

Land & Lakes (Anglesey) Limited

November 2018

Note on potential social value of Cae Glas and Kingsland development sites



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Disclaimer

This note was prepared by the Social Value Portal (SVP) for Land & Lakes Anglesey Limited (“Land & Lakes”). It is a high-level desktop study, based on the National TOMs 2018, information provided by Land & Lakes and publicly available information obtained from a number of online resources. The report is not intended to be a comprehensive research report and the Social Value Portal accepts no responsibility for omissions or inaccuracies.

The purpose of the report is to assist in outlining the potential local social value that can be delivered from the proposed Cae Glas and Kingsland development sites.

The quantitative data has been obtained from a variety of online sources and is the most up to date at the time of writing. For more information about the sources and validity of this data please contact support@socialvalueportal.com

1.0 Results

We used estimates and assumptions provided by the client together with our own to derive a social value estimate for the construction and operational phases of the Cae Glas and Kingsland sites, which will be built firstly to provide accommodation for Wylfa Newydd’s construction workforce and subsequently to serve as part of the proposed leisure village and as housing respectively.

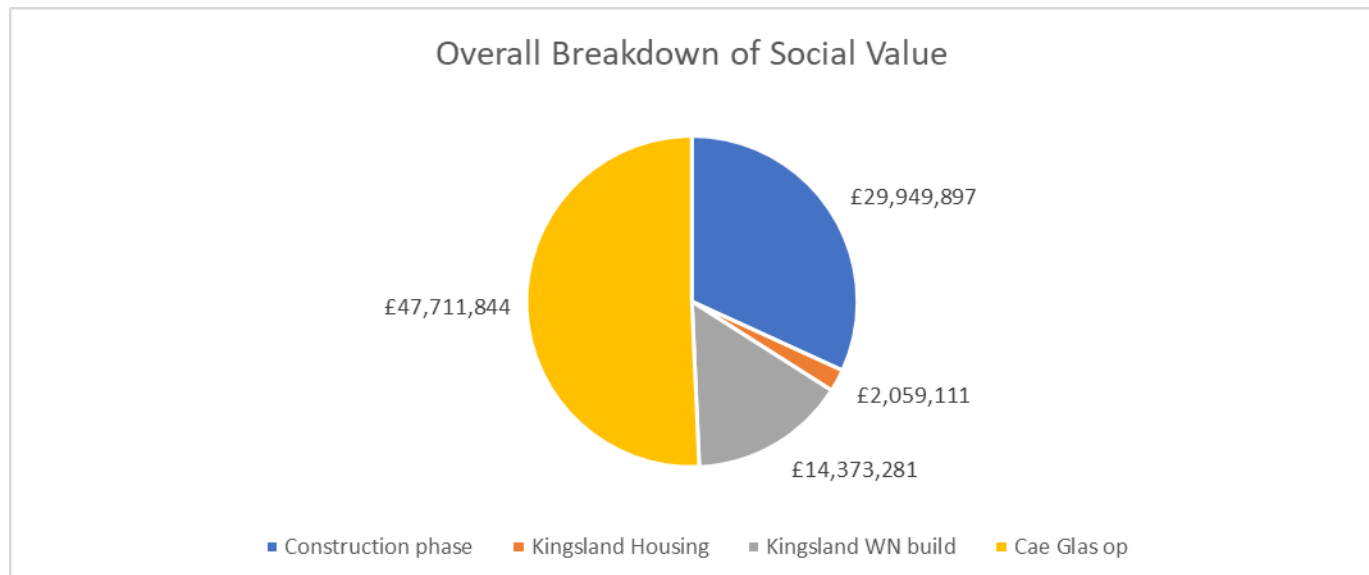
The results from the exercise are summarised in the following table:

Social Value Summary		2 + 10 years	%
Construction phase social value		£ 29,949,897	32%
Operational phase social value			
	Kingsland housing	£ 2,059,111	2%
	Kingsland operation	£ 14,373,281	15%
	Cae Glas operational	£ 47,711,844	51%
Total		£ 94,094,134	100%

The table shows an estimated social value add from all analysed components of £94m over the construction period plus the ensuing 10 years. The 10-year cut-off is an arbitrary break point to provide a defined period of analysis.

This shows that, while the construction phase is likely to generate significant levels of social value for the area, the potential added social value during the operational phase is considerably greater.

This is also illustrated in the pie chart below:



We understand that for the build phase, an alternative solution exists for the provision of temporary workers accommodation (“TWA”) for the nuclear plant’s construction workers.

While the scope of this report does not include a direct cost : benefit comparison between the two options, they are clearly not comparable in qualitative terms. During construction, the TWA solution is likely to put greater pressure on local services (health, police, leisure provision etc.). Remediation will have to deal with the localised negative environmental impact of removing the units and the vehicle miles and concomitant carbon emissions involved in the transportation of the units are likely to be higher.

In addition, the operational phase benefits are clearly only available to this proposal. It is worth noting that the operational phase social value accounts for nearly three quarters of the total estimated social value in this report and would be significantly greater if the benefits are measured over a longer timescale – say 20 years as opposed to 10 years. The operational benefits of this scheme of around £5m per annum will continue for as long as the leisure development remains viable economically. This is largely down to the impact of the long-term jobs associated with the leisure development.

While the focus of this note is on Cae Glas and Kingsland, it is also worth noting that the operational benefits of Penrhos may also be at risk if the TWA solution leads to a loss of investor confidence in the Anglesey tourist sector and Penrhos does not proceed as a result. On an equivalent calculation basis, the operational phase benefits of Penrhos are estimated to be around £7m per annum.

2.0 Background

Land & Lakes (Anglesey) Limited is proposing a major new tourism destination for Anglesey. The scheme will see a Center Parcs-style village on land near to Holyhead, together with new residential development.

The development will take place on three neighbouring sites: Penrhos, Cae Glas and Kingsland. This note concerns Cae Glas, which will be part of the leisure village, and Kingsland, which will consist of around 319 new residential units.

All three sites were the subject of an Economic Needs and Benefits Report produced by Regeneris Consulting Ltd for Land & Lakes in November 2012 (“the Regeneris Report”). Key data have been drawn from the report to inform the analysis in this note.

Both Cae Glas and Kingsland will provide serviced accommodation for construction workers at the Wylfa Newydd new nuclear power station, following which Cae Glas will become part of the leisure village and the residential units at Kingsland will be sold. In accordance with the local authority’s s106 requirements, 50% of the housing units will be sold at an “affordable” rate – in this case at 70% of market value.

The Social Value Portal has been asked by Land & Lakes to consider the potential social value of Cae Glas and Kingsland during their construction and operational phases, using the National TOMs (“Themes, Outcomes & Measures”) social value framework¹. “Social Value” refers to the wider financial and non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment.

The TOMs framework is an established proxy-based framework, endorsed by the Local Government Association and a wide range of public and private bodies. It is currently being implemented in central government and is rapidly becoming the standard social value measurement framework across much of the UK. The National TOMs consists of 35 objectively researched measures used by public and private sector organisations in the UK in planning, procurement and commissioning, contract management and reporting.

At this early pre-construction stage of the project, it is only meaningful to develop estimates for a relatively limited sub-set of the 35 measures in the TOMs framework. The primary focus of this note is

¹ For more information about the National TOMs, please follow this [link](#)

therefore on jobs and local supply chain spend, but we have also included other measures where they are prescribed by the s106 consent (apprentices, Welsh language teaching) or where we can extrapolate from our experience of working with comparable projects (employment for disadvantaged groups, volunteering hours and spend with voluntary and community organisations or social enterprises).

The results therefore necessarily omit a number of important components of social value and is intended to be a broad-brush picture.

3.0 Approach & Key Assumptions

Social value should be assessed throughout the life of a project; in this case, both the operational and construction phases. In order to simplify the analysis, we chose to illustrate the potential social value over the construction phase of the project followed by the first 10 years, during which the constructed assets serve as accommodation for the Wylfa Newydd construction workers before becoming either part of the leisure village or residential accommodation.

Using projections provided by Land & Lakes and drawing on a selection of the National TOMs Framework measures, we developed a Social Value Calculator for each of the following key phases:

- The build phase for Cae Glas and Kingsland
- The operational phase for Kingsland
- The residential phase for Kingsland
- The operational phase for Cae Glas

The results were then aggregated to provide an overall social value assessment.

The measures used for each of the Social Value Calculators are shown in Appendix B.

The key assumptions to note are as follows:

General

No assumptions were made regarding discounting the cashflows or inflation.

Local supply chain spend estimates (for construction and operation) have been provided by Land & Lakes.

In order to arrive at an estimate of additional economic value locally, a sector multiplier adjusted for local per capita GVA has been used.

The number of workers estimated to require Welsh language lessons is based on the proportion of Anglesey residents not speaking, reading and writing Welsh. For modelling purposes, these workers are assumed to receive a lesson a week during normal term-time of 1 ½ hours' duration. Post-construction, the need for Welsh language lessons is projected to decline as the proportion of workers speaking, reading and writing Welsh increases.

Build phase

The expected build phase has shortened since the Regeneris Report was produced. The original Regeneris report was based upon Cae Glas being built in 3 years and Kingsland was assumed to be built as demand required (which was over 8 years). The build period has been concentrated down to 2 years to meet Horizon Nuclear Power's occupancy requirements and the delayed start date of this development.

However, the original build cost and jobs assumptions have been used in this note, in effect describing a much sharper spike in the number of jobs required. Other assumptions that flow from these jobs figures (most notably the assumptions regarding the number of apprenticeships) therefore also experience the same compression.

The proportion of local jobs is estimated at around 30%. Additional local spend has been estimated at 15%.

Salary rates were based on national ASHE data for the construction sector, adjusted for the regional variance in average salaries for Wales compared with the UK. This has the effect of reducing the assumed salary rate for construction workers used in the modelling by around 13%.

Operational Phase

The estimated proportion of local jobs is within the estimated range provided by Regeneris (70% - 90%) at 85%.

Salary rates were based on national ASHE data for the accommodation services sector, adjusted for the regional variance in average salaries for Wales compared with the UK. This has the effect of reducing the assumed salary rate for operational phase workers used in the modelling by around 13%.

Kingsland Housing

The saving (and therefore the benefit) of the affordability requirement under the s106 Agreement) has been derived from estimated sale prices in Anglesey for a number of 2 / 3 bed units equivalent to 50% of the total number of units built on Kingsland.

The additional council tax contribution from these new houses is adjusted for an assumed deadweight of 25%.

The grounds maintenance contract was assumed to be let locally.

Appendix A: Overall Social Value Analysis

Social Value Analysis	Construction phase	Op Year 1	Op Year 2	Op Year 3	Op Year 4	Op Year 5
Construction						
Local jobs & training	£ 14,653,505					
Local supply chain spend	£ 7,024,594					
Other social value	£ 1,521,799					
Affordable discount	6,750,000					
Social value add %	24%					
Operation						
Kingsland council tax						
Kingsland housing local supply chain spend		£19,921	£19,921	£19,921	£19,921	£19,921
Kingsland WN build phase:						
Local jobs & training		£2,366,874	£2,366,874	£2,366,874	£2,366,874	£2,366,874
Local supply chain spend		£239,058	£239,058	£239,058	£239,058	£239,058
Other social value		£278,872	£273,696	£268,623	£263,652	£258,780
Cae Glas operational:						
Local jobs & training		£3,944,790	£3,944,790	£3,944,790	£3,944,790	£3,944,790
Local supply chain spend		£398,429	£398,429	£398,429	£398,429	£398,429
Other social value		£464,787	£456,160	£447,706	£439,420	£431,300
Total Cae Glas / Kingsland Social Value Add	£ 29,949,897	£ 7,712,731	£ 7,698,928	£ 7,685,401	£ 7,672,144	£ 7,659,153
Penrhos operational:						
Local jobs & training		£5,503,214	£5,503,214	£5,503,214	£5,503,214	£5,503,214
Local supply chain spend		£717,173	£717,173	£717,173	£717,173	£717,173
Other social value		£654,264	£642,186	£630,350	£618,751	£607,383
Total Penrhos Operational Social Value Add		£ 6,874,651	£ 6,862,573	£ 6,850,737	£ 6,839,138	£ 6,827,770

Social Value Analysis	Op Year 6	Op Year 7	Op Year 8	Op Year 9	Op Year 10	Total
Construction						
Local jobs & training						£ 14,653,505
Local supply chain spend						£ 7,024,594
Other social value						£ 1,521,799
Affordable discount						£ 6,750,000
Social value add %						
Operation						
Kingsland council tax	£371,979	£371,979	£371,979	£371,979	£371,979	£ 1,859,896
Kingsland housing local supply chain spend	£19,921	£19,921	£19,921	£19,921	£19,921	£ 199,215
Kingsland WN build phase:						
Local jobs & training						£ 11,834,369
Local supply chain spend						£ 1,195,288
Other social value						£ 1,343,624
Cae Glas operational:						
Local jobs & training	£3,944,790	£3,944,790	£3,944,790	£3,944,790	£3,944,790	£ 39,447,897
Local supply chain spend	£398,429	£398,429	£398,429	£398,429	£398,429	£ 3,984,295
Other social value	£423,343	£415,545	£407,903	£400,414	£393,074	£ 4,279,652
Total Cae Glas / Kingsland Social Value Add	£ 5,158,463	£ 5,150,665	£ 5,143,023	£ 5,135,534	£ 5,128,194	£ 94,094,134
Penrhos operational:						
Local jobs & training	£5,503,214	£5,503,214	£5,503,214	£5,503,214	£5,503,214	£55,032,139
Local supply chain spend	£717,173	£717,173	£717,173	£717,173	£717,173	£7,171,731
Other social value	£596,243	£585,326	£574,627	£564,142	£553,866	£6,027,138
Total Penrhos Operational Social Value Add	£ 6,816,630	£ 6,805,713	£ 6,795,014	£ 6,784,529	£ 6,774,253	£ 68,231,008

Appendix B: Social Value Calculators

The measures used in the social value calculators are summarised below.

Kingsland & Cae Glas Build Phase

Kingsland & Cae Glas Build Phase			
Theme	Outcomes	Ref.	Measures
Jobs: Promote Local Skills and Employment	More local people in employment	NT1	No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter.
		NT2	% of local people employed on contract (FTE)
	More opportunities for disadvantaged people	NT3	No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)
		NT4	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs)
	Improved skills for local people	NT6	No. of jobs (FTE) created for people with disabilities
		VP141	Expert training time: Welsh language classes for employees
Growth: Supporting Growth of Responsible Regional Business	More opportunities for local SMEs and VCSEs	NT10	No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+
		NT14	Total amount (£) spent with VCSEs within your supply chain
		NT17	Number of voluntary hours donated to support VCSEs (excludes expert business advice)
		NT18	Total amount (£) spent in LOCAL supply chain through the contract.

Kingsland Operational Phase

Kingsland Operational Phase (Wylfa Newydd Build)			
Theme	Outcomes	Ref.	Measures
Jobs: Promote Local Skills and Employment	More local people in employment	NT1	No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter.
		NT2	% of local people employed on contract (FTE)
	More opportunities for disadvantaged people	NT3	No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)
		NT4	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs)
	Improved skills for local people	NT5	No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.)
		NT6	No. of jobs (FTE) created for people with disabilities
Growth: Supporting Growth of Responsible Regional Business	More opportunities for local SMEs and VCSEs	VP141	Expert training time: Welsh language classes for employees
		NT10	No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+
		NT14	Total amount (£) spent with VCSEs within your supply chain
		NT17	Number of voluntary hours donated to support VCSEs (excludes expert business advice)
		NT18	Total amount (£) spent in LOCAL supply chain through the contract.

Cae Glas Operational Phase

Cae Glas Operational Phase			
Theme	Outcomes	Ref.	Measures
Jobs: Promote Local Skills and Employment	More local people in employment	NT1	No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter.
		NT2	% of local people employed on contract (FTE)
	More opportunities for disadvantaged people	NT3	No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)
		NT4	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs)
	Improved skills for local people	NT5	No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.)
		NT6	No. of jobs (FTE) created for people with disabilities
Growth: Supporting Growth of Responsible Regional Business	More opportunities for local SMEs and VCSEs	VP141	Expert training time: Welsh language classes for employees
		NT10	No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+
		NT14	Total amount (£) spent with VCSEs within your supply chain
		NT17	Number of voluntary hours donated to support VCSEs (excludes expert business advice)
		NT18	Total amount (£) spent in LOCAL supply chain through the contract.

