



North Essex Authorities (NEAs) Section One Shared Strategic Plan

Matter 2: Employment Provision for the Proposed Garden Communities

Further Hearing Statement

December 2019

Matter 2 Opening Statement

The Centre for Economics and Business Research (Cebr) was commissioned by North Essex Garden Communities Limited (NEGC Ltd) in 2018 to produce the *Economic Vision and Strategy for the North Essex Sub-Region* [EXD/052]¹.

In his letter of 8th June 2018, Planning Inspector Roger Clews highlighted a need for indicative employment floorspace and employment land figures for the proposed garden communities.

In 2019, Cebr was commissioned by the North Essex Authorities to produce *Employment Provision for the North Essex Garden Communities* [EB/081]². This summarised Cebr's estimates of employment land and floorspace requirements for the garden communities, based on two high-level employment scenarios, and setting out key assumptions and conclusions.

EB/081 formed part of the North Essex Authorities' revised evidence base submitted to the Technical Section 1 Examination Consultation 2019. The NEAs have proposed amendments to the Section 1 Local Plan in light of EB/081.

The NEAs set out below their response to the Inspector's questions, but consider it helpful to set out the approach taken by Cebr in preparing EB/081.

The key driver of overall employment requirements in each garden community is the total number of people employed there. Precisely forecasting this is of course very difficult, so Cebr took a scenario-based approach, with two scenarios relating employment to housing/population.

- **Reference case:** employment is exactly equal to projected number of dwellings. This provides benchmark figures for the 'one job per house' aspiration being met exactly.
- **Investment-led scenario:** employment-to-population ratio in each garden community matches that forecast for a set of comparator areas. This provides a view of what employment would be if the garden communities can achieve a similar economic performance to these areas – interestingly, the figures are very close to those for the 'one job per house' reference case.

The comparator-based approach was used due to the difficulties in bottom-up forecasting or modelling employment outcomes for a transformative project such as the garden communities. The employment-to-population ratio used is therefore from trend-based forecasts of what is expected to happen in selected areas across the wider region (East and South East England) – it is a realistic level that could be achieved with the appropriate economic strategy.

¹ Available at

https://www.braintree.gov.uk/downloads/file/8718/exd052_economic_vision_and_strategy_for_the_north_essex_sub-region_cebr_-_aug_2019

² Available at

https://www.braintree.gov.uk/downloads/file/8533/eb081_employment_provision_for_the_north_essex_garden_communities_-_july_2019

Employment floorspace and land estimates are reached for each garden community and employment scenario through the following steps:

- **Sectoral mix:** Cebr assessed the likely sectoral strengths of each garden community in our original economic vision and strategy [EXD/052] – these inform judgements on the breakdown of employment by sector for each, using the forecast employment shares for the comparators as a benchmark around which employment shares are adjusted.
- **Employment density:** the B-class (office, warehouse, industrial) employment floorspace requirements for each sector in m²/employee were estimated based on government data and guidance.
- **Plot ratio:** floorspace requirements were converted into employment land requirements in hectares, using different ratios for each office, warehouse, and industrial floorspace, based on industry best practice.

The detailed methodology is provided in EB/081. The NEAs believe that the levels of employment land provision are supported by robust evidence.

Responses to Matter 2 Questions

The Inspector, Mr Roger Clews, raised 5 questions for the North Essex Authorities and a further 3 questions for all participants, including the North Essex Authorities under Matter 2: Employment provision for the proposed garden communities. These are reproduced alongside the responses to them. The general issue raised by the Inspector is as below:

Are the employment land requirements for the three proposed GCs, set out in the NEAs' suggested amendments to policies SP7, SP8, SP9 & SP10, supported by robust evidence, and are they consistent with the requirements of policy SP4?

Question 1

What criteria were used to select the comparator locations identified on p55 of Cebr's *Economic Vision and Strategy for the North Essex Sub-Region* [EXD/052]?

2.1.1 The choice of comparator locations identified in EXD/052³ was based on Cebr's assessment of locations that enjoy a level of economic success North Essex can reasonably aspire to attain. In particular:

- Like North Essex, these comparator locations are located in the 'Greater South East' (London, South East, and East of England). They are however in the more prosperous 'core' of the region around London, and all enjoy a higher degree of economic success (i.e. by GVA per capita, GVA per worker, household income) than North Essex, in the less prosperous 'periphery', does at present;
- Some key drivers of these locations' success are however shared by North Essex: proximity to London, good international connections (via Heathrow, Gatwick, or Stansted), and quality of life assets.

2.1.2 Although the Greater South East is often seen as highly 'monocentric', i.e. dominated by London, it includes other significant centres of high-value, highly-skilled employment (e.g. Cambridge, Milton Keynes, Oxford, Reading) – it is not just the capital's 'commuter belt' but a highly polycentric region⁴. Therefore North Essex both can and should aspire to emulate these comparators.

2.1.3 London and other major employment centres (i.e. along the London-Stansted-Cambridge Corridor, adjacent to North Essex) are experiencing constraints to their growth – on housing

³ The following NUTS3 areas: West Essex, Cambridgeshire, Milton Keynes, Buckinghamshire, Oxfordshire, Berkshire, West Surrey, and East Surrey.

⁴ In *The Polycentric Metropolis*, by Peter Hall and Kathy Pain (2006), 'South East England' (which includes a wide-ranging area around London) was given a general functional polycentricity index of 0.15 (where a higher value indicates greater polycentricity, i.e. organisation around multiple cities). This is similar to The Randstad (0.16) and Rhine-Ruhr (0.19), and significantly higher than Paris Region (0.02), Central Belgium (0.04), and Rhine-Main (0.08).

supply, labour supply, and infrastructure (transport and digital)⁵. In this context, it is reasonable to take steps to grow additional new centres that can allow this prosperity to expand into new places.

2.1.4 The identification and use of comparator areas is a widely-used technique for work of this nature. For example:

- The *Northern Powerhouse Independent Economic Review* compares the North to the rest of England (including and excluding London) and international counterparts Rhine-Ruhr, Randstad, and Lombardy. The ‘transformational’ economic scenario sees some closing of the productivity gap compared to the rest of England.
- The *North Essex Garden Communities Employment & Demographic Studies* identified comparators for Colchester and Braintree. These were used to help identify anticipated growth in key sectors for their modelling.

Question 2

(a) Were the employment figures for each GC shown in Table 4 of Employment Provision for the North Essex Garden Communities (August 2019) [EB/081] calculated in the following way:

Reference case:

The employment figure was assumed to be the same as the number of dwellings at each GC;

Investment-led scenario:

(i) The population of each GC was calculated by multiplying the number of dwellings by the ONS household size figure (as per para 2.6 of EB/081);

(ii) The population figure resulting from (i) was multiplied by 43.5/100 (para 2.4 of EB/081) to produce the employment figure?

(b) If not, what calculation method(s) were used?

Reference case

2.2.1 Yes, the employment figure was assumed to be the same as the number of dwellings at each garden community. The Town and Country Planning Association (TCPA) is a strong advocate of the garden community approach. The TCPA’s Garden City Principles include ‘a wide range of local jobs in the Garden City within easy commuting distance of homes. This is also known as the

⁵ The findings of the London Stansted Cambridge Corridor Growth Commission in its 2016 report *Findings and Recommendations of the London Stansted Cambridge Corridor Growth Commission* include:

- Cambridge is the UK’s second least affordable city (measured by ratio of average house price to median income), and experienced 400% house price inflation between 1995 and 2014, and housing completion rates across the Corridor are not rising to meet demand.

- The Corridor accounted for 10.5% of England’s vacancies in 2015, compared with 8.7% of national employment, suggesting labour supply shortages. These vacancies are particularly challenging among professional occupations, which account for 27.4% of vacancies in the Corridor against 14.2% nationally.

- Peak-time traffic congestion is widespread and serious across the Corridor, rail services are insufficient to meet the commuter needs of major centres outside London, and super-fast broadband availability is patchy.

‘one job (within sustainable commuting distance) per house’ principle. For the reference case, the employment figure was therefore assumed to be equal to the number of dwellings in each garden community – i.e. the ‘one job per house’ aspiration is precisely met.

2.2.2 Figures for dwellings trajectories up until 2032/33 were provided to Cebr by Colchester Borough Council in June 2019. These are shown in Table 1 and it should be noted that the distribution of West of Braintree’s dwellings between Braintree District Council (BDC) and Uttlesford District Council (UDC) has been amended since the production of this table but the overall quantum of development has remained the same, with 2,700 dwellings to be completed within the plan period. Beyond 2033, 300 dwellings per annum were assumed in each garden community until they meet the top end of the Local Plan range (24,000 for Colchester Braintree Borders, 9,000 for Tendring Colchester Borders, and 13,000 for West of Braintree).

Table 1: Dwellings trajectories per garden community, 2022/23-2032/33, provided to Cebr by Colchester Borough Council

	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32	2032/ 33	Total
Tendring Colchester Borders		100	150	200	250	300	300	300	300	300	300	2500
Colchester Braintree Borders							150	300	300	300	300	1350
West of Braintree - BDC		80	120	220	220	220	220	220	220	220	220	1960
West of Braintree - UDC		20	80	80	80	80	80	80	80	80	80	740
West of Braintree total		100	200	300	300	300	300	300	300	300	300	2700

Investment-led scenario

2.2.3 The investment-led scenario is based on an ambitious view of the future, in which a proactive sub-regional economic strategy generates significant new employment opportunities across North Essex. In EXD/052, projections were based on the ratio of employment to population in North Essex converging on that forecast for the identified comparator regions by 2036 – i.e. in the years between the construction of the garden communities starting and 2036 employment increased slightly above forecast until this ratio was reached. For the purpose of the employment land forecasts in EB/081, convergence to this ratio was assumed to take place within each garden community.

2.2.4 Employment figures for the investment-led scenario were therefore calculated as follows:

- For each garden community and year, population was estimated as:

Number of houses * ONS projected household size for England⁶

- The employment-to-population ratio of the garden communities was assumed to gradually converge on that forecast for the comparators, reaching the same level in 2036 and remaining constant at that level thereafter. The forecast employment-to-population ratio for the comparators was based on (a) local authority-level employment forecasts produced by Cebr’s macroeconomics teams and (b) ONS local authority-level population forecasts – these were combined to produce an overall forecast of employment-to-population in the 8 comparator local authorities. In 2033, employment-to-population ratio estimated using this method is 0.432 (to 3 decimal places). For 2050 and the ‘final state’ years it is 0.435⁷.

2.2.5 Therefore the Inspector’s assessment of the calculation methods used is correct, excepting that employment-to-population ratio under the investment-led scenario is slightly lower than 0.435 in the year 2033, as the garden communities’ employment-to-population ratio is not assumed to converge fully on that forecast for the comparators until 2036.

Question 3

(a) Are the employment figures for the West of Braintree GC shown in Table 4 of EB/081 based on a cross-boundary GC, including an area within Uttlesford District?

(b) What would the figures be if they were based on the West of Braintree GC as proposed in the Section 1 Plan, with a maximum of 10,000 dwellings?

2.3.1 Employment figures for West of Braintree are based on a cross-boundary garden community, including areas within Braintree and Uttlesford, i.e. ‘West of Braintree total’ from Table 1.

2.3.2 For a West of Braintree garden community with a maximum of 10,000 dwellings, employment figures would be proportionally lower – in each of the reference case and investment-led scenario, number of jobs is directly proportional to the number of dwellings. As Cebr’s work assumed 13,000 dwellings in West of Braintree once completed, figures for a settlement of 10,000 dwellings would be 10/13 of our ‘final state’ figures.

⁶ ONS 2016-based household projections, table 427, household sizes for England. This provides five-yearly figures for household sizes until 2041. Linear interpolation was used in order to get annual household size figures for every year from 2021-2041. Household size was assumed to stay constant for every year after 2041 at 2.26 (to 2 decimal places).

⁷ As it happens, this produces numbers very close to ‘one job per house’ – employment floorspace and land requirements are roughly 98% of the reference case values. This was purely coincidental, as the comparators were selected in the economic vision and strategy [EXD/052] (completed between January and September 2018) and the employment land work [EB/081] was not commissioned until January 2019.

2.3.3 The figures for employment, employment floorspace, and employment land for a West of Braintree garden community with a maximum of 10,000 dwellings implied by each of the reference case and investment-led scenario are included in Table 2. All figures are 10/13 of their values in Table 4 of EB/081, i.e. build-out rate is assumed to be 10/13 of the cross-border garden community's.

Table 2: Employment, employment floorspace, and employment land requirements estimated for West of Braintree community with maximum 10,000 dwellings

		2033	2050	Final state (2068)
Reference case	Employment	2,077	6,000	10,000
	Employment floorspace (sq. m.)	40,512	117,036	195,061
	Employment land (hectares)	7.1	20.4	33.9
Investment led	Employment	2,065	5,901	9,835
	Employment floorspace (sq. m.)	40,292	115,108	191,846
	Employment land (hectares)	7.0	20.0	33.4

Question 4

How do the employment figures for the GCs shown in Table 4 of EB/081 relate to the annual jobs forecasts for the three NEAs set out in policy SP4, having regard to any differences in the methods by which they were arrived at?

- 2.4.1 The employment figures in Table 4 of EB/081 were calculated for two different scenarios based on housing trajectories for each garden community provided to Cebr by Colchester Borough Council. Our response to Question 2 details the methodology by which employment figures in EB/081 were calculated.
- 2.4.2 The Annual Jobs Forecasts per local authority in policy SP4 are from trend-based standard models – the East of England Forecasting Model (EEFM) and Experian 2016. These are proprietary models, and neither the North Essex Authorities nor Cebr have access to their methodologies.
- 2.4.3 Under the reference case in EB/081, 300 jobs are created each year in each garden community, corresponding to the anticipated annual build-out rates, for a total of 900 jobs created each year

in the three garden communities combined. For the investment-led scenario, figures are very slightly lower.

2.4.4 Therefore whilst the employment figures per borough or district in SP4 and per garden community in EB/081 were calculated separately, they do not conflict with one another:

- The 490 jobs per annum for Braintree District in SP4 exceeds the 300 jobs per annum in West of Braintree (located largely within Braintree District) in EB/081. Even assuming that one third of the 300 jobs per annum in Colchester Braintree Borders in EB/081 are sited in Braintree District, the total of 490 jobs would not be exceeded.
- The 928 jobs per annum for Colchester Borough in SP4 exceeds the 300 jobs per annum in Colchester Braintree Borders (located largely within Colchester Borough) and the 300 jobs per annum in Tendring Colchester Borders (located partly within Colchester Borough) in EB/081.
- The 490 jobs per annum for Tendring District in SP4 exceeds the 300 jobs per annum in Tendring Colchester Borders (located largely within Tendring District) in EB/081.
- Overall, the estimated jobs per annum under the reference case are 47% of the jobs per annum estimated to be added across North Essex in SP4.

2.4.5 Furthermore, the employment figures per borough or district in SP4 are based on past trends. It is likely that the building of garden communities and provision of modern employment space as part of a wider sub-regional economic strategy would boost overall employment creation within North Essex, so the trend-based forecasts would be exceeded and job creation within the garden communities would form a reasonable but not overwhelming proportion of overall job creation across North Essex.

Question 5

Are the employment land requirements of policies SP7, SP8, SP9 & SP10 part of, or additional to, the employment land requirements of policy SP4?

2.5.1 The employment land requirements for the garden communities within the Plan period of policies SP7, SP8, SP9, and SP10 are part of the overall employment land requirements per borough or district specified in policy SP4. They are not additional to these employment land requirements.

2.5.2 Policy SP7 says that the new garden communities will deliver 20 hectares of employment land within the Plan period (7 in Tendring Colchester Borders, 4 in Colchester Braintree Borders, and 9 in West of Braintree), as set out in Table 4 of EB/081.

2.5.3 Policy SP4 proposes allocating 54.9 hectares of employment land across North Essex under a 'baseline' scenario (20.9 in Braintree, 22.0 in Colchester, 12.0 in Tendring) and 193.3 under a 'higher growth' scenario (43.3 in Braintree, 30.0 in Colchester, 20.0 in Tendring).

2.5.4 In this context the 20 hectares proposed for the garden communities would represent between 10% and 36% of the total employment land provision across North Essex within the Plan period to 2033.

Question 6

Is there clear justification for selecting the comparator locations identified on p55 of EXD/052, rather than other comparator locations?

2.6.1 Please refer to our answer to Question 1, which provides detail on why these comparators were selected.

Question 7

Is it reasonable to assume that, in the inward investment-led scenario, North Essex increases its employment-to-population ratio to that of the comparator regions by 2036 (para 2.4 of EB/081, p116 of EXD/052)?

2.7.1 The selected comparator regions represent high-performing areas in the same wider region (East and South East England) as North Essex. The assumption in EXD/052 that employment-to-population ratio increases to match that of these comparators under the investment-led scenario is predicated on the view that, *with the appropriate sub-regional economic strategy*, North Essex could emulate the success of the comparators. The 'Strategy Recommendations' chapter of EXD/052 sets out Cebr's thinking on policies which could help bring about such an outcome.

2.7.2 The forecast employment-to-population ratio for the comparators in 2036 (0.435) is based on Cebr's in-house, local authority level forecast projections of current economic trends and ONS population forecasts. Both of these forecasts are based on continuation of current trends. Therefore the forecast rate is a sensible, central, trend-based projection of the 2036 employment-to-population ratio in the comparators.

2.7.3 Therefore the assumption of an employment-to-population ratio of 0.435 from 2036 onwards in North Essex represents a ratio which the comparators can reasonably be expected to achieve. It should be possible for North Essex to match this rate, but – as per the nature of the investment-led scenario – it is based on a future in which a pro-active sub-regional economic strategy has been successful in attracting significant new employment to the area.

2.7.4 The scope of the work for EXD/052 and EB/081 was, however, different. EXD/052 concerned strategy for the whole of North Essex, and the investment-led scenario outlined in it related to the 0.435 ratio being met across the whole of North Essex. EB/081 was focused on the garden communities, and the investment-led scenario in it only assumed that the 0.435 ratio is met within the garden communities. While it does not take a view about what is happening in the

rest of North Essex, it would be unrealistic to assume that the employment-to-population ratio in the garden communities would be significantly different from the rest of the sub-region.

Question 8

Is the percentage mix of employment sectors shown in Table 2 of EB/081 justified, having regard to the sectoral GVA shares identified in EXD/052, pp125-127?

- 2.8.1 The sectoral GVA shares on pages 125-127 of EXD/052 show the projected future shares for the comparators as a whole – as the document points out, there is considerable variation in each sector's representation between the comparators, so *“a variety of sector mixes could be compatible with economic success”*; North Essex could choose to pursue a successful economic strategy that resulted in a radically different mix of sectors to these.
- 2.8.2 Nevertheless, these do represent a reasonable 'central' view of what future GVA shares could be, as they are based on those forecast in successful comparator areas of the wider region.
- 2.8.3 Table 2 of EB/081 is based on estimated employment shares for the comparators in 2036. These differ from the estimated GVA shares due to divergent GVA per worker across the sectors – i.e. in sectors with high GVA per worker such as agriculture, employment share is lower than the corresponding GVA share.
- 2.8.4 Adjustments to these employment shares per garden community were based on Cebr's view of how the economic geography of each (i.e. proximity to Stansted Airport, the University of Essex, London-Stansted-Cambridge Corridor, or the Great Eastern Main Line) is likely to affect sectoral mix.
- 2.8.5 These employment shares are therefore compatible with a view of the future in which North Essex as a whole reflects the sectoral mix of the comparators, but each garden community has a more specialised sectoral mix reflecting the attributes and opportunities determined by its location. However, EB/081 focuses on the garden communities alone, and does not take a view about what is happening in the rest of North Essex – these shares for the garden communities could in principle also be compatible with the sub-region's sectoral mix evolving in a different direction altogether.