

21 SOCIO-ECONOMICS

21.1 Policy and consultation

21.1.1 Policy

The following paragraphs provide a summary of key planning and economic strategy documents of relevance to the proposed scheme at a national, regional and local level. It should be noted that only those policies and objectives relating to socio-economic matters are considered.

21.1.1.1 National policy

The Government published the revised NPPF in February 2019 (MHCLG, 2019).

Paragraph 7 of the NPPF outlines that: *“the purpose of the planning system is to contribute to the achievement of sustainable development.”*

Achieving sustainable development means that the planning system has three objectives – economic, social and environmental. The economic objective involves helping to build a strong, responsive and competitive economy by ensuring that sufficient land of the right types is available in the right places. The social objective involves supporting strong, vibrant and healthy communities with accessible services that reflect current and future needs and support communities’ health, social and cultural well-being.

Chapter 6 of the NPPF concerns building a strong, competitive economy. Paragraph 80 sets out that: *“planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt.”* It places significant weight on the need to: *“support economic growth and productivity, taking into account both local business needs and wider opportunities for development.”*

Paragraph 82 states that: *“planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations”* (Lichfields emphasis).

The Government published its Industrial Strategy in November 2017 (BEIS, 2017). The Strategy outlines the aspiration to create an economy that boosts productivity and earning power throughout the UK. The Strategy identifies four Grand Challenges (developments in technology set to transform industries and societies) in which the UK can play a leading role. The first of these Challenges is to put the UK at the forefront of the artificial intelligence (AI) and data revolution. In order to support rapid adoption of AI technologies at scale, the Office for AI will work initially with six priority business sectors: cybersecurity; life sciences; construction; manufacturing; energy; and agricultural technology. The Strategy identifies that manufacturing is crucial to the economy, providing 10% of the UK’s GVA (Gross Value Added), generating around 50% of exports and accounting for 70% of business-led research and development.

The Strategy recognises that every region in the UK has a role to play in boosting the national economy and states that the Government will continue to build the Northern Powerhouse to help create prosperous communities throughout the UK. The Government aims to do this, in part, by agreeing Local Industrial Strategies that build on local strengths and deliver economic opportunities.

The Strategy identifies that strong local economies around the world tend to have key attributes which include having a good supply of skilled labour; being well connected; and having land available for offices and factories.

21.1.1.2 Regional policy

The Tees Valley Strategic Economic Plan (SEP) (TVCA, 2016) sets out the growth ambitions and priorities for Tees Valley over a 10-year period. The SEP has been refreshed to create a strategy which includes priorities to improve, diversify and accelerate growth in the local economy to benefit businesses and residents.

As the overarching economic plan for the Tees Valley, the refreshed SEP provides a framework for economic development to deliver six growth generating themes. These themes have been devised to help deliver the SEP's target of creating 25,000 new jobs and generating £2.8 billion of additional GVA between 2016 and 2026.

The SEP notes that the Tees Valley has world class expertise in a number of key sectors which are vital to the health of the northern and wider UK economies. Taking account of the current composition of the Tees Valley economy, including existing employment specialisms and the potential for growth, seven priority sectors have been identified:

- Advanced Manufacturing;
- Process, Chemicals and Energy;
- Logistics;
- Health and Biologics;
- Digital and Creative;
- Culture and Leisure; and
- Business and Professional Services.

The SEP confirms that developing these sectors is considered critical to boosting competitiveness and diversification, improving economy resilience and providing the range of jobs needed to ensure that growth across Tees Valley is both widespread and inclusive. In terms of the sectors of greatest relevance to the proposed development site, these are most likely to be advanced manufacturing, process, chemicals and energy and logistics.

The draft Tees Valley Local Industrial Strategy (LIS) (TVCA, 2019) sets out an ambitious plan to transform the economic performance of the area and drive an increase in productivity. It builds on the distinctiveness of the local economy and responds to the opportunities and challenges that subsequently arise.

The LIS focuses on delivering productivity growth centred on clean energy, low carbon and hydrogen, by improving performances and helping more local people into good jobs with long-term prospects.

The LIS identifies the following overarching ambition: *“Tees Valley will be a global leader in clean energy, low carbon and hydrogen. The area will achieve a net zero carbon industrial cluster by 2040, providing good jobs with long-term prospects that local people can access.”*

The LIS confirms that the Tees Valley business base is diverse and comprises of a range of sectors characterised by different levels of maturity, productivity and labour intensity. These sectors can be broadly characterised according to the following three categories:

- **Globally Competitive Sectors:** well-established sector strengths where the Tees Valley is widely regard as benefitting from world class expertise and a business base comprised largely of globally-significant firms. Collectively, these sectors account for 14% of Tees Valley's GVA. Local concentrations of employment and economic output are typically high in these sectors, reflecting the presence of high volumes of activity. Sectors include Chemicals and Process Industries; and Advanced Manufacturing.

- **Regional Sector Strengths with Growth Potential:** sectors where the Tees Valley is not currently recognised as being globally competitive, but where the conditions are in place locally – or could be established – to drive growth moving forwards. This includes areas such as clean energy, low carbon and hydrogen where Tees Valley can drive growth nationally by exploiting its unique industrial cluster, research and innovation assets, and by maximising synergies between existing sector specialisms. Sectors include Clean Energy, Low Carbon and Hydrogen; Bioscience; and Digital.
- **Enabling Sectors:** job rich sectors that account for high volumes of employment – as well as 34% of Tees Valley’s GVA – and which play an important role in supporting the effective functioning of the wider economy through the goods or services that they provide. The logistics sector, for example, supports the efficient movement of raw materials and finished products, which is beneficial to all parts of the economy. Sectors include Professional and Business Services; Logistics; and Construction.

The LIS also acknowledges the importance of the STDC area which is “*one of the UK’s greatest development opportunities*”. Once fully developed, the LIS states that the 4,500 acre site – the single biggest development opportunity in the UK and run by the only Mayoral Development Corporation outside of London – has the potential to create 20,000 jobs and generate an additional £1 billion per annum to the local economy.

Furthermore, maximising the potential of the STDC site is identified as being central to the LIS’s ambition to attract investment and establish a global reputation in clean energy, low carbon and hydrogen.

21.1.1.3 Local policy

The Redcar and Cleveland Local Plan was adopted in May 2018 (RCBC, 2018a). Policy LS 4 (South Tees Spatial Strategy) states that the South Tees Spatial Strategy encompasses the following areas:

- Wilton International;
- STDC area (including current and former steelworks at South Tees and Redcar);
- Teesport; and,
- South Tees Industrial Estates and Business Parks.

In relation to the economy, Policy LS4 states that the Council and its partners will aim to deliver the following objectives (*inter alia*):

- deliver significant economic growth and job opportunities through the STDC and Tees Valley Enterprise Zone at Wilton International and South Bank Wharf;
- support the regeneration of the STDC area through implementing the South Tees Area Supplementary Planning Document;
- investigate opportunities to create a new energy hub to support the offshore wind and sub-sea engineering sectors;
- support the expansion and protection of the port and logistics sector;
- improve existing employment areas and provide a range of modern commercial premises that meet contemporary business requirements including the target sectors of the South Tees Area Supplementary Planning Document (SPD);
- give the area an identity and make it attractive to inward investment; and,
- enhance the quality and range of services and facilities that serve the needs of those working in the South Tees employment area.

The South Tees Area SPD (RCBC, 2018b) was adopted in May 2018. It supports the economic and physical regeneration of the South Tees Area, setting out the vision and core objectives for the area.

The SPD sets out the following vision for the area:

“The Vision for the South Tees regeneration programme is to see the area transformed into a hotbed of new industry and enterprise for the Tees Valley that makes a substantial contribution to the sustained economic growth and prosperity of the region and the communities it serves.

The Vision sees the creation of up to 20,000 new jobs. The focus is on higher skilled sectors and occupations, centred on manufacturing innovation and advanced technologies and those industries best able to deliver sustained economic prosperity for the Tees Valley and its people, while realising a jobs spectrum that offers opportunities for all. The Vision is underpinned by the aspiration for new development to make best use of existing infrastructure and available land and to deliver a high value, low carbon, diverse and inclusive circular economy for the Tees Valley.

The Vision sees an aspirational, modern industrial park, combining industrial, environmental, heritage and community assets in a well designed development that is safe for all users and supported by a safe and efficient transport network, which delivers enhanced connectivity to the wider Tees Valley and beyond.

It extends to realising a telling, positive change in the external perceptions of the South Tees Area and wider Tees Valley to potential inward investors, to achieving the remediation of land contamination and to safeguarding biodiversity and promoting and encouraging environmental improvement. In overall terms, the realised Vision for the South Tees Area will deliver an exemplar, world class industrial business park that is renowned as a destination for manufacturing excellence.”

The SPD includes a number of Strategic Development Principles intended to guide planning applications associated with the redevelopment of the STDC area. Development Principle STDC 1 provides a series of priorities for the South Tees area in line with the SPD’s Vision and Objectives. These include a strong alignment with the Government’s Industrial Strategy, a co-ordinated world class offer, promotion and support for the expansion of existing port facilities, support for uses associated with advanced manufacturing, the low carbon and circular economy and for the creation of high-skilled employment and to support development which makes the best use of available land and existing infrastructure.

The South Tees Regeneration Masterplan was published in November 2019 (STDC, 2019). This document presents the vision, strategy and Masterplan for the regeneration of the area. The Masterplan does not form part of the statutory development plan though it has closely informed the preparation of, and is aligned with, that statutory policy framework.

The Masterplan identifies the site as being part of the SIZ and sets out a development overview for the area. It identifies the following target industries:

- Port-related uses, including port-based fabrication;
- Offshore energy industries, including manufacturing;
- Materials processing and manufacturing;
- Contract fabrication;
- Potential for rig and large equipment decommissioning; and,
- Energy generation.

The Masterplan identifies the site's river boundary as offering the opportunity for a significant increase in port-capacity on the river. This opportunity enhances the potential for attracting major industries that rely on imports and exports by sea, and that serve offshore industries.

The Masterplan makes reference to the site's potential market appeal with respect to the offshore wind industry. It states:

"...the UK offshore wind industry has committed to work with UK Government on a transformative sector deal, which, by 2030, will deliver thousands of additional skilled jobs and billions of pounds worth of export opportunities. Through this deal, the industry aims to generate one third of the UK's electricity from offshore wind by 2030.

In response to this emerging step change in the UK offshore wind industry, STDC has received numerous proposals from investors, including the manufacture of: gravity foundations; monopiles and transition pieces; top sides; blades; nacelles; and gearing systems. Interest has also been shown in establishing an onshore engineering base to serve Dogger Bank.

Presently, STDC is engaged in advanced dialogue with developers wishing to establish a new offshore wind base, inclusive of extensive port facilities, for the manufacture of all aspects of wind turbine substructures and superstructure tower assemblies. If realised, this would also offer the opportunity for significant offshore oil and gas rig decommissioning, which could produce a major feedstock for metals production projects."

The Masterplan also refers to the site's suitability for materials processing and manufacturing, stating:

"To reflect the growth in metals recycling both in the UK and globally, along with an ever-improving sophistication in the metals recycling process, the Master Plan for the SIZ accommodates a sizeable materials processing zone that can capitalise on the proposed new port facilities to cater for imports of recyclable materials by ship. This could extend to handling metals from rig decommissioning operations carried out elsewhere on the river.

The large industrial shed spaces in the SIZ offer the potential for re-use, and one such use could be metals manufacturing (such as steel or aluminium) using recycled metals, subject to market conditions and project viability being conducive. However, before making any decisions in this regard, the various shed facilities will need to be carefully evaluated to determine the viability of them being re-used. The proposed materials processing zone could extend to handling and recycling composites – another growing market – along with other recyclable materials. A key aspect of the vision for South Tees is the creation of a truly circular economy, and it is therefore appropriate that the plans make provision for uses aligned with recycling and re-use of materials on a large-scale basis."

21.1.2 Consultation

As outlined in **Section 5**, the scope of the EIA for the proposed scheme was agreed in August 2020 based upon Scoping Opinions previously issued by MMO and RCBC for a similar scheme in 2019.

Whilst the principle of scoping in the topic of socio-economics was secured, the precise elements of what should constitute the assessment were not defined. In attempting to address this, consultation has been undertaken with the relevant RCBC officers (in Business Skills and Investment) to outline a proposed scope of assessment. The proposed scope was formulated in accordance with the approach employed as part of the EIA application for STDC's landside proposals. To date, no comments have been received on the proposed scope of assessment and from this it has been assumed that the approach is considered acceptable.

21.2 Methodology

21.2.1 Assessment methodology

The paragraphs below describe the methods used to assess the likely effects; the existing conditions that exist in the surrounding area; the mitigation measures required to prevent, reduce or offset any significant adverse effects; and the likely residual effects after these measures have been adopted.

The assessment establishes the existing environment in terms of population, economic, employment and labour market conditions, before examining the potential effects of the proposed scheme and their significance. Opportunities for the mitigation of any adverse effects and the enhancement of positive effects are then considered, before the residual effects are assessed.

The assessment draws upon a combination of data sources, including nationally published data from the Office for National Statistics (ONS), as well as local authority statistics, Experian datasets, data from the 2011 Census and other publicly available national statistics.

21.2.2 Study area

As detailed within **Section 1**, the study area for the EIA covers the marine elements of the proposed scheme as well as its landside elements (namely the construction of a quay within the riverbank). For the purposes of this assessment, the landside element is located within the STDC area and is part of the area known as South Bank/SIZ. It is located between Tees Dock No.1 Quay and the Teesport Commerce Park and is within the Redcar and Cleveland 003 Middle Super Output Area (MSOA).

The effects of the proposed scheme are expected to be felt across the Area of Impact (AOI). For the purposes of this assessment, the study area is the Area of Impact (AOI), which comprises the area from which the majority of the workforce will be drawn. The current criteria for defining travel to work areas are that:

- at least 75% of an area's resident workforce must work in the area;
- at least 75% of the people who work in the area must live in the area; and,
- the area must have a working population of at least 3,500.

Applying this methodology to data from the 2011 Census relating to commuting patterns, it is possible to define the AOI as comprising Redcar and Cleveland, Middlesbrough and Stockton-on-Tees.

Analysis of these data (as shown in **Figure 21.1**), reveals that, in 2011, there were approximately 8,665 people working within the Redcar and Cleveland 003 MSOA identified above. Of these workers, 54% were resident in Redcar and Cleveland, 17% in Middlesbrough and 15% in Stockton-on-Tees. Collectively, this corresponds to 86% of people working in the area (greater than the 75% methodological threshold). Similarly, of the combined resident population across the MSOA (approximately 1,775), 60% work in Redcar and Cleveland, 20% in Middlesbrough and 10% in Stockton-on-Tees (in combination accounting for 90% of the area's residents).

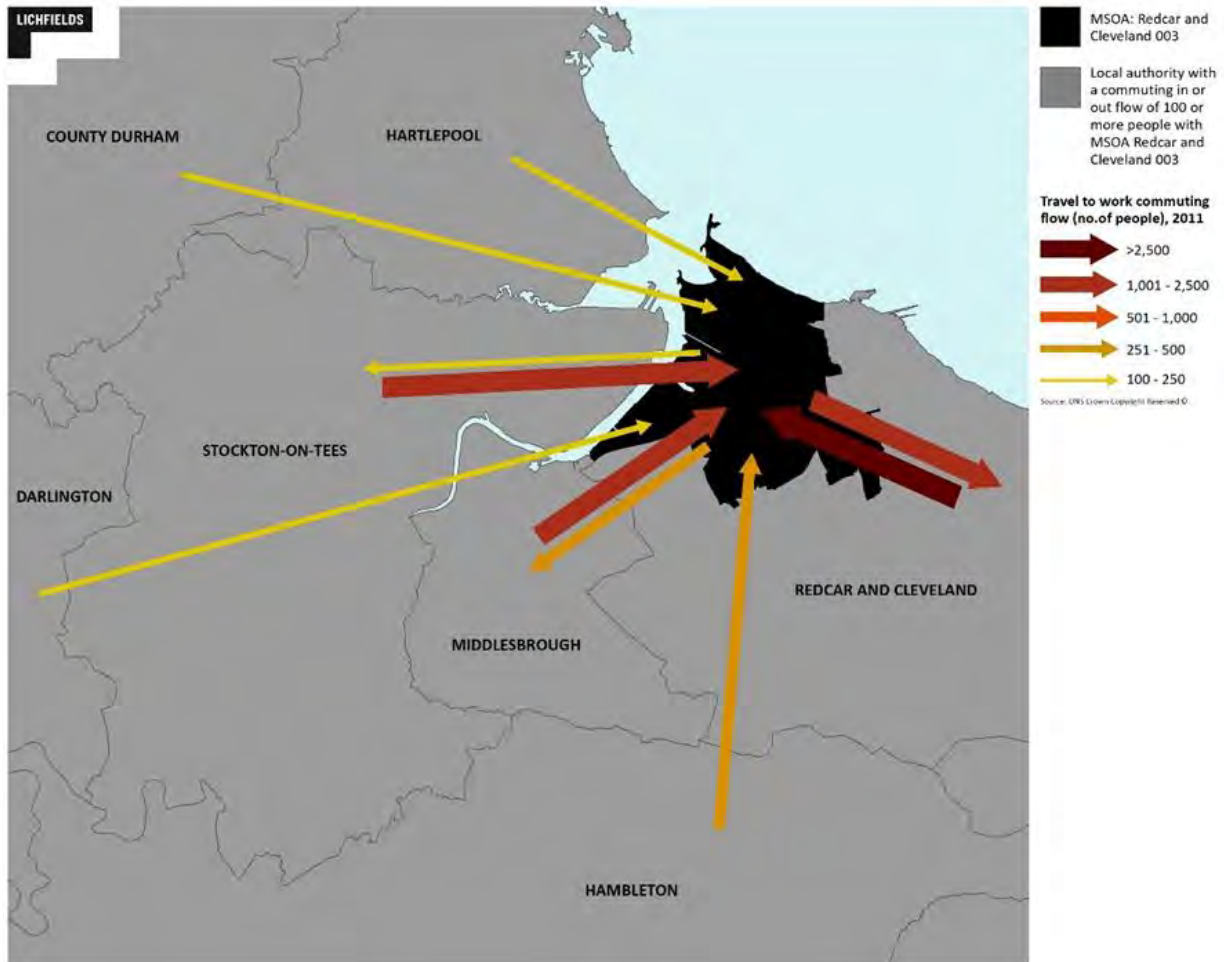


Figure 21.1 Travel to work flows from MSOA Redcar and Cleveland 003

Taking the above into account, the AOI considered in relation to the various effects of the proposed development are set out in Table 21.1.

Table 21.1 Impact areas considered

Factor	Area of Impact
Construction employment	Redcar and Cleveland, Middlesbrough and Stockton-on-Tees
Construction economic output	Redcar and Cleveland, Middlesbrough and Stockton-on-Tees
Operational employment	Redcar and Cleveland, Middlesbrough and Stockton-on-Tees
Operational economic output	Redcar and Cleveland, Middlesbrough and Stockton-on-Tees

21.2.3 Significance criteria

Since there are no generally accepted criteria for assessing the significance of socio-economic impacts, they have been assessed based on the scale of the increase over the baseline position, as well as the nature and context of their impacts. Where relevant, the location of the impact and its likely duration has been taken into account. In some cases, this cannot be quantified or measured, so the nature and context of the impacts are considered more generally, taking account of qualitative factors.

The socio-economic impacts of the proposed scheme are identified as ‘beneficial’, ‘negligible’ or ‘adverse’ (Table 21.2).

Table 21.2 *Definition of impacts*

Effect	Definition
Beneficial	A positive and/or advantageous effect to a Minor, Moderate or Substantial magnitude.
Negligible	No obvious significant effect to a receptor or environment.
Adverse	A negative and/or disadvantageous effect to Minor, Moderate or Substantial magnitude.

The terms presented in Table 21.3 are used to define the significance of the impacts identified.

Table 21.3 *Definition of the significance of impacts*

Significance	Definition
Substantial	Where the proposed scheme could be expected to have considerable effects (by extent, duration or magnitude) or of a more than local significance on the existing population, levels/types of employment and economic characteristics of the area.
Moderate	Where the proposed scheme could be expected to have a noticeable effect which may be considered significant on the existing population, level/types of employment and economic characteristics of the area.
Minor	Where the proposed scheme could be expected to result in a small, very short or highly localised effect on the existing population, level/types of employment and economic characteristics of the area.
Negligible	Where no discernible effect is expected as a result of the proposed scheme on the existing population, level/types of employment and economic characteristics of the area.

The duration of the socio-economic impacts is considered in the context of whether it is temporary or permanent. Due to their nature, all operational impacts are considered to be permanent unless otherwise stated. In terms of temporary impacts, the duration can be determined to be short term (less than 5 years), medium term (5-10 years), or long term (more than 10 years).

The sensitivity of receptors is also considered. Sensitivity varies between receptors and in, some instances, qualified judgement is required to establish where receptors place on a scale from low sensitivity (easily adapt to change) to high sensitivity (do not easily adapt to change). In identifying sensitivity, factors including capacity to accept or respond to change and the local position, local needs and priority groups are taken into account.

A matrix identifying the significance of the potential effects is set out in Table 21.4. Any impacts assessed as being either moderate or substantial (as per Table 21.4) are classified as ‘significant’ in EIA terms.

Table 21.4 *Matrix for determining the significance of impacts*

Magnitude of change/impact	Sensitivity of receptor/environment to change or impact			
	High	Medium	Low	Negligible
High	Substantial	Moderate to Substantial	Minor to Moderate	Negligible
Medium	Moderate to Substantial	Moderate	Minor	Negligible

Magnitude of change/impact	Sensitivity of receptor/environment to change or impact			
	Minor to Moderate	Minor	Negligible to Minor	Negligible
Low	Minor to Moderate	Minor	Negligible to Minor	Negligible
Negligible	Negligible	Negligible	Negligible	Negligible

21.2.4 Assumptions and limitations

The limitations of the assessment are identified, where applicable. In particular, the data used from publicly available sources has not been verified. Furthermore, whilst the latest available data has been used, it should be noted that many data sources are frequently updated and could be subject to change since the time of drafting or during the course of the planning application and marine licence application process.

Assumptions are also identified, where relevant, within the remaining sections. In summary, however, due to the specialised nature of the proposed scheme the assessment of the employment effects associated with the proposed scheme has drawn on experience from similar types of development and the technical specification of the proposed scheme. In particular, the scale and nature of the construction work required has been compared with similar schemes in close proximity to the proposed scheme (including the Anglo American Harbour facility) and the workforce requirements adjusted commensurately to reflect any key differences between the proposed scheme and the comparators with respect to:

- the dimensions of the proposed quay;
- the phasing of delivery; and,
- the technical specification of the proposed scheme (including the extent of excavation and mechanical/electrical engineering works assumed).

Similarly, given the specialised nature of employment likely to be generated on site during operation, the use of estimates based on experience from other similar developments around the UK is considered the most appropriate approach.

21.3 Existing environment

This section sets out the existing environment of the local area (as it relates to the proposed scheme) from a socio-economic perspective. This includes a summary of the current local economic conditions and labour market conditions within the AOI (defined as Redcar and Cleveland, Middlesbrough and Stockton-on-Tees local authorities). Where appropriate and where the availability of data permits, this is benchmarked against regional and national averages.

21.3.1 Population

According to the most recent population estimates (ONS, 2019a) the resident population of the AOI was 475,478 in 2019. Over the period 2009-2019 the resident population grew by 2.7% across the AOI. This was a lower rate of growth in comparison to the North East region (3.7%) and nationally (7.8%).

21.3.2 Local economic conditions

Employment growth

An analysis of ONS Job Density data (ONS, 2018a) indicates that the total number of jobs in the AOI stood at 204,000 in 2018 (latest data available). **Table 21.5** illustrates that jobs growth across the AOI during the period 2008-2018 was at 2.5% lower than the equivalent rate experienced regionally (4.3%) and nationally (13.6%).

Table 21.5 2018 employment and jobs density across the AOI

Area	Total jobs	Jobs density	% Change 2008-2018
AOI	204,000	0.70	2.5%
North East	1,206,000	0.73	4.3%
Great Britain	34,850,000	0.86	13.6%

The data also provide a measure of the ratio of total jobs to working age residents in a given area. It shows that the AOI has a job density ratio of 0.70, indicating that it has 70 jobs for every 100 residents of working age (aged 16-64). This is lower than the regional average (0.73) and significantly lower than the national average (0.86), highlighting the potential to deliver employment growth in the local area.

Sectoral structure

An analysis of Business Register and Employment Survey (BRES) data (ONS, 2018b) identifies that, as a proportion of total employment, the largest sectors in the AOI in 2018 were health (17.3%), retail (10.3%), education (9.5%), manufacturing (9.2%) and business administration & support services (7.6%). Collectively, these five sectors constituted 53.8% of total employment.

Location quotient (LQ) analysis establishes how concentrated a particular employment sector is in an area compared to the national average. **Figure 21.2** shows that, in comparison with the structure of the national economy, the following sectors are over-represented in the AOI:

- health (LQ 1.3, 17.3% employment);
- public administration & defence (LQ 1.3, 5.5% employment);
- manufacturing (LQ 1.2, 9.2% employment);
- construction (LQ 1.2, 5.9% employment);
- mining, quarrying & utilities (LQ 1.2, 1.6% employment);
- retail (LQ 1.1, 10.3% employment);
- education (LQ 1.1, 9.5% employment);
- transport & storage (including postal) (LQ 1.1, 5.4% employment);
- property (LQ 1.1, 2.1% employment); and,
- motor trades (LQ 1.1, 2.1% employment).

The following sectors are under-represented locally:

- agriculture, forestry & fishing (LQ 0.3, 0.4% employment);
- professional, scientific & technical (LQ 0.6, 5.4% employment);
- information & communication (LQ 0.6, 2.4% employment);
- financial & insurance (LQ 0.6, 2.1% employment);
- accommodation & food services (LQ 0.8, 5.9% employment);
- wholesale (LQ 0.8, 3.0% employment); and,
- business administration & support services (LQ 0.9, 7.6% employment).

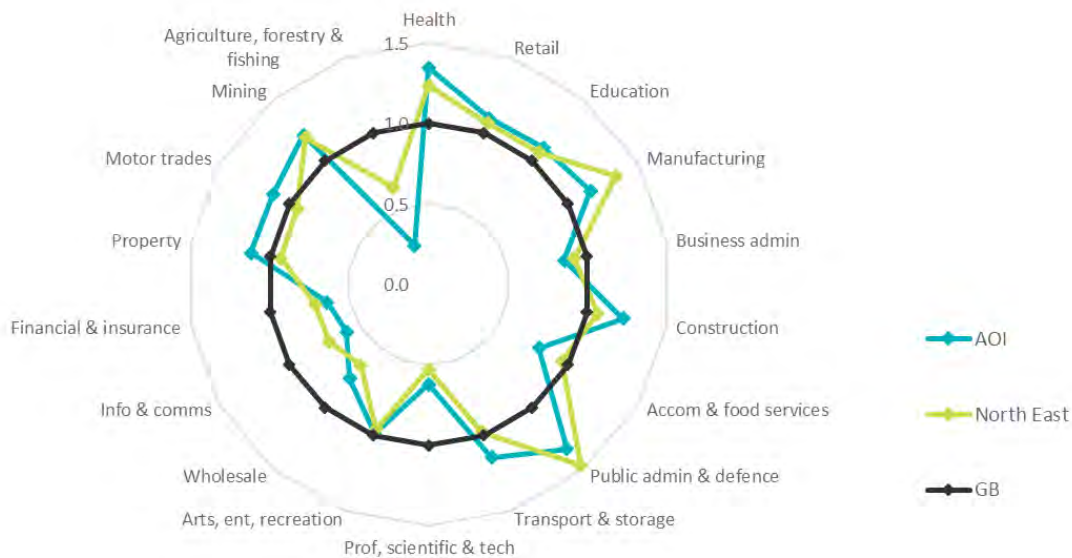


Figure 21.2 Employment representation by sector (location quotient analysis)

Table 21.6 provides a summary of employment change within the AOI by sector over the period 2009-2018. This is shown in proportionate terms, in order to facilitate a comparison with the regional and national performance. From this it can be seen that:

- Information & communication, arts, entertainment, recreation & other services, wholesale, agriculture, forestry and fishing and financial and insurance all experienced stronger proportionate levels of growth in the AOI compared to regional and national averages; whilst conversely,
- health, accommodation and food services, transport & storage (including postal), motor trades, education, manufacturing, retail, mining, quarrying and utilities, construction and professional, scientific & technical experienced lower levels of growth (or higher proportionate levels of decline) in comparison with the regional and national averages.

In terms of those sectors likely to be of greatest relevance to the proposed scheme, the following can be observed from **Table 21.6**:

- Manufacturing: employment in the AOI declined substantially (-8.1%) despite remaining relatively static at the regional and national level; and
- Transport and logistics (including postal): employment in the AOI increased (5.3%) albeit at a rate below the regional and national level.

Table 21.6 *Employment change in proportionate terms (2009-2018)*

Industry	AOI	North East	GB
Information & communication	55.2%	18.5%	22.8%
Business administration & support services	43.6%	49.2%	29.7%
Arts, entertainment, recreation & other services	32.0%	14.6%	9.8%
Wholesale	24.7%	3.7%	7.8%
Agriculture, forestry & fishing	15.4%	-8.3%	1.2%
Health	12.3%	15.4%	13.3%
Property	9.9%	5.6%	22.2%
Accommodation & food services	7.3%	13.0%	23.6%
Transport & storage (including postal)	5.3%	13.6%	14.6%
Motor trades	4.1%	5.6%	17.4%
Financial & insurance	3.2%	-3.7%	-2.6%
Education	-5.4%	1.0%	4.9%
Manufacturing	-8.1%	0.0%	0.3%
Retail	-9.5%	-2.7%	-1.5%
Mining, quarrying & utilities	-14.5%	13.3%	25.7%
Construction	-21.4%	-15.2%	2.0%
Public administration & defence	-22.6%	-27.5%	-14.0%
Professional, scientific & technical	-24.5%	-20.6%	30.9%
All sector average (total employment)	-7.7%	3.2%	10.6%

Business growth

ONS UK Business Count data (ONS, 2019b) show that the number of active enterprises in the AOI increased from 8,900 to 11,950 over the period 2010-2019. This represents a growth rate of 34.3%. This is higher than the percentage increase observed regionally (26.1%) and nationally (30.1%).

The AOI's rate of business growth has been underpinned by strong growth in Micro firms (38.2%) – exceeding the regional (28.3%) and national (31.3%) growth rates. Similarly, growth in Large firms (22.2%) exceeded the regional (16.9%) and national (21.5%) growth rates. The AOI experienced growth in both Small (10.6%) and Medium-sized (9.8%) firms but at rates below the regional and national equivalents (**Table 21.7**).

Table 21.7 Business growth rate in the AOI 2010-2019

Employment sizeband	AOI	North East	Great Britain
Micro (0 to 9)	38.2%	28.3%	31.3%
Small (10 to 49)	10.6%	12.7%	20.1%
Medium-sized (50 to 249)	9.8%	15.2%	25.2%
Large (250+)	22.2%	16.9%	21.5%
Total	34.3%	26.1%	30.1%

21.3.3 Labour market conditions

Economic activity

Annual Population Survey data from the most recent full year (2019) (ONS, 2019c) indicates that the economic activity rate (i.e. the share of working-age residents either in or seeking employment) across the AOI is 72.2%. This is lower than the regional (75.0%) and national (78.9%) economic activity rates.

In 2019, the model-based unemployment rate (share of working-age residents out of employment) in the AOI was 6.3% - higher than both the regional (5.9%) and national (4.0%) averages. This is also reflected in unemployment data for August 2020 which shows that there were 24,170 residents in the AOI claiming out-of-work benefits. This equates to a claimant rate of 8.3%. This rate is higher than that of the region (7.5%) and nationally (6.6%). By comparison, in January 2020 (and prior to the labour market effects of Covid-19) the AOI claimant rate (4.9%) was also higher than both regional (4.4%) and national (2.9%) averages. Taken together these data suggest that there is greater scope locally to accommodate employment growth.

Skills and qualifications

Figure 21.3 indicates that the skills base of the AOI's resident workforce (age 16-64) is characterised by:

- A lower proportion of working-age residents with graduate level (NVQ level 4+) qualifications (29.6%) than that of the North East region (31.9%) and nationally (40.3%);
- A lower proportion of working-age residents at all other NVQ levels (NVQ1 – 3) in comparison to the regional and national averages; and
- A higher proportion of working-age residents with no qualifications (12.0%) than that of the wider region (9.4%) and nationally (7.7%).



Figure 21.3 AOI resident skills base (% 16-64 population)

An analysis of the existing occupational profile of the resident workforce (**Figure 21.4**) also shows that:

- The proportion of AOI residents working in Standard Occupational Codes (SOC) 1-3 (managers, directors and senior officials; professional occupations; and associate professional & technical occupations) is low - at 34.4% - in comparison to the North East region (40.8%) and nationally (47.4%); and
- The proportion of AOI residents working in Standard Occupational Codes (SOC) 7-9 (sales and customer service occupations; process, plant and machine operatives; and elementary occupations) is high - at 28.9% - in comparison to the North East region (27.8%) and nationally (23.7%).

Earnings

Latest (2019) data from ONS Annual Survey of Hours and Earnings (ASHE) (ONS, 2019d) indicate that median weekly resident wages (gross) across the AOI (£536) were higher than the regional average (£531) but lower than the national average (£587).

Similarly, the median weekly workplace-based earnings (gross) were higher for the AOI (£542) in comparison with the North East (£533) but lower than the national average (£587).



Figure 21.4 Occupational profiles by Standard Occupational Code (SOC)

Deprivation

Deprivation at the local level is measured by the Index of Multiple Deprivation (IMD), which uses a series of datasets to rank areas across seven domains that range from income to health. These categories in combination produce a multiple deprivation score for each local area.

The latest English Indices of Deprivation (2019) (MHCLG, 2019b) provides a composite measure of deprivation at a local level. **Figure 21.5** indicates that there are significant pockets of deprivation across the AOI, with the most significant pockets located in Middlesbrough but also along the banks of the River Tees in both Stockton-on-Tees and Redcar and Cleveland, including the proposed scheme footprint.

Within the local authorities that constitute the AOI there are:

- 23.9% of LSOAs (lower super output areas) in Redcar and Cleveland that score in the 10% most deprived nationally;
- 48.8% of LSOAs in Middlesbrough that score in the 10% most deprived nationally; and
- 20.8% of LSOAs in Stockton-on-Tees that score in the 10% most deprived nationally.

By this metric, Middlesbrough is ranked as the most deprived local authority in England. The LSOA within which the proposed scheme is located (Redcar and Cleveland 00D) is categorised as being within the 10% most deprived nationally.

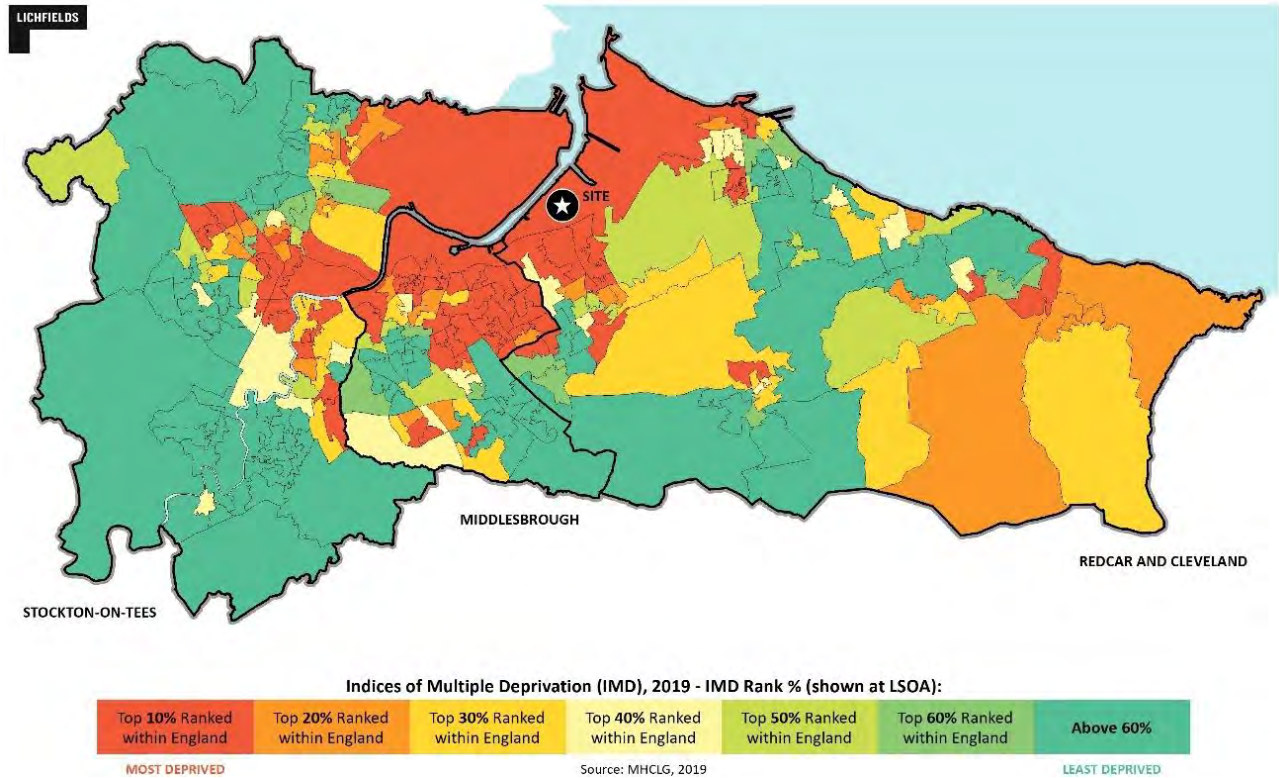


Figure 21.5 Deprivation map of the AOI

Economic output

Data from ONS provide estimates of balanced gross value added (GVA – a measure of economic output) at a local authority level (ONS, 2019e). When considered in conjunction with the total number of jobs (ONS, 2018a) within the same timeframe, this can provide an indication of the level of productivity – or GVA per job – for a given local authority area across all sectors of the economy. **Table 21.8** indicates that in 2018 GVA per job was marginally higher within the AOI (£46,578) compared to the North East (£45,300). It was, however, lower than the national figure (£54,766).

Table 21.8 Balanced gross value added and GVA per job, 2018

	Wider AOI	North East	UK
Total GVA (2018) (million)	£9,502	£54,632	£1,908,608
Total GVA per job (2018)	£46,578	£45,300	£54,766

21.3.4 Summary of existing environment

As demonstrated within the preceding paragraphs, the AOI has:

- Lower jobs growth performance relative to the regional and national levels.
- A lower jobs density ratio compared to both regional and national averages.
- Higher business growth relative to regional and national averages, with particularly strong growth in Micro (0-9 employees) firms.
- An economic activity rate that is lower than the regional and national averages. Both the model-based unemployment rate for the AOI and the proportion of economically active population claiming out-of-work benefits are higher than the regional and national averages.

- Worse performance compared to regional and national averages in terms of skills and occupational profile of the resident workforce. The AOI has a lower proportion of residents with higher skills (NVQ Level 4+) and a lower proportion of the workforce in higher skilled occupations (SOCs 1-3). In addition, it has a higher proportion of residents with no qualifications and a greater proportion of the workforce in lower skilled occupations (SOCs 7-9).
- On average lower resident-based earnings compared to workplace-based earnings but in both cases sitting above the regional average but below the national average.
- Significantly higher levels of deprivation within the context of all English local authorities.
- Productivity (as measured by GVA per job) is marginally higher than the regional average but lower than the national average.

21.3.5 Future evolution of the baseline in the absence of the proposed scheme

Demographic profile

According to the 2018-based projections (ONS, 2020b), the population of the AOI is forecast to increase to 480,913 residents by 2032 (an increase of 1.1% from 2019 levels). This is lower than the rate of growth projected at the regional (2.6%) and national (5.8%) level.

The AOI's working age population, however, is projected to decline by 3.4% across the same period. This rate of decline is greater than that expected across the region (-2.1%) and in contrast to a projected increase in the working age population of 2.6% nationally.

Local economic and labour market conditions

The Employment Land Review (NLP, 2016) that forms part of the evidence base for the adopted Redcar and Cleveland Local Plan sets out a range of future employment forecasts for the Borough. The baseline econometric forecast modelled a contraction in the workforce over the course of the plan period, albeit some B class uses (either fully or in part) were forecast to grow over the same period including professional services, administrative and support services and land transport, storage and post. Similarly, the labour supply scenario forecasts only a negligible increase in employment during the plan period.

The Employment Land Review also had regard to a 'policy on' scenario which noted the Tees Valley SEP ambition to deliver 25,000 new jobs across the sub-region over the period 2015-2025. Based upon analysis undertaken by the Tees Valley Combined Authority, the apportionment of this growth within Redcar and Cleveland was estimated to be in the order of 215 new jobs per annum – equating to 2,150 new jobs over the course of the period 2015-2025.

Site specific future baseline

For the proposed scheme specifically, the absence of development (i.e. a no development scenario) would result in a future baseline with no additional on-site job creation – i.e. the proposed scheme would not be developed unless alternative proposals came forward.

21.4 Potential impacts during the construction phase

21.4.1 Creation of direct and indirect employment

Creation of direct employment

The typical approach in assessing levels of construction employment involves the application of an appropriate labour coefficient to an estimated construction cost. However, the specialist nature of the proposed scheme and the construction work required makes it more difficult to accurately estimate the construction employment effects using a labour coefficient approach. For instance, it is estimated that the cost of constructing the proposed scheme (£160 million) allows for considerable costs associated with

dredging activity which are likely to translate to very small direct employment effects. As such, adopting the traditional approach which uses construction cost as a key determinant of construction employment is considered likely to significantly over-state the direct employment effects associated with the proposed scheme during construction.

Cognisant of the above, direct employment effects have been estimated based on experience of other similar types of development and their related construction workforce requirements. In particular, the assessment has reflected the construction workforce requirements associated with the consented Anglo American Harbour facility located downstream of the proposed scheme footprint (RHDHV, 2015).

The scale and nature of the construction work required has been compared with similar schemes and the workforce requirements adjusted commensurately to reflect any key differences between the proposed scheme and the comparators with respect to:

- the dimensions of the proposed quay;
- the phasing of delivery; and,
- the technical specification of works (including the extent of excavation and mechanical/electrical engineering works assumed).

It has been estimated, allowing for the adjustments summarised above, that the proposed scheme could support a maximum of 110 direct FTE construction jobs during the peak requirement, which is expected to occur during demolition, quay construction, excavation and dredging phases. Assuming a gradual ramping up and down from the peak, it is estimated that the works could support approximately 2,600 person-months of employment. Over the course of approximately three year construction phase, this could support an average of 79 direct FTE jobs.

The extent to which construction opportunities created by the proposed scheme will be taken up locally cannot be estimated with any certainty until contracts have been let. Based upon experience, however, it would be reasonable to expect that at least a proportion of the construction jobs would be taken up by residents of the AOI. For instance, whilst national and regional construction firms often use their own labour on schemes, it is typical for a share of the workforce to be drawn from the local area. Indeed, the ES submitted in relation to the Anglo American Harbour facility located downstream of the proposed scheme footprint stated that: *“It is expected that the vast majority of construction employees would be home based and would travel from within the three districts (Royal HaskoningDHV, 2015).”*

Furthermore, it is understood that STDC is committed to maximising the number of Tees Valley firms that are able to access and succeed in tendering for opportunities. Within this context, it is noted that the construction industry is particularly strong within the AOI, with a location quotient of 1.2 (ONS, 2018b).

Creation of indirect and induced employment

Construction typically involves purchases from a range of suppliers, who in turn purchase from their own suppliers further down the supply chain. The relationship between the initial direct and total economic effects is referred to as the ‘multiplier effect’. It demonstrates that an initial investment can have much greater ‘spin-off’ effects as it works through the economy. The construction sector is recognised as being a part of the UK economy where there is a particularly large domestic effect in the supply chain.

In this context, it is anticipated that businesses in the AOI would benefit from supply chain linkages and trade connections established during the construction phase. This would create additional indirect jobs in suppliers of construction materials and equipment.

In addition, local businesses would be expected to benefit from a temporary increase in demand as a result of expenditure by direct and indirect workers during construction. This could be expected to include wage spending of workers in shops, bars, restaurants and other services and facilities and helps to create additional induced jobs.

ONS Detailed Input-Output Tables (ONS, 2019f) indicate that the construction industry has an indirect employment multiplier of 2.17. Applying this to the 79 direct FTE jobs predicted to be supported per annum indicates that the proposed scheme could be expected to support 93 additional indirect FTE jobs per annum over the duration of the build period at the national level (in addition to the direct jobs derived above).

It should be noted that the above analysis is based upon the application of a Type I multiplier and therefore makes no allowance for any induced employment effects associated with the proposed scheme; that is, jobs generated within the local, regional or national economy as a result of expenditure by those in direct or indirect employment associated with the scheme. On this basis, the total employment effect is considered to represent a conservative estimate.

In total, therefore, the proposed scheme could be expected to support 172 direct and indirect FTE jobs per annum over the course of the construction period. In comparison to the total construction industry employment within the AOI (ONS, 2018b) this constitutes growth of 1.6%. The level of employment to be supported by the proposed scheme is considered to correspond with a low magnitude of change. Within the construction industry locally, the latest available data (ONS, 2020c) indicate that comparatively few jobseekers (c.35) are currently seeking employment within the skilled construction and building trades across the AOI. Notwithstanding, model-based unemployment within the AOI is higher than both the regional and national averages (ONS, 2019c) and the proportion of the working age population in the AOI that are claimants currently is also higher than both regional and national averages (ONS, 2020a). The job density of the AOI is also lower than the regional and national averages (ONS, 2018a) and, as indicated above, the sector is overrepresented locally. Taken together, it is assessed that the receptor has medium sensitivity to change.

Taking the above into account, the employment impacts of the proposed scheme during the construction phase are considered to be temporary (short term), **minor beneficial**.

Mitigation and residual impacts

No mitigation measures are required. The residual impact would be of **minor beneficial** significance.

21.4.2 Demand for temporary accommodation by construction employees

It is expected that the vast majority of construction employees would be home based and would travel from within the three districts. As such, the magnitude of change is expected to be low. Even if a proportion of construction workers were to require temporary accommodation, there are 67,500 private rented bedrooms in the three districts, of which nearly 18,000 are in Redcar and Cleveland. In addition, there would be hotel and B&B bed spaces. Overall therefore, the receptor sensitivity is also expected to be low.

In this context, the impact of construction workers on temporary accommodation would be temporary (short term) and **negligible**.

Mitigation and residual impacts

No mitigation measures are required. The residual impact would be of **negligible** significance.

21.4.3 Economic output

The construction phase of the proposed scheme will also contribute towards increased economic output, as measured by GVA. GVA is a commonly used measure of productivity and economic performance. It represents the difference between what is produced as output (goods and services) and the inputs required to support the production of those outputs (e.g. raw materials, semi-finished products etc.). In measuring economic growth, economists typically assess the quarterly (or annual) change in GVA for a given area.

Based on recent data, the construction sector in the North East region is estimated to generate an average GVA per FTE worker of £63,040 per annum (Experian, 2020). Applying this to the direct employment effects of the proposed scheme it is estimated that this could generate £5.0 million of direct GVA for each year of the construction phase. Applying an indirect GVA multiplier for the construction sector of 2.04 (ONS, 2019f) to the direct GVA above, it is estimated that the proposed scheme could generate £10.2 million of direct and indirect GVA for each year of the construction phase.

The preceding analysis is based upon the application of a Type I multiplier and therefore makes no allowance for any induced economic output effects associated with the proposed scheme. On this basis, the total economic output effect derived above is considered to represent a conservative estimate.

In relation to the combined total GVA within the construction industry across the AOI (c.£0.66 billion) (ONS, 2019e) this represents a 1.5% uplift in GVA. The level of additional economic output to be supported by the proposed scheme is considered to correspond to a low magnitude of change. The receptor is considered to be of medium sensitivity by virtue of the fact that productivity (all sectors) in the AOI is marginally higher than regional productivity but lower than the national productivity (ONS, 2019e).

Taking the above into account the economic output impacts of the proposed scheme during construction are considered to be temporary (short term), **minor beneficial**.

Mitigation measures and residual impacts

No mitigation measures are required. The residual impact would be of **minor beneficial** significance.

21.5 Potential impacts during the operational phase

21.5.1 Creation of direct and indirect employment

Creation of direct employment

It should be recognised that the assessment of operational phase employment for the purposes of this assessment is independent of the wider employment effects that are likely to be generated by the STDC 'landside' development (for manufacturing and warehousing/distribution floorspace). This reflects the fact that the two schemes are progressing through the planning system as two separate planning applications and, as a consequence, the employment effect (and associated economic output) to be generated by the landside proposals are considered within the assessment of cumulative effects only.

Notwithstanding the above, it is understood that the delivery of the proposed scheme is critical to the operational flexibility and prospects of success of the landside scheme.

It has been estimated that the proposed scheme would create approximately 10 gross direct FTE jobs, once completed and operational.

In estimating the net additionality of the proposed scheme, it is important to make allowances for displacement effects. This refers to the extent to which the proposed scheme could reduce demand for

other businesses (factor market displacement) – or create shortages of labour in competitor firms (labour market displacement) – in the AOI. It is possible to apply high level displacement allowances by having regard to the Homes and Communities Agency Additionality Guidance (HCA, 2014) supplemented by an analysis of the local context.

The South Tees Regeneration Masterplan (STDC, 2019) establishes the guiding principles for the delivery of the STDC site (which includes the proposed scheme footprint). This states that: *“STDC will not seek to compete with other local sites and will, instead, adopt a collaborative approach to redevelopment with neighbouring landowners and operators so that end users’ needs and preferences and wider Tees Valley economic objectives are the prime drivers in determining the best location for a potential developer. The South Tees regeneration programme will therefore deliver a development proposition built from uses that are not in conflict with neighbouring industrial centres’ traditional market sectors. The focus will therefore be on those development uses that are clearly better suited to the STDC area, taking cognisance of its setting and attributes; uses that can benefit most optimally from the site’s USPS, such as proximity to water and excellent port facilities.”*

The document states that the development opportunities at the STDC site are distinct from the general stock of available land across Tees Valley and that this differentiation will be maintained to minimise any competition with other employment locations in the area. This would suggest that factor market displacement is expected to be low, as the proposed scheme competes for investment opportunities that the AOI would not otherwise be able to attract: *“While opportunity areas often share common attributes, there are, equally, often key differentiators that set one opportunity area apart from others; this is certainly the case with the STDC area. The unique attributes of very large vacant land areas and the development flexibility this feature brings, proximity to the North Sea and international standard port facilities, and excellent, existing road and rail connections serve to make the STDC Area significantly more attractive to inward investment.*

“Of particular note, is the elevated premium attached to waterside land. When considering areas such as that of STDC compared to general industrial land, this is akin to the differences in value between prime high street retail and tertiary “off-pitch” streets that can be close to impossible to let and yet are within just a few hundred metres of the high street.

“...The implementation of this Master Plan will build upon the existing attributes and advance the “unique selling point” of the STDC Area, differentiating it from other available industrial land available in Teesside, the region and the UK, thus enabling it to fully compete for businesses and investment on an international stage.”

Labour market displacement occurs where new development increases demand for labour, making it more difficult for existing businesses in the AOI to retain or recruit staff. It should, however, be recognised that generally labour market displacement is difficult to quantify and is shaped largely by an assessment of factor market displacement (as above) (HCA, 2014). The scale of employment growth associated with the proposed scheme is small and is unlikely to impact upon the availability of labour within the AOI, particularly given the high levels of local unemployment relative to national and regional averages.

In the context of the above, it is assumed that – if delivered and promoted in accordance with the guiding principles of the South Tees Regeneration Masterplan – the displacement effects of the proposed scheme will be low. In accordance with the Homes and Communities Agency Additionality Guide (HCA, 2014), a 25% displacement allowance has therefore been applied.

As a result, it is estimated that the net additional on-site employment generated by the proposed scheme is likely to be in the order of 8 direct FTE jobs. The potential significance of this impact is confirmed below.

Indirect and induced employment

In addition to the direct jobs considered above, some indirect employment would also be created by the spending on goods and services by those businesses based at the proposed scheme. The wage expenditure of workers employed directly at the proposed scheme, as well as those employed in the supply chain, would also support induced jobs in shops, services and other businesses in the local economy.

Estimates of 'spin-off' employment can be derived having regard to the HCA additionality guidance (HCA, 2014) which indicates a range of type II multipliers at the local (1.29) and regional (1.44) level that can be applied to the proposed operational use. In this context, it is estimated that the net additional on-site employment generated by the proposed scheme could support the creation of a further 2 additional 'spin off' FTE in the supply chain as well as shops, services and other business in the local economy (defined as the AOI). At the regional (North East) level, a total of 4 'spin off' FTE jobs is anticipated (including the 2 to be captured locally).

Overall, the level of direct, indirect and induced employment to be supported by the proposed scheme totals 12 FTEs at the regional level (10 FTEs at the local level). This represents less than 0.01% of the total employment with the AOI and is therefore considered to correspond to a negligible magnitude of change. Model-based unemployment within the AOI is higher than both the regional and national averages (ONS, 2019c) and the proportion of the working age population in the AOI that are claimants currently is also higher than both regional and national averages (ONS, 2020a). The job density of the AOI is also lower than the regional and national averages (ONS, 2018a). Taken together, it is assessed that the receptor has medium sensitivity to change.

As such, the operational employment to be supported by the proposed scheme is considered to represent a permanent and **negligible** impact.

Mitigation measures and residual impact

No mitigation measures are required. The residual impact would be of **negligible** significance.

21.5.2 Economic output

The employment opportunities generated by the proposed scheme could be expected to contribute towards the creation of additional economic output (measured as Gross Value Added (GVA)). The precise level of GVA to be generated by the proposed scheme will depend upon the precise nature of the end users attracted to the site. For the purposes of generating an initial estimate, however, it has been assumed that the direct employment to be created during the operational phase is likely to fall broadly within the marine transport and logistics sector.

On the basis of the above, it is estimated that the additional direct employment could generate in the order of £750,000 of additional GVA per annum. This has been estimated having regard to:

- the level of direct FTE (net) employment to be supported by the development; and,
- the average GVA per FTE worker (at the regional level) for the 'Air and Water Transport sector' as defined by Experian (Experian, 2020).

Based upon the latest available data (ONS, 2019e), this would represent an uplift equivalent to 0.3% of the total GVA of the 'Land, Water and Air Transport' of the AOI in 2018. This is considered to correspond to a negligible magnitude of change. The receptor is considered to be of medium sensitivity by virtue of the fact

that productivity (all sectors) in the AOI is marginally higher than regional productivity but lower than the national productivity (ONS, 2019e).

The operational economic output associated with the proposed scheme is therefore considered to represent a permanent and **negligible** impact.

Mitigation measures and residual impact

No mitigation measures are required. The residual impact would be of negligible significance.