ECONOMIC BENEFITS STATEMENT

TEWIN ROAD, WELWYN GARDEN CITY

Henry Boot Developments

September 2021

BARTON WILLMORE

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1.0 INTRODUCTION

1.1 This Economic Benefits Statement (EBS) has been prepared by Barton Willmore to assess the economic benefits likely to arise if planning permission is granted for the proposed development at Tewin Road, Welwyn Garden City.

1.2 The proposed development will comprise the following:

"Development of the site for E(g)(iii), B2 and B8 Uses including details of access, servicing, landscaping and boundary treatment".

1.3 This will incorporate the following floorspace elements split into three separate units:

Table 1.1: Floorspace

Unit	Use Class	Ground Floor Warehouse GIA (sqm)	First Floor Office & Ancillary GIA (sqm)	Total Floorspace GIA (sqm)*	Total Floorspace GEA (sqm)
01	E(g)(iii), B2 and B8	3,212	382	3,594	3,705
02	E(g)(iii), B2 and B8	1,047	149	1,196	1,245
03	E(g)(iii), B2 and B8	1,420	185	1,604	1,670
Total		**5,679**	**716**	**6,394**	**6,620**

* numbers subject to rounding

1.4 The site is located along Tewin Road. To the east of the Site and beyond is a collection of industrial units known as Tewin Court Industrial Estate and large commercial office premises. The Site is bordered to the north by a new commercial development comprising warehouse units with ancillary offices, light industrial units, and office building. The south-eastern part of the Site is currently utilised as a car sales and storage facility. Beyond this is a Tyre Service Depot.

1.5 The area is primarily industrial and commercial in nature with no residential properties within the immediate vicinity. Current employment on site is minimal, estimated at around four people.

1.6 In response the delivery of major developments, Welwyn Garden City Council refer to the need for an Economic Statement as part of their validation checklist. This states that:

> ***'Applications may need to be accompanied by supporting statement of any regeneration benefits from the proposed development, including details of any jobs that might be created or supported; the relative floorspace totals for each proposed use (where known); any community benefits; and reference to any regeneration strategies that might lie behind or be supported by the proposal. This will assist in demonstrating the economic benefits associated with sustainability'.***

1.7 This Economic Benefit Statement will articulate how the proposed development will support economic and social growth targets through the delivery of sustainable employment floorspace. The Statement will detail the employment opportunities, employment floorspace proposed, and the wider benefits to the existing socio-economic network.

a) Report Structure

1.8 Section 2 will establish the relevant study areas in order for Section 3 to go on and review the current socio-economic context surrounding the site. This is important in order to understand how the proposed development will interact with the existing socio-economic network and support future growth.

1.9 Section 4 will review the economic benefits delivered throughout the construction phase. Section 5 will go on to assess the economic benefits delivered throughout the operational phase.

1.10 Section 6 will analyse the economic policy objectives relevant to the proposed development, assessing how the Proposed Development can support policy and strategic growth aspirations.

1.11 Finally, Section 7 will provide a summary of the findings.

2.0 ASSESSMENT AREA

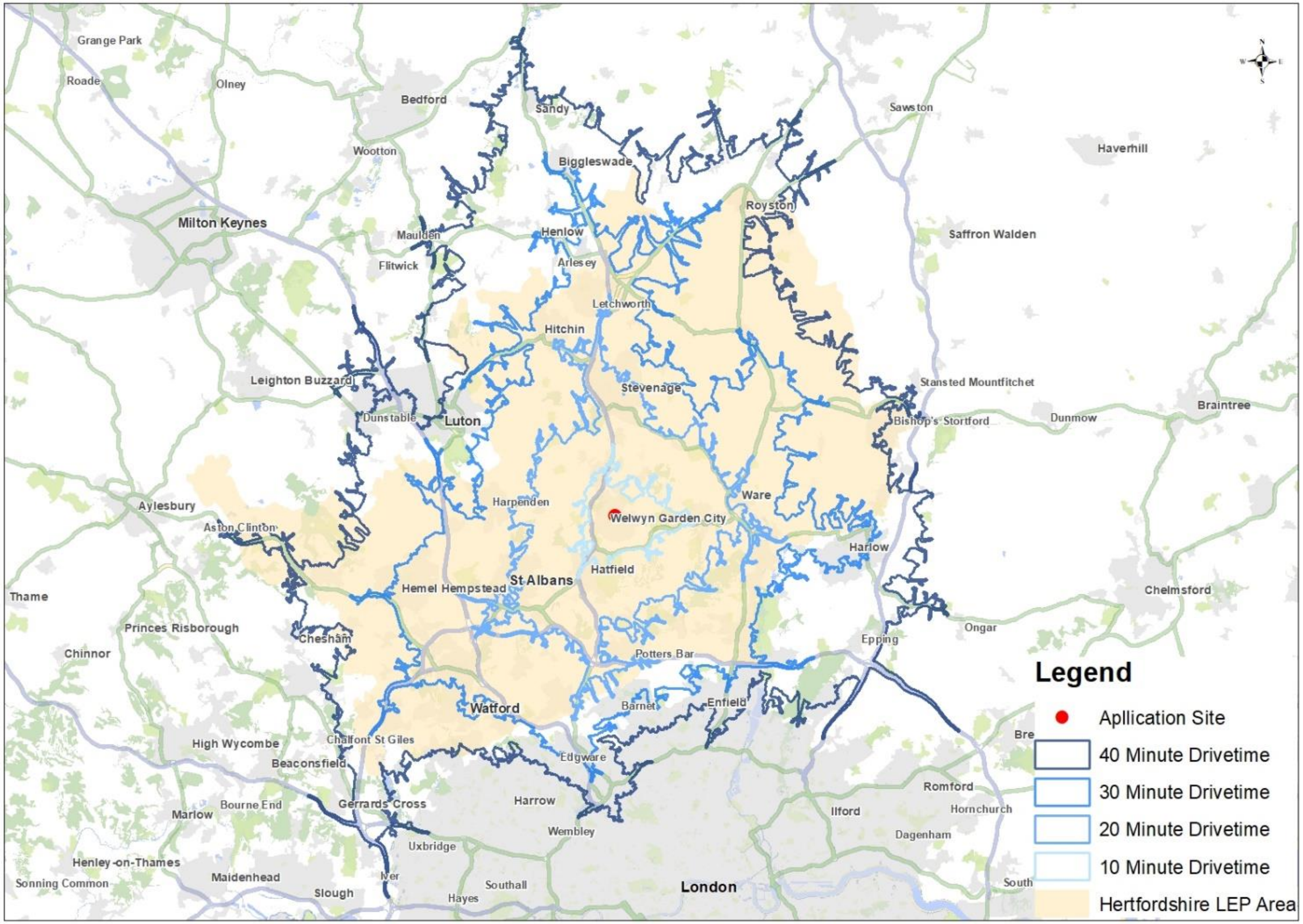
2.1 The Proposed Development seeks to provide employment opportunities and contribute to economic growth aspirations. Section 2 will define a functional economic assessment area in order to review how the Proposed Development will relate to the existing socio-economic context.

2.2 The Site is located within the District of Welwyn Hatfield. This has been established as the local assessment area. Given the transport connections across the wider geography the Development is likely to have a wider impact in terms of labour market benefits.

2.3 As can been seen from Figure 2.1, the potential driving distance (off-peak) within 40-minutes of the site is broadly reflective of the existing Hertfordshire Local Enterprise Partnership (LEP) area. Based on this the Hertfordshire LEP has been chosen as the wider strategic study area. The LEP area is assumed to be a realistic catchment area to analysis the potential labour force that could benefit from the proposed development.

2.4 A regional and National (either UK, Great Britain or England depending on data availability) area will be assessed as comparators.

Figure 2.1: Drivetime Pattern & LEP Area Comparison



Source: Barton Willmore 2021

3.0 SOCIO-ECONOMIC PROFILE

3.1 In this section we will review the existing socio-economic context within the chosen functional economic study areas set out in Section 2. It will establish the socio-economic characterises of the potential labour force and the existing employment profile within the area.

3.2 The Proposed Development will need to maintain existing socio-economic flows within the functional economic area, but also support economic growth in order to operate sustainably.

3.3 Our analysis of the resident labour force will include the following socio-economic characteristics:

- **Economic Activity** – The proportion of residents in work or available for work (unemployed).
- **Skills and Occupations** – The current skill level and occupational profile of the resident working age population.
- **Industry of Employment** – An analysis of the industry of employment at broad sector level of the resident population.
- **Resident Wage** - A comparison of monthly average resident wages.
- **Place of Work** – An assessment (Census 2011 based) of the work-related destinations of residents and the level of self-containment / internalisation implied.

a) Economic Activity

3.4 A review of the economically active population provides a baseline understanding of how active a population is in terms of employment levels and unemployment patterns. It also identifies other demographic groups that could influence the attributes of a local labour force, for example if the population has a high student population.

3.5 Table 3.1 suggests that across the Hertfordshire Local Enterprise Partnership (LEP) area there is a particularly high proportion of economically active residents compared to the wider regional and UK level. Welwyn Hatfield exhibits a slightly lower proportion of the population as economically active compared to the LEP but is reflective of the regional and UK level.

Table 3.1: Economically Active Population – Wider Assessment Areas

Geography	Economically Active (Aged 16-74)	Economically Inactive (Aged 16-74)
Welwyn Hatfield	69%	31%
LEP Area	74%	26%
Eastern Region	71%	29%
UK	70%	30%

Source: Experian

3.6 A review of Table 3.2 and 3.3 shows Welwyn Hatfield to contain a high proportion of full-time students compared to the other study areas. This highlights opportunity for the local economic network to support skills development.

Table 3.2: Econ. Active: Total (Residents Age 16-74)

	Welwyn Hatfield	LEP Area	Eastern Region	UK
Employee: Part-time	18%	19%	21%	20%
Employee: Full-time	56%	59%	58%	57%
Self-employed with employees: Part-time	0%	1%	1%	1%
Self-employed with employees: Full-time	2%	3%	3%	3%
Self-employed w/o employees: Part-time	4%	4%	4%	4%
Self-employed w/o employees: Full-time	7%	8%	8%	7%
Unemployed	2%	2%	3%	3%
Full-time student	10%	4%	4%	5%

Source: Experian

3.7 Table 3.3 indicates that across the LEP area there is a notably high proportion of inactive residents 'looking after the home or family'. This could imply a need for employment offering flexible hours to support family household needs.

Table 3.3: Economic activity - Inactive (Detailed categories)

	Welwyn Hatfield	LEP Area	Eastern Region	UK
Retired (Residents age 16-74) %	35	45	49	45
Student (including FT students) (Residents age 16-74) %	36	19	16	19
Looking after home or family (Residents age 16-74) %	14	19	17	14
Long-term sick or disabled (Residents age 16-74) %	9	10	12	14
Other (Residents age 16-74) %	5	7	7	7

Source: Experian

b) Skill Level

3.8 Table 3.4 compares the highest qualification profile across the study areas. Both Welwyn Hatfield and the LEP area display a high proportion of the population to have attained level 4 qualifications and above. The proportion of the population with no qualifications is noticeably lower amongst these two study areas compared to the regional and national benchmark.

3.9 The proportion of the population at Level 1 and 2 (1-4/5+ GSCEs or equivalent) is representative of the regional and national qualifications profile. It is evident that the skills profile across the District and LEP area is higher than the wider regional and national comparisons.

Table 3.4: Qualification Profile – Core Area and Wider Area

	Welwyn Hatfield	LEP Area	Eastern Region	UK
No qualifications	15%	16%	20%	20%
Level 1 qualifications	12%	12%	13%	13%
Level 2 qualifications	13%	14%	14%	13%
Apprenticeship	3%	3%	4%	3%
Level 3 qualifications	18%	14%	14%	15%
Level 4 qualifications and above	33%	36%	30%	31%
Other qualifications	6%	5%	5%	5%

Source: Experian

3.10 Table 3.5 sets out the summary description of each qualification level. Across the LEP area there is a resident workforce of around 154,000 with no recorded qualifications. A further 118,000 have attained up to level 1, with around 129,000 having achieved up to level 2. Based on this over 270,000 residents have achieved at lease 1-4 GCSE grades.

3.11 Around 30,000 of the working population across the LEP area are undertaking apprenticeships, 130,000 have attained the equivalent of 2 or more A levels (level 3) and over 340,000 have achieved a level 4 qualifications and above. Based on this just over 560,000 of residents (over 16) have not attained a degree level qualification, highlighting the need to consider employment opportunities across a range of skill levels and provide the ability undertake skills development.

Table 3.5: Qualification Summary

Highest Qualification	Summary Description
No Qualifications	No Formal Qualification
Level 1	1-4 GCSEs, Scottish Standard Grade or equivalent qualifications
Level 2	5 or more GCSEs, Scottish Standard Grade or equivalent qualifications
Level 3	2 or more A-levels, HNC, HND, SVQ level 4 or equivalent qualifications
Level 4	First or higher degree, professional qualifications or other equivalent higher education qualifications
Other Qualification	Other vocational/work related qualifications and non-UK/foreign qualifications
Apprenticeships	Apprenticeships

c) Resident Occupation Profile

3.12 Table 3.6 sets out the occupation profile across the study areas. The occupation profile refers to the type of work a person does. Most occupations can be found across several industries**.**

3.13 It is evident from Table 3.6 that the highest proportion of the working population throughout the District and LEP area are employed within professional occupation groups. This accounts for around 124,000 residents (aged 16 -74). The level of residents working within professional roles is comparatively high related to the regional and national benchmark.

3.14 The 'professional group' requires a high level of knowledge and experience in the natural sciences, engineering, life sciences, social sciences, humanities and related fields. The main tasks consist of the practical application of an extensive body of theoretical knowledge, increasing the stock of knowledge by means of research and communicating such knowledge by teaching methods and other means. Most occupations in this major group will require a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training.

3.15 Across the LEP area there are a further 78,000 (13% of 16–74-year-olds) residents employed within managerial, director and senior official roles. This major group covers occupations where tasks consist of planning, directing and coordinating resources to achieve the efficient functioning of organisations and businesses. Most occupations in this major group will require a significant amount of knowledge and experience of the production processes, administrative procedures or service requirements associated with the efficient functioning of organisations and businesses. This would include managers and directors in transport and logistics roles. The proportion of the population working in these roles is higher than the wider regional and national level.

3.16 Over 33,000 residents across the LEP area work within process, plant and machine roles. This group covers occupations where the main tasks require the knowledge and experience necessary to operate and monitor industrial plant and equipment; to assemble products from component parts according to strict rules and procedures and to subject assembled parts to routine tests; and to drive and assist in the operation of various transport vehicles and other mobile machinery.

3.17 Most occupations in this major group do not specify that a particular standard of education should have been achieved but will usually have a period of formal experience-related training. Some occupations require licences issued by statutory or professional bodies. Based on these roles this sector would be suitable for the 560,000 residents across the LEP who have not achieved a degree level qualification.

Table 3.6: Occupation Profile – Core Area and Wider Area

	Welwyn Hatfield	LEP Area	Eastern Region	UK
Managers, directors and senior officials	11%	13%	11%	11%
Professional occupations	19%	21%	17%	18%
Associate professional and technical occupations	14%	15%	13%	13%
Administrative and secretarial occupations	12%	12%	12%	11%
Skilled trades occupations	10%	10%	12%	11%
Caring, leisure and other service occupations	8%	8%	9%	9%
Sales and customer service occupations	10%	7%	8%	8%
Process, plant and machine operatives	5%	6%	7%	7%
Elementary occupations	11%	9%	11%	11%

Source: Experian

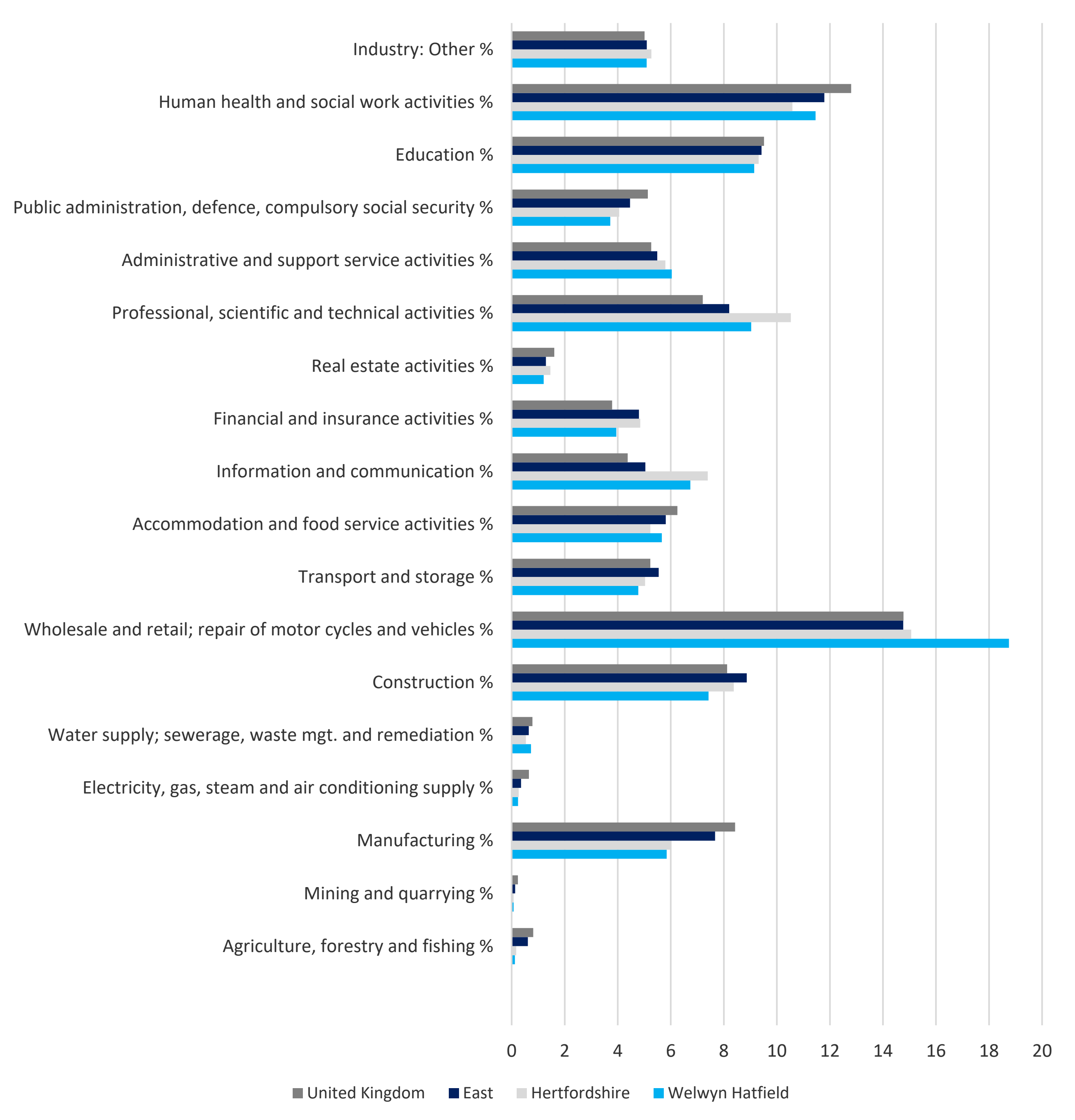
d) Industry of Employment

3.18 Figure 3.1 profiles the industry of employment of residents of the respective areas. Wholesale and retail, and human health employ the highest proportion of residents across all four studies areas. Wholesale and retail are particularly prominent across Welwyn Hatfield. This may be influenced by the high student population.

3.19 A notable proportion of the resident workforce across the district and LEP area are employed within the professional and scientific sector, as well as the information and communication sector. Across the LEP area these two industries account for 16% of the workforce, equating to over 107,000 residents.

3.20 The construction sector also represents around 50,000 residents across the LEP area, equating to around 8% of the resident workforce. Over 30,000 residents across the LEP area are employed within the transport and storage industry, making up around 5% of the resident workforce. This proportion is reflective of the wider comparative areas.

Figure 3.1: Industry of Employment

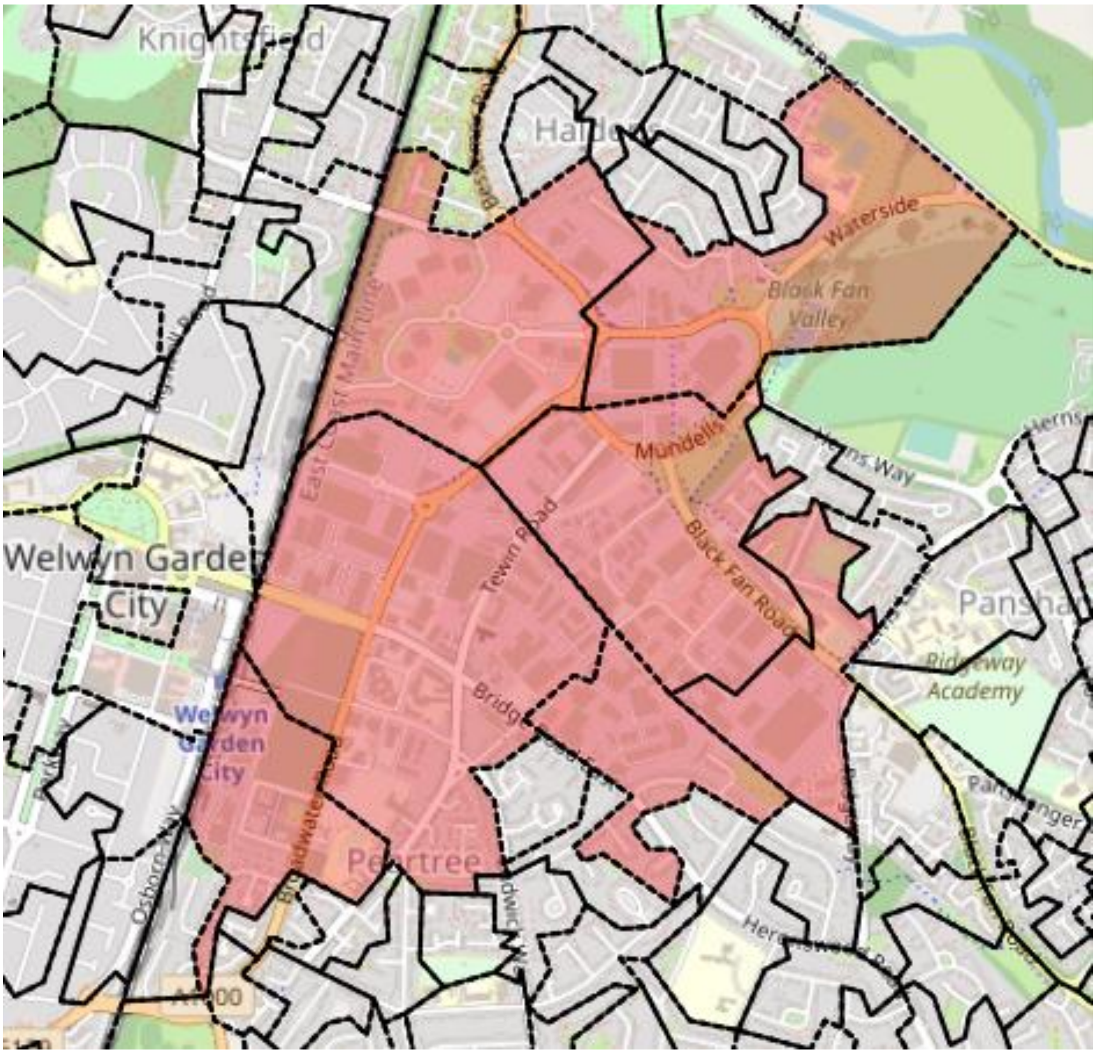


Source: Experian (not accounting for industries representing <1% of the population)

e) Place of work

3.21 Here we address the relationship between place of residence and place of work. Figure 3.2 represents the immediate industrial/employment area surrounding the site. Utilising 2011 Census commuting data it is possible to understand the origins of the local workplace population within this area (represented in red, Figure 3.2).

Figure 3.2: Industrial Area Surrounding the Application Site



Source Nomis Output Areas: E00121421; E00121425; E00121429; E00121635; E00121637; E00121642

3.22 27% of the workforce within this identified industrial/employment zone also live within the district, 65% of the workforce live within the LEP area. This equates to around 9,500 employed residents.

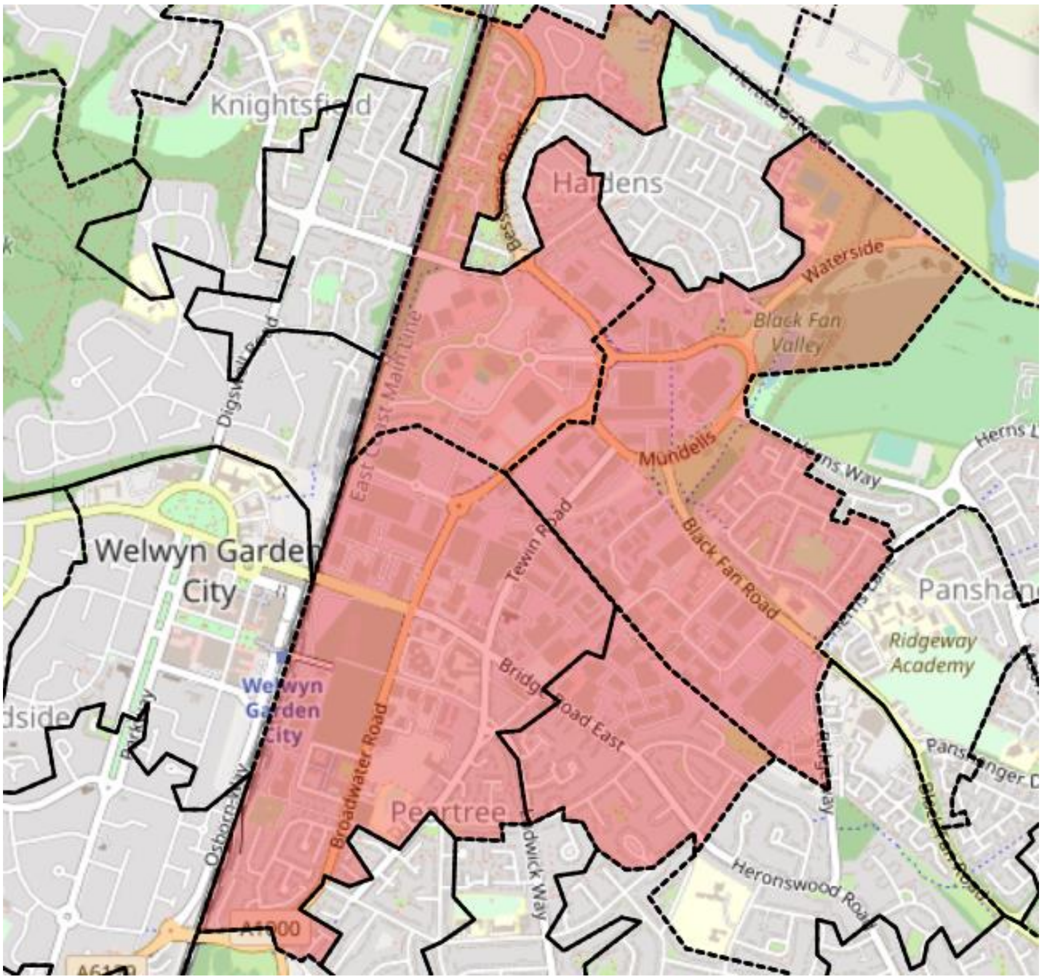
3.23 A review of the district resident labour force commuting patterns reveals that 38% of the resident workforce also work within the district, 58% work within the LEP area.

f) *Jobs by sector*

3.24 The existing stock of jobs and businesses attract a daily workplace population. Our analysis commences with a review of jobs filled in 2019. The 2019 Business Register and Employment Survey (BRES) published by ONS in November 2020 provides the most up to date insight into the local jobs market. It indicates there were around 96,000 filled jobs across Welwyn Hatfield, of which around 30,000 are within the employment area surrounding the application site (Figure 3.3). These 30,000 jobs account for around 30% of the total jobs filled within Welwyn Hatfield.

3.25 Around 650,000 jobs were recorded within the LEP area. The jobs recorded within Welwyn Hatfield make up 15% of the LEP job count.

Figure 3.3: Employment Analysis Study Area



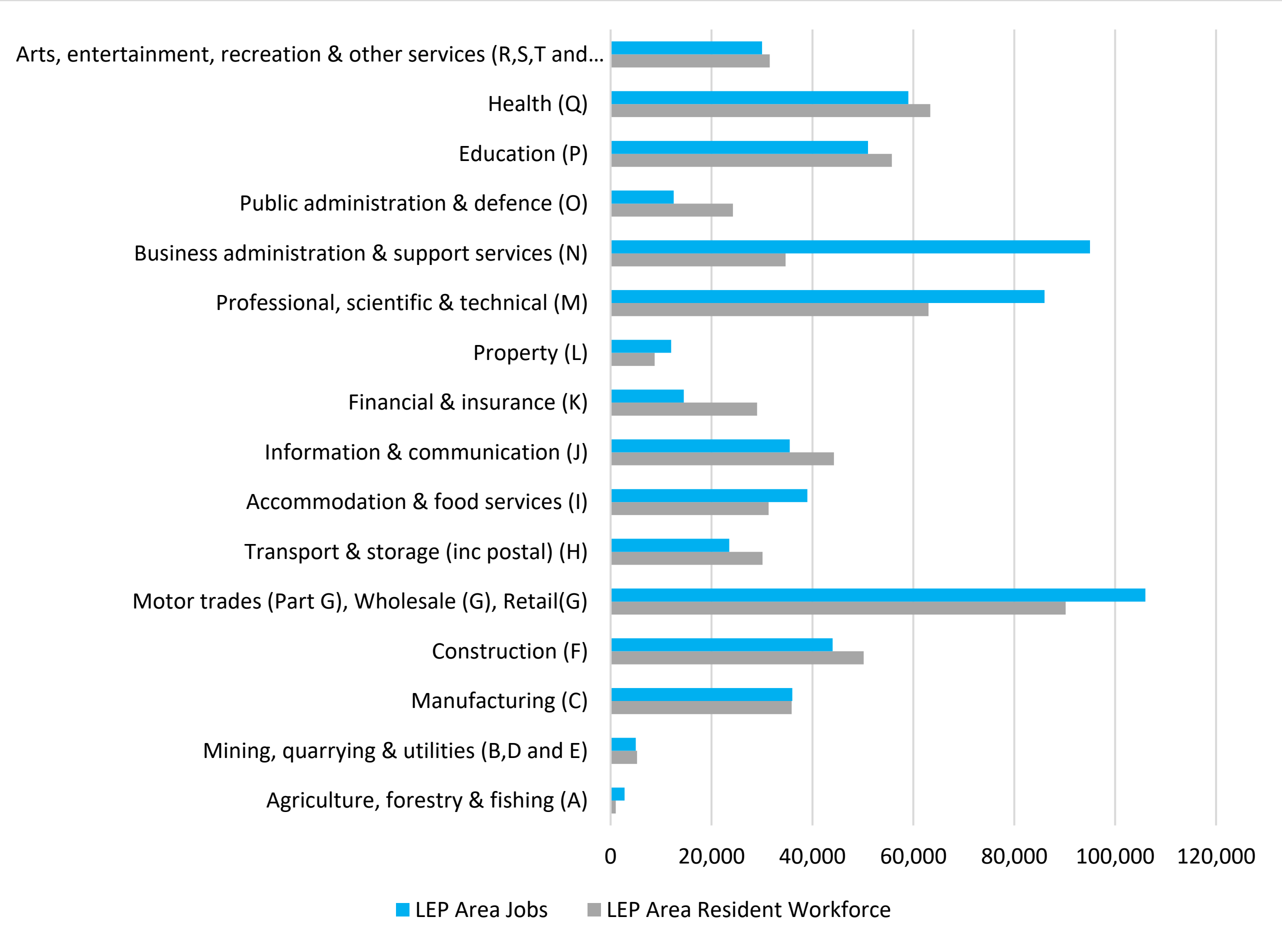
Lower Output Area Geography: E01023912, E0102315, E01023954, E01023958

3.26 Figure 3.4 compares the resident industry of employment to workplace population industry of employment across the LEP area. It highlights for certain industries such as business administration, professional/scientific roles, and motor trade employment there is a higher workplace population than available LEP labour force, indicating a level of in-commuting from outside the LEP area.

3.27 In comparison for roles within the public administration, information and communication, and transport and storage sectors there is a need to increase employment opportunities. Residents are having to commute out of the LEP area for employment within these sectors.

3.28 A review of the 2019 BRES employment data against the Experian 2019 MYPEs resident industry of employment (Figure 3.4) profile indicates that across the LEP area there is a deficit of over 6,000 jobs within the transport/logistics sector. This is also the case for the construction sector. The level of jobs and employed residents within the manufacturing sector appears relatively balanced.

Figure 3.4: LEP Area – Resident and Labour Force Employment by Industry



Source: BRES 2020, Experian 2019 MYPEs

g) Wages

3.29 The median gross weekly workplace pay across Welwyn Hatfield is marginally higher than the resident wage. This is comparable with the high proportion of professional and scientific jobs within the district, and the need to attract an inward commuting workforce.

3.30 In comparison across the LEP the resident wage is higher than the average workforce wage. This suggests that residents across the LEP area travelling out of the LEP boundary to for higher paid employment.

Table 2.17: Workforce Weekly Wage, 2020

Geography	Weekly Workforce Wage	Resident Wage
Welwyn Hatfield	£676	£664
LEP Area	£613	£685

Source: ONS Annual Survey of Hours and Earnings, Resident Analysis

Summary

3.31 The information presented in Section 3 provides an understanding of the existing socio-economic environment operating around the sit, reviewing a functional economic area incorporating the District and LEP area.

3.32 It is evident that there is high proportion of economically active residents across the district (69% of the population aged 16 to 74) and LEP area (74% of the population aged 16 to 74). This indicates a consistent labour force, actively supporting business growth.

3.33 The skills profile observed throughout the district and wider LEP area suggests a high proportion of the resident labour force are highly skilled, having attained level 4+ qualifications (33% of the across Welwyn Hatfield and 36% across the LEP area).

3.34 Notably, around 40% of both the District and LEP area labour force have either not attained any formal qualifications or have achieved up to a level 1 or 2 (level 1 being 1 to 4 GCSE, level 5 equating to 5 or more GCSE). This suggests a need to facilitate employment opportunities that support the spectrum of skill types across the District and LEP area.

3.35 In regard to the occupation profile, the highest proportion of the working population throughout the District and LEP area are employed within professional occupation groups. Across the LEP area there around 78,000 (13% of 16–74-year-olds) residents employed within managerial, director and senior official roles. This would include managers and directors in transport and logistics roles. The proportion of the population working in these roles is higher than the wider regional and national level. Over 33,000 residents across the LEP area work within process, plant and machine roles. Most occupations in this major group do not specify that a particular standard of education should have been achieved but will usually have a period of formal experience-related training.

3.36 Whilst the wholesale and retail industry employ the highest proportion of the population across the District and LEP area, followed by the heath industry, a high proportion of the resident workforce are also employed within the professional and scientific industry (9% across the district, 11% across the LEP area)

3.37 30,000 residents across the LEP area are employed within the transport and storage industry, and another 35,000 within the manufacturing industry. Separately these industries account for between 5% and 6% of the resident employment industry profile across the district and LEP area study area. This highlights a consistent level across the district and LEP area.

3.38 To the east of the Site and beyond is a collection of industrial units known as Tewin Court Industrial Estate and large commercial office premises. The Site is bordered to the north by a new commercial development comprising warehouse units with ancillary offices, light industrial units and office building. Around 65% of those who work within the surrounding industrial/commercial area (represented in Figure 3.2) also live within the LEP area. Further to this 58% of the LEP area resident labour force also work within the LEP area.

3.39 Based on this, there is an existing high containment level across the industrial/commercial area surrounding the site. This highlights the area's role in supporting the local labour force. The District and LEP area present a mixed skills profile, suggesting a need to support a spectrum of skill types.

3.40 Regarding occupations and industry of employment, there does appear to be a higher proportion of residents employed within higher value occupations and industry sectors. BRES 2019 data indicates that for some of the lower skilled industry types there is a level of out commuting, again suggesting a need to ensure a range of employment opportunities that support different occupation requirements.

4.0 ECONOMIC BENEFITS – CONSTRUCTION PHASE

4.1 Section 4 will review the temporary economic benefits delivered throughout the construction phase. Throughout the construction phase economic benefits will be delivered as direct and indirect construction jobs, along with economic output (Gross Value Added) these roles generate.

a) Direct employment

4.2 The number of direct jobs generated during the construction period is calculated using the Construction Industry Training Board (CITB) Labour Forecasting Tool (LFT). Utilising the value, or gross floor area, a start date, duration and location, the LFT predicts the labour demand on a month-by-month and trade-by-trade basis. Forecasts are based on historic data from past projects and updated as new data becomes available, taking account of time and location.

4.3 It is estimated that the site preparation and construction will take place over an estimated 60-week period. The LFT estimates that 96 construction jobs could be supported each month over this period.

4.4 The LFT accounts for 28 occupation groups, split into the following work types

- Design - those involved in design process, including senior managers and support staff with design organisations.
- Management of construction - those staff involved with the management of the delivery of the construction or installation. This includes professionals employed for the construction stage or the projects; and
- Construction operatives - those operatives involved in the delivery of the construction or installation.

4.5 Table 4.1 sets out the split across the three groups that make up the occupations assessed within the LFT. It emphasises the varied occupation profile and skill requirements across the sector. Demand for each occupation type will vary throughout the construction period.

4.6 It is evident from Table 4.1 that not all occupations supported during the construction phase are locate on-site, particularly those working within the design and management teams.

Table 4.1: Construction Employment – Skills Profile

Construction Period Employment Sector	Skill Requirement
Design	• Senior, executive and business process managers; • Non-Construction professionals, technical, IT and other office-based staff; • Civil Engineers; • Architects; • Surveyors; • Other construction professionals and technical staff.
Management of Construction	• Senior, executive and business process managers; • Construction project managers; • Process Managers; • Non-construction professionals; • Construction trade supervisors; • Civil Engineers; • Architects; • Surveyors; • Other construction professionals and technical staff.
Construction Operatives	• Wood trades; • Bricklayers; • Building envelope specialists; • Painters and decorators; • Plasters; • Roofers; • Floorers; • Glaziers; • Specialist builders; • Scaffolders; • Plant operatives; • Plant mechanics; • Steel erectors; • Labourers; • Plumbing and heating engineers; • Logistics; • Civil engineering; • Non-construction operatives.

4.7 Direct employment activity throughout the construction phase will generate economic output, measured through the generation of gross value added (GVA). GVA is a measure of economic output, distributed through retained profit and wages. Based on an average GVA per construction worker across the LEP area of around £66,300 per annum, the Proposed Development could generate a GVA of approximately £7.9m over the construction period.

4.8 Across Welwyn Hatfield around 4,373 residents are employed within the construction industry. This increases to 50,149[1] across the LEP area. This accounts for between 7%-8% of the resident workforce. Across the LEP area, according to 2019 BRES data, there are around 44,000 jobs within the construction industry. This indicates a deficit of construction jobs across the LEP area compared the number of employed residents within the industry. Based on this the estimated 96 generated by the Proposed Development will contribute to increasing the number of local employment opportunities within Welwyn Hatfield and the LEP area.

4.9 The construction industry is particularly dedicated to supporting initiatives that lead to skill development, apprenticeships, and training programmes. These provide students and apprentices with the opportunity to gain skills specific to the construction industry, developing employability.

b) Indirect employment

4.10 In addition to the direct jobs created on-site, as a result of the construction and management of the Proposed Development, further indirect (i.e., off-site) employment would be created as a result of spin-off and multiplier effects.

4.11 The level of indirect employment generated during the construction period has been assessed by applying the Office for National Statistics (ONS) Type 1 Employment Multiplier (2015) for construction (1.97) to the number of direct construction jobs. This could result in a further 93 indirect jobs being supported per month over the construction period. These supply chain jobs could support employment on a local to national scale.

4.12 The 93 indirect jobs are expected to generate £6.1m in economic output over the construction period, based on applying the UK average GVA per worker figure. This would provide a combined GVA from direct and indirect construction employment of £14.1m[2] over the construction period.

[1] Experian MYPEs 2019
[2] Numbers Subject to Rounding

4.13 The Proposed Development aspires to deliver a target BREEAM rating of 'Excellent'. This comprises, amongst other necessarily aspects, consideration of life cycle costs, responsible construction methods, indoor air quality, reduction in energy use and carbon emission. Implementation of these requirements will support a supply specialises in the development of sustainable construction development. This also encourages the training and expansion of skills utilising green technology.

5.0 ECONOMIC BENEFITS – OPERATIONAL PHASE

5.1 Section 5 will review the economic benefits generated by the Proposed Development once completed and operational. This section will demonstrate how the Proposed Development will deliver direct employment opportunities, generate jobs throughout the supply chain, produce economic output (Gross Value Added) and contribute to the funding of local services and infrastructure via business rates contributions.

5.2 It is estimated that the Site currently supports minimum employment, around 4 people within the on-site car dealership. Therefore, in its current state it does not contribute to sustainable economic growth or contribute to development of the surrounding area.

a) Gross Employment Generated

5.3 The proposed development will deliver three units, supporting Use Class E(g)(iii), B2 and B8 floorspace. The Units provide three different floorspace options, as set out in Table 5.1. The range of floorspace opportunities improves local supply choice, increasing the potential occupier market. Future occupier details are not known at this point. The proposed floorspace could provide location options to a multitude of occupiers, including existing local businesses looking to expand or SMEs looking to relocate to the area.

Table 5.1: Gross Direct Employment

Unit	Use Class	GEA SQM	GIA SQM	FTE per SQM	FTE
01	E(g)(iii), B2 and B8	3,705	3,594	36-95	39-100
02	E(g)(iii), B2 and B8	1,245	1,196	36-95	13-33
03	E(g)(iii), B2 and B8	1,670	1,604	36-95	18-45
Total					**70-178**

5.4 Table 5.1 details the resulting gross employment generation from Units 1-3. The appropriate employment densities have been applied to Table 5.1, as detailed in the HCA Employment Density Guide (3rd Edition). For the potential Use Class B2 an employment density equating to one FTE per 36 sqm has been utilised. For the potential E(g)(iii) use an FTE per sqm of 47 is considered[3].

5.5 For the potential B8 Use Class it has been assumed the proposed development would most likely support either a Final Mile Distribution at 75 sqm per FTE or a Regional Distribution

[3] Reflecting the existing B1c Use class description up to 31st August 2020, utilising HCA Employment Density Guide (3rd Edition).

Centre at 77 sqm per FTE. Recent evidence published by Prologis in their report 'Delivering the Future: The Changing Nature of Employment in Distribution and Warehouses'[4] reflects the increasing impact that automation is having on the storage and distribution sector. The density derived from the Prologis data for B8 uses equates to one FTE job to 96 sqm. This is reflective of the HCA Employment Density Guide for National Distribution Centres (i.e., 1 FTE job to 95 sqm). Considering the FTE per sqm range across the Use Classes, Table 5.1 will assess an employment density range of between 36 and 95 sqm per FTE. Based on this the Proposed Development could support between **70 to 178 FTE.**

5.6 The 70 to 178 FTE direct employment jobs will generate economic output, measured through the generation of gross value added (GVA). GVA is a measure of economic output, distributed through retained profit and wages. Based on an average GVA per worker across the transport and storage logistic of around £35,600 and the manufacturing sector of £103,500 per annum, the Proposed Development could generate a GVA of between **£2.5m and £18.4m** per annum.

i) Net Direct Employment Generation

5.7 The net direct employment effect presents quantification of the study area employment effect, that is, the increase in the number of employed study area residents attributable to the Proposed Development and the jobs it is expected to generate. In this case the level of direct employment will be considered regarding its contribution to the District and LEP area employment network.

5.8 The direct effect on employment resulting from the proposed development is assessed using the approach set out at Annex A2 Place Based Analysis of the HM Treasury Green Book (2020). The number of jobs created through the development of new floorspace is not always equal to the local effect on employment, which is arrived at after having regard to the following factors[5] :

- **Substitution** - where firms substitute one type of labour for another to benefit from an intervention but do not increase employment or output.
- **Displacement** – the extent to which an increase in economic activity or other desired outcome is offset by reductions in economic activity or other desired outcome in the area under consideration or in areas close by.

[4] Prologis (September 2019) Delivering the Future: The Changing Nature of Employment in Distribution and Warehouses

[5] HM Treasury Green Book 2020, Page 95, Paragraph A2.9

- **Leakage** - the extent to which effects "leak out" of a target area into others. For an intervention designed to increase employment in a particular area, leakage could take the form of increased employment in neighbouring areas.

5.9 The assessment across the District and LEP area is based on the nature of the uses envisaged, professional judgement and having regard to published data and or guidance. Based on this the following assumptions have been made:

- The nature of the proposed uses is not likely to result one type of labour being substituted for another (e.g., a full-time employee substituted for a government funded trainee) therefore **substitution is not considered relevant.**
- Given the importance of the storage, logistics and transport sector in supporting growth across other industries, the demand for transport and logistics jobs across the LEP area, and the projected increase of over 500 jobs within the sector up to 2029 across the LEP area, it is assumed that **displacement is low at 10%.**
- Commuting data within the surrounding industrial/employment zone has identified that around 65% of the workplace population commute from within the LEP area. Based on this it is assumed the remain 35% commute from outside the LEP area. This existing commuting pattern will be utilised for the workforce generated by the Proposed Development. Based on this, **leakage is expected to be at 35%.**

Table 5.2: Total Net Direct Employment Effect

JOB CREATION, LOSS AND DISPLACEMENT	
	E(g)(iii), B2 and B8
JOBS CREATED	70 - 178
SUBSTITUTION	-
DISPLACEMENT	10%
NET DIRECT JOB CREATION	**63 - 160**
LEAKAGE (%)	35%
NET DIRECT EMPLOYMENT EFFECT	**41-104**

Numbers subject to rounding

5.10 Based on the leakage and displacement assumptions set out above. It is estimated that the Proposed Development could generate between **41 and 104** additional direct employment opportunities.

5.11 The direct employment effect described above addresses a series of potential discounts to the jobs created total, in this case to arrive at an estimate of the number of jobs created that will be filled by residents within the LEP area.

5.12 The industrial/employment area surrounding the Site (see Figure 3.3), according to 2019 BRES data, employs a total of 29,900 people. Of this around 425 jobs are related to the transport and storage logistics industry, a further 1,785 to manufacturing. Based on this the Proposed Development could increase direct employment opportunities by between **2% and 5%** depending on the operational Use Class.

ii) Net In-direct Employment Generation

5.13 The indirect effect addresses employment opportunities that will be created elsewhere throughout the supply chain. Indirect employment effects result from jobs created in 'tradable' sectors only. Tradable is defined as a sector that produces goods and services which are produced locally but mostly sold and consumed outside the local area. Conversely, the outputs of 'non-tradable' sectors, are mostly delivered locally and do not create indirect employment effects.

5.14 The Proposed Development will deliver entirely tradable uses, maximising the indirect employment effect. The HMT recommended multiplier values are set out in Table 5.3. For calculating the effect of the proposed floorspace the central multipliers have been used.

5.15 It is estimated that the Proposed Development could generate between **53 and 135** additional employment opportunities across the supply chain (indirect employment), as set out in Table 5.4, generating between **£2.8m to £7.1m** in GVA per annum[6].

[6] Based on Oxford Economic Average (year 2019 to 2021) UK GVA per Worker

Table 5.3: Place Based Employment Multipliers

Direct Employment Category	Tradable	Tradable	High Tech Tradable	High Skilled Tradable	Public Sector
Effect on Employment Sectors	**Non-tradable**	**Tradable**	**Non-tradable**	**Non-tradable**	**Private Sector**
Central	0.9	0.4	1.9	2.6	0.25
Low	0.1	0.3	0.7	2.5	-0.7
High	1.6	0.6	4.9	3.0	1.3

Source: HM Treasury the Green Book 2020, Annex A2: Place Based Analysis, Box 26

iii) Bringing it All Together: The Total Net Employment Effect Generated by Employment Floorspace

5.16 Table 5.4 brings together our analysis of job creation, direct employment effect and indirect employment effect of the Proposed Development, to arrive at total net employment of between **94 and 239**, generating between **£4.2m and £17.9m** in GVA per annum.

Table 5.4: Total Net Employment Effect

JOB CREATION, LOSS AND DISPLACEMENT	
	E(g)(iii), B2 and B8
JOBS CREATED	70-178
NET DIRECT EMPLOYMENT EFFECT	41-104
INDIRECT EMPLOYMENT EFFECTS	
MULTIPLIER	
non-tradable sector, central effect (x 0.9)	37-94
tradable sector, central effect (x 0.4)	16-42
NET INDIRECT EMPOLYMENT EFFECT	53-135
NET EMPLOYMENT	94-239

iv) Business Rates

5.17 The Proposed Development will generate annual business rates, contributing to the funding of local public services. Rateable values are provided by the Valuation Office Commercial and Industrial Floorspace and Rateable Value Statistics. Taking into consideration comparable rateable values from the surrounding area, it is estimated that the Proposed Development could generate approximately **£245,000** per annum in business rates. In comparison, the current uses on site are estimated to generate rates values of around £15,000.

6.0 ECONOMIC POLICY AND STRATEGIC DEVELOPMENT

6.1 Section 6 will review how the Proposed Development can support relevant economic policies and sub regional economic strategic development. It discusses how the Proposed Development will support local and strategic growth development and growth initiatives.

a) National Priorities

i) Build Back Better (January 2021)

6.2 The first meeting of the new Build Back Better Business Council was held on 18 January 2021 and was attended by The Prime Minister, The Chancellor, The Business Secretary, Trade Secretary, and Vaccines Minister.

6.3 The Prime Minister spoke about how the steps we have taken in the pandemic have rightly focussed on the need to shield our economy from the deepest economic downturn in centuries, however, the need to look ahead to our economic recovery and the wider task of renewing the UK. The Prime Minister outlined the need to cement the UK's position as a science superpower, deliver an upgrade to infrastructure and launch a green industrial revolution ensuring that we build back better, fairer, greener, and faster.

6.4 The Chancellor laid out the three key pillars of the government's plan to drive growth beyond the pandemic: investing in infrastructure, skills, and innovation. He set out that improved infrastructure leads to improved productivity, skills are the single best way to drive human productivity and key in addressing regional disparity, and investment in innovation is critical to deliver new growth, ideas, and services.

6.5 The Business Secretary gave an update on the Better Regulation Cabinet Committee, reinforcing how this would be about improving standards and fostering a more supportive business environment. The Trade Secretary spoke about the Office for Investment and the work government is doing to identify and encourage investment into the UK.

g) Strategic Level Polices - Local and Local Enterprise Partnership Level

ii) Welwyn Hatfield District Plan 2005

6.6 The Site forms part of a designated Employment Area EA1 (Welwyn Garden City Industrial Area) as part of Policy EMP1 – Employment Areas. (Welwyn Hatfield District Plan, 2005).

Policy EMP1 provides for the re-use of existing employment land and buildings for Class B uses. The Council will also give consideration to proposals for the redevelopment of existing employment sites, in the designated Employment Areas, which would update and improve the quality of the employment stock in the district. Policy R1 (Maximising the Use of Previously Developed Land) supports development proposals on previously used or developed land, requiring greenfield development to demonstrate that no suitable opportunities exist on previously developed land.

6.7 The Proposed Development can easily demonstrate the ability to sustainably support a higher level of employment onsite. At present it is estimated that there are around 4 people employed on-site. As set out in Section 5 the net direct employment, depending on the Use Class, could range between 41 and 103, with an additional 53 to 133 jobs created throughout the supply chain.

iii) Draft Local Plan Proposed Submission August 2016 Emerging Local Plan

6.8 The new Local Plan (2013 – 2032) was submitted for examination on 15 May 2017. Stage 8 hearing sessions were held in July and August 2020 and the Inspector issued preliminary conclusions and advice to Welwyn Hatfield Council on 23 October 2020. This provided the Council with two options – to either propose additional housing sites sufficient to meet the Full Objectively Assessed Housing Need or to withdraw the Plan from examination. The Council are in the process of undertaking further consultation on relevant evidence base and provisional dates for further hearing session on additional housing sites have been proposed for February 2021.

6.9 Draft Policy SP2 (Targets for Growth) notes that provision will be made for at least 116,400 sqm of new floorspace for industry, offices and warehousing over the plan period from designated employment areas and mixed-use sites including the strategic development sites.

6.10 The Site is included as continued allocation for employment use under draft Policy EA1. The Proposed Development would complement the surrounding uses. Commuting data set out in Section 3 has demonstrated that the area surrounding the site is a key employment generator for the resident labour force.

iv) Hertfordshire Skills and Employment Strategy 2021-24

6.11 The strategy has been developed to ensure the county's skills provision addresses the local skills challenges and opportunities, meeting the employment needs of the future, whilst supporting all residents to reach their potential.

6.12 The Strategy sets out five key themes, which include:

- Unlocking emerging talent, support for young people aged 16 – 24 years
- Adult learning and employment, working towards full employment, promoting lifelong learning, and retraining opportunities
- Skills to grow small and medium size businesses, enabling employers to build their future workforce
- Priority and growth sectors, harnessing the opportunities and investing in skills of the future

6.13 The Strategy states that 'investing in skills of the future including those of our economic growth sectors: life sciences, advanced engineering and manufacturing, creative, smart construction, agri-tech and our knowledge and digital based assets.

6.14 It is evident from Section 3 that the skills profile across the District and LEP area not only includes a high proportion of highly educated (level 4+) residents but also around 40% of labour force who have achieved either o qualifications, or a level 1 or 2.

6.15 The Proposed Development seeks to operate within a E(g)(iii), B2 and B8 Use Class. These Use Classes provide the opportunity to support a diverse labour force across a wide skill spectrum.

6.16 In relation to the proposed B8 Use Class for example, Research conducted by Prologis, published in 2019, intended to clarify confusion over the type and number of jobs created within the transport and storage industry. Prologis UK conducted a set of snapshot surveys involving their customers to determine the changing nature of employment throughout their building stock. Over the period 2010 to 2018 the employment profile had changed significantly. The most dramatic change was the increase in the proportion of office-based employment.

6.17 The government is now encouraging initiatives to up-skill individuals, including the 'Lifetime Skills Guarantee' campaign, aimed at providing adults with lifelong technical skills, as well as the government's Kickstarter Programmes, aiming to help young people get back into the job market by providing funding for employers to create six-month job placements.

6.18 An alternative route to bridge the skills gap and ensure the workforce has the tools needed to work effectively in a digital environment involves offering training in-house, which provides individuals with other possible pathways to secure employment. This enables employers to develop workers who have the exact skills and competencies required to work within the industry, while being able to grow as the industry does.

6.19 The automated warehouse provides the opportunity to employ and train many digitally skilled workers who will be able to encourage future development. Educational qualifications where you learn on the job are increasingly attractive across these industries. Apprenticeship schemes also provide organisations with the opportunity to have individuals grow alongside their business, and for their customers, it means they have access to highly experienced individuals who have vast knowledge of the products they are using.

6.20 The Proposed Development therefore offers an opportunity to introduce E(g)(iii), B2 and B8 Use Class Use Class employment into the area. By supporting businesses related to these Use Classes there is the prospect to support both ends of the skill spectrum across the resident labour force, but also support adult learning as a result of the progressive need to up skill and diversify skill sets in responsive to modern working techniques.

v) Hertfordshire Enterprise and Innovation Strategy 2021-2025

6.21 The Strategy notes that the Hertfordshire economy contains an impressive range of companies and a significant potential for further growth. The local company base reveals global enterprises are actively using Hertfordshire’s economic assets, such as skills, location, and quality of life to drive their growth. These larger corporations are typically in the aerospace, life sciences or financial services sectors and in the main, they are networked across the globe with their headquarters based in Hertfordshire serving as regional operational centres.

6.22 Consultation on the Strategy revealed that a number of key strategic themes have been identified as being important to driving enterprise and innovation across Hertfordshire. The Strategy states that ‘stakeholders have expressed concern about the availability of high quality, easily accessible/exited workspace across the county.

6.23 The Proposed Development will offer around 6,660 sqm in floorspace across the three separate units. Providing floorspace options for a variety of businesses.

6.24 Whilst future operators may not work directly within grow sectors such as the aerospace, life sciences or financial services sectors, they are likely to be business that support the supply chain of these key growth areas. Making them vital to future growth networks.

vi) Perfectly Placed for Business The refreshed Strategic Economic Plan 2017-2030 July 2017

6.25 The Strategy notes 'at root, these observations reflect the limited productivity growth which has been seen across Hertfordshire over the last decade, and the "productivity puzzle" – namely the failure of productivity growth to return to pre-recession levels – is pronounced'.

6.26 Hertfordshire has seen jobs and population growth. But this has not translated into an increase in economic output to anything like the same extent, and within Hertfordshire, there continues to be substantial variation at a local level. This relatively weak recent performance, particularly in terms of productivity (the key metric of economic efficiency), is the core overarching challenge to which *Perfectly Placed for Business* must respond.

6.27 Hertfordshire is not, however, a "closed system" in economic terms. Its economic character – and both its major opportunities and challenges – owes much to the volume and complexity of "flows" which occur every day across its administrative boundaries (which, to most businesses and people, are completely invisible and wholly irrelevant).

6.28 Hertfordshire's challenges in relation to employment land are also significant, and they are inextricably linked. Across the county – but most acutely in the south – there is evidence of a substantial and progressive loss of employment land. Although the relationship between economic growth and employment land is changing significantly – due in large part to the possibilities of digital infrastructure – there is a clear link to Hertfordshire's productive potential, and employment land that is lost is very unlikely ever to be recovered. This process has been underway for some time, but it has accelerated of late. A recent local study for example concluded that:

> ***The supply of both office and industrial space in both Hertford and Ware is now very tight in that vacancy rates are so low, there would be no readily identifiable space for a business with a significant requirement to move into. The situation seems to have come about because of substantial loss of employment floorspace over the years…. A key factor in the loss of employment land is the value of land in Hertford and Ware for residential development, and the use of permitted development rights*** [4]

6.29 Hertfordshire's economy is defined around its connectivity. The most obvious – and most immediately important – connection is with London. Much of the county, but particularly the south, is functionally linked to a "world city".

6.30 The Proposed Development provides the opportunity to increase productivity on site, increasing the level of employment and economic output (Gross Value Added) generated on site and throughout the supply chain. It will supply much needed floorspace to support economic growth. The nature of the proposed use is also vital in supporting economic flows across administrative boundaries and strengthening supply chain development.

vii) Summary

6.31 The proposed E(g)(iii), B2 and B8 Use Class Use Class on site presents the prospect to support a range of skill sets and provide the opportunity to up skill the workforce in line with advancing industry techniques.

6.32 The Proposed Development will generate between 41 and 104 direct jobs, and a further 53 to 135 across the supply chain. This will increase the productivity onsite, along with economic output levels (Gross Value Added) generated on site and throughout the supply chain.

6.33 Stakeholders have expressed concern about the availability of high quality, easily accessible workspace across the county. The Proposed Development will offer around 6,660 sqm in floorspace across the three separate units. Providing floorspace options for a variety of businesses. The nature of the proposed Use Classes are also vital in supporting economic flows across administrative boundaries and strengthening supply chain development.

7.0 CONCLUSION

7.1 The Proposed Development at Land West of Tewin Road will deliver the following:

"Development of the site for E(g)(iii), B2 and B8 Uses including details of access, servicing, landscaping and boundary treatment".

7.2 This Statement has clearly demonstrated that the Proposed Development will provide a sustainable employment provision, generate economic output (GVA) and support growth industries across the District and LEP area.

7.3 Currently the site supports minimal employment and yields a small annual business rates payment. It offers no option for adult skill development or any community benefits. In comparison Table 7.1 sets out the economic benefits that could be generated by the Proposed Development.

Table 7.1: Economic Benefits generated by the Proposed Development

Economic/Social Benefit	Figures
Temporary employment and economic output generated throughout the construction phase	• 96 Direct construction jobs • 93 Indirect construction jobs • £14.1m in GVA over the construction period
Operational employment and economic output per annum (GVA)	• Between 41 and 104 direct jobs • Between 53 and 135 Indirect Jobs • Between £4.2m to £17.9m in GVA (depending on use class)
Annual Business Rates	£245,000

7.4 Section 6 clarifies that across the E(g)(iii), B2 and B8 Use Class options for the Site, there are a variety of occupation opportunities that can support a spectrum off skill levels. The Proposed Development offers the potential to support a range of different sized businesses through a choice of floorspace options. It could generate, depending on the future Use Class, between 41 and 104 direct jobs, and deliver between 53 and 135 jobs across supply chains.

7.5 Future uses on site, related to E(g)(iii), B2 and B8 Uses Class operations, provide the opportunity to support lifelong skills development, strengthening the labour force qualifications and experience profile.

7.6 The Proposed Development will support local and strategic economic and social growth ambitions, boosting economic flows across the functional economic area.