Economic Statement

South Shields Town Centre Transport Interchange

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Turley
Economics

Contents

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1. Introduction

1.1 This Economic Statement has been prepared by Turley Economics to examine the economic impacts of the proposed development, which constitutes the development of a Transport Interchange and a retail and office unit (hereafter 'the proposed development') at South Shields town centre, South Tyneside (hereafter 'the application site').

1.2 The assessment seeks to establish the specific local and wider economic impacts of the proposed development, in order to demonstrate the potential contribution to local and wider economic needs and objectives.

Framework for the Assessment

1.3 This assessment evaluates the economic impacts of the proposed development, reflecting the anticipated distribution across the functional economic geography. The functional economic geography has been determined by reflecting on evidence of labour market containment.

1.4 Three spatial scales of measurable economic impact are identified as follows:

- The **South Shields impact area** is defined by 13 Middle Super Output Areas (MSOAs) that align on a 'best fit' basis with the South Shields Parliamentary Constituency boundary[1], within which the application site lies. The 2011 Census shows that of the 11,493 people who work in the two MSOAs which broadly cover South Shields town centre, around 54% live in the South Shields impact area.

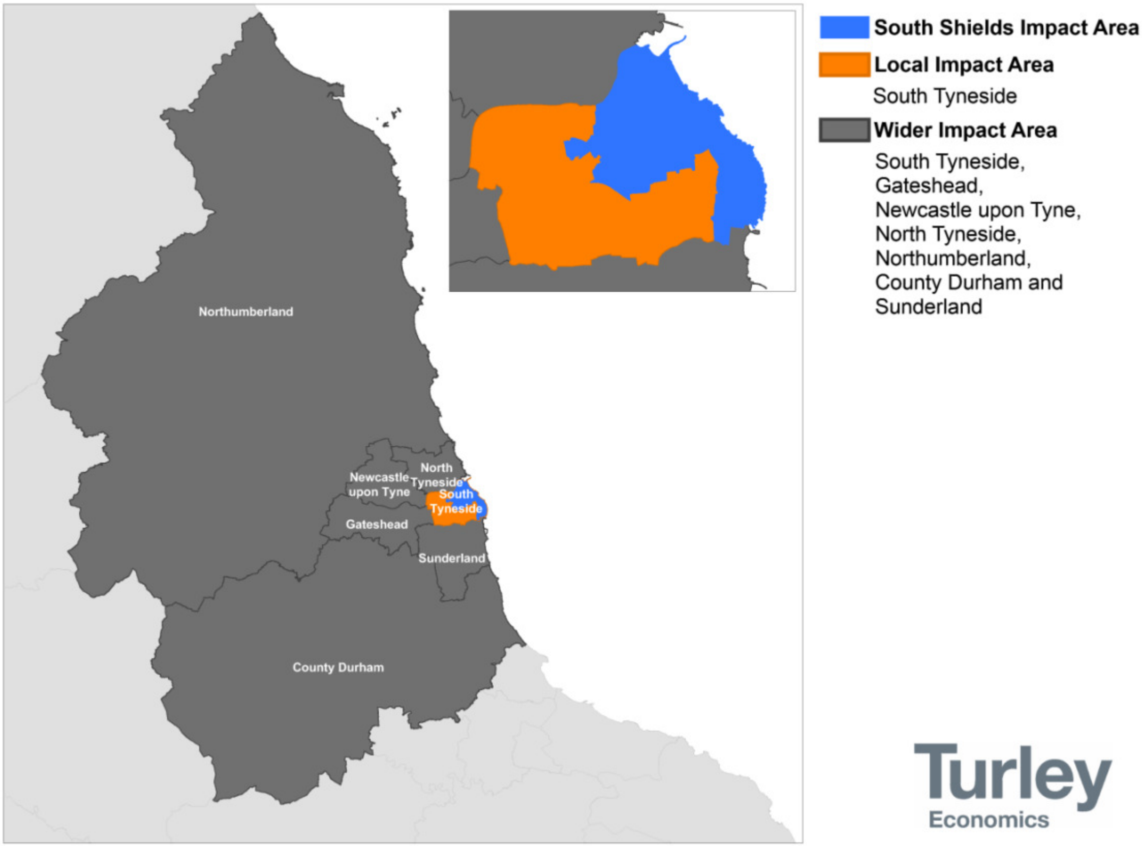
- **The local impact area** covers the local authority area of South Tyneside. Evidence suggests that circa 66% of people who work in South Tyneside also live in the local authority area. Furthermore of the 11,493 people working in South Shields town centre, 73% live within the local impact area, representing a relatively high level of economic labour market containment.

- **The wider impact area** covers the functional economic geography area of the North East LEP; which consists of the 7 local authority areas of County Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland. The 2011 Census recorded that 97% of jobs within South Tyneside are taken by residents living across this wider area, indicating a very high level of containment of employment and associated expenditure at this level. It is considered that the majority of socio-economic effects would be concentrated within this wider impact area.

1.5 The spatial scales described above are viewed as representative of the area of greatest economic and social impact relative to the proposed development and therefore form the study area. The relevant study areas for the assessment are presented in Figure 1.1.

[1] Defined by thirteen Middle Super Output Areas (MSOAs) including South Tyneside 001, South Tyneside 002, South Tyneside 003, South Tyneside 004, South Tyneside 005, South Tyneside 006, South Tyneside 008, South Tyneside 011, South Tyneside 012, South Tyneside 013, South Tyneside 016, South Tyneside 018 and South Tyneside 019.

Figure 1.1: Study Areas



Source: Turley, 2015

1.6 The first phase of economic impacts will be generated as a result of construction and building works to deliver the proposed development. This phase will include direct impacts associated with the award of construction contracts and the construction workforce that is employed as a result. Construction expenditure, for example through the purchase of materials, will also lead to indirect economic impacts as money is re-spent within the construction supply chain locally and further afield. Finally, money paid in wages will be re-spent in the economy on goods and services (otherwise known as "induced" expenditure).

1.7 The second phase of impact relates to the completed development. Firstly, impacts will be delivered from the operation of the newly created interchange over the long-term. This will involve direct impacts including permanent employment on site.The commercial operation of the proposed development will necessitate induced expenditure, such as spending on supplies, materials, and contracted services. This wider "supply chain" activity will help to sustain and generate growth in supporting linked businesses in a wide range of sectors. Supply chain businesses will generate onward induced economic impacts via capital investment. Those employed within the supply chain will generate further economic impacts via wage expenditure ("indirect" expenditure)

1.8 All of these categories of expenditure will cumulatively benefit businesses in related, and wider, sectors of the economy, as well as generating wealth creation in the local, and wider, labour market.

Assessment Structure

1.9 This assessment firstly sets out a contextual review of planning policy and economic strategy in Chapter 2, before presenting a profile of the local economy and labour market analysis in Chapter 3. Chapters 4 and 5 set out the potential economic impacts of the proposed development during both the construction phase and operational phase. Operational phase impacts take into account the estimated economic impacts of the existing premises which will be lost/relocated based on the current occupancy profile. Finally, conclusions are drawn in Chapter 6, summarising the economic impacts of the proposed development.

2. Policy and Strategy Context

National Policy Context

2.1 The proposed development, and the derived economic impacts, should be considered in the context of the adopted National Planning Policy Framework (NPPF)[2].

2.2 The NPPF sets out the Government's planning policies for England. It has been developed to reflect the Government's 'pro-growth agenda' and seeks to encourage sustainable development wherever possible.

2.3 The NPPF's 'presumption in favour of sustainable development' requires local authorities in the development of their Local Plans to adopt a positive approach in order to seek opportunities to meet the development needs of an area. Further clarification is provided through the core planning principles set out at paragraph 17 of the NPPF, which importantly includes the following requirement for the planning system to:

"Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth."[3]

2.4 The NPPF attaches significant weight to the benefits of economic development. It highlights that:

"The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth…significant weight should be placed on the need to support economic growth through the planning system"[4].

2.5 The Plan for Growth[5] sets out the Government's overarching economic development goals to achieve strong, sustainable and balanced economic growth, support investment and industry and create employment. It is the Government's intention that the reform of the planning system plays a leading role in promoting sustainable growth.

2.6 The Government's commitment to securing sustainable economic growth through a supportive planning system, in order to create employment and prosperity, is reasserted within the Government's Planning Practice Guidance (PPG)[6].

Department for Transport

2.7 The Department for Transport's (DfT's) Business Plan 2010-2015 sets out the Government's vision for the national transport system:

"Our vision is for a transport system that is an engine for economic growth but one that is also greener and safer and improves quality of life in our communities. By improving

[2] DCLG (March 2012) National Planning Policy Framework
[3] *Ibid* - paragraph 17
[4] *Ibid* - paragraph 19
[5] HM Treasury & DBIS (2011) Plan for Growth
[6] CLG (March 2014) Planning Practice Guidance

the links that help to move goods and people around, and by targeting investment in new projects that promote green growth, we can help to build the balanced, dynamic and low-carbon economy that is essential for our future prosperity."[7]

Sub-Regional Policy Context

2.8 The PPG identifies the importance of understanding economic development needs in relation to a functional economic area. The PPG identifies that this geographical definition may well be contiguous with the Local Enterprise Partnership (LEP) spatial areas.

North East Local Enterprise Partnership Strategic Economic Plan

2.9 The North East Local Enterprise Partnership (LEP) is the 4th largest LEP in the UK covering the local authorities of South Tyneside, County Durham, Gateshead, Newcastle, North Tyneside, Northumberland and Sunderland. The LEP strategically leads investment and economic growth across the authorities with a principle aim to create more and better jobs within the local economy.

2.10 In developing their agenda for growth, which focusses on supporting communities and businesses in order to facilitate economic growth and employment, the LEP established the North East Strategic Economic Plan (SEP)[8].

2.11 The SEP – published in March 2014 – sets out an economic vision to 2024. The plan aims to have over 1 million people in the North East area in employment by 2024 - an increase of circa 100,000 jobs from current employment levels, and a 73% growth in employment. The LEP expect that 60% of jobs created will be better paid and higher skilled jobs, which will deliver increased productivity and an estimated growth in gross value added (GVA) of around 2.25% per annum[9].

2.12 The Plan recognises the need to enhance economic prosperity in the North East and highlights - in Strategic Theme 5: Economic assets and infrastructure - the importance of developing the right environment to facilitate investment, business development and new opportunities.

2.13 Investment in places is essential for creating a diverse and growing economy. The SEP sets out the need to support the development of prosperous urban cores as well as vibrant towns and a strong rural economy to build economic strength.

"The focus moving forward is about creating a distinctive area that supports sustainable growth, environmental sustainability and resilience. Building on the investment and regeneration successes of the last two decades, we recognise that more is needed to strengthen the cultural and visitor offer for businesses, residents and visitors. There is real potential through projects like these to increase the number of visitors to the area, specifically international and businesses visitors, and to increase significantly the levels of visitor spend."[10]

[7] Department for Transport (2012) Business Plan (2010-2015)
[8] North East Local Enterprise Partnership (March 2014) North East Strategic Economic Plan
[9] *Ibid page 18*
[10] *Ibid page 67*

2.14 In order to achieve the economic aspirations set out in the SEP, it is necessary for people to travel and for goods to be transported within, into and out of the area in order for the economy to function effectively.

2.15 The SEP sets out that investment in transport infrastructure can generate productivity, job creation and GVA. The SEP recognises that maximum impact will be made where investment:

"Improves the area's strategic connectivity – an area targeting smart specialisation, trading and exporting needs fast, reliable and resilient connectivity to external markets by road, rail, air and sea. It is equally about facilitating visitors to come to the area.

Improves access from all parts of the area to the priority locations for economic growth, getting people to jobs. Transport plays an important part in ensuring that urban centres with the greatest economic potential can thrive, and everyone can participate in the area's job market."[11]

2.16 The North East Local Transport Board is supporting 6 local major transport schemes in the North East – including the South Shields Transport Hub (SSTH). The SSTH is a major element of South Tyneside Council's vision for the regeneration of South Shields town centre and will provide improved connectivity - and as a result economic growth opportunities – in the town centre.

North East LEP Growth Deal

2.17 The North East LEP Growth Deal secured £290 million worth of investment for the North East area in July 2014 and in January 2015 secured a further £40.6 million from the Government to deliver major growth projects and support economic growth in the area.

"The North East Growth Deal is the fourth largest allocation of funding nationally. The Growth Deal supports capital projects across the North East through smart, strategic and focused investment of public and private sector funding – with the ultimate goal to deliver more and better jobs for the North East"[12]*.*

2.18 The LEP sets out that the growth Deal could bring up to 5,000 new jobs and £130 million of public and private sector investment to the North East area as well as delivering the much needed investment to infrastructure and business site improvements[13].

Tyne and Wear Local Transport Plan

2.19 The Third Local Transport Plan for Tyne and Wear (LTP3)[14], adopted in March 2011, sets out a vision for transport in Tyne and Wear:

"Tyne and Wear will have a fully integrated and sustainable transport network, allowing everyone the opportunity to achieve their full potential and have a high quality of life. Our strategic networks will support the efficient movement of people and goods within

[11] *Ibid page 71*
[12] http://nelep.co.uk/funding/north-east-growth-deal/
[13] North East Local Enterprise Partnership (January 2015) North East Growth Deal
[14] Tyne and Wear Integrated Transport Authority (March 2011) LTP3: The Third Local Transport Plan for Tyne and Wear - Strategy 2011 - 2021

and beyond Tyne and Wear, and a comprehensive network of pedestrian, cycle and passenger transport links will ensure that everyone has access to employment, training, community services and facilities."[15]

2.20 In order to meet the vision, a major goal of the Transport Plan is to support the economic development, regeneration and competitiveness of Tyne and Wear and improving the efficiency, reliability and integration of transport networks across all modes.

2.21 Important challenges to be tackled in Tyne and Wear include the need to improve the connectivity and access to labour markets of key business centres and the need to reduce lost productive time including improving the reliability and predictability of journey times on key local routes for business, commuting and freight.

Local Planning Policy Context

2.22 The adopted development plan for the proposed development comprises:

- South Tyneside Core Strategy (2007);
- South Shields Town Centre and Waterfront Area Action Plan (2008); and
- Development Management Policies DPD (2011)

South Tyneside Core Strategy (2007)

2.23 The South Tyneside Core Strategy was adopted in June 2007 and sets out the overall direction for the Local Development Framework.

2.24 The Core Strategy is focused on achieving 'a better future for South Tyneside' and sets out a vision for the Borough to be a place where people chose to live work and visit. In order to achieve this vision, the Core Strategy identifies that it is essential to develop new and exciting buildings whilst preserving the coastline and countryside, promoting the development of a range of quality homes, shops, businesses, parks and public spaces that are well connected by an effective transport system.

2.25 Policy ST1 sets out the spatial strategy for South Tyneside, this includes supporting development that reflects the scale and functions of the main towns including South Shields, Jarrow and Hebburn and maximising the re-use of previously developed land in built up areas.

2.26 Policy SC1 details how the Council will deliver sustainable urban areas. In doing so, development proposals will be focused and promoted within the built up areas, in accordance with the spatial strategy for South Tyneside and sequential approach where they revitalise town centres and other main shopping centres.

2.27 Policy ST2 highlights the Council's priority for high quality sustainable urban living, which includes the need for developments to promote alternative modes of transport to private transport. The Policy sets out the Council's requirement for the integration of

[15] *Ibid page 56*

transport plans in to development in order to encourage improvements in public transport infrastructure and reduce car usage.

South Shields Town Centre and Waterfront Area Action Plan

2.28 The South Shields Town Centre and Waterfront AAP ('South Shields APP') was adopted in November 2008 and sets out the detailed strategy, policies and site-specific allocations for South Shields town centre, riverside and foreshore.

2.29 As defined by the AAP Proposals Map, the site is located within the South Shields town centre boundary, and lies partly within and partially outside of the defined Primary Shopping Area (PSA).

2.30 **Policy SS1** states the spatial strategy for South Shields town centre is to strengthen, revive and promote the growth of the centre as the principal centre for shopping, entertainment and leisure, culture and administration, making it a popular and attractive market town.

Shaping Our Future South Tyneside Council Strategy 2013 – 2016

2.31 The Shaping Our Future Strategy[16] sets out strategic outcomes expected to be achieved over the next 20 years with regards to 'people' and 'place'. These include a regenerated South Tyneside with increased numbers of jobs and businesses and improved transport connections.

2.32 The Strategy aims to not only attract new businesses but to also create an environment in which existing businesses can grow and prosper. It is also recognised that transport schemes can significantly increase the accessibility of the Borough and connectivity within it, making it an increasingly attractive destination for businesses and investors. The Strategy sets out that by 2017 South Tyneside Council will see over £300m investment to improve South Tyneside's retail, cultural and leisure offer.

South Shields 365 Town Centre Vision

2.33 South Tyneside Council published the South Shields 365 Town Centre Vision document in January 2013[17]. The ambition set out in the vision document is to create a vibrant town centre which will be a place of all year round cultural, leisure and retail activity for residents, businesses and visitors.

2.34 The Town Centre Vision recognises the need to regenerate and remodel the area of South Shields town centre that runs parallel to King Street in order to improve the movement of pedestrians and public transport connections.

"At present the Bus and Metro stations give a poor sense of arrival in to the Town Centre with both being in need of significant investment."[18]

2.35 The Town Centre Vision highlights that a new transport interchange and regeneration of this area will:

[16] South Tyneside Council (2013) Shaping Our Future South Tyneside Council Strategy 2013 - 2016
[17] South Tyneside Council (January 2013) South Shields 365 Town Centre Vision
[18] *Ibid page 33*

"Not only provide an opportunity to work with partners to develop an attractive public transport hub as a gateway to the town but will also facilitate integration with new developments to the east of Fowler Street."[19]

Other relevant documents

South Shields Draft Integrated Transport Strategy

2.36 The Draft Integrated Transport Strategy[20] for South Tyneside covering the period from 2012 – 2021 sets out a transport vision for the Borough:

"South Tyneside is place where everyone who lives, works or visits the Borough has safe, affordable, reliable access to all areas. Our transport infrastructure is key to providing access to jobs and key services, as well as improving people's wellbeing and quality of life."

2.37 The Strategy recognises that good transport connections are vital for supporting the economic growth of existing businesses and attracting new companies into the Borough, in addition to and providing access to a wide range of services, goods and opportunities as well as attracting new residents to the area and maintaining those who currently live within South Tyneside.

2.38 Looking forward, South Tyneside anticipates high levels of housing and employment growth, resulting in increased congestion within the current transport network. This emphasises the need to develop a dramatically different approach to the transport vision and strategy in South Tyneside.

2.39 The Strategy sets out the need for an integrated transport network that promotes and encourages a wide range of different transport modes. It recognises that the private car will continue to be the most popular form of transport but that other forms of transport need to become more attractive, convenient, quicker, and more affordable.

2.40 The Strategy identified South Shields town centre as a primary shopping centre where private sector development is being encouraged. To support such regeneration and economic growth in the town centre an effective transport network is required to meet the needs of people and businesses in the Borough.

Summary

2.41 National policy clearly highlights a commitment to sustainable development and sustainable economic growth, with the NPPF requiring local authorities to place significant and appropriate weight on the economic growth implications of development proposals within the planning system.

2.42 The North East LEP focuses specifically on the need for investment and economic growth in the sub-region in order to recognise the area's potential for prosperity. Methods of sustainable transport are identified as key to improving the strategic

[19] *Ibid page 33*

[20] South Tyneside Council (2012) Draft Integrated Transport Strategy 2012 – 2021

connectivity of the sub-region and enabling the economy to thrive. Local policy also emphasises the social and economic benefits that could be felt from increased connectivity and investment.

3. Socio-Economic Context

Labour Force and Employment Characteristics

Population

3.1 At the time of the 2011 Census, the total population in the South Shields impact area was 83,696 people, representing a population decrease of 3.6% since 2001. The population of the local impact area also decreased by 3.0% over the 10 year period, whilst the population of the wider impact area and the North East grew by 3.1% and 3.2%, respectively, and England by 7.9%, between 2001 and 2011.

3.2 The total number of people of working age (16 - 64 years) in the South Shields impact area in 2011 was 53,870 - the working age people therefore accounted for 64.4% of the total population.

3.3 The table shows that in the South Shields impact area there are fewer residents aged 15 and under and a higher proportion of residents aged 65 - relative to the national average – demonstrating that the area has an older than average population. Of the working age (16-64) population, a higher proportion of residents are aged 45 to 64, at 28.0% of the total population, compared to 25.4% in England.

3.4 Over the period from 2001 to 2011, the population of the South Shields impact area aged 45 to 64 increased whilst the population in each of the other age brackets decreased. This suggests that families and young economically active residents are moving out of the impact area, essentially reducing the future labour supply of South Shields.

Table 3.1: Population by Age Band 2011

Area	15 and Under	16 to 44	45 to 64	65 and Over
South Shields Impact Area	17.4%	36.4%	28.0%	18.3%
Local Impact Area	17.5%	36.0%	28.4%	18.1%
Wider Impact Area	17.3%	37.8%	27.4%	17.5%
North East	17.8%	37.7%	27.2%	17.3%
England	18.9%	39.4%	25.4%	16.3%

Source: Census 2011

Labour force

3.5 A person is deemed economically active if they are either in employment, or not in employment but seeking work and ready to start within two weeks, or waiting to start a job already obtained. Similarly, economic inactivity can, therefore, be a measure of the number of residents not in employment, or not actively looking for employment.

3.6 Local data on economic activity can be compared to national and regional benchmarks to determine whether there is a high or low rate of activity, highlighting the size of latent labour force either currently employed or available to start work immediately.

3.7 The Annual Population Survey (APS) provides an indicator of the number of economically active residents in the wider impact area. This is based on responses received during the period from January 2014 to December 2014, and considers the economic activity rate for all residents aged 16 - 64.

3.8 The local impact area has a slightly higher rate of economic activity compared to the wider impact area and the North East region; however the rate of employment in the local impact area is lower than at the wider levels.

3.9 It is beneficial to understand change in the economically active and employed population. Relative to the 12 months to December 2004, there were 10.9% more economically active residents in the local impact area in 2014, which is notably higher than the comparable increase in economically active residents in the wider impact area at 6.2%, the regional increase of 5.4% and the national average increase of 7.7% over the same period, suggesting a high level of growth in the local labour force. The rate of employment has also increased over the same period in the local impact area, by 6.5%, whilst overall in England the employment rate declined by 0.3%.

3.10 The rate of unemployment in the local impact area is significant - at 9.4% - relative to the wider comparator areas, particularly compared to the national average unemployment rate of 6.4%. Nevertheless, when considering the change in unemployment relative to the 12 months to December 2004, the unemployment rate in the local impact area increased by 0.8% from 2004 – 2014, however at the regional and national levels the unemployment rate increased by 2.7% and 1.6%, respectively. This demonstrates the evident impact of the recession upon levels of employment. The local impact area has been impacted slightly less by the global economic recession than in comparison to the wider geographies.

3.11 The proportion of economically inactive people who want a job in the local impact area - at 29.4% - is greater than the wider impact area, the North East and England. This suggests that there is a sizeable latent labour force available locally should people choose to return to economic activity.

Table 3.2: Economic Activity (Jan 2014 – Dec 2014)

	Local Impact Area	Wider Impact Area	North East	England
Economically active people	72,000	926,400	1,235,900	26,436,900
Economic activity rate	76.4%	75.1%	75.0%	77.4%
Employed people	65,200	850,700	1,129,100	24,755,600
Employment rate	69.2%	69.0%	68.5%	72.5%
Unemployed people	6,800	75,600	106,800	1,681,300
Unemployment rate	9.4%	8.2%	8.6%	6.4%
% Economically inactive who want a job	29.4%	26.6%	25.6%	25.0%

Source: APS, 2015

3.12 APS statistics are not available at the MSOA level; therefore the 2011 Census can be used to assess the employment trends within the South Shields impact area. This is presented in Table 3.3.

3.13 In 2011, the South Shields impact area maintained a lower economic activity rate than the local impact area, with just 65.9% of residents aged 16 to 74 being economically active. Similarly, the employment rate in the South Shields impact area is somewhat lower than the wider comparator areas with just 55.9% of working age (16 to 74) residents being employed. The unemployment rate in the South Shields impact area in 2011 stood at 6.9%, whilst the national average was recorded as 4.4% of working age residents.

Table 3.3: Economic Activity and Employment 2011

	Economically active	Employed people	Unemployed people	Economically inactive
South Shields Impact Area	65.9%	55.9%	6.9%	34.1%
Local Impact Area	66.7%	57.1%	6.6%	33.3%
Wider Impact Area	66.1%	57.8%	5.0%	33.9%
North East	66.1%	57.5%	5.4%	33.9%
England	69.9%	62.1%	4.4%	30.1%

Source: Census 2011

Qualifications and Skills

3.14 Table 3.4 provides an indication of the qualifications and skills profile of residents aged 16 and over in the South Shields, local and wider impact areas, in addition to the North East and England for comparison.

3.15 In the South Shields impact area, the proportion of residents with qualifications at Level 4 and above is notably lower - at 18.5% of residents - than the average proportion across the North East and England, at 22.2% and 27.4%, respectively. The table shows that the proportion of residents in the South Shields, local and wider impact areas with qualifications at Level 1, Level 2 and apprenticeships is slightly higher than the wider averages. The proportion of residents with no qualifications is also more strongly represented in the South Shields impact area relative to the wider averages, with 29.0% of residents aged 16 and over having no qualifications; compared to 22.5% on average in England.

Table 3.4: Qualifications and Skills 2011[21]

	South Shields Impact Area	Local Impact Area	Wider Impact Area	North East	England
No qualifications	29.0%	28.0%	26.3%	26.5%	22.5%
Level 1	14.6%	14.6%	13.7%	13.7%	13.3%
Level 2	16.1%	16.2%	15.6%	15.7%	15.2%
Apprenticeship	5.8%	6.1%	4.6%	4.7%	3.6%
Level 3	11.8%	12.0%	13.1%	13.1%	12.4%
Level 4/5	18.5%	19.2%	22.7%	22.2%	27.4%
Other qualifications	4.1%	3.9%	4.0%	4.1%	5.7%

Source: Census 2011

Employment Profile

3.16 It is important to consider the profile of jobs occupied by residents of the local and wider impact areas in order to identify the type of industries that usual residents typically work in. The APS provides a breakdown of the industry of employment for residents. This is summarised in the following table, with data gaps representing where the sample size was zero or disclosive.

[21] Definitions of qualification levels identified in the 2011 Census: Level 1 qualification – 1+'O' level passes, 1+ CSE/GCSE any grades, NVQ level 1, or Foundation level GNVQ; Level 2 qualification – 5+'O' level passes, 5+ CSE (grade 1), 5+ GCSEs (grade A – C), School Certificate, 1+'A' levels/'AS' levels, NVQ level 2, or Intermediate GNVQ; Level 3 qualification – 2+ 'A' levels, 4+ 'AS' levels, Higher School Certificate, NVQ level 3, or Advanced GNVQ; Level 4/5 qualification – first degree, higher degree, NVQ levels 4 and 5, HNC, HND, qualified teacher, medical doctor, dentist, nurse, midwife or health visitor; and Other qualification – Vocational/Work-related Qualifications, Qualifications gained outside the UK (Not stated/ level unknown).

3.17 The local impact area has a relatively high proportion of residents working in the public administration, education & health industry and in manufacturing, when compared to the comparator areas. Other industries - such as banking, finance & insurance and the transport and communications industry - are proportionately under-represented in the local impact area relative to the national average.

Table 3.5: Industry of Employment (Jan 2014 – Dec 2014)

	Local Impact Area	Wider Impact Area	North East	England
Agriculture and fishing	-	-	0.8%	1.0%
Energy and water	3.3%	2.5%	2.6%	1.5%
Manufacturing	11.2%	11.0%	11.2%	9.7%
Construction	6.6%	7.3%	7.6%	7.2%
Distribution, hotels and restaurants	19.2%	18.7%	18.7%	18.4%
Transport and communications	6.5%	7.0%	7.0%	9.1%
Banking, finance and insurance	12.5%	12.4%	12.4%	17.2%
Public administration, education and health	33.0%	33.3%	33.1%	29.3%
Other services	5.2%	5.8%	5.6%	5.7%
Total services	76.3%	77.1%	76.7%	79.8%

Source: APS, 2015

3.18 Evidence of the type of industries that residents in the South Shields impact area typically work in are identified by the 2011 Census. The Census suggests that similar trends to the local impact area are reflected in South Shields, with almost a third (32.5%) of residents working in public administration, education & health and the manufacturing industry representing employment for 11.2% of the population, compare to 8.8% at the national level in 2011. Again, the banking, finance & insurance industry is under-represented in the South Shields impact area, employing 12.2% of residents compared to 17.5% across England.

3.19 Overall, the South Shields, local and wider impact areas are broadly consistent with the regional and national employment profile; with the service sector making a significant contribution to total employment – employing approximately 3 in 4 residents in the South Shields impact area.

Occupation Structure

3.20 The occupational profile of the study areas demonstrates the types of occupation in which residents are employed. This is sourced from the APS for the period from January 2014 to December 2014, with the analysis based upon the nine major groups of the Standard Occupational Classifications (SOC).

3.21 Table 3.6 shows how there is a lower proportion of residents employed in higher and professional occupations in the local impact area (35.6%) than across the England (44.6%). However, the proportion of people employed in associate professional & technical occupations in the local impact area is higher than in the wider impact area and across the North East. Employment in the skilled trades; the administrative and secretarial sector and elementary occupations, however, is higher in the local impact area than at the national level.

Table 3.6: Occupation of Employment (Jan 2014 – Dec 2014)

	Local Impact Area	Wider Impact Area	North East	England
Managers, directors and senior officials	7.1%	8.6%	8.5%	10.4%
Professional occupations	15.5%	17.1%	17.0%	19.9%
Associate professional & technical occupations	13.0%	12.0%	12.0%	14.3%
Administrative and secretarial occupations	12.8%	11.6%	11.5%	10.7%
Skilled trades occupations	12.9%	11.7%	11.7%	10.5%
Caring, leisure and other service occupations	9.8%	9.7%	9.9%	9.1%
Sales and customer service occupations	8.7%	9.3%	9.2%	7.7%
Process, plant and machine operatives	6.1%	7.3%	7.7%	6.3%
Elementary occupations	11.8%	11.7%	11.7%	10.7%

Source: APS, 2015

Latent Labour Force

3.22 The number of residents claiming Jobseekers' Allowance (JSA) also provides useful context on the number of unemployed residents in the impact area. This measure does not, however, align with the analysis of unemployed residents presented above, due to the fact that not all unemployed people claim JSA, and therefore are not recorded by this dataset. However, this remains a valuable indicator, particularly given that it provides a breakdown of the type of occupation sought by claimants.

3.23 The claimant count suggests that – as of April 2015 – there are a total of 2,525 residents in the South Shields impact area claiming JSA, with the total number of JSA claimants across the local impact area totalling 4,005 and 33,955 within the wider impact area.

3.24 This demonstrates the extent of the current latent labour force in the local area. The proportion of residents claiming JSA has the potential to be reduced by the jobs created throughout the construction and operation of the proposed development.

3.25 In the South Shields impact area, 705 people, or 27.9% of residents, are seeking an elementary occupation, which is greater than the proportion in the local impact area at 25.0% and the wider impact area at 23.2% for such occupations. Similarly, skilled trades occupations are also more widely sought after in South Shields, with 8.3% of JSA claimants, and in the local impact area of the local impact area, at 7.0%, when compared to the wider impact area, where just 4.7% of claimants are seeking a job in the skilled trades. Notably, there are relatively few residents claiming JSA and looking for a managerial, professional or technical position recorded at 5.5% in both South Shields and in the local impact area of South Tyneside, compared to 9.0% in the wider impact area.

JSA Claimants by Sector

3.26 The proposed development has the potential to impact the socio-economic profile of South Shields by providing more jobs for local people and work to further reduce the levels of unemployment. There is potential to create jobs for local people throughout the construction and operation of the proposed development.

Construction Claimants

3.27 The latest ONS claimant count statistics demonstrate that there is latent demand for construction employment within the local impact area labour force. In total, there are 270 economically active unemployed working age residents within the local impact area seeking employment within the construction sector. This figure is inclusive of the 170 residents within the South Shields impact area that are seeking employment in the construction sector. These residents could form a potential source of labour for the proposed development.

3.28 A wider pool of available construction industry labour also exists at the wider impact area scale of the North East LEP. In total, there are a further 1,395 economically active unemployed working age residents seeking employment within the construction sector.

Transport Related Claimants

3.29 The ONS statistics suggest that there is appropriate labour demand for the employment types that are expected to be generated throughout the operation of the transport interchange. In the local impact area of South Tyneside there are 205 residents seeking employment within transport related occupations. Of these, 130 JSA claimants are currently residing in the South Shields impact area, suggesting that there is a significant proportion of latent labour locally available that could potentially form a source of employment throughout the operation the proposed development.

3.30 Within the wider impact area of the North East LEP, an additional 1,940 economically active unemployed working age residents are seeking employment within transport related occupations

Retail and Leisure Claimants

3.31 The ONS statistics suggest that there is appropriate labour demand for the employment types that are expected to be generated throughout the operation of the retail units associated with the transport interchange development. In the local impact area of South Tyneside there are 2,180 residents seeking employment within retail, leisure and related occupations. Of these, 1,185 JSA claimants are currently residing in the South Shields impact area, suggesting that there is a significant proportion of latent labour locally available that could potentially form a source of employment throughout the operation the proposed development.

3.32 Within the wider impact area of the North East LEP, an additional 16,110 economically active unemployed working age residents are seeking employment within the retail and leisure sector.

Professional Services Claimants

3.33 The ONS statistics also suggest that there is appropriate labour demand for the employment types that are expected to be generated throughout the operation of the office units associated with the transport interchange development. In the local impact area of South Tyneside there are 350 residents seeking employment within professional and office related occupations. Of these, 180 JSA claimants are currently residing in the South Shields impact area, suggesting that there is a significant proportion of latent labour locally available that could potentially form a source of employment throughout the operation the proposed development.

3.34 Within the wider impact area of the North East LEP, an additional 4,135 economically active unemployed working age residents are seeking employment within professional and office related occupations.

Earnings

3.35 Earnings can provide an indication of the strength of the local economy, given their relationship with wider economic factors such as gross value added (GVA) and productivity. Earnings levels also have a relationship with prosperity and as such the economic well-being of residents.

3.36 Table 3.8 summarises the average (median) earnings for full-time workers in the comparator areas of the local and wider impact areas, the North East and England, sourced from the Annual Survey of Hours and Earnings (ASHE). Data for the South Shields impact area is not presented as the data is not available at the MSOA level. Weekly and annual pay for residents in each location and workplace based pay is provided.

3.37 The table shows that average resident based wages in the local impact area are lower than resident wages on average in the wider impact area and the other comparator areas considered. However, the average workplace pay is greater than the resident pay in the local impact area, suggesting that a proportion of the higher paid jobs in the local impact area are taken by people who commute in to the area and reside outside of the authority. The workplace and resident pay in the wider impact area are of relatively similar rates, reflecting the high level of job containment at the wider scale - identified earlier in this chapter.

Table 3.7: Average (Median) Earnings 2014

	Resident Analysis		Workplace Analysis	
	Weekly Pay (gross)	Annual Pay (gross)	Weekly Pay (gross)	Annual Pay (gross)
Local Impact Area	£464	£23,968	£470	£24,520
Wider Impact Area	£475	£24,642	£474	£24,466
North East	£477	£24,829	£479	£24,876
England	£524	£27,500	£523	£27,487

Source: ASHE, 2014

Commuting

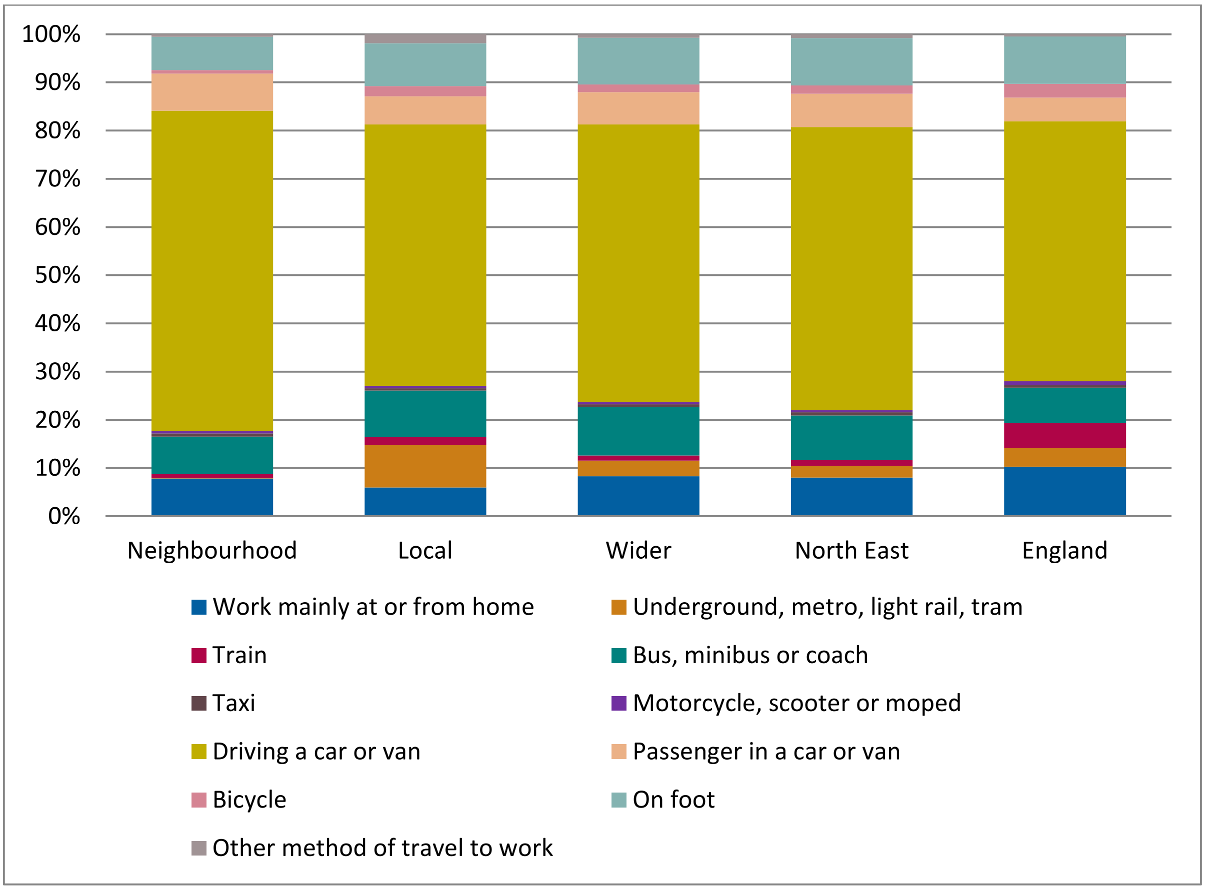
3.38 The 2011 Census provides an analysis of the mode of transport used to travel to work. Figure 3.1 presents the method of travel of employed residents aged 16 – 74 in the South Shields, local and wider impact areas, in addition to the North East region and England on average.

3.39 The evidence suggests that a notably low proportion of residents in the South Shields impact area use public transport[22] to travel to work, at 8.7%, compared to the national average of 16.4%. However, 20.1% of residents, or 1 in 5 people, in the local impact area of South Tyneside travel to work using public transport.

3.40 The most popular mode of public transport used by people in the local impact area is bus, minibus or coach, accommodating 9.6% of residents. A significant proportion – 8.8% - of local impact area residents also travel to work using the Metro, compared to 3.3% of residents in the wider impact area, 2.5% across the North East and 4.0% on average in England.

[22] Including travelling on the Metro, train, bus, minibus or coach.

Figure 3.1: Method of Travel to Work 2011



Note: The category ' Underground, metro, light rail, tram' most closely reflects the use of the Metro in South Shields. It is not possible to disaggregate this information further.

Summary

3.41 A review of the local economic profile indicates that the area would benefit from an increase in employment opportunities which increased connectivity and investment will bring to the South Shields area. There is a sizeable latent labour force available and willing to contribute towards the development of the local economy, which in turn could also enhance the level of skill within the labour force and the rate of employee earnings. The proposed development is also likely to alter the existing trends of commuting towards more sustainable forms of transport.

4. Construction Phase Impacts

4.1 At a national level, there is considerable awareness of the important contribution that the construction industry makes to the economy. It is estimated that the construction industry employs more than one in ten of the UK workforce, equating to in excess of 3 million people[23].

4.2 Construction of the proposed development could therefore make an important contribution to the local and wider economy. This section sets out the potential economic impact over the construction phase.

4.3 It is estimated that the proposed development would generate an investment in construction expenditure of approximately £16 million. This estimate is inclusive of development costs, materials and labour used in the construction process. In total, the construction phase of the proposed development is forecast to extend to15 months in total, or 1.25 years. This is based on a construction programme provided by the client/applicant.

Employment

4.4 Construction of the proposed development could be expected to support approximately 132 direct FTE temporary construction jobs on average per annum over the construction period.

4.5 The positive economic impacts of the proposed development of the application site will extend beyond construction employment to include the generation of indirect benefits for the local economy. By investing in the development of the site, there will be expenditure on construction materials, goods and other services that will be purchased from a wide range of suppliers. This expenditure has far-ranging induced benefits for South Tyneside, further afield across the North East LEP area and beyond as it filters down the supply chain and into the wider economy.

4.6 The result is that the initial investment in redevelopment of the application site is amplified in an economic 'multiplier' effect with linked benefits in terms of expenditure on goods and services locally. This will bring indirect employment and financial benefits for local people and firms involved in the skilled construction trades and associated professions and could help to sustain employment within this sector of the local and wider economy.

4.7 The Homes and Communities Agency (HCA) Additionality Guide[24] sets out the current recommended approach to calculating indirect employment generation – taking into account multiplier effects generated both through the site supply chain and local induced financial benefits arising from increases in local expenditure derived as a result of the development of the application site.

4.8 Three scales of impact have been identified and assessed in turn:

[23] UK Contractors Group (2012) Construction in the UK Economy
[24] Homes and Communities Agency (2014) Additionality Guide, 4th Edition

- The South Shields economy (South Shields impact area);
- The South Tyneside economy (local impact area); and
- The North East LEP economy (wider impact area).

South Shields Impact Area

4.9 A high level of leakage has been allowed for to reflect labour market containment rates within the South Shields impact area, and allow for the likelihood of construction labour being drawn from a wider catchment due to the possible requirement for specialist construction skills in developing a transport interchange.

4.10 A medium multiplier has been applied to the direct employment generation calculation for the South Shields impact area. This represents the anticipated additional indirect and induced employment generation benefits arising from the scheme at the scale of the South Shields economy. This reflects the potential use of supply chain linkages (e.g. for contractors, materials and labour) and the flow of expenditure into the economy[25].

Table 4.1: Construction Phase – South Shields Impact Area Employment Effects

Net FTE Employment Generation	South Shields Impact Area
Person-years of Employment	165
Construction Period (Years)	1.25
FTE Employment	132
Direct Net Additional Employment (FTE)(per annum)	40
Indirect/Induced Employment in Impact Area (FTE)	4
Net Additional Employment (Total)	**44**

Source: Turley, 2015

4.11 Analysis indicates that some **44 net additional FTE** temporary jobs per annum generated during the construction phase could be supported within the South Shields impact area.

Local Impact Area

4.12 At the local impact scale, a medium level of leakage has been allowed for to reflect labour market containment rates within South Tyneside, and allow for the likelihood of construction labour being drawn from a wider catchment due to the possible requirement for specialist construction skills in developing a transport interchange[26].

4.13 A medium multiplier has been applied to the direct employment generation calculation for the local impact area. This represents the anticipated additional indirect and induced employment generation benefits arising from the scheme at the scale of the South Tyneside economy.

[25] HCA (2014) Additionality Guide (4th Edition)
[26] HCA (2014) Additionality Guide (4th Edition)

4.14 Collectively the application of these factors indicates that the construction of the proposed development could be expected to directly support 66 net temporary full-time equivalent (FTE) construction jobs on average per annum in the local impact area of South Tyneside. A further 17 FTE jobs (per annum) could be generated via indirect and induced effects, including contracts within the supply chain, salaries and onward expenditure within the local impact area. A total of 83 net additional FTE temporary positions per annum could therefore be generated in South Tyneside during the construction phase, as summarised in the following table.

Table 4.2: Construction Phase – Local Impact Area Employment Effects

Net FTE Employment Generation	Local Impact Area
Person-years of Employment	165
Construction Period (Years)	1.25
FTE Employment	132
Direct Net Additional Employment (FTE)(per annum)	66
Indirect/Induced Employment in Impact Area (FTE)	17
Net Additional Employment (Total)	**83**

Source: Turley, 2015

Wider Impact Area

4.15 It is also important to assess the potential employment generation impact across the wider impact area established by the North East LEP during the construction phase. In order to estimate the economic impact at the wider scale, a medium multiplier has been applied[27]. A low level of leakage has been allowed for in recognition that a proportion of indirect/induced jobs are likely to be generated outside of the North East LEP economy.

4.16 Collectively the application of these factors indicates that a total of 168 net additional FTE temporary positions could be generated across the wider impact area, inclusive of the 83 net positions created in South Tyneside. This is summarised in the following table.

[27] HCA (2014) Additionality Guide (4th Edition).

Table 4.3: Construction Phase – Wider Impact Area Employment Effects

Net FTE Employment Generation	Wider Impact Area
Person-years of Employment	165
Construction Period (Years)	1.25
FTE Employment	132
Direct Net Additional Employment (FTE)(per annum)	112
Indirect/Induced Employment in Impact Area(FTE)	56
Net Additional Employment (Total)	**168**

Source: Turley, 2015

Productivity

4.17 The construction phase of the proposed development can also significantly increase gross value added (GVA), which provides a key measure of economic productivity. GVA measures the value of output created (i.e. turnover) net of inputs purchased and used to produce a good or service (i.e. production of the output).

4.18 As the following table shows, the proposed development could directly contribute some £7.6 million net additional GVA (per annum) over the construction period across the wider impact area of the North East LEP, of which circa £3.7 million could be concentrated within the local impact area of the South Tyneside economy, which is also inclusive of a circa £2.0 million GVA contribution towards the South Shields economy. This is presented in Table 4.4 below.

Table 4.4: Construction Phase – GVA Productivity (per annum – average)

GVA Contribution	South Shields Impact Area	Local Impact Area	Wider Impact Area
Direct Employment (FTE) Impact	£1,800,000	£3,000,000	£5,200,000
Indirect / Induced Employment (FTE) Impact	£200,000	£700,000	£2,400,000
Net Additional Impact (Total)	**£2,000,000**	**£3,700,000**	**£7,600,000**

Source: Turley, 2015

Summary

4.19 The construction phase of the proposed development is estimated to have the potential to generate the following economic benefits:

- Investment in construction expenditure of approximately £16 million;

- 165 person-years of construction employment, equating to 132 FTE jobs per annum, generated directly from construction over the build period;

- 112 direct net additional FTE annual jobs at the wider North East LEP scale, inclusive of 66 direct FTE jobs in South Tyneside, of which 40 direct FTE opportunities annually in South Shields;

- A further 56 indirect / induced FTE jobs generated locally per annum in North East LEP area, of which 17 FTE jobs could be generated at the local South Tyneside scale, inclusive of 4 indirect/induced FTE jobs per annum in South Shields; and

- In excess of £7.6 million annual uplift in productivity (GVA) in the North East economy, of which circa £3.7 million could contribute to the local South Tyneside economy throughout construction, which represents circa £2.0 million GVA contribution at the South Shields scale.

5. Operational Phase Impacts

Introduction

5.1 Upon completion and full operation, the proposed development could deliver a range of economic impacts, through the creation of new employment opportunities and a subsequent GVA productivity contribution to the South Shields, local and wider economies. Further impacts will be generated indirectly, through the supply chain and induced effects arising from onward expenditure in the economy.

5.2 Unlike the temporary construction impacts presented above, these economic impacts will persist over the long term, for as long as the development remains in commercial and retail occupation.

5.3 All impacts are presented as net additional, having taken into account existing jobs and productivity associated with the site in its present use including those operations which may be lost and those which will be relocated.

Direct Employment

5.4 The transport interchange will employ at least the number of people currently employed within the Metro station and the bus terminal combined. Therefore, within the modelling there is assumed to be no net change in employment for these uses. In all likelihood there will be a greater number of people employed as a result of the new facility. The figures presented are therefore a minimum.

5.5 The additional commercial uses will support an additional 74 gross FTE jobs directly on site. This includes the retail units within the Transport Interchange and the separate retail and office unit.

5.6 The evidence presented earlier highlights that there is a sizeable latent capacity in the local labour force, with 4,005 people in South Shields and South Tyneside claiming JSA and further claimants in the wider North East LEP area. Notably, based on an analysis of the sought occupation of claimants, it is estimated that some 1,495 JSA claimants in South Shields and 2,735 JSA claimants in South Tyneside are looking for a job in an occupation that is likely to be available during the operational phase of the proposed development[28]. This highlights that the proposed development could make a direct contribution to reducing the number of JSA claimants in the South Shields and South Tyneside areas, through the creation of employment opportunities that reflect the sought occupations of claimants in the authority.

[28] ONS (2015) Claimant Count – April 2015

Net Additional Employment

5.7 Net additional employment refers to the final scale of employment created by the proposed development, once a number of wider economic considerations have been taken into account, in line with national guidance on assessing economic impact[29].

South Shields Impact Area

5.8 Leakage has been applied to reflect local labour market containment within South Shields. A low level of displacement has been allowed for and a medium multiplier has been applied to reflect indirect and induced employment effects at the South Shields level[30].

5.9 Based on this assessment it is anticipated that some 28 net direct FTE positions and 3 indirect/induced net FTE positions will be generated in the South Shields impact area.

Table 5.1: Operational Phase – South Shields Impact Area Net Additional FTE Employment

Net FTE Employment Generation	South Shields Impact Area
Gross Employment (FTE)	74
Leakage	37
Displacement	9
Direct Net Additional Employment (FTE)	28
Indirect / Induced Employment in Impact Area	3
Net Additional Employment (Total)	**31**

Source: Turley, 2015

Local Impact Area

5.10 A leakage rate has been applied to reflect local labour market containment within South Tyneside. Displacement is assumed to be zero, reflective of the availability of latent labour market capacity. A medium multiplier has been applied to reflect indirect and induced local employment effects[31].

5.11 As shown in the following table, the proposed development is estimated to create 48 net direct additional FTE positions in the local impact area of South Tyneside once fully operational. There will also be considerable further benefits to the local economy through indirect and induced effects, through local sourcing of products and services. This could support the generation of a further 12 net FTE jobs within South Tyneside once fully operational. These figures incorporate the effects at South Shields impact area scale.

[29] HCA (2014) Additionality Guide (4th Edition)
[30] HCA (2014) Additionality Guide (4th Edition)
[31] HCA (2014) Additionality Guide (4th Edition)

Table 5.2: Operational Phase – Local Impact Area Net Additional FTE Employment

Net FTE Employment Generation	Local Impact Area
Gross Employment (FTE)	74
Leakage	26
Displacement	0
Direct Net Additional Employment (FTE)	48
Indirect / Induced Employment in Impact Area	12
Net Additional FTE Employment (Total)	**60**

Source: Turley, 2015

Wider (North East) Impact Area

5.12 The operational employment effects across the wider impact area of North East LEP can also be estimated, as shown in the following table. It is estimated that the proposed development could generate 105 net additional FTE positions across the wider impact area, inclusive of the 60 net additional FTE positions created locally in South Tyneside and at the South Shields scale.

5.13 A low rate of leakage is also applied to reflect labour market containment within the wider impact area. Displacement is assumed to be zero, reflective of the availability of latent labour market capacity. A medium multiplier has been applied to the direct employment generation calculation for the wider impact area[32].

Table 5.3: Operational Phase – Wider Impact Area Net Additional FTE Employment

Net FTE Employment Generation	Wider Impact Area
Gross Employment (FTE)	74
Leakage	4
Displacement	0
Direct Net Additional Employment (FTE)	70
Indirect / Induced Employment in Impact Area	35
Net Additional FTE Employment (Total)	**105**

Source: Turley, 2015

[32] HCA (2014) Additionality guide (4th Edition)

Productivity

5.14 As a result of the net additional contribution to employment generation, upon completion and operation, the proposed development could also deliver a contribution to economic productivity, measured in GVA. As shown in the following table, the proposed development is estimated to generate circa £3.4 million per annum GVA uplift in the local South Tyneside economy. Of this total, it is estimated that £1.7 million will contribute to the South Shields economy. This effect increases to a total of circa £5.6 million per annum when the impact of operation is assessed across the wider impact area.

Table 5.4: Operational Phase – GVA Productivity (per annum – average)

Net GVA Generation	South Shields Impact Area	Local Impact Area	Wider Impact Area
Direct GVA Impact	£1,600,000	£2,900,000	£4,200,000
Indirect / Induced GVA Impact	£100,000	£500,000	£1,400,000
Net Additional Impact (Total)	**£1,700,000**	**£3,400,000**	**£5,600,000**

Source: Turley, 2015

Business Rates

5.15 Commercial enterprises as well as quasi-public and public entities pay non-domestic rates – known as business rates – to contribute to the cost of providing public services, with payment to the local authority within which the business property is located. Business rates are directly related to floorspace.

5.16 A scheme whereby business rates are retained by local authorities has been introduced by the Government, in order to provide a direct link between growth in business rates and the amount of money local authorities have available to spend on local people and local services. This came into operation from April 2013.

5.17 Under the currently enacted scheme, local authorities are now able to keep at least 50% of the growth in business rates revenue that is generated in their area. The Government's intention is that this will provide a strong financial incentive for local authorities to promote economic growth.

5.18 The Government has stated that the system will not be reset before 2020 at the earliest, with the scheme therefore providing local authorities with an increasingly important source of income over this period that can enable them to effectively plan and budget.

5.19 It is estimated that the proposed development could generate a net additional uplift of approximately £95,000 in business rate revenue per annum, of which – under current arrangements – £47,500 could be retained by South Tyneside Council. The proposed development can therefore make a significant contribution to local authority revenues, increasing the amount available to spend on local people and services.

Transport Benefits

5.20 JMP undertook an assessment of the economic case for junction improvements as part of the South Shields 365 Vision Masterplan. The junctions were modelled for an opening year of 2018, which includes the Transport Interchange and associated retail and office development, and for a future year of 2023, which includes the remaining elements of the masterplan including the retail and leisure complex and foodstore.

5.21 The findings indicate that by 2018:

- There will be monetised journey time impacts on private transport of £13,237 to businesses and £54,653 to other users
- There will be monetised journey time impacts on public transport of £1,176 to businesses and £28,817 to other users
- This gives a total monetised journey time impact on all traffic of £14,414 to businesses and £83,471 to other users

Table 5.5: Monetised Journey Time Impacts on All Traffic

	2018		2023	
	Business	Other	Business	Other
Crossgate/Westoe Road	£4,676	£19,273	£352,726	£2,127,500
Crossgate/Garden Lane	£8,867	£57,411	£171,285	£1,369,308
Fowler St/Supermarket Access	£0	-£7	-£5,837	-£265,228
Coronation St/Station Rd	£0	£0	£371	£8,706
Crossgate/Station Road	£871	£6,794	£1,548	£11,325
Total	£14,414	£83,471	£520,092	£3,251,610

Source: JMP, 2015

5.22 A DfT Webtag appraisal was undertaken to assess the cost and benefits of the scheme over 10, 30 and 60 year periods. The findings indicated benefit cost ratios (BCR) of 7.94, 20.08 and 28.48 respectively. The DfT considers a scheme to represent high value for money if it has a BCR in excess of 2.00 and very high value for money if it has a BCR in excess of 4.00.

Table 5.6: Results of Scheme Appraisal

	10 years	30 years	60 years
Present Value of Costs	£2,389,288	£2,389,288	£2,389,288
Present Value of Benefits	£18,959,197	£47,970,554	£68,035,908
Net Present Value	£16,569,909	£45,581,266	£65,646,620
Benefit Cost Ratio	7.94	20.08	28.48

Source: JMP, 2015

Additional Anticipated Benefits

5.23 There will also be wider benefits associated with investment in transport infrastructure. We have not sought to capture these through primary research as part of this assessment but draw on evidence researched and compiled by other reputable sources.

5.24 Research commissioned by UK Department for Transport (2014)[33] grouped impacts of transport investment into three types: user benefits, productivity effects and investment & employment effects.

(i) **User benefits** – these are the most direct effects and include time savings and vehicle operating cost savings. As a result of user benefits, the market also benefits. For example, a decrease in a commuters travel time can result in higher rents to landlords while decreases in a firms' costs can be passed on as savings to customers. User benefits are considered as the core benefits of transport investment.

(ii) **Productivity effects** – gains to firms and workers including those who do not directly use the transport invested in. These benefits relate to agglomeration benefits where there is interaction between firms and employees, acting as a catalyst for knowledge and skills exchange. Increases in settlement size (enabled by investment in transport infrastructure and firms reaching wider markets) has a significant positive effect on productivity.

(iii) **Investment and employment effects** – better transport can improve investment prospects as transport links are one factor in shaping the location decisions of firms.

[33] Transport Investment and Economic Performance: Implications for Project Appraisal (2014) Venables, Laird and Overman for UK Department for Transport.

6. Conclusion

6.1 The proposed development of the South Shields Transport Interchange development comprising a new Transport Interchange and a retail and office unit has been independently assessed by Turley Economics.

6.2 The Government is committed to supporting economic growth, with national policies – including the NPPF – highlighting the importance of supporting economic development and job creation. Economic growth is also promoted at a local level, with both the LEP and the Core Strategy recognising the need to attract investment in order to provide additional employment opportunities, enhance economic vitality and encourage further growth. Transport investment is identified as one such priority.

6.3 This economic assessment concludes that the proposed development will have a lasting positive economic effect within South Shields, South Tyneside, and across the wider North East LEP area via employment, expenditure and local revenues generated.

6.4 Direct and indirect economic impacts during the construction and operational phases have been assessed and are summarised below.

6.5 The headline economic impacts estimated in relation to the construction phase of the development are:

- **Direct Construction Employment Generation** – Construction of the proposed development will directly support approximately 112 direct FTE positions per annum at the North East LEP scale, of which 66 FTE jobs per annum could be local to South Tyneside and of which 40 FTE jobs per annum could be local to South Shields;

- **Indirect and Induced Construction Employment Generation** - A further 56 FTE jobs could be supported annually during the construction phase through indirect and induced effects at the wider impact area of the North East LEP – including supply chain salaries and onward expenditure, of which it is estimated that 17 FTE jobs could be local to South Tyneside, of which 4 FTE job could be supported annually in South Shields; and

- **Construction Derived Productivity Uplift** - The construction phase of the proposed development can make a significant contribution to economic productivity, measured in Gross Value Added (GVA). The capital expenditure associated with the construction of the proposed development could deliver circa £7.6 million contribution to the North East LEP economy annually during the construction period, of which some £3.7 million could be local to South Tyneside; and of which circa £2 million could contribute to the South Shields economy.

6.6 Moreover, it is estimated that the operational phase of the proposed development would generate the following economic impacts:

- **Gross Employment Generation** – The proposed development has the capacity to directly generate an additional 74 direct gross FTE jobs with recruitment conducted through local agencies and standard recruitment channels. It is expected that some of these jobs would be available to, and well suited with the skills profile of, the existing local labour force. Moreover, 2,735 JSA claimants in South Tyneside, including 1,495 JSA claimants in South Shields, are in search of occupations expected to be created by the proposed development during its operational phase;

- **Net Additional Employment** – Taking account of the wider economic considerations, it is expected that the proposed development would generate a total of 60 net additional FTE jobs in South Tyneside upon completion and operation, of which it is expected that 12 FTE jobs would be associated with indirect and induced effects, including sourcing of local products and services. Of the generated jobs in South Tyneside, it is anticipated that some 28 net direct FTE positions and 3 indirect or induced FTE jobs could be generated in South Shields. Across the wider North East LEP area a total of 105 net additional jobs could be created, inclusive of those generated locally in South Shields and wider South Tyneside areas;

- **Productivity Uplift –** The operational phase of the proposed development has potential to contribute circa £5.6 million uplift in productivity (GVA) annually to the North East LEP economy once fully operational, of which circa £3.4 million could contribute to the local South Tyneside economy; and of which £1.7 million could contribute to the South Shields economy;

- **Business Rates Impact** – Upon full occupation it is estimated that the proposed development will generate a net additional uplift of approximately £95,000 in additional business rate revenue per annum, of which at least 50% or £47,500 could be retained by South Tyneside Council. This represents a significant longer term source of Local Authority revenue, increasing the amount available to support local services, infrastructure and amenities; and

- **Journey Time Savings** – JMP estimate that journey time savings in 2018 give a total monetised journey time impact on all traffic of £14,414 to businesses and £83,471 to other users.

6.7 The proposed development could therefore make a significant contribution to the South Shields, local and wider employment needs, delivering substantial economic benefits directly within South Shields, the local impact area of South Tyneside, and across the wider impact area of the North East LEP.

6.8 Moreover, the potential economic benefits associated with the proposed development presented are net additional and therefore are estimated to present a more favourable economic proposition than retention of the existing premises in its current format and occupier profile.

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