Rossendale Hospital Residential Scheme: Socio-Economic Impact Assessment

A Final Report by Regeneris Consulting
Taylor Wimpey

Rossendale Hospital Residential Scheme: Socio-Economic Impact Assessment

February 2012

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1. **Summary**

1.1 Taylor Wimpey UK Ltd is seeking to redevelop the 7.6 hectare former Rossendale Hospital site for 139 new dwellings. The hospital closed in September 2010 when the services the hospital provided were moved to a number of new facilities in the Trust area. Taylor Wimpey has agreed to purchase the site and has been promoting a residential scheme to redevelop this brownfield site, which is situated in Greenbelt land between Rawtenstall and Haslingden. Taylor Wimpey propose to redevelop 3.5 hectares of the site for housing, with the woods, areas of open spaces, and a heritage trail providing amenity benefits for all local residents.

1.2 The site has been identified within the Core Strategy as a ‘Major Developed Site within the Greenbelt’, with Rossendale Borough Council accepting the site’s suitability and potential for redevelopment for a number of uses, including housing. While the Council indicated their preference for a mixed-use redevelopment of the site, Taylor Wimpey’s view remains that this approach to redeveloping the site is unviable and unattractive to the market. Nolan Redshaw was commissioned by Taylor Wimpey, and their market testing and appraisals confirmed this position. Taylor Wimpey has also commissioned a viability appraisal for retaining the original Workhouse building on the site, along with a smaller new-build scheme. JLL concluded that such a scheme was also unviable.

1.3 This socio-economic assessment has been commissioned by Taylor Wimpey to contribute to the evidence base in support of their proposals for a complete residential redevelopment of the site.

**Note:** This assessment is based on the 138 dwelling scheme outlined in Masterplan Revision D – February 2012. The scheme was subsequently updated to accommodate 139 dwellings in Revision E later in February, after this assessment had been commissioned. However, Taylor Wimpey has provided us with the revised housing mix and we are happy that the changes to the scheme will not have a measurable impact on the findings of the impact assessment.

**The Assessed Scheme**

1.4 This assessment is based on a residential development of 138 new dwellings to be developed out over a four year period. Approximately 80% of the dwellings (110 dwellings) will be market housing, with 20% (28 dwellings) developed as affordable housing, although the mix of social housing and intermediate housing is still to be determined. The following table provides an overview of the assessed scheme:

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1 This building was not granted listed status by English Heritage given the many alterations made to the building. However, following a heritage assessment, the building was considered of local historic importance. The site is not within a conservation area.

2 Jones Lang LaSalle, October 2011. JLL appraised the conversion of the Workhouse building for residential apartments, as well as appraising a new build scheme with just 69 dwellings on the remaining developable land (no affordable housing provision was included in this appraisal). JLL concluded that the conversion of the building would result in a net loss of £3.5m, with little demand in the area for residential apartments, while the smaller new build scheme would not provide sufficient profit to cross-subsidise the refurbishment of the workhouse building.
Table 1-1: Headline breakdown of the 138 dwellings assessed on the Rossendale Hospital site

<table>
<thead>
<tr>
<th>All Dwellings</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Housing</td>
<td></td>
</tr>
<tr>
<td>2 bed Mews/Terrace</td>
<td>2</td>
</tr>
<tr>
<td>3 bed Mews/Terrace</td>
<td>4</td>
</tr>
<tr>
<td>3 bed Semi-detached</td>
<td>20</td>
</tr>
<tr>
<td>4 bed Semi-detached</td>
<td>10</td>
</tr>
<tr>
<td>3 bed Detached</td>
<td>9</td>
</tr>
<tr>
<td>4 bed Detached</td>
<td>65</td>
</tr>
<tr>
<td>Total Market Housing</td>
<td>110</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td></td>
</tr>
<tr>
<td>2 bed Mews/Terrace</td>
<td>15</td>
</tr>
<tr>
<td>3 bed Mews/Terrace</td>
<td>10</td>
</tr>
<tr>
<td>4 bed Terrace/Semi-detached</td>
<td>3</td>
</tr>
<tr>
<td>Total Affordable Housing</td>
<td>28</td>
</tr>
<tr>
<td>Total Dwellings</td>
<td>138</td>
</tr>
</tbody>
</table>

Note: This indicative breakdown is based on information provided by Taylor Wimpey in January 2012. Source: Taylor Wimpey/Regeneris Consulting

1.5 The location of the site, in Greenbelt between Rawtenstall and Haslingden, is shown in Figure 1-1. The former hospital site is bounded by Haslingden Road and Union Road to the south and east, with open countryside to the north. The site is in close proximity to the A56 and the M66 motorway.

Figure 1-1: Location of the Rossendale Hospital Development Site

Source: Taylor Wimpey/Calder Peel

1.6 Figure 1-2 (overleaf) highlights the current hospital site with the existing buildings, as well as the masterplan by Taylor Wimpey for the residential scheme that this assessment was based on.
Figure 1-2: The hospital site with its existing buildings, and the assessed Taylor Wimpey Masterplan

Source: Taylor Wimpey
Summary of Impacts

1.8 The following section presents the estimated impacts of the full development when complete. All of the impact estimates are at the Rossendale Borough level. However, much of the impact generated will be experienced locally within Rawtenstall given the town’s role as a key retail and service centre in the borough.

1.9 Please note these estimates refer to gross impact of the development once fully complete and occupied; they do not factor in the impact of any alternative or competing sites.

- The assessed 138-dwelling Rossendale Hospital housing scheme would cost around £14m to build. This development will support around 280 person years of temporary construction employment over the life of the development. This equates to approximately 70 full time equivalent (FTE) construction jobs on average over the proposed 4 year build-out period.

- There will be scope for local residents within Rossendale to benefit from these employment opportunities either directly, through employment with Taylor Wimpey, or through supply chain/sub-contracting opportunities. The latest claimant count figures (December 2011) show that in Rossendale there were around 70 residents seeking employment within the construction sector. This scheme has the opportunity to, at least in part, provide some new employment and/or training opportunities within Rawtenstall and across the borough.

- Over a six year period this development could attract a New Homes Bonus (NHB) of approximately £1.22m (this is based on 85% of the dwellings rated at Council Tax Band D, 15% of dwellings rated at Band C – using national average council tax for each band). Given the two tier system within Lancashire, Rossendale Borough Council would receive approximately £0.98m over six years.

- When the scheme is fully developed, the increase in local population of an estimated 375 people has the potential to generate around £3.2m of annual spending – a large proportion of this is driven by the attraction of households to the detached properties within the scheme, which typically have higher earning capabilities. Using evidence on existing residential expenditure patterns in Rossendale, we estimate that around £1.5m of convenience, comparison and leisure expenditure is retained within the borough, with much of this being spent in Rawtenstall – particularly convenience expenditure. This level of expenditure could support around 20-22 full-time equivalent (FTE) jobs locally (rising to 22-24 FTE jobs when multiplier impacts are considered).

- The mix of housing proposed is likely to have a positive impact on the supply of highly skilled labour locally which will help make the area more attractive to new investors and businesses (albeit these residents may well work outside of the local area, e.g. in Manchester, given its accessibility). Of those residents estimated to be in employment (approximately 200 residents), we estimate that around a quarter

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3 Economic impacts can be measured at various levels, where information allows. For this assessment the impacts from the scheme are measured at the Rossendale Borough level. Given the scale of the assessed scheme, and the level of impacts, there is no reason to measure the impacts at the Lancashire level.
will be working in managerial or professional occupations.

- With the economy still facing significant challenges, an increase in local resident expenditure in the borough (and mainly within Rawtenstall) will help sustain the vitality within Rawtenstall town centre, and in supporting new and existing employment locally. New residents can also play an important role in sustaining demand for local public services (e.g. education, healthcare), as well as helping to strengthen confidence amongst local enterprises and investors, who, over time, may invest in their enterprises in light of the changing local demographic position.

**Figure 1-3: Estimates of the Full Socio-Economic Impact of a Fully Developed Rossendale Hospital Site (Based on 138 dwellings)**

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>On site Benefits</th>
<th>Off site Benefits</th>
<th>Wider Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending Power of New Residents</td>
<td>£3.2m expenditure - £1.5m in Rossendale (much of this in Rawtenstall)</td>
<td>Supporting approx. 20-22 FTE jobs</td>
<td>Supporting viability and vibrancy of Rawtenstall town centre and local services</td>
</tr>
<tr>
<td>Increase in supply of skilled labour</td>
<td></td>
<td>Rising 22-24 FTE jobs when multiplier effects are included</td>
<td>Increased higher-skilled labour pool for local businesses</td>
</tr>
<tr>
<td>Construction of New Homes</td>
<td>£14m of construction spend supporting 70 FTE jobs on average each year (over 4 years)</td>
<td>£0.98m revenue to Rossendale Borough Council through the New Homes Bonus</td>
<td></td>
</tr>
</tbody>
</table>

Note: Unless stated the estimates of impact are for the Rossendale borough area.
2. Local Context

2.1 The Rossendale Hospital site is situated on the western edge of Rawtenstall, off Union Road and the A681 towards Haslingden. The hospital site dates back to 1870 when the Workhouse building was opened. Over the intervening years the site became part of the local NHS service, and expanded with further buildings developed up until the 1970s. While some buildings were vacated as health service provision altered, it was not until 2010 that the entirety of the site was vacated by the NHS.

2.2 Rossendale is one of the smallest boroughs in Lancashire covering an area of just 138 square kilometres. The borough is situated to the north of Greater Manchester (just 28 kilometres from Manchester City Centre), and is considered a gateway to Pennine Lancashire. The area is a popular commuter location; given the close proximity some towns and villages have to motorway connections. This also provides opportunities for residents to enjoy a semi-rural home environment, with accessibility to the employment, retail, leisure and other opportunities which nearby larger towns and cities can provide.

2.3 The borough has a population of 67,400⁴, and has experienced some overall population growth⁵ since 1998 (+3.4%). This rate of growth is broadly in line with that experienced across Lancashire over the same period. It is interesting to note that the borough’s working age population has also increased despite falls in unemployment locally. This helps to reinforce the characteristic of Rossendale as being a popular commuter location to other centres in Lancashire and Greater Manchester.

2.4 In 2010, the total number of employees working in Rossendale stood at 19,600. However, the borough has seen significant employment decline over the past decade, with a loss of 7,600 jobs between 1998 and 2010⁶. This reflects the on-going contraction and transition away from more traditional manufacturing sectors, which were once typical of this area of Lancashire, as well as, more recently, the negative impacts of one of the most severe recessions since the 1930s.

2.5 The town centre of Rawtenstall has also suffered over recent decades, and more recently as a result of the recession. It has been identified for a major regeneration scheme for some time; however the economic climate has been a significant brake on progress. There are high levels of vacancies, in particularly around the run-down and no longer fit for purpose Valley Centre and this has contributed to perceptions of a town centre in decline. However, this has begun to turn around in recent years through the construction of a new supermarket in the town, as well as the proposals to demolish the existing shopping centre and the provision of new town centre retail units and public realm improvements. Rossendale Borough Council is currently consulting on a draft supplementary planning document (SPD) to guide development in Rawtenstall town centre.

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⁴ Rossendale Borough Council – Core Strategy 2011
⁵ Mid-year population estimates, accessed via Nomis, Feb 2012.
⁶ ABI and BRES data has been used to calculate this figure. These two datasets apply different methodologies and are not directly comparable. ONS states that the best way to deal with this is to examine the scale of ABI/BRES discontinuity in the area concerned, calculate a scaling factor for the 2008 data published for both data sets, and apply this to the pre-2008 ABI data. In Rossendale, the scaling factor is 1.06.
2.6 Unemployment amongst Rossendale residents of working age increased steadily between 2004 and 2011, and at a rate greater than that across Lancashire, the North West and nationally. In 2010-11, working age unemployment reached 11.7%; over twice the level in Lancashire (5.5%)\(^7\). Measured by claimant levels of Job Seekers Allowance (JSA), the borough has seen almost 1,000 additional claimants (+152%), rising to 1,600 in the period 2007-2011\(^8\).

2.7 The following table provides a brief summary of Rossendale’s current employment and population position, as well as an overview of how this has altered over the last decade.

<table>
<thead>
<tr>
<th></th>
<th>Employees in Employment</th>
<th>Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>Change 98-10</td>
</tr>
<tr>
<td>Rossendale</td>
<td>19,600</td>
<td>-28.0%</td>
</tr>
<tr>
<td>Lancashire</td>
<td>473,500</td>
<td>5.2%</td>
</tr>
<tr>
<td>North West</td>
<td>2,917,600</td>
<td>4.8%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>26,082,100</td>
<td>8.3%</td>
</tr>
</tbody>
</table>


Policy Context

2.8 The development scheme is coming forward at an important time in terms of an evolving local policy context, both in planning and economic development.

Planning Policy Context

2.9 Rossendale Borough Council recently adopted its Core Strategy Development Plan Document (November 2011). The Core Strategy sets out the planning framework for the borough to 2027. Rawtenstall is one of several towns and local centres which Rossendale Council has identified as having the potential to help the future development needs of the borough.

2.10 The Core Strategy includes an Area Vision for Rawtenstall. This was developed following an earlier Issues and Options consultation process. This vision states that over the plan period:

‘Rawtenstall will be a place where people will want to live, visit and shop. The Valley Centre and its surroundings will be a revitalised heart for the town complemented by high quality small shops on Bank Street and a thriving market. A new commuter rail link to Manchester, attractive walking routes from the station to the town centre and a new bus facility will all contribute to better transport links...Housing will be focussed on Rawtenstall with no major development in Crawshawbooth Goodshaw and Loveclough’. (Source: Area Vision and Policy 4, Core Strategy 2011).

2.11 Housing is one of several key action areas identified to contribute towards achieving this vision. The delivery of sustainable residential developments is highlighted as critical to providing a variety of house types and tenures, and hence promoting a more sustainable

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\(^7\) Annual Population Survey, Unemployment Rate aged 16-64, accessed via Nomis, Feb 2012

\(^8\) Claimant Count with Rates and Proportions, accessed via Nomis, Feb 2012
mixed community. The Strategic Housing Land Availability Assessment (SHLAA, 2010) reviewed over 400 sites in the borough, assessing their suitability, availability and potential housing yield. It categorised sites by three categories (1. most deliverable; 2. some constraints, but moderately deliverable; 3. least deliverable). The total housing yield from the first two categories was over 8,100 dwellings. The hospital site was identified as a Category 1 site, with the potential to yield approximately 100 dwellings.

2.12 The Area Vision highlights that the former hospital site is designated as a ‘major developed site in the Green Belt’. The Council states that their preference is that the site is developed for mixed-use purposes by 2017 – including both market and social housing, and employment space. The Council states that they will only support single uses where it can be proved to their satisfaction that opportunities for mixed-uses have been explored and are not viable. Taylor Wimpey is currently making this case to the Council, including their assessment of why the retention of the Workhouse building is unviable.

2.13 The Council’s annual monitor of housing land supply in 2008/09 highlighted that there had been a decline in the number of dwellings constructed in Rossendale, in line with trends nationally. Planning Policy 2 within the Core Strategy sets out how the Council seeks to meet Rossendale’s housing requirements over the plan period. This would be achieved through:

- Providing at least 3,700 net additional dwellings over the plan period, equating to 247 dwellings per year.
- Allocating greenfield and previously developed land to meet the requirement for the period 2011-2026 to meet identified type, size and tenure needs.
- Delivering an overall amount of 65% of all new dwellings on previously developed land (PDL) across the Borough.

2.14 Clearly the proposals put forward for the hospital site can make a significant contribution towards the Council’s targets on new completions, housing mix, and previously developed land.

Economic Policy Context

2.15 The most recent economic strategy for the borough was for the period 2008-2011. This provided a three year framework for local partners to focus on key priorities to deliver sustainable economic growth in Rossendale. Sixteen objectives were identified in the strategy, and these were grouped into four themes. The redevelopment of the hospital site for residential uses has the potential to play an important role, both directly and indirectly, mainly across two of these themes:

- Attracting people, businesses and visitors to the borough; and
- Improving economic prosperity for everyone.

2.16 The first theme highlights the importance of the area’s location advantages and proximity to the natural environment as important factors in encouraging people to want to be a part of the area either as a resident, visitor or business. The delivery of regeneration for Rawtenstall town centre is identified as an important factor in encouraging future local growth and
attracting expenditure from new residents, as well as helping to encourage higher levels of local expenditure from existing residents.

2.17 The second theme on improving economic prosperity is supported by the Council’s ambitions to encourage a better mix of housing quality and quantity throughout the borough. The Council recognises that good quality and well designed housing is required within Rossendale, as well as a good mix of housing types and tenures (including affordable housing choices). Encouraging a better mix of housing in the borough could lead to a positive impact on the health, wellbeing and the economic activity of local residents.
3. **Framework for Assessing Socio-Economic Impact**

3.1 Regeneris Consulting uses a standard framework for assessing the socio-economic impact of any new housing development. The scale of impacts depends on:

- The number and types of housing units (determining the incomes and so local purchasing power of new residents and the skills mix);
- The location of the development in relation to areas of retail activity/town centre uses and employment; and
- The extent to which additional amenities are provided as part of the development.

3.2 Our framework for capturing the socio economic benefits of a purely residential scheme of this nature is summarised in Figure 3-1 below. The assessment looks at each source of impact in turn, starting with the major quantifiable impacts arising from the spending power of new residents, before turning to some of the more diffuse impacts such as those arising from the increase in the supply of skilled labour. For some of the wider catalytic impacts, it is only possible to give a qualitative assessment of some of the likely benefits of the scheme. The extent to which these wider impacts will occur will depend on the scale and mix of the development scheme.

![Figure 3-1: Regeneris Framework for Assessing Socio Economic Impacts of Housing Developments](source)

3.3 The impacts in this report are based on the completed full development and are gross impacts. They do not take into account the impact on any other proposed development.
4. Impacts of Spending Power of New Residents

4.1 The assessed scheme of 138 new dwellings at the former Rossendale Hospital site has the potential to make a significant contribution to supporting the local economy of Rossendale, but in particular Rawtenstall as the primary service centre, by increasing the amount of retail and other expenditure by households in the area. Given that most (80%) of the housing on site will be owner occupied and of a high quality offer (with over 65% of new market housing being 4-5 bedroom detached dwellings), the majority of new residents are likely to be of working age and earn above average incomes.

4.2 The site will therefore give a significant boost to convenience spend locally (on essential items such as main grocery and top-up shopping trips), and can also help support some comparison spend across Rossendale (i.e. items such as clothing, footwear and household goods). However, evidence for Rossendale shows that the borough only retains around 60-65% of comparison expenditure from residents, largely due to the proximity and retail offers of Burnley, Bury and Manchester for comparison shopping.

4.3 Fuller details of the methodology used are included in Appendix A.

Overall Economic Impact from New Residents’ Spending

4.4 Any analysis of impact must start from reasonable assumptions about the incomes of the families who will occupy the dwellings at the Rossendale Hospital site. These assumptions are based on the size of the properties and their likely price range – this information was provided by Taylor Wimpey. We have then used the national Family Expenditure Survey (UK), 2009 to estimate their household expenditure, and the value of their expenditure within the Rossendale Borough economy.

4.5 While the assessment has been undertaken at the Rossendale level, it is clear that Rawtenstall town centre already captures a significant proportion of local residents’ expenditure. The most recent retail assessment for Rossendale Borough, undertaken in 2009 as part of the Local Development Plan process, highlighted the important role which Rawtenstall town centre plays, as a service centre, for the area in which the hospital site is located (Rawtenstall – Zone 2)9. For example, approximately 95% of all convenience expenditure by Rawtenstall (Zone 2) residents is spent in Rossendale, with over 70% of this spent within Rawtenstall itself. The remainder is spent in smaller, neighbourhood centres.

4.6 We estimate that total annual household expenditure from the assessed 138 households would be around £3.2m (in 2009 prices) in the UK. A large proportion of this would be accounted for by households of detached properties in the scheme (around 50% of all housing in the scheme), which typically have higher earning capabilities.

4.7 Using turnover per full-time equivalent (FTE) job estimates developed from ONS datasets (the ABI - Annual Business Survey, and BRES - the Business Register Employment Survey),

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9 Nathanial Lichfield and Partners – Retail and Town Centre Study Update 2009, for Rossendale Borough Council
and after factoring in indirect taxation (e.g. VAT and duties) and assumptions about the amount spent in the Rossendale economy (also bearing in mind Rawtenstall’s function as key retail centre for residents in this part of the borough), we estimate that approximately £1.5m of this convenience, comparison and leisure expenditure would be retained within the borough. A majority of this expenditure would occur in Rawtenstall, and we estimate that it would support around 20-22 FTE jobs locally. The salaries generated as a result of this new employment will in turn lead to multiplier effects which we would cautiously estimate the total jobs supported to rise to 22-24 FTE jobs.

### Table 4-1: Estimates of Gross* Total Expenditure and Jobs Generated in Rossendale (2009 data and prices) arising from the Rossendale Hospital Development

<table>
<thead>
<tr>
<th></th>
<th>Rossendale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure (£m)</td>
<td>£1.5m</td>
</tr>
<tr>
<td>Total Jobs (FTEs)</td>
<td>20-22</td>
</tr>
<tr>
<td>Multiplier Effects**</td>
<td>2</td>
</tr>
<tr>
<td>Total (FTEs)</td>
<td>22-24</td>
</tr>
</tbody>
</table>

Source: calculations by Regeneris Consulting using latest data from the Annual Business Survey (ABS) and BRES (the Business Register Employment Survey), Family Expenditure Survey (2009); and informed by the Rossendale Retail and Town Centre Study Update, 2009.

Notes: *These calculations assume that the residents and their expenditure are fully additional to the Rossendale area. In other words, as a result of the development the total number of households in Rossendale increases by 138 households.

**Assuming a combined indirect and induced multiplier of 10% for Rossendale.

4.8 As outlined, our assessment of employment impacts is informed by evidence from the Annual Business Survey (ABS) and BRES (the Business Register Employment Survey) on turnover per full-time equivalent (FTE) employees. However, we are aware, from reviewing the NLP retail study as well as our knowledge of Rawtenstall, that the town has two large supermarkets – Asda and Tesco – which capture approximately 70% of all convenience expenditure from residents living within the Zone 2 area. Evidence from supermarkets, such as Tesco, suggests that the turnover per FTE for convenience spend is actually much higher than the ABS data suggests (approximately £200,000 per FTE compared with £130,000 per FTE using ABS retail data). The 20-22 FTE jobs supported by new resident’s expenditure takes account of this.

4.9 With the economy still facing significant challenges, an increase in local resident expenditure in the borough (and mainly within Rawtenstall) will help sustain the vitality of Rawtenstall town centre, and support new and existing employment locally. New residents can also play an important role in sustaining demand for local public services (e.g. education, healthcare), as well as helping to strengthen confidence amongst local enterprises and investors, who, over time, may also decide to invest in their enterprises in light of the changing local demographic position.
5. **Labour Market Effects**

5.1 The redevelopment of the former Rossendale Hospital site will contribute towards the provision of new housing, and in particular high quality housing, in Rossendale and around the Rawtenstall area – as set out in the Core Strategy. While not a measure of the quality of housing, the 2008/09 annual housing land supply monitoring report showed that there had been a decline in the number of dwellings constructed across the borough, and that only around 50 dwellings were being constructed each year. The report pointed to the shortfall continuing until 2012.

5.2 Around half of the assessed scheme dwellings will be detached, with a further 30 semi-detached. This housing offer, coupled with the rural Pennine offer and accessibility to other areas of Lancashire and Greater Manchester for work opportunities, could make a significant contribution to attracting more highly skilled people to the area.

5.3 There are a number of mechanisms through which increasing the supply of skilled labour can contribute to generating benefits for the wider area. Improving the efficiency of job matching is one such mechanism. If local employers are experiencing difficulties recruiting skilled workers this can affect business performance and can reduce productivity. Developments such as this scheme, with its mix of high quality housing, can contribute towards widening the pool of skilled labour from which local employers can recruit.

5.4 The only available dataset on existing travel to work flows remains the 2001 Census\(^{10}\). Despite the age of this dataset it still provides a useful overview of the travel to work characteristics and flows of residents. For the purposes of understanding flows from the area surrounding the development site, four wards were identified which broadly represent the wider Rawtenstall area\(^{11}\), within Rossendale Borough. Approximately 8,800 residents from this area were in employment, with around 57% working within Rossendale. Most of the residents who work outside of the borough (around 43%), travelled to towns and cities across Lancashire and Greater Manchester (see Figure 5-1 for flows of residents to key destinations).

5.5 However, when this travel to work data is analysed for higher skilled Rawtenstall residents, it is clear that a higher proportion of the area’s higher skilled residents are prepared to travel outside of Rossendale, and further distances, for employment. Around 60% of higher skilled residents travel to work outside of Rossendale, with 8% travelling to work in Manchester and 8% in Bury, with a further 5% travelling to work in Blackburn, Hyndburn, and Rochdale respectively.

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\(^{10}\) Origin and Destination data - Wards to Local Authorities, Census 2001.

\(^{11}\) Defined by the four wards of Cribden, Greenfield, Longholme and Hareholme.
Figure 5-1: Travel to Work flows by Rawtenstall Residents

Source: ONS Census 2001, Origin & Destination data. The wider Rawtenstall area has been defined as the four wards of Cribden, Greenfield, Longholme, and Hareholme.
Table 5-1 below shows the likely change in the population and labour supply occurring in Rossendale as a result of the development (and for reference, across Lancashire). It is estimated that the development will increase the overall population of Rossendale by 375 residents (+0.5%), with the working age population increasing by 260 residents (+0.6%). 200 of these residents are likely to be in employment and a quarter of these (approximately 50 residents) would be in highly skilled occupations. While these residents would only increase the supply of highly skilled residents in Rossendale by around 0.68%, their attraction to the local area, and their expenditure, could encourage local enterprises and investors, over time, to invest in existing or new enterprises in light of the changing local demographic position.

<table>
<thead>
<tr>
<th></th>
<th>Assessed Development</th>
<th>Rossendale</th>
<th>Lancashire (Exc. unitary authorities)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>% Change</td>
<td>Current</td>
</tr>
<tr>
<td>Total Population</td>
<td>375</td>
<td>0.56%</td>
<td>1,169,300</td>
</tr>
<tr>
<td>Working Age Population</td>
<td>260</td>
<td>0.60%</td>
<td>744,800</td>
</tr>
<tr>
<td>Residents in Employment</td>
<td>200</td>
<td>0.71%</td>
<td>549,700</td>
</tr>
<tr>
<td>Managers &amp; Professionals</td>
<td>50</td>
<td>0.68%</td>
<td>149,200</td>
</tr>
</tbody>
</table>

Source: Calculations by Regeneris Consulting based on data from Mid Year Population Estimates 2010, Annual Population Survey, 2010. The analysis has been undertaken at the Rossendale level, as much of the current data is not available at any lower level geography, such as Rawtenstall.

5.7 The location of the Rossendale Hospital development, within easy access to main A56 road and M66 motorway, also means that the new pool of highly skilled labour will be within a short commuting distance of many of the major employment locations in Lancashire and the Greater Manchester conurbation. The following map provides an overview of the broad travel to work times from the development site. Manchester and Preston, as well as other key towns and settlements across Lancashire and Greater Manchester, can be reached within around 30-45 minutes from Rawtenstall via car.
Figure 5-2: Drivetime Isochrones from the Rossendale Hospital Site

Note: Based on off-peak travel. Source: EOLS, GBPro500 © Mapinfo Pitney Bowes
6. Other Impacts

Construction Employment Impacts

6.1 Based on estimates of house type and size, we have estimated that the construction costs for the assessed scheme stand at approximately £13.6m in 2011 prices\textsuperscript{12}. There are two different approaches which can be undertaken to estimate the construction employment associated with the development. The first uses labour coefficients (i.e. workers per £1m of construction output per year) using data from the Department for Communities and Local Government (DCLG) in England\textsuperscript{13}. The second approach uses data from the Annual Business Survey for construction sector turnover in the North West.

6.2 Given that significant research has been undertaken by DCLG assessing the labour coefficients for different types of construction expenditure, in particular new housing schemes, we believe that the labour coefficient approach provides a more robust assessment of the likely construction employment impacts from the former Rossendale Hospital development.

6.3 As such, this approach uses a turnover per FTE construction job figure (including the self employed) of around £50,000 per annum for residential house building schemes in 2011 prices. This equates to approximately 280 person years of construction employment, or, over a four year development period, a total of 70 construction jobs (on average each year).

6.4 There will be opportunities for local residents within Rossendale to benefit from these employment opportunities. Either directly, through employment with Taylor Wimpey, or through supply chain/sub-contracting opportunities. The latest claimant count figures (December 2011) show that in Rossendale there were around 70 residents seeking employment within the construction sector. This scheme has the opportunity to, at least in part, provide some new employment opportunities within Rawtenstall and across the borough, and contribute towards reducing the unemployment rate in the local area during its construction phase.

6.5 We understand that apprenticeships and training opportunities for local people will also be available with Taylor Wimpey as part of this development. Taylor Wimpey is committed to working with local colleges and other training providers to support apprenticeships in the building trades, and to provide training opportunities for young people. Taylor Wimpey is also committed to using local suppliers and contractors, wherever possible, to maximise opportunities for local people and businesses.

\textsuperscript{12} Assuming an average of £95 per square foot build cost. This is a conservative estimate based on a build cost figure of £97 per square foot estimated from the Jones Lang LaSalle (JLL) Viability Report into the new build element of the redevelopment scheme. This was calculated from construction and demolition costs, S106 costs, and professional fees using Appendix 3 of the report.

\textsuperscript{13} This is based upon the analysis of construction data from a wider range of construction sub-sectors (e.g. new housing, infrastructure, commercial developments etc). As such, there is a specific labour coefficient for new housing.
New Homes Bonus

6.6 The Coalition Government have introduced a new mechanism to incentivise local authorities to increase their local housing supply. The old system of regional targets has been replaced with the ‘New Homes Bonus’ whereby councils will receive a payment based on the annual net increase in the number of dwellings on which council tax is paid from year to year. This payment is the value of Council tax for each dwelling, plus a tariff of £350 per affordable dwelling. This is paid every year, for six years.

6.7 We estimate that over a six year period the 138-dwelling scheme could attract a New Homes Bonus (NHB) of approximately £1.22\textsuperscript{14} m (this is based on 85% of the dwellings rated at Council Tax Band D, 15% of dwellings rated at Band C\textsuperscript{15} – at national average council tax levels for each of these bands). Given the two tier system within Lancashire, where 20% of the NHB goes to the higher tier council (i.e. Lancashire County Council), Rossendale Borough Council would receive approximately £0.98m over six years.

Support for Existing Facilities

6.8 New communities often provide the critical mass of population to support existing community infrastructure such as schools, public transport and community facilities, and are often vital in making the case for renewal and new build in such infrastructure. This is often the case on the provision of specialist facilities/services that demand a certain population threshold. While any new infrastructure or services are unlikely to be required directly as a result of the redevelopment of the former hospital site for housing, the site’s future residents will play an important role in supporting local facilities and services in and around Rawtenstall, as well as contributing towards the future sustainability and vitality of the local town centre.

6.9 As part of their development proposals, Taylor Wimpey has proposed to:

- Provide additional car parking for neighbouring residents on Union Road
- Provide new areas of open space for use by the whole community (not just the development’s residents), including a new equipped children’s play area.
- Make financial contributions to the Council to help improve other open spaces in the local area.
- Engage with the local community to develop the proposed Heritage Trail to make sure it is a fitting legacy for the hospital site.

\textsuperscript{14} This estimate has also been confirmed by using the CLG NHB Calculator downloaded from the CLG website, February 2012.

\textsuperscript{15} This council tax band distinction within the NHB calculation has been made to take account of the small number of 2 bed market and affordable terraces proposed as part of the development scheme.
Appendix A

Calculating Construction Impacts

1. There are two different approaches which can be undertaken to estimate the construction employment associated with the assessed development.

2. The first uses labour coefficients (i.e. workers per £1m of construction output per year). The development of these coefficients by the Department for Communities and Local Government (DCLG) in England is based upon the analysis of construction data from a wider range of construction sub-sectors (e.g. new housing, infrastructure, commercial developments etc). As such, there is a specific labour coefficient for new housing.

3. The second approach uses data from the Annual Business Survey and BRES data for construction sector turnover in the North West. By dividing total construction turnover by total FTE construction workers (both employed and self-employed) a construction turnover per FTE estimate is derived.

4. Given that significant research has been undertaken by DCLG in England assessing the labour coefficients for different types of construction expenditure, in particular new housing schemes, we believe the labour coefficient approach provides a more robust assessment of the likely construction employment impacts from the development.

Spending Power of New Residents

5. This section estimates the likely income of households at the Rossendale Hospital site based on the breakdown of house types provided by Taylor Wimpey and the likely price range of each house type. We determine income by applying assumptions about the typical deposit for different house values\(^\text{16}\). We then assume annual household income to be one third of the mortgage value. For affordable/social housing, assumptions are made on residents household income levels.

6. For each income group, we determine the typical expenditure on different categories of goods and services using the Family Expenditure Survey. For each category we reach sensible assumptions about the proportion of spend spent in Rossendale. To help inform this we also draw on the updated retail study prepared by NLP in 2009. This report clearly shows that residents within the retail catchment zone for the development site area (Zone 2) buy the majority (over 70%) of all convenience goods in Rawtenstall town centre. This is predominantly at Asda or Tesco’s. Residents also spend a third of the comparison expenditure in the town. As such, while the expenditure impacts are modelled at the Rossendale level, Rawtenstall town centre is likely to capture a significant proportion of this.

7. We then deduct indirect taxation to arrive at a figure for total spend, and convert this to jobs using an estimate of output per full time equivalent employee in different sectors (estimated from the ABS and BRES datasets). Finally, we apply local multipliers taken from government guidance on measuring additionality\(^\text{17}\) to arrive at a total jobs figure for Rossendale.

\(^{16}\) Average deposit size ranges from 20% to 30% for properties between £150,000 and £200,000 ([http://www.mortgages.co.uk](http://www.mortgages.co.uk)). We assume deposits are on average lower below this price range and higher above this price range.

\(^{17}\) "Additionality Guide" October 2008 3rd Edition, English Partnerships (now HCA) and OFFPAT.
Labour Market Effects

8. We use the DCLG Survey of Housing in England 2008 to estimate the total number of people living in different size dwellings. We then apply the current age breakdown of Rossendale to the total figure to arrive at estimates of the number of Rossendale Hospital site residents who will be of working age.

9. We apply the current employment rate of Rossendale from the Annual Population Survey to this figure to arrive at an estimate of the number of residents who will be in paid employment.

10. To estimate the skill level of residents in the new development, we have used census data to identify the occupational mix of residents within the wards in close proximity to the development site for similar housing types, as well as analyse skill levels across the borough using the APS dataset.

Calculation of New Homes Bonus

11. This assessment calculates the possible revenue generated through the New Homes Bonus. To do this we have assumed that 85% of all the properties on site will be classified as band D. The remaining 15% are classified as Band C, as they are small terraces and unlikely to command Band D ratings. For each dwelling the NHB will be equivalent to the national average annual council tax for a Band D or C dwelling, with an additional payment for affordable housing. A further £350 is paid for every affordable dwelling build. This amount is paid annually for six years – with 80% of revenue going to the bottom tier council (Rossendale) and 20% going to the top tier council (Lancashire County Council). The CLG New Homes Bonus calculator can also be used to calculate the bonus. The Regeneris approach and the CLG calculator both gave the same NHB amount.