



Chapter 24.0 Socio-economics

24.0 Socio-economics

24.1 Overview of existing situation

- 24.1.0.1 South East Wales functions as a successful City Region, with a total Gross Added Value of some £22 billion (South East Wales Regional Strategic Framework, 2013). The Framework, developed by the ten constituent local authorities, aims to realise the vision for South East Wales of ‘a thriving region, visible internationally and distinctively Welsh’. The backdrop to the landward side of the Project includes urban areas of Cardiff in the west, stretching to the mouth of the River Usk and the city of Newport in the east.
- 24.1.0.2 Together, Cardiff and Newport have a combined population of some half a million people. The Cardiff economy has proved to be relatively resilient since the economic downturn, with numbers in employment rising and a high skills level for its population. The city has a reputation as a modern, thriving and vibrant capital city; and one of the aims of the local authority now is to capitalise on this success to deliver improved job prospects and opportunities (City and County of Cardiff, 2014-17). Newport has experienced more mixed fortunes, with threats to public sector jobs on the one hand and investment in the regeneration of the city on the other. Recommendations for revitalising the city centre have included the establishment of an Innovation Company to support the growth of Small and Medium-sized Enterprises (SMEs) (Newport City Council, 2011-2015). Important too are the links between South East Wales and England. The economic success of the West of England sub-region around Bristol for example, is underpinned by knowledge and technology based industries located in the West of England, together with the presence of the universities here.
- 24.1.0.3 The Severn Estuary is a busy shipping area, with commercial ports including Bristol (Royal Portbury and Avonmouth Docks), Cardiff and Newport (see also Chapter 19 Navigation and Marine Transport for further detail). Many of the Severn Estuary ports have invested heavily in new dockside facilities over the last decade. Whilst there has been a fall in trade as a result of the economic downturn, there are signs of recovery at many of the ports today. The landward connection of the Project falls within the ABP Port area in Cardiff and in close proximity to Cardiff Bay. Cardiff is one of ABP’s South Wales Ports, which together handle more than 12 million tonnes of cargo each year. Cardiff Port has the only operational container terminal in Wales. The Port’s infrastructure has been modernised in recent years and now handles in the region of 2.1 million tonnes annually and includes three berths suitable for cruise liners. The Port of Newport, which handles approximately 1.5 million tonnes annually, is predominantly a steel, metals, recycling and renewable energy hub, recognised as a centre of excellence for steel handling in particular. Planning consent has been granted for a new deep sea container terminal at Avonmouth Docks.
- 24.1.0.4 Commercial fishing takes place within the Severn Estuary, however principally as a result of the strong tides, a relatively small amount of catch is landed commercially;

catch data available for vessels over 10m indicated a recorded catch of 90 tonnes in 2010, with a value of some £200,000 (Severn Estuary Partnership, 2011). Commercial fishing appears to predominantly take place at the western extent of the Estuary, towards Swansea and Porthcawl.

- 24.1.0.5 Dredging for marine aggregates to supply the construction industry takes place within the Severn Estuary, which contains extensive areas of sandbanks. In 2010 a total of 937,908 tonnes of sand was extracted, from a permitted licensed tonnage of 3.05 million (Severn Estuary Partnership, 2011). The West Middle Grounds, which lies 7km south of Newport, has a maximum annual extraction capacity of 250,000 tonnes.

24.2 Scope of potential impact to be assessed

- 24.2.0.1 Likely economic effects associated with the construction phase of the Project include the level of gross value added as a result of the project (i.e. the value of the activity that would be supported); employment impacts (both direct and indirect); and supply chain impacts.
- 24.2.0.2 The level of impact of the Project on the local supply chain is likely to be dependent on a number of factors, including for example the capacity of local businesses in terms of skills base, qualifications and certification; the size of relevant sectors of the local economy such as engineering and construction; and the availability of support services. Opportunities for involving local businesses in the supply chain may also be dependent on accreditation and skills standards required and the need for early investment in business support in order to realise potential opportunities.
- 24.2.0.3 Other factors to consider will be how and where the various components of the lagoon may be constructed - for example the need for onshore construction compounds and/or assembly sites and consideration of the impacts of bringing components in by road or water (in relation to the latter, consideration of the impact of this on marine movements/docks activity). Where elements are to be assembled elsewhere, the socio-economic effects experienced in those locations will also need to be considered.
- 24.2.0.4 During the operational phase of the Project, the principal socio-economic effects are likely to relate to employment created as a result of activities such as operational management and maintenance.
- 24.2.0.5 The landward side of the Project includes various land-uses, for example agricultural land and private assets such as businesses and homes. Any impact on such land or assets as a result of the construction or operation of the Project would need to be identified (for example possible reductions in flood risk).
- 24.2.0.6 There are several major infrastructure schemes at various stages of the design and planning process, in both South Wales and the South West of England, which would need to be considered as part of a cumulative assessment, particularly from the perspective of available labour force and capacity of the local business

environment. Schemes include proposals for the new nuclear power station at Hinkley Point (Hinkley Point C), the M4 Corridor around Newport, the Swansea Bay tidal lagoon and the West Somerset tidal lagoon (shown on Figure 24.1).

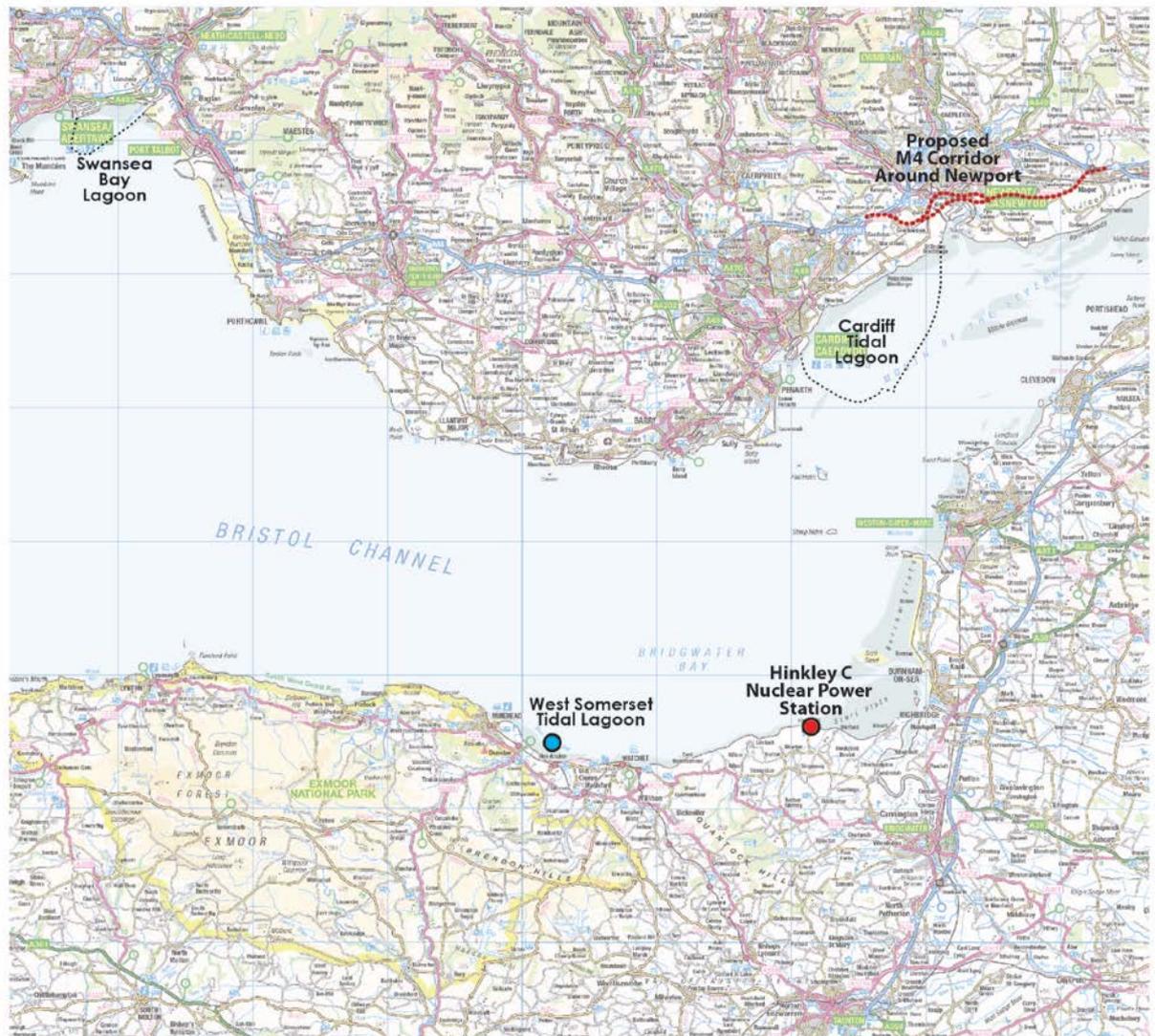


Figure 24.1 Major Infrastructure Schemes Proposed in South Wales and South West of England (Contains Ordnance Survey data © Crown copyright and database right 2010)

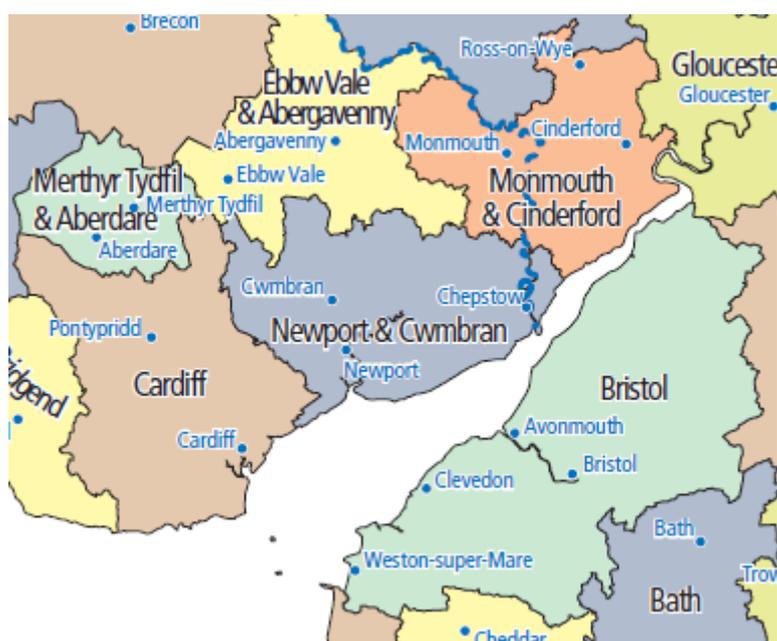
24.3 Existing baseline data, consultation and need for survey

24.3.0.1 Baseline information relating to the labour force and employment (for example economic activity, employment by sector, unemployment, skills and qualifications) is available from a variety of sources including 2011 Census data¹, Nomis (official labour market statistics)², the Office for National Statistics (ONS)³ and the Business Register and Employment Survey (BRES)⁴. This information would be drawn together by means of internet and desk-top research.

24.3.0.2 No site specific survey work is proposed to be undertaken.

24.4 Proposed assessment methodology

24.4.0.1 The location of the Project is such that the geographic extent of the study area will need to take both sides of the Severn Estuary into account. Collection and assessment of baseline data will be undertaken at local authority level, Travel to Work Area level (which represents the principal labour market catchment areas and includes the Cardiff, Newport and Cwmbran, Monmouth and Cinderford and Bristol TTWAs, illustrated on Figure 24.2 below) and at the regional level (South East Wales and the West of England).



Source: Office of National Statistics, adapted from 2001 Census Data

Figure 24.2 Travel to Work Areas (TTWAs) adjacent to the Severn Estuary

¹ <http://www.ons.gov.uk/ons/guide-method/census/2011/index.html>

² <https://www.nomisweb.co.uk/>

³ <http://www.ons.gov.uk/ons/index.html>

⁴ <http://www.ons.gov.uk/ons/rel/bus-register/business-register-employment-survey/index.html>

24.4.0.2 National guidance, policies and strategies relating to the economy will be reviewed. This will include a review of:

Wales

- i. Planning Policy Wales (7th Edition, July 2014);
- ii. Technical Advice Note (TAN) 23 Economic Development (2014);
- iii. South East Wales Regional Strategic Framework 2013-2030;
- iv. Policies contained within the Cardiff, Newport and Vale of Glamorgan Local Development Plans;
- v. Local Economic Assessments or relevant strategies (for example ABP Masterplan).

England

- I. West of England Local Enterprise Partnership Strategic Economic Plan (2014) and Heart of the South West LEP Strategic Economic Plan (2014);
- II. Policies contained within the Bristol Local Plan, North Somerset Local Plan, Sedgemoor Local Development Framework and the West Somerset Local Plan;

24.4.0.3 The assessment will also need to draw on previous relevant research that has been undertaken in connection with tidal lagoons in the UK, notably a report prepared by the Centre for Economics and Business Research (Cebr) in July 2014 which presents important findings in relation to the impact and economic effects that a tidal lagoon infrastructure industry could bring to the UK, including not only the contribution to UK GDP and employment creation, but also in terms of electricity exports and energy security, and opportunities to reduce the UK's trade deficit (Centre for Economics and Business Research, July 2014). Other research includes that produced by Pöyry (March 2014) into the levelised costs of power from tidal lagoons (Pöyry, March 2014).

24.4.0.4 There are no specific guidelines or requirements for assessing impacts on socio-economics as part of an Environmental Impact Assessment. The assessment would also be informed by the Homes and Communities Agency's 'Additionality Guide' (Homes and Communities Agency, 2014), which explains how to assess the additional impact of local economic growth for various interventions and has recently been updated to include new information, research and guidance.

24.4.0.5 The assessment will seek to identify and assess changes in the local economy which may arise from the Project, with resultant impacts on material assets. A combination of quantitative and qualitative assessment, together with professional judgement, will be undertaken.

24.4.0.6 Receptors would include socio-economic infrastructure (for example local businesses and community facilities). The following tables set out how the impact

of the Project will be assessed, in terms of determining sensitivity of receptor, magnitude criteria and significance of impact. Table 24.1 below sets out the sensitivity assigned to receptors:

Table 24.1 Sensitivity of Receptors

Sensitivity	Definition
High	Where the individual receptor is defined as being one of the following: <ul style="list-style-type: none"> • Of international or national importance; • A business for which loss of employment or closure would be deemed a nationally important issue (for example a strategic business or major employer); • Individuals or groups experiencing the loss of access to a social or economic resource; • A resource that is scarce and not easily re-provided within an accessible distance.
Medium	Where the individual receptor is defined as being one of the following: <ul style="list-style-type: none"> • Of regional importance; • A business for which loss of employment or closure would be deemed a regionally important issue; • Individuals or groups experiencing restriction of access to a social or economic resource; • A resource for which an alternative is available within an accessible distance. This level of sensitivity could also be applied where the loss of employment or closure of multiple small businesses within an area could be deemed a regionally important issue.
Low	Where the individual receptor is defined as being one of the following: <ul style="list-style-type: none"> • Of local importance; • A business for which loss of employment or closure would be deemed a locally important issue; • A resource for which several alternatives are available within an accessible distance.

24.4.0.7 Table 24.2 sets out proposed evaluation criteria for the magnitude of change as a result of the Project. The magnitude of the change may be influenced by proximity as well as perceived or real linkages between the proposed scheme and the receptor.

Table 24.2 Proposed Magnitude Criteria

Magnitude of Effect	Definition
High	An impact that will be very severe/beneficial or very likely to affect large numbers of people, businesses or groups usually anticipated at a South East Wales level, and/or will continue beyond the Project construction period of four to five years and effectively constitutes a permanent, long-term impact (over 10 years) on baseline conditions.
Medium	An impact that will be likely to affect a moderate number of people, businesses or groups in the Cardiff, Newport and adjacent local authority areas, and/or will continue beyond the Project life, constituting an effect on baseline conditions for a medium-term (5-10 years) to long-term (over 10 years) duration.
Low	An impact that may affect a small number of people, businesses or groups in the Cardiff and Newport local authority areas and does not extend beyond the life of the Project thereby not affecting baseline conditions over more than a short-term (1-5 years) or medium-term (5-10 years) duration.
Very Low	An impact that is temporary in nature and is unlikely to measurably affect the well-being of people or economic resources.

24.4.0.8 Taking the sensitivity, and magnitude criteria into account, Table 24.3 sets out proposals for determining the likely significance of impact. With regard to receptors deemed to be of high sensitivity and where the magnitude of effect is likely to be low or very low, the significance of impact would be considered on a case by case basis, hence the table showing either a minor or negligible level of significance for these categories.

Table 24.3 Proposals for Determining Significance of Impact

Magnitude	Sensitivity		
	High	Medium	Low
High	Major Adverse or Beneficial Significant	Major Adverse or Beneficial Significant	Minor Adverse or Beneficial Not Significant
Medium	Major Adverse or Beneficial Significant	Moderate Adverse or Beneficial Significant	Minor Adverse or Beneficial Not Significant
Low	Minor Adverse or Beneficial/ Negligible Not Significant	Negligible Not Significant	Negligible Not Significant
Very Low	Minor Adverse or Beneficial/ Negligible Not Significant	Negligible Not Significant	Negligible Not Significant

- 24.4.0.9 Non-statutory consultation has already been undertaken by TLP with a wide variety of organisations in order to understand concerns, identify issues for assessment and provide input to the design process at an early stage. Key stakeholders that have been approached as part of the preparation of this Scoping Report have included Newport and Monmouthshire Councils.
- 24.4.0.10 Following on from the scoping stage, further consultation will be necessary with a variety of organisations, both in order to provide an overview of existing socio-economic activities within this part of the Severn Estuary and to assist with the identification and quantification of the effects of the Project on the local and regional economy. In particular, consultation is anticipated with the following organisations/groups:
- i. Welsh Government
 - ii. City of Cardiff Council
 - iii. Newport City Council
 - iv. Bristol City Council
 - v. Other relevant local authorities adjoining the Severn Estuary, including the Vale of Glamorgan Council, Monmouthshire County Council, and North Somerset, West Somerset and Sedgemoor District Councils
 - vi. South Wales and South West Chambers of Commerce
 - vii. West of England Local Enterprise Partnership
- 24.4.0.11 In order to quantify the likely economic impact of the Project, a number of steps will be necessary. Firstly, there will be a need to map the extent of the impact throughout the local economy, including likely supply chains and other areas of the economy that could be affected. This means considering supply chain relationships, both direct and indirect and will involve consideration of both positive and negative impacts.
- 24.4.0.12 The next step will be to gather quantitative data on the direct spend anticipated by the Project – how much, on what and over what period of time. Any assumptions made with regard to this information will need to be clearly set out. It will then be necessary to understand how much of this total activity could be purchased locally, and how much is so specialised that it will need to be imported from elsewhere. This applies to labour as well as goods and services. The next step will be to assess the capability of the local economy to participate in the supply chain, for example through gathering data on the nature of local engineering and construction businesses, and the size of these sectors, using both socio-economic data and consultation responses described earlier.
- 24.4.0.13 The final stage will be to calculate the gross direct spend of the Project, and from this to calculate the net additional local impact, taking account of factors such as deadweight (the output that would have occurred without the intervention, for example growth in the local economy that might have happened anyway),

displacement (the proportion of outputs that are accounted for by reduced outputs elsewhere within the study area), leakage (the proportion of outputs that will benefit areas outside of the study area – for example where components of the Project may be manufactured abroad) and multiplier impacts (further economic activity such as employment creation and spend that will be associated with the additional local income and local supplier purchases) (Homes and Communities Agency, 2014).

- 24.4.0.14 There are important linkages between the socio-economics topic and other topics contained within this Scoping Report. Accordingly, reference will be made to relevant findings from other chapters within the assessment, for example:
- i. Commercial and recreational fisheries – consideration of possible impacts on employment and contribution of the fishing industry to the local economy;
 - ii. Navigation and marine transportation – consideration of possible impacts on port operations at Cardiff, Newport and Bristol;
 - iii. Flood risk – consideration of adverse impacts on commercial assets;
 - iv. Coastal processes – identification of potential impacts on aggregate dredging; and
 - v. Tourism and recreation – identification of possible impacts on the tourism economy.

24.5 References

Centre for Economics and Business Research, July 2014. The Economic Case for a Tidal Lagoon Industry in the UK,
City and County of Cardiff, 2014-17. Economic Directorate Delivery Plan
Homes and Communities Agency, 2014. Additionality Guide (Fourth Edition)
Newport City Council, 2011-2015. Economic Development Strategy
Pöyry, March 2014. Levelised Costs of Power from Tidal Lagoons,
Severn Estuary Partnership, 2011. State of the Severn Report
South East Wales Regional Strategic Framework, 2013. 'Delivering a Future with Prosperity'