Economic Benefits Statement

Land south of Rangell Gate (B1165) and east of A16, Spalding

September 2021

Turley
Economics

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Naylor Farms

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Executive Summary

This Economic Benefits Statement has been prepared by Turley Economics on behalf of Naylor Farms in support of a full planning application to South Holland District Council to develop a new plant based protein extraction facility at land south of Rangell Gate (B1165) and east of A16, Spalding.

This independent assessment takes into account published guidance on economic impact methodologies and industry best practice in order to calculate the strategic/UK economic benefits and tangible local benefits associated with the development proposal, as summarised below and within the infographic (overleaf).

Strategic Economic Benefits

- A £15.0 million+ investment project located in South Holland district.
- Entirely privately financed project with funding in place to proceed quickly to completion and operation.
- A unique integrated plant based protein extraction facility – a UK first.
- Highly skilled and value added manufacturing activity plus provision of education and training activities on site in collaboration with the University of Lincoln.
- Opportunity to provide many positive sustainability benefits throughout the food manufacturing industry, both on a national and global scale.
- Medium term plans to export from the UK and put South Holland on the global map as a location supporting innovative and sustainable food production technologies.

Local Economic and Social Benefits

- Creation of 25 temporary jobs during construction.
- A productivity boost of £1.4 million GVA across the construction period.
- 58 permanent jobs in a range of occupations once the factory is operating from the site helping to address the loss of major manufacturing employers from the district.
- A productivity boost of £3.3 million GVA every year of operation.
- £2.8 million wage expenditure annually – helping to sustain local businesses and services.
- £50,000 business rates revenue generated every year.

Economic Benefits Infographic

PROPOSED DEVELOPMENT: Construction of a plant based protein extraction facility and associated infrastructure at the existing farm site

SITE: Land south of Rangell Gate (B1165) and east of A16, Spalding

Construction Phase



£2.9 million[1]

investment associated with the construction of the Proposed Development



25 gross direct

FTE (full time equivalent) jobs on site over an estimated 8 month build period

20 direct

net additional FTE jobs, including 15 in South Holland

10 indirect/induced

net additional FTE jobs, 5 in South Holland



£1.4 million

Total GVA[2] economic output during the construction period, including **£1.1 million** generated in South Holland

Operational Phase



43 gross direct

FTE jobs supported on site

34 direct

net additional FTE jobs held by residents living within the wider impact area[3], including 23 for residents of South Holland

58 indirect/induced

net additional FTE jobs held by residents of the wider impact area, including 6 for residents of South Holland



£3.3 million

GVA economic output per annum, including **£2.2 million** in South Holland



Occupational variety

A range of job types, including roles in management, administrative occupations and plant and machine operations



£2.8 million

Additional wage expenditure generated per annum through direct, indirect and induced effects



£50,000

Business rates revenue per annum to be collected by South Holland District Council

1 Construction costs provided by the client.

2 GVA (Gross Value Added) measure the value of output created (i.e. turnover) net of inputs used to produce a good or service (i.e. production of outputs). It provides a key measure of economic productivity. Put simply the GVA is the total of all revenue into businesses, which is used to fund wages, profits and taxes.

3 Defined as the Greater Peterborough Functional Economic Market Area (FEMA), including the council areas of South Holland, Peterborough, Rutland and South Kesteven

Turley Economics

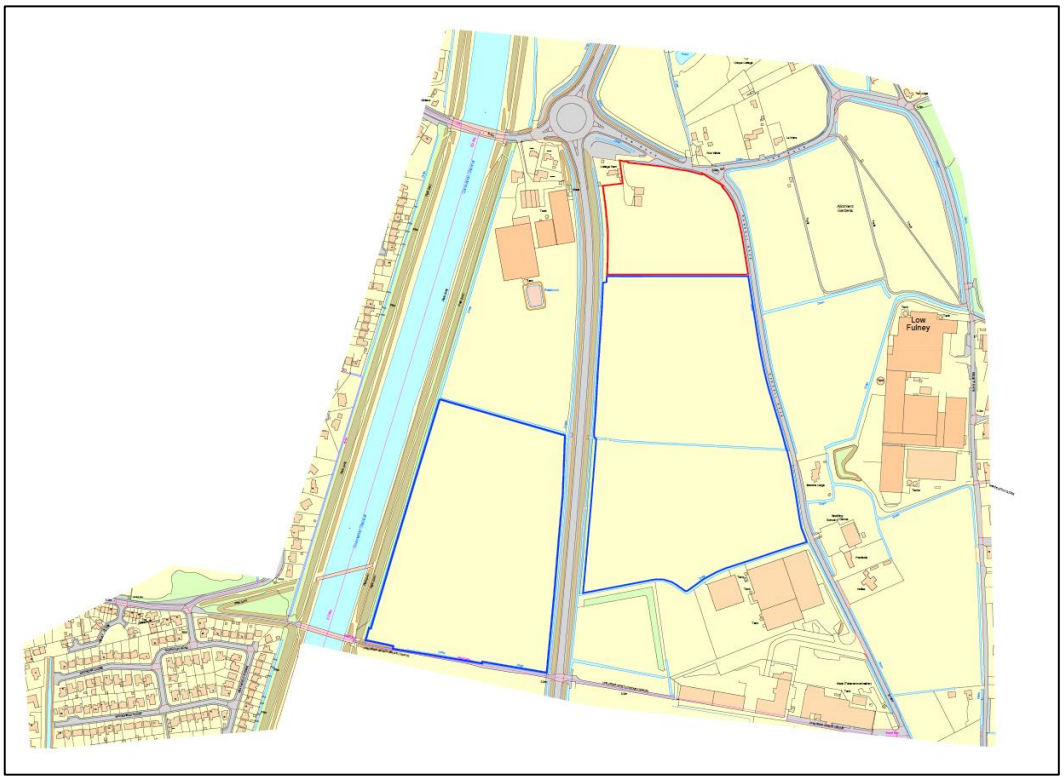
1. Introduction

1.1 This Economic Benefits Statement has been prepared by Turley Economics on behalf of Naylor Farms ('the applicant'), in support of a full planning application to South Holland District Council to develop a new plant based protein extraction facility at land south of Rangell Gate (B1165) and east of A16, Spalding (the 'Proposed Development').

1.2 This assessment provides estimates of the economic impacts associated with the Proposed Development, taking into account published guidance on economic impact methodologies and industry best practice.

1.3 The application site is illustrated below at Figure 1.1.

Figure 1.1: Site Location Plan



Source: P&R Architects (2021)

Description of Proposal

1.4 The development includes the construction of a new plant based protein extraction facility on the site of the existing Naylor Farms site. The description of development is as follows:

"Demolition of existing buildings and construction of a new plant based protein extraction facility and ancillary office space together with landscaping, SuDs features, car park and associated infrastructure"

1.5 The floorspace within the Proposed Development is set out at Table 1.1.

Table 1.1: Proposed Development - Total Floorspace (sq m GIA)

	Floorspace (sq m gross internal)
Factory Floor Area (Factory - Ground Floor)	2,222
Ancillary Offices (Factory - First Floor)	330
Other Offices (Ground & First Floor)	214
Total	**2,766**

Source: P+R Architects (2021)

Economic Impact Assessment

1.6 The assessment is informed by the 2014 Homes and Communities Agency (HCA) Additionality Guide (4th edition)[1] and draws on published statistical data sources.

1.7 The evaluation considers the quantifiable impacts of the Proposed Development during both its construction and operational lifetime. Economic impact estimates are presented as net figures, accounting for leakage, displacement and multipliers.

Study Area for the Assessment

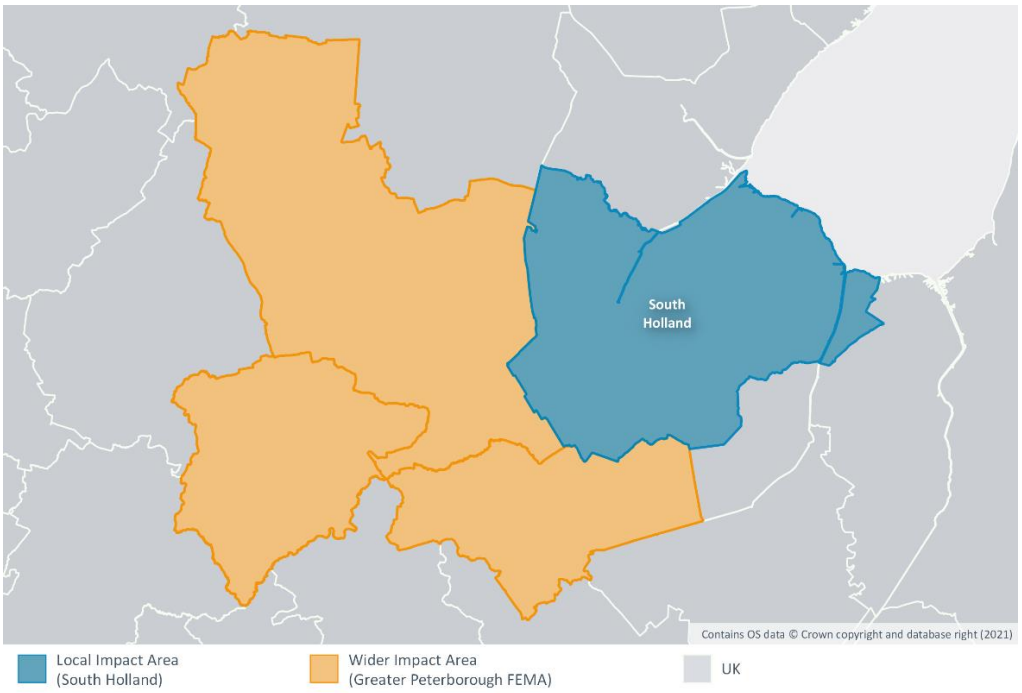
1.8 For the purposes of this assessment, the functional economic geography has been determined using available Census data on labour market containment. This has resulted in two spatial scales of measurable economic impact being identified:

- The **local impact area,** covering the South Holland District Council area. The 2011 Census shows that around 71% of people who work in the district also live within the area[2]; and
- The **wider impact area**, covering the Greater Peterborough Functional Economic Market Area (FEMA). This includes the council areas of South Holland, Peterborough, Rutland and South Kesteven. The 2011 Census shows that 79% of all jobs in South Holland are taken by people residing in the Greater Peterborough FEMA, suggesting a high level of containment at this scale[3]. It is therefore considered that the majority of the socio-economic effects would be contained within the wider impact area.

1.9 The study area is presented spatially below at Figure 1.2.

[1] HCA (2014) Additionality Guide Fourth Edition
[2] ONS via Nomis (2021) Census 2011
[3] Ibid.

Figure 1.2: Economic Impact Assessment Study Area



Source: Turley Economics (2021)

Structure of Report

1.10 The remainder of the report is set out as follows:

- **Section 2: The Proposal** – outlines further information about the applicant and the application proposals.
- **Section 3: Policy and Economic Context** – outlines the policy and economic context for the site.
- **Section 4: Construction Phase Impacts** – estimates the future net additional economic impact which may be generated by the Proposed Development during the construction phase.
- **Section 5: Operational Phase Impacts** – estimates the future net additional economic impact which may be generated by the Proposed Development once fully completed and operational.
- **Section 6: Summary** – summarises the net additional benefits to the local and wider impact areas as a result of the Proposed Development.

2. The Proposal

Application Site

2.1 The Site is broadly rectilinear in shape and covers an area of 2.85 ha. It is bound by Low Road/Rangell Gate (B1165) to the north and eastern boundaries of the Site with the A16 running along the western boundary. The land is presently used to farm cabbages by the applicant.

About Naylor Farms

2.2 Naylor Farms (est. 1909) is the leading producer of Coleslaw cabbage in the UK and one of the largest cabbage growers in Europe. The farm, based in Spalding, Lincolnshire, comprises over 1,500 hectares of the best growing land in the UK. Naylor Farms is dedicated to supplying a high quality range of cabbages, potatoes and daffodils grown in a sustainable and ethical manner.

2.3 Naylor Farms has a wide and longstanding customer base and supplies products to over major food retailers and food service customers across the UK and Europe. The range of vegetables grown at the farm supplies leading supermarkets.

The Opportunity

2.4 Simon Naylor of Naylor Farms, and his team of industry experts, have formed Naylor Nutrition. Simon has patented a unique extraction process that produces plant-based functional ingredients that can be used in multiple plant-based business sectors. The sustainable plant-based products generated have significant market potential in the UK and across the EU and the world due to increasing industry demand for these types of products and their unique nutritional and functional attributes.

2.5 The global market in plant-based food is expected to grow by 11.9% from 2020 to 2027, reaching £53.6 billion by 2027.[4] Europe accounts for the largest share of the global plant-based food market. This can be primarily attributed to the increased awareness of protein-rich diets, increased health consciousness, larger vegan and vegetarian populations, established food sectors and higher adoption of technological advancements in the food and beverage industry.

2.6 Naylor Farms' commitment to sustainability and innovation is the driver behind the development of plant-based ingredients. The vision is to become the global production leader and distributor of plant-based ingredients; this starts with the development of the first state-of-the-art factory in Spalding (the Proposed Development), with the aim to build 10+ more factories across global emerging markets over the next 5 years. **The products which will be produced from the site will have a worldwide applicability to**

[4] Research and Markets (2021) article retrieved from https://www.prnewswire.com/news-releases/global-plant-based-food-market-report-2020-2027-rising-industry-concentration-with-growth-in-mergers-and-acquisitions-in-the-plant-based-products-space-301268737.html on 11 August 2021

all manufacturing sectors and will put South Holland on the global map as a location which supports innovative and sustainable food production technologies.

2.7 For the first UK factory at Naylor Farm, it is intended that the finished products will be supplied to the UK manufacturing industry and potentially to the pet/equine sector. Lincolnshire is rich in the food manufacturing industry and wherever possible, Naylor Nutrition will supply products into suitably nearby manufacturing sites.

2.8 Currently, the targeted industries are:

- Bakery
- Pasta
- Snacking
- Sports nutrition
- Nutritional drinks
- Nutraceutical – dietary supplements
- Meat reduction
- Fuctional ingredients
- Pets
- Equine
- Fish Pellets

2.9 In short, this project represents a unique and significant investment to the South Holland district which employs truly innovative processing technologies. This will have many positive sustainability benefits throughout the food manufacturing industry, both on a national and global scale.

Economic Need

2.10 The closure of the Bakkavor food production facility in Spalding in August 2020 resulted in the loss of 500 jobs[5] at the site. Combined with the closure in September 2020 of the Addo bakery facility[6], it is estimated that over 900 jobs have been lost in the local manufacturing sector across South Holland in the past two years. These are significant employment losses locally.

2.11 The Proposed Development will not only assist in providing much-needed up skilled manufacturing job opportunities for residents of South Holland, but will also support the Councils' vision to deliver economic prosperity and growth within the key manufacturing and agri-food industries more widely across the South East Lincolnshire area.

[5] https://www.bbc.co.uk/news/uk-england-lincolnshire-53669963
[6] https://www.spaldingtoday.co.uk/news/spalding-factory-will-close-next-year-9093874/

3. Policy and Economic Context

3.1 This section firstly provides an overview of the relevant economic policy and strategy context, demonstrating both the national and local government commitment to facilitating sustainable economic prosperity and employment growth through a supportive planning system.

3.2 It subsequently presents the baseline economic context that should be considered when assessing the impact of the Proposed Development.

Alignment with the National Planning Policy Framework

At a national level, the planning system is expected to play an economic role

3.3 The National Planning Policy Framework (NPPF)[7] and accompanying Planning Practice Guidance (PPG)[8] set out the Government's planning policies for England. Both are built around a policy commitment to sustainable development. In addition to a social and environmental objective, the planning system has an economic objective:

"an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure"[9]

3.4 At the heart of the NPPF is a presumption in favour of sustainable development, which requires local authorities to adopt a positive approach in order to "align growth and infrastructure"[10]. Clarification is provided through Section 6 of the NPPF – 'Building a strong, competitive economy' – which states that:

"*Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.*"[11]

National Covid-19 Economic Recovery Strategy and Plan for Jobs 2020

3.5 The UK faces significant economic challenges associated with the ongoing impacts of Covid-19 on all sectors of the economy, rising unemployment and a threat to national prosperity.

[7] Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework
[8] Ministry of Housing, Communities & Local Government (2020) Planning Practice Guidance
[9] Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework (para 8)
[10] Ibid. (para 11)
[11] Ibid. (para 81)

3.6 The severity of the situation faced is fully acknowledged by the Government and is reflected in its Covid-19 Recovery Strategy[12], which places a strong emphasis on protecting jobs and livelihoods and continuing to support the long term competitiveness of the UK economy through job creation and investment in infrastructure.

3.7 The Chancellor's Plan for Jobs 2020[13] describes the "*devastating*" effects of Covid-19 on businesses as well as announcing a range of unprecedented fiscal stimulus and business support measures to assist in the UK's economic recovery.

Alignment with Regional Economic Strategy

Greater Lincolnshire LEP Local Industrial Strategy (January 2021)

3.8 The Greater Lincolnshire LEP Local Industrial Strategy (LIS) highlights Greater Lincolnshire has an economy worth £20.7 billion, with ambitions to offer another £3.2 billion to GVA by 2030 through continued growth[14]. Recognising the variety within the area, the LIS aims to use various targeted interventions to support the wide range of places within Greater Lincolnshire to thrive.

3.9 The LIS highlights opportunities for growth through improving human capital, in particular maximising '*links to higher education and innovation assets*'[15]. A focus is placed on working with local employers to address skills gaps throughout the rural economy, aiming to maximise the effectiveness of apprenticeships and school-leaver programmes whilst also engaging others in programs such as the National Retraining Scheme.

3.10 Agri-food is noted as a priority sector within the LIP. Internationally competitive, the sector represents 18% of the local economy[16], with the area hosting various agri-food training centres which promote innovation within the sector. The LIS notes the Spalding area dispatches between 1,000 and 1,200 finished lorry loads of food per day into the food chain[17], with opportunities for import substitution increasing domestic supply and increased exports. The area as a whole aims to focus on skills, infrastructure and productivity gains within the agri-food supply chain[18], with support from the University of Lincoln's National Centre for Food Manufacturing.

3.11 Greater Lincolnshire places great value on being a pioneer in industrial decarbonisation, recognising the importance of the energy industry in its own right and also being an industry which supports all other industries within the region[19]. Energy consumption within agri-food presents opportunities for increased use of Anaerobic Digestor plants.

[12] HM Government (2020) Our Plan to Rebuild: The UK Government's Covid-19 Recovery Strategy
[13] HM Treasury (2020) Plan for Jobs
[14] Greater Lincolnshire LEP (2021) Local Industrial Strategy (p. 3)
[15] Ibid. (p. 3)
[16] Ibid. (p. 6)
[17] Ibid. (p. 26)
[18] Ibid. (p. 29)
[19] Ibid. (p. 30)

3.12 The LIS notes that R&D spend in Lincolnshire represents only 21% of the East Midlands average and 18% of the UK average[20]. Here, the LIS highlights a focus on critical innovation strands in sectors, including agri-food[21].

3.13 Greater Lincolnshire aims to increase productivity within the region partly through encouraging a polycentric economy to develop. Working to each area's pre-existing strengths, it proposes five spatial corridors for growth. In doing so, place-based responses can be developed to target levelling up across the region, improving quality of life.

Protecting, Progressing, Prospering: Greater Lincolnshire's Economic Plan for Growth (March 2021)

3.14 Protecting, Progressing, Prospering: Greater Lincolnshire's Economic Plan for Growth ("the Growth Plan")[22] sets out the actions and interventions that are being taken by partners, including the Greater Lincolnshire LEP, to provide a pathway to protect, progress and prosper following the impacts of Covid-19 on the region's economy.

3.15 Identifying immediate challenges including rising unemployment and previous slow labour market recovery from the 2008 recession, key aims of the Growth Plan include the delivery of the Local Industrial Strategy and competing internationally and thriving in a post-Brexit future.

3.16 One strand of the Growth Plan concerns agri-food, with the aim that Greater Lincolnshire becomes the UK's 'Food Valley', championing resource efficiency with the most advanced food and farm technology. One way of doing this will be through encouraging employment in Southern Lincolnshire and Rutland to create a labour pool which can adapt to changing consumer demands. This is especially pertinent given Brexit's impact on international recruitment of agri-food workers.

Local Policy Context

South East Lincolnshire Local Plan (March 2019)

3.17 South Holland District Council adopted the South East Lincolnshire Local Plan in March 2019, having been developed jointly with Boston Borough Council and Lincolnshire County Council. The plan, which aims to ensure South East Lincolnshire's needs are met whilst maintaining what makes the area special, covers the period until March 2036.

3.18 The Local Plan outlines a vision where South East Lincolnshire has infrastructure to create healthy, mixed and balanced communities. A key aspect of this is a strong economic base, with growth in food production, processing and distribution. Alongside improved educational attainment, this should help ensure residents have access to higher skilled, better paid jobs within the local area.

3.19 Policy 1 'Spatial Strategy' identifies Countryside development as being permitted where it can be demonstrated to meet the sustainable development needs of an area

[20] Ibid. (p. 61)
[21] Ibid. (p. 62)
[22] Greater Lincolnshire LEP (2021) Protecting, Progressing, Prospering: Greater Lincolnshire's Economic Plan for Growth

in bringing economic, community or environmental benefits. It is suggested in Policy 7 'Improving South East Lincolnshire's Employment Land Portfolio' that authorities will, in principle, support proposals which assist in delivering economic prosperity to the area and aid in bringing a portion of 17,600 jobs to the South East Lincolnshire area, of which an estimated 10,300 fall into Class B jobs, which can include the manufacturing and agri-food industries[23].

3.20 The Local Plan states that '*economic growth will be focussed in the higher-tier settlements*'[24] of which Spalding is classified as one. Agriculture is recognised as a key employment sector, along with food processing[25]. A stated aim of Policy 7 'Improving South East Lincolnshire's Employment Land Portfolio' is to '*attract more highly-skilled and high-value employment to the area*'[26].

The South Holland Local Economy

3.21 South Holland is a thriving district at the heart of the UK's agri-food sector. Anecdotally, nearly 35% of the UK's food will go through South Holland at some point in its life.[27]

3.22 South Holland is known internationally for its strengths in agriculture, horticulture, food manufacturing and logistics, all underpinned by a strong and adaptable supply chain of local companies that make up over 99% of the total business count in the area.[28]

3.23 Confidence in the local economy of South Holland remains high, with investment projects like the Food Enterprise Zone (FEZ) in Holbeach, a relief road around the west of Spalding and plans to revitalise the district's town centres. Larger food manufacturing organisations also benefit from the University of Lincoln's National Centre for Food Manufacturing (NCFM) which plays a key role in developing skills and aiding the adoption of new technologies.[29]

Socio-Economic Baseline Conditions

3.24 In order to more comprehensively consider the potential impacts of the Proposed Development, it is important to understand the socio-economic profile of South Holland's residents and economy. This includes analysis of the local age profile, economic activity and unemployment rates, as well as business sector makeup. These conditions are described below:

Population Composition

- The total population of South Holland in 2020 stood at 95,857; of which 55,641 were of working age (16-64 years)[30]. This working-age population equates to

[23] Ibid. (p. 43)
[24] Para 4.2.2
[25] Ibid. (para 2.4.5)
[26] Para 4.1.1
[27] South Holland District Council (2021) The Local Economy accessed via https://www.sholland.gov.uk/article/6187/The-Local-Economy#cookie-consents-updated
[28] Ibid.
[29] Ibid.
[30] ONS via Nomis (2021) Mid-Year Population Estimates 2020

58.0% of the total population, which is slightly lower than the Greater Peterborough Functional Economic Market Area (FEMA)[31] (59.5%) and across Great Britain as a whole (62.4%)[32].

Economic Activity

- 77.5% of the population of South Holland is economically active, which is lower than the rate across the Greater Peterborough FEMA, at 79.4%, and lower than the rate of 79.1% recorded in Great Britain as a whole[33].

- 73.1% of all South Holland residents are in employment, which is again lower than the rate recorded across the Greater Peterborough FEMA (75.1%), and lower than the rate recorded in Great Britain as a whole (75.4%)[34].

- 2,000 residents are unemployed in South Holland, which is equivalent to 4.6% of the district's economically active residents. The unemployment rate in South Holland is slightly higher than the Greater Peterborough FEMA and the same as the rate recorded across Great Britain[35].

- The latest Claimant Count data published by the ONS[36] provides an up-to-date record of the number of people currently claiming benefits principally for the reason of being unemployed. This reveals that as of June 2021, there were circa 2,540 people living in South Holland claiming out-of-work benefits who are seeking roles in a broad range of occupations[37], accounting for 4.6% of the resident working-age population[38]. Total claimant figures have increased by 100% in South Holland since March 2020, principally as a result of the impacts of the Covid-19 pandemic. The number of claimants across the Greater Peterborough FEMA and across England also increased, though to a lesser extent (by 93% and 60% respectively) during this period.

Sectors of Employment

- 19% of employment[39] in South Holland is in the manufacturing industry. This is considerably higher than the level across the Greater Peterborough FEMA (10.6%) and higher than the proportion in Great Britain as a whole (7.8%). This highlights the importance of the manufacturing industry to the economy of the district.

- At 4.8%, the proportion of South Holland's total employment in the construction industry is higher than the average for the Greater Peterborough FEMA (3.9%) but slightly lower than across Great Britain as a whole (5.0%)[40].

[31] As defined by the Local Authority areas of: South Holland; Rutland; Peterborough; and South Kesteven.
[32] Ibid.
[33] ONS via Nomis (2021) Annual Population Survey (January 2020 – December 2020)
[34] Ibid.
[35] Ibid.
[36] ONS via Nomis (2021). Claimant Count: June 2021
[37] Ibid.
[38] ONS via Nomis (2021) Mid-Year Population Estimates 2020
[39] ONS via Nomis (2021) Business Register and Employment Survey 2019. Includes total number of employees (i.e. not full-time equivalent) plus the number of working owners.
[40] Ibid.

- 8.3% of employment in South Holland is in the agriculture, forestry and fishing industries. This is vastly higher than the Greater Peterborough FEMA (2.8%) and Great Britain as a whole (1.6%)[41] which again stresses the importance of the sector to the economy of South Holland.

Earnings

- The median gross annual full-time wage for South Holland residents is £30,628, which is slightly lower than the Great Britain average of £31,596[42].

Summary

3.25 In summary, the importance of driving sustainable economic growth is emphasised through national, regional and local planning and economic policy and strategy. Adopted policy encourages projects which create new jobs and increase productivity, particularly those which encourage and support new technologies and the priority sectors. The Proposed Development will contribute to the attainment of these policy and strategy imperatives.

3.26 In particular, the internationally competitive agri-food sector is noted as priority sector within the Greater Lincolnshire LEP Local Industrial Strategy which represents 18% of the local economy. The area around Spalding hosts a concentration of these uses, dispatching between 1,000 and 1,200 lorry loads of food per day into the food chain, with future opportunities for import substitution and increased exports.

3.27 Agri-food is also championed within Greater Lincolnshire's Economic Plan for Growth, which highlights the aim for Greater Lincolnshire to become the UK's Food Valley, promoting resource efficiency in using the most advanced food and farm technology. One way of doing this is to encourage the development of businesses which are able to implement such technologies and the recruitment of locally-based residents to create a labour pool which can adapt to changing consumer demands in these industries.

3.28 As suggested with the Local Plan, countryside development will be permitted where it can be demonstrated that it will meet the sustainable development needs of an area in bringing economic, community or environmental benefits. The authorities will support proposals which assist in delivering economic prosperity to the area and aid in bringing a portion of 17,600 jobs to South East Lincolnshire, including 10,300 jobs which include manufacturing and agri-food industries which are recognised as key employment sectors within the Local Plan.

3.29 Whilst the analysis of local socio-economic conditions in South Holland indicates that the proportion of residents who are of working-age and economically active is lower than the average across Great Britain as whole, the proportion of those in employment in the manufacturing and agriculture industries is considerably higher than the averages both regionally and nationally, highlighting the importance of these sectors to South Holland's economy.

[41] Ibid.
[42] ONS via Nomis (2021) Annual Survey of Hours and Earnings 2020

3.30 It is worth noting however than the latest BRES employment data from 2019[43] may slightly overstate the numbers of manufacturing jobs across the South Holland area, which are likely to have decreased as a result of the impacts of the Covid-19 pandemic on the industry. In addition, the job figures will not factor in the closure of sites by Bakkavor (-500 jobs) and Addo Food Group (-400 jobs) over the last two years, which have resulted in approximately 900 job losses in South Holland. The proportion of those employed in manufacturing jobs in South Holland however remains well above both the averages for the East Midlands and Great Britain.

[43] Ibid.

4. Construction Phase Impacts

4.1 This section presents the quantified economic impacts likely to be generated during construction of the Proposed Development. The assessed construction phase impacts include full-time equivalent (FTE) construction jobs and Gross Value Added (GVA) (productivity) impacts.

Investment and Gross Employment

4.2 The construction of the Proposed Development will support important investment in the construction sector, with build costs, inclusive of professional fees, estimated to be £2.9 million[44]. In addition to construction costs, Naylor Farms is planning to invest a further £12.1 million in specialist production equipment. In total, this represents a £15.0 million investment in the South Holland district.

4.3 Based on the average turnover per employee in the construction industry in the East Midlands[45], investment of this scale is estimated to equate to a total of 17 person-years of employment, indicating that there will be a gross annual average 25 FTE[46] construction-related jobs on site over the anticipated 8 month construction period.

Net Additional Employment

4.4 Net additional employment is a term used to refer to the final scale of employment that is generated once a number of economic considerations have been taken into account.

4.5 The creation of temporary construction jobs during the build period will provide new employment opportunities for the local and wider labour force. The positive economic impacts will also extend beyond direct construction employment to include the generation of indirect benefits for the local and wider economy.

4.6 The Homes and Communities Agency (HCA) recommends a specific approach to calculating additionality[47]. Its recommended approach also takes account of multiplier effects generated both through the site supply chain and induced financial benefits arising from increased local expenditure. The approach allows for:

- **Deadweight** – the economic outcomes which would occur if the Proposed Development were not implemented;
- **Leakage** – a measure of the extent to which employment will be taken up by persons residing outside of the target area;

[44] Construction costs provided by the applicant.
[45] Department of Business, Energy and Industrial Strategy (2020) Business population estimates, Table 14 – East Midlands.
[46] 1 FTE is equivalent to 1 employee working full time for 1 year. A person-year of employment is defined as the amount of work done by an individual during a working year.
[47] HCA (2014) Additionality Guide, fourth edition

- **Displacement** – the extent to which investment in the Proposed Development will lead to existing companies or employees within the target area relocating activities to the Proposed Development, as opposed to the attraction of new investment and employment arising from businesses located outside of the target area; and

- **Multiplier effects** – further economic activity (jobs, expenditure or income) associated with additional local income (from employment), local supplier purchases and longer term expenditure effects.

4.7 These factors are considered where relevant below to estimate the net additional employment benefit generated by construction of the Proposed Development. Deadweight is considered to be zero during construction and is not explored in further detail here, given that a continuation of the site's current state would not generate additional employment opportunities in the construction sector.

Leakage

4.8 The creation of construction jobs at the application site can be expected to provide new employment opportunities both for local residents of South Holland (the local impact area) and those residing across the Greater Peterborough Functional Economic Market Area ('FEMA') which forms the wider impact area for the purposes of this assessment.

4.9 The 2011 Census found that 70.9% of those working in South Holland also resided in the district[48]; a rounded leakage rate of 29% has therefore been applied. 79.1% of South Holland's workforce lives within the wider impact area. A rounded leakage rate of 21% has therefore been applied at this spatial scale.

Displacement

4.10 Displacement occurs when new development takes market share – in this case labour – from other existing local businesses. During construction, this allows for the possibility that an increase in demand for construction workers could result in delays to other developments or increased costs, if there is a shortage of labour.

4.11 There are 115 JSA claimants in South Holland registered as seeking employment in construction-related occupations, as of June 2021[49]. Latent labour force capacity exists beyond South Holland across the wider impact area, with a total of 530 people seeking employment in occupations relating to construction. It is also noted that there are a total of 2,540 people in South Holland claiming Jobseeker's Allowance, a proportion of whom may also be able to fill roles generated by the Proposed Development.

4.12 In line with published guidance, a 'low' level of displacement – a rate of 25% – has been assumed during the construction period in the local impact area[50]. Due to the higher number of claimants seeking construction roles in the wider impact area, it has been assumed that no displacement will occur at this spatial scale.

[48] ONS (2011) Census 2011 - Location of usual residence and place of work by sex (WU01UK)
[49] ONS via Nomis (2021) Claimant Count – June 2021
[50] Ibid.

Multiplier Effects

4.13 Investment in the Proposed Development will generate considerable expenditure on construction materials, goods and other services that will be purchased from a wide range of suppliers. This expenditure has far-ranging benefits both locally and further afield, as it filters down the construction supply chain (indirect effects). Employees working in construction in relation to the development will also spend their wages on goods and services (induced effects).

4.14 This will result in an amplification of the initial investment in the Proposed Development, with an economic multiplier effect with linked benefits in terms of expenditure on goods and services locally. This will bring indirect employment and financial benefits for local individuals and firms involved in skilled construction trades and associated professions, and could help to sustain employment within this sector across the local and wider economy.

4.15 The HCA's Additionality Guide recommends a sub-regional composite multiplier of 1.25 at the local level and 1.5 at the regional level, which has therefore been applied to the local and wider impact areas respectively[51].

Net Additional Employment

4.16 When allowing for these factors, the following table shows that construction of the Proposed Development will directly generate 20 net additional FTE employment opportunities for residents within the wider impact area each year, of which 15 will be local to South Holland. The calculation also indicates that a further 10 indirect and induced FTE jobs could be annually supported across the wider impact area, of which 5 could be local to South Holland.

4.17 In total, construction of the Proposed Development can therefore be expected to annually create 30 net additional FTE employment opportunities for residents of the wider impact area, inclusive of 20 jobs taken by people living within South Holland. This is summarised in Table 4.1 below.

Table 4.1: Construction Phase Employment Generation

	Local Impact Area	Wider Impact Area
Person-years of FTE Employment	15	
Construction period (months)	8	
Annual Gross direct FTE Employment	25	
Annual Net Additional Direct FTE Employment	15	20
Annual Net Additional Indirect / Induced FTE Employment	5	10
Annual Net Additional FTE Employment (Total)	**20**	**30**

[51] HCA (2014) Additionality Guide, fourth edition. A multiplier of 1.24 is the mean for all forms of intervention at sub-regional scale above the '*very local (neighbourhood) level*'.

Productivity

4.18 The construction phase of the Proposed Development will generate a significant increase in GVA. GVA measures the value of output created (i.e. turnover) net of inputs purchased, and is used to produce a good or service (i.e. production of the output). This therefore provides a key measure of productivity.

4.19 Estimates sourced from Experian indicate that the average FTE employee in the construction industry in South Holland generates circa £61,100 annually in GVA. This is significantly higher than the GVA generated by the average employee across all sectors in the local impact area (circa £51,300), demonstrating the productivity premium associated with the sector. The average employee across all sectors in the wider impact area generates circa £59,700 in GVA per annum[52].

4.20 Applying the appropriate GVA measures to the net additional employment impact generated by construction of the Proposed Development indicates that an additional £1.4 million in GVA could be generated across the wider impact area during the construction period, including £1.1 million concentrated within the local impact area. This is summarised in Table 4.2 below.

Table 4.2: Construction Phase GVA Generation

	Local Impact Area	Wider Impact Area
Direct GVA Impact (Annual)	£1.5 million	
Indirect / Induced GVA Impact (Annual)	£200,000	£600,000
Net Additional GVA Impact (Annual)	**£1.7 million**	**£2.1 million**
Net Additional GVA Impact (8 months)	**£1.1 million**	**£1.4 million**

Source: Turley Economics (2021)

Summary

4.21 In summary, construction of the Proposed Development has the potential to generate the following economic impacts:

- Investment of **£2.9 million** in the construction sector, plus an additional **£12.1 million** of investment in specialist production equipment;
- An average of **25 FTE on-site gross jobs per annum** over the 8 month construction period;
- **30 net additional FTE** employment opportunities annually generated for workers in the wider impact area during construction, of which **20** will be locally captured by residents of South Holland; and

[52] Experian (June 2021) UK Regional Planning Quarterly; sector averages 2016 – 2020

- Total productivity contribution of circa **£1.4 million in GVA** to the wider impact area economy, of which **£1.1 million** will be locally concentrated in South Holland.

5. Operational Phase Impacts

5.1 This section presents the quantified economic impacts likely to be generated during the operational phase. Upon completion and full operation, the Proposed Development will deliver a range of economic impacts which will persist over the long term. This will support the wider economic growth objectives of local and regional policy and strategy.

Gross Employment and Occupations

5.2 Drawing on estimates provided by the applicant, it is estimated that operation of the Proposed Development will create 43 FTE jobs. The likely breakdown of occupations supported at the Proposed Development during its operational phase has been provided by the client. This occupational variety is set out in Table 5.1 below:

Table 5.1: Occupations of FTE jobs generated by the Proposed Development

Occupation	FTE employment	% of total
Managers, directors & senior officials	6	14%
Administrative occupations	6	14%
Process, plant & machine operatives	31	72%
Total	**43**	**100%**

Source: Turley Economics (2021)

5.3 It is the client's intention to locally advertise as many of the roles within the business as possible. On this basis, there is likely to be a high level of employment retention within the South Holland district which will be in-line with the levels of local containment reported within the Census data.

Net Additional Employment

5.4 As outlined in the previous section, the net additionality of this gross employment effect can be estimated by considering the following:

- **Deadweight**, which again is assumed to be zero, considering that the existing site is currently vacant and does not support any employment and there are no alternative plans for developing the site. The project represents a significant inward investment to the South Holland district.

- **Leakage** - based on the 2011 Census, assuming that a high proportion (71%) of the employment opportunities created will be filled by people living within South Holland. An assumption of 21% leakage has again been assumed for the wider impact area.

- **Displacement** - whilst recognising the potential for the Proposed Development to draw some trade and employment from existing businesses, this takes into

consideration the fact that there are 235 people in South Holland claiming JSA who are seeking roles in a broad range of occupations[53]. A low (25%) allowance for displacement has therefore been made in the local impact area for the purposes of the assessment. Reflecting the scale of the wider impact area and the higher latent labour force capacity (with circa 905 people claiming JSA[54]), it has been assumed that no displacement will occur at this spatial scale.

- **Multiplier effects**, which have again been applied to align with the HCA Additionality Guide's recommendations at the local and regional scales[55]. This captures employment indirectly supported through expenditure on goods and services within the local and regional supply chains, and that supported by employees' expenditure in shops and on services provided locally.

5.5 When allowing for these factors, the operation of the Proposed Development could be expected to generate a total of 58 net additional FTE positions per annum across the wider impact area, inclusive of 29 jobs in the local impact area[56]. This total is inclusive of 24 jobs indirectly generated or induced across the wider impact area.

Table 5.2: Operational Phase Employment Generation

Employment Generation	Local Impact Area	Wider Impact Area
Gross Employment (FTE)	43	
Direct Net Additional Employment	23	34
Indirect / Induced Employment	6	24
Net Additional Employment (Total)	**29**	**58**

Source: Turley Economics (2021)

Productivity Impacts

5.6 The operational phase of the Proposed Development will also contribute to economic productivity across the local and wider impact areas. Experian data indicates that the GVA generated by those currently employed in the manufacturing industry in South Holland is circa £43,800 per FTE worker[57].

5.7 Applying relevant measures to the net additional employment effects presented above suggests that an additional £3.3 million GVA will be generated annually across the wider impact area, including £2.2 million concentrated within the local South Holland economy. This is summarised in Table 5.3 below.

[53] Including occupations identified in Table 5.1
[54] ONS via Nomis (2021) Claimant Count – June 2021
[55] HCA (2014) Additionality Guide, 4th edition.
[56] Total net additional FTE figures derived from addition of direct and indirect figures
[57] Experian (June 2021) UK Regional Planning Quarterly; average 2016 – 2020.

Table 5.3: Operational Phase - Net GVA Generation

Net GVA Generation	Local Impact Area	Wider Impact Area
Direct Employment (GVA) Impact	£1.9 million	
Indirect / Induced Employment (GVA) Impact	£0.3 million	£1.4 million
Net Additional Impact (Annual)	**£2.2 million**	**£3.3 million**

Source: Turley Economics (2021)

Business Rates

5.8 The Proposed Development will benefit South Holland District Council's finances through payment of business rates, an important source of public revenue. Businesses pay non-domestic rates (also known as business rates) to contribute to the cost of the local authority providing public services within which the business property is situated. The Proposed Development's industrial uses will therefore be liable for payment of business rates.

5.9 Analysis of the existing rates payable by the manufacturing uses within the area indicates that the net additional business rates to be collected annually by South Holland District Council will equate to circa £50,000 per annum from the operator of the Proposed Development.

Wage Expenditure

5.10 Analysis of Annual Survey of Hours and Earnings (ASHE) data[58] indicates that net additional FTE jobs generated per annum through direct, indirect and induced effects in the operation of the Proposed Development will generate wage expenditure equating to £2.8 million annually. This will serve to increase expenditure within the local economy, supporting local businesses and services.

Additional Training Benefits

5.11 Naylor Nutrition will be working in conjunction with the National Centre for Food Manufacturing (NCFM), a satellite campus of the University of Lincoln, situated in Holbeach within the South Lincolnshire Food Enterprise Zone.

5.12 The NCFM is committed to helping the food sector innovate, working with employers and partners towards this goal, aided by its partnership with leading equipment suppliers and specialist facilities, food factories, and cutting-edge automation.

5.13 The NCFM will have a training centre and classroom at the factory where it will offer students and Naylor employees the opportunity to attend training courses and provide food business support services to enable employees to advance their careers within the food industry sector.

[58] ONS (2020) Annual Survey of Hours and Earnings 2020, Tables 3.7a and 5.7a, East Midlands Manufacturing.

Summary

5.14 In summary, the operation of the Proposed Development has the potential to generate the following economic impacts:

- Jobs created in a **variety of occupations** including roles in management, administrative occupations and plant and machine operations;
- **58 net additional FTE** employment opportunities created for workers in the wider impact area, inclusive of **29 additional jobs** for residents of South Holland;
- Circa **£3.3 million in net additional GVA** annually contributed to the wider impact area economy, including circa **£2.2 million** per year locally in South Holland;
- **Annual payment of £50,000 in business rates** to South Holland District Council, 50% of which will be retained within the local authority area under current arrangements, generating additional revenue to fund local and regional services;
- **Wages of £2.8 million** to be paid to residents of the wider impact area working in net additional roles generated by the Proposed Development; and
- **Provision of education and training facilities** at the factory for students and Naylor employees to enable continued learning, personal development and the advancement of careers within the food industry sector.

6. Summary

6.1 This Economic Benefits Statement has been prepared by Turley Economics on behalf of Naylor Farms in support of a full planning application to South Holland District Council to develop a new plant based protein extraction facility at land south of Rangell Gate (B1165) and east of A16, Spalding ('the Proposed Development').

6.2 The application seeks planning permission for the demolition of the existing buildings on the site, and the construction of a new plant based protein extraction facility with ancillary office space, together with landscaping, SuDs features, car parking and associated infrastructure.

A Unique Proposition

6.3 Simon Naylor of Naylor Farms and Naylor Nutrition, has patented a unique extraction process that produces plant-based functional ingredients that can be used in multiple plant-based business sectors. The sustainable plant-based products generated have significant market potential in the UK and across the EU and the world due to increasing industry demand for these products and their unique nutritional and functional attributes.

6.4 Naylor Farms' commitment to sustainability and innovation is the driver behind the development of plant-based products at the site. The vision is to become the global production leader and distributor of plant-based ingredients; this starts with the development of the first state-of-the-art factory in Spalding (the Proposed Development), with the aim to build 10+ more factories across global emerging markets over the next 5 years. The products which will be produced from the site will have a worldwide applicability to all manufacturing sectors and will put South Holland on the global map as a location which supports innovative and sustainable food production technologies.

6.5 For the first UK factory at Naylor Farm, it is intended that the finished products will be supplied to the UK manufacturing industry and potentially to the pet/equine sector. Lincolnshire is rich in the food manufacturing industry and wherever possible, Naylor Nutrition will supply products into suitably nearby manufacturing sites.

Economic Assessment

6.6 This economic assessment has quantified the benefits which are likely to arise from the construction and operation of the Proposed Development. The assessment has been carried out by Turley Economics and is based on a standard and accepted methodology for the calculation of net additional economic impacts of commercial development. The assessment is in accordance with the Homes and Communities Agency (HCA) Additionality Guidance[59] and draws on published data sources, such as the Annual Population Survey and 2011 Census.

[59] Homes and Communities Agency (2014) Additionality Guide 4th Ed.

6.7 Construction of the Proposed Development is likely to generate the following economic impacts:

- Investment of **£2.9 million** in the construction sector, plus an additional **£12.1 million** of investment in specialist production equipment;
- An average of **25 FTE on-site gross jobs** over the 8 month construction period;
- **30 net additional FTE** employment opportunities annually generated for workers in the wider impact area during construction, of which **20** will be locally captured by residents of South Holland; and
- Total annual productivity contribution of circa **£1.4 million in GVA** to the wider impact area economy, of which **£1.1 million** will be locally concentrated in South Holland.

6.8 The construction of the Proposed Development will not only generate initial temporary direct benefits through employment and indirect benefits through supply chain spending, but through the operation of the Proposed Development, its positive impacts will be experienced for long afterwards and will provide an important source of local economic and social benefit for communities.

- Jobs created in a **variety of occupations** including roles in management, administrative occupations and plant and machine **operations**;
- **58 net additional FTE** employment opportunities created for workers in the wider impact area, inclusive of **29 additional jobs** for residents of South Holland;
- Circa **£3.3 million in net additional GVA** annually contributed to the wider impact area economy, including circa **£2.2 million** per year locally in South Holland;
- **Annual payment of £50,000 in business rates** to South Holland District Council, 50% of which will be retained within the local authority area under current arrangements, generating additional revenue to fund local and regional services;
- **Wages of £2.8 million** to be paid to residents of the wider impact area working in net additional roles generated by the Proposed Development; and
- **Provision of education and training facilities** at the factory for University of Lincoln students and Naylor employees to enable continued learning, personal development and the advancement of careers within the food industry sector.

Conclusion

6.9 The closure of the Bakkavor food production facility in Spalding in August 2020 resulted in the loss of 500 jobs[60] at the site. Combined with the closure in September 2020 of

[60] https://www.bbc.co.uk/news/uk-england-lincolnshire-53669963

the Addo bakery facility[61], it is estimated that over 900 jobs have been lost in the local manufacturing sector across South Holland in the past two years.

6.10 The Proposed Development at Naylor Farm will not only assist in providing much-needed up skilled manufacturing job opportunities for residents of South Holland, but will also support the Councils' vision to deliver economic prosperity and growth within the key manufacturing and agri-food industries more widely across the South East Lincolnshire area. Put simply, the economic importance of this development to local businesses within the food manufacturing sector and in providing employment opportunities for residents of the surrounding area cannot be overstated.

6.11 The construction and operation of the new plant based protein extraction facility at Naylor Farm will support a range of new employment opportunities on site, with this employment contributing to significant uplifts in economic productivity both within South Holland and across the wider impact area (covering the Greater Peterborough Functional Economic Market Area). This in turn will support a number of important policy objectives established within the NPPF and through the regional and local planning and economic strategies being delivered by the Greater Lincolnshire LEP and the South East Lincolnshire Councils.

6.12 In summary, this project represents a unique and significant investment to the South Holland district which employs truly innovative processing technologies in a location which supports sustainable food production. This will have many positive sustainability benefits throughout the food manufacturing industry, both on a national and global scale.

[61] https://www.spaldingtoday.co.uk/news/spalding-factory-will-close-next-year-9093874/

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