

Economic Benefits Summary Statement

Land at Hoad Way, Theale, West Berkshire

August 2023

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Client

CP Logistics UK Reading Propco Ltd

Our reference

FIRS3002

August 2023

Economic Benefits Infographic

PROPOSED DEVELOPMENT: Construction of two employment units for flexible uses, including light / general industrial and storage & distribution uses (including ancillary office floorspace) with associated works

SITE: Land at Hoad Way, Theale

Construction Phase



£9.8 million

Investment

In the construction of the proposed development¹



45 gross jobs

Full-time equivalent (FTE) jobs supported on average during construction (c. 1.25 years)

Generating 30 net direct jobs

In the South East, including 15 jobs (FTE) for West Berkshire residents

Plus 15 net indirect / induced jobs

In the South East, including 5 jobs (FTE) for West Berkshire residents



£6.5 million

Productivity boost

GVA² economic output during construction, including £5.5 million in West Berkshire

Operational Phase



150 jobs supported on site

Generating 100 net direct jobs

In the South East, including 55 jobs (FTE) for West Berkshire residents

Plus 50 net indirect / induced jobs

In the South East, including 15 jobs (FTE) for West Berkshire residents



£11.8 million

Productivity boost

GVA economic output annually including £9.0 million in West Berkshire



9,890 sq m (GEA)

High-quality employment floorspace

Designed to attract logistics and light industrial operators



£500,000

Business Rates

Collected each year by West Berkshire Council

¹ Construction costs estimated by the Applicant.

² GVA (Gross Value Added) measure the value of output created (i.e. turnover) net of inputs used to produce a good or service (i.e. production of outputs). It provides a key measure of economic productivity. Put simply the GVA is the total of all revenue into businesses, which is used to fund wages, profits and taxes. Please note that the GVA estimates presented here are workplace-based, where GVA is allocated to the area in which the economic activity takes place.

Economic Benefits Summary Statement

Introduction

1. This Statement has been prepared by Turley Economics on behalf of CP Logistics UK Reading Propco Ltd in support of its proposals to develop c. 9,600 sqm (Gross Internal Area) across two flexible employment units (Use Classes E(g)(iii)/B2/B8) – designed to attract logistics operators – on land to the north of the A4, Theale ('the Proposed Development').
2. The description of development is as follows:

'Full planning application for the construction of 2 employment units for flexible uses within Class E (light industrial), B2 and/or B8 of the Use Classes Order (including ancillary office provision) with associated enabling works, access from Hoad Way, parking and landscaping.'
3. The purpose of this Statement is to quantify the potential economic benefits to the local authority area of West Berkshire and wider South East region estimated to be generated from delivery of the Proposed Development.
4. The assessment is based on a standard and accepted methodology for the calculation of net additional economic impacts associated with commercial development. The assessment is informed by the Homes and Communities Agency's (HCA, now known as Homes England) Additionality Guideⁱ and draws on published statistical data sources.
5. The following provides a summary of the quantifiable economic impacts of the Proposed Development, spanning both its temporary construction phase and subsequent operational lifetime.

Construction Phase

Investment and Gross Employment

6. It is estimated that the Proposed Development will require construction investment of **£9.75 million** over the scheme's anticipated 1.25-year build period.ⁱⁱ
7. Investment of this scale could be expected to support approximately **55** 'person-years' of direct employment, based on the average turnover per employee in the construction industry in the South East.ⁱⁱⁱ This equates to an average of circa **45** gross full-time equivalent (FTE) construction-related jobs throughout the approximate 1.25 year construction period.

Net Additional Employment Impacts

8. After accounting for the additionality factors of leakage^{iv} and displacement,^v it is estimated that an annual average of **30** direct net additional FTE construction jobs will be created for residents of the South East, including **15** FTE jobs for workers residing in West Berkshire.

9. On-site businesses' expenditure on materials, goods and other services, purchased from a wide range of suppliers, will have far-ranging benefits both locally and further afield as it filters down the supply chain (this being termed 'indirect effects'). Employees working in businesses related to this expenditure will subsequently also spend their wages on goods and services (this being termed 'induced effects'). In line with published guidance, economic multipliers have therefore been applied to estimate these impacts in terms of employment.
10. After accounting for these economic multiplier effects^{vi} it is estimated that a further **15** net additional indirect and induced FTE jobs will also be supported in the South East region, including **5** FTE jobs taken by West Berkshire residents.
11. Summing the above direct, indirect and induced employment figures, it is calculated that the construction of the Proposed Development will support **45** net additional FTE jobs in the South East, **20** of which will be for residents of West Berkshire. This is summarised in **Table 1.1** below.

Table 1.1: Construction Phase Employment

Employment	West Berkshire	South East
Person-years of Employment		55
Construction Period (Years)		1.25
Gross FTE Employment		45
Direct Net Additional FTE Employment	15	30
Indirect / Induced Net Additional FTE Employment	5	15
Total Net Additional FTE Employment	20	45

Source: Turley Economics, 2023

Productivity Impacts

12. The construction of the Proposed Development will also generate economic productivity, measured in Gross Value Added (GVA).
13. Analysis of estimates published by Experian^{vii} indicates that FTE construction employees in West Berkshire each generate an average of c. £92,000 GVA annually, this being slightly lower than the all-sector West Berkshire average of c. £98,000. It should be noted that both these figures are significantly higher than the annual GVA generated per FTE worker in the South East (£78,800).
14. Based on Experian's estimates for the productivity generated by workers in the construction sector, it is estimated that the direct employment associated with the Proposed Development will generate **£4.0 million** in direct net additional GVA in West Berkshire each year.

15. After accounting for multiplier effects (based on the average GVA per worker in the local area and the region^{viii}) it is estimated that the Proposed Development will make a further **£1.2 million** annual net additional GVA contribution to the South East economy through indirect and induced impacts, inclusive of **£0.4 million** concentrated in West Berkshire.
16. Summing and multiplying out the above figures over the total construction phase, it is estimated that the Proposed Development will generate **£6.5 million** in direct, indirect and induced net additional GVA within the South East during its 1.25 year construction, of which **£5.5 million** will be concentrated in West Berkshire. This is summarised in **Table 1.2** below.

Table 1.2: Construction Phase GVA

GVA	West Berkshire	South East
Direct Net Additional GVA (Annual)	£4.0 million	
Indirect / Induced Net Additional GVA (Annual)	£0.4 million	£1.2 million
Total Net additional GVA (Annual)	£4.4 million	£5.2 million
Total Net Additional GVA (Construction Period)	£5.5 million	£6.5 million

Source: Turley Economics, 2023

Operational Phase

Gross Employment

17. Once fully occupied and operational, the employment floorspace at the Proposed Development has the potential to support a gross total of **150 FTE jobs** on site.^{ix}

Net Additional Employment Impacts

18. After accounting for the additionality factors of leakage^x and displacement,^{xi} it is estimated that **100** direct net additional FTE jobs will be created in the South East once the development is operational, including **55** FTE jobs for West Berkshire residents.
19. After accounting for economic multiplier effects,^{xii} it is estimated that a further **50** net additional indirect and induced FTE jobs will be generated in the South East region, including **15** FTE jobs for West Berkshire residents.
20. Summing the above direct, indirect and induced employment figures, it is calculated that the operations of the Proposed Development will support a total of **150** net additional FTE jobs in the South East, inclusive of **70** FTE jobs for residents of West Berkshire. This is summarised in **Table 1.3** below.

Table 1.3: Operational Phase Employment

Employment	West Berkshire	South East
Gross FTE Employment	150	
Direct Net Additional FTE Employment	55	100
Indirect / Induced Net Additional FTE Employment	15	50
Total Net Additional FTE Employment	70	150

Source: Turley Economics, 2023

Productivity Impacts

21. Considering the businesses anticipated to be accommodated on site – most likely within the transport and storage sector – analysis has again been conducted using Experian forecasts of the annual GVA generated by the employment supported by operations.^{xiii}
22. Based on Experian’s estimates for the productivity generated by workers in the transport and storage sector, it is estimated that the direct employment associated with the Proposed Development will generate **£7.6 million** in direct net additional GVA in West Berkshire each year.
23. After accounting for multiplier effects (again based on the average GVA per worker in the local area and the region^{xiv}) it is estimated that the Proposed Development will make a further **£4.2 million** annual net additional GVA contribution to the South East economy through indirect and induced impacts, inclusive of **£1.4 million** concentrated in West Berkshire.
24. Summing the above direct, indirect and induced figures, it is calculated that the Proposed Development will make a total annual net additional contribution of **£11.8 million** GVA to the South East economy, inclusive of **£9.0 million** concentrated in West Berkshire. This is summarised in **Table 1.4** below table.

Table 1.4: Operational Phase GVA

GVA	Local Impact Area	Wider Impact Area
Direct Net Additional GVA (Annual)	£7.6 million	
Indirect / Induced Net Additional GVA (Annual)	£1.4 million	£4.2 million
Total Net Additional Impact (Annual)	£9.0 million	£11.8 million

Source: Turley Economics, 2023

Business Rate Revenue

25. Based on the quantum and type of industrial / warehousing floorspace delivered by the Proposed Development, it is estimated that its operational phase will generate an uplift in business rate payments to be collected by West Berkshire Council equating to **£500,000** per annum.
26. Under current business rate retention arrangements (50% for the local authority) it is therefore estimated that **£250,000** in business rate revenue will be retained by West Berkshire Council each year, helping to maintain and enhance local public services.

Conclusion

27. In summary, the benefits associated with approval and delivery of the Proposed Development will positively contribute to the local and regional economy.
28. Its construction will generate initial temporary direct benefits through employment and indirect benefits through supply chain spending, and, once operational, its positive impacts will be experienced for long afterwards, providing an important source of local economic benefit.
29. The operation of the industrial / warehousing floorspace will support a range of employment opportunities on site, with this employment contributing to uplifts in economic productivity in both West Berkshire and across the wider South East, supporting local and national policy objectives regarding sustainable economic growth.

References

ⁱ HCA (2014) Additionality Guide, 4th Ed.

ⁱⁱ Construction cost estimates provided by the Applicant. Additional assumptions made to account for professional fees.

ⁱⁱⁱ Department of Business, Energy and Industrial Strategy (2022) Business Population Estimates 2022: Table 18 South East

^{iv} ONS via Nomis (2023) 2011 Census: WU01UK - Location of usual residence and place of work by sex.

^v In line with the HCA's Additionality Guide's recommendation and acknowledging the fact there is potential for some activity to be displaced, a 'low' displacement rate of 25% has been assumed at the local authority level. A low rate of displacement has also been assumed at the regional level.

^{vi} In line with the HCA's Additionality Guide's recommendation, a multiplier of 1.25 has been applied at the local authority level, this increasing to 1.5 at the regional scale.

^{vii} Experian (2023) Local Market Forecasts Quarterly: June 2023. Average annual GVA per FTE worker between 2018-22 taken for relevant employment sectors in West Berkshire and the South East.

^{viii} Ibid.

^{ix} Employment estimates applied in line with the HCA's Employment Density Guide, 3rd Ed.

^x ONS via Nomis (2023) 2011 Census: WU01UK - Location of usual residence and place of work by sex.

^{xi} In line with the HCA's Additionality Guide's recommendation and acknowledging the fact there is potential for some activity to be displaced, a 'low' displacement rate of 25% has been assumed at the local authority level. A low rate of displacement has also been assumed at the regional level.

^{xii} In line with the HCA's Additionality Guide's recommendation, a multiplier of 1.25 has been applied at the local authority level, this increasing to 1.5 at the regional scale.

^{xiii} Experian (2023) Local Market Forecasts Quarterly: June 2023. Average annual GVA per FTE worker between 2018-22 taken for relevant employment sectors in West Berkshire and the South East.

^{xiv} Ibid.

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