Weightmans is very happy to support the Economic Review 2012. Understanding how global and local economies are performing is crucial for business growth.

The Economic Review 2012 gives insight into the challenges faced over the last year and a spotlight on key implications going forward. There is a lack of confidence that is now deep rooted after four or five years of economic downturn. Banks are not lending, pensions are not performing, and consumers are not buying. Western economies are worried about significant shifts in power and prosperity. Large corporations become more powerful and Governments are weakened. Nobody seems to have long term solutions to the Euro zone crisis, to rising unemployment and to the problems caused by mountains of debt.

Businesses today face rising costs in all sorts of areas at a time when competition is increasing and we are having to learn new ways to operate.

Notwithstanding all the difficulties businesses will find ways to trade with each other.

Staying in business and sustaining your business means constant vigilance about the cost base and improving the balance sheet, creating the best possible profit margin and trying to engender some growth.

In the right sectors, and with the right practices, business can grow. You need to focus on what your customers want to buy and the value that they put on your product or services. You need good decisions about investment, strong operational management, and a careful eye on the market, your competitors and the future. This is especially important for Liverpool City Region as companies seek to compete and grow in new markets while developing innovative products or services.

During the course of this downturn our business has grown significantly. We have had a rigorous approach to debt and have tried to invest in client relationship management, focusing on achieving the best results for our clients. We have recently won a major award, National Law Firm of the Year at the Legal Business Awards 2012, which is a testament to all of that. Our headquarters are based in Liverpool which is our heritage and our strength and I wish all local businesses every success in these challenging times.
Welcome to The Mersey Partnership’s latest Economic Review for Liverpool City Region.

The Review is, once again, based on the latest available data sets from a variety of official sources. This data records key economic performance using a wide range of indicators.

This edition of the Economic Review is published as the UK’s deficit reduction measures continue to bring about significant and far-reaching change in our economy. Alongside change on a national scale, international attention is also focussed on the world economic outlook.

Therefore, for the first time, the Economic Review includes a section on the international and national context in which Liverpool City Region’s economic performance is being measured.

It is more important than ever - in today’s global markets - to consider these implications for Liverpool City Region. New opportunities with which we can continue to grow our economy continue to emerge.

The four key sectors identified for their potential to create new jobs and new opportunities – the Visitor Economy, the Low Carbon Economy, the Knowledge Economy and SuperPort – remain at the heart of our economic development strategy. Progress is being made in each.

In addition, the creation of Enterprise Zones will assist delivery of ambitious schemes.

Liverpool has become the first city to agree new powers through the City Deals programme. This will help the City to close skills gaps, create employment and make the city attractive for private sector investment.

At last, responsibility for strategic economic development will pass to the Liverpool City Region Local Enterprise Partnership (LEP).

I am pleased that the LEP Board has decided to establish the LEP through the existing corporate entity of TMP. The City Region will have one of the most innovative LEPs in the country, which demonstrates our collective commitment to continue the growth charted through each of the eight annual Economic Reviews.

The following pages show that we still face huge economic challenges and that we have lost some momentum during the past year. However, they also show that we now know what needs doing and are having some positive results.

The modelling in the final section illustrates what can be achieved if we continue to harness the critical mass of all our economic assets and opportunities across the entire City Region, regain momentum without delay, remain focussed - and accelerate.

Images and case studies included in the Economic Review 2012 profile a range of companies and projects representing innovation and investment - evidence of growth and confidence in Liverpool City Region’s economy.
Growth Sector Clusters

- Creative and Digital Industries
- Advanced Manufacturing
- Finance and Professional Services
- Life Sciences
- Low Carbon
- Visitor Economy

1. Southport Commerce
2. England's Classic Resort
3. Port of Liverpool
4. Liverpool City Fringe Enterprise Zone
5. Mersey Waters Enterprise Zone
6. UNESCO World Heritage Site
7. Knowledge Quarter
8. Liverpool City Centre
9. Liverpool Innovation Park / Wavertree Technology Park
10. Wirral International Business Park
11. Unilever Research and Development
12. Knowsley Industrial Park
13. Speke Corridor
14. 3MG
15. Mersey Gateway
16. Heath Business and Technical Park
17. Daresbury Science and Innovation Campus
18. Haydock Industrial Park
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Employment
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Baseline Growth Sector Forecasts
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5 Glossary

All data contained in the Economic Review 2012 is available on request.
Contact: research@merseyside.org.uk or 0151 227 2727.
IMPLICATIONS: CHALLENGES AND OPPORTUNITIES FOR GROWTH

Creating and Capitalising on New Business Opportunities
Accessing New Markets
Changing Patterns of Business and Employment
A Need to Boost Entrepreneurship
Focus on Skills for Future Competitiveness

Wirral Waters represents an investment worth more than £4.5bn to Liverpool City Region.
During recent years, TMP Economic Reviews have been able to report that the Liverpool City Region has achieved relatively strong performance, compared with earlier years and other UK city regions. This year’s Review shows that the City Region, like others, is being significantly affected by external conditions – with some loss of momentum – but still great opportunities. The following is a summary of implications:

**Creating and Capitalising on New Business Opportunities**

Weak growth prospects for the UK economy over the next two years [see UK Conditions page 14] will make business growth more challenging, with fewer opportunities and increased competition. Major new projects in the pipeline for Liverpool City Region, such as the Seaforth In-river Terminal, Mersey Gateway crossing, the Liverpool Bio Campus and Liverpool and Wirral Waters will enter construction phases in the next two years.

The economic impact of these schemes is critical to the medium term prospects for the City Region but the impact of this investment, and resulting jobs, will be limited for the next two years. Liverpool City Region’s relatively high level of public sector employment and Government’s spending plans for the next four years, put the onus on the private sector to drive economic growth [see UK Conditions page 15].

Steps taken during recent years have provided a platform for growth and the economy has started to re-balance between the public and private sector [see Sector Composition page 29].

Dedicated teams of local businesses are leading the delivery of action plans for job growth in four areas of economic potential. This work is progressing well. Liverpool City Region’s position in the offshore wind industry has been transformed by collective action, leading to new contracts at Cammell Laird. This provides a model for collaborative opportunities in Port Centric and Multimodal logistics and also for cluster development in the advanced manufacturing and life-sciences sectors. In the visitor economy, further hotel developments in 2012 will open new business tourism opportunities.

The challenge over the next two years is to rapidly accelerate the rate of private sector job creation. This is required to offset continued redundancy in the public sector, and to address underlying levels of unemployment.

A range of venture capital products are available for business investment. The North West Fund provides an additional £185million of business finance that is unique to Liverpool City Region, and is well aligned with our growth sectors.

Where public sector investment streams still exist – Regional Growth Fund, European Regional Development Funds and incentives at the City Region’s new Enterprise Zones and recently announced Mayoral Development Zones, they need to be targeted at new growth opportunities.

**Accessing New Markets**

Liverpool City Region’s principal markets have been domestic, European and in the US; yet this year’s Economic Review shows emerging economies, such as Brazil, Russia, India and China, are likely to achieve the highest growth rates over the next two years.
There is continued overseas demand for high-quality UK goods and services. In emerging economies, incomes are growing and driving demand for consumer products.

As these economies expand there is also demand for business consultancy services. Opportunities are appearing in the growth sectors, in company supply chains, and in the export of business innovation and R&D. All of these present opportunities for Liverpool City Region businesses to access new markets.

Evidence also suggests that economic growth is likely to be driven by medium sized businesses that have a track-record of delivery and are able to invest to grow. The City Region lacks sufficient critical mass in this area. It has a higher than average number of family owned businesses, which typically do not generate high growth rates. This issue requires a deeper understanding and more focused support.

**Changing Patterns of Business and Employment**

Evidence in this year’s Economic Review points to a shift in the nature and form of the Liverpool City Region’s economy. Although the impact of the financial crisis has been severe in terms of overall economic performance, (see International and National Context pages 14-19) this hasn’t, until very recently, translated into significant unemployment.

This is due to two main factors: Firstly, there has been a large increase in part time working in Liverpool City Region. Secondly, there has been a sharp rise in self-employment, mainly as a result of redundancies and a preference to start businesses rather than take benefits (see Liverpool City Region Economy, Recent Trends page 29).

There are a number of significant trends:

- Businesses are trying to retain talent and expertise to be prepared for recovery, and salaries are being protected as far as possible
- New self-employment will lead to a stronger entrepreneurial culture, although it might prove to be a stop-gap for some individuals until jobs become available
- Household incomes across the City Region are falling. This will have a knock-on impact on overall consumer spending. Inflation is currently high and this is increasing the pressure on low income households

Availability of high quality work opportunities for young people is crucial to attracting and retaining talent, and driving future population growth. This year’s review shows that employment growth has been strongest in lower skilled and manual occupations and also in sectors that are considered lower value (see Liverpool City Region Economy, Recent Trends pages 29-30).

This is positive; it provides a first step into the labour market for young people or those out of work. However, growth is also needed in high value sectors and professional and managerial occupations.

Liverpool City Region is determined to create long term, sustainable jobs to reverse underlying structural issues of long-term unemployment and high value jobs. This remains a challenging target.
A Need to Boost Entrepreneurship

Evidence highlights again the deficit that the City Region has in its business base; and the requirement to stimulate new enterprise. This is not a new conclusion and some of the barriers originally identified in the 2005 Merseyside Entrepreneurship Commission still remain.

Firstly, analysis of Liverpool City Region population structure (see Liverpool City Region Economy, Population pages 26-27) still shows a deficit of 24-44 year old individuals relative to the national average. This group plays an important role in terms of enterprise; it is often the cohort that start successful growth businesses.

Secondly, some of the City Region’s biggest businesses are not headquartered here and have to compete internally for resources and investment to generate growth in the City Region.

Thirdly, Liverpool City Region still has high levels of public sector employment. Evidence suggests that such places are likely to have lower enterprise rates.

There is a range of building blocks that the City Region is putting in place to promote a culture of entrepreneurship.

- Educational performance is improving, with a focus on enterprise in schools and academies across the City Region (see Liverpool City Region Economy, Business Base pages 34-35)
- New combinations of businesses, education providers and research institutions are emerging
- Growth sector action plans provide a framework for supply chain development and the evidence of future market potential
- A range of financial products are available, although evidence on the successful take-up of finance is mixed

The Global Entrepreneurship Congress and new programmes in the City Region’s universities will provide an increased focus on the enterprise agenda. This presents an opportunity to drive significant cultural change.
Focus on Skills for Future Competitiveness

Businesses have cited future skills needs as a critical factor for their business. This year’s Economic Review shows that Liverpool City Region has continued its recent progress on improving skills, albeit from a low base.

Within growth sectors there is evidence that many of the traditional manufacturing and engineering skills are transferable to the knowledge-based economy. These skills are found in the older age group, but young people have to start from scratch.

Much closer links are starting to appear between the growth sectors and skills providers. The Jobs for Tomorrow project, led by Connexions, has helped school careers advisers understand future job prospects. University Technical Colleges are emerging in the SuperPort, Low Carbon, Engineering and Life Sciences sectors. The relationship between Balfour Beatty and Liverpool Community College provides a good practice example of links between the private sector and further education.

Employers are increasingly looking for qualities such as leadership and teamwork. These are required to make the City Region attractive for new investment and for the growth of existing companies. The City Region needs to understand the future skills needs of employers, and align skills programmes with these needs. This is still proving to be difficult. Public funding is reducing for training providers, and the skills funding system will have to be increasingly driven by the needs of business rather than the demands of learners.

There is also a strong link between skill levels and unemployment (see Liverpool City Region Economy, figure 43, Working Age Population by Qualification Level, page 39). It will take time, but delivery of major new projects will bring jobs to the City Region over the next ten years. The challenge for Liverpool City Region is to equip people to be job ready and support them to transition into work.
INTERNATIONAL AND NATIONAL CONTEXT

International Perspective
UK Conditions
UK Sector Conditions
UK Labour Market Conditions

Range Rover Evoque produced at Halewood Operations, Knowsley and part of Jaguar Land Rover’s £1.5bn investment in UK advanced manufacturing.
International Perspective

The world economic outlook weakened once more in 2011. Governments switched from trying to stimulate their economies to trying to protect them, particularly in the more advanced countries. This acted as a drag on global economic activity. The rebound seen in 2010, as industries began to rebuild stock, ran out of steam and private sector demand became muted.

Growth in advanced economies is expected to remain subdued over the coming two to three years. Austerity measures mean people will have less money. By contrast, the emerging markets of Brazil, Russia, India and China, known as the BRIC countries, are expected to be the drivers of growth in the future. In 2010 BRIC countries comprised 17% of global GDP; through 2011 and 2012 they are expected to account for 40% of world GDP growth.

UK Conditions

In the first three quarters in 2011 the economy grew by 0.5% compared to the 3.0% growth recorded in the preceding 12 months.

Consumer confidence last year weakened to levels experienced during the recession of 2008/09. Household disposable income increased by a mere 0.1% in 2010 and during 2011 came under further pressure from tax increases, welfare cuts and inflation, compounded by limited earnings growth. Inflation was 4.0% or above throughout 2011, peaking at 5.2% in September and has been above the Bank of England’s target rate of 2.0% since 2009. At the same time, take-home pay continued to fall. In 2011; median gross weekly earnings for all employees – the value that separates the higher half of the population from the lower remained unchanged from 2010 at £403.90, up only 1.7% on the 2009 figure.
At the national level, the UK faces a significant budget deficit deepened by unprecedented measures undertaken to stabilise the banking system and financial sector as well as stimulate the economy through the recession. In an attempt to reduce the structural deficit the government introduced a number of measures to drive fiscal consolidation, including spending cuts and tax increases. The Chancellor’s Autumn Statement 2011 included an update of forecast outcomes for fiscal consolidation. The government plans a total consolidation of £147 billion per year by 2016/17, consisting of total reductions in spending of £116 billion and a net increase in taxes of £31 billion.

In response to the level of indebtedness it faces, the UK government introduced a number of measures aimed at stimulating private sector growth and strengthening manufacturing in order to enable exports and investment to drive economic growth going forward. Examples included a reduction in corporate tax and commitment to further reductions, a £50 million Business Angel Co-Investment Fund, export finance to help firms break into overseas markets and the introduction and extension of the Regional Growth Fund.

Firms cut back on investing in their businesses during the recession to preserve cash-flow. Despite improvements in corporate sector balance sheets during the recovery, investment levels have remained below pre-recession levels. The Euro Zone debt crisis and financial sector uncertainty only underlined the poor credit conditions and kept investment confidence down.

BRIC and emerging economies have provided competitive alternatives to investment in domestic markets.

The UK trade performance has weakened as a result of diminished demand for UK exports despite the support provided by sterling’s relative weakness. The USA and Euro Zone represent the UK’s largest export markets accounting for 13% and 54% of exports respectively. Both have experienced deterioration in economic performance. Limited growth prospects in these markets weaken UK prospects and leave net trade, an important driver of future economic growth, vulnerable.

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**Figure 4**
**UK Private Sector Business Investment Levels**

**Figure 5**
**UK Exports by Country Group Destination**

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Trigon Snacks, the Aintree-based manufacturer of nut and other food products, is seeking new business in overseas markets. The Weightmans client, which saw its annual sales in 2011 rise to £25.5m, up from £22m in 2010, already provides manufacturing and warehousing services for the Dutch food service industry supplier, Welco and is now planning product launches in China.
UK Sector Conditions

In the five quarters the UK economy was in recession, up to the middle of 2009, it lost 7% of output; to date 3.4% of that lost output has been recouped. However the current global economic climate forecasts suggest it may take a further two years for the economy to return to pre-recession levels of output (Source: International Monetary Fund, September 2011).

Manufacturing was one of the hardest hit sectors during the recession but experienced a strong recovery, especially compared with previous downturns. In the 18 months that followed recession, the sector recouped nearly half of lost output. Stock building and export demand bolstered manufacturing performance as domestic demand faltered. However the sector has been impacted by the latest global slowdown, only 0.8% of output was recouped in the last three quarters.

Likewise, the construction sector expanded during the first half of 2010 but has since slowed, due to cuts in the public sector.

The business services and finance sector contracted by 7% during the recession and recovery has been protracted. However, during 2011 the sector recorded growth in each quarter.

Output in the transport, storage, information and communications sector during the recession contracted by 8.3% peak-to-trough, however the sector has grown since. Indeed, it was the first to regain pre-recession levels, doing so in quarter three 2011.

The distribution, accommodation and food service activities sector contracted by 8.9% during the recession and has grown back slowly by 3.5% to date.

The broad Government and other services sector helped lift the economy throughout 2009 and the first half of 2010. Growth slowed in 2011 and is expected to go into reverse over the coming few years as the government continues to cut back on its spending.
**UK Labour Market Conditions**

In the two years since the start of the recovery the UK labour market has not managed to achieve sustained growth; in 2011 conditions seemed to deteriorate. During the recession, employment levels held up much better than expected given the magnitude of output lost, as well as the experience of past recessions.

Employment fell by 2.4% from 29.5 million to 28.8 million, compared with peak-to-trough declines of 6.0% in the 1980s and 1990s. Employment levels held up much better due to increased flexibility in the labour market. In the face of declining demand both employees and employers accepted different ways to reduce labour costs rather than laying off staff, including policies such as unpaid leave, short-time working, recruitment freezes and wage reductions. In 2010 employment levels recovered, restoring 450,000 people back into employment. However, since the beginning of 2011 the recovery in the labour market has stalled, in the second half of 2011 over 150,000 people left employment as public sector job losses outnumbered private sector job creation.

Public sector employment bolstered the UK labour market during the recession as private sector employment declined. In 2011, both private sector and public sector employment suffered. The number of people working in the public sector is currently at its lowest level since September 2003, at 5.99 million, whilst private sector employment remains at 98% of its pre-recession level.

Self-employed numbers in the UK have increased significantly since the onset of the recession, growing by 7.4%, equivalent to an additional 282,500 individuals. This trend was predominantly driven by part time self-employment. Currently there are 4.14 million self-employed individuals in the UK labour market, the highest number since comparable records began in 1992. The shift towards part time, or temporary, rather than full time employment creation has been a characteristic of the economic recovery. Given uncertainty over economic conditions and the sustainability of the recovery, firms’ willingness to take on permanent full time staff has been eroded.
Two quarters before the economy formally entered recession in quarter two of 2008, unemployment had started to increase. Throughout 2008 and 2009 the level continued to rise, peaking at 2.49 million, which was 885,000 more than the pre-recession level. During 2010 unemployment declined marginally by 55,000. However, in 2011 numbers picked up again and at 2.6 million unemployment is now at its highest level since 1994.

Perhaps not surprisingly, the number of individuals claiming job seekers allowance (JSA) more than doubled during the recession from 778,400 to 1,626,000. There followed a see-saw of the figures in 2010 and 2011, declining in 2010 by 176,000, increasing in 2011 to levels experienced at the peak of the recession. The figure for November 2011 was 1,598,600.

1 International Labour Organisation definition of unemployment – people without jobs who have been actively looking for work over the past four weeks
Labour market data highlight that young people aged from 16 to 24 years were disproportionately affected by the recession and fragile economy. Whilst the number of individuals of all ages claiming jobseekers allowance (JSA) for more than six months increased by 2.5 times, the number of young claimants more than tripled from 36,000 to 120,000.

Despite a significant reduction in numbers during 2010, in 2011 the rate of increase in longer-term youth claimants outstripped the rate for claimants of all ages, reaching 125,000, the highest level since 1997.

**Figure 13**

**UK Longer Term Claimants**

<table>
<thead>
<tr>
<th>All Claimants more than 6 months</th>
<th>Under 24 years more than 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>150</td>
<td>150</td>
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<tr>
<td>200</td>
<td>200</td>
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<td>250</td>
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<td>300</td>
<td>300</td>
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<tr>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

Source: ONS, Labour Market Statistics.

**In 2011 Cybertill increased its revenues by 56% from just over £4m to £6.25m and will post a profit of around £250,000. At the same time the company also increased its customer base by 23% to 740 clients – evidence of growth achievable in Liverpool City Region’s economy despite difficult trading conditions.**
Mersey Gateway Project will help create more than 4,000 new jobs generating additional £61.9m GVA by 2030.
Local Economic Data

Within the EU Liverpool City Region is comparable to Auvergne in France, Calabria in Italy, Izmir in Turkey and Lithuania. Other dominant port cities in Europe have far larger economies, Hamburg £60.2 billion and Antwerp £45 billion.

Table 1
Comparative GVA

<table>
<thead>
<tr>
<th>Area</th>
<th>GVA 2009 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Yorkshire</td>
<td>19,876</td>
</tr>
<tr>
<td>Liverpool City Region</td>
<td>21,913</td>
</tr>
<tr>
<td>Tyne &amp; Wear</td>
<td>23,014</td>
</tr>
<tr>
<td>West Yorkshire</td>
<td>39,266</td>
</tr>
<tr>
<td>Greater Manchester</td>
<td>45,690</td>
</tr>
<tr>
<td>West Midlands</td>
<td>45,802</td>
</tr>
</tbody>
</table>

Source: ONS, Regional GVA and TMP Modelling.

2. Economic value here is defined by GVA – Gross Value Added. This is described by the Office for National Statistics as the contribution to the economy of each individual producer, industry or sector in the United Kingdom. A weakness in using ONS data to describe the value of the City Region is that Halton and Warrington are combined; using a combination of analysis by Cambridge Econometrics and the TMP research team we have disaggregated this data. Be aware that any GVA related figure for the whole City Region or Halton are based on this disaggregation, not only on ONS figures.
Change in City Region Economy

One weakness in GVA data is the timing of its release; official statistics always lag behind current performance. Latest GVA figures relate to 2009, but were published two years later in December 2011. After a period of growth the UK economy fell sharply in 2009, including that of the City Region, but it fared better than the country as a whole:

- From 2008 to 2009 UK GVA dropped 2.7%
- From 2008 to 2009 Liverpool City Region GVA dropped 1.7%

In the five years to 2009, the growth rate of the City of Liverpool alone closely matched the national performance, outperforming the wider Liverpool City Region.

Lower growth in Sefton and Wirral held back the headline figure for the wider area including Warrington, Flintshire and Wrexham as well as the City Region.

Liverpool City Region displayed resilience during the 2008/09 recession, not showing as much of a drop as comparator urban areas.

Figure 15, GVA Growth models GVA up to 2011, calculated using a combination of national GVA and GDP data and recent results from the Annual Population Survey. This suggests that the City Region will have had a slight drop in GVA during 2011 (in part at least connected to public sector cuts), before expecting growth in 2012. The City Region economy at the end of 2011 could have been worth £21.5 billion at 2009 prices.

The rebuilding of The Everyman Theatre - a cultural cornerstone of Liverpool life will enhance the Everyman’s reputation as one of the UK’s leading and most innovative theatres and establish the new venue as an important hub in the City Region’s creative sector.

£5.9m investment from European Regional Development Fund.
GVA per capita is a way of viewing the relative position of the local economy within the national picture. Liverpool City Region is ranked 33rd out of 37 similar areas across the UK, (see GVA per Capita; Current Rank Order and change over 5 years table 3). The City Region includes Sefton andWirral which are ranked near the bottom, with a drop in ranking on their position five years ago. Liverpool City moved up ten positions in the ranking (see table 3).  

### Table 3  
**GVA Per Capita: Current rank order and change over 5 years**  

<table>
<thead>
<tr>
<th>Area</th>
<th>Rank</th>
<th>5-year change</th>
</tr>
</thead>
<tbody>
<tr>
<td>W Yorkshire</td>
<td>15</td>
<td>↑1</td>
</tr>
<tr>
<td>Gtr Manchester</td>
<td>16</td>
<td>↑1</td>
</tr>
<tr>
<td>W Midlands</td>
<td>17</td>
<td>↓4</td>
</tr>
<tr>
<td>Tyne &amp; Wear</td>
<td>24</td>
<td>↔0</td>
</tr>
<tr>
<td>S Yorkshire</td>
<td>31</td>
<td>↓1</td>
</tr>
<tr>
<td>Liverpool City Region</td>
<td>33</td>
<td>↑1</td>
</tr>
</tbody>
</table>

* Excluding Halton. Source: ONS, Regional GVA and TMP Modeling.

### Table 4  
**City Regions**  

<table>
<thead>
<tr>
<th>Area</th>
<th>GVA 2009 (£m)</th>
<th>Change 2004-09</th>
<th>Change 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool City Region*</td>
<td>21,913</td>
<td>12.4%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>West Yorkshire</td>
<td>39,266</td>
<td>13.3%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Tyne &amp; Wear</td>
<td>23,014</td>
<td>12.3%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>South Yorkshire</td>
<td>19,876</td>
<td>14.4%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Greater Manchester</td>
<td>45,690</td>
<td>10.9%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>45,802</td>
<td>8.0%</td>
<td>-2.6%</td>
</tr>
</tbody>
</table>

* Excluding Halton. Source: ONS, Regional GVA and TMP Modeling.

### Table 5  
**Cities**  

<table>
<thead>
<tr>
<th>Area</th>
<th>GVA 2009 2004-09</th>
<th>Change 2004-09</th>
<th>Change 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool</td>
<td>8,767</td>
<td>18.9%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Nottingham</td>
<td>7,603</td>
<td>12.2%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>17,343</td>
<td>19.6%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Bristol (City of)</td>
<td>10,921</td>
<td>16.6%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Sheffield</td>
<td>9,578</td>
<td>16.4%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Birmingham</td>
<td>19,622</td>
<td>11.1%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Manchester (South)</td>
<td>30,896</td>
<td>12.6%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Newcastle</td>
<td>14,594</td>
<td>14.1%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Cardiff (Vale of Glamorgan)</td>
<td>9,615</td>
<td>15.0%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Kingston upon Hull</td>
<td>4,079</td>
<td>7.5%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Leeds</td>
<td>17,858</td>
<td>13.8%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Belfast</td>
<td>8,003</td>
<td>13.5%</td>
<td>-3.2%</td>
</tr>
</tbody>
</table>

Source: ONS, Regional GVA and TMP Modeling.
GVA within the City Region

GVA is based on workplace. An area may score relatively low in terms of economic contribution because a large proportion of its residents work elsewhere. This is especially true of Liverpool City Region, where there are significant commuting flows from Wirral and Sefton into Liverpool.

Economic Value and Growth by Sector

Figure 17 represents the absolute contribution to the economy by different sectors, both in the City Region and the wider area. The wider area includes Warrington, Flintshire and Wrexham as well as the City Region. Source ONS, Census 2001 data, weighted by 2001 – 2011 employment (residence and workplace) and / population changes.

The new £72m Museum of Liverpool – is the largest new international museum built in Britain for over a century. It is the world’s first museum devoted to the history of a regional city and a significant addition to Liverpool City Region’s destination offer attracting increasing numbers of domestic and overseas visitors. Part funded through European Regional Development Fund.
Population

One of the key drivers of the economy is population growth, especially working-age population. The latest data available, for 2010, showed that the total population of Liverpool City Region was 1.473 million:

- 955,200 aged 16-64
- 267,500 children under 16
- 250,200 65 and over.

It should be remembered when viewing population data for 2011 it is modelled by ONS from the last published census, in 2001.

As with economic value, the City Region is starting from a low base, both in terms of population growth and those of working age. To some extent surrounding areas provide inward flows for commuting, leisure and shopping.

Figure 18
Population Levels by Local Authority

Figure 19
Population Comparisons

Source: ONS, Mid Year Population Estimates.
Amongst the areas this applies to are:

- Cheshire West & Cheshire
- Warrington
- West Lancashire
- Flintshire
- Wrexham.

Taken together, these areas represent a population of 919,800, of which 586,600 are aged 16-64.

The population of Liverpool City Region and these surrounding areas taken together is similar to the populations of Zurich, Auvergne in France and South Sweden.

Up until 2007, the figures showed a continual reduction in the population of Liverpool City Region, but more recently this appears to have stabilised with figures indicating slow growth. Meanwhile there is a significant difference in growth compared with the UK and the comparator cities. The population level aged 18-24 increased over the past ten years, partly due to growth of the city’s three universities, but there was a significant drop in those aged 25 to 44 years. These trends were not experienced by comparator cities.

Figure 21 Population by Age contrasts the population demographics of the City Region with those of the country as a whole. It shows the gap that exists in terms of the proportion of 30 to 44-year-olds living in the area. This is especially significant as people in that age group might be expected to play a big part in increasing entrepreneurship. The challenge is to encourage greater retention of university graduates as well as more inward migration. Data indicates this has improved over the past two years.

Table 6
Comparisons of Population Change

<table>
<thead>
<tr>
<th>10-year change</th>
<th>Total Pop</th>
<th>Working age</th>
<th>18-24</th>
<th>25-44</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>+6%</td>
<td>+6%</td>
<td>+21%</td>
<td>-2%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>+3%</td>
<td>+6%</td>
<td>+24%</td>
<td>-1%</td>
</tr>
<tr>
<td>Greater Manchester</td>
<td>+4%</td>
<td>+7%</td>
<td>+30%</td>
<td>0%</td>
</tr>
<tr>
<td>West Yorkshire</td>
<td>+8%</td>
<td>+12%</td>
<td>+36%</td>
<td>+6%</td>
</tr>
<tr>
<td>Liverpool City Region</td>
<td>-1%</td>
<td>+1%</td>
<td>+26%</td>
<td>-11%</td>
</tr>
<tr>
<td>South Yorkshire</td>
<td>+5%</td>
<td>+8%</td>
<td>+36%</td>
<td>-3%</td>
</tr>
<tr>
<td>Tyne &amp; Wear</td>
<td>+3%</td>
<td>+7%</td>
<td>+32%</td>
<td>-4%</td>
</tr>
</tbody>
</table>

Source: ONS, Mid Year Population Estimates

Investment of more than £200m in this leisure, retail and residential development demonstrates both developer and consumer confidence in Liverpool City Region. The development will provide 80,000 sq ft of grade A office space, 442 new hotel rooms, a new 6 screen digital cinema and a further 160,000 sq ft of prime commercial space.
Employment and Economic Activity

A number of datasets provide information about the City Region's economic performance, including levels of employment, self-employment, part time, full time levels and overall economic activity. Much of this data comes from the Annual Population Survey which provides a snapshot from March 2011.

The Annual Population Survey estimated that 72% of those aged 16-64 in the City Region were economically active – this is below the UK as a whole and below many comparable areas.

To give some measure of the challenge for the City Region to achieve an economically active population on a par with that of the UK pre-recession, it needs an additional 41,000 people to be economically active.

Likewise, self-employment is also behind national levels. For the City Region to be on a par with the UK as a whole, it needs an additional 26,000 self-employed.

The proportion of economically active people in Liverpool itself is lower than elsewhere in the City Region. Sefton and Wirral have a higher proportion of self-employed.

Table 7
Economic Activity

<table>
<thead>
<tr>
<th>(% aged 16-64)</th>
<th>LCR</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically active</td>
<td>72.2</td>
<td>76.0</td>
</tr>
<tr>
<td>Employment rate</td>
<td>64.9</td>
<td>70.2</td>
</tr>
<tr>
<td>Employees</td>
<td>58.0</td>
<td>60.7</td>
</tr>
<tr>
<td>Self-employed</td>
<td>6.4</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Source: ONS. Annual Population Survey
Recent Trends

Over the 12 months to March 2011, private sector employment in Liverpool City Region is estimated to have grown by 2.2%, a greater rate than the national figure. It is difficult to pin down with any accuracy where this growth has come from, but crude analysis seems to indicate a change led by transport and communication, up 11%, distribution, hotels and restaurants up 6%, manufacturing up 5%, [Source: Annual Population Survey, March 2011].

This result may be an early indicator of successful change driven by the four key growth sectors.

Public sector growth continued throughout the recession, until the recruitment freeze in 2010, but dropped by 3.5% over the past year in the City Region; this is significantly more of a loss than experienced across the UK. In fact, national levels of public sector employment showed low growth, 0.6%, driven mainly by London and the South East’s rise of 2.1%.

Med ePad has started trials of its interactive mobile touch screen device within the NHS. They are pioneering an innovative approach to development, manufacturing and marketing; identifying future growth sectors and international markets from their base at Liverpool Science Park.

Part funded by North West Fund for Biomedical.
Self-employment in the City Region grew by 3.2% in the past 12 months, almost twice the national level of 1.9%.

Business Register and Employment Survey data show that employee job numbers in Liverpool City Region declined between 2008 and 2009, during the recession, a factor noted by all comparable areas. Employee job numbers decreased by a further 1.2% from 2009 to 2010; a smaller decrease than seen across the North West of England as a whole. -1.6%, but a much higher drop than seen nationally, Great Britain recorded a drop in employee jobs of -0.5%.

Figure 27 Employee job numbers by sector and annual change 2009-2010 shows employment by sector in 2010 across the City Region and how this changed against 2009.

It can be seen that health and social work employed the highest number in Liverpool City Region, followed by wholesale and retail trade. Notice that the change in 2010 appeared to be led by growth in administration and support services, which will include the activity of employment and temporary agencies, to a lesser extent, in health and social work and professional, scientific and technical. But construction and manufacturing saw significant drops, the former partially as a number of building projects came to completion, the latter due to the effects of the recession. Data from the recent Annual Population Survey suggests that after this phase of reduction manufacturing in the City Region is now showing some signs of improvement.

The split between public and private sector employee jobs in the City Region was 29:71 against 25:75 nationally – and this after the initial stages of job cuts up to Q1 2011. Further public sector cuts will have a disproportionate impact within the area.
Looking at changes in employment by job category over the past year much of the increase has come from lower-grade occupations; there has been little change or even a drop in other categories, including the calibre of jobs important to attract and/or retain graduates in the City Region and to increase GVA.

There has been significant growth in male part time employment from 2003 onwards; both locally and nationally. The last two years has seen a trend of reduced levels of females in the workplace in Liverpool City Region – both full time and part time; this is a level of reduction not recorded nationally. For example, from 2009 to 2011 the number of female full-time workers decreased by 2.7% in the city region (1.1% nationally) and the number of female part-time workers decreased by 2.9% (no change nationally).

Currently both male and female full and part time employment lag behind national levels.

The average full time wage in Liverpool City Region is 2% lower than a year ago; £463.70 gross weekly compared to £472.60 in 2010.

Table 8
Percentage of Population Aged 16-64 Currently in Employment, by Gender

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>LCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male Full Time</td>
<td>65.9%</td>
<td>59.9%</td>
</tr>
<tr>
<td>Male Part Time</td>
<td>8.5%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>LCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female Full Time</td>
<td>37.4%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Female Part Time</td>
<td>27.3%</td>
<td>25.8%</td>
</tr>
</tbody>
</table>

Source: ONS, Annual Population Survey.

Liverpool Innovation Park has created an internationally recognised centre of excellence for knowledge-intensive and technology based firms. This is a key component of Liverpool City Region’s growing knowledge economy.

£1.42million of European Regional Development Funding.
Unemployment

One measure of unemployment is to look at the level of job seeker allowance (JSA) claimants. Note that claimant data is all residence based and does not reflect travel to work patterns.

Data shows there were 55,759 JSA claimants in the City Region in September 2011; 10% up on the same period in the previous year.

Claimant rates tend to be highest in Liverpool and Knowsley. We note that rates are also significantly lower in the immediate hinterland, although of course, these form at least in part some of the commuting residents of the City Region.

Table 10
Claimant Count Rates

<table>
<thead>
<tr>
<th>Area</th>
<th>2007</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halton</td>
<td>5.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sefton</td>
<td>5.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheshire West</td>
<td>3.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowsley</td>
<td>6.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>St.Helens</td>
<td>5.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warrington</td>
<td>3.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wirral</td>
<td>4.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Lancs</td>
<td>3.6%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ONS, Claimant Count
Figure 31 JSA Claimant Trends shows the changing trends on an annual basis. Clearly the gap between the City Region and the UK showed signs of reducing pre-recession; even now this is not as high as historical data. The graph now shows a rise again over the last 12 months; and this is at least in part associated with public sector cuts.

After several years of progress, the recession and public sector cuts appear to have returned the proportions of those aged 50+ claiming for six or more months back to near 2000 levels. (See figure 33, Aged 50+ claiming more than 6 months). Whilst nationally and locally the proportion of those aged 16 to 24 claiming for six months or more is at the highest level for 10 years.

ACAL Energy is commercialising fuel cell technology. The development based in Liverpool City Region will create products with enormous potential for global applications across telecommunication and automotive sectors.

£400,000 investment from The North West Fund for Energy and Environmental.
Business Base

To measure business stock levels, the Office for National Statistics Business Demography is used; here the most recent data is for 2010 performance, published in December 2011. The current data reflects the impact of the recession in the City Region, but the full impact of public sector cuts is yet to come.

It is estimated that Liverpool City Region has 36,885 active businesses, an increase of 5.4% since 2005, but this represents a drop of 4.3% on last year. Within the City Region, Knowsley experienced the highest growth rate in active enterprise levels from 2005, at 15.7% and saw a much lower fall last year of 3.0%.

The 2009 figures showed that since 2005, the business base of Liverpool City Region grew by 10%, the highest of all comparator areas and higher than the average England rate of 7%.

The growth in active enterprises is the difference between births of enterprises and deaths of enterprises. The chart below suggests that unlike many of its comparator areas Liverpool City Region saw fewer enterprises close. 5,225 businesses closed in 2010 against 5,310 in 2009, indicating resilience amongst the business population. What is clearly important is the need to foster new business initiatives, as over the past year Liverpool City Region saw much lower birth rates than many areas. The number of new enterprises being formed dropped to 3,885 from 4,215 in 2009. This remains a key challenge for Liverpool City Region economy growth.

Source: ONS, Business Demography Data
Ambitious Minds is developing a portfolio of financial training courses and an interactive finance programme for schools. These will enhance the specialist training services available in a wide and diverse range of markets.

£350,000 from The North West Fund for Venture Capital.
Another way of considering this data is to look at businesses per 1,000 residents of working age (usually referred to as ‘business density’). In 2010, there were 38.6 enterprises per 1,000 working age population in Liverpool City Region. Lowest levels of density were found in Knowsley, 27.0. Looking at the UK as a whole, there were 57.0 enterprises per 1,000 working age population.

However, in 2010 survival rates of businesses in Liverpool City Region remained above national levels and those of its comparators.

During these times of crisis, it is inevitable that survival rates were lower than seen in previous years, although the drop in survival rates was not as sharp as elsewhere.

Taking the longer term view, data for both the UK and locally shows that whilst survival rates are often good for new enterprises in their first year, this tails off sharply for the second and third years.

For Liverpool City Region, it is only at five years that we see survival rates falling significantly below both national and comparator levels, 41.3% against 44.4% nationally.

### Table 12
**Business Density: Per 1,000, working age population**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>56.0</td>
<td>57.0</td>
</tr>
<tr>
<td>LCR</td>
<td>37.0</td>
<td>38.6</td>
</tr>
<tr>
<td>Halton</td>
<td>36.4</td>
<td>39.8</td>
</tr>
<tr>
<td>Knowsley</td>
<td>24.4</td>
<td>27.0</td>
</tr>
<tr>
<td>Liverpool</td>
<td>36.7</td>
<td>37.9</td>
</tr>
<tr>
<td>Selton</td>
<td>43.4</td>
<td>43.9</td>
</tr>
<tr>
<td>St.Helens</td>
<td>33.4</td>
<td>35.7</td>
</tr>
<tr>
<td>Wirral</td>
<td>40.2</td>
<td>42.1</td>
</tr>
</tbody>
</table>

Source: ONS, Business Demography Data

---

**Figure 38**

**Survival Rates, Businesses Born in 2005**

Source: ONS, Business Demography Data
Matching skills training to future employer needs in growth sectors is vital for future competitiveness. Liverpool Community College has forged an innovative collaboration with Balfour Beatty to train 14 students each year in commercial, electrical and mechanical skills relevant to the construction sector. The scheme represents a significant commitment from Balfour Beatty. It is under continuous review to ensure the skills needs of the sector are correctly identified and fulfilled.

Skills

An important aspect of developing the economy, both in terms of higher levels of GVA and higher job numbers, rests in developing the skills of the population. The City Region traditionally lagged behind in the proportion of pupils achieving five or more GCSEs including Maths and English. The latest data (2010/11 academic year) indicates that despite a sharp increase in achievement for the City Region in the previous year, a small gap again shows between Liverpool City Region and the national average; pupils in the City Region recorded 56.5% compared to 58.3% nationally (see Figure 39, GCSE attainment).

This should not detract from the significant improvements made within the City Region over the past five years, dramatically raising the skills of pupils leaving secondary school. The impact of the above improvement now seems to be evident as filtering down into the wider population. Currently the City Region lags 3% behind national levels for 'At least NVQ 2', but this is a significant leap forward in performance, with the gap to national levels having narrowed from 9% in 2004. In other words, a 10% increase in the level of population educated to at least Level 2 has been achieved.

Figure 39

**GCSE Attainment**

- % pupils achieving 5+ GCSEs (inc Maths + English)

Source: The Department for Education GCSE attainment

Figure 40

**NVQ2**

- % working age educated to at least Level 2

Source: ONS, Annual Population Survey

Figure 41

**NVQ4**

- % working age educated to at least Level 4

Source: ONS, Annual Population Survey
Around 31% of the working age population in the UK, were qualified to at least Level 4. Broadly, this means degree or equivalent level, compared to 24% in Liverpool City Region (See Figure 41, NVQ4+, page 37).

At the other end of the scale, the City Region continues to record significant levels of the working age population who have no formal qualifications. This is currently 15%, compared to the national average of 11%.

The importance of skills is demonstrated by figure 43 Working age Population by Qualification Level; they show the working age population by their qualification levels and whether they were economically active or inactive in December 2010. They show both at a national and local level that there is more likelihood of being economically active with higher qualification levels.

Despite the economic pressures, it appears that in December 2010 organisations were not cutting back on training, both nationally and locally – indeed, there is evidence that local industries in the production sectors significantly increased their training of staff to above national levels from 18.9% to 20.6%, which is a positive step for the City Region’s performance (See Table 14, Employee Training, page 39).

Table 13
Graduate Numbers

<table>
<thead>
<tr>
<th>University students</th>
<th>2008/9</th>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool University</td>
<td>19,380</td>
<td>19,950</td>
<td>20,590</td>
</tr>
<tr>
<td>John Moores University</td>
<td>24,445</td>
<td>25,995</td>
<td>25,860</td>
</tr>
<tr>
<td>Liverpool Hope</td>
<td>7,110</td>
<td>6,980</td>
<td>7,430</td>
</tr>
<tr>
<td>Total</td>
<td>50,935</td>
<td>52,725</td>
<td>53,880</td>
</tr>
</tbody>
</table>

Source: HESA Data
First Ark Group, the housing trust based in the Liverpool City Region, has adapted to the challenging economic conditions facing their tenants and at the same time restructured their own operations. With advice from Weightmans First Ark Group has adopted new methods of delivering its service. The Group has also devised ambitious growth and development plans to ensure its business remains at the forefront of social housing provision in the City Region.
ECONOMIC FORECASTS FOR LIVERPOOL CITY REGION

Economic Value

Employment

Population

Baseline Growth Sector Forecasts

Impact of Delivering the Growth Sector Action Plans

Liverpool City Region is to benefit from Irish Sea Zone offshore wind developments attracting £18bn investment in the next decade.
ECONOMIC FORECASTS FOR LIVERPOOL CITY REGION

Economic Value

In 2011, TMP commissioned a revised set of economic forecasts for Liverpool City Region. The forecasts were produced by specialists Cambridge Econometrics (CE) using its Local Economy Forecasting Model, tailored to each district and built into a City Region wide picture.

Two sets of forecasts were produced:

- Baseline Forecast estimate performance relative to the national economy, assuming no additional investment affects the underlying economic trends.
- Policy projections examine the impact that delivery of growth sector action plans and key infrastructure projects would have on the economy.

Forecasts need to be treated with caution as they offer a broad guide to the direction of travel of an economy. Baseline forecasts have been calculated using an extrapolation of historical data trends, starting from the 1980’s, and may therefore not pick up recent developments in some sectors such as Low Carbon and the Visitor Economy.

All projections include latest data and are consistent with the forecasts for the UK and North West economies from Cambridge Econometrics publication Economic Prospects for the Nations and Regions of the UK, July 2011.

In terms of GVA per capita, Liverpool City Region was estimated to have seen faster growth than the North West and UK as a whole between 2005 and 2010.

Table 15
Baseline GVA Per Capita

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool City Region</td>
<td>13.8</td>
<td>1.9</td>
<td>0.5</td>
<td>1.5</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Halton</td>
<td>19.3</td>
<td>1.8</td>
<td>1.1</td>
<td>2.4</td>
<td>2.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Knowsley</td>
<td>12.7</td>
<td>2.6</td>
<td>0.9</td>
<td>2.4</td>
<td>2.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Liverpool</td>
<td>18.0</td>
<td>2.4</td>
<td>1.2</td>
<td>1.1</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Sefton</td>
<td>10.7</td>
<td>0.8</td>
<td>-1.6</td>
<td>1.1</td>
<td>2.5</td>
<td>2.3</td>
</tr>
<tr>
<td>St Helens</td>
<td>11.4</td>
<td>3.0</td>
<td>0.1</td>
<td>1.6</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>Wirral</td>
<td>10.2</td>
<td>0.6</td>
<td>0.1</td>
<td>1.6</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>North West</td>
<td>15.9</td>
<td>1.9</td>
<td>0.2</td>
<td>1.7</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>UK</td>
<td>18.4</td>
<td>2.3</td>
<td>0.0</td>
<td>1.5</td>
<td>2.1</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: LEFM, Baseline consistent with Cambridge Econometrics’ UK Regional Economic Forecast, July 2011.

LIVERPOOL CITY REGION

1.6%

5 year GVA growth*

---

3 Including employment and GVA (output). Estimates of historical district-level GVA in LEFM are made by applying productivity by industry calculated from ONS NUTS2 (Merseyside) sub-regional accounts data to district-level employment by industry. NUTS3 data are not used as they are not considered robust enough.

4 Using a workplace-based measure of value-added.

* 5 year growth forecast (2010 - 2015)
Even so, GVA per capita in Liverpool City Region was estimated to have been around 15% lower than the average for the North West and 25% lower than the UK average\(^4\) in 2010. Growth in output for Liverpool City Region between 2005 and 2010 was estimated to have been only slightly slower than in the North West as a whole, at just under 0.5% per year, reflecting in part the different mix of sectors in the City Region economy relative to the North West. The pattern of performance varied amongst City Region districts, with Halton and Liverpool estimated to have seen the fastest growth of 1.25% per year in the City Region. GVA is projected to grow by around 1.5% per year up to 2015, compared with growth of around 2% per year forecast for the North West and UK. Halton and Knowsley, however, are projected to see growth of around 2.5% over this period. Liverpool, on the other hand, is projected to see growth of only 1.25% per year, reflecting a strong contraction of public sector spending. In the longer term between 2015 and 2025, output growth in the City Region as a whole is projected to be similar to the North West average, at around 2.5% per year. Between 2015 and 2025, very slow population growth combined with the increase in output growth projected for the City Region will mean that growth in GVA per capita is expected to exceed growth in the North West.

Table 16

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool City Region</td>
<td>20.3</td>
<td>1.6</td>
<td>0.4</td>
<td>1.6</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Halton</td>
<td>2.3</td>
<td>1.6</td>
<td>1.2</td>
<td>2.6</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Knowsley</td>
<td>1.9</td>
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<td>0.8</td>
<td>2.6</td>
<td>2.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Liverpool</td>
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<td>2.6</td>
</tr>
<tr>
<td>Sefton</td>
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<td>-2.0</td>
<td>0.9</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>St Helens</td>
<td>2.0</td>
<td>3.0</td>
<td>0.1</td>
<td>1.8</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Wirral</td>
<td>3.1</td>
<td>0.2</td>
<td>-0.1</td>
<td>1.5</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>North West</td>
<td>109.8</td>
<td>2.1</td>
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<td>2.0</td>
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<tr>
<td>UK</td>
<td>1134.7</td>
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<td>0.6</td>
<td>2.1</td>
<td>2.7</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Note: Total includes ownership of dwellings.
Source: LEFM Baseline consistent with Cambridge Econometrics’ UK Regional Economic Forecast, July 2011.
Employment

Employment in Liverpool City Region as a whole was estimated to have fallen by around 0.75% per year between 2005 and 2010, compared with a fall of around 0.5% a year in the North West as a whole and around 0.25% per year in the UK. The sharpest falls were seen in Sefton, around 2.5% per year and Halton, around 2% per year. These reflect job cuts in retailing, banking and finance, education and miscellaneous services in Sefton. In Halton job cuts were in retailing, land transport services and non-financial business services. Employment in Liverpool was estimated to have increased slightly over this period, reflecting relatively strong growth in construction, distribution, hotels and catering, land transport, education and health.

Table 17
Baseline Employment by Sector in Liverpool City Region, NW and UK (% pa)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>10.2</td>
<td>-2.3</td>
<td>2.9</td>
<td>-2.1</td>
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<td>-1.2</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>-11.1</td>
<td>-1.4</td>
<td>-4.6</td>
<td>-0.9</td>
<td>-3.0</td>
<td>-1.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-1.6</td>
<td>-1.0</td>
<td>-4.6</td>
<td>-0.7</td>
<td>-4.3</td>
<td>-0.9</td>
</tr>
<tr>
<td>Electricity, gas &amp; water</td>
<td>5.1</td>
<td>-2.8</td>
<td>-1.6</td>
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<td>-1.8</td>
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<tr>
<td>Construction</td>
<td>-0.6</td>
<td>0.8</td>
<td>1.2</td>
<td>0.7</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Distribution, hotels &amp; catering</td>
<td>-0.5</td>
<td>0.2</td>
<td>-0.3</td>
<td>0.3</td>
<td>-0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Transport &amp; comms</td>
<td>1.7</td>
<td>0.4</td>
<td>0.9</td>
<td>0.3</td>
<td>-0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Financial &amp; business services</td>
<td>0.5</td>
<td>1.0</td>
<td>1.7</td>
<td>1.2</td>
<td>1.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Government &amp; other services</td>
<td>1.8</td>
<td>0.0</td>
<td>1.9</td>
<td>0.4</td>
<td>1.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Table 18
Baseline Employment by Sector

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1.8</td>
<td>-1.8</td>
<td>23.6</td>
<td>-1.5</td>
<td>-3.0</td>
<td>-2.3</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>0.1</td>
<td>-8.0</td>
<td>-14.2</td>
<td>-2.1</td>
<td>-1.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>53.1</td>
<td>-4.6</td>
<td>-4.6</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-0.8</td>
</tr>
<tr>
<td>Electricity, gas &amp; water</td>
<td>1.2</td>
<td>-0.4</td>
<td>11.0</td>
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<td>Construction</td>
<td>39.5</td>
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<tr>
<td>Distribution, hotels &amp; catering</td>
<td>136.1</td>
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<td>0.5</td>
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<tr>
<td>Transport &amp; comms</td>
<td>40.0</td>
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<td>0.7</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Financial &amp; business services</td>
<td>107.5</td>
<td>3.1</td>
<td>-2.1</td>
<td>1.2</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Government &amp; other services</td>
<td>266.5</td>
<td>2.9</td>
<td>0.7</td>
<td>-1.5</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>645.8</td>
<td>1.3</td>
<td>-0.8</td>
<td>-0.4</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Note: Workplace based employment.
Source: LEFM Baseline consistent with Cambridge Econometrics’ UK Regional Economic Forecast, July 2011.

5 The latest employment data for Liverpool City Region from the Office for National Statistics’ (ONS) Business Register and Employment Survey (BRES) is for 2009. CE’s estimate of total employment (workplace jobs) includes an estimate for self-employment. The figure for employment in Liverpool City Region in 2010 is an estimate, made by CE, consistent with the latest ONS employment data for the Northwest in 2010.
The Baseline Forecast for employment in Liverpool City Region between 2010 and 2015 is for a fall of around 0.5% per year, compared with a slight increase in the North West and UK as a whole. Growth in employment within the City Region, is projected to be fastest, although only around 0.25% per year in Halton, representing something of a bounce-back from the sharp fall over the previous five years. Employment in Liverpool, on the other hand, is projected to fall by just over 0.5% per year and in Sefton by around 0.75% per year. In the longer term, employment growth in the City Region, as in the rest of the UK, is expected to pick up once again, around 0.5% per year between 2015 and 2025, but be somewhat slower than the growth forecast for the North West, just over 0.5% per year and UK, nearer 0.75% per year. The only local authority in the City Region expected to see growth stronger than the North West average over this period is Liverpool.

Longer term employment growth over the next 15 years in Liverpool City Region is expected to be driven by the financial and business services. The only broad sectors forecast to grow faster than the North West average between 2010 and 2025 are construction, transport and communications.

Employment in Government and other services, which accounts for a much larger proportion of the City Region economy than it does in the North West and UK as a whole (41% of employment in Liverpool City Region compared with only 34% in the North West and 33% in the UK) is forecast to employ the same number in 2025 as in 2010 around 266,000 (See Table 18, Baseline Employment by Sector, Page 44).

**Population**

Negligible growth is forecast in the City Region population through to 2025. In contrast, the population in the North West and the UK is forecast to grow by 0.25% a year and 0.5% per year respectively (See Table 19, Baseline Population).

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Liverpool City Region</td>
<td>1,469.3</td>
<td>-0.2</td>
<td>-0.1</td>
<td>0.0</td>
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<td>0.1</td>
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<tr>
<td>Halton</td>
<td>118.7</td>
<td>-0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
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<tr>
<td>Knowsley</td>
<td>149.4</td>
<td>-0.2</td>
<td>-0.1</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
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<tr>
<td>Liverpool</td>
<td>442.3</td>
<td>-0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Sefton</td>
<td>273.3</td>
<td>-0.4</td>
<td>-0.4</td>
<td>-0.2</td>
<td>-0.2</td>
<td>0.0</td>
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<tr>
<td>St Helens</td>
<td>177.1</td>
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<td>0.2</td>
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<tr>
<td>Wirral</td>
<td>308.5</td>
<td>-0.4</td>
<td>-0.2</td>
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<td>0.0</td>
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<tr>
<td>North West</td>
<td>6,897.9</td>
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<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
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<tr>
<td>UK</td>
<td>61,792.7</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
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</table>

Source: ONS mid-year estimates and 2008 sub-regional projections.
Baseline Growth Sector Forecasts

The Baseline Forecast and projections for the growth sectors are shown below.

The growth sectors have been defined in these forecasts by using broad industry categories within Cambridge Econometrics’ economic model, rather than the detailed sector definitions in the Liverpool City Region Action Plans developed by partners.

Consequently, these forecasts are not directly comparable to the Action Plans and for detailed understanding of where growth lies in each sector, specific Liverpool City Region Action Plans should be referenced.

The Low Carbon Economy sector is estimated to account for just over 2% of employment in Liverpool City Region and a similar proportion of GVA. In contrast, the Knowledge Economy sector, which there are four sub-sectors, the largest of which is Professional and Financial, is estimated to account for almost 30% of employment and just over

| Table 20 Baseline Growth Sector Employment in Liverpool City Region |

<table>
<thead>
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<tbody>
<tr>
<td>Low Carbon</td>
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<tr>
<td>Advanced Manufacturing</td>
<td>35.1</td>
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<td>-0.8</td>
<td>-0.4</td>
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<tr>
<td>Digital &amp; Creative</td>
<td>25.9</td>
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<td>1.3</td>
<td>0.3</td>
<td>0.4</td>
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<tr>
<td>Life Sciences</td>
<td>56.2</td>
<td>1.7</td>
<td>1.6</td>
<td>-1.2</td>
<td>0.7</td>
<td>0.9</td>
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<tr>
<td>Professional &amp; Financial</td>
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<td>-1.9</td>
<td>1.0</td>
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<tr>
<td>Tourism &amp; Visitor</td>
<td>50.0</td>
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<td>-0.6</td>
<td>0.3</td>
<td>0.4</td>
<td>0.7</td>
</tr>
<tr>
<td>SuperPort</td>
<td>30.8</td>
<td>2.8</td>
<td>0.3</td>
<td>0.6</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total LCR Economy</strong></td>
<td><strong>645.8</strong></td>
<td><strong>1.3</strong></td>
<td><strong>-0.8</strong></td>
<td><strong>-0.4</strong></td>
<td><strong>0.5</strong></td>
<td><strong>0.5</strong></td>
</tr>
</tbody>
</table>

Note: Workplace based employment.
Source: LEFM Baseline consistent with Cambridge Econometrics’ UK Regional Economic Forecast, July 2011.

| Table 21 Baseline Growth Sector GVA in Liverpool City Region |

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</thead>
<tbody>
<tr>
<td>Low Carbon</td>
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<td>-0.7</td>
<td>6.2</td>
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<tr>
<td>Knowledge</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Manufacturing</td>
<td>1,623.9</td>
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<td>-2.3</td>
<td>4.3</td>
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<td>2.1</td>
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<tr>
<td>Digital &amp; Creative</td>
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<td>0.3</td>
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<td>3.7</td>
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<tr>
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</tr>
<tr>
<td>Tourism &amp; Visitor</td>
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<tr>
<td>SuperPort</td>
<td>975.5</td>
<td>0.9</td>
<td>-1.4</td>
<td>3.5</td>
<td>2.2</td>
<td>2.8</td>
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<tr>
<td><strong>Total LCR Economy</strong></td>
<td><strong>20,265.5</strong></td>
<td><strong>1.6</strong></td>
<td><strong>0.4</strong></td>
<td><strong>1.6</strong></td>
<td><strong>2.5</strong></td>
<td><strong>2.5</strong></td>
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</tbody>
</table>

Source: LEFM Baseline consistent with Cambridge Econometrics’ UK Regional Economic Forecast, July 2011.

* Figures quoted in £millions based on 2006 prices.
30% of GVA. The Visitor Economy sector is estimated to account for almost 8% of employment but only around 4% of GVA.

The SuperPort sector is estimated to account for almost 5% of both employment and GVA in the City Region economy. Of the growth sectors, productivity is estimated to be highest in the Knowledge Economy sector, particularly the Advanced Manufacturing sub-sector.

**Impact of Delivering the Growth Sector Action Plans**

The following section shows the overall impact of delivering the growth sector action plans and key infrastructure projects such as Liverpool and Wirral Waters, Liverpool John Lennon Airport Expansion Plan and Kirkby Town Centre. This is the policy-on scenario.

The successful delivery of the planned projects and growth sector action plans would lead to a substantial increase in employment across the City Region, with employment being boosted by at least 0.5% in each five-year period from 2010. This would mean growth in employment in Liverpool City Region outstripping that in the North West and UK over the next 15 years.

By 2025, total employment in the City Region would be around 90,000, or 14% higher than in the Baseline Forecast.

GVA also grows much faster than the Baseline Forecast, or without key policy initiatives, to end up around 15% higher in 2025. In this scenario, population and working-age population is assumed to grow at the same rate as in the Baseline Forecast in which case there would be a substantial impact on net [inbound] commuting and so GVA per capita in the City Region would grow sharply over the forecast period and by 2025 would have overtaken the average for the North West as a whole.

With such a substantial impact on employment, this scenario has significant implications for skills, housing, transport and economic policy in the Liverpool City Region. These implications include aligning the skills, occupations and transport requirements of those currently out of work with new jobs and planning for increased in-migration and population increase.

**Table 22**

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
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<td>-0.6</td>
<td>0.7</td>
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<td>1.0</td>
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<td>Halton</td>
<td>56.0</td>
<td>1.5</td>
<td>-1.9</td>
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<td>1.3</td>
<td>0.8</td>
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<td>61.2</td>
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<td>-0.5</td>
<td>0.7</td>
<td>1.0</td>
<td>0.8</td>
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<tr>
<td>Liverpool</td>
<td>253.5</td>
<td>2.4</td>
<td>0.3</td>
<td>0.7</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Sefton</td>
<td>100.5</td>
<td>0.6</td>
<td>-2.4</td>
<td>-0.1</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>St Helens</td>
<td>68.7</td>
<td>1.5</td>
<td>-0.2</td>
<td>0.7</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Wirral</td>
<td>105.8</td>
<td>-0.4</td>
<td>-0.5</td>
<td>0.8</td>
<td>1.3</td>
<td>0.9</td>
</tr>
<tr>
<td>North West</td>
<td>3,346.1</td>
<td>1.1</td>
<td>-0.4</td>
<td>0.1</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>UK</td>
<td>30,945.8</td>
<td>1.0</td>
<td>-0.2</td>
<td>0.2</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

*Note: Workplace-based employment. Source: Policy-on scenario, October 2011.*
New Exhibition and Events complex at ACC Liverpool will support 1,300 new jobs and generate £40m a year for City Region’s economy.
Advanced economies -
Economies with a high level of gross domestic product per capita, as well as a high degree of industrialisation.

Annual deficit -
The annual difference between current government spending on goods and services and total current revenue from all types of taxes.

Austerity measures -
See Consolidation policies

Balance sheets -
Summary of the financial balances of a business, “a snapshot of a company’s financial condition”.

Budget deficit -
The annual deficit plus interest payments on the debt.

Business cycle -
Fluctuations in economic activity in the whole economy around a long-term growth trend; typically shifts over time between relatively rapid growth and periods of contraction.

Business stock -
Number of businesses.

Capital expenditure -
Spending by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment to maintain or increase the scope of their operations.

Cash-flow -
The amount of money generated by a business during a specified period of time.

Comparator areas -
Greater Manchester, South Yorkshire, Tyne & Wear, West Midlands and West Yorkshire.

Consolidation policies -
Cuts to government spending on goods and services, reductions to subsidy regimes, tax increases and reduction in public sector organisations’ running costs including cuts to public sector employment.

Consumer indebtedness -
Consumers may borrow to meet current needs using, for example, loans and credit cards.

Consumption expenditure -
Expenditure by domestic households on goods and services for final personal use.

Corporate sector -
Businesses owned by private shareholders.

Domestic demand -
Total demand for goods and services within a particular economy during a specific time period, including spending on imports.

Economic activity -
The amount of buying and selling that goes on in the economy over a given period of time.

Eurostat -
European Office for Statistics

Emerging economies/markets -
Economies with low to middle levels of gross domestic product per capita which are undertaking economic development to achieve rapid industrialisation and open their markets to the global economy.

Fiscal Policy -
The use of government expenditure and taxation to influence the performance of the economy.

GDP, Gross Domestic Product -
The market value of all final goods and services produced within a country in a given period of time.

Government expenditure -
The value of goods and services bought by the government for current consumption and investment.

Government indebtedness -
Governments may borrow to meet temporary needs as when estimated revenue is exceeded by estimated expenditure.

GVA, Gross Value Added -
The contribution to the economy of each individual producer, industry or sector, measuring the
difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

**Household disposable income** - The amount of money left available to households for spending or saving, after taxes/social contributions, mortgage payments and provision for pensions.

**Industrial production** - The output of the industrial sector of the economy.

**Industrial Sector** - Includes those economic sectors that create a finished, tangible product.

**ILO** - International Labour Organisation

**Inflation** - A rise in the general level of prices of goods and services in an economy over a period of time, therefore an increase in inflation results in a unit of currency buying fewer goods and services.

**Monetary Policy** - The use of the money supply to promote economic growth and stability, includes Quantitative Easing.

**NUTS** - Nomenclature of Units for Territorial Statistics. A hierarchical classification of administrative boundaries developed by Eurostat.

**Output** - The amount of goods and services produced by a firm, industry or country over a specified period of time.

**Peak to trough** - The stage of the business cycle from the end of a period of growth (peak) into declining activity and contraction until it hits its lowest point (trough).

**Private sector** - The part of the national economy that is not owned by the state.

**Private sector demand** - The amount of goods and services demanded by private sector organisations at a given point in time.

**Productivity** - A measure of how well an economy uses resources to produce output and is a fundamental determinant of international competitiveness.

**Public sector** - The part of the national economy that is government owned. The production, delivery and allocation of goods and services by and for the government or citizens.

**Public sector demand** - The amount of goods and services demanded by public sector organisations at a given point in time.

**Stimulus policies** - Monetary or Fiscal policy to stimulate the economy.

**Stock** - The supply of raw materials, work in progress and finished goods that are kept on hand for sale to customers by businesses.

**Stock rebuilding** - Production of more finished goods than needed to satisfy customer orders by businesses so as to build up stock levels.

**Trade performance** - The value of a country’s exports and imports of goods and services over a specified period of time.

**Unemployment** - International Labour Organisation definition of unemployment - people without jobs who have been actively looking for work over the past four weeks.

**Wider Area** - Wider functional economy including Warrington, Flintshire and Wrexham as well as the City Region.