

Sheriffhall South East Economic Impact Assessment





Economic Impact Assessment

Hybrid Planning Application:

Employment Development (Class 4 & Class 6) with ancillary Drive-Thru Coffee Shop and associated works

Land at Sheriffhall South East, Gilmerton Road / Melville Gate, Dalkeith, Midlothian

On behalf of



December 2021

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Appendix 2 – Indicative Masterplan (Ref. 11658-HFM-ZZ-ZZ-DR-A-P(00)-008)

1. Introduction

- 1.1 This Economic Impact Assessment has been prepared on behalf of Buccleuch Property ('the Applicant') in support of an Hybrid Planning Application to Midlothian Council ('the Council') for the construction of an Employment development (Class 4 & Class 6) with ancillary Drive-thru Coffee Shop on land at Sheriffhall South East, Gilmerton Road / Melville Gate, Dalkeith, Midlothian. ('the Site').
- 1.2 The hybrid planning application seeks planning permission for the following proposed development:
- (i) **Full Planning Permission for the erection of Business (Class 4) development and ancillary Drive Thru Coffee Shop, with associated car parking, access, infrastructure, and landscaping proposals; and**
 - (ii) **Planning Permission in Principle for Business (Class 4), Storage & Distribution (Class 6) development with ancillary offices (detailed matters of appearance, landscaping, layout and scale are reserved for subsequent approval).**
- 1.3 The proposals represent the culmination of an assessment of the applicant's aims and objectives for Sheriffhall South considering the Site's function and role within Midlothian. The resultant vision seeks to deliver a viable and vibrant Class 4 Office led development based around a bespoke, multi-let business park that will be designed to respond to modern office requirements and accommodate complimentary ancillary uses in the form of small-scale Class 6 uses and Drive-Thru Coffee Shop.
- 1.4 The Site offers an exciting opportunity to deliver a new active business campus with improved amenities, public realm and upgraded accessibility that will generate additional employment opportunities for the wider community. The vision is to create a sense of place using a design toolkit for the buildings and a landscape framework that will integrate the development with the surrounding Green Belt and landscape infrastructure.

The Site

- 1.5 The Site (approx. 8.5ha) is situated close the junction of Gilmerton Road (B6392) and the A7 and forms part of an open area of land currently in agricultural use (see Site Location Plan (Ref. 11658-HFM-ZZ-ZZ-DR-A-P(00)-001 in **Appendix 1**). The Site lies within the Green Belt but forms part of Site e32 allocated for business (Class 4) employment use under Policy STRAT1 of the Midlothian Local Development Plan 2017 (MLDP). Part of the site (the north-eastern corner) is also allocated within the green belt and as prime agricultural Land.
- 1.6 The site currently comprises agricultural fields and extensive woodland planting around the south-eastern and eastern site boundaries. A high-voltage electricity pylon and overhead cables also bisect the site. Existing vehicular access is via a field access off Gilmerton Road. The site is bounded to the south by Gilmerton Road and to the east by Melville Gate Road. An

agricultural field is located to the north, with Sheriffhall Roundabout beyond. To the east lies an office building with another agricultural field, a public house/restaurant and (Dobbies) garden centre located to the west.

- 1.7 The full details of the proposals are set out within the **Planning Statement** and **Design & Access Statement**, which accompany the application, however in summary, the proposed development comprises of the following built form (also see **Appendix 2** for Indicative Masterplan Ref. 11658-HFM-ZZ-ZZ-A-P(00)-008):

Phase 1 (Full Planning)

- 24 Class 4 Business Multi-let speculative units – total floorspace 4,257 sq.m (45,822 sq.ft) GEA;
- Ancillary Drive-Thru Coffee Shop – total floorspace 197 sq.m (2,121 sq.ft) GEA.

Indicative Later Phases (Planning Permission in Principle)

- Up to 6,077 sq.m (65,413 sq.ft) GEA of Class 4 Business floorspace;
- Up to 1,560 sq.m (16,792 sq.ft) GEA of Class 6 Storage & Distribution floorspace (approx. 13% of total floorspace) with ancillary office space;

Report objectives

- 1.8 The objective of this report is to set out an economic impact assessment of the development both during construction and when all phases are complete. The specific tasks are to:
- outline how the project supports the strategic economic development plans at a national level for Scotland and at a local level for Midlothian;
 - review the socio-economic context within which the project will take place;
 - quantify the impacts that will be created through the construction of the development; and
 - estimate the economic and fiscal impact that will be supported on an on-going basis when the development is fully occupied.

Report Structure

- 1.9 The rest of the report is structured as follows:
- Section 2 sets out the strategic fit of the project with the economic development plans at a national, regional and local level;
 - Section 3 reviews the socio-economic context for the development;
 - Section 4 contains our economic impact assessment for the proposed development; and
 - Section 5 provides a summary of the assessment findings.

2. Strategic Context

2.1 This section presents a summary of the current economic strategies and development plans at a national and local level and describes how the Sheriffhall South East development fits within this context.

2.2 In particular, this section considers the following documents:

- Scotland's Economic Strategy (2015)
- Sustainable Growth Commission;
- Midlothian Economic Development Strategy (2020-2025);
- South East Scotland Strategic Development Plan (2013); and
- Midlothian Local Development Plan (2017).

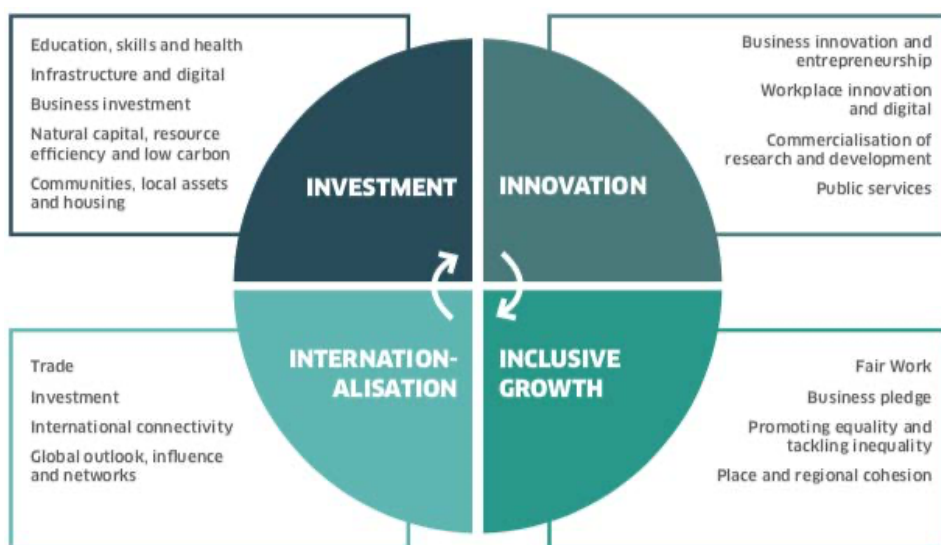
Scotland's Economic Strategy

2.3 The Scottish Government's Economic Strategy (in place since 2007) sets out a framework for how it aims to achieve a more productive, cohesive and fairer Country. It focuses on two mutually supportive goals of increasing competitiveness and tackling inequality and it is underpinned by four priorities for sustainable growth:

- **investment** in people and infrastructure in a sustainable way;
- fostering a culture of **innovation** and research and development;
- promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion; and
- promoting Scotland on the **international** stage to boost trade and investment, influence and networks.

2.4 These four priorities are illustrated in Figure 2-1 below:

Figure 3-1: Scotland's Economic Strategy – Four Priorities



- 2.5 The Proposed Development at Sheriffhall South East design has been balanced to go beyond delivering commercial space to create an appropriate response to the Green Belt setting of the Site through the inclusion of high-quality public realm, greenspace and landscape proposals, innovative and sustainable building design and improved cycle and pedestrian permeability through the site and surrounding area.
- 2.6 Beyond this, the proposals fit with the Scottish Government's four priorities in the following way:
- **Investment** – the development will create a mixed-use development that connects neatly with the country's main national road, rail and air transport networks. It will also create commercial space in a location allocated for employment use within Midlothian;
 - **Inclusive growth** – the development will generate a wide variety of employment opportunities that have the potential to support inclusive economic growth. The extent to which the economic activity and growth described in this assessment is inclusive will be dependent on the organisations that occupy the space and the actions of other stakeholders;
 - **Internationalisation** – the development comprises commercial properties which could attract potential international investors who are interested in locating to Scotland. The appeal of the development will be strengthened by the physical connectivity of the area to the national transport network;
 - **Innovation** - in addition, the development has the potential to support the Innovation priority of the Scottish Economic Strategy through the commercial occupiers it attracts, however due to the speculative nature of the proposals, there is currently no detail that would support any specific aspect of this priority.

Sustainable Growth Commission

- 2.7 In May 2018 the Sustainable Growth Commission published its report for Scotland's future economic success and recommended measures to boost economic growth and improve Scotland's public finances. The findings and recommendations of the commission were adopted by the Scottish Government in 2019. Therefore, these findings and recommendations are indicative of how economic policy of the Scottish Government may develop in the future
- 2.8 To raise the potential and performance of the Scottish economy, the approach recommended is to grow GDP by focussing variously on productivity, population and participation (inclusive) growth – the three 'Ps' of economic performance.
- **Productivity:** the priority is to raise productivity in the domestic (or non-tradable) sectors, such as retail, wholesale, construction and public services. These sectors are where much of the employment growth has been over the past few decades.
 - **Population Growth:** Scotland should seek to be regarded as the most talent friendly country in the world with a 'Come to Scotland' package that would grow the economy by incentivising inward investment and driving population growth.

- **Participation:** There is an economic as well as moral imperative to improve participation and equality.

2.9 The Sustainable Growth Commission's report is a substantial body of work with several broad themes that the proposed development at Sheriffhall South East would fit with comfortably. The importance of productivity growth to deliver significant economic and social returns, in Scotland, is a key theme within the Sustainable Growth Commission report. The proposed Development would facilitate and support productivity growth through investment in the economy.

2.10 When complete, the development aims to create a high-quality commercial environment that that appeals to a wide audience as a place to work, in an area that is highly accessible by sustainable modes of transport. This supports the ambitions set out for Scotland in providing a welcoming destination for inward investors and for people migrating to and within Scotland to develop their careers.

Edinburgh & South East Region City Deal

2.11 City Region Deals are agreements between the Scottish Government, the UK Government and local governments that are designed to bring about long-term strategic approaches to improving regional economies. They are implemented by regional partners and overseen by the Scottish City Region Delivery Board. The Edinburgh and South East Scotland City Region Deal is a £1.3 billion programme of investment over 15 years to deliver inclusive economic growth.

2.12 In August 2018, the Scottish Government approved a £1.3 billion deal for the Edinburgh and South East Scotland City Region Deal. This aims to deliver inclusive economic growth across the region through housing, innovation, transport, skills and culture. The Scottish Government and the UK Government are each to invest £300 million over 15 years. When announced, it was expected that the deal for the region would contribute towards 41,000 new homes, 21,000 jobs and improve the skills of an estimated 14,700 people. The Scottish Government's investment in the City Region Deal includes:

- £60 million towards a Data Driven Innovation programme of investment, including the creation of economic infrastructure across the region to ensure that businesses and communities across the region are fully able to engage in the resulting opportunities;
- £65 million towards a regional housing programme, including the creation of a new housing company and housing infrastructure funding to enable the delivery of 41,000 new homes;
- £120 million for transport improvements to Sheriffhall Roundabout;
- £20 million for public transport improvements in West Edinburgh;
- £25 million for an Integrated Regional Employability & Skills Programme to reduce skills shortages and gaps and deliver opportunities for people across Edinburgh, the Lothians, Fife and the Borders; and

- 2.13 The Sheriffhall South East proposals would tie in with the City Region Deal through the creation of new commercial employment space that would support the data driven programme of investment and through developer contributions towards the Sheriffhall Roundabout transport improvements.

Midlothian's Economic Growth Strategy 2020-2025

- 2.14 The Midlothian Economic Growth Strategy sets out the economic development vision and key priorities for Midlothian for the period 2020-2025. The Strategy recognises that that economic development is a vital component in creating resilient and vibrant communities and seeks to work with planning, developers and the local business base to address the scale of current and future economic growth and reverse the trend of over reliance on commuting outwith Midlothian by creating and unlocking sites for local employment opportunities.

- 2.15 The Council's overarching vision for Midlothian is as 'a great place to grow'. To complement this, the Council seek to recognise Midlothian's unique assets and to raise the area's profile. The vision for economic growth is:

"For Midlothian to be a recognised area in which to live, work and do business; an economy that is sustainable, inclusive, ambitious and internationally recognisable as home to world leading clusters of science, innovation, and tourism offers from which all our citizens can benefit."

Source: Economic Growth Strategy - Page 15

- 2.16 To achieve this vision, the Council's Economic Growth Strategy sets out four key pillars and which will guide actions going forward, those being:

1. **Innovation** – the Council will identify challenges, be proactive in finding solutions, be sustainable in their actions – and be resilient to change;
2. **Inclusion** – the Council will ensure community benefit is achieved through their ambition to grow Midlothian's economy. The Council will work with our education providers, businesses and partner agencies to develop and harness the skills of our citizens to create a strong economic base;
3. **Partnership working** – the Council will continue to foster their partnerships and engage with stakeholders to enable good growth and inclusivity and enhance the reach and impact of their messaging;
4. **Ambition** – we will recognise and capitalise on the opportunity that exists for Midlothian, by creating a platform for digital development, internationalisation and new channels for inward investment.

- 2.16 To compliment these pillars, the Council have identified five key Strategic Priorities for Midlothian, which are:

1. To integrate Midlothian with the regional economy and promote the region internationally;

2. To improve the skills landscape;
3. To increase economic participation;
4. To build on the success of our key sectors;
5. To improve the vibrancy of our town centres and make them more environmentally friendly; and
6. To accelerate growth through infrastructure upgrades

2.17 The nature of the development planned for Sheriffhall South East is a direct fit with the Council's plan to deliver business growth within Midlothian. Furthermore, the proposals will assist in the delivery of the infrastructure upgrades identified in the Strategy, though contributions towards the Sheriffhall Roundabout improvements identified in the City Region Deal.

South East Scotland Strategic Development Plan, 2013

2.18 SESplan is the Strategic Development Planning Authority for the Edinburgh and South East Scotland region which covers the six council areas of City of Edinburgh, East Lothian, Midlothian, West Lothian, Scottish Borders and the southern half of Fife. Working in partnership with these councils, SESplan has prepared a Strategic Development Plan (SDP) for the area that sets clear parameters for Local Development Plans.

2.19 The SDP sets out a broad view on the future development within the SESplan area. The current Plan was approved (with modifications) by Scottish Ministers in June 2013 and covers a 20-year time period up to 2032. The SDP for South East Scotland covers land use that serves the needs of 1.2 million residents (544,000 households) with a growing population, increasing numbers of older people and also a growing number of smaller households.

2.20 Of specific relevance to the proposed Edinburgh Park development, the plan envisages that:

- reducing the need to travel and promoting the use of sustainable modes of transport are key principles underpinning the Spatial Strategy for the SESplan area. Meeting the identified level of economic growth aspirations will have implications for the transport network and travel demands resulting from new development should be met, as far as possible, by sustainable forms of transport including public transport;
- there is a means to support job creation through setting a spatial strategy for economic development with a focus on growing key sectors in a sustainable manner and that local development plans (LDPs) should respond to the diverse needs of different sectors by ensuring a generous range and choice of highly accessible employment sites;
- sectors that are of strategic importance to the economy of the SESplan area are financial and business services, higher education and the commercialisation of research, energy, tourism, life sciences, creative industries, food and drink and enabling technologies.

- 2.21 SESplan supports the enhancement of accessibility and travel choice for all sectors of the community. Development likely to generate significant travel demand will be directed to areas that are capable of being well served by public transport and that are accessible by foot and cycle, to reduce the need to travel by private car. For all development types it will be expected that the generation of additional car traffic is minimised.
- 2.22 Sheriffhall South East will support job creation and benefit sectors of strategic importance through the delivery of employment generating uses on land allocated for employment development in the Midlothian Local Plan. Furthermore, the proposed development will encourage the broader use of existing public transport, facilitate active travel and reduce the need to travel by car.

Midlothian Local Development Plan 2017

- 2.23 The Midlothian Local Development Plan (MLDP) is prepared within the context of the SDP and focuses on providing for, and managing, future change across the Council area in line with the SESplan requirements. It comprises a development strategy for the period to 2024 and a detailed policy framework to guide future land use in a way which best reflects SESplan's vision, strategic aims and objectives.
- 2.24 As part of its Vision Statement, the Council confirm that *“The South East of Scotland is an area of economic and population growth. Midlothian will play its part in this growth, securing long-term social, economic and environmental benefits.”* The Vision Statement also states that *“The established community will benefit as much as possible from growth, through new affordable homes, enhanced employment prospects, improved facilities and the development of green networks with opportunities for leisure and recreation.”*
- 2.25 In terms of Strategic Economic Objectives the MLDP aims to:
- Support Midlothian's growing economy by creating quality and sustainable business locations.
 - Deliver Business Gateway support services, and promote local procurement, to encourage the expansion of existing local businesses and the creation of new ones.
 - Identify new economic and commercial opportunities to provide local jobs and help reduce out-commuting.
 - Seek the early implementation of strategic transport and other physical and digital infrastructure projects, including the roll-out of high-speed broadband, and ensure that efficient use is made of existing and new infrastructure.
 - Develop and promote tourism with a clear focus on activities, built heritage and the rural environment.
- 2.26 The MLDP supports the Council's economic growth objectives through a positive policy context, which seeks to deliver economic benefits by:
- providing land and supporting the redevelopment of existing sites/ property to meet the diverse needs of different business sectors;

- supporting measures and initiatives which increase economic activity;
- giving due weight to the net economic benefit of the proposed development; and
- ensuring the necessary capacity in the physical and transport infrastructure network is available to enable development.

2.27 The MLDP development strategy (Section 2.4) promotes strategic employment locations, clustered around the strategic road network with good transport and travel connections, and existing or planned infrastructure capacity. The Council consider these sites to be of a scale and location likely to be attractive to different economic sectors seeking to attract principally Class 4 (business) and Class 5 (general industry) uses but ancillary support uses may be acceptable to help market the location and attract investment, subject to specific controls. In some cases, where for example direct access to the trunk road network is achievable, Class 6 (storage and distribution) uses may be acceptable to the Council.

2.28 The land at Sheriffhall South East forms part of the 202 hectares of economic land that constitutes Midlothian's established land supply and is allocated for Class 4 (Business) uses. The proposed development, which comprises a Class 4 led mixed-use commercial scheme (with ancillary Class 6 and Drive-Thru Coffee Shop), fits with the strategic economic objectives of the MLDP through the creation of a high-quality and sustainable business location, that will encourage the expansion of existing local businesses and the creation of new ones and provide local jobs that will help to minimise out-commuting from the area.

Summary

2.29 There are several common themes in the national, regional and local strategic economic plans for the area that are directly supported by the proposed development at Sheriffhall South East. The development has the potential to support inclusive and sustainable economic growth, facilitate modal transport choice and contribute toward identified strategic highways infrastructure proposals in the area.

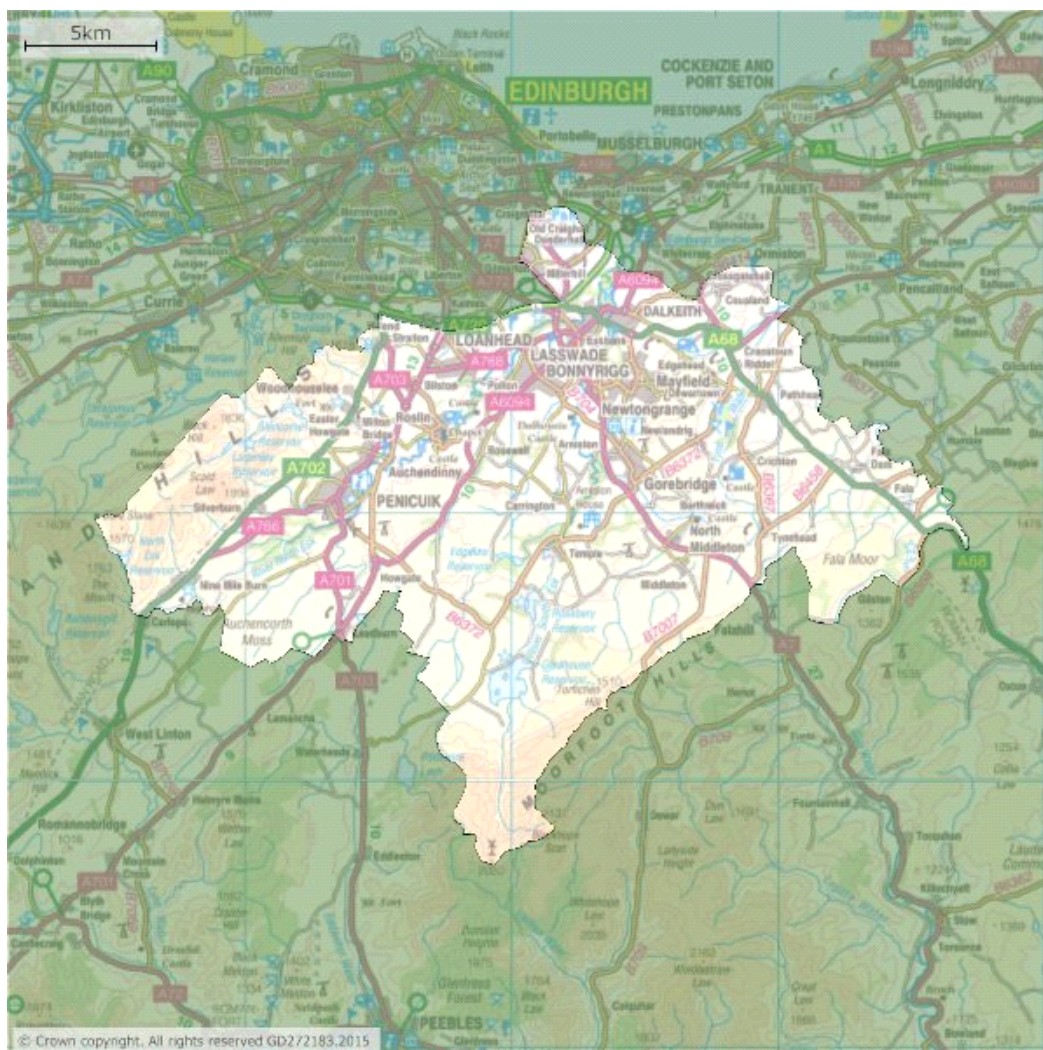
2.30 These themes are also strongly represented in the Local Development Plan for Midlothian and the wider South East region which are concerned with delivering thoughtful and sustainable places that facilitate economic growth and investment and contribute towards existing transport infrastructure improvements.

3. Socio-Economic Context

Midlothian Labour Market Data

3.1 This section sets out the wider economic context for the development, summarising key socio-economic indicators for the Midlothian area.

Figure 3-1: Midlothian Authority Area



Source: NOMIS Labour Market Profile – Midlothian

Population

3.2 The current population estimates for Midlothian (NOMIS) indicate that there were 93,200 people living in Midlothian in 2020, which represents 1.7% of the population of Scotland. This is shown in Figure 3-2 below.

Figure 3-2: Total Population (2020)

Population	Midlothian	Scotland	Great Britain
Number	93,200	5,466,000	65,185,700

Source: ONS Population estimates - local authority based by five-year age band

- 3.3 Over recent years (2015-2020) the area’s population has grown at a faster rate than any other Local Authority area in Scotland and faster than Scotland as a whole. In the five years to 2020, the population of Midlothian grew by around 6.6% as opposed to a national population growth of 1.7%, as illustrated in Figure 3-3 below.

Figure 3-3: Population Growth 2015-2020

Population	2015	2020	Percentage Change
Midlothian	87,390	93,150	6.6%
Scotland	5,373,000	5,466,000	1.7%

Source: National Record of Scotland Mid-Year Population Estimates for Scotland, 2020

- 3.4 In terms of population projections, using the latest Population Projections for Scottish Areas (2018-Based) this faster rate of growth for Midlothian is expected to continue with the disparity in growth also set to increase over the period to 2031 (10 years from application submission), with Midlothian’s population projected to grow by around 17.6% as opposed to a national population growth of 2.1%, as illustrated in Figure 3-4 below.

Figure 3-4: Projected Population Growth 2021-2031

Population	2021	2031	Percentage Change
Midlothian	95,166	107,423	17.6%
Scotland	5,475,660	5,554,680	2.1%

Source: National Record of Scotland Population Projections for Scottish Areas (2018-Based)

Economic Activity and Employment

- 3.5 The most recent data from the ONS suggests that Midlothian has a higher rate of economic activity among its working age population compared with the average for Scotland as a whole. As Figure 3-5 shows, over the period of April 2020 - March 2021, 77.8% of the working age population in Midlothian were economically active compared to 76.4% for Scotland as a whole.

Figure 3-5: Economic Activity in the Working Age Population (Apr 2020 - Mar 2021)

	Midlothian Numbers	Midlothian %	Scotland %
Economically active	45,600	77.8	76.4
In Employment	44,300	75.4	72.8
Employees	40,200	69.2	64.8

Self Employed	3,800	5.8	7.7
Unemployed	1,800	4.0	4.6
Economically Inactive	12,500	22.2	23.6

Source: ONS Labour Market Profile – Midlothian (Oct 2021)

- 3.6 The occupational profile of Midlothian residents suggests that the area contains a relatively high proportion of managers, directors, senior officials, and professional occupations compared to the profile of Scotland as a whole. These occupations are typically associated with higher-than-average earnings. Overall, as Figure 3-6 shows, the occupational profile is skewed in favour of the more skilled and professional occupations that are associated with higher earnings.

Figure 3-5: Employment by Occupation (Apr 2020 - Mar 2021)

	Midlothian Numbers	Midlothian %	Scotland %
Soc 2010 Major Group 1-3	23,600	53.6	48.1
1 Managers, Directors And Senior Officials	5,900	13.3	9.0
2 Professional Occupations	11,400	25.7	23.8
3 Associate Professional & Technical	6,400	14.4	15.1
Soc 2010 Major Group 4-5	7,300	16.5	18.8
4 Administrative & Secretarial	3,800	8.5	9.7
5 Skilled Trades Occupations	3,500	7.9	9.1
Soc 2010 Major Group 6-7	9,600	21.8	17.9
6 Caring, Leisure And Other Service Occupations	5,800	13.2	9.2
7 Sales And Customer Service Occs	3,800	8.5	8.6
Soc 2010 Major Group 8-9	3,600	8.1	15.2
8 Process Plant & Machine Operatives	#	#	5.7
9 Elementary Occupations	2,300	5.3	9.5

Source: ONS Labour Market Profile – Midlothian (Oct 2021)

- 3.7 Linked to the occupational structure, the qualifications profile for Midlothian shows that it is a relatively well-educated area, with 50% of residents holding a qualification that is equivalent to NVQ4 or above, which covers most further and higher education qualifications. This compares with an average for Scotland of 49.3% (Figure 3-7).

Figure 3-7: Qualifications (Apr 2020 - Mar 2021)

% Resident population aged 16 - 64	Midlothian Numbers	Midlothian %	Scotland %
NVQ4 and above	27,700	50.0	49.3
NVQ3 and above	36,700	66.4	64.0
NVQ2 and above	45,200	81.7	79.4
NVQ1 and above	49,000	88.5	86.4
Other Qualifications	3,500	6.3	5.6
No Qualifications	2,900	5.3	8.0

Source: ONS Labour Market Profile – Midlothian (Oct 2021)

3.8 Jobs density figures represent the ratio of total jobs to the population aged 16-64. Total jobs include employees, self-employed, government-supported trainees and HM Forces. A ratio of 1 suggests that the total number of jobs is equal the number of working age people. A figure below 1 suggests that there are fewer total jobs than there are people of working age and a figure above 1 suggests that there are more jobs than working age people in the area. Data for Midlothian suggests that it is a relatively weak employment market, reflective of the out-commuting of the workforce experienced in Midlothian, with a lesser ratio of jobs to people of working age compared to Scotland as a whole.

Figure 3-8: Job Density (2019)

	Midlothian Numbers	Midlothian %	Scotland %
Job Density	35,000	0.62	0.82

Source: ONS Labour Market Profile – Midlothian (Oct 2021)

3.9 Within Midlothian the proportion of full-time workers is slightly less than the national average, with 64.5% in full-time employment compared with 66.3% across Scotland as a whole, as shown in Figure 3-9.

Figure 3-9: % of Employee Jobs (2019)

	Midlothian Numbers	Midlothian %	Scotland %
Total Employee Jobs	31,000	-	-
Full Time	20,000	64.5	66.3
Part Time	10,000	32.3	33.7

Source: ONS Labour Market Profile – Midlothian (Oct 2021)

Commuting to and from Midlothian

3.10 A fuller picture of the economic and employment context in Midlothian is gained by considering the labour market information alongside data on the travel movements of people within that labour market. A summary of this is provided in the Midlothian Employment Land Audit 2021 (ELA), which uses commuting information for Midlothian obtained from Transport Scotland’s annual ‘Transport and Travel in Scotland’ (TATIS) datasets.

3.11 The ELA (Para. 4.2.2) confirms that in “2014, 16% of people from the Midlothian sub-sample listed commuting as their ‘main purpose of travel’, while in 2019 this figure had increased to 19% (although the figure for 2018 was 22%). This is a continuation of a trend seen between the 2001 and 2011 Censuses where the number of journeys to workplaces in Midlothian increased by 7%. It also fits with TATIS observations of lower numbers of people in Midlothian

working from home in 2019 compared to previous years and an increasing percentage of people from Midlothian using the car or van as their usual method of travelling to work; this is up from 55% to 62% from 2014 to 2019. Put together, this means that both more commuting journeys are being made and that the car is increasingly utilised for them.”

- 3.12 More recent data on such travel patterns can be obtained from TATIS 2019 (which combines statistics for Midlothian with East and West Lothian) and shows that the portion of journeys originating in the Lothians and ending in Edinburgh has fallen slightly in the years leading up to 2019. Whilst this does not exactly match the findings of the 2001 and 2011 Censuses, when considered alongside them the ELA concludes that it suggests a relatively static picture of commuting patterns from Midlothian to Edinburgh over at least the last decade.
- 3.12 The ELA provides a series of figures that consider the origins and destinations of the workforce over the last two censuses (2001 & 2011). ELA Figures 1 and 2 show a reduction in the level of self-containment (i.e. an increase in out-commuting) between 2001 and 2011 together with a reduction in the proportion of Midlothian’s residents who worked in Midlothian from 45.5% (2001) to 42.4% (2011). The two charts also show that Edinburgh is the main destination for Midlothian’s residents, more than Midlothian itself at 46.7% (2001) and 47.5% (2011).
- 3.13 ELA Figures 3 and 4 meanwhile show a large increase in the share of Midlothian’s jobs occupied by people from outside the area. The Council consider that this may reflect a positive story of Midlothian residents becoming more skilled and the Midlothian economy containing more higher-skilled jobs: higher-skilled workers generally travel further to work. Nearly 60% of jobs in Midlothian in 2011 were taken by Midlothian residents; a fall from nearly 70% in 2001.
- 3.14 The ELA also highlights that the Census data shows that the portion of employees who work in Midlothian but that live in Edinburgh increased from 16.4% to 19.5% from 2001 to 2011. However, it is acknowledged that this increase may have stalled, as TATIS travel diary data has found that the portion of journeys to the Lothians (including Midlothian) that originate in Edinburgh has fallen over the last decade.

Summary

- 3.15 The population of Midlothian and the wider region is set to grow at a much faster pace than the Scottish average over the coming decade. This follows a period where Midlothian’s population grew at a rate that was more than three times higher than the Scottish average over the period 2015-2020. The latest forecast suggests that Midlothian’s population will grow by an additional 12,257 people in the decade up to 2031.
- 3.16 Economic activity rates in Midlothian are strong and the occupational profile is biased towards managerial, professional and associated professional roles, which are occupations where earnings are typically high compared to overall average earnings. Around 50% of the area’s residents hold a further or higher education qualification compared to a 49% average for Scotland.

- 3.17 However, Midlothian suffers from a significant and continuing trend of out-commuting with almost 58% of the workforce (2011 census) travelling outside of Midlothian, with the main destination being Edinburgh. This is backed up by the TATIS 2019 which shows a similar and relatively static picture of commuting patterns from Midlothian to Edinburgh over at least the last decade.

4. Economic Impact

Construction Phase Impacts

- 4.1 This section assesses the likely economic impacts arising during the construction phase. This is separated from the operational phase given the temporary nature of construction impacts over a finite construction period.
- 4.2 For this assessment the full (Phase 1) and Planning Permission in Principle elements of the accompanying hybrid planning application are considered separately, with an aggregate impact presented for completeness. Data on the construction period and estimated construction costs has been provided to Progress Planning by the Buccleuch Property.
- 4.3 It is anticipated that the proposed development will be built in four phases, with works starting in in 2022 and expected to end in 2024/25 (depending upon depending on quantum of space delivered in each of the latter phases). Once complete the development will feature up to 11,894 sq.m (128,027 sq.ft) of Class 4 & Class 6 employment floorspace (GEA) of which Class 6 would be limited to no more 1,560 sq.m (16,792 sq.ft) GEA, equivalent to 13% of the total floorspace. This equates to 4,257 sq.m (45,822 sq.ft) GEA of Class 4 delivered in Phase 1 and the remaining 7,637 sq.m (82,205 sq.ft) GEA of Class 4 / Class 6 to be delivered through later phase(s). An ancillary Drive-Thru Coffee Shop use of circa 197 sq.m (2,121 sq.ft) GEA is also proposed as part of Phase 1.
- 4.4 Table 4-1 below provides a breakdown of the proposed floorspace figures per use and the percentage split relative to the total floorspace.

Table 4-1 – Floorspace Split (GEA)

Use Class	Units	Floorspace sq.m (GEA)	Floorspace sq.ft (GEA)
Class 4 (Business) Multi-lets	44	7,942	85,488
Class 4 (Business) Main Building	1	2,392	25,747
Class 6 (Storage & Distribution)	2	1,560	16,792
Drive-Thru Coffee Shop	1	197	2,121
Totals			
Total Class 4	45	10,334	111,235
Total Class 6	2	1,560	16,792
Total Drive-Thru Coffee Shop	1	197	2,121
Total Development	48	12,091	130,148
% Split			
% Class 4	94	85	85
% Class 6	4	13	13
% Drive-Thru Coffee Shop	2	2	2

Note: Units and Floorspace figures based on Indicative Masterplan (Ref. 11658-HFM-ZZ-ZZ-A-P(00)-008).

Gross Direct Impacts

4.5 To estimate the number of jobs required for the construction of the proposed development (or construction job creation) we apply the average revenues per construction worker for Scotland (Business Population Estimates for the UK and Regions 2021) to the estimated value of the construction works £25m (provided by Buccleuch Property).

Table 4-2: Estimated Construction Costs by Phase

	£ million
Phase 1 (Full Planning)	8.5
PiPP	16.5
Total	25

4.6 Employment impacts are expressed as ‘person years’ of employment. This measure is used to represent one full time equivalent post for a single year. This approach captures the contract nature of much construction work, encompassing a range of trades on varying contract lengths. An estimate of person years is generated based on average turnover per worker in the construction sector using current total annual turnover in the construction sector of £19b against a current construction workforce total 143,000 employees. This indicates turnover per worker of £132,867 in Scotland (2021). Construction wage impacts are estimated using the ONS Annual Survey of Hours and Earnings (released October 2021) at £33,530 median full-time wage for Scotland.

4.7 Table 4-3 sets out the gross direct employment and wage impacts. It does not capture knock on indirect and induced effects. This shows that in aggregate the application proposals will support 188 person years of employment generating wages of £6.4 million.

Table 4-3: Gross Direct Construction Phase Impacts

	Construction Cost (£m)	Employment (Person Years)	Wages (£m)
Phase 1 (Full Planning)	8.5	64	2.2
PiPP	16.5	124	4.2
Total	25	188	6.4

Source: Buccleuch Property and Progress Planning Analysis.

4.8 To estimate the number of jobs required for the construction of the proposed development the average turnover per construction worker for Scotland is applied to the estimated value of the demolition and construction works as set out above. The following steps are then involved:

- average turnover per construction employee in Scotland (2021) = £132,867
- estimate of number of workers required for the construction programme based on the value of construction (or person years) = 188.
- length of construction programme = 3 years

- an average construction workers per annum = 63

Net Additional Impacts

- 4.9 However, there are further steps involved in estimating the ‘additionality’ of development. This is based on the approach outlined in the Homes & Communities Agency *Additionality Guide, Fourth Edition 2014*.
- 4.10 The first is leakage. In this instance, we consider that most appropriate geographic area from which the construction workers would be drawn would be from the Local Authority Areas of Edinburgh and Midlothian together with East and West Lothian. The 2011 Census records that 25,726 people were employed in the construction sector, within this geographic area, approximately 6% of the total of people aged 16 to 74 in employment (412,482). There is no Census data available for distance travelled to work by sector in Scotland, however if we look at the same 2011 Census data for England and Wales it shows that only 8% of construction employees travelled further than 30km for work. Given that 30km represents the broad extent of the geographic area going both East and West from the application site, we therefore estimate that 8% of the workers on-site would be commuters from outside the geographic area.
- 4.11 The second step is estimating displacement. Displacement is where the proposed activity could displace another activity in the target area; thereby reducing its ‘additionality’. In this case, employment on-site per annum would potentially employ 0.8% of the construction workforce in the identified geographic area and is therefore likely to have a negligible impact; however, to be conservative we apply 5%.
- 4.12 The third step is estimating the indirect benefits of the construction activity – that is, the benefits to companies in the supply chain, and to the local economy by the new expenditure introduced to the area from the construction workers. We anticipate that there will be strong linkages across the identified geographic area related to the construction activity. Multiplier effects for different Scottish based industries are provided by the Scottish Government’s Input-Output Tables and Multipliers. In the absence of local multipliers this assessment has utilised the national output multiplier for Construction of 1.5 (which equates to 50%).
- 4.13 Table 4-4 sets out the estimates of construction employment and additionality of the proposed development. It shows that there is estimated to be 55 net direct construction jobs per annum and 33 net indirect construction jobs per annum for the identified geographic area, creating a total employment through construction of 88 jobs per annum.

Table 4-4: Additionality of Construction Employment

Step Involved	
1. Construction workers on-site per annum (gross, direct)	63
2. Leakage to workers from outside geographic area (8%)	-5
3. Displacement of other activities (5%)	-3
4. Construction workers on-site per annum (net, direct)	55

5. Employment off-site induced by construction activity (net indirect; +60%)	33
6. Total employment from construction of proposed development, per annum	88

Source: Progress Planning Analysis 2021

4.14 The HCA *Additionality Guide, Fourth Edition 2014* also requires consideration of Deadweight, which can be defined as a measure of impacts that would be expected to accrue without the proposed development. It is often referred to as a reference case or “do-nothing” option.

4.15 Deadweight at the site level is anticipated to be very low. The Site benefits from an economic allocation in the MLDP, however the Site also sits within the Green Belt and is not subject to any extant planning permissions. Consequently, it would be inappropriate to consider the economic allocation as deadweight because this “do-nothing” scenario would not result in any direct or indirect impacts. In this instance, the impacts outlined above will only be realised through the development of the site.

Operational Phase Impacts

4.16 This section assesses the likely economic impacts arising during the operational phase of the proposed development. Impacts are shown in terms of gross direct and net additional.

Gross Direct Impacts

4.17 The Proposed Development comprises a Class 4 Business led mixed-use scheme with ancillary Class 6 Storage & Distribution (not more than 13% of total floorspace) and Drive-Thru Coffee Shop.

4.18 The following analysis assesses the likely employment and GVA impacts at full occupancy. For the Class 3 / Sui Generis use this is based on primary employment data provided by the anticipated occupier. For the proposed Class 4 and Class 6 elements best practice employment density assumptions of 12 sq.m (NIA) per FTE for office (Class 4) and 70 sq.m (GEA) per FTE for Storage & Distribution) taken from the Homes & Communities Agency, Employment Densities Guide, 2015 would ordinarily be applied. However, given the speculative nature of the Phase 1 Class 4 Multi-let units and the PPIp status of the remainder of the Class 4 development it is not possible to identify the NIA figures for the Class 4 element of the development.

4.19 Consequently, for the purposes of this assessment, a GIA figure has been used for the Class 4 elements instead. Since the multi-let units are proposed as shell-only buildings to provide maximum flexibility for future occupiers, it is considered that the NIA and GIA figures are broadly comparable and therefore the use of GIA in this assessment does not have a significant impact on the analysis.

4.20 Table 4-5 sets out the estimated gross direct employment and wage impacts by element, using the latest ONS Annual Survey of Hours and Earnings (ASHE, released October 2021) for full time median earnings for the appropriate sectors. The total development proposals have the

capacity to accommodate approximately 827 FTE jobs generating annual wages of almost £26.2 million year on year. Phase 1 of the scheme, subject to the full application, has the capacity to support employment of 336 FTEs generating wages of more than £10.6m per annum.

Table 4-5: Gross Direct Operational Phase Impacts

	Floorspace (sq.m)	Employment (FTEs)	Median Earnings (£)	Wages (£m Annual)
Class 4	9,526 (GIA)	794	31,890	25.3
Class 6	1,560 (GEA)	22	27,966	0.6
Drive-thru Coffee Shop	197 (GEA)	11	19,261	0.2
Total	-	827	-	26.2
Phase 1				
Class 4	3,904 (GIA)	325	31,890	10.3
Drive-thru Coffee Shop	197 (GEA)	11	19,261	0.2
Total	-	336	-	10.6

Source: Progress Planning analysis 2021. Figures may not add up due to rounding.

- 4.21 It should be noted however, as outlined in the Planning Statement that accompanies the application, that the Class 6 element of the development has, in consultation with the Council, been restricted to maximum building ridge heights of 12m. Therefore, the Class 6 element would not be reflective of a typical larger format storage and distribution warehouse development and therefore it is likely that the standard employment density assumptions used in this assessment, based on larger-scale, lower density logistics warehouse development, underestimates the employment potential for this element of the proposals.

Net Additional Impacts

- 4.22 As with construction impacts, displacement is an important factor when appraising the impacts of new commercial development. There is always a possibility that new employment and food and drink developments could have a detrimental effect on other existing employment locations and town centres within the area. However, due to the significant levels of out-commuting already discussed it is considered that there is clear evidence for more employment development in Midlothian. With high demand for such uses, we assume that the introduction of new employment floorspace would not have a significant displacement effect. Similarly, given the drive-thru nature of the coffee shop proposals, together with their scale and location it has been assumed that the displacement effect for this use would also be low. An assumed combine displacement effect of around 20% has therefore been applied.
- 4.23 The mix of uses proposed on the site and the speculative nature of the development, could lead to a wide-ranging number of uses / businesses occupying the site (all within the Class 4

use bracket) and as such it is difficult to accurately predict the indirect impacts of the proposed development once operational. The multiplier effects associated with the completed development have therefore been calculated by taking an average of the output multipliers for the most likely uses as identified in the Scottish Governments Input-Output Categories list (2017). The categories used are set out in Table 4-6 below.

Table 4-6: Scottish Governments Input-Output Categories and GVA Multipliers

Proposed Use Class	Category (2017)	SIC	Output Multiplier
Class 4 - Business	Legal Activities	69.1	1.1
	Accounting & Tax Services	69.2	1.1
	Head Office & Consulting Services	70	1.2
	Architectural Services etc	71	1.3
	Research & Development	72	1.3
	Advertising & Marketing	73	1.1
	Other Professional Services	74	1.2
Class 6 – Storage & Distribution	Support services for Transport	52	1.3
	Post & Courier	53	1.3
Drive-Thru Coffee Shop	Food & Beverage Services	56	1.2
Average			1.21

Source: Scottish Government Input – Output Tables 2017 (SIC 2007 Base).

- 4.24 Table 4-7 sets out the estimates of operational employment and additionality of the proposed development. It shows that there is estimated to be 662 net direct operational jobs created, and 139 net indirect operational jobs, creating a total employment through operation of 801 jobs per once fully occupied.

Table 4-7: Additionality of Operational Employment

Step Involved	
1. Operational Employment from development (gross, direct, Table 4-4)	827
3. Displacement of other activities (20%)	-165
4. Operational Employment (net, direct)	662
5. Employment off-site induced by operational activity (net, indirect; +21%)	139
6. Total employment from operation of proposed development	801

Source: Progress Planning Analysis 2021

- 4.25 GVA is the key economic indicator used for measuring the performance of an area or sector. GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and inputs used to produce them. For the purposes of this assessment GVA has been established by applying the GVA (productivity) per employee for Midlothian (no Midlothian of £49,008 in 2019 (ONS Subregional productivity in the UK July 2021) to the net employment figure (Table 4-7: 662) for the development.

4.26 Considering the total employment figures from the operation of proposed development set out in Table 4-7 it is anticipated that, as a result of the new jobs created, there would be an annual GVA injection of around £32.4 million per annum into the local economy.

Reference Case

4.27 As set out in the Planning Statement, it is acknowledged that the proposals are contrary to the Development Plan in so far as the proposed Class 6 and drive-thru facility fall outside the Class 4 employment allocation for the site. As part of this Assessment, we have therefore compared the operational impacts of proposed development to the potential impacts associated with a development of the same scale for solely Class 4 development. This can be referred to as the 'Reference Case'.

4.28 Using the same methodology as above to calculate the estimated gross direct employment and wage impacts, an equivalent amount of Class 4 only floorspace (11,179 sq.m GIA) would have the capacity to accommodate approximately 932 FTE jobs generating annual wages of £29.7 million year on year.

4.29 Table 4-7 sets out the estimates of operational employment and additionality of an equivalent Class 4 only development. It shows that there would be an estimated 746 net direct operational jobs created, with 142 net indirect operational jobs, creating a total employment through operation of 888 jobs when complete.

Table 4-8: Additionality of Operational Employment - Class 4 only

Step Involved	
1. Operational Employment from development (gross, direct)	932
3. Displacement of other activities (20%)	-186
4. Operational Employment (net, direct)	746
5. Employment off-site induced by operational activity (net, indirect; +19%)	142
6. Total employment from operation of proposed development	888

Source: Progress Planning Analysis 2021

4.30 It is clear, given the higher employment densities used Class 4 development, that a Class 4 only development could lead to higher levels of employment on the site. However, these figures are only a guide based upon national average employment densities and there is therefore no guarantee that a Class 4 only development would generate employment on the scale that has been identified.

4.31 It is also the case, as evidenced in the Planning Statement, that market demand and take-up of traditional large floorplate, out-of-town Class 4 business development is limited, which is reflected in the lack of interest in the application site despite an extensive market exercise that has been active since 2009. It is therefore considered highly unlikely that the site would come forward for Class 4 only development or that any such development would be of a

nature (i.e. large floorplate office space) that would deliver the typical employment densities assumed for Class 4 uses.

- 4.32 Accordingly, whilst it is acknowledged that a Class 4 only development would have a theoretically greater impact, the reality is that the fulfilment of this potential would be unlikely.
- 4.33 The proposed development incorporates additional uses that will help fund the infrastructure required to 'open-up' the site (in the case of the Drive-thru) and broaden the market appeal of the site for employment uses through the inclusion of a limited Class 6 offer. The proposed development may have a slightly lower overall impact, but it is argued that the proposal represent a more realistic and deliverable development package which will result in actual job creation through both construction and operation.

Wider Economic Benefits

- 4.34 In addition to the quantifiable economic effects set out above, the proposed development would also result in and encourage wider benefits and effects which support the strategic ambitions of Midlothian Council and its partners.
- 4.35 The businesses located within the proposed development would contribute to public finances through the payment of non-domestic (business) rates.
- 4.36 In order to estimate the taxation impact from the commercial elements of the proposed development, it was necessary to make assumptions on their rateable values. On the basis of an assumed future average rent of £10 per sq.ft being applied to the Class 4 / Class 6 elements (118,500 sq.ft), it is estimated that the total rateable value of the Class 4 would be £948,000 (80% of total rent) which will generate payments of £474,000 in non-domestic rates per annum, once the proposed development is completed. In addition, it is anticipated from examples elsewhere that the drive-thru coffee shop will commend an overall rateable value of c. £50,000, which would equate to a non-domestic rates payment of £25,000 per annum.
- 4.37 Other wider economic benefits, or strategic benefits, are harder to measure as they can be less tangible in nature and include longer term sustainable effects such as:
- promoting an investment culture to encourage other businesses to the area, supporting Midlothian's desire to encourage new investment and regeneration to the area;
 - perception benefits through the design of a high-quality development and its ability to attract new employment to Midlothian, and supporting Midlothian's Midlothian Economic Growth Strategy 2020-2025;
 - Local sourcing and supply chain linkages through local labour / contract agreements during the construction phase, ensuring effects support local businesses and benefit local people;

5. Summary

5.1 This report assesses the economic impact of the proposed redevelopment of the site. Overall, we anticipate beneficial economic benefits to arise from the proposed development as summarised in Table 5-1 below.

Table 5.1 Summary of Estimated Economic Benefits of Sheriffhall South East

Outcome	Amount	Unit
Construction Phase jobs (net, direct)	55	Jobs (FTEs) per annum
Construction Phase jobs off-site induced by construction activity (net, indirect)	33	Jobs (FTEs) per annum
Operational Phase jobs (net, direct)	662	Jobs (FTEs)
Operational Phase jobs off-site induced by operational activity (net, indirect)	139	Jobs (FTEs)
GVA net	£32.4m	Per annum
Local Authority Revenues (non-domestic rates)	£499,000	Per annum

Source: Progress Planning 2021

5.2 In addition the following benefits would be realised within the Midlothian because of the proposed development:

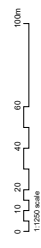
- Support the economic ambitions of Midlothian Council and wider SESplan area through the delivery of a high-quality, sustainable development that will promote Midlothian as a place to invest and do business in;
- Be developed in line with Scottish Government advice on Net Economic Benefits, Scottish Planning Policy and the Midlothian Local Development Plan;
- Deliver £25 million in new capital investment; and
- Contribute towards wider economic and environmental benefits associated with other Midlothian strategies and policies.

APPENDIX 1

Site Location Plan (Ref. 11658-HFM-ZZ-ZZ-DR-A-P(00)-001)



Application Boundary
 Area = 0.51 Ha / 2.1 acres (or thereby)



HALLIDAY FRASER MUNRO
 CHARTERED ARCHITECTS & PLANNING CONSULTANTS

Project: Proposed Mixed Use Development
 Site: Silverdale, South East

Client: Budebach Property
 No: [blank]
 Location: Silverdale

Document Reference: [blank]
 Project Number: 11658 - HFM - ZZ - DR - A - P(00) 001

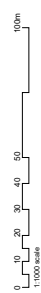
Drawn By: [blank]
 Planning: [blank]
 Scale: 1:1250 @ A1
 Revision: [blank]
 Date: Oct 2021

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APPENDIX 2

Indicative Masterplan (Ref. 11658-HFM-ZZ-ZZ-DR-A-P(00)-008)



HALLIDAY FRASER MUNRO
CHARTERED ARCHITECTS & PLANNING CONSULTANTS

Project: Proposed Mixed Use Development
 Site: [Address]

Client: [Client Name]
 Architect: [Firm Name]
 Indicative Masterplan

Document Reference: [Reference Number]
 Project Number: [Project Number]

Project Status: [Status]
 Planning: [Planning Stage]
 Scale: 1:1000 @ A1

Date: Nov 2021

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