



J Murphy & Sons Limited

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# ECONOMIC IMPACT ASSESSMENT

Ollerton Depot



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JANUARY 2024

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J Murphy & Sons Limited

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## ECONOMIC IMPACT ASSESSMENT

Ollerton Depot

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# 1 INTRODUCTION

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## 1.1 PURPOSE OF THIS ECONOMIC IMPACT ASSESSMENT

- 1.1.1 WSP has been appointed by J. Murphy & Sons Limited (the 'applicant' and referred to 'Murphy Group' throughout this document) to prepare an Economic Impact Assessment to be submitted as part of the planning application at Newark Road, Ollerton, NG22 9PZ (the 'Site'), located in the administrative boundary of Newark and Sherwood District Council.
- 1.1.2 This assessment has been undertaken using Government guidance and accepted methodologies for the assessment of local economic impact. The assessment is in accordance with the latest edition of the Additionality Guide, published in 2014, by the former Homes and Communities Agency (HCA)<sup>1</sup> which provides guidance to justify assumptions on deadweight, displacement, leakage and multipliers. The assessment uses statistical evidence published by Government institutions, including the Office for National Statistics (ONS).

### REPORT STRUCTURE

- 1.1.3 The remainder of the report is structured as follows:
- **Chapter 2: The Proposed Development** – a summary of the application site and scheme parameters which have informed the economic impact assessment.
  - **Chapter 3: Alignment with strategic policy and priorities** – a summary of the relevant policy and economic considerations for assessing the Proposed Development.
  - **Chapter 4: Approach to economic impact assessment** – the approach used to estimate economic benefits with explanation of the terminology used in subsequent chapters.
  - **Chapter 5: Socio-economic context** – an overview of the socio-economic baseline to establish the context of the Proposed Development.
  - **Chapter 6: Economic impacts of existing operations** – accounts for existing active operations on the at Ollerton and Leeds, known as the 'Reference Case'.
  - **Chapter 7: Temporary economic impacts of the Proposed Development during the construction phase** – assessment and quantification of the economic impacts during the construction phase of the Proposed Development.

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<sup>1</sup> It is noted that the Homes and Communities Agency (HCA) Additionality Guide was withdrawn in May 2022 and the Department for Levelling Up, Housing and Communities (DLUHC) published an Appraisal Guide in March 2023, which includes additionality. WSP considers it reasonable to use the HCA Additionality Guide given that it provides more detail on specific assumptions and it is widely considered to remain relevant in the consideration of additionality of local economic growth.





- **Chapter 8: Anticipated economic Impacts of the Proposed Development during the operational phase** – assessment and quantification of the economic impacts of the operational phase of the Proposed Development.
- **Chapter 9: Assessment of Reference Case and Final Conclusions** – a concise summary of the findings of this Economic Impact Assessment, taking into account the current economic impacts of the Reference Case .



## 2 THE PROPOSED DEVELOPMENT

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2.1.1 This chapter sets out the context for the development proposals at Murphy's location in Ollerton, along with details of the Proposed Development.

### 2.2 INTRODUCING MURPHY GROUP

2.2.1 Murphy Group was founded in 1951, and is a leading global, specialist engineering and construction company, operating in the United Kingdom, Ireland and Canada. Having initially started as a small engineering firm working on post-war regeneration projects, the company has experienced sustainable growth over the last 70 years and has cemented itself as one of the predominant engineering firms within the UK. This growth has been underpinned by its reputation for delivering world class infrastructure safely and efficiently.

2.2.2 Today the company employs approximately 3,500 engineers, professional managers and skilled operatives around the world, and is looking to continue to evolve and diversify to meet the changing needs of its clients. Central to this are Murphy Group's development proposals in Ollerton.

### 2.3 MURPHY GROUP'S EXISTING OPERATIONS IN OLLERTON

2.3.1 Murphy Group has operated out of Ollerton since 1998. There are a range of operations taking place at the Ollerton location which includes:

- Plant maintenance and hire;
- Tunnelling and site cabin refurbishment and hire; and
- General storage servicing projects across the UK.

### 2.4 THE PROPOSED DEVELOPMENT

2.4.1 The Proposed Development is for a new industrial building to accommodate an expansion of the operations at Ollerton, to create a new 'Ollerton Hub'. The new Ollerton Hub will deliver bespoke new offices, training rooms, modern, fit for purpose workshops as well as landscape and ecological enhancements. The main features of the proposals that are relevant to this Economic Impact Assessment are<sup>2</sup>:

- **A training centre of national importance:** The new Ollerton Hub will deliver a new Pylon and Overhead Line and Substation Specialist Training Centre. Currently there is only one other training centre in the UK that provides these courses. Many UK companies are currently having to send their employees to Poland to be trained. The proposed training centre therefore provides a unique opportunity to provide this training within the UK.
- **Consolidating Murphy's Leeds and Ollerton operations into One Murphy Hub at Ollerton:** The proposals represent a £25 million investment in Ollerton and will consolidate two of Murphy's

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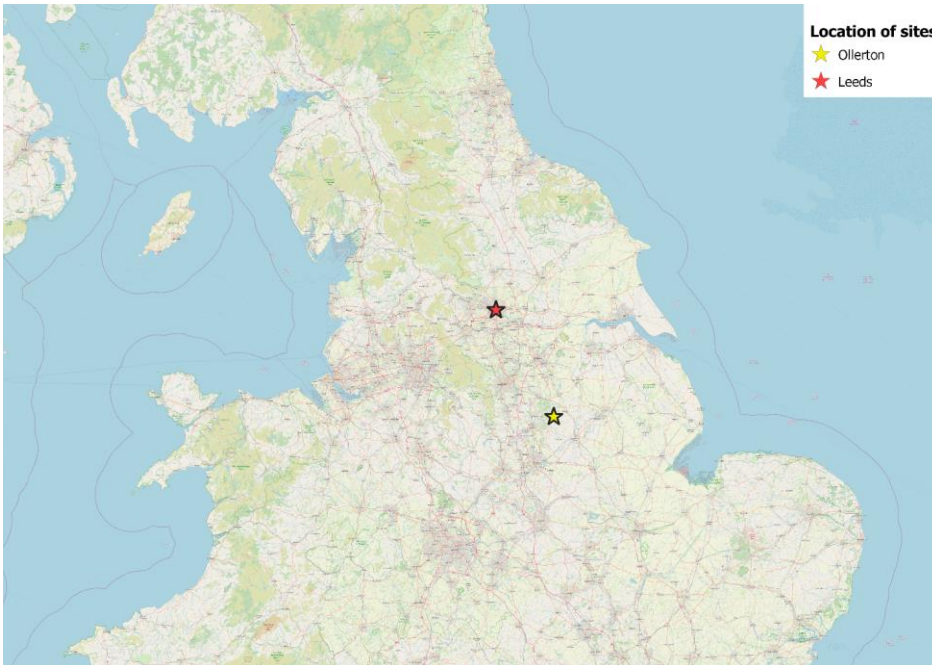
<sup>2</sup> In addition, the Proposed Development includes other land uses which are not assessed in this Economic Impact Assessment, including landscaping; green and blue corridors.



locations: Leeds and Ollerton. Therefore, there will be an increase in jobs located at Ollerton, such as specialist welders and mechanics, whilst also providing opportunities for more apprenticeships. Figure 2-1 shows the current locations of the Ollerton and Leeds sites.

- **Relocating current on-site activity:** The Proposed Development includes plans to reconfigure the current on-site activities, so that many of the operations can take place further away from the residential properties and gardens that are located adjacent to the Site. This will comprise a new landscape buffer with appropriate planting.

**Figure 2-1 – Map showing the current locations of Murphy Groups’ operations in Ollerton and Leeds**



Source: WSP (2023)

2.4.2 The following map shows the location of the existing operations at Ollerton, labelled as 'Existing Operations', as well as the parcel of land in which the Proposed Development will take place, labelled as 'Murphy Ownership Boundary'.

**Figure 2-2 - Map showing location of the Proposed Development in Ollerton**



Source: Provided by the Applicant (2023)

2.4.3 The total quantum of land within the 'Murphy Ownership Boundary' is 24.4 hectares. The existing Murphy Group's site area in Ollerton is 7.5 hectares, and the Proposed Development is for the remaining 16.9 hectares. Of this, 3.15 hectares (18.6%) will be developed for the new Ollerton Hub, and the remaining 13.75 hectares (81.4%) will be new green open space; drainage and wetland areas; and the disused railway embankments, which will support for biodiversity enhancements, as is shown in the following figure.

**Figure 2-3 -Landscape concept masterplan**



Source: Provided by the Applicant (2023)



### 3 ALIGNMENT WITH STRATEGIC POLICY AND PRIORITIES

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3.1.1 The Proposed Development is aligned to national and local ambitions to support economic growth and high-value employment.

#### **The National Planning Policy Framework (2023)**

3.1.2 The revised National Planning Policy Framework (NPPF) was published in 2023<sup>3</sup> and sets out the Government's planning policies for England. Underpinning the NPPF is a commitment to sustainable development, in which future development will help to meet economic and social objectives. Paragraph 8 of the NPPF defines the 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".*

3.1.3 Paragraph 81 highlights the need for planning policies and decisions that help create the conditions in which businesses can invest, expand and adapt. Furthermore, it states:

*"The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future<sup>4</sup>".*

3.1.4 In addition, paragraph 83 highlights:

*"Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations".*

#### **Newark and Sherwood Plan Review Amended Core Strategy (Adopted March 2019)<sup>5</sup>**

3.1.5 The Newark and Sherwood Local Development Framework was reviewed in 2019, setting out the Council's spatial policy framework for delivering the development and change needed to realise the Council's vision up to 2033.

3.1.6 There are four core policy areas of the Strategy which include:

- Homes for All;
- Economic Growth;
- Sustainable Development and Climate Change; and
- Natural and Built Environment.

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<sup>3</sup> DLUHC (2023), [National Planning Policy Framework](#)

<sup>4</sup> Ibid

<sup>5</sup> Newark and Sherwood District Council (2019), [Amended Core Strategy](#)



- 3.1.7 With regards to the 'Economic Growth' core policy theme, links are drawn with the District Council's Economic Development Strategy (2014) which promotes the building of a shared prosperity including through the planning and supporting of growth within the District.
- 3.1.8 *Core Policy 6 – Shaping our Employment Profile* seeks to both maintain and enhance the employment base of towns and settlements, along with supporting the economies of rural communities. It is recognised that in order to ensure growth, a range of employment sites across the District need to be supported to enable employment levels to be both maintained and increased through both traditional and emerging business sectors.
- 3.1.9 Core Policy 6 also sets out the need to retain and safeguard employment land sites. Clusters of networks and businesses are also supported, particularly in areas of economic regeneration – of which Ollerton is identified as.

**Newark and Sherwood District Council Economic Growth Strategy 2021 – 2026<sup>6</sup>**

- 3.1.10 Newark and Sherwood District Council published its Economic Growth Strategy in 2021, which sets the vision for the years 2021 to 2026.
- 3.1.11 The Strategy includes five priorities as follows:
  - 1. A prioritisation of work activity on Newark as the main town and centre for the district and a focus on key areas of deprivation;
  - 2. A focus on digital connectivity and infrastructure to areas with poorest connectivity or potential for impactful growth with the local economy;
  - 3. Accelerating economic growth and resilience in manufacturing, construction, accommodation, food, retail, health and social care;
  - 4. Accelerating the upskilling and reskilling of people into education, employment or apprenticeships with a focus on young people and older workers; and
  - 5. Diversifying Town Centres to have increased residential, higher footfall and an increased diversity of offer including culture, leisure and health.
- 3.1.12 The Economic Growth Strategy includes an Action Plan to guide the achievement of the key priorities. This includes measures to encourage greater regional investment into the District, along with activities to proactively upskill and reskill residents. Additional objectives focus on providing support for local businesses to grow within the District, enhancing productivity and creating industry clusters.

## 3.2 SUMMARY

- 3.2.1 Analysis of the national and local policy context demonstrates support for local economic development across Newark and Sherwood district, with particular reference to Ollerton, to ensure sustainable development and optimal opportunities for local people.

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<sup>6</sup> Newark and Sherwood District Council (2021), [Economic Growth Strategy 2021-2026](#)



3.2.2 The Council's Local Development Framework (2019) and Economic Growth Strategy (2021) echo the prioritisation of strong businesses and a resilient employment profile throughout the district.



## 4 APPROACH TO ECONOMIC IMPACT ASSESSMENT

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4.1.1 This chapter introduces the approach used to estimate economic benefits and explains terminology used in subsequent chapters.

### 4.2 OVERVIEW OF ECONOMIC IMPACT APPROACH

4.2.1 This Economic Impact Assessment has been undertaken based on Government guidance and accepted methodology for the assessment of local economic impact.

4.2.2 Underpinned by a review of the policy and strategy context and local socio-economic conditions, the purpose of this Economic Impact Assessment is to quantify the potential economic impacts of the Proposed Development during its construction and operational phases, comprising direct, indirect and induced impacts.

4.2.3 The following economic indicators are evidenced:

- Direct and indirect/induced employment,
- Economic output measured in Gross Value Added (GVA);
- Business Rates to Newark and Sherwood District Council; and
- Wage expenditure in the local and wider economy by new employees.

### 4.3 USE OF GOVERNMENT GUIDANCE, BEST PRACTICE AND DATA SOURCES

4.3.1 The assessment of economic impacts is informed by the Homes and Communities Agency's (HCA) Additionality Guide<sup>7</sup> and Employment Densities Guide<sup>8</sup>, and draws on published statistical data sources, by the Office for National Statistics such as the Business Register and Employment Survey (BRES)<sup>9</sup> and both the 2011 Census<sup>10</sup> and the 2021 Census<sup>11</sup>.

4.3.2 The assessment takes into account the economic benefits associated with the existing on-site uses at Murphy Group's locations in both Ollerton and Leeds. To understand existing on-site uses and employment within the red line boundary for the planning application, data has been provided to WSP by the applicant and the wider professional team supporting the planning application. In addition, information has been provided by the application and wider professional team regarding the development parameters for the Proposed Development which has informed this assessment.

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<sup>7</sup> HCA (2014), Additionality Guide (4<sup>th</sup> Edition)

<sup>8</sup> HCA (2015), Employment Densities Guide (3<sup>rd</sup> Edition)

<sup>9</sup> ONS (2021), Business Register and Employment Survey

<sup>10</sup> ONS (2011), 2011 Census

<sup>11</sup> ONS (2021), 2021 Census





## 4.4 ASSESSMENT OF ADDITIONALITY

4.4.1 The former Homes and Community Agency (HCA), now Homes England, Additionality Guide recommended an approach to calculating additionality when assessing local economic growth<sup>12</sup>. The assessment is in accordance with the latest edition (4<sup>th</sup> Edition, 2014) of the Additionality Guide which provides an approach to assess additionality, which takes into account:

- **Deadweight** – also referred to as the ‘Reference Case’, deadweight is the economic outcomes which would occur if the Proposed Development were not implemented and for the purposes of this assessment refers to the existing uses within the red line boundary of the planning application;
- **Leakage** – a measure of the extent to which the benefits that accrue outside of the intervention's target area, in this case referring to employment will be taken up by persons residing outside of the local and wider impact areas;
- **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 site, rather than attracting new investment and employment from businesses located outside of the target area; and
- **Multiplier effects** – further economic activity associated with additional employment and spending by workers and throughout the supply chain. Multipliers published by the What Works Centre for Economic Growth Local Multiplier Toolkit<sup>13</sup> are used. This Economic Impact Assessment has used a multiplier of composite multiplier of 1.50 to assess multiplier effects for both the assessment of existing uses as well as the assessment of the Proposed Development, reflecting that existing uses and proposed uses are tradable sectors and a proportion of jobs will be classed as high-skilled tradable.

## 4.5 IMPACT AREAS

4.5.1 For the purposes of this assessment, two spatial scales have been established to form the study areas. These have been informed by an understanding of the economic geography of the area, alongside consideration of the availability and reliability of data at different spatial scales:

- **A local impact area**, covering the Newark and Sherwood local authority administrative boundary. The 2011 Census shows that 56.9% of people who work in Newark and Sherwood

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<sup>12</sup> It is noted that the Homes and Communities Agency (HCA) Additionality Guide was withdrawn in May 2022 and the Department for Levelling Up, Housing and Communities (DLUHC) published an Appraisal Guide in March 2023, which includes additionality. WSP considers it reasonable to use the HCA Additionality Guide given that it provides more detail on specific assumptions and it is widely considered to remain relevant in the consideration of additionality of local economic growth.

<sup>13</sup> The use of the What Works Centre for Economic Growth Local Multiplier Toolkit is supported by HM Treasury in the latest (2022) Green Book with regard to the assessment of place-based employment effects. The toolkit sets out that an additional job in tradable sectors will create 0.4 jobs in non-tradable sectors and an additional job in high-skilled tradable sectors will create 2.6 jobs in non-tradable sectors.

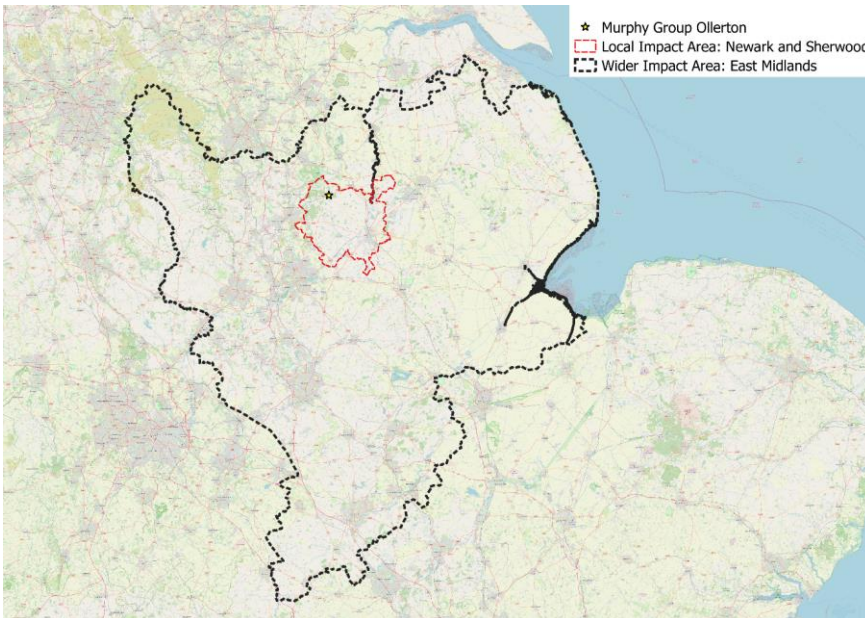


also live within the local authority area, demonstrating a reasonable level of containment at this scale<sup>14</sup>; and

- **A wider impact area**, covering the East Midlands region. The 2011 Census shows that approximately 70.6% of all jobs in the Newark and Sherwood local authority area are taken by people residing in the East Midlands region, suggesting a high level of containment at this scale<sup>15</sup>. It is therefore considered that the majority of socio-economic effects would be concentrated within the wider impact area.

4.5.2 The following figure shows the location of the red line boundary for the Proposed Development in relation to the local impact area of the Newark and Sherwood administrative area and the wider impact area of the East Midlands region.

**Figure 4-1 - Location of the Red Line Boundary of the Proposed Development, within the context of the local and wider impacts areas**



Source: WSP (2023)

<sup>14</sup> ONS (2011), 2011 Census. This data point from the 2021 Census is not available at the time of this assessment.

<sup>15</sup> Ibid.



## 5 SOCIO-ECONOMIC BASELINE

5.1.1 This chapter analyses relevant indicators to provide a review of the current socio-economic profile of the local area, set in the wider context of trends for Ollerton, Newark and Sherwood District Council local authority; the wider East Midlands region and England, where relevant.

### 5.2 POPULATION AND DEMOGRAPHIC CHANGE

5.2.1 Newark and Sherwood's population in 2021 was approximately 123,000 with around 7.6% (9,400 people) residing within the ward of Ollerton, in which the existing Murphy Group Ollerton site is located.

5.2.2 The breakdown of the population between age groups is outlined in Table 5-1, which indicates that the ward in which the site is located in has a lower proportion of older people but a greater proportion of children and working aged people.

**Table 5-1 – Breakdown of Age Groups (2021)<sup>16</sup>**

Age group	Ollerton Ward	Newark and Sherwood DC
% all children aged 0-15	17.7	17.1
% all working age (16-64)	62.7	60.4
% all older people aged 65+	19.5	22.5

5.2.3 According to the ONS' 2018-based population estimates, Newark and Sherwood's population is expected to increase by 10.2% between the years 2023 and 2043 (126,000 to 139,000)<sup>17</sup>. This is notably quicker than the national population, which is anticipated to increase by 7.3% across the same time period. In turn, the population of the East Midlands is anticipated to increase by 10.2%, in line with the anticipated growth in Newark and Sherwood.

### 5.3 ECONOMIC ACTIVITY

5.3.1 At the time of the 2021 Census, 60.6% of the usual resident population aged 16 to 64 in the Ollerton ward were economically active (i.e., in full or part time employment, a full-time student, self-employed or unemployed)<sup>18</sup>. This was greater than the respective proportions for Newark and

<sup>16</sup> ONS (2021) 2021 Census - TS007 - Age by single year [Online] Available from : <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2027>

<sup>17</sup> ONS (2020) Population projections for local authorities [Online] Available at: <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2006>

<sup>18</sup> ONS (2021) 2021 Census - TS066 - Economic activity status [Online] Available from: <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2083>



Sherwood (58.4%) and the East Midlands (59.9%), but marginally below the national average of 60.9%. Concurrently the remaining 39.4% of the population of Ollerton ward were economically inactive (i.e., retired, looking after home or family or long-term sick or disabled), compared to the proportion of 39.1% across England as a whole.

5.3.2 In 2021, 2.3% of people in the Ollerton ward were unemployed, which was similar to the Newark and Sherwood average of 2.1% but lower than the average for England (2.9%).

5.3.3 As of October 2023, the proportion of the working age resident population who were claiming out of work benefits in Newark and Sherwood was 2.9%<sup>19</sup>. This was lower than comparative rates across the East Midlands (3.3%) and Great Britain as a whole (3.7%).

## 5.4 EMPLOYMENT BY OCCUPATION

5.4.1 The Standard Occupational Classification (SOC) is a classification system adopted by the ONS and other institutions to classify jobs in terms of skill level, with 'Managers and Senior Officials' representing the most skilled occupation and 'Elementary Occupations' the least skilled occupations.

5.4.2 Table 3.2 below demonstrates that the proportion of people employed in higher skilled occupations (Classes 1 to 3) in Newark and Sherwood, East Midlands and Great Britain in the 12 months prior to December 2022. This data highlights that a significantly larger proportion of the population of Newark and Sherwood were employed in higher skilled roles compared to the East Midlands (52.1% for Newark and Sherwood and 45.1% for the East Midlands). This rate for Newark and Sherwood was also greater than the national average, which was at 50.9%.

5.4.3 Conversely, Table 5-2 shows that 28.5% of the Newark and Sherwood's population were employed in lower skilled occupations (SOC Classes 7 – 9). This was greater than the comparative rates for the East Midlands (26.0%) and Great Britain (21.7%).

**Table 5-2 – Employment by occupation group (2021)<sup>20</sup>**

Occupation group	Newark and Sherwood (%)	East Midlands (%)	Great Britain (%)
1. Managers, Directors and Senior Officials	16.5	10.1	10.9
2. Professional occupations	20.9	22.6	25.9
3. Associate professional and technical occupations	14.7	12.4	14.1

<sup>19</sup> ONS (2023) NOMIS Local Authority Profile – Newark and Sherwood [Online] Available from: <https://www.nomisweb.co.uk/reports/lmp/la/1946157167/report.aspx>

<sup>20</sup> ONS (2023) Employment by Occupation January – December 2022 [Online] Available from: <https://www.nomisweb.co.uk/query/17.5/wizard.aspx?initset=geog%3a1946157167%2c2013265924%2c2092957698>



Occupation group	Newark and Sherwood (%)	East Midlands (%)	Great Britain (%)
4. Administrative and technical occupations	5.9	9.6	9.7
5. Skilled trades occupations	6.6	10	9
6. Personal Services	6.9	9.1	8.4
7. Sales and customer service occupations	9.9	6.7	6.4
8. Process, plant and machine operative	7.2	8.2	5.9
9. Elementary occupations	11.4	11.1	9.4

## 5.5 EMPLOYMENT BY SECTOR

- 5.5.1 As of 2022, 53,200 people were employed within Newark and Sherwood. The 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles', 'Human Health & Social Work Activities' and 'Accommodation & Food Services' industries employed the greatest proportion of workers in the District, equal to 13.2% (or 7,000 jobs) each. The next most important industries for the Newark and Sherwood local economy were 'Manufacturing' and 'Transportation and Storage' representing 11.3% (or 6,000 jobs) each of the District's employment base.
- 5.5.2 Interestingly, the 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles' employed the highest proportion of individuals across all three geographies (15.5% and 14.0% of the East Midlands and England's employment bases. 'Human Health and Social Work Activities' and 'Manufacturing' were also dominant across the East Midlands.
- 5.5.3 This analysis is set out in Table 5-3 below.

**Table 5-3 – Job breakdown by sector (2022)<sup>21</sup>**

Sector name	Newark and Sherwood (%)	East Midlands (%)	Great Britain (%)
A : Agriculture, forestry and fishing	1.7%	0.8%	0.6%
B : Mining and quarrying	0.2%	0.2%	0.1%
C : Manufacturing	11.3%	11.3%	7.5%

<sup>21</sup> ONS (2023) Business Register and Employment Survey 2022 [Online]



Sector name	Newark and Sherwood (%)	East Midlands (%)	Great Britain (%)
D : Electricity, gas, steam and air conditioning supply	0.3%	0.6%	0.3%
E : Water supply; sewerage, waste management and remediation activities	1.3%	0.6%	0.7%
F : Construction	6.6%	5.5%	4.8%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	13.2%	15.5%	14.0%
H : Transportation and storage	11.3%	6.6%	5.1%
I : Accommodation and food service activities	13.2%	7.5%	7.9%
J : Information and communication	2.8%	2.7%	4.8%
K : Financial and insurance activities	0.8%	1.7%	3.3%
L : Real estate activities	1.3%	1.3%	1.9%
M : Professional, scientific and technical activities	4.7%	6.9%	9.4%
N : Administrative and support service activities	5.6%	9.0%	9.2%
O : Public administration and defence; compulsory social security	2.8%	4.0%	4.3%
P : Education	5.6%	8.6%	8.5%
Q : Human health and social work activities	13.2%	13.7%	13.2%
R : Arts, entertainment and recreation	2.3%	2.1%	2.3%
S : Other service activities	1.9%	1.4%	2.0%

## 5.6 BUSINESS SIZE

- 5.6.1 In 2023, there were 5,060 enterprises across Newark and Sherwood, accounting for approximately 2.8% of all business in the East Midlands (183,510)<sup>19</sup>. The vast majority of these businesses (89.3%) were micro businesses, employing between 0 and 9 employees. This was a similar trend seen across the East Midlands as a whole.
- 5.6.2 There were only 15 large businesses in Newark and Sherwood (employing 250 people or more), accounting for 0.3% of the total number of businesses. Large businesses such as Murphy Group are therefore in a clear minority in the area. This analysis is set out in Table 5-4.



**Table 5-4 – Size of Businesses Across Impact Areas (2022)<sup>19</sup>**

Size of Business	Newark and Sherwood (numbers)	Newark and Sherwood (%)	East Midlands (numbers)	East Midlands (%)
Micro (0 – 9 employees)	4,520	89.3	162,915	88.8
Small (10 – 49 employees)	460	9.1	16,890	9.2
Medium (50 – 249 employees)	65	1.3	2,955	1.6
Large (250 + employees)	15	0.3	750	0.4
Total	5,030	-	183,510	-

## 5.7 JOB DENSITY

5.7.1 In Newark and Sherwood in 2021 there was a total of 57,000 jobs<sup>19</sup>. This equates to a job density (number of jobs per working age person) of 0.76, which is lower than the equivalent job densities for the East Midlands (0.80) and the average for Great Britain as a whole (0.85).

## 5.8 ECONOMIC PRODUCTIVITY

5.8.1 Gross value added (GVA) is a conventional measure of economic productivity. GVA measures the value of output generated by a producer minus the costs associated with the production of the output.

5.8.2 The ONS defines GVA as “*the contribution of each individual producer, industry or sector to the economy.*” GVA can be estimated at either an aggregate (or macro) level or at an individual producer (or micro) level, as follows:

- At the macro level – GVA measures the value of output (goods and services) produced in the national economy minus the cost of raw materials and other inputs used to produce them; and
- At the micro level – GVA measures the value of output generated by a producer minus the costs associated with the production of the output.

5.8.3 The GVA of Newark and Sherwood was £2.7 billion in 2021<sup>22</sup>. The construction sector accounted for £218 million of this, therefore contributing 8.1% to the local economy<sup>22</sup>.

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<sup>22</sup> ONS (2022) Regional gross value added (balanced) by industry: local authorities by ITL1 region [Online] Available from: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/regionalgrossvalueaddedbalancedbyindustrylocalauthoritiesbyitl1region>



5.8.4 On a regional basis, detailed information on GVA per filled job is provided by the Regional Economic Analysis Sub Regional Productivity Tables published in June 2023<sup>23</sup>. Table B3 reveals that GVA per filled job for Derbyshire and Nottinghamshire (the applicable region for Newark and Sherwood) was £50,769 in 2021, 14.9% lower than the national average.

## 5.9 EARNINGS BY PLACE OF RESIDENCE

5.9.1 The average gross annual pay in 2023 for all workers was 1.4% lower in Newark and Sherwood (£31,413) compared to the average across the East Midlands (£31,865) and 12.6% less than the average annual pay across Great Britain (£35,955)<sup>24</sup>.

5.9.2 Despite a larger proportion of residents in Newark and Sherwood working in high skilled occupations, this is potentially reflective of the fact that there is also a relatively large proportion of residents working in lower skilled occupations (as set out in Table 5-2 and Table 5-3).

## 5.10 EDUCATION AND SKILLS

### Proportion of People with No Qualifications

5.10.1 As of 2021, Newark and Sherwood had a significantly higher proportion of working age residents with no qualifications (12.2%) than the East Midlands (7.5%) and Great Britain as a whole (6.6%). This is reflected in Table 5-5 below.

### Proportion of People with Higher Level Qualifications

5.10.2 As of 2021, the proportion of the population with higher qualifications (Level 4 or above) in Newark and Sherwood (32.5%) was lower than the average for the East Midlands (35.7%) and England and Wales (43.6%)<sup>18</sup>. This is reflected in Table 5-5 on the following page.

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<sup>23</sup> ONS (2023) Sub regional Productivity: Labour Productivity (GVA per hour worked and GVA per filled job) indices by UK ITL2 and ITL3 subregions [Online] Available from:  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>

<sup>24</sup> ONS (2023) Earnings and hours worked, place of residence by local authority: ASHE Table 8 [Online] Available from:  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityashtable8>





**Table 5-5 – Educational Attainment (January 2021 to December 2021)<sup>25</sup>**

Age group	Newark and Sherwood (%)	East Midlands (%)	Great Britain (%)
Level 4 Qualifications and Above	32.5	35.7	43.6
Level 3 Qualifications	59.1	55.9	61.5
Level 2 Qualifications	78.8	74.7	78.1
Level 1 Qualifications	83.6	86.5	87.5
Other qualifications	4.2	6.0	5.9
No Qualifications	12.2	7.5	6.6

## 5.11 YOUNG PERSON PARTICIPATION

5.11.1 The 2023 results for Nottinghamshire show that the rate of 16- and 17-year-olds not in education, employment or training (NEET) was lower than the regional and national averages, as demonstrated in Table 5-6 below.

**Table 5-6 – NEET Statistics by Local Authority, Region and England-wide<sup>26</sup>**

Activity	Nottinghamshire (%)	East Midlands (%)	England (%)
Full time education	90.6	87.7	85.7
Apprenticeship	3.4	4.1	4.7
Work based learning	0.1	0.9	0.9
Part time education	0.0	0.1	0.1
Employment combined with study	0.4	1.1	0.7
Other	0.7	0.3	0.2

<sup>25</sup> ONS (2021) Annual Population Survey 2021 [Online] Available from: <https://www.nomisweb.co.uk/query/17.5/wizard.aspx?initset=geoq%3a1946157167%2c2013265924%2c2092957698>

<sup>26</sup> ONS (2022) NEET and participation: local authority figures [Online] Available from: <https://www.gov.uk/government/publications/neet-and-participation-local-authority-figures>



Total known in Employment, Education and Training	95.2	94.2	92.3
Current activity not known	1.5	1.4	1.8
<b>Minimum proportion of 16- and 17-year-olds considered to be NEET</b>	<b>3.3</b>	<b>4.4</b>	<b>5.9</b>

5.11.2 Data from the ONS estimates approximately 18,119 people are aged 16 and 17-years old in Nottinghamshire in 2022<sup>27</sup>. As a result, taking the 3.9% estimate above of those who are NEET, there is at least 598 Nottinghamshire residents considered to not be engaging with any kind of employment, education or training activity.

## 5.12 DEPRIVATION

5.12.1 The English Indices of Deprivation (EID 2019) enable comparisons to be made for a range of deprivation indicators at the small area level<sup>28</sup>. The small areas, or neighbourhoods, are known as lower level super output areas (LSOAs) which on average contain around 1,500 people.

5.12.2 The EID 2019 provides an overall index of multiple deprivation which is based on seven separate deprivation domains. Each deprivation domain is weighted, as shown below:

- **Income deprivation** – with a weighting of 22.5%;
- **Employment deprivation** – with a weighting of 22.5%;
- **Education, skills and training deprivation** – with a weighting of 13.5%;
- **Health deprivation and disability** – with a weighting of 13.5%;
- **Crime** – with a weighting of 9.3%;
- **Barriers to housing and services** – with a weighting of 9.3%; and
- **Living environment deprivation** (9.3%).

5.12.3 The site is located within Newark and Sherwood 001B, an LSOA which forms part of the Ollerton ward. The area is ranked 9,220 out of 32,844 LSOAs in England, where 1 is the most deprived. This places it amongst the 30% most deprived neighbourhoods in England.

5.12.4 Table 5-7 shows how the LSOA within which the Site falls (Newark and Sherwood 001B), is ranked, both overall and by each different domain, against all the LSOAs within England.

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<sup>27</sup> ONS (2023) population estimates – local authority based by single year of age [Online] Available from: <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2002>

<sup>28</sup> Department for Communities and Local Government (2019) English Indices of Multiple Deprivation [Online] Available from: [https://dclgapps.communities.gov.uk/imd/iod\\_index.html](https://dclgapps.communities.gov.uk/imd/iod_index.html)



**Table 5-7 – Deprivation Ranking for LSOA covering the site**

<b>Domain of Deprivation (Rank out of 32,844 where 1 is most deprived)</b>	<b>Newark and Sherwood 001B LSOA</b>
Overall IMD Rank	12,305
IMD % Decile	37% most deprived
Income Rank	15,369
Income % Decile	47% most deprived
Employment Rank	8,470
Employment % Decile	26% most deprived
Education, Skills and Training Rank	6,447
Education % Decile	20% most deprived
Health Deprivation and Disability Rank	9,122
Health % Decile	28% most deprived
Crime Rank	11,852
Crime % Decile	36% most deprived
Barriers to Housing and Services Rank	24,477
Barriers to Housing % Decile	25% least deprived
Living Environment Rank	26,894
Living Environment % Decile	18% least deprived

- 5.12.5 Table 5-7 illustrates that Newark and Sherwood 001B on the whole is not significantly deprived with largely middling levels of deprivation. The area was however within the top 20% most deprived neighbourhoods in the country with regards to education and was within the 30% most deprived neighbourhoods in England with regards to employment and health domains.
- 5.12.6 The LSOA scores better in terms of the barriers to housing domain which measures the physical and financial accessibility of housing and local services. Its rank of 24,477 places it in the 25% least deprived neighbourhoods. Similarly, Newark and Sherwood 001B also scored well in the living environment domain, which measures the quality of the local environment. Its rank of 26,894 placed it in the 18% least deprived areas in the country and was the LSOA's best performing domain.

### 5.13 SUMMARY

- 5.13.1 In summary, the baseline assessment has identified the following trends:
- **Population** – The proportion of residents who are of working age at the ward level is broadly in line with that at the local authority level. In both instances they make up the vast majority of the resident population. The population across Newark and Sherwood is also anticipated to grow at



a rapid rate of 10.2% between the years 2023 and 2044. This is a rate significantly higher than the national average of 7.3% over the same time period.

- **Economic Activity** – the economic activity levels of residents within the Ollerton ward were greater than those across the Newark and Sherwood local authority and the East Midlands but lower than the national average. Furthermore, the proportion of the Newark and Sherwood population who were claiming out of work benefits was lower than the East Midlands and Great Britain rates.
- **Employment Structure** - the proportion of people employed in higher skilled occupations in Newark and Sherwood was greater than the proportion across the East Midlands and the national rate. Interestingly, a higher proportion of residents were also employed in lower skilled occupations compared to East Midlands and Great Britain averages. The dominant industries in the local authority area are retail, human health and social work activities, manufacturing and transportation and storage.
- **Business activity and job density** – the proportion of businesses which were classified as micro, small, medium and large were similar between Newark and Sherwood and the East Midlands region. The job density in Newark and Sherwood was lower than the overall job densities across the East Midlands and Great Britain.
- **Education** – The rate of persons in Newark and Sherwood who had no qualifications was almost double the national average.
- **Young person participation** – the wider Nottinghamshire population had a lower proportion of 16 and 17 year olds likely to be NEET, although it was still estimated that almost 600 young people in the area were not in education, employment or training in 2023; and
- **Deprivation** – The neighbourhood impact area (LSOA Newark and Sherwood 001B) is ranked among the 37% most deprived areas in England. Overall, while the LSOA scores well across some domains (namely barriers to housing and living environment) this is offset by a poorer performance across others such as education and skills, employment and health. Overall, it is considered that the area suffers from middling levels of deprivation.

5.13.2 The evidence shows that the Proposed Development would be well suited to improving the employment profile within the Ollerton ward and Newark and Sherwood district and overall and would provide opportunities to increase the business base within the local area. This, in turn, would support the creation of higher value employment and additional jobs, as well as supporting the retention of highly skilled workers and businesses within the area, increasing qualification levels and providing opportunities to young people.

5.13.3 Importantly, this will help to reinforce the prominence of the construction sector in Newark and Sherwood, where 6.6% of jobs are within this sector – compared to 5.5% across the East Midlands and 4.8% nationally.



## 6 ECONOMIC IMPACTS OF EXISTING OPERATIONS

- 6.1.1 The presence of Murphy Group already represents a significant economic asset to the local impact area of Newark and Sherwood and the wider impact area of the East Midlands region. In line with Government guidance and best practice, this chapter accounts for existing active operations on the application site at Ollerton, known as the 'Reference Case'.
- 6.1.2 In addition, reflecting that the Proposed Development is to consolidate existing operations in Leeds and Ollerton, this chapter provides information on the existing operations at Murphy's operations in Leeds.

### 6.2 EXISTING ON-SITE USES AND OPERATIONS

- 6.2.1 The two sites support a range of different roles, from core engineering work to wider commercial roles, along with critical corporate functions for the business such as legal and people teams. Table 6-1 illustrates the business units currently hosted across the sites.

**Table 6-1 – Overview of the Existing Business Functions Operating in Ollerton and Leeds**

Murphy Group business unit/function	Description
Engineering	This business function oversees and supports all of Murphy Group's projects, influencing the success of projects through innovation, added value and applied engineering.
Commercial	This business unit oversees the contractual and financial elements of all construction projects across the business.
Group Operations	This business unit brings together specialist capabilities such as technicians and operatives as well as project support.
Safety, Health, Environment and Sustainability (SHES)	This business unit oversees all SHES related matters within the business.
Business Development and Strategy	These teams are currently based out of the Stonecross office. These teams look after all finance operations and payment management across the UK business.
Investment and Development	This business function oversees the investment and management of Murphy owned assets and properties across the business globally.
Finance	This business unit process and manage all of Murphy Group's accounts and payment functions as well payroll and expenses.
IT	This business unit is responsible for the operation and maintenance of all Murphy Group's IT support functions across all national offices and projects.
People	The people team as a business function support on employee recruitment, employee performance and success planning, learning and development. The business unit also oversee Murphy Group's emerging talent

**Commented [KM1]:** The description of this business unit was omitted in Jonathan's response, but comprises a large proportion of employment, so I have drafted this text for Murphy's review / sign off.



Murphy Group business unit/function	Description
	engagement such as apprenticeships and graduate schemes as well as a number of other employee and people related matters.
Legal	This business unit is responsible for the management and support of all legal matters.

Source: Information provided by applicant (2023)

## 6.3 EMPLOYMENT

### 6.3.1.1 Gross on-site jobs supported by existing uses

6.3.2 Across both the Ollerton and Leeds sites, Murphy Group employs<sup>29</sup> a total of 187.5 Full-Time Equivalent (FTE) members of staff, comprising:

- **Ollerton** – 102 FTEs, equivalent to 54.4% of employees across both sites; and
- **Leeds** – 85.5 FTEs<sup>30</sup>, equivalent to 45.6% of employees across both sites.

**Table 6-2 – Current employment at Ollerton and Leeds sites**

Current employment	Ollerton	Leeds
187.5 FTE	102 FTE	85.5 FTE

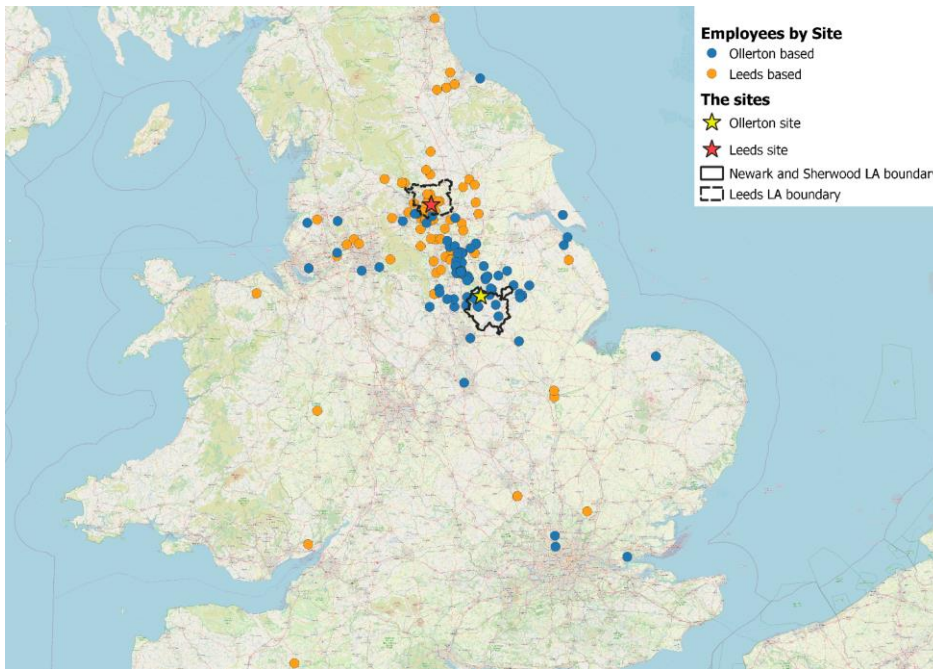
Source: Information provided by applicant (2023)

6.3.3 Anonymised information provided regarding employees’ residence addresses illustrate that while employees live across all parts of the UK, the majority live around their respective sites, as shown by **Figure 6.1**. The map also highlights that a significant proportion of employees live between both the Ollerton and Leeds sites.

<sup>29</sup> Data provided by the applicant for the purposes of this assessment.

<sup>30</sup> of which 85 are full-time employees and one is part-time. Taken together, both sites therefore host 187.5 FTE employees. One part-time job is equivalent to 0.5 FTE job for the purposes of this assessment.

**Figure 6-1 – Anonymised postcodes of Murphy Group’s Ollerton and Leeds based staff**



Source: WSP (2023); data provided by Applicant

6.3.4 The average length of employment at the company is 6.2 years, highlighting the ability of Murphy Group to support long-term careers.

**Net additional employment**

6.3.5 The assessment of net additional employment is based on the levels of employment currently supported at the Ollerton and Leeds locations.

6.3.6 The term, ‘net additional employment’ refers to the scale of employment that is generated after taking into account a number of economic considerations, namely; leakage, displacement and multiplier effects.

**Net additional employment generated by current operations at Ollerton**

6.3.7 It is estimated the existing uses at the Ollerton site result in a direct net additional employment of approximately 55 FTE jobs in the wider impact area of the East Midlands regional economy, inclusive of 20 FTE jobs that are likely to be taken up by those living in the local impact area of Newark and Sherwood.



6.3.8 The analysis suggests that a further 30 FTE jobs are supported via indirect and induced effects<sup>31</sup> which includes contracts in the supply chain, salaries and onward expenditure across the wider economy of the East Midlands, of which 10 FTE jobs are in the local impact area of Newark and Sherwood.

6.3.9 Therefore, the net total additional FTE jobs resulting from the Ollerton site after accounting for leakage and multiplier effects is estimated to be 85 FTE jobs for the wider impact area, inclusive of 35 FTE jobs taken up by residents in the local impact area of Newark & Sherwood. This is summarised into the table below.

**Table 6-3 – Ollerton site existing uses net FTE employment generation (rounded numbers)**

Net FTE Employment	Local impact area	Wider impact area
Gross on-site jobs	100	
Net Direct FTE Employment	20	55
Indirect and Induced FTE Employment	10	30
<b>Net Additional Employment (Total)</b>	<b>35</b>	<b>85</b>

Source: WSP (2023)

**Net additional employment generated by current operations at Leeds**

6.3.10 As for the Leeds site, it is estimated the existing uses across the site result in a direct net additional employment of approximately 60 FTE jobs in the wider impact area of Yorkshire and the Humber region, inclusive of 20 FTE jobs that are likely to be taken up by those living in the local impact area of Leeds.

6.3.11 In terms of induced and indirect effects, the Leeds site is estimated to support a further 30 FTE jobs across the wider economy of Yorkshire and the Humber, inclusive of 10 FTE jobs in the local impact area of Newark and Sherwood.

6.3.12 Therefore, the net total additional FTE jobs resulting from the Leeds site after accounting for leakage and multiplier effects is estimated to be 95 FTE jobs for the wider impact area, inclusive of 30 FTE jobs taken up by residents in the local impact area of Leeds. This analysis is summarised into the following table.

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<sup>31</sup> A composite multiplier of 1.5 is used for assessing indirect and induced impacts. This reflects a combination of a 0.4 multiplier for tradable sectors and 2.6 for high-skilled tradable sectors taken from the most recent HM Treasury Green Book (2022).





**Table 6-4 – Leeds site existing uses net FTE employment generation (rounded figures)**

Net FTE Employment	Local impact area	Wider impact area
Gross on-site jobs	85	
Net Direct FTE Employment	20	60
Indirect and Induced FTE Employment	10	0
<b>Net Additional Employment (Total)</b>	<b>30</b>	<b>95</b>

Source: WSP (2023)

## 6.4 ECONOMIC PRODUCTIVITY

- 6.4.1 The economic activity of current uses generates Gross Value Added (GVA), a measure of economic productivity.
- 6.4.2 Data published by the ONS indicates the average GVA generated per annum per FTE job. For this assessment, industries that best categorise existing uses on-site have been used and weighted according to information on current on-site jobs. Application of the economic industries, namely Manufacturing; Construction; Transport and Storage; Professional, Scientific and Technical Activities; and Administrative and Support Service Activities<sup>32</sup>.
- 6.4.3 It is estimated that the 187.5 FTE jobs supported by existing on-site uses generates GVA of approximately £12.2 million per annum. After taking into account indirect and induced multiplier effects resulting from employment supported in the supply chain and through expenditure, a total of £16.4 million in GVA<sup>33</sup> is estimated to be created by existing uses across the East Midlands and West Yorkshire regions, comprising:
- **Ollerton** - It is estimated that the 102 FTE direct jobs supported by Murphy Group in Ollerton generates £6.2 million in GVA per annum. A further £2.2 million in GVA is estimated to be created by the indirect employment supported in the supply chain, bringing the overall GVA contribution from the employment supported to around £8.4 million per annum.
  - **Leeds** - As for the Leeds site, it is estimated that the 85.5 FTE direct jobs supported by Murphy Group generates £6.0 million in GVA per annum. A further £2.0 million in GVA is estimated to be

<sup>32</sup> ONS (2023), Annual Business Survey Section F, UK, 2008 to 2021 and ONS (2021), Business Register and Employment Survey

<sup>33</sup> GVA for indirect and induced effects is calculated using average GVA per worker benchmarks for Newark and Sherwood (£62,207) in the absence of data on indirect and induced employment by specific industries.



created by the indirect employment, resulting in an overall GVA contribution from the employment supported to approximately £8.0 million per annum.

**Table 6-5 – Existing GVA Generated by Existing on-Site Jobs**

<b>Net GVA Generation, existing uses</b>	<b>Ollerton</b>	<b>Leeds</b>	<b>Total</b>
Direct GVA generated	£6,221,000	£6,002,000	£12,223,000
Indirect / induced GVA	£2,185,000	£2,039,000	£4,224,000
<b>Net additional GVA generated, per annum</b>	<b>£8,406,000</b>	<b>£8,040,000</b>	<b>£16,447,000</b>

Source: WSP (2023), note sums may not sum, due to rounding.

## 6.5 WAGE EFFECT BY EMPLOYEE SPENDING IN OLLERTON

6.5.1 The wage effect describes a spin-off effect as employees spend their income in local shops and businesses. Based on industry research<sup>34 35</sup>, a modest assumption has been made that on average 60% of FTE employees spend an average of £6 a day (across 232 days) in local retail and leisure businesses. Using this assumption, it is estimated that the expenditure effect generated by the gross on-site FTE jobs located at Ollerton and indirect / induced jobs located in the local impact area of Newark and Sherwood, could be in the region of £94,000 per annum.

6.5.2 Moreover, anecdotal evidence provided by Murphy Group suggests that Ollerton based staff access a variety of local shops, restaurants, and pubs throughout the work week including:

- **Asda, Forest Road, New Ollerton** – one of two local supermarkets staff regularly use at lunch time;
- **Tesco, Forest Road, New Ollerton** – the second local supermarket that staff regularly use for lunch and petrol;
- **Costcutter, Tuxford Road, New Ollerton** – convenience store that staff use for lunches and small grocery shopping;
- **Sister Snacks, Forest Road, New Ollerton** – local sandwich shop used by staff at breakfast or lunch;
- **S. Allwood & Sons Ltd, Forest Road, New Ollerton** – local butchers which some staff use frequently at lunchtime;
- **Pitstop Café, Boughton Industrial Estate** – local café visited by staff, mostly for breakfast;

<sup>34</sup> KANTAR (2018) The UK spent over £49bn on eating and drinking out last year [Online] Available from: <https://www.kantar.com/uki/inspiration/consumer/the-uk-spent-over-49bn-on-eating-and-drinking-out-last-year>

<sup>35</sup> HR News (2022) British Sandwich Week: Survey reveals the nation's work lunch preferences [Online] Available from: <https://hrnews.co.uk/british-sandwich-week-survey-reveals-the-nations-work-lunch-preferences/>



- **The Picnic Basket coffee shop, Forest Road, New Ollerton** – local café where staff often get coffee; and
- **Olde Red Lion, Eakring Road, Wellow** – local pub around the corner where staff will often visit after work or sometimes for lunch.

## 6.6 FISCAL BENEFITS

6.6.1 The economic activity of Murphy Group results in fiscal benefits in the form of a business rates bill and employment related receipts (PAYE taxation and National Insurance contributions). As outlined below, the current presence of Murphy Group in Ollerton and Leeds is estimated to generate around £2.2 million in fiscal benefits, comprising Business Rates, Income Tax and National Insurance, which contributes to the provision of public services.

### Business Rates

6.6.2 Non-domestic Business Rates are a form of local taxation covering all property consisting of land and/or buildings not classed as domestic property or exempt from rating. Business Rates are directly related to a site's floorspace area as well as on-site economic activity and uses.

6.6.3 According to company's accounts, in 2023, Murphy Group's business rates bill across the Ollerton and Leeds sites are approximately £63,000 and £41,500 respectively. Table 6.6 provides a breakdown of the business rates bill across these sites.

**Table 6-6 - Murphy Group Business Rates Bill**

Site	Business Rates Bill (2022/23)
Ollerton	£63,000
Leeds	£41,500

6.6.4 Business rates, along with council tax revenue, make up local authorities' largest source of income, and are an essential source of funding for key public services in local areas, such as local transport, social care and parks.

### Income tax and National Insurance Contributions

6.6.5 As a major employer, Murphy Group also generates significant employment related fiscal benefits. WSP has assessed the employee tax contribution based on the average salary provided by Murphy Group (see paragraph 4.1.21) across the Ollerton and Leeds sites, and the 102 FTE jobs and 85.5 FTE jobs supported across these sites (see paragraph 4.1.5).



Based on this information it is estimated that the 102 FTE and 85.5 FTE employees across both sites generate approximately £1.2 million in income tax<sup>36</sup> and £1.1 million in National Insurance contributions per annum.

## 6.7 MURPHY GROUP: PROMOTING ECONOMIC PARTICIPATION

- 6.7.1 In addition to the economic benefits demonstrated in this section, it is also pertinent to understand how the employment supported at the existing sites is able to respond to local needs around skills development, wages and unemployment.
- 6.7.2 Working across the UK, Murphy Group pride themselves on their inclusive employment programmes and opportunities. This includes programmes such as Sector Based Work Academy (SWAP), Ex-Offenders Programme, the Emerging Talent positions and the Kickstart programme which came to an end in 2022. These are reviewed in further detail below.

### **Sector Based Work Academy (SWAP)**

- 6.7.3 Murphy worked with the Department for Work and Pensions (DWP) and Regency Source (an external training provider) to run an open day in Ollerton for the local unemployed community in March 2022.
- 6.7.4 As a result, in May 2022, approximately 20 candidates signed up and commenced a three-week training programme focussing on technical training skills for operative/operational roles. Of the 20, three roles were offered through the programme.

### **Engagement with ex-offenders**

- 6.7.5 Murphy Group became a 'Ban the Box' employer in 2020, committing to reduce barriers to employment for people with criminal records. Going one step further in their commitment to ensuring that those with criminal convictions aren't excluded in recruitment processes, Murphy Group staff have spent time at Her Majesty's Prison (HMP) Berwyn in Wrexham, Wales.
- 6.7.6 In 2021, the Murphy Group established a pilot scheme at HMP Berwyn through prison visits and the arrangement of a 'Meet the Employer' event. These visits provided much needed support to those who deserve a second chance re-entering the world of work with Murphy Group staff able to talk to individuals currently at the prison about real opportunities at Murphy Group, life in the construction industry and also provide assistance with writing CVs. Over 100 expressions of interest were received by prisoners, with 60 of these individuals interviewed and 14 people eventually being offered employment with Murphy Group upon their release from prison.
- 6.7.7 Following success in 2021, a second intake in May 2022 offered another 15 jobs to prison leavers, with the firm now at the forefront of developing opportunities to change the lives of those with criminal convictions. Coined the 'Murphy Model', this approach is now being rolled out across the UK and will form a core part of their ongoing talent pipeline, with a commitment to recruit in skills shortage areas across several different regions.

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<sup>36</sup> GOV.UK – [estimate your income tax for the current year](#)



6.7.8 In recognition of this innovative approach, the Murphy Group won the 'Inspiring Change in the Community – Company' award as presented at the Civil Engineering Contractor Association's (CECA) Inspiring Change Conference in July 2022<sup>37</sup>.

#### **Emerging Talent**

6.7.9 Across all sites, there are a number of staff working in roles considered to be 'Emerging Talent' positions such as graduates and apprentices. The employment of talented individuals at the formative stages of their careers is supported across business functions.

6.7.10 Employees in the graduate and apprenticeship programmes undertake two years of training whilst working full-time. The commitment to training and the employment of young people is pertinent as research published by the Department for Education in 2017 showed that 65% of apprentices stay working for the company that trained them when they complete their apprenticeship<sup>38</sup>.

6.7.11 Further details on Murphy's involvement in local schools and colleges and support for early career professionals will be detailed in the Health Impacts and Community Benefits Statement to be submitted alongside the planning application.

#### **Kickstart**

6.7.12 As mentioned, the Kickstart programme came to an end in 2022 but provided opportunities for young people, between the ages of 16-24 years who were unemployed. The programme consisted of a six-month work placement with on-the-job learning, as well as a structured employment support programme. Murphy Group then offered all successful placements a permanent role, with many going on to secure apprenticeships and degree apprentices in career pathways such as engineering and quantity surveying.

## **6.8 SUMMARY**

6.8.1 In summary, the current economic footprint of Murphy Group across the Ollerton and Leeds sites is as follows:

- **Employment in Ollerton:** The Ollerton site currently supports 102 gross on site jobs (102 FTE) and supports a further estimated 11 FTE jobs in the supply chain;
- **GVA generated by economic activity in Ollerton:** The direct and indirect jobs supported by the Ollerton site are estimated to generate GVA to the local economy of approximately £8.4 million annually;
- **Employment in Leeds:** The Leeds site currently supports 86 gross on-site jobs (85.5 FTE) and an estimated 10 FTE jobs in the supply chain are currently supported by the Leeds site;

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<sup>37</sup> Inspiring Change Conference & Awards (2022) Winners 2022 Inspiring Change Awards [Online] Available from: <https://www.inspiringchangeawards.com/winners-2022-inspiring-change-awards.html>

<sup>38</sup> Department for Education (2017) *Apprenticeships evaluation 2017: employers – Research report: November 2017* [Online] Available from: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/659710/Apprenticeships\\_evaluation\\_2017\\_employers.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/659710/Apprenticeships_evaluation_2017_employers.pdf)



- **GVA generated by economic activity in Leeds:** The direct and indirect jobs supported by the Leeds site are estimated to generate GVA to the local economy of approximately £8.0 million annually;
- **Wage expenditure in Ollerton:** Wage expenditure Ollerton based staff wage effects generate £94,000 in worker expenditure in the local economy, benefitting a plethora of local shops and businesses;
- **Business rates:** As of 2023, Murphy Group's business rates bill across the Ollerton and Leeds sites are £62,976 and £41,516 respectively;
- **Fiscal benefits:** Current operations in Ollerton and Leeds currently generate approximately £2.4 million in fiscal benefits; and
- **Skills and training:** Murphy Group operate numerous programmes targeting the unemployed, young people, ex-offenders and recent graduates to support skills development and employment opportunities.



## 7 TEMPORARY ECONOMIC IMPACTS OF THE PROPOSED DEVELOPMENT DURING THE CONSTRUCTION PHASE

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7.1.1 This chapter outlines the economic impacts estimated to temporarily result from the Proposed Development during its construction phase.

7.1.2 Information provided by the applicant indicates that the construction phase of the development scheme is assumed to last for two years and will cost approximately £27.5 million.

### 7.2 CONSTRUCTION EMPLOYMENT

7.2.1 As of December 2023, it is envisaged that Murphy Group's inhouse construction team will be likely to deliver the construction of the Proposed Development with the assistance of local subcontractors if required. As such, this section of the report presents two scenarios;

- **Scenario 1** quantifies the number of FTE construction workers from Murphy Group required to undertake the construction of the Proposed Development, the indirect and induced employment supported; and economic productivity (GVA) that this would generate.
- **Scenario 2** estimates the temporary increase in employment for construction firms as a result of Murphy Group contracting external construction workers to undertake the Proposed Development in its entirety. It also takes into account leakage and displacement effects<sup>39</sup> to quantify the total additional employment as well as GVA generated as a result of the construction phase of the Proposed Development.

#### **Scenario 1 - Construction of the Proposed Development by Murphy Group**

7.2.2 In this scenario, the proposal will not generate any temporary direct construction employment as the work will be undertaken by Murphy Group's own construction workers.

7.2.3 Applying the build cost estimate to the average turnover<sup>40</sup> per construction job<sup>41</sup>, the construction phase of the Proposed Development would require approximately 145 FTE jobs gross-on-site jobs, which is equivalent to 73 FTE jobs per annum over the construction period.

7.2.4 The UK construction sector is characterised by an extensive network of supply chains resulting from expenditure on construction materials, goods and other services, covering a wide range of trades and skills. As a result, the construction investment of the Proposed Development will generate positive economic 'multiplier' effects both locally and across the wider impact area. Incorporating indirect and induced multiplier effects<sup>42</sup>, the construction of the Proposed Development could support a further 50 FTE jobs in the wider impact area of the East Midlands, including approximately

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<sup>39</sup> Please see Chapter 4 for an explanation of the Economic Impact Assessment method.

<sup>40</sup> ONS (2022) Annual Business Survey 2020 Results

<sup>41</sup> ONS (2021) Broad Industry Group (SIC) – Business Register and Employment Survey (BRES): Table 1

<sup>42</sup> Applying the HCA Additionality Guidance sub-regional multiplier for regeneration and physical infrastructure projects



5 FTE jobs in the local impact area of Newark and Sherwood. These figures are presented in the table below.

**Table 7-1 - Total employment resulting from Scenario 1 (figures rounded)**

	Local Impact Area: Newark and Sherwood	Wider Impact Area: East Midlands
Number of Murphy Group construction workers on-site (Gross, Direct, FTE)	145	
Employment off-site induced by operational employment (net, indirect)	5	50

Source: WSP (2023)

**Scenario 2 - Construction of the Proposed Development by External Construction Workers**

- 7.2.5 In this scenario, the construction of the Proposed Development would support 145 FTE gross on-site jobs. Based on an assessment of leakage and displacement, approximately 105 net direct FTE jobs could be taken up by people residing in the wider impact of the East Midlands, of which 60 could be taken up by those residing in the local impact area of Newark and Sherwood.
- 7.2.6 As with Scenario 1, incorporating indirect and induced multiplier effects indicates that the Proposed Development could support a further 50 FTE jobs in the wider impact area of the East Midlands, including approximately 5 FTE jobs in the local impact area of Newark and Sherwood.
- 7.2.7 Therefore, Scenario 2 is expected to generate a total net additional of 155 FTE jobs in the wider impact area of the East Midlands, of which approximately 65 FTE jobs could be within the local impact area of Newark and Sherwood. These findings are shown in the following table.

**Table 7-2 –Total additional Employment from Scenario 2 (Figures Rounded)**

	Local Impact Area: Newark and Sherwood	Wider Impact Area: East Midlands
Construction workers on-site (Gross, Direct, FTE)	145	
Leakage to workers from outside impact area	60	5
Displacement of other activities	20	35
Net Direct Construction Jobs (FTE)	60	105
Employment off-site induced by operational employment (net, indirect)	5	50





	Local Impact Area: Newark and Sherwood	Wider Impact Area: East Midlands
Net additional FTE employment, construction phase	65	155

Source: WSP (2023)

### 7.3 GROSS VALUE ADDED FROM TEMPORARY CONSTRUCTION EMPLOYMENT

- 7.3.1 The construction phase of the Proposed Development will generate the same temporary uplift in economic productivity, measured in Gross Value Added (GVA) irrespective of whether Murphy Group employees undertake the construction of the Proposed Development<sup>43</sup>.
- 7.3.2 Over the construction period, which is estimated to be 2 years, the construction of the Proposed Development could generate £14.7 billion in net additional GVA for the wider impact area of the East Midlands, inclusive of approximately £10.9 billion in GVA which could support the local economy of Newark and Sherwood.
- 7.3.3 These findings are shown in the following table.

**Table 7-3 – Construction Phase Net GVA Generation**

Net GVA Generation, Construction Phase	Local impact area: Newark and Sherwood	Wider impact area: East Midlands
Direct GVA generated	£10,420,000	
Indirect and induced GVA	£440,000	£4,230,000
<b>Net additional GVA generated, total construction period</b>	<b>£10,870,000</b>	<b>£14,650,000</b>

Source: WSP (2023)

<sup>43</sup> This is because in both scenarios, 145 FTE jobs are required on site and 50 induced/ indirect FTE jobs are generated in the East Midlands, of which 5 are in Newark and Sherwood



## 7.4 WAGE EFFECT FROM TEMPORARY CONSTRUCTION WORKER EXPENDITURE

7.4.1 During the construction period, the 145 on-site workers will likely spend in the local economy on food, drink and socialising. Based on industry research<sup>44 45</sup>, a modest assumption has been made that on average 60% of FTE employees spend an average of £6 a day (across 232 days) in local retail and leisure businesses. Using this assumption, it is estimated that the expenditure effect generated by the gross on-site FTE jobs and induced jobs, located in the local impact area of Newark and Sherwood during the construction phase of the Proposed Development, could be in the region of £125,000 across the two-year construction period.

## 7.5 SUMMARY

7.5.1 The Proposed Development will result in an overall net uplift in employment and GVA for the local impact area of Newark and Sherwood.

- **Employment** - based on the investment cost provided by the applicant, the construction phase of the Proposed Development is expected to require 145 direct FTE jobs on-site. The construction activity may be carried out by Murphy employees who are currently based at Ollerton. In a second scenario in which Murphy contracts the construction to another company, then a net additional 155 FTE jobs could be supported in the wider impact area of the East Midlands region, of which approximately 65 FTE jobs could be taken up by residents in Newark and Sherwood.
- **Economic productivity** - the construction phase of the Proposed Development is expected to generate £14.7million in GVA of which £10.9 million will support the local economy of Newark and Sherwood.
- **Wage expenditure of on-site employment** - the expenditure effect generated by the gross-on-site FTE jobs and induced jobs in Newark and Sherwood could be in the region of £125,000 over the two-year construction period.

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<sup>44</sup> KANTAR (2018) The UK spent over £49bn on eating and drinking out last year [Online] Available from: <https://www.kantar.com/uki/inspiration/consumer/the-uk-spent-over-49bn-on-eating-and-drinking-out-last-year>

<sup>45</sup> HR News (2022) British Sandwich Week: Survey reveals the nation's work lunch preferences [Online] Available from: <https://hrnews.co.uk/british-sandwich-week-survey-reveals-the-nations-work-lunch-preferences/>



## 8 ANTICIPATED TOTAL ECONOMIC IMPACTS OF THE PROPOSED DEVELOPMENT DURING THE OPERATIONAL PHASE

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- 8.1.1 Having illustrated the existing economic footprint of Murphy Group within Ollerton and Leeds and their respective wider areas, this chapter assesses the economic impact of the Proposed Development in Ollerton.
- 8.1.2 While this chapter captures the total economic impact resulting from the proposed Ollerton Hub for the local impact area of Newark and Sherwood and the wider impact area of the East Midlands regional economy; the final chapter, *Chapter 9: Conclusions*, presents a comparison in the uplift of each economic indicator after accounting for the existing economic uses on site at the current Ollerton site.

### 8.2 EMPLOYMENT

- 8.2.1 As of December 2023, Murphy Group anticipates that all job roles from the Leeds site will move across to Ollerton once the consolidation is completed. As such, it is assumed that 187.5 FTE jobs will be based on-site at the Ollerton site.
- 8.2.2 The development will comprise 6,500 sqm of new space:
- The **new office** that will be located at the Ollerton site will be 1,500sqm in size, split over two 750sqm floors. Half of the ground floor will be allocated for the new training facility, with the other half of the floorspace used for facilities such as changing rooms and locker space as well as a fully serviced canteen. The first floor will be seating for the office staff.
  - The **new workshop** space at the Ollerton site is assumed to be 5,000sqm in size. Within the space will be 300sqm of office and mezzanine space for staff and operatives running workshops as part of the new training facility.
- 8.2.3 Given that the existing workers from the Leeds site will come across as part of the consolidation, the Proposed Development is not expected to generate any additional on-site FTE job opportunities at this time. That said, the Proposed Development will result in multiplier effects generated through consumer spending by employees and spending in the supply chain by Murphy Group will generate additional indirect and induced employment of 30 FTE jobs in the wider impact area of the East Midlands, of which 10 will likely be taken up by residents in the local impact area of Newark and Sherwood.
- 8.2.4 Therefore, the Proposed Development is expected to result in a net additional employment of 90 FTE jobs in the East Midlands, of which 35 FTE jobs will likely be taken up by residents Newark and Sherwood.
- 8.2.5 This analysis is presented in the table below.



**Table 8-1 - Anticipated employment as a result of the consolidation (numbers rounded)**

Net FTE Employment	Local impact area	Wider impact area
Gross on-site jobs	190	
Net Direct FTE Employment	25	60
Indirect and Induced FTE Employment	10	30
<b>Net Additional Employment (Total)</b>	<b>35</b>	<b>90</b>

Source: WSP (2023), note: numbers may not sum, due to rounding.

### 8.3 ECONOMIC PRODUCTIVITY

- 8.3.1 The consolidation of the Leeds and Ollerton sites into Ollerton is expected to generate a direct GVA of £11.7 million. A further £2.2 million is estimated to be generated in the wider impact area through indirect and induced employment supported in the supply chain, of which £700,000 will be generated in Newark and Sherwood.
- 8.3.2 Therefore, the overall GVA contribution from total employment supported at the Ollerton site after consolidation is expected to be around £13.9 million for the East Midlands, inclusive of approximately £12.4 million in GVA which will support the local Newark and Sherwood economy. These figures are shown in the table below.

**Table 8-2 - Anticipated GVA as a result of the consolidation at Ollerton Hub**

Net GVA Generation	Local impact area	Wider impact area
Direct GVA generated	£11,664,000	
Indirect / induced GVA	£700,000	£2,185,000
<b>Net additional GVA generated, per annum</b>	<b>£12,364,000</b>	<b>£13,849,000</b>

Source: WSP (2023), note sums may not sum, due to rounding.

### 8.4 COMMITMENT TO TRAINING AND INVESTMENT IN STAFF

- 8.4.1 Murphy Group's extensive training programmes also offer further opportunities to upskill and to improve productivity. Murphy Group recognises the need for a long-term strategy in order to ensure the business evolves to remain competitive, and in meeting the shifting demands of its clients in the ever-changing digitalised world.
- 8.4.2 Indeed, the development of automation technologies, digitalisation, and Artificial Intelligence are revolutionising the construction and engineering industries. This process is only going to accelerate over the next 30 years, and by 2050 the construction and engineering industry will be unrecognisable to what it looks like today. Consequently, Murphy Group's employment base will require a different skillset to that which is currently needed.



- 8.4.3 To support Murphy Group's existing workforce, there will need to be an emphasis on the reskilling of workers to enable them to manage the technology that replaces existing processes. A new wave of trained workers will also be needed as those of older ages retire in the coming decades.
- 8.4.4 Murphy Group's internal corporate strategies recognise this, and through the provision of a new training centre as part of this Proposed Development, it will be able to reskill and evolve its existing workforce, while also attracting the very best young talent coming through.

## 8.5 WAGE EXPENDITURE

Based on the assumption mentioned in point 6.1.18, it is estimated that the expenditure effect generated by the gross on-site FTE jobs and induced jobs, located in the local impact area of Newark and Sherwood supported by the Proposed Development could be in the region of £159,000. This spending can support local shops and employment predominately in the local retail and leisure sectors.

## 8.6 BUSINESS RATES

The consolidation of Murphy Group's operations at the Ollerton Hub is estimated to result in a total Business Rates bill of c. £100,000 per annum, of which approximately 50% at £50,000 will be retained by Newark and Sherwood Council and will support the fundings of local infrastructure and service improvements.

## 8.7 PRODUCTIVITY IMPROVEMENTS

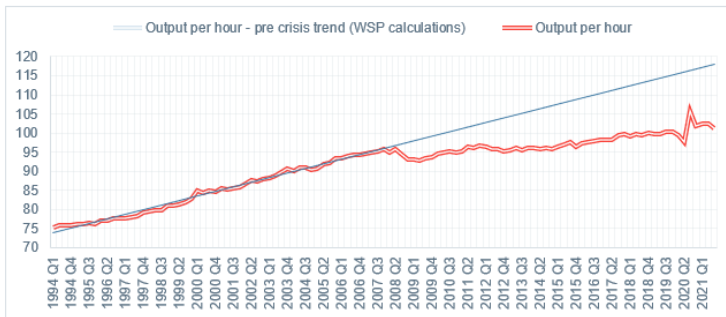
- 8.7.1 The consolidation of the two existing Murphy Group sites into Ollerton will bring with it substantial productivity improvements for the business. This has significant benefits at the micro level, but also wider benefits for the regional and national economy.
- 8.7.2 The Proposed Development will help Murphy Group to streamlining existing operations and benefit from economies of scale, the process by which long run costs are reduced as operations grow in size. Productivity improvements will also be evident in the reduction of travel time between the sites and improved cross-pollination of ideas between departments who could be co-located at the Ollerton Hub. These factors in turn result in higher profits for the firm which can then be reinvested in the latest technology, higher quality infrastructure and/or training programmes. As a consequence, this can result in further productivity benefits, thereby initiating a positive feedback loop for the firm.



### Macroeconomic Productivity Benefits

- 8.7.1 As the long run driver for economic prosperity and growth, improving the East Midlands, and wider UK's productivity performance is a key challenge for the economy. Moreover, this is a challenge which the UK economy has struggled with over the last decade. Official data from the ONS illustrates that productivity growth has stagnated since the financial crisis in 2008 and is now approximately 14.3% below its pre-recession trend at the UK level, despite some productivity improvements evident, including since the onset of the COVID-19 pandemic. This is illustrated in
- 8.7.2 which uses the latest published data from January 2022 – noting that recent economic turmoil in the UK may have further expanded this gap.

**Figure 8-1 – The UK's productivity gap, 1994 Q1 to 2021 Q3<sup>46</sup>**



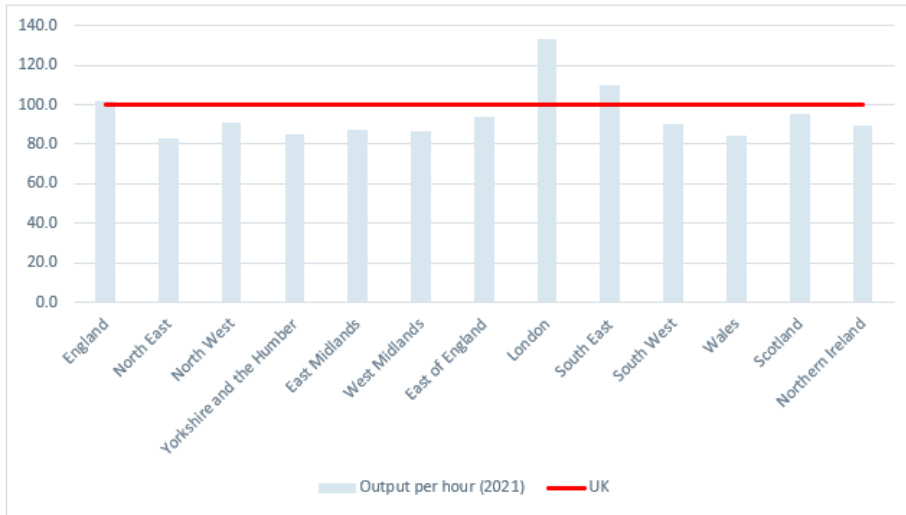
Source: ONS (2022), labour productivity

- 8.7.3 This poor performance reflects a 'long tail' of low productive companies across the country, located within regions outside of London and the South East in particular. For instance, the East Midlands' productivity is a third below that of London, and 12.8% below that of the UK average. This is shown in Figure 8-2 below.

<sup>46</sup> ONS (2022) Labour productivity: Tables 1 to 8 and R1 [Online] Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/labourproductivitytables110andr1>



Figure 8-2 – Output per hour by UK region, 2021<sup>47</sup>



Source: ONS (2021), Annual regional labour productivity

## 8.8 SUMMARY

8.8.1 The proposed development would result in an overall net uplift in employment GVA for the local impact area of Newark and Sherwood and the wider area of the East Midlands.

- **Employment** - after consolidation, it is assumed that 187.5 FTE jobs will be based on-site at the Murphy Group Ollerton site. Given that the Proposed Development entails the moving over of existing job roles from the current Leeds Site to the Ollerton Site, it is not expected that any additional on-site FTE job opportunities will be created for residents of the wider and local impact areas. Taking into account induced/indirect effects, net additional employment as a result of the Proposed Development could result in 90 FTE jobs at the wider impact area of the East Midlands, inclusive of 35 FTE net additional jobs at the local impact area of Newark and Sherwood.
- **Economic productivity** – after accounting for additionality factors, the Proposed Development could generate £13.8 million in GVA per annum for the wider impact area of the East Midlands, of which £12.4 million could support the local Newark and Sherwood economy.

<sup>47</sup> ONS (2021) Annual regional labour productivity [Online] Available from: <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/annualregionalalllabourproductivity>



- **Wage expenditure** – the expenditure effect generated by the gross-on-site FTE jobs and induced jobs in Newark and Sherwood could be in the region of £159,000.





## 9 ASSESSMENT OF REFERENCE CASE AND FINAL CONCLUSIONS

- 9.1.1 This Economic Impact Assessment has demonstrated that the Proposed Development will generate net additional economic impacts for the local economy of Newark and Sherwood District Authority and the surrounding East Midlands regional economy.
- 9.1.2 The following table provides a high-level summary of the key economic metrics assessed, after taking into account Murphy Group's existing operations in Ollerton, known as the 'Reference Case'.
- 9.1.3 The assessment demonstrates that the Proposed Development would result in a positive uplift for the local Newark and Sherwood economy and wider East Midlands regional economy, across all indicators except for fiscal benefits to HM Government, which remains consistent.

**Table 9-1 – Net additional economic impacts generated by the Proposed Development, after taking into account existing uses at Ollerton figures rounded)**

<b>Economic effect</b>	<b>Existing Economic footprint generated by existing on-site uses in Ollerton</b>	<b>Economic impacts generated by the Proposed Development</b>	<b>Net Additional Effect</b>
Gross on-site FTE jobs at Ollerton Hub	102	188	<b>+ 86 jobs</b>
Net additional FTE Employment	85	90	<b>+ 5 FTE jobs</b>
Net additional GVA	£8,406,000	£13,849,000	<b>+ £5.4 million GVA, per annum</b>
Worker expenditure in the local Newark and Sherwood economy, in the retail and leisure sectors	£94,000 per annum	£159,000 per annum	<b>+ £65,000 per annum</b>
Business rates retained by Newark and Sherwood District Council	£30,000 per annum	£50,000 per annum	<b>+ £20,000 per annum</b>
National HM Government Income Tax and National Insurance contributions	£2.4 million per annum	£2.4 million per annum	<b>£0</b>
Temporary construction employment	-	145 FTE gross on-site jobs	<b>+ 145 FTE jobs</b>
Temporary construction GVA	-	£14.7 million gross direct GVA	<b>+ £14.7 million GVA</b>



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