

Firepool Masterplan

Economic Impact

March 2023

Introduction

Firepool is a site allocated in the 2008 Taunton Area Action plan but the office led development has yet to be delivered. The proposed masterplan contains residential and leisure space and this report provides the data to assess the impact of the proposed masterplan led development on the local economy.

Construction Jobs

During the construction phase, economic benefits will include the number of direct and indirect construction jobs and economic output generated by the employment supported over the construction period.

Direct employment

The number of direct jobs generated during the construction period is calculated using similar principles to the Construction Industry Training Board (CITB) Labour Forecasting Tool (LFT). Utilising the value, or gross floor area, a start date, duration and location, the LFT predicts the labour demand on a month-by-month and trade-by-trade basis. Forecasts are based on historic data from past projects and updated as new data becomes available, taking account of time and location.

The percentage of labour vs material costs in construction can vary depending on the sector and type of work being completed. Ballpark figures range from **40% to 50%** of construction costs being tied to labour, with most of the remaining amount going to labour, followed by miscellaneous costs.

The construction industry has the following 3 main sectors of employment:

- Design – Those involved in design process, including senior managers and support staff with design organisations;
- Management of construction – Those staff involved with the management of the delivery of the construction or installation. This includes professionals employed for the construction stage or the projects; and
- Construction operatives – Those operatives involved in the delivery of the construction or installation.

The forecast construction cost for the Firepool scheme is £122,208,227 (AECOM) with no allowance for inflation. The likely delivery of the project is hard to predict and of course market conditions dependent so probably upto 10 years.

The mechanism provides for 40% ratio of labour to materials and on the basis of a 1850 hour average construction year allowing for bank holidays and annual holidays at a general blended rate across all the trades at £20 per hour. This blended rates makes allowance for designers, construction managers and operatives.

Direct construction jobs will likely be in the region of 1320 and as a very rough rule of thumb this equates to 132 per year on a straight line basis.

Labour is involved in material production and logistics is of course also key components in the 60% of the construction budget for materials. Information in this regard is hard to quantify but a 25% factor at a lower hourly wage as material production is generally a less skilled operation. This could equate to a further 550 jobs.

Indirect employment

In addition to the direct jobs created on-site as a result of the construction and management of the proposed development, further indirect employment would be created as a result of spin-off and multiplier effects. This is only applied to direct construction work as the wider benefits in material production maybe both international and national and not so regional.

The level of indirect employment generated during the construction period has been assessed quantitatively by applying the Office for National Statistics (ONS) Type 1 Employment Multiplier (2015) for construction (1.97) to the number of direct construction jobs. This results in a further 1,280 indirect construction jobs over the life of the development.
Economic Output

Construction phase employment would generate economic output, measured through the generation of GVA.

Based on an average GVA per worker of £ 44799.24 per annum for Somerset (taken from the ONS Table B3: Current Price (smoothed) GVA (B) per filled job (£); ITL2 and ITL3 subregions, 2002 – 2020 data).

The 1320 direct construction jobs would generate a GVA of £59,134,680 over the construction period.

Operational Development – Residential Benefits

A number of economic benefits will be created during the operational phase (once the development is completed), dependent on the final floorspace specification.

For example, the provision of any residential units will generate a future resident population that will contribute towards economic output (through those in employment), commercial expenditure and generate council tax revenue. The provision of employment floorspace will generate economic benefits including employment and economic output (GVA).

As detailed in Table 4.1, Scenario 1 includes the provision of up to 430 residential units.

It is estimated that the 430 units could accommodate 1,045 people (equating to 2.43 persons per dwelling).

The Baseline statistics summarised by Hardisty Jones Associates in the Somerset West and Taunton economic assessment assumes that the SWT area is home to a working age population of 88,000 persons and accommodates 82,000 jobs. The population of the local authority area is 157,909 according to ONS data. The percentage of jobs to residents is therefore 51.93%.

So using this statistics would yield an economically active population from the Firepool scheme of 543 people. If the average GVA per head data already provided of £ 44,799.24 per annum. This could generate around £24.3 in GVA per annum (based on current values).

Commercial Expenditure

Any new resident population generated by the proposed development has the potential to generate expenditure on goods and services.

Experian provide up to date retail and leisure expenditure data for all local authorities across the UK. Experian report (Experian Retail Planner Data, 2017 prices) for the area that the average annual household expenditure on convenience (food), comparison (non-food), and leisure goods and services comprise:

- Convenience - £4,966 per household per annum;
- Comparison - £8,442 per household per annum; and
- Leisure - £7,414 per household per annum.

On the basis of these figures, it is estimated that the provision of 430 dwellings will generate an annual convenience goods expenditure of £2.14m; comparison goods expenditure of £3.63m; and expenditure on leisure goods and services of £3.19m.

Council Tax

Based on an average council tax band value for 2022/2023 for the SWT area taken at Band E of £2,343.50, the proposed 430 dwellings could generate around £1m in council tax payments per annum. This will contribute to funding and supporting services within the area. Assuming a capitalisation rate at 5% this equates to the equivalent of £20m of revenue funding to the Council.

Employment Generation

The number of direct operational jobs has been calculated using employment densities published by the HCA15, applied to the proposed development's floorspace schedules.

Floorspace schedules set out in Table 4.1 are GEA. However, the HCA employment densities require the floorspace by Gross Internal Area (GIA) or Net Internal Area (NIA). GIA has been calculated by assuming 95% of the GEA and NIA has been calculated by assuming 90% of the GIA following conversion guidance provided by the HCA.

Retail (A1-A5)/Community-Leisure (D1-D2) is assumed by HCA to generate a job for every 20 to 65 sqm. The relevant leisure and retail area is 10,000 sqm including all non-domestic elements (hotel/venue/health hub, cinema, ground floor commercial space).

The Employment Densities Guide provides a range for Use Class D2 of between 65 and 300sqm per FTE worker depending on use. A blended 50sqm has been assumed. That therefore suggests around 200 long term jobs could be created by the Firepool scheme.

In terms of additional GVA to the economy as a result of this additional long term employment this at current rates would be circa £9m added GVA.

Local Skills

The Council's Executive has recently considered policy in relation to a Local Labour Agreement Policy. It would be the intention of the masterplan scheme to accord with this policy and create as many local jobs as possible.

Conclusion

Any residential element delivered by the proposed development will also increase consumer expenditure (through the increased residential population) and Council Tax revenue.

The proposed development is therefore considered to provide significant contributions to the Town Centre economy, therefore supporting both national and local economic policy objectives. The proposed development will deliver a range of economic benefits. Most significantly its potential GVA and employment impact.

Delivering the masterplan will provide a significant economic stimulus to the local economy that will not likely be delivered by the current office led planning policy.

Highlights:

- Forecast 1320 Construction Jobs
- Potential additional 550 Construction material jobs
- Potential 1280 indirect jobs as a result of construction activity
- £59m GVA as a result of construction activity
- 1045 new residents in Taunton town centre area
- Potentially 543 more economically active people

- Potential long term annual GVA from additional population of £24.3m
- Potential additional spend (no allowance for inflation) mostly in Town Centre of :
 - annual convenience goods expenditure of £2.14m
 - annual comparison goods expenditure of £3.63m
 - annual expenditure on leisure goods and services of £3.19m
- Additional Council Tax of £1m per annum
- 200 long term additional jobs with additional GVA of circa £9m