POUNDBURY:
ECONOMIC IMPACT ASSESSMENT

FOR
THE DUCHY OF CORNWALL

JULY 2010
ASSESSMENT FINDINGS

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POUNDBURY: ECONOMIC IMPACT ASSESSMENT SUMMARY

The Poundbury development is situated on land to the west of Dorchester in West Dorset. Poundbury is now more than a third built with construction expected to continue until 2025. A project of this size can be expected to have a considerable impact on the surrounding area in terms of employment, business growth and the associated gains in household income and value added. Some of this impact will be permanent as residents and businesses move in. However much of the impact will be linked with the construction phases of the development and will cease once these are finished.

This report presents an assessment of the impact of the Poundbury development to date and a projection of its further impact once development is complete. As with all projections, the findings should be treated with caution as they rely not only on the data inputs used in the modelling but also a number of assumptions, as outlined in the Technical Appendix. In addition, unforeseen events such as shocks to the wider economy can impact upon future employment and business growth.

The findings are summarised below:

1. Impact on Dorset sub-region to date:

Permanent impacts:

Looking at the combined impacts of the residential and commercial population of the Poundbury development and the increased visitor spending arising from visitors to Poundbury, the model findings indicate for the Dorset sub-region, a total impact of:

- about £27 million increased demand for local goods and services per annum[1], (including a direct impact[2] of about £22 million, as shown in the table below);
- which is equivalent to increasing local GVA by about £13 million per annum in total;
- 300 new full time equivalent jobs; and
- 76 new businesses including the self-employed[3].

These impacts are expected to continue beyond the construction phase of the development although, of course, any major change in future to factors such as the industrial mix would result in different outcomes.

Impact for Dorset sub-region:	**Direct impact:**	**Total impact:**
Increased demand for local goods and services	£21.89m	£27.24m
Increased GVA	£11.50m	£12.95m
Full time equivalent jobs	263	300
Businesses	67	76

[1] The change in demand for goods and services and for GVA is an annual impact ie the amount is generated each year, subject to no other significant change.
[2] The direct impact is the effect of the initial change plus its impact on immediate suppliers as they meet the change in demand caused by the initial change. This is considered to be the most significant impact. The total impact includes a further 'ripple' effect through suppliers – the indirect impact – and the impact of any change in demand arising through changes in household expenditure on local goods and services as employment/self-employment changes.
[3] The change in jobs and businesses generated through the development is assumed to be permanent ie sustained from year to year for the foreseeable future.

Development impacts:

Other impacts are more transitory as they are associated with the actual construction of the development and are therefore not permanent. These impacts occur over the life of the development, ie in line with the phased investment in the construction project since the investment is not made all at one time. Construction is a labour-intensive sector and the jobs created as the result of a development are usually measured in terms of person-years of employment. In effect, a number of the jobs created on an established site such as Poundbury are likely to evolve from one stage of the development to another. So, as a result of the Poundbury development almost 1,900 person-years of employment are estimated to have been created so far, spread over the lifetime of the project to date. How these person-years are taken up is not prescriptive: it could be a large number of people on short term contracts or, since there is a convention that ten person-years of construction employment is equivalent to one full time equivalent job, 190 people employed full time.

The same concept can be applied to new business ie 'business-years', particularly as this largely comprises self-employment, as businesses are contracted to carry out various aspects of the work.

Viewing these development impacts as 'not permanent' is not to be dismissive of their value – especially as the impacts of a long-lived project such as this will share many of the characteristics of permanent benefits. The construction sector is a major contributor to GVA, (accounting for about 8% of GVA in the Dorset sub-region), and a significant driver of growth due to its extended supply chain. In addition, this supply chain is more likely to be UK based than many other sectors and construction investment thus particularly benefits the UK economy[4]. The impact of the recession has been to reduce private sector construction spend and future reductions in public expenditure will exacerbate this. The continuation of a long term development project such as Poundbury is therefore a considerable benefit to employees and businesses in the local area.

The construction element of the project together with the effect of the Section 106 payments made is estimated to date to have had a total impact of:

- about £331 million increased demand for local goods and services over the development period, (including a direct impact of about £267 million, as shown in the table below);
- which is equivalent to local GVA increased by about £130 million over the development period (which averages about £8 million a year);
- 1,877 person-years of employment; and
- 1,049 business-years including self-employment.

Impact for Dorset sub-region (development):	**Direct impact:**	**Total impact:**
Increased demand for local goods and services	£267m	£331m
Increased GVA	£115m	£130m
Person-years of employment	1,478	1,877
Business-years	884	1,049

[4] 'Construction in the UK Economy – the benefits of investment', LEK Consulting, commissioned by the UK Contractors Group

2. Projected future impact on Dorset sub-region:

Permanent impacts:

Looking ahead to the further development planned, by the end of the project the combined impacts of the residential and commercial population of the Poundbury development and the increased visitor spending arising from visitors to Poundbury are projected for the Dorset sub-region to be:

- about £13 million increased demand for local goods and services per annum, (including a direct impact of about £11 million, as shown in the table below);
- which is equivalent to local GVA increased by about £6.6 million per annum;
- 131 new full time equivalent jobs; and
- 45 new businesses including the self-employed.

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services	£10.70m	£13.18m
Increased GVA	£5.91m	£6.55m
Full time equivalent jobs	114	131
Businesses	39	45

This potential impact is smaller than the impact of the development to date largely because of the commercial component. Phases III and IV of the development see a much smaller area allocated for commercial use than Phases I and II.

Development impacts:

In addition to this, the further construction element and the effect of the Section 106 payments to be made are estimated by the end of the development period to potentially have a total impact of:

- about £503 million increased demand for local goods and services over the development period, (including a direct impact of about £386 million, as shown in the table below;
- which is equivalent to local GVA increased by about £154 million over the development period;
- 2,870 person-years of employment; and
- 1,984 business-years including self-employment.

Impact for Dorset sub-region (development):	Direct impact:	Total impact:
Increased demand for local goods and services	£386m	£503m
Increased GVA	£127m	£154m
Person-years of employment	2,158	2,870
Business-years	1,248	1,984

3. Cumulative impact:

By summing the permanent impact to date and the projected permanent impact, an estimate can be made of the potential cumulative effects by the completion of the development. Subject to no major change in the assumptions made, it can be estimated that on a permanent basis Poundbury will have added to the local economy:

- about £40 million increased demand for local goods and services per annum, (direct impact about £33 million);
- which is equivalent to local GVA increased by about £19.5 million per annum, (direct impact £17 million);
- 431 new full time equivalent jobs, (direct impact 377 FTEs); and
- 121 new businesses including the self-employed, (direct impact 106 businesses).

In addition, the economy will have benefited substantially from the development phases of the project.

- about £834 million increased demand for local goods and services over the life of the project, (direct impact about £33 million);
- which is equivalent to local GVA increased by about £285 million over the life of the project, (direct impact £17 million);
- 4,700 people-years of employment, (direct impact 3,000 people-years); and
- 3,000 business-years including self-employment, (direct impact 2,100 business years).

4. Conclusions:

The findings of this study indicate that the presence of Poundbury is already having a considerable and positive permanent economic impact on the local area, adding approximately £13 million per annum to GVA in the Dorset sub-region; supporting around 300 new full time equivalent jobs (as well as housing a considerable number of other jobs relocated from elsewhere in Bournemouth, Dorset and Poole); and also resulting in the creation of 76 businesses or self-employment opportunities new to the Dorset sub-region.

A further assessment based on the plans for future development of the site suggests that by the end of the project, Poundbury will be adding almost £20 million per annum to GVA in the Dorset sub-region; supporting more than 400 new full time equivalent jobs (in addition to other jobs relocated from other parts of Bournemouth, Dorset and Poole); and will have resulted in the creation of 121 businesses including self-employment opportunities new to the area.

In addition, once the construction period is finished around 2025, the development phase alone will have added on average about £9 million GVA per annum to the local economy (£285 million in total) and provided around 4,700 person-years of employment.

It would be reasonable to assume that the biggest economic impact is and will be felt in the immediate area, particularly Dorchester, in terms of employment for local people and business opportunities. However the benefits will also be felt further afield as some people will inevitably commute from other areas to work at Poundbury and the suppliers of businesses on the development will not necessarily be located in the immediate area.

It should also be noted that beyond the economic impact there are other potential impacts arising from the development of Poundbury such as **social and environmental effects** which have not been covered in this assessment.

In social terms, this development has offered the opportunity for residents to improve their quality of life through moving to an attractive development close to local facilities but with access to the countryside and with nearby employment opportunities, subject to skills match. Expectations of being able to improve quality of life and also of availability of employment will have been raised. In addition, residents benefit from a range of planning gain items supplementary to any provided through Section 106 payments, such as playing fields and infrastructural improvements. The provision of affordable housing will also be a great advantage to residents.

Environmental impacts to be considered include:

- increased traffic levels in and around Dorchester;
- air emissions such as carbon dioxide; and
- waste outputs.

However, the Poundbury development has focused on a range of benefits such as walkability and the installation of high level insulation in properties and there are proposals for the implementation of an anaerobic digester for the generation of electricity which will compensate for some of these environmental impacts.

POUNDBURY: ECONOMIC IMPACT ASSESSMENT INTRODUCTION

This analysis makes use of the ECON|i Economic Impact Analysis package provided by the South West Observatory (SWO). The contents and findings of the report do not necessarily reflect the views of the SWO.

The model is based on a set of economic and social accounts that allows analysis of the structure of and relationships within the economy. Economic impact analysis using this model takes into account not only the direct impact of a change on a particular industry, but also the indirect effects which occur through changes in purchases by that industry from domestic suppliers, and also the induced effects arising from changes in household incomes and consumption expenditures. The sum of these changes results in a net effect across the whole South West economy that can be expressed in terms of change in demand for output[5], GVA[6], full-time equivalent worker numbers, (excluding the self-employed), or employment sites, (proxy for businesses, including self-employment). The model also provides a sectoral analysis allowing identification of those sectors that are most affected by a particular change or shock to the economy.

An allowance for leakage is built into the model as firms make purchases of goods and services from outside the South West economy. For example, within the Hotels & catering sector, it can be seen that, on average, 51% of purchases are sourced from within the South West region itself, just below the all industry average of 54%. In addition, a further adjustment has been made to allow for leakage from the Dorset sub-region (Bournemouth, Dorset and Poole) to other parts of the South West and for variation in industrial structure and performance.

This model has been used to assess the impact of the Poundbury development at Dorchester on employment and the local economy. The data inputs used in the model have been extracted from data and projections provided by the Duchy of Cornwall.

However, it should be taken into account that the findings of the model are projections and should therefore be treated with caution. The economic and social accounting matrix within the model is based on past trends which can be significantly affected by changes in or shocks to the local or national economy. Furthermore, the outputs of the model rely significantly on the data inputs and the assumptions made: these are explained and sourced in the Technical Appendix.

Background

The Poundbury development is situated on Duchy of Cornwall land to the west of Dorchester in West Dorset. Construction of Phase I of Poundbury commenced in October 1993. The development Masterplan divides the 250 acre site into four quarters with each quarter corresponding to a development phase, co-ordinated to market demand.

Over the course of the development, Poundbury is expected to increase the population of Dorchester by about one-quarter, by approximately 5,000 people. By early 2010, there were 931 completed dwellings, with more than 25% social housing, and a population of around 1,820[7]. More than 1,100 people were employed in businesses located at Poundbury. Poundbury is now more than a third built with plans for 2,466 homes by 2025.

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[5] Gross output is the aggregate value of goods and services, including work-in-progress, produced by an industry. Output measured at basic prices is the price received by the producer, which is net of taxes on products and inclusive of subsidies on products (ECON|I).

[6] GVA for an industry is its gross output at basic prices, less purchases of goods and services, less net spending taxes (ECON|I).

[7] 2009 mid-year population estimates, Office for National Statistics

The local economic outputs arising from the development of Poundbury are complex and arise from:

- The short term benefits from **construction**: whilst construction is phased over a considerable period of time, it will come to an end and the impact, whilst significant, is therefore not considered to be permanent.
- The associated impact of payments made to the local planning authority under **Section 106** of the Town and Country Planning Act 1990[8].

Other outputs are assumed to be permanent including:

- The impact of additional household income and consequent spending generated through the increased number of **residents**.
- The impact of additional employment generated through new or relocated **businesses**.
- The impact of spending generated by the considerable number of **visitors** to Poundbury each year.

The impact of each of these is analysed separately leading to a cumulative effect.

A number of other issues also need to be taken into account and assumptions made to give a net, rather than a gross, impact.

a) Deadweight: would any of the projected outputs have occurred if Poundbury had not been developed in this way?
: It is deemed unlikely that such significant impacts would have occurred without the development of Poundbury.

b) Displacement: what proportion of the outputs is accounted for by reduced outputs elsewhere in the area as, for example, residents migrate from or firms relocate from other parts of Bournemouth, Dorset and Poole?

- Residents: whilst some residents moving into the new dwellings will have relocated from other parts of the Dorset sub-region, (Bournemouth, Dorset and Poole), others will migrate to the area from elsewhere. This has been taken into account when assessing the impact of household spending and only the estimated income of in-migrants with origins outside the sub-region has been included. Note: for the impact on the South West region as a whole, only in-migrants with origins outside the region have been included.
- Businesses: whilst the commercial units available at Poundbury will have attracted a number of start-up businesses, many firms will have relocated from other parts of the Dorset sub-region. This has been taken into account when assessing the impact of additional employment generated through the commercial element of the development. However, it should also be borne in mind that if there had not been the option of moving to Poundbury, then some expanding businesses may have moved out of the Dorset sub-region altogether in search of suitable premises.

c) Leakage: is a proportion of the economic outputs arising from the development leaking outside the South West region or the Dorset sub-region?
This may occur, for example,

- when firms outside the area benefit from the impact, for example through supply chain benefits:
    - an allowance for geographical leakage outside the South West region is built into the ECON|i Economic Impact Analysis model;

[8] Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing. Source: Improvement and Development Agency (IDeA) http://www.idea.gov.uk/idk/core/page.do?pageId=71631

- o there will also be some further leakage of benefits outside Bournemouth, Dorset and Poole to other parts of the South West and, in addition, the structure of industry within the Dorset sub-region means that the impact may differ from other parts of the South West. Local multipliers have been used to further adjust the findings in line with these factors[9].

- or if employees working at Poundbury live outside the area and may therefore spend a proportion of their income outside the area having an impact there instead,
    - o however, depending on the sector, many jobs have a high level of transferable skills and will be filled by local residents, for example in recreation and hotels & catering. A small adjustment has been made for leakage of benefits through employees living outside the area as it has been assumed that the workforce is largely local.

d) Substitution: has the 'organisation' substituted one activity for another and, for example, redeployed staff from one function to another rather than created new posts?
: The change of use of the development land from agriculture may have resulted in the loss of a few jobs, assumed to be not significant in number and therefore not taken into account.

The impact assessment report is divided into three sections:

Page 8: The impact of Poundbury to date.
This is split into the development impacts (arising as a result of the construction phase but not considered permanent) and the permanent impacts (expected to continue after the construction phase).

Page 19: The projected impact of the future development of the site.
This is divided as above.

Page 26: The Technical Appendix.
This gives further details of the methodology.

[9] Adjustment made to supplier impacts, not initial impact.

POUNDBURY
ECONOMIC IMPACT ASSESSMENT

Impact of Poundbury to date

Development impacts

1. What is the economic impact of the construction of Poundbury?

The cost to date of constructing Poundbury is estimated to be £230 million. However, not all of this investment will be retained in the local economy as some of the firms involved will be based outside the Dorset sub-region and also some workers may reside outside the local area. Adjustments have been made for this, as shown in the Technical Appendix, and only the estimated local investment has been injected into the model. The findings are then adjusted for further leakage from the Dorset sub-region to the South West and converted to current prices.

Impact on output

Gross output is the broadest measure of economic activity, roughly corresponding to the value of sales less the cost of any goods or services purchased for resale. The results of the £230 million investment in construction at Poundbury are shown in the table below, before any adjustment using local multipliers (the picture for the South West region) and after adjustment (the picture for the Dorset sub-region – Bournemouth, Dorset and Poole). This construction phase of the development led to an overall net total of **£330 million demand for the output of firms** in the Dorset sub-regional economy[10] – or up to £336 million across the South West region – however this will not be a permanent effect.

The multiplier effect shows that for every initial £1 million increased output arising from this development, a further £0.54 million of demand for goods and services is generated within the wider Dorset sub-regional economy. The South West multiplier is slightly higher at 1.57.

The table also shows the intermediary effects that take place within the economy as a result of the initial injection[11].

The first round effect is the impact on immediate suppliers as they meet the change in demand created by the initial change. The direct effect consists of the initial change plus the first round effect. The net direct effect therefore totals £266 million.

Further to this, the indirect effect is that experienced by other local industries as they accommodate the change in purchases in other sectors.

The induced effect is the change in demand arising through changes in household expenditure on local goods and services. These occur through changes in net employment and self-employment income caused by the changes in demand between local industries.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	213.679	55.017	23.205	44.029	335.929
Dorset sub-region	213.679	52.328	22.071	41.877	329.954

The greatest impact is generated in the Construction sector, as would be expected, followed by Business services.

[10] Output and GVA data updated to March 2010 prices.
[11] Note: the initial injection of £230 million is adjusted for leakage and additional spending of the external workforce; the findings of the model are in 2006 prices which are then adjusted to 2010 values.

Impact on GVA

The effect upon Gross Value Added can also be calculated as part of the economic impact analysis. GVA measures the contribution of each individual producer, or sector, to the economy by estimating the value of its gross outputs (goods and services), less purchases and less net spending taxes. It relates to Gross Domestic Product (GDP) in the following way: GVA plus taxes on products less subsidies on products equals GDP.

Consequently, the increased net output of £330 million in the Dorset sub-region equates to £130 million GVA over the life of the project – or up to £164 million across the South West – which is added to the local economy. The net direct impact on GVA is £115 million in the Dorset sub-region. The greatest impact is again evident in Business services and Construction.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	104.816	23.101	9.951	26.547	164.415
Dorset sub-region	104.816	9.888	4.259	11.363	130.327

Impact on employment

Construction is a highly labour intensive sector and the £230 million construction project is estimated to have provided an estimated 1,869 person-years of employment in Bournemouth, Dorset and Poole – up to 2,159 across the South West – 1,471 of these as a direct impact. Due to the nature of the development, many of these person-years will have been short term contracts. However, since the Poundbury development is taking place over a considerable time period, it is likely that many of the Construction jobs – accounting for almost half of the person-years – will have been sustained over time, as may also be the case for many of the supporting posts – largely in Business services.

Person-years	Initial	First Round	Indirect	Induced	Total
South West	1,190	400	181	388	2,159
Dorset sub-region	1,190	280	127	272	1,869

Other than in Construction, the greatest impact is evident in the Business services sector where 680 person-years of employment are supported in total, as shown in the table below. A further 201 person-years are supported in the Distribution & retail sector.

Person-years	Initial	First Round	Indirect	Induced	Total
All industries	1,190	280	127	272	1,869
Primary industries	0	2	1	5	8
Secondary industries	0	1	1	0	2
Manufacturing	0	17	9	7	33
Energy and water	95	1	0	1	98
Construction	511	98	35	8	652
Distribution and retail	45	23	12	115	195
Hotels and catering	32	3	2	37	75
Transport and communication	0	12	12	15	38
Finance	0	9	2	13	23
Business services	508	93	42	27	669
Public administration and defence	0	9	4	3	16
Education	0	5	4	10	19
Health and social services	0	1	1	15	17
Other services	0	5	3	17	25

Impact on business

The investment is also estimated to have supported an additional 1,046 business-years – or up to 1,182 across the South West – with two-thirds of these being self-employment. 882 of these business-years are a direct impact. More than half of the business-years would be in the Construction sector and about a quarter in Business services.

Business-years	Initial	First round	Indirect	Induced	Total
South West	726	222	92	142	1,182
Dorset sub-region	726	155	64	100	1,046

Construction impact: summary

The estimated impacts of constructing Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services	£266m	£330m
Increased GVA	£115m	£130m
Person-years of employment	1,471	1,869
Business-years	882	1,046

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services	£269m	£336m
Increased GVA	£128m	£164m
Person-years of employment	1,590	2,159
Business-years	948	1,182

2. What is the economic impact of the Section 106 agreement payments generated through the development of Poundbury?

Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing[12]. In addition to Section 106 payments, other planning gain benefits such as playing fields have been delivered on site at Poundbury, but these are included in the overall construction figures.

Impact on output

Section 106 payments to date total £2.8 million. This is treated as an injection into local government spending and is estimated to have led to an overall net total of **£0.87 million demand for the output of firms** in the Dorset sub-regional economy over the lifetime of the project – or up to £0.89 million across the South West region. The direct effect on output in

[12] Source: Improvement and Development Agency (IDeA) http://www.idea.gov.uk/idk/core/page.do?pageId=71631

Bournemouth, Dorset and Poole is £0.70 million. The greatest impact is generated in the Distribution and retail sector followed by Business services.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	0.593	0.110	0.032	0.151	0.886
Dorset sub-region	0.593	0.105	0.030	0.144	0.871

Impact on GVA

This increased net output equates to £0.38 million net GVA – or up to £0.47 million across the South West – which is added to the local economy. The net direct impact on GVA is £0.33 million in the Dorset sub-region. The greatest impact is again evident in Distribution and retail and Business services.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	0.311	0.056	0.016	0.091	0.473
Dorset sub-region	0.311	0.024	0.007	0.039	0.381

Impact on employment

The increased local government spending is estimated to have supported an estimated eight person-years of employment in Bournemouth, Dorset and Poole – nine across the South West – with seven of these as a direct impact. These jobs are largely in Distribution and retail and Business services.

Person-years of employment	Initial	First Round	Indirect	Induced	Total
South West	6	1	0	1	9
Dorset sub-region	6	1	0	1	8

Impact on business

The increased local government spending is also estimated to have supported an additional three business-years (proxy for businesses) – the same across the South West – primarily self-employment.

Business-years	Initial	First round	Indirect	Induced	Total
South West	2	0	0	1	3
Dorset sub-region	2	0	0	0	3

Section 106 agreement payments impact: summary

The estimated impacts of increased local government spending through Section 106 agreement payments from Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services	£0.70m	£0.87m
Increased GVA	£0.33m	£0.38m
Person-years of employment	7	8
Business-years	2	3

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services	£0.70m	£0.89m
Increased GVA	£0.37m	£0.47m
Full time equivalent jobs	7	9
Business-years	2	3

Permanent impacts

3. What is the longer term economic impact of the development becoming populated by residents?

To date, 931 dwellings have been built: 252 in Phase I and 679 of the Phase II allocation. A further 335 dwellings are to be constructed in Phase II and 1,200 in Phases III and IV. The occupation of these dwellings by residents means that there will be additional household income (and therefore expenditure) in the area and this expenditure will have an impact on the economy. In the Technical Appendix, consideration is given to whether any of the new dwellings are used as second homes; what level of household income might be expected; and whether or not the households can be considered new to Bournemouth, Dorset and Poole – and therefore an addition to the economy – or if they have just relocated from another location in the sub-region. The impact of the development becoming populated by residents is assumed to be a permanent impact.

Impact on output

The additional household income generated through the construction of 931 dwellings on the Poundbury development is estimated to have led to an overall net increase of **£3.88 million per annum in demand for the output of firms** in the Dorset sub-regional economy – or £2.93 million across the South West region[13]. The direct effect on output in Bournemouth, Dorset and Poole is £3.24 million.

The greatest impact is generated in the Business services sector followed by Distribution and retail.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	2.065	0.366	0.119	0.380	2.931
Dorset sub-region	2.772	0.468	0.152	0.486	3.878

Impact on GVA

This increased net output equates to £2.02 million net GVA per annum – or £1.77 million across the South West – which is added to the local economy. The net direct impact on GVA is £1.85 million in the Dorset sub-region. The greatest impact is again evident in Business services and Distribution & retail.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	1.302	0.179	0.057	0.229	1.768
Dorset sub-region	1.748	0.103	0.033	0.132	2.016

Impact on employment

The increased household income is estimated to support an estimated 34 full time equivalent jobs in Bournemouth, Dorset and Poole – or 26 across the South West – 30 of these as a direct impact. These jobs are largely in Distribution & retail (15 jobs) and Hotels & catering (5). These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

FTE employees	Initial	First Round	Indirect	Induced	Total
South West	18	3	1	3	26
Dorset sub-region	26	3	1	3	34

[13] Note: see Technical Appendix for details of different input for South West region impact in this section. The impact is lower for the South West than for the Dorset sub-region because of the number of households moving within the region (but from outside the sub-region) ie there is no net impact because they remain within the same region.

Impact on business

The increased household income is also estimated to have supported an additional ten new business sites (proxy for businesses) – also ten across the South West – with more than a third of these being self-employment. Nine of these businesses are a direct impact. More than half of the new businesses would be in the Distribution & retail and Other services sectors. These businesses are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Businesses	**Initial**	**First round**	**Indirect**	**Induced**	**Total**
South West	7	1	1	1	10
Dorset sub-region	8	1	0	1	10

Residential impact: summary

The estimated impacts of increased household income at Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	**Direct impact:**	**Total impact:**
Increased demand for local goods and services pa	£3.24m	£3.88m
Increased GVA pa	£1.85m	£2.02m
Full time equivalent jobs	30	34
Businesses	9	10

Impact for South West region:	**Direct impact:**	**Total impact:**
Increased demand for local goods and services pa	£2.43m	£2.93m
Increased GVA pa	£1.48m	£1.77m
Full time equivalent jobs	21	26
Businesses	8	10

4. What is the longer term economic impact of the development becoming populated by businesses?

To date, the commercial element of the site comprises more than 99,000m^2 of floorspace accommodating 94 businesses with 1,167 employees in employment. In the Technical Appendix, consideration is given to whether or not these businesses and the subsequent employment are new to Bournemouth, Dorset and Poole or if they have relocated from another part of the sub-region. The impact of the development being populated by businesses is assumed to be a permanent impact.

Impact on output

The additional employment – 466 jobs estimated to be new to the Dorset sub-region – generated through the population of the commercial locations at Poundbury is estimated to have led to an overall net increase of **£23.09 million demand for the output of firms** per annum in the Dorset sub-regional economy – or up to £23.69 million across the South West region. The direct effect on output in Bournemouth, Dorset and Poole is £18.43 million.

The greatest impact is generated in the Business services sector (more than half) followed by Education and Distribution & retail.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	15.365	3.224	0.942	4.158	23.691
Dorset sub-region	15.365	3.067	0.896	3.757	23.085

Impact on GVA

This increased net output equates to £10.84 million net GVA per annum – or up to £13.55 million across the South West – which is added to the local economy. The net direct impact on GVA is £9.56 million in the Dorset sub-region. The greatest impact is again evident in Business services and Distribution & retail.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	8.811	1.747	0.486	2.508	13.552
Dorset sub-region	8.811	0.748	0.208	1.073	10.840

Impact on employment

In terms of employment, a total of 466 jobs in firms located at Poundbury are estimated to be ‘new’ to the Dorset sub-region rather than relocated from elsewhere in Bournemouth, Dorset or Poole. These equate to 243 full time equivalent posts (FTE). Of these, 37 are assumed to be self-employed jobs and are included in the following business sites section. Through this population of the commercial component of the development, an estimated 263 full time equivalent jobs in Bournemouth, Dorset and Poole (including the original 243) are supported – up to 289 across the South West. 231 of these are a direct impact. These jobs are largely in Business services (more than half); and Distribution & retail (almost a fifth), as shown in the table overleaf. These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

FTE employees	Initial	First Round	Indirect	Induced	Total
South West	206	36	10	37	289
Dorset sub-region	206	26	7	24	263

FTE employees	Initial	First Round	Indirect	Induced	Total
All industries	206	26	7	24	263
Primary industries	0	0	0	0	1
Secondary industries	0	0	0	0	0
Manufacturing	2	1	0	1	4
Energy and water	0	0	0	0	0
Construction	0	0	0	1	1
Distribution and retail	35	2	0	10	48
Hotels and catering	22	1	0	3	26
Transport and communication	0	2	1	1	4
Finance	4	0	0	1	5
Business services	120	14	3	3	141
Public administration and defence	0	0	0	0	1
Education	0	1	0	1	2
Health and social services	18	3	1	1	23
Other services	5	1	0	2	8

Impact on business

The development of the commercial component is also estimated to have supported an additional 65 new or expanded businesses – or 72 across the South West region. 57 of these businesses are a direct impact – the 51 estimated to be new to Dorset or expansions plus an additional six immediate suppliers. More than half of the new businesses are in the Business services sector and almost three-quarters are estimated to be self-employment. These businesses are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Businesses	Initial	First round	Indirect	Induced	Total
South West	51	9	3	9	72
Dorset sub-region	51	6	2	6	65

Business component impact: summary

The estimated impacts of increased employment through the location of new or expanded businesses at Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£18.43m	£23.09m
Increased GVA pa	£9.56m	£10.84m
Full time equivalent jobs	231	263
Businesses	57	65

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£18.59m	£23.69m
Increased GVA pa	£10.56m	£13.55m
Full time equivalent jobs	242	289
Businesses	60	72

5. What is the economic impact of the spending generated by visitors to Poundbury?

The Duchy of Cornwall estimates there are at least 5,000 visitors to Poundbury each year. Based on day visitor spending in West Dorset on a three year average for 2006-2008[14], this suggests annual visitor spending of £0.21 million. Subject to this level of visitor numbers continuing, this is assumed to be a permanent impact.

Impact on output

This additional tourism expenditure is estimated to have led to an overall net total of **£0.27 million demand per annum for the output of firms** in the Dorset sub-regional economy. The direct effect on output in Bournemouth, Dorset and Poole is £0.22 million.

The greatest impact is generated in the Hotels & catering sector followed by Distribution and retail.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	0.182	0.037	0.011	0.040	0.270
Dorset sub-region	0.182	0.035	0.010	0.039	0.266

Impact on GVA

This increased net output equates to £0.09 million net GVA per annum which is added to the local economy. The net direct impact on GVA is £0.09 million in the Dorset sub-region. The greatest impact is again evident in Hotels & catering and Distribution & retail.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	0.088	0.018	0.005	0.024	0.135
Dorset sub-region	0.088	0.002	0.001	0.002	0.093

Impact on employment

The increased visitor expenditure is estimated to have supported an estimated three full time equivalent jobs in Bournemouth, Dorset and Poole, two of these as a direct impact. These jobs are in Hotels & catering and Distribution & retail. These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

FTE employees	Initial	First Round	Indirect	Induced	Total
South West	2	0	0	0	3
Dorset sub-region	2	0	0	0	3

Impact on business

The increased visitor expenditure is also estimated to have supported an additional one new business site (proxy for businesses) which is a self-employed position. This is a direct impact. These businesses are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Businesses	Initial	First round	Indirect	Induced	Total
South West	1	0	0	0	1
Dorset sub-region	1	0	0	0	1

[14] South West Tourism, Volume and Value Statistics

Visitor spending impact: summary

The estimated impacts of increased tourist expenditure through Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£0.22	£0.27
Increased GVA pa	£0.09	£0.09
Full time equivalent jobs	2	3
Businesses	1	1

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£0.22	£0.27
Increased GVA pa	£0.11	£0.14
Full time equivalent jobs	3	3
Businesses	1	1

6. What is the combined economic impact to date?

Permanent impacts:

Looking at the combined impacts of the residential and commercial population of the Poundbury development and the increased visitor spending arising from visitors to Poundbury the model findings indicate for the Dorset sub-region, a total impact of:

- about £27 million increased demand for local goods and services per annum, (including a direct impact[15] of about £22 million, as shown in the table below);
- which is equivalent to increasing local GVA by about £13 million per annum in total;
- 300 new full time equivalent jobs; and
- 76 new businesses[16] including the self-employed.

These impacts are expected to continue beyond the construction phase of the development although, of course, any major change to factors such as the industrial mix would result in change.

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services	£21.89m	£27.24m
Increased GVA	£11.50m	£12.95m
Full time equivalent jobs	263	300
Businesses	67	76

[15] The direct impact is the effect of the initial change plus its impact on immediate suppliers as they meet the change in demand caused by the initial change. This is considered to be the most significant impact. The total impact includes a further 'ripple' effect through suppliers – the indirect impact – and the impact of any change in demand arising through changes in household expenditure on local goods and services as employment/self-employment changes.

[16] Described as 'business sites' in the model.

Development impacts:

In addition to this, the construction element of the project together with the effect of the Section 106 payments made is estimated to have had a total impact of:

- about £331 million increased demand for local goods and services over the development period to date, (including a direct impact of about £267 million, as shown in the table below);
- which is equivalent to local GVA increased by about £130 million over the development period to date;
- 1,877 person-years of employment; and
- 1,049 new businesses including the self-employed.

Impact for Dorset sub-region (construction):	**Direct impact:**	**Total impact:**
Increased demand for local goods and services	£267m	£331m
Increased GVA	£115m	£130m
Person-years of employment	1,478	1,877
Businesses	884	1,049

Construction is a labour-intensive sector and the jobs created as the result of a development are usually measured in terms of person-years of employment. In effect, a number of the jobs created on an established site such as Poundbury are likely to evolve from one stage of the development to another. So, as a result of the Poundbury development almost 1,900 person-years of employment are estimated to have been created so far, spread over the lifetime of the project to date. How these person-years are taken up is not prescriptive: it could be a large number of people on short term contracts or, since there is a convention that ten person-years of construction employment is equivalent to one full time equivalent job, 190 people employed full time.

POUNDBURY
ECONOMIC IMPACT ASSESSMENT

Projected impact of future development of Poundbury

Development impacts

1. What will be the economic impact of the construction of future Phases at Poundbury?

Impact on output

The construction of a further 1,535 dwellings on the Poundbury development is expected to lead to an overall net total of **£500.80 million demand for the output of firms** in the Dorset sub-regional economy[17] over the lifetime of the project – or up to £511.73 million across the South West region. The direct effect on output in Bournemouth, Dorset and Poole is £384.04 million.

Outside the Construction sector, the greatest impact will be generated in the Business services sector followed by Distribution and retail.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	288.141	100.833	47.195	75.558	511.727
Dorset sub-region	288.141	95.904	44.888	71.865	500.798

Impact on GVA

This increased net output equates to £153.61 million net GVA – or up to £212.71 million across the South West – which will be added to the local economy over the lifetime of the project. The net direct impact on GVA will be £125.79 million in the Dorset sub-region. The greatest impact outside Construction will again be evident in Business services.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	109.393	38.299	19.455	45.558	212.705
Dorset sub-region	109.393	16.394	8.327	19.501	153.614

Impact on employment

The further investment is likely to support an estimated 2,853 person-years of employment in Bournemouth, Dorset and Poole – up to 3,351 across the South West – 2,143 of these as a direct impact. Besides Construction, these jobs will be largely in Business services and Distribution & retail.

Person-years of employment	Initial	First Round	Indirect	Induced	Total
South West	1,686	652	348	665	3,351
Dorset sub-region	1,686	457	244	466	2,853

Impact on business

The future investment is also expected to support an additional 1,981 business-years – or up to 2,237 across the South West – with almost three-quarters of these being self-employment. 1,678 of these business-years will be a direct impact. Most of the new businesses will be in Construction.

Business-years	Initial	First round	Indirect	Induced	Total
South West	1,381	424	188	244	2,237
Dorset sub-region	1,381	297	132	171	1,981

[17] Output and GVA data updated to March 2010 prices.

Construction impact: summary

The estimated future impacts of constructing Poundbury, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	**Direct impact:**	**Total impact:**
Increased demand for local goods and services	£384.04m	£500.80m
Increased GVA	£125.79m	£153.61m
Person-years of employment	2,143	2,853
Business-years	1,246	1,981

Impact for South West region:	**Direct impact:**	**Total impact:**
Increased demand for local goods and services	£388.97m	£511.71m
Increased GVA	£147.69m	£212.71m
Person-years of employment	2,338	3,351
Business-years	1,805	2,237

2. What will be the economic impact of future Section 106 agreement payments generated through the development of Poundbury?

Impact on output

Section 106 payments for Phases III and IV are estimated to total £6.25 million. This is treated as an injection into local government spending and is estimated to lead to an overall net total of **£1.95 million demand for the output of firms** in the Dorset sub-regional economy[18] – or up to £1.98 million across the South West region. The direct effect on output in Bournemouth, Dorset and Poole is £1.56 million.

The greatest impact is generated in the Distribution and retail sector followed by Business services.

Output £m	**Initial**	**First Round**	**Indirect**	**Induced**	**Total**
South West	1.323	0.246	0.072	0.336	1.976
Dorset sub-region	1.323	0.234	0.068	0.320	1.945

Impact on GVA

This increased net output equates to £0.85 million net GVA – or up to £1.06 million across the South West – which is added to the local economy. The net direct impact on GVA is £0.75 million in the Dorset sub-region. The greatest impact is again evident in Distribution and retail and Business services.

GVA £m	**Initial**	**First Round**	**Indirect**	**Induced**	**Total**
South West	0.696	0.124	0.035	0.202	1.057
Dorset sub-region	0.696	0.053	0.015	0.086	0.850

[18] Output and GVA data updated to March 2010 prices.

Impact on employment

The increased local government spending is estimated to support an estimated 17 person-years of employment in Bournemouth, Dorset and Poole – 19 across the South West – with 15 of these as a direct impact. These jobs are largely in Distribution & retail and Business services.

Person-years of employment	Initial	First Round	Indirect	Induced	Total
South West	13	2	1	3	19
Dorset sub-region	13	2	0	2	17

Impact on business

The increased local government spending is also estimated to support an additional six business-years – seven across the South West – primarily self-employment.

Business-years	Initial	First round	Indirect	Induced	Total
South West	5	1	0	1	7
Dorset sub-region	5	1	0	1	6

Section 106 agreement payments impact: summary

The estimated future impacts of increased local government spending through Section 106 agreement payments from Poundbury, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services	£1.56m	£1.95m
Increased GVA	£0.75m	£0.85m
Person-years of employment	15	17
Business-years	2	3

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services	£1.57m	£1.98m
Increased GVA	£0.82m	£1.06m
Person-years of employment	15	19
Business-years	5	7

Permanent impacts

3. What will be the longer term economic impact of the development becoming populated by more residents?

Impact on output

The additional household income generated through the construction of a further 1,535 dwellings on the Poundbury development is likely to lead to an overall net total of **£6.35 million demand per annum for the output of firms** in the Dorset sub-regional economy[19] – or £4.80 million across the South West region[20]. The direct effect on output in Bournemouth, Dorset and Poole is £5.3 million.

The greatest impact is generated in the Business services sector followed by Distribution and retail.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	3.380	0.599	0.195	0.622	4.796
Dorset sub-region	4.539	0.766	0.249	0.795	6.348

Impact on GVA

This increased output equates to £3.30 million GVA per annum – or £2.89 million across the South West – which will be added to the local economy. The direct impact on GVA is £3.03 million in the Dorset sub-region. The greatest impact is again evident in Business services and Distribution & retail.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	2.131	0.293	0.092	0.375	2.892
Dorset sub-region	2.862	0.169	0.053	0.216	3.299

Impact on employment

The increased household income is expected to support an estimated 52 full time equivalent jobs in Bournemouth, Dorset and Poole – or 42 across the South West – 45 of these as a direct impact. These jobs are largely in Distribution & retail (23 jobs) and Hotels & catering (7). These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

FTE employees	Initial	First Round	Indirect	Induced	Total
South West	30	6	2	6	42
Dorset sub-region	40	5	2	5	52

Impact on business

The increased household income is also expected to support an additional 19 new business sites (proxy for businesses) – or 16 across the South West – with more than half of these being self-employment. 16 of these businesses are a direct impact. More than half of the

[19] Output and GVA data updated to March 2010 prices.
[20] Note: see Technical Appendix for details of different input for South West region impact in this section. The impact is lower for the South West than for the Dorset sub-region because of the number of households moving within the region (but from outside the sub-region) ie there is no net impact because they remain within the same region.

new businesses would be in the Distribution & retail and Other services sectors. These businesses are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Businesses	Initial	First round	Indirect	Induced	Total
South West	11	2	1	2	16
Dorset sub-region	14	2	1	2	19

Residential impact: summary

The estimated likely impacts of increased household income at Poundbury in future, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£5.30m	£6.35m
Increased GVA pa	£3.03m	£3.30m
Full time equivalent jobs	45	52
Businesses	16	19

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£4.00m	£4.80m
Increased GVA pa	£2.42m	£2.89m
Full time equivalent jobs	35	42
Businesses	13	16

4. What will be the longer term economic impact of the development becoming populated by more businesses?

Impact on output

The projected additional employment – 132 jobs new to the Dorset sub-region – generated through the population of the commercial locations at Poundbury is expected to lead to an overall net increase of **£6.56 million demand per annum for the output of firms** in the Dorset sub-regional economy[21] – or up to £6.68 million across the South West region. The direct effect on output in Bournemouth, Dorset and Poole is £5.18 million.

The greatest impact will be generated in the Business services sector (just over half) followed by Distribution & retail and Education.

Output £m	Initial	First Round	Indirect	Induced	Total
South West	4.344	0.876	0.253	1.204	6.677
Dorset sub-region	4.344	0.834	0.241	1.145	6.563

Impact on GVA

This increased output equates to £3.16 million GVA per annum – or up to £3.96 million across the South West – which is added to the local economy. The direct impact on GVA is £2.79 million in the Dorset sub-region. The greatest impact is again evident in Business services, Education and Distribution & retail.

GVA £m	Initial	First Round	Indirect	Induced	Total
South West	2.587	0.480	0.131	0.764	3.962
Dorset sub-region	2.587	0.206	0.056	0.311	3.159

[21] Output and GVA data updated to March 2010 prices.

Impact on employment

In terms of employment, a total of 294 jobs are projected to be created in firms located at Poundbury and of these 132 are estimated to be 'new' to the Dorset sub-region rather than relocated from elsewhere in Bournemouth, Dorset or Poole. These equate to 60 full time equivalent posts (FTE) – plus eleven assumed to be self-employed and included in the business sites section. Through this population of the commercial component of the development, an estimated 76 full time equivalent jobs in Bournemouth, Dorset and Poole (including the original 60) will be supported – up to 84 across the South West. 67 of these are a direct impact. These jobs are largely in Business services (almost half); Distribution & retail (16%) and Education (13%). These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

FTE employees	Initial	First Round	Indirect	Induced	Total
South West	60	10	3	11	84
Dorset sub-region	60	7	2	7	76

Impact on business

The development of the commercial component could support up to an additional 25 new businesses – or 28 across the South West region. 22 of these businesses will be a direct impact. More than half of the new businesses are likely to be in the Business services sector and more than half are assumed to be self-employment. These businesses are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Businesses	Initial	First round	Indirect	Induced	Total
South West	19	4	1	4	28
Dorset sub-region	19	2	1	3	25

Business component impact: summary

The estimated future impacts of increased employment through the location of new or expanded businesses at Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£5.18	£6.56
Increased GVA pa	£2.79	£3.16
Full time equivalent jobs	67	76
Businesses	22	25

Impact for South West region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£5.22	£6.68
Increased GVA pa	£3.07	£3.96
Full time equivalent jobs	70	84
Businesses	23	28

5. What will be the economic impact of future spending generated by visitors to Poundbury?

With at least 5,000 visitors estimated to visit Poundbury every year, the expected annual effect will be as outlined in the previous section.

6. What could the combined future economic impact be?

Permanent impacts:

Looking ahead at the further development planned, by the end of the project the combined impacts of the residential and commercial population of the Poundbury development and the increased visitor spending arising from visitors to Poundbury are projected to be in the Dorset sub-region:

- about £13 million increased demand for local goods and services per annum, (including a direct impact of about £11 million, as shown in the table below);
- which is equivalent to local GVA increased by about £6.6 million per annum;
- 131 new full time equivalent jobs; and
- 45 new businesses including the self-employed.

Impact for Dorset sub-region:	Direct impact:	Total impact:
Increased demand for local goods and services pa	£10.70m	£13.18m
Increased GVA pa	£5.91m	£6.55m
Full time equivalent jobs	114	131
Businesses	39	45

This potential impact is smaller than the impact of the development to date largely because of the commercial component impact. Phases III and IV of the development see a smaller area allocated for commercial use than Phases I and II.

Development impacts:

In addition to this, the further construction element and the effect of the Section 106 payments to be made are estimated by the end of the development period to potentially have had a total impact of:

- about £503 million increased demand for local goods and services over the development period, (including a direct impact of about £386 million, as shown in the table below;
- which is equivalent to local GVA increased by about £154 million over the development period;
- 2,870 person-years of employment; and
- 1,984 business-years including self-employment.

Impact for Dorset sub-region (construction):	Direct impact:	Total impact:
Increased demand for local goods and services	£386m	£503m
Increased GVA	£127m	£154m
Person-years of employment	2,158	2,870
Business-years	1,248	1,984

Cumulative permanent impacts:

By summing the permanent impact to date and the projected future impact, an estimate can be made of the cumulative impact likely to have been felt by the completion of the development. Subject to no major change in the assumptions made, it can be estimated that on a permanent basis Poundbury will have added to the local economy:

- about £40 million increased demand for local goods and services per annum, (including a direct impact of about £33 million;
- which is equivalent to local GVA increased by about £19.5 million per annum (£17 million direct impact);
- 431 new full time equivalent jobs, (direct impact 377 FTEs); and
- 121 new businesses including the self-employed, (direct impact 106 businesses).

In addition, the economy will have benefited substantially from the development phases of the project.

- about £834 million increased demand for local goods and services over the life of the project, (direct impact about £33 million);
- which is equivalent to local GVA increased by about £285 million over the life of the project, (direct impact £17 million);
- 4,700 people-years of employment, (direct impact 3,000 people-years); and
- 2,100 business-years including self-employment, (direct impact 2,100 business-years).

POUNDBURY
ECONOMIC IMPACT ASSESSMENT

FOR
THE DUCHY OF CORNWALL

JULY 2010
TECHNICAL APPENDIX

Anne Gray, 23rd July 2010

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POUNDBURY: TECHNICAL APPENDIX

Construction

The cost to date of constructing Poundbury is estimated to be £230 million. This estimate and the split by sector, as shown in the table below, was provided by the Duchy of Cornwall.

Table one: Construction investment estimate by sector	
	Sector split:
Construction	45.0%
Utilities	20.0%
Legal	12.5%
Business Services	10.0%
Consultancy	12.5%
Total:	**£ 230,000,000**

It is estimated by the Duchy of Cornwall that 80% of this construction investment is spent locally and the remaining 20% leaks outside of the Dorset sub-region, largely to London and Somerset. Based on this, the local and external construction investment split is as follows:

Table two: Local and external construction investment split by sector			
	Total:	**Local investment (80%):**	**External investment:**
Construction	£ 103,500,000	£ 82,800,000	£ 20,700,000
Utilities	£ 46,000,000	£ 36,800,000	£ 9,200,000
Legal	£ 28,750,000	£ 23,000,000	£ 5,750,000
Business Services	£ 23,000,000	£ 18,400,000	£ 4,600,000
Consultancy	£ 28,750,000	£ 23,000,000	£ 5,750,000
Total:	**£ 230,000,000**	**£ 184,000,000**	**£ 46,000,000**

The local investment is treated as inputs to the model. The external investment is a direct leakage from the Dorset sub-regional economy. However, the labour that is sourced from outside the local economy through this external investment is likely to spend some of its income in the local area. This is most likely to be in the retail and hotels & catering sectors. Estimates from the 2008 Living Costs and Food Survey[22] have been used to estimate the spending pattern of the external workforce.

40% of the investment going to the construction sector is estimated by the Duchy of Cornwall to be spent on labour (£41.4m). Of the external portion of this (£8.28m ie 20% of total spend on labour), household expenditure data suggests that 25% will be spent on hotels, accommodation and catering and 26% on retail. Other expenditure is likely to be outside the Dorset sub-region.

The inputs to the model for construction to date are therefore as shown in the table overleaf.

[22] Family Spending: A report on the 2008 Living Costs and Food Survey, ONS, 2009 edition, table 4.4
http://www.statistics.gov.uk/statbase/product.asp?vlnk=361

Table three: Construction investment inputs by sector	
Sector:	**£m**
Construction	£ 82.80
Utilities	£ 36.80
Legal	£ 23.00
Business Services	£ 18.40
Consultancy	£ 23.00
Hotel & catering	£ 2.07
Retail	£ 2.15
Total	**£ 188.22**

The projected future cost of the development is expected to comprise £260 million invested in the Construction sector, (£230 million on housing and £30 million on commercial), with a further £44 million allocated to Utilities, Legal, Business services and Consultancy. This has been apportioned in line with the 'non-construction' total above.

Table four: Projected local and external construction investment split by sector			
	Total:	**Local investment (80%):**	**External investment:**
Construction	£ 260,000,000	£ 208,000,000	£ 52,000,000
Utilities	£ 16,000,000	£ 12,800,000	£ 3,200,000
Legal	£ 10,000,000	£ 8,000,000	£ 2,000,000
Business Services	£ 8,000,000	£ 6,400,000	£ 1,600,000
Consultancy	£ 10,000,000	£ 8,000,000	£ 2,000,000

With additional household spending from external labour, (as outlined above), the inputs to the model for construction to date are therefore:

Table five: Future construction investment inputs by sector	
Sector:	**£m**
Construction	£ 208.00
Utilities	£ 12.80
Legal	£ 8.00
Business Services	£ 6.40
Consultancy	£ 8.00
Hotel & catering	£ 5.20
Retail	£ 5.41
Total	**£ 253.81**

Section 106 payments

Information provided by the Duchy of Cornwall indicates that payments made to the local planning authority under Section 106 of the Town and Country Planning Act 1990[23] to date total £2.8 million. A further £6.25 million is projected for the future development of the site. This is treated as an injection into local government spending. However, as with the construction component, the impact of Section 106 payments is not included as a permanent impact as they are not occurring every year but are spread over the development stages of the project.

Development of residential element

To date, 931 dwellings have been built: 252 in Phase I and 679 of the Phase II allocation. A further 335 dwellings are to be constructed in Phase II and 1,200 in Phases III and IV.

Of the 931 dwellings to date, none are known to be holiday homes and only a small percentage are second homes, believed to be unoccupied for part of the year thus not impacting significantly on residential income. 256 dwellings (27.5%) are social housing. For Phases III and IV there will be a 35% allocation of social housing.

Based on Origin-Destination statistics for Dorchester from the Census of Population 2001[24], it is assumed that 30.9% of these households will have migrated to Poundbury from outside Bournemouth, Dorset and Poole, ie an estimated 288 households new to the sub-region. Assuming that other households have moved from elsewhere in the sub-region and that their levels of household income are unchanged, they have not been included in the model. Maintaining the assumption that 27.5% of households migrating into Poundbury will be in social housing (35% in Phases III and IV), average household income estimates have been used to estimate the total household income new to the Dorset sub-region, after deduction of an allowance for tax and National Insurance contributions[25]. This suggests an injection of £6.79 million total household income to date with a future projected injection of £11.12 million to come.

A number of households will have moved to Poundbury from parts of the South West region outside Bournemouth, Dorset and Poole. Looking at their impact at a regional level, there will be no change. Therefore, for the impact on the South West region as a whole, Origin-Destination statistics indicate that 23.0% of households are likely to have migrated to Poundbury from beyond the region (including Bournemouth, Dorset and Poole). This suggests, for the regional impact only, an injection of £5.06 million total household income to date with a future projected injection of £8.28 million to come. These impacts have been modelled separately.

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[23] Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing. Source: Improvement and Development Agency (IDeA) http://www.idea.gov.uk/idk/core/page.do?pageId=71631

[24] Office for National Statistics

[25] Based on Model based Income Estimates at MSOA Level, 2007/08, Office for National Statistics. For social housing MSOA E02004277, the northern part of Dorchester, has been used and for other housing, MSOA E02004278, the southern part of Dorchester has been used. A 31% deduction has been made for tax/NI.

Development of commercial element

To date, the commercial element of the site comprises more than 99,000m^2 of floorspace accommodating 94 businesses with 1,167 employees in employment.

43 of these businesses relocated from elsewhere in the Dorset sub-region. Where there is evidence to indicate that the premises these businesses have vacated have since been re-occupied[26], then the number of employees at Poundbury have been included as 'new employment'. Where evidence suggests that the vacated premises are either not re-occupied, or have undergone a change of use to residential, employment in these relocating businesses has not been included. Whilst there has been a preference to 'err on the side of caution', it should be noted that if suitable premises had not been available at Poundbury then, potentially, one or more of these relocating businesses and the associated jobs could have been lost to the Dorset sub-region altogether.

It is therefore estimated that of the 1,167 employees based at Poundbury, 466 of these are in jobs 'new' to the Dorset sub-region (40%). This equates to approximately 243 full-time equivalent posts[27] input to the model by sector.

Phases III and IV will see a further 25,000m^2 of commercial development. In addition, another 2,750m^2 will be taken up by the first school with a further 1,000m^2 of associated leisure facilities. Of the 25,000m^2 commercial development, it is assumed that businesses and employment (new and relocated) will be in the same proportions by sector as the current occupants with the same propensity to be 'new' to the Dorset sub-region or to have relocated. This suggests an additional 294 jobs of which 117 will be 'new'. In addition to this, as the first school will be replacing Damers School but increasing in size, based on current staff/pupil numbers and the projected roll number at Poundbury (450), an estimated additional 14 jobs have been added. This suggests a future generation of 132 'new' jobs equating to approximately 71 full-time equivalent posts.

A small adjustment for 'leakage' has been made – where some employees work at Poundbury but are resident outside the area. Some of their household spending is likely to have an impact outside the Bournemouth, Dorset and Poole area. In this section, a five percent[28] downward adjustment has therefore been made to the 'induced' benefits which arise from changes in household expenditure on goods and services. This also alleviates the risk of double counting where a number of the new households included above may derive their income from a 'new' job at Poundbury.

Visitor spending

The Duchy of Cornwall estimates there are at least 5,000 visitors to Poundbury each year. Based on day visitor spending in West Dorset on a three year average for 2006-2008[29], this suggests annual visitor spending of £0.21 million. The assumption is made that these visitors are coming to the Dorset sub-region with the express purpose of visiting Poundbury ie they would not otherwise have visited the sub-region on that day.

[26] Property Pilot, Dorset County Council
[27] Conversion of total employment to FTE based on ratios by sector from LEFM 2006 (SWO/SWRA) for 2008 in West Dorset.
[28] Duchy of Cornwall estimate that 5% of Poundbury employees live outside the area.
[29] South West Tourism, Volume and Value Statistics

Adjustments to the findings

As the model provides results for the South West region, a number of adjustments have been made to the first round, indirect and induced findings to make them more relevant to the local area.

Output:	95% of the South West based on total output per £1 of demand.
GVA:	43% of the South West based on £m GVA per 100 FTE.
FTEs:	70% of the South West based on total FTEs supported per FTE in industry.
Businesses:	70%, as for FTEs.

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