

# LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 1 November 2019

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: Report is not exempt  
Appendices 1 and 2 are exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

Key Decision

## **REPORT OF PORTFOLIO HOLDER: INCLUSIVE GROWTH AND THIRD SECTOR AND THE DIRECTOR OF COMMERCIAL DEVELOPMENT AND INVESTMENT**

### **STRATEGIC INVESTMENT FUND: AGENT ACADEMY INTENSIVE SCALE-UP**

#### **1. PURPOSE OF REPORT**

This report seeks LCR Combined Authority (“LCRCA”) approval in relation to Strategic Investment Fund grant support for the scale-up of the Agent Academy (the “Sponsor”) industry-led social enterprise programme that assists 16-25-year olds to gain the skills to begin their careers in the digital, creative and tech (“DCT”) industry. Agent Academy is a spin-out from Agent Marketing Limited, a successful digital marketing consultancy based in the Baltic Triangle.

#### **2. RECOMMENDATIONS**

It is recommended that the Liverpool City Region Combined Authority:

- (a) Approve grant funding of up to £706,299 allocated from SIF Skills Capital (£121,388) and Gainshare Revenue (£584,911); and
- (b) Grant authority to the Director of Commercial Development and Investment, in consultation with the Combined Authority Monitoring Officer and Combined Authority Treasurer, to finalise negotiation with the Sponsor of the detailed terms of the legal agreements necessary to deliver the project.

#### **3. PROJECT SUMMARY**

##### **Background**

- 3.1 Liverpool has a comparably small digital, creative and tech (“DCT”) sector when compared to other Northern Cities such as Manchester. Liverpool has 23k DCT jobs, compared to 62k in Manchester. The Liverpool City Region misses out on the

economic benefits of a thriving DCT sector, which according to Tech Nation include increased productivity, high quality jobs, a potential 30% GVA growth rate and twice the growth rate amongst other SMEs.

- 3.2 Labour supply and skills have been cited as a barrier to the growth of the DCT sector in the Liverpool City Region. Roles in the creative economy tend to be undertaken by people in more advantaged socio-economic groups, with 57% of DCT employers reporting a skills deficit in 2017 (Tech City in Partnership with Nesta, 2017) and according to the Liverpool City Region Local Enterprise Partnership (“LCR LEP”), the demand for digital skills is set to increase with 4,000 new jobs in the sector by 2030.
- 3.3 The emerging Local Industrial Strategy (“LIS”) recognises DCT as one of three key sector accelerators, acknowledging the sector’s potential to catalyse growth, productivity and innovation across the Liverpool City Region economy. Accordingly, the Programme targets the DCT sector, ensuring cohorts on training programmes gain the relevant skills that employers need. The Programme also complements existing skills providers, working with institutions such as the University of Liverpool to deliver digital skills training within their courses.

### **The Project**

- 3.4 The Project comprises the scale-up of Agent Academy CIC’s existing successful programme, taking cohorts of 10 young people on a 12-week programme to educate them on the fundamentals of marketing and introduce them to a host of leaders from different sectors, industries and backgrounds across the city region. The programme is industry led, with local businesses engaging with the programme, setting students real-life challenges.
- 3.5 To date, 96 young people have participated in the programme, of which 86 have gained full-time employment in the DCT industry. This project seeks to extend this work. With committed Strategic Investment Fund (“SIF”) monies, the programme can run regularly, take on more young people and run programmes in Wirral and St Helens, as well as Liverpool. The programme will run for 5 years with assistance from SIF funding, within this period the Sponsor will look to alternative channels to co-fund their programme.

### **SIF Commitment**

- 3.6 The SIF commitment would be £706,299 funded from SIF Skills Capital (£121,388) and Gainshare Revenue (£584,911). The total project cost is £1.795m, with the Sponsor looking to source in-kind from industry partners and Agent Marketing Limited.

## **4. SUMMARY APPRAISAL**

- 4.1 The LCRCA engaged Amion to conduct an external economic appraisal of the Project. The report concludes that the Programme represents high value for money.

- 4.2 Its high-level appraisal indicates that the Project has the potential to provide significant direct and indirect additional economic benefits to the Liverpool City Region over 10 years in terms of employment (an estimated 250 gross and 107 net additional jobs created) and cumulative additional GVA (£9.1m). Its ability to generate significant economic returns is demonstrated by a BCR of 14.1. The wider intangible benefits are also potentially significant.

## **5. INVESTMENT PANEL CONSIDERATIONS**

- 5.1 At its meeting on 11 October 2019, the SIF investment panel endorsed the business case to proceed to CA consideration.
- 5.2 The investment panel noted the following:
- (a) Paul Corcoran, deputy chair of the Liverpool City Region Local Enterprise Partnership's Digital & Creative Sector Board, sits on the board of the Sponsor and is MD of Agent Marketing Limited. Due to the proximity of this connection, they were mindful of the potential for reputational risks should the project delivery not be successful.
  - (b) The project is being delivered by a private sector business with significant experience in the DCT sector and accordingly understands the relevant skills needed.
  - (c) The significant cost of the project, recognising that it should produce good returns with a reduced reliance on public sector funding at the end of the project timeline.
- 5.3 The panel also made more detailed practical recommendations which will be incorporated into the project delivery, including a request for a performance report back to the external panel 12 months after the award of the contract.

## **6. RESOURCE IMPLICATIONS**

### **6.1 Financial**

The Combined Authority Treasurer has confirmed that the proposed funding request can be accommodated as part of the overall Strategic Investment Fund allocation.

### **6.2 Human Resources**

The Investment Team and Legal Team will lead the preparation of the Grant Funding Agreement letter.

### **6.3 Physical Assets**

There are no physical asset implications associated with this report.

#### 6.4 Information Technology

The approval of funding will not give rise to information technology issues.

### 7. RISKS AND MITIGATION

The key risk is the Sponsor not securing the required amount of industry partner funding both during and post-SIF period. This risk will be mitigated in part by the programme being scaled-down accordingly to represent the shortfall in funds. Although this would result in a reduction of students taken on the programme, it would ensure that the programme itself is not altered.

### 8. EQUALITY AND DIVERSITY IMPLICATIONS

Equality and diversity implications are considered as part of the appraisal process in accordance with the LCRCA's Investment Strategy.

### 9. COMMUNICATION ISSUES

All projects approved will be subject to the LCRCA's branding guidelines and publicity requirements placed upon applicants to the Programme. In addition, the LCRCA will, through its adopted communication protocols, publicise the launch of Programme and the associated envisaged outcomes as cohorts pass through the Programme.

### 10. CONCLUSION

This report presents the proposed training programme and gives approval to the Director of Commercial Development and Investment to proceed with the finalisation of the project.

COUNCILLOR PAT HACKETT  
Portfolio Holder: Inclusive Economy and Third Sector

MARK BOUSFIELD  
Director of Commercial Development and Investment

Contact Officer(s):  
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#### Appendices:

1. SIF FBC external panel paper
2. Amion economic appraisal for the project