



Eden Local Plan

Options Paper 3 - Employment Provision

This paper introduces a background to how much employment land may be needed in the district, including our preferred option for growth.

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Options Paper 3 - Employment Provision

Why has this paper been produced?

1. This paper sets out options for how much new employment land may be needed in Eden District over the years 2014-31. It looks at options around what these may be. These options are based on the technical evidence available and are not currently based on any policy aspirations. This paper is supported by a more detailed technical paper, which sets out more detail on how the options have been generated.

Note on the Options Papers and how options will be taken forward.

2. At this time three options for the future amount of employment land possibly required have been established. In time, new sections will be added to this paper, which will include the distribution of employment growth and potential sites to be considered for allocation. This is likely to form a fourth option in addition to the three presented in this paper.

Why do we need a plan for looking at new employment provision?

3. There are several reasons:
 - A Local Plan must show how much employment development is likely to occur and how it will plan for it accordingly. This is important in demonstrating what and where is and isn't considered acceptable when the District Council considers planning applications. It also helps provide certainty to landowners, developers and local communities, and promotes economic development and job growth across the district.
 - The overall provision allows us to look at how many employment sites may need allocating, and where.
 - By working out how much employment land we may need helps us with planning the infrastructure requirements to support new development.
 - It's a national policy requirement – paragraph 161 of the National Planning Policy Framework (NPPF) directs that Local Authorities should assess the need for floor space for economic development over the plan period.

What is the current strategy for employment land?

4. Our existing target and method of distribution is set out in our adopted Core Strategy (2010). This recommends 50 hectares of new employment land in the district between the years 2006 and 2025 and directs 60% of new growth to the Main Service Centre of Penrith, 9% to Appleby, 7% to Kirkby Stephen, 4% to Alston, (as Key Service Centres) and 20% to 46 'Local Services Centres'. It restricts growth elsewhere. No land allocations are made, although some remain extant having been identified earlier in the 1996 Local Plan.

Why are we proposing to change the existing strategy?

5. We are now moving to creating a single new Local Plan, and as part of this we are taking the opportunity to look again at how the current strategy is working, and whether it needs to be modified to best serve the needs of Eden. We have therefore re-examined the available evidence on possible employment growth, based on labour supply and demand forecasts and past trends.

Establishing a new target

6. We are seeking to understand how employment in Eden will change over the course of the plan period. The term 'employment development' covers the following industrial uses (planning 'use classes' are shown in brackets):
 - Offices (B1)
 - Light industrial uses (B2)
 - General industrial uses, including warehouses and distribution (B8)
7. Full details of the options for setting an employment land target set out below are contained in the accompanying technical paper. They are summarised below:
 - Option 1: Preferred Option: Supply and Demand Led
 - Option 2: Growth Based on Past Trends
 - Option 3: Retain Core Strategy Target
8. A further 'fourth option' will be developed which will be built from the availability, suitability and attractiveness of potential sites in the district.
9. The three options covered in this paper, in more detail are:

Option 1: Labour supply and demand-led estimates

10. This option is based on projected future requirements. This option plans for likely growth in employment sectors, accounting for changes in the working age population, and uses job projections to project past trends forward over time. Based on the current evidence, **5.7 hectares** of employment land will need to be allocated to meet B1, B2 and B8 uses.
11. This method uses the same 'demand-led' forecasting method as was used in the 2009 Employment Land Study, but using more up to date data, as well as a supply side estimate.

The demand-led estimate

12. There are three stages in determining future market demand, which are:

13. **Step 1** - We take the latest job forecasts for different employment sectors for the district. These were prepared using 2014 Experian data, as provided by Cumbria County Council with the financial assistance of the Cumbria Local Enterprise Partnership. They use both historic economic data and behavioural relationships based on economic theory to establish a target. A net increase of 1,571 jobs are forecast over the period 2014-31.
14. **Step 2** - Levels of self-employment are factored in, using ratios from the 2011 census. This is because the self-employed sector will not often require new floorspace. For example, it is likely that there is a greater level of self-employment in construction compared to manufacturing where the latter usually has very high market entry costs (i.e. cost of capital and greater, more globalised, competition). A ratio covering the self-employed is therefore removed from the figures. However, we then put some self-employees 'back in' on the basis that some may still need some floorspace.
15. **Step 3** – We then translate employment forecasts into an employment land requirement by multiplying the number of employed persons by an estimated number of square metres per employee, depending on employment type. This internal area is then converted to external area to account for car parking, storage, amenities and so on (this is known as the plot ratio). This provides the following results:

Gross Figures	Change 2014-31	Area per employee (M2)	Total floorspace	Plot ratio	Total area m2	Total area (ha) Including Buffer)
Gross Floorspace Needed						
B1 (Net Internal Area)	1,393	12	16,713	0.40	23,398	2.34
B2 (gross Internal Area)	245	36	8,820	0.35	11,907	1.19
B8 (Gross External Area)	46	70	3,220	0.35	4,347	0.43
Total (Gross)	1,684		28,753		39,652	3.97
Net Floorspace Needed						
B1 (Net Internal Area)	1,393	12	16,713	0.40	23,398	2.34
B2 (gross Internal Area)	78	36	2,808	0.35	3,791	0.38
B8 (Gross External Area)	-170	70	-11,900	0.35	-16,065	-1.61
Total (Net)	1,301		7,621		11,124	2.72

16. The net figure for growth reflects projected decreases in B2 and B8 sectors. There are notable losses in the number of jobs in the extraction/mining and transport/storage sectors. Rather than adopt the net figure, we make the assumption that these decreases will not lead to a direct loss in employment land, hence continue to use a gross figure in our calculations.
17. These figures need to be treated with caution, as with any figure based on a projection they rely on past trends continuing. For this reason they are really a ‘do nothing’ scenario – they represent the jobs that may occur if things continue as before and do not take into account any initiatives to promote new growth or any changes in the national or local economy. As such they should be treated as the basis for looking at the minimum of land we need to be looking for, without which we risk jobs going elsewhere.

The supply-led estimate

18. This method uses a ‘supply’ side approach to measure changes in the working age population and considers whether demographic trends could constrain future employment development. It uses population projections based on census data and other sources, with assumptions made on economic participation rates, people with more than one job and commuting trends. This provides the following results (job number changes are shown in the second column)

Gross Figures	Change 2014-31	SE Adjusted	Area per employee (M2)	Total floorspace	Plot ratio	Total area m2	Total area (ha) Including Buffer)
B1 (Net Internal Area)	1,180	1,134	12	13,608	0.40	19,051	1.91
B2 (gross Internal Area)	353	353	36	12,708	0.35	17,156	1.72
B8 (Gross External Area)	492	410	70	28,711	0.35	38,760	3.88
Total (Gross)	2,025			55,027		74,967	7.50

19. The supply led approach is significantly higher than the market demand approach, due to the increases in potential full time employees.

20. Our final figure of 5.7 hectares of land is then derived by taking the mid-point between the gross demand-led figure of 3.97 hectares and the higher supply led figure of 7.50 hectares:

Source	B1	B2	B8	Estimated Need - Gross
Experian Demand Led	2.34	1.19	0.43	3.97
Experian Labour Led	1.91	1.72	3.88	7.5
Combined Approach	2.125	1.455	2.155	5.7

Option 2: Development Linked to Past Trends

21. This scenario has been derived by promoting growth based on completed development to date. This presents an annualised figure for growth equating to 1.19ha per year. If we are to assume that this figure represents a natural rate of growth in Eden, over the next 18 years we could expect around **21.4ha** of new employment development.

22. Past completions are as follows (figures are in square metres):

Total 2006/7 - 2012/13							
	Penrith	Alston	Appleby	Kirkby Stephen	Local Service Centres	Other Areas	Total
B1a (Offices)	9,878	194.0	163.0	37.0	3,519	561.0	14,352
B1b (Research and development)	114.0	0	0	-10.0	58.0	242.0	404.0
B1c (Light industrial)	1,476	0	89.0	247.0	2,973	1,995	6,780
B2 (General Industrial)	4,518	-360.0	-120.0	248.0	414.0	857.0	5,557
B8 (Storage and Distribution)	4,108	-50.0	342.0	248.0	-2146	8,855	11,357
Totals	20,094	-216.0	474.0	770.0	4,818	12,510	38,450

23. When working the above out in terms of land take, we can assume that 40% of land associated with employment is actually floorspace with the remaining 60% car parking, landscaping, servicing etc. Therefore in terms of land used, we can assume a land amount of 9.4ha completed land during 2006/7 – 2012/13.
24. Recent average rates of employment development have been low (5,493 square metres per year). This has been due to a range of factors, with the most significant one over the past few years being the economic recession. It is important however to plan positively for when the economy recovers and this will require making sure that there is enough employment land to meet future needs. If we are to assume that business will continue to grow at the low levels indicated in the completions to date, we could expect an additional 21.4ha over the plan period.
25. In terms of location, over 50% of all completed development has been completed in Penrith. Development in the other towns has been low - Alston and Appleby have actually seen decreases in the amount of employment land over the past 7 years. The rural areas have contributed significantly in the completion of new employment land, which the Local Plan should seek to encourage.

Option 3: Retain the Target in Core Strategy

26. This option presents a baseline to test our other options against. The target of **50ha** was set in the Core Strategy, to be completed between 2010 and 2025. Though the duration of the Local Plan runs for slightly longer (18 years), it is not proposed that this figure be increased to reflect this change. Akin to Option 2, it is not currently possible to define the breakdown of industrial classes within this figure.
27. This option has been provided as it provides a baseline or 'status quo' option. However, this figure remains an aspirational and ambitious figure. Given the rate of past employment completions and job forecasting data we are unlikely to propose to use this figure, as it may lead to over allocation of land and risk investment being diverted from priority sites.

Option 4: Land Supply-led

28. The other way we can examine how much land may be needed and desirable to allocate would be to look at land availability, whether any constraints prevent it from being developed and how attractive it may be to prospective occupiers. By doing so we can build upon our Option 1 figure of 5.7 hectares (our 'do nothing' scenario) and begin to see what may be needed if we pursue a more ambitious growth led strategy. This work is currently in progress.
29. We would also expect that economic recovery will lead to increased opportunities for speculative growth. We have also yet to consider the qualitative implications for growth from potential developments including:
 - The Joint M6 Growth Corridor

- Britain's Energy Coast Initiative

30. The other aspect to look at is whether what's already identified for employment use (through the 1996 Local Plan) remains suitable. At the moment the District has 29.65 hectares of employment, with 22.63 hectares allocated for employment in the 1996 Local Plan but without planning permission. This means in simple terms, there is already almost enough land identified to meet future land requirements over 18 years based on our Option 1 demand-led scenario. However, much of this existing land supply is however made up of sites carried forward from the previous 1996 Eden District Local Plan and has remained undeveloped for many years. Some of it remains in areas outside our main settlements (for example 2.58 hectares at Flusco), and some we know is likely to be developed in the short term (for example at Gilwilly in Penrith). We therefore need to challenge the reasons why development has yet to occur, and test sites on their deliverability and market attractiveness.
31. We cannot therefore say we have 'enough land' to meet needs already allocated because of its location, lack of market attractiveness or because it may already be known to be coming forward. Our figure of 5.7 hectares may represent our best estimate of future needs, based on a 'do nothing' approach, but we are also aware that past trends showing higher rates of growth, and inevitably figures will be affected by recession.
32. In looking to allocate sites we will therefore look to pursue an ambitious yet realistic strategy from employment growth, based on maximising the use of existing employment land and new land and then prioritising new sites where we know they are available and most capable of attracting investment and growth. We will therefore carry out further technical work to model a fourth option based on the availability, suitability and attractiveness of the sites we know may be suitable for new employment growth.

Conclusions

- The NPPF requires that planning authorities create objectively assessed targets for growth, based on qualitative and quantitative evidence.
- Our best estimate of this need is 5.7 hectares over the period 2014-31, which represents the minimum figure for which we need to plan.
- Eden remains an excellent place to attract new business due to its transport connections, relatively low house prices and high quality of life. We therefore see no reason as to why employment development should be artificially constrained against forecasts or past trends when it remains in the interests of Eden to attract new employment, especially when it is projected to lose much of its younger population.
- Eden's preferred option for growth is to adopt a strategy which considers the evidence of future market and workforce need but also presents a supportive strategy for growth beyond these figures. A 'site-led' strategy to identify a new target will therefore be developed.