



Appendix 27  
Economic  
Benefits  
Statement  
(Bilfinger GVA,  
August 2016)





## Report

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# Economic Benefits Statement

**Appellant:**

Mrs Margaret Crewe

**Site:**

Home Farm, Gresford Road, Llay,  
Wrexham LL12 0NW

**Date:**

August 2016

**LPA Ref: P/2014/0905**

**PINS Ref: APP/H6955/A/16/3147116**

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For and on behalf of GVA Grimley Limited



# 1. Introduction

1.1 This Statement demonstrates the economic benefits that are expected to arise from the proposed development of 365 dwellings and a 300 m<sup>2</sup> retail facility at Home Farm, Gresford Road, Llay. The proposal is the subject of a planning appeal (PINS Ref: APP/H6955/A/16/3147116), whose supporting documents should be read in conjunction with this Statement.

1.2 Economic growth forms a key component of sustainable development which is established in Planning Policy Wales (Edition 8, 2016). In particular, paragraph 7.1.3 recognises that:

*“The planning system should support economic and employment growth alongside social and environmental considerations within the context of sustainable development...”*

1.3 The Housing Supply Task Force, which was established in July 2013, has advised the Welsh Government on how to increase housing supply and maximise economic growth delivered by house-building. Their report to the Minister for Housing and Regeneration, entitled *“Delivering More Homes for Wales”* (January 2014), recognises that:

*“... New homes generate growth in the economy and create jobs. They provide a sustainable boost to the economy by attracting private investment and improving the attractiveness of Wales as a place to invest. HM Treasury estimates that 21 annual jobs are created for £1million spend (25% more than the average for other infrastructure investment). Not having enough homes restricts labour market mobility, raises business costs and exacerbates inequality, all of which constrains economic growth...”*

1.4 A failure to build enough homes has also been highlighted in the UK Government’s publication *“Fixing the Foundations: Creating a More Prosperous Nation”* which was published in July 2015. The Government warns that insufficient house-building:

*“... harms productivity and restricts labour market flexibility, and it frustrates the ambitions of thousands of people who would like to own their own home.”*

1.5 The delivery of new housing and the benefits that are provided both directly and indirectly are seen by the Government as being a fully integrated component and vital part of economic growth.

1.6 In addition to helping to boost significantly the supply of new housing in the Borough, the appeal proposal would also deliver a range of economic benefits. These are examined in Section 2 of this Statement.



## 2. Economic Benefits

- 2.1 The proposed development will create a range of economic benefits for the local area; these are examined below.

### Construction Phase Employment

- 2.2 The construction of the proposed development will generate direct employment opportunities, as well as indirect (supply chain) and induced (local) expenditure, which will generate further jobs.
- 2.3 The House Builders Federation (HBF) has produced evidence that volume housebuilders create around 1.2 direct full-time jobs per dwelling.
- 2.4 Based on the HBF's research, the proposed development would create approximately 438 construction-based jobs.
- 2.5 An alternative method of calculating employment generation is to divide the total construction cost of the proposed development by the labour cost. Based on our experience, it is assumed that each new dwelling will cost an average of £85,000 to build, resulting in a total construction cost for the development of approximately £31.03m.
- 2.6 The Department of Business, Innovation and Skills' report entitled "*Construction Input Cost Indices: Methodology*" (2014) establishes that labour costs are typically around 30% of the total construction cost. If this is applied to the proposed development, the associated labour costs would be approximately £9.31m. The national average income for the construction industry is £25,985. On this basis, the construction phase could result in approximately 358 construction job opportunities per annum.

### Induced and Indirect Employment

- 2.7 In addition to direct construction job creation, there will be an indirect effect through the supply chain and the expenditure of wages in the local economy.
- 2.8 Whilst the geographical areas from which contractors who work on the proposed development are not known at this stage, it is considered likely that most of the companies would be located within the North Wales region. In addition, the majority of construction workers could be employed from the local labour market, therefore generating beneficial effects for the local area.
- 2.9 The employment opportunities associated with the proposed development will vary, ranging from those in the design and engineering sectors, to those within the construction and utility

industries. Employment opportunities will also include those involved in the marketing and sales processes.

#### *Supply chain jobs*

- 2.10 The HBF's report identifies a range of multipliers which may be used to calculate supply chain jobs. However, for the purposes of this report, recent data provided by the Centre for Economics and Business Research (CEBR) has been applied.
- 2.11 The CEBR has identified a supply chain multiplier of 1.78, which indicates that 1 construction job will support 0.78 jobs elsewhere in the supply chain. When applied in respect of the proposed development, between 279 and 342 jobs could be supported in the supply chain. This has the potential to benefit local businesses and tradespeople.

#### *Other jobs*

- 2.12 The CEBR has also identified induced employment opportunities arising from construction activity, which could involve jobs being supported by the wage spending of construction and supply chain workers in shops, services and other local businesses.
- 2.13 A range of studies are referenced by the CEBR to demonstrate the above. One of the most recent is Barratt Developments' 'Social Economic Footprint 2015' which identifies a multiplier effect of 2.6 jobs. This equates to the creation of 1.6 jobs for every direct construction job. When applied in the context of the proposed development, between 573 and 701 additional jobs could be supported.

### **Operational / Lifetime Phase**

- 2.14 There are a range of economic benefits associated with the proposed development once completed and occupied by residents.

#### *Retail job opportunities*

- 2.15 The provision of a new local convenience store as part of the proposed development is expected to generate approximately 15 to 20 full-time equivalent jobs. Whilst this is based on the proposed store size of 300 m<sup>2</sup> gross and is derived from the latest average employment densities (Employment Densities Guide, HCA, 3<sup>rd</sup> Edition, 2015), it also has regard to anecdotal evidence of full and part-time jobs typically created by small convenience foodstores traded by the national supermarket operators.
- 2.16 Employment opportunities typically associated with retailing allow for flexible working hours, thus being suitable for parents with young children, or those combining work with studying or other commitments.

- 2.17 The new jobs expected to be created by the convenience store are likely to be complemented by associated training and personal development programmes. This could provide opportunities for some local residents to upskill and progress to management roles, either within that particular business or by opening up opportunities to develop roles within other businesses and organisations within Wrexham.

*Contribution to the local labour force*

- 2.18 The 2011 Census reveals that the average household size in the Borough is 2.3. This equates to a total population for the proposed development, once completed, of approximately 840.
- 2.19 The proposed development will deliver a range of dwelling types, including those suitable for working age, economically-active households and families. As such, the provision of new houses will help to contribute to the labour force in the Borough.
- 2.20 If it is assumed that 64% of the population are of working age (2011 Census), this results in a working age population for the proposed development of approximately 538 people. Applying the economic activity rate for the Borough of 79.4%, derived from the 2011 Census, equates to approximately 427 people residing at the completed development who are economically active.
- 2.21 The 2011 Census indicates that 71% of the working age population within the Borough are employed; if this was to be applied in the context of the proposed development, there would be a contribution of approximately 382 people to the labour force. The Official Labour Market Statistics reveal that 38% of the Borough's employees were in Major Group 1-3. This would indicate that approximately 145 people residing at the completed development could be employed within higher skilled and professional occupations (NOMIS, 2015).

*Expenditure generation to support local businesses*

- 2.22 In 2015, mean household income within the Borough was £25,355 (NOMIS, 2015). If this was to be applied to the 365 dwellings that will be created by the proposed development, it would suggest an uplift of gross annual income from new residents in the Borough of c. £9.25m. This in turn would generate increases in household expenditure into the local economy, as indicated below:

- **Convenience Goods Retail:** Experian data (2014 prices) indicates that households in the Borough spend an average of £4,536 per annum on convenience goods (e.g. food). On this basis, the proposed development would generate additional convenience goods spend within the Borough of approximately £1.66m per annum.

- **Comparison Goods Retail:** Experian data (2014 prices) indicates that households in the Borough spend an average of £6,353 per annum on comparison goods (e.g. non-food such as clothing, household and electrical goods). On this basis, the proposed development would generate additional comparison goods spend within the Borough of approximately £2.32m.
- **Cafes, Restaurants and Public Houses:** Experian identify an average household spend per annum within the Borough of £2,190 within cafes, restaurants and public houses. This indicates that approximately £0.8m would be generated and spent by residents of the proposed development in these establishments per annum.
- **Other Leisure Services:** Experian identify an average household spend within the Borough of £3,687 per annum on all other leisure related services. This includes hairdressing, sports and recreation, and other cultural pursuits. On this basis, the proposed development could generate approximately £1.35m of additional spend on leisure facilities and services per annum.

2.23 The above makes no allowance for expenditure growth in future years, thus presenting a conservative estimate of available expenditure expected to be generated by future residents of the proposed development.

### Public Revenue

2.24 The proposed development will generate additional revenue for local government expenditure.

2.25 Given the outline nature of the proposed development, details of the type, size and mix of dwellings are reserved for subsequent determination. Consequently, it is not possible to calculate the precise level of annual Council Tax which would be generated by the proposed development. However, if a mid-point is assumed for all of the dwellings (Band D attracts a charge of £1,374 per annum (2016/2017)), this would equate to additional Council Tax revenue of approximately £0.5m.

### Affordable Housing

2.26 The proposal can be expected to generate up to 91 affordable homes, representing 25% of the overall development. By way of definition, this is expected to consist of properties being made available for social and/or affordable rent (the latter typically being defined as rent charged at up to 80% of the market rent for such properties).

2.27 The provision of more affordable housing in the Borough will help to ensure that more local people, particularly those who are young and seeking employment, can remain in the area.

This will help to bolster the local workforce available to Wrexham-based employers, providing a greater propensity for them to recruit and train people locally.

- 2.28 Ensuring that there is a sufficient supply of affordable housing in the Borough is imperative in helping to create the right conditions for business growth and employment generation. As part of this, it is important that the Borough's settlements provide attractive places to live for both local and incoming residents.

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### 3. Conclusion

- 3.1 This Statement demonstrates the economic benefits that are expected to arise from a proposed residential development, including a 300 m<sup>2</sup> retail facility, at Home Farm, Gresford Road, Llay, in the County Borough of Wrexham.
- 3.2 In summary, the proposed development is expected to achieve the following:
- Support up to c. 438 direct construction jobs;
  - Support up to c. 342 supply chain jobs;
  - Support up to c. 701 other jobs within the local economy;
  - Create up to c. 20 jobs within the convenience retail store with associated training opportunities;
  - Deliver c. 427 economically active people to the area, bolstering the local labour force;
  - Create a gross uplift in household expenditure within the Borough of c. £9.25m per annum;
  - Support convenience goods retailing facilities in the Borough with additional annual expenditure of c. £1.66m;
  - Support comparison goods retailing facilities in the Borough with additional annual expenditure of c. £2.32m;
  - Support leisure facilities and services within the Borough with additional annual expenditure of c. £2.15m, including c. £0.8m made available to local cafes, restaurants and public houses;
  - Additional Council Tax revenue of c. £0.5m per annum; and
  - Significant affordable housing provision, increasing the propensity to retain and attract people to the Borough, thereby helping to bolster the workforce available to local businesses.
- 3.3 The benefits identified in this Statement demonstrate how the proposal would provide an economic role in contributing towards the delivery of sustainable development for the purposes of Planning Policy Wales. The economic benefits arising from the proposed development should be given substantial weight in determining this planning appeal.

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