



Harlequins Centre Redevelopment Economic Impact Assessment

Final Report

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On behalf of:

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- 1.5 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.
- 1.6 The proposal seeks to introduce a mix of uses across the site with purpose-built “Co-Living” accommodation in one building and a hotel in the other. The two buildings will be split either side of the Guildhall car park access ramp and are outlined 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 (Co-Living)	Block 2 (Co-Living)	Block 2 (Hotel)
Proposed floorspace (sqm)	9,412	867	4,084
Proposed (nr of beds)	277	21	114

Source: Curlew Alternatives Property LP

Study Methodology

- 1.7 This assessment is guided by HM Treasury’s ‘Green Book’, 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 Masterplan Site are measured primarily through the number and type of jobs and equivalent level of economic output (GVA) generated by the scheme since these estimates provide the best local indicator of 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 in relation to 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.

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 to 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, strength and performance of areas.

Local Economic Profile

Structure of the Local Economy

- 2.4 The latest data from the Business Register and Employment Survey (BRES) 2017 identifies approximately 95,000 people working (i.e. employees and VAT registered sole traders) in Exeter. Unsurprisingly, this identifies Exeter to have a large economy which accounts for roughly one-quarter of the jobs within Devon.
- 2.5 **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 a large number of jobs within these sectors ('Health' – 12%, 'Retail' - 11.1%), along with others such as 'Accommodation & food services' (10.9%), where tourism tends to be a large (albeit unofficially defined) sector.

Table 2.1 Employment and Economic Structure by Broad Sector at 2017

	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%
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%

	Exeter	Exeter	Devon	Eng & Wales
	No.	%	%	%
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

2.6 Location quotient (LQ)¹ analysis shown in **Table 2.2** compares the representation of employment sectors in Exeter compared 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.

2.7 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

	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

- 2.8 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.
- 2.9 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%

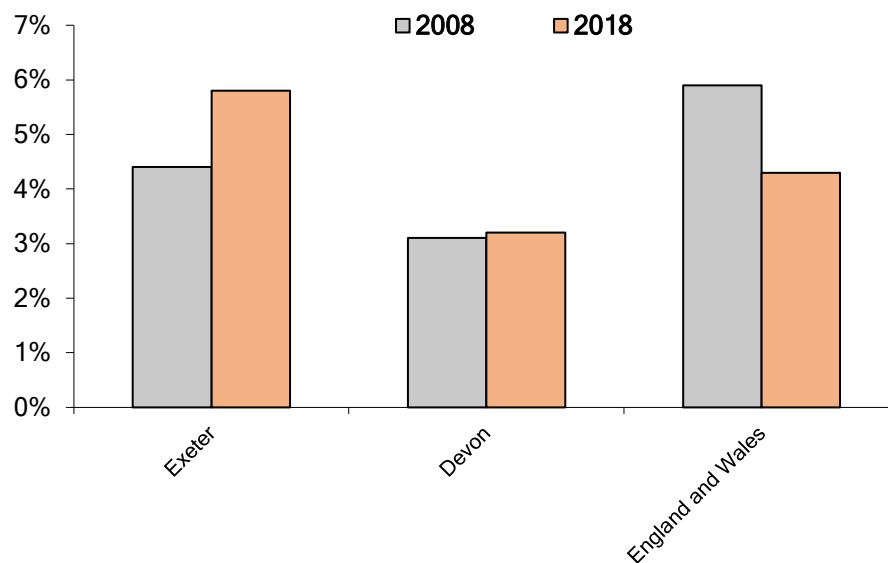
Source: Annual Population Survey

Unemployment

- 2.10 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).
- 2.11 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.

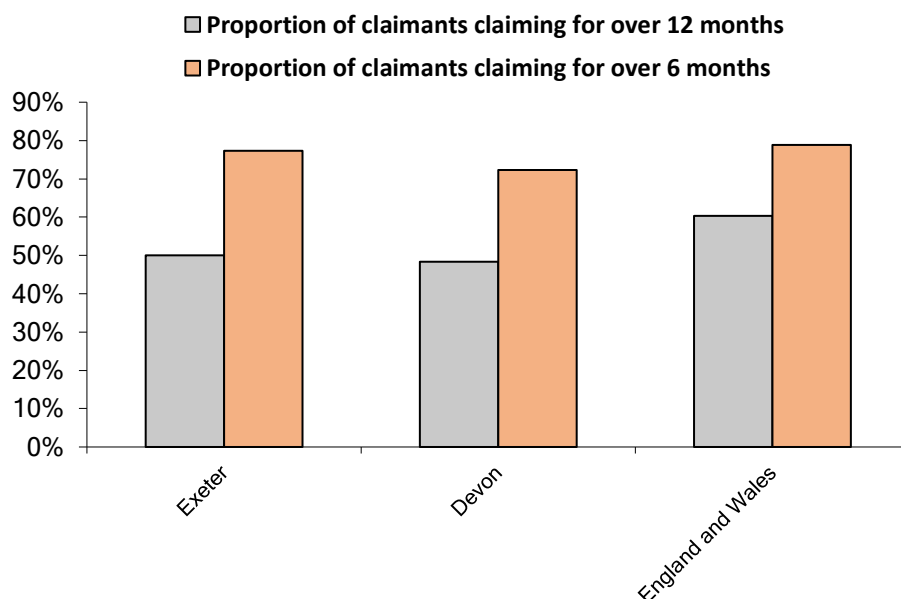
Figure 2.1 Unemployment rates for Exeter, Devon and England & Wales (2008-2018)



Source: Annual Population Survey

- 2.12 The ONS also provides data on the duration that residents are out of work, defined by the amount of time that Job Seekers Allowance (and now 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).

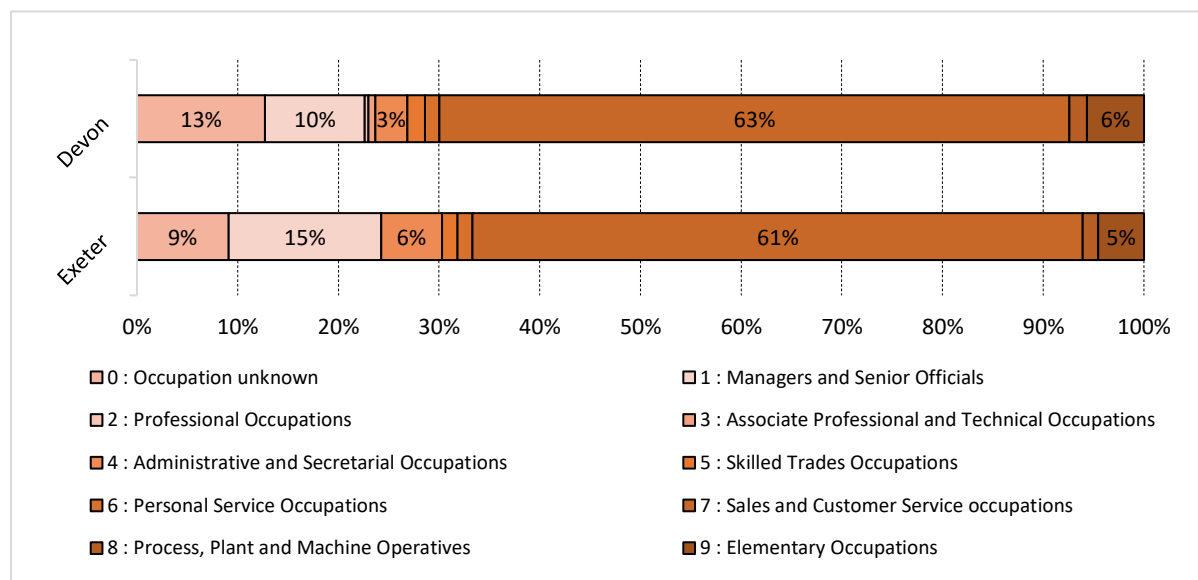
Figure 2.2 JSA claimant duration, 2008-2018



Source: JSA

2.13 **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 residents in Exeter and Devon



Source: JSA

In-Migration of Residents

2.14 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

- 2.15 **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.
- 2.16 These new residents will add to the existing labour supply, which will provide benefits to local businesses.

Conclusions

- 2.17 Exeter is a large economy, mainly dominated by businesses in the tertiary sector, which benefits from consumer and local business spending.
- 2.18 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. As such the labour market is not considered to be tight and there is scope to improve prosperity through increasing local working opportunities.
- 2.19 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 jobs that will be available locally within Exeter. Increasing the number of these types of local jobs would bring more opportunities for local residents, including moving unemployed residents into paid employment and reducing the burden on local benefits.
- 2.20 There are also new residents moving into 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.
- 2.21 In the next chapter, we will consider the type of employment opportunities that may generated 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 floorspace that could become occupied by businesses which then create job opportunities that would be indirectly related to the scheme or induced through supply chain and employee spending.

Economic Impacts

Construction Phase (direct impact)

- 3.3 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.
- 3.4 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 psqm	+ Externals & Professional fees	Total (rounded)
Block 1 Co-Living units	9,412	£1,870	27%	£22,350,000
Block 2 Co-Living units	867	£1,870	27%	£2,059,000
Hotel	4,084	£1,946	27%	£10,093,000
Demolition costs	4,900	£100	12%	£545,000
Total				£35,047,000

- 3.5 For the purpose of testing the economic impact, as shown in **Table 3.1**, the construction costs have been assumed at approximately £35m. 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 £176,620, which is derived from the latest Annual Business Survey (November 2018) for Great Britain. From this measure, it is estimated that approximately 198 construction job years could be supported.

- 3.6 This figure is then adjusted to a permanent job equivalent figures, 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 (2018)³. On this basis, the investment in constructing the proposed scheme is estimated to directly support approximately 23.1 construction jobs.

Operation Phase (direct and indirect impacts)

- 3.7 Following the construction phase, the beneficiaries will be businesses occupying the proposed uses and again the local residents who may be trained and hired to work in the new businesses occupying the space; 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)

- 3.8 The current draft Management Plan (dated October 2019) for the Co-Living facilities identifies an on-site directly employed team of seven personnel. These include an Accommodation Manager, Assistant Accommodation Manager, a Customer Services Assistant, a Maintenance operative and three security staff providing 24 hours security.

Business Occupiers (indirect jobs)

- 3.9 The new space provided for a hotel will indirectly support new investment in the area. The jobs within the hotel occupier business is estimated using an industry standard ratio of floorspace or beds to jobs from the Homes England Employment Density Guide⁴. The hotel occupier is not yet known, so the number of jobs being associated with the hotel is estimated based on 1 FTE job per 4 beds, which is the mid-point between a limited service/budget and a mid-scale hotel.

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) management, maintenance and security	298	GIA 10,279	Draft Management Plan	7.0
Hotel	114	GIA 4,084	1 job per 4 beds	28.5
Total		GIA 14,363		35.5

Additional occupier spending (first round induced impacts)

- 3.10 The proposed Co-Living and hotel 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. We consider each in turn.
- 3.11 The proposal is to build 298 Co-Living units. Given that these are smaller units to make them more affordable to the general housing market area, it is assumed that this would attract

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

⁴ HCA, 2015. Employment Density Guide 3rd edition. November 2015

298 new single occupant households. The scheme is 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 close to Exeter where they will have established a home during their student years. However, the accommodation will be available to all ages.

- 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 spend £353.50 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	£31.40
Alcoholic drinks, tobacco and narcotics	£9.30
Clothing and footwear	£9.80
Housing, fuel and power	£70.30
Household goods and services	£26.90
Health	£5.50
Transport	£45.30
Communication	£11.60
Recreation and culture	£41.50
Education	£6.10
Restaurants and hotels	£27.70
Miscellaneous goods and services	£21.10
Other expenditure items	£47.10
Total	£353.50

Source: Office of National Statistics Table A23 Expenditure by household composition (for UK financial year ending 2018)

- 3.13 The ONS also provides data that compares on regional expenditure, which reports that expenditure in the South West is 3.7% higher than the UK average⁵. Applying this weighting suggests that the average weekly spend per occupied unit across all sectors of the economy is £366.63. Therefore, the introduction of 298 new households in Exeter could induce a total household spend of some £5.7 million per year.
- 3.14 It is possible to derive from the ONS Annual Business Survey (November 2018) for Great Britain the average national turnover per job across all sectors (excluding finance services), which is £143,220. Based on this average turnover per job, the identified average occupier spend across the different sectors would support nearly 40 gross jobs.

Additional visitor spending (first round induced impacts)

- 3.15 The tourists staying at the proposed hotel are also likely to bring additional spending into the Exeter economy. The Visit Devon, The Economic Impact of Devon's Visitor Economy 2017, estimated that there were 518,000 staying visitor trips within Exeter in 2017, staying was 2,090,000 nights, which averages at four nights per visitor. The total estimated staying

⁵ Office of National Statistics Table A35 Detailed household expenditure by countries and regions (for UK, financial year ending 2016 to financial year ending 2018)

visitor spend was £132,146,000, which is equivalent to £255 per staying visitor, or £63.23 per visitor per night. This expenditure covers various categories including; culture, heritage, nightlife, food and drink, restaurants, shopping and tourism activities.

- 3.16 To estimate the likely number of hotel visitors within the proposed scheme, we refer to the Growth Point Delivery Team commissioned study into the Exeter hotel market in 2007. This reported that hotels in Exeter are trading at a high average of 77% occupancy, which is above the UK average for provincial hotels and better than many major cities. Several 4-star hotels in Exeter had occupancies in excess of 80% and some budget hotels were achieving over 95%. It is not yet certain who the likely occupier of the new hotel will be, so a mid-point figure for a 4-star and budget hotel is therefore assumed to apply, which is an occupancy rate of 87.5%.
- 3.17 There will be 114 bedrooms at the proposed hotel, and if they are occupied by between one and two persons, so averaging 1.5 visitors per room, then the expected number of visitor nights per year is estimated at 54,613 (i.e. $114 \times 87.5\% \times 1.5 \times 365$). If each visitor spends £63.23 per visitor night in Exeter then this would generate a total expenditure of approximately £3.5 million per year.
- 3.18 Using the ONS Annual Business Survey⁶ to estimate the average national turnover per job across all sectors (excluding finance services) of the economy, which is £143,220, it could be assumed that the visitor expenditure across the different sectors would support 24 gross jobs.

Net additionality

- 3.19 The gross direct and indirect jobs associated with the proposed scheme, and additional (first round) spending induced by the proposed scheme could support some 122 gross jobs. This is summarised in **Table 3.4**.

Table 3.4 Gross job impacts

	Gross jobs
Construction – direct jobs	23.1
Operational phase – direct jobs	7.0
Operational phase – indirect jobs	28.5
Resident expenditure – induced spending	39.7
Visitor spending – induced spending	24.1
Total	122.4

- 3.20 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.

⁶ ONS, 2018. Annual Business Survey, UK non-financial business economy Statistical bulletins, Nov 2018 (using £143,220 turnover per annum in 2017 for Distribution and Non-Financial services G-S)

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

- 3.21 For both construction and operational employment, the leakage rate is informed by the ONS 2011 Census⁷ data that identifies that 50% of the workers within Exeter live outside Exeter.
- 3.22 For the new residents of the Co-Living spaces, the recipient expenditure sectors identified in **Table 3.5** may occur outside of Exeter, although this will vary by sector. The findings of the latest retail study⁸ reports that Exeter residents have low leakage of spending within the convenience and comparison goods sectors⁹, 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 used¹⁰ as shown in **Table 3.5**. Applying these leakage assumptions to the respective sectors generates an overall 60% leakage of aggregate expenditure.

Table 3.5 Average weekly household expenditure, with assumptions for leakage

	Non-retired one-person household	% assumed to be leaked
Food and non-alcoholic drinks	£31.40	5%
Alcoholic drinks, tobacco and narcotics	£9.30	5%
Clothing and footwear	£9.80	5%
Housing, fuel and power	£70.30	100%
Household goods and services	£26.90	5%
Health	£5.50	50%
Transport	£45.30	75%
Communication	£11.60	95%
Recreation and culture	£41.50	50%
Education	£6.10	50%
Restaurants and hotels	£27.70	50%
Miscellaneous goods and services	£21.10	80%
Other expenditure items	£47.10	75%
Total	£353.50	60%

- 3.23 A large proportion of visitor expenditure will be captured within the City, although it is likely that visitor trips outside of Exeter to coastal areas, towns and villages and Dartmoor, so there may be a medium rate of leakage. Based on the HCA Additionality guide¹¹ a 'medium' level of leakage is set at 25%, which is applied in this study.

⁷ ONS Census 2011 data 'WU01UK - Location of usual residence and place of work by sex'

⁸ Exeter and west end of East Devon Retail Study 2016, Appendix B Table 4 & Table 6.

⁹ Covering the following spending categories: 'Food and non-alcoholic drinks', 'Alcoholic drinks, tobacco and narcotics', 'Clothing and footwear' and 'Household goods and services'.

¹⁰ 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.

¹¹ HCA, Additionality Guide Fourth Edition, 2014

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

- 3.24 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.
- 3.25 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.
- 3.26 For the operational benefits, the new hotel is considered unlikely to have notable displacement of workers leaving unfilled jobs in other businesses given the high hotel occupancy rates and large labour market in Exeter. So just 25% displacement of impact is assumed based on the HCA Additionality guide.
- 3.27 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 steppingstone between rented accommodation and a more 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.
- 3.28 Similarly, the hotel visitors may have stayed at another hotel/visitor accommodation within Exeter. Again, a degree of judgement needs to be assumed in assessing the displacement of visitors who would already be staying in Exeter. Given that the Exeter hotel market study identified a very high hotel occupancy rate within the City, potentially over trading compared with the national market, then the level of displacement is considered to be no more than half the hotel visitor spending.

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.

- 3.29 To calculate the further (secondary) induced effects, a composite (income and labour) local multiplier is applied based on the HCA Additionality guidance¹². 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.
- 3.30 **Table 3.6** 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

¹² Ibid.

identified 122.4 gross jobs in **Table 3.4** that could be supported, it is estimated that there would be 55 net additional jobs within the Exeter economy.

Table 3.6 Net additional employment impacts (may not sum due to rounding)

	Gross jobs	Leakage	Displacement	Multiplier	Net local jobs
Construction – direct jobs	23.1	50%	10%	1.3	13.5
Operational phase – direct jobs	7.0	50%	0%	1.3	4.6
Operational phase – indirect jobs	28.5	60%	25%	1.3	13.9
Resident expenditure – induced spending	39.7	25%	50%	1.3	10.3
Visitor spending – induced spending	24.1	25%	50%	1.3	11.8
Total	122.4				55.0

Gross Value Added

- 3.31 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 Accounts¹³, which are applied to the estimated 55 net jobs supported by the investment in the proposed scheme in **Table 3.6**. The results are shown in **Table 3.7**.
- 3.32 The GVA that would be generated by the net additional jobs supported by the scheme is £5.3 million per annum, with approximately £2.4 million per annum being added to the Exeter economy.

Table 3.7 Gross and Net Additional GVA of proposed scheme (may not sum due to rounding)

From	GVA per job	Gross additional GVA	Net additional GVA
Construction	£67,651 ¹⁴	£1,560,951	£913,157
Operational phase			
Co-Living facilities staff	£22,911 ¹⁵	£160,376	£104,245
Hotel staff		£652,961	£318,319

¹³ Annual Business Survey UK Non-Financial Business Economy (released November 2018)

¹⁴ Using assumptions derived from the Annual Business Survey (2018) regarding GVA per job for category 'F - Construction'

¹⁵ Using assumptions derived from the Annual Business Survey (2018) regarding GVA per job for category 'I – Accommodation and food services'

From		GVA per job	Gross additional GVA	Net additional GVA
Additional spending	New resident expenditure	£46,441 ¹⁶	£1,842,234	£478,981
	New visitor expenditure		£1,119,699	£545,853
Total			£5.3m	£2.4m

Other Well-being Impacts

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

Impacts on the local labour market

- 3.34 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.
- 3.35 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

- 3.36 Residents moving into the new Co-Living accommodation have the potential to impact on public community service provisions, most specifically education and health services. The proposed development is likely to be for 298 new dwellings, 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.
- 3.37 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

Name	Accepting new patients?	Number of GPs	No. of Patients
Clock Tower Surgery	Yes	Not stated	555

¹⁶ Using assumptions derived from the Annual Business Survey (2018) regarding GVA per job for category 'G-S - Distribution and Non-Financial Service industries'

	Name	Accepting new patients?	Number of GPs	No. of Patients
Within 1 Mile	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
Within 2 miles	The Heavitree Practice	Yes	6	7,700
	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)

- 3.38 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.
- 3.39 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

- 3.40 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 in regard of 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.
- 3.41 The Co-Living accommodation are likely to have kitchen or 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 the 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.

- 3.42 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

- 3.43 The proposed scheme will also bring economic benefits to the local economy through financial receipts from annual payment of 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 councils when budgets from central government continue to be cut.

Summary

- 3.44 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.
- 3.45 This analysis has estimated that in total the proposed development for the proposed scheme would support a net additional 54 local job opportunities for Exeter’s residents. This will add £2.3 million in economic output to the Exeter economy.
- 3.46 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 PorterPE, 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, there are substantial economic benefits arising from the plans, as follows, which fit with the strategic objectives for the area:
- Approximately £35m of direct investment in delivering the proposed development, providing accommodation for 298 households and 114 bedrooms at the proposed hotel, which could, combined, have the potential to generate expenditure of £9.1m 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 facilities and hotel, and spending by new residents and visitors could support nearly 122 gross jobs, of which 55 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 £2.4 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.
- 4.3 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.
- 4.4 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.

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

