



# **LAND AT EUXTON LANE, CHORLEY**

## **ECONOMIC BENEFITS STATEMENT**

### **BELLWAY HOMES LIMITED (MANCHESTER DIVISION)**

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# ECONOMIC BENEFITS

LAND AT EUXTON LANE, CHORLEY  
CONSTRUCTION OF UP TO 120 RESIDENTIAL DWELLINGS



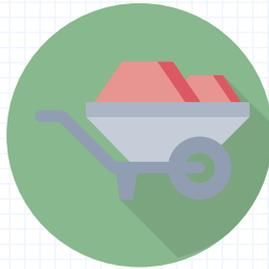
## CONSTRUCTION BENEFITS



**£20million**  
Estimated construction investment over 3 year build programme.<sup>1</sup>



**£22.8million GVA<sup>2</sup>**  
Economic output contribution from jobs supported by activities at the site over 3 year build programme (at current prices).

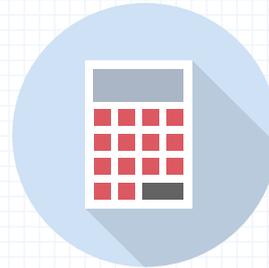


**126**  
Direct construction roles and indirect/induced jobs supported per annum during build phase.

## OPERATIONAL BENEFITS



**141**  
Economically active and employed residents estimated to live in the new housing.



**£600,000**  
Estimated first occupation expenditure. Research suggests that the average homeowner spends approximately £5,000 within the first 18-months to make their house 'feel like home'.

**10**  
Full-time equivalent jobs supported in the economy.

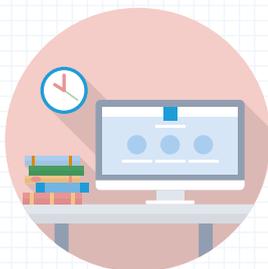


**£3.3million**  
Total annual household expenditure.

**£1.6million**  
Of spend on food & drink, leisure, clothes, household goods etc.

**Providing homes for people in a variety of occupations**

**49%**  
Of residents in management, professional roles etc.



**51%**  
Of residents in skilled trade, sales roles etc.



**£238,000**  
Estimated annual increase in Council Tax revenue<sup>3</sup>.

1. The construction cost has been estimated using the BCIS Online tool and is exclusive of external works, contingencies, supporting infrastructure, fees, VAT, finance charges etc.

2. GVA, or gross value added, is the measure of the value of goods and services produced in an area, sector or industry.  
3. Based on average Band D Council Tax in Euxton in 2021/22 of £1,982.94

## 1. INTRODUCTION

### Scope and Purpose

1.1 This note outlines the potential economic benefits that could be generated by developing up to 120 dwellings at Euxton Lane, Chorley. It quantifies a number of benefits that could be created by the scheme, including:

- Employment supported during the construction phase.
- Contribution of the construction phase to economic output.
- Economically active people attracted to live at the new development.
- Household expenditure associated with residents of the new dwellings.
- Contribution of the scheme to Council Tax once the homes are built and occupied.

### Main Findings

1.2 The main economic benefits from the scheme can be summarised as:

- **Employment supported during the construction phase:** In total, the Proposed Development could support 126 temporary jobs per annum, both on-site and in the wider economy, during the anticipated three-year build phase.
- **Contribution of construction phase to economic output:** The proposed development could generate an additional £22.8million of gross value added (GVA) during the construction period.
- **Growing labour force:** Around 141 economically active and employed residents are estimated to live in the new dwellings once the site is fully built and occupied. If residents show a similar employment profile to the existing working age population of Chorley, around 49.0% could be working in higher value occupations.
- **Household spend:** Additional household expenditure will be supported by the new dwellings. While not all of this spend will be in the local area, it is reasonable to assume that a substantial proportion will be retained in Chorley. Once fully built and occupied, the households are estimated to generate expenditure in the region of £3.3million per annum.
- **Increased Council Tax income:** The construction of the new homes could generate around £238,000 per annum in additional Council Tax revenue.

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- 1.3 Section two provides full details on the benefits created during the scheme's construction phase, with section three going on to present the economic impact of the dwellings once they are built and occupied.

## 2. CONSTRUCTION PHASE BENEFITS

### Supporting Constructions Recovery from the Pandemic

- 2.1 The construction industry was severely affected by the pandemic, with a sharp decline in activity in April 2020 following lockdown restrictions. In September 2021, construction activity increased by 1.2% (see Figure 2.1). This followed two consecutive months of decline in activity between June and August 2021.
- 2.2 The construction industry is still struggling from a shortage of labour and supply chain issues, and it needs investment to fully recover from the impacts of the Covid-19 pandemic. The proposed scheme will generate much needed jobs in construction during the build phase.

**Figure 2.1: UK Monthly Construction Output Index (2019=100)**



**Source:** ONS

### Supporting Construction Employment

- 2.3 Economic benefits will arise through the provision of temporary jobs during the construction phase at the site, which is estimated to be around three years. Construction costs are estimated at approximately £20million over the build programme. The build cost

has been estimated using the BCIS Online tool<sup>1</sup> and is exclusive of external works, contingencies, supporting infrastructure, fees, VAT, finance charges etc.

- 2.4 In order to estimate construction employment supported during the building phase, the total construction cost has been divided by the average turnover per construction employee in the North West of £145,050<sup>2</sup>. This means that 138 person years of construction employment could be supported by the build phase. Dividing these total jobs by a potential build programme of three years suggests that on average, around 46 construction jobs per annum on-site could be supported over the life of the development.
- 2.5 It is widely recognised that housebuilding has knock-on effects for other sectors, which leads to increased demand for building materials and equipment at the construction phase, as well as domestic furniture and carpets etc. following completion. This generates and sustains employment in other sectors. The July 2018 'Economic Footprint of House Building in England and Wales' report by the Home Builders Federation found that for every 1 job in housing construction, the scale of employment supported is equivalent to between 2.4 and 3.1 direct, indirect and induced jobs per new dwelling built. Taking an average of these figures, a multiplier of 2.75 has been used – i.e. for every 1 job, a further 1.75 jobs are supported in the wider economy. Therefore, as well as the 46 on-site jobs supported per annum during the build phase, the Proposed Development could support a total of 80 additional jobs per annum in the wider economy over the three-year build phase.
- 2.6 In total, an estimated **126 temporary jobs** could be supported over the three-year build period.

### **Contribution to Economic Output**

- 2.7 Another way of looking at the economic impact of the construction phase is to calculate the contribution a development makes to wealth creation, as measured by the increase in the value of goods and services generated within an area. This can be done by looking at the increase in gross value added (GVA)<sup>3</sup>, a common proxy for economic output. Using data produced by the Office for National Statistics (ONS), it is possible to calculate GVA per employee by sector at a regional level. In the North West, construction's GVA per

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<sup>1</sup> Accessed: 23/11/2021

<sup>2</sup> Calculated using data for the North West construction sector from the 2020 edition of Business Population Estimates produced by the Office for National Statistics.

<sup>3</sup> Gross value added is the measure of the value of goods and services produced in an area, industry or sector of an economy.

employee is around £71,830 per annum. Total annual GVA per employee for all sectors in the region is estimated at £53,787.

- 2.8 Applying these GVA figures to the employment estimates outlined above (£71,830 to the 46 construction jobs and £53,787 to the 80 indirect/induced roles), the Proposed Development could generate an additional **£22.8million of GVA** during the three-year construction period (current prices).

### 3. BENEFITS ASSOCIATED WITH THE NEW HOUSING

#### Increased Labour Supply

- 3.1 It is estimated that once built and fully occupied, the proposed scheme would provide homes for 151 economically active residents<sup>4</sup>. Data from the Annual Population Survey, published by the ONS, show that around 93% of the economically active population in Chorley are in employment<sup>5</sup>.
- 3.2 Assuming the percentage of economically active people in employment remains broadly the same, applying it to the population living at the Proposed Development could result in an estimated 141 economically active and employed residents living there. This is likely to be a mixture of people from outside the area, as well as existing residents who move from other parts of the local area.
- 3.3 Attracting economically active people to the area is an important consideration when the issue of future labour supply is considered. In particular, the National Planning Policy Framework states that the planning system must ensure that a sufficient number and range of homes can be provided to meet the needs of present and future generations.
- 3.4 Chorley has seen a significant increase in the number of people aged 65 & over between 2011 and 2020, experiencing a rise of 31.3% (5,700). This was above the growth seen in this cohort in the North West (17.4%) and Great Britain (19.6%). The growth of those aged 0-15 and 16-64 in Chorley was below the growth rates seen in the over 65's at 11.7% (2,300) and 4.9% (3,400) respectively.

**Table 3.1: Population change in Chorley, 2011-20**

Age	2011	2020	Absolute Change	% Change
Aged 0 - 15	19,600	21,900	2,300	11.7%
Aged 16 - 64	69,800	73,200	3,400	4.9%
Aged 65 and over	18,200	23,900	5,700	31.3%
<b>Total</b>	<b>107,600</b>	<b>118,900</b>	<b>11,300</b>	<b>10.5%</b>

**Source:** ONS, Mid-year population estimates

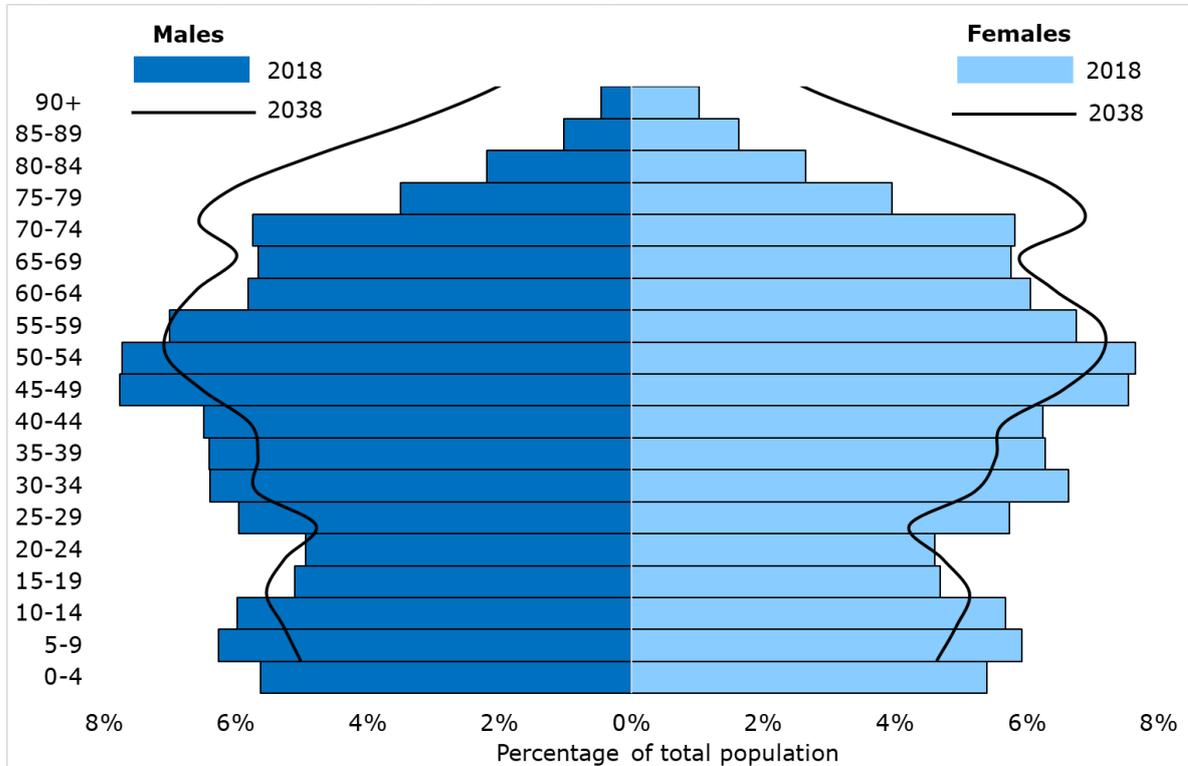
- 3.5 The trend of an ageing population is expected to continue in Chorley, as shown in Figure 3.1 which presents long-term population projections up to 2036. As can be seen, for both males and females those aged 65 & over are expected to account for an increasing share of Chorley's population over the next 20 years. It is therefore important that the area is able to see new homes built such as those proposed on the land at Euxton Lane that are

<sup>4</sup> Census 2011: average number of economically active residents per household in Chorley is 1.26.

<sup>5</sup> Annual Population Survey, July 2020 – June 2021.

attractive to people of working age. This younger population can help boost labour market supply as older members of the workforce reach retirement age and become economically inactive.

**Figure 3.1: Population by age in Chorley, 2018 & 2038**

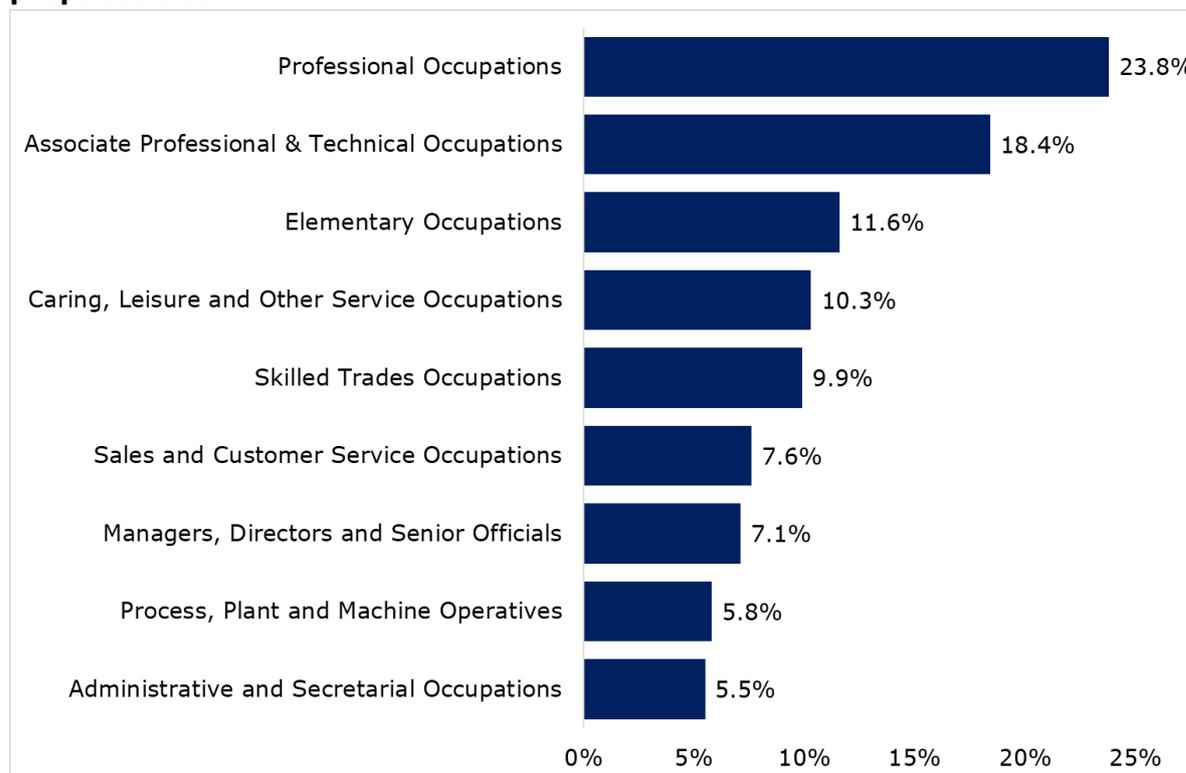


**Source:** ONS, 2018-based population projections

3.6 If residents show a similar employment profile to the existing working age population of Chorley<sup>6</sup>, around 49% of the 141 people employed could be working in higher value occupations – managers, directors, senior officials; professional; and associate professional & technical roles. Figure 3.2 shows the full estimated occupation breakdown.

<sup>6</sup> Annual Population Survey, July 2020 – June 2021.

**Figure 3.2: Estimated occupation breakdown of employed residents living at the proposed site<sup>7</sup>**



**Source:** Annual Population Survey, with additional calculations by Pegasus Group

### Increased Household Expenditure

- 3.7 Additional household expenditure will be supported by the new dwellings (up to 120). While not all of this spend will be in the local area, it is reasonable to assume that a substantial proportion will be retained within Chorley. Figures produced by the ONS<sup>8</sup> at a regional level can be used to provide an estimate of what this spend could be worth on an annual basis. For the North West, the region in which the site is located, average household spend is estimated by the ONS to be around £530 per week. This covers spend on commodities/services such as food & drink, clothing, transport and recreation.
- 3.8 Applying the £530 average weekly spend figure to the 120 dwellings and translating it into an annual figure, the proposed development could generate **annual household expenditure of approximately £3.3million** once it is complete and fully occupied. This includes £1.6million of spend on food & drink, leisure, restaurants etc. which will support an estimated 10 jobs in the economy.

<sup>7</sup> Figures may not sum to 100% due to rounding.

<sup>8</sup> Office for National Statistics, *Household spend by region, 2018-2020*.

3.9 Table 3.2 shows how this estimated spend breaks down by commodity and service, with the main contributors being:

- £441,200 on transport.
- £427,400 on housing, fuel & power.
- £425,600 of "other expenditure", which includes mortgage interest payments & council tax.
- £416,200 on recreation & culture.
- £360,700 on food & non-alcoholic drinks.

**Table 3.2: Estimated annual household expenditure supported by the 120 dwellings**

Commodity/Service	Estimated annual household expenditure
Food and non-alcoholic drinks	£360,700
Alcoholic drinks and tobacco	£84,200
Clothing and footwear	£156,000
Housing (net), fuel and power	£427,400
Household goods and services	£238,400
Health	£33,100
Transport	£441,200
Communication	£119,800
Recreation and culture	£416,200
Education	£25,000
Restaurants and hotels	£309,500
Miscellaneous goods and services	£268,900
Other expenditure items	£425,600
<b>Total estimated annual household expenditure</b>	<b>£3,306,000</b>

Based on household spend estimates for the North West, produced by ONS  
 Note – spend estimates have been rounded to the nearest hundred

### First Occupation Expenditure

3.10 The average homeowner spends approximately £5,000 to make their house 'feel like home' within 18 months of moving in. This includes money spent on things like furnishing and decorating – which generates economic benefits for the local economy in terms of direct and induced job creation<sup>9</sup>. Applying this £5,000 estimate to the proposed scheme, the 120 dwellings are estimated to generate approximately **£600,000 in first occupation expenditure** within 18 months.

<sup>9</sup> <http://www.independent.co.uk/voices/2012/11/02/it-costs-5000-to-turn-a-house-into-a-home>

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### **Contribution to Council Tax Income**

- 3.11 Assuming the new dwellings fall within Band D<sup>10</sup>, once fully occupied the site is estimated to generate almost **£238,000 on an annual basis in additional Council Tax payments**, or £2.4million over 10 years at 2021/22 rates.

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<sup>10</sup> Based on the 2021/22 Council tax rate in Euxton of £1,982.94.  
<https://chorley.gov.uk/article/1264/Council-Tax-charges-2021-to-2022>