Halton Borough Council

Mersey Gateway

Wider Economic Impact Report

13 February 2009

Final report

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Final report

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1 Introduction

1.1 Overview

1.1.1 AMION Consulting has been appointed by Gifford Consulting Engineers on behalf of Halton Borough Council (the Council) and the Mersey Gateway Crossing Group to assess the wider economic impacts of the proposed Mersey Gateway Project (the Project). The results of the assessment are presented in this Wider Economic Impact Report (WEIR).

1.1.2 The Project involves the construction of the Mersey Gateway Bridge across the River Mersey to the east of the existing Silver Jubilee Bridge (SJB). The existing SJB would remain. Both crossings would be tolled.

1.1.3 The WEIR has been informed by the results, in particular, of transport modelling undertaken by Mott MacDonald on behalf of the Council, as well as other socio-economic data and the outcomes of surveys of businesses.

1.1.4 The main purpose of the WEIR is to assess the anticipated longer term wider economic effects of the Project on:

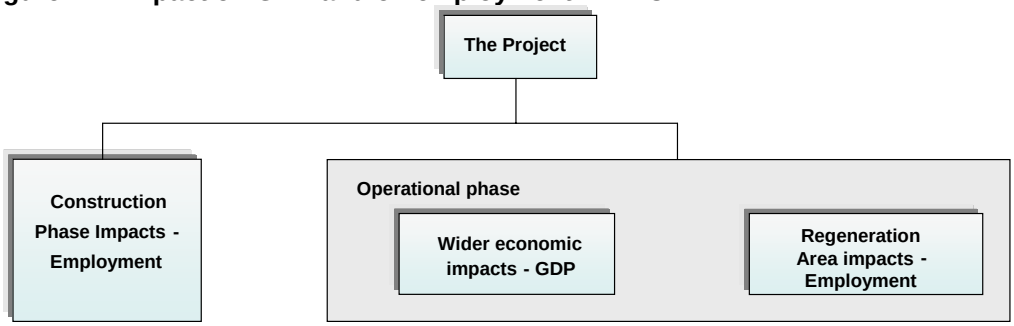
(a) the economy in terms of Gross Domestic Product (GDP)[1] – including potential agglomeration impacts. This analysis is informed by the results of the Eddington Transport Study[2], which noted that a lack of adequate transport capacity can constrain economic growth, and the subsequent Department for Transport (DfT) White Paper 'Towards a Sustainable Transport System'[3] and the subsequent document 'Delivering a Sustainable Transport System[4] (November 2008). The White Paper reaffirmed the Government's views on the ways in which reliable and efficient transport networks can promote increased productivity and competitiveness and the delivery document outlines five goals for transport, focussing on the challenge of delivering strong economic growth while at the same time reducing greenhouse gas emissions; and

(b) employment within identified Regeneration Areas (RAs)[5] – the impact of the Project on employment within deprived areas.

1.1.5 Specific consideration is given to the wider economic effects of both the construction and operational phases of the Project. In respect of the latter the impact on GDP and on employment in RAs is assessed (see Figure 1.1).

1 Gross Domestic Product (GDP) is a measure of economic activity and is defined as the total value of all goods and services produced within an economy.
2 The Eddington Transport Study. Main Report: Transport's role in sustaining the UK's productivity and competitiveness, Sir Rod Eddington, December 2006
3 Towards a Sustainable Transport System – supporting economic growth in a lower carbon world (DfT, October 2007)
4 Delivering a Sustainable Transport System (DaSTS), DfT, November 2008.
5 'Regeneration Areas' and guidance on the assessment of wider economic impacts is set out in DfT Transport Assessment Guidance (TAG)

Figure 1.1: Impact on GDP and on employment in RAs



1.1.6 The construction of the Project will result in direct and indirect impacts within the construction and other sectors of the economy, including the generation of temporary jobs. However, construction of the project will also result in a number of businesses being displaced, and, furthermore, any traffic delays caused by construction work may affect businesses.

1.1.7 In respect of the operational phase and the economy, the Eddington Transport Study found that "*the key characteristics that users value are: journey time, reliability, cost, connectivity, comfort, safety and security. When users experience an improvement or worsening of these characteristics, these feed through to impact on productivity and growth*". The Study identified seven micro drivers of productivity that transport can influence and this report considers the expected impact of the Project on each of these.

1.1.8 The DfT produced a paper (Transport, Wider Economic Benefits and Impacts on GDP, 2005 – hereafter referred to as the DfT WEB Paper), which set out a methodology for calculating the impact of transport schemes on GDP, allowing for impacts on both productivity and employment. Four effects of transport schemes on GDP were identified: business time savings; agglomeration effects; competition effects (improved competition and increased output in imperfectly-competitive markets); and effects on the labour market. These effects are included within the Eddington Transport Study's micro drivers. The impact of the Mersey Gateway Project on each of these is assessed in the WEIR and an estimate presented of its additional impact on GDP.

1.1.9 DfT guidance on assessing wider economic impacts is set out in Transport Assessment Guidance (TAG) Unit 3.5.8 of June 2003 – The Wider Economic Impacts Sub-Objective - and is concerned with the measurable effects of a proposed scheme on employment in identified RAs. This is a relatively narrow definition of wider benefits which has, to some extent, been addressed by recommendations in the Eddington Transport Study and the DfT Paper. However, TAG 3.5.8 remains the core DfT guidance for the assessment of transport projects at the time of writing as the results of the NATA Refresh – reviewing the new approach to appraisal – have yet to be published by DfT. The emphasis is on the following specific effects that may be expected to result from the Project, based principally on improvements in accessibility: (a) jobs arising from actual or perceived improved travel conditions provided by the Project and (b) increased employment as a result of residents in RAs gaining improved access to jobs.

1.1.10 The WEIR considers the cost and time savings resulting from the Project and their effect upon businesses. It assesses how the savings will be translated into new jobs, in particular for those in RAs. The WEIR also considers the potential for jobs in the RAs to be lost due to the Project providing increased accessibility from the hinterland.

1.1.11 With regard to local regeneration, transport schemes can, in certain circumstances, be a catalyst for regeneration and can impact on employment and investment decisions. For example, the construction of a scheme may directly result in

changes in local accessibility by removing a barrier to access. Consequently, the assessment considers the Project's impact as a catalyst for local regeneration, including its potential effects on inward investment.

1.1.12 While the assessment of wider economic impacts is principally based on the Eddington Transport Study, the DfT WEB paper and the DfT TAG, it also makes reference, where appropriate, to guidance provided in: HM Treasury's Appraisal and Evaluation in Central Government 2007 ('The Green Book')[6]; the then Office of the Deputy Prime Minster (ODPM) guidance on Assessing the Impacts of Spatial Interventions 2003 (the '3Rs' guidance on Regeneration, Renewal, and Regional Development)[7]; and the former English Partnership's Additionality Guide[8].

1.2 Structure of the report

1.2.1 The WEIR continues in a further eight sections, as follows:

- Section 2: sets out the background to the Mersey Gateway Project and the needs that it addresses. It also presents the strategic objectives and a description of the relevant features of the Project;
- Section 3: considers the strategic context for the Project in terms of public sector policy, socio-economic conditions, the transport context, and the property market and inward investment context;
- Section 4: sets out the results of business surveys undertaken in respect of the Project and consultations with local residents;
- Section 5: sets out the methodology for the Economic Impact report;
- Section 6: describes the assessed economic impacts of the construction phase of the Mersey Gateway Project;
- Section 7: considers the impact of the Project arising from transport improvements on changes in economic efficiency based on the Eddington Transport Study and the DfT WEB Paper;
- Section 8: analyses the wider economic impacts of the Project arising from improvements in accessibility in terms of overall and net additional employment gains to RA residents, based upon TAG guidance; and
- Section 9: presents the conclusions of the WEIR.

6 HM Treasury (2007), Appraisal and Evaluation in Central Government ('The Green Book')
7 ODPM (2003), Assessing the Impacts of Spatial Interventions
8 Former English Partnerships (2008), Additionality Guide

2 The Mersey Gateway

2.1 Introduction

2.1.1 This section presents an overview of the Mersey Gateway Project. In particular, it describes the background to the Project and the need for it, its strategic objectives and its features and route. In addition, a summary of the transport modelling case is presented based on the assessment by Mott MacDonald.

2.2 Project background and needs

2.2.1 The SJB was opened in 1961 and provides a road link between the towns of Runcorn and Widnes. It is of major strategic importance to Merseyside and North Cheshire with 41% of traffic crossing the SJB making trips across the region and an additional 39% having either an origin or destination outside Halton[9]. Therefore, only about 20% are entirely local trips within Halton between Widnes and Runcorn.

2.2.2 The SJB was designed for some 65,000 vehicle crossings a day, while it now typically carries some 83,000 vehicles per day. The capacity of the bridge (approximately 7,000 vehicles per hour two-way) is reached for four hours of the day and regular peak spreading occurs. Even between the AM and PM peak periods, the traffic flow is typically in excess of 5,000 vehicles per hour two-way, which represents more than 70% of capacity.

2.2.3 The need for the Project is based on the delays and uncertainties suffered by road users especially at peak periods. This currently gives rise to inconvenience and disruption to businesses, their employees, and others and forms a constraint on the local economy.

2.2.4 Transport modelling evidence indicates that there is predicted to be additional future traffic growth in the inter-peak periods and overnight. Overall, traffic conditions can be expected to become considerably worse by 2015 and continue to become progressively worse still by 2030.

2.2.5 The implication is that disruption would become a more frequent and regular occurrence as the SJB continues to operate at or near maximum capacity over an extended period of the day.

2.3 Strategic objectives

2.3.1 The strategic objectives of the Project are:

- to relieve the congested SJB, thereby removing the constraint on local and regional development and better provide for local transport needs;
- to apply minimum toll charges to both the Mersey Gateway Project and the SJB consistent with the amount required to satisfy affordability constraints;
- to improve accessibility in order to maximise local development and regional economic growth opportunities;
- to improve local air quality and enhance the general urban environment;
- to improve public transport links across the River Mersey;

[9] Source: Halton Local Transport Plan 2001/02 – 2005/06.

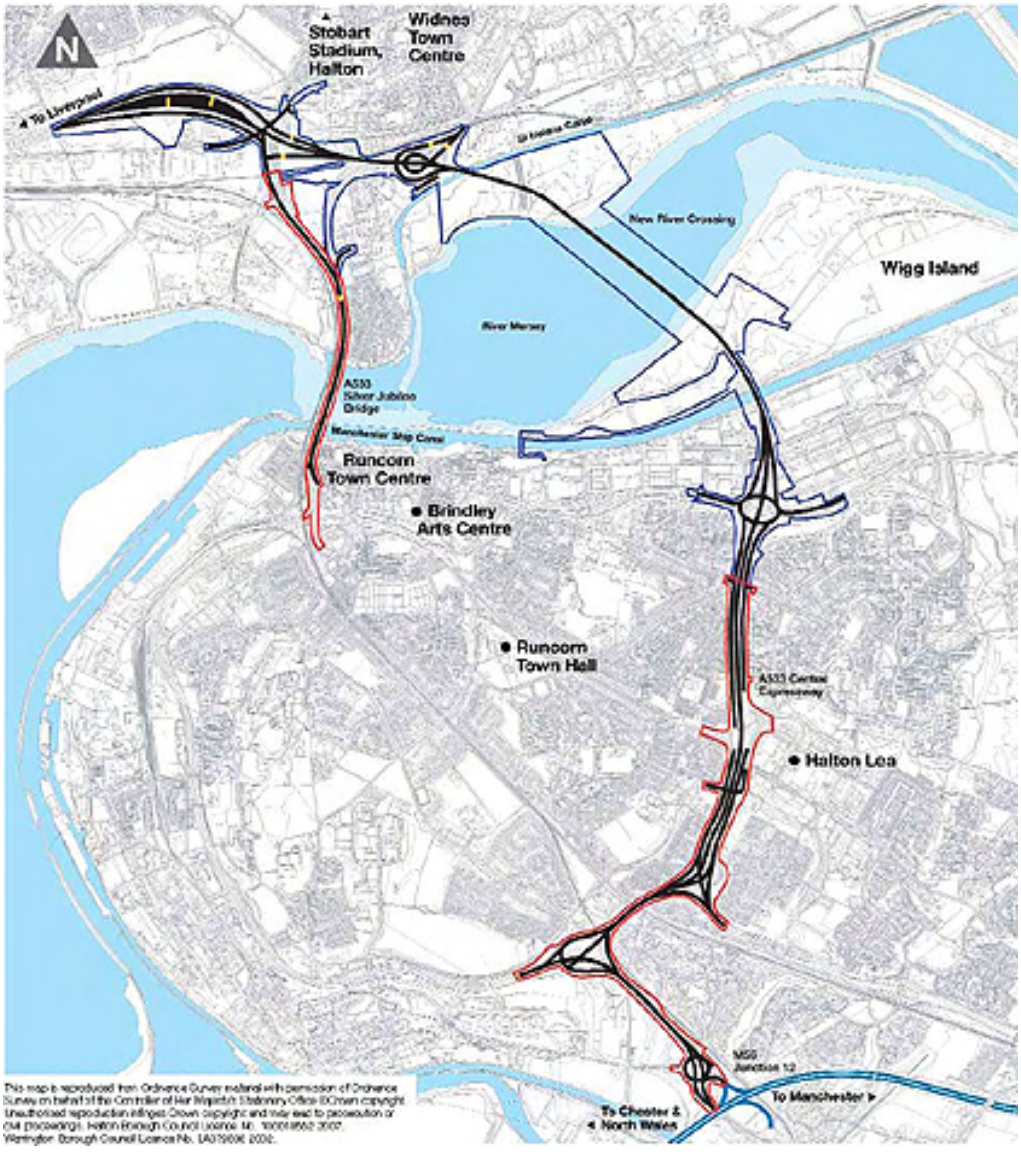
- to encourage the increased use of cycling and walking; and
- to restore effective network resilience for road transport across the River Mersey.

2.4 Key features of the Mersey Gateway Project

2.4.1 The Project would provide an additional new traffic crossing of the River Mersey, incorporated into the existing highway network to the south via the Runcorn Expressway and to the north via Speke Road and the Eastern Bypass. It will involve the modification and de-linking of the SJB. In addition, public transport, cycle and pedestrian improvements will be included as an integral part of the Project through the Mersey Gateway Sustainable Transport Strategy, which will be part funded through the revenue raised by the Project, as well as the integration with spatial regeneration initiatives within Halton.

2.4.2 The route of the Project is shown at Figure 2.1.

Figure 2.1: The Mersey Gateway Project route



2.5 Transport modelling

2.5.1 The transport modelling has considered the effects of the Project by comparing the without Project case (the do-minimum) and the with Project case (the do-something).

2.5.2 Taking the am peak in 2030 under the do-something option compared with the do-minimum option, some significant journey time savings are in evidence, for example, on illustrative north/south routes across the River Mersey between Frodsham and Widnes Rugby Ground and Preston Brook and Green Oaks shopping centre via both the SJB and the Mersey Gateway. These are shown in Table 2.1.

Table 2.1: Illustrative journey time comparisons

Illustrative journey – 2030 AM Peak	Do-minimum SJB	Do-something Mersey Gateway	Time saving	Do-something SJB	Time saving
	A	B	C = B – A	D	E = D - A
	Mins	Mins	Mins	Mins	Mins
Frodsham – Widnes Rugby Ground (Route 8NB)	24.5	19.6	(4.94)	20.2	(4.33)
Widnes Rugby Ground – Frodsham (Route 8SB)	32.1	22.3	(9.85)	23.4	(8.70)
Preston Brook – Green Oaks shopping centre (Route 9NB)	17.6	10.2	(7.33)	15.5	(2.06)
Green Oaks shopping centre – Preston Brook (Route 9SB)	21.2	11.5	(9.73)	16.4	(4.79)

2.5.3 There are also time savings in evidence between Widnes and Runcorn for more local traffic. The modelling indicates that there are generally no significant adverse time penalties for journeys to the south or north of the Mersey Gateway Project that do not involve crossing the river.

2.5.4 By 2030, under the do-something compared with the do-minimum option, there is forecast to be an increase of some 3.3% in overall traffic flows across the River Mersey at the AM peak using the combined crossing points of the Kingsway/Queensway Tunnels, the SJB/Mersey Gateway, the Warrington Crossings and the Thelwall Viaduct.

2.5.5 The Project is predicted to have different impacts on trips with different values of time. In terms of lower value of time trips, the effect will be to discourage journeys using the Runcorn crossings. However, the Mersey Gateway Sustainable Transport Strategy, which forms an integral part of the Project, together with targeted discounts on tolls, will ensure that the positive effects are maximised.

2.5.6 The Mersey Gateway forecasts have also been subject to economic appraisal using the standard, DfT provided, computer package known as Transport Users' Benefits Appraisal (TUBA). A summary of the performance of the Project is provided in Table 2.2. This indicates that it has a strongly positive overall Net Present Value of some £216 million and an overall Benefit to Cost Ratio (BCR) of 3.95:1. Business benefits are particularly significant.

Table 2.2: TUBA benefits					
TUBA Benefits (2002 discounted prices)	**Consumers**	**Businesses**	**Private sector provider benefits**	**Other business impacts**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Travel time	284,511	426,399			710,910
Vehicle operating costs	91,462	45,257			136,719
User charges	(368,479)	(249,749)			(618,228)
Private sector provider revenue			164		164
Developer contributions				0	0
Total net benefits to consumers, businesses and providers	**7,494**	**221,907**	**164**	**0**	**229,565**
Accident and carbon benefits and again – traffic related maintenance costs	-	-	-	-	59,171
Local/central government funding net)	-	-	-	-	(73,073)
Overall impact NPV	**-**	**-**	**-**	**-**	**215,663**
Benefits to cost ratio	**-**	**-**	**-**	**-**	**3.95**

3 Strategic context

3.1 Introduction

3.1.1 The nature and extent of the wider economic impacts of the Project will depend significantly upon the policy, socio-economic, transport, and property and inward investment contexts. This section presents a review of each of these issues.

3.2 Policy context

3.2.1 The Project is supported within strategies and policies at regional, sub-regional and local levels, as follows:

Regional Economic Strategy (RES)

3.2.2 The RES[10] sets out a vision for the North West as:

> *"A dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life."*

3.2.3 Within the RES, the Mersey Gateway Project is identified as a 'Transformational Action' (TA 65). This states that the Project will relieve congestion, support two strategic regional sites, improve reliability of access to Liverpool John Lennon Airport and improve linkages within the Liverpool City Region.

Liverpool City Region Development Plan (CRDP)

3.2.4 The vision behind the CRDP[11] is for the Liverpool city region to regain its status as a premier European city by 2025. The Mersey Gateway Project is identified as a key priority action supporting the driver of a well connected region. The Plan advances the need for the Project in terms of reducing congestion and supporting the expansion of Liverpool John Lennon Airport and the Ports.

Liverpool SuperPort

3.2.5 The Mersey Partnership[12] produced a review of proposals for the development of Liverpool SuperPort in June 2008[13]. The Vision behind the proposals is '*to bring together and integrate the strengths of the Ports, Airports and Freight Community to create a SuperPort for freight and passenger operations within the Liverpool City Region that will become a key driver of its economy. It will create the most effective and cost efficient environment for freight cargo logistics and passenger transit in the UK'*. The Mersey Gateway Project is identified in the document as an important project in terms of improving access to the Ports and the Airport.

The Mersey Partnership – Merseyside Action Plan

3.2.6 The Merseyside Action Plan[14] identifies the investment programmes and priorities that will contribute to the continued economic renaissance of Merseyside within a sustainable development framework. The Mersey Gateway Project is identified as a key

[10] Northwest Regional Economic Strategy 2006 (Northwest Regional Development Agency 2006)
[11] The Liverpool City Region – transforming our economy: the Strategic Proposals (Mersey Partnerships, May 2005)
[12] The Mersey Partnership is the sub-regional partnership for Merseyside and has a leading role in economic development, inward investment and tourism.
[13] Liverpool SuperPort (Mersey Partnership, June 2008)
[14] The Merseyside Action Plan 2006-09 (Mersey Partnership, September 2006)

project supporting the drive to increase Merseyside's competitiveness and productivity through the delivery of improved connectivity across the sub-region.

Halton Local Transport Plan (LTP) 2006/07 to 2010/11

3.2.7 The overarching objective of the Halton LTP[15] is *'the delivery of a smart, sustainable, inclusive and accessible transport system and infrastructure that seeks to improve the quality of life for people living in Halton by encouraging economic growth and regeneration, and the protection and enhancement of the historic, natural and human environment'*. The development of the Project is identified in the LTP as a Priority Action which will relieve congestion, improve local accessibility, improve road safety on cross-river journeys and improve air quality.

Other local priorities

3.2.8 The vision for Halton, as set out in the Corporate Plan 2006 - 2011[16], is of a *'thriving and vibrant Borough where people can learn and develop their skills; enjoy a good quality of life with good health; a high quality, modern urban environment; the opportunity for all to fulfil their potential; greater wealth and equality, sustained by a thriving business community; and safer, stronger and more attractive neighbourhoods.*' The development of the Mersey Gateway Project is identified in the Plan as a project that will develop local transport networks to meet the needs of residents, businesses and visitors.

3.2.9 The Project is also identified in the Council's Economic and Tourism Development Strategy[17] as a significant project. The Strategy emphasises that the current congestion levels on the SJB are hindering economic performance in the area and that the Mersey Gateway Project will remove this obstacle and bring growth to Halton.

3.3 Socio-economic context and employment forecasts

Socio-economic conditions

3.3.1 An audit of socio-economic conditions and trends has been carried out encompassing key changes to population, deprivation and a range of labour market indicators at four spatial levels – Halton local authority district, Regeneration Area (RA) districts, the North West region and the UK. The RA districts are those that have high levels of deprivation and have been identified through the TAG analysis (see Section 8.2). The local authority districts included within the RAs are: Halton, Liverpool, Knowsley, Sefton, St Helens, Warrington and Wirral.

3.3.2 Following a long period of economic growth, many of the world's largest economies are in recession. Stemming from the US led 'credit crunch', confidence in the financial sector is weak and there has been increasing levels of unemployment. There is an expectation that further job losses will take place, both in the financial sector and in the wider economy. Therefore, whilst employment in Halton has been growing recently (as described below), socio-economic conditions are likely to get significantly worse.

3.3.3 The population of Halton stood at 119,500 in 2007, a decrease of over 2,000 compared to the figure for 1996 although there is some evidence of recovery since 2002. Over the same period the population of the RA districts fell by nearly 47,000 to 1,665,000 and has shown continued decline. This decline can be set against the regional and national trends of population growth (see Appendix 1, Figure 1).

[15] Local Transport Plan 2006/07 – 2010/11 (Halton Borough Council, March 2006)
[16] Halton Corporate Plan 2006-11 – It's all happening in Halton (Halton Borough Council)
[17] Halton: Gateway to Prosperity 2005 – 2008 (Halton Borough Council)

3.3.4 Between 2002 and 2007, the total number of jobs in Halton increased by 5.6% to 54,400. This rate of increase significantly exceeded the regional (2.3%) and national (3.9%) rates. However, over the same period the number of jobs across the RA districts fell by 1.7%, with only Liverpool, Knowsley and St Helens experiencing increases in employment (see Table A2, Appendix 1). Furthermore, the employment rates[18] in Halton (70.4%) and across the RA districts (68.5%) were, as of 2007/08, lower than the rates for the North West (72.1%) and Great Britain (74.5%) (See Appendix 1, Table A9). The unemployment rate in Halton is currently 5.2%, the North West at 3.9% and Great Britain at 3.4%.

3.3.5 The relatively low level of economic activity in Halton and, more generally, across the RA districts is evident when comparing the job densities (the ratio of total jobs to working age population) in these areas to the regional and national averages. In 2006, the job density in Halton was 0.81 and in the RA districts it was 0.83. The average for the North West was 0.85, whilst the job density for Great Britain as a whole was, at 0.88, higher still (see Appendix 1, Table A5). Therefore, despite the recent increase in employment within Halton, there is still a relative lack of aggregate demand within the local area and across the RA districts.

3.3.6 Halton also has a low proportion of employment in higher order occupations (Standard Occupational Classification (SOC) major groups 1 – 3) relative to the RA districts, the North West and Great Britain (as illustrated in Table A10 in Appendix 1). In 2007/08, 33.0% of employees in Halton were in higher order occupations compared to 39.9% in the RA districts, 40.0% regionally and 42.9% nationally.

3.3.7 The claimant count rates in Halton and the RA districts, which in October 2008 were 3.6% and 4.2% respectively, were above both the regional and national averages (see Figure A4, Appendix 1). Furthermore, in terms of International Labour Organisation (ILO) unemployment, Halton and the RA districts have significantly higher unemployment rates than the North West and Great Britain averages. In 2007/08, 6.7% of those economically active in Halton and 6.6% in the RA districts were classified as ILO unemployed. Particularly high levels of unemployment were demonstrated by the districts of Liverpool (7.5%) and Knowsley (8.8%). The regional average was 5.7% and the national average was 5.2%.

3.3.8 More generally, socio-economic deprivation remains widespread across Merseyside and Halton despite significant regeneration activity (see Table A1, Appendix 1). According to the Indices of Multiple Deprivation 2007, of the 79 Super Output Areas (SOAs) in Halton, 46 are in the most deprived 30% of SOAs in England, including 21 in the most deprived 10%. Deprivation levels in Liverpool and Knowsley districts are worse than those in Halton, with 162 of Liverpool's 291 SOAs and 47 of Knowsley's 99 SOAs in the most deprived 10% in the country. Halton is the 30th most deprived district in England on this Index while Liverpool is the most deprived and Knowsley is ranked fifth on the basis of the rank of average scores.

3.3.9 Overall therefore, whilst there have been some recent improvements in the economic performance of Halton and the RA districts, there still remains significant levels of deprivation and socio-economic difficulties. Halton and the RA districts continue to suffer from relatively high levels of inactivity, which will be further exacerbated by the recent economic problems.

Employment forecasts

3.3.10 Employment forecasts for the Liverpool City Region were reported in the document "Liverpool City Region Economic Projections and Prospects" (October 2007).

[18] The employment rate is the number of people in employment expressed as a percentage of all people of working age (16-59/64).

It should be noted that these forecasts were produced before the recent economic downturn. The future economic performance of the area will, like other parts of the UK, be affected by the economic downturn. Economic impacts such as business closures, unemployment and economic recession will have social implications for local populations, particularly in relation to levels of deprivation. They will also affect the property market. The forecasts, which were prepared by Cambridge Econometrics, were developed for two different scenarios:

(a) baseline scenario: this scenario assumed that growth in the Liverpool City Region relative to the North West and the United Kingdom follows historical trends; and

(b) 'delivery of major projects' scenario: within this scenario planned or proposed major projects were incorporated, including the Mersey Gateway Project.

3.3.11 Employment forecasts for the seven local authority areas under the baseline scenario are set out in Table 3.1. Employment growth under this scenario is expected to be strongest, in percentage terms, in Warrington and Halton and weakest in Knowsley and St Helens.

Table 3.1: Baseline scenario – employment forecasts ('000s)

	2005	2010	2015	2020	% change 2005 to 2020
Halton	63	65	67	70	11.1
Warrington	127	131	137	144	13.4
Knowsley	63	64	65	66	4.8
Liverpool	255	260	266	271	6.3
St Helens	70	72	73	73	4.3
Sefton	116	119	121	123	6.0
Wirral	110	113	116	118	7.3

Source: Liverpool City Region Economic Projections and Prospects, October 2007

3.3.12 Under the baseline scenario, employment in the Liverpool City Centre Strategic Investment Area (SIA) is expected to increase by 5.8% to 128,000 between 2005 and 2020. Employment is expected to increase by 3.6% to 29,000 in the Speke / Halewood SIA and in the Liverpool Airport Local Transport Plan area by 10.6% to 15,700, both of which would be directly served by the Mersey Gateway Project.

3.3.13 The 'delivery of major projects' scenario included only those major projects that had moved into the delivery phase, among them the Mersey Gateway Project (this was forecast to generate 1,600 gross jobs in Halton by 2025). In terms of the proportional increase in employment, under this scenario Halton and Warrington would again see the biggest increases, closely followed by Liverpool and Knowsley, with St Helens again showing the smallest proportional employment gain. This is shown in Table 3.2.

Table 3.2: Delivery of major projects scenario - employment forecasts ('000s)

	2005	2010	2015	2020	% change 2005 to 2020
Halton	63	66.5	72.1	75	19.0
Warrington	127	130.3	137.9	147.4	16.1
Knowsley	63	68.7	70.2	71.8	14.0
Liverpool	255	277.1	289.4	294.5	15.5
St Helens	70	72.8	74	74.2	6.0
Sefton	116	120.2	122.3	124.3	7.2
Wirral	110	115.2	118.6	120.6	9.6

Source: Liverpool City Region Economic Projections and Prospects, October 2007

3.3.14 Under this scenario, employment in the Liverpool City Centre SIA is expected to increase much more significantly, by 15.5% to 139,800 between 2005 and 2020, and by 30% to 36,400 in the Speke / Halewood SIA. Employment in Liverpool Airport LTP over the period is expected to increase by 65.5% to 23,500.

3.3.15 A recent report by the Centre for Cities[19] indicates that, while Liverpool, for example, gained some 70,000 jobs over the past decade, it and other cities are beginning to feel the effects of the recession on their labour markets, including car manufacturers and established retailers. Liverpool is identified as having the lowest employment rate to March 2008 (65.2) of all the major cities considered, the lowest IMD 2007 median score, and the lowest ranking on the Social Deprivation Index. As a result, the city is identified as being particularly susceptible to exposure from the current recession. While it is likely that recovery will take place in due course, the employment forecasts for the Liverpool City Region needs to be viewed in the context both of the recession and the area's vulnerability to economic shocks.

Conclusions

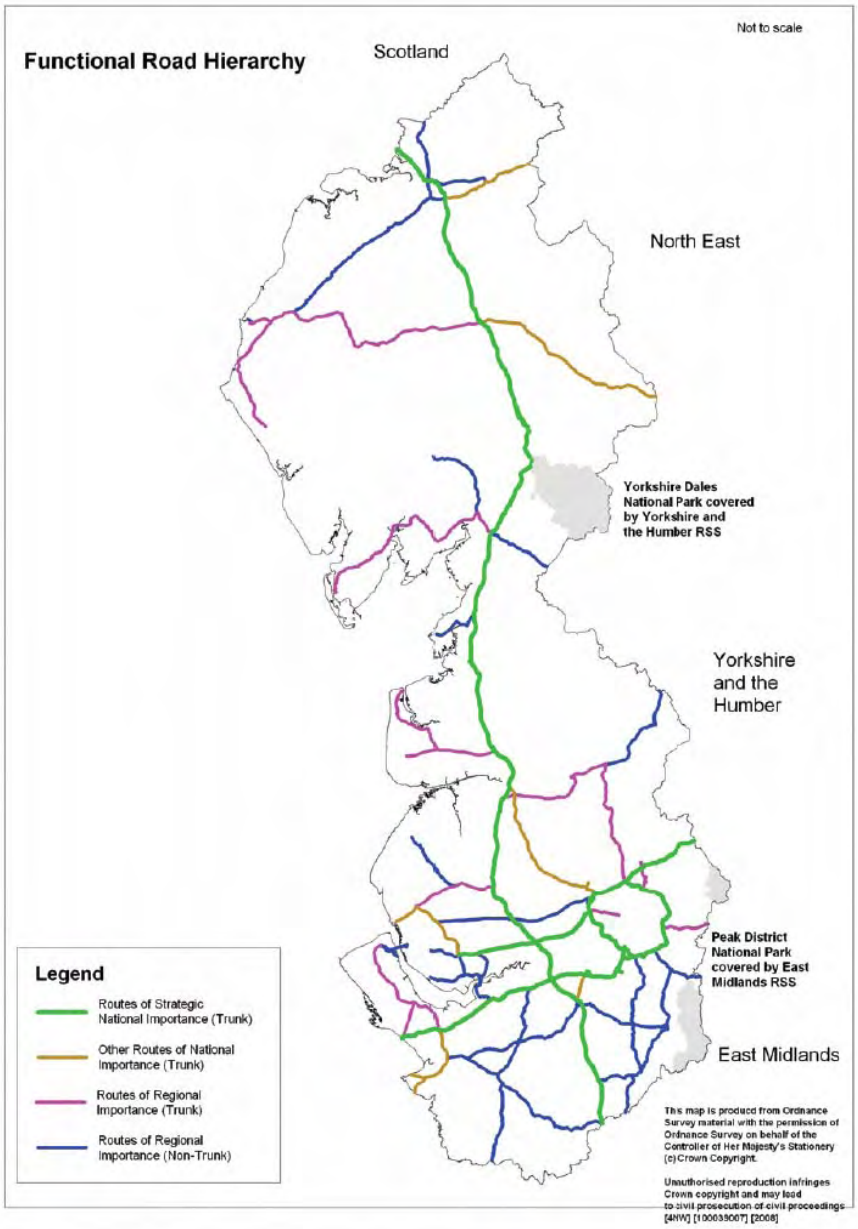
3.3.16 The WEIR takes into account the significant extent and depth of deprivation within Halton and Merseyside in particular and the existence of areas of deprivation within other districts within the identified Hinterland. While socio-economic conditions in the area have shown recent improvement, and the forecast for future employment is relatively strong, continued regeneration of the area is dependent on key projects being taken forward. The Mersey Gateway is one of those key projects which underpins future employment forecasts for the area.

3.4 *Transport context*

3.4.1 The 'functional road hierarchy and regional highway network' is set out in Appendix RT(c) of the Regional Spatial Strategy (RSS) for the North West[20], which identifies a hierarchy of key road links. Halton is situated within a 'box' of motorway routes of strategic national importance comprising the M6 to the east, the M62 to the north, the M56 to the south, and the M53 to the west. It is directly served by 'routes of regional importance' to and from the motorway network comprising the A557 north from the M56 at Junction 12 to the M62 at Junction 7, and the A562/A561 west from the A557 in Widnes to the Port of Garston. Figure 3.6 shows the NW road hierarchy[21].

[19] Cities Outlook 2009 (Centre for Cities, January 2009)
[20] North West of England Plan: Regional Spatial Strategy to 2021 (Government Office for the North West, September 2008)
[21] North West of England RSS to 2021 Appendix RT, Diagram 3.

Figure 3.6 Regional Road Hierarchy



3.4.2 The SJB provides a strategic link across the River Mersey, situated between the Liverpool Kingsway and Queensway Tunnels to the west (some 29km) and the A50/A56 at Warrington (18 km) and Thelwall Viaduct (M6) crossings (24 km) to the east. This link is key for both local traffic and wider regional traffic into and out of the Liverpool City Region.

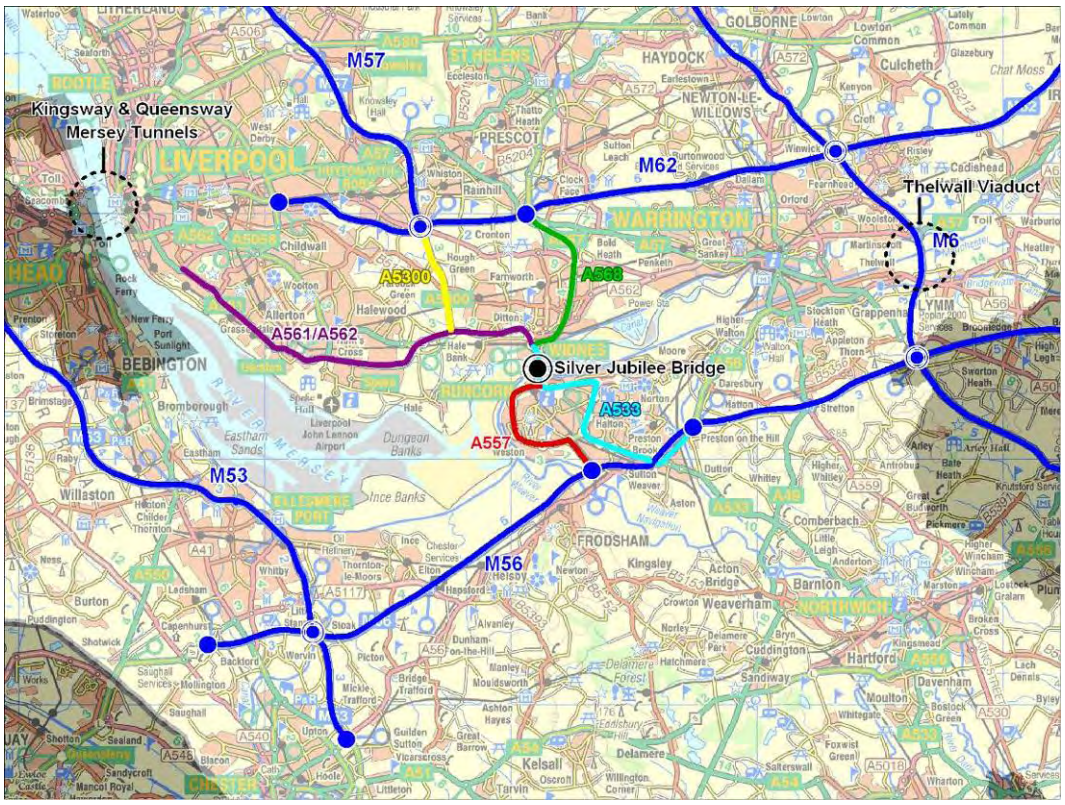
3.4.3 There has been significant investment in transport infrastructure across the North West over a number of years, particularly in the development of the road network. However, the M56 Corridor Scoping Study (WS Atkins, September 2004) that formed part of the background documents to the preparation of RSS for the North West indicated that a significant proportion of the regional road network is running at or near capacity, resulting in unreliable journey times, frustration to drivers, and increased costs to industry. The impact of incidents and roadworks exacerbate these problems. It highlights delays on

the approaches to the SJB that are a regular occurrence during the extended peak periods, and queues of up to 1.5km that are regularly experienced on the Expressway approaches. These delays also affect the reliability of public transport. Congestion and the poor standard of the SJB are seen as a major constraint to the development of integrated sustainable transport strategies. More recently, the Eddington Transport Study specifically identifies the SJB as a source of significant congestion on the national road network (The Eddington Transport Study, 2006 (Fig 2.7, page 80).

3.4.4 The A557, A562 and A561 local road network provide a route of significant importance linking Cheshire and North Wales to Merseyside, the Ports and Liverpool John Lennon Airport, as well as employment areas in South Liverpool and St Helens/Warrington. The A557 is a dual two lane road with grade separated junctions providing access to the local highway network. The A562 continues the route westwards to a grade separated junction with the A5300 Knowsley Expressway. Between its junctions with the Knowsley Expressway and the A561, the A562 continues as a high standard, dual, two lane all-purpose road, with the A561 extending the high standard dual carriageway provision westwards to the access road serving Liverpool Airport and the Speke Halewood area, which also serves the Associated British Ports facility at Garston Docks. The A5300 Knowsley Expressway, opened 10 years ago, provides a high standard link between the M62 at Junction 6 and the A562 near Speke. It is effectively a continuation of the M57 southwards, albeit as a high standard, dual, two lane all-purpose road. This road serves a number of strategic functions, providing access between the M62 and Liverpool Airport, and forming a strategic route between the SJB at Runcorn and north-west Merseyside, including the Port of Liverpool. The A562 also extends eastwards from the SJB to Warrington town centre and the A557 continues north from the SJB to Junction 7 of the M62.

3.4.5 Figure 3.7 shows in more detail the linkages formed by the A557 between junction 12 of the M56 and junction 7 of the M62 and the east/west links to the A562/A561.

Figure 3.7: Local road network connections



3.5 Property market and inward investment context

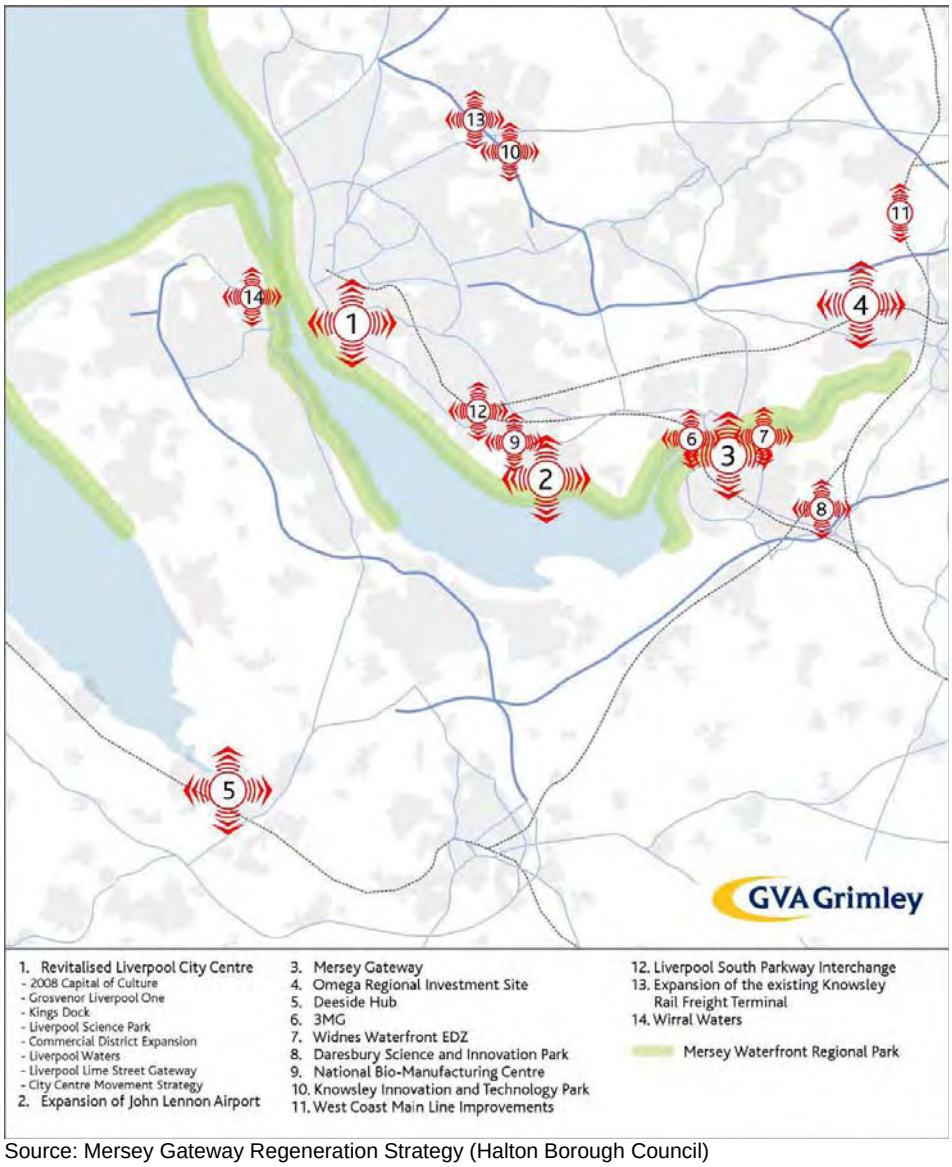
Overview

3.5.1 This sub-section sets out a summary review of the local property markets of Liverpool and Warrington, along with the secondary market of Halton, which together have the strongest relationships with the Mersey Gateway Project. It also discusses recent inward investment trends. The local property market has, in line with wider national trends, experienced a significant slow-down in recent months.

Property market

3.5.2 A number of designated Regional Investment Sites are situated in close proximity to the Mersey Gateway, and will potentially benefit from improved access through investment in the Project. These include Estuary Business Park at Speke-Garston, Daresbury Business Park, Ditton Strategic Rail Freight Park and Omega South. The Regional Investment Sites, along with other investment projects, such as those in Liverpool City Centre are illustrated in Figure 3.8. These sites are designed to increase the competitiveness and productivity of the Liverpool City Region and reflect the shared priorities of key stakeholders to create a 'well connected' and 'premier destination', city region as expressed through the City Region Development Plan and the Merseyside Action Plan.

Figure 3.8: Liverpool City Region Investment Projects



Source: Mersey Gateway Regeneration Strategy (Halton Borough Council)

3.5.3 Until recently, the local property market has enjoyed strong performance over a number of years. The key local markets in Merseyside and Warrington have experienced substantial industrial, office and retail investment, while Halton has experienced high levels of developer interest.

3.5.4 Between 2001 and 2006, take-up of industrial units in Liverpool was relatively strong, averaging 88,440 sq m annually, with the market for speculative development buoyant. In mid 2007 there was 42,080 sq m of industrial floorspace under construction with a further 826,810 sq m in the development pipeline. Activity in the office market centred on Liverpool city centre, with take-up of Grade A floorspace averaging 14,865 sq m per annum over a five year period. The level of investment in Liverpool over the last ten years has exceeded expectations and has effectively re-established the city as a regional centre. This has been underpinned by the Liverpool One development, bringing forward over 111,480 sq m of retail and leisure development and re-energising the retail market in the city centre.

3.5.5 Analysis indicates that the key property market sectors have also performed strongly across Warrington in recent years. In mid-2007 there was approximately 185,100 sq m of available industrial floorspace in Warrington, equating to 8.8% of total industrial stock. Further to this, there was approximately 63,080 sq m of industrial floorspace under construction at the end of 2007, with a further 1.27 million sq m with planning permission. The Omega Regional Investment Site has permission for in excess of 464,500 sq m of B1/B2/B8 space. In addition, some 36,230 sq m of office floorspace was developed in Warrington between 2001 and 2006, focussed primarily on peripheral business parks. Significant retail development has also taken place through the 30,660 sq m extension and renovation of the Golden Square retail centre in the town centre.

3.5.6 As a result of the 'credit crunch' and current economic recession, the UK property market is going through a period of significant change. New construction starts have decreased substantially and interest in development is largely restricted to opportunities where:

- development start on site is expected to commence at a time aligned with market recovery;
- no development construction expenditure or land payments is proposed within the near future;
- the developer is able to share risk and potentially cost in advancing the project through the design and pre-planning stages; or
- contracts for development are conditional on a range of factors including planning, funding and pre-letting.

3.5.7 However, commentators anticipate an end to the recession and renewed economic growth in the medium to long-term. Consequently, there is expected to be economic growth over the period to 2030.

Inward investment

3.5.8 The Mersey Partnership is responsible for the co-ordination of inward investment to Merseyside and Halton. It attracted some 25 inward investment[22] projects by overseas companies to the area in 2004/05, representing some 27% of investments to the North West region and some 2.3% of all investments in the UK. Important investments continued in 2005/06, with a further 18 investment projects, 16% of projects in the North West and 1.5% of those to the UK. Some 1,730 gross jobs were created as a result in 2004/05 and 1,100 in 2005/06, representing an average of 65 gross jobs per investment. Major projects identified include automotive manufacturing such as the Land Rover Freelander assembly plant, print services such as the Prinovis facility, and biomedical production such as Novartis, all of which are located in Speke. Other important investments included Bakemark (manufacture of baking ingredients and products) based in Wirral, Pilkingtons/NSG located in St Helens, Maersk shipping services customer service and technical centre based in Liverpool city centre, and the expansion of the QVC teleshopping facility located in Knowsley. Bakemark indicated that good land and the availability of space helped give the Liverpool City Region the edge over other locations. In addition, a number of significant investments have taken place by UK companies in the area, including Communisis (printing services), British Gypsum, Vertex, and Allied Bakeries. The Mersey Partnership has provided the basis for strong local inward investment performance, and it is recognised that attracting inward investment is critical to driving forward the growth of the Merseyside economy. The Merseyside Economic Review 2008 indicates that further progress with regard to inward investment into Merseyside was made with a further 47 projects (17 new investments and 30 investments from existing investors) creating just under 1,200 jobs.

[22] Figures derived from The Merseyside Economic Review (Mersey Partnership, 2007).

3.5.9 While there has been a number of important successful investments, it is recognised that the market is increasingly competitive for projects and has been affected by the 'credit crunch'. The Merseyside Economic Review refers to significantly increased competitor activity, particularly from emerging Eastern European countries, and the need for focus on opportunities for reinvestments and UK relocations. Merseyside has significantly improved its inward investment offer over the past 10 years with the provision of good quality sites and premises (including those in Speke), its ability to continue to be able to offer funding assistance in certain cases as a result of retaining assisted areas within Merseyside, and having a focus for marketing, investor support, and aftercare through The Mersey Partnership. Nevertheless there are still a number of factors that mitigate against the successful achievement of more inward investments. Transport infrastructure remains one of these limiting factors, and among other transport issues, the existing SJB has been linked to Merseyside's failure to attract particular potential investments.

3.5.10 Inward investment activity is also expected to be positively influenced by the development and growth of Liverpool John Lennon Airport, as set out elsewhere within this report. Maximising the potential of the Airport as an economic driver creating employment and stimulating investment in support of the ongoing economic and physical regeneration of Liverpool is an important objective of the master plan for the Airport[23]. In turn the development of the Airport will be supported by the development of the Mersey Gateway Project.

3.5.11 As a result, the Mersey Partnership has indicated that it considers the Mersey Gateway to be one of the most significant transport issues facing the North West today, not least in terms of its impact on potential inward investment in the south Liverpool and Halton areas[24].

[23] Liverpool John Lennon Airport – Airport Masterplan to 2030 (LJLA, November 2007).
[24] Merseyside Action Plan (The Mersey Partnership, September 2006)

4 Business and residents' opinions

4.1 Introduction

4.1.1 This section sets out an analysis of the results of the surveys of businesses in Halton and adjacent areas. It also provides a summary of the social research undertaken with residents, as reported in the socio-economic chapter of the Environmental Statement.

4.2 Business questionnaire survey

4.2.1 For the purposes of the WEIR, two separate business surveys have been undertaken. A survey of some 200 businesses was carried out in Halton by Spirul Research, the results of which are reported in detail in the Mersey Gateway Regeneration Strategy: Issues Report (GVA Grimley, 2007). In addition, a survey was also conducted of some 2,205 businesses outside of Halton[25] by Spirul Research in December 2007 and January 2008, resulting in responses from 379 businesses[26]. Of those responding to the latter survey, 139 (37%) firms were drawn from transport-related sectors.

4.2.2 A summary of the results of the two surveys is set out below.

Locational advantages and disadvantages

4.2.3 Respondents to the two surveys were both asked to consider the main advantages and disadvantages of being located within their local area. The Halton survey highlighted the existence of good transport infrastructure / transport links as the most commonly identified advantage, with 48% of respondents considering this to be the main benefit associated with their current location (see Table 4.1). Being in close proximity to the motorways was seen as the main locational advantage by nearly half of non-Halton respondents.

Table 4.1: Main advantages of local area

	Halton respondents	Non-Halton respondents
Transport		
Close proximity to motorways	48%	26%
Good transport infrastructure / transport links	39%	48%
Good parking	9%	4%
Low transport costs	6%	2%
Good public transport	6%	1%
No / little congestion	1%	0%
Labour market		
Access to good quality staff	8%	3%
Low labour costs	2%	1%
Access to a skilled workforce	2%	2%

[25] Including local authority districts of Knowsley, Liverpool, Sefton, St Helens and Wirral (Merseyside), together with Ellesmere Port/Neston and Warrington (Cheshire).
[26] At a 95% confidence level, the overall confidence interval is +/- 5.01.

Market / investment / other business issues		
Access to land or property / low land or property costs	4%	0%
Close to customers / markets	23%	37%
Close to suppliers	1%	8%
Good support for businesses / business grants	1%	0%
Strong local economy	3%	1%
Access to sources of investment / capital	0%	1%
Other issues		
Good local facilities	3%	3%
Good quality of life generally	2%	0%
Low crime	1%	0%
Good education / schools / colleges	1%	0%

Source: Spirul Research

4.2.4 In terms of the locational disadvantages that were identified by the survey respondents, 37% of Halton firms considered that congestion/unreliability on the A577 and especially the SJB was a key problem (see Table 4.2). Respondents from outside of Halton were less likely to see this as an issue than those living within Halton – 8% of surveyed non-Halton businesses highlighted congestion on the A557 and especially on the SJB as a main disadvantage. The level of general congestion was seen as a disadvantage by 19% of Halton respondents, a concern shared by a number of businesses from outside of Halton as well (12%).

Table 4.2: Main disadvantages of local area

	Halton respondents	Non-Halton respondents
Transport		
Congestion / unreliability on / of the A557, especially the SJB	37%	8%
Levels of congestion generally	19%	12%
Poor parking	8%	13%
Poor transport infrastructure / transport links	8%	7%
High transport costs	4%	2%
Poor public transport	2%	4%
Long way from motorways	0%	1%
Labour market		
High labour costs	1%	0%
Poor / no access to a skilled workforce	1%	0%
Poor / no access to good quality staff	0%	0%
Market / investment / other business issues		
Far from customers / markets	8%	4%
Difficult to access sources of investment / capital	3%	0%
Weal local economy	3%	0%
Difficult to access land or property / high land or property costs	2%	0%
Far from suppliers	1%	2%
Little / no support for businesses / business grants	1%	0%

Other issues		
Poor quality of life generally	7%	3%
Poor local facilities	6%	6%
High crime	5%	3%

Source: Spirul Research

4.2.5 Problems of congestion were in particular emphasised by firms within the transport sector. Some 22% of Halton transport-related businesses and 35% of non-Halton transport-related businesses reported that the main disadvantage of being in their current location was levels of general congestion. Moreover, 44% of Halton transport-related businesses and 26% of non-Halton transport-related businesses stated that congestion on the A557 and specifically the SJB was the main locational disadvantage.

Influences on performance

4.2.6 The survey also asked respondents what the biggest influence had been on performance over the last three years and what they expected it would be over the next three years. Overall, access to markets/customers was highlighted within the survey as the biggest influence on past performance by 51% of Halton businesses and 48% of non-Halton businesses (see Table 4.3). Other commonly identified influential factors on past performance included access to skilled/quality labour force, which was mentioned by 18% and 20% of Halton and non-Halton businesses respectively, and the performance of the local economy, which was highlighted by 22% of Halton respondents, although only 6% of non-Halton respondents.

Table 4.3: Biggest influences on performance over last three years

	Halton respondents	Non-Halton respondents
Access to markets / customers	51%	48%
Performance of the local economy	22%	6%
Access to skilled / quality local labour force	18%	20%
Transport issues	7%	0%
Access to investment / capital	7%	10%
Access to suppliers	6%	2%
Business support	4%	3%

Source: Spirul Research

4.2.7 Similarly, access to markets/customers was also the most frequently identified factor in relation to influence on performance over the next three years (see Table 4.4). Around 56% of respondents from Halton and 53% of respondents from outside of Halton considered this to be the biggest influence of future performance. Access to skilled/quality local labour force was the next most important factor, with 22% of the businesses surveyed from both Halton and non-Halton expecting it to have the biggest influence on performance.

Table 4.4: Biggest influences on performance over next three years		
	Halton respondents	**Non-Halton respondents**
Access to markets / customers	56%	53%
Access to skilled / quality local labour force	22%	22%
Access to investment / capital	8%	10%
Transport issues	6%	0%
Access to suppliers	5%	1%
Business support	4%	0%

Source: Spirul Research

4.2.8 The importance of local accessibility was emphasised by respondents across nearly all sectors within Halton and outside of Halton, not just from transport-related businesses. For instance, in terms of future business performance, access to markets/customers was expected to have the greatest impact over the next three years by around 88% of Halton respondents from within the wholesale sector.

Location of customers, suppliers and employees

4.2.9 The local nature of many respondents' market and employee base was highlighted within the two surveys, with over 58% of Halton and non-Halton businesses reporting that 50% or more of their customers are situated within a 10 mile radius and 84% of Halton respondents and 74% of non-Halton respondents stating that at least 50% of their workforce was located within a 10 mile radius (see Table 4.5 and Table 4.6).

Table 4.5: Proportion of customers in 10 mile radius		
	Halton respondents	**Non-Halton respondents**
None	13%	3%
1-9%	10%	4%
10-24%	9%	9%
25-49%	8%	10%
50%	7%	6%
51-75%	7%	17%
76-90%	14%	13%
91-99%	14%	11%
100%	17%	11%
Don't know / refused	3%	17%

Source: Spirul Research

Table 4.6: Proportion of employees in 10 mile radius		
	Halton respondents	**Non-Halton respondents**
None	4%	6%
1-9%	2%	0%
10-24%	5%	1%
25-49%	4%	3%
50%	10%	2%
51-75%	6%	2%
76-90%	7%	6%
91-99%	8%	6%
100%	54%	58%
Don't know / refused	3%	15%

Source: Spirul Research

4.2.10 According to both the surveys of Halton and non-Halton businesses, the location of suppliers is more widely spread. Just 24% of Halton respondents and 20% of non-Halton respondents indicated that 50% or more of their suppliers were situated within a 10 mile radius (see Table 4.7). Moreover, around 39% of Halton businesses and 26% of non-Halton businesses surveyed stated that there were no suppliers located within a 10 mile radius.

Table 4.7: Proportion of suppliers in 10 mile radius		
	Halton respondents	**Non-Halton respondents**
None	39%	26%
1-9%	9%	3%
10-24%	12%	9%
25-49%	7%	14%
50%	6%	4%
51-75%	3%	0%
76-90%	5%	4%
91-99%	2%	3%
100%	9%	9%
Don't know / refused	10%	27%

Source: Spirul Research

4.2.11 As would be expected, retail businesses were particularly likely to have a local customer base. Approximately 80% of Halton respondents from the retail sector believed that 50% or more of their customers were based within a 10 mile radius. In contrast, transport-related firms in Halton reported that a relatively significant proportion of their customers were situated outside of the local area – 70% of Halton respondents within the transport sector suggested that at least 50% of their customers were based further away than 50 miles.

Current use of A557 and SJB

4.2.12 The survey of Halton businesses' current use of the SJB supports the importance of the bridge to local firms. Some 62% of Halton based respondents stated that people in their workforce use the A557, especially the SJB, to get to and from work daily (see Table 4.8). This compares to 13% of businesses located outside of Halton whose workforce

use the A557 and the SJB every day to commute. However, 29% of Halton firms and 68% of non-Halton firms said that their employees never use the A557 and SJB to commute.

Table 4.8: Use of A557, especially the SJB, by workforce to commute

	Halton respondents	Non-Halton respondents
Daily	62%	13%
4-6 times a week	2%	3%
2-3 times a week	2%	3%
About once a week	0%	1%
About once a fortnight	0%	2%
About once a month	1%	1%
About once every few months	0%	1%
About once every 6 months	0%	0%
About once a year	0%	0%
Less often than once a year	1%	1%
Unable to say how often, but do use this for a reason	1%	2%
Never	29%	68%

Source: Spirul Research

4.2.13 Use of the SJB is also common amongst local firms with regard to travelling on business for customers or to deliver goods and services (see Table 4.9 and Table 4.10). The Halton survey identified that the workforce of 65% of respondents use the existing bridge to visit customers and suppliers at least once a week, whilst 57% of businesses use the SJB at least once a week for distribution. As would be expected, less frequent use was reported by non-Halton firms, although this is still not unsubstantial. Around 24% of non-Halton respondents thought that they use the SJB to meet customers at least once a week, with the same proportion using the existing bridge to deliver goods and services.

Table 4.9: Use of A557, especially the SJB, by workforce while travelling on business for customers

	Halton respondents	Non-Halton respondents
Daily	36%	8%
4-6 times a week	9%	6%
2-3 times a week	14%	7%
About once a week	6%	3%
About once a fortnight	4%	1%
About once a month	3%	6%
About once every few months	2%	5%
About once every 6 months	0%	0%
About once a year	0%	1%
Less often than once a year	2%	5%
Unable to say how often, but do use this for a reason	3%	4%
Never	21%	49%
Don't know	3%	4%

Source: Spirul Research

Table 4.10: Use of A557, especially the SJB, by workforce to deliver or distribute goods and services		
	Halton respondents	**Non-Halton respondents**
Daily	35%	8%
4-6 times a week	7%	6%
2-3 times a week	9%	7%
About once a week	7%	3%
About once a fortnight	1%	1%
About once a month	3%	6%
About once every few months	1%	3%
About once every 6 months	0%	2%
About once a year	0%	0%
Less often than once a year	3%	4%
Unable to say how often, but do use this for a reason	5%	4%
Never	29%	51%
Don't know	2%	5%

Source: Spirul Research

4.2.14 At a sector level, workforces within most industries in Halton use the A557 and SJB frequently for business purposes and to commute. Within the banking and finance sector, transport sector and utilities sector, 100% of Halton respondents stated that their employees use the existing bridge daily to get to and from work. The level of usage recorded for non-Halton businesses was lower across all industries compared to firms within Halton, although a relatively large proportion of respondents from the transport sector still suggested that their workforce use the SJB daily to commute (28%), travel to meet customers (25%) and to distribute goods and services (30%).

Current impact of A557 and SJB

4.2.15 The negative impact of congestion on the SJB affects both Halton and non-Halton based firms. Rush hour congestion on the existing bridge was identified by 84% of respondents to the Halton survey and 78% of respondents to the non-Halton survey as a problem (see Table 4.11). In addition, 71% of Halton respondents and 53% of non-Halton respondents stated that, during peak hours, at least some of their staff are significantly affected by delays on the A557 and SJB.

Table 4.11: Problem of congestion on the A557, especially the SJB, during rush hour		
	Halton respondents	**Non-Halton respondents**
A very big problem	40%	40%
A fairly big problem	25%	30%
A small problem	19%	8%
Not a problem at all	15%	6%
Don't know	2%	6%
Not applicable	0%	10%

Source: Spirul Research

4.2.16 Congestion outside of rush hour is viewed as less of an issue. Approximately 35% of Halton respondents and 24% of non-Halton respondents suggested that this was not a problem (see Table 4.12), compared to only 15% and 6% respectively in terms of

rush hour congestion. However, 61% of both Halton firms and non-Halton firms still reported that congestion outside of peak hours did affect their business. In addition, 52% of Halton respondents and 34% of non-Halton respondents indicated that at least some of their workforce was significantly affected by delays on the existing bridge even outside of rush hour. Furthermore, 50% of Halton firms and 43% of non-Halton firms thought that it was either fairly difficult or very difficult to plan journey times when travelling along the A557, especially the SJB.

Table 4.12: Problem of congestion on the A557, especially the SJB, outside rush hour

	Halton respondents	Non-Halton respondents
A very big problem	9%	5%
A fairly big problem	18%	22%
A small problem	33%	34%
Not a problem at all	35%	24%
Don't know	3%	9%
Not applicable	1%	7%

Source: Spirul Research

4.2.17 A significant proportion of businesses (both within Halton and outside Halton) perceive that congestion on the SJB has had a fairly or very negative impact on transport costs (15% and 24% respectively), access to skilled labour (13% and 19% respectively), being able to plan deliveries of goods and services (34% and 32% respectively) and workforce moral/productivity (21% and 19% respectively). Similarly, 53% of Halton respondents and 16% of non-Halton respondents suggested that delays on the SJB would have a fairly or very negative impact on their business over the next three years (see Table 4.13).

Table 4.13: Impact of congestion on the A557, especially SJB, on business over next three years

	Halton respondents	Non-Halton respondents
Very negative	15%	3%
Fairly negative	38%	13%
Not very negative	17%	28%
No negative impact at all	25%	34%
Don't know	4%	22%

Source: Spirul Research

Attitude to the Mersey Gateway project

4.2.18 The vast majority of respondents to the two surveys (82% of Halton firms and 84% of non-Halton firms) supported the proposals for the new Mersey Gateway Project, with 46% indicating strong support (see Table 4.14). Only 3% of respondents to the Halton survey were strongly opposed to the new Mersey Gateway. Moreover, none of the respondents to the non-Halton survey either tended to oppose or strongly opposed the proposals.

Table 4.14: Support for the proposals for the new Mersey Gateway		
	Halton respondents	**Non-Halton respondents**
Strongly support	46%	46%
Tend to support	36%	38%
Neither support or oppose	10%	12%
Tend to oppose	2%	0%
Strongly oppose	3%	0%
Don't know	4%	4%

Source: Spirul Research

4.2.19 Around 40% of respondents to the Halton survey and 15% of respondents to the non-Halton survey suggested that the building of the new Mersey Gateway would have a positive impact on business performance (see Table 4.15). This compares to 9% of Halton respondents and 14% of non-Halton respondents who thought it would have a negative impact. Nearly two thirds of non-Halton firms and 40% of Halton firms responded that the Mersey Gateway Project would have no impact at all.

Table 4.15: Effect of new Mersey Gateway on overall business performance		
	Halton respondents	**Non-Halton respondents**
Very negative	4%	3%
Fairly negative	5%	11%
No impact at all	40%	65%
Fairly positive	29%	13%
Very positive	11%	2%
Don't know	11%	7%

Source: Spirul Research

4.2.20 A number of the Halton and non-Halton businesses surveyed expected that the Mersey Gateway Project would have a positive impact on, amongst other areas, turnover (28% and 11% respectively), profits (29% and 12% respectively) and the size of their market (31% and 9% respectively) (see Table 4.16). However, across all business areas many of the respondents stated that the bridge would have no impact at all.

Table 4.16: Impact of new Mersey Gateway on key aspects of business performance		
	Halton respondents	**Non-Halton respondents**
Overall staff productivity		
Very negative	1%	0%
Fairly negative	4%	6%
No impact at all	71%	73%
Fairly positive	15%	5%
Very positive	4%	0%
Don't know	5%	14%
Increasing access to skilled labour		
Very negative	2%	0%
Fairly negative	2%	4%
No impact at all	77%	75%
Fairly positive	11%	5%
Very positive	3%	0%
Don't know	5%	14%

Turnover		
Very negative	2%	1%
Fairly negative	7%	4%
No impact at all	57%	70%
Fairly positive	24%	10%
Very positive	4%	1%
Don't know	7%	13%
Profits		
Very negative	2%	1%
Fairly negative	7%	4%
No impact at all	55%	70%
Fairly positive	25%	10%
Very positive	5%	2%
Don't know	8%	13%
Exports		
Very negative	1%	1%
Fairly negative	4%	4%
No impact at all	77%	73%
Fairly positive	8%	7%
Very positive	2%	0%
Don't know	9%	16%
Size of market		
Very negative	2%	0%
Fairly negative	6%	5%
No impact at all	54%	70%
Fairly positive	22%	9%
Very positive	9%	0%
Don't know	8%	14%
Business investment		
Very negative	2%	0%
Fairly negative	2%	5%
No impact at all	73%	72%
Fairly positive	8%	7%
Very positive	4%	1%
Don't know	12%	14%

Source: Spirul Research

4.2.21 Two businesses in Halton and two businesses outside of Halton stated that they already had plans to create additional long-term jobs as a result of the Mersey Gateway Project and that these investments would not go ahead without the new bridge.

4.3 Residents' views

4.3.1 A range of public research has been undertaken into the attitudes and perceptions of Halton residents in relation to the Project. These are described in the Socio-economic Impact Assessment Chapter of the Mersey Gateway Project Environmental Statement.

4.3.2 Social research undertaken to date indicates that the majority of participants in the social research use the SJB at least once a week, predominantly travelling across by car for both local and wider journeys. Respondents identified problems with the SJB –

such as congestion during rush hour periods and difficulties due to breakdowns, accidents and road works (and a lack of alternative routes) – and indicated that these resulted in unpredictable journey times and delays in crossing the river. In addition, due to high levels of congestion, residents have chosen, amongst other things, places of work and shopping destinations that avoid crossing the river.

4.3.3 More generally, the wider travelling public often avoided congestion around the SJB preferring to choose alternative routes across the region, which often add to their journey length.

4.3.4 Earlier postal survey work (2003) identified that 96.5% of respondents strongly agreed that a new crossing was needed, although local stakeholder groups interviewed were concerned that this would lead to increased traffic congestion in Halton.

4.3.5 Survey respondents recognised that several beneficial effects may result from the Project, including a positive impact on the local economy. However, the majority of respondents noted that tolling the Mersey Gateway and the SJB would have a negative impact on local people and businesses. The Socio-economic Impact Assessment notes that tolling could increase social exclusion for the poorer members of society by raising barriers to, amongst other things, jobs. In addition, employees (who travel regularly across the SJB or would do so across the new bridge), would be negatively affected. Earlier business focus groups (2004) noted that businesses were also concerned that tolling may decrease the existing labour pool for jobs as individuals would be less willing to pay to access their place of work. However, the Sustainable Transport Strategy, which is only possible with the Mersey Gateway Project in place through improved connectivity and additional funding, will help to address these issues, as should the targeted discounts on tolls.

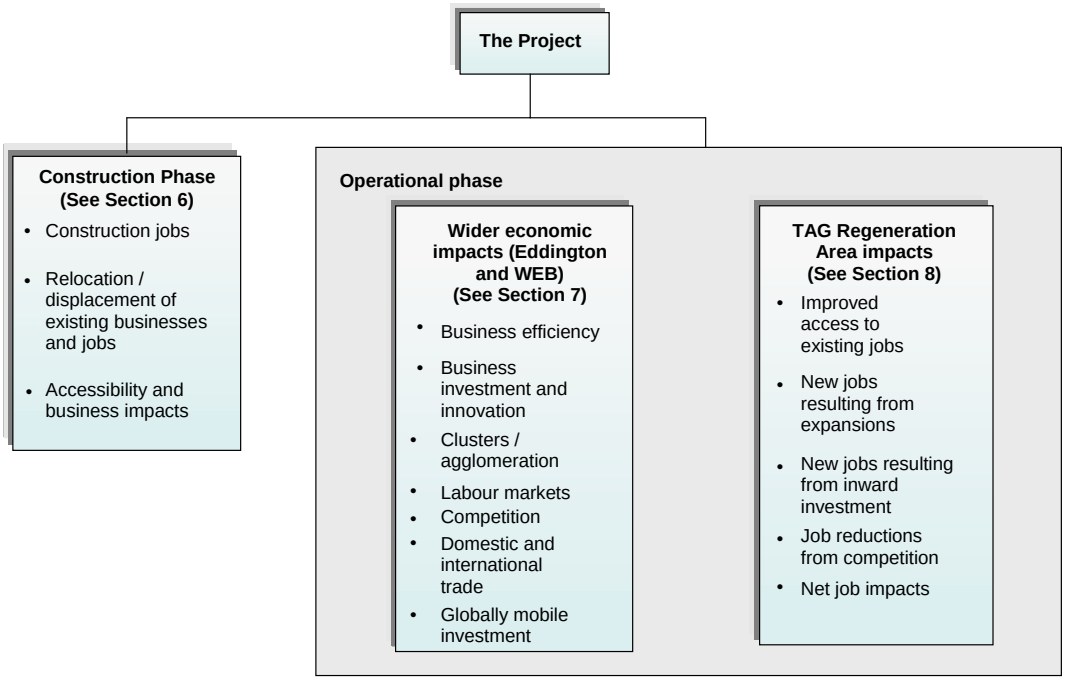
5 Methodology

5.1 Overview

5.1.1 This Section sets out the method used to assess the wider economic impacts of the Mersey Gateway Project.

5.1.2 The potential economic impacts of the Project during the construction and operational phases have been assessed. The operational phase impacts are sub-divided into two types: wider economic benefits and Regeneration Area employment impacts (see Figure 5.1).

Figure 5.1: Construction and operational phase economic impacts



5.2 Construction phase impact methodology

5.2.1 The following construction phase impacts have been assessed:

(i) construction employment impacts;

(ii) directly relocated/displaced businesses and jobs; and

(iii) accessibility and business impacts.

5.2.2 Evidence about the level of labour related construction expenditure and construction employment costs have been used to estimate the number of construction person years that might be generated by the Project. Information from construction of the Dee Bridge has been used to illustrate the type of construction jobs that will be supported. The level of local employment has been estimated using evidence from other major construction projects. In relation to the construction employment impacts, the additional impact has been assessed by analysing the following additionality factors:

(a) **Leakage** - the proportion of outputs that benefit those outside of the project's target or reference area.

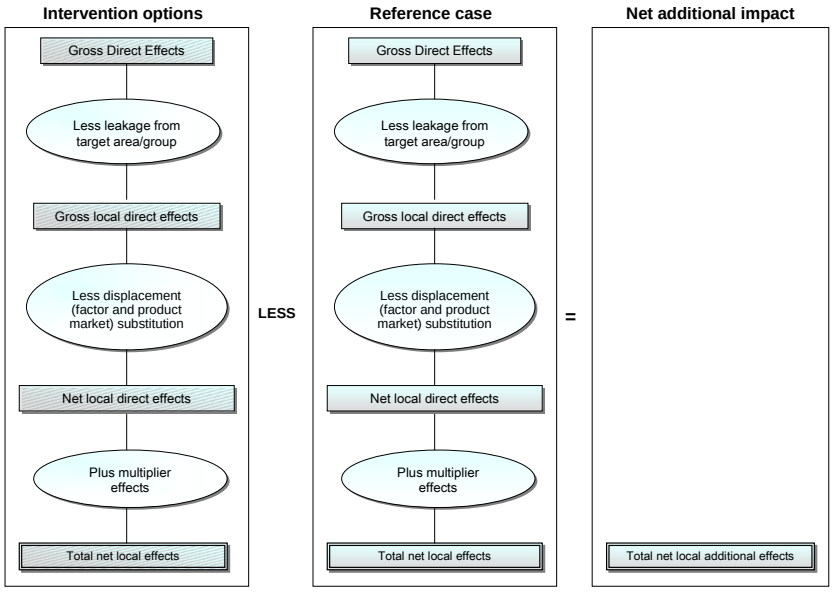
(b) **Displacement** - the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets[27].

(c) **Multiplier effects**[28] - further economic activity associated with additional local income and local supplier purchases.

(d) **Deadweight** - outputs which would have occurred without the Project.

5.2.3 The approach to assessing the net additional impact of the Project is shown diagrammatically in Figure 5.2.

Figure 5.2: Net additional impact



[27] Product market displacement arises where the output of a supported activity takes market share from local firms producing the same good or service. In the case of factor market displacement a support activity uses locally scarce factors of production (e.g. skilled labour or land) or bids up factor prices.

[28] For analytical purposes two types of multiplier can be identified:-

- a supply linkage multiplier - due to purchases made as a result of the project and further purchases associated with linked firms along the supply chain. In the absence of a fully articulated model of the local economy these effects are difficult to trace. However, multipliers derived through empirical research in previous studies can be used to approximate these impacts. Alternatively, estimates of the local content of purchases can be used to calculate the local supply linkage multiplier effects, assuming the proportion of expenditure net of non-recoverable indirect taxes incurred on local goods and services is similar throughout the supply chain.
- an income multiplier - associated with local expenditure as a result of those who derive incomes from the direct and supply linkage impacts of the Project. Again, precise estimates are difficult to calculate. As a proxy, the results of previous research can be used or estimates can be calculated on the basis of local consumption patterns through the local economy. Again the assumption is that behaviour is similar at each point in the supply chain.

A number of impact studies have also identified a longer-term development multiplier associated with the retention of expenditure and population in an area.

5.2.4 The properties and businesses directly affected by the construction of the Mersey Gateway Project and the Council's policy to relocate the vast majority of the businesses concerned has been considered.

5.2.5 The likely impact on the economy of the effects of construction activity on accessibility has also been considered based upon the results of the Transport Assessment.

5.3 Operational phase wider economic impact methodology

5.3.1 The different mechanisms that underpin the relationship between transport and growth have been discussed at length in many previous studies and are the subject of a great deal of academic research. The Eddington Transport Study (2006) sought to develop an understanding of those mechanisms which impact on Gross Domestic Product (GDP), in a way that can explicitly guide policy development and option generation to focus on the characteristics of the transport system that matter most to productivity and competitiveness.

5.3.2 Eddington found that the evidence is very clear that users want several things from the transport system, placing different weights on their relative importance. The key characteristics which are valued are: journey time, journey time reliability, cost, network coverage, comfort, safety and security.

5.3.3 When users experience an improvement of these characteristics, they feed through to beneficial impacts on the economy through a variety of mechanisms – increasing business efficiency, investment and innovation, increasing the functioning of agglomerations, improving labour markets, increasing competition, increasing trade and attracting globally mobile resources. Equally, a worsening of any of these characteristics could feed through into detrimental impacts on the economy. It is also clear that some of these microeconomic drivers are becoming more significant: notably the importance of reliability grows with wide-spread adoption of just-in-time management techniques. The importance of urban areas as centres of highly-productive service industry growth means an increasing role for transport in supporting agglomeration economies. In addition, transport's role in facilitating trade and attracting and retaining globally mobile investment becomes ever-more important in a globalising world.

5.3.4 In addition to these GDP impacts, transport affects the population's quality of life, for example, by reducing commuting times.

5.3.5 A significant proportion of the economic benefits (from business and commuter time savings) are already captured in transport economic appraisal. However, according to Eddington, current methodologies do not reflect other potentially significant impacts on the economy. Eddington notes that assessments of overall benefits on a project basis could increase by up to 50 per cent, in some cases, if new evidence concerning the importance of reliability and agglomerations were to be included in the appraisal of transport schemes.

5.3.6 The incorporation of these 'missing' effects is particularly likely to impact on interventions in highly agglomerated major cities. Furthermore, important international effects, namely transport's role in boosting trade and globally-mobile activity are strategically significant, but as yet unmeasured.

5.3.7 The Eddington Transport Study recommends that transport strategy and appraisal should continue to develop as understanding evolves, and in particular that the full range of effects described above should be incorporated into appraisal as a matter of urgency.

5.3.8 Eddington describes seven micro drivers as being important to the consideration of the economic effects of transport:

(i) Increasing business efficiency - Increasing business efficiency, through time savings and improved reliability for business travellers, freight and logistics operations. The Eddington Transport Study indicates that a 5 per cent reduction in travel time for all business travel on the road network in Great Britain could generate around £2.5 billion of cost savings, equivalent to 0.2 per cent of GDP.

(ii) Increasing business investment and innovation - Increasing business investment and innovation by supporting economies of scale or new ways of working. The 2001 change in regulations that permitted 44 tonne trucks is estimated in the Eddington Transport Study to have saved 134 million kilometres of truck movement, £160 million of operating and fuel costs, and 135,700 tonnes of carbon dioxide.

(iii) Supporting clusters and agglomerations of economic activity - Transport improvements can expand labour market catchments, improve job matching, and facilitate business to business interactions. Transport's contribution to such effects is most significant within large, high-productivity urban areas of the UK. London is the most striking example, where such effects could add 30 per cent to the time saving benefits of some transport schemes according to Eddington. Such productivity effects are found to extend across commuter catchment areas, dropping away after forty minutes of travel time.

(iv) The efficient functioning of labour markets - Improving the efficient functioning of labour markets, increasing labour market flexibility and the accessibility of jobs. Transport can facilitate employment mobility in response to shifting economic activity, for example, in response to the forces of globalisation, new technological opportunities, and rising part-time and female participation in the labour market.

(v) Competition - Increasing competition by opening up access to new markets. Transport improvements can allow businesses to trade over a wider area, increasing competitive pressure and providing consumers with more choice. The UK is already well connected, so significant competition impacts are most likely to be felt from the integration of markets globally.

(vi) Domestic and international trade - Increasing domestic and international trade by reducing the costs of trading. Since 1960, Eddington indicates that falling transport costs have boosted the international trade of goods by 10 per cent to 17.5 per cent, raising UK GDP by an estimated 2.5 per cent to 4.4 per cent. Domestic trade links are particularly important to the economic success of some urban areas, for example, the relationship between the financial services sectors in Leeds and London.

(vii) Globally mobile activity - Attracting globally mobile activity to the UK by providing an attractive business environment and good quality of life. Such effects are of increasing importance but extremely difficult to quantify. However, the strategic focus of transport policy can be guided by the survey evidence which suggests that both domestic and international transport links can be important to attracting, retaining and expanding such activity, and that there is much in common between the transport requirements of domestic and global firms.

5.3.9 The Eddington Transport Study indicates that while much of the system works well, it is already clear that some parts of the system are under severe strain, and looking ahead, significant transport challenges are looming. Continued economic success is forecast to lead to rising demands – if left unchecked 13 per cent of traffic will be subject to stop-start travel conditions by 2025. It is noted that the CBI identifies transport as one of the three key future competitiveness issues for the UK. Given the significance to the economy, and the fact that most transport challenges are – or will be – concentrated in

key areas, Eddington shows 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.

5.3.10 The DfT WEB paper notes that transport appraisal is concerned with welfare, meaning people's well-being or utility. Welfare is a broader measure of benefits than GDP. However, where markets work imperfectly[29] the conventionally-assessed value of travel time savings will not fully measure the wider economic benefits (or costs). In the real world many markets are imperfect and these effects can be significant.

5.3.11 The following four effects, which are included within the Eddington Transport Study analysis, are identified as not being included within conventional transport appraisal:

(i) agglomeration economies – the productive benefit that some businesses derive from being located close to other businesses. Transport improvements can bring people and businesses closer together;

(ii) improved competition - competition may increase as a result of better transport. The DfT expect that in the UK, with its extensive transport network, that such effects would be limited and do not expect to find significant wider benefits as a result of increased competition;

(iii) Increased output in imperfectly-competitive markets – an impact is expected from the presence of imperfect competition in transport-using industries. DfT has recommended that 10% should be added to the value of business time savings to reflect these effects; and

(iv) labour market effects – the increased employment and productivity arising from commuting time savings.

5.3.12 The economic impacts of the Mersey Gateway Project are assessed in relation to each of the micro drivers/ effects.

5.4 Operational phase Regeneration Area employment impact methodology

5.4.1 The method used to assess the RA employment impacts follows the advice provided by the DfT's TAG guidance, in particular TAG Unit 3.5.8 – The Wider Economic Impacts Sub-Objective and the completion of the worksheet for the Appraisal of Wider Economic Impacts (TAG 3.5.10).

5.4.2 Figure 5.3 shows the TAG stages of an EIR, which has been followed in assessing the RA impacts. The analysis is based upon 2030 generalised cost data, which includes time, vehicle operating and toll costs.

5.4.3 The emphasis is on specific effects that are expected to result from the Project based on reductions in travel times and/or congestion and the effects of these in terms of employment. In particular, the creation of new jobs and/or increased employment could include:

(a) jobs associated with operating and maintaining the Project;

(b) jobs arising as a result of actual or perceived improved travel conditions provided by the Project; and

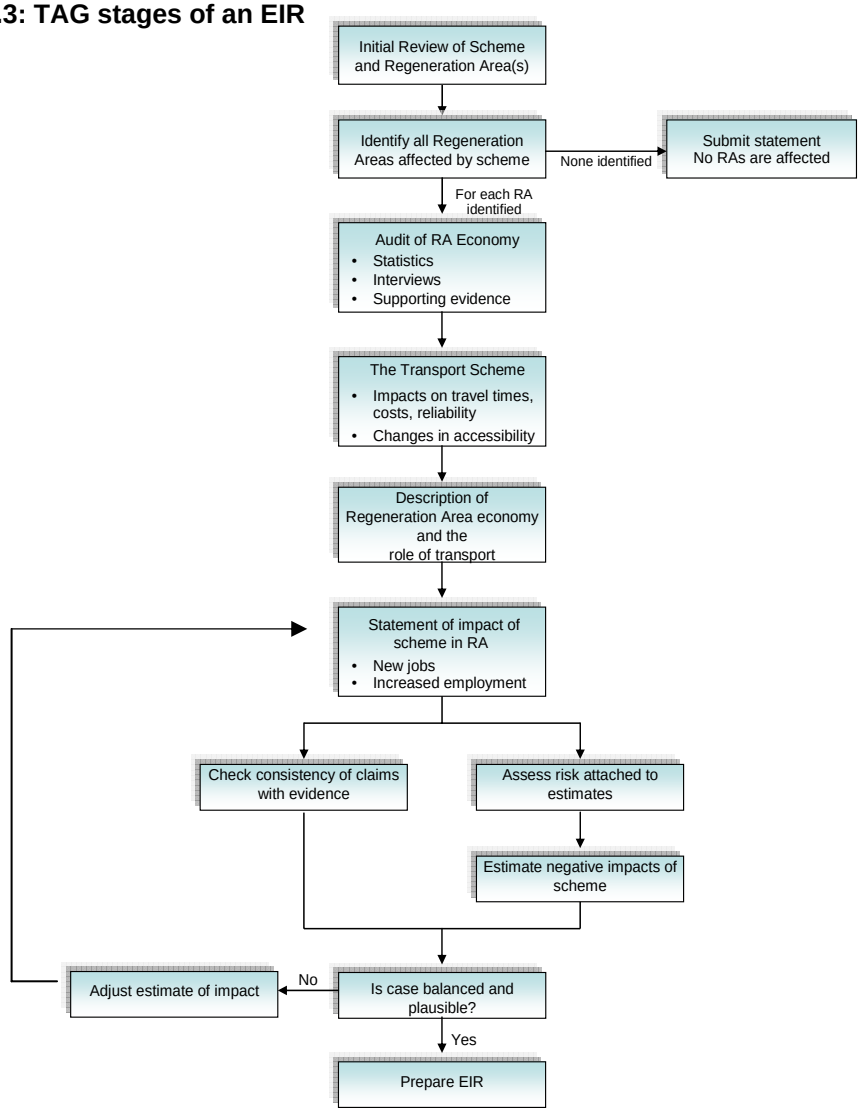
[29] Where a market is not fully competitive, buyers or sellers are able to distort prices.

(c) increased employment by giving residents in RAs access to jobs that were previously inaccessible.

5.4.4 Improvements in accessibility will affect both businesses and people living in RAs and their hinterlands (defined in TAG 3.5.8 as areas that interact with the RAs). For businesses, this will include access to a suitable workforce and access to and by customers and suppliers. Improvements to any of these might make the RA more attractive as a business location, thereby encouraging new business to locate there or existing businesses to expand. The assessment considers the cost and time savings resulting from the Project and their effect upon businesses. It looks at how the savings will be translated into new jobs, in particular for those in RAs who are currently unemployed or under-employed.

5.4.5 Unemployment in the RAs and hinterland may be reduced either through the creation of new job opportunities or through access to existing job opportunities if these are jobs appropriate to residents (either already or as a result of training) and competition for them is not too severe. TAG also considers the potential for jobs in the RAs to be lost due to displacement and other effects.

Figure 5.3: TAG stages of an EIR



6 Construction phase impacts

6.1 Introduction

6.1.1 The construction phase of the Project will result in a range of wider economic impacts. The investment in the construction of the Mersey Gateway Project will result in jobs being supported directly and indirectly in the construction and other sectors[30]. Building the Mersey Gateway Project will necessitate the relocation of a number of existing businesses from the Astmoor Industrial Estate, Catalyst Trade Park and from Ditton Road. In addition, there will potentially be disruption to existing local businesses and, more generally, adverse affects on accessibility during the construction phase.

6.2 Construction employment impacts

Gross direct effects

6.2.1 Evidence about the level of labour related construction expenditure and construction employment costs have been used to estimate the number of construction person years that might be generated. Information from construction of the Dee Bridge has been used to illustrate the type of construction jobs that will be supported. The level of local employment has been estimated using evidence from other major construction projects.

6.2.2 The capital costs of the Project at March 2007 prices are estimated to be £431.1 million, comprising £53.8 million land and compensation costs and £377.3 million of construction costs. Of the costs of construction, the elements of cost relating to labour are set out in Table 6.1.

Table 6.1: Labour element of construction costs

Item	Cost (£m, 2007 prices)
Construction labour	95.7
Professional fees	42.9
Total	**138.6**

Source: EC Harris

6.2.3 Using data from the Annual Business Inquiry, estimates have been taken of the average turnover per employee for the identified categories of labour cost in order to provide a basis for employment likely to arise from construction of the Mersey Gateway Project.

6.2.4 As a result total direct employment arising from the Mersey Gateway Project is estimated to be 3,700 person years. Based on the convention that 10 person years is equivalent to one permanent job it is estimated that construction of the Mersey Gateway Project might generate additional employment opportunities equivalent to 370 permanent full time equivalent jobs.

6.2.5 Based upon evidence from the Dee Bridge, it has been estimated that the peak workforce on the Mersey Gateway Project will be some 500 jobs.

[30] While TAG indicates that construction employment is of a temporary nature and should therefore be excluded, nevertheless, it is relevant in terms of wider economic benefits.

Gross local additional employment effects

6.2.6 A range of construction employment will arise from the Mersey Gateway Project. Table 6.2 provides a breakdown between specialist and general jobs.

Table 6.2: Construction - specialist and general jobs

Specialist	General
Management and site engineers	Administration staff
Quantity surveyors	General site operatives
Land surveyors	Catering and support staff
Piling engineers and operatives	Joiners
Cable stay and stressing engineers	Steel fixers
Cable stay and stressing operatives	Scaffolders
Construction foremen	Crane drivers
Steel erectors	Lorry drivers
Material testing technicians	Excavation plant drivers
Various specialist contractors (including safety fences, parapets, white lines, lighting, signs, blacktop, joints and sealing)	Concrete batching plant staff

6.2.7 The type of work involved in the construction of the Project, and the nature of the trades and professional staff requirements, suggests that labour will be drawn from across the UK and perhaps even internationally. This will depend, to some extent, on the procurement process.

6.2.8 Evidence from other major construction projects suggests that perhaps a third of labour may be drawn from the area of influence, a further third from the wider North West region, and the remaining third from elsewhere.

6.2.9 In terms of displacement, the Mersey Gateway Project represents a significant construction project but is considered unlikely to be of such a scale as to divert resources from other major projects.

6.2.10 In terms of multiplier effects, construction is estimated to provide employment multipliers of 2.5 at the UK level, in the order of 1.9 at the regional level, and in the order of 1.5 at the sub-regional level[31].

6.2.11 As a result, the overall gross local additional effects of temporary construction employment arising from the Mersey Gateway Project at different spatial levels is estimated to be as set out in Table 6.3.

[31] Source: ONS and Scottish Executive

Table 6.3: Construction – gross local additional employment effects		
	Area of Impact[32]	**NW Region**
Gross direct construction jobs (ten year equivalents)	370	370
Less leakage	244 (66%)	122 (33%)
Gross local direct jobs	126	248
Less displacement	0 (0%)	0 (0%)
Net local direct jobs	126	248
Plus multiplier effects	63 (50%)	223 (90%)
Total gross local additional jobs	**189**	**471**

6.3 Effects on existing businesses

Relocated / displaced jobs

6.3.1 There are three main locations where businesses are particularly likely to be affected by the construction of the Mersey Gateway Project. The Council, as acquiring authority, is seeking to acquire the land required for the scheme by negotiation wherever practicable with the use of compulsory powers intended as a last resort in the event that attempts to acquire by agreement fail. It has stated that it will seek to minimise the impact on businesses and provide flexibility over the timing of acquisition particularly where relocation is a viable option.

6.3.2 The areas particularly likely to be affected are as follows:

- Ditton Road/Hutchinson Street, Widnes - There are a number of established business properties that will have to be demolished as part of the Project. These include Gussion Transport Ltd, Widnes Tank Container Services Ltd, S. Evans & Sons Ltd, VP Reclamation and Fallon Bros. These businesses are classed as 'heavy' industry uses requiring large sites which are predominantly for open storage which usually prove more difficult to relocate than light and general industrial uses. Whilst it is envisaged that a number of these businesses may be capable of relocation it may, however, not be possible to relocate them all within Halton, particularly the scrap metal processing yards. As a result, these businesses may potentially need to relocate elsewhere in the region or close;
- Catalyst Trade Park, Widnes - The site is currently occupied by a number of single storey, fairly modern, light and general industrial units. The majority of these buildings will be demolished and the businesses that they contain are anticipated to be capable of being relocated elsewhere within Halton; and
- Astmoor Industrial Estate, Runcorn - A number of existing industrial buildings and units will have to be demolished. Although a number of the businesses involve highly skilled and technical manufacturing processes. Again, it is expected that affected businesses can be relocated elsewhere within Halton.

[32] Note: Area of impact is defined as that within a 40 minute drive time of the Project.

6.3.3 In total, some 72 businesses have been identified as being affected by the Transport & Works Act Order and/or the Compulsory Purchase Orders. In total, these employ in the order of 1,000 people.

6.3.4 The Council has produced a Mersey Gateway Relocation Strategy, in order to aid businesses that will be displaced by the Project Compulsory Purchase Orders. The Strategy identifies that the Council will work with individual businesses on a case by case basis to understand specific needs of each businesses, provide support with clear communication links and help to identify suitable alternative premises. The Relocation Strategy aims to keep any disturbance to affected businesses to a minimum.

6.3.5 Whilst businesses may encounter temporary disruption, the likelihood is that relocation within the local area will be possible for the vast majority of affected businesses although some may relocate outside the immediate area. As a result, it is unlikely that there will be any significant overall loss of local employment, however, it is likely that some jobs may be lost if a business relocates outside Halton, as it may not be practicable for existing employees to commute to the new location.

Accessibility and business impacts

6.3.6 The construction of the Mersey Gateway Project is a significant undertaking that will involve major logistical planning to minimise disruption to businesses and people travelling to and from work. However, it is likely that on and off site activity during the construction phase, together with movement of components, materials, and workers, will from time-to-time create some disruption to economic activity.

6.3.7 The Transport Chapter of the Mersey Gateway Project Environmental Statement notes that the overall construction phase assessment shows that the cumulative effects of the additional traffic generated as a result of construction activities, together with the associated traffic management measures due to the phasing of the works, will have high significant temporary effects at key links and junctions within Runcorn and Widnes. The indicative construction programme for the Mersey Gateway Project is scheduled to be 39 months.

6.3.8 To ensure that disruption to existing businesses and employees within the Borough is minimised, it is intended that a detailed Construction Management Plan will be prepared and implemented. This will be drawn up by the Concessionaire in full discussion with the Council's officers, key stakeholders, emergency services and transport operators.

7 Operational phase impacts on economic performance

7.1 Introduction

7.1.1 This Section considers the likely impact of the Mersey Gateway Project on the performance of the economy. It is based on an analysis of the various ways in which transport can contribute to economic performance identified in the Eddington Transport Study, as well as the DfT WEB Paper.

7.1.2 In terms of the role of transport in the future, the Eddington Transport Study noted that:

"…..*it seems likely that the transport system will play an increasingly important role in supporting the UK economy in the following ways:*

- *supporting deep labour markets and business to business connections in agglomerated urban areas; such commuter and intra-urban networks can provide considerable economic value and flexibility. Furthermore, the failure of transport to respond to signals of growth potential from existing agglomerations could choke off these clusters before they develop fully;*
- *providing international connectivity for services exporters, through aviation capacity and better surface connections;*
- *enabling the import of food, manufactured goods and raw materials, for which ports and internal distribution and logistics networks are critical;*
- *ensuring pricing mechanisms are in place so that transport users pay the full external costs of their journeys, including environmental costs; and*
- *contributing to quality of life factors which will ultimately influence migration and investment decisions".*

7.1.3 The Mersey Gateway Project will contribute to all of these.

7.2 Transport improvements and economic performance

7.2.1 Transport investment has general effects on the economy. It can, in particular, influence the location and pattern of economic activity, and be used to reduce regional disparities.

7.2.2 The timetable for the Mersey Gateway Project identifies the opening year for the new crossing as 2014, which has been taken as the baseline year for the assessment. The transport modelling indicates that the scale of the accessibility changes will increase over time. Therefore, the potential wider economic impacts have been assessed using the 2030 modelling results. In reality, effects will build up over the period between 2015 and 2030. The changes in journey times and generalised costs have been analysed, but not journey reliability since currently no data on this is available from the transport modelling.

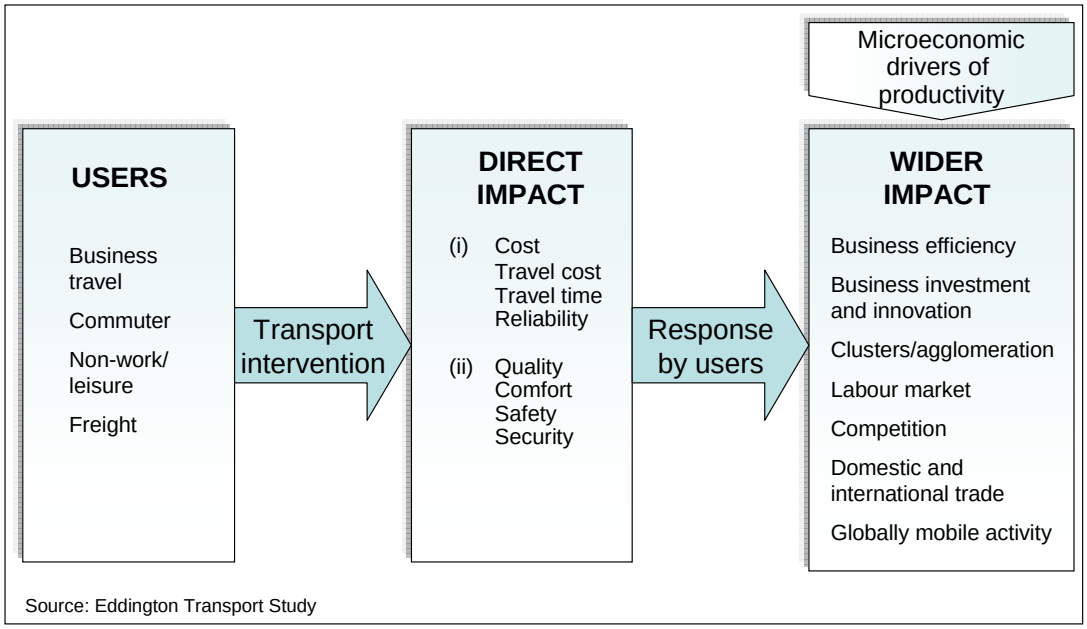
7.2.3 Journey reliability is becoming increasingly important, as congestion or incidents increase. Its effects vary by sector – for example, those businesses that rely on just-in-time (JIT) delivery will value journey time reliability highly. Unreliability can cost businesses in terms of contingency measures that need to be put in place, such as the holding of 'buffer stock'.

7.2.4 Reliability is also important to the commuter, since many travel over long distances and could lose working (or leisure) time if their journeys are unreliable. It also disrupts business activity and the ability of workers to meet working time commitments.

7.2.5 There is, as noted, limited information about the impact of the Mersey Gateway on reliability. However, the creation of increased capacity and a new, high quality link is expected to improve reliability. Furthermore, the business surveys and interviews highlighted that the current SJB is perceived to be unreliable and congested.

7.2.6 The Eddington Transport Study identified that transport impacts on the economy in a number of different ways. These can be assessed through a series of micro-economic drivers of growth: business efficiency, investment and innovation, agglomeration economies, labour markets, competition, trade and globally mobile activity. The link between transport improvements and economic performance is summarised in Figure 7.1.

Figure 7.1: Links between transport and economic performance



Source: Eddington Transport Study

7.2.7 There is significant support for the Mersey Gateway Project from public sector agencies with responsibility for regeneration and economic development. The North West Development Agency (NWDA) supports the Project which is identified as a 'Transformational Action' within the Regional Economic Strategy. It is considered that it will offer wide ranging benefits in terms of attracting private sector investment, supporting regional investment sites in particular at Ditton and Daresbury Park, improve reliability to Liverpool John Lennon Airport and improve linkages within the Liverpool city region. Furthermore, it is seen as a catalyst for regeneration in Halton.

7.3 Wider business effects

Overview

7.3.1 Each of the seven micro drivers of productivity identified in the Eddington Transport Study and, within these, the four wider economic benefits that DfT identified as missing from conventional transport appraisal have been considered.

Business efficiency

7.3.2 Reducing transport costs can result in overall cost savings for businesses and contribute to GDP.

7.3.3 The survey of businesses identified that 23% of transport sector respondents reported that transport costs represented more than half of their total costs. Half of all transport sector respondents said that transport costs had "increased a lot" over the past three years and are expected to do the same over the next three years.

7.3.4 The transport appraisal (TUBA) of the Mersey Gateway Project shows that the total net business benefits (2002 discounted prices) are expected to be some £222 million.

Supporting business investment and innovation

7.3.5 Transport benefits may also lead to higher rates of investment and allow businesses to benefit from economies of scale. One area where the Project may have an impact on productivity is in the logistics of distribution. An example of this is the proposed expansion of the 3MG Mersey Multimodal Gateway project.

7.3.6 The proposed development of the 3MG would provide an integrated hub in the worldwide logistics chain providing rail access from the west coast main line and deep sea ports, and access to the UK motorway network, serviced by 75,000 sq m of existing distribution warehousing and a potential for a total of 325,150 sq m located in Widnes.

7.3.7 An estimated 5,000 jobs may be created as a result of the 3MG proposals over the next 10-15 years. The Mersey Gateway has been identified by Stobarts, the project owners, as being key to the proposals for the 3MG and is already considered to have secured investment in new cranes and an increase of some 40 jobs in the existing operation.

7.3.8 The time savings and improvements in accessibility derived from transport modelling does not fully reflect the scale of business investment and innovation that is proposed in terms of the 3MG scheme.

Clusters and agglomerations

7.3.9 The concentration or clustering of firms and workers are known as agglomerations. These are typically found in urban areas or industrial locations. Increased agglomeration can result in greater levels of GDP by increasing the 'effective density' of an economy.

7.3.10 Enhancing agglomeration can result in productivity benefits in a number of ways:

(a) Economies of agglomeration

  (i) better matching people to jobs and access to skilled labour, as a result of larger/more dense labour markets;

  (ii) connections to suppliers and markets; and

  (iii) information spillovers between businesses.

(b) Consumption benefits – from better access to a range of non-work/leisure opportunities.

7.3.11 For manufacturing industries, the productivity spillovers tend to be very local in nature and may be more limited.

7.3.12 In the case of services, there may be increased agglomeration effects from enhanced proximity to similar and complementary businesses and to larger labour

markets. The Mersey Gateway Project can contribute to service sector agglomeration within the Liverpool City Region because agglomeration is difficult without reliable transport links. The Eddington Transport Study notes that, "benefits from transport are expected to be greatest within travel to work areas. The productivity gains resulting from a transport improvement up to a 40-minute travel time for commuters by car are estimated to be four times the value of that between 40 and 80 minutes and they virtually cease beyond that point[33]."

7.3.13 Economics of agglomeration describe the productivity benefits that some firms derive from being located closer to other firms. The reason for these benefits could be due to proximity to other businesses, which facilitates more sharing of knowledge or because locating closer to other businesses means access to more suppliers and larger labour markets. Thus, by 'clustering' together, businesses can be more productive.

7.3.14 Research published by the DfT[34] indicates that since in the real world, markets are imperfect not all of the wider economic impacts will be captured through conventional transport economic appraisals. An economic model has been developed as part of the WEIR assessment to assess the potential impact through productivity gains due to agglomeration effects. In total, these are estimated to amount to an increase in GDP of some £67 million over the normal 60 year DfT assumed asset life. Estimates of agglomeration benefit are based on the methodology outlined in the DfT June 2006 paper 'Transport, Wider Economic Benefits and impacts on GDP". This sets out a formula whereby agglomeration benefits in any area are the product of three elements:

(a) the elasticity of total productivity with respect to the density of employment in the area;

(b) the change in effective density of employment in the area due to infrastructure development; and

(c) GDP in the area.

7.3.15 The analysis is carried out at sector level with productivity elasticities taken from the DfT WEB Paper and supporting research[35]. Change in effective densities are based on the transport model outcomes supplied by Mott MacDonald and constrained to lie within the 'area of influence' used elsewhere in the modelling process. GDP is estimated from NUTS level 3 estimates of GDP using uplift factors constructed from UK input-output tables.

Labour markets

7.3.16 Transport improvements can enhance the operation of labour markets, through real and perceived changes in accessibility. However, transport is only one of a number of factors that will influence an individual's labour market decisions. If the individual does not possess the skills required by businesses then they are unlikely to gain employment, despite improved accessibility.

7.3.17 The Council and its partners are implementing a package of education, skills and employment initiatives. These can help to overcome some of the other barriers faced by disadvantaged groups and individuals. However, since transport costs represent a much larger share of the income of lower income groups, the proposed Sustainable Transport Strategy will be important in ensuring that the benefits to disadvantaged groups are to be maximised.

33 Spatial determinants of productivity: Analysis for the regions of Great Britain, Rice and Venables, 2005.
34 Transport, Wider Economic Benefits and Impacts on GDP, DfT, 2006
35 'Wider economic benefits of transport improvements: link between agglomeration and productivity', Stage 2 report, Graham D, 2006.

7.3.18 Reducing commuting costs may result in economic benefits through three labour market effects. Two of these relate to increases in labour supply. Firstly, more people may choose to work, or fewer people to stop work, because commuting costs fall and, secondly, some people may choose to work longer hours, because they spend less time commuting. The third is related to increases in labour productivity through the relocation of jobs to higher productive locations due to better transport which makes the area more attractive to employers and workers.

7.3.19 The WEB Paper notes that the evidence indicates that changes in the costs of supplying labour, such as commuting costs, have a very limited aggregate impact on how much people work and that such labour market effects will be small. Furthermore, the GDP effects of people working in more productive industries will mainly apply to projects that improve access to city centres. In addition, the labour market effects are taken into account in the subsequent TAG employment impact analysis. Consequently, these effects have not been modelled in relation to wider business effects.

7.3.20 The potential TAG labour market impacts in terms of RA residents are considered further in Section 8.3.

Competition

7.3.21 Improvements in transport accessibility can allow businesses to trade over wider areas and access more suppliers. In addition, consumers can be offered a greater choice of goods and services. This increased competition can drive down prices and raise output.

7.3.22 Of the transport firms surveyed, 20% indicated that the bridge would have a positive or very positive impact on the size of their market, although 6% felt that it would have a negative or very negative effect. In relation to non-transport sectors, the percentages were 9% and 4% respectively.

The DfT WEB Paper identifies two competition effects – increased competition and imperfect completion.

7.3.23 Transport costs can be argued to be a barrier to competition. Lower transport costs will extend the geographical 'reach' of businesses enabling them to compete in new markets, as well as facing stronger competition from sellers in other markets. In general, the greater the competition is in a market, the more efficient is the market. DFT has noted that the evidence suggests that any such increased competition effects in the UK would generally be small.

7.3.24 However, where competition in a market is imperfect, businesses may benefit from savings due to reduced transport costs. The DFT recommends that the welfare gain resulting from the presence of imperfect competition in transport would be one-tenth of the standard method of estimating business time savings and reliability. In the case of the Mersey Gateway, these benefits would therefore amount to £22 million (i.e. £222 of business time savings x 10%).

Domestic and international trade

7.3.25 International trade is a key component of the UK economy, which means that access to airports and ports is important for growth. The Mersey Gateway will, in particular, improve access to:

(a) Liverpool John Lennon Airport;

(b) Port of Garston; and

(c) Port of Weston (planned).

7.3.26 Liverpool John Lennon Airport has seen rapid growth, providing a welcome boost to the local economy. Passenger numbers have increased by almost 800% in the past ten years, mainly as a result of the expansion of "low-cost" airlines and there are currently some 5.5 million passengers per annum. Forecasts suggest that, by 2015, throughput could reach some 8.3 million passengers per annum, and up to 12.3 million passengers per annum by 2030.

7.3.27 The government has indicated that the airport's capacity should continue to grow to accommodate increased demand. The airport is aware of the need to work with regional and local partners and surface transport providers to bring forward access enhancements that will be needed to cater for increased passenger volumes. To this end, the Mersey Gateway is a key infrastructure project that would support the airport's growth. There are three particular facets to this:

(a) significant numbers of passengers to the airport are resident in districts lying to the south of the airport whose main point of access will be via the crossing at Runcorn. The Origin and Destination Survey of airport customers carried out in 2003 estimated that some 20% of passengers are located in districts including Cheshire, Vale Royal and North Wales. Increased disruption may mean that many of these will either not travel or divert to other airports;

(b) the airport is also handling increased volumes of freight cargo, which, in 2004, amounted to some 17,000 tonnes, and is keen to develop its air freight business further. The Mersey Gateway could provide a positive incentive with regard to encouraging the routing of freight through Liverpool John Lennon Airport; and

(c) the airport currently employs some 420 staff directly on a range of duties including ground staff, baggage handlers and air traffic controllers. Its Masterplan indicates that by 2030 some 11,300 associated jobs will be supported by the Airport.

7.3.28 Liverpool John Lennon Airport continues to be an important supporter of the proposals for the Mersey Gateway Project and has given its public support from the outset. It is considered that improvements to accessibility at Runcorn/Widnes will assist in achieving these forecasts and ensuring that it remains competitive and can attract passengers from Cheshire and North Wales. Transport improvements are one factor in continued airport growth, although this growth is not solely dependent on the Project. Nevertheless, should the Mersey Gateway Project not be constructed then it is considered that Liverpool John Lennon Airport will suffer a competitive disadvantage.

7.3.29 The Port of Garston indicated that the current SJB is a limiting factor on business opportunities south of the River Mersey. Congestion is considered to be preventing expansion of growth opportunities.

7.3.30 The planned Port of Weston, represents an opportunity to develop a key storage and handling facility, located close to the M56 motorway, commenced with the freehold acquisition of the 44 acre dockland site in April 2006, following the earlier acquisition of strategic parcels of land in the same area. The acquisition represents the first step in a 5 year regeneration programme intending to revitalise the site. A Harbour Revision Order has been approved.

Globally mobile investment

7.3.31 Access to markets, international connectivity, skilled labour and transport within urban areas are key factors influencing business location and investment[36]. The Mersey Gateway will improve market access, as well as journey accessibility and reliability to Liverpool John Lennon Airport and Manchester International Airport. It is expected, for

[36] European Cities Monitor, Cushman and Wakefield, 2006

example, to enhance the attractiveness of Speke as a location for globally mobile investment. The project is also anticipated to improve the ability of the local area to compete for national and regional mobile investment projects.

7.3.32 The Mersey Partnership, which has responsibility for public sector co-ordination of inward investment to Merseyside, has indicated that the Mersey Gateway Project is expected to have a significant impact on the investment attractiveness of the Liverpool City Region. Access and infrastructure are key factors for prospective investors. This key gateway will ensure the region has the connectivity it needs to compete internationally for inward investment. In addition, it is expected to have widespread impacts on existing businesses, increasing efficiency and competitiveness, whilst supporting the growth of the ports, Liverpool John Lennon Airport, and the proposed Mersey Multi-Modal Gateway in Halton. Furthermore, it is perceived to stretch the demographic reach of the Liverpool City Region, bringing more people and businesses into range of the economy. As such it is considered to be a vital and timely project.

7.4 Impact on Gross Domestic Product

7.4.1 The transport appraisal is concerned to measure the impact of the Mersey Gateway on welfare and well-being. Welfare is a broader measure of benefits than GDP. However, change in GDP is of interest as a measure of economic growth.

7.4.2 Some of the transport effects included within the Transport Appraisal are captured in the welfare benefits, but others are not. In particular, the business time savings and more reliable journeys represent a productivity gain estimated to be some £222 million at 2002 discounted prices. GDP gains from labour market impacts, agglomeration and competition are additional.

7.4.3 Table 7.1 sets out an assessment of the estimated net present value of the wider business GDP impacts of the Mersey Gateway. In 2009 prices the GDP impact would amount to £373 million.

Table 7.1: Mersey Gateway GDP impacts

(2002 discounted prices)	**GDP (£ million)**
Business time savings	222
Agglomeration benefits	67
Increased competition	-
Imperfect competition	22
Labour market effects	-[1]
Total	311

[1] Note: not calculated as part of this analysis.

8 Operational phase impacts on identified Regeneration Areas

8.1 Introduction

8.1.1 This section defines the identified RAs and Hinterland of the Project. It presents the results of an assessment based upon DfT TAG guidance and uses the quantified results of the traffic modelling. TAG guidance is particularly concerned to identify the benefits on the defined Regeneration Areas only, and is therefore more limited than the wider assessment presented elsewhere in the WEIR. The impact on journey time reliability has not been quantified, since this is not built into the current traffic modelling work undertaken for the Project.

8.2 Regeneration Areas

Area of impact

8.2.1 An analysis has been undertaken of travel-to-work distances by those travelling to work by motorised transport (drivers and passengers). This indicates that some 15% travel less than 2km, 70% travel between 2km and 20km, a further 8% travel between 20km and 30km, and 7% travel more than 30km[37]. These distances have been plotted against time and indicate that the main area of impact of the Project is likely to fall within a 40-minute drive time of the Mersey Gateway Project. This is considered to provide a reasonable likely extent for the overall area of impact of the Project based upon established travel to work patterns in the area.

8.2.2 The 40 minute isochrone has been mapped against the transport model zones used in a traffic assessment carried out by Mott MacDonald in order to determine the extent of the area of impact.

Regeneration Areas

8.2.3 There is no national definition of RAs but TAG Unit 2.8 indicates that these are expected to relate to areas with a specific regeneration priority in achieving the objectives of the relevant Regional Economic Strategy[38]. In particular the areas are expected to include:

(a) Regeneration Zones - areas containing the worst performing 20% of wards as defined by the Indices of Multiple Deprivation (the IMD having been extensively used by Central Government, Local Government and non-governmental organisations to target deprivation at a small area level throughout England); and

(b) Urban/Rural Priority Areas – areas where the established aim is to contribute inter alia to the renaissance of towns and cities.

8.2.4 To enable appropriate areas to be identified, classification has been based on administrative divisions referred to as Lower Layer Super Output Areas (LSOAs). The worst performing 20% of LSOAs in CLG's 2007 Indices of Deprivation (on the basis of the rank of average scores[39]) within the identified area of predicted impact have been identified. The identified RAs form a complex pattern, primarily centred in Halton,

[37] Census 2001, travel to work data.
[38] TAG Unit 2.8, paragraph 1.5.
[39] There are 32,482 LSOAs in England. The most deprived LSOA for each Index is given a rank of 1 and the least deprived LSOA is given a rank of 32,482, for presentation. The ranks show how an LSOA compares to all the other LSOAs in the country.

Liverpool, and the other Merseyside districts, but also stretching in a band through the Mersey Belt eastwards towards Manchester.

8.2.5 These LSOAs have been matched against the transport model zones in order to establish 'RA zones' for detailed analysis, adopting a convention that transport zones containing more than 50% of LSOAs in the worst 20% have been defined as being RA zones.

8.2.6 TAG Unit 3.5.8 indicates that an RA will be affected by a scheme where the scheme lies entirely within the RA, passes through the RA, begins or ends within the RA while extending beyond it, or is located sufficiently closely to the RA so as to affect travel to, from, or within the RA[40]. The RA zones all lie within the area of impact of the proposed Project and are therefore considered to fulfil one or more of these criteria.

Hinterland

8.2.7 Hinterlands are defined in TAG Unit 3.5.8 as areas surrounding an RA that interacts with it[41].

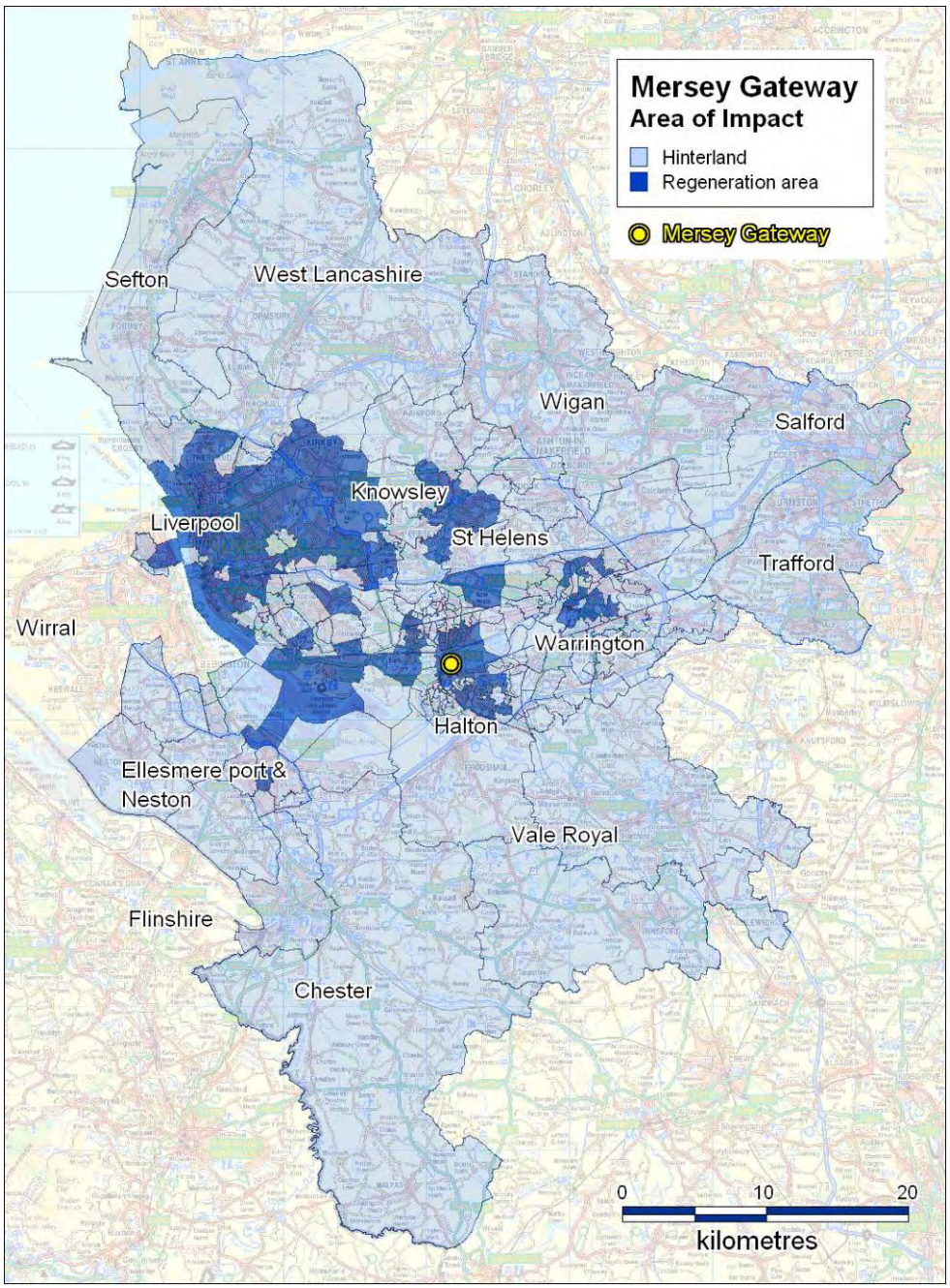
8.2.8 The Hinterland is taken to be the area outside of the RAs but within the area of impact of the proposed Project determined by zones falling within the 40 minute drive-time isochrone defined by relevant transport zones. These areas are considered to fulfil the definition for hinterland areas set out in TAG, particularly in that they are capable of interacting with the identified RAs in terms of accessibility for employees, customers, suppliers, and markets.

Plan showing RAs, Hinterland, and Area of impact

8.2.9 The RA and Hinterland zones, together with the zones forming the area of impact of the Project, are set out in Figure 8.1.

[40] TAG Unit 3.5.8, paragraph 4.1.
[41] TAG Unit 3.5.8, paragraph 4.2.

Figure 8.1 RA, Hinterland, and Area of Impact



8.3 Transport Assessment Guidance (TAG) analysis

Regeneration Area employment impacts

8.3.1 The method used to assess the RA employment impacts follows the advice provided by the DfT's TAG, in particular TAG Unit 3.5.8 – The Wider Economic Impacts Sub-Objective. The analysis is based upon 2030 generalised cost data, which includes time, vehicle operating costs and the cost of tolls.

8.3.2 The emphasis is on specific effects that are expected to result from the Project based on reductions in travel times and/or congestion and the effects of these in terms of employment. In particular, the creation of new jobs and/or increased employment could include:

(a) jobs associated with operating and maintaining the Project;

(b) jobs arising as a result of actual or perceived improved travel conditions provided by the Project; and

(c) increased employment by giving residents in RAs access to jobs that were previously inaccessible. These have, however, been included earlier in the wider business benefits.

8.3.3 The TAG assessment does not include jobs associated with the construction of the Project since TAG indicates that, because such jobs are temporary, they should not be included. These have, however, been included earlier in the wider business benefits.

8.3.4 Improvements in accessibility will affect both businesses and people living in RAs and their hinterlands. For businesses, this will include access to a suitable workforce and access to and by customers and suppliers. Improvements to any of these might make the RA more attractive as a business location, thereby encouraging new business to locate there or existing businesses to expand.

Improved access by RA workforce to existing jobs in the hinterland

8.3.5 The number of extra existing jobs in the hinterland (i.e. outside the RA) with improved access has been assessed using a labour market model which combines occupational commuting flow data, occupational profiles for each transport zone, and the outcomes of the generalised cost modelling provided by Mott MacDonald. Only those changes in accessibility that are greater than 10% are included within the analysis.

8.3.6 This information has been used to determine the numbers of unemployed RA residents likely to gain employment, which has been estimated to total some 654 people in the following specified occupational groups (see Table 8.1).

Table 8.1: RA employment from existing hinterland jobs

Occupation	Jobs
Managerial	155
White collar	216
Skilled	153
Unskilled	130
Total	**654**

Change to the accessible workforce for employers in the RA and RA residents gaining existing jobs as a result

8.3.7 The number of RA residents gaining existing jobs as a result of changes to accessibility within the RA has also been assessed. Again only trips with changes of greater than 10% have been included within the labour market model. In total, it is estimated that some 1,118 RA residents are expected to gain employment and this has again been assessed in terms of defined occupational groups (see Table 8.2).

Table 8.2: RA employment from existing RA jobs	
Occupation	**Jobs**
Managerial	245
White collar	461
Skilled	239
Unskilled	173
Total	**1,118**

New jobs created by RA employers in response to an increased accessible workforce and RA residents gaining from new jobs as a result

8.3.8 The Business Survey has shown that a significant number of respondents believe congestion and the SJB are a weakness of the area. Improvements in accessibility can help businesses to compete more effectively and thus to expand. However, at this stage, the evidence base is limited. Consequently, a prudent approach has been taken and no quantified impact figures have been included.

Improvements through access to markets and suppliers

8.3.9 The Mersey Gateway will enable businesses in the RA to gain from increased access to markets and suppliers.

8.3.10 Analysis of changes in accessibility between key employment centres and transport nodes show that employer business time and cost savings are anticipated.

8.3.11 For example, a generalised cost time saving of over six minutes is forecast in 2030 for AM peak journeys between Daresbury and Speke/Liverpool John Lennon Airport. These improvements would benefit existing businesses and help in attracting inward investment. The following assessment of new jobs due to inward investment has included consideration of these savings in assessing the impact of the Mersey Gateway Project.

New jobs due to inward investment

8.3.12 Three sources of jobs have been considered:

(a) direct jobs created in managing and maintaining the Mersey Gateway;

(b) major inward investment projects; and

(c) regeneration effects.

Direct jobs

8.3.13 In terms of direct jobs created in managing and maintaining the Project, some 98 operational jobs are expected to be generated in total (see Table 8.4).

Table 8.4: Direct jobs	
Occupation	**Jobs**
Management	10
Administration	63
Security	10
Building maintenance	2
Bridge and toll emergency and maintenance	13
Total	**98**

8.3.14 On the basis of discussions with Merseytravel concerning the operation of the Kingsway and Queensway Tunnels, it is estimated that a significant proportion of the operational jobs will be taken by RA residents. An assumption of 66% has been made for this assessment. Consequently, some 65 RA residents may gain employment as a result of the direct operation of the Mersey Gateway (7 managerial; 42 white collar; and 16 skilled).

Major inward investment

8.3.15 In terms of inward investment into the RAs, it is again difficult to identify evidence at this stage. However, the property market and traffic modelling results suggest that some impacts may well arise. For example, the Stobart Group has written to Halton Borough Council stating that: "*My company moved to Widnes because of its location and potential for growth and a key factor in our decision was the knowledge that the bottleneck of the existing SJB would be removed in the next six years. We anticipate that the investment we are making at Ditton and at the Port of Weston should generate up to 5,000 jobs; indeed our first development of a building in excess of 1 million sq ft should create 1,300 jobs alone."*

The Mersey Partnership has indicated that it considers the SJB/Mersey Gateway to be one of the most significant transport issues facing the North West today, not least in terms of its impact on potential inward investment in the South Liverpool and Halton areas. In addition, the emerging Mersey Gateway Regeneration Strategy (see 8.3.17 below) has identified substantial potential for inward investment.

8.3.16 On the basis of the available evidence, it is assumed that the Mersey Gateway Project could potentially result in, say, 1,500 gross jobs[42]. Based on the travel patterns within the transport model, it is estimated that approximately 50% of these (750) will be taken up by RA residents (293 managerial; 225 white collar; 68 skilled; and 165 unskilled[43]).

Regeneration effects

8.3.17 The Council has developed the Mersey Gateway Regeneration Strategy[44] (the "Regeneration Strategy"), which aims to ensure that the Mersey Gateway is a catalyst for the development of Halton and delivers a wide range of social, economic, physical and environmental advantages for the long-term success of Halton and the wider Liverpool City Region. In the context of the overarching vision for the Mersey Gateway as 'more than just a bridge', the Regeneration Strategy has established three Priority Regeneration Objectives:

(a) Priority Regeneration Objective 1: Image and place making – significantly lift perceptions of Widnes and Runcorn to meet the visionary aspirations of the Council and ensure that any new development makes a positive enhancement to the character of the locality; and deliver the considerable regeneration opportunities presented by the Mersey Gateway;

(b) Priority Regeneration Objective 2: Accessibility and sustainable movement - increase the catchment area for labour, goods, and markets; facilitate enhanced movements by pedestrians, cyclists, and local traffic; and build on the positive impacts for all user groups attributable to the Mersey Gateway; and

(c) Priority Regeneration Objective 3: Development and economic prosperity – significantly improve the commercial and residential accommodation in the area

[42] This is considered to be reasonable and would equate to only 30% of the potential jobs that might be accommodated within the 3MG Project.

[43] The occupational distribution is assumed to be the same as the current average profile for the RA local authority districts.

[44] Mersey Gateway Regeneration Strategy, GVA Grimley (May 2008),

having particular regard to local needs; bring back into use land for new development currently occupied by highways infrastructure; and develop land, energy and water resources prudently.

8.3.18 The Regeneration Strategy identifies five distinct 'Impact Areas' covering an area in excess of 20 sq km within the Borough. These are: West Bank (Southern Widnes), Runcorn Old Town, Astmoor, Halton Lea, and Rocksavage.

West Bank (Southern Widnes)

8.3.19 West Bank is an area that, under the preferred option, will be subject to considerable long-term change not least associated with the Mersey Gateway and the removal of redundant road infrastructure. The development strategy for West Bank seeks to establish a more sustainable pattern of movement based on a new hierarchy and corridors, hubs, and destinations, with a range of new housing, a new neighbourhood centre, improved quality of employment provision, and sustainable transport links from Widnes Town Centre and Widnes Waterfront.

8.3.20 The development is expected to provide new mixed tenure housing (up to 330 units) providing a range of new family and waterside housing. In addition, the new commercial development envisaged has the potential to deliver 160 new jobs locally (within Halton) and through multiplier effects, over 410 jobs across the sub-region.

8.3.21 The development of West Bank is expected to take place within three distinct phases commencing in 2011 and completing in 2026.

Runcorn Old Town

8.3.22 The Regeneration Strategy proposes that the Old Town area of Runcorn represents a key area of change and physical regeneration arising from the downgrading of the SJB and removal of redundant infrastructure, which will create a number of opportunities to transform the nature of the Old Town from a place people largely pass through to a place people wish to work and live in and visit. The new commercial development envisaged has the potential to deliver over 230 new jobs locally within Halton and, through multiplier effects, over 590 jobs across the sub-region.

8.3.23 The development of the Old Town is expected to take place within three distinct phases commencing in 2016 and completing in 2031.

Astmoor industrial Estate

8.3.24 The industrial estate at Astmoor has become increasingly difficult to let and as a result vacancy is high and multiple ownerships exacerbate the issues. The preferred option is to work with existing ownership interests to devise a new future for Astmoor with the opportunity to consider new land uses, new floorspace, and a higher quality context for investment. The new commercial development envisaged has the potential to deliver over 520 new jobs locally within Halton and, through multiplier effects, in excess of 1,360 jobs across the sub-region.

8.3.25 The proposed phasing of development for Astmoor is expected to start with a concerted programme of site assembly to the east of the proposed Mersey Gateway and the redevelopment of plots directly to the west. Later phases of development would progress to the west of the proposed Mersey Gateway. It is proposed that the residential led development to the south of the Expressway would proceed in the short term.

8.3.26 Development is phased to take place between 2016 and 2031. In total, the Regeneration Strategy indicates that the new commercial development in this area has the potential to deliver over 520 new jobs locally (within Halton) and through multiplier effects, just in excess of 1,360 jobs across the sub-region.

Halton Lea

8.3.27 The preferred option for the shopping centre sets out the basis for the future of the centre arising from opportunities that may become available as a result of increased traffic movements, which would raise the commercial attractiveness of the area. The Council has already started to work with owners to look at the future of the shopping centre.

8.3.28 The new commercial development envisaged has the potential to deliver in excess of 100 new jobs locally within Halton and, through multiplier effects, over 260 jobs across the sub-region.

Rocksavage and Clifton

8.3.29 The preferred option for Rocksavage and Clifton envisages improving green space and pedestrian and cycle access to promote leisure and recreational uses, establishing alternative energy demonstration projects, improved boat moorings at key points on the Weaver Canal, improvements to pedestrian and cycle access, and developing the Sutton Quays local employment park. The new commercial development envisaged has the potential to deliver in excess of 160 new jobs locally within Halton and, through multiplier effects, over 410 jobs across the sub-region.

8.3.30 In total, therefore, the Regeneration Strategy envisages a net gain of some 1,180 jobs locally within Halton and 3,039 additional jobs across a wider area including multiplier effects. In addition, the Regeneration Strategy is also considered to have benefits in terms of: improving educational attainment and opportunities for lifelong learning, sustainable economic growth and business development; improving competitiveness and productivity; enhancing the vitality and viability of the Borough's town centres; improving the image of the Borough to attract investment; improving health, reducing health inequalities, and promoting healthy lifestyles; improving safety and reducing crime and the fear of crime; providing access to basic goods and amenities; quality public open space; and natural greenspace; and contributing to environmental enhancement.

8.3.31 Not all of these benefits can be directly attributed to the Mersey Gateway, since other public funding may well be required to deliver the Regeneration Strategy. However, the Project is central to the Regeneration Strategy and it is considered reasonable to assume that 25% of the additional jobs across the wider area might be attributed to the Mersey Gateway Project. Consequently, some 760 net additional jobs would be generated. Again it is estimated that approximately 50% of these (380) will be taken up by RA residents (148 managerial; 114 white collar; 34 skilled; and 84 unskilled[45]).

Summary of inward investment effects

8.3.32 The overall inward investment related effects on RA employment of the Mersey Gateway Project are expected to be in the order of 1,195 – comprising 65 direct, 750 major inward investment and 380 regeneration related.

Summary of overall gross employment gains

8.3.33 In total, some 4,640 new gross jobs are expected to arise as a result of the Project from direct jobs, inward investment and regeneration effects. The overall impact of the Mersey Gateway, in terms of increased employment among RA residents, is summarised in Table 8.5. It is anticipated that the total gross RA jobs as a result of the Mersey Gateway will be in the order of 2,967.

[45] The occupational distribution is again assumed to be the same as the current average profile for the RA local authority districts.

Table 8.5: Summary of total expected gains in RA employment					
	New jobs secured by RA residents – Expansion and Inward investment (Para. 8.3.32)	Existing jobs secured by RA residents			Total
		In RA (from Table 8.2)	Hinterland (from Table 8.1)	Sub-Total	
Managerial	448	245	155	400	848
White collar	381	461	216	677	1058
Skilled	118	239	153	392	510
Unskilled	249	173	130	303	552
Total	**1,195**	**1,118**	**654**	**1,772**	**2,967**

Risk and uncertainty

8.3.34 TAG guidance indicates that risk and uncertainty may arise in respect of key factors that may affect the estimate of gross employment arising from the proposed scheme[46]. Three particular factors are identified:

(a) uncertainty about the current situation – in particular, related to the quality of information and data;

(b) uncertainty about real decisions – in particular, whether the forecast employment opportunities will be translated into real decisions by employers; and

(c) uncertainty about the level of adverse impacts – in particular whether the scheme will increase access from the workforce within the hinterland to scarce jobs within the RAs, and thereby increasing competition for those jobs and hence increasing the likelihood of additional unemployment within the RAs. These particular effects are identified as those that may give rise to displacement among locally based employees.

8.3.35 In addition, there may be uncertainty with regard to other adverse effects arising from increased competition, such as escalation in local wage costs, the closure of local shops, and adverse effects on local businesses due to increased access from the workforce outside the RAs.

8.3.36 The following sub-sections comments on each of these factors in relation to the Mersey Gateway.

Uncertainty about the current situation

8.3.37 The first source of uncertainty on which comment is required is in relation to the quality of the information and data available in the preparation of the assessment. If data is out of date, inaccurately measured, or partial, then this will affect the results of the assessment.

8.3.38 In respect of the Mersey Gateway, the assessment in the main has relied upon standard national datasets, including the 2001 Census, ONS mid-year population estimates and the Annual Business Inquiry, in order to establish the baseline for the study and to describe economic conditions in the RAs and Hinterland areas. The analysis has, in most cases, been 'built up' using LSOA level data.

[46] TAG Unit 3.5.8., paragraph 7.16

8.3.39 The forecast impact is especially reliant on the results of transport modelling provided that has been used to describe the extent of time savings expected to arise from the proposed Mersey Gateway within the defined area of impact. The modelling has been subject to an extended period of design and consideration.

8.3.40 The forecast is also dependent upon the assessment of the additional accessible workforce and jobs arising for the proposed scheme. This has also been the subject of a modelling exercise based on a gravity-based assessment related to current travel to work patterns. The modelling has followed TAG in the calculation of accessibility measures[47].

8.3.41 The assessment has also been informed by the Business Surveys and interviews.

8.3.42 The assessment provided of gross and gross additional jobs arising from the proposed Mersey Gateway is considered to offer a reasonable estimate based on the information currently available and the quality of the data. However, it is subject to variations in a number of risk areas, including information. The sensitivity analysis is, in part, a means to address this issue.

Uncertainty about real decisions

8.3.43 TAG indicates that transport schemes can only provide opportunities that businesses, employees, and the workforce may then choose to exploit or not. In addition, there is uncertainty with regard to a range of decisions such as those in relation to:

(a) the nature and conditions within the economy and labour market in 2030;

(b) opinions expressed by businesses in the Business Surveys with regard to investment and expansion decisions;

(c) potential investment decisions in response to market stimuli as a result of the new infrastructure;

(d) changes in social and economic conditions within the region in response to national, regional and local factors; and

(e) the future propensity to travel by RA residents and others resident elsewhere.

8.3.44 The assessment has been undertaken on the basis of a high-level analysis and economic modelling, having regard to other factors including the responses from the Business Surveys. At this stage, the results are therefore provided as reasonable estimates of job opportunities that may be available, including those to RA residents. The DfT has banded job estimates according to three categories – hypothetical, reasonable certainty, and high probability[48]. On this basis, all of the estimates provided in the assessment would be classified as hypothetical (Band 1), since they are reliant on economic assessment and modelling and not on serious interest or commitments from individual employers in the area (other than in respect of 3MG). However, the estimates are considered to be reasonable on the basis of information currently available.

[47] TAG Unit 3.5.11., paragraph 1.11.12

[48] Band 1: Hypothetical, based on changes in accessibility, etc, but with no corroborative evidence, such as enquiries from employers. Band 2: Cases where a reasonably high level of serious interest from employers can be demonstrated, but not necessarily firm commitments **Band 3:** Cases of high probability where firm commitments have been made that jobs will appear if the scheme is implemented.

Jobs lost due to increased competition from the external workforce

8.3.45 Accessibility is a two way process. Improving accessibility allows RA residents to seek employment beyond the current hinterland, but it also allows the reverse to occur and opens up the RA to other forms of competition.

8.3.46 The number of RA jobs taken by residents of the Hinterland has been analysed using a labour market model that includes occupational commuting flow data, occupational profiles for each transport zone, and changes in accessibility between zones. As a result of these analyses, it is estimated that some 1,309 RA jobs may be taken by residents in the Hinterland.

Other reductions in employment among RA residents

- Wage competition

8.3.47 There is potential concern if improved access to better paid jobs in the Hinterland were to increase local wage costs. This would arise if the Mersey Gateway were to lead to increased access to a pool of existing higher paid jobs elsewhere. Employment opportunities within the area of impact are extensive and well developed. We do not consider that wage inflation caused by access to particular employers is likely to be a material factor within the overall terms of the assessment. The labour market area under consideration is relatively large and in this context the change in employment is relatively small. Consequently, the changes are not expected to lead to wage inflation. Therefore, it is concluded that the Mersey Gateway Project itself would be unlikely to lead to adverse effects of this type.

- Retail competition

8.3.48 In general terms there may be some diversion of retail trade as a result of the Mersey Gateway. For example, Liverpool city centre may become more attractive relative to other major centres as a result of the Project and also as a result of the recent major investment to the city centre offer through the 'Liverpool One' development. It is possible that there may also be some trade diversion at the local level between Widnes and Runcorn that may affect Widnes town centre and Halton Lea. The effects of the Mersey Gateway Project are very difficult to determine especially as a result of other factors affecting the retail sector. At a sub-regional level, however, it is considered likely that there will be no overall adverse effects on the level of activity within the retail sector.

- Other competition effects

8.3.49 In total, some 72 businesses accommodating in the order of 1,000 current jobs are potentially affected by the requirements for acquisition of land and premises in order to construct the Project. However, the proposed strategy involves arrangements for the relocation of the majority of such businesses to other suitable, alternative locations. At this stage, available information suggests that only a very small proportion of businesses are potentially likely to close, either through exercising their right to automatic extinguishment or through a lack of suitable relocation options. A relatively modest figure of, say, 50 jobs has been taken as representing the potential number of jobs that may be lost due to the acquisition and loss of such existing businesses.

8.3.50 With regard to effects on the estimated jobs arising from inward investment, some displacement would be expected to result, in particular, within the product/service market. The former English Partnerships' guidance on Additionality notes that a medium level of displacement might equate to 50%. Applying this displacement rate would mean that there may be a reduction of 375 jobs (750 x 50%) available to residents of the RAs.

Conclusions – overall net impacts

8.3.51 The net impact has been calculated by deducting the estimated employment losses from the estimated gains. Overall, it is estimated that there may be a net employment gain of some 1,233 RA residents as a result of the Mersey Gateway (see Table 8.6).

Table 8.6: Summary of overall RA employment change

	Employment gains (Table 8.5)	Employment losses (Para. 8.3.46 – 8.3.50)	Net change in employment
Total	**2,967**	**1,734**	**1,233**

Sensitivity analysis

8.3.52 The sensitivity analysis presented below is based upon a weighted probability approach and involves attaching probabilities to each variation in a parameter. The mean outcome of each variation is thus referred to as the "expected outcome". Three variations (pessimistic, optimistic and most likely or central case outcome) for each risk parameter are considered. A probability of each risk parameter occurring is estimated. The expected outcome is then calculated by taking the sum of each possible outcome, multiplied by its probability.

8.3.53 Sensitivities have been modelled against the following adjustments:

(a) employment expansion - 50% increase to 20% reduction;

(b) inward investment – 75% increase to 25% reduction; and

(c) regeneration strategy – 50% increase to 10% reduction.

8.3.54 Table 8.7 sets out the impact of job variances if all other things remain unchanged. It sets out the overall average expected (weighted probability) total increase in jobs to RA residents based upon the combination of the results of each sensitivity.

Table 8.7: Sensitivity analyses

Variation	Pessimistic			Most likely base case		Optimistic			Expected
	Variation/ rate	Probability	Jobs	Probability	Jobs	Variation/ rate	Probability	Jobs	
Employment expansion	-20%	10%	986	65%	1,233	50%	25%	1,849	1,362
Major inward investment	-25%	10%	1,139	60%	1,233	75%	30%	1,514	1,308
Regeneration Strategy	10%	15%	1,005	65%	1,233	50%	25%	1,613	1,355
Net change in employment with sensitivity									1,342

8.3.55 The analysis shows that the expected outcome of the assessed variations is 1,342 jobs. The estimated employment impact on net RA employment ranges from 986 to 1,849.

9 Conclusions

9.1.1 The overall conclusion of the WEIR is that the Mersey Gateway Project is expected to have beneficial wider economic effects including job creation, although the overall effects will be influenced by the proposed tolls. It is expected to will result in a significant additional increase in GDP over the longer term at the national level. The Mersey Gateway Project will have different effects on trips with different values of time. The effect on lower value of time trips will be to discourage journeys using the crossing. However, the Sustainable Transport Strategy (STS), which forms an integral part of the Project, together with the targeted discounts on tolls, will ensure that the positive effects are maximised.

9.1.2 The proposed Mersey Gateway Project very strongly supports local and regional economic and regeneration policies and has the potential to generate economic benefits within the sub-region. In particular:

(a) the development of the Mersey Gateway Project is very positively supported in a number of regional, sub-regional and local policies. For example, the North West RES directly supports the Project through Transformational Action 65 (developing the second Mersey Crossing working with the private sector), with the aim of relieving congestion, supporting the development of regional sites at Daresbury Park and Ditton, and improving the reliability of access to Liverpool John Lennon Airport. The Mersey Gateway Project is also identified as a key priority action in the Liverpool City Region Development Plan;

(b) Halton Borough and the wider area, in particular Merseyside, suffer from a number of significant socio-economic difficulties. There are high levels of deprivation, with Halton being the 30th (out of 354) most deprived local authority district in England, based on the 2007 Indices of Deprivation. Liverpool is the most deprived. The labour market in Halton and the wider area is relatively weak overall, with low earnings, qualifications levels, and economic activity rates, and high level of unemployment compared to the regional and national averages;

(c) employment across the Liverpool City Region was forecast in 2007 to increase over the period to 2020 under both the baseline scenario and an 'including future projects' scenario (which included the Mersey Gateway Project), with Halton and Warrington particularly expected to see significant increases in employment. For example, employment in Halton was forecast to grow by 11% (7,000 jobs) and 19% (12,000) respectively under each scenario between 2005 and 2020. Employment in the Liverpool Airport Local Transport Plan area could increase by up to 66% to 23,500. These forecasts are subject to effects arising from the current recession;

(d) the SJB is a key asset to the region as it provides the only connection across the Mersey between the Kingsway and Queensway tunnels in Liverpool, the A49/A50 in Warrington and the Thelwall Viaduct (M6). However, it currently suffers from congestion, particularly at peak times, which contributes to disruption and unreliability and is a pinch point on the road network;

(e) overall, around 84% of Halton businesses and 78% of the non-Halton businesses surveyed identified congestion during peak periods on the A557 and SJB as a problem. Moreover, around 40% of both Halton and non-Halton respondents indicated that it was a very big problem. Over 80% of the businesses interviewed supported the proposal for the Mersey Gateway, with 46% indicating strong support. Around 40% of respondents from Halton and 15% from outside of Halton

indicated that in their view the project would have a positive impact on their business performance;

(f) local residents surveyed strongly agree that a new crossing is needed. They identified several possible beneficial effects, including a positive impact on the local economy. The negative effects that tolling would have on local people, employees and businesses were noted. The Sustainable Transport Strategy and targeted discounts will help to ensure that benefits are maximised; and

(g) organisations, such as The Mersey Partnership, identified that the Project has the potential to enhance the economy of the Liverpool City Region including as a location for inward investment.

9.1.3 During the construction phase (approximately 40 months) it is expected that some 3,700 person years of employment will be generated. After allowing for deadweight, leakage, displacement and multiplier effects, it is estimated that some 470 net additional local ten year equivalent jobs will be generated at the North West level. The construction of the Mersey Gateway Bridge is expected to involve the direct displacement of a number of businesses on Astmoor Industrial Estate, Ditton Road and Catalyst Trade Park. However, it is Halton Borough Council's intention that the vast majority of these will be relocated. In relation to the impact on accessibility and, therefore, business performance during the construction phase, there are expected to be relatively few impacts resulting from the construction of the Mersey Gateway Bridge.

9.1.4 The Project is expected to result in a range of positive impacts on economic performance as a result of:

(a) business efficiency – reducing transport and overall business costs can result in efficiency gains and potential increases in Gross Domestic Product. Mott MacDonald has estimated that the total net value of the business-related travel benefits is some £222 million (2002 discounted prices);

(b) business investment and innovation – supporting higher rates of investment and delivering economies of scale. Proposed projects, such as the 3MG Mersey Multimodal Gateway, which has the potential to accommodate 5,000 jobs, would provide an integrated hub in worldwide logistics and would benefit from being immediately adjacent to the Project;

(c) clusters/agglomerations – resulting in agglomeration benefits that result from increased proximity to similar and complementary businesses and to larger labour markets. The Project has the potential increase the effective density within the Liverpool City Region. It is estimated that the Project will result in an increase in GDP of some £67 million over the normal 60 year DfT assumed asset life;

(d) labour market – enhancing the operation of the labour market through real and perceived accessibility improvements;

(e) competition – improving access to suppliers and customers. Of the Halton firms surveyed, 31% indicated that the Project would have a positive or very positive impact on the size of their market;

(f) domestic and international trade – enhancing access to major international gateways – Liverpool John Lennon Airport and the Ports; and

(g) globally mobile activity – increasing the attractiveness of locations, such as Speke, to globally mobile investment.

9.1.5 Overall, the economic impact of the Mersey Gateway in terms of GDP is estimated to be £311 million (2002 prices) in present value terms.

9.1.6 The Mersey Gateway is also expected to have a positive impact on employment within identified Regeneration Areas (RAs). In total, some 4,640 new gross jobs are expected to arise as a result of direct employment, inward investment and regeneration effects. Some 2,970 employment opportunities are expected to be available to RA residents by 2030. However, the Project will also result in increased competition for jobs as a result of making road trips into the RA easier for residents in the Hinterland area. It is estimated that some 1,710 of these job opportunities will be 'lost' through displacement – some 1,310 jobs by increased accessibility of hinterland residents, and a further 400 jobs through other competition and displacement effects. Consequently, in total, it is estimated that some 1,235 local additional jobs (2,970 minus 1,735) for residents of the RA will be created by 2030 after allowing for losses in employment through negative impacts and displacement. The sensitivity analysis suggests the impact could range between 986 and 1,849 jobs available to RA residents.

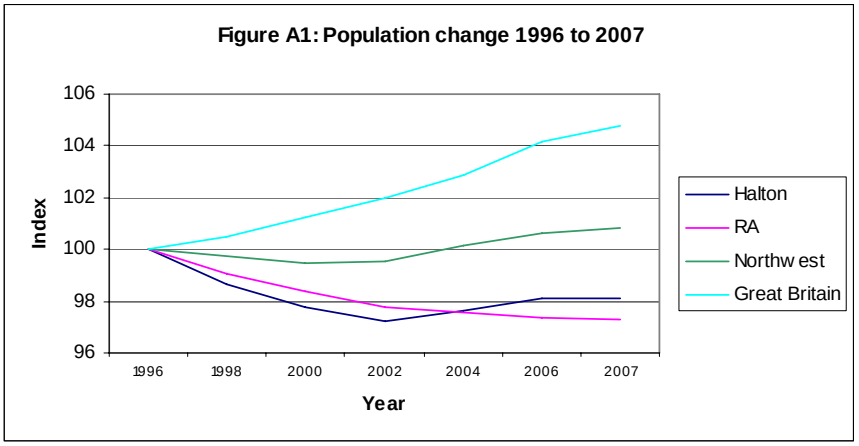
Appendix 1

A1 Socio-economic audit

(i) Population

A1.1 The population of Halton stood at 119,500 in 2007, a decrease of over 2,000 compared to the figure for 1996. Over the same period the population of the RA districts[49] fell by nearly 47,000 to 1,665,000. This decline can be set against the regional and national trends for population growth. Figure A1 shows the population change since 1996 for the borough of Halton, the RA districts, the North West and Great Britain areas, indexed to the 1996 population.

Figure A1: Population change 1996 to 2007



Source: midyear population estimates, Nomis

(ii) Deprivation

A1.2 Deprivation levels across the RA districts are high. According to the Indices of Multiple Deprivation 2007, of the 79 Super Output Areas (SOAs) in Halton, 46 are in the most deprived 30% of SOAs in England, including 21 in the most deprived 10%. Deprivation levels in Liverpool and Knowsley are worse than those in Halton, with 162 of Liverpool's 291 SOAs and 47 of Knowsley's 99 SOAs in the most deprived 10% in the country. Deprivation levels are shown in Table A1 below.

Table A1: Deprivation across the RA districts

	Total SOAs	In bottom 10%	In bottom 11 to 20%	In bottom 21 to 30%	Total in bottom 30%	
					No	%
Halton	79	21	17	8	46	58.2
Knowsley	99	47	16	6	69	69.7
Liverpool	291	162	35	31	228	78.4
Sefton	190	34	15	17	66	34.7
St Helens	118	27	16	18	61	51.7
Wirral	207	50	18	23	91	44.0
Warrington	125	11	7	14	32	25.6
Total	**1,109**	**352**	**124**	**117**	**593**	**53.5**

Source: Indices of Multiple Deprivation 2007

[49] The RA districts are those local authority districts that have a significant level of RA zones within their area. The local authority districts included are: Halton, Liverpool, Knowsley, Sefton, St Helens, Warrington and Wirral.

A1.3 Figure A2 overleaf shows the distribution of deprivation throughout the predicted area of impact. It can be seen that, after Liverpool and Knowsley, the greatest concentration of poorly performing SOAs is centred on Halton.

(iii) Jobs in the economy

A1.4 Between 2002 and 2007, the total number of jobs in Halton increased by 5.6% to 54,400. This rate of increase significantly exceeded the regional and national rates. However, over the same period the number of jobs across the RA districts fell by 1.7%. Total jobs figures are shown in Table A2.

Table A2: Total jobs

	2002	2007	% change
Halton	51,500	54,400	5.6
RA districts	716,900	704,900	-1.7
North West	2,968,400	3,038,100	2.3
Great Britain	25,593,700	26,599,200	3.9

Source: Annual Business Inquiry, Nomis

(iv) Business stock

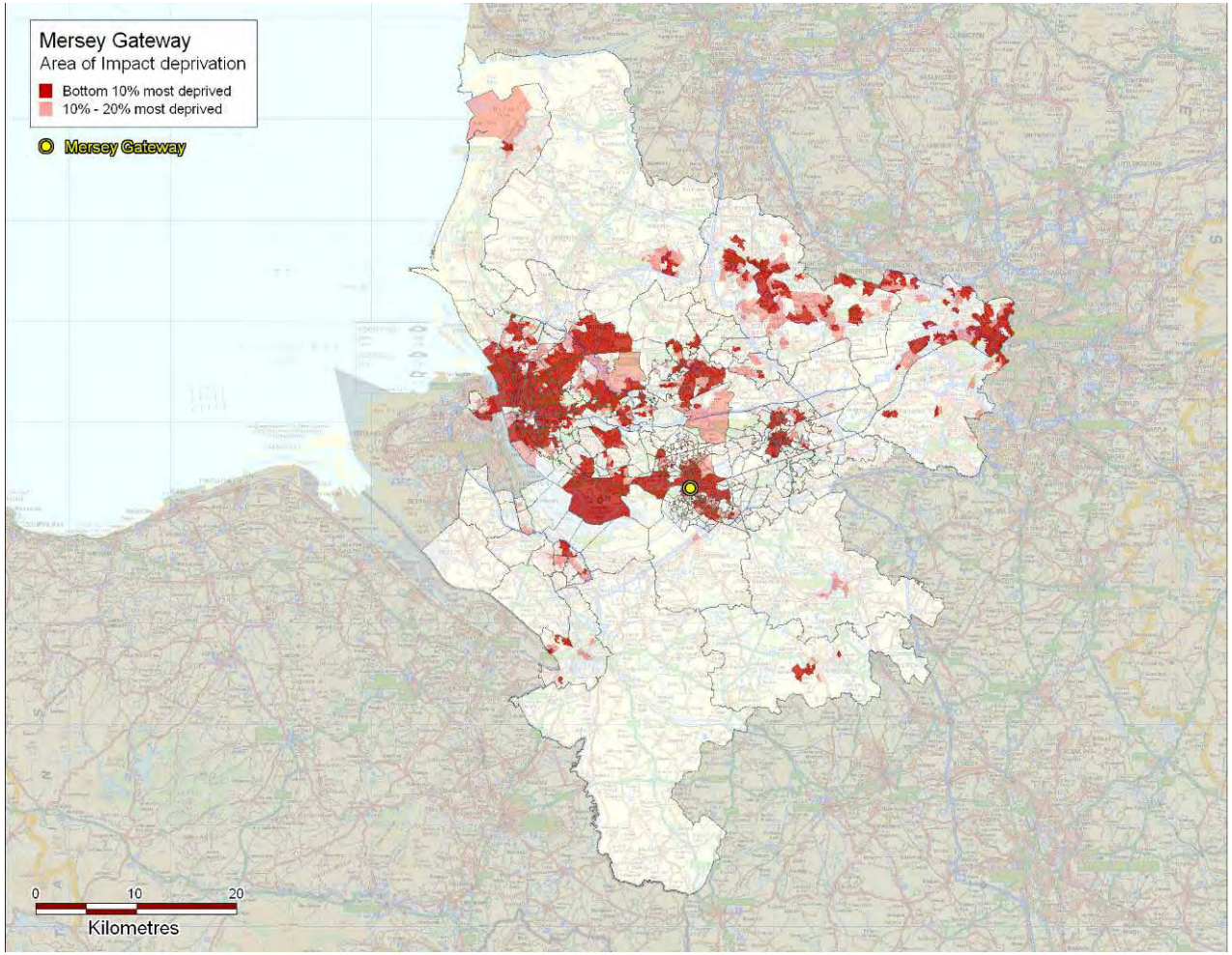
A1.5 In 2007, there were 2,580 VAT registered businesses in Halton, an increase of 12.9% compared to the figure for 2004. Across the RA districts the number of businesses increased by 10.4% to 35,390. The rates of increase in Halton and across the RA districts exceeded the regional and national averages, as shown in Table A3.

Table A3: Business stock

	2004	2007	% change
Halton	2,285	2,580	12.9
RA	32,070	35,390	10.4
Northwest	180,355	194,695	8.0
Great Britain	1,832,465	1,964,920	7.2

Source: VAT registrations / deregistrations, Nomis

Figure A2: Distribution of deprivation



(v) Jobs by industry

A1.6 Halton is more dependent on the manufacturing sector as a source of employment than both the region and Great Britain as a whole. Within services sector, financial services, IT and other business activities, along with transport and communications are significant employers. In the wider RA districts, services overall are a significant source of employment, greater than in the region and the country as a whole, with the public sector being the most significant in terms of jobs. This is shown in Table A4.

Table A4: Employment by industry, 2007

	Halton		RA		North West	GB
	No.	%	No.	%	%	%
Manufacturing	7,300	13.5	64,300	9.2	12.4	10.6
Construction	2,700	4.9	33,400	4.8	5.1	4.9
Services	*44,200*	*81.1*	*602,400*	*86.0*	*81.6*	*83.0*
Distribution, hotels & restaurants	13,000	23.9	156,800	22.4	23.7	23.3
Transport & communications	6,400	11.7	44,400	6.3	5.6	5.9
Finance, IT, other business activities	11,600	21.4	136,700	19.5	19.4	21.6
Public admin, education & health	10,700	19.7	232,200	33.2	28.2	26.9
Other services	2,400	4.5	32,300	4.6	4.6	5.2
Total	54,400	99.5	700,100	100	99.1	98.5

Source: Annual Business Inquiry, Nomis

(vi) Jobs density

A1.7 In 2006, job density[50] in Halton was below the RA, regional and national averages. However, Halton's job density had risen significantly since 2002, as has the job density in the RA. This is shown in Table A5.

Table A5: Job density, 2005

	2002	2006
Halton	0.74	0.81
RA districts	0.77	0.83
Northwest	0.80	0.85
Great Britain	0.83	0.88

Source: Job densities, Nomis

[50] Ratio of total jobs to working age population.

(vii) Vacancies

A1.8 In October 2008 there were 1,601 vacant jobs in Halton, 831 (51.9%) of which had been vacant for four weeks or less. Across the RA districts there were 18,153 vacancies, of which 9,825 (54.1%) had been vacant for four weeks or less.

A1.9 However, across both Halton and the RA districts there are a number of occupations for which it was proving difficult to find appropriate staff. For example, vacancies for skilled metal and electronics trades, construction trades and transport and mobile machine drivers were taking time to fill across the area. Hard-to-fill vacancies at October 2008 are identified in Table A6.

Table A6: Long-term vacancies, October 2008

	Overall number of vacancies	8 to under 26 weeks	26 to under 52 weeks	52 weeks and over	% of vacancies unfilled for 8+ weeks
Halton					
Corporate managers	18	2	0	0	11.1
Science and technology professionals	43	8	0	0	18.6
Caring personal service occupations	29	11	3	0	48.3
Sales occupations	248	201	0	0	81.0
Customer service occupations	96	50	0	0	52.1
Transport and mobile machine drivers and operatives	258	40	0	0	15.5
Elementary administration and service occupations	293	38	4	0	14.3
RA districts					
Business and public service professionals and associate professionals	1,519	441	26	0	30.7
Skilled metal and electronics trades	638	265	0	0	41.5
Skilled construction and building trades	359	162	5	0	46.5
Customer service occupations	1,235	358	15	0	30.2
Transport and mobile machine drivers and operatives	1,670	561	12	195	46.0

Source: Nomis

(viii) Skills

A1.10 The percentage of Halton's working age population educated to NVQ level 4 is significantly lower than that across the wider RA districts, the region and Great Britain, whilst the percentage across the RA districts is lower than the regional and national averages. In terms of the percentage with no qualifications, both Halton and the wider RA districts have rates of approximately 18 to 20%, significantly above the regional and national averages. These figures are shown in Table A7.

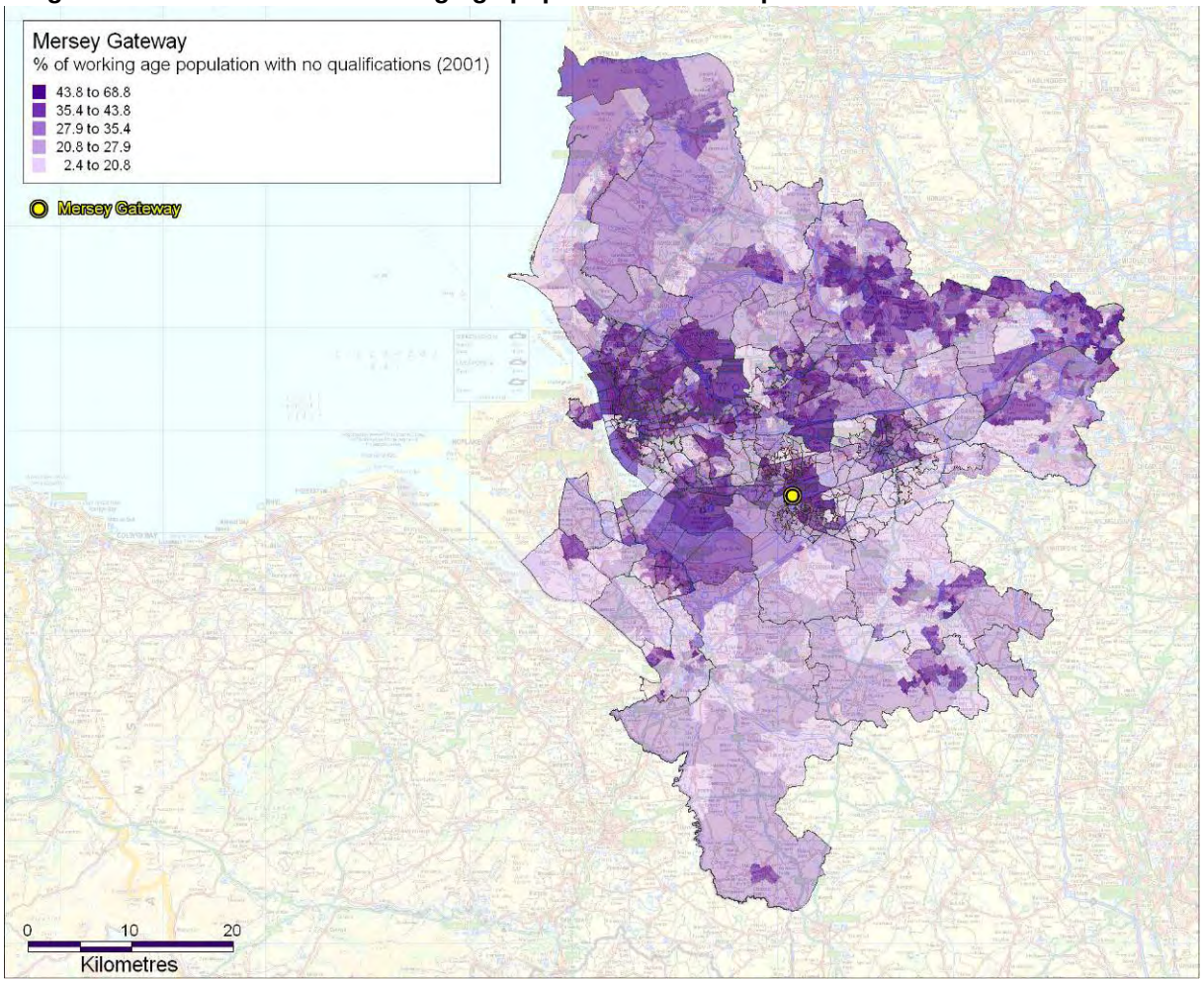
Table A7: Highest qualifications of working age (%), 2007

	NVQ4+	NVQ3	Trade Apprentice -ships	NVQ2	NVQ1	Others	None
Halton	16.2	13.6	5.7	21.9	16.7	6.2	19.7
RA districts	22.9	15.7	4.3	19.1	14.7	5.5	17.9
Northwest	25.4	16.2	5.0	17.5	14.3	6.7	15.0
Great Britain	28.6	15.6	4.5	15.9	13.6	8.8	13.1

Source: annual population survey, Nomis

A1.11 Figure A3 shows the distribution of the working age population with no qualifications (2001) across the area of impact.

Figure A3: Distribution of working age population with no qualifications



(ix) Skills gaps

A1.12 The Learning and Skills Council's 'Strategic Review of Skills Provision in the North West' (2004) identified a number of skills gaps across Merseyside and Halton. Significant shortages were forecast in transport occupations as well as for other skills levels and occupations, as identified in Table A8.

Table A8: Qualifications with Greatest Level of Potential Under Supply - Greater Merseyside

Qualification	Level	Sectors generating demand	Forecast annual demand 2004 - 07	Estimated supply - sub regional residents	Estimated annual gap	Annual gap as % of demand
Care	2	Health and Social Care	1,591	403	-1,188	-74.7
LGV Licence	Other	Cross Cutting Occupations	427	0	-427	-100.0
Retail operations	3	Automotive, Retail, Food and Drink	335	10	-325	-97.0
Registered manager	4	Health and Social Care	198	0	-198	-100.0
Transporting goods by road	2	Logistics, Food and Drink, Cross Cutting Occupations	166	0	-166	-100.0
Transporting goods by road	1	Logistics	130	0	-130	-100.0
Providing financial services	3	Finance and Professional	124	0	-124	-100.0
Providing financial services	2	Finance and Professional	124	0	-124	-100.0
Decorative occupations	2	Construction	165	44	-121	-73.3

Source: LSC, Strategic Review of Skills Provision in the North West

(x) Employment rate

A1.13 Halton has a higher employment rate among its working age population than the average of the wider RA districts, but a lower rate than the regional and national averages. At 70.4%, the rate in Halton has increased since 2004/05. However, over the same period employment rates across the RA districts and the region fell, whereas the national rate was unchanged, as can be seen in Table A9.

Table A9: Employment rates among working age population				
	2004-2005		2007- 2008	
	No.	%	No.	%
Halton	49,800	68.6	52,900	70.4
RA	695,900	69.4	701,400	68.5
Northwest	2,974,700	72.7	3,046,600	72.1
Great Britain	26,313,600	74.5	27,233,100	74.5

Source: annual population survey April to March 2004 / 05 and July to June 2007 / 08

(xi) Occupations

A1.14 In terms of occupations, employment in Halton is characterised by low levels of employment in higher order occupations (SOC major groups 1 to 5), and high levels of employment in lower order occupations (groups 6 to 9). The RA districts have a higher rate of employment in higher order occupations, but overall still has lower proportions in these occupations than the regional and national averages. This is shown in Table A10 below.

Table A10: Employment by occupation 2007 - 2008						
	Halton		RA		North West	GB
	No.	%	No.	%	%	%
Soc 2000 major group 1 - 3	*18,200*	*33.0*	*287,800*	*39.9*	*40.0*	*42.9*
Managers and senior officials	6,900	12.6	98,100	13.6	14.2	15.4
Professional occupations	5,100	9.2	87,000	12.1	11.8	12.9
Associate professional occupations	6,200	11.2	102,700	14.2	14.0	14.6
Soc 2000 major group 4 - 5	*12,200*	*22.2*	*156,900*	*21.8*	*22.8*	*22.4*
Administrative and secretarial occupations	6,900	12.6	94,100	13.1	12.4	11.6
Skilled trades occupations	5,300	9.6	62,800	8.7	10.4	10.8
Soc 2000 major group 6 - 7	*11,300*	*20.5*	*123,100*	*17.1*	*16.5*	*15.7*
Personal service occupations	4,300	7.8	62,000	8.6	8.3	8.1
Sales and customer service occupations	7,000	12.6	61,100	8.5	8.3	7.6
Soc 2000 major group 8 - 9	*13,200*	*23.7*	*152,900*	*21.2*	*20.3*	*18.7*
Process, plant and machine operatives	5,900	10.6	58,000	8.0	8.4	7.2
Elementary occupations	7,300	13.3	94,900	13.2	11.9	11.5

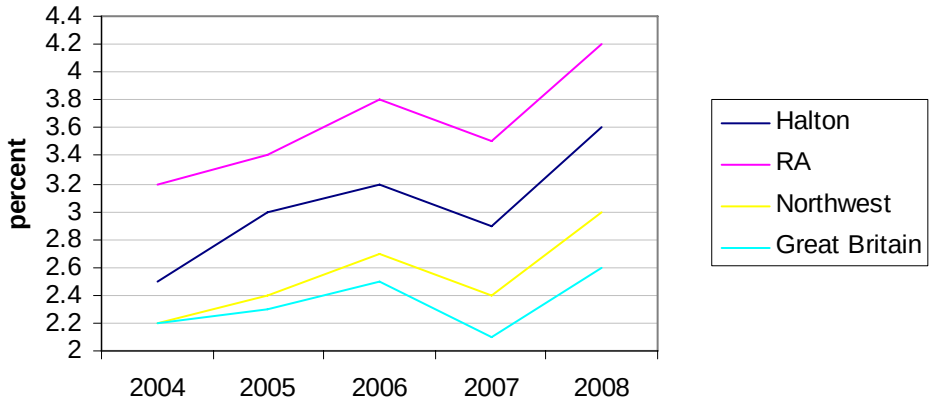
Source: annual population survey July 2007 - June 2008

Note: figures relate to all people in employment

(xii) Unemployment rate

A1.15 The claimant count rate in Halton Borough, at 3.6% in October 2008, is above the regional and national averages. The rate in Halton has risen significantly in the last year. The rate across the RA districts is above the Halton rate and has been so for the last four years. This is shown in Figure A4.

Figure A4: Claimant count rate 2004 to 2008

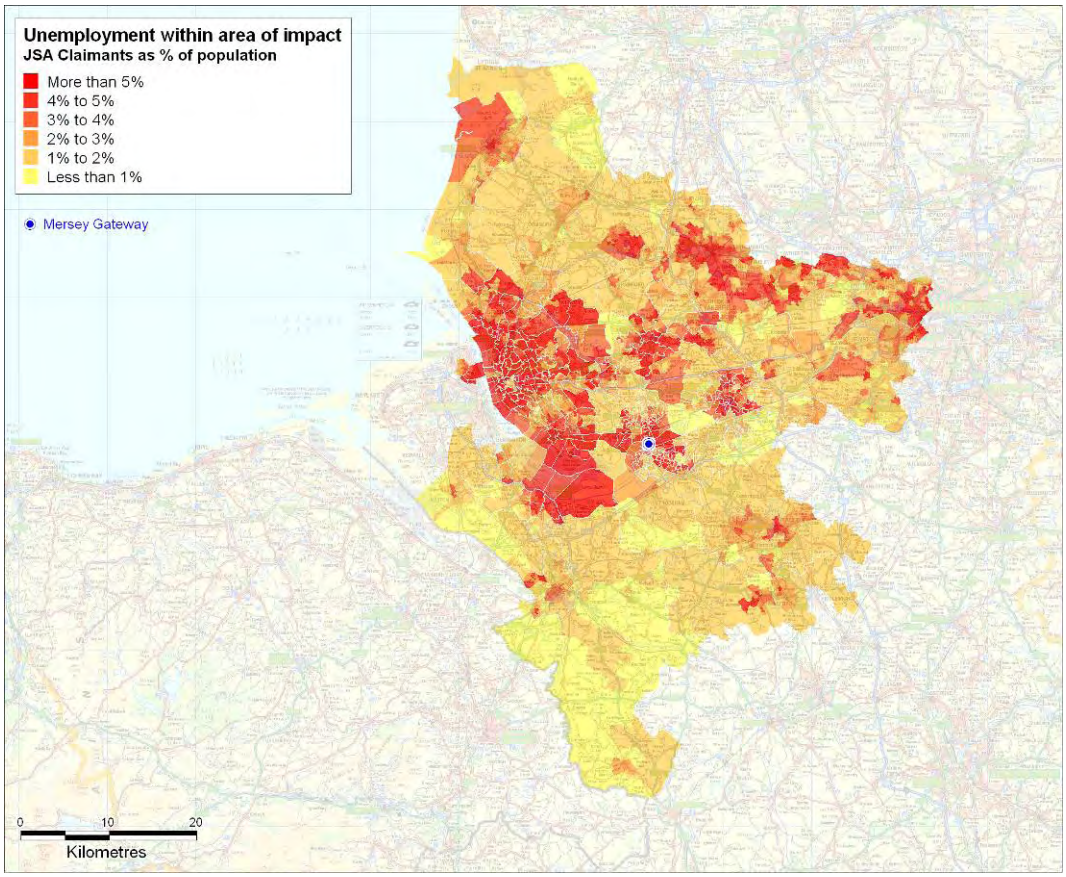


Source: Claimant Count, Nomis

A1.16 In terms of International Labour Organisation (ILO) unemployment, Halton Borough and the wider RA districts have significantly higher unemployment rates than the regional and national averages. During the period April 2007 to March 2008, 6.7% of those economically active in Halton and 6.6% across the wider RA districts were unemployed. Particularly high levels of unemployment were demonstrated by Liverpool (7.5%) and Knowsley (8.8%). The regional average was 5.7% and the Great Britain average 5.2%. Furthermore, 4,000 of the economically inactive in Halton described themselves as wanting a job, as did 55,400 across all RA districts. (Source: annual population survey, Nomis).

A1.17 Figure A5 shows the distribution of JSA claimant count unemployed across the area of impact (2007)

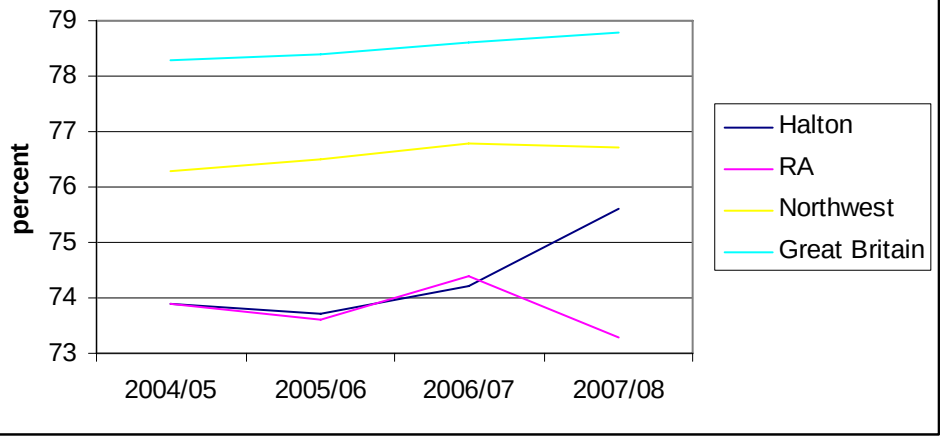
Figure A5: Distribution of JSA claimant count unemployed



(xiii) Economic activity / inactivity

A1.18 Economic activity rates in Halton Borough and across the wider RA districts are lower than the regional and national averages, and have continually been so over the last few years. During the period July 2007 to June 2008, Halton had an economic activity rate of 75.6%, above the figure for the previous year and also above the figure for the RA districts as a whole. This is shown in Figure A6.

Figure A6: Economic activity rates



Source: annual population survey, Nomis

(xiv) Economic activity and skills

A1.19 Only 19.7% of the economically active population of Halton Borough are educated to NVQ levels 4 and only 15.3% to level 3, below the rates across the wider RA districts, the region and across the country as a whole. In terms of the economically active with no qualifications, both Halton and the RA districts have a higher proportion than the region and the country as a whole. This is shown in Table A11.

Table A11: Highest qualifications of economically active

	NVQ 4	NVQ 3	Trade apprentice-ships	NVQ 2	NVQ 1	Others	None
Halton	19.7	15.3	5.5	23.7	16.2	5.5	14.0
RA	27.4	16.9	4.8	19.3	14.6	5.5	11.5
North West	29.5	17.2	5.2	17.7	14.0	6.7	9.8
Great Britain	32.5	15.9	4.8	15.8	13.3	8.8	9.0

Source: annual population survey, January to December 2007, Nomis

Note: Table shows percentage of economically active with each level as their highest qualification.

(xv) Gross Value Added (GVA)

A1.20 The report by SQW and Cambridge Econometrics entitled 'Liverpool City Region Economic Projections and Prospects' set out figures for GVA per head for all of the local authorities across the City Region as shown in Table A12. In 2005, GVA per head in Halton stood at £17,800, above the Merseyside (including Halton), regional and national averages, but below the average for Warrington. Between 2000 and 2005, GVA per head in Halton increased by 10.6%, above Warrington's rate of increase of 7.5% and the regional rate of increase of 9.6%, but below the Merseyside rate of 13.9% and the national rate of 11.1%.

Table A12 GVA per head 2000 to 2005 (£)

	2000	2005	% change
Halton	16,100	17,800	10.6
Merseyside	11,500	13,100	13.9
Warrington	20,100	21,600	7.5
North West	13,600	14,900	9.6
United Kingdom	15,300	17,000	11.1

Source: Liverpool City Region Economic Projections and Prospects, October 2007

(xvi) Labour costs

A1.21 The median weekly earnings of full-time people employed in Halton Borough, at £454.00, are 5.8% above the regional average and are virtually identical to the national average. They are above the median for Merseyside, but below the figure for Warrington. Since 2003 median earnings in Halton have only increased by 9.6%, lower than the rates of increase in Merseyside and Warrington and also lower than the regional and national rates of increase, as can be seen in Table A13.

Table A13: Median weekly earnings of full-time workers (£)			
	2005	2008	% change
Halton	414.40	454.00	9.6
Merseyside	376.70	429.30	14.0
Warrington	388.30	478.90	23.3
North West	381.60	429.00	12.4
Great Britain	407.40	455.20	11.7

Source: Annual survey of hours and earnings, ONS