



**Driven by purpose,
powered by partnership**

The Liverpool City Region Growth Plan's Productivity Mission

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Key takeaways

1. Improving productivity growth is the driving mission of the recently published Liverpool City Region Growth Plan (LCRGP). This 10-year strategy promotes a 'whole system', integrated, place-based approach to growing the economy and creating the conditions for systemic change.
2. The plan aligns national, regional and local policy priorities and draws on devolved powers and levers to address place-based challenges, build on strengths, and design interventions to shift the dial on productivity. Crucial to this approach is embedding a 'devolution by default' approach and granting Established Mayoral Strategic Authorities (including Liverpool City Region (LCR)) an integrated, multi-year settlement allowing greater control over local spending.
3. The LCRGP covers two key themes: Scaling Up our Growth Drivers (focusing on actions required to grow the most productive parts of our economy, including the City Region's key sectors) and Strengthening our Foundations (identifying how improved growth and productivity can lead to widespread benefits across LCR).
4. This two-pronged approach recognises the interconnectedness of productivity drivers and aims to address foundational elements concertedly, rather than in isolation. Operating alongside policy priorities in areas such as housing, transport and skills, the LCRGP will support the priorities of local leaders and partners and bring benefits to communities across the City Region.
5. Much can change over the next decade. The LCRGP will be a live document, monitored and evaluated against its headline target outcomes of productivity, GVA and job growth to strengthen processes and maximise impact. It represents the latest step in LCR's devolution journey towards greater local power and accountability. It will shape decisions, attract investment, support the delivery of the UK's Modern Industrial Strategy, and deliver lasting change for our communities.

1. Introduction

Liverpool City Region (LCR) is home to 1.6 million people, a £43 billion economy, and an abundance of potential. However LCR, like much of Northern England, lags behind the economically best performing areas of the UK in terms of productivity performance as measured by Gross Value Added (GVA) per hour worked. London and the South East have consistently outperformed, while regions like [the North West have faced industrial decline, underinvestment, and slower productivity growth](#). This productivity challenge is a multigenerational, ingrained

problem that cannot be solved with short term measures. Addressing the productivity puzzle is a central focus of the Government's mission to kickstart economic growth.

Combined authorities, working with UK Government, have the opportunity to set a clear direction. The production of a statutory Local Growth Plan marks a milestone in the LCR devolution journey (see figure 1), bringing together various policy levers and responsibilities into a single framework to address place-based challenges, build on strengths, and design interventions that shift the dial on productivity. The [Liverpool City Region Growth Plan](#) (LCRGP) aligns local

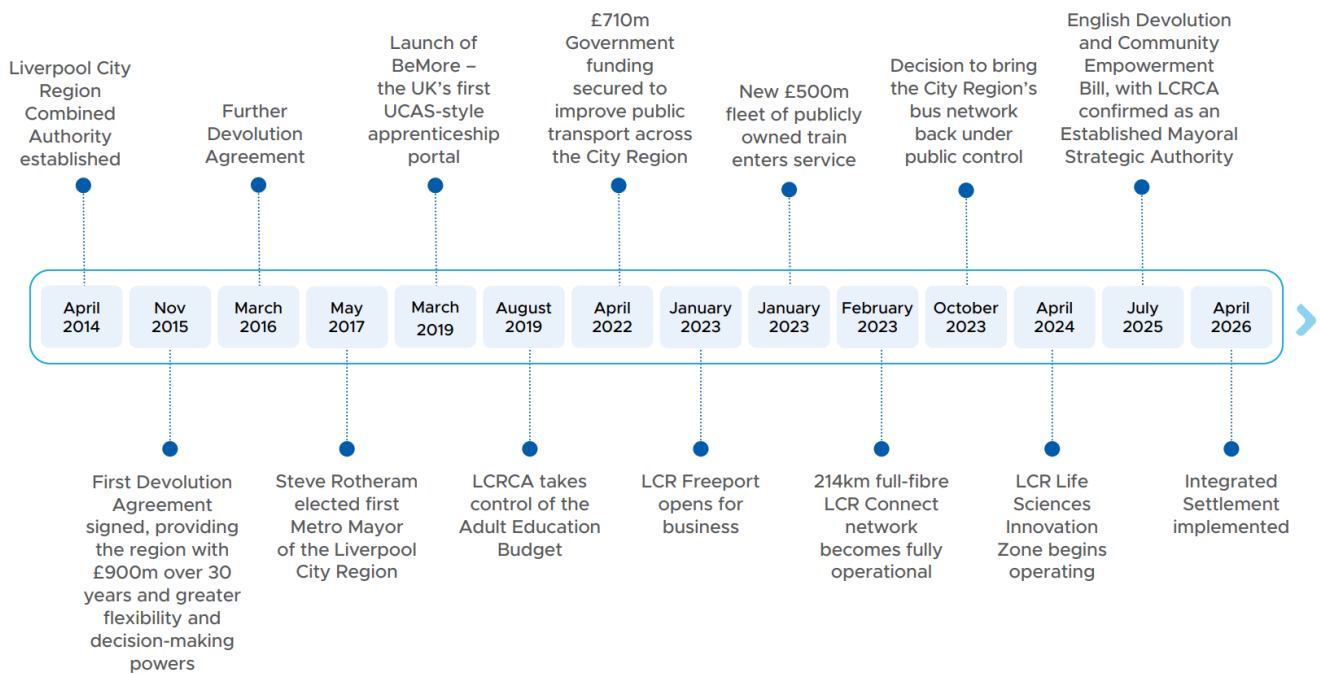


Figure 1: LCR's devolution journey

priorities with national missions under the [Modern Industrial Strategy](#), creating a whole-system, place-based model for economic development.

This approach is reinforced by two major policy shifts: first, embedding a 'devolution by default' principle into the way Whitehall operates; and second, granting Established Mayoral Strategic Authorities (including Liverpool City Region) integrated, multi-year financial settlements, which allow greater control over local spending priorities. Together, these measures signal a fundamental change: moving from a centrally driven, one-size-fits-all model to one where local areas have the tools and autonomy to write their own growth story and shape their own success.

2. How the Liverpool City Region Growth Plan supports productivity growth

Productivity is central to economic growth. Most commonly, it refers to the amount of value (output) created for each hour worked (input). [Higher productivity is](#)

[directly linked to higher living standards](#), higher wages, and ultimately helping to address inequalities. Increasing productivity will have a visible impact in citizens' everyday lives, and in their communities.

The LCR Growth Plan is founded on a detailed understanding of the Liverpool City Region economy and informed by a comprehensive evidence base which has shaped the productivity mission. In common with much of Northern England, productivity performance in LCR is 11% lower than the England average, as figure 2 illustrates.

To close the gap, the LCRGP supports a fully integrated, place-based approach to growth and productivity that reflects the interconnected nature of key drivers. This approach brings together the entire 'ecosystem' of productivity – a complex web of drivers that influence performance (see figure 3).

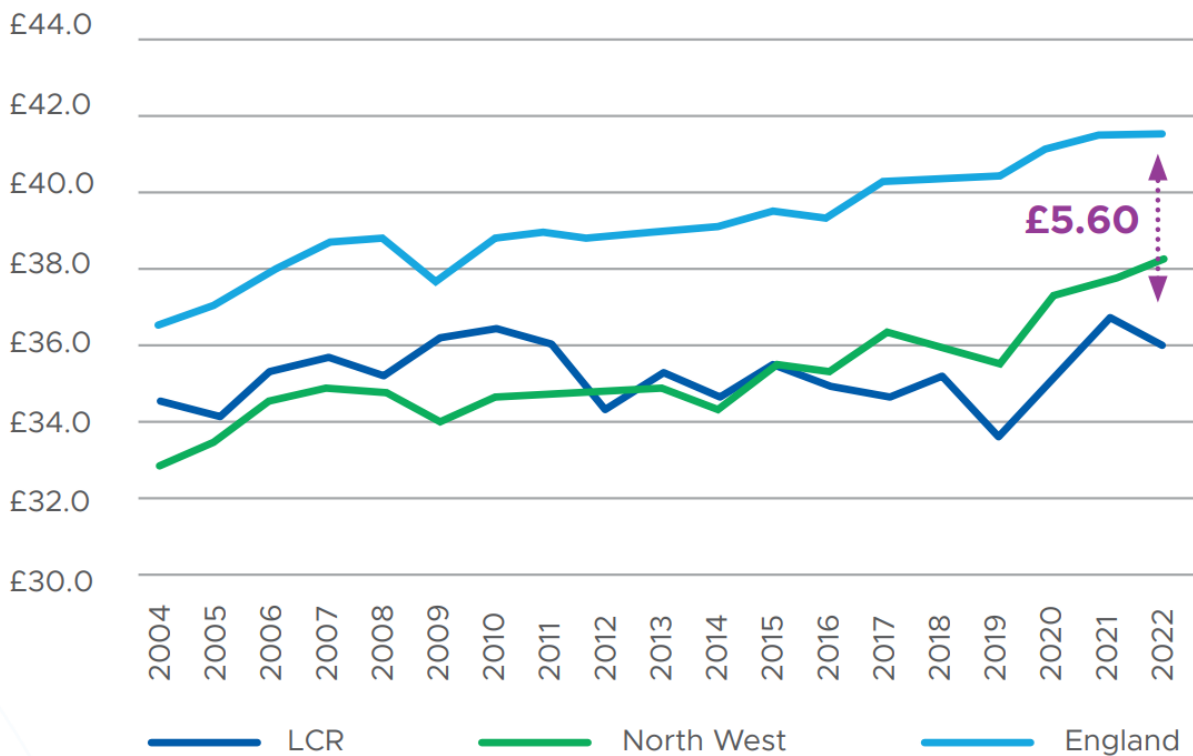


Figure 2: GVA Per Hour Worked, 2004-2022 (Source: ONS 2024 subregional productivity data)

These include:

- **Infrastructure.** Transport and digital connectivity are vital to facilitate movement of goods and people. For example, a new high-speed rail line between Liverpool and Manchester and redevelopment of Liverpool Central Station is estimated to add £7bn a year to the national economy.
- **Skills.** Many companies currently struggle to find employees with the necessary training and skills in areas such as electric vehicle engineering and advanced therapies.
- **Business and employment density.** Agglomeration benefits are achieved by increasing the density of economic activity.
- **Investment.** Attracting both public and private investment is crucial to support productivity-enhancing infrastructure.

By embedding this thinking into a statutory Local Growth Plan, LCR can mobilise resources and partnerships at a scale not previously possible.

3. Delivering the LCR productivity mission

The LCRGP addresses two key themes: *Scaling Up our Growth Drivers*, focusing on the actions required to grow the most productive areas of the economy, and *Strengthening our Foundations*, which identifies how improved growth and productivity can lead to widespread benefits for communities across Liverpool City Region.

This two-pronged approach identifies the importance of sectors in driving productivity, as reflected in the Modern Industrial Strategy. Through leaning on competitive strengths and converging with global innovation capabilities, LCR has a clear vision to build on a knowledge intensive



Figure 3: An integrated approach to place-based growth and productivity

economy that means more and better jobs, increased investment, and maximising LCR's contribution to the national growth mission. However, alongside this, the LCRGP recognises that key growth driving sectors do not operate in isolation. Rather, their success hinges upon foundational elements of the economy such as skills and infrastructure, to allow sectors to prosper and all residents to benefit.

Supporting the productivity mission are three broader principles (which themselves drive productivity improvement), aimed at creating a virtuous cycle of growth that is driven by technology and designed with people at its heart: Inclusive growth; AI for good; and Net Zero by 2035. Together, these principles guide decisions aimed at delivering the good, green, and innovation-led growth that the City Region aspires towards.

The LCRGP has identified several sectors of particular focus, [in line with those recognised as 'growth-driving' in the UK Modern Industrial Strategy](#). This is supported by other areas of the economy that

interplay with these priority sectors, enable growth across the wider economy, and contribute to our distinctive and varied offer, as illustrated in figure 4. Here we can see the different layers of national and regional government working together to reorientate economic development and address barriers to productivity growth.

While the LCR Growth Plan showcases local strengths and opportunities, such as our international profile and our leading Industrial Strategy Zone as a core vehicle for growth and investment, it is equally important to be honest and open about the barriers to productivity growth that need to be addressed. For example, LCR has severe health challenges, with just under half of all neighbourhoods in the 10% most deprived nationally. These challenges can be addressed by our strengths, for example leveraging leading Health and Life Sciences capabilities, such as in infection control and highly distinctive data science assets such as Civic Health Innovation Labs to support better outcomes for residents.

Main objectives

Our approach to scaling up our growth drivers is based on two core principles:

1. Convergence across established key strengths and assets, enabling capabilities, and emerging opportunities.
2. A relentless and targeted focus on unlocking the scale of opportunities to maximise economic performance.

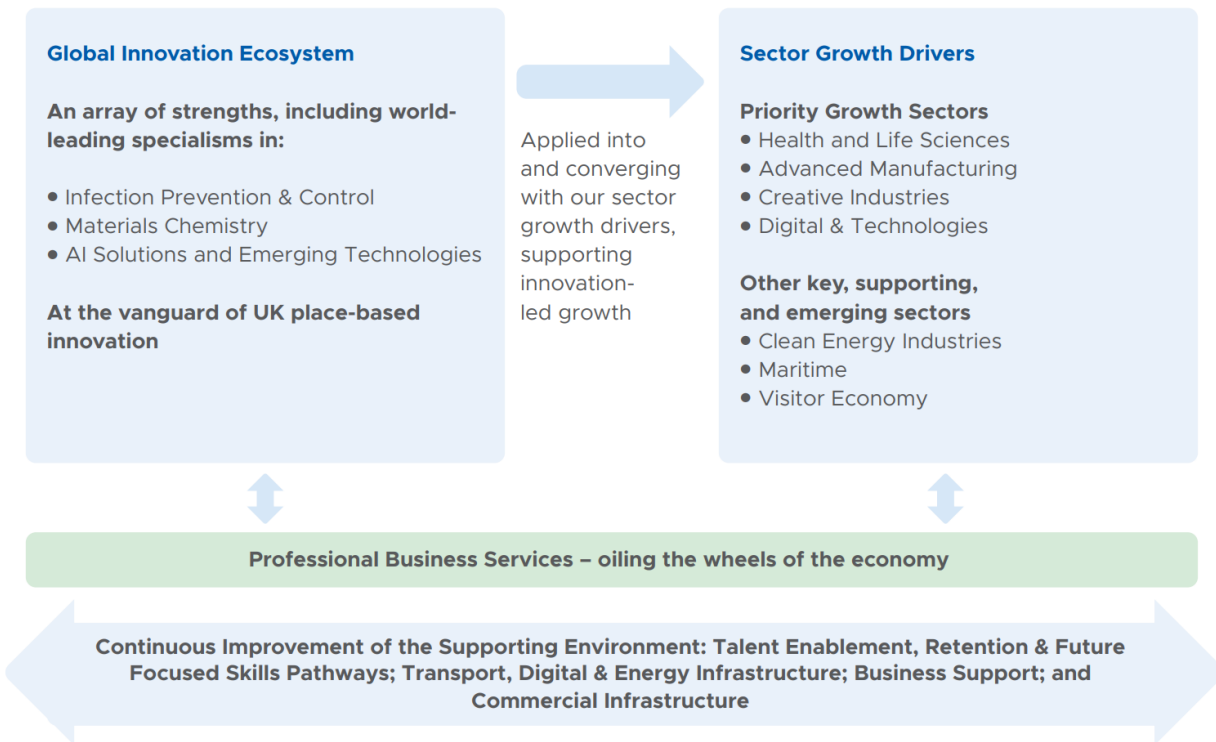


Figure 4: A system approach towards growth LCR's growth drivers

The clarity of vision and focus relating to our growth drivers means that LCR will be in a strong position to sustain and scale comparative advantage in those areas of the economy that will be at the forefront in addressing current and future economic, societal and environmental challenges. LCR will be a leading location for commercialising ideas and driving knowledge intensity, built on collaboration and interplay across, within and between sectors and the innovation ecosystem.

Spatial focus

The City Region's key sectors are geographically concentrated, with particular clusters incorporating Liverpool City Centre; nationally important innovation campuses in Knowledge Quarter Liverpool and Sci-Tech Daresbury (an emerging 'Health Corridor' that reflects our pre-eminent Health and Life Science capabilities); and major Freeport employment sites. This is all supported and

enabled by a Port Complex that drives LCR's leading international maritime offer, extending from the Port of Liverpool across the Mersey to Wirral Waters and Cammell Laird shipbuilding. These spatial concentrations matter for productivity because they enable knowledge spillovers, supply chain efficiencies, and access to specialised talent. Co-location of firms, research institutions, and infrastructure fosters collaboration, accelerates innovation, and reduces transaction costs. These hubs are not just areas of high GVA or economic assets, but productivity engines that drive growth across the wider region.

It is equally important to appreciate that the growth of key clusters extends across the City Region beyond these hubs. Business and economic activity is complex, and building the networks and connections that span across LCR will be important in both sustainable and inclusive growth across the key growth clusters and beyond. The spatial element of the LCRGP is informed by and

aligned to the emerging Spatial Development Strategy (SDS) that sets out where and how economic development is concentrated. Through this, LCRCA will continually explore emerging locations that unlock opportunity to meet demand and help to further our global ambitions.

LCR's government-designated Industrial Strategy Zone (ISZ) represents a vehicle for spatially targeted, accelerated productivity growth and investment. It creates an offer greater than the sum of its parts by casting a net over key sectors and driving cluster development, whilst closely coordinating support and levers including skills and transport. The integration of the Freeport and Life Sciences Innovation Zone within the ISZ builds a powerful spatial proposition – linking tax incentives, R&D capacity, coordinated support, and colocation across a network of sites. This spatial concentration enhances productivity by reducing friction in supply chains, enabling faster knowledge transfer, and attracting high-value investment into places with the greatest potential for economic return. It also allows for more efficient deployment of skills and infrastructure interventions, ensuring that growth is inclusive, innovation-led, and place-based.

4. Conclusion

Publication of the LCRGP is just the beginning. Developed with central government and partners across the city region, the plan will be implemented collaboratively and to an agreed set of measurable outcomes that focus on results and impact. We will mobilise around the Growth Plan's central productivity mission, making bold decisions that relentlessly boost productivity and ensure prosperity reaches every corner of our communities. The LCRGP does not sit in isolation but instead will operate alongside Liverpool City

Region strategies such as housing, transport, and employment and skills.

Lives aren't lived in the confines of political boundaries and our commitment to collaboration doesn't stop here. LCRCA is actively engaging with other combined authorities and partners beyond LCR, for example as part of a broader Northern Growth Corridor that is being explored by Government – based on key strengths in areas such as Health & Life Sciences and Digital and Technologies – to accelerate and amplify impact at pan-regional, national, and global scale.

A lot can change over a 10-year horizon. The LCRGP will remain a live document, monitored and evaluated against its headline target outcomes of productivity, GVA and job growth to strengthen processes and maximise impact. In line with the Integrated Settlement and English Devolution Bill, the LCRGP is ready to shape decisions, attract investment, support the delivery of the Industrial Strategy, and deliver lasting change for our communities – and the country as a whole.

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