

LANCASHIRE COUNTY COUNCIL

CALLED IN PLANNING APPLICATION FOR PROPOSED HEYSHAM TO M6 LINK ROAD

LAND TO THE NORTH OF LANCASTER BEGINNING AT THE END OF
THE A683 HEYSHAM TO M6 LINK PHASE 1 AND RUNNING IN AN
EASTERLY DIRECTION TO CONNECT WITH THE M6 AT JUNCTION
34 OF THE M6

Planning Inspectorate reference:
APP/Q2371/V/07/1200928 and
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PROOF OF EVIDENCE IRVINE PICZENIK

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Regeneration

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0. INTRODUCTION.

0.1 I am Irvine Piczenik employed as a Regional Director with Faber Maunsell Ltd and a Chartered Transport Planner with a total of 21 years experience (14 years with Faber Maunsell). I was previously employed by Allott & Lomax and Staffordshire County Council. I have a Bachelor of Arts Degree in Economics, a Master of Science Degree in Transport Planning and a Master of Business Administration Degree. I have worked on a range of projects covering transport modelling, public transport, regeneration, strategy assessment and development control. My particular area of expertise is in economic and financial assessment and appraisal. At Faber Maunsell I am responsible for Transport Planning projects undertaken across the North West of England.

0.2 In my evidence I cover the wider economic impacts of a completed Heysham to M6 Link.

0.3 In sections 1 and 2 I describe in outline the work undertaken by Faber Maunsell and the methodology adopted. Section 3 describes the regeneration area associated with the scheme and over which the economic impact has been identified. Sections 4 and 5 provide the policy and socio-economic context in which the scheme's impacts have been considered. The processes and outcomes of surveys and interviews with businesses and key stakeholders are detailed in sections 6 and 7. In sections 8 and 9 I examine the impacts of the scheme on accessibility and employment and provide conclusions in section 10.

1. ECONOMIC IMPACT REPORT.

1.1 Faber Maunsell was commissioned by Lancashire County Council to produce an Economic Impact Report (EIR) to support the Major Scheme Business Case (submitted in July 2005) for the Completion of the Heysham to M6 Link.

1.2 The purpose of the EIR is to assess the wider economic impacts of the proposed scheme and in particular how it will impact on the economy of local regeneration areas. In the EIR there is a focus on the processes that link transport to economic activity and the impacts of the scheme in terms of employment and improvements in accessibility to existing jobs.

1.3 The Department for Transport's (DfT) Transport Analysis Guidance (TAG) states that the production of an EIR must be considered for all schemes with a capital cost of £5 million or more and that a relatively thorough analysis is required for larger schemes which have the potential to significantly impact on regeneration areas.

2. METHODOLOGY.

2.1 The EIR for the scheme was prepared in accordance with the DfT Guidance on preparing an Economic Impact Report.

2.2 Key aspects of the work have included:

- Definition of the regeneration area;
- Review of the policy context for the scheme;

- Review of the socio-economic context, using key statistics such as the 2001 Census and 2003 Annual Business Inquiry data;
- Undertaking a survey of businesses in the area;
- Stakeholder interviews;
- Accessibility impacts; and
- Employment forecasts.

3. THE REGENERATION AREA.

3.1 The EIR guidance for assessing the wider economic impacts of transport schemes only applies to Regeneration Areas (RAs). This restriction has been made on the grounds that RAs are, by definition, places where reductions in unemployment would be given priority by policy makers.

3.2 The definition of the RA (see Figure 1) was carried out using ward boundaries and census output areas in conjunction with Lancaster City Council. The EIR guidance states that although there is no national designation of RA's, in the majority of cases the notion of an identifiable RA can be equated to an area having regeneration priority in support of achieving the objectives of the relevant Regional Economic Strategy.

3.3 A starting point in defining the RA for this scheme is the Lancaster and Morecambe Economic Development Zone (EDZ), which is one of 15 EDZ's designated by the Northwest Regional Development Agency (NWDA). Economic Development Zones are designated areas that will receive large amounts of European funding for projects to help generate

jobs and investment. The Lancaster and Morecambe EDZ covers the central, eastern and western areas of Lancaster, in addition to Heysham and the Overton area. All of the EDZ is therefore included within the RA.

3.4 Morecambe is included in the RA as the town is designated within the North West Regional Spatial Strategy as a Regeneration Priority Area, which requires re-development to ensure physical enhancement and regeneration.

3.5 Another area included is Carnforth as it was highlighted in the North West Regional Economic Strategy (RES, 2003) as a market town which whilst having the potential for growth, is also vulnerable to decline. Halton is also incorporated within the RA as it is included under the Carnforth Market Towns Initiative.

3.6 Finally, Lancaster University is included in the RA as the importance of the University is cited within the Northern Way strategy. Bailrigg Business Park, adjacent to the University campus, is identified in the RES as one of 25 designated strategic regional employment sites. In 2003 there were 43,281 jobs in the regeneration area.

3.7 The EIR guidance (Appendix A TAG Unit 2.8, pages 5-6) states that for an EIR to be required the scheme must either lie entirely within the RA, pass through the RA, begin or end within the RA, or be located sufficiently closely so as to affect travel to, from, or within the RA. Although the central section of the scheme lies to the north of the RA, the eastern and western ends of the scheme are located within the RA. Given this, and

the impact on travel for other parts of the RA, it was clear that the scheme qualified for an Economic Impact Report.

4. POLICY CONTEXT.

4.1 Whilst the overall planning policy justification for the scheme is considered in the Proofs of Evidence by Andrew Dobson and Jonathan Haine, within this context it is important to emphasise the significance attached to the scheme by the Northwest Regional Economic Strategy (RES), 2006.

4.2 The RES identifies the following action 'Grow the port of Heysham. In support, deliver related development and transport links (Heysham to M6 Link)'.

5. SOCIO-ECONOMIC CONTEXT.

5.1 The most important employment sector in the regeneration area is Public Administration, Education and Health, which in combination contribute over 15,000 jobs. This reflects the district's largest employers - local government, the National Health Service and Lancaster University. The second largest sector is Distribution, Hotels and Restaurants, which accounts for over 10,000 jobs in the regeneration area.

5.2 The most recent data from the Annual Business Inquiry shows that between 1998 and 2005 the number of jobs in Lancaster District as a whole increased by 1,755 to 53,432 in 2005, an increase of 3.4% over 7 years. The most substantial growth was seen in 'Banking, Finance and Insurance' where the number of jobs increased by 1,795 (+39.8%) and 'Construction' 1,008 (+58.3%). The Manufacturing sector saw the largest

absolute reduction as jobs decreased by 2,471 (-39.3%) over the period. Further details on the trends by sector is documented in the Lancaster District Economic Baseline report produced by Regeneris consulting (see Appendix B, pages 2-3).

5.3 In 2001 the level of unemployment of residents in the regeneration area as a proportion of the total economically active population was 7.1%, compared with 3.2% in the 'Hinterland' (areas within Lancaster District, but not in the regeneration area). There are also pockets of very high unemployment within the regeneration area – for example, the wards of Harbour and Heysham North had unemployment levels of over 10%.

5.4 The most recent Index of Multiple Deprivation (IMD) was produced in 2004 by the Office of the Deputy Prime Minister, (now the Department for Communities and Local Government), and assesses the deprivation present in an area based on indicators in the following seven domains:

- Income deprivation;
- Employment deprivation;
- Health deprivation and disability;
- Education, skills and training disability;
- Barriers to housing and services;
- Living environment deprivation; and
- Crime.

5.5 In 2004, large areas of north Lancaster, Morecambe and Heysham fell within the bottom 20% of Super Output Areas (SOA's) in England. This includes many wards within the regeneration area, including Bulk, Castle, Harbour, Heysham Central, Heysham North, Overton, Skerton East, Poulton and Westgate (see Figure 1). Of the 19 SOA's which fall within the bottom 20% in terms of IMD, four fall within the bottom 3% - this includes areas of Heysham North, Skerton East, Heysham North and Poulton. A further four SOA's fall within the bottom 10%, including other parts of Skerton East in addition to Westgate and Overton.

6. BUSINESS SURVEY.

6.1 The DfT EIR guidance identifies the need to undertake an audit of existing employers in the RA. The objective is to build up a picture of the local economy: its current and recent performance, the factors leading to the current position, future expectations and constraints on expansion. The guidance suggests that an effective way of doing this is to carry out surveys with employers in the RA using structured or semi-structured questionnaires.

6.2 A business questionnaire (Appendix C) was developed in line with the structure set out in the DfT guidance - some key aspects included:

- Recruitment difficulties;
- Prospects for the business;
- Reasons for growth/decline;

- Strengths and weaknesses of the location;
- What would improve the location;
- Intentions regarding staying at the site/expanding/contracting;
- Likelihood of relocation; and
- Staff travel issues.

6.3 The questionnaire was distributed to all businesses in Lancaster District that were registered on the Lancashire County Council business directory. Of the 390 questionnaires sent out, 155 had been returned at the time of the analysis being undertaken, giving a high response rate of 40%, which indicates the high level of interest in the scheme amongst businesses. Whilst it is difficult to find evidence on response rates from equivalent surveys, evidence from the Direct Mail Information Service suggests that a typical response from business to business direct mail campaigns is 10.9%. This is based on 1,800 surveys carried out between 1999 and 2004.

6.4 Analysis for the Economic Impact Report was carried out only on the basis of responses from within the regeneration area (133 out of 155).

6.5 Recruitment of staff emerged as a significant issue with 56% of businesses either finding recruitment 'Very Difficult' or 'Difficult'. Recruitment was found to be a particular problem for the Distribution, Hotels and Restaurants sector, as well as Construction and Manufacturing. With respect to recruitment, a 'lack of staff with the right

skills' was the most commonly identified aspect as 'causes many problems', followed by 'poor accessibility to site'. A range of education initiatives are being progressed to address the issue of the lack of applicants with the rights skills, but transport improvements clearly have a role to play in terms of improving accessibility to site.

6.6 When asked about business location, the most commonly identified disadvantage was 'congestion and poor road conditions'. Other disadvantages identified included 'poor access for staff/customers' and 'supply and cost of parking'.

6.7 In response to the question of what would improve the location, by far the most commonly stated response was 'improved links to the M6' – this was cited by 45 businesses. 'Reduced congestion', 'better traffic management' and 'better access to Lancaster/Morecambe/Heysham were also considered to be important. It should be noted that this was an open-ended response question with no prompts.

6.8 Businesses were asked about transport problems with respect to staff travelling to work, staff making business trips and visitors travelling to site. 'Congestion on roads leading to or from site' was the most frequently stated problem for all three trip types. Other frequently identified problems were 'public transport does not run at appropriate times, 'infrequent public transport to site', and 'lack of parking provision'.

6.9 For the purposes of this Proof of Evidence, responses from the 22 businesses located in the 'Hinterland' have been examined separately. The most commonly stated disadvantage of the location in this area

related to the 'remoteness of the location'. 'Congestion', particularly around Lancaster, was the second most frequently identified disadvantage. In terms of what would improve the location, the most commonly identified improvement was 'better road access', followed by 'reduced congestion'.

6.10 Further information on the implications of congestion was provided by Forsberg Services, a specialist in navigation utilising emerging technologies (based in Lancaster). The company represents a large Canadian company who considered locating in Lancaster, but were unable to find suitable premises. Poor accessibility was a key issue as locating the business on the west side of the river was not considered to be a viable option owing to the excessive travel times. Following their decision not to locate in the Lancaster area, the company opted to consider a move to Milton Keynes. Forsberg Services made the point that completion of the link would open up new high-tech business parks, providing much needed investment into Morecambe and Heysham along with excellent employment opportunities. Full details of the information provided by Forsberg Services are included in Appendix D.

7. STAKEHOLDER INTERVIEWS.

7.1 Interviews with important local stakeholders were undertaken in order to identify any issues that may not have been identified through the business questionnaire. They also ensured more in-depth responses from some of the key stakeholders. The interviews were held in April 2005 with the following organisations:

- Port of Heysham Ltd;
- Lancaster University;
- Morecambe Chamber of Commerce;
- Lancaster Chamber of Commerce; and
- Fisher Wrathall (Valuation Surveyors and Property Consultants).

An additional interview was held with a large employer in the area, who did not wish to be named.

7.2 The Port of Heysham is particularly conscious of the impact its HGV movements have on air quality and quality of life, particularly on routes in and out of Lancaster. The Port carried 3.676 million tonnes of goods in 2005. From 1995 to 2005, tonnage through Heysham increased by 35.7% against a UK increase of 6.8%. Over the same period, accompanied passenger vehicles passing annually through the port rose by 34% to 67,000.

7.3 The Port reported that a total of 309,462 freight movements were moved through the port in the year 2006-2007. 256,662 (83%) of these movements were to and from Ireland (Republic and Northern Ireland). In June 2007 Seatruck, one of the users of the port, are to replace one of their 50 unit ships with a 120 unit ship, with the 50 unit ship moving to another time slot at the Port. This will raise the potential capacity by 65,000 freight movements per annum. Similar increases are planned for

late 2007 and mid 2008, which could result in a potential 500,000 freight movements per annum.

7.4 In the morning all ships dock at 5am and depart at 9am. During the day the Port is relatively quiet with ships starting to berth from 4pm onwards for the evening service. These sailing times clearly impact on peak periods on the road network, but are dictated by market forces and delivery deadlines. The Port considers that completion of the Heysham to M6 Link would help to reduce the impact of current port traffic on Lancaster and mitigate future impacts.

7.5 Lancaster University is a leading higher education institution and is ranked 21st out of 109 universities in the UK (The Times Good University Guide, 2007). The University considered that implementation of the link would make the University more accessible for employees and students who live in the Heysham and Morecambe areas as such journeys are impacted by severe congestion on approaches to Lancaster City Centre, (the only viable route).

7.6 Morecambe Chamber of Commerce (MCC) stated that tourism is the only realistic and available mechanism for increasing economic prosperity in the local economy. MCC believe the two key factors to achieving growth are promotion of Morecambe as a tourist destination and better access to Morecambe for visitors. In terms of access, visitors from the east and south are required to travel through Lancaster to access Morecambe. The Chamber highlighted the extent of traffic problems in Lancaster as a major factor in visitors failing to return to the area and that completion of the link

is key to facilitating future regeneration plans and growth. The Chamber considers that economic development and regeneration in Morecambe will progress very slowly without the scheme in place.

7.7 A joint meeting was held with Lancaster Chamber of Commerce and Fisher Wrathall. The overriding issue that emerged was the shortage of accessible employment land in Lancaster District. It was acknowledged that there is a significant amount of land available on the Heysham peninsula, but the poor transport links to the area mean that locating there is currently not a viable proposition for most businesses. The completion of the link would be successful in opening up this area of land, as well as providing improved accessibility to existing key locations such as White Lund Industrial Estate and Morecambe Town Centre.

7.8 It was also stressed that there were also benefits to Carnforth. The town was identified in the Northwest Regional Economic Strategy (2003) as a town which has potential for growth, but is also vulnerable to decline. Carnforth is one of 14 towns in the North West selected for inclusion in the Market Towns Initiative. The Carnforth Area Regeneration Partnership has set a number of strategic objectives, which includes renaissance of the town centre and development of the tourist sector and strategic sites. The completion of the Heysham to M6 Link will facilitate the objectives by significantly improving accessibility from Lancaster District to Carnforth.

7.9 In summary, the stakeholder interviews demonstrated strong support for the scheme amongst employers in the regeneration area. The scheme is considered pivotal to attracting inward investment and would offer

particular benefits to those areas most in need to the west of the River Lune (including Morecambe and Heysham). A shortage of accessible and serviced employment land was thought to be a key issue and a constraint to job growth. It was considered that the scheme would be successful in opening up areas of currently inaccessible employment land and so contribute to the long-term vitality of the local economy.

8. ACCESSIBILITY IMPACTS.

8.1 The EIR guidance (Appendix E, TAG Unit 3.5.8, page 2) states that improved travel conditions may be achieved via reduced journey times, reduced journey costs, improved journey quality, or improved journey reliability. The net effect is a change in the patterns of accessibility. As an example of these impacts, the EIR presented forecast journey time comparisons between a Do Minimum scenario and a scenario with the scheme in place. This showed that in the AM Peak, forecast journey times between the Port of Heysham and the M6 (Junction 34) are 9.3 minutes less (-47%) with the scheme in place compared with the Do Minimum. Forecast journey time savings are similar between Morecambe and the M6 (Junction 34).

8.2 A key aspect of an EIR is to demonstrate how the scheme affects patterns of accessibility. From the point of view of employers, the EIR guidance states that what matters are the accessibility attributes of a given location, which cover several aspects including:

- Access to a suitable workforce;

- Access to or by customers; and
- Access to or by suppliers (including movement of goods).

The scheme delivers in all of these aspects.

8.3 The impact of the scheme was assessed with respect to forecast changes in the accessible workforce and accessible jobs in the regeneration area. The accessible workforce is the number of people willing to travel there to work, given the travel costs they would have to bear, whereas accessible jobs are defined as the number of suitable jobs that are within an acceptable range.

8.4 With the scheme in place, the accessible workforce is forecast to increase by 17% and the number of accessible jobs is forecast to increase by 22%. This is based on an average from five different locations across the regeneration area, which included Torrisholme, Heysham South, Carnforth, Dukes (Lancaster City Centre) and the University. The accessibility calculations have followed the DfT's guidance on producing an EIR. Key inputs to the process are journey time data as well as employment and workforce information. Details on the methodology for forecasting these changes are provided in full EIR (Appendix F, pages 43-48). The EIR also considers the impact of the scheme in terms of improving access for residents to existing employment opportunities outside the regeneration area.

8.5 The EIR guidance states that for the business sector, examples should be given of how the cost of moving materials and goods (ie distribution costs)

are reduced by a scheme. The operations of three businesses located within the regeneration area were examined to identify the scale of any reduction in distribution costs. The businesses included a builders merchants based at White Lund Industrial Estate, an engineering distributor (also based at White Lund) and a haulage firm operating from the Port of Heysham. This demonstrated that there would be significant cost savings with the scheme in place. The builders merchants and engineering distributor based at White Lund operate 10-12 HGV's return journeys to the M6 during peak periods on a typical working day. It is estimated that each company will save around £22,000 - £24,000 per year in distribution operating costs. This represents a reduction of 53%-55% for the leg of the journey between the site and the M6.

8.6 These improvements are therefore likely to make the regeneration area more attractive as a business location, thereby encouraging new businesses to locate there or existing businesses to expand. Taken in conjunction with the business interviews, there is good reason to believe that this will be translated into additional jobs.

9. EMPLOYMENT FORECASTS.

9.1 The process of forecasting the potential number of additional jobs focused on an assessment of the jobs that could be generated if allocated employment land, where access is currently very poor, is developed following the implementation of the scheme.

9.2 The shortage of accessible industrial land in the regeneration area was a recurring issue and has been validated by Lancaster City Council, through the stakeholder interviews and business survey. As indicated by Forsberg Services, this may already be resulting in businesses locating outside of the regeneration area, when they would otherwise wish to locate within.

9.3 This was corroborated in a Lancaster District Economic Baseline report produced by Regeneris Consulting in 2005 (see Appendix B, page 21). The report stated that the key constraint is the crossing over the River Lune between Lancaster City Centre and the rest of the district. It highlights the fact that this makes access to employment sites west of the Lune problematic, as it does with respect to access to the Port of Heysham. This is likely to impact on business competitiveness, the suitability of sites for development and on the ability to attract new investment. Regeneris considered that the issue of crossing the River Lune effectively severs the district's labour market in two and makes access from Lancaster to Morecambe/Heysham and vice versa difficult during peak periods. This is considered to be a particular issue as the majority of areas in need of regeneration and residents who are unemployed are to the west of the Lune. Completion of the Heysham to

M6 Link is clearly fundamental to addressing the issues highlighted in the Regeneris report.

9.4 Further evidence on the shortage of accessible industrial land was provided by a Lancaster District Employment Land Study, completed by Regeneris and King Sturge in 2006 (see Appendix G, pages 87 and 88). As part of this a number of agents were contacted to gain an understanding of the nature of demand in the Lancaster market. From these discussions a key finding was the lack of genuinely available employment land. The study concludes that although there is a significant supply and distribution of existing employment land across the Lancaster District, the provision of motorway accessible sites is low. Poor access and congestion is a key issue impacting the appeal of many sites in the District. It was stressed that delivery of the Heysham – M6 link road would bring significant benefits in terms of speed of access to many sites and the scheme was considered fundamental to the development of the White Lund, Heysham and Morecambe areas.

9.5 The number of jobs that could be generated by the take-up of four key available allocated employment sites was assessed – the sites (see Figure 2) were identified by the Economic Development section at Lancaster City Council and are allocated in the Lancaster District Local Plan. All of the sites are located to the west of the River Lune and are not currently considered to be accessible by businesses.

9.6 Assumptions were made relating to the potential take-up of available land with the scheme in place and TRICS (a database system comprising a

large number of records of individual developments across a wide range of land) was used to calculate an average number of square metres per job for industrial estates and office developments. Assumptions on land take-up with the scheme in place were derived from discussions held with the Economic Development section at Lancaster City Council.

9.7 From these discussions, a 'Do Minimum' scenario was identified to represent the amount of land which would be taken up without the scheme in place by 2020. Two further scenarios, 'Best Estimate' and 'High', included the land take-up assumptions with the scheme in place. The only difference between the 'Best Estimate' and 'High' forecasts was the percentage of land expected to be developed at the Mellishaw (North) site. The 'Best Estimate' scenario represents the final forecast. The assumptions for each of the scenarios is presented in Table 1. Further details on the sites, their size, and calculations on the forecast number of jobs at each site are included in Appendix F, pages 51-54.

Table 1 Percentage Land Take Up Assumptions

Site	Scenario		
	Do Minimum	Best Estimate	High
White Lund	25%	90%	90%
Heysham Industrial Estate	20%	75%	75%
Lancaster West Business Park	10%	66%	66%
Mellishaw (North)	20%	50%	90%

9.8 Table 2 shows that with the scheme in place the net increase in jobs by 2020 under the 'Best Estimate' scenario is forecast to be 1,026 - this assumes that 389 jobs will be generated in the Do Minimum.

Table 2 Forecast Additional Jobs by Scenario

Scenario	Additional Jobs	Net Additional Jobs
Do Minimum	389	-
Best Estimate	1,416	1,026
High	1,645	1,256

9.9 Table 3 shows that the forecast net additional jobs of 1,026 represents an increase of +2.4% in the regeneration area.

Table 3 Best Estimate Forecast Net Additional Jobs in the Regeneration Area (by 2020)

Base Jobs (2003)	Forecast Net Additional Jobs	Total Forecast Jobs	% Change
43,281	1,026	44,307	+2.4%

9.10 The EIR guidance states that as an approximation it can be argued that the proportional increase in jobs in the regeneration area might be the same as the proportional increase in the accessible workforce. As referred to in section 8, this showed that on average across five key locations in the regeneration area the accessible workforce is forecast to increase by 17% with the scheme in place, which would equate to approximately 7,358 additional jobs. A forecast increase in the number of jobs of +2.4% (1,026 jobs) can therefore be seen as a conservative estimate.

10. CONCLUSION.

- 10.1 In conclusion, completion of the Heysham to M6 Link is clearly of fundamental importance to achieving a range of regional as well as local economic objectives. As such, the scheme is identified as a specific priority in the Northwest Regional Economic Strategy (2006).
- 10.2 At a local level, the scheme impacts on a number of designated regeneration areas. The largest of these is the Lancaster and Morecambe Economic Development Zone (EDZ), which is one of 15 EDZ's designated by the North West Regional Development Agency (NWDA). These are designated areas that will receive large amounts of European funding for projects to help generate new jobs and investment.
- 10.3 Support for the scheme from businesses in the area was demonstrated through the business survey, which achieved a very high response rate of 40%. When asked what would improve their location, by far the most commonly stated response was 'improved links to the M6' (cited by 45 businesses).
- 10.4 Importantly, the scheme addresses accessibility issues to areas west of the River Lune, which are most in need of regeneration and where most development opportunities are. The shortage of accessible industrial land in the regeneration area is a recurring issue and was corroborated by Lancaster City Council, the Lancaster District Economic Baseline report produced by Regeneris consulting, the stakeholder interviews and the business survey.

10.5 The process of forecasting the number of additional jobs therefore focussed on an assessment of the number of jobs that could be generated if employment land, to which access is currently considered to be very poor, is developed following implementation of the scheme. A forecast of 1,026 net additional jobs (by 2020) across 4 sites allocated in the Lancaster District Local Plan has been made. This represents an increase of 2.4% in the number of jobs across the regeneration area and is considered to be a conservative estimate.