

6. Socio-Economics

Overview

6.1 In this section we present an analysis of the socio-economic context within Wirral and Greater Merseyside against which proposals for Wirral Waters will be developed. In doing so we draw upon a more detailed report which considers this socio-economic context and is included here at **Appendix 5**.

Data Sources and Representation

6.2 A wide range of different official datasets have been used to assess the social and economic context within Wirral and Greater Merseyside. Each of these datasets is fully referenced throughout our full report (Appendix 5) and together cover a wide range of issues including:

- Regional Gross Value Added (as a measure of economic output);
- Employment and Enterprise;
- Deprivation;
- Labour Markets;
- Skills and Education;
- Health;
- Housing; and
- Crime.

6.3 In order to consider the future economic development and regeneration prospects for Wirral and the Liverpool City Region¹ we also draw upon economic and employment growth scenarios² produced in order to inform the development of the Liverpool City Region Development Programme.

6.4 This section also draws upon a review of key strategic documents on economic development, regeneration, healthcare and other issues (referenced through the Policy & Literature Review at Appendix 1) and upon discussions with representatives of the following organisations:

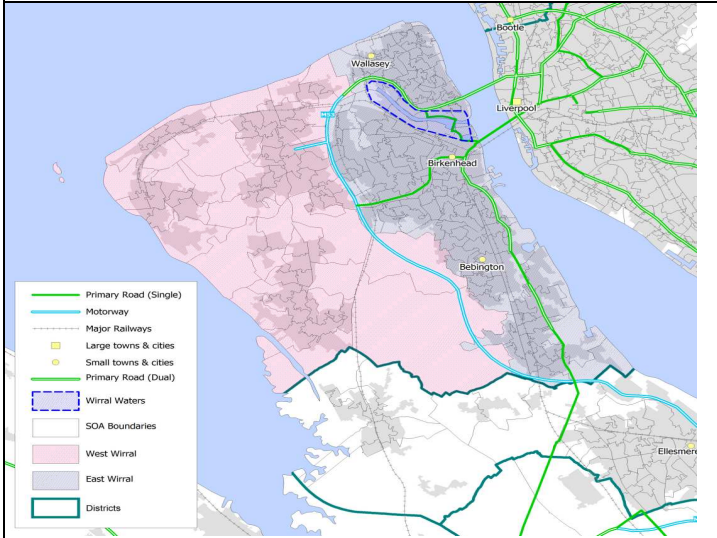
- Wirral Metropolitan Borough Council;
- The Mersey Partnership;
- North West Regional Health Authority;
- Wirral Waterfront;
- Greater Merseyside Connexions;
- Greater Merseyside Learning and Skill Council; and
- Wirral Chamber of Commerce.

¹ Greater Merseyside plus adjacent districts.

² *'Liverpool City Region Economic Projections and Prospects'*, Cambridge Econometrics and SQW Consulting, October 2007.

- 6.5 The analysis and presentation of these datasets has been undertaken at a number of different spatial geographies. In most cases data for the local authority district of Wirral is presented. However, this appraisal has also sought to delve beneath the district level in order to develop a more accurate assessment of how conditions vary across Wirral. Where particular datasets allow, the analysis focuses on sub-district spatial units such as Super Output Areas or SOAs (small geographical units in the administration of the 2001 Census).
- 6.6 These SOAs are used as the building blocks to create additional geographical units for analysis. These include “East Wirral” and “West Wirral” (see Figure 6.1 below) and “Wirral’s Most Deprived” (those SOAs that fall within the top 10% most deprived in England).
- 6.7 Where datasets permit, the appraisal also provides sub-regional, regional and national comparators in order to place conditions in Wirral in perspective. Where data is available at district level, it is aggregated up to the level of Greater Merseyside.

Figure 6.1 East and West Wirral defined by Super Output Areas



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Economic Performance

- 6.8 The development of Wirral as an industrial and commercial centre is inextricably linked to the growth of, and change within, maritime industries. Shipbuilding and port operations were central to Wirral's economic development in the nineteenth and twentieth centuries and continue to make their mark on economic development prospects today, shaping labour market conditions and providing a distinctive legacy of industrial and commercial sites and premises. At its height, the shipbuilder Cammell Laird employed more than 16,000 workers and supported a large local maritime industry supply chain.
- 6.9 However, employment at the shipyards was down to just a few hundred workers in 1993 when the last ship to be built on the Mersey was launched. The decline of port employment in Merseyside and elsewhere is well documented, with massive productivity improvements (most notably the unitisation of cargo) driving sharp reductions in employment at ports across the world despite rising cargo volumes.
- 6.10 A range of new employers have been attracted to Wirral over a number of years, helping to diversify the economic base. These include both major international firms and indigenous enterprises, broadening the economic base to include sectors such as food & drink, pharmaceuticals, biotech, electrical engineering and chemicals.

- 6.11 However, a number of these industries remain exposed to further decline. There has been a major expansion of service sector employment, although too much of this has been in lower-value added activities.
- 6.12 Today, Wirral is an economy that does not punch at its weight. Levels of wealth generation as measured by Gross Value Added (GVA)³ are low. In 2004 Wirral had a GVA per capita of just £9,891. This is significantly lower than GVA per capita in Merseyside (£12,448) and the North West (£14,994) and represents only 56.7% of the UK average⁴ (see Figure 6.2).
- 6.13 This low GVA per capita reflects both the relatively small and low value economic base within Wirral but also the role that Wirral plays in wider sub-regional and regional labour markets, with Wirral acting as a significant net exporter of labour to employment market in Liverpool, Chester and elsewhere⁵. A high proportion of these out-commuters fill higher value Managerial and Professional occupations.

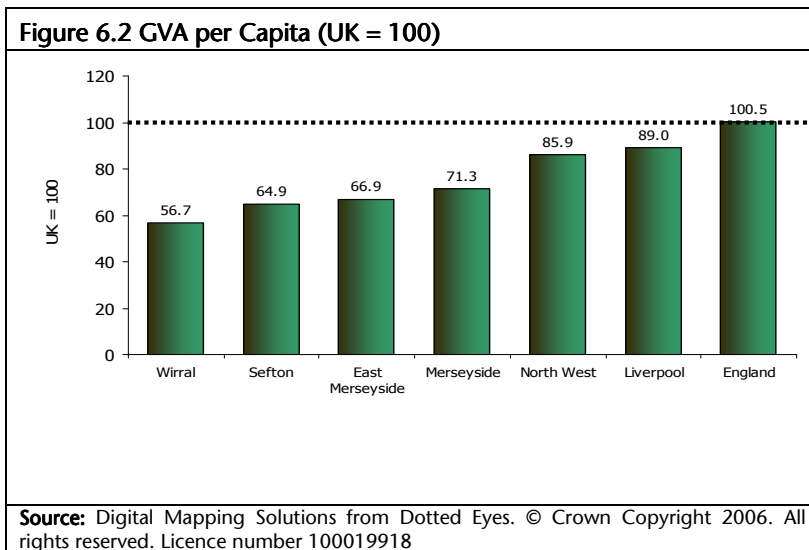
³ GVA is a measure of the contribution to the economy of each individual producer, industry or sector in the UK. It represents the output or surplus generated from selling products and services less the costs of production.

⁴ *Regional, sub-regional and local Gross Value Added (GVA)*, Office for National Statistics.

⁵ Statistics for regional, sub-regional and local GVA are compiled on a workplace rather than a residence basis.

A residence (as opposed to workplace) based analysis of GVA per head would show that residents of Wirral play an important role in wealth generation within the Liverpool City Region.

workplace based earnings across Merseyside and 89% of those in the North West⁶.



6.14 This low level of wealth generation in Wirral is reflected in data on the average earnings of those in employment, as well as high levels of worklessness (discussed below). Workplace based earnings (the earnings of those who work in the district) stand at 92% of average

6.15 However, residence-based earnings are relatively high with mean weekly pay in 2004 9% higher than that in Merseyside and 6% higher than in the North West. Again, this pattern reflects the ability of many residents in Wirral to access higher paid employment outside Wirral and the low-value added nature of employment within Wirral itself. However, the higher average of residence based earnings across Wirral masks significant differences between the eastern and western parts of Wirral.

6.16 Not only are levels of wealth generation in Wirral low, they are also growing more slowly than those across Merseyside, the North West and the UK, and as a result the economy of Wirral is falling further behind. In 2004⁷, total GVA generated in Wirral stood at £3.1bn having grown at an average annual rate of 4.0% since 2000, compared to 5.5% across Merseyside and 5.6% in the UK.

6.17 Despite a prolonged period of economic and employment growth nationally, employment in Wirral has actually fallen in recent years. Between 1998 and 2005 the total number of employee jobs in Wirral

⁶ 'Annual Survey of Hours and Earnings', Office for National Statistics, 2006.

⁷ Latest year for which data is available.

fell by some 6,600 jobs (- 6.4%) to 97,300⁸ (with employment gains followed by significant losses, especially between 2001 and 2003). This contrasts sharply with strong employment growth across Greater Merseyside (+ 7.9%) over the same period and England (+ 8.4%). This reduction in employment has been led by the *Manufacturing* sector, which shed some 4,000 jobs (60% of the jobs lost in this period). The *Real Estate, Renting and Business Services* sector (a broad based sector which includes key employment drivers such as business, financial and professional services) has been at the forefront of employment growth in Greater Merseyside (rising by 33%), the North West and England (both 26%). However, in Wirral this sector has *contracted*, losing one in ten jobs between 1998 and 2005.

6.18 Moreover, it is those areas of Wirral – almost exclusively within eastern Wirral and very often in close proximity to the Wirral Waters site – suffering from the highest levels of deprivation that have borne the brunt of this employment loss. *Wirral's Most Deprived Super Output Areas* (those that fall within the top 10% most deprived in England) have lost almost 4,900 jobs within the last two years for which data is available (2003 – 2005). This represents 84% of all employment lost across the district in this time.

⁸ 'Annual Business Inquiry' Office for National Statistics, 2007)

6.19 The relatively low-value added nature of Wirral's economy is best illustrated by an assessment of the sectoral composition of its employment base. A location quotient analysis⁹ of employment – assessing the importance of employment in key sectors within Wirral relative to the English average – shows that a number of the nationally important higher value added service sectors are underrepresented.

6.20 Not only are a number of important growth sectors under-represented in Wirral but there is also an over-representation of sectors which are undergoing long term decline (particularly in employment terms). Despite a fall of 26% in the period 1998 – 2005 there appears to be scope for further significant employment loss within the *Manufacturing* sector.

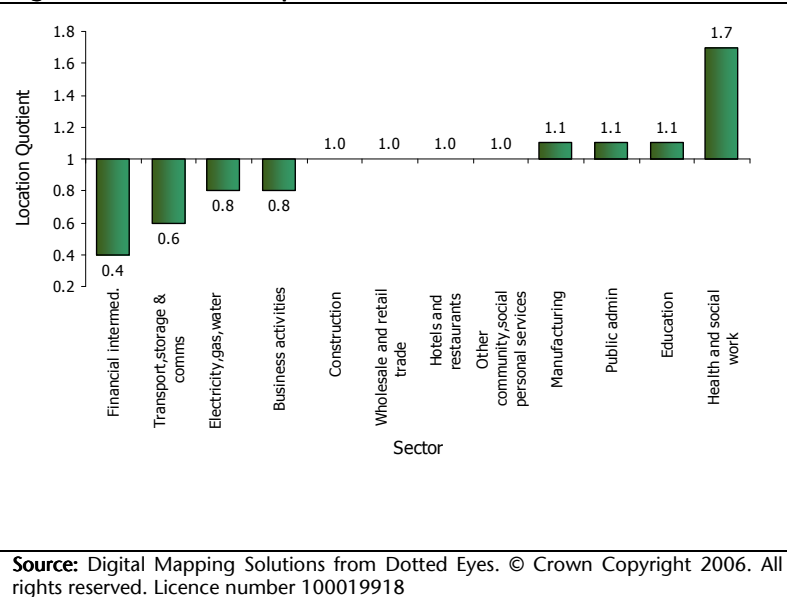
6.21 In Wirral this sector still accounts for 15% of total employment compared to 13% in England and the risk of further significant employment loss is exacerbated by the profile of Wirral's *manufacturing* sector, in which a small number of mature industries

⁹ Location quotients are used to assess the extent to which a sector is under or over-represented in a particular area, comparing the significance of the sector in that area to the scale of the sector nationally. A location quotient (LQ) of 1 indicates that the significance of the sector in the local area is the same as that nationally. A LQ of less than 1 indicates that the sector is significant locally than nationally whilst a score of more than 1 indicates the reverse.

are significantly over-represented. The food manufacture, chemicals and petrochemicals together account for 60% of all *Manufacturing* employment and are heavily focused in eastern Wirral.

sectors account for a relatively large proportion of total employment. For example, the *Retail* sector in Wirral accounts for 13% of total jobs and employs over 13,000 full and part-time workers (a level of employment which is some 20% (2,600 jobs) higher than that implied by the average nationally).

Figure 6.2 Sectoral Composition in Wirral (GB = 1.0)



6.22 As elsewhere, the loss of manufacturing employment has to some extent (and in numerical terms) been countered by the growth of the service sector. However, too much of this new service sector employment has been in lower-value added sectors (often drawing on already weakened local markets). A number of these service

6.23 The strength and dynamism of Wirral’s economy is further constrained by a relatively weak enterprise culture. In 2005 there were only 22 VAT registrations per 10,000 resident adults (a reasonable but not ideal proxy for business starts), compared to 38 in England. Wirral is some 385 VAT registrations per annum short of the national rate.

6.24 However, even if this were to be achieved it will take many years before the gap in terms of business density (total stock of VAT registered firms per 10,000 adults) is closed, with Wirral some 4,200 firms short of the national rate. This lack of dynamism constrains the rate at which the economy of Wirral can create employment, generate wealth and seize new opportunities.

6.25 These issues – a relatively small and lower-value added economic base with lower levels of enterprise – are longstanding and have made their mark on the physical, economic and social fabric of Wirral, particularly eastern Wirral.

- 6.26 Many areas are currently trapped within a *low-value equilibrium* in which a range of factors serve to further restrict prospects for economic growth and regeneration. These include lower earnings, reduced economic and employment opportunities, poor quality sites and public realm, lower levels of educational attainment and lower private investment (from residents and firms).
- 6.27 Despite many previous and ongoing efforts (outlined in Section 2) to regenerate neighbourhoods and commercial areas many parts of Wirral lack (or are perceived to lack) the *supply-side offer* – high quality sites and premises, attractive living and working environments and large reserves of skilled labour – required to attract new investment in housing, commercial property and employment.

Socio-Economic Conditions

- 6.28 Having reviewed the performance of Wirral's economy in recent years, a short overview of socio-economic conditions in Wirral is provided below. In doing so, consideration has been given to both conditions in Wirral as a whole but also the ways in which these conditions vary *within* the district.
- 6.29 In particular, the pronounced variations in conditions between many parts of eastern Wirral and those in western Wirral have been

highlighted. A more detailed assessment of these conditions can be found in Appendix 5.

Demographics

- 6.30 Wirral's population has been in long-term decline. In the years 1981-2006 it is estimated that Wirral's population fell by 29,300 people (- 9%). Just over half of this reduction (15,100) is thought to have occurred in the years between 1995 and 2006. As with population loss across Greater Merseyside as a whole the latest Mid-Year Population Estimates suggest that this decline had slowed to a virtual halt (just 500 people or 0.2% per annum 2002-2004) in recent years¹⁰. However, data for the last two years shows that population loss has accelerated to an average of 1,100 people per annum.
- 6.31 Population loss in Wirral is driven primarily by reductions in the number of working age adults in the 25-39 year age group. This important segment of the workforce – people at an age when they might be expected to focus on and build their careers, often moving into management and other positions of increased responsibility and reward – shrunk by 22% (15,100) in the years 1995-2006. This loss can to a large extent be seen as a result of the failure of Wirral (and the wider area) to offer an adequate volume and range of opportunities for employment and career progression.

¹⁰ 'Mid-Year Population Estimates'. Office for National Statistics, 2007)



Labour Market

- 6.32 The economic activity rate is an important measure of labour market health, representing the proportion of working-age adults who are in employment or wish to be in and are seeking employment. Like Greater Merseyside as a whole, economic activity rates in Wirral are relatively low but have increased strongly in recent years as a higher percentage of working age adults enter the labour market (rising from 71.4% in 2000 to 75.8% in 2006¹¹), reflecting in part the increase of employment opportunities in the wider labour market. However, in order for Wirral to match national economic activity rates a further 13,000 working age adults would need to re-enter the labour market.
- 6.33 The 2001 Census shows that levels of economic activity, and therefore *inactivity*¹², vary significantly across Wirral. In Wirral's Most Deprived Super Output Area's (those in the top 10% most deprived nationally) almost half of the working age population is inactive i.e. not participating in the labour market.
- 6.34 Activity rates in these areas – many of which are in close proximity to the Wirral Waters site and which account for approximately 25% of Wirral's total population - were found to be running at just 53%.

¹¹ 'Labour Force Survey', Office for National Statistics, 2007).

¹² 'Census 2001', Office for National Statistics.

This, together with higher levels of unemployment in these areas, demonstrates the scale of the worklessness challenge in these areas, with less than 1 in 2 working age adults in employment (an employment rate of 46%).

- 6.35 The rise in the economic activity rate across Wirral is reflected in recent increases in the employment rate (the proportion of working age adults in employment) in Wirral and Greater Merseyside. In Wirral, the employment rate rose by 6% points to 71.7% between 2000 and 2006. Again, however, there is a substantial gap – equivalent to an extra 15,700 people in employment - between Wirral's employment rate and the national average (74.4%).
- 6.36 Wirral plays an important role within the wider labour market of the Liverpool City Region, with a daily out-migration of 40,000 workers¹³. Four in ten of these workers (17,500) travel into Liverpool. Over half of these out-commuters are employed in the higher value *Managerial* and *Professional* occupations.

Education and Skills

- 6.37 At a district level, Wirral demonstrates relatively good levels of educational attainment. A relatively high proportion (23.8%) of its working age population hold higher level, NVQ 4+ (Degree level or

¹³ *Ibid.*

higher) qualifications, close to the regional (24.0%) and national (26.2%) averages.

- 6.38 However, as in Greater Merseyside as a whole, there is a significant proportion of working age residents who hold no formal qualifications at all (17.9% of working age residents compared to 14.1% in England). This represents some 32,700 individuals who are at heightened risk of labour market exclusion and employment instability, contributing to the relatively low value nature of employment opportunities and poor levels of wealth (GVA) generation in Wirral.
- 6.39 An analysis of Census 2001 data shows that the problem of no and low level qualifications is again particularly pronounced within the most deprived parts of Wirral, which are generally located in close proximity to the Wirral Waters site. 43% of working age residents in Wirral's Most Deprived SOAs hold no qualifications (some 22,500 people).

Housing

- 6.40 House prices in Wirral have, in line with national trends, grown considerably over the last decade. By the end of 2005 average house prices in the district had risen by 161% (+£86,700) to £140,720

from £54,015 in 1996¹⁴. This high figure is skewed due to the high prices for larger, more suburban properties available in West Wirral.

- 6.41 However, despite such increases the designation of the Housing Market Renewal Initiative (HMRI), *New Heartlands*, in East Wirral in close proximity to the Wirral Waters site, reflects the problems of housing market failure and low demand within some neighbourhoods in the district.
- 6.42 Despite efforts to renew the housing market in this part of the Wirral recent evidence from ECOTEC's HMRI Position Statement 2006¹⁵ highlighted the challenges ahead for these neighbourhoods. Between February 2005 and February 2006 house prices within the HMRI area actually fell by 2.3%, houses were taking longer to sell, and vacancy rates were significantly higher than across Wirral.
- 6.43 Set against a backdrop of housing market growth more generally across Wirral, it is clear that stimulating demand for residential properties in this area will continue to be a substantial challenge and requires a concerted and holistic approach to housing market renewal, neighbourhood regeneration and economic development.

¹⁴ *Residential Property Price Report*, Land Registry, 2006.

¹⁵ *'New Heartlands: Position Statement 2006'* ECOTEC, 2006.



Deprivation

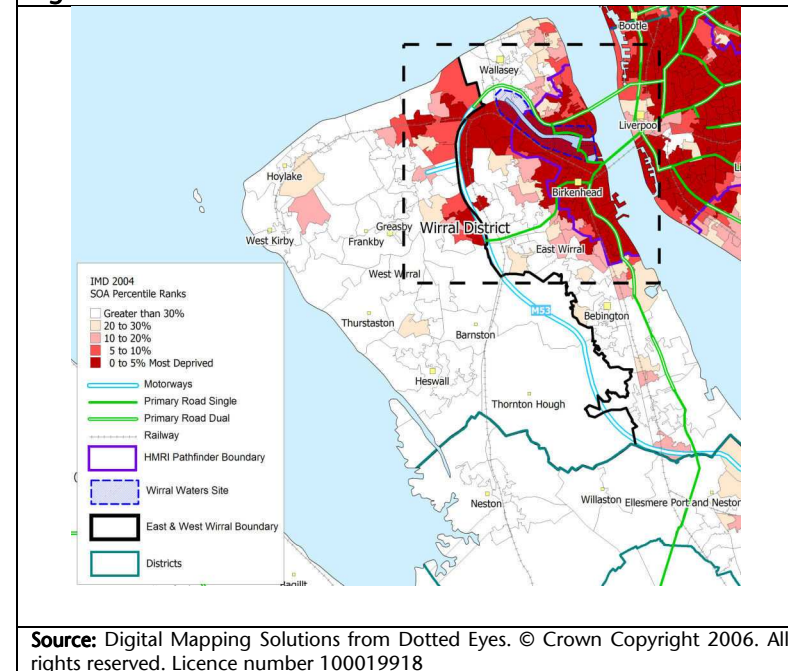
6.44 The Index of Multiple Deprivation (IMD) 2004¹⁶ presents the most up to date assessment of deprivation across England at a district and SOA level. Wirral district is ranked the 75th most deprived district in England (placed within the second most deprived quintile nationally), and the 19th most deprived in the North West region.

6.45 However, deprivation within the district is extremely polarised. There are stark contrasts across the district, with some very affluent and less deprived areas, as well as some of the most deprived areas nationally with high concentrations of multiple deprivation (e.g. health, income, employment, poor housing and environment).

6.46 Figure 6.4 illustrates this polarisation of deprivation at an SOA level across Wirral. Apart from some pockets of deprivation along the boundary between East and West Wirral, West Wirral does not suffer from large concentrations of severe deprivation.

6.47 However, analysis in East Wirral shows that this area contains the majority of the districts most deprived SOAs. Of 133 SOAs in East Wirral approximately a quarter are classified as being in top 5% most deprived nationally. The proposed Wirral Waters development would be located at the heart of this deep concentration of deprivation.

Figure 6.4 IMD 2004



Health

6.48 Average life expectancy at birth across Wirral for males (75.4 years) is relatively close to the England average (76.6 years) and higher than the North West average (75.1 years)¹⁷. A similar pattern emerges for female life expectancy (80.2 years in Wirral, 79.7 years in the North

¹⁶ 'Index of Multiple Deprivation 2004' Office for National Statistics.

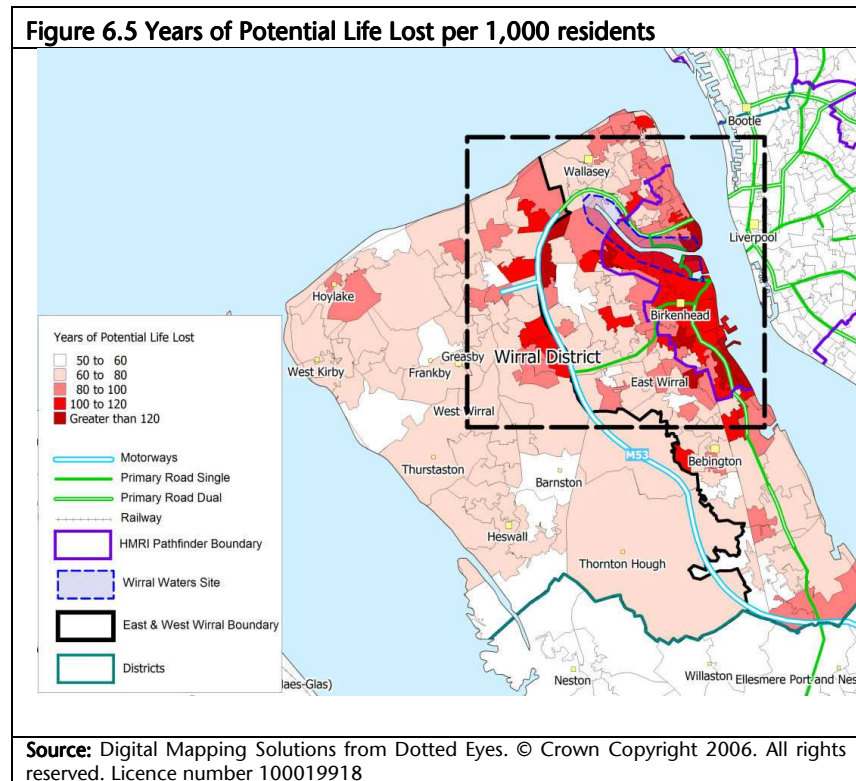
¹⁷ 'Census 2001' Office for National Statistics.

West and 80.9 years in England). An analysis of Standardised Mortality Ratios¹⁸ shows that mortality rates (at 106) are slightly higher than the national average (100), but are significantly lower than those elsewhere in Merseyside (for example, Knowsley 130, Liverpool 127, Halton 120)¹⁹.

6.49 However, this relatively positive position at a *district level* appears to mask the higher mortality rates which occur within particular areas of Wirral. Using one of the IMD 2004 datasets – Years of Potential Life Lost – it becomes clear that life expectancy in East Wirral is significantly lower than that in West Wirral.

6.50 Wirral Primary Care Trust has identified the major causes of premature mortality within Wirral, with these issues most pronounced in East Wirral. These are coronary heart disease, digestive disorders (including cirrhosis), self-harm and lung cancer linked to smoking. These and other conditions (and lifestyles and living conditions associated with them) also play a major role in the higher levels of illness in Wirral. In the 2001 Census 23% of residents in East Wirral reported having a long term illness, health problem or disability which limits their daily activities or the type of

work that they can do, compared to 17.9% in England. This rises to 28.2% in Wirral’s Most Deprived SOAs.



¹⁸ SMRs compare the actual number of events in an area with the *expected* number of events based on the mortality rates of a reference population (England and Wales). It provides a ratio of the observed to expected numbers of deaths, taking account of demographic variations.

¹⁹ ‘Standardised Mortality Ratios’, Office for National Statistics.

6.51 These high levels of ill health are an important labour market issue. As discussed above, Wirral suffers from high levels of economic inactivity and in those areas where inactivity is greatest it is illness

and disability which is the primary driver. In Wirral's Most Deprived SOAs 31.6% of the population is inactive due to sickness or disability, compared to 18.4% in West Wirral.

Crime

- 6.52 The IMD 2004 shows that residents of East Wirral suffer from relatively high levels of crime in their communities. The IMD's Crime domain is based on offence rates for burglary, theft, criminal damage and crimes of violence. Whilst none of the SOAs in West Wirral fall within the top 30% nationally, all of those in East Wirral do. Moreover, a significant number of these SOAs in East Wirral are within the top 5% and top 10% nationally, and these SOAs are typically in close proximity to the Wirral Waters site.
- 6.53 Data on crime from Wirral MBC's Neighbourhood Renewal unit shows that the local crime reduction partnership is having some success in reducing crime and has made good progress towards its crime reduction targets. This has included progress on a number of key offences which have a disproportionate impact on residents' quality of life, including thefts of/ from motor vehicles, anti-social behaviour and business burglary.

Future Economic Development Prospects

Future Economic Scenarios

- 6.54 Here we draw upon scenario analysis²⁰ undertaken in 2007 in support of the Liverpool City Region Development Programme. These scenarios model the performance of the economies of the Liverpool City Region and its constituent districts (including Wirral) under a range of conditions up to 2020 (at 2001 prices). A fuller review is provided in Section 5 of our full report (see Appendix 5).
- 6.55 The Baseline Scenario (Scenario 1), in which the City Region continues to underperform relative to the North West and UK, results in an improvement on long-term growth rates but continued divergence in terms of GVA per capita.
- 6.56 However, as noted by the report's authors, future prospects for Merseyside and the Liverpool City Region are unlikely to follow a 'business as usual' path as a result of recent and ongoing improvements in the physical environment of the economy (sites and premises etc.). In assessing all the strategically significant development projects either in delivery or planned, it is estimated that there is the potential to create 120,000 gross jobs above trend by 2020 (Scenario 2) if all were delivered to their full potential. It is

²⁰ *'Liverpool City Region Economic Projections and Prospects'*, Cambridge Econometrics and SQW Consulting, October 2007.

estimated that 62,000 (51.7%) of these jobs may be displaced from elsewhere in the City Region. Despite this, if achieved, these projects will result in the Liverpool City Region achieving higher growth than, and therefore convergence with, the UK as a whole.

6.57 It is also notable that a high proportion of the growth associated with the development projects is expected to come from those projects that are either in delivery or soon to enter delivery. The authors estimate that by 2015, only 18% of the potential impact on the economy forecast by 2020 is from *pipeline* projects (those at a much earlier stage in the planning and development process). Beyond 2020, this situation changes as the two major pipeline projects, Wirral Waters and Liverpool Waters are modelled as potentially coming *on stream*.

6.58 The level of GVA per worker in Scenario 3 is similar to that under the Baseline (trend-based) scenario. This reflects an assumption in Scenario 2 about labour productivity (with no major increases in the productivity achieved within individual sectors) and the sectoral composition of the above trend activity (with 40-45% of jobs directly linked to the strategic projects falling within relatively low value-added/ low productivity sectors such as retailing, distribution, hotels & catering and other leisure/tourism related services. The scenario analysis also clearly demonstrates the importance of not only securing an expansion of output but of **securing major improvements in productivity**.

6.59 Whilst vital, then, the delivery of a higher quality physical commercial environment will not alone meet partner's aspirations for economic growth. The authors note that in order for these aspirations to met, the new sites and premises delivered must be filled with nationally and internationally competitive firms that are able to create and sustain significant numbers of higher value-added, higher paid jobs. Moreover, local partners must ensure that the workers in these jobs choose to live as well as work within the Liverpool City Region rather than commute in from outside. Creating the residential and quality of life offer to attract and retain these more highly skilled residents is vital to capturing the full economic impact of these new developments (e.g. harnessing the multiplier effects associated with increased disposable incomes).

6.60 To this end, there are a number of key and long-term challenges identified:

- Creating and maintaining an attractive residential offer and a strong quality of life (housing, schools, neighbourhoods etc.) offer in order to attract and retain skilled residents.
- Address current and future skills deficits in the existing workforce.
- Expanding the labour force through migration and action to bring more existing residents into the labour market, removing barriers to employment and encouraging job retention and progression

- Attracting and developing higher value added activity at an accelerated rate, particularly through the expansion of higher value added business services activity. Attracting inward investment and a substantial increase in levels of indigenous entrepreneurship will be key to this.
- Action to improve labour productivity. Irrespective of sectoral composition, there is an ongoing and pressing need to ensure that productivity across the economy is improved (e.g. improving basic skills, encouraging the development of higher level skills).

Future Economic Development and Regeneration Programmes

6.61 A full review of the economic development and regeneration policy context against which proposals for Wirral Waters will be developed is provided in Appendix 5. The key messages to be drawn from this review are:

- **The importance of raising Gross Value Added (or output):** Closing the £29bn output gap with the rest of England is the primary goal of the Northern Way and this need to increase GVA – the total value of economic activity - is reflected in the North West RES, sub-regional policy documents and in Wirral’s local economic development policy documents. This will require a substantial expansion of local and regional economies.

- **The need to promote accelerated change in the nature of the business base:** Despite recent good progress the economies of the North West, Liverpool City Region and Wirral still contain an over-representation of lower valued-added and mature industries, and an under-representation of higher value added and higher growth activities. Reversing this pattern through attracting and developing a larger business base in a range of higher value-added target sectors, such as business, financial and professional services, is a core goal and will be central to efforts to raise productivity.
- **The need to compete for and win investment internationally and domestically:** Economic development policy at all levels is built upon a firm understanding of the need to compete for and win investment internationally.
- **Boosting levels of enterprise and entrepreneurship:** The role that an enterprise deficit plays in restricting economic growth is well recognised and many of these strategies identify a range of actions to boost start-up and survival rates and to encourage existing firms to be more ambitious and enterprising.
- **The increased importance of private sector investment in economic development and regeneration:** Public sector resources allocated to economic development and regeneration in Merseyside – particularly for physical development – are set to contract. This further emphasises the importance of attracting and maximising

the impact of private sector investment in order to maintain and build upon the good progress of recent years and to tackle the major challenges that remain.

- **Maximising the impact of public sector investment:** Despite the reduction in public sector investment in economic development and regeneration over the next few years, significant funds will continue to be available, including via the £2bn national fund for investment in deprived neighbourhoods announced in the Comprehensive Spending Review (October 2007), continued NWDA investment, the Objective One Transitional Programme, ongoing investment in HMR areas and via Wirral's Local Area Agreement. It will be vital to ensure that public and private sector investment in economic development and regeneration are combined effectively, particularly in efforts to link opportunity and need. The City Employment Strategy being developed for the Liverpool City Region provides a strong framework through which to plan and deliver key actions to match demand for and supply of labour across a wide area.
- **Developing and exploiting key assets:** Northern Way policy, the RES and sub-regional policy all place great emphasis on the importance of improving and exploiting key assets and opportunities in order to attract investment and to raise competitiveness. In Merseyside, the importance of exploiting

waterfront opportunities on both sides of the Mersey (in Liverpool and Wirral) is emphasised.

- **Attracting and retaining skilled workers:** There is a strong recognition of the need to attract and retain skilled workers in order to ensure that businesses are able to draw upon well-qualified and able staff. This requires the ability to offer a high quality of life, including suitable employment, residential and leisure opportunities.

Conclusions

6.62 The above analysis has demonstrated that the performance of the economies of Wirral, Greater Merseyside and the wider Liverpool City Region lag those of the North West and UK by some considerable margin. This poor performance has a number of important drivers, including:

- **Sectoral Composition:** An analysis of the sectoral composition of Wirral's economy shows that a number of important higher value added service sectors are under-represented. Increasing both the absolute level and the proportion of total employment accounted for by these and other higher value added sectors, which tend to trade outside of the local economy, is a key strategic aim for partners in Wirral, Greater Merseyside and the Liverpool City Region. Not only are a number of important growth sectors

under-represented in Wirral but there is also an over-representation of sectors which are undergoing long-term decline.

- **A substantial skills deficit:** A high proportion (17.9% compared to a 14.1% national average) holds no qualifications at all. This equates to some 32,700 working age adults. These residents, who are at great risk of labour market instability and exclusion, are disproportionately concentrated within eastern Wirral.
- **Low productivity:** Both sectoral composition and the skills deficit contribute towards the emergence of a low productivity and low wage economy.
- **A major enterprise gap:** Wirral and Greater Merseyside also suffer from a profound business and enterprise gap which acts as a major brake on the economic growth prospects of Wirral, reducing the rate at which employment can be created and restricting Wirral's ability to seize new opportunities and create new wealth. Partners in Wirral are seeking to address this through the development of the recently prepared Wirral Enterprise Strategy, which sets out a range of actions to help achieve three Priorities – Creating an Enterprising Culture, Providing the Infrastructure for Enterprise and Building on Existing Enterprise.
- **Too few residents in Wirral participate in the economy.** Economic inactivity is a major issue in Wirral accounting for almost a quarter

of all working age residents. In Wirral's Most Deprived Super Output Areas less than 1 in every 2 working age adults holds a job. Inactivity is linked to a range of factors including high levels of ill health (one third of residents are inactive due to this) and low levels of skills amongst the resident population. The Wirral Full Employment Strategy seeks to raise Wirral's employment rate to 76% by 2012, helping an extra 9,500 residents into employment. It sets out a programme of action to raise aspirations, remove barriers to employment, promote employer engagement, ensure that education and training meets the needs of employers and action to improve job retention and career progression. The Strategy will be implemented within the framework provided by the City Employment Strategy, which will seek to link employment opportunity and need across the City Region. Proposals such as Wirral Waters will act as major drivers of economic and employment growth and it is vital that partners respond as early and as effectively as possible in order to help local people capture the resulting employment opportunities.

- 6.63 As discussed above, this prolonged underperformance has had a major impact on Wirral and can be seen in the physical, economic and social fabric of many parts of the district, most notably those in close proximity to Wirral Waters. Many of these areas are now trapped within a low-value equilibrium in which lower earnings, reduced economic and employment opportunities, and lower private investment (from both businesses and residents) serve to further

restrict prospects for economic growth and regeneration. Many of these areas have become geared towards lower-value added activities and this reflected in their physical environment, relatively low wages, low level qualifications and continued poor educational attainment. Ultimately, these factors result in high levels of complex and inter-related multiple forms of deprivation.

6.64 Sustained and ongoing economic development and regeneration efforts in Wirral have enjoyed many significant successes and have helped to re-position the economy of Wirral, minimising the negative impact of profound structural economic change and helping to develop and exploit new growth opportunities. Birkenhead and surrounding areas have been the subject of concerted regeneration activities for over 20 years, with investment from the Urban Programme, Citylands, City Challenge and subsequent Single Regeneration Budget, Neighbourhood Renewal Funds, EU Structural Funds and Housing Market Renewal funding²¹. However, despite these ongoing efforts to regenerate neighbourhoods and commercial areas the scale of the economic challenge is such that many parts of Wirral currently lack, or are perceived to lack the *supply-side offer* (in terms of the *quality* of sites and premises, housing, quality of life and labour market skills available), to attract the *demand-side* of more and higher value-

added economic activity on which sustainable economic development and regeneration depends.

- 6.65 Future public sector resources for economic development in Merseyside – particularly to support physical development – are set to be reduced in coming years (although will remain significant), further emphasising the importance of attracting higher and sustained levels of private sector investment to transform Wirral's long-term prospects. This also underlines the need for local and sub-regional partners to work together to ensure that the impact of economic development and regeneration is maximised, making the most of public sector investment, and ensuring that all members of the community have the opportunity to share in the benefits.
- 6.66 Through the Local Area Agreement, key agencies in Wirral's Local Strategic Partnership have agreed clear priorities for action on economic development, enterprise, employment, quality of life, health and education. This action and investment, when combined effectively with much higher and sustained levels of private sector investment through key proposals such as Wirral Waters, presents an exciting opportunity to transform the long-term prospects of Wirral and the wider City Region.

²¹ A more detailed discussion of this investment is provided in Appendix 5.