



SOG Limited

Heath Park GRESB Review
Social Value Assessment
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QA

Social Value Assessment, Heath Park

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1.0 EXECUTIVE SUMMARY

- 1.1 The proposed development will create **32 apprenticeship** opportunities.
- 1.2 The proposed development will create **83 FTE jobs** in the economy during the assumed 8-to-9-year construction period.
- 1.3 The wider benefits of the proposed development will lead to **34 FTE jobs** in the local economy of Halton.
- 1.4 The proposed development will create **2,202 FTE jobs** during the operational phase for the different commercial, retail and leisure based on the indicative proposed areas.
- 1.5 The reference case, defined as the output that would have occurred in the event that the proposed development was not brought forward, is circa **1,242 FTE employees** on-site, which is **960** less FTE employees than in the proposed development.
- 1.6 The local direct and indirect operational employment following displacement, leakage, and multiplier effects is **867 FTE employees**, which is **378** more FTE employees than the existing site.
- 1.7 The proposed development will create a total of **3,186** new employment opportunities through direct / indirect employment, and **32** apprenticeships in Halton during the Construction and Operation phases of the development.

Table 1.1 Total direct / indirect employment opportunities across the phases of development

	FTE opportunities
Construction employment	83
Additionality assessment	34
Operational employment	2202
Additionality assessment	867
Total	3,186
Operational Reference case	1242
Construction apprenticeships	32

- 1.8 The proposed development will bring forward 616 residential units and is estimated that the gross annual expenditure of the residential development will be £18.9 million, 50% of this will be spent locally, thus resulting in an additional **£9.4 million** spent in the local economy.

2.0 SOCIAL VALUE ASSESSMENT: EMPLOYMENT & SKILLS

- 2.1 Greengage have been appointed by EcoResponsive Environments on behalf of SOG, to assess the proposed Heath Park redevelopment feasibility study for social value contributions in local employment, skills and contribution to the local supply chains.
- 2.2 In the assessment, we look at employment opportunities and the economic footprint created during Construction, Operation and additional economic benefits as a result of the proposed development.
- 2.3 The calculations used are related to floor space, construction spend and standard guidance. Therefore, to compare to other business parks and similar developments does not indicate where Heath Park stands as their calculations will be based on their own variables.
- 2.4 The Emerging Local Plan (2020)¹ Policy ED2 on Economic Development for Halton Borough Council requests:

"Where development proposals come forward for large scale employment generating uses, obligations will be encouraged for training and recruitment of local people for both the end use and the supply chain."

Construction Employment

- 2.5 The scale of employment is a direct function of the scale and type of construction project being undertaken, which in turn is reflected in the overall capital construction costs. Thus, the scale of employment is a direct function of the overall capital construction costs.
- 2.6 A calculation based upon ONS construction sector data has been made to estimate the likely impact on the local area in terms of construction employment.
- 2.7 The average amount of construction expenditure required to support a construction job for a year has been derived from the ONS data, on the turnover of construction businesses in Great Britain for 2019 (£290.3 billion), divided by the number of construction workers for that year (1,278,800)².
- 2.8 The resulting figure of £227,068 is the approximate amount of capital construction expenditure that supports one-person year of employment. Based upon a ratio of the capital construction cost of the proposed development provided by the applicant, it is estimated that approximately 709 gross person years of employment (PYE) will be generated over the life of the construction period of the proposed development.
- 2.9 This is equivalent to some 83 FTE jobs in the economy during the assumed 8-to-9-year construction period.

Construction Additionality

- 2.10 Further to the direct employment generated from the construction of the proposed development, other effects and additional benefits will result from the construction phase. These secondary impacts will arise from the need to purchase supplies for the proposed development (indirect employment), and from the increased expenditure in the locality by the construction workers (induced employment). Together this beneficial economic multiplier effect will sustain and generate further economic activity in the area, boosting the local economy.
- 2.11 By undertaking an appraisal of the additional benefits using the adjustment factors from the Additionality Guide³, estimations of indirect and induced employment levels can be calculated. Three adjustment factors have been applied to understand the employment arising from the construction stage: leakage, multipliers and displacement, all of which are significantly affected by the scale and significance of the proposed development:
- Leakage - in accordance with guidance provided by the Homes and Communities Agency a high level of leakage has been assumed at 50%, i.e. 50% of jobs will be retained within the local area, with leakage of 50% occurring due to the significance of the proposed development attracting wider interest;
 - The second adjustment factor is a displacement adjustment factor. Displacement takes into account the proportion of development outputs accounted for by reduced outputs elsewhere. In respect to construction employment, this may result from competition for construction staff that could result in delays and increased costs etc. Therefore, a low level of displacement has been estimated to be at 25% in accordance with the Homes and Communities Agency Additionality guide; and
 - The final adjustment factor is a multiplier; this calculates the secondary (indirect and induced) benefits as a result of the construction phase, as discussed above. Halton Borough is a relatively small market from which to source supplies. Thus, using the composite multipliers developed by the Homes and Communities Agency for the neighbourhood level, a medium composite multiplier of 1.1 at the neighbourhood level has been applied.
- 2.12 Thus, the leakage, displacement, and multiplier factors have been applied and the net additional employment generated during the 8-to-9-year construction period arising as a consequence of the proposed development is an estimated total of 34 FTE jobs in the local economy of Halton.

Operational Employment

- 2.13 The Homes and Communities Agency have produced the third edition of the Employment Density Guide⁴ (hereafter, 'The Guide'), which provides advice to appraisers of regeneration and economic development projects on the employment densities associated with different types of property use. The BCO Office and Occupancy guide also has calculations for NIA Density that we have used for Offices and Labs.
- 2.14 To forecast the number of 'workspaces' associated with the proposed development and to quantify the benefits, the recommended employment densities have been applied.
- 2.15 As shown in the table below, it is projected that the proposed development will provide 2,202 FTE jobs during the operational phase for the different commercial, retail and leisure uses based on the indicative proposed areas.

Table 2.1 Operational Employment Generation

Area	Area per FTE	GIA (sqm)	NIA (sqm)	Average FTE employees
Office/ labs	9.6 sqm per NIA	21858	18579	1935
Storage	70 sqm per GIA	1522	1294	22
STEAM (assumed small business incubator space)	30 sqm per NIA	743	632	21
Retail and amenities	17.5 sqm per NIA	1944	1750	100
Fitness studio and leisure centre	65 sqm per GIA	3661	3112	56
Gaming Centre	70 sqm per GIA	109	93	2
Vertical Farming		5158		5
Conference Centre	70 sqm per GIA	1600		23
Facilities management				38
Total				2202

Source: BCO (2019); Homes & Community Agency (2015)

Data for Facilities Management FTE is based on a pro-rata calculation of current FM employee data for Heath Park received by SOG

Note: Standard proportion of NIA as 85% of Gross Internal Area (GIA) (and 90% for retail uses) has been applied in accordance with The Employment Density Guide.

Indirect and Induced Employment

- 2.16 Further to the direct employment generated during the operation of the proposed development, additional benefits will result. These secondary impacts will arise from the need to purchase supplies for the businesses operating within the proposed development (indirect employment), and, for example, from the increased expenditure in the locality by the workers (induced employment). Together this beneficial economic multiplier effect will sustain and generate further economic activity in the area, boosting the local economy.
- 2.17 As per the construction employment consideration, three adjustment factors will be applied based on the Additionality Guide to understand the employment arising from the operational phase:
- Leakage - in accordance with guidance provided by the Homes and Communities Agency a high level of leakage has been assumed at 50%, i.e. 50% of jobs will be retained within the local area;
 - Displacement - a low level of displacement has been estimated to be at 25% in accordance with the Homes and Communities Agency Additionality guide; and
 - Multiplier - a low composite neighbourhood multiplier of 1.05 has been applied to account for limited linkages. This is a conservative estimate and would be higher if the commercial uses in the proposed development have stronger local supply chain linkages and income or induced effects.
- 2.18 Further to the 'leakage', 'multiplier' and 'displacement' adjustment factors, it is also necessary to take account of the reference case. The reference case can be defined as the output that would have occurred in the event that the proposed development was not brought forward which is the circa 1,242 FTE employees on-site.

Table 2.2 Operational Employment (FTE) Additionality Assessment

Additionality Steps	Reference Case	Average Operational Employment
Gross direct operational employment	1242	2202
Estimated leakage	621	1101
Gross direct operational employment to target area	621	1101
Less displacement	155	275
Net direct operational employment to target area	466	826
Plus multiplier effects	23	41
Total	489	867
Minus reference case		378

2.19 The additionality analysis is summarised in the table above and it shows that the local direct and indirect operational employment following displacement, leakage, and multiplier effects is 867 FTE employees, which is 378 more FTE employees than the existing site.

Additional Residential Expenditure

2.20 The proposed development will bring forward 616 residential units including senior living and extra care. The homes, their residents and their spending can be regarded as additional within Halton Borough; even if residents previously lived in the borough, it can reasonably be assumed that their previous accommodation will be readily re-occupied.

2.21 According to the ONS statistics on family spending in the financial year ending March 2021, the average weekly household spending was £587.90⁵. Considering the 616 residential units, it is estimated that the gross annual expenditure of the residential development will be £18.9 million. It is estimated that 50% of this total expenditure will be spent locally, thus resulting in an additional £9.4 million spent in the local economy.

– END –

3.0 REFERENCES

¹ Halton Borough Council (2020); Delivery and Allocations Local Plan (2014-2037)

² House of Commons, (2019); Construction Industry: Statistics and Policy

³ Homes and Communities Agency (2014); Additionality Guide.

⁴ Homes and Communities Agency, (2015); Employment Density Guide, 3rd Edition.

⁵ ONS (2021); Family spending in the UK: April 2020 to March 2021.

FURTHER INFORMATION

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