

Note on economic benefits created by Garth Wymott 2

Project name: Garth Wymott 2, Chorley
Author: Richard Cook
Date: 13 June 2022
Project number: P21-0042
Reference: N001 EC v3

Personal Background

- 1.1. My name is Richard Cook. I currently hold the position of Director in the Economics team at Pegasus Group, having previously been an Associate Director in the company. I am a member of the Institute of Economic Development and have worked in economic development for over 18 years.
- 1.2. Prior to working at Pegasus Group, I worked at New Economy (now part of the Greater Manchester Combined Authority) in the Research & Policy team for almost five years and prior to this I worked at DTZ (now part of Cushman & Wakefield) for just under eight years in the economics team as a consultant. I began at DTZ as an assistant economic consultant, before moving up to become an economic consultant and then a senior economic consultant.
- 1.3. I have a wealth of experience in economic development, having written numerous economic impact assessment reports during my time at Pegasus Group and in my first job at DTZ. This includes analysis to support Environmental Impact Assessments, as well as stand-alone reports as part of planning applications. The types of scheme I have assessed the economic impact of are wide ranging and include housing developments, commercial schemes, tourism schemes, student accommodation schemes, elderly accommodation schemes and the impact of existing employers in an area.
- 1.4. The evidence which I have prepared and provide for this appeal (ref: APP/D2320/W/22/329555) is true and is given in accordance by whom I am instructed and I confirm that the opinions expressed are my true and professional opinions.

Introduction

- 1.5. This note has been written on behalf of the Ministry of Justice (MoJ, the Appellant) and considers the economic benefits of a new prison. It relates to an appeal against refusal by Chorley Council of a hybrid planning application for the development of a new prison within a secure perimeter fence, replacement boiler house and replacement bowling green and club house on land adjacent to HMP Garth and HMP Wymott, Leyland (the appeal site). The application was considered at committee on 21 December 2021 where it was refused by Members, against officer's recommendation.
- 1.6. The note is structured as follows:

1. A summary of the economic benefits of the development, as outlined in the *Garth Wymott Socio-Economic Statement* (Core Document A26).
2. A socio-economic overview of the Chorley economy.
3. An overview of how the scheme supports economic development objectives.
4. Responses to the socio-economic issues raised in the Ulnes Walton Action Group's (UWAG) *Statement of Case* (Core Document C5).
5. A summary of the main points relating to the economic benefits generated by the development.

1.7. The *Garth Wymott Socio-Economic Statement* (Core Document A26) was prepared by another company. Its findings are not disputed and a number of the benefits it highlights are presented in this note.

Economic Benefits of the Development

1.8. The *Garth Wymott Socio-Economic Statement* (Core Document A26) draws on evidence from other prisons and a 2013 study on the economic impact of prisons (*Economic Impact of a New Prison – Core Document J1*). It identifies the following economic benefits of the scheme from a jobs perspective:

- **Construction phase jobs**

- **Gross impacts:** The scheme could be expected to support 122 gross temporary full-time equivalent (FTE) jobs during its construction, of which 12 FTEs would be for local residents. A further 37 jobs could be supported at a regional level via the multiplier effect, of which 12 could be expected to be at a local level.
- **Net impacts:** Allowing for leakage, deadweight, displacement and substitution, the build phase is estimated to support 69 net new jobs in the region, with 7 being drawn from the local area. A further 21 jobs could be supported at a regional level via the multiplier effect, of which 3 could be expected to be at a local level.

- **Operational phase jobs**

- The development is expected to employ 643 staff directly at the prison, of which 590 roles (around 92% of all jobs) are estimated to be taken by people living within 40-miles of the scheme.

Socio-Economic Overview of Chorley

1.9. The *Garth Wymott Socio-Economic Statement* (Core Document A26) also provides an overview of the Chorley economy, alongside that of other local authorities in Lancashire. Updated data are now available on many of the indicators reported and it is helpful to analyse this new information in order to put the economic impacts of the scheme into the most up to date context. For consistency, the same Lancashire local authorities analysed in the Socio-Economic Statement are presented in this note.

Population

- 1.10. Based on the latest data from the Office for National Statistics (ONS) the population of Chorley as of 2020 is 118,900, which represents an increase of 10.5% (11,300) on the 2011 estimate of 107,600. As shown in Table 1, Chorley was the fastest growing authority between 2011 and 2020.

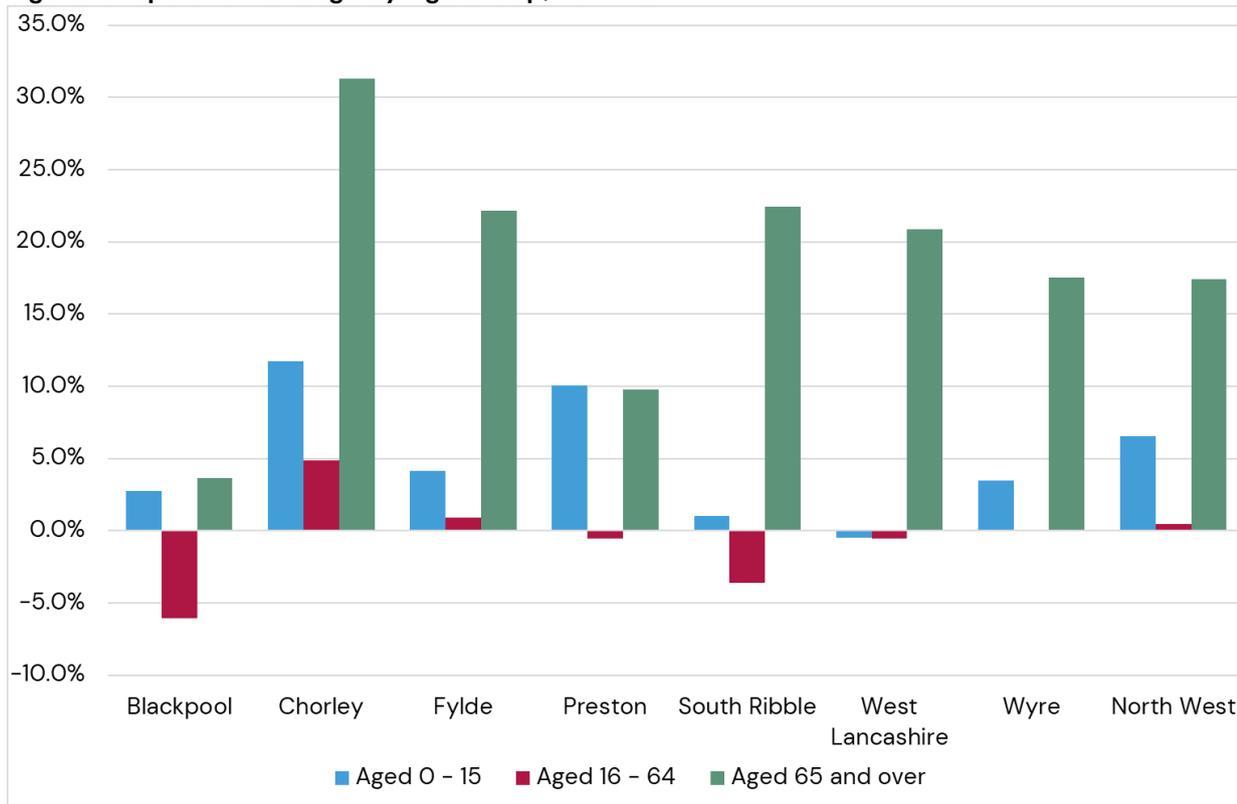
Table 1: Change in Total Population, 2011–20

	2011	2020	Change (No.)	Change (%)
Blackpool	142,100	138,400	-3,700	-2.6%
Chorley	107,600	118,900	11,300	10.5%
Fylde	76,100	81,200	5,100	6.7%
Preston	140,100	144,100	4,000	2.9%
South Ribble	109,200	111,100	1,900	1.7%
West Lancashire	110,600	114,500	3,900	3.5%
Wyre	107,700	113,100	5,400	5.0%
North West	7,056,000	7,367,500	311,500	4.4%

Source: ONS, Mid-Year Population Estimates

- 1.11. It is possible to look in further detail as to which age groups are responsible for driving population growth. Figure 1 shows the percentage change in population in Chorley and other selected Lancashire authorities by age group for the period 2011–20. It can be seen with the exception of Preston, the 65 & over age group is growing fastest in the other Lancashire authorities and the largest increase was seen in Chorley at more than 30%. People aged 65 & over accounted for half the population growth in Chorley from 2011–20.
- 1.12. Chorley also saw growth in the number of people aged 0–15 and 16–64 (a proxy for working age) between 2011 and 2020, however the share of people aged 65 & over during this timeframe grew from 16.9% to 20.1%. This trend is expected to continue into the future – the ONS 2018–based population projections indicate that people aged 65 & over are expected to account for around 25.4% of Chorley's total population by 2038, for example.
- 1.13. The ageing population makes it important to see new job creation in Chorley in order to attract more people of working age to the area and to retain existing residents.

Figure 1: Population Change by Age Group, 2011-20



Source: ONS, Mid-Year Population Estimates

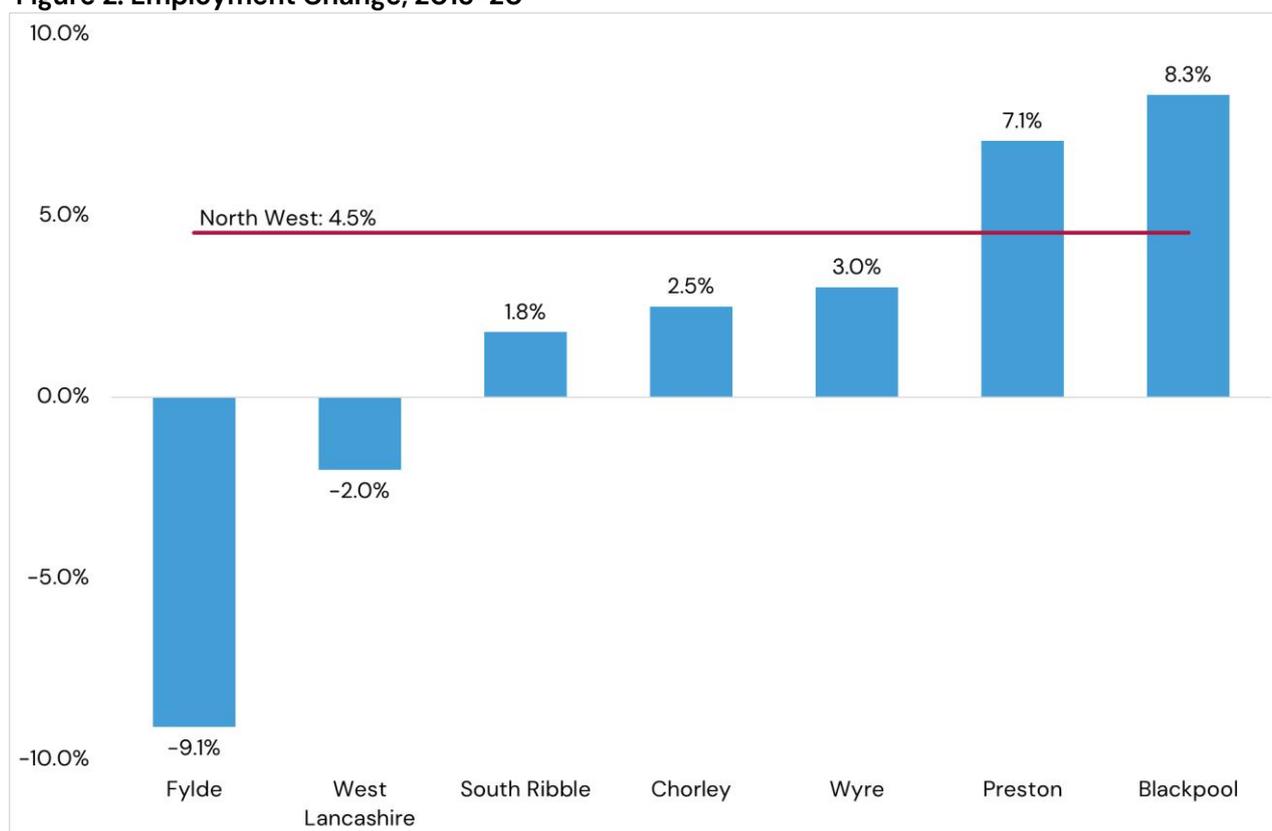
Commuting

- 1.14. Census 2011 data provide information on commuting flows between local authorities. The data show that 17,280 people live and work in Chorley – this represents 54% of all people working in Chorley.
- 1.15. An estimated 15,013 people travel into the area for work, with 27,055 travelling out. This gives a net outflow of 12,042 commuters. The top five areas that people are travelling into Chorley from are South Ribble (inflow of 4,071), Wigan (2,048), Bolton (1,468), Preston (1,374) and West Lancashire (942).
- 1.16. Covid-19 will have changed commuting flows, with many people now dividing their time between home and their usual place of work. However, the level of out-commuting from Chorley means the issue of creating more jobs in the local area for residents is likely to remain a key issue, even accounting for the pandemic.

Employment

- 1.17. As of 2020, there are an estimated 41,000 jobs in Chorley according to the ONS Business Register and Employment Survey. Between 2015 and 2020, employment in Chorley increased by around 1,000 or 2.5% (see Figure 2). Compared with the other Lancashire authorities shown in Figure 2, Chorley's labour market performed better than South Ribble, West Lancashire and Fylde. The latter two authorities saw employment decline from 2015-20. Less positively, Chorley was outperformed by Preston and Blackpool and was also below the average jobs growth seen in the North West of 4.5%.

Figure 2: Employment Change, 2015-20



Source: ONS, Business Register & Employment Survey

Claimant Count

1.18. The claimant count records the number of people claiming Jobseeker's Allowance (JSA) plus those who claim Universal Credit and are required to seek work and be available for work. As of April 2022, there were 1,950 people in Chorley recorded by the claimant count, equating to 2.7% of residents aged 16-64. This is above the rate of 2.2% (1,625) in March 2020 (prior to the start of the Covid-19 pandemic). Chorley has a lower claimant count rate compared to other parts of Lancashire (see Table 2), however there are still 325 more people claiming benefits than before the start of the pandemic. With the Bank of England indicating that the UK could potentially be heading into a recession in 2022/23, there is a risk that the number of people claiming benefits starts to rise if unemployment increases because of a downturn.

Table 2: Claimant Count Rate as % of Residents Aged 16-64, March 2020 & April 2022

	March 2020	April 2022	Change (% points)	Change (No.)
Blackpool	7.3%	7.9%	0.6%	575
Chorley	2.2%	2.7%	0.5%	325
Fylde	2.3%	3.0%	0.7%	290
Preston	3.8%	4.6%	0.8%	785
South Ribble	2.0%	2.4%	0.4%	290
West Lancashire	2.6%	3.2%	0.6%	475
Wyre	2.8%	3.3%	0.5%	330
North West	3.7%	4.5%	0.8%	37,405

Source: ONS

Economic Development Objectives

- 1.19. At a local level, delivering economic prosperity is one of the key objectives of the adopted Chorley Local Plan (Core Document I1). It goes on to recognise the importance of job creation in achieving this, with paragraph 6.1 of the Local Plan stating that:

“The long term sustainability of Chorley depends on developing the local economy and providing enough jobs for existing and future generations. Economic growth is essential to assist with both the protection and restructuring of the local economy, to ensure there are jobs for local people and commuters into the area...”

- 1.20. At a sub-regional level, Chorley sits within the Lancashire Local Enterprise Partnership (LEP) area. The LEP was formed in 2011 and is a strategic collaboration between business, universities and local councils which directs economic growth and drives job creation. To help drive this growth, the LEP has a *Strategic Economic Plan* (Core Document I12) for the period 2015–2025 which sets out its priorities and ambitions over a ten-year period.
- 1.21. While the impact of the proposed scheme is largely likely to be seen after the current SEP's timeframe has ended, it is still worth considering some of the priorities because the strategic areas of focus may well remain the same post-2025. In particular, one of the outcomes of the SEP is to see 50,000 new jobs created in Lancashire between 2015 and 2025. The most recent data for 2020 from the Office for National Statistics Business Register and Employment Survey indicate that the Lancashire LEP area has seen job numbers increase by 8,000 between 2015 and 2020 (from 646,000 to 654,000). If a slightly shorter timeframe of 2015–19 is analysed, jobs growth was higher at 22,000. There was therefore a fall in employment in the LEP area from 2019–20, which is likely to be a reflection of the Covid-19 pandemic and its impact on the labour market. Job creation is therefore going to remain a critical issue for Lancashire up to 2025 and beyond and the proposed scheme will generate a significant number of permanent employment opportunities when it is built and operational.

Response to Ulnes Walton Action Group Comments

- 1.22. UWAG's *Statement of Case* (Core Document C5) makes a number of comments in relation to the socio-economic benefits highlighted in the *Garth Wymott Socio-Economic Statement* (Core Document A26). Prior to looking at these comments, it should be noted that in the *Statement of Common Ground* (SoCG) between the UWAG and MoJ (Core Document C8), it is accepted that the scheme will generate a number of socio-economic benefits. This includes the 122 FTE jobs during the build phase and the 643 permanent jobs at the prison (both referenced in paragraph 1.8 of this note). Other benefits accepted in the SOCG include: contributions to gross value added and spend with local contractors, both of which amount to several million pounds.

- 1.23. The comments relating to the socio-economic benefits made in the *Statement of Case* (Core Document 5) are addressed below.

1. ***The calculation of economic impacts from the construction and operation of the prison are only as realistic as the data upon which they are based. UWAG will provide argument and evidence that the modelling used defines benefits which, while UWAG recognise they exist, are more national and regional in nature, than specific to the site.***

The economic impacts of the scheme are derived largely from evidence on existing prisons, therefore a high degree of confidence can be had in the data. Given the size of

the scheme, the positive impacts it generates will go beyond Chorley and its immediate surrounding area. However, the local benefits are still substantial and these are outlined in further detail in the other responses to the UWAG's comments.

2. UWAG will demonstrate the proposed site is not based in a low employment area.

As already highlighted in this note, even though the number of people claiming benefits in Chorley is now higher than it was before the Covid-19 pandemic, the claimant count rate is below the regional average and compares well to many other parts of Lancashire. However, jobs growth in the area has lagged behind regional trends and Chorley has a net outflow of more than 12,000 commuters. This means that even though the area has a relatively low proportion of its residents out of work, many of these people are working outside Chorley. Creating new jobs for local people should therefore be a key priority for the area.

In addition to the above, like many other parts of the country Chorley has an ageing population and the proportion of people aged 65 & over will continue to increase in the long-term. This makes it imperative that new employment opportunities are created that can attract younger people to Chorley and encourage existing residents to stay.

3. UWAG will evidence increasing employment opportunities provided by local commercial developments (approved and proposed) will place demand on an already limited pool of potential employees.

Investment in new sites that generate employment should be viewed as a positive, especially if it supports a reduction in the level of out-commuting in Chorley and helps to attract younger people to the area that can help form the future workforce. The UK economy experienced its biggest economic downturn in more than 300 years as a result of the Covid-19 pandemic and with the threat of a recession looming, the proposed scheme will generate employment that is secure in the long-term. As noted in section four of the 2013 study on the economic impact of prisons (*Economic Impact of a New Prison – Core Document J1*):

"It is understood that prison jobs offer high job security. Employees would expect to be employed at the same location for a relatively long time, and we would expect higher proportion of the employees attempting to find housing near their workplace than in less secure jobs."

4. The building of the new prison is a highly specialised process, using modular construction, and will require specialised skill sets and proprietary components which will chiefly be imported into the region. The MoJ's own modelling and socioeconomic statement recognises this and indicates that of a construction workforce of 122, only 12 will be 'local' employees.

and

5. UWAG will contend that the socio-economic benefits at the construction stage will be mainly national.

The fourth and fifth points raised by the UWAG raise the same issue, namely that there will be limited benefits at a local level arising from the construction phase. Their concerns are based on the estimated 10% of construction jobs that may be taken by local people. This assumption of 10% is drawn from the *Economic Impact of a New Prison* report (Core

Document J1), which notes that the combination of off-site construction techniques and the specialist skills required to build a new prison mean that local job opportunities associated with the build phase may be not be significant. The transient nature of construction work means that this issue will arise for many types of development that require specialist skills (for example, renewable energy schemes) or where the size of a scheme is such that the number of on-site jobs outweighs the potential local labour pool. The same concern could also be raised for other types of modular build, for example housing. The issue raised by UWAG is not unique to the proposed scheme. Even where workers travel from further afield, they are still likely to benefit the local area in which they are working by spending money on accommodation and on items such as food and drink.

It is also important to highlight that in paragraph 5.13 of the SoCG between the UWAG and MoJ (Core Document C8), it is accepted that:

1.24. *“...the appointed contractor will be contractually obliged to meet key performance targets including: a 25% local spend within 25 miles of the site; £50,000 spend with voluntary, community and social enterprises; and at least 1 community project per year.”*

6. UWAG will maintain that, operationally with recruitment of prison employees spread over such a wide area (40 mile radius), the socio-economic benefits should be regarded as more regional than local to Chorley and South Ribble.

The UWAG are referring to a 40-mile radius that is highlighted in the *Garth Wymott Socio-Economic Statement* (Core Document A26), whereby 590 of the 643 on-site jobs are expected to be taken by people residing within 40 miles of the site. This represents around 92% of all jobs and is based on data held by the Ministry of Justice on other prisons.

The *Garth Wymott Socio-Economic Statement* (Core Document A26) also refers to an earlier 2013 study on the economic impact of prisons (*Economic Impact of a New Prison – Core Document J1*). This study looked at the degree to which a new prison would recruit from the local population and it found that this varies depending on its location within the district, connections and transport, the supply of labour and the quality of jobs offered. It reviewed examples of other prisons to look at this issue in more detail and found that district containment rates vary significantly, from as high as 70% to as low as 20%. The average containment rate was 54%, which is referred to in the *Garth-Wymott Socio-Economic Statement*.

As already highlighted in the commuting analysis presented in this note, 2011 Census data show that 54% of people living in Chorley also work in Chorley. It does not therefore seem unreasonable to expect a good proportion of jobs at the new prison to be taken by local people. Even if the 'local area' is extended to include both Chorley and South Ribble (as referred to by the UWAG), a 54% containment rate would mean that 347 of the on-site jobs could be taken by people living in these two authorities. In a wider context, this would clearly be of benefit to the region because it boosts job numbers in the North West, however the quantum of jobs at a local level would be substantial.

Summary

- 1.25. The new prison will create new employment opportunities for residents of Chorley and the wider area. It is estimated that:
- 122 gross temporary full-time equivalent (FTE) jobs will be supported during its construction, of which 10% would be for local residents.
 - Once built and operational, 643 staff are expected to be directly employed at the prison. 347 of these roles (around 54% of all jobs) could be taken by people living in Chorley and South Ribble.
- 1.26. The UWAG makes a number of points regarding the economic benefits of the scheme, in particular it raises concerns around the extent to which the benefits can be considered 'local'. In terms of the build phase benefits, the specialist nature of the scheme means that local opportunities may be more limited compared to standard office or warehousing schemes, for example. However, this issue is not unique to the proposed scheme and is something that will affect many other types of development around the country. In addition, the appointed contractor will be required to meet key performance targets relating to local spend and supporting voluntary, community and social enterprises.
- 1.27. In terms of the operational jobs, the UWAG raises concerns about the size of the labour market catchment area that the prison will draw workers from. On this point, while 92% of jobs could be taken by people living within 40 miles of the site, more than half of these (347) could be taken by residents of Chorley and South Ribble – people attracted to the area because of the new jobs and existing residents who want to work closer to home.
- 1.28. Relative to the North West and other parts of Lancashire, Chorley has a low level of unemployment. This is obviously a positive, however the area also has an ageing population, high levels of out-commuting and has seen low jobs growth in recent years when compared to the regional picture. Many people living in Chorley are working elsewhere. New job creation is needed to attract younger people to the area and to encourage long-term labour market growth, which the proposed scheme will undoubtedly support.
- 1.29. Based on the analysis presented in this note, the benefits created for Chorley by the new prison during its construction and operational phases are significant from an economic perspective.