



**West Midlands**  
Interchange

**Four Ashes Ltd**



# **The West Midlands Rail Freight Interchange Order 201X**

## **Statement of Economic Benefits**

### **Document 7.1B**

### **Regulation 5(2)(q)**








**July 2018**

**Quod**

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# 1. Executive Summary

- 1.1.1 The West Midlands Strategic Rail Freight Interchange (WMI) will deliver more than 700,000 square metres of high quality, large floorplate warehousing in South Staffordshire. A rail freight terminal will link the site to the West Coast Mainline – providing a fast, lower carbon link to the national economy.
- 1.1.2 This is a *Nationally Significant Infrastructure Project* which will deliver major economic benefits locally and regionally – and make a substantial contribution to the UK rail network.
- 1.1.3 Logistics is one of the most important, dynamic and fast-growing sectors in the UK. Moving freight effectively and cheaply has never been more critical for trade, for consumers and for industry. Innovation and development in the sector is essential to maintain the UK’s competitive edge and manage the environmental impacts of our globalised economy.
- 1.1.4 In logistics, networks are a prerequisite for efficiency. The quality of the links between transport nodes and national, regional and final mile distribution determine the effectiveness of the network.
-  Priority growth sector for the UK economy
-  Delivering transport and infrastructure for a 21<sup>st</sup> century economy
-  Maintaining the UK’s competitive edge
-  Supporting jobs, productivity & prosperity
-  Integral to the Midlands Engine
-  Creating 8,550 jobs
- 17%** of the LEP job target on a single site
-  Generating economic value & business rates revenue

- 1.1.5 Delayed journeys impose an economic and social cost. Faster, more efficient transitions of freight between modes of transport increase speed, reduce costs and make it easier to prioritise low carbon options.
- 1.1.6 The state-of-the-art infrastructure that is proposed at WMI will have the capacity to handle up to ten freight trains per day at maturity<sup>1</sup>. This intermodal freight terminal will form part of a national network of interchanges, integral to the distribution of goods to consumers and industries around the country.
- 1.1.7 In the Illustrative Masterplan (Document 2.8), the floorplates envisaged to be on offer at WMI will range from 20,000 to 70,000 sqm. Floorplates of this size are very rare in the local (and national) market – and they support the efficiency and specifications that most major tenants and modern logistics practices require.
- 1.1.8 Shifting goods from road to rail is a government policy aspiration. There is an established and “*compelling need for an expanded network of SRFIs*”<sup>2</sup>. The transport system is a driver of economic growth and social development. As well as supporting lower distribution costs benefitting the region’s manufacturers, retailers and consumers; it will help to meet ambitious jobs targets and tackle deprivation.
- 1.1.9 Strategic Rail Freight Interchanges (SRFIs) form part of a national network of distribution and logistics – but they can also play a significant part in supporting the economy locally. WMI will have considerable benefits for South Staffordshire, Staffordshire County and the Local Enterprise Partnerships (LEPs) which the development will serve: the Stoke and Staffordshire LEP and the Black Country LEP. Logistics has very strong supply chain links to a variety of sectors at a local and national scale. The strongest connections exist with manufacturing, retail, e-commerce, and storage. Logistics supports the continued operation of these sectors and is a fundamental “enabler” for the growth<sup>3</sup>.
- 1.1.10 Transport infrastructure is a key component of encouraging investment growth and providing the environment to attract the type of business that add

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<sup>1</sup> with capacity on the West Coast Main Line for the anticipated level of trains.

<sup>2</sup> Department for Transport, 2014. National Policy Statement for National Networks. London: TSO. Paragraph 2.56

<sup>3</sup> British Property Federation, 2015, Delivering the Goods p.9

value and promote productivity. Increasing productivity is an enduring economic challenge for the UK; historically we have been behind other advanced economies. This gap predates the financial crisis, but has widened since 2008. Raising productivity growth would generate significant improvements in living standards in the UK and narrow the gap between the UK and its global competitors, which is essential to support the transition out of the European Union<sup>4</sup>.

- 1.1.11 8,550 jobs are expected to be created on-site. That is the equivalent of 17% of the growth target for the whole of the SS LEP to 2030. Almost the same number again will be created in the wider economy through indirect and supply chain links. The skills mix of these new jobs is a good fit for the local area: a mix of entry level opportunities through to management, administrative and technical roles for senior and experienced candidates.
- 1.1.12 WMI will generate an estimated £912m of value in the economy every year of operation and will pay up to £16.2m in Business Rates.
- 1.1.13 Private sector infrastructure projects on this scale are rare. In this location, WMI has the potential to have a transformative effect on the local economy and labour market, whilst delivering logistics network improvements that will have nationally significant and cross-sector productivity and growth gains.
- 1.1.14 This Statement sets out the details of the benefits, split into four sections:
- **Investing in the National Network of SRFIs**
  - **An Integral Part of the Midlands Engine**
  - **Supporting the Growth of the Midlands Engine and Local Enterprise Partnerships**
  - **Generating Value and Revenue**

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<sup>4</sup> HM Treasury, Autumn Budget 2017

## 2. Investing in the National Network of SRFIs

2.1.1 Logistics provision is intrinsically related to the UK's competitiveness, trade opportunities and productivity. In 2016-17, the UK moved 176 billion tonne kilometres of freight by rail, intermodal rail or HGV<sup>5</sup>. There are 83% more goods vehicles travelling from the UK to mainland Europe than there were 20 years ago<sup>6</sup>. The value of goods both imported from and exported to the EU has grown around 8% since 2015. Non-EU trade is also growing.

2.1.2 The sector contributes over £124 billion Gross Value Added (GVA) to the UK economy, 11% of the UK non-financial business economy. 8% of all UK jobs are in logistics.

2.1.3 Employment in the logistics sector in the UK is expected to grow by 31% to 2035<sup>7</sup>, spurred on by population growth; by growth and productivity gains in retail, e-commercial, wholesale and higher value manufacturing; and by growth in super-fast broadband.

2.1.4 The UK is a global leader in logistics, ranking in the World Bank's top 10 countries, but its infrastructure is relatively weak considering this position. The UK is currently managing to hold its position but infrastructure weakness is a significant constraint on maintaining and

**Figure 2.1:**  
UK competitiveness

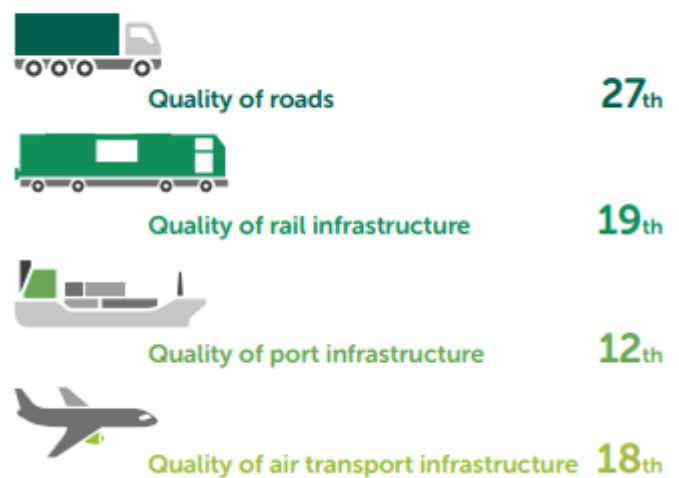


Image source: Freight Transport Association, 2017.  
Logistics Report 2017, p.7

<sup>5</sup> Freight Transport Association, 2017. Logistics Report 2017, p.6

<sup>6</sup> Freight Transport Association, 2017. Logistics Report 2017, p.8

<sup>7</sup> British Property Federation, 2015, Delivering the Goods p.17



growing the sector in the future. World Economic Forum research shows that the UK consistently underperforms its major EU-27 competitors<sup>8</sup>. Customer expectations are increasing greatly. Both individuals and businesses expect to get goods faster, more flexibly, and – in the case of consumers – at low or no delivery cost<sup>9</sup>. Leaving the EU will create new challenges and new opportunities for the UK's trade links – cost reduction, speed and efficiency will be more important than ever.

- 2.1.5 WMI will meet a national need, which has been clearly stated in government policy. The National Policy Statement for National Networks<sup>10</sup> provides a strong, supportive framework for SRFI proposals. The development of networks for both road and rail is part of a strategy to support a prosperous and competitive economy and improve overall quality of life in the UK.
- 2.1.6 WMI will allow rail to be used to best effect to undertake the long-haul journeys, minimising HGV road miles and realising the substantial benefits that rail has over road:

### **Rail:**



- is cheaper over long distances



- reduces road congestion



- has fewer emissions and less pollution



- results in fewer traffic accidents



- is more efficient and more reliable



- can shift more freight from the ports in a shorter timescale.

<sup>8</sup> Freight Transport Association, 2017. Logistics Report 2017, p.7

<sup>9</sup> PWC, 2016. Shifting Patterns: The Future of the Logistics Industry p.3.

<sup>10</sup> DfT, 2014, National Policy Statement for National Networks p. 9

- 2.1.7 In the context of congestion and air pollution it is imperative that the movement of goods and delivery of services is more efficient and cleaner than ever. The cost of congestion for an HGV is calculated by the Freight Transport Association at £1 a minute<sup>11</sup>. Congestion is a costly factor in servicing urban areas. Higher freight costs increase the cost of living and the cost of operating a business in the UK. Stop-start traffic also has a significant impact on fuel consumption, emissions and air quality<sup>12</sup>. Reducing congestion on the UK road network is crucial for road freight operators both at national and local level.
- 2.1.8 As a high wage economy, the UK's ability to compete in international markets is dependent on quality, innovation and reduction of costs to boost productivity per worker. As the UK enters a new era of international trading outside of the EU, efficiency, cost savings and attractiveness to international investors will be paramount. The benefits of rail over road will keep the UK's competitive edge as a gateway to international trade and keep costs to the consumer lower.
- 2.1.9 As set out above, distribution infrastructure is only effective if it forms part of a linked network. SRFI capacity needs to be provided at a wide range of locations. A network provides flexibility needed to match the changing demands of the market<sup>13</sup>. The proper functioning of the UK's national network relies on new SRFIs of an appropriate and strategic scale. From Table 4 of the NPS it is clear that:-
- reliance on existing rail freight interchanges to manage demand is “simply not a viable option.”
  - reliance on a larger number of smaller rail freight interchanges would not meet the increasing performance and efficiency required of our logistics system.
- 2.1.10 In this context, the Proposals at WMI align precisely with Government aspirations. The Site will provide the size, type, location and connectivity needed.

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<sup>11</sup> Freight Transport Association, 2017. Logistics Report 2017, p.64

<sup>12</sup> Freight Transport Association, 2017. Logistics Report 2017, p.64

<sup>13</sup> Department for Transport, 2014. National Policy Statement for National Networks. London: TSO. Paragraph 2.58

## 3. Supporting the Growth of the Midlands Engine and Local Enterprise Partnerships

3.1.1 The local authorities of South Staffordshire, Wolverhampton and the Black Country and together with their partners in the West Midlands Combined Authority are developing a strategic approach to the ‘*Midlands Engine*’. The Midlands Engine aims to ensure the region maintains and grows its competitive edge in manufacturing and industry.

3.1.2 The West Midlands is still the heartland of UK manufacturing. The region generally brings in low value raw materials and creates high value outputs. These businesses are particularly reliant on good logistics support – and cost and time savings will continue to ensure the area is competitive. When Jaguar Landrover was in negotiations to take up space at i54, one of key ambitions for the area was an SRFI to support their growth<sup>14</sup>.

*“We welcome any future infrastructure provision that could help to serve our sector needs and look forward to continuing to work with you on potential costings and operational benefits that can be achieved.”*

Al Jeory

International Freight and Packaging senior manager, JLR

3.1.3 The Midlands Engine Investment Portfolio 2018 states that i54’s location with excellent accessibility makes the area highly desirable – and the potential for an SRFI at West Midlands Interchange (Four Ashes) is listed amongst the area’s core strengths<sup>15</sup>. Four Ashes has been identified as one of six strategic cluster sites<sup>16</sup> in the region’s Major Manufacturing Growth Zone<sup>17</sup>.

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<sup>14</sup> Evidence from consultation with key stakeholders 2016-2018; Letter from Al Jeory International Freight and Packaging senior manager to Peter Frost, Four Ashes Limited, 10.06.2016

<sup>15</sup> Invest in Great Britain, 2018, Midlands Engine Investment Opportunities p.44

<sup>16</sup> The six strategic cluster sites are i54, Wobaston Park, Wolverhampton Business Park, ROF Featherstone, Mercury Park and Vernon Park, and West Midlands Interchange and Four Ashes Park.

<sup>17</sup> West Midlands Growth Company, 2018. Major manufacturing Growth Zone plans unveiled at MIPIM. [online] Available at: <https://www.wmgrowth.com/article/major-manufacturing-growth-zone-plans-unveiled-at-mipim> [accessed 27.06.18]

*“The [Major Manufacturing Zone] is a great opportunity to join global brands in a nationally significant growth zone. These strategic sites are centrally located with first-class connectivity and major public sector infrastructure investment.*

*“The scale of the proposition makes it one of the biggest in the UK and also offers access to a highly skilled workforce.”*

-Councillor John Reynolds,

City of Wolverhampton Cabinet Member for City Economy<sup>18</sup>

3.1.4 There is a long-established deficit of strategic, modern warehousing and logistics provision in the West Midlands and the Black Country in particular. There is also a distinct shortage of sites that can provide new very large floorplate warehouses that modern standards in national and international markets demand.

3.1.5 The sub-title of the Black Country Strategic Economic Plan<sup>19</sup> is, “*Made in the Black Country: sold around the world.*” The type of investment proposed at WMI is integral to the achievement of this vision. The Black Country LEP is fully in support of the proposals.

*“We were pleased to hear about the West Midlands Interchange scheme and the plans to create [up to] 800,000 sqm of new rail served warehousing and the opportunity to create some 8500 jobs over the lifetime of the project.*

*“Having reviewed the plans, I am pleased to confirm our full support towards this scheme and look forward to working with you over the coming years to develop the plans in more detail. “*

Stewart Towe, CBE, DL  
Chairman

Black Country Local Enterprise Partnership<sup>20</sup>

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<sup>18</sup> CWC, March 2018, [Major manufacturing Growth Zone plans unveiled at MIPIM](#), online, accessed 25.07.18

<sup>19</sup> The Black Country LEP, 2014. Black Country Strategic Economic Plan. [online] Available at: [https://www.lepnetwork.net/modules/downloads/download.php?file\\_name=5](https://www.lepnetwork.net/modules/downloads/download.php?file_name=5) [Accessed 08.05.16]

<sup>20</sup> Letter from Stewart Towe to Mr P Frost, Kilbride Rail, August 2016

- 3.1.6 In some cases, SRFIs connect with local industries providing a supporting role to local manufacturing, retail/wholesale and for other logistics services. As the NPS advises: *“it is important that SRFIs are located near the business markets they serve – major urban centres or groups of centres – and are linked to key supply chain routes<sup>21</sup>.”*
- 3.1.7 DIRFT, for example, plays a key role in serving the cluster of large scale warehousing in Northamptonshire and Leicestershire<sup>22</sup>. 27% of intermodal traffic from the terminal stays on site, moving to other warehouses on site. This underlines the benefit of large scale SRFIs with substantial supporting on-site warehousing able to gain the maximum benefit from the rail interchange. A further 16% is bound for nearby Magna Park (John Lewis), 11% to Northants and 4% to the remainder of the East Midlands.
- 3.1.8 The Midlands has the highest concentrations of both manufacturing and logistics jobs in the UK. From the West Midlands, these industries contribute £24bn to the UK economy every year. That is £1.50 of every £100 of output in the UK each year generated here in just these two sectors. But the sector still has room for growth and development. Manufacturing productivity is relatively low in the West Midlands at £60,000 of GVA per worker per year, compared to £80,000 in the East of England and £79,000 in the North West. This means there is significant potential to boost output but improving productivity – and transport investment a key part of that.
- 3.1.9 The location of Jaguar Land Rover at i54 signals demand from high value tenants here but continued investment in world class infrastructure essential to capture the full benefits of growth and ensure these investments yield the productivity returns that the regional and national economy need. In its proposed location WMI and i54 will become a hub of world class manufacturing and innovation as part of the Major Manufacturing Growth Zone, with excellent connections to UK-wide and links to international ports. There is a compelling case for substantial further investment in infrastructure and industrial capacity here. It can provide a core for jobs and growth, that will be greater than the sum of its parts.

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<sup>21</sup> DfT, 2014, National Policy Statement for National Networks Paragraphs 2.56 and 4.84

<sup>22</sup> DIRFT III Need Report, page 63, October 2012

- 3.1.10 The Major Growth Zone will create a locus for public and private sector partners to work together to deliver joined up strategies for growth, for employment, training and skills and for transport. It has the potential to deliver substantial benefits for those firms locally and for the *Midlands Engine* as a whole:

*“In terms of rail freight, the Stoke-on-Trent and Staffordshire area is located at the centre of some important regional and national routes with the most important route for the area being the West Coast Mainline<sup>23</sup>”.*

- 3.1.11 At a local level, job growth is key too. Supporting “*thriving and sustainable communities by ensuring that local people enjoy access to jobs [...]*” is a strategic objective of South Staffordshire District Council. The Council’s core strategy states that,

*“South Staffordshire has an important role to play in achieving economic growth within the West Midlands.*

*“Our aim is to harness the opportunities that South Staffordshire has to offer by encouraging business growth, raising skill levels, raising aspirations and promoting better engagement with local businesses. Increasing employment opportunities in South Staffordshire will improve the sustainability of our communities<sup>24</sup>.”*

- 3.1.12 The Council wants to support more local jobs that reduce out-commuting, whilst supporting the growth of the neighbouring Black Country districts, acknowledging that their prosperity is highly interlinked with their own<sup>25</sup>.

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<sup>23</sup> The Black Country LEP, 2014. Black Country Strategic Economic Plan. [online] Available at: [https://www.lepnetwork.net/modules/downloads/download.php?file\\_name=5](https://www.lepnetwork.net/modules/downloads/download.php?file_name=5) [Accessed 08.05.16] para 2.30

<sup>24</sup> South Staffordshire District Council, Local Plan Core Strategy DPD Adopted December 2012 Para 9.1

<sup>25</sup> South Staffordshire District Council, Local Plan Core Strategy DPD Adopted December 2012 p.22

- 3.1.13 The proposals at WMI will align with these objectives: more jobs and more jobs for local people; growth in logistics to make the most of their locational advantage; and, infrastructure investment to support business and enterprise growth locally.

## 4. Creating Jobs

4.1.1 WMI will create an estimated 8,550 new jobs. These additional jobs at WMI would represent 17% of the LEP-wide target of 50,000.

4.1.2 Local employment, especially the provision of well-paid and good quality jobs is of paramount concern to local decision makers in Staffordshire.

4.1.3 South Staffordshire itself, being a predominantly rural economy, has limited employment opportunities for residents: 80% commute out of South Staffordshire to work each day<sup>26</sup>. New, skilled positions are required to provide these residents with a local alternative.

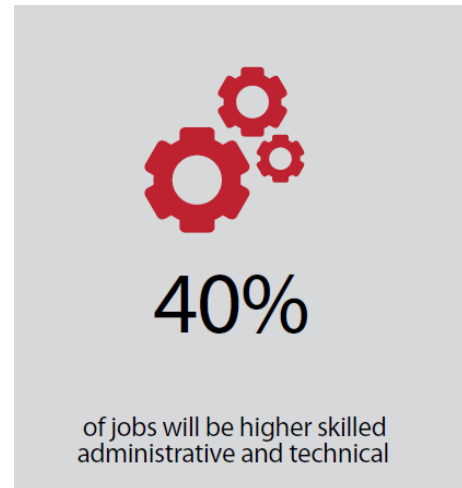
4.1.4 In other communities within commuting distance - in places such as Walsall, Wolverhampton and Stoke - unemployment and low skill levels are the greatest local concern. A high proportion of residents have no formal qualifications, have been unemployed for a long period of time or have never worked.



<sup>26</sup> Office for National Statistics, Census 2011, Origin Destination: WU01UK - Location of usual residence and place of work by sex



Some neighbourhoods in Stoke-on-Trent, Wolverhampton, Walsall, Dudley, Sandwell and Birmingham are amongst the 10% and 20% most deprived communities in the country.



- 4.1.5 The size and scope of WMI means it will create jobs across this range of local needs, for skilled, semi-skilled and entry level jobs: serving to retain more South Staffordshire residents within the district and to support prosperity in the surrounding communities.

*“There is a significant chance that a [Regional Logistics Site] would draw a majority of its employees from the local area given the broad match of skills supply in the potential workforce and those demanded by a RLS<sup>27</sup>”.*

- 4.1.6 Contrary to perceptions, the mechanisation and modernisation of the logistics sector is supporting growth, not decline, in employment in the sector. Research published by the British Property Federation demonstrates that modernisation is leading to higher employment densities in some premises<sup>28</sup>. Employment in warehousing increased by 40% between 2009 and 2013 and

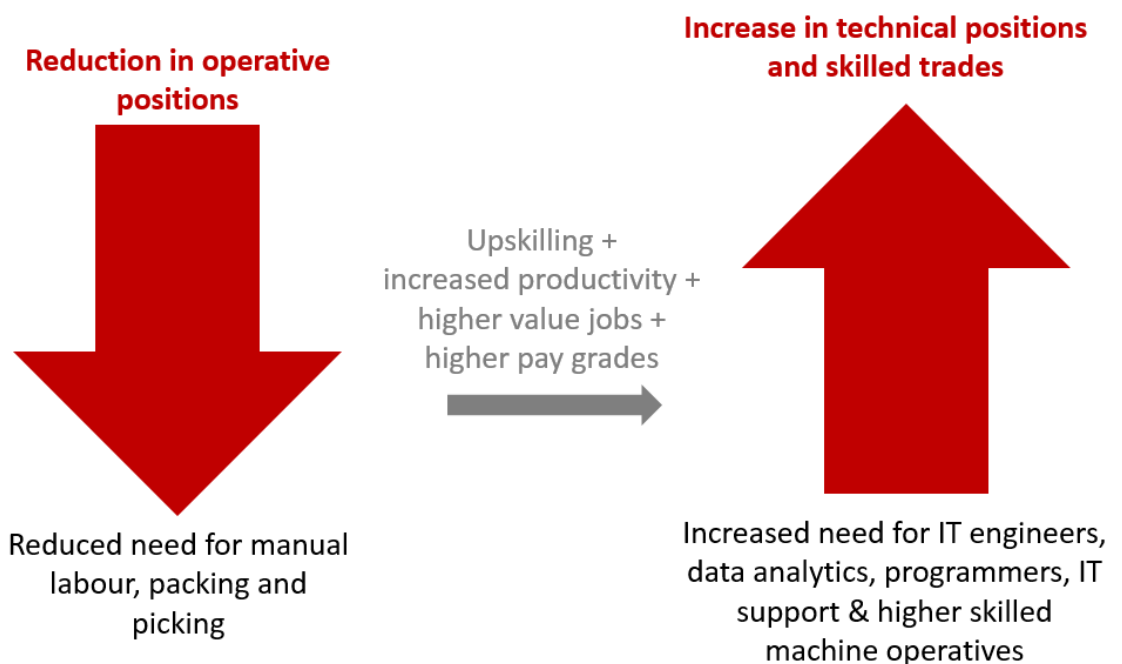
<sup>27</sup> URS, The Logistics Business, CBRE, 2013. Black Country and southern Staffordshire Regional Logistics Site Study. Final Report. April 2013

<sup>28</sup> British Property Federation, 2015, Delivering the Goods p.15

is expected to exceed average growth in other sectors up to 2035<sup>29</sup>. Productivity in the sector is expected to increase by 83% up to 2035<sup>30</sup>.

- 4.1.7 The type of jobs employed in warehousing is getting broader and more skilled. British Property Federation refers to the “low skills myth” in reference to the negative perceptions of warehouse jobs. Technological advances mean that IT, robotics, engineering and data analysis are a key part of warehouse management now.

**Figure 4.1: Transition of logistics skills**



- 4.1.8 These will be high quality jobs with opportunities for career development and training – and with potential salaries for skilled and experienced roles well above the regional average. Over half of the jobs at the Rail Freight Interchange at DP World, London Gateway (terminal jobs, not including warehousing) are in engineering, IT and administration<sup>31</sup>. They offer on-site

<sup>29</sup> British Property Federation, 2015, Delivering the Goods p.4

<sup>30</sup> British Property Federation, 2015, Delivering the Goods p.5

<sup>31</sup> Evidence from Site Visit to DP World, Jun 2017

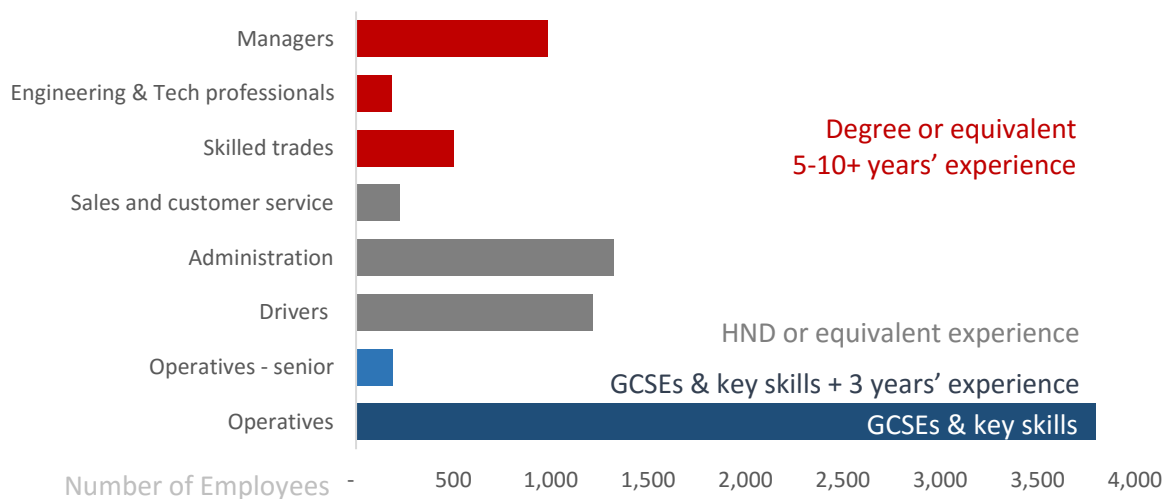
apprenticeships in mechanical and electrical engineering, finance, HR and PR<sup>32</sup>.

4.1.9 This research indicates that at least 40% of the jobs at WMI will be higher skilled jobs – managers, engineering and technical professionals and skilled trade – and in administrative and customer service roles<sup>33</sup>.

4.1.10 New operative jobs are still very important to the local economy. Entry level and lower skilled jobs will be particularly suitable for school leavers, people without formal qualifications and those coming back to work from unemployment. These positions are an essential first opportunity for many in the labour force and they are highly valuable in communities with high unemployment and lower skills attainment.

### Figure 4.2: Projected Skill profile:

8,550 new jobs at WMI



<sup>32</sup> British Property Federation, 2015, Delivering the Goods p.11

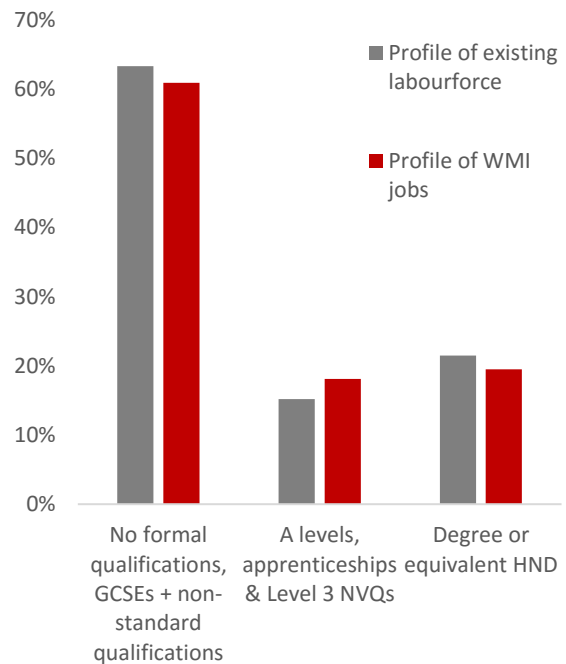
<sup>33</sup> Also see Chapter 14 of the Environmental Statement (Document Ref 6.2)

4.1.11 This job profile is an excellent match for the existing local workforce within commuting distance to WMI, with roughly the same proportions of non-skilled and semi-skilled jobs and the skill levels in the local population<sup>34</sup>. In general, the sector pays salaries higher than the national average wage. Based on an indicative job profile at WMI a substantial number of jobs will exceed the median salary for the West Midlands, including jobs in the highest decile of earning in the region.

4.1.12 Four Ashes Ltd is developing an **Employment, Skills and Training Plan Framework** in partnership with South Staffordshire District Council, Staffordshire County Council and Wolverhampton City Council. This will define working partnerships between Four Ashes Ltd, tenants and public and education sector stakeholders and will help to secure the maximum local benefit from these new jobs (during both construction and operation). Consultation with these partners is already underway

4.1.13 Construction jobs will also be created: construction will require up to 4,500 person years of employment. The number of people employed on construction at any one time is likely to be around 230, on average. Whilst smaller in scale than the operational opportunity, construction will contribute to local employment and the strength of the local construction sector – and this investment will be sustained over 10 to 20 years.

**Figure 4.3: Skill profile:**  
new jobs vs population



<sup>34</sup> ONS, 2011. Census. Highest Qualification.

## 5. Generating Value and Revenue

5.1.1 The NPPF states that significant weight should be placed on the need to support economic growth and productivity through the planning system<sup>35</sup>. WMI will provide significant economic benefits in itself, but it is, more importantly, a catalyst for the growth of other sectors. As set out above, logistics and transport infrastructure are *enablers*.

### a) Added Value

5.1.2 The benefits of WMI to the economy at a macro scale can be measured using projections of Gross Value Added. Gross Value Added represents the value generated by a firm or employee engaged in the production of goods and services.

5.1.3 Over the period of construction, the total Gross Value Added generated from building WMI is expected to be £169m<sup>36</sup>.

5.1.4 Construction is particularly good at stimulating other sectors too – for every pound of value generated directly, another £0.91 of value is generated elsewhere in the economy. This equates to £155m of indirect and induced value<sup>37</sup>.

Table 5.1 Construction GVA Effects	
Direct GVA Over construction period	£169m
Indirect and Induced GVA Over construction period	£155m
Total GVA Over construction period	£324m

<sup>35</sup> MHCLG, 2018. National Planning Policy Framework. Paragraph 80.

<sup>36</sup> Also see Chapter 14 of the Environmental Statement (Document Ref 6.2)

<sup>37</sup> Also see Chapter 14 of the Environmental Statement (Document Ref 6.2)

- 5.1.5 When fully operational, 8,550 new logistics and related jobs at WMI would generate an estimated additional £427m in GVA every year. This would result in direct and indirect additional GVA effects via the supply chain totalling £912m<sup>38</sup>. Not all of this activity will be net additional to the UK economy. Some existing economic activity might be displaced, although given identified need and potential for growth in this sector already presented in this Statement, displacement is likely to be limited.
- 5.1.6 At a local level displacement of value in other sectors is likely to be negligible: WMI will provide a relatively unique offer in the local context and will not result in a reduction in economic activity elsewhere in the local area or South Staffordshire.
- 5.1.7 “Low” levels of displacement (approximately 25%) are expected to occur at regional level: (the TTWA and SSLEP). Some existing activity may be displaced but the majority of the increase in economic activity is expected to be net additional to the area. At a regional level, taking account of displacement, WMI will generate an estimated £684m of direct, indirect and induced GVA annually when fully operational.

<b>Table 5.2 Operational GVA Effects</b>		
Direct GVA per year	£427m	
	GVA generated within Local Area & South Staffordshire <b>No displacement expected</b>	GVA Generated within the TTWA & SSLEP <b>Net of Displacement</b>
Direct GVA per year	£427m	£320
Indirect and induced GVA per year	£485m	£364m
Total GVA per year	£912m	£684m

- 5.1.8 As employees’ wages and supply chain spending filter through the economy, this will support indirect and induced jobs. Like construction, logistics is highly linked to other sectors and has strong employment multiplier effects. Jobs will be created in associated and support industries – such as mechanics,

<sup>38</sup> Also see Chapter 14 of the Environmental Statement (Document Ref 6.2)

machinery, business services and IT. Jobs will be supported in the shops and services where WMI staff spend their wages. This spending would support 8,100 indirect and induced jobs in the UK economy, thereby almost doubling the total employment effect.

## **b) Government Revenue**

- 5.1.9 Local government has borne a much greater reduction in revenue as a result of austerity measures than the rest of the public sector as a whole, with a 40% real terms reduction in Local Authority grant funding between 2013 and 2015. Business rate retention schemes, including pooling, are intended to provide financial incentives to councils to grow their local economies. And this income is necessary to support the sustainability of Local Authorities and their services. Around 40% of South Staffordshire's finance is generated through business rates.
- 5.1.10 WMI tenants would pay up to an estimated £16.2m in business rates every year. South Staffordshire has put in a bid to The Ministry for Housing, Communities and Local Government to pilot their new business rates retention policy<sup>39</sup>. A pilot would enable 100% of future growth in business rates to be retained by the pilot area - compared to the current 50% retention<sup>40</sup>. The Pilot Area includes all 11 authorities in Staffordshire – who would share the projected £16.2m net uplift in rates paid every year by WMI occupiers (if pilot scheme is maintained and subject to business rate reset dates).
- 5.1.11 As set out in at the start of this Statement, private sector infrastructure projects on this scale are rare. The table overleaf summarises the quantitative benefits that the development will generate. But in addition to these, the strategic benefits of WMI to the local and the UK economy are huge. In this location, WMI has the potential to have a transformative effect on the local economy and labour market, whilst delivering logistics network improvements that will have nationally significant and cross-sector productivity and growth gains.

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<sup>39</sup> South Staffordshire Council, 17TH OCTOBER 2017, Business Rates Pilot and Pooling Arrangements: Report of Councillor Brian Edwards MBE, Leader of Council

<sup>40</sup> This is subject to Fiscal Neutrality. Tariffs or Top Up's are adjusted to reflect the 100% share and the relevant government grants consolidated within the Business Rates Regime.



# West Midlands Interchange

Table 5.3 WMI Benefits in Numbers	
Variable	Impact
New floorspace	743,200 sqm GIA
<b>Direct Jobs</b>	8,550 new jobs
<b>Indirect &amp; induced Jobs</b>	8,100 additional jobs elsewhere in the economy
<b>Gross Value Added</b> - Direct	£427m* every year of operation
<b>Gross Value Added</b> - Indirect & Induced	£485m* every year of operation
<b>Total GVA</b>	£912m* every year of operation
<b>Business rates</b>	£16.2m every year of operation

\* does not take account of displacement, see Section 5.1.6. for displacement calculation

