

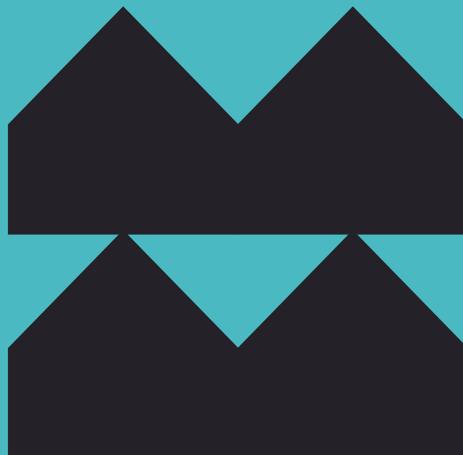
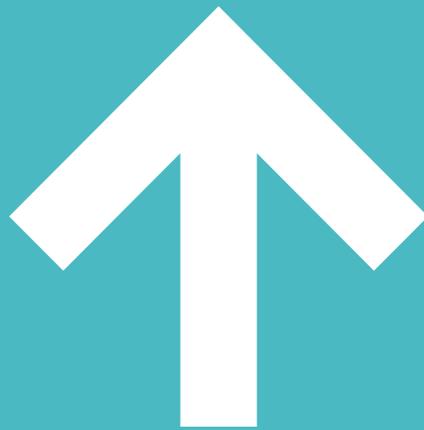


'Land' at
Birkenhead
town centre

August
2020

Economic Benefit Statement

Barton Willmore.
Prepared on
behalf of Wirral
Growth Company.



A joint venture between



COMMERCIAL DISTRICT, BIRKENHEAD

ECONOMIC BENEFIT STATEMENT

AUGUST 2020

Project Ref:	29343/A5
Status:	FINAL
Issue/Rev:	02
Date:	3 rd August 2020
Prepared By:	JD
Checked By:	JD/DM
Authorised By:	JD

Barton Willmore LLP
The Observatory
Castle Hill Drive
Castle Hill
Ebbsfleet Valley
Kent
DA10 1EE

Tel: 01322 374660
Email: James.Donagh@bartonwillmore.co.uk

Ref: 29343/A5/JD
Date: 3rd August 2020

COPYRIGHT

The contents of this document must not be copied or reproduced in whole or in part without the written consent of Barton Willmore LLP.

All Barton Willmore stationery is produced using recycled or FSC paper and vegetable oil based ink

CONTENTS

	PAGE NO
1.0 INTRODUCTION	01
i) Background	01
ii) The Proposed Development	01
iii) Our Approach to the Assessment of Economic Benefits	02
iv) The Remainder of this Report is Structured as Follows	03
2.0 LABOUR MARKET PROFILE	05
i) Commuting and Comparators	06
ii) Working Age Population	07
iii) Labour Supply	09
iv) Available Jobs	13
v) Conclusion	14
3.0 ECONOMIC IMPACT	16
i) Construction Jobs and Gross Value Added	16
ii) Commercial Floorspace and Jobs and Gross Value Added	17
iii) The Residential Floorspace	23
iv) Conclusion	24

1.0 INTRODUCTION

1.1 The purpose of this interim report is to assess the economic impact of the redevelopment proposals being brought forward by the Wirral Growth Company in Birkenhead town centre and expressed by the Indicative Masterplan and Development Parameters Plan.

i) Background

1.2 Wirral Growth Company is a 50:50 joint venture partnership between Wirral Council and Muse Developments. The Company is committed to delivering a long-term vision for regeneration that benefits the community by enabling genuine growth. One of the first areas of the Company's focus is bringing forward new development in the centre of Birkenhead.

1.3 Birkenhead Town Centre has been identified as a key focus for development because structural changes across Birkenhead, including the decline of traditional port related activity and changes in the retail sector have taken their toll.

1.4 The historical industrial and commercial heart of the borough remains a significant local economic hub. However, it is no longer providing an attractive business offer, the retail core is in a relatively poor state of health and the benefit to the local community is limited.

1.5 Two stages of consultation have helped shaped redevelopment proposals that are designed to boost investment and make the Town Centre an attractive place to live, work and operate businesses from; supporting inclusive growth that creates new opportunities for local residents and revitalises the local community.

ii) The Proposed Development

1.6 The development is described as 'Phased redevelopment of land within Birkenhead Town Centre comprising:

Full planning application for the construction of:

i) two five storey office buildings on Plot A comprising flexible office, retail or leisure (including food and beverage, hot food takeaway or drinking establishment) floorspace at ground floor level, and office floorspace at first to fourth floor level and a plant area at fifth floor level with associated landscaping; highways and

infrastructure works including the creation of new junction from Claughton Road/Hemingford Street; and

- ii) an electricity substation on Plot H along with the necessary amendments to the arrangement of the Europa Pool surface car park to relocate coach parking spaces and the associated infrastructure and landscaping works and access/servicing arrangements.*

Outline planning application (with all matters reserved for future consideration) for the development of a car park on Plot B; office, retail and leisure floorspace (including food and beverage, hot food takeaway or drinking establishment) on Plot C which will include a new market hall/leisure building; infrastructure works on Plot D that will create a substation but no new publicly accessible floorspace; office, retail, hotel, leisure (including food and beverage, hot food takeaway or drinking establishment) and residential floorspace on Plot E; infrastructure works to provide a 'super-crossing' at Conway Street and improvements to the existing bus station on Plot F; residential floorspace or a hotel or a car park on Plot G; residential floorspace on Plots I and J; and ancillary residential car and cycle parking, servicing arrangements and infrastructure and all associated works on land to the west of Europa Boulevard and land south of Conway Street and alterations and improvement works to the public highway.'

iii) Our Approach to the Assessment of Economic Benefits

1.7 The Indicative Masterplan floorspace parameters provide the basis for establishing the metrics of the gross economic benefits brought about by the proposed development. In summary, these are:

- The number of jobs that could be accommodated by the new office, retail and leisure floorspace (referred to as commercial floorspace), the value of those jobs and expenditure by the workers that fill them.
- The number of households that will live in the new homes, the number of job that householders could fill, the value of those jobs and expenditure by the households.
- The number of jobs that will be filled during construction and the value of those jobs.

1.8 The extent to which the gross commercial impact represents added jobs and economic value to Birkenhead is quantified over the following four steps:

- First, quantifying and deducting the impact of the amount of active floorspace (not vacant) demolished in order to create the development footprint, and the proposed relocation of Wirral Council employees from other parts of the Wirral to a new commercial district to be anchored by Wirral Council, expected to take up about 30% of the office floorspace.

- Second, quantifying and deducting the impact of jobs at the development taken up by residents outside of the area.
- Third, quantifying and deducting the number of residents employed elsewhere in the area, a proportion of whom will move from a job elsewhere in the area to a job created at the new development.
- Fourth, quantifying and adding the number of residents employed as result of local supply chain and employee purchases.

1.9 The added value to Birkenhead of residential development is assessed in similar fashion, but with less precision as to where the impact falls:

- The number of new residents working outside of Birkenhead is quantified and deducted from the total.
- The commercial expenditure by new residents in Birkenhead is not quantified, however convenience purchases are assumed to be mainly local, convenience purchases local and sub regional, leisure purchases local, sub regional and beyond.

1.10 The added value to Birkenhead of constructing the development is not quantified, the gross benefits calculated are assumed to contribute towards sustaining an industry the importance of which is established by an assessment of the development's socio-economic context.

iv) The Remainder of this Report is Structured as Follows

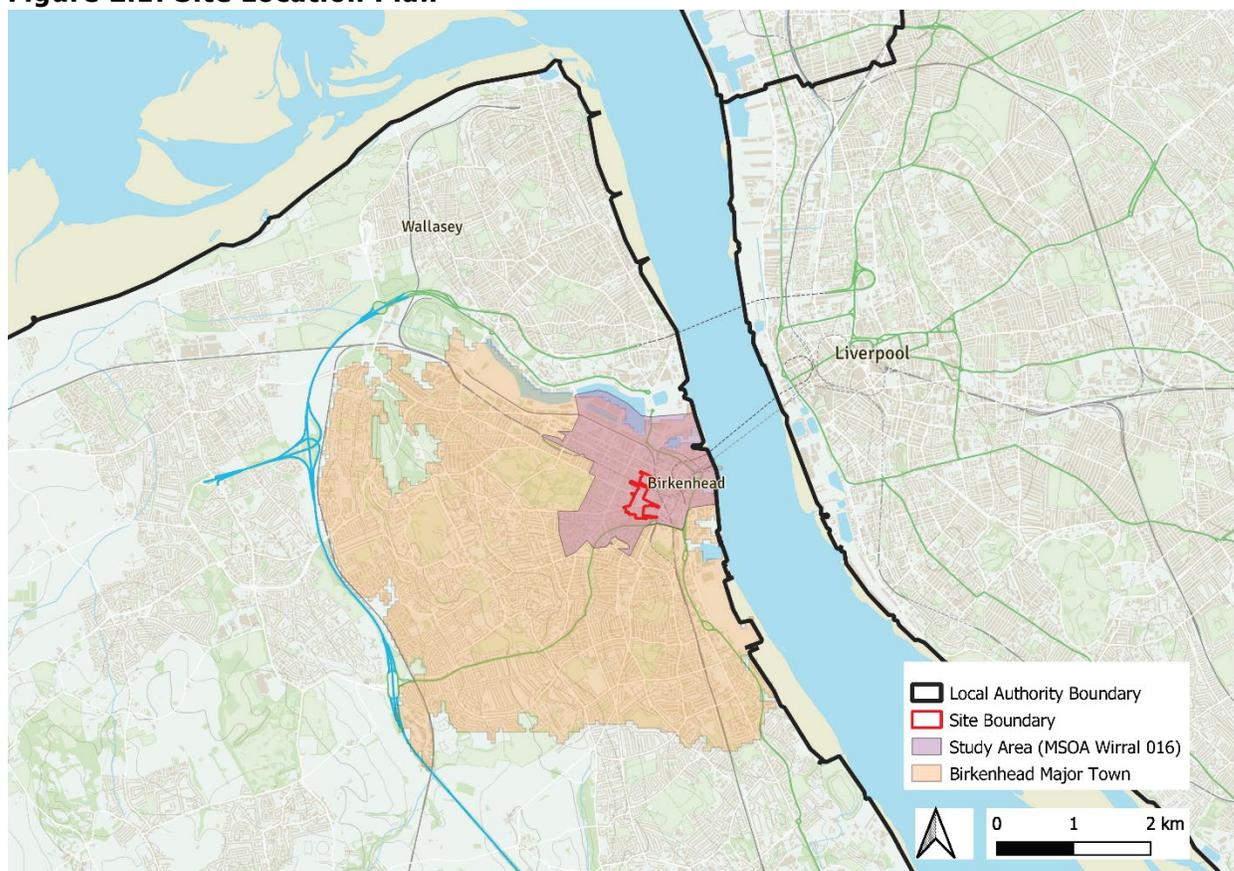
1.11 Section Two establishes the socio-economic context, focusing on the supply of labour in the area and the jobs available and the supply of jobs local to the development and across Birkenhead in the context of Wirral and other comparators. This section provides an insight into structural issues that the proposed development could help to address.

1.12 Section Three sets out the assessment of economic benefits in detail, explaining the assumptions and methods used to arrive at the economic impact.

2.0 LABOUR MARKET PROFILE

- 2.1 This section examines the labour market profile of Birkenhead, that is, the supply of labour and the available jobs. This profile is viewed in a Wirral and comparator context to provide an insight into key structural challenges faced by the area that the completed development could help to address.
- 2.2 For this exercise, data has been collated and examined at four spatial levels. The immediate surroundings of the development represented by mid super output area (MSOA) 018 and hereafter referred to as Birkenhead Central, the town of Birkenhead, represented by 13 MSOAs (including 018), local authority level and national level.
- 2.3 The development site, the area covered by Birkenhead Central and the area covered by Birkenhead town are shown in Figure 2.1.

Figure 2.1: Site Location Plan



Source: Barton Willmore

i) Commuting and comparators

- 2.4 The extent and significance of Birkenhead's economic influence can be understood through analysis of the origin of the people who work in Birkenhead and the workplace destination of employed residents who live there.
- 2.5 At a Birkenhead Town level, 2011 Census data tells us that about 34,900 people commute to a place of work in Birkenhead and about 36,400 commuters originate from Birkenhead, of which roughly one third (12,800) work there, one third (11,100) work elsewhere in Wirral and one third (12,400) work outside Wirral.
- 2.6 The fact that there is a net outflow (+1,470) of workers from Birkenhead confirms that it is marginally more important as a source of labour to other places (counted by the number of out commuters), than it is a jobs hub (counted by the number of in commuters).
- 2.7 Of the third that commute to other districts, the three most significant destinations are Liverpool (5,100), Cheshire West and Chester (2,700) and Sefton (570). The same districts are also the most significant origins of commuters who work in Birkenhead but live outside Wirral.
- 2.8 Reflecting Birkenhead's more prominent role in labour supply than job demand, the outflow of commuters to Liverpool, Cheshire West and Chester and Wirral number about 4,600, 55% of the inflow from the same districts.
- 2.9 Liverpool contributes 2,200 to the inflow of workers to Birkenhead, a figure that is 43% of the outflow from Birkenhead to neighbouring Liverpool, reflecting the city's primacy as an employment hub.
- 2.10 At its heart, Birkenhead Central is the destination for just under half of all commuters into Birkenhead (15,700), confirming it as the town's commercial core and job hub. It is home to a far smaller proportion (6%, 2,200 in total) of commuters that originate from Birkenhead, of which 21% work in Central Birkenhead, 20% in the rest of Birkenhead, 26% in the rest of Wirral, 15% in Liverpool and 7% in Cheshire West and Chester.
- 2.11 Birkenhead's strongest labour market linkages are internal to Wirral, outside of which the links to Liverpool, Cheshire West and Chester and Wirral are the most significant, in that order. The

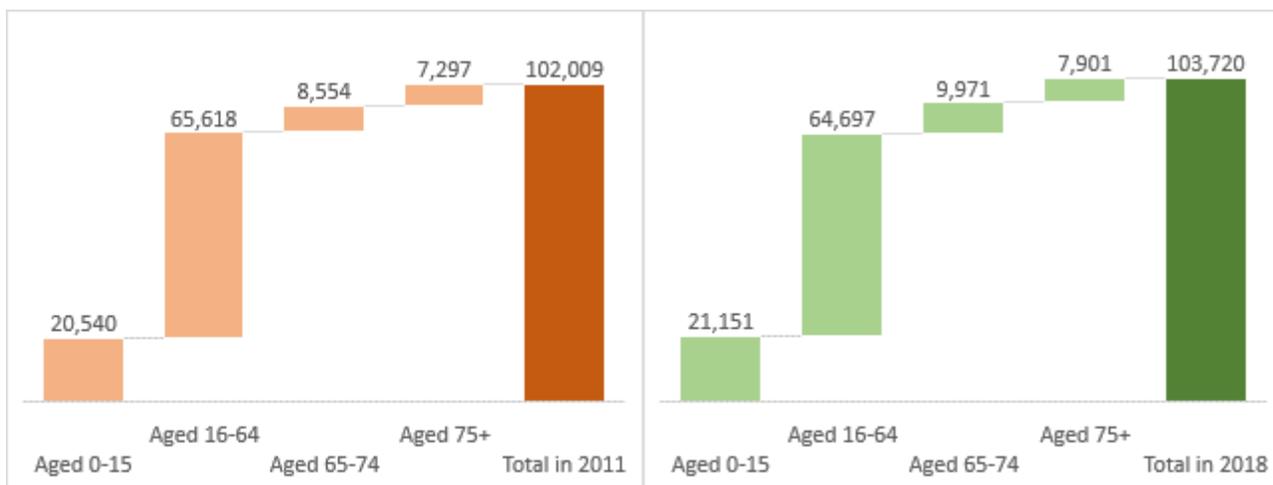
exchange of workers between Birkenhead and neighbouring places is sizeable. In the order of 34,900 flow out and 36,400 flow in on a daily basis.

- 2.12 The optimum labour market outcome for communities in Birkenhead is for the sizeable resident workforce to be able to compete for the best or better jobs both within Birkenhead and further afield. This can only be achieved if they [can access the labour market] are equipped with the right skills and better, durable employment opportunities are created.
- 2.13 Realising Birkenhead Town Centre indicative Masterplan is part of the solution. It will add to and diversify the Birkenhead Central's job offer and boost local demand for retail, leisure and other services.
- 2.14 The commuting data gives an idea of the scale and extent of Birkenhead's labour market, we now turn to the characteristics of its labour supply, examined alongside Wirral, Liverpool, Cheshire West and Chester and Wirral to identify the key barriers that need to be addressed in order to maximise the local benefits of development.

ii) Working Age Population

- 2.15 The commuting data discussed above and used to explain Birkenhead's sphere of economic influence dates back the 2011 Census, when the population of Birkenhead stood at 102,000, almost one third of Wirral's total population of 320,000 at that time.
- 2.16 It is estimated that since 2011, Birkenhead's population increased by 1,700 (2%), reaching 103,700 in 2018 (see Figure 2.2). 2% is a modest increase in the national context of 5%, albeit a greater increase than for Wirral (1%). Over the same period, Liverpool has seen a 6% increase, Cheshire West and Chester a 3% increase and Sefton a 1% increase.
- 2.17 The population age 16 to 64 is widely taken to be a proxy for as the working age population and despite changes to the pension age stretching our working years beyond that range, it continues to serve as a standard labour market indicator. Since 2011, the size of this working age population, the main source of Birkenhead's resident labour force, has fallen by about 1% (-920) and the population age 65 and over has increased in size by 13% (+2,000).

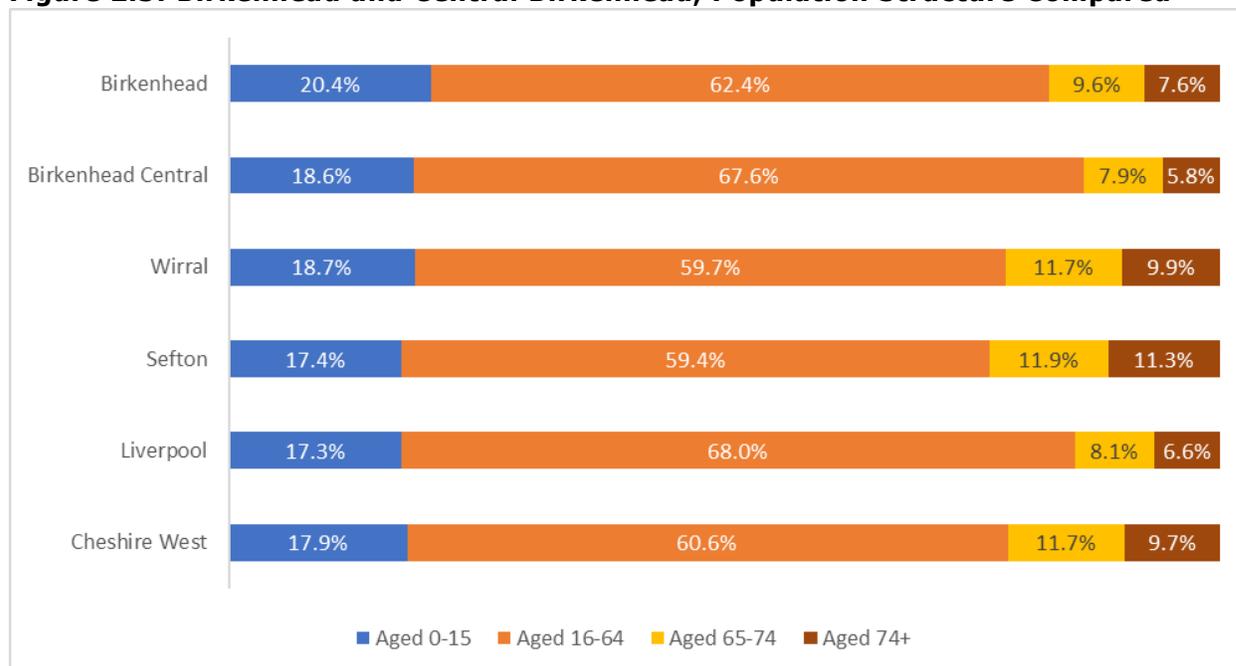
Figure 2.2: Birkenhead’s Population, by Age Group, 2011 and 2018



Source: ONS

2.18 The ageing of Birkenhead’s population is characteristic of the country as a whole and is not of immediate concern. Relative to places with which it has the strongest labour market connections, it is in 2018 comparatively youthful, with a relatively large proportion of the population in working age, particularly within the area of Central Birkenhead (see Figure 2.3).

Figure 2.3: Birkenhead and Central Birkenhead, Population Structure Compared



Source: ONS

- 2.19 Central Birkenhead is relatively small, with a population of about 8,100 in 2018. Whilst this is dwarfed by Liverpool's population of almost half a million, it shares some key structural characteristics with the sub regional economic hub. These characteristics include population growth since 2011 (5% compared to 6% across Liverpool) and an exceptionally high proportion of the population that is of working age, which has also grown by 5% since 2011 (compared to 4% across Liverpool).
- 2.20 It is likely that working age population growth observed in Central Birkenhead has been assisted by new residential development. The proposed development intends to add to the stock of quality housing, which all things being equal, will retain and or attract working age households. In turn, this will help sustain a comparatively large working age population in Birkenhead and in turn, supply labour and support economic growth.

iii) Labour Supply

- 2.21 Maintaining a supply of labour that meets the scale of demand is fundamental to sustaining economic growth. Birkenhead plays a key role in this process, supplying workers both locally and further afield. Of equal importance to the level of supply is the quality of the available supply and the extent to which it can help accelerate growth. This hinges on productivity and in the UK a persistent problem and constraint on economic growth is low productivity, a factor that impacts and inhibits the well-being of people and communities.
- 2.22 Productivity drives added value (increased profit), higher real average wages and better living standards (because households have the means to consume more). Broadly speaking, productivity centres upon two themes that are of equal importance and indivisible.
- 2.23 The first theme is people and is about technical and personal skills. Equipping people with the necessary skills is fundamental to increasing economic output, the reward for which is better paid jobs and an improved standard of living. The second theme is enterprise and the sectoral mix of the economy. Put simply, increasing the overall share of economic activity in high value sectors will drive up productivity. With the proviso that there is a suitability skilled labour force along with all the necessary infrastructure to house, transport and provide for it.
- 2.24 It is possible to gain an insight into the well-being of Birkenhead's resident labour force, including its capacity to support economic growth, by reference to data from the Annual Population Survey (APS). APS is published by ONS on a quarterly basis. The most recent data that includes

qualifications relates to the period January 2019 to December 2019, we can compare Birkenhead with its neighbours across the following characteristics:

- Qualifications
- Economic activity
- Employment
- Occupation

2.25 The data for Birkenhead, in common with the ONS major towns and cities geography, has been released as 'experimental' and is still being tested by the user community for usefulness and accuracy. We have observed some quite big changes in the economic activity and employment rates, quarter on quarter, and note that the confidence in this data is lower than for the data at district level and above. Accordingly, we treat the data with caution.

2.26 We reach this conclusion through a comparison of key indicators that relate to participation in the labour market by the working age population, the skills of the working age population and the occupations of the residents in employment.

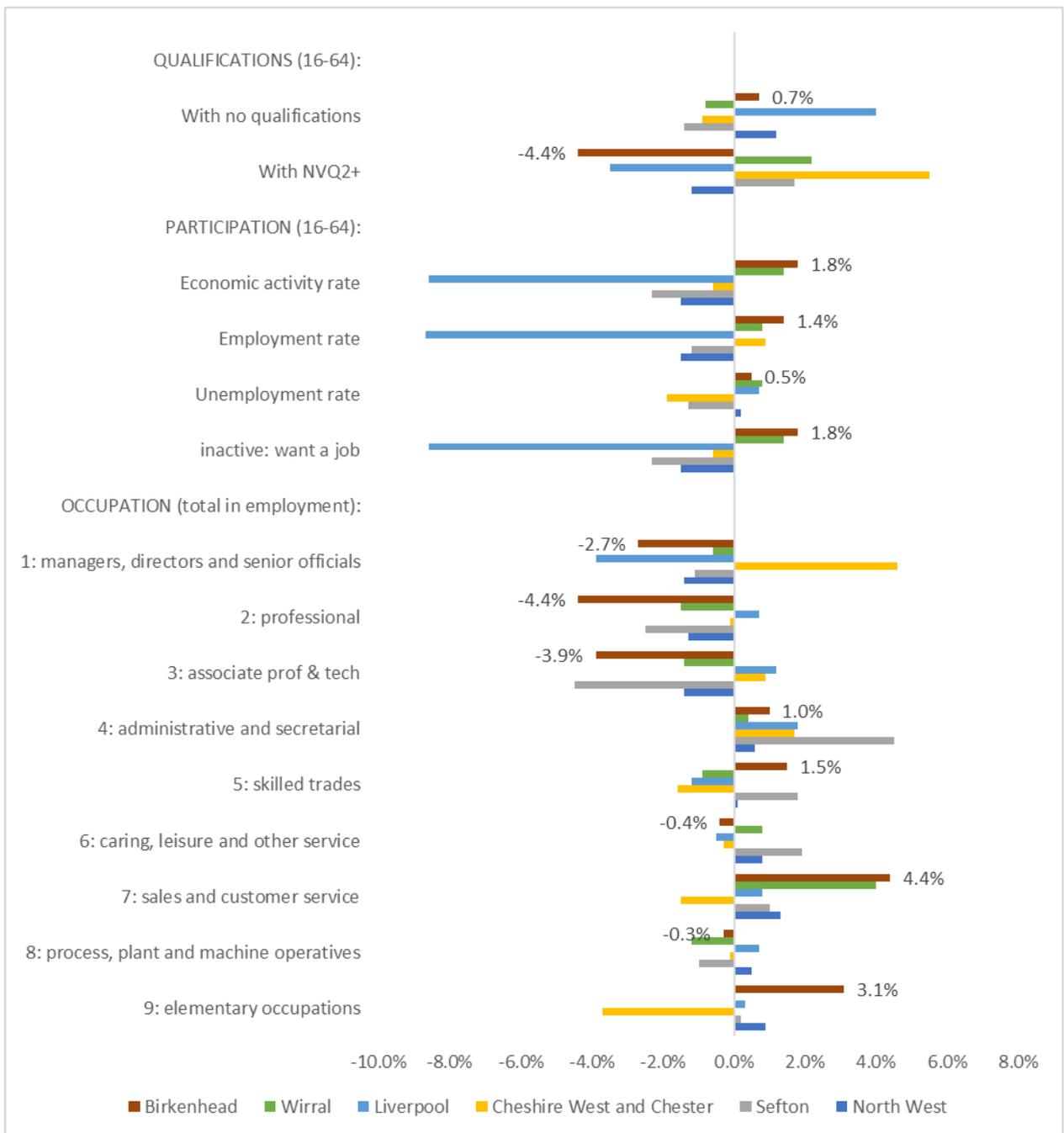
2.27 The comparison is presented at Figure 2.4. The figures shown are the variance against a national (England) benchmark, for Birkenhead and the districts with which it has the most significant labour market links. The North West is also included, because when it comes to understanding the implications for productivity, growth and well-being, we rely upon measures of weekly pay that is only available at the regional level and above.

2.28 Notwithstanding the experimental nature of the Birkenhead data and the likelihood that it is less accurate than the data for the comparators shown, the following narrative emerges:

2.29 A comparison of qualifications at NVQ2 or above, using England as the benchmark, portrays Birkenhead's working age population as relatively low skilled. Moreover, it indicates that the resident population has limited capacity to compete for jobs that require higher level qualifications and would typically command higher wages.

2.30 Increasing the proportion of the population qualified at level 2 and above is likely to be a gateway to better paid employment, in the context of relatively high economic activity and employment rate (above the national average) combined with overrepresentation in less well paid occupations and underrepresentation in better paid occupations.

Figure 2.4: Birkenhead Working Age and Employed Population in Context.



Source: ONS 2020; Annual Population Survey, December 2018 to December 2019

- 2.31 In summary, the key issue revealed by the Annual Population Survey results for the year to end December 2019 is not a need to increase employment levels amongst Birkenhead residents, rather it is a need to increase the quality of jobs that Birkenhead residents are employed to do. The proposed development is part of that objective because it will provide employment floorspace to accommodate higher level occupations (e.g. levels 1, 2 and 3) in modern Grade A office premises alongside quality new housing offer that will support the retention of aspirational residents.
- 2.32 In conclusion, whilst maximising participation is an important objective, the benefit is marginal, compared to the benefit of providing the opportunity for people already in employment to compete for better jobs. The capacity may exist to increase resident employment by a few hundred, but there are about 34,000 residents already in employment.
- 2.33 The employed residents are, compared to the national average, underrepresented in professional and managerial roles, and overrepresented in elementary occupations. This creates a relatively low wage community, where weekly full-time wages average £498 per week, which, based on UK average weekly wages by occupation, is £23 per week less than the regional average, as illustrated in Figure 2.5.

Figure 2.5: Difference in average weekly full-time wages compared to North West



Source: ONS 2020; Annual Population Survey, December 2018 to December 2019 and EARN06, February 2020

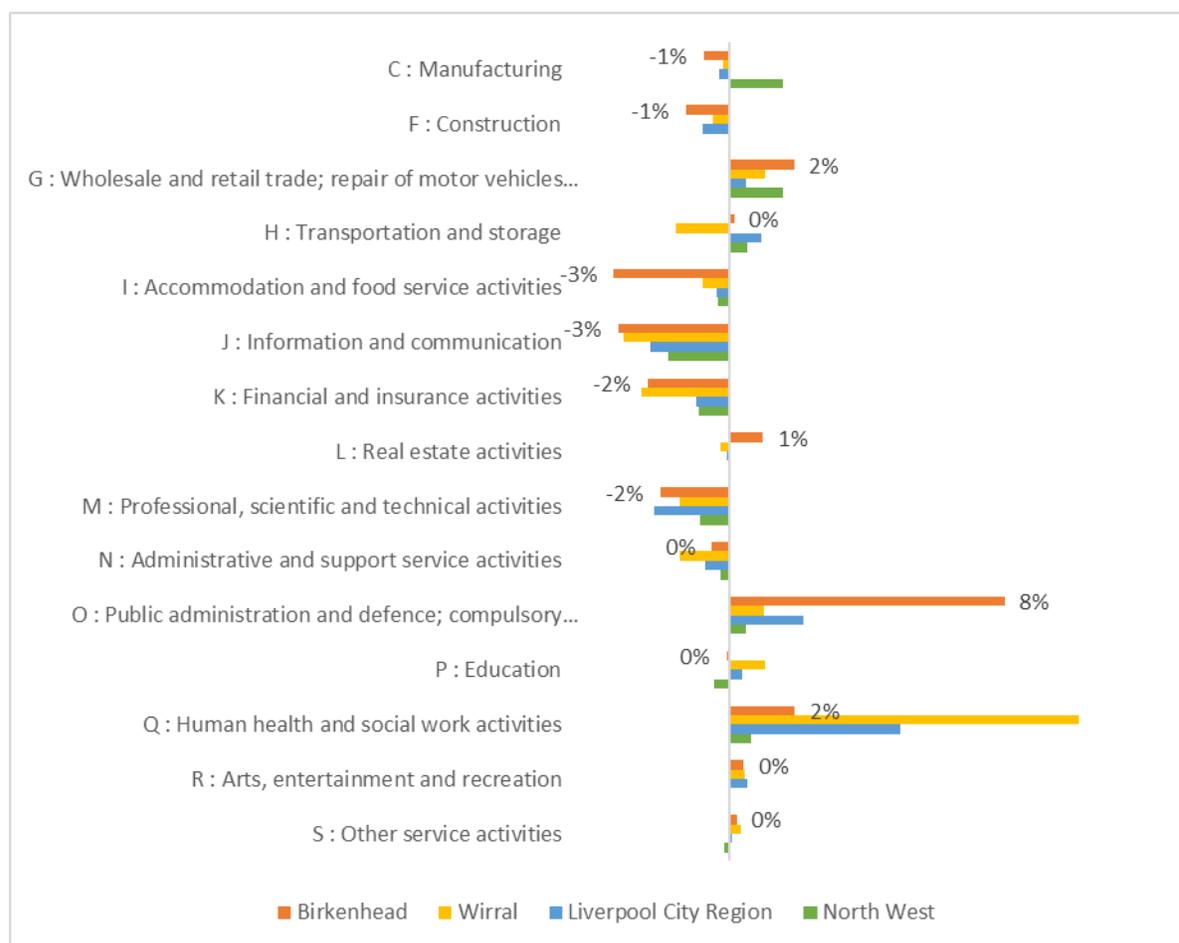
2.34 The weekly wage analysis presented in Figure 2.5 points to a wealth gap that could be reduced if the resident workforce were able to access and compete for higher level occupations that are typically better paid jobs.

iv) Available Jobs

2.35 According to the Business Register and Employment Survey (open access), 2018 results, there are about 35,000 jobs in Birkenhead, accounting for 34% of all available jobs in Wirral. As might be expected for a large town of sub regional significance, the top three sectors by employment size are wholesale and retail trade (6,000 jobs), human health and social work (5,000 jobs) and public administration and defence (4,000 jobs) which together account for about 43% of all available jobs in the town.

2.36 Other significant sectors include education plus administrative and support services (of equal size, combining to provide about 17% of available jobs) and the relatively high value manufacturing plus professional, scientific and technical activities (also of equal size and combining to provide about 14% of available jobs).

2.37 The sectoral composition of Birkenhead's economy suggests the presence of relatively high value and well-paid employment opportunities, albeit with a relatively small ICT sector, compared to the City Region, the North West and England as a whole. The accommodation and food service sector is similarly under represented, which is likely to undermine the attractiveness as a place to do business.

Figure 2.6: Employment by Industry, compared to England

Source: ONS 2020; Business Register and Employment Survey: open access, 2018 results

v) Conclusion

- 2.38 Birkenhead is a sizeable employment hub of local significance, providing about 35,000 jobs in 2018. The sectoral composition is typical of a large town serving a wide area and includes high value sectors, albeit with small share of accommodation and food service jobs that may indicate a less attractive business offer than would ideally be the case and with scope to attract or grow more ICT firms.
- 2.39 The economic wellbeing of Birkenhead's residents is constrained by low levels of employment in managerial, professional, and technical occupations that tend to be better paid than other occupation classifications. Resident economic activity and employment rates compare favourably with comparators, accordingly a key takeaway from this labour market profile is the need to increase the quality of jobs that Birkenhead residents are employed to do. The proposed

development is part of that objective because it will provide employment floorspace to accommodate higher level occupations (e.g. levels 1, 2 and 3) in modern Grade A office premises alongside quality new housing offer that will support the retention of aspirational residents.

3.0 ECONOMIC IMPACT

- 3.1 This section sets out the assessment of the economic benefits estimated to result from the development of the Birkenhead Town Centre Indicative Masterplan. For this assessment and consistent with the Site Master Plan – Parameters Plan¹, the development can accommodate a range of possible uses, within the limits of the following minimum a maximum parameter.
- 3.2 A minimum of 128,973 sqm gross external area (GEA) floorspace, comprising 62,963 sqm commercial floorspace (of which 41,220 sqm is assumed to directly impact employment) and 66,010 sqm residential floorspace (all of which is assumed to directly impact consumer expenditure).
- 3.3 A maximum of 138,645 sqm GEA floorspace, comprising 104,245 sqm commercial floorspace (of which 85,125 sqm is assumed to directly impact employment) and 34,400 sqm residential floorspace.

i) Construction Jobs and Gross Value Added

- 3.4 The floorspace configurations (commercial plus residential) are used to estimate construction values. These values are inputs to the Labour Forecasting Tool (LFT), robust proprietary software under licence from CITB (Construction Industry Training Board). The LFT draws on a comprehensive survey of real-life construction projects on a national scale for the purpose of estimating the number of constructions jobs that will be supported by commercial and residential developments.
- 3.5 The construction value of the minimum Birkenhead Town Centre Indicative masterplan parameters is estimated to be £180m and the maximum parameters construction value is estimated to be £204m. That gives rise to a monthly average of 220 to 280 gross direct construction jobs for 15 years.
- 3.6 Over the last five years, construction activity has accounted for 6% of jobs (c6,800 workforce jobs) in Wirral and 5% in Birkenhead (c1,900 workforce jobs), contributing 5% to Wirral's GVA (c£240m per annum) and 4% to Birkenhead (c£66m) in GVA.

¹ Drawing number WGC-AHR-S0-XX-DR-A-20-400

- 3.7 Across Wirral, GVA per construction worker has averaged £35,000 per worker. Direct employment of 220 to 280 workers constructing the Birkenhead Town Centre Indicative Masterplan would support the creation of £112m to £138m GVA per annum. We would expect indirect employment and GVA in the supply chain to be of a similar order, amounting to 220 to 270 jobs and £128m to £158 GVA.
- 3.8 The extent to which Wirral can maximise the direct and indirect construction benefit will depend upon the contractors employed and their supply chains. A significant proportion of benefit will fall to workers and firms outside of the Wirral. Local labour and skills pledges will help maximise the local benefit.

ii) Commercial Floorspace Jobs and Gross Value Added

- 3.9 Whilst 62 to 64% of the commercial floorspace proposed will be for office uses and 14 to 18% will be hotel uses, the parameters provide the flexibility for either office, retail or leisure uses on 8% of the employment floorspace and either retail or leisure uses on the remaining 10 to 16%.
- 3.10 Stage 1 of the assessment process estimates the number of jobs and gross value added that could be accommodated within the Birkenhead Town Centre Indicative Masterplan area. This is a two-step process, first to estimate the jobs and GVA that could be accommodated by the proposed new floorspace, termed the gross direct output. Second to discount the employment (and GVA) that is already present within the indicative masterplan area, occupying floorspace that will be redeveloped, making way for the new development. The resultant estimate of jobs and GVA in the Indicative Masterplan area is termed the net direct output.

Stage 1a: Gross direct jobs and gross value added

- 3.11 To arrive at an estimate gross direct employment that reflects the mix of uses and the flexibility for more than one use to come forward, the following approach has been adopted. Where there is flexibility between uses, the use with the lowest employment density is used to calculate the minimum number of gross direct jobs and the use with the highest employment density is used to calculate the maximum number of gross direct jobs. The extent of the flexibility over uses, and the resultant number of job (FTE) range is shown in Table 3.1, alongside an estimate of GVA per annum associated with each parameter. The column headed 'Employment Density Rank' indicates the highest and lowest density uses, ranked 1 (highest) to 3 (lowest).

Table 3.1: Gross Direct Operational Benefits

Use Class	Minimum parameter (sqm GEA)	Maximum parameter (sqm GEA)	Employment Density Rank	Minimum gross direct employment		Maximum gross direct employment	
				sqm	FTE	sqm	FTE
B1a	33,525	54,812	n/a	33,525	2,216	54,812	4,050
B1a, <i>or</i>			1	-	-	6,478	563
A1-5, <i>or</i>	4,178	6,478	2	-	-	-	-
D1-2			3	4,178	57	-	-
A1-5, <i>or</i>	8,445	8,445	1	-	-	8,445	367
D1-2			2	8,445	57	-	-
C1	7,695	15,390	n/a	7,695	51	15,390	103
TOTAL	53,843	85,125	n/a	53,843	2,324 jobs	85,125	4,520 jobs
			GVA:	£97m per annum		£185m per annum	

Source: Barton Willmore 2020

3.13 Employment density refers to the average floorspace (in sqm) per full-time equivalent (FTE) member of staff. It is used as a measure of intensity of building use and an indicator of how much space each person occupies within the workplace.

3.14 The employment densities used to arrive at the gross direct employment estimates presented in Table 3.1 are derived from the Employment Densities Guide, Third Edition, 2015 (the Density Guide) and are set out below. They are the mid-point of the published range by use class B1a (sub-category general office), A1-3 (sub-category retail excluding sub-sector retail warehouse), the published value for D2 (sub-category cinema) and for C1 (sub-category hotels), the ratio of FTE per bed.

- Use class B1a (general office only) = 11.5 sqm (net internal area) per FTE
- Use class A1-3 (excluding retail warehouse, also applied to A4-5) = 17.5 sqm (net internal area) per FTE

- Use class C1 (mid- scale hotel) = one FTE per three beds
- Use class D2 (also applied to D1) = 200 sqm (gross internal area) per FTE

3.15 The development parameters are quoted in GEA, whereas the employment densities used relate to either gross or net internal areas. We have used the published Density Guide conversion factors to estimate gross internal area (GIA) (= GEA x 0.95) and net internal area (NIA) (= GIA x 0.80).

3.16 After applying the density and floorspace assumptions described above, we estimate that the minimum parameter would accommodate at least 2,300 gross direct jobs and the maximum parameter would accommodate up to 4,520 gross direct jobs. We would expect the actual number of jobs accommodated to be somewhere between the two.

3.17 Gross direct operational GVA per use class is calculated by multiplying the number of jobs by average use class GVA per annum, across Wirral, over the five-year period 2014 to 2018². The per worker values used are as follows:

- Office uses: £42,800 GVA per worker per annum
- Retail uses: £25,500 GVA per worker per annum
- Leisure uses: £15,800 GVA per worker per annum

3.18 GVA per worker per annum varies by use class, the highest value arising from office occupations, the lowest value from leisure uses. Whilst leisure and retail uses create less GVA per worker than office uses, they are a necessary part of the revived town centre offer and help to create an environment that is attractive to higher value office and other occupiers (and residents).

3.19 We estimate that the number of jobs accommodated by the minimum and maximum commercial development, and the mix of uses each comprises, would result in GVA per annum within a range of £97m to £185m.

Stage 1b: Commercial floorspace net direct jobs and gross value added

3.20 The proposed development involves the redevelopment within the indicative masterplan areas of some existing uses. We estimate that in the region of 20,000 sqm retail and leisure floorspace

² Source: Oxford Economics Local Forecasting Model, April 2020

will be replaced with new floorspace and, considering vacant floorspace, we estimate that this currently supports about 300 jobs (230 retail and 70 leisure).

- 3.21 In addition to existing uses, we know that Plot A will accommodate 700 full time equivalent Wirral Council employees currently employed in offices across the district. Because this is planned displacement, we have incorporated it in our assessment of net direct jobs, to avoid distorting our assessment of the developments benefit to the local community (jobs that are already filled will not be available to people looking for work or looking to change jobs).
- 3.22 These existing benefits (amounting to c1,000 jobs) are discounted from the gross direct jobs and GVA estimate to arrive at the net direct output of the commercial development. The result is at least 1,300 jobs and £60m GVA per annum accommodated by the minimum parameter and up to 3,500 jobs and £148 GVA per annum accommodated by the maximum parameter.

Stage 2: Local benefit of the commercial floorspace – additionality

- 3.23 Our estimate of net direct jobs and gross value added quantifies the increase in available employment opportunities (and their GVA equivalent) within the envelope of the Birkenhead Town Centre Indicative Masterplan developable area, subject to parameters that frame development floorspace and use class limits. To understand the benefit to Birkenhead and to Wirral, we look beyond the Indicative Masterplan area and consider what the wider effect is likely to be.
- 3.24 To that end we have considered three factors. Collectively, these factors describe the developments additionality:
1. The number of jobs that will be taken by people resident in the local area
 2. The displacement effect of the development on existing businesses
 3. Multiplier effect; the number of jobs created in the supply chain to occupiers of the new floorspace in the indicative masterplan area.
- 3.25 These are now considered in turn.

Stage 2a: The number of available jobs likely to be taken by residents

- 3.26 The number of available jobs created in the indicative Masterplan Area and taken up by local people is based on the relationship between place of work and place of residence established by the 2011 Census and reported in Section 2 of this report.
- 3.27 The Census tells us that 33% of jobs in Birkenhead are taken by residents of Birkenhead and 79% are taken by residents of Wirral (including Birkenhead). The remaining 21% are taken by residents of other districts, including Liverpool, Cheshire West and Chester and Sefton.
- 3.28 On that basis, of the 1,300 to 3,500 net new available jobs created in the indicative masterplan area, 440 to 1,160 of the available jobs would be taken by Birkenhead residents and 610 to 1,610 would be taken by residents living elsewhere in Wirral.

Stage 2b: The displacement effect of the commercial development on existing businesses.

- 3.29 Displacement describes the process of new businesses in the indicative masterplan area taking market share from existing businesses that produce the same goods and services. If we think of the goods and services provided by the development as office, retail, leisure and hotel floorspace, it is reasonable to assume some displacement effects; albeit from lower quality, less sustainable floorspace to better quality space developed in the indicative masterplan area.
- 3.30 In the absence of specific local information about likely displacement across the office, retail, leisure, and hotel industry, we turn to the Additionality Guide, Fourth Edition ready reckoners³. We take the view that the quality / modern end of the market is underprovided for in Birkenhead (and across Wirral) and assume a low level of displacement, captured in the Additionality Guide under the heading *'there are expected to be some displacement effects, although only to a limited extent'* and assuming a 25% displacement effect.
- 3.31 The displacement effect is applied to our estimate of the number of residents that are expected to take up available jobs in the indicative masterplan area (the result of stage 2a). Thus, of the 440 to 1,160 Birkenhead residents and the 610 to 1,610 residents living elsewhere in Wirral, 25% are assumed to already be employed producing the same goods and services.

³ Additionality Guide, Fourth Edition, HCA, Page 30, paragraph 4.3.6, table 4.8

3.32 After taking likely displacement into account, we are left with 330 to 870 Birkenhead residents and 460 to 1,210 residents living elsewhere in Wirral, benefiting from the available employment opportunities created by the proposed indicative masterplan.

Stage 2c: The supply chain and induced multiplier effect

3.33 Multiplier effects describe the further economic activity associated with additional local income and local supplier purchases. There are two types of multiplier, a supply linkage multiplier, and an income multiplier.

3.34 The supply linkage multiplier (sometimes referred to as an indirect multiplier) due to purchases made because of the intervention and further purchases associated with linked firms along the supply chain.

3.35 The income multiplier (also referred to as a consumption or induced multiplier) associated with local expenditure because of those who derive incomes from the direct and supply linkage impacts of the intervention.

3.36 In the absence of specific local information about multiplier effects across the office, retail, leisure, and hotel industry, we again turn to the Additionality Guide, Fourth Edition ready reckoners⁴. We take the view that there will be average linkages, captured in the Additionality Guide under the heading '*medium level, average linkages*', noting the further description that '*the majority of interventions will be in this category*'. This assumes a composite (supply linkage and income) multiplier at neighbourhood level of 1.1, which we apply to our Stage 2b results at Birkenhead and Wirral level.

3.37 After taking multiplier effects into account, we arrive at our final additionality (local benefit) estimate of 360 to 960 Birkenhead residents and 500 to 1,330 residents living elsewhere in Wirral, benefiting from the available employment opportunities created by the proposed indicative masterplan.

3.38 These additionality estimates equate to £16m to £40m GVA per annum at Birkenhead level and £23m to £56m GVA per annum across the rest of Wirral. Each stage of the additionality calculation is summarised in Table 3.2.

⁴ Additionality Guide, Fourth Edition, HCA, Page 36, paragraph 4.5.6, table 4.14

Table 3.2: Additionality – the Local Employment and GVA Benefits

Stage and description		Birkenhead	Rest of Wirral	Wirral Total	
1a	Gross jobs	2,300 to 4,500			
1b	Net jobs	1,300 to 3,500			
2a	Take up of jobs	440 to 1,150	600 to 1,600	1,000 to 2,800	
2b	Take up less displacement	330 to 870	450 to 1,200	800 to 2,100	
2c	Total benefits after multiplier effect	Jobs	350 to 950	500 to 1,300	850 to 2,300
		£GVA p.a.	£16m - £40m	£23m to £56m	£39m to £96m

Source: Barton Willmore 2020

3.39 The minimum parameter comprises a minimum of 66,010 sqm residential floorspace and a maximum, 34,400 sqm residential floorspace. The benefits of the residential floorspace are considered separately to the benefits of employment floorspace.

iii) The Residential Floorspace

3.40 Based on the projected household population structure and the average household size in Wirral of 2.14 in 2034⁵, we assume that the residential floorspace parameters will accommodate a population of 770 to 1,400 persons, of which 440 to 790 would be of working age (16-64), living in 359 to 651 dwellings.

3.41 According to the latest estimate from ONS⁶, 77% of the population age 16-64 are working. Applied to our estimate of the working age population accommodated by the proposed residential floorspace, we arrive at a yield of 340 to 610 employed residents.

3.42 On the assumption that the relationship between place of work and place of residence will be the same as revealed by the 2011 Census, we would expect 25 to 40 residents to work from home, 130 to 240 to work in Birkenhead (including the indicative Masterplan area) and a further 80 to 150 to work elsewhere in Wirral.

⁵ ONS 2018-based Household Projections, published 29 June 2020

⁶ Annual Population Survey, December 2018 to December 2019

- 3.43 The GVA per annum associated with these employed residents amounts to £6.4m to £11.6m generated by the residents assumed to be employed in Birkenhead and a further £3.3m to £6m by the residents assumed to be employed elsewhere in Wirral.
- 3.44 GVA is a measure of a business's profits plus the amount the pay in wages. Wages are likely to be bulk of resident income which is then used to purchase consumer goods. We estimate that consumer spend by the new resident population will range from £7.3m to £13.3m, a significant proportion of which is likely to be spent locally, within Birkenhead.

iv) Conclusion

- 3.45 Realising the Birkenhead Town Centre Indicative Masterplan would support the creation of 1,300 to 3,500 net new jobs in Birkenhead, of which 440 to 1,150 could be taken up by residents of the town and further 600 to 1,600 taken up by residents from elsewhere in Wirral.
- 3.46 After allowing for residents who move from another job (that is not backfilled) to take a new employment opportunity created in the indicative masterplan area and the supply chain and expenditure effects of these new opportunities, the total benefit would be 350 to 950 additional Birkenhead residents in employment plus 500 to 1,300 additional residents living elsewhere in Wirral in employment. In this would add £39m to £96m GVA per annum to the economy.
- 3.47 In the context of relatively high economic activity rate locally, the new homes delivered through the indicative masterplan can be expected to drive consumer spend of about £7m to £13m per annum and accommodate a working age population of 440 to about 790 persons from which we estimate 130 to 240 could be employed in Birkenhead, supporting job growth there.