



Inglewood

Socio-Economic Benefits Statement



November 2019

Background & Scope of Report

Hatch Regeneris was commissioned by Abacus Projects Limited to produce a socio-economic benefits statement for the proposed Inglewood development.

Hatch Regeneris is a specialist economic development and regeneration consultancy providing evidence-based socio-economic research and analysis to both public and private sector clients across the United Kingdom and internationally.

The Site in Context

Location: The site proposed as 'Inglewood' is within the Torbay district area which lies in Devon, in the South West of England. It sits approximately 3.5km to the south of the centre of Paignton, which has a population of 67,000 and 4.5km to the west of Brixham, which has a population of 17,000. Further afield to the north lies Torquay. Plymouth and Exeter are the nearest cities and are located 30-40km from the site.

Planning Policy: The Torbay Local Plan (2012-2030), adopted in 2015, is the key statutory Local Plan relevant to the site. In addition, the site is within the Brixham Neighbourhood Plan area and is adjacent to the boundary of the Paignton Neighbourhood Plan area. Both neighbourhood plans were 'made' in June 2019. The Brixham Neighbourhood Plan is now part of the statutory development framework for the area in which the site sits.

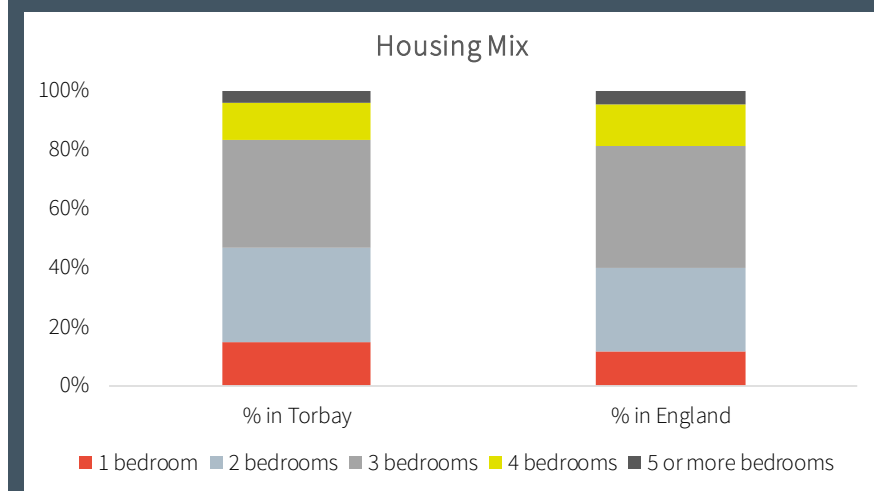
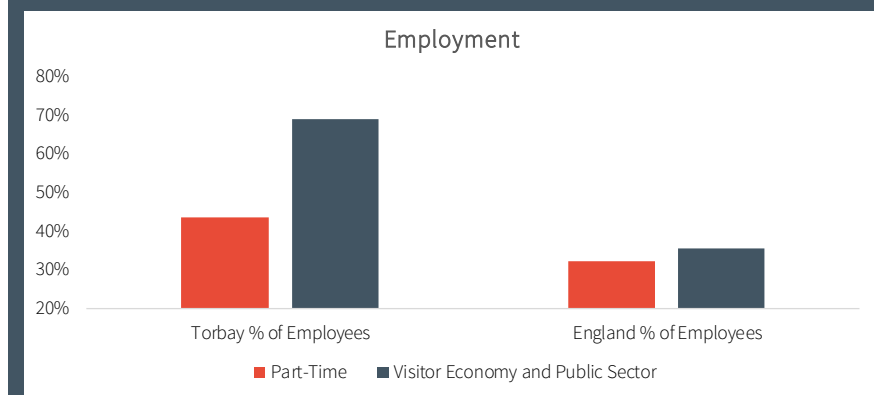
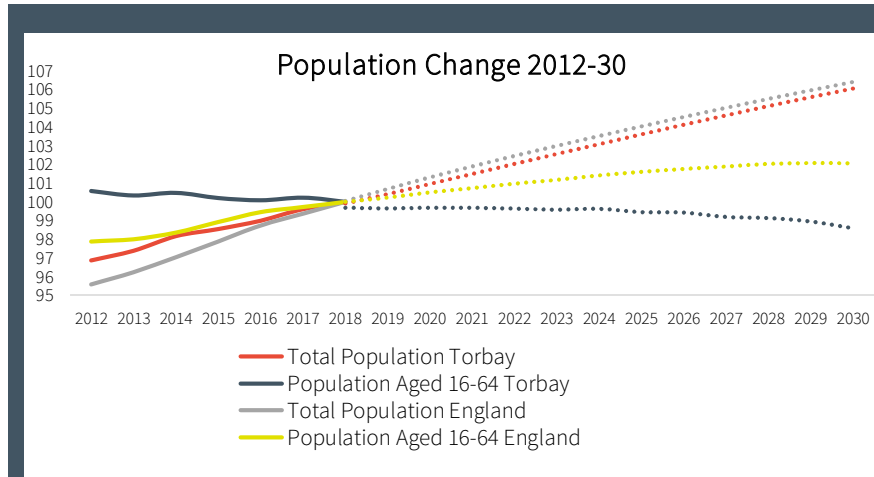
Abacus Projects Limited and other stakeholders in the vicinity contend that Torbay cannot demonstrate a 3-year housing land supply and therefore the relevant policies in the local and neighbourhood plan are considered out of date.

Proposal: The Design & Access Statement¹ produced in March 2018 contains details of the proposed Inglewood development. The proposals are for up to 373 dwellings (30% of which will be affordable) with provisions for a new primary school with nursery and a public house.



Essential Socio-Economic Context

- + **Population²** – Torbay has a population of approximately 135,800. Just 57% (77,000) of the population are of core working age (16-64 years old), lower than the England average by 6%. 35,900 (26%) of the population in Torbay are over the age of 64, higher than the England average by 8 percentage points. There is a high dependency ratio with 76 ‘dependents’ per 100 people of core working age compared to an average of 60 nationally. During the adopted Local Plan period (2012-2030) the percentage of elderly people is projected to rise by over 6%, to 31% from a 2012 base of 25%. This compares to a national average of 7%.
- + **Labour supply³** – Torbay’s labour force is 75,300 strong, of which 59,400 (79%) are economically active, the same rate as is seen nationally. The local economic activity rate rose by 3% from 2012 to 2018. Over the same period the unemployment rate in Torbay fell from a rate of 8% in 2012 to 5% in 2018. In comparison the national unemployment rate was 4% in 2018.
- + **Employment⁴** – Torbay has a total of 46,000 employees, 31,800 (69%) of which are employed in the visitor economy or public sector. 20,000 (43%) employees work on a part-time basis. The proportions of visitor economy/public sector and part-time employees are considerably above national averages, respectively 33% and 11% higher in Torbay than England.
- + **Housing stock⁵** – Torbay has a housing stock of over 66,300. There is a higher prevalence of 1 and 2 bedroom accommodation in comparison to 3 or more bedroom accommodation, with 46% of Torbay’s households having 1 or 2 bedrooms compared to a 40% average in England. Average house prices are £195,000 compared to an average of £240,000 across England.
- + **Households⁶** – The latest ONS household projections suggest an average household size of 2.17 in Torbay compared with just under 2.4 in England. The quality of housing is a key issue for some of Torbay’s residents: 45% live in the top 20% most deprived Lower Layer Super Output Areas (LSOAs) (ONS defined ‘small areas’ with an average population of approximately 1,600) in England for indoor deprivation.
- + **Fiscal context⁷** – In 2018/19 Torbay Council collected £81 million of Council Tax, £33 million in Businesses Rates and received £1.5 million of New Homes Bonus Grant.



Key Socio-Economic Challenges

It is evident from local policy and a review of the range of available socio-economic data that Torbay faces important and continuing long term challenges going forward. It is important that Torbay addresses its poor economic performance in order to utilise its 'under-sold potential'⁸.

Ageing Population

Torbay recognises that it has a significantly ageing population². An estimated 26% of the current population is aged 65 or over, higher than the England average by 8 percentage points. This is projected to rise to 31% by 2030 (rising at the same rate as England). In addition the number of people aged over 85 is expected to increase by around 1,000 (23%) over the next decade. Older residents contribute to the economic well-being of the area, but generate pressure on health and social care infrastructure, and on the long term economic sustainability of an area. Torbay must attract and retain the younger population necessary to support an ageing population (for example, the workforce for care; younger population to replace labour as older workers retire).

Falling Working Age Population

The core working aged population (16-64 year olds) is projected to fall by 1.4% from 2018 levels to 2030². This is a constraint on economic growth and one recognised in Torbay's Local Plan, which highlights the need to attract and retain younger people. To grow its core working aged population Torbay needs new, viable and sustainable housing.

Low Income Levels

The area faces the challenge of relatively low income levels. Resident based median earnings are lagging behind the national average, just £19,000 compared to £24,300 nationally. The picture is stark for workplace based earnings, which are just £15,500 in Torbay. This is consistent with the dominance of the visitor economy and the public sector in the area, where earnings levels are likely to be lower than is the case in sectors including manufacturing and business services⁹.

Deprivation

Torbay ranks within the top 15% most deprived districts in England. This is due to the prevalence of areas with high levels of deprivation, especially in Torquay and Paignton. 16% of LSOA areas within Torbay are within the 10% most deprived LSOAs nationally¹⁰. In part, this is likely to reflect an economy in which lower paid and seasonal employment have a prominent role, and the absence of nearby major employment centres offering a wide range of higher paid employment.

Unemployment and Business Formation

Despite a high prevalence of part time and lower value working employment opportunities the unemployment rate is still above the national average, 5% compared to 4% nationally. In 2017 there were just 6 business births per 1,000 working aged people compared to an average of 10 across England.¹¹ Partners in Torbay recognise these issues, and have invested in measures to encourage business start-ups and participation more generally through support services and other related interventions.

Affordability

The median house price in Torbay is £195,000, considerably below the average for England of 240,000⁵. Despite lower house prices, the median house price to income ratio is above the national average, 8.8 in Torbay compared to 8.0 nationally. The challenge for Torbay is to provide a range of housing options that meet the needs of households on lower than average incomes, an issue in an area where lower paid employment (for example, in the tourism and retail sectors) is a feature.

Socio-Economic Opportunities

Analysis of the current socio-economic context for Torbay, together with a review of relevant local strategies and plans point to the following socio-economic opportunities for Torbay which are relevant to the assessment of the potential impacts of the proposed Inglewood development.

Tourism

Torbay is recognised as a leading UK visitor destination for holidaymakers. It attracts over 4.5 million visitors a year who spend over £435 million annually in the area¹². Whilst this is a seasonal industry, it is a major employer which requires a substantial supply of labour, many of whom live locally given the need for a flexible workforce. The English Riviera Destination Management Plan, 2017-21 (DMP)¹³ identifies priorities to develop all year round tourism, offer new products, attract new domestic and international visitors, increase the value of tourism and attract new investment.

Large Catchment Population

Torbay's Local Plan makes several references to the area's large resident catchment population. It describes the presence of a 'huge' resident population within a 20-30 minute radius of the area. This is presented as a factor that helps to make the area attractive to investors, implicitly connecting the size of the population to economic opportunity. This is echoed in Torbay's Economic Strategy (2017-22) which recognises the crucial role that housing has both in the performance of Torbay's economy and to future investment.

Regeneration and Development

One of the key opportunities this area faces is to regenerate its towns. To achieve successful regeneration it is important that the area attracts new jobs, skills and increases its resident working aged population through the provision of housing developments which attract a population who will wish to live, visit and spend in Torbay's towns.

Entrepreneurship

Whilst it recognises the challenges it faces in supporting business start-ups and survival rates, Torbay's Economic Strategy points to an entrepreneurial spirit in the resident population that it seeks to encourage action to enable young people to start businesses, to improve business survival rates and the retention of growing businesses in the area are part of the policy mix being pursued locally. Boosting the number of younger people moving to the area, and increasing the size of the local consumer market more generally, are measures which will assist in meeting this objective.

Skills and Education

Torbay's Economic Strategy¹⁴ highlights the priority attached to broadening its skills base and raising the level of skills in the resident workforce. A range of current and proposed facilities and services are identified in the Strategy to achieve this. The need to develop skills is connected in the Local Plan with the area's ability to grow existing businesses and attract new ones.

Improved Infrastructure

The 3.4 mile long South Devon Link Road opened between Torbay and Newton Abbot in 2015 and has significantly improved connection into Torbay. As well as improving access into Torbay for those working and running businesses in the area, improvements to transport infrastructure are identified as enabling better access to Exeter, Plymouth and Bristol. In turn, the implication is that living in Torbay may be a more viable residential option for residents commuting to work elsewhere.

Socio-Economic Impacts of Housing Development

Housing development contributes directly and indirectly to an area's economy. The remaining sections of this report set out the impacts that Inglewood would be expected to generate including:

- + **Construction:** Temporary but significant economic activity associated with the construction process. These benefits are both direct (ie on the site itself) and in the wider area.
- + **Population and labour supply:** Permanent impacts as a new housing development accommodates additional residents in an area. A substantial proportion of these residents would be expected to be in work, or available to work.
- + **Household spending:** Households spend income on goods and services, which has a positive impact on businesses by supporting employment.
- + **Jobs:** The proposed development of a family pub and school at Inglewood would support local jobs and in turn spending in the area's economy.
- + **Housing supply:** New housing supply contributes to the overall stock in an area and to the range of market and affordable homes available. Torbay has a legal obligation to increase its housing land supply. Indirectly, new housing is part of the overall requirement nationally to increase the supply of housing to tackle the affordability problem.
- + **Fiscal benefits:** New housing and commercial development will generate additional Council Tax receipts, New Homes Bonus payments and business rates income.
- + **Wider impacts:** There are a series of impacts which are hard to measure but an important part of the contribution made by new housing development.

Each of these impacts is described in more detail in the next section.



Temporary Benefits

Construction Impacts

The indicative total value of the construction investment for Inglewood is £68 million. This comprises:

- + £50 million for the construction of homes. It is estimated that the cost of a 2FE school would be around £3.5 million and a further c.£1 million for the pub facility.
- + £13.5 million in infrastructure costs.

This represents a major investment which would generate jobs on the site itself, in the businesses supplying goods and services directly to the project and in the wider supply chain. These are the **direct and indirect** economic benefits.

In addition, local residents who work on the construction would be expected to spend some of the income they receive on household goods and services, and other forms of spending, in Torbay. These are the **induced** impacts.

Based on £68 million of spending over an 8 year period, it is estimated that the Inglewood development would generate demand for up to **140 workers** per annum, with a majority of these roles expected to be on-site at different times of the year and in different phases of development.

There is potential for the developer to put in place measures that encourage the recruitment and training of local workers. It is currently estimated that 25% of all recruitment could be local.

A shortage of construction skills within the Torbay area may require some of the construction workforce to be drawn from a wider area, but it also presents opportunities to invest in the skills development of local residents. The construction industry has a strong reputation for the delivery of apprenticeships and training.



Permanent Impacts

Population

Based on the current average household size in Torbay (2.17) The development of 373 homes would generate a resident population of **820**.

However, this would represent the low end in the size of Inglewood's population, since it uses an average figure for an area which is acknowledged to have an older than average population and therefore smaller household sizes.

The indicative mix of housing by bedroom numbers is as follows:

- + 1 bedroom: 9
- + 2 bedroom: 102
- + 3 bedroom: 185
- + 4 bedroom: 77

Drawing on 2011 Census data (which remains the most comprehensive source available), average household sizes by the number of bedrooms have also been applied. Using this approach, the resident population of Inglewood would be c. **870**, which represents the high end of the range for the purposes of this assessment. This implies an average household size of 2.34, which better reflects the likelihood that the development will attract families.

Research indicates that new housing developments are more likely to be occupied by first-time buyers and younger households. Research by the National House Building Council (NHBC)¹⁵ shows that 75% of new home registrations are to people aged 25-64, with 66% in the 25-44 year old cohort. This underlines the likelihood that the population of Inglewood would include a majority of younger people and families.



Permanent Impacts

Labour Supply

The starting point in understanding the impacts on Torbay's resident labour supply is the estimated core working age population (16-64). Applying the Torbay average of 57%, it is estimated that this cohort of Inglewood's population would amount to **460-495**.

However, housing market research shows that new build developments are more likely to attract younger residents, so it is reasonable to assume that the population of 16-64 year olds is likely to be higher than the Torbay average. At 65% (slightly higher than the England average of 63%), the range would be **525-565**. This would better represent the population expected of a new residential development.

This part of Inglewood's resident population would be the core part of the labour supply contributed by the development to Torbay. Taking current economic activity rates in Torbay, it is estimated that the number of residents expected to be in work or seeking work would be **415-445**.

In addition, some of Inglewood's residents over the age of 65 would also be expected to be in work, with a growing proportion of older workers in the labour force and increases in the state pension age.

Inglewood's working population will have a mixed occupational and skills profile. It is estimated that of the working population, approximately 25% will be in higher managerial and professional roles, 12% will be in associate professional and tech roles, 27% will be in skilled trades, machine operative and elementary occupations, 13% will be in leisure and care occupations and 11% will be in admin sales and customer service.

The labour supply impact of the proposed development will directly contribute to local priorities both to attract and retain younger working people, and boost Torbay's skills base to support its economy.



Permanent Impacts

Household Spending

Inglewood would generate economic benefits to Torbay through household spending. This is amongst the more difficult impacts to estimate, since total household spending and how much is retained in Torbay will depend on many factors including particularly the occupations and workplaces of residents, household incomes and where and how they consume goods and services.

Average annual household spending (all main categories of spending excluding mortgage payments and rent) for South West England stood at c. £23,000 per annum in 2018. Household income levels in Torbay are likely to be lower, with recent government data (ONS)¹⁶ pointing to Gross Disposable Household Income per head of £17,100 in 2017.

Assuming that Inglewood succeeds in attracting incoming working residents from elsewhere in the South West would imply total household spending of **£8.6 million per annum**, a proportion of which would be captured by local businesses including food and drink retailers, clothing, household goods and other comparison goods providers, transport providers and a wide range of service businesses.

How much spending would be retained in Torbay is difficult to establish accurately. Torbay's latest Retail Study Update was completed in 2013, and there have been significant increases in online shopping since then which are likely to have changed spending patterns.

Given Torbay's location, it is likely that relatively high levels of spending on convenience goods (food and drink) would be retained locally. At 15-20% total retention, this would imply **£1.3 to £1.7 million** retained in the local economy. Spending of this order would support additional local employment in businesses serving household demand.



Permanent Impacts

Employment

The proposed development includes a public house of 800 sq m internal area at a gateway location to Inglewood. The pub is likely to secure trade both from the community living in the development and from the wider area.

The number of jobs the pub will generate will depend on the operator and type of facility that is delivered. A family pub with restaurant and function room, for example, generates a larger number of employment opportunities than more basic operations (bar and bar food).

Applying average employment densities, an 800 sq m public house could support **30-40 jobs** ranging from managerial staff to elementary occupations, and offering full and part-time employment.

Space is allocated as part of the proposed development for a two form entry (2FE) primary school which would be capable of accommodating 420 children at capacity, plus potentially pre and after school provision. A school of this size would be expected to have perhaps **35-40 FTE** staff.

Both the operation of the public house and the school would generate additional local economic impacts through the purchase of goods and services in the area to support operations, and through the expenditure of staff living locally. Applying a basic local multiplier of 1.1, this would imply an additional 7-8 jobs in the local area.



Permanent Impacts

Housing Supply

Inglewood would make an important contribution to Torbay's housing stock, which is known to be extremely low. The indicative mix of houses by number of bedrooms is given in the table, below, and it is understood that 30% of dwellings would be affordable.

Schedule of Proposed Development

Bedrooms	Apartments	Houses	Total
1	9	-	9
2	18	84	102
3	-	185	185
4	-	77	77
		Total	373

70% of the development's residential units have 3 or more bedrooms. This will assist in Torbay's acknowledged need to diversify its housing supply, with the area having a higher than average proportion of 1 to 2 bed homes. The supply of new 3 and 4 bedroom housing should also assist in attracting families to the area, addressing issues around the ageing profile of the resident population.

The proposed development also has the potential to make an important contribution to local housing delivery targets. Policy SS1 of the Torbay Local Plan sets an annual average requirement of 495 dwellings per annum from 2012 to 2030⁸. The development of 373 homes would therefore provide 4% of the total housing requirement of the plan period and 75% of the one year average requirement.

The delivery of 30% affordable housing, which is in line with the Local Plan target, will provide a significant boost to the delivery of affordable housing which has been underdelivered in Torbay in recent years.



Permanent Impacts

Fiscal Benefits

Council Tax: Torbay Council will receive approximately **£0.5million** per year from residents of the development in Council Tax.

New Homes Bonus: New Homes Bonus payments are subject to a complex formula which takes account of the net change in housing stock in a local authority area over a baseline figure. Treating Inglewood as delivering net additional housing stock, and assuming that the properties were band D (ie 373) would imply a theoretical NHB payment of **£2.6 million** over 4 years, or c. **£0.65 million** per annum. In practice, the NHB calculation is based on the housing units an area delivers above a baseline change in the housing supply the Government expects an area to achieve (0.4% of the total housing stock).

Developer contributions: Torbay Council commenced charging CIL in 2017 for new dwellings and larger out-of-town retail and food and drink developments. Where appropriate, developer contributions can provide benefits to Torbay and its residents. The proposed development would also be expected to generate substantial Section 106 revenue to Torbay Council.

Business Rates: Limited data is published on business rates payable by public house/restaurants of the type envisaged for Inglewood. By way of comparison, three establishments (a Harvester, a Beefeater and a Stonehouse Carvery) in Torbay have rateable values currently ranging from £117,000 to £172,000.

* Note: the new homes bonus is only paid if the target growth of 0.4% new homes is hit.

Wider Benefits

Residents will benefit from the encouragement of active travel by the promotion of pedestrian cycle routes and green corridors on the site and connecting into the local area. The proposed development includes the provision of a woodland walk which will provide health and wellbeing benefits to residents and the wider community able to use this area.

In addition to its impacts in diversifying Torbay's housing stock, the provision of new, good quality housing should send positive signals to the development sectors about the potential for new investment in Torbay.

Torbay Council has identified the need for additional primary school places in Paignton due to the scale of housing development in the area. The proposed development includes an allocation of a site capable of being developed for a 2FE primary school. As well as meeting evident demand from the local area, a new school has the potential both to be an attractor of families to the area, and a contributor more generally to supporting the longer-term sustainability of public services.

Finally, the local area will benefit from increased demand for facilities which are likely to come under pressure through a combination of an ageing population and budget constraints. Demand from new residents will support the viability of local services and facilities, although it is recognized that this creates requirements for additional resources to service increased demand.

Conclusions

This report has set out the range of measurable and wider socio-economic benefits the proposed development of Inglewood has the potential to generate for Torbay. Importantly, each of the benefits the report describes addresses one or more of the socio-economic challenges and opportunities Torbay faces. The key impacts are summarised in the table below.

Inglewood Socio-economic Impact - Summary Table

	Impacts	Total impact
Construction	Demand for construction workers	140 workers per annum
Population	Generation of resident population	820 – 870 residents
Labour supply	Residents in work	415 – 445 residents
	Retained expenditure in the local economy	£1.3 – £1.7 million
Household spending	% Household Expenditure Retained in Local Area	20%
	Gross Jobs Supported by Expenditure	97
Employment	Jobs supported by public house	30 – 40 FTE jobs
	Jobs supported by primary school	40 FTE jobs
	Council tax paid by residents per annum	£0.5 million
Fiscal benefits	New homes bonus paid to the council per annum	£0.65 million
	Business rates revenue per annum (based on comparators)	c. £100,000
Housing	Affordable housing units	112 units
	Open market housing units	261 units

References

- + ¹ Stride Treglown, 2018, *'Planning Design & Access Statement, Inglewood, Paignton'*
- + ² ONS, 2019, *'Mid-year Population Estimates'*. / ONS, 2016, *'Population Projections'*
- + ³ ONS, 2019, *'Annual Population Survey'*, January – December 2018 – 2012
- + ⁴ ONS, 2019, *'Business Register and Employment Survey'*, 2018 employees data
- + ⁵ ONS, 2019, *'House price to workplace-based earnings ratio'*. / ONS, 2011, *'Census'*. / MHCLG, 2017, *'Dwelling stock'*
- + ⁶ ONS, 2018, *'2016-based Household Projections for England'*; Torbay Council, 2018, *'2018 - 2020 Joint Strategic Needs Assessment for Torbay'* (% of population living in areas amongst 20% most indoor environment deprived in England [DCLG])
- + ⁷ Torbay Council, 2019, *'Financial Reports & Accounts for the year 2018/19'*
- + ⁸ Torbay Council, 2015, *'Torbay Local Plan'*
- + ⁹ ONS, 2018, *'Annual Survey of Hours and Earnings'*
- + ¹⁰ MHCLG, 2019, *'Index of Multiple Deprivation'*
- + ¹¹ ONS, 2018, *'Business Demography'*. / ONS, 2019, *'Mid-year Population Estimates'*
- + ¹² Torbay Council, 2017, *'Torbay Economic Strategy'*
- + ¹³ Torbay Council, 2017, *'The English Riviera Destination Management Plan 2017-21'*
- + ¹⁴ Torbay Council, 2017, *'Torbay Economic Strategy 2017-2022'*
- + ¹⁵ NHBC, 2018, *'New Home Statistics Annual Review'*, 2017, Table 6
- + ¹⁶ ONS, 2019, *'Detailed household expenditure by countries and regions'*, financial year ending 2018.

Methodology

Impact area: The area used to assess impact was Torbay as this aligns with the Local Planning policy for the site.

For the purposes of the assessment, it is assumed that the proposed development is completed and fully occupied, and that the population is net additional to the area.

Key assumptions:

1. Population estimates based on the applicant's indicative mix of housing and a combination of ONS households projections data (average household size) and 2011 Census data on household sizes by number of bedrooms.
2. Labour supply calculations are based on the estimated population aged 16-64 of the proposed development drawing on ONS Mid Year Population Estimates, evidence on the populations of new build housing developments and ONS Annual Population Survey data (economic activity and employment rates).
3. Estimated employment is based on the proposed floorspace of commercial development and the number of staff anticipated for a completed 2FE primary school. Public house employment is calculated using Homes and Communities Agency Employment Densities Guide (2015), giving number of jobs per sq m of floorspace, and cross-checked against online data on the staff numbers typically associated with facilities of this type. School staffing data is based on Department for Education School Workforce data (2019) with an allowance for administrative and other school staff.
4. Fiscal impacts
 - + New Homes Bonus calculated using estimated council tax revenue and applying bonus payments for affordable housing. It should be noted that the figures assume that the 373 dwellings are all eligible for the calculation.
 - + Council tax calculated on the assumption of 50% of properties in band C and 50% in band D.
 - + Business rates data based on the latest Valuation Office Agency (VOA) data for similar establishments in Torbay.

This report contains the expression of the professional opinion of Hatch Regeneris (the trading name of Hatch Associates UK). It is based upon information available at the time of its preparation. The quality of the information, conclusions and estimates contained in the report is consistent with the intended level of accuracy as set out in this report, as well as the circumstances and constraints under which this report was prepared.

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