

Written evidence submitted by Mersey Maritime Ltd (MAR0021)

Scope of inquiry

- Whether and how the ambitions and objectives described in Maritime 2050 support the maritime sector;
- Progress towards the ambitions and targets set out in Maritime 2050, including effectiveness, pace and priority of the strategy's implementation, and,
- The effect of Maritime 2050 on Government policies and regulation, maritime sector decision making and economic and environmental outcomes.

About Mersey Maritime

Mersey Maritime is an award-winning regional cluster organisation for the maritime industry in the Liverpool City Region and greater North West. Founded in 2002, its stated mission is to be a catalyst for growth, influencing policy and driving change for the good of the sector.

Mersey Maritime was conceived to create an ecosystem, championing and support one of the most diverse maritime regions in the UK. Whilst each individual sector of the industry (e.g. ports, shipping, maritime business services, engineering etc) could be argued to be well organised and represented, there was a sense that across the industry there wasn't a joined up voice or that each operated in their own 'silo.' Mersey Maritime was created to fill this gap as a not-for-profit organisation with nearly 200 active members and spanning more than 33 sub-sectors of maritime and its related supply chain.

Mersey Maritime is recognised nationally and indeed internationally for the impact it makes in facilitating collaboration within the industry at a regional level. It uses its own strength to champion the wider needs of the industry, taking a lead on the 'regional growth' priority of Maritime UK of which it is a full and active member. In this capacity, Mersey Maritime is the lead member in the delivery of the national Regional Cluster Development Programme (RCD) which is a joint project with Maritime UK and the Department for Transport. This programme is a direct response to priorities identified in Maritime 2050, particularly contained within the 'Competitive Advantage' chapter.

Maritime 2050 vision for clustering / regional growth

In the 'Competitive Advantage' section of Maritime 2050, explicit reference is made to its vision for the concept of clustering as a means to create a unique and attractive business environment for the UK amongst businesses small and large, academia and government. Clusters are understood to create a critical mass of expertise and skills as a means to bring about partnership working to drive innovation and jobs, particularly in the coastal regions of the country. In a competitive global market, this approach is essential as a means for international companies looking where to locate their businesses or do business to identify easy, highly attractive one-stop show centres where their operations might be efficient and fully realised. Critically, clusters and organisations that foster industry-based cluster activity are powerful tools to delivery innovation and expertise amongst the brightest and best workforce.

The Maritime 2050 vision is clearly set out in the report:

The UK will retain a diversity of maritime clusters that excel in their respective specialisations. London will remain the leading professional services centre in the world, the leading maritime centre in Europe, and one of the top maritime centres globally. The UK will remain a highly attractive destination for maritime industry leaders and staff to work and live. UK-based maritime schools, colleges and universities will continue providing top-quality programmes and qualifications, providing the technologically advanced skills that will be required in the maritime era. The UK will maximise the benefit of its leading clusters across the country retaining London as the home for maritime business and the global home of the IMO. The UK maritime sector will be consistently recognised for the ease with which business is done and the way in which government and industry work as one to promote the offer.

(Maritime 2050: Navigating the Future policy paper, 2019, 64)

Maritime 2050 stresses the importance of this clustering model on a regional basis as a key strength for the United Kingdom, stating:

No other country globally can match the UK's strength in its maritime clusters. These clusters include the maritime business services sector situated in the City of London and a huge and impressive array of maritime clusters based around some of our most important UK ports

and shipyards such as Southampton and Liverpool and in Scotland. Then there is the cluster of organisations, often with UK leaders heading them up, that have located around the IMO's London presence, and the educational and energy services clusters that populate several cities across the land. More recent and relatively new clusters include the Scottish Maritime Cluster which has at its core a global strength in ship management and a leading educational offering. These hubs are a key advantage of the UK offer; providing an unparalleled level of expertise, innovation, ambition and an ease of doing business that is unmatched across the globe. (Maritime 2050, 65)

The report then emphasises the example of London's maritime business services sector as one embodiment of the power of the clustering principle as the 'home of international maritime business.' But the importance of the wider model and its focus / impact within the regions of the United Kingdom is worthy of mention too.

The report cites three important examples of region-centric cluster activity which have at their heart distinct specialities. For example, Glasgow and Southampton have specialisms in education, training and ship management services being home to some of the largest marine training companies, specialist departments within universities and broader key maritime bodies (e.g. Lloyd's Register and the MCA). The Scottish Maritime Cluster is focused around Europe's largest ship management cluster, combined with specialist naval ship design capability and leading academic institutions. The industry in its broadest sense is key in Scotland too with its important proximity to the North Sea oil, gas and offshore sector.

Mersey Maritime is then given prominence in the report as, 'One of the most established and successful clusters is in Liverpool centred on the creation of Mersey Maritime in 2003' (Maritime 2050, 67). Its impact at the time of the writing of the report was noted specifically since 2012 having assisted 93 companies which has resulted in the creation of 324 jobs and the safeguarding of 155 more. The reality of its wider impact is likely to be more significant on jobs and growth owing to its work in fostering cross-sector collaboration and the lead it takes on key projects such as the proposed £25 million Maritime Knowledge Hub (MKH) based at the Wirral Waters (Peel Land & Property) regeneration scheme at Birkenhead Docks. The final section of this contribution to the inquiry comments on 'economic impact analysis' activity

that Mersey Maritime and other similar regional cluster organisations have undertaken which might assist in quantifying further these observations.

More details of the MKH project are available here:

<https://www.wirralwaters.co.uk/projects/maritime-knowledge-hub/>

It is for this reason that the organisation has sought to champion regional growth and the building of a RCD programme between itself, Maritime UK and the Department for Transport. This process was formalised from 2019 onwards but has been a key feature of national work for some time.

Regional Cluster Development Programme

The commitment to develop and implement a RCD programme follows from these specific short-term commitments in Maritime 2050:

‘Government and Industry to work together to maintain and enhance the attractiveness of the UKs regional maritime clusters and London as a global maritime professional services cluster.’

‘Government will support, enhance and promote the strength of all regional clusters in the UK, and their importance to the economy.’

Mersey Maritime and Maritime UK approached the Department for Transport in 2019 with a proposal for a programme to deliver greater operational regional cluster organisations around the UK. This programme was awarded £50,000 in support which was matched by Mersey Maritime in order to allow staff recruitment in the form of a programme manager and then resource to deliver the activity of the programme itself.

The programme focuses on the principles of what a regional cluster organisation (RCO) can do in practical terms, linked to the Maritime 2050 objective of driving regional growth and supporting wider national aims. RCOs achieve this through:

- Increased profile for region, becoming a champion for the maritime industry
- Providing the region a critical pathway of communication and intelligence to government and industry stakeholders
- Intra-regional collaboration, creating the framework for collaboration and aligning activity across a given region

- Driving export and FDI activity
- Being a conduit between industry, education, and government
- Networking/mentoring programmes, creating the ecosystem vital for growth
- Knowledge/best practice sharing regionally and in turn nationally
- Delivery of regional programmes, such as career promotion, and diversity initiatives.

The programme has been backed further from 2021 with £300,000 of funding from the Department for Transport, again with significant resource from Mersey Maritime. The core objectives are to:

- Support existing cluster organisations to reach their potential, collaborate with other clusters and be aligned to wider national activity
- Create new regional cluster organisations in identified priority areas
- Expand and develop the Maritime UK Regional Council as a collaborative body to bring the regions together on a regular basis to embrace activity, engage with external partners (including other national trade associations, stakeholders such as think tanks and maritime related ‘pressure group’ style organisations and government agencies) and government departments including the Department for Transport but not exclusively (recent activity has included extensive collaboration with the Department for International Trade and the Department for Business, Energy and Industrial Strategy as just two examples)
- Disseminate best practice in a co-ordinated and methodical way, including through the provision of staff resource, training, toolkits and other resources, to aid cluster development and strength, and
- Build the ties between government, industry and academia.

Progress around RCO development

This programme activity has resulted in the establishment of (or strengthening of existing organisations) functional RCOs at different stages of development as follows:

Organisation	Geographic scope	Maritime UK status	More information
Belfast	Northern	Full	www.belfastmaritimeconsortium.co.uk

Maritime Consortium	Ireland	regional member	k
Maritime UK Solent	Solent LEP area	Full regional member	www.solentlep.org/muksolent
Maritime UK South West (including Cornwall Marine Network)	LEP areas covered by Cornwall and the Isles of Scilly, Dorset, Heart of the SW	Full regional member	www.maritimeuksw.org www.cornwallmarine.co.uk
Mersey Maritime	Liverpool City Region	Full regional member – lead on regional growth	www.mersey-maritime.co.uk
Scottish Maritime Cluster	Scotland	Regional Council member	www.scottishmaritimecluster.com
Team Humber Marine Alliance	Humber region	Regional Council member	www.thma.co.uk <i>Merge pending with Grimsby Renewables Partnership</i>

An inclusive approach is adopted regarding engagement with and involvement in Maritime UK. The preference is for full regional membership of the national

umbrella organisation in order to realise full collaboration opportunities but there is recognition that resources do not always permit this.

Priority areas of development across the future years of this programme delivery have been identified for:

- The North East of England (separately in the Tyne area and the Tees Valley)
- East Anglia, ideally working with the New Anglia LEP
- The South East of England, initially via the South East LEP and the University of Kent but now likely to develop more via the support of industry bodies
- Wales.

Activity is already underway in the first three of these listed here to varying degrees.

Engagement in programme activity

Progress is reported on a regular basis to the Department for Transport and via the Maritime UK National Council. In addition, at each quarterly MUK Regional Council meeting, a comprehensive note of cluster activity over the previous quarter is reported in full and placed into the public domain via the Maritime UK website. Links to the most recent reports are here:

- July 2021: <https://maritimeuk.org/priorities/regional-growth/cluster-development/regional-developments/july-2021/>
- September 2021: <https://maritimeuk.org/priorities/regional-growth/cluster-development/regional-developments/September-2021/>
- December 2021: <https://maritimeuk.org/priorities/regional-growth/cluster-development/regional-developments/december-2021/>
- March 2022: <https://maritimeuk.org/priorities/regional-growth/cluster-development/regional-developments/march-2022/>

Engagement activity is specifically encouraged in the following areas, with individual RCOs able to prioritise themselves the degree to which they participate in these programmes:

- National innovation programme
- National skills programme, including the work of the Maritime Skills Commission

- National careers programme
- National 'diversity in maritime' programme.

Regional input and engagement with wider ambitions from Maritime 2050, other key initiatives and strategic government activities (not an exhaustive list)

- Full region-by-region participation in London International Shipping Week 2019 and 2021 through 'Regional Spotlight' events at the Global Maritime Hub (2019) and the specific coastal powerhouse initiative (2021) – see below
- Department for Transport briefing, engagement and collaborative bids to the Clean Maritime Demonstration Competition (early 2021 through to project confirmations and delivery):
<https://www.gov.uk/government/publications/clean-maritime-demonstration-competition-cmdc>
- Maritime UK 'Coastal Powerhouse Manifesto' campaign (launched at London International Shipping Week, September 2021). Details here: <https://maritimeuk.org/media-centre/news/news-maritime-uk-and-lga-launch-coastal-powerhouse-manifesto/>
- Comprehensive Spending Review campaigns in 2020/21, including pre-Budget themed activity
- Participation in the Government's exploration of the case for Freeport designations around England initially and then Scotland via 'green ports'. The 2021 Budget announced the first eight freeports in England, with some RCOs playing a significant part in the development of freeport bids, the formulation of outline and full business cases and then the practical implementation of them. Notable examples would be Maritime Solent's lead role in the Solent Freeport and Mersey Maritime's engagement with the Liverpool City Region Freeport
- Covid-19 response, including input into the Maritime Sector Recovery Plan
- Highlighting regional opportunities to drive forward net zero and decarbonisation activity in the run up to COP26 (October/November 2021) via a series of regional roadshows with key stakeholders on a region-by-region basis
- Central government funding bids, including:
 - MHCLG Getting Building Fund:
<https://www.maritimeuk.org/media-centre/news/news-government-funds-shovel-ready-maritime-projects-england/>

- Exploring maritime focused opportunities through the ‘Levelling-up Fund’
- Exploring maritime focused opportunities through the ‘Shared Prosperity Fund’.

Economic impact analysis – evidence of cluster impact

Mersey Maritime, via Maritime UK, has twice commissioned an economic impact survey via the Centre for Economics Business Research as part of wider national ‘State of the Maritime Nation’ report exercise. This analysis seeks to quantify the economic contribution to the maritime sector which is defined as consisting of the individual shipping, ports, marine and maritime business services industries, each of which comprise a diverse array of activities. The report draws upon a combination of data sources, including company financial database FAME, industry sources and publicly available data to quantify both the direct and aggregate economic impact of sector activities over a defined period.

A comparative table is shown below which details the current position at the time of writing. The report for the Liverpool City Region, which will be published later this year, covers the period 2017 to 2019. Indicative figures are shown below (they are to be confirmed for the latest report) on a confidential basis. Although it isn’t possible to attribute the growth shown by the industry directly to the work of Mersey Maritime, the projects and activity of each individual sector are what the cluster organisation involves itself in and therefore it stands to reason that its influence will be felt.

A link to the full report for 2017, published in 2019, is available here:

<https://online.flippingbook.com/view/421386168/>

Similar analysis has also been undertaken for other regions of the UK, including Solent, Northern Ireland and Scotland as part of the latest round of research and will be available on a similar basis in due course.

LCR Cebr analysis - 2022 report (period to 2019)		
Headline figures		
	2019 report (period to 2017)	2022 report (period to 2019)

Direct impacts		
Domestic output (through business turnover)	£1,980,000,000	£2,743,000,000
GVA	£650,000,000	£800,000,000
Jobs	7899	8500
Wider impacts		
Domestic output (through business turnover)	£4,200,000,000	£5,000,000,000
Compensation of employees	£570,000,000	£840,000,000
Jobs (1)	52,000	27,000
GVA	£1,700,000,000	£2,000,000,000
For every £1, GVA contributed	£2.64	£2.54
Miscellaneous		
Productivity of workers - LCR	£77,358	£93,300
Productivity of workers - UK average	£54,330	£56,670
Contribution to UK Exchequer (2) + (3)	£163,000,000	£174,000,000
Compound annual growth rate (3)	2.80%	4.60%
Notes		
(1) Note change in methodology as described on page 11 of the report		
(2) VAT, Corporation Tax, Income Tax, NICs, Business Rates		
(3) The 2019 report figures represents a £100m increase relative to the 2010 level		
(4) Referred to the period 2018-23 for the 2019 report / period 2021-25 for the 2022 report		

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