

**Membership of the Employment and Skills Board (ESB):** The 23-strong Board includes a private sector chair and vice-chair, as well as a mix of other private sector employers and providers, council representatives, Skills Funding Agency, FE, HE, Union, JobCentrePlus, SME and MerseyTravel representatives, as well as the Chief Executive of the [Greater Merseyside Learning Providers' Federation](#). It is unclear whether the current structure will be reviewed (in effect a continuation of the Governance Review that established the Combined Authority), how accessible the agenda and minutes will be, and what substructures will exist. It is also unclear how the LEP and the ESB will formally connect. The VCS is conspicuously absent.

The Combined Authority will add democratic accountability and strategic leadership to the work that has already been happening at a City Region level and dates back to 2007. Central to this is the current Employment and Skills Strategy, which was published in 2010: [Transform, Compete, Thrive: Employment and Skills Strategy and Commissioning Framework](#). So, formally, the Combined Authority will commission the ESB to do a number of things, summarised below.

Firstly, develop the long-term Employment and Skills Strategy and priorities for the labour market. A number of key challenges have been set:

- Raise skills levels at all ages.
- Increase employer ownership of skills agenda. This is being driven through a £32m [Skills for Growth Bank](#) (to give employers ownership over how and where skills funding is invested, which also includes a *Market Place* of providers) and through “Skills for Growth Agreements” between employers and providers.
- Improve careers advice.
- Tackle youth unemployment. Gill Bainbridge, Merseyside Youth Association and Debbie Stephens, Fun4Kidz were both members of the Youth Unemployment TaskForce that produced the [Youth Unemployment Taskforce Report](#) (2013).

Secondly, to look at the potential to align funding sources (“in a Community Budget approach”). This could have implications for current VCS employment and training delivery funded by other local public sector partners.

Thirdly, strengthen the accountability of mainstream provision. In other words, connect Work Programme delivery to local communities. A social inclusion framework (see *Strategy 3c*, page 30) that identifies priority groups across the City Region could play an important role in scrutinising accountability.

Fourthly, promote lifelong learning. This could be an important area of work for the sector depending on the priority groups and how this programme of activity is defined.

Fifthly, identify specific barriers to jobs and learning, then working across delivery bodies to ensure that these are minimised. It is not possible to understand at this point how holistic this will be and whether it will include, for example, wellbeing. It may be that a broader evidence base is needed, and connections made with a public health agenda (see *Strategy 5*, page 34).

Sixthly, scan the horizon to understand the future needs of businesses and sectors and to communicate these effectively to residents, schools, colleges, learning providers and universities.

Seventhly, work with national partners (e.g. Skills Funding Agency, Education Funding Agency, Jobcentre Plus) and seek further devolution and local control over employment and skills programmes and investments where appropriate.

It will be the role of individual constituent councils to lead local partnerships with businesses, colleges and providers based in their area.

### **Strategy 5: Building the case for VCS approaches to Tackling Worklessness**

Part of the remit of the Employment & Skills Board (ESB) will be to identify and minimise barriers to employment and training. Part of Liverpool City Region's Growth Deal includes developing local connections to the Work Programme. These two areas will remain a concern, but with growing opportunities for action. Added to this is the opportunity to use the ESB for devolved models of skills and employment delivery; relationships with FE providers could be important.

However, the evidence base for a VCS approach needs redeveloping and re-communicating. Core evidence can be found in:

- NEF/CLES *National Wellbeing Evaluation* which sheds light on the right 'ecosystem' for wellbeing. This model, developed by NEF and CLES, highlights those critical points where public health, health, adult social care, and social sector activity can contribute to a deeper, more long-term approach to addressing low productivity. The wellbeing approach has implications for skills development, building confidence and productivity.  
*Link:* [National Wellbeing Evaluation](#) (publications at bottom of page)
- National and regional community grants programme evaluations make the case for grant funding community groups to support wellbeing, training and employment. Sources and further evidence are available in the 'Employment and Skills' section of [The Future Role of the VCS in the C&W LEP](#).
- MMU's review of 'Tackling Worklessness in the North West' identifies exemplary delivery. Lessons about VCS delivery are also available. This makes the case for local authority delivery alongside local VCS groups.  
*Link:* [Third Sector Tackling Worklessness in the North West](#) (2010)

#### 7.4 Housing Strategy (conditions and housing needs)

In terms of housing, the Combined Authority will continue with the city-region working, which was already well established.

It will be responsible for the future production, monitoring and updating of the Local Investment Plan. Through this plan, the Combined Authority will provide a prospectus for housing and regeneration investment, clarify the City region's physical regeneration priorities and inform the Homes and Communities Agency's planning.

This activity (the production, delivery, monitoring and updating of the LCR Local Investment Plan) will be co-ordinated through the Liverpool City Region Housing and Spatial Planning Co-ordinating Group. The Strategic Housing and Planning Board is responsible for undertaking strategic housing and land based assets functions delegated to it by the Liverpool City Region Combined Authority. Membership of the Board consists of representatives of the six Constituent Councils of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral.

The City Region Cabinet on 18th October 2013 approved the [Local Investment Plan 2014-17](#) for housing and key sites. Within this plan it was defined that there is the ongoing need to raise the quality of the overall housing offer; to address ageing housing stock in poor condition; to provide a wider range of property choices across the City Region and to bring back a large number of empty homes within the City Region.

## 7.5 European Programme

The Combined Authority will have a role to play in supporting the LEP and Government to deliver the [EU Programme 2014-20 in the Liverpool City Region](#). The Combined Authority role is yet to be fully determined but it is likely to provide the accountability mechanism to support delivery in Merseyside and will scrutinise performance and expenditure.

The mechanics of how the national programme will work are still unclear. This was particularly so at the point when the protocol was drafted. The Combined Authority is likely to have a formal programme management role and its remit may relate to ensuring that:

- commissioning criteria are in accordance with EU Programme Rules and Regulations,
- City Region project proposals are developed in line with City Region investment priorities (not just LEP, although there should be crossover)
- robust project appraisal/programme management processes are implemented and that there are regular reports on programme performance to the Combined Authority.
- The Combined Authority has responsibility for Scrutiny of the performance (financially and outcomes) of the European Programme.

Within this developing framework, the LEP's City Region European Board will have a key role in recommending projects for approval.

Key aspects of [Liverpool City Region's EU Structural and Investment Fund Strategy](#) have already been highlighted earlier in this report as part of the investment pipeline (see page 27). This includes:

**A City Region Capital Investment Fund.** This will align a number of other resources including the Growing Places Fund, Merseyside's Chrysalis Fund, £24m EU Funds (2014-20) and additional ERDF grant resource targeted at growth and job creation.

**Delivery of a City Region Enterprise Strategy.** This has been developed by the private sector led **Business Growth Board** (chaired by Asif Hamid, Deputy Chair of the LEP) "in consultation with key partners throughout the City Region". Details of the board, the work of the board or a copy of the current Strategy do not seem to be available online. It is unclear whether this Board, as a member of the new family of City Region structures, will become more accountable and transparent (business support is being linked to local councils). Proposed *Enterprise Strategy* activities as part of the pipeline include:

- *Stimulating entrepreneurial aspiration* in schools, colleges and Universities working with those key partners. Partners intend to commission a study to identify best practice in how this might be achieved.

- *Creating an entrepreneurial business environment* by ensuring the right finance is available and by building on the experience of the City Region's [Entrepreneurial Eco-system Project](#). The LEP's current evidence base report cites the UK Enterprise Strategy of 2008 and highlights a culture of enterprise as one of five key enabling factors; current entrepreneurial ecosystem models vary in how they incorporate culture

**Delivery of an 'Inclusive Economy' portfolio.** This includes delivering the City Region Innovation Plan, tackling youth unemployment, helping adults (over 24) back into work/enterprise (using basic employability skills, transition support, wage subsidies and apprenticeships). It also includes a social growth and connectivity strand looking at:

- Micro credit
- Development of local social capital linked to a Local Impact Fund
- Using the natural environment to improve health and employability
- Small grants programme for community development
- Innovative approaches to meet community needs with wider benefits eg parental mentors.

Concerted engagement with the Lottery's social inclusion match funding will be strategically important (see *Strategy 6* below).

### **Strategy 6: Strategic engagement with the Big Lottery's ESF Programme Development Funding**

While the Programme does not provide large amounts of funding (up to £10,000 in Liverpool City Region), it offers local VCS infrastructure the opportunity to promote its role within the City Region framework:

"The role of the lead organisation is to ensure there is widespread awareness of the opportunities available through the ESF, to act as a main contact for queries and to bring the Voluntary Community and Social Enterprise (VCSE) sector together to discuss local need already identified by LEPs and how best to tackle these priorities."

A coordinated local infrastructure endorsement will be important to the Lottery and will send a positive message to local partners.

Link: [Building Better Opportunities](#)

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## 7.6 Accountable Body

This final protocol establishes the Combined Authority as the catch-all vehicle for new funding: “The CA will become the presumed default Accountable Body for new City Region level fund.”

And specifically the Combined Authority as an Accountable Body, will:

- fulfil any responsibilities for EU Structural Funds on behalf of the CA as an intermediary body;
- act as Accountable Body for Single Local Growth Fund, RGF, EU Funds and other City Region resources which may flow to the CA/LEP for the purpose of economic development;

And all activity that can be aligned should be aligned with the [City Region’s Growth Plan](#) (latest version available online).

## 8. Conclusion

Combined Authorities will affect local relationships: how decisions are made, how relationships work, how funding travels into localities, what determines strategic priorities, how accountability works, how evidence is collected and how the voluntary and community sector is perceived. Local Authorities in the Liverpool City Region have effectively also become a sub-national economic development agency and this will have a long-term impact on local working.

### **Finding 1 - Combined Authority status is not a side-show.**

It is a key element in a vision for being a successful council, especially in areas of the country where the alternative is 'managed decline'. Councils are developing formal City Region relationships for good reasons. Underpinning this, besides strategic vision, are the simple facts that:

- Combined Authority status gives local councils a stronger, collective voice that can call for pots of decentralised funding and then be the accountable vehicle to hold that cash on behalf of a City Region. It makes decentralisation, as a two-way process, easier. Combined Authorities therefore offer a vehicle, to the local voluntary and community sector, to influence national policy; through close partnership working, with dedicated VCS resource, it is possible for VCS infrastructure to add VCS-positive elements to City Region/national negotiations.
- Huge chunks of councils' core budgets are now linked to housing and business growth. Combined Authority status gives councils greater influence over the strategies that influence their funding allocations (and therefore gives them a shot at 'managed success' in the face of increasingly inadequate funding allocations). Combined Authority status puts councils firmly back at the local economic development helm.
- Decentralisation has favoured, and is likely to favour, LEPs, Greater Manchester Combined Authority and, ultimately, an economic development agenda that finds more permanent ways to solve the equation of welfare need and public spending. This is especially important for large urban areas outside London where income generated from housing and business rates might not be enough to make that equation work, and the pressure to address public service demands in new ways is more acute. Whatever the political make-up of central Government next year, this is the fiscal necessity: spending that reduces spending. And Combined Authorities are the natural vehicle for combining economic development and public service delivery.

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**Finding 2 - These realities will inevitably affect how, and why, councils work with VCS groups.**

As Combined Authorities better combine their new responsibilities and funding streams (in the Liverpool City Region, this already amounts to £232.3m Local Growth Fund and c.£200m in European funding up to 2020), they will inevitably and increasingly connect economic development goals and local public service delivery needs and pressures (as stated in above).

The consequence is that this will increasingly alter the case for working with local VCS groups. How these agenda connect, and how partners think about and deliver social and economic inclusion, will go some way to determining the potential role (and shape) of VCS groups engaging with public sector partners. In turn, this will affect the kind of strategic support and representation that VCS groups will require from local VCS infrastructure agencies.

In Liverpool City Region, the strength of VCS engagement with public sector partners will increasingly depend on how it interacts with the Combined Authority's new "whole-system" approach to economic growth.

**Finding 3 - In Combined Authorities, fundamental decisions, that will affect the sector locally, will increasingly be made at a City Region level.**

Local authorities (given their new parallel role as a Combined Authority) will need to be consistent with their Combined Authority and the Combined Authority consistent with its local authorities. There will be two significant lines of development that will affect how the VCS influences and engages with their local authority and local authority partners:

- local authorities, and partners, will further develop centralised strategic plans and planning processes for the City Region. Consultation processes, effective engagement and challenges will increasingly operate at this geography.
- local authorities, and partners, will increasingly move towards sharing centralised delivery of other back-office public service delivery functions (in order to support frontline services). Central Government is encouraging this with small pots of investment designed to support rationalisation (e.g. phase 2 of the Troubled Families programme will support cross-authority delivery in London's Tri-boroughs and in Greater Manchester). These footprints offer the possibility of rationalisation.

It is likely that there will be more bureaucracy. It will therefore be increasingly difficult for local VCS infrastructure organisations to effectively dip in and out of a broadening

City Region economic and welfare agenda. Without effective VCS infrastructure support, it is unlikely that more than a few larger VCS providers will be able to engage.

**Finding 4 - There are more reasons than the Combined Authority status for VCS infrastructure agencies to work together beyond their patch.**

Combined Authority structures are not the only structures operating across local authority geographies in the Liverpool City Region. There are other policy agenda, and public sector agencies, for which strategic VCS collaboration would benefit the sector. Of particular relevance are the police and crime commissioner and the new health structures.

However, the City Region will increasingly become the natural sub-national footprint for other agencies and for programme delivery more widely.

There is, therefore, a growing need for regular, formalised and consistent VCS strategic activity on a larger footprint.

**Recommendations**

Given these findings, the way in which VCS infrastructure agencies work together across a City Region becomes increasingly important for the sector.

In order to do this, local lead VCS infrastructure agencies should consider how they establish clear communication channels (with each other, the sector, and City Region partners) and demonstrate collective working.

This could include:

**Recommendation 1 - Establish a partnership to develop the sector's capacity to engage with and influence the Combined Authority.**

**Recommendation 2 –Engage with the Employment and Skills Board (ESB)**

The sector can and does play an important role in employment and skills provision. As the Work Programme, Talent Match and other skills programmes develop, strategic engagement with the ESB will gain importance, certainly over the life of the next EU programme and as the Growth Deal further develops.

Priorities should include:

- seeking VCS representation on the Board and
- developing evidence of the sector's ability to tackle worklessness (see *Strategy 5*, page 34);

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**Recommendation 3 – Start discussions with members of the Combined Authority, and lead officers, about a VCS offer around broader sector engagement.**

This should begin an ambitious conversation about the role of the voluntary and community sector in economic growth and within a “whole-system” approach to economic growth (see page 30, *Strategy 3* for further details).

This should also be linked to the EU SIF strategy in order to ensure broad understanding about the role of an accountable, sector representative (connected to the work of a formalised VCS infrastructure partnership) involved in the governance of social inclusion delivery and funding.

**Recommendation 4 - Develop a coordinated programme of evidence-building to demonstrate the economic and social impact of the sector across the Liverpool City Region.**

This should be linked to influencing the single evidence base (see *Strategy 4*, page 31), influencing the Employment and Skills Board (see Recommendation 2, above), and the delivery of social inclusion activities (see *Strategy 3*, page 30 and *Strategy 6*, page 37).

As the Combined Authority develops, it is likely that a ‘common language’ around evidencing and demonstrating impact will emerge. It will be important to influence that model, so that it is sector-friendly, and identify resources to help develop VCS groups skills in effectively demonstrating impact.

**Recommendation 5 - Develop strategic relationships with other local agencies operating at a City-Region level.**

A broad partnership model with other private, social and public sector partners could be developed through a “Partners’ Council” (see page 23) and provide a cost-effective mechanism for VCS representation and networking (see *Strategy 1*, page 23).

Work should also include exploratory discussions with local health and social care leads about their potential plans for influencing Combined Authority structures and agenda.

**Recommendation 6 – Develop a fuller plan of collective engagement with the Combined Authority structures and policy agenda, with a clear understanding about individual organisation’s responsibilities.**

Partners should work through the draft table in *Strategy 7* (pages 43-45) which identifies a comprehensive list of points of engagement within the Liverpool City Region Combined Authority.

This plan should also seek to understand which VCS agencies are already plugged into the new City Region structures and policy agenda, and establish clear connections and relationships.

The recommended aim is to develop an agreed engagement strategy, with a clear understanding about who is managing which relationships and how accountability mechanisms for the voluntary and community sector will work. In time, this should result in a transparent programme of activity that can be broadly shared.

In time, this could link to:

- developing a City-Region Compact (see *Strategy 2*, page 24) which incorporates the Combined Authorities' principles<sup>12</sup>, and
- developing an engagement strategy based on a worked-through version of *Strategy 7* (below and next page) which could then serve as a clear statement of accountability for the broader voluntary and community sector and for partners more widely.

#### **Strategy 7 – introduction: Engaging with Combined Authority structures and activities**

The following table (Strategy 7, pages 44 and 45) has begun to map out key points of activity and influence within the current Liverpool City Region Combined Authority structures that VCS partners should consider. It is not intended to be final.

It highlights what needs to be done and recommends areas of action to prioritise (in line with the recommendations of this report). However, further discussion about an overarching approach and a commitment to collaborative working are needed in order to identify appropriate leads, engagement approaches and thereby complete the following table (pages 44 and 45).

<sup>12</sup> The Combined Authorities principles are outlined in section 11 of Part 1 of the [Combined Authority's Constitution](#).



**Strategy 7: Engaging with Combined Authority structures and activities**

| Structures and potential points of engagement | Substructures and leads                   | Recommended priority areas | Engagement approaches                      | Partnership Lead |
|-----------------------------------------------|-------------------------------------------|----------------------------|--------------------------------------------|------------------|
| Combined Authority                            | <a href="#">Rob Polhill</a>               | YES                        | Local relationship, collective connection  |                  |
|                                               | <a href="#">Ron Round</a>                 | YES                        | Local relationship, collective connection  |                  |
|                                               | <a href="#">Joe Anderson</a>              | YES                        | Local relationship, collective connection  |                  |
|                                               | <a href="#">Barrie Grunewald</a>          | YES                        | Local relationship, collective connection  |                  |
|                                               | <a href="#">Peter Dowd</a>                | YES                        | Local relationship, collective connection  |                  |
|                                               | <a href="#">Phil Davies (Chair)</a>       | YES                        | Local relationship, collective connection  |                  |
|                                               | <a href="#">Robert Hough</a>              | YES                        |                                            |                  |
| Senior Officer in Combined Authority          |                                           | YES                        |                                            |                  |
| LEP                                           |                                           |                            | Collective membership?                     |                  |
| LEP Substructures                             | Tony Okotie                               |                            | Formal VCS rep?                            |                  |
| LEP's City region european board              | Andy Churchill                            | YES                        | Formal VCS rep?                            |                  |
| Other lep substructures                       |                                           |                            |                                            |                  |
| Lottery opt-in proposal                       |                                           | YES                        |                                            |                  |
| Employment and Skills Board                   |                                           | YES                        | Formally/collectively request a sector rep |                  |
| Employment and Skills strategy                |                                           |                            |                                            |                  |
| Strategic Housing & Planning Board            |                                           |                            | Any current VCS engagement?                |                  |
| Local Investment Plan – review                |                                           |                            |                                            |                  |
| MerseyTravel                                  |                                           |                            | Formally connect with engaged contacts     |                  |
| Transport Advisory Group                      |                                           |                            |                                            |                  |
| Partners Council                              |                                           | Maybe                      |                                            |                  |
| Scrutiny Panel                                |                                           |                            |                                            |                  |
| Growth Deal                                   | Youth Employment Programme                |                            |                                            |                  |
|                                               | 19+ learners pilot                        | Maybe                      |                                            |                  |
|                                               | Skills for Growth Bank                    |                            |                                            |                  |
|                                               | National & local back to work initiatives |                            |                                            |                  |
|                                               | Improved operational partnership work     | Maybe                      |                                            |                  |
|                                               | Environmental baseline information        |                            |                                            |                  |
|                                               | Community energy / micro-generation       |                            |                                            |                  |

| Structures and potential points of engagement        | Substructures and leads                                           | Recommended priority areas | Engagement approaches | Partnership Lead |
|------------------------------------------------------|-------------------------------------------------------------------|----------------------------|-----------------------|------------------|
| Investment pipeline                                  |                                                                   |                            |                       |                  |
| City Region Capital Investment Fund                  |                                                                   |                            |                       |                  |
| Delivery of a <i>City Region Enterprise Strategy</i> | Entrepreneurialism in schools etc                                 |                            |                       |                  |
|                                                      | Study into entrepreneurial aspiration                             |                            |                       |                  |
|                                                      | Create entrepreneurial environment                                |                            |                       |                  |
|                                                      | Entrepreneurial ecosystem project                                 |                            |                       |                  |
| Delivery of an 'Inclusive Economy'                   | City Region Innovation Plan                                       |                            |                       |                  |
|                                                      | tackling youth unemployment                                       |                            |                       |                  |
|                                                      | helping adults (over 24) back into work/enterprise                | YES                        |                       |                  |
|                                                      | social growth and connectivity strand                             | YES                        |                       |                  |
|                                                      | Micro credit                                                      |                            |                       |                  |
|                                                      | Development of local social capital linked to a Local Impact Fund | YES                        |                       |                  |
|                                                      | Using the natural environment to improve health and employability |                            |                       |                  |
|                                                      | Small grants programme for community development                  | YES                        |                       |                  |
|                                                      | Innovative approaches to meet community needs eg parental mentors | YES                        |                       |                  |
| Single Investment Fund approach                      |                                                                   |                            |                       |                  |
| Single appraisal framework/process                   |                                                                   |                            |                       |                  |
| Single evidence base                                 |                                                                   | YES                        |                       |                  |



**VSNW**

Voluntary Sector North West

Accountability | Knowledge | Equality

This report was commissioned by Liverpool CVS | United Way.

LCVS|United Way brings people and organisations together for positive change in communities through voluntary action and charitable giving.

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The report author is Warren Escadale, Policy & Research Manager at Voluntary Sector North West (VSNW).

[warren.escadale@vsnw.org.uk](mailto:warren.escadale@vsnw.org.uk)  
07753 147664

**VSNW** (Voluntary Sector North West) is the regional voluntary sector network for the North West. The purpose of VSNW is to ensure that the voluntary and community sector (VCS), in all its diversity, takes its full part in shaping the future of the North West.

Liverpool CVS (LCVS)  
151 Dale Street  
Liverpool  
L2 2AH

Tel 0151 227 5177  
[info@lcv.org.uk](mailto:info@lcv.org.uk)  
[www.lcv.org.uk](http://www.lcv.org.uk)

Company no. 181759 England  
Registered charity no: 223485

VSNW (Voluntary Sector North West)  
St Thomas Centre  
Ardwick Green North  
Manchester  
M12 6FZ

Tel 0161 276 9300  
[policy@vsnw.org.uk](mailto:policy@vsnw.org.uk)  
[www.vsnw.org.uk](http://www.vsnw.org.uk)

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