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Land off Duke's Park,
Woodbridge: Socio-Economic
Impact Assessment

A Report by Regeneris
Consulting

Land off Duke's Park, Woodbridge: Socio-Economic Impact Assessment

November 2015

Regeneris Consulting Ltd
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Executive Summary

The Scheme

- 1.1 Gladman Developments Ltd is seeking outline planning permission for a development of new homes off Duke's Park, Woodbridge, situated within Suffolk Coastal District. Duke's Park is situated just south of the Ipswich Road which connects the village of Martlesham to the market town of Woodbridge. Woodbridge itself is a market town around 13 km from the east coast and 13 km north east of Ipswich. The proposed development comprises up to 215 dwellings, 33% (72) of which would be affordable dwellings together with a retail convenience store (A1 use class) of up to 400 sqm.

Scope of the Socio-Economic Impact Assessment

- 1.2 This report identifies the potential socio-economic impacts that the proposed development is likely to have in Woodbridge and Suffolk Coastal district.
- 1.3 The assessment uses the best available evidence from national and local sources to estimate the impacts of the proposed scheme. These impacts include temporary effects associated with construction expenditure, the permanent effect of increased household expenditure in the local economy and the potential effects of an influx of young, skilled workers on the local labour market of Woodbridge and Suffolk Coastal. The report also considers the wider benefits of the proposed development, including potential New Homes Bonus (NHB) revenue.
- 1.4 For the purposes of the assessment, the population of the scheme is assumed to be net additional to the area.

Summary of Impacts

Figure 1.1 Potential Impacts of Proposed Development

Land Off Duke's Park, Woodbridge Socio-Economic Impact Assessment

CONSTRUCTION IMPACT

£25.1m

INVESTMENT IN CONSTRUCTION



FTE CONSTRUCTION JOBS OVER A 5 YEAR BUILD PERIOD WITH A FURTHER 20 FTE JOBS OVER A 1 YEAR BUILD PERIOD FOR THE RETAIL UNIT

HOUSEHOLD SPENDING



ANNUAL HOUSEHOLD SPENDING IN THE LOCAL ECONOMY

UP TO 10 JOBS IN SUFFOLK COASTAL

HOUSEHOLD EXPENDITURE WOULD DIRECTLY SUPPORT UP TO 15 LOCAL JOBS



The development would support the continued viability of local retail and other businesses in Woodbridge and the wider area

DEMAND FOR SERVICES

Development helps to sustain local services and facilities

up to 10 JOBS

SUPPORTED BY DEMAND FOR PUBLIC SERVICES

NEW HOMES BONUS

Development supports investment in local infrastructure and facilities

£1.62m

TO SUFFOLK COASTAL COUNCIL OVER A SIX YEAR PERIOD THROUGH THE NEW HOMES BONUS SCHEME

LABOUR SUPPLY IMPACT

290-330

ESTIMATED 290-330 ECONOMICALLY ACTIVE RESIDENTS OF THE NEW DEVELOPMENT

Significance of Impacts

Table 1.1 Significance of Impacts

Issue	Risks and Challenges	Significance of Impacts
Ageing Population	<ul style="list-style-type: none"> Reduced household size and potentially lower household expenditure Challenges to sustainability of some local services and facilities Increased pressure on social services, such as healthcare associated with an aging population Potentially a smaller labour pool for employers in Woodbridge and Suffolk Coastal. 	<ul style="list-style-type: none"> The proposed development of up to 215 mixed size dwellings could attract a working age population of around 380 people thereby helping to redress the balance in age structure within the local area.
Lack of affordable housing	<ul style="list-style-type: none"> A lack of affordable housing results in difficulties attracting and retaining young working people which is a key issue for the area. 	<ul style="list-style-type: none"> The proposed development includes the provision of up to 72 (33%) affordable homes which will help to increase the overall provision in the area.
Skills shortages	<ul style="list-style-type: none"> Local and sub-regional policy documents highlight skills shortages as a key issue with regards to economic development Rural areas, such as Woodbridge, are at most risk of losing young high skilled workers. 	<ul style="list-style-type: none"> The proposed development includes a range of different types and sizes of property, including affordable homes, which will provide the opportunity to attract a range of highly skilled and lower skilled population to the area as well as provide accessible housing for the younger population.
Sustaining the vitality and viability of urban areas	<ul style="list-style-type: none"> The vitality and viability of urban centres is at risk due to macro-economic trends and a move away from traditional high street shopping by consumers. 	<ul style="list-style-type: none"> The increase in population, particularly of working age, will help to increase expenditure levels in the local area and therefore lend greater support to existing services and facilities. The provision of a new convenience store will help to maintain the vitality of the local area and ensure access to facilities for the local population.

Consequences of Failing to Deliver New Housing

1.5 The proposed development should also be seen in the context of its contribution to tackling the sustained under-supply of new housing which has become a key challenge for the UK. This issue has several social and economic impacts, including:

- A lack of labour mobility and potential shortages of labour if people are constrained in moving to an area by high house prices and shortages of housing
- High housing costs have knock on effects on consumer expenditure, with mortgage and rental payments representing a major drain on household disposable incomes

- Missed opportunities to capitalise on a recovery in the construction industry, which continues to be an important source of jobs and has wider economic multiplier effects
- At its worst, a shortage of suitable housing in an area can contribute to overcrowded households and people living in substandard accommodation. Such issues are linked to a range of adverse social impacts, ranging from mental and physical health problems to lower educational attainment in children.

1. Introduction

The Scheme

- 1.1 The proposed development on land off Duke's Park in Woodbridge will comprise up to 215 homes of different sizes, with emphasis on the provision of family homes together with a retail convenience store of up to 400 sqm. The indicative housing mix, detailed in Table 1.1, includes 33% (72) affordable homes. This mix is used as the basis for the assessment in the report.

Type	Size	Number of Units
Affordable Housing	1 bed	31
	2 bed	26
	3 bed	15
	Total Affordable Housing	72 (33%)
Market Housing	3 bed	60
	4 bed	53
	5 bed	31
	Total Market Housing	144 (66%)
Total		215

Source: Gladman Developments Ltd

Scope of the Assessment

- 1.2 The purpose of this report is to assess the potential socio-economic benefits of the proposed development, including its employment and labour market impacts, its contribution to tackling key challenges facing the area and any wider benefits. It highlights the immediate benefits of the scheme, including the temporary employment generated through construction activity. It then sets out the lasting economic benefits of the proposed development, specifically those linked to the household expenditure generated by its residents and its impacts on the local labour market together with direct employment generated by the retail unit. The report also points to wider benefits, such as New Homes Bonus payments.
- 1.3 The report is structured as follows:
- **Chapter 2** outlines the key socio-economic risks and challenges for Woodbridge and Suffolk Coastal area. It also sets out the policy context for new housing development
 - **Chapter 3** provides a brief outline of the impact assessment methodology
 - **Chapter 4** sets out the potential employment and labour market impacts of the proposed development
 - **Chapter 5** gives an overview of the potential wider benefits of the scheme
 - **Chapter 6** highlights some of the key consequences of a failure to deliver new housing and the problems that arise with an under-supply of housing.

2. Proposed Development in Context

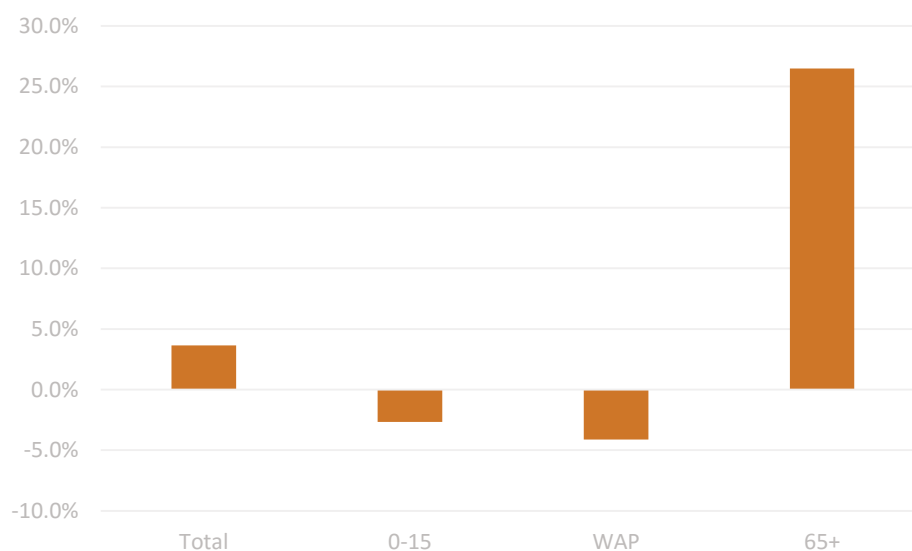
Socio-economic Risks and Challenges

- 2.1 The following section examines the key socio-economic risks and challenges facing Woodbridge and Suffolk Coastal district which new housing development can play a role in addressing. These issues include both those which are locally specific and those common to settlements across the UK.

An Ageing Population

- 2.2 As is the case across much of the UK, Suffolk Coastal district's population is set to age significantly over the coming years. The population aged 65 years and over accounted for 23% of the total population in 2011 compared to 16% at a national level. By 2022, according to the government's most recent sub-national population projections¹, this proportion will increase to almost 30% representing a growth of almost 30%.
- 2.3 As well as an ageing population, the working age population of Suffolk Coastal district accounts for a lower than average proportion of the total population at 59% compared to 65% nationally. Over the next decade, the working age population is expected to decline in Suffolk Coastal district in both absolute and proportional terms, resulting in an increasing dependency ratio.
- 2.4 Woodbridge may experience an even more pronounced ageing effect than Suffolk Coastal, given that the proportion of 65 year olds and over is greater than the district average at 30% and the proportion of working age population is lower than the district average at 53%.

Figure 2.1 Suffolk Coastal Population, % Change, 2012-2022



Source: ONS (2014) 2012 Based Interim Sub-National Population Projections

¹ ONS (2014) 2012 Based Sub National Population Projections

2.5 This ageing trend combined with a projected decline in the working age population has a number of implications for the economic and social sustainability of both Woodbridge and Suffolk Coastal district as a whole:

- On average, household size amongst the older population tends to be smaller than the average working age household size, with a higher prevalence of single person households. In the long term this can result in fewer people living locally and using local services and facilities, with potential impacts on their long term viability. New housing development will help to boost the population of Woodbridge and mitigate an ageing population trend.
- Smaller, older households tend to have lower levels of household expenditure than younger households. Nationally, households in which the head of house is over the age of 75 spend only 50% of the amount spent by households headed by someone aged 30-49². In time, this implies that without new housing and additional people of working age, the capacity of the area to sustain and grow businesses may be limited. Likewise, this could affect the viability of local services and facilities.
- Research by the Joseph Rowntree Foundation suggests that older households (those without anyone aged under 55) move less frequently than younger households.³ It estimated that only 3% of these households move each year, implying that areas with an older age profile are likely to have more static populations. Without a supply of new homes, there is a risk of limited churn in the local housing market, resulting in constraints on people wishing to live in the area.
- An increase in the number of local working residents retiring is likely to see increased demand for replacement labour. The implication is that employers would need to find workers with the appropriate skills and experience to replace retirees, which will be more difficult if there is insufficient adequate housing for these workers to live in.
- Health and social care services are likely to face increased demand as a result of an ageing population. Estimates from 2007-08 showed the average value of NHS services to a retired household was £5,800 compared to £2,800 for a working age household⁴.
- An ageing population and declining working age population could result in diverse impacts on labour mobility and the availability of local labour for employers. A You Gov survey carried out in 2010 found that 18% of people aged 18-34 were restricted in finding work by the cost of housing⁵. This is likely to create recruiting problems for employers who rely on labour living locally. A lack of housing close to employment can be a particular constraint in rural settlements and for industries such as tourism.
- The projected decline of the working age population in combination with a significantly larger retirement age population in the area points to the likelihood of an increase in the dependency ratio for Woodbridge and Suffolk Coastal district. A higher dependency ratio places increased pressure on the productive segment of the population to support greater demand for services, such as healthcare and pensions.

² Office for National Statistics (2013) Family Spending 2012 Edition

³ Joseph Rowntree Foundation (2012) Older People's Housing: Choice, Quality of Life and Under-Occupation, May

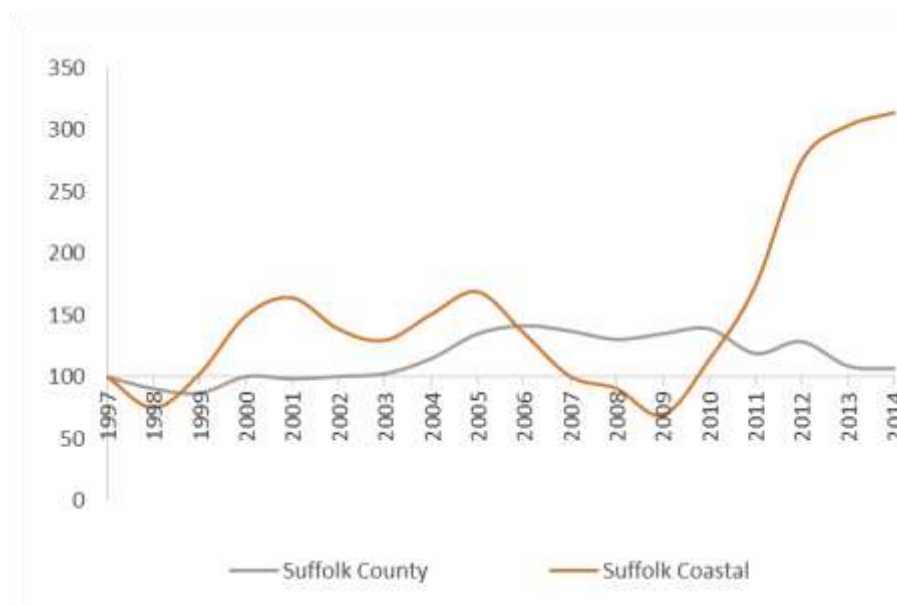
⁴ House of Commons (2010) *the Ageing Population*, Key Issues for the New Parliament

⁵ Shelter (2010) *The human cost: How the lack of affordable housing impacts on all aspects of life*

Lack of Affordable Housing

- 2.6 In common with many areas across the UK, Suffolk Coastal district has been experiencing a widening housing 'affordability gap' over the last decade. The district's lower quartile house price to earnings ratio currently stands at 7.09 compared to 6.85 at the County level and is more than double the ratio used by DCLG as an indicator of an affordable housing market (3.5). Woodbridge itself experiences some of the highest house prices within the County.
- 2.7 The Council's Adopted Core Strategy (July 2013) notes that housing completions have slowed in the last few years resulting in an inadequate supply of affordable dwellings, whilst at the same time fuelling a rise in existing house prices and the private rented sector. In tandem with a slowdown in housing completion rates in the district, Suffolk Coastal's housing waiting list has seen an increase over the last few years which is symptomatic of housing affordability issues. There are now almost 3,000 households on Suffolk Coastal's housing waiting list having seen a significant increase since 2009, which has been much higher than Suffolk as a whole (see Figure 2.2).

Figure 2.2 Suffolk Coastal Housing Waiting List 2003-14



Source: DCLG (2014) Table 600: Number of Households on Local Authority Housing Waiting Lists.

- 2.8 The socio-economic effects of a shortage of affordable housing are strongly connected to labour mobility and the ability of people, particularly young people, to access housing. They include:
- Risks that local economic growth potential is unmet. A survey of line managers for the National Housing Federation (2013) pointed to recruitment problems in areas which lacked affordable housing, and to affordability being a factor influencing decisions about business relocation⁶. A 2007 survey of employers found that 17% of English companies believed that the undersupply of housing had negatively impacted their business⁷.
 - Potential shortages of labour for employers in lower paid, lower skilled professions, including health and social care services. As the area's population ages, this will generate

⁶ National Housing Federation (2013) Affordable Housing Line Managers Survey, COMRES, <http://www.housing.org.uk/media/press-releases/housing-crisis-choking-economic-recovery-say-businesses>

⁷ Pryce, V. et al (2011) Investment in Housing and its Contribution to Economic Growth, FTI Consulting for Shelter

higher demand for health and social care services and there is a risk that local employers in these sectors could lack access to the labour force they require to meet this demand without an increase in affordable housing for key workers.

- 2.9 By providing up to 72 (33%) affordable dwellings, the proposed scheme will contribute to the supply of affordable housing in the district. Further, the new market housing of the development could contribute to alleviating house price inflation and help to create a more affordable housing market.

Skills Shortages

- 2.10 Both the adopted Suffolk Coastal Core Strategy and the New Anglia Local Economic Partnership have identified low skills, a lack of qualifications and an exodus of young people as key issues in terms of economic growth and prosperity. According to the UKCES Employer Skills Survey (2013) there were over 1,500 hard-to-fill vacancies in Suffolk and over 1,100 skills vacancies in 2013.
- 2.11 Table 2.1 below shows the most common cause of hard to fill vacancies is a lack of required skills levels amongst applicants, followed by a low number of applicants generally.

Low number of applicants with required skills	44%
Low number of applicants generally	38%
Lack of interest in type of employment	19%
Lack of work experience	15%
Low number of applicants with required aptitude	11%

Source: UKCES (2014) Employer Skills Survey 2013

- 2.12 These hard-to-fill vacancies are spread across a range of occupational categories, from elementary occupations up to higher managerial and professional occupations suggesting that employers in Suffolk face skills shortages across the full breadth of the labour force. This may in part be the result of challenges in finding suitable housing within areas which enable people to access employment.
- 2.13 According to respondents, hard-to-fill vacancies are in turn causing lost business, increased operating costs and difficulties meeting customer needs, as well as other problems that are ultimately detrimental to local economic growth.

Viability and Vitality of Urban Areas

- 2.14 Across the UK, the economic downturn combined with changing shopping habits, has placed pressure on towns and villages to retain their vitality and viability. As a consequence, the Centre for Retail Research predicts that there will be 22% fewer shops in the East of England by 2018 compared to 2012⁸.
- 2.15 Settlements such as Woodbridge are particularly at risk due to the limited local population available to support businesses and services; a situation which is likely to be compounded by the area's ageing population and lack of growth in the working age population. A number of primary schools in Woodbridge are under capacity in terms of the number of pupils. This situation is likely to worsen over time with an ageing population and could place pressure on the viability of local schools.

⁸ Centre for Retail Research (2013) *Retail Futures 2018*.

- 2.16 New residential development will help ensure that Woodbridge's population grows and, as such, will help to sustain local businesses and services not only in Woodbridge, but potentially in nearby Martlesham Heath. It is important to note that new homes, particularly larger properties, tend to attract working age people with families and since family households have higher levels of household expenditure they will likely contribute to the future vitality and viability of Woodbridge town centre. The provision of a new retail convenience facility will also help to maintain the vitality of the local area and ensure residents have access to facilities. In section 4 of this assessment we provide an estimate of the potential household expenditure of residents.

Key Policy Drivers

Housing on the National Agenda

- 2.17 Increasing the delivery of new homes has been recognised by the Government as a policy objective of fundamental importance. Housing is 'an integral part of the UK's economic and social infrastructure, supporting labour mobility and providing a direct benefit to growth and jobs as new homes are built'⁹. The Government has introduced a number of policies and strategies in an attempt to bolster house building as well as to re-activate the housing market after a period of relative stagnation:
- The National Planning Policy Framework (NPPF) (2012) – reviewed below – this is the Government's key planning document. Housing is identified as an important factor in delivering sustainable development
 - Investing in Britain's Future (2013) – this sets out a strategic plan for the long term delivery of infrastructure. Delivery of new homes and the revival of the housing market are seen as critical in supporting growth and competitiveness
 - Fiscal Benefits to Local Authorities – new measures such as the New Homes Bonus and Community Infrastructure Levy generate direct fiscal benefits for local authorities as a result of enabling housing development
 - Incentives for House Builders – there are also a number of incentives to developers through funds such as the £570 million Get Britain Building investment fund for stalled developments and the Build to Rent Fund.

National Planning Policy Framework (2012)

- 2.18 The NPPF sets out the government's planning policies and how these are expected to be applied. A presumption in favour of sustainable development is at the centre of the NPPF, identified as 'the golden thread running through both plan-making and decision-taking' (para 14). Three dimensions of sustainable development are defined by the NPPF in setting out the role of the planning system:
- Economic – the planning system can perform an economic role through supporting growth and innovation
 - Social – the planning system is able to perform a social role by supporting strong, vibrant and healthy communities. This includes providing the supply of housing required to meet the needs of present and future generations, and by supporting accessible local services that reflect the community's needs and support its health and well-being

⁹ HM Treasury (June 2013) *Investing in Britain's Future*

- Environmental – the planning system can perform an environmental role through protecting and enhancing the natural, built and historic environment.
- 2.19 The NPPF notes that these are not mutually exclusive roles and so should not be undertaken in isolation: 'to achieve sustainable development, economic, social and environmental gains should be sought jointly and simultaneously through the planning system' (para 8).
- 2.20 Of particular relevance to the proposed development's socio-economic benefits are the 'positive improvements' highlighted by the NPPF which the planning system should seek to achieve (para 9):
- Making it easier for jobs to be created in cities, towns and towns
 - Improving the conditions in which people live, work, travel and take leisure
 - Widening the choice of high quality homes.
- 2.21 Local planning authorities should 'proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs' (para 17).

Economic Sustainability

- 2.22 Two elements of economic sustainability are particularly relevant to the proposed development and its anticipated impacts:
- Building a strong, competitive economy – the planning system is expected to encourage rather than impede sustainable growth and significant weight should be given to supporting economic growth. Planning policies should address barriers to investment including housing (para 21)
 - Ensuring the vitality of town centres – planning policies should promote competitive town centre environments and set out policies for the growth of centres. The NPPF stresses that 'residential development can play an important role in ensuring the vitality of centres' and that 'where town centres are in decline, local planning authorities should plan positively for their future to encourage economic activity' (para 23).

Social Sustainability

- 2.23 The NPPF highlights the need to support 'strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being' (para 7).
- 2.24 Of particular relevance to the proposed scheme are the following aspects of social sustainability:
- Delivering a wide choice of high quality homes – this should be achieved through ensuring that Local Plans set an adequate housing target to meet affordable and market housing needs. The identification of key sites to deliver this housing is also of critical importance.
 - Promoting healthy communities – positive planning should be utilised to support the development of healthy and inclusive communities by providing and safeguarding community facilities and other local services. Importantly, this includes guarding 'against the unnecessary loss of valued facilities services, particularly where this would reduce the community's ability to meet its day-to-day needs' and ensuring that 'established shops, facilities and services are able to develop and modernise in way that is sustainable, and retained for the benefit of the community'. This is reinforced by the requirement for local

planning authorities to 'ensure an integrated approach to considering the location of housing, economic uses and community facilities and services' (para 70). Access to high quality open spaces and opportunities for sports and recreation is also important.

New Anglia Local Enterprise Partnership (LEP)

2.25 New Anglia is the Local Enterprise Partnership (LEP) for Norfolk and Suffolk and was formed in 2010. In 2013 the LEP submitted their Strategic Economic Plan identifying their priorities for growth and change. The document identifies some of the key challenges and priorities for the area as follows:

- A low skilled and low paid, ageing resident workforce with local businesses struggling to find skilled employees, especially for scientific and technical jobs
- High levels of youth unemployment and a transient younger population
- Housing affordability and availability is seen as a key competitive advantage in attracting inward investment, therefore planning for a further 117,000 homes to 2026 to boost supply.

Suffolk Growth Strategy, 2013

2.26 The aim of the Suffolk Growth Strategy is to strengthen the Suffolk economy: to create more, higher value, better-paying jobs and more wealth. It sets out its ambitions to grow the green economy, to develop key sectors, to improve skills and rates of enterprise. It also recognises the key role that housing plays in supporting its economic aspirations: *"we recognise that the quality and range of Suffolk's housing offer is key to the future prosperity of the county"*.

Suffolk Coastal Adopted Core Strategy and Development Management Policies, July 2013

2.27 The Suffolk Coastal Core Strategy was adopted in July 2013 and sets out the planning direction for the district for the period 2010-2027. According to the Plan, whilst there are some significant sized employers located in the district the local economy is predominantly based on many small and independent businesses, and whilst the recession has had limited impact on these, there are a number of key challenges this district faces, including:

- Anticipated reductions in public sector employment
- Low skills base and qualification levels
- Lack of diversity in terms of employment opportunities
- Ageing population combined with exodus of younger population
- Fall in housing completions and slowing delivery rates
- Housing affordability issues, particularly amongst first time buyers.

2.28 As part of its strategy to address these issues the Plan sets out to provide 'at least 7,900 new homes across the district' between 2010 and 2027. Other priorities within the Plan include the creation of new jobs together with the retention of existing jobs.

2.29 Objective 7 of the Plan is "to sustain and enhance the vitality and viability of the market towns, including Woodbridge, as retail, service and employment centres serving their local populations and that of neighbouring rural communities"

- 2.30 According to the Plan, the retail study carried out in 2003 and updated in 2008/09 shows provisional capacity for additional floorspace in all town centres given the predicted increase in residential spending.
- 2.31 Woodbridge is identified as a market town where the importance of retaining local character and distinctiveness together with the provision of services and facilities for residents and businesses are seen as a priority. It is noted that Woodbridge is 'a town with an increasingly ageing population, being a favoured location for those retiring to the area. It also experiences some of the highest house prices within the district'.

3. Impact Assessment Framework

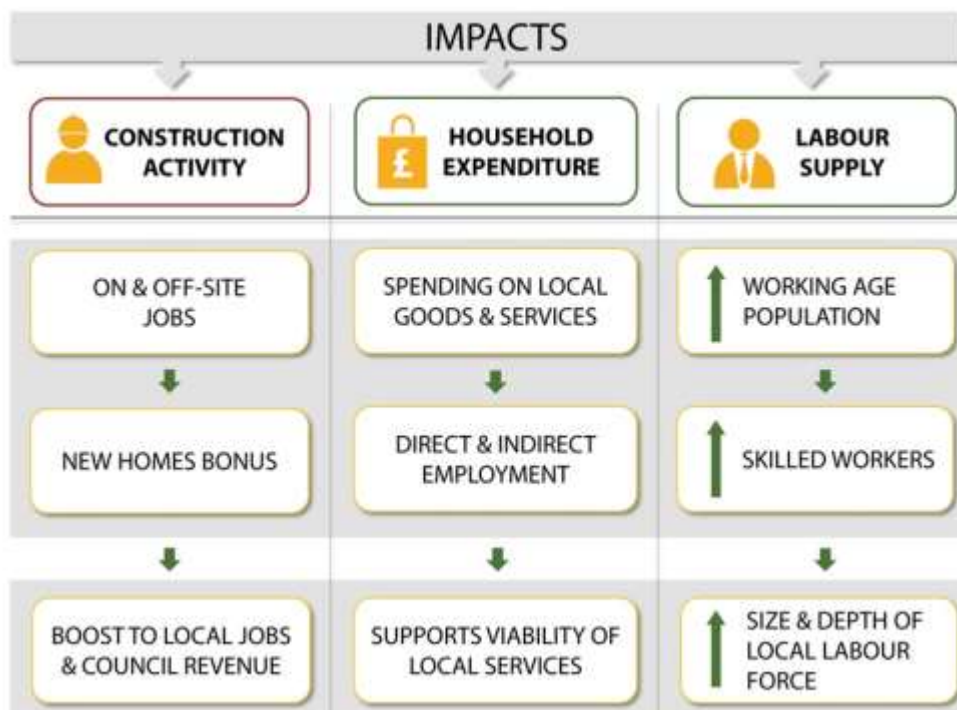
3.1 Regeneris Consulting has developed a framework for assessing the socio-economic impacts of new housing developments. The scale of these impacts depends on:

- The number and types of housing units (determining the incomes and so local purchasing power of new residents and the skills mix)
- The location of the development in relation to areas of retail activity/town centre uses and employment
- The extent to which additional amenities are provided as part of the development.

3.2 The framework for capturing the socio-economic benefits of a purely residential scheme of this nature is set out in Figure 3 1 below. The assessment looks at each source of impact in turn, starting with the major quantifiable impacts arising from the spending power of new residents, before turning to some of the more diffuse impacts such as those arising from the increase in the supply of skilled labour (see below). For some of the wider catalytic impacts, it is only possible to give a qualitative assessment of some of the likely benefits of the scheme.

3.3 Although the proposed development includes proposals for a retail store, the economic impact of this has not been estimated separately. Since a large proportion of the household expenditure of residents will be spent in the retail store, estimating these jobs separately would double count some of the household expenditure benefits.

Figure 3.1 Impact Assessment Framework



- 3.4 The impacts in this report are based on the completed full development and are gross impacts. For the purposes of the assessment it assumes that the resident population is net additional to the area.

4. Employment Impacts

On-site Impacts

Construction Employment

- 4.1 The total construction costs associated with the proposed development are estimated to be £24 million for the residential element and £1.1 million for the retail element. These figures are calculated using comparable building costs for various sized dwellings and applying a percentage for infrastructure together with SPONS data¹⁰ on average constructions costs per sq m for different uses. This level of expenditure on construction for the residential element could support an average of 90 jobs per annum over a five year construction period and an average of 20 jobs per annum over a one year construction period for the retail element of the proposed scheme.

Estimated Construction Costs and Employment Impacts	
Residential	
Total construction costs (£m)	£24m
Average jobs a year over a 5 year build period (FTE)	90
Retail	
Total construction costs (£m)	£1.1m
Average jobs a year over a 1 year build period (FTE)	20

Source: Regeneris Consulting, DCLG Labour Coefficients, SPONS

Note: Jobs figures are rounded to the nearest 5

- 4.2 It is likely that a considerable number of these jobs would be on-site, with demand for labour from the full range of professions engaged in housing construction. Other jobs would be based in the wider area, including within Suffolk Coastal district, with companies supplying goods and services for the scheme.
- 4.3 This assessment does not take full account of the wider economic impacts of construction activity. Research shows that house building activity results in significant multiplier effects; this includes the businesses that supply goods and services to house builders, while the expenditure of people working on development projects would also be expected to benefit local businesses. These effects would be expected to support additional jobs across the wider area.
- 4.4 The proposed development could potentially draw on local labour and aid in reducing unemployment in the local construction sector. The house building sector, and the construction industry more generally, has a strong history of providing opportunities for young people to secure training and apprenticeships as well as providing opportunities for re-skilling and training for those who have already been active in the labour market. A number of house builders have schemes in place which provide on-site training for young apprentices. With around 400 people in Suffolk Coastal area claiming Jobseekers Allowance in September 2015, such opportunities have the potential to assist in tackling a challenging issue for the area.

Household Expenditure Impacts

- 4.5 Household expenditure generated by residents of the proposed scheme would help to support employment in local retailers and other service providers. The scale of these employment impacts would be determined by where residents choose to spend their income and the types of goods

¹⁰ SPON's Price Book: Price data for the UK construction industry; Compiled by AECOM and incorporating Davis Langdon

and services they purchase. We expect the majority of effects to be felt in Woodbridge and the surrounding local area.

- 4.6 It is estimated that household expenditure of £0.7 million per year would be spent in Woodbridge by residents of the new development, with a total of £1.2 million generated annually across Suffolk Coastal district council area as a whole. This reflects the reasonable scale of services and retail provision in Woodbridge and Suffolk Coastal district but also the proximity of main centres such as Ipswich which fall outside of the district. After taking account of indirect taxes, this expenditure could support up to five jobs in Woodbridge and a total of 10 jobs across Suffolk Coastal council area.

Local Expenditure Effects		
	Woodbridge	Suffolk Coastal
Total Expenditure after indirect tax (£m)	£0.7m	£1.2m
Total jobs supported (FTE)	5	10

Calculations by Regeneris Consulting

Note: Jobs figures are rounded to the nearest 5

- 4.7 This assessment shows the jobs supported by household spending in a broad range of goods and service providers. It does not capture wider indirect and induced effects of this expenditure as businesses purchase supplies and services in the area, and the salaries of those employed as a result of local household spending are in turn spent locally. These effects could support further additional employment.
- 4.8 Whilst it is difficult to precisely define the types of jobs that would be generated by the expenditure, it is likely they will range across a number of different sectors and include both higher and lower value occupations, such as:
- Customer facing posts in comparison and convenience retailers
 - A small number of managerial and supervisory posts
 - Posts in leisure and entertainment facilities, including bars, cafes, restaurants, hotels etc.
 - Transport related jobs, including service operators and jobs relating to car sales and repairs.
- 4.9 These types of employment are well suited to residents living locally, with small scale retail jobs often flexible, requiring a mixture of shift and/or part-time work.
- 4.10 An increase in the number of people choosing to shop in Woodbridge or elsewhere in the surrounding area would contribute to the long term economic and social sustainability of these settlements. If the proposed development succeeds in attracting family households, these households would be expected to have higher weekly household expenditure than smaller and older households.
- 4.11 Furthermore, an inflow of new residents and construction activity sends positive signals to business, and may encourage future investment. Over time, the cumulative effect of new housing would be expected to create a more favourable environment for business investment and growth, both as a result of any boost to the labour supply and the role of increased household expenditure for retail and other service providers.

Public Service Employment

- 4.12 In addition to jobs related to household expenditure, residents of the proposed development would generate demand for a range of public services, including health (dentists, GPs, hospitals) education (nurseries, schools) and a range of other public administration functions.

- 4.13 Using average ratios of population to jobs in these sectors, demand for public services from residents in the proposed development implies around ten public sector jobs supported across Suffolk Coastal council area. The types of jobs supported would be wide ranging but could include employment in schools and healthcare facilities. The extent of these impacts would depend both on the level of demand generated and the way in which local services respond to this demand. Clearly, the locations and facilities where this employment is supported would be determined by where residents of the scheme choose to access services.
- 4.14 Our analysis excludes the effects of spending on private health and education facilities, which could also support additional employment. This demand for services is important in two respects:
- Public service employment remains an important component of the local economy despite the impacts of cuts in public spending. Demand which helps to reinforce the need for labour to deliver public services assists in securing their viability. For example, a number of primary schools in Woodbridge are currently under capacity. If this situation worsens with an ageing population then the viability of these schools could come under pressure.
 - Given the evidence of an ageing population and decline in the working age population, there is a risk that certain types of services aimed at younger residents will become less sustainable without additional working age residents.

Labour Market Impacts

- 4.15 The proposed housing development would deliver up to 215 new homes in the area. With a mix of both smaller and larger family housing, the scheme has the potential to boost the area's labour supply in higher skilled and higher paid professions, as well as in lower skilled occupational categories.
- 4.16 We base our estimate on the assumption that 70% (380 people) of future residents could be of working age. This is above the average across Suffolk Coastal council area (59%) but is intended to reflect the nature of housing being proposed which is likely to appeal to families and working age residents.
- 4.17 Of these working age residents, it is predicted that around 290-330 residents could be economically active (in work or actively seeking work). The high estimate is based on an economic activity rate of 80%. This is above the current Suffolk Coastal rate but is considered a robust assumption due to the large proportion of residents living in the development who will need to be in full-time employment to afford a new home.
- 4.18 A report by the Joseph Rowntree Foundation identified that new homes commonly attract individuals from middle and higher socio-economic groups¹¹. Reflecting this, it is estimated that around 100-110 residents could be employed in higher value skilled occupations (higher managerial and professional occupations). An overview of the key labour supply impacts of the proposed development is summarised in the table below. It illustrates how the scheme would be expected to boost the area's local labour supply across a range of occupational groups.

Key Labour Supply Impacts of the Proposed Development	
Residents	Impact
Working Age Residents	380
Economically Active Working Age Residents	290-330
Residents in Higher Managerial and Professional Occupations	100-110

¹¹ Leishman et al. (2004) Preferences, quality and choice in new-build housing. Joseph Rowntree Foundation, York.

Calculations by Regeneris Consulting

Note: Figures rounded to the nearest 5

4.19 These labour supply impacts are important for Woodbridge and Suffolk Coastal district in a number of respects:

- Increasing the supply of both higher skilled workers in managerial and professional occupations and lower skilled workers in elementary and semi-skilled occupations, thereby helping to diversify the area's labour force and mitigate skills shortages. This is of particular significance given the skills shortages noted in the New Anglia's Economic Strategy.
- Increasing the number of working age families with members of the household in work. These residents will spend their income and use services in Woodbridge and the surrounding area, supporting local businesses and service providers.
- Boosting the number of lower skilled and lower paid residents able to live (and work) in the district. In this respect the scheme could contribute to tackling the problem of labour mobility in lower paid occupational groups associated with the district's lack of sufficient affordable housing. A possible increase in demand for labour in health and social care sectors as the result of an ageing population is also of relevance. These are professions which tend to require lower paid labour living locally; affordable housing can contribute to enabling such people to live in the area.

5. Other Impacts

New Homes Bonus

- 5.1 Assuming that all of the new homes built were classified as typical Band D dwellings, would mean that Suffolk Coastal council could receive £1.62 million over the course of six years, with the last annual payment of £270,000 received six years after the final property is completed and entered onto the council tax register. In addition, as the upper tier authority, Suffolk Council could receive £405,400 over the same six year period.
- 5.2 This revenue has the potential to provide an important source of funding for investment in facilities and infrastructure, particularly at a time of considerable pressure on public sector finances and when there is a requirement for local authorities to implement budget cuts.

Developer Contributions

- 5.3 Suffolk Coastal district council would stand to benefit from developer contributions for all new developments:
- **Section 106** – this will be agreed between the developer and the council to contribute to local infrastructure or services related to the development
 - **Community Infrastructure Levy (CIL)** – this mechanism provides for investment in local infrastructure through developer contributions which are calculated based on the floor space of new developments. Suffolk Coastal Council formally adopted the Suffolk Coastal Charging Schedule in May 2015. This shows a rate of between £90 per square metre will be levied on all new mid-value residential dwellings.

Household Moves

- 5.4 There is relatively little research available on the local economic benefits of movement in the housing market linked to the sale of new homes, the fit out of new homes and resulting moves in a local area. However, it is reasonable to assume that some expenditure would be generated and retained in the local economy through fees for estate agents, surveyors and conveyancing costs and other transaction fees. In addition, there would be benefits to the suppliers and fitters of fixtures and fittings for new homes.
- 5.5 The average costs of a household move for existing homeowners in the UK stands at around £9,000. This is a comprehensive assessment, covering fees and taxes associated with a move (estate agent fees, stamp duty, legal fees). Further, with new homes requiring a range of furnishings and equipment, it is realistic to anticipate that the local area would benefit from some additional expenditure associated with an inflow of new residents and moves from elsewhere in the local area.

6. Consequences of Failing to Deliver New Housing

- 6.1 A failure to deliver new housing in Woodbridge and Suffolk Coastal Council area could have a number of adverse impacts on the area. These are discussed below.

Missed Opportunities in the Construction Sector

- 6.2 Potential residential construction work presents opportunities for significant benefits to accrue for Woodbridge and Suffolk Coastal Council in the form of economic multiplier effects and new job opportunities, including training and apprenticeship schemes for young people.
- 6.3 In addition to accounting for around 25-30% of all jobs in the construction sector, housing development provides important employment and training for young people, critical at a time when youth unemployment has reached historically high levels. There is also evident local demand for construction employment opportunities, with around 50 Jobseekers Allowance claimants in Suffolk Coastal Council area seeking employment in constructing and building trades. The sector's recovery would likely lessen the issue of construction worker unemployment.
- 6.4 The wider benefits of construction activity are also substantial; for the house building sector specifically, research by Oxford Economics shows that for every £1 spent on construction, £1.40 in gross output will be generated across the economy as a whole. Further, construction jobs relating to house building typically account for 2% of all employment, or around 1 in 50 jobs.

Exacerbating Affordability Issues

- 6.5 Since average house prices have increased at a faster pace than the rate of wage growth in recent years, leading to high house price to earnings ratios across the UK, many prospective house buyers do not possess the finances necessary to purchase market housing. In 2013, Suffolk Coastal council area had a lower quartile house price to earnings ratio of 7.09, well above the DCLG recommended ratio of 3.5.
- 6.6 Younger people are particularly likely to be affected by affordability issues and many may consequently be forced to move to other, more affordable areas. This can be detrimental to the local economy, which requires a diverse local skills base from which to recruit suitable workers. Recently published research by the National Housing Federation found that almost half of business line managers surveyed had experienced problems in their business over the last year relating to a lack of affordable housing. A similar proportion of those surveyed agreed that affordable housing would be important if their company was contemplating relocation or expansion into a new area.

Reduced Local Expenditure

- 6.7 Since households' disposable expenditure is strongly influenced by mortgage or rental payments, without the development of new homes which contribute to lessening house price inflation, the amount of household spending available for capture by local businesses will be lower.
- 6.8 Households in which the head is over the age of 75 typically spend only 50% of the average household expenditure across all household types. With an ageing population already recognised as a challenge for Woodbridge and Suffolk Coastal Council area and its settlements, local retail and service facilities could diminish as average household size and spending falls.

Restricted Labour Mobility

- 6.9 An efficient, mobile labour force increases the prospects of matching the supply of skills to employer demands. Where labour mobility is impeded, research indicates that productivity levels are likely to fall if businesses fail to find workers with the necessary skills. The 2008 Taylor Review (Living, Working Countryside) concluded that housing shortages resulted in unfulfilled economic potential in rural areas, such as Woodbridge, partly as a result of labour supply problems and skills shortages.

Missed revenue opportunities

- 6.10 The New Homes Bonus (NHB), available to councils following the delivery of new homes, can be an important source of revenue used to support local development aims and objectives. For instance, the Vale of White Horse are supporting local business growth by introducing free parking in market towns. Woking Borough Council previously set aside its bonus to enable the development of Community Assets, such as community halls, and Rugby Borough Council delivered a leisure centre and improved public services, such as refuse collection.

Appendix A - Methodology Note

Household Expenditure Impacts

- A.1 The impact model estimates the likely income of households in the proposed development based on the breakdown of house types and the likely price range of each house type (obtained through recent house sales data). Income is determined by applying assumptions about the typical deposit for different house values^[1]. For owner occupied homes, annual household income is assumed to be one third of the mortgage value. For rented and intermediate homes, we use data on house prices, rental prices and household incomes for people in these tenure types.
- A.2 For each income group, the typical expenditure on different categories of goods and services has been determined using the ONS Family Expenditure Survey. For each category we reach sensible assumptions about the proportion of spend spent locally, the proportion spent in the district and the proportion spent in the county.
- A.3 The model then deducts indirect taxation to arrive at a figure for total spend, and convert this to jobs using an estimate of output per full time equivalent employee in different sectors (from the UK Business Survey).

Labour Market Impacts

- A.4 We use the DCLG Survey of Housing in England to estimate the total number of people living in different size dwellings and UK Census data to estimate the likely proportion that are working age and in employment depending on whether they reside in affordable or market housing.
- A.5 To estimate the skill level of residents, we have used Census data to identify a number of other locations in the area which have a similar mix of dwelling sizes to the proposed development. We have then cross referenced this with the occupational profile of the residents who live there, and applied this breakdown to the residents we expect to be in employment on the proposed development.

New Homes Bonus

- A.6 This calculation uses the same methodology as that employed by DCLG for calculating the possible revenue generated through the New Homes Bonus. We assume all properties on the proposed development will be classified as band D. For each dwelling the NHB will be equivalent to the national average annual council tax for a band D dwelling with an additional payment for affordable housing. This amount is paid annually for six years. The figure provided is the total New Homes Bonus over these 6 years.

^[1] Average deposit size ranges from 20% to 30% for properties between £150,000 and £200,000 (<http://www.mortgages.co.uk>). We assume deposits are on average lower below this price range and higher above this price range.



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