



FORMER NESTLE FACTORY, HAYES

ECONOMIC BENEFITS STATEMENT

MAY 2017

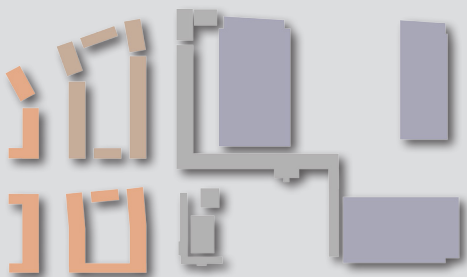
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A review of the economic benefits generated throughout the construction and operational phase of the proposed Former Nestle Factory development.



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**FORMER NESTLÉ FACTORY
ECONOMIC BENEFITS STATEMENT**

**Prepared on behalf of
SEGRO PLC and Barratt London**

May 2017

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APPENDICES

APPENDIX 1 – ECONOMIC BENEFIT SUMMARY

1.0 INTRODUCTION

- 1.1 This report will assess the potential economic benefits generated from the proposed development at the Former Nestlé Factory, comprising:

“Part-Demolition of existing factory buildings and associated structures, and redevelopment to provide 1,381 dwellings (Use Class C3), office, retail, community and leisure uses (Use Classes A1/A3/A4/B1/B8/D1/D2), 22,663 sqm (GEA) of commercial floorspace (Use Classes B1c/B2/B8 and Data Centre (sui generis)), amenity and playspace, landscaping, allotments, access, service yards, associated car parking and other engineering works”.

- 1.2 The former Nestlé factory site extends to 12.5 ha. The current building complex extends to over 1m sqft. The site is located approximately 500 m to the south-east of Hayes Town Centre and railway station.
- 1.3 SEGRO acquired the freehold from Nestle in January 2015. Nestle remained in possession of the site under a leaseback until autumn 2015 in order to carry out decommissioning work. SEGRO selected Barratt London as their residential partner to redevelop part of the site. The emerging scheme comprises three main components: the redevelopment of the eastern part of the site by SEGRO to provide a new, modern commercial business park; the redevelopment of the western part of the site by Barratt London to provide a new residential community; and in the centre of the site the partial retention and redevelopment of the buildings that frame the central landscaped open space “set piece” that have heritage value, for residential and community uses. In summary, the proposals are:
- a) The commercial park to the east of the site will provide 4 commercial units with a total of circa 22,663 sqm for Class B1(c), B2, B8 and sui generis (data centre within Unit 1) uses.
 - b) The historic core in the centre of the site will preserve the entrance building and main factory façade, with new build behind, for residential apartments and ancillary space. The “set piece” of landscaped open land will be made available for unrestricted wider public enjoyment as a new public park.

- c) The greater part of the new residential community will be created in the new build western part of the site. A series of apartment blocks ranging in height from 3 to 11 stories will be created. A residential density of approximately 440 habitable rooms per ha; and
 - d) On the site of the former canteen the development of a building incorporating circa 2,700 sqm of supporting uses, including community facilities.
- 1.4 Section 2 of this Statement will go on to review the relevant national and local economic policy objectives, establishing the extent to which the Proposed Development will contribute towards economic growth.
- 1.5 Section 3 will briefly review the context of the site, considering its current state and local market conditions.
- 1.6 Section 4 will set out the associated gross economic benefits, expressed as employment created and the value of economic output generated throughout the development lifecycle. More specifically:
- Employment and labour generation during the construction phase
 - Operational employment
 - Gross Value Added (GVA) via the construction phase
 - Commercial expenditure of new residents
 - Generation of economically active residents
 - Council Tax
- 1.7 Section 5 considers the net employment effect of the proposed commercial uses, assessing the additionality of the potential job creation.

2.0 POLICY AND GUIDANCE

2.1 This section outlines the relevant national and local planning policy context against which the economic impacts of the planning system, and in turn the development proposals, should be considered.

National Economic Policies

i) National Planning Policy Framework (NPPF) (27 March 2012)

2.2 The NPPF is written in the context of achieving 'sustainable development' within three 'dimensions' being; economic, environmental, and social, as follows:

"Sustainable development is about positive growth – making economic, environmental and social progress for this and future generations."¹

2.3 Specifically, in respect of its economic dimension, the NPPF promotes strong growth in achieving the overarching objective of 'sustainable development'. In summary, the economic dimension of sustainable development is expected to provide the following:

"An economic role – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure."²

2.4 In order to achieve 'sustainable development', the NPPF sets out 12 'core planning principles' which are intended to underpin both plan-making and decision-taking. The importance of residential development in achieving the wider economic growth aims of the NPPF is clear from these core planning principles. In this context, plan-making and decision-taking should:

"Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs."³

¹ Page i, Ministerial Foreword, National Planning Policy Framework, 27 March 2012

² Paragraph 7, page 2, National Planning Policy Framework, 27 March 2012

³ Paragraph 17, page 5, National Planning Policy Framework, 27 March 2012

2.5 In delivering sustainable development the NPPF confirms that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth and that Planning should operate to encourage and not act as an impediment to sustainable growth. Significant weight should therefore be placed on the need to support economic growth through the planning system.

2.6 The role of residential and commercial development in achieving wider economic growth is clearly emphasised in the NPPF, and it is considered that the proposed development fully complies with these objectives.

ii) Housing and Planning Act 2016

2.7 Previously, Local Planning Authorities, under Section 70 of the Town and Country Planning Act as amended by section 143 of the Localism Act 2011, should have regard to material considerations in dealing with planning applications, including any 'local finance consideration', including:

- a) A grant or other financial assistance that has been, or will or could be, provided to a relevant authority by a Minister of the Crown, or
- b) Sums that a relevant authority has received, or will or could receive, in payment of Community Infrastructure Levy.

2.8 There was concern that despite amendments to the Planning Practice Guidance [Reference ID: 21b-011-20140612] the potential financial benefits of development were not being fully explained. The Planning Practice Guidance clarifies that 'local finance considerations' may be noted within committee reports dealing with applications for housing (even where they are not material to the decision).

2.9 The Housing and Planning Act received Royal Assent on the 12th May 2016. It has the strategic objective of increasing newbuild output and improving affordability. Section 155 (not yet in force) refers to 'local planning authorities: information about financial benefits', emphasising the need to clearly set out the financial benefits of development, stating:

- (1) A local planning authority in England must make arrangements to ensure that the required financial benefits information is included in each report which—**
- (a) is made by an officer or agent of the authority for the purposes of a non-delegated determination of an application for planning permission, and**

- (b) contains a recommendation as to how the authority should determine the application in accordance with section 70(2).
- (2) The required financial benefits information is—
 - (a) a list of any financial benefits (whether or not material to the application) which are local finance considerations or benefits of a prescribed description, and which appear to the person making the report to be likely to be obtained—
 - (i) by the authority, or
 - (ii) by a person of a prescribed description or (if regulations so provide) by any person, as a result of the proposed development (if it is carried out);
 - (b) in relation to each listed financial benefit, a statement of the opinion of the person making the report as to whether the benefit is material to the application;
 - (c) any other prescribed information about a listed financial benefit.

iii) Building our Industrial Strategy, Green Paper – January 17

- 2.10 The recently released ‘Building our Industrial Strategy, Green Paper’ sets out the Government’s proposals to build a modern industrial strategy, with the objective to ‘improve living standards and economic growth by increasing productivity and driving growth across the whole country’. It emphasizes that a modern industrial strategy is a critical part of the future economic growth.
- 2.11 The Green Paper identifies 10 pillars that the Government believes important to drive forward the Industrial Strategy across the entire economy: science, research and innovation; skills; infrastructure; business growth and investment; procurement; trade and investment; affordable energy; sectoral policies; driving growth across the whole country; and creating the right institutions to bring together sectors and places.
- 2.12 This strategy draws on lessons from other countries and identifies some of the key approaches that have enabled stronger productivity and more balanced growth in other economies.
- 2.13 The 10 pillars consist of:
- **Investing in science, research and innovation** – we must become a more innovative economy and do more to commercialise our world leading science base to drive growth across the UK.
 - **Developing skills** – we must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to

university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

- **Upgrading infrastructure** – we must upgrade our standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.
- **Supporting businesses to start and grow** – we must ensure that businesses across the UK can access the finance and management skills they need to grow; and we must create the right conditions for companies to invest for the long term.
- **Improving procurement** – we must use strategic government procurement to drive innovation and enable the development of UK supply chains
- **Encouraging trade and inward investment** – government policy can help boost productivity and growth across our economy, including by increasing competition and helping to bring new ways of doing things to the UK.
- **Delivering affordable energy and clean growth** – we need to keep costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.
- **Cultivating world-leading sectors** – we must build on our areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.
- **Driving growth across the whole country** – we will create a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.
- **Creating the right institutions to bring together sectors and places** – we will consider the best structures to support people, industries and places. In some places and sectors there may be missing institutions which we could create, or existing ones we could strengthen, be they local civic or educational institutions, trade associations or financial networks.

Regional and Local Policy

2.14 This section briefly looks at relevant regional and local planning policy, focusing on how the Proposed Development will support strategic and local economic growth aspirations

iii) London Plan (March 2015)

2.15 The London Plan seeks to ensure London meets the challenges of future economic and population growth (policy 4.1). The Plan clarifies that London desperately needs more homes

and land availability is limited (paras 3.13 and 3.14). As a consequence, London Boroughs are encouraged to:

1. Use their housing supply targets (for Hillingdon this is 559 dwellings per year) as minima, augmented with additional housing capacity to reduce the gap between local and strategic housing need and supply (para 3.19).
2. Use the process of managing the release of surplus industrial land to focus on bringing forward areas with good public transport accessibility, which will be particularly appropriate for high density development (paras 3.19 and 4.23 and policy 4.4).
3. Look to ensure through redevelopment sites "optimise" their housing potential (Policy 3.4). The former Nestlé Factory site is classified as an "urban" location with a PTAL rating of 2-4 (when Crossrail arrives). The London Plan anticipates a residential development density 200-700 hr per ha for such sites.

iv) London Borough of Hillingdon Unitary Development Plan (adopted 1998) Saved Policies 27th September 2007

2.16 Saved Policy LE2 within the London Borough of Hillingdon Unitary Development Plan seeks to safeguard designated Business and Industrial Areas, stating:

'Industrial and business areas (IBAs) are designated for business, industrial and warehousing purposes (use classes B1-B8) and for sui generis uses appropriate in an industrial area. The local planning authority will not permit development for other uses in industrial and business areas unless it is satisfied that:

- **There is not realistic prospect of the land being used for industrial or warehousing purposes in the future; and**
- **The proposed alternative use does not conflict with the policies and objectives of the plan; and**
- **The proposal better meets the plan's objectives particularly in relation to affordable housing and economic regeneration'.**

v) London Housing Zones

2.17 In March 2016 31 new Housing Zones were announced across the London Borough's as part of the Housing Strategy. Hayes Town Centre was named as one of the Housing Zones, with the

target to deliver 2,788 new homes. The Application site is designated as part of the Hayes Town Centre Housing Zone.

vi) Hillingdon Local Plan Part 1 – Strategic Policies (November 2012)

2.18 The Hillingdon Local Plan: Part 1- Strategic Policies is the key strategic planning document for Hillingdon Borough, setting out the long-term visions and objectives for the Borough.

2.19 The Local Plan refers to the Borough as having a strong economy and excellent transport links to/from London, the west of England and the world. In spite of this the Local Plan highlights a number of planning challenges for the Borough, including:

- London Plan requirement to accommodate a proportion of 12,000 new jobs and 9,000 new homes in the Heathrow Opportunity Area.
- Resident working age population has below average qualifications and a low number of adult learners.
- Pressure on employment land for other uses.
- Overall housing needs and affordable housing in the borough.

2.20 The Local Plan sets out the vision for Hillingdon, focusing on the period up to 2026. The following points are amongst the main aspirations for the Borough:

- The social and economic inequality gaps in Hillingdon are being closed:
- The Economic growth has been concentrated in Uxbridge, Heathrow and the Hayes/West Drayton Corridor, without ignoring local centres; and
- Improved accessibility to local jobs, housing and facilities is improving the quality of life of residents.

2.21 The Hayes and West Drayton Corridor is acknowledged as a key location for employment growth within the Heathrow Opportunity Area. The Plan notes that whilst traditional manufacturing has declined, the logistics and distribution sector has strengthened. The Plan refers to Crossrail being a catalyst for growth and regeneration in the Corridor, particularly mentioning Hayes as a key beneficiary.

2.22 The Local Plan sets out the intended economic future for Hillingdon, reviewing how many new jobs the Borough will accommodate, where that growth should go to best support sustainable communities, and how to maintain the viability of our town and neighbourhood centres.

- 2.23 Strategic Objective SO15 refers to a need to ‘protect land for employment uses to meet the needs of different sectors of the economy and manage the release of surplus employment land for other uses’.
- 2.24 The Local Plan identifies two main challenges relating to the supply of employment land;
- Pressure on employment land for other uses; and
 - The London Plan requirement to adopt a ‘Limited Transfer’ approach to the transfer of industrial sites to other uses.
- 2.25 Paragraph 5.4 notes that ‘there has been a steady decline in industrial and warehousing floorspace in Hillingdon but an increase in office floorspace. It notes that Hillingdon remains a key industrial, warehousing and office location. Hayes is highlighted within the Plan as one of the Locally Significant Industrial Sites (LSIS) where industrial and warehousing activities can operate.
- 2.26 Policy E2: Location of Employment Growth, states that the Council will accommodate 9,000 new jobs during the plan period. Most of this employment growth will be directed towards suitable sites in the Heathrow Opportunity Area, Strategic Industrial Locations (SILs), Locally Significant Employment Locations (LSEL), Locally Significant Industrial Sites (LSIS), Uxbridge Town Centre and Hayes Town Centre with a particular focus around transport nodes. The Council will promote development in highly accessible locations that delivers sustainable travel patterns
- 2.27 Hayes is included within the Heathrow Opportunity Area, described as an area where traditional manufacturing has left the area. Logistics and distribution activities within the Hayes/West Drayton Corridor have increased, benefiting from its proximity to Heathrow Airport. There is a good mix of different size units to accommodate a variety of businesses, with smaller units adjacent to Hayes Town Centre and along Horton Road, West Drayton.
- 2.28 The Local Plan refers to the introduction of Crossrail creating further regeneration opportunities through an improved transport interchange and helping the town centre develop a new identity as the location for small and emerging businesses, suitable for business start-up units and small-scale mixed-use development.
- 2.29 Paragraph 5.50 within the Local Plan conveys that there are

‘a number of challenges relating to skills and access to employment in Hillingdon. Firstly, a significant proportion of

workers in the Borough have a low level of qualifications or job skills, typically in pockets of deprivation. There is a need to raise the aspirations and job mobility of these residents by increasing skills so they can maximise employment opportunities. This Hillingdon Local Plan: Part 1- Strategic Policies will help ensure that local skills match employment growth in the Borough and that employment helps address pockets of deprivation within the borough by linking training and employment needs.'

2.30 Further to this paragraph 5.51 comments that there is a significant level of out-commuting from the Borough to Central London and the Thames Valley and approximately two-thirds of employees in-commute from outside the borough.

2.31 Policy E7: Raising Skills states that the Council will ensure a range of training and employment opportunities are linked with the development of major sites for both construction phases and end use occupiers, and through liaising with local colleges and businesses to ensure workforce development

vii) Local Plan: Part 2 Site Allocations and Designations (Revised Proposed Submission Version, October 2015)

2.32 The former Nestlé factory site is identified within the Local Plan: Part 2 Site Allocations and Designations (Revised Proposed Submission Version, October 2015). It is allocated as part of emerging Policy SA5 'Land to the South of the Railway, including Nestlé.

2.33 Emerging Policy SA10 incorporates the wider area and divides the allocation into three, Sites A – C. Site A corresponds broadly with the former Nestlé factory site allocating 500 residential units, with a minimum of 20% of the site to be used for employment generating uses.

3.0 EXISTING USE AND THE CURRENT MARKET

3.1 The former Nestlé factory site extends to 12.5 ha and the current building complex covers over 1m sq ft. It is located approximately 500 m to the south-east of Hayes Town Centre and railway station. Nestlé gradually reduced operations on site with the final 230 employees ceasing work in 2014. The site has remained vacant.

i) Physical Characteristic

3.2 There are several existing physical features which impact the suitability of the site for re-let purposes. Focusing on the main four storey factory on site, this was constructed between 1914 and 1934 and extends approximately 610,000 sqft.

3.3 The available space appears inflexible due to the internal structure. Whilst the ground floor has a full footprint, the upper levels of the building are designed around light wells and have a high column density, both impeding flexibility.

3.4 The number of lifts is considered particularly low compared to modern expectations, along with a lack of loading doors. The building also has poor insulation due to the dated windows.

ii) The Local Market

3.5 According to market research⁴ the West London Industrial Market has seen a significant reduction in availability of suitable existing industrial locations. Limited new builds and a generally strong level of take up has resulted in higher industrial land values.

3.6 Growth in internet retailing has been a major contributing factor, creating demand for speculative development. Savills reports that the Hillingdon industrial market has experienced a 28% increase in take-up (B1c/B2/B8) levels compared to the long-term average. Large warehouse space (+50,000 sqft) saw a 16% rise in take-up, emphasising demand for large scale space.

3.7 The largest proportion of space available within Hillingdon appears to be of Grade B quality. Take-up is therefore impeded due to a lack of new/refurbished space. New grade A space is

⁴ Savills, June 2016

let very quickly within the area. For example, in 2015 Ocado signed a 15-year lease signed shortly after completion. Schemes are now more commonly under offer promptly after completion, whereas older buildings remain on the market.

3.8 The third-party logistics sector appears to be the primary occupier within the Hillingdon Industrial market, with the online retail business sector the second most active occupier.

3.9 Stock within Hillingdon is characterised by small units of various ages and is classed as Grade B floorspace. Therefore, those wishing to expand or large employers looking for a single unit struggle to find accommodation within the current market.

3.10 It is evident that occupiers now seek flexible efficient space. Delivery speed is also an important consideration. There is a growing demand to future proof space. According to Savills, occupier's expectation of industrial space includes:

- Size range: 20,000 – 80,000 sqft is the most active size range. There are no requirements above 200,000 sqft in West London;
- 8 -12m eaves height to maximise flexibility/efficiency;
- Floor load capacity of 50 N/sqm for racking/mezzanines etc.;
- Site Coverage up to 45% to allow sufficient external space for uninterrupted vehicle movements;
- Office content of approximately 10% - 15%;
- Dock level doors for efficient loading;
- Level access doors which suit smaller vehicles;
- Car Parking provision;
- Secure yards;
- Minimum BREAM rating of 'Good' but more typically targeting 'Excellent' or 'Outstanding'; and
- Target EPC rating of A or B to comply with regulations and satisfy their own corporate responsibilities.

3.11 The existing Nestlé factory building is multi-level. These types of units are not common within the UK, due to the perception of inefficiency. By way of example, the X2 scheme in Hatton Cross, is a two-storey warehouse and has only let its final floor nine years after completion.

4.0 ECONOMIC BENEFITS OF THE DEVELOPMENT

4.1 The Application will generate a number of key economic benefits as detailed below.

i) Construction Phase

4.2 The benefits associated with the construction phase have been calculated using the Labour Forecasting Tool (LFT) which is able to produce labour forecasts based on historic data. The tool focuses on forecasting labour demand on a month-by-month basis by each occupational group throughout the construction phase of the Proposed Development.

4.3 For the purpose of estimating the number of workers generated by the proposed development (both residential and commercial components) a construction period of 2018 to 2024 has been used.

4.4 Using the LFT forecasts, construction of the Proposed Development would sustain an average of **357** jobs per month over a construction period of around six years.

4.5 Based on the LFT figures, the level of GVA per annum generated throughout the construction phase of the development can be anticipated. GVA is a measure of economic impact, distributed through retained profit and wages. Based on average GVA per construction worker of **£53,800** per annum (Experian Labour Market Statistics, 2013-2017), over the construction phase, a GVA of around **£131m** could be generated.

4.6 The provision of **357**⁵ full time equivalent direct construction jobs will have a positive effect on industries within the construction supply chain, referred to as the indirect effect. To deduce the indirect employment effect, a type 1 employment multiplier of 1.7⁶ has been applied to the direct jobs figure, resulting in an estimate that a further **250**⁷ indirect jobs will be supported during the construction period, generating **£80m** in GVA. In total, therefore a GVA of approximately **£211.3m** is likely to be generated.

⁵ Figure Subject to Rounding

⁶ Scottish Government, Type I, employment multipliers, Scotland 2011 (*SIC 2007 basis*)

⁷ Figure Rounded

ii) Completed Development**a) Job Generation**

- 4.7 The Proposal will create employment opportunities across a range of occupations and skill levels. These are discussed below.
- 4.8 Utilising the Employment Densities Guide (Homes and Communities Agency, Employment Densities Guide 3rd Edition 2015), it is possible to establish the FTE (Full Time Equivalent) figure for the proposed commercial/non-residential floorspace. The four commercial units, Units 1 to 4 will be either B1c/B2/B8 or data centre use class floorspace.
- 4.9 Whilst the Employment Densities Guide discusses FTE for data centre uses, conversations between the applicant and potential data centre operators indicate a higher level of employment than represented within the Employment Density Guide. Operators indicate between 80-90 sqm/FTE, compared to the 180-540 sqm/FTE stated within the Employment Density Guide.
- 4.10 Requirements across the logistics subsectors have undergone significant change over recent years due to the growth in online retail, resulting in occupiers seeking high efficiency. The ability to balance costs of land and premises, access to consumer markets, and the location of staff have become key considerations. Therefore, we consider it relevant to seek advice from current data centre operators on the change in sqm/FTE within the industry. Section 4 will therefore review the potential employment generated by the proposed Data Centre floorspace based on operator experience.
- 4.11 It is not yet known the exact Use Class across Units 1 to 4 or the accompanying non-residential uses, the potential use remains flexible (as set out within the development description). To understand the potential job creation on site, several assumptions have been made as to the potential use classes of each unit, see Table 4.1.

Table 4.1: Employment Generated by Proposed Development

Development	Use Class	Average m ² per FTE worker	Assumed floorspace provision		Jobs (FTE)
			GIA (m ²)	NIA (m ²)	
Units 1 -4 assuming Co-Location Data Centre Use					
Unit 1	Co-Location Data Centre	*80-90	7,038	5,630	63-70
Unit 2	Co-Location Data Centre	80-90	2,102	1,682	19-21
Unit 3	Co-Location Data Centre	80-90	2,947	2,357	26-29
Unit 4	Co-Location Data Centre	80-90	8,310	6,648	74-83
Units 1 -4 assuming B1c/B2/B8 Use Class					
Unit 1	**B1c/B2/B8	36-77	7,038	30	102-156
Unit 2	B1c/B2/B8	36-77	2102	1,682	30-47
Unit 3	B1c/B2/B8	36-77	2947	2,357	43-65
Unit 4	B1c/B2/B8	36-77	8,310	6,648	120-185
Non-Residential Element					
F1 Unit 02***	B1/B8	12-77	140	133	2-11
F4 Unit 01	B1/B8	12/77	34	31	1-3
H Unit 3	A1/A3	20	155	137	7
I Unit 04/05	A3/A4/B1 D1/D2	12-20	337	270	14-23
I Unit 08/09	A3/A4/B1 D1/D2	12-20	489	414	21-35
I Unit 06	A3/A4/B1 D1/D2	12-20	960	955	48-80
I Unit 07	A3/A4/B1/D1/D2	12-20	327	220	11-22
I Unit 10	A3/A4/B1 D1/D2	12-20	302	235	12-20

 Notes: 1. Employment Density Guide 2015 3rd Edition (November 2015)

* Based on industry FTE/sqm

** B1c FTE/sqm = 47, B2 FTE/sqm = 36, B8 FTE/sqm = 77

4.12 Block I Unit 07 could potentially provide nursery facilities, as indicated in Table 4.1. To calculate the number of jobs likely to be generated by the proposed nursery, reference has

been made to the VOA, Rating Manual Volume 5. This indicates that on average each child requires 2.5 sqm in space requirements, and 4 children per member of staff. This has been incorporated into the job counts displayed in Table 4.1.

4.13 Table 4.2 sets out the potential job yield from the proposed development. It assesses two scenarios, utilising the lowest and highest sqm/FTE based on the potential use class mix. Both scenarios assume Unit 1 will be used for Data Centre purposes and Unit 07 nursery space.

Table 4.2 – Gross Employment Generation Scenarios

	Lowest FTE Level	Highest FTE Level
Units 1-3 B1c/B2/B8 + Unit 4 Data Centre	248	352
Remaining Non-Residential Floorspace - Assuming Units I04/5+ 06+80/09+10 are A1/A3/B1 & Unit 1 07 is a nursery	116	178
Gross Total	364	530

4.14 Based on the scenarios assessed on Table 4.2 employment generation could range between 364 to 530 FTE jobs.

4.15 Of these jobs figures a proportion will be replace existing jobs, whilst a proportion will be net additional. We establish the extent of net additional jobs below.

4.16 The approach taken to assess the employment impact of the development has regard to the Additionality Guide: Fourth Edition, HCA, 2014 (Additionality Guide). The following will assess the net economic benefits of the development by applying the Additionality Guide’s principal additionality factors, namely:

Leakage (referring in this instance to the number of jobs likely to be taken up by people outside of Hillingdon);

Displacement (the level of employment likely to be lost, moved or adversely affected by the employment created as a result of the development), and;

Composite multiplier effects (the indirect economic benefit of supply chain expenditure by new or expanding businesses and the induced economic benefit as a result of the income earned in the new employment)

4.17 The weight given to each additionality factor (0 to 100%) has been sourced from the Additionality Guide Ready Reckoners.

4.18 The proportion of jobs that might be taken by residents from outside Hillingdon has been assessed by reference to the proportion of jobs in the Borough that are filled by residents; 32% according to the 2011 Census. The relevant Additionality Guide Ready Reckoner (see table 4.3) offers alternatives above and below this level but does not precisely match it. The closest and most comparable level is medium, inferring that 'reasonably high proportion of the benefits will be retained within the target area' at 25% leakage and this has been applied in the calculation of net benefits.

Table 4.3: Leakage Ready Reckoners

Level	Description	Leakage
None	All benefits go to people living in the target area/the target group.	0%
Low	The majority of benefits will go to people living within the target area/the target group.	10%
Medium	A reasonably high proportion of the benefits will be retained within the target area/target group.	25%
High	Many of the benefits will go to people living outside the area of benefit/outside of the target group	50%
Very High	A substantial proportion of those benefiting will live outside the area of benefit/be non-target group members	75%
Total	None of the benefits go to members to the target area/target group.	100%

Source: Additionality Guide: Fourth Edition 2014

4.19 The jobs created within the development are intended to meet the needs generated by the Borough, the wider Heathrow Opportunity Area and the western industrial corridor. It is evident that the area is a significant industrial location across the western corridor, guided by the London Plan and Local Plan. There is a high demand for Grade A floorspace, as set out in Section 3. In such circumstances, it is reasonable to assume that the jobs created will not compete with and displace existing jobs. The displacement is therefore assumed to be low and set at 10% in line with the Additionality Guide Ready Reckoner (Table 4.4).

Table 4.4: Displacement Ready Reckoners

Level	Description	Leakage
None	No other firms/demand affected	0%
Low	There are expected to be some displacement effects, although only to a limited extent	10%
Medium	About half of the activity would be displaced	25%
High	A high level of displacement is expected to arise	50%
Total	All of the activity generated will be displaced	75%

Source: Additionality Guide: Fourth Edition 2014

4.21 The direct employment created by the completed commercial components of the development will generate further economic activity associated with the income expenditure and supply chain. The scale of the multiplier effects will be influenced by the extent of the supply chain linkages and the additional income spent within the study area. Table 4.5 sets out the potential multiplier effects based on the developments spatial effect from a neighbourhood to regional scale. Considering this and the context (given that the use class is currently unknown) of the development it is assumed that Proposed Development will have a medium composite multiplier equivalent to regional level equating to 1.5.

Table 4.5: Multiplier Effects

Level	Description	Composite multiplier (Neighbourhood Level)	Composite multiplier (Regional Level)
Low	Limited local supply linkages and induced or income effects	1.05	1.3
Medium	Average linkages. The majority of interventions will be in this category.	1.1	1.5
High	Strong local supply linkages and income or induced effects.	1.15	1.7

4.22 Table 4.6 identifies the additional employment created by the Proposed Development after considering the potential leakage, displacement, and multiplier effect.

Table 4.6: Net Additional Jobs

	Lowest FTE Level	Highest FTE Level
Gross Total	364	530
25% Leakage	273	397
10% Displacement	246	358
Composite multiplier effects x 1.5	369	536

4.23 The total net job creation from the Proposed Development will therefore range from between 369 and 536 jobs. Experian Labour Market Statistics provide data on total GVA output and workforce jobs at a District level. Utilising this data, it can be established that within Hillingdon, the GVA per worker is around **£66,980**⁸ per annum. Whilst this figure will vary dependant on

⁸ Experian Labour Market Statistics, Average 2012-2016, number subject to rounding

the exact type of industries and occupations of business occupying premises within the Proposed Development, it is reasonable to assume that the GVA of employment uses will range from between **£24.7m** and **£35.9m** per annum.

b) Future Residents and Economically Active Population

4.24 Based on the average household size across one, two and three bedroom properties within Hillingdon (1.97, 2011 Census), the proposed development could accommodate **2,721** residents. It is assumed, based on the existing proportion of economically active residents (the percentage of the entire population who are economically active equating to 54%, Nomis, Labour Market Profile 2015), that the total scheme could accommodate **1,469** economically active residents, of which **1,424** would be assumed to be in employment (based on the current employment profile of the local area, Nomis 2015)⁹.

c) Future Resident Gross Value Added Contribution

4.25 GVA data can be used to provide an estimate of a local area's contribution towards UK economic growth. New homes accommodate a growing workforce which will deliver economic output. It has been established earlier within this Report that within Hillingdon, the GVA per worker is around **£66,980**¹⁰ per annum. Based on **1,469** future residents of the scheme whom are assumed to be employment the proposed residential could generate around **£95.4m** in GVA per annum (based on current values).

d) Commercial Expenditure

4.26 Experian provides up to date retail and leisure expenditure data for all local authorities across the UK. Experian report (Experian Retail Planner Data, 2015) that the average annual household expenditure in Hillingdon on convenience (food), comparison (non-food), and leisure goods and services is as follows:

- Comparison - **£8,519** per household per annum
- Convenience - **£5,259** per household per annum
- Leisure - **£7,889** per household per annum

⁹ Numbers subject to rounding

¹⁰ Experian Labour Market Statistics, Average 2012-2016, number subject to rounding

4.27 On the basis of these figures, we calculate that the provision of up to **1,381** dwellings will generate an annual convenience goods expenditure of approximately **£7.3m**, comparison goods expenditure of **£11.8m** and expenditure of leisure goods and services of **£10.9m**. In total, this equates to an annual growth in commercial expenditure of **£29.9m**.

e) Council Tax

4.28 A review of recently built accommodation in the local area indicates the majority of comparable homes pay either council tax band C or D (current 2016/2017 council tax values). Based on an average of these two band values, the Proposed Scheme could generate approximately **£1.8m** in council tax payments per annum.

f) New Homes Bonus

4.29 The New Homes Bonus Calculator provided by the Department for Communities and Local Government confirms that the provision of up to **1,382** new homes could equate to a New Homes Bonus of around **£7.7m** over a four-year period¹¹.

g) Business Rates

4.30 The Proposed Development will generate annual business rates, contributing to the funding of public services. Rateable values for the area are provided by the Valuation Office Commercial and Industrial Floorspace and Rateable Value Statistics. The rateable value is an estimate of the annual rent a property could generate. Valuation takes into consideration the size and location of a property.

4.31 Table 4.7 sets out the base rate (£/sqm) of a range of local comparative industrial and office locations. It is presumed that given the grade A nature of the development the rateable value per sqm will be toward the higher end of the comparatives sourced. Therefore, this assessment will have assumed a base rate of £120 per sqm for the proposed Units 1 to 4. The proposed B1 Floorspace will be assessed utilising a base rate of £170 per sqm. The remaining non-residential space has been assessed on an average £160 per sqm.

¹¹ Based on 50% of properties being within council tax band C and the remaining 50% within council tax band D.

- 4.32 The potential business rates based on the provisional 2016-2017 non-domestic multiplier of 49.7p. Taking these into consideration, the proposed development could generate around **£1.3m** in business rates per annum.

Table 4.7: Business Rates – Comparative Base Rates

Address	Description	Base Rate - £/sqm
Carmel House Unit 4f, Swallowfield Way, Hayes, Middx, UB3 1DQ	Warehouse and premises	£82.50
Unit 4a, Swallowfield Way, Hayes, Middx, UB3 1DQ	Warehouse and premises	£85.00
Rymans Ltd, Swallowfield Way, Hayes, Middx, UB3 1DQ	Warehouse and premises	£85.00
Unit 2 At 1, Swallowfield Way, Hayes, Middx, UB3 1DQ	Warehouse and premises	£95.00
Unit C, Crosspoint Distribution Park, Swallowfield Way, Hayes, Middx, UB3 1DQ	Warehouse and premises	£100.00
Unit 9, Hayes Metro Centre, Springfield Road, Hayes, Middx, UB4 0LE	Warehouse and premises	£120.00
Unit 13, Hayes Metro Centre, Springfield Road, Hayes, Middx, UB4 0LE	Warehouse and premises	£120.00
Gnd Fl Unit 1, Hayes Metro Centre, Springfield Road, Hayes, Middx, UB4 0LE	Business unit and premises	£120.00
Unit 7c, Millington Road, Hayes, Middx, UB3 4AZ	Warehouse and premises	£100.00
Unit 506 5th Flr Hph3, Millington Road, Hayes, Middx, UB3 4AZ	Offices and premises	£160.00
Unit 522 5th Flr Hph3, Millington Road, Hayes, Middx, UB3 4AZ	Offices and premises	£170.00
Gnd & 1st Fls Hayes Park Central, Hayes End Road, Hayes, Middx, UB4 8EE	Offices and premises	£110.00
Gnd 1st & Pt 2nd Flr Hayes Park South, Hayes End Road, Hayes, Middx, UB4 8EE	Offices and premises	£100.00
Costa Coffee at Unit 5, Lombardy Retail Park, Coldharbour Lane, Hayes, Middx, UB3 3EX	Cafe and premises	£105
30, Coldharbour Lane, Hayes, Middx, UB3 3EP	Cafe and premises	£250
2, Clayton Road, Hayes, Middx, UB3 1AY	Cafe and premises	£190
1st Flr 141, Church Road, Hayes, Middx, UB3 2LE	Day Nursery	£150

Summary

4.33 Based on the evidence outlined in this report, it is estimated that over the development life cycle the following benefits could be delivered. These are also summarised within an economic benefits infographic, Appendix 1.

Construction Phase

- Construction Jobs generated - **357**
- Indirect construction jobs - **250**
- Construction GVA - **£211.3m**

Completed Development - Residential

- Resident population generated - **2,721**
- Of which are economically active - **1,469**
- Of which are assumed to be in employment - **1,424**
- GVA generated per annum by resident population in employment - **£95.4m**
- Annual growth in commercial expenditure - **£29.9m**
- Council Tax per annum - **£1.8m**
- New Homes Bonus - **£7.7m**

Completed Development – Employment

- Net direct/indirect employment creation – **369 to 536 jobs**
- GVA generated per annum from employment uses - **£24.7m to £35.9m**
- Business Rates - **£1.3m**

APPENDIX 1
Economic Benefits Summary
Infographic



ECONOMIC BENEFITS OF DEVELOPMENT AT THE FORMER NESTLE FACTORY

- 1,381 residential dwellings
- Commercial Floorspace (B1/B2/B8)
- Retail (A1/A3/A4)
- Community & leisure use (D1/D2)

The NPPF sets out three dimensions to sustainable development, these being economic, social and environmental.

In its economic role, the planning system is required “to contribute to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation and by identifying and coordinating development requirements, including the provision of infrastructure” [para 7, NPPF].

The NPPF confirms that pursuing sustainable development involves seeking positive improvements to people’s quality of life, including:

- Making it easier for jobs to be created in cities, towns and villages; and
- Improving the conditions in which people live, work, travel and take leisure; and widening the choice of high quality homes.

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ECONOMIC PROFILE

CONSTRUCTION PHASE

JOBS CREATED DURING CONSTRUCTION

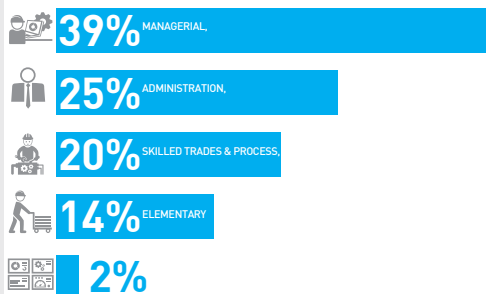
The construction phase will generate and sustain direct employment opportunities within the construction sector. Each direct construction job will contribute to economic output in the form of Gross Value Added (GVA). GVA can be used to measure the financial contribution the Proposed Development will make towards the economy, measuring the value of goods and services produced within the construction sector. The Development will also support indirect employment opportunities throughout the supply chain, resulting in economic activity across a variety of sectors.



COMPLETED DEVELOPMENT

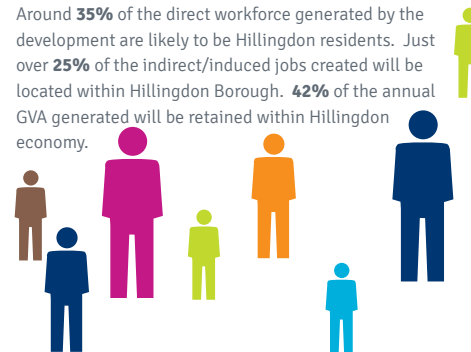
EMPLOYMENT & OCCUPATION PROFILE

The proposed development will generate direct and indirect employment opportunities across a range of occupation types. The jobs delivered will require varying skill levels and provide both full and part time hours.



LOCAL LABOUR FORCE

Around **35%** of the direct workforce generated by the development are likely to be Hillingdon residents. Just over **25%** of the indirect/induced jobs created will be located within Hillingdon Borough. **42%** of the annual GVA generated will be retained within Hillingdon economy.



BUSINESS RATES

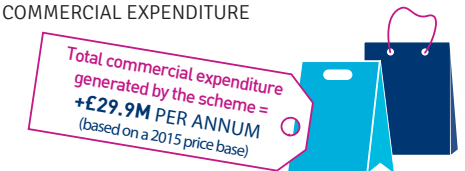
The proposed development will generate business rates, and support investment in local infrastructure and services



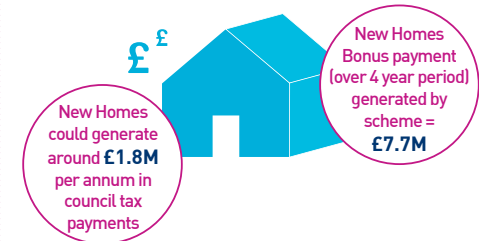
ECONOMIC IMPACT OF PROPOSED SCHEME

Paragraph 152 confirms that Local Planning Authorities should seek opportunities to achieve each of the economic, social, and environmental dimensions of sustainable development, and net gains across all three. The following summary highlights the substantial net positive impact that the proposed scheme will have on the local economy, which is entirely consistent with NPPF policy.

COMMERCIAL EXPENDITURE



NEW HOMES BONUS & COUNCIL TAX



LABOUR FORCE AND ECONOMIC OUTPUT ON COMPLETION

