



NEW SETTLEMENT EXTENSION SCHEME, HEYFORD PARK, UPPER HEYFORD, OXFORDSHIRE

ECONOMIC IMPACT REPORT

ON BEHALF OF DORCHESTER

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Pegasus Group

Suite 4b | 113 Portland Street | Manchester | M1 6DW

T 0161 393 3399 | **W** www.pegasusgroup.co.uk

Birmingham | Bracknell | Bristol | Cambridge | Cirencester | South East Midlands | Leeds | Liverpool | London | Manchester

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EXECUTIVE SUMMARY

Background

This report presents the economic impacts of the proposed development at Heyford Park, on the land at the former RAF Upper Heyford airbase in Upper Heyford, Oxfordshire. The proposed development will consist of approximately 1,175 dwellings, up to 60 close care dwellings, and employment and recreational land – including a ‘Creative City’, which will house over 3.5 hectares of new commercial and industrial buildings, as well as a 76.6 hectare filming area.

Main Findings

The main findings from the analysis can be summarised as follows:

- **Direct construction-related employment:** The proposed development could support around 518 temporary jobs per annum during the 9-year build timeframe, on-site and in the wider supply chain.
- **Permanent employment:** Overall, once it is built and fully occupied, the proposed development will support around 1,450 full-time equivalent (FTE) jobs on site.
- **Contribution to economic output:** The overall contribution to economic output (gross value added) is estimated to be around £92.9million per annum once the additional floorspace is built, or £800million over the next ten years (present value).
- **Growing labour force:** Around 1,619 economically active and employed residents are estimated to live in the new dwellings once the site is fully built and occupied. If residents show a similar employment profile to the existing working age population of Cherwell, over 50% could be working in higher value occupations.
- **Household spend:** Once fully built and occupied, the households are estimated to generate expenditure in the region of £38.6million per annum.
- **Increased Council Tax income:** The construction of the new homes could generate around £2.0million per annum in additional Council Tax revenue.
- **New Homes Bonus revenue:** The proposed development also has the potential to generate in the region of £6.0million in New Homes Bonus revenue for Cherwell District Council and £1.5million for Oxfordshire County Council.
- **Health benefits:** The close care units proposed as part of the scheme could help achieve cost savings of around **£12.7million** over a ten-year period – in terms of reduced GP visits and hospital admissions and by providing alternatives to residential care.

In addition to the quantitative analysis, the scheme can make a significant contribution towards achieving economic development objectives:

- At the **District Council level**, Cherwell District Council aim to make the district a prosperous place, where all residents can enjoy a good quality of life. To achieve this, they aim to focus on areas such as: transport, education, sustainability, housing and employment.
- At the **Local Enterprise Partnership level**, The Oxfordshire LEP want to make the area a vibrant, sustainable, inclusive, world-leading economy, through innovation, enterprise and research. The South East Midlands LEP aims to build on its reputation as a premier location for growth, innovation, creativity and world-leading technologies.
- At the **national level** the UK government want to drive economic growth, creating an economy that boosts productivity and earning power throughout the UK.

1. INTRODUCTION

Scope and Purpose

1.1 This report presents the economic impacts of the proposed development at Heyford Park, on the land at the former RAF Upper Heyford airbase in Upper Heyford, Oxfordshire. The proposed development will consist of approximately 1,175 dwellings, up to 60 close care dwellings, and employment and recreational land – including a 'Creative City', which will house over 3.5 hectares of new commercial and industrial buildings, as well as an 76.6 hectare filming area.

The report looks at the following issues:

- i. **What are the benefits associated with the construction phase of the development?** Both to employment on-site and in the wider economy and economic output (GVA).
- ii. **How many jobs will the development create?** The report considers how many jobs will be created during the construction phase, as well as the net additional permanent jobs that it will generate in the South East economy once fully occupied.
- iii. **How much will the proposed scheme contribute to economic output?** The measure used is how much GVA the proposed scheme will make once completed and fully occupied.
- iv. **What are the economic benefits associated with the new housing?** The report considers the benefits of the housing, for example: increased labour, council tax contribution, new homes bonus, and household spend.
- v. **What are the economic benefits of the close care dwellings?** The reports looks at how the 60 close care dwellings in the proposed development can help to relieve pressures on the NHS and release family housing.
- vi. **How does the proposed development contribute to local, regional and national strategic aims?** The report looks at strategic documents from Cherwell District Council, Oxfordshire Local Enterprise Partnership (LEP), South West Midlands LEP and the UK government.

Report Structure

1.2 The remainder of this report is structured as follows:

- **Section 2** describes the character of the economy of Cherwell, the two LEP areas in which it sits (Oxfordshire LEP and the South East Midlands LEP), and the wider South East region. It presents information on the resident population, their skill levels, trends, economic activity, and unemployment.
- **Section 3** sets out the construction phase benefits of the proposed development, including its contribution to employment and economic output.
- **Section 4** sets out the number of jobs that the scheme will create once fully developed and occupied, and how many of these can be deemed additional to the South East economy.
- **Section 5** presents the benefits associated with the new housing in terms of: increased labour supply; economic activity and the share of residents in higher value occupations; household expenditure; contribution to council tax; first occupation expenditure; housing affordability; and commuting. It also provides some information on the wider economic benefits associated with housing.
- **Section 6** gives the economic benefits associated with the 60 close care dwellings in relation to: reduced GP visits; reduced hospital admissions; providing alternative to residential care; and releasing family housing.
- **Section 7** looks at how the proposed scheme will contribute towards the achievement of local, regional, and national strategic economic objectives.

2. SOCIO-ECONOMIC BASELINE

Introduction

2.1 This section presents a profile of the Cherwell economy, as well as the two Local Enterprise Partnership (LEP) areas in which Cherwell sits – Oxfordshire LEP area¹ and the South East Midlands LEP area². Regional (South East) and national (Great Britain/UK) data are also provided for comparison purposes where appropriate. The section examines the following topics:

- Demographics – population change and skills of the working age population.
- Employment – the change over time and key sectors.
- Business base – the number of business and levels of entrepreneurship.
- Economic activity and unemployment.

Demographics

2.2 Mid-year population estimates – published by the Office for National Statistics (ONS) – show that there were 146,300 people living in Cherwell in 2016, accounting for over 21.4% of the Oxfordshire LEP population and 7.3% of the South East Midlands LEP population. Since 2006, the population of Cherwell has grown by 6.6% – an additional 9,100 people.

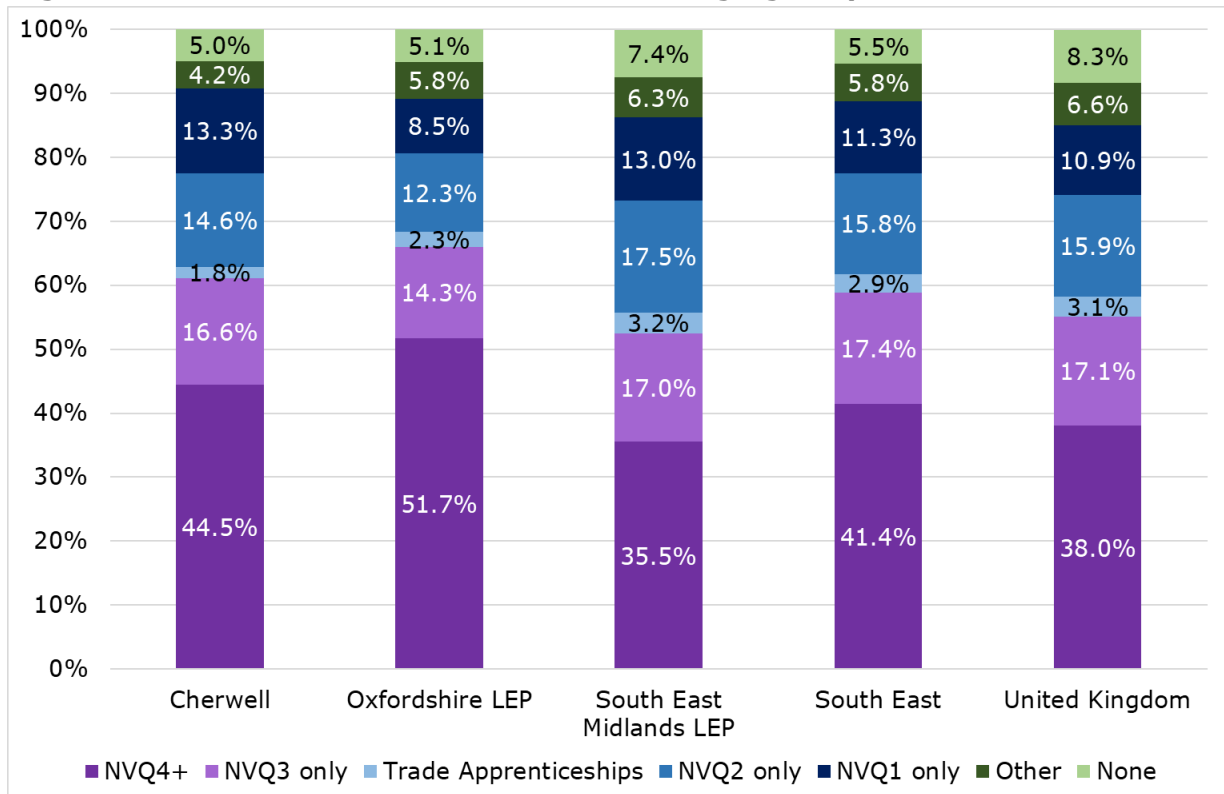
2.3 As far as the skills of the resident working age population are concerned, Cherwell compares favourably with the UK, as it has a higher proportion of people with high level skills (see Figure 2.1). In the Oxfordshire LEP area over half (51.7%) of working age people have a degree level qualification or above (NVQ level 4 and higher). This is around 14 percentage points higher than the national average (38.0%).

2.4 Cherwell also compares favourably in having a lower proportion of working age people with no qualifications (5.0%), when compared to the UK average (8.3%).

¹ Oxfordshire LEP consists of five local authority areas: Oxford, Cherwell, West Oxfordshire, Vale of White Horse, and South Oxfordshire.

² The South East Midlands LEP consists of six local authority areas: Bedford, Central Bedfordshire, Luton, Milton Keynes, Aylesbury Vale, Northampton, Kettering, Corby, South Northamptonshire, Daventry, and Cherwell.

Figure 2.1: Skill Levels of the Resident Working Age Population, 2016³



Source: Annual Population Survey, January 2016-December 2016

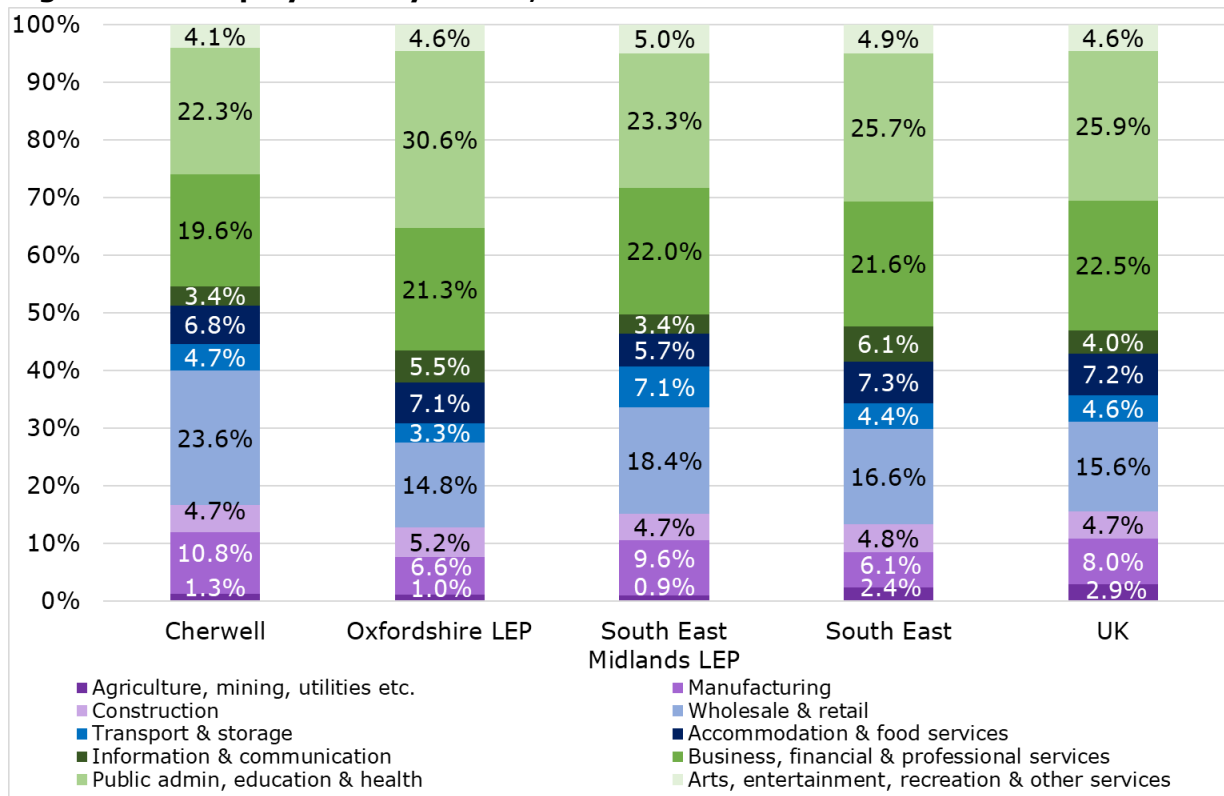
Employment

- 2.5 Based on the most recent data published by ONS from the Business Register & Employment Survey (BRES), in 2016 almost 78,000 people – including the self-employed – worked in Cherwell. Wholesale and retail provided around 17,500 jobs in the district, accounting for 22.4% of total employment, closely followed by the business, financial and professional services sector – providing 17,400 jobs (22.3% of total employment).

³ Level 1: 1-4 O Levels/CSE/GCSEs (any grades), Entry Level, Foundation Diploma, NVQ Level 1, Foundation GNVQ, Basic/Essential Skills.
Level 2: 5+ O Level (Passes)/CSEs (Grade 1)/GCSEs (Grades A*-C), School Certificate, 1 A Level/2-3 AS Levels/VCEs, Intermediate/Higher Diploma, Welsh Baccalaureate Intermediate Diploma, NVQ level 2, Intermediate GNVQ, City and Guilds Craft, BTEC First/General Diploma.
Level 3: 2+ A Levels/VCEs, 4+ AS Levels, Higher School Certificate, Progression/Advanced Diploma, Welsh Baccalaureate Advanced Diploma, NVQ Level 3; Advanced GNVQ, City and Guilds Advanced Craft, ONC, OND, BTEC National, RSA Advanced Diploma.
Level 4 and above: Degree (for example BA, BSc), Higher Degree (for example MA, PhD, PGCE), NVQ Level 4-5, HNC, HND, RSA Higher Diploma, BTEC Higher level, Foundation degree (NI), Professional qualifications (for example teaching, nursing, accountancy).

2.6 Cherwell also has a high proportion of workers in manufacturing (10.8%) when compared to the regional (6.1%) and national (8.0%) averages. Figure 2.2 shows the breakdown of employment by sector.

Figure 2.2: Employment by Sector, 2016



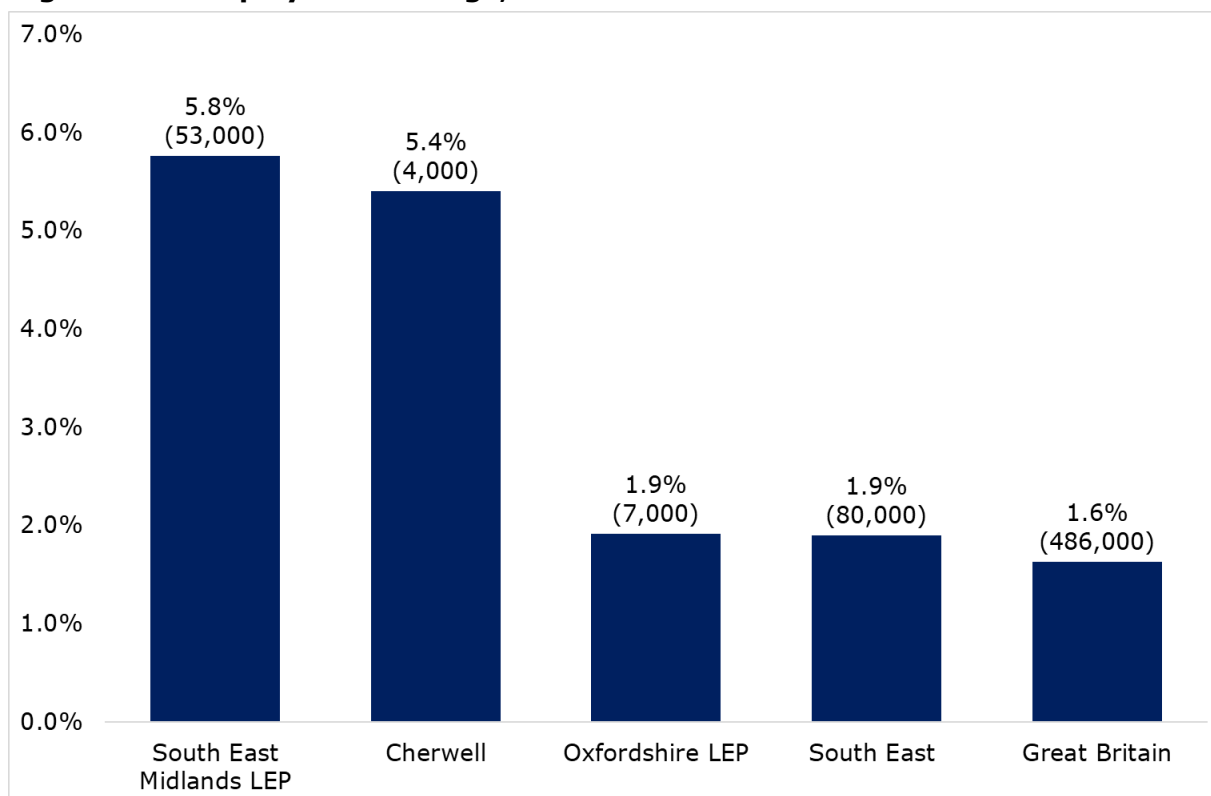
Source: Office for National Statistics – Business Register & Employment Survey

2.7 Between 2015 and 2016⁴, Cherwell experienced growth in employment, with an additional 4,000 jobs being created (an increase of 5.4%). This growth rate is slightly below that of the South East Midlands LEP area (5.8%), but considerably higher than employment growth seen in the Oxfordshire LEP (1.9%), the South East region (1.9%) and Great Britain (1.6%) – see Figure 2.3.

2.8 One of the main sectors driving employment growth has been business, financial and professional services, with jobs in the sector increasing by 2,900 between 2015 and 2016. However, accommodation & food services and public administration offset this increase, with both sectors seeing a decrease of 500 jobs between 2015 and 2016.

⁴ Due to changes in the methodology the 2015/16 BRES data are not comparable with figures dating back to 2010. Jobs growth has therefore been analysed over the period 2015-16 to allow for like-for-like comparison.

Figure 2.3: Employment Change, 2015-16



Source: Office for National Statistics – Business Register & Employment

Business Base

Total Businesses

2.9 Cherwell currently has 7,980 total businesses⁵. The district has a slightly lower proportion of micro businesses (between 0 and 9 employees) at 82.9% compared to the South East region (85.5%) and the UK (84.5%). However, Cherwell has a higher proportion of small businesses (10 to 49 employees) at 13.7% and medium-sized businesses (3.0%) than the regional and national figures. Table 2.1 presents this in further detail.

⁵ Office for National Statistics – UK Business Counts.

Table 2.1: Businesses by Size, 2017

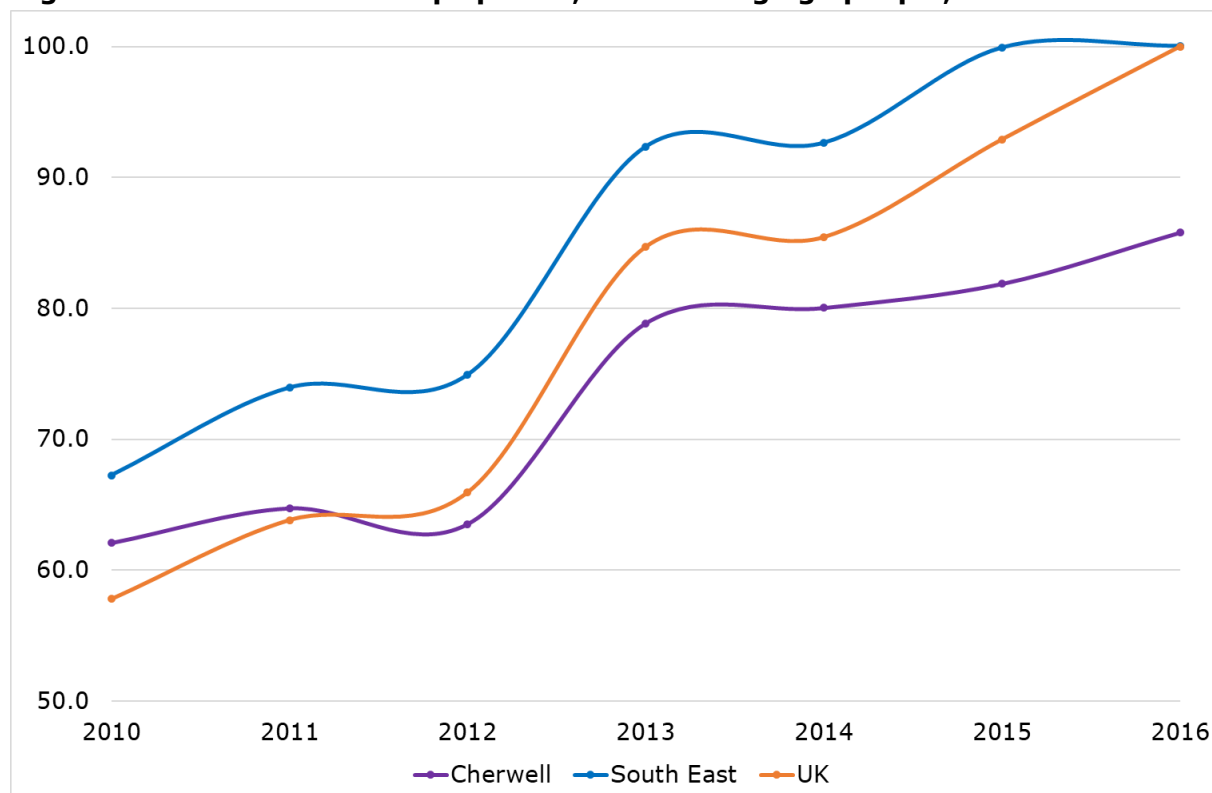
	Cherwell	Oxfordshire LEP	South East Midlands LEP	South East	United Kingdom
Micro (0 to 9)	82.9%	83.9%	86.2%	85.5%	84.5%
Small (10 to 49)	13.7%	13.1%	11.0%	11.8%	12.6%
Medium-sized (50 to 249)	3.0%	2.7%	2.4%	2.4%	2.6%
Large (250+)	0.4%	0.4%	0.4%	0.3%	0.4%

Source: Office for National Statistics – UK Business Counts

Business Start-Ups

2.10 Figure 2.4 shows the number of business start-ups, per 10,000 people of working age (16-64), from 2010 to 2016. In 2016, business start-ups in Cherwell were almost 86 per 10,000 working age people. This is lower than the start-ups in the South East and the UK (around 100 per 10,000 working age population).

Figure 2.4: Business Start-ups per 10,000 working age people, 2010-16



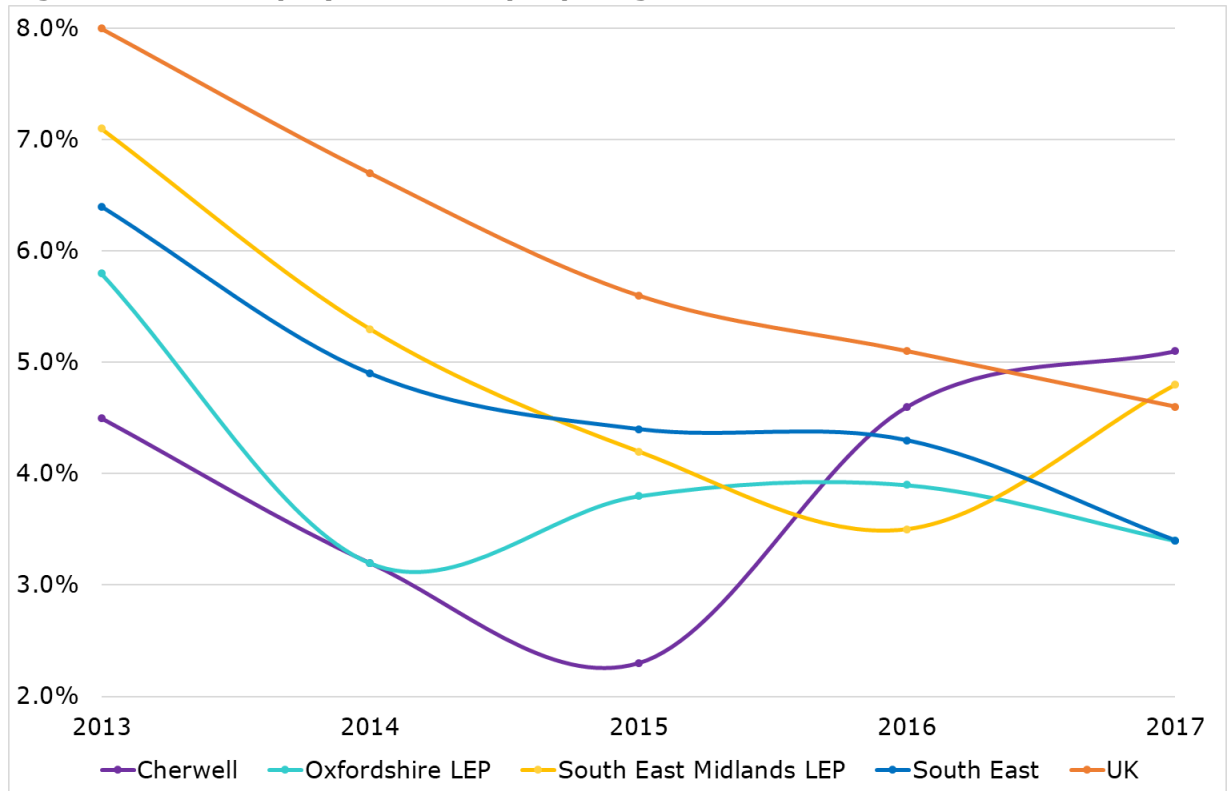
Source: Office for National Statistics – Mid-year Population Estimates and Business Demography

Economic Activity & Unemployment

2.11 Unemployment in Cherwell (5.1%) is currently slightly higher than the UK average (4.6%). Although the unemployment rate in the South East Midlands LEP area (4.8%) is also higher than that of the UK, it is lower than Cherwell. Oxfordshire LEP area and the South East region both have low unemployment rates of 3.4% (see Figure 2.5).

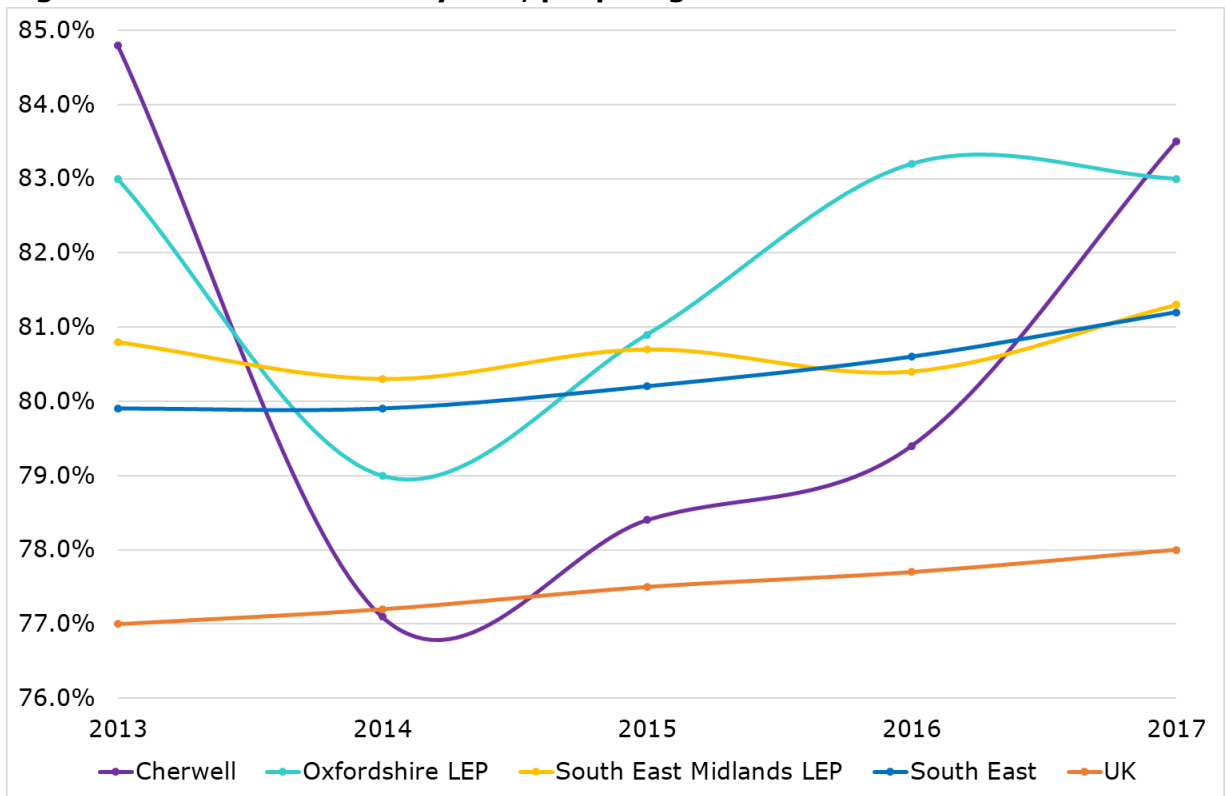
2.12 Despite having a higher rate of unemployment than the comparator areas, Cherwell currently has a high rate of economic activity (the proportion of the working age population in, or seeking work), at 83.5%. This is 5.5 percentage points higher than the economic activity rate in the UK (78.0%). Oxfordshire LEP also has a high level of economic activity – 83.0% – not as high as Cherwell district, but still above the national average (see Figure 2.6).

Figure 2.5: Unemployment rate, people aged 16-64



Source: Office for National Statistics – Annual Population Survey

Figure 2.6: Economic activity rate, people aged 16-64



Source: Office for National Statistics – Annual Population Survey

3. CONSTRUCTION PHASE BENEFITS

Supporting Construction Employment

- 3.1 The proposed scheme will see up to 1,175 dwellings and a wide range of additional employment uses built on the land at Heyford Park. Economic benefits will arise through the provision of temporary jobs during the construction phase at the site, which is estimated to be around nine years. Construction costs are estimated at approximately £258.4million over the build programme. The cost has been calculated using the BCIS Online tool and is exclusive of external works, contingencies, supporting infrastructure, fees, VAT, finance charges etc.
- 3.2 There will also be additional costs associated with the proposed demolition and the construction of sports pitches, play areas, the filming area, the energy facility, and the observation tower with visitor facilities. These costs have not been factored into the construction cost or benefits.
- 3.3 To estimate construction employment supported during the building phase, the total construction cost has been divided by the average turnover per construction employee in the South East of £149,300⁶. Over the build programme of nine years, around **182 construction jobs on-site** could be supported per annum.
- 3.4 It is widely recognised that construction has knock-on effects for other sectors which leads to increased demand for building materials and equipment at the construction phase, as well as domestic furniture and carpets etc. following completion. This generates and sustains employment in other sectors. The CBI report, Unfreezing the Housing Market⁷, found that for every £1 spent on housing construction, there is £2.84 of economic activity through direct, indirect and induced multiplier effects – i.e. for every £1 spent, a further £1.84 of activity is supported in the wider economy. Assuming a similar multiplier for jobs and for the commercial elements of the proposed scheme, this suggests that as well as the 182 on-site jobs supported, development could support **336 additional jobs per annum**.
- 3.5 In total, an estimated **518 temporary jobs** could be supported per annum during the nine-year build phase.

⁶ Calculated using data for the South East construction sector from the 2017 edition of Business Population Estimates produced by the Office for National Statistics.

⁷ CBI, Unfreezing the Housing Market. November 2011.

Contribution to Economic Output

- 3.6 Another way of looking at the economic impact of the construction phase is to calculate the contribution a development makes to wealth creation, as measured by the increase in the value of goods and services generated within an area. This can be done by looking at the increase in gross value added (GVA)⁸, a common proxy for economic output. Using data produced by the Office for National Statistics (ONS), it is possible to calculate GVA per employee by sector at a regional level. In the South East, construction's GVA per employee is around £78,700 per annum. Total annual GVA per employee for all sectors in the region is estimated at £60,400⁹, indicating a relatively high level of productivity within the construction sector.
- 3.7 Applying these GVA figures to the employment estimates outlined above (£78,700 to the 182 construction jobs and £60,400 to the 336 indirect/induced roles), the proposed development could generate an additional **£311.6million of GVA** during the nine-year construction period – equating to around **£34.6million per annum**.

⁸ Gross value added is the measure of the value of goods and services produced in an area, industry or sector of an economy.

⁹ GVA per employee estimates calculated using data from the 2016 Business Register and Employment Survey, as well as regional GVA estimates for 2016 – both published by ONS.

4. CONTRIBUTION TO PERMENANT EMPLOYMENT & ECONOMIC OUTPUT

Introduction

4.1 The proposed scheme at Heyford Park will create permanent employment opportunities once it is built, over and above the number of jobs already supported on the site. The analysis in this section looks at gross permanent jobs, which is employment that will be accommodated on-site once the scheme is fully built and occupied.

Permanent Employment

4.2 The proposed development will comprise the following use types:

- 35,175 sq. m. of new employment buildings comprising of:
 - Up to 6,330 sq. m. of B1a.
 - 13,635 sq. m. of B1b/c.
 - 9,250 sq. m. of B2.
 - 5,960 sq. m. of B8.
- 60 close care dwellings.
- 929 sq. m. of retail floorspace.
- A new medical centre (670 sq. m).
- A 2.4 hectare school site.
- 925 sq. m. of community use buildings.
- 515 sq. m. of indoor sports facility.
- An observation tower (30m in height), with a zip wire and ancillary visitor facilities of up to 100 sq. m.
- A 1,000 sq. m. energy facility.
- 2,520 sq. m. of additional education facilities.
- 76.6ha for filming activities.
- 20.3ha of hardstanding for car processing.
- Public open space and green infrastructure.

4.3 To quantify jobs, a number of assumptions have been made in terms of the density of employment that would normally be expected for the different floor space types. This information has been sourced from *Employment Densities Guide* (3rd Edition, November 2015), prepared for the Homes and Communities Agency (HCA) by Bilfinger GVA – these are presented in Table 4.1. Once fully developed and occupied, the proposed development will provide an estimated **1,452 gross jobs on-site**. The gross employment impacts by floorspace type are presented in Table 4.1.

4.4 As the HCA guidance presents a range of employment densities for each use type, a range

of gross FTE jobs have been calculated for each floorspace type. For ease of analysis, an average of this range has been used to determine the final gross FTE job figures.

Table 4.1: Estimated gross employment impact by floorspace type

Development	Employment Density (m² per worker)	Gross FTE Jobs - Range	Gross FTE Jobs - Average
60 Close Care Dwellings	-	-	60
Commercial/Industrial Buildings (B1a)	8 - 13	438 - 712	575
Commercial/Industrial Buildings (B1b/c)	40 - 60	205 - 307	256
Commercial/Industrial Buildings (B2)	36	257	257
Commercial/Industrial Buildings (B8)	70 - 95	66 - 90	78
Medical Centre	-	17	17
Retail Floorspace	15 - 20	4 - 6	5
Combined Heat and Power Plant	-	32	32
Car Processing Area	-	85	85
Destination Park (with Observation Tower, Visitor Facilities & a Restaurant)	-	27	27
New School Site	-	46	46
Community Use Buildings	165	6	6
Indoor Sports Facility	65	8	8
Changing Rooms & Outdoor Pitches/Play Areas	-	1	1
Total¹⁰	-	-	1,452

Source: HCA Employment Densities

4.5 A number of the employment use types are not addressed in the employment densities guidance. Therefore, the following assumptions have been made:

- The 60 close care dwellings are expected to accommodate 78 residents (assuming around 30% of the units are occupied by couples, as identified in the "*Establishing the extra in Extra Care Report*"¹¹). For care homes, the Joseph Rowntree Foundation¹² estimates 1 job per 4 residents. This would be for one shift, so the gross jobs estimates have been multiplied by 3 to allow for 3 shifts over 24 hours. For the 78 residents living in the close care units, there will be 20 jobs per. shift, equating to around 60 jobs in total.

¹⁰ Figures may not sum due to rounding.

¹¹ *Establishing the extra in the Extra Care – perspectives from three Extra Care housing providers:* Dylan Kneale, September 2011.

¹² *Put yourself in my Place: Designing and Managing Care Homes for people with dementia:* Caroline Cantley & Robert C. Wilson, 2002.

- The NHS Confederation publish statistics which indicate that in 2017 there were 124,593 members of staff employed in 7,454 GP surgeries. From this it can be estimated that the new medical centre would be expected to accommodate 17 workers.
- The number of employees at other Combined Heat and Power plants has been analysed, however the numbers of staff at an individual site has only been able to be identified for the CHP at Shotton which employs a total of 32 people. It is assumed that a similar number may be employed on Heyford Park.
- The 20.3ha of hardstanding proposed to store vehicles for auction is expected to generate an additional number of jobs. A similar scheme at Land south of the railway line and adjacent to Purfleet distribution terminal, London Road, Purfleet was estimated to provide 16 FTE jobs on 3.8ha. Assuming this rate would indicate that the proposed development would provide the capacity for approximately 85 additional jobs within the existing business.
- The core destination visitor area is proposed to include a restaurant/s. It is proposed that a 110-cover restaurant will be included, which is likely to require around 25 workers. The zip wire has been assumed to support a further 2 FTEs.
- According to the 2015 School Workforce Census, there are an average of 46 workers per school. This has been used as an assumption for the jobs at the new school site.
- It has been assumed that the changing rooms and outdoor playing pitches/play areas will create no more than 1 FTE job.

4.6 There will also be additional jobs associated with: the filming area, the public open space and green infrastructure, the observation centre's visitor facilities, and the additional education facilities. These jobs have not been included in the analysis for a number of reasons. For example, the number of people employed in the filming area is likely to be minimal except during filming sessions. During filming there is the potential for a significant number of employees. According to a study by Stephen Follows (Film Data and Education) an average film credits 588 people.

Gross Value Added

4.7 Another way of looking at the economic contribution of the company is to calculate the contribution it makes to gross value added (GVA). GVA is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

- 4.8 The contribution of the site to economic output has been calculated by taking the gross job creation associated with the scheme broken down by floorspace type, and multiplying this by an estimate of average levels of GVA per employee for the South East economy for each of the employment sectors.
- 4.9 It is estimated that, once operational and fully occupied, total GVA supported by the proposed development will be around **£92.9million per annum** in the UK, allowing for multiplier effects¹³.
- 4.10 Looking at the economic output contribution over a longer timeframe, **over a ten-year period the additional GVA for the South East economy associated with the proposed scheme is estimated to be £800million** (present value)¹⁴.
- 4.11 There will also be additional GVA associated with: the filming area, the public open space and green infrastructure, the observation centre's visitor facilities, the indoor sports facilities and the additional education facilities. For example, the heritage, tourism and filming offer provided by the proposed development will have a significant effect on the local economy. Tourists and temporary film workers will provide an extra source of income for local facilities particularly for hotels, bed and breakfasts, hostels, campsites, pubs and restaurants. The GVA associated with this employment has not been included in this report for the same reasons stated in paragraph 4.6.

Skill Levels

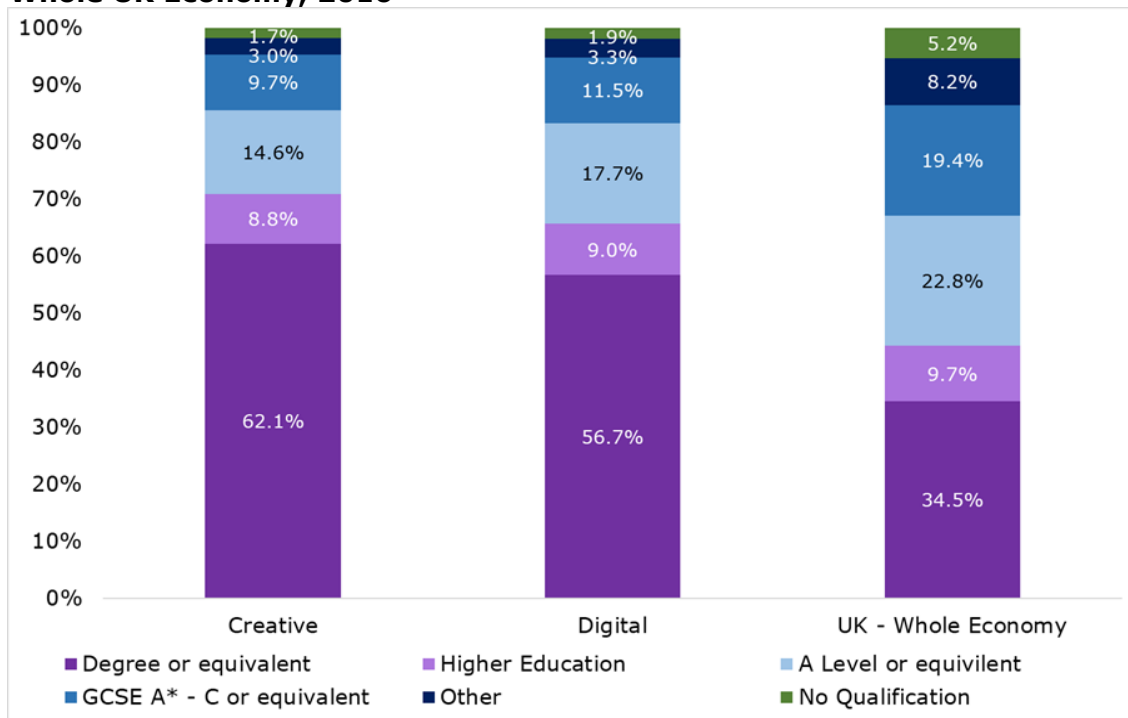
- 4.12 Figure 4.2 shows the skill levels of employees in the creative and digital sectors and the UK skill levels overall. In both the creative and digital sectors, the proportion of employees with a degree level qualification or equivalent is over half (62.1% and 56.7% respectively). This is significantly higher than the figure for the whole of the UK (34.5%).
- 4.13 Within the creative sector, the sub-sector with the highest demand for degree level or equivalent qualifications is the design and designer fashion sub-sector – seeing an increase of 32.8% of employees with this higher education from 2015 to 2016. IT, software and computer services saw the next largest increase of 8.4%, followed closely by film, TV, radio and photography at 8.3%.

¹³ Multipliers are based on recommendations outlined in *Additionality Guide, Fourth Edition*. Homes and Communities Agency, 2014.

¹⁴ Where future benefits are calculated over a 10-year timeframe, they have been discounted to produce a present value. This is the discounted value of a stream of either future costs or benefits. A standard discount rate is used to convert all costs and benefits to present values. Using the Treasury's Green Book, the recommended discount rate is 3.5%.

- 4.14 In the digital sector, software publishing was the sub-sector with the highest rise in the number of employees with a degree level or equivalent qualification – 28.7% from 2015 to 2016. Information service activities saw an increase of 11.3%, and film, TV, radio and photography saw an increase of 11.0% of employees with this level of qualification.
- 4.15 The creative and digital sectors do not just provide employment opportunities for people with higher qualifications. In the UK in 2016, the creative sector employed nearly 189,000 people with A* to C grade GCSEs only, for example. These employees made up 9.7% of the total in the sector. In the digital sector, the figure was 165,000 – 11.5% of the total. This indicates that the creative and digital jobs supported by the proposed development will provide employment for people with a range of skill levels.

Figure 4.2: Skill Levels in the Creative and Digital Sectors Compared to the Whole UK Economy, 2016



Source: Department for Digital, Culture, Media & Sport: Employment Industries Sub-sectors

5. BENEFITS ASSOCIATED WITH THE NEW HOUSING

Increased Supply of Labour

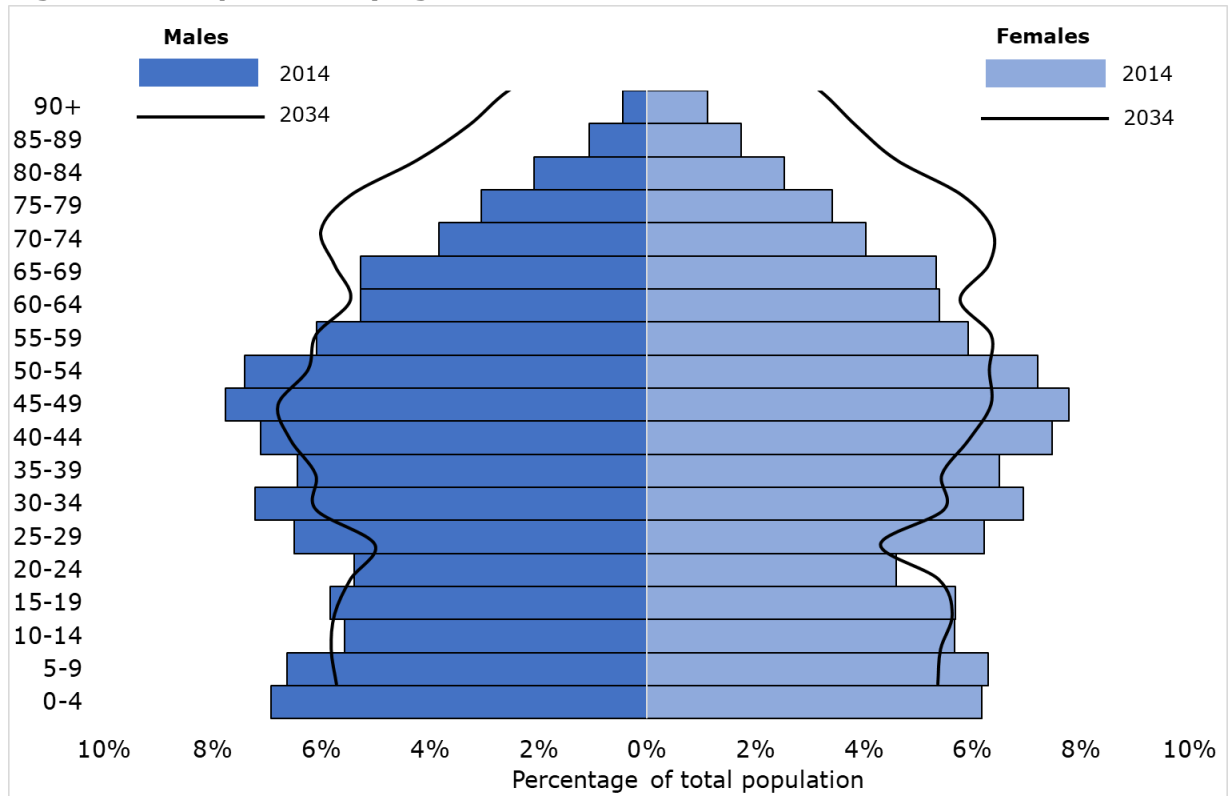
- 5.1 Data from the Annual Population Survey, published by the ONS, show that around 95.0% of the economically active population in Cherwell are in employment¹⁵. Assuming this figure remains broadly the same, applying it to the population living at the proposed development on the land at Chiswell Green could result in around 1,619 economically active and employed residents living there once the site is fully built and occupied. This is likely to be a mixture of people from outside the area, as well as existing residents who move from other parts of the local area.
- 5.2 Attracting economically active people to the area is an important consideration when looking at future labour supply. Cherwell has seen a significant increase in the number of people aged 65+ over the last decade – experiencing a rise of 33.3% (6,500) within this cohort between 2006 and 2016. This was higher than the corresponding increase seen in the UK (22.4%) over the same timeframe¹⁶.
- 5.3 The trend of an ageing population is expected to continue in the district, as shown in Figure 5.1 which presents long-term population projections up to 2034. Between 2014 and 2034, the number of residents aged over 65 is projected to increase by 62.2% (15,300 people). This is significantly higher than the growth projected in 0 to 15 year olds (1.7% – 500 people) and the growth in 16 to 64 year olds (2.1% – 1,900 people) over the same time period. It is therefore important that the district is able to see new homes built such as those proposed in Upper Heyford, that are attractive to people of working age. This younger population can help boost labour market supply as the older members of the workforce reach retirement age and become economically inactive¹⁷.

¹⁵ Annual Population Survey, October 2016-September 2017.

¹⁶ Data from the ONS - Population estimates - local authority based by single year of age.

¹⁷ Data from the ONS - Population projections - local authority based by single year of age.

Figure 5.1: Population by age in Cherwell, 2014 & 2034

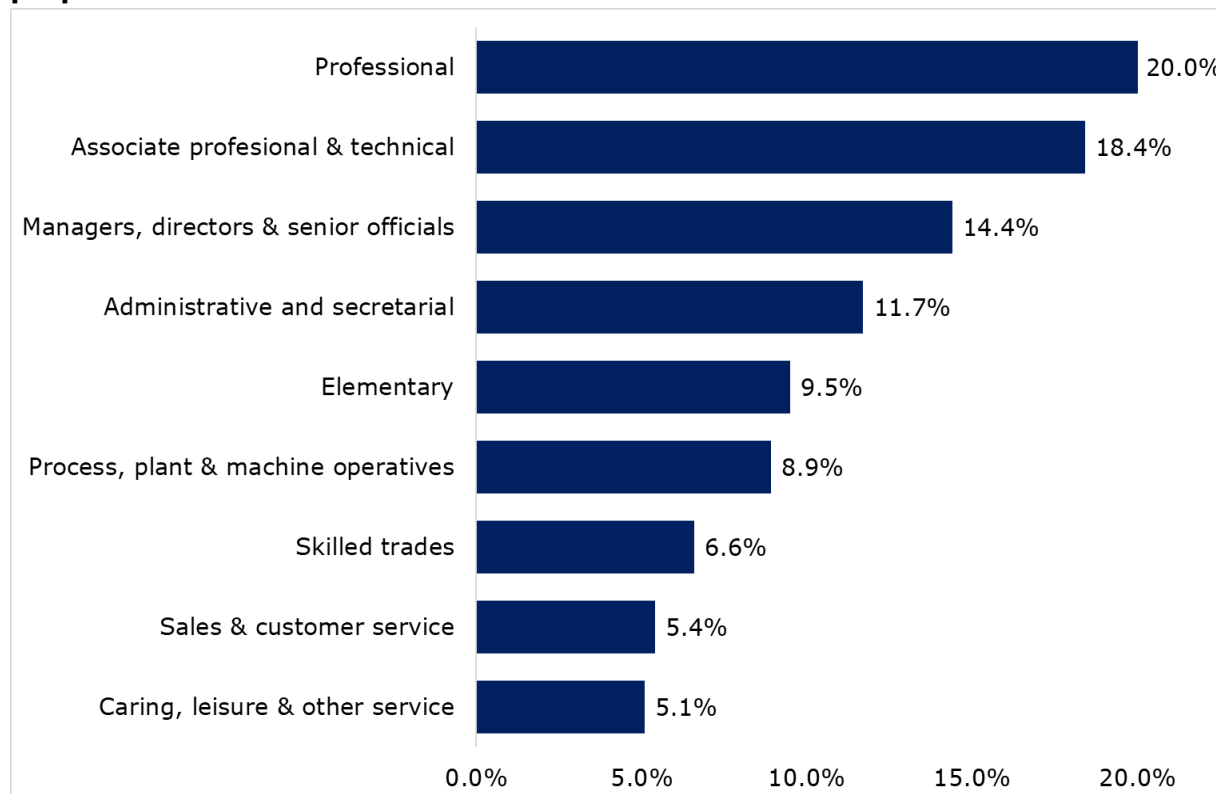


Source: ONS, 2014-based population projections

5.4 If residents show a similar employment profile to the existing working age population of Cherwell¹⁸, over half (53%) of the people employed could be working in higher value occupations – managers, directors, senior officials; professional; and associate professional & technical roles. Figure 5.2 shows the full estimated occupation breakdown.

¹⁸ Annual Population Survey, October 2016-September 2017.

Figure 5.2: Estimated occupation breakdown of employed residents living at the proposed site



Source: Annual Population Survey, October 2016-September 2017 with additional calculations by Pegasus Group

Increased Household Expenditure

- 5.5 Additional household expenditure will be supported by the new dwellings (up to 1,175). While not all of this spend will be in the local area, it is reasonable to assume that a substantial proportion will be retained within Cherwell. Figures produced by the ONS¹⁹ at a regional level can be used to provide an estimate of what this spend could be worth on an annual basis. For the South East, the region in which the site is located, average household spend is estimated by the ONS to be around £632 per week. This covers spend on commodities/services such as food & drink, clothing, transport and recreation.
- 5.6 Applying the £632 average weekly spend figure to the 1,175 dwellings and translating this into an annual figure, the proposed development could generate **annual household expenditure of approximately £38.6million** once it is complete and fully occupied. Table 5.1 shows how this estimated spend break down by commodity and service.

¹⁹ *Family spending in the UK: financial year ending 2017*: Office for National Statistics, January 2018.

Table 5.1: Estimated annual household expenditure supported by the 1,175 dwellings

Commodity/Service	Estimated annual household expenditure
Food and non-alcoholic drinks	£3,849,300
Alcoholic drinks and tobacco	£782,100
Clothing and footwear	£1,594,700
Housing (net), fuel and power	£4,698,600
Household goods and services	£2,792,300
Health	£623,200
Transport	£5,847,300
Communication	£1,081,500
Recreation and culture	£5,266,800
Education	£482,700
Restaurants and hotels	£3,177,200
Miscellaneous goods and services	£3,006,100
Other expenditure items	£5,419,600
Total estimated annual household expenditure	£38,621,400

Based on household spend estimates for the South East, produced by ONS

Note – spend estimates have been rounded to the nearest hundred

- 5.7 As already noted, around 54% of the households would be new to the area meaning approximately £20.9million of this expenditure would be new to the local economy.

Contribution to Council Tax Income

- 5.8 Assuming the new dwellings fall within Band D²⁰, once fully occupied the site is estimated to generate just under **£2.0million on an annual basis in additional Council Tax payments**, or around £20.0million over 10 years at 2017/18 rates.

New Homes Bonus

- 5.9 The proposed development has the potential to generate around **£6.0million** in New Homes Bonus revenue for Cherwell District Council and **£1.5million** in New Homes Bonus for Oxfordshire County Council. These estimates do not include any additional payments for affordable houses built and are based on the new operating model for New Homes Bonus, which was announced in December 2016.
- 5.10 Under the New Homes Bonus scheme, the Government previously matched the Council Tax raised on each new home built in an area for a period of six years. The December 2016 changes will see a new national baseline of 0.4% introduced to ensure councils are not rewarded for natural housing growth. Where growth is below the baseline level of

²⁰ 2017/2018 Council Tax for Band D in Upper Heyford is £1,684.77

0.4%, new homes are not rewarded with the Bonus and the national average Band D council tax rate of £1,469.90 is paid thereafter. The number of years in which payments are made is also being reduced – from six years to five years in 2017/18 and for four years from 2018/19.

First Occupation Expenditure

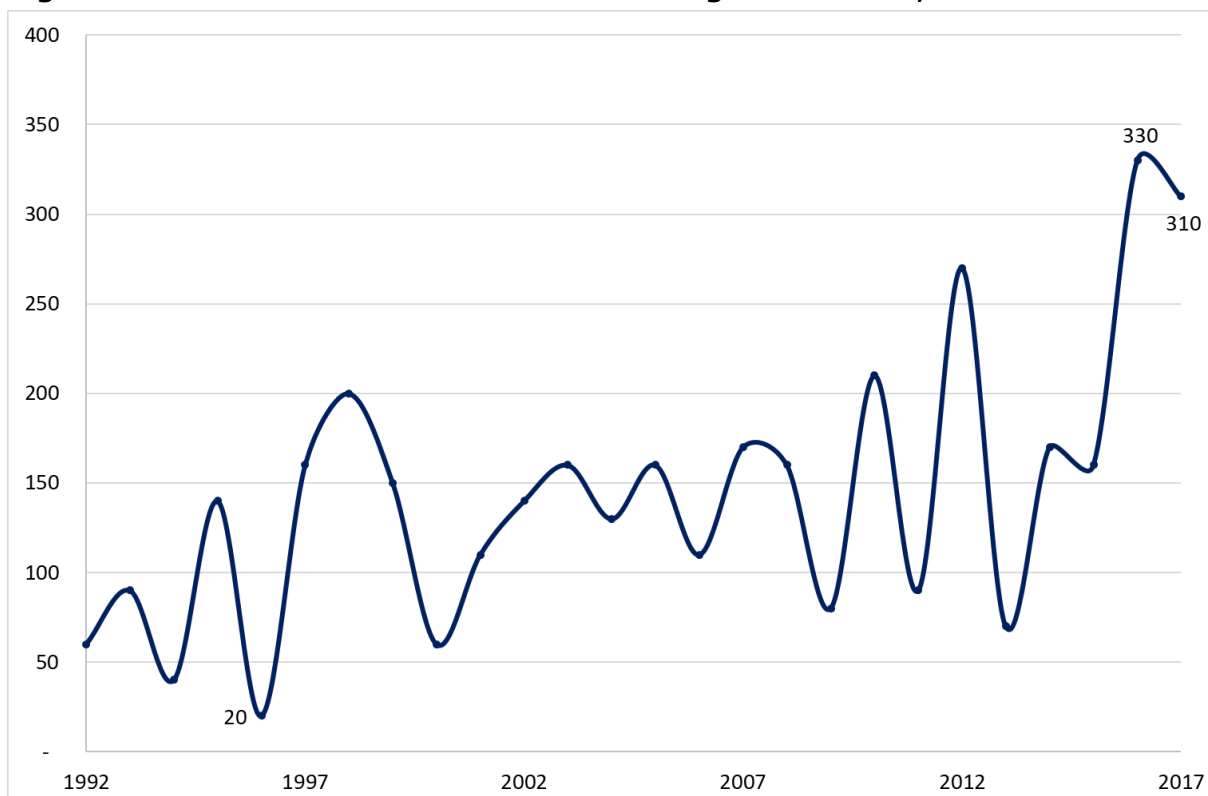
- 5.11 The average homeowner spends approximately £5,000 to make their house ‘feel like home’ within 18 months of moving in²¹. This includes money spent on things like furnishing and decorating – which generates economic benefits for the local economy in terms of direct and induced job creation.
- 5.12 Applying the average one-off spend of £5,000 to the 1,175 proposed new dwellings in Charfield, they will generate approximately **£5.9million** in first occupation expenditure.

Affordable Housing

- 5.13 In line with Cherwell’s Local Plan, 30% of the new dwellings will be affordable equating to approximately 353 homes.
- 5.14 This will help to address the current shortage in provision and the imbalance in the housing market. These affordable units are important, particularly for Cherwell, as the median house price to earnings ratio in the district is 9.25 – higher than the figure for England (7.72).
- 5.15 Figure 5.3 shows the total additional affordable dwellings in Cherwell from 1992 to 2017. Although annual affordable housing delivery in the district is currently high in comparison to the historic delivery, it declined slightly between 2016 and 2017 to 310 affordable units. A more positive trend needs to occur in the long-term in order to meet the housing need of the local population.

²¹ <http://www.independent.co.uk/voices/2012/11/02/it-costs-5000-to-turn-a-house-into-a-home>

Figure 5.3: Total additional affordable dwellings in Cherwell, 1992-2017



Source: Department for Communities and Local Government – Live Table 1008C

Commuting

- 5.16 The proposed development will create significant employment opportunities adjacent to the dwellings, including jobs in the car processing area, the medical centre and the filming area. The dwellings will also be in close proximity (a 15-minute drive) to the centre of Cherwell. From Heyford train station, there are frequent trains to Oxford which take between 14 and 20 minutes.
- 5.17 A study by the ONS²², based on how commuting affects personal well-being found that commuters who travel between 61 and 90 minutes to get to work suffer the worst effects on their personal well-being, as average levels of happiness fall and anxiety rises. Further research by Vitality²³ found that the stress related to longer commute times was linked to lower productivity. They found that employees commuting less than half an hour have an extra seven days' worth of productive time each year. Many of the residents living in the proposed dwellings will potentially have short commute times, which will increase

²² ONS analysis based on the Annual Population Survey, April 2012 to March 2013.

²³ *Britain's Healthiest Workplace*: Vitality, February & August 2016.

their productivity – assuming a large proportion of the residents who move in work on the new employment site, or in Cherwell.

Wider Housing Economic Benefits

5.18 In addition to the benefits presented above, there are a number of wider economic benefits associated with housing, some of which are listed below:

- Research on the role of housing in the economy by Regeneris Consulting and Oxford Economics²⁴ states that housing is an enabler of economic growth and performance. It can also improve place competitiveness – which leads to a better quality of life for residents.
- Centre for Cities²⁵ published a report in 2008 on moving forward in housing and economic development. Its findings indicate that housing is important to the well-being and prosperity of places in three ways. Firstly, the growing importance of skills to places' economic performance means that getting the right housing offer is essential to attracting and retaining a skills base that will encourage inward investment. Secondly, co-ordinating regeneration and economic development interventions maximises the potential for achieving greater economic inclusion. Finally, housing investment itself is a powerful driver of local economic activity, through aspects such as: jobs provided directly and indirectly from the construction phase; house sales and turnover; and housing repairs and maintenance.
- Centre for Cities²⁶ also say that an insufficient supply of housing can translate to instability in the wider economy by restricting labour market mobility, raising business costs, and exacerbating inequality – all of which constrain economic growth.
- In 2010, Savills carried out some research into the impact of housing on the UK economy²⁷. It concluded that housing can: boost jobs; reduce benefit expenditure; create significant tax revenues; reduce borrowing; and impact positively on the growth of GDP.
- The Chartered Institute of Housing published a report in 2013 looking at why housing is crucial to the UK economy²⁸. It identifies housing as playing a crucial role in the

²⁴ *The Role of Housing in the Economy*: Regeneris Consulting; Oxford Economics, July 2010.

²⁵ *Housing and Economic Development: Moving Forward Together*: Housing Corporation; Centre for Cities, November 2008.

²⁶ *ibid*

²⁷ *The Case for Housing – Impact of House Building on the UK Economy*: Savills, Spring/Summer 2010.

²⁸ *Why Housing is Crucial to the UK's Economy*: Chartered Institute of Housing, August 2013.

country's economic and social success. The report states that with the chronic shortage of homes in the UK, increasing housing supply is imperative. This is particularly relevant at the current time, with the recent Autumn 2017 Budget highlighting the government's aim of seeing 300,000 new homes built per annum by the mid-2020s.

6. ECONOMIC BENEFITS OF THE CLOSE CARE DWELLINGS

Health Benefits

- 6.1 To cater to the needs of the aging population, the proposed development also includes 60 close care units. The “Establishing the extra in Extra Care Report”²⁹ identifies that around 30% of extra care units are occupied by couples, and the remainder are occupied by single persons. It would therefore be expected that the 60 close care units would accommodate around 78 people. These people are all expected to be residents of Cherwell.
- 6.2 The 60 close care dwellings, have the potential to provide a number of health benefits – including:
- Reducing GP visits.
 - Reducing hospital admissions.
 - Providing alternatives to residential care.

Reducing GP visits

- 6.3 Research by Polisson (2011)³⁰ found that on average, women in England aged 65 & over visit their GP 7.4 times per year, while for older men the figure is 6.7 – giving an overall average of 7.1. In comparison, the Institute of Public Care (IPC) at Oxford Brookes University³¹ surveyed residents of retirement living and extra care schemes run by McCarthy and Stone across the country, with a significant finding being that the schemes’ residents reported making an average of 4.0 visits to their GP in the last 12 months – around 3 fewer visits than a typical person aged 65 & over.
- 6.4 Based on analysis of the costs of health and social care undertaken the Personal Social Services Research Unit (PSSRU), a brief (11.7 minutes) consultation with a GP costs £38³². Assuming the proposed close care units are home to 78 people, who visit their GP on average 4 times a year, the reduction in costs to the NHS for GP visits would be around

²⁹ *Establishing the extra in the Extra Care – perspectives from three Extra Care housing providers:* Dylan Kneale, September 2011.

³⁰ *Do waiting times matter in primary care? GP visits and list sizes in England:* Polisson, M.; University of Oxford Department of Economics Discussion Paper, 2011.

³¹ *McCarthy and Stone – Local area economic impact assessment:* Institute of Public Care – Oxford Brookes University, 2014.

³² Cost taken from Unit Cost Database produced by New Economy, which has developed a Treasury-compliant Cost Benefit Analysis model. Available at: <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

£8,900 per annum. The savings would be in the region of **£76,500 over ten years** (present value)³³.

Reducing hospital admissions

- 6.5 The IPC study referred to above also found that across the residential living and extra care schemes surveyed, there were 0.13 fewer hospital admissions per resident per year in their home than before.
- 6.6 PSSRU analysis shows that the average cost of a non-elective (unplanned) in-patient admission is around £1,542³⁴. For the close care dwellings at Heyford Park (circa 78 residents), this could mean a reduction in costs to the NHS of approximately **£15,600 per annum** for hospital in-patient admissions. The savings would be in the region of **£134,600 over ten years** (present value).

Providing alternatives to residential care

- 6.7 Between November 2012 and January 2013, Weis & Tuck (2013)³⁵ undertook an evaluation of extra care housing schemes in East Sussex. Their research was published in November 2013 and it found that 63.0% of residents in extra care housing would otherwise need to be in residential/EMI/nursing care.
- 6.8 The average cost of residential care is around £29,250 per annum³⁶. If it is assumed that a similar proportion (63.0%) of the circa 78 residents of the proposed extra care apartments, cottages and bungalows would otherwise have needed residential or nursing care, this would cost in the region of **£1.5million per annum**, or **£12.5million over a ten-year period** (present value).

³³ Where future benefits are calculated over a 10-year timeframe, they have been discounted to produce a present value. This is the discounted value of a stream of either future costs or benefits. A standard discount rate is used to convert all costs and benefits to present values. Using the Treasury's Green Book, the recommended discount rate is 3.5%.

³⁴ Cost taken from Unit Cost Database produced by New Economy, which has developed a Treasury-compliant Cost Benefit Analysis model. Available at: <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

³⁵ *The business case for extra care housing in adult social care: an evaluation of extra care housing schemes in East Sussex Case Study 78*: Weis, W. & Tuck, J.; Housing LIN, 2013.

³⁶ <http://www.payingforcare.org/care-home-fees>

Summary of Health Benefits

- 6.9 In total, the benefits associated with providing alternatives to residential care and reduced GP visits and hospital admissions could amount to around **£12.7million over a ten-year period** (present value).

Releasing Family Housing

- 6.10 The provision of housing to meet the demands of an ageing population and enable older people to move, can release family housing in an area. Research by Pannell et al. (2012)³⁷ found very limited choice for older person households moving home to accommodate their support needs, and that 68% of older owner occupiers under-occupy their homes. They argue for greater housing choice for older people, including specialist housing for sale, as a means of freeing up more homes for other households. They go on to estimate that specialist housing stock will need to rise by anything between 35% and 70%.
- 6.11 The release of family housing can help in providing increased stock to attract more economically active people into an area. This can have a significant economic benefit in the form of increased household expenditure. It is possible to quantify this impact for the proposed scheme at Heyford Park. If all the close care units at the scheme are taken up by existing residents of Cherwell, this could potentially free up to 60 houses across the district, for occupation by other households which would be expected to accommodate 143 people (based on the average number of persons per household – identified in the 2014-based subnational household projections by DCLG). Even if only half of these are subsequently purchased by families moving into Cherwell from outside the area, this would still result in 30 additional households freed up.
- 6.12 Figures produced by the ONS³⁸ at a regional level show that for the South East, the average household spend is £632 per week. This covers spend on commodities/services such as food & drink, clothing, transport and recreation. Applying this to the 30 properties above and translating it into an annual figure, household spend could total around £1.0million per annum. A substantial proportion of this expenditure will go outside

³⁷ *Market Assessment of Housing Options for Older People*: Pannell, J., et al.; New Policy Institute, 2012.

³⁸ *Family spending in the UK: financial year ending 2017*: Office for National Statistics, February 2018.

Cherwell and a study by the IPC at Oxford Brooks University estimates this could be as high as 60%³⁹.

- 6.13 Applying the “leakage” rate to the £1.0million, if the close care units are able to free up 30 properties in the area which attract new residents, the annual expenditure in Cherwell could be worth around £394,000. This expenditure will support further spend via the “multiplier effect”. A multiplier of 1.3 has been used, sourced from research undertaken by the IPC at Oxford Brookes University⁴⁰ on the economic impact of retirement living and extra care schemes. Adding on this multiplier, total expenditure is estimated at **£986,000 per annum**. Over a **ten-year period**, expenditure is estimated at **£8.5million** (present value).

³⁹ *McCarthy and Stone – Local area economic impact assessment*: Institute of Public Care – Oxford Brookes University, 2014.

⁴⁰ *Ibid*

7. CONTRIBUTION TO STRATEGIC AIMS

Introduction

7.1 Once the proposed development is built, it will make a significant contribution to the economic development objectives of the local area. This section reviews relevant objectives and development strategies to show how the scheme will contribute to the achievement of strategic economic goals, as well highlighting the importance of the creative and digital sector to the South East and UK economy.

Cherwell District Council

7.2 In its Local Plan⁴¹, Cherwell District Council outline a vision that:

“By 2031, Cherwell District will be an area where all residents enjoy a good quality of life. It will be more prosperous than it is today. Those who live and work here will be happier, healthier and feel safer.”

7.3 For this to happen, the council aims to do a number of things, five of which are relevant to the proposed development:

- The Council aims to develop a sustainable economy that is vibrant and diverse with good transport links and sound infrastructure, supported by excellent educational facilities. The Local Plan states that the economy will grow to provide more diverse employment for Cherwell’s increasing population and reduce the need for residents to travel outside the District for work.
- The Council want to support a stronger, more sustainable rural economy that is more diverse and not reliant entirely on agriculture. Villages will be 'lived in' as well as 'slept in'.
- The Local Plan sets out an aim to build sustainable communities by facing the challenges of the growing and an ageing population and ensuring that the settlements of Banbury, Bicester and Kidlington, along with the rural areas offer a high quality of life and meet the needs of all sections of the population.
- Another aim is to ensure Cherwell can offer its communities a range and choice of good quality, market and affordable housing.
- Finally, the Council aim to ensure that through careful and timely investment in social and physical infrastructure, people have convenient access to health,

⁴¹ *The Cherwell Local Plan 2011-2031*: Cherwell District Council, July 2015.

education, open space, sport and recreational activities when they need it. The Council want to address inequalities in health, and aim to maximise well-being. Poverty and social exclusion will be reduced.

- 7.4 The document outlines the challenge of delivering sufficient jobs and homes, supported by appropriate infrastructure to meet Cherwell's needs, whilst conserving the natural and built environment, minimising the need to travel and addressing climate change.
- 7.5 Cherwell District Council have a 'strategic sites for business development' document⁴², which highlights the adopted Local Plan's allocations for 200 hectares of additional employment land and more than 22,000 new homes up to 2031. Heyford Park is identified within this document as a strategic employment site for B1, B2 and B8 use types.

Local Enterprise Partnership

- 7.6 The proposed development falls within two Local Enterprise Partnership (LEP) areas – Oxfordshire LEP and the South East Midlands LEP.
- 7.7 As well as Cherwell, Oxfordshire LEP also includes: Oxford, West Oxfordshire, Vale of White Horse, and South Oxfordshire.
- 7.8 The LEP sets out a vision for the area in its Strategic Economic Plan (SEP)⁴³, which is to see:

"Oxfordshire as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence".

- 7.9 The SEP details three overarching themes to realise this vision:
- **Innovation:** including innovation driven by a range of different sectors, alongside social innovation. The process of innovation is already considered to be one of Oxfordshire's strengths, as a survey by the European Research Council found that firms in Oxfordshire reported the most innovation activity compared to other regions in the UK. The LEP seeks to harness this to deliver the vision.
 - **Enterprise:** of the 30,000 enterprises in the area, nearly 90% employ fewer than 10 people, and they are considered to be a dynamic element of the enterprise mix.

⁴² *Strategic Sites for Business Development:* Cherwell District Council, January 2017.

⁴³ *Creating the Environment for Growth – Strategic Economic Plan for Oxfordshire 2016:* Oxfordshire Local Enterprise Partnership, January 2017.

- **Research:** Oxfordshire includes world-leading research under the auspices of the University of Oxford and Oxford Brookes University.

7.10 The SEP states that by linking these themes, it will ensure that by 2030, Oxfordshire's economy will be widely recognised to be:

- **Vibrant:** Oxfordshire will be a place where ambitious businesses and people thrive; and where young people choose to build their careers and their lives, contributing to the vibrancy of Oxfordshire's communities.
- **Sustainable:** Oxfordshire will be on a trajectory for growth that is sustainable environmentally (taking into account climate change, carbon emissions, heritage, the natural environment and patterns of resource use), socially (reflecting the needs and character of communities), and economically (with businesses and others choosing to re-invest).
- **Inclusive:** Oxfordshire will be a place in which all residents – irrespective of age, gender, or ethnicity – have a real stake in determining the county's future economic narrative and contributing to it.
- **World-leading:** Oxfordshire will be a place that is recognised globally for its dynamic innovation ecosystem, founded on world class research and fuelled by enterprise, all within an environment of the highest quality.

7.11 The SEP highlights that the LEP has made substantial headway in relation to some major new schemes. These include some with outstanding credentials for sustainability (e.g. North West Bicester and the newly designated Didcot Garden Town) and innovation (e.g. Graven Hill). Both of these are also providing a focus for both housing and jobs growth. The SEP states that this focus on growth – particularly jobs growth – is even more important following the Brexit decision and the consequent economic uncertainty.

7.12 Following on from this, the SEP identifies an overall priority for the LEP to ensure a strong focus on the link between jobs and housing growth, whilst offering the choice of business premises and homes (including homes that are genuinely affordable) needed to support sustainable growth.

7.13 Cherwell also falls within the South East Midlands LEP area. The South East Midlands LEP SEP⁴⁴ outlines their mission for the area:

⁴⁴ *South East Midlands – Where Innovation Fuels Growth – Strategic Economic Plan: South East Midlands Local Enterprise Partnership, November 2017.*

“The South East Midlands will build on its reputation as a premier location for growth, innovation, creativity and world-leading technologies, which will result in a doubling of the area’s GVA by 2050.”

7.14 In order to achieve this mission, the SEP has four priorities:

- **Growing business:**

- Using the areas strengths in High-Performance Technology to deliver commercialisation of innovation, driving growth within the Cambridge-Milton Keynes-Oxford Growth Corridor.
- Delivering increased levels of private sector investment.
- Delivering greater trading activity between companies in the LEP area and elsewhere, with emphasis on emerging global markets and retaining good European links.
- One of the areas identified to deliver this is to build on the area’s ‘showcase sector’ strengths, including manufacturing and advanced technology and the creative and cultural sector. Alongside this, the LEP aim to support the delivery of Local Growth Fund projects to progress innovation in the High Performance Technology sector; strengthen the South East Midlands’ cultural and creative offering; and put in place appropriate employment land and transport infrastructure.

- **Growing people:**

- Delivering an integrated and employer-led approach to skills attainment to ensure that the population is aware of, and has the attributes and competencies required for, a modern, competitive economy. This will include the delivery of 170,000 apprenticeships by 2026.

- **Growing places:**

- Delivering sufficient new homes, with 130,000 planned in the decade to 2026, and infrastructure to meet the needs of the growing population.

- **Cross-cutting:**

- Ensuring that growth is undertaken in a manner that promotes social inclusion, equality and environmental sustainability.

National Industrial Strategy

7.15 The UK government has recently released the Industrial Strategy White Paper⁴⁵, which sets out an ambition to create an economy that boosts productivity and earning power throughout the UK. The document outlines five foundations of productivity to align with this, all of which are relevant to the proposed development:

- Ideas – making the UK the world’s most innovative economy.
- People – good jobs and greater earning power for all.
- Infrastructure – a major upgrade to the UKs infrastructure.
- Business environment – making the UK the best place to start and grow a business.
- Places – prosperous communities across the UK.

7.16 The White Paper also highlights the creative sector a number of times, stating that opportunities for investment exist in most creative clusters. The paper acknowledges that demand in the creative industries (including film, TV, and video games) is growing at twice the rate of the economy as a whole. It is therefore a priority sector, with the White Paper committing the government to: improving education; aligning private sector investment behind the Industrial Strategy Challenge Fund (ISCF) Immersive Technologies Programme; collaborating in the Arts and Humanities Research Council; investing in technology; supporting research partnerships; and establishing a new national Creative Industries Policy and Evidence Centre to boost understanding of the creative industries.

7.17 The UK Powerhouse’s most recent Autumn report⁴⁶ stresses the importance of the technology sector in the British economy, as the UK compares very favourably in terms of digital GDP and investment, when compared to other European countries. Calculations by Tech Nation show that digital technology makes a £97billion contribution to the UK economy each year, providing 1.64million jobs. Despite growth in the digital sector, the report states that councils still need to make a public commitment to supporting the industry through investment in infrastructure to create sustained growth in the sector.

The Importance of the Creative & Digital Industries

7.18 The creative and digital industries are becoming more of a focus in regions across the UK and internationally. The industries contain a broad mix of businesses, including design

⁴⁵ *Industrial Strategy – Building a Britain fit for the Future*: HM Government, November 2017.

⁴⁶ *UK Powerhouse – A Future Powerhouse for Technology*: Cebr, October 2017.

media, ICT and cultural. Areas London and the South East of England has particular strengths in the Creative and Digital industries, especially in TV and film production.

7.19 Based on data published by the Department for Digital, Culture, Media & Sport (DCMS), total employment in the creative and digital sector stood at 3.3million in Great Britain in 2015 (see Table 3.3).

7.20 For regional employment in creative and digital, London dominates and accounts for 30.2% of all jobs in the sector, based on analysis of the DCMS statistics⁴⁷. London is followed by the South East which has 16.9% of all jobs in the sector. Table 7.1 presents regional employment for the creative & digital sector in more detail.

Table 7.1: Creative & Digital Sector Employment, 2016

Region	Total Creative & Digital Jobs	Share of creative & digital jobs
North East	79,000	2.3%
North West	250,000	7.4%
Yorkshire and the Humber	181,000	5.3%
East Midlands	179,000	5.3%
West Midlands	213,000	6.3%
East of England	263,000	7.8%
London	1,024,000	30.2%
South East	574,000	16.9%
South West	269,000	7.9%
Wales	89,000	2.6%
Scotland	230,000	6.8%
Northern Ireland	41,000	1.2%
Total	3,392,000	-

Source: DCMS

7.21 More specifically, research in the British Film Institute’s (BFI) statistical yearbook⁴⁸ found that 65% of the film and video production workforce are based in London and the South East, despite just over half of them (51%) being freelance.

7.22 Further research by the Department for Digital, Culture, Media and Sport (DCMS)⁴⁹ shows that gross value added (GVA – a proxy for economic output) of the creative & digital sectors was around £206billion in 2015, accounting for almost 12.5% of the national GVA.

7.23 Table 7.2 shows change in GVA between 2010 and 2015 for the creative industries and digital sector. The change in total GVA for the UK as a whole is provided for comparison

⁴⁷ *Creative Industries: Focus on Employment*: Department for Culture Media & Sport, July 2017.

⁴⁸ *Statistical Yearbook 2016*: BFI, 2016.

⁴⁹ *Creative Industries: Focus on Employment*: Department for Culture Media & Sport, June 2016.

purposes, and it is evident that GVA growth in both sectors has outperformed growth of the UK economy. GVA in the creative industries grew by 34.0% from 2010-2015, and by 21.7% in the digital sector. This compares with 17.4% growth in total UK GVA over the same period.

Table 7.2: GVA change in the creative & digital sector, 2010-15

	2010	2011	2012	2013	2014	2015
Creative industries	100.0	106.5	112.0	119.5	125.2	134.0
Digital sector	100.0	105.8	108.1	113.1	114.7	121.7
UK – whole economy	100.0	102.6	105.7	109.7	114.8	117.4

Source: DCMS

7.24 Work by Sir Pete Bazalgette on the creative industries⁵⁰ explains the importance of regional growth, led by sectoral or specialist clusters, in delivering a number of benefits. Cluster-led approaches, such as growth hubs and enterprise zones, have a number of benefits, including creating more efficient provision of business support services. More specifically, in the cultural sector, cluster-led approaches can contribute unique benefits, with the fusion of skills they foster, alongside social and economic spill overs. For example: there is evidence that ‘fused’ companies are more productive and have higher growth rates; evidence from place-shaping research suggests that growth in creative industries is enhanced when an area has a strong cultural and heritage element; and finally, the extensive research carried out around creative clusters gives policymakers a rich evidence base from which to devise new, ambitious programmes to support creative clusters.

7.25 Looking at the UK film industry, Oxford Economics⁵¹ found that the long-term trend has been positive, with GDP consistently outstripping that of the UK economy as a whole. The UK competes in the global market, making a significant contribution to net trade through export earnings. Exporters of other goods and services also benefit from the part films play in establishing and reinforcing the UK’s image and brand. The same report also concluded that the UK film industry generates around 43,900 FTE jobs and also supports 117,400 indirect jobs (in areas such as tourism, trade and merchandise).

⁵⁰ *Independent Review of the Creative Industries*: Sir Peter Bazalgette, September 2017.

⁵¹ *The Economic Impact of the UK Film Industry*: Oxford Economics, September 2012.

APPENDIX 1 – ECONOMIC BENEFITS INFOGRAPHIC

ECONOMIC BENEFITS

Heyford Park, Oxfordshire

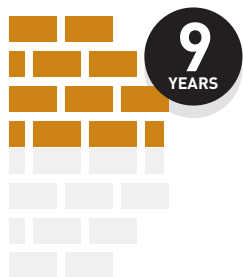
Construction of up to 1,175 residential dwellings and 60 close care units with supporting employment space

P16-0631

CONSTRUCTION BENEFITS

£245million¹

Estimated construction investment over a 9 year build programme



518

Direct construction roles and indirect/induced jobs supported per annum during build phase

£34.6million² GVA²

Economic output per annum during 9-year build programme



OPERATIONAL BENEFITS



60

Close care units

1,619

Economically active and employed residents estimated to live in the new housing



1,450³

Full Time Equivalent (FTE) jobs directly supported on site

£12.7million

Estimated 10-year health savings - reduced GP visits, hospital admissions, care home costs



£800million

Economic output contribution from jobs directly supported on site over 10-years



£38.6million

Annual household expenditure



¹ Construction investment does not include the cost of the filming area, the energy facility, the observation tower or the outdoor sports facilities

² GVA, or gross value added, is the measure of the value of goods and services produced in an area, sector or industry

³ FTE jobs number does not include the jobs associated with the filming area, the observation tower, the additional education facilities or the green infrastructure