

13 SOCIO-ECONOMIC ISSUES

13.1 INTRODUCTION

This socio-economic assessment of the proposed development has been carried out by GVA Grimley LLP, property market consultants. Its contents build on an assessment undertaken by King Sturge, national estate managers, as part of the previous planning application (HBC ref. 05/00212/FULEIA) for the site in question.

The site in question is presently an underused land resource with direct links to the main line network to Liverpool and Crewe. Historically a manufacturing location, the site is now utilised for predominantly warehousing and distribution purposes. The existing on-site employment activity, whilst not maximising the potential of the site, provides employment benefits to what has been a declining area in need of regeneration. The site is allocated as a Regional Investment Site with a specific branding as an Inter-modal Freight Park.

The proposal to expand and intensify usage of the site (through the proposed development) including re-housing existing employment operations and providing additional employment floorspace will bring greater benefits to both the site in question and the local area. The redevelopment of the site also allows the potential to introduce uses to the site which maximise its allocation as a Regional Investment Site (specifically uses that relate to its Intermodal Freight Park status). These include:

- Economic reuse of poor quality development land.
- Improvements to the built environment with new quality distribution buildings, increasing the accommodation by a significant amount (approximately a third additional to that proposed within HBC application ref. 05/00212/FULEIA).
- An opportunity to develop support and administrative services within the estate, for example office functions, vehicle maintenance, café/canteen/recreational facilities, crèche etc, on a fully managed site.
- Contribution to sustainable transport policies with a projected increase in rail freight traffic.

- Increase in both direct and indirect employment, on both a temporary and permanent basis.

Ordinarily, the West Bank Dock Estate would not attract either the investment or the occupiers solely as a road centred distribution park. The unique selling point is its access to the national rail network, enabling integrated rail linked warehousing.

Within this report we have provided guidance and estimates as to the potential direct and indirect employment generation as a result of the site redevelopment. This submission is a more detailed assessment of the proposed development, taking account of additional studies and research.

13.2 BASELINE CONDITION

The baseline for the existing site provides a mixed picture. Existing accommodation, which is a mix of old and more modern accommodation, totals in excess of 55,740 m² (600,000 ft²). Generally the existing building stock is of poor quality. The infrastructure and building configurations are not suited to efficient modern day warehouse and distribution operations. The proposed development includes the construction of two new distribution buildings with floorspace breakdown as illustrated in the table below.

Table 13.1: Proposed Floorspace of New Development (gross external unless otherwise stated)

| | Square Feet | Square Metres |
|----------------------|-------------|---------------|
| Unit 1 | | |
| Highbay | 391,390 | 36,360 |
| Lowbay | 504,950 | 46,910 |
| Ancillary Areas | 60,060 | 5,580 |
| Highbay extension | 49,580 | 4,606 |
| Lowbay extension | 151,775 | 14,100 |
| Total | 1,157,755 | 107,556 |
| Unit 2 | | |
| Main warehouse | 270,000 | 25,080 |
| Ground floor offices | 20,000 | 1,858 |

| | | |
|-----------------------------|---------|--------|
| Mezzanine offices / storage | 46,500 | 4,340 |
| Total | 336,500 | 31,276 |

On completion of the proposed development, the usable accommodation will almost treble (existing 600,000 sq ft floorspace compared to proposed 1,494,255 sq ft) and provide an efficient new and integrated warehouse and distribution park, served by both road and rail. Following demolition of the redundant space the total development on completion will be approximately 138,832 m² (1,494,255 ft²).

Existing employment on site has fluctuated widely over the last twelve to eighteen months and from a peak of around 500 full-time employees, the last available total (end 2004) is approximately 260, pending new contracts and excluding road haulage drivers.

The space is considered to be currently under utilised both in property and employment terms.

13.3 IMPACT ASSESSMENT

13.3.1 Methodology

The proposed development will generate a substantial number of new jobs, whilst protecting existing employment on the site in question. However, estimating job generation is not a precise science with the estimated employment numbers resulting from the proposed development included in this report underpinned by a number of caveats and assumptions. Our conclusions have been arrived at using a variety of reliable and published sources. In addition it builds on the approach undertaken as part of the previous planning application (HBC ref. 05/00212/FULEIA) including discussions with relevant managers and consultants in the industry and research undertaken by King Sturge as part of the planning enquiry process on a major new distribution facility in the south east of England¹. These sources (including those used by King Sturge) are listed below:

- Employment Densities report for English Partnerships and the Regional Development Associations by Arup Economics and Planning (July 2001).

- Future Trends in the Demand for Warehouse Property by Cranfield School of Management/King Sturge (April 2003).
- Faber Maunsell (expertise in construction management).
- Best Practice - Additionality Guide by English Partnerships (Second Edition, September 2004).
- Jon Sleeman, Partner, King Sturge Industrial Research.
- Mr J Worth at Victa Rail (railfreight experts).
- AHC (Warehousing) Ltd.

In view of the nature of the development proposed, a number of assumptions have been made as part of the methodology to arrive at what we believe to be meaningful employment figures for this type of distribution/rail freight park. These are listed below.

- A development period of approximately 18 months to 2 years (assuming a start date of February 2008).
- It is assumed there will be a mix of both slow and fast moving stock operations.
- It is assumed there will be elements of packaging, rebranding and breaking-up/ picking operations, i.e. "value added usage".
- The mix is crucial to the final employment density on the site but it is difficult to predict. At the time of writing an occupier for the larger unit is near to confirmation with employment numbers derived from this user.
- It has been assumed that the rehousing of the existing user in part of the smaller unit proposed will maintain employee levels within the operation (as assumed by the operator).
- Although the site will be open and manned 24 hours a day, 7 days a week, we have assumed that the effective operation times will be 24 hours a day, 5½ days a week.

¹ NB: The equivalent report to this underpinning the previous planning application on the site was undertaken by King Sturge.

- No material difference has been allowed for between active rail linked warehouse operations and road only served warehouses.

The methodology for counting the number of potential jobs generated has been structured in the following way, breaking down each individual element for assessment purposes, before arriving at a main total.

13.3.2 Direct On-Site Employment

Direct on-site employment resulting from the proposed development is determined in a number of ways for the purpose of this report:

- Employment densities have been used to calculate generated employment from proposed floorspace (by nature of use)
- Indication of employment resulting from the (at the time of writing) likely occupier has been included (netting the floorspace off that related to employment densities)
- Employment maintained on the site through the retention of the existing employment generating operation has been included (netted from the total employment likely to be generated from Unit 2)

The floorspace included within Unit 1 will deliver the following employment (determined through liaison with the intended occupier):

- 750 warehouse staff
- 100 office staff
- 50 drivers
- Total = 900 employees

It is assumed that the employees will work on a shift basis, including the following breakdown:

- 6am to 2pm
- 2pm to 10pm
- 10pm to 6 am

The use of employment densities is the accepted approach to determining employment creation. Based on English Partnerships employment densities (assuming a mix of storage and distribution uses alongside general office employment in some components of the scheme) the following employment creation is envisaged as a result of the proposed development of Unit 2.

Table 13.2: Employment Creation within Unit 2 based on Average Employment Densities (Gross external floorspace used unless otherwise stated)

| | Square Metres | Employment Density (Sq M) | Employment Generated |
|----------------------|---------------|---------------------------|----------------------|
| Unit 2 | | | |
| Main warehouse | 25,080 | 50 | 501 |
| Ground floor offices | 1,858 | 19 | 97 |
| Mezzanine offices | 4,340 | 19 | 228 |
| Total | | | 826 |

NB: This total figure of 826 jobs created includes the re-provision of floorspace to accommodate existing on-site employment (the latest figure available at the time of writing is approximately 260), resulting in a net increase of over 560 jobs resulting from the proposed development of Unit 2.

13.3.3 HGV Drivers

A fully operational site would also require a substantial number of road haulage drivers. No methodology exists in best practice literature available at the time of writing to determine the scale of HGV driver job creation as additional to that resulting from the likely occupation of the proposed Unit 1. However, given the frequency of outbound and inbound loads, as summarised below, the proposed development is determined to result in a further significant increase of employment on the site.

13.3.4 Construction Employment

The development will generate a level of employment throughout the proposed eighteen months to two year construction period. Indeed the construction phase is found to have the potential to generate significant local employment opportunities. At the time of writing the estimated development cost of the proposed scheme (including demolition of on-site structures, slab removal, crush and remediation for re-use, and earthworks) is thought to be in the region of

£60,694,425 million (demolition and construction budget), excluding inflation, professional fees, VAT, S.106 / 278 / 38 costs, and site remediation.

Using standard figures for the Gross Output Per Employee for the Construction Sector (ONS, 2005) (assumed to be £85,500 per job created) and the upper value of the estimated development cost, the proposed development could generate 710 person years of employment. A permanent full-time equivalent (FTE) is equated to 10 years of employment, which suggests an overall figure of 71 permanent FTE jobs would be created during demolition and construction.

Due to the nature of the construction industry, with different levels of employment associated with different stages during the build, the actual number of jobs created on-site would be significantly higher.

It is envisaged that, in order to ensure the local population benefit from the jobs created during demolition and construction, a local employment policy will be included within the building contract and implemented as part of the scheme. This policy will encourage the contractor to employ local people / sub-contractors wherever reasonably possible.

13.3.5 Off Site Employment

The conventional approach is to use employment multipliers, i.e. to assume that additional off site jobs (be these indirect jobs associated with supply chain linkages or induced jobs associated with additional consumer spending) are some multiple of the direct on site jobs. There are a range of factors that affect the size of these multipliers and often the multipliers are combined to produce a single composite multiplier. English Partnership's Best Practice Additionality Guide suggests that for general industrial B2 and distribution B8 uses, an appropriate composite multiplier for the local area might be 1.3 i.e. for every ten jobs generated on site there are 3 additional jobs generated in the local area. The total figure of 1,726 jobs created on site (including the retention of existing employment levels) would therefore generate an additional 518 jobs in the local area.

It should be noted that this approach provides an estimate of the gross number of jobs generated by the development, since we assume all jobs are captured locally (i.e. no leakage of employment) and that there are no displacement effects (i.e. no jobs lost because of the development). However, if both of these are assessed as low then the leakage could equate to

10% of the gross direct jobs and displacement could be 25% (according to the *Additionality Guide*). In this scenario the net local direct jobs would be 1,553 (assuming the net loss of 173 jobs due to 10% leakage from the total 1,726 jobs) and the additional jobs created off-site would be 432 (assuming the net loss of 432 jobs due to 25% displacement and a multiplier of 1.3 to the remaining 1,294 jobs).

13.3.6 Summary

Combining the areas of employment generation together, we can approximate the following totals:

- Permanent Employment (Direct, Indirect and Induced), say **1,726**.
- Construction Employment, say **71**.

The employment involved in the infrastructure and construction projects will last over a period of eighteen months to two years.

The figure has to be accepted as a broad estimate only as there are a number of factors which dictate whether the actual figure will be higher or lower, for example, type of occupier, changes in working practices (e.g. level of automation), degree of longer term "slow moving" storage against "value added" more labour intensive operations.

It is also important to note that the figures included assume employment generation resulting from the floorspace included in Unit 1 as agreed with the likely occupier of the unit.

13.4 SUMMARY AND CONCLUSIONS

In its present condition, the existing operation makes a limited contribution to the local community. The site has huge local employment potential, but requires redevelopment to take advantage of this. This includes the perceived ability of the site to attract large scale occupiers more appropriate for a Regional Investment Site of this nature. Current discussions are ongoing with a "blue Chip" operator with the intention to let the buildings on a long term lease to an established national / international company.

Any boost in activity and increase in employment numbers will undoubtedly have a beneficial ripple effect on local services and amenities and it is envisaged the majority of jobs will be sourced from within Halton and immediately surrounding areas, including those generated during construction.