A565 North Liverpool Corridor

Economic impact assessment

February 2016

Liverpool City Council
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Liverpool City Council
Issue and revision record

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Executive Summary

This study has assessed the potential economic impact of the proposed A565 enhancements on the local North Liverpool economic and development landscape. The report concludes that the enhancements have the potential to complement delivery of the significant transformational development opportunities in North Liverpool by improving access to the development sites and so contributing toward supporting the forecast growth in traffic volumes in the area.

- The A565 is a key strategic artery connecting Liverpool City Centre to the communities of Bootle, Crosby and Southport to the north. The corridor also serves game changing developments including Liverpool Waters, Liverpool2 and the A565 Corridor Masterplan that are fundamental to the local economy.

The proposed scheme will deliver:
- A dual carriageway along the A565 between Leeds Street and Blackstone Street with associated junction improvements.
- A dual carriageway along the A565 between Bankfield Street and Millers Bridge with associated junction improvements.
- An upgraded layout at the junction of A565 Great Howard Street, Leeds Street and King Edward Street.

- East-west pedestrian and cyclist links at five different locations. Upgraded Regent Road corridor to provide a 4 metre wide bi-directional cycleway and associated pedestrian and cycle improvements.

The analysis builds on recent economic impact assessments and employment land studies to quantify the potential economic impact of the development opportunities facilitated by the A565 enhancements.

Significant background growth in traffic volumes is forecast, caused primarily by existing committed developments, but exacerbated by the Liverpool Waters...
proposals. As a result, Outline Planning Consent placed highway mitigation conditions on the proposed Liverpool Waters development to ensure that the necessary highway infrastructure is in place to support forecasted traffic growth. The enhancements were to be enacted by 2024 as the quantum of development was expected to be too great for the capacity of the local road network at this point.

If the conditions are not met, development on the Liverpool Waters site and other developments in North Liverpool could be significantly constricted as more employment land is brought into use and the maximum quantum of development permitted is reached.

**Economic Impact**

The report estimates that without the A565 improvements annual net Gross Value Added (GVA) to the City of Liverpool economy could be £35 million below its potential by year 2024. Cumulatively, the report estimates £106m worth of potential GVA would have been lost to the local Liverpool economy by 2024.1

Further economic impacts qualitatively assessed in this report include:

- A small positive impact through complementing delivery of the A565 Framework Masterplan.
- A small positive impact from supporting delivery of the Port of Liverpool Masterplan and Atlantic Gateway.
- A potentially positive impact from connecting deprived communities to jobs created in North Liverpool.
- A small negative impact of Compulsory Purchase Orders (CPOs) on local businesses that could be positive in the medium term if better quality affordable premises are available.

Significant value to the local economy is at risk of being delayed if the road network does not have the capacity to facilitate the transformational growth opportunities currently being implemented and planned in the North Liverpool area.

1 Figure discounted to present value.
1 Introduction

1.1 Appointment and purpose of study

Building on the Outline Business Case (OBC), Mott MacDonald was commissioned by Liverpool City Council (LCC) to support development of the Major Schemes Full Business Case (FBC) for the A565 North Liverpool corridor enhancements. This report supplements the FBC by assessing the wider economic land use impacts to be gained from the improvements along the A565 corridor.

1.2 A565 North Liverpool Corridor

The A565 corridor is a major north-south commuter and freight route of local, regional, national and international significance.

- **Local** – the corridor is essential to strategic movements through the Liverpool City Region (LCR) conurbation, facilitating trips into Liverpool City Centre and Bootle from communities in North Liverpool and Sefton for a mix of daily commuting, leisure and shopping purposes.

- **Regional and national** - the A565 is used by employees of the Port of Liverpool, employees in businesses located along the Corridor and HGV traffic heading north to the M57/M58 interchange at Switch Island and east-west to deliver to local businesses. The A565 provides direct access into the heart of the North West economy and beyond.

- **International** – serving the global trade flowing through the Port of Liverpool, the A565 is a key road used by HGVs as they exit the dock estate at Seaforth and for HGVs/private cars as they embark/disembark ferries to/from Ireland. The A565 will also serve the Liverpool2 terminal currently under construction and due for completion in early 2016.

Figure 1.1 illustrates how the A565 enhancements are located on the key strategic corridor connecting Bootle and the communities to the north with Liverpool City Centre.
1.3 **A565 enhancements**

The proposals for the A565 as part of the North Liverpool Corridor scheme can be summarised as:
- **A565 Phase 5 highway improvements (dualling)** - Upgrading the A565 from the Leeds Street junction northbound to its junction with Blackstone Street to dual carriageway standard. This also involves the improvement of two junctions to incorporate right turn lane (Atlantic Avenue turning West into Dublin Street).

- **A565 Phase 6 highway improvements (dualling)** - This proposed scheme will see the construction of a modern dual carriageway from Blackstone Street junction in the south to the junction with the A5058 Miller’s Bridge. This will include a central reservation which will rationalise the number of right turning movements in the network with the aim of reducing congestion and improving driver safety on the network.

- **King Edward Street junction improvement** - This scheme will maximise pedestrian connectivity whilst providing sufficient vehicular capacity at the junction. The improvements will be in keeping with the form and scale of the World Heritage Site designation. The improvement scheme will deliver a ‘super pedestrian crossing’ across King Edward Street, add additional lane capacity along each approach to the junction and introduce a splitter island on Paisley Street;

- **A5036 Regent Road corridor improvement scheme** - The Regent Road corridor improvement scheme aims to upgrade the corridor to enable economic growth in the area. The scheme will deliver new cycle infrastructure, improvements of pedestrian facilities, improvements to local access and east-west movements and reductions in congestion levels.

### 1.4 Study methodology

This study builds on and updates analysis undertaken for the OBC and has been undertaken through the following interrelated elements:

- Site visit and desktop review of the economic context, economic strategy and spatial development context for Liverpool, Sefton and the wider LCR.

- Qualitative discussion with representatives of LCC responsible for delivering planning and economic development policy.

- Economic assessment of the potential increase in employment in the area served by the development land unlocked by improvements to the Corridor. Existing impact studies were built upon and figures from Mott MacDonald’s Transparent Economic Assessment Model (TEAM) were used to update the assessment.

- Wider economic benefits assessment of non-quantitative benefits related to the infrastructure improvements.

Figure 1.2: TEAM – used for economic impact assessment
1.5 Report structure

The remaining sections of this report are structured as follows:

- Section 2 – provides an overview of the strategic planning and economic context for Liverpool and the LCR.
- Section 3 – establishes current and future land use and how the A565 enhancements influence local developments.
- Section 4 – provides an assessment of the potential economic impact of the improvements by exploring how they could facilitate growth on development sites associated with the scheme improvements.
- Section 5 – details the key conclusions of the study.
2 Study context

2.1 Introduction

This section provides an overview of the key socio-economic characteristics and the economic development and spatial planning context of the study area. This enables an assessment of how the proposed improvements to the A565 Corridor may support access to employment opportunities and economic growth aspirations for the LCR and wider.

2.2 Economic context

2.2.1 Population

Liverpool has witnessed relatively strong population growth over the past decade, growing at a faster rate than the North West region (6.1% absolute growth compared to 5.3% in the North West). The national trend of strong population growth is followed in Liverpool. By contrast, Sefton has experienced a decline of 3.5% since 2000. The LCR has witnessed limited growth, indicative of the slower and sometimes negative growth in other areas of the city-region. As a result, this strong population growth in Liverpool suggests an increasing confidence to attract more people to live in the city and for existing residents to remain living in the city.

Table 2.1: Population growth, 2000-2014

<table>
<thead>
<tr>
<th></th>
<th>Total Population, 000s</th>
<th>Growth 2000–14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2008</td>
</tr>
<tr>
<td>Liverpool</td>
<td>446</td>
<td>455</td>
</tr>
<tr>
<td>Sefton</td>
<td>283</td>
<td>275</td>
</tr>
<tr>
<td>LCR</td>
<td>1,493</td>
<td>1,492</td>
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<tr>
<td>North West</td>
<td>6,774</td>
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<tr>
<td>Great Britain</td>
<td>57,203</td>
<td>60,045</td>
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Source: Mid-Year Population Estimates, ONS

2.2.2 Economy and employment

Employment growth in Liverpool was considerably higher than the LCR, regional and national figures in the period running up to 2008. However, the City of Liverpool mirrored the LCR with strong employment decline following the onset of the national recession in 2007/08. Recently, following the beginnings of a national economic recovery, employment levels have picked up and returned to net growth for the LCR, North West and Great Britain. From 2010-2014, growth in Liverpool was in line with the regional average and below the national average. Conversely, employment in Sefton increased slightly in the national recession years 2008-2010, but has since decreased by 4.8%.
Nearly two fifths of employment in Liverpool and Sefton is within the public sector (36% and 39% respectively), considerably higher than the national average of 27% public sector employment. Alongside this, Liverpool has a relatively strong private sector employment base with professional business services accounting for 23% of jobs; higher than the LCR and slightly below the national level.

Retail and accommodation & food services are also well represented in Liverpool, reflecting the visitor economy businesses in the city (11% and 8%, respectively).

Table 2.2: Total employment growth rate, 2000–14

<table>
<thead>
<tr>
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<th>Total growth, %</th>
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<tbody>
<tr>
<td>Liverpool</td>
<td>15.4</td>
</tr>
<tr>
<td>Sefton</td>
<td>-8.0</td>
</tr>
<tr>
<td>LCR</td>
<td>5.5</td>
</tr>
<tr>
<td>North West</td>
<td>6.0</td>
</tr>
<tr>
<td>Great Britain</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source: BRES

Table 2.3: Employment by sector, 2014, %

<table>
<thead>
<tr>
<th>%</th>
<th>Liverpool</th>
<th>Sefton</th>
<th>LCR</th>
<th>North West</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry &amp; fishing</td>
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<td>0</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Mining, quarrying &amp; utilities</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
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</tr>
<tr>
<td>Manufacturing</td>
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<td>5</td>
<td>9</td>
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<td>8</td>
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<tr>
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<td>4</td>
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<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Wholesale</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Retail</td>
<td>11</td>
<td>14</td>
<td>11</td>
<td>10</td>
<td>10</td>
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<td>Transport &amp; storage (inc. postal)</td>
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<td>4</td>
<td>5</td>
<td>5</td>
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<td>Accommodation &amp; food services</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
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<td>23</td>
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<td>36</td>
<td>39</td>
<td>34</td>
<td>28</td>
<td>27</td>
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<td>Arts, entertainment, recreation &amp; other services</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
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</tr>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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</table>

Source: BRES, ONS
When comparing the economy of Liverpool to that of the wider LCR, it is clear that business services and public sector employment are more commonly found in Liverpool compared to the other boroughs.

The manufacturing and construction sectors (strong sectors within the LCR and North West region, set for growth over the next few years) are less concentrated in Liverpool, indicating that these growing sectors are more concentrated in the other boroughs.

Figure 2.1: Relative employment structure, Liverpool vs LCR (employment percentage point difference, 2014)

Source: BRES

### 2.2.3 Unemployment and deprivation

Unemployment has been consistently higher for Liverpool (averaging 5.2% between 2000 and 2015) compared to the Sefton, LCR, North West region and national trends (averaging 3.4%, 4.1%, 2.7% and 2.9% respectively). Despite notably higher unemployment, Liverpool has followed national and regional trends throughout, especially in the last 2 years with a steep fall in the claimant count from 5.2% in 2013 to 1.9% in 2015. Liverpool’s unemployment situation is now closer to the national average than it was pre-recession.
Figure 2.2: Unemployment rate (of ages 16-64) using claimant count data, 2000–15

Source: ONS

In terms of deprivation, large areas of LCR lie within the most deprived quintile (20%) of Lower Super Output Areas (LSOAs) as per the 2015 Index of Multiple Deprivation data. These areas of high deprivation are predominantly within and around the sub-region’s core area, particularly North Liverpool, South Sefton, North Knowsley and central St Helens. At LSOA level, 35% of all LSOAs in the Liverpool district fall within the top 5% most deprived LSOAs in England (out of a total of 32,844), demonstrating the widespread nature of deprivation in the area. In contrast, only 13% of LSOAs in the Sefton district fall within the top 5% most deprived LSOAs in England.

The A565 is a key route connecting communities of acute deprivation in North Liverpool to employment opportunities in the city centre, South Sefton and beyond. Much of Kirkdale and Everton are classified in the top 1% most deprived LSOAs in England with most of the remaining LSOAs along the Corridor (including in Bootle) between 1 and 5% of England’s most deprived LSOAs.

2 Department for Communities and Local Government (24 March 2011): English indices of deprivation 2010
Figure 2.3: Index of Multiple Deprivation for North Liverpool, 2015

Source: Mott MacDonald
2.2.4 Economic outlook

The LCR Local Enterprise Partnership's (LEP) projections provide outlooks for local authorities within the LCR. The population of the LCR, given the population decline and slower growth historically, is projected to grow moderately through to 2025, however at a lower growth rate than regional and national geographies. Liverpool is predicted to witness modest growth until 2020.

Table 2.4: Baseline and projected population growth for LCR

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Liverpool</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Sefton</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>LCR</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>North West</td>
<td>0.3</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>England</td>
<td>0.7</td>
<td>0.7</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: ONS, 2012

According to the LCR LEP (formerly The Mersey Partnership), over the coming decade the financial & business services, construction and transport & communications sectors are forecast to drive economic growth. In contrast the public sector, which contributed significantly to employment growth over 2000/10, will expand very slowly – this reemphasises the requirement to rebalance the LCR economy.

Transport and communications, a sector forecast for growth, reflects the increasing importance of logistics activities in the LCR and the need for improved highway infrastructure in the network close to the port where an increased volume of freight vehicle movements will start/end their journeys from 2015 onwards. The financial and business services sector has the highest growth rate predicted, while employment in manufacturing is set to continue to decline.

Table 2.5: Employment Growth by Sector in LCR, NW and UK (% pa)

<table>
<thead>
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<tr>
<td>Agriculture</td>
<td>10.2</td>
<td>-2.3</td>
<td>2.9</td>
<td>-2.1</td>
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<tr>
<td>Mining &amp; quarrying</td>
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<td>Manufacturing</td>
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<td>0.4</td>
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<td>0.6</td>
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Source: The Mersey Partnership
2.3 Policy context

2.3.1 Liverpool City Region

The LCR LEP’s overall vision is to secure job growth of between 95,000 to 130,000 jobs over the next 5 to 15 years through supporting growth across a range of economic sectors. Schemes including the Liverpool “SuperPort” and the Mersey Gateway Project (see below) should inject a total £1bn capital investment and are seen as “strategic necessities” to build on the region’s port, airport, rail and logistics assets to benefit the whole of the UK. The A565 provides an important road link to the Liverpool2 terminal at Seaforth and is therefore an integral part of the strategic road and freight network.

The LEPs Spatial Investment Plan 2014-2017 (January 2013) reported that, across the sub region, there was a diminishing pipeline of available and good quality land that could deliver high quality developments that attract top businesses to the City Region.

Figure 2.4: Knowledge Economy

Source: LCR’s knowledge economy: delivering new opportunities for growth 2011-2020

Figure 2.5: Visitor Economy

Source: LCR Visitor Economy Strategy to 2020

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3 Liverpool Vision

4 As these job and GVA forecasts are sourced from a variety of key strategic documents, the methodology of how the estimates were derived likely differs meaning comparisons should be made with caution.
The SuperPort (see Section 3.2.4), alongside other new projects identified by the LEP (Liverpool2, Mersey Gateway crossing, the Liverpool Bio Campus and Wirral Waters), will help create the conditions for growth including investment in transport, housing growth and wider infrastructure and business support, innovation and skills and employment targeted programmes.

### 2.3.2 Liverpool Draft Core Strategy

In 2012, LCC drafted the Liverpool Core Strategy to capitalise on Liverpool's assets and resources to achieve urban and economic growth. The Strategy will be used to form the framework for the Local Plan for Liverpool.

The Strategy keeps the city centre as the primary focus for economic activity and job creation and looks for a balance in new housing growth between the Urban Core (70%) and the outer Suburban Areas (30%) with 40,950 new homes to be developed from 2011 to 2028.
Maximising sustainable economic growth is seen as a priority, particularly utilising substantial opportunities in the deprived wards of Anfield, County, Everton and Kirkdale in North Liverpool. North Liverpool will be a primary location for regeneration on a transformational scale while the Strategy also recognises the importance of maintaining and enhancing the city's heritage assets and environment, including along the North Liverpool Waterfront.

### 2.3.3 North Liverpool South Sefton Strategic Regeneration Framework, 2010

The Strategic Regeneration Framework (SRF) recognises the enormity of challenges in this area, which we have echoed in the above analysis, but also the strength of its underlying assets and potential drivers.
for growth\textsuperscript{5}. The A565 (Derby Road) is a key artery through the area which connects it to the strategic highway network via the A5036 (see Figure 2.9 below).

A key objective identified is to enhance the transport network in order to establish the area as an attractive and desirable place to live, work, invest and visit. Transport actions identified to support this were:

- Freight transport improvements.
- Improve perceived accessibility.
- Branded quality bus corridors.
- Promote enhanced east/west links.
- Environmental improvements to rail stations and environs.
- Improve key transport corridors and junctions.
- Explore opportunities to provide additional rail capacity.
- Pursue new transport opportunities through Merseytram.
- Determine likelihood of future supply gaps in both power and other utility provision, and undertake appropriate forward planning provision.

\textsuperscript{5} North Liverpool South Sefton Strategic Regeneration Framework, 2010
Figure 2.9: North Liverpool South Sefton, strategic links and drivers of growth

Source: Liverpool Vision
2.4 Summary

Key Points

- The employment growth rate in Liverpool exceeded regional and national averages prior to the recession, slumped to a greater extent during the economic crisis but returned to more buoyant growth after. Despite this the Liverpool unemployment rate remained higher through the period (though is closer to the wider averages now than it was pre-recession). While the LCR saw slightly slower employment growth than the regional and national economy in pre-recession and steeper decline during, the economy has seen modestly higher employment growth.

- The public sector and professional business services are the largest two sectors for LCR, Liverpool and Sefton, accounting for 55%, 59% and 56% of total employment in each area respectively. Reliance on the public sector is much higher in both Liverpool and the LCR than the economy at large.

- The A565 Corridor and the wider North Liverpool area are pivotal to successfully delivering the economic development strategy of the LCR.

- Improving transport connections in the North Liverpool area is identified as an important objective in order to establish the area as an attractive and desirable place to live, work, invest and visit.

- Key strategic investments including Liverpool Waters and the SuperPort could unlock significant quantities of development land and employment opportunities while extending the Central Business District northward.
3 Land use and traffic management

3.1 Introduction

This section provides an overview of the development potential in the A565 Corridor area of North Liverpool. The section draws on the findings of the strategic document review, previous site level research undertaken by Bilfinger GVA (formerly GVA Grimley) and Peel Ports, transport impact assessments, planning permission documents, consultation and a site visit. This has enabled us to identify potential development areas and how A565 enhancements will integrate into and support the local economy to develop in future.

3.2 Development land surrounding the A565

The local area around the A565 corridor has significant potential for economic growth over the coming years. The A565 Framework Masterplan, Liverpool Waters and the Superport stand out as significant game changing opportunities for an area that has seen significant neglect and decline since the 1970s.

3.2.1 Current land use

Employment land surrounding the A565 Corridor primarily offers B2 and B8 general industrial land and is characterised by under-occupancy and low rental values.

Using best practice guidance6, Bilfinger GVA undertook an employment land review of North Liverpool in 2008. This found that:

- 61 out of 87 sites were classified as medium constrained and so not available in the short term without constraint mitigation.
- 18 sites were identified as very constrained for development, meaning there were serious issues for development of the sites.
- Only 8 sites were classified as developer ready with few constraints. Across North Liverpool there was an over-supply of general industrial / business land7, the majority of which are associated business activities serving the local rather than strategic market.
- High levels of vacancy was also observed with the reported occupancy rate at a local level, where commented upon by the study, ranging between 55% and 80%8.

The Port of Liverpool is the largest existing development site and is important for the local economy around the A565 corridor. The Port stretches from Bramley-Moore Dock to Royal Seaforth Dock four miles to the north and covers c1,500 acres of land. The Port has around 300 lessees and operators undertaking cargo

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7 Classification in line with DCLG guidance and defined as – “Coherent areas of land which are, in terms of environment, road access, location, parking and operating conditions, well suited for retention in industrial use. Often older, more established areas of land and buildings. A mix of ages, qualities and site / building size.”
8 Liverpool ELS Stage 2: North Liverpool, June 2008 – NB the ELS Database has not been reviewed as part of this study.
handling and processing operations to support the Port. Larger companies on site include Shell, Cargill and Eon and there are a significant number of small enterprises operating within the Port. For non-port related activity B2 general industrial and B8 storage and distribution are still the principal land uses. Other key existing development sites in the North Liverpool area include:

- Wellington Employment Park - located just off the A565 road, the Park houses a mix of B1, B2 and B8 uses. The park comprises 19 units across 31,394 m². Most units are between 437 – 2,567 m², with one larger unit of 10,211 m². Opened in 2008, within 3 years the Park was fully let/sold.
- Connect Business Village - based on the A565 Derby Road, the Village contains 15 two-storey office spaces including managed office space. Advertised as the first speculative development of its kind in the area, Connect Business Village provides units of various sizes, from 496 m² up to 1196 m². Opened in mid-2014. Phase 2 of the development will be primarily in the Tobacco and South Warehouses and would bring forward, c13,716 m² of business space, 335 live work units, a 128 room hotel, and c16,764 m² of D1 or D2 Space.
- Stanley Dock Warehouse Complex Redevelopment - the first phase of the redevelopment, a 153 bed room hotel, was opened in mid-2014. Phase 2 of the development will be primarily in the Tobacco and South Warehouses and would bring forward, c13,716 m² of business space, 335 live work units, a 128 room hotel, and c16,764 m² of D1 or D2 Space.

Close to the existing Liverpool Waters site, the commercial and property offer is primarily of low quality. A number of retail and residential developments help to maintain activity in the area but there are extensive areas of dereliction and abandonment. However, there are a number of distinct and thriving employment locations including King Edward Industrial Estate on Gibraltar Row offering approximately 30 small industrial and hybrid units.

Discussions suggest there is a significant presence of grey economy businesses in the area. Land close to Leeds Street has long been an under-utilised asset given its proximity to the city centre. Distinctive neighbourhoods that have seen significant investment and strong revivals close to North Liverpool include the Commercial District, the Waterfront, Liverpool One and the Historic Downtown. Figures 3.2 to 3.5 give a flavour of the development opportunities close to the A565 as observed on a site visit on the 13th August 2014.

10 A565 Corridor Study: Market Demand Analysis, GVA Grimley, 2014 based on Mersey Ports Master Plan
Figure 3.1: Significant levels of dereliction remain

Source: Mott MacDonald

Figure 3.2: Vacant / underutilised land presents significant opportunity

Source: Mott MacDonald

Figure 3.3: Narrow streets with ongoing economic activity causes access issues

Source: Mott MacDonald

Figure 3.4: Recent re-developments have had some success

Source: Mott MacDonald
3.2.2 Local economic development of A565 Framework Masterplan area

The A565 Framework Masterplan was produced in 2015 by Liverpool Vision and commercial property agents Bilfinger GVA. As explained below, though the Masterplan has not been considered by LCC’s Cabinet, from discussions with LCC officers it is our understanding that the document will form the starting point for drafting of the upcoming Development Framework for the area and so still represents the best indication of the future aspirations for the area. The Masterplan assesses current and future demand for land along the A565 Corridor. The Masterplan envisions a similar development to the successful Baltic Triangle initiative though with its own unique identity and will identify land ready for development and public realm and wayfinding enhancements to develop an identity within the study area.

Figure 3.5: A565 Framework Masterplan Study Area

Source: Bilfinger GVA
The Masterplan divides the study area into four distinctive neighbourhoods that, where possible, will complement existing land use:

- **Liverpool2 and the Port** - focus for port-related uses and activities including logistics, storage & distribution, recycling & processing and supporting engineering and mechanical workshops;
- **Bankhall and Sandhills** - focus for general employment and engineering uses, with trade and retail along key frontages;
- **Atlantic Village and Park** - the focus for creative industries and small start-up office, light manufacturing and engineering uses, with supporting cafes/shops; and
- **City Threshold** - transition into the city centre, with leisure, residential, start-up office space and local retail uses focused along key frontages and streets, together with light employment uses.

The location of each of the four neighbourhood zones is shown in Figure 3.7.

*Figure 3.6: Neighbourhoods & Land Uses*
An updated demand analysis for local employment land in 2014 and beyond underpins the Masterplan. The demand analysis concludes that an additional 21.5 hectares (53 acres) of land will need to be identified to meet demand over a 20-year time horizon. This land is additional to the 12.27ha of land identified as required by the Peel Ports Masterplan.

Key demand drivers for development land identified are:

- **Liverpool Waters** – the analysis foresees a number of businesses looking to relocate locally as a result of being displaced by the development.
- **Superport/Liverpool2** – as outlined in Section 3.2.4, demand for support services should contribute to development, particularly in the Liverpool2 and Port neighbourhood.
- **Enhancements of the Leeds Liverpool Canal** to make the canal more visible is anticipated to encourage mixed uses such as residential or leisure.
- **Lack of quality modern premises in the property market** has led to unmet demand from existing businesses who may require new accommodation or expanded space but for business reasons need to remain within the locality.
- **Proximity to the city centre** allowing access to the large city centre market.
- **Cheaper accommodation costs** attracting businesses wishing to take advantage of lower operating costs.
- **The Stanley Dock Warehouse Complex Redevelopment** – the Titanic hotel for Phase one is now open (and based on our consultations is considered a success). Phase two will be primarily focused on the Tobacco and South Warehouses and would bring forward, c45,000sqft of business space, 335 live work units, a 128 room hotel, and c55,000sqft of D1 or D2 Space.
- **The Tobacco Warehouse** is currently the subject of a planning application to convert the warehouse for residential (538 apartments) and business uses\(^\textsuperscript{11}\) demonstrating the increasing market buoyancy in the area.

To match current and future demand and assist in the delivery of the A565 Framework Masterplan, Bilfinger GVA and Liverpool Vision developed an Acquisition Strategy. The Strategy identified nine Primary Acquisition Sites of required scale and realistically deliverable within a 10-year timeframe. Cumulatively, the sites account for 27.48 acres (11.12ha) with an estimated existing value of between £9.66m and £12.06m. These sites were assessed to have capacity to support between 699 and 1,269 gross jobs (using the HCA Employment Density Guide, 2010), though this assessment does not account for additional considerations of leakage, displacement, deadweight and substitution.

3.2.3 Liverpool Waters

Liverpool Waters represents one half of the UK’s biggest area-based and job creating regeneration projects – the Mersey Waters Enterprise Zone. The Liverpool Waters development is a potential £5.5bn development to extend the Liverpool City Centre business district in a northwards direction up the River Mersey creating new commercial and residential space. The scheme is forecast to create around 15,000 gross jobs over 30 years within the site and a further 22,000 jobs across the LCR\textsuperscript{12}.

The outline planning application has been approved for development of up to 1.32 million m\textsuperscript{2} across many different use classes. Around 5,486,400m\textsuperscript{2}. Of mixed use development will be delivered as:

- up to 9,000 residential dwellings;
- c1,036,320 m\textsuperscript{2} of predominantly Grade A office space;
- c173,736 m\textsuperscript{2} of hotel & conference facilities;
- 88,392 m\textsuperscript{2} of restaurants & cafés;

- 108,204 m² of assembly & leisure space;
- 62,484 m² of drinking establishments;
- 62,484 m² of non-food retail shops;
- 26,213 m² of convenience food shops;
- 29,566 m² of community institutions;
- 13,000 car parking spaces;
- a cruise liner and energy centre;
- 29,566 m² of offices and services in local retail centres; and
- 2 new public parks and 18 public squares.\(^{13}\)

**Figure 3.9: Location of Liverpool Waters Development**

![Location of Liverpool Waters Development](image)

Source: Liverpool Waters: A waterfront for the world

Phase 1 of the development is understood to have commenced in 2015 in the Princes Dock neighbourhood and aims to deliver:
- 100 m² of shops (convenience);
- 7,600 m² of restaurants and cafés;
- 57,100 m² of businesses;
- 300,000 m² of Grade A office space;

\(^{13}\) A565 Corridor Study: Market Demand Analysis, GVA 2014
- 14,900 m² of hotels; and
- 88,500 m² of residential space to provide up to 1,200 homes\textsuperscript{14}.

The net additional economic impact of Liverpool Waters assessed in the scheme’s Environmental Impact Statement, was forecast to be 300 full-time jobs by 2015, rising to 1,000 by 2020, 5,800 by 2031 and 8,700 by 2041. This equates to a GVA uplift of £35m.

### 3.2.4 SuperPort

The SuperPort initiative is a scheme to transform the LCR’s ports, airport, road, rail and logistics assets into a low carbon SuperPort of international stature. The initiative has been a consistent part of LCR’s growth ambitions for a number of years. The investment, allied to the opening of new highly lucrative markets for Atlantic facing ports from the widening of the Panama Canal, aims to create the most effective and cost efficient environment for freight cargo logistics and passenger transit in the UK and to make SuperPort a multimodal freight hub capable of rivalling such international locations as New York, Dubai and Singapore\textsuperscript{15}.

\textbf{Figure 3.10: SuperPort site}


The increased logistics capacity from this investment in port and logistics assets has the opportunity to deliver a transformation of the sector and significantly enhance the whole region’s attractiveness for retail and manufacturing logistics operations, and with it the potential to create 30,000+ jobs in the next 20 years.

\textsuperscript{14} Liverpool Vision – Liverpool Waters \url{http://www.liverpoolvision.co.uk/wp-content/uploads/2014/03/Liverpool-Waters-A4-2pp.pdf}

\textsuperscript{15} LCR SuperPort, Market Analysis, Land and Property 2014
The projected demand for logistics facilities in LCR and its immediate environs identifies the need for a minimum land supply of 634 hectares over the next 20 years for logistics (418 ha) and manufacturing use (216 ha). As part of the SuperPort scheme, Peel Ports has invested in the development of Liverpool2, a deep water container terminal capable of accommodating 95% of the global container vessel fleet. The new terminal will increase the size and capacity of the ships that can be accommodated at Liverpool’s port from 4,500 twenty-foot equivalent units (TEUs) to more than 13,500 TEUs, significantly increasing the amount of cargo the port of Liverpool will be able to handle. The increased capacity of Liverpool’s port from the Liverpool2 investment will allow Liverpool to accommodate post Panamax size ships, those capable of using the widened Panama Canal, allowing larger amounts of global trade to reach Liverpool.

The SuperPort scheme is a wide ranging project aimed at delivering substantial economic benefits to the LCR by building upon the strong strategic location of Liverpool and the opportunities this presents. The strategic location of the Port of Liverpool provides a range of benefits that are expected to contribute to the delivery of the success of the SuperPort scheme.

Making improvements to the A565 corridor and unlocking potential development sites presents an opportunity to accommodate the specific need for logistics facilities in the LCR. There is potential for the corridor to support growth and facilitate logistics operations, through remodelling and improving accessibility.

3.2.5 Atlantic Gateway

The Atlantic Gateway is a strategy led by a private sector steering group aimed at supporting investments across LEPs and councils to maximise investment into the area (see Figure 3.12). The Atlantic Gateway supports investments in a range of infrastructure projects deemed to be beneficial to delivering enhancements to the offer of the North West for investors and business.

The Atlantic Gateway strategy for transport is based on supporting the provision of relatively low cost investments in strategically significant schemes to provide a strong multimodal transport network to increase the attractiveness of the area to investors, partially through the reduction of transport costs. The Atlantic Gateway steering group identified a number of interventions that are expected to support the aims of Atlantic Gateway in attracting investment into the area. Among these investments is support for the ports of north Liverpool, the Mersey Gateway Bridge and Mersey Multimodal Gateway (3MG) scheme. The

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16 LCR SuperPort, Market Analysis, Land and Property 2014
17 http://peelports.com/liverpool2/about/liverpool2-vision/a-new-deep-water-container-terminal
18 This section draws from the Atlantic Gateway Business Plan, July 2012, which can be found here http://www.atlanticgateway.co.uk/home
investments contribute to the objectives of the Atlantic Gateway by supporting a strong, multimodal transport network that reduces both the financial and time costs associated with inefficient transport.21

Figure 3.11: Atlantic Gateway scheme map

Source: Atlantic Gateway Business Plan

The A565 enhancement, while not specifically included in the Atlantic Gateway's business case, likely complements the regional level strategy of the Atlantic Gateway, by counteracting a key pinch point between Liverpool City Centre and the Port of Liverpool. The regional level strategic connectivity championed by the Atlantic Gateway scheme requires key roads that provide access to important infrastructure such as ports to provide efficient access and be free of congestion. The benefits of investments supported by Atlantic Gateway such as at the Mersey Gateway Bridge will likely be undermined by a pinch point close to the port itself. The proposed enhancements to the A565 therefore likely complement the wider strategy for the region as it is located on a key access road serving the port around which much of the Atlantic Gateway strategy is centred. As presented in the Mersey Ports Masterplan, as part of the Atlantic Gateway, the Port of Liverpool is looking to expand 193 ha (477 acres) by 2020 and 151 ha (374 acres) by 2030 through Port-centric warehousing and complementary sectors of off-shore wind farms, biomass energy and processing and value added. Of the total requirement, 302 ha (746 acres) of land had already been identified when the Masterplan was drafted, including 115 ha (285 acres) at the Port of Liverpool of which 92.76 ha (229 acres) is either owned by the port or in port-related use. This leaves 42 ha (105 acres) of land remaining to be identified that could be delivered either in North Liverpool or elsewhere along the Atlantic Gateway.

### 3.2.6 North Liverpool development update

The regular development updates published by the office of the Mayor of Liverpool provide the latest details of proposed, on-going and completed developments in Liverpool. Below is the map for the North Liverpool area, showing several key developments delivered recently and underway. These include the Titanic hotel and apartments (A11), the Tobacco/South Warehouse development (A12), a hotel being developed on the A565 (A13) and a warehouse development, also on the A565 (A3).

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22 Peel Ports *Mersey Ports Master Plan: A 20 year Strategy for Growth, Consultation Draft, June 2011, p.8
23 Mayor of Liverpool, Development Update, October 2015, p.32
Figure 3.12: Completed, current and proposed major develop schemes in north Liverpool

Source: Mayor of Liverpool, Development Update, October 2015, p.31
3.3 Future traffic flows and planning constraints

3.3.1 Future traffic volume increases

In 2011 Mott MacDonald reviewed the Transport Assessment for Liverpool Waters using model runs of the LCR Transport Model (LCRTM). The LCRTM was applied to assess the mode share and trip distribution, the assumptions associated with the development, and the local highway impacts up to the year 2024. Though the below analysis uses best available data, it is noted that they have not been updated for the latest housing and employment supply projections for the LCR.

The assessment used the following scenarios:
- Do Minimum (without Liverpool Waters);
- Do Something - LCR Mode Share Scenario; and
- Do Something - JMP Mode Share Scenario.

There is significant traffic growth forecast based upon committed developments in the LCR. All vehicle traffic growth is forecast to increase by 31% for the AM peak hour and by 30% for the PM peak hour. HGV traffic is forecast to grow by 18% and 17% respectively in the AM and PM peak hours.

As a result, assessment of performance of the highway network in the without Liverpool Waters scenario shows that in 2024 there are locations on the network that are operating close to, or at, capacity.

In the vicinity of Liverpool Waters, it was noted that in general the operation of the A565 Great Howard Street, A5036 Waterloo Road, and A5053 Leeds Street corridors are operating with levels of reserve capacity, based on actual traffic flow conditions.

Traffic flow comparisons show that Liverpool Waters would have an impact on the traffic movements along the A565 Great Howard Street corridor, due to the change in traffic flow composition through the Paisley Street and King Edward Street traffic signal junctions. This would further exacerbate the stress placed on junctions based on forecast background growth in traffic volumes. To the north of Leeds Street, adding the Liverpool Waters was forecast to increase the AM Peak Hour traffic flow by 8% and PM Peak Hour traffic flow by 6% by year 2024.

<table>
<thead>
<tr>
<th>Traffic Flow Scenario (2024)</th>
<th>Growth in traffic flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background growth based on committed developments, excluding Liverpool Water</td>
<td>AM peak hour: 31%</td>
</tr>
<tr>
<td></td>
<td>PM peak hour: 30%</td>
</tr>
<tr>
<td>Great Howard Street (A565) to the north of Leeds Street, with Liverpool Waters</td>
<td>AM Peak Hour: 8%</td>
</tr>
<tr>
<td></td>
<td>PM Peak Hour: 6%</td>
</tr>
</tbody>
</table>

As Table 3.1 summarises, the majority of growth in traffic flow is forecast to occur due to committed developments in the LCR without Liverpool Waters. With the Liverpool Waters development added, greater stress is placed on the local road network hindering development further.

The above analysis to 2024 assumed that 32% of the total Liverpool Waters development would be completed by 2024. Table 3.2 details the phasing assumptions applied by land use type.

<table>
<thead>
<tr>
<th>Floorspace Type</th>
<th>Floorspace GEA (sqm) % in 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>33%</td>
</tr>
<tr>
<td>Comparison Retail</td>
<td>26%</td>
</tr>
<tr>
<td>Convenience Retail</td>
<td>1%</td>
</tr>
<tr>
<td>Cafés, Bars, Restaurants</td>
<td>30%</td>
</tr>
<tr>
<td>Health &amp; Education</td>
<td>0%</td>
</tr>
<tr>
<td>Hotel (base: no. of rooms)</td>
<td>96%</td>
</tr>
<tr>
<td>Culture &amp; Leisure</td>
<td>47%</td>
</tr>
<tr>
<td>Total</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: “Working Note 78 - Additional Information to assist Mott MacDonald/LCC to model Liverpool Waters through the Strategic Models”, JMP 2011

As a result, as further phases of the Liverpool Waters development are completed post-2024 (and other important employment land schemes in the area are approved and built), stress on the local road network will intensify further. The traffic analysis that forms part of this Business Case details how the proposed road enhancements will ease the worsening congestion issues along the A565 based on latest available data.

### 3.3.2 Planning conditions and local economic development

As a result of forecast growth in traffic volumes in the area caused primarily by committed developments and exacerbated by the Liverpool Waters development, LCC placed the following planning constraint in Schedule 2 of the Outline Planning Permission for Liverpool Waters:

“Liverpool City Council Requirements for Off-site Highway, Pedestrian and Cycle Improvements to be Provided Progressively as Necessary in Accord with the Quantum of Development to Support Development within Liverpool Waters Prior to 2024 – Associated with Neighbourhoods A, B and C”

(Identified on Parameter Plan 00224).

Figure 3.9 presents Parameter Plan 002 and shows that the neighbourhoods affected by the planning conditions are Princes Dock, King Edward Triangle and Central Docks. It is perhaps doubtful whether

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24 Liverpool Outline Planning Permission, Schedule 2, Page 38
Neighbourhoods D and E would be viable in absence of the earlier planned phases of development, however as this assessment has focussed on development up to 2024, the majority of the development quantified would be in Neighbourhoods A, B and C anyway.

Figure 3.13: Neighbourhoods A-E of Liverpool Waters
The Environmental Impact Assessment for Liverpool Waters reported that 13,490 gross full time equivalent (FTE) jobs would be supported on site within these three Neighbourhoods by scheme completion in 2041 meaning that the bulk of the economic development on site would be affected by highway conditions.

Table 3.3: Gross Employment Impacts, By Scheme Phase

<table>
<thead>
<tr>
<th>Neighbourhood</th>
<th>FTE Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princes Dock</td>
<td>A 2,420</td>
</tr>
<tr>
<td>King Edward Triangle</td>
<td>B 3,410</td>
</tr>
<tr>
<td>Central Dock</td>
<td>C 7,660</td>
</tr>
<tr>
<td><strong>Sub-total A, B, C</strong></td>
<td>13,490</td>
</tr>
<tr>
<td>Clarence Graving</td>
<td>D 720</td>
</tr>
<tr>
<td>Northern Dock</td>
<td>E 420</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,630</td>
</tr>
</tbody>
</table>

The road improvements identified in Schedule 2 as being required to support the Liverpool Waters development were:

- Waterloo Road / Oil Street Junction – (Priority junction upgraded to traffic signal control. Including pedestrian crossing to the north of Oil Street). (Scheme C);
- Great Howard Street / Chadwick Street / Oil Street – (Priority junction upgraded to traffic signal control; Oil Street changed to one-way operation eastbound and Chadwick Street / Chisenhale Street junction – major road priority changed to assist cyclists and pedestrians.) (Scheme M);
- Great Howard Street / Little Howard Street – (Priority junction upgraded to traffic signal control and Vandries Street changed to one-way operation westbound to assist cyclists and pedestrians.) (Scheme N);
- Kirkdale Road / Smith Street Junction – (Carriageway widening and lane re-allocation on north and southbound approaches.) (Scheme Y1);
- Leeds Street / Vauxhall Road Junction – (Carriageway realignment with additional capacity for straight-ahead and left turn traffic on Leeds Street.) (Scheme U);
- The Strand - Nearside bus lane, northbound direction, between James Street and Water Street.

The precise dependencies between the Liverpool Waters initiative and the proposed A565 enhancements are linked to:

- The extent to which the final scheme proposal fulfils the planning conditions placed on the initiative; and
- Decisions of local planners and scheme developers to alter the build programme of Liverpool Waters as the impending maximum permitted quantum of development approaches.

As currently proposed, the A565 enhancements complement delivery of Liverpool Waters by providing enhanced access to the development site from the A565. Key access roads for the development including
Oil Street, Paisley Street, Cotton Street and Walter Street will either have signalisation added or improved. The multitude of narrow streets connecting the A565 and Waterloo Road/Regent Road will be rationalised to improve access while facilitating a smooth flow of north-south traffic along the A565.

The cycle way and footway improvements will also contribute to fulfilling the planning conditions designed to ensure sustainable and co-ordinated development that is supported by the necessary highway infrastructure, and safe and convenient forms of public transportation in accordance with Liverpool’s Unitary Development Plan.

3.4 Consultation findings

As part of the OBC study we consulted with commercial property agents Bilfinger GVA to understand the impact of the proposed A565 enhancements on property development in the area. A number of key conclusions were drawn from discussions that have been factored into our economic impact assessment.

- Generally, an increase in traffic volume in the area could boost demand for some commercial operators, particularly retailers, and as such has potential to deliver positive economic impacts.
  - However, if the capacity of the local road network to accommodate smooth north-south and east-west flows does not match demand, increased traffic volumes can cause logistical problems making sites hard to access.
  - Potential density, scale and/or uses of future local development may be affected as there may be restrictions on what could be delivered if the highways infrastructure cannot accommodate the additional traffic movements.
  - Accessibility of individual employment sites is important for business performance as well as congestion levels across the whole area.

- After initial concerns at OBC stage that the dualling of the A565 south of Blackstone Street might negatively impact property values and occupancy rates, from high level review, outline designs for the enhancements were viewed likely not to negatively impact progression of the Masterplan because:
  - Rationalisation of access roads between Oil Street, Saltney Street and Sherwood Street to Upper William Street would still allow relatively easy access to employment land;
  - Removing access to narrow streets such as Madrell, Clegg and Stone Street could provide flexibility for property developers to amalgamate plots to form larger, purpose built modern employment space – identified as being in limited supply by Bilfinger GVA’s demand analysis,
  - As long as HGV traffic continues to primarily use Dunnings Bridge Road to the north to access the M57, desirability of development land should not be negatively impacted by flow of HGVs through the area. Road restrictions in place in the city centre tend to deter larger articulated HGVs from travelling south through the Masterplan study area.

In addition to this, we have consulted local agents of change within LCR as part of developing the FBC submission to better understand the current state of the planning documents for this area and how the North Liverpool Corridor proposals might impact on the area. The principal findings from these discussions are:

- The Masterplan, created by Bilfinger GVA, for the area around the A565 in North Liverpool and South Sefton was never taken to the Cabinet of LCC so was never officially endorsed.
Despite this, the masterplan document remains the best representation of the current plans for the A565 corridor.

A Development Framework document is to be assembled that builds upon the unendorsed masterplan.

This Development Framework will be presented to the cabinet for endorsement and will encompass the official LCC strategy for regeneration within the North Liverpool Corridor.

Several different schemes are being pursued concurrently, with Project Jennifer, the 10 Streets scheme, developments on Pumpfields Road and the SuperPort strategy among several projects that are anticipated to deliver economic growth to the area through a multi-pronged strategy.

The success of the Titanic hotel demonstrates the viability of premier developments in the area.

Improved accessibility and improved aesthetics along the corridor could encourage investment in the area by supporting local placemaking.

3.5 Summary

The local economy around the A565 is poised for significant change. From an oversupply of low quality B2 and B8 employment land suffering significant under-occupancy to large scale recent developments such as Wellington Employment Park and Connect Business Village have demonstrated the potential of the area for significant re-development.

Ambitious plans for projects such and Liverpool Waters and the success of investments such as the Titanic hotel demonstrate that this potential is being capitalised upon.

It is clear that significant and worsening congestion issues along the A565 corridor - caused primarily by existing committed developments and exacerbated by the upcoming phased delivery of the Liverpool Waters development – would have negative implications for the implementation of key strategic developments in the North Liverpool area. As a result, Schedule 2 of the Outline Planning Approval prohibited development of Neighbourhoods A, B and C until specific traffic mitigation measures have been undertaken. Forecast growth in traffic volumes from committed developments like Liverpool Waters has the potential to support commercial property development, particularly retail. Increased traffic volumes without junction enhancements to meet increased capacity requirements could however hinder local economic performance.
4 Economic impact assessment

4.1 Introduction

In this section we present the findings from our economic impact assessment that builds on the findings of our research presented in the sections above. The assessment presents potential costs to the LCR economy of delayed developments if congestion concerns caused by expected development in the area are not addressed as well as a qualitative assessment of other potential impacts of the A565 North Liverpool Corridor proposals.

4.2 Methodology

The economic impact assessment focuses on calculating the economic benefits associated with the identified potential development areas coming forward for future development in the context of supporting the City Region’s ambitions relating to employment land in the area.

The assessment uses a combination of phasing analysis for the Liverpool Waters development undertaken while developing the LCRTM and the economic impact assessment undertaken for the Liverpool Waters Environmental Impact Assessment. As we explain below, we feel the road scheme will complement other developments in the area; however the scheme’s greatest impact will be on the Liverpool Waters proposals. This is due to both alleviation of congestion that would likely deter businesses from locating in the area and planning constraints that restrict development on the first three Liverpool Waters Neighbourhoods until specific traffic mitigation measures are completed.

This economic impact assessment relies heavily on previous economic impact studies and data supplied during research and drafting for this report as it does not make sense to undertake a fresh assessment given the scale of previous work recently undertaken. While we do not seek to attribute unlocking of the development land directly to the A565 enhancements, we do assess that the development may need to be delayed and put at risk in absence of the scheme.

The potential economic benefits of those development areas identified in the A565 Corridor have been calculated through the following steps:

- Calculation of net economic impacts of the A565 enhancements by:
  - amalgamating research undertaken to date and applying it to the scheme context;
  - updating estimates for the Gross Value Added (GVA) impacts of the jobs created on site; and
  - assessing the causal link between development land and the road enhancements.

- Impacts on timing of developments have been factored into the assessment to illustrate how the impact of the road enhancements will grow over time as more employment land is completed.

- Further economic impacts not quantified within the scope of this study such as effects on take-up of employment land and the value of connecting high deprivation communities with job opportunities have also been assessed.
4.2.1 Key assumptions

Within the scope of this study we have drawn data from historical studies and made use of best available data. As a result a number of assumptions have been necessary to reach conclusions as to the level of economic activity unlocked through road enhancements. Further work to test these assumptions would involve working more closely with developers affected to use latest data and test assumptions regarding the causal relationship between the scheme and economic development caused by land-use change in future.

The key assumptions made for this study are detailed in Box 4.1.

Box 4.1: Key additionality and economic impact assumptions

The economic impacts and assumptions developed (particularly around additionality) were assessed as part of the Liverpool Waters Environmental Impact Assessment (they were not developed by Mott MacDonald). It is useful to think of additionality in the following terms:

‘the success of government intervention in terms of increasing output or employment in a target area is usually assessed in terms of its ‘additionality’. This is its net, rather than its gross, impact after making allowances for what would have happened in the absence of the intervention. Additionality can also be referred to as a ‘supply side’ or ‘structural’ impact, which operates by altering the productive capacity of the economy’ (Source: The Green Book, HM Treasury, p.52).

The level of additionality for the site has been assessed based on adjusting for the following to determine the net additional impacts:

- **Degree of displacement** - the proportion of economic benefits that are displaced from elsewhere (e.g. through the relocation of business activities).
- **Deadweight associated with the developments** - the level of economic activity that would have occurred without the project.

Gross and net jobs figures were sourced from the Liverpool Waters EIA (Appendix 13.1) and a 2011 JMP Working Note compiled as part of developing the LCRTM (“Additional Information to assist Mott MacDonald/LCC to model Liverpool Waters through the Strategic Models”).

Using figures from Mott MacDonald’s TEAM, we updated the GVA impact figures by applying our GVA per worker by sector which allows an estimate of the potential GVA impacts.

For the purpose of quantifying this assessment we have assumed gross jobs and net jobs supported on site are not affected by the A565 scheme, meaning we have not changed the gross jobs supported on site or the gross to net assumptions that were made in previous studies. This however may not be the case if for example the road intervention changed the land uses to be applied on each site. Further key assumptions include:

- **Planning conditions** will not be removed in the interim before 2024; and
- **The accuracy and validity of third party published studies of which we have not reviewed the accuracy of**.
The Environmental Impact Assessment of Liverpool Waters reported that 13,490 gross jobs would be supported on site within Neighbourhoods A, B and C once the Liverpool Waters Development is complete.

For the purposes of this assessment, we use the phasing data from the LCRTM model as this reports the level of development anticipated to have occurred by 2024. In order to use the latest available GVA figures we have applied GVA per worker figures for each of Liverpool Waters’ land use types, as such GVA is reported at current prices (2013, most recent).

Table 4.1: Gross Additional Jobs and GVA of Liverpool Waters Development in year 2024

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>Gross Jobs</th>
<th>GVA p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>3,781</td>
<td>£221m</td>
</tr>
<tr>
<td>Comparison Retail</td>
<td>128</td>
<td>£4m</td>
</tr>
<tr>
<td>Convenience Retail</td>
<td>3</td>
<td>£0m</td>
</tr>
<tr>
<td>Cafés, Bars, Restaurants</td>
<td>690</td>
<td>£20m</td>
</tr>
<tr>
<td>Health &amp; Education</td>
<td>0</td>
<td>£0m</td>
</tr>
<tr>
<td>Hotel (base: no. of rooms)</td>
<td>192</td>
<td>£4m</td>
</tr>
<tr>
<td>Culture &amp; Leisure</td>
<td>95</td>
<td>£2m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,889</strong></td>
<td><strong>£252m</strong></td>
</tr>
</tbody>
</table>

Source: Jobs figures from phasing assumptions from JMP Notes, Updated GVA assessment using GVA per worker estimates from TEAM

For the additionality assessment within the Environmental Statement, Princes Dock saw a high additionality factor applied as the dock had already emerged as an established office location. As a result, 4% of the net additional employment supported within the City of Liverpool by Liverpool Waters was forecast to be in the Princes Dock Neighbourhood. King Edward Triangle and Central Dock were assessed to contribute 28% and 58% of net additional employment respectively.

Cumulatively, as presented in Table 4.2, this means 89% of net employment, between 7,400 to 8,000 jobs, is sourced from within these three neighbourhoods.

Table 4.2: Liverpool Waters – Net Additional FTE Employment Impacts, by Scheme Phase at Completion

<table>
<thead>
<tr>
<th>Neighbourhood</th>
<th>FTE Jobs</th>
<th>% of total (low)</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princes Dock</td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>300</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>King Edward Triangle</td>
<td>B</td>
<td>2,300</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Central Dock</td>
<td>C</td>
<td>4,800</td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,100</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total for A+B+C</strong></td>
<td></td>
<td>7,400</td>
<td>28%</td>
</tr>
<tr>
<td>Clarence Graving</td>
<td>D</td>
<td>500</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Northern Dock</td>
<td>E</td>
<td>300</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>8,300</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The Environmental Statement does not report the net additional GVA implications of the scheme by Neighbourhood Phase and so we factor the jobs and GVA estimates to be delivered by 2024 by the additionality rates applied to developments in Neighbourhoods A, B and C to achieve an estimate of Net Additional Jobs and GVA delivered by 2024. This assumes that all developments up to this year will occur in Neighbourhoods A, B and C.

Table 4.3: Net Additional Jobs and GVA to the LCR from the Liverpool Waters Development in 2024

<table>
<thead>
<tr>
<th>Net Additional</th>
<th>Jobs</th>
<th>GVA p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2,682</td>
<td>£138m</td>
</tr>
</tbody>
</table>

Source: Jobs figures from Environment Statement, Updated GVA assessment using GVA per worker estimates from TEAM

4.3 Growth attribution to infrastructure works

Based on the above calculations, and the identified association of the Liverpool Waters development and the A565 enhancements, we estimate the economic benefits associated with Liverpool Waters that would be lost/delayed if the A565 enhancements did not progress.

While the Outline Planning Approval should allow development to proceed in advance of highway improvements, the highway improvements will need to be completed to allow the quantum of development forecast to be achieved in 2024. We anticipate this uncertainty to become an increasing drag on the initiative over time as:

- increasing traffic volumes lead to congestion issues deterring uptake of employment space; and
- build and opening timescales of developments are affected by the planning conditions, particularly post 2024, as the maximum permitted quantum of development nears.

A modest delay/constriction can have big impacts in terms of jobs and GVA. The extent of the loss would be shaped by decisions taken by local planners and developers altering the build programme as the impending maximum quantum of development permitted approaches. Timescales for supplemental and/or alternative schemes that may address the planning conditions were unknown at the time of drafting this analysis.

To model the anticipated negative impacts of not addressing the planning conditions we have applied a constriction factor of 5% per year to the forecast developments on the Liverpool Waters site. This reflects the increasing impact that we would expect the constraints to have. The constriction factor is a way of demonstrating how development constraints constrict economic growth over time. Impact of the constraints starts as small to none but would increase as time progresses, reducing the annual amount of development achieved. It may prove to be that an exponential increase in the level of constriction factor is more appropriate if impact on development is small at first and then grows over time, however at this stage we have elected for a linear scale-up. We have also assumed linear scale-up of benefits to 2024.
If unaddressed, we forecast development being significantly below potential in the year 2024. A constriction factor of 45% reflects an expectation that development would be significantly constricted, meaning we forecast to see £35m less GVA added in 2024. Cumulatively, summing and discounting the annual losses to the LCR and City of Liverpool by 2024, £106m of GVA is forecast to be lost to the LCR’s economy versus no constriction to the development.

### Table 4.4: Present Value of Impacts of Highway Planning Constraints on GVA from Local Development

<table>
<thead>
<tr>
<th>Year</th>
<th>Benefit added with No Constriction</th>
<th>Constriction Factor</th>
<th>Benefit added with Constriction Applied</th>
<th>Undiscounted Annual Difference Between No Constriction and Constriction Scenarios</th>
<th>Disc Factor</th>
<th>Present Value (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>15</td>
<td>5%</td>
<td>15</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2017</td>
<td>31</td>
<td>10%</td>
<td>28</td>
<td>2</td>
<td>1.03</td>
<td>2</td>
</tr>
<tr>
<td>2018</td>
<td>46</td>
<td>15%</td>
<td>41</td>
<td>5</td>
<td>1.06</td>
<td>4</td>
</tr>
<tr>
<td>2019</td>
<td>61</td>
<td>20%</td>
<td>54</td>
<td>8</td>
<td>1.09</td>
<td>7</td>
</tr>
<tr>
<td>2020</td>
<td>77</td>
<td>25%</td>
<td>65</td>
<td>12</td>
<td>1.13</td>
<td>10</td>
</tr>
<tr>
<td>2021</td>
<td>92</td>
<td>30%</td>
<td>76</td>
<td>16</td>
<td>1.16</td>
<td>14</td>
</tr>
<tr>
<td>2022</td>
<td>108</td>
<td>35%</td>
<td>86</td>
<td>22</td>
<td>1.19</td>
<td>18</td>
</tr>
<tr>
<td>2023</td>
<td>123</td>
<td>40%</td>
<td>95</td>
<td>28</td>
<td>1.23</td>
<td>22</td>
</tr>
<tr>
<td>2024</td>
<td>138</td>
<td>45%</td>
<td>104</td>
<td>35</td>
<td>1.27</td>
<td>27</td>
</tr>
</tbody>
</table>

Cumulative net discounted benefit lost from Scenario 1 to Scenario 2: £106m

Source: Mott MacDonald

These figures are illustrative at this stage, but demonstrate the scale of impact caused if the planning permissions are not met causing delivery of Neighbourhoods A, B and C of Liverpool Waters to be constricted. As a result, delivery of complementary traffic mitigation measures that facilitate the development is essential for timely economic growth.

#### 4.3.1 Temporary construction benefits of North Liverpool corridor investment

The more immediate and temporary benefits of the construction of the A565 enhancements were assessed using the estimated scheme costs presented in Appendix J of the outline business case for this scheme for construction cost and the scheme delivery programme in Appendix L for construction years. Estimated capital expenditure is estimated to be c£23.5m over 27 months.

Our assessment applied a North West regional Job:Capex ratio of £140,237, a composite multiplier of 1.3 and a net additionality factor of 50%. Construction of the A565 scheme is estimated to create 134...

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25 The analysis presented here should be seen as the midpoint of a range.
26 Mott MacDonald “A565 North Liverpool Key Corridors: Outline Business Case” November 2015, Appendix J
27 Mott MacDonald “A565 North Liverpool Key Corridors: Outline Business Case” November 2015, Appendix L
temporary net additional job years\textsuperscript{28} with an average of 60 jobs supported per year during the construction phase. This equates to 13 FTE jobs\textsuperscript{29}.

\section*{4.4 Wider economic impacts}

Beyond the economic impacts quantified above we also anticipate the scheme to have further local economic and regeneration impacts. These impacts are discussed below, while some could be significant, we have not quantified them within the scope of this report as not enough evidence was available to calculate the benefits.

Table 4.5: Qualitative benefits of the A565 enhancements

<table>
<thead>
<tr>
<th>Qualitative benefit</th>
<th>Description and influence of the infrastructure works</th>
<th>Level of impact anticipated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complementing delivery of the upcoming Development Framework</td>
<td>By giving the local road network the capacity to support the forecast increases in traffic volume, enhancements should facilitate more visitors to the area while reducing congestion implications. As access to development sites has been incorporated into the scheme this could translate into modest increases in footfall and for commercial premises in the area. Enhanced pedestrian and cycling provisions as well as improved aesthetics could contribute toward placemaking and encourage more businesses to move to the area, thus supporting further development in the area and improving take-up rates.</td>
<td>Small positive</td>
</tr>
<tr>
<td>Supporting delivery of the Peel Ports Masterplan and The Atlantic Gateway strategy.</td>
<td>Alleviating negative impacts from increased traffic volumes should also help ensure better access for Port-related activity. This can support the delivery of the strategy to attract investment to the area, principally in the freight sector by providing the right conditions for these companies to grow with a road network capable of accommodating freight traffic.</td>
<td>Small/medium positive</td>
</tr>
<tr>
<td>Connecting communities to jobs</td>
<td>Many of the surrounding neighbourhoods suffer acute deprivation and are classified in the 1% most deprived in England and Wales. By facilitating movements of cyclists the enhancements would support residents in highly deprived areas to the east to access the jobs in the area at lower cost. Supporting sustainable commuting has also been linked to improving perceptions of an area.</td>
<td>Large potential impact dependent upon communities having required skills to take up jobs</td>
</tr>
<tr>
<td>Impact of Compulsory Purchase Orders on local businesses</td>
<td>Compulsory Purchase Orders (CPOs) have been issued by LCC and Sefton Metropolitan Borough Council (MBC) in order to secure the space to widen the road to accommodate realignment of the A565. There are a number of SMEs whose premises and land are to be subject of CPOs. LCC’s policy on CPOs is to negotiate with land owners on price, with CPOs issued if these negotiations fail, at which point LCC will offer the market rate for the land with an additional 7.5% of the value of the land (capped at £75,000) as a loss payment. If the business affected is run by an</td>
<td>Small negative in short term</td>
</tr>
</tbody>
</table>

\textsuperscript{28} We refer to job years and assume one job year is a FTE working between 35 and 40 hours per week.

\textsuperscript{29} BIS (2009), RDA Evaluation: Practical Guidance on Implementing the Impact Evaluation Framework – where an FTE job is expected to persist for 10 years.
Overall, we anticipate significant further economic benefits from the A565 enhancements as they mitigate against the drag caused by congestion, allowing businesses to benefit from the potential opportunities of increased traffic volumes. By providing the capacity to support ambitious economic development plans for North Liverpool, we anticipate a virtuous circle of development leading to further positive outcomes.

4.5 Summary

By assessing the impact of enhancements to the A565 Corridor, we have measured at a high level the economic impact of the A565 scheme. Based on potentially large net economic benefits enabled in terms of jobs and GVA on development sites, we estimate around £35m of GVA would be lost to the LCR’s economy for each year that benefit realisation is constricted. Up to 2024 this loss would cumulate to a net discounted present value of £106m suggesting significant returns to timing delivery of the road enhancements to ensure that Liverpool Waters and other developments are able to progress as approved. We also anticipate a temporary positive stimulus equivalent to 13 FTEs as a result of the construction.

We have also qualitatively assessed further economic benefits that could be significant but we have not quantified within the scope of this study. These further economic impacts that we estimate include:

- A small positive impact through complementing delivery of the A565 Framework Masterplan.
- A small positive impact from supporting delivery of the Port of Liverpool Masterplan and Atlantic Gateway.
- A small positive impact from supporting delivery of the Atlantic Gateway strategy.
- A potentially large positive impact from connecting deprived communities to jobs created in North Liverpool and South Sefton.
- A small negative impact of CPOs on local businesses that could be positive in the medium term if better quality, affordable premises are available to them nearby.

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31 Sefton MBC, A565 North Liverpool Key Corridor Scheme, report to cabinet council, September 2015
5 Conclusions

5.1 Introduction and context

The A565 Corridor is located in North Liverpool and South Sefton, an area identified as a primary location for regeneration on a transformational scale. Ambitious and game changing initiatives include the Mersey Ports expansion as part of the Atlantic Gateway and Liverpool Waters are poised for delivery.

In 2010-2015 both Liverpool and the wider LCR saw faster employment growth than regional rates though after a deeper decline in the recession. Higher unemployment in Liverpool and Sefton and strong reliance on the public sector in both Liverpool and LCR suggests a need for private sector-led growth.

The developments in North Liverpool seek to reverse an extended period of economic underperformance, dereliction and vacancy and capitalise on a strategic location close to successful regeneration initiatives including the Waterfront and Liverpool One. The A565 Framework Masterplan is also under development to facilitate commercial developments in the four neighbourhood zones along the road.

Smaller projects in the area have recently been successfully delivered including the Titanic hotel, Wellington Employment Park and Connect Business Village.

5.2 Links between the road and local development

By 2024 background growth in traffic volumes was forecast to grow by 31% AM peak hour and 30% in the PM peak hour. Liverpool Waters was forecast to add a further 8% and 6% in the AM / PM peak hours. In order to mitigate against future congestion issues, Liverpool Waters was approved on the condition that Schedule 2 traffic conditions were met. Neighbourhoods A, B and C contain around 89% of the total net economic development being proposed. The planning constraint ensures that the quantum of development on the Liverpool Waters site is in line with required highways enhancements.

While the scheme is not designed specifically to support the Liverpool Waters development, we anticipate as currently designed, access to the Liverpool Waters development site would be enhanced significantly. Signalisation would be added or improved at four of the key access junctions from the A565 and the narrow streets connecting the A565 and Waterloo Road/Regent Road will be rationalised to improve access while facilitating a smooth flow of north-south traffic along the A565.

Consultation with commercial property agents acting in the area suggests that while growth in traffic volumes has potential to benefit the local economy by increasing footfall, if the local traffic network has insufficient capacity to support the increased traffic, congestion can deter businesses from locating in the area.

5.3 Economic impact assessment

Building on findings from previous economic impact studies in the area, this report assessed at a high level the potential economic impact of unlocking local development land and allowing Neighbourhoods A, B and C to progress. To model how development constraints are expected to constrict economic growth over
time a constriction factor was applied that increases as the maximum allowable quantum of development approaches. In 2024 if the highway mitigation conditions are not met we anticipate development on the site to be minimal to none and so we model that GVA growth in 2024 would be £35m below its potential. Over a 10-year period the cumulative net discounted present value of the highway restrictions not being addressed was estimated at £106m potentially being lost/not delivered.

Qualitative economic assessment also suggested potentially significant impacts not quantified within the scope of this study:

- A small positive impact through complementing delivery of the A565 Framework Masterplan.
- A small positive impact from supporting delivery of the Port of Liverpool Masterplan.
- A small positive impact from supporting delivery of the Atlantic Gateway strategy.
- A potentially positive impact from connecting deprived communities to jobs created in North Liverpool.
- A small negative impact of CPOs on local businesses that could be positive in the medium term if better quality affordable premises are available.

5.4 Summary

We anticipate that by enhancing the capacity of the local road network to deliver growth, large potential economic benefits would be unlocked and the ambitious, transformative economic development initiatives in North Liverpool would be complemented. The size of this economic impact will be determined by final scheme design and timing of scheme opening relative to delivery of the employment land in the area.