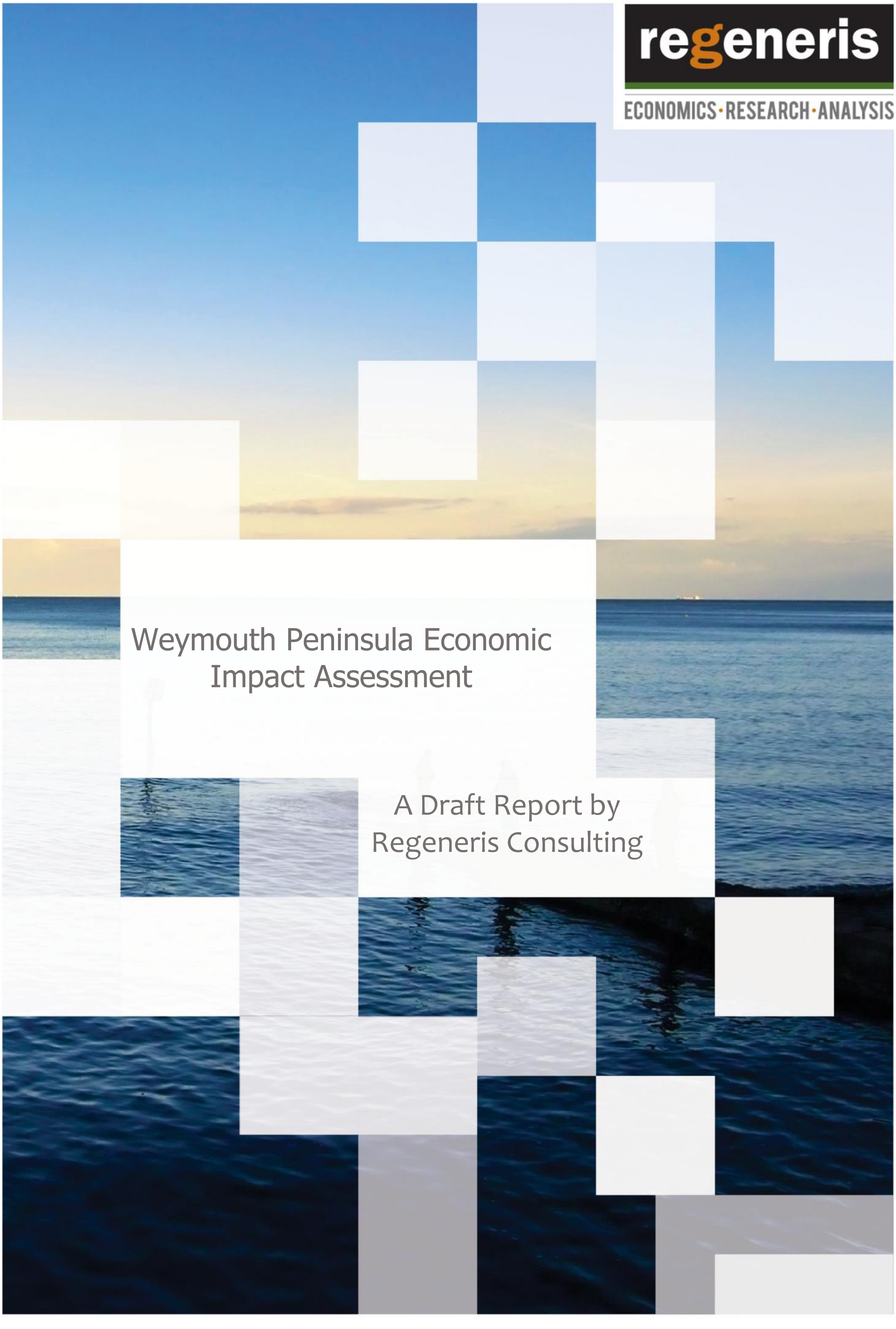


regeneris
ECONOMICS·RESEARCH·ANALYSIS

# Weymouth Peninsula Economic Impact Assessment

A Draft Report by Regeneris Consulting

# Weymouth & Portland Borough Council

# Weymouth Peninsula Economic Impact Assessment

23rd February 2017

Regeneris Consulting Ltd
www.regeneris.co.uk

# Contents Page

# Summary of Benefits

i. Regeneris Consulting was commissioned by Weymouth & Portland Borough Council to assess the socio-economic benefits of the proposed redevelopment of Weymouth Peninsula.

## Estimated Benefits

ii. Our assessment of benefits is based on the 2016 Cushman and Wakefield Masterplan for the site and has been undertaken using standard impact assessment methodologies. All figures presented at this stage relate to gross benefits, however early stage indications of the potential net impacts have been included where possible.

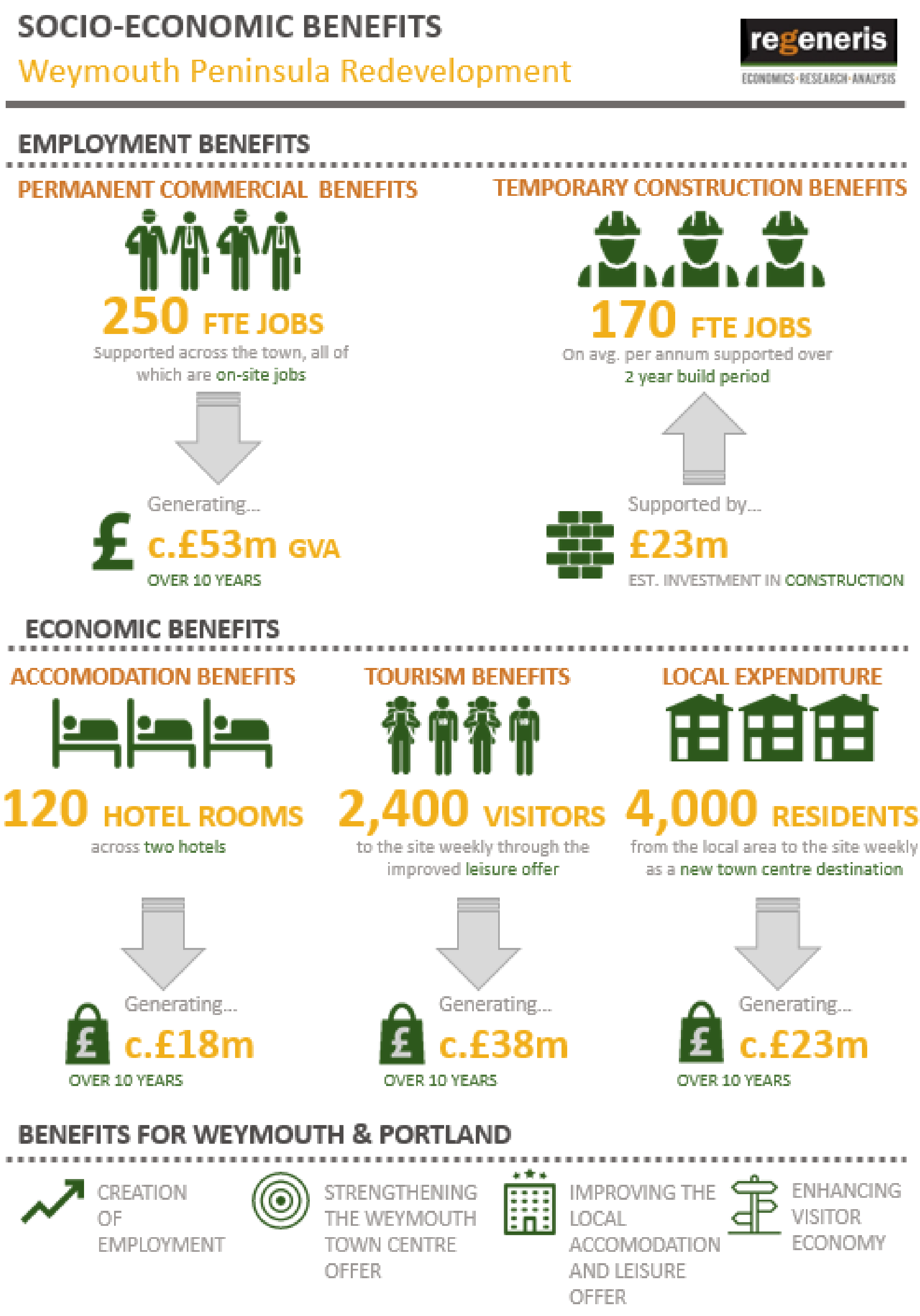
iii. Our assessment examines benefits as a result of construction activities along with ongoing benefits realised during the operational phase of the scheme:

- Construction benefits – around 170 FTE construction jobs supported for the duration of the assumed 2 year build period
- Operational benefits – permanent benefits once the scheme is operational include:
  - Employment benefits – around 250 permanent FTE jobs resulting from the commercial and leisure elements of the scheme once operational. These jobs would support additional GVA of around £16.3 million per annum. Over the first ten years of operation, this would equate to gross GVA of £53.5 million (once discounted to current values[1])
  - Accommodation expenditure – based on current accommodation prices in Weymouth and varying occupancy rates, the new accommodation could generate £2.5m in gross spend every year for the first ten years of operation, which equates to £17.8m (once discounted to current values)
  - Visitor expenditure – if 10% of all day visitors to Weymouth Town Centre visited the development it is estimated that £5.18m would be generated in gross expenditure per annum, which equates to £37.6m during the first ten years of operation (once discounted to current values)
  - Resident expenditure – based on 10% of local residents (c. 4,000 per week) visiting Weymouth Town Centre also visiting the development for leisure purposes could generate up to £3.2m per annum in gross spend. This would equate to £23m during the first ten years of operation (once discounted to current values)

iv. Financial benefits – the site will also generate business rate revenue once fully operational. Based on the types of use proposed for the site and the floorspace estimates, it is anticipated that the site could generate £3.4m.

[1] Where figures are provided over 10 years, we present the present value of benefits. These have been discounted using standard HM Treasury Guidance (with annual discounting of 3.5% assumed). This is a recognised approach for comparing costs which occur in different time periods and are based on the principle that, generally, people prefer to receive goods and services now rather than later.

Figure 1.1 Proposed redevelopment: Summary of Potential Benefits (Gross)




Source: Regeneris Consulting 2016. All gross figures over 10 years have been discounted.

# 2. Introduction

2.1 Regeneris Consulting was commissioned by Weymouth & Portland Borough Council to conduct an economic impact assessment of the proposed regeneration of the Weymouth Peninsula.

## Background to the Site

2.2 The site is a man-made structure located to the south-east of Weymouth Bay beach and east of the historic harbour, which has until recently been primarily used as a ferry terminal, but is no longer in use. It also comprises the Pavilion Theatre and car park, and the Jurassic 360 viewing tower.

2.3 The proposed development is of a mixed-use nature with a focus around recreation and leisure. Located on-site will be, a café, limited service hotel (100 rooms), boutique hotel (20 rooms) & restaurant, leisure units (which could include; a cinema, rock climbing, urban golf) and an area for independent retailers to trade from (i.e. shipping containers). It is anticipated that once permission for the site has been granted construction would begin in 2018 with site completion and full operation commencing in 2020.

2.4 The site has been identified as a key site in the Weymouth Town Centre Masterplan Vision and earmarked as location for a mixed-use development. The sites sea front location and proximity to the town centre will help complement the current town centre and visitor offer.

## Redevelopment Schedule

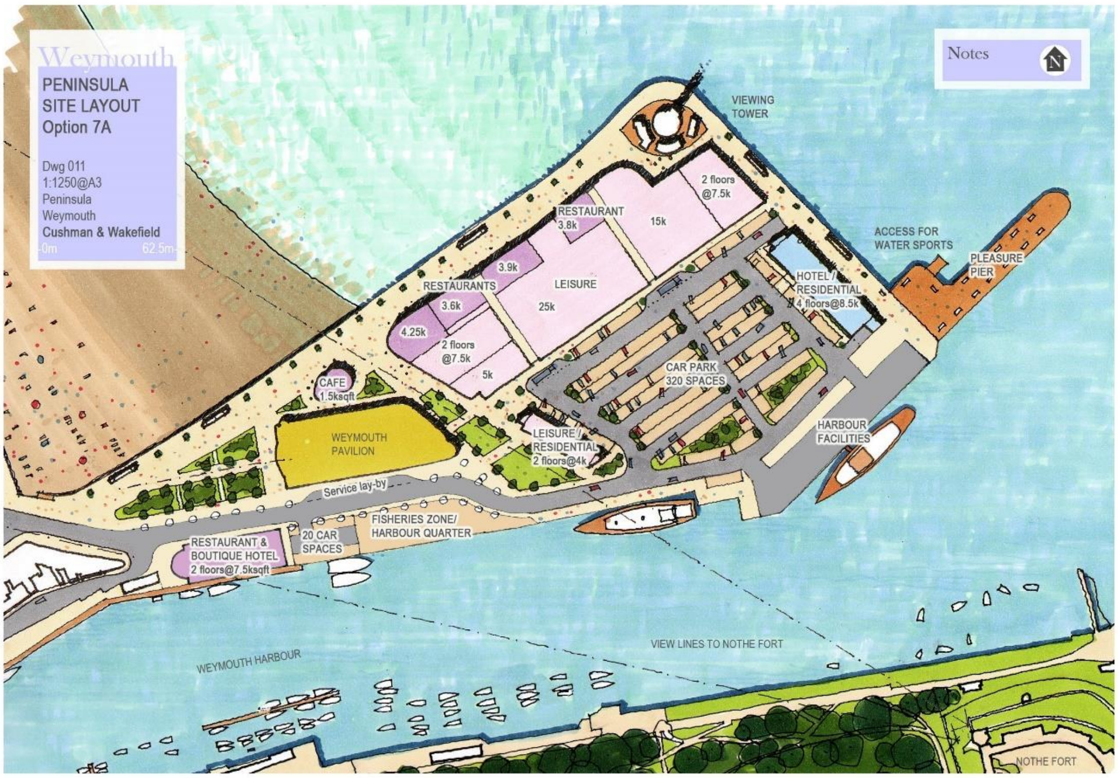
2.5 Our assessment is based on a high-level schedule for the redevelopment of the site provided by Cushman and Wakefield and based upon their latest masterplan of the site. Given the outline nature of the masterplan the development quantum could be subject to change. The details of the scheme in which this assessment is based is listed below:

The scheme would be a mixed development scheme with a focus on leisure and retail

The development proposes:

- Restaurants (1,445m$^2$)
- Café (139m$^2$)
- Limited service hotel (3,159m$^2$) – 80 rooms
- Boutique Hotel (1,394m$^2$) – 20 rooms
- Leisure Units - Uses to be confirmed subject to demand but an example mix would be cinema, rock climbing, urban golf, trampolining and gym (6,968m$^2$)
- Harbour Quarter - An area for independent retailers to trade, e.g. from shipping containers rather than fixed units. (30 containers – estimated floorspace of 696m$^2$).
- A 320-space car park

Figure 2.1 Weymouth Peninsula Layout




Source: Cushman and Wakefield

## Methodology

2.6 Our assessment has been undertaken using standard impact assessment methodologies. These methodologies (and supporting assumptions) are summarised in Chapter 3 and set out in detail in Appendix A.



regeneris
ECONOMICS·RESEARCH·ANALYSIS

# 3. Socio-Economic Considerations

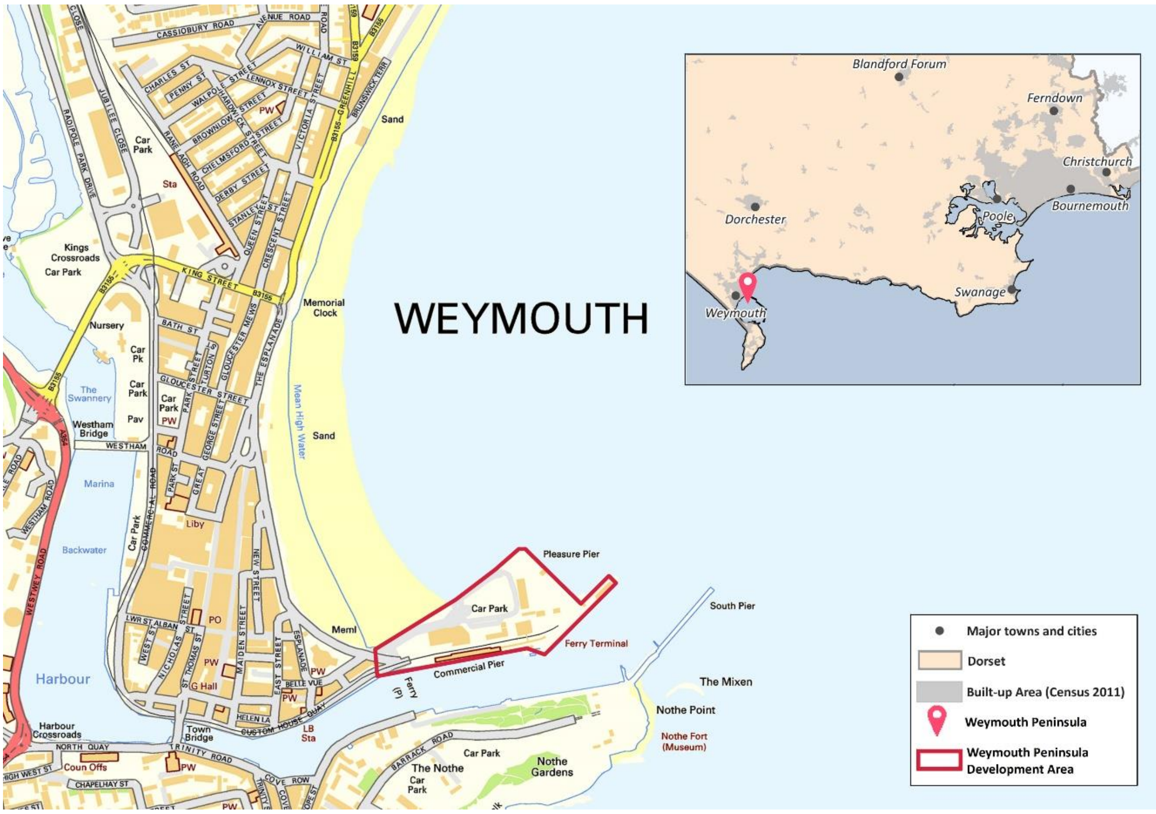
3.1 This chapter summarises current socio-economic conditions in Weymouth and Portland within the context of the broader comparator areas of Dorset and England, as well as current relevant policy to the proposed redevelopment of the site.

## Local Socio-Economic Context

3.2 Weymouth Peninsula is situated to the south of Dorset and lies close to Weymouth town centre, between Weymouth Harbour and Weymouth Beach.

3.3 Within our analysis, we have examined the socio-economic conditions across three spatial areas (Weymouth and Portland, Dorset and England), the geographical area at the county and local authority levels are presented below.

Figure 3.1 Weymouth Peninsula Context Map




Source: Regeneris Consulting

### Summary of Socio-Economic Conditions

3.4 The headline statistics regarding the socio-economic performance of Weymouth are summarised in the table below. The indicators used illustrate Weymouth and Portland mixed socioeconomic performance, which sees it broadly performing at the national average and markedly below on certain indicators.

3.5 The characteristics listed here are examined in more detail in the commentary below.

Table 3.1 Summary table of key socio-economic conditions

| | Weymouth & Portland | Dorset | England |
|---|---|---|---|
| **Employment** | | | |
| Employment growth 2010-15 (%) | -5% | 2% | 7% |
| **Population Structure** | | | |
| % of Working Age (16-64) (WAP) | 59% | 56% | 63% |
| **Economic Activity** | | | |
| % Economically active - aged 16-64 | 81% | 82% | 78% |
| % of unemployed residents aged 16-24 | 58% | 52% | 60% |
| % WAP claiming out-of-work benefits | 11% | 7% | 8% |
| % claiming JSA benefits | 1.1% | 0.6% | 1.1% |
| % of JSA claimants aged 18-24 | 16% | 13% | 17% |
| **Skills** | | | |
| % NVQ Level 4 + | 23% | 27% | 27% |
| % no qualifications | 25% | 22% | 23% |

Source: Various - see full data descriptions in detailed section

## Employment base

3.6 Evidence suggests that employment between 2010 and 2015 in Weymouth and Portland has declined by 5% equivalent to a loss of around 1,000 jobs.

3.7 This underperformance is further pronounced, when looking at the area relative to the broader geographies of Dorset and England, who both experienced growth in employment over the same period.

3.8 Despite the loss of jobs across the Weymouth and Portland local authority, the number of businesses operating in the area has increased by 4% over the same period (1,300), suggesting that the types of business activity that has moved into the area require less intensive levels of employment.

**Implications**

Despite recent growth in employment across Dorset, Weymouth and Portland is performing comparably weakly, with a decline in jobs over recent years. This hints at both the need for enhanced local employment opportunities across the local authority.

## Population Structure

3.9 Weymouth and Portland is home to around 65,000 residents, making up 16% of the total population of Dorset. Around 59% of residents in the Weymouth and Portland area are of working age, compared to 56% across Dorset as a whole and 63% across England. In this regard, Weymouth and Portland possess a larger proportion of working age population than that of its immediate surrounding Dorset area.

**Implications**

Whilst Weymouth and Portland possess a lower working age population than that of the England average, the higher proportion of working age people in relation to the immediate surrounding county of Dorset may leave the area well positioned to undergo a period of economic growth.

## Economic activity

3.10 Economic activity and employment rates in Weymouth and Portland are broadly in line with the county and national averages.

3.11 According to the 2011 census, 81% of the working age residents in Weymouth and Portland were economically active; a rate that sits marginally below the county average but 4 percentage points above the national rate.

3.12 Economic activity indicators however, suggest that in terms of youth unemployment as a proportion of the working age population Weymouth and Portland (58%) is performing broadly in line with the national average (60%) and markedly below the Dorset average.

3.13 Linked to the above, levels of worklessness[2] in Weymouth and Portland is comparatively high. In May 2016 11% (4,200) of Weymouth and Portland's working age residents were claiming out-of-work benefits. Notably, this exceeds Dorset as a whole where 7% (15,500) of its residents are claiming out-of-work benefits and the England average of 8%.

3.14 Job Seeker Allowance claimants[3] provide an indication of the pool of local residents who are actively seeking work, and provides an insight into the types of jobs which are sought after by local unemployed residents.

3.15 Around 400 residents in the Weymouth and Portland area were claiming JSA benefits in December 2016, representing 1.1% of the working age population. This compares unfavourably to the rate across the county as a whole which lies at 0.6% of working age residents and yet is performing in line with the national average (1.1%).

3.16 Of those claiming JSA benefits across Weymouth and Portland, 16% (65) of all JSA claimants were seeking sales assistant and retail cashier work a higher rate than that of the county (14%) and national (11%) average.

**Implications**

High levels of JSA claimants in the area, implies a need for increased local employment opportunities. The larger proportion of JSA claimants in the retail sectors suggests that the low entry level requirements for these jobs could support employment where local demand for jobs is strong.

[2] As defined by those claiming DWP defined out-of-work benefits.

[3] A measure of those who are unemployed but capable of work.

## Skills

3.17 According to the 2011 Census. 25% of the working age population in Weymouth and Portland have no qualifications, exceeding the national average of 23%. This underperformance is also reflected in the representation of higher skill level residents: in 2011 23% of Weymouth and Portland residents were qualified to NVQ Level 4 and above, a level markedly below both that of the Dorset (22%) and national average (27%).

**Implications**

Overall the existing resident skill base across Weymouth and Portland implies a need for increased local employment opportunities. It is important that these are provided across a range of sectors and activities which broadly match the capabilities and aspirations of the current resident labour market.

## Deprivation

3.18 The Indices of Multiple Deprivation (IMD)[4] compare a wide range of the socio-economic indicators to provide an assessment of relative levels of deprivation from one area to the next.

3.19 Based on the standard measure of deprivation Weymouth and Portland is ranked as the 94$^{th}$ most deprived district in England (out of 326 districts). This is the highest rank of all of the local authority areas in Dorset.

3.20 Across Weymouth and Portland around 4 (10%) of its neighbourhoods are amongst the worst 10% deprived neighbourhoods nationally and 10 (26%) are amongst the 20% most deprived areas nationally.

**Implications**

High levels of relative multiple deprivation reflect a number of the issues identified in the analysis above, including above average levels of worklessness, below average levels of skills amongst other issues such as comparatively low income levels and challenges around quality of local amenities and built environment (including housing).

3.21 Reflecting this, a multifaceted approach is required to tackle deprivation – including the creation of appropriate employment opportunities and improving the supply and quality of the physical

[4] Department for Communities and Local Government, 2010

# Planning Policy Context

## National Planning Policy

3.22 The National Planning Policy Framework (2012)[5] together with the National Planning Practice Guide[6] sets out the Government's planning policies and how these are expected to be applied. The presumption in favour of sustainable development is central to the NPPF. It is identified as "the golden thread running through both plan-making and decision-taking" (para 14). Three dimensions of sustainable development are defined by the NPPF in setting out the role of the planning system:

- *Economic* – the planning system is able to perform an economic role through supporting growth and innovation
- *Social* – the planning system is able to perform a social role through supporting strong, vibrant and healthy communities. This includes providing the supply of housing and through accessible local services that reflect the community's needs and support its health, social and cultural well-being
- *Environmental* – the planning system is able to perform an environmental role through protecting and enhancing the natural, built and historic environment.

3.23 The NPPF notes that these roles are mutually dependent and so should not be undertaken in isolation: to achieve sustainable development "economic, social and environmental gains should be sought jointly and simultaneously through the planning system" (para 8).

3.24 Of particular relevance to assessment of the socio-economic benefits of the proposed scheme are the "positive improvements" identified by NPPF which the planning system should seek to achieve (para. 9).

- Making it easier for jobs to be created in cities, towns and villages
- Improving the conditions in which people live, work, travel and take leisure

3.25 Local Planning Authorities should "proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs'" (para 17).

### Economic Growth

3.26 Para 18 of NPPF states…"the government is committed to securing economic growth in order to create jobs and prosperity".

3.27 The Plan states Local Planning Authorities should "plan proactively to meet the development needs of business" (para 20) and encourage rather than impede sustainable growth and significant weight should be given to supporting economic growth.

### Promoting Healthy & Inclusive Communities

3.28 The NPPF also notes that the planning system can play a key role in creating healthy and inclusive communities. The framework highlights that to deliver the social, recreational and cultural facilities and services the community needs, planning policies and decisions should "plan positively for the provision and use of shared space, community facilities (such as local shops, meeting places, sports

[5] Department for Communities and Local Government (2012) *National Planning Policy Framework,* DCLG, London.
[6] http://planningguidance.planningportal.gov.uk/

venues, cultural buildings...) and other local services to enhance the sustainability of communities and residential environments" (para 70).

3.29 Access to high quality open spaces and opportunities for sports and recreation is also identified as important to the health and well-being of communities.

## Local Policy Context

## West Dorset, Weymouth & Portland Local Plan - 2015

3.30 Produced by West Dorset District Council and Weymouth and Portland Borough Councils, the local plan sets out the spatial vision for both boroughs up until 2031.

3.31 The plan starts by detailing the issues that the area faces and goes on to provide an overarching vision of the plan and the strategic objectives and approach that will be required to meet this vision.

3.32 In order to realise its overarching vision the plan sets out 8 strategic objectives, which include:

- Support the local economy to provide opportunities for high quality, better paid jobs
- Meet local housing needs for all as far as is possible
- Regenerate key areas including Weymouth and Dorchester town centres, to improve the area's retail, arts, cultural and leisure offer; and increase employment opportunities
- Support sustainable, safe and healthy communities with accessibility to a range of services and facilities
- Protect and enhance the outstanding natural and built environment, including its landscape, biodiversity and geodiversity, and the local distinctiveness of places within the area
- Reduce vulnerability to the impacts of climate change, both by minimising the potential impacts and by adapting to those that are inevitable
- Provide greater opportunities to reduce car use; improve safety; ensure convenient and appropriate public transport services; and seek greater network efficiency for pedestrians, cyclists and equestrians

## West Dorset, Weymouth & Portland – Priorities for Growth

3.33 As the title suggests, the document summarises the key priorities for growth shared between the West Dorset District Council and Weymouth and Portland Borough Council's Shared Services Partnership.

3.34 Here the paper sets out several notable priorities in the context of the proposed peninsula redevelopment:

- To develop and promote the coast and countryside offer to increase Dorset's share of the visitor market
- To bring forward development of key employment sites
- Include key sites (including Weymouth Gateway and Poundbury) in marketing campaigns to increase inward investment
- Ensure the area has vibrant town centres through supporting town centre regeneration, bringing to market key redevelopment sites and supporting tourism

## A Business Plan for Weymouth Harbour 2014-2019 and beyond

3.35 The business plan has been written in consultation with a range of local stakeholders and sets out the current economic and political climate in the Harbour, which is often regarded as the heart of Weymouth.

3.36 The plan suggests that the harbour has suffered from a combination of lack in local government funds, the economic climate, the pressure on supporting leisure facilities and the cost of maintaining the port. In response to this, the plan suggests that greater consideration should be given to seeking wider governmental funding for some of the harbour projects to maintain its position as a national facility.

3.37 The report makes a series of recommendations, that are pertinent to this assessment:

- The harbour must be considered as part of any Economic Impact Assessment for the town or town centre master-planning process
- Consider a proposal to move the Fish Landing Quay (or other attraction) to a site created by the demolition of the Departure Building at No. 4 Berth (a prime site)
- Devise a marketing and advertising strategy to support this Business Plan
- Investigate parking incentives and opportunities to support pleasure boats.
- Refine the responsibilities for property and asset management and develop a costed maintenance plan.
- Investigate opportunities to support the offshore energy industry

## Weymouth and Portland Visitor Survey 2012

3.38 The paper presents the findings from a survey of visitors to the Borough during the Olympic Sailing events, offering an overview of the profile of visitors to the area, their perception of the area, and how much they were spending in the area during their visit.

3.39 Overall, the survey finds that the majority of respondents enjoyed their visit, are likely to visit again and recommend the area to friends and family.

3.40 The research also shows that staying visitors from are significantly less likely to be staying in the Weymouth area compared to the overall visitor profile and as such Weymouth and Portland as a destination may want to think about their staying accommodation offer to this group.

3.41 The work sets out a series of recommendations based upon their findings that the area should:

- increase the promotion of what is offers to visitors aged 25 – 34 as a means to increase visitor spend in the Weymouth and Portland
- seek to increase the number of staying visitors to Weymouth and Portland
- concentrate its efforts on designing marketing material for potential visitors from Wiltshire, Hampshire, Devon and Somerset as a large proportion of visitors to Weymouth and Portland currently live in these areas.

## Joint Town Centre Retail Study – Weymouth and Dorchester (2010)

3.42 The study builds on the town centre retail study conducted in 2007, with the aim to inform the councils Local Development Framework and inform future retail planning proposals.

3.43 The study references the 2008 financial crisis and as such scales back much of its previous estimates for need and capacity across the area as a product of reduced expenditure growth rates. However, the study recognised there was capacity for over 23,000m$^2$ comparison retail.

3.44 The study also recognises that whilst major new retailing development in the town centre is a challenging prospect, much more could be done to tie the built and waterside settings of Weymouth together. In turn, this could help strengthen Weymouth's reputation not only as a shopping destination, but also somewhere to combine this with more leisurely pursuits, thus creating a more individual centre.

## Weymouth Town Centre Masterplan 2015

3.45 Sets out proposals to transform Weymouth Town Centre into a prosperous and vibrant community, with up to 1,000 new homes and 2,700 jobs.

3.46 To achieve this the plan sets out five key areas of regeneration across the town centre, which will deliver new homes, jobs and high quality cultural facilities.

3.47 Amongst these sites the plan outlines The Peninsula as the appropriate site to accommodate leisure development, deliver a new attractive space with improved public realm and a significant art installation as well as a landmark feature.

3.48 The masterplan sets out a vision for The Peninsula that creates a new destination in the Town Centre including including upgraded tourism and leisure facilities; new public spaces; family-orientated commercial uses; and residential development above active ground floor uses, providing sea views.

3.49 Additionally, the masterplan acknowledges the opportunity of the site to provide a range of prominent leisure and tourism facilities and provide a different market with a high spend and demand for associated facilities, such as food and drink establishments or niche retail

## Western Dorset Growth Corridor Development of Tourism Product & Offer 2016

3.50 This report identifies the targeted investment needs of Western Dorset as well as exploiting the legacy of hosting part of the London 2012 Games. More specifically in the context of this assessment, the report identifies potential opportunities to attract new visitor markets with a higher spend to Weymouth through the regeneration of the Town Centre.

3.51 Tourism growth in Weymouth is constrained by the need for more accommodation stock; the area is currently running to full capacity in the peak season and the quality of some of the existing stock needs improving.

3.52 However, the report notes this is not the only component that needs addressing to regenerate the area and deliver sustainable growth in tourism. Weymouth also requires substantial investment in the quality of the environment, the shopping and eating out experience and investment in more visitor attractions to encourage target markets to visit.

3.53 With this in mind, the report recognises The Peninsula as a priority investment site in delivering this growth and as a space that will create a new leisure and tourism destination with spectacular views with the potential to add value to commercial tourism developments

3.54 The report recommends that the council needs to carefully weigh the different potential benefits of a ferry service (which would deliver considerable revenue benefit) against the wider regeneration opportunities and one-off capital receipt that developing the site would deliver.

# 4. Assessment of Benefits

4.1 This chapter assesses the benefits of the proposed redevelopment of the site.

## Assessment Methodology

4.2 Our assessment is based on the Cushman and Wakefield cost estimates for the site. The redevelopment schedule includes:

- Restaurants (1,445m$^2$)
- Café (139m$^2$)
- Limited service hotel (3,159m$^2$) – 80 rooms
- Boutique Hotel (1,394m$^2$) – 20 rooms
- Leisure Units - Uses to be confirmed subject to demand but an example mix would be cinema, rock climbing, urban golf, trampolining and gym (6,968m$^2$)
- Harbour Quarter - An area for independent retailers to trade, e.g. from shipping containers rather than fixed units. (30 containers – estimated floorspace of 696m$^2$)
- A 320-space car park

4.3 To ensure the assessment is as robust as possible, standard methodologies have been used to estimate the benefits, such as;

- Homes and Communities Agency (HCA) Employment Densities Guide, 2015 (3rd Edition);
- HCA Calculating Cost Per Job, Best Practice Note, 2015 (3rd Edition); and,
- Office for National Statistics (ONS), Annual Business Survey (ABS) 2015 for assumptions on GVA per worker (proxy for productivity).
- HCA Additionality Guide, 2014 (4th Addition) has been used to estimate leakage, displacement and multiplier effects.
- Dorset Tourism Partnership, Economic Impact of Dorset's Visitor Economy, 2015 was used to estimate potential visitor expenditure.
- ONS Family Spending Survey has been used to estimate the potential expenditure by residents.
- Valuation Office Agency (VOA) Rateable Values and ONS Business Floorspace (Experimental Statistics) have been used to benchmark and estimate rateable values within the area.

4.4 Whilst the headline figures in this report are based on gross impacts consideration has also been given to additionality and the resulting net impacts. The following additionality factors have been applied based on the HCA Additionality Guidance (4th Addition, 2014).

- **Leakage effects**; the proportion of outputs that benefit those outside of the intervention's target area or group. As the majority of benefits will go to people within the target area a leakage level of 10% has been used.
- **Displacement effects;** the proportion of intervention outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area. Due to the mixed-use nature of the development and its location and proximity to Weymouth Town Centre, a displacement

factor of 50% has been used (this has been rated medium under HCA Additionality Guidance).

- **Economic multiplier effects:** further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases. Based on the size of the area a multiplier of 1.1 has been used; the majority of interventions fall within this category.

4.5 Where additionality has been considered, they have been assessed for indicative purposes and are therefore preliminary high-level estimates.

4.6 Where gross figures are provided over 10 years, we present the present value of benefits. These have been discounted using standard HM Treasury Guidance (with annual discounting of 3.5% assumed). This is a recognised approach for comparing costs which occur in different time periods and are based on the principle that, generally, people prefer to receive goods and services now rather than later.

## Construction Benefits

4.7 It is estimated that the construction of the proposed development will cost **£23.4 million**. Whilst this cost estimate is an itemised breakdown produced by Cushman and Wakefield, these costs are subject to change as the project progresses.

4.8 Based on the initial construction costs and HCA labour coefficients[7], it is estimated there will be **343 person years** of employment over the 2 year build period. Due to the varied nature of construction projects, these jobs will not necessarily be FTEs. However, to provide an indication of the number of FTEs the development could support, the number of jobs have been split over the 2 year build period, which equates to **171 FTEs**.

| Table 4.1 Estimated Temporary Construction Phase Benefits | |
|---|---|
| Total construction costs (£m) | £23.4m |
| Average jobs per year over 2 year build period (FTE) | 171 |

Source: Regeneris Consulting

## Permanent Employment

4.9 The development, once operational, will include a variety of uses including; retail, leisure and hotels which will all generate varying levels of employment.

### Operational on-site jobs

4.10 As with the construction costs, the scheme is subject to change as the project develops. However, based on the development schedule detailed in Paragraph 4.2 the **total number of gross jobs** supported by the development could be up to **250 FTEs**. The jobs created will be a combination of permanent and casual positions, ranging from managerial positions through to shop assistant roles, and thus will vary in skill requirements.

4.11 The operational jobs onsite will in turn generate an estimated **£7.1m** in GVA per annum.

[7] HCA Calculating Cost Per Job, Best Practice Note, 2015, Labour Coefficients are based on 2011 prices, therefore the necessary ONS deflator has been applied to reflect current prices.

Table 4.2 On-site GVA and Gross Employment Benefits

| | FTEs (Gross) | GVA - £m (Gross) |
|---|---|---|
| Restaurant | 77 | £1.7m |
| Café | 7 | £.2m |
| Leisure Units | 45 | £1.8m |
| Hotel (Limited service hotel) | 56 | £1.2m |
| Hotel (Boutique) | 19 | £.4m |
| Box Park / Container Units (6m) | 9 | £.4m |
| Box Park / Container Units (12m) | 37 | £1.5m |
| **Total** | **250** | **£7.1m** |

Source: Cushman and Wakefield development schedule, HCA Floorspace Densities Guide, ONS Annual Business Survey 2015, GVA per employee by sector (Non-Financial Business Economy)

4.12 To assess the persistence of these impacts we look at the GVA generated over a 10-year period. Based on this level of persistence it is estimated that **c. £71m** in **gross GVA** will be generated by the development, which once discounted[8] will equate to **£52.5m.**

4.13 The impacts above are gross only. To provide a high-level indication of the potential net impacts including; leakage, displacement and multipliers have been considered, as per the methodology. Based on the additionality factors the potential net additional jobs could 110 FTEs which could generate £22.8m when discounted over 10 years.

### Potential Indirect and Induced Jobs Generated

4.14 It is anticipated that the proposed development will have positive induced and indirect effects and generate other jobs via the supply chain.

4.15 To estimate induced and indirect jobs a composite multiplier has been used; based on the HCA Additionality Guide. When a composite multiplier of 1.1 is been applied to the gross jobs it is estimated the total number of **indirect** and **induced jobs** generated would equate to **25 FTEs**.

## Non-Employment Economic Impact

4.16 The proposed development will also generate additional visitor spend as a result of the new leisure, retail and hotels provided on site.

4.17 The amount of visitor and resident expenditure is difficult to forecast without primary evidence. However, to help estimate potential expenditure; a number of scenarios have been used, and sensitivity testing has been undertaken, which is an approach we have used previously for proposed mixed use developments. In all instances the most conservative gross estimates have been used therefore ensuring the benefits have not been overvalued.

4.18 Hotel expenditure and leisure & retail spend have been calculated separately to allow the benefits to be demonstrated more clearly. In addition, alongside tourist expenditure, there will be levels of expenditure amongst the local Weymouth and Portland residents who visit the development. This expenditure has been estimated separately from the tourism expenditure.

### Accommodation Expenditure

4.19 The estimated potential visitor spend on hotels has been tested using several scenarios based on; hotel occupancy rates and the cost per room per night.

[8] HM Treasury, The Green Book; Appraisal and Evaluation, Central Government, Discount Rate (3.5%)

4.20 It has been assumed that the total number of hotel rooms will be as set out in Table 4.3**.**

Table 4.3 Estimated Number of Rooms

| Hotel | Number of Rooms |
|---|---|
| Limited Service Hotel | 80 |
| Boutique Hotel | 20 |

Source: Regeneris Consulting, Cushman and Wakefield Cost Estimates

4.21 The cost per night can vary significantly, depending on the time of year. Desk based research shows that hotel prices for an existing Limited Service Hotel within Weymouth can range from around £50 during a week day (low-season) to £125 at a weekend (high-season).

4.22 The provision of boutique hotels in Weymouth is currently limited. However, based on existing provision we have assumed the cost of hotels per night for boutique hotels range from £100 during a week day (low season) to £125 at a weekend (high-season). However, as the new boutique hotel may offer a higher end option; that is not currently available in Weymouth, a maximum price range of £150 has been assumed.

4.23 A range of occupancy rates have also been tested, ranging from 50% to 100%. Table 4.4 shows the estimated hotel expenditure based on range of occupancy rates and hotel room prices.

Table 4.4 Estimated Hotel Expenditure Per Annum

| | Price per night – Limited Service Hotel / Boutique Hotel | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | £50/£100 | | | £75/£120 | | | £100/£150 | | |
| **Occupancy Rate** | 50% | 70% | 100% | 50% | 70% | 100% | 50% | 70% | 100% |
| Annual Spend (Limited Service Hotel) | £728k | £1.m | £1.5m | £1.1m | £1.5m | £2.2m | £1.5m | £2.m | £2.9m |
| Annual Spend (Boutique Hotel) | £364k | £510k | £728k | £437k | £612k | £874k | £546k | £764k | £1.1m |
| **Total** | **£1.1m** | **£1.5m** | **£2.2m** | **£1.5m** | **£2.1m** | **£3.1m** | **£2.m** | **£2.8m** | **£4.m** |

4.24 The range of hotel expenditure varies from c. **£1.1m** based on 50% occupancy and the lowest price per night estimates up to c. **£4m** based on 100% occupancy at the highest prices. Based on the minimum and maximum scenario a mid-point of c**. £2.5m** of hotel expenditure would be generated per annum. Based on a discount rate of 3.5%[9] this would equate to **£18.5m** during the first 10 years of operation.

4.25 The impacts above are gross only. To provide a high-level indication of the potential net impacts including; leakage, displacement and multipliers have been considered, as per the methodology. Based on the additionality factors the potential net additional expenditure could equate to £9.1m when discounted over 10 years.

## Leisure & Retail Expenditure

4.26 The development aims to provide a number of leisure facilities alongside an element of retail, which will generate expenditure from both tourists and local residents. Both types of expenditure have been estimated separately.

[9] HM Treasury, The Green Book; Appraisal and Evaluation Central Government, Discount Rate (3.5%)

## Tourist and Visitor Expenditure

Weymouth attracts large numbers of tourists each year. Based on the Weymouth Tourist Summary 2015[10] there were 1,238,900 coastal visits throughout the year, which generated a total of £51,826,500 in expenditure. This equates to almost 3,400 visitors per day who spend on average just under £42.00 each.

4.27 Based on the breakdown of expenditure detailed in the Weymouth Tourism Summary the breakdown of visitor expenditure per day is estimated in Table 4.5.

Table 4.5 Weymouth Day Visitor Expenditure (2015)

| Type of Spend | % of spend (exc. travel) | Proportional Spend |
|---|---|---|
| Shopping | 24% | £10.24 |
| Food & Drink | 62% | £25.99 |
| Attractions/Entertainment | 13% | £5.60 |
| **Total** | **100%** | **£41.83** |

Source: Regeneris Consulting and VisitDorset

4.28 Whilst there is no primary evidence to estimate the exact number of tourists who will visit the proposed development, the assumptions have been sensitivity tested to ensure a number of scenarios are considered. To estimate the levels of expenditure that will be generated by the proposed development previous levels of spending and visitor numbers in Weymouth have been considered.

4.29 The number of expected visitors who spend money on services within the proposed development has been estimated by apportioning the number of visitors in 2015. Therefore, three estimates of spend have been generated based on 10%, 20% and 50% of all visitors to Weymouth visiting and spending at the development, the results are detailed in Table 4.6.

Table 4.6 Estimated Day Visitor Spend

| | % of Total Day Visitors | | |
|---|---|---|---|
| | **10%** | **20%** | **50%** |
| Number of visitors (per day) | 340 | 679 | 1,697 |
| Shopping (per day) | £3,475 | £6,950 | £17,374 |
| Food & Drink (per day) | £8,822 | £17,645 | £44,112 |
| Attractions/Entertainment (per day) | £1,902 | £3,803 | £9,509 |
| Shopping (per annum) | £1.27m | £2.54m | £6.34m |
| Food & Drink (per annum) | £3.22m | £6.44m | £16.1m |
| Attractions/Entertainment (per annum) | £694k | £1.39m | £3.47m |
| **Total** | **£5.18m** | **£10.37m** | **£25.91m** |

Source: Regeneris Consulting and VisitDorset

4.30 Depending on the number of tourists who visit the development, which will vary seasonally, the levels of gross expenditure could range from c. £5.2m and £25.9m, with a mid-point of £15.5m**.**

4.31 However, to ensure a conservative approach is taken it has been assumed that 10% of the day visitors to Weymouth would visit the development.

[10] VisitDorset, Economic Impact/Value of Tourism, Tourism Summary 2015; Weymouth

4.32 These levels of visitors and related spend could generate **£5.18m** in gross expenditure per year which equates to **£51.8m** in its first 10-years of operation and **£37.6m** when discounted to current values.

4.33 If it was assumed that in addition to the 340 day visits under the 10% scenario; 100 new tourists would visit and spend money at the development every day, the total of gross expenditure would increase to £6.7m per annum and £67m in the first ten years, which equates to £48.6m over the same period when discounted.

4.34 The impacts above are gross only. To provide a high-level indication of the potential net impacts including; leakage, displacement and multipliers have been considered, as per the methodology. Based on the additionality factors the potential net additional expenditure could equate to £29.7m when discounted over 10 years.

### Local Expenditure

4.35 Whilst there will be significant visitor expenditure, it can also be assumed that a proportion of local residents will also buy goods and services that will be located at the development.

4.36 The ONS Household expenditure surveys suggest that the average household in the South West c. £34 per week on leisure and entertainment[11]. There are 28,500[12] homes in Weymouth and Portland and an estimated 65,000 people which equates to an average household size of 2.28. Based on the average household size and weekly expenditure, it can be assumed that the average person in Weymouth and Portland spends just over £15 per week on leisure and entertainment.

4.37 According to the 2010 retail study[13] 62% of all Weymouth and Portland residents use Weymouth Town Centre as their main retail and leisure destination. Table 4.7 shows the assumptions used to estimate the potential local resident expenditure once the development is operational.

Table 4.7 Weymouth resident expenditure assumptions

| | |
|---|---|
| Household leisure and entertainment expenditure (South West)* | £34.40 |
| Population (Weymouth & Portland)^ | 65,170 |
| Number of households (Weymouth & Portland)^ | 28,535 |
| Average household size (Weymouth & Portland) | 2.28 |
| Weekly spend per person (Weymouth & Portland) | £15.06 |
| Annual spend per person (Weymouth & Portland) | £783 |
| Proportion of Weymouth and Portland residents who visit Weymouth Town Centre %~ | 62% |
| Total retail/leisure expenditure available (Weymouth & Portland) | £31.6m |

Source: Regeneris Consulting. *ONS Family Spending 2015. ^Dorset County Council, Census 2011. ~West Dorset, Weymouth and Portland Joint Town Centre Retail Study 2010

4.38 The number of town centre users who will visit the development cannot be easily estimated however sensitivity testing has been applied to help demonstrate the potential expenditure that could be generated.

[11] ONS Family Spending 2015; Table A35: Detailed household expenditure by UK countries and regions, 2012 to 2014. Commodity codes: 9.4.1, 9.4.2, 9.4.4, 11.1.1, 11.1.2

[12] Dorset County Council, Census 2011, Number of Households; apps.geowessex.com/stats/AreaProfiles/Town/weymouth

[13] West Dorset, Weymouth and Portland Joint Town Centre Retail Study 2010

Table 4.8 Potential resident expenditure at Weymouth Peninsula

| | Proportion of town centre users visiting the development | | | | |
|---|---|---|---|---|---|
| | 10% | 20% | 30% | 40% | 50% |
| Retail & leisure expenditure (per annum) | £3.2m | £6.3m | £9.5m | £12.7m | £15.8m |

4.39 Following sensitivity testing the amount of local resident expenditure potentially generated could range from £3.2m to £15.8m per annum. However, based on the evidence available and to ensure a conservative approach is taken it is assumed that 10% of residents (c. 4,000 each week) who visit the town centre will also visit the proposed development. Taking this in to account it is estimated the development will generate c. £32m in gross expenditure during the first ten years of operation, which equates to **£23m** at current prices.

4.40 The impacts above are gross only. To provide a high-level indication of the potential net impacts including; leakage, displacement and multipliers have been considered, as per the methodology. Based on the additionality factors the potential net additional expenditure could equate to £11.4m when discounted over 10 years.

## Fiscal Benefits

4.41 The delivery of the proposed development could result in an uplift in business rate revenue generated in Weymouth and Portland. The proposed floorspace and VOA rateable values data[14] suggests that the average rateable value for the type of mixed-use space proposed as part of the development in this area is £118 per m$^2$ (exc. hotel[15]).

4.42 It is estimated that the development will generate in the region £440k per annum, this does not include potential business rates generated by the proposed hotels. These annual levels of business rate generation will equate to over £4.4m in gross business rate revenue in the first ten years of operation which equates to around £3.4m discounted to current prices.

4.43 A proportion of this income could be retained by Weymouth and Portland Borough Council according to future rules regarding business rate retention. However, it is not possible to state exactly how much this will be at this stage.

[14] Valuation Office Agency; Rateable Values, based on postcode sector DT4. https://www.tax.service.gov.uk/view-my-valuation/list-valuations-by-postcode?postcode=DT4&startPage=1#search-results.

[15] Rateable values for hotel use are undisclosed in the VOA data, for confidentiality reasons, therefore business rates generated from the hotel(s) have been omitted from the estimates.

# 5. Supporting Local Growth Aspirations

## Socio-Economic Contribution of Proposed Scheme

5.1 The proposed redevelopment of the site examined throughout this report has the potential to directly respond to local socio-economic conditions and local policy aspirations in a number of ways.

### Creation of employment

The commercial and leisure elements of the proposed redevelopment would create 170 FTE jobs during the construction phase as well as 250 FTE jobs once the development is fully operational. It is estimated that the operational jobs would generate over £80m in GVA over the first ten years.

5.2 Employment generation is an important benefit given the recent decline in employment across the area. It is significant that the variety of jobs created have the potential to support routes into work for local unemployed residents. This includes the creation of lower skilled and entry level positions, opportunities that support youth employment and jobs that match local demand such as those in the retail and construction sector.

5.3 The West Dorset, Weymouth and Portland Local Plan outlines 'employment should be focussed in places where it will provide people with the opportunity to work locally, helping reduce the need to travel and promote social inclusion' with a focus on 'developing on-going opportunities such as tourism and retail'.

5.4 The Weymouth Town Centre Masterplan Vision highlights jobs as one of the four key issues that need to be addressed. The top priority is to "Provide opportunities for higher paid, less seasonal jobs with better career prospects" and whilst the site will no doubt benefit from tourist expenditure it was also serve as a commercial and leisure destination for local residents throughout the year.

### Supporting aspirations for the development of the Town Centre Weymouth

The development also helps support the vision for Weymouth Town Centre, in 'providing upgraded tourism and leisure facilities, new public spaces and family orientated commercial uses' in the area.

5.5 The Local Plan (Vision for Weymouth) aspires to have a 'regenerated town centre and seafront with….a mix of uses to make it more interesting and viable, and accessible and attractive public spaces. It will be a vibrant place, appealing to a range of different people during the day and after dark' by 2031. The mixed-uses proposed as part of the development will help support the vision for Weymouth and boost both the day time and night time economies (Policy WEY1).

5.6 The Local Plan (Policy WEY6) recognises that the Peninsula area is run-down and 'requires significant investment to deliver a scheme that is appropriate for its setting and function.' The investment of over £20m will help stimulate the area and further regeneration within Weymouth Town Centre and along the seafront. The development will further support the aspiration to bring key redevelopment sites to market; supporting tourism and improving the area's retail, arts, cultural and leisure offer; and increasing employment opportunities

### Improving the local leisure and recreation offer

> The proposed redevelopment has the potential to deliver a number of leisure including the potential to provide facilities such as a cinema, climbing centre as well retail and food and drink units, an 80-bed limited service hotel and 20 bed boutique hotel.

5.7 The provision of new retail and leisure facilities will greatly enhance the quality of place and enhance the attractiveness and sustainability of the area as a place to live and visit. The scheme is also likely to accelerate further retail and leisure development in the area.

5.8 The new facilities will help to reinforce and enhance Weymouth's visitor and ambitions to grow as a leisure destination. The nature of the development will also help underpin the local plan policy (ECON5) to ensure that new tourist attractions and facilities will also provide wider community facilities that will also be used by the local community as well as visitors.

### Visitor Economy in Weymouth

> A limited service and boutique hotel proposed as part of the development, which will provide an estimated 120 rooms, broadening the accommodation offer within Weymouth. The proposed leisure and commercial uses will also strengthen the visitor offer of the seafront and the town centre, helping support the important visitor economy in the area.

5.9 The peninsula has been identified as a priority site for the development of Weymouth Town Centre and was identified as a key priority investment site in the recent Western Dorset Growth Corridor Development of Tourism Product Offer. The report recommends the site should focus on 'creating attractions, events spaces, a new theatre and hotels within a mixed-use development, including additional places to eat and shop.' The proposed development aims to provide a range of the aforementioned uses to help strengthen the tourism offer in Weymouth.

5.10 The Local Plan (ECON 5) acknowledges that Tourism is very important for the area's economy. The councils will look favourably on investment in new and improved attractions, facilities and accommodation so that the tourism industry can continue to be vibrant and competitive.

# Appendix A - Methodology

A.1 The methodology used to complete this assessment can be broken down into three components:

- Construction benefits
- On-site employment
- Visitor Benefits
- Local Resident Benefits

A.2 Whilst the headline figures in this report are based on gross impacts consideration has also been given to additionality and the resulting net additional impacts. The following additionality factors have been applied based on the HCA Additionality Guidance (4th Addition, 2014).

- **Leakage effects**; the proportion of outputs that benefit those outside of the intervention's target area or group. As the benefits majority of benefits will go to people within the target area a leakage level of 10% has been used.
- **Displacement effects;** the proportion of intervention outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area. Due to the mixed-use nature of the development and its location and proximity to Weymouth Town Centre, a displacement factor of 50% (this has been rated medium under HCA Additionality Guidance) has been used.
- **Economic multiplier effects:** further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases. Based on the size of the area a multiplier of 1.1 has been used; the majority of interventions fall within this category.

A.3 Where gross figures are provided over 10 years, we present the present value of benefits. These have been discounted using standard HM Treasury Guidance (with annual discounting of 3.5% assumed). This is a recognised approach for comparing costs which occur in different time periods and are based on the principle that, generally, people prefer to receive goods and services now rather than later.

## Construction Benefits Assessment Methodology

A.4 The estimated the construction cost of £23.4 million was based on Cushman and Wakefield Cost Estimates.

A.5 DCLG Labour Coefficients (person years of employment per £1m spend) are applied to the forecasted construction costs for each element of the scheme to give total person years of construction employment.

A.6 To convert person years of employment into the average annual number of jobs, we divide person years of employment by the expected development build period, which is currently 2 years.

## On-Site Employment Benefits Assessment Methodology

A.7 The following method was used to calculate the employment benefits of on-site uses:

- The development floorspace figures were converted to net internal floorspace by applying a 20% reduction for all uses based on the benchmark from the HCA, Employment Densities Guide (2015).
- HCA Employment Densities Guide (2015) was also used to calculate the likely number of FTEs that would be supported by these quantities of A3, C1 and D2 uses.
- The number of hotel bedrooms was converted to jobs using HCA Employment Densities Guide (2015) on the average number of employees per bedroom across different hotels.
- Annual GVA benefit was calculated using average GVA per employee data for relevant sectors. This data was accessed from the latest ONS Annual Business Survey (2015).

## Visitor Benefit Assessment Methodology

A.8 To assess the visitor benefits, the types of visitor expenditure were split between accommodation expenditure and additional expenditure (restaurants, shops and leisure).

A.9 The occupancy and size of both the hotels (100 room limited service hotel / 20 room boutique hotel) was considered alongside the potential rooms rates charged. To estimate the nightly room rates desk based research into similar types of hotel in the Weymouth area was carried. As the prices can vary seasonally, room rates were looked at during the peak and off-peak season, this allowed a mid-point to be generated. The prices were then applied to each hotel room based on occupancy between 50% and 100%.

A.10 To estimate visitor expenditure previous visitor data from the Weymouth Tourism Survey[16] was used. In 2015 it was estimated that 1,238,900 people visited; generating almost £52m (based on expenditure, it was assumed the average day visitor spends almost £42 per day.

A.11 To calculate potential expenditure an assumption was made that 10% of all day visitors (conservative approach) to Weymouth would visit the development and generate expenditure.

A.12 Whilst there will be significant visitor expenditure, it is also be assumed that a proportion of local residents will also buy goods and services that will be located at the development.

A.13 The ONS Household expenditure surveys suggest that the average household in the South West c. £34 per week on leisure and entertainment[17]. There are 28,500[18] homes in Weymouth and Portland and an estimated 65,000 people which equates to an average household size of 2.28. Based on the average household size and weekly expenditure, it can be assumed that the average person in Weymouth and Portland spends just over £15 per week on leisure and entertainment.

A.14 According to the 2010 retail study[19] 62% of all Weymouth and Portland residents use Weymouth Town Centre as their main retail and leisure destination. Of these residents visiting the town centre assumptions were made as to how this could translate to potential visitors to the proposed development. These estimates were made based on 10% - 50% of all town centre visitors also

[16] VisitDorset, Economic Impact/Value of Tourism, Tourism Summary 2015; Weymouth

[17] ONS Family Spending 2015; Table A35: Detailed household expenditure by UK countries and regions, 2012 to 2014. Commodity codes: 9.4.1, 9.4.2, 9.4.4, 11.1.1, 11.1.2

[18] Dorset County Council, Census 2011, Number of Households; apps.geowessex.com/stats/AreaProfiles/Town/weymouth

[19] West Dorset, Weymouth and Portland Joint Town Centre Retail Study 2010

visiting the new development and the potential spend this could generate. The final estimates were based on 10% to ensure a conservative estimate was made.

## Financial Benefits

A.15 We have based our assessment of financial benefits on the following:

- Business Rates – for retail, leisure and restaurant uses, our estimates are based on the floorspace assumptions provided by Cushman and Wakefield and VOA data on the average rateable value per $m^2$ for these uses in Weymouth. Business rates for the hotel have been excluded at this stage due to lack of benchmark information from VOA (not published for confidentiality reasons).

**Regeneris Consulting Ltd**
Manchester Office
4th Floor Faulkner House
Faulkner Street, Manchester M1 4DY
0161 234 9910
manchester@regeneris.co.uk

London Office
3rd Floor, 65 St. John's Street.
London EC1M 4AN
0207 336 6188
london@regeneris.co.uk

www.regeneris.co.uk