

Cheadle North Strategic Development Area Economic Benefits Assessment

Final Report

Persimmon Homes (North West)

February 2018

LICHFIELDS



LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

We've been helping create great places
for over 50 years.

lichfields.uk

© 2018 Nathaniel Lichfield & Partners Ltd, trading as Lichfields. All Rights Reserved. Registered in England, no. 2778116. 14 Regent's Wharf, All Saints Street, London N1 9RL
Formatted for double sided printing.
Plans based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office.
© Crown Copyright reserved. Licence number AL50684A
42012/MW/KN
[15022927v4](#)

Contents

1.0	Introduction	1
	Application Site	1
	Proposed Development	1
	Study Framework	2
	Structure of the Report	3
2.0	Socio-economic Context	4
	Introduction	4
	Population, Economy and Labour Market	4
	Regeneration	5
	Housing	6
	Summary	7
3.0	Construction Impacts	9
	Introduction	9
	Capital Investment	9
	Direct Employment	9
	Indirect and Induced Employment	9
	Economic Output	10
4.0	Operational Impacts	11
	Introduction	11
	Direct Employment	11
	Indirect Employment	11
	Economic Output	12
	Summary	12
5.0	Expenditure Impacts	13
	Introduction	13
	‘First Occupation’ Expenditure	13
	On-going Resident Expenditure	13
	Net Additional Expenditure	13
	Summary	14
6.0	Fiscal Impact	15

	Introduction	15
	New Homes Bonus	15
	Council Tax Payments	15
	Planning Contributions	15
7.0	Economic Competitiveness and Wider Impacts	17
	Introduction	17
	Labour Market Flexibility	17
	Housing Provision	17
	Wider Role of Housing in the Economy	17
	Quality of Place and Sustainability	19
	Contribution to Economic Objectives	19
8.0	Conclusions	25

1.0 Introduction

- 1.1 This report has been prepared by Lichfields on behalf of Persimmon Homes (North West) to support a hybrid planning application for residential led development. It sets out the potential economic and community benefits of the proposed residential-led development at Froghall Road in Staffordshire Moorlands also known as North Cheadle Strategic Development Area [NCSDA].

Application Site

- 1.2 The site is located to the north of Cheadle and to the east of the A521 (Froghall Road). The presence of an existing enclave of development to the north of Donkey Lane means that the site is surrounded by existing development on three sides. The north-eastern boundary is formed by a field boundary, with open countryside beyond.
- 1.3 The surrounding development is predominantly residential, other than a transport depot on the opposite side of Froghall Road. Whilst the land has the appearance of a greenfield site, it is affected by the legacy of coal mining activity with disused shafts present.

Proposed Development

- 1.4 The proposed development comprises a residential-led scheme at Froghill Road, Cheadle (which will be delivered over two phases). It comprises the following elements:
- 1 Full permission for 125 dwellings and access to proposed primary school; and,
 - 2 Outline permission for up to 175 dwellings and primary school with multi-use games area.
- 1.5 It is anticipated that the development will be served via access points off Froghall Road, Ayr Road and Cheltenham Avenue; the principal access point is served off Froghall Road with Ayr Road and Cheltenham Avenue providing secondary points of access and increased permeability with existing residential areas

Figure 1.1 Indicative Site Masterplan (Phase 1 & 2)



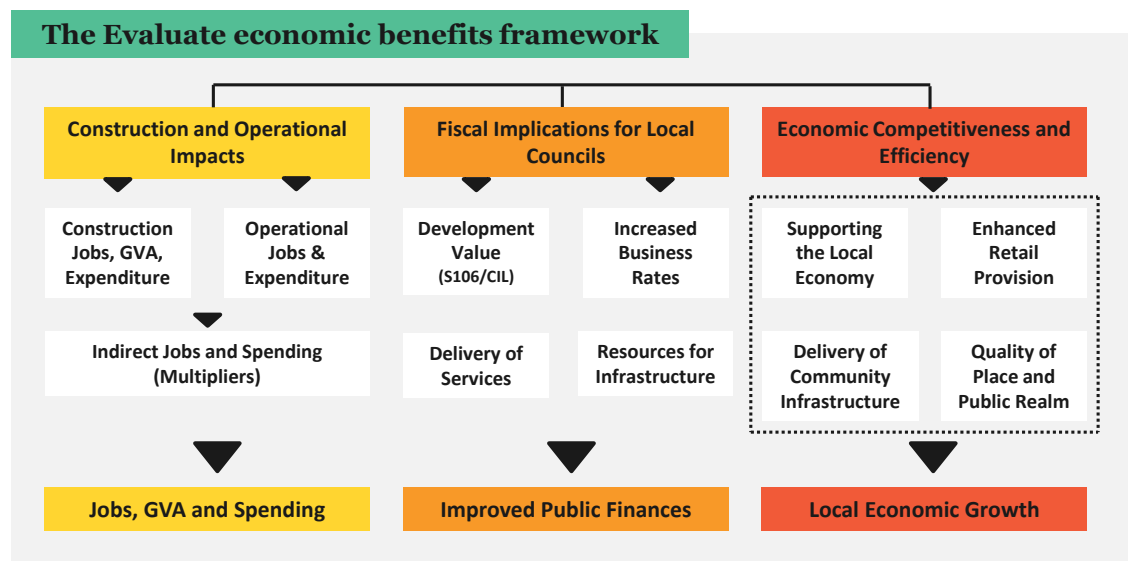
Source: Persimmon Homes (North West)

- 1.6 The site is a Preferred Housing Allocation in the Preferred Options Local Plan (2017). Policy DSC1 Cheadle North Strategic Development Area envisages approximately 320 dwellings and a new primary school, with associated public open space. The evidence base includes an Initial Sustainability Appraisal Report (April 2016) which considers the site under references CH001 and CH132.

Study Framework

- 1.7 This report draws on the 'eVALUATE' methodology developed by Lichfields, which provides an analytical framework for assessing the economic benefits arising from new development. This framework, is shown in Figure 1.2 below.

Figure 1.2 Lichfields Evaluate Analytical Framework



Source: Lichfields

- 1.8 This report focuses first on the key quantifiable impacts of the proposed development during the construction phase and upon completion, before considering the wider qualitative effects of the role that new housing developments have in the context of supporting economic growth.
- 1.9 For residential schemes, the scale and type of economic impacts are typically derived from:
- 1 The size of capital investment in the scheme, including any significant infrastructure requirements, which generates employment and economic output during the construction phase;
 - 2 The quantum and type of residential dwellings proposed, and in turn, the socioeconomic profile and spending patterns of residents;
 - 3 The location of the development in relation to other centres of retail activity and other town centre uses, which capture and benefit from the additional expenditure of residents;
 - 4 The extent to which the proposed development also provides other amenities, such as community facilities, social infrastructure and public open space; and,
 - 5 Allocating land for a new primary school which will help offset any potential deficit in primary education provision in Cheadle.

Structure of the Report

1.10

This report is structured as follows:

- Section 2.0 reviews the socio-economic context and housing need of Staffordshire Moorlands District;
- Section 3.0 outlines the potential economic impacts generated during the construction phase of the development;
- Section 4.0 outlines the potential economic impacts generated after the proposed primary school is completed and focuses on the operational impacts of the proposed primary school;
- Section 5.0 outlines the residential expenditure impacts of the scheme, once completed and occupied;
- Section 6.0 examines the fiscal implications of the proposed development;
- Section 7.0 considers the economic competitiveness and wider impacts; and
- Section 8.0 draws together overall conclusions.

2.0

Socio-economic Context

Introduction

2.1

This section sets out the socio-economic context for the proposed residential development on land at NCSDA, highlighting key economic and housing trends at the Staffordshire Moorlands District level. This has been derived from published data and other information available at this level, primarily from the Office for National Statistics [ONS].

2.2

Housing delivery is an essential component of sustainable economic development in both a local and national context, as it provides a series of direct and indirect socio-economic benefits that ultimately support the formation of more sustainable communities. It is essential that local planning authorities take into account the needs of existing and future residential and business communities, to ensure that balanced economic growth can be achieved.

Population, Economy and Labour Market

2.3

According to the ONS Mid-Year Population Estimates, the population of Staffordshire Moorlands was 98,100 in 2016, having increased by 2.3% over the 10-year period 2006 to 2016¹. The 2014 based Sub-National Population Projections suggest this figure is set to rise to 100,500 by 2039², representing a further 2.5% increase. Significantly, much of the growth in population is expected to be associated with older (70+ years) groups.

2.4

Staffordshire Moorlands District performs well across a range of economic indicators. Compared with the rest of the West Midlands, Staffordshire Moorlands has a high average level of economic activity of 80.5% (compared to 76.0% for the West Midlands and 78.1% nationally)³. However, Staffordshire Moorlands also performs below average regarding educational attainment, with 27.6% of residents holding NVQ4 qualifications and above (degree or higher), against a West Midlands average of 31.5%⁴. In terms of the number of highly skilled jobs, 45.9% of people are employed in managerial, professional and technical occupations. This is significantly above West Midlands average (41.4%) and slightly above Great Britain as a whole (45.6%). On average, 25.4% of Staffordshire Moorlands residents are employed in the lowest skilled occupations compared to 16.9% nationally.

2.5

The ONS Business Register and Employment Survey (2016) indicates that Staffordshire Moorlands contained 29,700 employee jobs in 2016, an increase of 1,000 from 2012 levels (a 3.5% increase). The largest employment industries include accommodation and food services (14.5%), manufacturing (13.1%), education (10.2%) and health (8.7%). Staffordshire Moorlands also has a lower level of unemployment (3.0%) compared to the West Midlands (5.1%) and Great Britain (4.6%)⁵.

2.6

The average (median) earnings by residence in Staffordshire Moorlands for full-time workers is £516 per week⁶. This is similar to the West Midlands average (£517 per week) but is significantly lower than the national average (£553 per week).

2.7

Workplace earnings in Staffordshire Moorlands are lower than resident earnings. Gross workplace weekly pay amounts to £483⁷, which indicates many residents travel out of the

¹ ONS Mid-Year Population estimates (2017)

² 2014 based Sub-National Population Projections (2016)

³ ONS annual population survey (Oct 2016 – Sep 2017)

⁴ ONS annual population survey (Oct 2016 – Sep 2017)

⁵ ONS annual population survey (Oct 2016 – Sep 2017)

⁶ ONS annual survey of hours and earnings (2017)

⁷ ONS annual survey of hours and earnings (2017)

District to seek higher paid employment elsewhere. This is highlighted by the ONS job density data which is defined as the number of filled jobs in an area divided by the number of working age resident in that area. Table 2.1 sets out job density figures for Staffordshire Moorlands and comparator authorities which border Staffordshire Moorlands and/or have some connection through migration and commuting.

- 2.8 As shown in Table 2.1, the job density figure for Staffordshire Moorlands is 0.61⁸ which is ranked bottom and below average amongst the comparator authorities. This demonstrates that there is a high level of inter-dependency between Staffordshire Moorlands and surrounding local authorities showing that the District suffers from high levels of out-commuting to neighbouring authorities.

Table 2.1 Comparison Areas by Job Density (2016)

Local Authority	Job Density
Derbyshire Dales	0.98
Cheshire East	0.98
East Staffordshire	0.94
Stafford	0.80
Stoke-on-Trent	0.80
High Peak	0.63
Newcastle-under-Lyme	0.62
Staffordshire Moorlands	0.60
Average	0.79

Source: ONS Job Density (2017)

- 2.9 It is important to note, the District is seen as an attractive place to live and retire to, rather than a location of substantial economic growth where people need to live to take up employment opportunities. In this context, Stoke on Trent is clearly the economic driver of the wider area.
- 2.10 The District therefore faces a number of challenges to continued growth and prosperity, including out-commuting of workers and a mismatch between jobs available (many of which are lower skilled) and a more highly qualified and professional resident workforce.

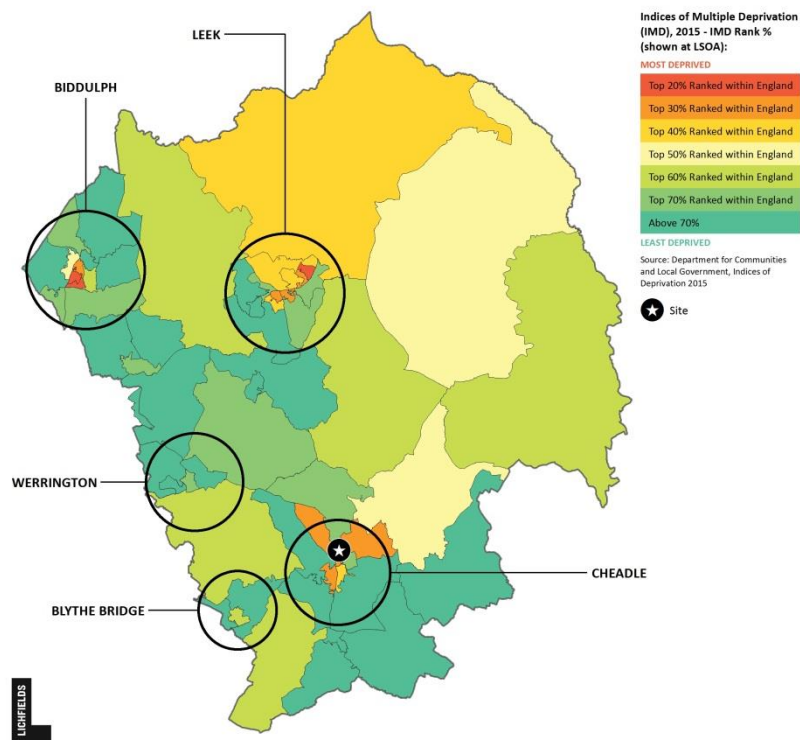
Regeneration

- 2.11 Deprivation at the local level is measured by the Indices of Multiple Deprivation (IMD), which uses a series of data to rank areas across seven domains that range from income to health. These categories combined together produce an overall score for each local area. The IMD 2015 identifies that out of the 326 local authorities in England, Staffordshire Moorlands is ranked 203th and is therefore one of the less deprived local authorities in England⁹. However, Figure 2.1 shows that the proposed development site is also located in a lower super output area (LSOA) that falls within the 30% most deprived neighbourhoods in the country and 5th most deprived in the District.
- 2.12 The LSOA is also one of the 20% most deprived in the employment domain and 30% most deprived in the income, education and health domains, this suggests that access to these services may be constrained for local residents. The proposed development will allocate land for a new primary school which should contribute to alleviating problems in education services in the area

⁸ ONS Job Density (2016)

⁹ Department for Communities and Local Government (DCLG) English Indices of Multiple Deprivation (2015)

Figure 2.1 Cheadle Indices of Multiple Deprivation



Source: IMD (2015) / MHCLG

Housing

- 2.13 One of the key housing challenges facing Staffordshire Moorlands is the growing gap between house prices and income, which is generating significant affordability problems and is preventing many residents from being able to access open-market housing. The median house price in Staffordshire Moorlands in 2016 was £152,500, similar to the West Midlands (£152,000), but below the national (£224,000) averages¹⁰.
- 2.14 Affordability ratios assess the relationship between lower quartile house prices and lower quartile earnings. Based on Ministry of Housing, Communities and Local Government [MHCLG] data, the affordability ratio for Staffordshire Moorlands was 6.1 in 2016, which equates to a 75% increase since 2002. The affordability ratio rate of change (between 2002 and 2016) in Staffordshire Moorlands ranked in the top 30% of local authorities nationally and above the national (59%) rate of change averages over the same period. This indicates that affordability of housing is an increasingly serious issue for Staffordshire Moorlands' residents.
- 2.15 The Staffordshire Moorlands Local Plan [SMLP] is an emerging policy document. Following the adoption of its Core Strategy in 2014, Staffordshire Moorlands District Council was committed to an early review of its Local Plan to take into account longer term development requirements.
- 2.16 To date, two public consultations have been undertaken to inform the emerging Local Plan. In March 2017, the SMDC agreed its development requirements for housing (average of 320 dwellings per year) up to the year 2031 in light of new evidence regarding OAN. In the meantime, the most up to date version of the document is the Local Plan Strategy – Preferred

¹⁰ ONS HPSSA (2016)

Options (Consultation Draft March 2016), which The submission to the Secretary of State is expected in June 2018. The emerging SMLP plans for 6,080 new homes between 2016-2031.

2.17 Net dwelling completions in Staffordshire Moorlands over the past decade, have been varied and were severely impacted by the recession. Net completions have ranged from 260 net new dwellings in 2005/06 to 58 net new dwellings in 2011/12. In general, past completions have averaged 166 dpa (net) since 2006/07.

2.18 Table 2.2 illustrates the annual net completions in Staffordshire Moorlands since 2006 in comparison to the annual requirement (as was set out in the adopted Core Strategy). It illustrates that completions in the District tailed off in the recessionary years and have never met the adopted housing target of 300 dpa over the plan period. Overall, the total shortfall is 1,339 dwellings between 2006/07 – 2015/16.

Table 2.2 Staffordshire Moorlands Net Housing Completions

	Staffordshire Moorlands Net Housing Completions	Adopted Core Strategy Target	Surplus / Shortfall
2006/07	260	300	-40
2007/08	261	300	-39
2008/09	236	300	-64
2009/10	185	300	-115
2010/11	110	300	-190
2011/12	58	300	-242
2012/13	96	300	-204
2013/14	78	300	-222
2014/15	278	300	-22
2015/16	99	300	-201
Total	1,661	3,000	-1,339

Source: Staffordshire Moorlands District Council

2.19 Furthermore, when you take into account the five year land housing supply with the shortfall (1,339 dwellings) – the Council only has 1.87 years¹¹ of housing land supply which clearly demonstrates that the Council are struggling to deliver the intended housing target.

2.20 Persimmon Homes are committed to delivering homes in Cheadle and helping to address the housing needs of this settlement. Once permission is approved at this site, there is no reason why Persimmon Homes cannot commence the delivery of units immediately. Thus aiding the Council's supply position.

Summary

2.21 Staffordshire Moorlands District performs well against a number of labour market and economic indicators. The workforce is characterised by high levels of economic activity, while unemployment levels are low. However, whilst the District's workforce also exhibits a higher proportion of employment in the top tier occupations and lower percentage of residents with higher qualifications (such as NVQ4 qualifications and above) in comparison to the regional and national averages.

2.22 In this context, the housing market in Staffordshire Moorlands District has experienced increasing house prices and affordability issues that are impacting on the ability of local people

¹¹ Staffordshire Moorlands District Council, Annual Monitoring Report 2015-2016 (2016)

to access market housing on affordable terms. Furthermore, the District's affordability ratio Staffordshire Moorlands was 6.1 in 2016, which equates to a 75% increase since 2002. Furthermore, provision of housing has been much lower than the Council's target and the Council is currently unable to demonstrate a five year land housing supply which is further exacerbating the affordability issue.

- 2.23 Staffordshire Moorlands experiences very high levels of out-commuting particularly to the west and south which is a drain on the local economies potential. Furthermore, a high percentage of the jobs in Staffordshire Moorlands are in the manufacturing sector which are on average lower paid than some of the established business service sectors in Stoke and Cheshire.

3.0 Construction Impacts

Introduction

- 3.1 This section considers the economic impacts arising from the construction of the housing development on land at Cheadle North Strategic Development Area with the particular benefits accruing to the local area. As the primary school will not be delivered by Persimmon Homes, the construction benefits of this element of the overall development have not been included in this assessment.

Capital Investment

- 3.2 Based on standard build costs for a housing development of this nature, it is estimated that the total construction cost of the proposed scheme will amount to c. 3£43.1 million. This construction cost can be used to estimate the scale of construction employment to be generated by the proposed scheme. This represents a significant capital investment within the local economy over the short to medium term.

Direct Employment

- 3.3 ONS Annual Business Survey data indicates that the average ratio of expenditure (i.e. on materials, goods and services) to jobs in the construction industry during 2016 was £115,856¹². Applying this ratio to the estimated construction cost outlined above implies that the development would be expected to create 372 person-years of construction employment over the duration of the build period.
- 3.4 If the site were built-out over 9 years, this would support 41 temporary construction jobs per annum on average during the construction phase¹³. The proposed development is likely to help provide employment opportunities for people seeking jobs in the local area.
- 3.5 Although national and regional construction firms often use their own labour on projects, it is typical that a proportion of the contractors employed will be drawn locally. However, it is difficult to ascertain the likely source of workers to fill these jobs before contracts have been let. Based on previous experience, it is reasonable to expect a proportion of the construction jobs to be taken up by local workers, particularly if measures are in place to raise local skill levels and encourage local recruitment (e.g. apprenticeships).

Indirect and Induced Employment

- 3.6 Construction of the dwellings also involves purchases from a range of suppliers who, in turn, buy from their own suppliers via the supply-chain. The relationship between the initial direct spending and total economic impacts is known as the 'multiplier effect', which demonstrates that an initial investment can have much larger economic benefits as this expenditure is diffused through the economy. The construction sector is recognised to be a part of the UK economy where there is a particularly high domestic benefit in the supply chain. Research shows the construction sector imported less than 8% of its supply, while the UK car manufacturing sector imported nearly 28%¹⁴.
- 3.7 It is anticipated that businesses across Staffordshire Moorlands would benefit from trade linkages established during the construction phase of the proposed development. As a result,

¹² Annual Business Survey 2016 (2017 release)

¹³ Based on HM Treasury assumption that 10 person-years of employment equates to 1 permanent position

¹⁴ UK Contractors Group, Construction in the UK Economy: The Benefits of Investment, 2009 (2012 Update)

further indirect jobs would be supported in the local area through the suppliers of construction materials and equipment.

- 3.8 In addition, businesses would also be expected to benefit to some extent from temporary growth in expenditure linked to the direct and indirect employment effects of the construction phase. While only a portion of these benefits would be felt in the local area, it is anticipated that the local economy would gain a large temporary boost from the wage spending of workers within shops, bars and restaurants, and other service facilities. Such effects are typically referred to as 'induced effects'.
- 3.9 Research undertaken on behalf of the National Housing Federation indicates the construction industry has an indirect and induced employment multiplier of 2.51¹⁵. Applying this employment multiplier to the 41 direct construction jobs each year derived above indicates an additional 62 indirect and induced jobs could be supported per year of construction by the proposed development in sectors throughout the UK economy. This is in addition to the 41 direct jobs.

Economic Output

- 3.10 The construction phase of the housing development will also make a major contribution to local economic output, as measured by Gross Value Added [GVA]. GVA is a measure of the difference between what is produced as output (goods and services) and the inputs (raw materials, semi-finished products etc.) used in the production of those outputs. It represents the additional value that is added through economic activity.
- 3.11 Based on 2017 Experian data, the construction sector generates an average GVA per workforce jobs of £43,250 in the West Midlands. Applying this to the number of direct construction jobs created by the scheme (as derived above), the capital expenditure linked to the development could generate £2.6 million of direct GVA during each year of construction. Also, the indirect and induced jobs supported by the proposed development will also generate additional GVA. The amount of indirect GVA can be calculated by applying a GVA multiplier of 2.41 to the value of direct GVA produced during each year of the construction phase¹⁶. This equates to the proposed development generating £3.7 million of indirect GVA per annum.
- 3.12 Overall, the proposed housing development will generate £6.3 million of direct and indirect GVA during each year of the construction phase.

¹⁵ National Housing Federation, 2013; an employment multiplier of 2.51 implies that for every one direct job generated a further 1.51 indirect and induced jobs are supported in the supply chain.

¹⁶ To calculate indirect construction GVA a multiplier of 2.41 has been applied to direct construction GVA. The multiplier is taken from research undertaken by National Housing Federation in 2013

4.0

Operational Impacts

Introduction

- 4.1 This section assesses the main economic benefits that could be supported by the proposed development on land at the Site (which allocates land for a new 1FE primary school) once the scheme is complete and operational. Despite Persimmon Homes not constructing the new primary school, they are allocating land and providing an education contribution of £2.3 million towards education provision. In these circumstances, it is appropriate to include the operational benefits of the school in this analysis.

Direct Employment

- 4.2 Alongside residential uses, the proposed development at Cheadle North Strategic Development Area will include the allocation of land for a new 1 Form of Entry [FE] Primary School that will generate employment and expenditure within the local area (i.e. once the scheme is fully built-out and operational).
- 4.3 The level of direct employment associated with the proposed development has been estimated largely from consideration of the ratio between job facility and the school's form of entry (1FE). It also draws on data from similar facilities elsewhere in the UK as well as from Lichfields' analysis of Area Guidelines for Mainstream Schools¹⁷ published by Department for Education [DoE] and DoE's 'School workforce in England' data.
- 4.4 An estimated breakdown of employment generation within the new primary school is set out in Table 4.1 below.

Table 4.1 Estimated Operational Employment Associated with the Proposed Development

Proposed Use	Employment Density (Jobs per Facility/ Forms of Entry)	No. of Jobs Generated (Total Jobs)	Employment Density (Jobs per Facility/ Forms of Entry)	No. of Jobs Generated (FTE Jobs)
1FE Primary School	16	16	10	10

Source: Department of Education / Lichfields analysis

- 4.5 In order to estimate the 'net additional effect' of the above employment, it is also important to consider the displacement of existing on-site employment that is supported by the existing bakery operations. As detailed in Section 2.0, the site will provide allocated land for a new 1FE primary school which is anticipated to generate 16 total jobs (estimated to be equivalent to 10 FTE jobs).
- 4.6 It should be noted that these employment impacts represent the gross impacts of the proposed development and do not take into account loss of jobs currently on the site or any displacement that might occur.

Indirect Employment

- 4.7 Some indirect employment will also be supported by the expenditure on goods and services within local businesses by the occupiers of the employment uses. The wage spending of both school employees and local businesses supplying the school, will support further induced jobs

¹⁷ Department of Education, Area Guidelines for Mainstream Schools (2014)

within local services and other businesses. Where detailed expenditure data is not available, these types of employment are normally estimated using employment multipliers derived from research on similar operations elsewhere, with adjustment to reflect the specific characteristics of the development, the amount of spending retained in the local area, and local economic and labour market conditions.

- 4.8 Based on the characteristics of the proposed development, its local economic context and its labour market, a combined multiplier effect of 1.25 is considered appropriate to estimate both indirect and induced employment within the local area (10 miles), while a multiplier of 1.45 is assumed to reflect the West Midlands region-wide job impacts. Applying this local area multiplier to the estimated 10 net additional direct FTE jobs results in a further 3 'spin off' FTE jobs in local services and other firms in the area and 5 'spin-off' FTE jobs in the West Midlands region as a whole (i.e. including the 3 FTE jobs in the local area).

Economic Output

- 4.9 Additional employment created by the new school is likely to result in an increase in levels of demand within the supply chain and subsequently in economic output. GVA represents the additional value that is added through economic activity.
- 4.10 Based on 2017 Experian data (which provides data on the GVA per FTE worker in different sectors), it is estimated that the operational impacts of the development could generate a further £452,000 GVA per annum from the new primary school alone.

Summary

- 4.1 It is anticipated that the new primary school will bring about a range of economic benefits throughout the once fully operational. These benefits are summarised as follows;
- 1 When the site is complete and operational, 13 net additional FTE jobs, locally;
 - 2 £452,000 GVA per annum once the site is operational; and
 - 3 Persimmon Homes providing a £2.3 million contribution to the primary school.

5.0 Expenditure Impacts

Introduction

- 5.1 This section assesses the main economic impacts that could be supported by residential development at land at Froghall Road, Cheadle once the development is completed and occupied. For residential developments, the key economic impacts related to the increase in local expenditure to be supported by new households attracted to the area. The scale of these impacts will be determined by the expenditure patterns of local residents, and the extent to which residents of the new housing move into the area from elsewhere.

‘First Occupation’ Expenditure

- 5.2 Research suggests that the average homeowner spends approximately £5,500 to make their house ‘feel like home’¹⁸. This money is generally spent on furnishing and decorating a property. This expenditure on goods and services will generate a range of economic benefits for the local economy, by supporting indirect and induced jobs within local businesses.
- 5.3 By applying this average level of one-off spending on household products and services, it is estimated that the new residents of the 300 dwellings could generate £1.7 million of first occupation expenditure. This injection of resident spending within the local economy will help to support local businesses and could support 6 additional FTE jobs in the local area thereby increasing employment prospects.

On-going Resident Expenditure

- 5.4 Analysis of Output Area Classifications data indicates that housing areas within the area surrounding the proposed development site are mainly households in the ‘suburbanites’ and ‘rural residents’ socio-economic classification group¹⁹. It is anticipated that the new households accommodated within the proposed market housing would broadly be within the ‘suburbanites’ same type of household group, albeit tenants of the affordable housing element may fall within a different socio-economic classification group.
- 5.5 The ONS Family Spending Survey 2016 (2017 edition) provides data on household spending by socio-economic classification²⁰. This indicates UK average spending levels of £664 per week for households in the ‘suburbanites’ group. Spending by West Midlands households is 12% lower than the UK average, resulting in an average household expenditure figure of £584 per week. Similarly, average expenditure levels amongst the ‘Hard-pressed living’ group (i.e. comprising those occupying the scheme’s affordable housing) amounts to £442 per week across the UK and £389 in the West Midlands.
- 5.6 Based on these assumptions, it is estimated that residents of the development could generate total gross expenditure of £9.1 million per annum.

Net Additional Expenditure

- 5.7 It is recognised that not all residents of the proposed development will be ‘new’ to the local area, as some will move from elsewhere in the Staffordshire Moorlands District. National research provides standards on the average distance moved between a head of the household’s present

¹⁸ Research carried out by OnePoll surveying around 2,000 UK adults in August 2014: <http://www.barratthomes.co.uk/the-buying-process/home-buying-advice/10-Year-Warranty-Terms-andConditions/>

¹⁹ ONS. (2011) Area Classification for Output Areas

²⁰ ONS (2017), Family Spending Financial Year Ending 2016

and previous residential address, which can be used to estimate the share of residents of the scheme that may be new to the locality²¹.

- 5.8 In addition, only a proportion of the gross expenditure by new residents of the proposed housing will be retained within Cheadle and the wider District. However, it is likely that some leakage will occur from Cheadle to other retail destinations in the District. As a result, it is assumed that in the order of 43% of total (i.e. both convenience and comparison retail) resident expenditure could be retained within the local catchment area.
- 5.9 Taking these factors into account, it is estimated that total net additional spending of just over £2.7 million per annum will be created by new residents of the development and be retained within the local economy. This additional spending will support the vitality and viability of local firms and could encourage other businesses to move to the local market as well as supporting the functioning of town centres. It is also estimated that this additional expenditure could support a further 32 FTE jobs in retail, leisure, hospitality, catering and other service sectors.

Summary

- 5.10 It is estimated that the proposed development could give rise to the following economic benefits;
- 1 Resident expenditure benefits including £1.7 million in first occupation expenditure of which some can be expected to be retained within Staffordshire Moorlands supporting 6 jobs;
 - 2 A further £2.7 million annual net additional resident expenditure which will be retained within the local area; and
 - 3 This on-going resident expenditure will help support 32 FTE jobs in the local area, in addition to the 6 jobs supported by first occupation expenditure.

²¹ DTLR, Survey of English Housing, Tenure by Distance Moved (2013/14)

6.0 **Fiscal Impact**

Introduction

- 6.1 This section considers the benefits delivered by the proposed development at land at Froghall Road, Cheadle that will accrue to Staffordshire Moorlands District Council and will help to fund the delivery of social and community infrastructure and services.

New Homes Bonus

- 6.2 In 2010, the Coalition Government introduced an incentive-based scheme to support the delivery of new housing. The New Homes Bonus [NHB] matched for a six-year period the increase in Council Tax income from new homes, or homes brought back into use. However, in December 2016, a number of changes to the scheme were announced. From 2017, a national baseline for housing growth of 0.4% will apply. Below this, the NHB will not be paid to local authorities. Furthermore, the number of years for which payments are made has been reduced from six to five years in 2017-18 and reduced further to four years from 2018-19.
- 6.3 It was also indicated that from 2018-19, the Government would consider withholding NHB payments from local authorities that are not planning effectively and delivering housing growth.
- 6.4 Payments are not ring-fenced and therefore allow local authorities to use payments in the most beneficial way to support their needs. A premium of £350 is payable on affordable housing units.
- 6.5 The proposed development at Froghall Road will deliver 300 new dwellings across a variety of sizes and therefore Council tax bands. Using standard methods of calculation, as contained within the DCLG New Homes Bonus calculator²², it is estimated that the new development could generate about £344,000 of New Homes Bonus payments each year, or c.£1.4m during a set four year period (i.e. albeit profiled to reflect the build period for the development scheme) should the Council meet the baseline growth threshold.

Council Tax Payments

- 6.6 In addition, the scheme would generate an increase in Council Tax receipts. This would provide an additional boost to the revenue base of Staffordshire Moorlands District Council, over and above the impact of the NHB payments. Drawing upon the assumptions and analysis presented in relation to NHB (and having regard to levels of Council Tax levied by the local authority in the 2017/18 financial year²³), it is estimated that the development could generate around £434,000 per annum in additional Council Tax payments in perpetuity.

Planning Contributions

- 6.7 Staffordshire Moorlands District Council has not yet adopted a Community Infrastructure Levy (CIL) Charging Schedule. As a result the proposed scheme will make a contribution to the local community via a Section 106 agreement. Section 106 of the Town and Country Planning Act 1990 (amended) is a tool used for raising funds for essential infrastructure arising from development. This contribution will be used to fund new services and infrastructure in the local area.

²² DCLG, New Homes Bonus Calculator (December 2016)

²³ Council Tax payments applicable in Cheadle parish have been used

- 6.8 Although still to be confirmed and subject to viability assessment, it is anticipated contributions will be made towards the delivery of education provision amounting to £2.3 million in total.

7.0

Economic Competitiveness and Wider Impacts

Introduction

7.1

This section assesses the potential impact of the proposed development on the economic competitiveness and wider impacts on the local economy.

Labour Market Flexibility

7.2

Housing supply can play a major role in the flexibility of the local labour market, which in itself is an important component of local economic competitiveness. This is because a shortage of housing, or a lack of affordability, can be a key barrier to people accessing work opportunities, often resulting in long-distance commuting with adverse transport and environmental impacts. A geographic mismatch between labour supply and demand can impede national economic productivity levels. This is particularly the case for lower and intermediate level skills where a lack of geographical mobility is in part the consequence of a lack of affordable homes.

7.3

With this in mind, increasing housing supply generated by the proposed development could allow for a better match between labour and employment within the area, which will help to improve the overall economic competitiveness of the local economy.

Housing Provision

7.4

The proposed development will assist the Council in boosting housing delivery which is a key objective of Government as expressed in the recently published Housing White Paper 'Fixing our broken housing market'²⁴. Measured against the emerging Local Plan's housing target of 320dpa for the District, the proposed development could deliver 10% of this annual target (albeit profiled over the build period). The proposed development could also deliver 5.4% of the District's remaining emerging Local Plan housing delivery target after taking account of the 551 net additional dwellings completed between 2012 and 2016 (profiled over the build period).

7.5

Constrained housing supply, and inter alia, continued affordability pressures could have a significant impact on the ability of residents to buy housing locally, particularly those with lower-paid jobs. This could force such workers to move further afield, increasing out commuting even further but also reducing local labour supply. This would limit the prospects for businesses to create or maintain jobs in the District of Staffordshire Moorlands.

Wider Role of Housing in the Economy

7.6

Research has focused on the wider role that new housing can play in supporting economic growth, alongside the need to ensure greater value for money in public expenditure terms. The role of housing in the economy is complex, however, new housing delivery has the potential to generate a range of improved economic outcomes (as outlined in Table 7.1).

²⁴ UK Government, Housing White Paper: "Fixing our broken housing market" (2017)

Table 7.1 Economic Outcomes for New Housing Delivery

Type of Role	Impact of New Housing Delivery
Supporting Growth	<ul style="list-style-type: none"> • Macroeconomic boost from new housing building (multiplier effect)
Enhancing Productivity	<ul style="list-style-type: none"> • Labour market and spatial flexibility from housing choice • Impact on economic competitiveness (e.g. quality of place, access to services)
Structural Shifts	<ul style="list-style-type: none"> • Replacement of poor quality stock, impacting on health, income and life chances • Better balance of supply and demand • Matching jobs with homes • Increased energy efficiency of new housing reducing carbon emissions (and saving mitigation costs)

Source: Lichfields based on HCA 2009/HBF

- 7.7 As demonstrated in Section 3.0, house building is a relatively labour intensive activity and generates a high number of jobs per £1 of investment made. This new activity would drive up productivity, support existing jobs and make new job creation more likely. Strong local supply chains for materials also mean a far greater share of spending remains in the UK rather than being channelled into foreign imports as with many other sectors.
- 7.8 The economic contribution of new housing development has been acknowledged by Government announcements and policy documents in recent years, including the “Fixing our broken housing market” Housing White Paper²⁵, ‘Fixing the Foundations’²⁶, the Local Growth White Paper²⁷ and National Planning Policy Framework²⁸. Housebuilding is therefore recognised in national policy as having a major role in stimulating economic growth and ensuring the long-term competitiveness of the UK economy.
- 7.9 A recent publication by the Home Builders Federation²⁹ assesses the economic footprint of the national house building industry and quantifies the economic contribution to the national economy. This study indicates that in 2014, c.140,000 new homes were built across the UK leading to the following economic impacts:
- 1 £12.5 billion capital investment and expenditure on land and buildings for housing;
 - 2 £5.5 billion annual expenditure on supplies;
 - 3 Supporting 233,000 direct construction jobs;
 - 4 Creating 605,580 indirect and induced jobs; and,
 - 5 Generating £19.2 billion of economic output.

²⁵ UK Government, Fixing our broken housing market Housing White Paper (2017)

²⁶ HM Treasury, Fixing the foundations: Creating a more prosperous nation (July 2015)

²⁷ HM Government, Local Growth: Realising Every Place’s Potential (October 2010)

²⁸ DCLG, National Planning Policy Framework (March 2012)

²⁹ HBF, The Economic Footprint of UK House Building, Nathaniel Lichfield & Partners (March 2015)

- 7.10 This indicates that the house building industry has an important role in stimulating economic growth and support significant levels of employment.

Quality of Place and Sustainability

- 7.11 The proposed development offers an opportunity to design a contextually appropriate extension to Cheadle, whilst contributing to the creation of an attractive and enriched local environmental quality. Achieving this will be through the consideration of housing mix, open space, local character and public realm design, and the use of high quality and sustainable design measures. Where possible, this green infrastructure aims to minimise the impact of development on the surrounding landscape and provide visually pleasing green spaces.
- 7.12 The provision of green space is recognised by the Government as a key element that contributes to the quality of place. High-quality green infrastructure and open spaces can have a significant impact on local economic vitality; as locations increasingly compete with one another to attract investment, the presence of parks, gardens and open spaces (collectively referred to as ‘green infrastructure’) becomes a vital asset to underpin local economic growth and success.
- 7.13 The open spaces in the proposed development will provide expanded opportunities for recreational activities, thereby improving physical health, fitness, mental health and wellbeing. This high-quality public environment will also provide opportunities for social interaction between people of different communities, fostering social inclusion, community development and business interaction. This can have indirect economic benefits by increasing productivity (e.g. fewer ‘sick days’) as well as acting as a preventative measure on health and social needs that can impact on public budgets.
- 7.14 Local social infrastructure and services in Cheadle are easily accessed from the proposed development site. In terms of sustainable transport modes, the town centre can be easily accessed by means of public transport services; there is a frequent public bus service, meaning future residents will not have to rely solely on the private car.

Contribution to Economic Objectives

- 7.15 The potential economic impacts of the proposed development at Froghall Road, Cheadle align well with a wide range of national, subregional and local policy objectives. In particular, the proposals would increase the supply of high quality, sustainable and affordable housing to meet projected increases in population.
- 7.16 Table 6.2 below summarises the strategic fit of the proposals with relevant planning and economic development strategies at the national, sub-regional and District level.

Table 6.2 Contribution of the Proposed Development to Economic Objectives

	Policy/ Strategy	Relevant Key Message	Contribution of Proposed Development to Policy Objective
NATIONAL	National Planning Policy Framework (March 2012)	Local Planning Authorities should: <ul style="list-style-type: none"> • Do “everything they can” to support economic growth • Significantly boost the supply of housing • Seek to secure a wide choice of homes, high-quality design and a good standard of amenity for all existing and future occupants of land and buildings 	<ul style="list-style-type: none"> • Create and support new jobs, and contribute around £6.3 million of GVA per annum throughout the construction phase • Private sector investment injection that will deliver 300 new homes • Provide a mix of high-quality homes, from one-bed flats to four-bed family houses to meet local needs
	Fixing our broken housing market (February 2017)	<p>The White Paper sets out how Government intends to boost housing supply to create a more efficient housing market to match needs and aspirations and support wider economic prosperity.</p> <p>Key proposals include:</p> <ul style="list-style-type: none"> • Planning for the right homes in the right places • Building homes faster • Diversifying the market • Helping people now 	<ul style="list-style-type: none"> • Ensure a skilled workforce lives nearby to support growing businesses in Staffordshire Moorlands • Supporting education provision by contributing £2.3 million in planning contributions towards local education provision • Delivery of 300 additional dwellings to boost housing supply in Staffordshire Moorlands
	Laying the Foundations: A Housing Strategy for England (November 2011)	<p>Housing Strategy sets out a package of reforms to:</p> <ul style="list-style-type: none"> • Get the housing market moving again • Support choice and quality in housing for tenants • Improve the environmental standards and design quality 	<ul style="list-style-type: none"> • Provide new high-quality family homes that include a mix of sizes in order to meet the needs of the resident population • Improve the local environment through the use of high-quality design alongside green space
	Fixing the foundations: Creating a more prosperous nation	Government’s framework is built on two pillars:	<ul style="list-style-type: none"> • Support 41 direct jobs and 62 indirect/induced

	Policy/ Strategy	Relevant Key Message	Contribution of Proposed Development to Policy Objective
	(July 2015)	<ul style="list-style-type: none"> • Encouraging investment in economic capital, including infrastructure, skills, knowledge and jobs • Promoting a dynamic economy (including through the provision of more housing) 	<ul style="list-style-type: none"> • jobs per annum throughout the build period at a range of skills levels • Contribute £6.3 million GVA per annum to the economy through the construction phase • Support an additional 32 FTE jobs in local shops and services through on-going resident expenditure
SUB-REGIONAL	Stoke-on-Trent & Staffordshire Local Enterprise Partnership Strategic Economic Plan – Consultant Draft (October 2017)	<p>The strategy includes the following objectives that encompass:</p> <ul style="list-style-type: none"> • Create the right mix of places that are attractive as a destination to live, work and visit underpinned by the right infrastructure; • Enabling housing-led population growth by creating an outstanding, high demand housing offer; • Create a connected county and support the rapid growth of the Midlands Engine; • Develop a modern and flexible skills system which enables all people to up-skill and re-skill to meet the needs of our growth sectors. We will target growth and opportunity; • Ensure that growth in new higher-value sectors flourishes. 	<ul style="list-style-type: none"> • Provide private sector investment to the District • Generate jobs and economic output during the construction phase • Provide of 300 new residential dwellings to stimulate economic growth • Help support shops and services in the local area and the wider region through additional resident expenditure

	Policy/ Strategy	Relevant Key Message	Contribution of Proposed Development to Policy Objective
LOCAL	Staffordshire Moorlands Local Plan – Consultation Draft (March 2016)	<p>The Local Plan sets out objectives to:</p> <ul style="list-style-type: none"> • Provide new housing that is affordable, desirable, well-designed and meets the needs of residents of the Moorlands • Develop and diversify in a sustainable manner the District's economy and meet local employment needs in the towns and villages • Identify Cheadle as an area for significant growth in order to expand its role as a service centre and market town within the District; • Focus on Cheadle North Strategic Development Area as key strategic mixed use development site in the Local Plan. 	<ul style="list-style-type: none"> • Deliver 300 new dwellings, meeting % of the annual housing target in Staffordshire Moorlands; • Support jobs and services in Cheadle; • An opportunity to provide new housing and allocate land for a new primary school to serve the northern part of the Cheadle – which is identified in the Core Strategy as a broad location for housing.

Source: Lichfields analysis

8.0 Conclusions

- 8.1 The proposed development at Froghall Road, Cheadle, represents an opportunity to support private sector investment into the local economy of Staffordshire Moorlands. The scheme will also deliver new homes and create a range of direct, indirect and induced economic impacts in the local area that are both quantifiable and non-quantifiable.
- 8.2 Some of the quantifiable economic impacts of the proposed development include:
- 1 Injection of private sector investment into the District;
 - 2 Creating around 372 person-years of temporary construction employment, which is equivalent to 41 jobs in each year of construction at a range of skill levels;
 - 3 Supporting a further 62 ‘spin-off’ jobs in services and other businesses from the wage spending of construction workers and supplier sourcing;
 - 4 Generating £6.3 million of direct and indirect GVA per annum during the construction phase of the scheme;
 - 5 Helping to deliver a boost to the local economy through ‘first occupation expenditure’ of £1.7 million on goods and services, a proportion of which will be retained locally;
 - 6 Generating £9.1 million of additional resident expenditure in shops and services, of which £2.7 million will be net to local businesses within Staffordshire Moorlands. This increased expenditure will also support 32 permanent FTE jobs in the local area;
 - 7 Delivering £434,000 of Council Tax receipts per annum once the scheme is built-out and occupied, and in the region of £1.4 million of New Homes Bonus payments over a four year period; and
 - 8 Providing c.£2.3 million in planning contributions towards education provision and allocating 1.2ha of land for a new primary school.
- 8.3 The proposed residential development will also benefit the local community in a number of less tangible ways, including:
- 1 Improving the residential environment in Staffordshire Moorlands by delivering a high-quality housing scheme which helps meet the needs of future household growth;
 - 2 Delivering new high-quality family homes at a range of sizes to meet local needs;
 - 3 Contribution towards a new education facility will improve the provision of such facilities within the local area; and
 - 4 Supporting the sustainability of local shops and services within the District.
- 8.4 These economic benefits align with a wide range of national, sub-regional and local policy objectives. In particular, the proposed development will increase the supply of high-quality homes within the local area, which will help meet the District’s annual housing need and support the vitality and sustainability of Cheadle, Staffordshire Moorlands and the wider area.

Bristol
0117 403 1980
bristol@lichfields.uk

Cardiff
029 2043 5880
cardiff@lichfields.uk

Edinburgh
0131 285 0670
edinburgh@lichfields.uk

Leeds
0113 397 1397
leeds@lichfields.uk

London
020 7837 4477
london@lichfields.uk

Manchester
0161 837 6130
manchester@lichfields.uk

Newcastle
0191 261 5685
newcastle@lichfields.uk

Thames Valley
0118 334 1920
thamesvalley@lichfields.uk