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Economic Development Advisers ●●●●●●●●●●●●●●●●

Town and Country Planning Act 1990

Appeal by Hinton Group (Grovefield Way) Ltd

Land at Grovefield Way, The Reddings, Cheltenham

Planning Inspectorate Refs:

APP/B1605/W/18/3200395

APP/B1605/W/18/3214761

LPA Refs:

Appeal: 18/00011/PP1, Application: 16/02208/FUL

Appeal: 18/00020/PP1, Application: 18/01004/FUL

Summary of Proof of Evidence of Stuart Hardisty BSc Econ (Hons) MIED

Economic Impact

7th December 2018

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Approved by: Stuart Hardisty

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Summary of Proof of Evidence

Introduction

- i. I am Stuart Hardisty, a Director of Hardisty Jones Associates. I have worked as an economic development consultant for more than 18 years. My clients comprise a range of private and public sector organisations, including local, regional and national government organisations. My work covers many aspects of economic development, with particular regard to employment land and the planning system. I carry out socio-economic research; prepare economic plans and strategies; prepare economic impact assessments of proposed or existing activity; and evaluate economic development activity.
- ii. I am instructed by Hinton Properties (Grovefield Way) Limited to provide expert witness support to the conjoined appeals against the refusal of permission for Application 16/02208/FUL (Appeal A) and Application 18/01004/FUL (Appeal B).

Application Site

- iii. Both applications (and appeals) relate to the same site. The site lies between Grovefield Way and the A40 on the western edge of Cheltenham. The application site is currently undeveloped land.

Scope of Evidence

- iv. My evidence relates to the economic impact of the proposed developments and the jobs that can be accommodated on the site. This will demonstrate that the economic impact of the proposed development under either application is greater than that generated by the reasonable alternatives on the site. This will therefore challenge the statement contained in the reasons for refusal that:

These proposed non B1 uses will result in a reduction in the amount of the site available for B1 development along with the high quality jobs this would provide.

- v. My evidence considers the likely economic impacts arising from the proposed development under both Appeal A and Appeal B. It also considers three alternatives:

Alternative 1: The extant consent (14/01323/OUT) for 16,800sqm of B1(a) office employment uses.

Alternative 2: The extant consent (14/01323/OUT) adjusted for Permitted Development Class I comprising a development mix of 11,800sqm of B1(a) office employment uses and 5,000sqm B8 ancillary storage and distribution uses.

Alternative 3: A hypothetical B8 Use Classes only scheme, aligned to the open B Use Class designation within the policies cited in the reasons for refusal (Policy SD1 of the Joint Core Strategy, Policy EM2 of the adopted Local Plan and emerging policy EM3 of the Cheltenham Plan), comprising 16,600sqm B8 storage and distribution uses.

Assessing Economic Impact

- vi. The method employed to assess the economic impacts arising from proposed development is in accordance with best practice guidance and draws on my 18-years of experience as an economic development consultant.
- vii. The analysis considers the construction and operational phases separately. This acknowledges the temporary nature of construction activity, particularly for a scheme of this size, whereas the operational phase impacts will continue year-on-year.
- viii. For both the construction and operational phases, impacts are set out in terms of gross direct effects and net additional local effects. The former captures the direct impacts through employment and expenditure. The latter makes adjustment for a range of 'additionality' factors (leakage, deadweight, displacement and multipliers).

Construction Phase Impacts

- ix. Appeal A will support 175 gross direct person years of employment. This will support gross direct wages of £5.5million.
- x. Appeal B will support 178 gross direct person years of employment. This will support gross direct wages of £5.6million.
- xi. Tables S1 and S2 set out the construction phase impacts of Appeal A and Appeal B alongside the three alternatives considered.

Table S1 Gross Direct Construction Phase Impacts (Alternatives and Appeals)

	Construction Spend (£m)	Employment (Person Years)	Wages (£m)
Alternative 1 (Extant)	£35.5m	201	£6.3m
Alternative 2 (Permitted Development)	£29.1m	165	£5.1m
Alternative 3 (B8 Uses)	£14.0m	79	£2.5m
Appeal A (16/02208/FUL)	£30.9m	175	£5.5m
Appeal B (18/01004/FUL)	£31.5m	178	£5.6m

Source: Hinton Group Ltd and HJA Analysis. Figures may not sum due to rounding.

Table S2 Net Additional Construction Phase Impacts (Alternatives and Appeals)

	Cheltenham Borough		JCS Area	
	Employment (Person Years)	Wages (£m)	Employment (Person Years)	Wages (£m)
Alternative 1 (Extant)	155	£4.8m	205	£6.4m
Alternative 2 (Permitted Development)	127	£4.0m	168	£5.2m
Alternative 3 (B8 Uses)	61	£1.9m	81	£2.5m
Appeal A (16/02208/FUL)	135	£4.2m	178	£5.6m
Appeal B (18/01004/FUL)	138	£4.3m	182	£5.7m

Source: Hinton Group Ltd and HJA Analysis. Figures may not sum due to rounding

- xii. Notionally, the extant consent (Alternative 1) delivers construction phase benefits 13%-15% greater than the Appeal schemes. However, as demonstrated by the evidence of Mr Pratt and Mr Fong, the extant scheme is neither viable nor attractive in the commercial market and these benefits are therefore purely hypothetical and will not be realised.
- xiii. Alternative 2 delivers construction phase benefits 6%-8% lower than those anticipated under the Appeal schemes. The Appeal schemes therefore deliver greater benefits than this hypothetical alternative that is permitted within the terms of the extant consent.
- xiv. Alternative 3 delivers construction phase benefits 55%-56% lower than those anticipated with the Appeal schemes. The Appeal schemes therefore deliver much greater benefits than this hypothetical alternative comprising B Class uses across the entire site in line with the provisions of the cited policies.

Operational Phase Impacts

- xv. Appeal A will deliver capacity for 1,018 gross direct FTE jobs. These will support gross direct wages of £34.6million per annum.
- xvi. Appeal B will deliver capacity 1,040 gross direct FTE jobs. These will support gross direct wages of £35.7million per annum.
- xvii. Tables S3 and S4 summarise the results of equivalent analysis for the three alternatives as described. The Appeal schemes are also included for comparison. These demonstrate that:
- xviii. Notionally, the extant consent (Alternative 1) delivers operational phase benefits 17%-25% greater than the Appeal schemes. However, the extant scheme is neither viable nor attractive in the commercial market and these benefits are therefore hypothetical and will not be achieved.
- xix. Alternative 2 delivers hypothetical operational phase benefits 5%-11% lower than those anticipated under the Appeal schemes. The Appeal schemes therefore deliver greater benefits than this alternative that is permitted within the terms of the extant consent.
- xx. Alternative 3 delivers hypothetical operational phase benefits 70%-79% lower than those anticipated with the Appeal schemes. The Appeal schemes therefore deliver much greater benefits than this hypothetical alternative comprising B Class uses across the entire site.

Table S3 Gross Direct Operational Phase Impacts (Alternatives and Appeals)

	Employment (FTE)	Wages (£m Annual)
Alternative 1 (Extant)	1,217	£42.8m
Alternative 2 (Permitted Development)	930	£32.3m
Alternative 3 (B8 Uses)	250	£7.45m
Appeal A (16/02208/FUL)	1,018	£34.6m
Appeal B (18/01004/FUL)	1,040	£35.7m

Source: Hinton Group Ltd and HJA Analysis. Figures may not sum due to rounding.

Table S4 Net Additional Operational Phase Impacts (Alternatives and Appeals)

	Cheltenham Borough		JCS Area	
	Employment (FTE)	Wages (£m Annual)	Employment (FTE)	Wages (£m Annual)
Alternative 1 (Extant)	565	£19.9m	848	£29.8m
Alternative 2 (Permitted Development)	440	£15.2m	652	£22.6m
Alternative 3 (B8 Uses)	142	£4.2m	187	£5.6m
Appeal A (16/02208/FUL)	476	£16.1m	701	£23.9m
Appeal B (18/01004/FUL)	478	£16.5m	715	£24.7m

Source: Hinton Group Ltd and HJA Analysis. Figures may not sum due to rounding

Conclusions

- xxi. Reason for refusal one for both applications stated that:

These proposed non B1 uses will result in a reduction in the amount of the site available for B1 development along with the high quality jobs this would provide.
- xxii. The reason for refusal assumes the extant consent will come forward in its headline form.
- xxiii. Whilst in theory Alternative 1 (the extant consent) would provide construction phase impacts 13%-15% greater; and operational phase impacts 17%-25% greater than the appeal schemes this is irrelevant on the grounds that the extant consent is unviable. As a result, none of these benefits will come forward.
- xxiv. The realistic do nothing alternative to the appeals is in fact no development and the loss of the assessed economic impacts in their entirety.
- xxv. Whilst Alternatives 2 and 3 are also likely to fail the viability test, they help to illustrate important points.
- xxvi. Alternative 2 is entirely consistent with the extant consent and (subject to viability) could be delivered subject to approval of reserved matters and relevant conditions by the Local Planning Authority. This evidence has demonstrated that Alternative 2 would deliver construction phase benefits 6%-8% lower; and operational phase benefits 5%-11% lower than the Appeal schemes.

- xxvii. On this basis it should not be concluded that the appeal schemes will result in a reduction in the amount of the site available for B1 development along with the high quality jobs this would provide, regardless of the viability argument. This conclusion is in accordance with paragraphs 6.2.7 – 6.2.9 of the officer report accompanying application 18/01004/FUL.
- xxviii. Alternative 3 considers a hypothetical entirely B8 Use Class scheme which accords with the open B Use Class provisions of the policies cited in Reason for Refusal 1 of both applications. This evidence has demonstrated that Alternative 3 would deliver construction phase benefits 55%-56% lower; and operational phase benefits 70%-79% lower than the Appeal schemes.
- xxix. This demonstrates that within the parameters of the cited policies there is the potential for development proposals supporting much lower levels of economic benefit to Cheltenham and the wider JCS area.