

Socio-economic Sustainability Statement

Henthorn Road, Clitheroe



July 2018

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EXECUTIVE SUMMARY

Gladman Developments Ltd. (Gladman) is seeking planning permission in outline for a residential development on land at Henthorn Road, Clitheroe, Ribble Valley Borough Council. The proposed development will comprise up to 110 dwellings, of which 30% will be affordable. This page provides a summary of the report's findings and an infographic setting out the economic impacts of development is provided at the end of this section.

Ratio of Average House Prices to Average Earnings

England	7.9
North West	5.8
Ribble Valley BC	7.5 (3.5 is the marker of an affordable housing market)

Estimated Construction Spend

- £11.8 million

Full Time Equivalent Jobs Supported

- Supporting approximately **98** FTE construction jobs spread over a **3**-year build-out
- An additional **107** FTE indirect jobs in associated industries
- **10** local residents seeking construction employment

Gross Value Added (GVA)

- The scheme will deliver an additional **£3.7m** of direct GVA over the build period

New Residents

- Development of **up to 110** residential dwellings could be home to **253** new residents.
- **118** new residents could be expected to be economically active and in employment
- Residents could generate total gross expenditure of **£2,846,000** annually

Benefits to the Local Authority

- New Homes Bonus payment of **£700,000** over a 4 year period¹
- Council Tax payments of approximately **£1,800,000** over 10 years

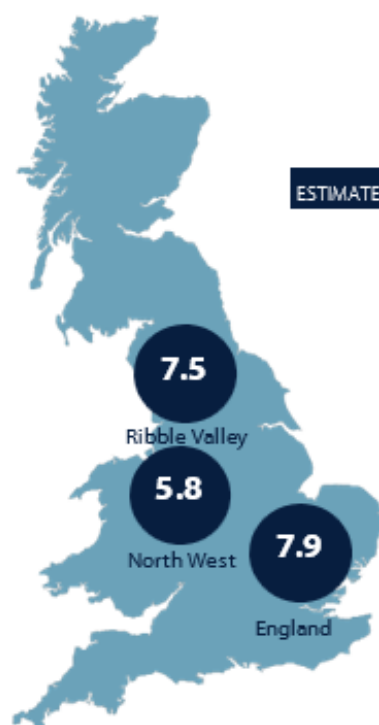
¹ Department for Communities and Local Government (2016), 'New Homes Bonus: Sharpening the Incentive. Government Response to the Consultation' Outlines on page 6 that the New Homes Bonus is accrued for a 4 year period 2018/19. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577904/NHB_Consultation_Response_Doc.pdf [accessed 31/01/18]

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INFOGRAPHIC

EXECUTIVE SUMMARY OF FINDINGS AND INFOGRAPHIC

RATIO OF AVERAGE HOUSE PRICES TO AVERAGE EARNINGS



ESTIMATED CONSTRUCTION SPEND



GROSS VALUE ADDED

£3.7m

of direct GVA over the build period



NEW RESIDENTS

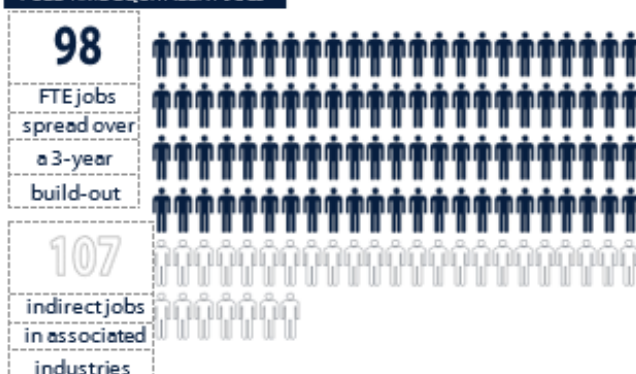


Residents could generate total gross expenditure of

£2,846,000 annually



FULL TIME EQUIVALENT JOBS



BENEFITS TO THE LOCAL AUTHORITY



£1.8 million

Approximate Council Tax payments over 10 years



£700,000

New Home Bonus payment over a 4-year period

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1 INTRODUCTION

1.1 Purpose

- 1.1.1 The purpose of this Socio-economic Sustainability Statement is to identify and assess the social and economic sustainability of Clitheroe and to examine the potential socio-economic benefits that could arise from a proposed residential development up to 110 dwellings on land at Henthorn Road, Clitheroe, Ribble Valley Borough Council.

1.2 Context

Government White Paper

- 1.2.1 In February 2017 the Government published the Housing White Paper titled 'Fixing our broken housing market'², the paper states that more houses need to be built to help drive towards a more affordable housing market. The paper emphasises that current pace of development is too slow, and there is a need, therefore, "to build homes faster" and to "help people now". The White Paper also puts important emphasis on housebuilding as a mechanism to achieve wider economic growth.

"Britain's broken housing market hurts all of us. Skyhigh property prices stop people moving to where the jobs are. That's bad news for people who can't find work, and bad news for successful companies that can't attract the skilled workforce they need to grow, which is bad news for the whole economy.

Low levels of house building means less work for everyone involved in the construction industry – architects, builders, decorators and manufacturers of everything from bricks to kitchen sinks. If people must spend more and more to keep a roof over their head they'll inevitably cut back elsewhere – meaning less money gets spent in the wider economy.

High rents are bad news for all taxpayers including those who own their own home. If rents are too high, then private renters struggle to pay - and the taxpayer has to foot the bill with more Housing Benefit. That's money that could be spent on schools, hospitals and other frontline services."³

² Ministry of Housing, Communities & Local Government (February 2017), 'Government announces ambitious plan to build the homes Britain needs', <https://www.gov.uk/government/news/government-announces-ambitious-plan-to-build-the-homes-britain-needs> [31/01/18]

³ Department for Communities and Local Government (2017), 'Fixing our broken housing market – page 11' https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf [31/01/18]

“If we fail to build more homes, it will get ever harder for ordinary working people to afford a roof over their head, and the damage to the wider economy will get worse.”⁴

- 1.2.2 The purpose of this statement is to underline the benefits that a residential scheme might have in terms of social and economic sustainability and to identify how the development will address issues raised within the White Paper.

National Planning Policy Framework 2

- 1.2.3 This statement explores the concept of sustainable communities with reference to the evidence base and relevant studies. The report follows the standards and criteria as set out in UK Sustainable Development Strategy (UKSDS), which relate to the creation of sustainable communities.

- 1.2.4 The National Planning Policy Framework 2 (NPPF2) explains the importance of planning for sustainable economic development which applies equally to the countryside and built up areas. In its economic role, the planning system is required to:

“... help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure...” (NPPF2§8a)

- 1.2.5 The economic benefits of development are confirmed in the NPPF2 as a key dimension to achieving sustainable development. Paragraphs 7 to 217 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. NPPF2 Paragraph 80 states that:

“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.” (NPPF2§80)

- 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 formally defines sustainable communities as those which are:

⁴ Department for Communities and Local Government (2017), ‘Fixing our broken housing market – page 15’, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf [31/01/18]

- 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
- 1.2.7 The above criteria have been repeated regularly and, as a measure of their applicability can also be found in the strategy of the former Office of the Deputy Prime Minister (ODPM), now the Ministry of Housing, Communities & Local Government entitled '*Sustainable Communities: Homes for All - A Five Year Plan*' (2005), which reflects work done in response to the '*Egan Review: Skills for Sustainable Communities*' (2004). This set of criteria was also summarised by the Academy for Sustainable Communities (June 2006):

"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."

Appeal Decisions

- 1.2.8 Numerous appeal decisions have reinforced the importance of the growth agenda and appeal inspectors have given considerable weight to the economic benefits of development. In particular, the following three appeal decisions discussed economic and social benefits of development in the context of sustainability:

1. **Sladbury's Lane, Clacton (October 2017); Appeal Ref: APP/P1560/W/17/3169220,**
The economic role

"The proposals would provide up to 132 new dwellings in an area where the deliverable supply is well below the minimum requirement for 5 years. The site

is available now and there is no practical reason to prevent its construction in a reasonable timescale. Future residents would be likely to support local shops and other businesses bringing a substantial boost to consumer spending in their area. The site is within walking distance of many local facilities, increasing their attraction for future residents. The development would provide short-term jobs during the construction phase and provide a source of employees for established businesses in the area. These are all important economic benefits and should be afforded significant weight in terms of paragraphs 18 and 19 of the NPPF.” (§85)

The social role

“Concerning the social role the scheme would be able to help to deliver a strong, healthy and vibrant community with a range of house types and a significant number (about 40) of affordable homes. This would assist in meeting the affordable housing shortfall (around 200 dwellings in the first 5 years). This would accord with paragraph 50 of the NPPF and help to create an inclusive and mixed community. The affordable homes would be especially beneficial, given the known need.” (§86)

“The site is within close proximity to schools, community and recreational facilities and the town centre. It is well served by bus services enabling quick and convenient access to neighbouring towns and villages from the bus stops located within close proximity to the site. It is within reasonable walking, cycling and public transport distance to the railway station. The site would also deliver significant open space benefits. Whilst these would principally meet the needs of the development itself, there would nonetheless be potential benefits to existing residents of Holland-on-Sea. These are modest benefits to be added into the overall balance.” (§87)

2. Dalton Heights, Seaham (September 2017); Appeal Ref: APP/X1355/W/16/3165490

The economic role

“... the appellant argues that the appeal proposal would make a significant contribution to the ongoing economic sustainability of Seaham and the wider region, and that the increased spend in the local area would help to support the town’s local independent shops, services and facilities. No contrary evidence was put to me on these points to cause me to take a different view.” (§109)

“These benefits would not be unique to this development, but would flow from any new housing development of this size within the county. However, this does not detract from the fact that the appeal proposal would give rise to these real

benefits, and for this reason I consider that it should be regarded as satisfying the economic role of sustainable development. This weighs significantly in the appeal proposal's favour." (§110)

The social role

"The Framework summarises the social role of sustainable development as supporting 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. In this regard the appellant comments that Seaham is a very sustainable settlement, with a vibrant community and a wide range of social infrastructure which would benefit new residents. This is not disputed, nor is there any dispute that the appeal site itself is sustainably located." (§111)

"The appeal proposal would deliver well-designed dwellings in a substantial landscaped parkland setting, and would also provide a naturalistic play area for children. As such it would contribute to the health and well-being of new and existing residents, who would all be able to use the new facilities. In light of these points I conclude that the proposed development would satisfy the social role of sustainable development, and I give this matter significant weight." (§116)

3. Netherhouse Copse, Fleet (October 2017); Appeal Ref: APP/N1730/W/17/3167135

The economic role

"The proposed development would contribute economic benefits to the local area both during construction and in the longer term as residents provide custom for existing shops and services. The Council accepted that such benefits would result from the scheme whilst acknowledging that they would apply in any location in the District where development of that scale took place. On that basis the Council apportioned moderate weight to them. However, on the basis of the scale of the benefits as described by the appellant, I afford them significant weight." (§82)

1.2.9 Against this backdrop, 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; and
- Sustainable communities are well organised and inclusive allowing self-determination and effective representation.

1.2.10 Whilst Gladman 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 and Approach of the Statement

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

- Construction:** creates jobs, direct and indirect.
- Occupation:** new residents bring consumer expenditure and an economically active labour force.
- Completion:** Once occupation commences, extra Council Tax revenue raised for the new homes, will begin 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 NPPF2's updated requirements, many of the quantitative impacts have been measured with reference to the standard approaches in the English Partnerships' (now Homes England) *'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 statement 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 statement 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); the Valuation Office Agency; the Land Registry; and the Building Cost Information Service. Local sources of information include the Strategic Housing Market Assessment (2013), Strategic Housing Land Availability Assessment (2013) and the emerging and adopted Local Plans.

1.3.5 This statement 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.
- Section 4 contains the conclusion.

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 Clitheroe and the district of Ribble Valley as a whole, using North West regional and national benchmarks as comparators.

2.2 Population

- 2.2.1 The population of Clitheroe was 14,765 at the time of the 2011 Census. During the ten years between 2001 and 2011 the population increased by 0.5%.
- 2.2.2 While the population in Ribble Valley local authority increased by 15.33% between 1991 and 2011 (Census data). It is expected to increase by a further 4.22% by 2039, according to the 2014-based sub-national population projections for England – as updated in 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. As people become older demand and accessibility to healthcare increases. Household expenditure of the over 75 age group also falls to less than half that of average economically active household. A high proportion of older households suggests local businesses may struggle to employ workers.

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 NPPF2 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 spatial strategies left local planning authorities with a requirement to establish their own objectively assessed housing needs and to demonstrate how they will meet that need in their local development plans.
- 2.3.2 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 Wales⁵. 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, by the time of the 2011 Census.
- 2.4.2 The above 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, Office for National Statistics data from 2013 shows that more than 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)⁶.
- 2.4.3 A ratio of 3.5 is considered to be the marker of an affordable housing market. 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 the latest data from the ONS⁷, is 7.9. In the North West region that ratio is 5.8. Ribble Valley local authority area stands at 7.5.
- 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 considered in paragraph 60 of the NPPF2 which demonstrates the need to ensure that:

“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.” (NPPF2§60)

- 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

⁵ Osbourne H. (2014), ‘Almost 300,000 ‘concealed families’ share their home with another family’ <http://www.theguardian.com/money/2014/feb/06/300000-concealed-families-share-home-ons> [31/01/18]

⁶ Office of National Statistics (2014), ‘Young adults living with parents in the UK, 2013’, www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/info-young-adults.html [31/01/18]

⁷ ONS (2018), ‘House price to residence-based earnings ratio’, <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoresidencebasedearningslowerquartileandmedian> [08/05/18]

younger families are unable to 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

- 3.2.1 The development will comprise up to 110 homes, of which 30% will be affordable (33No.). The table below details the indicative mix of housing which has been used for the purposes of this statement.

Housing Type	Affordable	Market	Total
2-bed bungalow	17		17
2-bed semi-detached/ mews	4	19	23
3-bed semi-detached/ mews	9	27	36
3-bed detached		11	11
4-bed detached	3	20	23
Total	33	77	110

3.3 Construction

- 3.3.1 In addition to providing much needed housing in the area of Clitheroe, including a policy compliant proportion of affordable housing, there are numerous other significant economic benefits that would arise from the residential element of the proposed development. This is the approach endorsed by the inspector of the Sladbury's Lane, Clacton appeal⁸ as discussed in Section 1. 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 floor space drawn from the accommodation schedule above by a construction cost based upon

⁸ ref: APP/P1560/W/17/3169220, October 2017, pp. 85-87

Jewson's Build Cost Calculator⁹. This development could generate an associated spend estimated in the region of £11.8 million.

3.3.3 Construction, requiring this level of expenditure, would support approximately 98 FTE jobs spread over a three year build-out. This approximation is based on a weighting appropriate for the North West at February 2018 and would comprise labour and materials costs used in the construction process. This represents an investment with far ranging benefits.

3.3.4 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)

3.3.5 It is anticipated a development of 110 units would be built out at a rate of at least 36 units per annum, equating to 3 years in the current market.

Direct Employment during Construction

3.3.6 This is a measure of the "person-years" of full-time equivalent (FTE) that the development would support. Incidentally, it also equates to the number of workers it would take to complete development in one year, or in other words, the number of years it would take one worker to complete the development.

Full-Time Equivalent (FTE) Person Years

3.3.7 Based on the capacity of up to 110 new homes, the proposed development could help to sustain 98 FTE jobs during the construction phase. This is calculated by taking the proportion of the total anticipated construction cost of the 110 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 industry¹⁰ (plus £3,000 to account for overheads per employee): £33,740 (in 2017). At a build-out rate taking 3 years to complete the proposed development, this equates to approximately 33 jobs per annum.

⁹ Jewson (2018) 'Build Cost Calculator', <http://www.jewson.co.uk/working-with-you/for-self-builders/preliminary-planning/calculators/build-cost-calculator/> [09/03/2018]

¹⁰ ONS (2018), 'EARN02: Average Weekly Earnings by sector' <http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14> [08/02/18]

- 3.3.8 The construction industry is an important employer both nationally and locally. According to the 2011 Census, 7.8% of employed residents in the Ribble Valley local authority area aged 16 and over were employed in construction¹¹.
- 3.3.9 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's 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.

Number of Residents in the District seeking Construction Employment

- 3.3.10 Indeed, an analysis of the most recent claimant count data from the Office for National Statistics indicates that in June 2018 there were approximately 10 people within Ribble Valley district (rounded to the nearest 5) claiming Job-seeker's Allowance and who were actively searching for employment in the construction and building trades¹².
- 3.3.11 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, Ribble Valley local authority has a good record for job creation and enjoys a low unemployment rate, which is currently 2.5%, against a national average of 4.3%.

Indirect Jobs in the Supply Chain

- 3.3.12 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 in stimulating 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'.
- 3.3.13 Those sectors benefiting from increased construction output include manufacturing (especially of building products and equipment), real estate, business services (including architecture, planning

¹¹ Nomis (2013), 'Census 2011 Industry by sex by age', <https://www.nomisweb.co.uk/census/2011/dc6110ew> [07/02/18]

¹² Nomis (2018), 'Jobseeker's Allowance by occupation', <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=64> [24/07/18]

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.

- 3.3.14 Applying this multiplier to the 98 person-years of direct construction jobs derived above indicates that an additional 107 FTE indirect jobs could be supported by the proposals in associated industries.
- 3.3.15 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 spent on further 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 2.84.¹³
- 3.3.16 The provision of 98 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 that local businesses benefit from trade linkages established during construction by means of local employment or procurement stipulations in construction contracts. As noted above temporary increases from expenditure would, to some extent, 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

- 3.3.17 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 '*Construction Statistics Annual*' Office for National Statistics 2017¹⁴) then dividing by the annual output in the construction industry¹⁵.
- 3.3.18 As an example, for Great Britain as a whole in 2016, the total number of construction employees was 1,274,700. The construction industry's total output in 2016 was £161,009,540,000. From these figures, the gross average output per employee can be estimated as £126,000. For the North West region, the gross average output per employee can be estimated as £106,196.

¹³ http://archive.ukcg.org.uk/fileadmin/clients/UKCG/document/LEK/LEK_May_2012_final.pdf

¹⁴ ONS (2018), '*Construction Statistics Annual Tables*', <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables> [07/02/18]

¹⁵ ONS (2018), '*Output in the construction industry*', <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustry/current> [07/02/18]

Gross Value Added

- 3.3.19 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 (such as materials and capital) 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.¹⁶
- 3.3.20 The calculation above demonstrated that the average turnover per construction employee in the North West region stands at £106,196. From the 'Annual Business Survey' of the Office for National Statistics (2011), it can be established that GVA in the construction of buildings averages 35% of turnover in the North West¹⁷. Therefore, the regional construction industry generates an average GVA of £37,392 per person. By multiplying this by the net additional employment impact of the scheme (98 jobs) it is relatively easy to estimate that the scheme will deliver approximately an additional £3.7m of direct GVA over the build period, although not all of this would be retained locally.

3.4 Occupation

Additional Population Moving into the Development

- 3.4.1 Based on the average estimated household size for Ribbles Valley¹⁸ the development of 110 residential dwellings could be home to 253 new residents bringing increased spending power to Clitheroe. Inevitably, the benefits of increased household expenditure to the local economy will be enhanced to varying degrees, according to the proportion 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 Clitheroe, such as those displaced from existing homes within the settlement and newly forming households which were previously concealed. 110 households and up to 110 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.

¹⁶ Annual Business Survey – defined by SIC sub-sector code 41:202 Construction of domestic buildings using a proxy based on BRES 2013

¹⁷ ONS (2018), 'Annual Business Survey, UK non-financial business economy Statistical bulletins', <http://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/uknonfinancialbusinesseseconomy/previousReleases> [07/02/18]

¹⁸ 2011 Census: Households with at least one usual resident, household size and average household size, local authorities in the United Kingdom - Table H01UK

- 3.4.3 To provide some understanding of that proportion, the then Department for Transport, Local Government and Regions undertook research in 2001¹⁹ to better understand the distances people are willing to travel to relocate. It showed that 71% moved from within a 10-mile radius into market housing, while 87% moved from within the same radius for affordable dwellings. When the distance surveyed was increased to more than 20 miles, only 20% moved from outside this radius into market dwellings and an even lower 8% moved 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 Clitheroe by providing accommodation that will appeal to and help to attract skilled people, 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 Henthorn Road site can make an important contribution to support the local labour force and ensure the long term economic competitiveness of Clitheroe, while ensuring the wider Ribble Valley 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.
- 3.4.6 Assuming that 59.5% of the population is of working age²⁰ (corresponding with nomis official labour market statistics 2013 for Ribble Valley) the delivery of 110 homes could result in an additional 151 people of working age residing in Clitheroe. Of these people, given an economically active rate of 78.2% in those aged 16 and over in Ribble Valley, at least 118 could be expected to be economically active and in employment²¹.
- 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 Clitheroe 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 Ribble Valley through the addition of 253 residents bringing with them increased retail spend and general household expenditure to support the local economy. Given the range of services in the town, 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

¹⁹Tenure - Tenure by Distance Moved, 2000-1; Appendix 6: Table A.17

²⁰Nomis (2015), Official labour market statistics, Labour Market Profile for Ribble Valley

²¹ ibid: Nomis (2018), 'Local authority profile', <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx> [07/02/18]

- 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 uses 60 variables to break the UK down into 8 Supergroups, profiling populations, structures and other key results from the 2011 UK census data to categorise the character of local areas.
- 3.4.11 The majority of Clitheroe falls within the 'Urbanites' socio-economic classification group²². It would therefore be assumed that the Henthorn Road site would fall within this group. 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 'Hard-Pressed Living' OAC supergroup.
- 3.4.12 The 'Average weekly household expenditure by Output Area Classification'²³ (Office for National Statistics) provides data on the average weekly household expenditure categorised by socio-economic situation, as expressed by OAC supergroup. It is assumed that the proposed market housing would be occupied by the same types of household groupings as are most prevalent in Clitheroe, and that the affordable element will be occupied by those typical of the 'Hard-Pressed Living' supergroup. The super-group spending each week are anticipated as follows:
- £600.70 per week for households in the Urbanites (Super-group 5);
 - £441.90 per week for households in the Hard Pressed Living (Super-group 8).
- 3.4.13 Given that 30% of the dwellings will be affordable and the remainder of the site will comprise market housing applying these same proportions indicates that the development should support £3,164,000 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 'Hard Pressed Living' 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' presents household expenditure by UK Countries and regions 2015 and 2017²⁴. Using these figures, it is possible for spending disparities between each

²² CDRC Maps (2018) <https://maps.cdrc.ac.uk/#/geodemographics/oac11/default/BTTTTT/10/-0.1500/51.5200/> [07/02/18]

²³ ONS (2018), 'Average weekly household expenditure by Output Area Classification (OAC) supergroup, UK: Table A51' <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/averageweeklyhouseholdexpenditurebyoutputareaclassificationoacsupergrouptablea51> [07/02/18]

²⁴ ONS (2018) 'Household expenditure by countries and regions, UK: Table A33' <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/householdexpenditurebycountriesandregionsuktablea33> [09/03/2018]

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 North West region, this amounts to 90.0%, meaning that residents of the proposed development, after weighting appropriate to the region, could be expected to generate total gross expenditure of £2,846,000 per annum. It is estimated that this level of expenditure could support around 12 FTE jobs in total within the district.

3.5 Completion

- 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 S106 or CIL contributions.
- 3.5.2 Upon completion of the build, allocation of the New Homes Bonus is triggered subject to the 0.4%²⁵ growth figure being achieved, which funnels money straight from the Government to the local authority over a period of 4 years.²⁶ The development has the potential to generate an estimated New Homes Bonus of £700,000 [rounded to nearest 100k] spread over a 4 year period if triggered in the 2018/19 timeframe, pro-rata.
- 3.5.3 The development of 110 homes has the potential to generate approximately £1,800,000 in Council Tax over 10 years, pro-rata (using England Band D average 2018/19²⁷), 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 or 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. All Gladman schemes meet the CIL Regulations 2010 and therefore offer complaint contributions to assist with infrastructure and additional provision of services.

²⁵ DCLG (2016) 'New Homes Bonus: Sharpening the Incentive', The 0.4% average growth rate is a baseline below which the Bonus will not be paid as this growth reflects the percentage of housing that would have been built anyway.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577904/NHB_Consultation_Response_Doc.pdf [09/03/2018]

²⁶ DCLG (2016) 'New Homes Bonus: Sharpening the Incentive', The Government New Homes Bonus Consultation Response Document, published December 2016, outlines on page 6 that the New Homes Bonus is accrued for a 6 year period 2016/17, a 5 year period 2017/18 and a 4 year period 2018/19. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577904/NHB_Consultation_Response_Doc.pdf [09/03/2018]

²⁷ MHCLG (2018), 'Council tax levels set by local authorities: England 2018-19 – revised'
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700668/Council_tax_levels_set_by_local_authorities_in_England_2018-19_revised.pdf [01/05/18]

4 CONCLUSION

- 4.1.1 Ribble Valley's population has grown by 15.33% 1991-2011 and is anticipated to grow a further 4.22% 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 sustainable settlements such as Clitheroe to grow.
- 4.1.2 Ribble Valley authority area is clearly a sought-after location to live. The ratio of house prices to average earnings at 7.5 is significantly above the CLG marker of an affordable housing market and demonstrates this fact, but equally shows that this location is a particularly unaffordable place to live. The proposal to build 110 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 Clitheroe.
- 4.1.3 NPPF2 Paragraph 80 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 Statement). 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.