

Addendum Note to Parkside Phase 1 - Socio-economic Supporting Document (October 2020)

This Addendum Note to our Parkside Phase 1 - Socio-economic Supporting Document (October 2020) sets out a response to the submission made by Dr Kevin McLafferty querying the employment generation figures for the proposed scheme.

Dr McLafferty makes this case based on figures that he says are related to Florida Farm. He states that the Florida Farm development as originally proposed was 82,748 sqm and was expected to deliver 2,500 jobs. He then goes on to say that the actual development delivers a far lesser number of jobs (320). He states that the Amazon Florida Farm unit has delivered circa 150 full time equivalent (FTE) job at approximately 227 m2 of floorspace per FTE. He contrasts this with Parkside and calculates that based on the overall Florida Farm figures only some 170 jobs would be delivered at Parkside.

On that basis he suggests that weight cannot be given to the level of job creation which is being put forward by the applicant. He goes on to say that the number of jobs at Amazon's unit at Omega in Warrington is half the projected 2,000 jobs and that moving forward jobs in warehousing will be significantly reduced by automation.

Our response to the points raised is as follows:

- The source of the evidence for the Florida Farm development job figures is not provided. However, it is noted that in July 2019 the St Helens Star¹ stated that, *"Amazon is set to open its 30,000 square metre "sortation centre" in September, creating an initial 250 permanent jobs...Seasonal and temporary recruitment at peak times, such as at Christmas, is expected to swell the number of people working there and it is understood the site has the capability to employ between 800 and 1,000 workers if demand grows."* The article notes that the number of jobs being created at the unit, at least initially, is significantly less than the 1,000 originally forecast. The projected total 2,500 jobs that Florida Farm North was expected to accommodate comprised 1,920 direct on site and 560 off-site indirect/induced jobs². The balance between on and off-site employment can vary significantly depending on how much activity, such as deliveries, is outsourced. The newspaper article was published before the Amazon facility opened and refers to the initial 250 permanent jobs. It is not unusual for such facilities to recruit in phases.
- In relation to Omega, evidence from the scheme developer (Miller Developments) and JLL identifies some 7,150 jobs across almost 400,000 m2 of floorspace. Allowing for an adjustment to FTE jobs of 90% (to account for some part time working), this would indicate an overall employment density of 61 m2 per FTE employee, which is more dense than the 70 m2 used in our assessment of the employment impact of Parkside Phase 1. If this higher employment density were applied, the Phase 1 scheme would be projected to accommodate more jobs than forecast.
- Dr McLafferty's Written Evidence implies that the employment density of the Amazon Omega Warrington plant is some 80 m2 per job (excluding seasonal employment) – i.e. 1,200 jobs in

¹ Source: <https://www.sthelensstar.co.uk/news/17772048.amazon-unit-haydock-set-open-september-creating-initial-250-jobs/>

² Source: <http://www.floridafarmnorth.co.uk/benefits.html>

a 96,000 m2 warehouse. This is similar to the employment density used to estimate the Parkside Phase 1 job figure.

- The Parkside Phase 1 employment estimate is based on the (then) Homes and Communities Agency's (HCA's) Employment Density Guide (2015, CD 5.59) average benchmarks for the logistics sector. The Guide was prepared by Bilfinger GVA and the HCA in partnership with a range of industry experts. It provides a general guide to employment density and a robust and consistent base to assess the potential local employment accommodated on commercial floorspace. The HCA (2015) Employment Density Guide remains the primary source of guidance on employment densities. The BPF Delivering the Goods in 2020³ report notes that industry research indicates that the employment density of modern logistics premises is higher than that in the HCA Guide, particularly taking account of delivery drivers.
- The HCA Employment Density Guide (2015) makes the following specific comments on Automation and Production (see pages 13-14):

"Increased automation has had a particularly significant effect on the manufacturing and distribution sector...

The impact of automation within the distribution sector is not uniform. Whilst widely used in the clothing sector, others are yet to fully embrace new technology, albeit some systems are being developed by industry leaders which are likely, in time, to be adopted by others. Much of the drive towards greater automation is to increase the speed and efficiency of multi-product order picking, which at present is largely undertaken manually. However, as racking techniques and stock management software advance there may be reductions in the employment requirement.

These factors have had a downward pressure on employment density within units; however there are other factors which are offsetting this trend. With greater automation comes a greater level of servicing and support of the machinery. This has seen an increase in skilled employment within these sectors, particularly for maintenance engineers and computer programmers.

Furthermore, ongoing requirements to improve operating efficiencies are introducing new activities into manufacturing plants and distribution centres in particular. Costs of shipping and reducing margins are driving operators to do more 'final assembly' within units rather than store completed products, which often occupy more space. This reduces the amount of 'pure' warehousing space and increases employment density.

Similarly, facilities are integrating greater levels of office floorspace to enable complete business operations to be accommodated under one roof, reducing property costs. These increase levels of employment within units and hence serve to increase overall employment density."

³ Source: [BPF - Delivering the goods in 2020](#)

In conclusion nothing asserted by Dr McLafferty has an impact upon either the validity of the methodology which we have adopted or the conclusions that we have reached in relation to the issue of employment generation and our average employment density assumptions are still considered to be reasonable.

AMION Consulting
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