Volterra

Economic Report

Rushden Lakes

Bridget Rosewell

May 2013

1 Credentials

1.1 I am an economist with specialist experience in economic development and analysis over the past 20 years. I am a Senior Partner of Volterra Partners, and have advised on numerous major development projects. Between 2002 and spring 2012 I was also the Chief Economic Adviser to the Greater London Authority, where I advised the Mayor of London on key economic issues that London faces.

1.2 I also led GLA Economics, which advised the GLA, Transport for London and the London Development Agency on economic matters. I was responsible for analysis and forecasts of the London economy and its constituent parts as well as for advice on the economic impact of mayoral policies.

1.3 I advise on major projects. In particular, I was responsible for developing the economic case for Crossrail and the significant changes to evaluation techniques which this required. I developed innovative techniques to support the case for the Thames Gateway Bridge at Gallions Reach and more recently I led a team looking at the integrated needs of the Thames Estuary. This includes the consideration of aviation capacity needs and the feasibility of new airport capacity in the Estuary.

1.4 I prepared advice and a witness statement for the judicial review of the proposal to expand Heathrow with a third runway. I also acted for Hertfordshire and Essex County Councils on the case against a second runway at Stansted, a proposal which was subsequently withdrawn.

1.5 I advised the Manchester Independent Economic Review on the economics of cities and recently sat as a Commissioner on the North East Economic review, chaired by Lord Adonis.

1.6 I have been responsible for advising a number of clients on the economic case for developments in a number of sectors including industrial plants, such as a cement plant in Medway and leisure facilities, such as an arena in Croydon and Pinewood Studios expansion, as well as numerous office and housing developments.

1.7 I founded my previous consultancy, Business Strategies Ltd, in 1988 which developed methods of localised economic forecasting and impact analysis which are widely used by local authorities.

1.8 I took my first degree at the University of Oxford in 1974 and subsequently took the MPhil in Economics at the University of Oxford in 1976. Prior to entering consultancy, I taught at the University.

2 Executive Summary

2.1 The proposed development of Rushden Lakes will create 1359 jobs directly, and 1714 jobs once multiplier effects are taken into account. Most of these are in retail and will be taken up by the residents of Rushden and North Northamptonshire.

2.2 The development proposals come against the backdrop of high unemployment in Rushden and North Northamptonshire. Since 2008, the claimant count has nearly doubled in Rushden and other districts within North Northamptonshire.

2.3 Most of the newly created jobs are likely to be retained within North Northamptonshire. Indeed, the most recent data show that some 80% of those employed in Rushden live within North Northamptonshire. The new jobs created by the development should help to reduce unemployment levels in both the local area and in North Northamptonshire as a whole.

2.4 Overall, I estimate that the economic benefits of the operational jobs created by the development will be over £31m per year. Of the total benefits, some £23m is likely to be retained within North Northamptonshire.

Table 1: Operational jobs benefit summary

Total		North Northamptonshire	
FTE jobs	**EB (£m per year)**	**FTE jobs**	**EB (£m)per year**
1,714	31	1,306	23

Source: Volterra 2013

2.5 In addition, most of these benefits are likely to be a net addition to the economy of North Northamptonshire. Available expenditure taking account of the expected growth in population and expenditure within Rushden and North Northamptonshire is large enough to accommodate the additional retail capacity that will be brought about by the proposed development. This supports the minimal displacement of retail spend from retail operations in Northamptonshire shown by Mr Burnett in his proof of evidence.

2.6 Finally, Rushden Lakes will also help to meet some of the key aims of East Northamptonshire's Tourism and Economic Development Strategy. In tandem with a number of other planned schemes, the Rushden Lakes retail and leisure development will enhance the use of the River Nene and wider Valley as a tourism destination. The development is likely to encourage repeat visits and longer stays in the District itself and the County as a whole.

3 Introduction

3.1 I have been asked to provide an assessment of the economic impacts of the proposed development at Rushden Lakes. I take into account earlier analysis and criticism and provide my own view. I look at the capacity of the development, the activity created and the benefits to the local and wider economy.

3.2 I used the Nortoft Economic Benefit report[1], the Drivers Jonas Deloitte (DJD)[2] representation, the Colin Burnett Proof of Evidence (Colin Burnett)[3] as well as my own material. I cross refer to others' evidence and the ES Addendum[4] where relevant. I have also reviewed the Nortoft Economic Benefit report and DJD separately, and provide my views in relation to these two reports in Appendices 1 and 2 of this economic report.

3.3 I conclude that this development offers significant benefits to the local economy on a continuing basis, both in enabling local employment opportunities, providing local employment growth to match population growth, and in enhancing local facilities.

4 The Local Economy and the Benefits of the Development Proposals

4.1 I start by examining the current economic conditions within Rushden, East Northamptonshire and Northamptonshire as a whole. For the purposes of this report, I will use of the following geographic definitions – this is consistent with the definitions used in the Mr Burnett's Proof of Evidence:

- The 'Local Area' consists of the Zone 10[5] catchment area of North Northamptonshire.
- The 'Sub-Region' consists of the North Northamptonshire Catchment Area ("NNCA") outside the Local Area. This is a combination of Corby, Wellingborough, Kettering and East Northamptonshire (excluding the Local Area). The Sub-Region includes Zones 1 to 9 and 11; Zone 10 is not included as we define this as the Local Area.
- At various points in this report, East Northamptonshire alone will be referred to, being the Local Authority (LA) within which Rushden Lakes is located. Northamptonshire is also referenced to as the County where Rushden Lakes is located.

4.2 Table 2 below provides a summary profile of the Local Area, Sub-Region and Northamptonshire as a whole. The Local Area has a population of 54,723, with a total workforce[6] of 14,895, accounting for 7% of the total population of Northamptonshire. Meanwhile, the Sub-Region constitutes some 40% of the County's population.

[1] Nortoft, 2011, 'Rushden Lakes Economic Benefits Study'
[2] Drivers Jonas Deloitte, 2012, 'Representation in Objection'
[3] Colin Burnett, 2013, 'Proof of Evidence '
[4] ES Addendum Community Benefits Chapter
[5] Household Survey Zones for North Northamptonshire Retail Study
[6] Residence based

Table 2: Economic Background

2011	Local Area	Sub-Region	Northamptonshire
Population	54,723	307,430	691,952
Employment[7]	14,895	73,535	195,061

Source: Colin Burnett Proof of Evidence 2013, ONS Annual Population Survey 2012

4.3 Table 3 shows that the unemployment rate in East Northamptonshire is higher than in the County and the surrounding region. While the County as a whole has seen a significant fall in its unemployment rate since 2009, the recovery in East Northamptonshire has been modest.

Table 3: Unemployment Rate aged 16-64, broken down by area

Area	2005	2009	2012
East Northants	2.6	9.2	8.6
NNCA	3.6	8.0	6.5
Northamptonshire	3.9	7.6	5.6
England	4.9	7.8	8.0

Source: ONS Annual Population Survey 2012

4.4 In 2012, East Northamptonshire had approximately 3,900 unemployed residents, and approximately 10,800 residents were jobless in North Northamptonshire. North Northamptonshire as a whole makes up a significant amount of the total 20,200 residents unemployed in the Northamptonshire County.

4.5 Total claimant count[8] is presented in Table 4. The area of Rushden as of April 2013 had a claimant count of 1,130[8]. This is double the claimant count the area had in April 2008 (at 565). Meanwhile, Wellingborough has a current claimant count of 2,355, which is almost double that in April 2008 (at 1,220).

Table 4: Claimant Count

Area	Claimant Count
Rushden	1,130
Wellingborough	2,355

Source: NOMIS 2013 - ONS Claimant Count April 2013

4.6 Against this backdrop, the development proposals at Rushden Lakes will help to address some of the unemployment problems in both the Local Area and the Sub-Region. Overall, the main economic benefits of the development proposals are: first, the number of jobs that will be created in both the local and wider areas; and second, the spending that will be generated by the new retail facilities, or retained within the local area.

Employment Creation

Construction Phase

4.7 The standard method for calculating the number of construction jobs created is to use the total construction value divided by the GVA per construction employee. Taking standard industry

[7] Employment estimated on ward boundaries nearest to Zone definitions
[8] NOMIS 2013 - ONS Claimant Count April 2013 Category: Job Centre Plus Offices

figures for construction costs and estimated floorspace data, the total cost of the development proposals could be around £75m.

4.8 If the average output per employee in the construction sector of £83,500[9] is used then 900 person years' worth of FTE construction employment would be added over the 12-18 months construction period.

4.9 This is considerably larger than the figures estimated in the Nortoft report[10]. The Nortoft estimate of 250 construction jobs, which were provided by the project managers, appears to be too conservative. The ES Addendum uses a similar approach to generate 290 direct jobs, to which a multiplier was added to create a total of 473 jobs. There is thus a variety of possible estimates for this temporary addition.

Operational Phase

4.10 Turning to the operational phase, the standard employment densities from the Homes & Communities Agency Employment Densities Guide 2nd Edition (2010)[11] are used here - these are the most recent guidance and are widely accepted. These are used in conjunction with the proposed floorspace mix at Rushden Lakes, as referred to in Colin Burnett's evidence[12]. Overall, as shown in Table 5, a total of 1,359 direct jobs are created in the operational phase, most of which is due to the retail space. These estimates differ slightly from those in the ES Addendum, because of updated floorspace numbers.

4.11 On the retail front, it is estimated that 1,211 direct jobs would be created. It is worth noting that retail warehouse space has been separated from standard retail space to account for a lower employment density in the Garden Centre.

4.12 On the non-retail front, it is estimated that 148 direct non-retail jobs would be created. A 3* hotel is assumed as the 'worst case scenario', to give a most conservative estimate for hotel jobs. Meanwhile, consistent with the Nortoft report, some 25 direct miscellaneous jobs will be created by the crèche, visitor centre, site security and site management.

Table 5: Operational phase job creation, Volterra calculations

Floor space use	NIA floor space m^2	Average m^2 per FTE	FTE direct jobs
Retail	21,997	19	1158
Garden Centre	4750	90	53
Hotel	112[13]	2	56
Leisure[14]	1,172[12]	65	18
Restaurant	891[12]	18	50
Miscellaneous			25
Total			**1,359**

Source: Colin Burnett Proof of Evidence 2013, Volterra 2013. Note: Totals may not add up due to rounding.

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[9] Figure used in the Drivers Jonas Deloitte 'Representations in Objection on behalf of Legal & General'
[10] Nortoft, 2011, 'Rushden Lakes Economic Benefit Study'
[11] Homes & Communities Agency, 2010, 'Employment Densities Guide', 2nd Edition, Drivers Jonas Deloitte
[12] GIA converted to NIA using ratio of 0.8 where required
[13] Number of beds
[14] Leisure space will include a health club and other leisure activities

Local Employment

4.13 The allocation of the jobs to residents in the Local Area and the Sub-Regional area is estimated based on the most recent travel to work flow data. This is taken from the 2001 Census, since 2011 data will not be available until the end of the year[15].

- For construction jobs creation, our assumption is that 80% of the jobs are likely to be taken by residents of North Northamptonshire, including both the Local Area and sub-Region
- This means that there will be 720 person years of construction employment that are taken by residents of North Northamptonshire, or using the ES Addendum that there will be 394 jobs.
- For both retail and non-retail operational job creation, our analysis is that 60% of jobs are likely to be taken by residents of the Local Area, and 20% by residents of the Sub-Region
- For retail, this means 727 jobs for residents of the Local Area, and 242 jobs are taken by residents of the Sub-Region
- For non-retail, 89 jobs are taken by residents of Local Area, and 30 for residents of the Sub-Region

4.14 In construction, around 84% of construction workers in East Northamptonshire are residents of North Northamptonshire. I use a conservative estimate of 80% as an appropriate take-up rate for North Northamptonshire residents for the new construction jobs.

4.15 Operational job take-up is presented in Table 6.

Table 6: Volterra operational direct job calculations

		Residents of Local Area 60%	Residents of Sub-Region 20%	Residents outside Sub-Region and Local Area 20%	Total
		FTE	FTE	FTE	FTE
Retail		**727**	**242**	**242**	**1,211**
Non-Retail	Hotel	34	11	11	56
	Leisure	11	4	4	18
	Restaurant	30	10	10	50
	Other	15	5	5	25
	Total Non-retail	**89**	**30**	**30**	**149**

Source: Volterra 2013. Note: Totals may not add up due to rounding.

4.16 There is no detailed travel to work data for Zone 10 wards. However, around 62% of all workers within Zone 10 reside in Zone 10. I therefore use 60% as an appropriate take-up rate for Local Area residents for the new operational jobs, across all sectors.

4.17 For North Northamptonshire, 87% of retail, hotel and restaurant workers in East Northamptonshire are residents of North Northamptonshire. I use a conservative estimate of

[15] ONS Census, 2001, 'Travel to work flow'

20% as an appropriate take-up rate for Sub-Region residents for the new jobs. This is derived from an 80% take-up rate for North Northamptonshire, then discounting for the Local Area take-up of 60%. In both cases, the proximity of Wellingborough suggests that Wellingborough residents would be well placed to access the new job opportunities.

4.18 The jobs created in Rushden Lakes will help to address some of the unemployment issues in the Local Area and the Sub-Region. I have already shown that unemployment has almost doubled in Rushden and other surrounding towns (including Wellingborough) since 2008. Indeed, representations on the proposals from local residents confirm the suitability of the new job opportunities to be created by Rushden Lakes: '*This development will bring new jobs to the area not only for Rushden people but for others in surrounding towns.*'[16] '*We need Rushden Lakes to bring new jobs into the area and boost the economy. We need part-time jobs in shops and the leisure industry*'[16].

Multiplier Effect

4.19 The analysis above has dealt with the jobs that are directly created by the development proposals. However, these jobs will also result in indirect benefits to other sectors indirectly boosting jobs in these other industries. The English Partnerships Additionality Guide[17] provides a framework for the estimation of net additional impacts of development including multiplier effects.

4.20 Based on the English Partnerships Additionaility Guide, the composite multiplier is 1.5 at the Sub-Regional level, and 1.1 at Local Area level. In other words, for every 1 direct job created at Rushden Lakes, an additional half a job is created at the Sub-Region level. Meanwhile, for every 1 direct job created at Rushden Lakes, an additional one tenth of an extra job is created at the Local Area level. This is a more precise breakdown than in the ES Addendum.

4.21 Accordingly, as shown in Table 7, the total FTE retail jobs and indirect jobs (in both retail and other sectors) that Rushden Lakes would create is 1,526. Meanwhile, the total FTE non-retail plus indirect jobs that could be created is 188.

Table 7: Volterra total job calculations

		Local Area	Sub-Region	Outside Sub-Region and Local Area	Total
		FTE	**FTE**	**FTE**	**FTE**
Retail	Direct	727	242	242	1,211
	Multiplier	*1.1*	*1.5*	*1.5*	-
	Indirect	73	121	121	315
	Total	**800**	**363**	**363**	**1,526**
Non-Retail	Direct	89	30	30	149
	Multiplier	*1.1*	*1.5*	*1.5*	-
	Indirect	9	15	15	39
	Total	**98**	**45**	**45**	**188**

Source: Volterra 2013. Note: Totals may not add up due to rounding.

[16] LXB, 2013, 'Rushden Lakes Third Party Reps Analysis – Appendix 1'
[17] English Partnerships, 2008, 'Additionality Guide', 3rd Edition

Output Benefit

4.22 These FTE jobs have an economic benefit value. An appropriate level of GVA must be attached to the total FTE job numbers to calculate this. The GVA[18] figure used is that for North Northamptonshire per head, according to ONS based on an income approach, at £17,835. This is the most suitable figure, using the most appropriate area to the location of Rushden Lakes, and an average of all employment sectors. Note GVA is not broken down by industry sector at this small geographic level.

4.23 I am here allocating the economic activity according to the take-up of employment, so that the benefit accrues to where workers live.

4.24 Accordingly, the economic benefit of the FTE retail jobs created at Rushden would be £27.2m per year, of which the economic benefit to the Local Area is £14.2m per year, and the economic benefit to the Sub-Region is £6.5m per year. Meanwhile, the economic benefit of the FTE non-retail jobs created at Rushden would be £3.4m pa, of which the economic benefit to the Local Area is £1.8m pa, and the economic benefit to the Sub-Region is £0.8m pa.

Table 8: Volterra economic benefit calculations

		Local Area		Sub-Region		Outside Sub-Region and Local Area		Total	
		FTE	EB (£m)	FTE	EB (£m)	FTE	EB (£m)	FTE	EB (£m)
Retail	Direct	727	13.0	242	4.3	242	4.3	1,211	21.6
	Indirect	73	1.3	121	2.2	121	2.2	315	5.6
	Total	**800**	**14.2**	**363**	**6.5**	**363**	**6.5**	**1,526**	**27.2**
Non-Retail	Direct	89	1.6	30	0.5	30	0.5	149	2.7
	Indirect	9	0.2	15	0.3	15	0.3	39	0.7
	Total	**98**	**1.8**	**45**	**0.8**	**45**	**0.8**	**188**	**3.4**

Source: Volterra 2013. Note: Totals may not add up due to rounding

5 Capturing Growth

5.1 The DJD objections to Rushden Lakes centre on the potential for the development to displace existing and planned retail activities elsewhere. However, this would only be true in a static world. In a changing world, we need to also consider how the future may be different. For this section I draw on evidence from Experian population and expenditure projections – consistent with the evidence used in Colin Burnett's proof.

5.2 For instance, both the Local Area and the Sub-Region are projected to see substantial growth in population. In this context, Rushden Lakes can be supported by growth.

5.3 Throughout this section, reference to Sub-Region will include Zones 7, 9 and 11. Colin Burnett states Rushden Lakes will generate most of its Sub-Region turnover from Zones 7, 9 and 11. Therefore, these Zones will make up the Sub-Region for this section. Northampton will also be included at each stage as a comparator.

[18] ONS Regional Gross Value Added, 2012, 'Income Approach'

Population Growth

5.4 According to Colin Burnett evidence using Experian's Population Projections[19], population growth between the years of 2011 and 2018 is predicted to be substantial at the Local Area and Sub-Region level. This growth is particularly strong in Northampton (West Northamptonshire study zones 4, 5, 6, and 7)and in addition I understand that these projections take no account of major investments such as that in the urban extension of WEAST at Wellingborough

Table 9: Population Growth in the Local and Sub-Region area, and Northampton comparison

Population	Local Area	Sub-Region	Northampton
2011	54,723	90,721	215,305
2018	58,688	96,809	241,519
Growth 2011-18	3,965	6088	26,214
% growth 2011-18	7%	7%	11%

Source: Colin Burnett Proof of Evidence 2013, Experian Population Projections 2011

Spending Growth

5.5 Population growth will be associated with increased spending. Comparison goods spend is set to increase substantially within the Local Area and Sub-Region levels, as well as in Northampton. Using Colin Burnett Tables BPD1 and BPD10, I show the Experian[20] forecast for spending on comparison goods in Table 10, broken down by the relevant area.

Table 10: Comparison goods spend growth in the Local and Sub-Region area, and Northampton comparison, in £millions

Comparison goods spend (£m)	Local Area	Sub-Region	Northampton
2011	144	222	513
2018	173	265	644
Growth 2011-18	29	43	131
% growth 2011-18	20%	19%	26%

Source: Colin Burnett Proof of Evidence 2013 Tables BDP 1 and 10, Experian Expenditure Projections 2011

5.6 Local Area comparison goods spend is projected to increase by 20% on the 2011 total of £144m, a significant growth in the expenditure total by Local Area residents. At the Sub-Region and Northampton levels, spending on comparison goods is projected to increase by £43m and £131m respectively. These are substantial increases which will support increased capacity across the whole region.

5.7 The retail analysis from Colin Burnett shows that spending in other 'town centres' is higher in 2018 (when Rushden Lakes is built) than currently. Colin Burnett Tables 3.1 and 3.3 showing town centre turnover projections is replicated in Table 11. In other words, the trade diversion effects of the development are overtaken by growth in the short term to 2018.

[19] Experian, 2011, 'Experian population projections – revised ONS 2011 census based'
[20] Experian, 2011, 'Experian based expenditure figures'

Table 11: Town centre turnover projections, 2018 with Rushden Lakes

Town Centre	2011 Turnover (£m)	2018 Turnover with Rushden Lakes (£m)
Rushden TC	36.7	40.4
Wellingborough TC	79.0	84.3
Kettering TC	129.1	148.3
Corby TC	70.5	81.2
Northampton TC	289.8	328.9

Source: Colin Burnett Proof of Evidence 2013 - Tables 3.1 and 3.3

6 Visitor Impact

6.1 Finally, I consider how Rushden Lakes will meet some of the key aims of East Northamptonshire's Tourism and Economic Development Strategy.[21,22]

Current Sub-Region and Local Tourism Strategy

6.2 A main priority of the East Northamptonshire District Council is to promote economic growth and job creation through the development of its tourism sector.

6.3 East Northamptonshire's two most recent Economic Development and Tourism Strategy reports focus on promoting economic growth and job creation through the development of its tourism sector. East Northamptonshire aims to achieve this by utilising the area's best asset, the Nene River Valley, to create a brand of tourism that accompanies 'healthy living' and 'creative and green industries'. This is believed to be, and will be used as, the most effective tool of realising the business and employment opportunities from an increase in tourism spend.

6.4 The 2010-15 East Northamptonshire Tourism Strategy[21] estimated that tourism spending generated some £74.5m annually, which allows the creation of 1,238 Full Time Equivalent (FTE) local jobs. The report describes supporting the 'improvement of the district's market towns by increasing visitor numbers' as an essential corporate outcome of East Northamptonshire's strategy. The current size of tourism numbers and spend within East Northamptonshire is too low.

6.5 The most up to date East Northamptonshire Tourism Strategy: 2013-16[22], identifies that 'tourism makes a major contribution towards the economic well-being and quality of life of the communities and businesses in the rural areas.' The focus remains on developing the tourism sector further. East Northamptonshire plans to achieve this growth by locating tourist and visitor facilities around the River Nene and wider Valley. Another requirement is to improve accessibility in the Valley area by foot, cycle and public transport.

6.6 Two initiatives have recently been put in place by East Northamptonshire as part of the development of its local tourism sector - both are outlined in the Nortoft report.

[21] East Northamptonshire Council, 2010 'Tourism Strategy 2010-15'
[22] East Northamptonshire Council, 2013 'Draft Economic Development and Tourism Strategy 2013-2016'

6.7 The Green and Blue Ways to Active Leisure planError! Bookmark not defined. seeks to build the new tourism image presented in East Northamptonshire's Tourism Strategy. With a focus on the area's natural heritage, an increase in leisure use of the River Nene will be accompanied by the creation of green network routes to increase accessibility in the Valley area. New active leisure centres will form the basis of this.

6.8 The Destination Nene Valley ProjectError! Bookmark not defined. builds on the opportunity of using the River Nene to attract visitors on a national scale. Included within the project outline is the idea of promoting a 'revitalised' product, East Northamptonshire's interpretation of developing Northamptonshire's green visitor economy. The aim is that these two initiatives will raise the profile and potential reach of the Nene Valley and Local Area, including Rushden, in attracting clusters of sustainable businesses.

The Impact of Rushden Lakes

6.9 The Rushden Lakes retail and leisure development will enhance the use of the River Nene and wider Valley as a tourism destination.

6.10 The importance of the River Nene in East Northamptonshire's tourism initiatives will be supported by 'not only the retail destination, but also the other tourism and leisure elements such as the visitor centre, hotel, leisure centre, restaurants, and nature reserve.'[23] There is little doubt that Rushden Lakes will make the most of the area's 'natural heritage' and increase the leisure use of the River Nene.

6.11 Furthermore, the development would enhance the creation of green network routes to increase accessibility in the valley area. This is a main aim of the Green and Blue ways to the Active Leisure plan, in which both East Northamptonshire Council and Northamptonshire County Council have invested many years assembling a network of green paths. More specifically, the development would create the link between Rushden and the Greenway. A footbridge will be built over the A45, allowing pedestrian and cycle access from Rushden/Higham for both workers and customers.

6.12 The significance of Rushden Lakes to East Northamptonshire has been confirmed by representatives of the Local Authority, 'Discussions with Council Members and senior officers have confirmed the key role that the Rushden Lakes retail and leisure proposals could play in helping deliver outcomes in the Council's economically important Tourism Strategy.'[23] Indeed, it represents a 'chance to reinvent the area'[24].

6.13 It is mentioned in the Nortoft Economic Benefit report that Rushden Lakes will encourage 'repeat visits and longer stays in the District and County'[23], with which I agree. There is an opportunity to increase net visitors to the larger Northamptonshire area.

[23] Nortoft, 2011, 'Rushden Lakes Economic Benefits Study'
[24] LXB, 2013, 'Rushden Lakes Third Party Reps Analysis – Appendix 1'

7 Conclusion

7.1 I conclude that the proposed development of Rushden Lakes will significantly benefit the economies of Rushden and North Northamptonshire. The proposed development will create a total of 1,714 jobs once the development is fully operational. It will also help to retain some expenditure within the local area.

7.2 The current economic conditions within Rushden and North Northamptonshire mean the majority of economic benefits from these jobs will be retained within these areas. Indeed, the new jobs created by the development proposals should help to reduce unemployment levels in both the local area and in North Northamptonshire as a whole.

7.3 The vast majority of the jobs created by Rushden Lakes, as well as their associated economic value, are likely to be a net addition to the economy of North Northamptonshire. Displacement of jobs from current or planned retail operations in North Northamptonshire is likely to be minimal. This is shown by the spending analysis of Colin Burnett and the expected growth in population and expenditure within Rushden and the wider area both in the North Northampton and Northamptonshire more generally.

7.4 The displacement of current and future expenditure on comparison goods is also likely to be small, because of the expected growth in population and expenditure. The projected clawback (£56m) from other towns in the surrounding region should be measured against the projected growth in population and expenditure in those towns, and the overall size of the retail market in Northamptonshire.

7.5 Finally, Rushden Lakes will also help to meet some of the key aims of East Northamptonshire's Tourism and Economic Development Strategy. The development is likely to encourage repeat visits and longer stays in the District itself and the County as a whole.

7.6 I have reviewed the ES Addendum Community Benefits Chapter[25] and whilst my methodological approach and some conclusions differ from those adopted by Nortoft and Campbell Reith, I do not consider that any of the residual impact levels identified in Table 11.16[25] would change materially as a consequence of my approach.

[25] ES Addendum Community Benefits Chapter

8 Appendix I: Nortoft Report

8.1 This appendix makes reference to the Nortoft Rushden Lakes Economic Benefits Study (2011).

Construction Phase

8.2 Although Nortoft have used a non-standard methodology for assessing the employment created during the **construction** phase, it is a reasonable one and produces a more modest estimate than the standard approach.

Operational Phase

8.3 For **operational** phase job creation, Nortoft use old employment densities from the English Partnerships' Employment Density Guide (2001). This generates a higher value of created direct jobs at Rushden Lakes than using up to date densities. However, the difference is only 195 jobs.

Local Employment Output Benefit

8.4 The allocation of jobs to the Local Area, Northamptonshire and the UK is based on the assumption that only 20% of the jobs and economic benefits will be retained within Rushden and East Northamptonshire. I estimate that the leakage outside the area to be much more limited given the type of jobs created.

Multiplier Effect

8.5 The scale of multiplier used by Nortoft is matched in the English Partnerships study where there is a strong local supply chain, and strong income effects over a regional area. This is a multiplier of 1.63. No analysis is given of the geographical distribution of the multiplier jobs. I conclude it is hard to justify the value of the multiplier used here, which has been designed for another purpose. I have used more modest multipliers

Output Benefit

8.6 Wages have been used to calculate output benefit, rather than output. However, the actual estimates do not differ very significantly from the use of a value added output estimate.

9 Appendix II: Drivers Jonas Deloitte Objections

9.1 This appendix makes reference to the Drivers Jonas Deloitte Representation in Objection (2012) document (DJD).

Construction Phase

9.2 DJD is right to suggest that a more normal approach is to take the total construction value and apply a ratio of person years to this value. However, they have no basis for arguing that the project managers are incapable of knowing what the likely numbers will be.

Operational Phase

9.3 DJD criticises the employment densities used in the Nortoft report for job creation as not being up to date. The difference in job creation when using up to date densities is not substantial.

9.4 There seems no good reason to assert that only a 3 star hotel should be used in calculations, and the proposed difference on the leisure club estimates amounts only to 4 employees in any case.

9.5 No challenge is raised to the catering roles, and while it is true that no backup is given to the 'other' roles, this is again small at only 25 jobs.

Local Employment

9.6 DJD do not challenge the allocation of jobs in the Nortoft report, as the allocation of 20% of the jobs to Rushden and the wider East Northamptonshire region is extremely conservative.

9.7 Meanwhile, DJD have not mentioned any criticism of the value added calculations. Instead, they focus on the spending that will be generated by the retail operation and suggest that it will be higher.

9.8 However, from an economic perspective, if more spending is generated by the retail operation, this implies higher profits and possible higher wages, and hence higher GVA.

Multiplier Effect

9.9 A major challenge from DJD is on the value of the multiplier used by Nortoft to derive these indirect jobs.

9.10 They argue the value used in the Nortoft report is drawn from a piece of work by PwC for British Land. This includes both indirect (supply chain impacts) and induced (incomes and spending impacts).

9.11 I concur with this criticism and have used a lower multiplier, however this does not make a significant impact on the results.