Part of Shakespeare Martineau

LAND NORTH OF A507 AND WEST OF BUNTINGFORD

Hallam Land Management Limited

ECONOMIC BENEFIT STATEMENT

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INFOGRAPHIC SUMMARY OF ECONOMIC BENEFITS

Marrons

Proposed Residential led Development at Land North of A507 and West of Buntingford

The Proposed Development will comprise up to 600 dwellings, up to 60 elderly accommodation units, local centre, new First school (if required), & associated works & infrastructure.

CONSTRUCTION PHASE

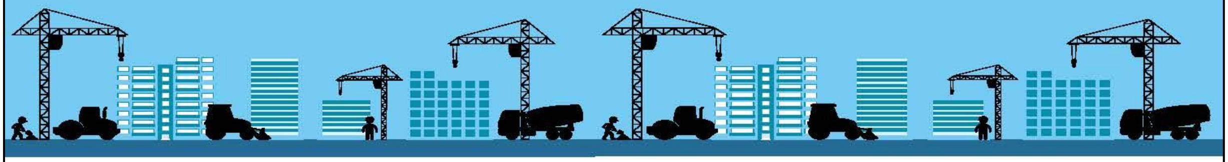
(Associated with delivery of the development over an anticipated 8 year construction period)

100 FTE
Local Jobs

205 FTE
Regional/ UK Jobs

£45m
Local Economic Output Over Construction Period

£91m
Total Economic Output Over Construction Period



OPERATIONAL PHASE

122 (gross)
On-Site Jobs Created

68 (net)
Local Employment

138 (net)
Total Employment

£3.6m
Local Economic Output

£7.4m
Total UK Economic Output

LOCAL AUTHORITY REVENUE & EXPENDITURE BENEFITS

£149k per annum
Business Rates

£8.9m per annum
Residents Expenditure on Local Retail and Services

£1.4m per annum
Council Tax

£1.1m single payment
New Homes Bonus

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1. INTRODUCTION

1.1 This Economic Benefit Statement has been prepared by Marrons on behalf of Hallam Land Management Limited in support of a planning application for mixed use residential development at Land North of A507 and west of Buntingford.

1.2 The Proposed Development will comprise up to 600 dwellings, up to 60 elderly accommodation units, local centre, new First school (if required), and associated works and infrastructure.

1.3 For the purpose of testing the economic benefits of the proposal it has been assumed that 40% of the dwellings will be affordable homes. The assessment also tests the benefits associated with the provision of a local centre occupying an area of up to 0.4ha. The detailed composition of the local centre will be agreed at reserved matter stage, but for the purposes of this assessment it is assumed to comprise an indicate floorspace of 2,000 sq m. For the purposes of this assessment it is assumed that the First school will be 2 form entry.

1.4 Section 2 of this Statement reviews the relevant national planning policy objectives relating to the economy and economic growth.

1.5 Section 3 sets out the associated economic benefits, expressed as employment created and the value of economic output generated throughout the development lifecycle.

2. PLANNING POLICY CONTEXT

National Planning Policy Framework (2023)

2.1 The National Planning Policy Framework (NPPF) is a material planning consideration and since its inception has set out the importance of economic development in the planning system and to decision-making.

2.2 Indeed, the NPPF identifies the purpose of the planning system is to contribute to the achievement of sustainable development. This requires the delivery of the three overarching objectives identified in paragraph 8, the economic, social and environmental objectives.

2.3 The economic objective within this paragraph seeks *"to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right type 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."*

2.4 Section 6 of the NPPF Building a strong, competitive economy confirm that planning policies and decision help create the conditions in which businesses can invest, expand and adapt. Paragraph 85 also confirms that significant weight should be placed on the need to support economic growth and productivity. It goes on to set out that the approach taken by the local authority should allow each area to build on its strengths, counter any weaknesses and addresses the challenges of the future.

2.5 Paragraph 86 confirms those weaknesses and challenges to include potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment.

2.6 The role of residential development in achieving wider economic growth is clearly emphasised in the NPPF, and it is considered that the Proposed Development fully complies with these objectives.

3. ECONOMIC BENEFITS OF THE PROPOSED DEVELOPMENT

3.1 The proposed development comprises up to 600 residential dwellings, up to 60 elderly accommodation units, local centre, and new First school, if required.

3.2 For the purpose of testing the economic benefits of the proposal it has been assumed that 40% of the dwellings will be affordable homes. The assessment also tests the benefits associated with the provision of a local centre occupying an area of 0.4ha. The detailed composition of the local centre will be agreed at reserved matter stage, but for the purposes of this assessment it is assumed to comprise an indicate floorspace of 2,000 sq m. For the purposes of this assessment it is assumed that the First school, if required, will be 2 form entry.

3.3 We set out below calculations of the economic benefits associated with the construction of the Proposed Development, and its subsequent occupation by future residents.

i) Construction Phase

3.4 The level of labour demand generated throughout the construction period has been calculated by applying the average turnover per construction worker to the estimated construction cost of the Proposal. Construction costs are estimated to total approximately £115m, excluding infrastructure costs. The costs broadly comprise:

- £95m for the construction of the residential dwellings, based upon a construction cost of £1,652 per sq m (as sourced from costmodelling.com and uplifted by 2.5% to account for future home standards), and assuming an average unit size of 1,033 sq m.

- The cost of the elderly accommodation is estimated to total approximately £9m, and is based upon an indicative size of 4,400 sq m and cost per sqm of £2,026 (based upon information provided by Churchill Retirement Living and McCarthy & Stone in its examination statement to Worthing Borough Council, September 2014, increased with indexation).

- The cost of the local centre is assumed to amount to approximately £3m, and assumes that approximately 50% of the site (0.4ha) will be built out, at a construction cost of £1,430 per sq m (sourced from costmodelling.com).

- The cost of the First school (assuming 2 form entry) is anticipated to total around £8m, and is based upon the reported cost of the recently opened Buntingford First school.

3.5 The Office for National Statistics (ONS), latest Annual Construction Statistics (2021) confirms the average construction turnover per head relating to residential and commercial projects.

3.6 It is estimated that the proposed construction activity could support 951 person years of construction employment.

3.7 Over the course of an assumed 8 year construction period, the development would therefore support approximately 119 FTE gross direct construction jobs.

3.8 In addition the construction phase will also generate additional economic outputs associated with the indirect supply chain benefits. Reflecting the number of people seeking elementary occupations (based upon job seekers allowance data, totalling 125 people in December 2023), and the size of the proposed scheme, a low level of displacement (25%) in the construction labour force has been assumed (resulting in net direct job creation of 89 FTE).

3.9 In calculating indirect job creation, a central placed based employment multiplier scenario has been assumed, comprising a tradable sector multiplier of 0.4 and a non-tradable sector multiplier of 0.9 – both multipliers are applied to the direct net additional employment figure. As a result, the temporary indirect job creation during the construction phase is likely to total a further 116 FTE jobs, resulting in total job creation within the UK of 205 FTE jobs over the 8 year construction period.

3.10 Accounting for leakage, which based upon 2011 Census[1] travel to work flows of 51% into East Herts[2], would suggest that temporary job creation within East Herts itself will total approximately 100 jobs, with the remaining labour force drawn from outside of the local area.

3.11 Employment activity throughout the construction phase will generate economic output, measured through the generation of gross value added (GVA). GVA is a measure of economic output, distributed through retained profit and wages. Drawing upon ONS published regional gross value added figures and workforce statistics it is possible to derive construction GVA per head across the England (totalling £55,408 in 2021).

3.12 Based upon the net direct and indirect construction job calculation totalling 205 FTE, the development activity will generate a temporary economic output throughout the construction period of approximately £91m across the UK. After accounting for leakage, the temporary economic output to East Herts during construction of the proposal is likely to total £45m.

3.13 In summary, the construction jobs and GVA figures benefiting the local economy are:

- **Total net (direct and indirect) FTE jobs generated during the 8 year construction period = 205 FTE jobs (of which 100 FTE jobs within East Herts)**
- **Total temporary economic output during the construction of the proposed development = £91m, of which £45m within East Herts.**

[1] The impact of COVID on travel to work patterns at the point of the 2021 Census mean that it cannot be relied upon to reflect travel to work flows post-pandemic.
[2] 49% of East Hert's workforce is drawn from within the District, with 51% drawn from other surrounding areas.

ii) Completed Development

Residential development

3.14 The completed development will comprise up to 600 residential dwellings, 40% of which will be delivered as affordable housing, alongside up to a further 60 old person accommodation units. Drawing upon 2021 Census data, and based upon an assumed mix properties derived from the Council's Housing and Economic Development Needs Assessment (2015)[3], it is estimated that the 600 homes will provide for a resident population totaling approximately 1,394 people, resulting in an average household size of 2.32. On the assumption that the 60 elderly accommodation units will house 1.5 people per unit, this will accommodate a further 90 people, meaning that the Proposed Development will accommodate approximately 1,484 people.

3.15 Assuming an approximate employment rate of 49% (reflecting East Herts employment rate in 2021[4]), it is estimated that the scheme will provide for approximately 687 new residents in employment. Based upon GVA per head figures for the East of England, totaling £53,552 (reflecting the average economic output of those employed in the East of England), residents of the proposed scheme could contribute £36.8m per annum to the wider economy.

3.16 Based upon commute flows reported within the 2011 Census, 37% of residents remain in East Hertfordshire to work. On this basis new residents of the proposed scheme could contribute £15.6m per annum to the local economy within East Herts.

3.17 In addition, residents of the new development will contribute to the local economy through spend in local shops, leisure facilities and services. Data provided by the ONS Family Spending Survey (2022) confirms that across the East of England, households typically spend £272 per week on convenience, comparison, leisure and other services (excluding utilities, health, transport, education and communication). On this basis, the provision of 660 additional homes will generate an additional £8.9m of retail, leisure and services expenditure through resident spend, which will be available to the local and wider economy (noting for prudency that the expenditure per household calculation for those living within the elderly accommodation units has been halved).

a) Council Tax

3.18 Based upon a Band D Council Tax equivalent of £2,130 per household within Buntingford (2023/24), the Proposed Development of 660 homes would provide additional Council Tax revenue of approximately £1.4m per annum.

[3] Market housing 1 bed 6%; 2 bed 19%; 3 bed 46%; 4 bed 23%; 5 bed 6%
Affordable housing 1 bed 19%; 2 bed 40%; 3 bed 34%; 4 bed 7%

[4] ONS, Nomis, Labour Market Profile

b) New Homes Bonus

3.19 Assuming that the District Council meet the Government's New Homes Bonus baseline criteria of 0.4% growth in housing stock per annum, the Proposed Development would generate a single year New Homes Bonus payment of £1.1m.

Local Centre

3.20 The proposed local centre will occupy an area of up to 0.4ha. For the purposes of this assessment it is assumed that it will comprise a floorspace equivalent to 50% of the land area, and as such totaling approximately 2,000 sq m. On the basis that the local centre will comprise a mix of retail and service uses it is reasonable to assume that jobs will be created at a density of one per 20 sq m net. Assuming a net to gross ratio of 80% it is reasonable to assume that the local centre will create in the region of 80 FTE direct jobs. In addition it is likely that the elderly accommodation units will also create jobs.

3.21 Assuming a low level of displacement (25%), net direct job creation totals 60 FTE jobs.

3.22 In calculating indirect job creation, a central placed based employment multiplier scenario has been assumed, comprising a tradable sector multiplier of 0.4 and a non-tradable sector multiplier of 0.9 – both multipliers are applied to the direct net additional employment figure. As a result, the indirect job creation is likely to total a further 78 FTE jobs, resulting in total job creation within the UK of 138 permanent FTE jobs.

3.23 Accounting for leakage, which based upon 2011 Census[5] travel to work flows of 51% into East Herts[6], would suggest that job creation within East Herts itself will total approximately 68 jobs, with the remaining labour force drawn from outside of the local area.

3.24 Employment activity will generate economic output. Drawing upon ONS published regional gross value added figures and workforce statistics average GVA per head across the East of England totaled £53,551 (2021).

3.25 Based upon the net direct and indirect job calculation totalling 138 FTE, the local centre will generate an economic output of approximately £7.4m per annum across the UK. After accounting for leakage, the economic output to East Herts the proposed local centre is likely to total £3.6m.

[5] The impact of COVID on travel to work patterns at the point of the 2021 Census mean that it cannot be relied upon to reflect travel to work flows post-pandemic.
[6] 49% of East Hert's workforce is drawn from within the District, with 51% drawn from other surrounding areas.

Business Rates

3.26 Assuming a rateable value of £146 per sq m, based upon Valuation Office data for East Herts in 2022, and assuming a standard multiplier of 51.2 pence, business rates payments associated with the local centre are likely to total £149,000 per annum.

First School

3.27 The development makes provision for a 2 form entry First school, if required.

3.28 On the basis of a reasonable assumption of 1 staff per 10 pupils (based upon the average staff FTE / pupil ratio within Hertfordshire local authority maintained primary schools)[7], it can be deduced that the First school will provide for approximately 42 jobs. This is based upon the assumption that the school will enroll children between the ages of 3 and 9 years of age (7 age cohorts), and there will be 2 forms of entry, with an average class size of 30 (i.e. 420 pupils).

3.29 In addition the day to day operation of the primary school will draw upon a local supply chain of external contractors, which may for example include cleaning, catering, or grounds maintenance companies all of which will support additional jobs within the local area, as well as a wider supply chain.

3.30 In summary the operational economic benefits of the proposal are as follows:

- The Proposed Development will accommodate approximately 687 new residents in employment, contributing £36.8m to the UK economy per annum, and £15.6m to the local East Herts economy per annum.

- Residents of the Proposed Development will add an additional £8.9m to the shops and services through expenditure on retail and leisure goods each year, which will benefit the local economy.

- The Proposed Development will contribute £1.4m in Council Tax Revenue and assuming the Local Authority meets baseline New Homes Bonus criteria, a New Homes Payment of approximately £1.1m by Government.

- The proposed local centre will create 80 on-site jobs, and approximately 138 jobs across the wider economy. Of this some 68 are likely to be filled by East Herts residents. In turn the local centre will generate an economic output of approximately £7.4m, of which £3.6m will benefit the East Herts economy.

[7] School workforce census 2023 Browse our open data, Data catalogue – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

- Businesses within the local centre are likely to be liable for business rates payments of approximately £149,000 per annum.

- In addition the provision for a Primary School will create approximately 42 FTE jobs directly, as well as additional supply chain benefits.

4. SUMMARY

4.1 This Economic Benefit Statement has been prepared by Marrons on behalf of Hallam Land Management Ltd in support of a planning application for a residential led development at Land North of A507 and west of the A10, Buntingford.

4.2 The Proposed Development will comprise up to 600 dwellings, up to 60 elderly accommodation units, local centre, new First school (if required), and associated works and infrastructure.

4.3 For the purpose of testing the economic benefits of the proposal it has been assumed that 40% of the dwellings will be affordable homes. The assessment also tests the benefits associated with the provision of a local centre occupying an area of up to 0.4ha. The detailed composition of the local centre will be agreed at reserved matter stage, but for the purposes of this assessment it is assumed to comprise an indicate floorspace of 2,000 sq m. For the purposes of this assessment it is assumed that the First school will be 2 form entry.

4.4 The National Planning Policy Framework (NPPF) confirms that local planning authorities work to secure developments that will improve the economic conditions of the area, noting that significant weight should be placed on the need to support economic growth and productivity.

4.5 The proposed development will deliver the following economic benefits to the local area and wider economy.

<u>Construction Phase</u>

In summary, the construction jobs and GVA figures benefiting the local economy are:

- Total net (direct and indirect) FTE jobs generated during the 8 year construction period = 205 FTE jobs (of which 100 FTE jobs within East Herts)

- Total temporary economic output during the construction of the proposed development = £91m, of which £45m within East Herts.

<u>Operational Phase</u>

- The Proposed Development will accommodate approximately 687 new residents in employment, contributing £36.8m to the UK economy per annum, and £15.6m to the local East Herts economy per annum.

- Residents of the Proposed Development will add an additional £8.9m to the shops and services through expenditure on retail and leisure goods each year, which will benefit the local economy.

- The Proposed Development will contribute £1.4m in Council Tax Revenue and assuming the Local Authority meets baseline New Homes Bonus criteria, a New Homes Payment of approximately £1.1m by Government.

- The proposed local centre will create 80 on-site jobs, and approximately 138 jobs across the wider economy. Of this some 68 are likely to be filled by East Herts residents. In turn the local centre will generate an economic output of approximately £7.4m, of which £3.6m will benefit the East Herts economy.

- Businesses within the local centre are likely to be liable for business rates payments of approximately £149,000 per annum.

- In addition the provision for a Primary School will create approximately 42 FTE jobs directly, as well as additional supply chain benefits.