



REGENERIS

Proposed aggregate importation,
processing, preparation and manufacture
of value added products; Fisher's Wharf
East Quay, Newhaven Port:
Employment and Economic Impact
Assessment

A Report by Regeneris Consulting

August 2017

Employment and Economic Impact Assessment

August 2017

www.regeneris.co.uk

Contents Page

Executive Summary	4
<hr/>	
1. Overview	7
<hr/>	
2. Newhaven Context	8
<hr/>	
3. Proposed Development	18
<hr/>	
4. Economic and Wider Impacts	19
<hr/>	
5. Key Findings	31

Executive Summary

Development Context

- i. The proposed port access road has the potential to unlock employment land in and around Newhaven Port and provide employment and economic impacts for Newhaven and the wider East Sussex area.
- ii. The most significant impact will be associated with East Quay, as access via Beach Road is currently constrained. Brett Aggregates Limited (BAL) have developed proposals for a new road and rail connected marine dredged aggregate terminal and is in the process of seeking planning permission. The full proposals are dependent on the proposed port access road and, while it would be possible to undertake a smaller operation without the new road, this would not be a profitable or viable option for BAL. Without the commitment to the proposed access road, they would be unlikely to invest in the site.

Headline Impacts

Direct Impacts

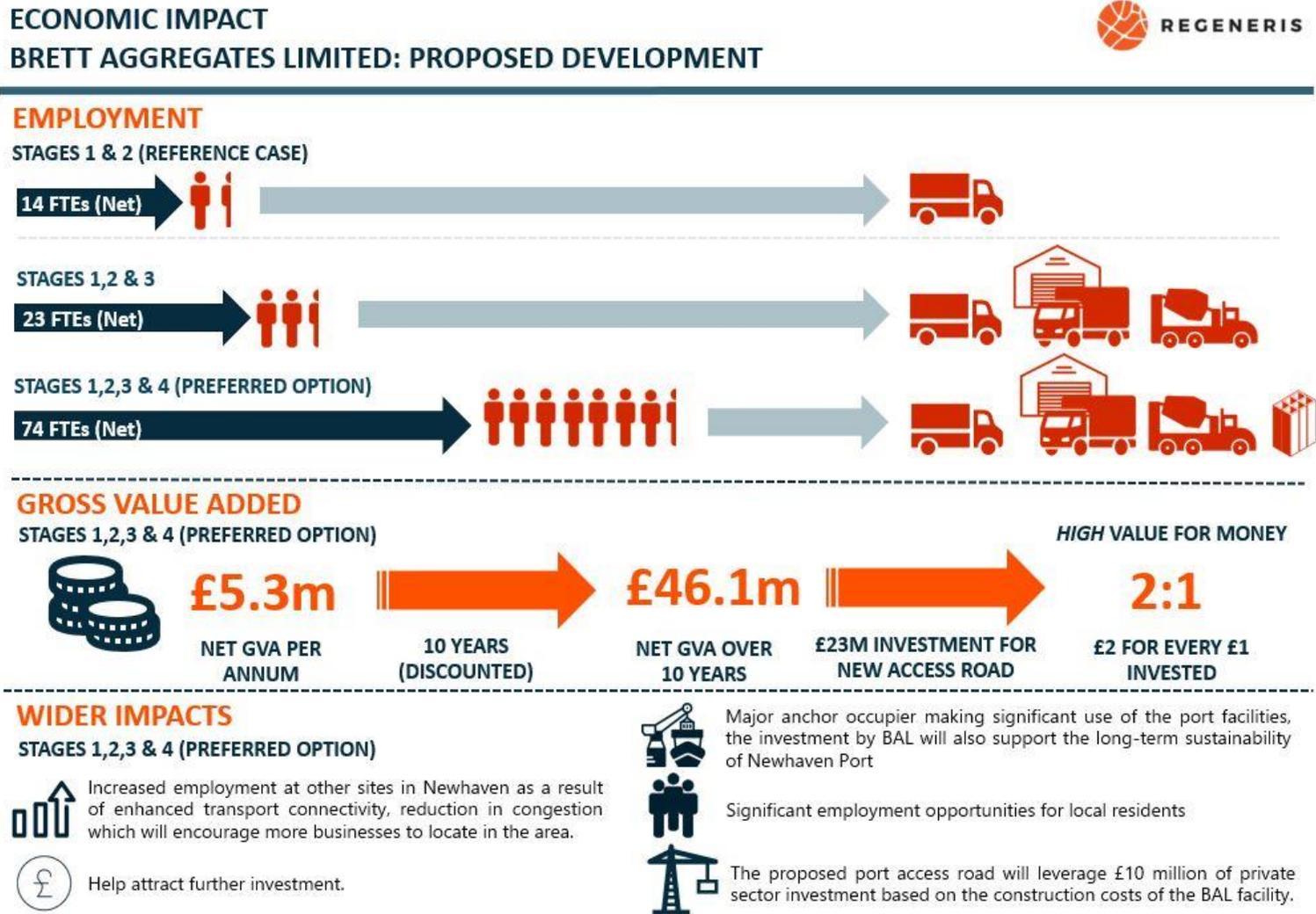
- iii. BAL's Preferred Option for the site, which includes the facilities to import and process sand and gravel adding a bagging operation, a concrete batching plant and a concrete block making facility, is expected to deliver circa 100 new Full Time Equivalent (FTE) jobs on site. This is expected to result in **74 net additional FTE jobs** in East Sussex (after accounting for scheme additionality and the wider multiplier impacts).
- iv. During full operation the 74 net additional jobs will result in an additional economic contribution to East Sussex (measured as Gross Value Added or GVA) of £5.3 million a year. Over a typical ten-year assessment period this would equate to an **uplift in GVA of £46 million** after discounting.
- v. Given that the public-sector cost of constructing the proposed port access road is £23 million, this suggests that the return on public sector investment (the BCR) of the BAL proposals alone would be in the order of **£2 for every £1 of public investment**, which would represent high value for money.

- vi. In addition, the construction costs of the BAL proposals suggest that the scheme would support **75 additional construction jobs** over the life time of the construction phase.
- vii. Sensitivity testing suggests that the proposals will continue to deliver a minimum of 'acceptable' value for money under a range of assumptions (i.e. a BCR of between 1 and 2) and, once accounting for the wider benefits outlined below, it is highly likely that the port access road will deliver a minimum of good value for money (i.e. a BCR of at least 2:1).

Wider and Strategic Impacts

- viii. In addition to the direct impacts identified above, there are a range of wider benefits that are expected to be associated with the proposed port access road. These include:
 - Increased employment at other sites in Newhaven (potentially including Railway Quay, Eastside South and Bevan Funnell) as a result of enhanced transport connectivity, a reduction in congestion associated with the existing port access road, and the enhanced attractiveness of these sites for firms considering locating in the area.
 - The circa 100 jobs to be provided at Newhaven Port which will provide significant employment opportunities for local residents, including local unemployed people or those that are inactive but would like a job. The profile of Newhaven residents also suggests that there will be a significant opportunity for BAL to recruit locally.
 - The proposed port access road will deliver significant inward investment into Newhaven. This will include the proposals by BAL who will be required to make a long-term commitment to the new facility to justify their initial outlay. Further inward investment would also be associated with the wider employment impacts identified above.
 - As a major anchor occupier making significant use of the port facilities, the investment by BAL will also support the long-term sustainability of Newhaven Port.
 - As a minimum, the proposed port access road will leverage £10 million of private sector investment based on the construction costs of the BAL facility. The total investment over the lifetime of the facility will almost certainly be more this. Further private sector investment will be associated with any additional investment that results from the proposed port access road.

Figure 1.1 Executive Summary Infographic



Source: Regeneris Consulting

1. Overview

- 1.1 East Sussex County Council are in the process of developing a Business Case for the Newhaven Port Access Road, which will provide a new road connection from Newhaven Port to the A259 and deliver improved capacity over the existing single-track route.
- 1.2 BAL have developed proposals for a new marine aggregate terminal and value added product facility (the Proposed Development) at Newhaven Port and are in the process of seeking planning permission. BAL's full proposals are dependent on the port access road and BAL have commissioned Regeneris to undertake an economic impact assessment to consider how the impacts of the proposed development compare to the public-sector costs of delivering the port access road.
- 1.3 The economic impacts of the proposed development will be based on the employment and Gross Value Added (GVA) associated with the development. This includes an assessment of the net additional economic impacts that will accrue to the East Sussex region (defined as the Impact Area).
- 1.4 This assessment also considers the wider impacts associated with the port access road, including the potential for additional employment to come forward elsewhere in Newhaven as a result of improved transport connectivity and the potential for the proposed development to deliver wider economic benefits – such as the recruitment of local residents.
- 1.5 It is expected that the economic impacts identified in this report will support a WebTAG compliant business case to DfT. Specifically, the impacts identified in this report will inform the consideration of dependent development.

2. Newhaven Context

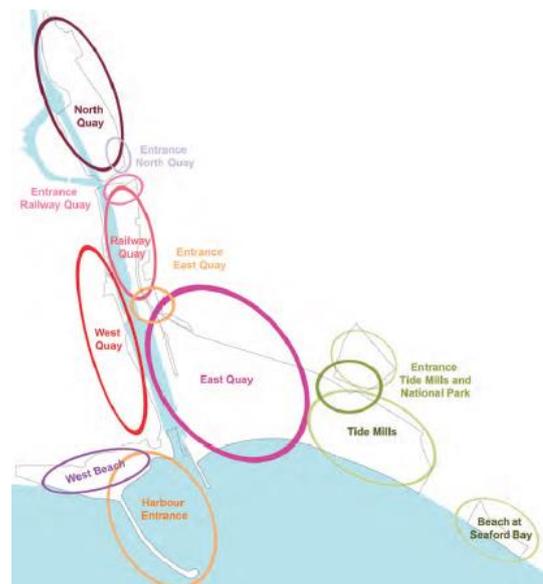
Site Context

- 2.1 The Port of Newhaven is identified as a key economic asset, providing ready access to global markets. However, in their Strategic Economic Plan (SEP), Coast to Capital (C2C) Local Enterprise Partnership (LEP) highlight that the town has been unable to attract a critical mass of new investment and, as a consequence, has become trapped in a cycle of low investment, decaying infrastructure and low value employment and business.
- 2.2 Longer term aspirations for the town include developing Newhaven as a hub for innovative businesses linked to clean-tech sectors. However, in the shorter term the BAL proposals present a significant inward investment opportunity for the town which will provide substantial local employment opportunities and build on the local port related assets.
- 2.3 In this section, some of the key issues concerning the development context for the proposals are set out.

Newhaven Port

- 2.4 Newhaven Port is an important asset for Newhaven, providing crucial employment floorspace for the town.
- 2.5 The port is made up of four discrete quays:
- North Quay to the north of the A259 Brighton to Seaford Road
 - Railway Quay, on the eastern bank of the river immediately to the south of this road and is the site of the rail connected ferry terminal
 - East Quay, seaward of Railway Quay
 - West Quay on the river's western bank, mainly used for leisure purposes and the port's fishing industry.

Figure 2.1 Newhaven Port Masterplan Areas



Source: Newhaven Port Masterplan, 2017

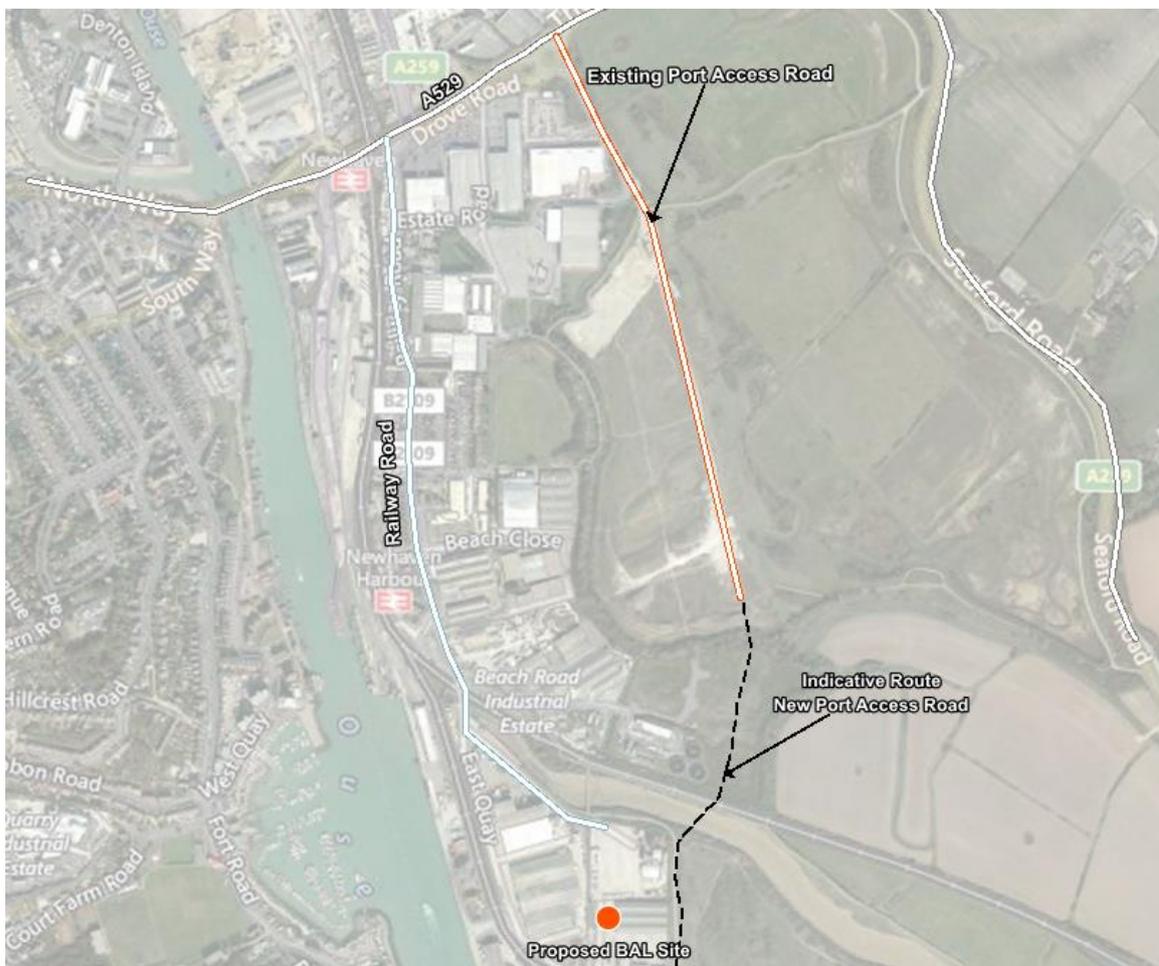
2.6 A Port Masterplan was developed in 2012 which set out a longer-term vision for the port. The proposals for East Quay included the development of offshore wind facilities and advanced manufacturing, however the quay was expected to continue to develop and increase activity relating to storage and trade.

Transport Constraints

2.7 The current route into the port is along Railway Road / Beach Road, which is a single-carriageway with on-street parking and is partially lined with residential housing.

2.8 The current road adequately serves the existing business located at the port. However, if growth plans in accordance with the Port Masterplan and Enterprise Zone aspirations are to be realised, capacity could become limited.

Figure 2.2 Context Map



Source: Regeneris Consulting. This is an indicative route for illustrative purposes only. Please refer to the Planning Application for further detail.

- 2.9 AECOM carried out a transport assessment¹ for the proposed University Technical College (UTC) in Newhaven. **The transport assessment deemed that the current junction to Railway Road/Beach Road is almost approaching capacity (>85% RFC²).**
- 2.10 As the current access road also passes through a residential area, there could be noise implications of the road, particularly if access is required in the late evening or early morning.
- 2.11 The proposed port access road, which has been partially constructed, when completed would improve road access to the port and increase local transport capacity, as well as diverting traffic away from the residential areas on Railway Road/Beach Road. However, further DfT investment is required to complete the road and link it to East Quay.

Enterprise Zone

- 2.12 Newhaven Enterprise Zone was officially established in April 2017. The zone consists of eight sites and covers up to 80 hectares of land within Newhaven and aims to:
- **Create 55,000m² of new commercial and employment floorspace**
 - **Refurbish a further 15,000m² of commercial and employment floorspace**
 - **Create / safeguard up to 2,000 jobs.**
- 2.13 There is a strong policy alignment for Newhaven Enterprise Zone, which seeks to accelerate Newhaven's transition from an economy based on low value manufacturing and processing employment linked to the Port, to a new and higher value economic role supporting sectors such as:
- **Research & Development;**
 - **Advanced Manufacturing; and,**
 - **Creative Industries.**

¹ AECOM, 2014; UTC@Harbourside Transport Assessment,

² Reference to Flow Capacity (RFC) is a term used in Transport Modelling to assess the operation of a junction. Also known as Reference Flow to Capacity ratio, the result provides an indication of likely junction performance.

Local Economic Context

Population Base

- 2.14 Newhaven was home to around 12,000 people in 2011 and accounts for 13% of the population of Lewes. In the preceding ten years, the population grew faster than the district average – by 1,000 people or 9%.
- 2.15 Economic activity is in line with surrounding areas, however the town has a skills deficit compared to surrounding areas. Almost one fifth of residents (17%) have no qualifications and only 20% hold degree level qualifications.
- 2.16 Looking ahead, the overall size of the working age population is expected to decline across East Sussex, reflecting an ageing population. While population projections are unavailable for Newhaven, figures for Lewes district suggest that the working age population will decline more slowly across Lewes than East Sussex. Consequently, areas such as Newhaven are likely to become increasingly important to the wider economy of East Sussex as they will be home to an increasing share of the county's working age residents.

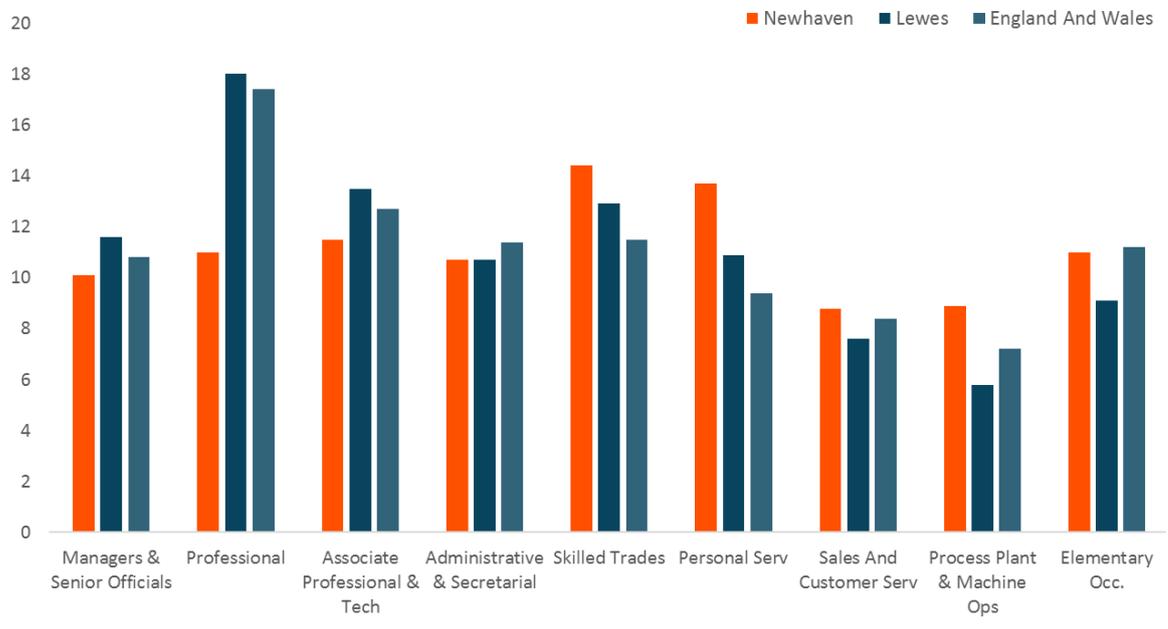
Employment & Skills

Employment

- 2.17 In March 2017, the number of people unemployed in East Sussex according to the Annual Population Survey (APS), was c. 12,000 (4.5%). This is slightly lower than the England and Wales average (4.7%) but higher than the regional average (3.8%).
- 2.18 At the district level, there were c. 1,700 residents of Lewes district who were unemployed (3.3% of all economically active residents). A further 1,500 are economically inactive but would like a job.
- 2.19 The latest unemployment data available at the Newhaven level is from the Census 2011 data, when there were c. 300 unemployed residents. At this time Newhaven accounted for 12% of unemployment in Lewes and if this remains the case, there would be in the order of 240 unemployed residents of Newhaven today.
- 2.20 For those in work, according to the Census 2011, almost 780 people (20%) of the workforce in Newhaven are employed as *Process Plant and Machine Operatives* or in *Elementary Occupations*. This is significantly higher than Lewes (15%) and closer to the national average (18%).

2.21 A further **15% of the local workforce are employed in Skills Trades** which is also above the Lewes district (13%) and England and Wales (12%) averages.

Figure 2.3 Occupations

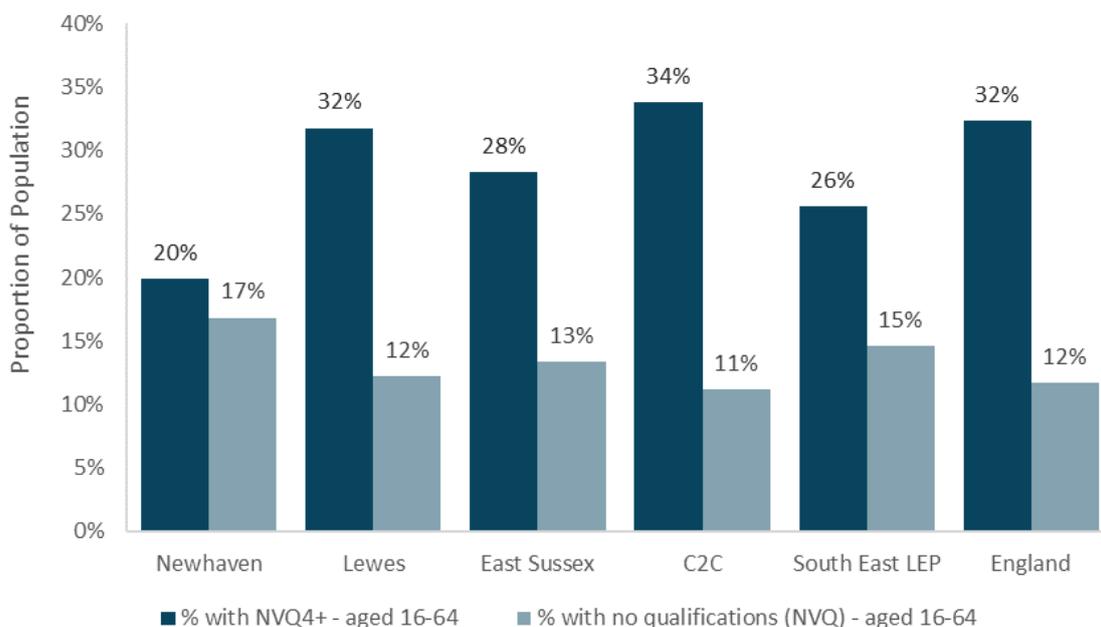


Source: Census 2011

Skills Challenges

- 2.22 Amongst all the comparator areas Newhaven has both the highest proportion of residents with no qualifications (17%) and the lowest proportion of residents with a degree level qualification or higher (20%).
- 2.23 The skills gap compared to the wider area is stark, particularly the shortfall of people with Level 4+ qualifications – which is 12 percentage points lower than Lewes District and 14 percentage points lower than the average for C2C LEP.

Figure 2.4 Qualification Levels



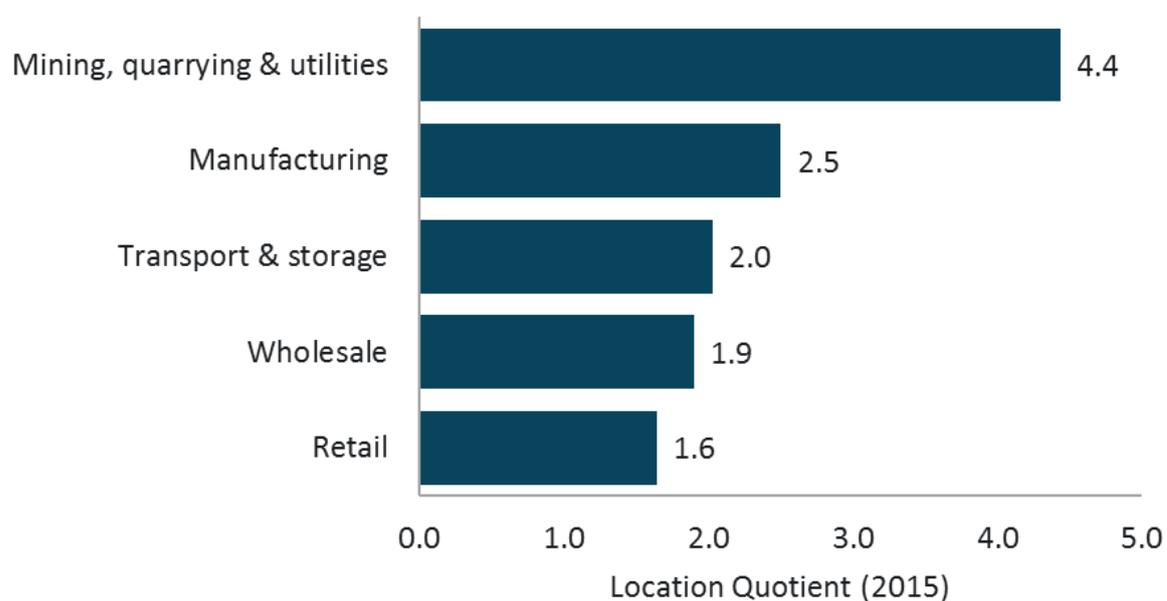
Source: Census 2011

- 2.24 One of the major challenges that faces the area is the ability for potential employers to draw on a suitable workforce.
- 2.25 Newhaven has poor levels of skills attainment and, coupled with relatively poor connectivity to the wider city region, this may constrain inward investment into the area.
- 2.26 Whilst the aim of the Newhaven Enterprise Zone is to encourage higher value sectors such as; *Research & Development*, *Manufacturing* and *Creative Industries*, the skills base of the local population is not currently suited to these sectors.
- 2.27 A high proportion of the labour force currently work in *Elementary Occupations* or as *Process Plant & Machine Operatives*, which are the occupations in which the Proposed Development would have a large dependency on. The Proposed Development would also support a number of sales and customer service roles, which are currently being sought by job seekers locally.
- 2.28 *With an estimated 240 people unemployed in Newhaven, BAL's proposed development could provide significant local employment opportunities. The employment profile of residents in work also suggest that there will be a significant overlap between the range of employment opportunities associated with the new development and the local skills base and work experience of local residents. The combination of these two facts suggest that a significant number of jobs associated with the new development could be taken up by Newhaven residents.*

Sector Strengths

- 2.29 The largest employment sectors in Newhaven include; manufacturing (1,050 jobs), retail (850), health (550) and transport and storage (500).
- 2.30 There is a degree of location specialisation (Location Quotient³) that exists within Newhaven's largest employment sectors – for example the proportion of people employed in mining, quarrying and utilities is more than four times the national average.
- 2.31 The proportion of people employed in manufacturing is also more than double the national average. The remaining sectors that account for a greater share of employment in Newhaven than they do nationally are transport & storage and wholesale & retail.

Figure 2.5 Sector Specialisation



Source: BRES, 2015

- 2.32 Furthermore, when the *Mining, Quarrying & Utilities* and *Manufacturing Sectors* are assessed at the East Sussex level the location quotients (LQ) rise to 8.8 and 3.1, showing the significance of Newhaven as a hub for these sectors at the regional level.

³ A Location Quotient (LQ) is a measure of concentration of activity in one area, compared to another. In this case sector characteristics in Edenbridge have been compared to England where a LQ of higher than 1.0 indicates a higher degree of specialisation in the area.

Policy Alignment

- 2.33 Newhaven has been identified as a key economic growth point by Coast to Capital LEP which can become a hub for innovative businesses linked to clean-tech sectors. It is also identified in the Greater Brighton City Region Growth Deal, which aims to support the spread of growth and prosperity beyond the boundaries of Brighton itself by building on a network of growth centres across the city region, which include Newhaven. These objectives are further supported by the Lewes Local Plan which sets out a vision that by 2030 Newhaven will have undergone significant regeneration and will have developed and strengthened its economic base.
- 2.34 However, partners in the region recognise some of the challenges facing Newhaven. Most importantly, is the need to improve the current stock of business accommodation. However wider identified improvements necessary to promote investment into the town include the need to enhance transport links with Brighton and other Growth Hub locations across C2C as well as tackling key transport infrastructure bottlenecks around Newhaven.

Coast to Capital - Strategic Economic Plan (2014)

- 2.35 The SEP also recognises that the delivery and long-term viability of the Newhaven Growth Hub EZ will require investment in key infrastructure to unlock development potential. Enhanced transport links with Brighton and other Growth Hub locations across Coast to Capital will also enable the EZ to add value to the wider sub-regional economy and complement SEP-led spatial and sectoral growth programmes. The SEP identifies the junction of the A26 and A27, as an infrastructure bottleneck.

Greater Brighton City Region - City Deal (2014)

- 2.36 The City Deal⁴ aims to support the spread of growth and prosperity beyond the boundaries of Brighton itself and identified a network of growth centres located across the city region, including Newhaven.

⁴ Greater Brighton City Deal

Lewes District Council - Local Plan Joint Core Strategy 2010-2030 (2016)

- 2.37 The Local Plan⁵ Newhaven, is relatively dependent upon manufacturing employment, and in recent years has suffered significant job losses. The town has not shared the wider economic prosperity within the district.
- 2.38 Despite the decline in manufacturing employment, a high proportion of jobs in Newhaven (31%) remain in manufacturing, which is significantly above the regional and national averages.

Potential Opportunities

- 2.39 There are significant long-term aspirations for Newhaven associated with implementing the Port Masterplan and delivering the Newhaven Enterprise Zone. Specifically, this includes a focus on clean-tech and advanced manufacturing that will move Newhaven beyond its current low value employment base.
- 2.40 There is also the potential for Newhaven to play a potentially strategic role in the growth of the Greater Brighton City Region by providing affordable and flexible employment uses for companies that are seeking to expand out of Brighton, freeing up space for higher density uses within the city boundary.
- 2.41 However, a number of constraints have been identified including the availability of a suitably skilled workforce, transport constraints (including access to Newhaven from the A27 and the A259 route to Brighton), and shortage of suitable accommodation to attract inward investment.
- 2.42 The delivery of the Enterprise Zone will tackle a number of these issues and if the local economy of Brighton and Hove continues to overheat, companies will increasingly consider alternative portions elsewhere in the city region, including Newhaven. However, in the short term considerable challenges remain and the BAL proposals, as identified above, will provide significant employment opportunities that will be accessible to local residents.

⁵ Local Plan Joint Core Strategy 2010-2030 (2016)

- 2.43 This will have the dual benefit of addressing local unemployment and economic inactivity as well as having a less significant impact on the local transport network compared to schemes that are likely to source employment from a wider area.
- 2.44 The proposed port access road will also provide a broad range of wider impacts, including the potential to:
- Unlock additional sites for redevelopment.
 - Divert traffic from the existing Beach Road and freeing up capacity for existing sites that are not directly accessed by the port access road.
 - Improve the attractiveness of existing sites, potentially resulting in lower vacancies and the greater utilisation of available space.
- 2.45 These issues are explored in greater detail in Section 4.

3. Proposed Development

- 3.1 The Proposed Development will involve the off-loading of aggregates at the existing berth on the East Quay and developing facilities on land behind the Quay, to enable sand and gravel to be off-loaded, processed, bagged and transported from site by rail and road.
- 3.2 It is anticipated the Proposed Development would come forward in the four stages, as detailed below.
- Stage 1 development - comprises the importation of unprocessed sand and gravel, mainly dredged from the English Channel, its off-loading and processing by washing, screening and crushing when necessary, to produce construction aggregates. Followed by the bagging and distribution by road and rail.
 - Stage 2 development - the development would be little changed from the Stage 1 development. The extension of the available land would improve the efficiency of ship discharging and train loading as well as making more space available for aggregate storage. Output by road would remain unchanged.
 - Stage 3 development - Only when the new port access road is open to traffic, by-passing Railway Road, Clifton Road and Beach Road, increasing levels of aggregate processing and adding a ready mixed concrete bagging plant.
 - Stage 4 development – Once the concrete batching plant has been developed, to complement and supplement its other plants in the South, Midlands and Yorkshire, BAL proposes to add a concrete block-making plant on the southern extension of the East Quay.
- 3.3 Whilst it is possible for Stages 1 & 2 to come forward without any major infrastructure changes, it is envisaged that Stages 3 and 4 (the Block Making Plant) could only be realised with the extension of the new port access road to the north of the site.
- 3.4 **Consequently, it is envisaged that for the site to operate at maximum capacity, the additional link road would be required.**

4. Economic and Wider Impacts

- 4.1 BAL have provided a forecast of the employment opportunities that could arise as a result of the development of an aggregate processing and value added product facility. The figures estimated are based on the concrete block making plant being operational over a 24-hour period whilst the other sectors work on a single shift basis.
- 4.2 These employment figures have been converted to Gross Value Added (GVA) based on the latest ONS Annual Business Survey (ABS) data available from 2015⁶. A number of roles will be supported by the Proposed Development, which could generate varying levels of GVA. The most appropriate standard industry classifications (SIC) and related GVA per employee has been considered for each of the roles.
- 4.3 The development would be constructed over a 3-year period. If approved, the site could potentially be fully operational by 2020.
- 4.4 Therefore, it is anticipated that the phasing will be completed as follows:
- Stage 1 – 2018
 - Stage 2 – 2019
 - Stage 3 & 4 - 2020
- 4.5 Operational employment has been considered based on this phasing. The maximum number of potential jobs has been assumed from when the Proposed Development becomes fully operational in 2020.
- 4.6 The local impact area used for this assessment extends to East Sussex County Council administrative boundary.

⁶ ONS Annual Business Survey GVA per employee figures have been altered to reflect current prices.



Overview of BAL Proposals

- 4.7 Whilst skills gaps have been identified as an issue in Newhaven, the proposed aggregate facility would support a number employment opportunities which are suited to the local labour force. The types of roles that will be supported by the Proposed Development are set out below.

Bagging plant attendants	Operational administrator
Batching plant attendants	Packaging plant attendants
Forklift drivers	Processing plant attendant
Ingate/Outgate control	Production operatives
Internal sales	Receptionist
Laboratory technicians	Sales office manager
Loading shovel drivers	Sample operative
Logistics manager	Secondary processing
Logistics/Transport	SHE administrator
Lorry drivers	Ship unloading
Maintenance	Site manager
Material handling	Truckmixer drivers

Source: BAL

- 4.8 A large proportion of the proposed jobs will be classified as *Elementary Occupations or Process Plant & Machine Operative*. These are roles that match the current skills and occupation profile in Newhaven and it is anticipated that in many cases they could be filled from the local labour market.
- 4.9 In order to estimate the net economic impact of the proposals it is necessary to consider what would be likely to come forward on site were the proposed port access road not constructed. This is defined as the reference case below and is the baseline against which the economic impacts will be considered.
- Reference Case:** this is the scale of operation that could go ahead with the current road infrastructure that is in place. Under this option Stages 1 and 2 could feasibly go ahead, however this would not be a profitable or viable option for BAL. However, while BAL are unlikely to invest onsite without a commitment to the new port access road, it is reasonable to assume that an alternative occupier would be able to deliver an operation of a similar scale onsite. Consequently, Stages 1 and 2 are considered to represent a reasonable reference case.



- **Preferred Option:** this would include the reference case (Stages 1 and 2) plus Stages 3 and 4. For this option to be viable, the construction of the new port access road would be necessary. This would allow for sufficient transport movements on and off-site and ensure a profitable operation for BAL.

Additionality

4.10 It is also important to consider additionality when assessing the net economic impacts of proposed development. The elements of additionality considered in this particular assessment are as follows:

- **Leakage** - the number or proportion of outputs (occurring under the reference case and the intervention options) that lead to benefits outside of the intervention's target area, which should be deducted from the gross direct effects.
- **Displacement** - the number or proportion of intervention outputs (occurring under the reference case and the intervention options) accounted for by reduced outputs elsewhere in the target area which should also be deducted.
- **Multiplier Effects** - further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases and longer-term development effects that should be added to the onsite impacts.

4.11 Based on Homes and Communities Agency (HCA) Additionality Guidance⁷ and the economic profile of Newhaven, assumptions regarding additionality have been made, as shown in Table 4.2.

4.12 The levels of leakage and displacement could be lower than assumed as conservative additionality assumptions have been made for the purposes of this assessment. The justification for these assumptions are detailed below.

⁷ HCA Additionality Guide, Fourth Edition, 2014



Table 4.2 Additionality Assumptions

Additionality Factor	Level	Justification
Leakage	10%	Due to the type of occupations supported by the development and the suitability of the local labour force, it is assumed that jobs will be predominantly filled by people in the local impact area. Consequently, a low rate of leakage has been accounted for.
Displacement	25%	Displacement is often inevitable however as there are no similar operations in the area which will compete with the proposed BAL facility and there are limited alternative sites within the impact areas where such a facility could be located, the level of displacement is expected to be limited. As per HCA Guidance, a low level of displacement has been used.
Multiplier	1.2	There will be some multiplier effects in the local area and there will be some indirect and induced effects supported through the supply chain and local income expenditure. However, this is anticipated to be low as supply chain linkages are assumed to be limited. As the impact is being assessed at a sub-regional level, we have selected a multiplier that lies within the range of the HCA ready reckoners for the neighbourhood (1.05) and regional level (1.3).

Source: HCA Additionality Guide, 4th Edition, 2014

- 4.13 A persistence period⁸ of 10 years has been applied to each job and associated GVA, this is the standard length of time for the benefits of an FTE or intervention to be counted.

Reference Case

- 4.14 If the site was to operate without the new port access road, an element of employment could still be supported onsite, without the block making plant. This would consist of Stages 1 and 2 as described in the previous section.
- 4.15 Based on information provided by BAL, it is possible that around 19 gross jobs could be supported onsite; through a scaled back operation related solely to the transportation and storage of aggregates. In reality, this low level of operation would make the development unviable for BAL and an alternative location outside East Sussex would be sought

⁸ The timescale in which the jobs and associated GVA are estimated for. RDA Evaluation: Practical Guidance on Implementing the RDA Impact Evaluation Framework, December 2009 (p.26)



- 4.16 However, this level of employment has been used as a benchmark of the potential employment that could be supported on the site currently either by BAL or an alternative occupier.
- 4.17 Subsequently, in the Reference Case **19 FTEs (gross)** are supported onsite which is reduced to 14 FTEs (net) once additionality has been accounted for. The estimated **net GVA** generated by these jobs would be in the region of **£1m** per annum, which when discounted⁹ over a 10-year persistence period¹⁰ would equate to c. **£8.6m in GVA¹¹**.

Table 4.3 Reference Case - Net GVA per annum (discounted)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
GVA	£.5m	£1.m	£1.m	£.9m	£.9m	£.9m	£.8m	£.8m	£.8m	£.8m	£.4m

Source: Regeneris Consulting

⁹ To reflect the present value of benefits a discount rate of 3.5%⁹ has been applied as per HM Treasury Green Book.

¹⁰ The operational jobs are likely to persist for a number of years. For this development, a 10-year persistence has been used which is the timescale used to represent a FTE.

¹¹ GVA is calculated based on ONS ABS GVA per employee for the Transport and Storage sector.



Preferred Option

Employment Impacts

- 4.18 The preferred option for would be for the development of Stages 1,2,3 and 4 (Block Making Plant), as described in Section 1.
- 4.19 Table 4.4 demonstrates the number of jobs that could be supported by each stage including the Block Making Plant. As shown below, the **Stage 4 supports a significant number of gross jobs (62) which equates to over 55% of all jobs** during full operation.

Stage	Operation	Gross FTEs	Gross Additional* FTEs	Option
Stage 1 & 2	Aggregates in bulk production and distribution and aggregates in bags production and distribution	19	15	Reference Case
Total		19	15	
Stage 1, 2 & 3	Stages 1 & 2 plus ready-mixed concrete production distribution	31	24	Preferred Option
Stage 1,2,3 & 4	Stages 1,2,3 & 4 plus concrete blockmaking plant employment opportunities	62	50	
Total		93	74	

Source: BAL/Regeneris Consulting. *Gross Additional is the gross number of jobs minus additionality.

- 4.20 When fully operational it estimated that the **Preferred Option will support c. 100 FTEs**. When additionality (as per Table 4.2) is taken into account the number of FTEs is reduced to **74 FTEs**, as shown in Table 4.4.



Net Economic Impacts

Net Employment impacts

- 4.21 Based on the assessment of the Reference Case and Preferred Options set out above, the development proposals are expected to support **59 net additional FTE jobs** across East Sussex.
- 4.22 This is the difference in employment between the reference case and the preferred option, after accounting for the additionality factors.

Net Economic Impacts

- 4.23 The 59 net additional jobs identified above are expected to generate an **annual GVA of £5.3 million when the site is operating at maximum. This equates to £46m in discounted GVA from when the site is fully operational in 2020**, as shown in Table 4.5.

Table 4.5 Preferred Option – Net Additional GVA per annum (discounted)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
GVA	-	-	£5.3m	£5.2m	£5.m	£4.8m	£4.7m	£4.5m	£4.3m	£4.2m	£4.1m	£3.9m

Source: Regeneris Consulting. Note: There is no net impact in 2018 and 2019 as only Stages 1 and 2 will be operational. This would also occur as part of the reference case therefore there is no additional benefit realised.

- 4.24 This suggests that the Preferred Option would contribute over £46.1m to the East Sussex economy over a 10-year period from 2020.

Construction Impacts

- 4.25 Whilst the development proposals are expected to support circa 100 jobs onsite once fully operational, of which 75 are expected to be additional to East Sussex, the construction of the proposed development would also support a number of construction jobs.
- 4.26 Based on HCA¹² labour coefficients, it is possible to estimate the number of construction jobs that will be supported on site. Construction jobs have been based on HCA coefficients

¹² Homes & Community Agency; Calculating Cost per Job; Best Practice Note, 3rd Edition (2015) – Construction Employment



for construction employment per £1m of construction spend, adjusted to reflect current prices.

- 4.27 The total construction costs estimated for the Preferred Option are c. **£10m** over a 1 year construction period. Based on this level of investment the number of jobs supported on site over the construction period could be **100 construction jobs**.

Value for Money Assessment

- 4.28 As identified earlier in the report, the proposed development is dependent on the new port access road, to provide sufficient transport capacity to allow the site to operate at a sufficient minimum capacity. Given that Phase 2 of the road requires public investment, it is possible to estimate the return on that public investment (or the benefit cost ratio), based on the economic impacts set out above. This will provide an estimate of the economic output generated for every pound of government investment to construct the proposed port access road.
- 4.29 The results of the value for money assessment are set out in Table 4.6 below.

Table 4.6 Benefit & Costs	
Benefits*	Value
Preferred Option – 10 Year GVA (Net)	£46.1m
Costs	
New Port Access Road – DfT	£23m
Benefit Cost Ratio	
Indicative BCR	2.0

Source: Regeneris Consulting * All Benefits are discounted

- 4.30 **When value for money (VfM) is assessed against the £23m investment required for the new port access road, the Proposed Development would demonstrate a BCR (Benefit Cost Ratio) of 2 which is considered *High* value for money¹³.**
- 4.31 It is important to note that the phasing of the construction costs has not been provided at this stage and the £23 million construction costs quoted for the road are consequently undiscounted. As these are compared to the discounted economic impacts, it is likely that the true BCR will be marginally higher than the level presented here.

¹³ Department for Transport, 2013; Value for Money Assessment: Advice Note for Local Transport Decision Makers. Value for Money Benchmarks



Additional Development Impacts

Strategic Impacts

Impact on local labour market

- 4.32 Both the Reference Case and Preferred Option will support new employment in Newhaven. The reference case will support 14 FTEs (net), however, the significant employment generator occurs during Stage 4 (Block Making Plant), which supports 50 FTEs (net) alone and accounts for almost 55% of the total net jobs supported on site in the Preferred Option.
- 4.33 To put the level of jobs created into context, the Preferred Option would provide employment opportunities equivalent to over 45% of the total estimated unemployed within Newhaven.

Inward Investment

- 4.34 In addition to the employment impacts identified above, the Preferred Option will represent a significant inward investment for Newhaven and East Quay. The permanent facility that will be delivered will make extensive use of the port facilities and support its long-term sustainability.
- 4.35 There are no alternative investment locations within East Sussex and the investment will represent a genuinely additional investment in the local economy, which will be sustained over the long-term.
- 4.36 Further inward investment may be associated with the wider employment impacts outlined below.

Private Sector Leverage

- 4.37 The investment proposals will also represent significant private sector leverage resulting from DfT funding. The cost of developing the Preferred Option is estimated to be £10 million for BAL, which would not come forward without the investment in the link road, as it will not be possible for BAL to deliver a viable facility without the improved transport accessibility. The total investment over the lifetime of the facility will almost certainly be more than the additional outlay. Further private sector investment will be associated with any additional investment that results from the proposed port access road.
- 4.38 Private sector leverage is a specific priority for LEPs (including C2C) and has informed the prioritisation of LGF funded projects across England.



Wider Impacts

- 4.39 In addition to the economic impacts associated with BAL's proposals, the proposed port access road is likely to unlock additional development within Newhaven and/or encourage future development to deliver higher employment densities than would be achievable without the new road. This could occur where:
- Sites are directly served by the proposed port access road, which will provide improved access and support higher density development.
 - Sites are not directly served by the new port access road, but are located on the existing transport routes to the port, such as Beach Road. In these cases, reduced congestion resulting from the new road, including a reduction in trips by heavy goods vehicles, will enhance access and improve the attractiveness of the sites to firms considering locating in the area.
- 4.40 In their initial assessment of potential economic benefits¹⁴, Genecon report that the delivery of the new port access road will support the process of bringing forward sites for developing within the wider Enterprise Zone – 'particularly sites in private sector ownership in close proximity to the Port such as Railway Quay, Eastside South and Bevan Funnell – which will benefit from improved profile and market potential'.
- 4.41 It is estimated that these three sites could accommodate a further 414 net additional jobs. While it is highly unlikely that all of these jobs would be dependent on the new port access road, it is reasonable to assume that a proportion of this employment would be, either due to the enhanced profile of the sites or the ability to accommodate higher density activity due to improved transport access.
- 4.42 The table below sets out the impact on the scheme BCR of a range of different assumptions concerning the proportion of employment that would be dependent and the impact on the project value for money classification, in line with HM Treasury Green Book guidance.
- 4.43 In order for the project to deliver 'Very High' value for money (i.e. a BCR of 4 or more), it would be necessary for 25% of the employment accommodated across the three sites to be dependent on the new port access road. Even if this does not reflect the likely level of employment that may come forward, the results from the table below indicate that the true BCR is likely to be in excess of the value associated with the BAL proposals only. For example, if only 5% of employment on these sites is likely to be dependent on the port

¹⁴ Newhaven Port Access Road – Potential Economic Benefits (Genecon 5th May 2016)



access road, this would result in net additional employment of 21 FTE, additional GVA impact to East Sussex of £10.5 million, and a BCR of 2.4.

Proportion of employment which is dependent on Link Road	Number of Dependent Jobs	Wider Economic Impacts	Adjusted BCR
2%	8	£3.9 m	2.2
5%	21	£9.8 m	2.4
10%	41	£19.6 m	2.9
25%	104	£49.0m	4.1

Source: Regeneris Consulting

Sensitivity Testing

4.44 To test the robustness of the economic impact assumptions, we have considered the impact on the scheme BCR (excluding the wider impacts) of a series of adjustments to the assessment assumptions. These include:

- A 20% increase in costs of the port access road.
- A lower economic multiplier (of 1.1).
- A higher level of displacement of employment within East Sussex (of 35% and 50%).

4.45 The results are set out in Table 4.8 below and demonstrate that road is likely to deliver a minimum of acceptable value for money under a range of alternative assumptions (i.e. a BCR of at least 1:1).

Scenario	BCR	VfM
T1. Increase in Port Access Road Cost of 20%	1.7	<i>Acceptable</i>
T2. Economic Multiplier of 1.1	2.0	<i>High</i>
T3. Displacement of 35%	1.9	<i>Acceptable</i>
T4. Displacement of 50%	1.8	<i>Acceptable</i>

4.46 Furthermore, for the scenarios where acceptable VfM will be achieved it is important to note that this excludes any potential wider impacts.

4.47 In Sensitivity Test 1 (which is the lowest scoring scenario, where there is a 20% increase in the cost of the port access road) 18 additional jobs relating to the wider impacts would be



sufficient to achieve a 'high' VfM classification. This represents only 4% of the total jobs that could be accommodated on the sites likely to benefit from the link road.



5. Key Findings

Headline Impacts

- 5.1 The proposed port access road will unlock BAL's preferred option, which will deliver **c. 100 jobs in Newhaven** and will provide significant employment opportunities for local people.
- 5.2 This is expected to result in **74 net additional FTE jobs** for East Sussex and contribute **£46.1 million in economic output** over the ten-year assessment period.
- 5.3 This will represent a BCR of 2:1 which is classified as delivering good value for money.
- 5.4 Sensitivity testing suggests that the proposal will continue to deliver acceptable value for money under a range of scenarios. Once the potential wider benefits are considered, it is highly likely that the scheme will deliver good value for money (i.e. a BCR in excess of 2:1).

Strategic and Wider Impacts

- 5.5 In addition to the direct impacts associated with BAL's proposals, the port access road is expected to deliver the following wider and strategic impacts:
 - Increased employment at other sites in Newhaven (potentially including Railway Quay, Eastside South and Bevan Funnell) as a result of enhanced transport connectivity, a reduction in congestion associated with the existing port access road and the enhanced attractiveness of these sites for firms considering locating in the area.
 - Significant employment opportunities for local residents, including local unemployed people or those that are inactive but would like a job.
 - Significant inward investment into Newhaven. This will include the proposals by BAL who will be required to make a long-term commitment to the new facility to justify the initial outlay. Further inward investment may be associated with the wider employment impacts identified above.
 - The investment by BAL will also support the long-term sustainability of Newhaven Port.
 - A minimum of £10 million of leveraged private sector investment based on the construction costs of the BAL facility. Further private sector investment will be associated with ongoing investment by BAL and additional occupiers locating or expanding in Newhaven as a result of the proposed port access road.





REGENERIS

www.regeneris.co.uk

London: 0207 336 6188

Manchester: 0161 234 9910