



Plumbworkz

Tir Llwyd Enterprise Park

Economic Impact Assessment

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1. Introduction

This paper sets out an assessment of the potential economic impact arising from the proposed development of a new warehouse and distribution facility for Plumbworkz at the Tir Llwyd Enterprise Park. The assessment has been prepared to support a planning application in respect of the proposed scheme, which would enable Plumbworkz to significantly expand its online business on a phased basis. The scheme would involve relocating from existing premises near Wrexham.

The assessment of impact focuses on the job creation effects unlocked through the scheme and consequential benefits in terms of GVA. Alongside the direct benefits arising from the construction of new premises and the expansion of Plumbworkz, it outlines the wider indirect impacts associated with increases in supply chain and employee expenditure, alongside the potential for existing premises to be reused for other business activities.

2. Description

The proposed scheme involves the development of a new warehouse and distribution facility for Plumbworkz, a registered company specialising in the supply of kitchens, bathrooms, tiles and plumbing accessories to the building trade and to the general public. The firm has been operating for a period of ten years and has established retail outlets at Rhuddlan¹ and Llandudno, alongside an important online trading business. The company has a storage and distribution facility based at Llay near Wrexham, which supplies retail outlets and services internet orders. The company currently has approximately 15 employees.

Expansion in the on-line element of the business means that Plumbworkz has out grown its existing distribution facility at Llay. Proposals for the development of new premises at Tir Llwyd Enterprise Park would support the phased expansion of this operation, while also better serving its primary market catchment (North Wales) and its satellite showrooms in Llandudno and Rhuddlan.

The proposed scheme would secure the development of a new facility on a phased basis. Phase 1 would deliver a unit of 2,400 sq m (gross internal area), providing warehouse capacity with ancillary office and staff facilities. Phase 2 would provide the opportunity to double this capacity. Allowing for the continued expansion of the business, it is expected that Phase 2 would be delivered within the 3-5 years of Phase 1.

Tir Llwyd Enterprise Park is located within the local authority area of Conwy directly adjacent to the boundary with Denbighshire. The Park is located on St Asaph Avenue at Kinmel Bay on the outskirts of Rhyl. This established business park currently provides accommodation for a range of primarily locally based businesses and offers good access across North Wales from the A55, around 1.5 miles to the south.

¹ Planning consent has been secured for works to extend the retail outlet at Rhuddlan

3. Baseline Review

Reflecting the location of Tir Llwyd Enterprise Park, this section provides an overview of existing socio-economic conditions within the Conwy and Denbighshire local authority areas, relative to the national average for Wales.

Table 3.1 provides an overview of current performance across key indicators of economic performance at a local authority level.

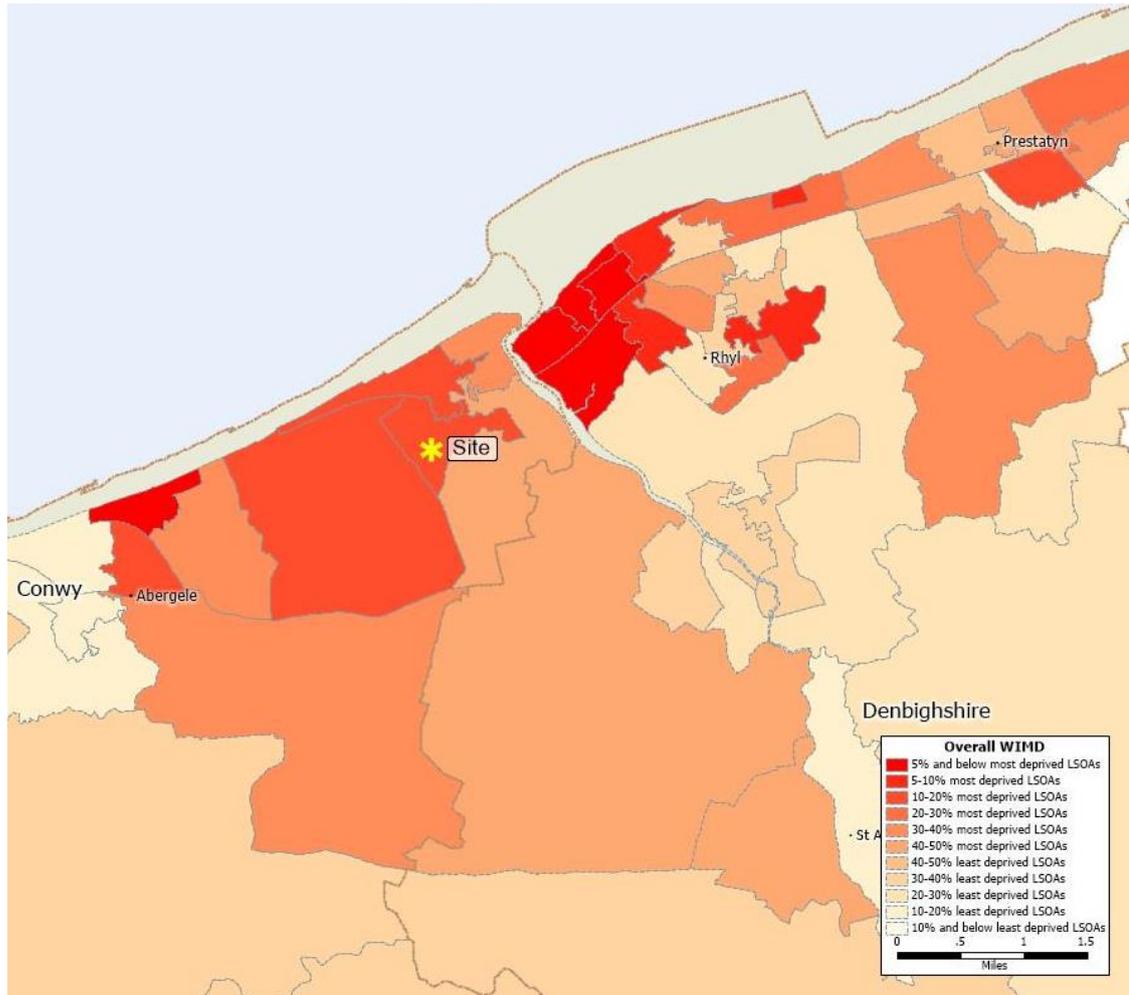
Table 3.1: Indicators of socio-economic performance for Conwy and Denbighshire			
	Conwy	Denbighshire	Wales
Demographics			
Resident population	117,200	95,300	3,138,600
Working age population (16-64)	66,000 (56.3%)	55,100 (57.8%)	61.30%
Economic activity			
Economically active	52,000 (76.2%)	44,300 (75.4%)	76.50%
In employment	50,000 (73.2%)	43,300 (73.5%)	73.20%
Unemployed	2,000 (3.8%)	1,500 (3.3%)	4.20%
Employment by occupation (resident based)			
SOC 2010 Major Group 1-3	21,000 (42.0%)	18,300 (42.6%)	42.40%
SOC 2010 Major Group 4-5	12,100 (24.2%)	10,300 (23.9%)	21.10%
SOC 2010 Major Group 6-7	9,400 (18.8%)	7,400 (17.3%)	18.50%
SOC 2010 Major Group 8-9	7,500 (15.0%)	7,000 (16.2%)	17.90%
Qualifications (resident based)			
NVQ 4 and above	23,300 (35.5%)	18,000 (32.9%)	35.40%
NVQ 3 and above	34,300 (42.3%)	29,100 (53.3%)	55.10%
NVQ 2 and above	48,500 (74.1%)	40,400 (74.0%)	74.00%
NVQ 1 and above	56,700 (86.6%)	46,200 (84.7%)	84.90%
Other qualifications	4,000 (6.1%)	4,200 (7.7%)	6.10%
No qualifications	4,700 (7.2%)	4,100 (7.6%)	7.20%
Earnings (gross weekly)			
By place of residence	£511.60	£489.60	£518.60
By place of work	£449.20	£504.10	£509.00

At a local authority level, levels of economic activity and employment amongst the resident population of Conwy and Denbighshire are broadly comparable with Wales as a whole. A relatively high proportion of residents are employed in administrative and skilled trade occupations, while the proportion working in process based or elementary occupations is low when compared to the national average. In terms of qualifications, the profile of Conwy is consistent with that for Wales as a whole, while a lower proportion of Denbighshire residents are qualified to NVQ4+ (offset by a greater proportion with 'other' recognised qualifications). Of particular note, workplace-based earnings appear to be significantly below resident based earnings in both areas, but particularly Conwy. This suggests that local residents are commuting outside of the local authority area to access good quality employment opportunities. Based on

2011 Census data, there are significant outflows to adjacent areas including Gwynedd and Flintshire, as well as larger centres including Cheshire, Manchester and Liverpool.

At the local level, the Tir Llwyd Enterprise Park is located adjacent to areas of significant deprivation. Based on data from the Welsh Index of Multiple Deprivation (WIMD), the site is located within an area ranked as within the 20% most deprived, while neighbourhoods in Rhyl are identified within the 5% most deprived within Wales (Figure 3.1). Further analysis of individual domains indicates that deprivation relates particularly to income and employment, as illustrated in Appendix B, as well as access to services and crime.

Figure 3.1: Welsh Index of Multiple Deprivation 2014



4. Methodology

(i) Overview

An economic impact model has been developed for the proposed scheme at Tir Llwyd, reflecting a range of potential benefits for the local and wider economy. It provides an estimate of both the gross and net additional impact associated with the scheme. Consideration has been given to who is likely to secure the benefits generated, the level of activity that might be displaced and multiplier effects. The approach to calculating additionality is described further below.

The key economic benefits are expected to include:

- employment and GVA supported during both the construction and operational phases of the proposed developments, as well as other key outcomes (primary effects);
- additional economic activity resulting from supply linkage and income multiplier effects (secondary effects); and
- a range of wider impacts such as improving internal and external perceptions and providing a stimulus for wider regeneration.

The focus of this section of the report is on the approach and assumptions used to assess the primary and secondary impacts of the scheme. Consideration has been given to the wider benefits associated with the development. These wider benefits are difficult to quantify but are nevertheless important in understanding the overall economic importance of the development.

(ii) Construction phase effects

The total construction expenditure associated with the development has been used as the basis of calculating the number of temporary construction jobs expected to be generated through the proposals. Construction cost estimates have been provided by Plumbworkz based on initial project information, with further provision for fees and other capital costs.

Employment coefficients from the Homes and Communities Agency (HCA) Cost per job Guidance have been applied to derive an estimate of the gross number of person years of employment supported during the construction phase. The benchmark turnover per employee for the construction sector of £77,500 is based on coefficients for commercial development, updated to 2019 prices based on published GDP deflators.

GVA has been estimated on the basis of benchmark ratios for the construction sector at the national level derived from the ONS Annual Business Survey (2017). A ratio of 0.38 has been applied.

(iii) Operational phase effects

The assessment of operational on-site employment is based on information provided by Plumbworkz for Phase 1. It has been assumed that some existing jobs would be retained, although reflecting the drive time between the existing and proposed facility, it is envisaged that there would be some churn in levels of employment. It has been assumed that the Phase 2 scheme would result in a doubling in the number of on-site jobs.

The relocation of storage and distribution activities would enable existing premises at Llay to be vacated for alternative use. These premises have been maintained in reasonable condition and would be suitable for occupation for industrial or distribution uses. Levels of employment in the

vacated premises have been estimated at 50 sq m (GIA) per FTE job based on employment density benchmarks published by the former HCA (3rd Edition, 2015).

Alongside directly supporting the creation of new jobs, the proposed development would also lead to additional employment opportunities (and GVA) through supply chain expenditure (indirect effects) and employee spend on goods and services (induced effects) within the area of impact. In order to take into account both the indirect and induced effects associated with the scheme, a composite multiplier has been applied, taking into account national guidance and benchmarks, including the HCA’s Additionality Guide and guidance on additionality produced by the former department of Business, Innovation and Skills.

The GVA generated through on and offsite activity associated with the scheme has been calculated by using average GVA per FTE job figures for relevant sectors derived from Experian data for North Wales. The analysis of direct net additional GVA excludes leakage effects as GVA is a workplace based measure of impact. The estimated GVA impact for each scheme has been calculated in terms of both a per annum figure and a cumulative total, based on estimates of persistence from evaluation evidence. A persistence period of ten years (allowing for a gradual decay in the level of benefit over this period) has been assumed consistent with evidence for physical regeneration initiatives.

(iv) Net additional impact

In determining the net additional impact, the key issue to be addressed is the additionality of the scheme under consideration – in other words, the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. In order to assess the additionality of the proposals, the following factors have, therefore, been considered:

- **leakage** – the proportion of outputs that benefit those outside of the scheme’s target area or group;
- **displacement** – the proportion of scheme outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets;
- **multiplier effects** – further economic activity associated with additional local income and local supplier purchases (as discussed above); and
- **deadweight** – outputs which would have occurred without the scheme.

A summary of the additionality adjustments applied in the assessment is set out in Table 4.1.

Table 4.1: Additionality adjustments in the construction and operational phases		
	Construction	Operational
Leakage	25%	10%
Displacement	10%	40%
Multiplier effects	1.25	1.25
Deadweight	10%	37%*

* Excluding benefits arising from reoccupation of existing premises which are located outside of the spatial area

For the purposes of this assessment, the additionality of the scheme has been considered at the combined Conwy and Denbighshire local authority area level.

(v) Fiscal benefits

In addition to the economic impacts outlined above, it is anticipated that the proposed development would result in a range of fiscal benefits. The delivery of new commercial accommodation would result in an increase in business rates. The potential impact on business rates has been estimated having regard to the Valuation Office Authority (VOA) published data.

5. Economic Impact

A summary of economic impact in Phase 1 and for the scheme as a whole is set out in Table 5.1. This sets out at a headline level the economic impact in both the construction and operational stages.

Table 5.1: Summary of economic impact		
	Phase 1	Phase 1 and 2
Construction Stage		
Total capital expenditure	£700,000	£1,400,000
Gross jobs (person years)		
Direct	9	18
Direct, indirect and induced	11	23
Gross GVA per annum	£266,000	£532,000
Net additional jobs	7	14
Net additional GVA per annum	£269,325	£538,650
Operational Stage		
Gross jobs		
Direct	26	38
Direct, indirect and induced	32	47
Gross GVA per annum	1507617	£2,205,117
Net additional jobs	8	16
Net additional GVA per annum	£523,125	£1,046,250
Fiscal impact		
Business rates per annum	£27,500	£55,000

In addition to the impacts outlined above, the scheme would potentially result in a range of wider benefits. These could include:

- **Strengthening an economic asset** – the scheme would promote significant investment within an established and designated employment zone, complementing recent activity to further raise the profile of the Tir Llwyd estate as a focus for local enterprise and attracting sub-regional requirements.
- **Meeting employment need** – the baseline analysis highlights that the communities adjacent to the Tir Llwyd Enterprise Park experience severe employment and income deprivation. The proposed scheme would create opportunities for residents within close proximity to the site.

- **Image enhancement** – the delivery of modern commercial premises would further enhance the quality of the industrial estate, which lies adjacent to the direct route between Kinmel Bay and the A55 at St Asaph. This would contribute to enhancing perceptions of the locality as a location for enterprise.

6. Conclusions

This note sets out an estimate of the potential economic benefits arising from investment by Plumbworkz to deliver a new distribution and storage facility at Tir Llwyd Enterprise Park, located on the edge of Kinmel Bay, adjacent to the town of Rhyl. The scheme would enable Plumbworkz to manage its existing retail business more efficiently, while relocating and expanding its online distribution business.

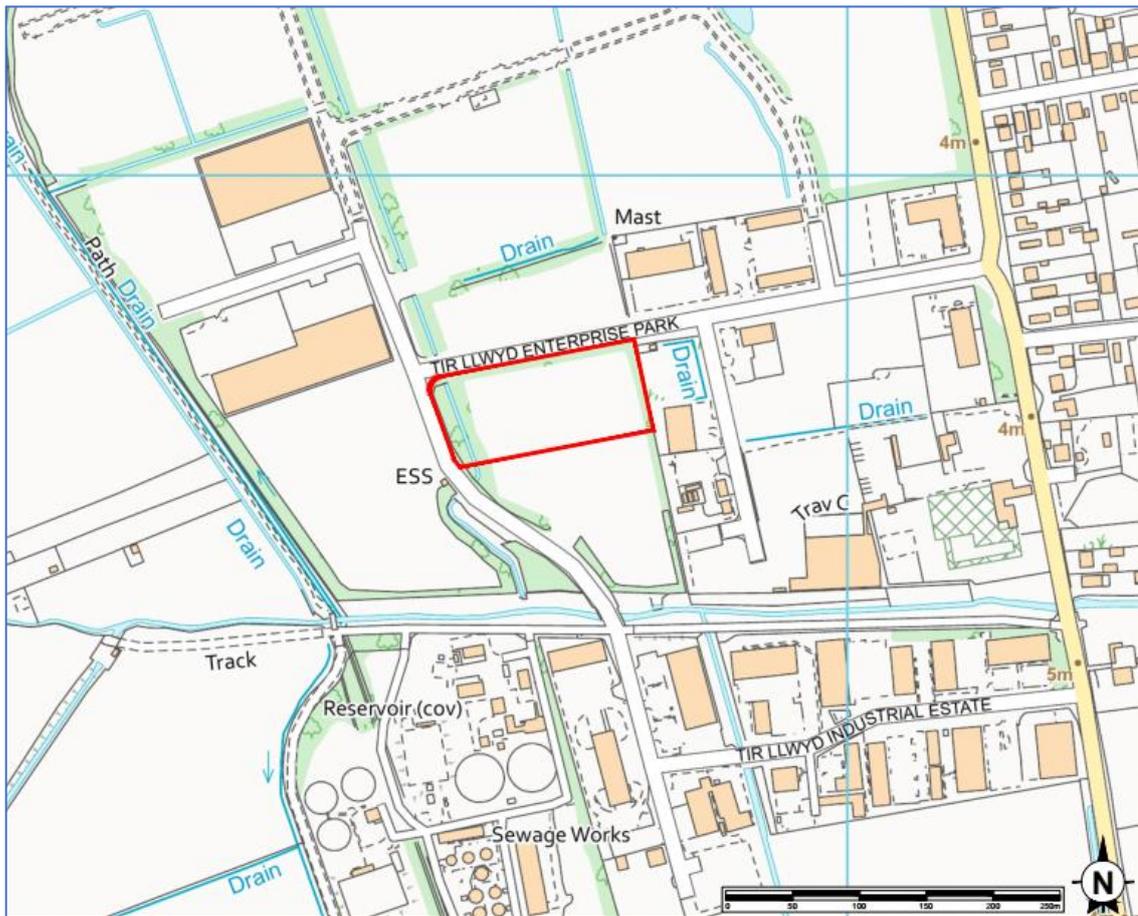
The scheme is proposed on a phased basis, with phase 1 meeting existing need and Phase 2 providing further capacity for future expansion.

Through investing at Tir Llwyd, the scheme would create new opportunities adjacent to communities experiencing significant levels of deprivation, including neighbourhoods ranked within the 5% most deprived nationally.

Overall, the scheme would result in a modest positive economic impact at the local level. Over both phases, capital investment of £1.4 million could support more than 20 gross person years of employment, allowing for wider supply chain and employee expenditure within the local economy. Once completed, Plumbworks has indicated that some 24 direct jobs could be created, with further employment supported through multiplier effects and the re-occupation of existing premises at Llay.

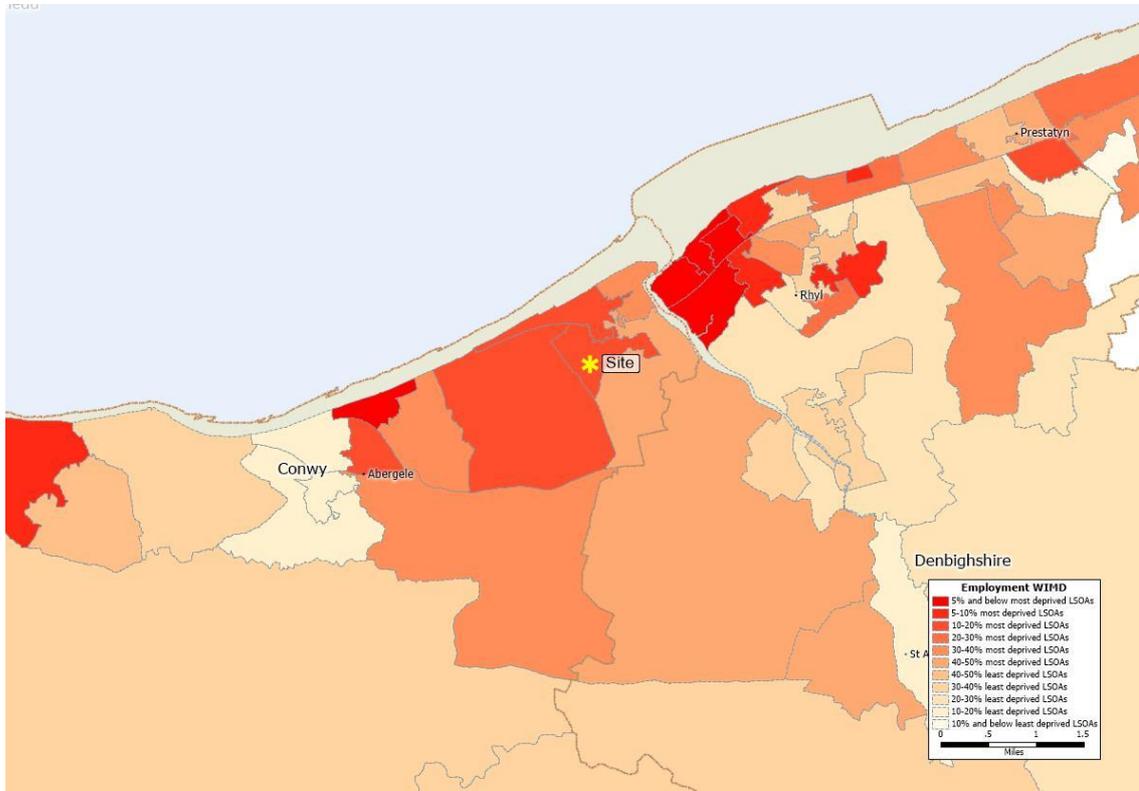
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Appendix A: Location Plan



Appendix B: Domains of deprivation

Employment deprivation



Income deprivation

