

McCarthy and Stone

**Local area economic impact
assessment**

Executive Summary

March 2014

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1 Summary table

Area of economic impact	Average MCS Retirement Living development	Average MCS Assisted Living development
Capital investment	£3.6 million	£4.5 million
Community & employment benefits / yr	£2.23 million one-off £18,900 pa	£2.44 million one-off £180,000pa
Housing stock released	£7.53 million 66% under-occupied	£9.20 million 66% under-occupied
Council Tax	£69,000	£69,000
New Homes Bonus	£343,000	£343,000
Resident spend in local economy / yr	£670,000	£1,234,000
Resident spend in local economy above general needs development / yr	£125,200	£261,300
Health & Social care savings / yr	£1,419 directly attributed £30,000 / person / year when entry to residential care is prevented or delayed	£1.04 million
Social capital / yr	£5,000	£5,000

2 Introduction

This summary presents the results of a study by the Institute of Public Care at Oxford Brookes University of a sample of McCarthy and Stone Retirement Living and Assisted Living Extra Care schemes and interviews with 100 owners across that sample in England, Wales and Scotland. The study aimed to assess the local area economic impact of Retirement Living and Assisted Living Extra Care schemes. It took into account the health and well-being benefits to individual owners and the wider contribution to local communities in terms of investment, employment and other factors.

To summarise, the key findings from the report are:

Health and social care

Total estimated saving in health and social care costs per development (Retirement Living): £1,419 per year directly attributed. £30,000 / person / year when entry to residential care is prevented or delayed

Total estimated saving in health and social care costs per development (Assisted Living): £1.04 million per year

Both Retirement Living and Assisted Living Extra Care schemes facilitate the health and well-being of owners in a variety of ways:

- 80% of owners of Retirement Living and Assisted Living apartments felt more secure in their current home compared with their previous one.
- 71% felt warmer.
- 65% said that they have a better quality of life and felt less socially isolated.
- Visits to the GP and hospital in-patient admissions were lower for owners in the last 12 months compared with the previous 12 months in their old homes, with a slight increase in district nurse visits.
- For a typical scheme of 50 residents, it is estimated that the lower number of GP visits results in a reduction in costs to the NHS £1,419 per annum.
- Assuming 63% of residents of a typical 55 apartment Assisted Living Extra Care scheme would otherwise have needed residential or nursing care¹, this would cost just over £1 million per annum in residential care costs, assuming annual cost of residential care are £30,000 per annum.
- Design-related benefits of Retirement Living and Assisted Living Extra Care schemes enabled people to live without additional help in their own homes, even when they require a mobility aid for moving around outside the scheme.

¹ Annual cost of residential care assumed to be £30,000.

Capital investment

Total capital investment per development (Retirement Living): £3.6 million

Total capital investment per development (Assisted Living): £4.5 million

For the wider community, Retirement Living and Assisted Living Extra Care schemes make significant contributions to the local economy both during the construction stage and the operational stage, providing capital investment and employment in local communities.

- An average Retirement Living scheme generates £3.60 million of expenditure (including labour, materials, fixtures and fittings) through its development and construction stage.
- An average Assisted Living Extra Care schemes generates £4.55 million of expenditure through its development and construction stage.
- The overall impact of the construction stage of Retirement Living developments is estimated to be £8.64 million.
- The overall impact of the construction stage of Assisted Living Extra Care developments is estimated to be £10.92 million.
- Many schemes brought a significant contribution through Section 106 payments to the local area.
- Five schemes brought an average of £343,000 per development in New Homes Bonus monies.
- Schemes frequently involved a degree of site clearance and preparation, often constructed on former retail or industrial sites which help to revive and improve empty sites.
- Assuming homes are valued at current average house prices², residents moving into a typical Retirement Living scheme of 45 apartments will release £7.53 million from the sale of their homes; and residents moving into a typical Assisted Living Extra Care scheme of 55 apartments will release £9.20 million from the sale of their homes.
- Two-thirds (66%) of the owners freed up an under-occupied home. Most owners freed up a family home, with 60% moving from homes with three or more bedrooms. Where the buyer was known, 65 per cent of their homes had been sold to a couple or a family.
- Where known, 42% of previous homes had been repaired or improved since the owners moved to a McCarthy and Stone apartment.

Community benefits

Total value of community benefits per development (Retirement Living): £2.23 million one-off, £87,900 per year including Council Tax

² Land Registry House Price Index, December 2013.

**Total value of community benefits per development (Assisted Living):
£2.44 million one-off, £249,000 per year including Council Tax**

- Much of this investment is spent locally. Construction and other staff contributed to the local economy through their use of local cafes, bakers, other retail outlets, petrol stations, bed and breakfasts, etc.
- Employment of construction workers (including sub-contractors) cost on average: £2.23 million for Retirement Living schemes and £2.44 million for Assisted Living schemes.
- Retirement Living schemes typically employ a dedicated house manager, while Assisted Living Extra Care schemes employ an average of 17 staff including a qualified estates manager, care, catering, cleaning and gardening staff, providing a wide range of local employment opportunities.
- Average annual staffing expenditure in Retirement Living schemes was £18,900; and just under £180,000 in Assisted Living Extra Care schemes, much of which will be spent by staff locally.
- Schemes contributed to the aim of retaining older owner occupiers in their local area by providing them with a wider choice of appropriate accommodation.
- Many owners felt warmer in their McCarthy and Stone apartment, while also finding it cheaper to run – indicating the dual benefits of improved energy efficiency.
- Lower rates of car ownership contributed positively to the environment.
- Living at high densities, owners contributed sizeable sums to local authorities through their council tax payments. The total sum of council tax payments received per scheme averaged nearly £69,000 per annum.

Additional expenditure in the local economy**Total expenditure in the local economy per development (Retirement Living): £670,000 per year, £125,000 more than a general needs housing scheme****Total expenditure in the local economy per development (Assisted Living): £1,234,000 per year, £261,000 more than a general needs housing scheme**

In terms of the local economic impact of Retirement Living and Assisted Living Extra Care schemes, the study found strong evidence of significant additional expenditure, compared to a hypothetical conventional housing development on a similar site. This contributes to the viability and sustainability of local shops and services.

- More than three-quarters (78%) of owners used local shops at least once a week; and around 90 percent used local shops and/or supermarkets more than once a month.
- Other local services were also used regularly by owners, with around a quarter using services such as local taxis, hairdressers, pubs, cafes and restaurants more than once a week.
- In a typical Retirement Living scheme, residents generate annual local spending of over £670k.
- The additionality of residents' spending in a Retirement Living scheme compared with a conventional housing development after allowing for leakage, multiplier effects and (deadweight) is estimated to add over £125,200 a year to the local economy.
- Over the 60 year lifetime of a Retirement Living scheme, the additional local spending is calculated to amount to over £8.598 million which is £3.155 million more than a conventional housing development on a similar sized site.
- In a typical Assisted Living Extra Care scheme, residents generate annual spending of over £1.234 million.
- The additionality of residents' spending in an Assisted Living Extra Care scheme compared with a conventional housing development after allowing for leakage, multiplier effects and deadweight is estimated to add over £261,300 a year to the local economy.
- Over the 60 year lifetime of an Assisted Living Extra Care scheme, the additional local spending is calculated to amount to over £15.294 million which is £6.585 million more than a conventional housing development on a similar sized site.
- In conventional housing developments, a substantial flow of housing expenditure will leave a community through mortgage payments. In comparison, much of the housing spending in a McCarthy and Stone scheme will be on service charges which include salaries of staff, many of whom live locally.

Social capital

Total estimated social capital value per development (Retirement Living): £5,000 per year

Total estimated social capital value per development (Assisted Living): £5,000 per year

Retirement Living and Assisted Living Extra Care schemes provided additional social capital in local communities:

- Over one-third of residents (37%) in the McCarthy and Stone schemes contributed to their local area through their involvement in community activities. Based on hours contributed and valued at minimum wage

rates, per scheme this would be equivalent to an annual contribution of just over £5,000.

- 6% of those interviewed provided significant amounts of informal care to their spouses. It is likely that by moving to more age-suitable housing, some informal carers were able to provide care for longer to their partners, thereby delaying or preventing a move into residential care.
- By providing greater housing choice to owners, specialist housing for older people meets important societal needs as indicated by people's reasons for moving: nearly two-thirds (65%) sought more appropriate housing; 44% wished to feel more secure and 31% to be closer to family members.
- Around two-thirds of owners felt less socially isolated in their McCarthy and Stone apartment compared with their previous home. It is likely that the proportions who feel socially isolated will decrease, as a number of those interviewed were relatively recent arrivals.

Overall, this analysis indicates that both Retirement Living and Assisted Living Extra Care schemes bring substantial benefits to local economies where they are established, while increasing the range of housing choices for older people. For individual owners, there are health and social benefits – some of which are related to the design of housing tailored to the needs of older people. For the wider community, schemes can attract investment, provide employment and social capital, environmental improvements, and free up family housing which can contribute to the health of local housing markets, while generating substantial Council Tax revenues. They provide a valuable means to increase the available housing stock, using sites effectively through their high densities.

The additional expenditure in the local economy generated by both Retirement Living and Assisted Living Extra Care schemes is significant. The figures presented here are conservative estimates, actual spending in local economic areas is likely to be even higher, given the level of use of local shops by owners in the two types of scheme.