

ECONOMICS BENEFITS SUMMARY

Broad Street Mall – Reading

Savills have been commissioned by McLaren to undertake an assessment of the economic benefits of the Proposed Development at the Broad Street Mall in Reading.



The analysis and conclusions presented in this infographic assume that there are no major macro-economic shocks to the UK economy. On-going issues include the Ukraine crisis and inflation. The potential impact of such external factors mean these figures should be kept under review into the future.

Estimates of benefits are subject to uncertainties. Our assumptions and calculations are based on good practice, guidance and available data. We estimate that actual impacts are likely to be in a range of +/- 20% of figures given.

Figures may not sum due to rounding.

THE BROAD STREET MALL REDEVELOPMENT

The proposal involves the part demolition of Broad Street Mall to deliver a residential-led, mixed use development. The proposal will deliver 55,262m² gross internal floorspace (GIA), comprised of 644 residential units (of a range of unit sizes and tenures) and 1,737m² GIA of flexible Class E uses across four buildings



ECONOMIC BENEFITS

The proposal will create a mix of direct onsite and indirect off-site job opportunities.

The proposal's construction phase is expected to create 240 on-site construction jobs per annum, 120 of these jobs are expected to be 'net additional', which factors in displacement, leakage and multiplier effects.

The 644 new residential units will attract a new residents, who are estimated to spend approximately £5.1 million in the local economy. The new class E commercial spaces are expected to create 80 direct onsite jobs, 20 of these jobs are expected to be 'net additional', which factors in the existing on-site jobs, displacement, leakage and multiplier benefits.

CONSTRUCTION PHASE

240 direct jobs

(on-site construction jobs) supported across 4 years of construction phase.

120 net additional jobs

(on/off-site jobs) are expected to be generated directly and indirectly for Reading residents per annum during the construction period, considering supply chain effects and displacement effects.

OPERATIONAL PHASE

80 direct jobs

on-site jobs across retail, and Restaurant & cafe once the proposed development is fully occupied.

20 net additional jobs

(on and off-site jobs) are expected to be generated directly and indirectly for Reading residents once complete, considering supply chain effects and displacement effects..

220 homeworkers

are expected to be accommodated in the 644 new residential units, based on regional homeworking patterns.

£5.1m local expenditure

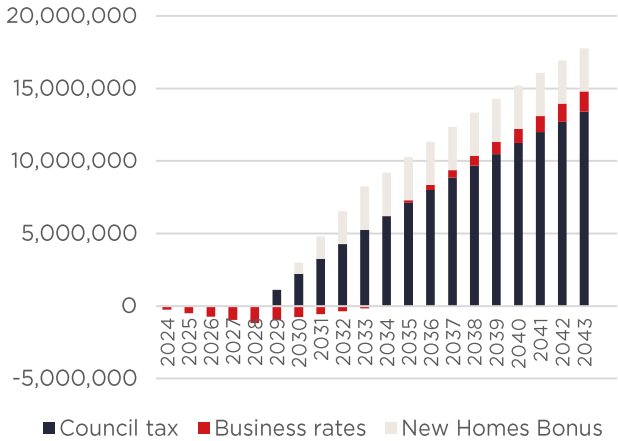
newly introduced in Reading on retail and F&B per annum.

£1.3m net additional GVA

related to the net additional number of jobs.

PUBLIC SECTOR REVENUE

20 Year Net Additional Public Sector Revenues (NPV; Cumulative)



Reading will also benefit from additional local government revenues generated by the scheme including, Business Rates, New Homes Bonus (NHB) and council tax.

Business Rates:

£0.5m

PER ANNUM

New Homes Bonus (NHB):

£3.9m

Council Tax Income:

£1.3m

PER ANNUM

Cumulative Net Income (NPV)**:

£17.8m

OVER
20 YEARS

SOCIAL VALUE SUMMARY

Broad Street Mall – Reading

Social Value includes the additional social, economic and environmental benefits that can be secured over and above core requirements. The proposal for development of the area in the Broad Street Mall, Reading is anticipated to generate social value benefits.

The proposal provides the opportunity for social value gains in the construction stage, and operational..



SKILLS AND EMPLOYMENT

The proposal will benefit the local community by delivering training opportunities and work placements for young people (based on National Skills Academy for Construction benchmarks).

This will create social value by improving the life-time earning potential of young people and improving labour force productivity,

WORK PLACEMENT	Estimated social value of non-paid work experience placements (26) for students from schools and colleges delivered during the construction period
£44.9k	
APPRENTICESHIP	Estimated social value of apprenticeships (43) delivered during the construction period
£318k	
CONSTRUCTION CAREER EVENTS	Estimated total social value of Construction Careers Information, Advice and Guidance Events (14 events)
£70k	
SKILL AND QUALIFICATION GAINED	Estimated total social value of Qualifications achieved (equiv. NVQ2 or above) (27 workers).
£286k	



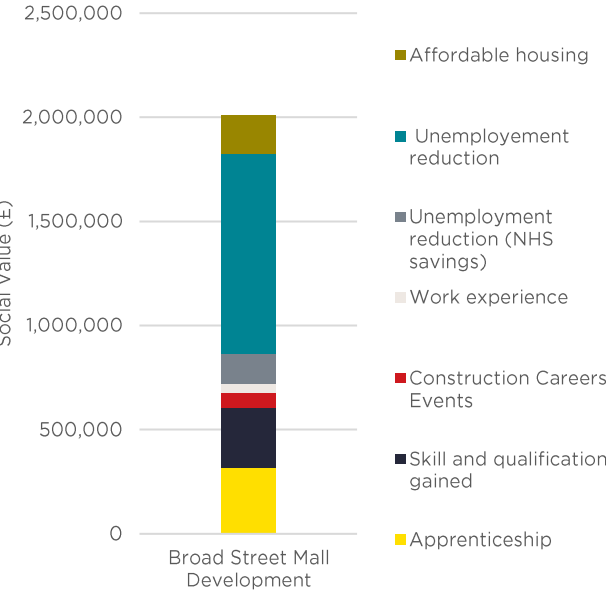
COMMUNITY BENEFITS

There are a range of other community benefits associated with the proposal. These include; employing previously unemployed people; local procurement of construction services; health and wellbeing benefits from improved public realm; and the delivery of much needed affordable housing.

UNEMPLOYMENT REDUCTION	Estimated social value of hiring those who are not in employment, education, or training (NEETs) during the construction period (8-11 people).
£0.9m	
NHS SAVINGS FROM UNEMPLOYMENT REDUCTION	Estimated NHS saving assuming that expenditure on unemployed person is double the average NHS expenditure during the construction period
£143k	
SUPPORTING LOCAL BUSINESSES	Estimated total value of local procurement during the construction period assuming 10% of all monies spent locally
£18m	
NHS SAVINGS FROM THE USE OF PUBLIC REALM	Estimated NHS saving based on estimates of a reduction in GP visits by regular park users in the UK population
£6.1k PER ANNUM	
AFFORDABLE HOUSING PROVISION	Estimated rental savings following the dwelling mix of affordable housing when compared to private market rents.
£184k PER ANNUM	

£22.6m **OVER 30 YEARS**
CUMULATIVE SOCIAL VALUE*

Community Savings and Employment Social Value Delivered Over the Construction Period



* Net Present Value (NPV) discounted at Treasury Green Book rate of 3.5% pa starting 2025

Glossary and Definitions

FTE	Full time equivalent
GIA	Gross internal area
GVA	Gross value added
HCA	Housing and Communities Agency
RBC	Reading Borough Council
EPC	Energy Performance Certificates
LHC	Local Housing Company
NHB	New Homes Bonus

Assumptions and Caveats

The analysis and conclusions presented in this paper assume that there are no major macro-economic shocks to the UK economy. On-going issues include the economy's recovery from Covid, the Ukraine crisis and rising inflation. The impact of such external factors should be kept under review.

These figures are based on our understanding of the scheme and a range of assumptions. Estimates of benefits are subject to uncertainties. Our assumptions and calculations are based on good practice, guidance and available data. We estimate that actual impacts are likely to be in a range of +/-20% of figures given.

Skills and Employment

The construction of the Proposed Development would have a positive social value impact delivering multiple benefits to the local community. An assumption can be made regarding the number of construction workers within the proposed development who have been previously unemployed (11 per annum) based on the Construction Industry Training Board forecasts. Associated NHS savings with returning to work are estimated based on the Oxford Economics findings from Cost-benefit analysis for the Department for Work and Pensions (2010). The scheme would also deliver training opportunities for young people. The number of apprenticeships (10) has been estimated based on benchmarks from the National Skills Academy for Construction. The social value of employment and training opportunities is estimated based on the 'National Themes Output Measures (TOMs) proxies (2021)'.

Community Benefits

The scheme would deliver multiple community benefits including provision of high quality green square which will provide external amenity space for users, including additional seating, to act as an informal meeting space for users of the Site. Additionally, local procurement during the construction will support local businesses ensuring that the local community will benefit from the investment in the area. The estimate of local procurement (10%) is based on best practice being achieved in comparable areas. The local community would benefit also from Construction Careers Information, Advice & Guidance Events held in the local educational establishments and qualifications achieved during the construction of the proposed development.

NHB, NPV

The method for calculating NHB is likely to change from 2022/2023. Consequently, the estimate for NHB is indicative. **Net Present Value (NPV) discounted at Treasury Green Book rate of 3.5% pa starting 2025. *** This is a conservative approach showing the total net additional business rates assuming that the vacant retail unit is still paying business rates. This figure is total business rates and only a proportion of this would be retained by the Local Authority.

Term	Definition
Leakage	'The proportion of output that benefit those outside of the intervention's target area or group'.
Displacement	'The proportion of intervention outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area'.
Multiplier effects	'Further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases'.
On-site jobs	Those employed on-site. Equivalent to gross direct jobs in HCA Additionality Guide (2016)
Off-site jobs	The sum of indirect effects (multiplier effects and displacement) affecting off-site jobs linked to the employment on-site
Gross Value Added	A measure of the value of goods and services.