



## **Eden Local Plan**

### **Technical Paper 3 - Employment**

This paper sets out the background to how our preferred option for an employment target was established. Technical and options papers relating to housing numbers and distribution are also available.

Planning Policy Team

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## **1. Executive Summary**

- 1.1 This document will form a key source of evidence in the generation of employment targets within the emerging Eden Local Plan. It will help us understand the employment requirements in the district for existing and future residents.
- 1.2 Alongside new housing, making sure that there is an enough land for new employment development is key to creating a firm foundation for economic growth and allowing the district to retain and grow existing businesses, as well as attracting new investment.
- 1.3 The document has investigated a range of evidence looking at the current economy, past trends in development and expected changes in Eden's economy. This information has been used to indicate a likely capacity for development during the timeline of the Local Plan. Whilst a range of figures have been included within the plan, the employment land target will be defined by the sites which are included within the study.

## 2. Introduction

### Why has this paper been produced?

- 2.1 This paper sets out the technical evidence we have used to assess how much employment floorspace may be required in the district over the years 2014-31.
- 2.2 The paper builds upon two earlier pieces of work – an employment land study carried out in 2009 by consultants Drivers Jonas and work on employment sites and policies carried out by consultants Deloitte in 2013.
- 2.3 In this document, the term ‘employment development’ covers the following industrial uses (the planning ‘use class’ is shown in brackets):
  - Offices (B1)
  - Light industrial uses (B2)
  - General industrial uses, including warehouses and distribution (B8)

### Why has it been prepared?

- 2.4 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 demonstrates what is and isn’t considered acceptable when the District Council considers planning applications, and helps give certainty to landowners, developers and local communities.
  - The overall provision allows us to look at how many employment sites may need allocating, and where. When allocating sites we can take a view on what may be the most suitable locations based on promoting a more sustainable pattern of development.
  - By working out how much employment land we may need informs the infrastructure required 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?

- 2.5 Our existing method of distribution is set out in our adopted Core Strategy (2010). This 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. Key Service

Centres are designated on the basis that they have a secondary school, library, doctor's surgery, post office, at least 200 square metres of retail floorspace and 1500 residents. Local Service Centres are defined on the basis that they have at least a community or commercial bus service, and two out of three of a school, (non-mobile) post office or shop and a village hall or pub.

- 2.6 The overall target in the Core Strategy is 50 hectares of new employment land in the district between the years 2006 and 2025.

### **Why are we proposing to change the existing strategy?**

- 2.7 We are now moving to creating a single Local Plan, and as part of this we have 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. As part of this we have re-examined the available evidence on possible employment growth based on labour supply and demand forecasts and past trends in employment growth.
- 2.8 The target of 50ha in the Core Strategy was developed from an amalgam of targets in local and regional policy. Whilst our 2009 Employment Land Study confirmed that there was sufficient land available to meet this target, past rates of employment completions now suggest that even in a buoyant economic climate, this figure is ambitious for the area.

## 3. Local Context

### Economy of Eden

3.1 In establishing employment provision in Eden District it is useful to look at some of the characteristics of current employment and jobs provision in Eden. The main characteristics are:

- **Relative affluence masking low wage employment** - the median average annual household income in Eden is £26,265, £741 above the county average<sup>1</sup>. Eden is a relatively affluent district yet 15.3% of households still have an annual income of less than £10,000. In addition, average gross weekly pay in Eden for full time workers is £36 below the North West average<sup>2</sup> and £73.70 below the national average. There is a wide gap between male and female salaries with the average full time gross weekly salary for men in Eden at £492.40 but only £296.20 for women.
- **Low unemployment** - The unemployment rate in Eden reduced from 3.7% in 2011-12 to 3.1% in 2012-13 (March, 2013)<sup>3</sup>. This is considerably lower than the North West average of 8.3%, and the national average of 7.8%<sup>4</sup>, both of which also saw reductions over the same time period. The employment rate is still high when compared to the North West rate of 69.2% and the UK rate of 71.1%. This high employment rate masks a dependence on low wage jobs for many, primarily in the administrative, retail and tourism sectors. There is also a dependency on low paid work and part time work with many people having more than one job.
- **Many small businesses** - the District has a higher proportion of small businesses employing less than 10 people than nationally with a correspondingly lower proportion of larger businesses. Business survival rates are higher than nationally but formation rates are lower<sup>5</sup>.
- **A varied workforce** - the district has a varied workforce, though many are employed to support the tourism and leisure sectors in Eden. Tourism plays a key role in Eden's economy with tourism-related employee jobs and is the most significant area of growth for the District accounting for 19.7% of total Eden employee jobs. The manufacturing and professional services sectors

<sup>1</sup> Cumbria Intelligence Observatory (2012) [Accessed March 2013]; [www.cumbriaobservatory.org.uk/Atlas/CumbriaAtlas](http://www.cumbriaobservatory.org.uk/Atlas/CumbriaAtlas)

<sup>2</sup> Nomis Official Labour Market Statistics (2012); Earnings by workplace 2012

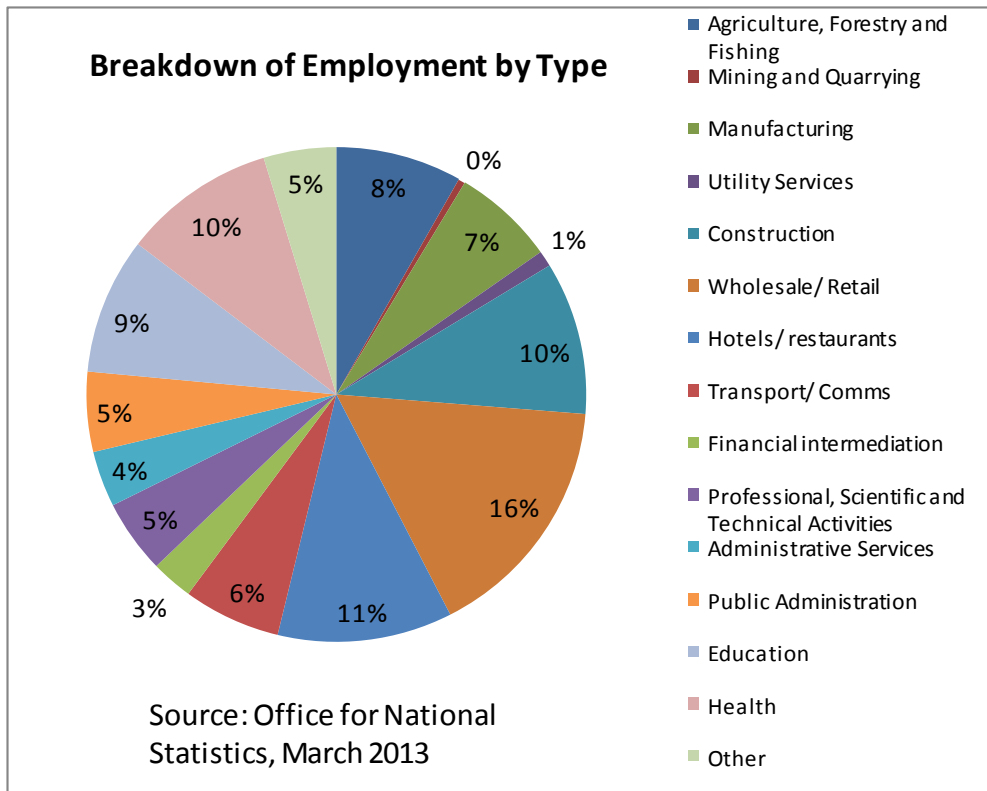
<sup>3</sup> Nomis Official Labour Market Statistics, 2013

<sup>4</sup> Nomis Official labour Market Statistics, 2013

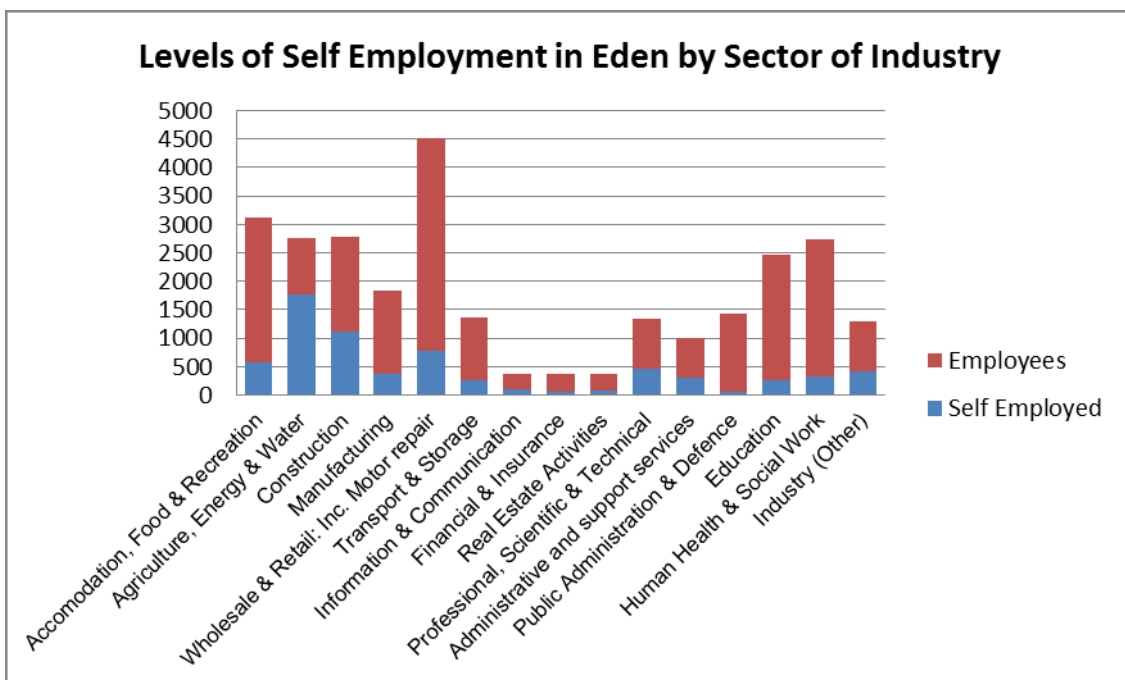
<sup>5</sup> Eden LDF: Annual Monitoring Report 2010/11



are lower than those in the North West reflecting the need for infrastructure in Eden to support growth in new sectors.



- **High levels of self-employment** - 25% of Eden’s economically active work force are self-employed, compared to 14% for Carlisle and 11% for Copeland. This reflects the high number of jobs in the tourism and agriculture sectors.



- **Available employment land** - as of 2013 Eden has an employment land supply of 29.65 hectares, a reduction of 9.09 hectares from 2012. In 2012/13 11,127m<sup>2</sup> of

employment floor space was completed, a large proportion of which was B8 (storage and warehouse) use, and outside of Eden's main towns.

- **A relatively self-contained labour market** - Census data shows that Eden is relatively self-contained, with 86.8% of its residents also working here. There were 23,678 working residents in Cumbria and 23,388 jobs, leaving a surplus of only 290 more residents than jobs (although some may commute out of Cumbria). 3,120 people living in Eden commute elsewhere to work, including 1,868 people (7.9%) commuting to Carlisle, and 2.8% to South Lakeland. Conversely, 2,830 commute in to Eden, 1,445 (3.2%) from Carlisle and 752 (1.8%) from Allerdale. This leaves a balance of 290 people who leave each morning. There is therefore no large scale commuting trends at work. There also appears to be a broad balance of jobs and workers.

Area of Residence	Area of workplace						Total residents in work	% working and living in the district
	Allerdale	Barrow-in-Furness	Carlisle	Copeland	Eden	South Lakeland		
Allerdale	31,048	91	3,787	4,868	752	216	40,762	76.2%
Barrow-in-Furness	181	23,939	171	685	56	2,593	27,625	86.7%
Carlisle	948	58	41,907	183	1,445	179	44,720	93.7%
Copeland	2,718	531	334	24,281	176	388	28,428	85.4%
Eden	506	23	1,868	71	20,558	652	23,678	86.8%
South Lakeland	179	3,010	314	353	401	39,775	44,032	90.3%
<b>Column Total</b>	35,580	27,652	48,381	30,441	23,388	43,803		

## Policy Context

3.2 The coalition government laid the foundations for a national economic policy through the publication of the 2010 White Paper<sup>6</sup>. This document set commitments for a decentralisation of power to local communities and businesses promote new avenues for growth and address barriers to investment.

<sup>6</sup> DCLG (2010) Local Growth: Realising Every Place's Potential

- 3.3 The subsequent National Planning Policy Framework (NPPF) now requires that Local Plans include an economic vision for their area, to create a mandate for growth and a strong, resilient economy which responds to socioeconomic conditions. This vision should drive the criteria for attracting inward investment.
- 3.4 The Local Plan is required to be flexible enough to respond to changing economic conditions. This may involve arising needs that have not been accounted for in the plan, or considering the future of allocated sites which have shown no interest of development. There is also a provision for rural growth in the framework, which supports the retention and growth of rural enterprise and considers building on the assets of the rural economy to deliver wider growth within the district.
- 3.5 The NPPF requires that Local Plans account for objectively assessed evidence in the creation of targets for growth. This involves an assessment of qualitative and quantitative need for land or floorspace and a robust anticipation of likely future requirements. Local Authorities should maintain a supply of suitable employment sites which can be viably developed in a way which promotes sustainable growth.
- 3.6 The recently published National Planning Practice Guidance offers some detail on the requirements set in the 2012 framework. The guidance states that assessments should identify a future supply of land which is suitable, available and achievable economic development uses over the plan period. Assessment should identify sites and broad locations with potential for development, assess their development potential and assess their suitability for development and the likelihood of development coming forward. This technical paper has been written to inform the quantitative assessment of possible future need. Qualitative assessments of each site were carried out as part of work on the July 2013 'Employment: Preferred Sites and Policies' document, with the exception of land at Newton Rigg college which subsequently came forward. This assessment will be updated as part of the local plan review.

## 4. Employment Targets

### How much employment land are we currently planning for?

4.1 The Council's current Core Strategy (2010) requires that provision be made for 50 hectares of land for new employment development to meet employment needs from 2006 to 2025. Since this target was set, around 8 hectares of land has been developed for new employment, mainly in Penrith or on sites in rural locations.

### Is this figure still our best estimate?

4.2 No. We are now taking the opportunity to review the evidence on how much employment land is needed as we now have more up to date information, and because take up of employment land has been below expectations.

### How do we establish a new figure?

4.3 We use several methods to make sure we are getting the most realistic picture:

- A '**labour demand**' approach, using forecasts on the number of jobs which may become available.
- A '**labour supply**' forecast which looks at projected population changes and how many new people may be in work.
- A '**past trends**' approach which looks at past development rates.
- A '**Land Availability**' approach, which reviews our current supply of employment sites.

**IMPORTANT: None** of these methods are capable of giving us an accurate picture of what may happen as we can't predict the future. In practice, the amount of employment land will be dependent on a huge range of factors, not least the performance of the national and local economy, and our ability to provide new sites and infrastructure and attract business to the area. These methods will therefore not give us an accurate picture, rather they will give us a benchmark or 'do nothing' scenario which will start to allow us to understand what the level of demand may be if past trends continued, and what the minimum amount of employment may be if things carry on as before. Crucially, they should therefore be seen as minimum figures and the sort of levels which if we fail to plan for may mean forcing jobs to go elsewhere.

### The Labour Demand Approach

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

**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. Forecasts run until the year 2031, a year before the end date of our plan. Forecasts use both historic economic data and behavioural relationships based on economic theory to establish a target. This projection for the Eden district forms our central piece of information to construct employment land forecasts. The use of such data comes with a heavy set of caveats:

- The figures are forecasts and as such are dependent on past trends or future assumptions which may or may not continue or occur.
- At a lower level of geography the projections become less and less reliable. This is particularly in issue with has a comparatively low number of people and jobs compared to many other local authority areas. Forecasts are created on a top down basis using Experian's national sector-based forecasts which are then distributed according to the proportion of employment per sector located in the area. Unless we've strong evidence to suggest otherwise, the assumption is that Cumbria's sectors will follow national trends. Whilst some adjustments have been made by Cumbria County Council based on things we know about (e.g. expansion of the nuclear sector and the plans of larger employers, as well as employer survey evidence about confidence in some sectors etc.) changes are limited, particularly in Eden's case. This means that the district-level projections are really only a guide to trends and we can't read too much into the precise numbers.
- The figures are workplace based not residence based.

**Step 2** - The level of employment is not the only factor determining the demand for employment land; levels of self-employment also need to be factored into our projections. We assume a certain proportion of those jobs will be self-employed, using ratios from the 2011 census. This is applied to each sector. This is an important exercise because self-employment is likely to be higher in certain sectors than others. 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). We then put some self-employees 'back in' on the basis that they still may need some floorspace.

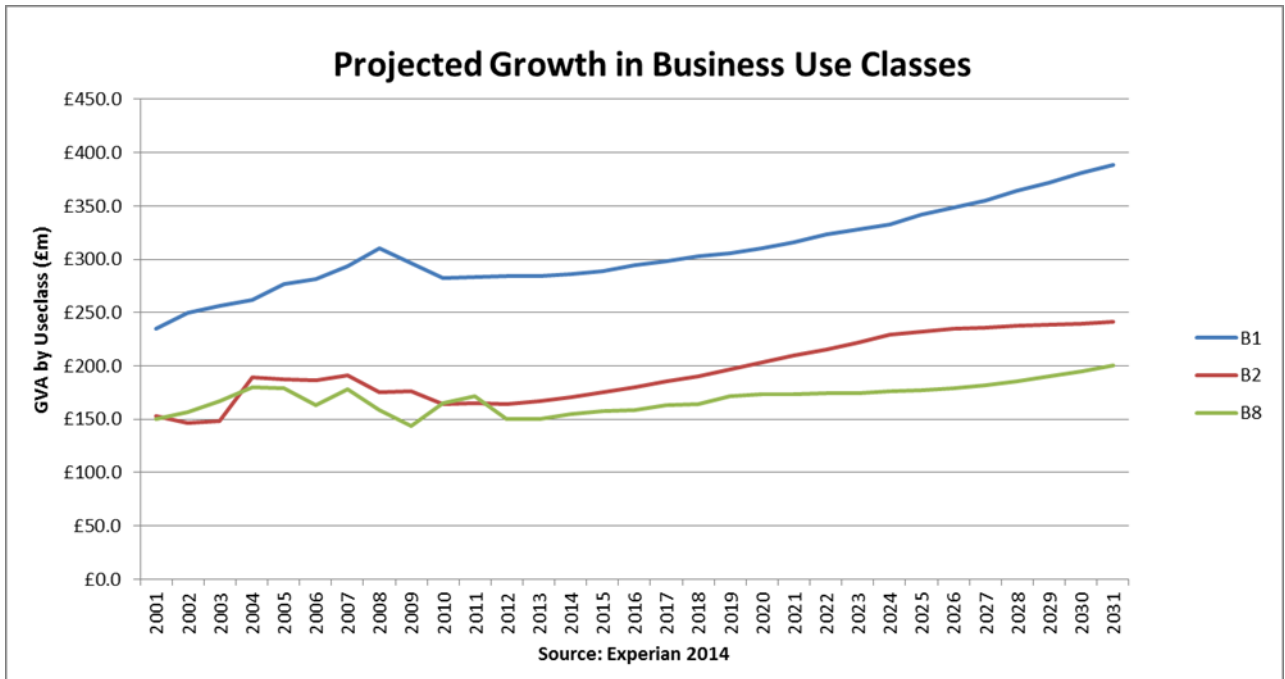
**Step 3** – We then translate employment forecasts into an employment land requirement by multiplying the number of employed persons by an estimated number of square metres per employee. This internal area is then converted to external area to account for car parking, storage, amenities and so on (known as the plot ratio).

4.5 Experian job forecasts for the plan period are as follows:

<b>Sector (Aligned with 2007 Standard Industrial Classification)</b>	<b>2014</b>	<b>2021</b>	<b>2025</b>	<b>2031</b>	<b>Change 2014-31 (plan period)</b>	<b>% change over the plan period</b>
Accommodation, Food Services and Recreation	3,623	4,442	4,660	4,737	1,113	31%
Agriculture, Forestry and Fishing	2,162	1,827	1,394	1,397	-766	-35%
Construction	2,340	2,416	2,330	2,400	60	3%
Extraction and Mining	167	181	177	65	-101	-61%
Finance and Insurance	216	220	223	229	13	6%
Information and communication	231	247	322	344	113	49%
Manufacturing	1,976	2,039	2,006	1,910	-66	-3%
Professional and Other Private Services	2,659	2,809	3,062	3,328	670	25%
Public Services	3,997	4,239	4,431	4,754	758	19%
Transport and storage	1,286	1,144	1,083	1,067	-218	-17%
Utilities	30	112	158	162	132	436%
Wholesale and Retail	3,350	3,187	3,161	3,214	-136	-4%
<b>TOTAL</b>	<b>22,037</b>	<b>22,864</b>	<b>23,006</b>	<b>23,608</b>	<b>1,571</b>	<b>7%</b>

- 4.6 Whilst we can only consider these projections indicative, the data suggests the most significant increases in the tourism and leisure industry, which do not fall under 'B' use class and hence are not included in the study. We can also expect to see increases in the requirement for office space and utilities, which may be driven by increases in the residential sector as the markets recover from recession.
- 4.7 Not all these sectors will have land requirements requiring the allocation of land. In addition, there will be a proportion of employees who are self-employed, as such will not require land.
- 4.8 The next steps are therefore to convert the categories above into the types of development we're interested in. The categories of employment taken from the 2007 Standard of Industrial Classification (SIC) have been aligned with the different B use classes from the schedule in the 1987 Town & County Planning (Use Classes) Order. It is worth noting that proposals may constitute as mixed development, incorporating aspects of light industry, storage and office space within a development. For the purposes of this study, we have broadly aligned the sectors of employment with the corresponding use classes as a way of understanding overall demand, so that the methodology can avoid uncertainty.

<b>Sector</b>	<b>Use Class</b>
Accommodation, Food Services and Recreation	C1, A3, D2
Agriculture, Forestry and Fishing	n/a
Construction	B8
Extraction and Mining	B2
Finance and Insurance	B1
Information and communication	B2
Manufacturing	B2
Professional and Other Private Services	B1
Public Services	B1
Transport and storage	B8
Utilities	B2
Wholesale and Retail	A1



- 4.9 Experian forecasts also consider the likely future ‘Gross Value Added’ (GVA), broken down by industrial sector. Whilst we note that there are decreases in the number of full time employees (FTEs) in industrial classes, the GVA from these sectors is expected to steadily increase. By far the largest gain to Eden’s economy will be associated with office development and professional services.
- 4.10 As noted in section 3, a high percentage of employees in Eden are self-employed. Emerging self-owned businesses may work from home or utilise existing space, thus not requiring additional floorspace. We therefore assume for the 40% of jobs in the construction sector will not be based at home and 80% in the office sector will also not be home based (this assumption was used in the 2009 Employment Land Study prepared for Eden District Council by Drivers Jonas).
- 4.11 The following table shows how self-employment is accounted for. Construction and B1 uses involving office space have been adjusted to reflect the high proportion of self-employment in the district.



Sector	Total change 2014-31 (plan period)	Use Class	Percent self-employed	Percentage not self employed	Total self employed	Total not self employed	Home working adjustment - not working at home	Additional self-employed requiring space	Total space needed (not home workers)
Construction Total	60	B8	40%	60%	24	36	40%	10	46
Finance and Insurance	13	B1	16%	84%	2	11	80%	2	13
Professional and Other <sup>7</sup>	670	B1	28%	72%	188	482	80%	150	632
Public Services <sup>8</sup>	758	B1	9%	91%	68	690	80%	55	744
Office Use Total	1,441	B1	18%	82%	258	1186	80%	206	1393

4.12 Next we translate these figures into exact use classes for the three main types of use class. We do this so we can apply density and plot ratio assumptions as each use class will have different requirements for land. From the table above we divide the categories above into B1(a) (General office uses, B1(c) (Light Industry/Business Park uses), B2 (General Manufacturing) and B8 (Warehousing and Distribution uses).

<sup>7</sup> Accounts for Real estate activities, Professional scientific and technical, administrative sectors

<sup>8</sup> Accounts for public & defence, education, human health and care sectors

- 4.13 Employment densities are then applied. These are taken from recent guidance from the Home and Communities Agency. This gives the following density assumptions:
- B1(a) General office: 12m<sup>2</sup> Area per FTE (Net Internal Area)
  - B2 (General) 36m<sup>2</sup> Area per FTE (Gross Internal Area)
  - B8 (General): 70m<sup>2</sup> Area per FTE (Gross External Area)
- 4.14 We must also apply a plot ratio to gauge the gross developable area of a site. This is assessed as 35% for B1a office uses and 40% for other industrial uses, based on advice given to the North West Regional Assembly and backed up in ODPM guidance on employment land surveys. This margin accounts for additional requirements of developments, including car parking, access and curtilage.
- 4.15 Experian forecasts present different findings when considering gross and net changes in the number of forecasted FTEs.

This provides us with a demand led projection of:Gross Figures	Change 2014-31	Area per employee (M2)	Total floorspace	Plot ratio	Total area m2	Total area (ha) Including Buffer
<b>Gross Floorspace Needed</b>						
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
<b>Net Floorspace Needed</b>						
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

4.16 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.

### The Labour Supply Approach

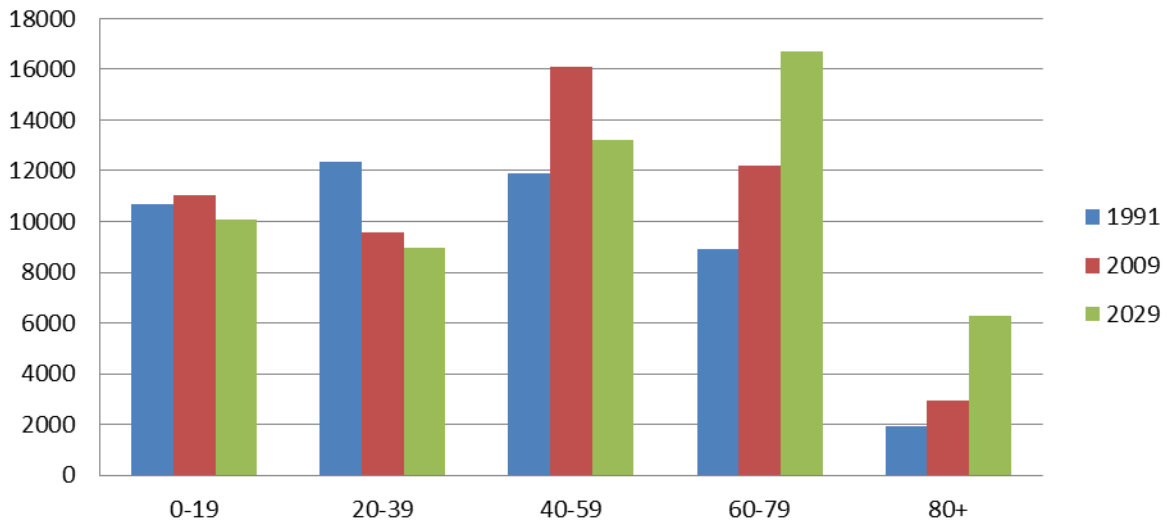
4.17 This method uses a 'supply' side approach to measure changes in the working age population and considers whether demographic trends could constrain future employment development. It uses projections based on census data and other sources, with assumptions made on participation rates, people with more than one job and commuting trends.

4.18 Using the 2008 Office for National Statistics Population Projections for the period 2014 to 2031 reveals the following:

Age range	2001	Percent	2011	Percent	2014	Percent	2031	Percent	Change 2001-11	Change 2014-31
0-19	11,155	22%	10,825	21%	10,565	20%	10,006	18%	-330	-559
20-39	11,722	24%	9,183	18%	8,902	17%	8,856	16%	-2,539	-46
40-59	14,678	29%	16,160	31%	16,159	31%	13,021	23%	1,482	-3,138
60-79	9,965	20%	12,805	25%	13,518	25%	16,860	30%	2,840	3,342
80+	2,359	5%	3,118	6%	3,404	6%	6,712	12%	759	3,308
All ages	49,879	100%	52,092	100%	52,548	100%	55,455	100%	2,213	2,907

4.19 These figures project an overall decrease in the working age population and significant increases in the number of retirees, who are expected to migrate into the area. This is an important consideration which will be fed into the expectations for future employment demand.

### CC 13: How the age profile has changed and may change



4.20 This is also reflected in the newer 2011 projections. An analysis of the age range of the 'Household Representative Person' (HRP, the head of the household) suggests that all growth will come from households where the HRP is over 65.

Age of HRP	Households (000s)				
	2011	2021	Change 2011-21	% change by HRP	Annual change
<44	5977	5387	-590	-9.9	-59
45-64	9190	9126	-64	-0.7	-6
65+	7831	9733	1902	+24.3	+190
Total	22998	24246	1248	+5.4	+125

4.21 An older population is less likely to take up new employment to the same extent as a younger population. However, using a simplistic trend based forecast may also ignore any changes that may bring younger people into the district, either through the creation of jobs or to service an older population (personal service, health & care professions).

4.22 The above percentages are arrived at by dividing the number of economically active persons, including those seeking work, aged 16 and over by the number of people of working age in the resident population. Those of working age are taken as those aged 16-59 in the case of females and those aged 16-64 in the case of males.

- 4.23 In terms of working age population, we cannot assume that the future population will be living and working in the district. For this reason we can look at patterns of commuting to anticipate the likely working trends of the future population in Eden. Currently, Eden's residents are reasonably self contained , with 86.8%<sup>9</sup> of the population living and working in the district. Carlisle is the next largest employment location for residents of Eden, accounting for 7.8% of Eden's workforce. As a largely self contained labour market, we consider that this trend is likely to continue, which will lead to limited effects on generating an employment target.
- 4.24 We can also look the effects of house building on Eden's working population . In theory, if new homes are built to the level which exceeds demand from the population already here or due to be born or pass away in the district this may attract additional people in, who may take up jobs. The County Council's POPGROUP modelling establishes a figure for potential new house building which maintains the labour force with sufficient people to take up projected jobs (assuming that the ratio of jobs to workers -which can be affected by commuting - remains constant).
- 4.25 We can use POPGROUP information to provide a labour led profile of economic requirements for our plan period. Within the POPGROUP model, Experian have projected a jobs led population change of 9016. Drawing on detailed population forecasts which include changes in demography<sup>10</sup>, we can calculate that the working age population in 2031 will be 47% of the population. This gives us a potential increase of 4266 to our working age population.
- 4.26 The model makes a number of assumptions in its calculations. It assumes that in-migrants tend to be young adults, and as young adults have the greatest fertility rates, the model then starts adding in extra people in the years following the new jobs as the people who migrate in then have children so the population grows exponentially. An additional provision is also made to account for a decline in the working age population. This is an important caveat - the model assumes that economic activity rates stay the same but in reality economic activity rates may change and jobs may end up being filled by local economically inactive people. This is an issue to note with all projection models as we can only have one factor 'driving the model', be it housing, jobs or population change, when in reality all these factors are interconnected and depend on each other.
- 4.27 In order to arrive at an estimate of the number of people that are expected to be economically active in the future, economic activity rates need to be applied to the resident population figures. Figures from the Annual Population Survey<sup>11</sup> provide

<sup>9</sup> Census (2011). Travel to work Data

<sup>10</sup> ONS (2008) Population forecasts.

<sup>11</sup> Source: ONS Annual Population Survey via NOMIS, October 2012 to September 2013

an indication of economic activity rates and suggest the following average rates for Eden:

Males	79.1%
Females	78.1%
Total	78.6%

- 4.28 Adjusted for employment activity, this would give us an additional 3,353 employees from 2014-2031 compared to the 1,571 derived from the Experian data.
- 4.29 This approach does not however account for the impacts of Eden's ageing population. We can see from the population projections (which take into account the effects of migration) that we are forecast to 'lose' a proportion of our working age population over the plan period, meaning no additional need for employment land. It is possible that younger people may move in to provide services for this older population but we have no way of estimating this.
- 4.30 Whilst the above figures do allow for and include individuals working beyond the current normal retirement age of 60 for women and 65 for men, they also do not take account of the effects of announced changes in the ages at which state pensions will become payable.

<b>Employment Sectors by Labour Demand</b>			
Sector	% of Labour demand 2031 (Experian)	2031 - Labour Supply	Use class
Accommodation, Food Services and Recreation	20%	673	C1, A3, D2
Agriculture, Forestry and Fishing	6%	198	n/a
Construction	10%	341	B8
Extraction and Mining	0%	9	B2
Finance and Insurance	1%	32	B1
Information and communication	1%	49	B2
Manufacturing	8%	271	B2
Professional and Other Private Services	14%	473	B1
Public Services	20%	675	B1
Transport and storage	5%	152	B8
Utilities	1%	23	B2
Wholesale and Retail	14%	456	A1
TOTAL		3353	

4.31 We can then translate this labour led figure into projections for increases in employment sectors. Using the projected market sectors in 2031, we can associate the labour supply with each of the industrial categories.



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

4.32 The labour led approach is significantly higher than the market demand approach, due to the increases in potential FTEs. A measured approach will be advocated to ensure that anticipated increases are not unbalanced and overestimated.

### **A Past Trends Approach**

4.33 Finally, we can look at past trends in the actual amount of land coming forward. The following table shows how many square metres of employment use has been built between 2006 and 2012.

<b>Total 2006/7 - 2012/13 (Square metres of floorspace)</b>							
	Penrith	Alston	Appleby	Kirkby Stephen	Local Service Centres	Other Areas	Total
B1a (Offices)	9,878	194	163	37	3,519	561	14,352
B1b (Research and development)	114	0	0	-10	58	242	404
B1c (Light industrial)	1,476	0	89	247	2973	1,995	6,780
B2 (General Industrial)	4,518	-360	-120	248	414	857	5,557
B8 (Storage and Distribution)	4,108	-50	342	248	-2146	8,855	11,357
Totals	20,094	-216	474	770	4,818	12,510	38,450

4.34 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.

4.35 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.

4.36 In terms of location, over 50% of all completed development has been completed in Penrith. Development in the other towns has been low - Alston has 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.

### **Employment Land Availability**

4.37 The most up to date figure on employment land supply is provided by monitoring information provided by the County Council. As at the end of March 2013, this

monitoring information showed that there is 29.65 hectares of employment land supply within the District made up as follows:

- 1.99 hectares of land under construction;
- 5.03 hectares of land with planning permission but where development is yet to start; and
- 22.63 hectares of land allocated for employment use but without planning permission.

4.38 This monitoring also breaks down the District's employment land supply into planning use class as shown below:

- Class B1a (Offices): 0.11 hectares
- Class B1b (Research and Development): 0.0 hectares
- Class B1c (Light Industrial): 0.52 hectares
- Class B2 (General Industrial): 1.1 hectares
- Class B8 (Storage and Distribution): 2.06 hectares
- Mixed Use (Class B1a/b/c, B2 and B8): 25.86 hectares

4.39 Further analysis shows the spatial distribution of employment land across the District as follows:

<b>Settlement</b>	<b>Current Land Supply</b>
Penrith	12.13ha
Alston	2.3ha
Appleby	1.9ha
Kirkby Stephen	1.21ha
Local Service Centres + Elsewhere	12.11ha
<b>TOTAL</b>	<b>29.65ha</b>

4.40 This means in simple terms, there is already almost enough land identified to meet future land requirements over 18 years based on our Employment Demand (Experian) scenario. 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. We therefore need to challenge the

reasons why development has yet to occur, and test sites on their deliverability and market attractiveness.

## **Employment Land Supply and Demand - Conclusions**

4.41 Both sets of employment forecasts derived from Experian data present a level of employment which is lower than our current rates of completion. We would expect that economic recovery will lead to increased opportunities for speculative growth. We have yet to consider the qualitative implications for growth from potential developments including:

- The Joint M6 Growth Corridor
- Britain's Energy Coast Initiative
- Potential Mining in Eastern Eden

4.42 Part of the next stage in adopting a figure for employment growth will be investigating local market trends and interventions which may prompt an accelerated development scenario. Projections based on Experian forecasts should be seen as a minimum 'do nothing' figure - it is the least amount of land we would need to meet anticipated job growth based on past trends. It does also not account for churn. The forecasts may also underestimate future losses of working age population – we know from the POPGROUP modelling that a jobs growth scenario generates a very high need for new housing partly to replace this 'lost' population.

4.43 It is clear from the Experian job forecasts that the level of employment land required is expected to decrease over the next 15 years. In reconciling these two figures, a 'most likely' figure can be derived by taking an average of the two demand led scenarios.

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

### Options for an Employment Target

4.44 The Local Plan is required to appraise a range of strategic options for employment growth. It is through strategic testing that options can be justified and a basis of comparison can be demonstrated. Based on evidence presented in the report, the 4 following options are proposed:

#### Option 1: Labour supply and demand Led

4.45 This option follows the integrated approach to delivering land based on projected future requirements. Using the evidence compiled within this report, Eden's Preferred Option is to plan for likely growth in employment sectors, accounting for changes in the working age population. Based on the current evidence, **5.5ha** of employment land will need to be allocated to meet B1, B2 and B8 uses.

4.46 Limiting employment growth on account of forecasts also does not take into account any economic ambitions for the district - Eden remains is 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. In addition, some limited new employment growth is in the interests of some of the rural areas in the district as it will help support local services.

4.47 We therefore intend to pursue an ambitious yet realistic strategy from employment growth, based on maximising the use of existing employment land and potential new land and then prioritising new sites where we know they are available.

#### Option 2: Development Linked to Past Trends

4.48 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. Unfortunately, due to current limitations in the data, it is not possible to disaggregate this into the different industrial uses.

### **Option 3: Retain Target in Core Strategy**

4.49 This option presents a baseline to test our other options against. The target of **50ha** was set in the Core Strategy, to be completed from 2010-2025. 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.

### **Option 4: Land Supply Led (Preferred Option)**

4.50 As noted earlier, the district has a strong supply of available employment land. This consists of a number of allocated sites, and sites with planning permission or are under construction. There is currently a supply of 29.65ha, which is more than current trends anticipate will be needed. In addition, a number of possible business sites have been submitted to the Council<sup>12</sup>, which the authority tested for suitability and market attractiveness.

4.51 Our Preferred Option will be a combination of sites which are currently allocated and new sites which are considered appropriate for development. Thus, our employment target will be largely dependent on the range of sites presented in the emerging Local Plan, which will need to be deliverable in the plan period.

4.52 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 also represents our best estimate of future needs, based on a 'do nothing' approach and based on the evidence we have, and we are also aware that past trends showing higher rates of growth, and inevitably figures will be affected by recession.

4.53 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. 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.

<sup>12</sup> Eden District Council (2013) Preferred Employment Sites & Policies.

- As Eden is 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.
- Eden has a strong supply of undeveloped employment land. Our Preferred Option for growth will be defined by the amount of developable employment land. A crucial part of the Local Plan will be to understand any barriers to developing these employment sites and ensure that implementation mechanisms are in place to release land to support sustainable economic growth.

## **Next Steps**

The District Council will constructively engage with development organisations and market leaders to incorporate a qualitative dimension to assuming an employment figure. This will investigate in more detail market signals and likely development that will need to be factored into the assessment.

In addition to the 'B' use classes; we may also need to allocate sites to meet the future needs of other growth areas, including retail, wholesale and tourism sectors. According to Experian data, these sectors represent the largest sectors of FTE growth and may require additional sites to provide certainty for the development industry. This will be undertaken alongside the development of the Local Plan.