



# Northern Gateway: Economic Benefits Summary

A Report by Hatch  
24 September 2020

# Russell & Harworth

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# Economic Benefits Summary

- 1.1 This report sets out the potential economic benefits of the proposed development of the Northern Gateway, during both the construction phase (temporary benefits) and operational phase (long-term permanent benefits). It should be noted that these benefits are based on the latest proposed masterplan, these benefits are subject to dependent on the final agreed masterplan.
- 1.2 The benefits have been assessed under two scenarios, which include:
- **Scenario 1:** Northern Gateway including South Heywood: this scenario considers the economic benefits of GM1.1, GM1.2 and South Heywood.
  - **Scenario 2:** Northern Gateway sites GM1.1 and GM1.2 only.
- 1.3 The temporary (construction) benefits and permanent (operational) benefits have been assessed for both scenarios.

## Construction Related Benefits

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### Total Investment

- 1.4 Construction investment has been based on formal cost estimates for GM1.1, GM1.2 and South Heywood.
- 1.5 The **total investment estimated for the Proposed Development is in the region of:**
- **Scenario 1** is estimated to cost **£650 million**
  - **Scenario 2** is estimated to cost **£430 million**
- 1.6 This investment will support a number of jobs during the construction phase, some of which would be local. Based on the overall construction cost and build periods related benefits have been estimated, which are detailed in the following section.

### Construction Jobs

- 1.7 The construction phase is estimated to last approximately 20 years, from initial site preparation through to development.

- 1.8 Based on the HCA construction job assumptions<sup>1</sup> and the total construction investment, it is estimated the Proposed Development will support in the region of **6,900-person years of employment**.
- 1.9 Due to the varied nature of construction projects, these jobs would not necessarily be FTEs. However, to provide an indication of the number of FTEs the development could support, the number of jobs have been split over the build period. Based on this assumption this would equate to:
- **Scenario 1:** approximately **250 FTEs** per annum in construction.
  - **Scenario 2:** approximately **200 FTEs** per annum in construction.
- 1.10 The latest BRES data suggests there are around **8,500 employed within the Construction sector** in Rochdale and Bury, which equates to 6% of all employment across both local authorities, compared to 4.7% in the North West. **This suggests a sizeable and relevant construction skills base is available in the local and sub-regional area.**

## **Operational Economic Benefits: Northern Gateway (including South Heywood)**

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### **Direct Economic Benefits**

- 1.11 At this stage, it is not clear what the exact use classes for specific commercial units within the proposed development will be therefore, the following assumptions have been made;
- 418,000m<sup>2</sup> of assumed floorspace devoted to B2 uses, of which, 79,000 will be tailored to the advanced manufacturing sector.
  - 782,000m<sup>2</sup> of assumed floorspace devoted to B8 uses.
  - 3,000 residential dwellings
- 1.12 These benefits could be subject to change based on the final masterplan and mix of uses across the development.

<sup>1</sup> Homes and Communities Agency; Calculating Cost Per Job, Best Practice Note (3<sup>rd</sup> Edition), 2015. Number of workers a year per £1m of construction spending.

1.13 Commercial Benefits Once fully occupied, the development would support approximately **20,000** gross FTE jobs directly on site. The breakdown of the potential employment and associated wages and Gross Value Added<sup>2</sup> (GVA) supported by the proposed development is shown in Tables 1.1 and 1.2 below.

**Table 1.1: Estimated Employment**

Use Class	Floor-space m <sup>2</sup>	Emp. Density m <sup>2</sup> per FTE	FTEs	Assumed Sector	Wages (£m)	GVA (£m)
B2	418,000	36	10,500	Manufacturing	£370	£700
B8	782,000	82.5	9,500	Logistics	£330	£600
<b>Total</b>	<b>1,200,000</b>	-	<b>20,000</b>	<b>NA</b>	<b>£700</b>	<b>£1,300</b>

1.14 The total employment supported on site could be in the region of **20,000 FTEs**, with almost **£700 million in wages** and over **£1.3 billion of GVA** generated per annum.

### Residential Benefits

1.15 The residential uses that are proposed as part of the development mix will also generate potential household expenditure, a proportion of which, will be spent on goods and services locally and regionally. Whilst it is not possible to robustly estimate the amount of expenditure that will be retained within Bury, Rochdale and Greater Manchester, the estimates provide an indication of the potential levels of expenditure that could benefit the local and regional economy.

1.16 Based on the ONS Household expenditure data<sup>3</sup> for the North West, it is estimated that Northern Gateway, including South Heywood, could generate in the region of **£70 million per annum in household expenditure**.

1.17 The residential elements of the Northern Gateway development will also generate council tax for both Bury and Rochdale local authorities. Based on an average Band D for both Rochdale & Bury local authority areas, it is estimated that the Northern

<sup>2</sup> Based on ONS Annual Business Survey 2018; GVA per Employee. Manufacturing (£66,000), Transport & Storage (£62,000) and Administrative and support service activities (£24,000)

<sup>3</sup> ONS, 2019; Household Expenditure, Table A35 Detailed household expenditure by countries and regions.

Gateway including South Heywood could **generate in the region of £5 million in council tax per annum.**

**Table 1.2: Summary of Impacts**

	<b>Estimated Impact</b>
<b>FTEs supported</b>	20,000
<b>Wages per annum</b>	£700 million
<b>Gross Value Added (GVA) per annum</b>	£1.3 billion
<b>Potential household expenditure per annum</b>	£70 million
<b>Council tax generated per annum</b>	£5 million

### **Indirect and Induced Economic Benefits**

- 1.18 The indirect benefits of the Development refer to the benefits (jobs and GVA) that are located within supply chains and operational expenditure. The induced benefits refer to the jobs and GVA that are generated by the expenditure of the additional wage income of direct workers and indirect workers.
- 1.19 For this assessment, a benchmark composite multiplier of 1.1, drawn from the HCA Additionality Guide 2014<sup>4</sup>, has been used to estimate the number of potential indirect and induced jobs supported by the proposed development. The multiplier was chosen on the assumption that that Greater Manchester is an area with average supply linkages.
- 1.20 Based upon this analysis, the gross indirect and induced benefits of the Northern Gateway, including South Heywood, would be a further **2,000 FTE jobs** and a **£100m GVA** per annum for the economy of Bury, Rochdale and Greater Manchester.

### **Total Economic Benefits**

- 1.21 Taking gross direct, indirect and induced benefits together would lead to an economic benefit of **22,000 jobs and £1.4 billion in GVA for the economy of Greater Manchester.**

<sup>4</sup> Homes & Communities, 2014; Additionality Guide

**Table 1.3: Summary of Economic Impact**

<b>Impact</b>	<b>FTE jobs</b>	<b>GVA per annum</b>
Direct benefits	20,000	£1.3 billion
Indirect & induced benefits	2,000	£100 million
Total economic benefits	22,000	£1.4 billion

Source: Hatch Regeneris. Figures may not sum due to rounding. All figures are gross benefits

## **Operational Economic Benefits GM1.1 and GM1.2**

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### **Direct Economic Benefits**

1.22 As per the assessment for the Northern Gateway including South Heywood, the assessment for GM1.1 and GM1.2 is based on the same assumptions but excludes the South Heywood element. The floorspace assumptions are as follows:

- 316,000m<sup>2</sup> of developable land devoted to B2 uses, of which, 79,000m<sup>2</sup> will be tailored to the advanced manufacturing sector.
- 739,000m<sup>2</sup> of developable land devoted to B8 uses.
- 2,000 residential dwellings

1.23 As previously, these benefits could be subject to change based on the final masterplan and mix of uses across the development.

### **Commercial Benefits**

1.24 Once fully occupied, GM1.1 and GM1.2 would support approximately 17,000 gross FTE jobs directly on site. The breakdown of the potential employment and associated wages and Gross Value Added<sup>5</sup> (GVA) supported by the proposed development is shown in Tables 1.4. and 1.5 below.

<sup>5</sup> Based on ONS Annual Business Survey 2018; GVA per Employee. Manufacturing (£66,000), Transport & Storage (£62,000) and Administrative and support service activities (£24,000)

**Table 1.4: Estimated Employment**

<b>Use Class</b>	<b>Floor-space m<sup>2</sup></b>	<b>Emp. Density m<sup>2</sup> per FTE</b>	<b>FTEs</b>	<b>Assumed Sector</b>	<b>Wages (£m)</b>	<b>GVA (£m)</b>
B2	316,000	36	8,000	Manu- facturing	£300	£540
B8	739,000	77	9,000	Transport & Logistics	£300	£560
<b>Total</b>	<b>1,055,000</b>	<b>-</b>	<b>17,000</b>	<b>NA</b>	<b>£600</b>	<b>£1,100</b>

1.25 The total employment supported on site could be over **17,000 FTEs**, with almost **£600 million in wages** and over **£1.1 billion of GVA** generated per annum.

### **Residential Benefits**

1.26 As with the wider site including South Heywood, the residential uses that are proposed as part of the development mix for GM1.1 and 1.2 will also generate potential household expenditure, a proportion of which, will be spent on good and services locally and regionally.

1.27 Based on the ONS Household expenditure data<sup>6</sup> for the North West, it is estimated that **2,000 new dwellings** proposed as part of GM1.1 and GM1.2 could generate in the region of **£46 million per annum in household expenditure**.

1.28 The residential elements of the Northern Gateway development will also generate council tax for both Bury and Rochdale local authorities. Based on an average Band D for both Rochdale & Bury local authority areas, it is estimated that the GM1.1 and GM1.2 could **generate in the region of £3.3 million in council tax per annum**.

### **Summary of Benefits**

1.29 Table 1.5 sets out the overall benefits that result from both the commercial and residential developments.

<sup>6</sup> ONS, 2019; Household Expenditure, Table A35 Detailed household expenditure by countries and regions.



**Table 1.5: Summary of Impacts**

	<b>Estimated Impact</b>
<b>FTEs supported</b>	17,000
<b>Wages per annum</b>	£600 million
<b>Gross Value Added (GVA) per annum</b>	£1.1 billion
<b>Potential household expenditure per annum</b>	£46 million
<b>Council tax generated per annum</b>	£3.3 million

## **Indirect and Induced Economic Benefits**

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- 1.30 As per the earlier assessment, the indirect and induced benefits have been estimated. The same assumptions in relation to multiplier effects have been assumed, as these are based on geography rather than scale of development.
- 1.31 Based upon this analysis, the gross indirect and induced benefits of the Development would be an additional **1,700 FTE jobs** and an additional **£85m GVA** per annum for the economy of Bury, Rochdale and the wider Greater Manchester area.

## **Total Economic Benefits**

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- 1.32 Taking gross direct, indirect and induced benefits together would lead to an economic benefit of **18,700 jobs and £685m in GVA for the economy of Greater Manchester.**

**Table 1.6: Summary of Economic Benefits**

<b>Impact</b>	<b>FTE jobs</b>	<b>GVA per annum</b>
Direct benefit	17,000	£600 million
Indirect & induced benefit	1,700	£85 million
Total economic benefit	18,700	£685 million

Source: Hatch Regeneris. Figures may not sum due to rounding. All figures are gross benefits.

# Appendix A - Infographics

Figure 1.1: Scenario 1: Summary of Economic Benefits

## Northern Gateway inc. South Heywood Socio-Economic Benefit Assessment

### OPERATIONAL BENEFITS

#### Residential Benefits



#### Commercial Benefits



### CONSTRUCTION BENEFITS

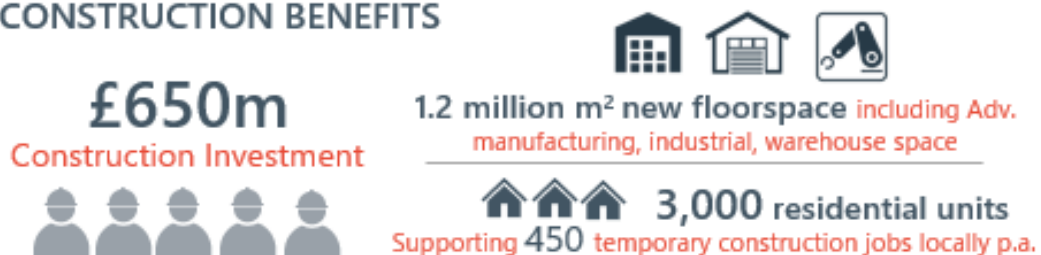


Figure 1.2: Scenario 2: Summary of Economic Benefits

## Northern Gateway GM1.1 and GM1.2 Socio-Economic Benefit Assessment

### OPERATIONAL BENEFITS

#### Residential Benefits



up to **4,500**  
New Residents

up to **£46m** p.a

Est. Household  
Expenditure



**3,770** economically active residents, of which;



**3,550**  
in employment



**2,200**  
in professional  
occupations

#### Commercial Benefits



up to **17,000**  
Gross FTEs

up to **£600m** p.a  
Est. Salary Yield

up to **£1.1bn** p.a  
Gross GVA

Supporting indirect/induced jobs locally

Gross GVA



with up to **1,700 FTEs**

...through supply chains and employee spending

### CONSTRUCTION BENEFITS

**c. £430m**

**CONSTRUCTION  
INVESTMENT**



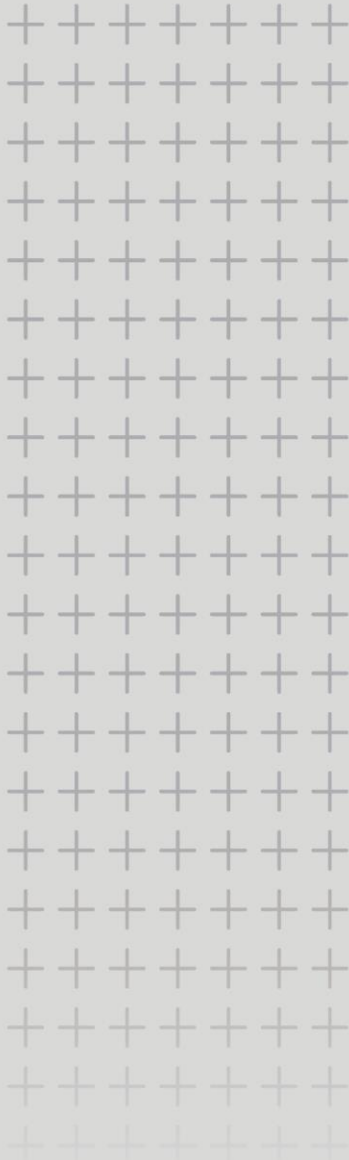
c. 1 million m<sup>2</sup> new floorspace including Adv.  
manufacturing, industrial, warehouse space



c. 2,000 residential units

Supporting c. 200 temporary  
construction jobs locally each year

HATCH



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