

Economy and enterprise

Overview and key messages

Knowsley has historic industrial heritage linked to unique local assets. Knowsley's economy is a major contributor to economic growth and prosperity in the Liverpool City Region, and an important location for employment across the Liverpool City Region and wider North West. Knowsley is an established home for big businesses with a strong reputation as a manufacturing and logistics hub.

An ambitious plan for growth is well established that is owned, backed and driven by a private and public sector partnership that ensures Knowsley is continuously developing, evolving, and embracing new investment and opportunities to increase economic prosperity.

Attracting new investment is a fundamental part of Knowsley's growth strategy and something the public and private sectors are focussed on collectively. Working together they have been able to elevate the profile of the place as a serious investment proposition and accelerate development.

In recent years Knowsley has seen a programme of significant private and public investment in commercial development and town centres which has recently been supported by the establishment of Invest Knowsley, a single front door for all investment and development support to help

people, businesses, investors and developers to make economic development plans get into delivery quicker.

Knowsley is part of a wider economic area that reflects the functional labour market area, travel to work movements and flows of goods and services. Whilst it is important to understand the structure and performance of Knowsley's local economy in terms of local competitive strengths and weaknesses, it is necessary to always think about this in the context of the wider Liverpool City Region. This reflects the employment opportunities of the wider area for Knowsley's residents and access to the wider labour market beyond the Knowsley boundary for employers.

The Liverpool City Region signed a deal government in 2015 to devolve £1 billion of funding to the Liverpool City Region over the next 30 years. Knowsley is well positioned to capitalise on the benefits of devolution and has so far secured £67 million of investment from the City Region's Strategic Investment Fund to help progress some of Knowsley's biggest economic regeneration projects.

The government launched a National Industrial Strategy in 2017 and set out a requirement for all City Region to develop and adopt their own Local Industrial Strategy. Local Industrial Strategies are intended to set out the steps that will be taken to boost productivity and earning potential across local areas by focusing on the five foundations of



productivity: ideas; people; infrastructure; business environment; and places.

The Liverpool City Region Combined Authority and Local Enterprise Partnership are leading on this work for the City Region and the Local Industrial Strategy is due to be launched in early 2020. The Knowsley 2030 evidence base has been developed in this context, and is aligned with the findings emerging at the time of writing from the Local Industrial Strategy evidence base.

Whilst Knowsley's economy is fundamentally linked to that of Liverpool, as the regional economic centre, and the wider Liverpool City Region, there is a need to further understand the role of small and medium sized towns within City Regions, and the role that an area like Knowsley should adopt, particularly with regards to the specific role of town centres within wider economic areas. This also poses the question as to what Knowsley's unique offer is within the wider North West.

Knowsley has two main sectoral strengths in advanced manufacturing (particularly automotive) and freight and logistics. These both provide a high proportion of jobs, and economic output in the borough, and for the Liverpool City Region. In particular, Knowsley has a strong regional sector based competitive advantage in manufacturing, which has contributed 73% of growth in GVA in Knowsley since 2009. Likewise infrastructure and connectivity assets play a key role in enhancing the role of freight and logistics.

The local economy is performing strongly and has recovered well since the end of the recession. There has been strong growth across three key

economic indicators (GVA, businesses and jobs) and has been driven by significant private sector investment leading to an additional 7,600 jobs within the private sector since 2009 alongside 1,300 additional jobs in the public sector. The borough's physical and infrastructure assets continue to attract growth sector employers and create opportunities for their supply chain partners.

Whilst economic growth has been a major strength for Knowsley in the last decade, there are some structural factors that pose risks for future economic sustainability.

There is a historic and sustained gap in economic output compared with the UK as a whole, in terms of both relative economic output (GVA per resident) and productivity (GVA per hour worked). A key driver of this productivity gap is sustained high levels of economic inactivity leading to fewer working age residents available to contribute to economic prosperity.

Additional factors act as a restraint on productivity such as poor public transport connectivity within the borough which acts as a barrier to residents capitalising on job opportunities. There is also a continued structural imbalance within the local business base (low business density, fewer micro and small firms, predominance of the large firm manufacturing sector).

Whilst existing economic sectors will continue to be important to the local economy, they are also vulnerable to changes in global market demands, and can't be relied on alone to be the long term foundation of the economy.



Whilst the Local Plan identifies the employment land required up to 2028, and an economic development pipeline is in place, there is a limited supply of land available for the future, and not at the scale needed for logistics (large sheds) or manufacturing use.

These collectively point towards the need for diversification of the industrial mix and more start-ups in micro and small enterprises.

There are emerging opportunities linked to the Liverpool City Region's growth sectors in digital technologies and infrastructure, green energy, visitor economy / experience economy, research strengths of the Liverpool City Region, and forecast growth in jobs across the City Region.

This presents future opportunities to carve out a niche for start-up space (utilising vacant town centre sites in Huyton and Prescot) geared towards technological and innovation growth sectors (i.e. creative, digital, technology).

There is also a general understanding amongst residents in the local community of the need for the economy to keep growing, but to ensure that economic benefits can be fully realised by residents in a more inclusive way.

Redevelopment of Knowsley's town centres will be a crucial driver of economic growth going forward, and growth in the visitor economy linked to development of Shakespeare North offers the opportunity to carve a niche out for Knowsley in the North West.

Key messages about Economy and Enterprise in Knowsley are:

- The local economy has grown substantially in recent years and the Manufacturing sector is driving local economic growth.
- There has been significant private sector investment and this is driving job creation.
- Businesses are generally confident of future business growth.
- Productivity remains constrained in both relative output (GVA per resident) and productivity (GVA per hour worked).
- The number of businesses is increasing, but business density (the number of businesses per resident) remains too low.
- Enterprise culture is growing and new businesses are surviving longer, but the mix of business sizes remains imbalanced.
- The 'manufacturing', 'health and social care' industries provide the most jobs but 'transport and storage', 'professional' and 'support services' are the sectors where jobs have increased the most.
- Jobs in Knowsley tend to pay competitive average wages.
- The local visitor economy is a key opportunity, focussed on development of Shakespeare North and regeneration of town centres.
- There is evidence of future demand for additional floor space amongst local businesses. The Local Plan makes provision for employment land up to 2028, but once complete, there is a limited supply of additional land in the pipeline.
- There are opportunities to address some of these challenges by utilising existing assets in different ways, such as using vacant town centre sites to foster business space for new start-ups.

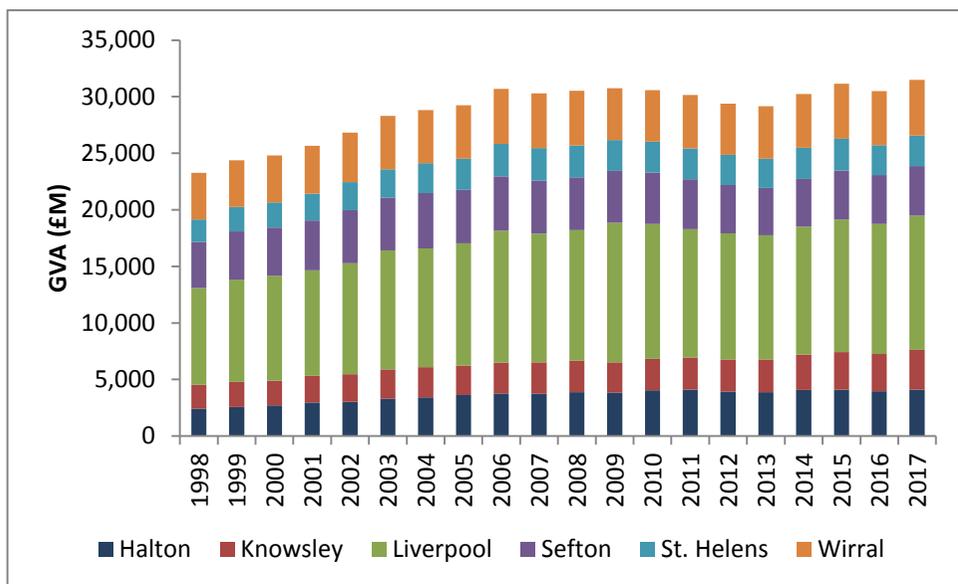
Economic output

Gross Value Added (GVA) is a regional measure of the value of goods and services produced in an area, and is a regional equivalent of Gross Domestic Product. It provides an indicator of comparative size of an economy.

The local economy has grown substantially in recent years

Knowsley's local economy generates an output of £3.62 billion in GVA per year (in current prices). Putting that in perspective, the entire Liverpool City Region economy is worth £31.5 billion, meaning that Knowsley accounts for 11.3% of the City Region's entire economic output.

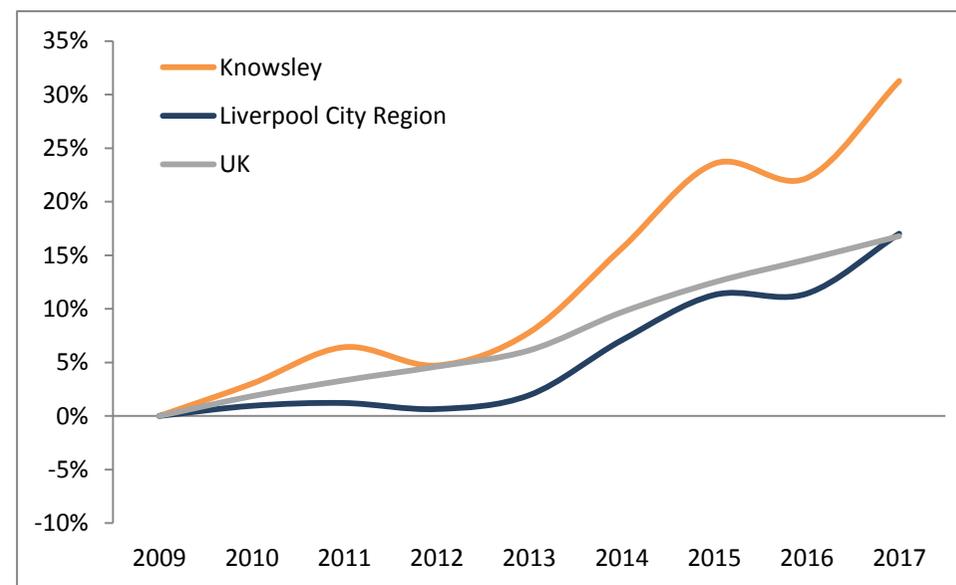
Figure 1: Gross Value Added (balanced) in the Liverpool City Region (chained volume measures)



As the national economy has embarked on recovery in the years following the 2008 recession, economic activity in Knowsley has recovered significantly. In real terms (taking inflation into account), the local economy has grown by 31.3% since the end of the recession in 2009, an average of 3.5% growth per year. Compared to an average annual growth of 2% across the Liverpool City Region and the UK, Knowsley is growing faster than all other City Region boroughs by a significant margin. This represents the fourth highest level of growth in GVA across the whole of the north of England over that period.

The most recent data shows that the highest annual growth in real GVA of areas that have a combined authority was the Liverpool City Region at 3.3%.

Figure 2: Indexed change in GVA (2009=0%)



Source: ONS Regional GVA (balanced)



Source: ONS Regional GVA (balanced)

On a per population basis, GVA per head (population) in Knowsley is £24,340. This is the third highest in the Liverpool City Region, and exceeds GVA per head of £20,740 across the whole sub-region. Whilst this lags behind the UK average of £27,555 and remains constrained by high levels of economic inactivity among the working age population, the gap is closing as result of strong local economic growth in recent years.

Growth in productivity is constrained

Labour productivity is the quantity of goods and services produced per unit of labour input (such as per hour worked). It is the most widely used comparative measure of economic performance between different areas.

Office for National Statistics (ONS) data for East Merseyside (which comprises Halton, Knowsley and St Helens) shows that East Merseyside produces £32.3 of GVA (per hour worked). This is higher than £30.4 (per hour worked) across the wider Liverpool City Region, but less than the UK (less Extra-Region) average of £33.7 (per hour worked).

UK Productivity has experienced a period of stagnation since the end of the recession in 2009 as a result of lower levels of business investment, low interest rates, and higher than expected levels of employment.

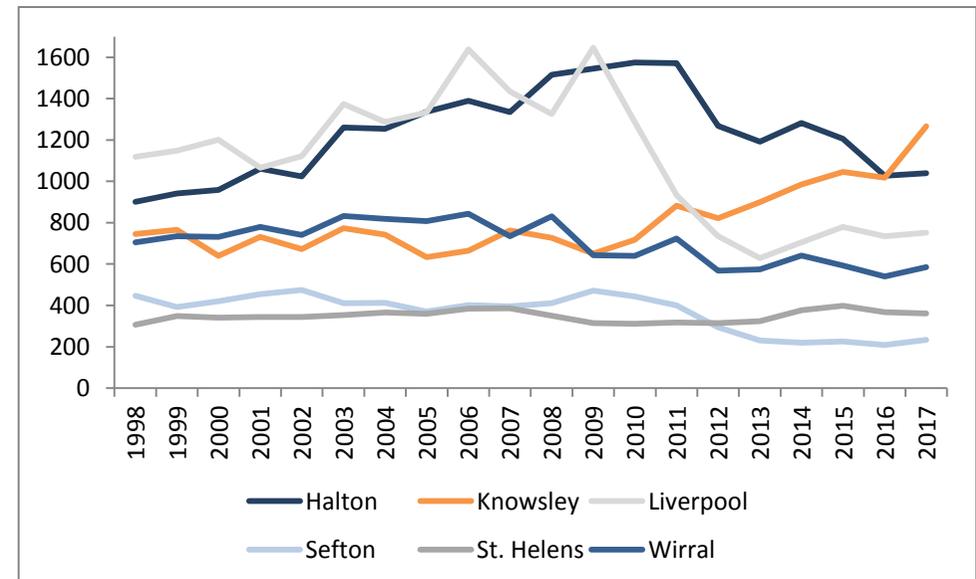
Productivity in the East Merseyside area has recovered at a slower rate than the UK since 2009 at an average of 1.6% growth per year compared with 2% across the UK. This is somewhat surprising taking into account the local concentration of manufacturing operations in the area which tend to be more efficient compared with service intensive industries, but reflects the lower starting point, and sluggish growth in service sectors.

Whilst Knowsley is at the forefront in terms of output within the Liverpool City Region, productivity remains constrained behind national levels.

Manufacturing is driving local economic growth

The manufacturing sector is the highest contributor to economic output in Knowsley at £1.31bn and is responsible for 36% of total GVA. Economic growth has been led by the manufacturing sector which is the one of the fastest growing in the UK and has seen GVA double since 2009. With a sectoral focus around the manufacture of metals, electrical products and machinery, this subsector of manufacturing alone has seen real growth of 153% since the end of the recession.

Figure 3: Manufacturing GVA in the Liverpool City Region (£m)



Source: ONS Regional GVA (balanced)



Knowsley now produces the largest GVA in manufacturing in the Liverpool City Region. There is clear opportunity to build on this momentum and foster growth across other industrial sectors.

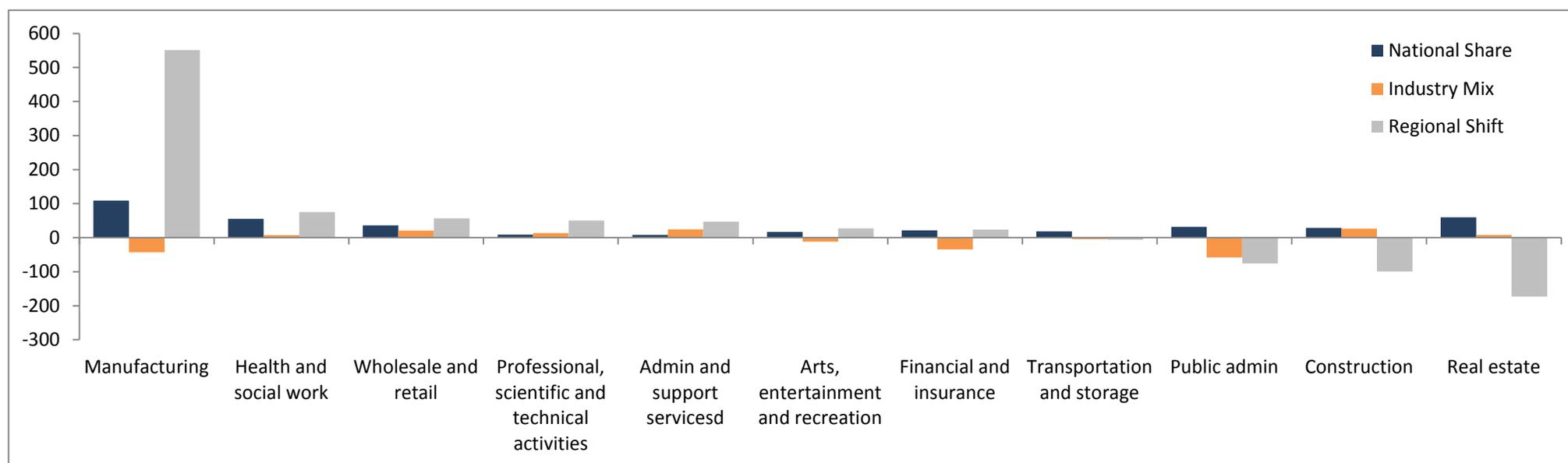
The wider services sector (including public administration, transport and communications, wholesale and retail trade) accounts for 59% of all GVA produced in Knowsley, with human health and social work activities the largest contributor at 13%. This reflects the presence of Whiston hospital in the area as a major sub-regional centre of health care.

Shift-share analysis is a sectoral decomposition procedure widely used in regional analysis. Shift-share analysis looks at growth and decline rates in a region by splitting into three components that make up the total shift over a given period.

- **National share** (a growth effect attributing change that would be expected due to national economic growth).
- **Industry Mix** (a structural effect that attributes change based on the relative performance of industrial sectors at the national level).
- **Regional shift** (a competitive effect that compares local sector growth rates with the national level and indicates local competitive advantages).

Shift-share analysis of GVA produced in Knowsley (figure 4) indicates a distinct local competitive advantage (positive regional shift) across a number of sectors. This is most notable in the manufacturing sector where a positive regional shift outpaces slower growth in that sector at the national level.

Figure 4: Shift-share analysis of change in GVA (£m) for selected industrial sectors (Knowsley 2009 – 2017)



The manufacturing sector contributes 73% of growth in GVA produced in Knowsley since 2009. This indicates the scale of local competitive advantage in manufacturing and the impact on overall economic output in Knowsley. This also reflects the significant investments made within the local automotive sector over the last decade (centred on Jaguar Land Rover), and subsequent additional investment and local growth within the associated automotive supply chain.

It is also notable that growth in the local transportation and storage sector lags behind both overall national growth, and national growth within the sector, indicated by a negative regional shift.

Public administration, construction and real estate activities all show negative Regional Shift, despite some level of national growth over the period. For public administration, this is influenced to a large extent by significant reduction to local government funding, while central government department budgets have increased over the period.

Whilst manufacturing is a key sectoral strength for Knowsley, there is a future risk of continued and unbalanced reliance on a smaller number of major employers. Automotive is an export intensive sector industry which tends to lead to greater productivity. However a narrow sectoral focus increases the risk against volatility in global market demands.

Diversification of the sectoral balance (both within the advanced manufacturing sector itself and in emerging technological and innovation) is something that can be encouraged through growing opportunities in more diverse industries linked to the City Region's growth sectors. This is set out in more detail later in this chapter.

Case study: Beverston Engineering

Beverston Engineering is a world class manufacturer, specialising in the prototyping and manufacture of state of the art engineering components for a wide range of clients throughout the aerospace, oil & gas, and pharmaceutical sectors. Beverston's main aim is to retain and grow its global reputation as a market leading manufacturer of safety and accuracy critical components.

The business relocated to a high specification, modern industrial unit in Knowsley during 2010. Knowsley Growth Hub has developed a close relationship with the business and has worked with it on a variety of projects related to its growth and capital investment plans. Owner and Managing Director, Rod Wah, continuously pursues a winning innovation strategy and keeps a close eye of industry developments. Most recently the Knowsley Growth Hub encouraged Rod to participate in the LCR 4.0 programme and benefit from academic and technical support in adopting Industry 4.0 technologies at Beverston.

Rod and his team approached LCR 4.0 with the intent of mapping the 4IR technology landscape and understanding how to capitalise on the business opportunities that 4IR brings. The outcome was a project to develop an IIoT CNC system that will monitor, collect, exchange and analyse data to deliver valuable insights for Beverston and its customers, allowing them to make smarter business decisions faster. It will also have significant impact on component accuracy within the CNC manufacturing process to boost competitive advantage. A further outcome is funding for Beverston Engineering to fund a Knowledge Transfer Partnership project, a UK-wide programme that will embed the learning from the project in Beverston over a three-year period.



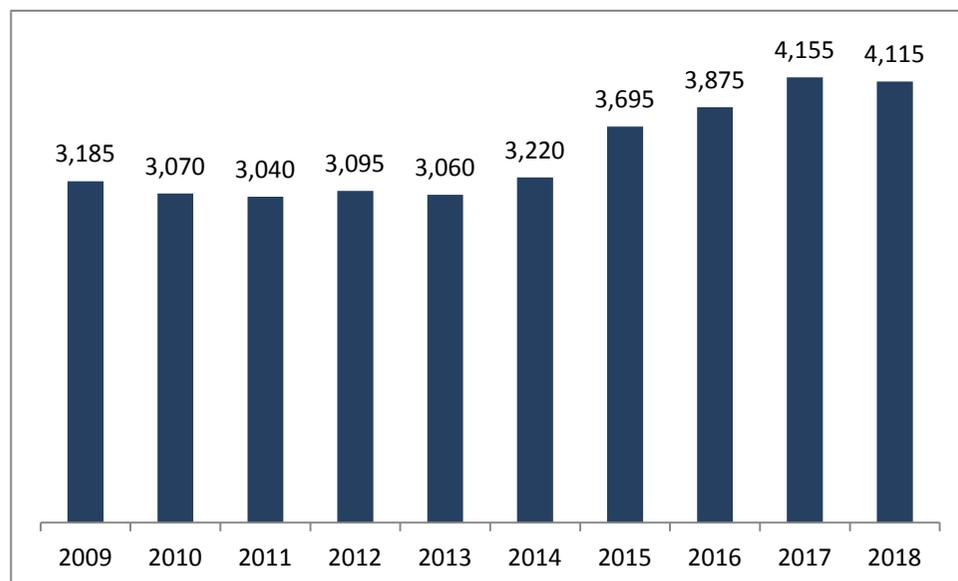
Business base

A dynamic enterprise culture is important for long-term competitiveness and success of the local economy. Alongside growth in GVA in recent years, the number of businesses located in Knowsley has also increased rapidly.

The number of businesses is increasing

There are currently 4,115 businesses located in the area. There has been a medium-term trend of growth in the business base over the last ten years, with a period of strong growth focussed between 2013 and 2017.

Figure 5: Number of businesses in Knowsley (local units)



Source: ONS UK Business; activity, size and location

This has resulted in a net increase of 930 businesses since 2009, which has outpaced growth seen in other areas. Since the end of the recession (in 2009), the number of businesses active in Knowsley has grown by 29% compared with 20% for the Liverpool City Region, and 19% for the UK.

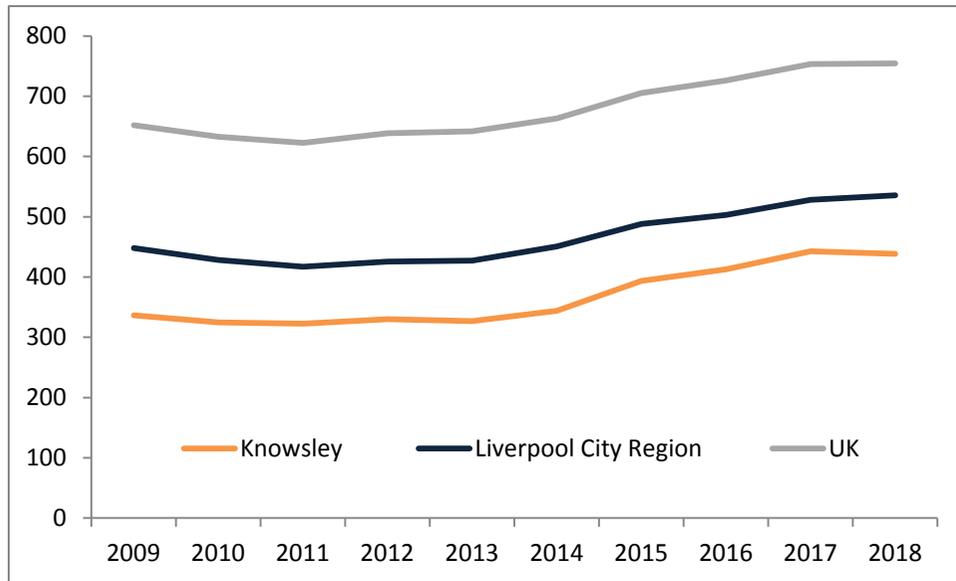
In comparison with the rest of the Liverpool City Region, Knowsley has seen the second highest increase in business stock (behind Liverpool).

It is notable that growth in business for the most recent year has stalled for the first time in five years. This is counter to continued Liverpool City Region and national growth trends, and indicates a potential slowdown in local enterprise activity.

Business density is too low

Despite a strong increase in the number of businesses operating in the area, Knowsley continues to have fewer businesses than would be expected based on the size of the local population. There are 438 businesses per 10,000 working age residents compared to 754 for the UK.

This gap in enterprise has reduced marginally since 2009, but remains significant, and means Knowsley would need a further 2,964 businesses to equal the national average.

Figure 6: Number of businesses per 10,000 working age population

Source: ONS UK Business; activity, size and location and MYPE

Enterprise culture is growing

Business formation and survival is a key indicator of economic prosperity. An increasing rate of start-ups compared with business closures is essential to increase the local business stock and diversify the mix of business sizes. High levels of business growth tend to be accompanied by a high rate of business churn (collective start-up and closures), which is an indicator of a healthy enterprise culture.

There were 53.5 business start-ups (per 10,000 population) compared with 51.7 business closures (per 10,000 population) in the most recent

year (2017). Business closures have been broadly consistent since 2011, but increased in the most recent year while business births have been decreasing over the last three years. Increasing and maintaining local start-up rates is a key challenge for the borough.

Case study: Start up support

Start up support can play a valuable role in providing resources and support for people starting their own business. In 2005, Knowsley Council (as part of a wider consortium across Merseyside) launched a pilot Start up Strategy for Merseyside over an 18 month period called Intensive Start up Support (ISUS).

The programme was deemed a success and funding secured for a further nine years. Fresh Start (formerly ISUS) provided a Gateway for people who wanted to start their own business and played an important role in helping potential entrepreneurs' access expert advice and guidance. By linking with other business support agencies, Fresh Start recognised that one team approach was a reflection of an effective collaborative relationship. The team helped support a culture of enterprise in Knowsley, supporting Knowsley residents or those intending to invest in Knowsley take the first steps to self-employment or running their own businesses. The team also administered start-up grants and provided the service until the Liverpool City Region's Enterprise Hub was launched in 2015.

Enterprise Hub now coordinates and simplifies the business start-up support available across Liverpool City Region, working to support men and women in Liverpool, Sefton, Knowsley, Wirral, St Helens and Halton to explore their business ideas and prepare them to get started. The Women's Organisation, are the managing agents of the Enterprise Hub.

Knowsley has a shortage of specific business space suitable for start-up operations which may have a partially limiting impact on business start-up rates (alongside entrepreneurial culture and customer supply factors). Knowsley's economic development pipeline makes some provision for development of small office and business units at several sites around the borough (mainly located on existing business park sites rather than town centres). Despite this, 48% of respondents to Knowsley Chamber's annual survey of businesses in 2018 cited access to affordable space for small businesses as a key factor for locating in Knowsley.

Insight gathered with local businesses and entrepreneurs has highlighted the benefit that "incubator space for start-up businesses" could provide. These spaces have been discussed as potentially being "pop-ups" across the Borough, using different spaces such as libraries and leisure centres in order to engage a wide range of entrepreneurs and businesses. A particular benefit of such an approach identified by local stakeholders is to visibly "raise aspiration for local people".

New businesses are surviving longer

Business survival rates have increased in recent years with 61.8% of start-ups still operating three years later. This is now comparable with that seen nationally (61.3%) and across the Liverpool City Region (61.6%), suggesting that new businesses are competing effectively.

Local insight suggests that businesses have become increasingly resilient since the end of the recession in 2009, and whilst there is less public sector support available for start-ups, this means there are fewer unsustainable starts in the first place.

There are future opportunities in Knowsley to capitalise on vacant spaces within Huyton and Prescot town centres by carving out a niche for micro enterprise start up and incubator space; potentially geared towards new and emerging technological growth sectors (such as digital, creative and technology). Stanley Grange at Knowsley Hall has established itself as a digital hub within the borough, but is restricted by lack of additional space. Development of new spaces would help to build resilience by diversifying the industrial mix, increase business density within the local economy, and increase competitiveness and employment opportunities.

The mix of business sizes remains imbalanced

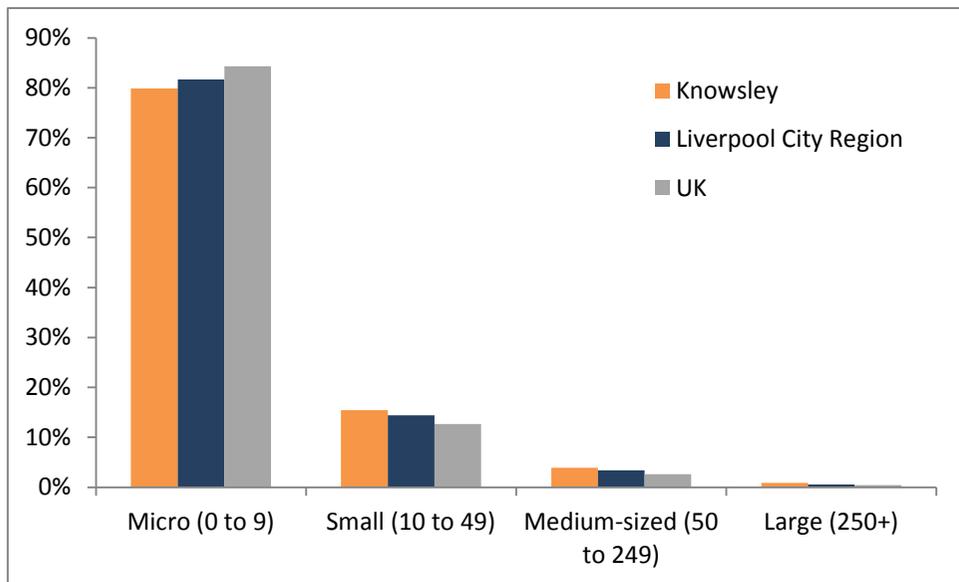
The majority (95.3%) of businesses in Knowsley are micro and small enterprises employing 0 to 49 people. Knowsley has historically had a deficit of micro businesses (employing 0-9 people), and a larger than average share of large businesses (employing over 250 people) which currently comprise 1% of all enterprises.

This reflects in part the historical predominance of traditional manufacturing industries that tend to be large firm / branch plant factory operations (such as the automotive sector) as well as a high public sector employer presence in the borough (Knowsley Council, St Helens and Knowsley Teaching Hospitals NHS Trust).

This imbalance is also a fundamental contributor to low levels of business density in the area, and poses a risk to future growth and prosperity; making the local economy more susceptible to market fluctuations within specific sub-sectors, or export intensive industries such as advanced manufacturing and automotive.



Figure 7: Businesses by size



Source: UK Business; activity, size and location

Businesses are confident of future business growth

Despite economic uncertainties associated with slow national economic growth, and the UK’s forthcoming withdrawal from the European Union, local insight suggests that businesses remain confident of future growth prospects.

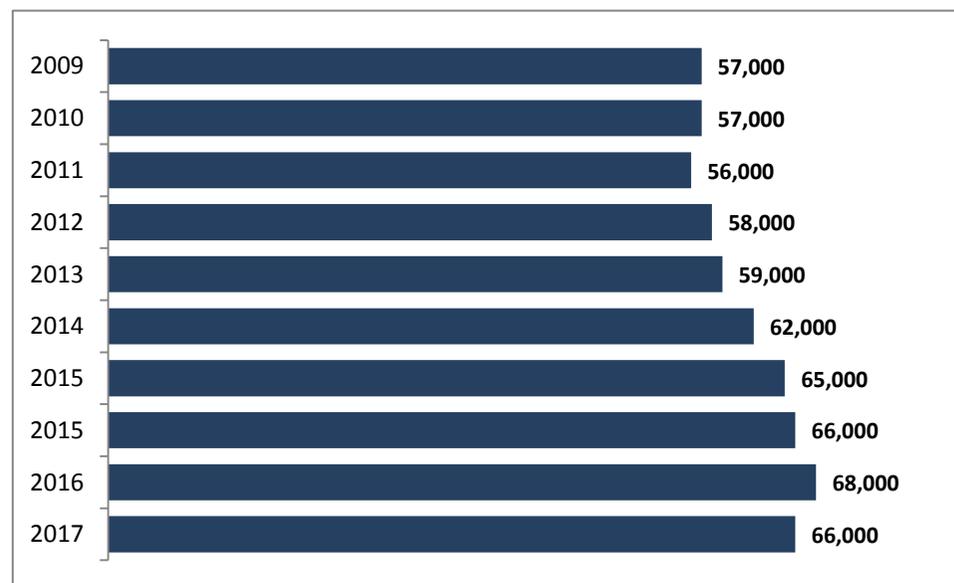
Knowsley Chamber’s annual survey of local businesses in 2017 indicates that 60% of businesses have increased the number of people they employ over the last 12 months. A further 76% expected their business to grow in the next 12 months, though this is down from 87% when surveyed in the previous year.

Insight gathered with local businesses points to a number of factors which could impact their confidence, as well as future growth potential of their enterprise in Knowsley. These factors include: transport; skills and training; networking with existing businesses; costs; investment; upkeep of business parks; identity and perception; and lack of amenities.

Jobs

There are 66,000 jobs located in Knowsley as of 2017. In keeping with business growth trends over the last ten years, the number of jobs increased significantly between 2011 and 2016 reaching a peak of 68,000 in 2016. There are now an additional 9,000 jobs in the borough compared with 2009.

Figure 8: Number of jobs in Knowsley

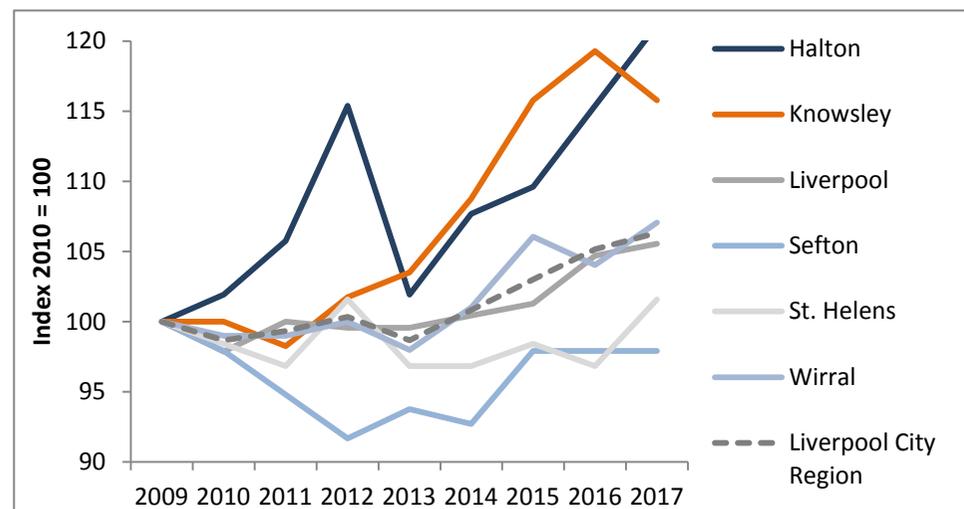


Source: ONS Business Register and Employment Survey



This increase in jobs is particularly notable given trends across the wider City Region. Knowsley has seen the second biggest proportional increase in jobs across all six City Region areas at 15.8%, far exceeding the City Region average of 6.3%.

Figure 9: Indexed job growth in the Liverpool City Region



Source: ONS Business Register and Employment Survey

The private sector is driving job creation

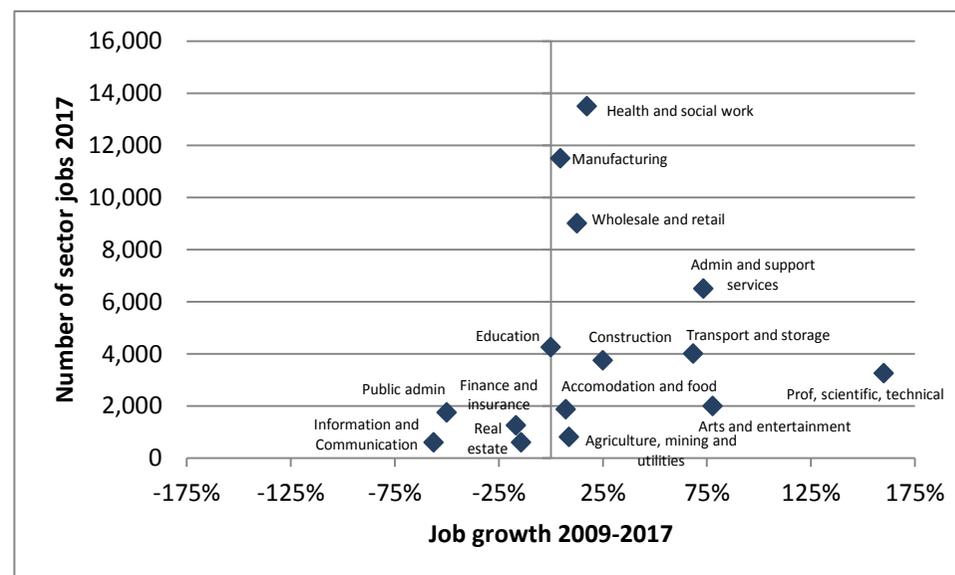
The increase in jobs across the borough has been driven by private sector job creation, with a net increase of 7,600 additional private sector jobs since 2009. Whilst there is also now approximately 1,300 more public sector jobs compared with 2009, the public/private sector mix has altered somewhat with 77% of all jobs now being in the private sector, and 23% in the public sector.

However, there remains a greater prevalence of public sector jobs compared with national levels for which 83% of jobs are in the private sector.

The ‘manufacturing’, ‘health and social care’ industries provide the most jobs

Jobs in Knowsley are focussed across a number of industrial sectors. The largest are ‘Health and Social Work’ (13,300 jobs) and Manufacturing (12,000 jobs) and collectively account for 40% of all jobs in the borough.

Figure 10: Jobs by employment sector and sector growth



Source: ONS Business Register and Employment Survey



In common with GVA trends, this largely reflects the predominance of both of those sectors at major employment centres in Knowsley, such as Whiston Hospital, Boulevard Industry Park in Halewood, and Knowsley Business Park.

This is also reflected by St Helens and Knowsley Teaching Hospitals NHS Trust having made significant investment in Whiston Hospital in the last decade, including complete redevelopment of the hospital site and facilities; reaffirming its position as a major employer in Knowsley.

Further analysis of the 'Health and Social Work' sector shows that around 71% (9,500) of jobs in this sector in Knowsley are 'human health activities' (such as hospital services, and medical and dental practice activities). These types of jobs tend to be high skilled, within the higher occupation types, and therefore at the higher end of the pay spectrum. Within this however, there is a significant range in the level of pay depending on the nature of the specific health role (for example high skilled medical roles tend to distort the average wages paid in the 'human health' sub-sector.)

The remaining 3,800 jobs within this sector are related to residential and non-residential social care activities. Social care has been flagged in research (such as by the Low Pay Commission) as typified by low wages paid below the voluntary Living Wage, and of concern in terms of compliance with the National Living Wage.

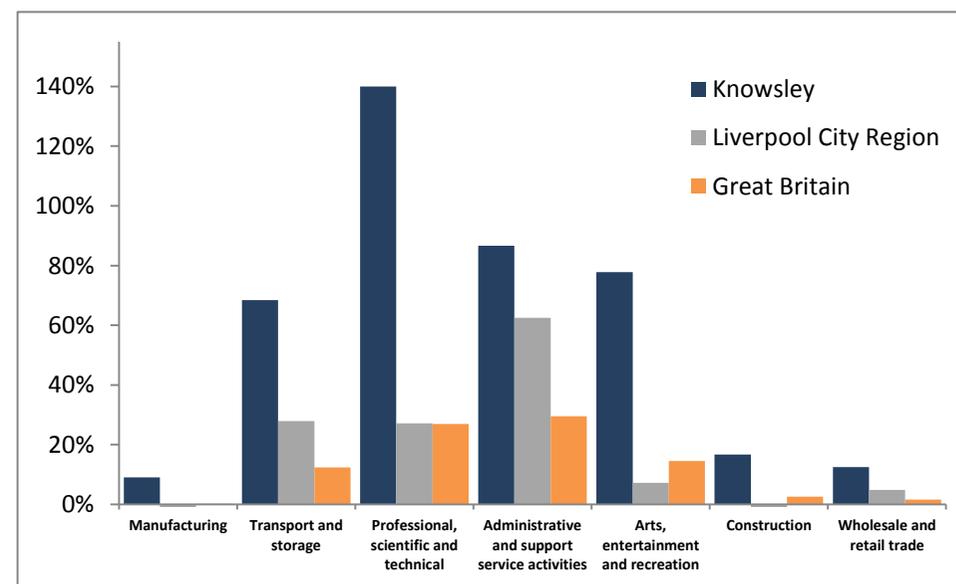
Taking into account the scale of employment in the 'Health and Social Work' sector, there is a great opportunity for public health and social care providers and commissioners to make a major impact on increasing

average pay within the borough, by adopting a local 'anchor institution' role paying at least the living wage to the lowest paid employees.

'Transport and storage', 'professional' and 'support services' are the sectors where jobs have increased the most

Many industrial sectors have experienced increases in job numbers since 2009. It is noteworthy that the biggest sector in Knowsley in terms of economic output (manufacturing) has increased by 9.1% (1,000 jobs) over the ten year period, which significantly exceeds changes seen in the Liverpool City Region (-5.7%), and at the national level (0.25%).

Figure 11: Net change in jobs by selected industries 2009-2017 (SIC 2007)



Source: ONS Business Register and Employment Survey

As noted above, this reflects the presence of Jaguar Land Rover in Halewood at one of the largest employers in the borough. Significant expansion has been undertaken by Jaguar Land Rover in the last decade, linked to production of the Range Rover Evoque model, and subsequent additional investment and local growth within the associated automotive supply chain.

It is also of note that jobs in 'transportation and storage' have increased by 68.4% since 2009, making it the sixth largest sector in the borough in terms of job numbers at 4,000. This reflects the comparative strengths, opportunities and focussed investment that the transport and storage sector in Knowsley has been able to capitalise on in recent years.

Furthermore, the sectors of 'professional, scientific and technical' and 'administrative and support activities' have also seen the number of jobs increase at rates that far exceed the Liverpool City Region, and most notably Great Britain (though from a much lower starting position). This is particularly striking in that both of those sectors are not industries that have a traditional base in Knowsley, but are closely aligned to the Liverpool City Region 'financial and professional services' growth sector. Notable arrivals in Knowsley over the last decade creating jobs within this sector include Alfred H Knight at Kings Business Park and Serco at Knowsley Business Park.

Local insight suggests that growth in these support sectors is closely aligned with service opportunities arising from growth in more traditional industries such as manufacturing. For example, demand for support

services related to major expansion of automotive have led to additional jobs created within the services sector.

Analysis of changes in jobs needs to consider the effect of displacement (i.e. movement of jobs rather than creation of new jobs). Net increases in jobs in Knowsley are not necessarily a result of new job creation, but will include some level of displacement from surrounding areas. However there is little evidence from time series data for surrounding areas to suggest that net increases in jobs in Knowsley are attributable to displacement from other areas, or from internal displacement.

Earnings

Workplace earnings indicate the wages paid to people that work in Knowsley, and therefore the average value of the jobs based in Knowsley. Commuting patterns in and out Knowsley means that Knowsley based jobs are not necessarily undertaken by Knowsley residents. The ONS Census 2011 indicates that around 62% of all jobs in Knowsley are undertaken by people who live outside on the borough.

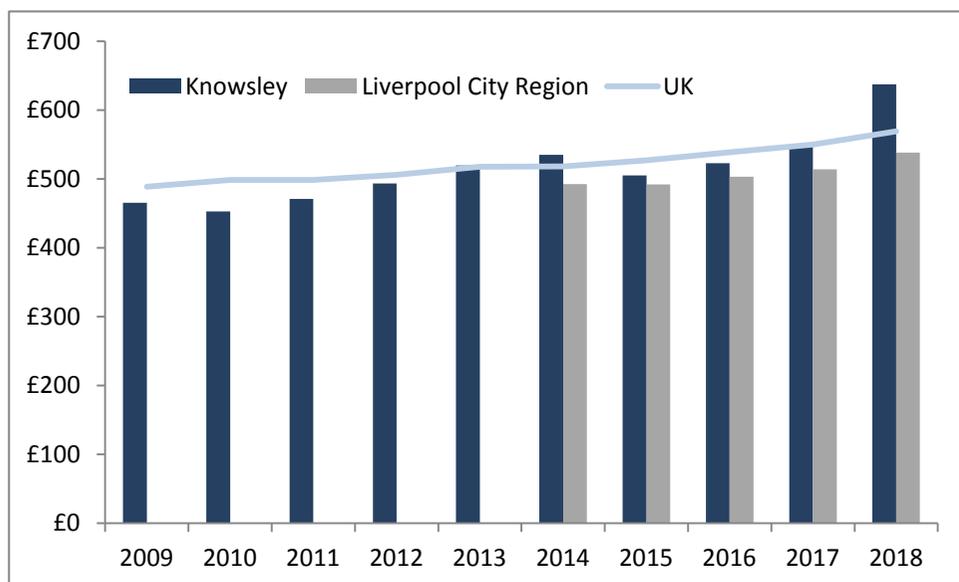
Jobs in Knowsley pay wages close to the national average

Average wages for jobs in Knowsley tend to be competitive in comparison to national wage levels. This is a consequence of a predominance of technical and higher skilled job roles related to advanced manufacturing and automotive sub-sectors that make up a large proportion of the dominant manufacturing sector. For example, Jaguar Land Rover and local automotive supply chain, as well as other advanced manufacturing operations such as energy, process industries and engineering firms.



The most recent data shows that average full time earnings are £637.30 per week, which is £66.10 per week more than the UK average, and £99.20 more than the Liverpool City Region average.

Figure 12: Average earnings in Knowsley (workplace based)



Source: ONS Annual Survey of Hours and Earnings

This does not reflect average earnings of Knowsley residents, which is much lower at £508.40 per week, indicating continued long-term trends of higher skilled (and paid) jobs in the borough being taken up by the 62% of workers that commute into the area. Local insight from local employers and residents suggests that poor transport connectivity is a key barrier to the take up of jobs in Knowsley, particularly with regards to

the north/south movements to employment locations. Lack of relevant skills is also a key underlying factor.

A comparison of workplace and resident earnings is covered in more detail in the Employment and Skills chapter of this report.

Liverpool City Region growth sectors

The Liverpool City Region has prioritised seven specific growth sectors which have the competitive strengths to drive forward economic growth in the sub-region.

- Advanced Manufacturing
- Digital and Creative
- Financial and Professional
- Health and Life Sciences
- Low Carbon Energy
- Maritime and Logistics
- Visitor Economy

These are sectors that have the capacity and economic opportunity to enable the Liverpool City Region to expand and create jobs.

Knowsley's own industrial strengths and experience are focussed on two of these growth sectors (Advanced Manufacturing and Maritime and Logistics) for which Knowsley makes a significant contribution in the Liverpool City Region, both in terms of numbers of jobs and GVA.

Advanced Manufacturing

Knowsley's biggest sectoral strength is in advanced manufacturing (particularly automotive, process industries and energy) with over half of all manufacturing jobs being within this 'advanced' sub-category. Advanced manufacturing is typified by high technology and R&D intensity, high productivity, and high export volume.

Significant operations include Jaguar Land Rover, Getrag Ford, IAC, Magna, Glen Dimplex and Halewood International. Advanced manufacturing businesses in Knowsley make a significant contribution to the Liverpool City Region.

Maritime and Logistics

Knowsley's other key sectoral advantage lies within the Liverpool City Region's maritime and logistics growth sector. Knowsley has specific infrastructure strengths that provide competitive advantages for this industry. A combination of extensive road and rail networks, proximity to the Port of Liverpool, land available for storage and distribution activities, and local manufacturing supply chain distribution opportunities make this one of the fastest growing sectors in Knowsley.

Whilst overall job numbers are relatively low compared to other growth sectors, the growth potential and infrastructure based assets of this sector are significant.

Financial and Professional Services

The financial and professional services growth sector is one of the fastest growing in Knowsley in terms of businesses and jobs volume. The sector is characterised locally by microenterprises operating in business support services.

As global trends are expected to see an increase in outsourcing of professional services to freelance and micro enterprises, Knowsley's location and rail connectivity with Manchester and Liverpool offers opportunities to optimise as place for small financial and professional enterprises. For example, development of business hubs (benefitting from lower land values) within the Huyton/Prescot corridor could play a key role in rebalancing the business size mix, and reduce market vulnerability related to reliance on large employers. The key problem is the gap in viability in building office accommodation for new businesses.

Digital and Creative

Whilst Knowsley isn't a recognised Digital and Creative centre in broad terms, the wider influence of digitisation within the borough is far reaching in terms of its impact on businesses and their growth potential. The digital sub-sector comprises technology, software and the platforms through which information is managed and shared. For example development of sensor technologies and the Liverpool City Region's focus on Industry 4.0 and LCR 4.0 has the potential to foster local innovation to support high growth companies in the area to capitalise on digital developments.

The opportunities lie in how the existing business base can harness new technological enhancements to drive innovation in their own sectors, such as rollout of digital communications technology and improving connectivity. This also has specific relevance to the automotive sector, in light of growth and reorientation towards advances and innovation in automotive engineering, such as connected and autonomous vehicles.

Case study: Adlib

Adlib are a supplier of Sound, Lighting and Audio-Visual Equipment and also provide technicians and engineers for a diverse range of events. Adlib have an international reputation in the touring market and have installed system in many UK venues. In February 2017 Adlib began the process of looking at larger accommodation in order to satisfy growing demand from its customers. Knowsley Growth Hub conducted a search and identified an 84,000 sq. ft. facility on Knowsley Business Park that Bosch had recently vacated. Adlib have now developed a first class facility to offer new and better services to customers and a great place for its ever growing workforce.

Knowsley Council was proactively involved in the project from its outset and was able to provide a range of support to make the move to the new premises possible.

Further analysis of digital skills and digital infrastructure is covered in the Employment and Skills, and Digital Connectivity sections of this report.

Insight gathered with local businesses emphasised the local opportunities afforded through digital and creative, and the ways in which they relate

to enterprise more widely. Digital skills are seen as increasingly important across all types of industrial sector, but young people are perceived to lack the basic skills necessary. Digital infrastructure is seen as an essential asset to enable businesses to compete effectively with a need to continuously ensure access to improved broadband speeds and rollout of 5G networks.

There is a local perception and appetite amongst the business community of opportunities to expand digital and creative industries by fostering hubs and spaces within the town centres. Improvement of business parks are not the only local answer to addressing issues for businesses.

Low Carbon Energy

Knowsley has a core hub of businesses in renewable energy and environmental technology at Knowsley Business Park and Huyton Business Park. The energy sector contributes over £2bn to the Liverpool City Region's economy. Growth is being stimulated through commercial opportunities in low carbon environmental goods and services, energy and heat networks. Development of a Heat Network on Knowsley Business Park to supply low carbon energy to homes and businesses is an economic priority in Knowsley and will help to generate supply chain opportunities within the local Low Carbon Energy manufacturing sector. Local insight among the business community has also suggested that access to reliable sources of power is a growing demand and challenge for the future. Access to a sustainable and low carbon alternative source of energy will play a key role in meeting those demands for businesses.



Health and Life Sciences

Health and Life Sciences is a crucial sector in the Liverpool City Region focussed on precision medicine, infectious disease, children's health and independent living and eHealth. Health and Life Sciences is a volume employment sector in Knowsley rather than a specific innovation area.

A key contributor to employment in this sector is Whiston Hospital which is a major sub-regional centre for health, and provides around 5,000 jobs alone, alongside Clinical commissioning Groups, local authorities and health provider services. The key opportunity in Knowsley lies in the proximity to one of the largest Life Science clusters in the UK (for example the Speke bio-corridor on the border with Halewood), and the opportunities for health assets in Knowsley to link with and benefit from Life Science innovations.

Visitor Economy

The City Region's Visitor Economy sector has enjoyed sustained growth in recent years, is now worth around £4.53bn across the Liverpool City Region, and supports around 53,000 jobs. Whilst the Visitor Economy tends to be focussed most strongly around visitor and cultural assets in Liverpool city centre, Sefton and Wirral (such as libraries, galleries, coast and countryside, golfing attractions and the Liverpool cruise terminal), there are opportunities for defined supporting roles to be played by the other boroughs of the City Region. The Visitor Economy also provides key job opportunities for residents to progress within careers related to culture, hospitality, retail and other associated sub-sectors.

Tourism and the visitor economy

Tourism had an overall value of £4.53 billion in the Liverpool City Region in 2017, of which approximately 7% is jointly attributable to visitor economy activities in Knowsley and Halton (at a value of £287 million).

There were approximately 64.16 million visitors to the Liverpool City Region in 2017, with an estimated 660,000 of those staying in Knowsley or Halton, and a further 5 million being day visitors. These visitor numbers have remained broadly consistent in recent years.

Knowsley's location between Liverpool and Manchester places it directly between two of the UK's largest visitor economy areas. For example, in 2017 Liverpool was the fifth most visited city in the UK for international visitors and seventh in England for domestic visitors.

A 2015 visitor survey conducted by North West Research indicates that the majority of visitors to Knowsley (56%) come from other areas in the Liverpool City Region. The remaining visitors are more likely to be from elsewhere in the North West (31%), followed by elsewhere in the UK (9%), and outside of the UK (4%).

Visitors can bring a wealth of economic benefit to an area and the 2015 survey indicated that the average spend by visitors staying in Knowsley was £140 (including accommodation), whilst day visitors spent an average total of £16.62.

Whilst Knowsley is not a major visitor economy destination in its own right (in terms of total visitor numbers and collective assets), it is home to



one of the sub-region's highest visited paid attractions in the form of Knowsley Safari and Knowsley Hall.

The most popular visitor factor associated with Knowsley is 'nature and wildlife', with 85% of respondents to North West Research's survey in 2015 rating it as the first feature in terms of what they associate with Knowsley. Other highly ranked factors include 'events' with 60% of respondents indicating this is the second factor associated with Knowsley.

Table 1: Top paid Liverpool City Region attractions (visitors)

	2016	2017
Mersey Ferries	540,759	635,939
Carr Farm	500,000	596,500
Echo Arena	511,261	588,532
Knowsley Safari Park	607,480	561,248

Source: LEP Tourism data summary August 2018

Knowsley Safari and Knowsley Hall represents a major visitor asset in Knowsley and in 2016 was the highest visited paid attraction in the Liverpool City Region with 607,480 visitors. Knowsley Safari has consistently been one of the top five most visited paid attractions in the City Region.

This is supported by a number of other cultural assets that provide visitor attractions including: Acorn Farm, Kirkby Gallery, Prescott Museum, arts in public spaces, history and heritage (social and built) and cultural events (such Knowsley Flower Show and Elizabethan Fayre). These additional assets are not of a scale or concentration to compete directly with major free to visit cultural attractions located in Liverpool city centre, but do

have a specific supporting role to play in enhancing the overall visitor offer in Knowsley.

According to North West Research's 2015 survey, the majority of visitors come to the Knowsley to visit a specific attraction, with half of visitors including Knowsley Safari Park as part of their trip, followed by 21% who visited Acorn Farm.

The survey also shows that almost all (97%) visitors to Knowsley are on a day trip from home, with just 2% being staying visitors. Most staying visitors choose a hotel for their accommodation, though not necessarily within Knowsley. Visitors are most likely to stay somewhere within the Liverpool City Region.

At the end of 2017 there were eight hotels in the Knowsley providing 392 rooms, meaning that Knowsley provides just 3% of total hotel capacity in the City Region, with the overnight visitor market tending to be focussed around business visitors at business park locations.

Table 2: Supply of hotel rooms (2017)

	Hotels	Rooms
Halton	7	550
Knowsley	8	392
Liverpool	69	8,773
Sefton	27	1,398
St. Helens	8	665
Wirral	20	820
Total	139	12,598

Source: LEP tourism data summary August 2018



Whilst it would be unrealistic for Knowsley to position itself as a major destination for tourism and visitor economy, there is ongoing opportunity to capitalise further on the existing assets, and the volume of day visitors that already come into the borough. There is also a need to consider Knowsley's tourism offer in terms of an 'experience economy'.

There are future visitor economy opportunities centred around Prescot and related town regeneration linked to heritage and retail development. The key opportunity lies in carving Prescot out as a niche cultural attraction within the wider North West, that has the power to attract visitors independently and not simply as a result of 'spill over' visits to Liverpool or Manchester.

There has been a high level of recent investment made in Prescot Town Centre's public realm under the Prescot Townscape Heritage Initiative, a five year £4.1 million Heritage Lottery Fund supported project to restore and re-use historic buildings in the town centre, and deliver public realm improvements.

This builds on the town's heritage and historic links to Shakespeare through delivery of a new Shakespeare North Playhouse which will be an attraction of regional significance and confirm Prescot's status as Knowsley's key cultural asset.

The Shakespeare North Playhouse will be an iconic new theatre and education space that will celebrate Knowsley's links with Elizabethan drama and Shakespeare himself, attracting visitors and students from all over the world.

It is estimated that the Shakespeare North Playhouse will attract more than 100,000 new visitors to the Liverpool City Region each year from across the UK and internationally; boosting the City Region economy by £13 million a year during construction and by £5.3 million each year following opening. The Playhouse is expected to create 20 new permanent full time jobs and around 175 full time jobs across the region and 185 temporary construction jobs.

Enhancement of tourism assets will enhance the vitality and viability of Prescot and have a catalytic effect in attracting investment into the town centre to improve the mix of high quality shopping, recreation, employment, community and leisure facilities.

Further analysis of the social impact of visitor economy and cultural attractions is covered in the Live Well chapter of this report.

Employment locations

Jobs and businesses in Knowsley are clustered across several general employment locations. This covers the four town and district centres (Kirkby, Prescot, Huyton, and Halewood), Whiston Hospital, and five major business parks (Boulevard Industry Park, Knowsley Business Park, Huyton Business Park, King's Business Park, and Prescot Business Park).

There are specific sectoral clusters present across these areas and collectively Knowsley's business parks account for approximately half of all jobs in the borough.

Boulevard Industry Park is the centre of Knowsley's automotive sector and accounts for approximately 6,000 jobs, as well as a smaller cluster of transport and storage operations and additional temporary and supporting service sector jobs.

Knowsley Business Park is the largest of all employment locations in the borough, and the second largest industrial park of its kind on the North West. Around a quarter of all jobs in the borough are located here, with a specific sectoral cluster of manufacturing and low carbon energy enterprises, as well as significant office space at the southern end of the park.

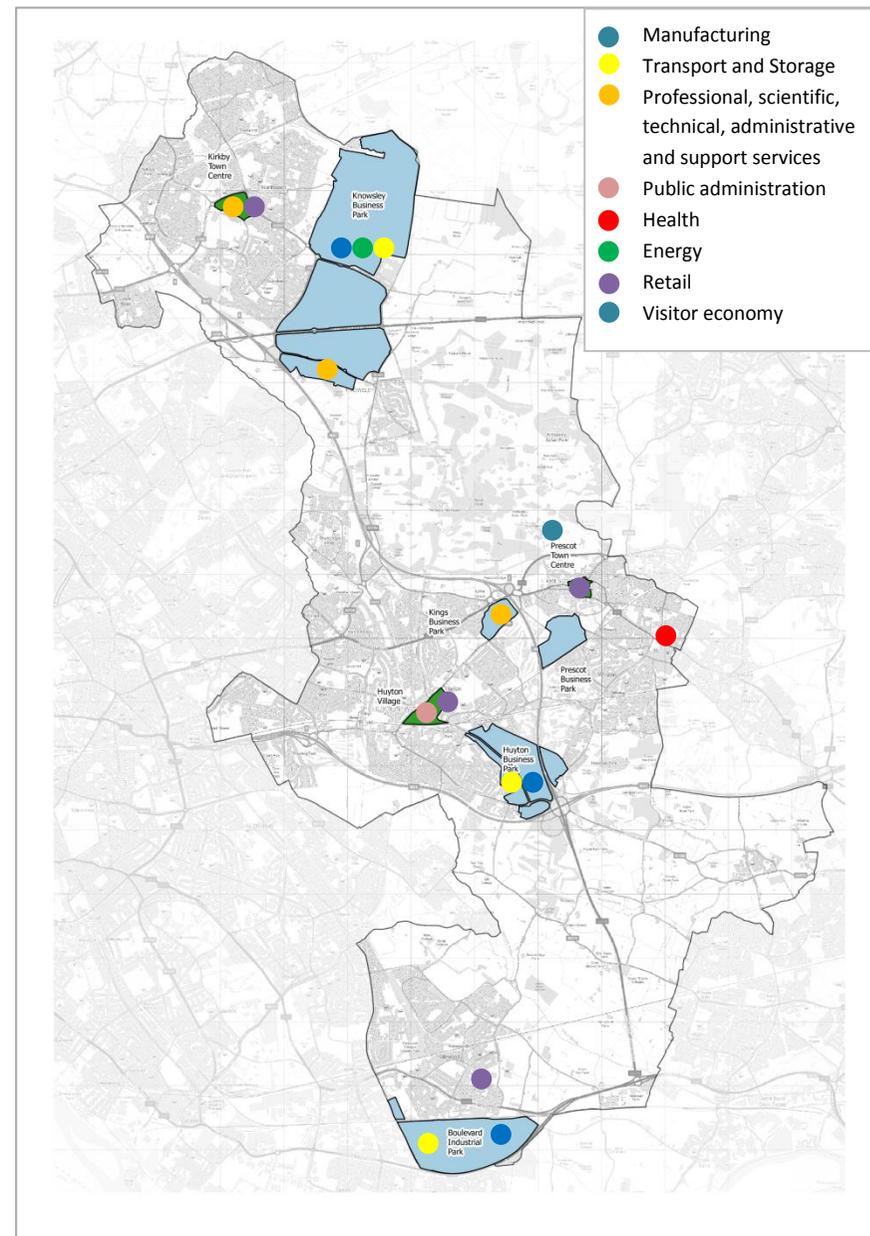
King's Business Park in Huyton also provides significant office space to meet high demands. Remaining land for development at King's Business Park was recently completed. Town centres tend to provide the majority of retail sector jobs (alongside smaller district centres) but are also definable by unique roles that influence the dominant base of employment in each.

Future employment land

Knowsley's Local Plan sets out the spatial vision for economic development. The Local Plan prioritises investment into existing employment locations, but also identifies the need for 164 hectares of additional employment land to meet expected demands by 2028.

Knowsley's economic development pipeline identifies 21 sites (at the time of writing) that will play a crucial role in delivering employment land needs. The largest in scale with the highest expected impact are:

Figure 13: Major employment centres and sectoral clusters



- Knowsley Business Park;
- Town Centres (Kirkby, Huyton and Prescot);
- Shakespeare North (Prescot);
- Halsnead Garden Village (land south of Whiston); and
- Earlsfield Park (Huyton).

Knowsley's Local Plan prioritises these sites for development in response to particular sectoral demands for B8 (storage or distribution space), and B1 (business office space). Further details of these schemes are summarised below.

Knowsley Business Park

Knowsley Business Park has a wide portfolio of workspace but there is a need to redevelop or refurbish a number of sites to meet the changing nature of demand, and make a key contribution to Knowsley's employment land requirements. At the time of writing there are 14 individual schemes within the economic development pipeline that are located at Knowsley Business Park.

There is a significant opportunity to enhance the park's visibility at gateway locations, specifically 'The Hub' (South Boundary Road), to create high quality employment sites that are visible from access roads.

Recent completion of the £6.7m Knowsley Industrial Park Access and Connectivity Improvements programme has taken major steps to improve the hub gateway, with new bus facilities forming a transport hub. This provides the basis for further outward facing retail/commercial development opportunities which will collectively comprise the key gateway into the park.

Town centres

Town centres provide an economic focus for local communities for jobs, retail and leisure and culture facilities. Knowsley is unusual in having three town centres of a similar size across the area; Prescot, Huyton and Kirkby. This creates the opportunity for each town centre to develop a distinct role both within its immediate area, the surrounding district and the wider Liverpool City Region. Ensuring that each town centre complements the others is vital to Knowsley's town centre master planning process, to ensure the future sustainability of all centres.

Masterplans have been developed for each town centre and outline a programme of regeneration in the context of identified roles and future opportunities specific to each town centre. Additional detail is covered in the Housing and Strategic Infrastructure chapter of this report.

Earlsfield Park

Earlsfield Park is one of the largest and most complex of the Sustainable Urban Extension (SUE) sites allocated by Knowsley's Local Plan Core Strategy. The site sits adjacent to King's Business Park at the M57/A58 junction and is designated for long-term mixed use development of housing and employment opportunity sites.

The eastern parcel of the site provides employment development opportunities over 16 hectares of land for Business Uses (Use Class B1) or uses that support the Liverpool City Region's key economic sectors. The new business park will develop as a prestigious employment location that builds on the success of the nearby King's Business Park, and ensure that this part of Huyton continues to contribute to economic growth.

Halsnead Garden Village

Halsnead Garden Village is a 174 hectare housing and employment development located on the eastern side of the Tarbock Island Interchange. The site is the largest and most complex of the Sustainable Urban Extensions allocated in Knowsley's Local Plan Core Strategy.

The parcel of land to the south of the M62 will deliver at least 22.5 hectares of employment development, and is a key component of Knowsley's employment growth strategy. Development will be primarily for large format storage and distribution (B8 Use Class), and other appropriate uses in the key growth sectors.

Prescot and Shakespeare North

There are significant opportunities to build on Prescot's heritage and historic links to Shakespeare through delivery of a new Shakespeare North Playhouse which will be an attraction of regional significance and confirm Prescot Town Centre's status as Knowsley's key cultural asset.

This is covered in further detail in the Visitor Economy section of this chapter.

In the last five years, 119,496 sq. m. of commercial floorspace has been completed with a further 85,564 sq. m. under development at existing business park locations, and due for completion by the end of 2019.

Table 3: Floorspace completed 2014-2018 (sq. m.)

Use type	2014	2015	2016	2017	2018	Total 2014-18
B1	216	12,246	500	112	9,043	22,117
B2	1,636	16,850	4,216	1,076	11,105	34,883
B8	-	19,035	-	35,213	8,248	62,496
Total	1,852	48,131	4,716	36,401	28,396	119,496

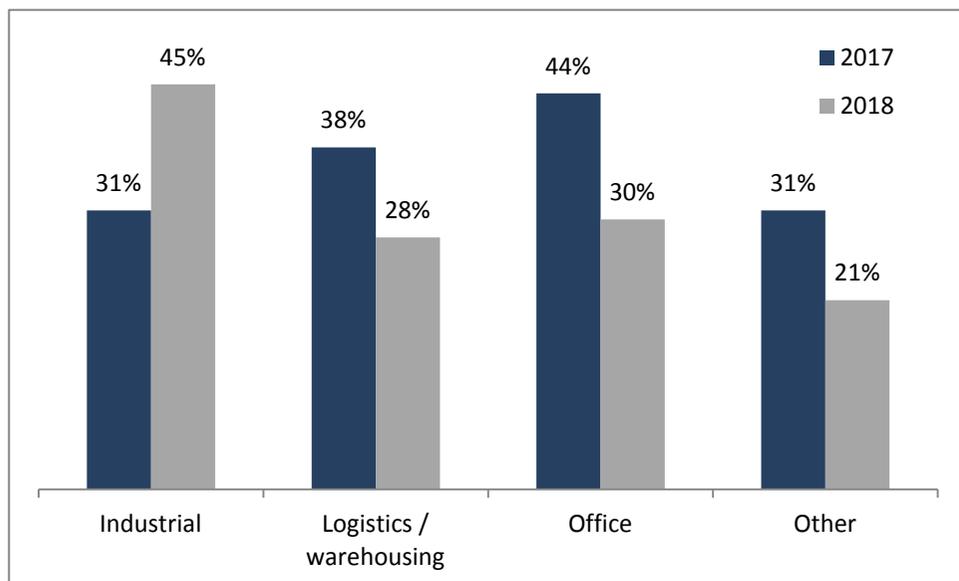
Source: Knowsley Local Plan Annual Monitoring Report

Whilst the Local Plan has identified the employment land necessary to meet projected demand by 2028, once this land has been developed out, there is no current additional supply of new or repurposed land to meet future requirements. Effective recycling of existing employment land is critical in account of the limited shelf life of employment development. However there may therefore be a need to identify further land dependant on projected demands.

There is demand for additional floor space amongst local businesses

A high proportion of economic investment in Knowsley is made by existing businesses. Knowsley Chamber's annual survey of local businesses in 2018 indicates that almost a quarter of businesses are expecting to expand their floor space or accommodation in the next two years. The highest demand is for industrial space (45%), followed by office (30%) and warehousing (28%).

Figure 14: Local demand for business space (Knowsley Business survey)



Source: Knowsley Chamber Economic Growth Survey

Local insight from the business community suggests that floor space is seen essentially as a finite resource, and there is a need to understand how space is used to its full potential. The sizes of business space and the scale of land required have changed and there is a need to be pre-emptive in order to cater for new demands. Type of space and viability of small space needs to be a key consideration for future employment land development plans, whilst diversification of business space could also be used to tackle any shortages (for example, multi-use of locations, and shared facilities such as within libraries).

Economic Forecasts

Economic forecasts for the Liverpool City Region (commissioned by the Local Enterprise Partnership in 2016) set out a growth scenario that takes into account the series of regeneration developments that are planned to take place across the sub-region, including the economic, housing and transport developments set out in this evidence base.

The forecasts indicate a growth scenario that could lead to the Liverpool City Region growing at 2.5% per annum and substantially faster than under a baseline forecast that does not account for completion of transformative developments. This could see the value of the economy grow by £51bn by 2040.

This could generate an additional 109,000 jobs across the Liverpool City Region by 2040, with 75,000 occurring as a result of the growth scenario (compared to what would occur without those developments being realised). Whilst the majority of these jobs (64,000) are forecast to occur in Liverpool, 5,400 additional jobs are forecast to occur in Knowsley.

Collectively, this represents a major opportunity for residents to capitalise on new jobs across the wider Liverpool City Region's and specifically within growth sectors. For example 'professional, scientific, and technical activities' and 'administrative and support' are the industries where the largest growth is forecast to occur.