

## **North Essex Authorities**

### **Matter 4: Providing for employment (policy SP4)**

*Main issue: Is there adequate justification for the employment land requirements contained in policy SP4?*

*Should policy SP4 also set retail floorspace requirements?*

#### **Questions:**

- 1) Does the evidence base provide adequate justification for the employment land requirements for each local authority area set out in policy SP4?**

4.1.1 The North Essex Authorities consider that the evidence base contains sufficient justification for the employment requirements identified in policy SP4. Each local authority has produced an employment land needs assessment which can be found at document references CBC/003 for Colchester, BDC/010 for Braintree and TDC/26 for Tending.

4.1.2 Further evidence base work has been completed to look at the garden communities specifically in relation to employment provision. This includes the Employment and Demographic Studies, EB/009 and the North Essex Garden Communities Narrative, EB/033. The North Essex Authorities consider that they have assessed employment needs as per the guidance set out in the Planning Practice Guidance.

- 2) Are the employment land requirements consistent with the housing requirement figures and the methodology by which the latter were arrived at?**

4.2.1 Yes. Employment land requirements are based on the same job forecasts as the housing need calculation – from EEFM for Braintree and Colchester, and Experian for Tending. This ensures that housing and employment land policies are mutually consistent.

- 3) Does the evidence base take sufficient account of employment generators in the area such as Stansted Airport and the University of Essex?**

4.3.1 Braintree District Council is the closest district to London Stansted Airport. Its employment land needs assessment (BDC/010) includes within it an exploration of local factors which would affect the local economy. This work involved looking at the 2015 Stansted Sustainable Development Plan and how the economic benefits of the airport would spill over into the District. Table 5-2 on page 77 of document BDC/010 shows how local factors, including London Stansted Airport, have been factored into the employment land calculations.

4.3.2 The University of Essex sits between Colchester and Tendring. The Section 2 Local Plans for Colchester and Tendring highlight the important role the growing University plays as a source of employment, higher education opportunities and research for the area.

4.3.3 The North East Garden Communities Narrative (EB/033) summarises the sector growth studies which have been undertaken for North Essex in recent years. Much of the potential growth in these sectors flows from the research strengths of the University. The Employment and Demographic Study (EB/009) also points to London Stansted Airport and the University of Essex as two key drivers for growth supporting Garden Communities.

**4) Is it appropriate for the employment land requirements to be expressed as a range?**

4.4.1 Yes, a range of forecasts is appropriate to account for the variation in employment land requirements over time arising from a range of interacting factors including national economic growth rates, evolving technology and work patterns, changing fortunes in particular employment sectors, and local market demand. The aim of SP4 is to provide a framework for the detailed policies in Section 2 of the Local Plans and for future reviews of those Section 2's. The North Essex Authorities have co-operated in developing this strategic framework, working alongside other authorities and bodies in the area. The ranges reflect the consensus reached and provide flexible strategic long term guidance.

4.4.2 The range also reflects the evidence base. The limitations of forecasting job requirements and therefore the resulting requirements for employment land were highlighted in the Employment Land Needs Assessment completed for Colchester by NLP (CBC/0003):

*"It is important to note that there are inherent limitations to the use of economic forecasts...particularly within the context of recent changes in the economy. National macroeconomic assumptions are taken as the starting point and then modelled down to the regional and local levels by references to the existing economic profile and sectoral composition of an area. Local level data is less comprehensive and reliable than at national and regional levels, which can affect how the modelling is calibrated. Similarly, top-down forecasts do not take account of specific local factors that might influence employment growth. However forecasts are seen as a valuable input to indicate the broad scale and direction of future economic growth within different sectors, which helps assess the future land requirements of a local area". (para 6.7, p. 65)*

4.4.3 The NEA Authorities considered that it was appropriate to address these limitations by setting future employment requirements within a plausible high and low range which would provide the context for each Council's deliverable site allocations. Baseline labour supply forecasts using the 2012 SNPP provided one bookend, while the forecasts resulting from proactive plan-led intervention provided the higher bookend. These figures were translated into floorspace and then land requirements. Any mismatches between the supply and demand of employment sites can then be monitored and adjusted through the ongoing Local Plan review process.

4.4.4 The Council's evidence base includes the reports listed below on the position of each of the three North Essex Authorities which follow Government guidance on assessment of economic development needs. The evidence base provides the basis for future high and low growth parameters for each of the three local authority areas.

4.4.5 The Colchester employment land needs evidence base includes the Colchester Employment Land Needs Assessment CBC/0003 and the Colchester Employment Land Supply Delivery Trajectory CBC/0004. The Needs Assessment provides an analysis of 4 potential future economic scenarios, including baseline job growth; past development rates; higher past development rates; and future labour supply. The past completion rate was discounted as it reflected the inclusion of a significant 'one-off' loss of industrial space associated with a large firm relocation in 2008/09. The baseline job growth figure based on employment trends produced land requirement figures lying within the labour supply and higher growth rate scenarios so did not result in any alteration to the range.

4.4.6 The Braintree Employment Land Needs Assessment BDC/010 includes a quantitative assessment of the demand for office (B1a/b) and industrial (B1c/B2/B8) floorspace. The approach sources the EEFM projection of future floorspace demand by use class, which builds upon past trends to estimate future employment, from which demand for employment floorspace is derived. This projection is then adjusted on the basis of a series of local factors and drivers of economic change, which consist of trends that are not captured in historic data, and hence are not included in the EEFM projection.

4.4.7 The Tendring Employment Land Review TDC/28 includes a market assessment of demand and supply of commercial property by way of update to the Tendring Employment Land Review 2013 TDC/051. This report calculated future employment trajectories using three approaches; past completions; labour demand; and labour supply. Adjustments were made to the forecasts to take account of a flexibility or 'safety margin' factor and a 'making losses good' factor. The employment trajectories produced land requirement figures fall within the range set out in Policy SP4.

4.4.8 The following two evidence base reports consider the employment prospects of Garden Communities within the wider area and also relies on a scenario approach to accommodate the complexity of forecasting multiple changing economic and social variables:

- EB/009 North Essex Garden Communities Employment and Demographic Study
- EB/033 NEGC Economic Narrative

4.4.9 The Employment and Demographic study includes examination of three scenarios, and within these, the growth prospects for a number of important sectors are considered.

- Scenario 1 is the baseline scenario. It takes account of current trends and on the basis of an ageing population and uncertain economic environment. This is a very conservative projection, assuming contraction or slow growth in manufacturing and logistics, and modest growth in service industries, construction and IT.
- Scenario 2 builds on the baseline and adds the economic impact from dualling of the A120 between Braintree and the A12, which currently constrains development. Under this scenario, the area can capture an increase in manufacturing and logistics related to development at the Ports, and improved access to Colchester from London Stansted.
- Scenario 3 is based on a more interventionist approach to transformation of the North Essex economy, and builds on the previous scenarios.

4.4.10 Clearly, the use of the scenario approach reinforces the positive role that planning and the Local Plan in particular is intended to play. The second two scenarios rely on a proactive growth plan being set in place for North Essex, given that sustainable growth needs to be plan led in order to respond proactively and flexibly to market trends.

5) **Does the proposed level of employment land provision ensure adequate flexibility to accommodate unanticipated needs and rapid economic change?**

4.5.1 Policy SP4 of the Local Plan proposes a range of employment land provision for each local authority which has been introduced to ensure that there is a flexible approach to economic land provision across the North Essex area. As set out in more detail in response to other questions, page 70 of the Objectively Assessed Need Study (EB/018) has assessed a range of modelling options for jobs growth across the region, including the East of England Forecasting Model (EEFM) 2014 and 2016, the Edge Phase 7 and the Experian modelling to ensure that the most appropriate job figures for each District are included in the policy

SP4 of the Local Plan.

4.5.2 However it is recognised that employment figures can be more difficult to predict and how these are translated into employment land depends on the mix of employment uses which will be developed over the next fifteen years. For example B1 office space would usually require less employment land than a building used for manufacturing. Specifically to ensure that the policy is flexible enough to accommodate changes in employment need, the policy includes a range of employment land requirements. A plausible high and baseline range is provided precisely to give that flexibility to respond to market demands.

4.5.3 One of the advantages of promoting garden communities in our Section 1 Plan is that they provide considerable opportunities to respond to unforeseen changes in the demand for employment land. Moreover, by the combining of new sites in the garden communities, and existing sites in the three authorities, the North East Authorities will be ideally placed to offer a diverse range of locations for potential domestic and foreign inward investors.

4.5.4 The monitoring table at paragraph 9.4 of the Shared Strategic Plan includes the monitoring of employment floorspace. This will be undertaken annually as part of the Authority Monitoring Reports and rates of take up which are lower or higher than predicted will be picked up and appropriate changes could be made to the Local Plan to ensure that the authorities are responded to changes in the employment market.

**6) Should policy SP4 specifically require the North Essex Authorities to allocate suitable sites to meet their employment land requirements?**

4.6.1 The North Essex Authorities have proposed a range of employment land targets within policy SP4 which each local authority is proposing to meet. Specific site allocations to meet this need are included within the Section 2 of each Authority's Local Plan. It is not considered appropriate that the specific list of sites for each local authority are included within this policy. They are not appropriate in this strategic section of the Local Plan. However the North Essex Authorities would suggest the following additional wording to policy SP4 to make the fact that suitable site allocations are set out in Section 2 clearer if the Inspector feels this is appropriate:

*'Site specific employment allocations for each local authority are set out in the section 2 of the Local Plan'*

**7) Should policy SP4 be more specific about the types of employment that the North Essex Authorities seek to attract to North Essex?**

4.7.1 The North Essex authorities have set out in SP4 the amount of employment land which is required in each Local Authority area and therefore in the North Essex Authority area as a whole. The evidence base documents which have enabled the Councils to come to a conclusion on the amount of employment land required and by including the range, has the flexibility to deal with changes to the economic structures over the Plan period.

4.7.2 In order to maintain this flexibility it is not considered appropriate for the policy to require that certain employment sectors or types should be targeted. The policy is intended to last the life of the Local Plan and structural economic changes could take place, clusters could form or other changes to the economies of North Essex could take place, which would change the sectors or types of business that the authorities would be targeting. Instead each local authority has an economic development strategy (or similar) which will be able to look at and respond more quickly to the changing economic picture regarding the targeting of specific sectors or types of employment into North Essex. (see Braintree District Economic Development Prospectus BDC/009, Colchester Economic Strategy CBC/0061, Tendring Economic Development Strategy TDC/013).

**8) Should policy SP4 also set out strategic requirements for retail floorspace? If so, how should these be arrived at?**

4.8.1 The policy incorrectly refers to Retail in the title. It is not intended that the strategic retail needs are identified specifically related to the Shared Strategic Plan. The three plans adequately address retail needs in Section 2. Each of the Authorities have Borough / District wide retail capacity evidence (CBC/036; BDC/032; TDC/022) which take account of the planned growth for the whole plan in the Plan period.

4.8.3 The evidence studies acknowledge the planned Garden Communities within Colchester Borough, Braintree and Tendring Districts, which will provide for around 2,500 new homes towards the end of the plan period (2033). It is acknowledged that further work will need to be undertaken, to consider the likely effect of this and the overall scale of retail facilities within the Garden Communities. The future evidence updates will inform the DPDs being prepared for each of the Garden Communities. The relevant place policies SP8, SP9 and SP10 make reference under criteria E to provision for District and Local centres as appropriate to serve the communities as they develop.

4.8.4 To conclude, Policy SP4 does not need to set out strategic requirements for retail floorspace. Retail needs are adequately covered in the Section 2s of the three Local Plans. It is however recommended for clarity that the word "Retail" be deleted from the title as follows; Policy SP4 Providing for Employment. ~~and Retail.~~

**9) Should policy SP4 be more clearly focused, with explanatory material relocated to the reasoned justification?**

4.9.1 Yes. The policy could be worded to provide a more clearly focused Policy. It is considered that all of the content is relevant but some wording should be moved to provide additional justification / explanation in the relevant paragraph and consequential changes made to the policy. The following amendments / relocated text would achieve a more clearly focused policy with the more detailed explanatory text included in the relevant section of the supporting text.

Amend paragraph 5.9 to include the additional text relocated from Policy SP4.

*“5.9 As part of the work to assess housing requirements, an analysis of economic forecasts was undertaken together with demographic projections to establish the inter-relationship between population growth, forecasts of new jobs and the number of new homes needed to accommodate these levels of growth. Employment forecasts have been developed using two standard models (East of England Forecasting Model (EEFM) and Experian 2016) which forecast total job growth for each of the local authorities based on past trends. Each local authority has been advised on the most appropriate modelling figure to use in the context of reconciling job and housing demand. These figures are set out for the housing market as follows for the period 2013-2037, as set out in Policy SP4. Employment Land Needs Assessments have been carried out by each authority which set out the amount of employment land that is required within the Plan period. In terms of specific B use land provision, each local authority has undertaken work to establish what quantum of employment land would be required within the Plan period to meet the demand identified below for additional B use employment land. These B use employment areas are distributed between each local authority area and based on achieving a sustainable balance between jobs and the available labour force through population growth. As noted above, calculations of employment land required are affected by a range of issues that lead to different employment land portfolios for each local authority area, resulting in a proportionately greater quantum of new floorspace per job in Braintree and Tendring than in Colchester. This is a function of the prominence of higher density office requirements in Colchester and lower density logistics and industrial uses in Braintree and Tendring. The table in Policy SP4 below sets out the three authorities’ employment land (B Class uses) requirements for the period 2016 – 33 for two plausible scenarios, baseline and higher growth. These two bookends provide flexibility to allow for each authority’s supply trajectory to reflect their differing requirements”.*

The Amended Policy SP4, following relocation of text and consequential changes to read as follows;

#### **Policy SP4 - Providing for Employment and Retail**

A strong, sustainable and diverse economy will be promoted across North Essex with the Councils pursuing a flexible approach to economic sectors showing growth potential across the Plan period. Jobs provision will be reconciled with housing demand and as informed by the modelling the following forecasts will apply to the

North Essex Authorities;

**Annual Jobs Forecast:**

Braintree (EEFM)	490
Colchester (EEFM)	928
Tendring (Experian)	490

In order to meet the needs of the three authorities' employment land requirements for the period 2016 – 33 for B class employment uses and maintain appropriate flexibility in provision, the ranges set out below will be required.

**Hectares of B use employment land required:**

	Baseline (2012 Based SNPP)	Higher Growth Scenario
Braintree	23	43.3
Colchester	22.0	55.8
Tendring	20.0	38.0
<b>North Essex</b>	<b>65ha</b>	<b>137.1</b>