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ECONOMICS • RESEARCH • ANALYSIS

Economic Impact of a Crossrail Station in North Kensington

A Report Note by
Regeneris Consulting

1. The Economic Impact of Proposed Crossrail Station in North Kensington

- 1.1 Regeneris Consulting have been asked to undertake research to establish the economic impact of an additional Crossrail station in Kensal¹. This will accompany a [previous report](#) looking at the regeneration case for a station
- 1.2 The key findings of the economic impact assessment are outlined below:

It is estimated that the delivery of an additional Crossrail Station at Kensal could be worth £690 million² to the local economy and could create 2,000 jobs³.

Summary of Economic Benefits of Proposed Kensal Crossrail Station

Baseline Position:

- RB Kensington and Chelsea are actively pursuing the addition of an additional Crossrail station at Kensal.
- Whilst the borough contains some of the most wealthy neighbourhoods in London it, also includes some pockets of severe deprivation; the station would be in one such location.
- Whilst the station is located in Kensington and Chelsea, the proposed site is actually within close proximity of LB Brent, City of Westminster and LB Hammersmith and Fulham; as such, each of these boroughs will benefit from a station at Kensal.
- The station hinterland has an unemployment rate well above the London average and includes a number of places within the 10% most deprived locations nationally.
- Previous work on the regeneration case for a station suggests that, if included, Kensal would be the 5th most important location on the Crossrail line in terms of tackling deprivation and the most important in West London.

Economic Impacts:

- There are 6 components to the economic model used to assess the impacts of a Crossrail Station at Kensal. In each case we report economic impacts from the proposed station net of those that could be expected in the absence of the station; these are:
 - **Construction impacts:** jobs created within the construction sector as a result of the expenditure necessary to develop the station and associated development. This could create **570 jobs per annum** over the construction period and a total of **£55 million GVA** for the local economy.
 - **Catalytic effects on development:** the station will significantly enhance the viability of the Kensal Gasworks Masterplan. This could create **440 jobs** and **£300 million GVA** for the local economy.
 - **Impacts on local consumer expenditure from residential development:** the influx of new residents to the area will increase demand locally for retail goods and services. This could

¹ The exact name of any potential station has yet to be decided; it could be 'Portobello Station'.

² Without construction impacts this is £630m

³ Without construction impacts this is 1,400 jobs

● Economic Impact of Proposed Crossrail Station in North Kensington ●

- create **360 jobs** and **£140 million GVA** for the local economy.
- **Catalytic effects on employment density in wider local area:** the presence of the station will enhance the vibrancy of the area as a business location. This could create **150 jobs** and **£100 million in GVA** for the local economy.
- **Journey time savings:** the station will reduce journey times to Central London for local residents within the catchment area. This could create benefits worth around **£140 million** for local people.
- **Impacts on employment accessibility for local residents:** The station will enhance access to jobs in major London employment centres for local residents. This could mean that in excess of 500 local residents are able to access new employment opportunities and lead to direct and indirect economic benefits of **£9.7 million** as a result.

Additional Benefits:

- There are other benefits which could also provide an economic benefit as a result of the delivery of the station; these include:
 - Changes in perception of the area
 - Increases in land and property values
 - Reduced journey time to education and training
 - Impacts of association with the Crossrail brand
 - Decreased in congestion at other locations and on other forms of transport.
 - Opening up a northern entrance to Portobello Road Market
- It is important to acknowledge that, for these benefits to be maximised and localised, a concerted programme of supporting activity should be considered by partners.

The Proposed Station

1.3 Over the last 18 months Royal Borough of Kensington and Chelsea has been actively pursuing the possibility of locating an additional station at Kensal. This station would be a 'Turn back' station in the north part of the borough near to the boundaries with LB Brent, City of Westminster and LB Hammersmith and Fulham.

Location of the potential Crossrail station in North Kensington



● Economic Impact of Proposed Crossrail Station in North Kensington ●

1.6 As the economic impact assessment shows, the benefits derived from the delivery of the station would accrue in all of the hinterland boroughs and not just Kensington and Chelsea.

Socio Economic Baseline Data

1.7 To enable socio-economic analysis, a hinterland area around the proposed station has been defined. This hinterland area comprises a number of administrative wards⁴ which best fit the 1 mile hinterland area displayed in the map above. Socio-economic analysis is aided throughout through the use of the following system of colour coding:

| | |
|--|--|
| | Positive performance relative to the London Benchmark |
| | Average performance relative to the London Benchmark |
| | Negative performance relative to the London Benchmark |

Royal Borough of Kensington and Chelsea

1.8 In the last 3 years there have been declines in the number of business and jobs in RBKC of 2.2% (close to the London average) and 4.5% (higher than the London average) respectively. The economic activity rate of local residents has also fallen by 4.6 percentage points in recent years – a larger decline than average across London as a whole. As a result, the overall economic activity rate now stands at 66.5% - again, a lower figure than is average across London. Despite this, performance in respect of other labour market indicators has remained relatively strong. Unemployment in the borough remains lower than the London average and has declined to a certain extent in recent years.

1.9 Skills levels in the Borough also remain strong, with a very low level of residents with no qualifications and a high proportion of residents with higher level qualifications. The Borough’s position in respect of both of these indicators has also improved over the past few years. Despite a small decline in average earnings of residents, these continue to be significantly higher than the London average. Average earnings for those working in the Borough have also continued to increase at a level above average. The Borough’s position in terms of deprivation has remained largely unchanged in relation to other areas in recent years.

| Summary of Socio-Economic Performance – RBKC 2011 | | No. / Rate | Change in last 3 years |
|---|--|------------|------------------------|
| Labour Market | Population | 169,500 | -0.9% |
| | Economic Activity Rate, 2010 | 66.5 | -4.6 points |
| | Unemployment Rate, 2010 | 4.2 | -3.0 points |
| | Claimant Count Rate (November 2011) | 2.9 | - 0.1 points |
| Qualifications and Skills | Working age pop with no qualifications, 2011 | 5.4 | -2.5 points |
| | Working age pop with NVQ4+, 2011 | 55.6 | 2.0 points |
| | Average Residence Based Earnings, gross / week (2011) | £910.20 | -2.2% |
| | Average Workplace Based Earnings, gross / week (2011) | £559.40 | 4.1% |

⁴ The hinterland area for Kensal Crossrail Station has been defined to include the following administrative wards – Golborne, Notting Barns, St Charles, College Park and Old Oak, Kensal Green, Queens Park Brent) and Queen's Park (Westminster).

● Economic Impact of Proposed Crossrail Station in North Kensington ●

| | | | |
|---|--|---------|------------|
| Indices of | Rank out of 354 English LA's; 1 =-most deprived | 103 | n/a |
| Multiple Deprivation | Proportion of SOA's in 10% most deprived nationally (2010) | 8.7% | n/a |
| Employment, Business and Enterprise | Employment (2010) | 108,700 | -4.5% |
| | Business Base (2010) | 12,745 | -2.2% |
| | Self Employed (working age), 2011 | 20.2 | 0.6 points |
| Source: BRES; Annual Population Survey; Indices of Multiple Deprivation | | | |

Station Hinterland Area

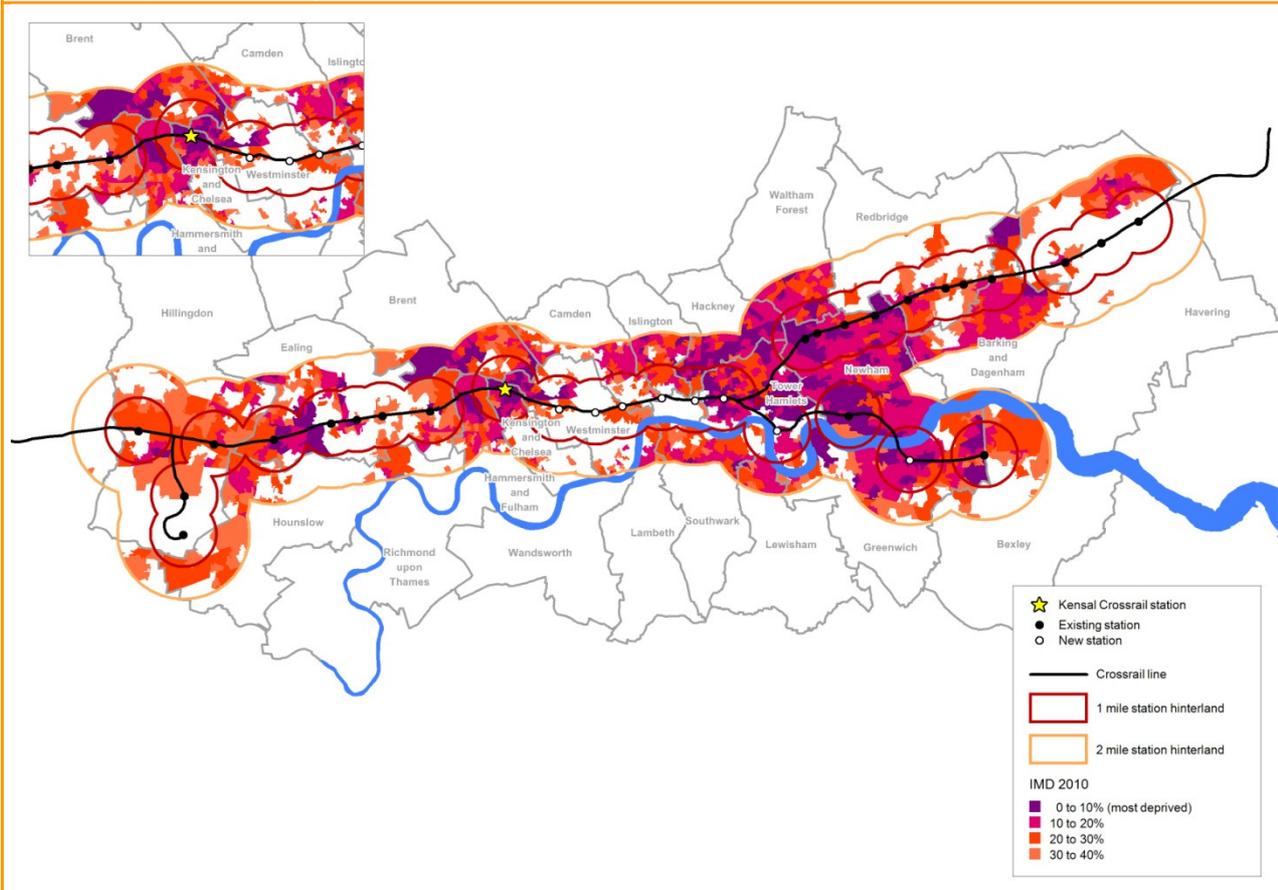
- 1.10 As outlined above, the geography defined as the Crossrail hinterland area incorporates parts of four Boroughs – Kensington & Chelsea, Brent, Westminster and Hammersmith & Fulham.
- 1.11 Kensal Canalside is one of the London Plan's Opportunity Areas. In 2009, the population in the area around the proposed station (roughly the 1 mile hinterland) stood at around 72,600 – one of the most densely populated areas along the Crossrail route. The area also contains significant levels of economic activity – the area contains around 33,800 jobs. A closer look at the local industrial structure reveals that the top three sectors of employment are information and communications (21% of jobs), health and social work (19% of jobs) and wholesale / retail (12% of jobs).
- 1.12 **Despite these characteristics, significant labour market challenges exist in the Kensal area.** In 2011, unemployment in the area was relatively high, with the claimant count rate standing at 6.7%. This rate was higher than the London average and had increased at a higher rate than London average since 2007 (by 2.7 percentage points). The area around the proposed station is also conspicuous by the presence of some severe concentrations of relative multiple deprivation. Many of the localities within the station hinterland area are classified as being within the 10% most deprived localities nationally.

Placing Baseline in Context

- 1.13 The previous work into the regeneration case for a station, produced a number of maps which provided comparison between locations along the Crossrail line. The map showing relative deprivation (according to the 2010 Indices of Multiple Deprivation is outlined below.
- 1.14 The report into the Regeneration Case for Kensal Crossrail concluded that Kensal was the 5th most important station in terms of the opportunity to tackle deprivation (behind Stratford, Custom House, Maryland and Woolwich).

● Economic Impact of Proposed Crossrail Station in North Kensington ●

Relative Deprivation along the Crossrail Line



Regeneris Consulting (2012)

Assessing the Economic Impact

1.15 As part of the ongoing case making, RB Kensington and Chelsea have asked Regeneris to develop a methodology for assessing the economic benefits that may accrue as a result of adding a Crossrail station in North Kensington to the Crossrail Line:

1.16 There are six key classes of impact which make up the assessment:

- **Construction impacts:** jobs created within the construction sector as a result of the expenditure necessary to develop the station and the construction of the homes, offices and social and community infrastructure within the accompanying Masterplan.
- **Catalytic effects on the scale of development in accompanying Masterplan:** the station will significantly enhance the viability of the Kensal Gasworks Masterplan, allowing more homes to be built and more employment floorspace to be delivered than would be the case in the absence of the station.
- **Impacts on local consumer expenditure from residential development:** the influx of new residents to the area will increase demand locally for retail goods and services, leading to enhanced local expenditure and job creation.

● Economic Impact of Proposed Crossrail Station in North Kensington ●

- **Catalytic effects on employment density in wider local area:** the presence of the station will enhance the vibrancy of the area as a business location; paving the way for increases in employment density on existing employment land.
- **Journey time savings:** the station will reduce journey times to Central London for local residents within the catchment area.
- **Impacts on employment accessibility for local residents:** The station will access to jobs in major London employment centres for local residents.

1.17 The impact attributed to each of these is outlined in more detail below. A full description of how these numbers were derived is included in Appendix A.

Construction Impacts

1.18 The construction of the station and associated developments (to the north of the proposed station) will clearly create addition employment for the duration of the construction process. Given that detailed designs for the station have yet to be produced, a figure of £33m has been used to estimate the benefits from building the station, whilst standard measures have been used to develop estimate the costs (and benefits) of development associated with the station.

1.19 It is estimated that the delivery of an additional Crossrail station and the increased quantum of development this will enable will create around 2,800 person years of employment, over and above what would most likely take place without the station. This amounts to **570 additional FTE jobs per annum on average over the construction period**. It is estimated that this employment will equate to a total of **£55 million in GVA** for the local economy over the construction period, compared to what could be delivered without the station.

Delivery of Enhanced Development

1.20 In terms of the size (5.5 ha), the site to the north of the proposed station is the most in one of the most significant regeneration sites in west London. The delivery of a new station will have a profound effect on the scale and quality of development achieved on the site.

1.21 Currently, it is estimated that that without a Crossrail station, it will be feasible to deliver around 700 new dwellings on the site, along with a small amount of office retail and community facilities. Crossrail provides a significant increase in the feasibility and a viability of any development in the vicinity of the station. As a result, the RB Kensington and Chelsea Core Strategy outlines a development scenario which includes 2,500 new dwellings 10,000 sqm of office space and 2,000 sqm of social, community and local shopping facilities.

1.22 The size of this additional development obviously creates significant additional employment in the local area and it the most significant component of the economic case for a new Crossrail station. It is estimated that the larger development will deliver **440 additional FTE jobs** (over and above what we might have expected from the smaller development). This equates to roughly **£300 million in GVA**, which would not have been delivered without a Crossrail Station.

● Economic Impact of Proposed Crossrail Station in North Kensington ●

Increased Local Consumer Expenditure

- 1.23 The increased population and additional footfall created as a result of the development of a new Crossrail Station will bring additional expenditure to the area, creating new jobs.
- 1.24 Using Regeneris' Housing Impact Model⁵, it is estimated that the increase in local expenditure as result of a growing population will amount to around £35 million every year. This in turn will result in the creation of **360 additional FTE jobs** compared to what would be generated without the station, creating **£140 million in GVA** for the local economy.

Local Employment Density

- 1.25 A Crossrail Station will undoubtedly make North Kensington a more popular area for business investment and employment. This will lead to the expansion and improvement of local business areas, in particular Kensal Employment Area and upper Portobello Road.
- 1.26 It is estimated that the increase in employment density as a result of increased business expansion and inward investment will be in the region of **150 FTE jobs**. This increase in the quantum and quality of local employment will in turn be worth around **£100 million in GVA** for the local economy.

Improved Journey Times

- 1.27 Fundamental to the case for an additional Crossrail station is improved journey times for a location which is otherwise relatively disconnected from London's rail and underground network.
- 1.28 Transport consultants MVA have previously estimated that the average journey time improvement for local people will be 20 minutes, with 22,000 individuals having access to new job markets. Assuming a maximum of 3,000 boarders in peak times it is estimated (using DfT transport guidance - which suggests benefits equate to £5.40 per hour in 2012 prices) that journey time savings will lead to annual economic benefits of £2.5 million, equivalent to **£140 million in improved economic welfare** for local residents over the life of the station.

Improved access to important labour markets

- 1.29 Linked to improvements in journey times is the enhanced ability of local people to access opportunities at London's key employment locations; particularly Central London and Canary Wharf. Given the current profile of the population within the station hinterland (and particularly the relatively high levels of economic inactivity) it is very important that the station is actively promoted as an important conduit for introducing local people to new labour markets.
- 1.30 Based on transport appraisal guidance and previous assessments of Crossrail's economic

⁵ The housing impact model developed by Regeneris Consulting enables a quantitative estimate of the economic impacts of a development to be made. The model includes assessment of the size of a new population arising from the number of proposed residential units, their annual expenditure within the surrounding area and the number of jobs this will support both directly through spending and via indirect and induced impacts through business supply chains and spend of employees respectively

● Economic Impact of Proposed Crossrail Station in North Kensington ●

impact, it is estimated that of the order of **550 individuals** could move into work as a result of the development of the station. This will result in a range of benefits, including savings to the taxpayer (as a result of decreased expenditure on benefits and employment support, and reduction in NHS spending as a result of improved health of those gaining employment); as well, of course, as earnings for the individuals themselves. Reduced worklessness is also associated with reductions in crime. It is estimated that these direct and indirect benefits will amount to **£9.7 million in GVA and increased economic welfare**.

Summary of Economic Benefits

- 1.31 The impacts of the proposed station are summarised in the table below. The majority of the benefits come in the form of GVA for the local economy, with additional economic welfare benefits in the form of journey time savings and improved health and reduced crime as a result of reductions in worklessness.

| Summary of Economic Benefits of Proposed Crossrail Station in North Kensington | | | | |
|--|--------------|------------|--------------|-----------------------------|
| | FTE Jobs | GVA (£m) | Welfare (£m) | Total GVA plus Welfare (£m) |
| Construction | 570 | 60 | - | 60 |
| Catalytic effects: Wider Masterplan | 340 | 290 | - | 290 |
| Impacts on Consumer Expenditure from Development | 360 | 140 | - | 140 |
| Catalytic effects: Employment Density | 150 | 100 | - | 100 |
| Journey Time Savings | - | - | 90 | 90 |
| Employment Accessibility | 570 | 10 | 1 | 10 |
| Total (inc. construction) | 1,990 | 600 | 90 | 690 |
| Total (exc. construction) | 1,410 | 540 | 90 | 630 |

Source: Regeneris Consulting calculations
Note: GVA and welfare values are expressed in £m 2012 prices, over 60 years, discounted at HM Treasury social discount rate. All figures are net of the Reference Case (without the station). Construction jobs are expressed as an annual average over the construction period.

- 1.32 Whilst the impacts are concentrated on the wider North Kensington area, employment opportunities will be created for residents of neighbouring boroughs (Westminster, Hammersmith and Fulham and Brent). They will be able to access new jobs created in the construction phase and then subsequently within the wider Kensal Gasworks Masterplan development, as well as jobs created as result of wider catalytic effects.
- 1.33 There are also more direct impacts on these neighbouring boroughs. Expenditure by new residents attracted to the area will create new jobs in retail centres located there. Moreover, residents of these neighbouring boroughs will directly benefit from journey time reductions and improvements in access to jobs in Central London, helping to reduce worklessness in these areas.

Potential Additional Benefits

- 1.34 The assessment of economic impact is based upon a number of specific impacts where guidance and experience from elsewhere allows us to monetise the economic impact of the

● Economic Impact of Proposed Crossrail Station in North Kensington ●

proposed station. There are of course other benefits which could be realised as a result of the station and these too may well provide economic benefit. There is an expanding body of evidence which demonstrates some of the less tangible benefits which could be realised in the hinterland of a Crossrail station in North Kensington.

1.35 Based on this, other benefits which could ultimately be realised include:

- **Changes in perception:** The delivery of a [Crossrail station in North Kensington](#) will help to improve the perception of the area as a 'connected' rather than an 'isolated' place. Like Bermondsey, Canada Water and Canning Town (Jubilee Line Extension) and more recently Dalston and Brockley (East London Line) the perception of the area could change significantly as could peoples relationship with the place. In short, Crossrail station could ultimately make Kensal a destination in its own right.
- **Creation of a northern gateway to Portobello Road:** a significant visitor and retail destination in London. As such, in the context of the area, a Crossrail station could provide a new focal point which could ultimately lead to a more cohesive and identifiable location.
- **Land and property values:** Initial evidence suggests that land /property demand and values are already increasing within areas close to some Crossrail stations. There is no reason to expect this to be any different in the case in Kensal given the potential scale of journey time improvements. In considering this impact, it is also important to remember that an increase in land and property prices could also present a challenge in terms of local people potentially being priced out of the local area.
- **Travel to Education:** The core impacts outlined within this report refer to impacts in relation to employment and improved access to labour markets. It is also important to remember that Crossrail will also provide residents with improved access to study and training across London.
- **Impact of the Crossrail Brand:** Crossrail has the potential to operate as a fulcrum for future economic development and regeneration activity in London. Like the Olympics, Crossrail is a brand which is recognised by London's residents and businesses; as such, Crossrail provides a long term opportunity to access a broader beneficiary base than may have otherwise been the case.
- **Decrease in congestion at other locations and on other forms of transport:** Much of London's transport infrastructure operates at capacity for much of the day. A Crossrail station in North Kensington will reduce pressure on stations in the wider hinterland of Kensal. It is reasonable to assume that a Crossrail station would reduce congestion at Ladbrooke Grove (Central Line) and Kensal Green (Bakerloo Line) as well as other stations and local bus services

1.36 The potential benefits above, and the economic benefits quantified within this report will not deliver the maximum local benefit without further partner intervention. As outlined in section 5 of the 'Regeneration Case' document, it is imperative that partners take a strategic approach to realising benefits and area accompany the delivery of any station with a concerted programme of complementary action.

Appendix A - Technical Appendix

1. Here we provide details of the methodology used to estimate the economic impact of the proposed Crossrail station at Kensal.

Typology of Impacts

2. There are six key classes of impact that we have considered in the assessment:
 - **Construction impacts:** jobs created within the construction sector as a result of the expenditure necessary to develop the station (currently estimated at £33 million) and the construction of the homes, offices and social and community infrastructure within the accompanying Masterplan.
 - **Catalytic effects on the scale of development in accompanying Masterplan:** the station will significantly enhance the viability of the Kensal Gasworks Masterplan, allowing more homes to be built and more employment floorspace to be delivered than would be the case in the absence of the station.
 - **Impacts on local consumer expenditure from residential development:** the influx of new residents to the area will increase demand locally for retail goods and services, leading to enhanced local expenditure and job creation.
 - **Catalytic effects on employment density in wider local area:** the presence of the station will enhance the vibrancy of the area as a business location, paving the way for increases in employment density on existing employment land.
 - **Journey time savings:** the station will reduce journey times to Central London for local residents within the catchment area.
 - **Impacts on employment accessibility for local residents:** a corollary of these journey time reductions is enhanced access to jobs in major London employment centres for local residents.

Methodology

3. The model assesses the impacts of two scenarios: with the station and without the station.

Construction Impacts

4. The approach used has been to estimate the construction jobs arising from the expenditure associated with the construction of the station itself and the associated Kensal Gasworks Masterplan.
5. The latest estimate of the cost of constructing the station is £33 million. Since the costs of the wider Masterplan are as yet unknown, these have been estimated using data from Spons Architects and Builders Price Book 2012, which sets out benchmarks for construction costs per square metre for different types of land use. These unit costs have been applied to the floorspace figures for the Masterplan in the with and without station scenarios (see *Catalytic*

● Economic Impact of Proposed Crossrail Station in North Kensington ●

effects: *Accompanying Masterplan* below), with an allocation for preliminaries and externals sourced from EC Harris.⁶

6. Construction jobs have then been estimated using the latest CLG/Offpat guidance on construction output per FTE worker.

Catalytic Effects: Accompanying Masterplan

7. The RBKC Core Strategy⁷ sets out the indicative allocations within the Station Masterplan, as follows:
 - 2,500 new dwellings
 - 10,000 sq metres of offices or other B1 uses
 - In excess of 2,000 sq m of non-residential floorspace, including social and community and local shopping facilities
 - A redeveloped Sainsbury's store.
8. We have assumed that of the 2,000 sq m of non-residential floorspace, 500 sq m is for local shopping facilities and the remainder would accommodate a school and a community centre.
9. RBKC estimates that without the station, a total of c.700 new dwellings will be feasible, that is, 28% of the number of homes that would be delivered if the station development went ahead. We have assumed that without the station, a total of 5,000 sq m of office space and 1,000 sq m of social and community facilities would be developed, that is, half the development would be feasible (with a 500 sq m school, 250 sq m of local shopping space and a 250 sq m community centre). Further, without the catalytic effect of the station on development, these uses would be developed two years later. We have assumed that the Sainsbury's redevelopment would go ahead on the same scale in both scenarios. No retail job creation impacts have been included in order to avoid double counting with local consumer expenditure impacts (see *Impacts on Local Consumer Expenditure from Residential Development* below).
10. Floorspace quantum has been converted to on site jobs using HCA's latest Guidance on Employment Densities (10 sq m per FTE for offices). These have been converted to GVA using GVA per employee for the UK in Sections J-N of the 2007 Standard Industrial Classification (SIC), sourced from the ONS Annual Business Survey, uprated to London values using the London: UK ratio of average earnings in these sectors (sourced from ASHE).
11. It is assumed that in both scenarios it will take three years following construction for the units to be fully occupied. Impacts are assumed to persist for 10 years, in line with CLG Guidance.⁸

⁶ EC Harris (2006) Indicative Building Costs

⁷ RBKC Core Strategy, Adopted 8th December 2010.

⁸ CLG, *Valuing the Benefits of Regeneration*, December 2010.

Impacts on Local Consumer Expenditure from Residential Development

12. The new homes developed as part of the wider Masterplan for Kensal will bring in new residents to the area who will spend some of their income in retail outlets locally, supporting new jobs. To estimate the level of expenditure and the associated jobs supported by this, we have used Regeneris Consulting's Housing Impact Model. Using the expectations on the type of housing and the tenure split, the model estimates the total number of new residents that will be housed in the development, by income decile. It then draws on national statistics on household expenditure to estimate the total expenditure of these residents, the sectoral pattern of this expenditure and the resultant job creation impacts.
13. It is assumed in both scenarios that 50% of the new homes will be affordable housing. Assumptions on the size of dwelling have been informed by the latest Kensington and Chelsea Strategic Housing Market Assessment.⁹ This has also provided benchmark data on rental levels and selling prices. For the private housing, the assumed tenure split between owner occupied and rented has been informed by data from the Annual Population Survey Household Dataset. The housing split is set out below.

| Table 1-1: Breakdown of New Housing Under each Scenario | | |
|--|---------------------|------------------------|
| | With Station | Without Station |
| Social | 1,062 | 298 |
| Intermediate | 188 | 53 |
| Private, of which: | 1,250 | 350 |
| - 1 bed | 0 | 0 |
| - 2 bed | 275 | 77 |
| - 3 bed | 538 | 151 |
| - 4 bed | 438 | 123 |
| Total | 2,500 | 700 |

14. The spatial pattern of the resulting expenditure has been estimated using data from the latest Retail Needs Assessment for the area,¹⁰ which maps out the shopping patterns of residents of North Kensington (see Table 1-2 below).

⁹ Royal Borough of Kensington and Chelsea Strategic Housing Market Assessment, November 2009.

¹⁰ Nathaniel Lichfield and Partners, Royal Borough of Kensington and Chelsea Retail Needs Study, July 2008.

● Economic Impact of Proposed Crossrail Station in North Kensington ●

| | Convenience Goods | Comparison Goods |
|------------------------|--------------------------|-------------------------|
| Kensington North | 66% | 39% |
| Kensington and Chelsea | 79% | 47% |
| Brent | 2% | 5% |
| Westminster | 2% | 25% |
| Hammersmith and Fulham | 4% | 12% |
| Other | 10% | 11% |

Catalytic Effects: Employment Density in Wider Local Area

15. The presence of the station will have wider catalytic effects on the local area. In addition to unlocking the viability of further development within the Masterplan, by enhancing the connectivity of the area and the vibrancy of the area as a business location, there is potential for the employment density on existing employment land to increase. This is a result of currently vacant units filling up over time and other units becoming more intensively used.
16. An assessment has been made of the current office employment density in the area, using data sourced from the RBKC’s business database and Valuation Office Agency data on floorspace by broad use class. The focus is on office uses only, in order to avoid any double counting with the retail jobs from local residents’ expenditure already estimated. This office employment density in Kensal has been compared to that of RBKC as a whole.
17. This data suggests that office employment density stands at 10.3 square metres per FTE job in Kensal compared to 8.9 square metres per FTE in RBKC. This implies that if Kensal office employment density were to rise to that of RBKC, an additional 494 office jobs would be able to be accommodated within Kensal’s existing office space. Our conservative estimate is that the presence of the station could lead to this gap closing by 30%, hence an additional c.150 FTEs could be accommodated.
18. These jobs have been valued using GVA per employee for the UK in Sections J-N of the 2007 Standard Industrial Classification (SIC), sourced from the ONS Annual Business Survey, uprated to London values using the London: UK ratio of average earnings in these sectors (sourced from ASHE).

Impacts on Journey Time Savings

19. The station will reduce journey times to Central London for local residents. MVA has undertaken transport modelling and quantified these journey time savings. This found that the average journey time saving would be 20 minutes and that a total of 22,000 people have access to key job markets.¹¹
20. The station capacity in the morning peak is 3,000 boarders. This has been used as an upper bound to estimate the annual commuter journey time savings. This has then been valued using DfT Transport Appraisal Guidance on the value of commuting time (£5.40 per hour, in 2012 prices).¹²

¹¹ MVA Consultancy (July 2011) *Kensal Crossrail Station: An Opportunity to bring benefits to West London*.

¹² Department for Transport, *WebTAG Unit 3.5.6: Values of Time and Operating Costs*

● Economic Impact of Proposed Crossrail Station in North Kensington ●

21. In addition to this there are business benefits from time savings associated with business trips made in working hours as well as time savings made in leisure time. These have not been quantified due to a lack of available transport modelling data.

Impacts on Employment Accessibility

22. A corollary of these journey time savings is increased access to employment opportunities for local residents residing in the catchment area. We have followed the approach used by Colin Buchanan in estimating the route-wide regeneration impacts of Crossrail in its totality.¹³ The labour market profile of residents within a 1km radius of the proposed station at Kensal has been mapped using Mid Year Population Estimates and data on benefit claimants – see Table 1-3: Labour Market Profile, 1km Hinterland from Proposed Station, Borough.

| | 1 km hinterland | | Kensington & Chelsea | | Westminster | | Brent | | London |
|--|-----------------|-------------|----------------------|-------------|---------------|-------------|--------------|-------------|-------------|
| | No. | % of W.A.P. | No. | % of W.A.P. | No. | % of W.A.P. | No. | % of W.A.P. | % of W.A.P. |
| Total Population | 41,027 | - | 22,630 | - | 13,706 | - | 4,691 | - | - |
| Working Age Population (W.A.P.) | 27,239 | - | 14,256 | - | 9,685 | - | 3,298 | - | - |
| JSA claimants | 1,670 | 6% | 925 | 6% | 610 | 6% | 175 | 5% | 4% |
| ESA and incapacity benefits | 3,125 | 11% | 1,790 | 13% | 1,165 | 12% | 245 | 7% | 6% |
| Lone parents | 780 | 3% | 410 | 3% | 320 | 3% | 70 | 2% | 2% |
| Carers | 395 | 1% | 200 | 1% | 170 | 2% | 30 | 1% | 1% |
| Others on income related benefits | 230 | 1% | 140 | 1% | 80 | 1% | 15 | 0% | 0% |
| Disabled | 235 | 1% | 110 | 1% | 110 | 1% | 30 | 1% | 1% |
| Bereaved | 25 | 0% | 15 | 0% | 10 | 0% | 0 | 0% | 0% |
| Unknown | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | |
| Total Claimants | 6,460 | 24% | 3,590 | 25% | 2,465 | 25% | 565 | 17% | 15% |

Source: ONS Midyear Population Estimates and DWP Benefit Claimants

23. Following the Colin Buchanan work and DfT guidance it is assumed that increased access to employment opportunities through a reduction in generalised commuting costs induces more people to enter the labour market. The Colin Buchanan work assumes that as a result of Crossrail the economic activity rate in regeneration areas within a 1km radius of the Crossrail stations rises to the rate in non-regeneration areas in the same zone, hence creating an additional pool of potential workers. This leads to an additional 28,300 workers along the line. It is then estimated that 14,000 of these unemployed and economically inactive residents could enter employment, i.e. c50% of the additional potential workers.¹⁴
24. Our approach has been to look separately at the unemployed JSA claimants and those claiming other benefits (a proxy for economic inactivity) and to take a conservative approach to estimating the proportion that could move into employment:

¹³ Colin Buchanan (2005) *Crossrail: Socio-economic Technical Report, Section 6.*

¹⁴ Colin Buchanan (2005) *Crossrail: Socio-economic Technical Report, p88.*

● Economic Impact of Proposed Crossrail Station in North Kensington ●

- If the JSA claimant rate fell to the London-wide rate in all boroughs within the 1km station hinterland, an additional 460 people would move into work. We have assumed that 33% of this can be achieved, that is, that 150 additional people could move into work.
 - If the claimant rate for all other claimants fell to the London-wide rate, there would be an additional 1,900 people available for work. We judge that 20% of these are able to gain work, implying an additional 400 people moving into work.
25. Therefore, the total effect could be 550 people moving into work as a result of the effects of the station on accessibility. To put this into context, this compares to the peak morning capacity of 3,000 boarders.
26. In line with CLG Guidance, these additional jobs have been valued using the average earnings of a JSA claimant moving into work, uprated to London earnings. (£16,700, 2012 prices). There are additional social benefits arising from this reduction in worklessness, in the form of health improvements and reductions in crime. These have been valued using shadow prices for improved health and reduced property crime (£550 and £1,630 per person moving into employment, respectively, in 2012 prices). CLG guidance recommends a one year persistence rate is used.

Appraisal Assumptions

Impact Areas

27. The assessment covers the following impact areas:
- Kensington and Chelsea
 - Hammersmith and Fulham
 - Brent
 - Westminster
28. The majority of the impact is concentrated in the Kensal area, but the spatial location of the impacts varies with the type of impact being considered. We have summarised this in the table below.

| Spatial Location of Impacts by Type of Impact | |
|--|---|
| Type of Impact | Location of Impact |
| Construction | <ul style="list-style-type: none"> • Jobs concentrated in Kensal area, with employment opportunities for residents of neighbouring boroughs. |
| Catalytic effects: Wider Masterplan | <ul style="list-style-type: none"> • Jobs concentrated in Kensal area, with employment opportunities for residents of neighbouring boroughs. |
| Impacts on Consumer Expenditure from Development | <ul style="list-style-type: none"> • Jobs created within all impact boroughs (based on travel to shop patterns). |
| Catalytic effects: Employment Density | <ul style="list-style-type: none"> • Jobs concentrated in Kensal area, with employment opportunities for residents of neighbouring boroughs. |
| Journey Time Savings | <ul style="list-style-type: none"> • Impacts for Kensington and Chelsea, Westminster and Brent (1km hinterland) |
| Employment Accessibility | <ul style="list-style-type: none"> • Impacts for Kensington and Chelsea, Westminster and Brent (1km hinterland). |

Units of Measurement

29. Three units of measurement have been used to quantify the impact:
- **Employment:** the number of Full Time Equivalent¹⁵ jobs created within the impact areas.
 - **Gross Value Added (GVA):** the GVA associated with this employment. GVA is a key measure of wealth creation, measured at the level of the firm as the difference between turnover and the value of bought in goods and services. This value is distributed to owners as profits and to employees as wages and salaries.
 - **Welfare:** these are wider benefits that are not captured by the value of market transactions but can be quantified using established economic appraisal methods. This includes the economic value of journey time savings for commuters, the value of health improvements and the avoided cost of property crime arising from reductions in worklessness.
30. The assessment does not examine the value for money offered by the scheme, since the operating and maintenance costs of the station are not known.

Appraisal Period

31. In line with DfT Webtag guidance and the wider work on the economic benefits of Crossrail, impacts are measured over a 60 year appraisal period, covering the period 2012-2071. All impacts are expressed in 2012/13 prices. Annual values are adjusted to take account of
- Annual productivity growth at 1.75 p.a.
 - Social time preference: a discount rate of 3.5% p.a. has been used for years 1-30 (2012-2042) and 3% p.a. has been used for years 31-60 (2043-2071).
32. Within this 60 year period, persistence factors have been applied to the impacts, as follows:
- In line with CLG guidance on valuing regeneration impacts, jobs have been assumed to persist for 10 years for catalytic effects on development (within the Masterplan and wider area) and impacts from local consumer expenditure.
 - Journey time savings persist over the full appraisal period.
 - Benefits from employment accessibility persist for one year only, in line with CLG guidance.

¹⁵ This allows us to express full- and part-time job numbers in a common currency, where 1 Part Time Job = 0.5 Full Time jobs.



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