

Craven Employment Land Review and Future Requirements for Economic Growth

ADDENDUM

Craven District Council

November 2017

LICHFIELDS



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1.0

Introduction

Background and Purpose of the Addendum

1.1

Craven District Council [CDC] commissioned Lichfields to prepare an Employment Land Review [ELR] for the District. The ELR provides an important part of the evidence base to inform the preparation of a new Local Plan covering the period to 2032 by assessing economic development needs objectively in line with the National Planning Policy Framework [the Framework] and Planning Practice Guidance [the Practice Guidance]. It will also inform the evaluation of specific employment allocations and determine where growth should be accommodated across the District.

1.2

Since the ELR was published in March 2017, further information has been produced relating to the Regional Econometric Forecasting Model, and also new data informing the Council's Strategic Housing Market Assessment [SHMA] Update, undertaken by arc4 with Edge Analytics.

1.3

This report will form part of the evidence base for Craven District Council [CDC], helping to ensure that emerging plan policies are sound, positively prepared, justified and consistent with national policy. It forms an Addendum to, and should be read alongside, the March 2017 ELR and will aid the formation of a clear economic strategy to assist in the necessary delivery of employment sites by reviewing the B-class employment land requirements for the district in the light of new job forecasting data and labour supply inputs from the revised 2017 SHMA.

1.4

As such, this Addendum updates Chapter 7.0 of the ELR (Future Requirements for Employment Space) and the relevant Conclusions and Policy Implications in Section 9.0 of the March 2017 document.

2.0 Future Requirements for Employment Space

2.1 This section revisits future economic growth needs in Craven by drawing on several methodologies that are guided by the Practice Guidance in the light of new evidence produced by Experian to inform the latest Yorkshire and the Humber Regional Econometric Model, and revised labour supply scenarios following on from a revision to the Council's Strategic Housing Market Assessment.

2.2 To recap, the March 2017 ELR modelled five scenarios, as follows:

- 1 **Job Growth (Experian REM).** Data was provided on the October 2016 version of the Regional Econometric Model as it relates to Craven District. This scenario identified job growth of 2,400 FTE jobs over the period, an 11% increase over the plan period. However, the vast majority of these jobs were identified as being in non-B class uses, particularly accommodation, food services & recreation and construction. As such, and factoring in a loss of 400 jobs in the manufacturing sectors, the net increase in B-Class jobs was only 331.
- 2 **Scenario 2: Labour Supply (SNPP-2014 130 dpa).** This scenario was adapted from the 2016 SHMA update PopGroup outputs. This scenario indicated the amount of new jobs that would be needed to match the future working age population from 188 dpa and how much employment space would be needed to accommodate these jobs (totalling just 362 between 2012 and 2032).
- 3 **Scenario 3: Labour Supply (PG-10 Yr 188 dpa).** As above, but based on a housing need of 188 dpa and a net job growth of 1,844;
- 4 **Scenario 4: Labour Supply (Jobs REM 2014 238 dpa).** As above, but incorporating a 2014-based REM labour supply scenario equating to 238 dpa and a net job growth of 2,948.
- 5 **Scenario 5: Past Development Rates.** Monitoring data on past completions by B-Class uses indicated that average annual net completions for B-Class uses in Craven amounted to 0.316 ha of employment land, or 6.32 ha over the 20 year plan period.

2.3 These scenarios were used to inform the assessment of the District's future employment land needs for office and industrial (i.e. manufacturing and distribution) uses.

2.4 Five different scenarios of future employment space requirements were considered. These were based on a number of approaches which reflected economic growth (Experian REM); past development trends and potential labour supply scenarios (using three different dwelling requirements adapted from the SHMA). The results are summarised in Figure 7.3 and indicated a range of between 26 ha and 29 ha, excluding Scenario 2 as an outlier that did not align with the OAN for housing.

Figure 2.1 Modelling Scenarios –Craven Employment Land Requirements 2012-32



Source: Lichfields analysis

- 2.5 This Addendum revisits the modelling, using the same overarching methodology as per the March 2017 ELR when it comes to losses, take up, employment densities, plot ratios, vacancy rates and so forth, but adjusting the job growth to align with the latest REM projections (March 2017 iteration) and revised SHMA labour supply projections. The results are set out below.

Methodology

- 2.6 The Framework requires local authorities to “*set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth*” [§21]. Considering this in evidence base terms, this should be underpinned by a “*clear understanding of business needs within the economic markets operating in and across their area*” [§160].
- 2.7 Within this context, a number of potential economic scenarios have been developed in this study to provide a framework for considering future economic growth needs and B-Class employment space requirements in Craven up to 2032.
- 2.8 In line with Practice Guidance, these updated scenarios draw upon:
- 1 projections of employment growth in the main B-Class sectors (**labour demand**) derived from economic forecasts produced by Experian to inform its Regional Econometric Model (REM);
 - 2 estimating future growth of **local labour supply** based on the latest housing requirements contained in Craven District’s updated SHMA Addendum¹, and the amount of jobs and employment space that this could support, based on the SHMA’s demographic model runs.
- 2.9 All these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Craven. Further, to be robust, the economic growth potential

¹ Arc4 (2017) Craven District SHMA Addendum

and likely demand for employment space in Craven needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

2.10 It should also be noted that the ultimate judgement as to the level of need that Craven should plan for is not purely quantitative, and that there will be a number of qualitative factors to consider (discussed in other sections).

2.11 These factors will influence the employment space requirements that will need to be planned for, and which must be considered alongside the following modelled scenarios:

A. Forecasts of Job Growth

2.12 The Regional Econometric Model [REM] provides economic and labour market estimates and forecasts for the UK, Yorkshire & the Humber region and local authorities within that region. It is operated by Experian Business Strategies and the Regional Economic Intelligence Unit.

2.13 Data was previously provided on the October 2016 version of the REM as it related to Craven District and as such they represented initial ‘post Brexit’ projection for the District (recognising the uncertainty that lies ahead for the UK economy in general due to the referendum result). This indicated a net FTE job growth of 2,400 over the period 2012-2032.

2.14 The March 2017 REM release is now available and this has been used to update the modelling work.

Scenario 1: Experian REM Job Growth

2.15 Experian’s REM takes account of the existing economic structure of each Local Authority in Yorkshire and the Humber (broken down by economic sector) and the historical relationship between the regional performance of an industry and the performance observed at the Local Authority level. The forecasts of job growth by sector used here reflect recent trends and economic growth projections at national and regional level, and how economic sectors in Craven have fared relative to the regional / UK growth in the past. These forecasts also reflect the current post-Brexit economic climate. They are not constrained by either labour supply or land availability.

2.16 The forecasts of job growth by sector reflect recent trends and are based upon projections at the regional level and how sectors within Craven have fared relative to historic growth in the region. For example, where particular sectors have performed well compared with the regional average (i.e. Yorkshire and the Humber) the forecasts generally assume that these sectors will continue to drive growth within the District in the future. These projections also reflect the current post-recession economic climate.

2.17 The Leeds City Region LEP identifies six priority industries in its Strategic Economic Plan [SEP] that have been developed in consultation with local business and public sector partners. These industries are identified by the LEP as having growth potential and which they plan to promote and support in the years ahead.

2.18 These include:

- 1 innovative manufacturing;
- 2 financial and professional services;
- 3 health and life sciences;
- 4 low carbon and environmental industries;
- 5 digital and creative industries; and

6 food and drink²

2.19 These projections indicate an overall growth of 1,880 jobs for Craven over the 20-year period, equivalent to around 94 jobs per year. Table 2.1 shows the projected employment growth amongst 12 broad industrial sectors within the plan period. In comparison to the previous iteration, it suggests that growth will be weaker with 520 fewer jobs. This is predominantly due to less significant growth in the accommodation, food services and recreation sector and more than double the level of job losses projected for the manufacturing sectors. Aside from hospitality, the model still forecasts that Construction, Finance & Insurance, Wholesale & Retail and to a lesser extent Public Services will be the prime drivers for growth going forward, which is a similar position to the previous October 2016 REM outputs.

Table 2.1 Employment Sectors in Craven, 2012 – 2032 [Experian REM]

Sector	Net Additional FTE Jobs (2012 – 2032)	
	March 2017 REM	October 2016 REM
Accommodation, Food Services & Recreation	+940	+1,100
Construction	+340	+400
Finance & Insurance	+380	+400
Wholesale & Retail	+480	+400
Public Services	+300	+300
Professional & Other Private Services	+290	+200
Agriculture, Forestry & Fishing	-50	0
Extraction and Mining	-10	0
Information & Communication	+40	0
Transport & Storage	+60	0
Utilities	0	0
Manufacturing	-890	-400
TOTAL	+1,880	+2,400

Source: Experian REM March 2017 /October 2017 / Lichfields analysis

2.20 The total employment change in Craven resulting from these forecasts is shown in Table 2.2, alongside the forecast job growth in the B-Class sectors. This includes an allowance for jobs in other non B-Class sectors that generally use office or industrial space.

Table 2.2 Forecasted Employment Change in Craven, 2012 – 2032 [Experian REM]

	Number of Jobs		March 2017 REM Change (2012 – 2032)	October 2016 REM Change (2012 – 2032)
	2012	2032		
Offices/R&D (B1a/B1b)*	5,181	5,765	+584	+500
Manufacturing (B1c/B2)**	3,246	2,450	-797	-319
Distribution (B8)***	1,678	1,911	+233	+150
Total B-Class Jobs	10,105	10,125	+20	+331
Total Jobs in All Sectors	23,620	25,500	1,880	+2,400

Source: Experian REM March 2017 and October 2016 / Lichfields analysis

Note: * Includes publishing and a proportion of government offices.

** Includes vehicle repairs and some construction activities.

*** Includes parts of transport and communication sectors that use industrial land.

² Leeds City-Region LEP (2014) SEP: Part A: Growth Plan, page 26

- 2.21 These figures indicate virtually no overall net job gains in B-Class sectors within Craven up to 2032, with strong growth in office activities, moderate gains in distribution jobs counteracted by an almost commensurate decline in manufacturing jobs. This is within the context of total job growth of 1,880 jobs forecast for the District over the plan period, predominantly in the accommodation and food services and residential care & social services sectors. It should be noted that these key growth sectors will also require additional floorspace to accommodate an increase in employment over the period to 2032 (including some conventional office space), although the spatial implications of this growth are considered using different methodologies and other forms of technical evidence.
- 2.22 Total FTE jobs growth is now expected to be c.22% below the level of growth previously projected by the REM, which suggests that the latest model is more pessimistic, taking into account a weaker economic growth outlook nationally.
- 2.23 As before, the B-Class element of these FTE employment growth forecasts have been converted to net future employment space requirements by applying the latest published density figures for employment space, which takes account of recent trends in occupancy for the different B-Class uses. To estimate space requirements, the following employment densities have been applied to the FTE job forecasts:
- 1 **Offices:** 1 job per 14 sqm for general office space;
 - 2 **Industrial:** 1 job per 49 sqm as a (combined) average across B1c and B2 uses (based on the relatively small scale indigenous nature of Craven's industrial companies); and
 - 3 **Warehousing:** 1 job per 70 sqm for general, smaller scale warehousing (assumed to account for all of Craven's total stock)
- 2.24 These assumptions are based on the latest HCA guidance on employment densities 2015³. The Guidance takes into account recent trends in changes of employment space usage, with the main change being the more efficient use of office space through flexible working and hot-desking.
- 2.25 As with the March 2017 ELR, because the labour supply scenarios have been provided to Lichfields in workforce jobs rather than FTEs, slightly lower densities were applied from the HCA Guidance (specifically 1 B1a job per 12.5 sqm; 1 B1c/B2 job per 45 sqm and 1 B8 job per 65 sqm).
- 2.26 The same adjustment as before has been made to reflect the fact that vacancy rates in Craven are currently around 5% for commercial floorspace and around 3% for industrial/warehousing floorspace. On the basis that a figure of 10% more accurately reflects 'normal' market conditions, the model has assumed that where current rates are lower, the future supply should be adjusted so that the stock is brought back into balance and to achieve a vacancy rate of 10% overall.
- 2.27 Where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved (in line with common methodological practice amongst ELRs undertaken elsewhere across the country), to reflect the fact that job decline at a particular company does not automatically translate into a comparable loss of floorspace, at least not in the short-medium term, due in part to companies being locked into leasing agreements etc.

³ HCA (November 2015), Employment Densities Guide, 3rd Edition

Table 2.3 Experian REM Job Growth Based Net Employment Space Requirements in Craven, 2012 – 2032

	Floorspace (sq.m)	Previous ELR REM Floorspace (sq.m)
Offices (B1a/B1b)	13,406	11,972
Manufacturing (B1c/B2)	-19,514	-7,827
Distribution (B8)	28,037	21,728
Total B-Class Jobs	21,929	25,873

Source: Lichfields analysis / March 2017 REM

B. Future Labour Supply

- 2.28 It is also important to take into account how many jobs and hence how much employment space would be necessary to broadly match forecast growth of the resident workforce in the District. In contrast to the other approaches, this approach focuses on the future supply of labour rather than the demand for labour. These scenarios then indicate the amount of new jobs needed to match the future working-age population and how much employment space would be needed to accommodate these jobs.
- 2.29 The 2016 SHMA for Craven (which originally informed the ELR) identified an OAN of 214 dwellings per annum [dpa]; informed by the PG Long Term scenario, with an uplift based on 20% of the SNPP-2014 growth outcome to account for affordability adjustments.
- 2.30 Since the SHMA was completed in 2016, CLG has published the 2017 Housing White Paper, with a subsequent consultation detailing a draft methodology for a more standardised approach to OAN calculation across English local authorities. This methodology implies a 165 dpa figure for Craven over the ten-year period 2016–2026 (160 dpa when applied to the extended 2012–2032 plan-period). In addition to the new CLG evidence, Craven's 2016 mid-year population estimates [MYE] have been published by ONS; the OBR has also published its new labour market analysis and revised economic forecasts have been produced from the REM (see above).
- 2.31 A Strategic Housing Market Assessment [SHMA] October 2017 Update has therefore been undertaken by arc4 with Edge Analytics to reflect this new evidence. Using the PopGroup demographic modelling tool and its outputs, the SHMA Update ran the following new demographic scenarios:
- 1 **SNPP-2014:** This is the 2014-based SNPP for Craven and is presented as the 'benchmark' scenario.
 - 2 **SNPP-2014 Rebased:** This is the 2014-based SNPP for Craven, rebased to align with the 2015 and 2016 mid-year estimates.
 - 3 **PG Short-Term:** Internal migration rates and international migration flow assumptions are based on the last six years of historical evidence (2010/11–2015/16).
 - 4 **PG Long-Term:** Internal migration rates and international migration flow assumptions are based on the last fifteen years of historical evidence (2001/02–2015/16). The small 'Unattributable population change' (UPC) component is included in international migration assumptions.
- 2.32 Two further employment led scenarios have also been modelled in the SHMA (one using the economic activity rates in the March 2017 REM, the other using rates derived from the Office for Budget Responsibility, or OBR). As these job projections replicate Scenario 1 (above), it is not necessary to remodel them again here.

- 2.33 For the purposes of this ELR Addendum, we have modelled the four demographic scenarios set out above, with a range of between 130 dpa (SNPP-2014) and 199 dpa (PG Long Term). The resultant projections are presented in Table 2.4. They have been modelled by Edge Analytics using the PopGroup demography modelling tool. It indicates that the net job growth for Craven could range from a low of 1,822 to a high of 3,786 depending on the level of housing growth targeted. This range is higher than the 362-2,948 job growth range in the previous SHMA due to the new assumptions (and particularly the use of the higher OBR economic activity rates, which would suggest that a given labour force can support a higher number of jobs).

Table 2.4 SHMA Housing OAN Modelling Outputs (using 2014-based SNHP headship rates)

	Craven		
	2012	2032	Change
SNPP-2014 (130 dpa)			
Population	55,457	57,922	2,465
Households	24,671	27,030	2,359
Dwellings	27,111	29,703	2,592
Labour Force	28,460	28,410	-50
Jobs	31,554	33,375	1,822
SNPP-2014 Rebased (141 dpa)			
Population	55,457	58,441	2,984
Households	24,671	27,239	2,567
Dwellings	27,111	29,932	2,821
Labour Force	28,460	28,692	232
Jobs	31,554	33,707	2,153
PG-Short Term (167 dpa)			
Population	55,457	59,391	3,934
Households	24,671	27,711	3,040
Dwellings	27,111	30,452	3,341
Labour Force	28,460	29,037	577
Jobs	31,554	34,112	2,559
PG-Long Term (199 dpa)			
Population	55,457	60,896	5,439
Households	24,671	28,297	3,625
Dwellings	27,111	31,095	3,984
Labour Force	28,460	30,082	1,622
Jobs	31,554	35,340	3,786

Source: Edge Analytics (2017). Note all figures quoted exclude accelerated headship rates as this would not affect the level of job creation. The economic assumptions applied have been derived from the REM (2017) forecast.

- 2.34 As before, to translate this job growth into employment floorspace requirements, similar assumptions concerning vacancy rates and employment densities (adjusted for workforce jobs rather than FTEs) as per the econometric demand side forecasting work were applied to the job projections.
- 2.35 The results are presented in Table 2.5. Under these four scenarios, addressing the future employment requirements of local residents would mean a requirement of between 19,440 sqm and 40,481 sqm of B-class employment space (net) between 2012 and by 2032 for Craven. This is significantly higher than the -8,654 sqm and +29,097 sqm range generated in the previous

labour supply scenarios, which is attributable to the greater levels of job creation in Edge Analytics' new methodological approach including the OBR economic activity rates.

Table 2.5 Craven B-Class Net Floorspace Required from Updated Labour Supply Growth Scenarios, 2012-2032

Use	Craven			
	SNPP-2014 (130 dpa)	SNPP-2014 Rebased (141 dpa)	PG-Short Term (167 dpa)	PG-Long Term (199 dpa)
Offices (B1a/b)	13,825	14,865	16,139	19,992
Industrial (B1c/B2)	-25,431	-24,716	-23,839	-21,186
Warehousing (B8)	31,046	32,839	35,034	41,675
Total	19,440	22,988	27,334	40,481

Source: Lichfields analysis

Net Employment Space Requirements

2.36

Drawing together the results from each of the future economic scenarios, Table 2.6 summarises the net floorspace requirements for the five new labour demand/labour supply scenarios for Craven up to 2032.

Table 2.6 Net Floorspace Requirements in Craven by Scenario to 2032 (sqm)

Scenario Use	Labour Demand	Labour Supply			
		Experian REM March 2017 Job Growth	SNPP-2014 (130 dpa)	SNPP-2014 Rebased (141 dpa)	PG-Short Term (167 dpa)
Offices (B1a/b) (sqm)	13,406	13,825	14,865	16,139	19,992
Industrial (B1c/B2) (sqm)	-19,514	-25,431	-24,716	-23,839	-21,186
Warehousing (B8) (sqm)	28,037	31,046	32,839	35,034	41,675
TOTAL	21,929	19,440	22,988	27,334	40,481

Source: Lichfields analysis

2.37

These labour demand and labour supply forecasts suggest a fairly wide range of potential net space requirements. This ranges between a requirement for around 19,440 sqm of employment land (based on the 2014 SNPP Labour Supply scenario) and + 40,481 sqm (based on the PG Long Term Labour Supply Scenario). This contrasts with the -8,654 sqm to 29,097 sqm range in the previous ELR.

Translating Floorspace into Land Requirements

2.38

This Addendum applies a consistent approach with the March 2017 ELR by applying a standard 40% plot ratio assumption to the floorspace estimates to generate land requirements.

Replacement of Losses

2.39

To convert the net requirement of employment space into a gross requirement (i.e. the amount of employment space or land to be allocated/planned for), an allowance is typically made for some replacement of losses of existing employment space that may be developed for other, non B-Class, uses in future. This allowance ensures that sufficient space is re-provided to account

for employment space that is anticipated to be lost in future and provides some protection against continued erosion of employment space.

- 2.40 To be consistent with the March 2017 ELR, allowance has been made for the replacement of around **0.96 ha** of employment land annually in Craven, or 19.16 ha over the 20-year plan period. This equates to a replacement figure halfway between past losses (0.921 ha annually) and future losses (0.995 ha annually). This should be monitored by CDC over the coming years and adjusted as necessary, particularly once the current uncertainties regarding Brexit begin to be resolved.

Safety Margin

- 2.41 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites and to give some flexibility of provision, it is usual to add an allowance as a safety margin (i.e. for such factors as delays in some sites coming forward for development). As with the March 2017 ELR, a two year gross take-up allowance has been applied to the modelling.
- 2.42 As the average annual gross take up is 1.274 ha, the safety margin added equates to **2.548 ha**.

Gross Employment Space Requirements

- 2.43 The results of the scenario modelling for the five sets of projections, including an allowance for a margin of choice and the replacement of losses, are summarised in Table 2.7.

Table 2.7 Craven Gross Employment Land Comparisons 2012-2032 (ha)

CRAVEN		Office	Industrial	
		B1a/b	B1c/B2	B8
1) Experian March 2017 REM Job Growth	2012-2032 (net)	3.35	-4.88	7.01
	2012-2032 (gross)		24.64	
	+ Flexibility factor		27.19	
2) SNPP-2014 (130 dpa)	2012-2032 (net)	3.46	-6.36	7.76
	2012-2032 (gross)		24.02	
	+ Flexibility factor		26.57	
3) SNPP-2014 Re-based (141 dpa)	2012-2032 (net)	3.72	-6.18	8.21
	2012-2032 (gross)		24.91	
	+ Flexibility factor		27.46	
4) PG-Short Term (167 dpa)	2012-2032 (net)	4.03	-5.96	8.76
	2012-2032 (gross)		26.00	
	+ Flexibility factor		28.54	
5) PG-Long Term (199 dpa)	2012-2032 (net)	5.00	-5.30	10.42
	2012-2032 (gross)		29.28	
	+ Flexibility factor		31.83	

Source: Lichfields analysis

Note: * totals rounded

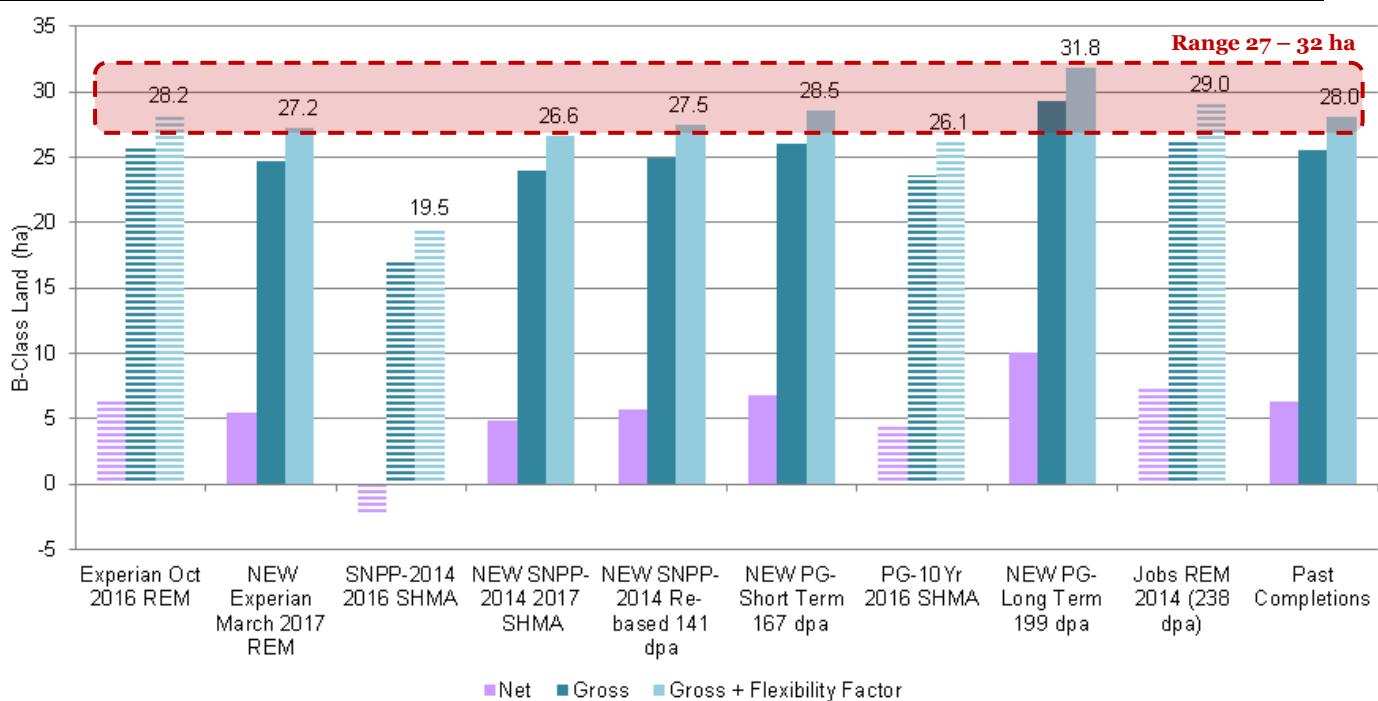
Comparison with March 2017 Outputs

- 2.44 In summary, the demand-led, supply-led and past completions range of indicative total gross land requirements over the plan period 2012 to 2032, factoring in a 2-year margin of choice,

results in the following range of demand projections of between **27 and 32 ha** of office and industrial land for Craven. This compares with a range of 20 ha – 29 ha in the March 2017 ELR (recognising that this was subsequently narrowed to 26-29 ha by excluding the lowest labour supply projection).

2.45 As can be seen in Figure 2.2, the 27-32 ha range is higher than the 20-29 ha range in the March 2017 ELR, predominately because of the low job creation associated with the labour supply scenarios previously. Excluding four of the March 2017 ELR scenarios on the grounds that they have been superseded by this latest modelling (retaining the Past Completions scenario), the 27 ha – 32 range ha is considered to provide the appropriate revised Employment Land OAN range for Craven District.

Figure 2.2 Modelling Scenarios –Craven Employment Land Requirements 2012-32



Source: Lichfields analysis. Note, the Scenario columns with the 'bar' shading are now superseded by the latest REM/labour supply evidence

Split between B1/B2/B8

2.46 In terms of how the 27 ha – 32 ha range for Craven could be split between the B1a/ B1b, B1c/B2 and B8 uses, as noted previously it is not possible to directly translate the split into gross requirements as the data is not sufficiently robust to enable a precise breakdown of land lost/margin of choice by use type.

2.47 The March 2017 ELR highlighted a number of conflicting considerations, updated below (if appropriate):

- 1 Based on the current 'stock' of floorspace in Craven, there is a considerable supply of industrial/warehousing units, comprising 84% of all B-class floorspace in the District, compared to 16% for B1a office⁴;

⁴ VOA: Business Floorspace Statistics (2012)

- 2 The March 2017 Experian REM job growth forecasts indicate reasonably strong growth in B1a/b office and to a lesser extent B8 warehousing; and a decline in demand for B2 industrial floorspace. When compared with the October 2016 REM projections, the latest forecasts indicate a greater increase in B1a office (584 vs. 500 net job growth) and Distribution (233 vs. 183 net) jobs, and a much bigger decline in B1c/B2 manufacturing jobs (-797 vs. -319);
- 3 All of the projections assume a decline in net floorspace requirements for B1c/B2, and an increase in demand for B1a/b and B8 floorspace;
- 4 Past completions data have not been recorded by office, industrial and warehousing developments and hence an analysis of this is unable to assist in deciding the split between B1a/b, B1c/B2 and B8;
- 5 From a qualitative perspective, agents consider there to be a gap in supply for small, modern industrial units (particularly in the 200 sqm to 500 sqm size bracket, although demand does exist for larger properties). This type of property dominates demand in the areas of the District outside of Skipton and its surrounding settlements, often for indigenous companies. Because demand is focused on indigenous firms, demand for employment land is broadly proportionate to the size of the settlement and its population. Agents stated this is why an employment location such as the Saworth Industrial Estate, despite being popular, continues to have vacant units.
- 6 As with the industrial market, the office market historically has been driven by local companies expanding and relocating, with very little inward investment seen. However, relative to neighbouring authorities, office rents are not particularly competitive. The poor quality of office stock combined with rental values has caused agents to observe an increasing trend for companies which may have previously operated from offices to become home-based. The office market has not recovered to the same extent as the industrial sector has since the recession and therefore rental levels and occupier demand are still below levels achieved prior to this period, especially outside of Skipton and its surrounding areas (the key office location within the District). Agents were pessimistic about the future of this market, although they stated the introduction of the Wyvern Park development will act as a test for how the market responds to a large injection of modern office and industrial units into the District's supply.

2.48 The previous March 2017 ELR concluded that an indicative split of 15% for B1a/B1b office, 85% for B1c/B2/B8 industrial and warehousing land could be appropriate. However, on the basis of the new evidence available since the March 2017 ELR was published, it is considered that the potential growth in the office market could have been slightly under-estimated, whilst the decline in manufacturing jobs forecast is even higher than before. Skipton also has a clear agglomeration of high quality financial and professional sector jobs, with Skipton Building Society remaining a major influence.

2.49 On balance and incorporating the new evidence since the publication of the March 2017 ELR, it is considered that an **indicative split of 25% for B1a/B1b office, 75% for B1c/B2/B8 industrial and warehousing land could be appropriate.**

2.50 This seeks to balance the replacement of some existing industrial stock with the continued demand in this sector going forward (as per consultation with agents) despite the projected ongoing job restructuring in this sector; the limited past growth in office requirements but with stronger potential for future demand (as per the latest REM employment forecasts); and the demand for B8 warehousing (recognising that this land hungry sector requires a disproportionate amount of land relative to employment generated).

2.51 However this is an indicative guide only; given the considerable economic uncertainty surrounding Brexit it will be incumbent upon the LPA to ensure that there is sufficient flexibility within the emerging Local Plan to accommodate any likely shifts in demand for different types of employment space over the period to 2032.

Conclusions

- 2.52 In interpreting the outputs of this section, regard should be had to the Practice Guidance which states that local authorities should develop an idea of future economic needs based on a range of data and forecasts of quantitative and qualitative need. In this respect, planning for employment growth should avoid relying on single sources of data or projections which tend to rely upon a number of different variables which are inevitably subject to change.
- 2.53 It is also important to recognise that there are inevitably uncertainties associated with modelling assumptions under any of the future growth scenarios considered. In particular, there are some inherent limitations to the use of local level employment forecasts generally and also where there may be data anomalies in the source data used to build the forecasts (which then have the potential to become exacerbated over time). In addition, it should be noted that economic forecasts do not take into account market shocks, and because they are regularly updated the resulting employment outputs will change across CDC's plan period (particularly once the implications of Brexit begin to reveal themselves). Furthermore the past take-up and losses data provided by CDC was not split by use-class or year, so assumptions had to be made regarding apportioning this data for the purposes of forecasting.
- 2.54 Utilising the latest (March 2017) Experian REM projections results in a slightly lower level of job growth than the previous (October 2016) iteration, although this only has a modest downward impact on the B-Class employment land requirement for that scenario, of around 1 ha. The biggest impact relates to the new assumptions informing the labour supply scenarios, and particularly the use of the OBR economic activity rates in the Edge Analytics modelling, which has the effect of increasing the level of jobs that can be sustained by a given population.
- 2.55 As a result, the range of these new scenarios is higher than before, from 27-32 ha (up from 20-29 ha previously, which was subsequently narrowed to 26-29 ha by excluding the lowest labour supply projection). The past completions scenario, which has not been updated in this Addendum, sits within this range at 28 ha. It is considered that this range appropriately dovetails with the updated 2017 SHMA and comprises the appropriate objectively assessed need for employment land in Craven District.
- 2.56 Within this range, the focus should remain on providing further industrial and warehousing allocations given that the office market remains relatively weak. However, given the reasonably strong prospects for employment growth in B1a/b sectors, it is considered that an indicative split of 25% for B1a/B1b office, 75% for B1c/B2/B8 industrial and warehousing land could be appropriate. In the light of current economic uncertainty going forward it will be vital to be flexible and responsive to changing market forces to ensure that deliverable sites remain available for a variety of B-Class uses across the District.
- 2.57 As set out in the March 2017 ELR, as Craven only has a 13.88 ha of pipeline employment land supply, the District faces a quantitative shortfall even with a lower OAN of 26 ha to 29 ha. This clearly remains the case with a slightly higher range of between 27 ha and 32 ha. To help address the shortfall, 7 sites were previously identified as having the potential to make a sustainable and viable contribution to the overall employment portfolio, totalling 49.89 ha (net). It is recommended that these be considered further through the Local Plan process, particularly in the light of the slightly higher OAN range. In addition, the options set out in paragraphs

9.26-9.44 of the March 2017 ELR regarding how the shortfall might best be met remain pertinent to this Addendum.

Appendix 1: Experian REM Forecasts

Experian Sector	FTE Jobs		
	2012	2032	Change 2012-2032
Accommodation, Food Services & Recreation (Broad Sector)	2,360	3,300	940
Agriculture, Forestry & Fishing (Broad Sector)	650	600	-50
Construction (Broad Sector)	1,550	1,890	340
Extraction & Mining (Broad Sector)	0,090	80	-10
Finance & Insurance (Broad Sector)	2,320	2,700	380
Information & communication (Broad Sector)	340	380	40
Manufacturing (Broad Sector)	2,720	1,830	-890
Professional & Other Private Services (Broad Sector)	4,980	5,270	290
Public Services (Broad Sector)	4,350	4,650	300
Transport & storage (Broad Sector)	710	770	60
Utilities (Broad Sector)	70	70	0
Wholesale & Retail (Broad Sector)	3,460	3,940	480
Total	23,610	25,490	1,880

Source: Experian REM March 2017

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