

**Socio and Economic Impact**

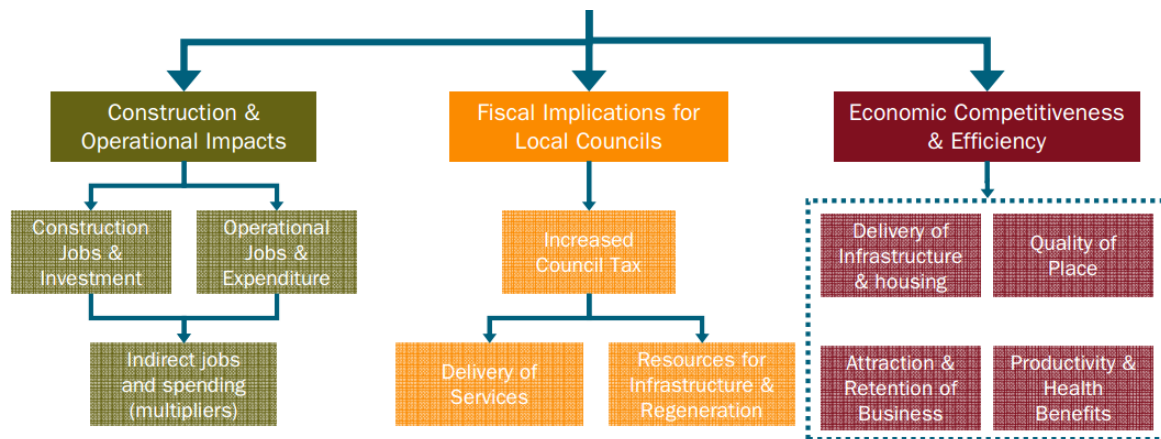
It is difficult to ascertain the exact social and economic impact on Hadleigh and Needham Market in the event that a decision is made to vacate one or both the current office sites. There are many variable factors to consider and we do not have access to how much the workforce spends in the local high streets. However, we should assume that there will be an impact through any decision that removes the HQs and the workforce from either or both locations. There has been a gradual reduction in impact on both Hadleigh and Needham Market over the last three years as both offices are not fully occupied.

There are mitigation measures that will come through from the redevelopment of either or both sites. Carter Jonas were asked to provide an overview of the social and economic impact of redevelopment of the current sites which is summarised below.

**Economic benefits from redevelopment of the HQ sites**

The analytical framework below highlights the spread of potential economic benefits of any proposed development.

**Economic Benefits Framework**



**Construction and operational Impacts**

Any proposed redevelopment options will generate construction jobs throughout the course of the development.

New development will have a positive impact on the supply chain with the initial direct spending acting as a catalyst to create wider economic benefits as this expenditure is transmitted along the supply chain and through the economy. Some businesses in the local area and the wider region would therefore benefit from trade linkages established during the construction of the proposed development.

There is likely to be a temporary increase in expenditure linked to the direct and indirect employment effects of the construction phase i.e. wage spending by workers in local shops, bars and restaurants and other facilities. Research by the Scottish Government indicates that the construction industry has an indirect and induced

employment multiplier of 2.19, meaning that 10 jobs created on the construction site could result in the creation of an additional 12 in the wider economy (i.e. a total of 22 jobs).

Planning contributions associated with the proposed development could make a specific local investment in relation to affordable housing / educational facilities / off site playing pitches and the provision of maintenance of public open space which would have a positive socio economic impact on the local area.

### **Fiscal Implications for the Councils**

There will be a loss of Business Rates income for the Councils, however there will be similar benefits arising from redevelopment of the sites through additional Council Tax income and New Homes Bonus.

### **Economic Competitiveness and Efficiency**

The delivery of homes links to the Councils Joint Strategic Plan ambitions around delivery of growth and economic prosperity.

- Short Term: Macro-economic boost from new house building
- Medium Term: Labour market and spatial flexibility from housing choice
- Medium Term: Impact on economic competitiveness (e.g. quality of place, access to services, improved affordability)
- Long Term: Replacement of poor quality stock, impacting on health, income and life chances
- Long Term: Increased energy efficiency of new housing reducing on carbon emissions (and saving mitigation costs).

### **Economic Benefits of market housing, older persons housing and affordable housing**

Any redevelopment of the HQ sites to provide new housing will deliver positive socio economic impacts through meeting local housing need, especially an ageing population with a bespoke housing offer.

With respect to how older persons housing can contribute to the vitality of the local economy in terms of expenditure on, and support of, local shops, services and facilities, a report produced for Age UK in 2013 which examined the size and growth of the older consumer market shows that the power of this market is large and growing.

The 65 and over age group accounts for 20% of the UK consumer population, a figure which is set to rise to over 25% by 2030. In a study carried out by Henley Business School, University of Reading in 2011 showed that over 80% of residents of care home/older persons residential facilities regularly utilise the local shops almost daily and over 90% used local shops/services more than once a month.

For the wider community, Retirement Living and Assisted Living Extra Care schemes make the most significant contributions to the local economy both during the construction stage and the operational stage, providing capital investment and

employment in local communities. An average Retirement Living scheme generates £3.60 million of expenditure (including labour, materials, fixtures and fittings) through its development and construction stage.

Local services aside from shops were also used regularly by occupants, including local taxis, hairdressers, pubs, cafes and restaurants more than once a week. In a typical retirement living scheme, residents generate annual local spending of over £670k.

Additional economic and social benefits accrued from visiting friends and relatives who make use of local shops and services including the local visitor economy.

In terms of general residential housing, new homes will make a contribution to economic growth and to reducing unemployment, particularly for the young and unskilled workforce.

For every additional job created in the construction industry a further 1.53 jobs are created in the wider economy. House building is also a key source of funding for Central Government and Local Authorities. Stamp Duty Land Tax (SDLT) generates over £6bn a year and Council Tax is estimated to generate £23bn.

It is possible to estimate the total expenditure associated with the proposed development. The ONS Family Expenditure Survey provides summary data on typical household spending by household socio-economic classification. The average weekly expenditure levels for the UK was around £391.90 at the last survey taken in 2011 with average figures for the East of England at £408.00 per week. Information obtained from CoStar indicates that the total weekly consumer spending within 5 miles of Needham Market is £504 per week (£452 per week within 1 mile and £507 per week within 3 miles). Not only do these figures indicate that the area has higher average weekly spending rates by comparison to the UK / East of England it also highlights the amounts typically spent on non-essential items such as recreation and culture / restaurants and hotels indicating that the area has a relatively good amount of disposal income.

The provision of housing has the additional effect of enabling labour mobility and leads to better matching of workers with employment opportunities, thereby increasing the overall efficiency of the economy. Tackling the shortage of housing or lack of affordability can help breakdown the barrier which prevents people from accessing employment opportunities and reduces the need for long-distance commuting which has adverse transport and environmental impacts. As a result, the increased housing supply generated by the Proposed Development could allow for a better match of labour and employment, thus improving economic competitiveness and performance.

The inclusion of affordable housing on any proposed development will be important for socio economic reasons, enabling access to quality housing for those whose needs cannot be met within the private market.

There is considerable evidence that there is a social cost to poor housing and that a lack of affordable supply increases the costs to the public purse. The evidence shows that investment in affordable housing supports multiple social objectives. This

includes improvements to individual outcomes such as employability, crime, health and wellbeing, and community cohesion. It is particularly important to assess the socio-economic impact of building affordable homes in light of the large set of households where demand for affordable homes cannot currently be met.

### **The potential benefits of affordable housing - *Illustrative examples***

- **Health:** an elderly couple moving from a cold, poorly insulated private sector home to a good quality, insulated affordable home would be less at risk of suffering from excess cold. This could **save the NHS** an estimated **£8,000 per patient per year**.
- **Employment:** housing association employment programmes help on average, one in five participants find a job. A tenant in work for one year would earn **£11,100 in income** and save the government **£8,000 in benefit payments per year**.
- **Homelessness:** housing a previously homeless individual in affordable housing could result in **NHS savings of £3,000 per year**. This is through less time spent in hospital and reduced demand for mental health services.

Source: Frontier Economics - Assessing the social and economic impact of affordable housing investment Sept 2014.

### **Retail**

The inclusion of additional retail space in Needham Market, could help boost the amount of retail expenditure that is retained within the town and could also help to attract spending from further afield if the goods sold by the occupier are sought-after with people making a conscious effort to travel to it in order to purchase goods. This could potentially have the knock on effect of additional expenditure in other retail shops / restaurants in the area as people visit more than one store.

Moreover, the proposed retail space would boost the number of retail jobs in the area although the exact number of jobs that will be created is hard to know as it will depend on the nature of the occupier.