

Employment Technical Paper



December 2015

Contents

1	Introduction.....	3
	<i>What is a technical paper?</i>	3
	<i>What does this technical paper cover?</i>	3
	<i>What are the key evidence studies?</i>	4
	<i>Which other authorities' plans, proposals and evidence are most relevant?</i>	4
	<i>What are the key issues for this paper?</i>	4
2	Demand for new employment land	5
	<i>Employment baseline study</i>	5
	<i>Further analysis of the EEFM baseline</i>	6
	<i>The balance between dwelling and employment provision - EEFM</i>	11
	<i>The balance between dwelling and employment provision - SHMA</i>	12
	<i>Hertfordshire Local Economic Partnership (LEP) Growth Plan</i>	12
	<i>Conclusions</i>	13
3	Employment Land Supply within Stevenage Borough.....	16
	<i>Potential supply identified in the Strategic Land Availability Assessment</i>	16
	<i>Overarching assessment of employment viability</i>	17
	<i>Translating SLAA sites to proposed allocations (ex-Green Belt)</i>	17
	<i>Consideration of further opportunities within Stevenage Borough</i>	19
	<i>Aligning the proposed supply against the identified demand</i>	22
	<i>Further opportunities in the Green Belt</i>	24
	<i>Conclusions</i>	24
4	Options for meeting shortfall beyond the Borough boundary.....	26
	<i>Potential schemes in other areas within Stevenage's FEMA</i>	26
	<i>Potential schemes in areas outside Stevenage's FEMA</i>	27
	<i>Conclusions</i>	27
5	Conclusions.....	28

1 Introduction

What is a technical paper?

- 1.1 Technical papers provide additional information to help explain how policies in the draft local plan have been developed.
- 1.2 Our evidence base contains a number of studies. However, it is not always appropriate or possible to simply translate their recommendations directly into policy.
- 1.3 This might be for a number of (overlapping) reasons:
 - We need to consider evidence 'in the round'. Our studies normally focus on particular issues or specialist areas. Once they are completed, we need to consider how they interact with the findings of other work we have carried out;
 - Government policy is set out in the National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG). These are clear that many of the analyses we have to carry out to support our plan should be objective and 'unfettered' by other considerations. Our Strategic Housing Market Assessment (SHMA), for example, should not have any regard to potential constraints ~ such as a lack of sites or the presence of Green Belt ~ when working out how many homes might be needed;
 - This means that we have to look across all of the evidence we have gathered, including public consultation responses, and come to a view on:
 - a. The most appropriate balance of land uses for the plan;
 - b. The most appropriate targets for these land uses (where relevant); and
 - c. The most appropriate sites where these requirements can be met;
 - Some potential sites will have been promoted for more than one use. A landowner might be willing, for example, to let their land be used for either housing or employment. We need to decide which, if any, of these uses is most appropriate;
 - Some potential sites identified in our evidence base will be in less preferable areas for development. This might include land that is not previously developed, in the Green Belt, in a Conservation Area or at greater risk of flooding than other options. We need to work out whether it is necessary or appropriate to use any of these sites;
 - We may receive objections to the findings of our studies, or use alternate sources of information that might suggest slightly different answers could be available;
 - New data may have been released since the relevant study was completed; while
 - We have to consider how our evidence and emerging proposals compare with those of other nearby authorities. It wouldn't necessarily be appropriate, for example, for two neighbouring towns to both promote major retail development in their areas.
- 1.4 Technical papers help to explain how we have taken these matters into account and got 'from A to B', or from our initial study findings to the policies in our plan.

What does this technical paper cover?

- 1.5 This paper covers employment, in terms of both demand and supply.

1.6 In planning, employment land usually refers to ‘B-class’ uses¹ and includes:

- B1(a) – offices
- B1(b) – research and development
- B1(c) – light industry
- B2 – general industry; and
- B8 – storage and distribution.

1.7 This technical paper primarily focuses upon these use classes and the implications of future growth (or decline) in these sectors for the local plan. However, the role of other, non-B-class sectors in providing jobs is acknowledged. This includes jobs in sectors such as health, retail, leisure and education.

What are the key evidence studies?

1.8 The following studies should be read alongside this technical paper:

- Stevenage Employment and Economy Baseline (Nathaniel Lichfield & Partners (NLP), 2013)
- Functional Economic Market Area Study: Stevenage, North Hertfordshire and Central Bedfordshire Councils (NLP, 2015)
- Strategic Land Availability Assessment – Employment (Stevenage Borough Council (SBC), 2015)
- Stevenage and North Hertfordshire Strategic Housing Market Assessment Update (Opinion Research Services (ORS), 2015)
- Stevenage Central Town Centre Framework (David Lock Associates (DLA), 2015)
- Whole Plan Viability Study including Community Infrastructure Levy (HDH Planning & Development (HDH), 2015)
- Green Belt Technical Paper (SBC, 2015)

Which other authorities’ plans, proposals and evidence are most relevant?

1.9 The plans, proposals and evidence of Central Bedfordshire, North Hertfordshire and Welwyn Hatfield councils are of most relevance when considering employment issues for Stevenage.

What are the key issues for this paper?

1.10 This paper provides further explanations of:

- How Stevenage’s future employment land needs have been identified and why the method used and targets in the local plan are appropriate;
- How the sites that will contribute towards these needs within the Borough have been identified; and
- How the proposals in Stevenage’s draft local plan interact with, and relate to, the plans of the authorities identified above.

¹ Different land uses are categorised into classes by Government. These are defined by the Town and Country Planning (Use Classes) Order (1987) as amended.

2 Demand for new employment land

- 2.1 The first stage of the analysis is to review demand-side factors to determine how much Employment Land should be planned for. This is carried out below, having regard to studies that form part of the evidence base and other relevant strategies and monitoring data.

Employment baseline study

- 2.2 An Employment & Economic Baseline study was carried out by Nathaniel Lichfield & Partners (NLP) in March 2013 (the NLP study). This provided an understanding of future requirements. The study provided:
- An overview of recent economic trends – an economic and labour market baseline;
 - A review of employment space;
 - An analysis of the Stevenage commercial property market;
 - A review of the current employment sites portfolio;
 - An evaluation of future requirements for employment space and subsequent determination of additional land requirements;
 - A comparison of future skills requirements; and
 - An overview of the policy and delivery implications.
- 2.3 In evaluating future requirements, five different scenarios were developed:
- Baseline job growth
 - Higher enterprise job growth
 - Past take-up (baseline)
 - Past take-up (high)
 - Labour supply (based on an assumed 300 dwellings per annum)
- 2.4 These scenarios generated a range of future job, floorspace and land requirements for B-class uses. The scenarios range from a surplus of 6 hectares of employment land over the plan period (i.e. too much land) to a shortfall of 47ha (i.e. a need for additional land).
- 2.5 NLP considered the two outliers to be less appropriate as bases for future planning, leaving three scenarios which projected **a net requirement for between 20ha and 30ha of employment land over the period 2011-2031**. This took an existing supply allowance of 3 hectares into account. These scenarios were reflected in the first consultation on the Local Plan held in 2013, and are summarised in the table below.

Table 1: Summary of scenarios in NLP baseline study

Scenario	Land requirement		
	Industrial	Office	Total
Baseline	4ha	16ha	20ha
Higher Enterprise	4ha	18ha	22ha
Labour Supply	19ha	11ha	30ha

- 2.6 The Baseline and Higher Enterprise scenarios were underpinned by the autumn 2012 run of the East of England Forecasting Model (EEFM)². The Labour Supply scenario projected a higher requirement for industrial floorspace in the future, in contrast to the other options.

² <http://www.cambridgeshireinsight.org.uk/EEFM>

- 2.7 NLP advised that these scenarios should be considered as a minimum with the potential to seek a more aspirational approach. The NLP study forms our starting point for the consideration of employment land issues and should be referred to for more detail.

Further analysis of the EEFM baseline

- 2.8 Since publication of the NLP study, two further runs of the EEFM have been released. The spring 2013 baseline was released in August 2013, with the autumn 2014 baseline released in January 2015. Prior to the completion of the NLP study, EEFM model runs had been released in 2009 and 2010³. A further release of the EEFM baseline is scheduled for early 2016.
- 2.9 The NLP study contains detailed explanation of the assumptions and ratios used to translate the 2012 EEFM forecasts into the requirements identified in Table 1. These assumptions have been applied to the other EEFM forecasts to give an indicative comparison of how the projected land requirements for the Borough have changed over time.
- 2.10 For the purposes of these comparisons, the existing supply allowance of 3 hectares that was included in the land calculations for the Employment Baseline study have been excluded (i.e. they have been added to demand). This is to ensure compatibility with the SLAA results discussed in the analysis of supply below and to prevent double-counting.

Table 2: Estimates of B-class job and land requirements in Stevenage from EEFM results

EEFM Model Run	Total jobs 2011-2031	B-class jobs 2011-2031	Approx. B-class land requirement 2011-2031		
			Industrial	Office	Total
2014	4,400	1,400	7ha	16ha	23ha
2013	5,000	4,500	18ha	22ha	40ha
2012	3,400	1,000	6ha	17ha	23ha
2010	11,500	5,750	14ha	27ha	41ha
2009	11,400	4,220	30ha	20ha	47ha

Source: Employment & Economic Baseline Study (NLP, 2013) / EEFM / SBC analysis. Jobs numbers rounded to nearest 100. Land requirements independently rounded to nearest hectare.

- 2.11 Using this approach, the EEFM results underpinning the NLP study produce the joint lowest land requirements for the Borough of the various forecasts reviewed. Both the 2012 and 2014 forecasts translate into a requirement for 23 hectares of employment land over the plan period. However, it is notable that other runs of the model result in significantly higher land requirements. The 2010 and 2013 EEFM suggest a requirement for approximately 40 hectares of employment land, while the 2009 results suggest 47 hectares⁴.
- 2.12 The forecasts from 2012 onwards are predicated on significantly lower overall job growth than the forecasts from 2009 and 2010. Some of this may be attributable to macro-economic conditions as the consequences of the recession / downturn 'feed through' the system – both in terms of actual changes in job growth and forward projections of the recovery. This change in outlook is considered further below.
- 2.13 There have also been significant variations in the proportion of future jobs predicted to occur in B-class uses. From Table 2 above, it can be seen that the 2013 EEFM was a significant outlier in this respect. It forecast that 90% of future jobs would be in B-class uses. The remaining forecasts project B-class uses will account for between 29% and 50% of future jobs with an average of 37% (unweighted) / 40% (weighted).

³ Earlier runs of the EEFM (and its predecessors) also exist though have not been considered for the purposes of this analysis.

⁴ The sectors used in the EEFM were updated in 2012. Results from 2009 and 2010 were calculated using a 'best fit' between those forecasts and the assumptions in the NLP study.

- 2.14 It is clear that the forecasts for Stevenage can vary significantly between one run of the EEFM and another.
- 2.15 The results above are further predicated on the assumption, set out in the NLP study, that 20% of future office floorspace will be delivered in higher density urban or town centre locations. This assumption can have a significant bearing on the results; the equivalent quantum of floorspace that could be delivered on 1 hectare in a high density location would require 5 hectares of land in an out-of-centre location.
- 2.16 There is a question over the extent to which it should be assumed that requirements arising from the EEFM be met in central locations. As set out in the NLP study, Stevenage does not have an active town centre office market. Many premises are outdated and, indeed, the NLP study recommended these be released.
- 2.17 The EEFM produces trend-based and 'policy off' forecasts; forward projections of office (and other) floorspace is based on observed patterns in the past. For Stevenage the forward trend figures are influenced by the realities of the past office market in the town: the take-up of edge- and out-of-centre office floorspace and the vacating of central premises. Table 3, below, sensitivity tests the NLP study assumption for recent EEFM runs and calculates land requirements arising when this key variable is adjusted.

Table 3: Sensitivity test of high intensity office assumption on total B-class land requirement

EEFM Model Run	% of higher density office floorspace			
	0%	10%	20%	30%
2014	26ha	25ha	23ha	22ha
2013	44ha	42ha	40ha	38ha
2012	27ha	25ha	23ha	22ha

Source: Employment & Economic Baseline Study (NLP, 2013) / EEFM / SBC analysis.

- 2.18 As would be expected, assuming a lower proportion of high-intensity floorspace increases the land requirement. Broadly speaking, adjusting the assumed proportion by +/-10% changes the land requirement by +/-2 hectares.
- 2.19 As well as considering variations within and between the model runs for Stevenage, it is important to also consider them in a wider context. EEFM results are derived, in part, from higher tier forecasts meaning they will be constrained to and / or consistent with regional, national and / or international forecasts for certain variables.
- 2.20 Two of the key comparable measures in the EEFM are overall job growth and Gross Value Added (GVA). The tables on the following page summarise these measures for Stevenage in the EEFM runs since 2009 compared against the county, regional and national figures.
- 2.21 It can be seen that, in terms of anticipated future growth, the East of England consistently outperforms the national outlook while, in turn, Hertfordshire consistently outperforms the East of England average. The forecasts for growth in both Hertfordshire and the East of England across all five runs of the EEFM have remained within a relatively narrow 'bandwidth'.
- 2.22 However it is notable, when looking across the model runs, that Stevenage has 'flipped' from being forecast to out-perform all these areas to being predicted to under-perform. In both the 2009 and 2010 model runs, the job growth and GVA figures for Stevenage were anticipated to be higher than all the comparator areas.
- 2.23 From 2012 onwards, Stevenage has not only slipped behind the County average, but also the forecast growth at both regional and national levels. Forecast growth in these comparator areas has, by contrast, remained relatively stable across the different forecasts. This is both in absolute terms as well as relative to one another, as shown in Graph 1, below. Since 2012, forecast job growth in Stevenage has been around half the regional level.

Table 4: Job growth projected by EEFM model runs 2009-2014

	Job Growth 2011-2031 (%)				
EEFM release	2009	2010	2012	2013	2014
Stevenage	24	25	7	10	9
Hertfordshire	20	16	17	18	21
East of England	18	15	16	14	19
UK	14	10	9	10	14

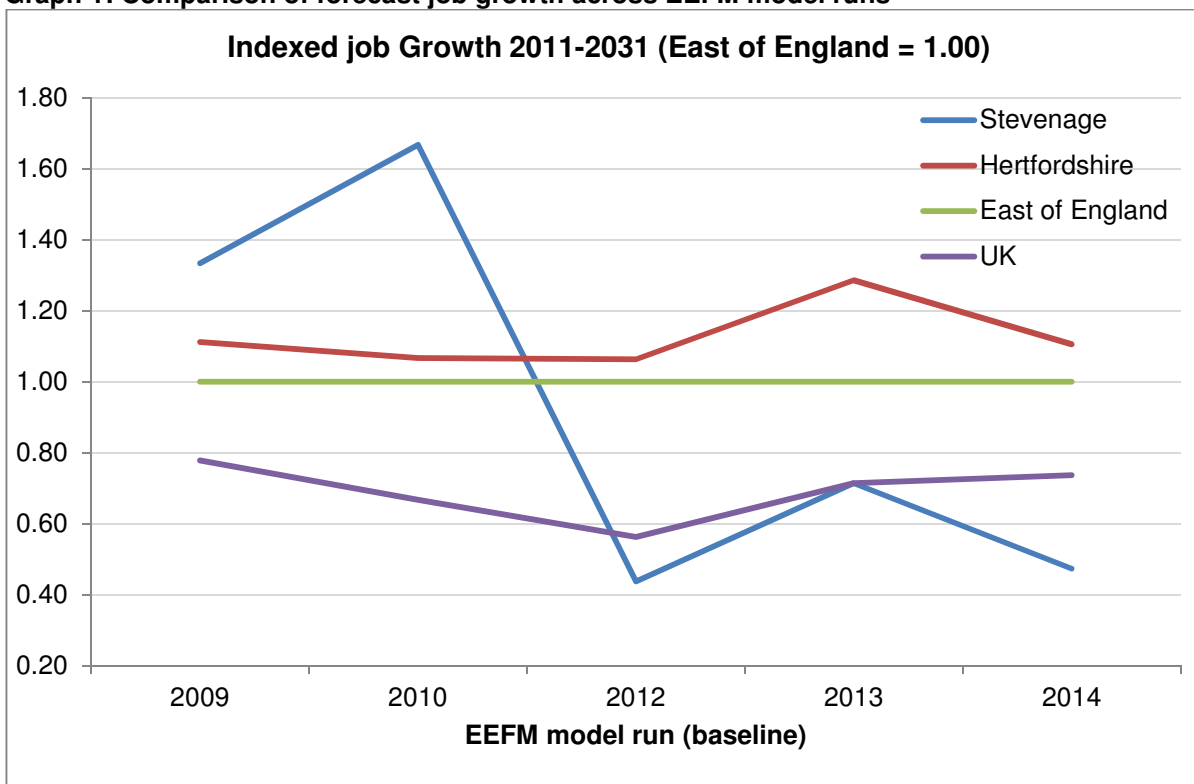
Source: EEFM / SBC analysis

Table 5: GVA growth projected by EEFM model runs 2009-2014

	GVA Growth 2011-2031 (%)				
EEFM release	2009	2010	2012	2013	2014
Stevenage	94	82	55	68	52
Hertfordshire	73	68	71	72	63
East of England	70	63	67	66	61
UK	63	59	59	63	59

Source: EEFM / SBC analysis

Graph 1: Comparison of forecast job growth across EEFM model runs



Source: EEFM / SBC analysis

Table 6: Estimates of average projected job growth by land-use class in Stevenage

Average number of jobs projected 2011-2031 in...	EEFM 2009-2010	EEFM 2012-2014
B1	5,000	3,500
B2	-1,100	-1,100
B8	400	-100
Non B-class	5,400	1,900
Total	9,800	4,300

Source: EEFM / NLP / SBC analysis

2.24 Further analysis provides more detail on this apparent division. Table 6 summarises the jobs forecast for Stevenage in each B-class sector along with non-B class jobs. Compared to the 2009 and 2010 EEFM, the later forecasts have projected:

- An average of 1,500 fewer jobs in B1 office and research and development sectors, a fall of around 30%;
- The same number of jobs in B2 manufacturing classes;
- Around 500 fewer jobs in B8 storage and distribution, which has switched from a modest net gain of jobs over the plan period to a modest loss; and
- A substantial (two-thirds) decline in the projected number of non-B class jobs in Stevenage. Construction, retail, education and health provide at least 500 fewer jobs in the post-2012 forecasts compared to the 2009 and 2010 EEFM.

2.25 Table 8, on the following page, summarises Stevenage's sector profile against national job forecasts and shares from the 2014 EEFM. From this, it can be seen that:

- Stevenage is relatively over-represented in a number of manufacturing sectors that are forecast to see a contraction in the number of jobs nationally over the plan period;
- Stevenage has average representation in the majority of sectors that are not forecast to experience significant change over the plan period (defined as average national growth in jobs of between +1 and -1% per annum);
- Many jobs are concentrated in sectors that are forecast to have slow only growth over the plan period, including wholesale & retail, education and health;
- Stevenage has only average levels of representation in the core, high growth business services sector; and
- Stevenage is under-represented in a small number of sectors, notably the key growth sector of professional services. This accounts for approximately 8% of jobs nationally, but less than 6% of jobs in Stevenage.

2.26 These changes are reflected in the commuting balance. Stevenage has historically been a net attractor of labour.

2.27 The 2009 and 2010 EEFM projected that this status would be preserved. Net in-commuting to Stevenage would increase by an average of 2,400 over the plan period. However, the results since 2012 suggest net in-commuting will decrease by an average of 1,400 over the plan period, a 'swing' of 3,800. Indeed, the 2014 EEFM projects that Stevenage will transform from a net importer of labour to a net exporter over the plan period.

2.28 Within the EEFM model, this is symptomatic of projected job growth in Stevenage being lower than in surrounding areas with which it has commuting relationships. The 2014 EEFM projects that North Hertfordshire, Welwyn Hatfield and Central Bedfordshire will all experience stronger job growth than Stevenage and a consequential net improvement in commuting patterns over the plan period. This is shown in Table 7, below.

Table 7: Jobs growth and commuting balance forecast by 2014 EEFM

Authority	Jobs 2011	Jobs 2031	% Change 2011-2031	Commuting balance 2011	Commuting balance 2031	Change 2011-2031
Stevenage	49,200	53,600	+9%	+2,100	-1,000	-3,100
North Hertfordshire	52,400	59,600	+14%	-12,500	-11,000	+1,500
Welwyn Hatfield	79,200	96,100	+21%	+15,400	+16,500	+1,000
Central Beds.	104,800	131,500	+26%	-33,900	-29,400	+4,500

Source: EEFM / SBC analysis

Table 8: Stevenage sector profile vs national job forecasts and shares

	Contracting sectors (Forecast national job decline of at least 1% per annum average 2011-2031)	Slowly declining sectors (Forecast national job decline of up to 1% per annum average 2011-2031)	Slowly growing sectors (Forecast national job growth of up to 1% per annum average 2011-2031)	High performing sectors (Forecast national job growth of at least 1% per annum average 2011-2031)
Stevenage over-represented in... (Employment share at least 33% higher than nationally)	Manufacturing – general <i>Manufacturing– chemicals</i> Manufacturing– metals Manufacturing – transport Manufacturing– electronics	Telecoms		Construction Computer related Employment activities R&D
Stevenage has average representation in		<i>Manufacturing– pharma</i> <i>Utilities</i> <i>Waste & remediation</i> Public admin	Wholesale Retail Accommodation / food Education Health & care Other services	Business services Arts & entertainment
Stevenage under-represented in... (Employment share at least 33% lower than nationally)	<i>Mining & Quarrying</i>	<i>Agriculture</i> <i>Manufac.– food</i>	Land transport <i>Air & water transport</i> Finance	Professional services <i>Publishing & broadcasting</i> <i>Real Estate</i>

Source: EEFM 2014 / SBC analysis. Sectors in **bold** employed at least 2,000 people in 2014, sectors in *italics* employed less than 500 people in Stevenage in 2014 (EEFM).

The balance between dwelling and employment provision - EEFM

- 2.29 The housing evidence base for the local plan identifies an objectively assessed need (OAN) of 7,300 homes over the plan period 2011-2031⁵. The draft plan translates this into a marginally higher housing target of 7,600 homes. This latter figure broadly aligns with the latest Government (CLG) 2012-based household projections⁶. These are, in turn, informed by ONS' 2012-based population projections.
- 2.30 The NPPF, and associated guidance, emphasise the need to achieve a broad balance between housing and employment growth.
- 2.31 The EEFM baseline forecasts include a 'demand for dwellings' measure. The demand for dwellings in Stevenage across the five most recent model runs is shown in the table below.

Table 9: Demand for dwellings forecast by EEFM

EEFM model run	2009	2010	2012	2013	2014
Demand for dwellings	6,300	6,500	6,200	4,400	6,500

Source: EEFM

- 2.32 With the exception of the 2013 results, the demand for dwellings measure arising from the EEFM has actually remained relatively consistent, indicating a requirement for around 6,500 new homes over the plan period. This supports the observations above and suggests that it is commuting movements that 'take up the slack' in the job projections with higher in-commuting forecast in the pre-2012 EEFM results and more out-commuting forecast in more recent results, particularly the 2014 EEFM. The methodology of the EEFM is such that low employment growth will effectively 'trigger' increased commuting to better performing areas (and vice versa):

*"each available job...is allocated to a resident of one of the authorities with which the area has commuting links, in proportion to the strength of that link. This method assumes that commuting patterns do not change [proportionally] over time."*⁷

- 2.33 These demand for dwellings measures are lower than the identified OAN / housing target. However, it should firstly be noted that the EEFM runs are not been underpinned by a constant set of population forecasts. They reflect forecasts available at the time. Secondly, the 2014 EEFM results pre-date the release of the latest CLG household projections.
- 2.34 The 2014 EEFM is calibrated against the 2012-based ONS population projections. Comparison of the results shows there are only marginal differences between the 2014 EEFM and ONS 2012-based population projections for Stevenage in terms of both the overall and working-age populations.
- 2.35 The 'shortfall' in the demand for dwellings in the 2014 EEFM therefore arises from different assumptions about household composition and size than those contained in the subsequent 2012-based household projections. This is borne out by comparing the population / household ratio in the two forecasts.
- 2.36 The EEFM assumes a slightly higher population / household ratio over the period to 2031 when compared to the latest CLG projections.

⁵ Stevenage and North Hertfordshire Strategic Housing Market Assessment Update (SHMA) (ORS, 2015)

⁶ The CLG forecasts suggest an increase of 7,700 households between 2011 and 2031. It is acknowledged that household numbers do not translate directly into dwellings.

⁷ East of England Forecasting Model Technical Report: Model Description and Data Sources (Oxford Economics, 2015)

Table 10: Ratio of population / households – 2014 EEFM vs. 2012-based ONS / CLG projections

	2011	2016	2021	2026	2031
2014 EEFM	2.40	2.42	2.40	2.38	2.36
2012-based CLG / ONS	2.41	2.37	2.34	2.33	2.30

Source: EEFM / ONS / CLG / SBC analysis

- 2.37 Applying the ratio of population to households found in the CLG projections to the 2014 EEFM brings the Demand for Dwellings measure broadly into line with the Government's figures and the level of housing being proposed in the local plan.

The balance between dwelling and employment provision - SHMA

- 2.38 The SHMA takes a different approach and derives an estimate of the workforce by applying labour market activity rates to the population forecasts: it is population- rather than employment-led.
- 2.39 The commentary in the SHMA itself relates to the joint study area of Stevenage and North Hertfordshire. The study contains a detailed explanation of how the balance is calculated and the underlying data therefore allows the figures to be disaggregated to estimate the implications for Stevenage alone.
- 2.40 Applying the method in the SHMA to its population forecasts for Stevenage suggests a surplus of 600 workers against the 2014 EEFM.
- 2.41 This balance is calculated from the recommended population and housing projections in the SHMA, which use 10-year migration trends. The SHMA subsequently proceeds to recommend a 10% 'uplift' to these figures in response to market signals.
- 2.42 It is established above that the proposed housing target in the Local Plan broadly aligns with the 2012-based ONS/ CLG population and household projections.
- 2.43 Reapplying the SHMA methodology to ONS' 2012-based population projections for Stevenage results suggests a surplus of 1,500 workers based on the 2014 EEFM. In these circumstances , a greater level of employment provision would be needed to achieve a balance.
- 2.44 Although this is at odds with the conclusion in paragraph 2.37 above, it needs to be recognised that the two approaches – EEFM vs. SHMA – tackle the issue from different ends and make their own assumptions. This is recognised in the technical report that accompanies the EEFM:

The Model's outputs are just one piece of evidence to assist in making strategic decisions ... The EEFM's baseline forecasts can be compared with other published forecasts, but close agreement should not be expected and sometimes there can be wide divergences...

Hertfordshire Local Economic Partnership (LEP) Growth Plan

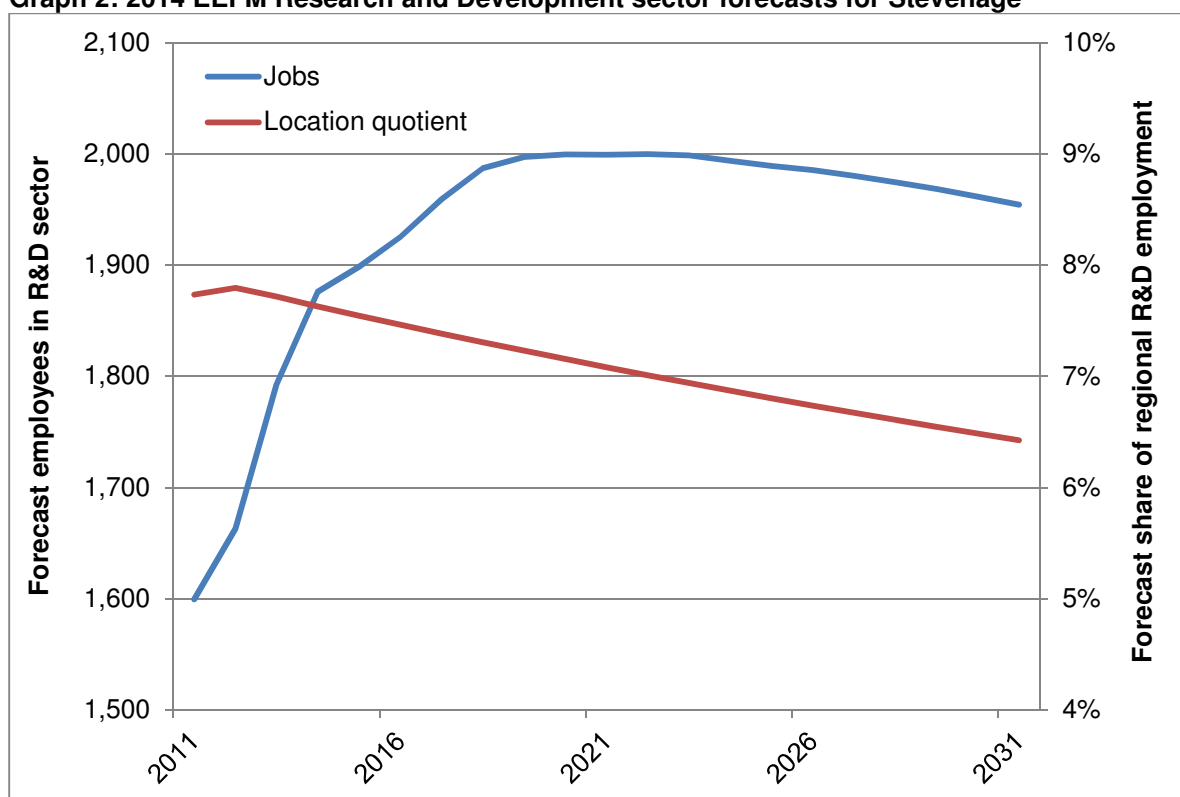
- 2.45 Stevenage lies within the area covered by the Hertfordshire Local Economic Partnership (LEP). The LEP's Strategic Economic Plan sets out ambitions to deliver 38,600 additional jobs across the County.
- 2.46 Three key Growth Areas are identified as the focus for investment, including the A1(M) growth area which covers the local authorities of Welwyn Hatfield, Stevenage and North Hertfordshire.
- 2.47 Among the investment priorities for the growth area are several schemes for Stevenage:

- The delivery of future phases of the Bioscience Catalyst;
- The establishment of a Gunners Wood Business Growth Zone to attract high-tech industry; and
- Town centre regeneration to create new commercial opportunities⁸.

2.48 These are 'policy on' responses. The Bioscience Catalyst is an (inter)national facility delivered with the assistance of central Government funding. However, the first phases of development have only recently been completed. As such, any job growth has yet to substantively feed into forecasts based on long-term past performance.

2.49 This can be seen in the 2014 EEFM forecasts for the R&D sector in Stevenage, as shown in Graph 2 below. Although forecast jobs in R&D increase over the period to 2019, they then plateau before declining at the end of the period. Only around 60 additional R&D jobs are forecast between 2015 and 2031. Stevenage's 'location quotient', which expresses the Borough's share of regional R&D jobs, projects a relative decline in importance in this sector.

Graph 2: 2014 EEFM Research and Development sector forecasts for Stevenage



Source: 2014 EEFM / SBC analysis

2.50 The issues surrounding town centre office provision are discussed above (see paragraphs 2.15 to 2.18).

Conclusions

2.51 From the analyses above, a number of conclusions can be drawn. With regards to the EEFM, it can be seen that:

- The EEFM results for Stevenage can vary significantly from one run to another;

⁸ <http://www.hertfordshirelep.com/about-us/our-priorities.aspx>

- The model runs in 2009 and 2010 projected significantly higher overall jobs growth for Stevenage than the model runs after this time – both in their own right and against county, regional and national comparators;
- The number of forecast B-class jobs also varies, both in terms of absolute numbers and the proportion of total jobs;
- The EEFM results have been translated into B-class land requirements using the assumptions from the NLP study. These range from 23 to 47 hectares over the plan period, though it is notable that two of the last three forecasts result in a predicted requirement of this lowest figure;
- Adjusting the extent to which town-centre office space might be considered a ‘policy on’ versus a ‘policy off’ response impacts on the calculations;
- Stevenage is currently over-represented in certain sectors which are projected to decline and under-represented in certain growth sectors;
- The number of jobs in Stevenage is forecast to grow more slowly than in surrounding authorities resulting in a projected reverse of commuting flows over the plan period; while
- Further EEFM releases are anticipated as the Local Plan continues towards submission and examination.

2.52 On face value, the job forecasts arising from the 2014 EEFM, and the land requirements derived from it, broadly support the level of housing proposed in the plan – once an adjustment has been made to bring household formation assumptions in line with those underpinning CLG’s 2012-based household projections.

2.53 However, this is subject to the interrelated caveats that the 2014 EEFM results remain predicated upon:

- Stevenage under-performing against local, county and regional comparators; and
- Reversing its long-standing position as a net attractor of labour and experiencing net out-commuting by 2031.

2.54 To determine land requirements for the purposes of the local plan, it is necessary to make a balanced and pragmatic planning judgement based on these factors. In light of the variations between forecasts and issues identified, **a trend-based B-class land requirement of 30 hectares over the period 2011-2031 is assumed.** This approach is supported in NLP’s analysis of Functional Economic Market Areas conducted for Stevenage, North Hertfordshire and Central Bedfordshire⁹.

2.55 At least one further iteration of the EEFM is anticipated prior to the plan’s examination. In considering the implications of any future releases, the following questions will be considered.

- Do future forecasts continue to ‘embed’ the generally lower forecasts seen in model runs since 2012?
- Do they revert back towards higher figures and / or B-class land requirements seen in the 2009, 2010 and 2013 forecasts?
- How do forecasts for Stevenage relate to forecasts for the county, region and / or surrounding authorities?
- Do they perform erratically with no clear longitudinal trend?

⁹ Functional Economic Market Area Study: Stevenage, North Hertfordshire and Central Bedfordshire (NLP, 2015)

- What are the implications in terms of commuting patterns and the forecast demand for dwellings?

2.56 As established above, the EEFM is trend based. The methodology acknowledges:

EEFM forecasts are based on observed past trends only: Past trends reflect past infrastructure and policy environments. Even where major new investments or policy changes are known and have actually started, they can only affect EEFM forecasts to the extent that they are reflected in the currently available data. If they have not yet impacted on the available data, they will not be reflected in the forecasts.

- 2.57 Any 'policy on' responses that have been recently delivered, or are anticipated to be delivered through the plan period will not be (fully) captured in the forecasts. The EEFM also acknowledges that it is one piece of a wider evidence base that should be used in coming to a decision.
- 2.58 The methodology used in the SHMA projects a surplus of workers over the plan period. This is the case for both the 'baseline' projection set out in that document as well as the analysis of the ONS 2012-based population forecasts in this paper. The latter figures suggest around 1,500 additional jobs would be required over and above the 2014 EEFM to ensure a balance between jobs and homes.
- 2.59 The LEP growth plan identifies schemes for Stevenage focussed into the high-tech / R&D sectors, as well as the regeneration of the town centre. These are not captured in the past-trends approach of the EEFM, particularly with regards to the R&D sector.
- 2.60 In addition to looking at employment requirements across several runs of the EEFM model, it is considered necessary to have regard to wider evidence and aims in determining the most appropriate economic strategy for the local plan.
- 2.61 This leads to the conclusion that **further employment land allowances over and above the trend-based requirements should be made**. These would reflect, in particular, those schemes and aspirations that are policy-led, or otherwise uncaptured in the trend-based forecasts.

3 Employment Land Supply within Stevenage Borough

- 3.1 Having established a position in relation to demand, it is necessary to turn to supply. This will help to determine the extent to which the requirements identified in the preceding sections can be accommodated in Stevenage.

Potential supply identified in the Strategic Land Availability Assessment

- 3.2 Strategic Land Availability Assessments (SLAAs) are a key part of the evidence base for the Local Plan. These assess the availability, suitability and achievability of sites within the Borough Boundary for housing and employment use.
- 3.3 The latest employment SLAA provides a list of sites and areas that have been positively assessed for potential employment use in the Local Plan¹⁰. However, there are a number of issues with simply using the findings of this assessment to allocate employment sites within the Local Plan:
- The SLAA is an independent piece of work, and does not take into account other evidence studies or other Local Plan objectives;
 - SLAA sites may be identified in other evidence studies as being suitable for, or requested by landowners or stakeholders to be considered for, alternate land uses. The SLAA cannot make judgements on competing land uses or the best overall distribution of land uses in the Borough. This is the role of the Local Plan;
 - The SLAA tests sites on an independent basis and does not consider cumulative effects or whether multiple sites of a similar nature might come forward for development (either in practical or policy terms);
 - The land and floorspace calculations in the SLAA are based upon some relatively simple, high-level assumptions and it may be appropriate to take a more refined approach to estimates of potential yields in the plan;
 - At the time of writing the SLAA, the Council's viability assessment was still being prepared; while
 - Not all SLAA sites may be required to meet the target set out within the Local Plan.
- 3.4 This section of the technical paper shows how we have moved from the SLAA sites to the site allocations and allowances in our plan.
- 3.5 The SLAA identifies eight sites or broad areas which meet the relevant tests and have potential to be allocated for employment use through the plan. It identifies a total land supply over the plan period of 22.4 hectares, capable of delivering 127,000m² of employment floorspace.

Table 11: Identified Land Supply 2011-2031

	Site area (ha)	Floorspace (m2)
Existing supply	5.0	28,900
SLAA sites	17.4	98,000
Total	22.4	126,900

Source: Strategic Land Availability Assessment: Employment. Update June 2015

¹⁰ Strategic Land Availability Assessment: Employment. Update June 2015 (SBC, 2015)

Overarching assessment of employment viability

- 3.6 The full plan viability study includes a series of non-residential appraisals¹¹. The study identifies that the appraisals return negative residual values for the indicative office, industrial and distribution schemes tested. However, it is similarly acknowledged that this is not a Stevenage specific-issue while much employment development is brought forward for operational reasons, rather than to make a commercial profit through property development.
- 3.7 The study concludes that, although the market for employment development is challenging, there has been a change in sentiment and an improvement in the market which is expected to continue.
- 3.8 As such, the broad brush conclusions drawn in the SLAA with regards to site 'achieveability' are considered robust and it is not considered necessary to discard or review any of the identified sites on viability grounds.

Translating SLAA sites to proposed allocations (ex-Green Belt)

- 3.9 On face value, it is clear that the total potential identified by the SLAA is lower than the requirements identified in the preceding section. This could lead to the conclusion that all sites and areas in the SLAA should simply be allocated.
- 3.10 However, this would be premature for the reasons outlined above. An iterative approach has been taken. This considers sites sequentially (i.e. previously developed land (PDL) first). It reviews whether identified constraints have, or can, be overcome and outlines the approach taken where sites have been promoted for more than one use. Further consideration is given to whether it would be appropriate to adjust the yield assumptions in the plan.
- 3.11 For the purposes of the local plan, floorspace targets have been rounded to 1,000m².

Table 12: Review of SLAA sites – previously developed land

Site / area	Commentary	Include in local plan?	Floorspace target
Stevenage Leisure Park	Although this site is also promoted for housing development, the potential yield in the SLAA is derived from a draft mixed-use scheme submitted by the land-owner and there is no conflict between the two prospective uses. No further adjustments or allowances are considered necessary.	Yes	Combined target of 35,000m ² to be applied across a single allocation
Stevenage Town Centre	Although sites in this area have also been promoted for other uses, the SLAA has regard to the comprehensive approach taken in the Town Centre Framework which includes a land-use budget for compatible town centre uses across this wider area and there is no conflict with other prospective uses. No further adjustments or allowances considered necessary.	Yes	
Former Kodak Site	This site has not been promoted for alternate uses. SLAA estimates based on standard application of 40% plot ratio. However, given relatively central location, it is considered that a more intense form of development could be accommodated here. A revised plot ratio of 55% has been used to calculate the floorspace target for the local plan. This broadly reflects the nearby Farnham House office complex.	Yes	12,000m ²

¹¹ Whole Plan Viability Study including Community Infrastructure Levy (HDH, 2015)

Site / area	Commentary	Include in local plan?	Floorspace target
Land at MBDA	Site has not been promoted for alternate uses. SLAA estimates based on standard application of 40% plot ratio. Given site location, no further adjustments or allowances are considered necessary.	Yes	4,000m ²
Leyden House	Site has not been promoted for alternate uses. However, SLAA identifies that redevelopment of this site is predicated on the redevelopment or relocation of the existing use. No further information has been received from the landowner on this matter and it is not considered appropriate to allocate this site at this point. This decision does not preclude this site from being brought forward as windfall development should the constraint be overcome.	No	-

3.12 Following a review of the PDL sites and areas identified, one site has not been carried forward. As established both above and in the SLAA, the PDL sites alone are not sufficient to meet the employment requirements identified.

3.13 The review therefore proceeds to the next category of sites. This is "greenfield opportunities outside of the Green Belt". Two of the SLAA sites fall under this heading.

Table 13: Review of SLAA sites – greenfield sites ex Green Belt.

Site / area	Commentary	Include in local plan?	Floorspace target
Land west of North Road	This site has also been identified as a prospective Gypsy and Traveller site. However, this needs to be balanced against the constraints on this site, and the small number of prospective future employment sites identified. Our wider evidence base concludes that development can be accommodated here without significant harm to the wider landscape while there would be no merit in adding this site (back) into the Green Belt. On balance, it is considered most appropriate to use this site for employment use ¹² . The SLAA estimates are based upon a standard application of a 40% plot ratio once an allowance has been made for constraints. No further adjustments or allowances are considered necessary.	Yes	20,000m ²
Land west of Stevenage	Although this site is also promoted for housing development, the potential yield in the SLAA is derived from a draft mixed-use scheme submitted by the landowner and there is no conflict between the two prospective uses. Our wider evidence base concludes that development can be accommodated here without significant harm to the wider landscape while there would be no merit in adding this site (back) into the Green Belt. No further adjustments or allowances are considered necessary.	Yes	10,000m ²

3.14 At this point, seven of the eight sites and areas identified in the employment SLAA have been considered. Six of them are carried forward as proposed allocations in the draft local plan.

3.15 The final site identified in the SLAA is on land currently within the Green Belt. The NPPF states that a review of Green Belt boundaries through the Local Plan can only be conducted

¹² The Housing Technical Paper (SBC, 2015) contains further discussion on the relative merits of using this site for Gypsy and Traveller use and how the decision to not use the site for this purpose has been reached.

in *exceptional circumstances*. Although this test is not further defined by guidance, it has been considered by the Courts. The recent *Calverton* judgement identifies criteria that should be taken into account when considering whether these circumstances exist¹³.

- 3.16 Our overarching approach to Green Belt review and consideration of these criteria is set out in a further technical paper¹⁴. This should be viewed alongside this report.
- 3.17 Given the high bar of the *exceptional circumstances* test, it is important to determine whether any other sites or areas not currently identified in the SLAA might reasonably be deemed capable of providing additional employment opportunities over the plan period before this last site is considered. It is then necessary to understand the extent to which the identified demand might be met.

Consideration of further opportunities within Stevenage Borough

- 3.18 The SLAA predominantly considers specific sites that have been promoted for future employment use. However, it may be possible to realise increases in employment provision from other areas or sources. Considering this potential element of supply broadly equates to the 'broad locations' and 'windfall' sites that form an accepted component of housing land supply.
- 3.19 Regard has been had to four key areas where possible additional supply might be realised. These are discussed in turn below:
- The town centre;
 - Subsidiary retail centres (the Old Town and local and neighbourhood centres);
 - Gunnels Wood; and
 - Pin Green Employment Area.
- 3.20 The SLAA gives consideration to the **town centre** in a holistic manner. Although four sites in and around the town centre were specifically promoted through the SLAA, these were subsumed into the wider opportunity areas identified in the Town Centre Framework (TCF)¹⁵.
- 3.21 In total, the TCF identifies potential for 65,675m² (gross) of business floorspace. The SLAA includes an allowance of 35,000m² from within this area and this is translated to a proposed allocation in the draft plan.
- 3.22 In terms of sustainability and sequential testing, the town centre would be a preferred location if it was considered additional floorspace could be realised. However, it is not considered appropriate to make an additional allowance from this area at this point. This is for a number of reasons including:
- There is currently no office provision in the areas allocated in the draft plan. Any schemes would represent entirely additional provision. By contrast, some of the other areas within the TCF contain existing, occupied premises and these would need to be 'netted off' any figures, thereby reducing their contribution to future needs;
 - The TCF is a masterplan to be implemented over a period of 20-25 years. It will extend beyond the current plan period. Some of the opportunity areas are phased for later development;

¹³ [Calverton Parish Council v Nottingham City Council & Ors \[2015\] EWHC 1078 \(Admin\) \(21 April 2015\)](#)

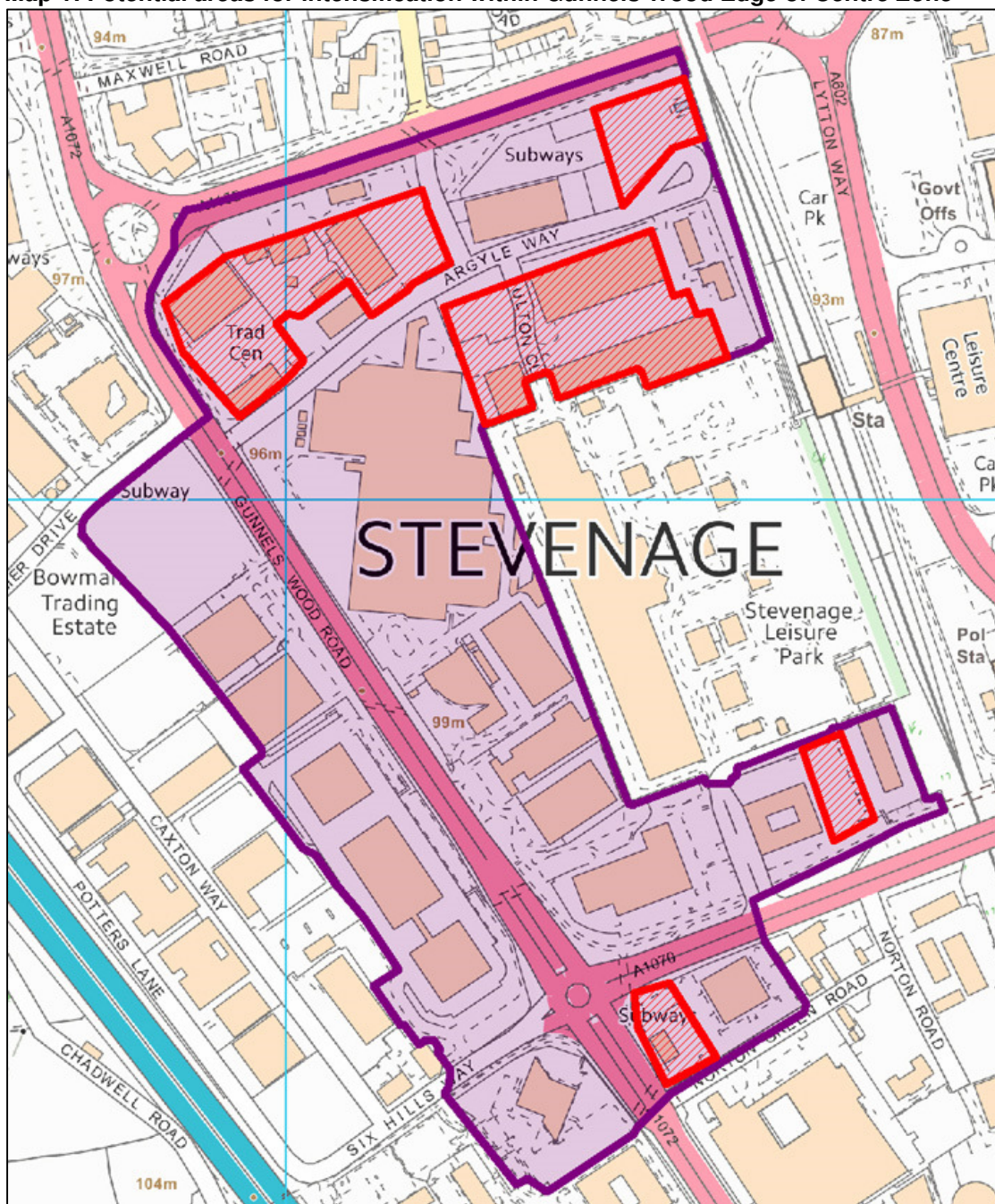
¹⁴ Green Belt Technical Paper (SBC, 2015)

¹⁵ Stevenage Central Town Centre Framework (DLA, 2015)

- It is established above that additional employment provision in the town centre may represent a 'policy on' response which should not be considered to contribute towards meeting trend-based demands; while
- The town centre office market, of the type envisaged by the TCF, is largely untested in Stevenage. At this stage, proposals are essentially speculative and it may pose risks to the robustness of the plan's employment strategy to rely upon this source significantly 'over performing' over the plan period.

- 3.23 It is considered that the level of provision anticipated by the SLAA over the plan period is the most realistic basis for the local plan to proceed upon.
- 3.24 The areas surrounding the **Old Town High Street** contain a number of relatively modern office buildings, especially those facing onto Primett Road. However, this means that opportunities for further infill and intensification are significantly restricted, especially given the High Street's Conservation Area status and the high concentration of listed buildings. Furthermore, some premises in this area have secured 'prior approval' for their conversion from offices to residential use.
- 3.25 Stevenage contains a network of **neighbourhood centres**, reflecting the New Town ethos of providing services close to where people live. Several of these make modest levels of employment provision, especially in small workshops.
- 3.26 A number of sites have been identified through the Housing SLAA as having redevelopment potential over the plan period. The Housing Technical Paper explains how and why a smaller number of sites have been selected for inclusion in the plan. The regeneration schemes here will be housing led, in order to make a positive contribution to the requirements we have identified.
- 3.27 Although there may be opportunities to maintain (or re-provide) existing provision, it is not considered that the neighbourhood centres provide scope for substantive additional employment provision during the plan period.
- 3.28 **Gunnels Wood** is the town's largest employment area. A number of sites within Gunnels Wood are already identified for development and / or intensification. Some of these are counted within existing permitted supply while two specific sites are included in the SLAA.
- 3.29 Over the last twenty years, a number of sites elsewhere in the employment area have already been redeveloped or intensified. The draft plan includes policies to ensure that certain areas are maintained for smaller, lower intensity workshop uses.
- 3.30 However, there remain sites outside of these areas where it is considered that more intensive use could be pursued. This is particularly true in that part of Gunnels Wood closest to the town centre, identified as an 'Edge of Centre Zone' in the draft plan.
- 3.31 A high-level review has identified a number of sites that currently contain relatively low-intensity uses, as shown in Map 1 below.
- 3.32 It is important to be clear that none of these sites are currently being actively promoted for redevelopment. However, it is considered that, in concert with the schemes proposed in the TCF, there is substantial scope to increase the intensity of development in this area.
- 3.33 This is most likely to occur during the later years of the plan period as regeneration benefits 'ripple out' from the centre driving demand for premises. The sites identified on Map 1 amount to approximately 5.5 hectares of land.

Map 1: Potential areas for intensification within Gunnels Wood Edge of Centre Zone



- 3.34 It is considered that future development here could achieve plot ratios of between 50-100%¹⁶. Plainly it is unrealistic to expect all these sites (or an equivalent amount of land) to come forward while the floorspace of existing premises would need to be 'netted off'. However, it is considered justifiable to include an allowance of 15,000m² from this area.
- 3.35 Stevenage's secondary employment area is at **Pin Green** in the north-east of the town. A review shows there are limited opportunities for new development in this area. There are no undeveloped plots and reasonable level of occupancy. It is considered, in general terms, that the scale and intensity of development here is broadly appropriate given the employment area's location towards the periphery of the town.

¹⁶ By way of reference, the adjoining Farnham House complex achieves a plot ratio of approximately 55%.

3.36 No sites or areas have been identified for development or intensification and no additional allowances are made.

Aligning the proposed supply against the identified demand

3.37 Having conducted this analysis, it is necessary to synthesise the supply-side and demand-side analysis to determine the extent to which the requirements identified in Section 2 of this paper might be met.

3.38 Broadly speaking, this requires two interrelated steps to be undertaken:

- Firstly, a view needs to be taken on whether individual sites or schemes contribute to the trend-based requirements identified above. As explained in Section 2, forecasts of future employment requirements are generally 'policy off' and influenced by past trends and / or performance. Schemes which deviate from the general parameters which have informed these forecasts are viewed as 'policy on' responses. For Stevenage, this is particularly pertinent for development in the R&D sector and in locations in and immediately around the town centre.
- Secondly, the supply-side assumptions need to be 'standardised' to enable comparison with the demand calculations. The demand calculations are based upon relatively simple assumptions about the amount of floorspace that can be achieved on sites (the plot ratio). On central sites, a plot ratio of 200% is used. For all other sites, a plot ratio of 40% is assumed. However, in real life, different schemes will achieve an array of different plot ratios. It is important to ensure that these variations are reasonably captured to prevent individual schemes over- or under-stating their contribution to the demand-led targets¹⁷.

3.39 The table on the following page sets out this synthesis.

3.40 It can be seen that a total of 19.4 hectares of land has been identified on the supply side. It is estimated that this will deliver 127,000m² of floorspace. However, this does not translate directly across to demand.

3.41 'Policy on' schemes have been discounted and allowances have been made to prevent the contribution of other sites being over- or undercounted. Following this process, it is determined that the sites and schemes will contribute just short of 17 hectares towards the demand-led projections.

3.42 As established in Section 2 of this paper, a trend-based requirement for at least 30 hectares is established. The opportunities identified will therefore deliver a maximum of 56% of the required quantum of employment.

¹⁷ Worked example: The Former Kodak Site measures 2.2 hectares. The demand-side calculations assume this site could yield 8,800m² of floorspace (2.2 x 10,000 x 40%). The site is allocated for 12,000m² of floorspace as a higher plot ratio of 55% can be achieved. This means the site is assumed to contribute 3ha towards the calculated land demand as this is the site size required to deliver 12,000m² of floorspace if a 40% plot ratio is applied (12,000 / 40% / 10,000).

Table 14: Aligning supply-side and demand-side analysis

Supply side 2011-2031			Demand side 2011-2031			Commentary
Site / category	Site area (ha)	Floorspace	Contributes to trend-based demand requirements?	Contribution to trend-based demand (land)	Contribution to trend-based demand (floorspace)	
Completions and permitted supply						
Completions to 01/04/15	-0.3	-1,000m ²	Part	1.2	5,000m ²	EEFM includes observed job numbers for period 2011-14 which have been converted using NLP study assumptions. Completions for 2014/15 added.
GSK / Bioscience Catalyst	9.7	53,000m ²	Part	1.0	4,000m ²	EEFM identifies a trend-based requirement for ~1ha of R&D land over the plan period. Remainder of allowances at GSK considered a 'policy on' response
Other permitted sites	-4.4	-24,000m ²	Part	-1.0	-16,000m ²	Some premises already (substantively) empty at 2011 so future loss of land / floorspace does not impact upon jobs-led demand calcs. Major extensions to existing premises contribute to demand-based land targets but aren't included in supply-side employment monitoring.
Future sites: Previous developed land						
Stevenage Central	1.8 <i>(estimate using 200% ratio)</i>	36,000m ²	Part	0.3	6,000m ²	Predominantly a 'policy on' response as no equivalent market in the past to influence trends. Small allowance made to represent partial replacement of existing town centre stock in line with NLP study method.
Former Kodak Site	2.2	12,000m ²	Yes	3.0	12,000m ²	Local plan allocation assumes higher plot ratio than standard 40% assumption. This translates back into a higher 'virtual' land contribution.
Land at MBDA	1.0	4,000m ²	Yes	1.0	4,000m ²	Assumptions consistent across demand and supply side calculations
Future sites: Greenfield sites ex Green Belt						
Land west of North Road	5.0	20,000m ²	Yes	5.0	20,000m ²	Assumptions consistent across demand and supply side calculations
Land west of Stevenage	2.4	12,000m ²	Yes	2.4	12,000m ²	Assumptions consistent across demand and supply side calculations
Broad areas / windfall opportunities						
Gunnels Wood Edge of Centre policy area	2.0 <i>(75% ratio)</i>	15,000m ²	Yes	3.8	15,000m ²	Higher plot ratio than standard 40% assumption. This translates back into a higher 'virtual' land contribution.
Total	19.4	127,000m ²		16.7	62,000m ²	
			Requirement	30.0 (min.)		
			Balance	-13.3 (min.)		

Further opportunities in the Green Belt

- 3.43 As set out above, there is one remaining site from the Employment SLAA within the Green Belt. This is located at the northwest of the Borough adjacent to Junction 8 of the A1(M). An interrelated Green Belt paper considers the *exceptional circumstances* test in greater detail. For the purposes of this paper it is noted that:
- The analysis above shows that Stevenage can only meet just over half of the identified employment requirements on land outside of the Green Belt;
 - There is a positive legal duty upon the Council to contribute towards the achievement of sustainable development; while
 - The Green Belt Review¹⁸ identifies that the land on which the remaining SLAA site is located can be released from the Green Belt without harm to its wider purposes.
- 3.44 The Green Belt site identified in the SLAA could contribute 4.4 hectares (net) of employment land, equating to around 18,000m². Including this land would increase supply-side employment to almost 24 hectares of land and 145,000m² of floorspace.
- 3.45 The supply-side assumptions for this site are based on a 40% plot ratio, making it consistent with the demand side calculations. It is considered that this site would be most suited to lower-intensity B-class uses and would contribute to the forecast demand.
- 3.46 Including this site as an allocation would result in approximately 21 hectares of the trend-based demand being realised. This would reduce the shortfall in employment provision to (a minimum of) just under 10 hectares. It would mean approximately two-thirds of identified demand could be met within the Borough.

Conclusions

- 3.47 The latest Employment SLAA identified eight sites or areas which it considered could make a positive contribution to future employment land requirements in the Borough. The analysis in this section shows that, of these, six are located outside of the Green Belt and considered appropriate to be allocated in the draft plan.
- 3.48 One site has been discounted as replacement premises for the existing facility on the site have yet to be identified. This does not preclude this site coming forward as a windfall opportunity in the future.
- 3.49 Given the requirements of the *exceptional circumstances* test, further consideration has been given to whether any sites or areas not identified in the SLAA might be capable of delivering additional employment development over the plan period.
- 3.50 It is concluded that it would be prudent to make a modest broad area / windfall allowance in the proposed 'Edge of Centre Zone' in the Gunnels Wood Employment Area.
- 3.51 The supply side assumptions contained in monitoring data and the SLAA do not necessarily align directly with the demand side assumptions contained in the Employment and Economy Baseline study and within this paper.
- 3.52 This is because employment forecasts use a small number of generic ratios to ascertain likely future requirements for simplicity. This paper has synthesised the supply-side and demand-side assumptions to ascertain the extent to which future employment sites in Stevenage might contribute to the requirements indicated by the EEFM.

¹⁸ Review of the Green Belt around Stevenage Part 2: Site Assessment and Capacity Testing (AMEC, 2015)

- 3.53 Some schemes are considered to only make a partial contribution to the EEFM requirements as they represent policy on responses which are not captured in forecasts. Other sites have been calculated to make a greater contribution to meeting demand as they are capable of delivering more intensive development than is generally assumed when calculating employment requirements.
- 3.54 Overall, it is considered that Stevenage can meet just over half of future forecast demand for employment land without recourse to using sites in the Green Belt. A further site within the Green Belt is available for employment use. The Green Belt Review identifies that this site could be released.
- 3.55 In the interests of pursuing a balanced strategy, there is a strong case for including this land as an allocation in the draft plan.
- 3.56 Before coming to a final decision, it is necessary to consider whether opportunities exist outside of the Borough to make good the identified shortfall. This is considered further in the following section.

4 Options for meeting shortfall beyond the Borough boundary

- 4.1 The preceding sections establish that there will not be sufficient land within Stevenage Borough to satisfy the trend-based demand that has been calculated. This will be the case whether the remaining Green Belt site from the SLAA is included or not.
- 4.2 As with requirements for housing, national guidance encourages local authorities to look at economic provision across market areas. These may expand beyond authority boundaries¹⁹.
- 4.3 The evidence base includes a joint study between Stevenage, North Hertfordshire and Central Bedfordshire councils to establish the presence (or otherwise) of Functional Economic Market Areas (FEMAs) along the A1 corridor between Stevenage and Sandy (the FEMA study)²⁰.
- 4.4 The FEMA study establishes that the study area meets criteria that allow it to be identified as a relevant and valid market area. Within the study area, a range of sub-market areas are also identified including a Stevenage and Letchworth sub-area. Although it lies outside the defined FEMA area, the report acknowledges an element of property market overlap between Welwyn Hatfield and Stevenage, particularly for offices.
- 4.5 Through discussions under the Duty to Co-operate, the Council has identified three key opportunity areas which may be able to contribute towards any unmet employment requirements from Stevenage.
- 4.6 The economic relationship between Stevenage (and, indeed, any authority) and its neighbours is complex. Data from the Census shows a complex pattern of commuting arrangements. The analysis of the EEFM above demonstrates that some shifts in these relationships are anticipated over the plan period.
- 4.7 Making provision outside of Stevenage's authority area therefore does not necessarily equate to people living in Stevenage having to travel outside of the Borough to work. It may equally result in people forecast to live outside of Stevenage but commute to the town for work instead having the opportunity to work closer to home.
- 4.8 The extent to which any under-provision in Stevenage can be attributed to demand arising from within the Borough versus demand arising from outside the Borough is a moot point.
- 4.9 Ultimately, the planning system cannot, and should not seek to, exercise close control over people's choices of where to live, where to work and the relationship between the two. It should, however, ensure that sufficient opportunities are made available to provide choice both to the market and to employees.

Potential schemes in other areas within Stevenage's FEMA

- 4.10 The latest iteration of North Hertfordshire's emerging local plan includes a proposed new, strategic allocation at Royston Road, Baldock²¹. This would represent a key opportunity to provide new employment land close to the Borough. This site falls within the Stevenage and Letchworth sub-area identified in the FEMA study where it would be appropriate to make a full range of B-class provision to meet any unmet needs from Stevenage.

¹⁹ NPPF Paragraph 160

²⁰ Functional Economic Market Area Study: Stevenage, North Hertfordshire and Central Bedfordshire (NLP, 2015)

²¹ North Hertfordshire Local Plan 2011-2031 Preferred Options (NHDC, 2014)

- 4.11 The draft plan recognises that the proposed site takes account of the long-term needs which may arise within the Functional Economic Market Area. This site is substantially within the Green Belt and the same *exceptional circumstances* test will apply. It will be for North Hertfordshire District Council to make any final decision on this site and / or demonstrate that the *exceptional circumstances* test has been met.
- 4.12 The FEMA study identifies that Stratton Park in Biggleswade represented the only strategic employment opportunity in the eastern Central Bedfordshire area. This site is identified as having the potential to deliver 22 hectares of additional supply. Stratton Park lies within the identified FEMA, though this needs to be considered and / or offset against its distance from Stevenage of around 13 miles.
- 4.13 Central Bedfordshire withdrew its draft Development Strategy in November 2015.

Potential schemes in areas outside Stevenage's FEMA

- 4.14 The FEMA study identifies that Stevenage and Welwyn Garden City share a degree of market overlap, particularly for office premises, albeit that Welwyn is determined to lie outside of the identified FEMA.
- 4.15 The latest iteration of Welwyn Hatfield's emerging plan suggests a modest over-provision of employment land over the plan period, predominantly focussed in the officer sector²².

Conclusions

- 4.16 Stevenage has conducted a joint FEMA study. This demonstrates that the local authority areas of Stevenage and North Hertfordshire, along with the eastern part of Central Bedfordshire can reasonably be considered to represent a functioning economic market area.
- 4.17 Within the FEMA area, two specific schemes / areas have been identified under the Duty to Co-operate which might be used to make good any shortfalls in Stevenage. Welwyn Hatfield lies outside of the FEMA but does demonstrate strong connections with the southern part of the identified area.
- 4.18 These sites may have the capacity to contribute towards the unmet employment needs from Stevenage that will arise based on the analysis above. However, it is recognised that it is for the affected authorities to make decisions on land and plans in these areas.
- 4.19 The Council will continue to consider the issues raised in this paper with other relevant authorities. A Duty to Co-operate statement will be prepared following the completion of the Publication consultation and prior to submission of the plan to reflect the outcomes and any relevant agreements.

²² Welwyn Hatfield Local Plan consultation document (WHBC, 2015)

5 Conclusions

- 5.1 This technical paper has considered the various studies that make up the Council's employment evidence base. It has considered the results of these 'in the round' alongside subsequently released data to inform the employment strategy of the local plan.
- 5.2 A review of the EEFM demonstrates that Stevenage have fluctuated significantly. This is in terms of the results for Stevenage itself along with its performance against comparator areas including the County and region.
- 5.3 Based on the EEFM results, a pragmatic requirement for at least 30 hectares of employment land is recognised. It is simultaneously acknowledge that other evidence sources or programmes, including the LEP's Strategic Economic Plan, may point to additional requirements. This is particularly true of sectors or schemes which have been identified as priorities but which are not captured in forecasts based upon past performance, including Research and Development and high-intensity office provision..
- 5.4 A review of the most recent SLAA concludes that six non-Green Belt sites remain capable of supporting employment development and should be included in the draft plan. These include sites that contribute wholly to the demand requirements identified as well as two schemes which predominantly represent 'policy on' responses to the priorities of the Local Enterprise Partnership and the findings of our wider evidence base.
- 5.5 Consideration of further opportunities within this paper leads to the inclusion that a modest additional allowance should be made for windfall sites within the Gunnels Wood Employment Area.
- 5.6 A synthesis of the supply-side and demand-side data suggests that these opportunities would meet 56% of the identified demand and would result in a shortfall of at least 13 hectares of employment land.
- 5.7 Having regard to certain principles in *Calverton* – in relation to the scale of identified need and the extent to which that need can be met outside of the Green Belt, it is considered that these facts provide a strong argument in favour of releasing the additional Green Belt site within Stevenage identified in the SLAA for employment development in their own right.
- 5.8 In order to inform a final decision on this, a brief overview is provided of other schemes beyond the Borough boundary which might be able to contribute towards Stevenage's employment requirements. This is conducted with reference to the study which defined the Functional Economic Market Area in which Stevenage sits.
- 5.9 Three sites / areas are identified. Overall it is considered that sufficient opportunities could exist across this wider area to meet employment requirements. However, this needs to be set against:
 - The aspirations of the Hertfordshire LEP for higher levels of economic growth which may result in some (perceived) oversupply in other locations being 'clawed back' and therefore not being available to offset any shortfalls. This issue is specifically identified in the most recent consultation on Welwyn Hatfield's emerging plan;
 - The potential sustainability implications of making provision outside of the Borough boundary, notwithstanding the acknowledged complexities of commuting relationships²³;

²³ Different options for the balance between jobs and homes have been tested as part of the Sustainability Appraisal of the draft plan.

- The need for other authorities to conduct further consultation and / or research on their emerging plans and to independently reach decisions on the most appropriate approach, including any necessary consideration of the *exceptional circumstances* test for their own area;
- The need to ensure a flexible and responsive land supply in order to encourage sustainable growth; and
- The fact that, even with the addition of the final SLAA site, a shortfall will remain in Stevenage Borough.

- 5.10 The need for some employment provision to be made outside of the Borough boundary appears inevitable. In the circumstances, it is considered appropriate to maximise the level of employment provision within the Borough, especially given that the evidence base suggests this can be achieved without harm to the overall purposes of the Green Belt.
- 5.11 A balanced planning judgement is made that *exceptional circumstances*, which justify the release of land from the Green Belt for employment use, can be robustly demonstrated. The land to the west of Junction 8 within the Borough boundary is accordingly included as an allocation in the draft local plan.
- 5.12 This means that Stevenage should be able to accommodate around two-thirds of the trend-based demand for employment over the plan period. The sites and schemes beyond the Borough boundary that are identified in this paper will continue to be supported in principle and pursued through the Duty to Co-operate, recognising that the final decisions on whether (or not) to include these sites in (draft) local plans do not rest with the Borough Council.