

Planning application for Proposed Residential Development.

Land at Royal Hill Farm, Spondon, Derby.

On behalf of Miller Homes.

Date: August 2023 | Pegasus Ref: P19-2639 R002v4 EC EBS

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Document Management.

Version	Date	Author	Checked/ Approved by:	Reason for revision
1	12.10.2022	CD	LD	First draft
2	14.10.2022	CD	LD	Second draft
3	03.07.2023	AH	LD	Final draft
4	30.08.2023	AH	RC	Client comments



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Executive Summary

This report has been produced on behalf of Miller Homes and presents the economic benefits of a residential development proposed on land at Royal Hill Road, Spondon, a suburb located to the north-east of the City of Derby, comprising of up to 90 dwellings including related infrastructure, landscaping and open space.

Main Findings

Construction Impacts

- **Direct and indirect construction-related employment:** The proposed development will support an estimated **138 temporary roles on-site and in the wider economy** over the 24-month build programme.
- **Contribution of construction phase to economic output:** An estimated **£16.9 million of gross value added** (GVA) will be generated during the 24-month construction period.

Operational Impacts

- **Growing labour force:** For the 90 homes, an estimated **102 economically active and employed residents** are calculated 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 Derby, around 47% could be working in higher value occupations.
- **Household spend:** Once fully built and occupied, the households are estimated to generate expenditure in the region of **£2.5million per annum**.
- **First occupation expenditure:** Once fully built and occupied, the proposed new dwellings will generate approximately **£540,000 in first occupation expenditure within 18 months**.
- **Increased Council Tax income:** The construction of the new homes could generate around **£180,820 per annum** in additional Council Tax revenue.

Economic Benefits

Land at Royal Hill Farm, Spondon, Derby

Construction of up to 90 dwellings

Construction Benefits

£17.4million

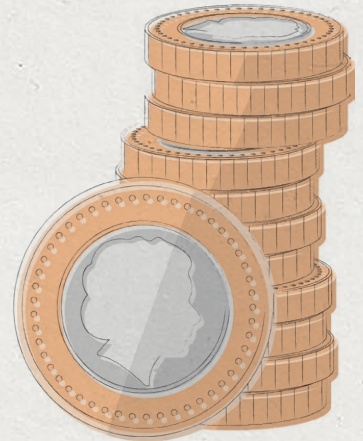
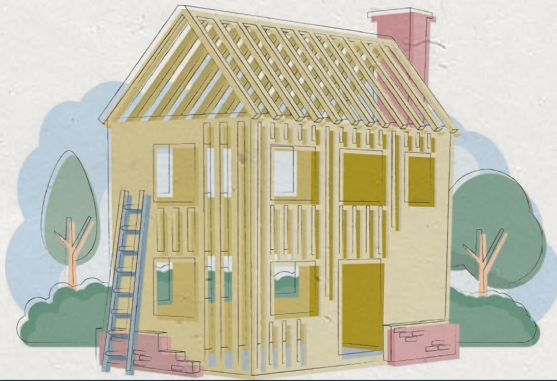
Estimated construction investment over 24-month build programme ¹

138

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

£16.9million GVA ²

Economic output contribution from jobs supported by activities at the site over 24-months



Operational Benefits



102

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

£540,000

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'



47%

Of employed residents estimated to be working in higher value/higher income occupations



£180,820

Estimated annual increase in Council Tax revenue ³



£2.5million

Annual household expenditure



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 (Accessed 30/08/2023).

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 Council Tax for band D properties in the local area of the settlement of £2,009.11 in 2023/24.

1. Introduction

Scope and Purpose

- 1.1. This report has been produced on behalf of Miller Homes and presents the economic benefits of a residential development on land at Royal Hill Road, Spondon, Derby (hereafter referred to as the 'Site') comprising of up to 90 residential dwellings (Use Class C3) including related infrastructure, landscaping and open space, with all matters reserved except for access into the site from Royal Hill Road (hereafter referred to as the 'Proposed Development'). It quantifies the benefits that could be created by the scheme in terms of the construction impacts and the impacts of the scheme once it is operational.
- 1.2. The report looks at the following issues:
 - **How has the Derby economy performed in recent years?** The report looks at data on UK GDP and construction activity. It then looks in more detail at the Derby economy in terms of trends in population, employment and unemployment.
 - **What are the benefits of the construction phase?** The report considers how many temporary jobs will be created and the contribution of the construction phase to economic output.
 - **How much will the scheme contribute to enhancing the prosperity of the economy?** For the purposes of this study, the estimated number of economically active and employed additional residents generated as a result of the Proposed Development will be calculated, the expenditure associated with household spend and first expenditure as well as uplift in council tax payments made to Derby City Council.

Report Structure

- 1.3. The remainder of the report is structured as follows:
 - **Section 2 – Socio-Economic Overview**, describes the character of the Derby economy, in comparison to the East Midlands region and Great Britain. It presents information on UK GDP, construction activity, population trends, employment trends, and claimant count. It also looks at how the scheme will support local economic development objectives.
 - **Section 3 – Construction Phase Benefits**, sets out the construction phase benefits of the Proposed Development, focusing on its contribution to employment and economic output.
 - **Section 4 – Operational Benefits Generated by the residential dwellings**, sets out the number of economic benefits of the scheme once fully developed and occupied.

2. Socio-Economic Overview

Introduction

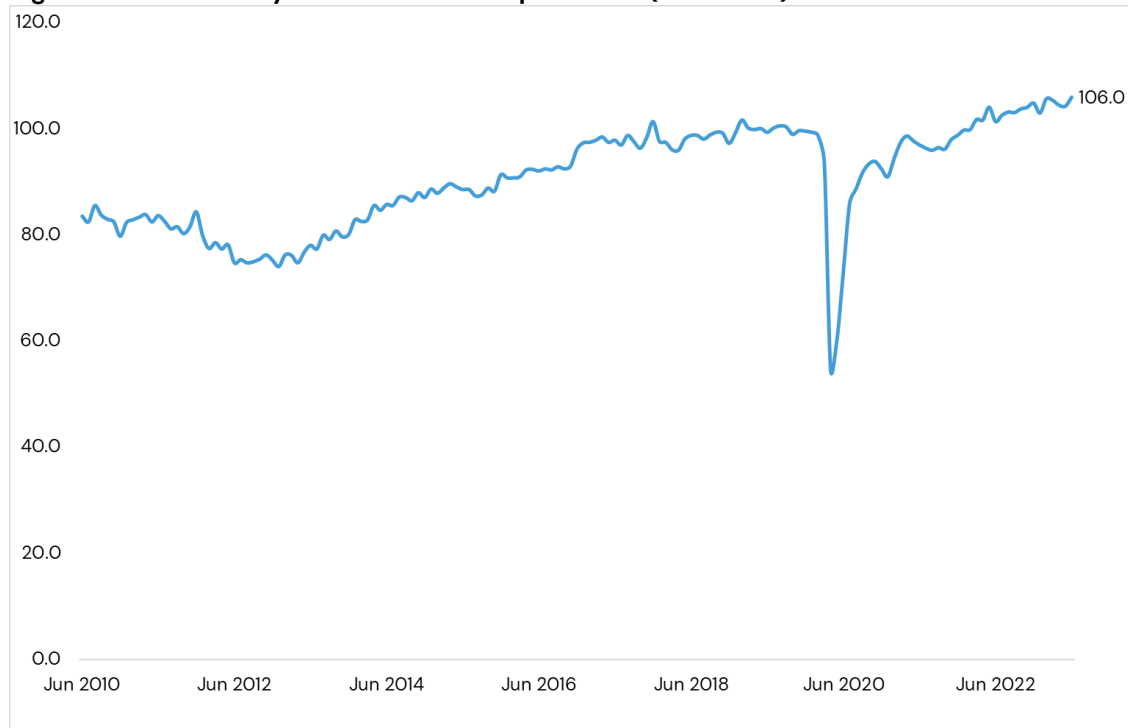
2.1. This section presents a profile of the Derby economy, alongside regional and national comparators where appropriate. It examines the following topics:

- Construction activity.
- Population – including past and future projections.
- Deprivation.
- Employment – change over time and key sectors.
- Unemployment – the claimant count.

Construction Activity

2.2. The construction industry was severely affected by the pandemic, with a sharp decline in construction activity in April 2020 following lockdown restrictions. Construction output experienced a rise of 1.7 percentage points between May 2023 and June 2023 (see Figure 2.1). This compares to a decline of 0.2 percentage points between April and May 2023. The Proposed Development will generate much needed jobs and investment in construction during the build phase.

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



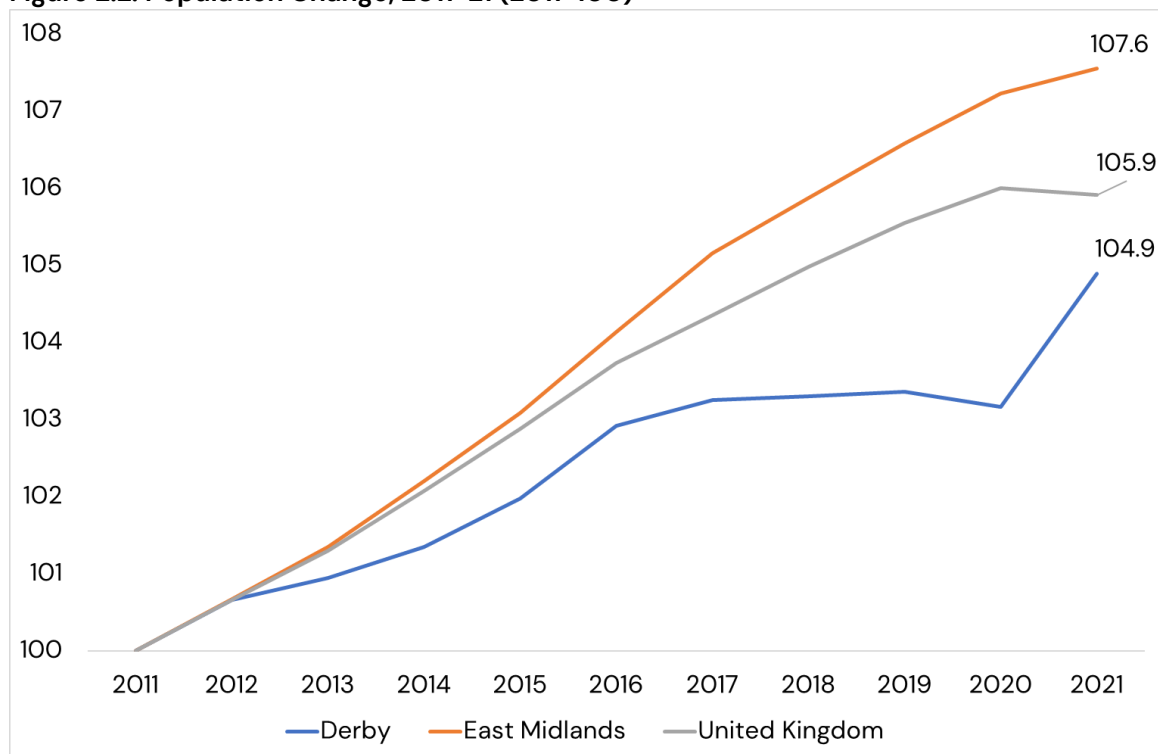
Source: ONS

Population

Population Estimates

- 2.3. Figure 2.2 shows the population change in Derby and regional and national comparators between 2011 and 2021. In this time the population of Derby grew by 4.9%. This is an absolute increase of 12,193. This compares to a population growth of 7.6% in East Midlands and 5.9% in the United Kingdom.

Figure 2.2: Population Change, 2011–21 (2011=100)



Source: ONS, Population Estimates

- 2.4. The fastest growing age group in Derby were those aged 65 and over which increased by 13.6% (5,155) between 2011 and 2021. The number of people aged 0–15 grew by 2.8% (1,430), and those aged 16–64 grew by 3.5% (5,608). Although those aged over 65 was the fastest growing age group in the East Midlands and the United Kingdom, the regional growth rate (22.8%) and national growth rate (19.9%) were significantly higher than the growth rate in Derby.

Population Projections

- 2.5. Tables 2.1–2.4 show the population projections in Derby, East Midlands, and England up to 2038. In all areas the fastest growing age group is projected to be those aged 65 and over with a growth of 36.3% in Derby, 43.1% in East Midlands, and 40.8% in England up to 2038. The number of people aged 0–15 is projected to fall by 7.7% in Derby, increase by 1.3% in the East Midlands, and fall by 3.5% in England in the same time period. The working age population is set to grow at all spatial scales, but by a much smaller proportion than those aged 65+; increase by 1.3% in Derby, increase by 5.6% in the East Midlands, and by 2.9% in England. This means that it already is, and will further become, increasingly important to create employment opportunities within the area to attract people of working age to the area.

Table 2.1: Population Projections in Derby, 2018–38

	2018	2038	Absolute Change	% Change
0–15	53,993	49,851	-4,142	-7.7%
16–64	161,305	163,363	2,058	1.3%
65+	41,876	57,069	15,193	36.3%
Total	438,727	459,204	20,477	4.7%

Source: ONS, Population Projections

Table 2.2: Population Projections in East Midlands, 2018–38

	2018	2038	Absolute Change	% Change
0–15	893,824	905,068	11,244	1.3%
16–64	2,983,294	3,149,389	166,095	5.6%
65+	927,031	1,326,829	399,798	43.1%
Total	4,804,149	5,381,271	577,122	12.0%

Source: ONS, Population Projections

Table 2.3: Population Projections in England, 2018–38

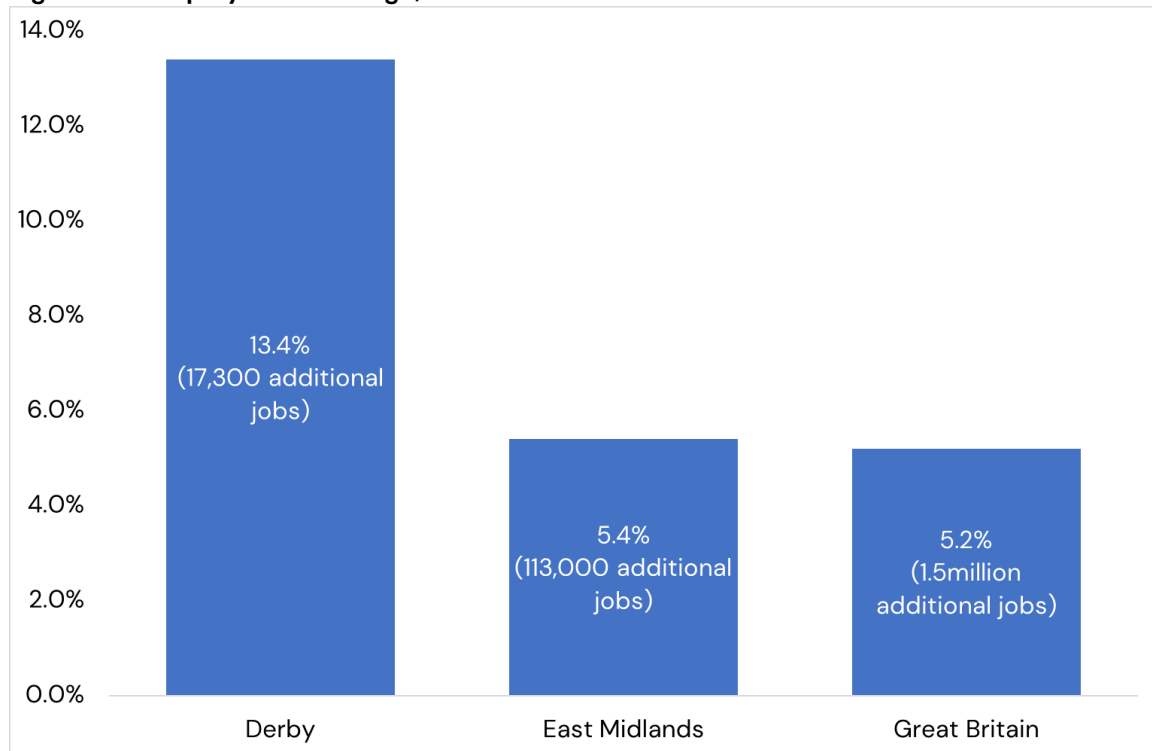
	2018	2038	Absolute Change	% Change
0–15	10,748,458	10,370,237	-378,221	-3.5%
16–64	35,049,467	36,066,076	1,016,609	2.9%
65+	10,179,253	14,329,964	4,150,711	40.8%
Total	55,977,178	60,766,251	4,789,073	8.6%

Source: ONS, Population Projections

Employment

- 2.6. Based on the most recent data from the Business Register & Employment Survey (BRES) published by ONS, in 2021 there were around 146,375 jobs in Derby.
- 2.7. Between 2015 and 2021, Derby experienced an employment increase of 13.4% (17,300 additional jobs – see Figure 2.3). This was significantly higher than the 5.4% employment growth (113,000 additional jobs) for the East Midlands and the 5.2% growth for Great Britain (1.5million additional jobs). The Proposed Development will create new job opportunities for residents and people living in the wider area so that growth can remain above regional and national growth rates. This point is particularly important considering the long-term impact which the Covid-19 pandemic is expected to have on the economy.

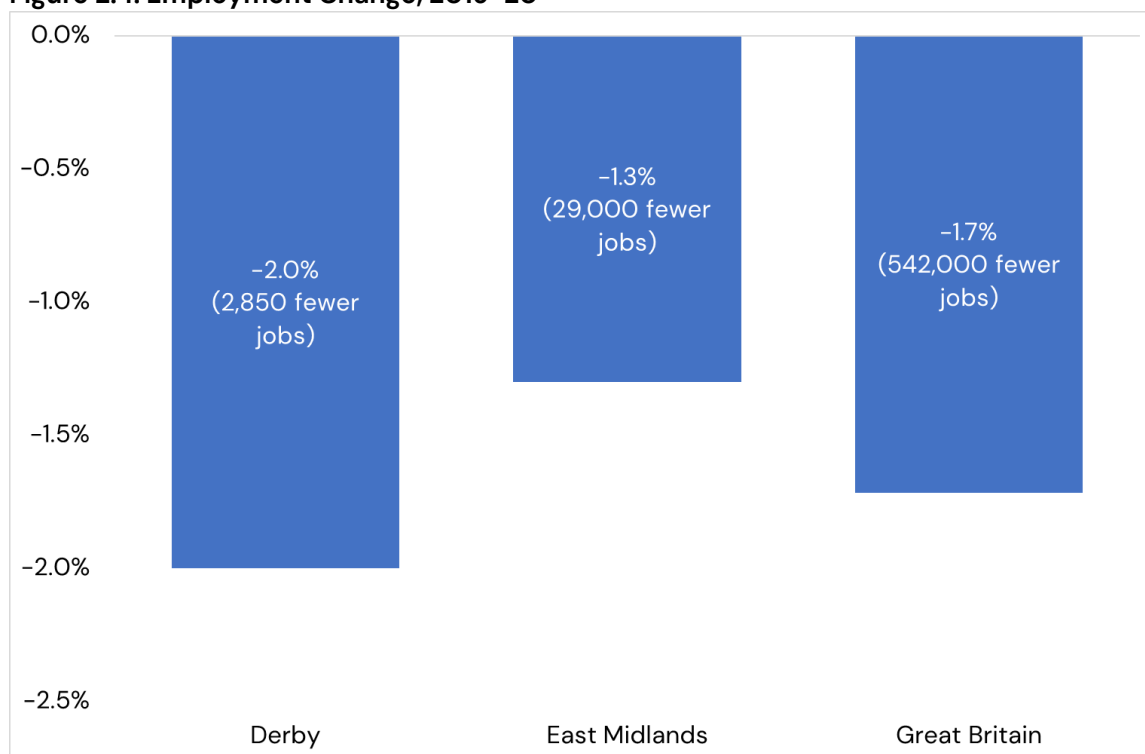
Figure 2.3: Employment Change, 2015–21



Source: ONS, Business Register & Employment Survey

- 2.8. Figure 2.4 shows the employment change in Derby, the East Midlands, and Great Britain for 2019–2020, reflecting the impact of the COVID-19 pandemic on the labour market. In this time areas experienced a decline in jobs. Derby experienced a decline (2% – 2,850 fewer jobs) larger than the East Midlands (1.3% – 29,000 fewer jobs) and Great Britain (1.7% – 542,000 fewer jobs). Set in the context of the overall rise of 9.9% jobs between 2015 and 2020, compared to much lower increases at the regional and national scale, the employment market at the local scale is arguably strong and has great potential to regain its pre-pandemic upward trend and continue growing. As such, it is vital that investments are made in the Derby area so that the labour market and local economy can recover.

Figure 2.4: Employment Change, 2019–20



Source: ONS, Business Register & Employment Survey

- 2.9. Table 2.4 shows employment by sector in all comparator areas. In Derby, public administration, education and health accounts for the highest proportion of jobs (30.7% (45,000 jobs) of total employment). This is slightly above the figures for the East Midlands (25.6%) and Great Britain (26.3%). Construction accounts for 3.4% of employment, which is below the regional and national figures. This sector is likely to see new opportunities created during the build phase of the scheme so is expected to boost the proportion of workers in construction for the duration of the build programme.

Table 2.4: Employment by Sector, 2021

	Derby	East Midlands	Great Britain
Agriculture, mining, utilities etc.	3.2%	3.3%	2.8%
Manufacturing	14.3%	11.6%	7.4%
Construction	3.4%	4.9%	5.0%
Wholesale & retail	12.3%	16.2%	14.4%
Transport & storage	4.8%	6.4%	5.1%
Accommodation & food services	6.1%	6.6%	7.5%
Information & communication	2.7%	2.9%	4.3%
Business, financial & professional services	19.0%	18.2%	23.0%
Public admin, education & health	30.7%	25.6%	26.3%
Arts, entertainment, recreation & other services	3.4%	4.4%	4.3%

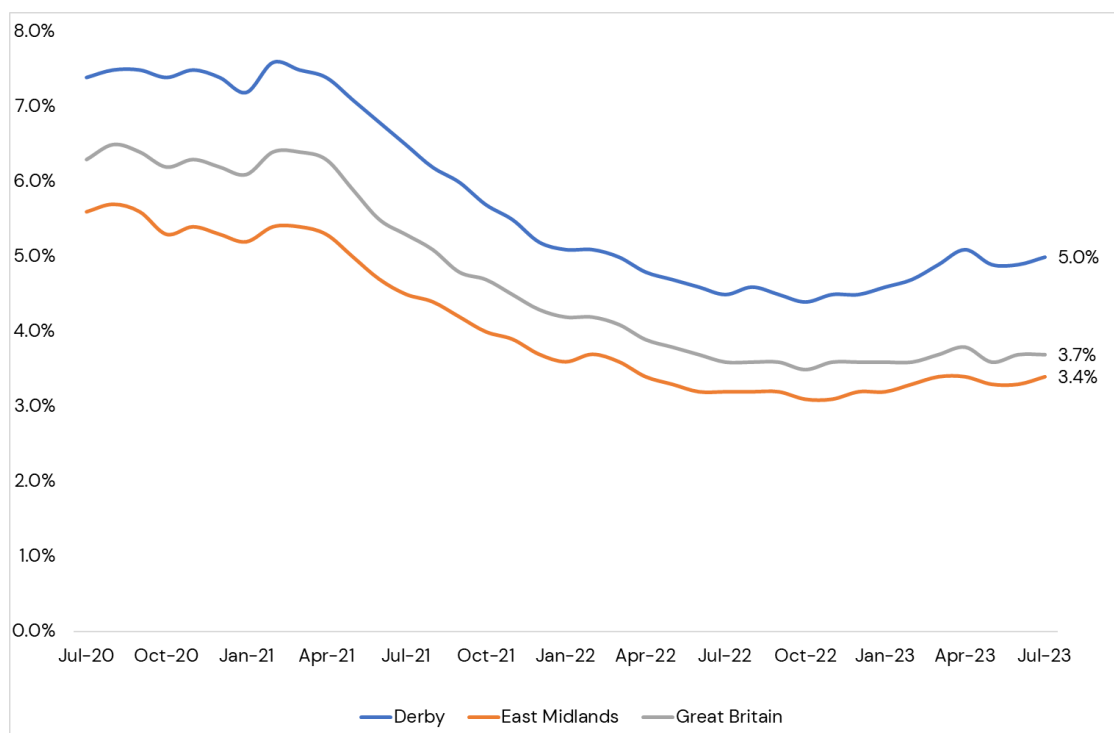
Source: ONS, Business Register & Employment Survey

Unemployment

- 2.10. The most accurate measure of unemployment at the current time is the claimant count, which counts the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work.

- 2.11. Figure 2.5 shows the claimant count in Derby, East Midlands, and Great Britain for every month from July 2020 to July 2023, expressed as a proportion of residents aged 16–64. For all areas shown in the chart, the claimant count is relatively high between July 2020 and February 2021, which will be down to the impact of Covid-19. This is down, in part, to more people claiming unemployment-related benefits and also because of changes made to the system by government which means more people are eligible to claim benefits. Further details on this are provided below.
- 2.12. ONS state that enhancements to Universal Credit as part of the UK Government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support despite still being in work. Consequently, changes in the claimant count will not be wholly because of changes in the number of people who are not in work. It is not possible to identify to what extent people who are employed or unemployed have affected the numbers.
- 2.13. In July 2020, the claimant count in Derby was 7.4%. At the height of the pandemic, it reached 7.6%, but has since fallen to 5%. This rate is 1.6% higher than the rate in the East Midlands (3.4%), and 1.3% higher than the rate for Great Britain (3.7%). The comparator areas experienced smaller increases than the increase seen in Derby in the timeframe.
- 2.14. Changes to the benefits system which came into force at the beginning of October 2021 may mean the claimant count starts to drop at a slightly faster rate, however it is still reasonable to assume that the legacy effects of the pandemic mean it will be higher than it was pre-March 2020. This makes it imperative that new job opportunities are created in all parts of the country over the next few years and bring the claimant count rate in the local area more in line with regional and national trends.

Figure 2.5: Claimant Count as % of Residents aged 16–64, 2020–23



Source: ONS, Claimant Count

Deprivation

- 2.15. The 2019 Index of Multiple Deprivation (IMD 2019) provides an indication of the average levels of deprivation for Lower Layer Super Output Areas (LSOAs) across England. The index provides an overall assessment of the average levels of deprivation as well as an assessment against domains of deprivation. In total, England has 32,844 LSOAs.
- 2.16. The scheme falls within Derby O10C, which has an overall rank of 28,949. When looking at individual domains of deprivation, Derby O10C has its highest rank in Health with a rank of 17,869. Its lowest rank in an individual domain is in the income domain, which is 28,265.
- 2.17. The full list of domain rankings for Derby O10C is set out in Table 2.5 below. The lower the number the more deprived the area is relative to other LSOAs nationally.

Table 2.5: Derby O10C IMD 2019 Domain Rankings

IMD 2019 Domain	Derby O10C Rank (out of 32,844, 1 being the most deprived)
Overall IMD	28,948
Income	28,265
Employment	22,983
Education & Training	27,352
Health	17,869
Crime	27,172
Barriers to Housing and Services	31,399
Living Environment	21,084

Source: Ministry for Housing, Communities & Local Government

Economic Development Objectives

- 2.18. The D2N2 (Derby, Derbyshire, Nottingham, Nottinghamshire) Vision 2030¹. The vision sets out the aim to have a transformed high value economy by 2030. The ambitions include entering into the top quarter of productive local economies in Europe, increasing the value of the economy to £70bn, and raising median weekly earnings at least 40%.
- 2.19. The Derby Local Plan² sets out that, in accordance with the National Planning Policy Framework (NPPF)³, an assessment of housing needs indicates that a minimum of 16,388 new dwellings would be needed to meet the City's requirements between 2011 and 2028. The council will enable the delivery of 11,000 new mixed tenure, high quality homes by allocating land in its Local Plan and by setting out a development framework which facilitates the delivery of housing on appropriate sites.

¹ D2N2 (Derby, Derbyshire, Nottingham, Nottinghamshire) Vision 2030, D2N2 LEP, 2019. Available at: [Vision-2030-publication-compressed.pdf \(d2n2lep.org\)](#).

² Derby City Local Plan, Derby City Council, January 2017. Available at: [Core-Strategy_ADOPTED_DEC-2016_V3_WEB.pdf \(derby.gov.uk\)](#).

³ National Planning Policy Framework, Ministry of Housing, Communities and Local Government, July 2021. Available at: [National Planning Policy Framework \(publishing.service.gov.uk\)](#).

- 2.20. The Derby City Council Housing Strategy 2020–2029⁴ sets out the following vision statement: *'to ensure all Derby's residents have access to good quality homes and housing services which support communities and improve quality of life.'* This will involve getting the most out of homes that already exist, improving housing quality and standards, providing suitable accommodation for vulnerable groups, supplying a range of new housing that meets need and contributes to urban reveal.

⁴ Derby City Housing Strategy 2020–2029, Derby City Council, Spring 2020. Available at: [Derby City Council Housing Strategy 2020 – 2029](#)

3. Construction Phase Benefits

Supporting Construction Employment

- 3.1. Economic benefits will arise through the provision of temporary jobs during the construction phase of the Proposed Development, which is estimated to be 24 months.
- 3.2. For the Proposed Development, construction costs including utilities are estimated to be £17.4million over an approximate 24-month build programme. The construction costs have been estimated using Build Cost Information Service (BCIS)⁵.
- 3.3. To estimate construction employment supported during the building phase, the total construction cost has been divided by the average turnover per construction employee in East Midlands region of £173,158⁶. Over the estimated 24-month build programme, 50 construction jobs could be supported.
- 3.4. 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 in house building, a further 1.75 jobs are supported in the wider economy. Therefore, as well as the 50 on-site jobs supported per annum during the build phase, the construction of the Proposed Development could support a total of 88 additional jobs per annum in the wider economy over the construction phase.
- 3.5. In total, an estimated **138 temporary jobs**⁷ could be supported per annum during the build phase.

Contribution to Economic Output

- 3.6. 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)⁸, a common proxy for economic output. Using ONS data, it is possible to calculate GVA per employee by sector at a regional level⁹. Applying these estimates to the employment estimates outlined above, the construction of the proposed development could generate around **£16.9million of GVA** over the 24-month build timeframe.

⁵ Build Cost Information Service, available at: [Home \(bcis.co.uk\)](https://www.bcis.co.uk)

⁶ Based on analysis of 2021 Business Population Estimates, available at: <https://www.gov.uk/government/statistics/business-population-estimates-2021>

⁷ Figures may not tally due to rounding.

⁸ Gross value added is the measure of the value of goods and services produced in an area, industry or sector of an economy.

⁹ GVA per employee estimates calculated using data from the 2020 Business Register and Employment Survey, as well as regional GVA estimates for 2020 – both published by ONS.

4. Operational Phase Benefits

Increased Supply of Labour

- 4.1. It is estimated that the proposed scheme will provide homes for 106 economically active residents. Data from the Annual Population Survey, published by the ONS, show that 96% of the economically active population in Derby are in employment. Assuming this figure remains broadly the same, applying it to the population living at the Proposed Development could result in **102 economically active and employed residents** living there once the site is fully built and occupied. 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.
- 4.2. If residents show a similar employment profile to the existing working age population of Derby, 47% could be working in higher value occupations. This includes managers, directors and senior officials; professional occupations; and associated professional and technical occupations.

Increased Household Expenditure

- 4.3. 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 within Derby. Figures produced by the ONS at a regional level can be used to provide an estimate of what this spend could be worth on an annual basis. For the East Midlands, average household spend is estimated by the ONS to be around £524.60 per week. This covers spend on commodities/services such as food & drink, clothing, transport and recreation.
- 4.4. Applying the £524.60 average weekly spend figure to the 90 dwellings and translating this into an annual figure, the Proposed Development could generate annual household expenditure of **£2.5million per annum** once it is complete and fully occupied. Table 4.1 shows how this estimated spend breaks down by commodity and service.

Table 4.1: Estimated annual household expenditure supported by the 90 dwellings.

Commodity / Service	Estimated annual household expenditure
Food and non-alcoholic drinks	£299,100
Alcoholic drinks and tobacco	£59,900
Clothing and footwear	£85,600
Housing (net), fuel and power	£329,900
Household goods and services	£165,700
Health	£38,800
Transport	£374,400
Communication	£101,100
Recreation and culture	£281,700
Education	£25,700
Restaurants and hotels	£167,100
Miscellaneous goods and services	£203,100
Other expenditure items	£322,900
Total estimated annual household expenditure	£2,455,000

Note: Based on household spend estimated by region, produced by ONS. Spend estimates have been rounded to the nearest hundred.

First Occupation Expenditure

- 4.5. Research published in 2014 suggests that the average homeowner spends approximately £5,000 to make their house 'feel like home' within 18 months of moving in. Taking into account inflation, this figure is estimated to be around £6,000 as of 2022. Applying this to the 90 dwellings gives an **estimated £0.5million in first occupation spend**.

Council Tax

- 4.6. Assuming the new dwellings fall within Band D, once fully occupied the site is estimated to generate an **estimated £180,820 on an annual basis** in additional Council Tax payments¹⁰, or **£1.8million over 10 years at 2023/24 rates**.

¹⁰ Assumes the homes fall within Council Tax band D, which for Derby in 2023/24 is £2,009.11. Available at: [Council Tax 2023/24 \(derby.gov.uk\)](https://www.derby.gov.uk/council-tax-2023-24)

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