



The Harlequins Centre Economic Impact Assessment

Final Report

On behalf of:

Curlew Alternatives Property LP

July 2021

Document Control Sheet

Project Name : The Harlequins Centre EconIA
Project Ref : 1 Jobs / 72c
Report Title : The Harlequins Centre Economic Impact Assessment
Doc Ref : Final Report
Date : July 2021

Prepared by : Russ Porter, BSocSc (Hons), MA, GDip(QS), MRICS, Director at PPE
Tom Marshall, BA (Hons), MSc, MRTPI, Associate at PPE

Quality Statement : In preparing this report, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group.

Approved by : Russ Porter, Director, 06th July 2021

On behalf of : **Porter Planning Economics Ltd**
t: +44(0)1626 249043
e: enquiries@porterpe.com
w: www.porterpe.com

Contents

1	INTRODUCTION AND SUMMARY	1
	Background and Scope.....	1
	Site, Location and Development Options	1
	Study Methodology.....	2
	Summary of Impacts	3
2	ECONOMIC PROFILE OF THE STUDY AREA	4
	Introduction	4
	Local Economic Profile	4
	Conclusions	9
3	ECONOMIC IMPACTS.....	10
	Introduction	10
	Gross Economic Impacts	10
	Net Economic Impacts	13
	Other Well-being Impacts.....	16
	Summary	18
4	CONCLUSION	19

1 Introduction and Summary

Background and Scope

- 1.1 Porter Planning Economics Ltd (PPE) has been appointed by Curlew Alternatives Property LP as an independent consultancy to identify and assess the economic impacts from the delivery of the proposed scheme to redevelop the Harlequins Shopping Centre in Paul Street, Exeter that is being submitted to Exeter City Council. Following the demolition of the existing shopping centre and pedestrian bridge, the proposal includes the development of two co-living (Sui Generis) accommodation blocks, change of use of upper floors of 21-22 Queen Street to co-living (Sui Generis), and all associated works including parking, landscaping, amenity areas, public realm improvements, new pedestrian bridge and provision of heritage interpretation kiosk.
- 1.2 This economic impact assessment includes a review of the impacts of the proposed scheme on the local business and resident population in Exeter. In doing so, the review assesses the impacts of the investment on future employment (and output) generated by the construction and operation phases of the proposed developments.
- 1.3 All the identified impacts are specific to the local Exeter economy. Further to this, it is important to note that since the preparation of a previous economic assessment of a previous proposal for the application site that was prepared in November 2019, the Covid-19 pandemic has significantly impacted the economy of the world, as well as that of Exeter. So, while this addendum report has been prepared using industry data and follows an accepted approach, reflecting best practice, the future is uncertain except the likelihood that significant investments, such as proposed for the Harlequin's Centre, will be important to the future economy of Exeter and its recovery.

Site, Location and Development Options

- 1.4 The application site is shown edged red on the site plan shown in **Figure 1.1** and extends to 1.04 hectares. It is within the central area of Exeter city with a frontage to Queen Street, as well as Paul Street, which are the main highways within the city centre. The site includes the existing Harlequins Centre building (including the frontage to Queen Street), service yard and surface car park.
- 1.5 The site is on the edge of the established primary shopping frontages of the city, which is dominated by a High Street that is approximately 200m from the site to the south east. The Princesshay Shopping Centre, which is located at the northern end of High Street, is circa 300m from the edge of the Harlequins Centre site.

Figure 1.1 Redline boundary and site plan of the proposed scheme

Source: Corstorphine & Wright, Site Plan 05

- 1.6 The proposed development involves the demolition of the existing Harlequins Centre, which was built in the 1980s, the retention of a small part of the existing building (Nos 21-22 Queen Street), which predates the more modern centre, and the proposed erection of two new blocks fronting onto Paul Street.
- 1.7 The proposal seeks to introduce purpose-built “co-living” accommodation based on 378 studio and cluster rooms, in two building blocks, as summarised in **Table 1.1**. The red site boundary line also includes part of Queen Street and Paul Street, where there are proposals for the enhancement of the public realm in conjunction with the development proposals in **Table 1.1**.

Table 1.1 Proposed scheme

	Block 1	Block 2	Total
Proposed floorspace (sqm)	7,408	4,224	11,632
Proposed (nr of beds)	250	128	378

Source: Curlew Alternatives Property LP

Study Methodology

- 1.8 This assessment is guided by HM Treasury’s ‘Green Book’ (2020), which sets out the standard approach to undertaking economic impact assessment. The assessment has been carried and reported in four stages (each stage is reported in a new chapter):

- Baseline assessment – the report then sets out the local area’s economic baseline data, examining the size, depth and performance of the Exeter economy to gauge the level of impact and change that might be absorbed from the proposed masterplan.
- Measuring economic impacts – the economic impacts of the proposed application site are measured primarily through the number and type of jobs and equivalent level of economic output (GVA) generated by the scheme since these factors provide the best indicator of local economic impact.
- Measuring social impact - setting out the relevant context for economic development and growth and the impact of new residents on local services, communities and places.
- Conclusion - The analysis about the proposed redevelopment of the Harlequins Centre economic impacts on Exeter, its businesses and its residents, under the context of the national planning framework to form an overall conclusion on the significance of the impacts of the proposed scheme and the wider economic case for its development.

Summary of Impacts

- 1.9 The economic impact assessment from delivering the proposed redevelopment of the Harlequins Centre in Exeter into Co-living accommodation identifies that, there would be substantial economic benefits arising from the plans, which fit with the strategic objectives for the area. In summary, these are as follows:
- Approximately £30.5m of direct investment in delivering the proposed development, providing accommodation for 378 households, which could have the potential to generate expenditure of £7.3m per annum, with some of this investment and expenditure going to local businesses and supporting local jobs.
 - The construction investment, the operation of the co-living accommodation, and the spending by new residents, could support 78 gross jobs, of which some 36 are estimated to be net additional jobs in the local economy.
 - These activities will support local prosperity, which when measured in economic output using the gross value added to the local economy (GVA), is estimated to be equivalent to an annual increase of almost £2.2 million per year in increased output in Exeter.
 - Such improved prosperity is likely to occur from providing tertiary jobs that will be accessible to local residents, increasing economic activity within Exeter and providing jobs being sought by local unemployed residents, helping to move them from benefits.
 - There will also be no or limited negative impact on local community services, improved public realm and well-being around the vicinity, notably Paul Street, and scope for achieving increased business rates to help pay for council services.

2 Economic Profile of the Study Area

Introduction

- 2.1 In this chapter we review the size, structure and performance of the local Exeter economy. This is to help assess how the proposed scheme may contribute to its residents' and businesses' prosperity and the area's economic growth. The local labour market is also considered in terms of unemployment and economic activity to help identify the significance of the impacts that additional jobs associated with the proposed scheme might deliver.
- 2.2 The analysis has largely reviewed a mix of data sources from the Office of National Statistics (ONS), including the Business Register and Employment Survey (BRES), Annual Business Survey (ABS), Annual Population Survey (APS) and Census (2011).
- 2.3 The profiles of the local data and study area have been compared with the county (Devon) and national (England & Wales) averages as a means of benchmarking the characteristic, strengths and performance of areas.
- 2.4 To avoid any short term/temporary impacts from the Covid-19 pandemic on the assessment of local longer terms conditions, this information is gleaned from Exeter's profile before the Covid-19 pandemic emerged.

Local Economic Profile

Structure of the Local Economy

- 2.5 Data from the Business Register and Employment Survey (BRES) 2017 identifies there to have been approximately 95,000 people working (i.e. employees and VAT registered sole traders) in Exeter. Unsurprisingly, this identifies Exeter to have a large economy that accounts for roughly one-quarter of the jobs within Devon.
- 2.6 **Table 2.1** shows the economic structure of the Exeter economy, with the biggest sectors based on the number of jobs being in 'Health' (16.8%), 'Education' (10.5%), 'Retail' (9.5%) and 'Business administration & support services' (9.5%). Such sectors are defined as being in the tertiary sector, which tends to benefit from consumer and local business spending. The wider Devon area also has many jobs within these sectors ('Health' – 12%, 'Retail' - 11.1%), along with others such as 'Accommodation & food services' (10.9%) that support the day and night visitor economy.

Table 2.1 Employment and Economic Structure by Broad Sector at 2017

Sector	Exeter	Exeter	Devon	Eng & Wales
	No.	%	%	%
Agriculture, forestry & fishing	50	0.1%	6.0%	1.4%
Mining, quarrying & utilities	3,000	3.2%	1.4%	1.2%
Manufacturing	3,000	3.2%	7.4%	8.0%
Construction	4,000	4.2%	6.3%	4.8%
Motor trades	2,250	2.4%	2.0%	1.8%
Wholesale	2,500	2.6%	3.7%	3.9%
Retail	9,000	9.5%	11.1%	9.5%
Transport & storage	3,000	3.2%	3.1%	4.7%
Accommodation & food services	6,000	6.3%	10.9%	7.4%
Information & communication	4,500	4.7%	3.1%	4.4%

Sector	Exeter	Exeter	Devon	Eng & Wales
	No.	%	%	%
Financial & insurance	2,500	2.6%	1.4%	3.4%
Property	1,750	1.8%	2.0%	1.8%
Professional, scientific & technical	8,000	8.4%	6.3%	8.7%
Business administration & support services	9,000	9.5%	6.0%	9.0%
Public administration & defence	7,000	7.4%	4.0%	3.9%
Education	10,000	10.5%	8.6%	8.7%
Health	16,000	16.8%	12.0%	12.8%
Arts, entertainment, recreation & other services	3,500	3.7%	4.6%	4.6%

Source: Business Register and Employment Survey

2.7 Location quotient (LQ)¹ analysis shown in **Table 2.2** compares the representation of employment sectors in Exeter to a wider location of Devon and nationally. If the quotient is equal to one, it can be concluded that employment within that sector has the same representation locally as it does at the wider level. If the quotient is smaller than one, it reveals that there are proportionally fewer jobs in that sector locally compared to the wider level. Conversely, if the quotient is greater than one, it is considered that there are relatively more jobs locally than there are at a wider scale.

2.8 Therefore, **Table 2.2** indicates that:

- compared to Devon, Exeter has a high representation in 'Mining, quarrying & utilities', 'Public administration' and 'Financial & insurance' but a low representation² in 'Manufacturing' and 'Accommodation & food services';
- compared to England & Wales, Exeter also has a high representation in 'Mining, quarrying & utilities' and 'Public administration'. Again, representation is weak in 'Manufacturing', but also sectors such as 'Transport & Storage' and 'Wholesale';
- the 'Construction' sector has a low representation in Exeter compared to both the county and national level; and
- the 'Retail' sector has a low representation in Exeter compared to the county but is comparable to representation on a national scale.

¹ The index is derived by showing the proportion employed in a certain sector in an authority divided by the total employment in the authority compared to the number of people employed in a sector nationally divided by the total number of people employed nationally.

² The sector 'Agriculture, forestry & fishing' has been discounted as it represents a very small number (approx. 50) of workers in Exeter.

Table 2.2 Exeter employment representation compared to England & Wales 2017, location quotient

Sector	LQ with Devon	LQ with Eng & Wales
Agriculture, forestry & fishing	0.01	0.04
Mining, quarrying & utilities	2.21	2.74
Manufacturing	0.42	0.39
Construction	0.67	0.87
Motor trades	1.18	1.33
Wholesale	0.71	0.68
Retail	0.85	1.00
Transport & storage	1.00	0.67
Accommodation & food services	0.58	0.85
Information & communication	1.51	1.08
Financial & insurance	1.84	0.77
Property	0.92	1.01
Professional, scientific & technical	1.34	0.97
Business administration & support services	1.58	1.05
Public administration & defence	1.84	1.87
Education	1.23	1.21
Health	1.40	1.32
Arts, entertainment, recreation & other services	0.81	0.80

Source: Business Register and Employment Survey

The Local Resident Labour Market

- 2.9 The ONS Annual Population Survey (APS) records that in 2018, the proportion of the working-age residents in Exeter that were either in full-time education, working or looking for work, which is defined as the economic activity rate, stood at 78.2%, and is not too dissimilar to the national average. As shown in **Table 2.3**, this is a lower rate when compared to Devon, where economic activity was 82.4%, which suggests that there is capacity among the working-age population to bring more residents back into the labour market and into work.
- 2.10 A comparison of the economic activity rate from 2008 indicates that the rate of economic activity has increased at a slower rate compared to both the county and national comparators.

Table 2.3 Economic Activity Rate of Working Age Population (16 – 64 year olds) in 2008 and 2018

	2008	2018
Exeter	77.5%	78.2%
Devon	80.4%	82.4%
England and Wales	76.6%	78.6%

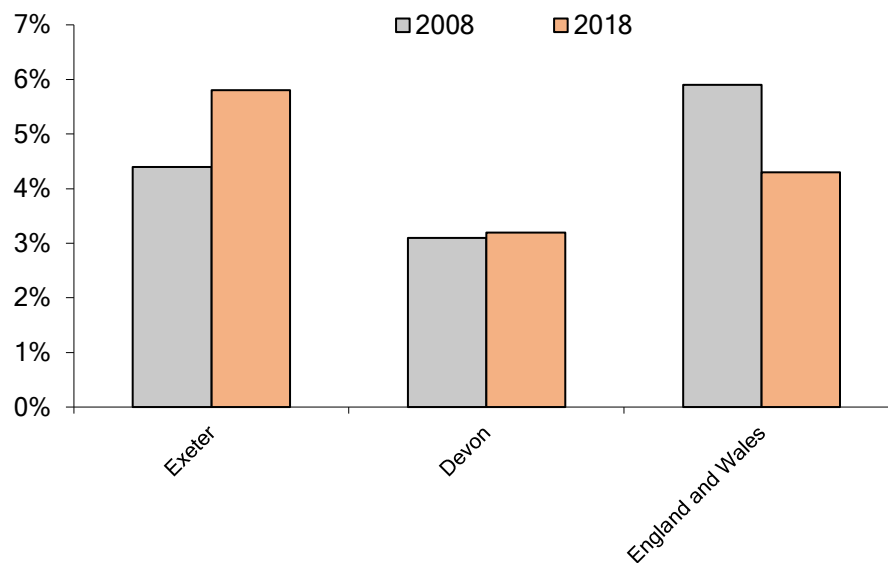
Source: Annual Population Survey

Unemployment

- 2.11 The ONS Annual Population Survey (APS) records that in 2018, the proportion of the working-age population who were unemployed in Exeter stood at 5.8%, which is significantly higher than the county and national level (3.2% and 4.3% respectively).

- 2.12 The same survey shown in **Figure 2.1** indicates that since 2008 the unemployment rate has increased in Exeter, whereas it remained similar in Devon and fallen nationally. As such, there is strong potential for improving resident economic activity and prosperity in line with the wider county and national trends through increasing the demand for workers.

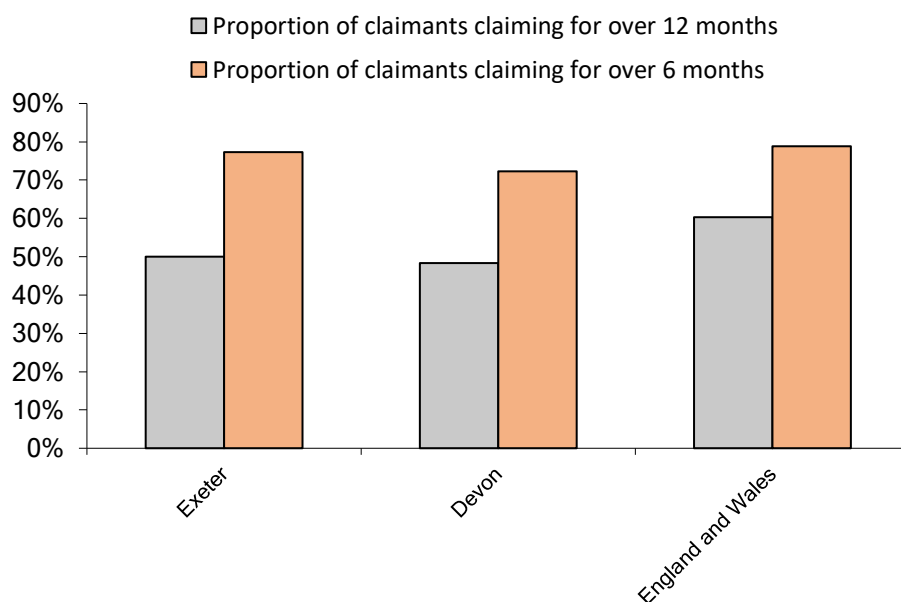
Figure 2.1 Unemployment rates for Exeter, Devon and England & Wales (2008-2018)



Source: Annual Population Survey

- 2.13 The ONS also provides data on the duration that residents are out of work, defined by the amount of time that Universal Credit is claimed. The data, shown in **Figure 2.2**, indicates that the proportion of claimants claiming for over 12 months (50%) is much lower than the national level (60%). This is important as it may suggest greater levels of frictional unemployment (i.e., unemployment that is not necessarily caused by an underperforming economy but one that naturally arises due to temporary employment transitions, newer entrants into the labour market who are willing to take longer to find the 'right' job, etc).

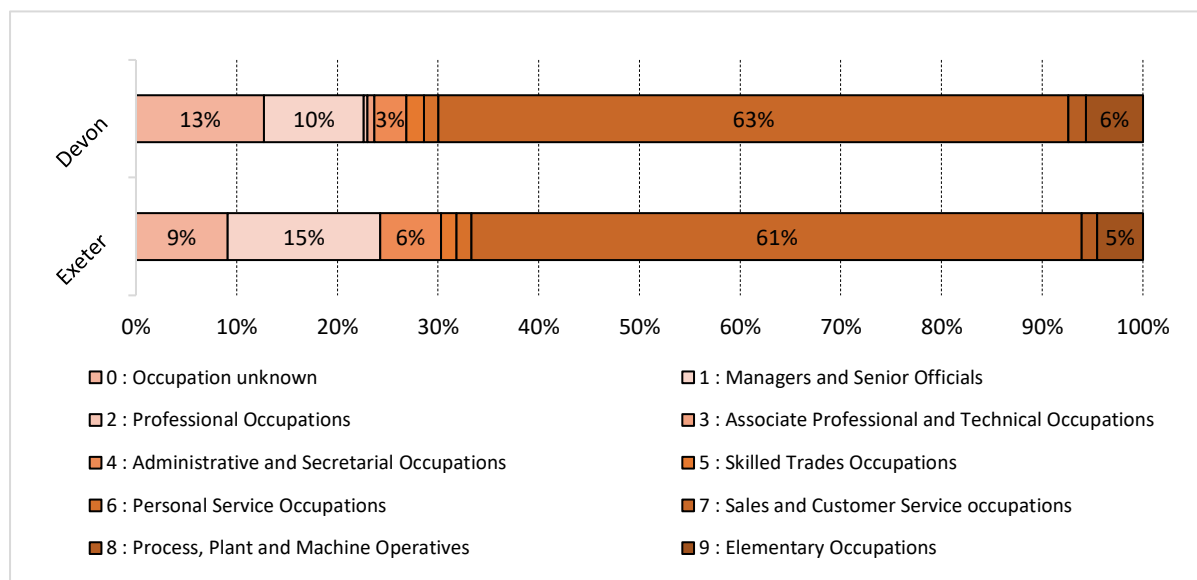
Figure 2.2 JSA claimant duration, 2008-2018



Source: JSA

- 2.14 **Figure 2.3** provides data on the type of work sought by job seekers. The vast majority of job seekers, in both Exeter and the wider county areas, are seeking 'Sales and Customer Service Occupations' (61% and 63%). This is followed by 'Manager and Senior official' roles (15% and 10%), 'Administrative and secretarial' (6% and 3%) and 'Elementary Occupations' (5% and 6%). Such jobs tend to be in the tertiary sectors where Exeter has a strong representation.

Figure 2.3 Type of occupation sought by unemployed residents in Exeter and Devon at 2018



Source: JSA

In-Migration of Residents

- 2.15 The Census 2011 provides information on migration flows of households, which is useful for identifying how much new housing within the City may be taken by those living outside of the City, and therefore increasing local output by adding residents to the local labour market and generating more local spending. As shown in **Table 2.4**, 14% of households had moved into dwellings in Exeter over the past year, and nearly half (46%) had moved from outside of Exeter and 16% had moved from outside of Devon.

Table 2.4 Census Migration Data, 2011

Migration	All categories: Household composition	One person household: Other
Whole household lived at same address one year ago	39,874	7,999
Wholly moving household: Total	6,332	2,708
Total households used in data set	46,206	10,707
Wholly moving households as % of all households	14%	25%
Wholly moving household: Lived elsewhere one year ago; within Exeter	2,900	1,129
% of wholly moving households in Exeter that moved from outside of Exeter	46%	42%
Wholly moving household: Inflow: Lived elsewhere one year ago outside the area but within Devon	1,018	516
% of wholly moving households in Exeter that moved from outside of Devon	16%	19%

Source: Census 2011 Key Statistics UKMIG009 - Household migration by household composition

- 2.16 **Table 2.4** also provides the data for one person non-retired households, which will be the type of households that would move into the proposed Co-living accommodations. This showed higher levels of mobility, with 25% of these households moving in the past year and 42% had moved from elsewhere in Exeter but 19%, which is higher than the average, moved from outside of Devon.
- 2.17 These new residents will add to the existing labour supply, which will provide benefits to local businesses.

Conclusions

- 2.18 Exeter is a large economy, mainly dominated by businesses in the tertiary sector, which benefits from consumer and local business spending.
- 2.19 The local resident labour market within Exeter has a relatively lower economic activity rate compared to the wider county and relatively high unemployment. However, this unemployment tends not to be long term and therefore is not a structural problem, subject to any further or deepening impacts from the recent Covid-19 pandemic, which is known to have sharply impacted high streets. As such, the labour market is not considered to be tight and there is scope to improve prosperity through increasing local working opportunities.
- 2.20 Many of the unemployed residents on Universal Credit are looking for jobs in the tertiary sector of the economy, which is commonly the type of job that will be available locally within Exeter. Increasing the number of these types of local jobs would bring more opportunities for local residents, which will be the type of jobs that will facilitate in moving unemployed residents into paid employment, reducing, in turn, the burden on local benefits.
- 2.21 There are also new residents moving into the co-living accommodation in Exeter, including a high proportion of single person households moving from outside of Devon into the City, who will be adding to the labour market, and bringing with them new skills and new spending for local businesses to capture and absorb. Further to this, the next chapter will consider the type of employment opportunities that may be catalysed by the proposed redevelopment of the Harlequins Centre, to see if they meet the potential for improving local resident prosperity in Exeter.

3 Economic Impacts

Introduction

- 3.1 This chapter seeks to quantify the range of potential economic impacts that could be delivered by the proposed development. The economic impacts of the proposed scheme are measured primarily through the number and type of jobs and the equivalent level of economic output (GVA) generated by the scheme since these estimates provide the best indicator of local economic impact.
- 3.2 The estimations are based on assumptions that there will be direct impacts associated with the initial phases of construction activity, followed by an operational phase resulting from the provision of additional bed spaces that will generate new local spending that will create and support local job opportunities that would be indirectly related to the scheme.
- 3.3 It is too early to determine what the longer-term impact of the Covid19 pandemic will be on the socio-economic receptors in Exeter and it is anticipated that the assessment will reflect the pre Covid19 situation.

Gross Economic Impacts

Construction Phase (direct impact)

- 3.4 Receptors of economic impacts during the construction phase encompass a range of resident and business groups. These include working-age residents who may be hired to work on-site; local businesses that may become part of the supply chain; and local businesses where construction employees will spend some of their wages. These groups will benefit in terms of increased output, jobs created or safeguarded and new skills acquired through the initial capital spend with the proposed scheme.
- 3.5 A detailed cost plan is yet to be generated for the scheme, but it is possible to estimate the build and other costs based on the size and type of the proposed scheme using the Royal Institution of Chartered Surveyors Building Cost Information Service (BCIS) plus industry standard allowances for external works and professional fees. Also, a cost for demolition of the existing structures has been estimated using SPONS. The estimated construction costs for the economic impact assessment are presented in **Table 3.1**.

Table 3.1 Estimated Construction Costs

Building	Floorspace (sqm)	Build / demolition costs psm	+ Externals & Professional fees	Total (rounded)
Block 1 co-living units	7,408	£1,914	35%	£19,140,000
Block 2 co-living units	4,224	£1,914	35%	£10,913,000
Demolition costs	4,865	£100	15%	£559,000
Total				£30,612,000

- 3.6 For testing the economic impact, the construction costs have been assumed at approximately £30.5m, as shown in **Table 3.1**. The number of construction job years supported by this spending is estimated by dividing the construction cost (or turnover) and a national annual turnover per employee ratio of £189,023, which is derived from the latest

Annual Business Survey (November 2019) for Great Britain. From this measure, it is estimated that approximately 162 construction job years could be supported.

- 3.7 This figure is then adjusted to a permanent job equivalent figure, which is 8.6 years, based on the average duration of a UK worker in the same job identified by the OCED European Labour Force Survey (2019)³. On this basis, the investment in constructing the proposed scheme is estimated to directly support some 19 permanent equivalent construction jobs.

Operation Phase (direct and indirect impacts)

- 3.8 Following the construction phase, the beneficiaries will be local residents who may be trained and hired to work in the management of the Co-living units, local businesses which may become part of the supply chain; and local businesses where employees and new residents may spend money.

Operational Jobs (direct jobs)

- 3.9 The current draft Management Plan (available at July 2021) for the co-living facilities identifies an on-site directly employed team of four personnel. These include an Manager, Assistant Manager, Service Assistant and Maintenance Assistant.
- 3.10 The Management Plan also refers to out-sourced cleaning and security on-site. The information that we have received indicates that there will be a need for three cleaners, each working 5 hours a day, which over seven days is 35 hour per week per cleaner. Plus, one security operative securing the premises out of normal business hours of 9am to 5.30pm, which totals 108.5 working hours. Based on the ONS definition for a full-time worker being in work more than 30 hours a week, this require some 3 full-time security operative personnel. So the total number of indirect onsite contractor jobs is estimated to total six jobs.

Table 3.2 Gross indirect jobs supported by the proposed scheme

Building	No. of Beds	Floorspace (sqm)	Assumption	Gross Jobs
Co-living (Blocks 1 & 2) direct management and maintenance	378	GIA 11,632	Draft Management Plan	4.0
Co-living (Blocks 1 & 2) indirect cleaning and security	378	GIA 11,632	Draft Management Plan	6.0
Total		GIA 11,632		10.0

Additional occupier spending (first round induced impacts)

- 3.11 The proposed co-living blocks are expected to attract new residents and visitors into Exeter, who will be spending in the local economy, which in turn will support jobs. The proposal is to build 378 co-living bedrooms occupied by residents. Given that these are smaller units to make them more affordable to the general housing market area, for the economic impact assessment it is assumed that this new facility would attract 378 new single occupant households. As such, these units are likely to appeal to young professionals and possibly to recent graduates from the University of Exeter, who will be wanting to stay and work in or

³ http://stats.oecd.org/Index.aspx?DatasetCode=TENURE_AVE

close to Exeter where they will have established a home during their student years. However, the accommodation will be available to residents aged 18 years and older.

- 3.12 Based on information obtained from the ONS for household expenditure, the latest figures show that the average UK one-person non-retired household spends £356.60 per week. The ONS also provides data that compares regional expenditure, which reports that expenditure in the South West is 3.7% higher than the UK average⁴. Applying this weighting suggests that the average weekly spend per occupied unit across all sectors of the economy is £368 per week. This is split across different industrial sectors that are shown in **Table 3.3**.

Table 3.3 UK average weekly spend by sector of non-retired one-person households

	£ per week
Food and non-alcoholic drinks	£33.71
Alcoholic drinks, tobacco and narcotics	£9.54
Clothing and footwear	£11.41
Housing, fuel and power	£76.75
Household goods and services	£19.81
Health	£5.50
Transport	£46.88
Communication	£14.11
Recreation and culture	£34.95
Education	£0.00
Restaurants and hotels	£28.11
Miscellaneous goods and services	£28.42
Other expenditure items	£59.32
Total	£368

Source: ONS Family spending in the UK: April 2019 to March 2020 Table A23 reweighted to South West based on Table A35

- 3.13 Therefore after grossing up the likely weekly spend of its residents, as estimated in **Table 3.4**, the introduction of 378 new households in Exeter could induce a total resident spend of some £7.3 million per year. Using the latest ONS Annual Business Survey (November 2018) average national turnover per job across all service sectors (excluding finance services), it is also possible to estimate that the average resident spend is equivalent to supporting 49 gross jobs across all service sectors, which is also estimated in **Table 3.4**.

⁴ Derived from ONS Family spending in the UK: April 2019 to March 2020 Table A23

Table 3.4 Total yearly spending generated by the Co-living residents

	No.s
No. of residents in the Co-living rooms	378
Average weekly spend per resident	£368
Average yearly spend per resident	£19,162
Total yearly spend of all residents	£7,243,185
Average turnover per job	£148,402
No. of jobs supported by spending	49.0

Net Economic Impacts

Net Additionality

- 3.14 The gross direct and indirect jobs associated with the proposed scheme, and additional (first round) spending induced by the proposed scheme could support some 78 gross jobs. This is summarised in **Table 3.5**.

Table 3.5 Gross job impacts

	Gross jobs
Construction - direct jobs	18.9
Operational phase – direct/indirect jobs	10.0
Resident expenditure - induced jobs	49.0
Total	77.9

- 3.15 Whilst these jobs will be supported by the proposed scheme, not all of them will be added to the local economy. So, to estimate the local additionality impacts for businesses and residents, the following factors need to be considered.

Leakage - the proportion of investment and jobs that might benefit those outside Exeter

- 3.16 For both construction and operational employment, the leakage rate is informed by the ONS 2011 Census⁵ data that identifies that 50% of the workers within Exeter live outside Exeter.
- 3.17 For the new residents of the Co-living spaces, the recipient expenditure sectors identified in **Table 3.6** may occur outside of Exeter, although this does vary significantly by sector. The findings of the latest retail study⁶ report Exeter residents to have low leakages of spending within the convenience and comparison goods sectors⁷, as would be expected given the size and depth of the City economy that was identified in **Chapter 2** of this report. For the remaining categories, a degree of professional judgement has been used⁸ as shown in **Table 3.6**. Applying these leakage assumptions to the respective sectors generates an overall 42% leakage of aggregate expenditure.

⁵ ONS Census 2011 data 'WU01UK - Location of usual residence and place of work by sex'

⁶ Exeter and west end of East Devon Retail Study 2016, Appendix B Table 4 & Table 6.

⁷ Covering the following spending categories: 'Food and non-alcoholic drinks', 'Alcoholic drinks, tobacco and narcotics', 'Clothing and footwear' and 'Household goods and services'.

⁸ For instance, the spending within the 'Communication' sector is likely to cover such items as telephone and internet subscriptions, which is less likely to be captured locally and therefore a much higher leakage percentage has been assumed.

Table 3.6 Average weekly household expenditure, with assumptions for leakage

	Non retired One person household	% leaked outside Exeter	Household expenditure retained in Exeter
Food and non-alcoholic drinks	£33.71	5%	£32.02
Alcoholic drinks, tobacco and narcotics	£9.54	5%	£9.06
Clothing and footwear	£11.41	5%	£10.84
Housing, fuel and power	£76.75	0%	£76.75
Household goods and services	£19.81	5%	£18.82
Health	£5.50	50%	£2.75
Transport	£46.88	75%	£11.72
Communication	£14.11	95%	£0.71
Recreation and culture	£34.95	50%	£17.48
Education	£0.00	50%	£0.00
Restaurants and hotels	£28.11	50%	£14.05
Miscellaneous goods and services	£28.42	80%	£5.68
Other expenditure items	£59.32	75%	£14.83
Total	£368	42%	£215

Displacement – the proportion of investment/jobs that might replace/substitute existing spending/jobs within Exeter

- 3.18 As identified in the baseline assessment, Exeter is a large economy and therefore it is considered unlikely that the demand for construction activity created by the proposed masterplan would place significant pressure on the construction labour market to displace the existing construction activities or jobs in Exeter. But to be cautious, a displacement factor of 10% has been allowed for in estimating the new additional jobs supported through the investment in construction.
- 3.19 For the operational benefits, the direct jobs associated with managing and maintaining the new co-living accommodation are all new jobs and will not be displacing any jobs from investments elsewhere in Exeter. Therefore, no displacement impact is applicable.
- 3.20 For the spending benefits from residents living in the co-living accommodation, it is important to consider the type of occupiers that they will attract, which according to the management plan, will be designed for mobile young professionals, freelancers or people working on short-term contracts, and are used as a stepping stone between rented accommodation and a permanent home. Many will be ex-students, and some may already be living within Exeter and therefore spending within Exeter. But without such affordable and available city centre accommodation, these mobile residents might not stay or come to Exeter and instead take work opportunities in other cities with more available and relatively affordable accommodation. As shown in **Chapter 2**, the proportion of one-person household residents that had in-migrated from outside of Exeter within the previous year accounted for 42% of moving one-person households. Given that the City Centre is likely to attract more mobile and more inward migrating residents, then it would not be inappropriate to suggest that 50% of the co-living residents will have already been living in Exeter and 50% will be new residents.

Multipliers – Through spending by the businesses, workers and suppliers, and re-spending following the initial round of spending, composite multiplier values are added to estimate secondary income and spending effects

- 3.21 To calculate the further (secondary) induced effects, a composite (income and labour) local multiplier is applied based on the HCA Additionality guidance⁹. Based on the baseline analysis showing the depth and breadth of the Exeter economy to absorb the impacts, a composite multiplier at 1.3 is applied, which is at the lower end regional level.
- 3.22 **Table 3.7** summarises the adjustments in moving from gross to net additional impacts on the study area before deadweight costs are considered. The table shows that from the identified 78 gross jobs in **Table 3.5** that could be supported, it is estimated that there would be 36 net additional jobs within the Exeter economy.

Table 3.7 Net additional employment impacts (may not sum due to rounding)

	Gross jobs	Leakage	Displacement	Multiplier	Net local jobs
Construction – direct jobs	18.9	50%	10%	1.3	11.1
Operational phase – direct/indirect jobs	10.0	50%	0%	1.3	6.5
Resident expenditure – induced spending jobs	49.0	42%	50%	1.3	18.6
Total	77.9				36.1

Gross Value Added

- 3.23 Gross value added (GVA) is the value generated by any unit engaged in the production of goods and services, and is a common measure of economic output. Estimates of GVA per job for different sectors are taken from the UK National Accounts¹⁰, which are applied to the estimated 36 net jobs supported by the investment in the proposed scheme in **Table 3.7**. The results are shown in **Table 3.8**.
- 3.24 The GVA that would be generated by the additional jobs supported by the scheme is equivalent to £4.4 million per annum, with approximately nearly £2.2 million per annum being of additional economic output being added to the Exeter economy.

Table 3.8 Gross and Net Additional GVA of the proposed scheme (may not sum due to rounding)

	GVA per job	Gross jobs	Gross GVA	Net additional jobs	Net additional GVA
Construction – direct	£68,625	18.9	£1,298,982	11.1	£759,904
Operational phase – direct/indirect	£80,634	10.0	£806,345	6.5	£524,124
Resident expenditure – induced spending	£46,894	49.0	£2,297,189	18.6	£870,016
Total			£4,402,516		£2,154,044

⁹ Ibid.

¹⁰ Annual Business Survey UK Non-Financial Business Economy (released November 2019)

Other Well-being Impacts

- 3.25 The proposed development is likely to have additional impacts on the local labour market, local community services and local vitality. These are considered in turn.

Impacts on the Local Labour Market

- 3.26 As identified in **Chapter 2**, Exeter is a large economy, mainly dominated by businesses in the tertiary sector, which benefits from consumer and local business spending. The jobs being supported by the proposed redevelopment of the Harlequins Centre are likely to be within tertiary sector businesses, and such jobs will help to improve the relatively underperforming resident labour market.
- 3.27 In particular, the jobs supported by the proposed scheme are in the sectors that are more likely to be targeted by local unemployed residents looking to come off benefits.

Impacts on Community Services

- 3.28 Residents moving into the new co-living accommodation have the potential to impact public community service provisions, most specifically education and health services. The proposed development is for 378 new bed spaces, targeted towards young professional single-person households, and as assumed earlier, around half may be new to the area. As such, there are likely to be no children living in these units and therefore no potential for impacting local schools. Therefore, it has been assumed that the impact on existing educational facilities would be minimal or none. This section, therefore, concentrates solely on the existing local health provision.
- 3.29 A search of the local NHS provision, as listed in **Table 3.8**, identifies ten GPs within a 1-mile radius and a further five within a 2-mile radius from the proposed site. All fifteen show that they are accepting new patients. Therefore, the impact of the new residents is likely to be positive on all these businesses by improving efficiency in the health care system through re-distributing potential patients to where there are resources to deliver these services.

Table 3.8 GP surgeries within 1 and 2 miles of the site

Area	Name	Accepting new patients?	No. of GPs	No. of Patients
Within 1 mile	Clock Tower Surgery	Yes	Not stated	555
	Southernhay House Surgery	Yes	6	8,189
	St Leonards Practice	Yes	9	9,280
	Barnfield Hill Surgery	Yes	6	7,669
	Exwick Health Centre	Yes	5	36,585
	Foxhayes Practice	Yes	2	3,580
	Student Health Centre	Yes	8	36,585
	St Thomas Medical Group	Yes	14	36,585
	Isca Medical Practice	Yes	4	5,815
	Mount Pleasant Health Centre	Yes	10	16,435
	The Heavitree Practice	Yes	6	7,700

Area	Name	Accepting new patients?	No. of GPs	No. of Patients
Within 2 miles	The South Lawn Medical Practice	Yes	5	7,633
	Wonford Green Surgery	Yes	4	6,037
	Whipton Surgery	Yes	6	8,189
	Ide Lane Surgery	Yes	Not stated	7,915

Source: Search of services via NHS.UK website (correct at October 2019)

- 3.30 The same NHS resource indicates that there are twelve dentists within a 1-mile radius from the site and a further three within 2-mile of the site. Two of the fifteen facilities are currently advertising that they are taking on new NHS patients. Therefore, the impact of the new residents is likely to be positive on those businesses where there are spaces.
- 3.31 Finally, there are thirteen opticians within 1-mile of the site and a further two within 2-miles. A large proportion are within the City Centre, and therefore would only be a particularly short distance from the proposed development. Most adults would need to pay for eye tests, and therefore the impact of the new residents is likely to be positive on these businesses.

Other community impacts

- 3.32 There will also be qualitative benefits associated with providing a strong active use, reducing any potential for blight and, importantly, providing new accommodation. The comprehensive redevelopment of the site will improve the efficiency and density of development available on the ailing brownfield site. The proposed improvements to the existing streetscape and highways along Paul Street and Queen Street with a focus on shared surface and improved pedestrian permeability and active frontage will create benefits regarding the character of the vicinity, notably Paul Street by creating stronger communities within the City Centre, as already achieved within Princesshay shopping and residential area.
- 3.33 The co-living accommodation will have kitchen and lounge areas, which are generally shared dedicated amenity areas, in addition to incorporating additional facilities and amenities. The shared spaces are designed to facilitate communal activities organised by occupants and promote relationship building and social engagement between residents. This then forms a sense of community for residents and has well-being advantages, in addition to networking opportunities, and increased engagement and interaction. Also, the proposal for a “pocket park” on the land at the junction of Paul Street and Iron Bridge, increasing the level of planting and informal recreation space, will generate further well-being benefits.
- 3.34 This provides opportunities for social interaction between people of different communities, fostering social inclusion and community development, and providing improvements in the vitality and vibrancy among local businesses and shops. The new accommodation will also protect the countryside in meeting the increasing demand for delivering new homes.

Further impacts for Council finances

- 3.35 The proposed scheme will also bring economic benefits to the local economy through financial receipts from annual payment of council tax/business rates, and any planning obligations imposed on the scheme. This additional investment could lead to supporting more local employment opportunities, and provide an increasingly important source of income for the Council.

Summary

- 3.36 The economic impacts of the proposed scheme have been measured in this chapter based on the number of jobs and output this would support. This is estimated from proposed uses, accruing from the construction, operation phases and additional spend.
- 3.37 This analysis has estimated that in total the proposed development for the proposed scheme would support a net additional 36 local job opportunities for Exeter's residents. This will add almost £2.2 million in additional economic output to the Exeter economy.
- 3.38 The proposed scheme will also bring economic benefits to the local economy through the provision of jobs that would be likely to improve resident economic activity and targeting the resident unemployed, providing training associated with each job, creating stronger communities through improved public realm bringing living accommodation to the City Centre, notably on Paul Street, and increasing financial receipts from the annual payment of business rates.

4 Conclusion

- 4.1 PPE, a planning economics consultancy, has carried out an economic impact assessment of the proposal to redevelop the Harlequins Centre in Exeter. A summary of the assessment is concluded below.
- 4.2 The findings identify that in delivering the proposed development, substantial economic benefits will arising that fit with the strategic objectives for the area. These benefits include:
- Approximately £30.5m of direct investment in delivering the proposed development, providing accommodation for 378 households, which could have the potential to generate expenditure of £7.3m per annum, with some of this investment and expenditure going to local businesses and supporting local jobs.
 - The construction investment, the operation of the co-living accommodation, and the spending by new residents, could support 78 gross jobs, of which some 36 are estimated to be net additional jobs in the local economy.
 - These activities will support local prosperity, which when measured in economic output using the gross value added to the local economy (GVA), is estimated to be equivalent to an annual increase of almost £2.2 million per year in increased output in Exeter.
- 4.3 Such improved prosperity is likely to occur from providing tertiary jobs that will be accessible to local residents, increasing economic activity within Exeter and providing jobs being sought by local unemployed residents, helping to move them from benefits.
- 4.4 There will also be no or limited negative impact on local community services, improved public realm and well-being around the vicinity, notably Paul Street, and scope for achieving increased business rates to help pay for council services.
- 4.5 Overall, the proposed development has the potential to provide investment opportunities and support growth in Exeter. As such, it meets with the aims of the national planning policy framework (NPPF 2019, paragraph 8), which describes the purpose of the planning system as contributing to sustainable development. It notes that sustainable development should be underpinned by economic, social and environmental dimensions. To achieve this, the Government has established a set of core land-use planning principles to underpin plan-making and decision-taking. These principles include:
- Proactively driving and supporting sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. It states that every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth;
 - Promote mixed-use developments, and encourage multiple benefits from the use of land in urban and rural areas; and
 - Take account of and support local strategies to improve health, social and cultural wellbeing for all, and deliver sufficient community and cultural facilities and services to meet local needs.
- 4.6 Paragraph 80 states that “...*planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development*”. As such, the Government is directing local planning authorities to facilitate a clear economic vision and strategy for an area; identify key strategic sites for

investment; address potential barriers to investment and be flexible to accommodate needs not addressed in the Local Plan.

- 4.7 Overall, the proposed scheme that has been assessed is estimated to generate significant positive benefits to Exeter and notably to Exeter City Centre.

