

# DORMAN POINT ENVIRONMENTAL STATEMENT

VOLUME 2: CHAPTER 1  
SOCIO-ECONOMIC

# **Dorman Point**

## **Volume 2: Environmental Statement (December 2020)**

**Chapter I: Socio-Economic**

December 2020

**Lichfields**  
**The St Nicholas Building, St Nicholas Street,**  
**Newcastle upon Tyne NE1 1RF**

# Contents

<b>I1.0</b>	<b>Introduction</b>	<b>1</b>
	About the Author	1
<b>I2.0</b>	<b>Policy Context</b>	<b>2</b>
	National Policy	2
	Industrial Strategy: Building a Britain fit for the future	2
	Regional Policy	3
	Local Policy	4
<b>I3.0</b>	<b>Assessment Methodology &amp; Significance Criteria</b>	<b>7</b>
	Assessment Methodology	7
	Significance Criteria	8
	Consultation	10
	Assumptions and Limitations	10
<b>I4.0</b>	<b>Baseline Conditions</b>	<b>11</b>
	Existing Conditions	11
	Future Baseline	17
<b>I5.0</b>	<b>Potential Effects</b>	<b>19</b>
	Embedded Mitigation	19
	Major Hazards and Accidents	19
	Phasing	19
	During Construction	19
	During Operation	22
	Summary	25
<b>I6.0</b>	<b>Mitigation and Monitoring</b>	<b>26</b>
	During Construction	26
	During Operation	26
<b>I7.0</b>	<b>Residual Effects</b>	<b>27</b>
	During Construction	27
	During Operation	27
<b>I8.0</b>	<b>Summary &amp; Conclusions</b>	<b>28</b>
	Socio-Economic	28

---

<b>I9.0</b>	<b>Abbreviations &amp; Definitions</b>	<b>29</b>
<b>I10.0</b>	<b>References</b>	Error! Bookmark not defined.

## **I1.0 Introduction**

- I1.1 This Chapter of the Environmental Statement ('ES') has been prepared by Lichfields on behalf of the applicant, South Tees Development Corporation ('STDC'). It assesses the proposed development described in Chapter B and it considers the effects of the proposed development on the surrounding socio-economic context.
- I1.2 The baseline situation is considered before the likely environmental effects of the development are identified, both during construction and operational phases of the development. Mitigation measures to reduce any negative environmental effects are identified as appropriate, before the residual environmental effects are assessed.
- I1.3 No technical appendices support this chapter.

### **About the Author**

- I1.4 This chapter has been prepared by Will Christiansen, Planner and Economics Consultant, and Ross Lillico, Economics Director, both of Lichfields. Lichfields has an extensive track record of preparing Socio-Economic Assessment in an Environmental Impact Assessment context. It has prepared more than 65 Socio-Economic Assessments over the past decade.
- I1.5 Lichfields holds corporate membership of the Institute of Economic Development ('IED') with c.15 registered members, including both Ross and Will. The IED establishes the firm's professional standing, knowledge and expertise in the area of economic development practice. Employees undertake regular Continuous Professional Development ('CPD').

## I2.0 **Policy Context**

I2.1 The following paragraphs provide a summary of key planning and economic strategy documents of relevance to the proposed development. It should be noted that only those policies and objectives relating to socio-economic matters are considered.

### **National Policy**

#### **National Planning Policy Framework (2019)**

I2.2 The Government published the revised National Planning Policy Framework ('NPPF') in February 2019 (MHCLG, 2019). This is the first revision of the NPPF since 2012.

I2.3 Paragraph 7 of the NPPF outlines that:

*"the purpose of the planning system is to contribute to the achievement of sustainable development."*

I2.4 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.

I2.5 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."*

I2.6 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."*

I2.7 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".*

#### **Industrial Strategy: Building a Britain fit for the future**

I2.8 The Government published its Industrial Strategy in November 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. One of these Challenges is to maximise the advantages for UK industry from the global shift to 'clean growth'.

I2.9 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.

- I2.10 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.

## **Regional Policy**

### **Tees Valley Strategic Economic Plan 2016-2026**

- I2.11 The Strategic Economic Plan ('SEP') 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.
- I2.12 As the overarching economic plan for the Tees Valley, the refreshed SEP provides a framework for economic development to deliver six growth generating themes: Business Growth; Research, Development, Innovation & Energy; Education, Employment & Skills; Place; Culture; and Transport & Infrastructure. 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.
- I2.13 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. Of particular relevance to the proposed development are:
- 1 Advanced Manufacturing;
  - 2 Process, Chemicals and Energy; and
  - 3 Logistics.

### **Tees Valley Local Industrial Strategy (2019)**

- I2.14 The draft Tees Valley Local Industrial Strategy ('LIS') 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.
- I2.15 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.
- I2.16 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."*
- I2.17 The LIS acknowledges that the Tees Valley business economy contains 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 regarded 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 and Low Carbon and Hydrogen.
- **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 Logistics.

12.18 The LIS also acknowledges the importance of the Teesworks area which is “*one of the UK’s greatest development opportunities*”. Once fully developed, the LIS states that the 1,800 hectare 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.

12.19 Furthermore, maximising the potential of the Teesworks area 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. The LIS states that the government expects the clean growth sector to experience significantly higher levels of growth in the future in comparison with the wider economy and the Teesworks area is seen as integral to this. The Tees Valley Combined Authority (TVCA) is committed to working with the Department for International Trade to promote the Teesworks area as a leading location for environmentally sustainable industrial growth. The LIS references progress that has been made already in attracting strong interest from occupiers in clean energy and related sectors.

## Local Policy

### Redcar and Cleveland Local Plan (2018)

12.20 The Redcar and Cleveland Local Plan was adopted in May 2018.

12.21 Policy LS 4 (South Tees Spatial Strategy) states that the South Tees Spatial Strategy encompasses the following areas:

- a Wilton International;
- b South Tees Development Corporation (STDC) area (including current and former steelworks at South Tees and Redcar);
- c Teesport; and
- d South Tees Industrial Estates and Business Parks.

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

- a deliver significant economic growth and job opportunities through the South Tees Development Corporation and Tees Valley Enterprise Zone at Wilton International and South Bank Wharf;



- b support the regeneration of the STDC area through implementing the South Tees Area Supplementary Planning Document;
- c investigate opportunities to create a new energy hub to support the offshore wind and sub-sea engineering sectors;
- d support the expansion and protection of the port and logistics sector;
- e 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;
- f give the area an identity and make it attractive to inward investment; and
- g enhance the quality and range of services and facilities that serve the needs of those working in the South Tees employment area.

12.23 Policy ED 6 (Promoting Economic Growth) of the Local Plan protects land within existing industrial estates and business parks, including 'Land at South Tees', which includes the site, for employment uses. The policy provides specific support for proposals falling within Use Classes B1, B2, B8 and suitable employment related sui-generis uses. The policy expects proposals within the Teesworks area to have regard to the South Tees Area SPD, and states that "*Proposals which positively contribute towards growth and regeneration will be supported*".

### **South Tees Area Supplementary Planning Document (2018)**

12.24 The South Tees Area Supplementary Planning Document ('SPD') 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.

12.25 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."*

I2.26 The SPD includes a number of Strategic Development Principles intended to guide planning applications associated with the redevelopment of the Teesworks area. Development Principle STDC 1 provides a series of priorities for the Teesworks 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.

### **South Tees Regeneration Master Plan (2019)**

I2.27 The South Tees Regeneration Master Plan was published in November 2019. This document presents the vision, strategy and Master Plan for the regeneration of the area. The Master Plan 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.

I2.28 The Master Plan identifies the proposed development as being part of the South Industrial Zone ('SIZ') and sets out a development overview for the area. It identifies the following target industries:

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

## I3.0 **Assessment Methodology & Significance Criteria**

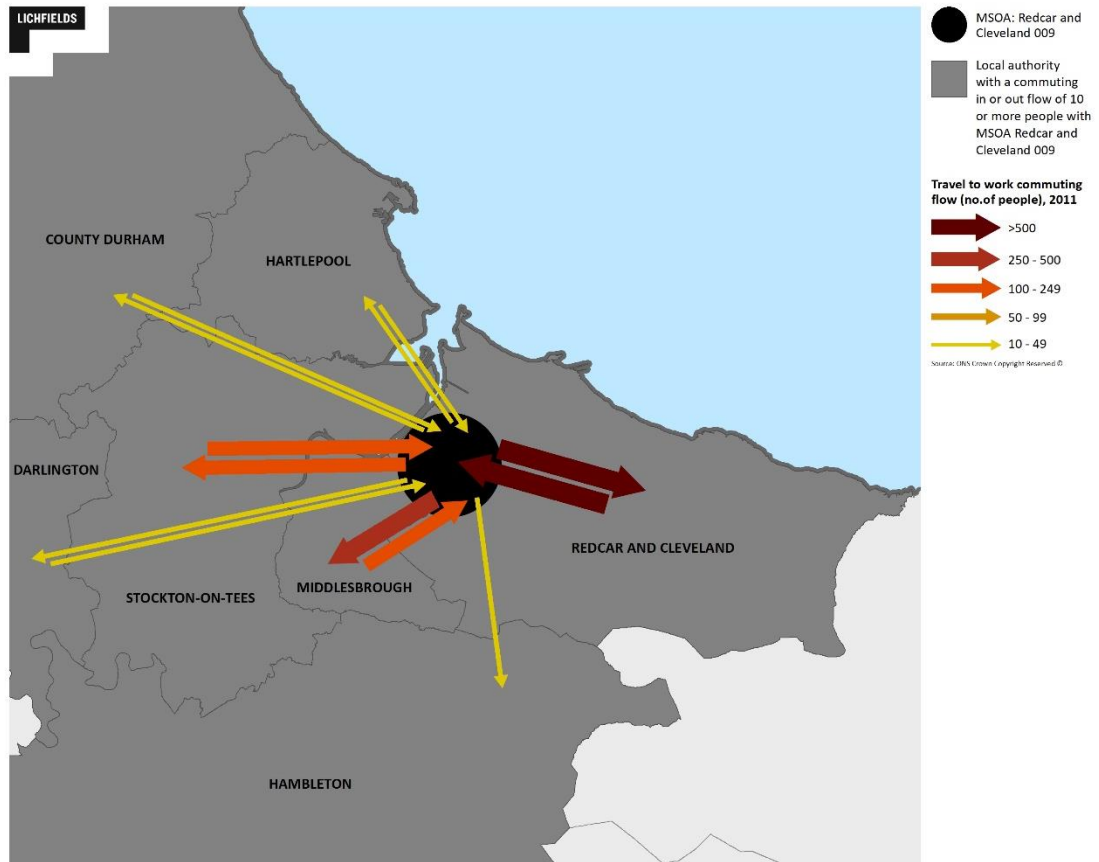
### **Assessment Methodology**

- I3.1 The section describes the methods used to assess the likely effects; the baseline 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.
- I3.2 The assessment establishes the baseline position in terms of population, economic, employment and labour market conditions, before examining the potential effects of the proposed development 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.
- I3.3 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.

### **Study Area**

- I3.4 The site comprises 57.8 hectares of land located within the Teesworks area. It is located in the south western part of the Teesworks area and lies between the 'Lackenby' area and the South Tees Freight Park. It is immediately north west of the Bolckow Industrial Estate. As identified in the STDC Master Plan, the site is located within the 'South Industrial Zone'. The site is located within the Redcar and Cleveland 009 Middle Super Output Area ('MSOA') and lies within the Redcar and Cleveland local authority boundary.
- I3.5 The effects of the proposed development are expected to be felt across the Area of Impact ('AOI'). For the purposes of this assessment, the study area is the AOI, which comprises of 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.
- I3.6 Applying this methodology to data from the 2011 Census relating to commuting patterns, it is possible to define the AOI as comprising the local authority areas of Redcar and Cleveland, Middlesbrough and Stockton-on-Tees.
- I3.7 Analysis of these data (as shown in Figure I3.1), reveals that, in 2011, there were approximately 940 people working within the Redcar and Cleveland 009 MSOA. Of these workers, 59% were resident in Redcar and Cleveland, 15% in Middlesbrough and 14% in Stockton-on-Tees. Collectively, this corresponds to 88% of people working in the area (greater than the 75% methodological threshold). Similarly, of the combined resident population across the MSOA (approximately 1,695), 54% work in Redcar and Cleveland, 25% in Middlesbrough and 11% in Stockton-on-Tees (in combination accounting for 91% of the area's residents).

Figure I3.1 Travel to work flows from MSOA Redcar and Cleveland 009



Source: Census 2011/Lichfields analysis

I3.8 Taking the above into account, the AOI considered in relation to the various effects of the proposed development are set out in Table I3.1.

Table I3.1 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

Source: Lichfields analysis

### Significance Criteria

I3.9 Since there are no generally accepted criteria for assessing the significance of socio-economic effects, they have been assessed based on the scale of the increase over the baseline position, as well as the nature and context of their effects. Where relevant, the location of the effect 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 effects are considered more generally, taking account of qualitative factors.

I3.10 The socio-economic effects of the proposed development are identified as ‘Beneficial’, ‘Negligible’ or ‘Adverse’ (Table I3.2).

Table I3.2 Definition of effects

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.

Source: Lichfields

I3.11 The terms presented in Table I3.3 are used to define the significance of the effects identified.

Table I3.3 Definition of the significance of effects

Significance	Definition
Substantial	Where the proposed development 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 development 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 development 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 development on the existing population, level/types of employment and economic characteristics of the area.

Source: Lichfields

I3.12 The duration of the socio-economic effects is considered in the context of whether it is temporary or permanent. Due to their nature, all operational effects are considered to be permanent unless otherwise stated. In terms of temporary effects, 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).

I3.13 In order to judge the significance of an effect arising from a change or impact, the sensitivity of the receptor is considered alongside the magnitude of the change/impact. The magnitude of change/impact is determined with reference to the scale of change compared to the baseline position, drawing on quantifiable analysis, where possible. 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.

I3.14 A matrix identifying the significance of the potential effects is set out in Table I3.4. Any effects assessed as being either Moderate or Substantial (as per Table I3.4) are classified as 'significant' in EIA terms.

Table I3.4 Matrix for determining the significance of effects

Magnitude of change/effects	Sensitivity of Receptor/Environment to Change or Effect			
	High	Medium	Low	Negligible
High	Substantial	Moderate to Substantial	Minor to Moderate	Negligible
Medium	Moderate to Substantial	Moderate	Minor	Negligible

Low	Minor to Moderate	Minor	Negligible to Minor	Negligible
Negligible	Negligible	Negligible	Negligible	Negligible

Source: Lichfields analysis

## Consultation

- I3.15 Lichfields has consulted with Redcar and Cleveland Borough Council (RCBC) on the scope of this socio-economic assessment in the form of an informal scoping note. The note, which sets out the overall approach to scoping, has been agreed as acceptable by RCBC via email (the note and correspondence is provided at Appendix A2 of the ES). Further to this, a more detailed assessment methodology and scope has been shared with RCBC officers in Business Investment. At the time of writing no feedback has been received in respect of the socio-economic assessment from the Council's Business Investment team. From this, it has been assumed that the scope and methodology of the socio-economic assessment is acceptable.

## Assumptions and Limitations

- I3.16 The limitations of the assessment are identified, where applicable. In particular, the data used from publicly available sources has not been verified by Lichfields. 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 process.
- I3.17 Assumptions are also identified, where relevant, within the remaining sections of the chapter. Some of the key assumptions include:
- a The assessment of employment associated with the construction period is based on:
    - i Gross floorspace parameters and estimated build period in accordance with a proposed phasing schedule prepared by the applicant; and
    - ii an estimated build cost sourced with reference to the Building Cost Information Service (BCIS), applying both lower and upper parameters (dependent on the final apportionment of floorspace between general industrial and warehousing/distribution employment uses). Further details about this are described in Section I5.0 Potential Effects); and
  - b The assessment of direct employment generated during the operational phase of development is based upon the application of relevant employment densities as set out within the Homes and Communities Agency Employment Densities Guide (2015).

## I4.0 **Baseline Conditions**

### **Existing Conditions**

I4.1 This section sets out the economic context and main socio-economic characteristics of the local area relating to the proposed development. 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.

### **Population**

I4.2 According to the most recent population estimates 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%).

### **Local Economic Conditions**

#### **Employment Growth**

I4.3 An analysis of ONS Job Density data indicates that the total number of jobs in the AOI stood at 204,000 in 2018 (latest data available).

Table I4.1 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%

Source: ONS Jobs Density Data (2018) / ONS Mid-Year Population Estimates (2018) / Lichfields analysis

I4.4 Table I4.1 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%).

I4.5 ONS Job Density data also provides a measure of the ratio of total jobs to working age residents in a given area. The most recently published data (2018) 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 (0.73) average and significantly lower than the national average (0.86), highlighting the potential to deliver employment growth in the local area.

### **Sectoral Structure**

I4.6 An analysis of Business Register and Employment Survey ('BRES') data identifies that, as a proportion of total employment, the largest sectors in the AOI in 2019 were Health (17.5%), Retail (11.1%), Manufacturing (10.1%), Education (9.3%), and Business administration & support services (7.8%). Collectively, these five sectors constituted 55.7% of total employment.

I4.7 Location quotient ('LQ') analysis quantifies how concentrated a particular employment sector is in an area compared to the national average. Figure I4.1 shows that, in comparison with the structure of the national economy, the following sectors are over-represented in the AOI:

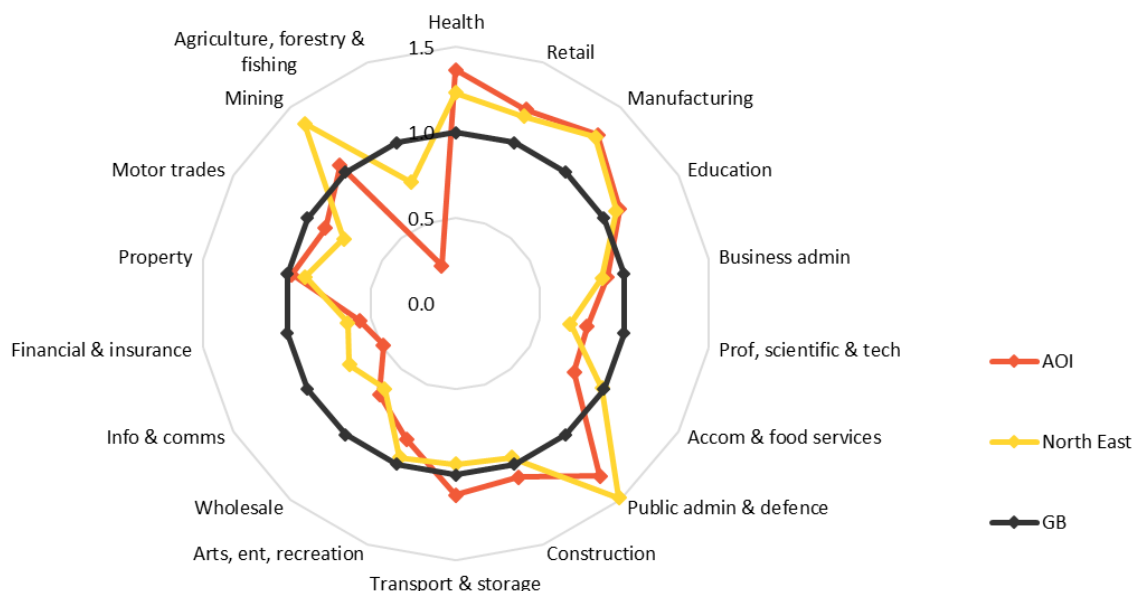
- Health (LQ 1.4, 17.5% employment);

- Public administration & defence (LQ 1.3, 5.6% employment);
- Manufacturing (LQ 1.3, 10.1% employment);
- Retail (LQ 1.2, 11.1% employment);
- Transport & storage (inc postal) (LQ 1.1, 5.4% employment);
- Education (LQ 1.1, 9.3% employment);
- Construction (LQ 1.1, 5.4% employment); and
- Mining, quarrying & utilities (LQ 1.1, 1.3% employment).

14.8 The following sectors are under-represented locally:

- Agriculture, forestry & fishing (LQ 0.2, 0.4% employment);
- Information & communication (LQ 0.5, 2.0% employment);
- Financial & insurance (LQ 0.6, 1.9% employment);
- Wholesale (LQ 0.7, 2.6% employment);
- Professional, scientific & technical (LQ 0.8, 6.9% employment);
- Accommodation & food services (LQ 0.8, 6.1% employment);
- Arts, entertainment, recreation & other services (LQ 0.8, 3.8% of employment);
- Motor trades (LQ 0.9, 1.7% employment); and
- Business administration & support services (LQ 0.9, 7.8% employment).

Figure I4.1 Employment representation by sector (location quotient analysis)



Source: BRES (2019)/Lichfields analysis

14.9 Table I4.2 provides a summary of employment change within the AOI by sector over the period 2009-2019. 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:

- Business administration & support, Information & communication, Wholesale, and Manufacturing (shown in green in Table I4.2) all experienced stronger proportionate levels of growth in the AOI compared to regional and national averages; whilst conversely



- b Accommodation & food services, Transport & storage (inc postal), Property, Professional, scientific & technical, Education, Motor trades, Construction and Mining, quarrying & utilities (shown in red in Table I4.2) experienced either lower levels of growth or higher proportionate levels of decline than the regional and national averages.

Table I4.2 Employment change in proportionate terms (2009-2019)

Industry	AOI	North East	GB
Business administration & support services	51.3%	40.7%	28.6%
Information & communication	32.8%	22.2%	25.3%
Arts, entertainment, recreation & other services	16.0%	17.1%	11.2%
Health	15.8%	16.1%	13.6%
Accommodation & food services	12.2%	20.3%	26.4%
Wholesale	11.2%	0.0%	4.7%
Transport & storage (inc postal)	7.9%	13.6%	18.6%
Agriculture, forestry & fishing	7.7%	8.3%	0.4%
Manufacturing	2.7%	-5.2%	-0.2%
Retail	0.0%	6.3%	-2.0%
Property	0.0%	5.6%	26.6%
Professional, scientific & technical	-1.9%	4.8%	33.6%
Financial & insurance	-4.5%	-11.1%	0.0%
Education	-5.4%	2.0%	4.1%
Motor trades	-13.5%	-11.1%	22.7%
Public administration & defence	-20.8%	-24.2%	-11.4%
Construction	-26.8%	-19.7%	6.7%
Mining, quarrying & utilities	-27.5%	26.7%	21.1%
<b>All sector average (total employment)</b>	<b>1.6%</b>	<b>4.9%</b>	<b>11.6%</b>

Source: BRES (2019)/Lichfields analysis

I4.10 In terms of those sectors likely to be of greatest relevance to the proposed development, the following can be observed from Table I4.2:

- Manufacturing: employment in the AOI increased (2.7%) despite declining at the regional and national level; and
- Transport and storage (inc. postal): employment in the AOI grew between 2009-2019 (7.9%), albeit at a rate below the regional and national level.

### Business Growth

I4.11 ONS UK Business Count data 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%).

I4.12 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 that were lower in comparison to the regional and national equivalents (see Table I4.3).

Table I4.3 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%
<b>Total</b>	<b>34.3%</b>	<b>26.1%</b>	<b>30.1%</b>

Source: ONS UK Business Counts / Lichfields analysis

## Labour Market Conditions

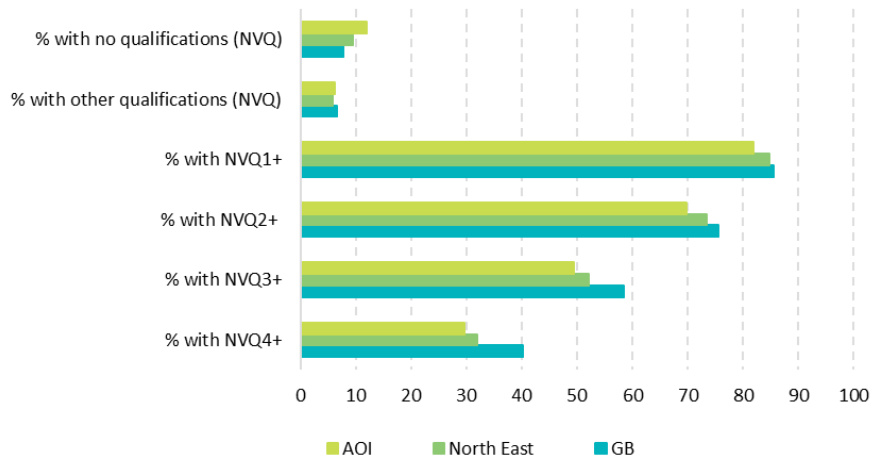
### Economic Activity

- I4.13 Annual Population Survey data from the most recent full year (2019) 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.
- I4.14 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 October 2020 which shows that there were 23,630 residents in the AOI claiming out-of-work benefits. This equates to a claimant rate of 8.1%. This rate is higher than that of the region (7.3%) and nationally (6.3%). Taken together these data suggest that there is greater scope locally to accommodate employment growth.

### Skills and Qualifications

- I4.15 The ONS Annual Population Survey (2019) indicates that the skills base of the AOI's resident workforce (age 16-64) is characterised by:
- a 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%);
  - b A lower proportion of working-age residents at all other NVQ levels (NVQ1 – 3) in comparison to the regional and national averages; and
  - c 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 I4.2 AOI resident skills base (% 16-64 population)



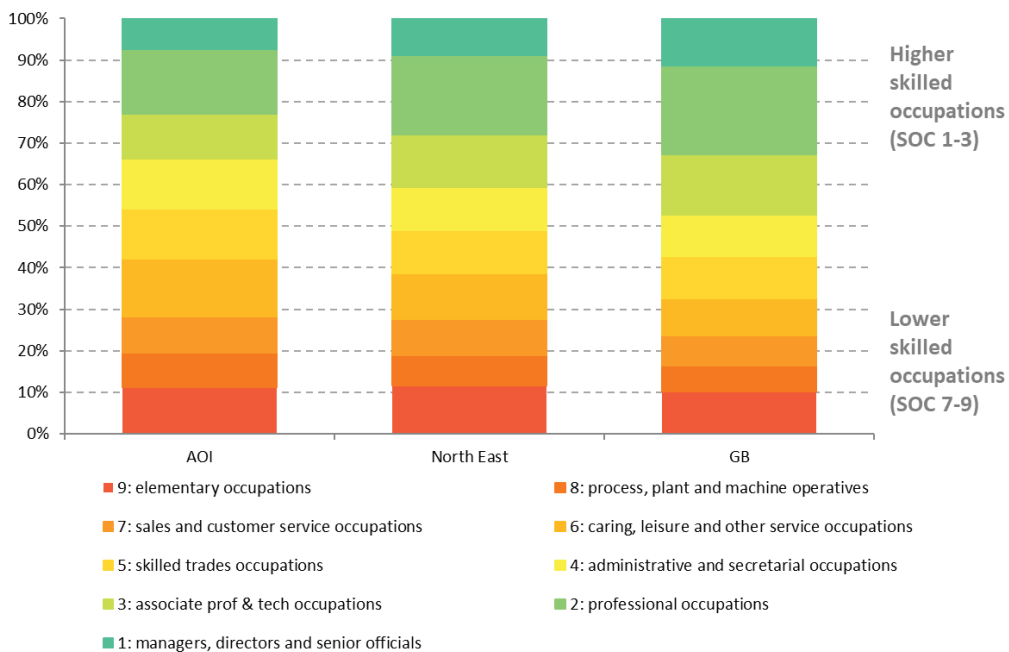
Source: ONS Annual Population Survey, 2019 / Lichfields analysis

I4.16

An analysis of the existing occupational profile of the resident workforce (Figure I4.3) also shows that:

- a 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
- b 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%).

Figure I4.3 Occupational profiles by Standard Occupational Code (SOC)



Source: ONS Annual Population Survey, 2019/Lichfields analysis

## Earnings

I4.17 Latest (2020) data from ONS Annual Survey of Hours and Earnings (‘ASHE’) indicate that median weekly resident wages (gross) across the AOI (£532) were higher than the regional average (£524) but lower than the national average (£587).

I4.18 Similarly, the median weekly workplace-based earnings (gross) were higher for the AOI (£536) in comparison with the North East (£521) but lower than the national average (£587).

## Deprivation

I4.19 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.

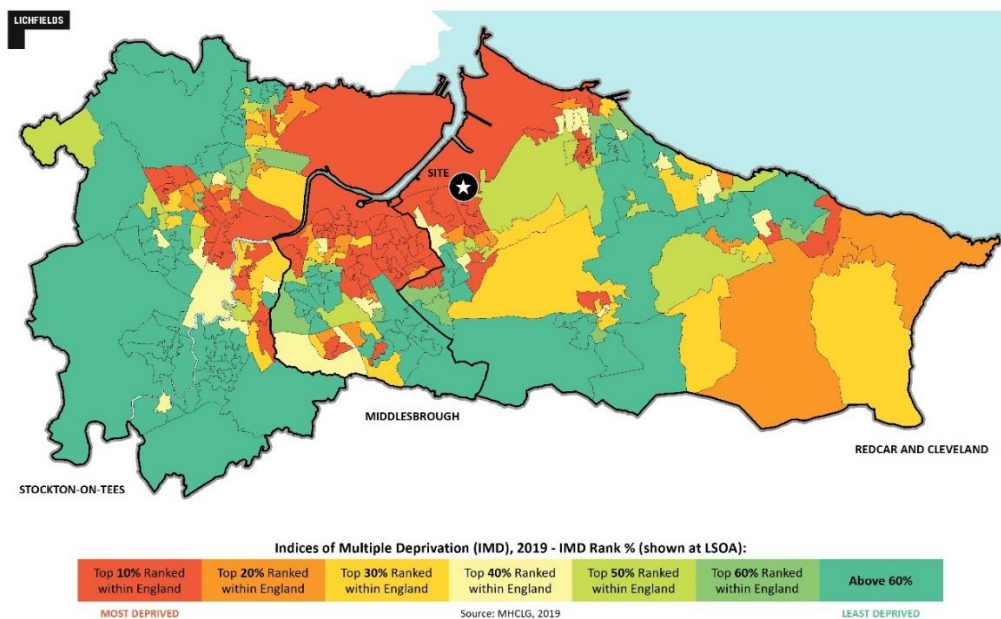
I4.20 The latest English Indices of Deprivation (2019) provides a composite measure of deprivation at a local level. Figure I4.4 indicates that there are significant pockets of deprivation across the AOI, with the most significant concentrations located in Middlesbrough but also along the banks of the River Tees in both Stockton-on-Tees and Redcar and Cleveland, including the application site.

I4.21 Within the local authorities that constitute the AOI there are:

- i 23.9% of LSOAs in Redcar and Cleveland that score in the 10% most deprived nationally;
- ii 48.8% of LSOAs in Middlesbrough that score in the 10% most deprived nationally; and
- iii 20.8% of LSOAs in Stockton-on-Tees that score in the 10% most deprived nationally.

I4.22 By this metric, Middlesbrough is ranked as the most deprived local authority in England. The LSOA within which the site is located (Redcar and Cleveland 009F) is categorised as being within the 10% most deprived nationally.

Figure I4.4 Deprivation map of the AOI



Source: English Indices of Multiple Deprivation, 2019 / Lichfields analysis

## Economic Output

- I4.23 Data from ONS provide estimates of balanced Gross Value Added ('GVA' – a measure of economic output) at a local authority level. When considered in conjunction with the total number of jobs (ONS Jobs Density) 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 I4.4 indicates that in 2018 GVA per job within the AOI (£46,578) was broadly in alignment with the North East (£45,300) and significantly lower than the national figure (£54,766).

Table I4.4 Balanced gross value added and GVA per job, 2018

	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

Source: ONS / Lichfields analysis

## Summary of Existing Conditions

- I4.24 As demonstrated within the preceding paragraphs, the AOI has:
- a Lower jobs growth performance relative to the regional and national levels;
  - b A lower jobs density ratio compared to both regional and national averages;
  - c Higher business growth relative to regional and national averages, with particularly strong growth in Micro (0-9 employees) firms;
  - d 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;
  - e Weak performance compared to regional and national averages in terms of the local skills base 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).
  - f On average lower resident-based earnings compared to workplace-based earnings. With respect to both metrics the AOI sits above the regional average but below the national average;
  - g Significantly higher levels of deprivation within the context of all English Local Authorities; and
  - h Productivity (as measured by GVA per job) is broadly in line with the regional average and significantly below the national average.

## Future Baseline

### Demographic Profile

- I4.25 According to the 2018-based projections, 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.

- I4.26 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**

- I4.27 The Employment Land Review 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.
- I4.28 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 TVCA, 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. It is understood that none of the future employment forecasts take account of the employment growth associated with Teesworks.

### **Site Specific Future Baseline**

- I4.29 For the proposed development 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 commercial floorspace would not be developed unless alternative proposals came forward.
- I4.30 It is considered unlikely that the site will remain in its current state given the existing permissions on the site and its allocation for general employment use in the RCBC Local Plan, and the aspirations of STDC as outlined in the South Tees Regeneration Master Plan (as described in sections B4.0 and B5.0 of Chapter B of the ES). It is considered likely that an employment development of a similar nature and scale to the proposed development would come forward on the site in the absence of the proposed development. It is likely that this would have similar effects on the future baseline as the proposed development.

## 15.0 Potential Effects

### Embedded Mitigation

- 15.1 No design measures have been embedded into the proposed development in relation to Socio-Economic matters.

### Major Hazards and Accidents

- 15.2 Due to the nature of the proposed development and having reviewed the potential effects, it is not considered that the proposed development will give rise to any major hazards and/or accidents during the construction or operational phases with regards to Socio-Economic matters. No further consideration has therefore been given to this.

### Phasing

- 15.3 The phasing schedule is relevant to the assessment of Socio-Economic effects insofar as it defines the estimated construction period and the quantum of floorspace for the proposed development. The total construction period and floorspace quantum are used to assess the direct employment generated during the construction phase. The quantum of development is then used to assess the direct employment generated during the operational phase.

### During Construction

#### Employment

##### Direct Employment

- 15.4 The methodology for estimating the employment and economic output effects (during construction) of any development proposal takes the anticipated build cost as its starting point.
- 15.5 The proposed development is expected to comprise of up to 139,353 sq.m of gross external area ('GEA') floorspace primarily for either general industry (B2) or storage and distribution (B8) uses, with a maximum of 10% of the total floorspace for ancillary office use. As such, the total cost of construction is likely to vary depending upon the exact mix and quantum of commercial employment uses to be delivered. In recognition of this, the analysis of employment and economic output effects during construction presented in the following paragraphs reflects two possible outcomes, as summarised below:
- i **Option 1:** all floorspace (up to 139,353 sq.m) will be for storage and distribution (B8) uses. Based upon an analysis of BCIS data (adjusted to reflect regional cost differentials) it is estimated that this would correspond to a total build cost of £122 million; and
  - ii **Option 2:** all floorspace (up to 139,353 sq.m) will be for general industrial (B2) uses. Based upon an analysis of BCIS data (adjusted to reflect regional cost differentials) it is estimated that this would correspond to a total build cost of £131 million.
- 15.6 The options have been developed to help frame and assess the lower and upper bounds of the proposed development with respect to potential construction costs (and therefore employment and economic output effects). In reality, however, it is likely that any future development on the site will comprise a mixture of both B2 and B8 uses. As such, the observed employment and economic output effects could be expected to somewhere within the range identified in this section.

- I5.7 It has been assumed that the length of the build period, for both options, would be in the order of 11 years. This is based upon an indicative phasing schedule provided by the applicant.
- I5.8 Using labour coefficients from the HCA Calculating Cost per Job Best Practice Note (2015) it is possible to estimate the number of direct construction jobs supported by the proposed development over the course of the construction phase. Taking account of the composition of the proposed development, a 'private industrial' coefficient is considered the most appropriate for calculating the number of direct construction jobs. This coefficient assumes that £1 million of construction value (in 2011 prices) will support 10 direct Full-Time Equivalent ('FTE') construction jobs per annum.
- I5.9 To use the coefficient, the Option 1 construction cost of £122 million has been deflated to 2011 prices using the latest UK Government GDP Deflator (2019). Applying the private industrial coefficient to the deflated construction cost of £104 million and then dividing the result by the length of the construction phase (11 years), indicates that the proposed development could be expected to support 95 gross direct FTE jobs annually over the construction phase. Applying the same methodology to the Option 2 construction cost of £131 million translates to 101 gross direct FTE jobs per annum over an 11 year construction period.
- I5.10 The extent to which construction opportunities created by the proposed development 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. Within this context, it is noted that the construction industry is over-represented locally, with a location quotient of 1.1 (see Figure I4.1). It is also important to note that there are currently 920 Jobseeker's Allowance ('JSA') claimants in the AOI seeking work within the construction sector.

### **Indirect Employment**

- I5.11 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.
- I5.12 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 etc.
- I5.13 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.
- I5.14 ONS Detailed Input-Output Tables (2020) indicate that the construction industry has an indirect employment multiplier of 2.50. Applying this to the 95 direct FTE jobs supported per annum under Option 1 indicates that the proposed development could be expected to support 142 additional indirect FTE jobs per annum over the duration of the build period (in addition to the direct jobs derived above). This rises to 152 indirect FTE jobs per annum under Option 2. In total, therefore, the proposed development could be expected to support between 237 and 253 direct and indirect FTE jobs per annum over an 11 year build period.



- I5.15 It should be noted that the above analysis is based upon the application of a Type I multiplier (relating to indirect employment effects only) and therefore makes no allowance for any induced employment effects associated with the proposed development; that is, jobs generated within the local economy as a result of expenditure by those in direct or indirect employment associated with the scheme. On this basis, the total employment effects derived above are considered to represent conservative estimates.
- I5.16 In total, therefore, the proposed development could be expected to support up to 253 direct and indirect FTE jobs per annum over the construction period. In comparison to the total construction industry employment within the AOI, this constitutes growth of 2.5%. The level of employment to be supported by the proposed development is therefore considered to correspond with a low magnitude of change. As indicated above, there are currently 920 JSA claimants in the AOI seeking work within the construction sector – equating to nearly one third of all JSA claimants. Model-based unemployment within the AOI is higher than both the regional and national averages and the proportion of the working age population in the AOI that are claimants currently is also higher than the regional and national averages (see Section I4.0). The job density of the AOI is also lower than the regional and national averages. Taken together, it is assessed that the receptor has high sensitivity to change.
- I5.17 The direct and indirect employment effects of the proposed development during the construction phase are therefore considered to be temporary (long-term), **Moderate Beneficial** in the AOI. This effect is considered significant in EIA terms.

### **Economic Output**

- I5.18 The construction phase of the proposed development will also contribute towards increased economic output, as measured by Gross Value Added ('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.
- I5.19 Based on recent (March 2020) Experian data, the construction sector in the North East region is estimated to generate an average GVA per FTE worker of £63,040 per annum. Applying this to the direct employment effects of the scheme it is estimated that the proposed development could generate £6.0 million of direct GVA for each year of the construction phase under Option 1, rising to £6.4 million under Option 2. Applying an indirect GVA multiplier for the construction sector of 2.20 to the direct GVA above, it is estimated that it could generate a total of £13.1 million of direct and indirect GVA for each year of the construction phase. This is anticipated to increase to a total of £14.0 million under Option 2.
- I5.20 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 development. On this basis, the total employment effects derived above are considered to represent conservative estimates.
- I5.21 In relation to the combined total GVA within the construction industry across the AOI (c.£0.6 billion) this represents a 2.1% uplift in GVA. The level of additional economic output to be supported by the proposed development is considered to correspond to a medium 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 broadly in line with regional productivity but substantially lower than national productivity (see Section I4.0).

- I5.22 The direct and indirect economic output effects of the proposed development during the construction phase are therefore considered to be temporary (long-term), **Moderate Beneficial** in the AOI. This effect is considered significant in EIA terms.

## **During Operation**

### **Employment**

#### **Direct Employment**

- I5.23 The assessment of direct employment effects applies an employment density approach, using assumptions derived from Homes and Communities Agency ('HCA') employment density guidance. This has been applied to the quantum of employment-generating floorspace proposed and the relevant mix of use classes. As outlined previously, the final quantum and mix of uses on site will be determined by prospective occupier requirements which at this stage are not yet known in full. A worst-case scenario approach in respect of employment generation has therefore been adopted which is based around the following:
- a This assessment will determine the employment effects that could result from all floorspace being delivered for a warehousing/distribution (B8) use. It should be noted that this is a lower density use in comparison to general industrial (Class B2) and office (Class E) uses – this approach is therefore likely to yield an underestimate of employment generation in the event that floorspace comes forward for alternative uses; and
  - b Although the proposed development could incorporate up to 10% of floorspace in office (Class E) use, this will be ancillary to, and in support of, the primary warehousing/distribution use. As such, any employment generation associated with this floorspace is assumed to be captured within the assessment of employment associated with the primary use.
- I5.24 Table I5.1 indicates that the proposed development could generate approximately 1,620 direct FTE jobs.

Table I5.1 Direct employment generation

Use	Quantum of development (GEA)	Employment density (FTE jobs)	FTE jobs
Class B8 (warehousing/distribution)	139,353 sq.m	1 FTE job per 86 sqm	1,620
<b>Total</b>	<b>139,353 sq.m</b>		<b>1,620</b>

Source: HCA Employment Density Guide / Lichfields analysis

- I5.25 Since there are no existing employment uses on the proposed development site, the net on-site job change would be 1,620 FTEs. In estimating the net additionality of the employment effects, however, it is important to make an allowance for wider displacement effects. This refers to the extent to which the proposed development 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 HCA Additionality Guidance supplemented by an analysis of the local context.
- I5.26 The South Tees Regeneration Master Plan (2019) establishes the guiding principles for the delivery of the regeneration planned across the Teesworks Area (which includes the proposed development). 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.”*

15.27 The document states that the development opportunities in the Teesworks area 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 development 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.”*

15.28 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 labour market displacement is difficult to quantify and is shaped largely by an assessment of factor market displacement (as above). The scale of employment growth associated with the proposed development is significant and will potentially impact upon the availability of labour within the AOI. The AOI is, however, characterised by higher levels of unemployment and residents claiming out-of-work benefits in comparison with national and regional averages. In addition, the skills/employment base of the AOI would appear to be well aligned with the types of businesses likely to be attracted to the proposed development, with both the manufacturing and transport and storage sectors over-represented locally. It is arguable, therefore, that labour availability issues would be less acute in the AOI than elsewhere.

15.29 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 Master Plan – the displacement effects of the proposed development will be low. In accordance with the Homes and Communities Agency Additionality Guide, a 25% displacement allowance has therefore been applied.

15.30 As a result, it is estimated that the net additional on-site employment generated by the proposed development is likely to be in the order of 1,215 direct FTE jobs.

### Indirect and Induced Employment

- I5.31 In addition to the direct jobs considered above, some indirect employment would also be created by the spending on goods and services by those business based at the proposed development. The wage expenditure of workers employed directly at the proposed development, as well as those employed in the supply chain, would also support induced jobs in shops, services and other businesses in the local economy.
- I5.32 In this context, it is estimated that the 1,215 net additional on-site jobs created by the proposed development could support the creation of a further 350 additional 'spin-off' FTE jobs in the supply chain as well as shops, services and other businesses in the local economy (defined as the AOI). At the regional (North East) level, a total of 535 'spin-off' FTE jobs is anticipated (including the 350 to be captured locally). The estimates of 'spin-off' employment have been derived having regard to Homes and Communities Agency Additionality Guide which advises that industrial/warehousing intervention types typically support type II multiplier (both indirect and induced) effects of:
- a 1.29 at the local level; and
  - b 1.44 at the regional level.
- I5.33 In total, therefore, the proposed development is expected to generate c.1,565 (direct, indirect and induced) FTE jobs within the local economy (defined as the AOI), rising to 1,750 FTE jobs at the regional level.
- I5.34 The level of direct, indirect and induced employment to be supported equates to 4.4% of the total employment within Redcar & Cleveland and 0.9% of the total employment across the AOI. This is considered to correspond to a high magnitude of change. Model-based estimates of unemployment and claimant rates within the AOI are both higher than regional and national averages (see Section I4.0). Furthermore, the AOI has a lower jobs density in comparison with both regional and national averages. In this context, it is assessed that the receptor has high sensitivity to change.
- I5.35 This is considered to represent a permanent and **Substantial Beneficial** effect. This is considered significant in EIA terms.

### Economic Output

- I5.36 The employment opportunities generated by the proposed development could be expected to contribute towards the creation of additional economic output (measured as GVA). The precise level of GVA to be generated by the proposed development will depend upon the exact mix of commercial uses (and the nature of end users) to be accommodated on the site.
- I5.37 In accordance with the approach outlined above in respect of operational employment, the analysis of economic output effects considers the effect if all floorspace was delivered as a warehousing/distribution (B8) use. It is estimated, therefore, that the proposed development would generate in the order of £50.5 million of additional GVA per annum. This has been calculated having regard to:
- a The level of direct FTE (net) employment to be supported by the proposed development; and
  - b The average GVA per FTE worker (at the regional level) for the relevant sectors/activities.
- I5.38 In the eventuality that a different mix of uses was delivered on site the economic output effects could be higher. This reflects the fact that the site could potentially deliver a higher number of

jobs within sectors/activities that are associated with higher levels of productivity (manufacturing).

- I5.39 Based upon the latest available data, this would represent an uplift equivalent to less than 0.5% of the total GVA of the AOI in 2018. Relative to the combined total GVA of relevant sectors ('Warehousing, transport support, postal and courier activities' and 'Transportation and storage') in the AOI, this would represent an uplift of 8.7%. This is considered to correspond to a high magnitude of change. As outlined in Section I4.0, productivity (as measured by GVA per job) in the AOI across all sectors is marginally lower than the regional average but considerably lower than the national average. Within this context, the receptor is assessed as having a medium sensitivity to change.
- I5.40 This is considered to represent a permanent and **Substantial Beneficial** effect. This is considered significant in EIA terms.

### Summary

- I5.41 The significance of the socio-economic effects identified has been considered within the context of the significance criteria matrix. The effects are assessed as being beneficial, negligible or adverse. The significance of effects is assessed as being substantial, moderate, minor or negligible. An assessment of the likely effects in relation to each receptor is presented in Table I5.1.

Table I5.2 Socio-Economic Effects (without mitigation)

	Duration	Effect	Significance
<b>During Construction</b>			
Employment	Long-term, temporary	Beneficial	Moderate
Economic Output	Long-term, temporary	Beneficial	Moderate
<b>During Operation</b>			
Employment	Permanent	Beneficial	Substantial
Economic Output	Permanent	Beneficial	Substantial

Source: Lichfields analysis

## **I6.0 Mitigation and Monitoring**

I6.1 This section considers the need for mitigation measures in order to address any adverse effects of the development proposals.

### **During Construction**

I6.2 It is anticipated that the development proposals would give rise to temporary (long-term), beneficial effects with respect to both construction employment and economic output (GVA). As a result, no mitigation measures are required during construction.

I6.3 Notwithstanding the above, STDC is committed to working with Redcar & Cleveland Borough Council, where possible, to deliver training and apprenticeship schemes during the construction phase. It is anticipated that this will help to maximise the extent to which the beneficial effects of the development proposals are captured within the AOI.

### **During Operation**

I6.4 The development is expected to generate permanent, beneficial effects in relation to operational employment and economic output. As a result, no mitigation measures are required during operation. As above, STDC is committed to working with Redcar & Cleveland Borough Council to deliver training and apprenticeship schemes, where possible, during the operational phase. Through the launch of the Teesworks Skills Academy – a hub set up to coordinate training and recruitment for employees across the Teesworks area – it is anticipated that this will help to maximise the extent to which the beneficial effects of the development proposals are captured within the AOI.

## I7.0 Residual Effects

I7.1 As no mitigation measures are assessed as being necessary, the residual effects are the same as the impacts discussed in Section I5.0 Potential Effects.

### During Construction

I7.2 As set out above, the effects of the development during construction are anticipated to be beneficial and no additional mitigation measures are proposed. The residual effects are therefore unchanged from the Potential Effects as set out in Section I5.0.

### During Operation

I7.3 As set out above, the effects of the development during operation are anticipated to be beneficial and no additional mitigation measures are proposed. The residual effects are therefore unchanged from the Potential Effects as set out in Section I5.0.

I7.4 The scale and significance of residual effects are summarised in Table I7.1.

Table I7.1 Summary of residual effects

Receptor	Potential Effects	Mitigation	Residual Effects
<b>During Construction</b>			
Construction Employment	Temporary (long-term), <b>Moderate Beneficial</b>	n/a	Temporary (long-term), <b>Moderate Beneficial</b>
Construction Economic Output	Temporary (long-term), <b>Moderate Beneficial</b>	n/a	Temporary (long-term), <b>Moderate Beneficial</b>
<b>During Operation</b>			
Operational Employment	Permanent, <b>Substantial Beneficial</b>	n/a	Permanent, <b>Substantial Beneficial</b>
Operational Economic Output	Permanent, <b>Substantial Beneficial</b>	n/a	Permanent, <b>Substantial Beneficial</b>

## 18.0 Summary & Conclusions

### Socio-Economic

- 18.1 The proposed development will have a beneficial effect on the local economy. During the construction stage, the delivery of new employment space will support construction industry jobs which, in turn, will generate an increase in economic output (Gross Value Added).
- 18.2 The proposed development will, therefore, contribute towards improving economic conditions within the AOI, an area currently characterised by low jobs density (and low levels of employment growth in recent years), high unemployment and high levels of deprivation.
- 18.3 Given the beneficial nature of the potential effects assessed, no mitigation measures are required in order to address any adverse effects of the development proposals. A summary of the socio-economic effects is provided in Table I8.1.

Table I8.1 Table E8.1 Summary of Effects

Receptor	Impact	Potential Effects (taking account of embedded mitigation)	Additional Mitigation and Monitoring	Residual Effects
During Construction				
Employment	Employment generation during the construction phase	<i>Temporary (long-term), Moderate Beneficial</i>	<i>n/a</i>	<i>Temporary (long-term), Moderate Beneficial</i>
Economic Output	<i>Uplift in GVA linked to employment generation</i>	<i>Temporary (long-term), Moderate Beneficial</i>	<i>n/a</i>	<i>Temporary (long-term), Moderate Beneficial</i>
During Operation				
Employment	<i>Employment generation during operation</i>	<i>Permanent, Substantial Beneficial</i>	<i>n/a</i>	<i>Permanent, Substantial Beneficial</i>
Economic Output	<i>Uplift in GVA linked to employment generation</i>	<i>Permanent, Substantial Beneficial</i>	<i>n/a</i>	<i>Permanent, Substantial Beneficial</i>



19.0

## Abbreviations & Definitions

AOI	Area of Impact
ASHE	Annual Survey of Hours and Earnings
BCIS	Building Cost Information Service
BRES	Business Register and Employment Survey
ES	Environmental Statement
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GEA	Gross External Area
GIA	Gross Internal Area
GVA	Gross Value Added
HCA	Homes and Communities Agency
IED	Institute of Economic Development
IMD	Index of Multiple Deprivation
LEP	Local Enterprise Partnership
LIS	Local Industrial Strategy
LQ	Location quotient
LSOA	Lower Super Output Area
MHCLG	Ministry of Housing, Communities and Local Government
MSOA	Middle Super Output Area
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
RCBC	Redcar and Cleveland Borough Council
SEP	Strategic Economic Plan
SIZ	South Industrial Zone
SOC	Standard Occupational Codes
SPD	Supplementary Planning Document
STDC	South Tees Development Corporation
TVCA	Tees Valley Combined Authority

## References

- 1 ONS (2016) Travel to work area analysis in Great Britain: 2016
- 2 ONS (2019) Population estimates - local authority based by five-year age band
- 3 ONS (2019) Annual Population Survey, January – December 2019
- 4 ONS (2020) Claimant count by sex and age, October 2020
- 5 ONS (2020) Subnational population projections for England: 2018-based
- 6 Oxford Economics (2016) Baseline econometric forecast, April 2016
- 7 Homes and Communities Agency (HCA) (2015) Calculating Cost Per Job Best Practice Note, Third Edition
- 8 UK Government (2019) GDP Deflator
- 9 ONS (2020) Jobseeker's Allowance by occupation, October 2020
- 10 ONS (2020) Detailed Input-Output Tables
- 11 ibid
- 12 ONS (2019) Regional gross value added (balanced) by industry: local authorities by NUTS1 region: UKC North East
- 13 ibid
- 14 Homes and Communities Agency (2015) Employment Density Guide, Third Edition
- 15 Gross External Area
- 16 Homes and Communities Agency (HCA) (2014); Additionality Guide, Fourth Edition
- 17 Scottish Enterprise Economic Impact Guidance: Displacement
- 18 Based upon an analysis of Experian data (March 2020) (weighted average of 'Land transport, storage & post' and 'Wholesale' categories)
- 19 ONS (2019), Regional gross value added (balanced) by industry: local authorities by NUTS1 region.