
READING STATION PARK

Economic Impact Report

February 2020

READING STATION PARK
ECONOMIC IMPACT REPORT
FEBRUARY 2020

Project Ref:	17127/A5
Status:	FINAL
Issue/Rev:	01
Date:	17 February 2020
Prepared By:	DM
Checked By:	NL/JD
Authorised By:	MD

Barton Willmore LLP
The Observatory
Castle Hill Drive
Castle Hill
Ebbsfleet Valley
Kent
DA10 1EE

Tel: 01322 374660
Email: Debbie.Mayes@bartonwillmore.co.uk

Ref: 17127/A5/DM
Date: 17 February 2020

COPYRIGHT

The contents of this document must not be copied or reproduced in whole or in part without the written consent of Barton Willmore LLP.

All Barton Willmore stationery is produced using recycled or FSC paper and vegetable oil based inks

CONTENTS

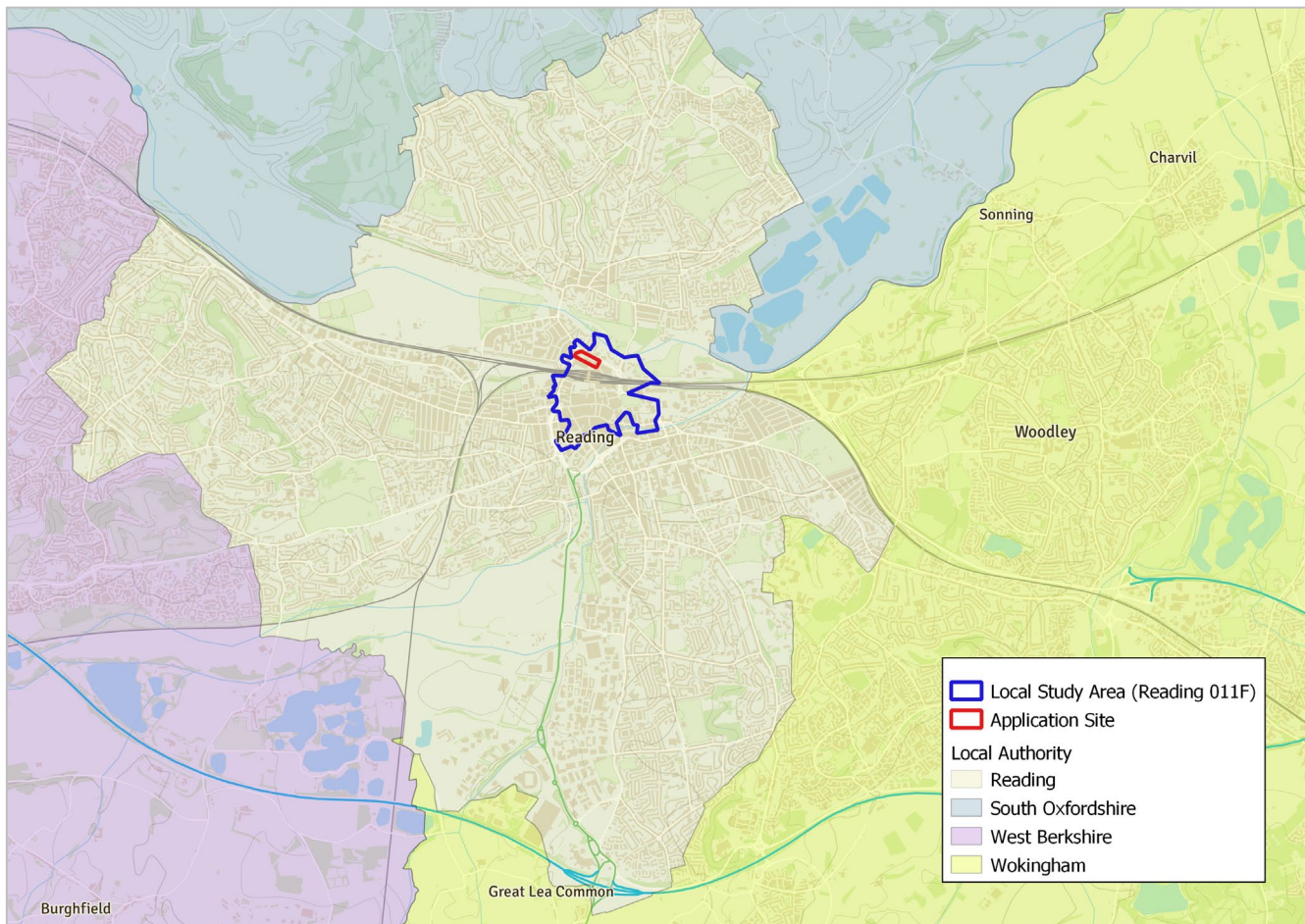
PAGE NO

1.0	INTRODUCTION	01
2.0	EXISTING LABOUR MARKET PROFILE	03
3.0	PLANNING POLICY CONTEXT	06
i)	Revised National Planning Policy Framework	06
ii)	Reading Borough Local Plan (adopted November 2019)	07
4.0	ECONOMIC BENEFITS OF THE DEVELOPMENT	10
i)	Development Scenarios Assessed	10
ii)	Construction Phase	11
a.	Direct Employment	11
b.	Indirect Employment	13
c.	Economic Output	13
d.	Summary of Construction Phase Benefits	14
iii)	Operational Phase	14
a.	Residential Population	15
b.	Commercial Expenditure	15
c.	Council Tax	16
d.	Employment Generation	16
e.	Economic Output	19
f.	Summary of Operational Phase Benefits	20
5.0	CONCLUSION	21

1.0 INTRODUCTION

- 1.1 This Report has been prepared on behalf of Aviva Life & Pensions UK Ltd to review the potential economic benefits delivered by the proposed development at Reading Station Park.
- 1.2 Outline planning permission is sought and therefore at this stage proposed uses remain flexible. However, the proposed development will comprise up to 115,000 sqm gross external area (GEA) which could include:
- Up to 100,000 sqm of residential (Class C3) providing up to 1,000 units;
 - Up to 115,000 sqm office floorspace (Class B1a);
 - Up to 8,000 sqm of hotel floorspace (Class C1); and
 - Between 2,000 sqm and 7,000 sqm of retail floorspace (Class A1-A5) and community/leisure floorspace (Class D1-D2).
- 1.3 Section 2 of this Report will give consideration to existing uses on the application site and will review the existing employment profile within a local study area and across the wider Borough (see Figure 1.1). Further to this, it will briefly assess the current local labour profile and industry of employment in order to provide an understanding of the labour market profile currently.
- 1.4 Section 3 of the Report will review the relevant national and local economic policy documents to provide an understanding of how the proposed development will contribute towards economic growth objectives.
- 1.5 Section 4 of this Report will evaluate the potential economic benefits of the proposed development during both the construction and operational phase. The benefits presented include: employment (direct and indirect); Gross Value Added (GVA); expenditure; and Council Tax generation.
- 1.6 The findings of the assessment are summarised in Section 5.

Figure 1.1: Study Area



2.0 EXISTING LABOUR MARKET PROFILE

- 2.1 The application site is located within Reading Town Centre, in the jurisdiction of Reading Borough Council (RBC). The Site is currently occupied by commercial units (Use Classes A1-A3) and associated car parking.
- 2.2 Table 2.1 provides details of the existing commercial units including the existing number of employees based on research undertaken by Jones Lang LaSalle (JLL) Real Estate Advisors.

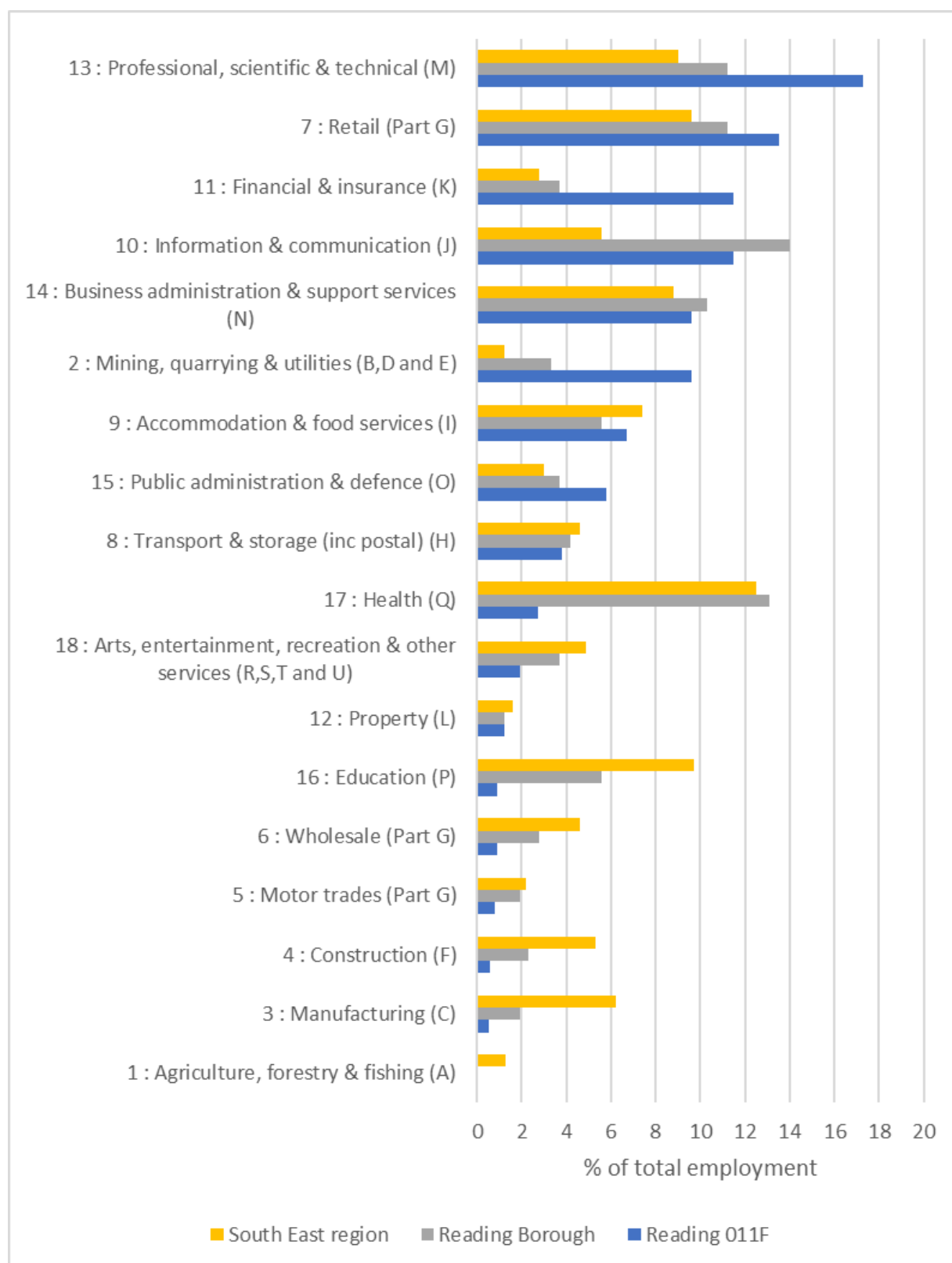
Table 2.1: Existing tenancy of the application site

Occupant	Use Class	Floorspace (sqm)	Number of Employees
The Range	A1	3,326	80
Mothercare	A1	1,440	30
Majestic Wine	A1	294	8
Aldi	A1	1,480	85
TGI Friday	A3	845	22
Total		7,385	225

- 2.3 In total, the application site is currently providing employment for 225 people within retail (A1) and restaurant/cafes (A3) trades.
- 2.4 Economic output of the existing on-site operations has been measured through the generation of Gross Value Added (GVA). Based on an average GVA per worker figure for the South East region¹, specific to A1 and A3 industries, the existing on-site operations are estimated to generate £10.2m in GVA per annum.
- 2.5 A review of the current employment profile across the wider local area (defined as lower super output area Reading 011F, see Figure 1.1) indicates that currently the top four employing industries are: Professional, Scientific & Technical (17%); Retail (14%); Financial & Insurance (12%); and Information & Communication (12%). See Figure 2.1 for more detail. This demonstrates an existing local employment base that would be supported/strengthened by the proposed development.

¹ Oxford Economics, 2016-2019 Global Forecasting and Quantitative Analysis

Figure 2.1: Employment profile %



Source: BRES, 2018

- 2.6 In the year ending June 2019 there were 90,800 residents in the RBC area aged between 16 and 64 years who were classified as economically active². This is equivalent to 56% of all people. Economically active includes people in employment, the unemployed and full-time students. This proportion is higher than the average for England (49%).
- 2.7 Of the economically active RBC residents, 86,600 are in employment which is equivalent to 53% of all people. Again, the employment rate in the RBC area is higher than the average for England (49%) demonstrating a strong economy.
- 2.8 However, the unemployment rate for those aged 16 to 64 years in the RBC area in the year ending June 2019 was 4.6% which is higher than the national average (4.1%). Of the unemployed people in the RBC area claiming Jobseekers Allowance (JSA), 48% are seeking employment in sales occupations, with the remaining looking for work in: elementary trades, plant and storage related occupations; administration occupations; and corporate managers.
- 2.9 The anticipated use classes of the proposed development complement the existing economic profile and will provide employment opportunities for local residents.

² ONS, Annual Population Survey, 2018

3.0 PLANNING POLICY CONTEXT

3.1 Economic planning policy and strategy provide the context against which the economic impacts of the proposed development should be considered. This section gives consideration to the national and local economic policies and strategies which are considered relevant to the proposed development.

i) Revised National Planning Policy Framework (NPPF) (February 2019)

3.2 The NPPF is written in the context of achieving 'sustainable development'. Paragraph 7 states that *'the purpose of the planning system is to contribute to the achievement of sustainable development. At a very high level, the objective of sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own'*.

3.3 According to the NPPF achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives)³. The economic dimension of sustainable development is expected to provide the following:

"An economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right type 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".

3.4 The NPPF notes that local planning authorities should approach decisions on proposed developments in a positive way and work to secure developments that will improve the economic conditions of the area⁴. Section 6 of the NPPF Building a strong, competitive economy 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

³ Paragraph 8, National Planning Policy Framework, February 2019

⁴ Paragraph 38, National Planning Policy Framework, February 2019

global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.⁵

3.5 Paragraph 81 comments that in order to build a strong competitive economy Planning policies should:

- "a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;**
- b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;**
- c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and**
- d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances."**

3.6 The role of residential development in achieving wider economic growth is clearly emphasised in the NPPF, and it is considered that the proposed development fully complies with these objectives.

ii) Reading Borough Local Plan (adopted November 2019)

3.7 The Reading Borough Local Plan guides development in Reading up to 2036. The Local Plan identifies Reading has had great economic success over recent years. Reading is a major centre of employment and functions as the centre of the Thames Valley, which the Local Plan states is one of the most economically dynamic regions in the country. The Local Plan also states:

"Reading is a hub for a variety of businesses, including ICT, professional services and pharmaceuticals, and at the same time it still hosts a number of industrial activities, and has an increasing role in logistics. Many of these businesses rely on the high level of skills in the area, and there are also strong relationships with the University of Reading."⁶

⁵ Paragraph 80, National Planning Policy Framework, February 2019

⁶ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 1.2.3

- 3.8 However, one of the crucial issues that the Local Plan identifies needs to be considered, is how to provide the employment space and supporting infrastructure to make sure that Reading continues to be an attractive place in which to work, live and study.
- 3.9 The Local Plan seeks to achieve this by retaining the majority of the existing employment areas, but where possible, intensifying existing employment areas⁷.
- 3.10 Policy EM1 states provision will be made for a net increase of between 53,000 and 112,000 sqm of office floorspace and 148,000 sqm of industrial and/or warehouse space in Reading over the period 2013 to 2036. The Economic Development Needs Assessment (EDNA for Central Berkshire (2016) identified a need for 52,775 sqm of office floorspace. However, the Local Plan identifies scope to accommodate substantially more offices (up to 112,000 sqm in total) which would rely upon development of offices in Central and South Reading⁸.
- 3.11 The application site is located within the spatial area of Central Reading. The Local Plan identifies Central Reading as the focus for meeting much of the Local Plan's identified development needs at a medium and high density⁹ and within the central area the Local Plan requires a mix of uses¹⁰.
- 3.12 Specially the Local Plan states that 'around 7,600 homes (around 49% of the total planned for), 71,000 sqm of offices (around 63% of the total planned for) and up to 27,000 sqm of retail and related uses (virtually all of the total planned for)' is within the central area¹¹.
- 3.13 Certain uses will have priority in the central area, given the central area is the only suitable location. As such, major retail and town centre leisure development, including evening economic uses, will take first precedence, followed by, to a more limited extent, offices. Nonetheless, the Local Plan states that major commercial office development will largely be focused in an area centred on, and easily accessible from, the station. In contrast, housing uses, including supporting social and community facilities, can be located in many places across the Borough¹².
- 3.14 The proposed development accords with the strategy for Central Reading.

⁷ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 3.2.10

⁸ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 4.3.5

⁹ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 3.2.1

¹⁰ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 5.2.5

¹¹ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 3.2.4

¹² RBC, Reading Borough Local Plan (adopted November 2019), paragraph 5.2.6

- 3.15 Furthermore, the application site is located within the boundary of the Station/River Major Opportunity Area (Policy CR11) and within the sub-area 'North of Station' (Policy CR11e). The Local Plan states the following in respect of development 'North of Station':

"There will be retail and leisure development on the ground floor activating the streets and spaces including the new northern station square, with other uses including residential and offices on upper floors. Retail will have good pedestrian links to, and will not have a detrimental impact on, the rest of the retail core of the centre. Public car parking will be provided. A high quality route incorporating a green link should be provided through to the Thames. Development should take account of mitigation required as a result of a Flood Risk Assessment, and should consider opportunities to open up the culverted Vastern Ditch and enhance it as an ecological feature."¹³

- 3.16 'North of Station' site is seen as playing a vital role in the regeneration of the centre. The Local Plan states the indicative potential of 'North of Station' as providing between 640 and 960 dwellings, between 50,000 and 80,000 sqm net gain of offices, and between 3,000 and 6,000 sqm net gain of retail and leisure, hotel.
- 3.17 Again, the proposed development is considered to accord with the specific local planning objectives for 'North Station' major opportunity area.
- 3.18 The range of uses intended for the proposed development therefore align with both national and local economic planning policy and the proposed development is therefore considered to strengthen Reading's role as a major centre of employment for the Thames Valley.

¹³ RBC, Reading Borough Local Plan (adopted November 2019), Policy CR11e

4.0 ECONOMIC BENEFITS OF THE DEVELOPMENT

4.1 In this Section of the Report, the economic benefits of the proposed development are assessed. The proposed development will deliver economic benefits throughout the development lifecycle and for this reason, benefits over both the construction and operational phases are presented.

i) Development Scenarios Assessed

4.2 As outlined in the Introduction, the proposed uses of the development remain flexible at this stage. However, the proposed development will comprise up to 115,000 sqm gross external area (GEA) which could include:

- Up to 100,000 sqm of residential (Class C3) providing up to 1,000 units;
- Up to 115,000 sqm office floorspace (Class B1a);
- Up to 8,000 sqm of hotel floorspace (Class C1); and
- Between 2,000 sqm and 7,000 sqm of retail floorspace (Class A1-A5) and community/leisure floorspace (Class D1-D2).

4.3 Due to the flexible use classes, two potential development options will be assessed to demonstrate a minimum (Scenario 1) and a maximum (Scenario 2) range of operational employment. As such, Scenario 1 assumes the delivery of the maximum residential floorspace (100,000 sqm) with the remaining floorspace assumed to be occupied by those use classes which generate the least employment (hotel and retail/community). Scenario 2 assumes the delivery of the minimum 2,000 sqm of retail/community floorspace with the remaining floorspace assumed to be occupied by those use classes which generate the highest employment (offices).

4.4 Table 4.1 sets out the assumed floorspace by use class for the two scenarios.

Table 4.1: Assumed floorspace for Scenarios 1 and 2

Use Class	Floorspace provision (sqm) – GEA	
	Scenario 1	Scenario 2
Residential (C3)	100,000	0
Offices (B1a)	0	113,000
Hotel (C1)	8,000	0
Retail (A1-A5)/Community-Leisure (D1-D2)	7,000	2,000
Total	115,000	115,000

- 4.5 Whilst Scenarios 1 and 2 represent a minimum and maximum in terms of operational employment, the associated economic benefits with each of these scenarios do not necessarily translate as a minimum and maximum they present a range of benefits associated with a scheme including and excluding a residential element.

ii) Construction Phase

- 4.6 During the construction phase, economic benefits will include the number of direct and indirect construction jobs and economic output generated by the employment supported over the construction period.

a) Direct employment

- 4.7 The number of direct jobs generated during the construction period is calculated using the Construction Industry Training Board (CITB) Labour Forecasting Tool (LFT). Utilising the value, or gross floor area, a start date, duration and location, the LFT predicts the labour demand on a month-by-month and trade-by-trade basis. Forecasts are based on historic data from past projects and updated as new data becomes available, taking account of time and location.
- 4.8 The proposed development will be delivered over an estimated 48-month construction programme commencing in July 2021 and finishing in June 2025. Over the construction period, the LFT estimates that **531 direct construction jobs** could be supported each month of the construction period through the development of floorspaces defined for Scenario 1. The construction of Scenario 2 could generate a total of **851 direct construction jobs** on site per month over the construction period.
- 4.9 The LFT accounts for 28 occupation groups, split into the following work types:
- Design – Those involved in design process, including senior managers and support staff with design organisations;
 - Management of construction – Those staff involved with the management of the delivery of the construction or installation. This includes professionals employed for the construction stage or the projects; and
 - Construction operatives – Those operatives involved in the delivery of the construction or installation.

4.10 Table 4.2 sets out the occupation split across the three groups that make up the occupations assessed within the LFT. It emphasises the varied occupation profile and skill requirements across the sector. Demand for each occupation type will vary throughout the construction programme but the range of occupation types will be required for either Scenario 1 or 2.

Table 4.2: Construction Employment – Skills Profile

Construction Period Employment Sector	Skill Requirement
Design	• Senior, executive and business process managers; • Non-Construction professionals, technical, IT and other office-based staff; • Civil Engineers; • Architects; • Surveyors; • Other construction professionals and technical staff.
Management of Construction	• Senior, executive and business process managers; • Construction project managers; • Process Managers; • Non-construction professionals; • Construction trade supervisors; • Civil Engineers; • Architects; • Surveyors; • Other construction professionals and technical staff.
Construction Operatives	• Wood trades; • Bricklayers; • Building envelope specialists; • Painters and decorators; • Plasters; • Roofers; • Floorers; • Glaziers; • Specialist builders; • Scaffolders; • Plant operatives; • Plant mechanics; • Steel erectors;

Construction Period Employment Sector	Skill Requirement
	• Labourers; • Plumbing and heating engineers; • Logistics; • Civil engineering; • Non-construction operatives.

b) Indirect employment

4.11 In addition to the direct jobs created on-site as a result of the construction and management of the proposed development, further indirect employment would be created as a result of spin-off and multiplier effects.

4.12 The level of indirect employment generated during the construction period has been assessed quantitatively by applying the Office for National Statistics (ONS) Type 1 Employment Multiplier (2015) for construction (1.97) to the number of direct construction jobs. This results in a further **515 indirect construction jobs** supported per month over the construction period by Scenario 1 and **825 indirect construction jobs** supported per month by Scenario 2.

c) Economic output

4.13 Construction phase employment would generate economic output, measured through the generation of GVA.

4.14 Based on an average GVA per construction worker of £50,400 per annum for the South East region¹⁴, the 531 direct construction jobs created by Scenario 1 would generate a GVA of £26.8m per annum. Over the 48-month construction period this is equivalent to £107.1m. The 851 direct construction jobs created by Scenario 2 would generate a GVA of £42.9m per annum. Over the 48-month construction period this is equivalent to £171.5m.

4.15 Economic output generated by the indirect construction jobs is calculated using an average GVA per construction worker for the UK (£51,800 per annum). The 515 indirect construction jobs created by Scenario 1 would generate a GVA of £26.7m per annum. Over the 48-month construction period this is equivalent to £106.7m. The 825 indirect construction jobs created

¹⁴ Oxford Economics, 2016-2019 Global Forecasting and Quantitative Analysis

by Scenario 2 would generate a GVA of £42.7m per annum. Over the 48-month construction period this is equivalent to £171.5m.

- 4.16 The direct and indirect employment created over the construction phase of the proposed development would result in a combined GVA of £53.4m per annum for Scenario 1 and £85.6m per annum for Scenario 2. Over the 48-month construction period this is equivalent to a combined **GVA of £213.7m for Scenario 1 and £342.4m for Scenario 2.**

d) Summary of Construction Phase benefits

- 4.17 Table 4.3 summarises the economic benefits of the two development scenarios during the construction phase.

Table 4.3: Construction Phase Benefits

Benefit	Scenario 1	Scenario 2
Direct employment (per month)	531 jobs	851 jobs
Indirect employment (per month)	515 jobs	825 jobs
GVA direct employment (48-month construction period)	£107.1m	£171.5m
GVA indirect employment (48-month construction period)	£106.7m	£170.9m
GVA direct and indirect employment (48-month construction period)	£213.7m	£342.4m

iii) Operational Phase

- 4.18 A number of economic benefits will be created during the operational phase (once the development is completed), dependent on the final floorspace specification.
- 4.19 For example, the provision of any residential units will generate a future resident population that will contribute towards economic output (through those in employment), commercial expenditure and generate council tax revenue. The provision of employment floorspace will generate economic benefits including employment and economic output (GVA).
- 4.20 As detailed in Table 4.1, Scenario 1 includes the provision of residential floorspace whereas Scenario 2 assumes all of the floorspace is employment related. Therefore, the benefits

presented in sub sections a) to c) below relate only to Scenario 1 whereas sub sections d) and e) relate to both Scenarios 1 and 2.

a) Residential population

- 4.21 Scenario 1 assumes the maximum delivery of residential floorspace (100,000 sqm) which has the potential to provide an additional 1,000 units. It is estimated that the 1,000 units could accommodate 2,430 people (equating to 2.43 persons per dwelling).
- 4.22 As identified in Section 2 of this Report, 56% of the RBC area's population is currently economically active and of those who are economically active, 53% are assumed to be in employment. Applying the same percentages to the population anticipated to live in the proposed development, it is estimated that 1,361 of the 2,430 residents will be economically active and 1,288 residents of the proposed development will be in employment.
- 4.23 Residents of the proposed development who are in employment will deliver economic output (GVA). Applying the GVA output per worker for the RBC area (£62,853) to the estimated 1,288 future residents assumed to be in employment, the proposed development could generate around £80.9m in GVA per annum (based on current values) according to Scenario 1.

b) Commercial Expenditure

- 4.24 Any new resident population generated by the proposed development has the potential to generate expenditure on goods and services.
- 4.25 Experian provide up to date retail and leisure expenditure data for all local authorities across the UK. Experian report (Experian Retail Planner Data, 2017 prices) for the RBC area that the average annual household expenditure on convenience (food), comparison (non-food), and leisure goods and services comprise:
- Convenience - £4,966 per household per annum;
 - Comparison - £8,442 per household per annum; and
 - Leisure - £7,414 per household per annum.
- 4.26 On the basis of these figures, it is estimated that the provision of 1,000 dwellings (Scenario 1) will generate an annual convenience goods expenditure of £5.0m; comparison goods expenditure of £8.4m; and expenditure on leisure goods and services of £7.4m.

c) Council Tax

- 4.27 Based on an average council tax band value for 2019/2020 for the RBC area (£2,296), the proposed 1,000 dwellings (Scenario 1) could generate around £2.3m in council tax payments per annum. This will contribute to funding and supporting services within the area.

d) Employment Generation

- 4.28 The number of direct operational jobs has been calculated using employment densities published by the HCA¹⁵, applied to the proposed development's floorspace schedules as detailed earlier in this report in Table 4.1.
- 4.29 Floorspace schedules set out in Table 4.1 are GEA. However, the HCA employment densities require the floorspace by Gross Internal Area (GIA) or Net Internal Area (NIA). GIA has been calculated by assuming 95% of the GEA and NIA has been calculated by assuming 90% of the GIA following conversion guidance provided by the HCA.
- 4.30 Table 4.4 illustrates the floorspace assumptions and operational employment arising from Scenario 1. Table 4.5 presents the equivalent data for Scenario 2.

Table 4.4: Direct Operational Employment - Scenario 1

Use Class	Sqm per FTE worker	Floorspace provision (sqm)			Jobs (FTE)
		GEA	GIA	NIA	
Residential (C3)	n/a	n/a	n/a	n/a	n/a
Retail (A1-A5)/ Community-Leisure (D1-D2)	20 to 65*	7,000	6,650	5,985	92 to 299
Hotel (C1)	67**	n/a	n/a	n/a	67
Total					159 to 366

Source: HCA

*The Employment Densities Guide provides a range for Use Class D2 of between 65 and 300sqm per FTE worker depending on use. 65sqm has been assumed for this analysis as this reflects a mid-market/family fitness centre. 20sqm has been used for Use Class A1-A5.

** Based on a maximum floorspace of 8,000 sqm (GEA), the hotel is assumed to have 200 bedrooms and the HCA Employment Densities Guide refers to an employment density of 1 job per 3-bedrooms.

¹⁵ HCA (2015) Employment Densities Guide 3rd edition, Homes & Communities Agency

Table 4.5: Direct operational Employment - Scenario 2

Use Class	Sqm per FTE worker	Floorspace provision (sqm)			Jobs (FTE)
		GEA	GIA	NIA	
Offices (B1a)	12	113,000	109,250	98,325	8,194
Retail (A1-A5)/ Community-Leisure (D1-D2)	20 to 65*	2,000	1,900	1,710	26 to 86
Total					8,220 to 8,279

Source: HCA

*The Employment Densities Guide provides a range for Use Class D2 of between 65 and 300sqm per FTE worker depending on use. 65sqm has been assumed for this analysis as this reflects a mid-market/family fitness centre. 20sqm has been used for Use Class A1-A5.

- 4.31 Direct operational employment from Scenario 1 is calculated to be between 159 and 366 jobs, whereas Scenario 2 could generate between 8,220 and 8,279 direct jobs. The lower operational job number for Scenario 1 is as a result of the large quantum of residential floorspace assumed to be delivered which doesn't generate any direct employment.
- 4.32 A proportion of the employment generated on-site will be taken up by people living outside the local and wider Borough area, referred to as the **leakage** factor. Further to this there could be a degree of employment lost elsewhere as a result of the proposed development, the **displacement** factor. There will also be a degree of indirect and induced employment created throughout the supply chain, the **composite multiplier** effect. Together these factors are referred as the additionality factor, providing the total of net additional jobs.
- 4.33 The Additionality Guide¹⁶ has been used to assess the additionality effects. Consulting the relevant Additionality Guide Ready Reckoner (see Table 4.6) a leakage of 50% will be applied to the jobs set out in Tables 4.4 and 4.5, on the basis that the employment opportunities created by the proposed development would serve not only the new population that would inhabit the proposed new dwellings but also residents of the wider RBC area and beyond.

¹⁶ HCA (2014) Additionality Guide, 4th edition

Table 4.6: Leakage Ready Reckoners

Level	Description	Leakage
None	All benefits go to people living in the target area/the target group.	0%
Low	The majority of benefits will go to people living within the target area/the target group.	10%
Medium	A reasonably high proportion of the benefits will be retained within the target area/target group.	25%
High	Many of the benefits will go to people living outside the area of benefit/outside of the target group.	50%
Very High	A substantial proportion of those benefiting will live outside the area of benefit/be non-target group members.	75%
Total	None of the benefits go to members to the target area/target group.	100%

Source: HCA, Additionality Guide: Fourth Edition 2014

- 4.34 A proportion of the employment created on-site will adversely affect surrounding established employment. Displacement is a measure of the level of employment likely to be lost or moved by employment created on-site. Consulting the relevant Additionality Guide Ready Reckoner (see Table 4.7) a displacement of 25% will be applied to the jobs set out set out in Tables 4.4 and 4.5, accounting for a reasonably high proportion of the benefits being retained within the target area/target group.

Table 4.7: Displacement Ready Reckoners

Level	Description	Leakage
None	No other firms/demand affected	0%
Low	There are expected to be some displacement effects, although only to a limited extent	25%
Medium	About half of the activity would be displaced	50%
High	A high level of displacement is expected to arise	75%
Total	All of the activity generated will be displaced	100%

Source: HCA, Additionality Guide: Fourth Edition 2014

- 4.35 The direct employment created will generate further economic activity associated with income expenditure and the supply chain. The scale of the multiplier effects will be influenced by the extent of the supply chain linkages and the additional income spent within the study area. The composite multiplier effects applied are 1.38 for the leisure use; 1.29 for the office use and 1.21 for the retail use.

4.36 Tables 4.8 and 4.9 detail the additionality factors applied to Scenarios 1 and 2 and the resulting net jobs.

Table 4.8: Scenario 1: Net Additional Employment

Use Class	Gross Direct Jobs	50% Leakage	25% Displacement	Composite Multiplier	Net Additional Jobs
Retail (A1-A5)/ Community- Leisure (D1-D2)	92 to 299	46 to 150	35 to 112	1.21	42 to 136
Hotel (C1)	67	33	25	1.38	35
Total	159 to 366	79 to 183	60 to 137		76 to 170

Table 4.9: Scenario 2: Net Additional Employment

Use Class	Gross Direct Jobs	50% Leakage	25% Displacement	Composite Multiplier	Net Additional Jobs
Offices (B1a)	8,194	4,097	3,073	1.29	3,964
Retail (A1-A5)/ Community- Leisure (D1-D2)	26 to 86	13 to 43	10 to 32	1.21	22 to 71
Total	8,220 to 8,279	4,110 to 4,140	3,083 to 3,105		3,986 to 4,035

4.37 After taking account of the additionality factors, Scenario 1 is estimated to support between an additional 76 and 170 net jobs; Scenario 2 is estimated to support between an additional 3,986 and 4,035 net jobs.

e) Economic Output

4.38 Operational phase employment would generate economic output, again, measured through the generation of GVA.

4.39 Applying the average GVA per worker by industry for the South East region to the direct operational jobs and average GVA per worker by industry for the UK to the indirect operational jobs, Table 4.10 sets out the GVA generated by Scenarios 1 and 2.

Table 4.10: GVA per annum following completion

	Scenario 1	Scenario 2
GVA from direct jobs	£1.9m to £4.8m	£216.2m to £216.6m
GVA from indirect jobs	£0.9m to £1.7m	£46.8m to £48.1m
Total GVA	£2.7m to £6.5m	£263.0m to £264.8m

- 4.40 It is anticipated that Scenario 1 could generate between £2.7m to £6.5m GVA per annum; Scenario 2 could generate between £263.0m to £264.8m per annum.

f) Summary of Operational Phase benefits

- 4.41 Table 4.11 summarises the economic benefits of the two development scenarios during the operational phase.

Table 4.11: Operational Phase Benefits

Benefit	Scenario 1	Scenario 2
Residential population	2,430	n/a
Residential population in employment	1,288	n/a
Resident population - GVA (per annum)	£80.9m	n/a
Convenience expenditure (per annum)	£4,966	n/a
Comparison expenditure (per annum)	£8,442	n/a
Leisure expenditure (per annum)	£7,414	n/a
Council Tax generation (per annum)	£2.3m	n/a
Direct employment (gross)	159 to 366 jobs	8,220 to 8,279 jobs
Net employment	76 to 170 jobs	3,986 to 4,035 jobs
GVA direct employment (per annum)	£1.9m to £4.8m	£216.2m to £216.6m
GVA indirect employment (per annum)	£0.9m to £1.7m	£46.8m to £48.1m
GVA direct and indirect employment (per annum)	£2.7m to £6.5m	£263.0m to £264.8m

5.0 CONCLUSION

- 5.1 This Report has assessed the potential economic benefits associated with the proposed development at Reading Station Park.
- 5.2 National Planning Policy clearly emphasises a need to support growth, innovation and improve productivity. Policies and decisions should allow areas to build on existing strengths and address potential challenges of the future.
- 5.3 The application site is located within the spatial planning area of Central Reading which is identified in the Reading Borough Local Plan (adopted November 2019) as the focus for meeting much of the Borough's development needs. Specially the Local Plan states that 'around 7,600 homes (around 49% of the total planned for), 71,000 sqm of offices (around 63% of the total planned for) and up to 27,000 sqm of retail and related uses (virtually all of the total planned for)' is within the central area¹⁷.
- 5.4 Furthermore, the application site is specifically located within the Station/River Major Opportunity Area and within the sub-area 'North of Station'. The 'North of Station' site is seen as playing a vital role in the regeneration of the centre and the Local Plan identifies potential for the 'North of Station' site to provide between 640 and 960 dwellings, between 50,000 and 80,000 sqm net gain of offices and between 3,000 and 6,000 sqm net gain of retail and leisure (hotel).
- 5.5 The application site is currently occupied by commercial units (Use Classes A1-A3) totalling 7,385 sqm and associated car parking. The existing on-site uses provide employment for 225 people and it is estimated that existing on-site operations generate £10.2m in GVA per annum.
- 5.6 The proposed development at Reading Station Park will provide 115,000 sqm of floorspace, increasing the quantum of on-site floorspace in comparison to existing on-site uses (7,385 sqm). The proposed development will therefore provide a significant contribution towards the Local Plan policy requirement for the Central Area and 'North of Station' opportunity area (Policy CR11e).
- 5.7 At this stage the proposed uses of the development at Reading Station Park remain flexible and this report has assessed two potential development scenarios, one including the delivery of residential floorspace and one without. Table 5.1 summarises the assumed floorspace by use class for the two scenarios this report has assessed the associated economic benefits of.

¹⁷ RBC, Reading Borough Local Plan (adopted November 2019), paragraph 3.2.4

Table 5.1: Assumed floorspace for Scenarios 1 and 2

Use Class	Floorspace provision (sqm) – GEA	
	Scenario 1	Scenario 2
Residential (C3)	100,000	0
Offices (B1a)	0	113,000
Hotel (C1)	8,000	0
Retail (A1-A5)/Community-Leisure (D1-D2)	7,000	2,000
Total	115,000	115,000

- 5.8 The two scenarios assessed demonstrate a minimum (Scenario 1) and maximum (Scenario 2) range of operational employment that could be generated by the proposed development. However, the associated economic benefits with each of the scenarios do not necessarily translate as a minimum and maximum, they present a range of benefits associated with a scheme including and excluding a residential element.
- 5.9 Table 5.2 summarises the range of economic benefits associated with each of the development scenarios during the construction and operational phases.

Table 5.2: Economic Benefits

Phase	Benefit	Scenario 1	Scenario 2
Construction	Direct employment (per month)	531 jobs	851 jobs
	Indirect employment (per month)	515 jobs	825 jobs
	GVA direct employment (48-month construction period)	£107.1m	£171.5m
	GVA indirect employment (48-month construction period)	£106.7m	£170.9m
	GVA direct and indirect employment (48-month construction period)	£213.7m	£342.4m
Operational	Residential population	2,430	n/a
	Residential population in employment	1,288	n/a
	Resident population - GVA (per annum)	£80.9m	n/a
	Convenience expenditure (per annum)	£4,966	n/a
	Comparison expenditure (per annum)	£8,442	n/a

	Leisure expenditure (per annum)	£7,414	n/a
	Council Tax generation (per annum)	£2.3m	n/a
	Direct employment (gross)	159 to 366 jobs	8,220 to 8,279 jobs
	Net employment	76 to 170 jobs	3,986 to 4,035 jobs
	GVA direct employment (per annum)	£1.9m to £4.8m	£216.2m to £216.6m
	GVA indirect employment (per annum)	£0.9m to £1.7m	£46.8m to £48.1m
	GVA direct and indirect employment (per annum)	£2.7m to £6.5m	£263.0m to £264.8m
	GVA resident and employment (per annum)	£83.6m to £87.4m	£263.0m to £264.8m

- 5.10 Potential employment generation of the proposed development is greater for Scenario 2 over both the construction and operational phases. This is because Scenario 2 assumes that all of the floorspace is occupied by commercial uses, whereas Scenario 1 assumes that 87% (100,000 sqm) of the floorspace is occupied by residential uses which generates no employment.
- 5.11 Given that employment generation is higher for Scenario 2, economic output is also considerably higher for Scenario 2. However, Scenario 1 does still generate economic output through not only the commercial floorspace but also the resident population in employment.
- 5.12 During the operational phase, total economic output (resident and employment) for Scenario 1 is estimated to be between £83.6m and £87.4m GVA per annum and Scenario 2 between £263.0m and £264.8m GVA per annum. Therefore, either of the two scenarios are expected to generate GVA which is higher than the GVA generated by existing on-site operations (£10.2m).
- 5.13 Any residential element delivered by the proposed development will also increase consumer expenditure (through the increased residential population) and Council Tax revenue.
- 5.14 The proposed development is therefore considered to provide significant contributions to the local and wider economy, therefore supporting both national and local economic policy objectives. The proposed development will deliver a range of economic benefits. Most significantly its potential GVA and employment impact.