

FINAL REPORT

# West Bromwich Town Centre Masterplan

## Economic and Social Value Benefits

PREPARED FOR:



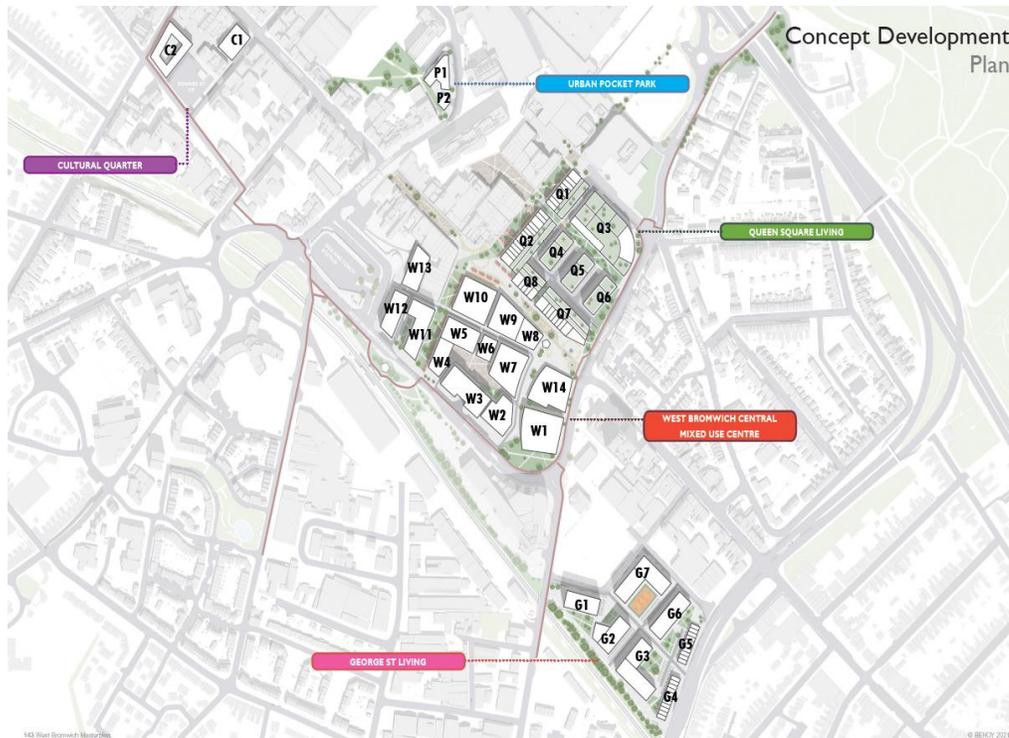
# Introduction

## Purpose of this Assessment

Savills has been commissioned by SMBC to undertake an Economic and Social Value benefits assessment of proposed West Bromwich Town Centre Masterplan development

The following slides show the headline estimates for the Economic and Social Value benefits associated with delivery of the proposed mixed-use development within the Town Centre, which consists of 3 priority packages, including a Pocket Park. The table to the right sets out the proposed uses for each of the priority packages, as well as the overall masterplan.

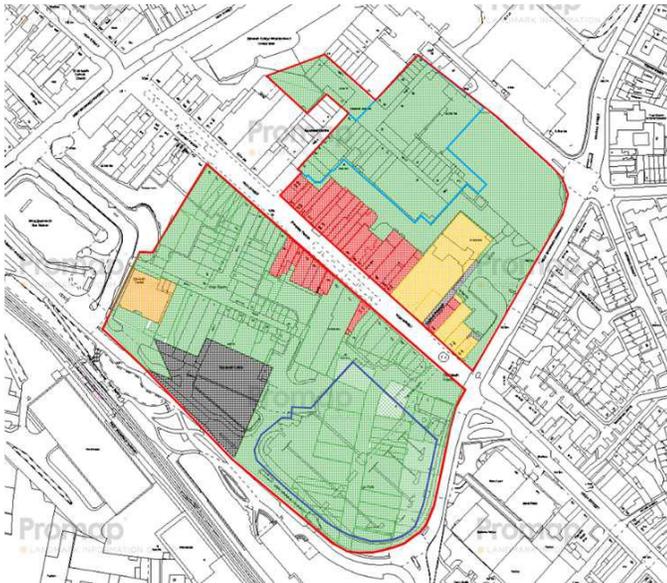
Priority Package	1 – Town Centre	2 – George Street Living	3 – Cultural Quarter & Pocket Park	Total (Masterplan)
Residential	733 units	568 units	52 units	1,363 units
Community/Leisure	10,477 sqm	1,150sqm	3,350 sqm	14,977 sqm
Health	5,205 sqm	-	-	5,205 sqm
Education	-	-	5,450 sqm	5,450 sqm
Retail	14,149 sqm	-	-	14,149 sqm
F&B	17,416 sqm	-	1,414 sqm	18,930 sqm
Office	6,682 sqm	-	-	6,682 sqm
Total Floorspace	116,521 sqm	51,382 sqm	15,549 sqm	183,452 sqm
Existing retail floorspace	68,377 sqm			



# Economic and Social Value Benefits – Package 1

## Priority Package 1: Town Centre

Priority package 1 consists of 5 parcels, of land. The parcels include circa 733 residential units (including 50% Affordable). The mixed use development will also include a 5,205sqm Health Centre, 10,477 sqm of community and leisure space, 14,140sqm of retail space, 13,196 sqm of F&B and 6,682 sqm of office space.



Source: SMBC

The proposed development will create employment opportunities for Sandwell residents, initially during the construction of the units, and then onsite and through operational employment and resident expenditure in the local economy.

### Construction Phase

**c. £210m** capital investment

required to construct the proposed Priority Package 1.

**1,141** direct construction jobs

supported across an estimated 10 years of construction. It is estimated 492 of these roles will be filled by residents of Sandwell.

**492** net additional jobs

are expected to be generated for Sandwell residents directly and indirectly during the construction period.

**£1.6m** social value of apprenticeships, work experience and skills/qualifications gained

are expected to be generated throughout the construction period.

**£0.9m** construction unemployment benefits (including NHS savings)

Estimated value of previously unemployed JSA claimants returning to work and NHS savings.

**£21m** Local Procurement

Estimated total value of local procurement during the construction period assuming 10% of all monies spent locally

### Operational Phase

**916** gross direct onsite jobs

in the retail and F&B units, Health Centre and community and leisure space. It is estimated 12 of these roles will be net additional filled by residents of Sandwell.

**£35m** gross GVA per annum

generated by employment in the above sectors, of which £4.4m will be net additional for the residents of Sandwell.

#### Resident Expenditure

**£6.1m** resident spend per annum

in the local economy when units are occupied.

**147** jobs supported

in local retail and food and beverage businesses by new resident expenditure

#### Council Tax

**£1.7m** additional Council Tax per annum

when fully occupied, resulting in £24.3m of cumulative revenues (NPV) in the first 20 years, once complete.

#### Business Rates

**£0.9m** additional Business Rates per annum

when fully occupied, resulting in £13m of cumulative revenues (NPV) in the first 20 years, once complete.

#### Crime Reduction

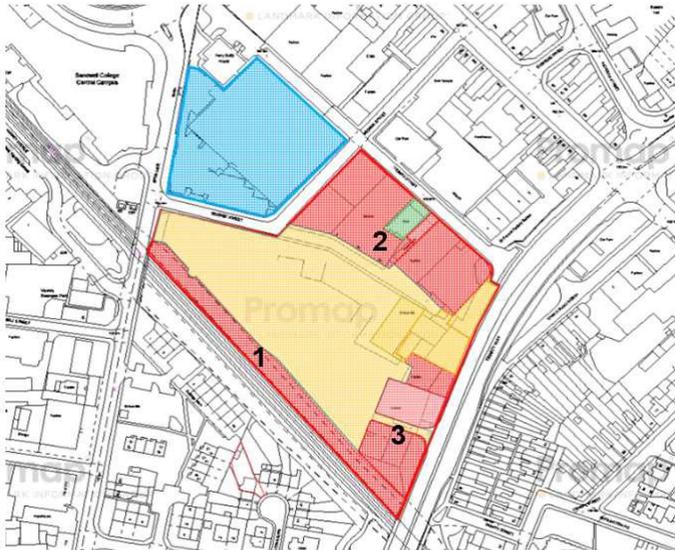
**£0.5m** reduced cost of crime

when fully occupied.

# Economic and Social Value Benefits – Package 2

## Priority Package 2: George Street Living

Priority package 2 consists of 3 parcels of land, which are mainly residential led. The parcels consist of 568 residential units (including 50% affordable) and 1,150 sqm of community or leisure space.



Source: SMBC

The proposed development will create employment opportunities for Sandwell residents, initially during the construction of the units, and then onsite and through operational employment and resident expenditure in the local economy.

### Construction Phase

**c. £90m** capital investment

required to construct the proposed Priority Package 1.

**487** direct construction jobs

supported across an estimated 5 years of construction. It is estimated 210 of these roles will be filled by residents of Sandwell.

**210** net additional jobs

are expected to be generated for Sandwell residents directly and indirectly during the construction period.

**£0.2m** social value of apprenticeships, work experience and skills/qualifications gained

are expected to be generated throughout the construction period.

**£23k** construction unemployment benefits (including NHS savings)

Estimated value of previously unemployed JSA claimants returning to work and NHS savings.

**£0.5m** Local Procurement

Estimated total value of local procurement during the construction period assuming 10% of all monies spent locally

### Operational Phase

**20** gross direct onsite jobs

in the community and leisure space. It is estimated 20 net additional roles will be filled by residents of Sandwell.

**£0.6m** gross GVA per annum

generated by employment in the above sectors, of which £0.6m will be net additional for the residents of Sandwell.

### Resident Expenditure

**£4.7m** resident spend per annum

in the local economy when units are occupied.

**145** jobs supported

in local retail and food and beverage businesses by new resident expenditure

### Council Tax

**£1.3m** additional Council Tax per annum

when fully occupied, resulting in £18.8m of cumulative revenues (NPV) in the first 20 years, once complete.

### Business Rates

**£0.1m** additional Business Rates per annum

when fully occupied, resulting in £0.9m of cumulative revenues (NPV) in the first 20 years, once complete.

### Crime Reduction

**£0.2m** reduced cost of crime

when fully occupied.

# Economic and Social Value Benefits – Package 3



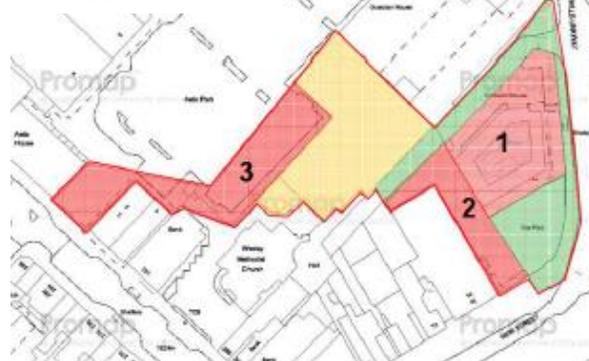
## Priority Package 3: Cultural Quarter & Pocket Park

Priority package 3 consists of the cultural quarter, which includes 52 residential units (2/3 beds), 5,450sqm education space, 2,000 sqm community facility and 1,054 sqm of F&B floorspace. The Pocket park development would also include 1,350 sqm of Community/leisure floorspace and 260sqm of F&B.

### Cultural Quarter



### Pocket Park



Source: SMBC

The proposed development will create employment opportunities for Sandwell residents, initially during the construction of the units, and then onsite and through operational employment and resident expenditure in the local economy.

### Construction Phase

**c. £30m** capital investment

required to construct the proposed Priority Package 1.

**163** direct construction jobs

supported across an estimated 5 years of construction. It is estimated 70 of these roles will be filled by residents of Sandwell.

**70** net additional jobs

are expected to be generated for Sandwell residents directly and indirectly during the construction period.

**£0.5m** social value of apprenticeships, work experience and skills/qualifications gained

are expected to be generated throughout the construction period.

**£0.1m** construction unemployment benefits (including NHS savings)

Estimated value of previously unemployed JSA claimants returning to work and NHS savings.

**£3.1m** Local Procurement

Estimated total value of local procurement during the construction period assuming 10% of all monies spent locally

### Operational Phase

**144** gross direct onsite jobs

in the education space, F&B and community/leisure space. It is estimated 146 of these roles will be net additional filled by residents of Sandwell.

**£6.9m** gross GVA per annum

generated by employment in the above sectors. Of which £6.9m will be net additional for the residents of Sandwell.

### Resident Expenditure

**£0.6m** resident spend per annum

in the local economy when units are occupied.

**18** jobs supported

in local retail and food and beverage businesses by new resident expenditure

### Council Tax

**£0.1m** additional Council Tax per annum

when fully occupied, resulting in £2m of cumulative revenues (NPV) in the first 20 years, once complete.

### Business Rates

**£0.4m** additional Business Rates per annum

when fully occupied, resulting in £5.5m of cumulative revenues (NPV) in the first 20 years, once complete.

### Crime Reduction

**£0.1m** reduced cost of crime

when fully occupied.

# Economic and Social Value Benefits – Masterplan

## Purpose of this Assessment

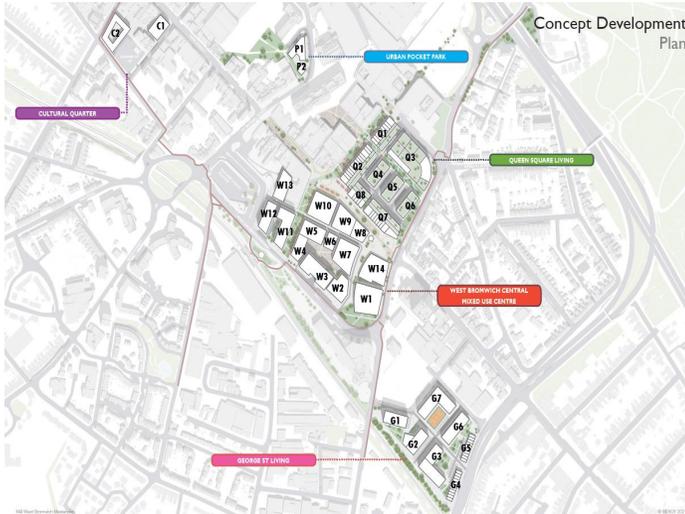
Savills has been commissioned by SMBC to undertake an economic benefits assessment of proposed West Bromwich Town Centre Masterplan development

The following are headline estimates for the economic benefits associated with delivery of the proposed mixed-use development within the Town Centre, which consists of 4 priority packages, including a Pocket Park (which is not included in the assessment).

## Masterplan Benefits

The overall masterplan will deliver 1,353 residential units, along with the following other uses:

- 18,930 sqm F&B
- 14,977 sqm Community/Leisure
- 14,149 sqm Retail
- 6,682 sqm Office
- 5,205 sqm Health
- 5,450 sqm Education



Source: SMBC

The proposed development will create employment opportunities for Sandwell residents, initially during the construction of the units, and then onsite and through operational employment and resident expenditure in the local economy.

## Construction Phase

**c. £330m** capital investment required to construct the proposed Masterplan.

**1,790** direct construction jobs

supported across an estimated 15 years of construction. It is estimated 772 of these roles will be filled by residents of Sandwell.

**772** net additional jobs

are expected to be generated for Sandwell residents directly and indirectly during the construction period.

**£2.3m** social value of apprenticeships, work experience and skills/qualifications gained

are expected to be generated throughout the construction period.

**£1m** construction unemployment benefits (including NHS savings)

Estimated value of previously unemployed JSA claimants returning to work and NHS savings.

**£24.6m** Local Procurement

Estimated total value of local procurement during the construction period assuming 10% of all monies spent locally

## Operational Phase

**1,079** gross direct onsite jobs

in the proposed development of the masterplan. 177 would be net additional to the residents of Sandwell.

**£42m** gross GVA per annum

generated by employment in the Masterplan, of which £11.1m will be net additional for the residents of Sandwell.

## Resident Expenditure

**£11.3m** resident spend per annum

in the local economy when units are occupied.

**310** jobs supported

in local retail and food and beverage businesses by new resident expenditure

## Council Tax

**£3m** additional Council Tax per annum

when fully occupied, resulting in £45.2m of cumulative revenues (NPV) in the first 20 years, once complete.

## Business Rates

**£1.3m** additional Business Rates per annum

when fully occupied, resulting in £19.4m of cumulative revenues (NPV) in the first 20 years, once complete.

## Crime Reduction

**£0.8m** reduced cost of crime

when fully occupied.

# Methodology

The methodology used is compliant with the HMT Green Book (2022). The figures are based on our understanding of the scheme and a range of assumptions. These assumptions have been set out below.

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

## Construction Phase Employment Assumptions

The construction length and value is based on BCIS benchmarks for development of this nature. The expected construction employment has been calculated utilising a regional turnover per job benchmark for the sector, derived from ONS Business Population Estimates.

## Leakage, Displacement & Multiplier Effect

At Sandwell level, leakage of 25% has been applied to all operational jobs, based on the HCA ready reckoner and 55% for construction.

Displacement of 10% has been applied to all gross operational jobs and 25% for construction jobs. This is 'low' displacement following guidance from HCA Additionality Guide 2014. A sector-specific multiplier has been applied to all net additional operational jobs, obtained from the ONS' Supply and Use, FTE multipliers and effects tables (2018 reference year).

## Onsite Jobs

Employment density benchmarks from the HCA Employment Density Guide (2015) for retail, office, F&B, community and education employment have been applied to this floorspace

## GVA Assumptions

Sector-specific GVA per worker benchmarks have been taken from the ONS Region by Industry Labour Productivity Dataset 2019.

## Resident Spend Impacts

Average regional household expenditure on convenience goods, comparison goods and food and beverage has been derived from ONS Detailed Household Expenditure by Countries and Regions dataset.

Local retention rates of this expenditure by type, taken from local retail studies, have been applied to reach an estimate of the overall resident spend in the local economy.

The expected retail and food and beverage employment supported by this spend has been calculated utilising regional turnover per job benchmarks for the sectors, derived from ONS Business Population Estimates.

## Council Tax Assumptions

Local council tax rates for Band D and E properties have been applied to estimate annual receipts.

Taxation calculations present the net present value (NPV) of cumulative council receipts over a 20-year appraisal period, utilising a 3.5% discount rate in line with HMT Green Book Guidance.

## Business Rate Assumptions

Business rates have been benchmarked against similar developments in the postcode area.

Business rate calculations present the net present value (NPV) of cumulative council receipts over a 20-year appraisal period, utilising a 3.5% discount rate in line with HMT Green Book Guidance.

## Employment and training

Based on CITB benchmarks and construction value of the project, apprenticeship, work placement and training benefits have been quantified.

Based on research from previous projects, we have assumed a 10% of construction jobs will be taken by those classed as previously unemployed. We have also assumed savings incurred for the NHS from the reduction of this unemployment.



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