

Economic Impact and Regeneration Statement  
for development proposed at  
Avonmouth House, London SE1 6NX  
(planning application ref 21/AP/4297)

Prepared on behalf of  
Tribe Avonmouth House Ltd

June 2022

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## **1.0 INTRODUCTION AND SCOPE OF REPORT**

- 1.1 Propernomics specialises in property market research, socio-economics and economic development consultancy for public sector and private sector clients, including production of expert evidence to inform policies and development proposals.
- 1.2 Propernomics has been instructed by Tribe Avonmouth House Ltd (the Applicant) to prepare an “Economic Impact and Regeneration Statement” for their proposed development at Avonmouth House, London SE1 6NX (planning application ref 21/AP/4297).
- 1.3 The formal description of the proposed development is:
- 1.4 “Demolition of existing building and structures and erection of a part 2, part 7, part 14, part 16 storey plus basement mixed-use development comprising 1733sqm (GIA) of space for Class E employment use and/or community health hub and/or Class F1(a) education use and 233 purpose-built student residential rooms with associated amenity space and public realm works, car and cycle parking, and ancillary infrastructure.”
- 1.5 Our report addresses the following topics:
  - The employment capacity of the building following construction
  - The construction employment and supply chain activity created
  - The potential expenditure effects arising from the use of the new building
  - How the proposed development aligns with economic development policy, evidence and regeneration objectives
- 1.6 We understand that the Applicant is engaged in ongoing dialogue with parties interested in using the proposed development and the Local Planning Authority (London Borough of Southwark) is being kept informed. This may give rise to the need for us to modify our report or to produce additional evidence to reflect any changes.
- 1.7 We are also available to discuss our report with the council should any matters need to be agreed or clarified.

## **2.0 OPERATIONAL EMPLOYMENT**

- 2.1 The proposed development will create capacity for direct employment, as well as economic activity that will act as a stimulus for indirect and induced employment, both locally and across a wider area through multiplier effects. This chapter deals with the ongoing (post-construction), operational employment; then the following chapter examines the temporary employment arising from the construction phase.
- 2.2 The baseline position is that the existing building (1,307 sq m GIA in size) is used as a training venue operated by “etc.venues” employing 5 staff. The company has written a letter (dated 1.10.21), which was submitted with the planning application, stating that the staff will be relocated to a nearby branch of the business (Prospero House) within Southwark. Hence no actual jobs will be lost from the borough.
- 2.3 The employment capacity of the proposed development depends upon the floor area to be made available, how it is used, the density of occupation (sq m per worker) for different uses and the suitability of the space to support the intended use. We now examine these factors.
- 2.4 We understand from the schedule of accommodation on page 30 of the Design and Access Statement (DAS) that 1,733 sq m GIA has been designed for employment, education or community health hub use. This is an increase of 426 sq m GIA compared to the baseline. Pages 34 and 35 anticipate two scenarios – firstly, flexible employment/education space and secondly, flexible employment space including a community health hub. The floor area in both scenarios is 1,733 sq m GIA.
- 2.5 Paragraph 5.2 of the DAS explains that: “The employment use is split across 3 levels with the core arranged to ensure maximum flexibility allowing a wide range of uses to occupy the space. This creates a flexible and adaptable building for the long term. Each commercial floor is given generous floor to ceiling heights to ensure a flexible and well lit set of spaces.” In addition, we understand from page 30 of the DAS that these spaces will be complemented by the inclusion of 139.5 sq m of ancillary/storage space in the lower basement.

- 2.6 Paragraph 5.3 adds: “The basement level space will receive natural daylight from large light wells located around the perimeter of the building. The open plan arrangement allows this light to filter across the space.”
- 2.7 The proposed development will increase the floorspace on site (making efficient use of land) whilst raising its quality and energy efficiency through modern construction.
- 2.8 Best practice guidance, published by the Homes and Communities Agency (HCA), is available on the employment density of workspace<sup>1</sup> in order to estimate the number of jobs that it can support. This was followed by further research, commissioned by the Greater London Authority<sup>2</sup>, which included closer scrutiny of evolving working practices and indicative employment densities for a range of uses in London; the research settled on a range of values from 11.3 sq m GIA per worker for offices<sup>3</sup> to 45 sq m GIA per worker for D1 uses but noted it could vary according to the exact manner in which it is used. The following table shows the results of this work with an additional column to identify the more recent, overarching, Use Class.

Land Use	Former Use Class	Current Use Class	Employment density assumed in LESD Technical Report (sq m GIA per job)
Shops	A1	E	17.5
Financial and professional services	A2	E	16.0
Food and drink	A3	E	17.5
B1 office	B1	E	11.3
Non-residential institutions including clinics and health centres	D1	E	45.0
Non-residential institutions including education and training	D1	F1	45.0

- 2.9 The baseline position is 5 staff managing about 1,307 sq m of training space which is an employment density of 261 sq m per worker. By contrast, the proposed development offers the opportunity to significantly increase the level of employment through the creation of modern workspace for a wider range of uses. The Design and Access Statement sets out the Applicant’s vision for the use of the non-residential areas in the

<sup>1</sup> “Employment Density Guide”, Homes and Communities Agency, 3<sup>rd</sup> edition, 2015

<sup>2</sup> “London Employment Sites Database”, CAG Consultants, May 2017 Technical Report

<sup>3</sup> Echoed in the “Southwark Employment Land Study”, CAG Consultants, 2016

proposed development with two scenarios. The following table shows the employment capacity of the first option (flexible employment or education workspace):

<u>Option 1: Flexible employment/education space</u>		Floor area	Use class	Sq m/ job	Jobs capacity
From	a) If all education workspace	1,733	D1 now F1	45.00	38.51
To	b) If all office workspace	1,733	B1a now E g)i	11.30	153.36

2.10 In addition, we understand from the Applicant that the proposed development will generate employment for 10 staff involved in the management, administration, cleaning and maintenance of the building. Hence this scenario could support about 49 to 163 jobs, depending on the office content. The baseline is 5 jobs so the net additional employment could be up to 158 jobs. We note that this is broadly consistent with the Planning Statement which estimates there to be capacity for up to 144 FTE jobs (based on the aforementioned HCA guidance) without allowing for the 10 jobs required for the management of the building and its occupation.

2.11 The following table shows the total employment capacity of the second option - flexible employment workspace with health hub. In this scenario the ground floor includes a shared reception area and workspace for both types of use and we have assumed an even split between them.

<u>Option 2: Flexible employment/health hub</u>		Floor area	Use class	Sq m/ job	Jobs
Basement	Office and ancillary space	743.50	B1a now E g)i	11.30	65.80
Ground	Say 50% employment	175.85	B1a now E g)i	11.30	15.56
Ground	Say 50% health hub	175.85	D1 now E	45.00	3.91
First	Health hub	637.80	D1 now E	45.00	14.17
Total		1,733.00			99.44

2.12 With the addition of 10 building management jobs, the outcome of this scenario is employment capacity for up to 109 jobs, or 104 net additional jobs if deducting the baseline jobs.

2.13 In both scenarios it is important to note, firstly, that the baseline jobs will be relocated locally and not actually lost. Secondly, the actual number of jobs will depend upon the recruitment plans of the employers involved. Thirdly, although offices have a relatively high employment density, the other uses offer education and

health benefits for the community as well as employment. In any event, the proposed development creates an opportunity to significantly increase the employment on site.

#### Comments on net additionality

- 2.14 Baseline position: We have shown the effect of deducting the current jobs whilst noting that they will be relocated locally rather than lost. The Design and Access Statement sets out the Applicant's vision for how the development could be used in contrast to the baseline; this includes increasing the quantity of employment generating floorspace, its employment capacity and its quality.
- 2.15 Leakage effect: The proposed development will create fresh business and labour market opportunities for local people and local businesses to exploit. However, the London Borough of Southwark has close economic ties with other parts of London so it would be natural for some of the benefits (e.g. job opportunities) to "leak" to residents outside Southwark who may choose to work here. However, this is part of the normal interchange of commuters between boroughs and any "incoming" workers are likely to spend some of their earnings locally during work days.
- 2.16 Displacement effect: The proposed development may attract businesses or staff that move within the borough. This "displacement" is hard to quantify but if it occurs then the motivation to relocate may be a positive one (e.g. to obtain better quality space or jobs) and will enable churn in the local market so that any vacated floorspace or jobs become available for others, enabling further regeneration or career progression.
- 2.17 Multiplier effect: The direct jobs are likely to stimulate indirect and induced employment through additional supply chain activity and economic multipliers (although we have not quantified this effect pending discussions with any particular occupiers).
- 2.18 Persistence effect: The proposed development offers substantial, new investment in the local built environment with effects that will persist for the long term.

#### Chapter summary

- 2.19 The proposed development will provide about 1,733 sq m GIA of new employment generating floorspace to be made available on terms to be agreed in the open market.

- 2.20 The existing building supports employment for 5 staff. The proposed development offers greater flexibility of use which could support a significant increase in employment, depending on the end users' staffing requirements.
- 2.21 The applicant has prepared scenarios for a blend of flexible employment, education and/or health related uses. These could support up to 158 office jobs, allowing for management of the building (10 staff) and deduction of the baseline staff (5) although these will be relocated nearby and not lost from the borough.
- 2.22 Non-office uses have a lower employment density but nonetheless could support an increase in the number of jobs compared to the baseline, with wider education and health benefits for the community.
- 2.23 The proposed development will increase the floorspace on site (making efficient use of land) whilst raising its quality and energy efficiency through modern construction.



### 3.0 CONSTRUCTION EMPLOYMENT

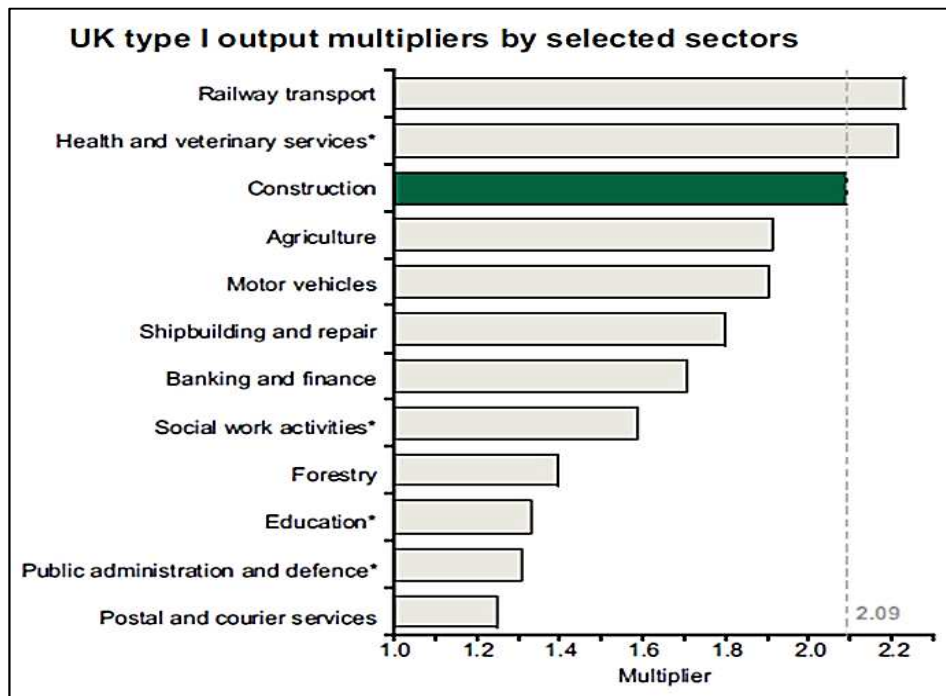
- 3.1 This chapter deals with the employment generated by the construction of the proposed development.
- 3.2 The government gives strong endorsement to the construction sector. For example, in its policy paper, the “Construction Sector Deal” (2019)<sup>4</sup>, it said: “Construction underpins our economy and society. Few sectors have such an impact on communities across the UK or have the same potential to provide large numbers of high-skilled, well-paid jobs.”
- 3.3 We understand from the Applicant that subject to final tenders the proposed development will have a construction cost in the order of £31.2m.
- 3.4 The exact labour requirements of the project are not yet known so we have to make an estimate using benchmarks. According to the UK Contractors Group<sup>5</sup> and the Confederation of British Industry (CBI)<sup>6</sup> every £1 spent on construction activity generates a total of £2.84 in total economic activity (i.e. GDP increase) and £0.36 in benefits to the public purse.
- 3.5 The indirect and induced economic impacts of construction are especially strong because the construction industry uses a wide range of inputs from many industries to produce its goods and services. The UKCG and CBI reports recommend an indirect (Type I) multiplier of 2.09 (1 + 1.09) for the construction sector which is higher than many other sectors that they have studied. This is illustrated by the following chart from the research:

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<sup>4</sup> <https://www.gov.uk/government/publications/construction-sector-deal/construction-sector-deal#contents>

<sup>5</sup> “Construction in the UK Economy – the Benefits of Investment” (2013) - LEK Consulting

<sup>6</sup> “Construction bridging the gap” (June 2012) – Confederation of British Industry (CBI)



- 3.6 When applied to the proposed development the impacts arising from the construction cost break down as follows:

Economic activity (£ GDP) arising from construction	Multipliers	£	Nature of impact
Direct economic impact	1	31,200,000	Materials, wages & profits
Indirect economic impact	1.09	34,008,000	Supply chain impacts
Induced economic impact	0.75	23,400,000	Increased incomes & expenditure
Total economic activity	2.84	88,608,000	Increase in GDP

- 3.7 Whilst we cannot be precise about the tax receipts that will arise from the construction project, the same research shows that every £1 spent on construction activity provides significant financial returns to the Treasury in tax income and benefit savings. This is summarised for the proposed development in the following table:

Public sector income	Multipliers	Applied to construction spending of £31,200,000
Income tax and NI	0.12	3,744,000
Benefits savings	0.23	7,176,000
Corporation tax	0.01	312,000
Total	0.36	11,232,000

- 3.8 Benefits to the public purse from construction of the proposed development therefore include £11.23 m from tax receipts and benefits savings. Other examples of public sector income arising from construction projects include VAT generated within the supply chain, Community Infrastructure Levy (CIL) payments and then taxes upon occupation of property.

#### New employment from construction

- 3.9 According to research by the Homes & Communities Agency<sup>7</sup> on the number of on-site and off-site jobs to be associated with construction projects, £1m of construction investment in private commercial developments requires 16.6 person years of work.
- 3.10 Whilst the actual outcome will be determined by a tender process and the appointed contractors' working practices, this nonetheless provides some guidance on potential construction employment. This benchmark may be conservative in the case of the proposed development because the same research suggests that residential development requires 19.9 person years of work per £1m of cost.
- 3.11 Hence, on conservative assumptions, the construction cost of £31.2m would generate 518 person years of construction work. The construction period is estimated to be 2 years but if divided by 5 to 10 years to better represent a Full Time Equivalent job this represents 52 to 104 FTE jobs, or 78 jobs on average. With the addition of 20% for indirect and induced supply chain jobs (16) this equates to just over 93 FTE jobs.

#### Comments on net additionality

- 3.12 Baseline position: The site is due to be vacated by the occupier in favour of "larger venues where the economies of scale and operations are greater"<sup>8</sup>. Hence the building is at a turning point and fresh investment is required to create modern floorspace.
- 3.13 Leakage effect: The construction process will generate local employment opportunities and the balance of workers will come from further afield. The level of employment "leakage" outside the borough very much depends on the local labour supply available

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<sup>7</sup> HCA - "Calculating Cost Per Job, Best Practice Note"

<sup>8</sup> Letter dated 1.10.21 from "etc.venues"

for this kind of work. If we were to assume 90% leakage this would suggest that there would be about 9 FTE jobs generated locally and 84 attributable to the wider construction sector. The uptake of local labour may be higher (less leakage) if it is available.

- 3.14 Mitigation measures on large construction projects generally include initiatives to help encourage the use of local labour and to develop construction skills within the community.
- 3.15 Displacement effect: The proposed development is not mutually exclusive of other development and does not prevent construction activity occurring elsewhere (i.e. no displacement is expected). If there is competition for construction labour then this may increase earnings for construction workers. (This would add to the cost of development; likewise any inflation in the cost of building materials may have an effect on viability and the sums available for contributions.)
- 3.16 Multiplier effect: Literature reviews and guidance indicate that the construction sector has above average “multiplier” effects for expenditure and employment effects compared to investment within other sectors; this has been reflected in the figures above.
- 3.17 Persistence effect: The construction period sets a time limit on the direct economic activity arising from the construction phase of the project. However, some of the multiplier effects will support the profitability and longevity of businesses in the supply chain as a long term consequence of the construction phase. Similarly, the development of construction skills amongst apprentices and others will have a strong persistence effect that will help establish long term careers and earnings. (It’s also important to remember that a core purpose of the proposed development is to support the education of young people for whom the benefits of a Higher Education could be lifelong.)

#### Chapter Summary

- 3.18 Although the construction period is finite, the construction sector is an important segment of the economy and every project supports employment, very often generating apprenticeships for young people entering the industry.

- 3.19 Subject to final tenders the estimated construction cost is about £31.2m. Industry benchmarks suggest that this could be worth over £88.6m in turnover by companies in the construction supply chain and over £11.2m to the public purse.
- 3.20 Depending on the appointed contractors' working practices and their supply chain, the construction activity could support the equivalent of 93 FTE jobs. There is an opportunity for local workers and companies to participate in the project, although the benefits are likely to extend more widely. We have for the moment assumed that about 9 FTE jobs might be created locally depending on the staff available.
- 3.21 The proposed development does not prevent other construction work from occurring but inflation in the cost of construction labour or materials may alter the outputs of the project.
- 3.22 The site is in need of fresh investment and the economic impact of the proposed development following its construction will be game changing and long lasting, both for the built environment and for the resident students pursuing an education.

#### **4.0 ONGOING EXPENDITURE EFFECTS**

- 4.1 We now consider the opportunities arising from the ongoing expenditure that will be generated by residents of the proposed development. There is a significant, positive economic impact and opportunity arising from the disposable income and spending patterns of students. Evidence for this can be seen in the reports we have cited below.
- 4.2 At intervals the government has reported on the importance of the education sector to the London economy. This is also reflected in Town Planning policy.
- 4.3 A report by the New Economics Foundation (NEF)<sup>9</sup>, looking specifically at the economic contribution of students within the UK economy, states: “Students bring huge direct benefits to the UK economy. The report shows that student spending supports over £80bn<sup>10</sup> of UK economic output - roughly one third of the total contribution of the aviation sector to the UK. Student expenditure supports over 830,000 UK jobs, including more than 109,000 in Scotland and 35,000 in Wales. Indeed, in the UK, the number of employed persons directly and indirectly supported by student spending is more than the total population of the city of Liverpool.”
- 4.4 “The benefits are also highly significant at regional and local level. Through their subsistence spending, students contribute to regional value creation and support local and regional employment. It’s the simple value of students living within a community.”
- 4.5 A further study cited by the University and College Union<sup>11</sup> has analysed the local economic impact of universities: “The analysis looks at goods and services produced locally through universities’ supply chains and the money spent by employees and students. The figures show how universities are often among the single largest contributors to the local economy.”
- 4.6 The research by NEF reveals particular ratios of economic performance that are relevant to the proposed development. For example, “For each pound of public money invested in higher education, graduates return £3.22 of cashable benefits to the economy in the

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<sup>9</sup> “Student contributions to the UK economy” by NEF Consulting 2013

<sup>10</sup> A more recent report in 2021 said the HE sector has grown to £95bn of gross economic output – “The Economic Contribution of the Higher Education Sector in England”, Frontier Economics, 2021 for Universities UK

<sup>11</sup> Local impact of universities studied by Hatch Regeneris and cited by UCU July 2020.

course of their lifetimes. This is a net benefit accruing to the Exchequer, UK taxpayers and the entire economy.” More specifically in terms of student accommodation: “Students’ subsistence spending is among the key drivers of the local and regional impacts of individual HEIs [Higher Education Institutions]. Through their subsistence spending, students contribute to regional value creation and support both local and regional employment.”

- 4.7 Students’ spending patterns were researched through a UK-wide survey<sup>12</sup>. Excluding university fees and rent, they were found to be spending £177 per week on living expenses (not including accommodation costs). Given the date of the report (2013), this estimate may now be conservative. We have previously contacted the authors of the study to check if they made an adjustment for holiday periods. They said that the research results are “more likely to under-estimate, rather than over-estimate, the total economic impacts of students. This is because some impacts were not factored into this analysis. For example, students attract visitors and relatives to the regions where they study, and this induces an additional “round” of spending in the economy. This additional knock-on benefit was not included in our analysis.” Furthermore, we understand that purpose built student schemes tend to attract lettings of 51 weeks pa, or 44 weeks pa with summer school lettings helping to close the gap.
- 4.8 In any event it can be seen that the living expenses generated by the residents of the proposed development, feeding into the local economy, could be significant – in the order of £2.1m pa (excluding rents and tuition fees) based on the above data. The following table shows this calculation:

<b>Estimated expenditure by students multiplied by number of bedrooms</b>	<b>233 Bedrooms</b>
Gross annual local impact from average living expenses at £177 per week	£2,144,532 pa

- 4.9 We note that separate research by Local Dialogue on behalf of Unite found that, out of 873 London based students surveyed, 59% travel less than half a mile for essential shopping. It is therefore clear that there is a strong likelihood that the new residents will

<sup>12</sup> “Student contributions to the UK economy” by NEF Consulting 2013

add to the retail turnover of local businesses as a consequence of the proposed development.

- 4.10 The research also finds that almost a third of students have been involved in volunteering and over half of students would like to become involved in volunteering. Examples of students' activities include helping children and charities (e.g. Oxfam, RSPCA, Red Cross, Cancer Research, UNICEF and others), both locally and overseas. The majority of people surveyed (70%) think that students can make a positive contribution to their local area. It is also worth noting that education keeps people removed from unemployment and prepares them for future careers. Alongside undergraduates, over a quarter of the students in the study were involved in Masters programmes and PhDs.
- 4.11 The research by NEF also comments on the socio-economic benefits of education, stating that, "Whether locally, regionally, or nationally, students are instrumental in creating a stronger economy and a fairer, more prosperous society." And, "It's simple economic sense - through education we drain less from the state, and add so much more."

#### Comments on net additionality

- 4.12 Baseline position: There are no students living on the site and only 5 staff employed in the building at present. Although visitors to "etc.venues" may contribute to local expenditure we understand that this activity will be relocated nearby to Prospero House.
- 4.13 Leakage effect: The living expenses of students will tend to be incurred close to their places of residence due to students' educational routine and this will put a natural cap on the "leakage" of retail expenditure. However, an item such as "excursions" (5% of living expenses) may, by definition, entail expenditure outside the area. Some personal expenditure may leak away outside term time but the authors of the NEF study have said they have been conservative in other respects about related expenditure (e.g. spending by students' visitors) which helps to offset any leakage effect. Any summer school lettings would also add expenditure to the local economy.
- 4.14 Displacement effect: There may be local students who are already shopping in the area so their expenditure would not be additional if they move into the proposed development.



However, if their former homes in the community are taken by other tenants or house buyers, which seems likely, then their expenditure would be additional.

- 4.15 Multiplier effect: There is likely to be a positive spin-off effect through other businesses from the residents' expenditure. This will support further employment, induced spending and economic activity. Furthermore, the presence of a new customer base may be of some encouragement to local shops to develop their businesses to take advantage of the additional trade.
- 4.16 Persistence effect: This form of expenditure is ongoing and is expected to persist for the long term because the proposed development will be a long lasting asset interlinked with the education sector in London.
- 4.17 In addition, business occupiers of the development will have supply chain requirements and we would expect them to include locally sourced supplies. Staff working from the site will also be a spur for local expenditure on food, drink and leisure.

#### Chapter summary

- 4.18 Following completion of the proposed development there will be significant, ongoing expenditure by the occupiers (representing a "customer base" of 233 students and the operational staff). Based on published research the student's living expenses alone could generate about £2.1m pa of typically local expenditure.
- 4.19 Students also generate wider economic and social benefits through their learning and development; achievement of elevated qualifications and employment prospects; and through the voluntary and charitable work often undertaken by students.
- 4.20 The business occupiers of the development will also have supply chain requirements, including demand for locally sourced supplies. We have not estimated the local/regional split for business expenditure as it is highly dependent upon the particular occupiers. Nonetheless, it will be a significant improvement on the baseline position with the site employing just 5 staff at present.
- 4.21 The expenditure benefits will be persistent over the long term, building up according to the occupation of the proposed development.

## **5.0 FIT WITH POLICY CONTEXT AND REGENERATION OBJECTIVES**

- 5.1 We defer to hgh Consulting and their Planning Statement in respect of detailed planning policy matters but it is appropriate for us to comment on matters related to employment, regeneration and economic impact.

National Planning Policy Framework (NPPF)

- 5.2 The overarching context is set by the National Planning Policy Framework (NPPF) which promotes “sustainable development” with three overarching objectives, summarised as follows:

- Economic – building a strong, responsive and competitive economy, including through provision of sufficient land to support growth, innovation and improved productivity.
- Social – creating strong, vibrant and healthy communities; including sufficient homes and well-designed, beautiful and safe places.
- Environmental – protecting and enhancing our natural, built and historic environment; including making effective use of land with prudent use of resources.

- 5.3 With regard to decision-making, local planning authorities are directed to approach development proposals in “a positive and creative way”, working proactively to secure developments that will “improve the economic, social and environmental conditions of the area”.

- 5.4 The NPPF emphasises the need to deliver a sufficient supply of homes, including for students, as well as space for employment – both being relevant to the proposed development which envisages a mix of these uses on the same site.

- 5.5 Paragraph 119 of the NPPF seeks to make effective use of land. “Planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions. Strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed or ‘brownfield’ land”. The proposed development makes

efficient use of brownfield land by providing purpose-built student accommodation in a multi-storey format whilst increasing the space available for a flexible range of uses that could increase the employment and social value provided by the site.

The London Plan March 2021

- 5.6 The Planning Statement includes references to the London Plan upon which we can elaborate if required.

The Local Plan and Evidence Base

- 5.7 Ways in which the proposed development makes an important contribution to the council's vision and priorities for the area include delivery of further investment in and regeneration of the area, improvement to the quality and attraction of the floorspace available, provision of homes as well as business space for a variety of market requirements, space for education and health purposes, additional employment and enhancement of the public realm.
- 5.8 We can elaborate in respect of the Southwark (Local) Plan and the council's evidence base if required.

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- 5.9 The NPPF gives strong endorsement to development that improves economic, social and environmental conditions of an area whilst making effective use of land. Amongst other land uses specified in the NPPF, priorities include student housing and business space – i.e. those being promoted in this case.
- 5.10 The London Plan encourages incremental and transformative change. Regeneration projects that create employment opportunities and housing choice are supported. Land supply is constrained so it is important to make efficient use of land, as proposed.
- 5.11 The London Plan recognises the importance of the education sector and creative clusters. The proposed development provides capacity for these priorities, whilst adding to the customer base of local shops and businesses.

- 5.12 The London Plan also encourages the integration of education providers into regeneration and development opportunities, as proposed.
- 5.13 Similarly, the proposed development makes an important contribution to the council's vision and priorities for the area set out in the Southwark Plan.

## **6.0 SUMMARY AND CONCLUSIONS**

6.1 This report has been prepared to help inform planning application 21/AP/4297 and any ongoing dialogue in connection with the development proposals for Avonmouth House. We are available to discuss the matters raised and will elaborate further as required.

6.2 This section of the report carries forward the summaries from each chapter.

### **Operational Employment**

6.3 The proposed development will provide about 1,733 sq m GIA of new employment generating floorspace to be made available on terms to be agreed in the open market.

6.4 The existing building supports employment for 5 staff. The proposed development offers greater flexibility of use which could support a significant increase in employment, depending on the end users' staffing requirements.

6.5 The applicant has prepared scenarios for a blend of flexible employment, education and/or health related uses. These could support up to 158 office jobs, allowing for management of the building (10 staff) and deduction of the baseline staff (5) although these will be relocated nearby and not lost from the borough.

6.6 Non-office uses have a lower employment density but nonetheless could support an increase in the number of jobs compared to the baseline, with wider education and health benefits for the community.

6.7 The proposed development will increase the floorspace on site (making efficient use of land) whilst raising its quality and energy efficiency through modern construction.

### **Construction Employment**

6.8 Although the construction period is finite, the construction sector is an important segment of the economy and every project supports employment, very often generating apprenticeships for young people entering the industry.

6.9 Subject to final tenders the estimated construction cost is about £31.2m. Industry benchmarks suggest that this could be worth over £88.6m in turnover by companies in the construction supply chain and over £11.2m to the public purse.

- 6.10 Depending on the appointed contractors' working practices and their supply chain, the construction activity could support the equivalent of 93 FTE jobs. There is an opportunity for local workers and companies to participate in the project, although the benefits are likely to extend more widely. We have for the moment assumed that about 9 FTE jobs might be created locally.
- 6.11 The proposed development does not prevent other construction work from occurring but inflation in the cost of construction labour or materials may alter the outputs of the project.
- 6.12 The site is in need of fresh investment and the economic impact of the proposed development following its construction will be game changing and long lasting, both for the built environment and for the resident students pursuing an education.

#### Ongoing Expenditure Effects

- 6.13 Following completion of the proposed development there will be significant, ongoing expenditure by the occupiers (representing a "customer base" of 233 students and the operational staff). Based on published research the student's living expenses alone could generate about £2.1m pa of typically local expenditure.
- 6.14 Students also generate wider economic and social benefits through their learning and development; achievement of elevated qualifications and employment prospects; and through the voluntary and charitable work often undertaken by students.
- 6.15 The business occupiers of the development will also have supply chain requirements, including demand for locally sourced supplies. We have not estimated the local/regional split for business expenditure as it is highly dependent upon the particular occupiers. Nonetheless, it will be a significant improvement on the baseline position with the site employing just 5 staff at present.
- 6.16 The expenditure benefits will be persistent over the long term, building up according to the occupation of the proposed development.

#### Fit with Policy Context and Regeneration Objectives

- 6.17 The NPPF gives strong endorsement to development that improves economic, social and environmental conditions of an area whilst making effective use of land. Amongst

other land uses specified in the NPPF, priorities include student housing and business space – i.e. those being promoted in this case.

- 6.18 The London Plan encourages incremental and transformative change. Regeneration projects that create employment opportunities and housing choice are supported. Land supply is constrained so it is important to make efficient use of land, as proposed.
- 6.19 The London Plan recognises the importance of the education sector and creative clusters. The proposed development provides capacity for these priorities, whilst adding to the customer base of local shops and businesses.
- 6.20 The London Plan also encourages the integration of education providers into regeneration and development opportunities, as proposed.
- 6.21 Similarly, the proposed development makes an important contribution to the council's vision and priorities for the area set out in the Southwark Plan.

#### Overall Conclusions

- 6.22 We conclude that the proposed development makes highly efficient use of its site and the mixed-use format proposed should be welcomed for its positive contributions to employment and the local economy, the HE Sector, flexible space for community use if required and to the longstanding ambitions in policy for regeneration of the area.