

Gladman Developments Ltd

**Residential Development Benefits:
Socio-Economic Sustainability Statement**

Land off St Mary's Road, Hayling Island

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Executive Summary of Findings and Infographic	3
Ratio of average house prices to average earnings.....	3
Estimated Construction spend	3
Full Time Equivalent Jobs Supported.....	3
Gross Value Added (GVA).....	3
New Residents	3
Benefits to the Local Authority	3
1. Introduction.....	5
1.1 Purpose	5
1.2 Context.....	5
1.3 Structure & Approach of the Report	8
2. Present Socio-economic status of the area	10
2.1 Principle.....	10
2.2 Population.....	10
2.3 Housing Supply and Affordability.....	10
2.4 Ratio of Average house prices to average earnings.....	11
3. Social and Economic outcomes.....	13
3.1 Principle.....	13
3.2 The Development.....	13
3.3 Construction.....	13
3.4 Occupation.....	17
3.5 Completion	20
4. Conclusion.....	21

EXECUTIVE SUMMARY OF FINDINGS AND INFOGRAPHIC

Gladman Developments is seeking planning permission in outline for a residential development on Land off St Mary's Road, Hayling Island, Havant. The proposed development will comprise up to 210 family homes, of which 30% will be affordable and 0.6 ha of apartments with care (C2). This page provides a summary of the report's findings and provides an info-graphic setting out the economic impacts of development.

Ratio of average house prices to average earnings

England	<u>8.3</u>
South East	<u>10.8</u>
Havant	<u>9.0</u> (3.5 is the marker of an affordable housing market)

Estimated Construction spend

£23.6 million

Full Time Equivalent Jobs Supported

Supporting approximately **203** FTE construction jobs spread over a **7**-year build-out
an additional **221** FTE indirect jobs in associated industries
45 local residents seeking construction employment

Gross Value Added (GVA)

The scheme will deliver an additional **£8.8m** of direct GVA over the build period

New Residents

Development of **up to 210** residential dwellings could be home to **483** new residents.
223 could be expected to be economically active and in employment.
Residents could generate total gross expenditure of **£9,659,000** annually

Benefits to the Local Authority

New Homes Bonus payment of **£2,000,000** over a 6 year period.
Council Tax payments of approximately **£3,100,000** over 10 years.

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EXECUTIVE SUMMARY OF FINDINGS AND INFOGRAPHIC

RATIO OF AVERAGE HOUSE PRICES TO AVERAGE EARNINGS



ESTIMATED CONSTRUCTION SPEND



GROSS VALUE ADDED

£8.8m

of direct GVA over the build period

NEW RESIDENTS

Development of **210** residential dwellings could be home to **483** new residents.

223 could be expected to be economically active and in employment

Residents could generate total gross expenditure of

£9,659,000 annually

FULL TIME EQUIVALENT JOBS

203 FTE jobs spread over a 7-year build-out

223 indirect jobs in associated industries

45 Local residents seeking construction employment

BENEFITS TO THE LOCAL AUTHORITY



£3,100,000

Approximate Council tax payments over 10 years



£2,000,000

New Home Bonus payment over a 6 year period

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1. INTRODUCTION

1.1 Purpose

- 1.1.1 The purpose of this Socio-Economic report is to identify and assess the social and economic sustainability of the settlement of Hayling Island and to examine the potential future benefits that contribute to the social and economic strands of sustainability associated with a residential development comprising up to 210 dwellings and 0.6 ha of apartments with care (C2) at Land off St Mary's Road, Hayling Island, Hampshire.

1.2 Context

- 1.2.1 This report explores the concept of sustainable communities with reference to the evidence base and relevant studies. The report is set out following the standards and criteria which contribute to the creation of sustainable communities as outlined in the UK Sustainable Development Strategy (UKSDS) and introduces a new approach to sustainable rural planning and development as set out in the National Planning Policy Framework (NPPF) which seeks to enhance the vitality of rural communities. The Framework explains the importance to plan for sustainable economic development which applies equally to the countryside. In its economic role, the planning system is required to:

NPPF§7: "contribute to building 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 and innovation and by identifying and coordinating development requirements, including the provision of infrastructure"

- 1.2.2 It now largely falls upon promoters and developers to demonstrate the economic justification of individual proposals against district and sub-regional economic aspirations. In this regard, all of Gladman Developments' sites have been chosen to meet head-on, one of the Framework's 12 Core Planning Principles, stating that planning should:

NPPF§17: "actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable;"

- 1.2.3 The economic benefits of development are confirmed in the NPPF as a key dimension to achieving sustainable development. Paragraphs 18 to 219 set out the Government's approach to delivering sustainable development through the planning system. It is perhaps not surprising that economic growth is first on the list; after all, this is the key objective of the Framework. NPPF Paragraph 19 states that discretion is taken away from the decision-maker in the weight that economic growth should be given and that this weight can be no less than significant.

NPPF§19: "The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system."

- 1.2.4 The NPPF sets out a new test (paragraph 55) which determines whether proposed rural development will maintain or enhance the vitality of the community that hosts it, rather than simply relying on a rigid settlement hierarchy to define the sustainability of a location.

NPPF§55: "To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. For example, where there are groups of smaller settlements, development in one village may support services in a village nearby."

- 1.2.5 At the very minimum therefore, promoters of residential sites are now required to demonstrate that the rural development they propose maintains, and ideally enhances community life, rather than merely reducing the need to travel, which was a past requirement of PPS3. The concept of rural vitality and thriving rural communities is probably best understood against the wider concept of sustainability.

- 1.2.6 Government and public bodies have been consistent in placing sustainable communities at the heart of planning and policy and whilst no overarching definition of sustainable communities exists, there is a broad set of fairly consistent criteria which are subject to interpretation in their application. The UKSDS (Sustainable Development Strategy) formally defines the elements contributing to the creation of Sustainable Communities as being:

- i. **Active, Inclusive and Safe** – fair, tolerant and cohesive with a strong local culture and other shared community activities.
- ii. **Well-Run** – with effective and inclusive participation, representation and leadership.
- iii. **Environmentally Sensitive** – providing places for people to live that are considerate of the environment.
- iv. **Well Designed and Built** – featuring a quality built and natural environment.
- v. **Well Connected** - with good transport services and communication linking people to jobs, schools, health and other services.
- vi. **Thriving** – with a flourishing and diverse local economy.

vii. **Well Served** – with public, private, community and voluntary services that are appropriate to people's needs and accessible to all.

viii. **Fair for Everyone** – including those in other communities, now and in the future
(*Securing the Future – The UK's Sustainable Development Strategy – Defra 2005*)

1.2.7 The above criteria has been repeated regularly (e.g. Policy SS1 of the former East of England Plan) and, as a measure of its applicability can also be found in the ODPM strategy (now CLG) 'Sustainable Communities: Homes for All - A Five Year Plan' (2005), which reflects work done in response to the Egan Review of Skills (Skills for Sustainable Communities, 2004). This set of criteria was also summarised by the Academy for Sustainable Communities, initiated by ODPM (CLG) also following the Egan Review:

"Sustainable communities are thriving, prosperous and vibrant communities where people want to live and work now and in the future. Supporting the wellbeing of existing and future residents, they are safe, well planned, built and run, environmentally sensitive, provide equal opportunities and contribute to a high quality of life."

Academy of Sustainable Communities, June 2006

Appeal Decisions

1.2.8 Numerous appeal decisions have consistently reinforced the importance of the growth agenda and Inspectors have given considerable weight to the economic benefits of development. In particular, the following four appeal decisions within settlements of less than 5,000 population discussed economic benefits in the context of sustainability:

1. **Offenham, Worcestershire; Appeal Ref: APP/H1840/A/13/2203924**

11. *"More recently, the Government has referred to the existence of a nationally identified housing crisis... There was agreement by both the main parties that the need for housing in the District, both for market housing (including homes for first time buyers) and for affordable housing, were material considerations. There was also a common recognition that the provision of housing is integral to successful economic growth, and that this part of the equation was particularly important in an area where economic prospects are considered to be good."*

2. **Codnor, Amber Valley; Appeal Ref: APP/M1005/A/13/2199128**

27. *"Where the scheme does score is by being located within walking distance of the Codnor Gate Industrial Estate and it would deliver the new homes bonus, which should assist in furthering local requirements. It would also create short term construction jobs, to be followed by some support jobs to service the needs of the new residents. Finally, as the Appellant opined, the sale of new homes can be a catalyst for an internal housing market within the catchment. This would have knock on economic benefits and attract a little further weight. Notwithstanding,*

development of the appeal site would deliver very much the same economic benefits as any new residential site."

3. Bolton-le-Sands, Lancaster; Appeal Ref: APP/A2335/A/13/2205319

24. "The benefits of the scheme include investment in the local economy and the creation of jobs during the construction phase, increased support for local shops and businesses by the future occupants of the development, the provision of market and affordable houses in a sustainable location and the opportunity to resolve longstanding potential surface water drainage issues of concern to local residents. These substantial benefits significantly and demonstrably outweigh any limited potential harm arising from the piecemeal development of the overall allocation."

4. Razor's Farm, Basingstoke; Appeal Ref: APP/H1705/A/13/2205929

10.47. Moreover, paragraphs 18 and 19 of the Framework are very clear that the Government is committed to securing economic growth in order to create jobs and prosperity and to ensuring the planning system does everything it can to support sustainable economic growth. The proposal will generate construction jobs and economic activity. In the longer term, as the site is occupied, residents will add to local spending levels and the proposal will generate considerable funds in terms of the New Homes Bonus. Bearing in mind the approach of the Framework, these benefits carry significant weight. [6.11]

1.2.9 Against this backcloth, three main themes become apparent in descriptions of what make sustainable communities economically successful places to live:

- They provide balanced housing markets, which meet all types of housing need and provide affordable housing in particular.
- The importance of access to economic drivers: employment, services, shops, education and nearby settlements, allowing engagement in social and cultural life whilst limiting impact on the natural and historic environment.
- Sustainable communities are well organised and inclusive allowing self-determination and effective representation.

1.2.10 Whilst Gladman Developments' sites leave layout for future determination as a reserved matter, each site undergoes a masterplanning exercise not only to demonstrate the practicable capacity but also to quantify the eminent sustainability benefits intrinsic to the proposed development such as economic benefits, connectivity, design and even community.

1.3 Structure & Approach of the Report

1.3.1 As such, the objectives of this report are threefold and summarise the key economic benefits of development which promote sustainability over the lifecycle of the development:

- i. **Construction:** creates jobs, direct and indirect.
- ii. **Occupation:** new residents bring consumer expenditure and an economically active labour force.
- iii. **Completion:** Once complete, the development triggers the New Homes Bonus, paid each year for 6 years, based on the amount of extra Council Tax revenue raised for new homes, supporting the general budget of the Local Authority.

1.3.2 Bespoke calculations have been carried out to assess the compatibility of the proposed application within the existing socio-demographic context, demonstrating how the development can contribute positively to local growth. Whilst the assessment draws on the NPPF's updated requirements of planning in rural areas, many of the quantitative impacts have been measured with reference to the standard approaches in the English Partnerships' (now Housing and Communities Agency) Additionality Guide Third Addition (October 2008).

1.3.3 Economic additionality is a relatively new hypothetical measurement of the net positive difference that results from an economic development intervention (i.e. doing something) compared against a baseline level (i.e. doing nothing). This report quantifies the associated outputs, outcomes and impacts of the proposed residential development.

1.3.4 Data used to underpin the robust calculations set out in this report has been obtained from the Office for National Statistics (Census 2011, Neighbourhood Statistics, Family Spending Survey, Retail Prices Index), Nomisweb, the National Centre for e-Social Science (NCeSS), DCLG New Homes Bonus Calculator, the Valuation Office Agency, the Land Registry and BCIS (The Building Cost Information Service of RICS). Local sources of information include the Strategic Housing Market Assessment - SHMA (2014), Strategic Housing Land Availability Assessment – SHLAA (2016) and the adopted Core Strategy (March 2011).

1.3.5 This report is laid out as follows:

- **Section 2** provides a snapshot assessment of the present socio-economic status of the settlement and its surrounding area.
- **Section 3** considers the expected social and economic outcomes that the proposed development will deliver.

2. PRESENT SOCIO-ECONOMIC STATUS OF THE AREA

2.1 Principle

- 2.1.1 This section examines the socio economic characteristics of the area and sets out the current strengths, weaknesses, opportunities and threats inherent within the existing settlement and the district of Havant as a whole, using South East regional and national benchmarks as comparators.

2.2 Population

- 2.2.1 The population of Hayling West was 17,379 according to the 2011 Census. During the last 10 years the population has increased by 2.9%.
- 2.2.2 Havant's population has increased by 4.6% between 1991 and 2011 (Census data). It is expected to increase by a further 16.1% by 2039, (2014-based Sub-National Population Projections for England– updated August 2016). This mirrors the projections for England as a whole with the percentage of the population aged 65 and over projected to increase by between one fifth and one quarter in all regions by mid-2022 as life expectancy rates increase generally.
- 2.2.3 This will have implications for household composition as more single person homes are required and demand and accessibility to healthcare increases as people become older. Household expenditure of the over 75 age group also falls to less than half the average economically active household. A high proportion of older households suggests local businesses may struggle to employ workers. The National Housing Federation published a report titled "Rural Housing: Countryside in Crisis" in June 2014¹. The publication focused on four key issues which make rural areas increasingly unaffordable: housing affordability, prevalence of second homes, fuel poverty and an ageing population. It noted that while young workers and families are being forced out of areas, the number of over-65s has risen 2.5 times faster than in towns and cities. Unless younger residents can be attracted to areas in order to provide a more balanced community, demand for education, recreation and retail facilities may suffer.

2.3 Housing Supply and Affordability

- 2.3.1 The Government has placed significantly boosting housing supply across the UK as a high priority on the political agenda in the wider drive towards continued economic recovery. The NPPF focuses the attention of Local Planning Authorities on the continued need for new homes alongside assigning the formulation of housing targets as a local duty where it was previously set regionally. The revocation of Regional Strategies has left local planning authorities with the requirement to establish their own objectively assessed housing need and to demonstrate how they will meet that need in their local Development Plan.

¹ <http://www.housing.org.uk/resource-library/browse/rural-housing-countryside-in-crisis/>

- 2.3.2 The South Hampshire Strategic Housing Market Assessment (April 2016 Update) (SHMA) indicates that 11,250 new homes will be required between 2011-2036; 7,875 market housing units and 3,375 affordable units. The targets within the emerging Draft Local Plan (2018) are the exact same as this projected demand.
- 2.3.3 An undersupply of housing to meet the true local and wider demand can lead to issues of affordability. If house prices are high the young working population and first time buyers in particular are faced with a barrier which impacts on social mobility and economic growth. If an area cannot provide sufficient suitable and affordable housing for this demographic there is a risk of future skills shortages as these residents choose to live elsewhere.

2.4 Ratio of Average house prices to average earnings

- 2.4.1 An undersupply of homes (for rent or on the open market) when compared against the regular and latent, pent-up and hidden demand is an underlying factor in the availability of affordable property and a subsequent cause of price rises. Indeed, concealed families are making up an increasing proportion of households in England and Wales². The 2001 Census shows that there were 6,150,264 single person households in England. This had risen by some half a million to 6,666,493 at the 2011 census.
- 2.4.2 This statistic is defined as one person living alone, but can equally apply to a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room, sitting room or dining area. Many of these people will be sharing a house in the private rented sector out of economic necessity because they cannot afford to form an individual household in a private dwelling due to increasingly high house prices. To illustrate, ONS data (2013) shows that over 3.3 million adults in the UK aged between 20 and 34 were living with a parent (26% of this age group compared to 21% in 1996)³
- 2.4.3 The Department for Communities and Local Government (CLG) considers a ratio of 3.5 to be the marker of an affordable housing market (source: *Land Registry and the Annual Survey of Hours and Earnings, Office for National Statistics*). That is, the ability to purchase is based on a mortgage 3.5 times gross income. The ratio of average house prices to average earnings in England as a whole (based on October 2016 data) is 8.3. In the South East region that ratio is 10.8. Havant local authority area stands at 9.0.
- 2.4.4 This would suggest a greater supply of housing is required as one reason house prices have been driven upwards is due to the lack of supply. These so-called "market signals" are included as one of the 12 core planning principles set out in paragraph 17 of the NPPF which include the need to ensure that:

² source: <http://www.theguardian.com/money/2014/feb/06/300000-concealed-families-share-home-ons>

³ source: www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/info-young-adults.html

"Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities"

- 2.4.5 There is a need to redress this imbalance by offering a wider range of house types which are more affordable thus encouraging young start up families to the area. If the cost of housing remains high younger families cannot enter the housing market or a higher percentage of their income is spent on mortgage or rental payments and household bills leaving little disposable income to spend locally.

3. SOCIAL AND ECONOMIC OUTCOMES

3.1 Principle

- 3.1.1 This section breaks down the various elements and outcomes of the proposed development setting out its associated economic benefits, demonstrated as net new jobs in construction and as side effects to the influx of new residents. This section also looks at the value of economic output generated and tax benefits.

3.2 The Development

The development will comprise up to 210 homes, of which 30% will be affordable (63No.). The table below details the indicative mix of housing which has been used for the purposes of this report.

Housing Type	1 bed apartment	2 bed apartment	2 bed mews	3 bed semi-detached / mews	4 bed detached	5 bed detached
Affordable Housing Mix	10	12	18	23		
Market Housing				43	72	21
TOTAL 210	10	12	18	66	72	21

3.3 Construction

- 3.3.1 In addition to providing much needed housing in the rural area, including a decent proportion of affordable housing, there are additionally numerous other significant economic benefits that would arise from the residential element of the proposed development. This is the approach endorsed by the Secretary of State and the Inspector of the Razor's Farm, Basingstoke appeal (ref: APP/H1705/A/13/2205929 – paragraph 10.47). The key benefits arising from the residential element of the proposed development are summarised below.

Total Construction Cost

- 3.3.2 The development cost of the site and localised infrastructure is calculated by multiplying the total floorspace drawn from the accommodation schedule above by a construction cost of £95 per square foot. This development could generate an associated spend estimated in the region of £23.6 million. Construction, requiring this level of expenditure, would support approximately 203 FTE jobs spread over a seven year build-out. This approximation is based on a weighting appropriate for the South East at July 2016 and would comprise labour and materials costs used in the construction process⁴. This represents an investment with far ranging benefits.

⁴ Based on information supplied by the Build Cost Information Service (part of RICS) 04/06/13

- 3.3.3 The additional expenditure on contracts and services on-site can be estimated using standard economic multipliers. Furthermore, this expenditure can be broken down into exponential impacts and linked benefits which will filter through within the local area and further afield via additional household expenditure on goods and services and employment down the supply chain. This is explored in more detail below.

Construction length (years)

- 3.3.4 It is anticipated a development of 210 units would be built out at a rate of at least 30 units per annum, equating to 7 years in the current market.

Direct Employment during construction

- 3.3.5 This is a measure of the "person-years" of Full-Time Employment (FTE) that the development would support. Incidentally, it also equates to the number of workers it would take to complete development in 1 year, or in other words, the number of years it would take one worker to complete development.

Full-Time Equivalent (FTE) Person years

- 3.3.6 Based on the capacity of up to 210 new homes, the proposed development could help to sustain 203 FTE jobs during the construction phase. This is calculated by taking the proportion of the total anticipated Construction Cost of the 210 homes (as shown above) which comprises labour (28% across the UK at 2011 prices) and dividing by the average Gross Pay per employee in the construction industry⁵ (plus £3,000 to account for overheads per employee): £31,569 (in 2013). At a build-out rate taking 7 years to complete the proposed development, this equates to approximately 29 jobs per annum.
- 3.3.7 The construction industry is an important employer both nationally and locally. According to the 2011 Census, 10.5% of employed residents in Havant local authority area aged 16 and over were employed in construction. (Source: nomis official labour market statistics (Census 2011 - Updated 29 Nov 2013).
- 3.3.8 In reality it is reasonable to expect construction firms to employ a proportion of their own permanent workforce alongside local construction workers and contractors. It should be noted that Gladman Developments' methodology only accounts for outputs coming directly from the proposed development and assumes that the construction workers employed on-site will not cause or be sourced from reductions elsewhere in the labour market (i.e. displacement); nor does the methodology take account of the proportion of outcomes that would have been secured anyway without the development (i.e. deadweight). As such, it is assumed that the majority of construction workers will come from the 'slack' stock within the industry, particularly at the local level.

⁵ <http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitoc2010ashtable14>

Number of residents in the District seeking construction employment

- 3.3.9 Indeed, an analysis of the most recent ONS Claimant Count data indicates that, at November 2016 there were approximately 45 people in Havant (rounded to the nearest 5) claiming job seekers allowance and who are actively searching for employment in the construction and building trades (source: nomis official labour market statistics).
- 3.3.10 Given this quantum of available workers, the proposed development has the potential to draw upon a pool of local labour. The construction industry has a good background in providing employment opportunities, particularly for young people. This will help reduce unemployment in the industry during the construction phase and further retain and increase expenditure within the local economy. This development could help sustain local employment in a sector which has suffered decline in recent years due to the recession and the downturn in house building nationally. Nonetheless, Havant has a slightly higher than national average unemployment rate, which is currently 5.5%, against a national average of 5.1%.

Indirect Jobs in the supply chain

- 3.3.11 The impacts of development will extend beyond construction employment to include indirect benefits for the local and national economy. This is because construction is one of the most effective sectors to stimulate wider economic activity. For every £1 of output by construction, a quantum of demand, greater than the sum of its parts, is generated for the supply of products, materials and professional services used by the construction process. This is known as a "multiplier effect".
- 3.3.12 Those sectors benefiting from increased construction output include manufacturing (especially of building products and equipment), real estate, business services (including architecture, planning and surveying), mining and quarrying and transportation. To quantify these economic benefits, the Office of National Statistics estimates the direct and indirect construction output multiplier at 2.09; that is, for every pound of output by the construction sector, demand of £2.09 on average is generated overall. The construction sector has one of the highest economic output multipliers because of its impact on so many other areas as outlined above.
- 3.3.13 Applying this multiplier to the 203 person-years of direct construction jobs derived above indicates that an additional 221 FTE indirect jobs could be supported by the proposals in associated industries, (in addition to the 203 FTE jobs above).
- 3.3.14 Furthermore, there would be a so-called Induced Impact as a result of increased construction spending. This would lead to a temporary increase in overall household income (earned as a result of increased employment in construction and other sectors) being re-spent on goods and services, both locally and nationally, leading to a general boost in output in the overall economy. By incorporating this effect, with an induced impact the multiplier is set at 2.84.⁶

⁶ source: http://archive.ukcg.org.uk/fileadmin/clients/UKCG/document/LEK/LEK_May_2012_final.pdf

- 3.3.15 The provision of 203 full time equivalent direct construction jobs would have a positive effect on industries within the construction supply chain, referred to as the indirect effect. While these jobs would be located across a wide area, the opportunity exists to ensure local businesses benefit from trade linkages established during construction by means of local employment or procurement stipulations in construction contracts. As noted above, to some extent, temporary increases in expenditure would result from employment such as the additional wage-spend of construction workers in local shops and other facilities.

Average gross turnover per construction employee in the Region

- 3.3.16 The calculation of turnover is an effective measure of the value of work done before expenses are deducted. This is calculated by taking total employment in the construction industry by region (broken down in the ONS 'Construction Statistics Annual 2015'⁷) then dividing by the annual output in the Construction Industry (most recent release: May 2016 - provides a quarterly breakdown of the value of construction output per employee by region)⁸.
- 3.3.17 As an example, for England as a whole in 2014, the total number of construction employees was 999,300 in 2014 Q3. The construction industry's total output in 2015 was £122,182,000,000 (by summing the four quarters of 2015). Therefore, the gross average output per employee equals £122,267. For the South East region, the gross average output per employee is £115,750.

Gross Value Added

- 3.3.18 The economic productivity or additional value added to the local economy of the construction phase can be measured through its contribution to Gross Value Added (GVA). GVA is a key economic indicator measuring the performance of an area and its contribution to national economic growth. It comprises the income produced by earnings and profits as a result of production and represents the difference between inputs (materials, capital etc.) and production output (goods and services). Across the UK as a whole, house building was reported to generate 13.7 billion, but this figure will exclude the full extent of supply chain and induced impacts.⁹
- 3.3.19 The calculation above demonstrated that the average turnover per construction worker in the South East region stands at £115,750. From the ONS Annual Business Survey (2011) UK Business Economy by Country and Region, it can be established that GVA in the 'Construction of buildings' averages 37.4% of turnover in the South East¹⁰. Therefore, the regional construction industry generates an average GVA of £43,406 per person. By multiplying this by the net additional employment impact of the scheme (203 jobs) it is relatively easy to estimate that the scheme will deliver approximately an additional £8.8m of direct GVA over the build period, although not all of this would be retained locally.

⁷ source: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustry>

⁸ source: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables>

⁹ source: Annual Business Survey – defined by SIC sub-sector code 41:202 Construction of domestic buildings using a proxy based on BRES 2013

¹⁰ source: <http://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/uknonfinancialbusinesseconomy/previousReleases>

3.4 Occupation

Additional population moving into the development

- 3.4.1 Based on the average estimated household size for Havant¹¹ the development of 210 residential dwellings could be home to 483 new residents bringing increased spending power to Hayling Island. Inevitably, the benefits of increased household expenditure to the local economy will be enhanced to varying degrees, according to the percentage of those taking up residence in the development who are employed.
- 3.4.2 Not all of the new dwellings will be occupied by newly arrived residents; some will originate from people already living in Hayling Island, such as those displaced from existing homes within the settlement and newly forming households which were previously concealed which undoubtedly exist in Hayling Island who will form new households in the proposed development. 210 households and 210 vacant dwellings will be formed as a result of the development and importantly, given the finite nature of the local population, it follows that a proportion of the locally vacated dwellings and the new development will subsequently be filled by families from outside the immediate area.
- 3.4.3 To provide some understanding of that proportion, the then Department for Transport, Local Government and Regions - DTLR undertook research in 2001 (source: DTLR Survey of English Housing - Tenure by Distance Moved, 2000-1; Appendix 6: Table A.17) to better understand the distances residents move house. It showed that 71% move from within a 10 mile radius into market housing whilst 87% move from within the same radius for affordable dwellings. When the distance surveyed was increased to above 20 miles, only 20% move from outside this radius into market dwellings and an even lower 8% move into affordable dwellings.

Labour Force Benefits

- 3.4.4 New housing makes an important contribution to the competitiveness of cities, towns and villages such as Hayling Island by providing accommodation that will appeal to and help to attract skilled people to live in the area, as well as providing a choice of homes for people already living within the area.
- 3.4.5 The provision of new homes on the St Mary's Road site can make an important contribution to support the local labour force and ensure the long term economic competitiveness of Hayling Island and other settlements nearby such as Havant, while ensuring the wider Havant area is sustained. It could reasonably be expected that the majority of homes will be occupied by households whose adult occupants are of working age and economically active.

¹¹ source: *2011 Census: Households with at least one usual resident, household size and average household size, local authorities in the United Kingdom - Table H01UK*

- 3.4.6 Assuming that 59.4% of the population is of working age (corresponding with nomis official labour market statistics 2015 for Havant) the delivery of 210 homes could result in an additional 287 people of working age residing in Hayling Island. Of these people, given an economically active rate of 77.8% in those aged 16 and over in Havant, at least 223 could be expected to be economically active and in employment¹².
- 3.4.7 Furthermore, if new housing is built, this can prove a key draw for inward investment. This would make an important contribution to the continued competitiveness of Hayling Island and the wider local economy by underpinning the supply of labour available to local businesses and prospective business investors as well as inputting significant additional expenditure into the local catchment.

Local Spending Power

- 3.4.8 The proposed development of the application site will reinforce shops and services across Havant through the addition of 210 new homes and 483 residents bringing with them increased retail spend and general household expenditure to support the local economy. Given the range of services in the village, a significant amount of weekly spend should be retained locally.
- 3.4.9 The scale of these benefits will be determined by the expenditure patterns of residents, alongside the proportion of residents moving into the area from elsewhere. The total gross expenditure associated with the proposed development can be estimated through a review of an area's characteristics taking into account average expenditure patterns and levels.
- 3.4.10 By reviewing the Output Area Classification (OAC) of the local area and applying the weekly household expenditure rates, it is possible to quantify the anticipated level of spending that would occur following the completion of the development. The OAC breaks the UK down into 220,000 areas and categorises each area into one of 21 demographic groups, profiling populations, structures and other key results from the 2001 UK small area census data to categorise the character of local areas.
- 3.4.11 The St Mary's Road site falls within the Countryside socio-economic classification group¹³. It is considered that households of this same demographic group will occupy the market housing element of the proposed development, whilst the affordable housing provision is expected to be occupied by those falling within the 'Public Housing' demographic group.
- 3.4.12 The 2015 ONS Family Spending Survey provides data on the average weekly household expenditure categorised by socio-economic situation, as expressed by the OAC groupings. It is assumed that the proposed market housing would be occupied by the same types of household groupings as are most prevalent in Hayling Island, and that the affordable element will be occupied by those typical of the "Constrained by Circumstances" classification group. These each have an equivalent in terms

¹² <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

¹³ <http://www.maptube.org/map.aspx?mapid=1>

of their socio-economic quintile grouping so these are cross-referenced to demonstrate average spending levels anticipated as follows¹⁴:

- £938.10 per week for households in the Countryside (typically 5th quintile group); and
- £352.10 per week for households in the Constrained by Circumstances (typically 1st quintile group).

3.4.13 Given that 30% of the site will be occupied by Affordable dwellings and the remainder of the site will comprise market housing applying these same proportions indicates that the development should support £8,324,000 of spending annually following completion of the development. This is calculated by multiplying the number of affordable dwellings (i.e. households) by the typical weekly spend of the 'Constrained by Circumstances' grouping and multiplying the number of market dwellings by their typical weekly spend. These results are then multiplied by 52 to give the total annual spend resulting from the development.

3.4.14 Whilst this figure expresses average household expenditure across the UK, a more accurate picture can be obtained by applying a weighting according to regional circumstances. The Office for National Statistics' Family Spending Survey (2015 Edition) presents household expenditure by UK Countries and regions 2012-2014 (Table A33). Using these figures, it is possible for spending disparities between each region to be expressed as a percentage of UK average household expenditure. This allows a weighting to be applied to the above figure. For the South East region, this amounts to 116.0%, meaning that residents of the proposed development, after weighting appropriate to the region, could be expected to generate total gross expenditure of £9,659,000 per annum. It is estimated that this level of expenditure could support around 31 full time equivalent (FTE) jobs in total within the district.

¹⁴ <http://webarchive.nationalarchives.gov.uk/content/20160105160709/http://www.ons.gov.uk/ons/rel/family-spending/family-spending/2015-edition/list-of-tables--appendix-a.html#tab-List-of-tables--Appendix-A> select 'Table A18 Household expenditure by gross income: the household reference person is a full time employee, UK'

3.5 Completion

Financial Benefits to the Local Authority

- 3.5.1 In the current economic and fiscal climate, the resources available to local authorities are limited. New development can make an important contribution to the resource base of local authorities through Council Tax revenues and through New Homes Bonus payments.
- 3.5.2 Upon completion of the build, allocation of the New Homes Bonus is triggered, which funnels money straight from the Government to the local authority over a period of 6 years. The development has the potential to generate an estimated New Homes Bonus of £2,000,000 spread over a 6 year period, pro-rata.
- 3.5.3 The development of 210 homes has the potential to generate approximately £3,100,000 in Council Tax over 10 years, pro-rata (using England Band D average 2015/16), based on the scheme mix and the likely values that could be achieved. This could provide an important source of revenue funding for the local authority in delivering services as well as investing in the locality.
- 3.5.4 Varying degrees of S106 (and potentially CIL) contributions will also be accrued by the local authority for the benefit of the residents and community, new and existing, whether through education, green infrastructure, medical facilities or other service providers. On the basis of previous Gladman Developments approved schemes, S106 contributions have amounted to approximately £3,000 per dwelling which would then be spread across all the relevant services to assist with infrastructure and additional provision of services.

4. CONCLUSION

- 4.1.1 Havant's population has grown by 4.6% since 1991 and is anticipated to grow a further 16.1% by 2039. This population is likely to be accommodated across the district and their significant contribution to the economy can be captured locally by allowing smaller, sustainable settlements such as Hayling Island to grow.
- 4.1.2 Hampshire is clearly a sought-after location to live. The ratio of house prices to average earnings at 10.4 is significantly above the national average and demonstrates this fact, but equally shows that this location is a particularly unaffordable place to live. The proposal to build 210 homes will go some way to improving both these situations – the development will provide new market and affordable homes which will open the settlement up to local people, key workers and others previously unable to purchase a house in Hayling Island.
- 4.1.3 NPPF Paragraph 19 states that significant weight should be placed on the need to support economic growth through the planning system. This has been endorsed by a number of Inspectors reporting on recent appeals (as discussed in the Report) In this regard, the economic benefits derived from this scheme will be substantial and will impact positively on the local area and are a significant material consideration in the determination of this application.