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Employment Land Review Update

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1 Introduction

1.1 This report provides an update to the North Herts District Employment Land Review (ELR) undertaken in 2006 in two stages by Bone Wells Associates.¹ The ELR developed proposals for employment land up to the year 2021 in line with the (then) draft Regional Spatial Strategy (RSS).

1.2 Since then, the final RSS has been issued (May 2008) with some changes to the projections and targets in the draft RSS, and a programme for the review of the RSS has begun. However, of more immediate consequence is the requirement in PPS12 for Core Strategies to have a 15 year time horizon to cover estimated future employment and land needs, taking the assessment to 2026. Hence to ensure the soundness of the Core Strategy the Employment Land Review needs to be updated and rolled forward to 2026.

1.3 The report contains this update with a 15 year horizon, with certain projections generated to 2031 reflecting the RSS Review date. It is acknowledged that this is itself an interim study insofar as the outcome of the current RSS review is unknown and may incorporate different housing, population and employment assumptions and targets from those currently in circulation.

Scope of ELR update

1.4 The Brief for the revised ELR assessment entails:

- Review of the local economy and employment
- Review of North Hertfordshire housing, population and employment trends and forecasts (including final RSS targets)
- Alignment of population and employment forecasts for North Herts
- Review of employment land changes (since those informing 2006 report)
- Supplementary analysis relating to floorspace supply, vacancy, and take up
- Review of employment and employment land development and proposals for Stevenage and possibly Luton and their implications for North Herts
- Synthesis of analyses to prepare employment land supply and demand assessment for the District rolled forward to 2026/2031 and intervening periods.

Policy issues

1.5 Although a policy review was not formally part of this update it is important to take note of a number of issues with potential implications for employment site development. Among the most relevant are:

- Policy 24 of the Council's Development Policies DPD.
- Recent regional strategic employment sites review.
- Impact of growth within the district boundary associated with neighbouring authorities
- Recent trend of loss of employment land to other uses
- Current economic recession

¹ Employment Land Review, NHDC: Part 1 Final Report, January 2006; Part 2 Final Report, November 2006.

These are discussed in turn.

(i) Policy 24 of the Council's Development Policies DPD

1.6 Policy 24 acknowledges the importance of small and medium businesses to the prosperity of North Herts and accordingly sets out a requirement for provision, on sites of 1 hectare or more, for a minimum of 10% of the net floorspace for B1 or B2 class uses in small and/or medium sized (SME) units. An exception is made where an existing or incoming firm is developing or expanding a site solely for its own purposes.

1.7 This policy recognises the tradition in Hertfordshire, not just in North Herts District, of a flourishing SME sector, which has contributed both to full employment and minimisation of risk from reliance on major employers. The county has been the location of quite large companies, e.g. British Aerospace, but has maintained a small firms emphasis, with a wide range of businesses including successor businesses taking up redevelopment opportunities following closure of companies like BAe. North Herts has an overall diverse economy but nevertheless some of its towns, like Royston, have considerable dependence on a single major employer.

(ii) East of England strategic sites review

1.8 This study has recently been completed by Ove Arup for East of England Regional Assembly (EERA) and is not yet available, but may have implications for some of the larger potential sites discussed in this report. An earlier study for East of England Development Agency (EEDA)² defined these as sites of at least 10 hectares, none of which were located in North Herts, but it is understood that none of the potential larger greenfield employment sites in the District have been identified as a possible strategic regional site. This is referred to in the conclusions of this report.

(iii) Impact of growth within the district boundary associated with neighbouring authorities

1.9 The approved RSS advocates the expansion of Stevenage by 16,000 dwellings over the period 2001-21, of which 9,600 were to be located in North Hertfordshire. This figure is split between two areas adjacent to the existing town, one located to the West and the other to the North. This presents problems for estimation of employment land requirements in North Herts because of the linkage of jobs and housing. Hence statistical calculations of employment which are related to housing and population estimates may generate apparent employment land need over and above that derived from the District's own economy. Related to this, Stevenage housing and population expansion, within North Herts, could be served either by employment land provision in Stevenage or additional sites within North Hertfordshire.

1.10 Since the RSS did not address this issue there is little guidance available. The approach adopted in this review is to try and separate such demands as far as the main estimates are concerned, i.e. treat employment land requirements as those generated by the autonomous North Hertfordshire economy excluding Stevenage. This reflects the absence as far as is known of any major employment site provision associated with Stevenage housing growth inside North Hertfordshire. Rather, as appears in outline proposals for west Stevenage expansion, allowances for employment land are contained within overall land budgets, which make provision for local service centres.

² Study of Strategic and Sub-Regional Sites, Phase 2, for EEDA, Chestertons, August 2002.

Other 'strategic' employment site needs, associated with that western extension, could well be met from existing sites within Stevenage.

- 1.11** Although this is a justifiable approach, problems may arise in practice in distinguishing North Hertfordshire and Stevenage generated jobs within employment projections. All that can be done is to attempt to isolate as far as practical that element of employment growth which is North Herts only.
- 1.12** The Luton and South Bedfordshire Preferred Options Core Strategy includes proposals for 5,500 dwellings and a strategic employment site east of Luton to 2031 (Century). Most of the land east of Luton is within North Hertfordshire and the Council has objected to these proposals. As the proposal here is both uncertain at present and related to the urban area of Luton rather than any particular North Hertfordshire needs or aspirations it is inappropriate for this report to consider the employment land implications of development there.

(iv) Recent loss of employment land to other uses

- 1.13** At the time of the previous ELR a number of transfers of employment land to residential use was taking place, both of officially designated and non-designated sites. This process has continued, with at least 5-10 total hectares of land expected to be lost to employment uses in sites in the four towns. If the local economy grows this may need to be replaced.

(v) Current Economic Climate

- 1.14** Employment land demand would be reasonably expected to decrease during the present economic downturn, but this is not considered to be a significant issue within the long timescale of the Core Strategy and Local Development Framework. From a more pragmatic standpoint, the recession impacts would be difficult to pick up statistically from employment data (insufficiently recent), or even probably the latest employment land monitoring data. There are thus no time series pointers to recent impact, as opposed to longer term trends.

(vi) Post 2006 Employment Land Review – North Herts Core Strategy

- 1.15** As part of its Local Development Framework (LDF) the Council has produced a Preferred Options Core Strategy which includes a target for employment growth for the 2001-21 period of 7,460. This is derived from a population base methodology in the November 2006 BWA Employment Land report (op cit) although that approach generated a relatively high employment estimate which was not used for the employment land calculation, based on a lower RES based employment projection. This update will consider whether that Core Strategy target is plausible in the context of recent employment trends and new employment projections for the District.

2 The local economy

2.1 Setting out a clear picture for employment change and prospects for the District is not straightforward. This is partly because of vagaries of the available data, partly because of the summary approach of the East of England Plan (employment estimates for individual Districts often not being identified) and, recently, because of the development of a new series of employment, population and dwellings forecasts for the ongoing review of the RSS,³ with limited linkage to the published RSS and its supporting data. With regard to employment there are thus three sets of information to reconcile:

- Observed changes and trends on the ground, from current employment data
- RSS (East of England Plan) based projections and targets for North Herts
- New RSS/RES sets of projections (from Oxford Economics)

This Section considers recent changes, as a backdrop to prospective future employment discussed in Section 3.

2.2 Table 2.1 shows employment trends for North Herts and two of its neighbouring authorities (Stevenage and Luton)⁴ over 2001-07, a period for which ABI/Nomis data is available on a consistent definition basis. While there are acknowledged uncertainties with the ABI what is noticeable are the significant employment reductions in recent years, e.g. a fall of more than 11,000 recorded jobs in North Herts and Stevenage over 2005-07.

Table 2.1 Employment trends 2001-07, North Herts, Stevenage and Luton

	2001	2002	2003	2004	2005	2006	2007	Change 01-07	Change %
North Herts	51,600	50,000	50,100	50,000	51,400	47,600	46,000	- 5,600	-11
Stevenage	40,600	40,500	42,400	42,400	46,600	40,200	42,400	+1,800	+4
Luton	80,500	79,000	84,100	85,600	87,600	86,600	87,000	+6,500	+8

Source: ABI/Nomis

Other aspects of the local economy

2.3 A broad picture of the local economy was given in the 2006 BWA Employment Land Review and local conditions will not have changed significantly since that date – the recession affecting all Hertfordshire Districts to some extent. It is of more interest to compare North Hertfordshire with Stevenage for a range of economic variables, since that previous study did not make many of those comparisons.

2.4 Table 2.2 shows for North Hertfordshire and Stevenage:

- Employment rate

³ East of England: Joint modelling for the RES and RSS, Final Report, Spring 2009, Oxford Economics.

⁴ For the earlier study, reference was made to East Herts for the purpose of identifying employment growth in the area, but this report will concentrate on Stevenage and Luton.

- Unemployment
- Not in Employment, Education or Training ('NEETS')
- Full time residence and workplace based weekly wages

Table 2.2 North Hertfordshire and Stevenage employment, unemployment and gross weekly wages

Variable	North Herts	Stevenage	County	Region
Employment rate (15-59/64) 2007-08	74.7%	81%	77.5%	78.4%
Unemployment rate (16+)	3.8%	4.9%	3.7%	4.3%
Not in employment, education, or training (08-09)	4.9%	6.3%	5.0%	6.4%
Median gross FT wages, residence based	£559.1	£476.2	£565	£495
Median gross FT wages, workplace based	£506.70	£499.90	£515	£465

Source: Hertfordshire Works: Profile series, Herts CCC, Edition 6/09.

2.5 As may be seen, North Hertfordshire performs better than its neighbour for most of these indicators, and is close to the county average. GVA per head is much lower in North Hertfordshire (£15,158) than in Stevenage (£22,248) - 2007 figures - but that is a reflection of the latter's industrial make up and is fairly meaningless in terms of local prosperity. More relevant is business vitality, and as Table 2.3 below shows, North Hertfordshire performs very favourably indeed on this criterion.

Table 2.3 VAT business density and registration, North Hertfordshire and Stevenage

Variable	North Herts	Stevenage	County	Region
VAT registered businesses/1000 residents *	553	333	525	441
New business registration/1000 residents*	80.5	69.8	82	63
Small business showing employment growth**	12.4%	11.0%	11.7%	12.6%

Source: Hertfordshire Works: Profile series, Herts CCC, Edition 6/09. *End 2007. ** 2006-2007

3 Review of original RSS based, and new RSS scenario projections

Published East of England Plan (RSS) projections

3.1 The RSS made no employment projections specifically for North Herts or its neighbours, but set out an aggregate 2021 target figure for “the rest of Hertfordshire” of 68,000 jobs within Hertfordshire as a whole. However, underlying employment projections prepared by Experian in their “EG21+” scenario for individual LAs (Draft RSS), provided a set of inferred estimates for the District and for the neighbouring Districts of Stevenage and East Herts. These are shown in Table 3.1, alongside the estimates for the EIP panel. Subsequent higher estimates were proposed for Stevenage by the secretary of state, leading to alternative employment increases for 2001-21 for the three authorities together of 11,000, 14,000 and 18,000 respectively. The latter figure was set as an indicative job target for the three authorities together in the emerging East of England Plan.

Table 3.1 Employment growth targets 2001-21 for North Herts and neighbouring LAs, draft RSS/EIP Panel/Sec. of State ('000)

	North Herts	Stevenage	East Herts	Total
Draft RSS 2001	55.9	45.8	64.1	
2021	60.3	47.5	69.0	
Change	+ 4.4	+1.7	+4.9	+11,000
EIP Panel 2001	55.9	45.8	64.1	
2021	60.3	50.5	69.0	
Change	+ 4.4	+4.7	+4.9	+14,000
Sec. of State 2001	55.9	45.8	64.1	
2021	60.3	54.5	69.0	
Change	+ 4.4	+8.7	+4.9	+18,000

Source: BWA ELR Part 2 Final Report Addendum, Feb 2007, Table 1.1.

3.2 As is evident from Table 2.1, recent trends for North Herts and Stevenage indicate a much less buoyant situation than the projections based on the RSS, notwithstanding the omission of self-employed from the ABI data. The period to 2007 was also one of economic growth, prior to the recent downturn and recession.

Spring 2009 RSS Scenarios

3.3 As part of the RSS Review rolling forward the strategy until 2031, EERA has developed a number of scenarios with corresponding East of England Forecasting Model (EEFM) projections. These are integrated projections for population, employment and dwellings and are discussed in Section 4.

4 Population and dwellings trends and targets

4.1 The final East of England Plan sets a dwellings target for North Herts of 15,800 homes between 2001 and 2021, 9,600 (480 p.a) located in the area associated with the growth of Stevenage, the other 6,200 homes (310 p.a.) to be located elsewhere in the District. Actual completions since 2001, shown by respective North Herts and Stevenage growth area allocations, are shown in Table 4.1. North Herts construction at 405 dwellings p.a. has exceeded the annual average target for the District although overall construction at 610 p.a. has so far lagged the total RSS District target of 790 p.a.

Table 4.1 Dwelling construction in North Herts by target allocation, 2001/2-2007/8

	2001-2	2002-3	2003-4	2004-5	2005-6	2006-7	2007-8	Total	p.a.
North Herts	414	422	393	367	368	390	482	2,837	405
Stevenage urban extensions in NH	310	246	97	83	223	233	240	1,432	204
Total	724	668	490	450	591	623	722	4,269	610

Source: NHDC

Hence residual dwellings required to meet targets are 3,363 (6,200-2,837) for North Herts and 8,168 (9,600-1,432) for Stevenage. This is equivalent to 887 p.a. for combined North Herts-related and Stevenage-related construction over 2008-2021, an increase of 277 p.a. over the 2001/2-2007/8 average.

4.2 The North Herts and Stevenage Strategic Housing Land Availability Assessment (SHLAA) September 2008, indicates the broad disposition of preferred future housing growth. This has some general relevance to employment land allocation insofar as the growth of local population and workforce takes place in the context of variable supply of employment land in each town. Baldock in particular (see section 5) has a relatively low per capita supply of land but is anticipated to accommodate almost 1,000 more dwellings by 2021. Hence, other things being equal, safeguarding existing land supply in the town and/or prioritising additional provision may be an efficient and sustainable policy. On the other hand the proximity of Letchworth with its substantial employment land stock has the effect of reducing the local inequality of provision.

RSS review, Oxford Economics projections and EERA scenarios

4.3 Para 4.1 and Table 4.1 have identified existing RSS dwelling targets and (inferred) employment growth targets for North Hertfordshire. Now that the review process of the RSS is under way it is appropriate to relate the historic target assessment to current RSS thinking on future growth.

4.4 The review of the RSS commenced in Autumn 2008. It has been accompanied by a set of projections from the East of England Joint RSS/RES Growth Forecasting Model (Oxford Economics, op cit), made to test a range of growth scenarios. These scenarios include a baseline projection and continued RSS policy growth. They have the merit of being generated for the whole region and sub-areas, including local authorities, hence embodying realistic inter-local authority estimates with overall control totals. Additionally, they include estimates to 2031 and intervening years and, being generated

down to LA level, are able to provide figures for Luton and Stevenage (and East Hertfordshire) as well as North Hertfordshire. Finally, the estimates are integrated projections with linked forecasts for dwelling increases, population, and employment.

4.5 The authors of the model express caution against uncritical use of the projections⁵ and in particular state that “advice is sought on whether the level of growth forecast can be achieved in a local area.” This suggests that for North Herts, as for any other District, account is taken, first, of local trends, including employment growth and the rate of employment land take up; and second, of housing projections for the District.

4.6 The Oxford Economics (OE) model generated a range of scenarios reflecting various levels of growth and spatial distribution in the region, and drawing on these EERA has recently identified four scenarios plus a baseline projection consistent with OE’s national projections.⁶ The four scenarios and their corresponding housing targets are:

- I RSS continuation or roll forward based on current distribution (originally 27,000 dwellings pa; following legal challenge from Dacorum and Welwyn Hatfield, reduced to 26,061 pa.2011-31) (+ 527,220)
- II National Housing Planning Advice Unit (NHPAU) Low Scale projection distributed with reference to the Arup report on Regional Scale Settlements (RSS)30,126 dwellings p.a 2011-311) (+599,920)
- III NHPAU Low Scale projection – same total dwellings increase but distributed on basis of the Regional economic projection (29,961 dwellings p.a. 2011-2031) (+ 599,225)
- IV CLG 2006-based household projections based on its own distribution (33,750 dwellings p.a) (+ 673,000)

4.7 The counties and unitaries in the region have stated that it would be difficult to exceed the current agreed RSS housing rates, which exceed recent achieved build of 22,700 p.a. This suggests that that scenario (I) should be looked at closely since it may end up as the preferred regional target. In any case the higher NHPAU based projections have been rejected within the short list of scenarios. The CLG projections are trend based and allow for continued significant international migration (despite the recession) while at the same time appear not allow for the impact of house price pressures on new households (which would inhibit house purchase), and thus that dwellings increase looks very optimistic.

Dwellings construction assumptions for North Herts

4.8 Turning to the RSS/RES Joint Forecasting Model, Table 4.2 sets out the baseline housing and model employment projections for North Herts for the recently published policy scenarios listed in para 4.6⁷. Employment figures are only identified for the RSS Continuation Scenario, but it will be noted that the dwellings targets to 2031 for Scenarios II and III are the same. For the main RSS Continuation Scenario, different definitions of employment are identified, including simple total jobs a. (employee jobs in an area whether FT or PT); workplace employment b. (people employed in an area); and resident employed c. (residents in the area who are employed). Definition (a.) includes all types of jobs,

⁵ See Advice Note accompanying the forecasts.

⁶ Review of the East of England Plan, Report to the Regional Planning Panel, Regional Secretariat, 29th June 2009.

⁷ East of England Forecasting Model, Technical Report, Oxford Economics, Spring 2009.

including 'double jobbers' – persons having more than one job – hence while closer to ABI definitions of employment is less important for estimating 'job need' or 'housing need' than workplace employed people (b.) or residence employment (c.) as both these measures relate to actual people with jobs and hence to actual households. The projections show increasing out commuting from the District, from 11,200 in 2001 to 14,200 by 2031, although this may not reflect regional level change. The jobs: dwelling ratio suggested as most useful is workplace employed people (b.).

Table 4.2 RSS/RES 2009 Joint Forecasting Model projections, North Herts District ('000)

Scenario	2001	2006	2008	2011	2016	2021	2026	2031	2001-21	2021-31
I RSS continuation										
Dwellings	50.0	52.9	54.3	55.0	60.0	65.0	69.0	73.8	+15.0	+8.8
Employment (jobs) a.	60.7	56.0	55.1	52.6	58.7	61.8	64.0	67.6	+1.1	+5.8
Employment (workplace employed people) b.	47.6	47.7	46.8	44.6	49.7	51.8	53.9	56.8	+4.2	+5.0
Residence employment c.	58.8	58.1	60.7	57.6	63.3	66.0	67.8	71.0	+7.2	+5.0
Net commuting (c-b)	-11.2	-10.4	-13.9	-13.0	-13.6	-14.2	-13.9	-14.2	+3.0	-
- jobs (b) per dwelling	0.95	0.90	0.86	0.81	0.83	0.80	0.78	0.77	-0.15	-0.03
II NHPAU RSSS										
Dwellings	50.0	52.9	54.3	55.0	60.0	65.0	69.0	73.8	+15.0	+8.8
III NHPAU Moderated										
Dwellings	50.0	52.9	54.3	55.0	60.0	65.0	69.0	73.8	+15.0	+8.8
IV CLG 2006 based										
Dwellings	50.0	52.9	54.3	56.2	60.2	64.2	68.2	72.2	+14.2	+0

Source: Table 3.1, East of England Joint Forecasting Model for RSS & RES, Oxford Economics, Spring 2009. CLG scenario dwellings from OE 2008 report.

4.9 It has been confirmed by EERA⁸ that no 'border' adjustments were made to the scenario projections which involved re-allocating Stevenage related dwellings to North Hertfordshire, and hence it must be assumed that the same applies to employment. This is not easy to reconcile with the target aspiration for 9,600 'Stevenage' dwellings assumed to be constructed in North Hertfordshire, since the aggregate dwellings increase 2001-2021 for the District is little different in the RSS Continuation Scenario (+15,000) to that identified in the published RSS (+15,800). It can only be assumed the 9,600 dwellings directly related to Stevenage expansion are 'de facto' assumed to be constructed in North Herts despite being nominally part of Stevenage set of projections. However, too much should not be read into these projections as literal numbers, the authors confirming that the figures are "illustrative". For example the 2008 housing estimate is inconsistent with actual construction identified, above, from 2001.

⁸ Email to BWU from EERA 04/08/09.

4.10 The treatment of Stevenage-related employment is a material consideration for North Hertfordshire since technically it could be regarded as part of North Herts' employment land demand, requiring sites in the District. In principle it should be ignored, i.e. employment land demand for the District ought to be equated with non-Stevenage employment growth. This is consistent with the residential nature of the extension, which has provision for a local centre and service employment but identifies major employment areas not strategic sites for B use activities as being primarily within Stevenage.⁹ Similarly any 'overspill' of employment from Luton should be ignored. Even if extensions of Luton employment areas were to be approved in North Herts, it is assumed that this employment is wholly related to Luton.

Employment estimates for North Hertfordshire

4.11 Several approaches to estimating employment change are possible, including trend extrapolation, adoption of current regional estimates, and deriving an inferred employment from population by application of activity rates or an employment rate. Preference is given to use of the (Oxford Economics) regional employment estimates as these are currently guiding the RSS Review, although this needs to acknowledge which definition of employment is adopted. Due to uncertainties relating to the volatility of recent employment changes (reflected in the OE statistics) and the problem of identifying a 'North Herts only' employment trajectory omitting Stevenage associated jobs, it is difficult to generate a robust projection, at least for the 2001-21 period.

4.12 In the earlier BWA employment land review an activity rate derived employment estimate generated a much higher employment level of future jobs in North Herts (at 2021)¹⁰ than was projected by the regional employment forecasts at that time, but was not relied on in view of the uncertainties relating to underlying assumptions for commuting balance, household size etc. Specifically, as shown in Table 3.2, *residence based employment* estimates for the District generate a higher increase than *workplace based employment* estimates. It will be noted that the former (RSS Continuation Scenario) projects an increase of 7,200 jobs for the period 2001-21 (and a similar 7,100 jobs for the period 2008-26), fairly close to the NHDC Draft Core strategy Preferred Options¹¹ estimate of +7,640 jobs which was based on the BWA activity rate (residence based) approach. Because significant numbers of North Herts residents commute to their jobs outside the District, and will continue to do so, the real number of in-District jobs required will be fewer than calculated as a 'need' for local residents.¹²

4.13 Returning to the current RSS Continuation/OE projections, workplace based employment estimates can be generated from applying the simple jobs per dwelling ratios set out in Table 4.2 (+4,200 jobs 2001-21). An important trend to note is the reduction in the employment: dwelling ratio over time, consequent on an ageing population. Estimates of 'required' jobs per population need to take account of this.

⁹ Stevenage and North Hertfordshire Area Action Plan (SNAP), Key Issues and Options Consultation, November 2007 (see Map 3).

¹⁰ BWA ELR Part 2 November 2006, Table 4-1, employment increase 2001-21 of + 9,720 for +7,800 dwellings; equivalent employment increase for reduced 6,200 dwellings target estimated as +7,640.

¹¹ North Hertfordshire Local Development Framework Core Strategy: Preferred Options, September 2007.

¹² The activity rate also suffers the inherent weakness of only providing an aggregate of potential employment without any structural breakdown, limiting its value for estimation of employment land requirements.

4.14 Following from this premise, if there is a ‘Stevenage’ element in the increases of population and employment shown in Table 4.2, the figures for the period 2008-31 should be scaled back to eliminate Stevenage related activity, being irrelevant to estimation of North Herts employment land demand. Employment estimates calculated both without and with such an adjustment are shown in Table 4.3. In the table a ‘North Herts only’ rate of dwellings construction over 2011-31 is assumed to average 500 p.a (23% more than achieved over the 2001-08 boom period), with 1,000 dwellings assumed constructed over 2008-2011. The calculations are made for Scenarios I-III, no estimates being made for the CLG household projections of Scenario IV.

Table 4.3 North Herts dwellings and employment growth estimates 2001-31 with and without ‘Stevenage’ adjustment (‘000)

Scenario	2001	2008	2011	2016	2021	2026	2031	2001-21	2008-26	2021-31
I-III. Total dwellings	50.0	54.3	55.0	60.0	65.0	69.0	73.8	+15.0	+14.7	+8.8
I-III. Dwellings, after adjustment	50.0	52.8	53.8	56.3	58.8	61.3	63.8	+8.8	+8.5	+ 5.0
Jobs/dwelling ratio	0.95	0.86	0.81	0.83	0.80	0.78	0.77			
1-III Jobs without adjustment (1)	47.5	46.7	44.6	49.8	52.0	53.8	56.8	+4.5	+7.1	+4.8
1-III Jobs with adjustment (1)	47.5	45.4	43.6	46.7	47.0	47.8	49.1	-0.5	+2.4	+2.1

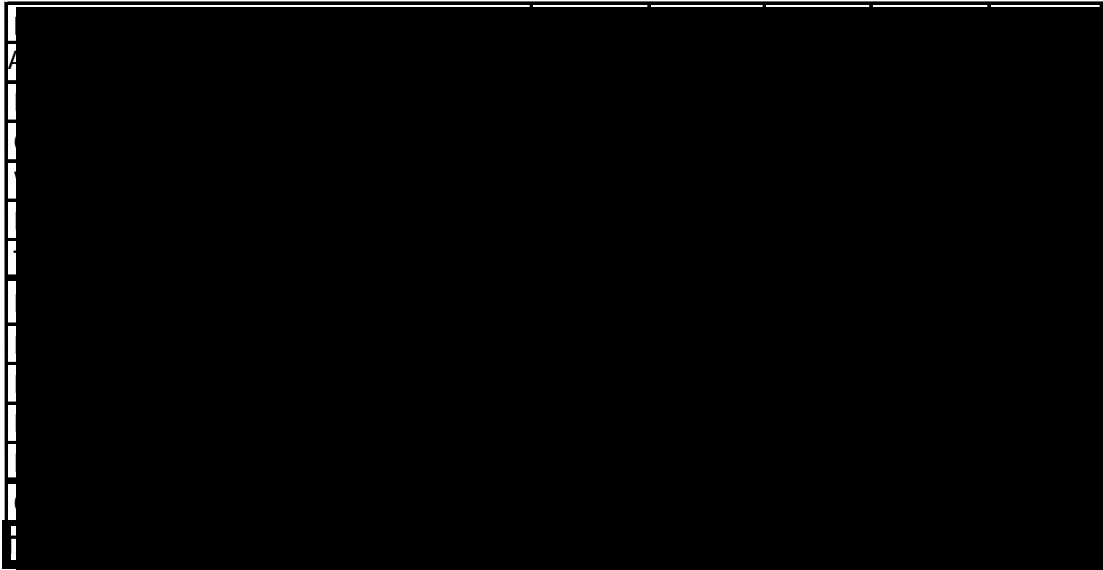
Source: Tables 3.1, 3.2 and Consultants’ assumptions. (1) Workplace employed.

4.15 Calculated in this manner, the nominal employment change for North Hertfordshire over 2001-21 is +4,500 without a ‘Stevenage’ adjustment and negative with an adjustment. However the change is strongly influenced by the early period fall in employment (2001-06), since the equivalent projections for the shorter period 2008-2021 is +5,300 jobs without and 1,600 with the adjustment.

Sectoral changes

4.16 The North Herts trends of employment change by main sectors is summarised in Table 4.4 setting out rounded figures from the ABI at three year intervals. As well as showing the peak employment year early this century the table confirms the major falls in manufacturing and, apparently, in financial and business services, with most public sector employment holding up. Although excluding self employed these (declining) sectors account for most of the potential demand for business space.

Table 4.4 Main sectoral employment changes in North Herts, 1998-2007

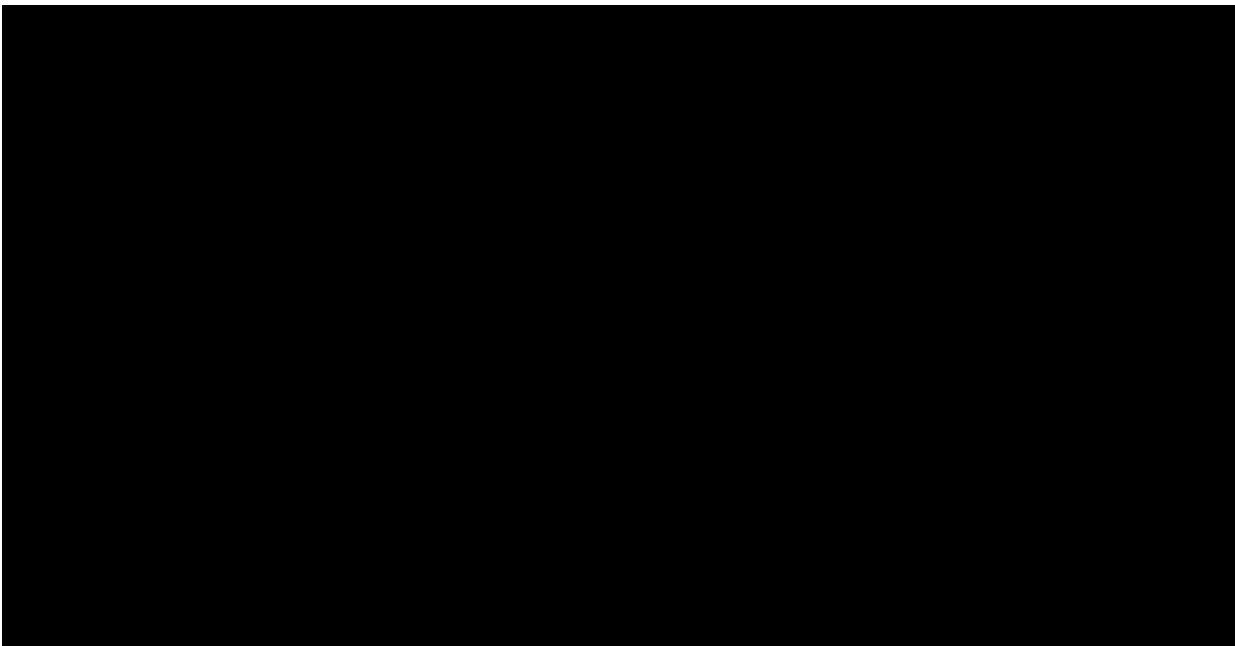


The content of Table 4.4 is redacted with a solid black box.

Source: ABI/Nomis

4.17 The RSS/RES forecasts provide some pointers to the pattern of business space demand although, as noted above, it is difficult to separate North Herts from Stevenage-generated employment. Subject to that caveat, Table 4.5 provides an example from the 2008 round of projections related to the RSS continuation scenario (now Scenario I) of potential sectoral change over the period 2001-31. Manufacturing as expected is projected to decline, wholesale and (land) transport to increase slightly and business services to increase substantially. However, these 2008 round figures not only count Stevenage-related jobs in their total but have since been significantly reduced as indicated in Table 4.2. Additionally, OE conclude that the significant increase in ‘waste’ employment is an anomaly (see OE 2009 spring report, op cit).

Table 4.5 Projected employment to 2031 in North Herts by sector (RSS Continuation Scenario)

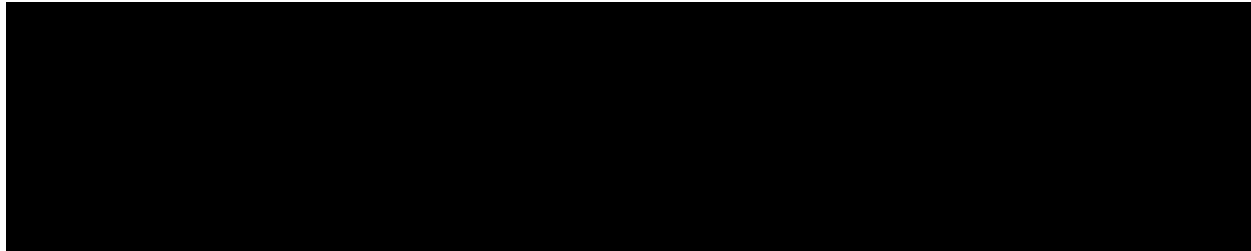


The content of Table 4.5 is redacted with a solid black box.

Source: RSS/RES projections, 2008.

4.18 It is also useful to track changes in employment within the District. Table 4.6 shows trends in employment for the four main towns and rest of North Herts covering part of the period shown in Table 4.4. Since 2003, the fall in ABI defined employment has been concentrated in Hitchin and rural areas, Royston and Letchworth Garden City both gaining employment.

Table 4.6 Changes in employment within North Herts, 1998-2007



Source: ABI/Nomis

Conclusions on employment growth

4.19 Estimation of employment requirements for North Hertfordshire District is complicated by the volatility of recent changes, changes to the current set of joint regional forecasting model projections (2009 set being different to 2008), and the location of Stevenage generated housing and employment within the District. Even more important, the substantial net outward commuting, over 10,000 and projected to grow, means that identifying employment needs in relation to dwellings and resident population is inappropriate. This suggests that the provisional Core Strategy employment projections for North Herts (+ 7,640 jobs for this period) need to be revisited. An attempt has been made to assess employment growth on the basis of the RSS Continuation (housing) scenario, amending this projection to take account of, i.e. remove, possible 'Stevenage related' employment (Table 4.3) but this needs to be interpreted as indicative.

4.20 The previous BWA Employment Land Review estimated an employment increase in North Herts (excluding Stevenage related jobs) for the 2001-21 period of + 4,400 but, in large measure due to an apparent fall in employment in recent years, possibly statistically suspect, this is reduced to a negative change over that period. Over the period 2021-2031 there is a continued expectation of employment growth.

4.21 Given the problem of the statistical employment drop after 2001 and the evolving nature of the RSS review and employment forecasts, it would be preferable to express employment change in North Herts as a trajectory for the period 2008-26, based on the RSS Continuation Scenario, of approximately +7,000 jobs or +2,500 jobs depending on assumptions about Stevenage-driven employment being located within North Hertfordshire. This reinforces the case for further collaboration with the neighbouring districts of Stevenage and East Hertfordshire, to review employment targets collectively.

4.22 A different data issue is that recorded recent employment change shows only a loose relationship to floorspace change, and is thus suspect for estimation of prospective employment land requirements. Accordingly for the short term the most sensible approach would appear to be to base this directly on trends of demand for employment land, which is examined in the next section.

5 Trends in demand for employment land

Demand estimation

5.1 Guidance on carrying out employment land reviews, both national (ODPM Guidance Note, 2004) and regional (East of England guidance manual, 2008), are less than definitive on approaches to demand estimation, other than advising LAs to investigate a variety of approaches ranging from estate agents inquiries to employment forecasts and recorded local land and floorspace take up trends, obtained from planning data or surveys. For this interim update it was not possible to investigate some of these within the resources available for the study, nor are some of them appropriate in the current situation. For example, the methodology involved in preparation of demand estimates from sector employment forecasts is not only complex and time consuming but of dubious value where there is much uncertainty over the outcome, i.e. potential employment level (Section 4 above).

5.2 The approach adopted was to take a time series of actual planning completions in the District as a general indicator of short-medium term demand. The default assumption in this case is that a lengthy period of historic floorspace take up will continue at the same rate. Given that there may be no such regular development rate, i.e. it is rising, falling, or oscillating significantly over the period, the best option may be to project a minimum base rate of development which looks to be the lowest likely level, on past experience, with a higher alternative which would accommodate faster growth and/or has been experienced in the past.

5.3 'Net' demand, taking account of reductions in one use which balance an increase in another, is the most relevant demand measure. In many changes of use net demand is simply zero, and in many circumstances of redevelopment of existing property, net increases may be zero or negligible. On the other hand, some development and activities require new sites, and there is always a need for a margin to accommodate the development process – pipeline. Employment land lost to another use may also need to be replaced. Finally, although unquantifiable in simplistic terms, a margin to provide choice of site and premises is essential for an efficient land market, although this can be allowed for in the supply side estimation. For these reasons it is sensible to project trend-based requirements at a net demand plus level.

5.4 While trends of net m2 floorspace demand can be identified from the planning data, its translation into net land requirements is a more uncertain process. This is in part because of the need at some stage to convert m2 floorspace to land (hectares), but more problematically because so much of the planning completion-calculated demand is accommodated through redevelopment of existing stock. The former is done simply through an assumed plot ratio. The regional guidance, above, suggest a value of 2.5 for this, and while it will vary it is likely to be reasonable for most B2 and B8 development. For B1 it would be applicable to business park environments but the average would be lower taking into account town centre development.

5.5 Historic trends in floorspace demand are interpreted as, largely, North Hertfordshire generated demand, excluding Stevenage impact. In future years this may be more difficult to justify, although identification of a 'Stevenage related' element would not be straightforward.

Aggregate and business space type changes

5.6 Table 5.1 below (graphed as Figure 5.1) shows a time series of B1-B2-B8 business floorspace increases, decreases and net change for North Herts District over the period 2000/01-2008/09¹³, and Table 5.2 provides the net changes of demand for business floorspace in each town, as represented by planning completions. These are the primary sources of information about trends of demand on the ground. This data provides pointers to the following questions:

- What are the main trends in net demand for business floorspace, in terms of scale, increase or decrease?
- Are there noticeable trends in demand for different types of floorspace?
- Are there noticeable trends in demand for floorspace in different towns?
- What is the pattern & scale of redevelopment compared with new development?

Table 5.1 Annual and average business floorspace completions in North Herts, 2001/2-2002/3 (1) and 2003/4-2008/9 (m2)

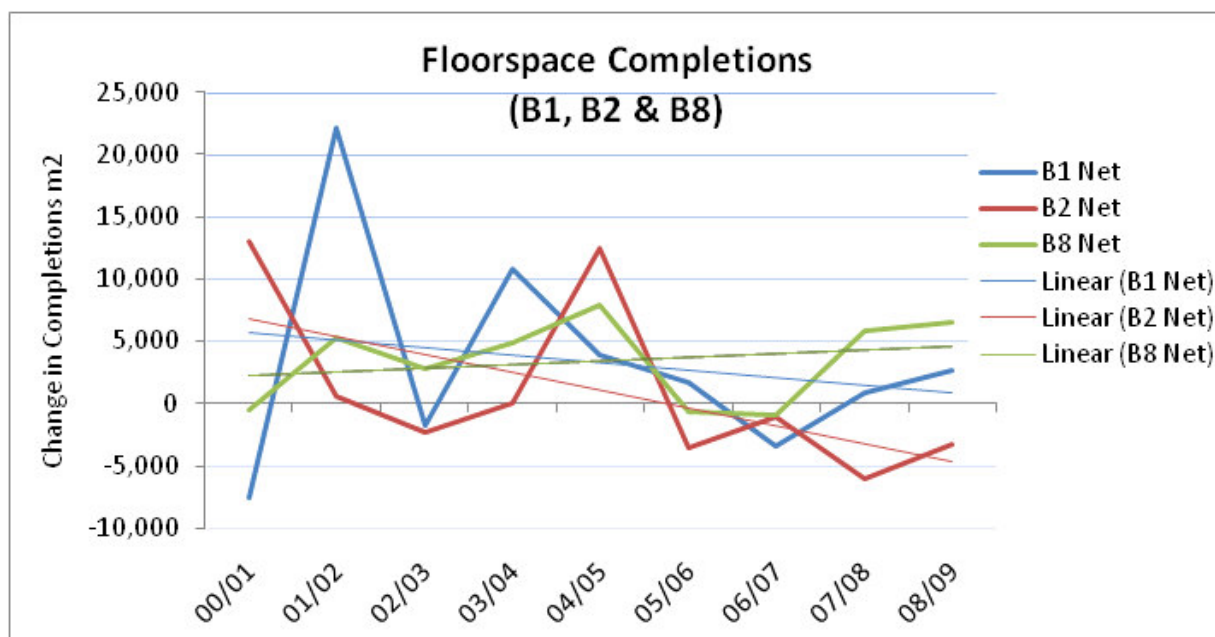
Use		2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07	2007/ 08	2008/ 09	Avge 00-03	Avge 03-09
B1	Incr.	2,467	25,515	921	15,748	5,236	4,984	1,708	2,925	4,345		
	Dec	9,997	3,339	2,584	4,845	1,284	3,263	5,107	2,063	1,658		
	Net	-7,530	22,176	-1,663	10,903	3,952	1,721	-3,399	862	2,687	4,328	2,788
B2	Incr.	13,297	16,977	0	5,693	12,500	11,026	4,930	2,413	190		
	Dec	252	16,391	2,379	5,766	24	14,703	6,023	8,530	3,461		
	Net	13,045	586	-2,379	-73	12,476	-3,677	-1,093	-6,117	-3,271	3,751	-293
B8	Incr.	6,319	11,132	2,793	5,470	10,006	7,191	3,164	10,517	7,173		
	Dec	6,917	5,892	0	617	2,169	7,842	4,144	4,704	748		
	Net	-598	5,240	2,793	4,853	7,837	-651	-980	5,813	6,425	2,478	3,881
All	Incr.	22,083	53,624	3,714	26,911	27,742	23,201	9,802	15,855	11,708		
	Dec	17,166	25,622	4,963	11,288	3,477	25,808	15,274	15,297	5,867		
	Net	4,917	28,002	-1,249	15,683*	24,265	-2,607	-5,472	558*	5,841	10557	6,378

Source: North Herts AMR 2003/04-2008/09; (1) 2000/01-03 from Herts C.C, excluding sites below 235m2 * See footnote to Table 5.2

5.7 As is commonly found, even at the scale of a whole District, there are significant year to year oscillations in floorspace demand, but notwithstanding these Figure 5.1 indicates a trend decline of B1 and B2 use.

¹³ 2000/01-2002/03 from HCC rather than NHDC, and exclude small sites. * average for 2000/01-02/03 in italics

Figure 5.1 Graph of Table 5.1 - net changes of business space completions by year (m2)



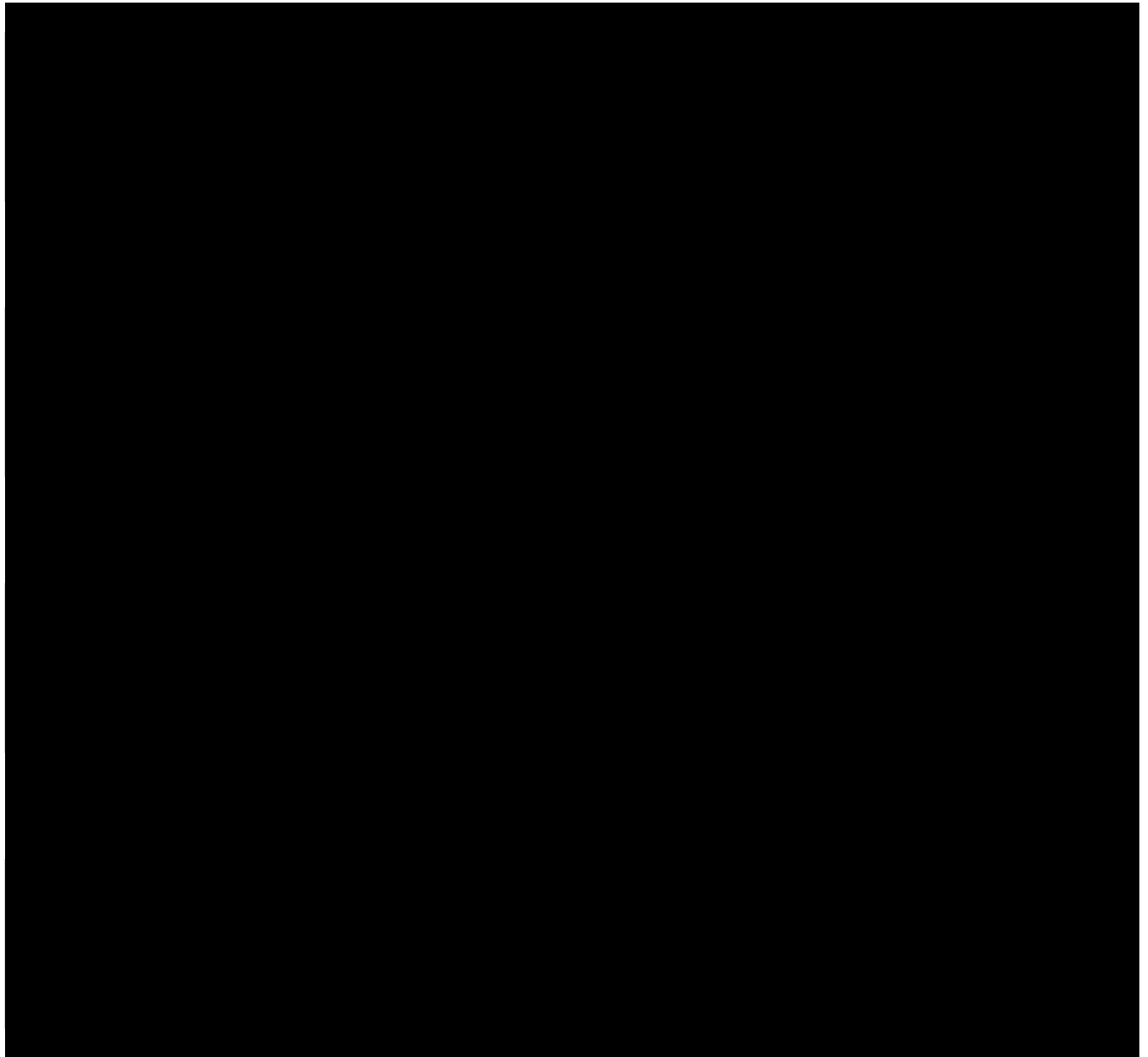
5.8 Table 5.2 shows an average net demand over the past 6 years of some 5,600 m2 p.a., a considerable reduction on the average level 2001-2003, of 10,600 m2 p.a.¹⁴ It is possible that the decline reflects in some way the lack of comparability between the two time series 2001-03 and 2004-08, as the 2001-03 figures excluded small sites. However, if they had been included the scale of reduction over the two time periods might well be revealed as more extreme. In addition demand has sharp in recent years, with overall net demand in the last 4 years 2005/6-2008/9 being negative – a reduction of to -800 m2 p.a. This is made up of individual trends of:

Type	Avg. last 6 years	Avg. last 4 years
B1	+ 2,700 m2	0 m2
B2	- 900 m2	-3,700 m2
B8	+ 3,800 m2	+2,900 m2
All	+ 5,600 m2	- 800m2

5.9 While the steady decrease in B2 floorspace, and increase in B8 floorspace, reflects widespread trends, it is striking that the annual growth of the usually buoyant B1 space has sharply fallen. Further, the significant overall decline has occurred during a buoyant economic period, broadly prior to the recent recession, so cannot be attributed to that development. It is consistent with the fall off of employment shown in Table 2.1.

¹⁴ Note that there is a discrepancy in totals and hence averages in Tables 5.1 and 5.2 due to the sources used, but this does not affect the main picture. Report has assumed Table 5.2 figures.

Table 5.2 Annual change in net and gross m2 business floorspace by town, 2003/4-2008/9



Source: As Table 5.1. Difference between annual averages results from source differences in NHDC datasets for years 2003/04 and 2008/09. Table 5.2 data assumed for study purposes.

5.10 Table 5.2 provides information for the individual towns. This shows how *Hitchin* has consistently lost floorspace every year since 2005/06, mostly B2 and B8, but even B1. *Letchworth* Garden City has experienced a steady net gain, *Royston* a significant net gain and *Baldock* a slight net gain. *Royston* has been the only town to achieve a net increase in manufacturing floorspace, doubtless due to success of the Johnson-Matthey company.

Gross and net floorspace changes

5.11 The Employment Annual Monitoring Reports (AMR) and extracts as in Tables 5.1/5.2 show the substantial scale of increases and decreases of floorspace generating net change. Broadly net change represents just over 20% of total gains and losses. This is demonstrated by the AMR tabulation of the proportion of new business space (gain) taking place on previously developed land (PDL):

<u>Use/ Year</u>	<u>% PDL (2005/06)</u>	<u>% PDL(2006/07)</u>	<u>% PDL(2007/08)</u>
B1	73%	99%	29%
B2	74%	94%	49%
B8	85%	100%	83%
Total	77%	97%	68%

Most demand is being satisfied by existing employment land, with an average of 80% for the 3 years noted above. Should this continue, and there is a significant built land stock in the District, it suggests that 80% of new floorspace needs may be met through redevelopment of existing land.

Potential future land requirement

5.12 The approach towards estimation of prospective short term employment land demand is based upon trends of land take up since the uncertainties relating to employment increase do not make this a very reliable guide to assessing potential land requirements. The calculations made involve:

- Establishing average m2 net and gross completions 2003/4-2008/9 by town/locality.
- Allowing for a margin on top of net completions.
- Taking a view on the future growth, related to net floorspace with reference to employment targets and recent trends.
- Similarly taking a view on trends by town/locality.
- Multiplying floorspace by a plot ratio assumption to generate annual land requirement.
- Converting annual demand simply to 5/10 year time period.

5.13 The main issue with this procedure is which trend period to adopt, e.g. the last 6 years (positive increases) or last 4 years (net business floorspace losses). If one takes the upper level the base-level potential floorspace and land requirement, before allowing for any margins for pipeline growth etc, can be worked out as in Table 5.3, using 2.0 and 2.5 plot ratios for B1 and B2/B8 uses respectively. (For reference the table shows equivalent figures based on trend gross completions).

Table 5.3 Conversion of average net m2 completions to potential annual average hectares demand – “high demand trend”

5.14 Table 5.3 shows the average gross and net completions by floorspace category by town. On the assumptions made the 6-year average annual land take up for the District as a whole is calculated as approximately 2.13 net has per annum respectively (derived from multiplying each B1/B2/B8 net m2 by 2.0/2.5 before dividing by 10,000 to estimate hectares land demand). This converts nominally to:

<u>Period</u>	<u>Net hectares</u>	<u>Plus 33% margin @ 20% on new sites</u>	
2009-2011	4.3	5.7	1.1
2011-2016	10.7	14.2	2.8
2016-2021	10.7	14.2	2.8
2021-2026	10.7	14.2	2.8
2026-2031	10.7	14.2	2.8
(2008-2011)	(6.4)	(8.5)	(1.7)

Provisionally it is assumed that a margin over net demand of +33% is allowed for, bringing annual average demand to 2.8 hectares.

5.15 As noted above, around 80% of demand as measured by completions is met by redevelopment on existing sites. This would suggest that (at the 6-year trend net completions rate), there could be a need for greenfield employment land of a modest 0.56 hectares per year ($2.8 \div 5$), and only some 10 hectares over the period 2008-26 and 13 hectares over the period to 2008-2031 (excluding any needs generated by Stevenage or Luton). Although there would be no requirement in the aggregate for any greenfield land on the basis of the reduced demand indicated by the average last 4 years completions, it would be prudent to assume the higher figure.

5.16 Finally, it is useful to note the relationship of the levels of completions/demand trends in each area to related employment land stock and population. These show (Table 5.4) on the basis of 6 year trends:

- The high per capita demand experienced in Royston.
- The relatively high demand per capita in the rural areas.

Table 5.4 6 year trend net completions by area, employment land supply and employment land per capita

Town	Employment land stock (hectares)	Population 2001	Empl. land per '000 pop (hectares)	Net m2 demand p.a.	Net annual m2 demand per '000 pop.
Royston	50.3	14,300	3.5	5,900	413
Baldock	10.7	9,300	1.2	350	37
Letchworth GC	116.6	33,700	3.2	850	25
Hitchin	68.2	30,400	2.2	-3,200	-
Rural/other	NA	29,000	NA	1,700	59
District	245.8	117,000		8,800	75

Source: BWA 2006 Employment Land Review, Table 4.3.

5.17 An average density could be used to work backwards from this data to estimate potential employment capacity – the operative expression being capacity, as opposed to an employment projection. This can be done by assuming a mix of space and an average density per use. Hence a calculator for nominal employment capacity can be set out as Table 5.5. This gives a figure of approximately 100 jobs per year, or 2,000 over 20 years. This is of similar order of magnitude to the 'with Stevenage adjustment' employment estimate in Table 4.3. Converting jobs to land requirement through density and plot ratio assumptions, the latter also would appear to generate, approximately, a net land demand of some 3 hectares per year, similar to the estimate in para 5.14 above.

Table 5.5 Employment capacity by 5 year time period, based on annual average completions (last 6 years)

Area	m2 average completions p.a			Total
	B1	B2	B8	
Baldock	-181	78	447	344
Hitchin	305	-2335	-1157	-3187
Letchworth	758	-1135	1214	837
Royston	1080	2612	2253	5945
Sub-total	1962	-780	2757	3939
Rural/other	709	-89	1062	1682
TOTAL	2671	-869	3819	5621

Density ratio (m2/job)	20	34	50
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Area	Employment capacity p.a			Total
	B1	B2	B8	
Baldock	-9.1	2.3	8.9	2.2
Hitchin	15.3	-116.8	-57.9	-159.4
Letchworth	37.9	-33.4	24.3	28.8
Royston	54	76.8	45.1	175.9
Sub-total	98.1	-71.0	20.4	47.5
Rural/other	35.5	-2.6	21.2	54.1
TOTAL	133.6	-73.6	41.7	101.6

Jobs per 5 years	668	-368	208	508
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Source: Tables 5.1-5.4

5.18 The table breaks down the 5,600 m2 p.a. figure identified in Table 5.2. As a nominal calculator the totals and distribution to areas should not be interpreted literally, but one aspect does stand out, being the high floorspace and employment share shown for the rural/other area outside the 4 towns. This amounts to 30% and 53% respectively of total District floorspace and employment, and appears to be a good reflection of past trends. It suggests that reasonable allowance be made for future growth in these areas.

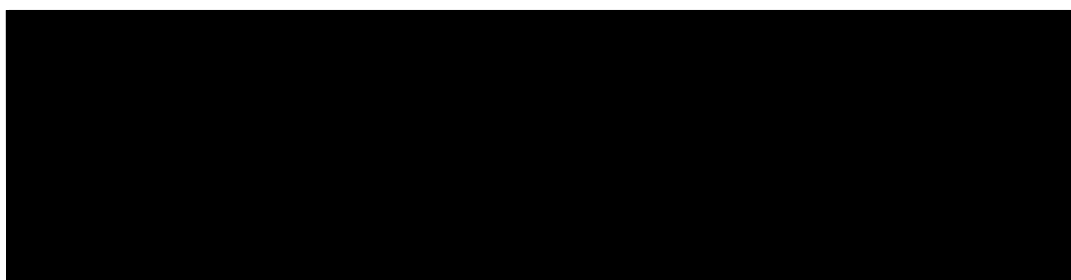
5.19 The concern with a floorspace trend based projection is how far it is a guide to, particularly, the potential mix of floorspace demand, especially over the longer term. The recent downturn in B1 completions may not persist, and the projections for employment by Oxford Economics for North Hertfordshire signal a growth in business services (Table 4.5). Despite the uncertainty, it is prudent to bear in mind the implications of this projected growth, even if it is treated as an upper limit.

6 Land supply

Total floorspace stock

6.1 Planning completions can also be compared, broadly, with total stock. Table 6.1 shows Valuation Office Agency records for the 2005-08 period for the District, showing how industrial space, factories and warehouses, has fallen slightly (2%) over the period and offices, mostly B1, space has similarly fallen by 2%. There has been negligible change in the stock of retail floorspace and 'Other' which comprises service uses like pubs and showrooms.

Table 6.1 Floorspace stock '000 m2, North Herts by bulk class category, 2005-08



Source: ONS Neighbourhood Statistics.

Transfers and losses from employment land stock

6.2 Table 6.2 gives details of recent and current transfers out of employment use from, mostly, smaller sites. The 8 hectares losses are, however, mostly from urban locations with good strategic access to workforce but poor local access in terms of environment and traffic conflicts, and in principle need to be replaced.

Table 6.2 Likely losses of employment sites (hectares)

Estates/Site	Size	Town
Icknield Way	1.41	Baldock
Holroyd Crescent	0.61	Baldock
Cooks Way/ Sharps Way	2.17	Hitchin
Walsworth Road	0.62	Hitchin
Birds Hill	1.5	LGC
Lumen Road	1.31	Royston
Total	7.62	

Source: NHDC

Employment land availability

6.3 A new detailed (field) survey of existing and potential employment sites was not undertaken for this update, as that would be a major undertaking requiring more resources than available. Thus commentary on land availability and potential was based upon the existing District draft employment allocations proposals supplemented by discussions with Council officers. A provisional land availability profile derived from this is shown in Table 6.3. This divides employment potential into two broad categories: first, (Category 1) existing/ redevelopment sites, some of which have been previously in employment use but are not currently used, others in low intensity employment use, and almost all well inside the built up areas; and second, (Category 2) potential new sites, mostly much larger, some with a former use (e.g. Transco gas), some on greenfield land, and largely on the edge of the built up areas. Potential availability dates are not known with much precision but the first category of sites are generally available in the short to medium term, while the larger new sites are mostly medium/longer term.

Table 6.3 Provisional land availability in North Herts with approximate land area

Town	Existing/re-dev. Sites (Category 1)	Hectares	Potential new sites (Category 2)	Ha
Royston	Orchard Road (J-M)	0.1	North E of York Way R/e01*	10.9
	Civic Centre (RTC1**) (B1)	<0.5		
	Angel Pavement (RTC3**) (B1)	0.1		
	Market Place, Old Cattle and Royston Corn Exchange (RTC4**)	0.1		
	Warren Car park	?		
	Sub-total	c.0.5	Sub-total	10.9
Letchworth GC	The Broadway Grammar. School (LTC5**)	1.0	Former power station L/e01* (small area still available)	0.3?
	Sub-total	1.0	Sub-total	0.3
Baldock	Holroyd Crescent (near Tesco)	1.5	Royston Road B/e01 *	8.5
			Royston Road B/e02 *	8.0?
	Sub-total	1.5	Sub-total	16.5
Hitchin	Burymead Road (7.31 hectares mostly built, some land available)	c.1.0	Ex Transco site H/e01*	10.9
	Sub-total	1.0	Sub-total	10.9
Rural	Ashwell-Weston etc ***			
TOTAL		c.3.		38.6

Source: North Herts LDF, Land Allocations Issues & Options, 2008, Consultants. Designation relates to Land allocations DPD classification. ** Designation relates to Opportunity sites in Town Centre Strategies. *** Specific sites not identified in the District's main rural areas in the east (Royston) and south west (Hitchin), but priority should be given to local employment uses (e.g. local tradesmen, repair etc) when sites come forward, consistent with CLG Guidance PPS7.

6.4 Table 6.3 sets out those sites identified in the Land allocations DPD, but omits one potentially large site, land north of Wilbury Way, in Hitchin, which could be realised if Network Rail constructs a new rail overpass to relieve a bottleneck on the east coast main line. This site could provide 25.5 hectares of employment land or be partially or wholly zoned for alternative use like housing (perhaps 1,000 dwellings capacity). In a different context, the ex Transco site may require some decontamination to be undertaken.

Supply and demand balance

6.5 Table 6.3 indicates that there is a potential employment land supply comprising a few hectares (approximately 3) in Category 1 smaller, urban sites and some 38 hectares of (Category 2 larger sites, a total capacity of some 41 hectares. Trend demand is provisionally estimated as 13 hectares additional land and adding 8 hectares replacement of lost sites, total requirement to 2026 is put at about 18 hectares in total, and 21 hectares to 2031). It is accepted that the Category 2 sites represent potential, not bankable, reserves of employment land. Some of the land, e.g. at Transco, may be competed for by other uses like playing fields. Other sites may simply evolve as good candidates for new residential development, It is recommended that all of this should be included in the (Land Allocations DPD) Local Development Framework and in the context of a revision of the RSS looking forward to 2031. While nominally the reserve is about twice as much as estimated demand, a surplus of supply is always required to allow for delays in land preparation and infrastructure provision as well as the need to provide a variety of types of site in different areas (DETR Guidance).

7 Conclusions and recommendations

7.1 The scope of this report and the general flux of uncertainty relating to post RSS scenarios of development, especially in the current recession climate, mean that the conclusions drawn are provisional and will need to be kept under review. However, the draft Core Strategy for the North Hertfordshire Local Development Framework and the accompanying site allocations proposals embody considerable flexibility. This is particularly appropriate for the larger possible employment development sites. Subject to this the Consultants' conclusions and recommendations are summarised below.

Prospective employment land demand

7.2 This is difficult to assess since employment trends and prospects are unclear and broad population related estimates, like the 2001-21 jobs growth figure identified in the Core Strategy Preferred Options report (taken from the 2006 Employment Land Review), cannot be practically translated into B use employment land requirements. It does appear that there has been – well before the present recession – a significant reduction in the annual level of demand as measured by actual floorspace completions. But if previous (6 year) trend rates were to resume, net and gross increases would run at about 5,600 m² and 18,000 m² per year, equivalent approximately to 2.13 and 5.15 hectares per year. With a pipeline allowance of +33% this translates to 2.8 and 6.8 hectares p.a. 80% of this is likely to take place on existing sites, hence leading to potential requirement of new land of 0.56 net hectares. p.a. so for the plan period 2008-2026 this would imply a take up of some 10 hectares, and a further 8 hectares to replace smaller sites, approximately 18 hectares in total. Over 2008-31 the total would be 23 hectares (see Table 7.1).

Table 7.1 Employment Land take estimates for North Herts 2008-2031

	2008-11	2011-16	2016-21	2021-26	2008-26	2026 – 31
Land take up (hectares)*	3	5.0	5.0	5.0	18	5.0

* comprising 0.56 hectares p.a new demand on greenfield land and 0.44 hectares p.a replacement of small sites lost – see para 6.2.

7.3 Oxford Economics 2008 projections, crudely categorised, indicate a potential reduction of land in B2/ manufacturing use (-3,200 jobs 2006-31), modest increase in B8/ warehousing and transport/distribution use (+800 jobs 2006-31), and substantial increase in B1/business services use (+ 11,700 jobs 2006-31). But the more recent 2009 projections, when details are available, are likely to reduce this business services growth significantly, while the projected waste and other services growth (+ 8,600 jobs 2006-31) is also likely to be reduced.

7.4 The outlook for B8 and B2 type of employment suggests that all or most of this demand could be accommodated on existing industrial use sites. The business services /B1 employment is another matter, even if no more than 5,000 jobs rather than 11,700 require new sites, this could take 100,000 m² floorspace @ 20m² per job. That translates to 10 hectares of floorspace, and up to 25 hectares of land at 40% plot ratio for single storey building. This would be over the period 2011-2031, say 28 hectares for the period 2008-2031.

7.5 From the above it is provisionally estimated that overall demand for the 2008-2031 period for additional land could be in the range of 20-30 hectares, hence it is proposed that 30 hectares be adopted as a maximum requirement over this period.

Land supply and demand accommodation

7.6 Existing and potentially available employment land has been broadly defined as smaller urban and larger peripheral sites – ‘Category 1 and Category 2’. Recommendations are as follows:

Category 1 sites

(i) Retain as many of the smaller sites as possible for at least partial employment use, e.g. inclusion of some B1 floorspace where the site is suitable. In conditions of limited availability of small sites in much of the urban area, this fulfils DETR guidance on provision of a range of employment land sites within local authority areas. Where there are land use conflicts, e.g. at Icknield Way, Baldock the optimal solution will be to allow the site to be transferred to residential use as business’s existing leases expire. On other sites like Lumen Road, Royston, contamination issues suggest that retention in conventional employment use is not viable.

(ii) As noted above significant future demand is likely to be for B1 use, for which accommodation in the Category 1 sites would be suitable.

(iii) It is easy to overlook the availability of sites in rural areas, especially as demands are likely to be for small plots and there are no formal designations in land allocations. However, there is evidence of a steady demand for rural employment land and premises and consideration should be given to creation of a new policy which would make provision for limited B1 activity, without a blanket exclusion on ‘sustainability’ criteria. This should explicitly allow for non-professional B1 uses, e.g. for small workshops and premises for tradesmen as is advocated in the recent PPS4 document. This would be best reflected in a more detailed Policy 23 (North Hertfordshire Preferred Options Development Policies DPD).

Category 2 sites

(iv) Demand for B8 use has been steadily increasing and future requirements should be accommodated on Category 2 sites.

(v) Two Baldock sites (B/e01 & B/e02) are good candidates for early to medium term development, given their favourable access off A505, proximity to Baldock station and absence of major constraints. The Core Strategy allocates Baldock substantial housing growth (see para 3.2) while it already has limited employment land per capita, so it would reduce the imbalance in local supply, albeit that the large Letchworth Garden City employment area is not far away. Herts CC (as landowners) are conducting a number of surveys currently and are wanting to bring it forward. The sites would support a potential mix of B1 and R&D with ancillary B8, and access off the railway line may also be feasible. Its allocation would make up for potential land lost at Icknield Way, Baldock.

(vi) Two other large sites – north of York Way in Royston and former Transco site in Hitchin -provide a useful additional employment land reserve, albeit possibly less critical. The first merits safeguarding as Royston may have areas of greenfield housing growth allocated. (See the SHLAA for details). This will evidently be a key consideration for future allocation. Employment growth in this direction is also detailed in the Core Strategy Preferred Options). The second, Transco site, has been identified for

possible sports/leisure use (relocation of football ground) but it would be wise to safeguard it in the long term.

(vii) The potential Hitchin site north of Wilbury Way is a more uncertain prospect because of its dependence on implementation of the “Hitchin Curve”, which could be implemented by 2012, but equally could be delayed. It could not be formally allocated for this reason. It is of interest for several reasons. First, its size, 25 hectares, suggests that it might qualify as a site of regional significance. Second, Hitchin has suffered a loss of employment and employment land over recent years and this site would compensate for those losses. Third, there would be an opportunity to provide a new access to the area from Stotfold Road relieving residences from the impact of commercial vehicle traffic at the constrained junction of Wilbury Way and Cadwell Lane.

(viii) Regional and sub-regional issues may influence the long term development of the Category 2 large sites, e.g. Stevenage expansion. This update has attempted to isolate the requirements of North Herts District as if it were self-contained, in terms of employment land, without the need to accommodate Stevenage and possibly Luton expansion. While this is appropriate for this study, the reality of such expansion needs to be recognised, and from a sub-regional perspective, accommodating the growth of Luton and Stevenage may imply the need to provide employment land in North Hertfordshire. Similar, if different sub-regional development strategies may impact on Royston. Royston is a peripheral settlement in the District, forming one of the 9 principal market towns in the Cambridge sub-region. As such it is potentially subject to RSS review policies currently under consideration, including market town expansion. In this eventuality, Royston could be a candidate for this with its major potential employment land reserve (R/e01) providing for employment growth.

Prospective employment increases up to 2031

7.7 After recent apparent falls in employment, modest increases are estimated over the period 2008-2021-2031, but these are very indicative. Prospective land take up has been estimated independently of this employment change and is not directly related to it, as shown in Table 7.1. However, calculations suggest that the lower ‘Stevenage adjusted’ estimate of employment change independently generates a figure of net employment land requirement (2008-26) quite similar to the trend based estimate.

7.8 The future employment figures in the district cannot be directly related to dwellings and resident population as inferred in the Preferred Options Core Strategy as a significant number of North Hertfordshire residents have their employment outside the District, which is (the OE model) predicted to increase over the plan period. The jobs figure of 7,640 used in the Core Strategy, therefore needs qualifying since this relates to potential jobs for a residential population wherever they may be – many certainly outside the District. For employment within the District, the indicative range in Table 7.2 for the period 2008-2026 would provide a more appropriate figure for employment growth and should be used accordingly, bearing in mind that the ‘Stevenage adjustment’ figure is broadly consistent with the floorspace completions trend based estimates.

Table 7.2 Employment change estimates for North Herts 2008-2031

	2008-11	2011-16	2016-21	2021-26	2026-31	2008-26
Employment change with Stevenage adjustment	(-1,800)	3,100	300	800	1,300	2,400
Employment change without Stevenage adjustment	(-2,100)	5,200	2,200	1,800	3,000	7,100

Source: Table 3.3

Other policy interventions and recommendations

7.9 Policy 24 of the Council's Development Policies DPD seeks to protect small and medium sized businesses (SMEs) in the local economy by making provision for a reservation for such businesses on larger employment sites (of 1 hectare or more). The policy states:

"We recognise the importance of small and medium sized businesses to the prosperity of the district.

All development for employment purposes, on a site of 1 hectare or more, will be required to make provision for a minimum 10% of the net floorspace for B1 or B2 Class uses in small/and or medium sized units.

We will apply this requirement where an existing or incoming firm is developing or expanding a site solely for its own purposes. For such applications where no small units are proposed, we will require evidence that the site is not a speculative development, but is for an existing company."

7.10 A broad justification of the policy is the relative dependence of the local economies of both Hertfordshire as a whole, and North Hertfordshire in particular upon small firms (at least under 250 employees). The BWA Employment Land Review 2006 (Part 1) thus identified the average size of units as being (UK =100, 2003 data):

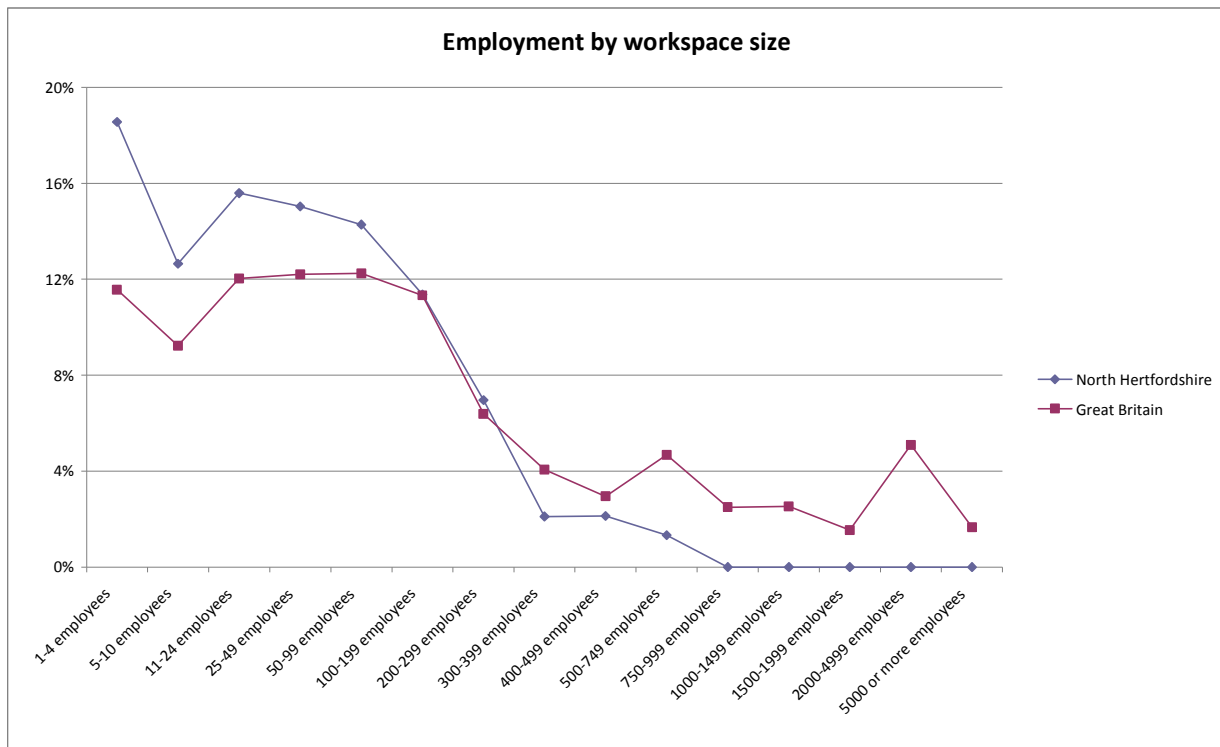
- Hertfordshire County 91
- North Hertfordshire 73

Further analysis has been undertaken to update the 2003 ELR finding and shed more light on the characteristics of SMEs in North Hertfordshire. This has concentrated on a breakdown of the sector to constituent parts, using 2007 ABI data. The convention for classification of SMEs in Europe is:

Micro businesses: under 10 employees
 Small businesses: under 50 employees
 Medium businesses under 250 employees

7.11 In practice, the ABI size groups provide breakdowns allowing identification of 'micro' and 'small' groupings but not precisely a 'medium' grouping since they do not split the 200-299 group. Nevertheless the data allow for a good comparison of North Hertfordshire's business size characteristics compared with the national average. This is shown in Figure 7.1.

Figure 7.1 Proportion of employees in each band of workplace size, North Herts and GB, 2007



Source: Nomis/ABI

7.12 The Figure brings out the distinctive pattern of North Hertfordshire businesses with a higher incidence of employees in establishments up to 100, a similar proportion over the 100-300 size, and a smaller proportion in the 300+ bands. This suggests that Policy 24 should be particularly concerned with support of businesses in the 1-100 size band. More detailed analysis and charts are given in Appendix 1. This includes a check on the sectoral distribution of smaller establishments, which indicates that the North Hertfordshire smaller business pattern applies to manufacturing and service sectors. This evidence supports the general applicability of the Policy across B1 and B2 land use activities.

Monitoring and Review

7.13 This updated Employment Land Review serves as a provisional assessment pending the outcome of the RSS Review, which is expected to generate revised housing and employment targets for the region and component Districts. This should help to clarify the position concerning Stevenage growth and its impact on North Hertfordshire. Thus it is recommended that the three districts which have previously been given an overall employment target, North Hertfordshire, East Hertfordshire, and Stevenage, should continue to discuss the prospective employment levels and their allocation between them up to 2031, in the light of the RSS Review scenarios and the ongoing projections supporting these from the Oxford Economics East of England Joint Forecasting Model.

Appendix 1 Employment Size Band Analysis

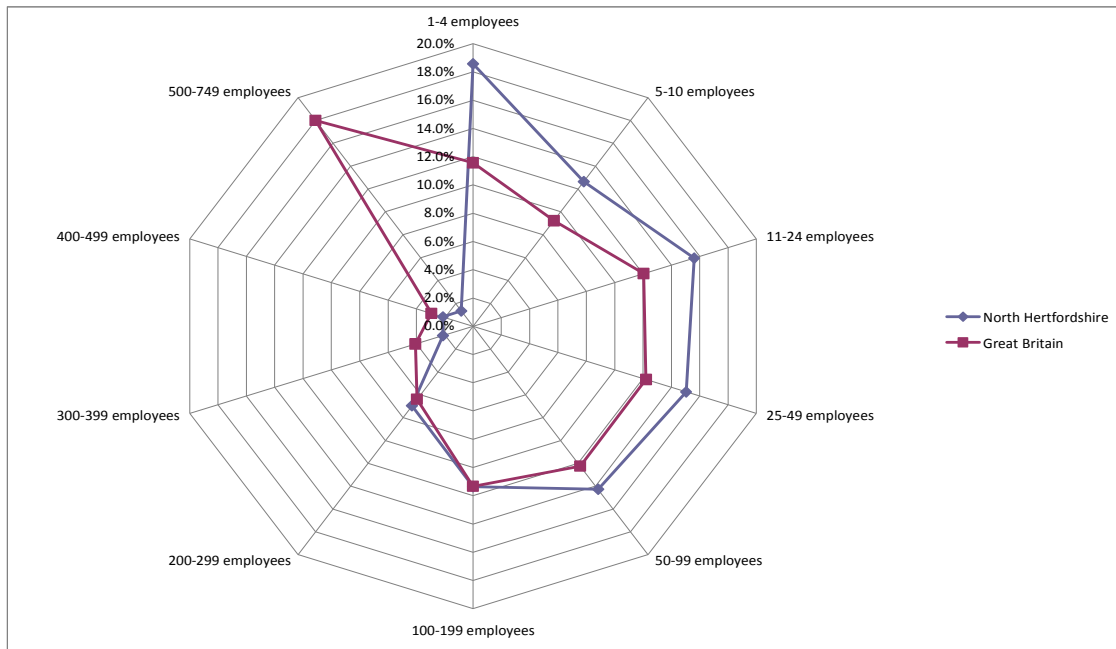
A1 Table A1 and Figure A1 show the distinctive pattern of higher concentration of workforce in small units in North Hertfordshire, as indicated from an analysis of Annual Business Inquiry data. While the units are technically workplaces rather than businesses, the data are a good proxy as the great

Table A1 North Hertfordshire and GB proportions of employees in each band of workplace size, 2007

Sizeband	Total North Herts		Total GB	
	Number	Percent	Number	Percent
Total	45,800	100.0%	26,420,000	100.0%
1-4 employees	8,500	18.6%	3,055,000	11.6%
5-10 employees	5,800	12.6%	2,438,000	9.2%
11-24 employees	7,150	15.6%	3,177,000	12.0%
25-49 employees	6,900	15.0%	3,225,000	12.2%
50-99 employees	6,550	14.3%	3,235,000	12.2%
100-199 employees	5,200	11.4%	2,993,000	11.3%
200-299 employees	3,200	7.0%	1,688,000	6.4%
300-399 employees	950	2.1%	1,075,000	4.1%
400-499 employees	1,000	2.1%	780,000	3.0%
500-749 employees	600	1.3%	1,237,000	4.7%
750+ employees	0	0.0%	659,000	13.3%

Source: ABI/Nomis. Numbers rounded

Figure A1 Spider diagram of GB and North Herts employee size band distribution



Source: ABI/Nomis

majority of workplaces or establishments are single firms, and even where they are not the ‘small unit’ dependency is still likely to be a real one.

A2 It will be seen that the size differentials are particularly noticeable for workplace bands 1-100, being similar in the 100-300 size bands. The greater proportion of national employment in larger workplaces is particularly marked.

A3 Policy 24 provides for the application of the small and medium size firm safeguarding for B1 and B2 uses. These are most closely approximated in Standard Industrial Classification (SIC) terms by manufacturing and financial and business services sectors. An analysis undertaken of these sectors (see Table A2) demonstrates that a overall concentration of employment in smaller workplaces is found both in manufacturing and services.

Table A2 North Hertfordshire and GB proportions of employees by workplaces size band in manufacturing and business and financial services, 2007

Sizeband	Manufacturing				Business and financial services			
	Total North Herts		Total GB		Total North Herts		Total GB	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	6,750	100.4%	2,821,000	100.0%	9,700	99.8%	5,758,000	100.0%
1-4 employees	700	10.4%	197,000	7.0%	3,450	35.5%	1,024,000	17.8%
5-10 employees	650	9.7%	181,000	6.4%	1,450	14.9%	508,000	8.8%
11-24 employees	800	11.9%	278,000	9.9%	1,250	12.9%	581,000	10.1%
25-49 employees	1,200	17.8%	311,000	11.0%	1,050	10.8%	507,000	8.8%
50-99 employees	700	10.4%	366,000	13.0%	1,250	12.9%	567,000	9.8%
100-199 employees	750	11.2%	413,000	14.6%	1,100	11.3%	603,000	10.5%
200-299 employees	750	11.2%	242,000	8.6%	200	2.1%	367,000	6.4%
300-399 employees	600	8.9%	161,000	5.7%	0	0.0%	242,000	4.2%
400-499 employees	0	0.0%	117,000	4.1%	0	0.0%	182,000	3.2%
500-749 employees	600	8.9%	188,000	6.7%	0	0.0%	321,000	5.6%
750+ employees	0	0.0%	367,000	13.0%	0	0.0%	858,000	14.9%

Source: ABI/Nomis. Figures rounded and hence %s may not sum to 100%.