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SPA

NORTH HERTFORDSHIRE DISTRICT COUNCIL

Employment Land Review

Part 2 Draft Report

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1 INTRODUCTION

Part 1 and Part 2 Employment Land studies

1-1 North Hertfordshire's population is distributed in four main towns, Letchworth, Hitchin, Royston and Baldock. These are all contained by green belt and the District has a generally leafy aspect but has been marked historically by the early establishment of the new town of Letchworth, attracting major industrial businesses which otherwise would not be expected in such a semi-rural area.

1-2 The Employment Land Review has been undertaken to form part of the evidence base for the District's Local Development Framework (LDF). The LDF should identify a balanced portfolio of employment sites and safeguard the best sites in the face of competition from other higher value uses, while at the same time identify those which are no longer suitable for employment development and should be made available for other uses.

1-3 For the Part I study the consultants were asked to undertake the following:

- A broad assessment of local economic conditions in the District
- Identification and assessment of current supply of sites for employment
- Assessment of vacancy levels in the employment areas, and of demand for employment premises by market areas and segments
- Identification of sites which might be released for other uses because of market or sustainability criteria
- A report on the implications of the draft East of England Plan (RSS) employment growth levels for North Hertfordshire

1-4 These tasks were carried out through a deskwork analysis of existing publications and documents pertinent to employment land, including previous research undertaken by the consultants, a field survey of all the main estates in the District, meetings and discussions with planning officers, and interviews with local agents. Some transactions data was obtained from agents, which assisted the consultants in appraising the pattern of demand by market areas and segments.

1-5 The key findings of the Part I study included:

- Confirmation of the buoyancy of the local economy, with low unemployment, close to average (county) earnings and less dependency on specific sectors and large companies than many districts in the region.
- A substantial stock of floorspace and employment land, the former falling from about 800,000 sq m to 700,000 sq m during the 80s and 90s but since holding fairly steady, and with employment land area changing little since the beginning of this century, at a little under 250 Has.
- Concentration of employment land in Letchworth, 47% of total in North Herts.
- A steady transfer of land from employment to housing use in the few years since 2001, with further transfers in the pipeline
- A negative commuting balance, with more resident workers leaving North Herts to work elsewhere than incoming workers, an imbalance which increased over the 1991-2001 period.

- With the main estates largely built up, a fairly small amount of land potentially available for employment, and much of that not formally designated (e.g. Transco site).
- Other employment land capacity contained within vacant buildings, potential capacity from estate redevelopment at higher densities, and opportunities arising from town centre redevelopment, the latter particularly important for B1 use.

1-6 It was concluded accordingly that the District should, subject of further appraisal, be very cautious in transferring further land to housing or other non-B use. The implication was that the net transfer of employment land to other uses would be considerably reduced from recent trends, if not halted. However, there remained some employment sites with poor access or other disadvantages that might be released (or particularly suitable for housing), compensated by new designations elsewhere. Such sites include the Neosid site in Letchworth and Ling Dynamics site in Royston, now removed from formal employment land designation.

1-7 The Brief for the Part II study sought an update of employment land requirements based on the draft East of England Plan (EEP), not published at the time of the Part I study. The other tasks were:

- Set a clear methodology for assessing employment floorspace needs over the periods 2001-2011, 2011-2016, and 2016-2021.
- Consider how the proximity of Stevenage and Luton to the District, and their employment growth, will impact upon the District's employment land requirements.
- Establish quantitative requirements for employment land by market sector and location.

1-8 No final version of the EEP was available for the study but the Consultants were able to refer to the EEP Inquiry Panel's recommendations. Land requirements were estimated primarily to 2011 and 2021, although interpolation to 2016 can be made according to the mid point of that decade as the year 2016 employment projections on which they are based have been shown and are usually a mid point.

2 EMPLOYMENT TARGETS IN THE EAST OF ENGLAND PLAN

Employment targets in the draft East of England Plan (RSS) and subsequent EIP Panel Report

2-1 With the exception of certain districts the draft East of England Plan (EEP) did not disaggregate regional and sub-regional (county) employment targets to the local authority level, for example in Hertfordshire proposing 2001-2021 employment targets for a group of Stansted airport authorities including part of East Hertfordshire, and then simply "rest of Hertfordshire". The latter was set at 55,800 jobs.

2-2 In practice the draft EEP incorporated district level projections virtually identical to those prepared by Experian Business Strategies in their (2003 based) "EG21+" scenario for the East of England region, and available to Bone Wells Associates. It is thus possible to construct employment projections for North Herts and other districts in the area in the knowledge that they reflect the Plan assumptions as prepared by EERA. Moreover, although there has been considerable discussion about the EG21+ scenario at the regional level (with doubts cast on its feasibility) for North Herts and nearby districts like Stevenage, Experian's 2003 BASED trend projection, Business as Usual (BAU) was not very much lower.[1]

2-3 The EIP Panel issued their report in July 2006, including employment targets to 2021. While not disaggregating to districts in Herts they proposed targets for groups of authorities, including North Hertfordshire, Stevenage and East Hertfordshire. They can be compared as a block with the EG21+ figures as shown in Table 2.1.

Table 2.1 EG21+ and EIP Panel employment targets 2001-2021 ('000)

EG 21+	2001	2011	2021	2001-21
North Herts	55.9	57.8	60.3	+4.4
Stevenage	45.8	45.6	47.5	+1.7
East Herts	64.1	66.0	69.0	+4.9
TOTAL	165.8	169.4	176.8	+11.0
EIP Panel (1)				
TOTAL	165.8	NA	179.8	+14.0

Source: Experian & Bone Wells Associates. (1) Note that EIP Panel expressed employment as an increment only, hence 2021 figure derives from increase of 14,000 jobs on the base year level.

2-4 The EIP Panel provided no intermediate year figures and warned of placing too much - significance on their employment targets, which they advised should be considered only as reference points. Nevertheless, to be consistent with the Plan, assuming the panel recommendations are adopted, it can be seen that the three districts should between them make provision for another 3,000 jobs, additional to the 11,000 increment fed into the draft Plan. There being no proposals for disaggregation, these 'extra' jobs could be distributed pro rata, all to one district or by any formula. Supposing they were wholly taken up by Stevenage, the Stevenage employment increase rises to 4,700 jobs over 2001-21.

[1] Note that the updated 2004 Experian projection showed a considerably larger difference between EG and BAU.

Higher employment growth in North Herts?

2-5 Although not part of the draft RSS, Experian have generated a later set of employment projections (2004-based) which showed higher employment growth in North Hertfordshire than the 2003 based projections. This was partly a response to revisions in the historic data, with a different 2001 base figure, the changes shown in Table 2-2 below.

Table 2.2 Experian 2004 based employment projection, North Herts 2001-2021 ('000)

Experian 2004	2001	2011	2021	2001-21
North Herts	57.6	64.2	70.8	+13.2

Source: Experian

2-6 It is difficult to reconcile these projections with those of the draft RSS and EIP Panel recommendations. We have tested these projections to show the sensitivity of employment land demand to higher employment growth, but as will be seen in Section 3, the outcomes are very sensitive to assumed employment structure, to the extent that a wide range of land demand can be projected.

Stevenage growth and employment aspirations

2-7 The attention paid to Stevenage regarding employment growth is triggered by the possible impact on North Hertfordshire, and is linked in a broad sense to the sub-regional housing proposals - particularly for 'Stevenage West' - which explicitly plan for development taking place within the North Herts administrative area, on the west side of A1(M). These proposals, supported in the draft RSS, were endorsed by the report of the EIP Panel. They are not accompanied by specific employment targets, but the Panel's recommendations were expressed as "elements of a vision" [2] which included:

> *"provision for strategic employment growth over the period to 2021 by improving the competitive position of Stevenage.... Measures [to achieve this] will include creating new high quality sites capable of attracting biotech and R&D activities, remodelling the town's outworn employment areas...and promoting a regenerated, expanded and more vital town centre"*

2-8 Given the limited amount of available employment land in Stevenage it may be inferred that some of the 'new high quality sites' might be sought outside the Stevenage borough boundary, i.e. probably in North Herts. But, unless in some way 'adopted' by NHDC, these should count as part of Stevenage's target, not that of North Herts.[3]

2-9 With regard to employment, Stevenage proposed at the time of the EIP submission a large increase in the target increase of employment of 14,800 jobs, for the 2001-2021 period This is admitted to be aspirational but Stevenage argue that this reflects a more balanced relationship of workers per household, and is limiting external (out) commuting. This is obviously much greater than the +1,700 or +4,700 increases noted above, but the Borough has confirmed that it is sticking to this target as its policy.[4] The aspirational figure is important insofar as it may generate an ex-Stevenage demand for employment land which could otherwise (with lower job increases) be accommodated within the borough.

[2] EIP Panel Report, P. 81.
[3] At the time of this study oficers from North Hertfordshire were working with Stevenage Borough on a Joint Area Action Plan for the proposed expansion of Stevenage.
[4] Meeting at Stevenage Borough Council Offices, 16th August 2006.

Stevenage employment policy implications for North Hertfordshire

2-10 As has been noted by the EIP Panel the myriad of employment targets are best treated as reference points, with the implication that there should not be overmuch reliance on them as a basis for employment land calculations. Moreover, Stevenage planning officers have made the reasonable point that while a theoretically sufficient supply of employment land may exist in terms of potential for increasing density through redevelopment on existing sites, this process may be prolonged, with new sites being required ahead of such redevelopment.

2-11 It is suggested accordingly that:

- The consultants test the land requirement of the (inferred) EERA/draft RSS employment target for North Hertfordshire, of +4,400 jobs, and use the same methodology to estimate the potential land requirement of two Stevenage scenarios +4,700 jobs and +14,800 jobs. The first of these is consistent with the EIP Panel report, the second is not.
- A further *North Herts* land requirement scenario related to the later Experian projection with a 13,200 jobs increase over 2001-21 is also tested.
- Proposals made by Stevenage for new employment sites at Junctions 7 and 8 of the A1(M) are considered insofar as they might accommodate an ‘overspill’ of employment.[5] In practice since J8 sites fall partially within Stevenage and are considered by the Borough to be more suitable for general industrial and warehousing the significant development would be at J7, suggested to be a designation for high tech development.

The 'Stevenage West' development

2-12 The original plans for 'Stevenage West' proposed 5,000 dwellings on land adjacent to the existing new town to the west of the A1(M), in three neighbourhoods. This was subsequently reduced to 3,600 dwellings as an initial development, which would accommodate about 8,000 population. Employment was estimated to be 3,000, the main locations being three designated employment areas abutting A1(M), a 'multifunctional' neighbourhood centre and two small local centres. Although intended to be broadly self contained in terms of employment the main centre would only support a small food superstore.

2-13 The large employment land potential sites at Junctions 7 and 8 are physically quite separate from the Stevenage West development, the southerly J7 site for example being separated by protected landscape and SSIs. They are inaccessible from Stevenage West except by travelling east across the A1(M) into Stevenage and back again over the motorway further south. Similarly the whole residential development, although located in North Hertfordshire is not accessible from the rest of the District directly but only via the existing built up area of Stevenage. The roads connecting Stevenage West to the existing town take the form of two tunnels under A1(M), respectively Bessemer Drive and Meadoway.

2-14 The EIP Panel confirmed an allocation of ‘at least 5,000’ dwellings at Stevenage West, and these would generate their own employment. Most of this would be services, probably concentrated in small neighbourhood centres, with an allowance for some B1 development within the area. It is reasonable to count such employment as part of the overall growth of jobs in Stevenage Borough, i.e. as part of a borough jobs target.

[5] ‘Real Homes for Real People’ Stevenage Borough Council, March 2004, Table 2.1

3 METHODOLOGY FOR ASSESSING FLOORSPACE NEEDS OVER THE PERIOD 2001-2011-2016-2021

Basic steps

3-1 The ODPM guidance document on estimating employment land requirements[6] described two principal approaches, basing estimates on employment projections or using a labour supply method. The latter is potentially misleading for small areas in localities with pronounced cross boundary commuting patterns and the employment method is the most widely used. Using this approach BWA developed a model for estimating employment land requirements in the EEDA Regional Economic Strategy (RES) Sub-Regional Study, which has been adapted for this study.

3-2 The steps in the process and main assumptions used are as follows:

- i estimate employment change by sector
- ii estimate for each sector its distribution to employment uses (B1, B2, B8)
- iii multiply (i) by (ii) to determine employment in terms of B1, B2, B8 land use
- iv apply floorspace per worker ratios to (iii) to determine B1, B2, B8 floorspace
- v apply density ratios to estimate net hectares from floorspace
- vi apply a gross to net ratio to estimate gross (actual) employment land hectares
- vii check that base year hectares from this method calibrate to actual surveyed

The method generates a net total land requirement at successive years, the change from year to year being the change in the amount needed over that period. It does not measure gross demands in the way that planning permissions prima facie record gross rather than net change and hence cannot be directly compared with them.

3-3 The uncertainties in the process are widely known, and although the assumptions have been based on evidence available the projections for specific hectares of land or floorspace need to be treated as indicative. This is not simply related to uncertainties about future levels of employment but the whole process of linking employment to land take up which is little researched. Relatively modest changes in assumptions on densities for example can lead to major changes in the final land need estimate. There is also considerable uncertainty, and potential confusion, about accommodation of non-B type uses on employment land, including sui generis activity, about which the ODPM Guidance Note is silent.

3-4 In the circumstances it is useful to check that the base year land estimates derived from a model calibrate to actual recorded land stock. This provides some reassurance that the procedure is sound. After that it is possible that errors in the assumptions may cancel themselves out. For example, the Consultants' calculations of the proportion of different employment sectors' accommodation on B1,B2, B8 employment uses may be somewhat high (i.e. exaggerating land requirement) but on the other hand the assumptions made about floorspace change being related directly to employment change may be too literal (so understating land requirement), while the net to gross ratio assumption may also be understated. Sensitivity tests of assumptions can be made to examine potential variation, [7]

[6] Employment Land Reviews – Guidance Note ERM for ODPM, December 2004.
[7] An example tested by the Consultants in this study being wholesaling.

3-5 Some further discussion of assumptions is found in Appendix 1, including differences in methodology underlying different employment land studies in neighbouring Districts.

Long term North Hertfordshire requirements for employment land based on EIP Panel's recommendations, and Stevenage target

Translating employment projections into future land needs – North Hertfordshire

3-6 BWA have prepared employment land need estimates to 2021, both for North Hertfordshire and Stevenage using this methodology. The projections made are thus for +4,400 jobs for North Hertfordshire and for the low and high alternatives (+4,700 and +14,800) for Stevenage. Estimates for intermediate years were prepared by interpolation - see Table 3-1.

Table 3-1 Employment Projections for North Herts and Stevenage 2001-21 ('000)

	2001	2006	2011	2016	2021	2001-21
North Herts	55.9	56.9	57.8	59.0	60.3	4.4
Stevenage (low)	45.8	46.0	47.1	48.8	50.5	4.7
Stevenage (high)	45.8	49.5	53.2	56.9	60.6	14.8

Source: Experian, Consultants.

3-7 Total employment estimates have been broken down by sector on the basis of Experian EG21+ projections. For the high Stevenage growth scenario the additional jobs allocations to sectors were guided by Experian distributions for higher growth scenarios and the consultant's judgement, with appreciable additions made to business services, and lesser amounts added to construction, retail, financial, and miscellaneous services. The detailed figures for North Hertfordshire are shown in Table 3-2.

3-8 Each sector employment figure for each year was then broken down to the B1-B2-B8 use class orders. Previous work done by Bone Wells Associates[8] estimated the proportion of employment by land use for each individual industrial sector. The employment numbers in Table 3-2 are then multiplied by the land use proportions shown in Table 3-3 to generate estimates of total B1-B2-B8 employment figures. For the period 2001-2021 the estimated North Hertfordshire employment levels in these categories (i.e. jobs requiring employment land) are shown in Table 3-4 (unrounded). It may be seen that 57% of total 2021 employment (60,344) is expected to take up employment land, with reductions in B2, modest increase in B8 and larger increase in B1 employment over the period.

Table 3-2 North Herts EG21+ based employment projections by sector

Sector	2001	2006	2011	2016	2021
Agricult, Forestry & Fishing	703	495	400	381	383
Oil & Gas Extraction	5	3	3	3	3
Other Mining	0	0	0	0	0
Gas, Electricity & Water	217	191	164	145	129
Fuel Refining	1,071	894	821	757	696
Chemicals	73	33	65	68	66
Minerals	989	869	803	673	555

[8] Regional Economic Strategy Sub-Regional Studies Stage 1 Final Report Appendices, BWA/EEDA, July 2002.

Metals	0	0	0	0	0
Machinery & Equipment	841	799	713	642	592
Electrical & Optical Equip.	449	435	364	342	317
Transport Equipment	38	28	22	18	15
Food, Drink & Tobacco	1,553	1,255	1,035	821	656
Textiles & Clothing	784	623	451	313	228
Wood & Wood Products	1,090	1,025	947	950	939
Paper, Print. & Publishing	394	255	161	108	67
Rubber & Plastics	892	944	745	549	440
Other Manufacturing	148	124	98	93	89
Construction	4,535	4,631	4,750	4,899	5,015
Retailing	5,570	5,161	5,230	5,320	5,348
Wholesaling	5,749	6,026	6,065	6,272	6,473
Hotels & Catering	2,752	2,188	2,362	2,522	2,632
Transport	1,297	1,241	1,181	1,177	1,176
Communications	613	476	518	539	550
Banking & Insurance	2,080	1,928	1,932	1,939	1,930
Business Services	1,883	1,993	2,130	2,281	2,409
Other F&Bs	9,940	10,215	11,215	12,086	12,902
Public Admin. & Defence	804	771	706	697	700
Education	3,791	4,377	4,548	4,666	4,744
Health	3,650	4,440	4,569	4,840	4,851
Other	4,007	5,568	5,766	6,123	6,438
TOTAL	55,919	56,988	57,764	59,223	60,344

Source: Experian, Consultants.

Table 3-3 Proportion of employment by land use

Sector	Proportion of employment by land use %				
	B1	B2	B8	Total	B1/B2/B8 jobs 2021
Agriculture, Forestry & Fishing	0	0	0	0.0%	0
Oil & Gas Extraction	0.3	0.2	0.5	100.0%	3
Other Mining	0.1	0	0.15	25.0%	0
Gas, Electricity & Water	0.5	0	0	50.0%	65
Fuel Refining	0.05	0.4	0.05	50.0%	348
Chemicals	0.4	0.3	0.3	100.0%	66
Minerals	0.05	0.9	0.05	100.0%	555
Metals	0.1	0.8	0.1	100.0%	0
Machinery & Equipment	0.15	0.8	0.05	100.0%	592
Electrical & Optical Equipment	0.5	0.4	0.1	100.0%	317
Transport Equipment	0.1	0.8	0.1	100.0%	15
Food, Drink & Tobacco	0.1	0.65	0.25	100.0%	656
Textiles & Clothing	0.15	0.75	0.1	100.0%	228
Wood & Wood Products	0.2	0.75	0.05	100.0%	939
Paper, Printing & Publishing	0.4	0.5	0.1	100.0%	67
Rubber & Plastics	0.2	0.7	0.1	100.0%	440
Other Manufacturing	0.15	0.75	0.1	100.0%	89
Construction	0.3	0.05	0.15	50.0%	2508
Retailing	0.15	0.05	0.1	30.0%	1604
Wholesaling	0.2	0.1	0.7	100.0%	6473
Hotels & Catering	0.1	0.05	0	15.0%	395
Transport	0.15	0.05	0.2	40.0%	470

Communications	0.5	0	0.45	95.0%	522
Banking & Insurance	0.6	0	0	60.0%	1158
Business Services	0.8	0	0	80.0%	1927
Other Fin & Bus. Services.	0.6	0.1	0	70.0%	9031
Public Admin. & Defence	0.65	0.05	0.05	75.0%	525
Education	0.15	0.05	0	20.0%	949
Health	0.2	0.05	0.05	30.0%	1455
Other	0.5	0	0	50.0%	3219
TOTAL					34617

Source: Consultants.

Table 3-4 Total estimated employment in B1-B2-B8 categories, North Herts 2001-21 (unrounded)

Year	B1	B2	B8	Total
2001	18,111	8,261	6,903	33,275
2021	21,318	6,281	7,018	34,617

Source: Consultants.

3-9 The employment projections were translated to land needs using the following assumptions:

Employment density[9]		Plot ratios[10]		Net: gross land ratio[11]
B1	19 sq m per worker	B1	0.57	0.86
B2	34 sq m per worker	B2	0.4	0.86
B8	50 sq m per worker	B8	0.4	0.86

3-10 The B1 plot ratio assumes that half the B1 jobs would be accommodated on land with a business park density at a plot ratio of 0.4 and the other half at town centre densities at a ratio of 1.0.[12] This generates total change in land requirement for North Hertfordshire shown in Table 3-5, with a small reduction of 5 hectares over 2001-21.

Table 3-5 Change in net land demand 2001-2021 in North Herts (Has)

Scenario for B1 land	Employment land use	Has land needs for EG21 Employment Scenario						
		2001	2006	2011	Change 2001-11	2016	2021	Change 2001-21
1/2 business park; 1/2 town centre densities	B1	69.3	72.6	75.3	6.0	78.7	81.5	12.2
	B2	80.8	75.1	69.4	-11.4	65.0	61.4	-19.4
	B8	99.2	98.3	98.3	-0.9	99.6	100.9	1.7
	Total	**249.2**	**246.9**	**243.0**	**-6.0**	**243.1**	**243.8**	**-5.4**

Source: Consultants. NB Some columns may not sum to totals because of rounding.

3-11 It may be noted that base year gross land calculation calibrates closely to the recorded floorspace level for that year – 247.4 Has (Ref. Part I study Table 3-1). This means that

9 Sources used: Employment Densities: A Full Guide, Arup Economics + Planning, English Partnerships, July 2001; The Use of Business Space, Employment Densities and Working Practices in South East England, SERPLAN, Roger Tym & Partners, 1997.

10 Plot ratios assumed are site areas 2.5 times single floor footprint area.

11 Net to gross ratio converts business plots (curtilages) defined as net to gross land area including roads, incidental open space etc – allowance of +15%.

12 In practice much B1 development in the District will be at an intermediate density on industrial estates.

sui generis and other non-B land uses (26% of total site area in 2001)[13] are in practice subsumed within the nominal B1-B2-B8 land take up. As these uses are permanent and there is no readily available method of estimating them independently, there is little alternative but to retain the calibration assumptions for future years. This issue is ignored in the ODPM Guidance Note, but it is understood that recent survey work undertaken by NHDC may be helpful in quantifying such land uses. A note on the subject is provided in Appendix 3.

3-12 If all of the B1 floorspace was accommodated on business parks, i.e. applying the 0.4 plot ratio to all B1 jobs, there would be a major increase in the land required – see Table 3-6. However, because the underlying 2001 situation is a mix of floorspace, (i.e. 100% was not accommodated on business parks) and the subsequent years 'jump' to this position, the net change increments are rather artificial. However, the density assumption is very low (many office buildings could be 2 storey) and this outcome is not considered to be realistic, but it does demonstrate the sensitivity of land demand to this parameter.

Table 3-6 Theoretical change in net land demand 2001-2021 in North Herts with all B1 floorspace accommodated on business parks (Has)

Scenario for B1 land	Employment land use	Has land needs for EG21 Employment Scenario					
		2001	2006	2011	2016	2021	Change
100% of B1 located on business parks	B1	60	90	94	98	101	41
	B2	70	65	60	56	53	-16.8
	B8	86	86	86	87	88	1.4
	Total	**217**	**242**	**239**	**241**	**242**	**+25.6**

Source: Consultants

3-13 Sensitivity tests calculating land demand for the higher employment outcome in North Herts (+13,200 jobs) are shown in Table 3-7 (maintaining the 50:50 B1 location type density assumptions). These use alternative assumptions for industry structure: the first maintaining baseline employment distribution and the second inputting the revised distribution in the higher growth Experian 2004 projections. While the former assumption indicates a substantial increase in net land requirement of almost 30 hectares, the latter projects a requirement for only 5.6 Has. This range is due to the sensitivity of floorspace demand to (mainly) changes in wholesaling employment and raises the issue of uncertainty of projections at the district level.

Table 3-7 Change in net land demand 2001-2021 in North Herts – high growth (Has)

Scenario for B1 land	Employment land use	Has land needs for higher growth employment scenario						
		2001 (1)	2006	2011	Change 2001-11	2016	2021	Change 2001-21
2001-2021 2004 based projection: baseline distribution	B1	71.3	77.0	83.7	12.4	89.9	95.6	24.3
	B2	83.2	79.6	77.1	-6.1	74.0	72.0	-11.2
	B8	102.2	105.1	109.3	7.1	113.9	118.4	16.2
	Total	**256.7**	**261.6**	**270.1**	**13.4**	**277.9**	**286.0**	**29.3**
2001-2021 2004 based projection: high growth distribution	B1	**83.2**	**88.2**	**98.2**	**15.0**	**106.8**	**-3.9**	**33.0**
	B2	**71.2**	**63.6**	**59.5**	**-11.7**	**56.1**	**116.2**	**-20.0**

[13] Herts Structure Plan Alterations 2001-16, Technical Report 1, Employment Space Needs in Hertfordsshire, July 2002, Table 6.5.

	B8	**94.0**	**90.1**	**90.0**	**-4.0**	**89.8**	**51.1**	**-7.4**
	Total	**248.3**	**241.9**	**247.7**	**-0.6**	**252.7**	**86.5**	**5.6**

Source: Consultants. NB Some columns may not sum to totals because of rounding.(1) 2001 base years differ because of employment structure differences.

3-14 Other changes in assumptions may have an upward impact on estimated land demand. One of these is the premise that floorspace requirement changes equally and simultaneously with employment change. This will not be true in circumstances where, e.g. a manufacturing plant automates labour and becomes more efficient but stays on the same site. In this case floorspace is not reduced and the methodology may exaggerate reduction in land requirement. On the other hand, this certainly does not always occur. For example, there are many examples of manufacturing activities relocating or ceasing completely, being replaced by B1 or similar use. This development matches the procedure of the model, with a higher density use replacing a lower density one. Further, there is the reported phenomenon of higher density of certain uses over time, which would decrease the amount of land required. There is accordingly no clearcut evidence to support these varying assumptions. However, to test the 'increasing efficiency' phenomenon an alternative estimate of land requirement for North Hertfordshire using the DTZ-Pieda assumption of a 'settled position' rather than net change (see Appendix 1 for details), has been undertaken and is shown in Table 3-8 (+4,400 jobs 2001-21).

Table 3-8 Change in net land demand 2001-2021 in North Herts , 'settled position' (Has)

Employment land use	Change 2001-11	Change 2011-2021	Change 2001-21
B1 Additional	8.7	6.9	15.6
Reductions	-2.6	-0.8	-3.4
Net	6.1	6.2	12.3
Settled position	7.4	6.5	13.9
B2 Additional	2.5	2.4	4.9
Reductions	-13.9	-10.3	-24.2
Net	-11.4	-8.0	- 19.4
Settled position	-4.5	-2.7	-7.2
B8 Additional	4.3	4.9	9.2
Reductions	-5.2	-2.3	-7.5
Net	-0.9	2.6	1.7
Settled position	1.7	3.7	5.4
Total Additional	15.4	14.3	29.7
Reductions	-21.6	-13.5	-35.1
Net	-6.2	0.8	-5.4
Settled position	**4.6**	**7.5**	**12.1**

Source: Consultants. Note that other assumptions, e.g. 50% of B1 on business parks and 50% in town centres, are same as in Table 3-5.

3-15 It is evident that the alternative assumptions on accommodation-location for B1 and the 'net' or 'settled' interpretation of floorspace requirement (Tables 3-6, 3-8) leads to an increase in land need – for the low growth scenario, the 'settled' position changing to an additional 12.1 Has compared with –5.4 Has from the net position. This is discussed further in Section 6 but first the BWA methodology is applied to the Stevenage alternative employment scenarios.

Applying methodology to Stevenage scenarios

3-16 Using the BWA assumptions provisional land demand estimates (change in total land required) over the period 2001-21 have been prepared for Stevenage for the 'low' and 'high' employment growth scenarios described in para 2-9.These are shown in Table 3-9.

Table 3-9 Change in net land demand 2001-2021 in Stevenage (Has)

Employ-ment land uses	+ 4,700 jobs 2001-21					+14,800 jobs 2001-21				
	2001	2011	2016	2021	Change 2001-21	2001	2011	2016	2021	Change 2001-21
B1	56.9	61.9	65.7	69.4	12.5	56.9	67.1	70.9	79.1	22.2
B2	49.8	34.6	31.9	30.1	-18.6	49.8	35.8	33.7	32.5	-16.3
B8	63.2	61.3	61.7	61.7	-1.5	63.2	64.8	66.9	68.6	5.4
Total	168.9	157.9	159.4	161.3	-7.6	168.9	167.7	171.5	180.2	11.3

Source: Consultants

3-17 The BWA model calculates total land need (Has) directly but the floorspace can be extracted. For +14,800 jobs this is estimated to be 130,000 sq m. This is close to the 'net' demand figure calculated by DTZ for + 16,700 jobs, and to the 'settled' figure of 144,000 sq m, (Section 5, Table 5-1) which adjusted down to the smaller jobs figure falls to 128,0000 m2. The total additional land demand estimate cannot be directly compared because assumptions made vary but it appears to be a similar order of magnitude.

Short term trends in employment land demand

District floorspace change from planning applications

3-18 Data is available for recent years on the take up of employment land in North Hertfordshire from Employment Annual Monitoring Reports (EAMR) compiled by the District. These are for a shorter time period than the data collected by Herts County Council (cited in the Part I report) but the HCC data excluded developments below a size threshold and were accordingly a more uncertain guide to changes. The more recent information from NHDC is more comprehensive and thus to be preferred. As a short term indicator it has limited value as a projection tool, but it may have some value as an indicator of spatial pattern of demand.

3-19 The overall trend for the District is shown in Table 3-10 and Figure 3-1. The salient features are:

- Pronounced short term decline in net demand for B1
- Overall fall in all land demand in last monitoring year (B2 & B8 negative)
- General convergence in net demand level for the three types of land

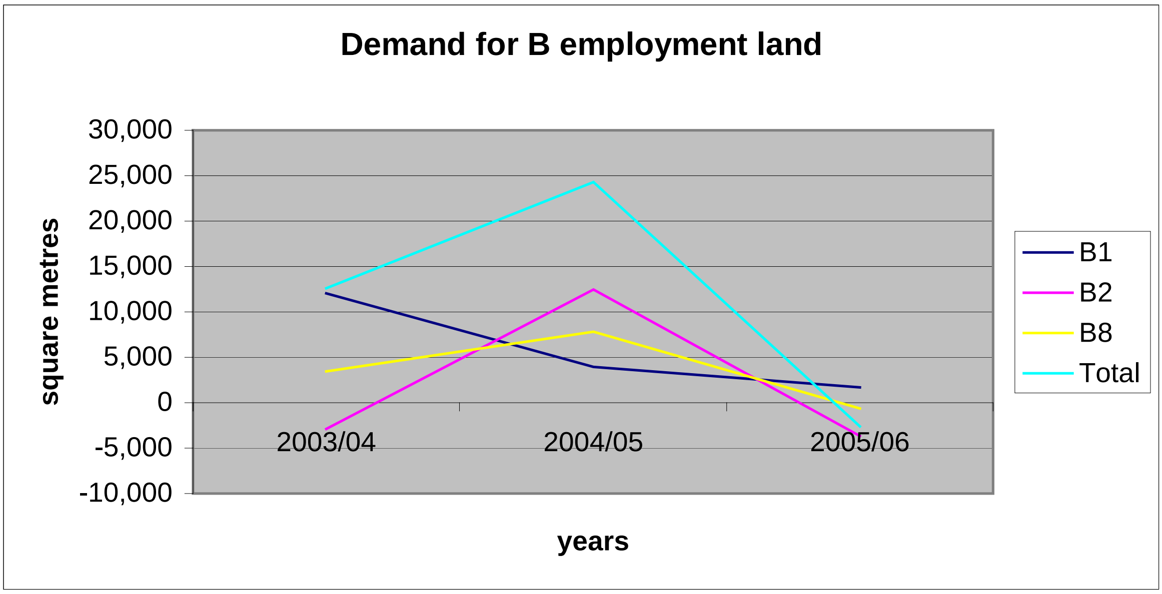
Table 3-10 Trends of employment land take up, North Herts 2003/4-2005/6

Use	(sq m)	2003/04	2004/05	2005/06	2003/06 total	Avg. p.a. net
B1	Gain	15,748	5,236	4,984	25,968	8,656
	Loss	4,845	1,284	3,263	9,392	3,131
	Net	10,903	3,952	1,721	16,576	5,525
B2	Gain	5,693	12,500	11,026	29,219	9,740

	Loss	5,766	24	14,703	20,493	6,831
	Net	-73	12,476	-3,677	8,726	2,909
B8	Gain	5,470	10,006	7,191	22,667	7,556
	Loss	617	2,169	7,842	10,628	3,543
	Net	4,853	7,837	-651	12,039	4,013
Total	**Net**	**15,683**	**24,265**	**-2,607**	**37,341**	**12,447**

Source: NHDC Employment Annual Monitoring Report 2005/6.

Figure 3-1 Graph of employment land take up, North Herts District 2003/4-2005/6

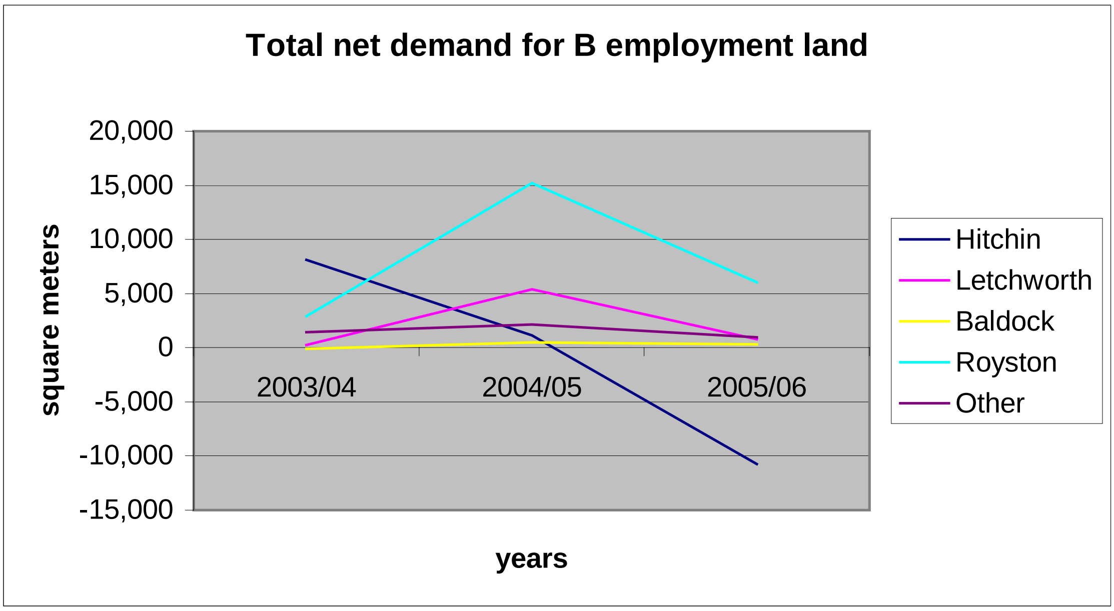


Source: Table 3-8.

3-20 Although the trend has been irregular, in absolute terms there has been positive growth in business floorspace, amounting to 12,447 sq m per year. This equates to 3.1 Has per year applying a 0.4 plot ratio. B1 floorspace has been most in demand during the present year (April 05 to April 06), with net demand positive during each year, consistent with the long term projections of demand, and in contrast to B2 and B8 floorspace.

3-21 Table 3-11 and Figure 3-2 shows how net floorspace completions have varied among the four North Herts towns and rest of the district over this period.

Figure 3-2 Graph of net space take up by B1, B2 & B8 use, North Herts towns, 2003/4-2003/6



Source: Table 3-9.

Table 3-11 Net space take up by B1, B2 & B8 use, North Herts towns, 2003/4-2003/6

Town	Use	2003/04	2004/05	2005/06	2003/06	Avg. p.a.
Hitchin	B1	8,131	328	-982	7,477	2,492
	B2	0	1,592	-8,861	-7,269	-2,423
	B8	0	-808	-902	-1,710	-570
	Total	8,131	1,112	-10,745	-1,502	-501
Letchworth	B1	2,123	1,658	395	4,176	1,392
	B2	-2,161	3,039	1,580	2,458	819
	B8	297	678	-1,188	-213	-71
	Total	259	5,375	787	6,421	2,140
Baldock	B1	-1,730	-132	341	-1,521	-507
	B2	0	18	-30	-12	-4
	B8	1,600	581	0	2,181	727
	Total	-130	467	311	648	216
Royston	B1	2,200	-19	518	2,699	900
	B2	-854	7,827	5,040	12,013	4,004
	B8	1,568	7,386	501	9,455	3,152
	Total	2,914	15,194	6,059	24,167	8,056
Other	B1	1,318	2,117	1,449	4,884	1,628
	B2	126	0	-1,406	-1,280	-427
	B8	-2	0	938	936	312
	Total	1,442	2,117	981	4,540	1,513

Source: As Table 3-7.

3-22 On the average of the last 3 years, Hitchin has been responsible for the largest growth of B1 floorspace demand, with over 40% of the total growth of business floorspace, Letchworth has contributed around 23%, other towns around 27%, while Baldock's contribution has been negative.

3-23 Royston has been the most buoyant location, with the highest level of B2 floorspace completions, five times more demand for this type of floorspace than the second major contributor, Letchworth. Hitchin's contribution has been very negative and Baldock's insignificant. Royston is also the place where demand for B8 floorspace is the highest and four times larger than the second highest, which is Baldock. Letchworth and Hitchin contributed negatively to total demand.

3-24 Expressed proportionately to population by each town, Table 3.12 shows that Royston has attracted the highest overall and second highest amount of B1 floorspace on a per capita basis.

Table 3.12 Floorspace change 2003/4 to 2005/6, per '000 population

Town	Use	Change in m2 per 1000 pop
Hitchin	B1	242.4
(30,851 pop)	B2	-235.6
	B8	-55.4
	Total	-48.7
Letchworth	B1	126.8
(32,932 pop)	B2	74.6
	B8	-6.5
	Total	195.0
Baldock	B1	-154.2
(9,866 pop)	B2	-1.2
	B8	221.1
	Total	65.7
Royston	B1	185.2
(14,570 pop)	B2	824.5
	B8	648.9
	Total	1,658.7

Source: North Herts District Council webpage/ Table 3-11

District floorspace change from Valuation Office Agency

3-25 Separate floorspace information is available from the Valuation Office Agency (VOA) for the district as a whole, which while not compatible with planning floorspace statistics[14] does provide some indication of the direction of change. These data have been analysed by the three 'bulk classes' which correspond approximately to B1, B2, and B8 floorspace categories, updating the same data shown in the Part I report. Table 3-13 sets out aggregate floorspace figures for these use types over the four years 2000-2004. Although 2005 statistics are available they are not compatible with previous years following changes to the classifications of floorspace classes and the 2005 revaluation, hence are not included.

Table 3-13 Floorspace levels in North Hertfordshire from VOA records ('000 sq m)

Bulk Class/Land use	2000	2001	2002	2003	2004	Change 2000-04	Annual	%
Offices (B1a)	136	142	142	145	145	+9	2.25	6.8
Manufacturing (B2/B1c)	418	415	420	425	444	+26	6.5	6.2
Warehousing (B8/B1c)	252	260	267	272	287	+35	8.75	13.9
Total	**806**	**817**	**829**	**842**	**876**	**+70**	**17.5**	**8.7**

[14] VOAdata have distinct methods of definition including separate measurement of offices and non-office in an industrial building and classifications of industrial (B2 type) and warehousing/storage (B8 type) premises which do not match planning B2/B8 categories. Small workshops classified as B1 (i.e. B1c) would be classified as B2 or B8 by the VOA.

Source: Valuation Office Agency

3.26 The table shows that the largest growth over the period was in the VOA warehousing and storage category, with as a large an expansion as the other uses combined. This contrasts with the planning statistics data, which clearly show B1 uses demonstrating the largest growth. But as footnoted, part of the difference arises from inclusion of non-office B1 in manufacturing or warehousing. Pure office use appears to have grown by 9,000 sq m, or 97,000 sq ft. However, perhaps the most important figure is the aggregate one showing clearly a steady pattern of growth. Literally converted into hectares using the 0.4 plot ratio, and expressed as an annual average increase, this translates to a growth of 4 .4 Has per year. The annual total increase at least is broadly comparable with the 3.0 Has per year indicated by the planning data.

Synthesis of the employment-based estimates of potential North Herts land demand

3.27 Table 3-14 summarises the additional 2001-21 land requirement for North Hertfordshire according to the low + 4,400 and high +13,200 (alternative) employment scenarios discussed in this section, and with variations of assumptions related to location of the B1 increment and treatment of land need as a net or 'settled' calculation. There is a considerable range, but the level of uncertainty might be reduced if the potential employment level could be reviewed in the context of population growth. This is considered in Section 4.

Table 3-14 Summary of 2001-2021 land requirements calculations

Employment scenario	Location scenario	Net or settled	Has needed
EIP consistent +4,400 jobs	B1 mixed	Net	-5.4
EIP consistent +4,400 jobs	B1 mixed	Settled	+12.1
EIP consistent +4,400 jobs	B1 100% on bus parks	Net	+25.6
High +13,200 jobs (a)	B1 mixed	Net	+29.3
High +13,200 jobs (b)	B1 mixed	Net	+5.6

Source: Consultants. (a) baseline employment distribution. (b) projected employment distribution.

4 HOUSING AND POPULATION IMPLICATIONS FOR EMPLOYMENT AND FLOORSPACE

Approach

4-1 A broadbrush method of gauging potential employment growth and land need is to assess the likely level of employment in situ in relation to a given population level, linked in turn to a defined housing target (as identified in the draft regional plan). The approach provides an approximate cross check on employment expectations but depends on a wide range of assumptions, not least for commuting into and out of the District. Then the level of jobs can be roughly related to employment land needs using the estimates made in the previous Section.

4-2 Table 4-1 shows possible employment growth in North Hertfordshire to 2021 on the assumptions of:

- Chelmer dwellings led population projections
- Additional dwellings 2001-2021 assumed to be 7,800
- Unchanged activity rate from 2001 base year
- Unchanged unemployment level
- Unchanged absolute level of commuting (from 2001; see Section 5)
- Unchanged private households %
- Small reduction in household size

Table 4-1 Possible employment growth 2001-2021, based on activity rates and EIP Panel dwellings increase assumptions

	2001	***2011***	**2021**	**Change 01-11**	**Change 11-21**	**Change 01-21**
Dwellings (1)	49,940	*55,910*	57,740	*5,970*	*1,830*	7,800
Occupied dwellings @2.5% vacant	48,380	*54,510*	56,420	*6,130*	*1,910*	7,800
Households (incl. sharing) (2)	48,570	*54,720*	56,640	*6,150*	*1,920*	8,070
Average HH size	2.37	*2.29*	2.35	*-0.08*	*0.06*	-0.02
HH population (2)	115,350	*125,240*	132,930	*9,890*	*7,690*	17,580
Non-HH population (2)	1,550	*1,680*	1,790	*130*	*110*	240
Total population (3)	116,900	*126,920*	134,720	*10,020*	*7,800*	17,820
Economically active (53%) (4)	61,960	*67,270*	70,400	*5,310*	*3,130*	8,440
Unemployed (2.11%) (5)	1,310	*1,420*	1,510	*110*	*90*	200
Resident workers	60,650	*65,850*	69,890	*5,200*	*3,040*	9,240
Balance (net commuting) (6)	**-11,150**	**-11,150**	**-11,150**	*0*	*0*	0
Jobs less double jobbers (7)	49,500	*54,700*	58,740	*5,200*	*4,040*	9,240
Jobs	52,070	*57,540*	61,790	*5,470*	*4,250*	9,720

Source: (1) Census 2001, NHDC 2001-2021; EIP Panel 2001-2.1 (2) Consultants based on Chelmer. (3) Chelmer 2003-based dwellings led population projection. (4) Experian 2003 projection. (5) Census 2001 statistics for North Herts. (6) Census 2001 (7) Based on Experian figures.

4-3 The table shows household size as a residual given dwellings numbers and population. It shows little decline because of the influx of new households to the District. For similar reasons activity rates are not assumed to fall over 2001-21. The calculations do not replicate other sources such as Experian/ABI employment estimates being census based, [15] but are slightly towards the higher end of the two long term projections for North Hertfordshire set out in Tables 2-2 and 3-1.

4-4 The figures shown for 2011 are in italics since these are the consequence of a somewhat unbalanced growth of dwellings, the 7,800 (EEP) total made up of 5,970 over 2001-11 (NHDC estimated completions) and 1,830 residual. Hence other derived figures for 2011, e.g. average household size, may be somewhat artificial.

[15] Hertfordshire census and ABI employment data for 2001 are recognised to be very inconsistent.

5 IMPLICATIONS OF PROXIMITY OF STEVENAGE AND LUTON AND THEIR EMPLOYMENT GROWTH

5-1 The consultants were asked to consider how expanded employment growth in the nearby Districts of Stevenage and Luton might impact upon the District's employment land requirements. This might follow from 'overspill' given the tight boundaries around the built up area of these districts, including Stevenage, but also Luton. For this task we examined employment land studies undertaken on their behalf, held discussions and had contacts with neighbouring authorities, and reviewed recent trends in commuting and the potential impact of transport improvements on travel to work.

Stevenage employment land estimates

5-2 A recent employment land study was undertaken for Stevenage Borough by DTZ-Pieda[16], which in terms of methodology is similar to the approach adopted by Bone Wells Associates. The report accordingly set out a number of employment scenarios as a forerunner to employment land estimation. For 2001-21 these were:

Experian Enhanced Growth*	+ 1,280
DTZ 'Baseline'	+ 5,620
DTZ 'Mid Growth'	+ 8,150
DTZ 'High Growth'	+10,850
DTZ 'Sustainable Communities'	+16,700

* approximately equivalent to the EG21+ scenario figure in Table 3.1

5-3 Of the projections listed above the 'Sustainable Communities' figure broadly reflects the +14,800 jobs policy aspiration adopted by Stevenage (see para 2-9 above). Similarly the 'Baseline' is not very different to the lower-end employment scenario for Stevenage described above, of +4,700 jobs. Thus it is proposed to test the employment land implications of these upper and lower (para 1.8) assumptions and compare them with the calculations made for similar outturns by Stevenage's consultants.[17]

Stevenage calculations

5-4 The DTZ estimates of additional floorspace and land requirements for different employment increase scenarios are shown in Table 5-1. The effective land need is determined by the 'settled' position – see note in Appendix 1. The total additional land demand estimate cannot be directly compared with the calculations made using the BWA model (see Table 3-9) because the assumptions made vary, but it appears to be a similar order of magnitude.

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[16] Skills & Employment Study: Final Report, Stevenage Borough Council, DTZ Pieda Consulting, October 2005.

[17] It may be noted that although the approach towards the employment land calculations adopted by DTZ is broadly comparable to the method used by BWA, some of the assumptions made by each consultant differ. A note on this is provided in Appendix 1, where it is concluded that the differences probably cancel themselves out.

Table 5.1 Projected additional land requirements for Stevenage 2001-21(sq m

	Baseline		Mid Growth		High Growth		Sust. Communs.	
	m2	Ha	m2	Ha	m2	Ha	m2	Ha
B1- net position	44,600	5.6	64,100	8	85,300	10.7	125,000	15.6
B1- settled position	53,400	7	64,100	8	92,300	12	130,000	16
B2- net position	-20,600	-2.6	-16,000	-2	-10,500	-1.3	-1,200	-0.2
B2- settled position	-7,300	-1	-4,500	-1	-1,200	0	5,200	1
B8- net position	-5,700	-0.7	-4,000	-0.5	-2,100	-0.3	6,290	0.8
B8- settled position	200	0	1,500	0	2,900	0	9,300	1
Total net position	**18,400**	**2.3**	**44,100**	**5.5**	**72,700**	**9.1**	**130,100**	**16.3**
Total settled position	**46,300**	**5.8**	**68,900**	**8.6**	**94,000**	**11.7**	**144,300**	**18**

Source: Stevenage Skills & Employment Study, op cit, Table 6-1.

5-5 Stevenage supply of land is put at 47,000 m2, excluding vacancies.[18] Demand in excess of this will need to be accommodated largely or wholly outside the Stevenage boundary, e.g. in North Herts. The net additional requirement is determined as this supply less the demand in Table 5-1:

Baseline: none (47,000-46,000)
Mid Growth scenario: 22,000m2 (69,000-47,000)
High Growth scenario: 47,000m2 (94,000-47,000)
Sustainable Communities scenario: 97,000m2 (144,000-47,000)

5-6 It is not clear what assumptions are made in translating sq m of floorspace to land demand, simply that from the above table 10,000 m2 of floorspace (i.e. 1 hectare of floorspace) is estimated as requiring 1.25 Has of actual land. Hence assuming this holds following the balancing of supply and demand, above, the land required would be:

Baseline – zero
Mid growth – 2.75 Has (22,000 m2/10,000 m2 x 1.25)
High growth – 5.88 Has
Sust. Communs. – 12.13 Has

5-7 The high ‘Sustainable Communities’ scenario is for a larger increase in jobs than the actual current Stevenage target (+ 14,800 jobs) hence a smaller amount of land than 12.13 Has would be required given the same assumptions – say 10.75 Has if adjusted pro rata. The Stevenage aspiration employment thus indicates that land would probably be required outside Stevenage similar to BWA calculations in Section 6, which indicated that 11.3 has would be required (on a net basis) before existing supply was taken into account.

5.8 The DTZ estimates of employment land demand over and above Stevenage supply can be related approximately to additional possible sites identified by Stevenage. The Borough has made provisional assessments of potential employment sites in a report on potential town expansion.[19] These total 69 hectares, three to the north of the Borough, A1(M) junction 8 (Site J, 6 Ha; Site K, 24 Ha; Site L, 13 Ha.) and one to the south, A1(M) junction 7 (Site

[18] The latter are discounted because of a need for some frictional vacancy and since much vacancy is outdated or in poor condition. See Skills & Employment Study, op cit, Section 6.2.
[19] Real Homes for Real People, Stevenage Borough Council, March 2004.

A/26 Ha). One of the northern three (J) appears to be wholly in Stevenage and the remaining two appear to straddle the North Herts-Stevenage boundary, but the southern site lies entirely in North Herts. This site is favoured (by Stevenage) for high technology activities of the kind mentioned in the EIP Panel report [20]

"...creating new high quality sites capable of attracting biotech and R&D activities"

It is obviously large enough to accommodate all of the 10.75 hectares net additional land which is nominally required for the 14,800 additional jobs which the borough is targeting to achieve.

5-9 On the other hand Site J, even though less attractive for high tech activity, is physically large enough to accommodate every scenario up to and including the High Growth scenario. Given that this (+10,850) employment target is considerably larger than any trend forecast, a case could be made that evidence of employment pressure is required before such a major strategic site as Junction 7 is developed. Moreover, if the proposed Stevenage town centre expansion proceeds with a much enhanced office redevelopment, a good part of the additional service employment could be accommodated there. Finally, in the event of Stevenage West going ahead, there would be scope for some B1 as well as local service employment to be located within its envelope.

5-10 All this suggests that the case for a major new development site in North Hertfordshire depends more on the sub-regional need for a strategic and prestigious new estate to 'upgrade' the Stevenage economy than the literal requirement to accommodate an employment objective.

East Hertfordshire

5-11 East Hertfordshire District commissioned an employment land study from Roger Tym & Partners (RTP) which reported in September 2004.[21] Unlike the DTZ and BWA exercises the RTP study dealt with floorspace supply and demand rather than land, although they made a suggestion of using a plot ratio of 2.4 to estimate site areas if required. This is alright up to a point and there is a qualitative review of key employment areas in the study but the absence of an inventory of employment sites and estates in the report makes the assessment appear somewhat incomplete. They also adopt a 15 year time horizon (to 2016) for their recommendations which makes comparison with other studies more difficult.

5-12 RTP consider a number of assumptions about employment growth for Hertfordshire County over 2001-21: a low scenario based on Experian 2002-based 'Business as Usual' projections (+32,500 jobs; a central scenario based on Draft RSS Policy E2 (+65,000 jobs) and a high scenario based on Experian 2003-based 'enhanced growth' projections of +97,000 jobs. These were translated into District growth increases of:

Low scenario: + 2,050 jobs
Central scenario: +5,870 jobs
High scenario: +10,950 jobs

[20] Chapter 5, Sub-Regions/Locations, p.81.
[21] East Hertfordshire Employment Land Study, Roger Tym & Partners and King Sturge, September 2004.

5-13 The central scenario, preferred by the consultants, is reasonably close to the EIP Panel-consistent figure for the District put at +4,900 jobs (Table 2-1). The lower and higher projections are both considered very unlikely. Thus if the central scenario can be accommodated comfortably within the District it follows that the slightly lower "EIP Panel" inferred figure can also be accommodated.

5-14 Job increases are translated into floorspace requirements by identifying employment sectors within the total change figures and multiplying B use sectors by density standards. Two groups are identified, Industrial/Warehousing and Office. These are made up of:

Manufacturing, other industrial, wholesale, other warehousing employment = Industrial / Warehousing floorspace
Public Admin, Financial & Business Services employment = Office floorspace

These assumptions reflect examples given in the ODPM guidance document but are cruder than the method used by BWA (or DTZ) which attempts a more detailed allocation of employment sectors to B1-B2-B8 uses.

5-15 A final point which should be noted is that the Draft (pre-EIP) EEP had provision for 10,000 dwellings and associated employment north of Harlow to accommodate growth and to stimulate the regeneration of Harlow; the Panel rejected this proposal, but there may yet be significant growth of jobs in or for Harlow albeit probably not in East Herts. This might affect the need for additional land in North Herts.

Luton

5-16 The most recent employment land study for Luton (together with Dunstable & Houghton Regis) was published in November 2003.[22] This followed a county-wide commercial land study of July 2003.[23] Since then the Borough Council has published an employment land topic paper for the Local Plan Public Inquiry in July 2004[24], but this deals only with the period to 2011. The most relevant recent development is the June 2005 Joint Economic Development Strategy (JEDS) for Bedfordshire and Luton which proposes a target of 50,000 additional jobs over 2001-21, with 23,000 in Luton and South Bedfordshire.[25] This was endorsed by the EIP Panel in their July 2006 report although with the comment

"This is a considerable increase on previous targets, more fully reflecting growth aspirations and potential of the [MKSM] Growth Area and the County…."

So like Stevenage the basis for employment land estimation is a figure well above a trend projection.

5-17 The Consultants do not know of an inferred EERA/draft RSS growth target for Luton. The EG21 (pre EERA) estimate of growth for the 2001-21 period was 2,400 although we believe that this may have been increased to around 10,000 for the draft RSS. If this is correct the JEDS current target for Luton implies a minimum addition of 7,000 more jobs. Total Luton employment would increase from 89,000 in 2001 to 106,000. Around 8,000-10,000 of the additional jobs could require employment land.

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[22] Employment Land Study for Luton, Dunstable and Houghton Regis, Beds County Council, November 2003.
[23] Bedfordshire And Luton Commercial Land And Property Study, CB Richard Ellis, July 2003.
[24] Employment Land Topic paper for Luton Local Plan 2001-2011 Public Local Inquiry, Luton Borough Council July 2004.
[25] A working split between South Beds and Luton has allocated 17,000 of the 23,000 jobs to Luton.

5-18 The July 2004 topic paper referred to above considered that the supply of employment land in the south of the borough was tightly constrained. However, by 2021 major sites in the area being developed include Capability Green, Butterfield and Wigmore/ Century Park totalling some 66 Has. In principle these ought to satisfy most of the employment land requirements of the Borough, allowing for some provision in other areas of Luton. It is understood however that there may be pressure for some 'overspill' of development into North Hertfordshire from the following sources:

- Butterfield Green: a premier location, but since it abuts hard up against the North Herts boundary, there is a prospect of land being sought as an extension which would fall into North Herts
- Luton Airport industrial area: because access to this is a problem, a redevelopment proposal indicates an expansion of employment uses that could result in an incursion into North Herts
- Developers have proposed additional housing in the vicinity of Mangrove Green and Cockernhoe villages in North Hertfordshire, which could have employment areas attached, although these do not feature in Local Plan allocations.

5-19 Without an updated assessment of employment land needs in Luton it is difficult to come to any firm conclusion about the implications of their revised employment target for employment land overall and for the Luton-North Hertfordshire boundary area in particular. The possible developments listed above appear to raise tactical rather than strategic land issues, e.g. would there be incursion into areas of high landscape value (likely in the case of Butterfield Green). These should be resolved as local issues, outside the employment land policies of the Regional Plan. Moreover, Luton Borough has a large brownfield area of the former Vauxhall site (over 50 Has), which could contribute to meeting long term employment land needs. It is concluded that Luton's current employment target does not justify any major development of employment land within North Hertfordshire.

Commuting patterns and transport improvements

Commuting

5-20 An analysis of commuting in the sub-region, set out in the Part I report, showed that North Hertfordshire became slightly less self contained over the period 1991-2001with 54.3% of the employed residents working in the District in 1991, and 51.0% in 2001. Commuting to London also increased, from 8.8% (4,690) to 9.7% (5,690), but not dramatically. More significantly, the flow of workers both to and from Luton and Stevenage was not that large, considering their proximity. The 2001 flows are shown in Table 5-2.

Table 5-2 Commuting between North Herts, Stevenage and Luton 2001

Resident in/Working in	North Herts	Stevenage	Luton
North Herts	29,990	6,400	1,690
Stevenage	3,410	22,760	490
Luton	1,080	760	54,400

Source: ONS.

5-21 The 2001 travel to work data show that Stevenage sends almost as many workers to Welwyn Hatfield (3,390) as it does to North Herts, while Stevenage provided more jobs to North Herts workers (6,400) than North Herts did for Stevenage (3,410), In the case of Luton, 1,690 North Herts workers commuted there, while only 1,080 resident Luton workers had jobs in North Herts. Hence North Herts depends slightly more on these other locations as a source of employment than they do on North Herts. A possible implication therefore of the high job aspirations of these towns, if fulfilled, would be to suck in rather more North Herts-resident workers.

5-22 The travel to work patterns of residents revealed in the Census 2001 (see Appendix 2) also show some interesting features for North Herts in comparison with the County and the Region:

- More people in the District work at or from home (9.9% versus 9.4% in both the other areas)
- More people walk to work (9.8% versus 8.8% and 9.1% respectively) and more people travel less than 2 kms (20.9% versus 18.8% and 20.1%), this presumably reflecting the accessibility of jobs within the four main urban areas;
- Fewer people travel 2-5kms (12.3% versus 15.5% and 17.0% respectively), this presumably reflecting the need often to travel outside your own community if not employed locally.
- Significantly higher proportions travel 20kms or more (24.1% versus 21.5% and 19.7%), which may reflect the socio-economic status of N Herts residents who travel to more specialised jobs in London or other major centres.
- Comparable percentages of the workforce travel to work by train in the three areas.

Transport improvements

5.23 Transport investment has an obvious impact on travel to work, so the consultants examined major prospective developments in the sub-region, with reference to the Local Transport Plans for Hertfordshire and Bedfordshire.

5-24 In Hertfordshire improvements are proposed to the A602 serving Stevenage but only to the south of the Borough. An improvement to one of the major roundabouts of Gunnels Wood will assist local access, and perhaps facilitate general accessibility to any “Stevenage West” development, but would not have any impact on North Herts. Improvements to the Hitchin to Letchworth A505 would improve internal District accessibility but again would not affect external movement.[26]

5-25 Proposals for Bedfordshire could have a larger impact.27 The two principal projects which could influence commuting patterns are the East Luton Corridor (ELC) improvements, running from Junction 10 of the M1 to Luton Airport and onwards to A505 (to Hitchin); and the Luton Northern Bypass scheme, running from M1 to M6 and from A6 to A505.

5-26 The ELC investment is scheduled for completion in 2008/9. It will considerably improve access to Luton airport and land alongside the corridor from the south, and also make travel more attractive to that corridor from the north east (Hitchin and Letchworth). However, although the corridor will be more attractive to employers, and expand the labour catchment

[26] Hertfordshire Local Transport Plan, 2006-2011.
[27] Bedfordshire Local Transport Plan, 2006/7-2010/11, Table 5 Major Transport Schemes in Bedfordshire.

area, the implications for employment land in North Hertfordshire are indirect. The most likely impact will be to increase pressure on "border" industrial estates, like Butterfield Green, to expand into North Hertfordshire.

5-27 The Luton Northern Bypass (LNB) project is further into the future, with a possible implementation date of 2013. Comprising a large arc from the west side of Luton joining up with A505, it will stimulate east-west movement over a wide area, certainly including Hitchin and Letchworth. However, although facilitating longer journeys to work and shop, there are no obvious implications for North Hertfordshire in employment land terms.

Commuting assumptions

5-28 National and regional policy aims to reduce commuting for sustainability purposes, in effect attempting to counter the long term trend towards greater travel distances for work and other purposes. There is no means of predicting the outcome of these forces but free market trends would imply increasing commuting over time. The Consultants have assumed that planning policies will exert some restraint on this and as a consequence have assumed constant absolute commuting levels for the purpose of this study.

6 POLICY CONSIDERATIONS

6-1 The most relevant documents impacting on employment land strategy is the District's Core Strategy Options Paper[28] and NHDC Corporate Plan 2005.[29] The latter emphasises:

"Prosperous Communities – creating opportunity for all by promoting sustainable local economic development"

The Options paper has been reviewed to identify cues for the direction of the strategy which have implications for employment land policy and provision. These are considered below under broad subject headings.

Natural and built environment

6-2 The economy is the underpinning of many of the assets and features of the District that the Council wishes to see preserved and maintained e.g. the building stock and the conservation areas. Conservation of resources e.g. water and energy, waste management and minimising pollution; all need to be addressed in relation to employment activities. Might industrial etc premises be seen as obsolescent/ obsolete or in need of upgrading more urgently if resource use issues were taken into account? Estates in single ownership create opportunities for local energy conservation/generation schemes with useful economies of scale e.g. Letchworth industrial estate and town centre.

6-3 In some cases change of use may be the key to providing the resources needed to conserve historic fabric e.g. listed buildings.

Rural areas & settlement pattern

6-4 "Ensure a sustainable pattern of development, providing a balance between the needs of housing and other land uses, whilst protecting natural assets."
10% of NHDC residents work at or from home. The proportions may well be higher when account is taken of people working *some* time at home. Experience elsewhere is that this is a stronger factor in rural areas, particularly in attractive rural areas. This is an interesting phenomenon as it means reduced journeys to work, increased vitality in villages (a daytime population to support rural services) and additional funds to support the maintenance and renewal of the building stock.

6-5 Provision could be made for this activity (housing locations and design and rural settlements policies); it will then affect the overall requirement for employment space. It may make affordable housing easier to fund if there is workspace within the affordable dwelling.

[28] Core Strategy Options Paper, North Herts District Council, September 2005.
[29] NHDC Corporate Plan 2005.

Employment and tourism

6-6 “Provide employment opportunities throughout the District at locations which promote the use of public transport, walking and cycling as a means of transport so that it allows people to travel less far to work.”

“Planning policies….should ensure that there is enough well-located employment land to support new businesses and safeguard existing jobs.”

The focus here is on the location of jobs to minimise the need to travel and to maximise opportunities to travel to work by non-car modes.

6-7 The location question needs to be addressed both within the District and in relation to alternative employment opportunities in adjacent and more distant areas, most conspicuously Stevenage and London. These latter compete with NHDC locations for investment in employment activities; they also provide alternative work destinations for NHDC residents.

Town centres

6-8 Employment in town centres, other than that in retailing and other consumer services, can be an important contributor to the vitality of the centre:

- An additional source of custom for shops and services
- Increasing the sense of liveliness
- Economic underpinning of the built fabric, including historic structures and areas.

Transport

6-9 “Influence the type and location of development which reduces the need to travel and promotes alternative modes of transport other than the car.” The text refers to the high level of out-commuting (it could also have mentioned in-commuting, which is significant), the related high level of car usage and the concerns around congestion and environmental impact.

6-10 Travel to work is a particularly significant sector of travel because it, together with other journeys especially the school journey, creates the highest peaks of demand on the roads in the evening and morning.

6-11 The Options Paper rightly draws attention to the potential of the A505, the A1(M) and the two rail lines that run through the district, connecting the four main settlements, Stevenage and more distant destinations.

Initiatives & policies to respond to the cues

6-12 A number of policy directions might be considered in the planning of future employment land in order to respond to the Core Strategy issues and objectives:

- Provision for home working in the rural (and urban) areas.
- Concentration of new employment development in the settlements served by rail.
- A possible increase in the provision of employment space in order to maintain or improve the balance between people and jobs that prevailed in 2001.
- Ensure that there will continue to be sites suitable for a range of employment types (office, industrial and distribution) accessible to the main parts of each urban area;

- Examine the potential for redevelopment and refurbishment of the existing employment areas, which would enable:
  - the stock to be upgraded and maybe its use changed to match the different requirements of the market;
  - the introduction of modern practices relating to the use and generation of resources (energy, waste, water)
  - the improvement of public and shared transport to the estate

6-13 Such measures could be introduced by a single owner, for example the Heritage Foundation, or through a Business Improvement District (BID), or possibly both.

6-14 The potential for additional office development in the town centres could be critically evaluated, principally from the perspective of market demand.

7 QUANTITATIVE REQUIREMENTS FOR EMPLOYMENT LAND BY MARKET SECTOR AND LOCATION TO 2021

Approach

7-1 This Section brings together the aggregate balance of estimated land supply, and demand as estimated in previous Sections, to assess *net additional need* over the period 2001-21. This is expressed on a with and without Stevenage element. A local review of employment floorspace demand combined with evidence of recent take up is then made to assess the market and spatial implications. As noted in Section 3, the apparently precise estimates for land and floorspace should not be treated too literally as they are the output of multiple assumptions.

Review of employment land stock and supply

7-2 Employment land stock in North Hertfordshire is difficult to ascertain accurately. The Part I study (Table 3-1) reproduced Herts County Council 2001 survey data which identified 247 Has of employment land , but this did not neatly break down to use types, partly because of the mix of employment land types and large proportion classified as sui generis. Estimates have been made comparing this survey with inferred land area based on floorspace and sectoral employment, and an approximate base year calibration has been made using the BWA model. The resulting estimates are shown in Table 7-1.

Table 7-1 2001 base year employment land stock estimates (Has)

Land use	HCC survey (1)	VOA based	Empl. based	BWA model
B1/Offices (2)	59	35.5	50	69.3
B2/Industrial	67	104	70	80.8
B8/Warehousing	57	65	97	99.2
Sub-total	183	204	217	249.2
Sui generis	64	?	?	0
TOTAL	**247**	**204**	**217**	**249.2**

Source: Consultants. (1) Amalgamations of mixed uses to these categories are rather arbitrary (2) Only the VOA based figure is office B1, the other estimates include varying amounts of workshops, storage and other industrial B1 (B1c) floorspace.

7-3 Employment land supply in North Hertfordshire is constrained given the fact that the major estates are almost all built up, although a modest supply has been identified in the NHDC Annual Monitoring Report 2005/6. Overall, available and potential supply is represented by:

- this EAMR identified land (estimated sites)[30]
- EAMR planning commitments/unused permissions
- potential employment land reserve sites
- ad hoc sites not currently designated as employment land, e.g. Transco site
- potential land supply (B1) in town centres; and

[30] Comprising sites identified in the adopted local plan for employment use but which have not been completely developed, and sites approved subject to a S.106 agreement.

- a difficult to estimate reserve in the form of low density, redevelopable areas of existing industrial estates

7-4 A summary of this actual and potential land supply is given in Table 7-2. This is derived partly from site areas related to equivalent land area (in hectares) on the basis of varied density ratios; and partly from site areas estimated from floorspace totals. (Hence these are approximations). It summarises total supply as some 34 hectares (148,800 sq m). Assuming potential reserve sites, except the power station, and Transco reserve are long term, the supply breaks down as 11 hectares short to medium term and 23 hectares long term.

Table 7.2 Available and potential employment land in North Hertfordshire, 2006

Land category	Sq m/Has	Designation	Location	Availability/year
EAMR identified sites(1)	9,100/ 1.81	B1/B2	L, H, R	2006
EAMR pl commitments (2)	20,100/ 5.8	B1/B2/B8	L, H, R, B	2006
Baldock reserve site (3)	24,800/ 6.2	B1/B2/B8?+	B	2007+
Other ad hoc sites (4)	54,800/13.32	B1/B2/B8?+	L,R	r.2007+ ps. 2011
Transco site (5)	20,000/ 5.0	B2/ B8	H	2008 ?
Town centre potential (6)	20,000/ 2.0	B1a	L, H, R	redevel. sites
Estates redevelopment	?	B1/B2/B8	L, H	steady (7)
Total	148,800/34.13	B1/B2/B8	L, H, R, B	

Source: Consultants. (1) EAMR sites. (2) EAMR permissions/commitments excluding identified sites. (3) Baldock restraint area 6.2 has (4) Ad hoc sites not currently designated as empl. land: Letchworth power station, 1.56 has; Royston adj to A505, 11.76 has. (5) Assumes 50% of land reserved for employment use. (6) Sites from redevel. opportunities, estimated by Consultants from TC Strategies: Hitchin 10,000 sq.m; Letchworth & Royston 5,000 sq.m. each. (7) No timetable – market determined

Vacancies

7-5 Vacancies are not counted towards land supply, since apart from essential frictional vacancy to serve market turnover a lot of it is obsolescent. Additionally, as there is a considerable concentration in traditional estates, like Letchworth, it could be deemed to be part of the 'estates redevelopment' potential. However although it would be interesting to know the distribution of current vacancies, the Consultants could not make sense of the data and Table 7-3 thus only shows the aggregate division between office and industrial property.

Table 7-3 Vacant business floorspace in North Hertfordshire, 2006 (sq m)

	Total
Vacancies -Offices B1a	22,290 sq.m
Vacancies - Ind/w'h'se B1b & c/B2/B8	70,620 sq.m

Source: Exemplas database.

Alignment of supply and demand

7-7 The balance of aggregate supply and demand for floorspace can be broadly approximated by bringing together:

- Long term North Herts land demand, to 2011 and 2021
- North Herts land supply

and potentially, long term Stevenage land demand not accommodated in Stevenage Borough, if this was agreed by the Stevenage Area Action Plan.

7-8 These aggregate balances, which need to be taken as indicative levels, subject to a considerable degree of uncertainty, then need to be placed in the context of:

- i land supply and demand by type – B1, B2, B8 balance;
- ii land supply and demand by geographic area – mainly the four North Herts towns;
- iii land supply by quality, especially for prestige business park/high tech development;
- iv recent trends of land demand, and the degree to which they support or undermine the basic estimates for the level, type and location of employment land need.

7-9 The indicative supply and demand balance for employment land in North Hertfordshire, based on the estimates made in this Section, is set out in Table 7.4. The Consultants have to make a judgement about the wide range of land demands related to employment scenarios and suggest that the very low land need figure related to the high growth scenario (5.6 Has) be ignored. Even so, the broad figures suggest that there is sufficient land to meet all North Herts' needs in the long term, for a range of employment increases, at least in aggregate terms. For the short to medium term only the highest employment increase considered gives rise to a major shortfall, of some 18 has.

Table 7-4 Long term supply and demand balance for employment land in North Herts, 2001-2021 (Has)

Scenario 2001-21	Demand	Supply (in North Herts) short/long term	Balance short/long term
N. Herts + 4,400 jobs 'net'	-5.4	11.2/ 34.7	16.6/40.1
N. Herts + 4,400 jobs 'settled'	12.1	11.2/ 34.7	-0.9/22.6
N. Herts + 9,720 jobs 'net'	15.6 (1)	11.2/ 34.7	- 4.4/19.1
N. Herts + 13,200 jobs 'net' (a)	29.3	11.2/ 34.7	-18.1/5.4
N. Herts + 13,200 jobs 'net' (b)	*5.6*	*11.2/ 34.7*	*5.6/29.1*

Source: Tables 2-2, 3-5, 3-7,3-8, 4-1 (demand); Table 7-2 (supply). (1) Demand figure interpolated from estimation of equivalent point in land demand range (–5.4 and + 29.3 = 34.7), corresponding to 9,720 jobs in relation to 4,400 and 13,200 jobs. Figure is total extra 'net' land required without taking account of land developed since 2001 and EAMR identified sites and commitments, set out in Table 7-2.

7-10 For Stevenage, potential 'overspill' land requirement for which land might be sought in North Herts is estimated from BWA and Stevenage's Consultants for high and low employment growth outturns over 2001-21, and a land supply estimate derived from converting 47,100 sq m identified floorspace[31] to hectares at a ratio of 2:0 (Table 7-5). Table 7-5 suggests that only a high jobs growth outcome generates a land requirement which cannot be met from Borough supply – for these assumptions being in the range 2-9 hectares. The Borough aspiration target, +14,800 jobs, is calculated to require only the lowest of this additional land range.

Table 7-5 Long term supply and demand balance for employment land in North Herts, 2001-2021, with Stevenage 'overspill demand' (Has)

Scenario 2001-21	Demand	Supply (in North Herts) short/long term (1)	Balance short/long term
North Herts			
N. Herts + 4,400 jobs 'net'	-5.4	11.2/ 34.7	16.6/40.1
N. Herts + 4,400 jobs 'settled'	12.1	11.2/ 34.7	-0.9/22.6

[31] DTZ Skills & Employment Study op cit, Section 3.

N. Herts + 9,720 jobs 'net'	15.6	11.2/ 34.7	- 4.4/19.1
N. Herts +13,200 jobs 'net'	29.3	11.2/ 34.7	-18.1/5.4
Stevenage 'overspill'	**Demand**	**Supply (in Stevenage)**	**Balance**
Stevenage +4,700/5,620 jobs	-7.6/5.8	9.4	1.7/3.6
Stevenage +14,800/16,700 jobs	11.3/18.0	9.4	-1.9/-8.6

Source: Tables 3-9, 5-1, 7-2, 7-4. (1) Short term is land estimated to become available over 2006-2011 period, long term post 2011.

7-11 Based on these assumptions, the land needs generated by low employment growth outcomes in Stevenage can be accommodated within the Borough, but 2-9 hectares might be required outside Stevenage to meet aspirational targets. If required this should be available within North Hertfordshire's overall land supply, most of it within short to medium term land supply without using up major reserve sites. For example, supposing North Herts employment increase 2001-21 was 9,700 jobs, both this and Stevenage's 14,800 aspirational target only leaves a shortfall of 6.3 has within the short term.

Supply and demand by type and location

7-12 Some employment land studies attempt to match supply and demand by both employment land type (B1-B2-B8) and location. In North Hertfordshire there is not a great deal of homogeneity about B land use, as the field survey demonstrated. In the largest estates in Letchworth and Hitchin there was a large diversity of B uses in close spatial proximity, B1a, B1b & B1c, not only along with B2 and B8 but many varied sui generis, and A and D land uses. Nor do the projections identify B1a (office) employment land requirement by itself. The most important need is therefore to appraise locational pressures and this is examined below.

Review of local employment land demand

7-13 The recent, short term trends of land take up summarised in Tables 3-11 and 3-12 clearly support the B2/B8 demand in Royston, although demand for B1 has also been fairly buoyant. They nevertheless confirm Hitchin as the main attractor of B1 development, in both absolute and relative terms. As the town has lost noticeable amounts of B2 and B8 floorspace the economy appears to be specialising more as an office location (assuming that the B1 is office development is offices as opposed to light industrial or R&D). Development in Letchworth appears to have been relatively sluggish.

7-14 We reported fully on market conditions and prospects in the Stage 1 Report and have now reviewed those findings in the light of more recent developments. The main issues of relevance to the assessment of future requirements are:

- **Letchworth** Garden City Heritage Foundation have published proposals for the revitalisation of the town centre. They focus sharply on improving the retail offer and they also embrace catering and leisure developments. They make no reference to employment generation or to office development within the centre. The Foundation does not appear to see an enhanced role for the town (centre) in the sub-regional office market. It is understood that the office space in Focus 4 is still on the market.
- The **Hitchin** Town Centre Strategy, November 2004, produced by the Council, contains provision for a number of mixed use developments e.g. The Churchgate Centre and related lands. Office development is anticipated as one of the potential uses in such developments, but the Strategy (at para 3.2.15) does not see Hitchin as a significant office location: *"The office sector in Hitchin is currently very localised and traditional, with primarily small space occupiers in the town centre for local and service businesses………The*

demand for office space in Hitchin is not high, as indicated by the number of vacancies." The Strategy does not propose a departure from this low key office role for Hitchin. There have however been increases in office rents in Hitchin since the Stage 1 Report.

- Equally the Town Centre Strategy for **Baldock**, January 2006, prepared by the Council does not anticipate any major changes in land use in the town centre; offices are likely to remain small, serving local markets and a minor feature of the centre.
- Offices is the sector in which the most important growth has taken place in recent years, a pattern that is projected to continue in the future. Whilst office premises have been created through redevelopments and changes of use in the District's industrial areas, and more sites are coming up for redevelopment in the next few years, there is risk that the District gradually become more dependent on declining economic sectors, which in turn will increase the dependency of the district on more dynamic employment centres. This in turn will have consequences for the need to travel long distances to work.
- On the face of it there is no evidence that the offer for office occupiers (in these town centres) is likely to change significantly in the future. This may however be due to lack of provision of any modern space and caution is appropriate about the potential for office take up.
- **Stevenage** Council appears to be determined to upgrade its employment property offer, particularly in relation to offices in the town centre and high technology development on new sites on the A1. This will perpetuate the role of the main centres in North Hertfordshire of meeting a primarily local demand in both the industrial and office sectors. Since however Stevenage is adjacent to North Hertfordshire, and indeed one of the potential high technology sites is in NHDC, and since three of the North Herts towns are highly accessible to Stevenage, it may not be a great concern that office and high technology developments are not taking place in NHDC's towns themselves.
- Baldock by-pass has opened to traffic but it is early to see whether there are significant effects on the local property market. It is unlikely that they will be significant as Baldock is the smallest of the towns in the District and it has a constrained town centre that is unsuitable for major redevelopment. Sites on the Royston Road with good access to the by-pass may well become more attractive (for industrial/distribution activities). The by-pass has improved conditions in **Royston**, where the demand for industrial and distribution premises is already stronger than in Baldock.
- A number of industrial sites in Letchworth are being brought forward for redevelopment: the former electricity works and the British Gas site formerly occupied by the Tay Group, and some six other sites which are being assessed for redevelopment by the Heritage Foundation. Nevertheless there appears to be a greater flow of small industrial units for freehold occupation (for which the demand is increasing) in Hitchin than there is in Letchworth.
- Developers, e.g. Marshfield and R.O. Developments, are bringing forward schemes for small units in Royston.
- Given (a) the competition from Stevenage and the readier access that N Herts residents have to jobs in Stevenage and (b) the counterpart position that Royston does not compete with Stevenage nor do Royston residents have good access to jobs in Stevenage, Royston would be the appropriate location in the District to promote for additional development for industry and distribution.

7-15 This review of the market conditions that we described in our Stage 1 Report does not indicate any obvious potential that could be exploited by the Council through additional land allocations for employment in the Local Development Framework. The drivers for any change in allocations would be:

- Given the District’s low participation in the office and distribution markets (where most growth is taking place), there is a case for more pro-active engagement in the upgrading of the existing stock of industrial and distribution premises, which may well also involve some change of use of premises to offices. This process is probably taking place more effectively in Hitchin than in Letchworth, the other large focus for such activities.
- It was shown in the Part I Report that commuting into and out of the District has increased in the decade 1991-2001; the continuing rise in house prices will probably have exacerbated differentials in sub-regional housing markets, leading to more commuting. The consequences of this trend for distances travelled and for carbon emissions, apart from any damaging social or economic impacts, are negative. Reducing the need to travel into or out of the District would require an understanding of the housing markets in North Herts and surrounding districts, which may point to:
    - Either provision of affordable (market or social) housing in North Herts to enable more people working locally to live there,
    - Or provision of more jobs suited to the skills of those who currently leave the District for work
    - Or both.
- The desirability of maintaining a mix of uses within each of the District’s communities to maximise the opportunities for local residents to meet their job requirements within their own community; this might also point to distributing jobs within settlements in order to minimise the need to travel and to maximise the opportunities for part-time working, for example for those with caring responsibilities. Sites that would promote this local accessibility were listed in the Part I.

Implications for Demand by Location and By Property Market Sector

7-16 The proximity of Stevenage to the towns of Hitchin, Letchworth and Baldock and its accessibility by public transport, together with the fact that the range and scale of employment opportunities in Stevenage are likely to be expanded in parallel with increased housing development, indicate that a sustainable approach to meeting the need for jobs of North Herts residents in this part of the District is to continue with a significant degree of dependence on Stevenage (some of the jobs may well be located within North Herts’ boundary in spite of being effectively extensions of the built up area of Stevenage).

7-17 Nevertheless for the sake of providing a choice of employment opportunities within the three south western towns, it is suggested that the demand for office development in Hitchin town centre be tested through the development briefs for the Crown House and Post Office sites that have been identified in the Town Centre Strategy.

7-18 It seems likely that some industrial premises in the main industrial areas of Hitchin and Letchworth will continue to be redeveloped for office use. This should not be resisted, as it will enable N Herts to maintain a stake in the growing services sector.

7-19 Royston is in a different property market from the other three towns, competing more with towns such as Cambridge in the A10/M11 corridor; and it is less accessible to the job opportunities that are expanding in Stevenage. It has also (Table 3.11) experienced the greatest take-up of space in recent years. The need to preserve views of Therfield Heath limits the scope for further expansion of the existing main industrial area in Royston; there is however one further site adjacent to the by-pass that could be released. The redevelopment of the site in the town centre occupied by council offices and other activities would also enable the demand for office development to be tested.

8 CONCLUSIONS AND RECOMMENDATIONS

Land requirements and supply

8-1 The estimate of land requirements is employment driven, but takes account of potential population growth, the 'mainstream' projection of additional jobs 2001-21 being closely linked to dwellings targets in the draft EEP. This provides a degree of realism insofar as the housing targets for the District are not expected to change much from recommendations made by the EIP Inquiry Panel in July 2006.

8-2 The range of employment increase estimates or scenarios, with concomitant land requirements, was set out in Table 7-4. The consultants' judgement is that an employment increase of some 9,700 jobs based on additional dwellings and resident workers in North Herts, and within the overall range of employment projections prepared is a sensible target figure for the District to adopt for its long term employment land planning. This is higher than the inferred EIP panel recommendation, but there has been considerable argument about the housing/population and employment balance assumed by EERA for the region and its component areas. In short, employment and dwellings targets may be incompatible, so there is limited value in trying to match them.

8-3 The estimated employment land demand consequence of an additional 9,700 jobs is an increase of 15-16 hectares. This can be comfortably accommodated within the District's supply, but everything points to demand holding up. Accordingly there appears to be limited scope for disposals of employment land to non-employment uses.

8-4 The assessment of land supply did not explicitly take into account the potential for existing estate redevelopment, particularly the large and older estates of Letchworth and Hitchin. Increased densification is likely to postpone the rate of new land release, but in any case it is recommended that the Council supports redevelopment of premises to make them suitable for modern requirements and to facilitate improvement in environmental performance of the buildings.

8-5 Another factor affecting employment land demand is the proportion of non-B1/2/8 uses gravitating to estates, which is very high in North Hertfordshire. There is little data on the relationship of these to individual employment sectors (SIC groups) and conventional models based on distributing employment sectors to B land uses may understate this demand, or subsume it within the main B land uses estimates, as done in this study. This is not really satisfactory and it is recommended that the District uses the findings of recent surveys of employment sites to enable improvements to be made to the existing land requirement model.

Impact of adjacent Districts' employment growth

8-5 The Consultants assessment of employment and land requirements for Luton and East Hertfordshire, while not in great detail, indicated that both Districts should be able to accommodate future employment growth within their own boundaries. Luton does have some employment areas hard up against the North Herts District boundary, and some local expansions could be sought within North Hertfordshire, but these would be essentially local rather than strategic planning matters.

8-6 Stevenage presents a slightly different picture. “Low” employment growth outcomes appear to present no problems of accommodation within the Borough’s boundaries, while Stevenage’s high growth aspiration presents a major shift from recent trends and is very uncertain. But even this may only require as little as two hectares more land to be accommodated (range 2-9 has, see paragraph 7.11). On this basis the crude Stevenage employment land requirement cannot justify a major development of the sort mooted by Stevenage at Junction 7 of the A1(M), as that is some 26 hectares. Nor as described in Section 5 is the site required for the “Stevenage West” scheme if that was to proceed, being quite separate physically. The only grounds for its development are to provide a “Greater Stevenage” with a larger range of employment sites or more prestigious sites as part of sub-regional strategy.

8-7 In conclusion the existing supply of employment land should be sufficient for the most likely employment outcome, without needing to designate all of the potential new areas being considered, apart from areas of exceptional demand as noted below. However, as with all long term programmes regular monitoring will determine whether the level of land release will need to be increased or not.

Spatial considerations for employment land provision

8-8 Within North Hertfordshire Royston stands out as an area of relatively high demand, relative to the other towns, which may owe something to pressures emanating from Cambridge. There is little designated employment land available and if demand continues there is a likelihood that the site adjacent to the A505 may be need to be considered at land allocations stage before designated sites in other areas. Since the site is quite large there is a case for releasing the land in stages. This site is part of the identified supply, not an additional allocation.

8-9 The Council should ensure that in each of the four towns, in order to promote ease of access to employment by non-car modes, there is a choice of types of employment accessible to each of the main residential areas.

Office development and town centres

8-10 Stevenage’s ambitions include growing the town centre as an employment node, which specifically involves office development, and it would become the main centre of a small sub-region. There is no point for North Herts District, with its smaller towns, in trying to compete with this and accordingly no special departure is warranted with regard to building a new office focus. On the other hand as the consultants have pointed out, North Hertfordshire need to maintain a reasonable share of office development in the face of declines in traditional sectors taking up B2-B8 floorspace.

8-11 The consultants believe that in these circumstances, that the town centre studies recently completed underplay the office development opportunities. While it is true that there has been little overt evidence of town centre demand, it is also true that no modern office space has been provided, and it is arguable that such development needs a kick start provided by new-build floorspace. The consultants do not accept the inference of comments made about ‘very localised and traditional’ office sectors [constrained demand] as their experience is that such traditional office sectors, including legal and accountancy firms, can be both dynamic and keen to occupy modern office space, but can be held back by the very poor provision. Moreover the towns’ retail offer, including Letchworth’s, is not particularly strong and would be boosted by office development.

8-12 In the Consultants' view policy should be more proactive in encouraging developers to provide new office floorspace, with Hitchin a priority but with opportunities to be promoted where redevelopment sites become available in Letchworth and Royston. Testing the demand for offices would confirm whether there was in fact scope for attracting non-local, mobile office activity to North Herts towns.

Transport developments and commuting

8-13 The proposed transport improvements in the sub-region do not in the Consultants' view have any significant implications for employment land provision, other than the indirect potential for increasing commuting. With an existing imbalance between in and out commuters it would be unfortunate if this was exacerbated but if it were there would be a reduction in the employment land requirement. To avoid this the District should do what it can to encourage employment to stay in the area including working from home, where North Herts has a higher than average propensity. This could include employment space in affordable homes. Other measures might include improvements of public and shared transport to the large estates, especially Letchworth, which the Heritage Foundation is in a good position to promote.

New land allocations and commuting

8-14 One argument for increasing employment land allocations is that through greater self sufficiency (balance of jobs and resident workers) gross commuting flows may be reduced. There is a strong case against however, not simply that of using greenfield land in a high restraint area, which may be a greater disbenefit, but of effectiveness. Allocations of additional land may do little to reduce gross commuting flows given the lack of control over employers' labour markets and policies to encourage green travel plans may be more effective mechanisms for reducing car use.

APPENDIX 1 LAND DEMAND ESTIMATION METHODOLOGY

The approach to land demand estimates adopted by DTZ and BWA have much in common but there are some differences. Hence in the DTZ calculations the employment scenarios are translated to land requirements as per the method used by BWA:

i identifying job change by sector;
ii allocating proportions of each + and – change to B1, B2, B8 categories[32] (deriving total employment by B1, B2, B8);
iii applying floorspace and hectares land demand ratios to the B1, B2 and B8 employment categories to estimate total employment land.

This procedure generates by sector and by B1, B2 and B8 use gross reductions and gross increases of floorspace and land for similar to the BWA method. The difference between the two is calculated as the 'net position' as in the BWA calculations. However DTZ proceed to adopt a compromise or mid-point assumption for floorspace and land requirements between 'gross' and 'net'. This calculates for each B use a mid-point between gross additional space and net space – termed a "settled position". This is presuming that the employment reduction among businesses is translated into a less than equivalent floorspace/land reduction, e.g. if a manufacturer automates, he may reduce staff substantially but may not reduce floorspace proportionately.

The consequence of adopting the 'settled position' is to generate a considerably greater employment land requirement than the net change position, adopted by BWA, but the increase is very variable between scenarios: for the baseline the 'settled position' generates a demand for 2.5 times the amount of land generated from the 'net' position, but only 10% more for the Sustainable Communities scenario. This arises because the scale of gross reductions, particularly, estimated by DTZ is significantly greater under the low growth than the high growth scenarios.

The 'settled position' approach is not unreasonable but it may be argued that it is as likely or more likely that manufacturing companies (for example) simply move or disappear rather than reduce their density whilst staying in situ. In the former case, it may be expected that the whole of the reduced manufacturing activity is replaced by a more dense replacement, reflecting the 'net' change situation. However, while the BWA approach up to this point generates a lower land need figure, the BWA method applies a ratio of 1.33 to the net land need estimate to arrive at gross land requirement, which is considered to be a more practical outturn. This makes an allowance for roads, incidental open space and miscellaneous bits of land (e.g. sub-stations) beyond the business's perimeter fence (net land requirement) to make up the actual total gross hectares taken up by the site occupants. The DTZ methodology does not make provision for this. Overall it seems likely that the assumptions used in each method largely cancel out.

[32] Note that around 50% of all employment is not allocated to B1, B2 or B8, hence generates zero employment land demand.

APPENDIX 2 NORTH HERTFORDSHIRE TRAVEL TO WORK CHARACTERISTICS, 2001

Residents aged 16-74 by mode of travel to work, North Hertfordshire, Herts CC and East of England, 2001

	North Hertfordshire		Hertfordshire		East of England	
	Number	%	Number	%	Number	%
Works mainly at or from home	5797	9.9	48766	9.4	243485	9.4
Underground, metro, light rail or tram	106	0.2	8263	1.6	21688	0.8
Train	4887	8.3	46108	8.9	156054	6.1
Bus, minibus or coach	1455	2.5	16682	3.2	102838	4.0
Taxi or minicab	245	0.4	2642	0.5	11693	0.5
Driving a car or van	35174	59.8	307427	59.3	1518613	58.9
Passenger in a car or van	3151	5.4	26599	5.1	150642	5.8
Motorcycle, scooter or moped	567	1.0	5533	1.1	28637	1.1
Bicycle	1445	2.5	9245	1.8	100193	3.9
On foot	5763	9.8	45744	8.8	233737	9.1
Other	224	0.4	1759	0.3	11798	0.5
All People	**58,814**	**100**	**518,768**	**100**	**2,579,378**	**100**

Residents aged 16-74 by distance travelled to work, North Hertfordshire, Herts CC and East of England, 2001

	North Hertfordshire		Hertfordshire		East of England	
	Number	%	Number	%	Number	%
Works mainly at or from home	5797	9.9	48766	9.4	243485	9.4
Less than 2km	12299	20.9	97481	18.8	517466	20.1
2km to less than 5km	7254	12.3	80221	15.5	437395	17.0
5km to less than 10km	9012	15.3	74109	14.3	354182	13.7
10km to less than 20km	7424	12.6	79077	15.2	379857	14.7
20km to less than 30km	4770	8.1	51676	10.0	201209	7.8
30km to less than 40km	2788	4.7	31069	6.0	107616	4.2
40km to less than 60km	5133	8.7	20231	3.9	108875	4.2
60km and over	1558	2.6	8154	1.6	90977	3.5
No fixed place of work	2647	4.5	26694	5.1	130702	5.1
Working outside the UK	110	0.2	**1113**	0.2	**6016**	0.2
Working at offshore installation	22	0.0	177	0.0	1598	0.1
All People	**58,814**	**100**	**518,768**	**100**	**2,579,378**	**100**

Source: 2001 Census (Crown copyright)

APPENDIX 3 – SUI GENERIS AND OTHER NON-B LAND USES ON EMPLOYMENT LAND

One of the problems of employment land estimation is the large take up, on many sites, of a variety of sui generis and other uses, ranging from retail warehouses to petrol stations, car showrooms, plant hire, other construction and auto trades, leisure facilities and non-residential institutions. The proportion of land taken up by such uses varies considerably, as shown in Table A, a survey of employment land carried out in Hertfordshire in 2001. A high proportion of employment land was taken by up by such uses in North Hertfordshire (26%) but the range was wide, from under 1% to 40%. (Some of the variation may have been the result of surveyors interpreting land use categories differently). The table is also helpful in identifying the separate B1 classes, showing that in Herts the office B1a accounts for only half of identified B1a-b-c uses.

Table A– Land area (Has) by primary use in selected Hertfordshire Districts 2001

Local Authority	B1a	B1b	B1c	B1 Split	B2 Gen.	B8 Storage	B1/B2/B8	SG/Other	(SG/Other)/ Total	Total
	Offices	R&D	Light	Unknown	Industry	& Distrib.	Mix			
			Industry							
Broxbourne	20.4	0	19.8	3.1	5.5	30.6	48.5	85.1	40%	212.9
Dacorum	38.4	5.8	5.9	9	15.8	84.2	84.5	55.5	18.6%	299.1
East Herts	16.3	19.9	13.7	17	64.2	14.3	15.4	14.6	8.3%	175.4
North Herts	17	0	9.1	32.9	66.7	20.3	36.8	64.5	26.1%	247.4
St Albans	44.5	40.4	14	11.8	11.7	35.3	65.9	26.2	10.5%	249.8
Stevenage	23.7	38.5	7.1	15.1	21.6	21.6	86.4	1	0.5%	214.9
Watford	22.7	2.5	1.6	8.9	13.2	18.6	45.7	27.4	19.5%	140.6
County Total	**276.6**	**155.8**	**126**	**147.8**	**286.3**	**299.8**	**503.8**	**315.37**	**14.9%**	**2111.5**

Source: Hertfordshire Structure Plan Alterations 2001-2016, Technical Report 1, Employment Space Needs in Hertfordshire 2001-2016, Herts County Council, July 2001.

For the county as a whole such uses accounted for 15% of employment land. Estimates made by another District in the East of England, Waveney, have generated a rather higher average of 24%, close to the North Herts average (Table B). In this case separate figures are calculated for sui generis and other non-B uses, being broadly equal.

Table B – Land area (Has) taken up by sui generis and other non B uses on estates in Waveney District, 2005

ESTATE	TOTAL HAS	SUI G.	OTHER	SUI/TOTAL	OTHER/ TOTAL %	(SUI+OTHER) / TOTAL %
Halesworth	8.75	1.63	0.11	18.6%	3.3%	19.9%
Beccles	26.1	0.8	1.82	3.1%	6.9%	10.0%
Ellough	23.4	1.33	5.95	5.7%	25.4%	31.1%
Beach	22.415	3.6	3	16.1%	13.3%	29.4%
South Lowestoft	25.926	4.724	3.03	18.2%	11.7%	29.9%
TOTAL	106.591	12.084	13.91	11.3%	13.1%	24.4%

Source: Waveney District Council.