

Economic Statement: Oldlands Farm, Phase 2

HJA is a specialist economic development consultancy that works with both private and public sector clients to design, deliver and demonstrate economic growth and development.

HJA has been instructed by Hanbury (PM) Ltd to prepare an economic statement in respect of proposed development at Oldlands Farm within Arun District. Specifically, this relates to mixed B2 and B8 employment proposals forming Phase 2, Oldlands Farm, Steyning Way, Bognor Regis PO22 9NN.

1.1 Context

The site currently benefits from outline planning permission (Ref: AL/58/15/OUT and AL/57/16/PL) which permits two development scenarios. Scenario 1 comprises up to 17,423 sq m of B2 uses, Scenario 2 comprises up to 20,453 sq m of B2 and B8 uses with no more than 13,506 sq m of B8 uses. HJA undertook a headline employment assessment which was submitted as part of the application documentation for AL/58/15/OUT. This noted the potential for the site to deliver 150-170 person years of employment through the construction phase and accommodate 425-565 jobs¹ at full occupancy. Permission was granted in April 2016 and remains extant.

1.2 Current Proposal

Proposed development at Phase 2 of Oldlands Farm comprises four units totalling the following:

- 7,032 sq m (Gross Internal Area or GIA) B2 General Industrial use
- 10,610 sq m (GIA) B8 Storage and Distribution use
- 5% ancillary B1 office uses as mezzanine levels, totalling 882 sq m (GIA) across the four units
- Associated car parking and on-site infrastructure.

1.3 Construction Phase

The construction cost is estimated at c£23.7 million for the proposed Phase 2 development. Additional expenditure is likely to be incurred as a result of fit out. An investment of this scale will directly support 136 person-years² of employment within the construction sector. Employment during this phase is quantified in terms of person-years given that construction activity will be relatively short term, with a range of trades and activities on site at any given time. Directly supported construction sector employment will generate wages of £4.5 million³ through the construction period.

To convert gross direct impacts to net local impacts⁴ requires adjustments for leakage, deadweight, displacement and multipliers. Leakage is a measure of the number of person years of employment expected to go to those living outside the Arun District. This is assessed as medium, in line with established best practice guidance, set out within *Additionality Guide, 4th Edition, 2014, Homes &*

¹ 380-485 FTEs

² Derived using Annual Business Survey (ONS) estimates of turnover per worker for 2015 in the UK.

³ Derived using Annual Survey of Hours and Earnings (ASHE) estimates of median full-time earnings in the construction sector in South East England for 2017.

⁴ With the local area identified as the Arun District.

Communities Agency. On this basis 25% of impact is discounted⁵. Deadweight is a measure of what would happen in the absence of the proposal. This is assessed as zero, with no other construction scheme likely to come forward on the site at the current time. Displacement takes account of other offsetting impacts in the local area i.e. through construction firms turning down other work. This is assessed as very low, and a 10% reduction is applied. Multiplier effects include indirect or induced employment which is also likely to accrue through the supply chain or as incomes earned are spent in the local economy. The construction sector is recognised to have particularly high multiplier impacts locally given the nature of supply chains. This could increase local impact by 30%. Following full account of additionality the net local effects (Arun District) are assessed as 119 person years of employment supporting wages to local residents of £3.9 million.

1.4 Operational Phase

Employment during the operational phase has been estimated by applying employment densities to the proposed mix of uses.

The *Employment Density Guide*, 3rd Edition, November 2015, *Homes & Communities Agency (HCA)* indicates a typical employment density of 36 sq m (GIA) per Full-Time Equivalent (FTE) worker for B2 General Industrial development. The guidance reports a typical employment density of 70-95 sq m (GEA⁶) per FTE within B8 Storage and Distribution development. For B1 Office uses the density guidance ranges from 8-13 sq m per FTE (NIA⁷). For the purposes of this assessment a density assumption of 12 sq m (NIA) per FTE has been adopted for ancillary office space.

On the basis of the best practice guidance, at full occupancy the proposed development has the capacity to reasonably accommodate 375-417 FTE jobs. Following adjustment for part-time⁸ working the estimated total level of on-site jobs is 390-434 at full occupancy.

On the basis of the HJA estimates, total wages at full occupancy⁹ are estimated at £11.0 - £12.3 million per annum arising from the proposed development.

All figures above are quoted as gross direct on-site effects.

Net additional local impacts are assessed taking account of leakage, deadweight, displacement and multiplier effects as with the construction phase. Leakage is assessed as low, with the majority of benefits likely to accrue to local residents. In line with best practice guidance and the 2011 Census a discount of 25% is applied. Deadweight and displacement are assessed as zero. The creation of new employment and economic activity in the Bognor area will support wider economic impacts through indirect and induced multiplier impacts. These will be created through the additional trade generated in supply chains and through the local spending of wages earned by new employees. Adopting a conservative estimate of multiplier effects from the HCA best practice guidance would suggest a 10% uplift to stated net additional benefits.

⁵ This aligns with 2011 Census commuting data which indicates c25% of jobs in Arun District being filled by those living outside the district. The majority of the resulting jobs would likely be filled by those living in neighbouring districts.

⁶ Based on the HCA guidance, GIA figures are increased by 5% to derive estimates of Gross External Area (GEA)

⁷ Based on the HCA guidance, GIA figures are reduced by 15% to estimate Net Internal Area (NIA).

⁸ An uplift of 4% is applied based on analysis of data from the ONS Annual Survey of Hours & Earnings (ASHE)

⁹ Based on ASHE 2017 median full time wages for SIC Section C and sector 52, applied to FTE employment estimates.

Applying these assumptions suggests net additional FTE employment of 309-344 FTEs and 322-358 jobs as a result of the proposed development. This will support wages of £9.1m – £10.1m per annum.

1.5 Conclusion

The construction of the proposed development will support gross direct employment in the construction sector equivalent to 136 person years of employment and support wages of £4.5 million. Taking account of additionality factors indicates net additional local impact of 119 person years of employment to residents of Arun District, generating wages of £3.5 million.

Construction Phase Impacts – Summary Table

	Gross Direct On-Site Impact	Net Additional Local Impact
Person Years of Employment	136	119
Wages	£4.5 million	£3.5 million

Once operational the proposed development will accommodate an estimated 375-417 FTE jobs. Once allowance is made for part time working this increases to an estimated 390-434 jobs. This will support wages of £11.0 - £12.3 million per annum in the local economy.

Taking account of additionality factors indicates net additional local impact of 309-344 FTEs equivalent to 322-358 jobs for local residents generating wages of £9.1 – £10.1 million per annum.

Operational Phase Impacts – Summary Table

	Gross Direct On-Site Impact	Net Additional Local Impact
FTE	375-417	309-344
Jobs	390-434	322-358
Wages (per annum)	£11.0-£12.3 million	£9.1 - £10.1 million

1.6 Glossary

ABS – Annual Business Survey

ASHE – Annual Survey of Hours and Earnings

FTE – Full Time Equivalent

GEA – Gross External Area

GIA – Gross Internal Area

HJA – Hardisty Jones Associates

NIA – Net Internal Area

ONS – Office for National Statistics

SIC – Standard Industrial Classification