

1. Housing Economic Impact Report: Development at Henthorn Road, Clitheroe

1.1 This short report outlines the main economic impacts which are expected to be delivered as a result of Taylor Wimpey's proposed residential development at Henthorn Road, located in Clitheroe, Ribble Valley. The specific impacts covered are:

- The employment supported during the development's construction period.
- Demographic and labour market effects.
- Employment supported by resident expenditure and multiplier effects associated with this expenditure; as well as employment supported in public services.
- Fiscal impact from the New Homes Bonus payments for Ribble Valley Council as a result of the development.

The Scheme

1.2 Taylor Wimpey is proposing a 270 dwelling residential development at Henthorn Road in Clitheroe, Ribble Valley.

Figure 1-1: Location of Proposed Development at Henthorn Road



Source: Pitney Bowes Mapinfo, Bing Maps ©

1.3 The proposed housing mix for the scheme (shown in Table 1-1) includes a sizeable affordable housing component (30% of the dwellings). The scheme also provides a substantial number of larger, family properties in both the affordable and market housing elements of the development.

Table 1-1: Proposed Housing Mix at Henthorn Road, Clitheroe						
	Affordable Housing		Market Housing		Total	
	Number	%	Number	%	Number	%
2 bed	20	25%	0	0%	20	7%
3 bed	21	26%	61	32%	82	30%
4 bed	40	49%	128	68%	168	63%
Total	81	100%	189	100%	270	100%

Source: Taylor Wimpey

- 1.4 Regeneris Consulting were commissioned to provide a headline assessment of the potential economic benefits that would arise as a result of the housing development.

Local Socio-Economic Context

- 1.5 Clitheroe is a market town in north east Lancashire. The town is located within the Ribble Valley borough and is approximately 10 miles to the north east of Blackburn. The most recently available estimate indicate that Clitheroe is home to approximately 15,000 people¹, just over a quarter of the total population of the Ribble Valley borough.
- 1.6 Clitheroe, like the wider Ribble Valley borough, is a largely prosperous area which performs well in comparison to other parts of Lancashire across a range of socio-economic indicators. For example, levels of economic activity, educational attainment and skills amongst the Ribble Valley population are comparatively high and the area has fared reasonably well in the economic downturn. While performance across a range of indicators has been strong, the area faces a number of socio-economic challenges which could threaten the ability of Ribble Valley Borough Council to achieve its objectives for the growth and future sustainability of its economy and communities. Some of the more pressing challenges facing the Ribble Valley area are outlined briefly below.

A Tight Labour Market

- 1.7 The relative prosperity of Clitheroe means that the town (and the wider Ribble Valley borough) has had, for a number of years, a very tight labour market with very little by way of excess capacity. The economically active population of Ribble Valley is a similar size to employment in the borough which means that local employers have very little surplus labour on which to draw. The tightness of the local labour market is recognised as a challenge in the Ribble Valley Economic Strategy (2009-14) which highlights that “...a lack of readily available labour with the relevant skills levels can constrain business growth...” (P30) and highlights tight labour supply amongst the key issues and threats facing the borough.

A Shrinking Working Age Population

- 1.8 Population projections for Ribble Valley indicate that the area’s working age population is forecast to contract by circa 1,100 between 2010 and 2028². This will have implications for the size of the labour market in Ribble Valley and could lead to a further tightening of labour supply. This continued effect could lead to recruitment difficulties for local businesses, which would contribute to increases in the level of in-commuting from workers from outside of the

¹ Source: ONS, Mid year Population Estimates (2010). Clitheroe town has been defined using middle layer super output

² Source: ONS 2008 based sub national population projections. Working age population defined all people aged 16-64.

Ribble Valley. This would mean that the economic impact associated with jobs created in the borough would be lessened as induced effects associated with employee salary expenditure would be less (as employees tend to spend the largest proportion of their salaries in their home boroughs, rather than work boroughs).

Town Centre Regeneration

- 1.9 As one of the Ribble Valley's key service centres, the continued economic health and viability of Clitheroe is an important priority for Ribble Valley Borough Council. A masterplan for the regeneration of Clitheroe town centre (completed in 2010) highlighted a number of challenges facing Clitheroe, including the need to tackle increasing vacancy rates in the town centre and address the poor representation of larger retailers in the historic core of the town.

Headline Socio Economic Impacts

- 1.10 The proposed development of the Henthorn Road site has the potential to help to address the challenges listed above by delivering a range of benefits for Clitheroe and the wider Ribble Valley borough. The key headline benefits of the scheme can be summarised as follows:

Significant Investment in Construction Activity

- 1.11 The construction cost of the proposed development will be in the region of **£34m**. This will support around 716 person years of employment which equates to an average of **143 full-time construction jobs per year**, over a likely five year construction period.

A boost to the Local Labour Market

- 1.12 The proposed development will be home to an estimated **765** residents, of which around 550 can be expected to be of working age.
- 1.13 The scheme has potential to increase the number of Clitheroe residents in employment by **430**. Of these, at least **210** are anticipated to be employed in higher managerial, professional and associate professional occupations and with therefore have above average disposable incomes.

Increased Local Expenditure and Demand for Services

- 1.14 Total annual household expenditure of the residents of the proposed development is estimated to be £6.5m. Of this, around **£1.7 million** (excluding indirect tax) will be spent in the local Clitheroe economy each year with a total of **£3 million** being spent across the wider Ribble Valley area each year.
- 1.15 This household expenditure will support an extra **19 FTE jobs** in Clitheroe (inclusive of multiplier effects). This will help to provide a platform to build the critical mass of expenditure required for operators to invest in new or improved retail developments in the town. In total **41 FTE jobs** will be supported across the wider Ribble Valley economy via the household expenditure effects.

- 1.16 An increase in population could also result in additional jobs being supported in health and education services such as dentists, GPs, nurseries and schools. In the Clitheroe area resident demand could support around **13 jobs**; this rises to around 29 jobs across Ribble Valley as a whole.

Significant Fiscal Benefits

- 1.17 The new development will contribute a total of **£2.4m** of New Homes Bonus to Ribble Valley Borough Council over a six year period once complete.

Contributions to Community Facilities

- 1.18 Taylor Wimpey expect to make financial contributions as part of the scheme which will support the delivery of additional community facilities and infrastructure. Contributions include **£1.4 million** towards education provision, **£325,000** for the provision of an improved bus service and £157,000 for the provision of a doctors surgery (in addition to setting aside 0.64 Ha of land for the surgery).

Construction Impacts

- 1.19 We estimate that the construction cost for the proposed development will be in the region of **£34 million** (or around £126,000 per dwelling).
- 1.20 To generate the level of construction employment associated with the build, labour coefficients (i.e. workers per £1m of construction output per year) developed by the Department for Communities and Local Government (DCLG) have been used.
- 1.21 The DCLG data suggests the construction of the proposed development will support around 716 person years of employment. Over a five year construction period³, this is equivalent to around **143 full-time equivalent (FTE) construction jobs per year**.

Table 1-2: Henthorn Road, Construction Employment	
Estimated construction costs	£34 million
Total person years of employment (FTE)	716
Average jobs a year over 5 year build phase (FTE)	143
Source: Regeneris Consulting calculations; DCLG	

- 1.22 In August 2012, there were **45 residents** in Ribble Valley claiming Job Seekers Allowance (JSA) who were seeking employment in construction related employment. Almost half of these (20 in total) were living in Clitheroe. The proposed development could potentially play a role in helping to reduce the local unemployment rate by contractors drawing on the local labour pool during the construction phase.

³ Based on an average build-out rate of 52 dwellings per year (the actual phasing of the scheme may alter over the whole development period).

Demographic & Labour Market Effects

1.23 We estimate that the scheme will accommodate an additional **765 residents** once fully developed and occupied. A significant proportion of the residents of the proposed development will contribute to the local labour market. It is estimated that:

- Around 550 residents will be of working-age⁴ (approximately 70% of all residents)
- Around 440 residents will be in employment (around 80% of working-age residents)
- Because of the nature of the proposed housing mix (i.e. the emphasis on larger, family homes) at least 210 of the residents in employment are likely to be employed in higher managerial and professional occupations (just under 50% of all employed residents)

Table 1-3: Demographic and Labour Market Effects	
	Estimated Number in Proposed Development
Working Age Population	550
Residents in Employment	440
Managers and Professionals	150
Associate Managers and Professionals	214

Source: Calculations by Regeneris Consulting

1.24 Increases in the working age population are particularly important in light of forecasts for an ageing population in Ribble Valley. Not only will this ensure the availability of a skilled local labour force across a range of occupation and skills levels (which will help to support existing businesses and attract new inward investment), it will also ensure the continued and strengthened viability of the town through enhanced local spending.

1.25 The development of the site is also particularly important in delivering a range of dwellings that meet the needs of local people and new residents, as well as the needs of the local area and economy. This will be critical if Clitheroe and the wider Ribble Valley local authority area is to retain local people, particularly young people, as well as position itself as a more attractive residential location for people who work outside of the area.

Local Area Spend Impacts from the Residents

1.26 The 270 households in the proposed development are estimated to have an annual expenditure of **£6.5m**. This is based on data from the Family Expenditure Survey (UK) 2009 which identifies the average spend on different expenditure categories, depending on the income decile of a household.

1.27 Of this £6.5m household expenditure, we estimate that around **£1.7m⁵** will be spent in the local Clitheroe economy and just over £3 million in the wider Ribble Valley economy each year⁶. This expenditure will directly support **17 FTE jobs** in Clitheroe and 34 FTE jobs across

⁴ Population aged 16-64 years

⁵ Excluding indirect tax

⁶ The local expenditure impact model has been informed by the spending patterns of Clitheroe residents in the 2008 Ribble Valley Employment Land and Retail Study.

Ribble Valley. When induced and indirect multiplier effects are taken into account, this expenditure can be expected to support **19 FTE jobs** in Clitheroe and 41 across Ribble Valley. The development, and its residents, will bring additional retail and leisure expenditure to the area and support additional employment opportunities.

Table 1-4: Residential Expenditure Impacts		
	Clitheroe	Ribble Valley Borough
Total Expenditure (£m)	£1.7	£3.0
Direct Employment Impact (FTEs)	17	34
Induced Employment Impact (FTEs)	2	7
Total Employment Impact (FTEs)	19	41
Source: Regeneris Consulting calculations; Family Expenditure Survey (UK) 2009		
Note: Local multiplier assumed to be 1.1 (i.e. for every 1 FTE job, a further 0.1 FTE jobs are supported in the economy through supply chain or employee expenditure). The multiplier for Ribble Valley is assumed to be 1.2		

Public Sector Employment supported by Residential Development

- 1.28 The scheme is also likely to support jobs in health and education (largely public, but also some private sector provision) across Ribble Valley. Different ratios can be used depending on the size of the impact area and the type of health and education services provided. For example, in a small impact area it is assumed that employment in pre-school education, primary education, GPs and dentists would be supported. Conversely in medium sized areas this will also include secondary education. In larger areas all public service categories are included.
- 1.29 For small areas like Clitheroe, this analysis shows that for every 100 residents there are 1.74 jobs in the health and education sector (this covers a mix of both public and private sector provision). If we apply an average ratio of residents to jobs in health and education, the demand for these services generated by the proposed development at Henthorn Road could support an additional **13 jobs** in these sectors within the Clitheroe area. This rises to around **29 jobs** across the wider Ribble Valley area as this new population makes demands on services, such as secondary education⁷.

New Homes Bonus

- 1.30 The Coalition Government has introduced a new mechanism to incentivise local authorities to increase their local housing supply. The old system of regional targets has now been replaced with the 'New Homes Bonus'. Councils will receive a payment based on the annual net increase in the number of dwellings on which council tax is paid from year to year. The payment they receive will be based on the national average rate for a Band D dwelling.
- 1.31 Based on a total of 270 new dwellings, Ribble Valley Council will receive **£2.4m** in New Homes Bonus payments in total over the six years following completion of the development. With considerable pressure on public sector finances and local authorities required to implement budget cuts, NHB revenue has the potential to provide an important source of funding for investment in facilities and infrastructure in local communities across Ribble Valley.

⁷ Based on for every 100 residents there are 3.8 jobs in the health and education sector