



Comprehensive Retail-Led
Regeneration of Former
Rayware Site,
Speke Boulevard, Liverpool,
L24 9HZ

Economic Statement

April 2016

Our Ref: Q40135

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1 EXECUTIVE SUMMARY

- 1.1 This Economic Statement has been produced on behalf of TJ Morris Limited (TJM) to support a hybrid application for a retail led regeneration development at the former Rayware Site in Speke, Liverpool. The Proposed Development will include a flagship retail unit for Home Bargains, with associated garden centre, retail floorspace, a leisure, café or restaurant unit and up to 9,000m² of employment uses (Classes B1(c), B2 and B8) including details of access with all other matters reserved.
- 1.2 The report sets out the historical and economic context of this Site and the potential benefits of the development proposals in light of this context, the prevailing market conditions and the policy aims and ambitions set by Liverpool City Council (LCC).
- 1.3 The Rayware Site is located on Speke Boulevard in South Liverpool. Speke and neighbouring Garston were historically successful industrial areas but the decline of manufacturing has left Speke with a legacy of high unemployment and underinvestment. The Speke-Garston area has been the focus of a number third sector initiatives since 1996 aimed at both the physical regeneration of derelict industrial land and social and educational support for the local residents to increase employment potential and reduce deprivation.
- 1.4 Significant progress has been made over the years of intervention, with nationally and internationally significant firms locating here and environmental improvements and community initiatives strengthening the local economy and improving quality of life. Nonetheless unemployment and deprivation remain very high and progress has been stalled by the recession. The Rayware Site is part of this legacy: it has been vacant for 13 years continuing to blight Speke Boulevard and Venture Point, detracting from the improvements that have been made elsewhere along the road, which is the principal arterial route serving the south of the city.
- 1.5 As a result of the historical economic challenges faced by Liverpool, and those that still persist, Liverpool City Council has produced planning policies aimed at ensuring that employment land for B1, B2 and B8 uses is protected (including the Rayware Site). Exceptions to this policy would be considered where development would “clearly act as a catalyst to the comprehensive redevelopment of the site” and “would not prejudice” the long term development of the area for industry.

- 1.6 However, the amount of land allocated for employment uses, at both a city-wide and at a local level, is likely to significantly over-estimate the amount that will actually be required within the plan period (to 2026). Estimates of the required land have been based on a combination of over optimistic forecasts undertaken before the extent of the down-turn was understood and assumptions about the effects of falling employment density that are unlikely to be a true reflection of Liverpool's future economy.
- 1.7 In Speke-Garston in particular, falling rents and a glut of available sites, including high quality new build space and "oven ready" vacant sites, demonstrates that demand is currently much lower than anticipated by speculative developers. In its updated demand forecast, Inner City Solutions has identified the need for only 24.71ha of employment land within the SIA up to 2020, which equates to only 20% of the current available employment land supply.
- 1.8 The National Planning Policy Framework explicitly states that "plans should take account of market signals, such as land prices" and should be flexible enough to accommodate needs not anticipated in the plan to "allow a rapid response to changes in economic circumstances." Overly restrictive land use allocations should be avoided to allow flexibility of decision making in response to changes in circumstances and investment opportunities.
- 1.9 In the context of an oversupply of land in the Southern International Gateway, some land should be retained for future B class use but this should be balanced with opportunities to bring forward other types of employment-led development. This is especially important where the development of certain sites could work as a catalyst to improve the attractiveness and viability of neighbouring sites, which would be one of the most significant benefits of the proposed retail-led regeneration of the Rayware Site
- 1.10 The proposed retail element at the Rayware Site is fundamental to development coming forward here. Without the income generating capacity of the discount foodstore, the Rayware Site would remain unviable. The retail development is the key to unlocking this challenging site, bringing forward employment space in its own right as well as contributing to policy compliant B class development on the remainder of the Site.

- 1.11 The Rayware Site is constrained, due to the viability implications of the demolition of the existing buildings; and also imposes constraints on the adjacent Venture Point development by blighting its frontage and limiting the access from Speke Boulevard. If a viable use can be found for this site, it would have positive implications for Venture Point, creating a coherent block of good quality new development. Considering the quantity of available employment land within the Southern International Gateway and the prevailing economic challenges facing the area, potential development on the Rayware Site should be considered on its own merits and not be constrained by policies which limit its land use. In particular, the ability of the site to act as a catalyst for other vacant plots should be considered: the SRF highlights the potential of the Site to include a variety of uses that would contribute to the animation of the road frontage onto Speke Boulevard.
- 1.12 The proposed development would have a number of significant positive direct and indirect benefits including direct employment, financial injection and catalytic effects on the local area.
- 1.13 The proposed retail floorspace would support the viability of the development as a whole to overcome its existing constraints, and would be essential to support the infrastructure required to service the remainder of the site for B class uses and improve access to Venture Point.
- 1.14 Improved access to, and perceptions of, Venture Point would act as a catalyst so it can realise its full potential for investment and job creation. New development in a prominent location would also signpost investor confidence in Speke, essential to kick-start the local economy again as the area begins to emerge from recession.
- 1.15 The development of a Home Bargains here would provide 100 jobs (both part and full time) in an area that desperately needs new jobs. The proposed development as a whole would create up to 320 headcount jobs. There are currently 685 job seekers (claimants) living locally who are looking for the kind of work that would be created by the proposed development – or 58% of local job seekers. Home Bargains has a dedicated in-house career development programme; its stores provide all necessary training so no prior qualifications are necessary to apply for entry level positions and long term career progression is facilitated.
- 1.16 Direct investment and construction multiplier effects of the proposed development could generate a £25million injection into the economy. Jobs on-site would contribute to the economy with an

estimated annual Gross Value Added of £7.6 million and employees on-site would have an annual combined salary of around £6.6 million.

- 1.17 Over half of this salary would be earned by employees in the retail sector and therefore is likely to include a significant proportion of local residents and those who may have been previously unemployed.
- 1.18 The operational development, including all proposed uses, would generate an estimated £570,000 of retained Business Rates for Liverpool Council (which they could direct towards chosen initiatives across the local area).
- 1.19 This report demonstrates that, in light of the supply of available employment land and the potential benefits of the proposed scheme, the loss of B class land should be justified. The scheme meets the requirement to “act as a catalyst to the comprehensive redevelopment of the site” and would “not prejudice the long term development of the area primarily for these (B class) uses” thereby complying with the UDP as well as providing significant additional local economic and employment benefits, to which the NPPF attaches significant weight in terms of decision making.

2 INTRODUCTION

- 2.1 This Economic Statement has been produced on behalf of TJ Morris Limited (TJM) to support a hybrid application for a retail led regeneration development at the former Rayware Site in Speke, Liverpool. The Proposed Development will include a flagship retail unit for Home Bargains, with associated garden centre, retail floorspace, a leisure, café or restaurant unit and up to 9,000m² of employment uses (Classes B1(c), B2 and B8) including details of access with all other matters reserved.
- 2.2 The report sets out the historical and economic context of the site and the potential benefits of the development proposals in light of this context, the prevailing market conditions and the policy aims and ambitions set by Liverpool City Council (LCC).
- 2.3 The Rayware Site is located on Speke Boulevard in South Liverpool. Speke and neighbouring Garston were historically successful industrial areas but as the manufacturing sector across Britain declined in the post war era, Speke's economy collapsed and became severely deprived with very high unemployment.
- 2.4 Significant public and private investment in recent years has kick-started regeneration and the area has begun to regain some of its industrial advantage and a cluster of nationally and internationally significant firms have located here. Improvements in economic activity and unemployment were beginning to reduce levels of deprivation. However, the recession has hindered – and to some extent reversed – this progress. New projects have been stalled, extant planning permissions have lapsed and in the absence of demand, speculatively developed floorspace and serviced plots have remained vacant.
- 2.5 The Rayware Site is part of Speke's historical legacy. In order to ensure the continued economic regeneration of Speke and Garston, the Liverpool Unitary Development plan has designated this land as a Primary Industrial Area in which B1, B2 and B8 development should be prioritised (Policy E1). However, the site has been vacant for 13 years and continues to blight Speke Boulevard and the serviced plots at Venture Point, detracting from the improvements that have been made elsewhere along the road. Given the current oversupply of industrial land and the relative constraints that this site presents (as opposed to the serviced plots at Venture Point, for example) it is unlikely to come

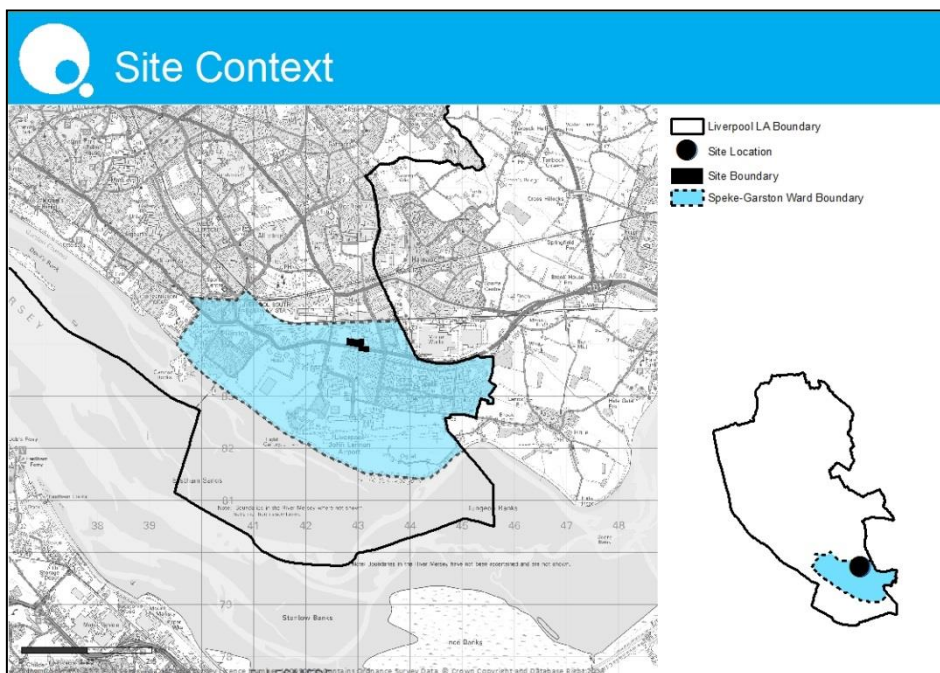
forward within the plan period if it is entirely reliant on industrial uses. Therefore, other uses should be sought for the site, especially where these could still meet the requirements set out in Policy E1, namely that development should “clearly act as a catalyst to the comprehensive redevelopment of the site” and “would not prejudice the long term development of the area primarily for these uses.”

- 2.6 The Proposed retail floorspace at the Rayware Site would facilitate delivery of development on a site that would otherwise be unviable. The retail element would be the only significant fee earning aspect of the development and these earnings would financially support the infrastructure required to bring forward the rest of the site for industrial uses and improve access to Venture Point.
- 2.7 This report sets out how the proposed development at the Rayware Site would meet the requirements as set out in policy. Given the oversupply of industrial land in the Speke-Garston area, especially in the context of post-recession revised economic forecasts, the potential for this site to be developed for alternative employment generating uses should be considered, especially where this could cross subsidise the development of additional B class uses or improve access to existing serviced plots Furthermore, the development proposals would bring about significant local benefits including investment, employment and improved perceptions that would also act as a catalyst for development in the surrounding area – in particular Venture Point - which currently represents an untapped resource. In this way, the proposed development would not only avoid prejudicing neighbouring industrial uses but could actively contribute to their attractiveness and viability.

3 THE SITE IN CONTEXT

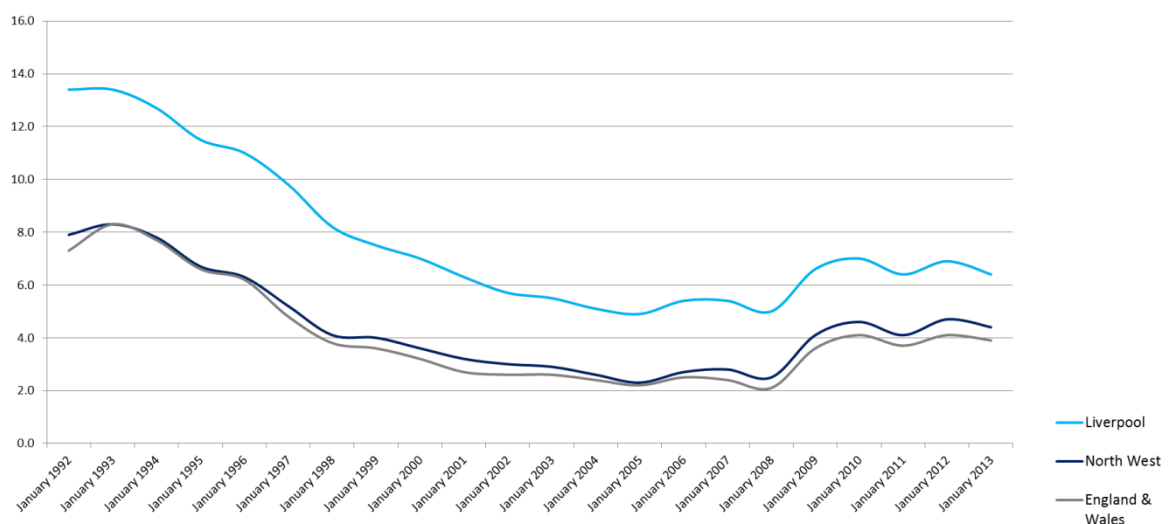
- 3.1 Speke is an area of southern Liverpool, located on the river Mersey, where the economy was historically highly dependent on the industry and on port-related activities at the Port of Garston. Following the general contraction of industry across the UK, the areas around Speke and Garston suffered from severe decline becoming a relatively isolated and highly deprived community. In 2000, Speke was the second most deprived ward in England.
- 3.2 The Rayware Site is located on Speke Boulevard in Speke Garston Ward in the south of Liverpool. The Boulevard marks the boundary of the large industrial area surrounding the site and the residential community in Speke to the south. The industrial uses stretch north of the boulevard to the railway line and down around the western border of Speke to the Port of Garston (which is a working port). Speke Boulevard (the A561) links Liverpool City Centre and towns to the east (Widness, Runcorn, Warrington). Liverpool John Lennon Airport is located just to the south of Speke which, along with the port, provides an attractive feature for potential firms. As a result of these surrounding uses, Speke is a relatively isolated community.

Figure 1: Site Context



b) Historical Context

- 3.3 Liverpool has, since the 1970s, suffered from considerable economic challenges resulting from the decline of the docks and the country's economic shift from industry to services. Liverpool's economy, so dependent on these sectors, was ill-equipped for the adjustment and years of decline and unemployment followed. Speke-Garston in particular was an area that was hit severely by the decline in industry and the residential community at Speke was the second most deprived neighbourhood in the country in 2000¹.
- 3.4 The late 1990s and 2000s saw something of an economic renaissance for Liverpool with considerable investment towards the regeneration of the docks and a rise in creative industries and tourism boosting the economy and culminating in the City being awarded UNESCO World Heritage Site Status in 2004 and European Capital of Culture in 2008.
- 3.5 Liverpool's unemployment was just under double the rate in England and Wales and the North West in the early 1990s. Between 1992 and 2007 claimant count unemployment in the city fell steadily, narrowing the gap between the level of unemployment in the city and the regional and national averages.



¹ Office of the Deputy Prime Minister, 2000, IMD

3.6 Part of Liverpool's "renaissance" was focussed on the extremely deprived areas of Speke and Garston. The Speke Garston Partnership (a working partnership between local government, business and voluntary and community groups) and the Speke Garston Development Company (SGDC), an urban regeneration delivery vehicle, were set up in 1996 to bring about the comprehensive economic, social and physical regeneration of the Speke Garston area. The SGDC received EU funding with the target to "create or safeguard 9,000 jobs."²

3.7 In 2000, SGDC chief executive Bob Lane, wrote:

"It cannot be overstated that Merseyside is recovering from a profound and acute period of market failure...The perception and image issues have damaged its ability to compete and these are slowly being remedied by the current regeneration initiatives. If the current momentum is damaged, there is a danger that self-confidence will be harmed and the next stage in the regeneration of the Merseyside economy will be even more difficult to commence."

3.8 The initiatives undertaken by the various third sector partnerships over the years were two pronged: the physical regeneration of derelict industrial land creating high quality new employment space; and social and educational support for the local residents to increase employment potential and reduce deprivation. The result was that Speke began on a path towards regeneration and over the period from 1991 to 2011, although it fluctuated quite considerably, the proportion of working age people who were economically active increased, and the proportion of these who were unemployed fell.

3.9 At the same time, investment in the physical fabric of the area has greatly improved the public realm along Speke Boulevard and new commercial floorspace developments such as Estuary Commerce Park, Liverpool International Business Park and Boulevard Industrial Park have helped to establish the area as a desirable location of regional significance³. Major nationally and globally significant firms have since located here including Jaguar Land Rover, Novartis, Eli Lilly and Astra Zeneca, challenging perceptions of decline. The map overleaf shows areas of high quality new business development and major employers in the Speke area.

² <http://www.publications.parliament.uk/pa/cm199900/cmselect/cmenvtra/714/714ap14.htm>

³ Liverpool Vision & Liverpool City Council, 2011, South Liverpool International Gateway Strategic Regeneration Framework, p. 11

Figure 2: Recent High Quality Development and Local Assets (Source: Southern International Gateway SRF)



c) Continuing Challenges

3.10 Despite this welcome and much needed regeneration, there is no cause for complacency. Speke remains amongst the wards with the highest claimant count in England and Wales, falling in the top 3% in terms of proportion of working age people claiming job seekers allowance. Deprivation levels are still amongst the highest in the country with the ward still ranking 31st most deprived in England and Wales.

Figure3: Local Deprivation

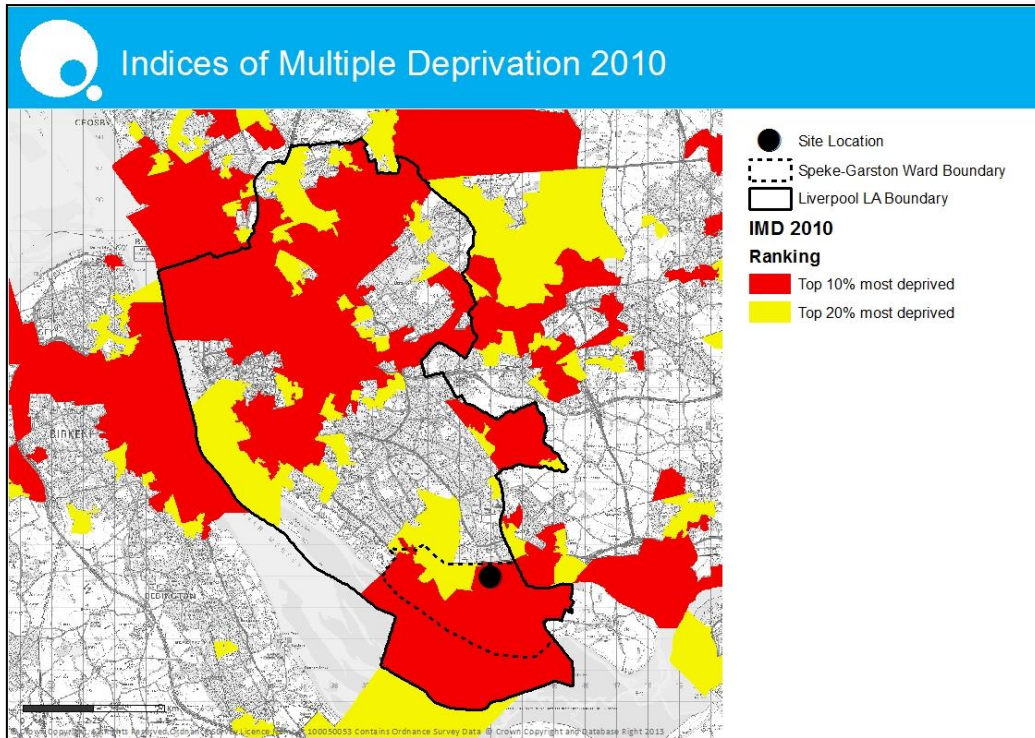
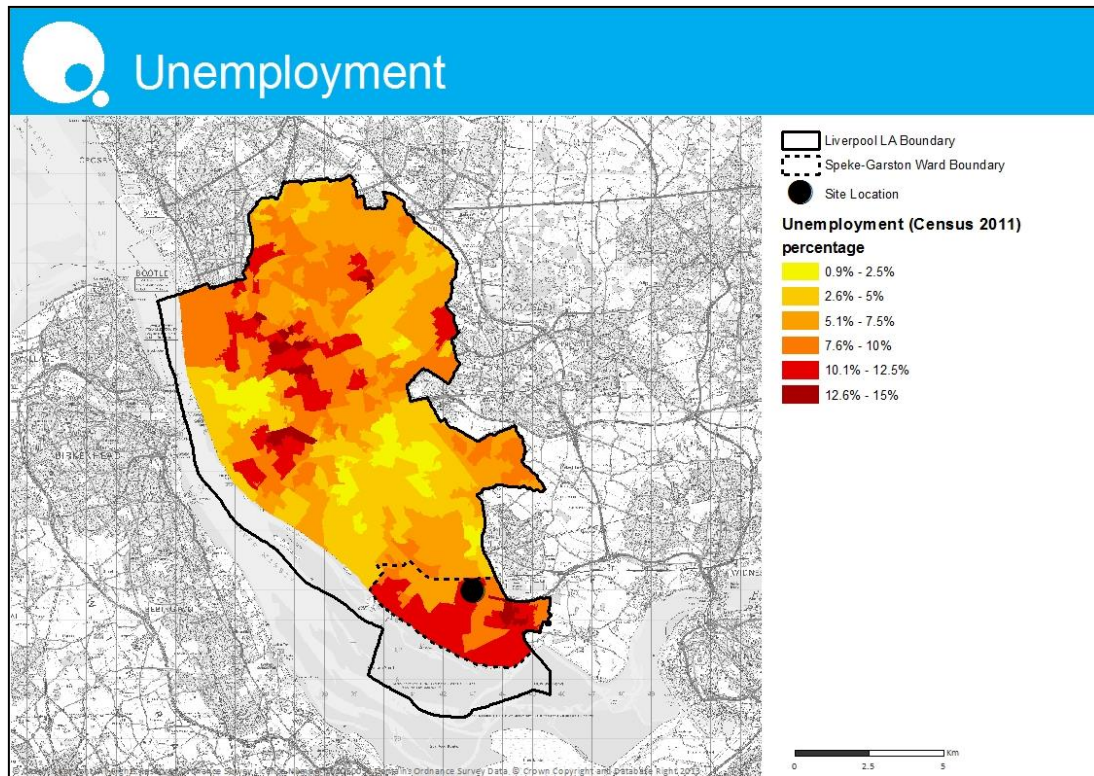


Figure 4: Unemployment (Proportion of Working Age Residents Unemployed, Census 2011)



d) Renewed Targets

3.11 In response to the persistence of deprivation in the city region – not least within areas such as Speke – policy has reinforced the need for economic development to ensure improved opportunities for local communities. The next phase of the public-sector led initiative to ensure the improvement of the Speke and Garston area is set out in the South Liverpool International Gateway Strategic Regeneration Framework (SRF) which was published in Draft in 2011⁴. The SRF states that there should be scope for new economic development that “directly benefits adjacent communities and contributes to reducing economic, environmental, education, health and other social inequalities.”

⁴ Liverpool Vision & Liverpool City Council, 2011, South Liverpool International Gateway Strategic Regeneration Framework, p. 9

The Liverpool Multi Area Agreement group (MAA)⁵ has set itself the target of reducing Liverpool's deprivation such that, in 2030 none of the UK's 5% most deprived areas are in the Liverpool City Region. The SRF states that, "this will require continued and targeted investment where it will have most impact and where there is opportunity to deliver long term change."

- 3.12 However, despite this high level of local government commitment to continued development of Speke, public sector resources to pump-prime projects has dwindled and future investment will be reliant on a more entrepreneurial approach and more private sector-led initiatives. Moreover, the current recession coincides with the termination of European funding which places an extra challenge on the City's economic recovery. There is a need to reconsider some of the optimistic forecasts about employment land demand that were made before, and in the early years of the recession and take a pragmatic approach to planning that maximises opportunities for private sector investment to kick-start the area again. Part of this pragmatism should include openness to different types of employment space and flexibility on the types of development that can come forward within designated land to encourage private sector investment.
- 3.13 In light of this context, opportunities for shovel ready development within Primary Industrial Areas should be seized and should not be compromised by land use restrictions, provided that a reasoned justification can be provided showing that the potential benefits of the scheme outweigh the negative effects. This is in-keeping with the NPPF Paragraph 14 which states that "Local Plans should meet objectively assessed needs with sufficient flexibility to adapt to rapid change unless any adverse impacts of doing so would demonstrably outweigh the benefits when assessed against the policies in the Framework taken as a whole."
- 3.14 And UDP policy E1 which states that planning permission for uses other than B1, B2 and B8 would not be permitted within Primary Industrial areas unless proposals "would clearly act as a catalyst to the comprehensive redevelopment of the site and would not prejudice the long term development of the area primarily for these (B class) uses."

⁵ *Liverpool Multi Area Agreement group cover the boroughs of Halton, Knowsley, Sefton, St Helens, Wirral and the City of Liverpool and was set up to create a "thriving city region" and overcome the significant social and economic challenges that the boroughs continue to face.*

3.15 The following sections set out how the development of the Rayware Site to include retail uses would meet these requirements: in the context of revised economic forecasts and the quantity of available industrial land, the proposed development would not prejudice the vision for Speke as a whole – to the contrary it would contribute significantly and positively to employment creation and the investment climate in Speke.

4 DEMAND AND SUPPLY OF EMPLOYMENT LAND

a) Identified Land Need

- 4.1 As a result of the historical economic challenges faced by Liverpool, and those that still persist, Liverpool City Council has produced planning policies aimed at ensuring that employment land for B1, B2 and B8 uses is protected. This is based on the aim to ensure that enough land is retained for industrial use to allow the city to reach its potential and be free of land constraints.
- 4.2 The Unitary Development Plan (UDP) states that land within Primary Industrial Areas, of which Speke-Garston is one, “should generally be protected for development of industrial/business purposes to protect and improve Liverpool’s reserve of this resource.” The Core Strategy Preferred Options paper includes the aim to ensure that an adequate supply of land is available so as not to hinder development interest and to attract investment. Based on the employment land studies undertaken in 2007 and 2010 as part of the evidence base for the Core Strategy, a requirement between 200ha and 317ha of protected employment land has been identified as needed to 2026. This is set out in GVA, Liverpool Employment Land Review Stage 3 (hereafter ELR 2009)⁶. This is set against a current Liverpool-wide supply of 266ha which is broadly assessed to be adequate to meet the city’s needs to 2026.

b) Overestimate of Need Across Liverpool

- 4.3 This level of demand appears to be an overestimate of need. The two preferred scenarios chosen by GVA to set the upper and lower limits of estimated need both include assumptions that are overly optimistic, especially in light of the continuing economic challenges in the intervening years.
- 4.4 The lower estimation of need is based on employment forecasts set by Cambridge Economics/SQW in August 2007, at the peak of the boom, which projects employment growth within Liverpool to be 12,800 additional jobs between 2008-2020 (annualised to 1,066 p.a) of which 525 p.a. would require B class floorspace.

⁶ Liverpool Employment Land Review Stage 3, p.73.

- 4.5 Revised GVA forecasts in 2009 projected a real fall in employment of 4,170 jobs across Liverpool by 2020 driven by declines across manufacturing, construction, distribution and banking and finance, and a slower rate of growth in other business services. There revised estimates indicate a fall of 3,755 jobs in B class uses by 2020. The most recent employment estimates from the Business Register and Employment Survey substantiate this projection, indicating that total employment in Liverpool actually fell by 3,000 jobs between 2007 and 2011 including significant losses in manufacturing and transport, storage and communication sectors. Therefore, the use of Scenario 5 of the 2009 ELR as the lower estimated projection is based on an employment projection which has subsequently been shown to be at best delayed and at worst reversed and therefore unlikely to be attainable within the plan period.
- 4.6 The result of the revised projections would be a net fall in the requirement for B class floorspace across Liverpool of 7.35ha to 2026 as suggested in Scenario 6 of the 2009 ELR.
- 4.7 However, the GVA report discounts Scenario 6 on the grounds that employment densities might fall. The 2009 ELR concludes that if employment densities fall, implying that each hectare of floorspace would support fewer workers, Liverpool would require a greater amount floorspace to sustain the same quantity of employment. This assumption is likely to significantly overestimate the amount of floorspace required – should the productivity of each worker rise as a result of mechanisation, the manpower for each unit of output would be reduced but this would not automatically lead to a requirement for a greater amount of land. The same or a greater amount of output could be produced with less labour input. The redundant labour may or may not be directed to other expanding sectors and therefore require more floorspace but this would be a function of market demand not a function of employment density changes.
- 4.8 For B1 uses, in fact, the opposite has been found to be true and employment densities have been rising. The GVA report assumes a density of 19m² per employee for office space which is based on existing patterns in Liverpool and correlates with the English Partnerships/Arup 2001 estimation. However, the more recent HCA research has revised this estimation down to 12m² per employee for modern offices (and there are indications that modern office blocks can reach 7m² per employee.)

- 4.9 The 2009 Pion Study for the Mersey Partnership further supports this argument: whilst Gross Value Added in the manufacturing sector is projected to rise, employment in the sector may actually fall. Transport and Communications and Distribution are projected to increase their GVA proportionately much more than their employment.
- 4.10 As a result the preferred floorspace scenarios which set of range of between 200ha and 317ha are both likely to be significant overestimates of floorspace that will be required up to 2026.
- 4.11 Scenario 6 of the 2009 ELR is therefore likely to be a more realistic estimate of land requirement. Based on revised 2009 based employment forecasts and constant employment density, and even including a circa 45% margin of choice, there would only be a requirement for 36.37ha. Against the current supply of 266ha which is well in excess of this projected demand, Liverpool City Council should be in a position to take a flexible approach to the allocation of employment land and should not seek to justify refusing applications for non B-class uses on the grounds of the need to retain allocated land.

c) Supply and Demand within Southern International Gateway

- 4.12 The most recent update to the employment land review for the Southern International Gateway (Speke, Garston and Halewood)) was undertaken in 2010 by King Sturge⁷ taking into account 2009 economic forecasts by Inner City Solutions and Pion/Mersey Partnership⁸. King Sturge's updated 2010 ELR indicates that demand for floorspace collapsed in 2008-09. Rental levels for B1 space plummeted from a headline rent of £14 per ft² recorded in 2008 to rents starting from as little £5.50 per ft² in 2009/2010 demonstrating the weak market demand and the high quantity of vacant space available. Approximately 80% of this space was A Grade new build office space built speculatively in the boom. In March 2010 The Match Box, a unique 20,000 ft² speculative office building which had been vacant since its completion, had to be let to a leisure user in the absence of an office tenant coming forward.

⁷ King Sturge, 2010, Liverpool International Gateway SRF, Demand Study

⁸ Pion Economic & Cambridge Econometrics for The Mersey Partnership, 2009, Economic Forecasts for the Liverpool City Region: Recession and Recovery

- 4.13 Even by 2009 the most affected Strategic Industrial Area (SIA) (in terms of decline in published requirements) was identified as Speke Halewood which, despite offering good quality modern office and industrial stock was suffering from over supply. According to the 2009 ELR, “this led to acute competition amongst landlords in the area, leading to significant reductions in marketed rental levels and large incentives being offered.”⁹
- 4.14 In 2010 there were over 1 million square feet of available industrial floorspace – not including a number of development proposals which have been stalled due to the recession and additional serviced plots that have not been taken up. At Venture Point for example, adjacent to the Rayware Site, there remain six available empty serviced plots with vacant land amounting to approximately 3.5ha. Overall, the updated ELR identifies 129ha of available land including a significant proportion of “oven ready” sites that would be available for immediate design and build projects.
- 4.15 In its updated demand forecast, Inner City Solutions have identified the need for only 24.71ha of employment land with the SIA up to 2020, which equates to only 20% of the current available employment land supply.
- 4.16 The National Planning Policy Framework explicitly states that “plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities¹⁰.” This means both the allocation of land for employment use should be constrained and that plans should allow for the release of land where market signals (e.g. rent values) indicate that there is an over-supply of land in its current use.
- 4.17 Furthermore, the NPPF states that policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances.¹¹ This means that overly restrictive land use allocations should be avoided to allow flexibility of decision making in response to changes in circumstances and investment opportunities.

⁹ GVA, ELR, 2009 p. 41

¹⁰ NPPF, Para 17

¹¹ NPPF, Para 21

d) Recommendations

- 4.18 In the context of the oversupply of industrial land in the Southern International Gateway, some land, including the highest quality land, should be retained for future B class use but this should be balanced with opportunities to bring forward other types of employment-led development. This is especially important where the development of certain sites could work as a catalyst to improve the attractiveness and viability of neighbouring sites. Large flexible fallow plots should be retained for potential investment – but these should be balanced with infill development that makes these sites more attractive and accessible. The King Sturge report highlights the need to focus on “coherent” development, avoiding pepper potting of uses and new development which will dilute market appeal¹².
- 4.19 The Rayware Site is both constrained in its own right, due to the viability implications of the demolition of the existing buildings; and imposes constraints onto the adjacent Venture Point development by blighting its frontage and limiting the access from Speke Boulevard. If a viable use can be found for this site, it would have positive implications for Venture Point, creating a coherent block of good quality new development.
- 4.20 The proposed retail element at the Rayware Site is fundamental to development coming forward here. Without the income generating capacity of the discount foodstore, the restoration of the Rayware Site would remain unviable. The retail development is the key to unlocking this challenging site, bringing forward employment space in its own right as well as contributing to policy compliant B class development on the remainder of the Site.
- 4.21 For the reasons outlined above, considering the quantity of available employment land in within the Southern Gateway and the prevailing economic challenges, potential development on the Rayware Site should be considered on its own merits and not be constrained by policies which limit its land use. In particular, the ability of the discount foodstore to support the viability of redevelopment and for the Site to act as a catalyst for other vacant plots in the area should be considered: the SRF

¹² King Sturge 2010, p24

highlights the potential of the Site to include a variety of uses that would contribute to the animation of the road frontage onto Speke Boulevard.

4.22 The section below considers the site specific issues and potential benefits of the redevelopment of the Rayware Site in more detail.

5 THE RAYWARE SITE

a) The Current Site

- 5.1 The Rayware Site is identified as a “major economic site” in the SRF which has a frontage of circa 350m along Speke Boulevard. The site is blighted by the existing dilapidated industrial building with both detracts from the regeneration that has occurred along the boulevard as a whole, and has a serious detrimental impact on views and perception of and access to the new development and serviced plots at Venture Point, just to the north. The Site has been derelict for 13 years and currently attracts anti-social behaviour.
- 5.2 The frontage of Speke Boulevard establishes the identity of an “international gateway” almost exclusively fronted by commercial floorspace which, in most cases gives the impression of a “modern, successful and impressive gateway.” The SRF states that the visual impact of Speke Boulevard has played a major role in changing perceptions of the area and acted as a “development catalyst” and the area is now firmly established as a desirable employment location (although it has been impacted by the recession.) However, there are notable gaps created by derelict and underused sites – including the Rayware Site– and these gaps impact negatively on the look of the area overall and result in a fractured feeling and a lack of coherence that serve to blight the significant successes in the area.
- 5.3 The SRF has set out a SWOT analysis of the area. A key weakness identified is the blight created by derelict areas and the Venture Point Site in particular is “constrained by the Southern Gateway Site” (the Rayware Site). Speke Boulevard corridor should be enhanced with new high quality development, specifically in-fill development that helps to improve the overall image and perception of the area. The SRF uses the analogy of a “fruit tree” where some fruit is “withering” and thus cutback and significant cultivation is required. In practice, this requires establishing the land use potential of major sites and determining improvements to enhance the area’s image and profile. The SRF states that efforts to improve the frontage along the boulevard should be sought to support the holistic approach to the regeneration of the whole area, which includes redeveloping significant sites that blight it.

- 5.4 Empty sites weaken the overall strength of the area – in terms of both perception and agglomeration benefits. Infill development should be a priority and, given the availability of land in the area, restrictions on use should not be necessary to bring forward the type and amount of employment that LCC wants to come forward in the area whilst other forms of development in challenging or blighting sites could act as a catalyst to make better use of this existing land. The map below shows the quantity of derelict and underused sites in Speke-Garston.

Figure 4: Derelict and Underused Sites in Speke-Garston (Source: Southern International Gateway SRF)



- 5.5 The current vacant building on the site is a significant viability constraint. The 2010 King Sturge Report¹³ gave the site the highest constraint rating. In this context, viable development proposals that come forward should be considered positively as an opportunity to unlock a challenging site.

¹³ KS 2010 p.30

b) The Benefits of the Proposals

- 5.6 The Applicant, TJ Morris, has set out proposals for the site that include the demolition of the existing vacant industrial building and the construction of a retail warehouse, garden centre, B2/B8 floorspace, a discount foodstore and a new link road to Venture Point. These proposals would create both direct and indirect benefits for local people and for the overall quality of the local business environment which are set out below.

Retail Development as a Catalyst for Rayware and Neighbouring Sites

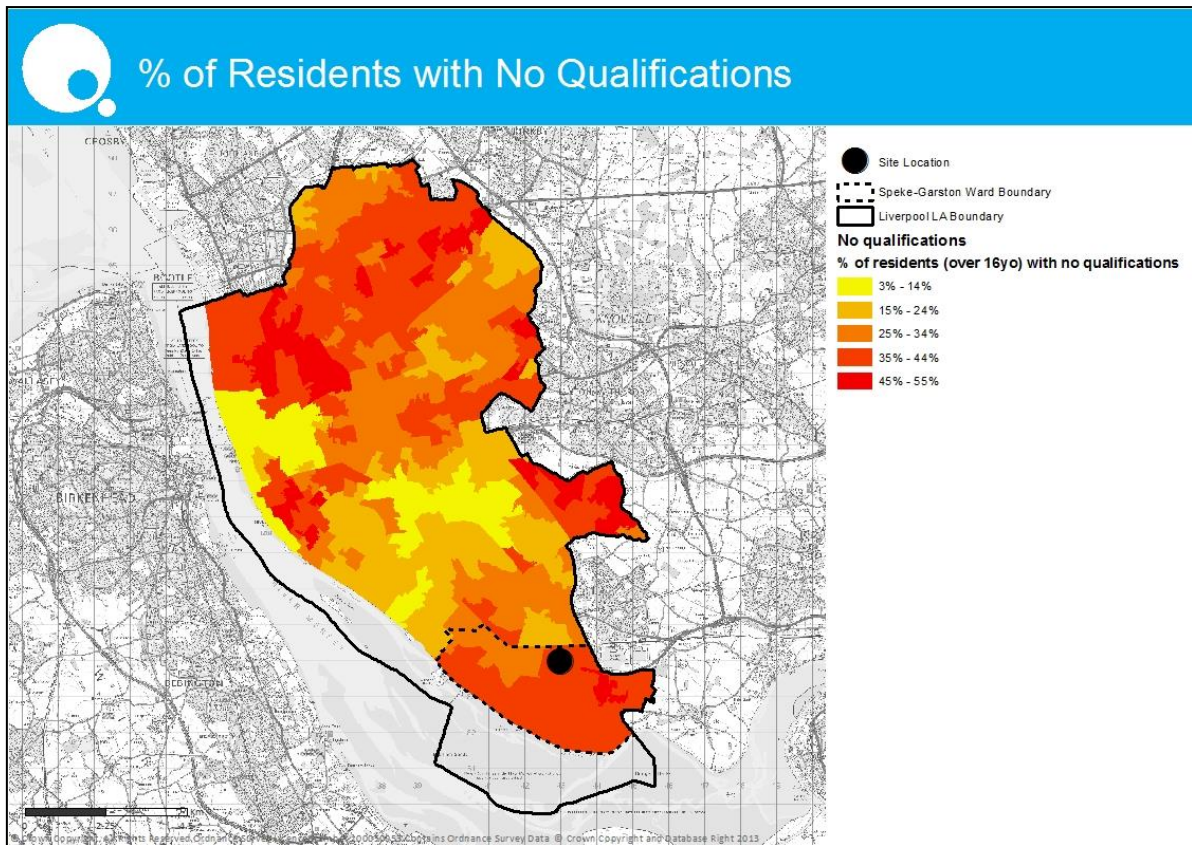
- 5.7 As stated above, the site currently blights the local area representing a missed opportunity to improve the frontage to Speke Boulevard and constraining Venture Point both visually and in terms of access. Venture Point has suffered from the recession (and from this blight) and over half of its area remains vacant in six serviced plots. Policy E1 of the UDP specifically supports development for uses other than B1, B2 or B8 where this development would “clearly act as a catalyst to the comprehensive redevelopment of the site” and “would not prejudice” the long term development of the area for industry.”
- 5.8 The cost and difficulties of getting the Rayware Site ready for redevelopment, combined with the large oversupply of other better-prepared sites, mean the Rayware Site has remained vacant, and there is little prospect of this changing unless a different approach is taken. The retail-led regeneration of the Rayware Site is the only opportunity to create the value that will allow this challenging site to come forward. The discount foodstore is fundamental to the scheme, especially to support the infrastructure required to service the accompanying B class uses and to improve access to Venture Point. Home Bargains will be an owner occupying, funding all the upfront costs of the site and thus has significant vested interest in the long term, sustainable development of both this plot and the surrounds. Without this retail element, the scheme would be unviable and the opportunity for it to act as a catalyst for surrounding B class uses would be lost.
- 5.9 The development of the Rayware Site would improve the access to and perceptions of Venture Point acting as a catalyst so Venture Point can realise its full potential for investment and job creation. New development in a prominent location would also signpost investor confidence in Speke, essential to kick-start the local economy again as the area begins to emerge from recession. Infilling

this space would help to create a “coherent” development as set out in the SRF with mutual benefits shared between existing and potential tenants at the Rayware Site and at Venture Point. The provision of the retail units contributes to creating a more appealing location to potential tenants and employers.

Employment

- 5.10 Despite considerable improvements in Liverpool’s economy in the years leading up to the recession, unemployment in Liverpool and in deprived areas like Speke in particular remains an enduring problem. There are 1,180 people living in Speke-Garston who are currently receiving Job Seeker’s Allowance equating to 8% of the working age population. There are an additional 2,600 working age residents who claim other types of out-of-work benefits, amounting to a total of 26% of the local working age population. In this situation, development that creates local job opportunities should be prioritised.
- 5.11 The proposed development would support the growth trajectory of a major local Liverpool employer. The development of a Home Bargains here would provide 100 jobs (both part and full time) in an area that desperately needs new jobs. The proposed development as a whole would create up to 320 headcount jobs.
- 5.12 The construction phase would create up to 270 person years of construction work or 27 full time equivalent permanent jobs in the construction industry.
- 5.13 There are currently 460 people living within Speke-Garston who are claiming job seeker’s allowance who are looking for the types of jobs that would be created at Home Bargains. This amounts to nearly 40% of all job seekers in the local area. A further 255 people are looking for the types of jobs that would be created in the additional retail and B8 warehouse space (58% of local job seekers).
- 5.14 The jobs at Home Bargains and the discount foodstore in particular would be suitable for people without formal skills. Education attainment in Speke-Garston is amongst the poorest in Liverpool: 39% of the local population have no formal qualifications compared to an average of 29% across the city. There is a strong correlation between poor educational attainment and unemployment.

Figure 5: Qualifications (Proportion of working age residents with no formal qualifications, Census 2011)



5.15 Economic forecasts for Liverpool indicate that the majority of job growth that will come forward over the plan period will be in skilled jobs. The need to provide employment for, and to up-skill, existing residents is imperative. Home Bargains has a dedicated in-house career development programme - its stores provide all necessary training so no prior qualifications are necessary to apply for shop floor positions. The six month “fast track management programme” helps to ensure that employees are supported in moving upwards within the company, gaining skills and enhancing their career prospects both within the company and elsewhere in the economy should they chose to move on. Home Bargains is committed to providing its employees with a “career not just a job” – promotions are never limited by lack of formal qualifications but based solely on performance within the company giving people who enter employment at the company with little or no qualification as chance to develop a career. The retail sector tends to have a relatively local employment catchment area and a significant proportion of employees in Home Bargains and the other retail units are likely to come from within the Speke community.

- 5.16 TJM will work with local stakeholders and organisations including Job Centre Plus and Liverpool In Work to assist local residents into employment in the proposed development and/or providing the appropriate assistance such as CV checking and interview support.

Contribution to the Economy and Local Priorities

- 5.17 The proposed development itself would represent an investment of £25 million. The construction phase of the proposed development is expected to generate spending as a multiplier effect from the initial capital investment. Research has found that for every £1 of spending on construction, a total of £2.84 will be created in Gross Domestic Product elsewhere, including knock-on effects in the economy¹⁴. On this basis, the proposed development could be expected to generate up to £71 million in spending overall in the economy, depending upon supply chains. The jobs on-site would contribute to the economy with an estimated annual Gross Value Added of £7.6 million.
- 5.18 As well as the investment required to deliver the development there are several other financial benefits expected to result from the proposals such as via the S106 and Business Rate Retention.
- 5.19 It would generate up to £570,000 of retained Business Rates for Liverpool Council, under the current business rates retention scheme. There is a potential for business rate uplifts to be kept entirely locally by 2020¹⁵. Localisation of business rates is part of a wider strategy of Government devolution – local earnings from business rates and other sources is becoming an increasingly important part of local government finance. These funds will help to ensure that local growth benefits local government and its residents. The rates collected can be directed to chosen initiatives across the local area, addressing a variety of priority needs.

¹⁴ L.E.K (2009) Construction in the UK Economy – Benefits of Investment

¹⁵ The business rates will be rebased (re-evaluated) in 2017 based on 2015 rents which may affect the business rates generated by this site.



5.20 Employees on-site would have an annual combined salary of around £6.6 million¹⁶. Over half of this would be earned by employees in the retail sector and therefore is likely to include a significant proportion of local residents and those who may have been previously unemployed.

¹⁶ Based on mean sector specific gross pay in the North West, ASHE, SIC2007 Table 5.7a Annual pay - Gross (£) - For all employee jobs: United Kingdom, 2011

6 CONCLUSION

- 6.1 This Economic Statement has established the historical and economic context of Liverpool and specifically the Rayware Site, demonstrating the potential benefits of the development proposals in light of this context, the prevailing market conditions and the policy aims and ambitions relating to the proposals.
- 6.2 The challenges affecting Liverpool resulting from the decline of the docks in the 1970's, and the general economic shift from industry to services, were sharply felt in the Speke-Garston area. Despite some positive regeneration through the 1990's and 2000's, the area continues to face considerable social and economic challenges, evidenced by high unemployment and deprivation.
- 6.3 There has been a sustained public sector policy approach to reducing deprivation and increasing economic activity throughout Liverpool, specifically in the Speke and Garston area. However, given the need for private sector investment to kick-start regeneration, there is a need to reconsider some of the optimistic forecasts about employment land demand that were made before and in the early years of the recession. A more pragmatic approach to planning should include openness to different types of employment space and flexibility on the types of development that can come forward to encourage private sector investment.
- 6.4 In light of this, opportunities for shovel-ready development within Primary Industrial Areas should be seized and should not be compromised by land use restrictions, provided that a reasoned justification can be provided showing that the potential benefits of the scheme outweigh the negative effects. This approach is in line with Paragraph 14 of the NPPE.
- 6.5 In the context of an oversupply of land in the Southern International Gateway, some land, including the highest quality land, should be retained for future B class use but this should be balanced with opportunities to bring forward other types of employment-led development. This is especially important where the development of certain sites could work as a catalyst to improve the attractiveness and viability of neighbouring sites.

- 6.6 The proposed development of the Rayware Site, which includes A1, B2 and B8 uses, would have a number of significant positive direct and indirect benefits including up to 320 jobs, increased spending, and catalytic effects on the local area.
- 6.7 The proposed retail element at the Rayware Site is fundamental to development coming forward in the area. The retail development is the key to unlocking this challenging site, bringing forward employment space in its own right as well as contributing to policy compliant B class development on the remainder of the Site. Without this retail element, the scheme would be unviable and the opportunity for it to act as a catalyst for surrounding B class uses would be lost.
- 6.8 Employment opportunities resulting from the proposed development would provide entry level job seekers a pathway to full time employment and career progression, meeting an existing and pressing need in the area.
- 6.9 The proposed development, with a build cost of approximately £25 million and generating retained business rates of up to £570,000 for Liverpool City Council, represents a major contribution to the local economy.
- 6.10 As has been highlighted within this report, the proposed development meets the requirement to “act as a catalyst to the comprehensive redevelopment of the site” and would “not prejudice the long term development of the area primarily for these (B class) uses”. It is compliant with the UDP as well as providing significant additional local economic and employment benefits, to which the NPPF attaches significant weight in terms of decision making.