

BTP2



Local Development Framework

Central Lancashire Core Strategy

Employment Land Requirements

Background Topic Paper

December 2010



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EMPLOYMENT LAND REQUIREMENTS

The purpose of this Background Topic Paper is to explain how the employment land requirement need figures in the Publication Core Strategy were arrived at.

Executive Summary

- The North West Regional Spatial Strategy (RSS) has sub-regional (county area eg pan-Lancashire) employment land provision requirement ('need') figures applicable to the 2005 to 2021 period. The latter year being the intended end date of the RSS.
- The need figures were calculated taking account of past take-up rates (pre – 2005) of land developed for employment (B class) uses. The annual average take-up rate for each sub-region was projected forward to 2021 and supplemented by a percentage increase in take-up based on an assumed level of future economic growth specific to each sub-region. Additionally an optional 'Flexibility Factor' could also be applied to the figures if there are special circumstances to consider locally.
- The RSS indicated that the Regional Planning Body (which became known as '4NW') would work with local planning authorities to derive what each District/Unitary Council area's share of the relevant sub-regional figure should be.
- In 2009 4NW officers started the process of working with Lancashire authorities in this way by basing their calculations on two alternative methods, to collect more up to date (than RSS), take-up data. One of these methods was to use take-up returns sent to 4NW by the local authorities using data from their own monitoring records. The other method was for 4NW to use the take-up data recorded in the various Employment Land Reviews completed across the county.
- 4NW then in effect recalculated what the RSS equivalent sub-regional employment land total need for Lancashire should be over the later 2009 to 2026 period; years chosen to fit in with Local Development Framework plan periods. The two take-up recording methods revealed slightly different annual average levels of development, inevitably magnified when multiplied by the number of years in the plan period. The same growth and flexibility assumptions as in RSS were applied to these rates in both cases.
- Both these new alternative sub-regional need figures are, for Lancashire, significantly lower than the RSS figure, at least 22%, lower when converted into annual equivalent figures. This is because the new figures are based on lower, partly recession-affected past take-up rates than those used in the RSS.
- The RSS assumes the current supply of employment land (committed through planning permissions and/or Local Plan allocations) existing at the start of the plan period is a given. This supply is subtracted from the total future need figure before

and after the Flexibility Factor is applied to calculate what 'extra allocation' – ie additional provision is required. It is this amount of land that is expected to be met through the identification of new sites in LDF Development Plan Documents.

- To disaggregate the new sub-regional totals two alternative scenarios were devised by 4NW so as to calculate each local authority area's percentage share. One scenario matches the split of current land supplies across Lancashire by Council area, the other mirrors the comparative proportions of land provision proposed in the former Lancashire Structure Plan. With two take-up methods and two scenarios a total of four alternative optional need figures were produced for each District/Unitary area.
- For LDF planning purposes each local authority in Lancashire was given a choice by 4NW of which take-up base data method option to use with which scenario for calculating their share of the sub-regional total. The Central Lancashire authorities decided to use the current land supply proportion of the sub-regional total as applied to the Employment Land Review sourced take-up rates. This option chosen was Scenario 2B.
- For the Central Lancashire Districts Scenario 2B gives the highest needs figures of the four options available. The Structure Plan scenario proportions were rejected as being out of date, stemming from nearly 10 years ago. The existing current supply scenario is favoured as this better reflects the regional economic development importance and growth potential of Central Lancashire. The take-up rates in the Employment Land Reviews are favoured over those from the local authority returns as the former are considered to be more consistent across the sub-region.
- The Flexibility Factor has been added to the need figures because it is felt there are special circumstances applying in Central Lancashire given its regionally significant importance for employment development.
- It was also decided to make some allowance for the loss of employment premises (often through residential development) reducing the overall stock of business floorspace. So the recent trends experienced were projected forward to 2026 and added to the need requirement figures for each District.
- 4NW agreed the whole approach adopted by the Central Lancashire Authorities – the choice of Scenario 2B, the application of the Flexibility Factor and the extent of allowing for future losses.

REGIONAL SPATIAL STRATEGY BACKGROUND

1. The starting point for deriving employment land requirement provision need figures for Local Development Framework (LDF) planning purposes is the Regional Spatial Strategy (RSS). The relevant policy of the North West of England Regional Plan (the RSS) is Policy W3 - *Supply of Employment Land*. This quantifies the need for employment land from 2005 to 2021 (the plan period of the RSS) for each of the sub-regions ('county' areas) of the North West. The definition of employment covers the Use Classes B1 (business), B2 (general industrial) and B8 (storage and distribution) uses. The amounts of land needed are expressed in hectares and are intended to cover all sources of land including locations for regionally significant economic development as well as sub-regional and local sites.
2. The RSS land need figures were derived from past (pre-2005) rates at which land was taken up (developed) for employment purposes. These rates were projected to increase at a pre-determined rate over the plan period. This was intended to reflect the expected Gross Value Added economic growth of each sub-region. The increase in the rate of take-up assumed for Lancashire was the lowest of all the North West sub-regions at 4.25%.
3. Supplementary to this the RSS proposes that a further factor could also be applied to calculating the total need for employment development in cases where, exceptionally, it may be appropriate to provide additional land to take account of special circumstances. This is a Flexibility Factor uplift of 20%. The Central Lancashire authorities have decided to apply this factor because of the regional importance of the area for economic development and the high number of regionally significant employment sites locally. The potential for economic growth (post recession) remains high in Central Lancashire a fact not reflected in the low (4.25%) increase in past take-up rates applied across the whole of Lancashire.
4. The RSS presents the employment need figures by first of all setting out the current (as of 2005) existing supply of land. This is land committed through planning permissions and/or Local Plan allocations and it is presented as a given. After the past take-up rates are projected forward for the 16 years from 2005 to 2021 (at the increased rate of 4.25% for Lancashire) the resultant need figure has the 2005 supply amount subtracted from it to reveal the 'extra allocation' of land (additional provision over and above the current supply) required to be identified as sites in LDF Development Plan Documents (assuming that the extra allocation is a positive figure). A negative figure would imply that there is already too much land available to meet needs. Applying the 20% Flexibility Factor increases the extra allocation required. Table 1 overleaf shows the RSS employment land needs for Lancashire and the calculations involved.

Table 1: RSS - Lancashire Employment Land Need 2005-2021 (hectares)

	Lancashire	Method
2005 Supply	1069	
Current take-up per annum	68	
Projected increase in take-up	4.25%	
Projected take-up per annum	71	68 x 4.25%
Need 2005-2021	1136	71 x 16 (years)
Extra allocation	67	1136 - 1069
Flexibility Factor	20%	
Need 2005-2021 (incorporating flexibility factor)	1363	[16 years x 20%] x 71
Extra allocation required (incorporating flexibility factor)	294	1363 - 1069

DIS-AGGREGATION AND RECALCULATION

5. For LDF purposes District level employment land need figures are required so the sub-regional totals need to be disaggregated. The RSS contains a commitment to do this - "The provision of figures by sub-region will require Local Authorities and other partners to work together to agree the distribution of land within each sub-region. The Regional Planning Body (which became known as 4NW) will facilitate this approach."
6. Before this dis-aggregation could be done 4NW acknowledged that for LDF purposes a 2026 end date for the need figures was required as this is commonly the date being used for LDF purposes in the region. 4NW also decided to move the start date forward to 2009. So in effect the sub-regional need figures were recalculated for this later period of 17 years (the RSS plan period for this purpose was 16 years).
7. To do this recalculation 4NW sought out up-dated sources of take-up for the 5 years before 2009 (ie 2008 and earlier). Two alternative methods of doing this were carried out. Method A was to use the take-up data returns made by the local authorities on pro-forma questionnaires sent out by 4NW. The alternative Method B was to use take-up information in Employment Land Reviews. All local planning authorities are expected to do such Reviews as a comprehensive assessment of employment land supplies and trends in demand. There is nationally issued guidance to help ensure this work is carried out consistently.

8. The two sources of take-up produced slightly different figures when aggregated across Lancashire and when the percentage increase in future take-up and Flexibility Factors are added these differences are magnified. Tables 2 and 3 below show the results.

Table 2: Recalculated Lancashire Employment Land Need 2009-2026 based on Returned Take-up Rates (hectares)

Lancashire		Method A – Returned Take-up Rates
2009 Supply	986.86	(a) = all 14 Lancashire authorities employment land figures
Current take-up per annum	50.36	(b) = all authorities current take-up figures as per pro-forma questionnaires
Projected inc in take up	4.25%	(c) = 2.14 (4.25% = RSS assumed take-up rate related to GVA growth)
Projected take up per annum	52.50	(d) = (b) + (c)
Need 2009-2026	892.51	(e) = (d) x 17 (no of years 2009-2026)
Extra Allocation Required	-94.35	(f) = (e) – (a)
Flexibility Factor	20%	(g) = 20.4 (applied to the number of years, 17 x 20% = 20.4 years)
Need 2009 – 2026 (incorporating flexibility factor)	1071.01	(h) = (d) x (g)
Extra allocation required (incorporating flexibility factor)	84.15	(i) = (h) – (a)

Table 3: Recalculated Lancashire Employment Land Need 2009-2026 based on Employment Land Review Take-up Rates (hectares)

Lancashire		Method B – Employment Land Review Take-up Rates
2009 Supply	986.86	(a) = all 14 Lancashire authorities employment land figures
Current take-up per annum	53.22	(b) = all authorities current take-up figures as per Employment Land Review
Projected inc in take up	4.25%	(c) = 2.14 (4.25% = RSS assumed take-up rate related to GVA growth)
Projected take up per annum	55.48	(d) = (b) + (c)
Need 2009 – 2026	943.19	(e) = (d) x 17 (no of years 2009-2026)
Extra Allocation Required	-43.67	(f) = (e) – (a)
Flexibility Factor	20%	(g) = 20.4 (applied to the number of years, 17 x 20% = 20.4 years)
Need 2009 – 2026 (incorporating flexibility factor)	1131.83	(h) = (d) x (g)
Extra allocation required (incorporating flexibility factor)	144.97	(i) = (h) – (a)

9. Comparing the above results with the RSS figures is revealing. The total RSS figure for Lancashire including the Flexibility Factor was 1363 hectares for the 16 year 2005-2021 period. The figures calculated with the same RSS-based projected increase in take-up and inclusive of the Flexibility Factor for the later 2009-2026 range from approximately 1071 to 1132 hectares for this longer, 17 year period. The later figure is 22% lower than that in the RSS. This is because the later recalculated figures based on later (pre-2009 rather than pre-2005) land take-up rates are partly affected by the economic recession that started in 2007. So the later take-up performance was to an extent affected by this depressing effect on development whereas the years before 2005, as used for the RSS, all pre-dated the economic downturn.
10. The recalculated figures still related to the whole of Lancashire so some way of deciding the share for each District/Unitary area was needed. Two alternative scenarios were put forward by 4NW to establish the possible shares. Scenario 1 uses the relative proportions of the employment land provision proposals in the Joint Lancashire Structure Plan 2001-2016. Scenario 2 is based on proportions of the current (as of 2008) supply of land as distributed by District/Unitary areas across Lancashire.

11. Neither approach is ideal. The Lancashire Structure Plan actually ceased to be part of the development plan when the RSS was adopted in 2008. In effect the Structure Plan dates from an earlier round of plan making, it was not consistent with the current RSS but based on the earlier Regional Planning Guidance, its preparation dates from nearly 10 years ago.
12. The alternative Scenario (2) of basing future shares of the Lancashire total need on the relative proportions of the total current supply existing in each District/Unitary area implies a close direct relationship between the two elements that may not exist. Those areas with the greatest needs will not necessarily already have the greatest existing supplies. This matter was taken up by the Central Lancashire authorities with 4NW.
13. The Structure Plan derived Scenario A produces the following proportional shares for the Central Lancashire Districts: Chorley 6.56%, Preston 7.10% and South Ribble 4.92% of the Lancashire total. The current supply Scenario B approach generates shares of: Chorley 9.88%, Preston 9.22% and South Ribble 18.61%. The South Ribble figures show the greatest difference and reflect the fact that three substantial regionally significant employment sites in Central Lancashire are located wholly or partly within South Ribble Borough.
14. Each dis-aggregation scenario needs to be applied to the recalculated total derived from the two sources of take-up to reveal the full set of 4 alternative outcomes – as the diagram in Appendix 1 shows.
15. Tables 4 to 7 below show the results of applying the four combined scenarios.

Table 4: Scenario 1A – Returned Take-Up Rates (hectares)

	Chorley	Preston	South Ribble
Supply 2008	97.46	90.99	183.70
Annual Take Up	7.62	6.7	7.37
Structure Plan Provision Figures	60	65	45
Structure Plan %	6.56%	7.10%	4.92%
Need	-6.19	-6.70	-4.64
Need incorporating Flexibility Factor	5.52	5.98	4.14

Table 5: Scenario 1B – Employment Land Review Take-Up Rates (hectares)

	Chorley	Preston	South Ribble
Supply 2008	97.46	90.99	183.70
Annual Take Up	4.5	6.7	5.78
Date of ELR	April 2009	April 2009	April 2009
Structure Plan Provision Figures	60	65	45
Structure Plan %	6.56%	7.10%	4.92%
Need	-2.86	-3.10	-2.15
Need incorporating Flexibility Factor	9.51	10.30	7.13

Table 6: Scenario 2A – Returned take-up rates (hectares)

	Chorley	Preston	South Ribble
Supply 2008	97.46	90.99	183.70
Annual Take-Up	7.62	6.7	7.37
% of Supply	9.88%	9.22%	18.61%
Need	-9.32	-8.70	-17.56
Need incorporating Flexibility Factor	8.31	7.76	15.66

Table 7: Scenario 2B – Employment Land Review Take-Up Rates (hectares)

	Chorley	Preston	South Ribble
Supply 2008	97.46	90.99	183.70
Annual Take-Up	4.5	6.7	5.78
Date ELR	April 2009	April 2009	April 2009
% of Supply	9.88%	9.22%	18.61%
Need	-4.31	-4.03	-8.13
Need incorporating Flexibility Factor	14.32	13.37	26.99

16. The following table summarises the extra allocation (additional provision over the current supply) inclusive of the Flexibility Factor required across Lancashire, Central Lancashire and the three authorities of Chorley, Preston and South Ribble. In all cases the figures have been calculated from the Lancashire total.

Table 8: Extra Allocation (with Flexibility Factor) by Scenario (hectares)

	Scenario			
	1A	1B	2A	2B
Chorley	5.52	9.51	8.31	14.32
Preston	5.98	10.30	7.76	13.37
South Ribble	4.14	7.13	15.66	26.99
Central Lancashire	15.64	26.94	31.73	54.68
Lancashire	84.15	144.97	84.15	144.97

CHOICE OF APPROACH

17. For LDF planning purposes each local authority in Lancashire was given a choice by 4NW of which take-up base data method to use with which scenario for calculating their share of the sub-regional total. The Central Lancashire authorities decided to use the current land supply proportion of the sub-regional total as applied to the Employment Land Review take-up rates. This option chosen was Scenario 2B.
18. For the Central Lancashire Districts Scenario 2B gives the highest needs figures of the four options available. The Structure Plan scenario proportions were rejected because they were out dated and its superseded status.
19. The existing current supply scenario is favoured instead. The land supply levels are high across Central Lancashire; this is because they appropriately include the large regionally significant strategic sites – those at Cuerden, Samlesbury and Buckshaw Village. However before adopting this approach the Central Lancashire authorities did query the overall suitability of this scenario for Lancashire as a whole. The letter in Appendix 2 shows that 4NW had no concerns about this.
20. The take-up rates in the Employment Land Reviews are favoured over those from the local authority returns as it is considered that the consultants' work on the Reviews across Lancashire are more reliable than individual local authority records and the work should be consistent with the national guidance for producing such reviews. This view is reinforced in Central Lancashire with a unified Review across all three Districts.

LOSSES OF PREMISES TO NON-EMPLOYMENT USES

21. The total stock of premises already in use for employment premises far exceeds the supply of land available for development. However the existing stock can be significantly reduced, displacing employment uses to sites within the available supply. The total need

for new employment development, made up of the land supply plus the extra allocation, is intended to be additional to the existing stock. Employment premises are particularly susceptible to redevelopment to residential use as this is often more profitable than business uses.

22. Recent trends across Central Lancashire show the scale of losses to non-employment uses ranging from approximately 3 to 10 hectares per District over the 2004 to 2009 period. These figures were converted into annual average figures for each District and then multiplied by 17 so as to be projected forward to the 2009 – 2026 period and added to the employment need totals as an allowance.

AGREEMENT WITH 4NW

23. The whole process of considering which method and scenario for future employment needs involved extensive liaison with 4NW. There was close scrutiny of the detailed figures and discussions about the advantages and disadvantages of the different approaches including a desire to have an appropriate solution across Lancashire as a whole. However as the other authorities were all at different stages in plan making it was not feasible to pursue that aspect to a firm conclusion. Further consultation with neighbouring authorities will be carried out on this. Nevertheless agreement was reached with 4NW – see Appendix 2.

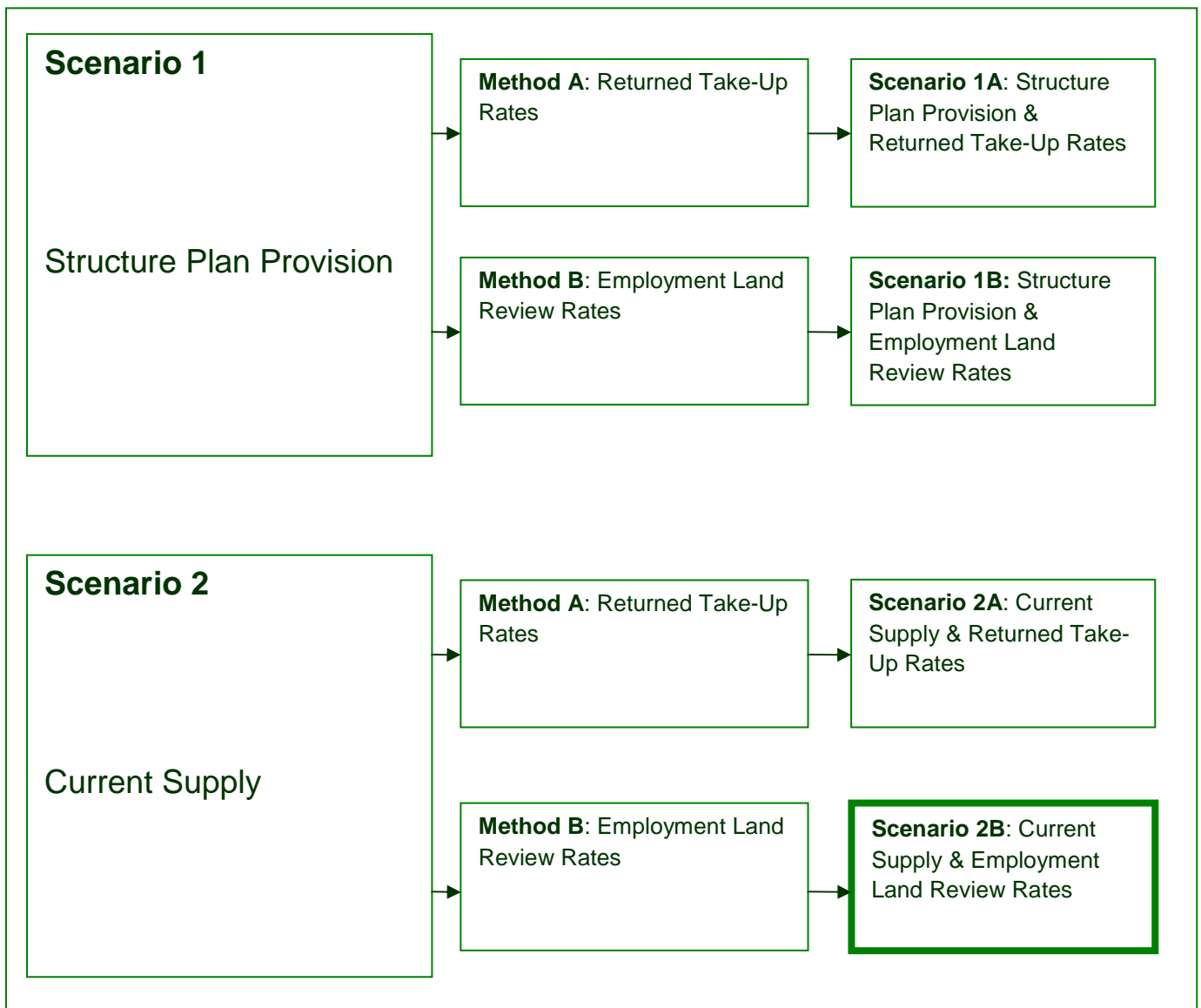
PUBLICATION CORE STRATEGY – EMPLOYMENT NEED REQUIREMENT

24. Table 9 below sets out the employment land provision intended to meet the needs in the three Central Lancashire Districts as presented in the Publication Core Strategy.
25. The supply figures used for the 4NW work across Lancashire related to 2008 because some authorities at the time the work was completed had not updated their supply records to 2009. For the Central Lancashire authorities the total supply in 2008 was only 3 hectares different from the 2009 position so the proportional effect on the rest of Lancashire was insignificant. It was considered better to use the 2009 supply information as being more up to date and appropriate as it is the starting point for the need figures. The table also includes the allowances for losses.

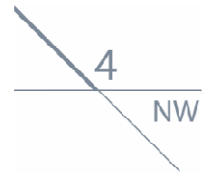
Table 9: Proposed Publication Core Strategy Provision of Employment Land 2009-2026 (hectares)

	Chorley	Preston	South Ribble
2009 Supply	91	107	179
Allowance for losses	24	11	35
Additional provision to 2026	14	13	27
Total	129	131	241

Appendix 1



Appendix 2



Sir Richard Leese, Chair; Phil Robinson, Chief Executive;

Tel: 01942 776932; Email: ben.pycroft@4nw.org.uk

Julian Jackson

Central Lancashire LDF

17 March 2010

Dear Julian,

Central Lancashire Employment Land

Thank you for your letters dated 24 February 2010.

Projections Table 2009-26

In relation to table 2B, which we provided in our letter to you dated 28 January 2010, you have queried why those authorities with a large land supply gain a large requirement and conversely why those authorities with a small land supply gain a small requirement.

You will recall from our initial letter dated 6 November 2009 and associated explanation that the second scenario simply applies current supply rates to the overall requirement. Subsequently, those districts whose supply rate currently provides a high percentage of the total current supply for the sub-region will have that same high percentage of the total projected requirement.

You will also recall that the requirement is calculated using the RSS methodology of applying a projected increase in take up to the returned take up (2A) and to the take up rate from the latest local Employment Land Reviews (2B).

We hope that this clarifies the situation.

Central Lancashire Employment Land Provision 2009-26

Thank you for consulting us on your proposed provision of employment land 2009-26. We comment on your proposed table as follows:

2009 Supply

As discussed above, the additional provision to 2026 figures are based on applying a percentage to the requirement which in itself has been generated from using 2008 supply figures. Consequently, as you recognise in your letter there is a slight discrepancy between combining the 2009 supply figures with the requirement based on 2008 information.

However, we consider that the only way to rectify this situation would be to get up to date supply figures from all of the Lancashire authorities from the same baseline date (i.e. March 2009). For consistency, you may therefore wish to consider using the 2008 supply rates as provided across the sub-region in the return of the questionnaires.

Losses

We support the use of losses in your calculations. As discussed in our meeting, we consider that adopting this approach provides a more accurate picture of the base supply figures.

Additional Provision to 2026

Notwithstanding our comments in relation to the combined use of 2009 supply rates and a requirement based on 2008 supply data as discussed above, we accept that the additional provision to 2026 figures generally comply with the approach undertaken in table 6.1 of policy W3 of the RSS.

Whilst we agree that this approach is acceptable in terms of the RSS methodology, we would also like to re-iterate that policy W3 of the RSS also requires local authorities to be informed by local Employment Land Reviews. You may also therefore wish to consider the conclusions and recommendations of your ELR, which provides a more up to date and detailed analysis of employment land requirements for Central Lancashire than the RSS.

Finally, we would also like to draw your attention to paragraph 6.12 of the RSS, which encourages local authorities and other partners to work together to agree the distribution of land within each sub-region. Consequently, we recommend that you consult other local authorities in the sub-region on your proposed employment land provision.

We trust that this letter addresses the queries from your letters. Should you wish to discuss this matter further, please do not hesitate to contact either Duncan McCorquodale or myself.

Yours Sincerely,



Ben Pycroft

Regional Planning Officer