

Land at Alchemy Way, Knowsley

Economic Statement

Network Space | Revision D| March 2023



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Introduction

This Statement has been prepared to support the Planning Application for the creation of two new industrial units, use class E (G) (II) (III), B2 and B8, with ancillary E (G)(I) office use, at Land at Alchemy Way, Knowsley. The Statement estimates the scale of economic benefit anticipated as a result of the Proposed Development.

The Statement provides an overview of the development proposals, please refer to the Planning Statement for a full description of the Proposed Development. A high level review of the existing economic policy context is provided within this Statement. The Statement sets out the economic benefits that are expected to arise from the proposals during the construction and operational phases of development, with specific regard to Jobs and GVA.



Site Context & Proposals

The 3.09 hectare (7.63 acre) Site is located on the A580 (east Lancashire Road) in Knowsley, adjacent to the M57. The Site forms part of the Knowsley Industrial Park and is located approximately 2.5 miles from the town of Kirkby, 6 miles west of St Helens and 7 miles to the north-east of Liverpool City Centre. The Site has easy access to transport links to Liverpool, Manchester and beyond. The spine road into the Site (Alchemy Way), and servicing into each plot has been constructed and implemented as part of an earlier phase of development.

The Site forms part of the remaining undeveloped plots of the Alchemy Business Park owned by Network Space, which was originally granted outline permission in 2002 (ref: 02/00480/OUT) and a further hybrid permission in 2016 (ref: 16/00567/HYB). The development plots currently comprise of areas of grassland and scattered scrub.

The Proposed Development is for employment land comprising the following:

Full application for employment development comprising two units (use class e (g) (ii) (iii) / b2 / b8 use) with ancillary e (g) (i) office space, car parking and vehicular, pedestrian circulation with access onto Alchemy Way

The Proposed Development is for two separate buildings comprising two larger units. Each unit proposes ground floor and mezzanine floorspace.

The Application Site is subject to former hybrid planning permission which was granted in March 2018 (ref: 16/00567/HYB). The Proposed Development subject to this planning permission relates to the outline permission part of the former Hybrid permission.

The proposal seeks flexibility regarding the employment use in order to secure a market facing planning permission which can react to change in market demand and could range from typical industrial units to trade counter type units.

In total, the proposals will provide approximately 13,675m² GIA (inclusive of mezzanines) of employment space for E (g) (ii) (iii), B2, B8 use and ancillary E (g) (i) offices within the units.

The Proposed Development would complete this development parcel at Alchemy Business Park. This will result in positive improvements and provides the opportunity to enhance this vacant industrial Site and provide industrial employment space.

All building envelope and fabric systems have been specified to maximise their functionality, integrity as well as their appearance. The Proposed Development is targeting a 'Very Good' BREEAM rating.

Economic Policy Context

The Site is located in one of the 10% most deprived neighbourhoods in England within a Principal Regeneration Area, located 2.5 miles to the east of Kirkby, itself the focus of significant regeneration proposals and investment. The Proposed Development is strongly aligned with key economic growth objectives embedded within policy at the national, sub-regional and local levels. A summary is outlined below:

National Policy

National Planning Policy Framework (NPPF)

The Framework is clear that the purpose of the planning system is to contribute to the achievement of sustainable development and establishes that the UK has agreed to pursue the 17 Global Goals for Sustainable Development. These include ending poverty, good health and well-being, quality education, decent work and economic growth, industry innovation and infrastructure, reduced inequalities, sustainable communities and address social progress and economic well-being and environmental protection.

Paragraph 8 of the Framework sets out the three dimensions of sustainable development: economic, social and environmental. Paragraph 38 states that “Local Planning authorities, should approach decisions on Proposed Development in a positive and creative way” and that “decisions makers at every level should seek to approve applications for sustainable development where possible”. This includes working proactively with applicants to “secure developments that improve the economic, social, and environmental conditions of the area”.

The NPPF supports building a strong and stable economy. Paragraph 80 is clear that planning decisions should help create the conditions in which businesses can invest, expand and adapt, and that significant weight should be

placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.

UK Industrial Strategy

The UK Industrial Strategy: Building a Britain fit for the future seeks to ‘create an economy that boosts productivity and earning power throughout the UK/ There are five foundations which are aligned to the vision.

- **Ideas** – the worlds most innovative economy
- **People** – good jobs and greater earning power for all
- **Infrastructure** – a major upgrade to the UK’s infrastructure
- **Business environment** – the best place to start and grow a business
- **Places** – prosperous communities across the UK

The Strategy promotes Local Industrial Strategies to meet local economic needs and priorities. It identifies the need to build on the strengths of the economy fo longer term growth with shorter term benefits.

This Proposed Development support objectives of the Framework to build a strong and

competitive economy and bring back into use this vacant industrial site and provide employment space and supply chain opportunities at the Knowsley level.

Budget: Build Back Better and Freeports

The Budget 2021 made a series of announcements with implications for planning and investment including across the north. The Government confirmed the location of eight new Freeport’s in England. Where businesses will benefit from more generous tax reliefs, simplified customs procedures and wider government support, to bring in investment, trade and jobs to regeneration regions across the country that need it most. Liverpool City Region Freeport has been granted Freeport status, and there is an intended customs site at Knowsley Rail Terminal. The impact of the Freeport is anticipated to be worth £800m of total investment, 14,000 gross direct and indirect jobs and £850 m GVA.

The Governments economic plan for skills, infrastructure and innovation is set out in Build Back Better: Our plan for growth. It establishes a vision to tackle the longstanding issues to achieve economic recovery built on the three pillars of investment: infrastructure, skills and innovation.

Regional Policy

The Government has committed to levelling up in the North. The Northern Powerhouse forms part of the Government’s Industrial Strategy, which seeks to build on the strengths of the economy. The Government has great ambitions for the North of England. The Northern Powerhouse vision is defined by a vibrant and growing economy, a flourishing private sector and a highly skilled population to make the most of the opportunities that the North has to offer. The Northern Powerhouse is about pooling the strengths of towns and cities of the North, and tackling major barriers to productivity. The

delivery of this vision is not only crucial for the North but also to the UK’s success. If the North becomes an economic powerhouse the whole of the UK will benefit.

The objective is to achieve a sustained increase in productivity across the whole of the North. The strategy sets out the approach to deliver this ambition, including investment in transport infrastructure, raising education and skills levels, unlocking housing and digital connectivity. The key strengths of the North are identified as manufacturing, pharmaceuticals, energy and digital.

Transport for the North

Transport for the North vision is for a “Thriving North of England with world class transport supporting sustainable economic growth, excellent quality of life and improved opportunities for all”. The Partnership seeks to deliver transport investment to support transformational economic growth. The transport strategy identifies a series of strategic development corridors, which reflect the economic links, Knowsley and the Liverpool City Region lie within a number of these corridors including the Central Pennines, Southern Pennines and Wales and West. The transport strategy strives to ensure that the right sustainable development, spaces and places are unlocked and delivered across the north.

Economic Policy Context

Sub-Regional Policy

Draft Liverpool City Region Local Industrial Strategy (LIS) (March 2020)

The Proposed Development will support the five foundations of productivity, set out within the draft LCR Local Industrial Strategy (LIS) contributing towards addressing some of the challenges that were highlighted in the UK Industrial Strategy:

- The opportunity to turn potential into prosperity (people): Liverpool City Region will ensure that its people have the health, skills, and opportunities to realise their full potential.
- A dynamic business base creating opportunity (business environment): Liverpool City Region will support more businesses to grow, and deliver high quality, sustainable employment opportunities for the whole City Region.
- Collaboration that translates innovation into impact (ideas): Liverpool City Region will enable the collaboration between innovators in research, industry, and society that will create social as well as commercial value.
- Connecting all communities to opportunity (infrastructure): Liverpool City Region will deliver the strategic infrastructure that will enable all of this to happen.
- Thriving and distinctive places (places): Liverpool City Region will create homes and neighbourhoods that support people’s health and wellbeing, expand and enhance the natural environment, and act as a magnet to attract the best of national and international talent.

Building Back Better: Liverpool City Region Economic Recovery Plan

The Economic Recovery Plan was published in August 2020 and sets out the sub-regional recovery plan in response to the economic downturn arising from the COVID-19 pandemic. The recovery plan aims to:

- Support existing businesses to recover, grow and create decent jobs;
- Protect education, skills and employment;
- Sustain vibrant city and town centres to be at the epicentre of recovery; and
- Launch major green initiatives, of national importance.

The Proposed Development will deliver economic benefits at a local level and will attract wider investment and support businesses to grow and deliver high quality, sustainable employment opportunities.

Local Policy

Knowsley 2030

The Knowsley 2030 identifies an aim for Knowsley to be a thriving, inclusive economy with opportunities for people and business. It states “local residents are clear that jobs in the borough need to be inclusive and provide a range of opportunities for all residents in terms of sectors, salaries and skills and requirements”. It seeks to deliver a diverse mix of industries with a range of jobs at all skills levels.

Development Plan

The Knowsley Council Core Strategy sets out the Council’s Spatial Vision, which is to ensure Knowsley’s economy will be stronger and more

diverse, providing employment choices for local people and helping to drive economic growth in the wider Liverpool City Region. Knowsley will be attractive for businesses to invest in, providing a range of employment land and premises to meet their needs. Regeneration and the reduction of inequality is key to the Vision. The Vision seeks to deliver regeneration of Kirkby Town centre, and establishes the aim of transforming areas of high social and economic deprivation, including Kirkby.

To meet this Vision the Council sets out strategic objectives for Sustainable Economic and Employment Growth, which are to encourage and maintain sustainable economic and employment growth in Knowsley, complementary to that within the wider Liverpool City Region, by accommodating employment related development, improving skills within the workforce, and promoting enterprise, entrepreneurship and innovation. Strategic objective 3 is Regenerate and Transform, this highlights that Kirkby is one of the most affected by social and economic deprivation. Noting that they will be a primary focus for action. The spatial development priorities in Policy CS1 flow from these objectives. Policy CS1 seeks to ensure that existing employment areas are enhanced, and a suitable range of sites and premises are provided for new employment development. It also reiterates the need to focus regeneration in area with higher levels of deprivation and identifies a number of Principal Regeneration Areas, including two within Kirkby and Knowsley Industrial and Business Parks, which includes the Application Site.

Policy CS2, Principle 1 seeks to promote sustainable economic development and tackle the causes of deprivation, including through the delivery of employment land, meeting the needs for employment and increasing employment levels in Knowsley. Policy CS4 establishes the Employment Development Strategy, which will provide sufficient land to meet employment

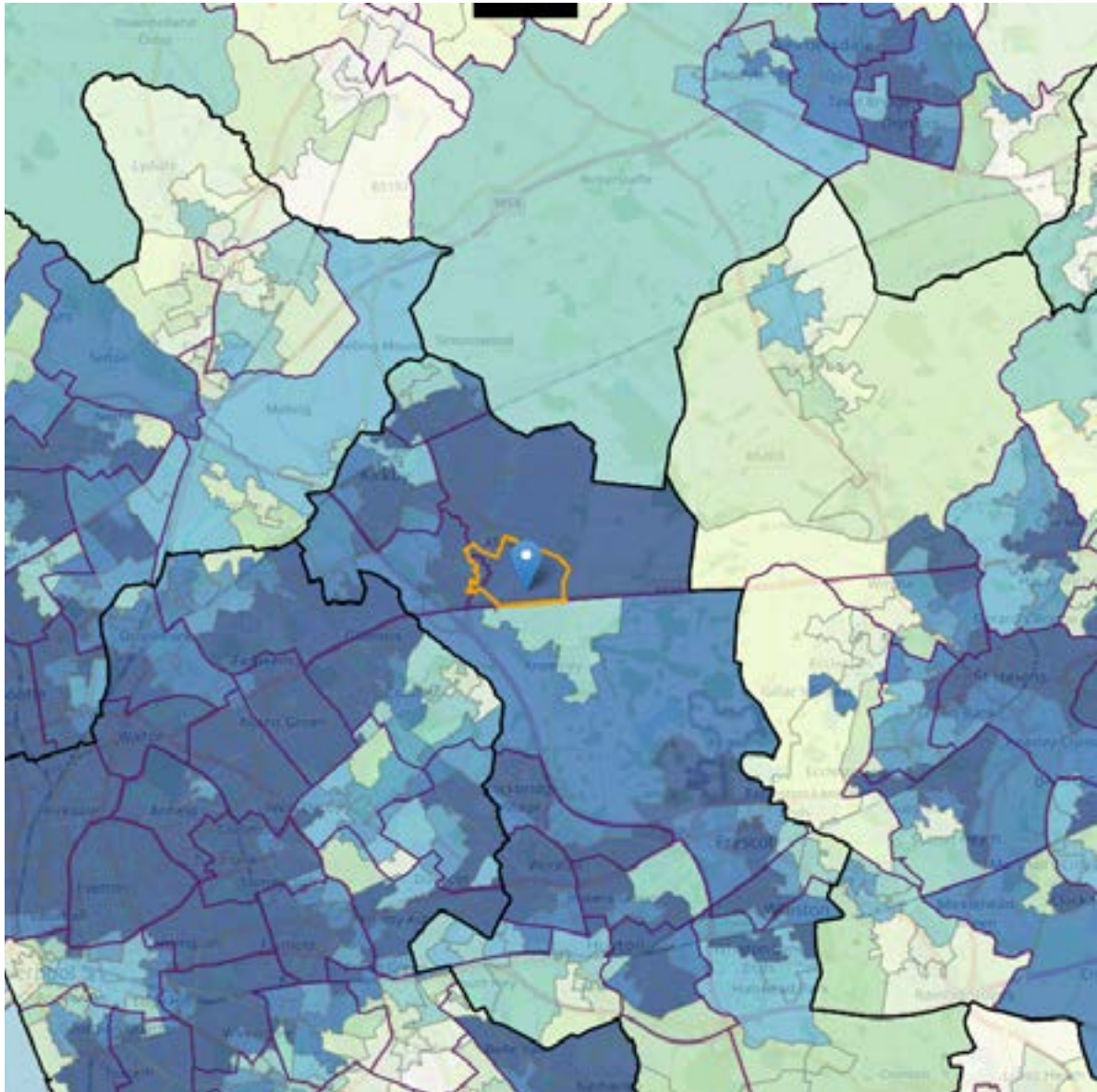
development needs, and enhance the quality and efficiency of land use within existing employment areas. The Policy seeks to improve access to jobs and address skills and educational barriers to employment. Policy CS4 also encourages targeted recruitment activities in order to maximise local recruitment. Employment uses are focused in Knowsley Industrial Park within which the Application Site is located.

The Plan highlights that Kirkby is an area of high levels of deprivation, low life expectancy, worklessness, low attainment and high levels of crime. It notes that strategically important employment areas such as Knowsley Industrial and Business Parks provide a range of employment opportunities but that they require improvements to enhance economic performance. Knowsley Industrial and Business Parks is identified as a Principal Regeneration Area in CS11 within which new high quality employment will be supported.

The Proposed Development will contribute to achieving the strategic aims, objectives and policies of the Plan, bringing forward new high quality employment development, within a Principal Regeneration Area, identified as being within an and adjacent to areas experiencing high levels of deprivation. Bringing forward development on this vacant site will provide high quality industrial units, generate economic growth, deliver investment and create employment opportunities for the local area and wider benefits to the people of Knowsley.

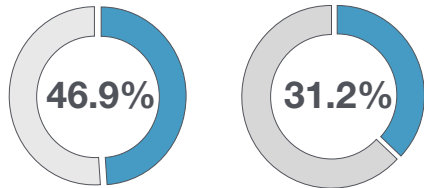
Socio Economic Context

The Site is located within Northwood Ward, the LSOA within which the Site is located is amongst the 10% most deprived neighbourhoods in England, the ranking of this neighbourhood has worsened since 2015. The Local Authority itself experiences high levels of deprivation, ranked 3 out of 317 Local Authorities.

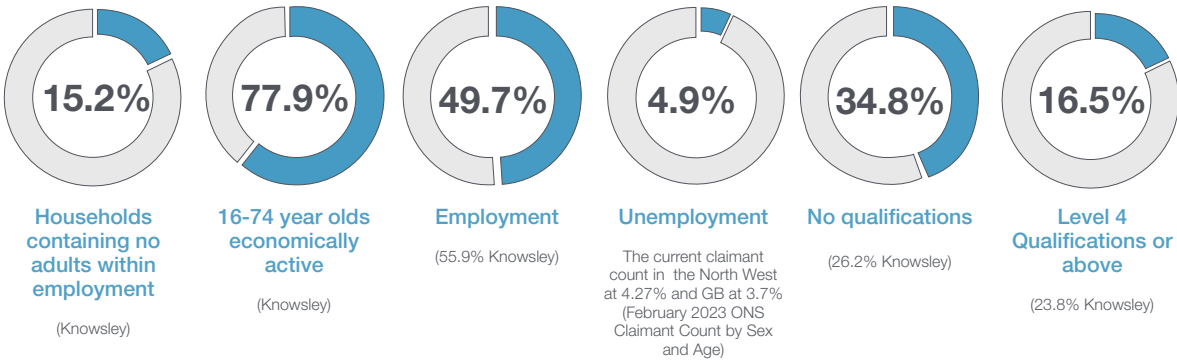


Source: Indices of Multiple Deprivation http://dclgapps.communities.gov.uk/imd/iod_index.html

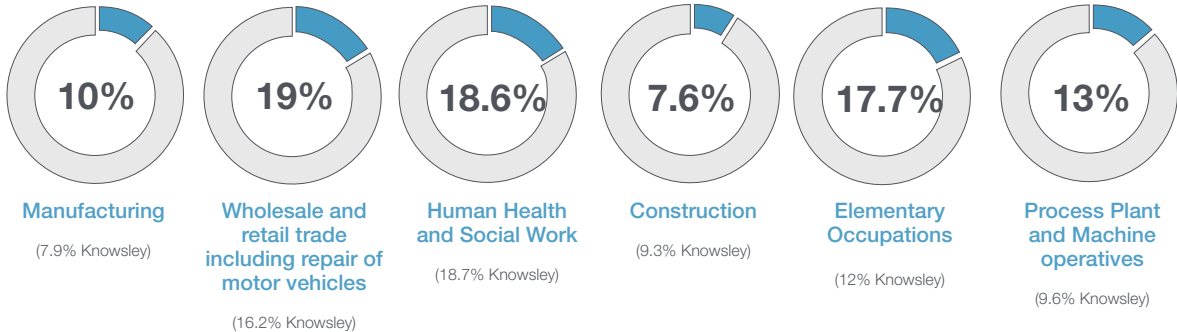
Key Statistics: Labourforce



HOUSEHOLDS WITH NO ACCESS TO A CAR OR A VAN



EMPLOYMENT & QUALIFICATIONS



EMPLOYMENT BY SECTOR

Source: 2021 Census for the Northwood Ward of Knowsley unless stated otherwise (The figures Knowsley are shown in dark grey for comparative purposes)

Economic Benefits

This Statement now provides a summary of the expected benefits arising from the proposed scheme, during the construction and the operational phases. There is no specific guidance that establishes a single methodology that should be followed, however the approach taken here has been informed by and is consistent with the HCA Additionality Guide, 2014, and the HCA Employment Density Guide, 2015, and Calculating Cost per Job, Best Practice Note, HCA, 2015.

Construction Phase Impacts

There are benefits arising from the investment in constructing new industrial units. Based on the provision of 13,674sq.m (GIA) of employment floorspace. The Construction value of the Proposed Development is estimated to be circa £15.79M (current prices), including professional fees (based on benchmarks £ per sq.m provided by the applicant). Based on these construction costs, total construction employment generated by the Proposed Development could amount to some 131 person years, which equates to 13 Full Time Equivalents (FTE) (gross direct). Jobs delivered within the Construction Phase will be within construction, engineering, surveying and infrastructure jobs associated with the expenditure incurred in the project. The socio economic context suggests that this jobs profile is reasonably aligned with the profile of the resident labour force.

Job creation in the Construction Phase is not limited to 'direct' jobs. Indirect jobs are likely to be created through the suppliers to the construction development (materials, equipment) and demand created within the service industry. There is capacity at the Liverpool City Region level to service a significant proportion of this demand. Reflecting on the duration of the construction process, demand for other goods and services will also be generated. In addition, the Proposed Development will lead to induced effects through spending of wages by both construction employee and local firms supplying goods and services to the Proposed Development, supporting induced employment

on other goods and services within Knowsley and the wider area, including in other local shops, public transport, catering, accommodation, services and firms.

The likely net employment creation associated with the construction of the Proposed Development, is estimated to be 132 (person years) (net additional direct, indirect and induced jobs) or 13 FTE's. This has been based on the relevant ready reckoners contained within the HCA Additionality Guide, 2014). Consideration has been given to the potential for leakage (jobs going to residents outside the local area) and displacement (jobs moving from elsewhere within the area). In determining the appropriate levels of leakage, displacement and multipliers, regard has been given to the Sites location, and accessibility to the local population, the skills profile of the local labour force, and the Social Value strategy which will impact upon local recruitment and the supply chain.

The selected contractor will commit to working with local partners to ensure that local supplier benefits are maximised where possible, and that there will be targeted recruitment and training to maximise the impact of the development locally and promote social value. A Social Value Strategy has been produced separately and details the proposed measures to maximise the delivery of social value. This has the potential to increase the level of net additional jobs through increasing the strength of local linkages within the supply chain and reduce the leakage and displacement effects.

Based on a GVA per employee of £52,799 assuming a total of 14.7 FTE's (direct, indirect

Construction Phase Impacts: At a glance

13 Temporary Jobs / FTE



The construction will support a net total of 132 person years in construction, the supply chain and local services.



Net additional GVA
£0.77 million per annum*

and induced) and accounting for displacement, the net additional GVA impact arising from the direct construction related employment phase is estimated to be £0.77 M per annum during the construction period.

The Gross Value Added (GVA) has been calculated using the Current Price (smoothed) GVA (B) per filled job (£); by Local Authority District, ONS, July 2022. This is calculated by multiplying the total jobs generated by the per filled job figure for the Knowsley, sourced from the ONS data referenced above.

Consistent with the Social Value strategy the Proposed Development will seek to maximise the opportunities for local employment and training opportunities and apprenticeships, including through targeted recruitment strategies. Evidence by the Big Social indicates that per £1m in contract value, the equivalent of 1 FTE/0.5 FTE of new trainees could be supported. On the basis of the Construction Phase the Proposed Development has the potential to support between 15.8 and 7.9 new trainees.

In summary, the Proposed Development will generate the following potential impacts during the Construction Phase:

- Temporary employment generated as a result of the construction works – this will include direct employment associated with bringing the site into employment use, as well as indirect and induced employment (multiplier effects) from supply chain expenditure and the expenditure in the local economy of workers employed during the Construction

Phase.

- Short-term increase in economic output (GVA) – in line with the temporary employment impact, this will again take account of the direct, indirect and induced economic output impact during the Construction Phase.
- Creation of training and apprenticeship opportunities during the Construction Phase.
- Effect on local labour market during the Construction Phase.
- Effects on local facilities and services, from the increase in construction workforce
- Wider socio-economic impacts – including image and perception as a result of development of this vacant site within an identified regeneration area and the potential for local unemployed people to access new employment opportunities, which will result in a wider boost to the area, helping to achieve the economic priorities identified for Knowsley.

Economic Benefits

Operational Phase Impacts

Utilising the HCA Employment Density Guide 3rd Edition (November 2015), this Proposed Development which would generate 13,6740m² of floorspace could create a direct total of 239 FTE jobs in the local area.

The increase in economic activity and investment will have knock-on effects in terms of the local supply chain, as well as supporting the growth of local services and facilities through the attraction of additional expenditure. The Proposed Development will result in additional indirect and induced jobs growth. The Proposed Development, once fully occupied is estimated to create 161 FTE net additional jobs (direct, indirect and induced).

The calculation of net additional jobs has been based on the relevant ready reckoners contained within the HCA Additionality Guide, 2014). Consideration has been given to the potential for leakage (jobs going to residents outside the local area) and displacement (jobs moving from elsewhere within the area). In determining the appropriate levels of leakage, displacement and multipliers, regard has been given to the Sites location, and accessibility to the local population, the skills profile of the local labour force, and the Social Value strategy which will impact upon local recruitment.

A Social Value Strategy has been produced separately and details the proposed measures to maximise the delivery of social value. The developer will commit to encouraging future occupiers to work with local partners, identified within the strategy, to target recruitment and training opportunities, and ensure that local suppliers have the opportunity to bid for services in order to maximise the impact of the development locally and promote social value. This has the potential to increase the level of net additional jobs through increasing the strength of local linkages within the supply chain and reduce the leakage and displacement effects. A reduction in the assumed displacement from 50%, to 25% would increase the net additional jobs to circa 242 FTE's.

Based on a GVA per filled job figure for the area of £52,799, the net additional GVA arising from direct employment is estimated to be £8.98m per annum during the lifetime of the project .

The Gross Value Added (GVA) has been calculated using the Current Price (smoothed) GVA (B) per filled job (£); by Local Authority District, ONS, July 2022. This is calculated by multiplying the total jobs generated by the per filled job figure for the Knowsley, sourced from the ONS data referenced above.

The Operational Phase of development will generate a series of wider socio-economic impacts. The Proposed Development will create a significant number of new jobs within Knowsley, a number of which will be taken-up by local residents. The extent to which employment is taken up by local residents will be maximised through the Social Value strategy. Having regard to the nature of the proposed employment development, the types of jobs that are likely to be generated are likely to be strongly aligned with the skills and occupation profile of the local labourforce. The transport assessment and travel plan highlight that the site is physically accessible. Therefore the jobs will be genuinely accessible to local residents. This will help to generate increased economic activity, retain skilled people within the area and bring more people into employment into an identified regeneration area. Despite the overall relative strength of the economy, there are still communities within Knowsley suffering from severe levels of income and employment deprivation, including the neighbourhood within which the Application Site is located. The Proposed Development will help to support the regeneration of these neighbourhoods, providing a range of accessible jobs. While there is no certainty that residents within these areas will seize the new opportunities created, further labour market support, working with organisations outlined in the Social Value Strategy, will help to ensure that the uptake of employment by economically inactive residents can be maximised.

Operational Phase Impacts: At a glance



242 FTE Jobs in the Area



**Net additional GVA
£8.98 million per annum***



**A range of high
quality jobs**



Increased
Business
Rates
Revenue



Boosting
Investor
Confidence



Supporting
Apprenticeships
and Training



Generating
new local
career
opportunities



Delivering wider socio
economic benefits in relation
to increased access to
employment and income
generation

In addition to the creation of direct, indirect and induced long-term employment opportunities from the proposed uses on the Application Site, and the Long-term increase in economic output (GVA) resulting from the direct, indirect and induced jobs creation, the Proposed Development will also result in the following economic impact::

- Increase in business rate revenue generated due to the provision of new employment floorspace on the Application Site.
- The developer will encourage future occupiers to engage with local agencies set out within the Social Value Strategy to support the provision of training and apprenticeship opportunities. The Application Site is located within a neighbourhood where there has been historically high unemployment and a high proportion of residents with no qualifications or qualifications at Level 2 and below. Thus the ability to create additional job and training/apprenticeship opportunities in this area that are genuinely accessible is a benefit, and

will provide potential opportunities for career progression.

- Effect on local labour market, including supporting career progression and enabling unemployed residents to return to work through the creation of genuinely accessible job opportunities.
- In addition to the economic impacts that will be created during the Operational Phase, the Proposed Development will generate a range of important wider socio-economic benefits that are suspected to be sustained for a number of years, supporting the wider regeneration of Kirkby, including though generation of expenditure in the local community. The provision of job opportunities that are accessible can have associated positive impacts on health and well-being, and impact on the number of children living in low income households, or households where there are no adults in employment.

Conclusion

In conclusion the Proposed Development will contribute to achieving the strategic aims, objectives and policies of the Plan, bringing forward new high quality employment development on an allocated site within a Principal Regeneration Area. The Site is located in an area identified as experiencing significant levels of deprivation. Bringing forward development on this vacant site will provide high quality industrial units, generate economic growth, deliver investment and create employment and training opportunities for the local area and wider benefits to the people of Knowsley.

It is evident that the Proposed Development will generate substantial economic benefits for the area. These will be particularly focused within Knowsley, reinforcing the role of the Borough, attracting wider investment and support businesses to grow and deliver high quality, sustainable employment opportunities. The Social Value strategy through maximising opportunities for procurement of services through local contractors, and targeted local recruitment this will have the effect of reducing leakage and displacement effects, delivering greater value locally. This approach will optimise the extent to which the significant benefits set out within this economic statement are delivered locally.