

North Hertfordshire Local Plan 2011-2031

Employment Background Paper

September 2016

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1. INTRODUCTION AND CONTEXT

1. In the last 5-10 years the UK economy has been through a slow and uncertain period, fluctuating between small rises and falls in economic growth. There were clear signs of recovery during 2013 and this has continued through 2014, 2015 and into 2016. All major industry sectors and regions are now showing positive growth trends.
2. Like most areas North Hertfordshire did not escape the detrimental affects of the economic downturn and many variables including unemployment and job growth figures suffered as result. Figures have only recently returned to pre-2008 levels, but the local employment environment is improving and the figures are moving in the right direction.
3. North Hertfordshire has existing allocated employment areas in each of the four main towns. The Local Plan continues this approach and seeks to expand the supply of designated employment land in order to meet the employment needs of the district over the plan period. At the same time some areas of the allocations are being released based on a number of factors including mix of uses / access issues / permission for residential development...etc. Decisions regarding both the allocation and the release of employment land are based on the employment evidence base, which this paper forms part of.
4. Recent Government changes to permitted development rights allowing employment uses to change to residential without the need for detailed planning permission has made employment forecasting and monitoring increasingly challenging. So far, other than a few town centre developments, these changes have not had a hugely negative impact on the district's employment areas, however, these changes could impact on the allocated employment areas and need to be kept under review as the Local Plan develops and once adopted.
5. The Planning Practice Guidance (PPG) states - *Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area. Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.*

2. FORECASTING AND FIGURES

6. The Council's Employment Land Review¹ (2013) provides a number of options for potential jobs targets and land demand figures (in **Section 7** of the report p85). For jobs figures it uses the three East of England Forecasting Model (EEFM) scenarios namely base rate, low growth and high growth to identify

¹ North Hertfordshire Employment Land Review (2013) Regeneris

labour demand based approaches to employment figures. There is also an additional labour supply model approach, which assesses the employment implications of the projected changes in population associated with the housing figure. Based on assumptions regarding types of employment growth, these approaches are then translated into land requirements over the plan period 2011-2031. There is also an additional methodology in relation to land demand requirements based on past trends.

Preferred Options

7. The jobs figure of **3,600** associated with the base rate run of the EEFM was considered to be the most appropriate in 2014/15 for the Preferred Options Local Plan. Although this wasn't overly aspirational, in relative terms and based on recent trends it was considered to be optimistic. Employment growth in North Hertfordshire had been relatively low and had been through a period of decline since 2000. During the period 1998-2011 the district experienced a -10% decline in total employment (4,800 job losses) compared to 8% employment growth at the regional and national levels². Huge job growth was not considered to be realistic or supported by any evidence. The EEFM provides an optimistic approach that is considered to be relatively realistic based on growth of certain sectors that exist in North Hertfordshire. It was considered that higher jobs figures would only serve to push up the residential figure further, unless a greater level of employment self-containment could be achieved. The base run of the model **gave an output housing figure of 12,400, which matched closely with the objectively assessed need figure outlines in the Strategic Housing Market Assessment (2012)**. It was therefore viewed that the chosen figure was supported by Housing assumptions in EEFM as well.

3. FUNCTIONAL ECONOMIC MARKET AREA STUDY (FEMA) (JULY 2015)

8. The Council, together with Stevenage Borough and Central Bedfordshire Council's, undertook a Function Economic Market Area (FEMA) Study to accord with NPPG's requirement to assess economic need based on a geography wider area than just district level.
9. This document looked at the spatial distribution of FEMAs in the area as well as the associated employment needs arising. It also provided commentary in relation to the employment strategies of the associated authorities and the overall supply of jobs and employment land and future employment requirements that could arise from changes to future commuting patterns.
10. Additionally it compared previous EEFM projections with the most recent 2014 run to provide conclusions on its appropriateness and how these changes could influence future job figures.
11. The broad conclusions associated with the 2014 run of the EEFM are detailed below in comparison with previous runs of the model. The 2014 EEFM also

² North Herts Employment Land Review (2013)

includes floorspace projections, which are included below separately to provide another land supply option.

TABLE 1: EEFM BASELINE MODEL RUN FIGURES

EEFM Model Run	Total jobs	FTE Jobs	B-class jobs 2011-2031	Approx B-class land requirement 2011-2031			
				Office (B1a&b)	Manufacturing (B2)	Storage (B8)	Total
2011 baseline	4440	2930	-308	1.7	-6.7	10.4	5.39
2012 baseline	5400	3600	1300	3.7	-8.9	14.5	9.3
2013 baseline	4330	2930	1824	4.3	-3.5	9.2	9.9
2014 baseline	7010	4740	5750	8.00	-5.17	19.30	22.13
2014 baseline (land supply figures)	7010	4740	5750	6.65	1.85	10.16	18.66

12. A broad assessment of the employment implications between the 2014 and other runs indicates significantly higher office job growth in North Hertfordshire under the 2014 EEFM data set (apparently driven by stronger growth in computing & IT, and professional services), whilst the decline in industrial-based jobs is also lower compared with the other runs. Overall, B class jobs are projected to grow significantly more under the 2014 EEFM.
13. Whilst the 2014 run presents a more positive view of potential economic growth in North Herts, caution needs to be expressed as the EEFM can fluctuate and provide surprising results based on small changes in the economy which are projected forward over the 20 year period. Solely relying on one run of the EEFM as a basis for a jobs figure has been found as an unsound approach by recent Examinations in Public, therefore the Council are mindful of these results in forming a view about potential employment targets.
14. The significant rise in B-use class jobs means that the figure for need for employment land could be higher than was previously considered in the preferred options, however, the previous land demand figure (9ha) already factored in an element of flexibility. But based on this new information a figure of **20ha** seems a sensible upper limit taking the table above into account.

Balance between Jobs and homes

15. The balance between the number of jobs and the additional supply of labour created by the additional homes is an important balance as it has the potential to create unsustainable patterns of movement as well as additional demand for housing. The SHMA considers this point, as summarised below.

4. STRATEGIC HOUSING MARKET ASSESSMENT (JUNE 2015)

16. The Council updated the SHMA last year, which provides an updated housing figure of 14,400 for North Hertfordshire's own need. The document was produced jointly with Stevenage BC, which again helped from a joint working perspective.
17. The SHMA also used 2014 EEFM model data to assess the number of potential jobs against the number of potential workers and arrives at the conclusion that there is no need to further increase housing delivery as there will be enough workers for the likely increase in jobs in the area. As alluded to earlier; the EEFM provides a more positive economic forecast than the previous runs of the model.

5. LAND SUPPLY CALCULATIONS OF NEW SITES

18. If we estimate the number of jobs created by the additional land allocated through the Local Plan using a plot ratio of 0.5 and an assumption that land will be equally split between B1, B2 and B8 uses it provides a jobs figure of approximately **5060**.
19. This is a very crude calculation and doesn't take account of redevelopment of existing employment land of which there is always constant churn. It also doesn't include development outside of designated employment areas (i.e. the rural area) or jobs outside of B - use classes, but it provides a useful figure in terms of the capacity of the emerging allocations to feed into the wider supply argument calculations.

6. STEVENAGE SHORTFALL

20. Stevenage Borough Council (SBC) has identified through their Proposed Submission Local Plan and the supporting evidence including the FEMA study that they have an anticipated shortfall of employment land towards the end of their plan period. This shortfall could total 14ha.
21. Based on this evidence, it is considered necessary to identify land in the longer term to increase the supply of employment land in North Hertfordshire to meet that unmet need. In essence this will have a potential self-containment benefit; reducing the levels of out-commuting to Stevenage from North Hertfordshire which currently accounts for a net loss of 2,652 workers.
22. This approach has been tested through the FEMA report and is likely to have a positive impact on the Council's jobs target, providing evidence for a potentially higher jobs target.
23. The FEMA concludes with "*Within the context of identified FEMAs, the study concludes that these unmet growth requirements from Stevenage would be most suitably supported in the surrounding economic areas in North Hertfordshire and Eastern CB that help form part of the relevant FEMA in commercial property and labour market terms. In particular the key sub-market*

area that stretches from Stevenage to Letchworth and Baldock along the A1(M) route is considered to be best placed to meet the unmet needs for industrial space from Stevenage, while the unmet needs for office space is considered to be more localised in nature.”

24. A modest increase in the amount of employment land over and above our own needs is considered to be a sustainable approach and one that will have a positive impact on our economy in the long term.

7. EMPLOYMENT LAND SUPPLY

25. The local plan process has considered sites listed in **Table 2** for employment use. A detailed summary of the reasoning for the choice of sites is given in Appendix 5 to this report and evidence published alongside the Local Plan.

TABLE 2: EMPLOYMENT LAND SUPPLY (NEW SITES)

Site	Size ha	Local Plan Conclusion
Site B/e01 - Royston Road, Baldock	8.48	Allocate site (BA10)
Site B/e02 - Royston Road Baldock	11.12	Allocate site (BA10)
Site L/e01 - Former Power Station site, Letchworth	1.5	Allocate site (LG12)
Site 59 - Land adjoining Household Waste Recycling Centre	0.11	Do not allocate site
Site 60 - Land east of Blackhorse Road, Letchworth	4.09	Do not allocate site
Site H/e01 - Transco Site, Hitchin	10.9	Do not allocate site
Site H/e02 - Land North and East of Wilbury Way (cut by rail curve)	25 approx	Do not allocate site
Site R/e01 - York Road, Royston	10.9	Allocate site (RY9)
Land at Junction 7 of the A1(M)	20.1 (in North Herts)	Do not allocate site

26. In addition to the sites identified through the local plan process, there are a number of sources of supply as detailed in Table 3. **These constitute approximately 9ha of additional supply.**

TABLE 3: FURTHER SOURCES OF SUPPLY (April 2015)

Source	B1	B1(c) / B2	B8	Total
Vacant employment sites* (modified list from ELR 2013)	2.24	0.57		2.81

Planning permission **	0.58	2.9	1.26	4.7
Undeveloped allocations*	1.5			1.5
Total	3.57	4.22	1.26	9.05

Where figures appropriate for more than one use the figure is split 50:50

*Data included in Appendix 3

**Data included in Appendix 2.

8. ADDITIONAL DEMAND

27. In addition to the figure of up to 20ha additional employment land identified in the baseline runs of the EEFM there is an identified loss of employment sites through the local plan process in a number of locations. A number of these are vacant or not in employment use, however, some still accommodate active employment activity as detailed in **Table 4**. To maintain an adequate supply of employment land this needs to be factored into the overall demand calculations to ensure no net loss of active employment land going forward
28. As set out in Table 4 below this re-provision of land constitutes approximately **7ha** need to be incorporated in the overall figure for demand.

TABLE 4: ACTIVE EMPLOYMENT LIKEY PERMENANT LOSS AS A RESULT OF THE LOCAL PLAN

Active sites to be lost from Allocation	EMP Area	BUS Area	Allocation
Icknield Way (BE3, BEB3), Baldock	1.41	1.41	BA6
Sharps Way / Cooks Way (HE4), Hitchin	1.2		HT8
Birds Hill (W) (LE2), Letchworth	0.99		LG5
Birds Hill (WW) (LE2)., Letchworth	0.11	0.11	LG5
Anglian Business Centre, Royston	1.2		RY7
Pixmore Centre	0.99	0.99	LG8
Glebe Road Industrial area	0.3	0.3	LG13
Foundation House	0.8	0.7	LG16
Total	7	3.51	
Total employment land	7		

9. STRATEGIC SITES

29. No additional requirement has been factored into the calculations for the strategic sites / urban extensions identified in the Local plan. It is unlikely that

employment land is will be delivered in any of the 6 strategic sites. Discussions with landowners and draft masterplan have not identified any provision for designated employment land. A large part of the East of Luton strategic sites has a detailed planning application, which mostly encompasses housing. The location of the remainder of the site and its associated access routes does not lend itself to employment development.

30. If any additional employment land does come forward as part of these sites it is unlikely to be significant due to the pressure to deliver housing.

10. CONCLUSIONS

31. **Table 5** summarises the preferred approach to the allocation of employment land. The allocations are shown on the Proposals Maps.
32. There is an estimated **demand for approximately 41ha over the plan period and we will provide 41.05ha** through existing supply and allocations.
33. Flexibility is built into the land demand assumptions providing the additional benefit of improving choice and opportunity, although there are also additional qualitative reasons which support the allocation of employment sites in the areas chosen too.
34. The needs of Stevenage Borough Council are factored into the demand figure and as evidenced in the FEMA study are best met in land in Baldock at BA10 which has been expanded to include additional land to the east.

TABLE 5: SUMMARY OF PREFERRED STRATEGY

Demand	41ha
EEFM Baseline	20
Re-provision of existing sites	7
Stevenage unmet need	14
Supply	41.05ha
Existing supply (permissions and allocations)	9.05ha
Royston Road, Baldock (BA10)	19.6ha
Former Power Station, Letchworth (LG12)	1.5
York Road, Royston (RY9)	10.9

11. EXISTING EMPLOYMENT AREAS / BUSINESS AREAS

Taking account of the employment land releases in Table 4 above and permissions granted for non-employment uses since designation in the 1996

Local Plan, the current extent of the existing employment areas are detailed in Table 6 below.

TABLE 6: EXISTING EMPLOYMENT AND BUSINESS ALLOCATIONS

	code	Employment	Area/ha		code	Business	Area/ha
Baldock	BE1	Bondor Business Centre	2.5		BB1	Bondor Business Centre East	1.0
	BE2	Royston Road	3.3				
Hitchin	HE1	Wilbury Way	38.9		HB1	Wilbury Way	3.6
	HE2	Burymead Rd	7.1		HB2	Cadwell Lane	0.8
	HE3	Station approach	1.4		HB3	Burymead Rd	7.1
	HE4	Land adjacent to priory park	0.9		HB4	Land adjacent to priory park	0.9
Letchworth	LE1	Works Road	70.9		LB1	Armor Way	0.2
	LE2	Blackhorse Road	11.8		LB2	Blackhorse Road North	4.8
	LE3	Icknield Way	11.4		LB3	Icknield Way North	3.7
	LE4	Spirella	2.8		LB4	Icknield Way South	3.0
Royston	RE1	Orchard Road	38.9		LB5	Spirella	2.8

35. These employment and business areas have been assessed through the Employment Land Review and have been protected based on their importance to the future contribution towards the North Herts economy. These areas are shown on the Local Plan Proposals Map.

Appendix 1 – Job / Employment Land Forecasting

Jobs (taken from EEFM)

	B1	B2	B8	Total
2012 Regeneris	2600	-1900	600	1300
2013 NLP	2991	-1373	206	1824
2012 NLP	3496	-2536	527	1487
2011 NLP	1080	-1675	287	-308
2014 NLP	5750	-1530	880	5100

Floorspace (derived using employment densities set out in the ELR)

	B1	B2	B8	Total
2012 Regeneris	44900	-78300	41900	8500
2013 NLP	52043.4	56979.5	15450	10513.9
2012 NLP	60830.4	-105244	39525	-4888.6
2011 NLP	18792	69512.5	21525	29195.5
2014 NLP	100050	-63495	66000	102555
2014 EEFM land assumptions	82700	-35400	20300	67600

Actual land requirement (derived using plot ratios from ELR)

	B1	B2	B8	Total
2012 Regeneris	3.50	-19.58	8.38	-7.69
2013 NLP	4.06	-14.24	3.09	-7.10
2012 NLP	4.74	-26.31	7.91	-13.66
2011 NLP	1.46	-17.38	4.31	-11.61
2014 NLP	7.80	-15.87	13.20	5.13
2014 EEFM land assumptions	6.45	-8.85	4.06	1.66

Total land required (derived using assumptions on flexibility and making losses good from ELR)

	B1	B2	B8	Total
2012 Regeneris	3.70	-8.88	14.48	9.31
2013 NLP	4.26	-3.54	9.19	9.90
2012 NLP	4.94	-15.61	14.01	3.34
2011 NLP	1.66	-6.68	10.41	5.39
2014 NLP	8.00	-5.17	19.30	22.13
2014 EEFM land assumptions	6.65	1.85	10.16	18.66

Appendix 2 – Non- residential commitments / undeveloped allocations

District wide commitments	net	plot ratio	total land
B1	6608	0.5	13216
B1a	-5271	0.5	-10542
B1b	1553	0.5	3106
B1c	-2150	0.4	-5375
B2	13764	0.4	34410
B8	6289	0.5	12578
total	20793		47393
			4.74ha
undeveloped allocations			
B1/B2	4950	0.5/0.4	1.1
B1/B2	1760	0.5/0.5	0.44
			1.54ha
27503		total	6.28ha

Appendix 3 – Redevelopment opportunities

Town	Site	Size	Suitable uses	Comments
Baldock	Former Peugeot Site, Icknield Way	0.2	B1,B2,B8	Being released for residential
Hitchin	7-9 Bury Mead Road	0.22	B1	
	Industrial Unit, station approach	0.07	B1	
	Yard Site, Station approach	0.15	B1	
	Former Procast Components site, Cadwell Lane	0.38	B1	
	Bilton Road Car Parking	0.25	B1	
Letchworth Garden City	Former car show room, Corner Jubilee Road, Works Road	0.16	B1,B2, Sui	
	Works Road, East of Avenue one	0.07	B1,B2	
	Site west of Heritage Offices, Icknield Way	0.31	B1,B2	Being released for residential
	Land to east of Chapter Lee building Icknield Way	0.91	B1,B2	
	Lloyds building, Birds Hill	0.57	B1	Being released for residential
	Former GW King	4.6	B1	Being released for residential
	Former Umo House Offices	0.6	B1	
Royston	Land north of York Way	0.56	B1,B2,B8	All ready accounted for in estimated sites
	Lumen Road	0.15	B1,B2,B9	Being released for residential

Appendix 4 - New Site Job Calculations

Site	Area	Plot ratio	Useable land	B1 jobs (17.4m/job)	B2 jobs (41.5m/job)	B8 jobs (75m/job)	Total jobs
Royston Road, Baldock (BA10)	19.6	0.5	98000	1877	787	435	3099
Former Power Station, Letchworth (LG12)	1.5	0.5	7500	144	60	33	237
York Road, Royston (RY9)	10.9	0.5	54500	1044	438	242	1724
							5060

Appendix 5 - Site Selection Reasoning

Allocation	Previous reference	Name	Place	Type	Evidence and reasoning	Conclusion
BA10	Be01, Be02	Royston Road	Baldock	Employment	Given levels of housing growth anticipated in Baldock, this area along Royston Road affords the only meaningful opportunity to create a new employment area. Employment space per capita in Baldock is far lower than the other three towns and this site provides the opportunity to provide more sustainable development patterns and reduce commuting between towns. The site adjoins an existing employment area. It provides good access to the A505 / B656 and thereby to A1(M) and Stevenage, providing logical location to meet additional employment need from SBC. Known areas of surface water flood risk on site. Western-most part of site not in green belt. For part of site in green belt, Green belt review says site makes a moderate contribution in an area which makes a moderate contribution to green belt purposes. Adjoins railway line. Baldock currently lacks critical mass of employment land. Landscape relatively well contained. Low to moderate landscape sensitivity. Grade 2 agricultural land.	Allocate site
LG12	L/e01 -	Former Power Station site,	Letchworth	Employment	Site has been granted planning permission for employment uses previously. Pragmatic inclusion within designated employment area.	Allocate site

Background papers

RY9	R/e01	York Road,	Royston	Employment	The allocation of additional land in Royston is a logical strategy, based on the existing situation of successful employment area. Modest employment expansion to absorb job requirements of the new population which will occupy the new housing. Planning permission has been granted for employment uses in this area already. The site is partly in health and safety zone around Johnson Matthey. Small area of surface water flood risk on site. Moderate landscape sensitivity. Well contained by A505 bypass.	Allocate site
	59	Land adjoining Household Waste Recycling Centre	Letchworth	Employment	Not allocated in Waste site allocations document, also no longer available	Do not allocate site
	60	Land east of Blackhorse Road,	Letchworth	Employment	Suggested for employment development. Landowner no longer pursuing. Green belt says area makes a significant contribution to green belt purposes. Poor access for development this size. Wildlife site along railway to south. Some areas of known surface water flood risk on site. No requirement for additional employment land in Letchworth as land is being released for residential development. Insufficient justification for allocation - better to focus employment releases on Baldock to link with major housing site there.	Do not allocate site

Background papers

	H/e01	Transco Site,	Hitchin	Employment	<p>The site is largely within the existing settlement boundary, therefore, development could potentially come forward should the need arise in the local area, however, access is a key issue in this area and the capacity of the Wilbury Way / Cadwell Lane junction is a key constraint. Traffic would additionally filter through Grove Road and Woolgrove Road. This node already operates at capacity at peak times and any further development would generate a cumulative increase in traffic and may further overload this area of the road network and may cause concern for existing users and emergency and service vehicles. Additional access points may be possible in the future, however this would most likely be deliverable in combination with H/e02, however at this time the need does not exist to justify either and the intension relating to H/e02 is unknown. The site is within the HSE consultation area associated with the onsite gas holders. Site is also adjacent to a wildlife site which will require mitigation.</p>	Do not allocate site
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Background papers

	H/e02	Land North and East of Wilbury Way (cut by rail curve)	Hitchin	Employment	Access is a key issue in this area and the capacity of the Wilbury Way / Cadwell Lane junction is a key constraint. Traffic would filter to Grove Road and Woolgrove Road. This node already operates at capacity at peak times any further development would generate a cumulative increase in traffic and may further overload this area of the road network and may cause concern for existing users and emergency and service vehicles. A new access for the employment area has been discussed in relation to this site, however the availability of this site is not known and cannot be relied upon as deliverable. Site adjoins wildlife site. Employment need at this time does not exist to justify. Partly Grade 2 agricultural land. Green belt review says site makes a significant contribution in a wider area which makes a significant contribution to green belt purposes.	Do not allocate site
	J7	Land at Junction 7 of the A1(M)	Nr Stevenage	Employment	Site adjoins land in Stevenage. It is owned by a Charitable Trust operating on behalf of Knebworth House. Development option for business park lapsed in 2013 and owners not actively pursuing redevelopment option, therefore not available.	Do not allocate site