



OCCUPATION LANE, WOODVILLE

ECONOMIC BENEFITS REPORT

HARWORTH ESTATES INVESTMENTS LTD

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EXECUTIVE SUMMARY

Background

This report presents the economic benefits of a mixed-use development on the land off Occupation Road in Woodville, South Derbyshire. It quantifies the economic benefits that could be created by the scheme in terms of the housing impacts, permanent job creation and economic output. The Proposed Development will include the following:

- Up to 300 residential dwellings.
- A Local Centre (around 2,850 sq. m) consisting of:
 - 1,600 sq. m of A1 uses (a food store).
 - 700 sq. m of A3 uses (a restaurant).
 - 550 of A4 uses (a pub).
- Employment floorspace consisting of:
 - 2,000 sq. m of B1 uses.
 - 4,000 sq. m of B2 uses.
 - 8,000 sq. m of B8 uses.

Main Findings

A summary of the main findings from the analysis is given below.

- **Construction impact:** The construction of the new homes could support up to 162 temporary jobs per annum over five-year build period, generating up to £42.9million (present value) of gross value added (GVA). The construction of the local centre and employment floorspace could support up to 69 temporary jobs per annum during the five-year build period, generating up to £18.4million of GVA. In total, the construction phase could support up to 231 jobs per annum and £61.3million of GVA over the five years.
- **Employment creation and economic output:** The proposed Local Centre and employment floorspace provided by the scheme will support around 582 full-time equivalent (FTE) jobs on-site. This employment floorspace will generate an estimated £121.8million of additional GVA over a ten-year period (present value).
- **Growing labour force:** Around 370 economically active and employed residents are estimated to live in the new dwellings once the site is fully built and occupied. If

residents show a similar employment profile to the existing working age population of South Derbyshire, 45.5% could be working in higher value occupations.

- **Household spend:** Once fully built and occupied, the households are estimated to generate expenditure in the region of £8.3million per annum.
- **First occupation expenditure:** It is estimates that the residents of the proposed dwellings will spend a total of £1.5million to make their houses 'feel like home' within 18 months of moving in.
- **Increased Council Tax income:** The construction of the new homes could generate £513,000 per annum in additional Council Tax revenue.
- **New Homes Bonus:** The new homes could generate a potential New Homes Bonus of £1.6million for South Derbyshire Council and £401,000 for Derbyshire County Council.

1. INTRODUCTION

Scope and Purpose

1.1 This report presents the economic benefits of a mixed-use development on the land off Occupation Road in Woodville, South Derbyshire. It quantifies the economic benefits that could be created by the scheme in terms of the housing impacts, permanent job creation and economic output. The Proposed Development will include the following:

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1.2 The report looks at the following issues:

- i. **How has the South Derbyshire economy performed in recent years?** The report looks at data on topics such as population and employment.
- ii. **How does the scheme align with economic development objectives?** The report addresses some of the key aims and objectives of local, sub-regional and national policy documents.
- iii. **How many jobs will the development create?** The report considers how many jobs will be created during the construction phase, as well as the net additional permanent jobs that it will generate in the South Derbyshire economy once fully occupied.
- iv. **How much will the proposed scheme contribute to economic output?** The measure used is how much GVA the proposed scheme will generate once completed and fully occupied.
- v. **What benefits will be created by the residential dwellings?** The report looks at the additional annual household expenditure created by the new homes, as well as the potential New Homes Bonus Revenue, council tax and first occupation

expenditure that they could generate. It also estimates the number of economically active people that could be attracted to the dwellings.

Report Structure

1.3 The remainder of this report is structured as follows:

- **Section 2** describes the character of the South Derbyshire economy, in comparison to the East Midlands region, and the UK/Great Britain. It presents information on population, skill levels, employment trends, businesses, deprivation, economic activity, unemployment, wages and commuting. It also looks at how the Proposed Development aligns with local, sub-regional and national economic development objectives.
- **Section 3** sets out the construction phase benefits of the Proposed Development, including its contribution to employment and economic output, for both the residential and employment elements of the scheme.
- **Section 4** looks at the additional benefits provided by the new housing, including increased labour supply, household expenditure, first occupation expenditure and council tax.
- **Section 5** sets out the number of jobs that the scheme will create once fully developed and occupied and presents the assessment of the contribution of the scheme to economic output, measured in terms of gross value added (GVA).

2. SOCIO-ECONOMIC BASELINE

Introduction

2.1 This section presents a profile of the South Derbyshire economy, alongside the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership area¹ (D2N2 LEP), the East Midlands region and the UK/GB for comparison purposes where appropriate.

2.2 The baseline examines the following topics:

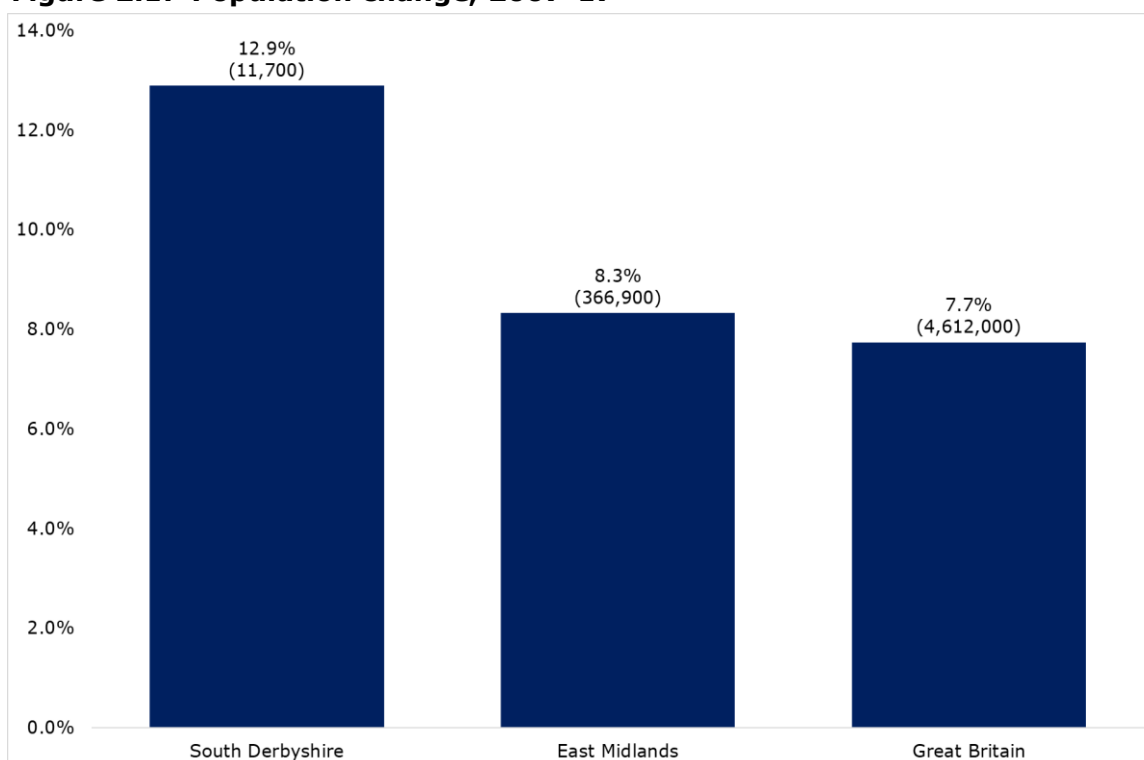
- Demographics – population estimates.
- Skills of the working age population.
- Employment – change over time and key sectors
- Businesses by size and change over time.
- Deprivation.
- Wages – of both workers and residents in the District.
- Commuting.

Population

2.3 Figure 2.1 shows population change from 2007-17. In 2017, around 102,400 people lived in South Derbyshire. This accounts for 2.1% of the East Midlands' total population (just under 4.8million people). Since 2007, the population of South Derbyshire has grown by 12.9%, equating to an additional 11,700 people. This is above the growth seen in the East Midlands (8.3% – 366,900 people) and the UK (7.7% – 4.6million people) over the same time period.

¹ D2N2 LEP is comprised of the following Local Authorities: Derby; South Derbyshire; Erewash; Amber Valley; North East Derbyshire; Chesterfield; Nottingham; Bassetlaw; Newark and Sherwood; Mansfield; Gedling; Broxtowe; Ashfield; Rushcliffe; Bolsover; High Peak; and the Derbyshire Dales.

Figure 2.1: Population change, 2007-17



Source: Office for National Statistics – Mid-Year Population Estimates

- 2.4 Data on population change by age in South Derbyshire show that from 2007 to 2017, the young dependant population group (aged 0-15) decreased by around 540 (3.2%), the number of economically active people (16-64) decreased by just under 2,300 (3.7%) and people aged 65+ increased by approximately 5,500 (a rise of 29.4% – see Table 2.1). All three age groups experienced growth over the same timeframe in the East Midlands and the UK, however it was the 65+ cohort that grew the fastest in both areas – by 20.2% in the East Midlands and 23.0% in the UK.

Table 2.1: South Derbyshire Population Estimates by age, 2007-17

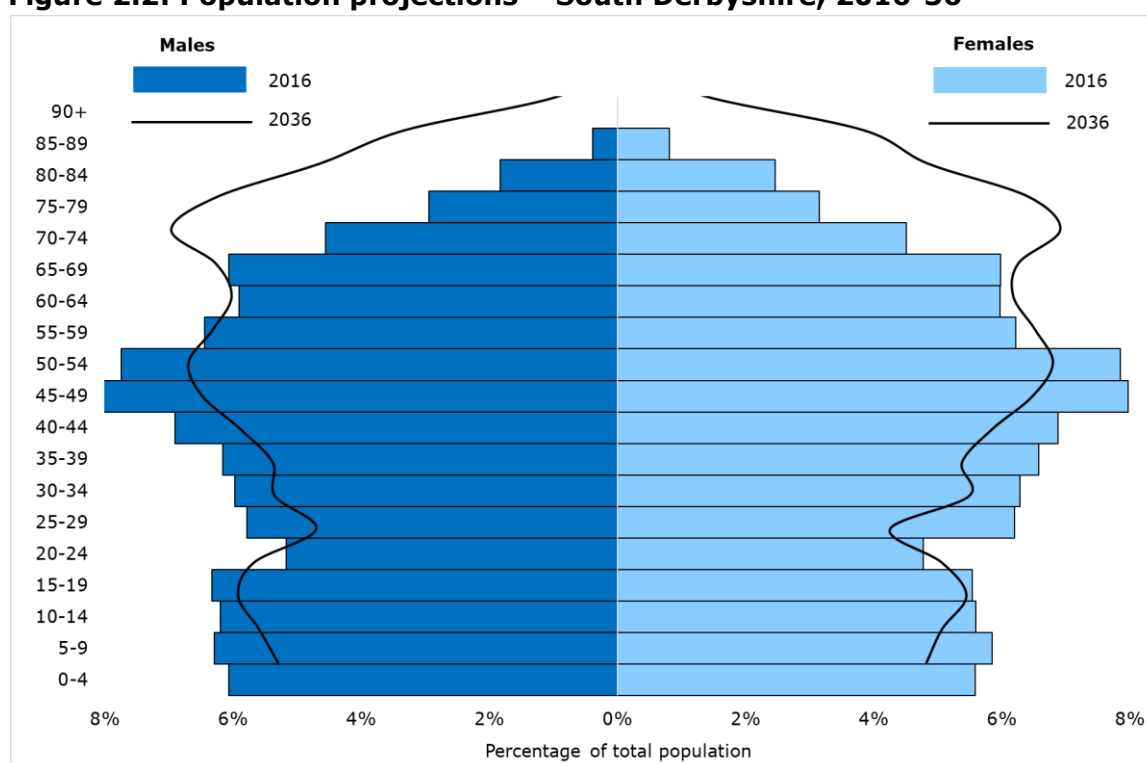
District	2007	2017	Number	% Change
0-15	16,940	16,401	-539	-3.2%
16-64	62,256	59,963	-2,293	-3.7%
65+	18,871	24,416	5,545	29.4%
Total	90,700	102,400	11,700	12.9%

Source: ONS, Mid-Year Population Estimates

- 2.5 The latest Office for National Statistics (ONS) population projections (2016-based) were published in May 2017 and these indicate that the population of South Derbyshire is expected to increase by over 14,500 people between 2016 and 2036

(a 14.4% rise). The population growth rates in the East Midlands (10.5%) and England (10.2%) are expected to be lower over the same period. In South Derbyshire between 2016 and 2036, the population aged 65+ is expected to rise by just under 11,400 (63.7%). The 16-64 cohort is projected to increase by 2,400 (3.7%), while the number of people aged 0-15 is estimated to increase by just under 800 (4.1%) over the same time period. Figure 2.2 presents a population pyramid for South Derbyshire which shows the population breakdown by age and sex in 2016 and 2036, highlighting the growth in the number of people aged 65+.

Figure 2.2: Population projections – South Derbyshire, 2016-36



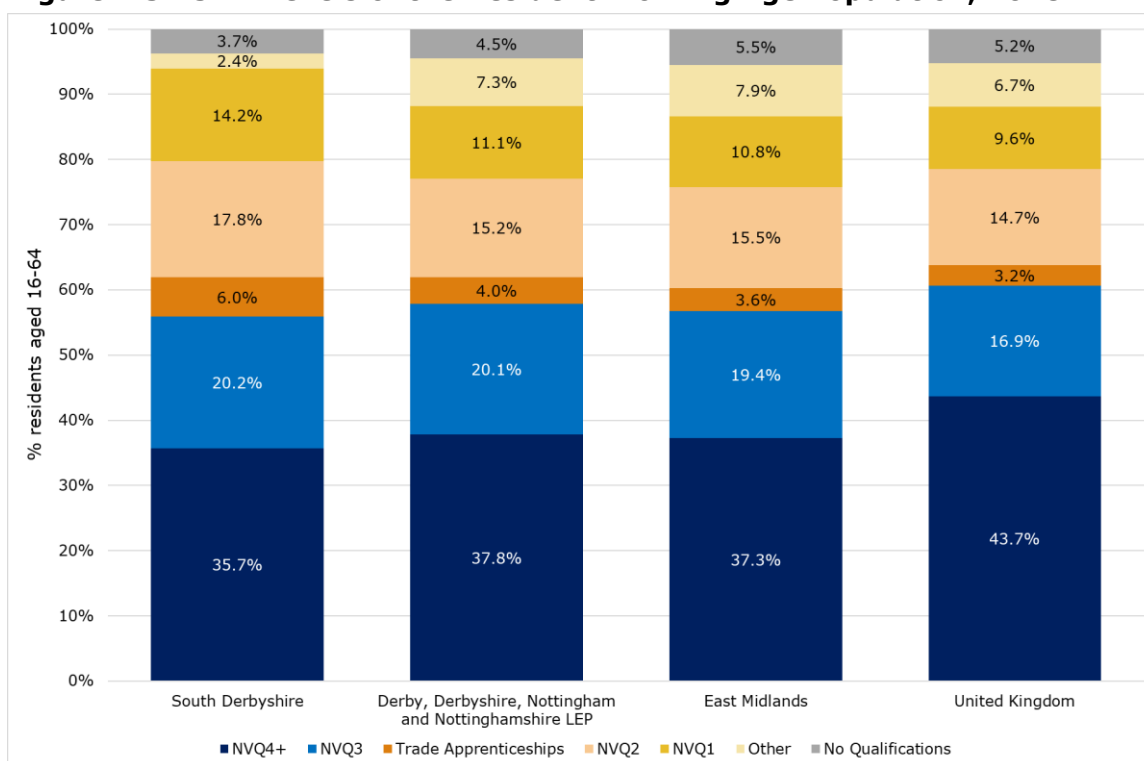
Source: ONS, Mid-Year Population Estimates

Skills

- 2.6 As far as the skills of the resident working age population are concerned, South Derbyshire has a lower proportion of economically active people with a degree level qualification or higher (NVQ4+ – 35.6%) when compared with the D2N2 LEP (37.8%), the East Midlands (37.3%) and the UK (43.7%). South Derbyshire has a larger proportion of people in trade apprenticeships (6.0%) than the comparator areas – almost double the proportion in the UK a whole (3.2% – see Figure 2.3).
- 2.7 Despite having a slightly lower proportion of people with a degree level of qualification or higher, South Derbyshire compares favourably in having a lower

proportion of working age people with no qualifications (3.7%), when compared to the LEP area (4.5%), the East Midlands (5.5%) and the UK (5.2%).

Figure 2.3: Skill Levels of the Resident Working Age Population, 2018²



Source: ONS Annual Population Survey, January-December 2018

Employment³

- 2.8 Based on the most recent data published by the Office for National Statistics (ONS) from the Business Register & Employment Survey (BRES), in 2017 around 33,000 people – including the self-employed – worked in South Derbyshire. The manufacturing sector accounts for the highest proportion of jobs in the District at 24.7% (8,000 jobs). Between 2015 and 2017, jobs in the sector increased by 14.3% (1,000 jobs).

² **Level 1:** 1-4 O Levels/CSE/GCSEs (any grades), Entry Level, Foundation Diploma, NVQ Level 1, Foundation GNVQ, Basic/Essential Skills.

Level 2: 5+ O Level (Passes)/CSEs (Grade 1)/GCSEs (Grades A*-C), School Certificate, 1 A Level/ 2-3 AS Levels/VCEs, Intermediate/Higher Diploma, Welsh Baccalaureate Intermediate Diploma, NVQ level 2, Intermediate GNVQ, City and Guilds Craft, BTEC First/General Diploma.

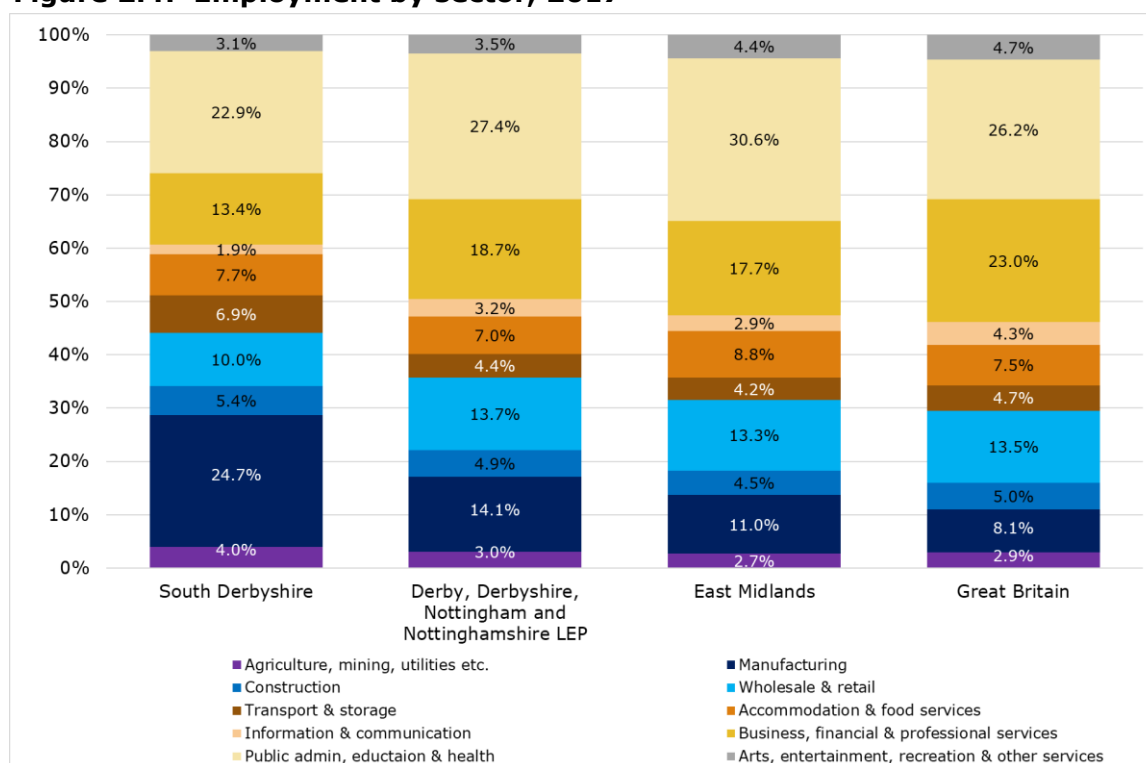
Level 3: 2+ A Levels/VCEs, 4+ AS Levels, Higher School Certificate, Progression/Advanced Diploma, Welsh Baccalaureate Advanced Diploma, NVQ Level 3; Advanced GNVQ, City and Guilds Advanced Craft, ONC, OND, BTEC National, RSA Advanced Diploma.

Level 4 and above: Degree (for example BA, BSc), Higher Degree (for example MA, PhD, PGCE), NVQ Level 4-5, HNC, HND, RSA Higher Diploma, BTEC Higher level, Foundation degree (NI), Professional qualifications (for example teaching, nursing, accountancy).

³ Figures presented in this section may not sum due to rounding.

- 2.9 The second largest sector in South Derbyshire is public administration, education and health, which supported around 7,400 jobs in 2017 and accounted for 22.9% of the District's total employment. Between 2015 and 2017, jobs in public administration, education and health increased by 12.1% in the District (800 jobs). Figure 2.4 shows the sector share of employment in further detail.

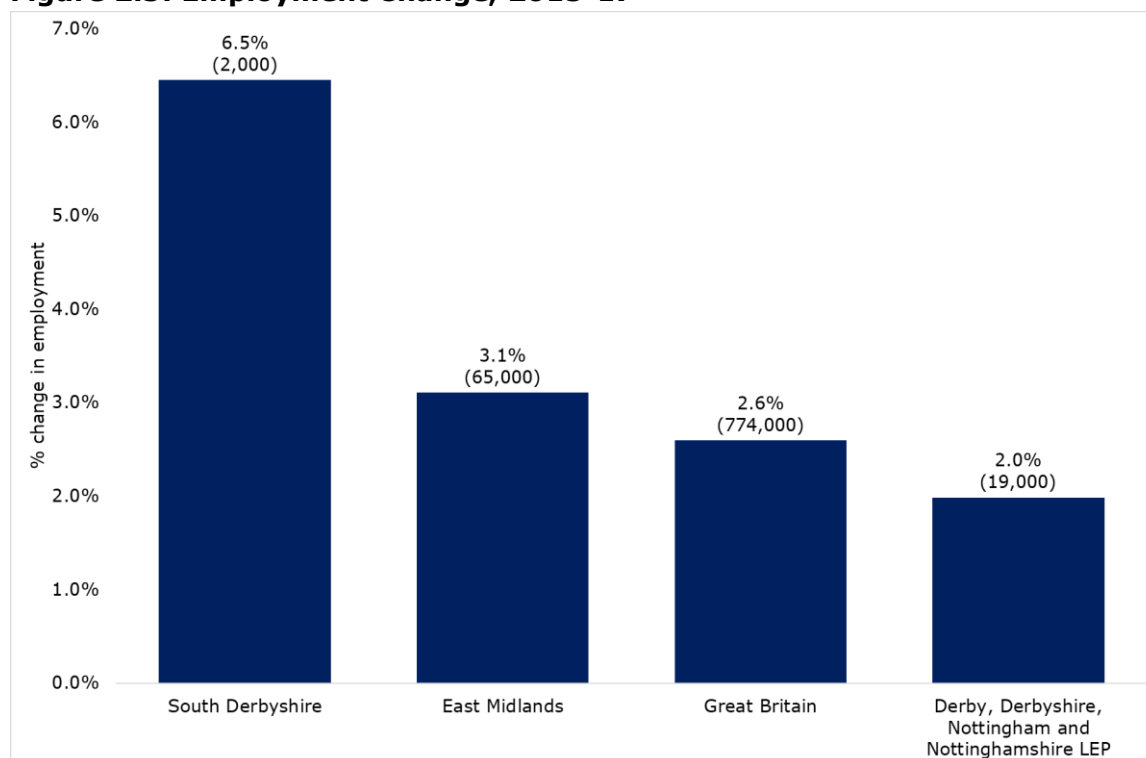
Figure 2.4: Employment by sector, 2017



Source: Office for National Statistics – Business Register & Employment Survey

- 2.10 Between 2015 and 2017, South Derbyshire experienced jobs growth of 6.5%, representing an additional 2,000 jobs (see Figure 2.5). This was considerably higher than the employment growth seen in all other areas shown in the chart, including nationally where jobs increased by 2.6% over the same timeframe. The Proposed Development in Woodville will help to further boost jobs growth in the local area.

Figure 2.5: Employment Change, 2015-17



Source: Office for National Statistics – Business Register & Employment

Total Businesses

In South Derbyshire, there are currently around 4,100 businesses. Around 86.3% of these are micro businesses (employing between 0 and 9 people); 11.6% are small (10 to 49 employees); 2.1% are medium (50 to 249 employees); and only 0.2% are large (250+ employees). This represents a slightly higher proportion of micro businesses and a slightly lower proportion of small, medium and large businesses than the LEP, the region and the UK. Table 2.2 presents the data on business size in more detail.

Table 2.2: Businesses by size, 2018

Area	Micro (0 to 9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
South Derbyshire	86.3%	11.6%	2.1%	0.2%
D2N2 LEP	82.2%	14.4%	3.7%	0.4%
East Midlands	83.7%	13.2%	3.3%	0.4%
United Kingdom	84.3%	12.7%	3.1%	0.4%

Source: Office for National Statistics – UK Business Count

- 2.11 Between 2010 and 2018, the number of businesses in South Derbyshire increased by 18.2% (630). This growth rate is higher than the growth seen in D2N2 LEP

(14.8% – 11,160 businesses), but below the rates seen in the East Midlands (19.5% – 34,150) and the UK (21.7% – 559,035) over the same time period. Table 2.3 presents the data in more detail.

Table 2.3: Businesses Change, 2010-2018

Area	2010	2018	Absolute Change	% Change
South Derbyshire	3,470	4,100	630	18.2%
D2N2 LEP	75,340	86,500	11,160	14.8%
East Midlands	174,700	208,850	34,150	19.5%
United Kingdom	2,574,225	3,133,260	559,035	21.7%

Source: Office for National Statistics – UK Business Count

Deprivation

2.12 England has 32,844 lower super output areas (LSOAs), 58 of which fall South Derbyshire. The Proposed Development falls across three LSOAs. The majority of the site is within the 'South Derbyshire 013B' LSOA and some of the site also overlaps 'South Derbyshire 012A' and 'South Derbyshire 012D'. In terms of deprivation, all the LSOAs have been ranked in the English Indices of Deprivation (2015) from 1 (being the most deprived) to 32,844 (being the least deprived). Points to note include:

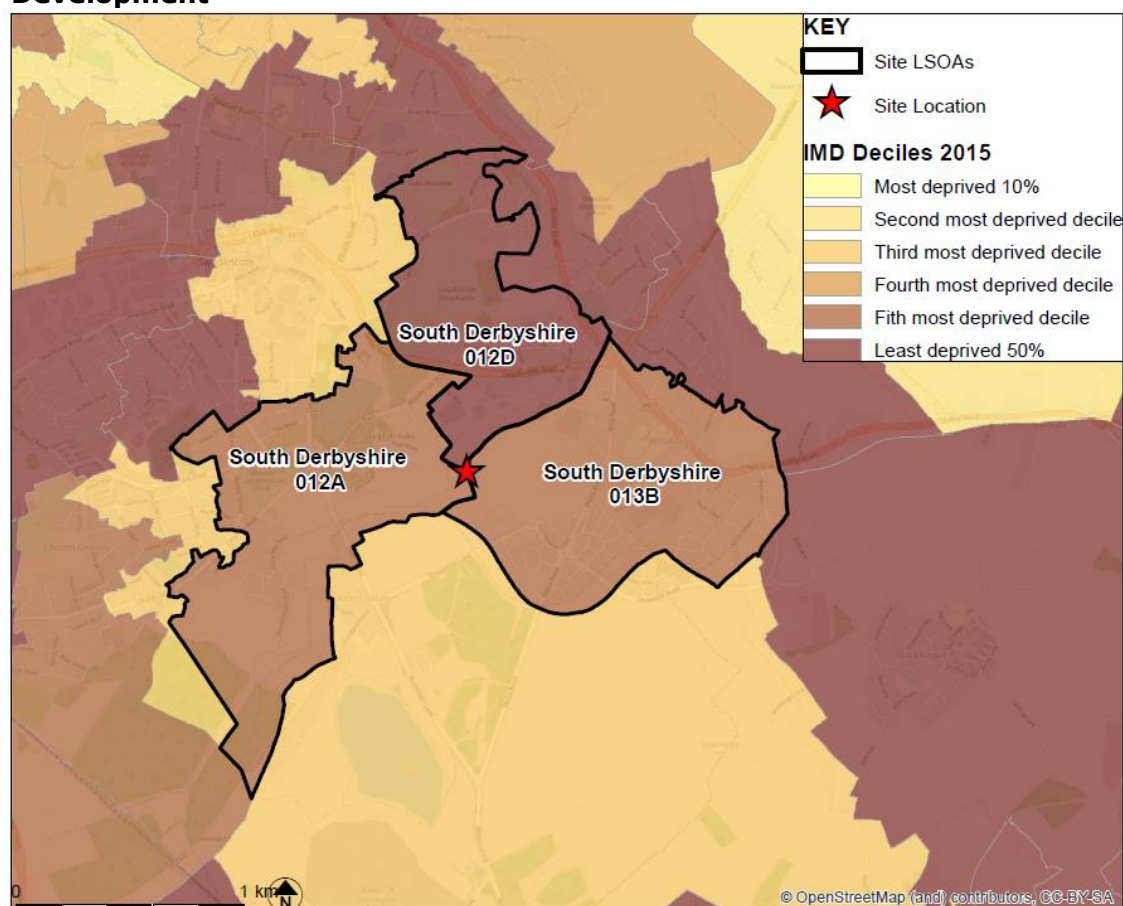
- Overall, the South Derbyshire 013B LSOA ranks at 16,380. When ranked in deciles, between 1 and 10, the LSOA ranks 5. This means it is in the top 50.0% most deprived deciles in the country.
- South Derbyshire 012A LSOA ranks at 15,296. This rank is in decile 5, again placing it in the top 50.0% most deprived deciles in the country.
- South Derbyshire 012D LSOA ranks at 16,948. This rank is in decile 6, which places the LSOA in the least deprived 40.0% of LSOAs in England.

2.13 The deprivation rank of each LSOA varies across the ten individual domains of deprivation. For example, South Derbyshire 013B has the lowest levels of deprivation for the 'barriers to housing and services' domain (ranking at 23,905). However, it is in the top 40.0% most deprived LSOAs for crime (with a rank of 11,362 in this domain). South Derbyshire 012A has the lowest levels of deprivation for the 'barriers to housing and services' domain of deprivation (ranking at 20,039). It has the highest levels of deprivation in the 'education, skills and training' domain with a rank of 12,296. South Derbyshire 012D also has the lowest levels of deprivation for the 'barriers to housing and services' domain of deprivation (ranking

at 17,564). It has the highest levels of deprivation in the 'income' domain with a rank of 13,801.

- 2.14 Figure 2.6 presents the deprivation trends in the three South Derbyshire LSOAs and the surrounding area.

Figure 2.6: Level of deprivation in the LSOAs surrounding the Proposed Development

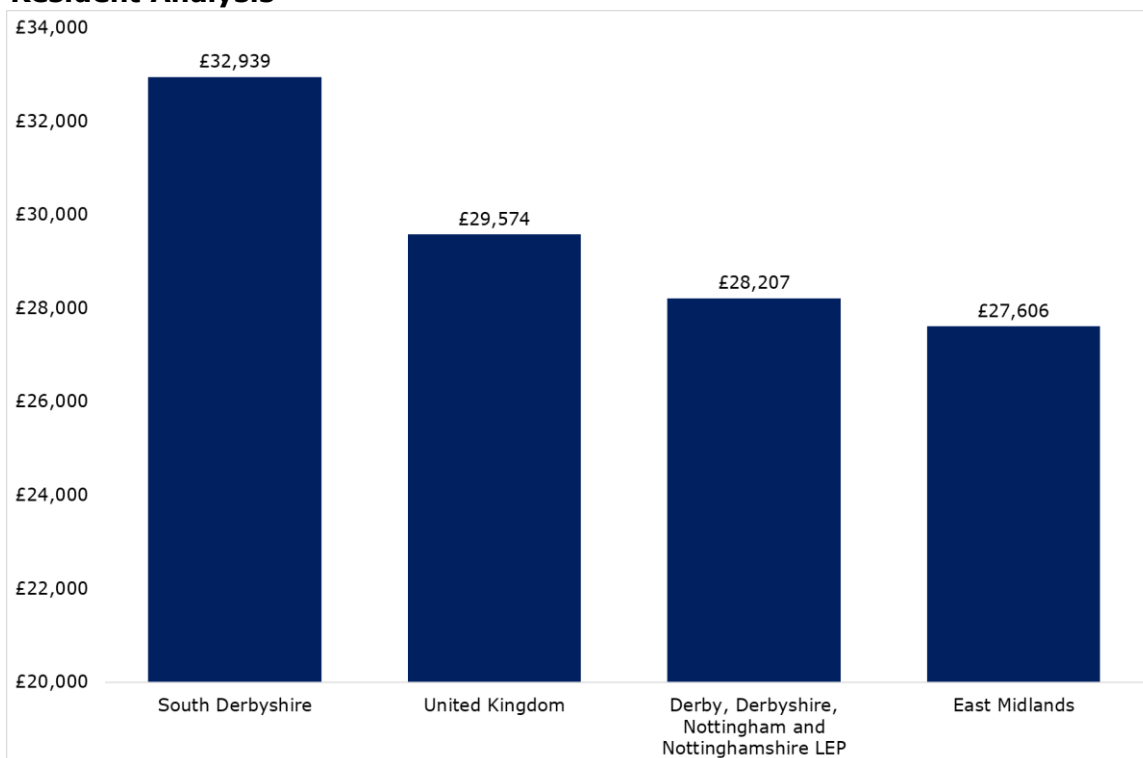


Source: Department for Communities and Local Government: English Indices of Deprivation, 2015.

Wages

- 2.15 Figure 2.7 shows the median gross annual pay for residents. People living in South Derbyshire had a high gross annual pay for full-time employees in 2018 (£32,939). This is around £4,732 higher than the D2N2 LEP area (£28,207), £5,300 higher than the figure for the East Midlands (£27,606) and £3,400 higher than UK average (£29,574).

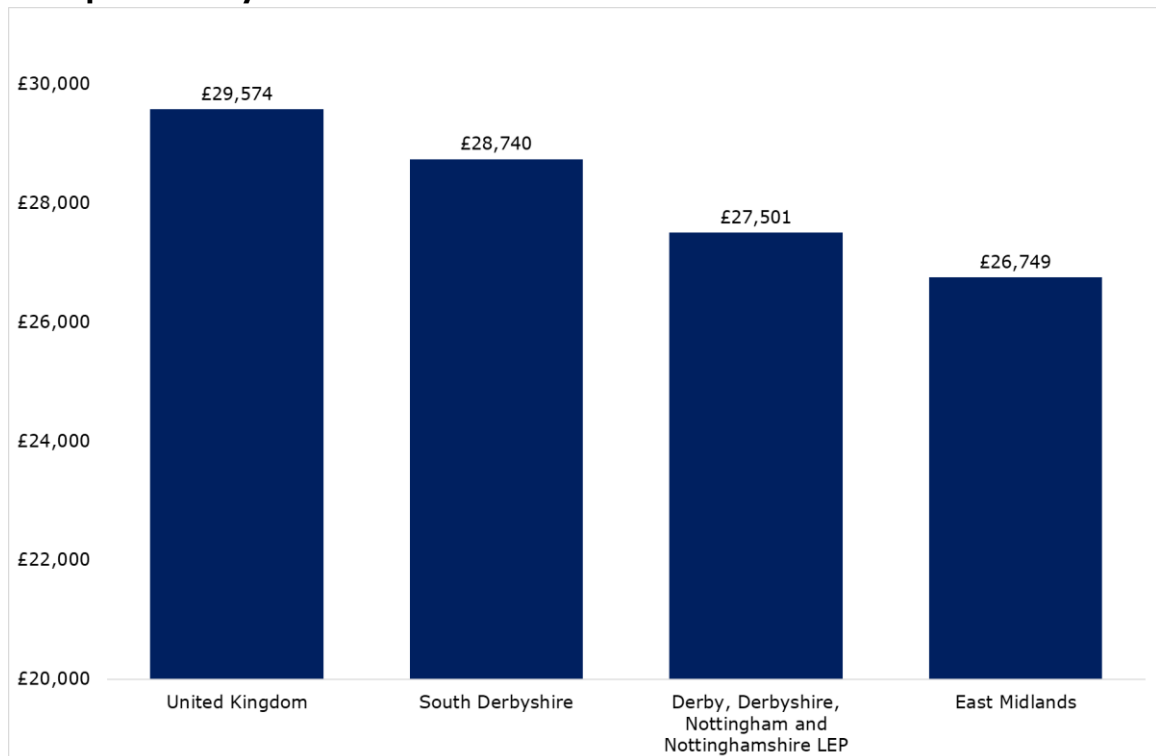
Figure 2.7: Gross Median Annual Pay for Full-Time Employees in 2018, Resident Analysis



Source: Office for National Statistics – Annual Survey of Hours & Earnings

- 2.16 Figures 2.8 shows the median gross annual pay for workers. South Derbyshire has a higher median gross annual pay for workers (£28,740) than the LEP area (£27,501) and the region (£26,749) by just under £2,000. However, the workplace-based gross annual wage in South Derbyshire is around £800 lower than the figure for the UK (£29,574).

Figure 2.8: Gross Median Annual Pay for Full-Time Employees in 2018, Workplace Analysis



Source: Office for National Statistics – Annual Survey of Hours & Earnings

Commuting Patterns

- 2.17 Around 11,520 people live and work in South Derbyshire. There are a substantial number of people travelling into South Derbyshire from surrounding/neighbouring areas to work. This includes around 4,000 from East Staffordshire, 3,500 from Derby, 1,400 from North West Leicestershire and 600 from Erewash.
- 2.18 Looking at the number of residents commuting out for work, just under 7,900 residents of South Derbyshire work in Derby, 7,100 work in East Staffordshire, 4,000 work in North West Leicestershire and 700 in Birmingham.
- 2.19 The overall figure for out-commuters (28,145) is higher than the figure for in-commuters (14,322), giving a net outflow of just over 13,800 commuters.

Strategic Context

Local Economic Development Objectives

- 2.20 The South Derbyshire Local Plan (Part 1⁴ and Part 2⁵) deals with the proposals for the amount and location of future housing, employment and infrastructure for the period from 2011 to 2028. The Plan outlines South Derbyshire's economic vision, which is:
- 2.21 *"To promote greater economic wellbeing in South Derbyshire, in order that it becomes a healthier, more prosperous and safer place to live with better jobs and prospects for local people and businesses".*
- 2.22 The Plan aims to achieve this vision by implementing three objectives:
- Raising productivity by enabling people and business in South Derbyshire to become more competitive and innovative.
 - Ensuring sustainability by providing the infrastructure for businesses and communities to thrive in South Derbyshire.
 - Achieving equality by helping people in South Derbyshire to realise their full potential.
- 2.23 The Plan then lists a number of ambitions which will be followed in the pursuit of following the three objectives. The ambitions relevant to the Proposed Development are:
- Attracting inward investment and encouraging reinvestment by existing businesses.
 - Providing business support and innovation assistance, particularly in key growth sectors.
 - Improving accessibility to opportunities, particularly employment and training.
 - Providing sites and premises for future employment needs, co-ordinating provision with transport and other infrastructure.
 - Overcoming employability barriers to entering the workforce, particularly amongst people facing multiple challenges.

⁴ *South Derbyshire Local Plan Part 1*: South Derbyshire District Council, June 2016.

⁵ *South Derbyshire Local Plan Part 2*: South Derbyshire District Council, November 2017.

- Raising aspirations and expectations, particularly amongst young people.

2.24 Chapter 5 of the Local Plan addresses housing, stating that the scale and distribution of housing growth within the area from 2011 to 2028 is a key policy area, with resulting implications for other policy areas in the Local Plan. The Plan also says that as a fast-growing District, housing in South Derbyshire is in high demand and the policies in the Plan seek to ensure that new housing is delivered whilst balancing the needs of existing and future residents in terms of accessibility to jobs and services.

Sub-regional Economic Development Objectives

2.25 The Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership's (LEP) Strategic Economic Plan (SEP)⁶ states its vision to become a more prosperous, better connected, and increasingly competitive and resilient economy, at the heart of the UK economy, making a leading contribution to the UK's advanced manufacturing and life sciences sectors and generating significant export earnings for UK plc. The LEP aims to create a D2N2 which provides a great place to live, work and invest.

2.26 The Strategy sets out one single target – to support the creation of an additional 55,000 jobs in D2N2 by 2023. It states these jobs will be primarily in the private sector. The LEP also has an aim to accelerate the delivery of housing – with a target of 77,000 new homes between 2003 and 2023. By 2023, this will mean that D2N2 is recognised as a place which:

- Is the best connected place in the country, at the heart of the national economy, with all communities able to contribute to growth and prosperity regardless of location.
- Has an economy that provides opportunities for our young people to live, work and prosper.
- Builds on its strengths to create well paid and rewarding jobs for local people in its key growth sectors.
- Has developed the innovation ecosystem to accelerate economic growth.
- Exploits opportunities in the fastest growing markets across the globe.

⁶ *Strategic Economic Plan: D2N2 Local Enterprise Partnership, March 2014.*

2.27 One of the five Strategic Themes detailed in the SEP is 'infrastructure for economic growth'. Under this theme, the SEP states that evidence shows there are diverse challenges across the LEP area that are constraining the ability to unlock growth potential. The theme has an individual vision, comprised of four elements:

- Unlock creation of new jobs through delivery of employment growth areas, with interventions to improve transport accessibility and connectivity.
- Accelerate completion of new housing: to support growth by ensuring that there is a good supply of labour in close proximity, who can travel in economically and environmentally sustainable ways, and mitigate the effects of additional travel in faster growing areas.
- Provide efficient and resilient transport networks: to support business competitiveness, unlock city growth, address people's accessibility needs and enhance the quality of places.
- Enhance the high quality of life in the area to sustain D2N2 as a great place to live, work and invest.

2.28 In March 2019, the D2N2 LEP published its updated 'Vision 2030' Strategic Economic Plan⁷ with a vision that by 2030:

"D2N2 will have a transformed high-value economy; which is prosperous, healthy and inclusive, and is one of the most productive in Europe."

2.29 The SEP has three themes to drive change:

- Supporting productive and growing businesses.
- Delivering skills and knowledge for the future.
- Enhancing the quality of the places where we live and work.

2.30 The SEP lists a seven high level economic targets for 2030. These are as follows:

- D2N2 LEP will be in the top quarter of productive local economies in Europe.
- The overall value of the economy will be increased to £70billion.
- Prosperity levels will be in the top quarter of all LEP areas.

⁷ Vision 2030 – The Spark in the UK's Growth Engine: D2N2 Local Enterprise Partnership, March 2019.

- Inequality will be narrowed through a rise in median weekly earnings of at least 40% across D2N2.
 - The high and stable employment rate (with a workforce of some 1 million people) will be maintained.
 - The gap in economic activity levels between places in D2N2 will be reduced.
 - The gap in workforce qualifications between the LEP and the UK will be eliminated.
- 2.31 The SEP states that the LEP will support partnership working with local authorities, the development community and Homes England to accelerate the completion of new housing to support D2N2's growth ambitions and to deliver against Government targets.
- 2.32 Under theme 3, 'quality of place', the SEP states that investment in physical infrastructure will support business and housing growth ambitions as well as enhancing the natural environment. It states that in supporting and enhancing D2N2's 'quality of place', as a great location to live, work and invest – the roles of local authorities as 'place makers', with statutory housing, planning and transport roles, will be fundamental to effective partnership working.
- 2.33 LEPs have now been tasked with producing Local Industrial Strategies (LIS) that are aligned with the national Industrial Strategy. Developing the D2N2 LIS is listed in the March 2019 SEP as one of eight key activities being prioritised in the short term by the LEP. The SEP states that D2N2 LEP will deliver a LIS that capitalises on the areas key knowledge and industrial assets, to deliver long-term productivity growth.

National Objectives

- 2.34 Published in 2017, the UK Industrial Strategy⁸ aims to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. The Strategy outlines five foundations that will help achieve this:
- **Ideas:** encouraging the UK to be the world's most innovative economy.

⁸ *Industrial Strategy: Building a Britain fit for the future*. Department for Business, Energy and Industrial Strategy, November 2017

- **People:** ensuring good jobs and greater earning power for all.
- **Infrastructure:** driving a major upgrade to the UK's infrastructure.
- **Business environment:** guaranteeing the best place to start and grow a business.
- **Places:** creating prosperous communities across the UK.

2.35 The foundations of People, Businesses environment and Places are particularly relevant to the Proposed Development, given the scheme will create new jobs and provide employment opportunities for communities in the local area.

2.36 The UK Housing White Paper, 'Fixing our Broken Housing Market'⁹, was published in 2017 to try and address the shortage of homes in the UK. It outlines a number of problems that need to be dealt with in order to deal with the housing crisis, and this includes:

- The pace of development is too slow – more than a third of homes that were granted planning permission in 2015/16 have yet to be built.
- The structure of the housing market makes it harder to increase supply, with commercial developers still dominating the market, despite the recent success of housing organisations.

2.37 In order to overcome these challenges, the Government aims to: plan for the right homes in the right places; build homes faster; diversify the housing market and help people to get on the property ladder. The Proposed Development will help in overcoming these challenges, by providing new homes in South Derbyshire.

⁹ *Fixing our Broken Housing Market*: Department for Communities and Local Government, February 2017.

3. CONSTRUCTION PHASE BENEFITS

HOUSING CONSTRUCTION PHASE BENEFITS

Supporting Construction Employment

- 3.1 The proposed scheme will see up to 300 residential dwellings built on the land off Occupation Lane. Economic benefits will arise through the provision of temporary jobs during the construction phase of the dwellings, which is estimated to be five years.
- 3.2 For the residential element of the Proposed Development, construction costs are estimated to be just under £46.0million over the five-year build programme. Costs have been calculated using the BCIS Online tool¹⁰ and are exclusive of external works, supporting infrastructure, fees, VAT, finance charges etc.
- 3.3 To estimate construction employment supported during the building phase, the total construction cost has been divided by the average turnover per construction employee in the East Midlands of £156,188¹¹. Over the five-year build programme, 59 construction jobs could be supported on-site per annum.
- 3.4 It is widely recognised that housebuilding has knock-on effects for other sectors, which leads to increased demand for building materials and equipment at the construction phase, as well as domestic furniture and carpets etc. following completion. This generates and sustains employment in other sectors. The July 2018 'Economic Footprint of House Building in England and Wales' report by the Home Builders Federation found that for every 1 job in housing construction, the scale of employment supported is equivalent to between 2.4 and 3.1 direct, indirect and induced jobs per new dwelling built. Taking an average of these figures, a multiplier of 2.75 has been used – i.e. for every 1 job in house building, a further 1.75 jobs are supported in the wider economy. Therefore, as well as the 59 on-site jobs supported per annum during the build phase, the construction of the 300 dwellings could support a total of 103 additional jobs per annum in the wider economy.
- 3.5 In total, between **162 temporary jobs** could be supported per annum during the five-year build phase of the dwellings.

¹⁰ Accessed 22/05/2019

¹¹ Calculated using data for the East Midlands construction sector from the 2018 edition of Business Population Estimates produced by the Office for National Statistics.

Contribution to Economic Output

- 3.6 Another way of looking at the economic impact of the construction phase is to calculate the contribution a development makes to wealth creation, as measured by the increase in the value of goods and services generated within an area. This can be done by looking at the increase in gross value added (GVA)¹², a common proxy for economic output. Using ONS data, it is possible to calculate GVA per employee by sector at a regional level. In the East Midlands, construction's GVA per employee is around £70,717 per annum. Total annual GVA per employee for all sectors in the region is estimated at £48,654¹³.
- 3.7 Applying these GVA figures to the employment estimates outlined above (£70,717 to the 59 construction jobs and £48,654 to the 103 indirect/induced roles), the five-year build phase for the 300 residential dwellings could generate an additional **£42.9million of GVA** (present value¹⁴).

EMPLOYMENT FLOORSPACE CONSTRUCTION PHASE BENEFITS

Supporting Construction Employment

- 3.8 For the local centre and the employment floorspace elements of the Proposed Development, construction costs are estimated at approximately £20.1million over the 5-year build programme. Again, the cost has been calculated using the BCIS Online tool¹⁵ and is exclusive of external works, supporting infrastructure, fees, VAT, finance charges etc.
- 3.9 As with the residential construction benefits, the total construction cost has been divided by the average turnover per construction employee in the East Midlands to give a figure of 26 construction jobs supported on-site during the five-year build phase.

¹² Gross value added is the measure of the value of goods and services produced in an area, industry or sector of an economy.

¹³ GVA per employee estimates calculated using data from the 2017 Business Register and Employment Survey, as well as regional GVA estimates for 2017 – both published by ONS.

¹⁴ Where future benefits are calculated, they have been discounted to produce a present value. This is the discounted value of a stream of either future costs or benefits. A standard discount rate is used to convert all costs and benefits to present values. Using the Treasury's Green Book, the recommended discount rate is 3.5%.

¹⁵ Accessed 22/05/2019

- 3.10 The Proposed Development will generate and sustain employment in other sectors. The Homes and Communities Agency (now Homes England) Additionality Guide¹⁶ notes that for every £1 spent in the construction sector, there is £2.70 of economic activity through direct, indirect and induced multiplier effects – i.e. for every £1 spent, a further £1.70 of activity is supported in the wider economy. Assuming a similar multiplier for jobs, this suggests that as well as the 26 on-site jobs supported per annum, the Proposed Development could support a total of 44 additional jobs per annum during the construction phase.
- 3.11 In total, around **69 temporary jobs**¹⁷ could be supported per annum during build phase of the employment floorspace associated with the Proposed Development.

Contribution to Economic Output

- 3.12 Applying the GVA per employee figures outlined in Paragraph 3.6 to the employment estimates above (£70,717 to the 26 construction jobs and £48,654 to the 44 indirect/induced roles), the proposed employment floorspace (including the local centre) could generate an additional **£18.4million of GVA** over the five-year construction period (present value).
- 3.13 In summary, the main benefits created by the construction phases of the new housing and the employment floorspace are presented in table 3.1.

Table 3.1: Construction Benefits Summary

	Temporary jobs per annum	GVA generated over build timeframe (present value)
Housing (300 dwellings)	162	£42.9m
Employment Floorspace	69	£18.4m
Total	231	£61.3m

¹⁶ *Additionality Guide, Fourth Edition*. Homes & Communities Agency (Now Homes England), 2014.

¹⁷ Figures may not sum due to rounding.

4. BENEFITS ASSOCIATED WITH THE NEW HOUSING

- 4.1 The proposed 300 residential dwellings will create a number of economic benefits, which are outlined in this section.

Increased Supply of Labour

- 4.2 It is estimated that the proposed scheme will provide homes for 720 economically active residents¹⁸. Data from the Annual Population Survey, published by the ONS, show that around 95.0% of the economically active population in South Derbyshire are in employment¹⁹. Assuming this figure remains broadly the same, applying it to the population living at the Proposed Development in Woodville could result in between 370 economically active and employed residents living there once the site is fully built and occupied. This is likely to be a mixture of people from outside the area, as well as existing residents who move from other parts of the local area.
- 4.3 If residents show a similar employment profile to the existing working age population of South Derbyshire, 45.5% could be working in higher value occupations. This includes: managers, directors and senior officials; professional occupations; and associated professional and technical occupations.

Increased Household Expenditure

- 4.4 Additional household expenditure will be supported by the new dwellings. While not all of this spend will be in the local area, it is reasonable to assume that a substantial proportion will be retained within South Derbyshire. Figures produced by the ONS²⁰ at a regional level can be used to provide an estimate of what this spend could be worth on an annual basis. For the East Midlands, average household spend is estimated by the ONS to be around £534 per week. This covers spend on commodities/services such as food & drink, clothing, transport and recreation.
- 4.5 Applying the £534 average weekly spend figure to the 300 dwellings and translating this into an annual figure, the proposed development could generate **annual household expenditure of £8.3million per annum** once it is complete and fully occupied. Table 4.1 shows how this estimated spend breaks down by commodity and service.

¹⁸ Census 2011: average number of economically active residents per household in South Derbyshire is 1.29.

¹⁹ Annual Population Survey, January 2018-December 2018.

²⁰ Estimates represent a three-year average and are derived from household spend by region for 2016-18, produced by the Office for National Statistics.

Table 4.1: Estimated annual household expenditure supported by the dwellings

Commodity/Service	Estimated annual household expenditure
	300 dwellings
Food and non-alcoholic drinks	£912,600
Alcoholic drinks and tobacco	£201,200
Clothing and footwear	£366,600
Housing (net), fuel and power	£1,046,800
Household goods and services	£589,700
Health	£99,800
Transport	£1,212,100
Communication	£259,000
Recreation and culture	£1,039,000
Education	£103,000
Restaurants and hotels	£719,200
Miscellaneous goods and services	£645,800
Other expenditure items	£1,129,400
Total estimated annual household expenditure	£8,324,200

Based on household spend estimates by region, produced by ONS

Note – spend estimates have been rounded to the nearest hundred

First Occupation Expenditure

- 4.6 Research suggests that the average homeowner spends approximately £5,000 to make their house 'feel like home' within 18 months of moving in²¹. This includes money spent on things like furnishing and decorating – which generates economic benefits for the local economy in terms of direct and induced job creation.
- 4.7 Applying the average one-off spend of £5,000 to the 300 proposed new dwellings in Woodville, they will generate approximately **£1.5million** in first occupation expenditure within 18 months.

Contribution to Council Tax Income

- 4.8 Assuming the new dwellings fall within Band D²², once fully occupied the site is estimated to generate an estimated **£513,000 on an annual basis in additional Council Tax payments**, or over £5.1million over 10 years at 2019/20 rates.

²¹ <http://www.independent.co.uk/voices/2012/11/02/it-costs-5000-to-turn-a-house-into-a-home>

²² 2019/2020 Council Tax for Band D in South Derbyshire is £1,709.89

New Homes Bonus

- 4.9 The Proposed Development has the potential to generate **£1.6million** in New Homes Bonus revenue for South Derbyshire Council and **£401,000** for Derbyshire County Council. These estimates do not include any additional payments for affordable houses built and are based on the new operating model for New Homes Bonus, which was announced in December 2016.
- 4.10 Under the New Homes Bonus scheme, the Government previously matched the Council Tax raised on each new home built in an area for a period of six years. The December 2016 changes will see a new national baseline of 0.4% introduced to ensure councils are not rewarded for natural housing growth. Where growth is below the baseline level of 0.4%, new homes are not rewarded with the Bonus and the national average Band D council tax rate of £1,671.45 is paid thereafter. Payments are made for four years.

5. CONTRIBUTION TO PERMANENT EMPLOYMENT & ECONOMIC OUTPUT

Introduction

- 5.1 This section outlines the impact of the proposed scheme, in terms of supporting permanent employment and economic output in South Derbyshire.
- 5.2 Jobs numbers are presented in two ways:
- **Gross permanent jobs:** total employment accommodated on-site.
 - **Net additional jobs:** the number of jobs which the scheme can be expected to support, over and above what would have happened anyway. This calculation makes allowance for leakage, deadweight, displacement and multiplier factors (see Figure 5.1 for explanations of these terms).

Figure 5.1: Additionality Factors

- **Leakage** is defined as, 'the proportion of outputs that benefit those outside the programme/project area or group'. Leakage is assumed to be 37% as this reflects the total percentage of out-commuters from South Derbyshire based on data derived from the 2011 Census.
- **Deadweight** is the term used to identify the output that would have occurred without the project. Deadweight is assumed to be zero – i.e. without the proposed scheme, no other jobs will be created.
- **Displacement** is defined as 'the proportion of project outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area'. Displacement for the new employment is assumed to be 25%.
- **Economic multipliers** are defined as 'further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases'. As the proposed development has a number of different potential uses, the local economic multipliers vary, from 1.21 to 1.29.

Source: Homes & Communities Agency (now Homes England), 2014. Additionality Guide, Fourth Edition.

Estimated New Employment

- 5.3 The proposed scheme in Woodville will create permanent employment opportunities once it is built, many of which are likely to prove attractive to residents of South Derbyshire. At a wider geographical scale, the scheme has the potential to generate a significant number of job opportunities for people living in

the East Midlands.

- 5.4 To quantify jobs, a number of assumptions have been made in terms of the density of employment that would normally be expected for the different floorspace types. The majority of this information has been sourced from the Employment Densities Guide (3rd Edition, November 2015), prepared for the Homes and Communities Agency (HCA) by Bilfinger GVA. Using this guidance, a density of one job per 15 sq. m. net internal area (NIA) has been applied to the A1/A3/A4 uses. For the B1 floorspace, a density of one job per 10 sq. m of NIA has been used, for the B2 floorspace the density is one job per 36 sq. m of gross internal area (GIA) and for the B8 floorspace the density is one job per 70 sq. m of gross external area (GEA). The floorspace figures associated with the scheme, presented in paragraph 1.1 are given in GIA. To convert the A1/A3/A4 floorspace figures into NIA, they have been decreased by 10.0%. To convert the B8 floorspace figure into GEA, it has been increased by 5.0%.
- 5.5 Once fully developed and occupied, it is estimated that the Proposed Development will provide 582 gross full-time equivalent (FTE) jobs on-site. Table 5.1 shows the split of these jobs across the different floorspace types.

Table 5.1: Gross Jobs Estimates

Use Class	Gross Jobs
A1 – food store	96
A3 – restaurant	33
A4 – pub	42
B1	180
B2	111
B8	120
Total	582

Source: Homes & Communities Agency (now Homes England) – Employment Density Guide, 3rd edition, November 2015

- 5.6 Once allowance is made for deadweight, leakage, displacement and multiplier effects outlined in Figure 5.1, it is estimated that the scheme will support 349 net additional FTE jobs in the South Derbyshire economy. Table 5.2 shows the impact of each additionality factor on job numbers.

Table 5.2: Impact of Additionality Factors on Jobs

Additionality Factor	Jobs
Gross permanent direct jobs created	582
<i>Estimated leakage</i>	<i>215</i>
<i>Estimated deadweight</i>	<i>0</i>
<i>Estimated job displacement</i>	<i>92</i>
Net jobs before multipliers	275
<i>Multiplier impacts</i>	73
Total net FTEs in Calderdale	349

Source: Homes & Communities Agency, 2014. Additionality Guide, Fourth Edition.

Gross Value Added

- 5.7 The contribution of the site to economic output has been calculated by taking the gross job creation associated with the scheme broken down by floorspace type and multiplying this by an estimate of average levels of GVA per employee for the East Midlands economy for each of the employment sectors.
- 5.8 It is estimated that, once operational and fully occupied, total GVA supported by the proposed development in the South Derbyshire economy will be around **£14.1million per annum**, allowing for multiplier effects.
- 5.9 Looking at the economic output contribution over a longer timeframe, **over a ten-year period the additional GVA for the South Derbyshire economy associated with the proposed scheme is estimated to be £121.8million** (present value)²³.

²³ Where future benefits are calculated over a 10-year timeframe, they have been discounted to produce a present value. This is the discounted value of a stream of either future costs or benefits. A standard discount rate is used to convert all costs and benefits to present values. Using the Treasury's Green Book, the recommended discount rate is 3.5%.

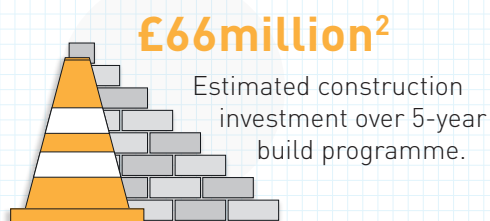
APPENDIX 1 – ECONOMIC BENEFITS INFOGRAPHIC

ECONOMIC BENEFITS

OCCUPATION LANE, WOODVILLE

CONSTRUCTION OF UP TO 300 RESIDENTIAL DWELLINGS, LOCAL CENTRE & EMPLOYMENT AREA

CONSTRUCTION BENEFITS



231

Direct construction roles and indirect/induced jobs supported per annum during the 5-year build programme.



£61.3million¹

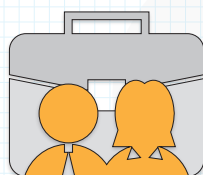
Economic output contribution from jobs supported by activities at the site over five years.

OPERATIONAL BENEFITS



46%

Of employed residents estimated to be working in higher value/higher income occupations.



370

Economically active and employed residents estimated to live in the new housing.



£1.6million

Potential New Homes Bonus revenue to South Derbyshire District Council.

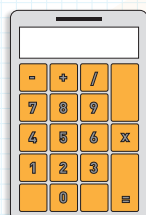
£401,000

Potential New Homes Bonus to Derbyshire County Council.



£8.3million

Annual household expenditure.



£1.5million

Estimated first occupation expenditure.

£513,000

Estimated annual increase in Council Tax revenue.



£121.8million

Economic output contribution from jobs supported by activities at the site over a ten-year period.³



582

Full-time equivalent jobs supported on site by the Local Centre and the Employment Floorspace.

¹ GVA, or gross value added, is the measure of the value of goods and services produced in an area, sector or industry

² The construction cost has been estimated using the BCIS Online tool and is exclusive of external works, contingencies, supporting infrastructure, fees, VAT, finance charges etc.

³ Figures over a ten-year time-frame are provided as net present value estimates.