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# WISHER CONSULTING

NORTH WARWICKSHIRE  
BOROUGH COUNCIL  
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PLANNING & DEVELOPMENT  
DIVISION

## Land at Lichfield Road, Junction 9 M42 – Economic Need & Benefits Report

Client : Richborough Commercial

Date : June 2024

Report Status : Final Report



# Contents

	Page
1. Introduction	1
2. Need for Jobs / Economic Benefits	2
3. Type & Scale of Jobs / Economic Benefits Created	8
4. Conclusions	12

Appendix A - Additional Travel Time Plans

# 1. Introduction

- 1.1 This Economic Needs & Benefits Report has been prepared by Wisher Consulting on behalf of Richborough Commercial (the Applicant) in support of a planning application for employment development on land at Lichfield Road, Junction 9 of the M42.
- 1.2 The application is an Outline Planning Application with all matters reserved (appearance, landscaping, layout and scale) save for access.
- 1.3 The description of development for this application is as follows:

“Outline planning application, with all matters reserved (except for access), for employment development (Use Class B2/B8 with ancillary E(g)), together with habitat creation, landscaping, parking, service yards, HGV waiting area, footpaths/cycleways, and other associated infrastructure”.
- 1.4 The scheme will deliver B2/B8 floorspace with ancillary E(g) floorspace of up to 65,032 sqm, with the site likely to be particularly attractive to logistics/distribution operators.
- 1.5 This short report sets out:
  - The main economic needs in North Warwickshire and immediately adjacent areas that this scheme will help meet.
  - The range of economic, employment and fiscal benefits the scheme will deliver.
- 1.6 Wisher Consulting is the new venture of Darren Wisher. Darren is an experienced economist and was previously Managing Director of both Regeneris Consulting and the UK economics consulting arm of Hatch.
- 1.7 This report does *not* cover employment land need nor market need, with that topic being covered separately by Lambert Smith Hampton (LSH).

## 2. Need for Jobs / Economic Benefits

2.1 At first sight, North Warwickshire is in many respects an economic success story. For example:

- North Warwickshire already has a higher than average “job density”. Job density represents the ratio of total jobs to population aged 16-64. The latest 2021 data from the Office for National Statistics (ONS) shows that North Warwickshire has a job density of 1.23, substantially higher than GB average of 0.85.
- North Warwickshire exhibits net in-commuting (rather than net out-commuting). North Warwickshire had a net inflow of 8,350 workers each day according to 2011 Census<sup>1</sup> – which means far more people travel into the district for work than travel out. This is not typical for a location on the fringes of a big city.
- North Warwickshire has relatively low levels of economic inactivity. ONS data shows that in 2022 economic inactivity stands at 11.0% in North Warwickshire, considerably lower than the West Midlands average (21.4%) and GB average (21.2%).

2.2 Notwithstanding these positive headlines, North Warwickshire and neighbouring communities exhibit demonstrable economic needs:

- Whilst economic inactivity is low in percentage terms, there is still a level of inactivity that needs to be tackled in North Warwickshire. There are circa 970 unemployed residents and deprivation issues in the east of the district around Atherstone. The district is not huge geographically and these pockets of deprivation are located less than 7km from the proposed development.
- North Warwickshire and the site area specifically are highly integrated economically with neighbouring districts – especially the east side of Birmingham and the northern segment of Solihull. There are very substantial labour market and employment needs in these neighbouring districts, with a large number of extremely deprived communities within a reasonable travel time of the site. The site is perfectly placed to help meet these needs.
- There are emerging/future employment needs in North Warwickshire that are substantially greater than past needs due to accelerating population growth in the district. Population is forecast to increase by circa 10,500 in the next 20 years, far higher than the growth of 3,500 in the last 20 years, and the rate of job creation will need to quicken.

2.3 In addition, there is a pressing need to support the fiscal base of the Council. The Council currently needs to find creative ways to boost income and additional Business Rate capture is a potential mechanism. The Business Rate yield from the development will be significant.

2.4 Each of the **four points** above are expanded on below:

### Absolute Levels of Inactivity and Deprivation

2.5 Whilst North Warwickshire has a low percentage economic inactivity rate, there are still a significant number of residents who are economically inactive and want a job.

2.6 According to the ONS Claimant Count data there were 970 unemployed claimants in North Warwickshire as at December 2023.

2.7 The district is not without pockets of deprivation. Figure 2.1 (over page) shows that there are pockets of deprivation in the east of the district around Atherstone.

<sup>1</sup> Travel to work data from the 2021 Census is very heavily distorted by the work from home restrictions of the COVID outbreak. 2011 Census data remains the best source of information on travel to work patterns.

- 2.8 Although Atherstone is at the other edge of the district to the development site, North Warwickshire is not a large district and Atherstone is easily reached within a short drive time (see later commentary about public transport links).
- 2.9 Provision of logistics jobs in North Warwickshire will fit with existing labour market specialisms and workforce skills. Table 2.1 shows a much higher proportion of logistics related jobs in North Warwickshire compared to benchmark areas.

Table 2.1 : Selected Employment Sectors

	North Warwickshire		West Midlands (%)	GB (%)
	Jobs (No)	% of total		
Wholesale And Retail Trade	9,000	17.3	16.1	14.4
Transportation And Storage	11,000	21.2	5.9	5.0

Source : ONS Business Register and Employment Survey 2022

### Economic Needs in Neighbouring Locations.

- 2.10 Various reports evidence the fact that North Warwickshire sits within both the Coventry and Warwickshire FEMA<sup>2</sup> (Functional Economic Market Area) and also the Birmingham FEMA<sup>3</sup>. Functional labour markets are demonstrably not constrained by administrative boundaries.
- 2.11 The site sits very close to Birmingham, Solihull and Tamworth districts, and also to the districts of Coventry and Nuneaton & Bedworth and there is a plentiful source of labour across these wider areas. In total, there are:
- 2.3 million residents within a 30-minute drive-time, 68,000 of whom are currently unemployed.
  - 4.8 million residents within a 45-minute drive-time, 129,000 of whom are currently unemployed.
  - 7.7 million residents within a 60-minute drive-time, 190,000 of whom are currently unemployed.
- 2.12 There are severe issues of deprivation and jobs shortages within communities within neighbouring districts – see Figure 2.1 and Appendix A. More specifically:
- The site is approximately 4-6 km from the communities of Erdington, Gravelly Hill and Castle Vale in East Birmingham. These communities contain some of the highest deprivation levels in England. They are all located within the 30-minute drive time. Across Birmingham as a whole there are currently 64,000 residents registered as unemployed.
  - The site is some 4-5 km from the Solihull communities of Kingshurst and Fordbridge. Whilst Solihull as a whole is regarded as a relatively affluent area the northern tip of the district suffers intense deprivation. These northern-Solihull communities are all located within the 30-minute drive time. Across Solihull as a whole there are currently 4,100 residents registered as unemployed.
  - Tamworth is a relatively small district but with definite pockets of intense deprivation around the town centre, which is just 8 km from the site. Tamworth falls within the 30-minute drive time. Across Tamworth as a whole there are currently 1,700 residents registered as unemployed.
- 2.13 The site is also easily accessible from the Black Country districts (Dudley, Sandwell, Wolverhampton and Walsall) where there are significant issues of multiple deprivation.

<sup>2</sup> See for example, Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA). November 2022.

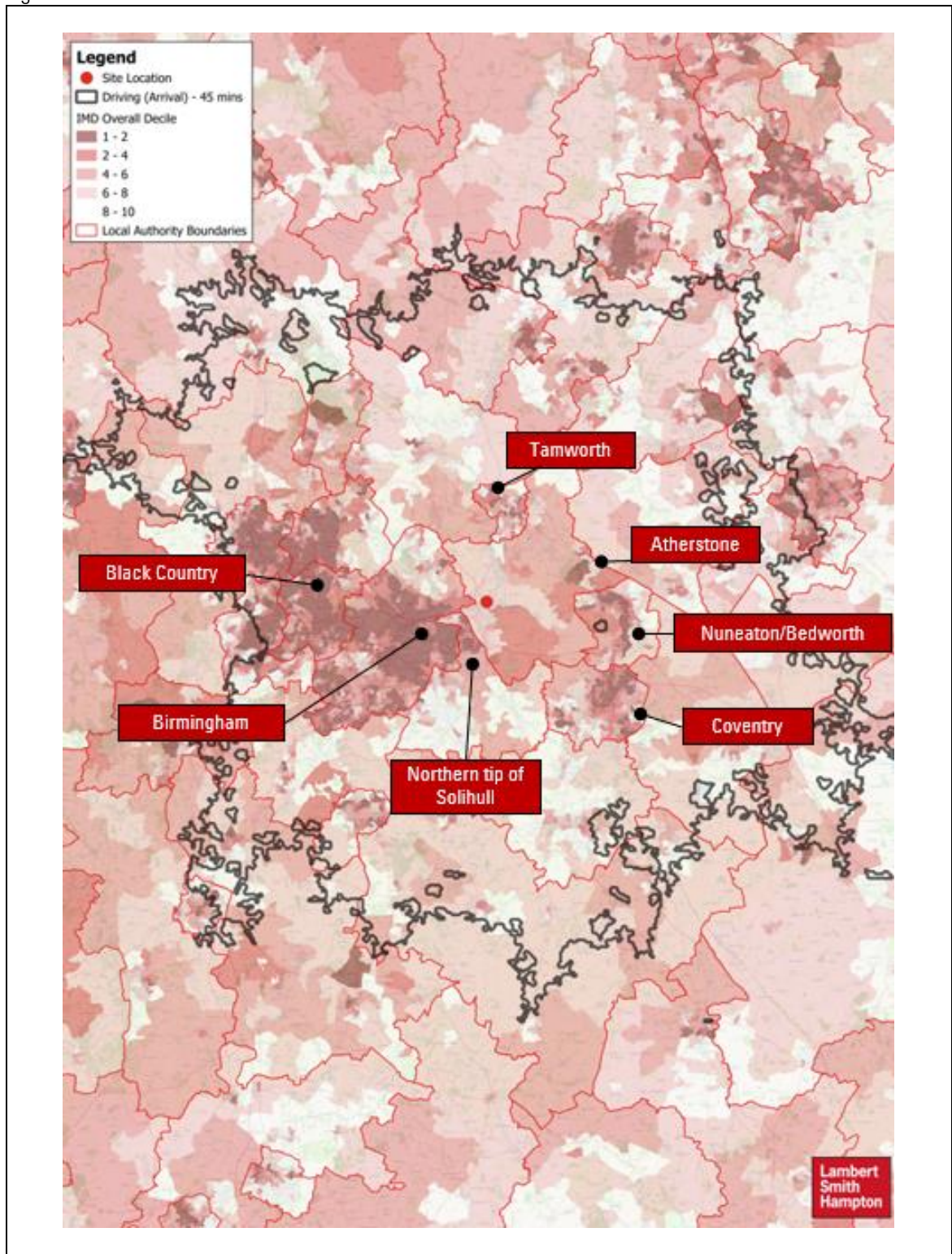
<sup>3</sup> See for example, Birmingham Housing and Economic Development Needs Assessment. April 2022.

*Public Transport Accessibility*

- 2.14 A series of public transport improvements are proposed as part of the application. These improvements are detailed in the work of Hub Transport Planning Ltd and involve improvements to both the X13 and 76 bus services.
- 2.15 With these improvements in place public transport accessibility to the site will broaden considerably (see Figure 2.2). In particular, the improvements will facilitate accessibility into:
- The communities of East Birmingham.
  - The communities of North Solihull
  - The communities of Tamworth.
- 2.16 With the public transport improvements in place the 60-minute bus catchment<sup>4</sup> will contain:
- A population of 225,000.
  - 2,200 unemployed residents.

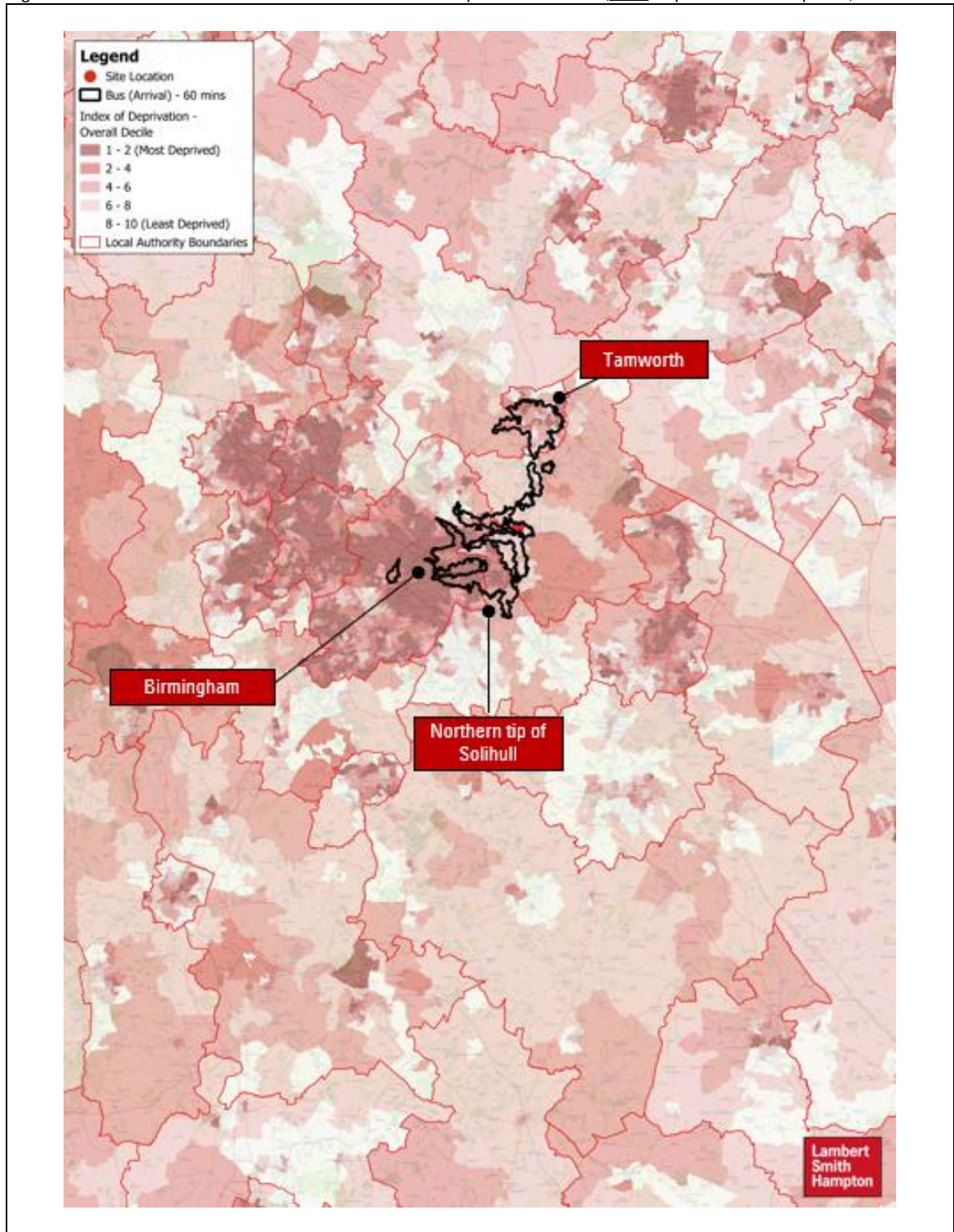
<sup>4</sup> The 60-minute bus catchment includes an allowance for a 10-minute walking distance at both ends of the journey – i.e. a 40-minute bus journey plus associated walking time.

Figure 2.1 : Labour Catchment – 45 Minute Drive Time Catchment from the Site



Source : Hub Transport Planning Ltd/LSH/2019 Index of Multiple Deprivation

Figure 2.2 : Labour Catchment – 60 Mins Public Transport Catchment (with improvements in place)



Source : Hub Transport Planning Ltd/LSH/2019 Index of Multiple Deprivation



### Future Employment Needs

- 2.17 The likely pace of future labour market growth in North Warwickshire is likely to be faster than that witnessed in the past. Overall population is forecast to increase by circa 10,500 in the next 20 years according to the government's latest population forecasts<sup>5</sup>, far higher than the population growth of 3,500 in the last 20 years.
- 2.18 A significant share of future population growth (+4,100) is within the core working age 16-64 category. The acceleration of population growth means that there will need to be a commensurate acceleration of employment growth if North Warwickshire is to maintain its healthy employment density.
- 2.19 The adopted Local Plan identifies the need for the delivery of circa 9,600 new homes between 2011 and 2033. Many of these new homes will be well located for access to the proposed employment site.

### Boosting the Fiscal Base

- 2.20 The latest two-year North Warwickshire Council Corporate Plan (2021-23) states that "managing our financial position will be very challenging going forward" (p3). This is a common issue across UK local Government and new sources of income are essential in underpinning strong and stable local Government finances.
- 2.21 The current UK Business Rate system allows for a certain amount of business rate growth above a set figure to be partially retained by the Council. However, the ability to retain locally any expansion in revenues is partly offset by additional payments that would be due from the Council.
- 2.22 The current 2023-2024 North Warwickshire Council Budget Summary reinforces the budget pressures and states for 2023/24 the level of budget reduction required totalled £1.9 million with further reductions of £100,000 in 2024/25 and £550,000 in 2025/26 (p5). The Budget Summary also states that the economic position is difficult and could impact negatively on the collection of business rates in 2023/24.

<sup>5</sup> See 2018-based subnational population projections for period 2023 to 2043.

## 3. Type & Scale of Jobs / Economic Benefits Created

### Construction Jobs

- 3.1 The enabling and construction phase will support the local construction sector. It is estimated by Richborough that total construction costs, inclusive of infrastructure works, across the proposed development will be circa £60 million. Construction is likely to span circa two years - so this implies circa £30 million of construction spend per annum.
- 3.2 Government provides metrics on the ratio of construction spend to job creation<sup>6</sup>. For a development such as this employment scheme, the guidance suggests a figure of 20 jobs per £1 million of construction turnover. On this basis, the proposed development will support in the region of 600 on and off-site construction jobs per annum. This figure includes both contractors on-site and in construction supply chains off-site.
- 3.3 Construction jobs are to be highly valued. The construction industry offers very accessible employment opportunities, with extensive use of apprenticeships and trainees.
- 3.4 The construction sector also offers more social mobility than any other sector of the UK economy. 53% of those in management or professional roles in construction were from families where the main earning parent was from a skilled trade of a lower occupational group<sup>7</sup>.

### Permanent Occupier Jobs

#### On-Site

- 3.5 The new development plots will yield a substantial number of new on-site jobs. The proposed development will involve the construction of 65,032 sqm of new B2/B8 floorspace across a range of units. The units will be primarily targeted at the logistics and distribution sector.
- 3.6 The assessment of effects outlined below is based on a fully complete and fully occupied scheme.
- 3.7 Official guidance is provided by the Homes and Communities Agency (now under the trading name of Homes England) on employment creation metrics<sup>8</sup> and has been used in this assessment. Given the type of floorspace to be created, the "regional distribution facility" category is selected from the employment density guidance. This shows a recommended employment density of 77 sqm per FTE job. It should be noted that the overall density for distribution facilities factors in a small element of office provision which is common in logistics units.
- 3.8 Based on the above, some 845 FTE jobs would be accommodated in a fully developed and fully occupied scheme. If the development attracted more B2 occupiers rather than B8 occupiers then the jobs impact would increase.
- 3.9 Jobs are expressed in FTEs (Full Time Equivalent) as set out in the employment density guidance. The actual number of jobs, when an element of part time working is factored in, will be greater.
- 3.10 Table 3.1 provides an estimated breakdown of staff roles using information from Working Futures. It is clear that jobs will be available across all occupational groups – spanning management and leadership through to entry level roles.

<sup>6</sup> OffPAT Construction Job Appraisal Guidance.

<sup>7</sup> Source: The Real Face of Construction 2020. Chartered Institute of Building.

<sup>8</sup> Homes and Communities Agency. Employment Density Guide, 3<sup>rd</sup> Edition.

Table 12.6 – Likely Occupational Breakdown

Occupations	No of Roles	% Breakdown
Managers & directors	68	8%
Professional, associate and technical occupations	118	14%
Administrative & skills	123	15%
HGV drivers	102	12%
Van drivers	94	11%
Other machine operatives (incl. forklift drivers)	94	11%
Elementary occupations	144	17%
Other occupations	102	12%
Total (FTE)	845	

Source: Occupational Breakdown provided by Warwick Institute for Employment Research and Cambridge Econometrics (2014), Working Futures. Assumes development attracts B8 occupiers.

- 3.11 The jobs created will primarily be in the logistics sector and provide a strong match with the skills available in the local economy. As the earlier section set out, Transportation/Storage accounts for 21.2% of jobs in North Warwickshire and Wholesale & Retail Trade sector accounts for 17.3%.
- 3.12 Occasionally, it is suggested by local residents that logistics jobs are of lesser quality and not desirable. That is an erroneous position and not backed up by evidence. The evidence actually shows that distribution/logistics jobs are good quality and highly sought after:
- The sector supports an overall higher proportion of full-time employment when compared with the wider economy. Nationally, 84% of all employee jobs in the logistics sector are full-time compared with only 68% across the whole economy<sup>9</sup>.
  - The sector supports roles across a wide range of occupations requiring different skills levels. Research suggests that around a quarter of all jobs in logistics can be categorised as “high skilled” (such as managers and directors, analysts, programmers and software developers)<sup>10</sup> – see also Table 3.1.
  - Salaries for jobs in logistics vary based on role, occupation, sub-sector and experience. However, at £31,600 per annum, median salaries in logistics are generally higher than the equivalent median salary (of around £25,000) across the wider economy<sup>11</sup>.
  - The shift towards a high-skilled employment model is, in part, driven by developments in automation. Research by the FTA<sup>12</sup> indicates that automation will not replace jobs but lead to smarter jobs that require higher skills and investment in staff training.
  - Workplace amenity is a growing objective for logistics operators, ensuring employees have good working conditions. Occupiers and developers know they need to provide high-quality working environments to ensure that their facility can attract and retain key talent.
- 3.13 The evidence therefore is that the new jobs created at the scheme will be good quality, and highly sought after.
- 3.14 Whilst the 2011 Census of Population is somewhat dated, it provides the latest and most complete national snapshot of typical travel to work patterns for people in different industries. Overall, the Census indicates that more than half (i.e. 54%) of all people employed in the transport and storage sector in the UK travel less than 10km for work. More specifically:
- 15% travel less than 2km to their place of work.

<sup>9</sup> ONS, Business Register and Employment Survey, 2018

<sup>10</sup> Freight Trade Association (2019), FTA Logistics and Skills Report, 2019

<sup>11</sup> British Property Federation (2020), Delivering the Goods in 2020

<sup>12</sup> Freight Trade Association (2019), FTA Logistics and Skills Report, 2019

- 35% travel less than 5km.
- 54% travel less than 10km.
- 71% travel less than 20km.

3.15 It therefore follows that a large proportion of the jobs created at the proposed development will be taken by local residents of North Warwickshire and adjoining districts.

### Off-Site Employment

3.16 Additional off-site jobs will also be created as a result of the proposed development. There are two types of off-site job typically captured in economic impact assessments:

- *Induced employment* (also referred to as a consumption multiplier) associated with the expenditure of those individuals who derive incomes directly from their employment at the scheme.
- *Indirect employment* (also referred to as a supply linkage multiplier) due to corporate purchases made by occupiers at the scheme with linked firms along the supply chain.

3.17 These two off-site effects are often combined and labelled as off-site multiplier effects. Homes and Communities Agency (now Homes England) has for many years provided so-called Additionality Guidance<sup>13</sup>. The Guidance is in place to provide economic impact practitioners with rules of thumb on multiplier effects.

3.18 The latest version of the Additionality Guidance suggests a multiplier of circa 0.20 for an area that broadly approximates with North Warwickshire – meaning that for every 100 direct on-site jobs a further 20 would be created off-site in North Warwickshire. There will therefore be a further 169 FTE off-site jobs created (845 X 0.2).

### GVA Effects

3.19 Gross Value Added (GVA) is a measure of wealth that combines compensation of employees, company profits and surpluses and corporate taxation. Research has been gathered from a variety of sources on GVA per worker benchmarks for relevant sectors, including:

- The “Delivering the Goods” report by the British Property Federation puts GVA per worker in the UK logistics sector at £83,000 per annum.
- The Federation of Wholesale Distributors has assembled economic evidence for the UK food and drink distribution sector that puts GVA per worker in the sector at £50,000 per annum.

3.20 On the basis of the above, this assessment uses a blended GVA per worker estimate of £65,000 per annum to estimate total GVA effects.

3.21 Total estimated employment as a result of the scheme stands at 1,014 FTE jobs (comprised 845 FTE on-site jobs + 169 FTE off-site jobs). Total GVA effects are therefore estimated at a significant £65 million per annum.

### Fiscal Impacts

3.22 The new development plots will also give rise to significant Business Rates receipts once built and occupied. Valuation Office Agency (VOA) data suggest that the average rateable value of property on industrial and distribution facilities near to the scheme is of the order of £75 per sqm, and a standard multiplier of 51 pence in the pound applies.

3.23 On this basis the development and occupation of the proposed development (@ 65,032 sqm) will yield in the region of £2.5 million of additional business rate revenue each year.

<sup>13</sup> Homes and Communities Agency. Additionality Guidance, 4th Edition.

- 3.24 The current UK Business Rate system allows for a certain amount of business rate growth above a set figure to be partially retained by the Council. However, the ability to retain locally any expansion in revenues is partly offset by additional payments that would be due from the Council.

## 4. Conclusions

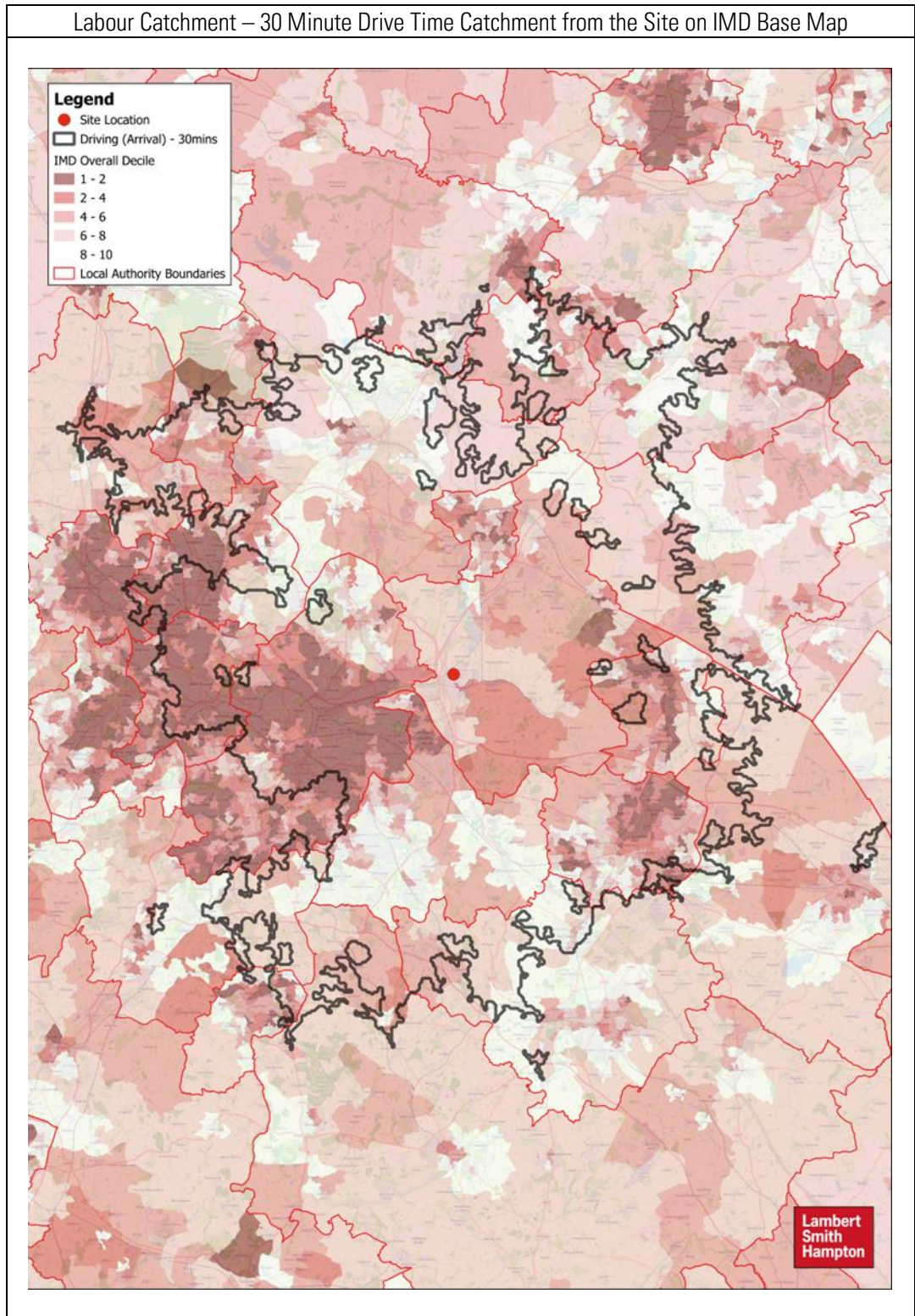
### Economic/Fiscal Needs

- Whilst economic inactivity is low in percentage terms, there is still a level of labour market need that currently needs to be tackled in North Warwickshire. There are currently 970 unemployed residents in the district and deprivation issues in and around Atherstone. Atherstone is no more than a 20-25 minute drive time from the site.
- North Warwickshire and the site area specifically are highly integrated economically with neighbouring districts – especially the east side of Birmingham, the northern segment of Solihull and Tamworth. There are very substantial current labour market and employment needs in these neighbouring communities, many of which are no more than 6km from the site. They are all easily within a 30-minute drive time of the site. Most of these areas already have some public transport links to the site and these links will be strengthened and broadened through public transport improvements that are proposed as part of this application.
- There are future employment needs in North Warwickshire that will arise due to accelerating population growth in the district. Population is forecast to increase by circa 10,500 in the next 20 years, far higher than the growth of 3,500 in the last 20 years and this will require a commensurate uplift in levels of employment growth.
- There is a pressing need to support the fiscal base of the Council. The Council currently needs to find creative ways to boost income and additional Business Rate capture is one of the potential mechanisms that can be used.

### Economic/Fiscal Benefits

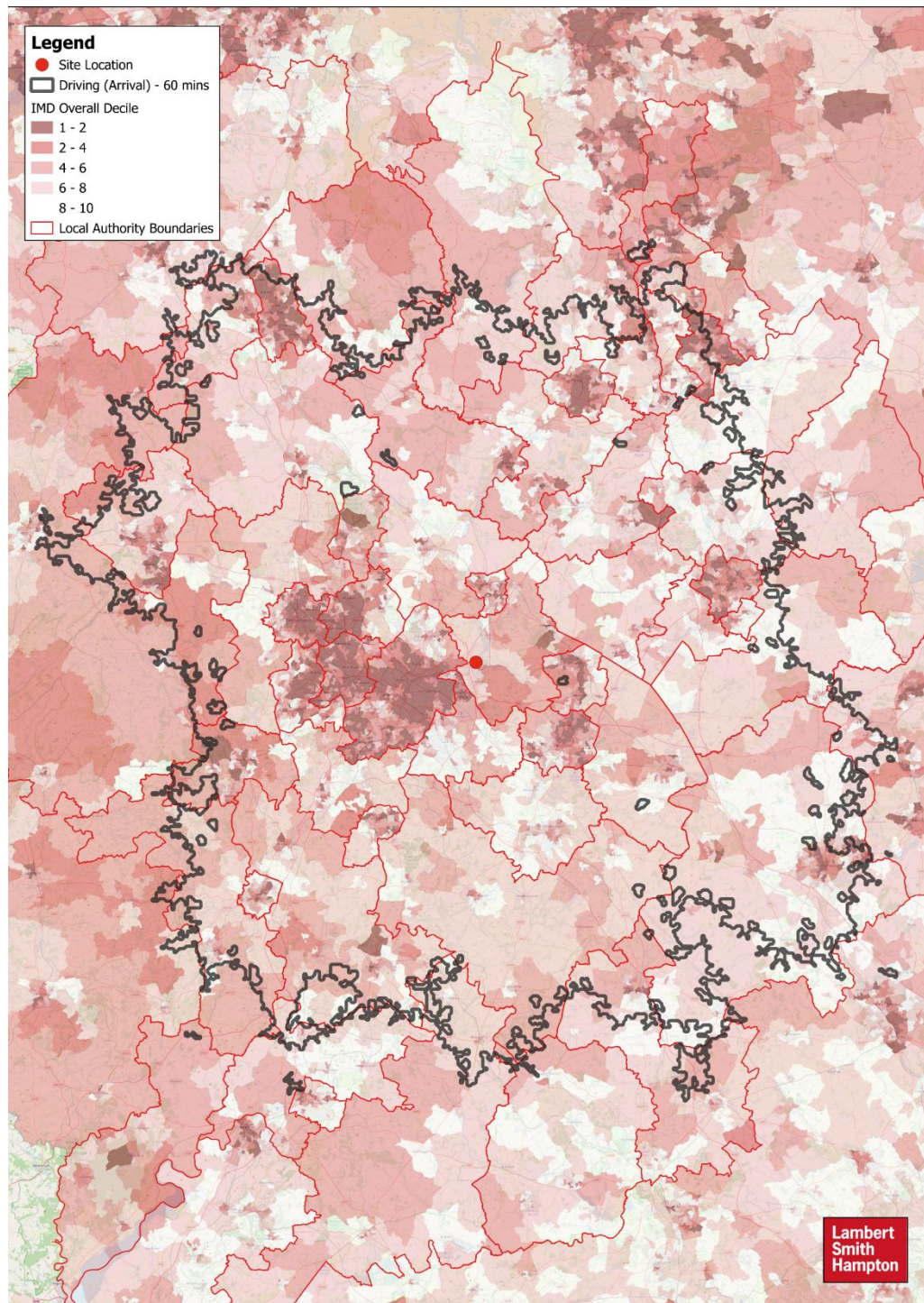
- The proposed development will support in the region of 600 on and off-site construction jobs per annum. This figure includes both contractors on-site and in construction supply chains off-site. spread over an assumed 2-year construction period. The construction industry offers very accessible employment opportunities, with extensive use of apprenticeships and trainees. It also offers more social mobility than any other sector of the UK economy.
- Total estimated operational phase employment as a result of the proposed development stands at 1,014 Full time Equivalent (FTE) jobs, comprised 845 FTE on-site jobs plus 169 FTE off-site jobs in local supply chains.
- Gross Value Added (GVA) is a measure of wealth and another metric through which to assess the scale of positive economic impacts. The on and off-site jobs will generate a very significant £65 million GVA impact per annum.
- Empirical evidence shows that distribution/logistics jobs are good quality and highly sought after. They are predominantly full time, command salaries above the UK all-sector average and are available across a range of skill levels. Research suggests that around a quarter of all jobs in logistics can be categorised as “high skilled” (such as managers and directors, analysts, programmers and software developers).
- The jobs will realistically go to local residents. Empirical evidence on the logistics sector shows that over 50% of the on-site workforce will be drawn from within a 10km radius of the site. There is substantial labour market need within the 10km site catchment, and an already established presence of logistics operators and relevant workforce skills.
- The development and occupation of the proposed development will yield in the region of £2.5 million of Business Rate revenue each year, although the extent to which this will be retained locally is limited.

Appendix A – Additional Travel Time Plans



Source : Hub Transport Planning Ltd/LSH/2019 Index of Multiple Deprivation

Labour Catchment – 60 Minute Drive Time Catchment from the Site on IMD Base Map



Source : Hub Transport Planning Ltd/LSH/2019 Index of Multiple Deprivation



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