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Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan



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This Practice Guidance is based on work undertaken on behalf of the Welsh Government by Peter Brett Associates

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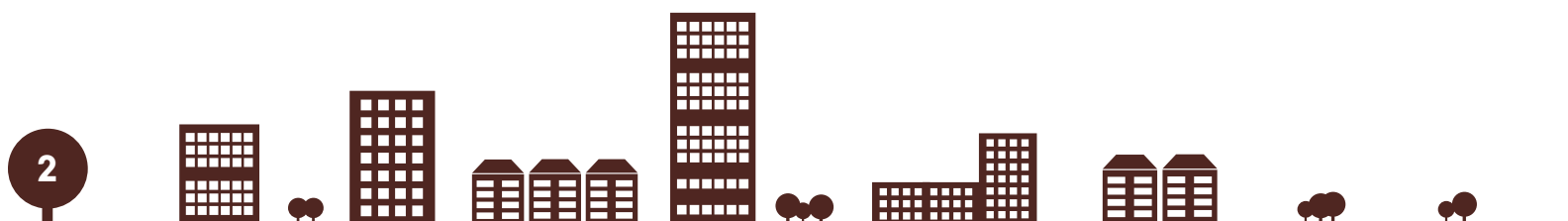


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How to use this practice guidance

This practice guide provides step by step advice for LPAs on how to build an evidence base to support LDP employment land strategies and policies.

Figure 1 (page 6) sets out a model structure for the economic evidence base study. This guide is not intended to be a prescriptive, rather it is a template which may be changed, expanded or used to introduce new ideas to fit local or larger than local (see below) circumstances. Figure 1 contains hyperlinks to each chapter, and also links to specific headings within those chapters. Each chapter is colour coded, and every page includes a coloured bar along one side that provides a quick reference to that page's main subheadings, as well as a link back to the main structure in Figure 1.

A brief explanation of each chapter is given below:

Chapter 1 – An Economic Development Evidence Base to Support LDP Preparation

- This chapter gives an introduction to the document together with a planning policy context to work from.

Chapter 2 – Preparing a Larger than Local Evidence Base

- Chapter 2 explains how Technical Advice Note 23 advocates that at a larger than local scale the aim of the study is to develop a broad overview of the whole economy, identifying higher level statistics and key indicators to help inform a development plan's economic vision, and strategies and policies on employment land.

Chapter 3 – Local Evidence Base Policy Context

- The local evidence base sets out the steps that a local planning authority (LPA) can take in order to collate their own economic evidence to support the preparation of their LDP.

The Employment Land Review

Chapter 4 – Preparing a Local Evidence Base – The Employment Land Review – Property Market Assessment

Chapter 5 – Preparing a Local Evidence Base – The Employment Land Review – Audit of Employment Sites

Chapter 6 – Preparing a Local Evidence Base – The Employment Land Review – Calculating Future Land Requirements

Chapters 4-6 make up the bulk of this practice guidance and contain steps about preparing an Employment Land Review. Chapter 4 contains information on undertaking a property market assessment. Chapter 5 includes instructions on how to carry out both a qualitative and quantitative inventory of employment sites. Chapter 6 contains detailed information on using past completions and labour demand forecasting to estimate future employment land requirements.

Chapter 7 – Policy Options, Recommendations and Monitoring

- Chapter 7 looks firstly at policy options open to the local planning authority. For example, the option available to the LPA may be based on the demand-supply scenarios discussed in Chapter 6.

- The recommendations section of this paragraph makes suggestions regarding how the LPA may wish to draw on specific policy implications under 5 headings; quantity of land; site specific policies; criteria driven policies; other policies and monitoring and review.
- Finally, the monitoring section looks at how an LPA may wish to undertake monitoring of employment land.

Chapter 8 – The Economic Vision

- The final chapter looks at the economic vision and how it can inform the development plan process.

Although the vision is discussed at the end of this guide its development should be considered as an evolving process, beginning as a draft in the early stage of the evidence gathering. As information is collected the vision should become more refined before it is incorporated in the LDP's overall vision.



Figure 1 – Structure of this document

Chapter 1 – An Economic Development Evidence Base to Support Local Development Plan Preparation

- Introduction
- An overview of LDP requirements for economic development in Planning Policy Wales
- Larger than Local Planning
- The Economic Vision
- Project management and resources

Chapter 2 – Preparing a Larger than Local Evidence Base

- Step 1 – National and regional policy context.
- Step 2 – Overview of regional property markets.
- Step 3 – B1, B2, B8 profiles across the larger than local area.
- Step 4 – Overview of local authority site audits (inventories and appraisals) Strategic sites.
- Step 5 – Larger than local employment land projections and/or forecasts demand and supply.
- Step 6 – Recommendations for larger than local areas including policy options and land provision target.

Chapter 3 – Local Evidence Base Policy Context

- Step 1 – The whole economy.
National and regional strategies and objectives
 - Authority's current economic objectives.
 - Neighbouring authority's objectives.
 - Neighbouring authority's current employment land policies.
 - Current local authority's employment land policies.
- Step 2 – Employment land.
- Step 3 – Conclusions.

The Employment Land Review

Chapter 4 – Preparing a Local Evidence Base – The Employment Land Review – Property Market Assessment

Step 1 – Identify where demand and opportunities exist for development.

Step 2 – Identify where existing employment land is no longer in demand.

Step 3 – Establish property market profiles for offices, industry and warehousing.

The Employment Land Review

Chapter 5 – Preparing a Local Evidence Base – The Employment Land Review – Audit of Employment Sites

Step 1 – Preparation of a quantitative site inventory.

Step 2 – Preparation of qualitative site appraisals.

Step 3 – Formulation of recommendations.

The Employment Land Review

Chapter 6 – Preparing a Local Evidence Base – The Employment Land Review – Calculating Future Land Requirements

Method 1 – Trend Analysis using Past Building Completions.

Method 2 – Employment Land Forecasting – Labour Demand.

Chapter 7 – Policy Options, Recommendations and Monitoring

Policy Options.

Recommendations.

Monitoring and Recording.

Chapter 8 – The Economic Vision

Economic Evidence.



Chapter 1 – An Economic Development Evidence Base to Support LDP Preparation

1.1 Introduction

1.1.1 National planning policy requires that Local Development Plan (LDP) strategies and policies be informed by appropriate and up-to-date evidence base studies. Chapter 7 Economic Development of Planning Policy Wales (PPW)¹ and Technical Advice Note (TAN) 23 Economic Development² set out requirements that these evidence base studies should address (see PPW section 7.2.1 and 7.5.1, bullet points 2 and 3).

1.1.2 This practice guide provides a methodology to help local planning authorities (LPAs) meet these requirements, and to produce robust evidence bases to underpin sound plans and development management decisions. The guide aims to address common technical problems and help achieve greater consistency in the approach to collecting data across Wales. **However, the guide is not a rigid model or the only method for achieving the requirements in PPW.** LPAs may choose to depart from the methods contained in this document, or add to them, but in either case make clear the reasons for their preferred methodology in their evidence base studies and LDP as the outputs should be robust enough to withstand scrutiny along with other supporting evidence for LDPs.

1.2 An Overview of LDP Requirements for Economic Development in Planning Policy Wales

1.2.1 Planning Policy Wales section 7.5.1 provides policy advice about LDPs and the economy, including the need for:

- i. An economic vision for the area, including a broad assessment of expected employment change by broad sector and land use.
- ii. Quantitative targets on the provision of land for employment (B-Class) uses over the plan period, showing net change in land and/or floorspace for offices, industry, and warehousing.
- iii. Site-specific policies:
 - on new sites to be allocated for employment;
 - on established employment sites, to determine whether they should be safeguarded for their existing uses or released for alternative uses.
- iv. Criteria-based policies to guide development management decisions on sites not specifically identified in the plan.

¹ Welsh Government, Planning Policy Wales, Edition 6, February 2014

² Welsh Government Technical Advice Note 23 Economic Development, February 2014

1.2.2 While this practice guide is predominantly concerned with quantifying the need for B1, B2 and B8 use classes (business, industry, and warehousing), it is important to note that the economic vision referred to in 'i' above relates to the whole economy, including both B and non B use employment classes. Points 'ii' to 'iv' narrow the scope to the traditional employment land uses, comprising Use Classes B1, B2 and B8 and similar sui generis uses. Planning for other economic land uses, such as retail and tourism, is dealt with in other chapters of PPW, other TANs and separate chapters of the development plan.

1.2.3 PPW 7.5.1 also sets out central principles, or policy objectives, to guide development plans in dealing with economic land uses. These principles are discussed in more detail in PPW Chapter 7 and also in TAN 23.

1.2.4 These same principles are built into the design of the evidence base, as presented below. In line with these principles, the primary building blocks of the study are past trends, predicted demand and policy objectives.

1.3 Larger-than-Local and Local Planning

1.3.1 The practice guide is concerned with the collection of economic development data at two levels, larger than local and local. PPW Chapter 7 and TAN 23 emphasise how collecting economic evidence at both these levels can help LPAs better understand and respond to the economic needs of both the authority and the wider area it is part of. In this respect the term larger than local refers to an area greater than a single authority and which has preferably been defined by more than one LPA for the purpose of providing information for a strategic study about economic development. At a local level LPAs will concentrate on a more detailed study with the Employment Land Review very much central to this.

1.3.2 PPW advises that LPAs should 'work strategically and co-operatively' to plan for economic development. The larger than local study will therefore typically be conducted by more than one LPA in a joint study identifying key higher level economic data. Property markets, travel to work areas, and demand and supply rarely follow local authority boundaries and can be spread over a large geographical area, therefore LPAs seeking to undertake joint working should identify the most appropriate functional economic areas to help determine how they collaborate with neighbours. The evidence base should give reasons for the choices made (TAN 23, section 1.3). LPAs can also benefit from pooling skills and resources as well as share financial costs of collecting any data beyond what they would collect for their local level studies. (Larger than local studies are discussed in greater detail in Chapter 2).

1.3.3 Both local and larger than local levels of evidence will be fundamental in establishing an LDP's economic vision and strategy, employment land allocations, and economic development policy. Both levels of study should be in conformity with each other. An exchange of data between the two levels will be important if

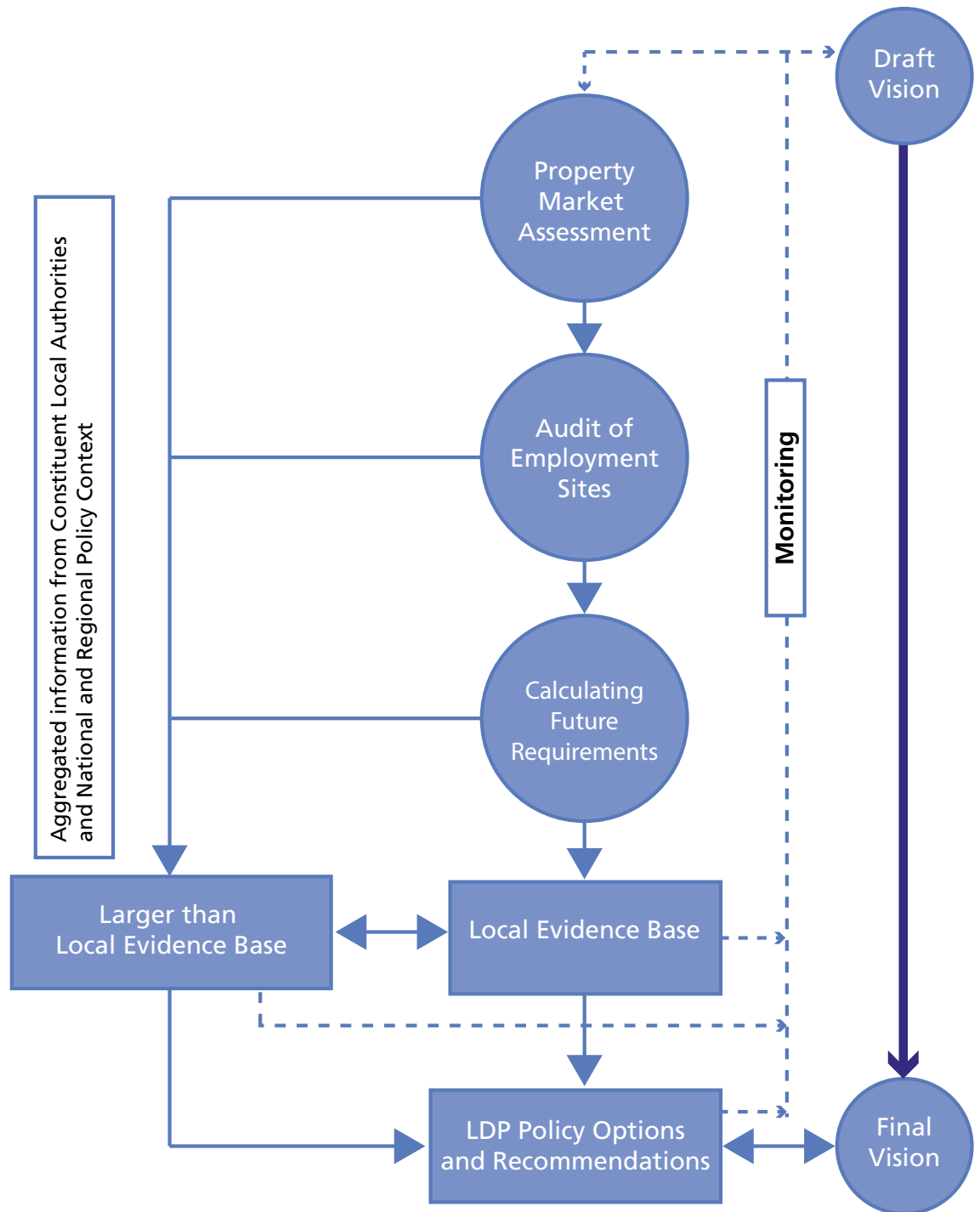
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they are to provide an integrated approach to the economic development needs of the study 'region'. For this to take place, Local and Larger than Local studies should ideally be conducted in parallel. The flow diagram at Figure 2 shows the process for preparing and monitoring a local or larger than local employment evidence base.

Figure 2 – Employment Evidence Base Flow Diagram



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14 Monitoring and Review

1.4.1 Information that forms the evidence base will need to be continually monitored and collected over the life of the development plan. This data will inform the next evidence base study and LDP review. More is said about the type of data that should be collected to maintain the evidence base in section 7.8 of this guide.

1.4.2 It is recognised that some LPAs will first use this guide when they have already adopted their LDP. The guide can be applied to the beginning of an LDP's life or during a review cycle. However in any review situation the extent to which new economic development evidence needs to be collected will depend on prevailing conditions and changes that have taken place since the last evidence was collected.

1.4.3 The LDP Annual Monitoring Report (AMR) is required to identify any policy that is not being implemented or achieving its desired goals. The AMR should give the reasons, together with any steps the authority intends to take to secure the implementation of the policy and any intention to revise the LDP to replace or amend the policy (LDP Wales, Section 4.43). The timing and frequency of a full plan review will depend upon the findings of the AMR and on other local circumstances.

1.4.4 Several factors could trigger a partial or full review of an LDP before 4 years, including the following:

- a significant change in external conditions;
- a significant change in national policy or legislation;
- a significant change in local context e.g. closure of a large employment site that undermines the local economy;
- a significant change in development pressures or needs and investment strategies of major public and private investors;
- significant concerns from the findings of the AMR in terms of policy effectiveness.

1.5 The Economic Vision

1.5.1 The economic vision is discussed in detail in Chapter 8 of this guide. However it should not be considered as the final task in the employment land review process. The vision should be drafted in the early stages of evidence gathering and, as information is collected over the study period, become more refined to reflect the evidence rather than being purely aspirational in nature. Once the final vision is established it should be integrated in to the LDP's overall strategy and vision.

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1.6 Project Management and Resources

1.6.1 The purpose of this guide is to assist LPAs in the preparation of their evidence base, and potentially make cost savings by undertaking some or all of the process in-house. However, whilst this guide will help LPAs understand the requirements of PPW and TAN23 and enable them to manage the evidence gathering process, it is recognised that LPAs may not always have all of the skills or access to data necessary to complete all parts of the studies. The preparation of an economic evidence base requires three principal forms of expertise – planning, economics and property market knowledge.

1.6.2 Whilst a local authority is likely to employ commercial property surveyors they may not have access to the necessary property market data, nor are local authorities likely to have direct access to economists or property consultants/agents. For these reasons each local authority (or larger than local group of authorities) needs to consider what data/expertise can be provided in house and what may require the commissioning of external data providers or market experts to develop the larger than local and local evidence base (including the ELR).

1.6.3 Property consultants/agents can typically provide a market review and appraisal of a site's market potential. Property consultants are likely to be chartered surveyors with knowledge of the property market both locally and in its wider regional context.

1.6.4 Where available the evidence base study can also draw on the property data and reports that many agents publish, and during the evidence gathering stage agents' advice can also be sought through stakeholder consultation. While these inputs will often provide useful information, LPAs should be cautious that advice may not always be based on rigorous data and analysis, particularly where agents provide brief comments and free advice. Where agent's comments appear contradictory, advice should be sought from LPA property surveyors.

1.6.5 LPAs are also advised to seek advice from other sources in the local authority for example, economic development officers who will be able to provide important data on the local economy (PPW 7.6.2). Early establishment of this project group or 'team' is encouraged to ensure that all involved have a clear understanding of the work involved and what might be expected of them as the project progresses.

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Chapter 2 – Preparing a Larger than Local Evidence Base

2.1 The Welsh Government encourages collaboration between LPAs, and Technical Advice Note 23 explains that at a larger than local scale the aim of a joint study is to develop a broad overview or profile of the area's economy to inform the constituent LPAs development plan's economic visions, strategies and policies. Preparing a larger than local evidence base will also assist in the preparation of Strategic Development Plans (SDPs).

2.2 While this overview is predominantly aimed at collecting information relating to traditional B use classes, LPAs may also wish to consider the role of non B use classes in order to present a more comprehensive picture of the area's overall employment structure. The study should present key statistics and indicators (see Appendix 3 for suggested data) to describe the economic 'environment' of a larger than local area as well as reviewing the role of large or strategic sites (identified by constituent local authorities) for B class uses across the area. Figures should show totals both for the combined area and its constituent local authorities so that the proportion each authority contributes can be identified.

2.3 The absence of, or delay in formulation of, a larger than local study, should not be cause for LPAs to suspend preparation of a local evidence base and associated policies in their LDPs. The formulation of larger than local studies should, initially, be an iterative process, which takes into account recently completed or emerging local economic evidence base information, before setting an agreed approach for the future strategic direction of the wider area's employment land. This may be material in the determination of planning applications and reviews of local planning policies.

2.4 The steps that collaborating groups of LPAs should consider addressing in order to build an evidence base are set out below. Many of the facets of a larger than local evidence base mirror those in the local evidence base which is outlined in more detail in this guide from Chapter 3 onwards. However, a larger than local evidence base will focus on identifying relevant policy objectives from the Welsh Government and other bodies that provide strategic direction, in order to develop recommendations for new 'strategic' level policies or objectives across the larger than local area and for inclusion in LPA development plans. It will also describe property market profiles over the larger than local area and predict or assess future employment land requirements and, where possible, assess existing, or identify new, large or strategic employment sites.

2.5 How LPAs choose to organise and implement their larger than local and local studies is for them to decide, but typically these will be separate studies. The relationship between a larger than local study and local study should however be a two way flow of information. For example, information about the current supply of employment land from collaborating LPAs will be needed to form a picture of the overall supply and demand situation for employment land across the larger than local area.

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- Step 1: What is the national and regional policy context?
- Step 2: Give an overview of the existing property markets in the larger than local area.
- Step 3: Identify B1, B2 and B8 profiles across the larger than local area.
- Step 4: Present an overview of local authority site inventories and appraisals.
- Step 5: Present larger than local employment land projections and/or forecasts of demand and supply.
- Step 6: Formulate recommendations.

2.6 Step 1: What is the national and regional policy context?

2.6.1 As a starting point, the discussion of the policy context should start with sub-sections from Planning Policy Wales, Technical Advice Notes, and any other relevant national guidance together with any existing regional economic strategies. Alongside this, individual sections for each constituent local authority summarising their existing economic development strategies and policy, followed by an overview setting out both common themes and economic differences across the region.

2.7 Step 2: Give an overview of the existing regional property markets in the larger than local area

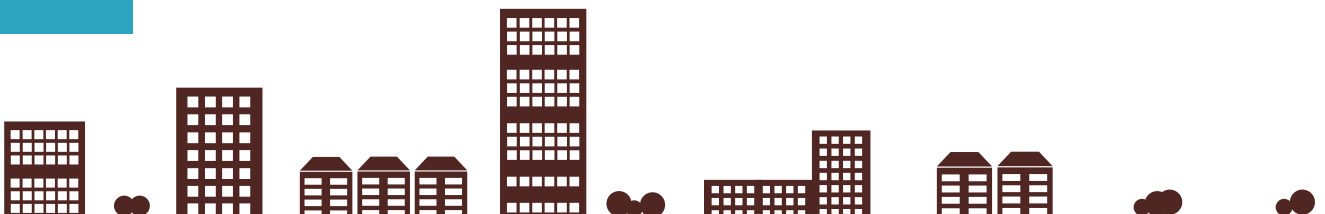
2.7.1 Economic and property market profiles will need to be sub-divided geographically, because larger than local areas (and many individual local authorities) can often be split into two or more local economies, property markets or Travel to Work Areas. These areas do not necessarily follow local authority boundaries.

2.7.2 A commentary should be provided on the 'health' of each of these economic and property market areas and what the future issues for them will be in terms of the demand for and supply of different types of employment site. The health of the market could be described in terms of market demand against supply including the choice and quality of sites available. The possible future need for large or strategic sites (strategic sites are discussed in section 2.9.2 below) should also be examined here, particularly if there is likely to be market-based evidence for increased/alternative strategic provision.

2.7.3 The study should identify these markets on a plan and include the reasons for their selection. The implications for the future direction of employment development in the larger than local area, together with the effect that this may have in the choice and type of sites to be identified, should be discussed.

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2.8 Step 3: Identify B1, B2, B8 profiles across the larger than local area

2.8.1 To create profiles the study will need to provide a breakdown of B1, B2 and B8 uses across the larger than local area. Wherever possible this data should also be displayed on plans to show provision in the market areas highlighted above. This information is collated from the local authority data which is used to inform the preparation of the local evidence base (see Chapter 3). This data can be used to start to form a view of what the existing provision is and what the status of that provision is.

Locating sector specific demand

2.8.2 Using the information in the property market reports and the B1, B2 and B8 profiles, the evidence base can then start to compare the state of the property market with current provision. Mismatches against estimated likely future demand compared with current supply should be identified so that opinions can be formed on the most appropriate place to meet sector specific demand. Information about future demand may be acquired from discrete larger than local studies or from studies conducted as part of the Employment Land Review, which is explained in more detail from Chapter 3 onwards.

2.8.3 This strategic level assessment can usefully start to determine if there is likely to be a requirement for new sites to be identified which will meet future demand; if there are broad categories of employment sites which can be released for alternative development; or if existing employment sites need to be reassessed for other types of employment development.

2.9 Step 4: Present an overview of local authority site inventories and appraisals

2.9.1 The larger than local study will need to use site inventory information (see section 5.2) collected at a local level by local planning authorities to provide an overview of employment site data across the 'region'. The overview should provide totals for existing employment sites, committed development sites and potential sites split by local authority. This should be used to form a picture of the current situation. Committed sites, potential sites and existing sites are defined in section 5.2.1 (p.21). This may be usefully presented on a Geographical Information System (GIS) base.

Strategic sites

2.9.2 Technical Advice Note 23 states that any larger than local study should identify existing strategic sites across the constituent LPAs. These are typically sites that are of national, or larger than local significance where the impacts of the site's development will go beyond the local authority boundary within which they are located (LPAs should work together to define what constitutes a strategic site in their area). Although not every LPA will have a strategic site, most of this

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information will also be extracted from the employment site inventory prepared at a local authority level, and the detailed appraisal of existing and proposed strategic sites will be prepared at that level. Site appraisal methodology is set out in Chapter 4 the Employment Land Review – Property Market Assessment.

2.9.3 The larger than local study could look to describe the purpose and use of existing and proposed strategic allocations identified together with their size and other main attributes. The studies might consider:

- How these sites address larger than local and national strategies in terms of:
 - job creation and employment growth;
 - meeting regeneration objectives;
 - addressing economic disadvantage.
- How these sites are intended to meet demand for specific employment sectors.
- How sustainably located they are.
- Whether competing sites exist within the study area or in adjacent areas (for example, sites suitable for prestige or high technology businesses). The purpose is to develop an awareness of the wider supply situation and how this may influence local choices.
- Whether any sites are no longer required, better suited for an alternative use, or are more or less attractive to investment than other competing sites.
- Whether new strategic sites may need to be identified in the local planning authority employment site inventories.

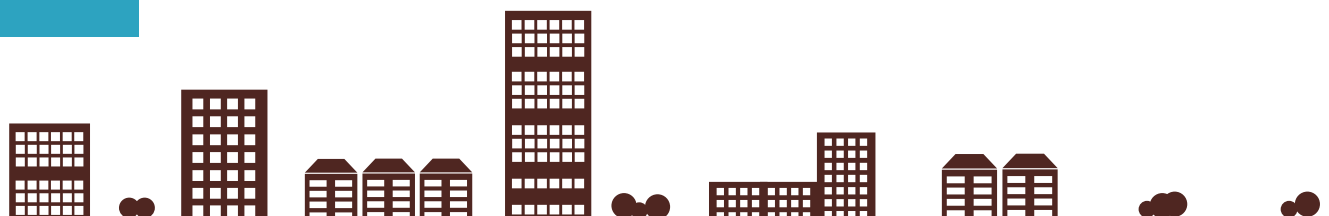
2.9.4 The location of all existing and proposed strategic sites should be identified on a map.

2.10 Step 5: Present larger than local employment land projections and/or forecasts of demand and supply

2.10.1 The quantitative analysis of future demand and supply could begin with larger than local totals and then consider how these totals are distributed across LPAs. To do this LPAs would provide the results from their Employment Land Reviews (see Chapter 6 below). The distribution of area wide totals should be based on the evidence available (including being in line with the appropriate economic strategies/policy context identified earlier), with a strong emphasis on flexibility, realism and the ability to meet demand. This should be both in terms of a local authority's ability to find sites to accommodate that level of provision on available and viable land, and on the ability and desirability of the market to deliver those sites for the allocated purposes.

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2.11 Step 6: Formulate recommendations

2.11.1 The conclusions and recommendations of the larger than local evidence base study could begin with strategic advice about the area's future direction towards the provision of employment sites, where they should be, what markets they should be targeting and how they can be brought forward.

2.11.2 Recommendations should suggest which strategic sites are taken forward in LDPs. This will need to be fully justified. Strategic sites that are no longer required should be reassessed by local authorities for non-strategic employment or alternative uses.

2.11.3 The study should make recommendations for each local authority in terms of the policy options it should pursue for the allocation of employment sites in an LDP, both in terms of the quantity of provision but also the use class and location of those sites. It will be for each local authority to take these recommendations forward in their LDP and use them together with more localised data.

2.11.4 The larger than local evidence base should be subject to monitoring and review in much the same way as the local evidence base and employment land review (see sections 1.4 and 7.8). This will reflect the review cycle of the LDP and the results of the Annual Monitoring Report which will identify whether policy objectives are being met and where they are not how they should be addressed.

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Chapter 3 – Local Evidence Base Policy Context

3.1 The local evidence base in this guide includes a Policy Context and an Employment Land Review. The Policy Context can be completed in 3 steps:

Step 1: The whole economy.

Step 2: Employment land.

Step 3: Conclusions.



3.2 Step 1: The Whole Economy

3.2.1 The purpose of seeking information about the whole economy is to set the context in which recommendations emanating from the local evidence base can inform strategies and policies in the LDP. Some of this information may have already been identified in the larger than local study. In dealing with the whole economy, it is advisable that the study considers the following questions.

- What national economic policies should the local planning authority have regard to?
- What **larger than local** (for example regional economic and the larger than local evidence base) economic strategies, objectives and policies should the local study have regard to?
- What **local** economic strategies objectives or policies should the study have regard to?
- Are there any economic development strategies, objectives and policies in adjacent areas which could have an impact on the local authority?

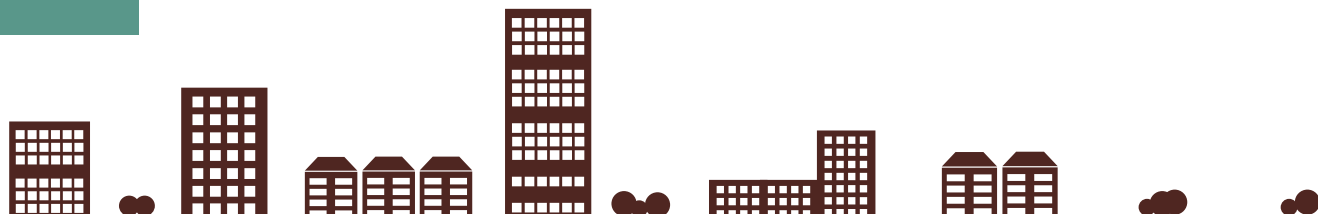
3.2.2 Consideration should be given to the local authority's latest economic strategy, as well as any strategies for other employment sectors, such as retail, leisure and tourism. Many authorities may not have an up-to-date economic development strategy because it is no longer a requirement to produce them. Where economic strategies are out of date or do not exist, consideration should be given to recommendations from the economic development evidence base, economic strategy and 'vision' sections of the local development plan, and by reference to the authority's Single Integrated Plan or Wellbeing Plan.

3.3 Step 2: Employment Land

3.3.1 The section on employment land policy should begin with a review of relevant national and regional policies. LPAs should consider the following questions.

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- What national, regional, local plans and strategies have an influence on employment land?
- How successful have the existing employment land policies been?
- What are the key issues which the ELR should examine?

3.3.2 The key topic in this section will be the employment land policies of the current or previous development plan that the new, or revised, plan will need to continue or replace. The study can summarise these policies and consider how successfully they have worked in practice, using evidence such as:

- The total amount of development (take-up), assessed against plan targets and identified market demand.
- How far existing employment sites safeguarded by the plan have been lost to other uses.
- Where appeals have been won and lost and why.

3.3.3 The purpose of this analysis is to pinpoint past policies that the authority may wish to reconsider, issues to address in its new policies, and questions that the evidence base might need to answer in order to underpin these future policies.

3.3.4 For example, if development sites have been allocated for some years but not taken up, it may be the planned land supply was too high and should be reduced, or that the allocations were unviable, subject to claw back or land ownership constraints, or qualitatively unsuitable and should be replaced with better ones. The study could analyse the history of allocated sites to try and determine what the problem was and how it might be overcome in the new plan.

3.3.5 Similarly, if decisions to safeguard employment sites have been overturned on appeal, it may be that the relevant policies should be reconsidered, or alternatively that the policies are fit for purpose but the Local Planning Authority's supporting evidence is not. The evidence base study should seek to diagnose the problem through analysis of site histories and Inspector's decision letters. Thus, applicants seeking to transfer employment sites to housing often claim that there is no demand for employment space, or that providing such space is not viable. Later sections of the study should test these claims, providing evidence that will support the Local Planning Authority in future development management decisions and appeals.

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34 Step 3: Conclusions

3.4.1 The Policy context could be structured around the following issues, with the conclusions providing a summary.

- National and regional objectives and strategies.
- Any larger than local objectives and strategies that apply to local authorities.
- The local authority's current economic objectives and strategies.
- Relevant neighbouring authority's economic objectives, strategies and policies.
- Employment Land (summary from step 2 above).
- Summary of existing development plan's employment land policies:
 - Development site take up measured against supply.
 - Success of existing safeguarding policies.
 - Economic development appeals won and lost.

3.4.2 The chapter should end by discussing the key factors which will need to be taken in to account in determining policies for employment land uses in the area. These factors will need to be addressed at the end of the employment land review to ensure that the sites allocated in a plan meet policy objectives.

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Chapter 4 – Preparing a Local Evidence Base – The Employment Land Review – Property Market Assessment

4.1.1 The Employment Land Review (ELR) is an integral part of establishing an evidence base to support the strategies and policies of a LDP. While ELRs have typically been conducted, and deal with data, at a local authority level, Planning Policy Wales and Technical Advice Note (TAN) 23 strongly support joint studies with neighbouring authorities where this is practicable. The information collected in the ELR study will also help inform the more strategic assessment of economic development taking place at a larger than local level described in Chapter 2.

4.1.2 Stage 3 below discusses methods for calculating future land requirements. While stage 3 has been written primarily with the local level in mind, the use of both past completions and labour demand forecasting are applicable at the larger than local level, albeit to establish a broad estimate of future land requirements.

4.1.3 The Employment Land Review includes four stages:

Stage 1: Property Market Assessment (Chapter 4).

Stage 2: Audit of Employment Sites (Chapter 5).

Stage 3: Future Land Requirements (Chapter 6).

Stage 4: Policy options and recommendations (Chapter 7).

The Employment Land Review is essentially a two part process, an appraisal of the present situation (stage 1 & 2) followed by an assessment of future needs (stages 3 & 4).

4.2 Stage 1 – Property Market Assessment

4.2.1 This section considers the following tasks:

Step 1: Identify where demand and opportunities exist for development.

Step 2: Identify where existing employment land is no longer in demand.

Step 3: Establish property market profiles for offices, industry and warehousing.

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4.2.2 Planning should aim to provide sufficient land in the right place in response to appropriate economic strategies and to seek to meet the needs of market demand. In the ELR, the purpose of the property market analysis is to describe that demand in terms of specific market sectors, property requirements and geographical areas, focusing on the current situation and prospects for the LDP over its 15 year life cycle. Specifically, the analysis could look to identify:

- Where there is viable demand for development – which the planning authority should aim to provide land for.
- Where there is existing employment land no longer in demand – which the LPA should seek to transfer to other uses.

4.2.3 The evidence base will look to provide separate property market profiles for different employment land uses (see Figure 3). As a minimum, it might look to distinguish:

- Business (Class B1) including Offices, research and development and light industry.
- General Industry – (Class B2).
- Storage and distribution (Class B8).

Due to the likely differences in demand within B1 these should be appropriately disaggregated and examination given to the separate types of B1-type development. It might also be appropriate for light industry B1 to be combined with B2.

4.2.4 However, authorities may wish to subdivide property market segments further in terms of the quality of premises and environment that are or will be available. In some areas, strategic distribution, comprising large purpose-built warehouses, is an important sector and the LPA may decide to profile it separately. In some areas there may also be other specialist sectors that warrant separate analysis, for example studios/creative space or research & development activities that have specialist requirements.

4.2.5 In terms of geography, where the local authority's team draw together property market information and consider that there is more than one local property market, the analysis may be split accordingly.

4.2.6 Figure 3 on the next page shows a template for a property market profile relating to general industrial space. This model can be readily adapted to other market sectors. It may also be customised to fit local circumstances and where data is incomplete may rely on professional judgment.

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Figure 3 – Property market profile: Local Authority, general industrial (Class B2)

The wider context

- What wider regional market is the local area part of? (show on map):
 - identify main places that local authority competes most closely with;
 - current health of this wider market;
 - state of the economy;
 - industrial space over or under-supplied? – refer to e.g. vacancies, rent levels;
 - major developments and other change – recent or in the pipeline.

Industrial land and property

- Size of the floorspace stock and change over last 5-10 years (or LDP review period, whichever is more appropriate):
 - compare with region and national total.
- Brief description of the area as an industrial location.
- Main industrial areas and sites (show on map).
- Major occupiers and main types of occupier.
- Key advantages and drawbacks as an industrial location (from a planning perspective):
 - in different parts of local authority, for different types of occupier;
 - against main competing areas.
- Drivers of change:
 - Any recent/current/future changes that impact on the industrial market. E.g. new infrastructure, new settlement, major regeneration initiatives.

Demand

- Floorspace take-up (gross sq. m. per year), for last 5-10 years as available (or LDP review period, whichever is more appropriate).

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- Qualitative profile:
 - Who has been taking up space – business activities, local or inward investors (from where?).
 - Broadly what space – mix of sizes, locations, old or modern etc?
 - Why do they want to be in the area?
 - What have they been looking for?
 - Have they been getting it? Any gaps in the market?
- Change:
 - Impact of any changes in local authority or wider area.
 - E.g. new infrastructure, major development.
 - Could be opportunity, competitive threat or both.
- What can be done to boost demand?

Supply and market balance

- Current availability/vacancy and development pipeline.
- % availability (vacancy) against stock (see above).
- Years supply against past take-up (see above).
- Rents and values, current and historical (pre-recession):
 - compare with surrounding/competing areas.
- Recent development (includes redevelopment, refurbishment, conversion etc):
 - what, where, how has it performed?
- Is industrial development in demand and financially viable?
 - what kinds of development, in what areas?

Conclusions

- Is the market, or any particular sections of the market, over-or under-supplied, now or in prospect?
- What are the market opportunities for viable development (includes redevelopment etc), now or in prospect?
- Is any of the existing stock surplus to requirements? What kinds of property, in what areas?
- Possible measures to encourage economic growth and property development.

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4.2.7 When carrying out property market profiles LPAs can look to seek relevant data and expertise. These might include the:

- Local authority estates department.
- Economic development officer.
- Neighbouring authorities.
- Local property agents.
- Property consultants.
- Valuation Office Agency.
- Welsh Government Business Property Database.

4.2.8 The property market profile may wish to focus on broad locations and market sectors, rather than site-specific details. These details will be considered in the next section.

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Chapter 5 – Preparing a Local Evidence Base – The Employment Land Review – Audit of Employment Sites

5.1.1 Stage 2 of the employment land review involves undertaking an audit of existing and proposed employment sites. This process includes the following 3 steps:

Step 1: Preparation of a quantitative site inventory

Step 2: Preparation of qualitative site appraisals

Step 3: Recommendations



5.1.2 The quantitative site inventory and qualitative site appraisals should include details on existing committed, allocated and potential employment sites and existing stock (see step 1 below for further details). This will feed directly into the study's conclusions on whether any further land should be identified for employment and whether any existing or committed employment sites should be transferred to other uses.

5.2 Step 1: Preparing a Quantitative Site Inventory

5.2.1 The inventory of development sites, consisting of land which will or may be developed or redeveloped for B1, B2 & B8 employment (also mixed uses incorporating employment), comprises of:

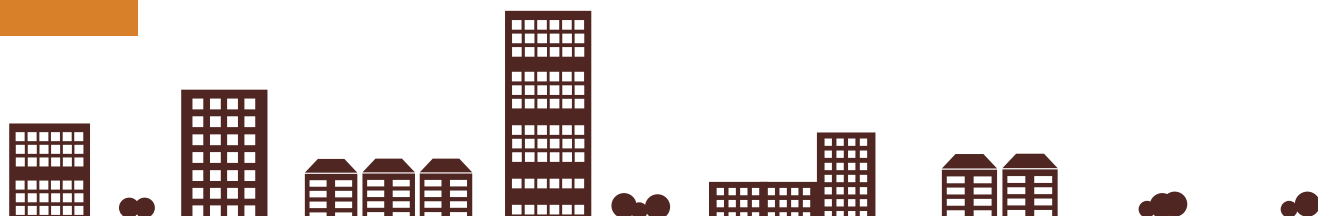
- **Committed sites** (or planning commitments, or planned supply), covering outstanding development plan allocations and planning permissions for B-class development. It is convenient also to include in this group vacant (cleared) or derelict former employment sites which are safeguarded for employment uses under current policy.
- **Potential sites**, comprising sites being proposed or considered (including candidate sites) for B class development but which are not yet planning commitments.
- **Existing employment stock (developed)** that provide usable employment floorspace, whether occupied or vacant.

5.2.2 For all of these sites, the inventory should provide:

- Site areas and, for sites which are completed, actual or estimated floorspace, distinguishing between offices and industrial and warehouse space where possible.

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- Details of any outstanding planning commitments or proposals that involve a change in employment floorspace – showing gross gains, gross losses and the resulting net change for offices, industry and warehousing separately. Where the floorspace to be provided is not known, the study can look to make estimates.

5.2.3 The above is essential information, because in the next stage of the analysis it will be used to calculate the authority's identified land supply and compare it with the predicted demand over the plan period.

5.2.4 **Committed development sites** comprise the land supply currently identified by the planning system to accommodate change in B-class uses. It is a key purpose of the employment land review to compare this planned supply, or portfolio, with future requirements, to see if it needs to be increased, reduced or modified.

5.2.5 **Potential sites** are less clear but can include candidate sites. In addition, development proposals which are being promoted or marketed by developers, or mentioned in discussion by public bodies, but have no official planning status as yet may also be a consideration (for example Enterprise Zones). The final composition of potential sites is for the local authority to determine.

5.2.6 As well as 'pure' employment uses, the inventory of development sites should include sites proposed for mixed uses that include employment. The evidence base study should try to estimate the likely nature and amount of employment space that each mixed use is likely to include. A minimum and maximum floorspace range can be estimated, which can feed into best-case and worst- case supply scenarios as discussed later.

5.2.7 In some places, intensification of development or extensions to existing businesses may be an important source of new employment floorspace. This may take the form of redevelopment or new development, filling gaps in existing employment sites or areas.

Storing and Monitoring Inventory Data

5.2.8 Whatever method is used to establish a site inventory the information collected should be stored in a database, preferably linked to a geographical information system (GIS) to record site boundaries details. On going maintenance of such a database will contribute to the monitoring process.

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5.3 Step 2: Preparing a Qualitative Appraisal

5.3.1 The evidence base study can look to provide qualitative appraisals both for development sites and existing employment sites. For development sites, the appraisal will help determine whether they should be identified for B-class development in the new development plan. For existing employment sites, it will help determine whether the plan should safeguard the sites for their current employment uses, or alternatively whether some are no longer suitable or needed for employment and should be released for alternative uses.

5.3.2 In undertaking a qualitative appraisal of existing employment sites LPAs should consider using the following assessment criteria:

- Accessibility (road connectivity, public transport and other modes of access) and Sequential Location (a centres first approach where appropriate)
- Internal environment (positive and negative characteristics within the site curtilage).
- Surrounding external environment (positive and negative characteristics outside the site curtilage).
- Local opportunities (demand for uses?).
- Constraints
- Viability
- Identify Policy considerations.

5.3.3 These criteria are explained in more detail below. Two examples of site appraisal templates covering Development Sites and Existing Employment Sites are set out in Appendix 1.

Market potential

5.3.4 Market potential is the likelihood that a site, if offered to the market for an employment use, would be occupied or re-occupied for that use within a reasonable time. For this, a vacant or derelict site would first have to be developed to provide usable buildings. On a site where there are vacant buildings, these buildings may be re-occupied as they are, or there may be redevelopment or refurbishment to provide new space. In relation to a site that is currently occupied, the question is whether, should the present occupiers leave, the site would be brought back into its previous use. Again, this could happen through redevelopment or refurbishment or simply through re-use of existing buildings.

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5.3.5 What constitutes a reasonable time will vary with individual circumstances. A large strategic site may legitimately take a long time to deliver, with development starting after a number of years and possibly continuing beyond the plan period. For smaller sites it may not be considered reasonable to keep land vacant for long periods (5, 10 or 15 years) in the expectation that demand for employment uses will materialise when indicators suggest otherwise, and in such cases local planning authorities should seek to deliver changes to the development plan's allocated land supply through the 4 year review process wherever possible (although the LDP Annual Monitoring Process should also trigger early consideration of a sites particular use). As noted earlier, methods for appraising market potential will vary between places and market sectors. But five broad criteria will generally be relevant:

i. Accessibility and Sequential Location

5.3.6 The appraisal may consider accessibility both in relation to roads and public transport. As regards accessibility by road, a site assessed as good will be well connected to the primary road network, and good secondary access from that network to the site.

5.3.7 Connectivity by road is an important (but not sole) consideration when assessing a site's accessibility to labour markets and the ease with which goods can be distributed to and from manufacturing and distribution facilities. In relation to offices, sites which are readily accessible to labour will have greater appeal than more isolated opportunities. For industrial uses, the main issue is the transport of goods rather than people; goods vehicles should be able to access the site efficiently and without causing disturbance in residential areas. Strategic distribution warehousing typically needs to be close to motorways or primary routes.

5.3.8 Accessibility by public transport is particularly relevant to large office developments, which employ large numbers of people, and to urban areas. A site assessed as good will have a railway station or bus stop in easy walking distance, with frequent services throughout the day. The range and frequency of services are important factors. In the distribution sector, goods may be transported by rail or water, and operators that use these modes will need to be near specialist freight facilities.

5.3.9 PPW establishes the principle of a sequential test in relation to town centre related uses and this has direct relevance to the location of economic land uses. Technical Advice Note 23 Economic Development indicates that when identifying land for economic uses in development plans, or when determining applications, LPAs should seek to replicate this method. LPAs should consider in their qualitative appraisal whether a particular site is in general accord with this approach. First preference should be for sites within settlement boundaries, then edge of settlement sites and finally sites in the open countryside. LPAs should apply judgement depending on the nature of the economic use and its applicability to a particular location.

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ii. Internal environment

5.3.10 A site assessed as good under this criterion will be flat and regular-shaped. An industrial site should have easy vehicle access, including for goods vehicles – which may be small vans, large vans or HGVs – and space for servicing. Larger sites, and those destined for higher-value uses, may be visually prominent, screening and landscaping may be factors in attracting end users.

iii. External environment

5.3.11 A site assessed as good on this criterion will be close to land uses which are similar to, or compatible with, its proposed employment use. If a general industrial site, for example, it may adjoin other industrial uses and be removed from residential areas. If a science or technology park, it may be close to a higher educational or research establishment. Generally, the visual quality of the surroundings has a more significant bearing in office than industrial markets. Attractive outlooks and freedom from noise and other disturbances are pre-requisites of a good quality office scheme. Proximity to facilities – shopping, restaurants, banks etc – may also be important, as is availability and speed of broadband connectivity.

iv. Local opportunities

5.3.12 A site is more likely to be taken up if the commercial property market in its immediate locality is experiencing high demand, and or land supply is limited, or if it benefits from particular opportunities. For example, there may be known interest from a particular sector or any individual large occupier, or supply-chain opportunities created by a large company moving in nearby. Conversely, a site's prospects could be adversely affected by an oversupply of space in the locality or the economic aftermath of a plant closure, for example. The site appraisal should take account of such factors, whether positive or negative.

v. Constraints

5.3.13 Development site appraisals should consider any supply-side obstacles which stand in the way of the site being taken up. Constraints may be physical, such as ground conditions, land contamination, flood risk or inadequate transport infrastructure. They may also be institutional such as multiple ownerships or unwilling landowners. To relieve constraints, the developer may have to incur abnormal costs (piling, decontamination, flood defences), which mean that values have to be higher to make development viable. Alternatively the solution may depend on the public sector or utilities providers, for example to build new roads or expand service capacity. The best-rated sites will be those that are immediately available for development, without significant abnormal costs. The worst-rated sites are those where relieving constraints needs investment beyond what the market can deliver, and the necessary public intervention is not available.

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vi. Viability

5.3.14 The categories above appraise a site's viability in the broadest sense. However, as part of the process of assessing an LDP's site allocations the LPA through its Employment Land Review may choose to undertake a study of employment site financial viability. There are numerous models available to do this which may be conducted at either a higher level dealing with general development viability, or at a more detailed site specific level. Typically financial viability models will establish a threshold land value based on local information, which a local landowner would be incentivised to sell at. This threshold could then be compared to a residual value at which a developer could afford to buy the land. Where residual value is higher than the threshold value, a development is likely to be considered a viable proposition.

5.3.15 Determining if a development is financially viable requires an assessment of the costs that a proposed development is likely to incur. These might include infrastructure contributions or other requirements which, when added to the normal development costs and mitigation, allow developers and landowners to receive a competitive return that enables the proposal to remain deliverable.

5.3.16 Under each criterion above the site assessment can also look to take account of any prospects for future improvement. There may be changes in the pipeline that will make the site more attractive or more viable, such as infrastructure investment or regeneration initiatives, or the study itself may identify opportunities for improvement.

5.3.17 In the site appraisal, both the different criteria and overall market potential may be formally graded, perhaps on a three-point or five-point scale. But the final score cannot be produced mechanically, by adding up or averaging the earlier scores. The issues are too complicated for that. To take a view on a site's market potential requires planning judgment.

5.3.18 One reason for this is that, although the same broad criteria are relevant to all employment land uses, they apply differently to different uses and in different places. For example, as mentioned earlier, good accessibility for a strategic distribution park might mean immediate motorway access; while for a small industrial estate it could mean a secondary road which is not too narrow or too congested.

5.3.19 In judging market potential, it is sometimes assumed that the best sites are the most prestigious ones, such as high-value office parks or science/research parks. But this may be wrong, depending on the balance of the property market in particular places and at particular times. In many areas prime office property and prestige sites are heavily oversupplied, while basic, fit-for-purpose industrial units in high demand are viable. Where the earlier market analysis shows this to be the case, sites in secondary locations, with relatively poor accessibility and prominence, may have greater market potential than prime sites. The translation from individual criteria scores to the overall assessment should be moderated to take account of this. Of course the LDP process should seek to remove or reallocate sites if oversupply is identified.

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5.3.20 The same criteria apply to existing employment sites. But for existing sites the assessment could also take account of the quality and condition of existing buildings. If a site is occupied by obsolete buildings (buildings which are redundant and no longer offer what the market requires), then it should be assessed similarly to a development site. In contrast, a site that still provides serviceable buildings may be viable at much lower rents, because the cost of providing it for employment use only needs to cover the management and maintenance of these existing buildings. This needs to be taken into account when individual criteria are translated into overall market potential. Many existing employment sites which could not be viably developed today are perfectly viable as going concerns - provided we leave aside 'hope values' based on the possibility that the site may be released for higher- value uses.

vii. Policy considerations

5.3.21 Under this heading, the site appraisal can consider both positive and negative impacts of employment use on a site.

5.3.22 The appraisal can also identify any special contribution that employment uses may make to development plan policy objectives: for example:

- Economic supply-side benefits from clustering, technological progress or innovation.
- Social benefits from jobs and physical regeneration in disadvantaged areas.
- Environmental benefits from supporting low-carbon industries, and more widely from spatial strategies that reduce travel by car.

5.3.23 In relation to existing employment sites, negative impacts often relate to residential amenity, particularly where industrial uses are close to housing or other sensitive uses. This may be a key argument in favour of releasing sites to other more acceptable uses. In relation to new development, there may be adverse impacts on nature conservation, flood risk, landscape and many other issues. These issues relate to development in general, rather than economic development in particular, and are considered in many sections of PPW and in various TANs. The employment land review may identify these issues, based on environmental designations and existing technical evidence.

5.4 Step 3: First-Draft recommendations

5.4.1 Based on the site appraisals, assessments of market potential and policy contribution the study can provide an initial recommendation on each site. For existing employment sites/areas, this will say whether:

- it should be safeguarded for its current or previous employment use, perhaps subject to market testing;
- it may be considered for release to other uses depending on the overall supply-demand balance and on market conditions at the time;
- it should be released for other uses.

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5.4.2 Allocated sites and potential development sites may be similarly divided into those that should definitely be identified for an employment use, those that may be identified, and those that should not be identified for employment.

5.4.3 The preliminary recommendations on sites will need to be taken into account when finalising the portfolio of sites taken forward into a development plan, informed by an analysis of future land requirements. This is the subject of the next chapter.

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Chapter 6 – Preparing a Local Evidence Base – The Employment Land Review – Calculating Future Land Requirements

6.1.1 To determine an LDP's employment land requirement, local planning authorities should establish a methodology to estimate future demand. This practice guide discusses the following methods:

Method 1 – Past Building Completions

Method 1 uses the average annual completions rate for B1, B2, and B8 employment land for a previous period in order to project future requirements over the life of the LDP.

Method 2 – Labour Demand Forecasting

Method 2 involves acquiring employment growth forecast data for relevant Standard Industrial Classification (SIC, 2007) activity sectors, assigning sectors to B use classes and then converting jobs to floorspace.

6.1.2 These methodologies are common approaches to estimating future demand for employment land and whilst typically used by LPAs in their ELRs at a local level can also be applied to larger than local scale employment land studies.

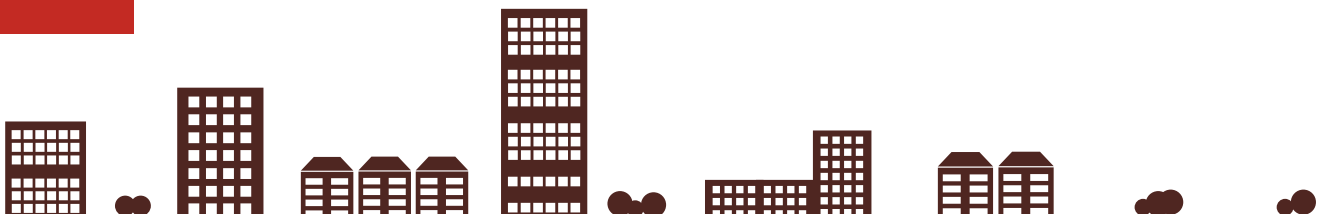
6.1.3 The decision about what method or methods to use lies with the LPA or group of authorities. Each method is described in more detail in the sections below. These methods are not the only approach to estimating future land demand, but whichever model is used the authority should be able to justify why it is the preferred approach.

6.1.4 A dual approach is recommended where sufficient data is available, where forecasting models are used in conjunction with past completions to allow alternative outcomes to be compared. LPAs may also seek to develop multiple scenarios reflecting different approaches to growth and future uncertainty to enable a more balanced consideration of employment land requirements.

6.1.5 Past completion data will normally be provided by local planning authorities, and whilst local authorities may also have the skills and resources to develop their own forecasting models some will choose to commission consultants to provide data and/or analytical expertise. Neither past completions nor forecasting methodology is perfect, both can yield inaccurate results depending on the extent to which future uncertainty influences actual demand and supply.


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6.2 Method 1 – Past Building Completions

6.2.1 Past completions methodology includes the following steps:

- 
- Step 1: Sum the past completions for B1, B2 and B8 use classes
 - Step 2: Calculate the average net annual completions for each use class
 - Step 3: Project the average net annual completion over the study period
 - Step 4: Consider the use of alternative scenarios to address higher or lower growth outcomes

6.2.2 Past completions reflect both market demand for employment land and actual development on the ground. Technical Advice Note 23 also supports the use of past completions where sufficient data is available. The results can then be projected in to the future over the life of an LDP giving an estimate of annual and total land requirement (see Tables 1 and 2, Appendix 4).

6.2.3 The strength of past completions lies in the availability of robust past data, collected over a credible length of time, preferably 5 years or more. Shorter periods of recorded data may generate less accurate projections with potential consequences for an LDPs economic development strategy and land allocation. The effects of data collection over shorter periods are likely to be more acute where the economy has experienced exceptional periods such as boom or recession. Whilst peaks and troughs are likely to be 'smoothed out' where more data is available, even with 10 years of information, there is no guarantee that projections will accurately reflect future land requirements. Regular monitoring of economic conditions through LDP Annual Monitoring Reports and the 4 year review cycle will be important to determine whether projections remain realistic, and a plan's objectives stay appropriate.

6.2.4 LPAs can reflect on conditions which have generated past completion rates and give consideration to the potential impacts of known or predicted economic or policy affects on future land requirements. After long periods of recession an LPA should consider planning for an upturn in the economy and the possibility of future employment growth and increased demand for land. Where there is a lack of past evidence an LPA may conclude that using past completion data is not appropriate and that an alternative method, such as labour demand forecasting (which is dealt with under Method 2 below) would be more effective.

6.2.5 In addition to the time period over which past data is collected, the period over which the actual projection is made is similarly important. Any future uncertainty is likely to be magnified the further away from the base date the projection period extends. Typically projections will look 15 to 20 years ahead to cover LDP periods.

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6.2.6 Past completions methodology can also be applied to larger than local areas for a more strategic view of employment land requirements. However, for this to be practical constituent LPAs will need to have access to similar levels of data for consistency and comparative purposes.

Developing Alternative Scenarios – Lower and Higher Growth Rates

6.2.7 In estimating future demand for employment land an LPA may consider it prudent to establish alternative scenarios to address circumstances where future growth rates may be either lower or higher than the current average past completions suggests. By doing this the LPA can identify an upper and lower range of possible future demand. Where actual past completions have remained stable over a long period the resultant projected demand may be considered a reasonable prediction at that point in time to the best of the LPAs knowledge. However, if over the past completions period the local economy has been subject to significant growth and/or decline at particular times, then this may distort the data series possibly increasing the risk of inexact conclusions. Reasons for this could include prevailing economic conditions such as boom or recession, or because of a specific event taking place such as an unusually large employment investment. One method of developing lower or higher demand scenarios, in respect of either of the circumstances outlined above, is to remove the highest or lowest annual past completions figures (statistical exceptions) in the data series so that the annual average rates (and therefore total projected floorspace) either increases or decreases over the development plan period. Table 3 in Appendix 4 shows an example of how this may look.

6.3 Method 2 Labour Demand Forecasting

6.3.1 Forecasting is perhaps the most common method for establishing future demand for employment land. This practice guide discusses Labour Demand Forecasting which can be used in conjunction with, or as an alternative to past completions.

6.3.2 Forecasting, like past completions, has its limitations. This is largely due to uncertainty over long time periods, and also where forecasts relate to smaller areas such as local authorities. Forecast accuracy may be more effective for larger geographical areas, for example larger than local levels. This practice guide assumes that the LPA has access to employment data either generated internally or via a business specialising in providing forecast data.

6.3.3 Employment land reviews using forecast methods may wish to test alternative demand scenarios, both to improve technical accuracy or to incorporate policy aspiration and the impact of future policy intervention. For this analysis, it is very important to understand the assumptions and methods used in the original employment forecast, for example with regard to housing and population – which are key inputs in some economic forecasts. If these methods and assumptions are not known, the scenario testing may double-adjust for factors

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which are already in the forecast, or fail to adjust for factors which are not in the forecast but perhaps should be. Labour Demand Forecasting includes the following steps:

- Step 1: Translate jobs by sector into jobs by land use (Use Class) to estimate the numbers of jobs that will be based in industrial property, warehouses and offices.
- Step 2: For each of the employment land uses, translate jobs into floorspace using employment densities (floorspace per worker).
- Step 3: Translate floorspace into land areas using development densities (plot ratios). Plot ratios can be highly variable, especially for offices, consideration should be given to the results of both floorspace capacity and to land areas.

6.3.4 In relation to employment land, the results of this calculation are best understood as estimates of the effective market demand for land i.e. the amount of land that would be built on if the planning system did not manage land supply. How the planning authority responds to these estimates depends on its policy objectives and its development capacity:

- An authority that has plentiful capacity and aspires to high economic growth might choose to provide land in line with the best-case forecast or even above it, to make sure that no opportunities are missed.
- All LPAs should aim to provide sufficient land to meet market demand, but work jointly to establish the most effective distribution of that land. However, if an authority is having difficulty in fully meeting this demand due to exceptional and severe constraints, then they should seek to mitigate the implications of this by working with neighbours via the larger than local process (see Chapter 2), determine and agree how surplus demand can be directed to other locations to maximise economic efficiency and sustainability objectives (PPW paragraph 7.1.5).

6.3.5 Both these approaches should be justified by appropriate evidence in an LDP.

6.3.6 Labour demand forecasts and land provision targets are not the same thing. Provision targets are the result of considering multiple factors that may influence the demand forecast. As a provision target, the planning authority may choose to use either the central (standard) forecast, or higher or lower growth scenarios, as mentioned previously under past completions, depending on its approach to risk. It may also set its target lower or higher than any of the scenarios, depending on its policy objectives, sustainable land supply capacity and relationship with neighboring authorities.

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6.4 Step 1 – Translating economic sectors into land uses

6.4.1 Labour demand forecast data is provided using Standard Industrial Classification (SIC) codes that define different types of business activity sector. Each classification shows the projected change in employment in those sectors over the plan period. By separating these classification codes between B1, B2 and B8 land uses and dividing estimated numbers employed by average floorspace-to-worker density it is possible to convert the resultant estimates into gross floorspace.

6.4.2 To translate SIC employment sectors in to B-class land uses, each classification is assigned an appropriate use class (B1, B2, B8). Generally the more refined the data is, the more accurate the outcome is likely to be. LPAs should make reasonable assumptions to allocate a sector to a use class. Such a refined method was developed over a series of employment land reviews and tested in a large-scale study of the Yorkshire and Humber region in 2010.³ An example of how the SIC codes can be assigned to use classes is shown at Appendix 2.

Merging Manufacturing with Warehousing and Distribution

The line between production space (factories and workshops) and warehousing is often blurred. This is because manufacturing and warehousing occupy the same kinds of buildings, many units combine both functions in proportions that vary over time, and smaller buildings are allowed to shift between the two without planning permission.

In setting total land provision targets, factories, workshops and warehouses, can be merged into a single 'industrial' category (in the SIC table 'industrial' will also include some B1 research and development and B1c light manufacturing). B2 and B8 uses operate at similar employment densities, except for very large units including strategic warehousing. In areas where B8 uses form a significant part of the stock, these large units should be allowed for separately. Office uses are covered by the remaining B1 categories.

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³ Roger Tym & Partners (now Peter Brett) with King Sturge for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, March 2010

Taking in to Account Office Use within Industrial Uses

Some of the jobs shown in the SIC table in Appendix 2 that are allocated to industrial space are in fact in offices. These jobs could be in administration, sales and marketing functions of industrial and related businesses.

A construction or plumbing business, for example, may incorporate an office that deals with orders, appointments, and recordkeeping. In some cases this will be ancillary to an industrial unit and therefore not count as office space, but in other cases it will be free-standing. If the business is small, the office may be its only premises.

For larger than local areas, this is too small a proportion to distort land provision targets. Employment land reviews may aim to correct these distortions, using local knowledge to adjust the relationships.

6.5 Step 2 – Translating jobs into land using floorspace to worker ratios

6.5.1 The next step in demand forecasting is to translate jobs into employment floorspace, using average floorspace-to-worker density ratios. A study carried out in the Yorkshire & Humber⁴ study provides a wide-ranging review of earlier evidence on these ratios, together with a detailed survey of that region and analysis on all UK countries and English regions. Based on this evidence, it is estimated that current average floorspace per worker across Wales is:

- Offices 16 sq. m. per worker (net internal area).
- Industrial (production and warehousing) 67 sq. m. per worker (gross internal area).

Both figures relate to all workers, rather than full-time equivalents.

6.5.2 For offices, the evidence suggests that floorspace per worker is fairly constant across regions, at around 16 sq. m. (net internal area) per worker.⁵

6.5.3 Assumptions about employment densities are a matter of judgment and local knowledge. It is advisable to measure a range of densities to test alternative scenarios.

6.6 Step 3 – Translate Floorspace into Land Areas

6.6.1 At the final stage of forecasting demand, floorspace will be translated in to site areas. Most development plans will identify land requirements in hectares. However, it should be noted that plot ratios – the sq. m. of floorspace that can

⁴ Roger Tym & Partners (Peter Brett) with King Sturge for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, March 2010

⁵ Much of the bottom-up evidence is reviewed in the London Office Policy reports published at two year intervals by the Greater London Authority (GLA). See for example Ramidus Consulting with Roger Tym & Partners (Peter Brett), London Office Policy Review 2012, September 2012

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be delivered on a hectare of land – vary widely, especially for offices. The plot ratio for city or town centre offices, places where land supply is particularly constrained, sites close to public transport nodes and certain new settlements without car parking or landscaping can be many times above that of a traditional out-of-town business park. If the study uses fixed plot ratios, it will not be able to take account of these variations and it will not properly estimate the potential impact of intensification on the demand for land.

6.6.2 For industry, warehousing and out-of-town offices, where no more accurate information is available, a default plot ratio of 40% (4,000 sq. m. of floorspace per ha of site area) can be used. However as explained above some plot ratios could be considerably higher.

Determining Gross Demand for Employment Space Using Labour Demand Methodology

6.6.3 After net demand for employment is established using the method described in sections 6.4–6.5 above, the local planning authority will need to predict gross demand for land. Table 4 (Appendix 4) presents an example of how to calculate gross demand i.e. the total amount of land that the market requires for employment. To do this the local planning authority will need to add to net demand any land lost to employment (referred to as negative commitments), for example where industrial sites cease to be required for industrial purposes and are used or reallocated for alternative uses such as housing. Gross demand in the example in Table 4 relates to office floorspace (separate calculations should be carried out for office and manufacturing/warehousing) and is calculated as follows:

$$191,000 \text{ sq. m} + (-18,000 \text{ sq. m}) + (-2000 \text{ sq. m}) = 171,000 \text{ sq. m}$$

6.6.4 Future demand scenarios – both net and gross – may be compared with past completions. This comparison may give a useful indication of how credible the forecast is, and might provide the basis of an alternative lower or higher growth scenario to be tested in the demand supply analysis.

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6.7 Labour Demand Forecasting – Assessing the Market Balance and Gross Supply

6.7.1 After gross demand is calculated, the LPA will need to establish its employment land supply in order to determine how much new employment land needs to be allocated. To assess the future balance of the market requires the sites inventory and appraisal prepared earlier to be compared with the total projected land requirement of the LPAs preferred method; in this section the labour demand forecast. Separate 'balance sheets' are needed for office and industrial/warehouse space. Using these calculations, and iterating between alternative scenarios both on the demand and supply side, the study should advise on the total land provision target, site-specific decisions and criteria-based policies.

6.7.2 Table 5 (appendix 4) illustrates one way of laying out the demand-supply balance, using a hypothetical example.

6.7.3 As well as committed and potential development sites, the calculation above takes account of the market balance at the base date (the start date of the plan), measured by the amount of vacant space at that date. For this, it starts by assuming a normal or equilibrium vacancy rate, typically around 7.5%. Any vacant space on the market over and above that normal rate is entered in the table as a positive amount, showing that there is surplus capacity in the existing built stock. Conversely, if the actual vacant and available space is less than 7.5%, the resulting deficit enters the calculation as a negative number. This shows that the market is undersupplied and additional space is needed to balance it.

6.7.4 The calculation also needs to build in the net change in employment land (gains minus losses) between the base date and the date of the employment land review. This is also shown in the example in Table 5 – Employment Land Demand and Supply (Appendix 4).

Enough Land to Meet Needs in the Immediate Future

6.7.5 The study should allow for choice and competition in the demand/supply relationship. Whilst not a formal arrangement authorities may wish to consider setting an objective that at any one time they have enough available (unconstrained) land to meet the gross provision target for each employment use for a set period of time (in years) to ensure that a continuous, sufficient supply will be available.⁶

⁶ The Yorkshire and Humber report quoted earlier provides a detailed discussion of different approaches to choice, competition and friction.

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Uncertainty and Constraints – Windfall Sites

6.7.6 It may be helpful to create alternative scenarios to explore the range of uncertainty regarding future supply. Thus, the study may test alternative assumptions about potential future windfalls, (this relates to forecasting rather than past completions) especially opportunities for redevelopment and intensification, bearing in mind that employment-to-employment redevelopments are seldom identified as formal allocations in development plans. Alternative scenarios may also test the implications of those committed sites which are subject to constraints not coming forward in the planning period.

6.8 Next Steps

6.8.1 The next step in the analysis is to compare demand and supply under different scenarios, drawing conclusions about total quantities of land for business/offices, industry and warehousing. This aggregate analysis will show, under different sets of assumptions, whether there is a need for more land to be identified, or alternatively if some land already in use or allocated for employment may or should be released for other uses.

6.8.2 After the study is completed authorities should undertake monitoring of planning permissions and actual development to support future building completions analysis and to obtain an accurate picture of changing land supply. Based on these data and the long-term demand forecast in the ELR, the supply-demand balance should be rolled forward annually and the results used to inform the LDP and planning decisions.

6.8.3 The output of this final stage of analysis could be a summary of the demand-supply balance for different employment land uses, differentiating between parts of the study area as appropriate, and exploring the implications of alternative assumptions and key policy choices. Depending on these assumptions and choices, the analysis will show where there is a surplus or a deficit of land identified for employment, and hence where additional land should be identified, or conversely existing or committed employment sites are likely to be surplus to requirements.

6.8.4 In drawing conclusions on the demand-supply balance, the study should bring together the quantitative analysis above with qualitative considerations taken from earlier analyses, including the policy and economy sections and the market profile. In drawing conclusions, the study can consider both the quantity of land – to see if the identified supply is providing too little or too much – and its qualitative features, to see if it is providing the right kinds and mix of sites.

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6.8.5 The study might also wish to advise on how land provision could be distributed across local markets within the local planning authority; or alternatively, in a regional study, across the constituent LPAs as described earlier in this guide. Much of the demand for land is footloose within regions, and the planning system should look to steer development to the most sustainable locations across administrative boundaries.

6.8.6 At the end of this stage, and preparatory to drawing final conclusions from the study, LPAs should consider undertaking a consultation event with specialists that tests the study's emerging findings and recommendations (this would be a relatively small scale exercise prior to any LDP consultation). Stakeholders might include property developers, landowners and agents, representatives of occupier businesses and public agencies.

6.9 Further Issues to Consider

6.9.1 Following the conclusion of the Past Completions and/or Labour Demand methodology other adjustments to the figures may be necessary. LPAs may be aware of other factors which are likely to exert an influence on the future land requirement and where possible should include these in any adjustments too.

Safety Margins

6.9.2 The use of an employment land 'safety margin' by LPAs (additional to the estimated future land requirement) may be useful as it allows for flexibility in provision, an element of developer choice, alternative land where delays are experienced bringing forward sites, as well as accounting for errors in estimating future supply.

6.9.3 The size of any safety margin employed is for the planning authority to determine and to justify. Safety margins should be realistic and not result in over allocation. A safety margin could also be applied to any alternative scenarios such as those described above.

Further Issues to Consider

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Chapter 7 - Policy Options, Recommendations and Monitoring

7.1 In bringing the Employment Land Review to a close, the following steps can be followed:

Step 1: Policy options

Step 2: Policy Recommendations

Step 3: Monitoring and recording



Step 1: Policy options

7.2 Combining the demand-supply analysis from Chapter 6 with the qualitative site appraisal conclusions from Chapter 5, this concluding section may identify two or three broad policy options for employment land in the area. The options may be based on the demand-supply scenarios discussed earlier, and shed light on the major choices and trade-off that the analysis has revealed. They may be tested through sustainability appraisal at later stages in the planning process.

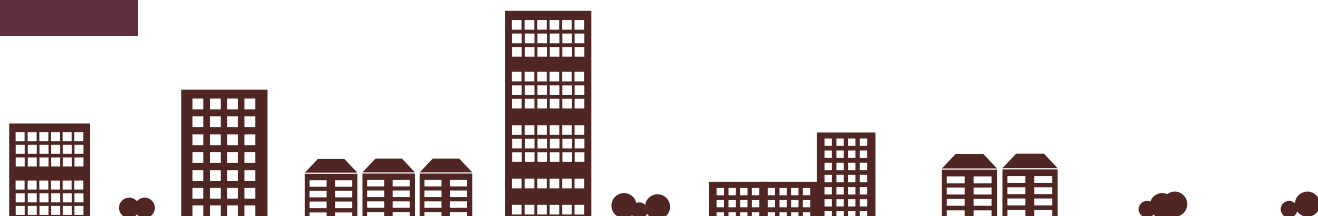
7.3 For an area where demand is buoyant and land supply is tight, the options might include:

- i. Meet the best-case forecast demand in full – would require some incursion into Greenfield and rigid safeguarding of all existing employment sites, including bad neighbour industries (developments likely to raise amenity issues beyond immediate neighbours due, for example, to noise, smell, hazard, and traffic movement) and sites which are comparatively low-quality – though well occupied, because of the shortage of space in the area.
- ii. Meet demand through a different route – identify land for a new urban business park on surplus industrial land on the edge of a town centre. This would require considerable intervention to assemble land, relocate existing occupiers and so forth. Some of the site would be developed for mixed use, to fund infrastructure.
- iii. Meet demand using sites outside the LPA boundary - by collaborative working with neighbouring authorities and establishment of joint evidence bases (through the larger than local process) consider whether alternative sites exist outside local boundaries which exhibit preferable characteristics in terms of economic efficiency and sustainability. Careful consideration of the possible implications of limiting supply locally and any mitigation measures would need to be taken into account and clearly justified through the LDP process.

7.4 Depending on its findings and authority's preference, the ELR may recommend a definite policy stance rather than alternative options.

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Step 2: Policy Recommendations

7.5 Having set out a broad policy stance, or alternative stances, the concluding chapter of the study may wish to draw on specific policy implications, under five headings:

- i. The quantity of land, setting out:
 - the total land provision that the area should aim for, by land use, district and time period (net change);
 - for a regional area, the allocation of that total between districts.
- ii. Site-specific policies/allocations, advising on:
 - existing employment sites;
 - committed development sites;
 - any new sites to be allocated for employment.
- iii. One or more criteria-driven policies to cover those sites which will not be identified individually in the plan.
- iv. Other policies, especially proposing positive intervention to encourage growth and development and help bring forward sites.
- v. Monitoring and review.

7.6 Where the study recommends that new employment sites be identified, it should be careful not to pre-empt later stages of the planning process. After completion of the ELR, more potential sites may come forward, and there will be more advanced testing of proposed allocations, providing more detail on site-specific issues like development constraints. Pending this more detailed consideration of individual sites, it may be appropriate for the study to recommend areas of search, rather than specific employment sites.

7.7 One issue that policy needs to address is the demand for 'non-employment uses' – that is, non-B – uses in employment areas. There are many proposals in industrial estates for places of worship, gyms, nurseries etc, partly attracted by relatively low land prices. This may be appropriate in some circumstance, but it must also be remembered that the jobs provided by a church or gym do not count against the B space requirement estimated in the employment land review. Therefore, if part of the land supply allocated for B space uses is developed for a church or gym, if the target for B class uses is to be met then equivalent capacity for B space uses should be made available elsewhere.

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Step 3: Monitoring and Review

7.8 The final section, on monitoring and review, can look to assess the authority's existing arrangements for collecting and analysing monitoring data, and advise on any improvements needed. Frequency of monitoring or review is for the local planning authority or authorities to decide. Authorities may wish to continuously or annually monitor all changes involving gain or loss of employment space, comprising:

- Planning allocations and permissions.
- Development (implementation), based on construction starts, completions or both.

7.9 Monitoring records might look to:

- Cover both floorspace and land area.
- Cover both gains and losses.
- Distinguish between the different employment land uses as discussed earlier.
- Include monitoring of market signals, such as vacancies, rentals or values and development viability for different employment uses in different parts of the authority.

7.10 Reviews of the whole evidence base, both larger than local and local studies, will most likely reflect the 4 year development plan cycle; however an earlier review might be considered if certain employment land related targets are not being achieved and are identified through the LDP Annual Monitoring Report.

7.11 This data can inform planning decisions, and in due course can feed into the next evidence base study and LDP review.

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Chapter 8 – The Economic Vision

8.1 The Economic Vision may start out as a draft at the beginning of the evidence gathering process but is likely to be shaped by the outcomes of the study as it progresses and is eventually incorporated in the draft LDP. Paragraph 7.5.1 of PPW requires among other things that:

‘Development plans... using [the] evidence base, as far as is practicable, should set out an economic vision for the area, including a broad assessment of anticipated employment change by broad sector and land use’.

8.2 A draft vision should be underpinned by economic evidence. As well as future employment change, the vision might include:

- A view on the balance of jobs and workers over the plan period, linking housing and employment policies.
- Wider economic objectives that planning can help deliver, for example priority locations for growth and regeneration.

8.3 In considering these and other issues, the study may wish to take as its starting point the authority’s current economic objectives and strategies, as summarised in the earlier policy review. It should determine where these existing strategies have implications for land-use planning and take forward these implications into the development plan.

8.4 However, as noted earlier, there may be gaps in existing strategies, especially where authorities do not have an up-to-date economic development strategy. There may also be gaps in supporting evidence, which need to be filled before wider economic visions are translated into planning policy. For example, the authority’s existing economic forecasts may be aspirational, showing optimistic expectations about total growth or priority sectors such as knowledge industries. Such policy-led scenarios are useful for some purposes, but they may not be robust enough to pass the tests built into the planning system.

8.5 Where existing evidence is deficient in these ways, the economy evidence base might look to step in to repair it. These figures will be business-as usual scenarios, based on standard assumptions and broadly unchanged policy.

8.6 The standard forecasts should not be taken at face value. They should be reality-tested against historical information and local knowledge. Local employment statistics, being based on samples, are subject to significant margins of uncertainty. In some cases they also incorporate errors or anomalies. For example, certain employers may be placed in the wrong local authority area, or workplaces which are spread out all over the country may be attributed to a single head office. These inaccuracies are carried forward into the future by forecasting models. The evidence base study should correct them, albeit any adjustments are bound to be approximate.

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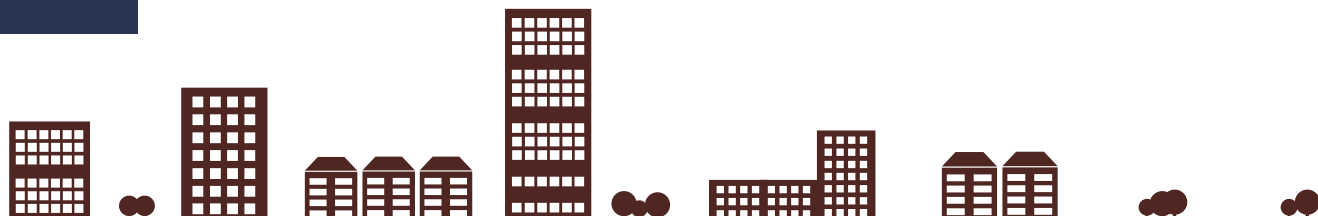
8.7 As well as technical errors, the standard assumptions may also be tested and amended to reflect different views about their underlying assumptions, the impact of policy changes, or both. Thus, the authority might aim for more growth than the forecasts show, or better alignment between workplace jobs and the resident labour force. But any alternative scenarios should be supported by evidence, not just aspiration. In particular, if policy interventions are expected to speed up growth, the study needs to specify the nature of these interventions and provide evidence on the scale of impact that they are likely to produce.

8.8 Another area where the study may need to reality-test previous strategies relates to cross-boundary issues. The evidence base study should briefly review the economic strategies of neighbouring authorities, including growth forecasts and major economic development initiatives, to identify any potential conflicts. Neighbouring authorities may be planning strategic developments that compete for the same markets. Or they may plan to create new jobs that 'recall' their out-commuters, while the places where these out-commuters work assume that they will keep coming. The evidence base study should identify such conflicts or inconsistencies and adjust expectations accordingly.

8.9 From the process of testing and scenario development, the evidence base study might end up with two or possibly three alternative employment scenarios, showing the range in which future change is likely.


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Appendix 1 – Appraisal Templates for Development Sites and Existing Employment Sites

Development Sites

ID	Name
	

Overview

Planning status	
Environmental designations	
Description of site	
Description of intended development	
Net site area, ha	

Proposed floorspace change

Industrial/warehouse	Gross gain sq m
	Gross loss sq m
Offices, sq m	Gross gain sq m
	Gross loss sq m
Other, specify	
	Gross gain sq m
Other, sq m	Gross loss sq m

Market potential for proposed use

Accessibility	Write
	Circle: Excellent 1 2 3 4 5 Very Poor

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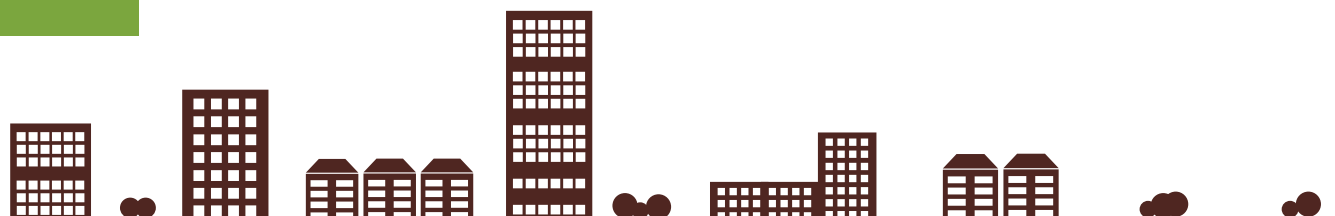
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Internal environment	Write
	Circle: Excellent 1 2 3 4 5 Very Poor
External environment	Write
	Circle: Excellent 1 2 3 4 5 Very Poor
Is development financially viable?	Write
	Circle: Yes Maybe No
Other factors – e.g. local market evidence, special opportunities)	Write
Does the site have a reasonable prospect of being developed as prosed?	Write
	Circle: Yes Maybe No
Other considerations	
Any adverse impacts of the proposed development on neighbours or the environment	Write
	Circle: No impacts Minor impacts Significant impacts
Is the site in demand/needed for alternative use?	Write
	Circle: Yes Maybe No
Any further comment	Write
Recommendations	
Recommendations on the future of the site	Write
Should the site be identified for its proposed employment use?	Circle: Yes Maybe No
Any other action	Write



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Appendix 1 – Appraisal Templates for Development Sites and Existing Employment Sites

Existing Employment Sites

ID	Name
	

Overview

Site type	
Planning status	
Environment designations	
Description	
Net site area, ha	

Existing floorspace

Industrial/warehouse, sq m	
Offices, sq m	
Other, specify	
Other, sq m	
% vacant	

Market potential for proposed use

Accessibility	Write
	Circle: Excellent 1 2 3 4 5 Very Poor
Buildings quality and condition	Write
	Circle: Excellent 1 2 3 4 5 Very Poor

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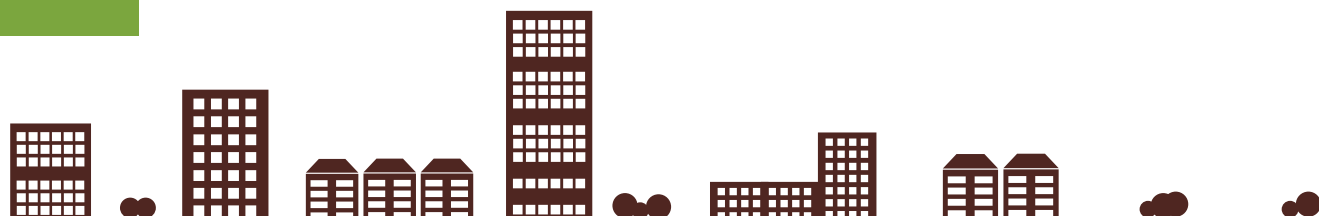
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Internal environment	Write
	Circle: Excellent 1 2 3 4 5 Very Poor
External environment	Write
	Circle: Yes Maybe No
Viable to maintain in existing use?	Write
	Circle: Yes Maybe No
Viable to redevelop for existing use?	Write
	Circle: Yes Maybe No
Other factors – e.g. local market evidence, improvement prospects special opportunities	Write
(If it fell vacant), would the site have a reasonable prospect of being re-used for its current/previous use?	Write
	Circle: Yes Maybe No
Other considerations	
Any adverse impacts of the existing/previous use on neighbours or the environment	Write
	Circle: Yes Maybe No
Is the site in demand/needed for alternative use?	Write
	Circle: Yes Maybe No
Any further comment	Write
Recommendations	
Recommendations on the future of the site	Write
Should the site be safeguarded for its current/previous use?	Circle: Yes Maybe No
Any other actions	Write

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Appendix 2 – SIC Categories Sector to Space Mapping

Industrial Sectors (Mostly B2)	SIC (2007)	Activities
Manufacturing	15-33, 95	<ul style="list-style-type: none"> • All manufacturing • Repair of computers and personal and household goods
Some Construction	43.2, 43.3, 43.9	<ul style="list-style-type: none"> • Electrical, plumbing and other construction installation activities • Building completion activities • Other specialised construction activities
Motor Vehicle Activities	45.2, 45.4	<ul style="list-style-type: none"> • Maintenance and repair of motor vehicles • Sale, maintenance and repair of motor cycles and related parts
Sewage and Refuse Disposal	37, 38	<ul style="list-style-type: none"> • Sewage • Waste collection, treatment and disposal activities; materials recovery
Employment Activities (part) 27	78	<ul style="list-style-type: none"> • Employment activities
Warehousing Sectors (B8)	SIC (2007)	Activities
Wholesale	46	<ul style="list-style-type: none"> • Wholesale trade, except of motor vehicles and motorcycles
Freight transport by road and removal services	49.41	<ul style="list-style-type: none"> • Freight transport by road

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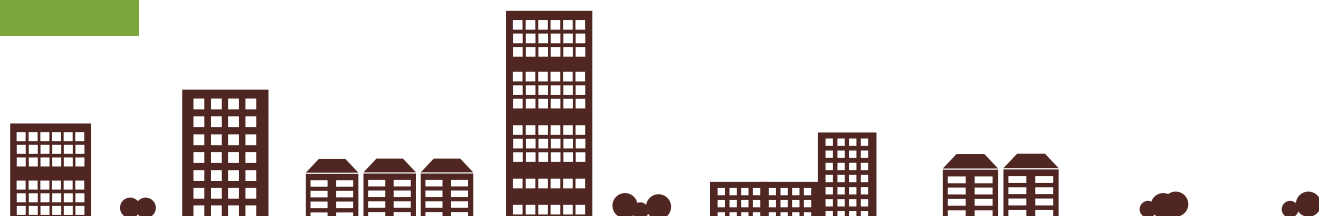
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Freight transport by road and removal services	49.42	<ul style="list-style-type: none"> • Removal services
Warehousing and support activities for transportation	52.10	<ul style="list-style-type: none"> • Warehousing and storage
Warehousing and support activities for transportation	52.21	<ul style="list-style-type: none"> • Service activities incidental to land transportation
Warehousing and support activities for transportation	52.24	<ul style="list-style-type: none"> • Cargo handling
Postal and Courier Activities	53	<ul style="list-style-type: none"> • Postal and courier activities
Office administrative, office support and other business support activities	82.92	<ul style="list-style-type: none"> • Packaging activities
Employment Activities (part)	78	<ul style="list-style-type: none"> • Employment activities
Office/Business Sectors (B1)	SIC (2007)	<ul style="list-style-type: none"> • Activities
Publishing activities	58.1	<ul style="list-style-type: none"> • Publishing of books, periodicals and other publishing activities
Motion picture, video and television programme production, sound recording and music publishing activities	59.11, 59.12, 59.13, 59.2	<ul style="list-style-type: none"> • Motion picture, video and television programme production activities • Motion picture, video and television programme post-production activities • Motion picture, video and television programme distribution activities • Sound recording and music publishing activities

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Industrial Sectors (Mostly B2)	SIC (2007)	Activities
Programming and Broadcasting Activities	60	<ul style="list-style-type: none"> • Radio broadcasting • TV programming and broadcasting activities
Computer programming, consultancy and related activities	62	<ul style="list-style-type: none"> • Computer programming activities • Computer consultancy activities • Computer facilities management activities • Other IT and computer service activities
Information Service activities	63	<ul style="list-style-type: none"> • Data processing, hosting and related activities; web portals • Other information service activities
Financial and Insurance Activities	64, 65, 66	<ul style="list-style-type: none"> • Financial service activities, except insurance and pension funding • Insurance, reinsurance and pension funding except compulsory social security • Activities auxiliary to financial services and insurance activities
Real Estate Activities	68	<ul style="list-style-type: none"> • Real estate activities
Professional, scientific and technical activities	69	<ul style="list-style-type: none"> • Legal and accounting activities
Activities of head offices, management consultancy activities	70	<ul style="list-style-type: none"> • Activities of head offices, management consultancy activities

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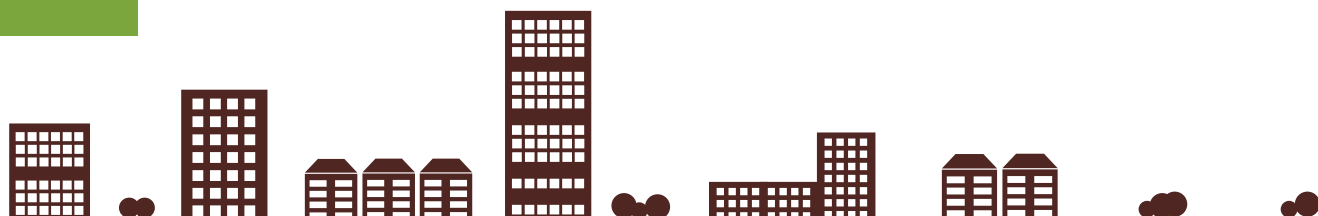
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Industrial Sectors (Mostly B2)	SIC (2007)	Activities
Programming and Broadcasting Activities	60	<ul style="list-style-type: none"> • Radio broadcasting • TV programming and broadcasting activities
Computer programming, consultancy and related activities	62	<ul style="list-style-type: none"> • Computer programming activities • Computer consultancy activities • Computer facilities management activities • Other IT and computer service activities
Information Service activities	63	<ul style="list-style-type: none"> • Data processing, hosting and related activities; web portals • Other information service activities
Financial and Insurance Activities	64, 65, 66	<ul style="list-style-type: none"> • Financial service activities, except insurance and pension funding • Insurance, reinsurance and pension funding except compulsory social security • Activities auxiliary to financial services and insurance activities
Real Estate Activities	68	<ul style="list-style-type: none"> • Real estate activities
Professional, scientific and technical activities	69	<ul style="list-style-type: none"> • Legal and accounting activities
Activities of head offices, management consultancy activities	70	<ul style="list-style-type: none"> • Activities of head offices, management consultancy activities

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	SIC (2007)	Activities
Architectural and engineering activities, technical testing and analysis	71	<ul style="list-style-type: none"> • Architectural and engineering activities; technical testing and analysis
Scientific R & D	72	<ul style="list-style-type: none"> • Scientific R & D
Advertising and market research	73	<ul style="list-style-type: none"> • Advertising and Market Research
Other professional, scientific and technical activities	74	<ul style="list-style-type: none"> • Specialised design activities • Photographic activities • Translation and interpretation activities • Other professional, scientific and technical activities nec
Renting and leasing activities	77.4	<ul style="list-style-type: none"> • Leasing of intellectual property and similar products, except copyrighted works
Employment activities (part)	78	<ul style="list-style-type: none"> • Activities of employment placement agencies • Temporary employment agencies • Other human resource provision
Security and investigation activities	80	<ul style="list-style-type: none"> • Security and investigation activities
Office admin, office support and other business support activities	82.1, 82.2, 82.3, 82.91, 82.99	<ul style="list-style-type: none"> • Office admin and support activities • Activities of call centres • Organisations of conventions and trade shows • Activities of collection agencies and credit bureaus • Other business support service activities

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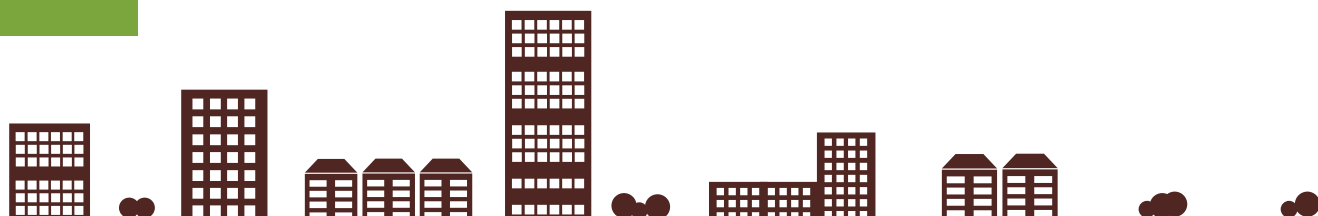


	SIC (2007)	Activities
Public administration and defence; compulsory social security	84.1, 84.3	<ul style="list-style-type: none"> • Administration of the State & economic & social policy of the community • Compulsory social security activities

NB: SIC 78, Employment Activities covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment.

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Appendix 3 – Larger than Local Economic Profiles – An Example of Key Indicators to include

- Demographics
 - Population structure
 - Population change
- In Migration/Out Migration
- Economic Activity Rates
- Economic Inactivity
- Employment by Sector
- Change in Employment by Sector
- Largest Employers
- Earnings
- Travel to Work Area Statistics
- Employment Land Past Completions
- Allocated Employment Land

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Appendix 4 – Calculating Past Completion Data and Labour Demand Forecasting

Past Completion Rates

Table 1 – Net average annual completion

Table 2 – Net completions after 15 years

Table 3 – Net building completions alternative scenarios

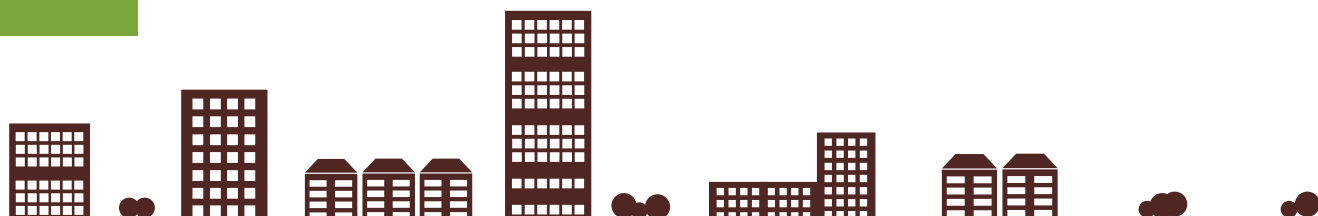
Labour Demand Forecasting

Table 4 – Calculating Net Demand for Office Floorspace – Labour Demand

Table 5 – Employment Land Demand and Supply

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Past Development Completion Rates – An Example

A local authority has 10 years of past completions data. This data needs to be projected forward over 15 years.

Table 1 shows the average annual net completions for employment use classes based on the 10 years of data.

Table 1 – Net average annual completion

Use	Net average annual completion (Sqm)
B1 Business	15,000
B2 Manufacturing	12,000
B8 Distribution	7,000
Total	34,000

If the local authority projects the average net completions forward over 15 years, a total of 510,000m² of employment land would be required as shown in table 2.

Table 2 – Net completions after 15 years

Use	Net completions after 15 years (Sqm)
B1 Business	225,000
B2 Manufacturing	180,000
B8 Distribution	105,000
Total	510,000

The local authority may wish to consider developing alternative scenarios to assess different future growth outcomes. Table 3 shows the consequences of such an approach and presents a range of estimated floorspace requirements. It is for local planning authorities to consider the method by which alternative scenarios are developed, and choices will depend on the information available.

If the past data is very distorted (for example due to unusually high or low growth) over most of the data collection period local authorities will need to consider how feasible it is to use past completions at all, as it may be difficult to determine a normal trend. This is a value judgment for the local planning authority to make.

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Table 3 – Net Building Completions – Alternative Scenarios (sq m)

Use	Take-up continues as before	Lower take-up (lower growth)	Higher take-up (higher growth)
B2 Manufacturing	12,000	8,000	16,000
B8 Distribution	7,000	3,000	9,000
B1 Business	15,000	11,000	19,000
Annual Total	34,000	22,000	44,000
Total all Uses	510,000	333,000	660,000

Labour Demand Forecasting – An Example

Table 4 explains how to calculate gross demand for floorspace. Row 2 shows the result of translating jobs in to land, which in this office sector example totals 216,000 sq. m. net. In Row 3 an amount is entered which represents the floorspace change that has actually occurred and has been recorded between the base date of the LDP and the start date of the forecast. This floorspace change needs to be deducted from Row 2 to give net demand for the period from the beginning to the end of the ELR study (Row 4).

Table 4 – Calculating Net Demand for Office Floorspace – Labour Demand

Employment Land Demand		
Row	Floorspace change sq. m.	
(1)	Demand	Sq m
(2) Forecast (LDP period)		216,000
(3) Local authorities	Floorspace change between LDP base date and date of ELR study	-25,000
(4) = (2) - (3)	Net floorspace change	191,000
(5)	Committed losses (sites allocated/ permitted for release to other uses)	-18,000
(6)	Further losses (estimate of additional land to be released for other uses)	-2,000
(7) = (4) + (5) + (6)	Gross demand	171,000

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To calculate net demand for land it is necessary to subtract any employment land that may be lost over the plan period (Rows 5 and 6). These losses include planning commitments, i.e. losses of employment land, which are a result of current planning permissions and allocations for other uses as well as estimates of possible future losses. A further component of future losses is likely to be windfall losses. The study might test the implications of different levels of loss, taking account of the qualitative site appraisal discussed earlier and also of the planning authorities' wider priorities.

Accounting for Loss of Employment Land to Non B Uses

Some replacement of losses (committed and further losses, rows 5 and 6 Table 4) of existing employment space to non B uses may be needed to ensure there is not a continual decline in employment land supply. However, it may not be necessary for the local planning authority to replace all of this land because some of it may reflect restructuring in the local economy, for example as less manufacturing space is needed in the future. Also, future losses may reduce as the overall supply of industrial sites reduces and those left are of better quality. The amount of land to replace will be for the local planning authority to consider.

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Table 5 – Employment Land Demand and Supply

Employment Land Demand and Supply		
Row	Floorspace change sq. m.	
(1)	Completions	Sq m
(2)	Net demand	216,000
(3) Local authorities	Floorspace change between base date of LDP and date of ELR study	-25,000
4) = (2) - (3)	Net demand	191,000
(5)	Committed losses (sites allocated/ permitted for release to other uses)	-18,000
(6)	Further losses (estimate of additional land to be released for other uses)	-2,000
(7) = (4) + (5) + (6)	Gross demand	171,000
(8)	Supply	
(9)	Surplus vacant floorspace	12,000
(10)	Outstanding permissions (gains)	40,000
(11)	Outstanding allocations (gains)	80,000
(12) = (9) + (10) + (11)	Committed gross supply	132,000
(13)	Forecast Market Balance	
(14) = (7) - (12)	Over (+) / Under (-) supply	-39,000

The final figure of -39,000 sqm in Table 5 is therefore the difference between demand and supply. The prefix '-' signifies an undersupply of land in relation to demand, which the LPA will seek to address.

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