



# **NHF Local Economic Impacts Calculator (LEIC): User Guide**

March 2020

**Cebr**

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# 1 Introduction

This is a guide to users of the Local Economic Impacts Calculator (LEIC) that Cebr first constructed in 2013 on behalf of the National Housing Federation.

The point of the LEIC is to allow users (NHF housing association members) to estimate the economic impacts of their:

- a investments in new affordable housing; and
- b day-to-day activities in managing their existing stocks of housing.

Originally, the database provided impacts at the regional, national and UK level. In 2014, the model was innovated to include a tool that could be used to estimate these impacts at the local authority (LA) and local enterprise partnership (LEP) level.

The LEIC produces impacts at the LA level that are derived on the basis of the HA user's estimates of the proportion of the different elements of their supply chain that are provided by people or businesses located within the LA or LEP. The higher the percentage of housing investment, for example, that is supported by local goods and services, the greater the likelihood that the multiplier impacts of this investment will be realised within the locality. But it is important to note that goods and services that are not supplied within the local economy are likely to be supplied from other local authority areas, generating multiplier impacts in other parts of the UK.

The 2016 update of the LEIC built in the ability to estimate impacts at the Combined Authority (CA) level. Five CAs were incorporated in 2016. The 2017 update incorporated a further four CAs, including two options for the West Midlands CA – one including constituent LAs only and one including constituents and non-constituents (candidates for inclusion).

The May 2018 refresh of the database was updated to incorporate changes in the make-up of the combined authorities, including the removal of the North East CA and the addition of the new North of Tyne CA and changes in the local authority compositions of some of the others. It also reflected the merging of Northamptonshire LEP with South East Midlands LEP to create the "NEW South East Midlands LEP" featured in the 2018 LEIC.

The April 2019 iteration incorporated minor changes, principally the inclusion of five new Local Authorities within the Sheffield City Region CA and the name change for the Shepway LAD to Folkestone & Hythe. This latter change was then fully embedded into this year's update. The 2019 update to the LEIC also continued to incorporate the 2018 migration to Cebr's updated input-output models. Up to then, these models and the estimates of the multiplier impacts they produce, were based on 2010 ONS input-output data. The new models are based on 2013 input-output data.

The principal structural change reflected in this March 2020 update is the creation of five new Unitary Authorities. These are East Suffolk (previously Suffolk Coastal and Waveney); West Suffolk (previously Forest Heath and St. Edmundsbury); Bournemouth, Christchurch & Poole (previously three separate local authorities); Dorset Council (previously East Dorset, North Dorset, Purbeck, Weymouth & Portland and West Dorset) and Somerset West & Taunton (previously Taunton Deane and West Somerset). The new Unitary Authorities have been fully incorporated into Worksheets 3 and 4 and partially incorporated into Worksheet 5. As the raw datasets become consistent these changes will also be fully incorporated into this worksheet.

## 2 Structure of the database

The LEIC consists of six worksheets. These are outlined as follows:

- 1 Database information:** containing high-level details of the history of the LEIC and its purpose.
- 2 Glossary of data:** featuring definitions of the economic, socioeconomic and housing-related indicators that feature in the LEIC.
- 3 Impacts of affordable homes investments:** allowing users to estimate the economic impacts of affordable housing schemes that they plan to invest in. Impacts are produced at the level of local authority districts (LADs), local enterprise partnerships (LEPs), combined authorities (CAs), government office regions (GORs) and for each of England and the UK as a whole.
- 4 Impact of housing associations:** allowing users to estimate the economic impacts of their day-to-day housing association activities required to manage and maintain their existing affordable housing stocks. Again, the LEIC produces impacts at the level of LADs, LEPs, CAs, GORs and for each of England and the UK as a whole.
- 5 Area profiles:** providing a wide range of economic, socioeconomic and housing-related data. It includes a mapping of the economic 'footprint' of all HA day-to-day activities, as well as affordable homes investment activities within a particular LAD, LEP, CA or GOR.
- 6 Detailed product categories:** this is designed to assist LEIC users of worksheets 3 and 4. If users have a supply chain line item that they are not sure about how to treat within the categories into which supply chain expenditures can be broken down in worksheets 3 and 4, they can identify their expenditure stream with a code and description from worksheet 6. It can then be established which of the categories in worksheets 3 and 4 should be used.

Behind these sheets sit over 80 worksheets of detailed data and calculations that support the three key user sheets (worksheets 3, 4 and 5). The following sections provide a guide to the use of each of these key worksheets.



of the extent to which the wider multiplier impacts of the HA's affordable housing scheme remain in the LA, LEP or CA economy. Supplies sourced from outside mean the impacts in the LA, LEP or CA itself will be diluted through leakage to other LAs, LEPs or CAs.

- **LA composition of CAs and LEPs:** the cells on the right of Figure 1 show the local authority composition of chosen CAs or LEPs, when either is chosen as the geographic scope of a LEIC user's assessment.

Figure 2 illustrates the modelled outputs. The relevant geographies for the assessment being carried out by the user are confirmed in the first four rows visible in Figure 2. If users have not specified the breakdown between construction and on-costs, on one hand, and land costs on the other, estimates are provided by the database.

The core outputs are the direct impacts and the total impacts tables. Direct impacts are only presented for the local authority and the relevant region. They are the same across the board, so there is no need to repeat for England and the UK. The total impacts include the indirect and induced multiplier impacts associated with investments in affordable homes. The LA-level impacts are driven by what the user has inputted for products sourced within the LA (or the LEP or CA when either is the chosen geography).

Figure 2: Worksheet 3 – modelled outputs on economic impact of new affordable homes investment

MODELLED OUTPUTS				
Local authority (if applicable)	Not applicable			
Local Enterprise Partnership (if applicable)	Coast to Capital LEP			
Combined authority (if applicable)	N/A			
Region	South East			
Estimated Construction + on costs	789,700			
Estimated land costs	210,300			
Direct impacts				
	Coast to Capital LEP	South East		
Gross value added (GVA) (£)	324,282	324,282		
Gross employee earnings (£)	182,581	182,581		
Jobs (annual)	5	5		
Total impacts				
	Coast to Capital LEP	South East	England	UK
Gross value added (GVA) (£)	360,338	720,675	750,386	764,688
Gross employee earnings (£)	200,234	400,468	415,029	422,106
Jobs (annual)	6	12	13	13

Source: LEIC

The total impacts for the region are driven by the regional multipliers, as detailed in the Methodology Statement supporting the LEIC. Similarly for total impacts in England, which are driven by the estimates of the multipliers associated with affordable homes investments in England, as calculated through our regional input-output models and, again, detailed in the Methodology Statement. The UK-level total impacts are driven by the estimated multiplier for the UK as a whole, as calculated through our UK input-output models.

Direct and total impacts are estimated for three indicators: gross value added (GVA), employee incomes and jobs (for a year).

## 4 Worksheet 4: Economic impacts of Housing Associations' day-to-day activities

This section provides a guide for users of Worksheet 4: Impact of Housing Associations in the LEIC. This allows LEIC users to estimate the economic impacts of their day-to-day activities in managing their existing stock of affordable housing.

Figure 3 shows the user inputs interface of Worksheet 4 for estimating the economic impacts of housing associations and the economic activities involved in renting out, managing and maintaining their existing stocks of affordable housing.

Figure 3: Worksheet 4 – user input interface for estimating impacts of a HA's day-to-day activities

Source: LEIC

To estimate economic impacts, users are required to provide some or all of the following information:

- **Input method** – users are required to specify whether they are inputting the total turnover of their HA (“Turnover”) or the number of homes under the HA’s ownership and/or management (“Number of homes”).
- **Turnover (£)** – if the input method is “Turnover”, users are required to enter the £ value of the turnover of their housing association.
- **Number of homes** – if the input method is “Number of homes”, users are required to enter the number of homes under the ownership and/or management of their housing association.
- **Geography** – users can choose the scope of the area in which they wish to measure the economic impacts of their HA’s day-to-day activities. It is possible to choose local authority, LEP, Government Office Region or Combined Authority (if applicable).
- **Products sourced within LA, LEP or CA** – when LA, LEP or CA is selected for the geographic scope of the assessment, users can specify information related to the supply chains that support their HA’s day-to-day activities. Users can either provide this as an overall percentage of the goods and services sourced within the LA, LEP or CA economy, or can enter individual amounts for six broad categories of input. (More detailed information on what each of these six categories include can be found in Worksheet 6: Detailed Product Categories.) The extent to which supplies are sourced from within the LA, LEP or CA area is a key driver of the extent to which the wider multiplier impacts of the scheme

remain in the LA, LEP or CA economy. Supplies sourced from outside mean the impacts in the LA, LEP or CA itself will be diluted through leakage to other LAs, LEPs or CAs.

Figure 4 illustrates the modelled outputs in Worksheet 4. The relevant geographies for the assessment being carried out by the user are confirmed in the first three rows visible in Figure 4. If users have chosen “Number of homes” as the input method in the user inputs interface, the LEIC provides an estimate of the corresponding turnover of the HA managing those homes.

The core outputs are the direct impacts and the total impacts tables. Direct impacts are only presented for the local authority and the relevant region. They are the same across the board, so there is no need to repeat for England and the UK. The total impacts include the indirect and induced multiplier impacts associated with the HA’s day-to-day activities. The LA-level impacts are driven by what the user has inputted for products sourced within the LA (or LEP or CA when those geographies are chosen for the geographic scope of the assessment).

Figure 4: Worksheet 4 – modelled outputs on economic impact of housing association day-to-day activities

MODELLED OUTPUTS				
Local Enterprise Partnership (if applicable)	Dorset LEP			
Combined Authority (if applicable)	-			
Region	South West			
Estimated turnover (£)	707,886			
<b>DIRECT IMPACTS</b>	<b>Bournemouth, Christchurch &amp; Poole</b>	<b>South West</b>		
Gross value added (GVA) (£)	307,287	307,287		
Employee income (£)	170,942	170,942		
Jobs	4	4		
<b>TOTAL IMPACTS</b>	<b>Bournemouth, Christchurch &amp; Poole</b>	<b>South West</b>	<b>England</b>	<b>UK</b>
Gross value added (GVA) (£)	521,213	694,951	760,944	784,364
Employee income (£)	279,579	372,771	409,325	422,867
Jobs	7	9	10	10

Source: LEIC

The total impacts for the region are driven by the regional multipliers, as detailed in the Methodology Statement supporting the LEIC. Similarly for total impacts in England, which are driven by the estimates of the multipliers associated with the day-to-day activities of HAs in England, as calculated through our regional input-output models and detailed in the Methodology Statement. The UK-level total impacts are driven by the estimated multiplier for the UK as a whole, as calculated through our UK input-output models.

Direct and total impacts are estimated for three indicators: gross value added (GVA), employee incomes and jobs.

## 5 Worksheet 5: Area profiles

This section provides a guide for users of Worksheet 5: Area Profiles in the LEIC. This allows LEIC users to examine the activities and economic impacts of all housing associations within a chosen geographic area. The sheet provides a basis for LEIC users to place their outputs from Worksheet 3 or 4 within a wider context of the housing market and economy of the geographic area in which they operate – be that the local authority, local enterprise partnership, combined authority or government office region.

Figure 5 shows the user inputs interface of Worksheet 5.

Figure 5: Worksheet 5 – Area profiles

USER INPUTS	
1. Examine by:	Local authority
2. Area	Folkestone and Hythe
3. Year of interest	2019

Source: LEIC

To review the profile of an area, users are required to make some simple choices:

- **Examine by** – users can choose the scope of the area they wish to examine – be that LA, LEP, CA (if applicable) or GOR.
- **Area** – once the scope of the area is chosen, users just need to choose the specific LA, LEP, CA or GOR that they would like to examine.
- **Year of interest** – the LEIC predominantly includes information dating from 2010 (and in some cases back to 2007) to 2019 or 2020 and users can choose the year of interest.

Figure 6 illustrates the first set of modelled outputs in Worksheet 5. This includes indicators for the chosen geography, as well as all for the broader geographic area in which it sits. In the illustration, the chosen geography is LA and the specific choice of LA is Barnsley. Indicators are thus provided for the Barnsley LA, the Leeds City Region LEP, the Sheffield City Region CA, Yorkshire and The Humber region and England as a whole. The indicators include total turnover of all HAs in the relevant geographic area and likewise for employment, housing stock and indicative value of the housing stock.

Figure 6: Worksheet 5 – outputs – Housing Association Activity

HOUSING ASSOCIATION ACTIVITY					
	Folkestone and Hythe	South East LEP	South East	-	England
GSS codes	E07000112	E37000030	E12000008	-	E92000001
Estimated turnover (£)	19,348,541	1,165,333,663	3,170,268,652	-	18,523,356,924
<i>Source: global accounts estimates</i>					
PRP employment (employees)	129	7,333	18,483	-	131,998
<i>Source: PRP employment data from NHF</i>					
Quantity of PRP housing stock	2,239	149,055	415,516	-	2,741,601
<i>Source: SDR data</i>					
Indicative value of PRP housing stock (£)	633,719,843	57,091,195,155	159,151,353,836	-	819,327,458,850
<i>(based on average house price from land registry)</i>					
<i>Note that PRP property may be valued differently to other residential property. Therefore the estimated valuations are indicative only.</i>					

Source: LEIC

Figure 7 illustrates the second set of outputs produced by Worksheet 5. This includes estimates of the economic impacts of the day-to-day activities of all housing associations in the relevant GOR, in England as a whole and in the UK as a whole. The GOR for which the outputs are provided corresponds with the user's choice of area (as in Figure 5 above).

Figure 7: Worksheet 5 – outputs – Economic impacts of housing association day-to-day activities

ECONOMIC IMPACTS OF HOUSING ASSOCIATIONS' DAY-TO-DAY ACTIVITIES			
DIRECT IMPACTS		South East	
Gross value added (GVA) (£)		1,376,185,279	
Employee income (£)		765,566,057	
Jobs		18,483	
TOTAL IMPACTS (INCL. MULTIPLIERS)		South East	England
Gross value added (GVA) (£)		3,222,021,505	3,407,891,279
Employee income (£)		1,728,787,303	1,833,162,350
Jobs		37,918	39,857
			UK
			3,512,777,043
			1,893,811,180
			41,029

Source: All figures are Cebr estimates except direct employees (based on data supplied by HAs to NHF)

Source: LEIC

Figure 8 shows the location statistics provided by LEIC. This includes details of the broader housing stock, average house prices and average house price differentials and labour market indicators like the unemployment rate, average earnings and earnings differentials.

Figure 8: Worksheet 5 – outputs – location statistics

LOCATION STATISTICS					
<b>HOUSING STOCK</b>	Folkestone and Hythe	South East LEP	South East	-	England
Total housing (N/A for 2019)	51,820	1,822,650	3,949,450	-	24,172,440
LA housing (N/A for 2019)	3,380	101,950	177,870	-	1,592,250
PRP housing	2,269	146,276	386,067	-	2,708,355
Private housing (N/A for 2019)	46,160	1,585,570	3,409,250	-	19,997,780
<i>Sources: HA stock is provided by NHF from 2012 onwards, all other data are sourced from MHCLG</i>					
<b>EMPLOYMENT</b>	Folkestone and Hythe	South East LEP	South East	-	England
Unemployment rate	5.1%	4.0%	3.4%	-	4.2%
Total labour force	47,700	2,109,100	4,695,300	-	28,390,200
Total unemployed	2,400	83,700	159,900	-	1,182,800
Total economically inactive	18,000	508,400	1,062,300	-	7,401,800
Total economically inactive discouraged	!	2,000	3,400	-	30,400
Percentage inactive discouraged	!	0.4%	0.3%	!	0.4%
<i>Source: All data are taken from the ONS / NOMIS - Annual Population Survey &amp; Labour Force Survey; some data missing at local level (LAD, LEP, CA)</i>					
<b>EARNINGS</b>	Folkestone and Hythe	South East LEP	South East	-	England and Wales
Average earnings (£)	27,185	28,000	28,000	-	29,686
Percentage difference from national average	-8.4%	-5.7%	-5.7%	-	0%
<i>Source: ONS</i>					
<b>HOUSE PRICES</b>	Folkestone and Hythe	South East LEP	South East	-	England and Wales
Average house price (£)	282,797	N/A for LEPs	379,741	N/A for CAs	296,750
Difference from national average	-4.7%	N/A for LEPs	28.0%	N/A for CAs	0%
<i>Source: Land registry</i>					

Source: LEIC

Figure 9 below illustrates the final set of outputs from Worksheet 5, which includes the £ values of annual investment in affordable homes and the number of affordable home completions. These data are provided at LA level, CA level and GOR level.

Figure 9: Worksheet 5 – outputs – home completions and amounts invested under AHP/SOAHP

Affordable homes construction under NAHP and AHP schemes					
<b>Investment (£)</b>	Folkestone and Hythe		South East	-	England (excl. London)
2014	£ 3,739,051		£ 296,268,780	-	£ 1,058,363,345
2015	£ 7,028,021		£ 623,894,836	-	£ 2,144,973,682
2016	£ 3,218,191		£ 700,463,940	-	£ 2,940,308,452
2017	£ 6,568,669		£ 2,233,482,719	-	£ 7,185,043,395
2018	£ 5,873,508		£ 1,414,320,470	-	£ 4,613,634,451
<b>Home completions</b>	Folkestone and Hythe		South East	-	England (excl. London)
2014	120		8,987	-	40,421
2015	33		3,987	-	16,750
2016	18		4,264	-	22,501
2017	47		11,122	-	44,966
2018	34		6,509	-	26,222
<i>Note that data for London are unavailable</i>					
<i>Data are for financial/fiscal years =&gt; 2014=FY2014-15 etc.</i>					

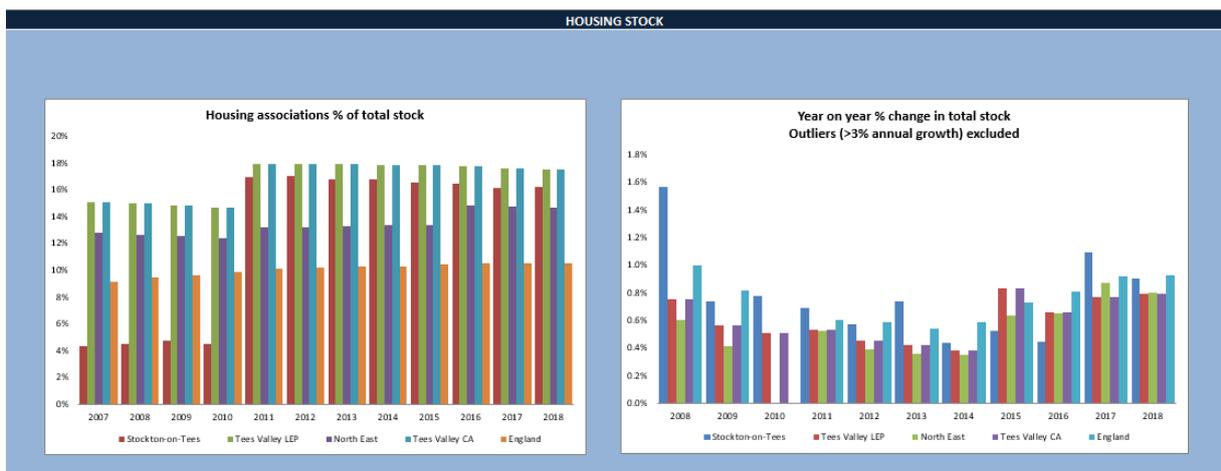
Source: LEIC

Worksheet 5 also provides a set of graphically illustrated time series data for some of the indicators covered in Area Profiles. Samples are provided in Figure 10, Source: LEIC

Figure 11 and Source: LEIC

Figure 12 below.

Figure 10: Worksheet 5 – outputs – graphical illustrations of time series data



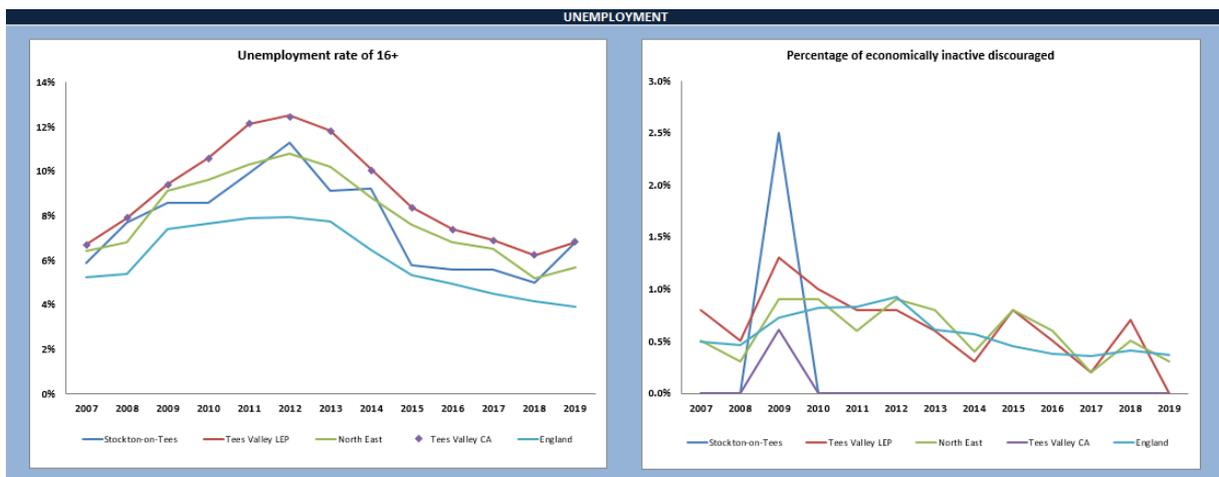
Source: LEIC

Figure 11: Worksheet 5 – outputs – graphical illustrations of time series data



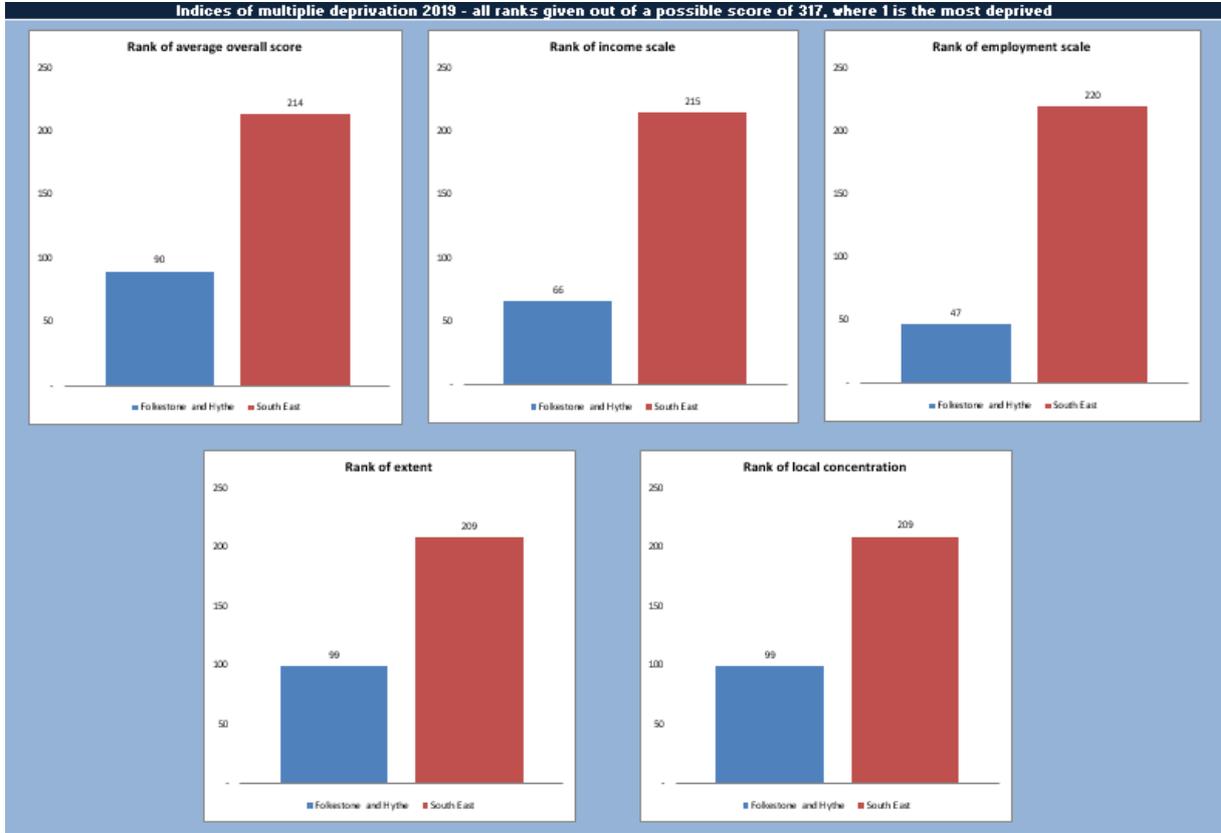
Source: LEIC

Figure 12: Worksheet 5 – outputs – graphical illustrations of time series data



Source: LEIC

Figure 13: Worksheet 5 – outputs – graphical illustrations of time series data



Source: LEIC