

7 Economy and Regeneration

7.1 Introduction

Attractive and well balanced town centres have the potential to act as vital forces driving regional economic prosperity. Their transport infrastructure, such as vibrant interchanges, can act as a catalyst for this role by increasing their attractiveness for inward investment. The provision of a transport hub or gateway in a town centre can accelerate the regeneration of an area, thereby strengthening its position as a regional economic driver.

The purpose of this Chapter is to provide an understanding of the prevailing economic conditions within Wigan town centre and to highlight the potential role of the various transport hub options as drivers for economic regeneration. This Chapter presents a synopsis of property market conditions and employment structure in Wigan town centre. Bringing these elements together evaluates the impacts of the six transport hub options within a multi-criteria assessment framework in order to determine the most suitable option in terms of economic development and regeneration benefits.

7.2 Baseline Conditions

To establish the baseline economic conditions in Wigan town centre, the study area has been defined as the following Lower Super Output Areas (LSOAs):

- E01006349;
- E01006369.

Economic data has been collected for these LSOAs to provide an indication of the economic performance of the town centre.

Property Market Conditions

The value of floor space within the town centre based on rateable valuations for selected post codes is summarised. It also presents the results of analysis undertaken in reports including A Forward Strategy for Greater Manchester Town Centres (September 2010). Analysis of Valuation Office Agency data shows that business rates are not consistent throughout the town centre. Retail and office floor space is more valuable around the Grand Arcade when compared to most other locations in the town centre. The analysis shows that business rates are more than twice as high in areas nearer to the Grand Arcade than those located close to the bus or train stations. Similarly, office floor space is also more valuable closer to the Grand Arcade. These trends are the result of the recent regeneration of northern area of Wigan town centre. The area has benefitted from the redevelopment of a retail complex (Grand Arcade) and leisure facilities (Wigan Life Centre) in close proximity.

However, a side-effect of the Grand Arcade development has been higher vacancy rates in older parts of the town centre. There was more than 18,000 sq m of vacant retail floor space in Wigan town centre in 2010. The majority of the vacant floor space (70%) was located in Marketgate Shopping Centre. However, a survey of retailers undertaken in 2010 revealed that 34 businesses had a genuine requirement for floor space in Wigan town centre. Of these retailers, 10 required small units (less than 100 sq m), 16 required moderately-sized units (between 100 and 300 sq m), whilst 8 required larger retail units (greater than 300 sq m).

Table 7.1: Value of Floor Space by Area of Town Centre

Location	Retail	Office	All Land Uses
Grand Arcade	£378	£96	£417
Railway Station Quarter	£150	£70	£149
King Street	£100	£66	£74
Queen Street	n/a	n/a	£64
King Street West	£131	£55	£95
Bus Station Quarter	£165	£82	£145

(Source: Valuation Office Agency, 2010)

It should also be noted that out of town centre office developments (e.g. Leigh Commerce Park (£117 per sq m) and Stone Cross Park (£94 per sq m)) benefit from higher business rates than town centre office developments as well. This is perhaps unsurprising given that traditionally, Wigan town centre has not been considered as an ideal office location due to outdated office stock, limited car parking, congestion and poor transport links (Wigan Employment Land Review, 2007). Despite this, A Forward Strategy for Greater Manchester Town Centres (2010) predicts that around 37,000 sq m of additional office floor space will be required in the town centre by 2018.

Employment

In 2010, Wigan town centre supported more than 15,000 jobs. However, the total number of people employed in the town centre has declined by 1.5% since 2008 as a consequence of the onset of recession. This is in contrast to the increase in employment recorded in Wigan Metropolitan Borough as a whole (1.2% between 2008 and 2010). Nevertheless, employment density is greater in the town centre than anywhere else in the borough. The ratio of employees to working age residents in the town centre is greater than 7:1, compared to a local authority average of 1:2.

Employment Structure

Almost half of all town centre workers are employed in just two, typically low wage, employment sectors: Wholesale and Retail Trade and Administrative and Support Service Activities. Further analysis indicates that town centre workers in Wigan are disproportionately concentrated in these sectors when compared to employees across the local authority as a whole.

Since 2008, the structure of town centre employment has changed markedly. The proportion of town centre employees in the Manufacturing, Construction, Information and Communication, Real Estate and Other Services sectors has declined by more than 10%. The decline in these sectors has been arrested to some extent by growth in the Professional, Scientific and Technical Activities, Education and Arts, and Entertainment sectors. However, these trends have resulted in an overall reduction in the number of blue-collar workers in Wigan town centre.

Table 7.2: Employment Structure for Town Centre

Selected Sectors	Number of Employees	% Wigan town centre	% Wigan Metropolitan Borough
Manufacturing	845	5%	12%
Wholesale and Retail Trade	3,777	24%	18%
Administrative and Support Service Activities	3,113	20%	10%
Public Administration	1,294	8%	4%
Transportation and Storage	994	6%	5%
Accommodation and Food Service Activities	937	6%	5%
Education	1,106	7%	10%

(Source: Business Register and Employment Survey, 2010)

Unemployment

Analysis of the Jobseeker's Allowance dataset for May 2012 indicates that the Wigan local authority claimant rate, at 4.7%, exceeds the average across England, which was 3.9%. This regional disparity is greatest amongst the young adult population (16-24) where the claimant rate for Wigan is 8.5% as opposed to 5.9% across England. This trend demonstrates the importance of the Community Strategy, Vision 2026, in representing the future interests of young adults (as well as the wider population).

Summary

This review of the prevailing economic conditions has painted a largely bleak outlook for Wigan town centre. Aside from the recently redeveloped Grand Arcade, retail and commercial property values have been shown to be low in most parts of the town centre, particularly in the immediate vicinity of the train and bus stations. In addition, the town centre suffers from a number of vacant business units in older retail complexes such as Marketgate Shopping Centre. The town centre also suffers from a contracting job market, with an increase in unemployment the result.

Nevertheless, there are potential opportunities for the town centre. Market demand analysis indicates that Wigan is already home to more than half of the top 20 national retailers, and a swathe of companies have a genuine requirement for floor space in the town centre. Combining these positive findings, with a demand forecast for up to 37,000 sq m of additional B1 office floor space in the town centre by 2018, there is scope for regeneration that could be realised with targeted investment brought about by appropriate transport infrastructure and service improvements.

7.3 Multi Criteria Assessment

This MCA brings together the findings of the earlier sections into an assessment framework to undertake a qualitative appraisal of potential economic and regeneration benefits of the proposed options. In particular, the criteria include:

- Impact on factors affecting Wigan’s economic output (e.g. footfall drivers to the town centre, consumer expenditure and turnover of the retail sector)
- Opportunities for job creation (e.g. direct jobs created as a result of any proposed developments or indirect jobs created as a result of increased consumer expenditure)
- Impact on real estate values
- Contributions to Wigan’s wider socio-economic priorities (e.g. reduce unemployment, provision of high quality employment and retail floor space and regeneration of the town centre)

All four above mentioned factors have been given an equal weight in the assessment. The options are scored using the scoring criteria outlined in the table below:

Table 7.3: MCA Scoring

Nature and Scale of Impact	Scores
Net negative or neutral impact	0
Net marginal positive impact	1
Net moderate positive impact	2
Net significant positive impact	3

Table 7.4 presents the qualitative justification of the scores allocated across the four elements of the assessment framework for the six options. This is based on the analysis of baseline conditions presented earlier in this Chapter along with a judgement on the likely nature and scale of impact of each option.

Table 7.5 presents the summary results of the framework assessment.

Table 7.4: MCA Assessment

Options	Impact on Factors Impacting on Wigan’s Economic Output	Opportunities for Job Creation	Impact on Real Estate Values	Contributions to Wigan’s Wider Socio-economic Priorities
1A – Bus Loop and Super Stops	No real net change in footfall – some areas on the loop likely to witness an increase and some areas (e.g. Market Street and approaches to the bus station) likely to witness a decline. Wider spread of stops reduces focus on bus station area.	Potential creation of a large redevelopment and direct employment opportunity on the existing bus station site. However, impact might be neutralised due to displacement of retail businesses and employment from elsewhere in the town. No material changes in footfall across the centre unless the bus station site sees major development.	A redeveloped bus station site may witness an increase in real estate prices. However, this would require mitigation of any public access related issues created from introduction of the loop (i.e. Hallgate to the Market Street area).	Some contribution towards wider priorities (i.e. floor space increases) resulting from regeneration of the bus station site and its immediate environs.

Options	Impact on Factors Impacting on Wigan's Economic Output	Opportunities for Job Creation	Impact on Real Estate Values	Contributions to Wigan's Wider Socio-economic Priorities
1B – Bus Spinal Services through Town Centre	Impact considered to be comparable to that of Option 1A	Impact considered to be comparable to that of Option 1A	Impact considered to be comparable to that of Option 1A	Impact considered to be comparable to that of Option 1A
2 – New Rail and Bus Interchange at North Western	Envisaged to have a positive impact on footfall in the Wallgate area, but with the possible loss of bus services elsewhere in the centre, where declines in footfall will occur. This will have a mixed impact on retail expenditure and economic output.	Creation of significant direct jobs during the construction stage. Equally, an integrated gateway scheme provides opportunities for direct job creation during operation. Possible reduced access to the centre for bus users may have a negative impact on the town centre economy as fewer trips are made. Option links to south and east quarter development areas.	As Option 1A, plus the proposal is likely to result in regeneration of significant areas within the town centre (Kings Street, Market Street and Hallgate). Potential opportunity to deliver other high value land uses within the town centre.	As Option 1A, plus an integrated gateway can help in raising Wigan's profile as a retail destination – currently ranked at 105 th nationally. By creating a landmark destination, the option could contribute towards provision of office and retail floor space requirements – supporting further job creation and reductions in unemployment.
3A – Combining Options 1 and 2	As Option 1A+2 – overall impact of both schemes will result in more footfall whilst retaining distribution across the town centre.	As Option 1A+2 – but with greater overall impact, providing links to town centre and surrounding new development areas.	As above, with Option 1A and 2 impacts combined.	As above, with Option 1A and 2 impacts combined.
3B – Option 1B and 2 plus Wallgate Station Relocation	Impact considered to be comparable to that of Option 3A	Impact considered to be comparable to that of Option 3A	Impact considered to be comparable to that of Option 3A	Impact considered to be comparable to that of Option 3A

Options	Impact on Factors Impacting on Wigan's Economic Output	Opportunities for Job Creation	Impact on Real Estate Values	Contributions to Wigan's Wider Socio-economic Priorities
4 – North Western Access and Queen Street Super Stops	Envisaged to have some net positive impact (after taking account of displacement and loss of activity during construction stage) on footfall; hence some positive impact on consumer expenditure and economic output.	The option would result in loss of business activity and employment. However, significant redevelopment and job creation opportunities during the operational stage (particularly around Wallgate and Queen Street).	May impact positively on some areas (e.g. Queen Street and Wallgate). However, likely to create two separate affluent zones in the town centre (Wallgate/Queen Street and Grand Arcade/Standishgate), with a declining area in between (King Street). This may negatively impact on value around Grand Arcade in the long term.	Ability to act as a regeneration catalyst by reducing ongoing decline around King Street area. Conversely, this may impact negatively on the recently completed development around Standishgate.
5 – Rodney Street Link to Interchange at North Western	As Option 3A – but with more focussed footfalls in area of interchange, and more attraction for King Street East.	As Option 3A - but with King Street East providing increased opportunities to attract more visitors and, hence, more jobs.	As Option 3A – King Street East and Library Street become more attractive to leisure sector as more visitors attracted.	As Option 3A – with wider benefits to central areas through more pedestrian access.
6 – Balanced Option	Provides footfall increase in Wallgate area, whilst retaining level in Hallgate and Market Street. Also helps retain level of bus patronage through improved access to the town centre, hence maintaining economic activity.	Jobs created during construction from range of measures. Opportunities to develop part of bus station area to provide new employment opportunities. Accessibility of town centre will be attractive to employers.	Add value to Wallgate area and maintain values in other areas of the centre.	Provides range of improvements in the town centre that will benefit integration and accessibility of public transport, thereby growing demand, reducing congestion and stimulating the economy. However, development on only part of bus station site limits opportunity to maximise wider socio-economic benefits.

Table 7.5: MCA Results

Options	Factors Impacting on Economic Output	Opportunity for Job Creation	Impact on Real Estate Values	Contribution to Socio-economic Priorities	Total Score
1A – Bus Loop and Super Stops	0	1	1	1	3
1B - Bus Spinal Services through Town Centre	0	1	1	1	3
2 – New Rail and Bus Interchange at North Western	2	2	2	2	8
3A – Combining Options 1 and 2.	2	3	2	3	10
3B – Option 1B and 2 with Wallgate Station Relocation	2	3	2	3	10
4 – North Western Access and Queen Street Super Stops (Increment to Option 1A)	1	2	1	1	5
5 – Rodney Street Link to Interchange at North Western (Increment to Option 3A)	2	2	3	3	10
6 - Balanced Option	2	2	1	2	7

Options 1A and 4 offer limited net additional economic and regeneration benefits for Wigan’s economy. In comparison, Options 3A, 3B and 5, due to the nature of the proposals, have the greatest opportunity for maximising economic benefits. Option 6 is below the highest score as only part of the current bus station site would be redeveloped.

Option 3B provides the greatest opportunity for delivery of a new and improved gateway to serve the town centre, district and region. This will provide greater socio-economic impacts by creating more jobs and increasing real estate values in the Wallgate area, acting as a catalyst for regeneration and forming the focal point of a package of wider improvements. This effect has been observed in a number of other town centres where new interchanges have promoted wider regeneration.

As scores derived for many options are the same, there is need for further localised quantitative information (such as future projections of pedestrian footfall, current occupancy levels, loss of existing employment, displacement and scale of new development) to better distinguish between options in terms of their economic and regeneration impacts.

8 Funding and Delivery

8.1 Introduction

This Chapter of the report summarises issues relating to the funding and affordability of the preferred options and the overall delivery case.

8.2 Delivery Issues and Risks

Alongside each option, a summary of delivery issues and key risks is provided in Table 8.1.

Table 8.1: Delivery and Risk Issues

Option	Delivery Issues	Key Risks
1A – Bus Loop and Super Stops	In relation to physical deliverability there are no major issues identified. In the main, Super Stop options use existing highway infrastructure. In terms of service deliverability, challenges may exist in relation to gaining operator support (given the issues identified relating to the impact of using the "loop").	Lack of support from bus operators given additional costs incurred to operate all services on loop.
1B - Bus Spinal Services through Town Centre	Delivery of this option is not considered to be as challenging as providing a bus loop as only a limited number of bus services are affected. The negative impact to operators in any case is considerably less. Superstops will still be provided, but this is not anticipated to be a major issue.	The intervention is more targeted as no more than 30% of buses are affected, however there are still likely to be a number of complex issues to resolve with operators. Discussion would be required with TfGM's network planning team.
2 – New Rail and Bus Interchange at North Western	Likely to be planning issues associated with replacement platforms (Network Rail) and new bus terminus (land agreement). Large infrastructure requirements (platforms and bus station)	Cost of the new interchange, although sale of existing bus station site will cover part of the costs.
3A – Combining Options 1A and 2.	As Options 1A and 2.	Lack of support from bus operators given additional costs incurred to operate all services on loop.
3B– Option 1B and 2 with Wallgate Station Relocation	Delivery is slightly easier than Option 3A, as looped services not required. However, major interchange delivery issues are major risks.	Lack of support from bus operators given additional costs but impacts should be limited as additional revenue will cover costs.
4 – North Western Access and Queen Street Super Stops	Minor infrastructure requirements associated with rail station amendments and new link to Queen Street. Likely to be planning issues associated with compensating the impacted business(es) in Queen Street arch. In terms of service deliverability, challenges may exist in relation to gaining operator support (given the issues identified relating to the impact of using the longer route)	Lack of support from bus operators given additional costs incurred to operate all services on loop.

Option	Delivery Issues	Key Risks
5 – Rodney Street Link to Interchange at North Western	Likely to be planning issues associated with new link road (including Network Rail) and new bus terminus (Land agreement). Large infrastructure requirements (link road and bus station).	Funding of scheme, at over £60m, is very challenging. Option does not work in phases, meaning that all parts are required to get benefits. Purchase of MFI site and bridge over railway.
6 - Balanced Option	Infrastructure improvements are of a smaller scale and have fewer land issues than other options. The option allows for potential quick delivery (compared to most of the other options)	Lowest risk option. Measures can be delivered in phases.

8.3 Funding Options

Funding of transport infrastructure in the current fiscal constraints of the economy is inevitably problematic. The McNulty report highlighted the need for increased efficiency in rail operation, and recent sounding from DfT has highlighted the need for the railways to pay for themselves. DfT speakers at the recent West of England Rail Conference emphasised that rail investment is still on the table, but that schemes need to make a positive contribution to the operational efficiency of the railway in financial as well as economic terms. In other words, we need to see investment that can cover its operational costs through increased revenue.

- LSTF Funding** - TfGM has submitted a Local Sustainable Transport Funding bid to the DfT. The capital element of the project is constructing new secure cycle parking facilities at locations across the County. In terms of the district centres (including Wigan), TfGM is proposing a series of Cycle Hubs which will be modular facilities providing cycle parking and lockers which will be run on a membership basis. The aim is to provide parking for at least 50 cycles in each Hub, although the design can be scaled according to the amount of space available at specific locations. To provide context, the frame-to-frame dimensions of the Hub being delivered in Bury are 4.65m x 15m. Currently, the location proposed for Wigan is in the car park of North Western Station and initial discussions have been held with Virgin Trains, although until the outcome of their delayed franchise progress and bid is known, it is unlikely the scheme will be able to develop the proposal any further.
- Major Scheme Business Case DfT** – There is unlikely to be any new money through the MSBC route until at least 2015. Schemes typically require a BCR in excess of 2.0 and 25% local funding contribution, and clarity on the need for ongoing revenue support as noted above. This latter point would seem to be a serious issue for the success with MSBC.
- Network Rail Funding** – Network rail set out their network development aspirations through the RUS and the Initial Industry Plan (IIP), these aspirations are then confirmed in the sense of what the Government wishes to buy by way of the rail industry through the HLOS. In effect, there is a circular argument here – a scheme needs to break into the specification of what Network Rail or the DfT wish before having the potential to become included. Presently, the Wigan options are not part of

this argument for the region and would need to become so in order to get funding through the NR control period route.

- **Other Government Funds** – From time to time central government sets a policy agenda and allocates funds in support of that. Current focus has been on projects (transport and non-transport) in support of increases in economic productivity and those which unlock employment directly. The funds typically set guidelines around which scheme objectives need to be framed. A new interchange in Wigan appears to have a strong case around the potential to unlock work opportunities and demonstrates productivity gains. Therefore, it may qualify for regeneration funding.
- **Developer Contributions - S106 etc.** – Chapter 3 of this report highlights areas of proposed development in the study catchment. These proposals provide a useful source of additional demand for the scheme. Where transport infrastructure can be shown to alleviate some of the traffic issues surrounding a new development, there is scope to seek funds from the developer in support. The key issue with the proposals presented is that in the vast majority of cases, the S106 deals have already been achieved. Therefore, unless further development could be unlocked by the transport scheme, this source would seem limited. The sale of all or part of the existing bus station site will generate funds for new transport measures in the town centre.
- **Regional Funding – Prudential Borrowing / Regional Funding Pot** – The final potential source of funds is from regional government, either through prudential borrowing against future income streams from the railway or to directly tap into the Greater Manchester transport fund. If undertaking prudential borrowing, it would seem sensible that the local authorities are clear that future revenues would be sufficient to cover their investment.