

Sefton Local Economic Assessment

Final Main Report

May 2011

SQW

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Approved by:	Richard Hindle Director	Date: 10 May 2011
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Executive Summary

Introduction

1. The world in which Sefton and the wider Liverpool City Region function is very different to that of even a decade ago. Continued rapid globalisation has brought wide-reaching implications for economic structures and ways of working. The business recession from 2007 and the public sector cutbacks which are only just beginning, have presented new challenges to Sefton's economy and to local prosperity. Across both private and public sectors, the search to identify new opportunities is accelerating, based on the Borough's endowment of business, skills, and property, and its offer of a coastal location immediately to the north of Liverpool, with a mix urban, semi-urban and rural environments.
2. This Local Economic Assessment (LEA) provides a timely, evidence-based and objective economic assessment of Sefton and places within it. Identifying new opportunities, and formulating effective responses to these, will need to draw on a common understanding of the present position and challenges, and a shared aspiration, and will involve new ways of working across locally-based organisations and networks. The broad aims of the LEA are to provide a sound understanding of the economic conditions in the area, economic linkages, comparative strengths and weaknesses of the local economy, challenges and opportunities, and key barriers to growth in future. This evidence base will provide the foundations for the Borough's forthcoming Sustainable Economic Development Strategy (SEDS), which will set out Sefton's priorities, strategic objectives and associated action plans for the next 10-20 years.
3. The LEA document has been prepared by SQW, working closely with a Steering Group at Sefton MBC. In addition to the analysis of secondary datasets and documentation, the LEA development process has involved a business survey with 800 companies in the Borough and five workshops which were attended by around 120 participants. Sefton MBC will hold a formal consultation on the LEA document during May and June 2011, with a view to informing the development of a draft SEDS by mid-summer 2011.

Key findings

4. Sefton lies to the North of Liverpool along the Irish Sea coastline, and forms part of the Liverpool City Region (LCR) Local Enterprise Partnership geography. ***Sefton has strong economic linkages with Liverpool***, especially in terms of commuter flows, with almost one-third of Sefton's employed residents working in Liverpool. Conversely, employers in Sefton tend to rely on the local labour supply (over three-quarters of workers in Sefton also live in the Borough). Economic linkages elsewhere, for example in terms of commuting flows to cities such as Manchester and Preston, or the extent to which businesses serve markets outside of the LCR area, are much lower.
5. Sefton is not a homogenous Borough in terms of its socio-economic characteristics: rather, ***it includes a varied mix of places in terms of social structures, economic performance, roles***

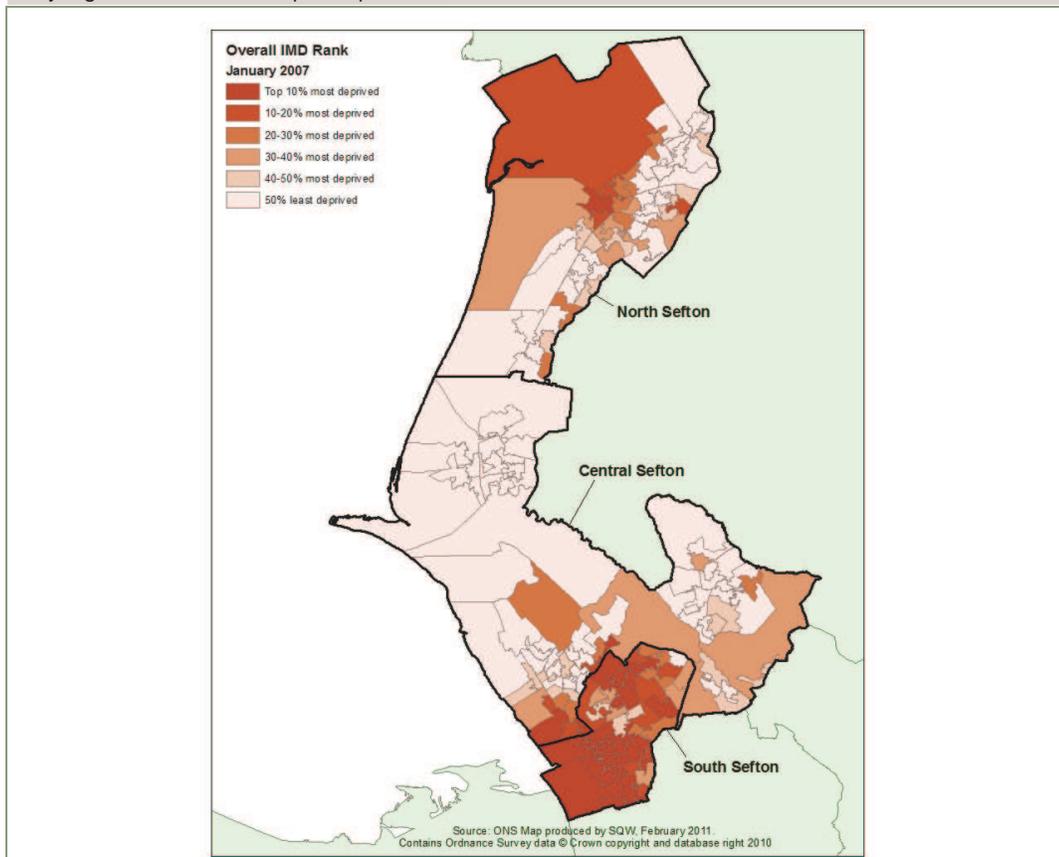
and functions. In broad terms, the Borough can be grouped into three distinctive geographies:

- **North Sefton**, which includes ‘England’s Classic Resort’ of Southport, and is characterised by tourism and retailing activities (which typically pay low wages), niche sectoral strengths in residential care, management consulting, public relations, digital and creative, and wider professional and business services a strong residential property and quality of life offer, and good educational attainment. However, the area also experiences employment land constraints, energy capacity issues, transient populations, housing affordability issues and weak transport links (east-west).
 - **Central Sefton**, which contains places such as Maghull, Crosby and Formby (often acting as dormitories for residents working elsewhere in the Borough and in Liverpool). Central Sefton can be characterised as having a good housing and quality of life offers, high educational achievements, and some of Sefton’s more resilient district centres, but also suffers from housing affordability, accessibility and employment land supply issues.
 - **South Sefton**, which includes Bootle, suffers from high levels of deprivation, child poverty and inter-generational worklessness. Educational achievement of residents and life expectancies are also low, combined with a poor quality housing offer. The area is home to strategic employment sites running along the Dunningbridge Road Corridor (although not all land meets potential investors requirements) and the Port of Liverpool, which presents major opportunities arising from the Post Panamax proposals and the potential for wider supply chain/complementary activities.
6. The current position of Sefton on key economic indicators, in relation to Liverpool City Region and nationally, is summarised in Table 1, and the diversity in deprivation and affluence across Sefton is shown in Figure 1. At local level, two of Sefton’s Lower Super Output Areas (LSOAs) are in the 1% most deprived in England in 2007 (in the Linacre ward in South Sefton), while two LSOAs (close to Formby in Central Sefton) are in the 5% least deprived in England. Averages for Sefton reflect the overall picture for the Borough, and have to be used where data are unavailable at more local levels, but they inevitably conceal the diversity and intensity – good or bad – of economic conditions at the local level.

Table 1: Key Statistics

Indicator	Sefton's Position			Date (latest data)	Sefton's Performance compared to LCR/Merseyside average	Is the gap with the national average narrowing or widening?		
	Rate/Percentage	Value	Ward variation					
GVA per head	NA	£11,900	NA	2008	Weak: Sefton is 81% of Merseyside average	↓	Widening since 1995	↓
Gross Disposable Household Income	NA	£13,700	NA	2008	Strong: Sefton 107% of Merseyside average	↑	Widening since 2000	↓
Working age population	59% of total population	160,300	NA	2009	Weak: Sefton is 3pp < than LCR	↓	Widening since 1992	↓
Population aged 20-34 years	15% of total population	42,300	NA	2009	Weak: Sefton is 4pp < LCR	↓	Widening since 1992	↓
Number of businesses and density	49 per 1,000 WAP	7,800	NA	2009	Strong: 41 per 10k WAP in LCR	↑	Gap remains	=
Businesses with 10, fewer emps	84%	7,372	NA	2008	Similar: Sefton 2pp more firms of 1-10 emps	=	Gap remains	=
Business start-ups	46 per 10k WAP	775	NA	2009	Similar: Sefton has 2 per 10k WAP more	=	Gap remains	=
Claimant count	4.7% of resident popn	8,032	98 - 937	Nov-10	Strong: Sefton is 0.6pp < LCR	↑	Gap closed in 2000s, now reopened	↓
NEET population	6.4% of the 16-18 yrs	548	1% - 12%	Mar-11	Strong: lowest rate compared to all other LCR districts	↑	Gap remained over last 12 months	=
JSA claimants	4.4% of resident population aged 16-64	7,550	1.5% - 10.7%	May-10	Strong: JSA rates across LCR: from 4.2% to 6.1%; Sefton towards lower end of range	↑	Gap closed in 2000s, now reopened	↓
Notified JC+ vacancies	60 per 10k WAP	1,012	0 - 203	Nov-10	Weak: Fewer vacancies per 10k WAP than LCR (88)	↓	Widening gap in rate since 2004	↓
Employment rate/level	68.3% of popn 16-64	114,500	NA	Jul 09-Jun 10	Strong: LCR average is 64.8%	↑	Widening gap since 2005	↓
Jobs (number)	NA	104,000	NA	2010	NA		NA	
Private sector employees (number)	71%	64,400	NA	2008	Weak: 74% private sector employees in LCR	↓	Widening gap since 2003	↓
Earnings (workplace, gross annual, full time workers)	NA	£22,359	NA	2010	Weak: LCR ranges from £22,215 to £26,374; Sefton towards lower end	↓	Gap with UK since 2004 – not closing	=
Employees in KIBs	8.3%	7,817	27 to 3,458 employees (ward)	2006-8 (3 year av)	Similar/weak: LCR average is 8.9%	↓	Little change in gap since 2006, continued to be relatively weak	=
WAP with Level 4+ qualifications	26.2%	44,300	NA	2009	Strong: LCR average is 25.0%	↑	Little change in gap since 2004 - continued to be relatively weak	=
WAP with no qualifications	13.0%	22,000	NA	2009	Strong: LCR average is 16.5%	↑	Gap has widened since 2004, but narrowed again in 2009	↑

Key Figure 1: Index of Multiple Deprivation, 2007



Source: ONS

Overall competitiveness and future prospects

- In 2009, Sefton's economy generated around £2.8bn in economic output (measured in Gross Value Added), which accounted for 15% of the Liverpool City Region (LCR) total. Sefton is home to 273,000 people (18% of the LCR total) and around 104,000 jobs (16% of the LCR total). During the 1990s, local GVA grew more quickly than in the wider LCR: the national economy was growing and the number of jobs (in the public sector in particular) expanded rapidly in Sefton. However, the evidence suggests that *economic growth in the Borough plateaued after 2000*, whilst the LCR and UK continued to grow. *The gap in GVA per head between Sefton and the UK widened* and, by 2008, GVA per head in Sefton stood at £11,900. This represents 81% of that for the LCR and only 56% of the UK average.
- According to the Competitiveness Index, Sefton was ranked as less competitive than other districts in the LCR (except Knowsley) in 2010. Liverpool (on which many of Sefton's residents depend for employment) is *highly vulnerable to public sector cuts*, and *Sefton is less resilient in terms of its ability to withstand and respond to shocks* as the resilience of its business base is limited (in terms of relative concentration of low-growth sectors hit by the recession, and dependency on local markets) and community resilience (for example the proportion of the population that can contribute to the economy, occupations and earnings of workers). These factors threaten Sefton's economic recovery from the recession. Indeed,

economic projections¹ suggest that, under a ‘business as usual’ scenario following the recession, employment rates in Sefton will be unlikely to return to 2005 (pre-recession) levels until 2027, whereas LCR and the UK would recover a decade earlier.

People and Communities

9. Sefton’s population of 273,000 accounts for 18% of the LCR total population. The majority of residents in Sefton are white UK nationals (98%), a higher rate than in the LCR and nationally (2009/10 figures).
- ***The working age population (WAP) forms 59% of the total population***, which is lower than in the LCR and UK. This means that, in terms of the productive potential of its residents, Sefton is at a slight disadvantage.
 - ***Like LCR, Sefton has seen a fall in its population base since the early 1990s***. Sefton has however seen a much stronger decline in WAP – and critically in young adults – over this time period compared to the LCR and UK averages. Consultees suggested that this is related to students not returning after graduation, in turn linked to a lack of suitable job opportunities/earning potential and housing affordability, at least in some parts of the Borough. The fall in young adults is expected to continue in future, and again has important implications for the productive potential of Sefton’s economy (in terms of employment and enterprise).
 - ***In 2007, Sefton was ranked as the 83rd most deprived LAD in England, although above all other LADs in the LCR area*** (and its ranking has improved in the recently released 2010 IMD). However, the data ***mask significant variation*** within the Borough and the experience of different places across Sefton is polarised: over one third of LSOAs in Sefton are in the 10% most deprived in England (hotspots of severe deprivation evident in South Sefton around Bootle and the port, the North around Southport), while the Borough also contains two LSOAs in the 5% least deprived in England.
 - On average, the proportion of children in poverty in Sefton is below the national average, but again there is considerable variation across the Borough, with ***pockets of pronounced child poverty in South Sefton*** in particular. In-work poverty is becoming increasingly important as the proportion of families in low paid jobs increases.
 - ***Residents in Sefton have a slightly lower life expectancy and higher level of long-term illnesses*** than the averages for England. Differences in life expectancy across the Borough are significant. As a consequence of poor health, Incapacity Benefit claimant rates are high in some parts of Sefton.

Business Enterprise and Growth

10. In 2009, there were approximately 7,800 active enterprises in Sefton, 20% of the LCR total. The businesses were spread across North, Central and South Sefton, but business density in

¹ Produced by Cambridge Econometrics on behalf of The Mersey Partnership in 2009

Sefton (expressed in relation to WAP, this is an indicator of competitiveness) is below the national average.

11. Since 2004, the number of businesses in Sefton has increased slightly (by 5% or 360 enterprises), but the rate of growth in business stock has lagged behind all other LADs in LCR and the UK. The size distribution of businesses in Sefton broadly mirrors that of the LCR and UK, with 84% of firms employing 1-10 members of staff.
12. Key messages arising from the secondary data analysis and business survey were:
 - ***Decisions by Sefton-based businesses tend to be taken locally:*** the majority of businesses surveyed have their HQs in Sefton, and have located their business in the Borough because of family ties.
 - ***Economic output is dependent upon public administration, education and health sector, all now at risk of major budget/employment cuts:*** Banking, finance and insurance, distribution and hotels and restaurants account for a large number of business units in Sefton, but the public administration, education and health sector generates the highest share of GVA.
 - ***Sefton's businesses have high ambitions for growth, but this might take the form of 'jobless growth':*** In the next 10 years, 35% of businesses surveyed expect their employment to increase and 44% expect turnover to increase – a small proportion of firms aspire to be 'high growth'. As increases in turnover do not necessarily equate to increases in job opportunities, there will be a need to seek out additional ways of generating employment, including new enterprise.
 - ***Sefton's businesses are experiencing barriers to growth:*** the main barriers to business growth are: access to finance to invest/innovate, increasing market competition and the wider economic climate, emphasising the need for businesses to maintain their competitiveness.
 - ***Businesses in Sefton have a relatively low propensity to trade further afield, and/or export their products and services:*** 58% of firms reported that Sefton and the LCR provided their 'main markets', leaving them dependent upon local demand and prices.
 - ***Enterprise and survival rates have been strong compared to the LCR average, but have dipped during the recession:*** Sefton has a higher business start up rate than the LCR average, but under-performs against the national average. The Borough performs fairly well on business survival.
 - ***Fewer of Sefton's workers are employed in Knowledge Intensive Businesses (KIBs), with implications for earnings, innovation and productivity levels:*** compared to the LCR, Sefton has a slightly higher share of businesses in KIBs, but a lower share of employees. The Borough under-performs the UK on both measures.

Work and Skills

13. Sefton has *consistently outperformed national levels of educational achievement since 2005*, but importing pupils from outside the Borough helps disguise very low attainment levels (especially in numeracy and literacy) among residents in some wards. Sefton also has a *higher proportion of residents qualified to degree level or above* compared to the LCR average (but below the UK) and this level has increased over the last five years. The Borough also has a *higher share with no qualifications* compared to the UK average, but this shows signs of improvement.
14. At an aggregate level, Sefton's *employment rate is considerably higher* than the LCR average, but the deficit with the UK has widened since the onset of the recession. However, Liverpool is a strong pull for employed residents, with West Lancashire also important, especially for those in higher level occupations. Within Sefton, entrenched and inter-generational *unemployment and worklessness remain major issues*, especially in South Sefton. The recession brought about a sharp increase in the number of benefit claimants (latest figures show an increase by 3,300 on the 2007 figures of 4,700). There are real concerns amongst partners in Sefton that a series of 'waves' of redundancies from the public sector will hit the Borough harder than elsewhere in the UK and that it will be increasingly difficult to re-engage the workless in coming years – especially those who did not find employment when the local economy was relatively strong.
15. Despite this, and perhaps surprisingly, the number of NEETs appears to be falling. Also, a higher proportion of those who are economically active in Sefton want a job compared to LCR and the UK. On the demand side, Sefton has a lower proportion of vacancies per head of the population, and over the last five years the number of jobs created by the private sector in Sefton has fallen. Businesses saw a general improvement in economic conditions as the key factor that would encourage more recruitment and benefit Sefton's workless population.
16. The *main driver of Sefton's economic under-performance is low productivity*. The GVA generated by each job in Sefton is only 76% of the UK level and this gap, attributable both to overall sectoral composition and to the mix of activities and occupations within these sectors, has widened over the last twenty years. *Sefton has a relatively large share of jobs in lower productivity (and therefore lower paid) sectors* such as public administration, defence, health, distribution, hotels and restaurants: and the *productivity of workers in each of these sectors is also slightly below their national counterparts*. Overall, the jobs filled by workers in Sefton are at a *lower occupational level* than the UK average, while the Borough 'exports' many residents working in higher level occupations to Liverpool.
17. As a result, earnings in Sefton are below the national average, and *workplace earnings are particularly low*. A 'low skills equilibrium' exists in some parts of Sefton, with low value added, low skills and low wage employment. This presents a real challenge: policies seeking to raise incomes will need to consider related issues, including housing market/affordability, encouraging workless people back into employment, and the ability to 'rebalance' the economy towards higher value added activities.

Preconditions for sustainable growth – infrastructure, development, energy, utilities and the environment

18. A review of the available evidence around the competitiveness of Sefton’s key enabling infrastructure, energy, utilities and environmental assets identified the following headline messages.
- **Commercial land and property, and retail provision:** Sefton has 382,000 sq m of office space, 581,000 sq m of factories and 441,000 sq ft of warehousing. Although the rateable value (RV) for factory space is similar to the national level, RV for offices is less than half the national figure. The evidence suggests a shortage of employment land in and around Southport, and also a need for more employment land close to the Port of Liverpool. Retail provision is differentiated across Sefton by quality and type of offer, with a good supply of both convenience and comparison stores. Retail space is concentrated in Bootle (ranked 285th nationally in terms of retailer demand) and Southport (ranked 53rd).
 - **Housing:** Sefton’s stock has increased on average by 481 new dwellings (net of demolitions) each year since 1986/87: recent projections indicate that the Borough will require a similar level of new build through to 2027. Affordable housing completions have varied year-on-year, but since 1999 these have represented approximately 30% of all completions.
 - **Transport and connectivity:** Overall, Sefton enjoys a strong and effective transport system with reasonable access to the national strategic network. However, east–west links across the Borough are notably less good than north-south connections. Sefton currently has a reasonably competitive broadband offer with a good mix of suppliers and products, but there is some concern that the current Next Generation VDSL broadband roll-out plan indicates that only two of Sefton’s ten telephone exchanges (Birkdale and Formby) will be upgraded to offer much faster downstream speeds.
 - **Energy and Utilities:** The electricity network in Sefton is generally adequate for current needs, although provision of <2 MVA at 33kV for new connections has created capacity issues in north Sefton, in particular for Southport Business Park. Sefton has the potential to play a major role in both wind energy and biomass, although local planning issues will need to be addressed. Sefton is also expected to make a modest contribution through anaerobic digestion of farm biogas and solar photovoltaics.
 - **Environmental Sustainability:** Sefton Council has a Coastal Defence Strategy as well as Shoreline Management Plans in place, for effective management (by SMBC and partners) of the Borough’s 21 miles of coastline. River flooding is the main source of flood risk in the Borough, linked to the River Alt and River Crossens.
 - **Carbon emissions:** Per capita CO₂ emissions in Sefton have been consistently below those for the City-Region and England in recent years, but the gap narrowed between 2005 and 2008. Sefton generates less domestic waste than other districts in Liverpool City-Region, and this is continuing to reduce: Sefton also leads the way in recycling activity in LCR.

Key issues, opportunities and choices

19. Government spending had been a significant driver of economic growth in Liverpool City Region, and over the last decade, Sefton has benefited from substantial public sector job creation and regeneration funding. Going forward, the picture for investment and drivers of growth will look very different. The Coalition Government aims to ‘rebalance the economy’ to ‘*create a fairer and more balanced economy, where we are not so dependent on a narrow range of economic sectors, and where new businesses and economic opportunities are more evenly shared between regions and industries*’², with the private sector seen as a key driver of future economic growth.
20. In March 2011 the Government published its Budget through to 2016 and ‘The Plan for Growth’, which set out many objectives with implications for Sefton and its future economic competitiveness – including the need to increase the skills and flexibility of the labour force, the importance of private sector growth, exports and attracting inward investment, business start-ups and expansion, and opportunities around low carbon.

Implications for Sefton’s Sustainable Economic Development Strategy

21. The evidence presented in the Sefton LEA report sets a series of headline challenges and opportunities across the different thematic areas. Economies are made up of inter-related functions, linked together by business trading and investment, individuals’ spending decisions, information and culture. In developing local policy, linkages and trade-offs between thematic issues need to be appreciated, and priorities for any interventions linked to a clear rationale and objectives. Strategic decisions should also be informed by a vision for the scale of ambition and the growth that the key economic actors in the Borough seek to achieve, and also from consideration of the implications of *not* acting.
22. There is, for example, a significant growth opportunity for Sefton in the Port of Liverpool and the wider developments which will be needed to realise the vision for the Liverpool SuperPort. This has the potential to create a large number of much-needed jobs for local residents, but successful development will also create competition for limited land, and tensions with regard to transportation priorities, the environment and carbon emissions. The scale and location of future housing developments across the Borough should also be considered in relation to economic aspiration. Current recommendations to the Council are based on a minimum net new housing requirement of 480 homes per annum, which is similar to the average completions rate achieved in the recent past: this would be consistent with a continued fall in population and workforce, which could have a negative impact on the Borough’s ‘productive potential’ and GVA generation.
23. These and other inter-related policy areas need to be thought through further in order to establish priorities. In Table 1, below, we show a ‘spectrum’ of choice for stakeholders and policy-makers for some of the key ‘tricky issues’. These are intended as a basis for discussion, encouraging debate on where the Borough is now positioned, and where it aspires to be in 10-20 years. In reality, the degrees of choices under the Sustainable Economic Development Strategy for Sefton (SEDS) will be subject to many constraints: an additional –

² BIS (2010) Local Growth White Paper: realising every places’ potential.

and highly important – factor will be to agree the role and extent of local influence. The degrees of freedom for exercising choice and influencing Sefton’s position will vary substantially across the different issues, and it will be important to focus on those areas where the potential influence, and therefore benefit, is greatest.

Table 2: Key headline issues, opportunities and choices for Sefton

Issues & the spectrum of choices for policy-makers and stakeholders	
Dormitory, supplying high quality labour Growth driven through integration with wider economies	Growth driven from <u>within</u> the Borough. enterprise, inward investment Reinvestment
<p>To what extent should Sefton’s future economic growth be based on employment opportunities generated locally versus providing a high quality of life offer and good connectivity to other key employment nodes in order to attract wealthy commuters?</p>	
Focus on specialised sector opportunities e.g. maritime/logistics/ Finance etc	Diverse, ‘balanced’ economy and sectoral structure
<p>Should Sefton’s economy in the future be highly specialised sectorally or should it seek to diversify into a broader range of areas?</p>	
Balance growth spatially & transform Bootle	Growth focused on key growth areas (e.g. Central/North Sefton)
<p>Should Sefton focus on re-balancing economic growth spatially across the Borough, or focus efforts on growth areas that are likely to generate greater returns on investment?</p>	
Focus on wealth generation and quality/value of jobs	Maximise number of jobs, inclusion and engaging workless
<p>To what extent should Sefton adopt a growth and wealth focused vision versus one that is more aligned with inclusion and regeneration principles?</p>	
Proactive leadership	Reactive approach
<p>Does Sefton currently have the requisite leadership and capability to successfully deliver a step change in its economic performance? Do Sefton’s leaders want to shape future change or respond to change?</p>	

Source: SQW 2011

Going forward: key issues and priorities for SEDS identified through the LEA

24. Those consulted during the development of this LEA took the near-unanimous view that Sefton **should set its ambitions for economic growth higher** than in the past and **be more proactive in enabling and encouraging economic growth**. Partners are keen that the SEDS provides a clarity of vision on economic growth issues: this will need to be supported by strong business and political leadership to champion the SEDS vision and objectives.
25. Ten key issues and related priorities were highlighted for SEDS at the workshops.
 - **Prioritising opportunities and an integrated approach to delivery** - seen as the key to effective strategy-setting. The objective will be to create the conditions for desirable forms of development, enabling growth across different dimensions: employment land in the right places, energy supply, utilities, supply of right types of housing in right places (including affordable housing to retain young adults and families).
 - **Attracting and retaining higher value occupations** - building critical mass in potential growth areas, including Bootle.

- **Rebalancing the economy from the public to private sector** - a major challenge, and a priority. This will require more focus on business starts and business growth, especially in the short-term, before the potential employment benefits from the transformational interventions can be realised. High growth firms are important for the local economy, but they will not always directly create new employment.
 - **The Port is a major opportunity and priority**, in particular for value-added logistics hubs. There are issues around land supply (appropriate types of land in the right places), and potential tensions relating to conflicting land uses which will need to be addressed, before jobs and supply chain opportunities can be realised.
 - **Health and social care** are also potential drivers of growth – their current scale, and forthcoming reorganisations, will present opportunities for private sector growth and create new jobs, including many for school/college leavers: many of these will, however, be relatively low paid.
 - **The cost to the public purse of deprived communities is high** – the hidden costs of doing nothing will need to form part of the argument for selective interventions.
 - **Local FE Colleges, and links into HE, should be key elements in SEDS**, including encouraging better links between FEIs in Sefton and with HEIs outside the Borough, training providers and businesses to ensure the supply of skills meets the needs of employers. This will encourage young people to stay in the area – and to build their careers in Sefton.
 - Economic profiling should be used to inform Sefton’s **profile for inward investment** – in which sectors/types of business could the Borough offer an advantage, what are the key factors that might attract these sectors/types of business to the area, how should the offer be put together and presented? Workforce/skills availability and the range of housing opportunities with city centre access are also likely to be important.
 - Underpinning and related to all these factors: **a fundamental change in cultures and attitudes towards education, learning and enterprise** is required, with actions at different levels, and different approaches, to show the range of possibilities, and how individuals can realise their potential.
 - A **communication strategy** will be needed to underpin this pro-active approach, highlighting Sefton’s ‘brand identity’, what it offers to growing firms, its positioning within LCR, and key selling points to potential inward investors.
26. Sefton MBC has a key enabling role, and the capacity to develop and coordinate approaches in many of these priority areas. But achieving the step-change partners are looking for in local economic performance will need real and effective partnership working, and leadership from business as well as the Council. Changing local conditions, life-chances, and perceptions will also require visible joined-up working, between Sefton Council, business and other public and third sector partners.

1: Introduction

- 1.1 This is the Local Economic Assessment (LEA) for Sefton. The report has been prepared by SQW Ltd (SQW) on behalf of Sefton Metropolitan Borough Council (SMBC) and partners, in line with the purpose and approach outlined below. This LEA provides an evidence-based, objective economic assessment for Sefton and places within it, and provides the foundations for the Borough's forthcoming Sustainable Economic Development Strategy (SEDS), which will set out Sefton's priorities, strategic objectives and associated action plans.

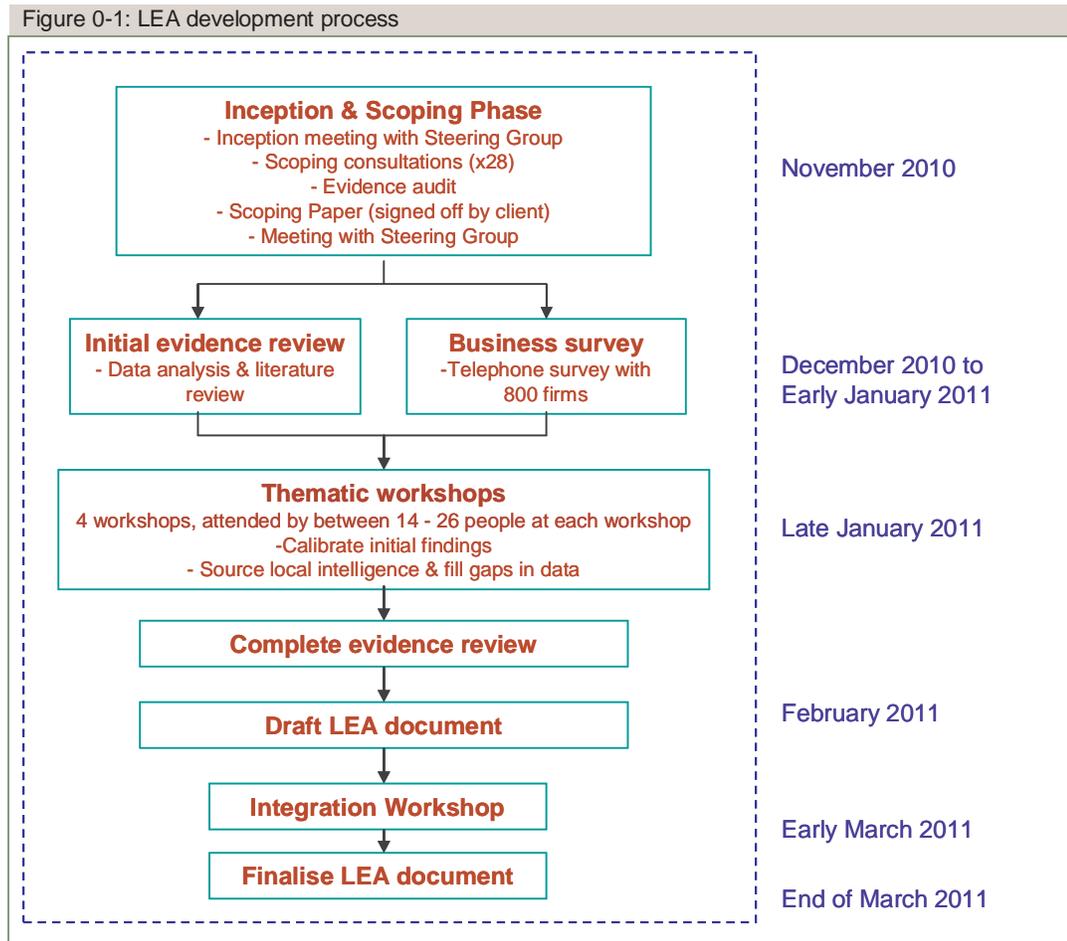
Purpose of the LEA

- 1.2 The core objectives of the LEA are to:
- Provide a sound understanding of the economic conditions in the area and how they affect the well-being of residents and businesses
 - Explore the economic linkages within the Borough and the wider economy
 - Identify the comparative strengths and weaknesses of the local economy, and the nature and form of local economic challenges and opportunities
 - Set out the key constraints/barriers to local economic growth and employment and the risks associated with this.
- 1.3 Up until May 2010, LEAs were a statutory requirement of Local Authorities. Since this time, Local Authorities have still been required to produce an assessment of their local economy, but with the removal of the statutory guidance, there is now much greater flexibility on how LEAs are undertaken and presented. It was originally envisaged that a single LEA would be produced for Liverpool City Region (LCR) with separate chapters on each Local Authority within the City Region. This has not been taken forward at the City Region level, but Sefton MBC independently decided to produce an LEA, in the form of a robust and concise evidence base which will inform thinking for the forthcoming new strategy for economic development at Borough level.
- 1.4 In order to align the LEA with the workstreams set up to develop the SEDS, and at the request of SMBC, the LEA analysis has been grouped into the following themes:
- **Overall competitiveness**, which covers both competitiveness and performance (over the long-term) and recession and recovery (over the short-term) of Sefton's economy
 - **People and communities**, which provides an overview of the characteristics of Sefton's residents and deprivation challenges across the Borough
 - **Business enterprise and growth**, which includes analysis of the knowledge and visitor economies which are transformational priorities for the wider LCR

- **Work and skills**, which includes analysis of evidence relating to the employment of residents, the characteristics of those who work in Sefton, commuting flows, education and skills and worklessness
- **Preconditions of sustainable growth**, which covers infrastructure, transport, housing, and land and property and includes analysis of the SuperPort and low carbon economies which are also transformational priorities for the wider LCR.

Approach to developing the LEA

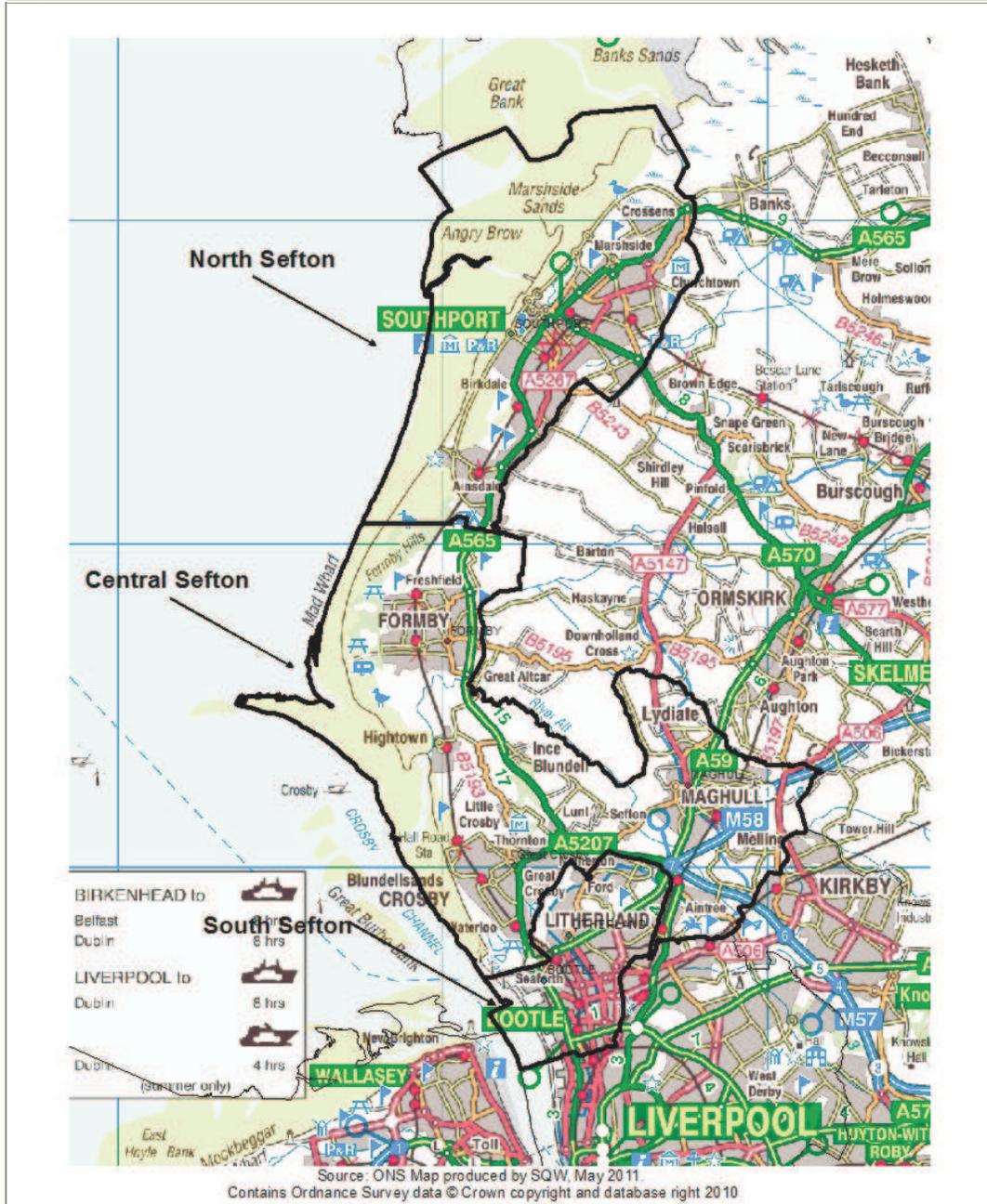
1.5 The LEA was developed over a five month period commencing November 2010. As illustrated below, the process involved extensive consultation with stakeholders (at the initial scoping stage and via four thematic workshops in January 2011 and a subsequent Integration Workshop in March 2011), a large-scale business survey with 800 businesses in Sefton (approximately 10% of Sefton’s business base), detailed data analysis and review of the available literature.



An introduction to Sefton

- 1.6 The area covered by Sefton Metropolitan Borough Council lies immediately north of Liverpool, forming part of the Liverpool City Region. The southern part of the Borough is physically integrated with Liverpool city centre, and acts as a satellite centre. Other parts are more freestanding, and also relate to urban areas to the north and west. However economically (for travel to work and leisure and retail movements), and also for business trading catchments, Sefton's functions relate primarily to LCR, and in particular to Liverpool centre.

Figure 0-2: Map of Sefton



Source: SQW

- 1.7 Sefton is recognised – within the Borough and beyond – as including a varied mix of places, with different economic activities, roles played in the wider City Region, social structures and built forms.
- Bootle, located in the south of the Borough, contains a concentration of office/administrative activities, many of which are public sector; its office property offer currently looks rather dated. The ‘Port of Liverpool’ is actually in Bootle, and this area also accommodates support functions and activity related to the Port; Bootle also provides for those services, including distribution, that are characteristically found in cheaper areas around major cities.
 - Southport, to the north, markets itself as ‘England’s classic resort’. Tourism and retailing generate year-round activity, but do not typically pay high wages. Southport has a strong residential property offer, and accommodates some of Liverpool’s better-paid professionals and managers. It also has some commuting (albeit relatively small in scale) and other links with West Lancashire and Preston.
 - The middle part of the Borough, between Bootle and Southport, contains a mix of activities, including some newer creative firms in Crosby; Crosby, Maghull and Formby function as ‘dormitories’ with many residents working elsewhere in the Borough and also in Liverpool.
- 1.8 Averages for Sefton can therefore conceal the diversity and intensity – good or bad – of what is happening at local level. This LEA is based primarily on published statistics, which are made available at different geographies. Were possible, and where statistically robust to do so, we have used the finest grained data available. However, some indicators, for example, Gross Value Added (GVA), are not available below Local Authority District (LAD) level. Please turn to Annex B for more details on the geographical definitions used in this study.

Setting the Scene

- 1.9 The world in which Sefton and the wider City Region operates is now very different to that of even a decade ago. Markets have changed as globalisation has led to competition from low cost countries and increasing specialisation. Innovation and marketing now routinely take place in one location, production in another. Businesses in the UK compete increasingly on quality (especially in terms of knowledge and innovation) rather than price. The growth of the BRICs (Brazil, Russia, India & China) has increased competition, but the emerging ‘middle classes’ in these countries is also creating huge demand for ‘Western’ standards of living, products and services. The development of new technology has been accelerating, with social and business virtual networks operating at a global scale: disruptive business models have become increasingly prevalent.
- 1.10 At the national level, the UK was hit particularly hard by the global financial crisis and recession: the national economy contracted for six consecutive quarters from Q2 2008 onwards. By 2009, the Government’s deficit had widened to more than 12% of GDP, partly as a result of policy measures implemented in response to the recession. This was one of the largest government deficits among OECD countries.

- 1.11 Prior to this, Government spending had been a significant driver of economic growth. The Liverpool City Region has benefited from substantial public sector job creation and regeneration funding, including ERDF, and alongside European investment such as the €1.3bn Objective 1 programme from 2000-2006³. Given the current position of public finances, the picture from 2009 onwards in terms of investment and drivers of growth will look very different. Indeed, following their election in May 2010, the Coalition Government aims to ‘rebalance the economy’ to ‘create a fairer and more balanced economy, where we are not so dependent on a narrow range of economic sectors, and where new businesses and economic opportunities are more evenly shared between regions and industries’⁴, with the private sector seen as a key driver of future economic growth.
- 1.12 The Comprehensive Spending Review (CSR), published in October 2010, set out plans to cut public sector spending by £81bn by 2014-15, alongside plans to protect high value transport investment (which includes the construction of the Mersey Gateway Bridge), ensure the UK remains a world leader in science and research, increase adult apprenticeships and introduce a new Work Programme, and establish a Regional Growth Fund and a UK-wide Green Investment Bank.
- 1.13 The Government is also removing regional tiers of governance, including Regional Development Agencies and Regional Government Offices, and introducing Local Enterprise Partnerships (LEP) as part of the ‘localism’ agenda. Sefton is part of the Liverpool City Regional LEP, which is expected to continue to focus on the existing four priorities of the Liverpool City Region Economic Plan, namely the SuperPort, visitor economy, knowledge economy and low carbon.
- 1.14 In March 2011 the Government published its Budget through to 2016 and ‘The Plan for Growth’, the aims of which are summarised in Figure 0-3. Whilst many of these proposals focus on creating the conditions for economic growth at a macro-economic level, many of the objectives set out below have implications for Sefton and its future economic competitiveness – including the need to increase the skills and flexibility of the labour force, the importance of private sector growth, exports and attracting inward investment, business start-ups and expansion, and opportunities around low carbon.

Figure 0-3: The Plan for Growth: Ambitions and Measureable Benchmarks

To create the most competitive tax system in the G20

- The lowest corporate tax rate in the G7 and among the lowest in the G20
- The best location for corporate headquarters in Europe
- A simpler, more certain tax system

To make the UK one of the best places in Europe to start, finance and grow a business

- Improving the UK’s ranking in major international indices of competitiveness
- A lower domestic regulatory burden
- More finance for start-ups and business expansion
- An increase in the proportion of planning applications approved and dealt with on time

To encourage investment and exports as a route to a more balanced economy

- Ensure the UK remains one of the top destinations for foreign direct investment (FDI)

³ http://www.eurofundingnw.org.uk/downloads/obj01_SPD/Executive_Summary.doc

⁴ BIS (2010) Local Growth White Paper: realising every places’ potential.

- An increase in exports to key target markets
- An increase in private sector employment, especially in regions outside London and the South East
- Increased investment in low carbon technologies

To create a more educated workforce that is the most flexible in Europe

- Supporting more apprenticeships than any previous government
- Home to more of the world's top universities than any other country except the USA
- An increase in the participation of 16-24 year olds in employment or learning
- Narrowing the educational attainment gap, allowing everyone to meet their potential
- Lowest burdens from employment regulation in the EU

Source: HM Treasury and BIS (March 2011) The Plan for Growth

Structure of this report

1.15 The report is structured as follows:

- **Section 2** of the LEA summarises the **overall competitiveness, recession and recovery** of the Sefton economy, as evident from published statistics
- **Section 3** explores the evidence with regard to the **'people and communities'** theme
- **Section 4** covers **'business and enterprise'**, drawing on a survey of 800 local employers, and exploring the role of businesses in the visitor and knowledge economies as two of the transformational priorities for the wider LCR
- **Section 5** presents evidence relating to **work and skills**, including worklessness, earning levels and commuter flows
- **Evidence on the preconditions for sustainable growth** follows: first, **Section 6**, presents evidence on **infrastructure and development**, specifically commercial land and property, housing, transport and connectivity, retail, and the SuperPort; **Section 7** assesses Sefton's performance in terms of **energy, utilities and environmental sustainability** issues, including coverage of Low Carbon as one of Liverpool City Region's 'transformational opportunities'
- **Section 8** points towards the **implications and priorities** for the public policy agenda.

1.16 The report is supported by detailed data annexes presented in a separate document. The LEA was produced following comments on an earlier draft report received from the client and from the wider stakeholders who attended an 'Integration Workshop' in early March 2011.

2: Overall Competitiveness

Key messages

Key messages relating to overall competitiveness, recession and recovery are as follows.

- Growth in Sefton’s GVA virtually stalled over the last decade, while GVA across the LCR and UK continued to improve.
- Sefton is ranked as less competitive than all other LADs in LCR, with the exception of Knowsley, on the UK Competitiveness Index.
- GVA per head in Sefton is lower than the LCR and UK averages, and this gap is widening. This partly results from GVA being measured at the workplace, so that GVA generated by Sefton’s workers who work in Liverpool will be captured in Liverpool.
- Figures on household income are more encouraging, in that Sefton Borough outperforms the LCR average, but large parts of South Sefton are within the 10% most income deprived SOAs in England.
- Liverpool (on which many Sefton residents depend for jobs) is highly vulnerable to public sector cuts; economic resilience in Sefton, and the wider city-region is low compared with elsewhere in the UK (especially in terms of business resilience). This threatens economic recovery.
- Under the ‘business as usual’ projection, Sefton is not expected to return to 2005 employment levels until 2027, and GVA in Sefton (and LCR as a whole) is expected to grow more slowly than the national average over the next 20 years.

These findings highlight the need for ‘transformational actions’ in order to bring about changes in Sefton’s economic trajectory – without these, the Borough can be expected to continue its recent low level of performance, and the GVA gap will continue to widen. Sefton is closely inter-related with Liverpool and LCR, particularly as a supplier of labour. But ‘transformational actions’ could offer Sefton opportunities to play to its strengths on a sufficiently large scale to impact, over time, on overall performance. Other smaller scale and more local opportunities might also make a significant difference – these are brought out in the sections which follow, under the themes: people and communities; business and enterprise; work and skills; physical preconditions.

Introduction

- 2.1 In this Section, we assess Sefton’s overall economic performance and competitiveness. This includes analysis of the economic output generated by Sefton, both in total and per head of the population, the GVA ‘gap’ with comparator areas, and how this has changed over time.

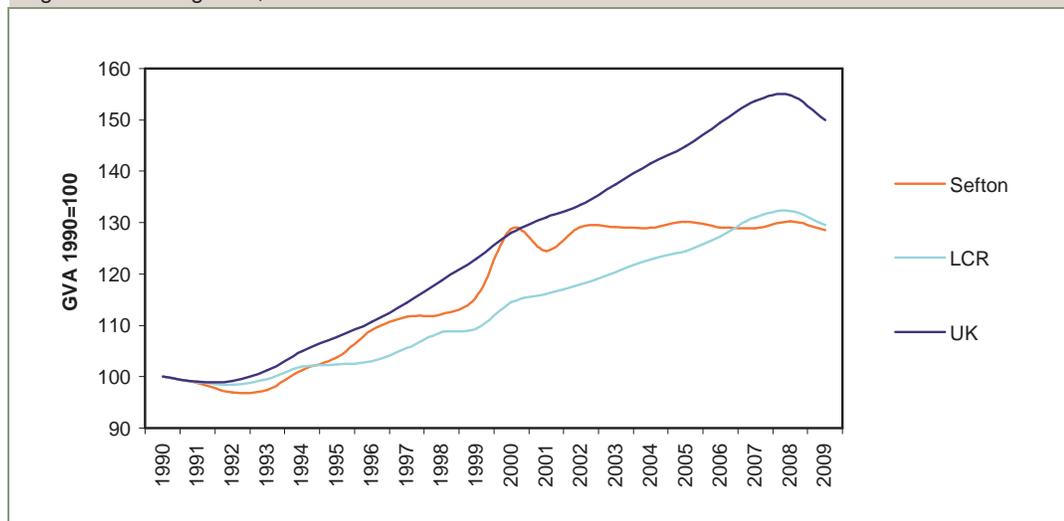
We also assess how Sefton’s economy has performed during the recession, and where the economy is projected to be in 20 years’ time.

Economic performance and competitiveness

GVA and GVA per head

- 2.2 In 2009, the total Gross Value Added⁵ (GVA) generated by Sefton’s economy was estimated at £2.8bn, which accounted for 15% of the total for Liverpool City Region. Since 1990, GVA in Sefton has increased by 1.3% pa, matching the growth rate observed across the LCR as a whole, but lagging 0.8pp pa behind the national average. As illustrated in Figure 2-1, Sefton’s economic growth was strong during the 1990s, at 2.6% pa (0.1pp pa faster than the UK). But the Borough economy ceased to grow around the year 2000, while UK and LCR growth continued until 2008 (albeit at a lower level in the City Region). As we see in Section 5, Sefton’s economic growth in the 1990s coincided with a period of strong employment growth (especially in public administration, health and education), while the rate of employment growth from the early 2000s has been much slower.

Figure 2-1: GVA growth, Index 1990 =100



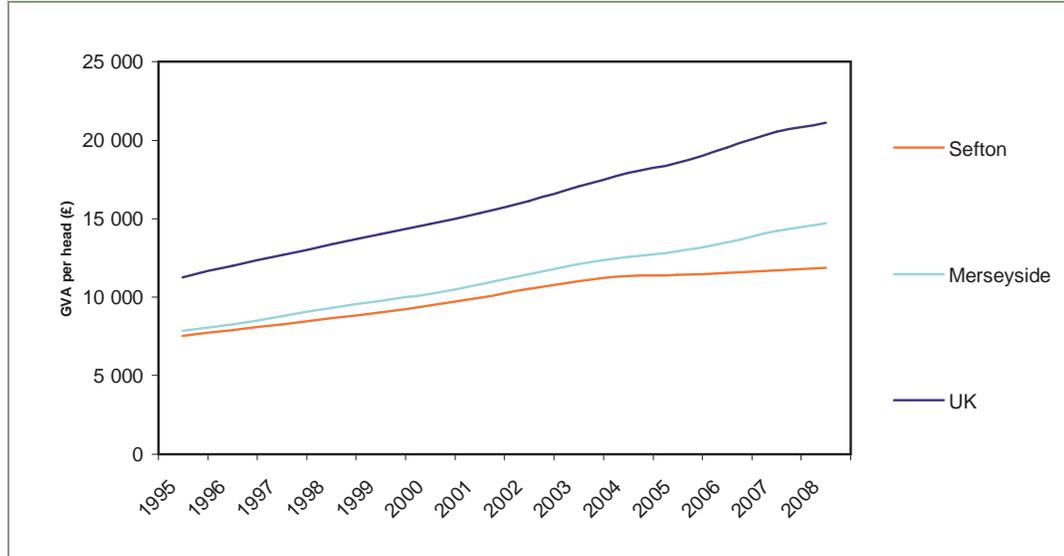
Source: SQW analysis of CE data

- 2.3 Sefton’s GVA per head was £11,900 in 2008, and has improved since 1995 by 3.6% pa. But because growth in Sefton has been slower than that in LCR and the UK, the gap in GVA per head has widened. In 1995, GVA per head in Sefton was 96% of the Merseyside⁶ average, compared to 81% in 2008; and in 1995, Sefton’s GVA was 67% of the UK average compared to 56% now. As we discuss in the following Section, Sefton’s population declined in the 2000s.

⁵ This data is workplace-based, and presented in 2003 constant prices. GVA data for Sefton has been modelled by Cambridge Econometrics as part of a wider LCR study commissioned by TMP

⁶ Data not available for LCR

Figure 2-2: GVA per head



Source: ONS

Competitiveness Index

2.4 The UK Competitiveness Index (UKCI)⁷ is an integrated measure of competitiveness based on a range of measurable factors showing ‘place competitiveness’ (please turn to Annex D for more details). Some of the indices on which it is based may be at least partially interdependent, giving rise to concern about autocorrelation, but we believe that UKCI is still a useful tool as it enables the performance of Sefton to be benchmarked against other local authority districts (LADs) on a consistent basis. As illustrated in Table 2-1, Sefton was considered to be the 356th most competitive LAD in England (out of 379), and was less competitive than all other LADs in the LCR except Knowsley. Over the last year however, the position of Sefton has improved compared to other LADs nationally, and relative to most LCR districts.

Table 2-1: UK Competitiveness Index – Overall rank (out of 379, where 1=most competitive LAD)

LAD	Rank in 2010	Change in ranking 2009-2010
Sefton	356	Improved 7 places
Halton	271	Dropped 4 places
Knowsley	375	Dropped 13 places
Liverpool	298	Improved 7 places
St Helens	311	Dropped 3 places
Wirral	337	Improved 6 places

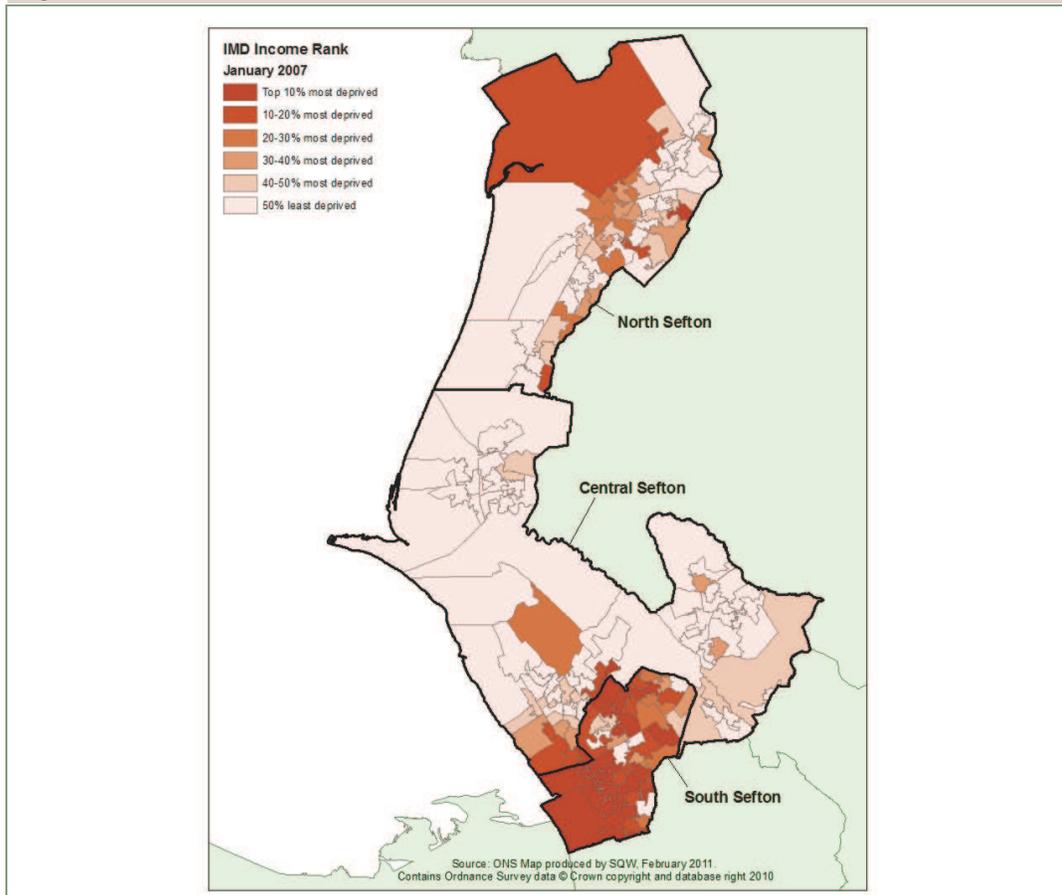
Source: UKCI - Centre for International Competitiveness

⁷ Produced by Robert Huggins at the University of Wales Institutes’ Centre for International Competitiveness

Income

- 2.5 The latest figures available show that Gross Disposable Household Income in Sefton was £13,700 in 2008, a figure 7% above that for Merseyside,⁸ but representing only 91% of the UK average. Incomes in Sefton increased by 23% between 2000 and 2008, but this growth lagged behind both the UK and Merseyside. Data on household incomes is not publicly available at disaggregated spatial levels, but the ‘income deprivation domain’ of the Index of Deprivation (IMD) does provide an indication of incomes at Lower Super Output Area (LSOA) level⁹. As illustrated below, there is considerable variation in incomes across the Borough, with areas of severe income deprivation across South Sefton, and also pockets of deprivation in North Sefton.

Figure 2-3: IMD Income Domain, 2007



Source: DCLG

Recession and Recovery

- 2.6 National GDP fell by 0.5% in Quarter 4 2010, so despite some growth over the preceding four quarters, the economy remains fragile. Economic output data at sub-national level becomes available later than national estimates, but up-to-date data on the claimant count indicates

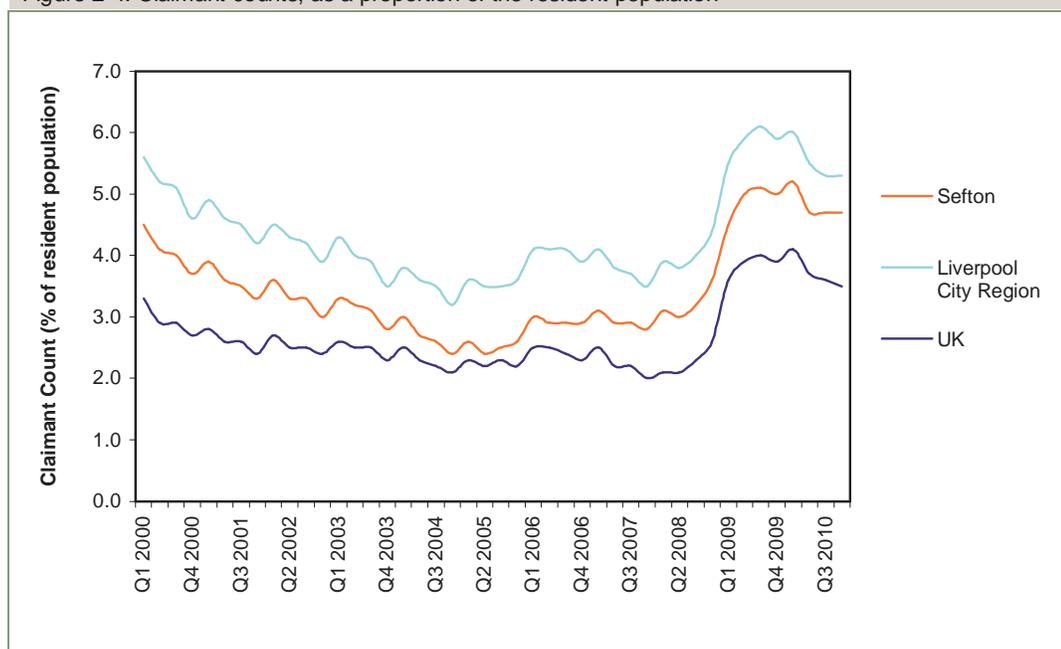
⁸ Data not available for LCR

⁹ Super Output Areas are an administrative geography introduced in 2004, and have a minimum size of 1,000 residents and 400 households, but average 1,500 residents. There are 34,378 Lower Layer SOAs (LSOAs) in England and Wales.

how the impact of the recession, and the halting recovery, is being experienced through unemployment in Sefton. The claimant count rate, seen as a ‘lagging indicator’ of recession, increased rapidly from the end of 2008 across both Sefton and comparator areas (see Figure 2-4 below). In Sefton, the claimant count rate rose from 3.2% in Quarter 3 2008 to a peak of 5.2% in Quarter 1 2010. LCR also saw a sharp increase in claimants (also up 2pp) but from a higher starting point.

- 2.7 Since the peak in Quarter 1 2010, the claimant count rate has fallen by 0.5pp in Sefton, but LCR and the UK have seen greater improvements, where the claimant counts have fallen by 0.7pp and 0.6pp respectively. This suggests that re-engagement in the labour market has been taking longer in Sefton, and where jobs have become available, the unemployed have not accessed them as quickly as in the wider LCR or on average in the UK.

Figure 2-4: Claimant counts, as a proportion of the resident population



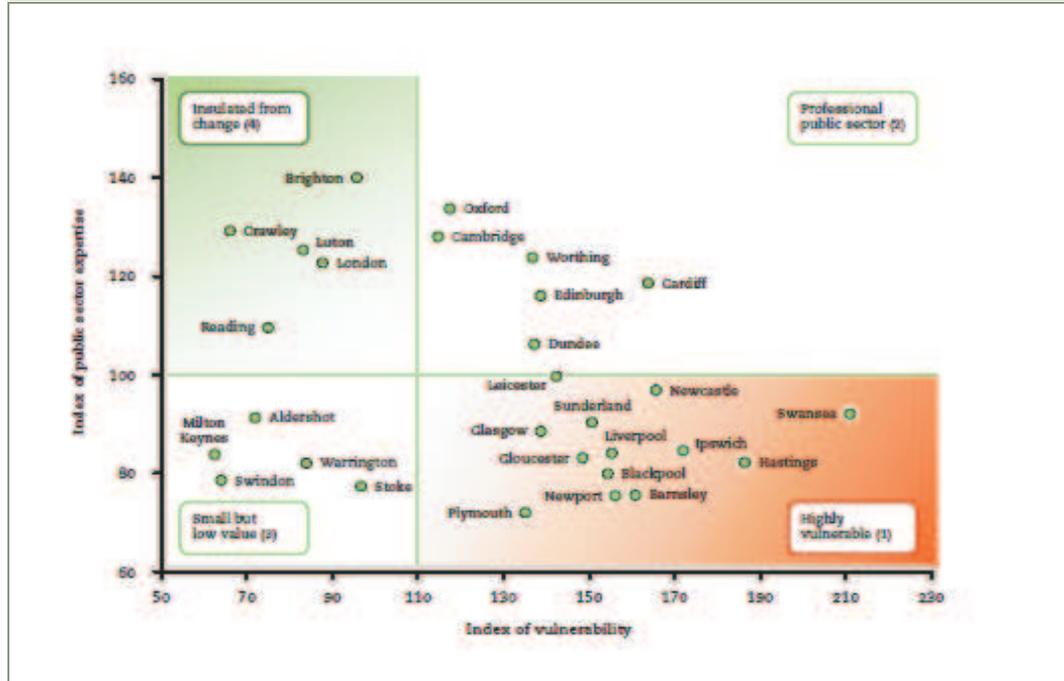
Source: DWP

- 2.8 By November 2010, 4.7% of Sefton’s *working age* population were claiming benefits, which equated to just over 8,000 people in Sefton and compared to a rate of 3.5% for the UK as a whole. From a low of around 4,000 working age people claiming benefits in November 2004, the number of working age claimants has doubled in Sefton, and has remained in excess of 8,000 since May 2009.
- 2.9 A number of studies have been undertaken on the vulnerability of specific places to public sector cuts, and the extent to which places are likely to prove ‘resilient’ in responding to and recovering from the recession. In headline terms, these analyses suggest that Sefton, together with other LCR districts, is particularly vulnerable to public sector cuts and, relative to other areas in England, the Borough has a low level of economic resilience.
- 2.10 The Centre for Cities has produced an ‘Index of Vulnerability’ for core cities in Great Britain (see Figure 2-5). Although Sefton is not included in this analysis, Liverpool is placed within the ‘highly vulnerable’ category. Given the economic linkages that Sefton has with Liverpool

(especially in terms of commuter flows) this indicates that the employment, and therefore the incomes, of many Sefton residents are vulnerable to public sector cuts in Liverpool, compounding the impact of cuts in public sector jobs within the Borough.

- 2.11 However, it is important to note that Sefton is similar to other areas in that it has a ‘two-speed’ economy, in which growth in some parts is capped by local demand and other businesses and sectors are better equipped to respond to global and national market growth. As a result, the vulnerability and resilience of different parts of the Borough’s economy, and different parts of its geography, will vary.

Figure 2-5: Index of vulnerability to public sector cuts



Source: Centre for Cities (2010) Cities Outlook 2010

- 2.12 Another study, undertaken by Experian in 2010, assessed the resilience of each LAD in terms of the area’s ability to withstand and respond to shocks in the external environment, scoring on a defined set of factors (see Annex D for details). Overall, Sefton was ranked the 274th most resilient out of 324 LADs, performing better than all other LADs in Liverpool City Region. As shown below, Sefton performs well in terms of place resilience (which is based on indicators such as school attainment, crime rates and green space) but falls behind on business resilience (for example strengths of the business base, dependency on sectors that have been hit by the recession, or dependency on local markets) and community resilience (for example the proportion of the population that can contribute to the economy, occupations and earnings of workers).

Table 2-2: Resilience ranking (out of 324 LADs, where 1=most resilient)

	Overall resilience ranking	Components of overall ranking ¹⁰			
		Business resilience	Community resilience	People resilience	Place resilience
Sefton	274	293	290	230	113
Halton	283	267	315	281	206
Knowsley	285	257	308	305	238
Liverpool	287	281	323	268	214
St Helens	299	310	301	282	179
Wirral	288	314	307	144	172

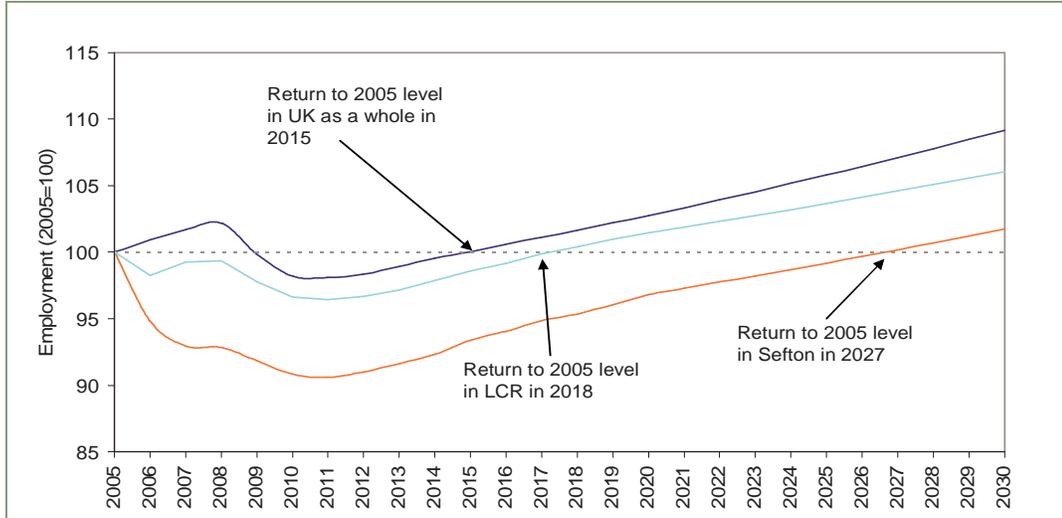
Source: Experian

Economic projections

- 2.13 At City Region level, The Mersey Partnership (TMP) commissioned Cambridge Econometrics (CE) to produce projections for the LCR and each LAD to understand possible employment and GVA growth going forward to 2030. Here, we present the baseline or ‘business as usual’ projections. However it is important to note that these projections were produced in 2009, before the Comprehensive Spending Review (CSR) was published, and therefore do not take into account the deficit reduction plan contained within the CSR.
- 2.14 The baseline projections suggested that employment levels in Sefton would continue to decline until 2011, when recovery would commence (an average rate of growth was projected of 0.6% pa between 2011 and 2030). Sefton’s relatively weak performance in recent years meant that, on this basis, the Borough would not return to pre-recession (2005) levels of employment until 2027 under a ‘business as usual scenario’ (partly due to the downward trend in employment just before the recession, and the impact of the recession itself in Sefton). On the same assumptions, total employment in LCR would return to the 2005 level by 2018; the UK’s employment levels would return to the pre-recession level even sooner, by 2015.

¹⁰ Please turn to Annex for details

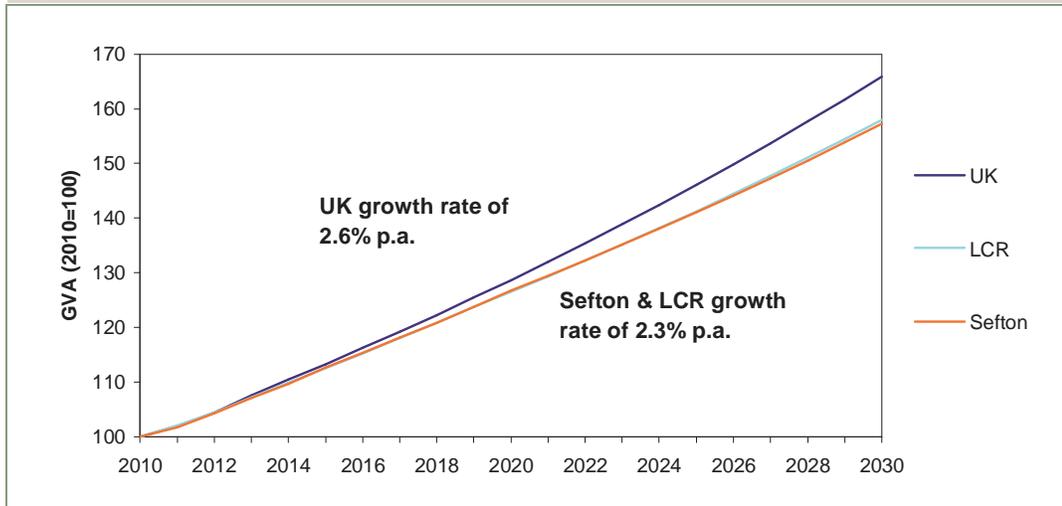
Figure 2-6: Employment baseline projections (Index 2005=100)



Source: SQW analysis of CE data

- 2.15 By 2030, Sefton is expected to generate £4.4bn in GVA, and will still account for 15% of LCR’s total GVA. Under the baseline scenario¹¹, GVA in Sefton will grow at a rate of 2.3% per annum (pa) between 2010 and 2030, matching growth across the LCR but lagging behind the UK by 0.3pp pa. Taking into account anticipated changes in population, the gap in GVA per head is projected to narrow slightly, with Sefton at 57% of the UK level in 2010 and 58% of the UK in 2030.

Figure 2-7: GVA growth, 2010-2030



Source: SQW analysis of CE data

The implications for future competitiveness

- 2.16 These projections indicate that if Sefton continues on a ‘business as usual’ path, the incomes and prosperity of its residents are not likely to improve significantly compared to the national average. The employment projections above point to a real risk of a new (and persistent) cohort of long-term unemployed. In the past, growth has been largely driven by what has

¹¹ Please turn to Annex F for analysis of different growth scenarios.

previously been considered as ‘relatively secure’ public sector employment and there has been a tendency for many of Sefton’s residents to bring wealth into the Borough through working elsewhere (most notably in Liverpool). However, in future, there will be considerably more instability in areas and sectors that have previously been stable, such as the public sector. As we signalled in the Introduction, the drivers of economic growth going forward will be very different and the impact of public sector cuts in Sefton (and those in Liverpool impacting upon Sefton’s residents) is still to work through. Some of the partners who attended the LEA workshops argued that cultures within Sefton will need to change in future – both in terms of how and where the Borough grows economically, and in how the workless are engaged in the labour market.

2.17 A key question to be addressed in the forthcoming economic strategy is how aspirational does Sefton want to be in future? Are there ambitions for economic growth, and if so, on what scale and how will they be achieved? The headline message from the partners participating in the workshops which helped develop this LEA was that Sefton needs to be more ambitious, and needs ‘a fundamental change in how Sefton does business’.

2.18 The ‘business as usual’ path will not deliver significant change, so the Borough needs to focus on will be done differently in future, and what can give Sefton a position of competitive advantage going forward. At the same time, the Borough needs to consider how quickly the economy will change. Rebalancing an economy is a long-term process. Whilst part of the challenge will be to respond to the impact of the recession, Sefton needs a longer-term growth plan that substantively addresses the structural challenges the Borough faces (that pre-date the recession) to raise its economic competitiveness.

Drivers of performance

2.19 A range of issues have influenced, and will continue to influence how Sefton performs; its resident and workplace characteristics, economic flows into, out of and within the Borough, and the way in which these factors interplay with issues and events in particular places will determine economic performance and future prospects.

2.20 At headline level, economic output or GVA derives from:

- The proportion of the population that are of working age, i.e. the productive potential of Sefton’s residents
- The proportion of the Working Age Population (WAP) in employment, i.e. engagement in the labour market
- The productivity of those in work (measured by GVA per job), which in turn depends on:
 - The sectoral and occupational structures of the jobs in Sefton, which influences the pay of workers
 - The five drivers of productivity, identified by HM Treasury as enterprise, innovation, skills, investment and competition

- The extent to which businesses in Sefton export to high value markets and/or serve local markets.

- 2.21 We explore each of these factors in Sections 3-7, which follow, in order to develop an understanding of why Sefton performs as it does. In Section 8, we identify critical issues that will inform the forthcoming SEDS and which will need to be addressed if Sefton is to improve its economic trajectory and resilience.
- 2.22 At this point, a note of caution is required in use and interpretation of data on GVA and its drivers. The GVA data presented above is workplace-based, and so it measures the economic output of businesses and workers which are based in Sefton. Caveats are required in interpreting the apparent implications: Government statisticians are cautious with regard to the robustness of the data at this level. Also, it should be noted that some of the drivers relate to the characteristics of Sefton's residents, not business workplaces. It would be possible to conflate the two only if the local economy is self-contained, or the characteristics of those travelling in and out of the Borough for work were very similar. In general, the more 'open' the economy, the more complicated the analysis. Given Sefton's position and role in the wider LCR, understanding economic interactions, and especially commuter flows, is critical in understanding why Sefton performs as it does.

3: People and Communities

Key messages

Key messages in relation to people and communities are as follows.

- The WAP accounts for 59% of the total population, which is lower than the LCR and UK – this means that, in terms of the productive potential of its residents, Sefton is at a disadvantage.
- Like LCR, Sefton has seen a fall in its population base since the early 1990s. Sefton has however seen a much stronger decline in WAP – and critically in young adults – over this time period compared to the LCR and UK averages; this fall is expected to continue in future.
- In terms of deprivation, the experience of different places across Sefton is polarised. Over one third of LSOAs in Sefton are in the 10% most deprived in England, but the Borough also contains two LSOAs in the 5% least deprived in England.
- On average, the proportion of children in poverty in Sefton is below the national average, but this hides considerable variation across the Borough, with pockets of pronounced child poverty in South Sefton in particular. In-work poverty is becoming increasingly important as the proportion of families in low paid jobs increases.
- Residents in Sefton have a slightly lower life expectancy and higher level of long-term illnesses than the averages for England. Differences in life expectancy across the Borough are significant. As a consequence of poor health, Incapacity Benefit claimant rates are high.

Introduction

- 3.1 In this Section, we explore the profile of Sefton’s residents, how the population base has changed in recent years, and issues around community deprivation and health across the Borough.

People and Communities

Demographic profile

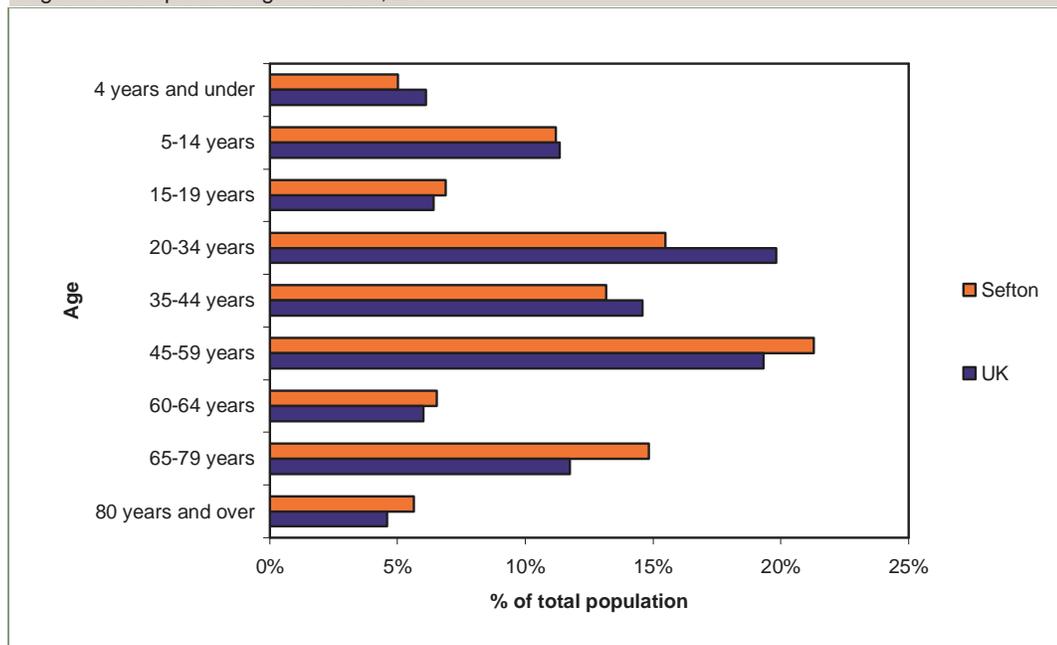
- 3.2 Sefton’s population of 273,000 accounts for 18% of the LCR total population.

Age profile

- 3.3 There are approximately 160,300 people of working age (aged 16-59/64) living in Sefton in 2009. The Working Age Population (WAP) comprises 59% of the total population, which is 3 percentage points (pp) below the UK and LCR averages (at 62%). The difference is

accounted for by a higher level of older people than average, rather than more children: one fifth of the population is aged 65 or over in Sefton, compared to only 17% in LCR and a national average of 16%. Sefton is over-represented in both the 65-79 years and the 80 years plus age groups, as shown in Figure 3-1, below. This has implications for the productive potential of Sefton’s residents (see Section 5 for more on this) and will also inevitably impact on the characteristics of demand for personal services provision, housing and transport.

Figure 3-1: Population age structure, 2009



Source: NOMIS Mid Year Population estimates

Equalities Groups – Gender, age, ethnicity, disability and lone parents

- 3.4 As in the wider LCR and UK, 48% of Sefton’s population is male and 52% is female (2009). The proportions of males and females in the 15-24 age group are similar to the national average, but the proportions of males (38%) and females (43%) who were aged 50 or above are higher than across the UK (33% and 36%, respectively).
- 3.5 The majority of residents in Sefton are White UK nationals (98%), which was higher than both the LCR and national averages (95% and 85% respectively) in 2009/10. Whilst the 2001 Census is now very dated¹², it does provide a more detailed breakdown of those with non-white ethnicities. This data shows that 36% of the non-white population are of ‘mixed’ ethnicity (compared to a national average of 14%), 28% are Asian/Asian British (compared to a national average of 50%) and 27% are Chinese or other ethnic group. The remainder (10%) are Black/Black British.
- 3.6 Over one fifth of residents aged 16-64 in Sefton were registered as disabled (21.9%) in 2009/10, which is above the UK average of 19.9%. Women in this age group are slightly more likely to be disabled (at 23.1% of those aged 16-64) than men (20.6%). Of this group,

¹² More recent data from APS is suppressed at LAD level

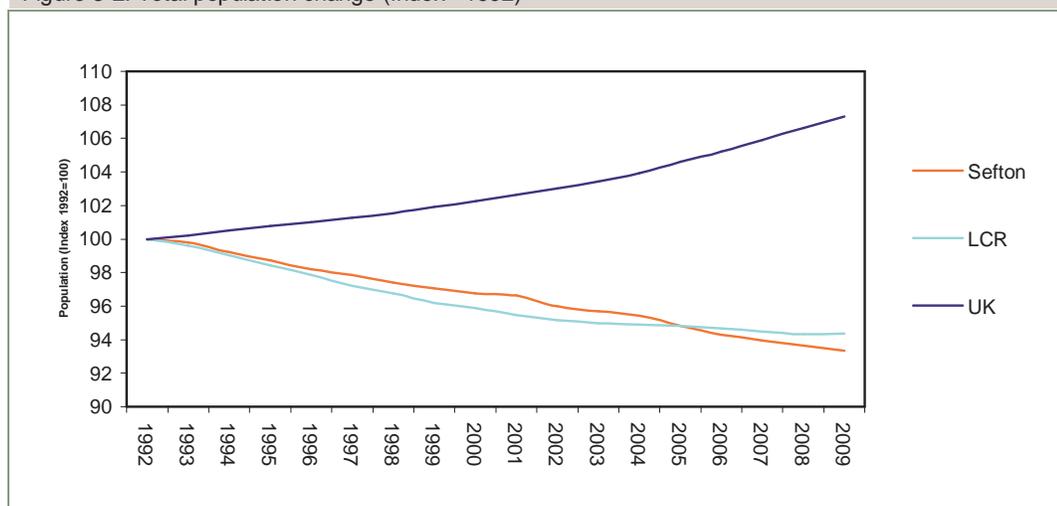
12.2% are both DDA¹³ & also work-limiting disabled – again, this is slightly above the national average (11.4%).

- 3.7 Sefton also has a higher rate of parents that are lone parents (9% compared to 7% in England) according to the 2001 Census, but in August 2010 only 1.7% of the resident population aged 16-64 were claiming lone parent benefits (which matched the national average).
- 3.8 We analyse the economic participation of equalities groups in Section 5 below.

Recent population trends and future projections

- 3.9 Since 1992, Sefton has seen a fall of 7% in total population (equivalent to -0.4% pa), as illustrated in Figure 3-2. The LCR has also seen a fall in population (of 6% or -0.3% pa) over the same time period, but total population appears to have levelled-off in the LCR from 2005, whereas in Sefton it continued to decline. At the national level, population grew by 7%, so population change in Sefton was 0.8pp pa below the UK, a rate building into a substantial and growing difference. Natural change (i.e. the balance between births and deaths) accounted for 56% of Sefton’s population change, with the remaining 44% down to the balance between in- and out-migration. The components of population change are similar (in proportional terms) to the national average.

Figure 3-2: Total population change (Index =1992)



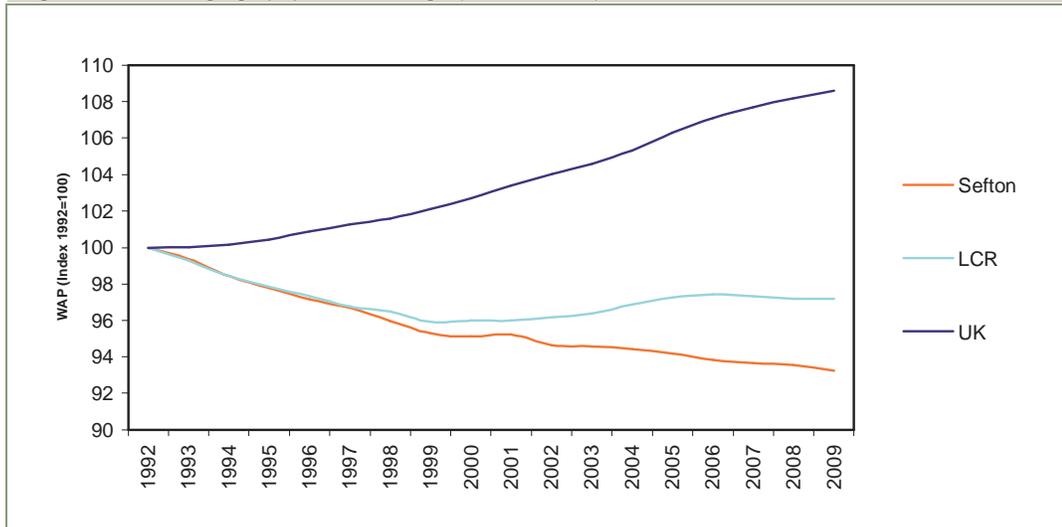
Source: ONS

- 3.10 Sefton’s WAP also fell by 7% between 1992 and 2009 (equivalent to -0.4% pa). While the WAP in LCR has also declined since 1992, the City Region managed to stem the fall in the early 2000s and there has been a small increase in WAP over the last decade. Again, the UK as a whole saw strong growth; the WAP grew overall by 9% (+0.5% pa). Although as noted above, the total population in the UK has been increasing, the numbers in the 20-34 year old band fell by 8% between 1992 and 2009. But Sefton experienced a much larger fall in this age band (-29%), compared to -18% across the LCR, with obvious implications for the future as well as the present workforce.

¹³ Those registered under the Disability Discrimination Act

- 3.11 Partners in the Borough have seen this loss of young adults taking place on the ground. Anecdotal evidence suggests that many people do go to University elsewhere and do not return on graduation, partly because of high house prices and the lack of suitable jobs on offer in Sefton. Young families also move away, again largely due to housing affordability issues. Other anecdotal evidence suggests that some young adults do return to the Borough in later life, but Sefton has undoubtedly experienced an important loss of ‘productive potential’ during individuals’ early careers. Recent research by TMP also found that young adults (aged 25-34) are most likely to engage in ‘total early-stage entrepreneurial activity’ (TEA)¹⁴, so the loss of young people may also have implications for Sefton’s enterprise rates, now and in future. Furthermore, there are concerns that public sector redundancies may result in young adults and families moving elsewhere to find work, which would compound this imbalance.
- 3.12 Sefton is generally considered to offer a high quality of life and good work-life balance, with good schools, green space and coastline and a strong tourism offer – but even though it offers good places to live, much of the Borough is also relatively expensive (as we explore in Section 6). Some partners believe the forthcoming increases in University fees may encourage more young people to take advantage of higher education which could be accessed from home, which could slow the outflow of young adults. There will still be a need to ensure that affordable housing and appropriate jobs are available if young people are to see their future in Sefton.

Figure 3-3: Working age population change (Index = 1992)



Source: ONS

- 3.13 Over the next thirty years, the ONS’ projection is that Sefton’s total population will decline further, but at a much slower rate (-0.1% pa), whereas LCR’s population is projected to remain around 2010 levels, and the UK is expected to increase by 0.4% pa.
- 3.14 If we take the population projections by age group, we see that ONS projects a decrease in the number of children (-0.2% pa), and an increase in the number of post-retirement age people (+1.4% pa) in Sefton. Significantly however, ONS projections show Sefton’s WAP

¹⁴ Hart, M. and Levie, J. (2011) Entrepreneurship in the Liverpool City Region 2003-2008. A report for TMP

continuing to fall over the longer term, and at a faster rate than hitherto (-0.9% pa, which is 0.5pp pa below the Borough average for the last two decades).

Households

- 3.15 ONS estimates that there were approximately 117,000 households in Sefton in 2008, accounting for 19% of the LCR total. The number of households has remained relatively static since 1991, increasing by 2%. The comparable figure for LCR is 3%, and 13% for England as a whole. Through to 2033, the number of households in Sefton is expected to increase to 125,000, up by 7% since 2008 compared with an increase of 12% in LCR and 27% across England as a whole. Information relating the numbers of households to housing is provided in Section 6.

Deprivation

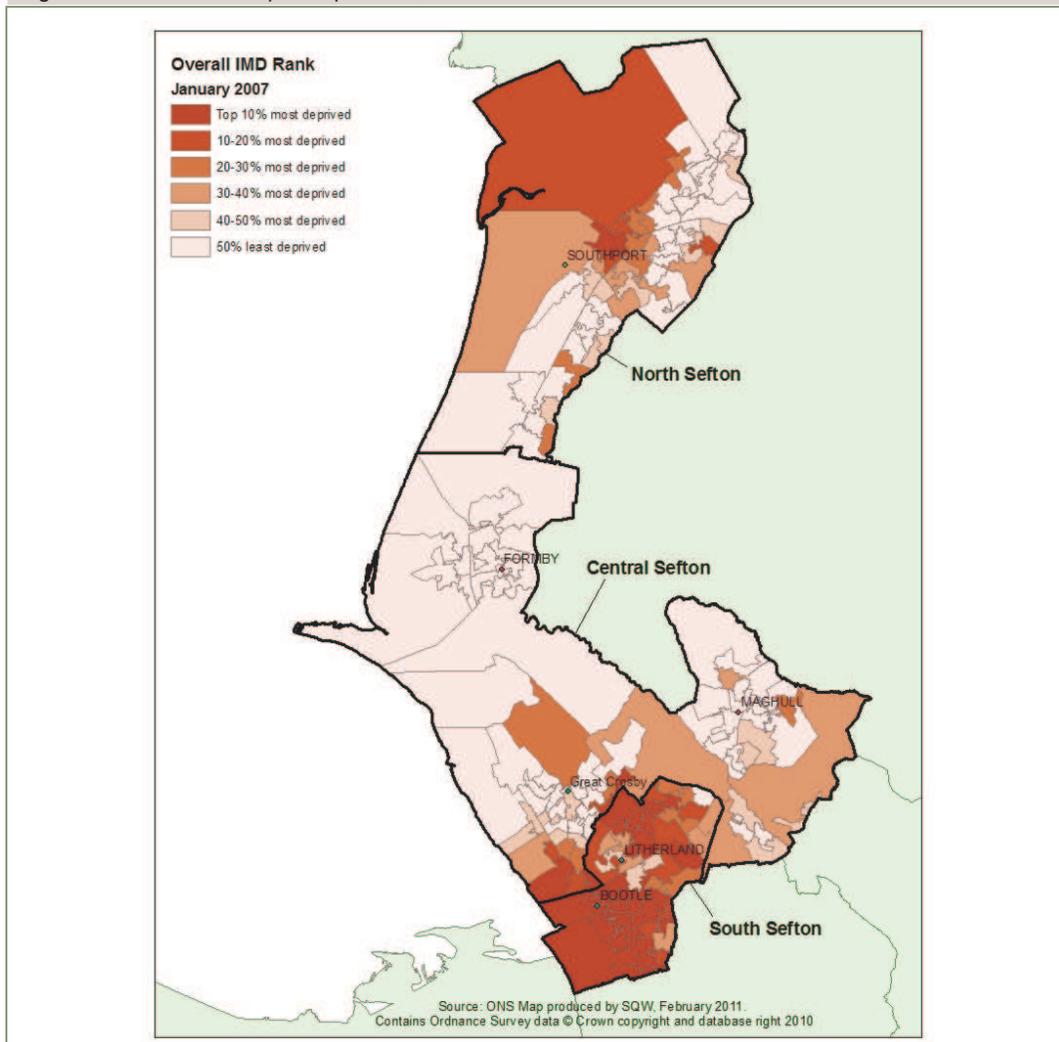
Overall level of deprivation

- 3.16 The Index of Deprivation (IMD) is a widely recognised measure of deprivation, which brings together data for seven ‘domains’ into a composite indicator or ‘score’ for Local Authority Districts (LADs) and disaggregated geographies (Lower Layer Super Output Areas)¹⁵, allowing comparisons with other areas locally and across the country. In 2007, Sefton was ranked as the 83rd most deprived LAD in England, but performed better than all other LADs in the LCR area. Since the analysis was completed for this LEA, IMD data has been published for 2010. This shows that Sefton is now considered the 114th most deprived LAD in England, an improved ranking compared to 2007. Furthermore, Sefton continues to perform better than other LADs in the LCR area.
- 3.17 As shown in Figure 3-4 however, the average figure for Sefton LAD masks significant variation within the Borough. Over one third (38%) of LSOAs in Sefton were in the 10% most deprived LSOAs in England in 2007, and over half (54%) were in the 20% most deprived LSOAs in England. Hotspots of deprivation are evident in South Sefton around Bootle and the port, with pockets of deprivation also found in the North around Southport. As these areas remained highly deprived during the economic ‘boom’ period of the late 1990s/early 2000s, the challenge of addressing deprivation under present conditions appears even more difficult.
- 3.18 Furthermore, the range of deprivation and affluence in Sefton is extremely wide; the Borough had two LSOAs in the 1% most deprived LSOAs in England in 2007 (located in the Linacre ward in South Sefton), and two LSOAs in the 5% least deprived LSOAs in England (which are located close to Formby in Central Sefton)¹⁶.

¹⁵ The IMD’s seven domains are Income Deprivation, Employment Deprivation, Health Deprivation and Disability, Education, Skills and Training Deprivation, Barriers to Housing and Services, Living Environment Deprivation and Crime. Each dimension is measured independently using the best indicators available to generate a score or domain index. These domain scores are then combined with explicit weightings to generate an overall aggregate Index of Multiple Deprivation. *Source: ONS*

¹⁶ Note that the unit of analysis on which the map at Figure 3-4 is based, is relatively equal populations: hence, more rural areas with lower population density will appear disproportionately large, relative to urban areas.

Figure 3-4: Index of Multiple Deprivation, 2007



Source: ONS

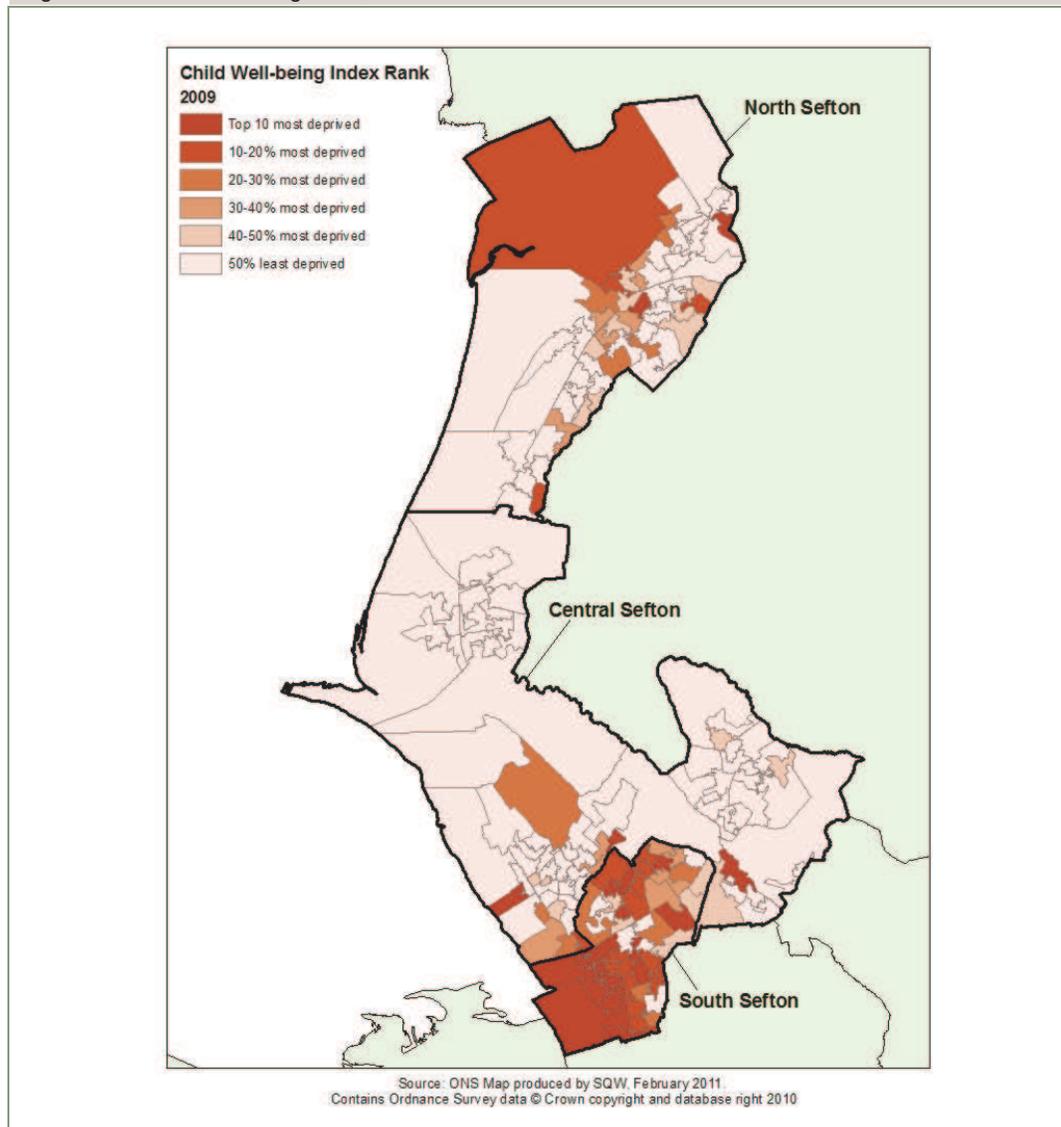
Child poverty

- 3.19 Child poverty is also an extremely important indicator of performance – not only at present, but as an indicator of future potential issues around life chances and inter-generational deprivation. A Child Poverty Needs Assessment was undertaken alongside this LEA. Analysis to date has found that 20% of children are living in poverty in Sefton¹⁷, below the North West and England averages (of 23% and 21% respectively), but nevertheless equating to almost 11,500 children. As noted earlier, economic and social patterns vary substantially across Sefton, and in some local areas (such as Bootle, Seaforth, Netherton) the proportion of children living in poverty is significantly higher than 20%. Perhaps more surprisingly, some of these deep pockets of child and family poverty are located in areas that perform above the average on some quality of life indicators. Pockets where child poverty is most pronounced are located across most of south Sefton, central and eastern Southport, and in parts of Maghull, Formby and Crosby.

¹⁷ HMRC NI 116 August 2008

- 3.20 Within Sefton, a number of LSOAs are classified as within the 10% most deprived on the Government's Child Well-Being Index. These are all located within the South of the Borough. The LSOAs classified as within the 5% least deprived are all located within Central and North Sefton.

Figure 3-5: Child Well-Being Index, 2007



Source: ONS

- 3.21 The Child Poverty Needs Assessment suggests that in-work poverty is becoming increasingly important as a cause of child and family poverty. Of the 28,600 families in poverty in Sefton, a large proportion are in low paid employment. Furthermore, the recession has caused an increase in worklessness, leading to greater out-of-work poverty. Free School Meals (FSM) data can be used as a proxy for the proportion of children in low income households. Across Sefton, 18% of nursery and primary school children and 15% of secondary school students are eligible for FSM. Eligibility varies across the Borough from 2.6% in Harrington to 43.6% in Linacre (all schools). We discuss work and worklessness issues in more detail in Section 5.

Health

- 3.22 Life expectancy at birth in Sefton was 81.6 years for females and 77.3 years for males (averaged over 2007-09), compared to a national average of 82.3 and 78.3 respectively. The Borough has made good progress in narrowing the gap with England over the last decade, but two key issues still face Sefton in terms of life expectancy:
- Differences in life expectancy across the Borough are substantial. For example, latest data at ward level (2004-07) shows that life expectancy for males ranges from 71.0 in Church ward (in Central Sefton, close to the port) to 82.5 in Sudell ward (also in Central Sefton, to the East of the Borough). For females, life expectancy ranges from 75.7 in Linacre (South Sefton) to 85.6 in Molyneaux (Central Sefton, to the East of the Borough) over the same time period.
 - The life expectancy gap for females in the most deprived and the most affluent parts of the Borough is continuing to widen.¹⁸
- 3.23 Recent research by the NHS¹⁹ showed that chronic heart disease, lung and other cancers, chronic airways diseases, liver cirrhosis and suicide (for men) are the main causes of higher death rates in the most deprived areas of Sefton. Also, Sefton has a higher level of diagnosed long-term conditions than the England average. Whilst smoking and drinking rates are lower than the national average in Sefton, rates vary greatly within the Borough. Almost half the population of Sefton is classified as overweight or obese (48%) but this compares to 62% for England.²⁰
- 3.24 In part a consequence of the health issues above, the proportion of the WAP claiming Incapacity Benefit/Employment and Support Allowance (IB/ESA) is higher in Sefton at 2.7% in 2010 than the national average (2.1%). A further 1.3% of the WAP claimed Disability Living Allowance in Sefton in 2010, a level 0.3pp above Great Britain as a whole.

¹⁸ Sefton NHS (2009) Joint Strategic Needs Assessment – health inequalities – key messages

¹⁹ Sefton NHS (2009) Joint Strategic Needs Assessment – health inequalities and long-term conditions – key messages

²⁰ Sefton Lifestyle Survey 2007 and Health Survey for England 2006

4: Business Enterprise and Growth

Key messages

The key messages from the business and enterprise evidence base are as follows.

- In 2009, there were 7,800 active enterprises in Sefton, of which 41% were located in North Sefton, 38% in Central Sefton and 21% in South Sefton. The number of enterprises has increased in recent years, but more slowly than across the LCR and for the UK as a whole. The size distribution of firms in terms of employees and turnover in Sefton broadly mirrors the national average. The majority of businesses surveyed have their HQs in Sefton, and have located their business in the Borough because of family ties.
- As in the wider LCR, business density (an indicator of competitiveness) is below the national average.
- Banking, finance and insurance, distribution and hotels and restaurants account for a large number of business units in Sefton, but the sector which includes public administration, education and health generates the highest share of GVA.
- In the next 10 years, 35% of businesses surveyed expect their employment to increase and 44% expect turnover to increase – a small proportion of firms aspire to be ‘high growth’. As increases in turnover do not necessarily equate to increases in job opportunities, there will be a need to seek out additional ways of generating employment, including new enterprise.
- The main barriers to business growth are issues around access to finance to invest/innovate, increasing market competition and the economic climate more generally, emphasising the need for businesses to maintain their competitiveness going forward.
- Over half of the firms reported that Sefton and the LCR provided the main markets for their products and services.
- Sefton has a higher business start up rate than the LCR average, but under-performs compared to the national average. The Borough performs fairly well on business survival rates.
- Sefton has a slightly higher share of businesses classed as ‘Knowledge Intensive’ than across the LCR but a lower share of employees in these KIBs : the Borough under-performs the UK on both measures.

Introduction

- 4.1 In this Section, we assess Sefton’s performance in relation to business and enterprise, and profile Sefton’s business base by spatial distribution, density (an indicator of competition), size, and sectoral composition. We include analysis of Sefton’s performance in knowledge intensive sectors and the visitor economy, which are two of the four key priorities for the

LCR, and analysis of growth potential and trade patterns (including propensities to export). This work draws on an extensive business survey, undertaken in December 2010 as part of this LEA, which involved 800 businesses across the Borough. We go on to assess Sefton's performance against the HM Treasury drivers of business productivity, namely enterprise, innovation and investment²¹. Please turn to Annex F for supporting datasets and additional material relating to business and enterprise, and Annex I for a detailed analysis of the business survey.

Sefton's Business Base

Business profile

- 4.2 In 2009, there were approximately 7,800 active enterprises in Sefton, accounting for 20% of the LCR total. Of these businesses, 41% were located in North Sefton, 38% in Central Sefton and 21% in South Sefton. Since 2004, the number of businesses in Sefton has increased by 5% (360 additional active enterprises); this lags behind all other LADs in LCR. The total for the City Region increased by 11%, over the five-year period, while the UK figure increased by 8%.
- 4.3 The size distribution of businesses in Sefton broadly mirrors that of the LCR and UK. In 2009, 84% of firms in Sefton had 1-10 employees, 13% had 11-49 employees, 3% had 50-199 employees and only 0.5% had 200+ employees. Similarly, the business turnover profile in Sefton is similar to the LCR and national average, although Sefton has a slightly higher proportion of businesses in the £50k-£99k category (25%) than UK average and a slightly smaller proportion in the £1m+ category (9%).

Business location decisions and headquarters

- 4.4 The survey, which covered just over 10% of Sefton's business base found that most firms (83%) did not have another location outside Sefton, and the majority (70%) had their headquarters in Sefton. Of the 14% of firms with headquarters outside the North West (but in the UK), almost a quarter (23%) were based in London. Only 1% had its headquarters overseas.
- 4.5 The most common reason given by survey respondents for choosing to locate their businesses in Sefton was family ties, with over half of the businesses stating that as one of (if not the sole) reason. The availability of suitable land/premises was also a deciding factor for a quarter of the businesses, followed by access to markets (10%).

Business density

- 4.6 Business density can be used as a proxy to indicate the level of competition in the economy (one of HM Treasury's five drivers of productivity). This data shows that Sefton has around 49 active enterprises per 1,000 WAP, exceeding the LCR average (41) but lagging behind the UK average (61) by some margin. The recent increase in business density in Sefton (up 6%

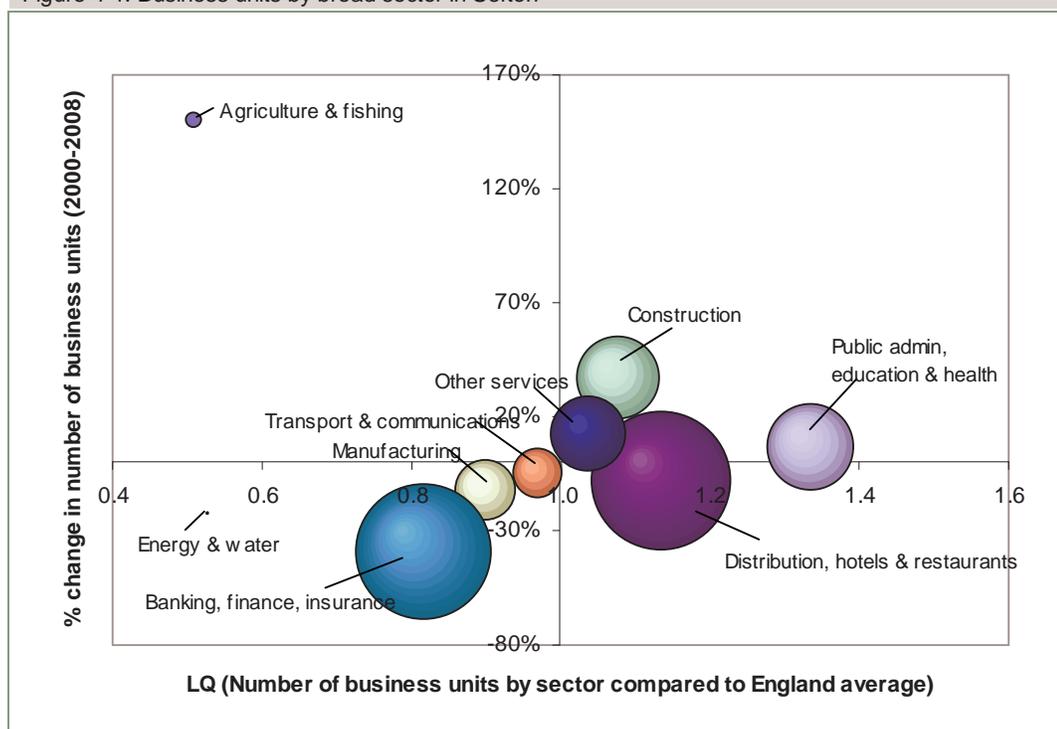
²¹ Performance on the Other HMT drivers, business competitiveness and skills, are discussed in Sections 2 and 5, respectively.

since 2004) was slightly above the UK average of 5%, but well below the LCR increase of 12%.

Sectoral composition of the business base – current structure

- 4.7 According to the ABI, the largest grouping of business units²² in Sefton is in banking, finance and insurance, etc (28%) and in distribution, hotels and restaurants (30%). The public administration, education & health sector accounts for only 12% of business units but is over-represented in the business base compared to the UK average, and is a major employer in the Borough (see Figure 4-1).

Figure 4-1: Business units by broad sector in Sefton



Source: ABI workplace analysis. Notes: Size of bubble indicates number of business units in the sector. A LQ value of <1 indicates the share of businesses in a sector is under-represented compared to the England average, and a LQ of >1 indicates the share of businesses in a sector is over-represented.

- 4.8 The business survey explored firms’ activities and specialisms, within the standard groupings used above²³. A wide range of activities were reported, for example residential care (especially in the North of the Borough), miscellaneous business services (in Central Sefton), and management consulting and public relations (in the North). Representation of activities which form part of the ‘knowledge economy’ is often used as a proxy for local business dynamism and growth prospects; digital and creative activities and professional and business services tended to be concentrated in the North of Sefton, with financial services located in the Centre.

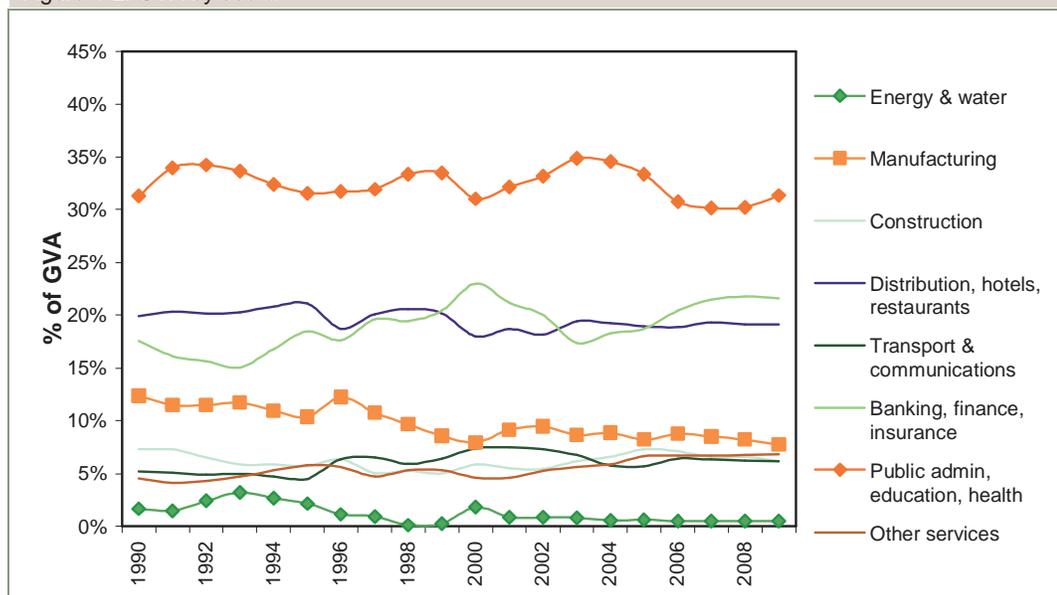
- 4.9 The public administration, education and defence sector generated the highest share of GVA at 32% in 2010, and has done so since 1990. This was directly related to the high number of

²² ABI measures business units rather than active enterprises, so ABI will count different workplaces of the same business as different business units.

²³ Drawn from the Standard Industrial Classification (SIC)

jobs in this sector (see Section 5 for more details). Banking, finance and insurance, and the distribution, hotels and catering sector also generated a relatively high share of GVA (22% and 19% respectively); the contribution made by banking, finance and insurance has risen since 1990, while the share of GVA generated by manufacturing has declined steadily over the last twenty years, from 12% to 8%.

Figure 4-2: GVA by sector



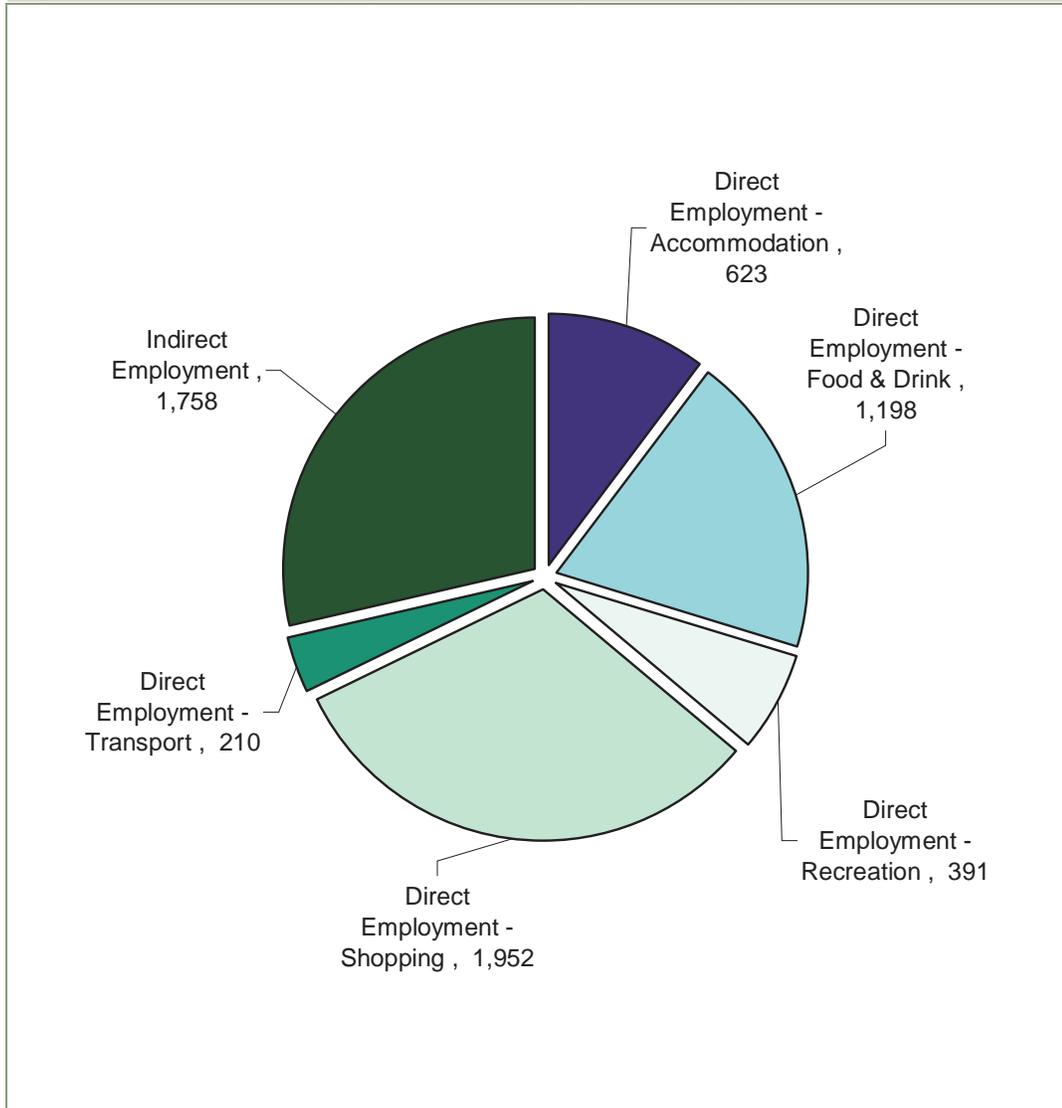
Source: SQW analysis of CE data

Visitor economy

- 4.10 The visitor economy is also an important sector for Sefton. The sector generated around £417m of spend in Sefton in 2009, a figure which has remained relatively stable since 2007²⁴. Given the economic downturn, and reliance of the tourism sector on discretionary spend, Sefton has performed well over recent years.
- 4.11 The majority of this spend comes from day visitors (£269m) and serviced accommodation (£72.7m). In 2009, over 8.9m visitors spent 10.7m days in the Borough, and 281,000 visitors stayed in serviced accommodation.
- 4.12 It is estimated that in 2009 the tourism sector *directly* supported 4,375 jobs in Sefton (full time equivalents - FTEs) and also about 1,800 *indirectly* (see Figure 4-3). There are also strong links between the Borough's tourism and retail sectors: 26% tourist expenditure and 32% of FTE jobs supported by tourism are accounted for by shopping. Between 2008 and 2009, the number of jobs in tourism fell by 7%. A further 1,200 FTE jobs were related to food and drink, and 600 were in providing accommodation.

²⁴ Source: STEAM

Figure 4-3: Sectors in which Employment is supported by Tourism Activity (FTEs)



Source: STEAM

- 4.13 Southport plays a central role in Sefton’s visitor economy, and has accounted for around 77% of all tourism expenditure in the Borough over the last five years. Southport’s high quality hotel offer has improved in recent years (with, for example, The Vincent and the opening of new Theatre and Convention Centre).
- 4.14 Southport is an important element in the wider Liverpool City Region tourism offer. In the City Region’s Visitor Economy Strategy (2020), Southport is promoted as *England’s Classic Resort* and forms part of England’s ‘Golf Coast’ which aims to attract high spending staying visitors to Southport. Southport is also identified in the Strategy as a successful national conference destination, with a distinctive offer to Liverpool focusing on the national market.

Sectoral composition of the business base – future projections

- 4.15 Over the 2010 to 2030 period, Cambridge Econometrics projections for Sefton do not anticipate much change in the sectors contributing most to GVA. By 2030, the main

contributors to GVA are expected to be public administration, defence and health (accounting for 32% of GVA in 2030) and banking, finance and insurance (24% of GVA). In the table below, we classify the sectors in three groups, based on their growth trajectories²⁵ for GVA and employment:

- **Expanders**, where GVA and employment increase
- **Adjusters**, GVA increases, but employment decreases
- **Shrinkers**, GVA and employment decrease.

4.16 The projections show both GVA and employment growing in some sectors, including higher productivity in banking and finance and professional services and also in the lower productivity retail sector. In other sectors, such as communications, GVA is likely to increase but jobs are expected to fall, with substantial productivity gains. We explore the employment element of the projections in more detail in Section 5.

Table 4-1: Projected changes in GVA and employment in Sefton, 2010-2030

Expanders	Adjusters	Shrinkers
<ul style="list-style-type: none"> • Banking and finance • Pharmaceuticals • Computing Services • Professional services • Retailing • Construction • Other business services 	<ul style="list-style-type: none"> • Communications • Mechanical engineering • Wood and paper • Rubber and plastics 	<ul style="list-style-type: none"> • Food, drink and tobacco • Textiles, clothing and leather • Electrical engineering • Agriculture

Source: SQW analysis of CE data. Notes: See Annex F for more details on these projections

Business Growth Ambitions

4.17 A key imperative for the Coalition Government is to encourage the development of firms with high growth potential, defined by OECD as firms ‘with employment or turnover growth of greater than 20% per year over a 3 year period’²⁶. BIS has acknowledged that ‘high growth’ is always highly concentrated in relatively few firms. Recent evidence found that from 2005 to 2008, only 6% of UK businesses with 10 or more employees met the OECD definition of ‘high growth’²⁷.

4.18 Through the business survey, we explored the extent to which firms expected their business to grow in turnover and employment in the next 2-3 years, and in the longer term (the next 10 years). The survey was, of course, undertaken at a time of halting recovery from recession, and of uncertain overall prospects going forward.

4.19 As illustrated in Figure 4-4, just over one-third of survey respondents expected **turnover** to stay the same in the next 2-3 years (35%), 16% expected turnover to shrink, 17% expected growth of 10% or less, and 22% expected growth of over 10% over the same time period. In

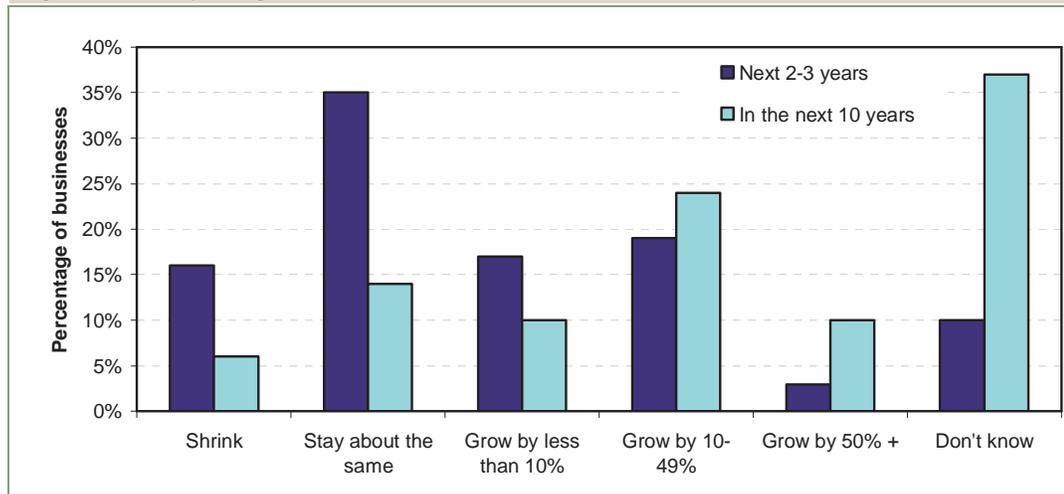
²⁵ Produced by Cambridge Econometrics (pre-CSR)

²⁶ <http://www.bis.gov.uk/files/file49042.pdf>

²⁷ <http://www.bis.gov.uk/assets/biscore/enterprise/docs/b/11-515-bigger-better-business-helping-small-firms>

the longer term, a higher proportion of respondents expected to see some growth (44%), and encouragingly, 10% expected turnover to grow by over 50%.

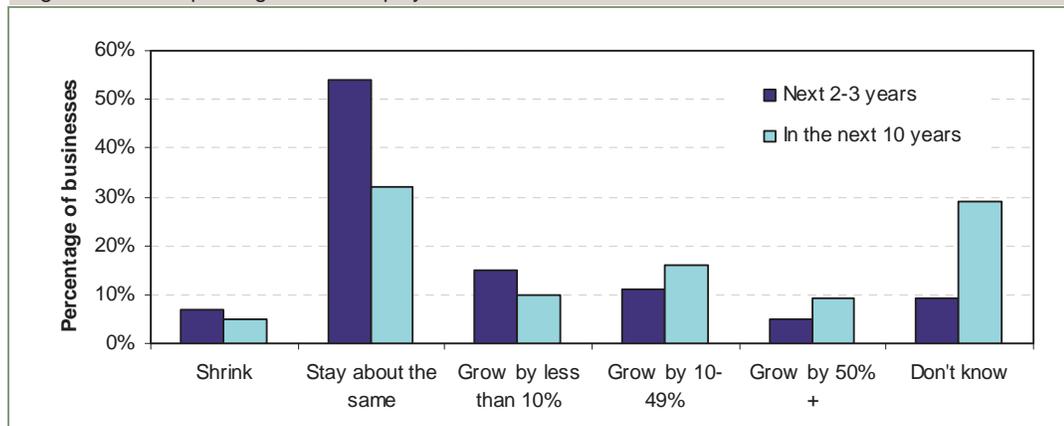
Figure 4-4: Anticipated growth in turnover



Source: SQW business survey

4.20 In terms of **employment**, a much higher share of firms expected no change, both in the short term (54%) and in the longer term (32%). Only a small proportion expected the number of jobs to shrink further, which is encouraging given recent job losses. In the short term, 31% expected employment to grow (compared to 39% expecting turnover to grow), and 35% expected employment to increase in the next 10 years (44% expected turnover to increase). Whilst this job creation is positive, it underlines that business growth expressed in terms of turnover does not necessarily equate with growth in jobs; high growth firms will not always be high job creators.

Figure 4-5: Anticipated growth in employment

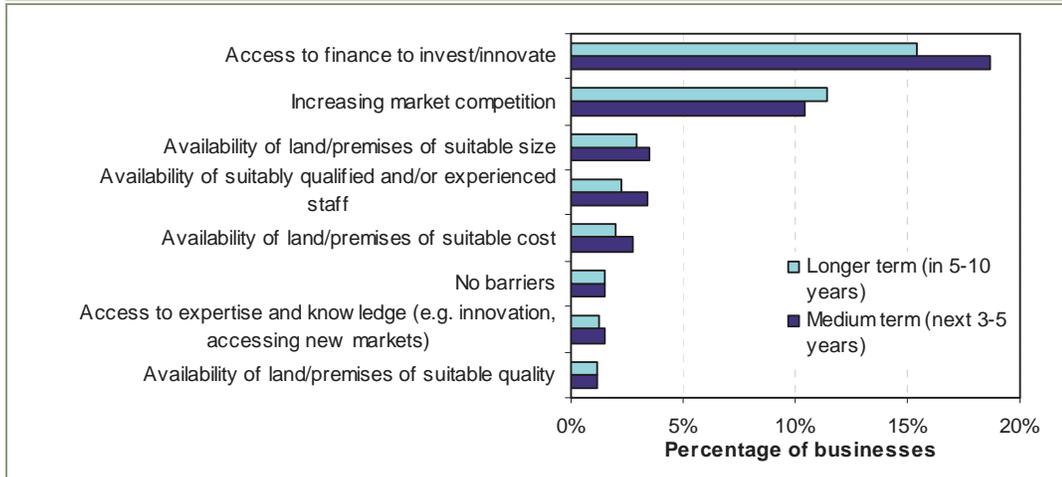


Source: SQW business survey

4.21 For those survey respondents that did anticipate growth in future, the majority (79%) expected this to be accommodated within existing premises, while 13% expected to move elsewhere in Sefton. Only a very small proportion were looking to move outside the Borough to accommodate growth.

4.22 According to business survey respondents, the main barriers to business growth are issues around access to finance to invest/innovate (19% considered this to be the case in the short term and 15% in the longer-term), increasing market competition (10% and 11% of businesses cited this as a key barrier to growth in the short-term and longer-term respectively) and the economic climate more generally. These findings highlight the importance of seeking to promote the conditions under which Sefton’s businesses are able to compete going forward, and can adapt to changing economic conditions.

Figure 4-6: Key barriers to growth in the short-term and longer term

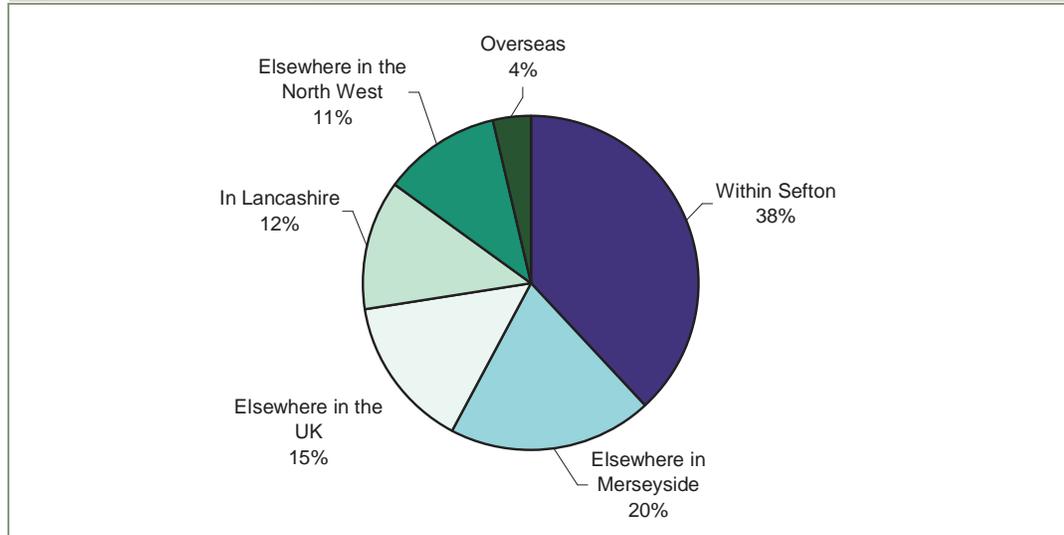


Source: SQW analysis of business survey (n = 800)

Economic flows - markets and supply chains

4.23 As detailed in the Introduction, the propensity of businesses to export and serve higher value markets is a key driver of economic growth. Published data on this are limited, especially at a LAD level, so the business survey was used to explore whether firms in Sefton export, or whether they tend to serve local markets. More than a third of respondents considered their ‘main market’ for goods and services to be within Sefton whilst 20% stated that their main markets were elsewhere in Merseyside. Only 15% considered ‘elsewhere in the UK’ as the main market for their goods and services, and only 4% considered their main market to be overseas.

Figure 4-7: Main markets for products and services



Source: SQW analysis of business survey (n = 800)

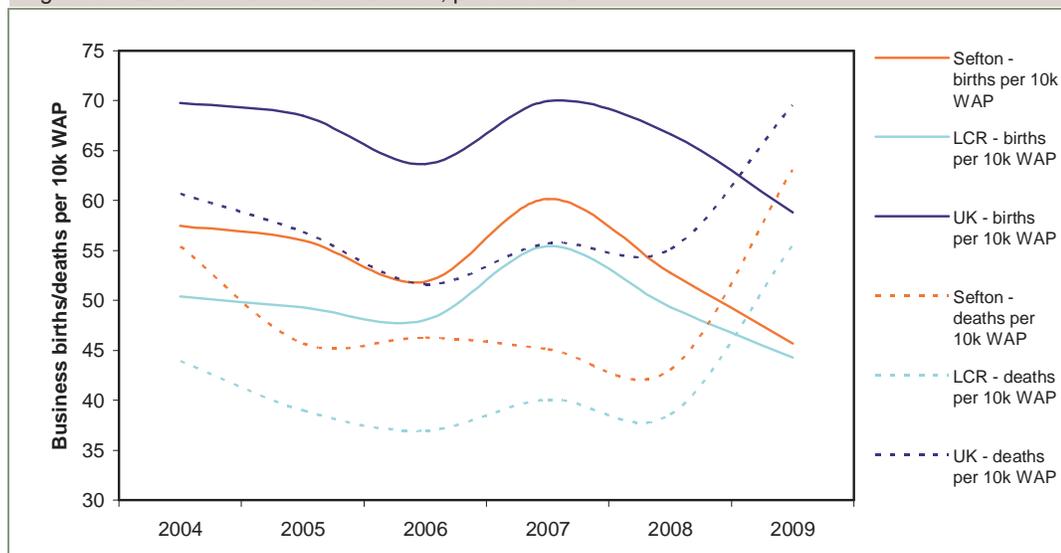
- 4.24 The business survey results suggest that supply chains patterns are polarised. Supply chains were reported as highly local by one-third of respondents, who sourced 75-100% of goods/services from suppliers in Sefton (supply chains were found to be more localised in Central Sefton, where 34% of respondents from this area sourced 75-100% of inputs from suppliers in Sefton). On the other hand, almost half the respondents reported that less than 25% of their inputs (by value) were sourced from suppliers in the Borough; these respondents were spread across the Borough. For those sourcing inputs mainly from outside Sefton, the majority of these supplies come from elsewhere in Merseyside or elsewhere in the UK (outside the North West).

Enterprise

Business start-ups, failures and survival

- 4.25 As noted earlier, enterprise is one of HM Treasury's five drivers of productivity; business births per 10,000 WAP provide a useful measure of local enterprise. Sefton has tended to create more new businesses per head of the population than the LCR (see Figure 4-8, below), but both absolute and relative performance has declined recently, and by 2009 start-up rates in Sefton were similar to the LCR average. Both LCR and Sefton have underperformed against the UK rate. Business death rates have also been higher across the UK; as might be expected, business death rates increased sharply between 2008 and 2009 in all three geographies, but they have been consistently higher in Sefton than for the wider LCR average.

Figure 4-8: Business birth and death rates, per 10k WAP



Source: ONS

- 4.26 Sefton’s performance on business survival, as assessed by taking a cohort of newly-established businesses and tracking this over time, has been broadly in line with elsewhere. Two-thirds of the ‘2003 cohort’ of businesses were found to be trading in 2006, a proportion which was broadly in line with the national average and slightly above that for the LCR as a whole.

Social enterprise

- 4.27 A social enterprise is ‘a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners’ (DTI, 2002). The sector is very diverse, and includes co-operatives, credit unions, housing associations, community development trusts, social firms and community businesses. Social enterprises can be part of the voluntary, community and faith (VCF) sector, but are businesses rather than informally structured groups.
- 4.28 Sefton appears to have a strong VCF sector: Sefton CVS produces an annual ‘State of the Sector’ report, which draws on evidence gathered from over 1,300 known VCF Sector organisations and projects, based in or operating within, Sefton. Data for 2009/10²⁸ showed that:
- The main areas of work for the VCF Sector in Sefton are children and families (27%), older people (23%) and information, advice and guidance (18%)²⁹. Children and young people (aged 0-25) are the principal beneficiaries of VCF sector services provided in Sefton. There appears to be greater service provision in the north of the Borough than the south.

²⁸ <http://www.seftoncv.org.uk/>

²⁹ Percentages shown refer to those organisations reporting one area or more of service delivery

- VCF sector organisations employ almost 3,400 full-time and over 2,100 part-time paid staff operating within Sefton. In addition to paid staff, there are 13,800 volunteers and 3,400 committee members who give their time and expertise without pay. Overall, 31% of responding organisations have full-time staff, 33% have part-time staff and 69% work with volunteers.
 - Donations and collections, fund raising events and activities, membership subscriptions and the Local Authority are the most common sources of funding, with some indication of a move away from reliance on grant funding and towards more sustainable income generation (defined as either internal sources, the general public or from Governing and/or Umbrella bodies).
- 4.29 It is important to distinguish between the trading elements of the VCF sector (i.e. social businesses) and the funding-dependent VCF organisations. The main categories of *social businesses* in Sefton are health and social care (25%), arts and creative industries (20%), education and training (15%) and business support (12%)³⁰. Under the new Government agendas of Big Society and localism, the potential role of (and opportunities for) social businesses in delivering larger contracts for service delivery is significant, and this sector also has the potential to create jobs (alongside the private sector) for those made redundant from the public sector.
- 4.30 More detailed research has also been done in the south Sefton wards which fall in the Sefton and Liverpool Enterprise Growth Initiative (SLEGI)³¹: this found 14 ‘existing’ or ‘partial’ social enterprise organisations in the Derby and Linacre wards in 2007, and a further 17 ‘aspirant’ social enterprises. The South Sefton Development Trust has supported the start-up of 85 new social enterprise businesses, which have created 456 new jobs in the area since it was set up in 2007³².

Innovation

- 4.31 Innovation is also one of HM Treasury’s drivers of productivity, although this is difficult to measure at LAD level using published data. As a proxy, we assessed the proportion of businesses and employees in Knowledge Intensive Businesses (KIBs)³³. This is one of LCR’s key priorities to enable the transformation of the economy, and the recently published LCR Knowledge Economy Plan identifies Sefton as having strengths in creative and digital industries and ‘strong secondary clusters’ of financial and professional services.
- 4.32 As illustrated in Figure 4-9, Sefton has a slightly higher proportion of KIB *business units* (12.5%) than LCR (11.9%), but KIBs are under-represented in both compared to the national average (13.6%).
- 4.33 Sefton has a lower proportion of *employees* in KIBs (8.3%) than both the LCR and national averages. If we unpick the data further, this shows that the highest number of KIB employees (over 4,200) was in ‘monetary intermediation’ and ‘other financial intermediation’ sub-

³⁰ Source: Amion (2007) Sefton-Liverpool Enterprise Growth Initiative - A report to Sefton MBC

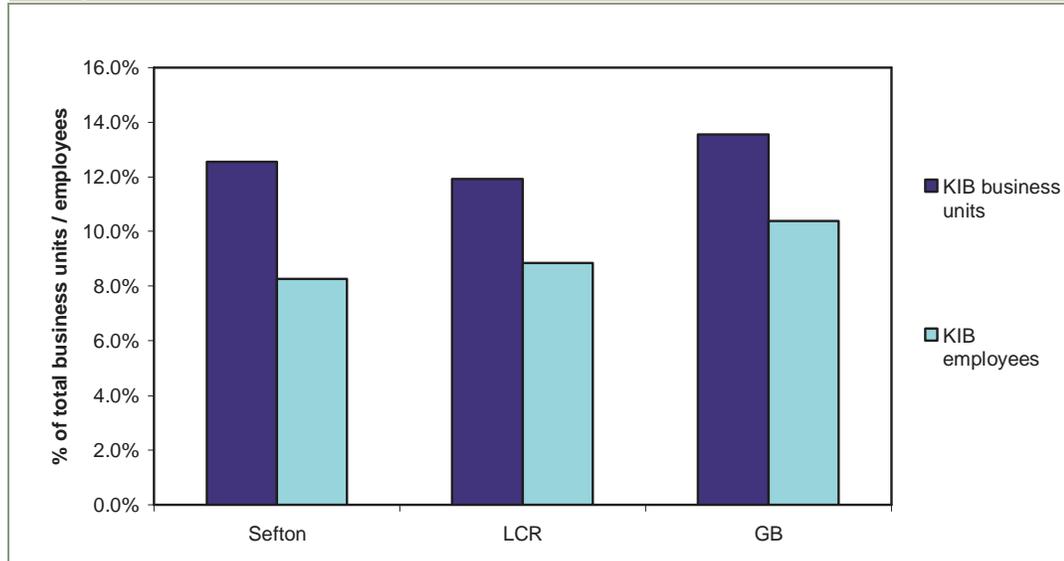
³¹ Source: Amion (2007) Sefton-Liverpool Enterprise Growth Initiative - A report to Sefton MBC

³² South Sefton Development Trust data, received March 2011

³³ OECD definition

sectors in 2008, which accounts for 5% of all employees in the Borough (cf 2% for Great Britain as a whole). Between 400 and 500 employees are in ‘activities auxiliary to insurance and pension funding’ and ‘architectural and engineering activities and related technical consultancy’, although the share of jobs in these sub-sectors is below the national average.

Figure 4-9: Proportion of business units and employees in Knowledge Intensive Businesses, three year average 2006-2007



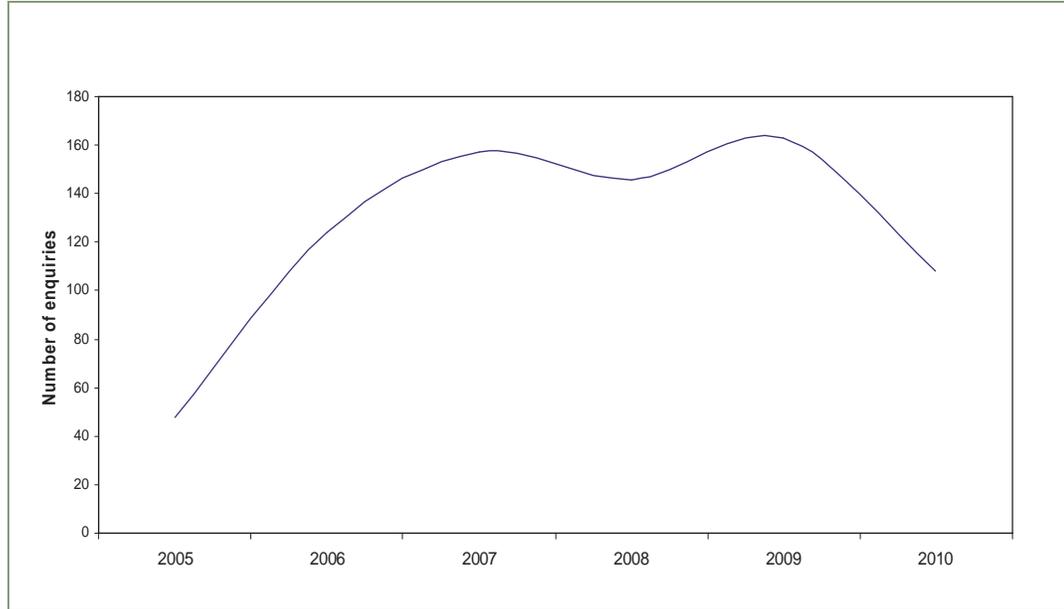
Source: ABI workplace analysis. Notes: a three year average figure has been given to avoid fluctuations in sampling year on year.

Inward Investment

- 4.34 Since 2005, Sefton has received just over 750 inward investment enquires, averaging 124 each year and peaking – perhaps surprisingly – at 163 in 2009³⁴. The largest share of enquires has been from firms in the construction sector (10%), followed by ‘other manufacturing’ (8%), ‘other services’ (7%), leisure (7%) and food (6%). Fewer enquiries were received from higher value added activities such as finance and professional services (5%), creative industries including for R&D functions (5%), environmental activities including renewables (4%), energy (2%) and life sciences including R&D functions (1%).

³⁴ Source: The Mersey Partnership

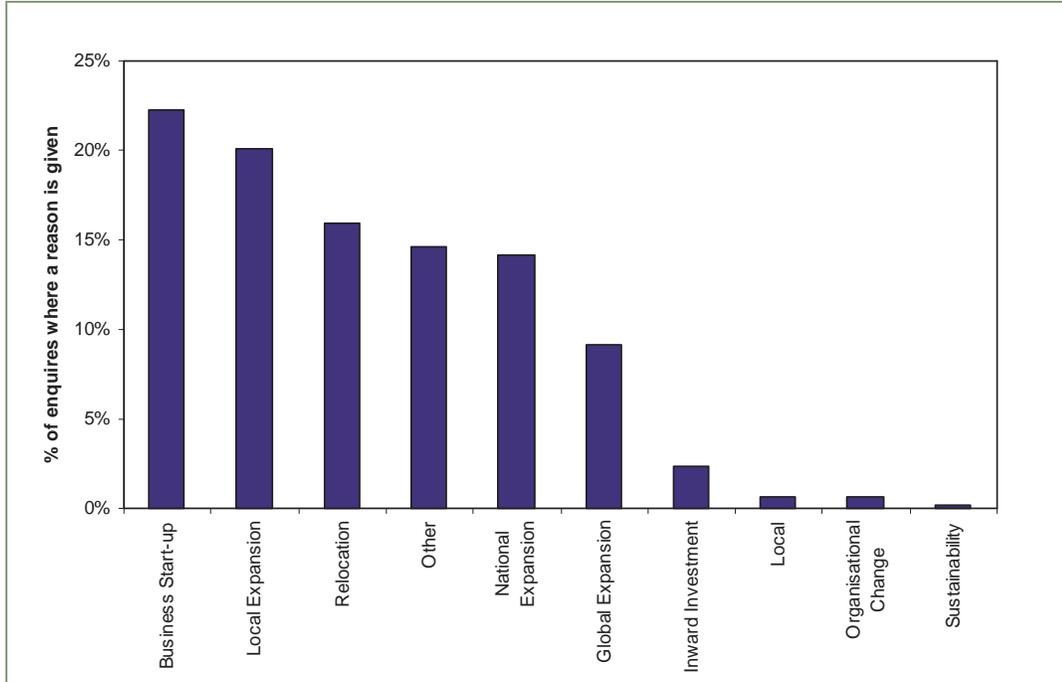
Figure 4-10: Number of enquiries into Sefton



Source: TMP

- 4.35 The most common reasons for an enquiry are for business start-ups, local expansion and relocation. Encouragingly, 23% of enquiries relate to the national or global expansion of firms.
- 4.36 The data show that 16% of these enquiries are classified as ‘completed’ (i.e. are successful) and a further 27% are currently live projects or have an announced date for investment. Of those that are completed, a small number have created 500+ jobs, for example in construction services, public services and business contact centres. Sefton has been particularly successful in attracting retail activities, with new stores opening in Aintree (for example M&S, Boots, Best Buy, Next and Laura Ashley), Litherland (for example Tesco), and Southport (for example H&M), and in attracting leisure investments, such as Southport’s ‘The Waterfront’ at Ramada Plaza. Industrial investments include the Liverpool Produce Terminal, which created over 250 jobs, and Peel’s plans to invest £300m in a Post Panamax facility at Seaforth (see Section 6 for more detail). There have also been a number of other investments which have not yet created a large number of jobs, but are strategically important to the Borough, such as Fujitsu, DACSA (which is in the process of investing £2m into the Seaforth Plant), and Santander (creating 130 new jobs in Customer Services).

Figure 4-11: Reason for enquiry (2005-present)



Source: TMP

4.37 As noted in the Introduction, attracting inward investment is a core component of the Government’s new plan for growth. Sefton needs to consider its future plans for attracting inward investment carefully. With the loss of public sector jobs, there is a clear need for the private sector to generate employment opportunities. The business survey found that a substantial proportion of Sefton’s indigenous businesses intend to grow but Sefton, in common with other places, has many lifestyle and other small businesses with limited growth ambition. Attracting inward investment could provide an opportunity to bring in new private sector jobs, either linked to the port developments or elsewhere in the Borough. Sefton is considered to be an attractive place to live by partners consulted for the LEA, with a high quality of life, schools and services, and residential environments (particularly in Central and North Sefton); a strength which could be ‘packaged’ to present an attractive offer to inward investors. This will have implications for employment land and premises, potential energy demands and infrastructure capacities (see Sections 6 and 7), which will need to be weighed against the need and opportunity to create employment opportunities.

5: Work and Skills

Key messages

Key messages arising from the evidence on work and skills are as follows.

- On educational performance, Sefton has consistently outperformed national levels since 2005, but is an importer of pupils from outside the Borough in some areas, and the average disguises very low attainment levels (especially in numeracy and literacy) of residents in some wards.
- Sefton has a higher proportion of residents qualified to degree level or above compared to the LCR average (but below the UK) and this level has increased over the last five years. The Borough also has a higher share with no qualifications compared to the UK average, but this shows signs of improvement.
- Sefton's employment rate is considerably higher than the LCR average, but the deficit with the UK has widened since the onset of the recession.
- Sefton residents are more likely to be employed in lower level occupations (such as administration, sales and personal services) than the national average.
- The productivity of those working in Sefton is considerably below the national average, and the gap has progressively widened over time. Furthermore, the productivity of a worker in Sefton is lower than their national counterparts in each service sector.
- A high number of jobs are in the public admin, education and health sector and the distribution, hotels and restaurants sector – these sectors are over-represented in Sefton compared to the national average.
- Sefton has a smaller share of jobs in the private sector than the national average, and the number of private sector jobs has fallen over the last five years.
- Liverpool is a strong pull for employed residents of Sefton, followed by West Lancashire, especially for those in higher level occupations.
- Earnings in Sefton are below the national average, and workplace earnings are particularly low.
- Unemployment remains a key issue, especially in South Sefton, but the number of NEETs appears to be falling. A higher proportion of those who are economically active in Sefton want a job compared to LCR and the UK. Sefton has a lower proportion of vacancies per head of the population. The business survey suggests an improvement in economic conditions is the key factor in encouraging them to recruit more of Sefton's workless population.

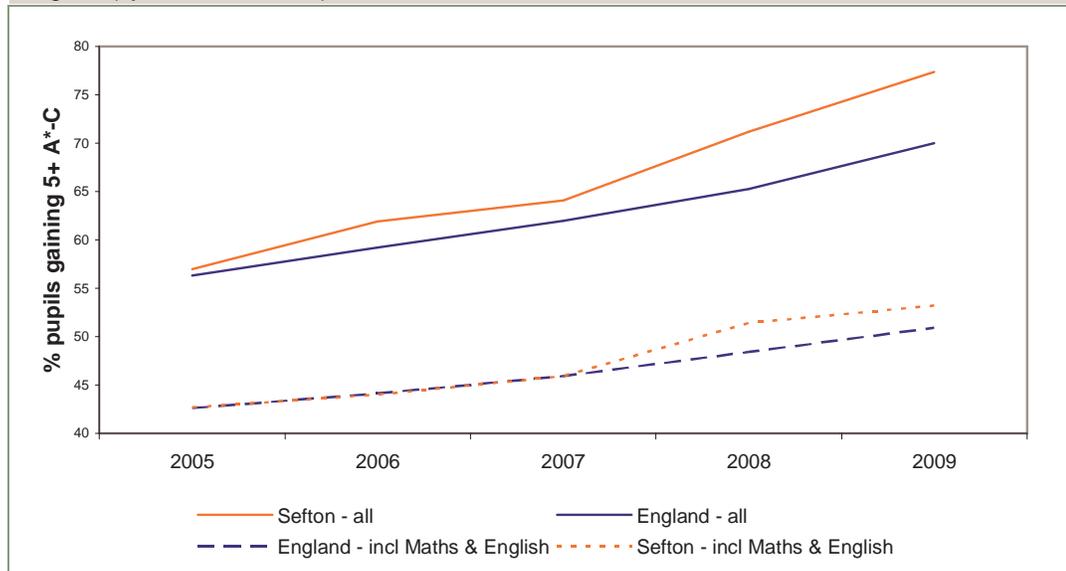
Introduction

- 5.1 In this section, we assess Sefton’s performance in terms of educational achievements and skills, work (from both residence and workplace perspectives), travel to work patterns, earnings and worklessness.

Education and Skills

- 5.2 GCSE results in Sefton have consistently outperformed national levels since 2005, as shown in Figure 5-1. In 2009, around 77% of pupils in schools in Sefton achieved five or more A*-C grades, compared to 70% in England. More recently, schools in Sefton have also outperformed the national average for the proportion of pupils achieving five or more A*-C grades including Maths and English.

Figure 5-1: GCSE and equivalent results, percentage of pupils gaining - achieving 5+ A*-C – Sefton and England (by location of school)

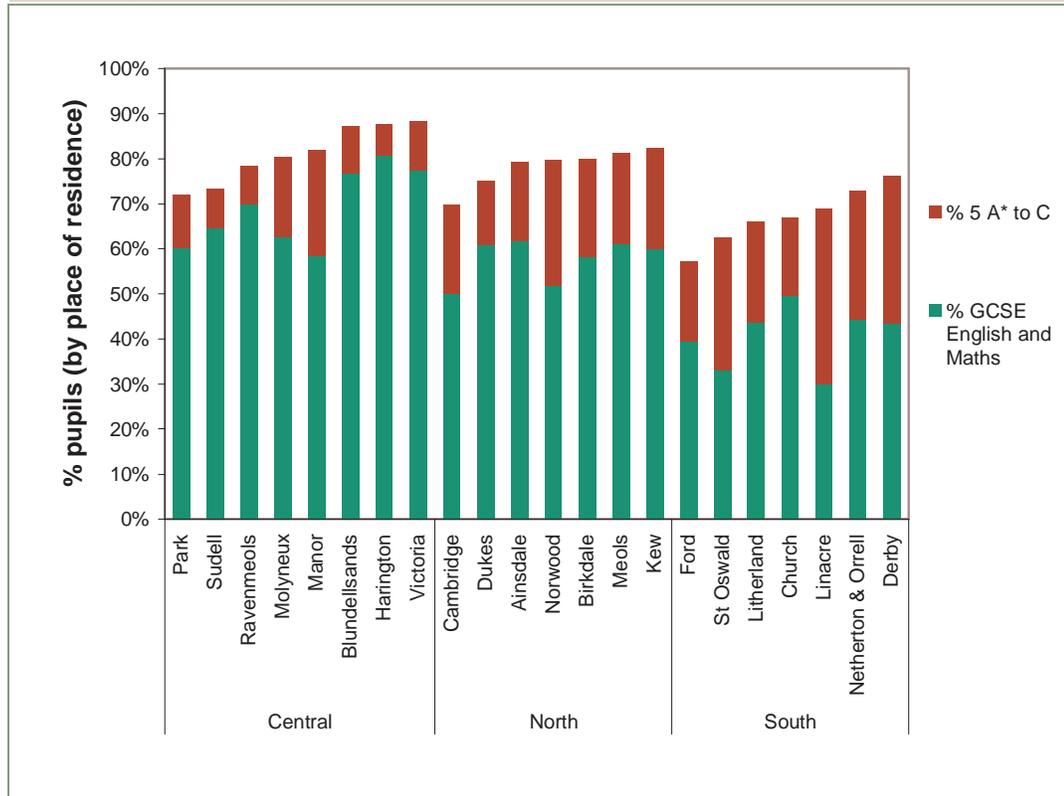


Source: Department for Education

- 5.3 A finer-grained analysis of the data suggests, however, that GCSE performance across the Borough is mixed. Schools in Bootle³⁵ underperform against England when Maths and English are taken into account; 41.5% pupils achieved five or more A*-C grades in Bootle in 2009 compared to 51% in England (and 53% in Sefton as a whole).
- 5.4 Furthermore, although *schools* in Sefton are generally performing strongly, the picture is somewhat different when looking at the GCSE attainment data according to the residential location of *pupils who live in the Borough*, as shown in Figure 5-2. Attainment levels for pupils in South Sefton are generally well below those of pupils from the North and Central areas, both overall and including Maths and English.

³⁵ Parliamentary Constituency

Figure 5-2: GCSE and equivalent results, percentage of pupils gaining - achieving 5+ A*-C – Sefton (by location of pupil residence)



Source: Department for Education

5.5 Turning to adult skills, the proportion of working age residents of Sefton with no qualifications (13.0%, equivalent to 22,000 working age people) in 2009 was broadly consistent with the UK level, and well below that of the LCR, as shown in Table 5-1. The proportions of working age residents of Sefton with NVQ 4+ (equivalent to a degree or higher) and NVQ 3 qualifications were well above the LCR averages, although the proportion with NVQ 4+ was below the national level in 2009; just over 26% in Sefton (equivalent to 44,300 working age people) compared to almost 30% for the UK.

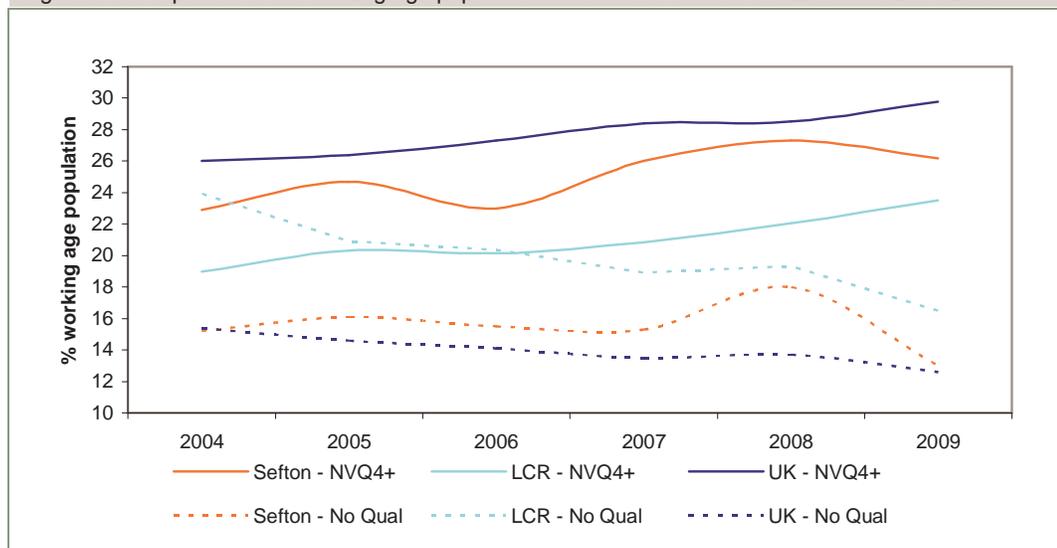
Table 5-1: Proportion of the working age population by highest qualification level (2009)

	Sefton	Liverpool City Region	UK
NVQ 4+	26.2	23.5	29.8
NVQ 3 only	17.6	14.7	15.4
NVQ 2 only	20.0	20.8	16.0
NVQ 1 only	13.7	15.0	13.4
No Qualifications	13.0	16.5	12.6

Source: Annual Population Survey

5.6 The proportion of Sefton’s working age residents with higher level skills (NVQ4+ qualifications) has, however, increased in the last five years; 26% in 2009 compared to 23% in 2004. Also, the proportion of residents with no qualifications has reduced; 13% in 2009 down from 15% in 2004 (representing an absolute reduction of 3,100 residents).

Figure 5-3: Proportion of the working age population with NVQ4+ and No Qualifications 2004-2009



Source: Annual Population Survey

- 5.7 Four Further Education colleges are located in Sefton: Southport, Hugh Baird, King George V (which out-performs the national average in terms of A Level achievements) and Arden Colleges. But there is no University and the Borough can offer only limited HE opportunities. That said, a number of Universities are in very close proximity, including Liverpool University, Liverpool John Moores and Edge Hill. Forging links between Sefton's residents and businesses and these HEIs (and indeed, HEIs elsewhere) will become increasingly important to raise higher level skills and innovation levels, which in turn will contribute to raising the productivity and earnings of Sefton's residents.
- 5.8 Businesses in Sefton are more likely to invest in developing their staff than the LCR and UK averages. Latest available data show a higher proportion of employees/self-employees in Sefton engaged in work-based training in 2009-10; the rate of 15.5% compares favourably to 13.9% across the Liverpool City Region and 13.3% for the UK as a whole. Anecdotal evidence from partners suggested that some light industry and engineering firms in the South of the Borough, have found it hard to find the required skills, and as a result are up-skilling their own staff.
- 5.9 However, anecdotal evidence also suggests that leadership and management skills, particularly around how to take the business forward in many of Sefton's family-run businesses, are low. This is particularly the case with regard to the utilisation of ICT, use of emails to communicate with markets and using the internet to access suppliers. So, whilst Sefton firms do invest in their staff, there appears to be a gap in investment in management. If addressed, this could make a substantial contribution to improving the productivity – and potentially exporting capacity – of many firms.

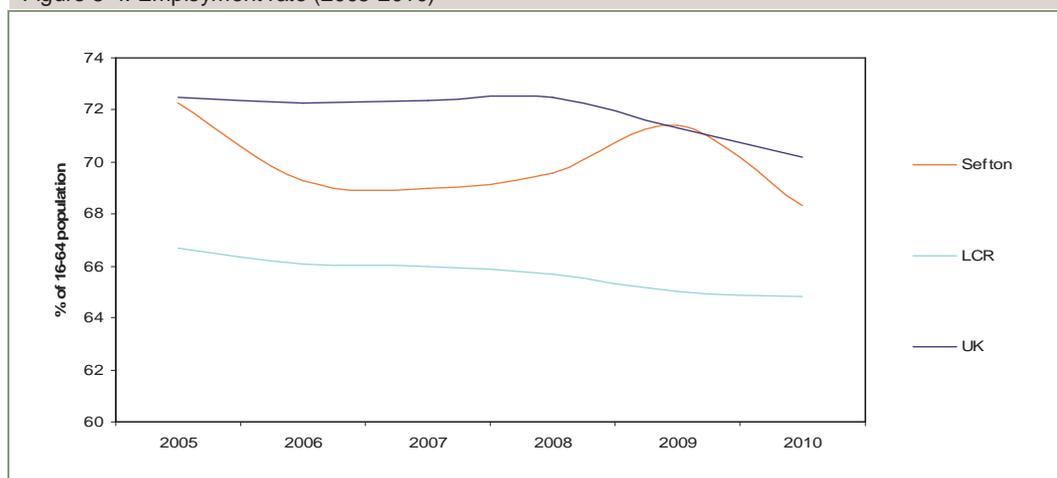
Work

Residence based perspective

Employment rates

- 5.10 The employment rate of Sefton’s residents has lagged behind the national level in most recent years, as shown in Figure 5-4. The gap closed in 2009, but re-opened in 2010 when the rate in Sefton stood at 68.3% (equivalent to 114,500 working age people) compared to 70.2% in the UK. However, the employment rate in Sefton has remained well above that for LCR as a whole.
- 5.11 Of those in residence in employment in Sefton in 2010, 8.7% were self-employed, slightly below the average for the City Region (9.7%).
- 5.12 A slightly higher proportion of those in employment work part-time (26.2%, equivalent to c.30,000 working age people) than the national average (25.6%) and correspondingly a smaller share work full-time (73.7% in Sefton, compared with 74.2% nationally).

Figure 5-4: Employment rate (2005-2010)



Source: Annual Population Survey

- 5.13 The sharp reduction in the employment rate in Sefton between 2009 and 2010 shows the impact of the recession on employment in the Borough. There were 1,500 fewer employed residents in Sefton in 2010 compared to 12 months before. This impact was of course felt nationally as well as across the City Region, but it was more pronounced in Sefton, which saw a 3.1 percentage point (pp) contraction in the employment rate compared to falls of 0.2pp for LCR and 1.1 pp across the UK.
- 5.14 As might be expected from this, the level of economic activity (those in work, or actively seeking work) also fell over 2009-10 in Sefton (shown in Table 5-2, below). Again, the shift was more evident in Sefton than for the City Region and national comparators; indeed the level of economic activity in LCR continued to rise between 2008 and 2010. By 2010, the level of economic activity in Sefton was around 1.3pp below the national level, compared to 0.5pp in 2005.

Table 5-2: Economic activity rate (2005-2010)

	2005	2006	2007	2008	2009	2010
Sefton	76.7	73.2	73.9	73.7	77.0	74.9
Liverpool City Region	71.3	70.9	71.9	70.5	71.1	72.0
UK	76.2	76.4	76.5	76.5	76.6	76.2

Source: Annual Population Survey

Employment rates of Equalities Groups

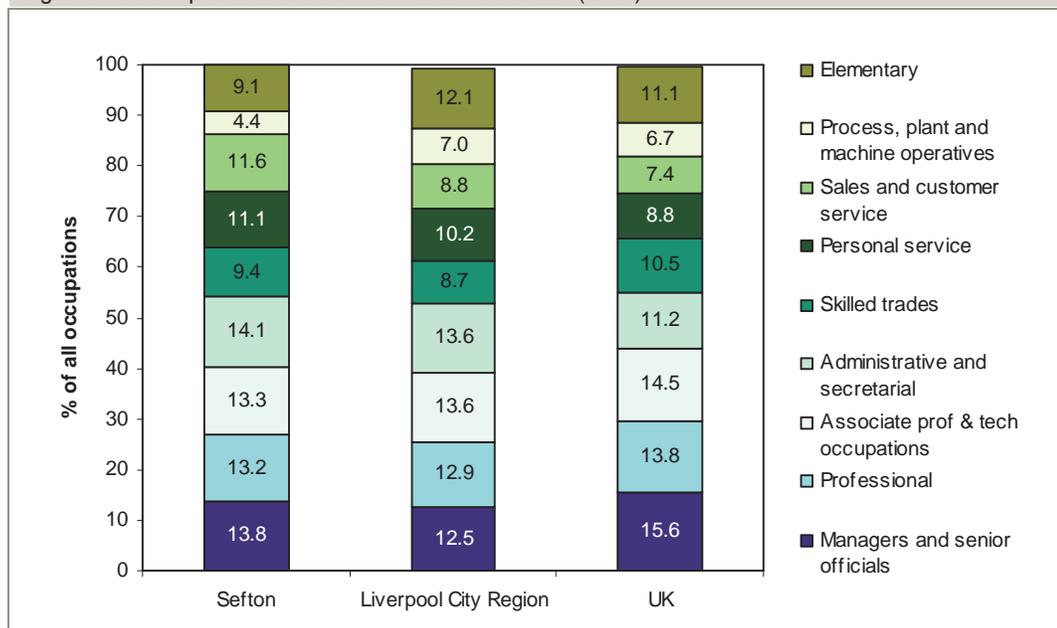
- 5.15 The employment rate of those aged 16-24 at 50.1% is broadly in line with the national average, but the proportion of those aged 50+ in employment is notably lower than the national average (34.5% in Sefton, against and 38.3% nationally). The employment rate of both men and women aged 50+ in Sefton is lower than the UK, but the gap is slightly wider for women.
- 5.16 Whilst the employment rate of white UK nationals in Sefton (69.4%) is slightly below their national counterparts (71.7%), ethnic minority UK nationals in Sefton are much more likely to be employed (84.9%) than the national average (60.9%) and the same is true for the ethnic minority non-UK population³⁶. Sefton under-performs, however, in the employment rate of white non-UK nationals, where 60.3% are employed compared to a UK average of 75.3%.
- 5.17 The data also suggest that men are more likely to be employed than women in Sefton (with employment rates of 73.5% and 65.4% respectively in 2009/10) as is the case across the UK. But men in Sefton are slightly less likely to be in employment than their national counterparts whereas the employment rate of women in Sefton matches the national average.
- 5.18 The employment rate of Sefton's disabled population (aged 16-64) was 48.8% in 2009/10, in line with the national average.

Occupations of residents in work

- 5.19 The residence-based occupational structure of Sefton in 2010 (that is, the type of jobs held by people who live in Sefton) is set out in Figure 5-5. The Borough has a lower proportion of residents in the managerial and professional occupations than nationally, with a higher rate of administrative, sales and personal services. In parts of the Borough, a low-skills equilibrium appears to exist, with low occupation, low value added, low skills and low wage jobs – and businesses that compete on price are attracted to the area because of low cost staff. This is a demand- and a supply-side issue, and highlights the need to ensure that the local education and training systems provide a supply of skilled labour that might enable the development of higher value added activities. It will involve partners working closely with businesses (and potential inward investors) to ensure that the skills provision meets the needs of businesses that operate in higher productivity activities (and therefore provide the opportunities for Sefton's residents to work in higher level, higher wage occupations).

³⁶ More detailed employment data for ethnic minority groups is suppressed/incomplete at the LAD level

Figure 5-5: Occupational structure of Sefton's residents (2010)



Source: Annual Population Survey

Migrant workers

- 5.20 Over the previous eight years, the average annual NINo registrations³⁷ of adult overseas nationals entering the UK was 900 in Sefton, and 6,100 in the LCR as a whole. These numbers have declined recently, perhaps in response to more limited work opportunities; there were approximately 700 in 2009/10 (accounting for 12% of the LCR total) compared to over 1,000 each year between 2004/05 and 2007/08. While not all these people will necessarily stay to work in the local area, they represent an opportunity for local businesses to access new labour and skills.
- 5.21 A study on Migrant Workers in Sefton (2006) provides supplementary analysis of data from the Workers Registration Scheme (WRS)^{38,39}. This found that there were over 1,345 migrants living and working in Sefton in 2006, with more than half of these in Southport. Many of the WRS migrants working in West Lancashire also live in Southport. Migrant workers were attracted to the Borough for employment in sectors such as agriculture, food processing, the care industry, hotels and catering, and manufacturing, and many were in low skilled and low paid employment. The evidence suggested that there was little evidence of labour market displacement, and that employers valued the availability, skills and strong work ethic of migrants. The majority of migrants in Sefton at the time of the study were young adults, and around half originated from Poland.
- 5.22 The study found that the overall economic impact of migrant workers is positive and that migrant workers are important for economic development in Sefton, especially in the North of the Borough. There is also anecdotal evidence from local partners to suggest migrants

³⁷ National Insurance Number Allocations to Overseas Nationals (NINo) registrations

³⁸ Since 2004, migrants must register for the WRS if they intend to work for an employer for more than one month and are from the following countries: Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland; Slovakia; or Slovenia

³⁹ CLES (2006) Sefton Migrant Study

(especially those from South Africa who have located to Southport) have invested in the area and taken up opportunities to start a business. Whilst migrant labour has had a positive impact on Sefton's economy, the demand for private rented accommodation has been intense (especially in Southport), and there has been increased demand for services such as schools, doctors, dentists and social services and, at times in some places, wider issues relating to social cohesion have arisen.

- 5.23 This evidence on the impact of migrant workers on the economy of Sefton, the reliance of some places/sectors in the Borough on migrant labour, and more recent statistics showing that the number of migrants has fallen in recent years, suggests that some related issues for Sefton's productive potential (i.e. potential workforce) as the Borough comes out of recession.

Work-place based perspective on jobs located in Sefton

Number of jobs

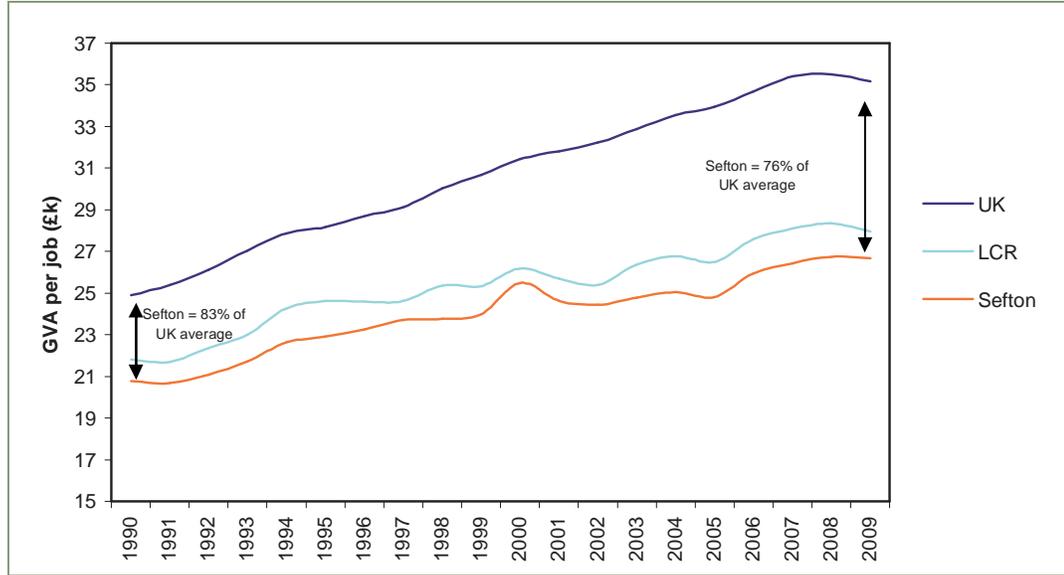
- 5.24 In 2010, Sefton accommodated about 104,000 jobs⁴⁰, which represented 16% of all jobs in the LCR. Between 1993 and 2002, the number of jobs in Sefton increased rapidly, by 1.8% pa (0.7pp pa above the UK and 1.0pp pa above the LCR), but since the 2002 peak, the number of jobs has fallen back to 1990 levels (a fall of 1.3% pa, compared to -0.2% pa for LCR and +0.4% pa for the UK).

Productivity

- 5.25 We have seen that, at least until 2009, the residents of Sefton have had a relatively high level of engagement in the labour market, and that most are equipped with some skills (even if the proportion with degree equivalent qualifications is below average). They are also more likely than average to be involved in workplace training. How does this relate to the overall level of productivity in the Borough? In 2009, average productivity (GVA) per job in Sefton was £26,700, below the LCR average (£28,000) and that for the UK (£35,200). As illustrated in Figure 5-6, the gap in productivity per job between Sefton and the national average has widened progressively over the last two decades, from 83% of the national average in 1990 to only 76% of the UK in 2009. Below, we discuss how changes in the sectoral and occupational composition have had an important influence on local productivity performance.

⁴⁰ Total jobs, rather than FTE

Figure 5-6: Productivity (GVA per job)



Source: SQW analysis of CE data

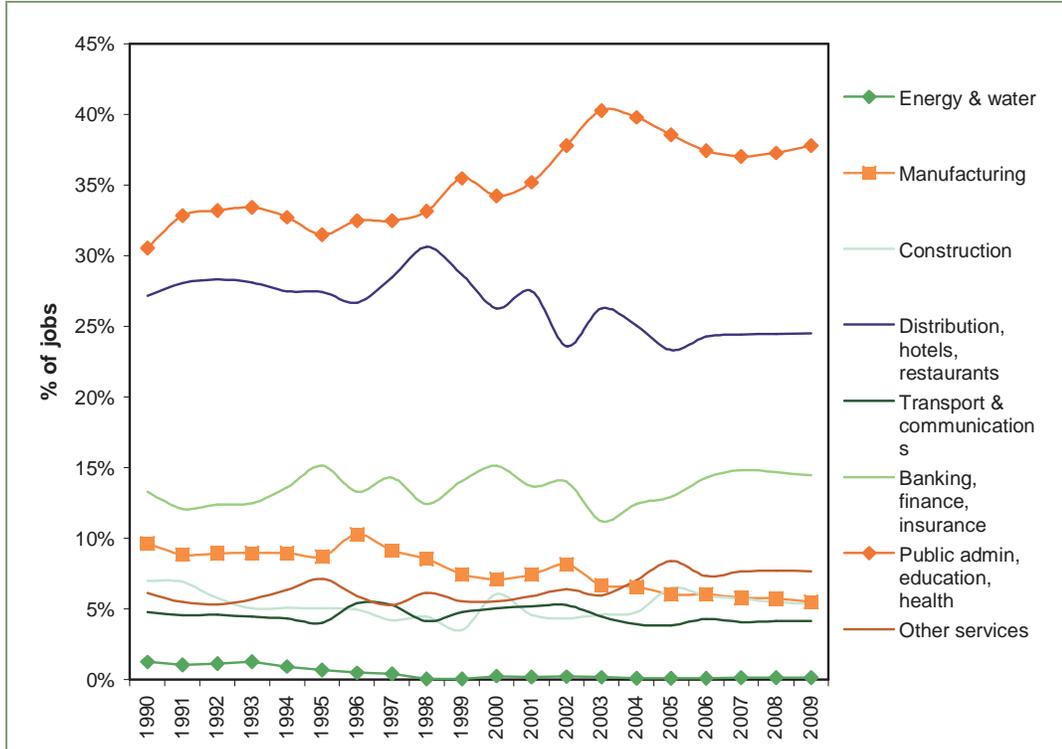
Sectoral composition of jobs

- 5.26 In 2009, the public admin, education and health sector and the distribution, hotels and restaurants sector accounted for the largest share of jobs based in Sefton (38% and 25% respectively)⁴¹. These two sectors have consistently accounted for the greatest share of jobs over the last two decades, although distribution, hotels and restaurants has seen a slight decline whereas the proportion of jobs in public administration, education and health has continued to rise.
- 5.27 The sectors which are over-represented relative to the UK average are: public admin, education and health sector (with a Location Quotient (LQ)⁴² of 1.5); distribution, hotels and restaurants (LQ of 1.1); other services (LQ of 1.2).

⁴¹ Please turn to Section 4 for more finer disaggregation of sectors and spatial distribution of sectors across the Borough

⁴² A LQ value of <1 indicates under-representation compared to the UK, and a value of >1 indicates over-representation compared to the UK

Figure 5-7: Proportion of jobs by sector in Sefton (workplace based data)



Source: SQW analysis of CE data

Public and private sector

5.28 ONS has published a more detailed analysis of employees (rather than jobs) in the public and private sectors, dating back to 2003. In 2008, the private sector in Sefton accounted for 71% of all employees (approximately 64,000 employees), compared to 74% in LCR and 80% on average across the UK. Over the last five years, the number of private sector employees has fallen in Sefton by 6%, whereas in LCR the number increased slightly (by 2%).

Table 5-3: Private and public sector employees

	% change 2003-2008		% of employees in 2008	
	Private sector	Public Sector	Private sector	Public Sector
Sefton	-6%	-17%	71%	29%
LCR	2%	-3%	74%	26%
UK	5%	3%	80%	20%

Source: ONS analysis of ABI data

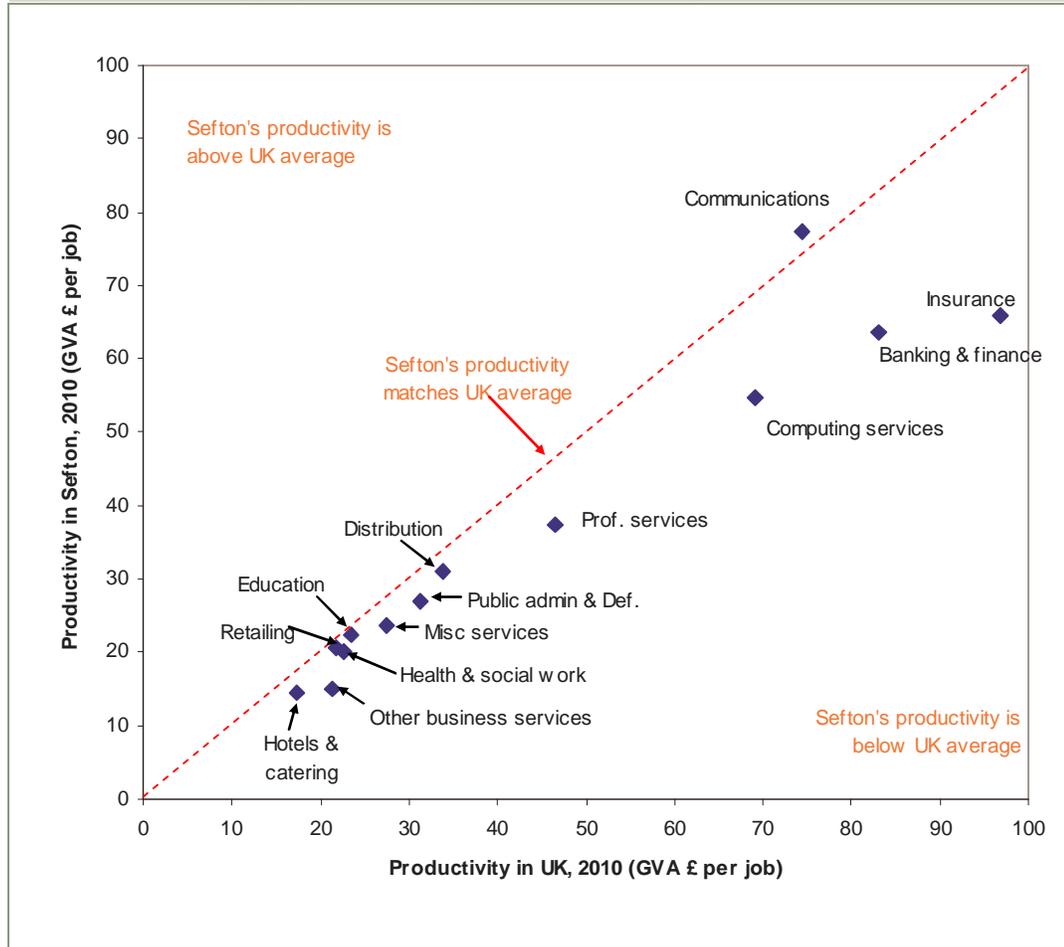
5.29 The full extent of public sector job losses in Sefton remains to be seen, but there have already been some announcements of the need to make public sector redundancies (e.g. potentially around 1,000 jobs at SMBC) which have been compounded by recent private sector job losses through the recession. Partners in the Borough – as elsewhere – have expressed concern that the transition from the public to private sector will be difficult for many workers. A key concern in Sefton is that the quality and pay of jobs on offer in Sefton is relatively low, whereas a significant proportion of those being made redundant from the public sector have

been working in higher level occupations. This could lead to ‘under-employment’ issues in Sefton, or the risk of losing higher qualified workers if they cannot find suitable work in Sefton or the wider LCR.

Productivity by sector

- 5.30 The sectors which account for a large (and relatively over-represented) share of jobs in Sefton include many lower productivity jobs, for example, productivity is £27,000 per job in public admin and defence, £20,000 per job in health and social work and £14,400 in hotels and catering. At the other end of the scale, jobs in banking, finance and insurance which are under-represented in Sefton (with a LQ of 0.7) have a much higher average productivity, between £63,500 and £66,000 per job.
- 5.31 Not only does Sefton have an over-representation of jobs in lower productivity sectors, but jobs *within* most sectors are less productive in Sefton than they are nationally. Figure 5-8 compares the productivity per job in each tertiary sector for Sefton (on the y axis) and the UK (on the x axis). If a sector is below the diagonal line, this means that productivity of a job in that sector in Sefton is below the average productivity for that sector nationally.
- 5.32 The diagram shows that in the lower productivity jobs, such as public admin and other business services, Sefton generates slightly less GVA per job than the UK average. However, the difference in performance is much greater in higher productivity sectors, where Sefton’s productivity performance is further away from the UK average; for example, an employee in finance and business in Sefton generates only 77% of the GVA that would be typical for an employee in this sector across the UK as a whole. The implication is not necessarily that local people are performing poorly in equivalent jobs in Sefton, though this could be a factor relating to skills - it is more likely that the composition (i.e. the mix, functions, activities and quality of jobs within the sector) provides the major part of the explanation.

Figure 5-8: Productivity per job in Sefton compared to the UK average, 2010



Source: SQW analysis of CE data

Occupations of workers

- 5.33 Whilst the analysis up to paragraph 5-19, focused on the economic activity of *residents* in Sefton, not all these people work in Sefton (as noted earlier and shown in the data on commuter flows later in this section). Here we focus on the occupations of *workers* in Sefton in order to understand why Sefton under-performs in terms of workplace GVA. This analysis shows that the types of activities undertaken by workers in Sefton, within the sectors above, are more likely to be lower-level (and therefore lower paid) functions (such as personal services, sales and customer services) than the national average, and less likely to be managerial or senior official occupations (which are likely to be higher paid, and higher productivity jobs). See Annex G for more details.

Recruitment of workers

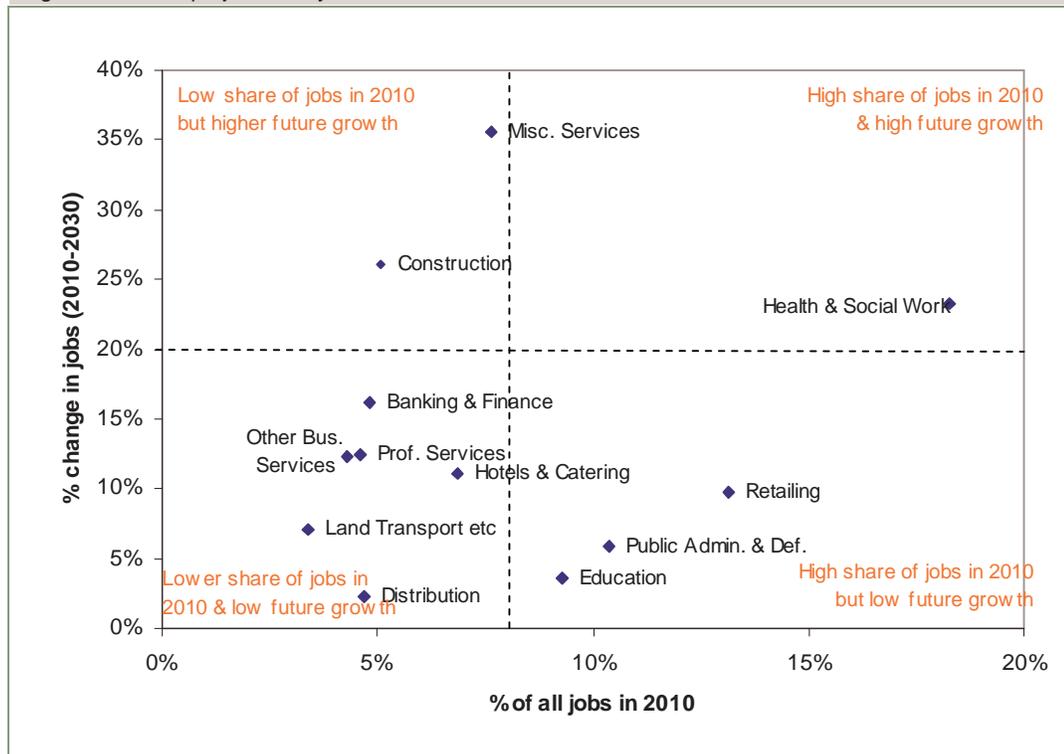
- 5.34 As part of the business survey, firms were asked where they recruit staff. A high proportion of firms (87%) reported that they recruit locally (within Sefton) for *professional, managerial and technical staff*; three-quarters of those responding recruited between 75% and 100% of staff at this level from within the Borough. With regard to *non-professional staff*, over 90% of businesses recruited at least some of their staff from within the Borough; again, just over

three-quarters confirmed that the majority (75-100%) of their non-professional staff were recruited locally. Approximately one-fifth of businesses said they recruit some of their professional staff from elsewhere within Merseyside, less than 10% recruited from within Lancashire, and less than 5% from elsewhere in the North West, elsewhere in the UK or overseas.

Future jobs and productivity projections

5.35 In future, the key ‘job creating’ sectors in Sefton are expected to be health and social work, retailing, miscellaneous services and construction. Together, these sectors are expected to create 80% of all additional jobs between 2010 and 2030⁴³. Health and social work, and miscellaneous services already account for a relatively large share of jobs in Sefton (see Figure 5-9) but, as demonstrated above, these are typically low value added jobs. Banking and finance is expected to grow by 16% by 2030, which could provide an opportunity to improve the economic performance of Sefton’s economy, provided the jobs are more productive, and probably at a higher occupational level. A range of other sectors currently account for a relatively small share of jobs, and are not expected to grow substantially over the next 20 years – these include a mix of high and low productivity jobs, such as professional and other business services, and distribution.

Figure 5-9: Jobs projections by sector for Sefton



Source: SQW analysis of CE data

5.36 The implication of the anticipated sectoral shifts, assuming that composition does not change, is that Sefton’s productivity deficit will persist through to 2030, when GVA per job would be £37,800 compared to a national average of £53,100. This means that not only will the

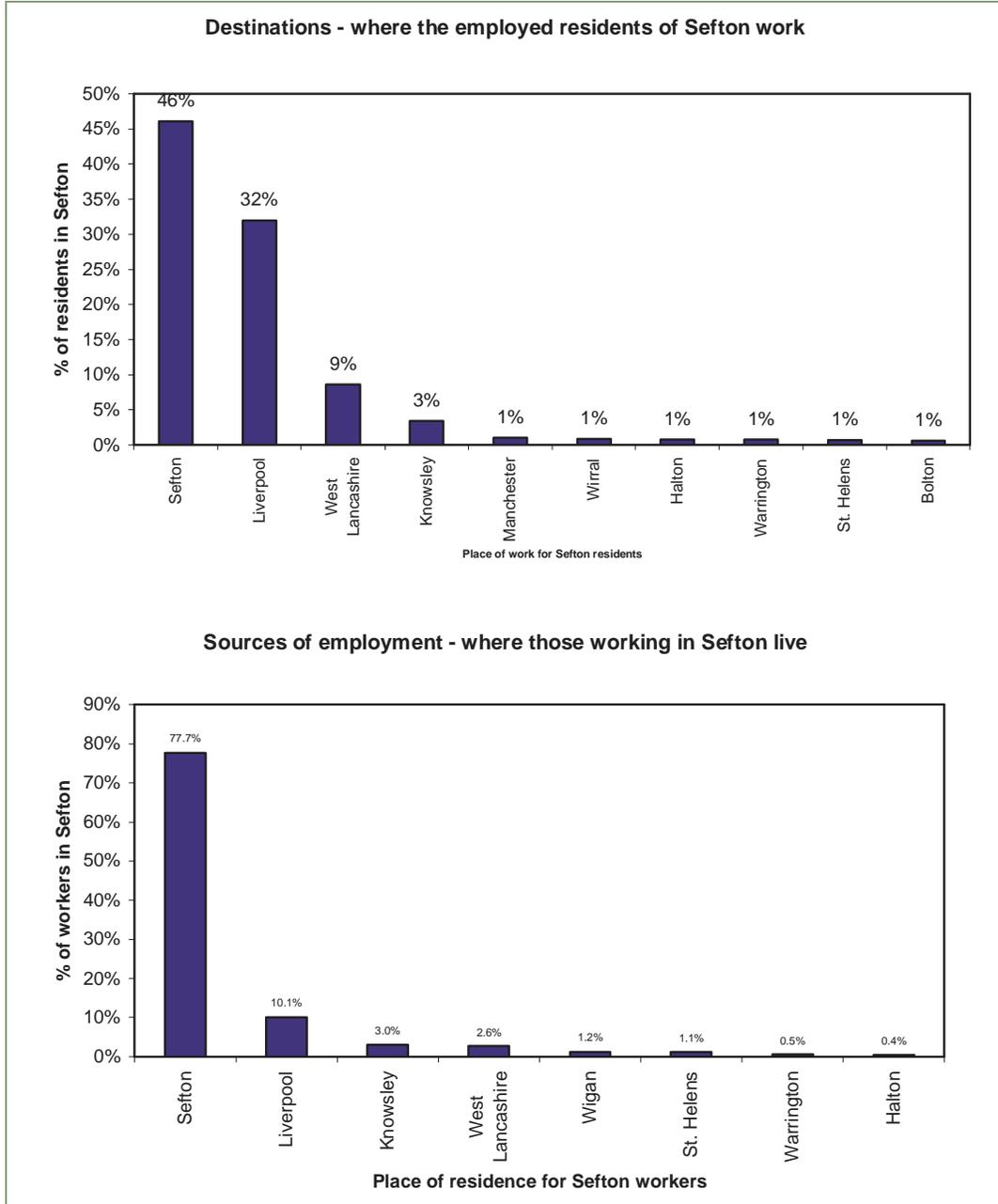
⁴³ Source: Cambridge Econometrics projections

productivity gap persist, but it will also widen; the figure for Sefton represents 76% of the UK level in 2010, but would fall to 72% of the UK by 2030.

Travel to work patterns

- 5.37 Commuting flows are an important indicator and determinant of functional economic linkages and local economic performance, and given Sefton's proximity to Liverpool, are crucial to understanding Sefton's economic performance.
- 5.38 The latest data for 2008 shows that Sefton has a self-containment of 46%, i.e. the proportion of the employed residents of Sefton that works in the Borough. This is the second lowest level in the Liverpool City region, behind Knowsley. Both Sefton and Knowsley are characterised by high levels of commuting to Liverpool; approaching one-third of employed residents in Sefton work in Liverpool, and a further 9% in West Lancashire. Of all those working in Sefton, 78% live and work in the Borough, and 10%, almost half of those in-commuting, travel in from Liverpool.
- 5.39 These data suggest (i) that Sefton's economic performance rests heavily on the skills and performance of its residents who work in the Borough and (ii) that the relationship to Liverpool is key to the Borough's performance, with Liverpool being the most important external source of employment for Sefton's people, and the most notable source of external labour for its enterprises. The performance of Liverpool in future, and its ability to grow its private sector, attract inward investment, and create jobs, will therefore have a significant impact on the prosperity of many of Sefton's residents. The future prosperity of Sefton will not be driven solely from within the Borough, and will depend to some degree on the success of neighbouring economies (including Liverpool, West Lancashire – and potentially even Manchester and Warrington). Future strategy will need to take these links fully into account, exploiting their potential in joint-working with LCR partners, and maximising the extent to which Sefton benefits from the LCR's 'transformational' projects.

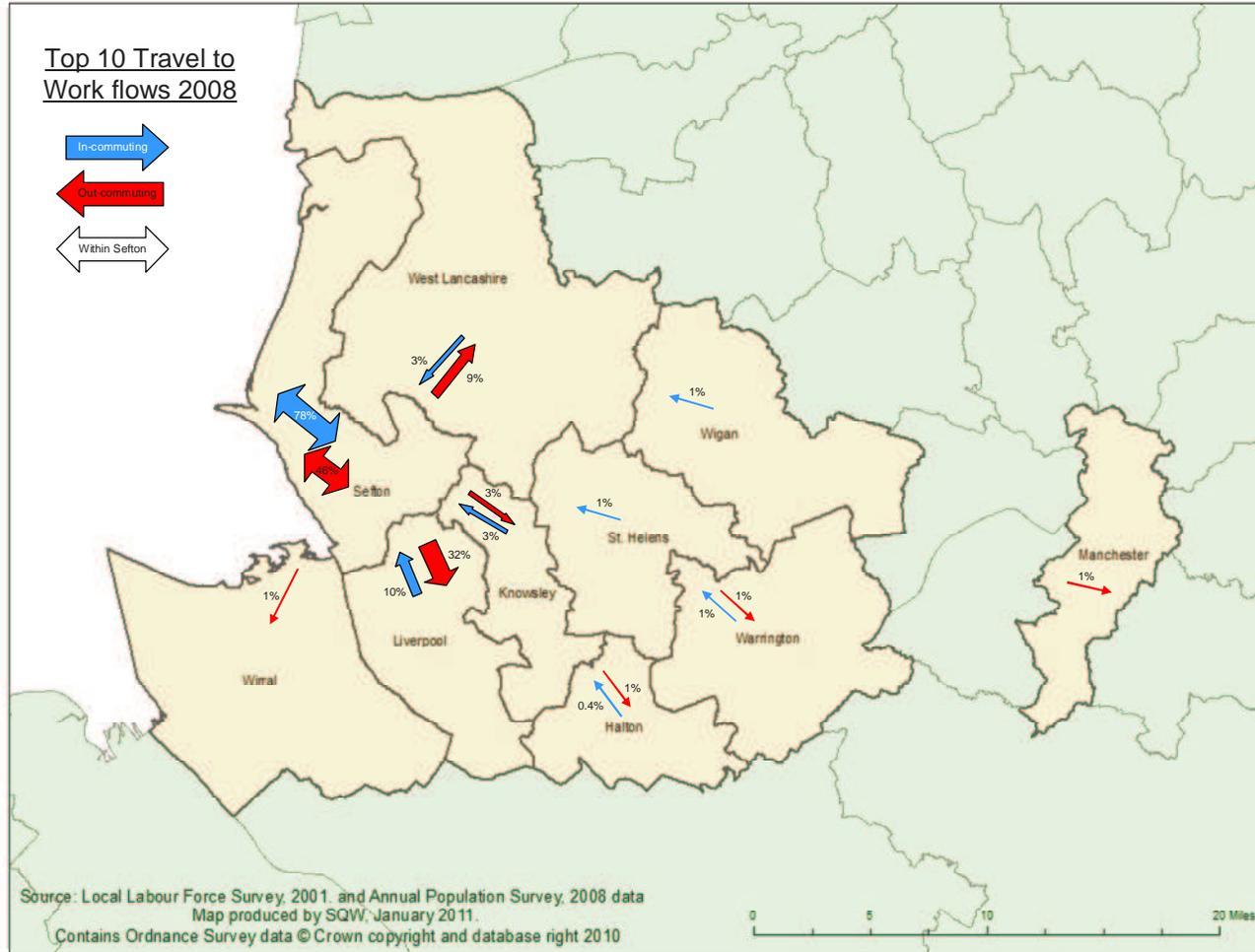
Figure 5-10: Travel to Work movements



Source: Annual Population Survey

5.40 The principal flows to and from Sefton are presented graphically in Figure 5-11. The red arrows represent *out-flows* of Sefton’s residents to work (and their destinations); the blue arrows represent *in-flows* of people into Sefton to work (and their place of origin/residence). The double headed arrows represent flows *within* Sefton.

Figure 5-11: Travel to work patterns



Source: SQW

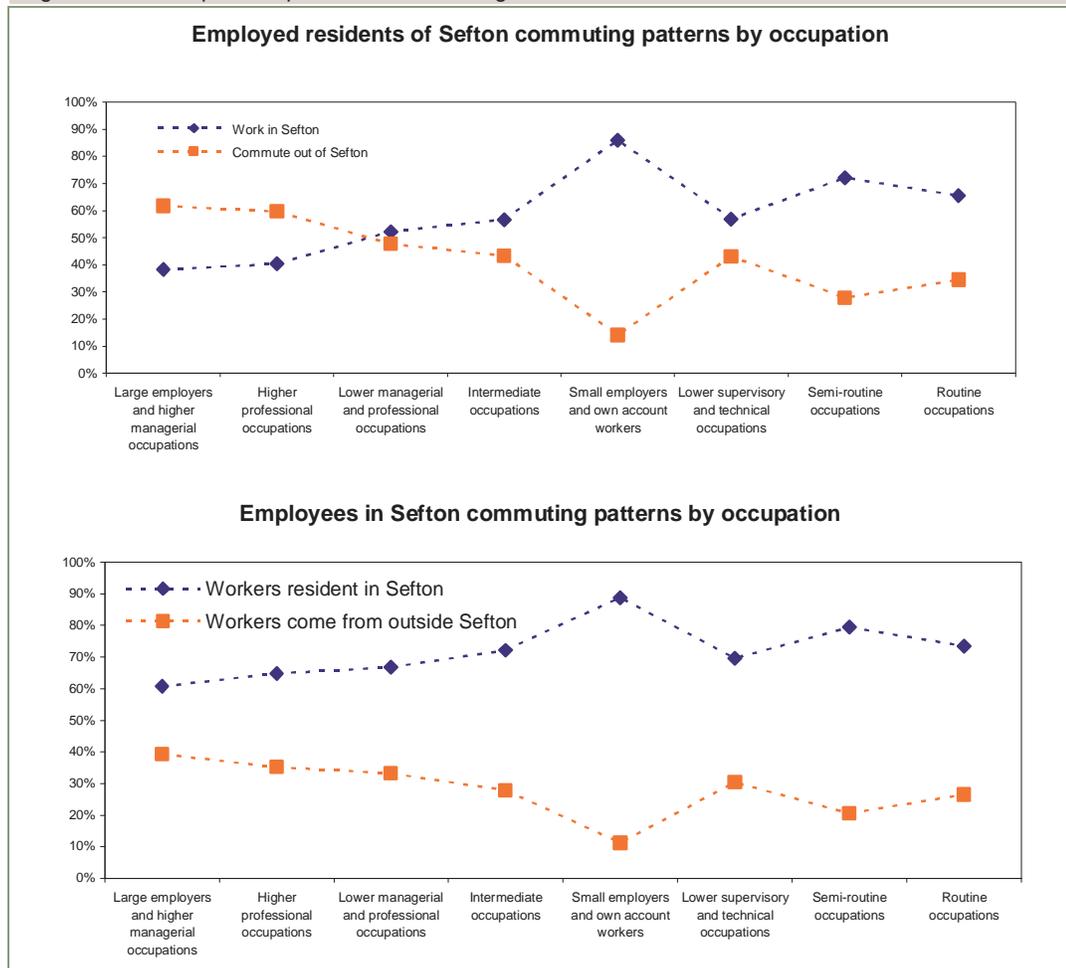
5.41 Commuting flows however vary considerably across types of job and occupational groups as shown in Figure 5-12. This figure is based on earlier data from the Census 2001, the most up-to date source for more detailed commuting data.

5.42 These trends in Sefton are in line with what is generally to be expected, with higher earners willing to travel further to work; although the detailed picture is complex, the data also suggest that:

- Sefton’s residents in high-level occupations are more likely to work outside than inside Sefton: a split broadly of 60/40 for large employers and higher managerial occupations. In contrast, Sefton’s residents in lower-level occupations are more likely to work in the Borough
- for higher-value occupations in Sefton, it is more likely that employees will come from outside the area.

5.43 Taken together, these factors point to Sefton’s interdependence with other areas being particularly marked for those working at in higher level occupations. From the data set out earlier, this will be particularly marked for the Sefton-Liverpool relationship.

Figure 5-12: Occupational patterns in commuting to/from Sefton



Source: Census 2001

5.44 As set out in Table 5-4, patterns of commuting to/from Sefton also varied by sector.

Table 5-4: Sectoral patterns in commuting to/from Sefton

	Residence-based		Workplace-based	
	Self-contained	Out-commuting	Live in Sefton	Live outside Sefton
Agriculture, hunting, forestry and fishing	70%	30%	85%	15%
Mining and quarrying, manufacturing, and electricity, gas and water supply	46%	54%	66%	34%
Construction	65%	35%	77%	23%
Wholesale and retail trade, repairs	66%	34%	77%	23%
Hotels and restaurants	78%	22%	83%	17%
Transport, storage and communications	52%	48%	66%	34%
Financial intermediation	54%	46%	65%	35%
Real estate, renting and business activities	52%	48%	75%	25%
Public administration and defence, social security	53%	47%	63%	37%
Education	65%	35%	77%	23%
Health and social work	66%	34%	75%	25%
Other	70%	30%	78%	22%

Source: Census 2001

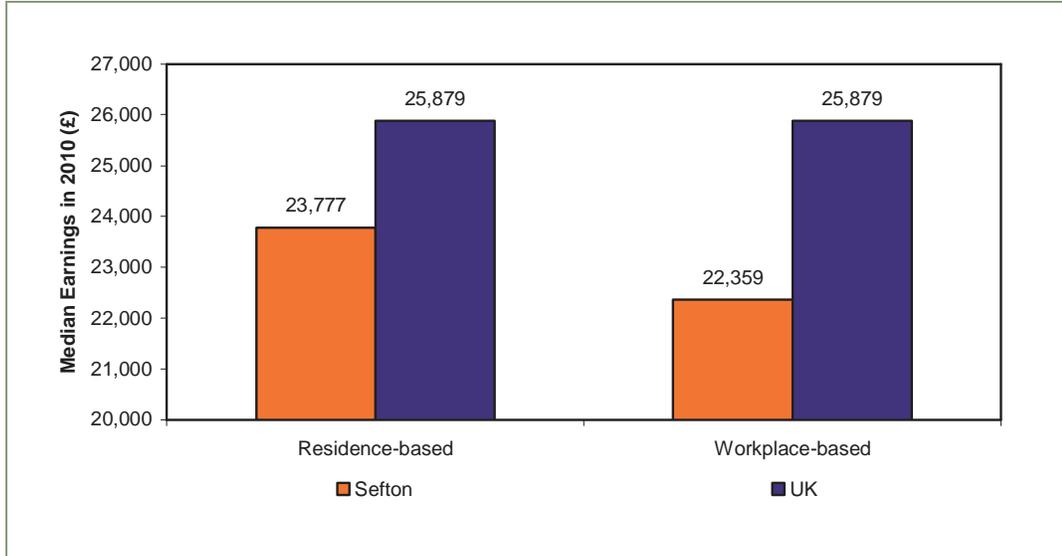
5.45 The Census 2001 data suggested that car travel was by some margin the most common mode of travel to work to/from Sefton i.e. 48% of those who live and work in Sefton drove a car to work (compared to a national average of 55%), as did 68% of those leaving the Borough to work and 71% of in-commuters.

Earnings

5.46 Both residence and workplace based earnings in Sefton have risen broadly in line with the national trend over the past five years, with workplace and residence around 10% higher in 2010 than 2006. However, both workplace and residence earnings of full time workers in Sefton remain well below national levels. (Figure 5-13). So, whilst Sefton's residents perform well at school, this does not currently translate into well-paid local employment.

5.47 Furthermore, average residence-based earnings of full time workers in Sefton are 6% higher than work-place earnings i.e. people who live in the Borough earn on average around £1,500 p.a. more than those who work there. Partners in the Borough have found that low workplace earnings have made it difficult to 'make work pay' and encourage the local workless populations back into employment.

Figure 5-13: Residence and workplace earnings (Full Time) in Sefton and UK (2010)



Source: Annual Survey of Hours and Earnings

5.48 As shown in Figure 5-14, workplace earnings in Sefton are below those in other parts of the Liverpool City Region; for example, workplace earnings in Sefton are 85% of Halton’s workplace earnings, and 87% of workplace earnings in Liverpool. The exception is Wirral which has lower workplace earnings than Sefton and also has lower workplace earnings than resident earnings, owing to a high level of out-commuting.

5.49 Resident earnings in Sefton are broadly in line with Knowsley, Liverpool and St. Helens.

Figure 5-14: Residence and workplace earnings (Full time) across the Liverpool City Region (2010)



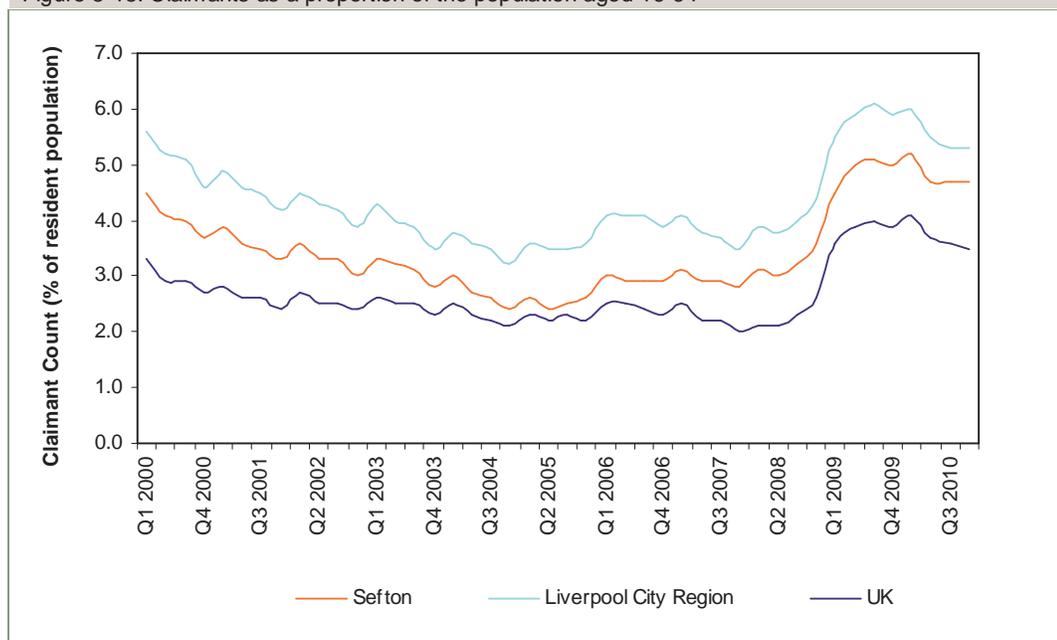
Source: Annual Survey of Hours and Earnings

5.50 On average, women in Sefton earn 67% of men’s gross weekly earnings (on a residence basis, full-time and part-time), which is above the national average of 64%. But for full-time workers only, women’s gross weekly pay is 79% of men’s (compared with the UK average of 82%).

Worklessness

- 5.51 The Claimant Count provides an indicative measure of unemployment, covering people claiming Job Seekers Allowance and National Insurance credits. As shown in Figure 5-15, the proportion of the resident population aged 16-64 claiming these benefits in Sefton is considerably higher than in the UK as a whole, although is slightly below the LCR average.
- 5.52 The number of benefit claimants in Sefton increased sharply from 2007; the rate went from 2.8% in November 2007 to 4.7% in November 2010, in aggregate terms an increase of around 3,300 claimants (from 4,728 in November 2007 to 8,032 in November 2010). The trend in Sefton has mirrored that of the UK and across the City Region, but there is concern amongst partners in Sefton that a series of ‘waves’ of redundancies from the public sector will hit the Borough harder than elsewhere in the UK where employment is less dependent upon the public sector. This points towards the need to understand the types of individuals that will ‘churn’ quickly back into employment, those who will decide to use their redundancy package to start-up a business, and those at risk of falling into long-term unemployment.

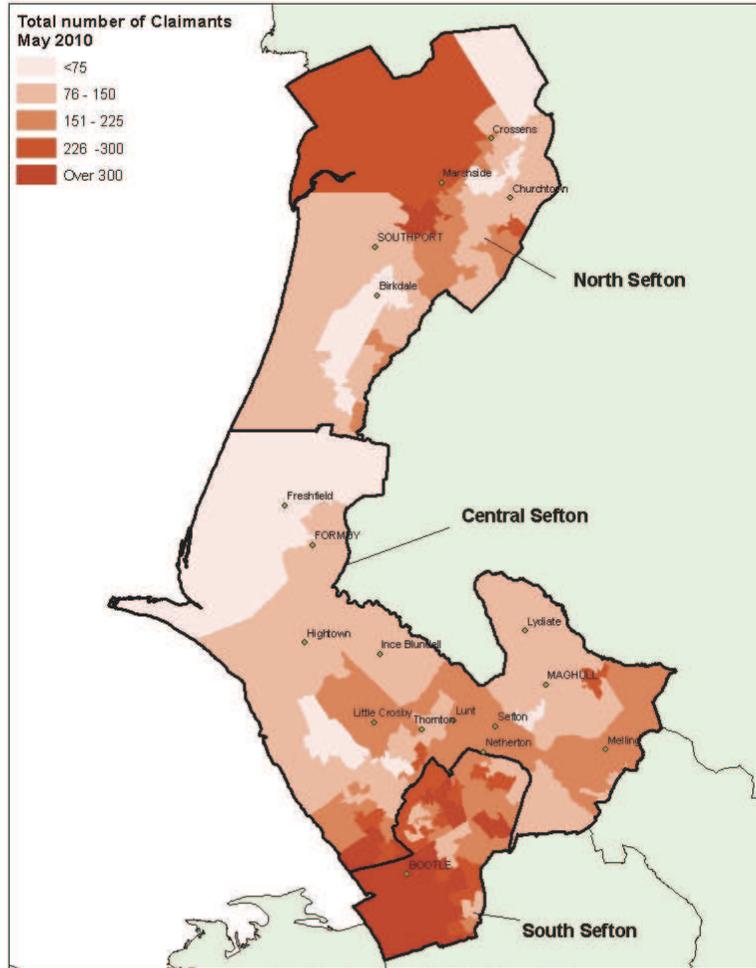
Figure 5-15: Claimants as a proportion of the population aged 16-64



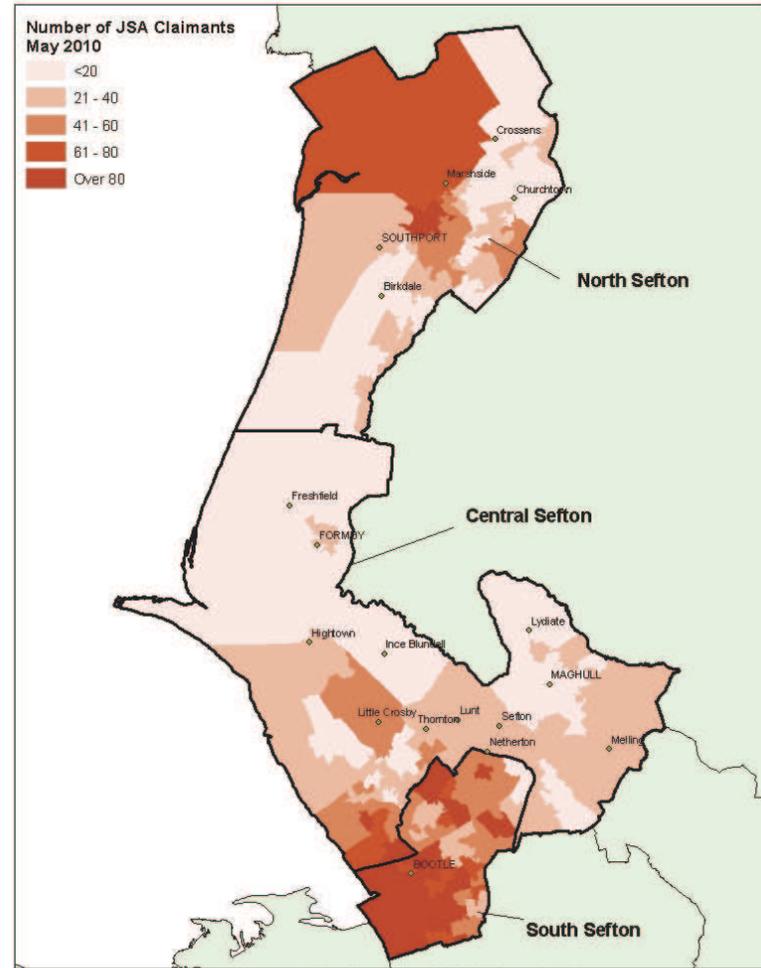
Source: ONS

- 5.53 The claimants rate, both overall and specifically for Job Seekers Allowance, varies markedly across the Borough as illustrated in Figure 5-16, with the majority of claimants being located in South Sefton. Here, local partners point to serious issues of inter-generational, long-term and engrained cultures of worklessness, particularly in these southern parts of the Borough. Mental health issues are also cited as a barrier to work amongst Sefton’s unemployed. Consultees were concerned that it had not proved possible to resolve these issues in the recent period of economic growth, when there had been significant public sector investment and regeneration, and that it would be extremely difficult to engage these groups in the coming years. Partners also noted a potential tension between helping those that are closer to the labour market to find jobs (eg those who have recently been made redundant), and assisting those future away from the workforce (such as the inter-generational workless populations).

Figure 5-16: Number of unemployment claimants and JSA claimants by Super Output Area, May 2010



Source: DWP data. Map produced by SQW, February 2011.
Contains Ordnance Survey data © Crown copyright and database right 2010

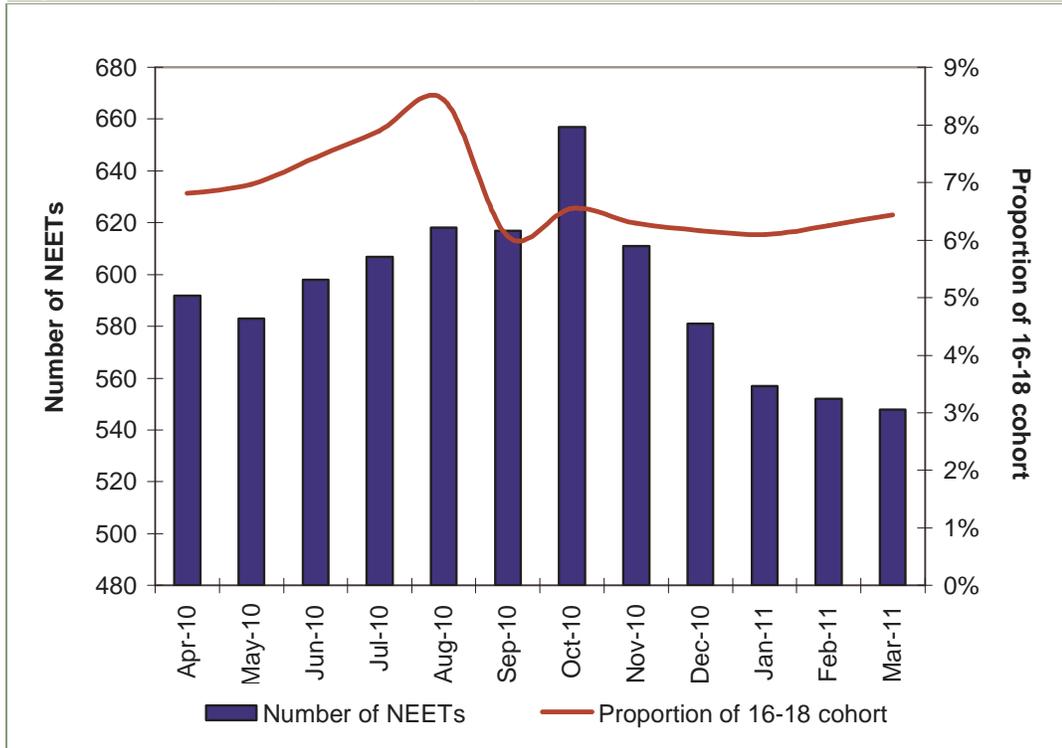


Source: DWP data. Map produced by SQW, February 2011.
Contains Ordnance Survey data © Crown copyright and database right 2010

Source: DWP

5.54 The most recent data (March 2011) identified around 548 16-18 year olds in Sefton who were NEET (Not In Employment, Education or Training), just over 6% of the total age cohort. This is lower than all other LADs in LCR average but slightly above the England average of 6.1%. Encouragingly however, this is the lowest level seen in Sefton over the last 12 months as shown in Figure 5-17. While employment may have become harder to find, some may have faced this problem by actively pursuing further education or training.

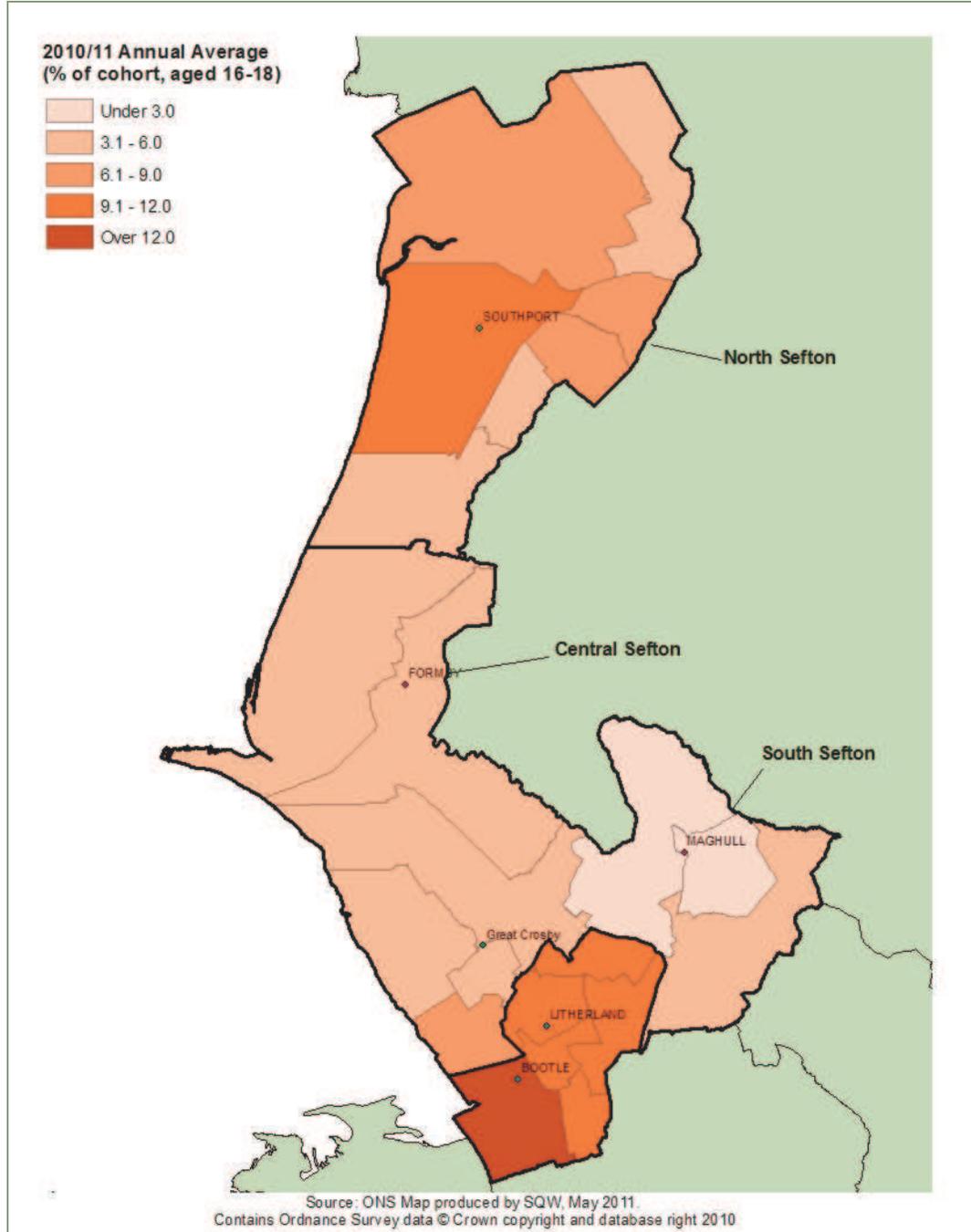
Figure 5-17: Number and proportion of 16-18 year olds who are NEET in Sefton



Source: Connexions

5.55 A ward breakdown of NEET data shows that the highest proportion of NEETs (as a percentage of the 16-18 cohort in each ward) is found in the South of the Borough around Bootle and Litherland, with pockets in the North around Southport.

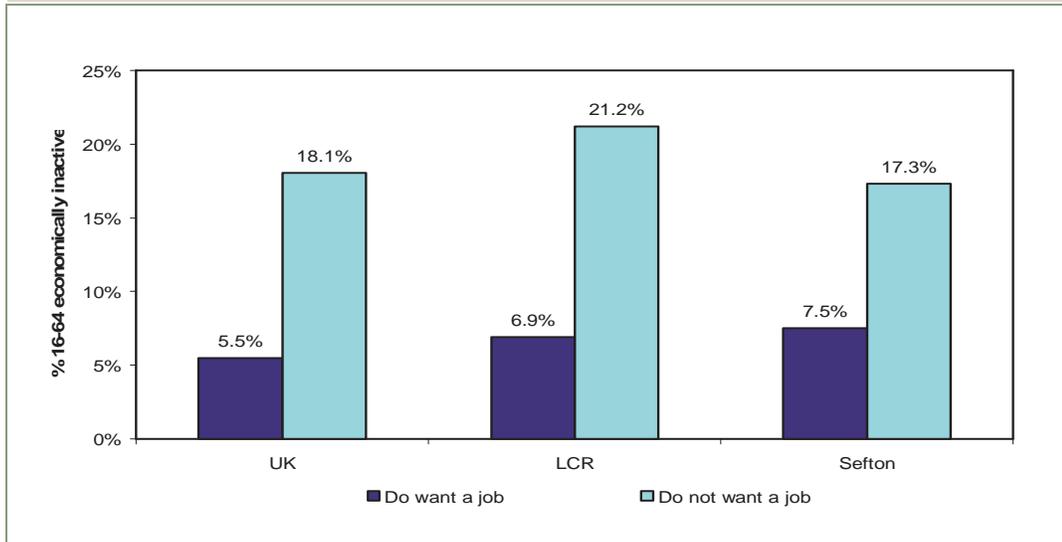
Figure 5-18: NEETs aged 16-18, average for 2010/11



Source: SQW analysis of Connexions data

- 5.56 Over the last three years, of those residents in Sefton who were economically inactive (across the full 16-64 age group) an average of 7.5% 'wanted a job' compared to around 5.5% in the UK as a whole and 6.9% in LCR.

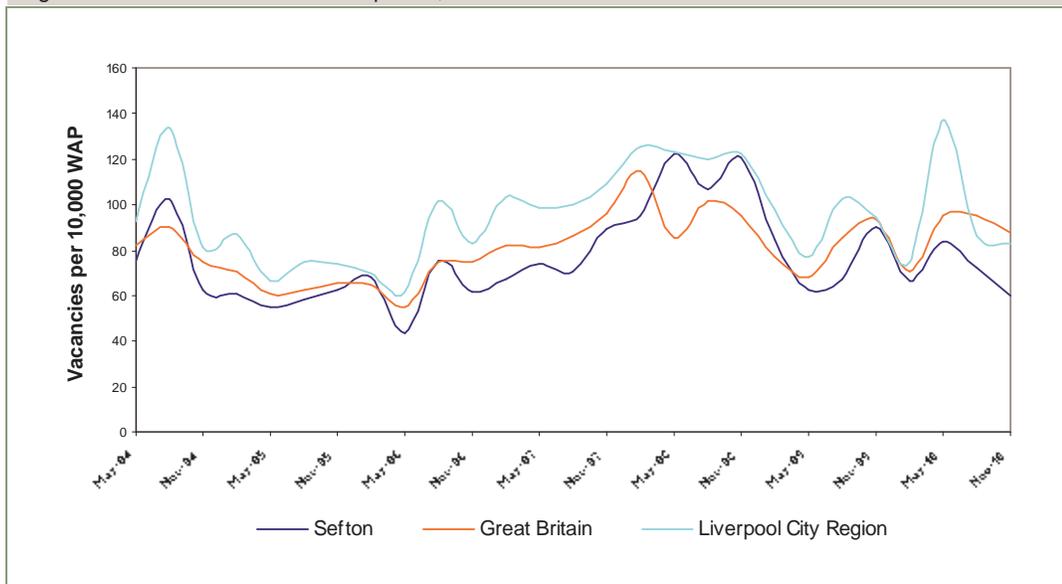
Figure 5-19: Proportion of economically inactive who do/do not want a job – three-year average (2007/08-2009/10)



Source: Annual Population Survey

- 5.57 Are there sufficient opportunities for these economically inactive residents in Sefton who do want a job? In November 2010, there were around 1,000 notified vacancies in Sefton, however, the number of vacancies has reduced since 2008 as the recession impacted on local businesses and employers. Furthermore, the number of vacancies per 10,000 of the WAP in Sefton has fallen below the national and City Regional average as shown in Figure 5-20. So, although there appear to be more economically inactive people in Sefton who do ‘want a job’ than elsewhere, the data suggest there may not be sufficient opportunities from the demand side for employment in the local area.

Figure 5-20: Job Centre Vacancies per 10,000 WAP

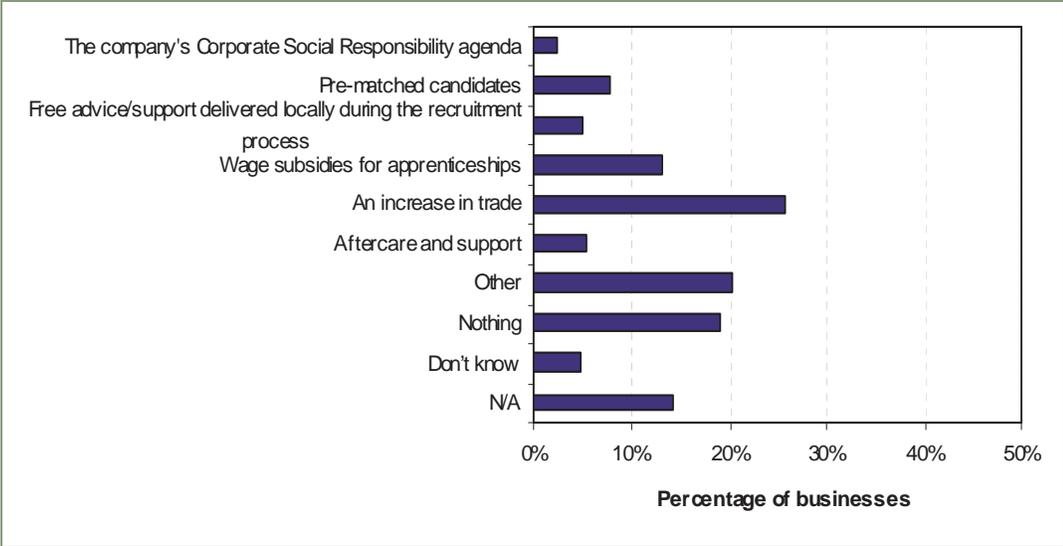


Source: ONS Note: data for 2010 based on 2009 mid-year population estimates

- 5.58 Through the survey, local businesses were asked what would encourage them to recruit more workless local people. An increase in trade was, unsurprisingly, found to be the key factor, as

shown in Figure 5-21. Although mentioned by a number of businesses, improved skill levels and/or attitudes were not rated overall as factors which if addressed, would incentivise businesses to recruit more workless local people.

Figure 5-21: Factors encouraging firms to recruit more local people who are currently workless



Source: SQW analysis of business survey (n= 800)

6: The preconditions of Sustainable Growth – Infrastructure and Development

Key messages

A review of the available evidence around the competitiveness of Sefton's key enabling infrastructure identified a number of key headline messages for policy-makers. These are summarised below.

Commercial land and property

- Sefton has a total stock of 382,000 sq m of office space, 581,000 sq m of factory space and 441,000 sq ft of warehousing space. Although the Borough's rateable value (RV) for factory space is similar to the national level, the RV for office space is less than half the national level.
- The evidence suggests that there is an employment land shortage in and around Southport, plus there is a requirement for additional land for employment use close to the Port of Liverpool.

Housing

- Sefton has averaged 481 new dwellings (net of demolitions) per annum since 1986/87. Recent projections indicate that the Borough's net new housing requirement will remain at this level through to 2027.
- Affordable housing completions have varied year-on-year, but since 1999 these have represented approximately 30% of annual completions.

Transport and connectivity

- Overall, Sefton enjoys a strong and effective transport system with reasonable access to the national strategic network. However, there is scope to improve East – West links across the Borough. Once completed, the Thornton to Switch Island link bypass should bring significant benefits to users and the local economy.
- Sefton currently has a reasonably competitive broadband offer with a good mix of suppliers and products. However, the current Next Generation VDSL broadband roll-out plan indicates that only two of Sefton's ten telephone exchanges (Birkdale and Formby) will be upgraded to offer much faster downstream speeds.

Retail

- Retail provision across Sefton is highly varied – both in quality and type of offer: there is a good supply of both convenience and comparison stores. In total, the Borough has 621,000 sq m of retail space with particular concentrations in Bootle (ranked 285th nationally) and Southport (ranked 53rd).
- It is estimated that together, Bootle and Southport will have a net requirement for around 20m sq ft of additional comparison retail floorspace by 2021.

Introduction

6.1 In this section, we assess the competitiveness of Sefton’s current infrastructure ‘offer’ and review the extent to which this is supporting or hindering economic growth. We also explore how local infrastructure assets are changing across the Borough and some of the potential headline implications for the future. Four thematic areas are considered in this section:

- Commercial land and property
- Housing
- Transport and Connectivity
- Retail.

6.2 Issues and implications relating to energy, utilities and environmental sustainability are assessed in Section 7, which follows.

Commercial land and property

Understanding Sefton’s current offer

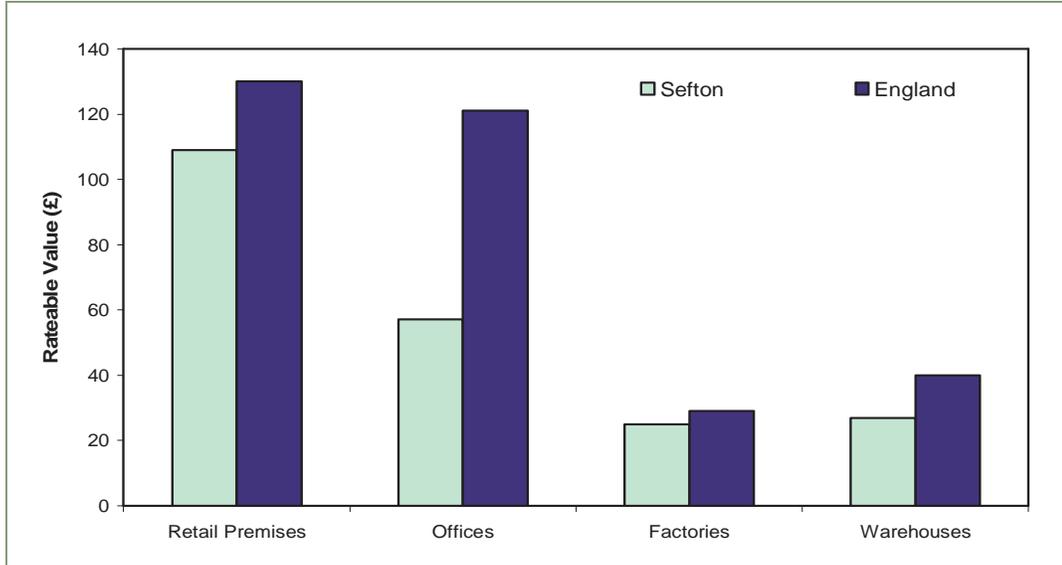
6.3 Table 6-1 shows that in April 2008 Sefton had a total supply of some 621,000 sq m of retail premises, 382,000 sq m of offices, 581,000 sq m of factory floor-space and 441,000 sq m of warehousing. Sefton’s retailing and office space is the second largest stock of space in the City Region behind Liverpool. By contrast, the Borough has the smallest volume of factory and warehousing space among the City Region districts.

Table 6-1: Commercial and industrial floor-space in April 2008 (thousand sq m)				
	Retail	Office	Factory	Warehousing
Sefton	621	382	581	441
Halton	213	263	856	736
Knowsley	175	144	1,299	787
Liverpool	1,171	1,132	1,141	1,119
St. Helens	327	167	605	805
Wirral	590	283	1,006	493

Source: DCLG

6.4 The rateable value for commercial office space across Sefton in 2008 (£57 per m²) was much lower than equivalent figures for Liverpool (£85) and England (£121). Although a broad range of factors come into play when determining local rateable values, Sefton’s relatively low figure suggests that the Borough’s commercial office offer is skewed towards the lower end of the market. In relation to retail, factory and warehousing space, Sefton’s rateable values are much more closely aligned with national figures (see Figure 6-1).

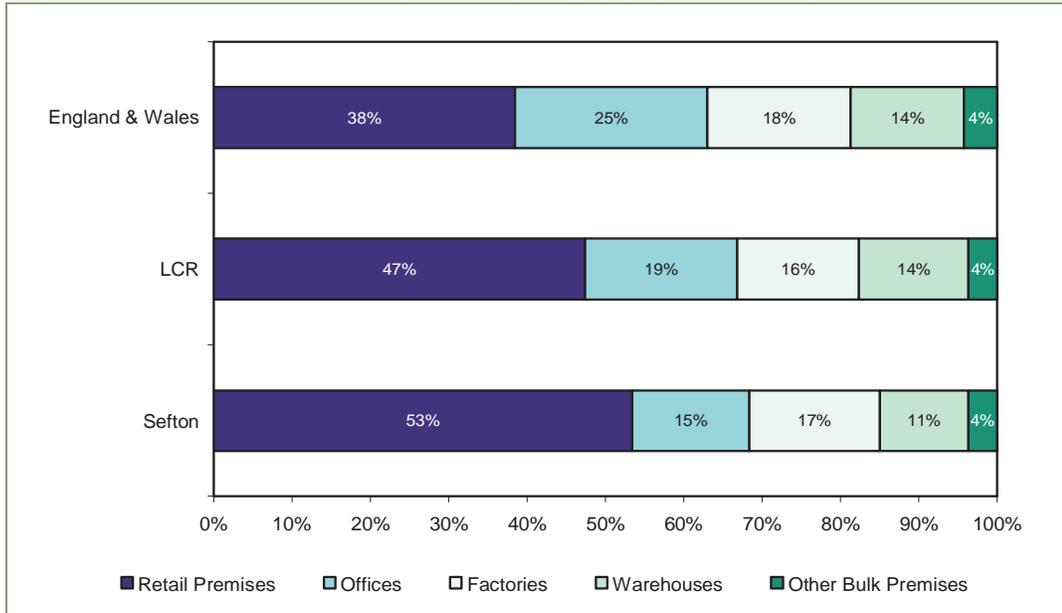
Figure 6-1: 2008 Rateable Value (£ per sq m in 2008)



Source: ONS

6.5 According to the latest data available from the ONS, in 2008, more than half of all commercial floor space in Sefton was accounted for by retail activity and only 15% was offices, some 10 pp lower than the equivalent figure for England and Wales (see Figure 6-2).

Figure 6-2: Commercial and industrial premises by category (proportion in 2008)



Source: ONS

6.6 Grade A office space is available at Southport Business Park, which is allocated for B1 use roughly one-third of the 18 hectares of developable land has been developed to date. The current level of demand for space at the Business Park is low and there is unlikely to be major growth there in the short term. But a barrier to its further development is the capacity constraint in terms of electricity supply to the site.

- 6.7 Elsewhere in Southport, the central area contains around 25,000 sq m of office floor-space (in 107 properties). This equates to just over 6% of Sefton's total office stock. The majority of offices in the area are small (less than 200 sq m), with noticeable concentrations of space on Houghton Street, and above the ground floor retail premises along Lord Street. Most of the office stock is old, with the majority built before 1950, and it is generally of poor quality. Some older properties have architectural merit but they tend to reflect lower quality conversions from other uses such as residential (as in Houghton Street) or retail. The level of commercial office development in the central area in recent years has been very limited owing to a lack of suitable employment land supply.
- 6.8 Southport's central area office market is dominated by the private sector, with a particular focus on indigenous independent SMEs in local legal and financial services. The shortage of available sites for commercial employment uses also applies to industrial space, which further reinforces the importance of maintaining the many local 'back-land' employment sites.
- 6.9 In the south of the Borough, there are strategic employment sites running along the Dunningbridge Road Corridor, close to Switch Island (the M57/M58/A59 interchange). Atlantic Gateway, the most important site, has the potential to offer up to c.75,000 sq m of high quality accommodation. The site was formerly occupied by Rolls Royce and has received funding from the Northwest Development Agency (NWDA) and the European Union to remodel and upgrade its offer.
- 6.10 Also, in the south of the Borough, Bootle town centre comprises a number of 1960s-type office towers, several lower rise commercial buildings and the large Strand shopping centre. Historically, the town's office buildings have served predominantly local and central government public sector markets, as well as offering a lower cost option to Liverpool City Centre. Take-up in recent years from the private sector has been very sluggish.
- 6.11 The main commercial offer in Bootle is the town's central Office Quarter along Stanley Road. This part of the town centre contains more than 50,000 sq m of office floor-space (in 16 properties), c.13% of Sefton's total office stock. The town acts as the main administrative centre for Sefton and has tended to serve a predominantly public sector market. The largest building in the Office Quarter is Redgrave Court, a recently developed high quality scheme with almost 26,000 sq m of office space. The Health and Safety Executive (HSE) relocated its headquarters there. Bruntwood acquired the St Hugh's office building (when the HSE vacated it) on Stanley Road in Bootle in 2006 and has invested more than £3.5m in upgrading and refurbishing around 4,400 sq m of space. Another key development for the Office Quarter was the new five-storey 'Investment Centre', completed in 2009. The building offers around 3,000 sq m of office space and contains a small number of managed workspace units on the top floor. To date however, the majority of the space at the Centre has been occupied by public sector organisations including Sefton MBC.
- 6.12 In terms of industrial space, supply and demand tends to be focused on areas of South Sefton, in and around the Port of Liverpool, and along key transport routes linking into the national motorway network and Liverpool. South Sefton appears to have plenty of industrial space, although some of the older units do not meet modern occupiers' requirements. There is a specific, strategically important, requirement for additional land to be made available to allow for expansion at the Port of Liverpool and to accommodate modern distribution and advanced

logistics activity. The feasibility of using Seaforth Nature Reserve (a 25 ha site directly to the north of the Freeport) for new employment purposes is currently being explored, although this is likely to be dependent on a suitable location being found to re-create the Nature Reserve elsewhere (almost certainly outside Sefton).

- 6.13 Sefton's Employment Land and Premises Study (base-dated to 2008) suggests that although the current supply of employment land is sufficient to meet short-to-medium term requirements, Sefton is likely to have an employment land shortfall over the longer term, within the next 25 years. It is important that a pipeline of developable employment land sites is identified and maintained; existing land should not be reallocated for alternative uses unless adequate replacement sites can be found. A substantial proportion of Sefton's current employment land sites are small (less than 2 ha), and the Borough might not be able to meet the requirements of investors looking for larger development opportunities. The shortages of land are most acute in North Sefton around Southport, and to the South directly around the Port of Liverpool, which has indicated that it has insufficient expansion land. Furthermore, the quality and viability of some sites may be open to debate, particularly in light of the costly remediation works and energy supply issues that exist in parts of the Borough.

Prospects for the future

- 6.14 At present, as might be expected in the current economic climate, there is no significant flow of pipeline speculative development. Over time, the remaining land at Southport Business Park is likely to be developed (but with no expansion of the site) and additional investment can be anticipated into Atlantic Park and the other strategic sites along the Dunningbridge Road Corridor. A coherent and strategic approach will be required to maximise the future economic impact and contribution of these sites – to Sefton and to the wider City Region. A broad strategy that sets out how the various sites might support and reinforce one another in the future could be beneficial.
- 6.15 It is not clear at the present time how these sites are assisting the Borough's wider enterprise development aspirations⁴⁴ or how they are linked into any innovation or knowledge economy assets in the wider LCR and beyond. Consultations have indicated that there does not appear to be a single significant hub in the Borough for early stage start-up firms and like-minded entrepreneurs, although the Investment Centre in Bootle might perhaps be reconfigured to play this role. There is a risk that such businesses - existing, embryonic and potential - are being lost from the local economy in Sefton. Some of the higher technology focused SMEs could be attracted to existing knowledge hubs across the City Region such as the Liverpool Knowledge Quarter and Daresbury Science and Innovation Campus. There is an opportunity for Sefton's existing portfolio of land and property assets to support further economic development, particularly in light of the Borough's lower costs relative to Liverpool, which may suit firms of a certain type or at a certain stage of their development.

⁴⁴ For example, the South Sefton and Liverpool Local Enterprise Growth Initiative (SLEGI) StepClever programme has been running across four wards in North Liverpool (Anfield, Everton, County, and Kirkdale) and two in South Sefton (Linacre and Derby) since April 2008 and finishes in April 2012. The enterprise support programme aims to create 500 new businesses, 1,500 new jobs and to improve the business survival rates in the area.

- 6.16 Focusing specifically on Bootle town centre, the sizeable (if currently low quality) office offer in the town could be exploited given that it is only ten minutes by train from the commercial hub of Liverpool's Business District and there may be latent local demand from local SMEs located across the Borough, particularly in South and Central Sefton. There is a substantial risk that the local commercial offer will suffer over the coming years as more public sector occupiers face severe budget cuts and demand for space reduces. However, there is also potential: public sector consolidation and cost-cuts could generate some demand for reconfigured space in Bootle.
- 6.17 The joint North Liverpool and South Sefton Strategic Regeneration Framework (SRF) has recently been prepared and this provides the main contextual backdrop for much of the southern half of Sefton. Key pipeline developments presented in the SRF include potential new or upgraded football stadia for Everton and Liverpool Football Clubs, a £150 million Project Jennifer mixed-use district centre scheme (comprising a new food superstore, 80,000 sq ft of non-food retail, a new market hall and 300 relocated outdoor market stalls, 480 new homes, a new library, leisure facilities and health centre, 80,000 sq ft of light industrial units and a public transport interchange), the £5.5 billion Liverpool Waters scheme on 150 hectares of under-utilised dockland, which is being proposed by Peel Holdings (a planning application was submitted in October 2010 to Liverpool City Council for some 14 million sq ft of mixed use floor space) and plans to significantly expand Port of Liverpool. These wider developments will also need to be fully taken account of as part of any emerging strategy for Sefton's commercial land and premises.

Housing

Context and overview

- 6.18 Sefton's urban areas include settlements set within attractive countryside, fringed by an outstanding coastline protected by several international designations. Bootle and Southport are important towns with significant populations and concentrations of employment. These towns play different economic roles and generally operate independently from each other, although they both have linkages to the wider City Region and in Southport's case, to parts of West Lancashire. Within the Borough there are also several smaller towns such as Formby, Crosby and Maghull, as well as a number of affluent rural villages.
- 6.19 In headline terms, the housing market across Sefton is highly polarised and has been for many decades. There are very successful local markets with good quality offers in central Sefton and areas in the north, where affordability (particularly for first time and younger buyers) and a significant lack of available land for new provision are major issues and act as constraints on growth. In Southport, there have also been some concerns about the effect of transient groups and migrant workers on the local housing market. In south Sefton around Bootle, there has been significant regeneration activity as part of the New Heartlands Housing Market Renewal Initiative (HMRI), although funding for this has now dried up and it is not clear how the significant remaining aspects of the programme will be completed. Around 24,000 properties in the south of Sefton are located in the HMRI area, which also extends to parts of Liverpool and the Wirral. The HMRI programme was a national initiative designed to address the housing market failure evident in some of the older housing areas in the Midlands and the

North of England. Sefton's HMRI area comprised five neighbourhoods: Bedford/Queens; Klondyke; Linacre; Peel/Knowsley; and Seaforth/Waterloo. There is still a significant and difficult challenge remaining, to stabilise and strengthen the local housing markets in the south of the Borough, where the quality and mix of the offer is generally poor.

Housing provision – recent trends

- 6.20 Recent research into local housing requirements in Sefton reveals that past net completions in Sefton have averaged 481 dwellings (net of demolitions) per annum since 1986/87. A gradual decline in the net development rates is evident, with a high of 913 units (net) recorded in 1987/88, falling to 253 in 2008/09 at the height of the recent recession. Apart from that year, the number of new build properties completed in Sefton has been 420 units or above every year from 1995/96, with the exception of 2004/5, when 308 were completed.
- 6.21 The number of affordable housing completions has varied over the last decade, but in most years this has been in the order of 30% of all completions. The majority of affordable units developed in Sefton have relied on public sector funding support (in recent years, from the Homes and Communities Agency). Section 106 agreements have not delivered significant numbers of affordable units: this is attributed to a lack of large developable sites in the more desirable housing market areas in Central and North Sefton, and expensive remediation costs in parts of the Borough.

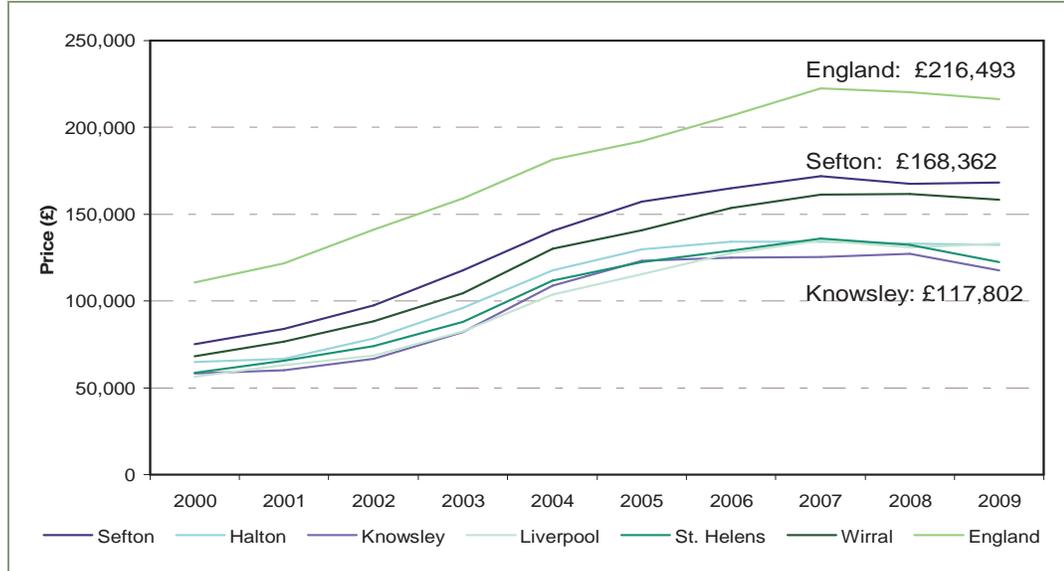
Table 6-2: Affordable Housing Completions

Year	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	Total
Completions	78	76	109	37	110	43	43	92	238	127	148	4,414
Proportion of Total	17%	14%	23%	7%	23%	14%	10%	19%	34%	30%	34%	28%

Source: SMBC (January 2011)

- 6.22 The average price of a dwelling in Sefton was £168,000 in 2009, the highest figure in the City Region. Wirral had the second highest at £158,000 and Knowsley the lowest at £118,000. The equivalent figure for England was £216,000 (see Figure 6-3).

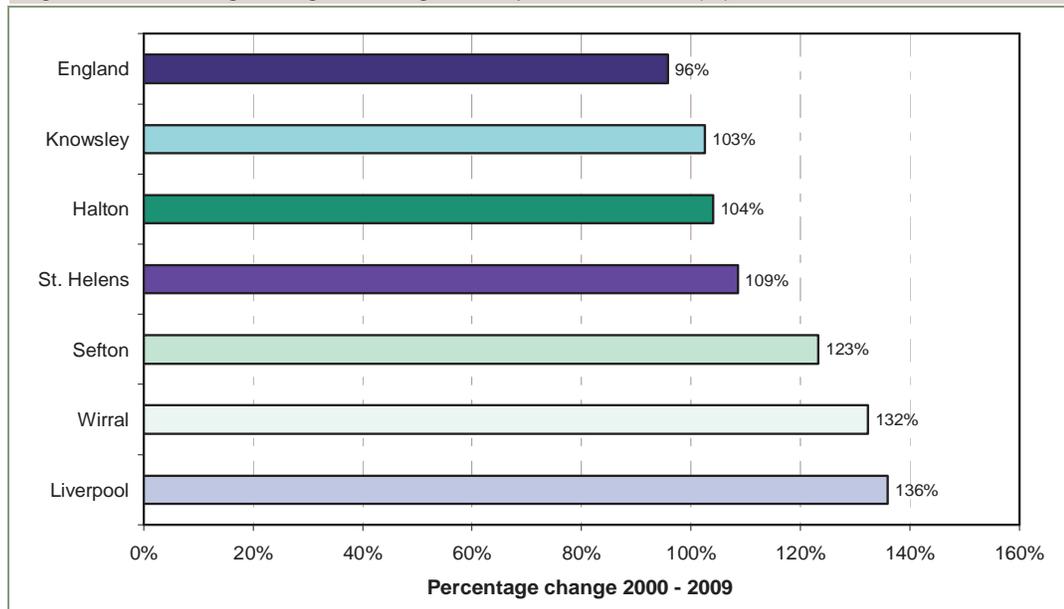
Figure 6-3: Average House Prices 2000-2009



Source: DCLG

6.23 The average house price in Sefton increased by 123% over the period 2000 to 2009. The average for Liverpool increased by 136% over the same period, and nationally prices saw a 96% uplift. Sefton has the highest (un)affordability ratio of house prices to earnings in the City Region at 6.4 (2009), slightly above the national ratio (6.3) and higher than the figure for Wirral (6.0). This highlights the difficulty in purchasing homes in Sefton for many first time and young professional buyers.

Figure 6-4: Percentage change in average house prices 2000-2009 (%)



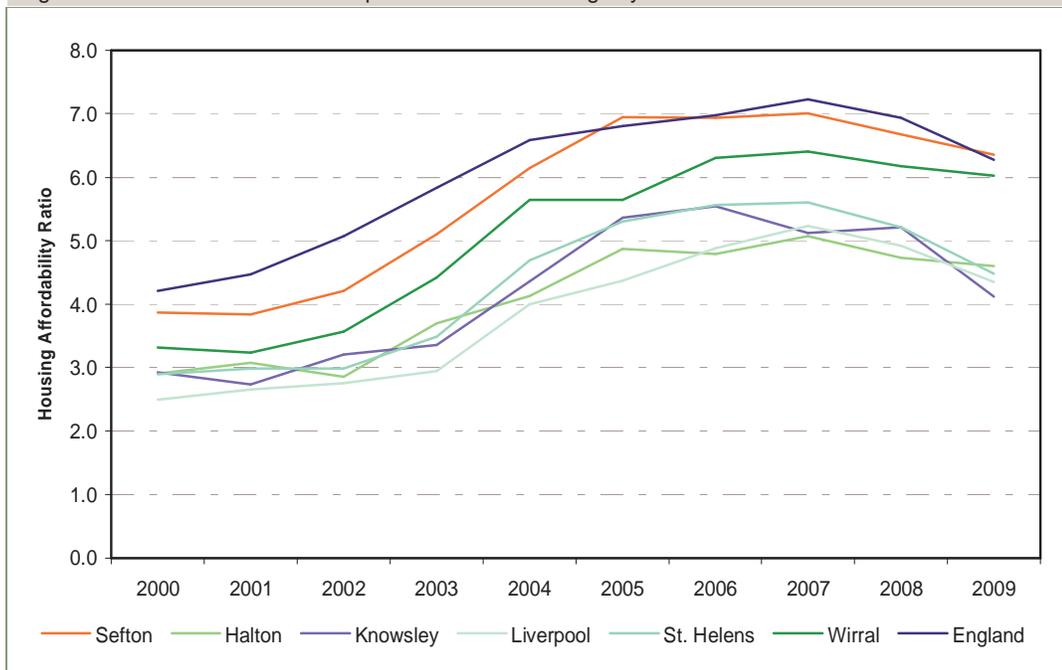
Source: DCLG

6.24 Affordability is a particular problem in parts of Central and North Sefton, where talented younger workers may be forced to move away from the area and/or may be prevented from returning later in life perhaps after studying or initial employment. Looking forward, it may be possible to develop a strategy that attempts to address some aspects of the affordability

issues in the north of the Borough, but this will depend on the extent to which the Government's changes to the planning system rebalance the impetus to development with environmental protection and sustainability. Developers will want to maximise the profit from their schemes, while planners will expect them to work within the current framework and constraints, including the environmental designations protecting much of the land close to the coast, and the Green Belt. Consultations with local stakeholders indicate that local politicians (in Sefton and in neighbouring West Lancashire) are unlikely to support the release of lots of Green Belt land for major residential developments in the north of the Borough.

- 6.25 South Sefton remains a major challenge in terms housing quality and sustainability going forwards. The HMRI started to tackle some of the underlying low quality housing offer issues through demolition and new build, but there is much still to be done. That Programme has now closed, although alternative funding sources are being sought.

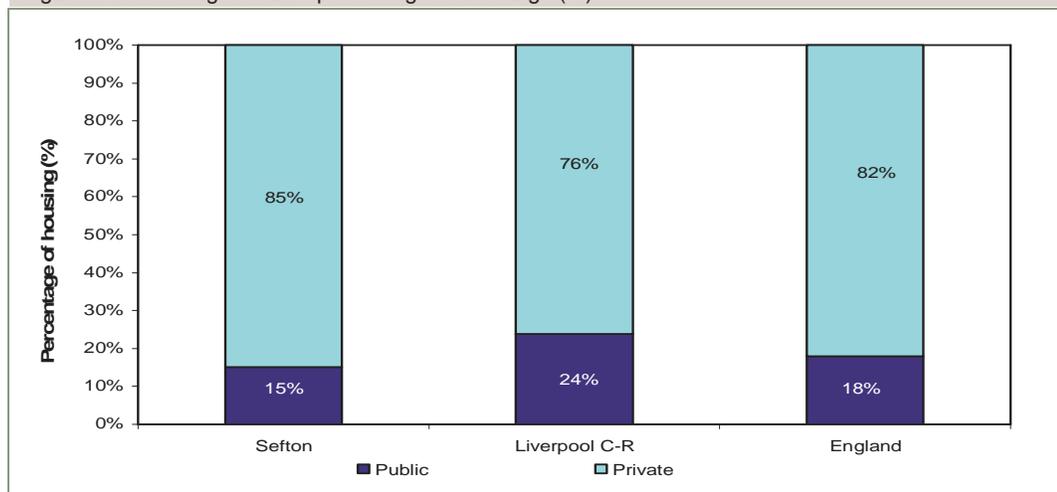
Figure 6-5: Ratio of median house price to median earnings by district from 2000 - 2009



Source: DCLG

- 6.26 Across Sefton, 85% of the 123,000 homes are privately owned, compared to 76% in the City Region and 82% for England. RSLs, including One Vision Housing, own around 19,000 units.

Figure 6-6: Housing Tenure - percentage of dwellings (%)



Source: DCLG

- 6.27 Over the past two decades, there has been a significant expansion of the private rented sector (PRS) nationally. This has been driven by a number of different factors including the growth of the buy-to-let mortgage market. In many areas this has prompted concerns over private renting, including affordability issues, levels of property investment and the quality of the offer, population shifts and skews, higher natural voids, and neighbourhood stability and cohesion issues.
- 6.28 Research into the PRS across the Merseyside New Heartlands area in 2007⁴⁵ found that the number of PRS households in Sefton’s HMRI area had decreased from 3,540 in 1991 (14%) to 3,165 (12%) in 2001. However, between 2001 and 2006, the number of PRS households increased by just under 1,300 or 41%. By 2006, PRS accounted for more than 18% of the total housing stock. This was still considerably below the proportions in the Liverpool (28%) and Wirral (26%) HMRI areas. Outside the Sefton HMRI area, stakeholders believed that there has also been a significant growth in the private rented sector in and around Southport.
- 6.29 As a result of the housing affordability issues highlighted earlier, plus the limited mortgage availability and the requirement for larger deposits, the PRS has continued to play an important role across Sefton. It has enabled many households and workers to live in the Borough and be economically active there. However, there are concerns about the quality of such accommodation and its impact on the sustainability of local neighbourhoods. Sefton’s private sector house condition survey (2007) estimated that 22% of all private sector housing was non-decent, but in the PRS this figure stood at 35%. A larger proportion of the housing within the PRS across Sefton is old (56% was constructed prior to 1919) compared to those properties that are occupied by their owners (23%).
- 6.30 There are also social implications. It was estimated in the housing condition report that 22% of those living in private rented accommodation were economically vulnerable compared to a figure of 13% for owner occupiers. Also, that 40% of those people living in the PRS had been in their current property for less than one year, compared to only 3% for owner occupiers.

⁴⁵ The Private Rented Sector in New Heartlands, Ecotec, July 2007.

Housing provision – future requirements

- 6.31 Recent expert advice provided to the Council by Nathaniel Lichfield and Partners (NLP) has suggested a minimum net new housing requirement of 480 homes per annum through to 2027. This forms the basis for one of three options that are due to be consulted upon in the forthcoming Core Strategy ‘Options’ consultation. If the Council proceeds on this basis, and this minimum level of development is reached but not exceeded, it is estimated that, taking into account the long-term trend towards smaller average household sizes, the population of the Borough would decline by about 6,900 in the period to 2027 - from its present level of 272,100 to about 265,200. According to the report, there would also be a local labour force contraction of about 18,000 people (primarily because of the ageing of the population) from its present level of 130,000, which equates to a loss of 10,745 workers.
- 6.32 This suggests a possible need to seek to reduce out-commuting, and for ‘smarter economic growth’ encouraging, among other things, a greater mix of family homes to retain the economically active population. NLP’s conclusion is justified on the basis that the level of housing delivery proposed would largely meet the scale of needs arising from the projected household growth in Sefton. It would also enable the delivery of affordable housing in line with recent delivery rates, and therefore contribute towards meeting urgent identified housing needs across the Borough. Figure 6-7 below sets out the housing figure derived by the Nathaniel Lichfield Report, and presents a suggested disaggregation by settlement.

Figure 6-7: Possible division of Borough-wide housing requirement

Sub Area	2007 Population		Past housing delivery rates 1990-2010		Housing development in the pipeline		Critical Net annual housing need		Extent of Constraints	Potential new dwellings per annum
	%	DPA	%	Total	%	Total	%			
Southport	32.7%	173	35.8%	739	29.0%	132	46.9%	Medium	168 (35%)	
Formby	8.8%	31	6.3%	127	5.0%	65	23.2%	High	36 (7.5%)	
Maghull/Aintree	13.8%	60	12.3%	92	3.6%	14	4.9%	Medium	60 (12.5%)	
Crosby	17.8%	47	9.7%	345	13.6%	17	6.0%	Low	72 (15%)	
Bootle	13.3%	100	20.6%	1,241	48.8%	-35	0.0%	Low	72 (15%)	
Netherton	13.5%	74	15.3%			53	18.9%	Medium	72 (15%)	
Sefton Total	100%	484	100%	2,544	100%	246	100.0%	Medium	480 (100%)	

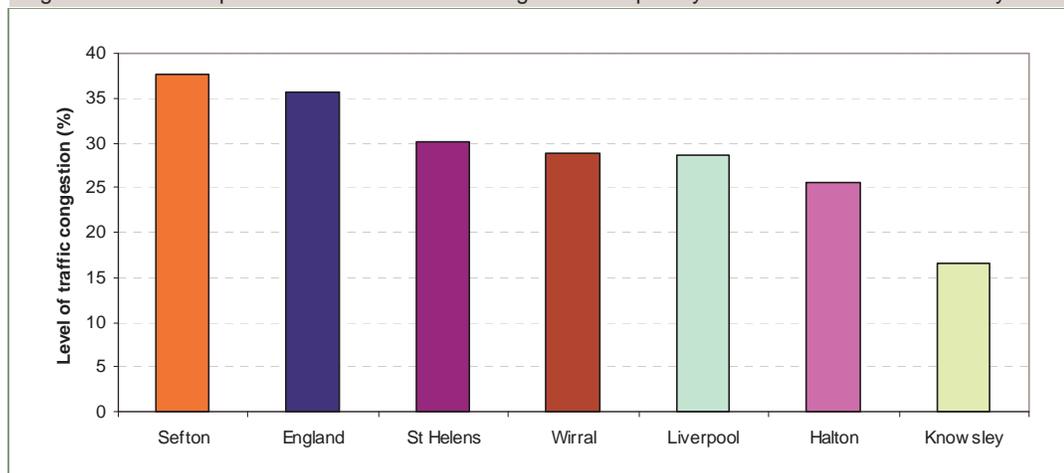
Source: Review of RSS Housing Requirement for Sefton 2011

Transport and connectivity

Strategic and local transport

- 6.33 The Eddington transport study that reported at the end of 2006 set out the clear link between transport and economic growth. It reported that the performance of the UK's transport networks is a crucial enabler of sustained productivity and competitiveness. Good transport systems support the productivity of urban areas, supporting deep and productive labour markets, and allowing businesses to reap the benefits of agglomeration, whilst transport corridors are the arteries of domestic and international trade, boosting the competitiveness of the UK economy.
- 6.34 Eddington reported that most congestion occurs within urban areas and that international trade is critical to the performance of the UK's economy. Assuming that the economy is to continue to grow, congestion will continue to worsen. Hence, Eddington advised that the strategic economic priorities for long term transport policy should be growing and congested urban areas and their catchments; the key inter-urban corridors, and the key international gateways.
- 6.35 Sefton is reasonably well connected to the north and south by the Merseyrail network running through the Borough. East to west links are however much less well-developed and Maghull in particular was identified by consultees as suffering from poor accessibility. There are longer-term proposals to develop a new Merseyrail station at Maghull North although it is not clear how this would be funded and, if it does go ahead but without other investment, it will not significantly improve access to the centre of Maghull. Some disused railway lines running from north Liverpool through to Aintree and other parts of South Sefton might be re-usable in the future. Concerns were also raised about poor connections between Southport and Preston – the direct rail link was closed.
- 6.36 The 2008 Places Survey revealed that 38% of respondents felt congestion levels in Sefton needed priority attention; the corresponding figure for England was 36%, with 29% in Liverpool and 17% in Knowsley.

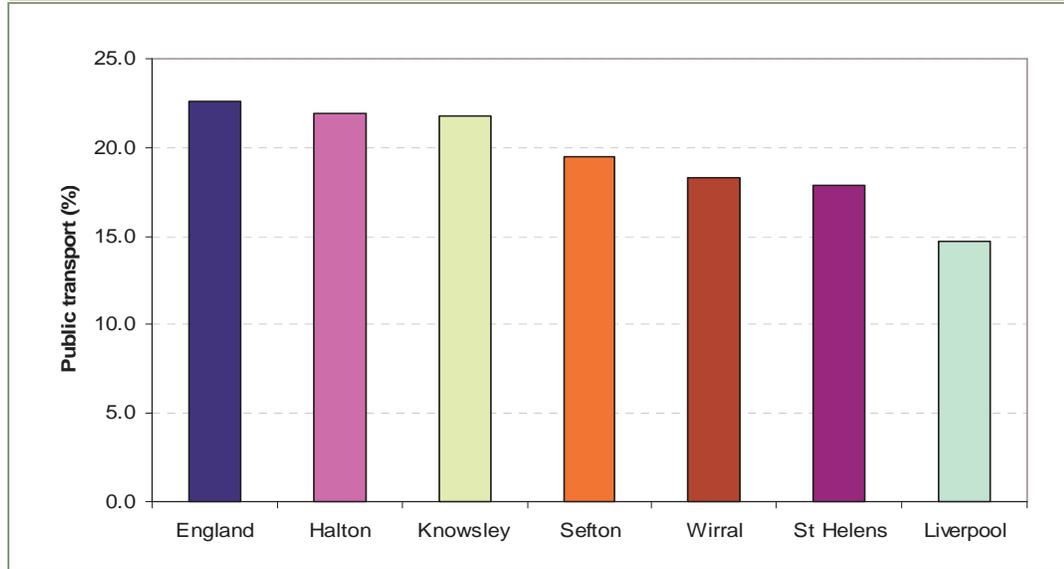
Figure 6-8: % of respondents who think traffic congestion is a priority in Sefton - 2008 Place Survey



Source: DCLG

- 6.37 In the same survey exercise, 19% of respondents in Sefton identified public transport as a priority area for improvement compared with 23% of respondents in England, 22% in Halton and 15% in Liverpool.

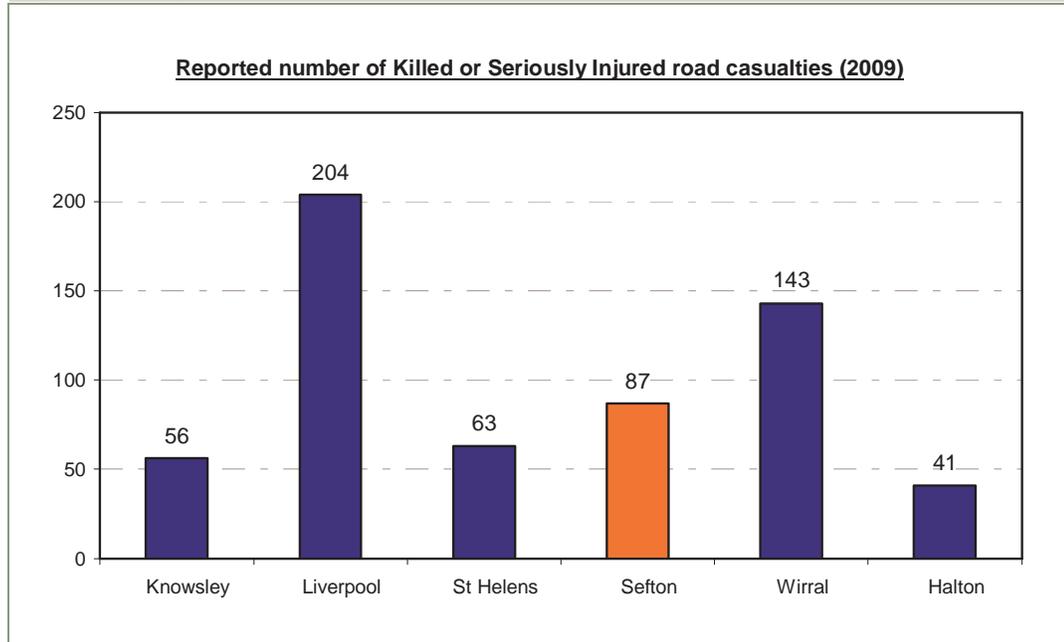
Figure 6-9: % of respondents who think public transport is a priority in Sefton - 2008 Place Survey



Source: DCLG

- 6.38 The Merseyside Local Transport Plan (LTP3), which is currently being finalised, sets out the key proposed priorities for transport across the City Region. There is not going to be a significant amount of capital funding for this programme and the focus is likely therefore to shift towards making the best use of existing assets.
- 6.39 Implementation of the proposed A656 Route Management Strategy, which covers the main route from Liverpool to the South up through Crosby and Waterloo, is likely to result in some further improvements in traffic flow and safety. Specifically, the A565 Route Management Strategy covers the section of the A565 from the Seaforth Flyover to the junction with the A5207 (Green Lane, Thornton). This section of the A565 is approximately 3.2 miles long, and incorporates the section between Seaforth Flyover and Crosby Village identified in the Merseyside Congestion Target Delivery Plan as a corridor requiring action to combat congestion and its associated problems.
- 6.40 In 2009, 87 road casualties were reported across Sefton compared to 41 in Halton, 143 in Wirral and 204 in Liverpool. In terms of the road casualty rate per million of population, Sefton performs better than the national average with a rate of 3,092 in 2009 compared to 3,798 for England. Liverpool had the highest reported rate of road casualties in the City Region at 4,465 and St Helens had the lowest at 2,851. These figures suggest that Sefton has reasonable levels of road safety for pedestrians, cyclists, drivers and other road users.

Figure 6-10: Reported Road Casualties in 2009

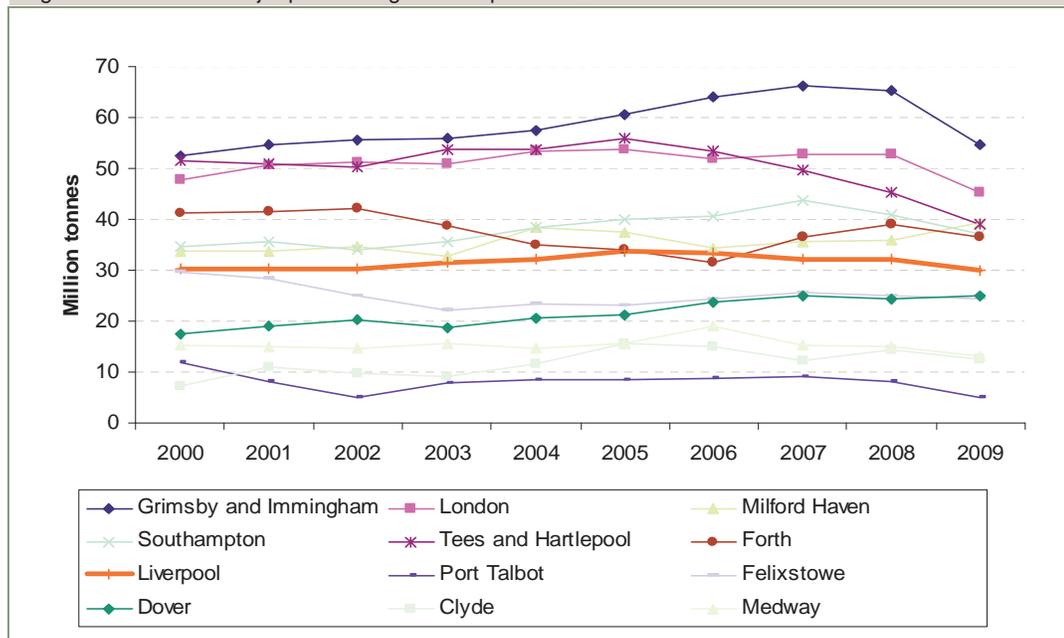


Source: DfT

The Port of Liverpool

6.41 The east bank of the operational Port of Liverpool is located at Seaforth in South Sefton. It is currently the seventh largest in the UK in terms of total tonnage and in 2009, handled 30 million tonnes of freight. It is the fourth largest port in the UK for container traffic with a growth rate of 35% since 2002 to nearly 700,000 containers (TEUs) per annum.

Figure 6-11: Annual major port tonnage for the period 2000 – 2009



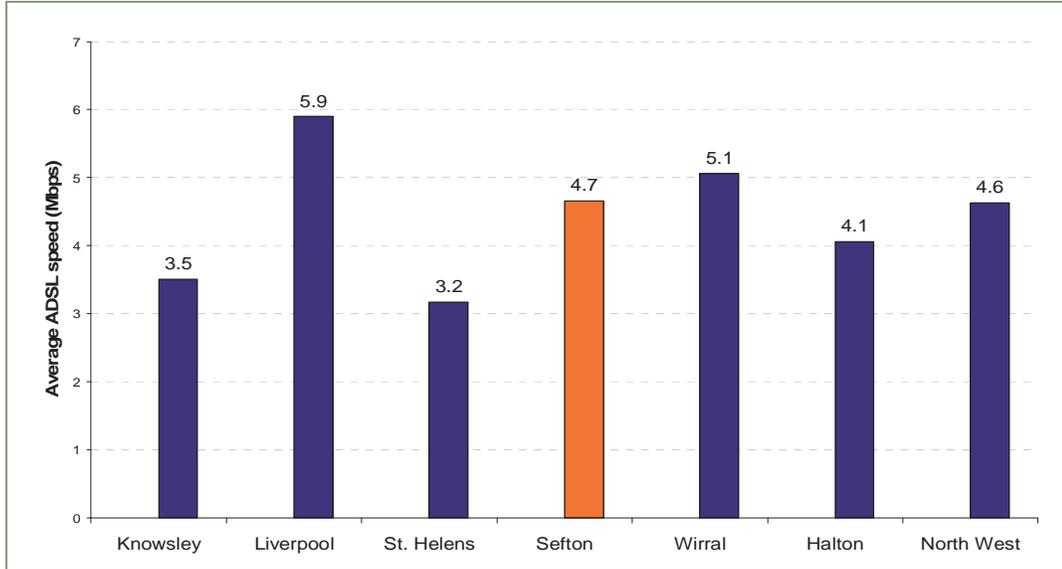
Source: DfT

- 6.42 There are ambitious plans to expand the Port of Liverpool, including its key operations in South Sefton as part of a wider long-term vision to develop the Liverpool SuperPort. The key pipeline development for Sefton is the proposal by Peel Ports to build a new £300m post-Panamax container terminal at Seaforth, creating 4,300 jobs and on average, an additional £113 million per annum of economic benefit to 2020. This scheme would increase the Port's capacity to c.2m freight containers per annum by 2020 and would enable it to handle much larger vessels and increase the number of direct shipping services from Asia, Africa and South America.
- 6.43 The focus of the Liverpool SuperPort concept is on the potential for high quality port, airport and intermodal freight and passenger facilities within LCR. It encompasses the ports, freight facilities and Liverpool John Lennon Airport, plus the port facilities at the mouth of the Manchester Ship Canal. Overall, it is estimated that the City-Region's current SuperPort assets contribute over 34,000 jobs and £1.1billion of GVA per annum to the City Region economy. However, according to the SuperPort Action Plan, if the long-term vision is realised, an additional 21,000 jobs for the City-Region could be created and an extra £6.1 billion in GVA by 2020, with significant economic opportunities for Sefton.
- 6.44 Transport access to the Port of Liverpool remains problematic despite some recent rail improvements. A major Port Access Study is currently ongoing and various proposals are being developed. The M57 and M58 motorways (to Switch Island) provide access to the national motorway network via the M6 and M62. The Department for Transport has recently announced that the proposed Thornton to Switch Island link bypass has been provisionally approved. This will greatly ease congestion and improve access from Southport to the motorway network via the M57 and M58. Planning permission is currently being sought for this scheme.

Broadband connectivity

- 6.45 In headline terms Sefton appears to be reasonably well-served in terms of broadband services and suppliers. In 2009, according to Point Topic, the Borough had an average ADSL download speed of 4.7 Mbps, just slightly faster than the North West average.

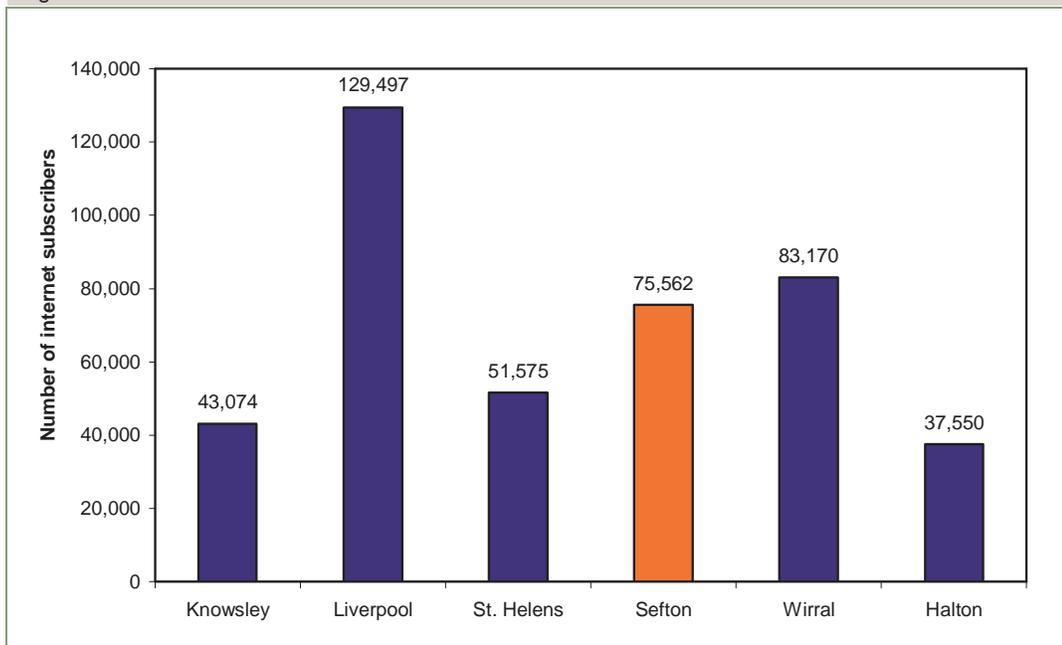
Figure 6-12: Average ADSL download speed in 2009



Source: Point Topic/ Gavurin 2009

6.46 Figure 6-13 shows that in 2009, Sefton had more than 75,500 internet subscribers (52,250 DSL, 20,800 Cable and 2,500 dial up) compared to almost 130,000 in Liverpool, 83,000 in Wirral and 37,000 in Halton. Further analysis reveals that 32% of Sefton's internet subscribers achieved an average ADSL download speed of less than 2Mbps, 37% achieved between 2 Mbps and 8Mbps (45% in Liverpool), and 30% achieved a downstream speed of more than 8Mbps (37% in Liverpool).

Figure 6-13: Number of internet subscribers in 2009



Source: Point Topic/Gavurin 2009

6.47 The provision of broadband is often seen as a key infrastructure in terms of raising businesses' productivity and easing their entry to international markets (including knowledge, innovation and R&D), also in facilitating working from home, reducing the need to travel,

and increasingly accessing online public services. Particularly for the more rural areas within the Borough, broadband can be an important lifeline. It is therefore vital that Sefton continues to enhance and upgrade its broadband offer so that it remains competitive and attractive to users. The latest information available from BT, in terms of the Next Generation broadband roll-out timetable, indicates that VDSL with fibre optic cable from the exchange to the local telephone cabinet will be available in Birkdale from March 2011 and Formby by March 2012. There are, however, no current plans to roll out the high speed (up to 40Mbps download) service to the other eight telephone exchanges across Sefton. This points to the strong possibility of an increasingly acute digital divide in the Borough; it will be important to assess this likelihood, and what might be done about it, in shaping the economic development strategy.

Retail

Overview of existing retail provision

- 6.48 Retail provision across Sefton is highly varied, both in terms of quality and type of offer with a good supply of both convenience and comparison stores. Most retail activity in Sefton is concentrated within the two town centres: Bootle (including the Strand Shopping Centre which houses more than 100 retailers but is in need of investment and modernisation) and central Southport. There are also four district centres, located at Formby, Waterloo, Crosby and Maghull, and seven smaller centres can be found at Churchtown, Seaforth, Ainsdale, Birkdale, Shakespeare Street, Old Roan and Netherton; these are spread across the Borough, and reflect local population densities.
- 6.49 Research on retail activity in Sefton provided by the local Borough Council suggests that the district centres' role in providing convenience goods and local services complements the established town centres of Southport and Bootle. Local services are particularly important within the four district centres occupying around half of the total units provided in 2005. This compares to much lower figures for the larger town centres - Bootle (c. 20%) and Southport (c. 30%), where the emphasis, as would be expected, is on comparison goods. Formby appears to be the most resilient of the four district centres, but all have performed reasonably well in the difficult economic climate.

Local spending power

- 6.50 Research carried out in 2009 for Sefton Council estimated that the resident population within the Borough generated some £754 million of convenience goods expenditure (at 2006 prices). By 2021, this expenditure is projected at £806 million, an increase of some £52m (or 7% between 2009 and 2021). The corresponding figures for expenditure on comparison goods is £2 billion at 2021, which would represent a much larger increase of 51% from £1.3 billion in 2009.
- 6.51 In terms of Sefton's convenience goods expenditure, the study found that the Borough retains 68% of its main food shopping expenditure generated by residents in the Study area and 63% of 'top-up' convenience shopping expenditure. This equates to £384.5m of main food expenditure and £118.7m of 'top-up' expenditure generated.

Future requirements

- 6.52 According to a recent study by Sefton's retail consultants (Sefton Retail Strategy Review Update 2009), based on their assessment of future retail need compared to existing capacity, there is sufficient convenience food retail floorspace to meet anticipated needs through to 2021 in both north Sefton and south Sefton. There is no quantitative need for further provision. In the period through to 2021 however there may be further pressure to provide new convenience floorspace in those centres (such as Crosby and Maghull) where there is evidence of overtrading, or the existing centres contain outdated facilities.
- 6.53 It is evident that existing comparison floor-space commitments in south Sefton will meet needs to 2014, but that plans are needed to accommodate the anticipated growth requirement beyond that date. In the short-to-medium term, the retail study advocates caution with regard to further development in and around Bootle, advising that whilst it will be important to improve the retail offer in Bootle Town Centre, it will be important to examine, over time, how recent investment in and around Bootle and competition from other retail developments in neighbouring local authorities (such as in North Liverpool and Kirkby), impacts on the future performance of the centre. Bootle's retail ranking based on retailer demand (as set out in the Focus Report, April 2009) has varied since 2001 but in recent times has slipped from 229th to 285th nationally.
- 6.54 Southport town centre is seen as being a fairly significant and successful comparison shopping destination both for local residents and visitors. Although there is significant demand for further growth from retailers, a shortage of land availability and/or larger premises has meant that it has proved difficult to meet the requirements of larger national chains or anchor stores. Southport's retail ranking, based on retailer demand (as set out in the Focus Report, April 2009), has varied over the last decade or so: since 2007, its ranking has increased from 62nd to 53rd nationally, although the town is now facing increased competition from a strengthening retail provision in Liverpool.
- 6.55 The 93,000 sq m proposed Preston Tithebarn retail scheme was recently approved by the Department for Communities and Local Government. Whilst this will result in trade drawn from a number of centres including Southport, the expenditure likely to be lost from Southport is expected to be small. Sefton Council's retail consultants do not consider that the proposals will have a material impact on the future vitality and viability of Southport Town Centre. Some retail provision is also proposed as part of Peel's mixed use Liverpool and Wirral Waters schemes and the smaller Project Jennifer district centre development on Great Homer Street in North Liverpool – it remains unclear as to how these will impact on South Sefton in particular.
- 6.56 In February 2011, Sefton Council approved proposals by the Maghull Group to redevelop Central Square shopping centre in Maghull town centre. Nine existing retail units will be upgraded and enlarged to create 26,400 sq ft of retail space and an additional 70 car parking spaces. The first phase of the works, on the car park and public realm, will start in the summer 2011. The second phase of work, which involves the redevelopment of the retail units, will begin in summer 2012 when current tenants' leases expire. The programme of development works is expected to last for 12 months.

7: The preconditions of Sustainable Growth – Energy, Utilities and the Environment

Key messages

A review of the available evidence around the competitiveness of Sefton's energy, utilities and environmental assets identified the following key headline messages for policy-makers.

Energy and Utilities

- The current outline electricity network within north Sefton is <2 MVA at 33kV for new connections, which has created some capacity issues such as on Southport Business Park.
- Sefton has the potential to play a major role in relation to building integrated wind and biomass resources although there are likely to be localised planning issues that will need to be addressed. Sefton is also anticipated to make a modest contribution through anaerobic digestion of farm biogas and solar photovoltaics.

Environmental Sustainability

- Sefton Council has a Coastal Defence Strategy as well as Shoreline Management Plans in place, providing for effective management (by SMBC and partners) of the Borough's 21 miles of coastline.
- River flooding is the main source of flood risk in the Borough, linked to the River Alt and River Crossens.
- On a per capita basis, CO₂ emissions in Sefton (5.5 kt CO₂ per capita in 2008) have over recent years, consistently been lower than for the City-Region and England.
- Reductions in CO₂ emissions at the level of the UK (-0.6%) and the City-Region (-0.5%) have exceeded Sefton (-0.4%) for the period 2005 – 2008.
- In 2008/9, Sefton generated the lowest amount of domestic waste within the Liverpool City-Region at 535 kg per household: this represented a significant reduction from the previous year when the figure was just over 600 kg.
- In terms of recycling activity, Sefton also leads the way within the City-Region, with 38% of its household waste sent for reuse, recycling or composting in 2008/9, representing a 7% increase on the previous 12 months.
- Ambitious plans to develop the Liverpool City Region as a major hub for offshore wind turbine maintenance, plus wider renewable energy generation activity as part of a large Low Carbon economy has the potential to have a significant positive impact on the City Region – including Sefton.

Introduction

- 7.1 In this section, we assess Sefton's performance in terms of energy, utilities and environmental sustainability issues.

Energy and Utilities

Supply

- 7.2 Economic growth and development can be constrained by lack of capacity in gas, electricity and water supplies and in waste water treatment. Utility companies have a statutory duty to provide connections to new developments. Where significant new infrastructure is required however, there is often a lead-in period of several years and up to 5-10 years for major engineering works. More strategically significant is the question of whether there are sufficient energy and water supplies. The provision of sufficient electricity generating capacity is a national issue which falls outside of local influence, other than by taking a positive attitude to, for example, renewable energy proposals within the Borough.
- 7.3 We understand from consultations that the current outline electricity network within north Sefton is <2 MVA at 33kV for new connections, which in some areas has created capacity issues. For example, some consultees have indicated that the current connected grid capacity at Southport Business Park may be limiting the development potential of the site. According to Scottish Power, it could cost up to £2 million to upgrade the connection at the site.
- 7.4 In south Sefton, much of the network has access to spare capacity of more than 10 MVA (or supply for up to 4,000 homes). It is important to note that single large scale developments could quickly take up significant volumes of spare capacity.
- 7.5 In terms of water supply, United Utilities has resource management plans in place for the medium term. These take account of known planned developments and, through a combination of water supply enhancements and demand management measures, aim to ensure adequate water supplies are maintained across Sefton.
- 7.6 A key consideration is therefore that new employment sites should be identified/allocated well in advance of their development, so that the necessary infrastructure and associated lead-in times can be factored into the plans of the utility providers. This in turn underlines the importance of finalising planning frameworks for all areas of Sefton, which will identify the long-term supply of employment land.

Local capacity for renewable energy generation

- 7.7 A recent renewable energy capacity study at the level of the City Region has found that Sefton has the potential to play a major role in relation to building integrated wind and biomass resources although there are likely to be localised planning issues that will need to be overcome. Sefton is also anticipated to make a modest contribution through anaerobic digestion of farm biogas and solar photovoltaics.
- 7.8 Across Sefton, priority zones for biomass combined heat and power (CHP) with district heating and onshore wind have been assessed recently as having a potential capacity of:

- 1.3 MWe (electrical)
- 1.5MWe (thermal)
- plus up to 1,100 MWh (wind).

Figure 7-1: Local Authority existing energy demand across Merseyside

Approximate Capacities of Identified Opportunities	Biomass CHP		Onshore Wind
	Electrical (MWe)	Thermal (MW)	(MWh)
Halton	0.7 - 1.0	0.8 - 1.3	-
Knowsley	9.0	9.9 est	-
Liverpool	5.4	6.5	-
Sefton	1.3	1.5	up to 1,100
St Helens	0.4	0.5	-
Warrington	3.8	4.5	-
West Lancs	0.8	1.0	up to 2,000
Wirral	2.9	3.5	-
Total	24.3 - 24.6	28.2 - 28.7	up to 3,100

Source: Liverpool City Region Renewable Capacity Study Stage 2

Environmental Sustainability

Protecting Sefton's coastline

- 7.9 Sefton Council has had a Coastal Defence Strategy in place for many years, and new Shoreline Management Plans were approved in 2010. The focus of the Council's work on Shoreline Management and coastal protection, supported by local partners, is effectively to manage the 21 miles of coastline within the Borough in order to protect vulnerable areas from coastal erosion and to provide adequate levels of flood defence to prevent low-lying areas from flooding during high tide and storm events. The approach also aims to ensure that local people and visitors are able to enjoy the coastline, whilst protecting the integrity of the nature sites of international importance along the Sefton Coast and supporting the local economy.

Shoreline Management Plan policy takes into account both man-made (at Bootle, Crosby, Hightown and central Southport) and natural sea defences (elsewhere), and coastal processes, such as erosion at Formby Point. The policy is to 'hold the line' from Seaforth Docks to Hall Road, Crosby; from Hightown to the mouth of the River Alt, and northwards from Weld Road, Birkdale. Elsewhere, from Hall Road to Hightown and from the mouth of the River Alt to Weld Road (including Formby) the policy is 'managed realignment', allowing the dune system to evolve naturally with minimal intervention.

Managing flood risk in Sefton

- 7.10 Sefton is a low-lying, coastal borough, and management of flood risk is an important local issue. A Strategic Flood Risk Assessment (SFRA) was carried out in 2009. This identified river flooding as the main source of flood risk in the Borough, principally from the River Alt and Crossens systems. Surface water flooding has been identified as the next most important source of flood risk in Sefton. There are also some areas at risk of flooding from the sea, and from groundwater flooding. The Leeds and Liverpool Canal also passes through Sefton, and

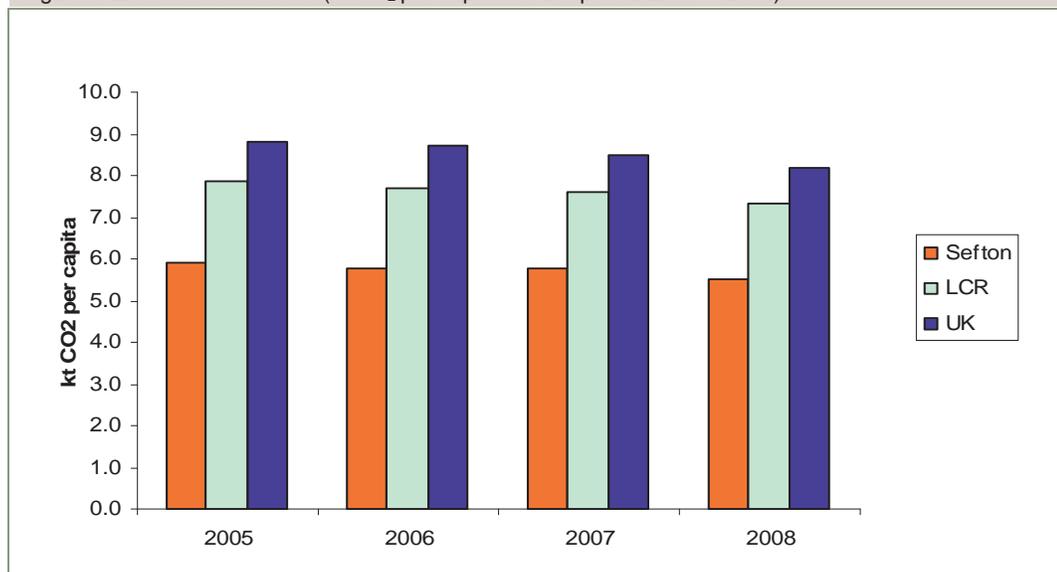
poses some flood risk – in the past, sections of the canal have breached due to the collapse of culverts running underneath it.

- 7.11 Sefton's SFRA is due to be updated later in 2011, in part to take account of refreshed flood maps of river and sea flooding risks produced by the Environment Agency in November 2010. This new information will be used to inform the development of Sefton's Core Strategy, including potential site allocations.
- 7.12 This new information does not change the nature of the main flood risks across Sefton, although it does affect the magnitude and geographical extent of this risk. Areas at high risk of river flooding include:
- Land to the south of Formby
 - Areas in northern and eastern Southport and to the north of Southport.
- 7.13 More recent information published by the Environment Agency also identifies areas susceptible to surface water flooding. This indicates that surface water flood management is important across much of Sefton. Surface water flooding risks should be better understood later in 2011 when the Surface Water Management Plan has been completed. This surface water information will then inform the updated SFRA.
- 7.14 Looking ahead, climate change will almost certainly increase the severity and frequency of flood risk across Sefton, especially from heavy rainfall. The uncertainty surrounding detailed climate change predictions makes it difficult to assess how this will affect different parts of the Borough at this stage. However, Sefton MBC has sought to assess the key threats and opportunities associated with anticipated future weather related risks that may occur. This process involved a series of stakeholder workshop events. Those issues that were deemed to have the highest risk factor were as follows: loss of habitat, species and species migration; sea level rise/associated coastal flooding; flooding/drainage(not attributed to sea level rise); heatwave effects on human health; drought (water supply shortage); road degradation and associated infrastructure; increased storminess and high winds (frequency and severity); ground conditions for buildings (wetter winters and drier summers); the effects of milder winters on human health (increased occurrence of respiratory diseases); and higher levels of traffic congestion in the summer months associated with tourists.

Carbon emissions

- 7.15 Figure 7-2 shows that, on a per capita basis, CO₂ emissions in Sefton (5.5 kt CO₂ per capita in 2008) have over recent years, been consistently lower than for the City Region and England (7.4 kt CO₂ per capita and 8.2 kt CO₂ per capita respectively). Proportional reductions in CO₂ emissions at the level of the UK (-0.6%) and the City Region (-0.5%) have however exceeded Sefton (-0.4%) for the period 2005 – 2008.

Figure 7-2: Carbon emissions (kt CO₂ per capita for the period 2005 – 2008)



Source: DECC

- 7.16 The majority of Sefton’s CO₂ emissions are generated by domestic activity across the Borough, which accounted for 673 kt CO₂ in 2008. Comparable emissions figures from commercial and transport related activities were 515 kt CO₂ and 299 kt CO₂ respectively.

Table 7 -1: Domestic, Transport and Commercial Carbon emissions (kt CO₂)

	2005	2006	2007	2008	% Change
Domestic					
Sefton	708	702	676	673	-5%
LCR	3,656	3,630	3,508	3,486	-5%
UK	152,397	153,333	148,700	149,317	-2%
Transport					
Sefton	316	308	307	299	-6%
LCR	2,405	2,344	2,365	2,296	-5%
UK	137,171	134,883	136,390	131,045	-4%
Industry & Commercial					
Sefton	599	580	600	515	-14%
LCR	5,477	5,289	5,296	4,968	-9%
UK	240,532	239,796	234,834	228,137	-5%

Source: DECC

Domestic waste and recycling

- 7.17 In 2008/9, Sefton generated the lowest amount of domestic waste within the Liverpool City Region at 535 kg per household: this represented a significant reduction from the previous year when the figure was just over 600 kg: the largest amount of domestic waste generated in the City-Region was Halton, with 838 kg in 2008/9.
- 7.18 In terms of recycling activity, Sefton also leads the way within the City Region, with 38% of its household waste sent for reuse, recycling or composting in 2008/9, a 7% increase over the preceding 12 months. The lowest proportion of domestic waste recycled composted or reused among the City Region local authority districts was 29% in Knowsley.

Table 7-2: Household waste (kg/household) and % waste sent for reuse, recycling or composting

Household waste (kg/household)	2007/08	2008/09
Sefton	602	535
Halton	940	838
Knowsley	820	725
Liverpool	700	637
St. Helens	784	685
Wirral	638	593
% waste sent for reuse, recycling and composting	2007/08	2008/09
Sefton	30	38
Halton	28	29
Knowsley	18	25
Liverpool	22	26
St. Helens	21	29
Wirral	32	36

Source: DCLG

The Low Carbon economy

7.19 The Liverpool City Region Low Carbon Action Plan, published in early 2011, estimated that there are around 400 companies in the Energy and Environmental Technologies and Services sector across the City Region. Employment in the sector is estimated at 8,700 people, and it generates annual sales of £1 billion and GVA of £435 million. The report goes on to state that currently, the key low carbon activities in the City-Region are:

- Environmental consultancy with a number of large multi-disciplinary consulting firms and a range of smaller specialist firms
- Energy management including specialists in insulation, glazing, lighting, controls and Heating, Ventilation and Air Conditioning (HVAC)
- Renewable energy, especially in the marine sector including the suppliers of products, fabrications and specialist services to the offshore wind energy market (e.g. corrosion protection, port facilities and supply boats)
- Waste management and recycling including large firms, specialists in key sectors and recycling firms in areas such as plastics, glass and composting
- Water and wastewater treatment including fabrication companies and specialists in filtration and chemical treatment.

7.20 The Action Plan sets out a programme of long-term strategic interventions, which have the potential to transform the energy generation, networks, vehicle, and building sectors across the City Region and to support the creation of a low carbon economy (Table 7-3,below).

Table 7-3: Estimated impacts of the LCR Low Carbon Economy Actions

Activities	Estimated Delivery Date	Estimated Cost (if known)	Economic Benefits to 2015
Round 2 and Round 3 Irish Sea offshore wind projects (Dong/RWE/Centrica)	2012-2026	£18bn	3,000 jobs
Significant scale roll-out of micro-generation activities (PV/Wind)	2012	£100m	1,480 jobs
Port based biomass power stations and Energy from Waste plants	2018	£600m	940 jobs
Develop nuclear supply chain activities and nuclear inspection and audit	2015	£50m	1,040 jobs
Mersey Estuary Tidal Energy Power plant	2020	£3bn	260 jobs
Smart Grid roll-out into communities and private wire networks	2015	£300m	1,200 jobs
Develop a technically secure and commercially viable heat network	2020	TBC	450 jobs
Develop sustainable supply chain to support low emission vehicles production	2020	TBC	700 jobs
Support the development of low carbon building stock through supply chain activity	2020	£3bn	2,230 jobs

Source: The Liverpool City Region Low Carbon Economy Action Plan

- 7.21 The Renewable Energy and Energy Efficiency in Community Housing (REECH) Programme was approved in mid December 2010 by the NWDA. In total, the initiative offers around £14.3m of capital resource and £1.2m revenue to support carbon reduction activities across the region. Specifically within Sefton, c. £4m is to be invested to help stimulate the market for low carbon technologies and renewables within social/RSL and low income housing. Approximately 700 properties are in line to benefit from a mix of innovative technologies such as Solid Wall Insulation (SWI), Solar Water Heat (SWH), Mechanical Heat Recovery (MHRV) and Passive Ventilation.
- 7.22 Earlier this year an ambitious programme for developing the Liverpool City Region into a key offshore wind turbine service/maintenance hub for the West Coast of Britain was revealed by The Mersey Partnership. In part, this was in response to Centrica's proposals to develop a major Round 3 wind farm site (4.2GW) off the southern coast of the Isle of Man (70km from Liverpool) involving around 850 giant turbines and 28 sub-stations. The existing Burbo Bank turbine scheme off the Crosby coast in Sefton accommodates 25 turbines generating 90 Megawatts (MW) of power.
- 7.23 The associated research identifies many of the City Region's existing port, manufacturing, warehousing and distribution assets, setting out how they can be combined to make a compelling case for the creation of a major supply chain to serve Rounds 2 and 3 of the Irish Sea Zone wind farm development. The developments proposed in this Zone alone are estimated to be worth around £15bn to the UK economy. Overall, UK offshore wind industry investment is expected to exceed £100bn in the next decade.
- 7.24 Developing, building and maintaining the proposed Irish Sea installation will be a huge undertaking requiring a wide range of engineering and manufacturing expertise. A

sophisticated support and logistics infrastructure will also be required, thus creating the potential for the creation of a City Region based supply chain creating thousands of new jobs.

- 7.25 In addition, Peel Energy and the NWDA have been working over recent years to explore the feasibility of establishing a large tidal barrage across the River Mersey. It is estimated that a tidal power scheme in the Mersey Estuary has the potential to make a significant contribution to the target of securing 15% of the UK's energy needs from renewable sources by 2020. A large scheme could deliver enough electricity to meet the needs of more than 200,000 homes.
- 7.26 A 3.5 mile stretch of the river between New Ferry and Eastham on the Wirral side and Dingle to Garston on the Liverpool side has been identified as the most favourable area within which to locate a tidal power scheme. Although this sits to the south of Sefton, it is expected that there would be significant socio-economic and environmental benefits both for the Borough's residents and its business base.

8: Conclusions and implications for policy

- 8.1 This LEA has analysed the economic performance of Sefton and places within it, and the drivers that have underpinned performance to date. The evidence, and the conclusions reached after discussing the draft findings with Sefton stakeholders, will inform the forthcoming Sustainable Economic Development Strategy for Sefton (SEDS), in which the priorities for the Borough will be set out, together with strategic ambitions and associated action plans. In this final section, we summarise the findings from the Local Economic Assessment, and then go on to highlight some of the key issues, tensions and policy implications that partners will need to address in developing the SEDS.
- 8.2 The key message is that, in economic terms, Sefton has stalled: not just since the onset of the recession but over a decade or more. The challenges that this relative failure poses to the Borough are substantial: in the short term, they will be exacerbated by public sector cuts. This will amplify the need to facilitate structural adjustment, rebalancing the local economy from the public to private sector. It is also likely to make stakeholder support more urgent, if actions are to be taken to improve the competitiveness of Sefton's businesses – generating profits and investing, creating jobs and exporting.
- 8.3 As noted throughout this document, there is also a strong spatial element in assessing the implications and possible policy responses: Sefton contains very different towns and neighbourhoods some prosperous, others with strong concentrations of deprivation. The diversity of the Borough, its economic geography, and location, are creating opportunities: some of these, such as SuperPort and renewable energy, are potentially on a large scale and capable of transforming the economic performance, opportunities and the image of Sefton. But their impact is likely to be negligible in the short-term, when economic growth is needed to tackle the effects of the recession.
- 8.4 Other actions are therefore likely to be needed to avoid Sefton slipping further behind and to avoid the risk that a 'twin track' economy diverges even further. The opportunities stem in part from the scale and nature of Sefton's geography, as the Borough spans over 20 miles north to south, and has a distinctive role and potential arising from its combination of proximity and good access to Liverpool - the core of the city region - as well as its long seaboard.
- 8.5 The options for direct intervention by the public sector in the short-medium term will now be more limited, certainly in resources, possibly in terms of leverage. And credit-driven consumer demand is unlikely to drive development again medium-term. But a range of actions could still be taken, if priorities were agreed, relating to sector-specific opportunities and area-based project initiatives.

Summary of economic performance and its drivers

- 8.6 In 2009, the total economic output (measured in terms of GVA) generated by Sefton's economy was £2.8bn, 15% of the LCR total. Sefton accommodates 18% of the LCR population and 16% of the City-Region's jobs.
- 8.7 During the 1990s, local GVA grew more quickly than in the wider LCR: the national economy was growing and the number of jobs (in the public sector in particular) was expanded rapidly in Sefton. But economic growth in the Borough levelled-off after 2000, and the gap in GVA per head between Sefton and the UK widened. By 2008, GVA per head in Sefton stood at £11,900, 81% of that for the LCR and only 56% of the UK average.
- 8.8 As we noted in Section 2, economic performance in terms of GVA per head is driven by three main factors: the proportion of the population that is of working age; the proportion of the working age population in employment; and the productivity of those in work. Whilst Sefton lags behind the national average in terms of the proportion of working age people (by 5%) and its employment rate is 97% of the UK, the evidence shows that the main driver of Sefton's economic under-performance is productivity/job. The GVA generated by each job in Sefton is only 76% of the UK level; the evidence suggests that this is attributable both to the sectoral make-up of the local economy, and the specific activities and occupations within these sectors.
- Sefton has a large share of jobs in lower productivity (and therefore lower paid) sectors such as public administration, defence, health, distribution, hotels and restaurants: these sectors are over-represented compared to the UK, and the productivity of workers in each sector is also slightly below their national counterparts. Other evidence shows that the mix of occupations in Sefton is at a lower skill level than the UK average, while the Borough 'exports' many residents working in higher level occupations to Liverpool.
 - Sefton has significant pockets of stubborn and deeply entrenched deprivation, particularly in the south of the Borough, where there are major unemployment, educational and up-skilling challenges. Going forward, a case can be made in terms of efficiency and equity for area development prioritising the south of Sefton – for example, opportunities along the Dunningbridge Corridor and at the Port of Liverpool.
 - Sefton's residents – but not necessarily its workers – are reasonably well-equipped in higher level qualifications
 - Sefton performs better than the LCR on enterprise rates (although the gap has narrowed in recent years): proportionally more Sefton businesses are knowledge intensive (KIBs) than in the wider City-Region, although the Sefton businesses are below average in size.

In Table 8-1, below, we summarise Sefton's performance on key indicators for local economic wellbeing. Improved performance on these indicators, especially those relating to productivity (such as skills, employment in knowledge intensive industries, and workplace earnings), will demonstrate that Sefton's economy is becoming stronger and more robust.

Table 8-1: Key Statistics

Indicator	Sefton's Position			Date (latest data)	Sefton's Performance compared to LCR/Merseyside average	Is the gap with the national average narrowing or widening?		
	Rate/percentage	Value	Ward variation					
GVA per head	NA	£11,900	NA	2008	Weak: Sefton is 81% of Merseyside average	↓	Widening since 1995	↓
Gross Disposable Household Income	NA	£13,700	NA	2008	Strong: Sefton 107% of Merseyside average	↑	Widening since 2000	↓
Working age population	59% of total population	160,300	NA	2009	Weak: Sefton is 3pp < than LCR	↓	Widening since 1992	↓
Population aged 20-34 years	15% of total population	42,300	NA	2009	Weak: Sefton is 4pp < LCR	↓	Widening since 1992	↓
Number of businesses and density	49 per 1,000 WAP	7,800	NA	2009	Strong: 41 per 10k WAP in LCR	↑	Gap remains	=
Businesses with 10, fewer emps	84%	7,372	NA	2008	Similar: Sefton 2pp more firms of 1-10 emps	=	Gap remains	=
Business start-ups	46 per 10k WAP	775	NA	2009	Similar: Sefton has 2 per 10k WAP more	=	Gap remains	=
Claimant count	4.7% of resident popn	8,032	98 - 937	Nov-10	Strong: Sefton is 0.6pp < LCR	↑	Gap closed in 2000s, now reopened	↓
NEET population	6.4% of the 16-18 yrs	548	1% - 12%	Mar-11	Strong: lowest rate compared to all other LCR districts	↑	Gap remained over last 12 months	=
JSA claimants	4.4% of resident population aged 16-64	7,550	1.5% - 10.7%	May-10	Strong: JSA rates across LCR: from 4.2% to 6.1%; Sefton towards lower end of range	↑	Gap closed in 2000s, now reopened	↓
Notified JC+ vacancies	60 per 10k WAP	1,012	0 - 203	Nov-10	Weak: Fewer vacancies per 10k WAP than LCR (88)	↓	Widening gap in rate since 2004	↓
Employment rate/level	68.3% of popn 16-64	114,500	NA	Jul 09-Jun 10	Strong: LCR average is 64.8%	↑	Widening gap since 2005	↓
Jobs (number)	NA	104,000	NA	2010	NA		NA	
Private sector employees (number)	71%	64,400	NA	2008	Weak: 74% private sector employees in LCR	↓	Widening gap since 2003	↓
Earnings (workplace, gross annual, full time workers)	NA	£22,359	NA	2010	Weak: LCR ranges from £22,215 to £26,374; Sefton towards lower end	↓	Gap with UK since 2004 – not closing	=
Employees in KIBs	8.3%	7,817	27 to 3,458 employees (ward)	2006-8 (3 year av)	Similar/weak: LCR average is 8.9%	↓	Little change in gap since 2006, continued to be relatively weak	=
WAP with Level 4+ qualifications	26.2%	44,300	NA	2009	Strong: LCR average is 25.0%	↑	Little change in gap since 2004 - continued to be relatively weak	=
WAP with no qualifications	13.0%	22,000	NA	2009	Strong: LCR average is 16.5%	↑	Gap has widened since 2004, but narrowed again in 2009	↑

- 8.9 The current strengths and weaknesses in the local economy are summarised in Table 8-2 below. Taken in the round, these demonstrate an overall weakness and fragility in local economic competitiveness. We have noted that Sefton's relative position has deteriorated in recent years, and the data on trends suggest that there is a real danger that this could continue, with widening gaps with other areas. 'Business as usual' projections indicate that Sefton will take longer to recover from the recent recession than the wider LCR and the UK, with GVA per head and productivity gaps continuing to widen over the next twenty years. This is, at least in part, related to the high level of dependence on the public sector for employment and investment, and the inter-relation with Liverpool, which is also expected to be hit by significant job losses from the public sector.
- 8.10 There appears to be a low skills equilibrium in parts of Sefton of low value added, low skills and low wage employment. This presents a real challenge for the Borough, not only in raising incomes but also in terms of the implications for other economic development policy domains, including the housing market/affordability, encouraging workless people back into employment, and the ability to 'rebalance' the economy towards higher value added activities.
- 8.11 Sefton's fundamental challenge in achieving this rebalancing concerns the resilience, size and dynamism of its economic and business base. Firms currently operating in Sefton are unlikely to be able to create sufficient new employment opportunities on a scale which would offset the scale and severity of the public sector job losses. To date, there has been limited success in attracting in higher value and more knowledge/innovation/technology intensive businesses. In the long-term, it will be these wealth-creating factors that will act as the main determinants of Sefton's economic well-being. The economic conditions within Sefton are important because Liverpool and the wider LCR are insufficiently strong economic drivers to compensate for shortcomings in local performance. If living standards across the Borough are to be improved, Sefton stakeholders will need to continue to focus on the economic agenda. The associated opportunities and threats facing the Borough are summarised in the second part of Table 8-2.

Table 8-2: Summary SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • There is a good range of types of employment, including in sectors that are accessible to those with lower skills • Relatively high levels of engagement in the labour market • Range of types of business property, residential offer, across different parts of the Borough • Also a good range of types of community and residential offer – low to high end. • High quality primary, secondary and tertiary (FE) educational offer: some links with the local business base • Strong VCF sector • Sefton residents can access a wide range of education and training opportunities, with different types/subjects of HE in easy travelling distance • Port of Liverpool is the fourth biggest port in the UK for container traffic • Residents are able to access a wide range of job opportunities, particularly higher wage jobs in Liverpool – Sefton operates as part of a larger labour market • The business survey shows that a high proportion of firms in Sefton have growth ambitions (especially in terms of turnover) • A high proportion of workers take part in on-the-job training • A higher share of the economically inactive in Sefton want a job compared to the LCR and UK • Strong tourism, green infrastructure, natural environment and quality of life offer • Enterprise has been a strength, although rates of start-up have fallen in recent years • Strong and effective transport system with reasonable access to the national strategic network (although east-west links are less well developed) • Proximity to Liverpool's cultural offer • Low carbon emissions per capita compared to LCR and the UK average • Low generation of domestic waste compared to elsewhere in the LCR • High rates of recycling • Life expectancy rates are improving 	<ul style="list-style-type: none"> • Prevalence of low value added occupations and sectors – leading to underperformance in productivity and low earnings • Relatively low representation in the faster growing areas of the economy: inadequate basis for repositioning the economy • Persistent challenges around worklessness, including inter-generational worklessness and mental health issues, and child poverty in parts of the Borough. Also, the low earnings of jobs in Sefton do not always make work pay • Limited evidence of a 'breakthrough' in changing aspirations, reconnecting to opportunities for people living in those neighbourhoods with very high levels of deprivation and poverty. <ul style="list-style-type: none"> ➢ Whilst improvements have been made, these areas still suffered deprivation during growth periods • Dependence on public sector – and in particular on large back offices • Sefton's business property offer – especially its offices – now looks dated and relatively unattractive • Shortage of available sites for commercial employment uses in some parts of the Borough, and shortage of available development land in the urban areas • Loss of WAP, and especially young adults. Graduates tend to move away, and not return to Sefton (until perhaps later in life). High house prices act as a barrier, especially in retailing young families in the more desirable areas • Smaller share of jobs in the private sector than the national average, and the number of jobs in the private sector declined during the 2000s • Sefton has differentiated labour markets, rather than operating as one functional economic area in terms of labour supply. Anecdotal evidence from consultees suggests that there is an unwillingness to travel between parts of the Borough for work • Mixed and sometimes conflicting high-level visions for Sefton's economic development, may have reduced the scope for strong leadership • The housing market offer is highly polarised, with housing affordability issues in the Central and North of the Borough where a lack of available land for new provision is a constraint on growth • Lower proportion (than in Liverpool) of internet subscribers achieved a broadband download speed of >8Mbps • Some energy capacity issues e.g. at Southport's Business Park (but over-supply in other areas) • Southport's remoteness from the primary road network and rail network

Opportunities	Threats
<ul style="list-style-type: none"> • Increasing costs of going to university may encourage young people to stay in Sefton and commute to learn in nearby HEIs. • Potential to build better links between FE provision within the Borough (and HE provision nearby) and the businesses in Sefton (e.g. to take advantage of low carbon opportunities) • A relatively high proportion of businesses surveyed in Sefton have growth ambitions (some of which are high growth) • SuperPort developments present a major strategic opportunity for Sefton and the wider City-Region • Sefton, and particularly Southport, plays a central role in the LCR Visitor Economy 'transformational priority' – a sector which typically generates a high number of jobs (albeit low pay/productivity jobs) • Atlantic Park development opportunity; also scope to bring forward other sites along the Dunningbridge Road Corridor • Low carbon and biomass opportunities, with potential associated opportunities for the construction sector (where there are existing skills and current capacity within Sefton) <ul style="list-style-type: none"> ➢ Integrated wind and biomass resources are a particular opportunity for the Borough. ➢ Also, Sefton could take advantage of LCR wide opportunities in waste management and recycling, renewable energy, energy management and micro-generation • Developing niche strengths in the knowledge economy, for example in wealth management and finance – sectors which typically create high productivity jobs • The South Sefton and North Liverpool Strategic Regeneration Framework offers a long-term vision for transforming this part of the Borough, including Liverpool Waters, Project Jennifer, the Port of Liverpool expansion and a remodelled Bootle Office Quarter • Liverpool/Wirral Waters may also provide opportunities for growing the Sefton economy • Those made redundant from the public sector may decide to start up a business in Sefton using redundancy packages • Exploiting economic links to Liverpool, Lancashire and potentially Manchester • Transport infrastructure, including potential to build on local hubs • Social economy experience: redefining this offer • Rethinking and customising the knowledge economy • Realising the economic potential of Sefton's older population, not only in terms of the 'silver pound' but also in terms of enterprise, business expertise/experience and mentoring opportunities 	<ul style="list-style-type: none"> • Further public sector job losses, out-sourcing, cuts to investment and procurement spend – with implications for regeneration budgets in future • Limited resilience and strength of the business base, to drive Sefton's recovery and economic growth • While gaining from proximity to Liverpool, Sefton is also limited by this: Liverpool's economy as the core city does not appear strong enough to drive growth across the wider area and is particularly vulnerable to public sector cuts • Without a local HE offer, Sefton may be unable to attract/retain the more dynamic, better educated younger elements in the population – the Borough lacks both a clear identity and, with some exceptions such as Southport, it also lacks distinctive places, with an attractive image • Lack of development/employment land of sufficient size in places where opportunities may arise or where inward investors want to locate, and lack of business start-up space for new entrepreneurs. There is a risk that these businesses are lost to the local economy • Sefton has previously benefited from being able to offer lower cost/better value business accommodation than Liverpool; if its advantage for better quality accommodation is eroded through greater supply in the core city, Sefton may lose out • Restricted supply of housing which could lead to further decline in the population • Resource capacity constraints, especially in terms of energy in parts of the Borough, and broadband connectivity issues – this will have implications for business growth and encouraging home working enterprises that depend on the internet • Ability of energy, utilities and transport networks to cope with port expansion • Even if new opportunities are created on a large scale, the transition from public sector work to the private sector will not be seamless: interventions are likely to be required to address skills and occupational mis-matches • The absence of plans to roll out high speed broadband to 8/10 exchanges in Sefton presents a risk of an increasing digital divide, and a drag on business productivity • Some industrial locations are within the high probability flood zones • Declining labour force in the years ahead linked to an ageing population and the out-migration of younger people

Source: SQW

Key issues, opportunities and choices

- 8.12 The evidence presented in this report across the different thematic areas sets a series of headline challenges and opportunities for Sefton. But economies are made up of inter-related functions, linked together by business trading and investment, individuals' spending decisions, information and culture. Linkages and trade-offs between thematic issues need to be appreciated, and priorities for any interventions should be linked to a clear rationale and objectives. Strategic decisions should also be informed by a vision for the scale of ambition and the growth that the Borough seeks to achieve, and also from consideration of the implications of *not* acting.
- 8.13 There is, for example, a significant growth opportunity for Sefton in the Port of Liverpool and the wider developments which will be needed to realise the vision for the Liverpool SuperPort. This has the potential to create a large number of much-needed jobs for local residents, but successful development will also create competition for limited land, and tensions with regard to transportation priorities, the environment and carbon emissions.
- 8.14 The scale and location of future housing developments across the Borough should also be considered in relation to economic aspiration. Current recommendations to the Council are based on a minimum net new housing requirement of 480 homes per annum. This completions rate has been achieved in the recent past, but it would not be consistent with a continued fall in population and workforce going forward - a population decline for the Borough of about 6,900 by 2027 (from its present level of 272,100) and a local labour force contraction of about 18,000 people (primarily because of the ageing of the population) from its present level of 130,000. It could also equate to a loss of 10,745 jobs in Sefton. This in turn could have implications for the Borough's 'productive potential' and GVA generation, and consideration of the implications, for example, in relation to levels of out-commuting, 'smarter economic growth' and encouraging the mix of family homes that might help retain economically active households in Sefton.
- 8.15 In the table below we have grouped some of the key 'tricky issues' that flow from Sefton's Economic Assessment under five broad categories. For each we show a 'spectrum' of choice for stakeholders and policy-makers. These are presented as a basis for discussion: in reality, choices will not be so polarised. The illustrations are designed to encourage local policy-makers to debate and reflect on where the Borough is now positioned on each 'spectrum' and where it aspires to be in 10-20 years. In working up the Sustainable Economic Development Strategy for Sefton (SEDS), an additional – and highly important – consideration, will be agreeing the role and extent of local influence: the degrees of freedom for exercising choice and influencing Sefton's position will vary substantially across the different issues, and it will be important to focus on those areas where the potential influence, and therefore benefit, is greatest.

Table 8-3: Key headline issues, opportunities and choices for Sefton

Issues & the spectrum of choices for policy-makers and stakeholders



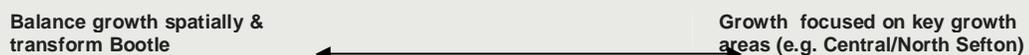
1. To what extent should Sefton's future economic growth be based on employment opportunities generated locally versus providing a high quality of life offer and good connectivity to other key employment nodes in order to attract wealthy commuters?

- Although the UK continues to out-perform many of its European counterparts in terms of foreign direct investment (FDI) flows, it is facing increasing competition globally. Also, patterns of inward investment have changed: projects have become smaller, generating fewer direct jobs. In addition to trying to secure new investment from UK and foreign-based firms, Sefton's growth will need also to be based on supporting and attracting more start-ups as part of a broader approach to enterprise.
- Sefton could also continue to seek to attract skilled workers to live in the Borough even though they might commute to employment/ knowledge centres across the North West and beyond. This will bring wealth into the Borough, thus helping to sustain local service-based businesses. This approach will require high quality housing, a strong education offer, a complementary and vibrant evening economy, an attractive public realm and wider environs, as well as excellent broadband connectivity and transport links to key innovation hubs such as Liverpool, Preston, Manchester, Warrington, Birmingham and London.
- Is there a danger that Sefton will lose its high quality of life offer if it seeks to adopt a high growth trajectory? What impact would this have on the area's low carbon agenda? What level of new development would be required to support this?



2. Should Sefton's economy in the future be highly specialised sectorally or should it seek to diversify into a broader range of areas?

- There is a fairly strong retail and leisure industry locally, and the banking, finance and insurance sector also employs a significant number of people locally. Are there are other niche sectors that could be targeted and supported to deliver future growth? Could the advanced logistics and distribution sector, as well as ICT and the creative industries be targeted for growth?
- In an increasingly globalised economy, with the inevitable transition to a low carbon economy, the emergence of new technologies, shifts in the global workforce, and further advances in rapidly developing countries like India and China, Sefton does not and will not compete primarily on the basis of price. Its businesses must develop offers which are differentiated on the basis of quality and knowledge; increasingly, this will apply also increasingly to non-traded services. Strong economic sectors develop mixes of firms ,of different sizes and stages of development – from start ups, to SMEs, to larger well-established firms that are already competing effectively in international markets.
- How can Sefton maximise the economic contribution of its older population? Can we think beyond the benefits for the service economy, and make the most of the extensive business skills, experience and expertise that many older people could contribute to the local economy (for example, through business mentoring)?



3. Should Sefton focus on re-balancing economic growth spatially across the Borough, or focus efforts on growth areas that are likely to generate greater returns on investment?

- Is there an opportunity for one or more major developments that could provide a potent symbol for Sefton's economic aspirations? What would be the implications of pursuing this, in terms of resources (and opportunity cost)?
- Should land supply pressures be eased by releasing more land for development in Central and North Sefton where there is investor demand? Should some of the under-utilised economic assets in South Sefton be remodelled and upgraded for growth as part of a longer-term vision? How feasible is this?
- Some aspects of Bootle town centre are not currently fit for purpose, from either community or business perspectives. How much of a focus should be placed on revitalising the economy of Bootle town centre, and can this take place in tandem with significant economic development activity at the northern end of the Borough?



4. To what extent should Sefton adopt a growth and wealth focused vision versus one that is more aligned with inclusion and regeneration principles?
- As workless people are drawn back into the labour market, the productivity of Sefton’s workforce is likely to fall in the short-term – partly because those with low skills are likely to take-up lower occupations, and partly because it takes time for those who have been out of work to get up to speed in the workplace.
 - Although Sefton has major regeneration challenges – particularly in the southern areas of the Borough, it could be argued that to date, the Borough has not suffered from the same level of economic change and restructuring that has hit some other parts of the Liverpool City-Region.
 - Given the area’s reliance on a small number of large public and private employers, the local economy remains relatively fragile and at risk. Over the medium to long term, Sefton must seek to transform its economic base into areas of more innovation, higher value and sustainability.
 - Given the limited likely resources available to implement the strategy, partners in Sefton will have to take some difficult prioritisation choices – should these resources be focused on supporting wealth-generating schemes, regeneration projects or a blend of the two?
 - Should the focus be on achieving a higher number of jobs, or improving the quality of jobs, or both across Sefton?



5. Does Sefton – SMBC and partners – currently have the requisite leadership and capability to successfully deliver a step change in its economic performance? Do Sefton’s leaders want to shape future change or respond to change?
- Evidence from across the UK suggests that the more ambitious and multi-faceted an economic development vision, the more complex and sophisticated the required implementation resource and leadership.
 - Sefton’s civic leaders have a choice as to how ambitious they want to be in terms of changing the area’s economic performance. How far do they want to lead on future economic performance as a strategic priority? If so, can the necessary buy-in and commitment be secured from all sectors and political parties, and from wider partners across the LCR? Would a more reactive approach offer lesser or greater risks in the medium/longer term?

Source: SQW 2011

Going forward: from LEA to SEDS

- 8.16 The partners consulted in a series of workshops held during the development of this LEA took the near-unanimous view that Sefton **should set its ambitions for economic growth higher than in the past and be more proactive in enabling and encouraging economic growth.** Partners are keen that the SEDS provides a clarity of vision on economic growth issues, which they felt has been lacking to date, and they noted that this will need to be supported by strong business and political leadership to champion the SEDS vision and objectives.

Future prospects and emerging priorities

- 8.17 Discussions at the final integrating workshop focused on ten sets of issues, and emerging strategic priorities. We recommend that these points, summarised below, should be taken forward and worked into SEDS. They were:
- A clear prioritising of opportunities and an integrated approach to delivery will be the key to effective strategy-setting. The objective will be to create the conditions for, and enabling, growth across different dimensions – employment land in the right places, energy supply, utilities, supply of right types of housing in right places (including affordable housing to retain young adults and families).

- Key to achieving this objective, and prime factors in the strategic focus, will be attracting and retaining higher value occupations, while also developing a critical mass in potential growth areas – including Bootle
- Rebalancing the economy from the public to private sector is a major challenge – and a priority. Private sector growth should be a priority – this includes business starts and business growth – the role of the transformational interventions is likely to be important, but the benefits in employment will be in the longer-term. Also, high growth firms will not always directly create new employment. What is the focus in the short-medium term that will help create a more balanced and more diverse local economy?
- The Port should be seen as a major opportunity and priority, with a specific focus on value added logistics hubs. There are issues around land supply (appropriate types of land in the right places), and potential tensions relating to conflicting land uses which will need to be addressed if the potential for jobs and supply chain opportunities is to be realised
- Health and social care are also potential drivers of growth – their current scale, and forthcoming reorganisations, will create jobs, including may for school/college leavers, and also present opportunities for private sector growth: many of the jobs will, however, be relatively low paid
- The cost to the public purse of deprived communities is high – the hidden costs of doing nothing need will need to be brought out as part of the arguments for selective interventions
- Local FE Colleges, and links into HE, should be key elements in the strategy, including encouraging better links between FEIs in Sefton, HEIs outside the Borough, training providers and businesses to ensure the supply of skills meets the needs of employers. This is fundamental to encouraging young people to stay in the area – and encouraging them to build their careers in Sefton (e.g. with businesses encouraged to develop ‘a joint approach to careers’; also, a role for public sector in ‘building bridges’ for young people, leading into specific employers and the wider workforce)
- The economic profiling should be used to inform Sefton’s focus on inward investment – in which sectors/types of business could the Borough offer an advantage, what are the key factors that might attract these sectors/types of business to the area., how should the offer be put together and presented? Workforce/skills availability and the range of housing opportunities with city centre access are likely to be important across the board
- Underpinning and related to all these factors: a fundamental change in cultures and attitudes towards education, learning and enterprise is required: this will require actions at different levels, and different approaches. Showing local people the possibilities, and what these might mean for them, will be important

- A communication strategy will be needed to underpin this pro-active approach, highlighting what Sefton's 'brand identity': what it offers to its own growing firms, its positioning within LCR, and its selling points to potential inward investors.

8.18 Sefton MBC has a key enabling role, and the capacity to develop and coordinate approaches in many of these priority areas. But achieving what we see as the needed step-change in the local economy will require real and effective partnership working, and leadership from business as well as the Council. Changing local conditions, life-chances, and perceptions will also require visible joined-up working with business and with other public and third sector partners.