



West Midlands Strategic Rail Freight Interchange

Employment Issues Response Paper – Labour Supply

On behalf of **South Staffordshire Council and the Black Country**

Black Country | **Plan**
Planning for the future of the Black Country



**South
Staffordshire
Council**

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Contents

- 1 Introduction..... 1**
- 2 Labour Supply 2**
 - 2.1 Introduction 2
 - 2.2 Estimating the number of jobs 2
 - 2.3 What type of jobs? 2
 - 2.4 Where will the labour come from? 4
 - 2.5 Transport Assessment 5
 - 2.6 Environmental Assessment 5
 - 2.7 Commentary 6
 - 2.8 Summary 7
- 3 Examining Authority’s Report of Findings and Conclusions 9**
 - 3.1 Introduction 9
 - 3.2 Further documents submitted to the Examination 9
 - 3.3 The Examiners Report 9
 - 3.4 Commentary 9
- 4 Conclusions 11**

Figures

- Figure 2.1 Projected Skill profile (Source: Economic Benefits Statement) 3
- Figure 2.2 Projected Skill ‘balance’ (Source: Economic Benefits Statement) 4

Tables

- Table 2.1: Employee Trip Distributions (Source: Sustainable Transport Assessment) 5

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1 Introduction

- 1.1.1 The West Midlands Interchange is a proposed Strategic Rail Freight Interchange (SRFI) with warehousing and other associated development that, if implemented, would be built on land west of Junction 12 of the M6 in South Staffordshire.
- 1.1.2 The proposal provides direct access to the West Coast Main Line and is expected to service the West Midlands, the northern M6 corridor, and parts of Warwickshire.
- 1.1.3 The proposal includes nearly 750,000 sqm of new rail-served and rail-linked warehouses and, according to the promoters, will deliver 8,550 new jobs. The promoter notes that these will bring 'new opportunities' for people in South Staffordshire, the Black Country, the West Midlands and surrounding areas.
- 1.1.4 A scheme of this scale clearly has a potential labour market impact in South Staffordshire but also more widely. Stantec has been asked to assess how this may be addressed across the wider market area and also how the provision of this new warehouse floorspace may complement the emerging plan reviews in the Black County and also South Staffordshire.
- 1.1.5 This note was first drafted prior to the SRFI being consented. Following the consent, we have agreed with the Councils to briefly update this paper to take into account the Examiners report as regards labour supply issues arising from the consent. We will also prepare a second paper looking at the implication on employment land supply in the area following the consent.
- 1.1.6 In preparing this note we have had regard to the evidence supporting the SRFI DCO as well as local evidence published and emerging for South Staffordshire and the Black Country.
- 1.1.7 In the next section we address the first of our questions regarding the potential labour supply impact of the proposal which where the labour for the 8,550 jobs may come from.

2 Labour Supply

2.1 Introduction

2.1.1 The proposal suggests that, once operational, over 8,500 jobs will be supported by the SRFI. In this section we look at the source for this estimate, the potential skills mix and finally where the labour is expected to come from.

2.1.2 To do this we draw on a number of the documents supporting the proposal including:

- The Statement of Economic Benefits - July 2018 (Quod)
- The Environmental Statement – July 2018 (Ramboll for Four Ashes Ltd)
- The Transport Assessment – Appendix M Technical Note (Trip Generation) – May 2017 (WSP)

2.2 Estimating the number of jobs

2.2.1 The Statement of Economic Benefits states that the scheme is expected to support 8,550 'direct' jobs. These jobs would be located on the site as opposed to those delivered via a multiplier / supply chain off site, or from the construction phase.

2.2.2 The exact basis for this calculation is unclear but it would appear to be a blended view of recognised industry sources, developer / occupier research and the promoters own view.

2.2.3 However, an overall density 1:87 sqm per worker would not appear out of alignment with published densities for strategic warehousing. Unfortunately, employment densities are rarely researched and the most commonly quoted source remains the Homes & Communities Agency Employment Densities Guide. This was last updated in November 2015 and estimated 1:95 square metres per worker for National Distribution Centres and 1:77 per worker for Regional Distribution Centre. A density of 1:87 sqm, as claimed by the site promoters here, sits between the two published estimates. So it would appear to be a sensible estimate to use here.

2.2.4 As an observation, we would note that these published densities don't assume significant warehouse automation. As technology improves warehouse operators are increasingly turning to automation to improve efficiently but also reduce staff counts. There is no authoritative estimate of how this will impact on the operation of a scheme such as this. The final configuration of any warehouse unit is largely the decision of the occupier – one may embrace automation another may prefer a more manual process. However the trend is more towards automation.

2.2.5 Here we don't disagree with the 1:87 sqm per worker quoted. But caveat that this that due to automation a 1:87 sqm per worker likely to be at the upper end of a long-term trend. Over time, as automation becomes even more common, we may expect fewer workers on site rather than the other way around.

2.3 What type of jobs?

2.3.1 The Economic Statement makes an estimate of what type of jobs may be supported by the proposal. This would appear to be from the promoter's own experience rather than a published source. For the councils around the SRFI, the mix of jobs on site is almost as important as the total quantum. If the qualitative mix of skills in demand from the SRFI is

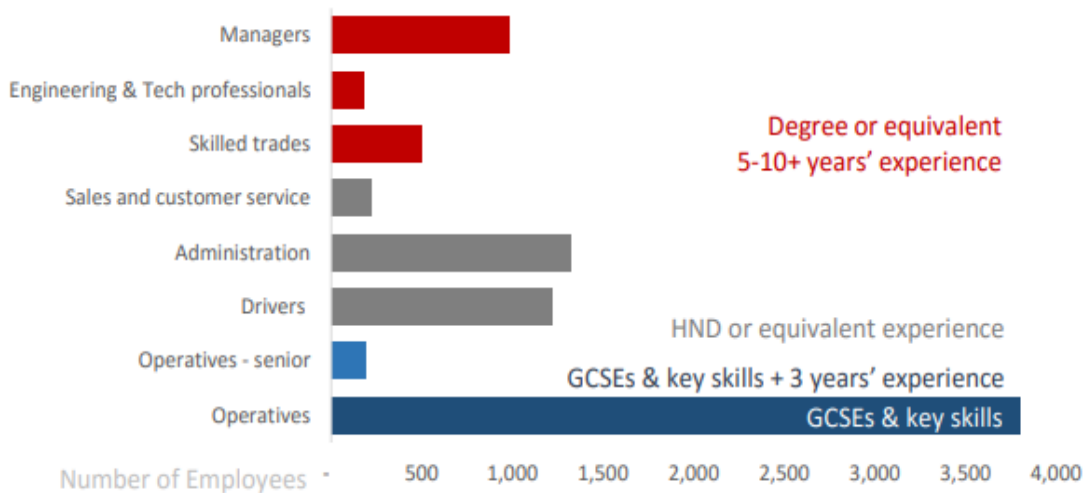
materially different to that available in the area then regardless of quantitative labour availability, the resident workforce would not satisfy the demand for jobs.

- 2.3.2 In this regard the Statement outlines that the majority of the jobs on site would be lower skilled requiring either a basic secondary education (GCSEs) or a Higher National Diploma. But over 1,000 ‘managers’ and nearly 1,000 ‘skilled trade’ or technical ‘professionals’ will be employed on site requiring a degree or equivalent.

Figure 2.1 Projected Skill profile (Source: Economic Benefits Statement)

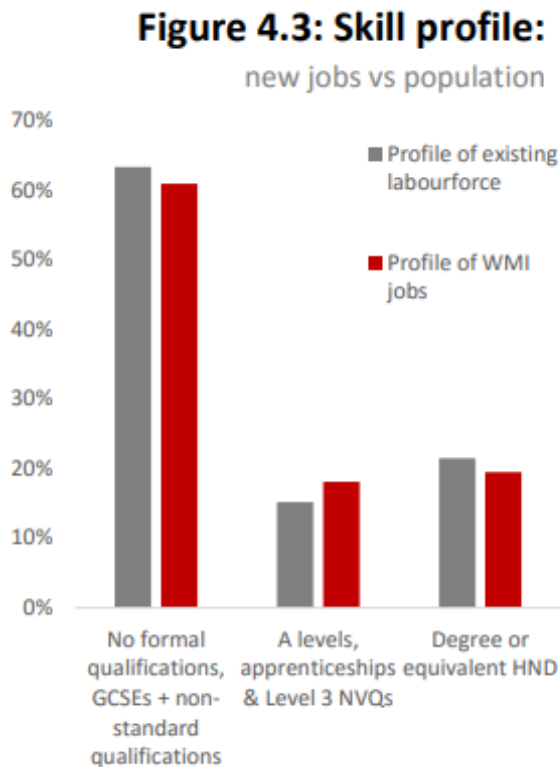
Figure 4.2: Projected Skill profile:

8,550 new jobs at WMI



- 2.3.3 The Statement then goes on to conclude that the mix of jobs on site broadly matches the existing skills profile of the ‘labour market area’. For example, 60% of employment on site is expected to be lower skilled and 60% of the labour force matches this.

Figure 2.2 Projected Skill 'balance' (Source: Economic Benefits Statement)



- 2.3.4 In summary, the Statement concludes that the skill demand from the proposal already matches the available supply of labour in the market area. So there is no qualitative 'mismatch' between skill demand and skill availability.
- 2.3.5 Were this not the case, regardless of the quantitative availability of people / labour in the area, there would be a need for large scale re-skilling / training to match the available labour to the supply.

2.4 Where will the labour come from?

- 2.4.1 As noted above the Economic Statement finds no qualitative 'mismatch' between the skills needed to work at the SRFI and the profile of skills found in the local area. The skills demanded by the SRFI match those already available in the local area.
- 2.4.2 The second, more complex question is where the proposed labour will come from, so if, or where, the delivery of the SRFI have a labour supply impact.
- 2.4.3 The answer to this question is found across a number of documents. Firstly, the quantitative answer is provided in supporting documentation to the Transport Assessment. This provided a view of commuting trips for the purpose of mitigating the transport impact of the proposal.
- 2.4.4 A second view, which also looks at the 'impact' of the proposal is found in the Environmental Statement and also, to a lesser extent, in the Economic Statement. We look at each of these in turn below.

2.5 Transport Assessment

- 2.5.1 The proposal is accompanied by a Sustainable Transport Assessment. This provides more detail as to where the new workers are expected to commute from. This was needed to assess the transport impact and mitigation needed.
- 2.5.2 Table 2.1 below shows where the ‘employee trips’ are expected to originate from.

Table 2.1: Employee Trip Distributions (Source: Sustainable Transport Assessment)

Table 4-1: Employee Trip Distributions

LOCATION	DISTRIBUTION
Wolverhampton	12.08%
South Staffordshire	18.20%
Cannock Chase	8.81%
Walsall	11.38%
Sandwell	8.49%
Birmingham	6.61%
Dudley	2.60%
Telford and Wrekin	6.10%
Lichfield	8.29%
Stafford	5.13%
Stoke on Trent	5.17%
Shropshire	3.66%
East Staffordshire	1.26%
Newcastle under Lyme	1.70%
Staffordshire Moorlands	0.53%
Total	100%

- 2.5.3 In summary, the assessment concludes that despite the SRFI being located within South Staffordshire less than 20% of the labour supply will be drawn from the Borough. Collectively around 1/3rd will travel from the Black County with the balance from the wider West Midlands districts to the north of Birmingham.
- 2.5.4 This wide travel to work area is partly supported in the Transport Assessment by evidence that the majority of trips to/from the site are likely to be ‘off peak’.
- 2.5.5 The SRFI is expected to operate 24-hours a day across three shifts timed to avoid peak travel hours. This makes the site more attractive to those commuting by car – although a number of public transport improvements are proposed including worker ‘shuttle services’ penetrating the core of the Black Country and Cannock. The Assessment discounted a shuttle service for South Staffordshire due to the low population density.

2.6 Environmental Assessment

- 2.6.1 The Transport Assessment provides the quantitative data showing where the workforce is likely to come from, but it is the Environmental Assessment that considers the ‘impact’ of this labour draw on the local economies around the SRFI.

2.6.2 The Assessment concludes that the delivery of the SRFI has only positive effects on the labour supply. It draws this conclusion for a number of reasons.

2.6.3 Firstly, the Assessment claims that the labour supply will be drawn from the pool of unemployed workers in the labour catchment:

*“there are 31,660 unemployed residents within the TTWA who are currently seeking work and receiving unemployment benefits. Of these unemployed residents, the majority are seeking elementary and sales/customer service positions. Approximately half of the jobs supported by the Proposed Development would be at this occupational level. Approximately 19% of the jobs supported by the Proposed Development would be higher skilled managerial, technical and skilled jobs requiring a degree or 5-10+ years of experience. Approximately a quarter of the local population is qualified to this level. **Therefore, there is a large pool of available labour supply at appropriate skill and occupation levels, including residents who are currently unemployed.**” (our emphasis)*

2.6.4 As regards South Staffordshire, where there is very little unemployed labour, the Assessment concludes.

“Wolverhampton and South Staffordshire are currently net “exporters” of workers. That means that more workers leave these districts each day than travel to them: c. 16,000 more employees leave South Staffordshire for work than travel to the district. This demonstrates that there is an existing pool of local labour for whom WMI could provide a job closer to home and who are more likely to take up jobs at WMI than a Birmingham resident would be, for example.”

2.6.5 So, in summary, most of the new jobs, which are generally lower skilled the SRFI assumes that the scheme will be able to utilise some of the 32,000 unemployed workers in the area. Providing employment for these workers is considered a benefit of the proposal in the Environmental Assessment. Related to this both the Economic Benefits Statement and the Environmental Assessment note that the SRFI is accessible to a number of ‘deprived areas’ and the SRFI will help to ‘tackle’ this as well as meet aspirational job targets set out by the LEPs.

2.6.6 For South Staffordshire the evidence takes a slightly different approach. The transport modelling shows that 18.20% of the workforce will come from the district – but there is very little unemployment (or deprivation) in South Staffordshire. But the Environmental Assessment still considers delivery of the scheme to be a positive benefit because it will provide local employment opportunities and reduce the need for local residents to commute out.

2.7 Commentary

2.7.1 Analysis of the supporting documents for the SRFI suggests no negative impact on the local labour market from the delivery of 8,550 new jobs within South Staffordshire or the wider area.

2.7.2 This is partly because the assumption is that the terminal will draw its labour from a very wide catchment and make use of unemployed or underemployed labour – many will commute out of peak hours and/or via a new dedicated ‘shuttle bus’ network proposed to allow the workforce to travel in time for shift changes.

2.7.3 For South Staffordshire, where unemployment is low, the SRFI has concluded that any local labour will be drawn from ‘recalled’ commuters – residents who currently commute out of the district in search of higher paid, higher skilled, jobs in the conurbation. These will instead be attracted to work in the local area.

- 2.7.4 This may sound a surprising conclusion given the scale of the proposal for over 8,500 jobs in a largely rural area. But it would appear to be in line with evidence accepted for other similar proposals elsewhere.
- 2.7.5 Most obviously for the recent expansion of Magna Park (Leicestershire) where a similar share of local workers (within Harborough district) was estimated as South Staffordshire here. Around 20% of the Magna Park workforce is estimated to live in Harborough district with the balance from across Leicestershire, Warwickshire and into the West Midlands¹. As with WMSRFI the 'catchment' area from where the proposal may draw its labour is so large any impact is diluted.
- 2.7.6 A similar approach was also taken to the expansion of DIRFT (Daventry) where, in their 2013 Environmental Assessment, NLP (now Lichfield's) considered the labour supply (and housing impact) of DIRFT III (730,000 sqm of rail related warehousing).
- 2.7.7 As with Magna Park and WMRFI the DIRFT work concluded that the delivery of the proposal would have limited labour supply impact – partly because of the large travel to work and so the 'diffused' impact of the labour draw from the proposal. NLP also noted, as with WMRFI, that the proposal would draw on the 'pool' of unemployed residents in this wide labour catchment area. This was estimated as 20,000 unemployed persons available to work in DIRFT.
- 2.7.8 In terms of increased housing demand in the local area NLP largely dismisses this as 'marginal' for DIRFT:

"it appears likely that the new jobs created will give rise to only marginal levels of additional housing demand beyond that associated with natural growth of the current population. It is assumed that any such demand would build up gradually on the site as firms take up space and residence patterns of employees would become established over a period of many years, meaning any pressures on the local housing market would be further diluted."

- 2.7.9 As with Magna Park and the WMRFI, Lichfields considered that DIRFT III had a positive impact on the local labour market, largely because the majority of the jobs will be attractive to those unemployed in the wider market area.

2.8 Summary

- 2.8.1 The delivery of the SRFI will, most likely, generate around 8,500 new jobs. This is likely to be a high rather than low estimate because increased automation in warehouses may reduce this number – but this is dependent on the format the ultimate occupiers choose for their operations.
- 2.8.2 The promoters have made a case, in their supporting material, that the delivery of these jobs will not adversely harm the labour market in and around South Staffordshire.
- 2.8.3 As with other major warehouse proposals the labour catchment is expected to be wide – partly a product of the site highly accessible location but also due to most workers traveling 'off peak' and so less concerned with peak hour congestion.
- 2.8.4 The promoters have identified a large 'reservoir' of unemployed residents who they expect will form the majority of the labour supply. For South Staffordshire (and Wolverhampton) their working assumption is that this proposal will help redress the commuting imbalance and provide new, quality, opportunities in the area to help attract those who otherwise commute into Birmingham.

¹ Magna_Park_Employment_Sensitivity_Study_2017.pdf

- 2.8.5 The line taken in the WMSRFI evidence would not appear at odds with evidence elsewhere – where, in simple terms, the wide catchment area means any negative impact on labour supply is dissipated across such a larger area that it become minimal.

3 Examining Authority's Report of Findings and Conclusions

3.1 Introduction

- 3.1.1 The section above draws on the evidence submitted to support the SRFI. This was tested as part of the examination process in response to a number of concerns raised relating to the availability of labour to fill the expected number of jobs.

3.2 Further documents submitted to the Examination

- 3.2.1 In response to this testing the promoter provided some additional material (Rep 5-5) mainly to respond to concerns raised by an objector – Mr Powell and also in response to questions posed by the Examiner (Rep2-9)

- 3.2.2 However, as regards the quantum of labour supply in the local area (and the impact of the SRFI) this new material generally refers back to the suite of evidence discussed above. Most obviously concluding that the labour supply impact for South Staffordshire amounts to 1.93% of the working age population and that, due to strong outward commuting flows from South Staffordshire, any negative impact on labour supply could be addressed via a shift in commuting:

“Given the scale of the opportunity and the current pattern of out commuting in the district due to lack of local opportunities, this shift does not seem unrealistic, nor would it be expected to have disruptive or unsustainable effects on the labour market” (Rep 5-5 paragraph 1.4).

- 3.2.3 The Promoter noted that unemployment was higher in South Staffordshire than the headline 'count' data and in their Rep 5 response also noted that some of the occupiers would likely bring their own workforce (paragraph 1.5) – suggesting at least some firms will be 'displaced' from elsewhere in the market area resulting in nil net additional labour for those firms.

3.3 The Examiners Report

- 3.3.1 The Examiners report concluded that:

“Although final figures cannot be known at this stage, the estimate of up to permanent 8,500 jobs is supported by the relevant local authorities who also agree that a range of employment opportunities would be created. The evidence shows that there should be no significant concern as to the availability of an adequate pool of labour to fill those new jobs” (paragraph 6.10.69)

- 3.3.2 It is noteworthy that the SoS, in their decision letter (4th May 2020) endorses this conclusion:

“the Secretary of State is satisfied that the evidence shows that there should be no significant concern as to the availability of an adequate pool of labour to the new jobs” (paragraph 51)

3.4 Commentary

- 3.4.1 The SoS is the ultimate decision maker in matters such as this and in this case, they have clearly concluded that the SRFI will have no significant labour impact in the market area – including South Staffordshire. This assertion had been challenged by objectors and was actively considered by the Examiner.

- 3.4.2 Importantly for the Councils this decision has been informed without concluding that any Council needs to provide additional labour in the market area. Instead the proposal will draw on unemployed and underemployed labour. For South Staffordshire, where there is limited labour of this type, the SoS has endorsed an assumption whereby the impact can be managed by a shift in commuting. For the whole area a package of training is proposed to ensure residents can access these jobs.
- 3.4.3 It is fair to comment that we are normally cautious about assumptions related to changes in commuting patterns; because they can be arbitrary, and they obviously give rise to DtC issues. This is especially where when one Council makes an assumption not matched at the opposite end of the commuting flow. But here there is a single scheme that has been extensively tested and modelled to the satisfaction of the examiner and ultimately the SoS.
- 3.4.4 For the Councils, now the SFRI is consented, there is a need to ensure that the local evidence base documents take into account this proposal and the labour, including commuted labour, is recognised their evidence bases. This is especially important for South Staffordshire given the smaller labour market but also relevant to the Black County. There is a risk that without this recognition other plans and strategies could 'double count' the labour supply the SoS has concluded is available to the SFRI.

4 Conclusions

- 4.1.1 The SRFI is proposed to generate up to 8,500 'direct' jobs. The DCO application material argues that the delivery of these jobs will not adversely affect the labour market in and around South Staffordshire due to a wide worker catchment area, in common with most major warehouse proposals. This has important implications for commuting, the skills and employment match of the workforce, and the 'dispersal' of impacts, which we provide commentary on.
- 4.1.2 The SRFI is promoted as having no detrimental impact on the local economies around it from a labour supply perspective. This is because the labour catchment is so large that any effect becomes dispersed. The SRFI claims the major source of labour will be those who are unemployed.
- 4.1.3 The SRFI application material proposes the benefit of offering local unemployed people opportunities for employment, and a matching skills profile. The material also estimates 18.20% of workers will come from South Staffordshire, where the SRFI would be located. Negative travel impacts from commuting would be avoided by virtue of the SRFI's location, shifting the commuting balance that would otherwise be oriented towards Birmingham. Also, negative traffic impacts would be minimised through off-peak commuting due to atypical shift start times.
- 4.1.4 For South Staffordshire and the Black Country its most relevant that the SoS has agreed with the promoter and concluded that there is no significant labour market impact from the proposal – including for South Staffordshire despite its much smaller labour supply.
- 4.1.5 Given this finding the Councils needs to consider this in their local evidence to avoid the risk of any double counting.