

ECONOMIC BENEFITS ASSESSMENT

Foodstore and Drive-thru

Land to the South of Holbeach
Road, Spalding

Introduction

Purpose of this Assessment

Savills has been commissioned to undertake an economic benefits assessment of a proposed new employment site at Land to the South of Holbeach Road, Spalding, Lincolnshire.

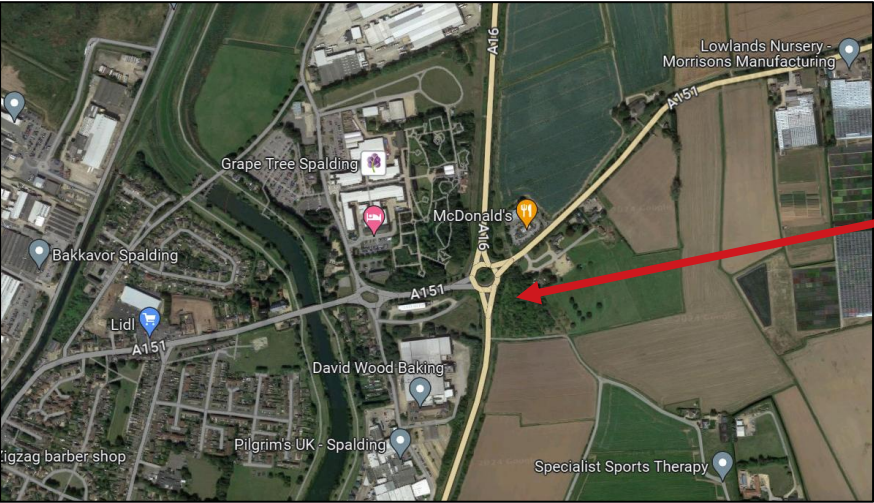
The 1.34-hectare site is currently undeveloped scrubland and includes a small road.

This is a Green Book compliant assessment of the current proposed development plans for the site. The assessment analyses the local employment, tax and GVA impact of the site's construction and operation.

Proposals

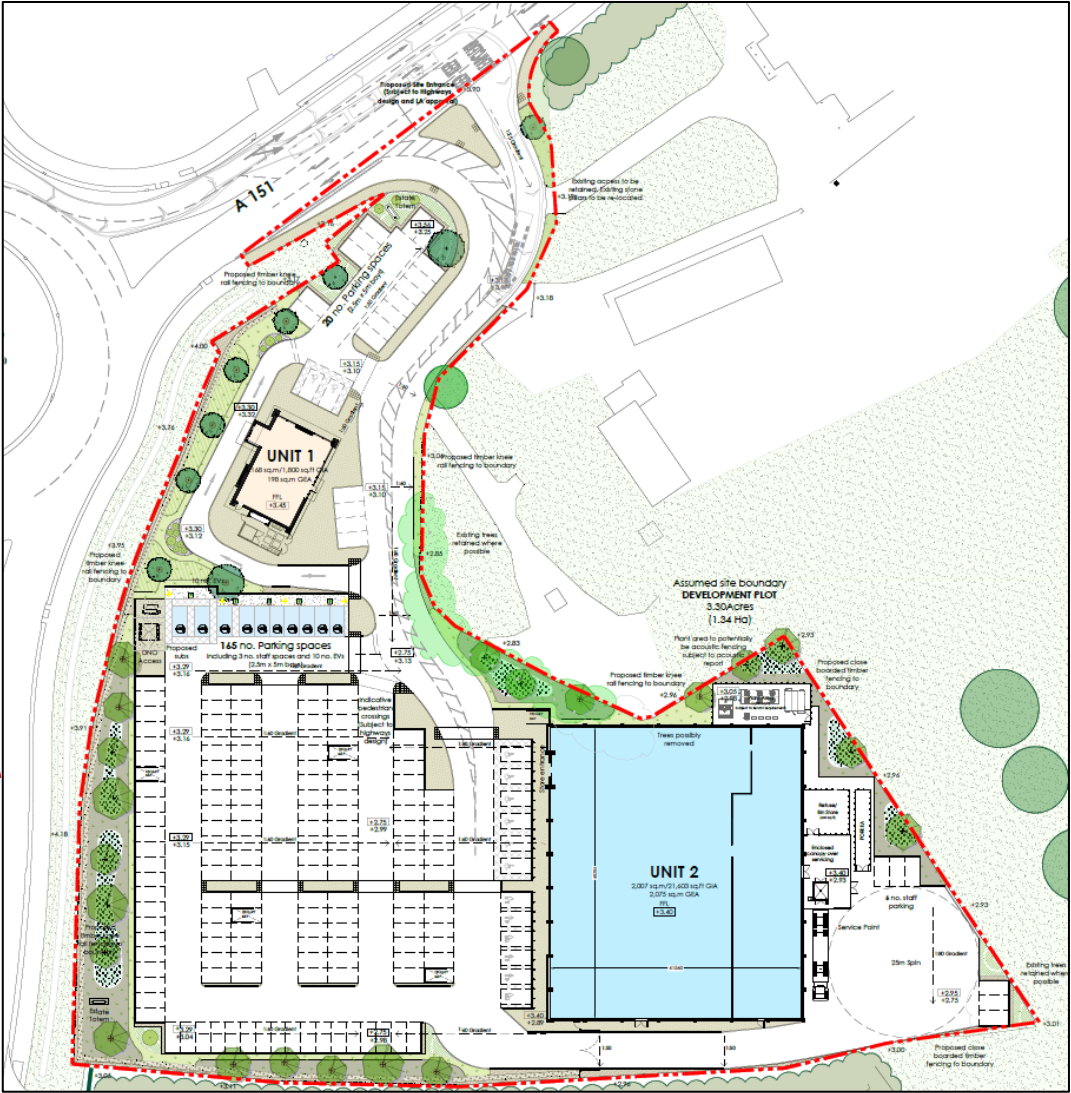
The proposed development of the site will deliver a new 2,005m² Foodstore at the southeast of the site (shown in blue on the Proposed Site Layout) alongside a 168m² Drive-thru unit (shown in yellow on the Proposed Site Layout).

Site Location



Source: Google Maps

Proposed Site Layout



Source: The Harris Partnership Architects

Economic Benefits



The proposed development will create employment opportunities for South Holland residents, initially during the construction of the units, and then as the two units become occupied and fully operational.

Estimates for the temporary construction and long-term operational job benefits have been derived from construction cost estimates and the proposed accommodation schedule provided to Savills Economics by Commercial Development Projects Ltd (the “Applicant”).

From this information, the construction, direct and wider jobs and GVA have been estimated using ONS data sector specific productivity, cost per job and multiplier benchmarks, in line with Green Book and HCA Additionality Guidance.

Construction Phase

£7.5m capital investment

required to construct and fit out the proposed 2,173m² of new employment space.

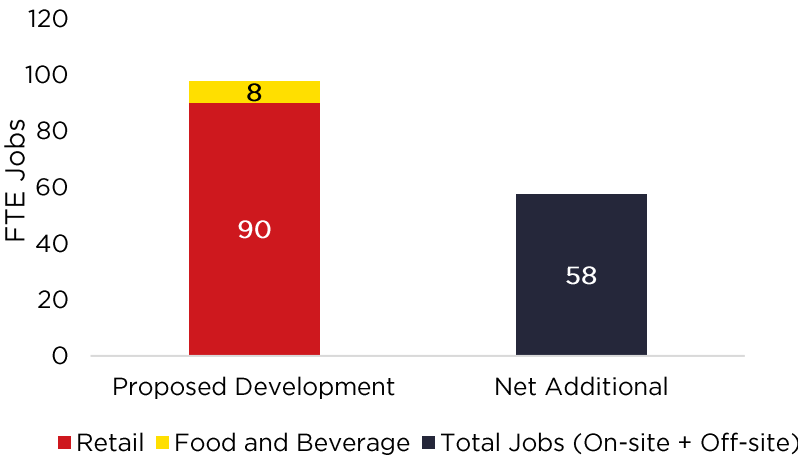
40 direct construction jobs

supported across 1 year of construction. It is estimated 17 of these roles will be filled by residents of South Holland.

23 net additional jobs

are expected to be generated for South Holland residents directly and indirectly during the construction period.

Operational Impacts



98 direct jobs

onsite once the two units are fully operational, of which 70 are expected to be filled by residents of South Holland.

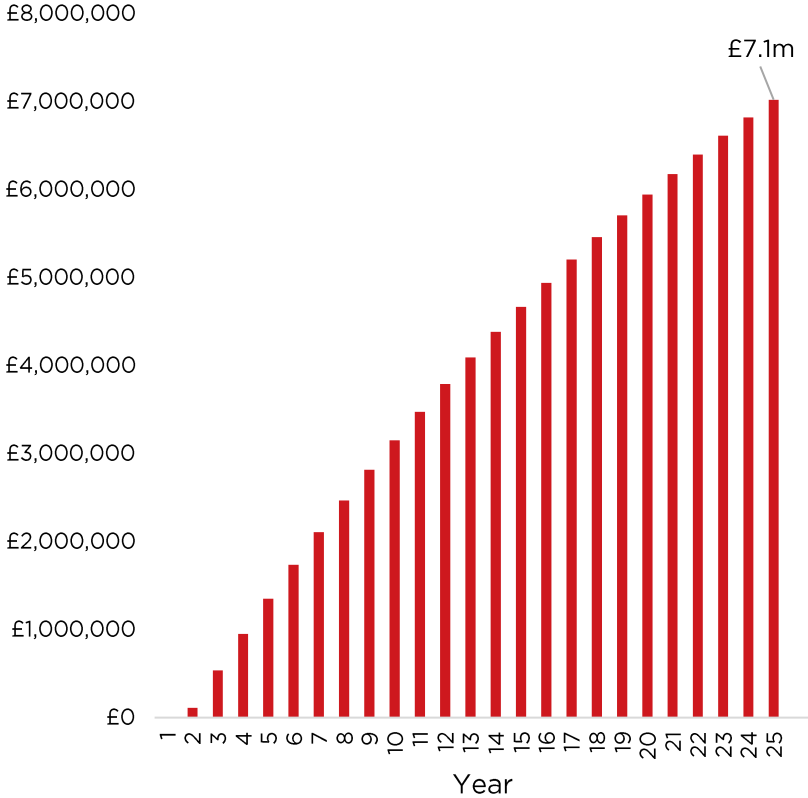
58 net additional jobs

expected to be supported in the South Holland economy, once displacement, leakage and multiplier effects are considered

£3.2m Gross Value Added

per annum directly contributed to the economy when fully operational

Business Rates Revenues



£7.1m (NPV) additional public sector revenues

resulting from cumulative business rates over 25 years

Methodology

The methodology used is compliant with the HMT Green Book (2022). The figures are based on our understanding of the scheme and a range of assumptions. Figures have been calculated based on the amount of floorspace by use type. These assumptions have been set out below.

Estimates of benefits are subject to uncertainties. Our assumptions and calculations are based on good practice, guidance and available data. We estimate that actual impacts are likely to be in a range of +/-20% of figures given.

Job Assumptions

The construction value of £7.5 million has been provided by the Applicant. It is based on cost estimates for the build and fit out cost of the proposed development.

The expected construction employment has been calculated utilising a regional turnover per job benchmark for the sector, derived from ONS Business Population Estimates average (2021, 2022, 2023).

Employment density assumptions for retail, and food and beverage uses are in line with the Homes and Communities Agency Employment Density Guide (2015).

GVA Assumptions

Sector-specific GVA per worker benchmarks have been taken from the ONS Region by Industry Labour Productivity Dataset 2019. Sector G (Wholesale and Retail Trade) & Sector I (Accommodation & Service Activities) and used to calculate the GVA benefits.

Trend analysis has been undertaken to convert GVA per worker figures to current year estimates. This 10% growth has then been applied to all sectors to uplift the aged data.

Leakage, Displacement & Multiplier Effect

At South Holland level, leakage of 58% has been applied to all construction jobs, based on travel to work patterns for the local area.

Sector-specific leakage adjustments (ranging from 27-29%) calculated using a similar method as the construction leakage, have been applied to all operational jobs.

Displacement of 25% has been applied to all gross jobs. This is 'low' displacement following guidance from HCA Additionality Guide 2014.

A sector-specific multiplier has been applied to all net additional operational jobs, obtained from the ONS' Supply and Use, FTE multipliers and effects tables (2018 reference year).

Taxation Assumptions

Taxation calculations present the net present value (NPV) of cumulative business rates receipts over a 25-year appraisal period, utilising a 3.5% discount rate in line with HMT Green Book Guidance.

Business rates for both use classes have been benchmarked against similar developments in the area.

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