

1. Assessing Wider Economic Benefits

Getting West Nuneaton Moving: Bermuda Connection

- 1.1 As part of developing an updated economic case for WCC, Regeneris Consulting have reviewed the role the Bermuda Connection project could play in facilitating the development of sites in the Nuneaton area.

Analysis of Sites

- 1.2 We have reviewed the development capacity of those current and future employment areas in the immediate vicinity of the scheme and in areas where congestion will be improved by the scheme. These areas include a proposed employment site from the Emerging Borough Plan (EMP1)¹ and a number of existing employment areas with vacant plots. The following table outlines these sites.

Site	Total Plot Size (sqm)
Empty plot in existing North Caldwell employment site	6,300
Site in the north end of the Bermuda Industrial Estate	8,100
Largely empty plot on the East side of Hazell Way industrial site	8,400
Bermuda 208 currently being marketed within Bermuda Park	43,800
Proposed Local Plan site EMP 1 (Faultlands site)	260,000

Source: Regeneris Consulting; Consultations with WCC

- 1.3 An assumed split of 50% Industrial (B2/B1(c)) and 50% Storage & Distribution (B8) uses has been applied to all sites (with the exception of Bermuda 208 which is assumed to be 75% Storage & Distribution and 25% Office as this is the split that is currently being marketed for the site). The 50/50 split is based on a review of current occupier activity at the Bermuda Industrial Park.²
- 1.4 To convert plot sizes into the appropriate floorspace measure we have applied the following assumptions:
- a plot ratio of 35% to convert employment sites to gross external area based on Regeneris' s analysis of suitable benchmarks
 - a ratio of 95% to convert external areas to internal areas based on the latest HCA Employment Densities Guidance
 - a ratio of 85% to convert gross areas to net internal areas based on the latest HCA Employment Densities Guidance.

¹ Planning Application Reference - 034901 (Planning)

² Based on visual observation during a site visit as we do not have definitive data on all occupiers

Gross Potential Impacts

- 1.5 To convert floorspace into Full Time Equivalent (FTE) Jobs we have used average floorspace per employee by use class from the latest HCA Employment Densities Guide (2015). This provides the estimate of gross jobs on site once fully developed.
- 1.6 GVA impact is estimated using estimates of GVA per employee (ie full and part time) from the Coventry and Warwickshire LEP Business Case Guidance. These have then been converted to GVA per FTE using data from the ONS Business Register and Employment Survey (BRES). The GVA per FTE assumed for each use class is as follows³:
- Industrial – £65,100 (Manufacturing)
 - Storage & Distribution – £42,800 (Distribution, Transport, Accommodation and Food)
- 1.7 Each site is allocated a likely start date and an estimated build out period based on consultations with Warwickshire County Council and other stakeholders (landowners/agents) which allows us to stagger the impacts. The following assumptions have been applied to account for the timing of impacts:
- a one year delay from development to impacts
 - GVA benefits are discounted at a rate of 3.5% in line with HM Treasury Green Book guidance
 - a persistence of 5 years for the GVA impact associated with jobs, in line with guidance on transport schemes (note: this is a conservative assumption and the actual persistence of benefits could be significantly longer).

Net Impacts

- 1.8 To account for any displacement at the LEP level of other business activity we have applied a rate of displacement based on additionality guidance from the Department of Business Innovation & Skills that was used in the previous work for the C&WLEP in assessing the potential role of transport schemes in supporting the Strategic Economic Plan (in 2014). The displacement factors assumed are as follows:
- Storage and Distribution - 60%
 - Industrial - 40%
- 1.9 To account for multiplier effects we have assumed a multiplier of 1.25 which is also based on the previous Regeneris work done to support the 2014 C&WLEP SEP.

Net Attributable Impacts

- 1.10 The hardest factor to assess is the contributory role of the proposed transport scheme to the development of additional employment activity around the scheme

³ This is the lowest available breakdown of these industries at LEP level, using SIC07 sector groups C and GHI

(ie the sites in Table 1.1). There are various factors to take into consideration:

- 1) There is evidence of reasonably robust demand for sites in the area, demonstrated by relatively high levels of occupancy.
- 2) Work for WCC in 2015 in reviewing the proposed major site allocations in the emerging Borough Plan identified the need for a package of mitigation measures to ensure unacceptable levels of congestion did not arise in the future. These schemes can be thought of as a necessary package to support the increased population and employment in the Borough⁴.

- 1.11 The employment and GVA impacts from the development of the identified sites are not directly contingent on the Bermuda Connection scheme, given the overall package of A444 corridor improvements are a key part of the wider plans to support Nuneaton's growth. Warwickshire County Council has modelled the impacts of planned growth on congestion in the Borough.⁵ The assessment makes clear that although all projects within the planned A444 corridor improvements are not specifically necessary for development, some form of improvements will need to come forward to enable the wider plans for growth.
- 1.12 To allow for the fact that the Bermuda Connection project can only be considered as having a share of the overall transport supporting impact on the identified employment sites, we have taken the updated capital costs of the project as a proportion of the updated total cost of all transport improvements identified in the strategic transport assessment.⁶
- 1.13 This leads to a suggested attribution factor of around 10%. In other words, the Bermuda Connection scheme is assumed to account for 10% of the overall role that transport improvements in the A444 Corridor make in allowing for the future development of the sites in Table 1.1. This is not a perfect measure of attribution as ideally this would be based on the relative share of contribution to reducing/avoiding congestion. However, in the absence of more detailed information, we consider that cost is a reasonable proxy for the share of this scheme in the overall package.
- 1.14 This approach also assumes that it is necessary to see transport improvement to allow economic growth to take place. Again, this is not clear cut. It is quite possible that at least some of the development takes place without any highways or other transport improvements. In this case the modelling suggests that there would be an unacceptable increase in congestion in Nuneaton. We do not know for certain but this is likely to have an adverse impact on business performance and location decisions of businesses, offsetting the positive contribution from new site development. However, it is possible that WCC could make completion of the package of improvements a necessary precondition before the approval is

⁴ Vectos, Nuneaton & Bedworth Borough Council Strategic Transport Assessment Modelling Report, 2015

⁵ ibid

⁶ The scheme costs identified in the August 2015 Vectos Assessment have been updated by WCC officers.

given for sites that would contribute to congestion in and around the A444 Corridor.

Housing

- 1.15 In addition to the jobs and GVA generated by the project, there is also a housing site, HSG3 (575 dwellings) that has been identified in the emerging local plan process, adjacent to the EMP 1 employment site.⁷ Given the housing site is adjacent to EMP 1, we have used the same method to calculate the impact that is attributable to the project. We estimate that the scheme could enable around **58 housing starts**.

Summary of Impacts

- 1.16 Below is a summary of impacts:

Effect	Jobs	GVA Total Present Value	Housing Starts
Gross development potential	2,440	£510m	575
Net of displacement	1,300	£280m	–
Net attributable to the transport scheme	130	£28m	58
Net attributable - after multiplier effects	160	£35m	–

Source: Regeneris Consulting Calculations

⁷ Panning Application Reference - 035037 (Planning)