

Saffron Hill: Regeneration Statement

A Final Report by Hatch
March 2024

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Executive Summary

CONSTRUCTION IMPACTS



£70.05m
Investment in
Construction



£28.0m in
GVA p.a.

c. 444

Construction jobs p.a.
on average **over 2 years**

OPERATIONAL BENEFITS

New high quality office space



391 Net Additional
FTE jobs

£26.26m
Net additional
GVA p.a.

£760,000
Net additional
employee spend p.a.

£1.55m
Net additional
business rates p.a.

WIDER BENEFITS



Additional high-
quality office
floorspace



Increasing active
frontages and urban
greening



Affordable
workspace
provision



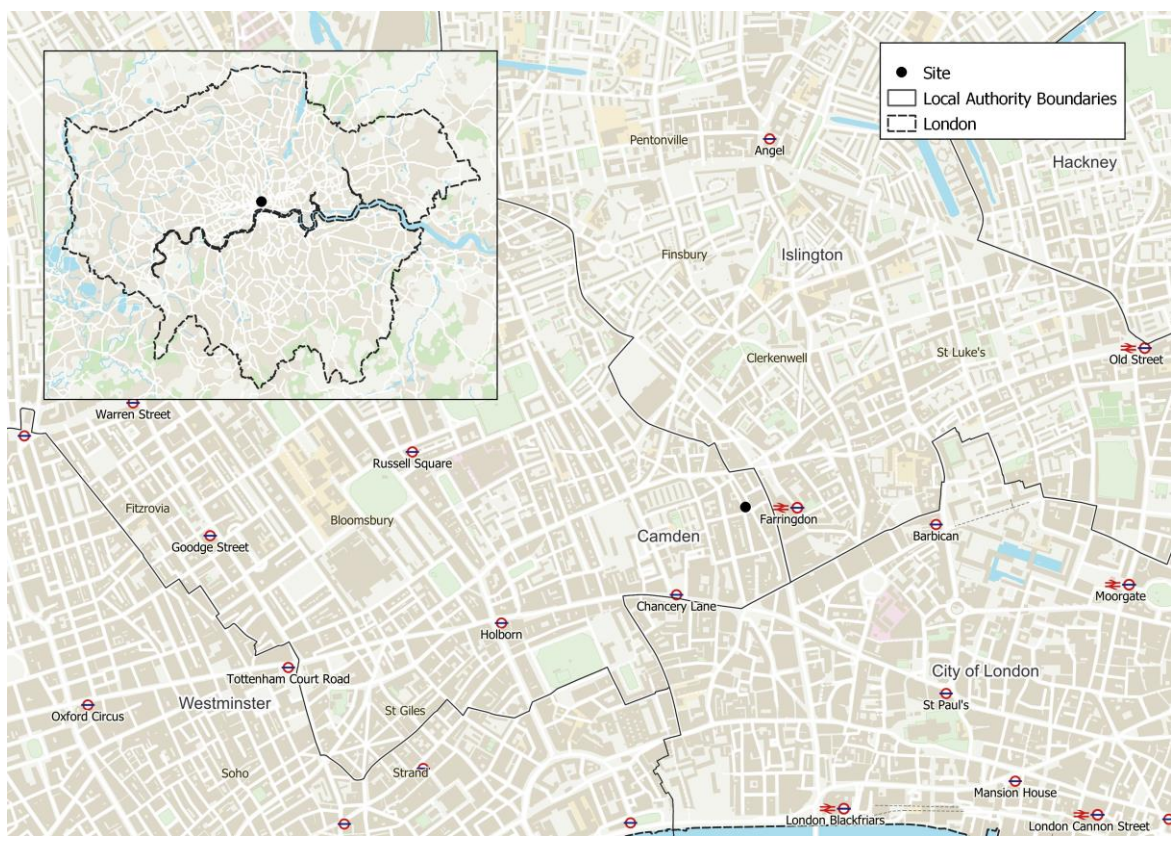
Promoting
active travel by
providing cycle
parking facilities

1. Scheme and Context

Introduction

- 1.1 Saffron Hill Investment Holdings Limited (“the Applicant”) is submitting a planning application for the redevelopment of 45-54 Saffron Hill and 3 Saffron Street, London (hereafter referred to as “the site”) in March 2024.
- 1.2 The Site currently comprises of a 1960s building made up of a car park from basement to level 6, and offices from level 7 to 8. The site lies within the Hatton Garden Conservation Area and there are no listed buildings on site. The external facades are mostly metal with precast concrete lattice elements at ground floor. The main car park entrance is located on St. Cross street, a sperate office entrance is also located on St. Cross street and secondary fire exits are located on Saffron Hill and Saffron Street.

Figure 1.1 Site Location



Source: Hatch, Contains OS Data © Crown copyright and database right 2023

Proposed Development

- 1.3 This Regeneration Statement has been prepared in support of an application at 45-54 Saffron Hill and 3 Saffron Street, London for full planning permission for: -
 - Demolition of existing car park and offices, and erection of a new building providing Class E commercial floorspace and flexible Class E café/restaurant space, along with associated landscaping and works.

- 1.4 The proposed uses on site will change to commercial office space across all floors, with café/restaurant space at ground floor level.

Purpose of the Document

- 1.5 Hatch has been appointed to provide an assessment of the economic benefits of the Proposed Development. The remainder of this statement includes the following:
- An assessment of the socio-economic benefits including:
 - Construction benefits – temporary employment, GVA, construction apprenticeships
 - Operational benefits – employment, GVA, commercial floorspace, spending and fiscal benefits; and
 - A summary of the wider benefits.

2. Socio-Economic Benefits

- 2.1 The construction of the Proposed Development will result in investment creating demand for temporary employment opportunities for local Camden residents during the construction phase as well as supporting a wide range of long-term socio-economic benefits once operational and occupied.
- 2.2 This section sets out the estimated economic benefits that could be realised from the Proposed Development. These have been calculated using industry accepted methods, aligned to the HMT Green Book and Homes and Communities Agency (HCA) guidance on valuing benefits and are presented as 2023 prices.

Construction Phase

Construction Employment

- 2.3 During the construction period, demand for temporary construction jobs will be generated creating opportunities for local residents and helping to support the local economy. To estimate the construction employment benefits, the estimated £70.05 million construction value and 2-year build period have been used, combined with guidance from HCA¹ to apply labour coefficients to estimate the number of workers per £1m of construction investment per year. Due to the varied and temporary nature of construction projects, the construction jobs will not necessarily be Full Time Equivalent (FTEs).
- 2.4 Based on these assumptions, **the proposed scheme could support an average of 444 workers per year over a 2-year build period.**
- 2.5 The jobs created through the construction of the Development will be a mixture of both on-site and off-site pre-fabrication and supply chain employment through the various tiers of the supply chain. The estimate is also an average level of construction employment over the duration of the build period, and the level of employment supported could be higher at peak periods of construction activity.

Construction GVA

- 2.6 Based on the demand for temporary construction workers, it is estimated that the Proposed Development could generate in the region of **c. £28.0m in GVA per annum** over the course of the construction period (2 years), equating to **c. £56.0m in GVA in total.**

Construction Apprenticeships

- 2.7 During the 2-year construction period, a number of apprenticeship opportunities will likely be provided. Using the England average ratio of construction workers to the number of apprenticeships in the construction sector, it is expected that the Development could support in the region of **seven apprenticeships per year of construction.** Using HACT's Social Value

¹ Homes and Communities Agency, 2015. Calculating Cost per Job Best Practice Guidance Note.

benchmarks², it is estimated that these seven apprenticeships would deliver in the region of £26,560 of social value per year.

Operational Phase

- 2.8 Once completed, the Proposed Development is anticipated to lead to the delivery of 8,414m² (NIA) of Office (Use Class E) floorspace and 146m² (NIA) of Cafe (Use Class E) floorspace.

Employment

Gross Direct On-Site Employment

- 2.9 The HCA Employment Density Guide³ has been used to calculate the likely number of full-time equivalent (FTE) jobs that would be supported by each type of floorspace. Employment densities that have been used are as follows:

- Office Space (Use Class B1a – corporate) – 13m² per FTE
- Café (Use Class A3) – 15-20m² per FTE – the mid-point of 17.5m² was used

- 2.10 Based on the proposed floorspace uses, it is estimated that **the Proposed Development has the potential to support c. 645 gross Full Time Equivalent (FTE) jobs.**

Net Additional On-Site Employment

- 2.11 In order to estimate the net additional on-site employment impacts of the Proposed Development, a series of additionality adjustments (described below) have been applied to the estimated gross direct job numbers. The adjustments are based on best practice from the HCA's Additionality Guide⁴, and include:

- **Reference case / Deadweight** – Deadweight refers to the jobs that are currently generated on-site which will be lost (and replaced) as a result of the Proposed Development coming forward. Deadweight is estimated based on the existing floorspace that will be lost as a result of the Proposed Development (1,310 m² GIA) and by applying standard employment densities to estimate the level of existing employment. Existing on-site FTE jobs are estimated to be in the region of 93 FTEs and under worst-case scenario it is assumed that these jobs will relocate outside of Camden.
- **Displacement** – refers to the proportion of outputs (such as jobs) accounted for by reduced outputs elsewhere within the impact area assessed. Displacement assumptions have been made in line with the HCA Additionality Guide at 25%.
- **Leakage** – refers to the proportion of outputs (jobs) that are lost to outside of the impact area as a result of the Proposed Development being implemented. Leakage is assumed to be 0% as the estimated direct jobs are generated by on-site elements of the proposed Development and therefore will be contained within the Camden Borough.

- 2.12 Based on the above assumptions, it is estimated that **the net additional impact of the Proposed Development will be c. 391 FTEs.**

² HACT Social Value Insights 2022, presented in 2023 prices.

³ Homes and Communities Agency, 2015. Employment Density Guide: Third Edition.

⁴ Homes and Communities Agency, 2014. Additionality Guide: Fourth Edition

Off-Site Employment

- 2.13 Off-site jobs (indirect jobs) are likely to be created as a result of the increase in spending on goods and services associated with the Proposed Development. In addition, both the direct and the indirect supply chain jobs support further employment in the economy through these workers' expenditure – this employment is referred to as an induced employment impact.
- 2.14 Given the uncertainties about the extent to which both supply chain and induced spend will occur locally (within Camden), the number of wider employment opportunities supported by the Proposed Development has been estimated at the regional (London) level. A composite multiplier of 1.5 has been used to assess indirect and induced impacts generated at the London level. This is based on the guidance set out in the HCA's Additionality Guide.
- 2.15 As outlined previously, once operational, the Proposed Development has the potential to support 396 net additional FTEs. By applying the regional multiplier of 1.5 to the net additional FTE figure of 391, **it is estimated that a further 195 off-site FTEs could be supported across the London region.**

Gross Value Added

- 2.16 Once completed and occupied, the Proposed Development is estimated to support 645 gross FTE jobs, and around 391 FTE jobs in net terms. Most jobs supported on-site are anticipated to be office-based (Use Class E (g)) and expected to be in higher value occupations such as professional, corporate or finance and insurance sectors.
- 2.17 Using GVA per FTE job estimates derived from the ONS GVA data series and ONS BRES data, it is estimated that the **Proposed Development will generate in the region of £43.2m in gross GVA annually and in the region of £26.3m in net additional GVA each year within Camden.**
- 2.18 **Based on the estimated off-site jobs, a further £20.7m in net additional GVA could be generated across London.**

Employee Spending

- 2.19 The employment supported on-site will generate wages and spending for the local economy. The average office worker can be assumed to spend approximately £7.58⁵ (Censuswide) per day, equating to over £1,900 per year on extras, which exclude lunch and travel. Given the estimated on-site operational employment, it is estimated that **the Proposed Development could generate in the region of £760,000 in net additional employee expenditure per annum.** This expenditure across the local economy will help to improve access to income and salaries for Borough residents.

Fiscal Benefits

Business Rates

- 2.20 There will be fiscal benefits associated with the Proposed Development via the payment of business rates.

⁵ <https://www.thetimes.co.uk/article/average-office-worker-spends-more-than-1-700-a-year-on-extras-censuswide-finds-zp199gl3h> - Inflated to 2023 prices. Please note that this figure has been calculated based on the assumption that workers will be spending five days a week on site.

- 2.21 Based on average business rates within Camden for office space and retail space, **it is estimated that Camden will receive around £1.55m per annum through business rates contributions** as a result of the Proposed Development. Of the additional rates, Camden Council would be expected to retain approximately £465,700 annually. This is based on the forecast retention rates for 2023/24⁶ that indicate 30% would be retained by Camden, and 37% would go to the GLA, equating to £574,300.

Planning Contributions

- 2.22 As a result of the Proposed Development, S106 Contributions will be made to the Council in addition to Community Infrastructure Levy Payments.

⁶ ONS 2023. National non-domestic rates collected by Councils in England: forecast 2023 to 2024.

3. Wider Benefits

- 3.1 In addition to the socio-economic benefits of the Proposed Development which are described above, there will be a number of wider benefits generated by the scheme which will support economic, social and environmental conditions within the local area. These are described in more detail below.

High Quality Commercial Space

- 3.2 The Proposed Development responds to Camden's Local Plan⁷ which states the need to create 695,000sqm of office floorspace between 2014 and 2031. There is a particular focus on the provision of office space (use class B1a) located outside of Kings Cross and Euston, where a significant amount of the projected office supply is likely to be in order to ensure that supply is spread across the borough⁸.

Championing Sustainability

- 3.3 In order to achieve an environmentally sustainable development, a number of measures are being put in place across the development lifecycle. Additionally, the building will aim for BREEAM 'Excellent' with a score of >70%.
- There will be a strategy to reduce, reuse and recycle materials in alignment with the principles of circular economy throughout design, construction and operation, minimising waste generation and the use of virgin materials. The Proposed Development also aims to ensure a minimum of 95% of demolition waste materials (non-hazardous), 95% of excavation waste materials and 95% construction waste materials are diverted from landfill either for reuse, recycling or recovery.
 - During operation, the building will aim for a minimum 65% recycling rate by 2030.
 - The Proposed Development will achieve an overall 35% reduction in CO₂ Emissions over Part L.
 - The Proposed Development will be built for longevity through the use of materials with a longer life span and less maintenance requirements such as easy to replace cladding, office units with flexible layout configurations and future proofed heating systems giving the office a 60-year design life.
 - Active and sustainable methods of travel will be encouraged by providing a total of 195 cycle parking spaces and by ensuring the Proposed Development is car-free with no parking provided on-site, aside from one designated disabled car parking space.
 - Landscaping enhancements will be incorporated into the Proposed Development to achieve an Urban Greening Factor of 0.30 and which will improve the local environment through Sustainable Urban Drainage Systems and increased biodiversity with a net gain of 100% in habitat units.

⁷ Camden Council, Camden Local Plan, 2017

⁸ Camden Council, Employment Site & Business Premises, 2021

Wider Public Benefits

- 3.4 The Proposed Development will deliver a high-quality redevelopment of a car park which is highlighted as a building that makes a negative contribution to the Hatton Garden Conservation Area.
- 3.5 As part of the wider site activation, a street level café will be located on St Cross Street to activate this area and restore vitality to what is currently inactive frontage. This will also be enhanced by providing significant improvements to the local urban environment and streetscape through landscaping, further enlivening the surrounding public realm by introducing benches, planters and street trees to the area. The Proposed Development will also provide usable amenity terraces across four of the floors, providing tenants with access to biodiverse, urban green spaces.
- 3.6 The Proposed Development will also provide designated 514m² affordable workspace on the lower ground floor which will provide local businesses, residents and social enterprises access to high-quality office space and amenities.

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