
Link Park Data Centre

Economic Benefits Summary Note

Prepared by Barton Willmore LLP on behalf of Link Park LLP

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Economic Benefits Statement

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1.0 INTRODUCTION

- 1.1 Barton Willmore has been instructed by Link Park LLP to assess the economic benefits of a 55,000 sq. m, 65 MW data centre at Link Park, Thorney Mill Road, UB7 7EZ.
- 1.2 This Note will summarise the economic benefits Link Park could deliver to Buckinghamshire, in terms of employment, gross value added (GVA) and strategic added value. The economic benefits have been sourced from the more detailed Barton Willmore Economic Benefits Statement.
- 1.3 In addition, this Note will supplement the existing indirect employment figures set out with the Barton Willmore Economic Benefits Statement. Utilising the HM Treasury Green Book (2020) Place-Based Analysis this Note will analyse the indirect employment effect focused within the local economy, referred to as non-tradable.
- 1.4 The remainder of this Summary Note is structured as follows:

Section 2 discusses the value of Link Park to Buckinghamshire, summarising findings within the Barton Willmore Economic Benefits Statement.

Section 3 will review the potential non-tradable indirect employment generated from Link Park, based on the Green Book Place-Based Employment Multiplier analysis.

Section 4 sets out a sensitivity test on the indirect tradable employment generated by Link Park. This will compare findings from Economic Benefit Statement with an alternate employment multiplier methodology supplied by What Works Centre for Local Growth.

2.0 ECONOMIC BENEFITS TO BUCKINGHAMSHIRE

- 2.1 The Buckinghamshire Local Industrial Strategy (2019) seeks to bolster productivity through the creation of high-quality jobs. The Strategy targets investment across the local skill, industry and infrastructure profile. Buckinghamshire's existing nationally significant digital infrastructure assets provide a catalyst to further transform the local business ecosystem. The development of a Data Centre at Link Park would further enhance commercial innovation and support a growing revolution across the local digital network. The proposed Data Centre would generate high value-added direct and indirect employment, supporting significant supply chains and co-location behaviour.
- 2.2 A newly built data centre of the size envisaged at Link Park represents an investment of c£390m in Buckinghamshire, based on benchmark costs relating to construction of the shell (c20% of the cost), electrical and mechanical infrastructure (c80% of the cost). This would directly support in the region of 90 workers for five to six years (depending upon the pace of take up) and require high end engineering and technical skills at all stages from design to implementation.
- 2.3 Further to this, around 90 jobs would be created to maintain and operate the Link Park data centre over its lifespan. This would require skills across data centre infrastructure management and ICT service management. Operation of the data centre would generate £12.1 m GVA per annum to the local economy.
- 2.4 It is estimated that the proposed data centre could support 6,300 indirect jobs across the UK, of which 5,000 are estimated to be within London and the South East. Buckinghamshire currently accounts for around 2.5% of data economy jobs across London and the South East. On that basis, a data centre at Link Park would indirectly support in the region of 130 jobs in the local data economy.
- 2.5 If the benefit of a data centre at Link Park was distributed on the basis of our estimate of Buckinghamshire's share of the UK data economy (0.9% of GVA and 1.0% of the jobs) the indirect benefit would be 65 jobs to the local economy and a further £3.8m GVA per annum. Compared to the GVA per worker across all sectors (c£51,000) the data economy is 1.25x more valuable, with data centre workers being 2.6x more valuable.
- 2.6 Data centres are fundamental to data economy growth and the proposed Link Park development would significantly increase the intrinsic value of local economy. Therefore, it is

important to consider, not only the direct and indirect impact of the proposed data centre, but also the potential added strategic value generated across Buckinghamshire.

- 2.7 The proposed development should be valued as a key component to closing the gap in local and national data economy performance. Currently the UK is calculated to be running at 58% of its full potential and capable of growing to £28bn in 2025. Reaching this figure depends on increasing the current rate of investment and building on nationally significant digital infrastructure assets, such as currently exist across Buckinghamshire.
- 2.8 Finally, we estimate that a 55,000sqm data centre at Link Park would have a rateable value of £6.64m and that business rates would be £3.55m per annum.

3.0 GREEN BOOK – NON-TRADABLE INDIRECT EMPLOYMENT CALCULATION

3.1 Section 3 will utilise the HM Treasury Green Book (2020) place-based analysis to better understand how Link Park could affect the local economy through non-tradable indirect employment. This refers to employment trading within the local area, most likely shops and restaurants.

i) Green Book (2020)

3.2 The revised Green Book contains new guidance on place-based analysis and clarifies how local employment effects can be considered. Place based analysis concerns appraisal applied to geographically defined areas within the UK.

3.3 Place-based analysis utilises new employment multipliers to help estimate the local impact. These are sourced from the What Works Centre for Local Growth Toolkit: Local Multipliers. The multipliers are based on 18 case studies, rather than theoretical models and assumptions.

3.4 The Toolkit considers multipliers from three kinds of employment:

- in tradable sectors (that sell mostly outside the local economy);
- in tradable skilled and high-tech sectors, specifically; and
- in the public sector.

3.5 In addition to evidence on the size of the multiplier effect, the Toolkit also considers other indirect structural changes to the economy as a result of new employment. The 18 case studies concluded the following:

- Additional jobs in the tradable sector tend to increase employment in the non-tradable sector (e.g., local shops and restaurants). The average local multiplier is close to one: for each additional job in the tradable sector, 0.9 jobs are created in the non-tradable sector.
- The impact of additional jobs in the tradable sector on other tradable jobs is smaller: an additional job in the tradable sector creates, on average, 0.4 jobs in other parts of the tradable sector.
- Skilled jobs or jobs in high-tech industries generate larger multipliers: an additional high skilled job creates an average of 2.5 jobs in the non-tradable sector; For tech

industries more generally, an additional job creates, on average, 1.9 jobs in the non-tradable sector.

- Growth in public sector employment has smaller multiplier effects on private sector employment: each additional job in the public sector creates, on average, 0.25 jobs in the private sector. Two studies report crowding out for manufacturing with effects offset or more than offset by a positive multiplier on services.
- High tech jobs also create higher multipliers, although that may be because many of these jobs are high-skilled rather than reflecting some specific feature of tech industry. More work is needed to disentangle these effects.
- Additional employment may have indirect effects elsewhere in the local economy. The study looking at real wages finds that growing tech employment in US cities also raises housing and other living costs.

i) Link Park Place-Based Analysis

- 3.6 Table 3.1 sets out the Green Book place-based employment multipliers, derived from the Local Growth Toolkit: Local Multipliers study. Link Park would be considered a high tech or high skilled tradable employer, therefore, to assess the non-tradable impact of the development a range between both categories will be reviewed. Further to this, consideration will be given to the degree of effect on the non-tradable employment sectors.

Table 3.1: Place Based Employment Multipliers

Direct Employment Category	Tradable	Tradable	High Tech Tradable	High Skilled Tradable	Public Sector
Effect on Employment Sector:	Non-Tradable	Tradable	Non-Tradable	Non-Tradable	Private Sector
Central	0.9	0.4	1.9	2.6	0.25
Low	0.1	0.3	0.7	2.5	-0.7
High	1.6	0.6	4.9	3.0	1.3

Source: Green Book 2020

- 3.7 Assessing both low and high employment effect scenarios would result in the relevant non-tradable multiplier ranging between 0.7 and 4.6.
- 3.8 The newly build data centre of the type envisaged at Link Park would support around 90 direct jobs on site. Table 3.2 concludes the number of non-tradable indirect jobs generated as a result of the 90 direct jobs.

Table 3.2: Indirect Non-Tradable Employment

Direct Employment Category	Effect on the Employment Sector		Non-Tradable Indirect Employment Range	
	low	high	low	high
High Tech Tradable	0.7	4.9	63	441
High Skilled Tradable	2.5	3	225	270

- 3.9 Table 3.2 concludes, depending on the degree of effect and industry variant of high tech or high skilled, between 63 and 441 non-tradable jobs could be created by Link Park. The Local Growth Toolkit: Local Multipliers study reports that skilled jobs or jobs in high-tech industries generate larger multipliers. It concludes that jobs for high-skilled workers, those with degrees or above, appear to create the highest multipliers. This also compliments wider researcher highlighting the sizeable indirect impact of the digital economy.
- 3.10 Therefore, it would be reasonable to utilise the higher effect multipliers for both the high tech and high skilled categories. This would result in between 270 and 441 indirect non-tradeable jobs, of which would most likely be created in local retail and restaurants.

4.0 TRADABLE INDIRECT EMPLOYMENT – SENSITIVITY TEST

- 4.1 The Green Book place-based analysis discussed in Section 3 does not provide a multiplier to calculate the indirect tradable jobs created by Link Park, it solely looks at the non-tradable effect.
- 4.2 As set out in Section 2, based on calculations within the Barton Willmore Economic Benefits Statement (November 2020), Link Park is estimated to generated around 6,300 indirect jobs. Applying the definitions supplied within the Green Book (2020), these are assumed to be tradable roles.
- 4.3 This indirect tradable figure is based on evidence suggesting a newly built data centre would generate between £397m and £436m in gross value added (GVA) per annum. Utilising a mid-point of £417m, a GVA per job figure (reflective of the data economy) determined an indirect tradable job figure of around 6,300.
- 4.4 Buckinghamshire currently accounts for around 2.5% of data economy jobs across London and the South East. On that basis, a data centre at Link Park would indirectly support in the region of 130 jobs in the local data economy. If the benefit of a data centre at Link Park was distributed on the basis of our estimate of Buckinghamshire's share of the UK data economy (0.9% of GVA and 1.0% of the jobs) the indirect benefit would be 65 jobs to the local economy
- 4.5 To sensitivity check this methodology Section 4 will compare the tradable indirect outputs detailed above with the output from The What Works Centre for Local Growth ONS multipliers derived from input-output analysis.
- 4.6 The What Works Centre for Local Growth provides the following employment multipliers, Table 4.1, to assess high tech tradable to tradable indirect job generation. According to What Works Centre for Local Growth the average tradable-to-tradable employment multiplier is 0.73. This estimate is higher than the average local multiplier of 0.41 that is reported in the Green Book toolkit. For high-tech tradable-to-tradable the ONS Input-Output 1.4 suggests that one additional job in that sector leads to 1.4 jobs in the rest of the tradable sector. The What Works Centre for Local Growth reports that Input-Output employment multipliers are larger for high-tech and this is consistent with toolkit (as used in the Green Book 2020) findings.

Table 4.1: What Works Centre for Local Growth Employment Multiplier – ONS Data

	Tradable to Tradable	High Tech to Tradable	Public Sector to Private
Mean	0.73	1.40	0.37
Min	0.19	0.55	0.20
Max	4.07	4.07	2.48

Source: What Works Centre for Local Growth

- 4.7 Based on the multipliers set out in Table 4.1 the 90 direct positions created by Link Park could generate between 50 and 365 indirect tradable jobs. Assuming an average multiplier value (0.73) would generate 126 indirect tradable jobs.
- 4.8 This is representative of the 130 indirect tradable jobs concluded in paragraph 4.4, presenting the proportion on indirect roles to be generated across Buckinghamshire.

5.0 CONCLUSION

5.1 Based on figures set out within the Barton Willmore Economic Benefits Statement (November 2020), along with the supplemented Green Book employment research, the following identifies how Link Park would contribute positively to the Buckinghamshire economy:

- A newly built data centre at Link Park represents an investment of c£390m in Buckinghamshire resulting from the construction and fit out. This would directly support in the region of 90 workers for five to six years.
- 90 jobs would be created to maintain and operate the Link Park data centre over its lifespan. Operation of the data centre would generate £12.1 m GVA per annum to the local economy.
- It is estimated that the proposed data centre could support 6,300 indirect tradable jobs across the UK, around 130 of these would be indirect tradable jobs within Buckinghamshire.
- A further 270 to 440 indirect non-tradeable jobs could be created across the local economy within shops and restaurants.
- An estimated rateable value of £6.64m and estimated business rates of £3.55m per annum.