

Socio-economic Sustainability Statement

Dover Road, Walmer, Deal



April 2017

CONTENTS

Executive Summary and Infographic	3
Ratio of Average House Prices to Average Earnings	3
Estimated Construction Spend.....	3
Full Time Equivalent Jobs Supported.....	3
Gross Value Added (GVA)	3
New Residents.....	3
Benefits to the Local Authority.....	3
1 Introduction	5
1.1 Purpose.....	5
1.2 Context	5
Government White Paper.....	5
National Planning Policy Framework	6
Appeal Decisions	8
1.3 Structure and Approach of the Statement	9
2 Present Socio-Economic Status of the Area	11
2.1 Principle.....	11
2.2 Population	11
2.3 Housing Supply and Affordability	11
2.4 Ratio of Average House Prices to Average Earnings	12
3 Social and economic outcomes	14
3.1 Principle.....	14
3.2 The Development	14
3.3 Construction	14
Total Construction Cost	14
Construction Length (Years).....	15
Direct Employment during Construction	15
Full-Time Equivalent (FTE) Person Years	15
Number of Residents in the District seeking Construction Employment	16
Indirect Jobs in the Supply Chain	16
Average Gross Turnover per Construction Employee in the Region	17
Gross Value Added.....	17
3.4 Occupation.....	18
Additional Population Moving into the Development	18
Labour Force Benefits.....	18
Local Spending Power.....	19
3.5 Completion.....	20
4 Conclusion.....	22

EXECUTIVE SUMMARY AND INFOGRAPHIC

Gladman Developments is seeking planning permission in outline for a residential development on land at Dover Road, Walmer (within Deal), Kent. The proposed development will comprise up to 85 dwellings, of which 30% will be affordable. This page provides a summary of the report's findings and provides an infographic setting out the economic impacts of development.

Ratio of Average House Prices to Average Earnings

England	<u>8.2</u>
South East	<u>10.9</u>
Dover	<u>8.9</u> (3.5 is the marker of an affordable housing market)

Estimated Construction Spend

- **£9.3 million**

Full Time Equivalent Jobs Supported

- Supporting approximately **79** FTE construction jobs spread over a **3**-year build-out.
- An additional **86** FTE indirect jobs in associated industries.
- **50** local residents seeking construction employment.

Gross Value Added (GVA)

- The scheme will deliver an additional **£3.1m** of direct GVA over the build period

New Residents

- Development of **up to 85** residential dwellings could be home to **195** new residents.
- **86** could be expected to be economically active and in employment.
- Residents could generate total gross expenditure of **£2,126,000** annually

Benefits to the Local Authority

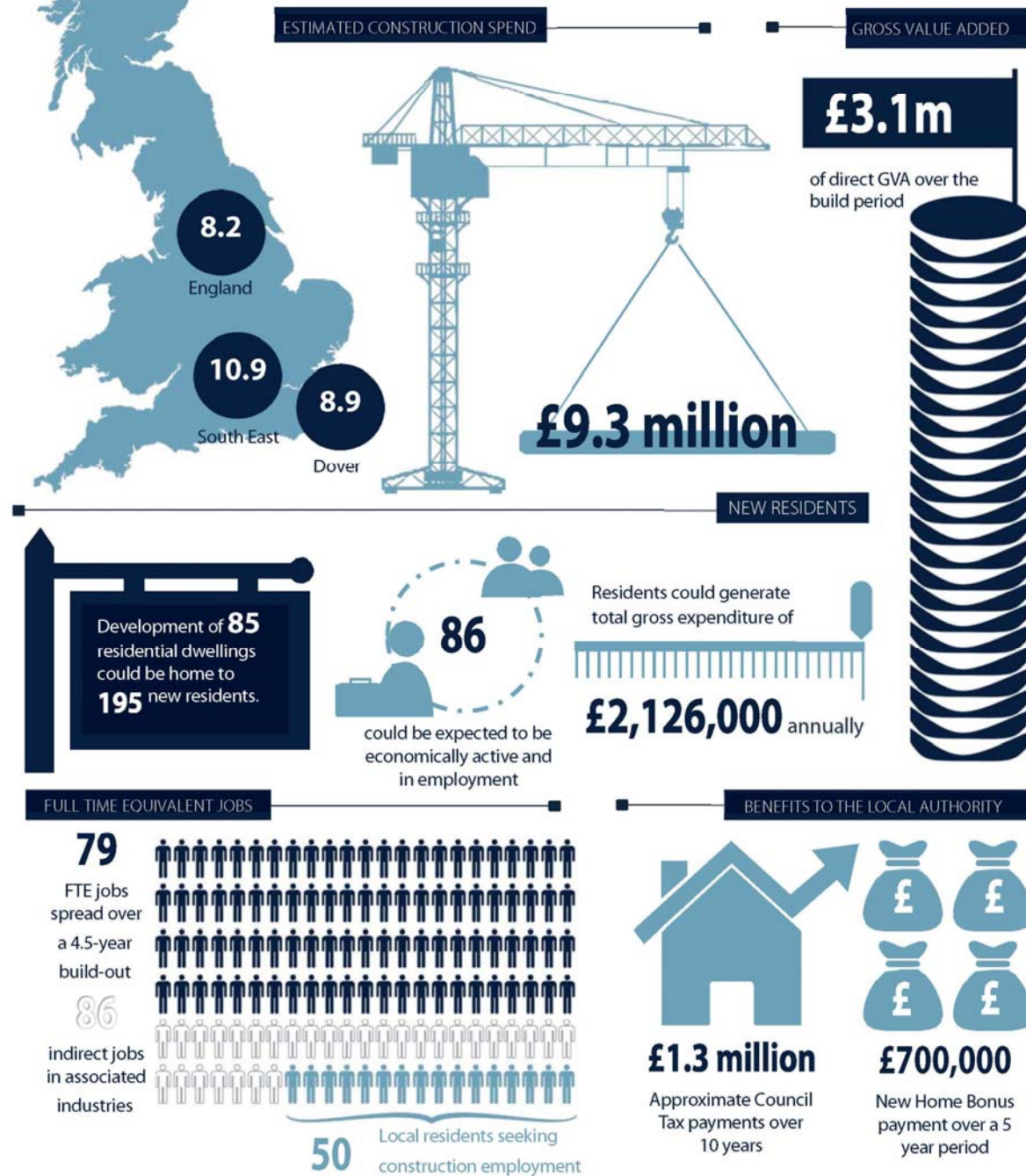
- New Homes Bonus payment of **£700,000** over a 5 year period.¹
- Council Tax payments of approximately **£1,300,000** over 10 years.

¹ 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

RATIO OF AVERAGE HOUSE
PRICES TO AVERAGE EARNINGS

EXECUTIVE SUMMARY OF FINDINGS AND INFOGRAPHIC

This report provides a summary of the report's findings and provides an info-graphic setting out the impacts of development in a succinct manner.



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 Walmer and to examine the potential socio-economic benefits that could arise from a proposed residential development comprising up to 85 dwellings on land at Dover Road in Walmer, Kent.

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

*"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.

² source: <https://www.gov.uk/government/news/government-announces-ambitious-plan-to-build-the-homes-britain-needs> 7th February 2017

³ Government White Paper – Fixing our broken housing market – page 11

⁴ Government White Paper – Fixing our broken housing market – page 15

National Planning Policy Framework

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. The UKSDS introduces the approach to enhance the vitality of rural communities through sustainable rural planning and development as required by the National Planning Policy Framework (NPPF).

1.2.4 The Framework 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:

“...contribute to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation and by identifying and coordinating development requirements, including the provision of infrastructure...” (NPPF§7)

1.2.5 It now largely falls upon promoters and developers to demonstrate the economic justification of individual proposals against district and sub-regional economic aspirations. In this regard, all of Gladman Developments’ sites have been chosen to meet head-on, one of the Framework’s 12 core planning principles, which states that planning should:

“...actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable;...” (NPPF§17)

1.2.6 The economic benefits of development are confirmed in the NPPF as a key dimension to achieving sustainable development. Paragraphs 18 to 219 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. NPPF Paragraph 19 states that discretion is taken away from the decision-maker in the weight that economic growth should be given and that this weight can be no less than significant.

“The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system.”
(NPPF§19)

1.2.7 The NPPF sets out a test (paragraph 55) which determines whether proposed rural development will maintain or enhance the vitality of the community that hosts it, rather than simply relying on a rigid settlement hierarchy to define the sustainability of a location.

“To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. For example, where there are groups of smaller settlements, development in one village may support services in a village nearby.” (NPPF§55)

- 1.2.8 Therefore, as a very minimum, promoters of residential sites are now required to demonstrate that the rural development they propose maintains and, ideally enhances, community life, rather than merely reducing the need to travel, which was also a requirement of the superseded Planning Policy Statement 3: Housing. The concepts of rural vitality and thriving rural communities are probably best understood against the wider concept of sustainability.
- 1.2.9 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:
- 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
- 1.2.10 The above criteria have been repeated regularly (e.g. Policy SS1 of the former East of England Plan) 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 Department for Communities and Local Government (DCLG) 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

- 1.2.11 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 two appeal decisions and a Secretary of State decision discussed economic and social benefits of development in the context of sustainability:

1. Haygate Road, Wellington (April 2016); Appeal Ref: APP/C3240/W/15/3025042

Economic Benefits

“The matters detailed above would amount to real, tangible benefits to the local and Borough-wide economy and I consider that they should carry significant weight in the proposal’s favour. I have noted the criticism made by both the Council and HFG, that these benefits would not be unique to this development but would flow from any new housing development within the Borough, and to some extent this is clearly correct. But this does not detract from the fact that the appeal proposal would give rise to these real economic benefits, and for this reason I consider that it should be regarded as satisfying the economic role of sustainable development. I reach the same conclusion for the proposal for up to 290 dwellings, whilst noting that there would be some reduction in the overall level of economic benefits” (§119)

2. Greenhill Road, Coalville (January 2016); Appeal Ref: APP/G2435/W/15/3005052

Economic Benefits

“The NPPF explains that the economic role includes the availability of sufficient land of the right type, in the right places and at the right time to support growth; and building a strong, competitive economy is a cornerstone of Government policy...” (§56)

Social Benefits

“In terms of the social role this is a proposal for up to 180 dwellings, 20% of which would be affordable. The dwellings would make a contribution to housing land supply in the short term i.e. in the next 5 years. The contribution of 144 market homes which the appeal site could make to the Council’s housing land supply can be afforded great weight given the national policy imperative to boost significantly the supply of homes in paragraph 47 of the NPPF and in the absence of a 5 year supply.” (§59)

3. **Abbey Road, Sandbach (October 2016); Appeal Ref: APP/R0660/W/15/3128707**

Economic Benefits

"In terms of economic benefits, the Secretary of State agrees with the Inspector at IR204 that there would be gains in housing delivery, including affordable housing, and in the value of the construction works and subsequent housing to the local economy. He agrees that the housing would be sustainably located and so would make economic sense in terms of reducing the need to travel. The Secretary of State agrees with the Inspector that those benefits significantly outweigh the disbenefit, in economic terms, of losing the site from agricultural use." (§29 SoS Decision)

Social Benefits

"The Secretary of State agrees with the Inspector at IR205 that, in terms of the social role, the proposed dwellings would provide much needed homes, including affordable homes, and would widen the choice of quality homes. He also agrees with the Inspector that there would be benefits for existing residents as a result of access to the community park and its ability to link with an existing community park area and potentially with recreational facilities..." (§30 SoS Decision)

1.2.12 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.

1.2.13 Whilst Gladman Developments' 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:

- i. **Construction:** creates jobs, direct and indirect.
- ii. **Occupation:** new residents bring consumer expenditure and an economically active labour force.

- iii. **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 NPPF's updated requirements relating to planning in rural areas, many of the quantitative impacts have been measured with reference to the standard approaches in the English Partnerships' (now Housing and Communities Agency) '*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 (2017), Strategic Housing Land Availability Assessment (2009) 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.
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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 the existing settlement and the district of Dover as a whole, using South East regional and national benchmarks as comparators.

2.2 Population

- 2.2.1 The population of Walmer (within Deal (including Walmer) was 29,001 at the time of the 2011 Census. During the ten years between 2001 and 2011 the population has increased by 4.37%. What has been evident is that household composition has altered as the population has matured, with the proportion of over 45s increasing by 17.7% between 2001 and 2011 and the number of under 44s decreasing by 7% in the same period.
- 2.2.2 The population in Dover local authority has increased by 10.9% between 1991 and 2011 (Census data). It is expected to increase by a further 14.3% 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.
- 2.2.4 The National Housing Federation published a report titled “*Rural Housing: Countryside in Crisis*” in June 2014⁵. This publication focused on four key issues which make rural areas increasingly unaffordable: housing affordability, prevalence of second homes, fuel poverty and an ageing population. It noted that while young workers and families are being forced out of areas, the number of over-65s has risen 2.5 times faster than in towns and cities. Unless younger residents can be attracted to rural areas in order to provide a more balanced community, demand for education, recreation and retail facilities may suffer.

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 NPPF 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

⁵ source: <http://www.housing.org.uk/resource-library/browse/rural-housing-countryside-in-crisis/>

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 Wales⁶. 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)⁷.
- 2.4.3 The DCLG considers a ratio of 3.5 to be the marker of an affordable housing market⁸. 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 January 2017 data) is 8.2. In the South East region that ratio is 10.9. Dover local authority area stands at 8.9.
- 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 included as one of the 12 core planning principles set out in paragraph 17 of the NPPF which include the need to ensure that:

"Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities"

⁶ source: <http://www.theguardian.com/money/2014/feb/06/300000-concealed-families-share-home-ons>

⁷ source: www.ons.gov.uk/ons/rel/family-demography/young-adults-living-with-parents/2013/info-young-adults.html

⁸ source: *Land Registry and the Annual Survey of Hours and Earnings, Office for National Statistics*

- 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 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.
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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 85 homes, of which 30% will be affordable (25 No.). The table below details the indicative mix of housing which has been used for the purposes of this statement.

Housing Type	1-bed apt	2-bed semi-detached	3-bed semi-detached	3-bed detached	4-bed semi-detached	4-bed detached	5-bed detached
Affordable	4	12	8	1	2		
Market		9	13	3		32	2
TOTAL: 85	4	21	20	4	2	32	2

3.3 Construction

- 3.3.1 In addition to providing much needed housing in the rural area, including a decent 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 Haygate Road, Wellington appeal⁹. 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 of £95 per square foot. This development could generate an associated spend estimated in the region of £9.3 million.
- 3.3.3 Construction, requiring this level of expenditure, would support approximately 79 FTE jobs spread over a three year build-out. This approximation is based on a weighting appropriate for the South

⁹ ref: APP/C3240/W/15/3025042 (15th April 2016), pp. 116-119

East at July 2016 and would comprise labour and materials costs used in the construction process¹⁰. 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 85 units would be built out at a rate of at least 30 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 85 new homes, the proposed development could help to sustain 79 FTE jobs during the construction phase. This is calculated by taking the proportion of the total anticipated construction cost of the 85 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 industry¹¹ (plus £3,000 to account for overheads per employee): £31,569 (in 2013). At a build-out rate taking 3 years to complete the proposed development, this equates to approximately 26 jobs per annum.
- 3.3.8 The construction industry is an important employer both nationally and locally. According to the 2011 Census, 8.4% of employed residents in the Dover local authority area aged 16 and over were employed in construction¹².
- 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 Developments’ 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

¹⁰ Based on information supplied by the Build Cost Information Service (part of RICS) 04/06/13

¹¹ source: <http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

¹² source: Nomis official labour market statistics (Census 2011 - Updated 29 Nov 2013)

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 February 2017 there were approximately 50 people within Dover district (rounded to the nearest 5) claiming Job-seeker's Allowance and who were actively searching for employment in the construction and building trades¹³.
- 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, Dover local authority has an unemployment rate of 6.2%, against a national average of 4.9%.

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 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 79 person-years of direct construction jobs derived above indicates that an additional 86 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

¹³ source: Nomis official labour market statistics

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 2.84.¹⁴

- 3.3.16 The provision of 79 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 2016¹⁵) then dividing by the annual output in the construction industry¹⁶.
- 3.3.18 As an example, for England as a whole in 2015, the total number of construction employees was 1,218,800 in 2015. The construction industry's total output in 2015 was £147,170,000,000. From these figures, the gross average output per employee can be estimated as £117,831. For the South East region, the gross average output per employee can be estimated as £109,767.

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.¹⁷
- 3.3.20 The calculation above demonstrated that the average turnover per construction employee in the South East region stands at £109,767. 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 South East¹⁸. Therefore, the regional construction industry generates an average GVA of £38,641 per person. By multiplying this by the net additional employment impact of the scheme (76 jobs) it is relatively easy to estimate that the scheme will deliver approximately an

¹⁴ source: http://archive.ukcg.org.uk/fileadmin/clients/UKCG/document/LEK/LEK_May_2012_final.pdf

¹⁵ source: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables>

¹⁶ source: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustry/current>, provides a quarterly breakdown of the value of construction output per employee by region, November 2016.

¹⁷ source: Annual Business Survey – defined by SIC sub-sector code 41:202 Construction of domestic buildings using a proxy based on BRES 2013

¹⁸ source: <http://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/uknonfinancialbusinesseconomy/previousReleases>

additional £3.1m 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 Dover the development of 85 residential dwellings could be home to 195 new residents bringing increased spending power to Walmer. 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 Walmer, such as those displaced from existing homes within the settlement and newly forming households which were previously concealed. 85 households and 85 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.
- 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 Walmer and Deal 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 Dover Road site can make an important contribution to support the local labour force and ensure the long term economic competitiveness of Walmer and Deal and other settlements nearby such as Dover, while ensuring the wider east Kent 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 59.7% of the population is of working age²⁰ (corresponding with nomis official labour market statistics 2013 for Dover) the delivery of 85 homes could result in an additional 116 people of working age residing in Walmer. Of these people, given an economically active rate of 74.6% in

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

²⁰ source: Nomis official labour market statistics, Labour Market Profile for Error! Reference source not found., updated 2015

those aged 16 and over in Dover, at least 86 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 Walmer and Deal 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 Deal through the addition of 195 residents bringing with them increased retail spend and general household expenditure to support the local economy. Given the range of services in the village, 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 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 breaks the UK down into 220,000 areas and categorises each area into one of 21 demographic groups, profiling populations, structures and other key results from the 2001 UK small area census data to categorise the character of local areas.
- 3.4.11 The majority of Walmer falls within the 'Typical Traits' socio-economic classification group²², it would therefore be assumed that the Dover 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 'Constrained by Circumstances' demographic group.
- 3.4.12 The 2015 '*Family Spending Survey*' (Office for National Statistics) provides data on the average weekly household expenditure categorised by socio-economic situation, as expressed by the OAC groupings. It is assumed that the proposed market housing would be occupied by the same types of household groupings as are most prevalent in Walmer and that the affordable element will be occupied by those typical of the 'Constrained by Circumstances' classification group. These each

²¹ <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

²² <http://www.maptube.org/map.aspx?mapid=1>

have an equivalent in terms of their socio-economic quintile grouping, so are cross-referenced to demonstrate average spending levels, which are anticipated as follows²³:

- £489.80 per week for households in the City Living and Typical Traits (typically 3rd quintile group); and
- £292.70 per week for households in the Constrained by Circumstances (typically 1st quintile group).

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 £1,832,000 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 'Constrained by Circumstances' 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 2012 and 2014²⁴. Using these figures, it is possible for spending disparities between each 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 South East region, this amounts to 116.0%, meaning that residents of the proposed development, after weighting appropriate to the region, could be expected to generate total gross expenditure of £2,126,000 per annum. It is estimated that this level of expenditure could support around 7 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, 5 or 6 years.²⁶ The development has the potential to generate an estimated New Homes Bonus of £700,000 spread over a 5 year period if triggered in the 2017/18 timeframe, pro-rata.

²³<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearendingmarch2016/relateddata> select 'Table A18 Household expenditure by gross income: the household reference person is a full time employee, UK'

²⁴<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearendingmarch2016/relateddata> select 'Table A33 Household expenditure by UK countries and regions, 2014 to 2016'

²⁵ 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

²⁶ 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

- 3.5.3 The development of 85 homes has the potential to generate approximately £1,300,000 in Council Tax over 10 years, pro-rata (using England Band D average 2016/17), 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 (and potentially 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. S106 contributions from previous Gladman schemes have amounted to approximately £3,000 per dwelling which is then distributed to relevant services to assist with infrastructure and additional provision of services.
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4 CONCLUSION

- 4.1.1 Dover District's population has grown by 10.9% since 1991 and is anticipated to grow a further 14.3% 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 smaller, sustainable settlements such as Walmer to grow.
 - 4.1.2 Dover authority area is clearly a sought-after location to live. The ratio of house prices to average earnings at 8.9 is significantly above the national average and demonstrates this fact, but equally shows that this location is a particularly unaffordable place to live. The proposal to build 85 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 Walmer.
 - 4.1.3 NPPF Paragraph 19 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.
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