Methodology Statement

THE SOCIAL AND ECONOMIC VALUE OF BRITISH LAND'S REALLY LOCAL STORES

1   Introduction

1.1   Quod is an independent, multi-disciplinary consultancy based in London and Leeds. We have built a reputation for being at the cutting edge of planning, development economics, socio-economics and environmental planning. We specialise in identifying and assessing the social and economic impacts of development and aim to adopt a bespoke approach to each project to achieve optimum outcomes for stakeholders.

1.2   This document provides an overview of the methodology used by Quod in assessing the social and economic value of British Land's Really Local Stores. We have considered each metric, as it appears in the report in turn, and provided a description of the methodology that sits behind it.

1.3   Details of all the statistics on the baseline and wider economic context are referenced in the report itself. This document presents the core assumptions with respect to calculations undertaken by Quod.

2   Assessment Methodology

- All figures were annualised where needed for comparison purposes.

- Figures were provided for:

    - a year of data covering 2023/24

    - A five year forecast building in 10% growth rate presented both in 2024 prices and in NPV.

- **Financial Value of business support provided by British Land** – British Land provided Quod with the number of hours volunteered by its staff to support RLS occupiers over the financial year 2023/24. A per hour financial value for this (i.e. the total amount of money these businesses would have had to pay for this service if they purchased it themselves) was based on data from the What Works Centre for Local Economic Growth[1]: inflated by CPI to a current day value.

- **Social Value of business support provided by British Land** was calculated using National TOMs proxies[2]. Quod did not adjust this calculation for deadweight on the basis that deadweight is likely to be negligible for the benefit provided: in light of the type of support provided and the types of businesses supported, British Land considers

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[1] https://whatworksgrowth.org/resource-library/business-advice-toolkit-mentors
[2] National TOMs 2022 (Basic Calculator), Social Value Portal Ltd, socialvalueportal.com, Creative Commons Attribution-NoDerivatives. 4.0 International License (https://creativecommons.org/licenses/by-nd/4.0/).

it unlikely that the RLS occupiers would have received similar free support from elsewhere had it not been provided by British Land.

Both the above figures were projected forward at 2024 prices to identify the value of this support over five years. This figure was not provided as a Net Present Value and is presented in 2024 prices and not adjusted for inflation

- **Total financial value of the benefit to British Land of the RLS occupying units** was calculated by adding the rent, business rates and service charge that was paid by the occupier over the financial year 2023/24 and which would otherwise have been paid by British Land had that unit remained vacant.

- **Total savings for occupiers** was calculated by adding the value of discounted rents and service charges applied to RLS occupiers during the financial year 2023/24. This figure was then projected over five years using net present value (NPV). Net Present Value was calculated using the standard Treasury "Green Book" discount factor of 3.5% pa.

- **Savings for occupiers resulting from British Land support with store fitout etc** have been calculated by applying a metric of £35 of savings per sqft to each RLS or an average of £80,000 per unit. This is based on information provided by British Land on the standard costs for full fitout and an "upcycle" fitout. It was assumed that the type of tenants using this space would generally be working to an "upcycle" fitout rate – and this was the more conservative estimate.

- **The total estimated FTE jobs** supported by RLS occupiers was calculated using survey responses as far as possible. Where job figures were not known for an occupier, an average job per sqft ratio was calculated from units who did provide a survey response and applied to the units to calculate an approximate number of FTE jobs. Regionally specific TOMs proxies[3] were applied to those jobs to estimate the local social and economic value. Deadweight of 39% was applied – assuming that a large minority of these employees would have found jobs without the intervention which is a reasonable assumption considering the type of job and economic context. But it also recognises the balance between the fact that these employees could have been able to find retail jobs elsewhere, with the specialist and relatively unique nature of these jobs within the retail sector (being mostly local makers).

- **Indirect FTE jobs** have been calculated by applying a standard multiplier (0.32) to the direct FTE jobs. Again, regionally specific TOMs proxies have been applied to provide an estimated social and economic value of these jobs and adjusted for deadweight in the same way as for direct FTE.

- **Gross Value Added (GVA)** has been calculated using data from Office for National Statistics (Table 3: Regional GVA (balanced) by industry: local authorities by ITL1

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[3] National TOMs 2022 (Basic Calculator), Social Value Portal Ltd, socialvalueportal.com, Creative Commons Attribution-NoDerivatives. 4.0 International License (https://creativecommons.org/licenses/by-nd/4.0/).

region) to arrive at a GVA per job figure for each region in which the stores are located. This has been applied to estimated direct FTE employment figures. The GVA metrics used include a blend between retail and arts industries given the nature of the RLS occupiers – assuming roughly two thirds of jobs are retail equivalent and one third of jobs are arts equivalent.

- **The proportion of turnover that has the potential to be captured locally** has been calculated based on the findings of the 'Where You Shop Matters' study commissioned by VISA which concluded that for every £10 spent locally, £3.80 stays within the local community.

- All figures were rounded to the nearest 10,000 (for numbers under 1,000,000) or 100,000 for numbers over 1,000,000.