

# **POUNDBURY ECONOMIC IMPACT ASSESSMENT**

**FOR THE DUCHY OF CORNWALL**

**June 2018**

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# POUNDBURY ECONOMIC IMPACT REPORT: JUNE 2018

## Introduction

This impact analysis is modelled using the Dorset AMORE Economic Impact Tool<sup>1</sup>. The contents and findings of the report do not necessarily reflect the views of Dorset County Council.

The model is based on a set of economic and social accounts that allows analysis of the structure of and relationships within the economy. Economic impact analysis using this model takes into account not only the direct impact of a change on a particular industry, but also the indirect effects which occur through changes in purchases by that industry from domestic suppliers, and also the induced effects arising from changes in household incomes and consumption expenditures. The sum of these changes results in a net effect across the whole Dorset LEP area economy, (Bournemouth, Dorset and Poole), that can be expressed in terms of change in demand for GVA<sup>2</sup> and full-time equivalent worker numbers, (including the self-employed). The model also provides a sectoral analysis allowing identification of those sectors that are most affected by a particular change or shock to the economy. The model allows for leakage as firms make purchases of goods and services from outside the Dorset economy.

The Poundbury development is situated on land to the west of Dorchester in West Dorset. Poundbury is now more than half way through its development with construction expected to continue until 2025. A project of this size can be expected to have a considerable impact on the surrounding area in terms of employment, business growth and the associated gains in household income and value added. Some of this impact will be permanent as residents and businesses move in. However much of the impact will be linked with the construction phases of the development and will come to an end once these are finished.

This report presents an assessment of the impact of the Poundbury development to date and a projection of its further impact once development is complete. As with all projections, the findings should be treated with caution as they rely not only on the data inputs used in the modelling but also on a number of assumptions, as outlined in the Technical Appendix. In addition, unforeseen events such as shocks to the wider economy can impact upon future employment and business growth.

Modelling of the value to the local economy of the Poundbury development is shown in two phases:

- A. The current position – based on information about the construction activities to date and the population of the site by residents and businesses. It looks at the two elements of development (construction) and permanent impacts.
- B. Projected impacts – looking at the projected future development of the site and its likely population by residents and businesses. This is, again, split into development and permanent impacts.

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<sup>1</sup> Advanced Modelling of Regional Economies 2017 update, designed for Dorset County Council by Dr Stephen Brand

<sup>2</sup> GVA for an industry is its gross output at basic prices, less purchases of goods and services, less net spending taxes (ECON|I).

## Background

The Poundbury development is situated on Duchy of Cornwall land to the west of Dorchester in West Dorset. It is a 400 acre site, of which 250 acres are developable land and 150 acres are green space. The development Masterplan divides the 250 acre site into four quarters with each quarter corresponding to a development phase, co-ordinated to market demand. Construction of Phase I of Poundbury commenced in October 1993.

Over the course of the development, Poundbury is expected to enlarge the population of Dorchester by about one-quarter, by approximately 5,000 people.

By 2018, there were 1,410 completed dwellings, with 33% affordable housing, and a population of around 4,500<sup>3</sup>. The broad age distribution of the Poundbury population is much in line with that of the Dorset area as a whole, with about a quarter being aged 65+ years and just under three-fifths aged 16-64 years. Poundbury is now more than half way through its development with plans for a further 1,258 homes to be built by 2025.

More than 2,300 people<sup>4</sup> were employed in total in businesses located at Poundbury.

The local economic outputs arising from the development of Poundbury are complex and arise from:

- The short term benefits from **construction**: whilst construction is phased over a considerable period of time, it will come to an end and the impact, whilst significant, is therefore not considered to be permanent.
- The associated impact of payments made to the local planning authority under **Section 106** of the Town and Country Planning Act 1990<sup>5</sup>.

Other outputs are assumed to be permanent including:

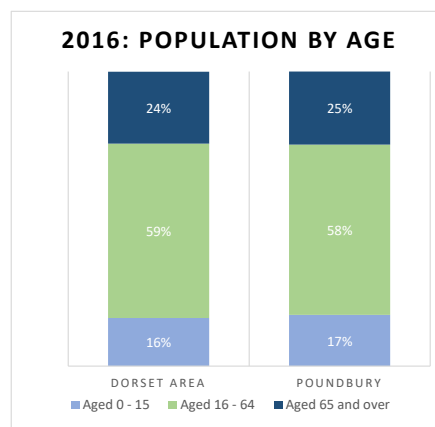
- The impact of additional household income and consequent spending generated through the increased number of **residents**.
- The impact of additional employment generated through new or relocated **businesses**.
- The impact of spending generated by a number of **visitors** to Poundbury each year.

The impact of each of these is analysed separately leading to a cumulative effect.

A number of other issues also need to be taken into account and assumptions made to give a net, rather than a gross, impact.

**a) Deadweight:** would any of the projected outputs have occurred if Poundbury had not been developed in this way?

: It is deemed unlikely that such significant impacts would have occurred without the development of Poundbury.



<sup>3</sup> 2016 mid-year population estimates for lower super output areas covering Poundbury South and Poundbury North, Office for National Statistics

<sup>4</sup> In both full time (1,460) and part time (880) posts

<sup>5</sup> Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing. Source: Improvement and Development Agency (IDeA) <http://www.idea.gov.uk/idk/core/page.do?pageId=71631>

**b) Displacement:** what proportion of the outputs is accounted for by reduced outputs elsewhere in the area as, for example, residents migrate from or firms relocate from other parts of Bournemouth, Dorset and Poole?

- Residents: whilst some residents moving into the new dwellings will relocate from other parts of the Dorset area, others will migrate to the area from elsewhere. This has been taken into account when assessing the impact of household spending and only the estimated income of in-migrants with origins outside the area has been included.
- Businesses: whilst the commercial units available at Poundbury are attractive to start-up businesses, others will have relocated from other parts of the Dorset area. This has been taken into account when assessing the impact of additional employment generated through the commercial element of the development. However, it should also be borne in mind that if there had not been the option of moving to Poundbury, then some expanding businesses may have moved out of the Dorset area altogether in search of suitable premises.

**c) Leakage:** is a proportion of the economic outputs arising from the development leaking outside the Dorset area?

This may occur, for example,

- when firms outside the area benefit from the impact, for example through supply chain benefits:
  - *an allowance for geographical leakage outside Dorset is built into the AMORE economic impact analysis model – this may actually be an over-estimate as this assessment is focused more on the ‘local’ economy rather than wider Dorset, but no further adjustment has been made and this provides a more cautious assessment;*
- or if commuters live outside the area and may therefore spend a proportion of their income outside the area having an impact there instead:
  - *an adjustment has been made for leakage of economic benefits where employees may live outside the area.*

**d) Substitution:** has the ‘organisation’ substituted one activity for another and, for example, redeployed staff from one function to another rather than created new posts?

: The change of use of the development land from agriculture may have resulted in the loss of a few jobs, assumed to be not significant in number and therefore not taken into account.

# POUNDBURY ECONOMIC IMPACT REPORT: SUMMARY

## 1. Impact on the Dorset area to date:

### Permanent impacts:

Looking at the combined impacts of the residential and commercial population of the Poundbury development and the increased visitor spending arising from visitors to Poundbury, the model findings indicate for the whole Dorset area<sup>6</sup>, a total impact of:

- An increase of about £98 million per annum in local GVA through the increased demand for local goods and services<sup>7</sup>, (including a direct impact<sup>8</sup> of about £82 million, as shown in the table below);
- A total of 1,630 full time equivalent jobs<sup>9</sup>.

These impacts are expected to continue beyond the construction phase of the development although, of course, any major change in future to factors such as the industrial mix would result in different outcomes.

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA	£82m	£98m
Full time equivalent jobs	1,350	1,630

### Development impacts:

Other impacts are more transitory as they are associated with the actual construction of the development and are therefore not permanent. These impacts occur over the life of the development, ie in line with the phased investment in the construction project since the investment is not made all at one time.

Construction is a labour-intensive sector and the jobs created as the result of a development are usually measured in terms of person-years of employment. In effect, a number of the jobs created on an established site such as Poundbury are likely to evolve from one stage of the development to another. So, as a result of the Poundbury development, about 3,000 person-years of employment are estimated to have been created so far, spread over the lifetime of the project to date. How these person-years are taken up is not prescriptive: it could be many people on short term contracts or, since there is a convention that ten person-years of construction employment is equivalent to one full time equivalent job, up to 300 people employed full time.

Viewing these development impacts as 'not permanent' is not to be dismissive of their value – especially as the effects of a long-lived project such as this will share many of the characteristics of permanent benefits. The construction sector is a major contributor to GVA, (accounting for about seven per cent of total GVA in the Dorset area<sup>10</sup>), and is a significant driver of growth due to its extended supply chain. In addition, this supply chain is more likely to be UK based than many other sectors and construction investment thus particularly

<sup>6</sup> In the report, the Dorset area refers to Bournemouth, Dorset and Poole

<sup>7</sup> The change in GVA is an annual impact ie the amount is generated each year, subject to no other significant change.

<sup>8</sup> The direct impact is the effect of the initial change plus its impact on immediate suppliers as they meet the change in demand caused by the initial change. This is considered to be the most significant impact. The total impact includes a further 'ripple' effect through suppliers – the indirect impact – and the impact of any change in demand arising through changes in household expenditure on local goods and services as employment changes.

<sup>9</sup> Full time equivalent jobs include both full time jobs and part time positions – a ratio is applied to part time positions to give an equivalent number of full time posts. The ratio usually varies by sector.

<sup>10</sup> GVA by sector, 2015, Office for National Statistics

benefits the UK economy<sup>11</sup>. The impact of economic slowing since 2008 has been to reduce private sector construction spend and continued tightening of public expenditure will exacerbate this. A long-term development project such as Poundbury is therefore a considerable benefit to employees and businesses in the local area.

The construction element of the project together with the effect of the Section 106 payments made is estimated to date to have had a total impact of:

- an increase in local GVA of almost £150 million over the development period
- more than 3,000 person-years of employment.

<b>Impact for Dorset area (development):</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£106m	£146m
Person-years of employment	2,320	3,050

## **2. Projected future impact on Dorset area:**

### **Permanent impacts:**

Looking ahead to the further development planned, by the end of the project the combined impacts of the residential and commercial population of the Poundbury development are projected for the Dorset area to be:

- about £8 million increase in local GVA per annum;
- 125 new full time equivalent jobs.

<b>Impact for Dorset area:</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£6.5m	£8m
Full time equivalent jobs	105	125

### **Development impacts:**

In addition to this, the further construction element and the effect of the Section 106 payments to be made are estimated by the end of the development period to potentially have a total impact of:

- £90 million increase in local GVA over the development period;
- 1,905 person-years of employment.

<b>Impact for Dorset area (development):</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£66m	£90m
Person-years of employment	1,450	1,905

<sup>11</sup> 'Construction in the UK Economy – the benefits of investment', LEK Consulting, commissioned by the UK Contractors Group



### 3. Cumulative impact:

By summing the permanent impact to date and the projected future impact, an estimate can be made of the cumulative impact projected to the completion of the development.

Subject to no major change in the assumptions made, it can be estimated that on a permanent basis Poundbury will have added to the local economy:

- An increase in local GVA of about £105 million per annum in total;
- 1,760 new full time equivalent jobs.

<b>Cumulative impact for Dorset area:</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£89m	£105m
Full time equivalent jobs	1,460	1,760

In addition, the economy will have benefited substantially from the development phases of the project.

- A contribution to local GVA of about £236 million over the life of the project;
- 4,950 people-years of employment.

<b>Cumulative impact for Dorset area (construction):</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£172m	£236m
Person-years of employment	3,770	4,950

### 4. Conclusions:

The findings of this study indicate that the presence of Poundbury has had a considerable and positive permanent economic impact on the Dorset area to date, adding approximately £98 million per annum to GVA in the Dorset area and supporting around 1,600 full time equivalent jobs that are new to the area.

In addition, the commercial sites have also attracted a considerable number of businesses and associated jobs relocated from elsewhere in Bournemouth, Dorset and Poole. Premises vacated by these relocating businesses become available for other businesses to occupy. These could potentially be new start-ups or firms moving in from outside Dorset.

A further assessment based on the plans for future development of the site suggests that by the end of the project, Poundbury will be adding almost £105 million per annum to GVA in the Dorset area; supporting 1,760 new full time equivalent jobs, in addition to other jobs relocated from other parts of Bournemouth, Dorset and Poole.

Once the development is complete, around 2025, the development phase alone will have added on average about £236 million GVA to the local economy and provided almost 5,000 person-years of employment.

It would be reasonable to assume that the biggest economic impact is and will be felt in the immediate area, particularly Dorchester, in terms of employment for local people and business opportunities. However, the benefits will also be felt further afield as some people will commute from other areas to work at Poundbury and the suppliers of businesses on the development will spread beyond the immediate area.

It should also be noted that beyond the economic impact there are other potential impacts arising from the development of Poundbury such as the **social and environmental effects** which are beyond the scope of this assessment.

In social terms, this development has offered the opportunity for many residents to improve their quality of life through the opportunity to purchase a home in an attractive development close to local facilities – including health, leisure and arts – but with access to the countryside and with potential opportunities for employment and volunteering. In addition, residents benefit from a range of planning gain items supplementary to any provided through Section 106 payments, such as playing fields and infrastructural improvements. The provision of affordable housing is also be a great benefit for many residents.

Environmental impacts to be considered include:

- increased traffic levels in and around Dorchester;
- air emissions such as carbon dioxide; and
- waste outputs.

However, there is compensation for many of these environmental impacts by way of the Poundbury focus on a range of benefits such as walkability and the installation of high level insulation in properties. The implementation of an anaerobic digester generates electricity which has facilitated the electric bus that runs around the town. The provision of green spaces on the development and associated tree planting also enhance quality of life and area of benefit to the environment.

**POUNDBURY  
ECONOMIC IMPACT ASSESSMENT**

**Impact of Poundbury to date**

## Development impacts to date

### 1. What is the economic impact to date of the construction of Poundbury?

The cost to date of constructing Poundbury is estimated to be £389 million. However, not all of this investment will be retained in the local economy as some of the firms involved in the project will be based outside the Dorset area and also some workers may reside outside the local area and commute to Poundbury to work. Adjustments have been made for this, as shown in the Technical Appendix, and only the estimated local investment has been injected into the model. The findings are shown in current prices.

The impact of developing the site is increased demand for the goods and services of local businesses resulting in greater output. This adds to the value of the local economy (Gross Value Added or GVA). Firms in the supply chain outside the Dorset area will also benefit and this leakage is built into the model.

#### Impact on GVA

The effect upon Gross Value Added can be calculated as part of the economic impact analysis. GVA measures the contribution of each individual producer, or sector, to the economy by estimating the value of its gross outputs (goods and services), less purchases and less net spending taxes.

Increased demand for the goods and services of local businesses arising from the £389 million investment in construction at Poundbury has contributed an overall net total of **£142 million gross value added** to the Dorset area economy – however this will not be a permanent effect.

The multiplier effect shows that for every £1 million of GVA injected into the Dorset economy arising from spend via the, £1.83 million is generated within the wider economy (including the initial £1 million).

The table below also shows the intermediary effects that take place within the economy as a result of the initial injection.

*The direct effect consists of the initial change plus the impact on the first round of suppliers. The direct effect therefore would be £104 million<sup>12</sup>.*

The indirect effect is that experienced by other local suppliers as they accommodate the change in purchases in other sectors.

The income effect is the change in demand arising through changes in household expenditure on local goods and services. These occur through changes in net employment and self-employment income caused by the changes in demand between local suppliers.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
77.5	26.1	9.5	28.8	141.8
				<i>Multiplier: 1.83</i>

<sup>12</sup> Note: figures may not sum due to rounding.

## Impact on full time equivalent jobs

Construction is a highly labour intensive sector. The £389 million construction project is estimated to have provided an estimated 2,940 person-years of employment in the Dorset area. About 2,240 of these would have been a direct impact.

Due to the nature of the development, many of these person-years will have been in the shape of short term contracts. However, since the Poundbury development is taking place over a considerable time period, it is likely that many of the construction jobs – accounting for half of the total person-years – will have been sustained over time, as may also be the case for many of the supporting posts in the supply chain.

Key sectors for these supporting posts are:

- Professional, scientific & technical activities;
- Wholesale & retail;
- Admin & support services;
- Accommodation & food services;
- Manufacturing.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
Person years	Person years	Person years	Person years	Person years
1,488	747	260	449	2,943
				<i>Multiplier: 1.98</i>

## Construction impact: summary

The estimated impacts of constructing Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the table following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA	£104m	£142m
Person-years of employment	2,200	2,900

## 2. What is the economic impact of the Section 106 agreement payments generated through the development of Poundbury?

Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing<sup>13</sup>. In addition to Section 106 payments, other planning gain benefits such as playing fields have been delivered on site at Poundbury, but these are included in the overall construction figures.

### Impact on GVA

Section 106 payments to date total £5.04 million. This is treated as an injection into the construction sector which reflects the investment in local facilities (such as the school) and

<sup>13</sup> Source: Improvement and Development Agency (IDeA) <http://www.idea.gov.uk/idk/core/page.do?pageId=71631>

enhanced services directly related to the development. This increases the demand for goods and services of local firms. There is also leakage of spending outside the Dorset area which is not included in this assessment. The increased demand adds £4.1 million net GVA to the local economy. The net direct impact on GVA is £2.9 million in the Dorset area.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
2.2	0.8	0.3	0.9	4.1
				<i>Multiplier: 1.90</i>

### Impact on employment

The increased construction spend is estimated to have supported an estimated 105 person-years of employment in Bournemouth, Dorset and Poole with 84 of these being a direct impact. These jobs were largely in education and social care.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
Person years	Person years	Person years	Person years	Person years
62	22	8	14	105
				<i>Multiplier: 1.70</i>

### Section 106 agreement payments impact: summary

The estimated impacts of a further injection into construction through Section 106 agreement payments from Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA	£2.9m	£4.1m
Person-years of employment	85	105

The combined development impacts – both construction and section 106 – are therefore:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA	£106m	£146m
Person-years of employment	2,320	3,050

## Permanent impacts to date

### 3. What is the longer term economic impact of the development becoming populated by residents?

To date, 1,410 dwellings have been built and a further 1,258 dwellings are yet to be constructed:

The occupation of these dwellings by residents means that there will be additional household income (and therefore household spend) in the area and this spending will have an impact on the economy.

In the Technical Appendix, consideration is given to whether any of the new dwellings are used as second homes; what level of household income might be expected; and whether the households can be considered new to Bournemouth, Dorset and Poole – and therefore making an additional contribution to the economy – or if they have just relocated from another location in the Dorset area. Residents moving within Dorset have not been included as 'new' households as their spending will have remained within the area. The impact of the development becoming populated by residents is assumed to be a permanent impact.

#### Impact on GVA

The additional household income leads to increased demand for the goods and services of local firms. This has added £3.3 million net GVA per annum to the local economy. The net direct impact on GVA is £2.8 million in the Dorset area.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
2.5	0.3	0.1	0.4	3.3
				<i>Multiplier: 1.33</i>

#### Impact on employment

The increased household income and associated spend is estimated to support 50 full time equivalent jobs in Bournemouth, Dorset and Poole, 40 of which are a direct impact. Half of these jobs are in Wholesale & retail and Accommodation & food services. These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
FTEs	FTEs	FTEs	FTEs	FTEs
36	7	2	6.2	51
				<i>Multiplier: 1.44</i>

#### Residential impact: summary

The estimated impacts of increased household income at Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA pa	£2.8m	£3.3m
Full time equivalent jobs	40	50

#### 4. What is the longer term economic impact of the development becoming populated by businesses?

To date, the commercial element of the site comprises more than 99,000m<sup>2</sup> of floorspace accommodating close to 200 businesses with more than 2,300<sup>14</sup> employees in employment or an estimated 1,900 full time equivalents (FTEs)<sup>15</sup>. In addition, the school and leisure centre occupy a further 19,000m<sup>2</sup> with associated employment.

In the Technical Appendix, consideration is given to whether these businesses and the subsequent employment are new to Bournemouth, Dorset and Poole or if they have relocated from another part of the Dorset area. The impact of the development being populated by businesses is assumed to be a permanent impact.

#### Impact on GVA

The additional employment – with more than 1,000 full time equivalent jobs estimated to be new to the Dorset area – generated through the population of the commercial element of Poundbury is estimated to have added £94 million net GVA per annum to the local economy. The net direct impact on GVA is £80 million in the Dorset area.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
69.0	10.6	2.9	11.8	94.4
				<i>Multiplier: 1.37</i>

#### Impact on employment

In terms of employment, a total of 1,030 full time equivalent posts in firms located at Poundbury are estimated to be 'new' to the Dorset area rather than relocated from elsewhere in Bournemouth, Dorset or Poole.

Through this population of the commercial component of the development, an additional 580 full time equivalent jobs are supported in the supply chain and through household spending<sup>16</sup> in Bournemouth, Dorset and Poole, giving a total of 1,580 FTEs. 1,310 of these are a direct impact.

About half of the jobs are in:

- Human health and care;
- Professional, scientific, technical;
- Wholesale and retail;
- Manufacturing.

These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
FTEs	FTEs	FTEs	FTEs	FTEs
1,027	284	86	185	1,581
				<i>Multiplier: 1.54</i>

<sup>14</sup> Since the analysis for this report, it has been announced that Dorset Cereals is to relocated to Poole, allowing the firm to expand. Employment will not be lost to the Bournemouth, Dorset and Poole area and many employees may well stay with the firm. At the time of the survey, the business employed about 112 workers (110 FTEs).

<sup>15</sup> Full time equivalent number estimated by taking the number of full time employees and adding part time employees with the assumption that 1 part time job is equivalent to 0.5 full time jobs.

<sup>16</sup> Adjusted for commuting effect



## Business component impact: summary

The estimated impacts of increased employment through the location of new or relocated businesses at Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the table following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA pa	£80m	£94m
Full time equivalent jobs	1,310	1,580

## 5. What is the economic impact of the spending generated by visitors to Poundbury?

There are an estimated 2,750 visitors to Poundbury each year. Based on day visitor spending in West Dorset on a three-year rolling average this suggests annual visitor spending of £90,960. Further spend, classed as visitor spend, is likely to be generated through filming activities at the development. This adds a further £10,880 to visitor spending giving a total of £101,800. Subject to this level of visitor numbers continuing, this is assumed to be a permanent impact ie recurring from year to year.

### Impact on GVA

This additional tourism expenditure increases the demand for goods and services produced by local firms and is estimated to have led to an overall net addition of £0.06 million net GVA per annum which is added to the local economy. The net direct impact on GVA is £0.04 million.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
0.04	0.01	0.00	0.01	0.06
				<i>Multiplier: 1.57</i>

### Impact on employment

The increased visitor expenditure is estimated to have supported an estimated two full time equivalent jobs in Bournemouth, Dorset and Poole, 1.5 of these as a direct impact. These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
FTEs	FTEs	FTEs	FTEs	FTEs
1.4	0.2	0.1	0.2	1.8
				<i>Multiplier: 1.29</i>

## Visitor spending impact: summary

The estimated impacts of increased tourist expenditure through Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA pa	£0.04	£0.06
Full time equivalent jobs	1.5	2

## 6. What is the combined economic impact to date?

### Permanent impacts:

Looking at the combined impacts of the residential and commercial population of the Poundbury development and the increased visitor spending arising from visitors to Poundbury the model findings indicate for the Dorset area, a total impact of:

- An increase in local GVA of about £98 million per annum in total;
- 1,630 new full time equivalent jobs.

These impacts are expected to be ongoing although, of course, any major change to factors such as the industrial mix would result in change.

<b>Impact for Dorset area:</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£82m	£98m
Full time equivalent jobs	1,350	1,630

### Development impacts:

In addition to this, the construction element of the project together with the effect of the Section 106 payments made is estimated to have had a total impact of:

- An increase in local GVA of about £146 million over the development period to date;
- 3,050 person-years of employment.

<b>Impact for Dorset area (construction):</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£106m	£146m
Person-years of employment	2,320	3,050

Construction is a labour-intensive sector and the jobs created as the result of a development are usually measured in terms of person-years of employment. In effect, a number of the jobs created on an established site such as Poundbury are likely to transition from one stage of the development to another. So, as a result of the Poundbury development 3,050 person-years of employment are estimated to have been created so far, spread over the lifetime of the project to date. How these person-years are taken up is not prescriptive: it could be a large number of people on short term contracts or, since there is a convention that ten person-years of construction employment is equivalent to one full time equivalent job, 305 people employed full time.

# **POUNDBURY ECONOMIC IMPACT ASSESSMENT**

**Projected impact of future development of Poundbury**



## Future development impacts

### 1. What will be the economic impact of the continuation of construction works at Poundbury?

#### Impact on GVA

The continued construction of dwellings and commercial premises on the Poundbury development is expected to lead to increased demand for local goods and services and add a further £84 million net GVA which will be added to the local economy over the lifetime of the project.

The net direct impact on GVA will be £61 million in the Dorset area.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
45.8	15.4	5.6	17.0	83.9
				<i>Multiplier: 1.83</i>

#### Impact on employment

The further investment is likely to support an estimated 1,740 person-years of employment in Bournemouth, Dorset and Poole. 1,320 of these will be a direct impact.

Half of these will be construction jobs. Key sectors for supporting posts through the supply chain are:

- Professional, scientific & technical activities;
- Wholesale & retail;
- Admin & support services;
- Accommodation & food services;
- Manufacturing.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
Person years	Person years	Person years	Person years	Person years
879	442	154	266	1,740
				<i>Multiplier: 1.98</i>

#### Future construction impact: summary

The estimated future impacts of constructing Poundbury, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the table following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA	£61m	£84m
Person-years of employment	1,320	1,740

## 2. What will be the economic impact of future Section 106 agreement payments generated through the development of Poundbury?

### Impact on output

Section 106 payments for forthcoming works are estimated to total £7.8 million. This is treated as an injection into construction and is estimated to lead to an overall net increase in the demand for the output of firms in the Dorset area adding £6.3 million net GVA to the local economy.

The net direct impact on GVA is £4.5 million in the Dorset area.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
3.3	1.2	0.4	1.4	6.3
				<i>Multiplier: 1.90</i>

### Impact on employment

The injection into construction is estimated to support an estimated 165 person-years of employment in Bournemouth, Dorset and Poole with 130 of these as a direct impact. These jobs are likely to be largely in education and health and care.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
Person years	Person years	Person years	Person years	Person years
96	34	12	22	164
				<i>Multiplier: 1.70</i>

### Section 106 agreement payments impact: summary

The estimated future impacts of the further injection into construction through Section 106 agreement payments from Poundbury, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA	£4.5m	£6.3m
Person-years of employment	130	160

## Future permanent impacts

### 3. What will be the longer term economic impact of the development becoming populated by more residents?

#### Impact on GVA

The additional household income generated through the construction of a further 1,258 dwellings on the Poundbury development will lead to increased demand for the goods and services of local firms. This is projected to add £2.9 million GVA per annum to the local economy.

The direct impact on GVA is £2.5 million in the Dorset area

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
2.2	0.3	0.1	0.4	2.9
				<i>Multiplier: 1.33</i>

#### Impact on employment

The increased household income and associated spend is projected to support 46 full time equivalent jobs in Bournemouth, Dorset and Poole, 38 of these as a direct impact. These jobs are likely to be largely in Wholesale & retail and in Accommodation & food services. These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
FTEs	FTEs	FTEs	FTEs	FTEs
32	6	2	5.5	46
				<i>Multiplier: 1.44</i>

#### Residential impact: summary

The estimated likely impacts of increased household income at Poundbury in future, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA pa	£2.5m	£2.9m
Full time equivalent jobs	40	45

#### 4. What will be the longer term economic impact of the development becoming populated by more businesses?

##### Impact on GVA

The projected additional employment – 52 FTE posts new to the Dorset area – generated through the continued population of the commercial parts of Poundbury is expected to lead to an overall net increase of close to **£5 million** GVA per which is added to the local economy. The direct impact on GVA is £4 million.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL (GVA)
£m	£m	£m	£m	£m
3.5	0.5	0.1	0.6	4.8
				<i>Multiplier: 1.37</i>

##### Impact on employment

In terms of employment, a total of 95 FTE jobs are projected to be created in firms located at Poundbury and of these 52 are estimated to be 'new' to the Dorset area.

Through this population of the commercial component of the development, a further 30 estimated full time equivalent jobs in Bournemouth, Dorset and Poole will be supported through the supply chain and household spending giving a total of 80. 65 of these are a direct impact.

These jobs are assumed to be permanent, ie sustained from year to year, subject to no significant shocks.

Initial	Direct suppliers	Indirect suppliers	Income effects	TOTAL
FTEs	FTEs	FTEs	FTEs	FTEs
52	14	4	9	80
				<i>Multiplier: 1.54</i>

##### Business component impact: summary

The estimated future impacts of increased employment through the location of new or relocated businesses at Poundbury to date, split into the direct impact and the total impact (including supply chain and household expenditure effects) are shown in the tables following:

Impact for Dorset area:	Direct impact:	Total impact:
Increased GVA pa	£4m	£4.8m
Full time equivalent jobs	65	80

#### 5. What will be the economic impact of future spending generated by visitors to Poundbury?

With an estimated 2,750 day visitors expected to visit Poundbury every year and the potential for further filming activities, the expected annual effect will be as outlined in the previous (current impact) section and ongoing.



## 6. What could the combined future economic impact be?

### Permanent impacts:

Looking ahead at the further development planned, by the end of the project the combined impacts of the residential and commercial population of the Poundbury development are projected to be in the Dorset area:

- An increase in local GVA of about £8 million per annum in total;
- 125 new full time equivalent jobs.

These impacts are expected to be ongoing although, of course, any major change to factors such as the industrial mix would result in change.

<b>Future impact for Dorset area:</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£6.5m	£8m
Full time equivalent jobs	105	125

### Development impacts:

In addition to this, the construction element of the project together with the effect of the Section 106 payments that will be made is estimated to have an expected total impact of:

- An increase in local GVA of about £90 million;
- 1,900 person-years of employment.

<b>Future impact for Dorset area (construction):</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£66m	£90m
Person-years of employment	1,450	1,900

## 7. What is the likely cumulative economic impact?

By summing the permanent impact to date and the projected future impact, an estimate can be made of the cumulative impact projected to the completion of the development.

Subject to no major change in the assumptions made, it can be estimated that on a permanent basis Poundbury will have added to the local economy:

- An increase in local GVA of about £105 million per annum in total;
- 1,760 new full time equivalent jobs.

<b>Cumulative impact for Dorset area:</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£90m	£105m
Full time equivalent jobs	1,460	1,760

In addition, the economy will have benefited substantially from the development phases of the project.

- A contribution to local GVA of about £236 million over the life of the project;
- 4,950 people-years of employment.

<b>Cumulative impact for Dorset area (construction):</b>	<b>Direct impact:</b>	<b>Total impact:</b>
Increased GVA	£172m	£236m
Person-years of employment	3,770	4,950

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7<sup>th</sup> June 2018

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**POUNDBURY  
ECONOMIC IMPACT ASSESSMENT**

**FOR  
THE DUCHY OF CORNWALL**

**JUNE 2018  
TECHNICAL APPENDIX**

Anne Gray, 7<sup>th</sup> June 2018

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# POUNDBURY: TECHNICAL APPENDIX 2018

## 1 Economic impact model

Since the 2010 economic impact assessment for Poundbury, the economic impact model used by Dorset County Council has undergone some change.

- The original model (ECON|i) was an impact model was provided to local authorities by the South West Observatory and it examined economic impact across the whole the South West region.
- The new model (AMORE economic impact model) was commissioned by Dorset County Council and was designed by the same developer.
- The new model is therefore based on the same principles and uses the same input-output matrix and relationships.
- The new model is specifically for the Dorset area (Bournemouth, Dorset and Poole) and the impact results are for the same area. Leakage outside the area of supply chain impacts and benefits is incorporated within the model so no further adjustments are required.
- In February 2017, the underlying datasets in the model were updated.

These changes alone result in some differences between the results of this impact assessment and the study that took place in 2010.

## 2 Development impacts

a) The cost **to date** of constructing Poundbury is estimated to be £389 million. This estimate and the split by sector, as shown in the table below, was provided by the Duchy of Cornwall.

<b>Table one: Construction investment estimate by sector</b>	
	<b>Sector split:</b>
Construction	45.0%
Utilities	20.0%
Legal	12.5%
Business Services	10.0%
Consultancy	12.5%

Survey responses returned by Poundbury developers, indicate that an estimated 46% of this construction investment is spent locally and the remaining 54% leaks outside of the Dorset area. By sector, the proportion of local spend is as shown in the table below:

<b>Table two: Local spend by sector</b>	
	<b>Sector split:</b>
Construction	90%
Utilities	0%
Legal	25%
Business Services	25%
Consultancy	0%

Based on this, the local and external construction investment split is as follows:

	<b>Total:</b>	<b>Local investment:</b>	<b>External investment:</b>
Construction	£175,127,600	£157,614,900	£17,512,800
Utilities	£77,834,500	£0	£77,834,500
Legal	£48,646,600	£12,161,600	£36,484,900
Business Services	£38,917,300	£9,729,300	£29,187,900
Consultancy	£48,646,600	£0	£48,646,600
<b>Total:</b>	<b>£389,172,500</b>	<b>£179,505,800</b>	<b>£209,666,700</b>

The local investment is treated as inputs to the model.

The external investment is a direct leakage from the Dorset area<sup>17</sup> economy. However, the workers that are sourced from outside the local economy through this external investment are likely to spend some of their income in the local area. This is most likely to be in the retail and hotels & catering sectors. Estimates from the 2016 Living Costs and Food Survey<sup>18</sup> have been used to estimate the spending pattern of the external workforce.

Respondents to the developer survey indicate that 58% of the investment going to the construction sector is spent on labour (£101.6m). Of the external portion of this (£10.2m), household expenditure data suggests that 29% will be spent on hotels, accommodation and catering and 25% on retail. Other expenditure is likely to be outside the Dorset area.

The inputs to the model for construction to date are therefore as shown in the table following.

<b>Sector:</b>	<b>£m</b>
Construction	£157.61
Utilities	£0.00
Legal	£12.16
Business Services	£9.73
Consultancy	£0.00
<i>Hotel &amp; catering</i>	<i>£2.94</i>
<i>Retail</i>	<i>£2.52</i>
<b>Total</b>	<b>£184.97</b>

b) The projected **future** cost of the development is expected to total £230.3 million which can be apportioned as in Tables one and two above

	<b>Total:</b>	<b>Local investment:</b>	<b>External investment:</b>
Construction	£103,630,600	£93,267,500	£10,363,100
Utilities	£46,058,000	£0	£46,058,000
Legal	£28,786,300	£7,196,600	£21,589,700
Business Services	£23,029,000	£5,757,300	£17,271,800
Consultancy	£28,786,300	£0	£28,786,300
<b>Total:</b>	<b>£230,290,200</b>	<b>£106,221,300</b>	<b>£124,068,800</b>

With additional household spending from external labour, (as outlined above), the inputs to the model for construction to date are therefore:

<sup>17</sup> Dorset area is Bournemouth, Dorset and Poole

<sup>18</sup> Living Costs and Food Survey, ONS, 2016 edition, table A1

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/compositionsofhouseholdexpenditureuktablea1>

<b>Table six: Future construction investment inputs by sector</b>	
<b>Sector:</b>	<b>£m</b>
Construction	<b>£93.3</b>
Utilities	<b>£0.0</b>
Legal	<b>£7.2</b>
Business Services	<b>£5.8</b>
Consultancy	<b>£0.0</b>
<i>Hotel &amp; catering</i>	<b>£1.7</b>
<i>Retail</i>	<b>£1.5</b>
<b>Total</b>	<b>£109.5</b>

*Note: In 2010, the cumulative cost of construction (the cost to date plus future) was estimated to be £534 million compared with £619 million in this assessment. This difference is due to an increase in the number of dwellings over the life of the project and updating to current prices. However, the estimated level of local investment is considerably lower in the latest assessment: £286 million compared with £427 million in 2010. This difference is largely due to a change in the methodology used to allocate costs as either local or leaked from the area. The new methodology is based on data provided by local developers. This results in a reduced economic impact from the development phase.*

### **Section 106 payments**

Information provided by the Duchy of Cornwall indicates that payments made to the local planning authority under Section 106 of the Town and Country Planning Act 1990<sup>19</sup> to date total £5.04 million.

A further £5.91 million is projected for the future development of the site. This is treated as an injection into construction as the funds have been used to enhance services directly related to the development and provide new facilities such as the school.

As with the construction component, the impact of Section 106 payments is not included as a permanent impact as they are not occurring every year but are spread over the development stages of the project.

*Note: Previously, S106 funds were treated as an injection to local government spending and this gave a much lower impact than an injection into construction in the new model.*

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<sup>19</sup> Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing. Source: Improvement and Development Agency (IDeA)  
<http://www.idea.gov.uk/idk/core/page.do?pagelId=71631>

### 3 Permanent impacts

#### 3a Development of residential element

To date, 1,410 dwellings have been built:

Phase I	252
Phase II	1,065
Phases III and IV	93
	<b>1,410</b>

A further 1,258 dwellings are yet to be constructed:

Phase II	30
Phases III and IV	1,228
	<b>1,258</b>

Of the dwellings built to date, none are known to be holiday homes and only a small percentage are second homes, believed to be unoccupied for part of the year thus not impacting significantly on residential income.

470 of the dwellings built to date were affordable housing (33%). Of the dwellings yet to be built, 280 will be affordable housing giving an expected total of 750, or 28% of all dwellings<sup>20</sup>.

Migration data for Dorchester North and Dorchester West wards from the Census of Population 2011<sup>21</sup> shows that just over one-fifth of households (22%) migrated to those areas from outside Bournemouth, Dorset and Poole. This suggests an estimated 310 of the 1,410 dwellings built at Poundbury to date will be occupied by households new to the sub-region.

Assuming that other households have moved from elsewhere within the Dorset area and that their levels of household income are unchanged, they have not been included in the model.

Average household income estimates have been used to estimate the total household income new to the Dorset area, after deduction of an allowance for tax and National Insurance contributions<sup>22</sup>. This suggests an injection of £10.2 million total household income to date with a future projected injection of £4.1 million to come.

*Note: Updated migration data using the Census of Population 2011 rather than 2001 indicates a lower percentage of households is likely to have moved to Poundbury from outside the Dorset area than previously. Overall, this gives a lower number of new households. In addition, incomes data has been updated and sourced differently, using Inland Revenue data. This gives a higher level of household income. Together, these changes result in a higher economic impact through the residential element.*

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<sup>20</sup> Note: the requirement to build affordable/social housing has changed over the lifetime of the project, from 20% to 35%. In addition, not all private dwellings trigger the requirement eg sheltered housing.

<sup>21</sup> Office for National Statistics

<sup>22</sup> Income and tax by borough and district or unitary authority, 2015-16, HM Revenue and Customs. A 31% deduction has been made for tax/NI.



### 3b Development of commercial element

To date, the commercial element of the site comprises more than 99,000m<sup>2</sup> of floorspace accommodating close to 200 businesses with more than 2,300<sup>23</sup> employees in employment or an estimated 1,900 full time equivalents (FTEs)<sup>24</sup>. In addition, the school and leisure centre occupy a further 19,000m<sup>2</sup> with associated employment.

The business survey, which took place in 2017, indicated that 54% of the Poundbury businesses are likely to be either new start-ups or businesses that have relocated to Poundbury from outside the Bournemouth, Dorset and Poole area. This would suggest about 1,000 FTE posts new to Dorset or in start-up businesses.

In addition, the vacated premises of many businesses relocating from other parts of Dorset will have been refilled. Where premises have been reoccupied, this would indicate a further jobs gain in many cases ie if the replacing businesses are either new or have relocated from outside Dorset. At present, evidence is not readily available to indicate the status of vacated premises ie if they have been re-occupied, or remain empty, or have undergone a change of use to residential use class. Therefore, no backfill jobs have been included in this analysis which suggests that the impact is likely to give a cautious indication of overall jobs growth. It should be noted that if suitable premises had not been available at Poundbury then, potentially, one or more of these relocating businesses and the associated jobs could have been lost to the Dorset area altogether.

The final phases of development will see a further 5,000m<sup>2</sup> of commercial development. It is assumed that businesses and employment (new and relocated) will be in the same proportions by sector as the current occupants with the same propensity to be 'new' to the Dorset area or to have relocated. This suggests a further 95 new FTE posts of which about 50 will be 'new'.

A small adjustment for 'leakage' has been made – where some employees work in the new jobs based at Poundbury but are resident outside the area. Some of their household spending is likely to have an impact outside the Bournemouth, Dorset and Poole area. In this section, a downward adjustment of 11%<sup>25</sup> has therefore been made to the 'income' benefits which arise from changes in household expenditure on goods and services. This also lessens the risk of double counting where a number of the new households included above may derive their income from a 'new' job at Poundbury.

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<sup>23</sup> Since the analysis for this report, it has been announced that Dorset Cereals is to relocate to Poole, allowing the firm to expand. Employment will not be lost to the Bournemouth, Dorset and Poole area and many employees may well stay with the firm. At the time of the survey, the business employed about 112 workers (110 FTEs).

<sup>24</sup> Full time equivalent number estimated by taking the number of full time employees and adding part time employees with the assumption that 1 part time job is equivalent to 0.5 full time jobs.

<sup>25</sup> Commuting data from the Census of Population 2011, Office for National Statistics, shows that 10.6% of workers in the Dorchester West middle super output area commute from outside Bournemouth, Dorset and Poole.

<b>Table seven: Distribution of jobs by industrial sector</b>			
<b>Main business description</b>	<b>SIC code</b>	<b>Use class</b>	<b>% of all</b>
food manufacture	10	factory	10%
printing & recording services	18	factory	1%
specialised construction	43	factory	3%
wholesale trade exc mv	46	retail	0%
retail distribution	47	retail	10%
land transport	49	office	0%
food & beverage serving services	56	community & education	5%
motion picture tv sound recording	59	office	0%
computer programming, consultancy & related servs	62	office	3%
financial services (exc insurance)	64	office	1%
insurance services	65	office	0%
auxiliary financial	66	office	6%
real estate	68	office	7%
legal and accounting	69	office	7%
services of HOs management consultancy	70	office	2%
architectural and technical consultancy	71	office	1%
advertising & market research services	73	office	1%
other professional	74	office	3%
veterinary	75	office	1%
employment services	78	office	0%
travel agency	79	office	0%
services to buildings and landscape	81	office	0%
office administrative & other business support services	82	office	4%
public admin and defence	84	office	5%
education	85	community & education	1%
human health	86	community & education	15%
residential care	87	community & education	1%
social work activities	88	community & education	12%
creative, arts & entertainment services	90	office	0%
libraries, archives	91	community & education	1%
other personal services	96	office	2%

*Note: In 2010, there were estimated to be 94 businesses with 1,200 employees with the same amount of floorspace available. Over the intervening years, more firms have moved in and the site has become more densely populated with the latest figures suggesting close to 200 firms with 2,300 employees. In addition, new evidence for estimating the percentage of businesses that were not previously based in the Dorset area has been used in the most recent assessment. Together, these changes result in a much higher economic impact through the commercial element.*

### 3c Visitor spending

An accurate estimate of visitor numbers and their associated spending pattern is not currently available and would require specific research. Whilst Poundbury attracts some groups looking specifically at the architecture, it seems unlikely that tour visitors would have the same level of spend as those on holiday. Holiday visitors, too, will come to Poundbury, but, without specifically asking them, it is not possible to assess whether Poundbury was the main purpose of their visit to Dorset, or whether they would have come anyway, or if they are regular visitors to Dorset.

There are two potential indicators of visitor numbers that have been included:

1. In 2016, Dorchester Tourism Information Centre issued 2,750 maps of Poundbury. It has been assumed that these visitors had the specific purpose of visiting the development and would have spent some time there. It is also assumed that their level of monetary spend would be in line with the average day visitor spend for West Dorset: a three-year rolling average suggests this would be £33 per visitor, giving an annual total of £90,960.
2. Filming is known to have taken place over three days at Poundbury, involving an estimated 100 people. It is assumed that these people stayed overnight for one night in the area with the associated staying visitor spend for West Dorset: a three-year rolling average suggests this would be £54 per person per night, giving an annual total of £10,880. This errs on the side of caution, as some may have stayed for two or more nights.

This suggests a total annual visitor spend of £101,800. It is assumed that this is a reasonable estimate of ongoing visitor spending arising through Poundbury as it is likely to continue to attract visitors to look at the architecture and this is also expected to result in further filming activities.

*Note: The impact of visitor spending is not great. The difference in the estimated number of visitors coming principally to visit Poundbury has been reduced, based on the available evidence.*

## 4 The Poundbury Business Survey 2017

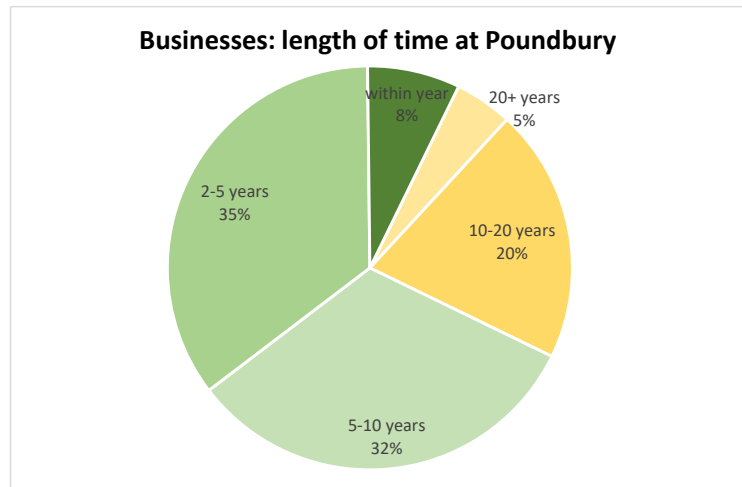
This survey took place in Autumn 2017. 111 businesses completed the survey giving a good response rate of 56%. This gives a margin of error of +/-6.2% at a 95% confidence level<sup>26</sup>.

### In what year did the business move to Poundbury?

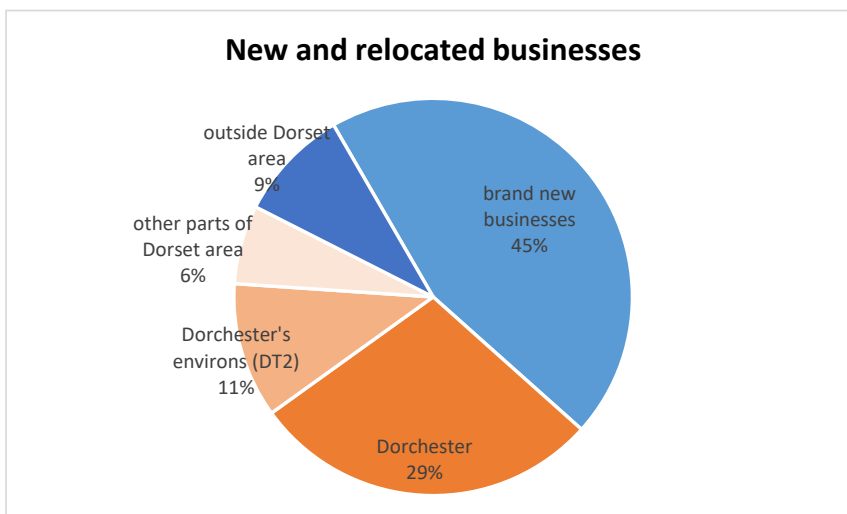
Just over a third of businesses moved to Poundbury between two and five years ago and just under a further third between five and ten years ago.

A quarter moved in ten or more years ago.

Seven per cent had moved in within the year.



### Where was the business previously?



More than a quarter of the businesses had moved in from another part of Dorchester (DT1 postcode).

About one in ten came from the Dorchester environs (DT2 postcode).

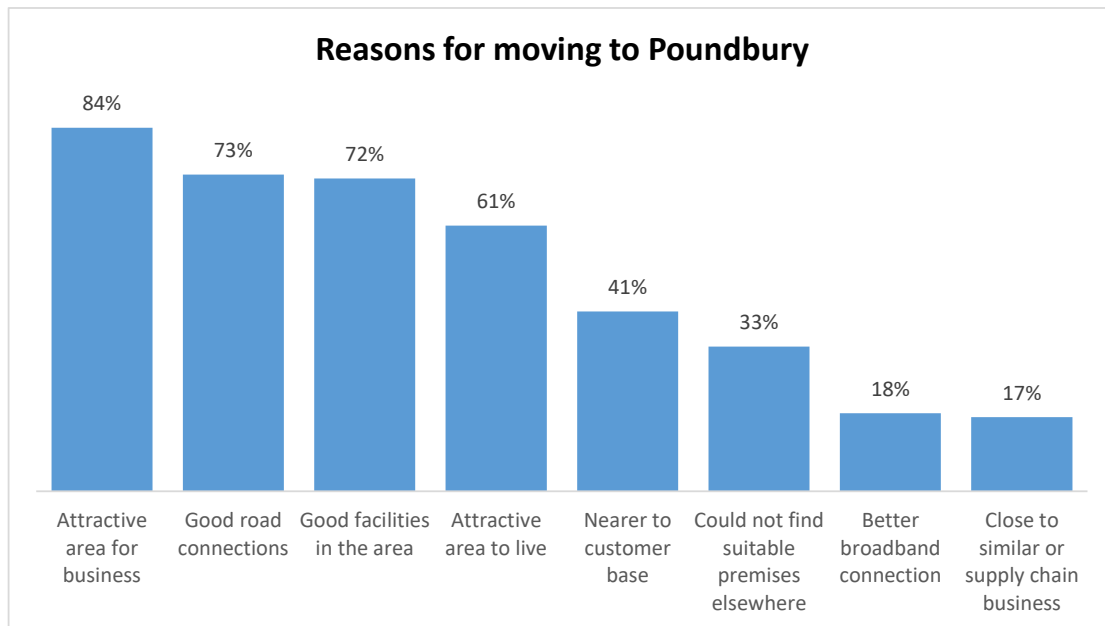
Almost the same proportion came from outside the Dorset area. Together with those businesses that started-up at Poundbury, this suggests 54% of businesses are new to Dorset.

### What was the main reason for moving to Poundbury?

The most significant reasons for moving to Poundbury were:

- Attractive area for business;
- Good road connections;
- Good facilities in the area.

<sup>26</sup> This means that with, say 54% of respondents answering 'yes' to a question, we can be 95% confident that the true percentage of the population that would have answered 'yes' is between 48% and 60%. There is only a one in twenty chance that the true percentage lies outside this range.



65 respondents (59%) also gave a reason under 'Other'. Suitability of the premises was the most important 'other' reason. Expanding businesses also often mentioned a need for bigger premises.

Other reasons	Respondents
Suitable premises eg bigger/better/good terms	22
Expansion of business	12
At or near home	10
Location	10
Parking	9
New start-up	7

These findings suggest that Poundbury is successful in terms of providing the right premises and location to attract businesses, both new start-ups and relocating firms. This is likely to have helped safeguard Dorset jobs in those firms that might otherwise have left the area if they could not find suitable premises locally.

## 5 Comparison with the 2010 findings

The first Poundbury economic impact assessment for the Duchy of Cornwall took place in 2010. There are a number of differences in the findings of the original study and this 2018 update, not all due to the passage of time.

Progress through the phases of development does, of course, make a big difference to the impact: more houses have been built and occupied, with associated developmental costs; and more business sites have been developed and occupied. The higher number of both residents and employees makes a difference to the results.

In addition to these changes, there are a number of other factors affecting the results:

1. The economic impact model itself has been updated with current data and revised assumptions and relationships – see section one of this Technical Appendix. Pricing in the model has also been updated to a more current base. The model is specifically for Dorset, rather than for the South West, adjusted for Dorset impact.
2. Development costs: the split between local spend and spend that has leaked out of the Dorset area was previously based on a Duchy of Cornwall estimate of 80%. In the latest study, survey responses provided by Poundbury developers suggest a lower percentage which has been used. This means a smaller proportion of the construction spend is viewed as local and the economic impact is therefore lower.
3. S106 funds have been treated as construction investment in this study rather than as an injection to local government spending. This results in a larger impact than previously.<sup>27</sup>
4. Permanent impacts: residents – as well as higher numbers of residents (as more houses have been built), updated information about the characteristics of residents and likely migration patterns, together with updated income data mean a higher overall impact.
5. Permanent impacts: jobs – as well as higher numbers of residents (as more businesses have moved to employment sites on Poundbury), the assumption regarding what percentage of businesses are new to Dorset or new start-ups has been updated through the 2017 Poundbury business survey. 40% were assumed to be 'new' in the 2010 assessment whereas the survey suggests the higher figure of 54%.
6. Visitor spend: whilst accurate estimates of visitors specifically coming to the area to see Poundbury are still not available, a more conservative estimate has been used in this assessment than in the earlier study. This gives a smaller impact.

The table following compares the results of the two studies.

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<sup>27</sup> Note: injection of the funds into local government spending in the new model also results in a much bigger impact indicating a change in the model too

2010	2010	2010	Comparison table: 2010-2018	2018	2018	2018
<b>construction costs</b>	<b>GVA impact</b>	<b>Person years impact</b>	<b>DEVELOPMENT IMPACT</b>	<b>construction costs</b>	<b>GVA impact</b>	<b>Person years impact</b>
£ 230	£ 130	1,870	Total cost to date (millions of pounds)	£ 389	£ 142	2,940
£ 184			Local element	£ 180		
£ 304	£ 154	2,850	Expected future cost (millions of pounds)	£ 230	£ 84	1,740
£ 243			Local element	£ 106		
<b>£ 534</b>	<b>£ 284</b>	<b>4,720</b>	<i>current plus future: all</i>	<b>£ 619</b>	<b>£ 226</b>	<b>4,680</b>
<b>£ 427</b>			<i>current plus future: Local element</i>	<b>£ 286</b>		

payments	GVA impact	Person years impact	S106	payments	GVA impact	Person years impact
£ 2.8	£ 0.4	8	Current	£ 5.0	£ 4.1	105
£ 6.3	0.9	17	Future	£ 7.8	6.3	160
<b>£ 9.1</b>	<b>£ 1.2</b>	<b>25</b>	<i>Note: this is much higher than before due to a variation in treatment in the model</i>	<b>£ 12.8</b>	<b>£ 10.4</b>	<b>270</b>

2010	GVA impact	Person years impact	Cumulative development impacts	2018	GVA impact	Person years impact
	<b>£ 285</b>	<b>4,745</b>	<b>At project end</b>		<b>£ 236</b>	<b>4,950</b>
			<i>Note: the proportions are relatively lower due to a decrease in the proportion of local spend</i>			

			PERMANENT IMPACT			
<b>dwellings</b>	<b>GVA impact</b>	<b>FTEs impact</b>	<b>Dwellings</b>	<b>dwellings</b>	<b>GVA impact</b>	<b>FTEs impact</b>
931	£ 2	34	Current	1,410	£ 3	51
1,535	£ 3	52	Future	1,258	£ 3	46
<b>2,466</b>	<b>£ 5</b>	<b>86</b>	<i>Note: migration and income data updated giving higher overall income and higher impact</i>	<b>2,668</b>	<b>£ 6</b>	<b>97</b>
38% built to date				53% built to date		
94			total firms	199		
1,167			total jobs	2,300		
<b>new jobs</b>	<b>GVA impact</b>	<b>FTEs impact<sup>28</sup></b>	<b>Employees FTEs</b>	<b>new jobs</b>	<b>GVA impact</b>	<b>FTEs impact</b>
243	£ 11	343	Current new jobs	1,030	£ 94	1,580
71	£ 3	99	Future new jobs	52	£ 5	80
<b>314</b>	<b>£ 14</b>	<b>442</b>	<i>Note: higher number of jobs with greater density and raised assumption re 'new' firms therefore impact is higher; also a variation in the model</i>	<b>1,082</b>	<b>£ 99</b>	<b>1,660</b>
£ 0.21	£ 0.09	3	<b>Visitor spend</b>	£ 0.10	£ 0.06	2
5,000			day visitor number	2,750		
-			plus UK nights	200		

<sup>28</sup> Revisiting the original impact study suggests a higher number of FTEs impact than in the published report.



2010	GVA impact	Person years impact	Cumulative permanent impacts	2018	GVA impact	Person years impact
	£ 20	530	<p><b>At project end</b></p> <p><i>Note: the impact is much higher due to revised assumptions re 'new' businesses and also higher numbers of jobs</i></p>		£ 105	1,760

Anne Gray, 7<sup>th</sup> June 2018  
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