Liverpool City Region Economic Projections and Prospects

October 2007

A report to City Region Partners

This report has been produced for The Mersey Partnership, Liverpool City Council, Merseyside Local Transport Plans Support Unit and New Heartlands

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Executive Summary

- This study considers the long-term potential for employment and GVA growth in the Liverpool City Region (LCR) and its constituent districts. In doing so, it reviews the key strategic physical development projects that have been identified by partners in the city region on a project-by-project basis and evaluates the potential displacement effect of these schemes – both in terms of on the developments themselves, and also on other parts of the city region. The study updates similar analysis conducted in 2004/05 to support the development of the LCR Development Plan.
- In the analysis we are defining the city region as comprising Liverpool, Knowsley, Sefton, St Helens, Wirral, Halton, Chester, Ellesmere Port & Neston, Vale Royal, Warrington, West Lancashire, Flintshire and Wrexham.
- The strategic developments that are planned in the city region are intended to ensure that the future economic growth is significantly enhanced from what might be expected on the basis of a continuation of past trends. If these strategic developments are able to deliver in line with expectations then growth in the LCR and Merseyside will exceed that forecast for the UK and the North West for the next decade. The strategic developments identified in the study together are claimed to provide about 120,000 jobs directly by 2020.
- Many of these jobs are associated with schemes that are either currently in the delivery phase or are moving into delivery. They are therefore fairly certain to be completed as planned. In addition, there are a number of major projects that are classified as being in the ‘pipeline’, where planning is much less developed. These include large, flagship schemes such as the Wirral Waters, Liverpool Waters and the Parkside Rail Freight development in St Helens. These schemes hold out the prospect for significant additional growth in the long term and therefore the successful development of these schemes must remain a key strategic priority for partners and politicians at a senior level.
- Strategic developments undertaken in one part of the city region will have impacts elsewhere. Activity is likely to be displaced from elsewhere in the district where the development is being undertaken, but also potentially from other parts of the city region. Our assessment is that around 50% of the gross jobs associated with the developments identified in the study could be displaced from elsewhere in the city region. Nevertheless, even allowing for such levels of displacement employment in the city region in 2020 could be about 62,000 (5%) higher than current figures.
- The development projects will deliver a wide range of job opportunities, including a significant number that could be considered ‘entry-level’ jobs. These could provide much-needed initial employment opportunities for those not currently active in the labour market. Around 40-45% of the gross jobs created are likely to be in retailing, distribution, hotels & catering and other leisure/tourism-related services. There will also be additional opportunities associated with the construction of these schemes. Given the focus of these planned developments, relatively few additional opportunities are thought likely to arise in the LCR’s manufacturing base.

- The potential increase in employment is to be welcomed. However, in order to sustain the large employment in sectors such as retail and hotels & catering, which may be the source of initial employment opportunities for many, the economy needs to attract and secure the spending of individuals. Given the aspirations of the region, much of this will be from those employed in high value-added activities. Attracting high value-added employment to the city region is necessary to support the sectors which can be the source of initial employment opportunities for the less skilled.
- Despite the overall scale of the jobs potential over the next 15 years or more, a consequence of the sectoral mix of the jobs delivered by the development projects is that there is unlikely to be a significant improvement in the overall productivity in the city region's economy. For productivity to grow, the nature of activities that are attracted to the new development sites must be in higher value-added activities than are currently undertaken in the city region. Again, the attraction of high value-added sectoral employment opportunities in sectors such as financial and professional services, ICT and other high technology industries, must remain a key strategic priority for local partners.
- While the evaluation of the strategic development projects planned for the city region clearly identifies the capacity to accommodate significant employment growth in the future, the city region still faces a considerable challenge to deliver against its full potential.
- The LCR is not the only city region to have ambitious long-term plans for its economic development and it will therefore be in competition with other city regions across the UK (and abroad) to secure the jobs that are envisaged. Therefore, the wider offer that the city region makes to potential firms and workers will be important to the success of the vision implicit in the planned developments. So concommitant improvements to the LCR's quality of life – the physical environment, housing, schooling, health provision, cultural attractions, transport links and crime levels – will be of key importance. That said, addressing labour market issues such as low skills levels and rates of entrepreneurship is also a key factor in ensuring the region is conducive to business growth and to providing the necessary 'offer' to those thinking of investing in the city region.
- The potential of substantial employment growth comes alongside an aging population and underlying trends suggesting limited growth in the overall population. There remain in the LCR concentrated areas where engagement in the labour market is low. Major challenges remain both to support such groups back into the labour market and to support the wider labour force development activity more widely. Without such action the workforce in the city region could be insufficient in both scale and quality to meet the potential demands that will be made on it.
- To have a greater impact on closing the wealth divide with other parts of the UK and influencing the underlying growth rate of the economy, the LCR needs to improve the level and trend in value-added per job. In the main, the projects evaluated here are concerned with the physical provision of jobs, not directly improving productivity within sectors. Successfully delivering jobs in these sectors is unlikely in itself to improve the productivity of the economy,

although they may well be important in terms of improving the wider offer of the city region - such improvements often play a key role in terms of unlocking further investment in other areas of the economy.

- A greater challenge is to ensure that the business service functions that are attracted into the city region through policy interventions such as the emerging Liverpool Business District, Northern Gateway, Omega, and Liverpool and Wirral Waters schemes involve higher value-added activities than are currently being undertaken in the city region and that the productivity performance of other key sectors improves. In short, there needs to be a genuine step change in the city region's performance to attract high value added inward investment. There also needs to be careful consideration of the sequencing of the major developments to ensure that the activities of each are consolidated and that prospects for one are not adversely affected by decisions taken on those being implemented earlier.
- These high profile projects that are planned for the LCR will provide a high quality infrastructure that has been lacking in previous years. However, if they are to have the desired impact in terms of transforming the local economy, then these employment sites must be filled with nationally/internationally competitive firms that create significant numbers of well-paid jobs and invest heavily for the future. However, this is only part of the challenge for city region partners. Once these investment flows have been secured, it is imperative that there is wider activity to ensure that the majority of the workers operating in these high value sectors choose to live within the city region as opposed to commuting from outside.
- This study has been undertaken with the active participation of city region partners. We recommend they consider the implications of this report as they develop their strategic planning.

1 Introduction

This report presents the results of the work undertaken by Cambridge Econometrics (CE) and SQW Ltd. to develop employment and output projections for selected strategic areas in the Liverpool City Region (LCR) till 2025 under three different scenarios.

The study was commissioned by The Mersey Partnership, Liverpool City Council, Merseyside Local Transport Plans Support Unit and New Heartlands and updates similar work undertaken for the partners in 2004/05 as part of the development of the LCR Development Plan.

1.1 Objectives

To develop employment projections for selected local geographies

The Liverpool City Region (LCR) is a distinctive urban area, centred on the Core City of Liverpool and incorporating those surrounding areas with which it has strong economic relationships. With Merseyside at the heart, the city region comprises the local authority districts of Liverpool, Knowsley, Sefton, St Helens, Wirral and Halton together with Warrington, Vale Royal, Ellesmere Port & Neston, West Lancashire, Chester, Flintshire and Wrexham.

This study produces output and employment projections under three scenarios for the following spatial levels:

- the 13 aforementioned Local Authority Districts (LADs) that constitute the Liverpool City Region
- eight Strategic Investment Areas (SIAs)
- four Local Transport Plan areas (LTPs)

1.2 Outline of the Study

Defining the three selected scenarios

The study was designed to produce employment and output projections for the desired geographies under three scenarios. These are:

- a base projection based on past relative performance (‘Baseline Scenario’)
- the gross impact of the successful delivery of all major development projects thought to be ‘above trend’. This scenario includes all projects at any delivery/planning stage (‘Scenario 2’)
- the net impact, taking into account displacement effects, of the successful delivery of all major development projects thought to be ‘above trend’ that are currently in their delivery stage or moving into it (‘Scenario 3’). This scenario excludes any projects that are currently ‘pipeline’ ie that are planned but have not yet moved into the delivery phase

These scenarios were developed in close consultation with the core client Steering Group.

This study updates and extends similar analysis conducted in 2005 to support the development of the LCR Development Plan. The main difference in approach with this previous study is that the focus in Scenario 3 on the potential displacement effects associated with development schemes.

1.3 Structure of the report

This report is structured as follows: Chapter 2 considers the evaluation method adopted, with Chapters 3-6 each summarising one of the alternative development scenarios. The conclusions and implications for future successful development are brought together in Chapter 7.

2 Method of Approach

2.1 Baseline Scenario

Projections are based on historical economic trend

The first scenario under which employment and output projections are presented is the baseline scenario. This scenario assumes that growth in the Liverpool City Region (LCR) relative to the North West or the UK follows its historical trend. In other words, the performance of the industries in the LCR relative to the region and the UK that has been seen in the past is expected to continue. If a particular industry has outperformed the regional or national average in the past, it will continue to do so in the future.

The projections are made in this way for each of 41 industries and are driven by forecasts for the North West and UK from CE's Regional Multisectoral Dynamic Model (RMDM) of the UK economy. The projections produced for this study under the baseline scenario are consistent with the UK regional forecast as published on CE's Knowledge Base website in February 2007.

The baseline projections are based purely on past economic trends and do not take into account employment gains from future development projects that are expected to generate additional jobs over and above those expected from trend developments in the economy. The baseline scenario can therefore be considered a starting point from which alternative scenarios are developed.

ABI employment was used to develop sub-district projections

In addition to projections at local authority districts, projections were also required at the smaller geographies of SIAs and LTPs which, in many cases, comprise only a few wards. In order to move from district-level to sub-district level projections, employment data from the Annual Business Inquiry (available at ward-level) were used. First, definitions of the SIAs and LTP areas, in terms of wards, had to be developed. These are listed in Appendix A. The SIAs and LTP areas overlap in some cases. For example, one of the wards (St Mary's) in the definition of Liverpool John Lennon Airport is also included in the Speke Halewood SIA definition.

Once ward-based definitions of the sub-geographies had been developed, ABI employment data for 1998 to 2005 were retrieved for the relevant wards and used to generate benchmark employment data to 2005, by industry, for each of the sub-districts. For 2006 and onwards, each industry in the sub-districts was assumed to grow at the same rate as that industry in the relevant local authority district.

2.2 Gross Impact of the Successful Delivery of All Major Projects

Assumptions provided by LAs were refined through a validation exercise

The starting point for producing projections under this second scenario was the set of assumptions for key projects provided by each local authority as part of the scenario work. A validation exercise was then undertaken by SQW to verify whether the projects mentioned were indeed above trend and should be included in the scenario, and also whether the employment impact needed to be amended taking into account recent developments.

SQW's review work involved a combination of background research into the employment-generating projects as well as consultations with key contacts in each local authority to challenge the underlying thinking behind the employment estimates provided. The objective was to check the accuracy of the estimates provided as well as to fill any gaps in information where it was missing. SQW sought to obtain as much missing information as possible on each project, with particular focus on employment estimates and associated industrial classifications. Information was also collected on whether named projects fall within SIA or LTP strategic areas.

Finalised project locations, employment numbers and additional projects were received from all LAs after the consultation process. This information was then used to produce gross employment estimates and output projections for each of the local authorities and strategic areas.

2.3 Net Impact of the Successful Delivery of Major Projects Currently in the 'Delivery' Stage

Displacement coefficients were applied to projects that are underway to gauge net job impact

SQW and Cambridge Econometrics' role in this stage was to produce a 'third scenario' of employment projections for the Liverpool City Region. This final scenario of employment generating economic development schemes across the city region differs from the second scenario in that:

- it applies benchmark displacement coefficients to each project to calculate the 'net' job impact rather than gross employment impact
- it excludes all 'pipeline' projects and focuses only on those that have moved into their delivery phase as specified by the LAs. This is not to undermine the importance of large pipeline projects such as Liverpool Waters, rather the aim is to gauge the impact of those projects that are currently underway

Displacement is defined as the proportion of employment generated by each scheme accounted for by reduced employment elsewhere (in the LCR). The displacement impact of each project was assessed for displacement from elsewhere in the district in which the project is taking place, elsewhere in Merseyside and elsewhere in the LCR. By applying displacement coefficients, a more accurate estimate of the overall employment impact on the LCR economy can be identified.

SQW calculated displacement effects using a combination of benchmarks drawn from a variety of sources, particularly English Partnership's Additionality Guide, SQW Consulting's own extensive knowledge and experience in undertaking evaluations of public sector regeneration programmes, and from the local context provided by local authority project leads. The displacement effects that were applied were consistent across similar projects and also took into account the scale of the project, the extent of local, sub-regional and city-regional competition as well as the economic requirements of each of the these spatial areas.

Information on the stage of development each project was at was provided by the Local Authorities. There were three categories to which projects could be assigned:

- A: In Delivery
- B: Moving into Delivery
- C: Pipeline projects

This third scenario includes only categories A and B.

3 Review of Recent Economic Performance

3.1 Overview of Recent Growth

Output and employment growth in the LCR has been stronger than was seen historically

Looking at the performance of the city region economy in aggregate, and key developments at a district level, it can be seen that overall output and employment growth picked up over 1994-2005 after a decade of poor performance. Growth in both GVA and employment was strongest in 2003-05 when output in the LCR increased by 3½% pa and employment rose by 1¾% pa. However, since then, both output and employment growth has slowed in line with weaker regional and national growth rates. Table 3.1 highlights employment and GVA growth for all LADs in the LCR.

The strongest employment growth in 2006 is estimated to have been in Flintshire and Wrexham, followed by St. Helens and Wirral. In contrast, employment is thought to have fallen in some districts. The net effect on the city region economy, however, remained positive.

Financial & Business Services and Transport & Communications have seen the strongest growth recently

Financial & Business Services and Transport & Communications were the key drivers of output growth in the LCR over 2003-06 followed by the distribution and construction sectors. The fastest employment growth in this period was in Transport & Communications and Construction.

In Merseyside as a whole (which includes Liverpool, Sefton, Wirral, Knowsley, St Helens and Halton) employment growth was strong over 2003-05 (particularly in Liverpool and St Helens). However, it is estimated to have weakened greatly in 2006, where the only sector to show significant job gains was Transport & Communications.

3.2 Comparison with North West and UK Growth

Table 3.2 compares output and employment growth in the Liverpool City Region and Merseyside with the North West and the UK. The key points that emerge are:

- before 2003 employment growth in the LCR and Merseyside was weaker than in the North West and UK
- output growth in the LCR and Merseyside was weaker than in the UK as a whole before 2003 but was similar to the average for the North West
- employment growth accelerated in the city region over 2001-05 to average around 1¾% over 2003-05, exceeding the rates seen in the North West or nationally
- output growth of over 3½% pa in the LCR and Merseyside over 2003-05 far exceeded the regional and national rates of 2¾% pa.

The overall picture that emerges from the historical data is that of a city region which has historically lagged the national and regional average in output and employment growth. However, in the last few years the area has enjoyed a rapid improvement in growth prospects driven by strong growth in construction and services, particularly Transport & Communications and Financial & Business Services. This has narrowed the gap in growth rates between the LCR and the North West/UK. Although there are indications that growth in the LCR slowed in 2006.

TABLE 3.1: HISTORICAL ECONOMIC PERFORMANCE

Growth in Employment

	1981-1994	1994-2000	2000-2003	2003-2005	2005-2006
					% pa
Chester	-0.1	2.2	1.8	0.6	-0.1
Ellesmere Port & Neston	-2.3	-2.5	4.3	-1.4	0
Halton	-0.3	0.8	0.2	4.3	-0.2
Vale Royal	0.1	2.8	1.3	0.6	-0.2
Warrington	1.5	2.6	1.6	1.2	0.2
West Lancashire	0.5	0.2	0.5	6.5	-0.1
Knowsley	-2.5	2.3	1.3	1.4	0.4
Liverpool	-2.3	-0.1	3.0	2.7	-0.3
St Helens	-1.7	0.5	0.3	4.3	0.9
Sefton	0.3	2.2	1.1	0.5	0.3
Wirral	-0.3	0.3	0.6	-1.5	0.7
Flintshire	2.6	0.4	1.6	4.1	3.3
Wrexham	2.2	0.5	-1.2	1.7	1.2
Merseyside (incl Halton)	-1.4	0.7	1.6	1.8	0.2
Liverpool City Region	-0.6	0.9	1.5	1.8	0.4

Growth in GVA

	1981-1994	1994-2000	2000-2003	2003-2005	2005-2006
					% pa
Chester	2.0	4.4	0.2	2.3	2.4
Ellesmere Port & Neston	-0.1	1.2	2.9	0	1.0
Halton	1.9	2.2	0.4	4.2	2.3
Vale Royal	2.1	5.1	0.2	5.2	1.6
Warrington	3.6	4.2	1.1	3.0	2.0
West Lancashire	2.6	1.2	1.1	7.0	1.9
Knowsley	0.7	3.4	2.6	2.6	1.8
Liverpool	-0.5	1.3	2	4.7	1.4
St Helens	0.6	1.5	1.7	6.7	2.6
Sefton	1.6	4.0	-0.4	1.5	1.3
Wirral	1.6	1.6	1.5	1.4	2.7
Flintshire	5.2	3.7	3.4	5	3.6
Wrexham	4.3	4.5	0.6	1.7	1.8
Merseyside (incl Halton)	0.6	2.1	1.4	3.6	1.9
Liverpool City Region	1.5	2.8	1.3	3.5	2.0

TABLE 3.2: COMPARING GROWTH IN THE LCR AND MERSEYSIDE TO THE NW AND UK

	1991- 01	2001- 03	2003- 05
			% pa
Employment			
Liverpool	-0.4	1.1	2.7
LCR	0.2	0.6	1.8
Merseyside	-0.1	0.5	1.8
North West	0.1	1.2	1.2
UK	0.6	0.7	0.8
GVA			
Liverpool	1.3	1.6	1.7
LCR	2.2	1.9	3.6
Merseyside	1.6	1.6	3.6
North West	2.1	1.9	2.7
UK	2.7	2.3	2.8

4 The Baseline Projections

4.1 The Underlying Assumptions

The baseline scenario assumes that the past performance of industries (for each of CE's 41 industries) in the Liverpool City Region relative to those same industries in the North West or the UK as a whole continues to hold in the future.

4.2 Summary of Projections for the City Region

Table 4.1 summarises the output projections for the Liverpool City Region as a whole. In the baseline scenario, it is financial & business services and transport & communications that will drive long-term output growth in the city region. Output growth in the LCR is forecast to average 2¼% pa in the long term with financial & business services constituting the bulk of the area's GVA (almost 30%).

TABLE 4.1: GVA IN THE LIVERPOOL CITY REGION

				£2003m
	2000	2005	2010	2020
Agriculture	188	214	200	209
Mining etc	51	40	43	47
Manufacturing	6530	6371	6789	7813
Utilities	638	565	560	629
Construction	1793	2307	2540	2998
Dist., hotel & cater	4610	5432	6196	7687
Transp.& comms	2255	2711	3209	4264
Fin. & Bus Services	7015	9020	10414	13603
Other services	6455	7058	7851	9598
Total	30705	34230	38316	47813

					% pa
	2003-2005	2005-2006	2006-2008	2008-2010	2010-2020
Agriculture	5.7	-1.7	-2.3	-0.2	0.4
Mining etc	-11.9	5.2	-0.3	0.8	0.9
Manufacturing	2	1	0.9	1.8	1.4
Utilities	-8.6	-3.1	0.4	0.8	1.2
Construction	10.7	2.5	2.3	1.3	1.7
Dist., hotel & cater	2.4	3.2	2.4	2.7	2.2
Transp.& comms	4.3	4.6	3.4	2.9	2.9
Fin. & Bus Services	8.4	4.2	2.3	2.9	2.7
Other services	1.9	1.1	2.5	2.3	2
Total	3.5	2	2.3	2.4	2.2

TABLE 4.2: EMPLOYMENT IN THE LIVERPOOL CITY REGION

	2000	2005	2010	'000 2020
Agriculture	8.9	6.6	5.1	4
Mining etc	1.2	0.7	0.7	0.6
Manufacturing	162.4	145.4	138.2	126.2
Utilities	5.5	4.4	4.3	3.5
Construction	67.4	71.5	80.3	83.2
Dist., hotel & cater	247.7	257.6	259.1	276.2
Transp.& comms	62.6	74.6	84.5	90.1
Fin. & Bus Services	224.8	270.3	277.1	315.1
Other services	283.0	320.6	332.9	341.7
Total	1064.3	1152.2	1182.8	1241.0

	2003-2005	2005-2006	2006-2008	2008-2010	% pa 2010-2020
Agriculture	0.2	-4.1	-6.9	-3.1	-2.5
Mining etc	-7.2	12.7	-3.4	-1.4	-1.4
Manufacturing	-0.3	-2.2	-0.6	-0.8	-0.9
Utilities	-9.2	2.5	-0.1	-2.4	-2.2
Construction	5.7	6.3	2.6	0.2	0.4
Dist., hotel & cater	-0.7	-0.7	0.0	0.6	0.6
Transp.& comms	5.0	5.9	2.6	0.8	0.6
Fin. & Bus Services	5.0	-0.8	0.4	1.3	1.3
Other services	1.0	0.9	0.9	0.5	0.3
Total	1.8	0.4	0.6	0.5	0.5

Services, in particular financial & business services and retailing/distribution, are expected to provide the bulk of jobs in the LCR. As shown in Table 4.2, these sectors will enjoy the fastest rate of jobs growth in the city region in the long term. Overall employment growth in the LCR is expected to settle at about ½% pa in the long term.

Tables 4.3-4.6 summarise the baseline projections for GVA, employment and population growth for all local authority districts in the Liverpool City Region[1].

[1] The population data do not reflect the revised population estimates that accompanied the release of the Mid-2005 population estimates. These data were released as this study was nearing completion.

TABLE 4.3: GVA IN THE LIVERPOOL CITY REGION

	2000	2005	2010	2015	2020
					£2003m
Chester	2238	2357	2689	3052	3462
Ellesmere Port	1321	1440	1575	1733	1908
Halton	1904	2090	2352	2664	3059
Vale Royal	1585	1766	1952	2167	2408
Warrington	3839	4206	4722	5341	6108
West Lancashire	1191	1412	1546	1686	1850
Knowsley	1566	1779	1972	2159	2383
Liverpool	5936	6903	7771	8724	9805
St Helens	1635	1956	2170	2345	2551
Sefton	2683	2735	3056	3382	3750
Wirral	2926	3147	3521	3888	4314
Flintshire	2112	2577	2885	3171	3495
Wrexham	1770	1862	2106	2394	2720
Liverpool City Region	30705	34230	38316	42706	47813

	1990-2000	2000-05	2005-10	2010-15	2015-20
					£2003m
Chester	635	119	332	364	410
Ellesmere Port	93	119	135	158	175
Halton	296	186	262	312	395
Vale Royal	395	181	187	214	241
Warrington	1257	367	516	619	767
West Lancashire	168	221	134	140	164
Knowsley	269	213	193	187	224
Liverpool	579	967	868	953	1082
St Helens	221	321	214	175	207
Sefton	663	51	321	326	368
Wirral	263	221	374	367	426
Flintshire	427	465	309	286	324
Wrexham	577	92	243	288	327
Liverpool City Region	5842	3524	4087	4389	5108

TABLE 4.4: EMPLOYMENT IN THE LIVERPOOL CITY REGION

	2000	2005	2010	2015	2020
					(000's)
Chester	73	78	80	83	85
Ellesmere Port	34	38	38	39	40
Halton	58	63	65	67	70
Vale Royal	51	53	54	56	57
Warrington	118	127	131	137	144
West Lancashire	42	48	49	49	50
Knowsley	58	63	64	65	66
Liverpool	221	255	260	266	271
St Helens	64	70	72	73	73
Sefton	111	116	119	121	123
Wirral	112	110	113	116	118
Flintshire	67	76	80	81	82
Wrexham	56	56	58	59	61
Liverpool City Region	1064	1152	1183	1211	1241

	1990-2000	2000-05	2005-10	2010-15	2015-20
					(000's)
Chester	6.0	5.1	1.8	2.8	2.7
Ellesmere Port	-10.0	3.5	0.8	1.0	1.0
Halton	-3.2	5.4	1.6	2.5	3.0
Vale Royal	-1.1	2.6	0.9	1.6	1.5
Warrington	14.1	8.7	4.1	6.1	6.7
West Lancashire	-0.5	6.4	0.4	0.6	0.8
Knowsley	-0.1	4.1	1.5	0.9	1.0
Liverpool	-24.8	33.6	5.4	5.4	4.9
St Helens	-2.4	6.2	2.0	0.6	0.8
Sefton	5.0	5.0	3.0	2.3	2.1
Wirral	-7.4	-1.4	3.1	2.4	2.6
Flintshire	-1.0	9.1	3.8	0.6	1.2
Wrexham	3.5	-0.1	2.0	1.4	1.5
Liverpool City Region	-21.8	87.9	30.6	28.4	29.8

TABLE 4.5: POPULATION IN THE LIVERPOOL CITY REGION

	2000	2005	2010	2015	2020
					‘000
Chester	118	119	118	116	115
Ellesmere Port	82	81	80	79	78
Halton	119	119	118	118	118
Vale Royal	121	125	129	133	138
Warrington	191	195	198	202	205
West Lancashire	108	110	110	111	112
Knowsley	151	149	148	146	145
Liverpool	446	448	437	437	438
St Helens	177	176	173	170	168
Sefton	284	281	278	277	276
Wirral	317	313	315	317	320
Flintshire	148	150	152	154	157
Wrexham	121	124	126	128	130
Liverpool City Region	2382	2388	2382	2388	2399

	1990-2000	2000-05	2005-10	2010-15	2015-20
					% pa
Chester	0.2	0.0	-0.2	-0.2	-0.2
Ellesmere Port	0.1	-0.2	-0.2	-0.3	-0.2
Halton	-0.5	0.0	-0.1	0.0	0.0
Vale Royal	0.7	0.6	0.7	0.7	0.7
Warrington	0.3	0.4	0.4	0.3	0.4
West Lancashire	-0.1	0.3	0.2	0.1	0.1
Knowsley	-0.3	-0.3	-0.2	-0.2	-0.2
Liverpool	-0.6	0.1	-0.5	0.0	0.0
St Helens	-0.2	-0.1	-0.4	-0.3	-0.3
Sefton	-0.4	-0.2	-0.2	-0.1	0.0
Wirral	-0.5	-0.2	0.1	0.1	0.2
Flintshire	0.5	0.3	0.3	0.2	0.3
Wrexham	0.3	0.4	0.3	0.3	0.3
Liverpool City Region	-0.2	0.0	0.0	0.0	0.1

4.3 Summary of Projections for the Strategic Area Geographies

Tables 4.7 and 4.8 summarise employment projections for Merseyside, the SIAs, and LTP areas.

It can be seen that the largest strategic areas, in terms of employment, are the Eurogateway/Atlantic Avenue and Liverpool City Centre SIAs and in Liverpool City Centre and North Shore Ports LTPs.

In the long term, the fastest employment growth is expected in Eurogateway/Atlantic Avenue and Liverpool City Centre SIAs. All LTPs are forecast to enjoy long-term employment growth of about ½% pa. St Helens Regeneration Corridor and Speke/Halewood SIAs show the weakest employment growth in the baseline scenario.

Within the Merseyside districts, employment growth is forecast to be strongest in Halton and the weakest in St Helens.

TABLE 4.7: EMPLOYMENT IN MERSEYSIDE

					‘000
	2000	2005	2010	2015	2020
Merseyside	656	623	676	693	707
Local Authorities					
Knowsley	58	63	64	65	66
Liverpool	221	255	260	266	271
St Helens	64	70	72	73	73
Sefton	111	116	119	121	123
Wirral	112	110	113	116	118
Halton	58	63	65	67	70
Strategic Investment Areas					
Liverpool City Centre	102	121	123	126	128
Eurogateway/Atlantic Avenue	123	136	140	143	146
Kirkby/Gillmoss	41	47	48	49	49
Huyton	11	13	13	13	14
St Helens Regeneration Corridor	36	39	40	41	41
Speke/Halewood	26	28	28	29	29
Wirral Employment Corridor	60	60	61	63	64
Eastern Approaches	28	31	32	32	33
LTP Area					
Liverpool City Centre	90.6	109.2	111.1	113.7	116.1
Liverpool John Lennon Airport	12.4	14.2	15.1	15.4	15.7
North Shore Ports	85.8	95.8	98.4	100.8	103.1
South Shore Ports	26	25.1	25.8	26.3	26.9

TABLE 4.8: GROWTH IN EMPLOYMENT IN MERSEYSIDE

	1990-2000	2000-05	2005-10	2010-15	% pa 2015-20
Merseyside	-0.5	1.7	0.5	0.4	0.4
Local Authorities					
Knowsley	0.0	1.4	0.5	0.3	0.3
Liverpool	-1.0	3.0	0.4	0.4	0.4
St Helens	-0.4	1.9	0.6	0.2	0.2
Sefton	0.5	0.9	0.5	0.4	0.3
Wirral	-0.6	-0.3	0.6	0.4	0.4
Halton	-0.5	1.9	0.5	0.8	0.9
Strategic Investment Areas					
Liverpool City Centre	-1.2	3.7	0.3	0.5	0.4
Eurogateway/Atlantic Avenue	-0.6	2.2	0.5	0.5	0.4
Kirkby/Gillmoss	-0.5	2.7	0.5	0.3	0.3
Huyton	0.0	4.6	0.5	0.3	0.4
St Helens Regeneration Corridor	-1.2	1.8	0.5	0.1	0.1
Speke/Halewood	-2.0	1.1	0.6	0.2	0.1
Wirral Employment Corridor	-0.6	-0.2	0.5	0.4	0.4
Eastern Approaches	-1.0	2.3	0.5	0.3	0.4
LTP Area					
Liverpool City Centre	-1.2	4.1	0.3	0.5	0.4
Liverpool John Lennon Airport	0.4	2.9	1.3	0.4	0.4
North Shore Ports	-1.1	2.3	0.5	0.5	0.5
South Shore Ports	-0.8	-0.7	0.6	0.4	0.5

5 Scenario 2: Delivery of Major Projects – Gross Jobs Effect

5.1 The Underlying Assumptions

Scenario 2 assumes the successful delivery of all major development projects thought to be 'above trend', It is intended to examine the further potential for growth in the city region which its land, sites and premises assets and capacity could generate in the future. This scenario includes all projects identified by local authorities in the city region, whatever the stage they are at in the delivery/planning process, and considers their gross impact on total employment in the LCR.

This scenario builds on the baseline scenario, by applying the assumptions made for additional gross jobs to the baseline employment projections. The prospects for employment in this scenario are therefore much more optimistic than the baseline.

The assumptions for gross jobs generated by each project were provided by the Local Authority project leads in the pro-formas provided. These estimates were then checked by SQW during the consultation process to ensure that the underlying assumptions behind estimates were reasonable, and where appropriate revisions were made. The final estimates were those that both the Steering Group and the research team were satisfied with as being robust and a reasonably accurate representation of the employment-generation capacity of projects.

5.2 Analysis of Key Projects

Key schemes

Over 150 projects were identified by the local authority partners as being activities over and above trend development. The larger schemes are summarised below, together with the projected number of jobs in 2025:

- Northgate project - mixed used development expected to generate 1,500 gross jobs in Chester
- Warren Hall - a mixed use development expected to generate 6,000 gross jobs in Flintshire
- Northern Gateway - a mixed use development expected to generate 12,000 gross jobs in Flintshire
- 3MG (Merseyside MultiModal Gateway) - a Multimodal Freight Park expected to generate 5,000 gross jobs in Halton
- Mersey Gateway - expected to generate 1,600 gross jobs in Halton by 2025.
- Kirkby town centre regeneration - expected to generate 1,742 gross jobs in Knowsley
- Alchemy Business Park - expected to generate 1,660 gross jobs in Knowsley
- Parkside Railfreight - expected to generate 8,000 gross jobs in St Helens
- Northwich Vision - expected to generate 2,000 gross jobs in Vale Royal
- OMEGA - project for the provision of offices, manufacturing, technology and distribution space, leisure/retail facilities - expected to generate 8,380 gross jobs in Warrington
- Wirral Waters - expected to generate 14,400 gross jobs in Wirral.
- Skelmersdale Town Centre re-development - expected to generate 2,250 gross jobs in West Lancashire

- Eagle's Meadow development - expected to generate 1,730 gross jobs in Wrexham
- Liverpool Waterfront - expected to generate 3,500 gross jobs in Liverpool
- Liverpool Commercial District Development - expected to generate 6,986 gross jobs in Liverpool
- Paradise Street /Liverpool One Development - expected to generate 4,162 gross jobs in Liverpool
- Liverpool JL Airport - expected to generate 3,625 gross jobs in Liverpool
- Estuary Commerce Park - expected to generate 3,916 gross jobs in Liverpool
- Liverpool Waters - expected to generate 9,245 gross jobs in Liverpool

Chart 5.1 summarises the scale of the jobs associated with the schemes. The projects included in this scenario provide an extra 76,000 gross jobs in Merseyside by 2015 with 36,000 of these generated in Liverpool. In the City Region itself, 106,000 gross jobs are expected to be generated by the ‘above-trend’ projects by 2015 with this number rising to 120,000 by 2020. The majority of the jobs are thought likely to be in Other Business Services, Professional Services, Construction (related to the initial investment phase for these schemes), Retailing and Distribution.

5.3 Issues with the Scenario

While the numbers obtained from this scenario are a useful indicator in gauging the overall employment-generation capacity of the projects proposed, ie the *potential* for job growth in the LCR, the employment projections obtained using this method will be overly optimistic. This is because this scenario:

- looks at gross jobs rather than net jobs and ignores displacement from elsewhere in Merseyside and the wider city region
- includes all proposed schemes irrespective of their planning/delivery status and works under the assumption that all schemes will be realised to their full potential

These issues will be addressed in Scenario 3, in which the data supplied by local authorities has been evaluated in light of these issues. However, as a useful starting point, it is informative to look at a summary of employment and GVA projections for the LADs under Scenario 2 as listed in Tables 5.1-5.2.

CHART 5.1: EMPLOYMENT IMPACT OF MAJOR PROJECTS IN THE LIVERPOOL CITY REGION

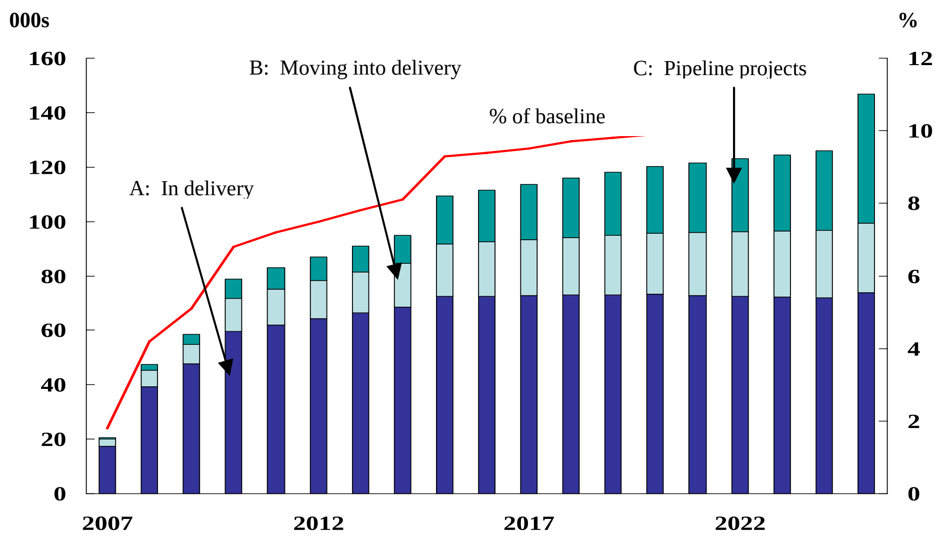

TABLE 5.1: DIRECT EMPLOYMENT IMPACT FROM KNOWN MAJOR DEVELOPMENT PROJECTS

	2007	2010	2015	2020
				‘000
Chester	0.3	3.2	2.5	2.5
Ellesmere Port	0.2	1.2	1.2	1.2
Halton	0.9	3.5	9.6	9.6
Vale Royal	0.3	1.2	2.7	2.6
Warrington	0	0.4	2.5	5.5
West Lancs	0	0.9	0.9	0.9
Knowsley	1.9	6.5	7.7	8.4
Liverpool	11.1	25.8	36.3	39.0
St Helens	0	3.1	7.8	10.7
Sefton	1.6	5.7	5.8	5.8
Wirral	0	3.7	9.1	13.1
Flintshire	1.2	16.2	18.8	18.8
Wrexham	0.3	1.7	1.7	1.7
Merseyside	15.5	48.4	76.3	86.5
Liverpool City Region	17.8	73.2	106.7	119.8
Strategic Investment Areas	2007	2010	2015	2020
Liverpool City Centre	4.9	12.3	19.5	22.0
Eurogateway/Atlantic Avenue	1.0	3.0	3.0	3.0
Kirkby/Gillmoss	0.8	3.5	3.7	4.4
Huyton	0.7	2.7	3.1	3.1
St Helens Regeneration Corridor	0	2.1	2.4	2.7
Speke/Halewood	2.3	5.9	8.4	8.6
Wirral Employment Corridor	0	3.0	7.8	11.8
Eastern Approaches	0.1	0.9	1.1	1.1
Total	9.8	33.4	49.0	56.7
LTP Areas	2007	2010	2015	2020
Liverpool City Centre	4.9	12.2	16.7	16.7
Liverpool John Lennon Airport	2.3	5.9	8.4	8.6
North Shore Ports	0.6	2.3	5.2	7.7
South Shore Ports	0	3	7.8	11.8
Total	7.8	23.4	38.1	44.8

5.4 Scenario Results

The tables show that around 120,000 gross jobs are expected to be generated over and above trend in the LCR by 2020 under Scenario 2. 33% of these will be situated in Liverpool, contributing 20% to the GVA impact. If these job gains are realised, it would have a significant impact on employment growth rates in the LCR. Under the baseline scenario, employment is forecast to rise by ½% pa between 2005 and 2015. However, under Scenario 2, employment growth in the LCR is forecast to be about

1¾% pa between 2005 and 2010 and 1% pa over 2010-15. This exceeds employment growth expected over 2005-15 in the region (¼% pa) or the UK (¾% pa).

Similarly, output growth in the LCR in the baseline scenario is forecast to be about 2½% pa over 2007-20, whereas under Scenario 2 it is forecast to be 3¾% pa.

As stated above, these are overly-optimistic estimates to gauge the maximum potential and capacity of the LCR. These assumptions will be revised in Scenario 3 which is intended to be the more 'realistic' of the three.

Results for strategic areas

Within the strategic areas, the largest employment increases are expected to be in Liverpool City Centre.

TABLE 5.2: GVA IMPACT IN THE LIVERPOOL CITY REGION IN SCENARIO 2

	2007	2008	2010	2015	2020
					£2003m
Chester	8	36	100	87	95
Ellesmere Port	5	22	29	28	29
Halton	27	43	111	351	378
Vale Royal	16	22	37	76	78
Warrington	0	0	14	531	1915
West Lancashire	0	12	31	33	35
Knowsley	57	131	194	228	260
Liverpool	335	610	731	1039	1184
St Helens	1	15	77	244	372
Sefton	37	81	161	176	187
Wirral	0	41	103	230	338
Flintshire	28	106	730	852	935
Wrexham	8	43	38	42	45
Merseyside	458	920	1377	2268	2719
LCR	522	1160	2356	3916	5851
					Proportion of base (%)
Chester	0.3	1.4	3.7	2.8	2.7
Ellesmere Port	0.3	1.5	1.8	1.6	1.5
Halton	1.3	1.9	4.7	13.2	12.4
Vale Royal	0.9	1.2	1.9	3.5	3.2
Warrington	0.0	0.0	0.3	9.9	31.4
West Lancashire	0.0	0.8	2.0	1.9	1.9
Knowsley	3.1	6.9	9.8	10.5	10.9
Liverpool	4.6	8.2	9.4	11.9	12.1
St Helens	0.0	0.7	3.5	10.4	14.6
Sefton	1.3	2.8	5.3	5.2	5.0
Wirral	0.0	1.2	2.9	5.9	7.8
Flintshire	1.0	3.8	25.3	26.9	26.8
Wrexham	0.4	2.1	1.8	1.7	1.6
Merseyside	2.4	4.6	6.6	9.8	10.5
LCR	1.5	3.2	6.1	9.2	12.2

6 Scenario 3: Evaluated Impact of Delivery of Major Projects

6.1 The Underlying Assumptions

Scenario 3 builds further on Scenario 2 to provide greater understanding of factors that might prevent Scenario 2 from being realised in its entirety. In particular, Scenario 3

- applies benchmark displacement coefficients to each project in Scenario 3 to calculate the 'net' job impact rather than gross employment impact,
- excludes all 'pipeline' projects and focuses only on those that have moved into their delivery phase as specified by the local authorities.

Displacement is defined as the proportion of employment generated by each scheme accounted for by reduced employment elsewhere in area. By applying displacement coefficients, a more accurate estimate of the actual level of employment (or net employment impact) generated by each scheme has been derived.

6.2 Key Pipeline Projects

Key schemes

As described above, those projects identified as 'pipeline' projects, those that are at a very early stage of the planning process. These pipeline projects are:

- Heath Business and Technical Park - expected to generate 900 gross jobs in Halton by 2025.
- Parkside Railfreight - expected to generate 8,000 gross jobs in St Helens by 2025.
- Wirral Waters - expected to generate 14,400 gross jobs in Wirral by 2025.
- Atlantic Park Phase 4 - expected to generate 739 gross jobs in Sefton by 2025.
- Eagle's Meadow development - expected to generate 1,730 gross jobs in Wrexham by 2025.
- Liverpool Waters - expected to generate 9,245 gross jobs in Liverpool by 2025.
- Stanley Dock/Tobacco Warehouse - expected to generate 1,000 gross jobs in Liverpool by 2025.

These projects have only been excluded because they have not yet entered the delivery phase of the planning process. This is not to undermine their strategic importance or deny their employment-generation capacity within the LCR.

Table 6.4 lists the gross contribution (without displacement applied) by the key sectors in which jobs are generated under scenario 3. The majority of jobs are in business services, retailing and distribution.

TABLE 6.1: GROSS EMPLOYMENT IMPACT IN THE LCR BY SECTOR

	2007	2008	2010	2015	2020
					‘000
Manufacturing	2.1	4.1	6	7.7	11.4
Construction	10	14.8	8.1	3.9	3.3
Distribution	0.1	0.8	4.8	14.1	17.1
Retailing	1.1	8.2	10.8	17.5	21.5
Hotels & catering	0.3	1	2.7	3.9	3.9
Financial services	0.1	0.1	6.7	6.7	6.7
Business services	2.4	10.8	24.6	38.5	41.3
Misc services	1.4	3.2	7.3	8.8	8.8
Total	17.5	43	70.9	100.9	113.9

	2007	2008	2010	2015	2020
					% of Scenario 1
Manufacturing	1.6	3.1	4.5	6.1	9.5
Construction	13.1	19.5	10.7	5	4.2
Distribution	0.2	1.3	7.3	20.5	23.9
Retailing	0.9	6.8	8.8	13.7	16.3
Hotels & catering	0.4	1.5	4.2	6	6
Financial services	0.1	0.1	17	16.1	15.7
Business services	1.5	6.8	15	22.1	22
Misc services	2.1	4.6	10.4	11.8	11.2
Total	2.4	5.9	9.7	13.4	14.7

6.3 Scenario Results

Table 6.2 and Chart 6.1 show the scale of the employment impact and compare it to the baseline scenario. In the scenario 62,000 net jobs are expected to be generated over and above trend in the LCR by 2020 under Scenario 3. Of these, 38% will be generated in Liverpool. If these job gains are realised, it would boost employment growth in the LCR. In the baseline scenario, employment is forecast to rise by ½% pa over 2005-15. In Scenario 2 which is more ‘aspirational’, growth is expected to be about 1¾% pa between 2005 and 2010 and 1% pa over 2010-15. Under this more ‘realistic’ scenario, however, employment growth is expected to be around 1¼% pa over 2005-10 and just under ¾% pa over 2010-15.

TABLE 6.2: NET EMPLOYMENT IMPACT FROM MAJOR DEVELOPMENT PROJECTS

				‘000
	2007	2010	2015	2020
Chester	0.1	1.8	1.1	1.1
Ellesmere Port	0.1	0.8	0.7	0.7
Halton	0.4	1.5	5.1	5.0
Vale Royal	0.2	0.4	1.1	1.0
Warrington	-0.3	-0.7	0.9	3.4
West Lancashire	-0.1	0.5	0.4	0.4
Knowsley	1.4	4.7	5.2	5.8
Liverpool	8.2	17.1	23.4	23.5
St Helens	-0.2	0.8	1.0	1.2
Sefton	1.0	1.2	1.3	1.3
Wirral	-0.2	2.2	2.6	2.6
Flintshire	0.8	13.1	15.3	15.3
Wrexham	0.2	0.6	0.4	0.3
Merseyside	10.6	27.6	38.6	39.4
LCR	11.5	44.0	58.6	61.8
Strategic Investment Areas	2007	2010	2015	2020
Liverpool City Centre	3.9	8.2	11.8	11.8
Eurogateway/Atlantic Avenue	-0.1	-1.2	-1.8	-1.8
Kirkby/Gillmoss	0.3	2	1.9	2.5
Huyton	0.5	2.2	2.5	2.5
St Helens Regeneration Corridor	-0.1	1.2	1.5	1.7
Speke/Halewood	1.9	4.8	7.2	7.4
Wirral Employment Corridor	-0.1	2.4	2.8	2.7
Eastern Approaches	-0.3	0.1	0.2	0.2
Total	6.0	19.7	26.1	27.0
LTP Areas	2007	2010	2015	2020
Liverpool City Centre	4.1	9.2	12.9	12.9
Liverpool John Lennon Airport	2.0	5.2	7.7	7.8
North Shore Ports	-0.4	-1.7	-2.1	-2.1
South Shore Ports	-0.1	2.7	3.0	3.0
Total	5.6	15.4	21.5	21.6

Within the strategic areas, the largest employment increases are expected in Liverpool City Centre, although the impact is more muted than in Scenario 2.

While it is the case that all districts will see higher employment in the long term as a result of the development schemes than would otherwise be the case, this is not so in the short to medium term. Nor is it the case for all sectors in the areas. Employment in Warrington is lower in the scenario to 2010 than in the baseline projections, reflecting that few if any schemes have been identified as delivery in this time, yet the district will experience its share of the (negative) displacement resulting from schemes elsewhere.

A number of districts could expect to see negative displacement effects on employment in particular sectors that outweigh the expected development impacts in these sectors. Sectors where this is particularly prevalent include construction, retailing and non-professional supporting services. These are sectors which have the largest gross jobs impact, but also in those schemes where rates of displacement could be highest.

The same effect may also occur in some of the more localised strategic areas such as the Eurogateway SIA and the North Shore Ports LTP area.

CHART 6.1: EMPLOYMENT IN THE LIVERPOOL CITY REGION

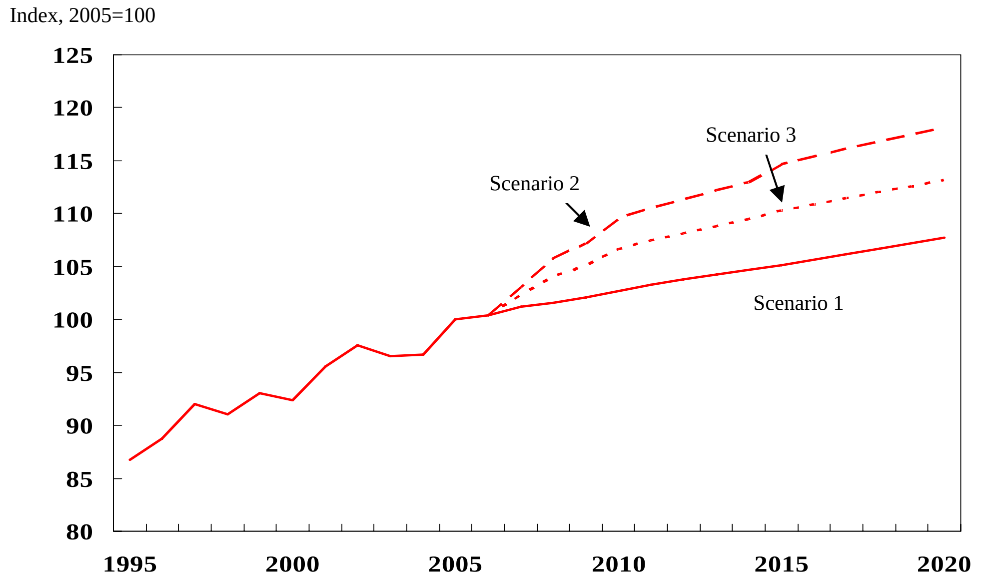

TABLE 6.3: GVA IMPACT IN THE LIVERPOOL CITY REGION IN SCENARIO 3

					£2003m
	2007	2008	2010	2015	2020
Chester	3	21	57	41	45
Ellesmere Port	1	13	16	15	15
Halton	36	41	83	244	259
Vale Royal	9	9	14	30	24
Warrington	-8	-19	-18	408	1566
West Lancashire	-3	4	17	17	18
Knowsley	129	186	236	264	299
Liverpool	669	861	958	1202	1287
St Helens	42	48	62	67	74
Sefton	297	310	326	358	386
Wirral	59	87	133	154	163
Flintshire	18	75	604	705	774
Wrexham	2	16	7	-14	-67
Merseyside	1232	1532	1799	2288	2468
LCR	1255	1652	2495	3490	4842
				Impact as share of Scenario 1 (%)	
Chester	0.2	1.1	2.9	1.8	1.7
Ellesmere Port	0.1	1.0	1.2	1.0	0.9
Halton	1.7	1.8	3.5	9.2	8.5
Vale Royal	0.6	0.6	0.8	1.6	1.1
Warrington	-0.2	-0.5	-0.4	8.7	29.2
West Lancashire	-0.2	0.3	1.2	1.1	1.1
Knowsley	7.0	9.8	12.0	12.2	12.5
Liverpool	9.3	11.7	12.3	13.8	13.1
St Helens	2.0	2.3	2.9	2.8	2.9
Sefton	10.4	10.6	10.7	10.6	10.3
Wirral	1.8	2.6	3.8	4.0	3.8
Flintshire	0.7	3.0	23.3	24.8	24.8
Wrexham	0.1	0.9	0.4	-0.7	-2.8
Merseyside	6.3	7.7	8.6	9.9	9.5
LCR	3.7	4.8	6.9	8.7	10.8

High-end occupations will grow at a faster rate

It is evident from Table 6.4 that if the project delivery assumptions under scenario 3 materialise, this would require faster growth in high-end occupations than in the baseline scenario. Managers & senior officials and those employed in professional occupations would need to increase by about 2% pa till 2010 to meet the changing needs of the LCR. Personal service occupations and sales & customer service operations are also forecast to rise at a similar rate, in contrast to low-end occupations which are expected to see a decline in numbers till 2020.

TABLE 6.4: TOTAL EMPLOYMENT IN THE LCR IN SCENARIO 3

	2005	2007	2010	2015	2020
					‘000
Managers and senior officials	137	142	152	163	172
Professional occupations	137	144	156	172	186
Associate professional/technical occs.	143	146	155	163	169
Admin. clerical & secretarial occs.	182	181	189	191	190
Skilled trades occupations	146	153	153	149	146
Personal service occupations	78	82	88	97	103
Sales and customer service occupations	95	96	104	114	123
Process plant & machine operators	118	122	124	124	123
Elementary occupations	116	111	106	98	91
TOTAL	1152	1178	1227	1270	1303

	2005	2007	2010	2015	2020
				% difference from base	
Managers and senior officials	0	1.1	4.2	5.4	5.5
Professional occupations	0	0.6	2.9	3.9	3.9
Associate professional/technical occs.	0	0.7	3.7	5.1	5.2
Admin. clerical & secretarial occs.	0	0.7	4.8	6.1	6.1
Skilled trades occupations	0	2.7	4.4	4.2	4.5
Personal service occupations	0	0.3	2.1	3.0	3.0
Sales and customer service occupations	0	0.4	3.8	5.8	5.8
Process plant & machine operators	0	1.2	3.3	4.6	5.2
Elementary occupations	0	0.5	3.1	4.6	4.9
TOTAL	0	1.0	3.7	4.8	5.0

	2000-2005	2005-2007	2007-2010	2010-2015	2015-2020
					% pa
Managers and senior officials	2.4	1.8	2.2	1.4	1.1
Professional occupations	3.9	2.7	2.7	1.9	1.6
Associate professional/technical occs.	2.8	1.1	1.9	1	0.7
Admin. clerical & secretarial occs.	1.9	-0.1	1.3	0.2	0
Skilled trades occupations	0.3	2.3	0	-0.6	-0.4
Personal service occupations	3.4	2.2	2.7	1.8	1.3
Sales and customer service occupations	1.5	0.6	2.5	1.9	1.5
Process plant & machine operators	0.5	1.7	0.4	0	-0.1
Elementary occupations	-1.7	-2.3	-1.3	-1.6	-1.4
TOTAL	1.6	1.1	1.4	0.7	0.5

7 Key Issues

The scenarios presented in this report raise a number of key issues for the longer-term economic success of Merseyside and the Liverpool City Region.

7.1 The Potential for Growth

Although trend based projections for growth remain weak, the region has developments in place to support significant growth

The underlying prospects for growth in Liverpool, Merseyside and the LCR show an improvement on their historical performance although the underlying prospects for long-term growth, as indicated by a 'business as usual' scenario, are weaker than for the UK and North West.

However, the future prospects for Liverpool, Merseyside and the LCR more generally are not likely to follow a 'business as usual' path. This is because considerable investment has already been made in the physical environment of the economy, and this is continuing at a pace. In addition, there are substantial longer-term plans for further development and re-shaping of the economy.

Reviewing all the 'strategically-significant' development projects ongoing or planned for the LCR identifies the stated potential to create 120,000 gross jobs by 2020. Perhaps 62,0000 (about 50%) of these jobs going to these new developments may be displaced from elsewhere in the LCR, but nevertheless, if the substantial plans are realised in full, then the growth in the LCR economy will exceed that for the UK for more than a decade.

Many of the developments are being delivered

Importantly, much of the growth associated with the development projects is coming from those projects that are either in delivery or soon to enter delivery; that is they are almost certain to become a reality. By 2015, only 18% of the potential impact on the economy is from so called 'pipeline' projects, which are at a much earlier stage in the planning and development process. The profile is different beyond 2020, when the two major pipeline projects, Wirral Waters and Liverpool Waters could potentially be coming on stream. By 2025, 28% of the impact of identified projects comes from the pipeline projects.

The impact on overall productivity is small

The level of GVA per worker in Scenario 3 is not that different from that in the trend-based projections of Scenario 1. This, in part, reflects an assumption in the analysis that the productivity of activities associated with the projects is similar in nature to that already undertaken in the targeted industry in the locality. However, it also reflects the nature of the jobs themselves. Of those jobs that are directly linked to the strategic developments that have been identified, 40-45% fall within relatively low productivity industries, such as retailing, distribution, hotels & catering and other leisure/tourism related services.

Improved economic prospect would lead to demographic change

The two major long-term projects identified, Wirral Waters and Liverpool Waters, are together thought to be able to support about 30,000 jobs directly. It might be expected that should the economy develop to the extent that is indicated in the most optimistic scenario, then this would begin to impact on the population trends in the city region, raising the rates of inward migration. Indeed, changing population tends may be necessary in order for the aspirational visions provided by these projects to be realised. The effect of stronger population growth would be to lower the impact on GVA per capita.

7.2 Delivering the Growth

The study has looked at the potential for employment growth within the LCR, taking a calibrated 'bottom-up' perspective. It has considered the individual development schemes that have been identified, evaluated the estimates of the number of jobs that are likely to be created directly, and considered the extent to which the schemes may lead to a displacement of activity from elsewhere in the city region.

However, it has not considered how these opportunities will actually be realised in terms of attracting new business or securing growth in the existing business base to take up much of the new infrastructure under development. Clearly, the successful development of these schemes must remain a key strategic priority for partners and politicians at a senior level. However, at the same time, there must also be a step change in terms of the city region's performance in relation to attracting high value added inward investment flows.

The high profile projects that are planned for the city region will offer a competitive physical employment sites infrastructure that has been lacking in previous years. However, if these projects are to have the desired impact in terms of transforming the local economy, then these employment sites must be filled with nationally/internationally competitive firms that create significant numbers of well-paid jobs and invest heavily for the future. However, this is only part of the challenge for city region partners. Once these investment flows have been secured, it is imperative that there is wider activity to ensure that the majority of the workers operating in these high value sectors choose to live within the city region as opposed to commuting from outside. If workers' propensity is to the latter, then it could be that it is those areas adjacent to the LCR, rather than the LCR itself that secure the upside of new disposable income.

Supporting labour force development

At the same time as significant employment opportunities are anticipated, the ageing of the local population is likely to mean a decline in the labour force. Current activity rates in the city region are relatively low, particularly in some Merseyside districts where job increases are expected to be located. It seems likely, therefore, that the work that has been ongoing for some time to raise participation rates will need to continue alongside the more high-profile development schemes.

It is challenging to place people not currently in the labour market into newly emerging employment opportunities, particularly if there is a clear mis-match in terms of skills supply and demand. Such individuals may not have a history of work, and as such may be looking for 'entry-level' jobs from which they can then progress in time. The city region economy will be creating employment opportunities in sectors typically considered the source of these jobs, such as construction, retailing, leisure services and to a lesser extent distribution. However, employers in these industries are expecting to recruit increasingly well-qualified people with experience of modern working environments and requirements, able to develop and improve their skills over time. In this respect the need to address current and future skills deficits in the existing workforce is as much an issue as in bringing people into the labour market.

Competition with other city regions

The most optimistic scenario identified in the study provides an ambitious vision for the city region, and Merseyside in particular, with over 30,000 jobs created in two major developments alone. However, the LCR is not unique in having such ambitious long-term plans, and as such the area will be in competition with other city regions in the North, the wider UK and continental Europe, to secure the quality jobs that are envisaged. To this extent, the complete offer of the city region (and perhaps the wider region) will be an important determinant of success.

There are many elements to the offer of an area, which are inextricably inter-related. These will include the 'quality of life' on offer (including the quality of the environmental assets, the ease of travel, the range of leisure, health, schooling, and other services) and the quality and availability of appropriate housing. The characteristics of the existing labour force will be important, and this will have been influenced by the previously-mentioned factors over a period of time. Influencing these underlying factors cannot be achieved in the short-term. They need to be considered, and action taken at the same time as action is taken to influence a long-term economic development project. This must be a key priority for local partners and politicians at a senior level.

The key strategic projects identified in this study include the development of the Port of Liverpool, John Lennon Airport, the Mersey Gateway and further expansion of freight and logistics operations. Their direct contribution to growth of the city region has been identified in this study, but sight should not be lost of the indirect influence such plans might have on successfully delivering some of the other strategic projects.

Quality of jobs

To have a greater impact on closing the wealth divide with other parts of the UK and influencing the underlying growth rate of the economy, the LCR needs to improve the level and trend in value-added per job. In the main, the projects evaluated here are concerned with the physical provision of jobs, not directly improving productivity in sectors.

The key development projects that have been identified in this study provide a wide focus of employment opportunities. However, the majority of these are in relatively low value-added sectors such as retailing, hotels & catering and leisure services. Successfully delivering jobs in these sectors is unlikely in itself to improve the productivity of the economy, although they may well be important elements to improve the wider offer of the city region that are necessary to encourage further investment in other areas of the economy.

The greater challenge is to ensure that the business services functions that are brought into the region through initiatives such as the Liverpool Business District, Northern Gateway, Omega, Liverpool and Wirral Waters involve higher value-added activities than are currently being undertaken in the city region and that the productivity performance of other key sectors improves.

Summary of the policy challenge

In summary, in order to realise the potential and to utilise the infrastructure that is being created the city region economy needs to secure additional employment, either through growth of indigenous businesses, new start-ups or through inward investment. This challenge will be met in part by addressing existing limitations, be they rates of participation or workforce skills or less tangible issues such as the perceived quality of transport, the housing offer or ‘quality of life’. However, creating the environment to support employment growth will not by itself fully meet the city region’s full potential. It will not close the productivity gap between the city region and the UK as a whole. To do so efforts must move to have a greater focus on attracting high value-added activities to the region and raising the productivity performance of businesses already in the region.

Appendix A: Definitions

A1: DEFINITIONS OF STRATEGIC INVESTMENT AREAS

Ward	Ward Code	Local Authority
	Liverpool City Centre	
Abercromby	BYFA	Liverpool
Everton	BYFQ	Liverpool
Smithdown	BYGD	Liverpool
	Eurogateway/Atlantic Avenue	
Everton	BYFQ	Liverpool
Vauxhall	BYGH	Liverpool
Warbreck	BYGJ	Liverpool
Church	CAGE	Sefton
Derby	CAGF	Sefton
Ford	CAGH	Sefton
Linacre	CAGL	Sefton
Litherland	CAGM	Sefton
Molyneux	CAGQ	Sefton
Netherton	CAGR	Sefton
St.Oswald	CAGW	Sefton
	Kirkby/Gillmoss	
Cherryfield	BXFB	Knowsley
Knowsley Park	BXFG	Knowsley
Northwood	BXFJ	Knowsley
Tower Hill	BXFU	Knowsley
Fazakerley	BYFR	Liverpool
Gillmoss	BYFS	Liverpool
Pirrie	BYGB	Liverpool
Warbreck	BYGJ	Liverpool
	Huyton	
Halewood East	BXFC	Knowsley
Prescot East	BXFM	Knowsley
Prescot West	BXFN	Knowsley
St.Gabriels	BXFR	Knowsley
Whiston South	BXFX	Knowsley
	St Helens Regeneration Corridor	
Grange Park	BZFE	St Helens
Marshalls Cross	BZFG	St Helens
Parr and Hardshaw	BZFG	St Helens
Queen's Park	BZFM	St Helens
Sutton and Bold	BZFQ	St Helens
Thatto Heath	BZFR	St Helens
West Sutton	BZFS	St Helens

A1: DEFINITIONS OF STRATEGIC INVESTMENT AREAS (cont/d)

Ward	Ward Code	Local Authority
	Speke/Halewood	
Halewood East	BXFC	Knowsley
Halewood South	BXFD	Knowsley
Allerton	BYFC	Liverpool
Grassendale	BYFU	Liverpool
St. Mary’s	BYGC	Liverpool
	Wirral Employment Corridor	
Bidston	CBFB	Wirral
Birkenhead	CBFC	Wirral
Bromborough	CBFD	Wirral
Claughton	CBFF	Wirral
Eastham	CBFG	Wirral
Liscard	CBFM	Wirral
New Wirral	CBFP	Wirral
Seacombe	CBFT	Wirral
Tranmere	CBFW	Wirral
	Eastern Approaches	
Kensington	BYFW	Liverpool
Old Swan	BYFZ	Liverpool
Picton	BYGA	Liverpool
Smithdown	BYGD	Liverpool

A2: DEFINITIONS OF LOCAL TRANSPORT PLANNING AREAS

Ward	Ward Code	Local Authority
	Liverpool City Centre	
Abercromby	BYFA	Liverpool
Everton	BYFQ	Liverpool
	Liverpool John Lennon Airport	
St Marys	BTGC	Liverpool
Speke	BYGE	Liverpool
	North Shore Ports	
Church	CAGE	Sefton
Linacre	CAFL	Sefton
Everton	BYFQ	Liverpool
Vauxhall	BYGH	Liverpool
	South Shore Ports	
Birkenhead	CBFC	Wirral
Seacombe	CBFT	Wirral

Appendix B: Project Listing

DEFINITION OF DELIVERY STATUS OF PROJECTS

Status	
A	In Delivery
B	Moving into Delivery
C	Pipeline projects

LAD	PROJECTS	DELIVERY STATUS
FLINTSHIRE		
	Warren Hall	A
	Northern Gateway	A
	Broughton Retail Park	A
WARRINGTON		
	OMEGA - phases 1 and 2	B
	Lingley Mere Business Park	B
	Birchwood Park	B
	The Wire Works, Winwick Street	B
	Orford Park Project	B
	Time Square	C
WIRRAL		
	Wirral Docklands/ Wirral Waters	C
	WIBP - RV Chemicals	B
	Wirral Internation Business Park (WIBP) - Gateway	A
	WIBP - MoD Site	B
	Woodside Waterfront Development	B
	WIBP - Riverside Park: Phase 3	A
	Tower Wharf Site, Twelve Quays	B
	Birkenhead Office Developments	A
	Ten Streets Business Zone	A
	Brand New Brighton Phase 1	A
	Brand New Brighton Phase 2	B
	Greater Concourse Project	B
	Hoylake Promenade- Phase 1	B
	Hoylake Station Gateway Phase 2A	B
	The Sail – West Kirby	B
	West Kirby Public Realm Improvements	B
	Hoylake Golf Resort	C
	Destination Birkenhead	C
	Wirral Country Park Improvements	B
	Royden Park Visitor Facilities	B
	Lairdside Maritime Centre	B

LAD	PROJECTS	DELIVERY STATUS
LIVERPOOL		
	Waterfront	A
	Commercial District	A
	CCMS (Movement & Public Realm)	A
	Paradise Street /Liverpool One	A
	Central Village - £160m (600,000 sq.ft)	A
	Project Jennifer	A
	Primark	A
	Stonebridge Park	A
	Brookfield Business Park	A
	Bemrose Industrial Estate	A
	Wellington Employment Park	A
	Liverpool Science Park	A
	National Biomanufacturing Centre	A
	Liverpool JL Airport	A
	Matchworks (Ph2)	A
	Estuary Commerce Park (Ph 1 & 2)	A
	Speke District Centre	A
	Venture Point	A
	Dakota Business Park	A
	European Year of Culture	A
	Creative industries	A
	New Anfield Anfield Park	A
	Anfield Plaza	A
	86-90 Duke Street	A
	Beatles Hotel	A
	Buddleia Project	A
	Cathedral Science Park	A
	Foundry (Lydia Anne St - Ropewalks)	A
	Liverpool Waters - £5.5bn over 30 years	C
	Stanley Dock / Tabacco Warehouse - £100m mixed use scheme	C
	Magistrate Court - Dev't of £24m new magistrate's court	A
	New Schools Investment Programme	B
	New Hospitals Investment Programme	B
	Housing Market Renewal Programme	A
	Housing Stock Transfer (	B
	Ellergreen Park (former Boot Estate) £170m	A
	Garden Festival site (£250m over 15 years)	C
	Sefton Street Quarter - circa £100m edge of city centre residential and hotel development	B
	New World Square, Princes Dock. 362 residences and mixed use development (£130m)	B
	Willaim Jessop Way, Princes Dock. residential mixed use development (£80m)	B
	King Edward Tower, 170metre, 52 storey tall building with 418 apartments, 3700sqm commercial office space	B
	Plot 12 PRINCES Dock 25 storey tower	B

LAD	PROJECTS	DELIVERY STATUS
HALTON		
	Widnes Waterfront EDZ	B
	3MG (Merseyside MultiModal Gateway)	B
	Daresbury Science & Innovation Campus (Innovation Centre Phase 2)	B
	Heath Business & Technical Park	C
	Daresbury Park	C
	Mersey Gateway	C
	Port of Weston	C
KNOWSLEY		
	Building Schools for the Future Project - construction jobs (estimated)	A
	Tesco extension, Prescot	B
	Fairport Engineering Ltd - waste treatment site	A
	Ellis Ashton Street - (10 Industrial units) Huyton Business Park	B
	Whiston Hospital	B
	Shakespeare North, Prescot	B
	Kings Business Park	A
	Prescot Business Park	A
	Cavendish Walks, Huyton	A
	Kirkby town centre regeneration	B
	Galaxy, Knowsley Industrial Park	A
	Alchemy Business Park and land to the north, Knowsley Industrial Park	A
	ex Prysmian complex	B
	Vertex Head Office	A
	QVC expansion - warehousing	A
	Transforming Tower Hill	A
	North Huyton NDC	B
	Kirkby, Northern Housing Challenge.	B
	Ravencourt - construction jobs	B
ELLESMERE PORT & NESTON		
	Evans Easyspace	A
	Pioneer Business Park	A
	Quay 1 New Port Business Park	A
	New Port Business Park, future phases	B
	Canalside Phase 2	A
	Oaklands Office Park Phase 2	A
	Elm Court	A
	Argent Energy	A

LAD	PROJECTS	DELIVERY STATUS
SEFTON		
	South Sefton Business Centre Phase 2	A
	Southport Commerce Park Phase 2	A
	Aintree Business Park & Retail Park	A
	South Sefton Investment Centre	A
	Atlantic Park Business Park - Phase 2	A
	Sefton Business Park Phase 2	A
	Merseyside Biobank	A
	Atlantic Park Business Park - Phase 3	A
	Neighbourhood Regeneration Project	A
	Sefton ITI Phase 2	A
	Southport Seafront Action Plan	A
	Bootle Town Centre (Phase 2)	A
	Leeds-Liverpool Canal Corridor	A
	Researching Sefton Social Enterprise	A
	Post-Panamax Container Terminal	B
	Port Warehousing extension	A
	Switch Island/Thornton By-Pass Pre Work	C
	Southport Transport Facilities	C
	London St/Houghton St - Bus Facilities	C
	Wesley Street/Market Street	C
	Merseyside UTC	C
	South Sefton Public Transport Facilities	C
	Pleasureland - Strategic Investment Site	C
	Development Brief - Cultural Centre Phase 1	C
	Southport Cultural Centre Phase 2	C
	Sefton Carers	C
	Southport Visitor Economy Support	C
	(a). Marine Lake & Parks Projects	C
	Marine Lake (Northern End)	C
	Southport Victoria Park	C
	South Marine and Kings Gardens	C
	(b). Lord Street Projects	C
	Lord Street South	C
	Lord St. Scarisbrick Avenue	C
	Lord St. Coronation Walk	C
	Lord St. Cambridge Arcade	C
	Trinity Park	C
	Peerless Site	C
	Atlantic Park Phase 4	C
	WATER Centre	C
	Radar Tower	C
	Crosby Plaza	C
	Potters Barn	C

LAD	PROJECTS	DELIVERY STATUS
SEFTON		
	Water Quality Infrastructure - Crosby Marine Lake	C
	Green Business	C
	Southport Commerce Park	C
	Hornby Centre	C
	Neighbourhood Regeneration	C
	Non SLEGI AREA Business Support	C
	Victoria Road, Formby - Improved Visitor Gateway	C
	Lifeboat Road Formby - Improved Visitor Gateway	C
	Ainsdale-On-sea - Improved Visitor Gateway	C
	Sefton Coastal Path part of the Mersey Way	C
WREXHAM		
	Eagle's Meadow development	A
CHESTER		
	Northgate	B
	Gorse Stacks, sites 1-3	B
	Police HQ	A
	Station	A
	Telephone Exchange	A
WEST LANCASHIRE		
	Creation of Whitemoss Technology Park	A
	Ormskirk and Burscough Market Towns Initiative	B
	West Lancashire Inspire (Grants to businesses)	A
	West Lancashire Inspire - Employment Area Remodelling & Capital Works (directly linked with above)	A
	Enterprising West Lancashire	A
	Skelmersdale Town Centre Re-development	A
	Burscough Centre Regeneration	A
VALE ROYAL		
	Northwich Vision (Barons Quay)	A
	Woodford Park	A
	Barclays	A
	H & M	A
	Mere's edge	A
	Rolls Royce	A
	Mitras	A
	RSK	A
ST HELENS		
	Destination St Helens	B
	Lea Green Farm East	B
	Mere Grange (Lea Green Farm West)	A
	Parkside Railfreight	C
	West Point	B
	AC Complex	C
	Micklehead Business Village	A