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LATER LIVING AND THE REDEVELOPMENT OF THE UXBRIDGE SITE

AN ECONOMIC IMPACT ASSESSMENT

FEBRUARY 2021

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February 2021

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EXECUTIVE SUMMARY

Guild Living has proposed a £54.7 million[1] assisted living-led development in Uxbridge, located in the London Borough of Hillingdon. The proposal is to develop 182[2] assisted living units with integrated nursing care and associated communal living areas, support services, alongside nursery facilities. The development will also provide amenity space and wellbeing facilities including a wellness centre, restaurant and café/ bar.

A BOOST TO THE ECONOMY DURING CONSTRUCTION

The multi-million pound redevelopment would generate significant economic benefits for the construction sector and its supply chain at the local level. Specifically, we estimate that a project of this size would create or sustain over 130 job years[3] of "direct" employment in the construction sector alone during the 27-month construction phase, all within the London Borough of Hillingdon (see Fig. 8). This construction sector activity would also stimulate spending in the local supply chain and consumer economy—respectively known as the "indirect" and "induced" impacts (refer to Appendix 1 for further details)—which together would support a further 60 job years of local area employment across various sectors.

Summing all three impact channels, we estimate that the overall local employment impact of 200 job years would generate £6 million in wages, and a £20 million gross value added contribution to GDP[4], during the construction phase (see Fig. 9).

Construction of the assisted living-led facility would also produce employment opportunities in the professional services sector (such as architects, lawyers and accountants). However, these jobs would not necessarily be based in the Borough, so we have modelled the impact of these jobs at the UK level. During the 27-month construction phase, we estimate 60 job years of direct employment in the professional services sector would be created or sustained in the UK, with associated wages of £1.7 million and a £2.6 million contribution to UK GDP (see Fig. 8).

Once again, this activity would stimulate further supply chain and consumer spending throughout the UK economy. Through these channels of impact, we estimate a further 50 job years of employment would be realised, which in turn would generate £1.2 million in wages and a £2.9 million contribution to GDP (see Fig. 11).

[1] This value is in nominal prices and is based on Guild Living's high-level budget position. It includes fees, planning costs, demolition and enabling costs, contingency and construction costs.

[2] The development will consist of 153 Guild Living residences, 24 care suites and 5 care residences.

[3] A job year refers to an amount of activity needed to complete a task. For example, if two people were employment for six months this would equate to two jobs, but only one job year worth of activity.

[4] GDP (Gross Domestic Product) is the main summary indicator of economic activity. It can be defined as gross value added (GVA) plus taxes on products less subsidies on products.

Combining these results, we estimate that the redevelopment's construction phase would create or sustain a total of 300 job years of employment in numerous sectors of the local and UK-wide economies. This employment activity would generate £9 million in wages and a £25.5 million contribution to GDP (see below).

Fig. 1. Total direct, indirect, and induced impacts of the redevelopment's construction phase, local and UK-wide economies, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Direct	50.0	18.8	190	5.9
Indirect	7.8	3.5	60	1.9
Induced	6.2	3.2	50	1.2
Total	**64.1**	**25.5**	**300**	**9.0**

Source: Guild Living/ Oxford Economics
Note: May not sum due to rounding. A proportion of these impacts are likely to be realised outside the local economy.

In addition to jobs, wages, and the gross value added contribution to GDP, we estimate that UK income tax revenues and national insurance contributions generated during the construction phase would total approximately £1.1 million and £1.6 million respectively.[5] Treasury would also benefit from increases in indirect tax revenue (VAT etc) through consumer spending, while the employment created could also provide unemployment benefits savings as the number of claimants are expected to fall.

FURTHER BENEFITS WHEN THE DEVELOPMENT IS OPERATIONAL

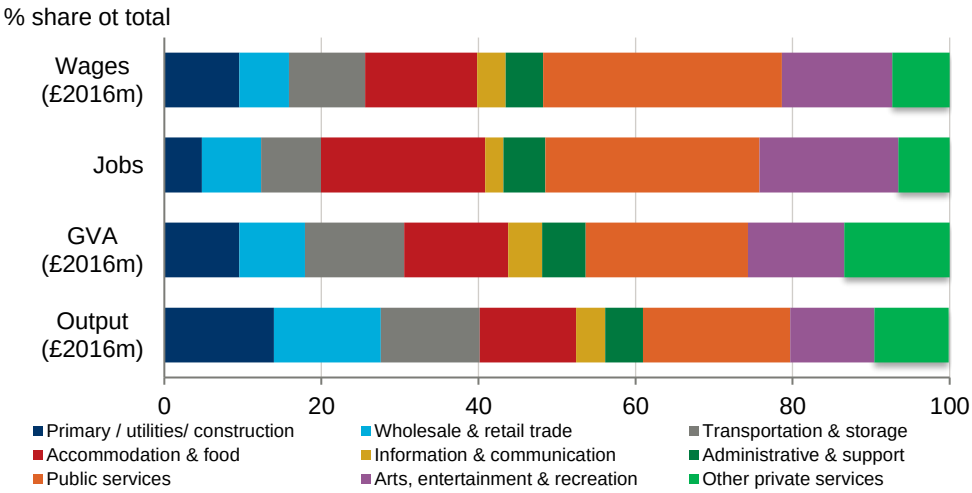
Once operational, the development would bring significant benefits for the Borough's economy. We estimate the proposed development would create or sustain 70 gross jobs in total (direct, indirect and induced), with associated gross wages of £1.5 million and £2.7 million of gross GVA contributions to GDP (see Fig. 16).

The provision of new housing will also enable additional consumer expenditure by new residents, as the assisted living apartments either allow new residents to move to the area, or free up existing properties for the same effect. We estimate this additional consumer spending by new residents could equate to £14.9 million a year in the Borough. We assume that this level of consumer spending is new to the local economy. In reality a proportion of this spend would leak out of the local economy. However, there are other factors that will push up the share of this consumer spending that will be realised in the local economy including the fact that older households tend to shop locally and spend less online. They also tend to leave larger family homes which releases equity and can attract high levels of spending. Nevertheless, we use our estimate of consumer spending to illustrate the consumer spending benefits that local businesses could capture. When we add the total impacts of this spending to the operational impacts above, we estimate that **the development could provide**

[5] UK-wide estimates will include supply chain and wage consumption impacts felt outside the local area, and should be interpreted as a gross rather than a net (additional) figure at the UK level.

annual local impacts of over 180 jobs, generating £4 million in wages and £9 million in GVA contributions to GDP (see Fig. 18). It is also important to note that these benefits would be realised across several sectors of the economy. This is highlighted in the chart below which shows the share of total economic benefits by sector that would be realised during the operational phase of the facility.

Fig. 2. Sectoral shares of the total economic impact from the operational phase, Hillingdon Borough Council area, 2024



Source: Oxford Economics

THE DEVELOPMENT'S WIDER ECONOMIC BENEFITS

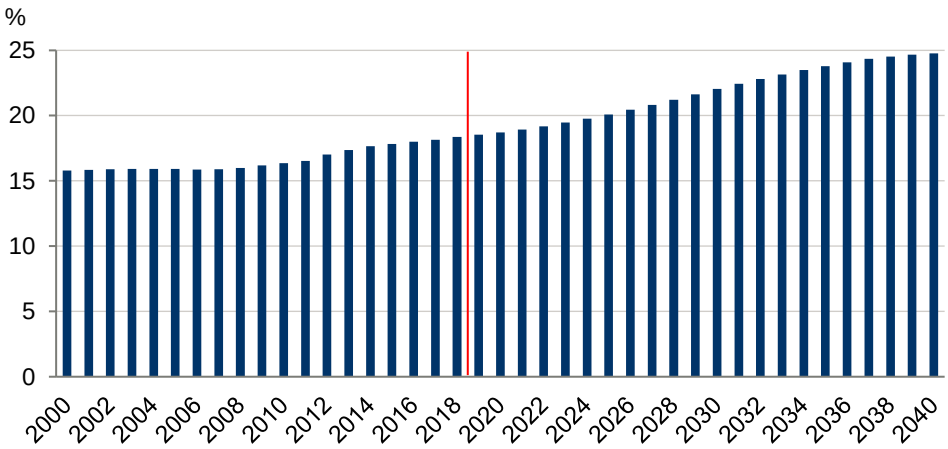
The proposed development also offers a range of wider economic benefits (known as "catalytic" impacts) that are harder to quantify. For example, the assisted living-led development would add a much-needed supply of housing to the market (see section 1.1 for further discussion), boosting choice and addressing the specific needs of older individuals. The assisted living units could also help free up larger family homes as older people downsize, helping to retain working-age families or attract new people to the area. The nursery component would bolster local childcare provision, helping parents transition back into the labour market. In addition, the onsite services and social opportunities are likely to have health benefits for residents, allowing them to lead happier and healthier lives while also taking some pressure off scarce NHS resources. For further discussion on the wider economic benefits, refer to Chapter 5.

1. INTRODUCTION

1.1 THE NEED FOR ELDERLY LIVING ACCOMMODATION

The last decade has seen a significant rise in the share of population aged 65 and over. By 2018, almost one-fifth of the UK population was in this age bracket, up from 16% in 2008. This translates to an increase of 2.3 million people, up to 12.2 million in total—and this trend is expected to continue, highlighting the growing need for adequate provision in later living housing across the UK.

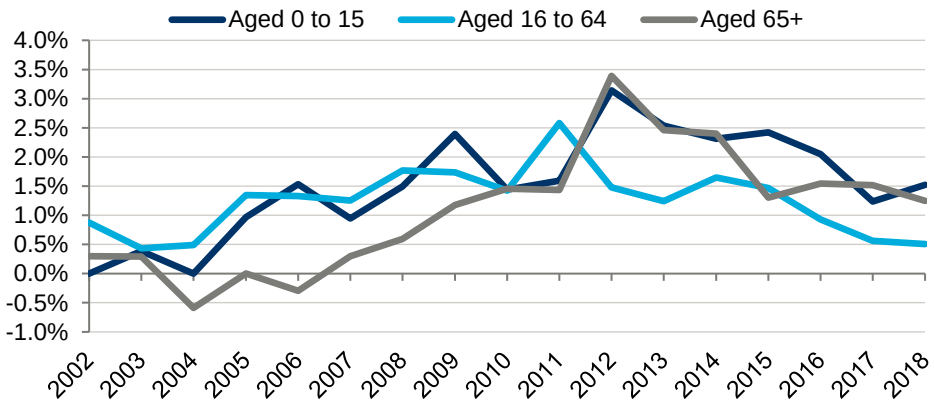
Fig. 3. Share of UK population aged 65+, 2000-40



Source: ONS/Oxford Economics

At the local level, similar challenges persist. According to population estimates published by the ONS, 13% of the London Borough of Hillingdon's population was aged 65 and above in 2018, equivalent to 40,600 individuals. In the decade to 2018, this was the area's second fastest-growing age cohort, having increased by 6,600 (1.8% per year, on average). This rate of 65+ population growth is slightly below the UK's (2.1%) and lags the wider London region (1.9%). ONS population projections forecast that the local population aged 65+ will grow on average by 2.1% each year between 2018 and 2028—five times stronger than the population as a whole (0.4% each year).

Fig. 4. Population growth by age, Hillingdon Borough Council, 2002-18



Source: ONS

An ageing population has clear implications for the housing market—not least that there will be a greater demand for housing designed to meet the needs of older individuals. Demographic trends also affect the demand for healthcare, placing added pressure on the NHS, GP surgeries, and families, and there will be greater demand for facilities and activities that cater for older individuals.

There is little evidence that the housing market is adapting quickly enough to these trends—discussed below. As the population ages, and the UK Government looks to reform migration policy to limit the inflow of long-term migrants, the UK's "dependency ratio" (the ratio of economically inactive to economically active residents) will rise. This in turn means the country's tax revenue per person is expected to fall, all other things being equal, limiting public sector spending. Furthermore, with a relatively smaller pool of working-age residents, there will be increasing pressure for inactive working-age individuals to engage with the labour market—despite the growing need to care for older friends and family.

Hillingdon Borough Council recognises that this changing population structure is one of its main challenges. According to its Health and Wellbeing Strategy 2018-2021, achieving better outcomes and experiences for older people is one of the Council's key "Transformation Themes".

However, the most recent West London Strategic Housing Market Assessment (SHMA, 2018)[6], highlights a shortfall in the supply of extra care units for the elderly across the West London Alliance (WLA) Boroughs of Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, and Old Oak. Across this area, the SHMA identifies a potential additional requirement for new specialist housing for older people of 29,800 units. It highlighted a particular shortfall in the provision of Leasehold Schemes for the Elderly (LSE), which accounted for 14,300 (48%) of the total additional requirement. Extra care units accounted for 5,400 (18%), and sheltered units accounted for 2,400 (8%). So, completion of the proposed development will help address the housing needs of the local market.

[6] West London Strategic Housing Market Assessment, October 2018. Date accessed 15/07/2020, link

1.2 THE PROPOSED DEVELOPMENT

Guild Living has commissioned Oxford Economics to quantify the total economic impact of its proposed assisted living-led development in Uxbridge, in the Hillingdon Borough Council area of London.

The site is located within the city centre of Uxbridge, a suburban town in west London identified as one of the major metropolitan centres within the London Plan. The site is sized at approximately 2.3 acres and currently houses commercial units for both Wickes and Halfords. The site boundaries the Uxbridge police station on Warwick Place to the southwest, and the back of the Penfield Estate to the southeast. Once developed the site will offer residents convenient access to a number of significant transport links including the Uxbridge underground station and the M25 and M40 motorways. Furthermore, the town centre is relatively accessible, and the surrounding area boasts a number of amenities including Hillingdon's Golf course and sport & leisure complex, in addition to open spaces, through the green flag awarded Hillingdon Court Park.

Guild Living's vision is to provide 182[2] extra-care residential units on the site, including integrated care suites and support services. The development will also provide communal and wellbeing facilities including a restaurant, café/bar and a nursery.[7]

1.3 SCOPE OF THIS STUDY

To quantify the total economic impact of the proposed development, we considered the various channels of impact that would arise from the initial capital spending, and then the operational phase. These include the three standard channels through which economic impact is quantified: *direct*, *indirect* (from activity stimulated in the supply chain), and *induced* (the impact of employees spending their wages in the wider consumer economy).

We also considered a fourth channel, known as the *catalytic* or *dynamic* impact, which represents the wider benefits that society and/or other industries would derive from the development. Our modelling approach is explained in detail in our Technical Annex at the end of this report.

The remainder of this report takes the following structure:

- **Chapter 2** presents our analysis of the development's construction phase, including the direct, indirect, and induced impacts;
- **Chapter 3** presents our estimates of the gross impacts associated with the operation of the assisted living facility;
- **Chapter 4** analyses the overall (net) estimated impact from the operational phase of the facility.
- **Chapter 5** assesses the catalytic or dynamic impacts associated with the development of an assisted living-led development. These impacts

[7] The development site would also include back-of-house, service areas and car parking.

represent the wider socio-economic benefits that members of society would derive from the successful implementation of the facility.

- **Chapter 6** concludes the report.

2. CONSTRUCTION PHASE IMPACTS

In this chapter, we assess the total economic impact associated with the construction of Guild Living's proposed development (based in Uxbridge). To do this, we have quantified three key channels of impact (refer to Appendix 1 for more information):

- **Direct impact:** all the activity directly created or sustained during construction of the proposed development.
- **Indirect impact:** all economic activity and employment supported in the supply chain of the construction phase, through the purchases of goods and services from suppliers and also the suppliers' purchases from their own suppliers, and so on.
- **Induced impact:** the economic activity and employment supported by those both directly and indirectly employed in the construction phase, as they spend this income on goods and services in the wider economy.

For each channel of impact, we present the estimated benefits in terms of employment, wages, and gross value added (GVA) contributions to GDP, as well as assessing the fiscal (VAT, income tax, etc) benefits.

The estimated economic impacts associated with the construction phase of the development are derived from the values of investment that we assign to different sectors of the economy. By doing so, we can estimate direct GVA levels, jobs and wages associated with activity during the construction phase using Oxford Economics' forecasts.

We then use an input-output model to estimate the indirect and induced impacts that are likely to flow from a given level of investment/activity [8]. An input-output table provides information on how sectors purchase from one another, and how households spend their income. We use UK input-output tables, published by the ONS, and adjust them to account for the local characteristics.

For each channel of impact, wages associated with the level of employment generated by the activity is derived by applying appropriate average employee sectoral wages.

2.1 UNDERSTANDING GUILD LIVING'S PROPOSAL

We have been informed by Guild Living that construction of the development will cost £54.7 million (in nominal prices). This is based on the high-level budget position and includes fees, planning and contingency costs, demolition and enabling works, and construction of the development. Of this total,

[8] An input-output model uses a matrix representation of a nation's interconnected economy to calculate the effect of changes by consumers, by an industry, or by others, on other industries and therefore on the economy as a whole.

construction-related activity accounts for £50 million, and the remaining £4.7 million is estimated to be spent on professional services.[9]

For modelling purposes, we have converted this expenditure information into 2016 real prices, keeping it consistent with our model inputs and national accounts publications. Fig. 5 summarises this investment spend information.

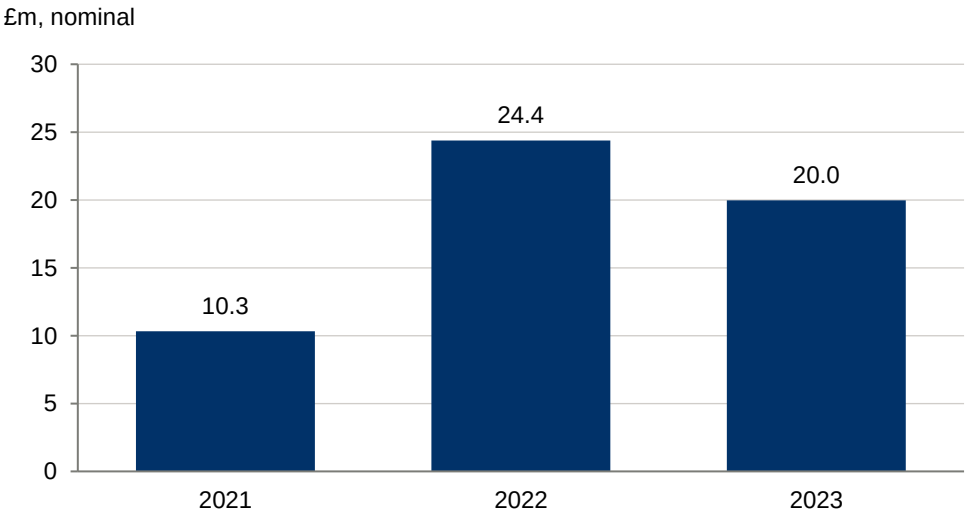
Fig. 5. Construction phase cost breakdown, 2021-23

	Spend (£m, nominal)	Spend (£m, 2016 prices)
Construction related	50.0	45.7
Prof. services related	4.7	4.3
Total	**54.7**	**50.0**

Source: Guild Living/ Oxford Economics

Construction (including enabling works) is scheduled to begin in August 2021 and last approximately 27 months. We estimate that 19% of the total spend, equivalent to £10.3 million (nominal prices) will be realised in 2021. A further 44%, or £24.4 million, is expected to be spent in 2022, followed by the remaining 37%, or £20 million, in 2023.

Fig. 6. Construction phase cost profile, 2021-23



Source: Guild Living / Oxford Economics

Although the development will take place in Uxbridge, which sits in the Hillingdon Borough Council area, the associated construction and professional services activity will not necessarily be undertaken by local firms. Despite this, local firms can bid for the work and take part in supply chains, as well as enjoy the consumer spending of those employed.

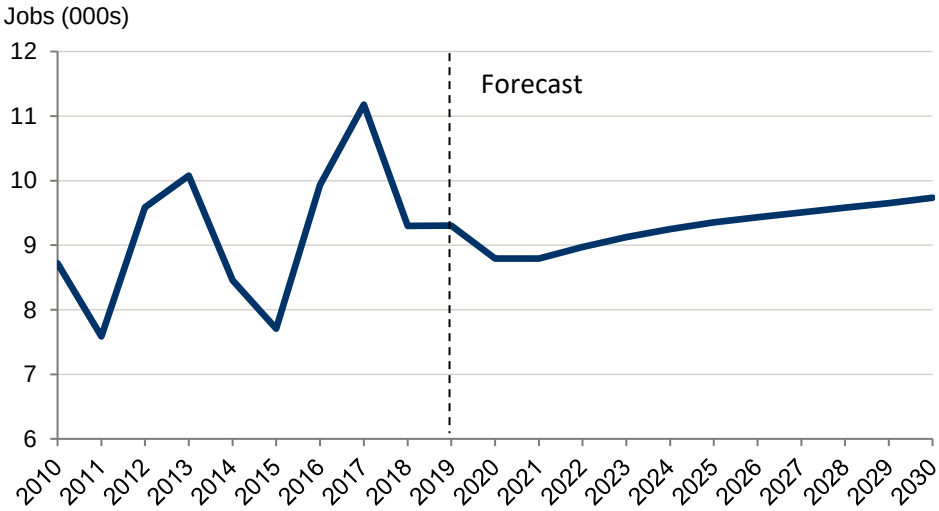
[9] At the time of writing the construction phase's order of costing was unavailable. Therefore, we have assumed a linear distribution in order to distribute spending across the entire construction period.

Our modelling assumes that the impacts associated with the construction phase will be partly realised at the local level, and partly at the national level. Specifically, construction jobs will be located in the local economy at the construction site. However, the professional service jobs needed for the completion of the project are likely to be sourced much more widely. For this reason, we model the impact of these jobs at the UK level.

2.2 CONSIDERING DISPLACEMENT

To model the estimated benefits during the construction phase, we have considered the issue of displacement[10]. To understand this, we have assessed recent employment trends in the construction sector. There were 9,300 construction jobs in the Borough in 2019, a 17% decrease on the level just two years previously. Our baseline forecast expects workforce construction employment to fall further over the next three years, contracting by 1.2% annually on average. This suggests that there could be a pool of appropriately skilled labour in the local economy that could be drawn upon to deliver the development.

Fig. 7. Construction workforce jobs, Hillingdon Borough Council, 2010-30



Source: Oxford Economics

More broadly, the construction sector will continue to grapple with the significant challenges presented by the coronavirus pandemic. The most recent monthly output data for the sector shows a 44% drop in activity compared to the same period one year ago.[11] Earnings data also suggests there exists significant excess supply of construction related labour. The sector's average weekly earnings in April were 11% lower than the same period last year—significantly weaker than that of wholesale & retail and hospitality sectors (both experiencing a 5% decline). Although, demand will likely recover as lockdown measures continue to ease, the sector is likely to operate at a reduced capacity

[10] Displacement concerns the degree to which the effects which produce additional economic activity lead to consequent reductions in activity elsewhere in the economy that would not have occurred if the intervention had not been made.

[11] ONS, 'Output in the construction sector: Reference tables', April 2020.

due to enforced social distancing measures. Furthermore, any potential second wave of infections will increase the likelihood of further lockdowns. This would have the effect of further depressing economic activity and curtailing investment—weakening demand within the construction sector further.

Given these issues and the fact that the Guild Living project requires a relatively small number of workers—accounting for less than 1% of the Borough's construction related workforce jobs—we can conclude that construction of the proposed development is unlikely to displace other construction activity in the local area.

Given the evidence above, we assume that the risk of displacement associated with the construction phase is minimal. As such, we set our displacement assumption to zero—refer to Appendix 1 for further discussion

2.3 CONSTRUCTION PHASE IMPACTS

A project of this size could provide several economic benefits at the local and national level. We begin by presenting our estimates at the local level, which quantify the number of construction jobs likely to be supported during the development of Guild Living's proposal; and its subsequent impact on wages and GVA. Given that the construction jobs will be located in the local economy at the construction site, we assume that these jobs are to be filled by workers in the local area.

Of the total investment, £45.7 million would be spent on construction related activities. This in turn could create or sustain 130 direct job years of employment in the Council area's construction sector,[12] or 60 jobs per year. Over the 27-month construction phase, this level of employment could generate £4.2 million in wages and £16.1 million in GVA contributions to GDP.

Fig. 8. Direct construction phase related benefits, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Construction related	45.7	16.1	130	4.2
Prof services related	4.3	2.6	60	1.7
Total	**50.0**	**18.8**	**190**	**5.9**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding

The direct activity supported by the construction sector during the project's development phase would also produce supply chain (or indirect) impacts. These impacts are estimated using UK input-output tables (published by the ONS), adjusted for the size and economic structure of the Council area—refer to Appendix 1 for further details.

Construction activity typically has strong "backward linkages" with sectors such as building materials, architectural services, legal services, and insurance.

[12] Employment is presented in terms of 'job years'. A job year does not necessarily mean one job. Instead it refers to an amount of activity. For example, if two people were employment for six months this would equate to two jobs, but only one job year worth of activity.

These linkages tend to result in job creation elsewhere in the local economy. This makes investment in construction particularly effective in fuelling economic growth—typically offering high economic multipliers of 2.7 for the UK. This means that for every £1 of direct output on the sector, an additional £1.70 is created in the wider UK economy. It is important to note, however, that the size of multipliers at the local level will be much smaller than at the national level due to leakages—in part, due to spending which occurs outside of the local economy.

We estimate that indirect GVA impacts in the local economy would be £2.4 million, creating or sustaining an estimated 40 job years of employment. This is equivalent to 18 supply chain jobs over the 27-month construction period. These jobs in turn could generate associated wages of £1.2 million in the Council area.

As both direct and indirect wages generated are spent—a further round of benefits will spread through the local economy, known as the induced impact. This could support wider employment of 20 job years in the local area, alongside £0.5 million of wages.

The total estimated benefits as a result of the local construction jobs needed to develop the project are summarised in the table below. We estimate that the total (direct, indirect and induced) impact could generate 200 job years of employment in the local economy; with associated wages of £6 million and GVA contributions of £20 million

Fig. 9. Total construction-related benefits from the construction phase, Hillingdon Borough Council, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Direct	45.7	16.1	130	4.2
Indirect	5.7	2.4	40	1.2
Induced	3.1	1.5	20	0.5
Total	**54.5**	**20.0**	**200**	**6.0**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding

Through the numerous rounds of supply chain and consumer spending, all sectors in the local economy could experience some degree of benefit. Not only will the construction sector see an uplift, but so will wholesale & retail, accommodation & food and others.

Fig. 10. Total sectoral benefits from the construction phase, Hillingdon Borough Council, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Agriculture, forestry & fishing	<0.1	<0.1	<5	<0.1
Mining & quarrying	0.1	<0.1	10	0.4
Manufacturing	1.2	0.4	<5	0.1
Electricity, gas, steam & air	0.2	<0.1	<5	<0.1
Water supply	<0.1	<0.1	<5	<0.1
Construction	48.2	17.0	140	4.5
Wholesale & retail trade	1.2	0.4	10	0.1
Transportation & storage	0.4	0.2	<5	<0.1
Accommodation & food	0.5	0.3	10	0.1
Information & communication	0.3	0.2	<5	<0.1
Financial & insurance	0.2	0.1	<5	<0.1
Real estate	0.5	0.4	<5	<0.1
Professional, scientific & technical	0.5	0.3	10	0.2
Administrative & support	0.7	0.4	10	0.2
Public administration & defence	<0.1	<0.1	<5	<0.1
Education	0.1	<0.1	<5	<0.1
Human health & social work	<0.1	<0.1	<5	<0.1
Arts, entertainment & recreation	<0.1	<0.1	<5	<0.1
Other services	0.1	<0.1	<5	<0.1
Total	**54.5**	**20.0**	**200**	**6.0**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding. The above impacts result from direct construction sector related activity.

In addition, development of Guild Living's proposal would also provide employment opportunities in the professional services sector (see Fig. 8). Of the total cost of the project, £4.3 million would be spent on activities related to this sector; which in turn would support job creation. Jobs in this sector however may not necessarily be based in the Council area as certain activities could be outsourced more widely. For this reason, we have modelled the impact of these direct professional services jobs at the national level.

By doing so, we estimate that 60 direct job years of employment could be created or sustained in professional services during the project's construction phase. This employment in turn could generate £1.7 million in wages and £2.6 million in GVA contributions to GDP, at the national level.

This level of activity would stimulate further supply chain and consumer spending throughout the UK economy. We estimate that indirect GVA impacts could be £1.2 million at the national level, creating or sustaining an estimated 20 job years of employment; with associated wages of £0.6 million. Once again, as both direct and indirect wages generated through this phase are spent—a further round of benefits will spread through the economy. We estimate that the induced impact could support a further 30 job years of employment, with GVA contributions to GDP of £1.7 million.

Fig. 11. Total professional services-related benefits from the construction phase, UK, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Direct	4.3	2.6	60	1.7
Indirect	2.1	1.2	20	0.6
Induced	3.1	1.7	30	0.6
Total	**9.5**	**5.5**	**110**	**3.0**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding

Like before, the numerous rounds of supply chain and consumer spending will mean that all sectors in the economy could benefit by varying degrees. During the construction phase, we estimate that the direct, indirect and induced impacts that could be produced from professional services activities could generate 110 job years of employment across the UK. This employment in turn could generate £3 million in wages and £5.5 million in GVA contributions to GDP, at the national level.

Fig. 12. Total sectoral benefits from the construction phase, UK, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Agriculture, forestry & fishing	<0.1	<0.1	<5	<0.1
Mining & quarrying	<0.1	<0.1	<5	<0.1
Manufacturing	0.4	0.1	<5	<0.1
Electricity, gas, steam & air	0.2	<0.1	<5	<0.1
Water supply	<0.1	<0.1	<5	<0.1
Construction	0.2	<0.1	<5	<0.1
Wholesale & retail trade	0.5	0.3	10	0.1
Transportation & storage	0.3	0.1	<5	<0.1
Accommodation & food	0.2	0.1	10	<0.1
Information & communication	0.4	0.2	<5	<0.1
Financial & insurance	0.5	0.2	<5	<0.1
Real estate	0.6	0.5	<5	<0.1
Professional, scientific & technical	5.2	3.2	70	2.1
Administrative & support	0.5	0.3	10	0.1
Public administration & defence	0.1	<0.1	<5	<0.1
Education	0.1	<0.1	<5	<0.1
Human health & social work	<0.1	<0.1	<5	<0.1
Arts, entertainment & recreation	<0.1	<0.1	<5	<0.1
Other services	<0.1	<0.1	<5	<0.1
Total	**9.5**	**5.5**	**110**	**3.0**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding. The above impacts result from direct professional services sector related activity.

Combined, the impacts generated from the local construction jobs and the UK-wide professional services activities, could create or sustain an estimated 300 job years of employment, during the construction phase. These jobs would be spread across various sectors of the economy—not least both construction and professional services. This employment activity could produce £9 million in wages and £25.5 million in GVA contributions to GDP.

Fig. 13. Total (direct, indirect and induced) benefits from the construction phase, 2021-23

	Output (£2016m)	GVA (£2016m)	Job years	Wages (£2016m)
Direct	50.0	18.8	190	5.9
Indirect	7.8	3.5	60	1.9
Induced	6.2	3.2	50	1.2
Total	**64.1**	**25.5**	**300**	**9.0**

Source: Guild Living/ Oxford Economics
Note: May not sum due to rounding. A proportion of these impacts are likely to be realised outside the local economy.

2.4 FISCAL BENEFITS

The proposed development will have a range of fiscal benefits. Wages generated directly from the activities during the construction of the development are subject to income tax and national insurance contributions (NICs). In modelling the tax revenues that could be collected by the Treasury we use the latest income tax and NIC rates, thresholds and personal allowance information and apply these to average earnings. By applying these assumptions, we estimate income tax from direct activity generated from the construction phase will equal £0.7 million. The direct activity will also support £1.1 million in employee and employer NICs over the construction phase.

Additional tax benefits will accrue as a result of the employment generated or sustained both through its local supply chain (indirect) and as those employed spend their wages in the local economy (induced). These additional taxation streams will result into a further £0.3 million in income tax revenue and £0.5 million in NICs. We also estimate total (direct, indirect and induced) activity would generate additional indirect tax revenues, via the purchases of goods and services (including VAT), of £0.9 million over the construction phase[13].

[13] Indirect fiscal benefit estimates are derived using tax and benefits statistics on household income, published by the ONS. According to the publication, 10% of gross income is spent on indirect taxes on final goods and services. This rate is then applied to the total (direct, indirect and induced) wage impact from the construction phase.

Fig. 14. Fiscal benefits over the construction phase, UK, 2021-23

£2016m	Income Tax	Employees NICs	Employers NICs	Indirect tax (incl. VAT)
Direct	0.7	0.5	0.6	0.6
Indirect	0.2	0.1	0.2	0.2
Induced	0.1	0.1	0.1	0.1
Total	**1.1**	**0.8**	**0.9**	**0.9**

Source: Guild Living/ Oxford Economics/ ONS

In addition to the above, the creation of jobs should also help the Treasury save on unemployment related benefit payments as the number of claimants would be expected to fall.

The additional tax revenue and reduction in benefit payments should be welcomed given the increasingly gloomy fiscal environment. Increased public borrowing throughout the recent pandemic has meant that public finances will become increasingly stretched, continuing to squeeze local Council and NHS budgets (amongst others) in the UK.

2.5 KEY FINDINGS

Construction of the assisted living-led development could produce multiple benefits, both locally and nationally.

Investment of this size would support construction jobs locally. We estimate that the investment spend could directly support 60 construction jobs per year over the construction phase. Given the number of construction jobs needed to complete the project, we do not expect displacement of other construction activity in the local area. These construction jobs could generate £16.1 million in GVA contributions in the Council area, which is equivalent to 1.5% of the Council area's current construction GVA.

Development of the proposed facility would also provide employment opportunities in professional services across the UK, which in turn would have their own impact on GVA, wages and fiscal contributions at the national level.

The direct activity generated or sustained from the construction phase will also stimulate further spending in the Council area and across the UK. More importantly, the direct activity could produce further benefits across the economy more widely, in sectors other than construction and professional services.

3. GROSS OPERATIONAL PHASE IMPACTS

This section of the report presents the direct, indirect and induced activity associated with the operation of the assisted living-led development. The development is expected to begin operations in the first half of 2024. In modelling the operational benefits, we assume the development is fully utilised and we present the first full year results for 2024.

3.1 DIRECT, INDIRECT AND INDUCED OPERATIONAL PHASE

To model the direct benefits associated with the operations of the assisted living-led facility we use direct job numbers provided by Guild Living. We then assign these jobs to broad sectors of the economy (see Appendix 2) so that we can apply appropriate average sectoral wages and productivity forecasts.

Based on the information provided by Guild Living we estimate that 63 gross direct jobs will be supported by the operations of the proposed development.[14] We estimate that up to 13 of these direct jobs could be within the planned nursery component of the development. Given the latest suggested childminding ratios for England and applying these to estimated FTE employment within the proposed nursery—we estimate that up to 60 children under the age of eight could be facilitated.[15] This added child care capacity could help support parents in their transition back into the labour market, thereby contributing to the local economy indirectly.

Fig. 15. Gross direct jobs during operational phase, Hillingdon Borough Council, 2024

	Jobs
Assisted living	50
Nursery	13
Total	**63**

Source: Guild Living/ Oxford Economics/ HCA

Given the mix of direct operational jobs created by the assisted living-led facility (see Appendix 2) we estimate direct gross wages could be approximately £1.4 million per year in the Council area, while gross GVA contributions to GDP are estimated to be £2.3 million per year.

We model the indirect and induced benefits from the operational phase using the same approach as before (see Appendix 1 for a detailed description of our

[14] This estimate is inclusive of the nursey unit planned within the development. Employment within the nursey was estimated using floor space measurements and the latest employment density guide (Homes & Communities Agency, *Employment Density Guide – 3rd Edition*, 2015)

[15] https://www.pacey.org.uk/working-in-childcare/childminders/working-with-other-childminders/childminding-ratios/

modelling approach). We estimate the proposed development could have gross indirect impacts of approximately 2 jobs in the local area, with gross wages and GVA contributions of £0.1 million a year.

We also estimate that given the scale of the direct and indirect impacts, a further 4 gross induced jobs could be created in the Council area, with £0.1 million of gross wages and £0.3 million of gross GVA contributions.

Consequently, at the local level we estimate the total gross impacts arising from the operations of the development could lead to the creation of 70 jobs, with £1.5 million of wages and £2.7 million of GVA contributions.

Fig. 16. Gross total benefits during the operational phase, Hillingdon Borough Council, 2024

	Output (£2016m)	GVA (£2016m)	Jobs	Wages (£2016m)
Direct	4.4	2.3	63	1.4
Indirect	0.3	0.1	2	0.1
Induced	0.6	0.3	4	0.1
Total	**5.2**	**2.7**	**70**	**1.5**

Source: Guild Living/ Oxford Economics

The gross jobs (direct, indirect and induced) created or sustained from the operations of the development will boost a more diverse mix of sectors in the economy. The table below shows the total (gross) sectoral employment impacts associated with the proposed development. As can be seen, Guild Living's proposal could generate a significant number of gross jobs in health, accommodation & food and administrative & support sectors.

Fig. 17. Gross sectoral total (direct, indirect and induced) benefits during the operational phase, Hillingdon Borough Council, 2024

	Output (£2016m)	GVA (£2016m)	Jobs	Wages (£2016m)
Agriculture, forestry & fishing	<0.1	<0.1	0	<0.1
Mining & quarrying	<0.1	<0.1	0	<0.1
Manufacturing	<0.1	<0.1	0	<0.1
Electricity, gas, steam & air	<0.1	<0.1	0	<0.1
Water supply	<0.1	<0.1	0	<0.1
Construction	<0.1	<0.1	0	<0.1
Wholesale & retail trade	0.2	<0.1	1	<0.1
Transportation & storage	<0.1	<0.1	0	<0.1
Accommodation & food	0.8	0.4	14	0.2
Information & communication	<0.1	<0.1	0	<0.1
Financial & insurance	<0.1	<0.1	0	<0.1
Real estate	<0.1	<0.1	0	<0.1
Professional, scientific & technical	<0.1	<0.1	1	<0.1
Administrative & support	0.8	0.4	9	0.2
Public administration & defence	<0.1	<0.1	0	<0.1
Education	<0.1	<0.1	0	<0.1
Human health & social work	3.0	1.6	44	1.1
Arts, entertainment & recreation	<0.1	<0.1	0	<0.1
Other services	<0.1	<0.1	0	<0.1
Total	**5.2**	**2.7**	**70**	**1.5**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding

3.2 ADDITIONAL CONSUMER SPENDING

The provision of new apartments will generate a significant increase in consumer expenditure by new residents within the local economy—since the new extra-care units will either directly enable new residents to move to the area, or will free up existing properties for use by new or existing residents, some of whom would otherwise live outside the area.[16]

Using our forecasts on average house prices, consumer spending and the number of households, we can estimate the relationship between house prices and consumer spending in the local economy. Using this along with the information provided by Guild Living on the price of the assisted living units, we estimate that there could be additional consumer spending of c.£14.9 million a year by new residents in the local economy. While a certain proportion of this spending is likely to leak out of the local economy, there are other factors that could push up consumer spending including:

[16] Although the expenditure of new residents will create significant economic benefits in the local area, we must assume that the net impact at a UK level will be zero. This is because the residents and therefore the expenditure have been redistributed from elsewhere in the UK, where those benefits could have been otherwise realised.

- A proportion of new residents in the Guild Living development will have relocated from elsewhere in the Borough, leaving behind a home which would either attract new residents to the Borough or retain existing residents. These homes tend to be larger family homes and so our estimates do not account for this potential source of higher income and spending.
- There is likely to be additional consumption as future Guild Living residents release equity.
- There is also evidence that older households spend less online[17] and tend to shop locally which would boost spending in the local economy[18].

The table below presents **the total (gross) operational benefits** (direct, indirect and induced), including the consumer spending impacts from the new residents. We estimate that the overall gross impact on the local economy could rise to 189 jobs, generating £4 million in wages and a further £9 million in GVA contributions to GDP. The table below shows how the benefits will be dispersed across the local economy.

[17] ONS in their article "How our internet activity has influenced the way we shop" October 2019, shows that the older age groups tend to spend less of their income online. ONS data shows that of those reporting to have shopped online in the past 12 months, the 65 or above age group had by far the lowest share. From 2018 to 2019, just 54% (or just over half) of the 65 plus age group had shopped online compared to 97% of those aged 16 to 34 and 95% of those aged 35 to 44.

[18] There is evidence that older people tend to shop local. Ball et al found in their 2011 report "Housing Markets in Old Age", that 80% of people in a McCarthy & Stone development use the local shops almost daily or often. This rose to 90% who used local shops and / or supermarkets more than once a month. They also found 40% used the library or post office almost daily or often. In addition, around a quarter reported using local services such as taxis, hairdressers, pubs, cafes and restaurants more than once a week. Indeed, only 25% of those interviewed in assisted living units owned a car, which is likely to result in local spending directly within the community.

Fig. 18. Gross direct, indirect and induced operational benefits (with consumer spending) by sector, Hillingdon Borough Council, 2024

	Output (£2016m)	GVA (£2016m)	Jobs	Wages (£2016m)
Agriculture, forestry & fishing	<0.1	<0.1	0	<0.1
Mining & quarrying	<0.1	<0.1	2	0.1
Manufacturing	0.1	<0.1	0	<0.1
Electricity, gas, steam & air	2.3	0.8	6	0.2
Water supply	<0.1	<0.1	0	<0.1
Construction	<0.1	<0.1	0	<0.1
Wholesale & retail trade	2.5	0.8	14	0.3
Transportation & storage	2.3	1.1	14	0.4
Accommodation & food	2.3	1.2	39	0.6
Information & communication	0.7	0.4	4	0.1
Financial & insurance	<0.1	<0.1	0	<0.1
Real estate	0.2	0.2	0	<0.1
Professional, scientific & technical	0.2	<0.1	2	<0.1
Administrative & support	0.9	0.5	10	0.2
Public administration & defence	<0.1	<0.1	0	<0.1
Education	0.2	0.2	4	<0.1
Human health & social work	3.3	1.7	48	1.1
Arts, entertainment & recreation	2.0	1.1	33	0.6
Other services	1.3	0.9	10	0.2
Total	**18.6**	**9.0**	**189**	**4.0**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding

3.3 FISCAL IMPACTS

Wages generated directly from the operations of the proposed development, including the consumer spending associated with its new residents, will also generate tax revenues towards the public purse. Using the same approach described earlier we estimate gross income tax from direct activity generated from the operations of the development will be £0.3 million. This direct activity will also generate an estimated £0.5 million in NICs (both employees' and employers').

Additional tax benefits will accrue as a result of the employment generated or sustained both through its local supply chain (indirect) and as those employed spend their wages in the local economy (induced). Combined, these streams of additional taxation will result in a further £0.07 million in gross income tax revenue and £0.1 million in NICs. We also estimate total (direct, indirect and induced) gross indirect tax benefits (VAT etc) from the operational phase,

including the consumer spending impacts by the new residents, of £0.4 million.[19]

Fig. 19. Gross fiscal benefits from the operational phase, UK, 2024

£2016m	Income Tax	Employees NICs	Employers NICs	Indirect tax (incl. VAT)
Direct	0.30	0.25	0.29	0.36
Indirect	0.05	0.03	0.04	0.04
Induced	0.02	0.02	0.02	0.03
Total	**0.37**	**0.30**	**0.35**	**0.42**

Source: Guild Living/ Oxford Economics/ ONS

Once again, the creation of jobs should also help the Treasury save on unemployment benefit payments as the number of claimants are expected to fall.

3.4 KEY FINDINGS

Following construction of Guild Living's proposal, the assisted living-led facility is scheduled to begin operations in 2024. Each operational year could bring numerous benefits in terms of employment, wages and GVA contributions to GDP. Not only could the on-going operations of the proposal sustain numerous jobs in the health care sector, but it could also create jobs in other sectors of the economy – through direct, indirect and induced channels of impact. Like before, these employment opportunities will also make gross fiscal contributions.

[19] Indirect fiscal benefit estimates are derived using tax and benefits statistics on household income, published by the ONS. According to the publication, 10% of gross income is spent on indirect taxes on final goods and services. This rate is then applied to the total (direct, indirect and induced) wage impact from the operational phase.

4. NET OPERATIONAL IMPACTS

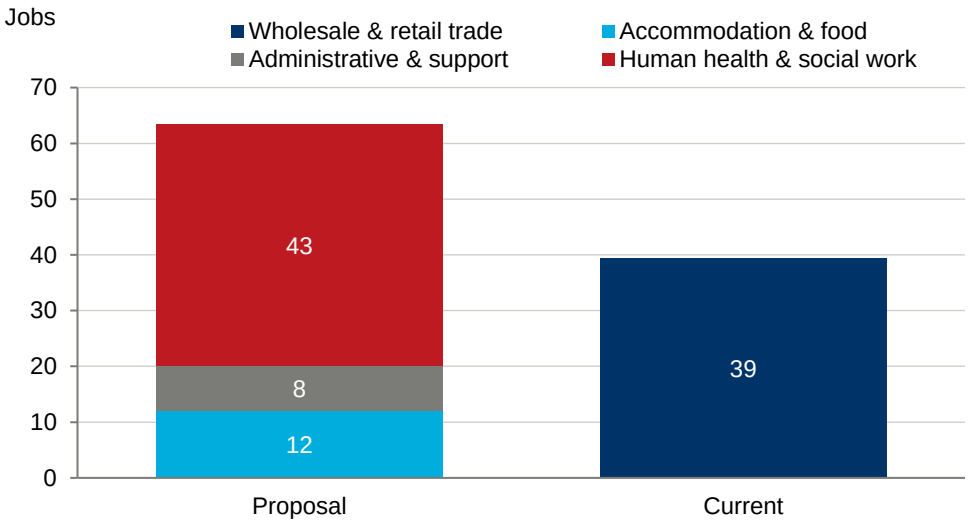
In this chapter, we consider the loss of existing employment currently on the site and show how the Guild Living development would provide net additional benefits to the local economy.

4.1 CURRENT SITE (WICKES/ HALFORDS)

The 2.3 acre development site is currently occupied by Wickes and Halfords commercial units. According to the information received from Guild Living, 3,400 sqm is currently used for retail purposes on the site. Using this information and space per employee guidelines,[20] we estimate that these commercial units sites could currently support 39 jobs[21]. This is lower than the 63 direct jobs expected to be supported once the Guild Living development is operational.

Not only will the Guild Living development provide a greater number of jobs it will provide a greater mix of jobs in the economy. As shown below, Guild Living's proposal generates several jobs in the health, accommodation & food and administrative & support sectors. Therefore, it offers greater and more diverse choice of jobs to residents in the local area.

Fig. 20. The site's operational jobs in the local area



Source: Guild Living/ Oxford Economics/ HCA

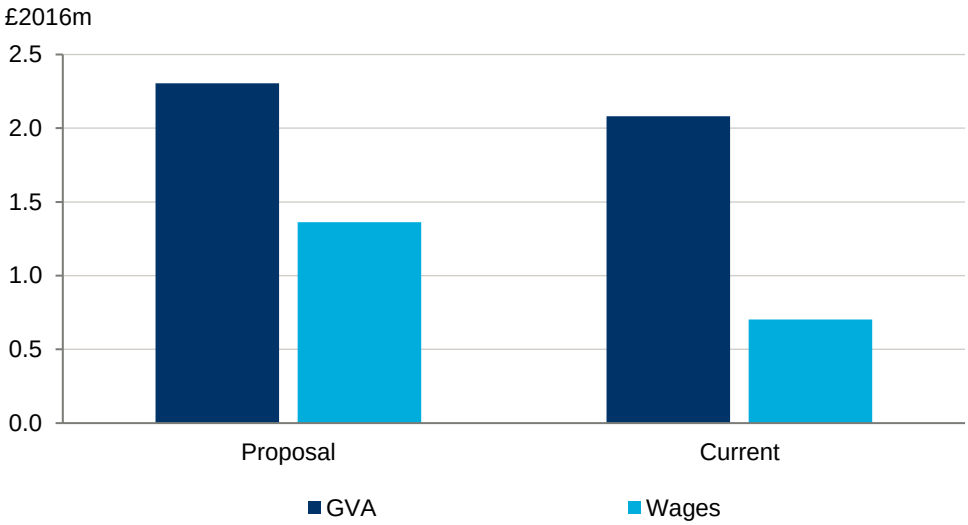
Under the site's current activity, we estimate that 39 jobs are directly supported in the wholesale & retail sector, generating an estimated £2.1 million of GVA contributions to GDP in the Hillingdon Borough Council economy. By applying appropriate average sectoral wages, this level of employment could generate £0.7 million in wages in the local economy. Alternatively, the proposed

[20] Homes & Communities Agency, 'Employment Density Guide, 3rd Edition', 2015.

[21] We assume that A1 retail (warehouse) space supports one employee per 90sqm for the retail sector. This assumption is based on published information by the Homes & Communities Agency.

development could create a greater number of gross jobs (63); higher wages (£1.4 million) and GVA (£2.3 million).

Fig. 21. Direct operational GVA and wages



Source: Guild Living/ Oxford Economics

Using a consistent modelling approach (see Appendix 1), and in the absence of further data, we estimate that Wickes/ Halfords' current activity supports a further four jobs through the indirect and induced channels of impact. This employment is associated with wages of £0.1 million and GVA contributions of £0.3 million a year. Furthermore, this activity is associated with income tax contributions of £0.1 million, £1.1 million of NICs and £0.1 million in indirect tax benefits (VAT etc).

In the absence of information concerning the relocation plans of the commercial units currently occupying the site, it is prudent to assume that this activity will be lost to the local economy. It is therefore useful to understand the net additional jobs the development could provide to the local economy relative to the site's current activity. Guild Living's assisted living-led development will provide 24 net additional direct jobs per year. This in turn translates to net yearly gains in wages of £0.7 million and £0.2 million in GVA contributions to GDP. Together with the indirect and induced benefits, we estimate total net benefits within the local economy of almost 150 jobs each year, with £3.2 million in wages and £6.7 million in GVA contributions to GDP.[22]

[22] Consumer spending benefits associated with the new residents are included in the induced category. Once again, it should be noted that these consumer spending related impacts are applicable at the local economy level but will net to zero at the UK level.

Fig. 22. Net operational benefits, Hillingdon Borough Council, 2024

	Output (£2016m)	GVA (£2016m)	Jobs	Wages (£2016m)
Direct	0.5	0.2	24	0.7
Indirect	<0.1	<0.1	<5	<0.1
Induced	13.7	6.5	120	2.6
Total	**14.2**	**6.7**	**150**	**3.2**

Source: Guild Living/ Oxford Economics

Note: May not sum due to rounding

Furthermore, Guild Living has informed Oxford Economics of their intention to train staff to avoid displacement of current NHS workers and general management posts in the local economy.

4.2 KEY FINDINGS

Guild Living's proposal to redevelop the site will result in the creation of almost 150 net additional operational jobs (see Fig. 22). Of this total, 24 net additional jobs would be generated or sustained from direct operational activities of the proposed development. However, and more importantly, 120 net additional jobs would be supported through the induced channels of impact—inclusive of the consumer spending impacts from new residents (refer to section 3.2 for more discussion). Overall, we estimate the wage impact and GVA contributions to GDP would also be higher under the Guild Living proposal, relative to the site's current activity.

Furthermore, Guild Living's proposal would also provide a wider mix of employment opportunities overall in the local economy. Importantly, the largest concentration of net jobs would be in the health sector, which could go some way towards relieving pressure on the NHS by contributing towards the provision of social care.

However, the net operational jobs, wages, and GVA contributions are only a fraction of the potential benefits that could be realised from the investment in the development. In Chapter 2, we quantified the total economic benefits that are likely to arise from the construction of the proposed development. But there are also a number of potential wider benefits that the assisted living-led facility could bring to the local economy and its population. These "catalytic impacts" are discussed in Chapter 5.

5. CATALYTIC IMPACTS

In addition to the standard types of economic benefits such as jobs, wages, output and taxes, Guild Living's proposed development offers a number of wider economic and social benefits that are more difficult to quantify. In this chapter, we discuss these "catalytic" impacts, focusing first on those associated with the later living accommodation and related services.

Fig. 23 summarises the various benefits that could be realised from the operation of later living accommodation.

Fig. 23. Catalytic impacts associated with later living accommodation



5.1 WIDER BENEFITS OF LATER LIVING ACCOMMODATION

Later living accommodation is designed to provide most of the care needs residents may require, whilst enabling them to live as independently as they can. Living alongside likeminded people, with on-site help as required, and social facilities at hand, this style of development has several potential benefits to both residents and the wider community.

5.1.1 Health benefits

The quality of health in the older population is a growing concern due to increased life expectancy. A recent study published by Ipsos MORI (February 2019) found that just 38% of those surveyed are expected to be healthy in older age.[23] This finding follows its earlier study, "Later life in 2015: An analysis

[23] Ipsos MORI, Global study around attitudes to ageing across multiple countries. Accessed via weblink.

of the views and experiences of people aged 50 and over", which ranked good health the most important contributor to having a good life later.[24]

An obvious yet important health benefit of later living accommodation is the on-site care facilities and professionals available to residents. Provision of on-site support, care and health assessments allow for potential, or actual, health issues to be diagnosed and/or treated earlier.[25] This is supported by a study of over 65s which found that health outcomes were improved for residents of later living schemes.[26] Assuming the health care roles created do not displace current activity in the sector, the provision of elderly living care could in turn help to ease the pressure on the NHS by reducing the number of GP visits and ambulance call outs made to residents in extra care housing. Indeed, a longitudinal study by Aston University at an Extra Care Charitable Trust (ECCT) housing with care scheme[27] found that residents had reduced GP usage by 46% after a year. It also found reductions in practice and district nurse visits to residents in extra care housing schemes. A study by McLaren et al (2004) also found that the number of GP visits were 30% lower for residents of later living accommodation compared to the national average for those aged over 75.[28] This in turn helps to ease the demands on the NHS service made by the elderly, freeing up resources for others in society.

The design and functionality of extra care accommodation for older people can also reduce the number of incidents, and ultimately the need for ambulance assistance. Of the incidents that occur these may be directly handled by trained and experienced on-site staff. Indeed, a report by the National Housing Federation's 'Home from Hospital' report[29] found that providers of housing with all-day care by on-site staff who can respond swiftly to emergencies and provide increased levels of support where needed, can reduce the number of instances where ambulances are called out.

Furthermore, the on-site healthcare and support provided by housing with extra care helps to avoid hospital discharge delays—which are estimated to cost the NHS around £820 million.[30] Evidence suggests that residents of these schemes typically spend less time in hospital than those not in extra care facilities—helping to further ease the pressure on constrained NHS resources. The aforementioned study[27] by Aston University found that the housing with care model is associated with a reduction in the duration of (unplanned) hospital stays, from an average of 8-14 days to 1-2 days.

[24] Ipsos MORI, Later life in 2015: *An analysis of the views and experiences of people aged 50 and over* (London: Centre for Ageing Better, 2015). Accessed via weblink.
[25] Joseph Rowntree Foundation (2006), *Housing with care for later life: a literature review.* Accessed via weblink.
[26] Ball, M, *Housing markets and independence in old age: expanding the opportunities* (Henley: University of Reading, 2011). Accessed via weblink.
[27] Holland, C. et al. (2015). Collaborative Research between Aston Research Centre for Healthy Ageing (ARCHA) and the ExtraCare Charitable Trust: Final Report. Accessed via weblink.
[28] McLaren, J. and Hakim, M, A better life: private sheltered housing and independent living for older people (Bournemouth: McCarthy Stone, 2004).
[29] Housing Learning and Improvement Network (2017). Home from hospital: How housing services are relieving pressure on the NHS. Accessed via weblink.
[30] National Audit Office (2016). Discharging older patients from hospital. Accessed via weblink.

Later living accommodations may also promote social inclusion via various group activities (covered below). These in turn could help residents to remain physically active for longer and supports mental well-being—again reducing the pressure on the NHS even further.

5.1.2 Social impacts

As the population ages it is important to find solutions to how we support independence in old age. A report by National Institute for Health and Care Excellence (NICE) [31] examined the issues around independence and loneliness in old age. It found that one million older people are affected by loneliness, and that this can lead to the onset of depression and dementia. The knock-on effect is social isolation and deteriorating ability to look after themselves.

Together with deteriorating health conditions associated with older age, loneliness can have a significant effect on later life independence. One solution to address loneliness is to encourage group and one-to-one activities, as suggested by the aforementioned report published by NICE. The report recommends activities including social groups, gyms, activity rooms and clubs. These types of facilities will be provided by Guild Living's proposed development. They will therefore help to create a community of active and social residents. Later living schemes also encourage independence as individuals maintain their own personal space (unlike residential care homes) – supported by findings in McLaren et all (2004)[28] and the aforementioned Joseph Rowntree Foundation report[25].

Quality of life for residents of later living schemes is also supported by the proximity to local amenities and services in the wider community. Indeed, results from a study[32], show the use of local facilities by residents of later living schemes. This in turn would allow for social cohesion with the wider community, as supported by findings in a report published by the Joseph Rowntree Foundation into the social well-being in extra care housing. [33] It found that residents of later living accommodation feel a part of the community because of the increased ability to participate in activities and to socialise.

Realising the social benefits of such schemes however relies on being inherently pre-disposed to socialising with others. Those with physical mobility issues or sensory problems benefit much less from these facilities. Instead they are often on the margins of social networks.

5.1.3 Labour supply and gross value added (GVA) impacts

An ageing population presents several challenges including the growing need for family members to become carers, which has implications for the economy (through a loss of potential labour).

According to data published by the ONS, the average life expectancy in Hillingdon was 80.4 for men and 84.0 for women during 2016-18. Typically

[31] NICE, *Older people: independence and mental wellbeing* (London: NICE, 2015). Accessed via weblink.
[32] Croucher, K, Hicks, L. and Jackson, K, *Housing with care for later life: A literature review* (York: Joseph Rowntree Foundation, 2006). Accessed via weblink.
[33] Evans, S et al (2007), Social well-being in extra care housing. Accessed via weblink.

speaking however an individual's life expectancy is lower when they have health issues, increasing the need for assisted living-led facilities. Currently there is a considerable number of unpaid carers in the UK. According to Age UK, 17.8% of people provided unpaid/informal care for friends and family in 2017 – an increase from 16.6% in 2015. [34] Given demographic trends, this is only likely to rise. However, if greater number of elderly people could reside in later living schemes, like the one proposed by Guild Living, there would be less need for friends and family to forgo working to provide support and care. Consequently, it could enable working-age individuals that are currently inactive, to enter the labour market.

Later living schemes can also have a positive impact on the wider, local economy. As mentioned earlier the relocation from family homes to later living accommodation typically involves downsizing. The benefit is that, in most cases, equity is released which can be used, in part, to facilitate discretionary spending—of which some will be spent on local amenities and services. This in turn helps to create further jobs in the local area and generate another round of spending. The relationship between the release of equity and an increase in spending is partly supported by the findings from a survey conducted by the Joseph Rowntree Foundation.[26]

5.1.4 Housing benefits

The proposed assisted living units could also have positive benefits on the local housing market. There is a growing need for housing for the elderly in the Hillingdon Borough Council area. The local economy has a sizeable population of over 65s. In 2018, this age cohort accounted for 13% of total resident population in the Council area—refer to section 1.1. Over the next decade this age cohort is expected to grow by 2.1% a year, accounting for 16% of all residents by 2028. With a growing share of over 65s the issue of suitable housing for the local area's population is likely to become even more important.

Developments that add to the supply of housing and fit within the Council's long-term strategy should be welcomed. As discussed earlier in section 1.1, there is an identified need for additional extra care units for the elderly across the local area.

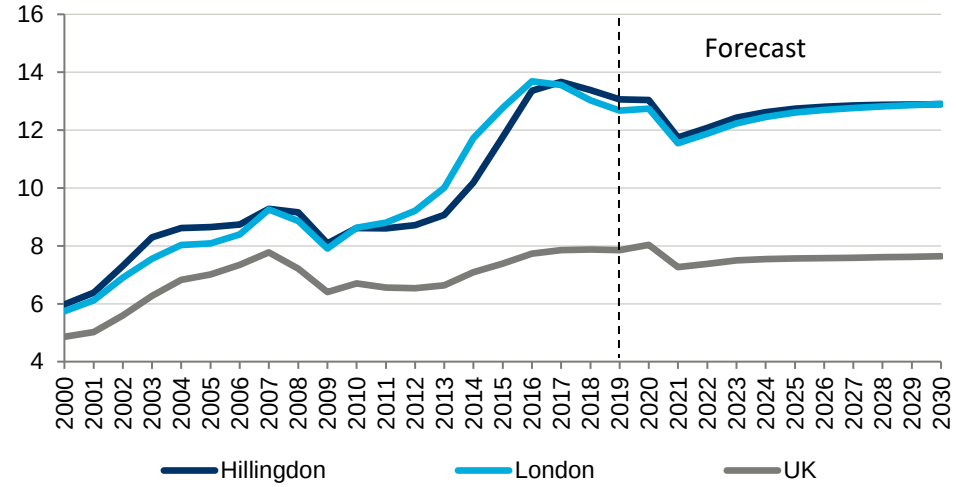
Housing affordability is also a growing concern. In recent years, average house prices in the local economy have increased significantly, reaching £408,000 in 2019—average annual growth of 6% since 2009. This rate is on par with the regional average and exceeds the national average, at 6.2% and 3.7% respectively. We forecast house prices in the local area will continue to rise, though the rate of growth will moderate to 2.7% a year between 2019 and 2029, on average. Such high rates of growth have in turn reduced affordability of the local housing stock—a trend set to continue into the forecast. Fig. 24 compares house price affordability, measured as the average house price to earnings ratio, for the local area, its wider region, and the UK as a whole. It is evident that the affordability of housing in Hillingdon Borough Council area has

[34] Age UK, *Briefing: Health and Care of Older People in England 2017* (London: Age UK, 2017). Accessed via weblink.

suffered over the past decades—and is expected to remain an issue for the foreseeable future.

Fig. 24. Average house price to income ratio, local area, London and UK, 2000-30

Average house price to income ratio



Source: Oxford Economics

The provision of appropriate accommodation (such as the assisted living units proposed by Guild Living) for the elderly population can have greater benefits than expected, as older people downsize and release their underutilised homes to the market. In other words, the development of assisted living units can benefit young families and working-age couples.

A study conducted by Age UK (2014) found that elderly residents of large properties, and their families, were relieved that there was no longer a house to maintain when they moved into later living accommodation.[35] Furthermore, a parliamentary inquiry in 2014 found that *"some 8 million people over 60, in 7 million homes, are interested in 'down-sizing'"* [36]. Facilitating this would free up existing housing stock for younger people and families. In fact, the study showed that two thirds of the homes owned by potential down-sizers have three or more bedrooms, ideal for young families.

Any benefits from downsizing however rely on sufficient availability of dwellings designed for later living. The aforementioned parliamentary inquiry found that *"the number of homes built specifically for older people has decreased from 30,000 p.a. in the 1980s to around 8,000 p.a."*. To release the full benefits of down-sizing to wider society more later living properties will need to be built.

[35] Age UK, *Housing options: Different types of housing to suit your needs* (London: Age UK, 2014). Accessed via weblink.
[36] All Party Parliamentary Group, The affordability of retirement housing. Accessed via weblink.

5.2 KEY FINDINGS

The catalytic impacts associated with the operation of a later living care facility are plentiful. It provides a viable solution to help address the growing pressure on housing needs and by doing so expands the choice of housing for older residents.

The aforementioned parliamentary inquiry found that 83% of people over the age of 60 are owner-occupiers, and up to 60% could afford to purchase a retirement unit. Potential demand for such units could therefore be high, with McLaren and Hakim[28] predicting a national shortfall of 62,500 by 2020.

Provision of later living provides individuals with a mix of personal space, independence, and access to care, maintenance and support services. Furthermore, it can help to reduce isolation and loneliness – an issue felt by many – through the means of social groups and activities offered by such care facilities. This in turn can help improve social cohesion across generations, particularly if the later living development is in close proximity to other amenities in society.

Development of such later living schemes also frees up unpaid carers, providing opportunity to enter the labour market. They can also contribute towards improved health outcomes for elderly residents, alleviating pressures on the already stretched health and social care services.

6. CONCLUSIONS

The development of Guild Living's proposed assisted living-led facility would be a significant injection of investment. The activity associated with the 27-month construction phase could provide several employment opportunities for the residents in and around the local economy. This in turn would be accompanied by wage and fiscal benefits, and subsequent GVA contributions to GDP via the various channels of impact—as discussed in Chapter 2.

Following the construction phase, the on-going operations of the development would also generate numerous benefits (see Chapter 3). Not only could it provide several jobs, wages and GVA across different sectors of the economy, it would also help tackle one of the Council's key challenges: achieving better outcomes for the elderly. Recent trends show an increase in the number of over 65s. In fact, this age cohort now accounts for over 13% of total population in the Council area and is expected to grow going forward—see Fig. 3. As such investment in projects geared towards increasing the provision of housing for the elderly should be welcomed, especially when the current provision is below the requirements already set by the broader West London Alliance—see section 1.1.

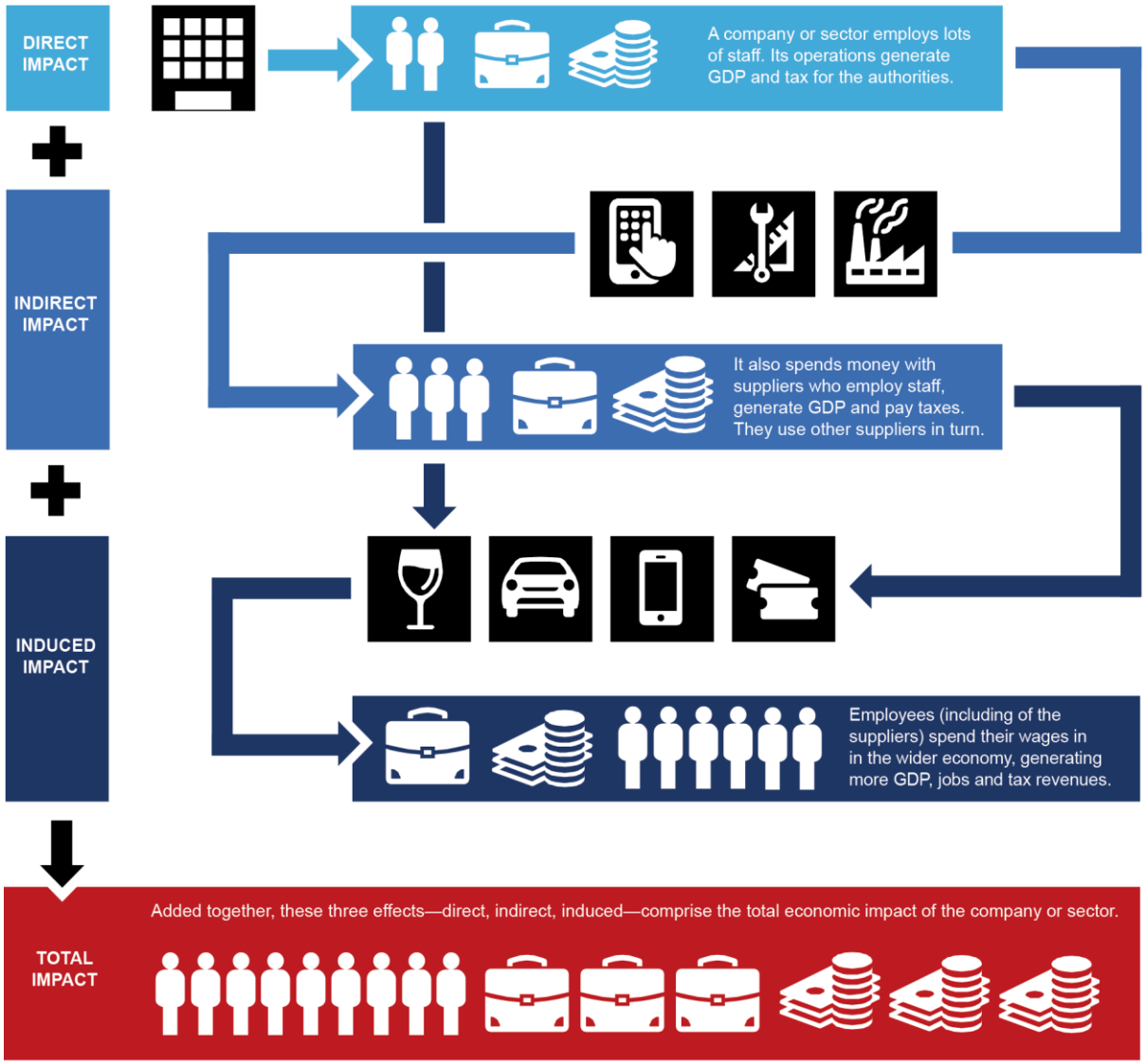
Though the site is currently occupied by two commercial units, we estimate that the on-going operations of the proposed development would create a positive net impact in the local economy (see Chapter 4). Furthermore, should the development come to fruition it could also provide a host of wider economic, social and health benefits for the economy—as discussed in Chapter 5.

APPENDIX 1: TECHNICAL ANNEX

UNDERSTANDING ECONOMIC IMPACT ASSESSMENTS

An economic impact assessment quantifies the total economic benefit created by an investment through a range of different channels. For the proposed Guild Living development in Uxbridge (which sits in the wider Hillingdon Borough Council area) this arises from both operational and capital spending in four main ways. The first three are the standard channels through which economic impact is usually quantified: direct operational effects, supply chain effects, and the impact of employees spending their wages in the wider consumer economy. The fourth channel, known as 'catalytic' or 'dynamic' benefits represent the wider benefits that society and/ or other industries derive from the development.

Fig. 25. Overview of economic impact methodology



Our report uses three main metrics to quantify each of the channels by which the potential redevelopment could contribute to the Hillingdon Borough Council economy:

- **Gross value added** contribution to Gross Domestic Product (GDP)[37]: This measured the value of goods & services produced in an area, industry or sector of an economy and is equal to output minus intermediate consumption;
- **Employment:** Construction phase employment is presented in terms of "jobs years" as defined in the report. A job year does not necessarily mean 1 job. Instead it refers to the amount of activity that is required. So, for example, if two people were employed for 6 months – this would equate to 2 jobs, but would only mean activity would take 1 job year of work to complete. The on-going jobs in our report are denoted in employee head count terms; and
- **Wages** is the total value of remuneration offered to the workers associated with the development.

All of the data used was either provided by the Client (e.g. information on spend, floor space) or used published government website data and industry standards from the likes of ONS, NOMIS, Annual Survey of Hours and Earnings (ASHE), and in the absence of data, reasonable assumptions based on best judgement and clearly rationalised in the study.

ESTIMATING THE DIRECT ECONOMIC CONTRIBUTION

The first step was to understand the direct activity associated with the development's construction phase and following this, its operational phase.

Construction phase

We took the construction costs that will be realised in the local economy and split these into different sectors of the economy (e.g. construction and professional services). We did this on annual basis in order to provide a time-series analysis.

The construction phase spend is essentially turnover or the value of output. Using the sectoral ratios of output to GVA in the UK input-output tables we estimated the direct sectoral GVA contributions to GDP in the local economy. By applying our baseline forecasts for sectoral productivity, we then estimated the direct construction phase jobs likely to be created / sustained by the investment. Using sectoral average wage data we also estimated the direct wage impacts of this phase.

With an estimate of direct wages, we then applied income tax and national insurance rates and estimated the revenues that will be collected by treasury.

Operational phase: jobs

Estimates of the number and type of jobs associated with the elderly living development were provided by Guild Living. By applying our forecasts for sectoral productivity, we estimated the likely future GVA contributions to GDP. We also estimated future wages by using our forecasts for average sectoral earnings in the local economy.

[37] GDP is the main summary indicator of economic activity in Hillingdon Borough Council area. GDP can be defined as GVA plus taxes on products less subsidies on products. References to economic growth (or when the economy enters recession) typically relate to the rate of change of GDP. All references in this report relate to GVA; also known as GDP at 'basic prices'; and they exclude taxes and subsidies.

We also estimated the additional income tax and national insurance contributions using the same approach as for the construction phase impacts—see above.

Operational phase: residents and spending

In addition, direct benefits will also arise from the presence and spending of the new residents at the development. Clearly the 182 units are unlikely to be filled by elderly people moving to Hillingdon Borough Council area from elsewhere. In practice it will be mix of residents and people migrating from other places. The exact mix is unknown at this stage. However, for those who are currently residents of Hillingdon Borough Council area, they will free up housing in the local economy by moving to the Guild Living development. Their existing home will then be used by another family or person, thus retaining consumer spending that would have been lost or attracting new spend to the local economy. Therefore, we have assumed that all of the residential units will generate net additional spend in the local economy.

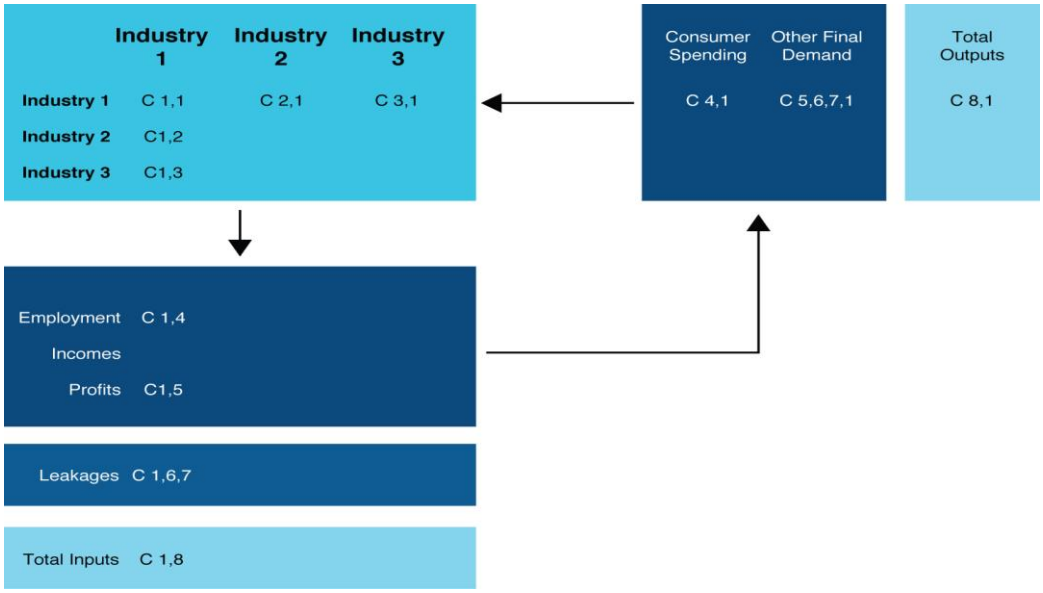
The starting point for modelling the residential impact of the development was slightly different to that used above. We start by taking our average consumer expenditure per household forecasts from our baseline forecast model. By taking the average house price we establish a consumer spending per house price ratio. We then take the price of the units by type and apply this ratio to estimate the average consumer expenditure of the new elderly living units. Total consumer expenditure is then found simply by multiplying this by the number of units by type, for each year.

We then use published ONS data regarding typical household expenditure to estimate the direct consumer expenditure effect of the new residents. In doing so we use a combination of spending surveys from the ONS and Input-Output tables which tell us how residents spend their income.

ESTIMATING INDIRECT AND INDUCED IMPACTS

To estimate the indirect and induced impacts we have built an Input-Output model. The figure below presents a stylised version (showing just three sectors for presentation purposes) of our Input-Output model which is a model that traces how economic activity flows through an economy as one sector makes purchases from another sector.

Fig. 26. Stylised input-output model



We have used the latest UK input-output tables for the analysis, but have adjusted these in line with academic guidelines (Flegg, A. T. and Tohmo, T. (2013) "Regional input-output tables and the FLQ formula: A case study of Finland") to account for the size and structure of the local economy. The technique involves constructing sub-national input-output models by applying Location Quotients (LQs) and sub-national size adjustments to the standard UK Input-Output tables. The result is that geographies with higher concentrations of industries receiving procurement or household expenditure have larger impacts.

We then used the impact model to estimate the supply chain or indirect impact of the construction phase output levels. We also estimated the indirect impacts of the operational phase output levels arising from the creation of jobs and the residential consumer spending. The input-output tables provide us with an estimate of indirect output by sector. We then convert this output back into sectoral GVA and into sectoral jobs to provide a range of sectoral impact measurements. Applying average sectoral salaries allowed us to estimate the income effect.

The induced impact is economic activity and employment supported by those directly or indirectly employed spending their income on goods and services in the wider economy. This helps to support jobs in the industries that supply these purchases, and typically includes jobs in retail and leisure outlets, companies producing consumer goods and in a range of service industries. Again, our Input-Output model were used to estimate the induced impacts.

DISPLACEMENT

We have had to make some assumptions on displacement levels at various stages of the modelling. We reviewed the current level and capacity of the local construction sector and assume the sector has capacity to undertake the construction work. Therefore, we applied a zero-displacement rate during the construction phase.

Guild Living has informed Oxford Economics of their commitment to train their own staff, and so we also assume the creation of care posts and general management posts at the elderly living centre result in zero displacement during the development's operational phase.

Finally, at the time of writing there was no confirmation regarding the relocation plans of the existing Wickes and Halfords sites. For robustness we have assumed they are not relocating to elsewhere in the local Council area—therefore we have considered the displacement of existing jobs on site.

APPENDIX 2: ALLOCATION OF DIRECT OPERATIONAL JOBS

DIRECT OPERATIONAL JOBS

Allocation of direct operational jobs: Guild Living

For the purpose of modelling the operational impact of the proposed development, Guild Living provided Oxford Economics with the number of jobs as per the table below. The next step was to map these to broad sectors of the economy, as listed below. This was then fed into our model in order to derive the direct, indirect, and induced effects associated with operations of the later living units.

		No. of jobs	Standard Industrial Classification
Care staff/ management:	Management	4	Q : Human health and social work activities
	Care	18	Q : Human health and social work activities
	Nursing	4	Q : Human health and social work activities
	Total	**26**	
Administration	Office staffing	4	Q : Human health and social work activities
	Total	**4**	
Front facing staff	Hospitality	12	I : Accommodation and food service activities
	Maintenance/ Facilities	3	N : Administrative and support service activities
	Housekeeping	5	N : Administrative and support service activities
	Total	**20**	
Child care	Nursery staff	13	Q : Human health and social work activities
	Total	**13**	
TOTAL		**63**	

Source: Guild Living / Oxford Economics

Allocation of direct operational based jobs: Guild Living

According to Guild Living and our own estimates, the assisted living-led facility will provide 63 jobs. Using the same allocation of jobs listed above, these are grouped into the broad sectors of the economy. The table below shows how these jobs are distributed across sectors. This information is then used for modelling purposes:

	Jobs
Agriculture, forestry & fishing	0
Mining & quarrying	0
Manufacturing	0
Electricity, gas, steam & air	0
Water supply	0
Construction	0
Wholesale & retail trade	0
Transportation & storage	0
Accommodation & food	12
Information & communication	0
Financial & insurance	0
Real estate	0
Professional, scientific & technical	0
Administrative & support	8
Public administration & defence	0
Education	0
Human health & social work	43
Arts, entertainment & recreation	0
Other services	0
Total	**63**

Source: Guild Living / Oxford Economics



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