

Economic and Social Benefits Statement

The Oracle, Reading

November 2022

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Client

The Oracle Limited Partnership

Our reference

PACS3000

November 2022

Economic and Social Value Infographic

PROPOSED DEVELOPMENT: Mixed-use shopping centre redevelopment comprising 449 new homes, re-purposed retail floorspace, new commercial retail / leisure uses, co-working spaces / maker units and a replacement cinema

SITE: The Oracle, Reading

Construction Phase: Economic Impacts



£121.8 million Investment

In the construction of the scheme



260 gross jobs

FTE (full time equivalent) jobs per annum during construction (2 years)

Generating 175 direct jobs

Which will be net additional (FTE) for South East residents, inclusive of 60 within Reading

Plus 90 net indirect/induced jobs

In the South East, with 15 local to Reading



£72.5 million GVA¹

Generated during construction, including £60.6 million concentrated in Reading

Operational Phase: Economic Impacts



85 gross additional jobs

FTE jobs in revitalised retail, restaurant and bar space

Generating 65 direct jobs

Which will be net additional (FTE) additional compared with the number currently supported at the site, including 20 local to Reading

Plus 20 indirect/induced jobs

In the South East, including 5 local to Reading



£5.5 million GVA

Generated each year (net additional to current uses), £4.5 million of which will be concentrated in Reading



£1.0 million Council Tax

payments annually to Reading Borough Council



£260,000 Business Rates

Payments collected by Reading Borough Council

Social Value Impacts



High quality, healthy housing

that will make a positive impact on residents' health and wellbeing



Social Value Impact of £1.7 million

Through provision of employment and skills opportunities

Residential Impacts



780 new residents

In 449 new homes, 660 of whom are expected to be in employment



£8.3 million in resident expenditure

spent annually on retail and leisure goods, supporting 85 jobs in these sectors

¹ GVA (Gross Value Added) measure the value of output created (i.e. turnover) net of inputs used to produce a good or service (i.e. production of outputs). It provides a key measure of economic productivity. Put simply the GVA is the total of all revenue into businesses, which is used to fund wages, profits and taxes

1. Introduction

- 1.1 This Economic and Social Benefits Statement has been prepared by Turley Economics on behalf of The Oracle Limited Partnership ('the Applicant') in support of planning applications to Reading Borough Council ('the Council') for the redevelopment of the eastern part of The Oracle shopping centre ('the Site') to accommodate a new mixed-use development comprising residential and commercial uses ('the Proposed Development').
- 1.2 This report should be read in conjunction with the Planning Statement (Turley), The Oracle Market Report (Colliers), and Design & Access Statement (CRTKL), and other technical reports submitted in connection with the application. Policies relevant to the economic context are summarised in Section 2 of this report, with the full policy context set out in the Planning Statement.

Proposed Development

- 1.3 Planning permission is sought for the repurposing and redevelopment of sites at the eastern end of The Oracle to provide a mixed-use development comprising residential and town centres uses.
- 1.4 The proposals focus around two main sites:
- Former Debenhams department store at the eastern end of the Oracle shopping centre building and northern side of the River Kennet, to be known as Yield Hall Place 1; and
 - Vue cinema building on the southern side of the River Kennet and to the east of the Oracle Riverside multi storey car park, to be known as Yield Hall Place 2.
- 1.5 Two detailed planning applications are submitted; one application for Yield Hall Place 1 and one application for Yield Hall Place 2. These applications will be submitted concurrently to Reading Borough Council and are expected to be considered and determined in this way by the local planning authority.
- 1.6 This report is submitted in respect of both applications and assesses the proposals as a single scheme for the purpose of the technical assessment undertaken. An illustrative plan is submitted with both planning applications which identifies the full extent of the proposed developments, and the schemes assessed for the purposes of this report.
- 1.7 Where matters only pertain to one of the planning application sites, these are specifically identified within the report.
- 1.8 The Proposed Development itself will include the part demolition of the existing shopping centre and cinema buildings and the remodelling and reconfiguration of the two sites to introduce a residential component to the centre whilst also re-activating the commercial floorspace. This is intended to establish a new community on the site and revitalise the existing shopping centre with improved retail and leisure facilities.

- 1.9 For the purposes of the assessment, it has been confirmed by the Applicant that the demolition and re-build of the cinema will result in no net job losses, as the new premises will be providing the occupier with a building of the right size better suited to its needs.
- 1.10 The residential and commercial development parameters of the Proposed Development are set out in **Table 1.1** below.

Table 1.1: Proposed Development Parameters

Use	Quantum
Residential	Number of Homes
Studio	23
1-bed	246
2-bed	168
3-bed	12
Total	449
Commercial	Sq m Floorspace
Yield Hall Place 1	
Proposed leisure unit (within retained Debenhams space) (Gross Lettable Area)	935
Retained retail floorspace (including Riverside floor Back of House areas)	3,541
Ground floor co-working and maker spaces	793
Ground floor restaurant unit	378
Yield Hall Place 2	
Replacement Cinema	2,653
Ground floor commercial space (excluding cinema)	464
Total	8,764

Source: CRTKL (2022)

- 1.11 Alongside the development proposals on the two sites, a suite of public realm enhancements are also proposed within the vicinity of The Oracle, including new linkages between key roads such as London Street and Inner Distributor Road.

Economic and Social Impact Assessment

- 1.12 The economic impact assessment is informed by the UK Government's Homes & Communities Agency's (HCA – now Homes England) Additionality Guide (4th Edition)¹ and Employment Density Guide (3rd Edition).² The assessment also draws on published statistical data sources (including the Office for National Statistics and Experian) and information specific to the Proposed Development (for example, details of estimated construction costs, build timeframes, development parameters and anticipated occupiers) provided by the Applicant.
- 1.13 The assessment considers the quantifiable impacts of the Proposed Development during both its construction and operational lifetime as the development is occupied. Economic impact estimates are presented as net figures, accounting for additionality factors such as leakage, displacement and multipliers.
- 1.14 Social value refers to the effects that interventions have on the long-term wellbeing and resilience of individuals, communities and society as a whole, and, where possible involves attributing monetary values to the assessed outcomes of the project, helping to illustrate the value of the project to society in financial terms.
- 1.15 The Social Value Portal's National Themes, Outputs and Measures (TOMs) Framework³ provides a standard for measuring economic value by attributing a monetised value to social indicators through the application of financial proxies. These provide an indication of scale and enable social value impacts to be quantified and compared by converting them to a 'pounds and pence' measure. In addition to quantitative analysis, which is mainly applicable to employment-related indicators, social value is also considered on a qualitative basis. This has been informed through consultation with the Applicant as to the current and future operations to be supported at The Oracle, supplemented with reference to a range of published data and information sources.

Study Area for the Assessment

- 1.16 For the purposes of this assessment, a functional economic geography has been determined using data on labour market containment from the 2011 Census (which represents the latest available evidence at the time of this assessment). This analysis has resulted in economic impacts being measured at two spatial scales:
- The **local impact area**, covering the council area of Reading. The 2011 Census found that around 45% of people who work in Reading also live in the council area, demonstrating a moderate level of containment at this scale;⁴ and
 - The **wider impact area**, covering the South East as a whole. The 2011 Census shows that circa 92% of all jobs in Reading are taken by people residing in the South East, suggesting a high level of containment within this geography.⁵

¹ Homes & Communities Agency (2014) Additionality Guide (4th Edition)

² Homes & Communities Agency (2015) Employment Density Guide (3rd Edition)

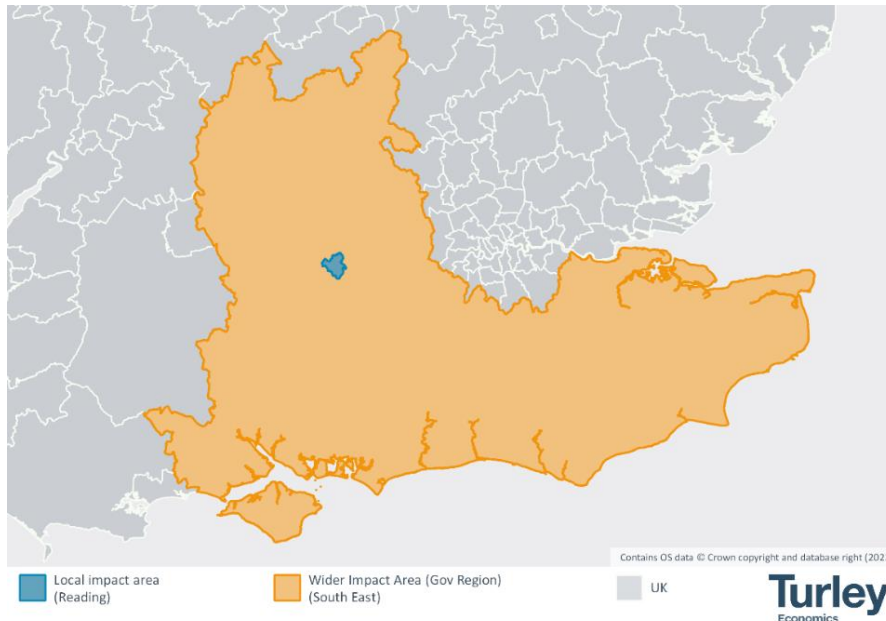
³ Social Value Portal (2022) National TOMs 2022: Themes, Outcomes and Measures

⁴ ONS via Nomis (2022) 2011 Census: WU01UK - Location of usual residence and place of work by sex

⁵ Ibid.

1.17 The study area is presented spatially overleaf at **Figure 1.1**.

Figure 1.1: Assessment Study Area



Source: Turley Economics, 2022

Structure of Report

1.18 The remainder of the report is set out as follows:

- **Section 2: Policy and Economic Context** – outlines the policy and economic context for the Site.
- **Section 3: Construction Phase Impacts** – estimates the future net additional economic impact which may be generated by the Proposed Development during the construction phase.
- **Section 4: Operational Phase Impacts** – estimates the future net additional economic impact which may be generated by the Proposed Development once fully completed and occupied.
- **Section 5: Generating Social Value** – estimates the social value contributions generated through on-site activities and demonstrates how these will support social value objectives.
- **Section 6: Conclusion** – summarises the net additional benefits generated as a result of the Proposed Development.

2. Policy and Economic Context

- 2.1 This section firstly provides an overview of the relevant economic policy and strategy context; demonstrating both the national and local government commitment to facilitating sustainable economic prosperity and employment growth through a supportive planning system. It then presents the baseline economic context against which the impact of the Proposed Development is considered.

Alignment with the National Planning Policy Framework

At a national level, the planning system is expected to play an economic role

- 2.2 The National Planning Policy Framework (NPPF)⁶ and accompanying Planning Practice Guidance (PPG)⁷ set out the Government's planning policies for England. Both are built around a policy commitment to sustainable development. In addition to a social and environmental objective, the planning system has an economic objective:

*"an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure."*⁸

- 2.3 At the heart of the NPPF is a presumption in favour of sustainable development, which requires local authorities to adopt a positive approach in order to seek opportunities to meet the "development needs of their area."⁹ Clarification is provided through Section 6 of the NPPF – 'Building a strong, competitive economy' – which states that:

*"Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential."*¹⁰

Levelling Up White Paper

- 2.4 In February 2022, the UK Government launched the Levelling Up White Paper¹¹ (LUWP) which sets out how it 'will spread opportunity more equally across the UK'. Within this, a number of Levelling Up Missions are outlined, relating to themes such as living standards, research & development and housing.
- 2.5 There is an aspiration to upgrade the general quality of housing across the country. The LUWP establishes an aspiration that: 'By 2030, renters will have a secure path to

⁶ Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework

⁷ Ministry of Housing, Communities & Local Government (2021) Planning Practice Guidance

⁸ Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework (para 8)

⁹ Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework (para 11)

¹⁰ Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework (para 81)

¹¹ HM Government (2022) Levelling Up the United Kingdom

ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas'.¹²

- 2.6 The LUWP also notes the importance of community, local pride and belonging. This involves ensuring a mix of social and physical capital, giving areas *'their unique character and vibrancy.'* In addition, it notes that *'access to leisure and cultural amenities and safe neighbourhoods can also attract businesses to high street...leading to private sector investment in communities.'*¹³
- 2.7 A key tenet to levelling up is boosting productivity, specifically targeting the North and the Midlands and in relation to the private sector. The LUWP states: *'Boosting productivity, pay, jobs and living standards by growing the private sector'*. The overall aim is that *'By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.'*¹⁴
- 2.8 By 2030, the LUWP argues that this is possible by *"unleashing private investment, encouraging enterprise and supporting a dynamic business sector"*. This is achieved by combining human, physical, intangible and financial capital to empower businesses to generate productivity gains. The LUWP argues this will *"drive productivity, improve people's quality of life and help restore their pride in the places where they live."*¹⁵
- 2.9 The Levelling-up and Regeneration Bill is currently progressing through Parliament, with key amendments to be discussed during the reporting stage beginning on 23 November 2022.

Alignment with Local Planning and Economic Strategy

Thames Valley Berkshire Local Enterprise Partnership (TVBLEP) Strategic Economic Plan sought to position the area as where national growth can be delivered

- 2.10 TVBLEP produced a Strategic Economic Plan for the period 2015/16 – 2020/21. Although this plan has now surpassed the plan period, the LEP's economy was already very successful in comparison to other LEPs in England, topping the league on many key metrics. Therefore, the key purpose of the Strategic Economic Plan was to ensure the area maintains its competitive edge.
- 2.11 The Strategic Economic Plan noted that there is a vibrant community of small and medium-sized enterprises across all sectors of the economy, such as tourism and retail. The LEP area is strongly influenced by proximity to London and Heathrow to the east. However, this also means living and housing costs are high and this can be challenging for those in low-paid employment.
- 2.12 In this context, the Strategic Economic Plan set out some key objectives, one of which was to ensure that the towns within the TVBLEP are genuine hubs in the ideas

¹² Ibid.

¹³ Ibid. page 206.

¹⁴ UK Government (2022) Levelling Up White Paper, page xvii.

¹⁵ Ibid, page 160.

economy. This identifies Reading specifically and states the need to ensure it remains a vibrant centre.

Thames Valley Berkshire's Recovery and Renewal Plan lays out an ambition to build sustainable Berkshire, with higher productivity across the economy.

- 2.13 In response to the economic downturn brought by the Covid-19 pandemic, TVBLEP produced a recovery and renewal plan to direct their actions and ambitions in the short, medium, and long-term. The latter stage concerned the forthcoming 2-5 years.
- 2.14 The Plan recognises that fewer people will commute out of Berkshire due to changes in working patterns and the rise in remote working, and as a result there is an identified commitment to ensure the development of residents' employment and leisure needs within the county.

Reading Borough's Local Plan aspires to strengthen Reading's role as a hub for the Thames Valley

- 2.15 The Reading Borough Local Plan¹⁶ was adopted in November 2019 and details how Reading will develop up to 2036. The overarching objectives of the Local Plan that inform its policies include, but are not limited to:
- “Strengthening the role of Reading, including central Reading, as the hub for the Thames Valley, providing an accessible focus for the development of employment, housing, services and facilities, meeting the needs of residents, workers, visitors, those who study in Reading Borough, and the wider area”;
 - “Making the most efficient use of Reading's limited land, particularly previously developed land, to ensure that as many new homes as possible are delivered to meet identified needs, particularly needs for affordable housing”; and
 - “Improving the quality of life for those living, working, studying in and visiting the Borough, creating inclusive, sustainable communities with good access to employment, open space and waterspace, transport, education, services and facilities (such as sustainable water supplies and wastewater treatment, healthcare services, social and community facilities, sport and recreation, etc.) to meet identified needs”.
- 2.16 Policy H1 also supports the provision of housing, stating that provision will be made for at least an additional 15,847 homes between 2013 and 2036.
- 2.17 Finally, the Local Plan aspires to refurbish and regenerate existing units and maintain a variety of premises. Specifically, Policy EM1 provides to increase the net level of office floorspace by 53,000 – 112,000 sqm and 148,000 sqm of industrial / warehouse floorspace in Reading between 2013 and 2036.

¹⁶ Reading Borough Council (2019) Reading Borough Local Plan

Reading 2050 aims to establish Reading as an ‘internationally recognised and economically successful city region’

2.18 In parallel to the development of the Local Plan, Reading UK¹⁷, the economic development and marketing company for Reading, has launched a 2050 vision for the town as a smart and sustainable city by 2050. Reading UK has worked closely with Barton Willmore and the University of Reading, two Board member partners, in developing this document. It also undertook a wide consultation process with local businesses, residents and visitors to the town.

2.19 By 2050, it is envisioned that Reading will be a city that:

- Shares success to support and enable thriving communities;
- Delivers a real sense of place and identity;
- Thrives on cultural and cross-generational diversity;
- Is recognised for its heritage and natural assets;
- Embeds technology to deliver innovation and low carbon living for all; and
- Welcomes ethical and sustainable businesses who support Reading.

Reading’s Housing Strategy aspires to ensure all residents have the opportunity to live in a good quality, sustainable home they can afford, within a thriving neighbourhood

2.20 Reading Borough Council’s Housing Strategy¹⁸ covers the period 2020-2025 and is built around three key themes: the supply of accommodation, the quality of accommodation and neighbourhoods and support to residents. Under these, there are six key priorities:

- Deliver high quality and sustainable homes and neighbourhoods.
- Facilitate a supply of housing that will meet the identified needs of all residents.
- Enhance the quality, safety and sustainability of existing homes.
- Create attractive and connected neighbourhoods.
- Prevent homelessness and help people sustain their accommodation.
- Enable residents to access support, maintain their independence and have a voice in respect of the services they receive.

Reading Social Value Policy

2.21 The Public Services (Social Value) Act 2012 came into force in January 2013. The Act introduced an obligation on public authorities to have regard to economic, social and environmental well-being in connection with public services contracts. However,

¹⁷ Reading UK (2017) Reading 2050 Vision

¹⁸ Reading Borough Council (2020) Housing Strategy for Reading 2020 - 2025

Reading Borough Council have also considered how it can deliver social value on a wider basis, including in its role as an influencer and its wider policy. This includes in their use of planning powers.

- 2.22 The Council proposes to use the National Themes, Outcomes, Measures (TOMs) framework to inform their social value commitments and provide a consistent reporting standard for measuring social value delivered.
- 2.23 The National TOMs Framework has been designed around 5 principal themes. These are:
- **“Jobs: Promote Local Skills and Employment:** To promote growth and development opportunities for all within a community and ensure that they have access to opportunities to develop new skills and gain meaningful employment.
 - **Growth: Supporting Growth of Responsible Regional Business:** To provide local businesses with the skills to compete and the opportunity to work as part of public sector and big business supply chains.
 - **Social: Healthier, Safer and more Resilient Communities:** To build stronger and deeper relationships with the voluntary and social enterprise sectors whilst continuing to engage and empower citizens.
 - **Environment: Decarbonising and Safeguarding our World:** To ensure the places where people live and work are cleaner and greener, to promote sustainable procurement and secure the long-term future of our planet.
 - **Innovation: Promoting Social Innovation:** To promote new ideas and find innovative solutions to old problems.”
- 2.24 RBC has identified some key areas of focus for social value¹⁹ in Reading that link to overall Council aims and priorities in the Council’s Corporate Plan. These are summarised in the table below.

Table 2.1: Reading Borough Council’s Social Value Areas of Focus

Objective	TOMs Measure
Initiatives that support local skills and employment, including (but not limited to) schemes and programmes that provide apprenticeships and training, support care leavers and those Not in Education, Employment or Training (NEETs).	NT2: Percentage of local employees (FTE) on contract
	RE3: Employer’s fairs held to encourage local employment in the area
	NT4/ NT4a: No. of employees (FTE) hired on the contract who are Not in Employment, Education, or Training (NEETs)/ aged 16-25 care leavers as a result of a recruitment programme

¹⁹ Reading Borough Council (2022) Social Value Policy. Available at: <https://www.reading.gov.uk/the-council-and-democracy/council-strategies-plans-and-policies/social-value-policy/>

	NT8: No. of staff hours spent on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (including preparation time);
	NT13: Meaningful work placements (paid);
Initiatives that support the borough response to the Climate Emergency	NT31: Savings in CO2 emissions on contract achieved through de-carbonisation;
	NT44: Policy and programme to achieve net zero carbon by 2030 including monitoring plan with specific milestones. This should not include offsetting (unless in line with stringent criteria);
	NT46: Corporate travel schemes available to employees on the contract (subsidised public transport, subsidised cycling schemes and storage, sustainable corporate transport such as electric bus from public station to corporate facilities);
	NT65: Percentage of fleet or construction vehicles on the contract that is at Least Euro 6 or LEV;
	NT53: Innovative measures to safeguard the environment and respond to the climate emergency to be delivered on the contract – these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.;
Initiatives that support digital inclusion (access to equipment, connectivity and building skills and confidence).	

Source: www.reading.gov.uk

Local Socio-Economic Conditions

- 2.25 In order to set the Proposed Development in a broader context and to assess its potential impacts, a socio-economic profile of Reading is presented. This looks at key metrics, including age profile, economic activity and unemployment rates, as well as the economic contribution of the construction, retail and leisure and the professional services sectors. These characteristics are described below:

Population Composition

- The total population of Reading in 2020 stood at 160,300 of which 106,000 people were of working age (16-64 years).²⁰
- This working-age population equates to 66.1% of the total population, which is notably higher than both the South East average (61.1%) and the average for Great Britain (62.4%).²¹

Economic Activity

- 82.0% of the working-age population of Reading is economically active, which is slightly higher than the economic activity rates across the South East at 80.9%, and the 78.6% recorded across Great Britain as a whole.²²
- Of the economically active residents in Reading, 89,400 people – or 79.3% of all working age residents – are in employment, which is higher than the levels recorded across the South East (78.2%) and Great Britain (75.5%).²³
- Over the past year, an average of 3,200 economically active residents were recorded as unemployed in Reading, which is equivalent to 3.5% of all economically active residents in the local area. The unemployment rate in Reading is therefore slightly higher than the 3.3% recorded in the South East, though both are slightly lower than the 3.8% recorded across Great Britain as a whole.²⁴ The latest (September 2022) figures indicate that just over 4,370 people in Reading are claiming benefits associated with being out of work.²⁵
- Of those residents claiming Jobseeker's Allowance (JSA) (a sub-sector of the overall claimant count), 90 are actively seeking roles in the construction industry. A further 70 were seeking jobs in the retail industry.²⁶

Sectors of Employment

- At 1.6%, the proportion of total employee jobs that are in the construction industry in Reading is markedly lower than the average for the South East, 5.8%, and the proportion across Great Britain, 7.6%.²⁷
- Similarly, Reading (8.1%) has relatively higher numbers of employee jobs in the retail trade than the South East (5.8%) and Great Britain (7.6%). Conversely, the accommodation and food service sector accounts for 5.4% of employee jobs in

²⁰ ONS via Nomis (2021) Population estimates - local authority based by five-year age band: 2020

²¹ ONS via Nomis (2022) Annual Population Survey: July 2021 -June 2022

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ ONS via Nomis (2022) Claimant Count: September 2022

²⁶ ONS via Nomis (2022) Jobseekers Allowance by Sought Occupation: September 2022

²⁷ ONS via Nomis (2022) Business Register and Employment Survey: 2021

Reading, which is significantly lower than across the South East and Great Britain (7.3% and 7.5% respectively).

- Reading has a notably higher proportion of employees in professional, scientific and technical activities. 14.5% of employee jobs in Reading are included within this category compared with 9.2% regionally and 8.9% nationally. Likewise, there are 16.3% of employees in information & communication activities, whereas these are 5.5% regionally and 4.4% nationally.

Earnings

- The median full-time gross weekly wage for Reading residents is £658.60 per week, which is slightly lower than the South East average of £660.10 but significantly higher than the national average of £613.10.²⁸
- At £651.60 per week, the median gross full-time weekly workplace wage in Reading is lower than the resident wage of £658.60 but still higher than the regional and national averages. This suggests that there is an element of people commuting into other areas (including London) to work in higher-paid employment that local residents do not have access to, but also that the number of jobs paying higher wages in Reading is relatively low compared to wider comparators.

Summary

- 2.26 In summary, the importance of improving the quality of housing is outlined at the national level in the Levelling up White Paper as well as local planning documents such as the Reading Local Plan.
- 2.27 The Levelling up White Paper has an ambition that *"by 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas."* In addition, the Reading Local Plan aims to develop Reading as a hub for employment and housing, while utilising the current limited land that Reading has to develop new homes that are affordable and of high-quality. Policy H1 in the Local Plan supports the provision of housing, stating that provision will be made for at least an additional 15,847 homes between 2013 and 2036. Reading Borough Council's Housing Strategy aims to improve the supply of accommodation, the quality of accommodation and neighbourhoods and support residents.
- 2.28 Across national, regional and local planning policy, the importance of economic growth is outlined. The LUWP emphasises the importance of *'Boosting productivity, pay, jobs and living standards by growing the private sector'*. The TVBLEP Strategic Economic Plan emphasises the importance of ensuring that the labour supply is satisfied across the LEP and also notes that there is a vibrant community of small and medium-sized enterprises in retail.
- 2.29 The Public Services (Social Value) Act introduced an obligation on public authorities to have regard to economic, social and environmental well-being in connection with

²⁸ ONS via Nomis (2021) Annual Survey of Hours and Earnings: 2021

public services contracts. Reading Borough Council has considered how it can deliver social value on a wider basis by using the TOMs framework to inform its social value commitments. This framework has five principal themes which are promoting local skills and employment, supporting growth of responsible business, creating healthier, safer and more resilient communities, decarbonising and promoting social innovation. Reading Borough Council reflects these themes and links them to the Council's Corporate Plan. These primarily include initiatives to support local skills and employment, the response to climate change and digital inclusion.

- 2.30 The analysis of local socio-economic conditions indicates that a high proportion of Reading residents are economically active and employed (compared to the South East and Great Britain as a whole). Since the median gross weekly workplace wage in Reading is lower than the local resident wage, this suggests a proportion of the borough's residents commute outside of the area for higher-paying jobs. These are both higher than the regional and national averages.
- 2.31 Reading currently has a significantly higher proportion of employees jobs in the retail trade than South East and Great Britain but Reading has a lower proportion in the food service sector than across the wider areas. In addition, Reading has a notably higher proportion of employees in professional, scientific and technical activities than in the South East and Great Britain.

3. Construction Phase Impacts

- 3.1 This section presents the quantified economic impacts likely to be generated during construction of the Proposed Development. These include full-time equivalent (FTE) construction jobs and Gross Value Added (GVA) (productivity) impacts assessed in respect of Reading (the local impact area) and the South East (the wider impact area).

Investment and Gross Employment

- 3.2 Construction of the Proposed Development will support important investment in the construction sector, with build costs, inclusive of professional fees, estimated as £121.8 million.²⁹
- 3.3 Based on the average turnover per employee in the South East's construction industry,³⁰ this could be expected to support c. 545 person-years of direct employment. This equates to an average of c. 260 gross direct FTE construction-related jobs supported on and off-site over the duration of an indicative 2.1 year build period.

Net Additional Employment

- 3.4 'Net additional' employment is the term used to refer to the final scale of employment that is generated once a number of economic considerations have been taken into account; it is the sum of the net direct and indirect employment impacts of a proposal.
- 3.5 The creation of temporary construction jobs during the build period will provide new employment opportunities for the local and wider labour force in Reading and across the South East. The positive economic impacts of the Proposed Development will extend beyond construction employment. Expenditure on construction materials, goods and other services will have far-ranging benefits both locally and further afield as it filters down the supply chain.
- 3.6 Published guidance from the HCA recommends a specific approach to calculating additionality.³¹ Its recommended approach takes account of multiplier effects generated both through the supply chain and induced financial benefits arising from increased local expenditure. The approach allows for the consideration of the following:
- **Deadweight** – the economic outcomes which would occur if the Proposed Development were not implemented;
 - **Leakage** – a measure of the extent to which employment will be taken up by persons residing outside of the target area;

²⁹ Construction costs provided by the Applicant.

³⁰ Department of Business, Energy and Industrial Strategy (2022) Business Population Estimates: 2022 – Table 22: South East

³¹ Homes & Communities Agency (2014) Additionality Guide (4th Edition). The Guide advises on the assessment of the additional impact (or 'additionality') of interventions in terms of local and regional economic growth.

- **Displacement** – the extent to which investment in the Proposed Development will lead to existing companies or employees within the target area relocating activities to the Site, rather than attracting new investment and employment from businesses located outside of the target area; and
- **Multiplier effects** – further economic activity (jobs, expenditure or income) associated with additional local income (from employment), local supplier purchases and longer-term expenditure effects.

3.7 These factors are considered below to estimate the net additional employment benefit generated by construction of the Proposed Development.

Deadweight

3.8 Deadweight is considered to be zero during construction and is not explored in further detail here, given that a continuation of the site's current state would not generate additional employment opportunities in the construction sector.

Leakage

3.9 The creation of construction jobs as a result of the Proposed Development can be expected to provide new employment opportunities both for local residents of Reading as well as those residing in the South East.

3.10 The 2011 Census found that c. 45% of those working in Reading also reside in the authority area, with c. 92% of jobs being filled by residents of the wider impact area. It is therefore reasonable to assume that a leakage rate of 55% should be applied to account for jobs taken by people living outside of the local impact area, with 10% leakage assumed at the scale of the wider impact area (the South East).

Displacement

3.11 Displacement occurs when new development takes existing market share – in this case labour – from other existing local businesses. During construction, this allows for the possibility that an increase in demand for construction workers could result in delays to other developments or increased costs, if there is a temporary shortage of construction labour.

3.12 As highlighted in Section 2 of this report, as of September 2022 there were at least 90 JSA claimants in Reading specifically seeking employment in construction-related occupations, as well as further claimants receiving Universal Credit whose sought occupation is not reported.³² Further latent labour force capacity also exists beyond the authority area across the rest of the South East, with over 4,665 people seeking employment in occupations relating to construction.

3.13 Given the current low levels of those seeking construction related employment within Reading along with the generally high levels of employment, it is considered reasonable to make an allowance for a moderate level of displacement in the local impact area. With regard to the larger supply of construction workers within the South East, it is reasonable to assume that displacement may be at a lower level. Taking into

³² ONS via Nomis (2022) Jobseeker's Allowance by Occupation: September 2022

consideration guidance outlined in the Additionality Guide,³³ during construction of the Proposed Development, a medium (50%) rate of displacement has been applied for the local impact area and a low (25%) rate of displacement has been applied for the wider impact area.

Multiplier Effects

- 3.14 Investment in the Proposed Development will generate considerable expenditure on construction materials, goods and other services that will be purchased from a wide range of suppliers. This expenditure has far-ranging benefits both locally and further afield, as it filters down the construction supply chain (indirect effects). Employees working in construction in relation to the development will also spend their wages on goods and services (induced effects).
- 3.15 This will result in an amplification of the initial investment in the Proposed Development; in other words an economic multiplier effect, with linked benefits in terms of expenditure on goods and services locally. This will bring indirect employment and financial benefits for local individuals and firms involved in skilled construction trades and associated professions and could help sustain employment within this sector across the local and wider economy.
- 3.16 Based on the guidance within the HCA Additionality Guide,³⁴ a sub-regional composite multiplier of 1.25 has been applied at the scale of the local impact area, with a multiplier of 1.5 being applied at the scale of the South East.

Net Additional Employment

- 3.17 Allowing for these additionality factors, it is estimated that the construction of the Proposed Development will directly generate 175 FTE employment opportunities for residents in the South East throughout the construction programme, of which 60 will be local to Reading.
- 3.18 A further 90 indirect and induced FTE jobs could be annually supported across the South East through economic multiplier effects, of which 15 could be local to Reading.
- 3.19 Therefore in total, the direct and indirect impacts of the construction of the Proposed Development can be expected to support an average of 265 net additional FTE employment opportunities for residents of the South East throughout construction, inclusive of 75 jobs for residents of Reading. This is summarised in **Table 3.1** overleaf.

³³ Homes & Communities Agency (2014) Additionality Guide (4th Edition). Table 4.13 - composite multiplier (all observations) at sub-regional level (1.25) and medium multiplier (1.5) for average linkages at regional level.

³⁴ Ibid.

Table 3.1: Construction Phase Employment

	Local Impact Area	Wider Impact Area
Person-years of Employment		545
Construction Period (Years)		2
Gross FTE Employment		260
Direct Net Additional FTE Employment	60	175
Indirect / Induced Net Additional FTE Employment	15	90
Total Net Additional FTE Employment	75	265

Source: Turley Economics, 2022

Productivity Impacts

- 3.20 The construction phase of the Proposed Development will generate an increase in Gross Value Added (GVA). GVA measures the value of output created (i.e. turnover) net of inputs purchased and used to produce a good or service (i.e. production of the output) and therefore provides a key measure of economic productivity.
- 3.21 Estimates sourced from economic data provider Experian indicate that the average FTE employee in the construction industry in the local impact area generates c. £106,200 GVA annually.³⁵ This means it is higher than both the all-sector Reading average of c. £92,800 and the South East (£78,400), highlighting the sector's importance to local, sub-regional and national economic recovery following the fall in economic output in the wake of the Covid-19 pandemic.
- 3.22 Applying the appropriate GVA measures to the net additional employment generated by the construction of the Proposed Development indicates that an additional £34.8 million GVA could be annually generated across the wider impact area during the construction period, inclusive of £29.1 million concentrated in the local impact area.
- 3.23 Over the 2.1 year construction period, it is therefore estimated that construction of the Proposed Development will generate £72.5 million GVA within the South East, inclusive of £60.6 million concentrated in Reading. This is summarised in **Table 3.2** overleaf.

³⁵ Experian (September 2022) Local Market Forecasts Quarterly; annual average 2017 – 2021

Table 3.2: Construction Phase GVA

	Local Impact Area	Wider Impact Area
Direct Net Additional GVA (Annual)	£27.7 million	
Indirect / Induced Net Additional GVA (Annual)	£1.4 million	£7.1 million
Total Net additional GVA (Annual)	£29.1 million	£34.8 million
Total Net Additional GVA (Construction Period)	£60.6 million	£72.5 million

Source: Turley Economics, 2022

Construction Phase Summary

3.24 In summary, the construction of the Proposed Development has the potential to generate the following economic impacts:

- A total of **545** person-years of employment directly supported through construction investment, equating to an average of **260** FTE gross direct jobs over the duration of the estimated construction period of 2.1 years;
- An average of **265** direct, indirect and induced net additional FTE employment opportunities generated for workers in the South East during construction, of which **75** could be held by residents of Reading; and
- Total net additional contribution of circa **£72.5 million** GVA to the South East's economic output, of which **£60.6 million** will be concentrated in Reading.

4. Operational Phase Impacts

- 4.1 This section presents the quantified economic impacts likely to be generated during the operational phase. Upon completion and full operation, the Proposed Development will deliver a range of economic impacts which will persist over the long term. This will support the wider economic growth objectives of local, sub-regional and national policy and strategy.
- 4.2 As in the previous section, the economic benefits are outlined in respect of Reading (the local impact area) and the South East (the wider impact area).

Current Employment

- 4.3 The Applicant has advised that within the area of The Oracle to be redeveloped in the Upper Mall, there is currently 4,470 sq m (GIA) of floorspace in economically active use occupied by Next Beauty & Home³⁶ and two restaurants.³⁷ Using published guidance, this has been estimated to support approximately 60 FTE jobs.³⁸
- 4.4 The Applicant has indicated that there is an existing break clause in the tenancy signed by Next Beauty & Home and F&B uses, on which a decision is due in mid-2023. In the likely event that this is triggered by the tenants, the employment supported by current activities in the space set to be demolished or re-purposed as result of the Proposed Development would become zero. Based on evidence provided by Colliers, it is likely that it would be difficult to relet these units to other occupiers given the high vacancy rate across Reading as a whole and the tendency of shopping centres to have the highest levels of long-term vacancy.³⁹
- 4.5 Whilst the Vue Cinema is also set to be redeveloped as part of the proposals, employment levels are not expected to be affected. The demolition and re-build of the cinema will result in no net job losses, as the new premises will be providing the occupier with a building of the right size better suited to its current needs, as confirmed in discussions held with the Applicant.

Employment Generated by Proposed Development

- 4.6 At Yield Hall Place 1, 2,593 sq m (GIA) of the floorspace accommodating the F&B units and part of the Next Beauty & Home store is set to be demolished and redeveloped into residential space. The remainder of the floorspace within the Next Beauty & Home unit in the Upper Mall (1,643 sq m) and vacant floorspace in the Lower Mall (1,391 sq m) is set to be repurposed to accommodate improved retail uses.

³⁶ This assessment has assumed that Next Beauty & Home accommodates 1 job per 90 sq m (NIA) due to the slow-moving nature of goods stocked (bulky goods / retail warehousing).

³⁷ This assessment has assumed that the restaurants accommodate 1 job per 17.5 sq m (NIA).

³⁸ Homes & Communities Agency (2015) Employment Density Guide (3rd Edition)

³⁹ Colliers (2022) The Oracle Reading Market Report

- 4.7 Alongside this at Yield Hall Place 1, floorspace will be introduced to accommodate an entertainment venue (935 sq m) with additional F&B uses provided at Yield Hall Place 1 and Yield Hall Place 2 (+378 and +464 sq m, respectively).
- 4.8 For the purposes of this assessment, the employment generating floorspace within the existing and proposed developments is set out within **Table 4.1** overleaf.

Table 4.1: Employment Generating Floorspace (Existing and Proposed)

Active	Use Class	Sq m Floorspace
Active Retail / F&B floorspace to be demolished (Next B&H Upper Mall and F&B units)	Class E (a) and (b)	- 2,593
Active Retail floorspace lost to be partially re-purposed (Next B&H - Upper Mall)	Class E (a)	- 1,877
Total active retail / F&B floorspace lost to re-development	-	- 4,470
Retail floorspace to be re-purposed (Upper Mall)	Class E (a)	+ 1,643
Vacant floorspace to be re-purposed (Lower Mall)	Class E (a)	+ 1,391
Total floorspace to be re-purposed	-	+ 3,034
Entertainment Venue (Yield Hall Place 1)	Class E / Sui Generis	+ 935
Food and Beverage (Yield Hall Place 1)	Class E (b)	+ 378
Food and Beverage (Yield Hall Place 2)	Class E (b)	+ 464

Source: CRTKL (2022). Floorspace areas (in sq m) are gross lettable areas used for the purposes of calculating employment figures and may not correspond with other existing / proposed floorspace figures within other planning documents. The above does not include co-working / maker spaces which will also support workers / small businesses.

On-site Employment

- 4.9 Based on the quanta of retail and food & beverage uses to be delivered at the Proposed Development, and the respective employment densities for these types of uses as advised by published guidance,⁴⁰ it is estimated that the delivery of new commercial (retail and food & beverage) floorspace has the potential to accommodate

⁴⁰ Homes & Communities Agency (2015) Employment Density Guide (3rd Edition). The employment densities have been applied based on our understanding of the likely occupiers of the proposed retail / F&B floorspace (an average of 55 jobs / sq m (NIA) for the retail floorspace in the Upper / Lower Mall (reflecting a mix of retail and retail warehousing), 20 jobs / sq m (NIA) for the entertainment venue (which will have a strong F&B offer), and 17.5 jobs / sq m (NIA) (for the restaurant)).

130 gross FTE jobs on-site in addition to the 30 FTE jobs supported in the operation of the residential building and co-working / maker spaces (as advised by the Applicant).

Net Additional Employment

4.10 As outlined in Section 3, net additional employment can be estimated by considering the following factors:

- **The Reference Case (Deadweight)** – whilst the majority of the former Debenhams building which is set to be redeveloped is not in economically active use, the Upper Mall is currently occupied by Next Beauty & Home with Franco Manca and The Real Greek at the Riverside level. As at paragraph 4.3, it has been calculated that this floorspace currently supports the employment of approximately 60 gross FTE jobs, along with additional indirect / induced jobs supported within the supply chain.
- **Leakage** – based on the findings of the 2011 Census,⁴¹ a rounded leakage rate of 55% is again applied to account for jobs taken by people living outside of the local impact area of Reading, with 10% leakage assumed at the scale of the wider impact area of the South East.
- **Displacement** – a medium allowance for displacement (50%, drawing on the HCA Additionality Guide)⁴² has been made at the local impact area scale to reflect the current high levels of employment and vacancy rates for retail jobs. At the wider impact area scale, a low level allowance for displacement (25%) has been made.
- **Multiplier effects** – these have been applied to align with the Additionality Guide's recommendations⁴³ at the scale of the local (1.25) and wider impact area (1.3). This captures indirect / induced employment supported through expenditure on goods and services within the supply chain, and that supported by employee expenditure in shops and on services.

4.11 Informed by the above additionality factors, summary tables are provided below which present details of the gross, direct and indirect / induced employment for the existing development (**Table 4.2**), the Proposed Development (**Table 4.3**) and the difference between the two in terms of net additional employment (**Table 4.4**) overleaf.

⁴¹ ONS via Nomis (2022) 2011 Census: WU01UK - Location of usual residence and place of work by sex. Note that equivalent data from the 2021 Census has not been released at time of writing.

⁴² Homes & Communities Agency (2014) Additionality Guide (4th Edition). Table 4.13 - composite multiplier (all observations) at sub-regional level (1.25) and low multiplier (1.3) for limited linkages at regional level.

⁴³ Ibid.

Table 4.2: Existing Employment Supported on the Site

	Local Impact Area	Wider Impact Area
Gross On-site Employment		60
<i>Leakage</i>	35	5
<i>Displacement</i>	15	15
Direct Net Additional FTE Employment	15	40
Indirect / Induced Net Additional FTE Employment	5	15
Total Net Additional FTE Employment	15	55

Source: Turley Economics, 2022

Table 4.3: Proposed Operational Phase Employment

	Local Impact Area	Wider Impact Area
Gross On-site Employment		160
<i>Leakage</i>	85	15
<i>Displacement</i>	35	35
Direct Net Additional FTE Employment	35	105
Indirect / Induced Net Additional FTE Employment	10	30
Total Net Additional FTE Employment	45	140

Source: Turley Economics, 2022. May not sum due to rounding.

Table 4.4: Net Additional Proposed Operational Phase Employment

	Local Impact Area	Wider Impact Area
Gross On-site Employment		95
Direct Net Additional FTE Employment	20	65
Indirect / Induced Net Additional FTE Employment	5	20
Total Net Additional FTE Employment	25	85

Source: Turley Economics, 2022. May not sum due to rounding.

- 4.12 On the basis of the above analysis which includes additionality factors and the examining of the existing employment supported on the site, it is estimated that once complete and fully operational, the Proposed Development could generate 85 direct, indirect and induced net additional FTE jobs across the South East, inclusive of 25 jobs for Reading residents.
- 4.13 As noted at paragraph 4.4 above, in the anticipated event that the existing tenants choose to trigger their break clause in mid-2023, the employment supported by the current activities in the space to be demolished or re-purposed as a result of the Proposed Development would reduce to zero. On this basis, the Proposed Development would generate 140 direct, indirect and induced net additional FTE jobs across the South East, including 45 jobs in Reading.

Productivity Impacts

- 4.14 The operational phase of the Proposed Development will also contribute to economic productivity across the local and wider impact areas. Applying relevant measures to the net additional employment effects presented in **Table 4.4** above, the modelling suggests that an additional £5.5 million GVA will be generated annually across the South East region, including £4.5 million concentrated within the Reading local impact area. The net economic productivity benefits are summarised in **Table 4.5** below.

Table 4.5: Operational Phase GVA

	Local Impact Area	Wider Impact Area
Direct Net Additional GVA (Annual)	£4.0 million	
Indirect / Induced Net Additional GVA (Annual)	£0.5 million	£1.6 million
Total Net additional GVA (Annual)	£4.5 million	£5.5 million

Source: Turley Economics, 2022. May not sum due to rounding.

- 4.15 As noted above, in the event that the existing tenants choose to trigger their break clause in mid-2023 and relocate from the centre, the Proposed Development would generate direct, indirect and induced net productivity benefits of £9.1 million per annum concentrated within the South East with £7.3 million generated in Reading.

Business rates

- 4.16 Businesses pay non-domestic rates (known as business rates) to contribute to the cost of the local authority providing public services within which the business property is situated. The Business Rate Retention Scheme (BRRS) provides a direct link between business rates growth and the amount of money local authorities have to spend on local people and local services.
- 4.17 Local authorities are now able to keep at least 50% of the growth in business rates revenue that is generated in their administrative area. The Government's intention is

that this will provide a strong financial incentive for local authorities to promote economic growth, as well as providing a greater degree of discretion in terms of how this additional revenue is spent.

- 4.18 Reading Borough Council will collect an additional £260,000 in business rates per annum as a result of the Proposed Development, with the potential for it to retain £130,000 of this revenue. This funding will contribute towards the delivery of public services and enable investment in maintaining and enhancing infrastructure within the locality.

Accommodating a New Residential Community

- 4.19 The 449 new homes to be developed on the application site are expected to accommodate approximately 780 residents upon full occupation, based on ONS average household size data⁴⁴ applied to the prospective residential accommodation mix of house sizes to be delivered.

Growing the Labour Force

- 4.20 The Proposed Development will help to support the long-term economic competitiveness of Reading by providing residential homes that will appeal to and attract skilled people to live in the area, as well as providing a choice of homes for people already living locally. As identified in Section 2, this is highlighted as a key priority throughout strategy documents, which strives to maintain Reading and the surrounding area as a key economic driver nationally.
- 4.21 Based on the latest Annual Population Survey figures on the proportion of residents who are of working age, economically active and employed in Reading, it is estimated that the delivery of 449 new homes in Reading could accommodate 660 residents of working age who are economically active and employed once the Proposed Development is complete and occupied.⁴⁵
- 4.22 The residential building will also include co-working / maker spaces of 793 sq m which will be capable of supporting a variety of individuals and businesses, accommodating approximately 65 workers.
- 4.23 The residential population in active employment and provision of high quality co-working and maker spaces within the development will make an important contribution to the ongoing competitiveness of the immediate area, and the wider economy, by supporting and growing its labour force. This in turn could also assist in securing a supply of skilled labour which will be available to local businesses and prospective investors in the area.

Incomes and Enhanced Local Spending Power

- 4.24 Household income and expenditure in the local economy will occur over a long period in which each home is occupied. The occupational profile of Reading's resident workforce⁴⁶ and analysis of ONS earnings data⁴⁷ indicates that combined gross income

⁴⁴ ONS via Nomis (2022) LC4405EW - Tenure by household size by number of bedrooms

⁴⁵ ONS via Nomis (2022) Annual Population Survey: July 2021 – June 2022

⁴⁶ Ibid.

⁴⁷ ONS (2022) Annual Survey of Hours and Earnings

earned by residents of Proposed Development could equate to £19.3 million annually.⁴⁸

- 4.25 This income will be used to meet housing and other fixed household costs. However, a considerable proportion of this income will be available for other expenditure in the local economy, which will contribute significantly to sustaining local shops and businesses, which in turn are an important source of local employment.
- 4.26 Expenditure on convenience and comparison goods is estimated to equate to an average of £6,900 per person per annum in Reading,⁴⁹ with the average resident spending a further £3,800 on leisure goods and services. On this basis, it is estimated that the Proposed Development could generate total expenditure of circa £5.4 million per annum on convenience and comparison retail goods plus a further £2.9 million on leisure-related goods and services.
- 4.27 This additional expenditure is expected to support jobs within the retail and leisure industries. Based on levels of average turnover per employee in these sectors, it is estimated that resident expenditure could have the capacity to support approximately 85 retail and leisure-related employee jobs across Reading and the South East.⁵⁰

Council Tax: Public Revenue for Local Investment

- 4.28 New development can make an important contribution to the resource base of local authorities through growing Council Tax revenues, which are here distributed between various public bodies. The Proposed Development can therefore be expected to benefit Reading Borough Council as well as other local services such as the police and fire service.
- 4.29 Based upon the mix of new homes to be developed and their estimated Council Tax banding, the Proposed Development is expected to generate an additional £1.0 million in additional Council Tax payments for collection by Reading Borough Council annually once fully occupied.⁵¹ This could provide an important source of additional revenue for delivering public services as well as investing in maintaining and enhancing infrastructure.

Operational Phase Summary

- 4.30 In addition to creating enhanced social vitality through the increased number of people living in the area, the completion and occupation of the Proposed Development would be expected to result in the following quantifiable net additional impacts:

⁴⁸ Note that this is based on median South East incomes for the average overall occupational profile in Reading, and therefore wages earned by residents could, for example, be higher than this figure if residents work in higher-paid jobs than the average for their occupation in the country and/or if the resident profile is weighted more towards professional occupations than the authority average. This figure also does not include other sources of income, such as those derived from investments or social security benefits.

⁴⁹ Oxford Economics via Precisely (2022) UK Consumer Expenditure: 2022

⁵⁰ Department of Business, Energy and Industrial Strategy (2022) Business Population Estimates: 2022 – Table 18: South East. Analysis based on the average turnover per employee for the retail, food & accommodation services and arts, entertainment & recreation sectors to determine the number of jobs supported by resident expenditure.

⁵¹ At 2022/23 Council Tax rates for Reading.

- A total of **85** direct, indirect and induced net additional FTE jobs in the South East, including **25** for Reading residents, could be supported once the Proposed Development is fully operational.
- **£5.5 million** net Additional GVA could be generated annually within the South East economy, inclusive of **£4.5 million** concentrated in Reading, as a result of the Proposed Development.
- Business rates revenue of **£260,000 per annum** to be collected by Reading Borough Council every year, of which 50% will be retained locally.
- The **449** new homes could accommodate **780** residents, of whom it is estimated that **660** would be of working age, economically active and employed.
- The co-working / maker spaces will be capable of supporting a variety of individuals and businesses, accommodating **approximately 65 workers**.
- Residents could earn a combined gross annual income of **£19.2 million**, generating new demand in the local economy.
- Residents could generate a total annual retail expenditure of **£5.4 million** plus a further **£2.9 million** on leisure-related goods and services, which would have the capacity to support up to **85** jobs in the retail and leisure sectors.
- An additional **£1.0 million** in Council Tax receipts for Reading Borough Council could be generated annually once homes are occupied, providing an important source of additional revenue for delivering public services as well as investing in maintaining and enhancing infrastructure.

5. Social Value

- 5.1 In addition to the economic benefits outlined in the previous section, the Proposed Development (combined with the mix of uses supported at The Oracle through existing activities) will deliver significant social value over the long term in Reading. These can be summarised as the effects that interventions have on the wellbeing and resilience of individuals, communities and society as a whole.
- 5.2 This section considers the broader social value which can be expected to be generated, both as a direct result of the Proposed Development and its cultivation of a new residential-led, mixed-use scheme, as well as through the existing uses at The Oracle, which will be bolstered and enhanced by the delivery of the Proposed Development.
- 5.3 This report aims to present both quantitative and qualitative social value benefits. Whilst the deployment of the TOMs Framework is considered an effective approach for considering social value, and is something which underpins the Council's approach to targeting and measuring social value, it must also be recognised that certain social value indicators (e.g. those associated with employment where detailed financial information can inform analysis) lend themselves to the generation of quantitative measures of social value to a far greater extent than is possible for other indicators. The true social value impacts of placemaking which creates a healthy and sustainable urban environment, are naturally more qualitative in nature, having a social value far in excess of the capital sum invested in their implementation. These impacts are therefore less straightforward to quantify through use of published statistical data.
- 5.4 Therefore, it should be stressed that, whilst financial sums can be presented as the value to society in relation to certain aspects of the Proposed Development, particularly during the construction phase, other indicators of social value which are described in purely qualitative terms (and for which lower financial values or the relevant proxies alone are presented) are not necessarily of lower importance. In many cases, quantitative and qualitative aspects of social value creation are mutually supportive. Whilst the social value of the creation of employment opportunities can be readily quantified using financial proxies (e.g. figures related to a reduction in expenditure on unemployment benefits and healthcare costs), the ability to create new jobs and a skilled workforce relies on other less quantifiable factors. These may include the delivery of urban regeneration and placemaking projects which can attract new residents and employers to an area and which also benefit the overall health and wellbeing of the population, further supporting positive socio-economic outcomes.
- 5.5 The quantitative and qualitative analysis therefore combines to highlight that the range and scale of social value contributions of the scheme are likely to be highly significant in the context of existing baseline conditions, local needs and growth ambitions.

Delivering Employment and Skills Opportunities

- 5.6 Jobs will be supported at the Proposed Development during both the construction and operational phases. It is clear that gaining the skills and work experience to support

stable and fulfilling employment has significant economic and wellbeing benefits for both individuals and society as a whole.

- 5.7 Employment is widely recognised as one of the most significant factors in terms of a person's health and wellbeing. The social impact of employment is far reaching and has benefits at both the individual and wider societal level, shown clearly by the fact that the NHS's Healthy Urban Development Unit (HUDU) considers access to employment and training opportunities as a 'primary determinant' of health.⁵²
- 5.8 A person's employment status can also impact on other health determinants, such as physical activity, and other lifestyle choices. Health expenditure on an unemployed person is estimated to be double the average expenditure per person, demonstrating the fact that an individual's overall physical and mental health and wellbeing is strongly associated with being in meaningful employment.⁵³
- 5.9 Research published by the UK Government's Office for Health Improvements and Disparities (OHID)⁵⁴ highlights the following benefits of employment:
- Employment is generally the key means of obtaining adequate economic resources, which are essential for material wellbeing and full participation in society; and
 - Work also meets important psychosocial needs in societies where employment is the norm and is central to individual identity, social roles and social status, with employment and socio-economic status being among the main drivers of health outcomes.
- 5.10 Whilst, conversely, research indicates that unemployment:
- Causes the loss of regular income, the material and psychosocial impacts of which contributes to the link between unemployment and poor health;
 - Causes additional psychological stressors related to status and self-esteem, identity and the loss of a core role in life, which impact on health;
 - Is also associated with unhealthy behaviours, including increased smoking and alcohol consumption and decreased physical exercise; and
 - Can have effects beyond the individual directly affected, with evidence suggesting that financial difficulties or associated stress can increase the risk of poor mental health among the families of those who are unemployed.
- 5.11 The ONS regularly monitors wellbeing, and its research⁵⁵ highlights a correlation between unemployment and people's experiences of feelings of loneliness. Put another way, higher unemployment rates in an area are linked to higher loneliness

⁵² NHS Health Urban Development Unit (2019) Rapid Health Impact Assessment Tool (4th Edition)

⁵³ Department for Work and Pensions (2010) The Department for Work and Pensions Social Cost-Benefit Analysis framework

⁵⁴ Office for Health Improvements and Disparities (2015) Local action on health inequalities: Increasing employment opportunities and improving workplace health

⁵⁵ ONS (2021) – Opinions and Lifestyles Survey

rates and poses a real threat not only to a person's economic means, but also their health and wellbeing.

- 5.12 As highlighted in Sections 3 and 4, the Proposed Development will support a material number of jobs throughout the construction and operational phases, which will help meet both an economic and a social need and will contribute effectively towards supporting healthier lifestyles. This is illustrated through focus on two key social value outcomes; firstly, returning to work following unemployment and, secondly, supporting apprenticeship opportunities.

Returning to work following unemployment

- 5.13 Financial proxies published in the Social Value Portal's TOMs Framework⁵⁶ suggests that an individual returning to full-time work and no longer being unemployed generates a social value of £20,429 per person⁵⁷ in reduced healthcare and benefit costs. For illustrative purposes, it has been assumed that 10% of people employed during the construction and operational phases of the Proposed Development will have been previously unemployed.
- 5.14 This would represent 26 people during construction and 8 people once operational. It is therefore estimated that social value of £530,000 could be generated during construction, with a further £165,000 generated once operational.

Supporting apprenticeship opportunities

- 5.15 The Social Value Portal's TOMs Framework additionally attributes social value of £252 per week (or c. £13,100 annually) to the creation of apprenticeship opportunities, reflecting the economic benefits to the individual and productivity gain to society as a whole as a result of a young person gaining skills and employment experience.⁵⁸ The Home Builders Federation estimates that the construction of 449 homes could provide 15 apprenticeship opportunities over the 2-year construction period.⁵⁹
- 5.16 It is acknowledged that the representation of apprenticeships is lower in the retail and food & beverage service sectors than in construction, and therefore the capacity to deliver apprenticeship opportunities once the Proposed Development is operational is more limited. Whilst the potential for skills development in these sectors certainly exists, it is considered that it is not possible to conclude on the social value of operational phase apprenticeship opportunities before commercial occupiers are known.

⁵⁶ Social Value Portal (2022) National TOMs 2022: Themes, Outcomes and Measures

⁵⁷ TOMs 2022 Indicator NT3: Average annualised increase in economic benefits to the individual over the course of their lifetime, based on fiscal benefits to the NHS from a reduction in health care costs and fiscal benefits to the Department of Work and Pensions. Applied once per employee for the first year of employment.

⁵⁸ TOMs 2022 Indicator NT10: Value of the economic benefit to the individual and the annualized future lifetime value to society of achieving the qualification.

⁵⁹ Home Builders Federation (2022) HBF Housing Calculator. [Available at: <https://www.hbf.co.uk/policy/policy-and-wider-work-program/hbf-housing-calculator/>]

Proposed Development's total employment and skills social value

- 5.17 Summing the above, it is therefore estimated that the Proposed Development could generate total social value through delivering employment and skills opportunities equivalent to approximately **£1.7 million**. This is set out in **Table 5.1** overleaf.

Table 5.1: Social Value of Employment and Skills Opportunities

Indicator	Financial Proxy	Phase	Persons	Total Social Value
Social value of unemployed person returning to work	£20,429 per person (first year of employment)	Construction	26	£530,000
		Operational	8	£165,000
Social value of apprenticeship opportunities	£252 per person per construction week (260 weeks)	Construction	15	£985,000
Total Social Value				£1,680,000

Source: Turley Economics, 2022

The Social Value of Community Occupiers and Social Infrastructure

- 5.18 The Oracle currently provides – and, following the redevelopment, will continue to provide – space for community activities. A wide range of charitable, cultural and recreation activities are supported, many of which provide important means of combatting social isolation and exclusion for disadvantaged communities.
- 5.19 Past community events have included:
- Hosting events associated with the Reading Fringe;
 - Participation in Purple Tuesday, a global social movement improving the customer experience for disabled people and their families; and
 - Supporting charities such as The Salvation Army, Berkshire Vision, Starting Point and the Royal British Legion.
- 5.20 Whilst it is not possible to fully capture these vital community events in quantitative terms, it is clear that such activities generate social value for local communities. Indeed, 'more opportunities for voluntary, community, and social enterprise (VCSEs)' are identified by the Social Value Portal's TOMs Framework as a key social value outcome which should be pursued in order to support the growth of responsible business practices. It is additionally noted that research conducted on behalf of the charity HACT⁶⁰ calculated that volunteering generates social value equivalent to £2,974 per volunteer per annum. These benefits are felt through the impacts of the voluntary actions themselves, as well as through increased life satisfaction, physical and mental health and overall wellbeing for the volunteer in question.

⁶⁰ Fujiwara, Leach, Trotter & Vine on behalf of HACT (2014) Ideas and Innovation in Housing – 'Measuring the Social Impact of Community Investment: A Guide to Using the Wellbeing Valuation Approach'

- 5.21 Overall, the community uses accommodated at The Oracle are clearly a significant source of social value for Reading and will continue to deliver benefits following the delivery of the Proposed Development, serving as a key component of its offer going forward.

Creating a New Sustainable Neighbourhood

Providing High-quality, Healthy Housing

- 5.22 As highlighted in previous sections, a key component of the Proposed Development is the delivery of a significant number of new homes. New housing has clear benefits in terms of addressing market need, but the provision of high-quality homes designed to facilitate healthy lifestyles also has wider social value. This section considers the benefits associated with high-quality housing within a new sustainable neighbourhood which can be attributed to the Proposed Development in a broader sense.
- 5.23 The Proposed Development's 449 new homes will make a significant contribution towards its 780 residents' health and wellbeing by providing a range of sizes of homes to meet a diverse range of needs – including from studio apartments up to 3-bedroom homes.
- 5.24 Further to meeting market demand, a person's ability or otherwise to access housing which is of good quality, affordable, and which meets their needs can have a significant impact on their physical and mental health. As outlined by guidance published by Public Health England (PHE),⁶¹ housing is an essential wider determinant of health. In order to improve physical health, mental wellbeing and tackle health inequalities in communities across England, everyone must have access to a warm, dry, safe, affordable home which meets their needs.
- 5.25 As outlined by further guidance published by OHID,⁶² there are risks to an individual's health associated with living in:
- A cold, damp, or otherwise hazardous home (an unhealthy home);
 - A home that does not meet the household's needs due to risks such as being overcrowded or inaccessible to a disabled or older person (an unsuitable home); and/or
 - A home that does not provide a sense of safety and security including precarious living circumstances and/or homelessness (an unstable home).
- 5.26 Poor housing conditions have all been shown to be associated with physical illnesses including eczema, hypothermia and heart disease, with respiratory health also having been shown to be particularly affected in both adults and children. Poor physical conditions can also negatively impact on mental health, due to the stress caused by living in insecure, overcrowded, cold, polluted or damp conditions.⁶³ As such, 'Housing Quality and Design' is identified as a key determinant of health by the NHS HUDU.⁶⁴

⁶¹ Public Health England (2017) Improving health through the home

⁶² Office for Health Improvements and Disparities (2017) Guidance: Improving health through the home

⁶³ Shelter (2013) People living in bad housing – numbers and health impacts

⁶⁴ NHS Healthy Urban Development Unit (2019) Rapid Health Impact Assessment Toolkit (4th Edition)

Research commissioned by Shelter⁶⁵ reported 20% of adults who were surveyed stated that a housing issue had negatively impacted upon their mental health in the last 5 years.

5.27 The design of new homes at the Proposed Development will have climate resilience at its forefront. It is anticipated that the potential range of energy efficiency-focused design measures to be implemented will include:

- Design to promote passive solar gains, maximise natural daylight, sunlight and ventilation;
- High levels of insulation and air tightness;
- Use of high-efficiency heating systems appropriate to the building use to reduce energy consumption; and
- Specification of high energy efficient equipment that will use less energy and water.

5.28 Whilst the energy efficiency measures such as those outlined above will result in low-carbon housing (a benefit in and of itself in terms of climate resilience), their benefits are not limited to the realm of environmental sustainability. Indeed, the delivery of high-quality, energy efficient homes is also socially sustainable, contributing to enhanced physical and mental health and wellbeing of residents in the following ways:

- **Well-ventilated, insulated homes, benefitting from natural light** will leave residents at lower risk of physical and mental health problems associated with cold and damp housing (as described above).
- **Energy efficient housing will minimise energy usage, and, subsequently, energy bills and lessen the risk of energy and wider poverty**, which is a growing concern in the current context of inflationary pressures on everyday goods (including food, energy and transport) and the growing cost-of-living crisis. Poverty is a significant determinant – perhaps the most significant – of health, and it is known that the rising cost of living – with energy bills being a key contributor – is likely to have a deleterious impact on wellbeing. For example, research by the Food Foundation⁶⁶ shows that the three months to May 2022 saw a 57% rise in the proportion of the country's households cutting back on food or missing meals altogether due to rising living costs. ONS research also indicates that 87% of adults in Great Britain reported a recent increase in their living costs as of September 2022,⁶⁷ resulting in the Government introducing an energy price guarantee and energy bill deductions.⁶⁸

⁶⁵ Shelter (2017) The Impact of Housing Problems on Mental Health

⁶⁶ Food Foundation (2022) 'Millions of adults missing meals as cost-of-living crisis bites' [Online]. Available at: <https://foodfoundation.org.uk/press-release/millions-adults-missing-meals-cost-living-crisis-bites>

⁶⁷ House of Commons Library (2022) 'Rising cost of living in the UK' [Online]. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

⁶⁸ The Guardian (2022) 'UK price cap on household energy bills expected to cost £89bn' [Online]. Available at: <https://www.theguardian.com/business/2022/oct/05/uk-price-cap-on-household-energy-bills-expected-to-cost-89bn>

- 5.29 It is therefore concluded that accommodating 780 people in high-quality, low-carbon homes is likely to have a significant beneficial impact in terms of key health and wellbeing indicators.

Delivering a Mix of Uses, Providing Access to Services and Fostering Social Cohesion

- 5.30 As highlighted by the NHS HUDU,⁶⁹ strong, vibrant, sustainable and cohesive communities require good quality, accessible public services and infrastructure, supported by high-quality public realm and places which enable people to lead healthy lifestyles. The Proposed Development will enable the delivery of a mixed-use urban centre development, providing residential and commercial uses side-by-side, enabling people to easily access employment, public services, shopping and recreation activities (particularly via active and sustainable modes of transport). This is an effective means of ensuring a healthy and sustainable development and enabling social value to be generated within the community.
- 5.31 The Proposed Development's (and wider Oracle centre's) on-site residential, retail and leisure provision and strong transport links means that all the necessary commercial and recreational facilities and social infrastructure – including employment opportunities, public transport and active travel links, shops, schools, GP surgeries, sports facilities, places of worship and parks – will be accessible for its residents.
- 5.32 Such facilities are vital towards supporting social interaction and cohesion in communities, and the services themselves also interact to meet other health and wellbeing-related needs. For example, access to education facilities has a direct positive effect on human health and is vital towards ensuring employment prospects, personal and social development and strong communities. In addition, close proximity to grocery stores mean that access to healthy and nutritious food is easily accessible to those using and working at the development, again enabling and promoting healthy lifestyles.
- 5.33 NHS HUDU guidance⁷⁰ states that safe and permeable environments, with places where people of all ages can meet informally, are key features of a place which facilitates social cohesion.

Improving health outcomes through access to green spaces

- 5.34 A number of elements of the Proposed Development relate to the delivery of new public open and green space, or increasing ease of access to existing green and blue infrastructure. The masterplan for the site will:
- Improve connections with London Street to the south, Yield Hall Place to Minster Street and Riverside to Bridge Street;
 - Deliver an improved public realm with welcoming landscaped spaces; and
 - Green the sites and public realm impacted by the development.

⁶⁹ NHS Healthy Urban Development Unit (2019) Rapid Health Impact Assessment Tool (4th Edition)

⁷⁰ Ibid.

- 5.35 There is an established and ever-growing evidence base which strongly suggests that the inclusion of green infrastructure in urban design can create social value, increasing the health and wellbeing of those accessing spaces.
- 5.36 The inclusion of public greens within the Proposed Development is likely to also have wider health improvements for local people. As concluded by DEFRA, urban vegetation is beneficial for air quality.⁷¹ Similar findings are reported by a 2020 publication by OHID, which cited evidence that in 2017, urban green and blue space in Britain removed 27,900 tonnes of five key air pollutants, leading to avoided health costs of an estimated £162.6 million.⁷²
- 5.37 Urban greening also provides a wider range of health protection benefits. Urban street planting also provides shade and shelter and reduces the risk of ‘heat island effects.’ This reduces the risk of health issues related to these environmental conditions, including heat exhaustion. Coniferous trees, planted close to streets and spaced appropriately, have been found to be the most effective in absorbing particulate matter all year round. This reduces the risk of respiratory and cardiovascular disease, cancer, asthma, and pollution-related mortality. The delivery of new green infrastructure and linkages to existing green and blue infrastructure will also deliver biodiversity gain benefits, increasing and diversifying potential habitats for animals, birds and insects.
- 5.38 Biodiversity at the Proposed Development will be further enhanced through the provision of green and blue roofs, which also support water attenuation and increase building insulation, and green courtyards which will overlook the river and will be open to the south. These features will deliver a green scheme that supports biodiversity, biophilic living and wellness.

Summary

- 5.39 Social value impacts are summarised below:
- **Social value of approximately £1.7 million could be generated by the Proposed Development through delivering employment and skills opportunities**, such as getting people back into work who had previously been unemployed and supporting apprenticeships. Gaining education and employment can have significant economic and wellbeing benefits for both individuals and society and is a key determinant of physical and mental health.
 - **The delivery of new high-quality, energy efficient homes** will accommodate residents within health-promoting housing which minimises energy usage, lessening the risk of energy and wider poverty, whilst also benefitting from the locational and design elements of the scheme (e.g. social interaction, access to services, active lifestyles).
 - **The delivery of a mixed-use urban centre development is an effective means of ensuring a healthy and sustainable development and enabling social value to**

⁷¹ Department for Environment, Food and Rural Affairs (2018) Impacts of Vegetation on Urban Air Pollution

⁷² Public Health England (2020) Improving access to greenspace: A new review for 2020

be generated within the community. Providing residential and commercial uses side-by-side will enable people to easily access employment, public services, shopping and recreation activities (particularly via active and sustainable modes of transport). These are vital towards supporting social interaction and cohesion in communities, with the services themselves interacting to meet other health and wellbeing-related needs.

- The **delivery of improvements to the public realm and green features** and increasing ease of access to existing green and blue infrastructure will create **health benefits** for both residents of and visitors to the Proposed Development.

6. Conclusions

- 6.1 This Economic and Social Benefits Statement has been prepared by Turley Economics on behalf of The Oracle Limited Partnership in support of planning applications to Reading Borough Council for the redevelopment of the eastern part of The Oracle shopping centre to accommodate mixed-use development comprising residential and commercial uses. The report considers the quantifiable economic impacts generated by the Proposed Development both during its construction phase and operational lifetime, as well the broader 'social value' which can be expected to be generated for the local community.
- 6.2 The Proposed Development will introduce a greater range of both residential and commercial uses to the site, ensuring that Reading town centre maintains its vibrancy and competitive edge. The repurposing of vacant and underused commercial space will increase the number of residents living centrally within the town, generate additional expenditure and help drive consumer engagement, preventing the decline of The Oracle which acts as a key component of the core retail area in the town. The Proposed Development promotes a robust mixed-use strategy at the site which seeks to secure the long-term vitality and viability of the centre.

Construction Phase Impacts

- 6.3 In summary, construction of the Proposed Development is likely to generate the following economic impacts:
- A total of **545** person-years of employment directly supported through construction investment, equating to an average of **260** FTE gross direct jobs over the duration of the estimated construction period of 2.1 years;
 - An average of **265** direct, indirect and induced net additional FTE employment opportunities generated for workers in the South East during construction, of which **75** could be held by residents of Reading; and
 - Total net additional contribution of circa **£72.5 million** GVA to the South East's economic output, of which **£60.6 million** will be concentrated in Reading.

Operational Phase Impacts

- 6.4 The headline economic impacts estimated in relation to the operational phase of the Proposed Development are as follows:
- A total of **85** direct, indirect and induced net additional FTE jobs in the South East, including **25** for Reading residents, could be supported once the Proposed Development is fully operational.
 - **£5.5 million** net Additional GVA could be generated annually within the South East economy, inclusive of **£4.5 million** concentrated in Reading, as a result of the Proposed Development.

- Business rates revenue of **£260,000 per annum** to be collected by Reading Borough Council every year, of which 50% will be retained locally.
- The **449** new homes could accommodate **780** residents, of whom it is estimated that **660** would be of working age, economically active and employed.
- The co-working / maker spaces will be capable of supporting a variety of individuals and businesses, accommodating **approximately 65 workers**.
- Residents could earn a combined gross annual income of **£19.2 million**, generating new demand in the local economy.
- Residents could generate a total annual retail expenditure of **£5.4 million** plus a further **£2.9 million** on leisure-related goods and services, which would have the capacity to support up to **85** jobs in the retail and leisure sectors.
- An additional **£1.0 million** in Council Tax receipts for Reading Borough Council could be generated annually once homes are occupied, providing an important source of additional revenue for delivering public services as well as investing in maintaining and enhancing infrastructure.

Social Value Benefits

6.5 Along with the above substantial economic benefits outlined above, the Proposed Development can be expected to generate significant broader social value benefits for local communities as follows:

- **Social value of approximately £1.7 million could be generated by the Proposed Development through delivering employment and skills opportunities**, such as getting people back into work who had previously been unemployed and supporting apprenticeships. Gaining education and employment can have significant economic and wellbeing benefits for both individuals and society and is a key determinant of physical and mental health.
- **The delivery of new high-quality, energy efficient homes** will accommodate residents within health-promoting housing which minimises energy usage, lessening the risk of energy and wider poverty, whilst also benefitting from the locational and design elements of the scheme (e.g. social interaction, access to services, active lifestyles).
- **The delivery of a mixed-use urban centre development is an effective means of ensuring a healthy and sustainable development and enabling social value to be generated within the community**. Providing residential and commercial uses side-by-side will enable people to easily access employment, public services, shopping and recreation activities (particularly via active and sustainable modes of transport).
- The **delivery of improvements to the public realm and green features** and increasing ease of access to existing green and blue infrastructure will create **health benefits** for both residents of and visitors to the Proposed Development.

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