
Chrisp Street Regeneration Scheme

Economic Benefits Assessment



Contents

Executive Summary	1
1. Introduction	2
1.1. Purpose	2
1.2. Method and Scope.....	2
1.3. Report Structure	2
2. Site and Development Context	3
2.2. Site Details	3
2.3. Development Proposals.....	3
3. Economic Benefits	6
3.1. Introduction.....	6
3.2. Schemes Assessed	6
3.3. Floorspace	6
3.4. Employment Impacts	7
3.5. Gross Value Added.....	11
3.6. Expenditure in the Local Area.....	12
4. Unemployment Among Local Equality Groups	16
4.1. Introduction and Summary.....	16
4.2. Mitigation and Transition Period	16
4.3. Equality Groups Among Local Residents and Businesses	17
4.4. Job Opportunities in the Chrisp Street Regeneration Scheme	18
4.5. Unemployment Rates and Equality Groups	20
5. Economic Benefit Conclusion	23
Appendices	24
Appendix 1 Glossary, Definitions and Accuracy	25

Executive Summary

Introduction

Savills has been commissioned by Poplar HARCA to undertake a review of the economic benefits for the proposed Chrisp Street Regeneration Scheme.

This report updates previous estimates of employment impacts included in the socio-economic chapter of the Environmental Statement (ES) from June 2016 and the ES Addendum Regulation 22 Submission from August 2017. This report summarises our estimate of the economic impacts of the proposed development. It was prepared in May 2019 but reviewed in October 2020 in order to consider the impact of Covid19. This version includes an extra note on the impact of Covid19.

Economic Benefits

We have estimated the number of jobs created, local spend and value generated to the economy which could be captured from the proposed development. We have compared this economic benefit impact against the base case which is the site in its existing use.

Compared to existing conditions at the site the proposed scheme is expected to generate 1,360 sqm gross internal area (GIA) of additional floorspace. The scheme is estimated to generate an average of 130 construction jobs per year during the construction period. It is estimated to accommodate an additional 550 full time equivalent (FTE) jobs during operation; £21 million in gross value added (GVA) per annum to the economy; and additional expenditure of £14.1 million per year. The proposed scheme is considered beneficial for the local economy.

Summary of Economic Benefits

Outcome	Amount
Additional employment floorspace (sqm GIA)	1,360
Additional residential units	474
Total average construction jobs per year during construction	130
Total additional operational phase jobs* (FTE)	550
Total additional GVA per annum	£21 million
Additional expenditure per annum	£14.1 million

Source: Savills, 2019

*The estimated number of additional on and off site jobs created by the proposed development

October 2020 Covid19 Note

This report was prepared in May 2019. Since then Covid19 has struck and will continue to have a significant impact, mostly negative, upon the UK economy. There remains considerable uncertainty over the scale and duration of these impacts. However as the scheme is being delivered over a 7-8 year period it is expected that there is a reasonable prospect that the impact of the pandemic will not affect the longer term assessment of the impacts and benefits of this scheme. This assumption should be kept under review.

1. Introduction

1.1. Purpose

- 1.1.1. Savills has been commissioned by Poplar HARCA and Telford Homes to carry out a review of the estimated economic benefits which will be generated through the Chrisp Street Regeneration Scheme within the London Borough of Tower Hamlets (LBTH) with the focus on employment benefits and local spend figures. This report also assesses the profile of unemployment among local equality groups as identified in the Equality Impact Assessment¹ (EIA) and how likely they are to access jobs created by the proposed development.

1.2. Method and Scope

Site Definition

- 1.2.1. This study is focused on the economic impacts of the proposed in the red line area shown in **Figure 2.1**. The site currently comprises the Chrisp Street District Centre which is a mixed use area including approximately 18,000 sqm retail and commercial floorspace and 212 residential properties, centred around the Chrisp Street Market located in the middle of the site.

Economic Benefits

- 1.2.2. The assessment of economic benefits has followed the approach set out in the Homes and Communities Agency Additionality Guide (HCA, 2014). It includes the methods and approaches described to assess leakage, displacement, deadweight and multiplier impacts of development projects.
- 1.2.3. The assessment considers the existing conditions at the site, the scale of the proposed masterplan, including additional residential and commercial space, and compares the economic impacts with a base case of the site in its current use. The assessment has utilised relevant local level data available to consider the scale of the employment workforce, Gross Value Added (GVA) benefits, local spend figures and unemployment among local equality groups.
- 1.2.4. Covid19 is and will continue to have a significant impact, mostly negative, upon the UK economy. There remains considerable uncertainty over the scale and duration of these impacts. However as the scheme is being delivered over a 7-8 year period it is expected that there is a reasonable prospect that the impact of the pandemic will not affect the longer term assessment of the impacts and benefits of this scheme. This assumption should be kept under review.

1.3. Report Structure

- 1.3.1. This report is structured as follows:
- Section 2 – Site and development context
 - Section 3 – Economic benefits
 - Section 4 – Unemployment among local equality groups
 - Section 5 – Economic benefit conclusions

¹ Ottaway Strategic Management Ltd, Equality Impact Assessment, Christ Street Regeneration Programme, 2018

2. Site and Development Context

2.1.1. This section provides details of the site, the operational environment, current uses and the proposed development.

2.2. Site Details

Chrisp Street Regeneration Scheme

2.2.1. The site is located north of All Saints DLR Station station and 550m north of Canary Wharf. The site covers an area of approximately 3.7 hectares and is broadly rectangular in shape including the Coop Car park which lies to the east of Chrisp Street. The site is bound by Cordelia Street to the north, Chrisp Street to the east, East India Dock Road to the south and Kerbey Street to the west.

2.2.2. The site comprises the Chrisp Street Market District Centre. This is a mixed use area including approximately 18,000 sqm retail and commercial floorspace and 212 residential properties, centred around the Chrisp Street Market located in the middle of the site.

2.3. Development Proposals

2.3.1. The proposal comprises contemporary high quality residential led mixed use development. This covers comprehensive redevelopment of the site. The description of the development is:

*'Comprehensive redevelopment of the site (including existing car park) comprising the demolition of existing buildings with the exception of the Festival of Britain buildings, Clock Tower and Idea Store; erection of 19 new buildings ranging from 3 to 25 storeys (up to a maximum AOD height of 88m) providing 643 residential units (C3 Use Class) (including re-provision of the 124 existing affordable residential units); existing market enhancement, including new canopy and service building; refurbishment of retained Festival of Britain buildings; reconfiguration and replacement of existing and provision of new commercial uses including new cinema (D2 Use Class); alterations and additions to existing Idea Store for flexible community/affordable office space use (D1/B1 Use Class); office space (B1 use class); retail, financial and professional services and café/ restaurant floor space (A1 - A3 Use Class), including A1 food store; public house (A4 Use Class); hot food takeaway floor space (A5 Use Class); upgrade and provision of new public open space including child play space; new public realm, landscaping works and new lighting; cycle parking spaces (including new visitor cycle parking); and provision of disabled car parking spaces.'*²

2.3.2. **Figure 2.1** presents the subject site red line planning application boundary.

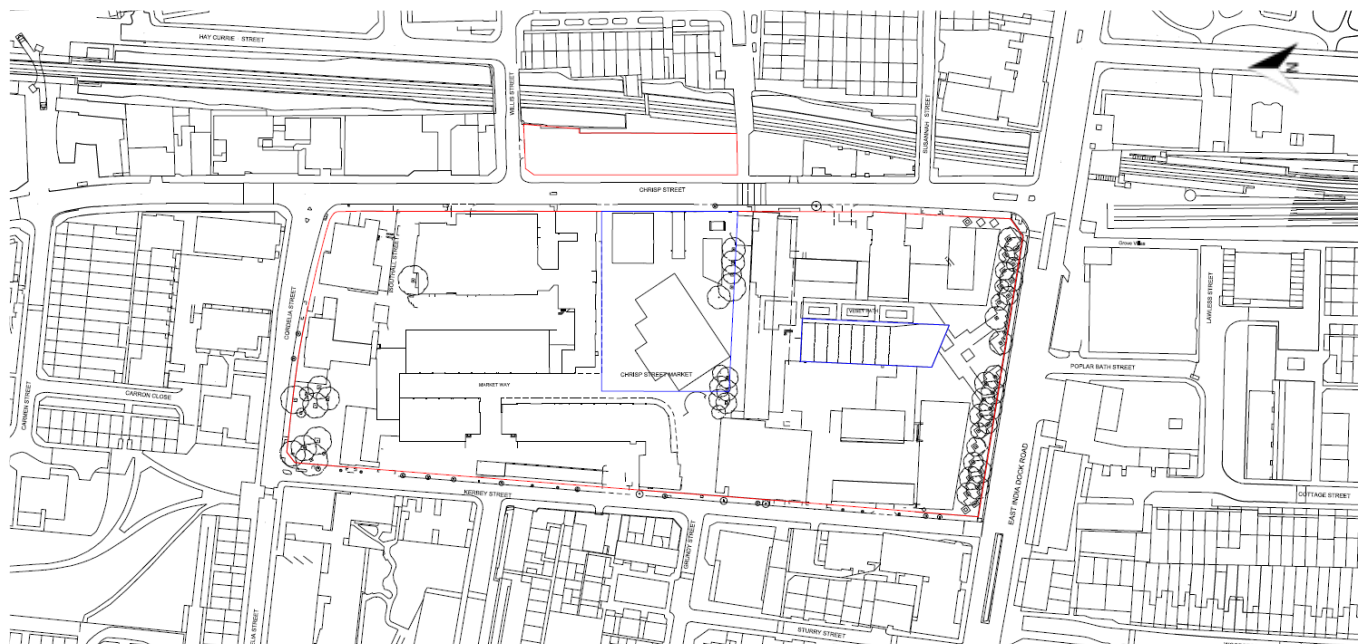
² Source: Committee Report, Ref No: PA/16/01612, July 2018

Chrisp Street Regeneration Scheme

Economic Benefits



Figure 2.1: Site Plan of Planning Application Area



Source: Savills, 2016

2.3.3. **Table 2.1.** summarises the existing, retained and proposed residential units.

Table 2.1 Existing, Retained and Proposed Residential Units

	Existing Residential Units	Retained Residential Units	Proposed Residential Units	Retained and Proposed Residential Units
Private	61	16	443	459
Social/Affordable Rent	151	27	163	190
Intermediate	0	0	37	37
Total	212	43	643	686

Source: Committee Report, Ref No: PA/16/01612, July 2018

Chrisp Street Regeneration Scheme

Economic Benefits



2.3.4. **Table 2.2.** summarises the existing, retained and proposed employment floorspace.

Table 2.2 Existing, Retained and Proposed Employment Floorspace

	Existing GIA (Sqm)	Retained** GIA (Sqm)	Proposed GIA (Sqm)	Retained and Proposed Total GIA (Sqm)
Residential Floorspace				
Retail (A1)	12,027	1,927	6,250	8,176
Financial and Professional (A2)	769	0	0	0
Flexible Retail/ Financial and Professional Services (A1/A2)	0	0	413	413
Cafes and Restaurants (A3)	257	1,452	2,520	3,972
Flexible Retail/ Café or Restaurant (A1/A3)	0	267	241	508
Drinking Establishments (A4)	748	748	0	748
Hot Food Takeaways (A5)	237	196	121	317
Office (B1)	1,085	0	189	189
Community (D1)	2,176	1,352	326	1,678
Flexible office/ community (D1/B1)	0	0	799	799
Leisure (D2)	598	0	2,505	2,505
Other*	277	114	114	228
Total	18,174	6,055	13,363	19,534

Source: Committee Report, Ref No: PA/16/01612, July 2018

*Other includes sui generis uses such as betting shops and launderettes

**'Retained' includes retained space that changes use

The table excludes market stalls area

3. Economic Benefits

3.1. Introduction

- 3.1.1. This section provides an overview of the estimated economic benefits which could be generated from the proposed development.
- 3.1.2. Compared to the existing site the development could generate 1,360 sqm (GIA) additional employment floorspace³. All non-residential floorspace is being identified as employment floorspace. This could generate an average of 130 construction jobs per year during construction. On completion we estimate it will support 760 – 940 gross onsite jobs during operation, create an additional £17 million per annum in GVA to the local economy, and result in additional local expenditure of £14.1 million per year.
- 3.1.3. We conclude that the proposed scheme is expected to generate substantially more jobs and value than the current use. Therefore the proposed scheme is expected to yield substantial economic benefits.

3.2. Schemes Assessed

- 3.2.1. The following two scenarios have been assessed:
 - **Proposed development scheme** – the economic benefits generated from the development application from Poplar HARCA and Telford Homes for the site identified in **Figure 2.1**
 - **A base case** – the site without the proposed redevelopment. This is for comparison purposes.

3.3. Floorspace

- 3.3.1. **Table 2.1** compares the existing and proposed floorspace uses at the site. The existing employment floorspace at the site totals 18,174 sqm (GIA) and includes a mix of uses. The base case assumes that the site remains in its current use.
- 3.3.2. The proposed development (identified in **Figure 2.1**) would create an additional 1,360 sqm (GIA) of employment space, providing a total of 13,363 sqm (GIA) floorspace. Together with the retained and refurbished floorspace total employment floorspace will be 19,534 sqm (GIA).

³ Excluding market stalls area. The total additional employment floorspace is calculated discounting the total existing employment floorspace from the total proposed and retained floorspace.

3.4. Employment Impacts

- 3.4.1. The proposal is expected to generate temporary jobs during the construction period and permanent jobs at the operational stage.

Construction Jobs

- 3.4.2. We have used an estimate of potential construction cost (including localised infrastructure) for the proposed scheme as estimated in the ES (June 2016) at £200 million. Accounting for construction cost inflation⁴ the current construction cost would be around £235 million. We have also used data on the output per construction worker in Greater London⁵ area to estimate the construction jobs of the proposed scheme.
- 3.4.3. We estimate that the construction phase will generate 1,300 person years of gross construction employment for the proposed scheme. Assuming a ten year construction period this equates to an average of 130 construction jobs per annum for the proposed scheme. This is referred to in the Additionality Guide (HCA, 2014) as the 'gross direct' employment and can be considered as the number of workers on-site, on average, throughout the construction period.
- 3.4.4. We then estimate the indirect construction employment effects (offsite benefits down the supply chain and from expenditure by the workers in the local area). We also estimate how much of this employment is likely to be taken up by residents of Greater London. We assume that 10% of the construction workforce will live outside of the Greater London area⁶. We allow for a moderate level of displacement on existing construction projects (20%) based on the Additionality Guide (HCA, 2014) recommendations and relevant construction market reports⁷. We then apply a multiplier of 1.45⁸.
- 3.4.5. **Figure 3.1** and **Table 3.2** presents the estimate of the total on and off site construction jobs created by the proposed development. The proposed scheme is expected to generate 130 total net construction jobs for residents of Greater London.

⁴ Based on BCIS All-in Tender Price Index for the third quarter of 2016 and first quarter of 2019

⁵ Department for Business, Innovation and Skills, Business population estimates for the UK and regions (2018)

⁶ This assumption is based on Census 2011 and comprises the proportion of employees in Greater London with a commuting distance longer than 30km

⁷ According to CITB 'Construction Skills Network forecasts 2017-2021 - Greater London' construction employment is anticipated to increase by an average yearly rate of 1.3% with one of the lowest annual recruitment requirements relative to the size of its market. The employment levels are expected to be higher than their 2008 peak in the near future.

⁸ ONS, Input Output Analytical Tables, 2014

Chrisp Street Regeneration Scheme

Economic Benefits



Figure 3.1 Estimated Construction Phase Jobs



Source: Savills, 2019

Table 3.2 Estimated Construction Phase Jobs

Statistic	FTE Jobs
Gross Construction Jobs	1,300
Gross Direct Construction Jobs per annum	130
Leakage (10%)	-13
Onsite jobs (for residents of Greater London)	116
Displacement (20%)	-23
Multiplier (1.45)	42
Indirect (Off-site) Construction Jobs	19
Net Direct and Indirect Construction Jobs for residents of Greater London per annum (rounded)	130

Figures may not add up due to rounding

Source: Savills, 2019

Operational Jobs

3.4.6. Operational jobs will be created at the development site through the creation of employment uses. We estimate number of jobs which will be supported by the proposed new floorspace and the retained floorspace to estimate the total net jobs which will be created by the proposed development.

3.4.7. We estimate the gross direct jobs which will be generated by applying the employment density assumptions reported in the 'Employment Density Guide' (HCA, 2015) and used in the previous employment assessments (ES and ES Addendum Regulation 22 submission) with an exception of office density which is based on the latest research⁹. These figures are summarised in **Table 3.3** and are applied to the proposed floorspace to be developed at the site and the retained floorspace.

⁹ The previous assessments used 13 sqm NIA per FTE, while this assessment is based on the average office density (9.6 sqm NIA per FTE) as reported by the British Council for Offices in Office Occupancy: Density and Utilisation, 2018

Chrisp Street Regeneration Scheme

Economic Benefits



Table 3.3 Employment Density Assumptions

Land Use	Job Density
Use Class A1 – Retail	15 - 20 sqm NIA per full-time equivalent (FTE)
Use Class A3 – Restaurants and Cafes	15 - 20 sqm NIA per FTE
Use Class B1a – Office	9.6 sqm NIA per FTE ¹⁰
Use Class D2 – Assembly and Leisure (Cinema)	200 sqm GIA per FTE

Source: Homes and Communities Agency, 2015 and British Council for Offices, 2018

3.4.8. **Table 3.4** summarises the estimated operational jobs created onsite (gross direct jobs) by the proposed and retained employment floorspace.

Table 3.4 Estimated Operational Jobs

	Proposed Development	Retained Floorspace	Total Proposed and Retained
Use Class A1 – Retail	280 - 375	90 - 115	370 - 490
Use Class A3 – Restaurants and Cafes	115 - 150	65 - 90	180 - 240
Use Class B1a – Office	15		15
Use Class D2 – Assembly and Leisure (Cinema)	15		15
Gross Direct Operational Jobs	425 - 555	150 - 200	575 - 760

Figures may not add up due to rounding

Source: Savills, 2019

3.4.9. To estimate the number of additional jobs¹¹ we have to deduct the existing jobs from the jobs supported by the proposed and retained employment floorspace. For the estimate of existing jobs on site we use the results of the survey obtained by the client team as presented in paragraph 15.1.14 of the ES Addendum Regulation 22 submission from August 2017. The estimated number of existing FTE on site according to the survey is 339, rounded up to 340 (including market traders). This includes 212 full-time and 276 part-time employees.

3.4.10. Subtracting the baseline number of FTE (340) from the proposed 425-555 FTEs generates a net gain of between 85 to 215 FTEs. This is a lower bound scenario which does not account for jobs generated by new floorspace from use types not assessed in the HCA Employment Densities Guide (2015) and jobs generated by the retained floorspace.

3.4.11. Subtracting the baseline number of FTE (340) from the proposed and retained 575-760 FTEs generates a net gain of between 235 to 420 FTEs.

3.4.12. The previous assessments¹² do not consider number of jobs supported by flexible retail/financial and professional services (A1/A2), flexible retail/café or restaurant (A1/A3), flexible office/community uses (D1/B1), the community space (D1), drinking establishments (A4), hot food takeaways (A5), Sui Generis uses and the market area. The HCA Employment Densities Guide (2015) does not provide a density figure for those uses and were therefore excluded from Table 3.3. However, assuming an average job density of 1 FTE employee per 20m² (NIA) floor space, which is considered to be reasonable, the above proposed

¹⁰ British Council for Offices, Office Occupancy: Density and Utilisation, 2018

¹¹ Referred to as 'net jobs' in the ES Addendum Regulation 22 submission from August 2017

¹² Refer to paragraph 15.6.28 of the original June 2016 ES, and paragraph 15.1.18 of the ES Addendum Regulation 22 submission from August 2017.

Chrisp Street Regeneration Scheme

Economic Benefits



uses (excluding retained floorspace) could generate around 90 on-site FTEs.

3.4.13. The proposed scheme improves the A1 market trading area and increases its size by 435 sqm. However the number of market stall remains the same (100 market pitches). A 2017 GLA markets' study¹³ based on a sample of seven markets across London and 214 trader interviews found that an average stall supports 0.94 FTE jobs. A fully occupied market area would support an estimated 94 FTE jobs.

3.4.14. Including these jobs into our analysis the resultant net gain would be between 420 and 600.

3.4.15. **Table 3.5** summarises the estimated net additional operational jobs created onsite (direct jobs) by the proposed and retained employment floorspace including the previously not assessed uses.

Table 3.5 Estimated Net Additional Operational Jobs

	Base Case	Proposed Development	Net Additional
Gross Direct Operational Jobs	340	760 - 940	420 - 600

Source: Savills, 2019

3.4.16. We also include an estimate of the total net local employment effect for each case in accordance with the 'Additionality Guide' (HCA, 2014), incorporating leakage, multiplier and displacement effects. **Table 3.6** presents all the assumptions used to calculate the total net local employment effects.

Table 3.6 Operational Employment Assumptions

Land Use	Leakage	Displacement	Multiplier
Use Class A1 – Retail	7%	5%	1.35
Use Class A3 – Restaurants and Cafes	7%	30%	1.35
Use Class B1a – Office	20%	10%	1.55
Use Class D2 – Assembly and Leisure (Cinema)	20%	10%	1.50
Flexible Uses, D1, A4, A5 and Sui Generis	20%	10%	1.35
Notes: <ul style="list-style-type: none">Leakage assumptions are based on Census 2011 and comprises the proportion of employees in London with a commuting distance longer than 30km.We use ONS Input Output Analytical Tables, 2014 to estimate multiplier effectsWe use Homes and Communities Agency Additionality Guide, 2014 to estimate displacement effects			

Source: Savills, 2019

3.4.17. **Figure 3.2** and **Table 3.7** summarise the estimated operational jobs created onsite under each case.

3.4.18. Once leakage, displacement, deadweight and multiplier effects have been taken into account the proposed scheme is estimated to generate 970¹⁴ on and off site jobs for residents of Greater London.

3.4.19. Subtracting the baseline number of FTE at 420, which accounts for on and offsite jobs for residents of Greater London, from the proposed and retained 970 FTEs generates a net gain of 550 FTEs.

¹³ GLA, Understanding London's Markets, 2017, page 66

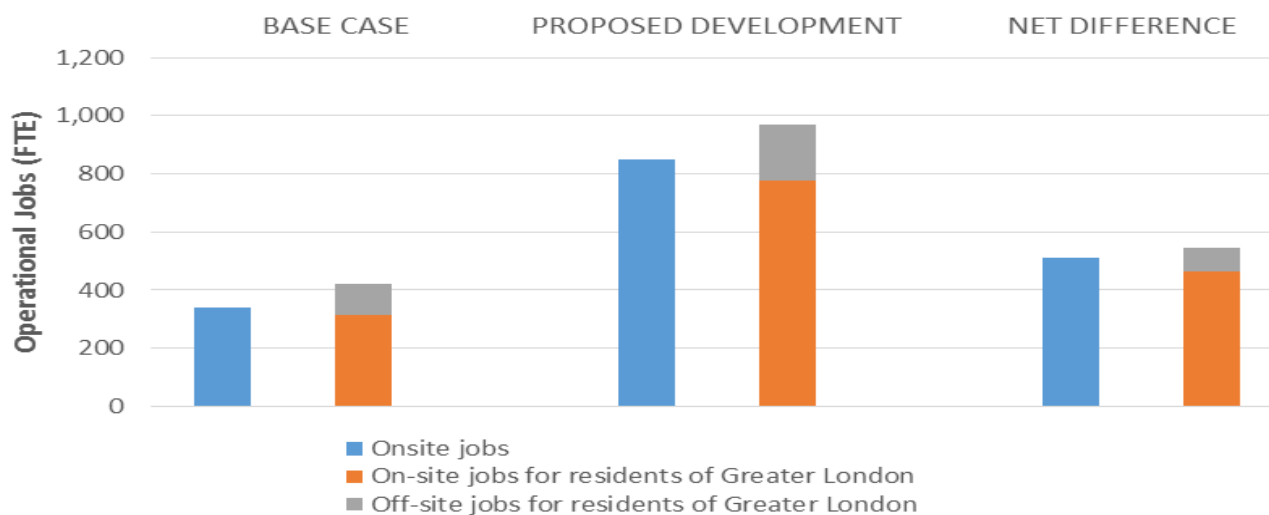
¹⁴ The figure includes the jobs generated by the retained floorspace, flexible and community uses and the market area.

Chrisp Street Regeneration Scheme

Economic Benefits



Figure 3.2 Estimated Operational Jobs



Source: Savills, 2019

Table 3.7 Estimated Operational Jobs

	Base Case	Proposed Scheme*	Net Difference
Gross Direct Operational Jobs	340	760 - 940	420 - 600
<i>Leakage (13%)</i>	-24	-75	
Onsite jobs for residents of Greater London	313	776	460
<i>Displacement (10%, Base Case - 0%)</i>	0	-61	
<i>Multiplier (B1a/A1/A3 - 1.3, B1c - 1.4)</i>	110	254	
Offsite Operational Jobs	110	192	80
Net Direct and Indirect Operational Jobs for residents of Greater London (rounded)	420	970	550

Figures may not add up due to rounding

* Including the retained floorspace, flexible and community uses and market stalls

Source: Savills, 2019

3.5. Gross Value Added

3.5.1. Gross Value Added (GVA) is an indicator of wealth creation, measuring the contribution to the economy of economic activity associated with the operations in the development proposal. This section outlines the estimated GVA benefits which could be generated by the proposed scheme compared to the base case. We have based our estimates on the GVA generated per worker in the Greater London¹⁵ and the number of operational jobs created by each use type presented in **Table 3.7** above.

3.5.2. **Table 3.8** presents a summary of our GVA estimates. It shows that the proposed development scheme is estimated to generate circa £41 million per annum in GVA. This is £21 million more GVA than would be created under the base case.

¹⁵ Greater London Authority Economics, Productivity Trends: GVA per workforce job estimates for London and the UK, 1997-2015, published in March 2017

Chrisp Street Regeneration Scheme

Economic Benefits



Table 3.8 Estimated GVA per Land Use Type, £000s

Use Type	Base Case	Proposed Scheme	Net Difference
Use Class A1 – Retail	£18,690	£28,040	£9,070
Use Class A3 and A5 – Restaurants and cafes, Hot food takeaways	£560	£6,300	£6,030
Use Class B1a – Office		£1,530	£1,530
Use Class D2 – Assembly and leisure (Cinema)		£420	£420
Flexible Uses, D1, A4, A5 and Sui Generis		£4,260	£4,260
Total Gross Direct GVA	£19,250	£40,550	£21,300

Source: Savills, 2019

3.6. Expenditure in the Local Area

3.6.1. We consider and estimate the following types of expenditure in the local area:

- Local expenditure of new residents
- Local expenditure of new local workers
- Change to visitor expenditure.

3.6.2. The local expenditure of new residents estimate is lower than the previous report estimate. However the total spend figure presented in this report is higher, as we account for increased expenditure resulting not only from the new residents, but also from additional workers as well as greater than before retail offer and floorspace resulting in increased visitor expenditure.

Local Expenditure of New Residents

3.6.3. The new permanent residential population would introduce new expenditure to the local economy. The additional household expenditure that the scheme is capable of generating is likely to have a beneficial impact on the economy of the LBTH and the demand for the products and services of a number of interlinked business sectors.

3.6.4. Expenditure from new residents living at the proposed development would contribute to sustaining local shops and businesses in the LBTH (as well as in London), which in turn are an important source of local employment.

3.6.5. The increase in household expenditure has been estimated by using data published by ONS in January 2019¹⁶. This document provides data for the financial year ending 2016 to financial year ending 2018 on detailed household expenditure.

3.6.6. The data shows that the average weekly household expenditure in London during the three year period was £658. The survey also shows that on average each household in London spends £179 per week on net housing including mortgage, interest payments, Council Tax, fuel and power costs. Since this spending typically goes to major national institutions with only modest impacts on the local economy we deducted this spending from average weekly household expenditure.

3.6.7. This means that during the three year period average relevant weekly household expenditure in London was £479, which is equivalent to an annual figure of £24,992.

¹⁶ ONS, Detailed household expenditure by countries and regions: Table A35, Financial year ending 2016 to financial year ending 2018

- 3.6.8. We therefore estimate that the additional household spending that would be generated from the proposed development would be £16 million per annum. Some of this spending would leak out of both the local impact area and wider LBTH economy.
- 3.6.9. The previous assessment included in the Environmental Statement from 2016 used a high level assumption of expenditure retention in the LBTH (flat rate of 75% for all types of expenditure). Additionally the previous assessment deducted 20% Value Added Tax (VAT) from all spending. Using the same assumptions as per the previous assessment the total residential expenditure introduced to the LBTH resulting from the proposals would be £9.6 million per annum.
- 3.6.10. In this updated assessment we are using alternate assumptions as per our current best knowledge of the local area and the proposed development. We acknowledge that this alternate methodology and use of findings of the LBTH Town Centre Retail Capacity Study (2016) have the impact of reducing the indicative residential expenditure, due to the use of the updated LBTH expenditure retention rates.
- 3.6.11. We apply the expenditure retention rates as per the LBTH Town Centre Retail Capacity Study (2016). According to the study the overall market share (retention level) for convenience goods expenditure in the borough is 67%¹⁷, for comparison goods it is 21%¹⁸ and for food and beverage it is circa 51%¹⁹. As the retention level of expenditure on services is not assessed in the Retail Capacity Study we assume it to be at the same level as for comparison goods (21%). Applying these more detailed retention rates to the specific items of expenditure the total household spending per year resulting from the proposals would be £5.2 million²⁰.
- 3.6.12. In this assessment we present the residential expenditure resulting from the proposals as net additional, meaning that we discount the expenditure that is attributed to the existing residential units (the reference case). The net additional household spend per annum is estimated to be £3.5 million pa.

Local Expenditure of New Local Workers

- 3.6.13. In addition to the residential expenditure there will be more spending in the local area associated with the new workers.
- 3.6.14. UK workers spent on average £5.78 on lunch and hot drinks in 2014 according to the Working Day Spend Report²¹. Updating the spend in line with the latest expenditure data for London²² this would account to the increased expenditure in the local area of circa £930k resulting from the net additional number of jobs estimated to be generated by the proposals.

Change to Visitor Expenditure

- 3.6.15. In addition to increased workers and residents' expenditure the facilities and offer of the district centre will be enhanced. The regeneration of the area is anticipated to yield a significant increase in the total local spend from visitors of the district centre.
- 3.6.16. The total retail and leisure floorspace in the 1,360 Street Market area will increase by over 7% and its

¹⁷ Carter Jonas for LBTH, Town Centre Retail Capacity Study 2016, page 31

¹⁸ Carter Jonas for LBTH, Town Centre Retail Capacity Study 2016, page 34

¹⁹ Carter Jonas for LBTH, Town Centre Retail Capacity Study 2016, page 161

²⁰ Household spend per annum net of VAT, housing, mortgage, Council Tax, fuel and power costs

²¹ Visa Europe, Working Day Spend Report, 2014

²² ONS, Detailed household expenditure by countries and regions: Table A35, Financial year ending 2016 to financial year ending 2018

commercial offer is planned to be significantly enhanced.

- 3.6.17. Other street market regeneration programmes across London have brought significant economic benefits to the their local areas. For example the re-launching of Broadway Market in Hackney is an exemplary case of a successful intervention. The market has been revitalised with a wide-ranging local community involvement and now attracts a large number of people from across London and beyond. A London street markets study from 2010 has found that street market spend has a significant multiplier effect, with market customers spending on average £1.75 in other shops in the town centre for every £1 they spend in the market²³.
- 3.6.18. In addition to the benefits from the regeneration of the open-air market the commercial profile of the district centre is planned to be diversified and enhanced. Currently the local retail outlets are relatively homogenous, including combinations of value chains and discount retailers, betting shops and fast-food takeaways. According to the Local Shop Report²⁴ this composition has a relatively modest positive impact on the local area. The planned mix of retail and leisure uses, especially the offer of the high time economy is planned to be significantly enriched with an addition of 2,520sqm of cafés and restaurants floorspace and a cinema. If successful this will boost the local economy, increase the footfall and attract new visitors to Chrisp Street Market. While some over-represented uses are intended to be reduced, the outlets that are the most welcome by the local community, such as a post office, are going to be retained. The physical improvements of the premises and the area are expected to attract more comparison retailers, which in turn will contribute to the increased spend in the local area.
- 3.6.19. According to research a typical restaurant unit yields three times as much turnover as an independent retail unit²⁵. This suggests that the planned improvement of commercial and retail offer of the Chrisp Street Market could yield a significant increase in visitor spend in the local area.
- 3.6.20. As a reference for estimating increased spend in the local area we draw upon the LBTH Retail Needs Study (2016). The work includes a model of expenditure flows for each of the study zones in Tower Hamlets, including the Chrisp Street Market area. At the time of preparation of the study the Chrisp Street Regeneration Scheme was under development and as it is a major transformative project in the area it was considered in the assessment. According to the data resulting from the model, after accounting for the additional residents and workers expenditure, the other spend on convenience and comparison goods is forecasted to increase by £9.7m between 2021 and 2032, after removing the effects of general inflation. This is a result of increased expenditure in Chrisp Street Market from the other residents of the LBTH and visitors from outside of the LBTH. It is possible this expenditure forecast underestimates the opportunities of the Chrisp Street Market proposals given the evolution of the project since the time of the assessment.

Total Local Expenditure

- 3.6.21. Altogether the estimated total net increase in local expenditure relating to the proposals, accounting for the new residents and workers as well as other users of the district centre is estimated to be £14.1 million in real prices, as presented in **Table 3.9** below.

²³ Regeneris Consulting for London Development Agency, London's Retail Street Markets, page 1

²⁴ Association of Convenience Stores, The Local Shop Report, 2018

²⁵ Association of Convenience Stores, The Local Shop Report, 2018, page 08

Chrisp Street Regeneration Scheme

Economic Benefits



Table 3.9 Expenditure in the Local Area per Annum

	Estimated increase in the net spend £ millions
Additional residents expenditure	£3.5
Additional workers expenditure	£0.9
Other visitors expenditure	£9.7
Total net increase	£14.1

Source: Savills 2019, LBTH Retail Needs Study 2016

4. Unemployment Among Local Equality Groups

4.1. Introduction and Summary

- 4.1.1. This section reviews protected characteristics and equality groups among Chrisp Street Market residents and workers to understand how these groups could be affected by the employment opportunities created by the proposed development.
- 4.1.2. It is anticipated that the opportunities created by the proposed development would benefit more men than women as the level of economic activity among the female population is relatively low. There is a greater likelihood that the jobs will be accessed by those aged 50+ as proportion of jobseekers in this age group in East India and Lansbury Ward is larger than in London and nationally. Ethnic minorities, which are over represented among jobseekers in Tower Hamlets, are likely to disproportionately benefit from the job opportunities created by the proposed development.

4.2. Mitigation and Transition Period

- 4.2.1. The proposals are designed to reduce the negative impact on the local population. A series of measures will be put in place to facilitate the transition and allow local people and businesses to adjust to the development proposal.
- 4.2.2. To make sure that local employment opportunities are maximised, financial contributions of £338,232 towards employment, skills and training and £256,377 towards employment skills and training and access to employment in the end-user phase were secured through the S106 agreement. Other employment opportunities accessible to local people will include the provision of 40 construction phase apprenticeships, and 3 end-use phase apprenticeships. In addition, 20% of goods and services will be procured locally as well as 20% of jobs during the construction phase. Other contributions include provision of 328sqm of affordable workspace and 12 retail units to be permanently retained for use by local independent retailers.
- 4.2.3. It is anticipated that construction of the proposals will last between eight to ten years. The proposed phasing of the redevelopment is designed to alleviate disruption by creating new retail space in advance of existing spaces being removed to allow the relocation of existing businesses. Other measures include minimizing the number of property acquisitions required to deliver early phases of development and maintaining a viable retail trading environment during the redevelopment. A Retail Management Strategy has been prepared to manage the transition including details of relocations, rent reviews and compensations when required. The project team will provide business support to the existing retailers delivering twelve free monthly workshops, Pop Up Business School, Chrisp Street Exchange co-working space & enterprise hub, 1-2-1 business support, mentoring programme and small loans to start-ups²⁶.
- 4.2.4. While there are many initiatives planned to prepare the local trading community for the redevelopment process, the area will change its character and some of the traders might choose to relocate to other locations. The trading offer of the current district centre is limited and considered unsustainable in a longer term. Core Strategy Policy 'LAP 7&8'²⁷ seeks to regenerate Chrisp Street Market into a vibrant, thriving and multi-purpose town centre, with a mix of uses including evening and night time uses and an upgraded market.

²⁶ Ottaway Strategic Management Ltd, EIA, Christ Street Regeneration Programme, 2018, page 150-151

²⁷ LBTH, Core Strategy 2025, Development Plan Document, LAP 7&8, page 118

4.2.5. Based on the Equality Impact Assessment²⁸ (EIA) a profile of existing local equality groups²⁹ among resident and businesses can be drawn and compared against new job opportunities created by the redeveloped district centre. This is to assess the possible match between the job opportunities and local equality groups which might be in position to benefit from the regeneration proposals.

4.3. Equality Groups Among Local Residents and Businesses

4.3.1. The profile of local residents varies depending on their tenure arrangements, with social housing tenants displaying greater diversity and a higher level of protected characteristics. According to the data from November 2017 there were 184 social housing tenants, 18 tenants in temporary accommodation, 79 private tenants and 53 leaseholders giving a total of 334 residents and 86 households³⁰. **Table 4.1** presents a summary of findings from the EIA across different tenure groups in the existing development³¹.

Table 4.1 Residents Equality Groups Characteristics

Tenure	Equalities and diversity data
Social Housing Tenants	<ul style="list-style-type: none"> There are proportionally more young and older residents compared to LBTH.³² The proportion of male and female is equal (50%) similarly to the Tower Hamlets population.³³ 91% from black and minority ethnic (BME) groups, this group represents 55% of Tower Hamlets population.³⁴ The largest ethnic group is Bangladeshi (80%).³⁵ 17% reported a long-term physical or mental condition or disability.³⁶ Data for the Lansbury ward profile (2014)³⁷ economic activity indicates that overall there is a level of economic inactivity in the ward (37%) compared to Tower Hamlets (30%).³⁸
Leaseholders	<ul style="list-style-type: none"> The age profile is relatively young. 50% are aged under 18, this age group represents 22% of Tower Hamlets Population.³⁹ There are more female (57%) than male (43%).⁴⁰ Most leaseholders are from White ethnic groups (58%), vs 45% of Tower Hamlets population.⁴¹ 32% reported a long-term physical or mental health condition or disability.⁴²
Private	<ul style="list-style-type: none"> The age profile is relatively young, with the majority aged between 18 and 44 (89%) (this age group represents 56% of Tower Hamlets population).⁴³

²⁸ Ottaway Strategic Management Ltd, EIA, Christ Street Regeneration Programme, 2018

²⁹ Equality groups relate to protected characteristics under the Equality Act 2010. The protected characteristics include disability, age (particularly older and younger people), socio-economic inequality, race, language, gender, sexuality and religion or belief.

³⁰ Ottaway Strategic Management Ltd, EIA, Christ Street Regeneration Programme, Appendix 2: Data Sets Held by LB Tower Hamlets reviewed, 2018, various pages

³¹ Findings based on a residents survey as reported in Ottaway Strategic Management Ltd, EIA, 2018

³² Ottaway Strategic Management Ltd, EIA, Christ Street Regeneration Programme, Appendix 2, 2018, page 28

³³ Ottaway Strategic Management Ltd, EIA, Christ Street Regeneration Programme, Appendix 2, 2018, page 29

³⁴ *ibid.*

³⁵ *ibid.*

³⁶ *ibid.*

³⁷ LBTH, Corporate Research Unit, Lansbury Ward Profile, 2014

³⁸ Ottaway Strategic Management Ltd, EIA, Appendix 2, 2018, page 29

³⁹ Ottaway Strategic Management Ltd, EIA, Appendix 2, 2018, page 30

⁴⁰ *ibid.*

⁴¹ Ottaway Strategic Management Ltd, EIA, Appendix 2, 2018, page 31

⁴² *ibid.*

Chrisp Street Regeneration Scheme

Economic Benefits



Tenure	Equalities and diversity data
Tenants	<ul style="list-style-type: none"> There are less females (35%) than male (65%).⁴⁴ Over two thirds (68%) are from other White ethnic groups, vs 12% of Tower Hamlets population.⁴⁵ 6% reported a long-term physical or mental health condition or disability.⁴⁶

Source: Ottaway Strategic Management Ltd, Equality Impact Assessment, 2018

4.3.2. The Chrisp Street District Centre includes 99 businesses including shops, market traders and lock ups⁴⁷. There are 71 shops owners, 33 market traders and 96 full-time and 169 part-time employees⁴⁸, accounting to a total of 285 FTE⁴⁹. **Table 4.2** presents main equality and diversity information for business owners and employees as presented in the EIA.

Table 4.2 Workers Equality Groups Characteristics

Workers	Equalities and diversity data
Shop owners and market traders	<ul style="list-style-type: none"> 90% of businesses owned by those 35-64.⁵⁰ The majority of owners (74%) of businesses are from a BAME background. This varies from 71% amongst independent stores to 92% among market traders.⁵¹ The gender split amongst all owners is 76% male and 24% female. For independent stores, the split is 66% male and 34% female. Amongst market traders, 91% of owners are male and 9% are female.⁵² Only three businesses reported an owner with a disability.⁵³
Employees	<ul style="list-style-type: none"> 98% of employees aged between 18-64.⁵⁴ All employees of market stalls are Bangladeshi.⁵⁵ There is a balance between genders (50% female and male employees).⁵⁶

Source: Ottaway Strategic Management Ltd, Equality Impact Assessment, 2018

4.4. Job Opportunities in the Chrisp Street Regeneration Scheme

4.4.1. The proposed development will create temporary jobs during the construction phase and permanent jobs during the operational phase.

4.4.2. During the construction phase there will be estimated 130 construction jobs annually and additional training

⁴³ Ottaway Strategic Management Ltd, EIA, Appendix 2, 2018, page 32

⁴⁴ Ottaway Strategic Management Ltd, EIA, Appendix 2, 2018, page 33

⁴⁵ *ibid.*

⁴⁶ *ibid.*

⁴⁷ Ottaway Strategic Management Ltd, EIA, Appendix 7, 2018, page 126

⁴⁸ Ottaway Strategic Management Ltd, EIA, Appendix 2: Data Sets Held by LB Tower Hamlets reviewed, 2018, various pages

⁴⁹ Note: the employees survey conducted by the client team in 2017 indicate 340 FTE jobs at the regeneration site.

⁵⁰ Ottaway Strategic Management Ltd, EIA, Appendix 7, 2018, page 127

⁵¹ *ibid.*

⁵² Ottaway Strategic Management Ltd, EIA, Appendix 7, 2018, page 129

⁵³ Ottaway Strategic Management Ltd, EIA, Appendix 7, 2018, page 130

⁵⁴ Ottaway Strategic Management Ltd, EIA, Appendix 7, 2018, page 131

⁵⁵ *ibid.*

⁵⁶ Ottaway Strategic Management Ltd, EIA, Appendix 7, 2018, page 132

Chrisp Street Regeneration Scheme

Economic Benefits



and apprenticeship opportunities. There is a range of interventions offered to LBTH residents to support them into sustainable employment including Tower Hamlets WorkPart service, funding for apprenticeships through the government's Apprenticeship Levy, Skill Team Ltd trainings⁵⁷. Tender submissions and construction trade contracts will be advertised locally allowing local people to benefit from the opportunities created by the construction of the proposed development.

- 4.4.3. During the operational phase of the development an estimated 420 to 550 FTE jobs will be created which is almost doubling the number of existing jobs as reported in the EIA. The jobs will be predominantly in retail (68%) and restaurants and cafes (21%). There will be also opportunities in the office sector (2%), entertainment (cinema - 2%), financial institutions, drinking establishments and community facilities.
- 4.4.4. It is not known how many businesses will choose to stay at the redeveloped site and how many of the new jobs created will be accessed by the existing Chrisp Street workers.
- 4.4.5. To assess the level of possible absorption of these jobs within the local community we examine the Claimant Count for East India and Lansbury Ward⁵⁸ from January 2019. There are currently 107 claimants registered in the ward, which represents a drop from 294 claimants in January 2017. **Table 4.3** presents the number claimants in specific occupational categories and compares it with the estimated number of jobs created by the proposed development.

Table 4.3 Claimant Counts in East India and Lansbury Ward and Tower Hamlets in January 2019

Occupation	Claimant Count Ward	Claimant Count Borough	Proposed Jobs in Chrisp Street Regeneration Scheme
Construction workers	0	5	130
Sales and retail assistants	60	850	280-375
Retail and wholesale managers	0	0	
Other goods handling and storage occupations	5	30	
Chefs, cooks	0	15	110-150
Kitchen and catering assistants	5	30	
Waiters, waitresses	0	5	
Financial and accounting technicians	0	0	Not assessed
Leisure and theme park attendants	0	0	15
Cleaners, domestic	5	25	Not assessed
General office assistants/clerks	5	65	10
Professional Occupations	0	15	

Source: Office of National Statistics, Jobseekers Allowance by Occupation accessed through Nomis in February 2019

- 4.4.6. There are currently not enough skilled construction workers both in the ward and borough to take up a high proportion of the construction jobs created by the proposed development. While construction is experiencing skills shortage, jobs in the sector tend to be accessed through employee referrals and other form of networking. While there are no skilled workers, entry positions and training will be available for those wanting to enter the industry.
- 4.4.7. There is a partial correspondence between jobs created in retail (up to 375) and jobseekers looking for

⁵⁷https://www.towerhamlets.gov.uk/lgnl/jobs_and_careers/employment_and_training/initia/Workpath/Mayors_Apprenticeship_Commitment.aspx

⁵⁸ Jobseekers data available by 2011 Census frozen wards geography accessed through Nomis in February 2019

sales and retail assistant jobs registered in East India and Lansbury (60), while the number of sales and retail assistants registered in LBTH (850) would be sufficient to occupy all positions created at the new district centre. While the match is possible for entry level positions, managerial positions will have to be filled with people from outside the register. There may though be local people with these skills that would be interested in these jobs.

- 4.4.8. There is a shortage of restaurant and café staff at the ward level (5 registered workers) but a partial match among Tower Hamlets residents (total of 50 workers) therefore up to 40% of staff could be sourced from borough residents.
- 4.4.9. Other job opportunities which will be created by the proposed development include financial institutions, cinema workers, office worker, domestic cleaners and security staff. While unemployment in these sectors is not significant, these jobs will create opportunities and might be accessed by the local community.

4.5. Unemployment Rates and Equality Groups

- 4.5.1. To gain an insight into unemployment among groups sharing protected characteristics we examine the protected characteristics of gender, age and ethnicity among the local jobseekers.
- 4.5.2. There are more male jobseekers (63%) than female claimants (37%) which may be an indication of a low economic activity among women in East India and Lansbury ward. The proportion of male claimants in the borough is lower at 56%. Among 40 female claimants in the ward area only seven have married status which could mean that married women tend to be economically inactive. This group represents an even lower proportion among female claimants in Tower Hamlets. **Table 4.4** presents the number of claimants by gender in East India and Lansbury Ward and Tower Hamlets.

Table 4.4 Jobseekers Gender Split in East India and Lansbury Ward and Tower Hamlets in January 2019

Jobseekers	East India and Lansbury Ward		Tower Hamlets	
	Numbers	Proportion	Numbers	Proportion
Male	67	63%	812	56%
Female	40	37%	627	44%
Married Females	7	7%	58	4%

Source: Office of National Statistics, Jobseekers Allowance accessed through Nomis in February 2019

- 4.5.3. The proportion of jobseekers under 18 years old in both the ward and borough is nil which indicates that the youngest workers are still in education or already employed by the age of 18.
- 4.5.4. The proportion of those unemployed aged 50+ for both the ward and borough (43%) is higher than the London average (40%). **Table 4.5** presents the number claimants by age groups in East India and Lansbury Ward and Tower Hamlets in January 2019.

Table 4.5 Jobseekers Age in East India and Lansbury Ward and Tower Hamlets in January 2019

Jobseekers	East India and Lansbury Ward		Tower Hamlets	
	Numbers	Proportion	Numbers	Proportion
Aged under 18	0	0%	0	0%
Aged 18-24	5	5%	65	5%
Aged 25-49	60	57%	750	52%
Aged 50+	45	43%	620	43%
Total	105	100%	1,435	100%

Figures might not add up due to rounding

Chrisp Street Regeneration Scheme

Economic Benefits



Source: Office of National Statistics, Jobseekers Allowance by Age accessed through Nomis in February 2019

- 4.5.5. According to the ONS Annual Population Survey economic inactivity among ethnic minorities in Tower Hamlets is higher (38%) than among the general population (26%).⁵⁹ Similarly the unemployment rate is higher among ethnic minorities (11%) than among the general population (7%).⁶⁰
- 4.5.6. The data about ethnicity of jobseekers is not available at the ward level. In Tower Hamlets those described as ethnic minority account to 66% of jobseekers compared to 55% in London. Particularly Asian and Asian British jobs seekers are over represented in Tower Hamlets, accounting to 44% of jobseekers, compared to 12% in London. The ethnic group of Black and Black British jobseekers in Tower Hamlets (15%) is less significant than this group in London (31%). **Table 4.6** presents the number of claimants in different ethnicity groups in Tower Hamlets and London in December 2018.

Table 4.6 Jobseekers Ethnic Groups in Tower Hamlets and London in December 2018

Jobseekers	Tower Hamlets		London	
	Numbers	Proportion	Numbers	Proportion
White	440	31%	17,895	40%
Ethnic minority	950	66%	24,620	55%
Mixed	40	3%	2,175	5%
Asian or Asian British	635	44%	5,505	12%
Black or Black British	215	15%	13,845	31%
Chinese or Other Ethnic Group	55	4%	3,100	7%
Total	1,435	100%	44,635	100%

Source: Office of National Statistics, Jobseekers Allowance by Ethnicity accessed through Nomis in February 2019

- 4.5.7. The ethnic composition of the borough was reported in Census 2011. Comparing the jobseekers ethnic groups with the profile of the borough from 2011 we find that the ethnic group described as White accounts to circa 45% of the population but only to 31% of jobseekers. The ethnic group of Asian or Asian British accounts to 41% of the population but 44% of jobseekers. The highest difference is observed for the ethnic group of Black and Black British which accounts to 7% of the population but to as much as 15% of jobseekers. **Table 4.7** presents the ethnic profile of the LBTH.

Table 4.7 Ethnic Profile of the LBTH

Ethnic Groups	Tower Hamlets		London	
	Numbers	Proportion	Numbers	Proportion
White	114,819	45%	4,887,435	60%
Mixed	10,360	4%	405,279	5%
Asian or Asian British	104,501	41%	1,511,546	18%
Black or Black British	18,629	7%	1,088,640	13%
Other Ethnic Group	5,787	2%	281,041	3%
Total	254,096	100%	8,173,941	100%

Source: Census 2011 accessed through Nomis in February 2019

- 4.5.8. Equality characteristics of jobseekers in East India and Lansbury Ward indicate that the jobs created by the

⁵⁹ ONS, Annual Population Survey, 12 months to September 2018 accessed through Nomis in February 2019

⁶⁰ *ibid.*

Chrisp Street Regeneration Scheme

Economic Benefits



proposed development are more likely to be accessed by men than women, as economic activity among the female population is relatively low in the local community. There is a greater likelihood that the jobs will be accessed by those aged 50+ as proportion of jobseekers in this age group the ward is larger than in London and nationally. Ethnic minorities which are over represented among jobseekers in Tower Hamlets, are likely to disproportionately benefit from jobs opportunities created by the proposed development.

5. Economic Benefit Conclusion

- 5.1.1. We have estimated the number of jobs created, value generated in the economy and revenue to the public sector which could be captured from the proposed development. We have compared this economic benefit impact against the base case which assumes do nothing scenario and the reference case which considers the consented scheme.
- 5.1.2. Overall the proposed scheme is expected to generate 1,360 sqm additional employment floorspace at the site. This could generate 130 jobs per annum during construction, additional 550 jobs during operation, £21 million per annum in GVA to the economy and additional expenditure in the local area of £14.1 million per annum. Therefore the proposed scheme is expected to deliver substantial economic benefits.
- 5.1.3. **Table 5.7** provides a summary of the estimated economic benefits of the proposed scheme.

Table 5.7 Summary of Economic Benefits

Outcome	Proposed Development Amount
Additional employment floorspace (sqm GIA)	1,360
Additional residential units	471
Total construction jobs pa	130
Total additional operational phase jobs	550
Total additional GVA pa	£21 million
Additional expenditure per annum	£14.1 million

Source: Savills, 2019

- 5.1.4. Therefore the proposed scheme is expected to yield substantial economic benefits compared to the base case.
- 5.1.5. This report also assesses the profile of unemployment among local equality groups as identified in the EIA and how likely they are to access the jobs created by the proposed development. It is expected that the employment opportunities created by the proposed development are more likely to be accessed by men than women. There is a greater likelihood that the jobs will be accessed by those aged 50+, and ethnic minorities which are over represented among jobseekers in Tower Hamlets.
- 5.1.6. Covid19 is and will continue to have a significant impact, mostly negative, upon the UK economy. There remains considerable uncertainty over the scale and duration of these impacts. However as the scheme is being delivered over a 7-8 year period it is expected that there is a reasonable prospect that the impact of the pandemic will not affect the longer term assessment of the impacts and benefits of this scheme. This assumption should be kept under review.

Appendices

Appendix 1

Glossary, Definitions and Accuracy

Chrisp Street Regeneration Scheme

Economic Benefits



Glossary

CPO	Compulsory Purchase Order
EIA	Equality Impact Assessment
FTE	Full Time Equivalent
GIA	Gross internal area
GVA	Gross Value Added
HCA	Homes and Communities Agency
LBTH	London Borough of Tower Hamlets
NIA	Net Internal Area
ONS	Office for National Statistics
pa	Per annum

Definitions

Relevant concepts used in the analysis are:

Term	Definition
Leakage	'The proportion of output that benefit those outside of the intervention's target area or group'.
Displacement	'The proportion of intervention outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area'.
Multiplier effects	'Further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases'.
On-site Jobs	Jobs created on-site.
Off-site Jobs	Jobs in a supply chain and services. The result of multiplier effects after allowing for leakage and displacement.

Accuracy

By its nature estimation of employment and GVA benefits is subject to a range of uncertainties. Our estimates are based on good practice, guidance, data and estimates based on knowledge and experience. There will though remain a degree of uncertainty around estimates. We estimate that actual impacts are likely to be in a range of +/-20% of figures given.

Revenue figures are given based on current rates and values and could be significantly higher in real terms given the long timescale before completion and anticipated growth in the economy.

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