

## **CHAPTER 7: SOCIO-ECONOMIC EFFECTS**

### **Introduction**

7.1 The proposed development provides for the construction of approximately 500 houses, comprising a mix of one, two, three and four bedroomed units, together with retail and commercial/leisure units, as well as the first section of a new distributor road that could ultimately form a link through to the existing A52/Boardsides. This chapter provides an overview of the economic impacts which would arise from the proposed development. It assesses:

- How the proposed development is likely to directly affect the local and regional economies during its construction, in terms of capital investment and employment generation; and
- The effects of the proposed development on the local area in term of population, household expenditure, and local facilities and services.

7.2 Where possible, the analysis provides a quantitative assessment of the likely scale of these impacts. However, whilst the estimates are robust they should be treated as indicative, given the relatively early stage in the scheme's development.

### **Methodology**

7.3 The assessment first establishes the baseline position in terms of local economic conditions, before examining the potential impacts of the proposed development and their significance. Opportunities for the mitigation of any adverse effects and the enhancement of any positive effects are then examined.

7.4 The assessment has been informed by the following key sources of information:

- ONS 2011 Census.
- ONS 2011-based Subnational Population Projections.
- ONS 2012 Family Spending Survey.
- NOMIS data.
- ONS 2012 Annual Survey of Hours and Earnings.
- ONS 2012 Business Register and Employment Survey.

- 2010 Indices of Multiple Deprivation.
- Construction Industry Training Board Labour Market Intelligence 2013-2017.
- ONS Regional GVA 2012.
- CACI Paycheck Model.
- Experian Business Strategies.
- Pitney Bowes Expenditure Guide 2012/2013.
- ONS and Scottish Government Input/Output Supply and Use Tables and Multipliers.

7.5 There are no generally accepted criteria for assessing the significance of socio economic impacts. Therefore, the scale of any impacts is assessed in relation to the magnitude of the change that is likely. The exercise identifies the impacts as either negative (adverse) or positive (beneficial), while their magnitude is classified as negligible, minor, moderate or major. Having regard to this method of assessing impact, the following exercise considers how the proposed development will affect the local and regional economy.

### **Existing Situation**

7.6 Genecon was commissioned by Chestnut Homes Ltd to prepare a report published in 2008 to provide a socio-economic baseline for the Boston area. The report was part of the baseline work to support a masterplan for the area incorporating a comprehensive mixed use scheme with a package of infrastructure, housing, employment, leisure, recreational and community facilities that aimed to balance commercial realism, regeneration objectives and the aspirations of the local community.

7.7 Much of the report relies upon data from the 2001 Census and 2008 NOMIS data. In this regard the 2012 publication of data from the 2011 Census and recent ONS data and other information available from NOMIS provides a more accurate socio demographic 'snap shot' of Boston. These updates are presented below:

### **Population**

7.8 Between 2001 and 2011 the population in Boston grew by 15.9%. This percentage increase is more than double the average for England and Wales over the same period

(7.8%). Household numbers in Boston increased by 12.1% (or 3,302 households) over the same period compared to the England average of 7.9%.

7.9 The Genecon Report referred to forecasts which indicated Boston’s population growth since 1991 was set to continue but with an increasingly ageing population (aged 65+) and a lower than average younger population. The 2011 Census indicates there have been strong levels of growth in the lower age groups since the 2006 population profile presented in the Genecon Report. The proportion of 16-29 year olds recorded in Boston and England in the 2011 Census was 17.4% and 18.8% respectively this compares to the Boston and England average of 16.1% and 19.6% respectively in the 2006 population profile. In other words the gap between the Boston and England average for the proportion of residents aged 16-29 is narrowing. The ONS sub-national projections forecast further significant growth in the younger age groups.

7.10 The ONS forecast an 11% growth in population between 2011 and 2021, although there are considerable differences in growth between different age bands. As the table below reveals, there is forecast to be a 24.6% increase in the 5-14 age range over the ten years to 2021 (compared to the England average of 16.1%), whereas the 45-65 age group will grow by 5.6% over the same period (just below the England average of 6.0%).

Table 7.1: Age Profile of Boston 2011-2021

<b>Age Range (years)</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>Difference between 2011 and 2021 (%)</b>
0-4	3,892	4,924	5,939	+9.1
5-14	6,695	7,156	8,577	+24.6
15-44	23,972	26,211	27,788	+9.0
45-65	18,004	18,560	19,260	+5.6
65+	12,052	13,849	15,282	+16.0
<b>Total</b>	<b>64,615</b>	<b>70,653</b>	<b>75,846</b>	<b>+11.0</b>

7.11 The Genecon Report identified in-migration, most notably from Eastern Europe and Portugal as contributing to the increases in population seen in Lincolnshire over the period 2002-2006. The proportion of Boston’s residents who were born in England fell

from 94.9% in the 2001 Census to 83.2% in the 2011 Census. The proportion of residents born in EU Accession Countries, including Poland, Lithuania, Latvia and Romania was 10.6% compared to the England average of 2.0% i.e. more than one in ten of the population living in Boston was born in the EU Accession Countries.

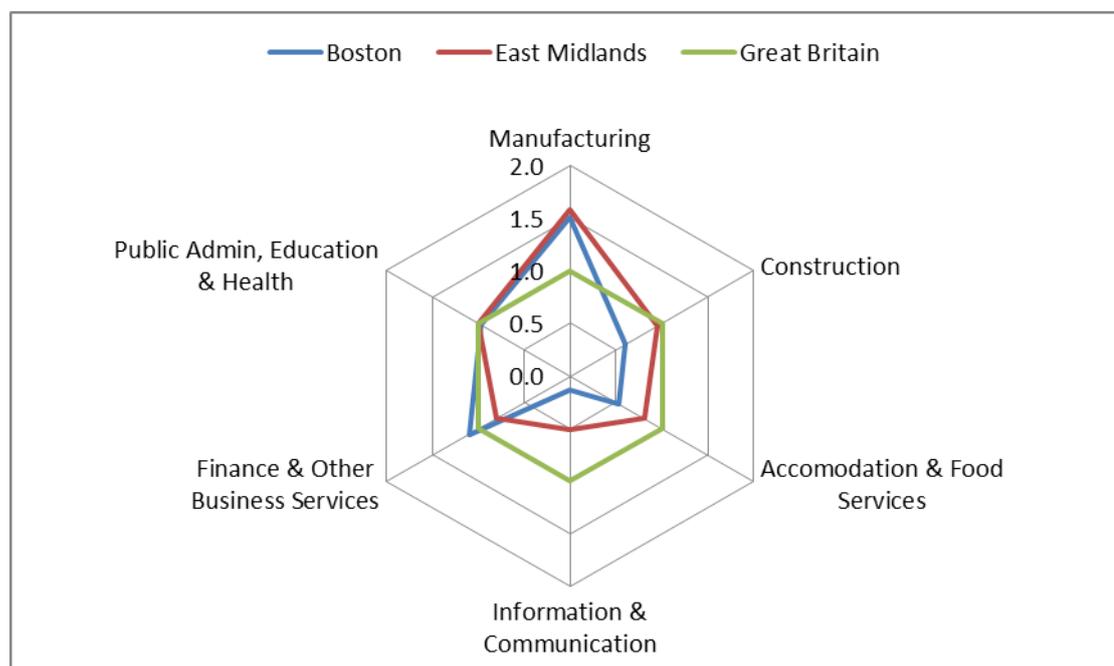
### **Economic Activity**

- 7.12 The Genecon Report stated that an ageing population and below average number of young adults could have significant economic impacts and limit the future growth prospects of the Boston economy. The 2011 Census indicates Boston does have a slightly lower working age population (16-64 years) than the Great Britain average (61.7% compared to 64.2%). However, the 2011 Census also shows that in Boston the jobs density is 0.84 (the ratio of jobs to population aged 16-64) compared to the density of 0.75 for the East Midlands and 0.78 for Great Britain.
- 7.13 According to results from the ONS Annual Population Survey for October 2012-September 2013, a slightly smaller proportion of Boston's working age residents (76.5%) are economically active than in the East Midlands (77.5%) and Great Britain (77.4%). However, there are large disparities between economic activity amongst males and females compared to the regional and UK averages. The proportion of economically active females is higher than the East Midlands and Great Britain averages by 3.6% and 3.7% respectively. The proportion of male residents aged 16-64 who were economically active is 5.3% and 5.5% lower than the East Midlands and Great Britain averages respectively (NOMIS Labour Market Profile).
- 7.14 The ONS Annual Population Survey covering July 2012 to June 2013 provides more detailed information on economic activity at local authority level. The proportion of male residents who are self-employed is 13.3% compared to the regional average of 8.4% and Great Britain average of 9.5%. In addition, 63.6% of working-age residents who were economically inactive between July 2012 and June 2013 did not want a job, well below the regional average of 78.9% and Great Britain average of 75.3% (NOMIS Labour Market Profile).
- 7.15 The Genecon Report highlighted four sectors dominating the employee structure of Boston in the findings of the 2006 Annual Business Inquiry: (1) manufacturing; (2)

distribution, hotels and restaurants; (3) banking finance and insurance sector; and (4) public administration, education and health sectors. These sectors represented just under 83% of employees in Boston.

- 7.16 Data from the 2011 Census showed 17.9% of the local population aged 16-64 in employment were working in manufacturing compared to the regional average of 12.9% and the England average of 8.8%. This is similar to the 2001 Census figure of 17.8% and shows that the local economy of Boston continues to exhibit a strong manufacturing base.
- 7.17 The 2011 Census results reveal that 5.4% of residents (or 1,653 people) are employed in agriculture (down from 7.4% or 1,847 people) in 2001. The proportion of residents employed in agriculture is still much higher than the regional average of 1.2% and the England average of 0.8%. The proportion of residents employed in the information and communication and the professional, scientific and technical activities sectors are all well below the East Midlands and England averages.
- 7.18 Using the findings of the 2012 ONS Business Register and Employment Survey, broad industrial strengths (and weaknesses) are presented in the figure below and are compared with the East Midlands and with Great Britain. It is important to note that these figures exclude certain groups such as the self-employed, those on government supported schemes and in HM Forces which partly account for disparities with the 2011 Census results. Each of the industrial sectors is presented against the Great Britain benchmark of 1.00. Sectors showing a measure above 1.00 exhibit a relative specialism. The higher the degree of specialism, the higher the relative concentration of employment in that sector. As can be seen, the Boston economy displays a strong employment focus on manufacturing. Whilst the proposed development will benefit local construction companies, the proportion of the workforce currently employed in construction is well below the East Midlands and Great Britain averages. Boston will witness a growth in local construction employment, but the scale of the development proposal and the 'specialism' of construction techniques required for part of the scheme will also see non local firms used. Boston also exhibits a weak representation of 'Accommodation and Food Services' employment. The proposed foodstore and commercial leisure floorspace will result in an increased demand for employment in this sector.

Figure 7.1: Boston - Industry Strengths and Weaknesses



7.19 The 2012 ONS Business Register and Employment Survey findings also show Boston has a lower proportion of full-time jobs (63.8%) than the East Midlands (66.9%) and Great Britain (67.2%) averages.

7.20 In terms of unemployment, whilst overall unemployment in Boston is below the East Midlands and Great Britain averages (6.5%, compared to 7.7% and 7.7%, respectively), the proportion of JSA claimants (at February 2014) who are aged 18-24 is well above the regional and national averages (6.3% compared to 5.2%).

### Qualifications

7.21 The 2011 Census shows 15.3% of Boston's population aged 16 and over had 5 or more GCSEs grade A-C, which is slightly higher than the England average. However, the Genecon Report indicated that the overall performance of Boston's secondary schools may be distorted by the well above-average performance of Boston Grammar and Boston High Schools which compensate for the below average performance of other schools in the area. The Genecon Report also found that Boston ranked very poorly in terms of NVQ attainment as it had one of the highest levels in Lincolnshire of residents with no qualifications, and one of the lowest numbers of people with the higher NVQ

levels 4 and 5. The proportion of residents aged 16-64 with no qualifications between January 2012 and December 2012 was 15.8% compared to the Great Britain average of 9.7%. The proportion of residents aged 16 and over with a NVQ4 and above qualification was 12.4% during the same period, compared to the Great Britain average of 34.4% (NOMIS Labour Market Profile).

- 7.22 The relatively low local skills base is reflected in the low proportion of residents with management and professional occupations<sup>1</sup>. 18% of residents are employed in these occupations, which is less than half the Great Britain average (44.1%). This is significantly lower than the occupational profiles of Boston residents set out in the Genecon Report which found that 37.0% of the working population were employed in higher level occupations. At the other end of the scale, the 2011 Census shows that the proportion of residents in 'SOC2010 major group 8-9' (process plant and machine operatives and elementary occupations) was 46.8%, which is 2.75 times higher than the Great Britain average over the same period. Perhaps as a consequence of the predominance of occupations requiring relatively low skills, full-time workers living in Boston earn on average £412.20 which is £71.20 and £105.90 a week less than the regional and Great Britain average respectively (NOMIS Labour Market Profile: 2013 ONS Annual Survey of Hours and Earnings).

## **Deprivation**

- 7.23 According to the 2010 Indices of Multiple Deprivation (IMD), Boston is ranked 89<sup>th</sup> out of 326 local authorities in England (with 1<sup>st</sup> being the most deprived and 326<sup>th</sup> the least). This represents a fall of 20 places since the 2007 IMD. Out of the seven local authorities in Lincolnshire, Boston is the third most deprived. The multiple deprivation ranking for all of the local authorities has worsened since the IMD 2007.

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<sup>1</sup> SOC2010 major group 1-3 occupations which include (i) managers, directors, senior officials, (ii) professional occupations, and (iii) associate, professional and technical occupations. Source: NOMIS Labour Market Profile, October 2012 – September 2013.

Table 7.2: Indices of Multiple Deprivation in Lincolnshire (2010)

Source: DCLG

Local Authority	2007	2010	Change
Boston	109	89	-20
East Lindsey	88	73	-15
Lincoln	70	59	-11
North Kesteven	297	273	-24
South Holland	195	168	-27
South Kesteven	271	239	-32
West Lindsey	185	161	-24

7.24 Levels of overall deprivation in Boston appear to have worsened relative to other local authorities in England since the findings of the IMD 2007 were summarised in the Genecon Report. England has been divided into roughly similar sized areas called Lower Super Output Areas (LSOAs). There are 32,482 LSOAs in total and 36 of these are in Boston. The IMD 2007 found that 9 of the 36 LSOAs were ranked within the worst 30% most deprived in England. The findings of the IMD 2010 indicate that 10 of Boston's LSOAs are now within the 30% most deprived in England and 25 LSOAs are within the 50% most deprived in England.

7.25 The IMD is based on seven domains of deprivation including employment, income and education, skills and training. In terms of employment deprivation, six of Boston's LSOAs are within the 20% most deprived in England. The most deprived LSOA is in the Fenside ward and is ranked 842<sup>nd</sup> putting it in the worst 2.6% of LSOAs in England regarding this domain of deprivation. Parts of Boston also perform poorly in terms of education, skills and training deprivation. In Boston 21 LSOAs were amongst the 30% most deprived in England regarding this domain of deprivation, and four were in the most deprived 5% of LSOAs.

## **Impact of Development**

### **Population and Housing Growth**

- 7.26 The proposed development will increase the number of dwellings in Boston by approximately 500. In terms of population change, the additional population that will be accommodated on the site will be around 1,180 (based on an average household size for Boston of 2.36 taken from the 2011 census). Not all of these will be new to Boston as there is likely to be a large number who are already resident in the district. However, those households who move to the Boston site from elsewhere within the district will be replaced by other households, many of whom will be new to Boston.
- 7.27 In recent years in-migration, particularly from overseas has been a key driver of population increase in Boston. Looking ahead, the ONS interim 2011-based subnational population projections indicate in-migration (local, regional and international) will account for approximately 84% of total population growth between 2011 and 2021. ONS data on parents' country of birth shows 40.6% of live births in Boston in 2012 were to non-UK born mothers. This figure has increased steadily since 2001 which suggests that migrant workers are choosing to settle in Boston to raise their families.
- 7.28 The proposed development will help to meet the housing requirements of Boston Borough Council. The site is an emerging Strategic Housing Allocation in the Local Plan Strategy and forms part of the Council's five-year supply of deliverable housing sites. Furthermore, the 2011 census reveals that household growth in Boston has not kept pace with population growth which means that the proposed development will make an important contribution towards increasing household numbers and towards improving the borough's housing land supply.
- 7.29 The total number of dwellings (and therefore households) to be provided on site is 500. However, these will be brought forward over a period of around seven years. The scale of population and household growth will impact on local resources and facilities and the implications are considered later in this chapter.
- 7.30 Affordable homes are proposed as part of the development package, which will see 100 residential units come forward (although the final number will be dependent upon

scheme viability). The potential level of affordable housing supply will help towards the Council's affordable housing target.

### **Additional Consumer Expenditure: Household Income**

- 7.31 The Boston Scheme provides for the construction of 500 new dwellings which will generate additional consumer demand by increasing household spending in Boston and the wider Lincolnshire area. The 2012 Family Spending Survey (published by the ONS) provides data for the 2012 calendar year on household expenditure. The survey is based on a sample of 16,780 households and shows that the average weekly household income for the UK over the 2010 to 2012 period was £711 gross (with a disposable income of £587). For the East Midlands, this figure was £665 gross (disposable income of £553). However, the average weekly household income for the town of Boston is below both the UK and East Midlands averages. CACI identifies from its Paycheck model that the average weekly household income for the town is 16% lower than the UK average, at £610 gross (£502 net) for 2012.
- 7.32 The annual additional household expenditure generated by the proposed development will be £17.29m gross (£14.38m net)<sup>2</sup>, although it is important to note that this assumes (unrealistically) that there is no increase in household income over the next few years. Some of the spending would be accounted for by expenditure on housing and insurance costs (such as fuel and power, insurance, mortgage interest payments, etc) which do not benefit to any real degree the local area, but instead goes to large national institutions. This level of spend (based on the pattern of expenditure revealed in the 2012 Family Spending Survey for the East Midlands Region) equates to around £180 per household per week, providing a net annual figure of £19,400. Applying this figure to the total number of households proposed (500), will generate £9.7m of additional household expenditure.
- 7.33 As commented on above, not all of the housing residents of the proposed development will be new households to Boston as there is likely to be a number who are already resident in the borough. However, those households who move to the Q1 Scheme

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<sup>2</sup> The figure is based on the East Midlands rather than Boston weekly household income average. The reason for this is that households will primarily comprise a mix of (i) residents of Boston who have 'upgraded' and (ii) new households moving into the Boston area.

site from elsewhere within the borough will be replaced by other households, many of whom would be new to Boston. In terms of affordable units, these will most likely be occupied by existing key workers and other Boston borough residents on Housing Association or Council waiting lists (although some of these will be replaced by other households moving into the area).

- 7.34 Having regard to the above, it is considered that a displacement factor of 30% is appropriate as this recognises the affordable component of the development scheme but also a likely pattern of household movement which will feature inward migration from the East Midlands Region and from further afield. The net additional annual household expenditure of the proposed development will therefore be £6.8m.
- 7.35 A proportion of household expenditure will inevitably 'leak' outside of the Boston area to other centres in the East Midlands (and beyond), such as Peterborough, Lincoln and Spalding. However, it is recognised that Boston is an attractive town centre which has a diverse range of retail, community and service uses. The South East Lincolnshire Town Centre and Retail Capacity Study (December 2013) identifies "a good retail offer" and "a popular market" as two of the key strengths of Boston town centre. Furthermore, the study reveals that the centre exhibits a strong 'leisure' draw. Informed by the findings of the Council's Retail Study, approximately 15% of consumer expenditure generated by the proposed housing scheme is likely to be spent outside of the borough of Boston, although the residual (85% would be spent within the borough). This means the additional household expenditure that will directly benefit Boston will be £8.3m (£5.8m net), which represents a **positive impact** of a **moderate** scale.

### **Consumer Expenditure: Retail and Leisure Goods/Services**

- 7.36 Looking in more detail at the expenditure that would be available from households of the new housing development reveals that, based on the indicative phasing programme presented in paragraph 7.26 of this section, convenience goods expenditure (spending on food items) will be £1.2m in 2018, increasing to £2.3m in 2021 (taken from Experian Business Strategies and adjusted to take account of per capita growth over the 2013 to 2021 period). In terms of comparison goods expenditure (non-perishable goods that consumers buy at infrequent intervals, such

as electrical items, clothing and footwear, household furnishing, personal items, etc), the available expenditure would be £1.98m in 2018, increasing to £3.9m in 2021 (again, taken from Experian Business Strategies and adjusted to take account of annual per capita growth). However, a proportion of the forecast household spend on both convenience and comparison goods will be accounted for by special forms of trading SFT (purchases that are not necessarily made at shops – vending machines, mail order, internet purchases). Adjusting the figures above to account for SFT identifies the following expenditure 'pot':

<u>Convenience Goods Expenditure</u>	<u>Comparison Good Expenditure</u>
2018 - £1.1m	2018 - £1.6m
2021 - £2.2m	2021 - £3.3m

7.37 The proposed development comprises a large foodstore which is likely to account for a significant proportion of the convenience goods expenditure generated by residents of the new housing. However, the limited comparison goods offer of the foodstore means that the majority of the comparison goods expenditure of households on the development site is likely to be spent in nearby towns and facilities. Having regard to the close proximity of Boston town centre and the strength of trade draw the town commands from the immediate area (according to the Council's 2013 South East Lincolnshire Town Centre and Retail Study, Boston town centre captures 75% of comparison goods expenditure generated within zone 1 which covers the Boston Area), the principal beneficiary of this spend will be Boston town centre shops and facilities. By applying the draw of Boston town centre to the new housing (following adjustments to acknowledge impact of the proposed foodstore and 'factoring in' the comparison goods trade draw of the existing Asda and Tesco foodstores in Boston) the town centre will capture around 70% or £2.25m of the £3.304m comparison goods expenditure that will be available from residents of the proposed development once scheme is complete.

7.38 In terms of leisure spend, the phased development of the application site will generate total consumer expenditure of £2.7m on leisure services, of which £0.1m will be on cinema, theatre, museums and social events per year, £0.1m on recreation and sporting services and £1.0m on eating and drinking out (taken from Experian Business

Strategies and adjusted to allow for subdued growth over 2013 to 2021 period in accordance with Experian forecasts).

- 7.39 The spend on cultural services (cinemas, theatres, etc) is likely to be captured by Boston town centre due to the absence of such facilities on the application site. In terms of expenditure on eating/drinking/takeaways, the presence of six commercial leisure units will see some of the spend retained on site. However, a large proportion will be captured by Boston town centre. The centre has a very strong draw in terms of this particular leisure sub-sector. The centre has around 70 cafés, restaurants, pubs and takeaways, a number of which are 'branded'. Its popularity as an eating/drinking out venue is revealed in the Council's 2013 Town Centre and Retail Study which identifies a significant 90% trade capture from the Boston area (zone 1 of the Study). Therefore, Boston town centre will benefit from the expenditure generated by new residents.
- 7.40 With regard to the retail and leisure consumer expenditure generated by residents on the application site, the proposed development will in isolation have a moderate positive impact upon Boston. However, this needs to be balanced against the forecast impact of the proposed foodstore and commercial leisure floorspace which is considered in detail in the Retail and Commercial Leisure Statement. The Statement concludes that whilst there will be an impact, it will not be of a scale that will threaten the vitality and viability of Boston town centre. In terms of the proposed foodstore, impact will primarily fall upon established outlets fulfilling the same function, such as the Tesco and Asda in Boston and the Morrisons in Spalding. However, all three are currently over trading which will 'cushion' the impact defined. Regarding the commercial leisure floorspace, whilst impact will largely fall upon Boston town centre, the town has a strong draw in terms of eating/drinking out facilities. The town centre performs a variety of different functions – administrative, civic, educational, cultural, leisure and retail – and each has its own specific demand for eating/drinking out facilities which has contributed towards the strong turnover of the town.
- 7.41 Having regard to the above, the proposed development will have (i) a **minor negative** impact upon Boston in respect of the proposed commercial leisure floorspace and (ii) a **moderate negative** impact in respect of the foodstore.

## Job Creation

### Construction Activity

- 7.42 The proposed development scheme will be a very significant construction project which will generate turnover and temporary employment for construction firms and related trades.
- 7.43 The total construction costs of the proposed development will be around £55m and it is estimated that the gross impact generated by the implementation of the proposed development will be around 610 person years of construction activity on site, which equates to 87 full time equivalent jobs over the build period.
- 7.44 Development will be undertaken in seven phases over a six-year period with a distribution of annual construction jobs that will broadly reflect the following pattern of activity:

Table 7.3: Distribution of Annual Construction Jobs Created

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
<b>Annual Full Time Construction Jobs</b>	46	123	206	96	46	58	35

- 7.45 It is important to note that construction is a key contributor to economic activity and employment due to its heavy reliance on an extended and varied supply chain. As a result, construction activity has significant positive impacts that go well beyond the on-site jobs created and the capital expenditure invested in the development scheme. Using the Input/Output Tables published by the Scottish Government (there is no equivalent data available for other parts of the UK), the direct, indirect<sup>3</sup>, and induced<sup>4</sup> effects upon total output can be calculated. This reveals that by applying the type 2

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<sup>3</sup> *Indirect impact – increased output and income in the supply chain (real estate, architecture, surveying, manufacturing and transportation, etc).*

<sup>4</sup> *Induced impact – increase in household income as a result of increased employment/income in construction and other sectors which leads to increase in spending and demand.*

income and employment multipliers<sup>5</sup>, the proposed development scheme will realise a total value of £149m and employment of 244 full time equivalent jobs within the wider economy over the build period. The UKCG (United Kingdom Contractors Group) commissioned CEBR (Centre for Economic and Business Research) to examine the economic impacts of the construction sector in the UK. Their 2011 report 'Making the Case for Construction' supported the use of a type 2 multiplier of 2.84 for both income and employment. Therefore, the total jobs and output referred to above which will result from the construction activity related to development of the proposed development scheme are likely to be an under estimate (using these multipliers identifies a total value of £156m and FTE employment of 247). However, to ensure robustness, the figures derived from the use of the Scottish Government's Input/Output Tables are considered to be both reasonable and appropriate for this exercise.

- 7.46 A further point to note is that given the low level of activity within the construction industry at present, it is anticipated that the significant majority of these jobs will be new jobs created rather than 'displacing' existing jobs elsewhere. The wider value of the construction activity proposed is put into context when you consider the findings of the Construction Industry Training Board and Experian's recently Labour Market Intelligence Report for the East Midlands. The report comments that the region is predicted to see a decline in construction activity over the period 2013 to 2017, with average annual output falls of 0.4%, performing worse than the UK as a whole. Overall, construction employment in the East Midlands is forecast to decline at an average rate of -1.1% per year over the next five years, with employment numbers in 2017 forecast to be 25% below their 2008 peak levels. The application proposal will therefore have a **significant positive** impact in the local and regional economy.
- 7.47 In terms of training and skills development, the proposed development has the potential to make a major contribution to Boston and the Lincolnshire area. The proposed development will involve a significant seven-year construction programme and there is scope to provide opportunities for young people to gain training and practical experience in a range of different construction and engineering trades. The Applicants understand the value of working collaboratively with local supply chains and

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<sup>5</sup> Income type 2 multipliers of 2.7 and employment type 2 multiplier of 2.8.

are committed to providing opportunities for subcontractors and suppliers who are based within the locality.

Proposed Retail and Leisure Floorspace

7.48 In addition to the jobs created as part of the construction of the proposed development, on-site jobs will be secured beyond the construction phase, through the provision of:

- Foodstore (7,000 sqm)
- 60-bed hotel
- Commercial leisure floorspace (2,200 sqm)
- Community Stadium.

7.49 Based on employment densities from the Homes and Community Agency publication 'Employment Densities Guide 2010', the following employment numbers expressed as Full Time Equivalents (FTEs) will be created from the 'enabling' development of the application proposal:

- Foodstore 280 FTE
  - Hotel 25 FTE
  - Commercial Leisure Floorspace  
(six restaurants/café/pub/takeaways) 155 FTE
- Total 460 FTE**

7.50 The total number of jobs created will, however, be greater than this. Using the ONS Annual Survey of Hours and Earning (ASHE) for 2013 in order to identify the full time/part time split of jobs for different employment groups, the following is revealed:

Table 7.4: Number of Retail and Commercial Leisure Jobs Created

	<b>Full Time</b>	<b>Part Time</b>	<b>Total</b>
Foodstore	174	212	386
Hotel	11	28	39
Commercial Leisure Floorspace	71	167	238
<b>Total</b>	<b>256</b>	<b>407</b>	<b>663</b>

- 7.51 In terms of the new Community Stadium, employment numbers have been obtained from Boston United FC, who have identified 35 new full time jobs will be created and 75 jobs safeguarded (the transfer from the existing York Street site).
- 7.52 A total of 773 jobs will be created directly on site (full and part time) following development of the proposed scheme.

#### Household Expenditure

- 7.53 The net increase in household expenditure identified earlier in this section (£5.8m) will see additional jobs created as a result of the level of spend being introduced into the local economy. Based on an assumed average turnover per employee that relates total output across all business sectors to total employment (£114,762), the net additional householder expenditure per annum will directly support the equivalent of 50 jobs.

#### **New Stadium**

- 7.54 Boston United Football Club currently operates from its York Street stadium and despite the dated and poor quality of facilities, it nevertheless performs an important social and economic role within the Boston community. For example, the existing Club has an extensive schools programme and it partners Boston College in delivering 16-18+ education. Over 20 teams play on a regular basis under the Boston United Football Club banner. The club has an ongoing sporting activity programme, with a focus on non-football related activities, and it undertakes a variety of social inclusion projects, utilising sport and the Boston United Football Club brand.
- 7.55 The new football stadium will provide quality, up-to-date facilities for the club. Although the capacity of the new stadium at 5,000 is slightly less than the existing stadium, it is anticipated that the new facility will increase the number of spectators at matches as a result of the improved match day experience that a new stadium can provide. This assumption is backed by Football League supporter surveys in 2008 which indicated that new or improved stadium facilities are a factor in encouraging increased attendances.

- 7.56 Importantly, the new stadium will 'safeguard' the existing community and education projects, providing them with purpose-built accommodation that will enable the new facility to cater for the wide range of activities that are currently undertaken within the club's community programme. The size and quality of these facilities, including expanded classroom space for the education programme, a new 3G pitch and the provision of a new sports hall, is anticipated to lead to an expansion of the existing programme's activities with increased numbers likely to be attracted to the new facility.
- 7.57 Furthermore, the new facility will potentially provide additional facilities that are not currently part of the existing community programme. Potential inclusion of new facilities, such as a climbing wall and dance studio, will provide new facilities that will enable the community programme to continue to expand within the new stadium.

### **Gross Value Added (GVA)**

- 7.58 GVA per employee provides a measure of the value of the output produced by employees within the economy. It is a key indicator for economic growth.
- 7.59 GVA is generally equal to the sum of wages and profits arising from an economic activity (net of income tax, national insurance and pension contributions). The ONS publication Regional GVA 2013 provides a 2012 GVA per head of population figure for Lincolnshire (which covers Boston) of £14,669, which is 32% below the UK average. The GVA per head of population for the East Midlands is £17,448 (19.5% below the UK average). However, in order to quantify the GVA that will be generated by the proposed development it is necessary to relate GVA output to employment. Using total GVA and dividing by the total number of employed (taken from ONS Local Labour Market Indicators March 2014) reveals a GVA per employee of £32,772 for Lincolnshire.
- 7.60 By applying the Lincolnshire GVA figure to the full time equivalent jobs created by development of the:
- football stadium,
  - foodstore,
  - hotel, and
  - commercial and leisure units,

This will generate additional GVA of £15.075m annually. Furthermore, the equivalent of 50 jobs, supported by the extra household expenditure would generate additional Gross Value Added of around £1.638m annually. In terms of construction employment, the GVA generated would total £19.991m over the seven-year phased build period. However, taking account of the wider economic benefits that occur through construction activity, the total additional GVA created will be £47.978m<sup>6</sup>.

### **New Homes Bonus and Council Tax Receipts**

7.61 In order to promote an increase in housebuilding, the Government introduced the New Homes Bonus in 2011, under which local planning authorities would receive matched funding for the additional council tax raised for new homes and empty properties brought back into use, with an additional amount for affordable homes. The proposed development includes 500 dwellings (of which 20% are affordable, subject to viability) and the mix of one, two, three and four-bedroom properties is as follows:

- One bedroom 50 units
  - Two bedroom 165 units
  - Three bedroom 205 units
  - Four bedroom 80 units
- Total 500 units**

7.62 The Council Tax bands that are applicable to this property mix (based on current market values and translated to 1991 values) are:

Table 7.5: Council Tax Bands (Boston)

	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>	<b>Band E</b>
2013/2014 Rates (£)	970.40	1,132.13	1,293.87	1,445.60	1,799.07
Number of new dwellings	240	100	80	60	20

7.63 On the basis of the above rates, Boston Borough will receive a total of £2.916m in New Homes Bonus (including the affordable housing premium) from the delivery of the Q1

<sup>6</sup> Use of the GVA Type 2 multiplier of 2.4 taken from the Input/Output Tables published by the Scottish Government.

site in addition to annual Council Tax receipts of £0.573m. Lincolnshire County Council will receive £0.729m in New Homes Bonus over the same period.

### **Mitigation Measures**

- 7.64 The proposed new housing will create an increased demand on local services and facilities. Not all households accommodated by the 500 dwellings to be provided will be new to Boston as there are likely to be a large number who are already resident in the borough. However, those households who move to the proposed development site from elsewhere within the district will be replaced by other households, many of whom will be new to Boston.
- 7.65 The applicant is in ongoing discussions with the Education Authority and NHS Property Services over Section 106 contributions regarding (i) primary and secondary schools provision, and (ii) health facilities (doctors' surgeries and dental practices). These discussions will ensure that an appropriate scale of mitigation can be agreed to minimise the impact of the new housing upon education and healthcare infrastructure in Boston.
- 7.66 The proposed development will have economic impacts on employment generation, housing (including affordable housing) and household expenditure. However, these impacts are largely assessed as 'positive' and therefore there is no requirement for mitigation. Economic effects, such as New Homes Bonus and Council Tax revenues are also 'positive'.
- 7.67 In terms of the proposed foodstore and commercial leisure floorspace, the provision of new facilities in Boston will introduce competition and enhance consumer choice which are positive effects of the proposed development. There will, however, be an economic impact upon Boston town centre and upon free-standing foodstores and facilities in terms of trade capture, although the scale of impact will be within acceptable limits. Due to the strength of draw of competing foodstores such as Tesco and Asda in Boston and Morrisons in Spalding (which are all over trading) and the popularity of Boston town centre's leisure offer, mitigation is unnecessary as development would not undermine their health and vibrancy and no single facility will close as a result of the development.

## **Robustness of Analysis**

7.68 The analysis above provides a quantitative assessment of the likely scale of economic impacts arising from the proposed development. However, whilst these estimates are robust, they should be treated as indicative given the relatively early stage in the scheme's development. For example, the affordable homes component of the scheme has yet to be defined as the final number will be influenced by the proposed development's viability. However, for the purpose of this assessment, it has been assumed that 20% of the total number of housing units will be classed as affordable.

## **Summary and Conclusions**

7.69 The proposed development will:

- secure the construction of a new Community Stadium for Boston United Football Club, which will be able to accommodate the Club's extensive range of community and educational activities which have been very successful in addressing social inclusion;
- make a significant contribution to meeting the needs of future households;
- represent housing growth in a sustainable location; and
- increase job opportunities, both during the construction phase and following completion.

7.70 The nature and scale of the proposed development will have economic impacts upon Boston, but many of these will be positive. The most significant impacts of the proposed development will be:

- The provision of around 500 additional dwellings, including affordable homes.
- £9.7m of household expenditure generated by residents of the housing scheme (when complete), of which £5.8m will be net additional expenditure which would directly benefit Boston.
- 610 person years of construction activity, equating to 87 direct full time equivalent jobs in the construction industry over the build period.

- 244 full time equivalent jobs created in the wider economy over the build period due to the construction industry's heavy reliance on an extended and varied supply chain.
- 460 full time equivalent jobs created beyond the construction phase through the provision of the foodstore, hotel and commercial leisure floorspace. In terms of total jobs (full time and part time) 663 jobs will be created.
- 35 new full time jobs will be provided as part of the new Community Stadium and 75 jobs will be safeguarded through the transfer from the existing York Street site.
- The equivalent of 50 jobs supported annually by the net additional household expenditure of residents of the housing scheme.
- An additional £19.991m for direct GVA over the build period from construction activity. Taking account of the wider economic benefits that occur through construction, the total additional GVA created will be £47.978m.
- Additional GVA of £15.075m annually from those employed at the proposed foodstore, hotel commercial leisure uses and Community Stadium and a further £1.638m annually from jobs supported by the extra householder expenditure generated.
- Annual Council Tax receipts of £0.573m.
- New Homes Bonus of £2.916m (including affordable housing premium) for Boston Borough Council (lower tier) and £0.729m for Lincolnshire County Council (upper tier).
- The proposed foodstore will capture convenience goods turnover from the out-of-centre Asda and Tesco foodstores in Boston but not of a scale that would cause significant harm. Impact would be 17% and 20.7%, respectively<sup>7</sup>.
- Impact of a lesser scale would occur in respect of other facilities and centres.
- The commercial leisure floorspace will capture turnover from Boston town centre but this will be of a relatively small scale – no more than 5.9%<sup>8</sup>.

7.71 The Impacts are summarised in Table 7.6 below.

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<sup>7</sup> *Retail and Commercial Leisure Statement*

<sup>8</sup> *Retail and Commercial Leisure Statement*

Table 7.6: Summary of Socio-Economic Impacts

	<b>Impact</b>	<b>Magnitude</b>
Housing (including affordable homes)	Positive	Moderate
Household consumer expenditure	Positive	Moderate
Employment (construction)	Positive	Major
Employment (permanent)	Positive	Major
Foodstore trade capture	Negative	Moderate
Commercial leisure floorspace trade capture	Negative	Minor
Stadium and associated education and community facilities	Positive	Major
Hotel	Positive	Minor