

Midland Metro

7.2 Socio-Economic Impacts

7.2.1 Introduction

This section considers the socio-economic impacts of the proposed Wednesbury to Brierley Hill scheme during its construction. The potential for impacts to occur are considered in qualitative and quantitative terms as appropriate. The long term and permanent socio-economic effects of the proposed scheme are described in *Section 6.2*.

7.2.2 Baseline Characteristics

A description of the existing socio-economic characteristics of the wards through which the proposed alignment passes, or is adjacent to, is provided in *Section 6.2.3*.

7.2.3 Potential Impacts

Employment Generation

The construction phase will be temporary and hence socio-economic impacts arising during the construction phase will be relatively short-lived. The primary economic impacts relating to employment generated by the construction process involve:

- direct employment on site;
- indirect employment relating to supply of materials and services to the construction process; and
- induced employment generated by the expenditure as discussed above.

Direct Effects

Investment in construction works for the scheme will create a number of temporary jobs. The scale of this employment is a function of the scale and type of construction expenditure. Ideally, estimation of the number of jobs should be based on information relating to the recruitment practices of companies involved in the scheme construction. However, in the absence of data on this subject, a series of assumptions have been made in order to estimate the likely input in terms of construction employment, as follows.

- Capital construction costs equate to £110 million ⁽¹⁾.
- There will be no fluctuation in the capital costs.
- The construction phase will be completed by 2008.
- Approximately £80 000 (2002 prices) of capital construction expenditure supports one person-year employment. This figure is derived from experience of major capital works expenditure elsewhere. In view of the analysis of the evidence, it is considered that this ratio of one person-year of employment per £80 000 of expenditure represents a conservative approach to assessment.

Based on the jobs/capital cost ratio described above and applied to the capital construction costs, an estimate of direct temporary employment has been made. This is set out in *Table 7.1* below.

Table 7.1 Direct Construction Employment

Scheme	Capital cost (£m)	Jobs/capital cost ratio	Person years employment created
Wednesbury to Brierley Hill	110	1 : 80 000	1375
Source: ERM			

Using a standard ratio of 10 person years of construction work to one permanent job, this is equivalent to some 137 permanent jobs. Typically about one quarter of construction jobs on major civil engineering contracts are taken up by local residents, with the remainder being brought to the site from the contractors' base of operations. Thus, around 350 person years (or 35 permanent job equivalents) are likely to be taken up by residents from the Boroughs of Sandwell and Dudley.

Secondary Effects

The above temporary jobs will support further employment in the local economy, through two mechanisms, as detailed below.

- **Indirect effects** will result from the expenditure on goods and services generated by the construction process, benefiting local suppliers (ie of temporary buildings, materials and sub-contractors of subsidiary construction tasks).

- **Induced effects** will reflect the spending in the local economy of incomes earned both in the construction process and the production of the goods and services they purchase. This spending will generate further local employment.

The magnitude of these effects will depend on many unknown factors, including the proportion of capital equipment purchased locally, the relationships between firms and suppliers and the ability of local suppliers to meet these firms' needs. Whilst a proportion of construction services may be hired locally, more technical equipment may need to be purchased from national or global markets, and this expenditure will not therefore enter the local economy. As a consequence, the complexity involved in assessing employment multiplier effects means accurate prediction is difficult.

However, HM Treasury guidance ⁽²⁾ indicates that indirect multiplier effects (or supply linkages) within a labour market at a sub-regional level generally range from 1.05 to 1.11, although much higher figures have been estimated in some studies. For the purpose of this assessment the mid-point of these figures has been used and an indirect multiplier of 1.08 assumed for the local area. The induced multiplier will generally be higher, the wider the area of study. This is because the likelihood of spending 'leaking' out of a local economy decreases with the size of the economy. For most activities, local multiplier effects are small and estimates are generally around 1.1. As a result, an induced multiplier of 1.1 has been assumed for this assessment.

Table 7.2 estimates the number of direct, indirect and induced jobs (both gross and net) ⁽³⁾ to be created as a consequence of the construction of the scheme.

Table 7.2 Gross Temporary Employment (Gross and Net)

Direct person years work	Indirect (direct x 0.08)	Induced (direct + indirect x 0.1)	Total person years	Permanent full time equivalent
1375 (Gross)	110	149	1634	163 (Gross)
350 (Net)	28	38	416	42 (Net)
Source: ERM				

Impacts on Business Activities

The construction of the scheme may also disrupt local businesses activities. For instance, in town centre areas the construction works may restrict pedestrian movement in shopping areas, and works to the highway may restrict the movement of delivery vehicles. Whilst these impacts are largely unquantifiable, it is envisaged that they will occur only for short periods of time in any one location. Good site management practices will also be implemented in accordance with the draft CoCP (see [Appendix D](#)) to ensure that disruption is kept to a minimum. The impacts of the scheme on traffic, pedestrians and cyclists are considered in [Section 7.3](#) below.

7.2.4 Summary

The construction phase of the scheme is expected to promote positive economic benefits through the creation of 163 gross full time equivalent jobs in an area of relatively high unemployment. Of these, around 42 permanent full time equivalent jobs will be generated for the immediate area (ie net jobs).