

2015 Wyre Employment Land Study Addendum II

Wyre Borough Council

July 2017

LICHFIELDS

LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

We've been helping create great spaces
for over 50 years.

lichfields.uk

© 2017 Nathaniel Lichfield & Partners Ltd, trading as Lichfields. All Rights Reserved. Registered in England, no. 2778116. 14 Regent's Wharf, All Saints Street, London N1 9RL
Formatted for double sided printing.
Plans based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office.
© Crown Copyright reserved. Licence number AL50684A
41525/03/MW/CR
14463828v5

Contents

1.0	Introduction	1
	Background	1
	Methodology	2
	Report Structure	2
2.0	Economic Context Update	4
	Introduction	4
	Hillhouse Technology Enterprise Zone	10
	Potential Experian Data Errors	12
	Summary	15
3.0	The Current Stock of Employment Floorspace	17
	Introduction	17
	Losses of Employment Land	20
	Anticipated Future Losses	21
	Enquiries Data	22
	Summary	22
4.0	Future Requirements for B-Class Employment Space	23
	Introduction	23
	Methodology	23
	Growth Scenarios	24
	Safety Margin	32
5.0	Conclusion	35
	Introduction	35
	Implications	35

1.0 Introduction

- 1.1 Wyre Borough Council [WBC] has commissioned Lichfields to sensitivity test the demand forecasting elements of the 2015 Wyre Employment Land Study [ELS] and subsequent Addendum. Additional econometric job projections have been modelled to assess whether the 2015 ELS remains a robust basis for the Local Plan in light of the latest Experian dataset. The document will provide further evidence to inform the Council's emerging Local Plan.
- 1.2 WBC published its Local Plan Issues and Options Paper in June 2015 and is seeking to adopt the document in 2018.

Background

- 1.3 In terms of the chronology of WBC's Employment Land evidence, Lichfields originally produced an Employment Land and Commercial Leisure Study [ELCLS] in 2012. This was subsequently updated in 2015 (the Employment Land Study Update, or ELSU, also by Lichfields), using more up-to-date economic forecasting data from Experian (its March 2015 release). This was then used to project the quantity of employment land the Council should cater for across the plan period.
- 1.4 In December 2015, Lichfields produced an Addendum to the ELSU, which provided a short critique of local area-based econometric projections by Oxford Economics [OE] and Cambridge Econometrics [CE], to sensitivity test the demand forecasting elements of the previous study. The forecasts were translated into employment land requirements and a judgement was made as to whether any future adjustments should be made to the employment land OAN range for Wyre Borough as a result. The report concluded that the ELSU's range of **43-67 ha** based on the Experian projections remains robust in the light of the OE and CE sensitivity tests that were modelled. The Experian adjusted scenario sat towards the middle of this range, at 53 ha, with past take up informing the upper end, and labour-supply scenarios the lower end.
- 1.5 This work will seek to validate the job projections underpinning Objectively Assessed Need [OAN] for housing in WBC's emerging Local Plan (which is based on the Experian 'adjusted' scenario), in light of the latest economic projections and taking into account the recent designation of the Hillhouse Technology EZ. WBC has not asked us to review the latest versions of either the CE or OE projections.
- 1.6 Specifically, this report will:
- 1 Provide an update to the Economic Context Section, summarising recent economic conditions and trends, alongside the future growth potential of B-Uses;
 - 2 Analyse the current stock of employment floorspace, setting out the current levels of take up/losses and vacancy rates;
 - 3 Identify future B-Class employment space requirements. This involves the following modelled scenarios (including the application of the latest HCA employment densities and plot ratios to convert them into floorspace/land):
 - a Econometric demand modelling. This involves taking an Experian baseline scenario using the latest March 2017 projections and making suitable adjustments to provide a 'realistic' forecast. This involves reviewing the sectoral growth forecasts to make sure that previous errors regarding the mis-coding of certain industries has been eradicated from the model; before making a judgement on whether an uplift would be appropriate to reflect the likely growth impact of the Hillhouse Technology EZ.
 - b Past trends job growth, based on growth rates over the past 18 years in the Borough.

- c Past take up and losses to assess whether these represent an appropriate basis for future plan making.

This report will form part of the evidence base for WBC, helping to ensure that its emerging plan policies are sound, positively prepared, justified and consistent with national policy. It seeks to determine whether the 2015 ELSU's range of **43-67 ha** based on the 2015 Experian projections and in particular the Experian adjusted scenario remain robust in the light of the latest 2017 Experian projections. The Experian adjusted scenario in the 2015 ELSU sat towards the middle of the range, at 53 ha.

Methodology

- 1.7 In March 2014 the Government released the Planning Practice Guidance to provide technical guidance for practitioners and inform the implementation of the National Planning Policy Framework (the Framework). With regards to assessing economic development needs, the Practice Guidance states that local authorities should:
 - 1 consider the prevailing stock of land, identify the demand for and supply of employment land, and determine the likely business needs and future market requirements;
 - 2 consider the locational and premise requirements of particular types of business and sectors;
 - 3 consider projections to help identify where sites have been developed for a specific economic use;
 - 4 analyse supply and demand to identify whether there is a discrepancy between quantitative and qualitative supply and demand for employment sites; and,
 - 5 identify where gaps in local employment land provision exists by comparing the available stock of land with the requirements of the area.
- 1.8 The methodology that has been used to undertake this 2017 ELS Addendum II conforms to the requirements of the Framework and the Practice Guidance, focussing specifically on the demand-side analysis.
- 1.9 It should be noted that there are a range of factors to consider when objectively assessing the future business needs of a local economy. The study uses a combination of quantitative and qualitative analysis to examine these issues in the context of Wyre, and synthesises these to draw overall conclusions and policy implications for long-term planning in the Borough.
- 1.10 An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The study has used the latest available data and other evidence available at the time of drafting in mid-2017, while the accuracy of third party data has not been checked or verified by Lichfields.

Report Structure

- 1.11 The report is structured under the following sections:
 - 1 **Economic Context (Section 2.0):** a review of economic conditions and recent trends in the Borough, and the strengths and weaknesses of the local economy that may influence the future need for employment space.
 - 2 **Overview of Employment Space (Section 3.0):** an analysis of the existing stock and trends of employment space in the Borough in terms of the range of B class uses, past development rates and gains and losses.

- 3 **Future Requirements for Employment Space (Section 4.0):** an estimate of future employment space requirements for B class sectors in quantitative terms drawing upon employment forecasts and other factors.
- 4 **Conclusions (Section 5.0):** a consideration of whether the new modelling indicates that the OAN range remains robust or that a change is necessary.

2.0 Economic Context Update

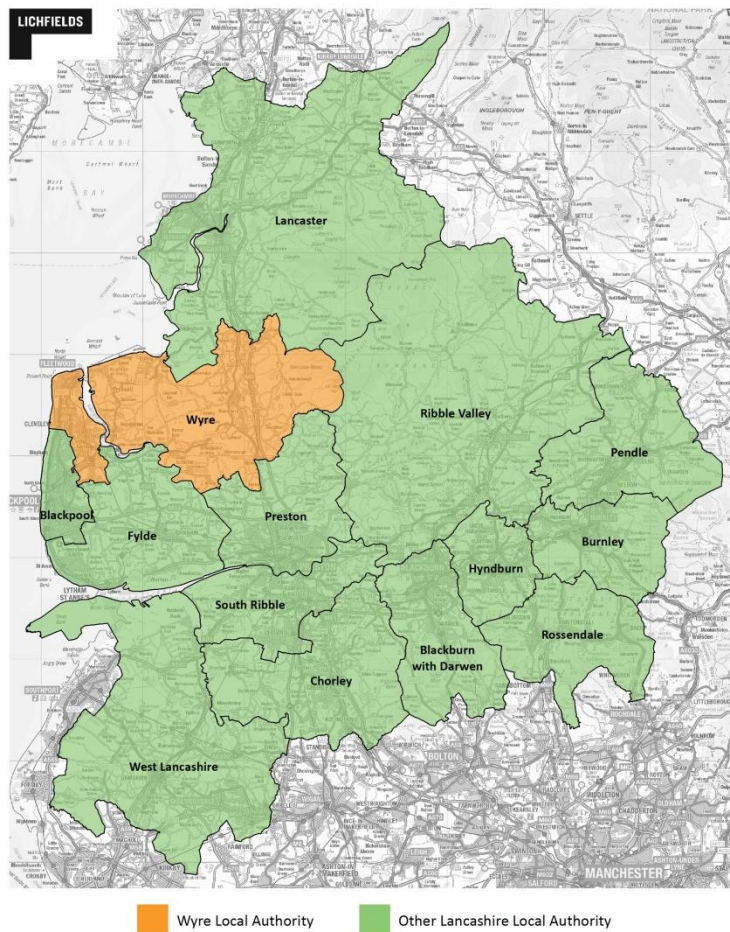
Introduction

2.1 This section provides an update to the economic context in Wyre Borough. It summarises recent economic conditions and trends within Wyre where there have been significant changes since the 2015 ELS and subsequent Addendum were produced.

2.2 Wyre Borough is located in the North West of England, extending from the Fylde Coast to the Forest of Bowland Area of Outstanding Natural Beauty [AONB] further east. The Borough is bound by Fylde and Preston to the south, Blackpool to the west; Lancaster to the north, and Ribble Valley to the east (Figure 2.1).

2.3 Whilst the Borough is mainly rural in nature, the north-western peninsula is relatively urbanised and comprises the main urban settlements of the area (namely the coastal towns of Fleetwood, Thornton and Cleveleys, with the town of Poulton-le-Fylde further inland to the south). The main rural settlements include Garstang, Great Eccleston and Knott End/Presall. Around 750 ha of the western part of the Borough (along the peninsula) is designated as Green Belt land.

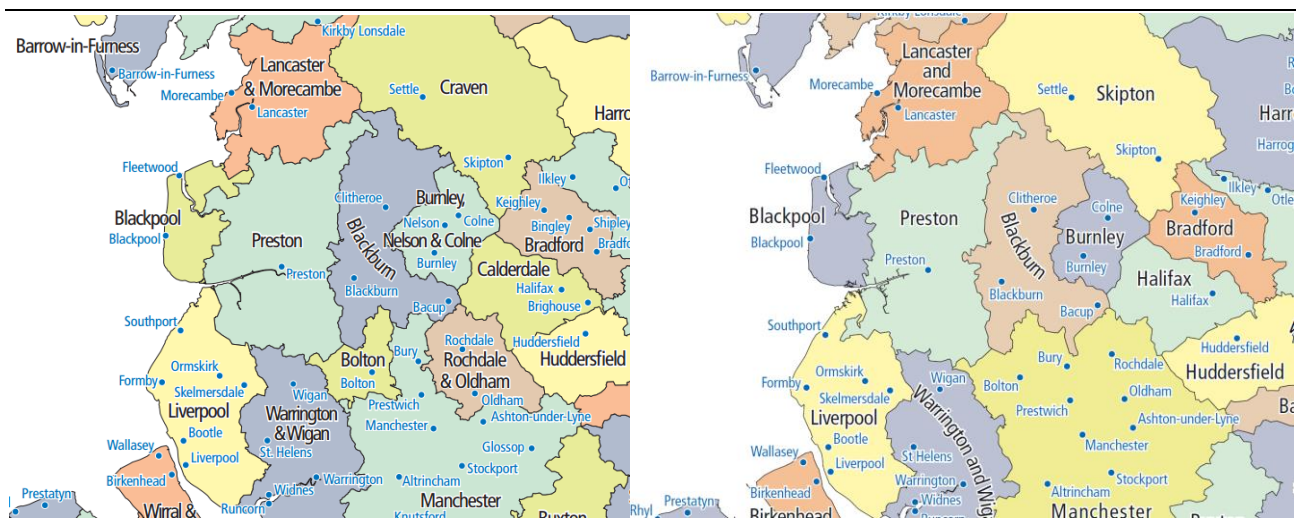
Figure 2.1 Wyre Borough Sub-Regional Context



Source: Lichfields

- 2.4 Although the M6 runs north-south through the eastern side of the Borough, there are no junctions to access it within Wyre itself, with access gained via the relatively congested A6 (which runs parallel with the M6 through Garstang). In general, and reflecting the fact that the main settlements are located to the far west of the Borough on or adjacent to the peninsula, strategic road access is relatively poor and reliant on the A585 trunk road to access the M55 further south.
- 2.5 In terms of the Functional Economic Market Area [FEMA], the 2015 ELS analysed a 2007 ONS Travel to Work Area [TTWA] study which concluded that Wyre fell partly within the Blackpool TTWA and partly within the Preston TTWA. Fleetwood, Cleveleys and Poulton-le-Fylde and Preesall were located within the Blackpool TTWA. Figure 2.2 compares this 2007 report with new data released as part of the 2011 Census, and which informed an update by ONS in 2015. This indicates that the broad pattern is the same, although Preston's TTWA has encroached further west into Wyre Borough.
- 2.6 The same 2011 Census data on commuting patterns indicates that whilst Wyre is not a distinct TTWA in itself, it has a very high level of self-containment of around 86% (whereby residents live and work in the same area) when it is included as part of the wider Fylde Coast area with Blackpool and Fylde.

Figure 2.2 Travel to Work Area analysis based on Census 2001 /2011



Source: ONS 2007 / 2015

- 2.7 Key changes that have taken place since the 2015 ELS Addendum are summarised below.
- 2.8 **Funding** - Following the 2015 Spending Review, no future rounds of the Regional Growth Fund [RGF] are proposed. This was a national scheme that supported £1m+ projects through investing in capital infrastructure or research and development. So, for example, the Lancashire Business Growth Fund, which obtained £8m from Round 6 of the RGF to support manufacturing businesses with the potential for growth, has now been completed and all funds have been committed. Other funded streams are available to companies in Wyre however, including Boost Business Lancashire. 'Boost' is Lancashire's £7.8m Business Growth Hub, led by the Lancashire LEP and Lancashire County Council, which aims to help Lancashire's businesses grow. The service is aiming to advise and assist 4,118 businesses in the county, creating 2,891 jobs and helping to establish 699 new businesses – increasing the value of the Lancashire economy by £50m¹.

¹ <https://www.boostbusinesslancashire.co.uk/about-boost/>

- 2.9 **Employment Trends** - Based on Experian data, Wyre supported around 36,200 jobs in 2015, which represented an employment growth of 11% over the period from 1997. This employment growth was much lower than the growth recorded across the UK (18%) and to a lesser extent the North West as a whole (12%). The number of jobs in the Borough in 2011 (the base year of the emerging Wyre Local Plan) was c.36,700 jobs, meaning growth in Wyre over the period 2006 to 2011 was equivalent to 12% (higher than both the North West and National growth rate over the same period, at 7% and 10% respectively). There has been a net loss of jobs across the Borough over the past 4 years. Indeed, the Borough has not yet recovered to its pre-recession peak of 38,200 jobs in 2008. As we will see later in this report, Wyre's economy is not set to recover in size to its pre-recession peak until 2030, some 22 years after the recession first began. By way of contrast, the North West region took 7 years before the total number of jobs exceeded its pre-recession peak, whilst the UK as a whole took just 5 years.
- 2.10 The largest employment sectors in Wyre are set out in Table 2.1, with the figures demonstrating the share of total employment supported by these specific sectors. When compared to the share of employment in the North West, the Borough is over-represented (in employment-terms) in retail, accommodation & food services, agriculture, forestry & fishing, education, and construction activities, whilst being under-represented in manufacturing, professional, administrative & other private services, finance, and administrative & support services. In terms of Use Classes, the Borough is therefore significantly over-represented in 'Sui-Generis' jobs, and under-represented in jobs likely to require B2 industrial or B1 office accommodation.

Table 2.1 Employment Representation in Wyre and Comparator areas, by Industrial Sector, 2015

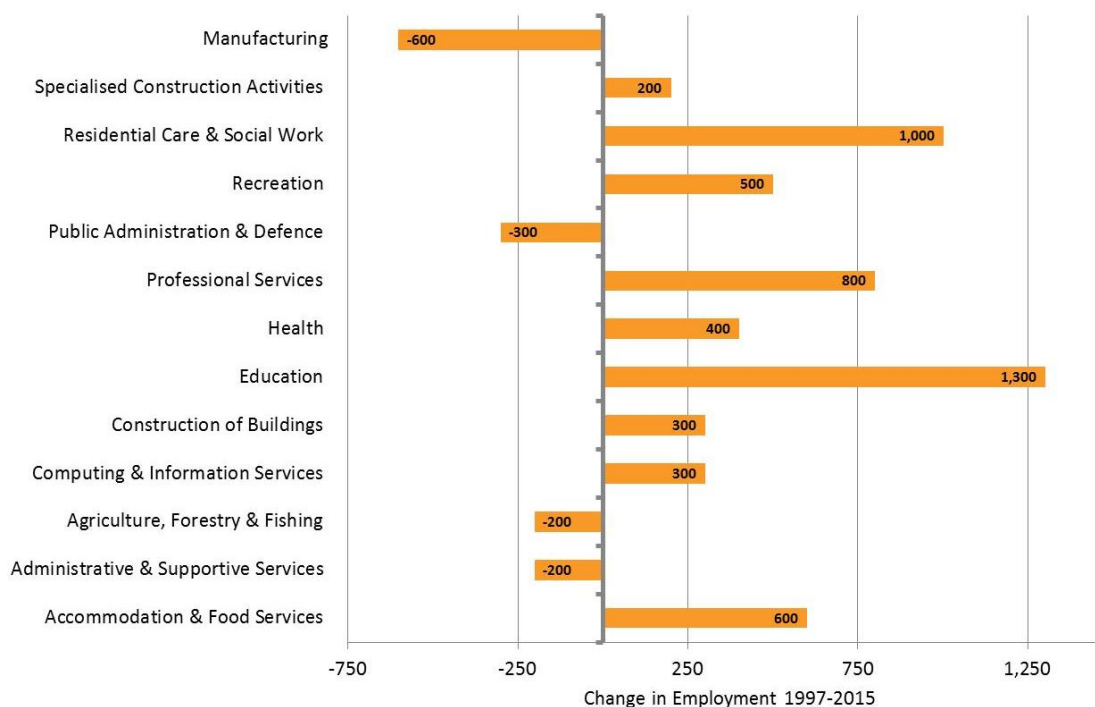
Sector	Employment Space	Wyre		North West	UK
Retail	A1 and Sui Generis	4,500	12%	10%	9%
Accommodation & Food Services	A3 / C1 / D2 / Sui Generis	3,600	10%	7%	7%
Education	D1	3,500	10%	8%	9%
Construction activities	N/a	3,400	9%	5%	6%
Professional, Administrative & Other Private Services	A2 / B1a	4,500	12%	19%	20%
Wholesale & Transport	B8 / Sui Generis	3,200	9%	10%	10%
Manufacturing	B1(c) / B2	3,200	7%	9%	8%
Residential Care & Social Care	C2	2,800	8%	6%	5%
Healthcare	D1 / C2	2,200	6%	8%	7%
Public Administration & Defence	B1(a) / A1	1,700	5%	4%	4%
TOTAL		36,200	100%		

Source: Experian / Lichfields analysis

- 2.11 By way of contrast, the 2015 ELS Addendum, using the March 2015 Experian data rather than the March 2017 vintage, estimated that Wyre's economy would support 38,220 jobs in 2015, 2,000 higher than the current revision. Whilst most of the industrial sector representations are largely unchanged between the two forecasts (for 2015), the earlier model run suggested that the number of jobs would be around 500 higher in Professional, Administration & Other Private Services; Wholesale & Transport; Manufacturing; and Public Administration & Defence.
- 2.12 As shown in Figure 2.3, employment growth in the Borough between 1997 and 2015 was predominantly driven by education (representing a growth of 1,300 jobs), residential care and social work (+1,000 jobs), Professional Services (+800 jobs), accommodation & food services

(+600 jobs) and recreation (+500 jobs). At the same time, employment losses were recorded in manufacturing (-600 jobs), public administration and defence (-300 jobs) agriculture forestry & fishing and administration and support services (both -200 jobs).

Figure 2.3 Changes in Employment by Sector in Wyre, 1997 - 2015



Source: Experian / Lichfields analysis

2.13

In this context, the overall employment change in Wyre between 1997 and 2015 is set out in Table 2.2. It indicates that over this 18-year period, there was a net increase of 3,500 jobs. The vast majority of this resulted from non B-Class employment. Whilst employment in B1a/b office related industries increased by over 1,030, this was largely neutralised by a significant decline in B1c/B2/B8-based employment, which fell by 889 over the same time period. Interestingly, the data suggests that the local economy has still not recovered to where it was before the recession hit in 2008, with net job growth over the 7 years since being negative, at -2,000. Most of this decline has been in the Non-B class uses, driven by a loss of 1,500 public sector jobs since 2008.

Table 2.2 Changes in Total Employment and B Class Jobs in Wyre, 1997-2015

Use	Total Jobs		1997 - 2015		2008 - 2015	
	1997	2015	Total	Annual	Total	Annual
Office Jobs (B1a/B1b)	2,784	3,816	1,032	57	74	11
Industrial Jobs (B1c/B2/B8)	7,651	6,762	-889	-49	-699	-100
B Class Jobs	10,435	10,578	143	8	-625	-89
Non-B-Class Jobs	22,265	25,622	3,357	187	-1,375	-196
Total Employment	32,700	36,200	3,500	194	-2,000	-286

Source: Experian / Lichfields analysis

2.14

The **productivity** of employment in Wyre can also be measured by Gross Value Added [GVA] per job. This indicates that whilst the overall level of productivity in Wyre back in 1997 was

similar to the national rate and 14% higher than the regional average, by 2011 local productivity had grown very little (+2%) to the point at which it is now below the regional rate and well below the UK average. This is due in large part to the economic shock following the recession in 2008/09, from which the Borough has yet to fully recover. By 2031, Experian project that GVA growth is going to accelerate in Wyre, to around £52,500 per job, which is still a slightly lower level of productivity gains than either the UK or the regional rate of growth Table 2.3.

Table 2.3 Changes in GVA per Job in Wyre, 1997 - 2031

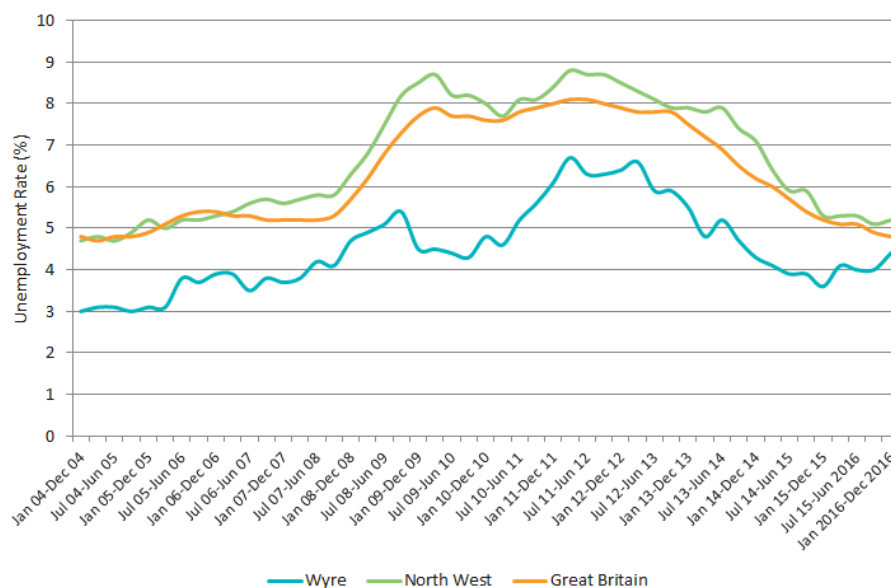
Area	GVA per Job			Change in GVA per Job	
	1997	2011	2031	1997 - 2011	2011 - 2031
Wyre	£40,593	£41,332	£52,494	2%	27%
North West	£35,520	£41,776	£54,167	18%	30%
UK	£41,652	£47,763	£61,434	15%	29%

Source: Experian / Lichfields analysis

2.15 **Economic Activity** – In 2015 Wyre Borough had an estimated 48,600 (71.8%) economically active residents². By December 2016 this had increased to 52,200 economically active residents, which equates to an economic activity rate of 76.8%³. This is higher than the regional rate (75.6%), but slightly below the national average (77.8%). The proportion of working age residents with NVQ4-level and above qualifications in Wyre totalled 28.9% in 2015, which has fallen since 2012 (34.6%). The current 2016 figure of 33.7% remains below the average for the North West (33.9%) and particularly for the country as a whole (38.2%)⁴.

2.16 **Unemployment** – Modelled unemployment in Wyre was estimated at 3.6% (1,800 residents) in 2015. This has since risen to 2,200 residents by 2016, equivalent to 4.4%. As can be seen in Figure 2.4, this is still well below the North West average of 5.2% and the GB average of 4.8%.

Figure 2.4 Changes in Unemployment in Wyre, 2004 - 2016



Source: ONS Annual Population Survey

² ONS Annual Population Survey

³ Ibid

⁴ Ibid

- 2.17 **Earnings** – Wyre Borough’s resident-based weekly earnings have increased by 2.1% over the past year, from £506 in 2015 to £517 in 2016⁵. This is very slightly below the regional (+2.2%) and national (+2.3%) annual growth, although the current figure is 3% higher than the resident-based wages for the North West as a whole. Interestingly, earnings by workplace are significantly lower than earnings by residence for Wyre (at £437), suggesting that many of these higher skilled residents are commuting to higher paying jobs elsewhere (such as Preston, Fylde, Lancaster and Blackpool).

Table 2.4 Key Characteristics of the Labour Market in Wyre

Metric		Wyre	North West	Great Britain
Economic Activity Rate (2016)		77%	76%	78%
Out-of-Work Benefits Claimant Count (April 2017)		1.7%	2.5%	2.0%
Resident Qualification Level (2016)	NVQ4 and Above	34%	34%	38%
	NVQ3 and Above	26%	20%	19%
	NVQ2 and Above	23%	19%	17%
	NVQ1 and Above	11%	12%	11%
	Other or No Qualification	6%	15%	15%
Resident Occupation Group (2016) ¹	SOC Major Group 1 - 3	43%	43%	46%
	SOC Major Group 4 - 5	28%	21%	21%
	SOC Major Group 6 - 7	19%	18%	17%
	SOC Major Group 8 - 9	10%	18%	17%
Earnings by Residence (2016)		£517	£502	£541
Earnings by Workplace (2016)		£437	£503	£540

Source: Annual Population Survey (ONS) / Annual Survey of Hours & Earnings (ONS) / Lichfields analysis

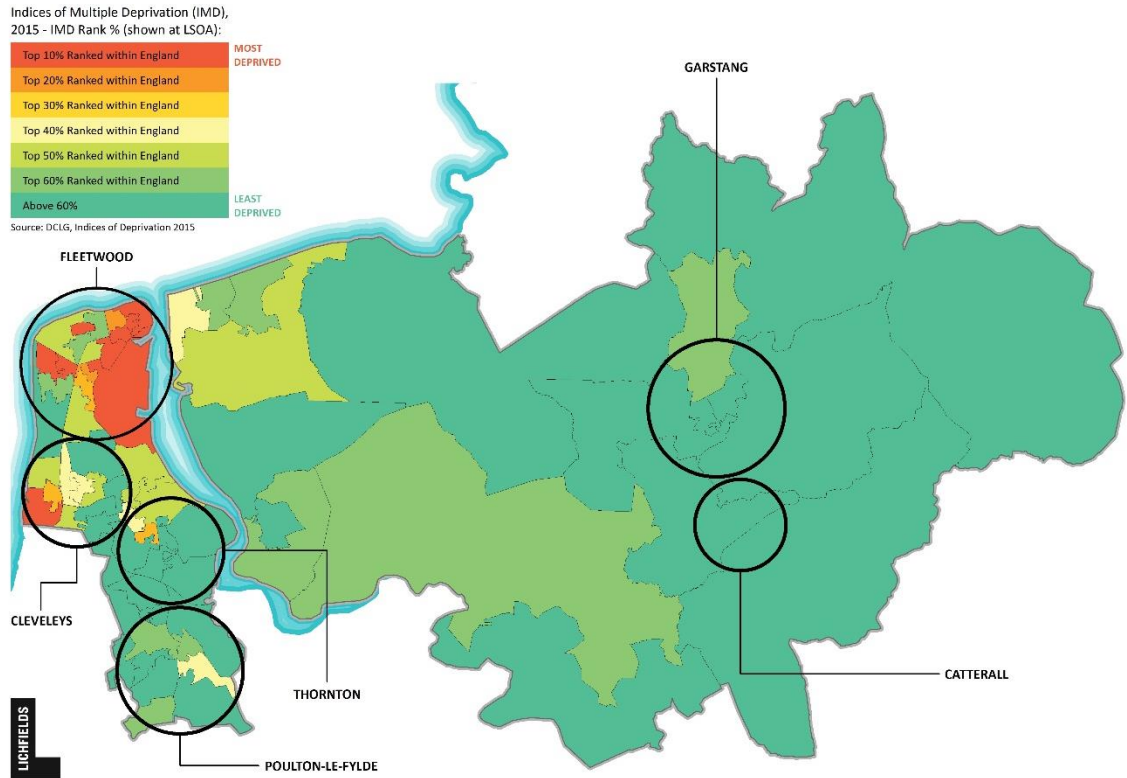
Note: 1 SOC 2010 Major Group 1 - 3 includes managers, directors and senior officials; SOC 2010 Major Group 4 - 5 includes administrative and trade occupations; SOC 2010 Major Group 6 - 7 includes service and sales occupations; and SOC 2010 Major Group 8 - 9 includes machinery, plant & process operatives and elementary occupations.

- 2.18 **Business Start Ups** – The latest ONS Business Demography Enterprise Births, Deaths and Survivals data is available for 2015. In 2010 there were 310 business births in Wyre, increasing to 470 in 2014 but declining slightly by 2015 (to 465). In 2010 there were 395 business deaths, which rose to 445 by 2012 before falling to just 340 in 2015. The latest data therefore highlights an overall increase in business births from 2011 to 2015, whilst business deaths have fallen over the same period.
- 2.19 **Deprivation** – Figure 2.5 illustrates levels of deprivation across the Borough, based on the Index of Multiple Deprivation [IMD] for 2015. Wyre is a mid-ranking authority in terms of deprivation. The 2015 Indices of Multiple Deprivation rank the Borough 167th out of 326 districts across England (with 1 being the most deprived). It is ranked as being less deprived than nearby Blackpool (4th), Burnley (17th), Blackburn with Darwen (24th), Hyndburn (28th), Pendle (42nd), Preston (72nd), Rossendale (98th), Lancaster (125th) and West Lancashire (164th), but more deprived than the remaining Lancashire authorities of Chorley (186th), Fylde (218th), South Ribble (234th) and Ribble Valley (290th). The Figure illustrates that the surrounding rural parts of the Borough are comparatively affluent, particularly around Garstang, Catterall,

⁵ ONS annual survey of hours and earnings

Poulton le Fylde and Thornton. High levels of deprivation however, characterise the Peninsula, particularly around the urban areas of Fleetwood and Cleveleys.

Figure 2.5 IMD 2015 Wyre Borough



Source: ONS/Lichfields Analysis

Hillhouse Technology Enterprise Zone

2.20 Since the ELS Update and Addendum were undertaken in 2015, a new Enterprise Zone has been identified in Wyre Borough. Hillhouse International Business Park was awarded Enterprise Zone [EZ] status by the UK government and became live in April 2016. The new EZ is known as Hillhouse Technology EZ, with a particular focus on the Chemicals and Energy sectors.



2.21 This large 138 ha site is a former chemical production facility, located on the Wyre coast at Thornton-Cleveleys. It is currently occupied by over 40 companies, including three world class multi-national businesses, namely Victrex PLC (polymers), AGC Chemicals Europe Ltd (fluorochemicals and fluropolymers), and Vinnolit (PVC manufacture). There are significant areas of land within the enterprise zone available for re-development, including areas within the secure part of the site⁶.

2.22 As with the other 47 EZ across England, the Hillhouse Technology EZ provides a number of benefits to businesses, including:

- 1 Up to 100% business rate discount worth up to £275,000 per business over a 5-year period;

⁶www.wyre.gov.uk/info/200358/business_support_and_advice/1071/hillhouse_international_enterprise_zone

- 2 Simplified local authority planning, for example, through Local Development Orders that grant automatic planning permission for certain development (such as new industrial buildings or changing how existing buildings are used) within specified areas; and,
- 3 Government support to ensure that superfast broadband is rolled out throughout the zone, and, if necessary, public funding.

In addition, because it has assisted area status, Hillhouse Technology EZ also benefits from 100% enhanced capital allowances (tax relief) to businesses making large capital investments in plant and machinery⁷.

- 2.23 Businesses could therefore receive benefits including business rates relief for five years or enhanced capital allowances, with opportunities for both land sales and design-and-build. The secure part of the site, managed by NPL Estates, offers full COMAH⁸ status and facilities for the chemical sector, as well as full facilities management, which is also available in some non-secured areas. Hillhouse Technology EZ also has the capacity to accommodate companies with high power requirements⁹.
- 2.24 The advantages of being able to offer an existing, internationally-recognised business park, alongside world-leading chemical and polymer production companies large employment site, provides Wyre with an excellent selling point to potential investors and businesses looking to benefit from these incentives. It is understood that the new EZ, along with its sister EZ at Blackpool Airport, is overseen by the Blackpool, Fylde & Wyre Economic Development Company on behalf of the local authorities and Lancashire Enterprise Partnership [LEP].
- 2.25 Target sectors for the Hillhouse Technology EZ include the chemical industry, polymer manufacture, energy generation and management, advanced manufacturing and engineering, and low carbon and sustainable industries. However, the principal driver behind the enterprise zone, is job creation and industry diversification, hence companies looking to operate outside those target sectors will be welcomed by the Blackpool, Fylde & Wyre Economic Development Company to discuss options¹⁰.

Future Growth Prospects of the EZ

- 2.26 In terms of what this is likely to mean for jobs growth at the site, discussions with Council Officers indicate that early employment projections for the lifespan of the EZ project stand at 1,650 jobs on the site at present, rising to 2,550 by 2035. This equates to a net growth of 900 jobs growth by 2035, or 50 jobs per year over the next 18 years.
- 2.27 However, Officers are in the process of commissioning consultants to draw up a Masterplan for the whole site, alongside a 5 year Implementation Plan. It is envisaged that this masterplan will seek to review the employment projections and job delivery is likely to be considerably reduced in the short term. It is anticipated that the first 5 years will show the least growth over the project period.
- 2.28 As noted above, and in common with most EZs across the country, the Hillhouse Technology Enterprise Zone has a number of incentives including Extended Business Rates Relief; Varied Grant Initiatives; Enhanced Capital Allowances; and a Simplified LPA planning process. It is

⁷ <http://enterprisezones.communities.gov.uk/about-enterprise-zones/#businesses>

⁸The HSE Control of Major Accident Hazards [COMAH] Regulations seek to ensure that businesses take all necessary measures to prevent major accidents involving dangerous substances with the intention of limiting the consequences to people and the environment of any major accidents which do occur.

⁹<http://hillhouseez.com/>

¹⁰<http://hillhouseez.com/>

understood that the EZ incentives will be heavily marketed towards the Chemical, Energy and Industrial, Advanced Manufacturing sectors.

- 2.29 Whilst the EZ has the Enhanced Capital Allowance¹¹ as an attractor and a fast tracked planning process, there will still be a lengthy planning period needed for the huge capital investments required. This could delay employment generation at the site for a further few years.
- 2.30 Officers commented that the Wyre Power Project (essentially a gas-fired power station) may require just 60 FTEs once operational, despite covering c.20% of the total Hillhouse International EZ site area. This may require a major downgrading in the implementation plan/ masterplan when this is submitted to CLG.
- 2.31 In terms of other businesses with firm proposals to invest in the EZ, three Energy companies are looking to invest at Hillhouse Technology EZ, which could result in around 65 new jobs. In addition, three Chemicals companies have plans to move to / expand their operations at the EZ, which is likely to result in an increase of at least 85 jobs in the foreseeable future.
- 2.32 Indeed, as regards Victrex, the company has grown at Hillhouse Technology EZ by around 280-300 jobs over the past 10-12 years, and it is understood that the company invests regularly, which results in employment growth. The company will open a new Polymer Innovation Centre in October 2017 and it is understood that the company has plans to continue to expand its facilities in the EZ in the years ahead, which will lead to further job growth. It is understood that around 18 new jobs are likely to be created in the short term as a result of the new R&D facility, with at least a further 55 jobs created by 2024 located at the Innovation Centre itself or as a direct result of a new production facility resulting from the research at the Innovation Centre. Based on the evidence before us, it seems reasonable to suggest that the planned Victrex investment will create at least 73 new jobs on site, and that this figure could be boosted substantially in the years to come.
- 2.33 In summary, from the evidence provided to us by WBC Officers it appears that advanced proposals are in place at the Hillhouse Technology EZ that would see at the very least 125 new energy jobs and a further 120 new chemical manufacturing jobs generated in the foreseeable future.
- 2.34 It is understood that one of the major barriers at the moment is unlocking the north part of the Hillhouse Technology EZ, which is approximately 16 ha. The aim will be to provide design and build opportunities to new and existing businesses. The access to this area of the site will be open to the public via a new vehicular access road. It is understood that this is reliant upon private sector investment. Given the likely time delays likely to be involved in reaching agreement with landowners/operators, obtaining sufficient funding and in actually delivering the access road, it is likely that limited growth will occur at this northern part of the site for the next 3-4 years.

Potential Experian Data Errors

Coding Errors

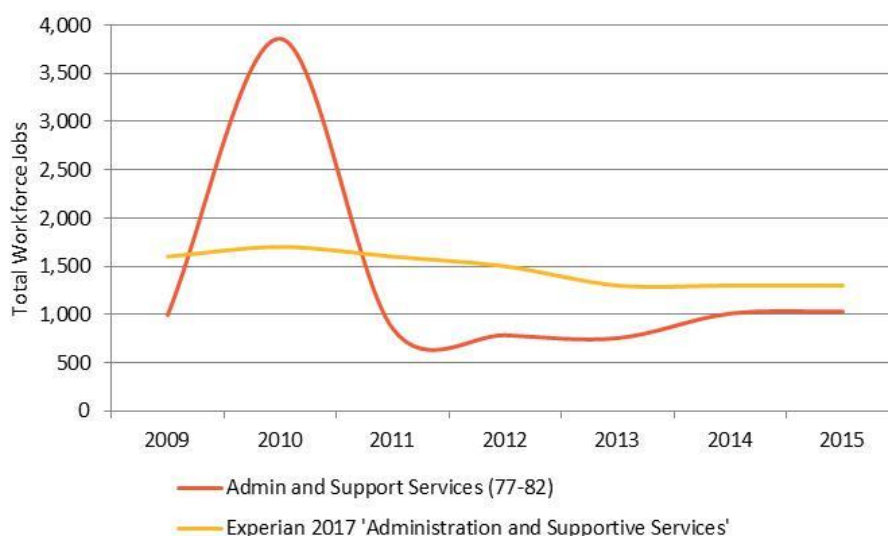
- 2.35 The original 2012 ELCLS picked up a coding error which had suggested that the BRES data upon which the Experian projections were based had over-estimated the number of jobs in a particular industrial sector (*'Services to building and landscape activities'*) by around 3,000 workers. This was attributed to the Headquarters of a regional recruitment agency recording all

¹¹Fiscal benefits such as enhanced capital allowance and business rate relief are only available until March 2022. However it is possible that the Government may introduce other benefits post 2022.

of its employees as being based in a small office in Wyre. This coding error had fed through to the Experian projections. Adjustments were subsequently made by Lichfields to correct this error in the ELCLS.

- 2.36 This exercise was revisited in the 2015 ELS (and subsequent Addendum), using more recent Experian data (for March 2015). This later report concluded that the Experian data (whilst not being an exact match with the BRES data) excluded the anomaly. Lichfields saw no justification for making any further manual adjustments to the projections for this particular sector at the time.
- 2.37 Lichfields has checked the data again, and whilst the anomaly remains in the BRES data for 2010, the Experian data has 'smoothed' the increase out and it does not appear to have distorted the Experian projections into the medium to long term. As in 2015, Lichfields can see no justification for making any further manual adjustments to the projections for this particular sector.

Figure 2.6 BRES codes 77-82 vs. Experian: 'Administrative & Supportive Services'



Source: BRES 2009-2015 / Experian 2017

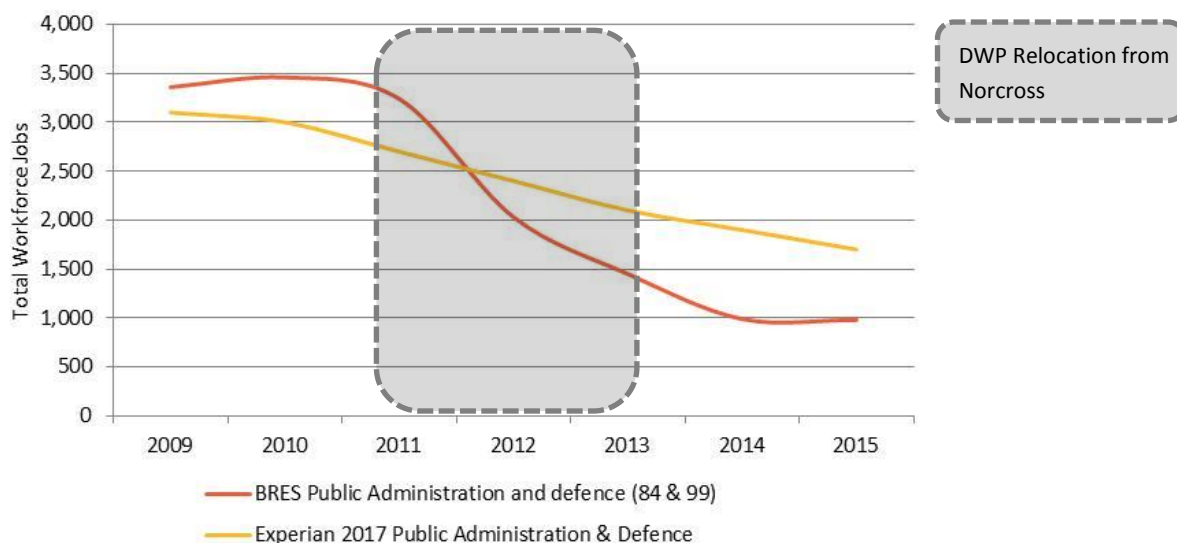
Norcross DWP site

- 2.38 The second query requiring further investigation in the previous 2015 Update related to the job losses at the Norcross site and the extent to which they were reflected in the Experian projections. Between 2011 and 2013 around 2,000 jobs were lost (around 1,000 outright, with 1,000 relocated) from the Norcross site, with the Department for Work and Pensions [DWP] transferring many of their staff from Norcross to Peel Park, Fylde. The previous 2015 ELS Addendum compared the BRES data with the Experian projections over the period 2009 – 2013 and found a very close correlation between the two data sets for 2009 – 2011, whereupon there was a signal divergence, with the BRES data showing a decline from 3,012 public sector jobs in 2011, to 2,192 in 2012 and 1,423 in 2013 (a loss of 1,589 jobs in the latter two years). Such a fall seemed to reasonably align with the job relocations from the Norcross site, whereas the decline in Experian jobs was nothing like as steep - declining from 3,010 in 2011 to 2,470 in 2013 (a fall of 540 public sector jobs compared to 1,589 with the BRES – around 1,000 out).
- 2.39 At the time of the 2015 ELS Addendum, discussions were held with Experian to test whether these actual job losses were adequately factored into their future projections. As the BRES survey data is volatile, Experian endeavours to remove sample volatility, but not underlying

trends. The downside to this process is that to smooth the BRES results, sharp movements in the last historical observation period are not always fully taken into account until the following year, where Experian has 2 data points confirming that the movement is a 'real' movement, i.e. it relates to an underlying trend and is not a blip.

- 2.40 Experian was previously of the opinion that if WBC had evidence that this drop in public sector employment was 'real' and not simply a statistical anomaly, then a manual adjustment could be made in this instance. As the job relocation has certainly occurred, it therefore appeared reasonable to bring the 2012/13 Experian job figures for *Public Administration and Defence* into line with the BRES data. Lichfields then adjusted the subsequent years' annual incremental growth projections in line with the underlying rate of change projected by Experian to 2031 (reducing the overall figure by over 1,000 jobs).
- 2.41 We have assessed this issue again with Experian using their latest March 2017 dataset. As can be seen from Figure 2.7, whilst the number of jobs in the public sector began to decline slightly earlier in Experian's figures, there was a very abrupt fall of around 2,250 jobs between 2011 and 2014 in the BRES data, which broadly co-indices with the Norcross DWP relocations. Whilst there is a decline in the public sector jobs in the Experian projections for the years 2011-2014 as well, the fall is nothing like as steep as the BRES recorded – declining from 2,700 in 2011 to 1,900 in 2013. As of 2015, the BRES data records 980 jobs in this sector, whereas Experian suggest that the total number of jobs is around 1,700 – a difference of a little over 700.
- 2.42 We have raised this issue with Experian once again. They confirmed that as Experian's methodology smooths volatility in BRES survey data points in a consistent manner across all years, there may be a lag in certain instances where there has been a sharp drop due to relocations/closures that is out of kilter with the historic trend. Experian was (again) of the opinion that if WBC has evidence that this drop in public sector employment was 'real' and not simply a statistical anomaly, then a manual adjustment could be made in this instance.
- 2.43 As the job relocation has certainly occurred, it therefore appeared reasonable to bring the Experian job figures for *Public Administration and Defence* into line with the BRES data. As some 'smoothing' has already taken place to 2015, we have brought the Experian data into line with the latest BRES data for that year, and then adjusted the subsequent years' annual incremental growth projections in line with the underlying rate of change projected by Experian to 2031. This has the overall effect of reducing the net growth in public administration and support services by around 700 jobs, to +900 between 2011 and 2031.

Figure 2.7 BRES codes 84 & 99 vs. Experian: Public Administration & Defence'



Source: BRES 2009-2015 / Experian 2017

Summary

2.44

In summary, we have analysed the key economic trends and statistics for Wyre Borough and comparator areas to test the extent to which they have changed since the time of the 2015 ELS Addendum. In this regard:

- 1 Wyre's economy remains reasonably stable with particular strengths in chemicals, accommodation & recreation and manufacturing countered by the ongoing fallout from severe public sector austerity and relocations. Part of the wider Fylde coast TTWA, the Borough benefits from significantly higher-than-average levels of manufacturing despite the decline of traditional industries, due in part to the historical presence of ICI at the Hillhouse International Technology Park, which attracted a number of international-class chemicals companies which have remained in the area despite ICI's demise. The area has also been historically reliant on public sector employment, and the recent loss / relocation of around 2,000 DWP jobs from the Norcross site, plus the ongoing public-sector austerity measures enforced nationally by the Government, have presented particular challenges for Wyre. This has resulted in generally flat growth in recent years. The economy is not set to recover in size to its pre-recession peak until 2030, some 22 years after the recession first began. These factors, aligned with the ongoing national uncertainty surrounding the implications of Brexit, has resulted in weaker Experian job projections than was previously used to underpin the 2015 ELS Addendum.
- 2 As was previously reported, the Borough still has consistently lower levels of unemployment than either the regional or national averages, and levels of economic activity amongst its residents that are higher than the North West as a whole and which are comparable with the national average. The Borough also has higher residents-based earnings than elsewhere in the North West, although due to high levels of net out-commuting to nearby towns and cities, workplace-based wages are much lower.
- 3 Wyre has proportionally more residents with higher level qualifications compared to the regional averages, although it should be noted that the rates are below what is achieved nationally. Challenges remain in reducing pockets of deprivation across the Borough, specifically on the peninsula around Fleetwood and Cleveleys.

- 4 A major change from the 2015 ELS Addendum is that the Borough now benefits from the designation of the Hillhouse Technology EZ, which has a particular focus on the Chemicals and Energy sectors . The advantages of being able to offer an existing, internationally-recognised business park, alongside world-leading chemical and polymer production companies large employment site, provides Wyre with an excellent selling point to potential investors and businesses looking to benefit from these incentives. The EZ incentives will be heavily marketed towards the Chemical, Energy and Industrial, Advanced Manufacturing sectors. Council Officers had initially estimated that around 900 new jobs could be based on the site by 2035 in addition to the 1,650 currently located there. Officers considered that these new jobs would be in addition to the underlying baseline jobs growth reported by Experian, which does not fully reflect the step change in employment opportunities likely to arise from the EZ. The 900 jobs estimate is likely to be revised (most likely downwards) during the forthcoming masterplanning exercise due to the inclusion of an increasing number of land-hungry uses, such as the new Power Station at the site. At present, Officers report that firm proposals are currently being worked up for projects that would deliver at least 245 additional jobs to the area, focused primarily on energy and chemicals manufacturing.
- 5 In terms of potential coding errors, the BRES coding error relating to '*Services to building and landscape activities*' which had been reflected in earlier Experian projections (which informed the 2012 ELCLS, but not the 2015 ELS Addendum) does not appear to be present in the latest round of projections. As with the 2015 ELS Addendum, Lichfields can see no justification for making any further manual adjustments to the projections for this particular sector.
- 6 Regarding the impact of the Norcross DWP site relocations however, the 1,000 or so jobs that moved from Wyre to Fylde and another 1,000 lost outright do not appear to have been fully incorporated into the Experian projections. This is a similar approach to that which was taken in the 2015 ELS Update. It is considered reasonable to bring the Experian job figures for *Public Administration and Defence* into line with the 2015 BRES data, which would result in a reduction of around 700 jobs in this sector going forward, resulting in a total of just 900 jobs based in the public sector in Wyre Borough by 2031.

3.0 The Current Stock of Employment Floorspace

Introduction

3.1 This section provides an update of the current stock of employment space in Wyre, as well as recent trends in, and changes to, supply. It also provides detail of development planned for future and past losses of land.

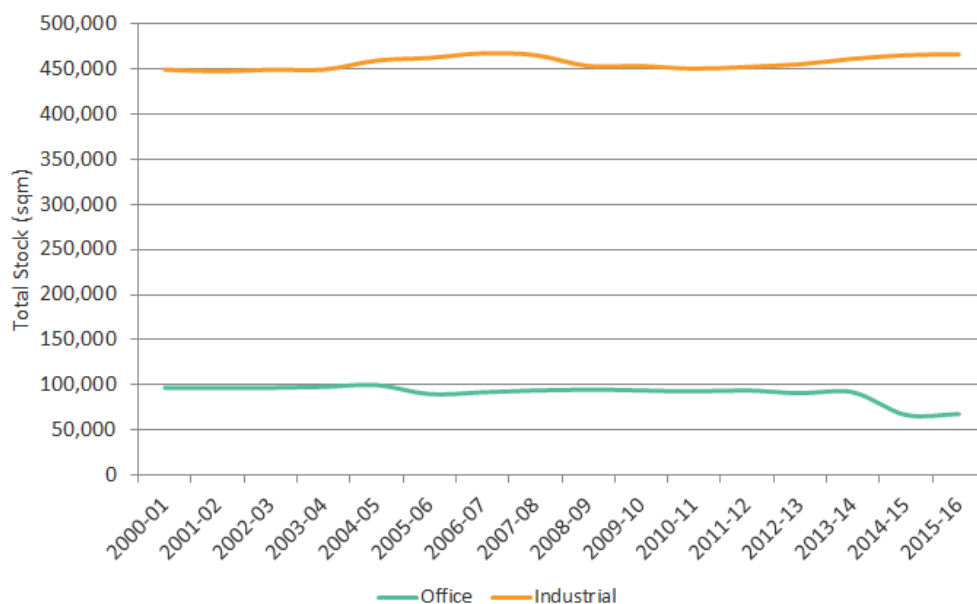
3.2 The analysis contained within this section draws upon the following data sources:

- 1 Commercial floorspace data from the Valuation Office (VOA);
- 2 Wyre Borough Council’s monitoring data on employment development; and
- 3 Analysis of websites of agents active in the local area.

Commercial Floorspace

3.3 The most up-to-date information from the VOA provides commercial/value floorspace dates to 2015/16. In 2015/16, Wyre Borough had 534,000 sqm of industrial/office floorspace. As illustrated in Figure 3.1, the vast majority of this related to industrial/warehousing floorspace – 466,000 sqm, or 87% of the total. This bias was slightly less pronounced in 2000, with 82% of the total stock comprising industrial and warehousing floorspace. Over this period B2/B8 floorspace has increased by 4% (+17,000 sqm), whilst the amount of B1a/b office space has actually decreased by 30% (-29,000 sqm) over this period. This is likely to be a reflection of the loss of much of the floorspace at Norcross following the DWP’s relocation from the site.

Figure 3.1 Stock of Floorspace in Wyre Borough 2000-2016



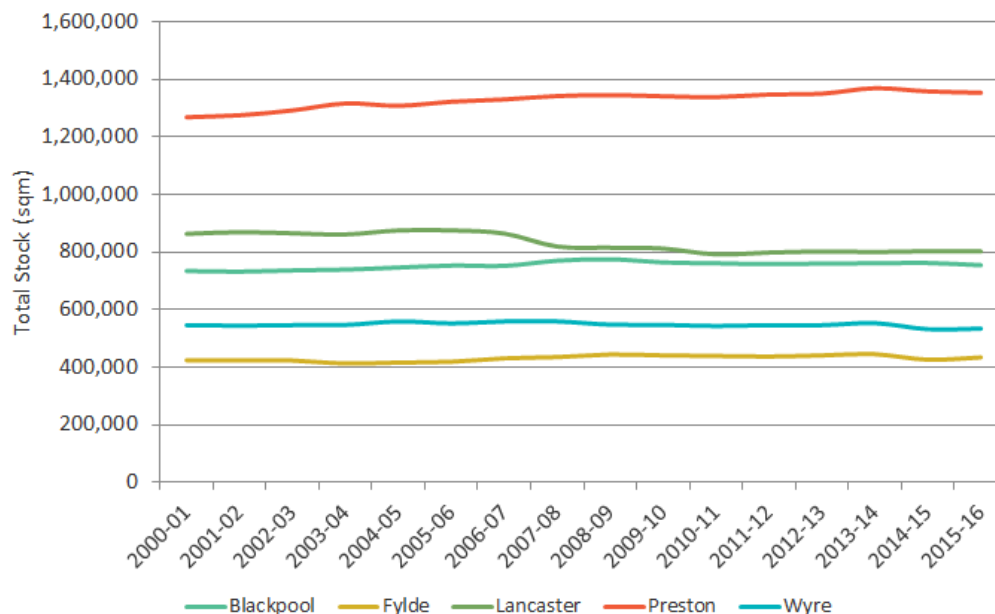
Source: VOA Floorspace Statistics/Lichfields Analysis

Note: The term ‘Industrial’ as used by the VOA in this experimental data includes B1c, B2, B8 and some Sui Generis uses. From the data provided by VOA it is not possible to extract the Sui Generis uses from the overall floorspace figures.

3.4 A comparison with employment space levels in nearby districts is presented in Figure 3.2. This suggests that Wyre Borough has a higher level of floorspace than the neighbouring authority of Fylde, but with significantly lower levels than Blackpool, Lancaster and most particularly

Preston. The only comparator district to have experienced a fall in overall floorspace over the 2000/01-2015/16 analysis period is Lancaster, which has seen its total amount of employment floorspace fall by 7% over this period. The Figure suggests that employment floorspace growth in Wyre and Fylde tends to display very similar trends, although in contrast to Wyre's loss of -12,000 sqm over the past 15 years, Fylde has seen a very slight increase overall, of +10,000 sqm.

Figure 3.2 Stock of Floorspace by Comparator Areas, 2000-2016



Source: VOA Business Floorspace Statistics / Lichfields Analysis

Vacancy Levels

- 3.5 An analysis of vacancy rates by Keppie Massie was undertaken to inform the 2015 ELS. They surveyed all of the key business parks and industrial estates within Wyre Borough in spring 2015 to identify occupancy levels and concluded that vacancy rates in Wyre were around 8% for commercial floorspace and around 5% for industrial/warehousing floorspace.
- 3.6 We have undertaken a new, desk-based analysis of available commercial and industrial floorspace for Wyre Borough. Based on an online survey of commercial estates agents¹² there was around 24,000 sqm of industrial floorspace available and being actively marketed in June 2017, equivalent to 5.1% of the total B2/B8 industrial stock (466,000 sqm). This is almost identical to the 5% vacancy rate reported by Keppie Massie in spring 2015. The latest figures are still a little lower than might be expected, which suggests that the variety and supply of premises in the Borough is limited and hence available properties are occupied quickly.
- 3.7 The latest data on B1a/b office stock suggests that there is around 3,200 sqm of available office stock, equivalent to 4.7% of the total stock (68,000 sqm), a significant decrease from the previous 8% figure recorded 2 years ago by Keppie Massie. Again, this would suggest that the availability of suitable stock in the Borough is relatively limited.

¹² Rightmove, Zoopla and Estates Gazette were analysed in detail to identify vacant industrial and office floorspace. The findings provide a snapshot of vacancy levels from the time of the research undertaken in June 2017.

Development Rates

- 3.8 WBC Officers collate data on the development of employment land for Annual Monitoring purposes. The previous ELS Update in 2015 relied on employment floorspace completions dating back to 2004/05 provided by WBC and translated these into land (ha) by applying a standard plot ratio of 40%. Since 2015 however, WBC has refreshed its approach to employment land monitoring. The main change is that WBC is now recording hectareage take up figures alongside floorspace (in square metres). This approach has also been applied retrospectively to previous years to cover the start of the plan period (i.e. to 2011/12).
- 3.9 Table 3.1 provides a summary of the latest data provided by WBC from 2011/12 to 2016/17, plus the earlier data going back to 2004/05 that informed the previous ELSU Addendum. However, the two sets of figures are not directly comparable, not just because of the fact that the earlier figures were less accurate due to the application of a 'rule of thumb' 40% plot ratio benchmark rather than the actual hectareage developed, but also because of a number of other issues which have been corrected. For example, the Council's monitoring 'health check' identified other anomalies primarily due to how the monitoring data was previously collected, which may result in some differences between the two sets of data. Comparing the two different dataset, the obvious differences between the 'old approach' and the new monitoring approach includes:
- 1 WBC no longer includes temporary B class permissions in the figures;
 - 2 WBC no longer includes ancillary B class in the figures (for example, new storeroom associated within new school buildings, with the Council exercising a degree of planning judgement as to what is included or not);
 - 3 The application of a threshold of 0.02ha where there is a hectareage take up figure. This latter point may mean that the overall take up rates somewhat underestimate the total level of take up, although the difference is likely to be relatively small.
- 3.10 As Table 3.1 illustrates, take-up of employment sites in Wyre Borough over the period 2004/05 to 2010/11 (based on the old approach) totalled 13.7 ha, or 1.95 ha per annum. Using the more accurate approach favoured by the Council, the take up totals 9.25 ha, or 1.54 ha per annum, a modest reduction (although it is noted that no sites below 0.02 ha in size have been included by the Council). There has been an increase in the amount of B8 warehousing that has come forward in recent years compared to the longer term trend, and less B1c/B2, although industrial uses still significantly exceed the amount of B1a office land that has come forward.
- 3.11 The level of take up on an annual basis since 2011/12 has been relatively even, with the major developments including the following:
- 1 Erection of a new Victrex Technology Centre incorporating offices and laboratories and creation of a new car park (1.14 ha in total, comprising 3,610 sqm B1a office and 1,180 B1b R&D) in 2011/12;
 - 2 Proposed new building for office/general industrial/storage or distribution at Riverside Industrial Estate, totalling 1.6 ha (including 1,008 sqm B8 warehousing), also in 2011/12;
 - 3 Change of use of three existing buildings from agricultural to industrial use at Long Acres Farm, Stalmine with Staynall in 2012/13, totalling 1.15 ha (predominantly B8 warehousing);
 - 4 Erection of a new PEEK manufacturing facility with associated utilities, structures, hardstanding and access on Land at East Road, Hillhouse International Technology Park, Fleetwood Road North, Thornton Cleveleys, in 2015/16. This totalled 0.84 ha of B2 industrial land;
 - 5 Reinstatement of B8 open storage of caravans at Robson Way, North West Corner, Little Carleton in 2016/17, totalling 1.07 ha (10,700 sqm).

Table 3.1 Gross Employment Completions in Wyre Borough (ha)

		B1a/b	B1c/B2	B8	Total
WBC Former approach	2004/05	0.23	0.23	0.23	0.70
	2005/06	0.38	4.47	0.38	5.23
	2006/07	0.13	1.81	0.13	2.08
	2007/08	0.28	0.71	0.05	1.05
	2008/09	0.46	0.19	0.19	0.84
	2009/10	0.57	0.96	0.00	1.53
	2010/11*	0.67	1.05	0.52	2.25
	TOTAL	2.73	9.43	1.51	13.68
	Annual Average 2004/05 - 2010/11	0.39	1.35	0.22	1.95
WBC Revised approach	2011/12	1.33	0.97	0.46	2.76
	2012/13	0.42	0.79	0.54	1.75
	2013/14	0.19	0.19	0.02	0.40
	2014/15	0.00	0.04	0.76	0.80
	2015/16	0.16	1.01	0.02	1.19
	2016/17	0.19	0.20	1.96	2.35
	TOTAL	2.28	3.21	3.76	9.25
	Annual Average 2011/12 - 2016/17	0.38	0.53	0.63	1.54

Source: WBC / Lichfields analysis

*Note: excludes 13.3 ha Lancashire Waste Technology Park site

Losses of Employment Land

3.12

Losses of employment land in the period 2011/12 to 2016/17, provided by WBC, are reproduced in Table 3.2.

Table 3.2 Losses of Employment Land in Wyre Borough

		B1a/b	B1c/B2	B8	Total
WBC Revised approach	2011/12	0.04	0.05	0.01	0.09
	2012/13	0.04	0.00	0.00	0.04
	2013/14	0.13	0.27	0.00	0.40
	2014/15	0.02	0.21	0.01	0.24
	2015/16	0.12	0.03	0.03	0.18
	2016/17	0.93	0.00	0.00	0.93
	TOTAL	1.29	0.55	0.05	1.89
	Annual Average 2011/12 - 2016/17	0.21	0.09	0.01	0.31

Source: WBC / Lichfields analysis

3.13

The rate of losses in Wyre Borough has totalled 1.89 ha over the past 6 years, at an annual rate of 0.31 ha. This figure includes the prior notification of a proposed change of use from B1 use to

C3 use at the Orient Building, Station Road, Fleetwood, Lancashire in 2016/17 which resulted in the loss of 0.13 ha, or 1,018 sqm of B1a office space. It also included the demolition of existing buildings and erection of a retail store, car park, access and associated works at the Moorland Motors site in Poulton-le-Fylde, also in 2016/17.

- 3.14 The previous ELS recorded that over the period 2002/03 – 2014/15, some 5.5 ha of B-class land was lost to non-B-uses at a rate of 0.42 annually, hence there has been a slight decrease in the level of losses in recent years.

Anticipated Future Losses

- 3.15 To convert the net requirement for employment space into gross (the amount of employment space or land to be allocated/planned for), an allowance is typically made for some replacement of losses of existing employment space that may be developed for other, non B-Class, uses in future.
- 3.16 Judgements have therefore been made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on the consultants' understanding of supply-side deliverability factors in Wyre and current trends in the market.
- 3.17 Not all losses need necessarily be replaced as some will reflect restructuring in the local economy as less space may be needed in some sectors (particularly traditional manufacturing) in future. However, even in declining industrial sectors some replacement will inevitably be needed to refresh the quality of the stock and to avoid the employment land supply continually declining.
- 3.18 The previous 2015 Wyre ELS Update acknowledged the fact that 0.42 ha had been lost annually since 2002/03. However, analysis of potential future losses by WBC suggested that this could accelerate in future years, reducing choice within the market. It was considered that:
- 1 Up to **10.11 ha**¹³ of employment sites could be lost to residential use as identified in the SHLAA;
 - 2 **9.60 ha** of existing sites and allocations could be removed from the portfolio;
 - 3 'Land to the east of Wyre Dock' in Fleetwood, a 10.56 ha site with around **4.9 ha** currently in use for low density storage and B8 uses, has been a housing allocation in both WBC's adopted Local Plan (1999) and the Fleetwood Area Action Plan (2009) and is likely to be lost to residential use over the coming years. Furthermore, 'Land to the North of Bourne Road', a 14 ha site that was also previously in employment use (partly for a Power Station), but which was again a housing allocation in the Council's 2009 AAP, is also likely to be lost. Of this site, only around **2.7 ha** is currently in use for B-class employment;
 - 4 Over the period 2015 to 2031, the 2015 Wyre ELS Update estimated that this would equate to 28.22 ha, or **1.764 ha per annum**.
 - 5 Including the 1.89 ha lost between 2011/12 and 2016/17, this equates to **29.2 ha** over the plan period 2011 – 2031, or **1.5 ha** per year.
- 3.19 The Council has not revisited this exercise as part of this 2015 ELS Update Addendum II. However, despite the continued pressure for higher value uses (most notably residential) on some B-class sites and the pressure from the Government's 'prior approval process to facilitate

¹³Note: the 2015 ELS Update included the potential loss of 0.91 hectares of employment land at GST48 – Land at Moss Lane, which was recorded as a former Oil depot and distribution. However, WBC has now concluded that the existing use is actually Sui Generis and not B class. The 11.02 ha figure originally quoted for this category has thus been reduced by 0.91 ha, to 10.11. This has the knock-on effect of reducing the average losses from 30.11 ha to 29.2 ha.

the conversion of employment sites to residential to help address the housing crisis, 1.5 ha would appear to be high relative to the level of losses that has been achieved over the past 6 years for which we have reliable data from the Council. Based on this latest data, it would appear unlikely that losses will increase by a multiple of 5 from their current rate of 0.31 ha annually (2011/12-2016/17).

- 3.20 In terms of an appropriate figure for losses, a figure of around of **0.9 ha per annum** would appear appropriate, which represents the mid-point between the 0.31 ha that has been lost on average per year since 2011/12, and the higher rate of losses anticipated by the Council of 1.5 ha per year to 2031.

Enquiries Data

- 3.21 Data provided by Wyre Borough Council, summarised in Table 3.3, suggests that since 1998 the Borough has received a total of 343 enquiries for industrial floorspace, the majority of which were in the 1,001-5,000 size bracket (as well as the very small <1,000 bracket). The Borough has also fielded 174 enquiries for offices, serviced or otherwise, of which the vast majority (84%) were for units smaller than 2,500 sq ft. It should be noted that this does not include all business enquires, as some would have been directly received by land owners and agents in the area.

Table 3.3 Number of Enquiries, by Property Type in Wirral Borough 2006-2016 (sq ft)

Range	Industrial	Office
0-500	33	67
501-1,000	33	36
1,001-2,500	132	43
2,501-5,000	71	17
5,001-10,000	51	8
10,001-20,000	16	1
20,001-40,000	5	2
40,001-60,000	1	0
60,001-100,000	1	0
100,001+	0	0
Total	343	174

Source: Wirral Borough Council 2017

Summary

- 3.22 The key findings can be summarised as follows:
- 1 Wyre Borough has around 534,000 sqm of B-class floorspace, the vast majority of which relates to industrial floorspace (466,000 sqm), or 87% of the total.
 - 2 In Wyre Borough, 24,000 sqm (5.1%) of industrial floorspace and 3,200 (4.7%) of office floorspace is currently being marketed, which is not dissimilar to the 5%/8% respectively of industrial/office vacancy rate identified back in spring 2015 by Keppie Massie.
 - 3 Take-up of employment sites in Wyre over the period 2011 to 2017 totalled 9.25 ha, or 1.54 ha per annum, a reduction on the 1.95 ha delivered between 2005 and 2011.
 - 4 An average of 0.31 ha gross of B class space has been lost annually in Wyre Borough since 2011/12; this is a total of 1.89 ha. This is significantly below the 1.5 ha that WBC estimated in the 2015 ELS Update could be lost in the Borough over the plan period previously. It has been assumed that a mid-point between these two extremes, of 0.9 ha, would comprise a suitable replacement figure going forward.

4.0 **Future Requirements for B-Class Employment Space**

Introduction

4.1 This section considers the future economic growth requirements in Wyre Borough by drawing upon several methodologies that reflect the requirements of the Practice Guidance. These scenarios are used to inform the assessment of the Borough future employment land needs for office and industrial (i.e. manufacturing and warehousing) for the period 2011 to 2031.

Methodology

4.2 The Housing and Economic Development Needs Assessment section of the Practice Guidance advises that “*local authorities should develop an idea of future needs based on a range of data which is current and robust.*”¹⁴ In particular, it recommends that Plan-makers consider a variety of forecasting techniques:

- 1 Sectoral employment forecasts and projections (labour demand);
- 2 Demographically-derived assessments of future employment land needs (labour supply);
- 3 Analysis based on the past take-up of employment land and property and/or future property market requirements; and,
- 4 Consultation with relevant organisations, studies of business trends and monitoring of business, employment and economic statistics.

4.3 Within this context, a number of potential future scenarios are considered within this section in order to provide a framework for assessing future B-class employment space requirements in Wyre Borough over the 20-year period 2011-2031. The quantitative forecasting techniques applied clearly align with items 1-3 outlined above:

- a Baseline employment forecasts (**labour demand**), using Experian’s Local Market Quarterly projections for March 2017, with a suitable adjustment made to reflect the realistic job growth prospects likely to result from the Technology EZ and the probable over-estimation of public administration employment;
- b Estimated growth in the local **labour supply** – and the jobs and employment space that this could be expected to support – having regard to analysis presented as part of the Borough’s Housing OAN Update, produced by Turley in July 2017; and
- c Consideration of **past take-up of employment space** based upon updated monitoring data provided by WBC and how these might change in future.

4.4 All of these approaches have their own individual strengths and limitations. In order to be robust, however, the Borough’s economic growth potential (and the likely demand for employment space) needs to be assessed under a variety of future scenarios that reflect alternative growth conditions that could arise over the study period. In reconciling the various scenarios, consideration needs to be given to how appropriate each is to the particular circumstances and aspirations of WBC.

4.5 The ultimate judgement regarding the level of employment need that WBC should plan for is not, therefore, simply shaped by a consideration of quantitative analysis. Rather, a number of qualitative factors must also be taken into account (as discussed in other sections of this report).

¹⁴ 2a-032-20140306

These factors, which have been identified through an analysis of economic and market conditions – as well as earlier consultation with economic stakeholders, commercial agents and local businesses that informed the previous 2012 Employment Land and Commercial Leisure Study [ELCLS], the 2015 ELS Update and Addendum, the findings of which should be read in conjunction with this report – will influence the employment space requirements that need to be planned for and must be considered alongside the modelled scenarios.

Growth Scenarios

A. Econometric Job Forecasting

Scenario 1) Adjusted Experian Baseline Economic Projections (March 2017)

- 4.6 The Experian econometric projections begin with UK-wide economic variables to create a core macro-economic projection, indicating the national demand for labour. Regional projections of employment change are constrained to conform to these UK-wide employment figures, and local projections are constrained to match the regional totals. These projections set out the expected levels of growth across 12 broad sectors and 38 categories.
- 4.7 For its local projections, Experian begins with ONS population projections along with its own employment projections. It then creates and adjusts its own economic activity and unemployment rates to align with both the population and employment figures. Appendix D to the Experian Data Guide (June 2017) states that “*the participation rate is an endogenous variable in all our models. It is not a fixed assumption.*” Hence, if demand for labour is high (i.e. there are a large number of new jobs), the economic activity rate is assumed to increase and/or unemployment to decrease.
- 4.8 Commuting rates are fixed for the local projections, although if there is deemed to be insufficient demand or supply for labour after the adjustment of economic activity and unemployment rates, the resulting commuting rate may be different. Therefore, Experian’s local projections are led and constrained by both the ONS population projections and its own macroeconomic job projections.
- 4.9 For further information on the Experian methodology, see the Experian UK Regional Planning Service Data Guide (June 2017) in Appendix A.
- 4.10 The March 2017 Experian projections indicate a workforce job growth in Wyre Borough of 1,800 (net) for the period 2011-2031 as can be seen in Table 4.1. This is significantly below the 3,570 net job growth recorded in the March 2015 Experian projections and also the 2,525 ‘adjusted’ figure, both of which informed the previous report. The apparent discrepancy is at least in part due to the very different projections for public administration jobs, which were projected to be +120 net in the March 2015 Experian projections, compared to -1,100 in the latest iteration. Construction was also previously projected to grow by 1,010 jobs, whereas the latest projection puts this at around +200.
- 4.11 The strongest growth (in absolute terms) is expected in Accommodation and Food Services (+900 or +27%) followed by Education (+600 or 18%), Residential Care and Social Work (+500, or +19%) and Wholesale (+500, or 23%) with only the latter relating directly to B-class land. The largest reductions in employment (aside for the aforementioned Public Administration and Defence) is for Administrative and Support Services (-400 or -25%) and Finance (-200, or -40%).

Table 4.1 Fastest Growing and Declining Employment Sectors in Wyre Borough, 2011-2031

Experian Sector	Use Class	Employment Change (2011-2031)	% Change (2011-2031)
Total Job Growth	Part B-Class	+1,800	4.9%
Accommodation & Food Services	Non B Class	900	27%
Education	Non B Class	600	18%
Residential Care & Social Work	Non B Class	500	19%
Wholesale	Part B Class	500	23%
Recreation	Non B Class	400	57%
Computing and Information Services	B Class	300	60%
Agriculture, Forestry & Fishing	Non B Class	-100	-9%
Metal Products (manufacture of)	B Class	-200	-33%
Finance	B Class	-200	-40%
Administrative & Supportive Services	Part B Class	-400	-25%
Public Administration & Defence	Part B Class	-1,100	-41%

Source: Experian 2017 / Lichfields Analysis

Adjustments to the Baseline

- 4.12 As noted in Section 2.0, this baseline projection does not take into account any policy changes, step changes in development that may depart from the long term rate, or significant job losses in recent years. As such, adjustments have been made following discussions with Experian modellers and WBC Officers. These changes relate specifically to an adjustment for the Hillhouse Technology EZ, and the losses resulting from the Norcross DWP site.

Hillhouse Technology Enterprise Zone Adjustment

- 4.13 As noted in Section 2.0, discussions with Council Officers indicated that early employment projections for the lifespan of the Hillhouse Technology EZ project stand at 1,650 jobs on the site at present, rising to 2,550 by 2035. This equates to a net growth of 900 jobs by 2035, or 50 jobs per year over the next 18 years (700 jobs to 2031). Target sectors for the Hillhouse Technology EZ include the chemical industry, polymer manufacture, energy generation and management, advanced manufacturing and engineering, and low carbon and sustainable industries.
- 4.14 This figure is the total gross direct jobs anticipated to be based on the site, and does not take into account any displacement likely to occur as a result of companies moving from elsewhere in the Borough to take advantage of the various financial and agglomeration benefits likely to arise from locating to the EZ. As set out in Section 2.0, following discussions with Council Officers, it is likely that the next iteration of the masterplan for the site will downgrade the level of job creation significantly to reflect the presence of a greater proportion of land-hungry energy and chemical-manufacturing plants on the site over the coming years.
- 4.15 However these will still generate significant levels of job growth that are not likely to be adequately represented in the baseline Experian growth projections. Section 2.0 identified a number of companies with firm proposals to invest in the EZ over the coming years. Taking a conservative approach to including these jobs, it is considered that this could result in a net increase of at least 245 jobs in the energy and chemicals sector over the coming years in addition to the baseline Experian growth.

- 4.16 It is considered that these would be net additional to the underlying Experian baseline growth. These jobs, such as the 60 jobs anticipated from the Wyre Power Project, are expected to be entirely new to the Borough as the focus is very much on new job creation rather than moving companies around from other parts of Wyre for minimal net gain. It is anticipated that 125 of these new jobs will come forward in the energy sector (included within the 'Utilities' SIC code), with a further 120 coming forward in Chemical Manufacturing.
- 4.17 Although chemical production tends not to bring with it large numbers of jobs, we would expect a modest growth in this sector over the duration of the project due to direct international marketing to chemical companies. The Experian baseline projections suggest that this sector will remain stable at around 600 workforce jobs between 2011 and 2031. However, we know that this is already underplaying the importance of the sector at present; WBC's data indicates that for the 3 largest chemical manufacturers based in the Borough - Victrex PLC (polymers), AGC Chemicals Europe Ltd (fluorochemicals and fluropolymers), and Vinnolit (PVC manufacture) - 715 people are directly employed as of 2017. This is almost 20% higher than the Experian figure.
- 4.18 Furthermore, of these three companies, WBC understands that AGC CE is expanding their Thermal Oxidiser plant at the Hillhouse Technology EZ site which will safeguard jobs in the short term. They also have other expansion plans over the next 10 years which is likely to result in further employment growth. In addition, as set out in Section 2.0, Victrex already employs the lion's share of staff in the chemical industry based in Wyre and has grown at Hillhouse Technology Park by around 280-300 jobs over the past 10-12 years. They will open a new Innovation Centre in October 2017 and it is understood that the company has plans to continue to expand its facilities in the EZ in the years ahead, which will lead to further significant job growth. Based on this evidence it appears reasonable to plan for continued net employment growth in this sector for the years ahead in contrast to Experian's pessimistic zero job growth.
- 4.19 WBC are also aware of the possible relocation of two advanced manufacturing companies currently based elsewhere in the Borough to the EZ, potentially resulting in the transfer of around 140 jobs and the creation of a further 15-20 jobs. However, due to the degree of uncertainty and the fact that these will primarily result in displacement rather than net additional job growth, the figures have been excluded from the adjusted calculation.
- 4.20 Given infrastructure constraints on the site currently, we have delayed accelerating the net job growth (of 245) resulting from the EZ until after 2018 for the Chemical Manufacturing sector, and after 2020 for the Energy sector.

Norcross Adjustment

- 4.21 As noted in Section 2.0, Experian was of the opinion that as the drop in public sector employment resulting from the DWP Norcross relocations was 'real' and not simply a statistical anomaly, then a manual adjustment could be made in this instance. As the job relocation has certainly occurred, it therefore appeared reasonable to bring the Experian job figures for *Public Administration and Defence* into line with the BRES data for 2015. Whilst there is a decline in the public sector jobs in the Experian projections for the years 2011-2014 as well, the fall is nothing like as steep as the BRES recorded – declining from 2,700 in 2011 to 1,900 in 2013.
- 4.22 As of 2015, the BRES data records 980 jobs in this sector, whereas Experian suggest that the total number of jobs is around 1,700 – a difference of a little over 700. As some 'smoothing' has already taken place to 2015, we have brought the Experian data into line with the latest BRES data for that year, and then adjusted the subsequent years' annual incremental growth projections in line with the underlying rate of change projected by Experian to 2031. This has

the overall effect of reducing the net growth in public administration and support services by around **700 jobs** between 2011 and 2031.

Summary Adjustment

- 4.23 The overall employment change in Wyre Borough resulting from these adjustments to the projections is shown in Table 4.2 along with the expected employment growth in the main B-class sectors. Overall, the 1,800 net job growth has been increased by 245 to reflect the net additional job growth likely to arise at the EZ, and decreased by 700 to reflect the DWP Norcross relocations in full. These two adjustments result in a net job growth of +1,345 jobs between 2011 and 2031.
- 4.24 These figures indicate a moderate increase in the level of net workforce job change of +326 jobs in the B-use classes in Wyre Borough over the plan period to 2031, with B1a/b sectors seeing a cumulative increase of 44 jobs, a modest decrease in B1c/B2 manufacturing employment (-85), and a more significant increase in B8 wholesale and distribution (+367). This is within the context of overall job growth of 1,345 jobs projected for Wyre Borough between 2011 and 2031 (i.e. non B-class sections are forecast to grow by 1,019 jobs). This is lower than the previous adjusted Experian figure in the 2015 ELS Update of 2,523 net jobs over the same time period.

Table 4.2 Forecast Workforce Jobs Change in Wyre Borough (2011 – 2031)

	2011	2031	2011-31
Offices (B1a/b)*	3,673	3,717	44
Manufacturing (B1c/B2)**	4,592	4,507	-85
Distribution (B8)***	2,453	2,820	367
Total B-class Jobs	10,718	11,044	326
Other Non B-Class Jobs	25,982	27,001	1,019
Jobs in All Sectors	36,700	38,045	+1,345

Source: Experian / Lichfields Analysis

** includes a proportion of public sector employment and administration & support services

** includes vehicle repair and some construction activities

*** includes elements of transport & communications sectors

- 4.25 In order to translate the resulting figures into employment land projections, the following average ratios have been applied to the job forecasts, using the latest 2015 HCA¹⁵ guidance:
- 1 Office: One B1a/b general office workforce job requires 12.5 sqm of employment floorspace [Gross External Area, or GEA];
 - 2 Industry: A combined B1c/B2 factor of one job per 45 sqm was obtained by taking an average of one B1c light industrial job (53.5 sqm) and one B2 industrial workforce job (36 sq. m.) of employment floorspace [GEA];
 - 3 Warehousing: 1 job per 65 sqm is assumed for general, smaller scale warehousing (which characterises the vast majority of warehouse stock in Wyre).
- 4.26 An adjustment has also been made to reflect the fact that vacancy rates in Wyre are currently around 5% for commercial and industrial floorspace. On the basis that a figure of 10% better reflects 'normal' market conditions, the model has assumed that where current rates are lower, the future supply should be adjusted so that the stock is brought back into balance and achieves a vacancy rate of 10% overall by 2031 to enable the market to operate efficiently. This way the model ensures that slightly more land is provided to 'boost' vacancy rates to a sustainable level.

¹⁵ HCA (November 2015), Employment Densities Guide, 3rd Edition

The net floorspace figures have then been converted into land through the application of a 40% plot ratio.

- 4.27 The resultant floorspace and land estimates are provided in Table 4.3. They indicate a positive net floorspace requirement for B1a/b, B1c/B2 and B8 uses in Wyre Borough District of 37,203 sqm to 2031. This is mainly due to strong B8 growth over the 20-year assessment period. Applying a standard 40% plot ratio suggests that the net land requirements under this scenario are around 9.3 ha net to 2031.

Table 4.3 Wyre Adjusted Experian Job Growth based Net Employment Floorspace and Land Requirements 2011-2031

	Net Floorspace Requirement (sqm)	Net Land Requirement (Ha)
Offices (B1a/b)	3,300	0.82
Manufacturing (B1c/B2)	-1,909	-0.48
Distribution (B8)	35,811	8.95
Total B-Class Job Growth	37,203	9.30

Source: Experian / Lichfields Analysis

** includes a proportion of public sector employment and administration & support services

** includes vehicle repair and some construction activities

*** includes elements of transport & communications sectors

Scenario 2: Past Trends Job Growth Projection

- 4.28 The Planning Practice Guidance states:

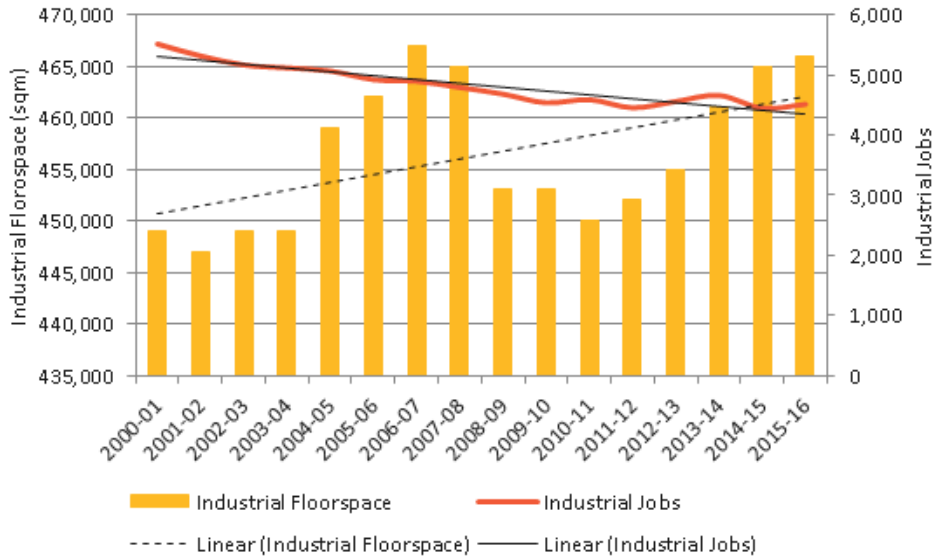
“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.”¹⁶

- 4.29 In line with Planning Practice Guidance and using historic Experian data (adjusted to exclude the additional 700 net job losses from the DWP Norcross relocation by 2015), past trends in workforce job growth over the period 1997-2015 were considered. Over this time period, the total number of jobs (adjusted for Norcross) increased by 2,800, equating to a compound average growth rate of 0.46%.
- 4.30 Applying this compound average job growth rate from 2016 onwards (factoring in the annual job growth/decline for each individual industrial sector over the period 1997-2015) suggests that over the period 2011 to 2031, the workforce jobs located in the Borough would increase by around 1,490 (suppressed by 1,200 net job losses between 2011-2015, accounting for Norcross). However, the bulk of this job growth (with some exceptions, such as Professional Services) is in jobs not usually associated with B-Class employment floorspace. This includes Education, Health, Accommodation and Food Services; Recreation; and Residential Care and Social Work.
- 4.31 As a result, when the job projections are separated out by B/Non B-Class in Table 4.4, we see that although the overall net job growth is projected to be +1,490 between 2011 and 2031, almost all of this is in the non B-Class sectors, with B8 distribution and particularly B1c/B2 manufacturing jobs declining.
- 4.32 The relationship between job growth and floorspace is not, however, straightforward. As can be seen in Figure 4.1, whilst the number of industrial jobs in Wyre declined between 2001 and 2016 by just over 1,000 (-18%), the amount of industrial floorspace in occupation actually increased by 17,000 sqm, or +4%. As such, where a reduction in industrial jobs is projected, the

¹⁶ 2a-019-20140306

associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost.

Figure 4.1 Comparison of Historic Industrial Workforce Jobs/Floorspace in Wyre Borough



Source: Lichfields Analysis/Experian/Experimental Business Floorspace Statistics 2000-2016 (VOA)

Note: 'linear' refers to a line of best fit of average change

4.33 The past trends scenario suggests growth in office jobs (B1a) but declining workforce jobs in industrial (B1c/B2) and warehousing (B8) land use. Modelling these past trends, and applying similar employment densities, allowance for vacant units and standard plot ratios as before, suggests a need for less floorspace and land, in the order of -14,111 sqm and -3.53 ha (net) respectively between 2011 and 2031.

Table 4.4 Past Trends Workforce Job Growth-based Net Floorspace/Land Requirements 2011-2031

	Net Job Growth	Net Floorspace	Net Land
Offices (B1a/b)	1,054	17,317	4.33
Manufacturing (B1c/B2)	-941	-21,176	-5.29
Distribution (B8)	-315	-10,252	-2.56
Total B-Class Job Growth	-203	-14,111	-3.53

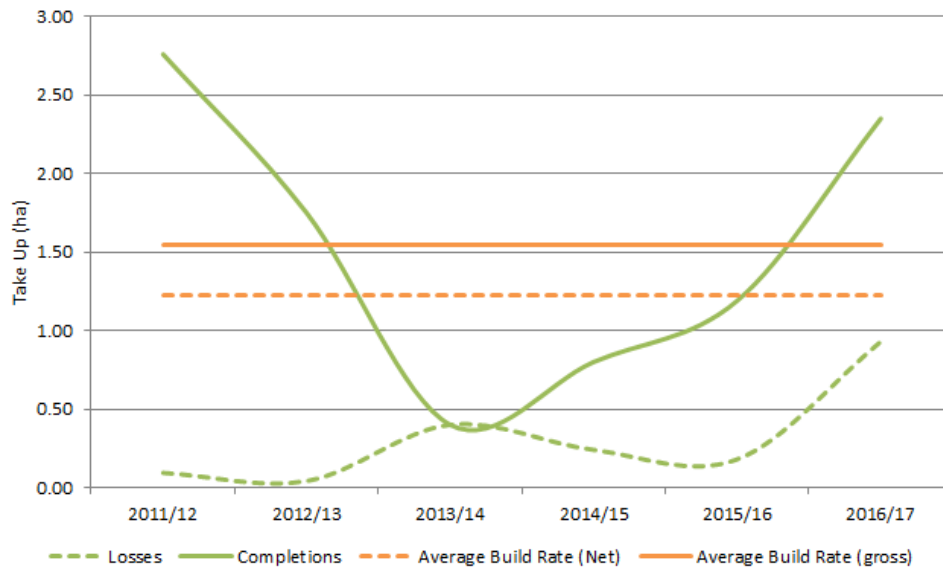
Source: Lichfields Analysis / Experian 2017

Scenario 3) Past Take Up Rates

4.34 Long term completion rates employment floorspace reflect market demand and actual development patterns on the ground. For many situations, they can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not necessarily reflect past trends and some adjustments may be needed.

4.35 As set out in Section 3.0, based on WBC’s revised (and more accurate) approach to defining B-Class completions and losses data, some 9.25 ha of B-Class land was developed, with a further 1.889 ha lost to other uses. As Figure 4.2 illustrates, this results in a net take up of 1.23 ha annually, or 1.54 ha gross.

Figure 4.2 Past Take Up of Employment Land in Wyre Borough



Source: WBC 2017

4-36 This scenario simply assumes that future development rates of employment space up to 2031 will be similar to those that have occurred in Wyre Borough over previous years (the period for which take-up information is available for). However, it should be noted that the information provided by WBC covers a relatively short period (just 6 years) which may not reflect longer term trends and therefore this scenario should be treated with a high degree of caution.

4-37 This approach produces a gross requirement in Wyre Borough for around 1.54 ha per annum gross, or around 1.23 ha per annum net. The latter figure is equal to 24.55 ha over the 20-year period to 2031 or 30.84 ha gross over the same time period (Table 4.5). This is lower than the past take up scenario referenced in the previous 2015 Wyre ELPS Update due to the lower rate of completions and losses now calculated by WBC Officers.

Table 4.5 Employment Floorspace and Land Requirements for Wyre Borough Council based on Past Trends Continuing, 2011-2031

	Net		Gross	
	Annual	2011-2031 Total	Annual	2011-2031 Total
Offices (B1a/b)	0.17	3.33	0.38	7.61
Manufacturing (B1c/B2)	0.44	8.86	0.53	10.69
Distribution (B8)	0.62	12.37	0.63	12.54
Total	1.23	24.55	1.54	30.84

Source: Lichfields Analysis / WBC 2017

Scenarios 4-6: Labour Supply

4-38 It is also important to take into account how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in the Borough. In contrast to the other approaches, this approach focuses on the future supply of labour rather than the demand for labour. These scenarios then project the amount of new jobs needed to match the future working-age population, and how much employment space would be needed to accommodate these jobs.

- 4.39 At the time of writing, a Housing OAN Update is being undertaken by Turley on behalf of Wyre Borough Council. Using the PopGroup demographic modelling tool and its outputs, the following main demographic scenarios have been identified for the Borough:
- 4 **12 year trend scenario including UPC.** Over the period 2011-31, this results in a growth of 8,490 residents, 6,640 households and 7,020 dwellings (or 351 dwellings per annum [dpa]). This level of housing growth can sustain a working age population of 54,555, a net growth of 2,866. Given the level of net out-commuting and low unemployment, this equates to a net increase of **3,232 jobs** based in the Borough over the next 20 years at a rate of 162 annually;
 - 5 **12 year trend scenario excluding UPC.** Over the period 2011-31, this results in a growth of 11,388 residents, 7,812 households and 8,260 dwellings (413 dpa). This level of housing growth can sustain a working age population of 56,250, a net growth of 4,561. Given the level of net out-commuting and low unemployment, this equates to a net increase of **4,507 jobs** based in the Borough over the next 20 years at a rate of 225 annually;
 - 6 **2014-based Sub-National Population Projections [SNPP].** Over the period 2011-31, this results in a growth of 6,534 residents, 5,353 households and 75,660 dwellings (283 dpa). This level of housing growth can sustain a working age population of 53,427, a net growth of 1,738. Given the level of net out-commuting and low unemployment, this equates to a net increase of **2,384 jobs** based in the Borough over the next 20 years at a rate of 119 annually;
- 4.40 To translate this job growth into employment floorspace requirements, similar assumptions concerning vacancy rates and employment densities as per the adjusted Experian econometric demand-side forecasting work were applied to the job projections. It has been assumed that the local economy by 2031 will resemble the adjusted Experian scenario in terms of the overall split of B-Class and non B-Class jobs, albeit the overall magnitude of growth would be significantly more for 2 of the 3 scenarios. As much of the future growth is likely to be in non B-Class uses, this has the effect of suppressing the need for B1/B2 and B8 floorspace.
- 4.41 The results are presented in Table 4.6. Under these scenarios, addressing the future employment requirements of local residents would require between 10.2 ha and 19.9 ha net over the 20-year plan period.

Table 4.6 Wyre Borough B-Class Land Requirements from Labour Supply Growth Scenarios, 2011-31

	Net Job Growth			Net Floorspace Requirement (sqm)			Net Land Requirement (Ha)		
	4) 351 dpa PG12 yr	5) 413 dpa PG12 yrX	6) 283 dpa 2014SNPP	4) 351 dpa PG12 yr	5) 413 dpa PG12 yrX	6) 283 dpa 2014SNPP	4) 351 dpa PG12 yr	5) 413 dpa PG12 yrX	6) 283 dpa 2014SNPP
Offices (B1a/b)	33	151	-46	4,697	6,390	3,571	1.17	1.60	0.89
Manufacturing (B1c/B2)	316	472	211	16,957	24,444	-212	4.24	6.11	-0.05
Distribution (B8)	330	418	271	42,004	48,679	37,562	10.50	12.17	9.39
Sub-Total B-Class	678	1,042	436	63,659	79,513	40,921	15.91	19.88	10.23
Total	3,232	4,507	2,384	n/a	n/a	n/a	n/a	n/a	n/a

Source: Lichfields / Turley 2017

Converting Net to Gross

- 4.42 To convert the net requirement for employment space into a gross requirement (the amount of employment space or land to be allocated), an allowance is typically made for some replacement of losses of existing employment space that may be developed for other, non B-Class uses in future. This is a widely accepted approach in planning for future employment land needs.

- 4.43 A judgement was therefore made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on the consultants' understanding of supply-side deliverability factors in Wyre Borough and current trends in the market. Not all losses need necessarily to be replaced as some will reflect restructuring in the local economy as less space may be needed in some sectors in future. However, some replacement is needed to refresh the quality of the stock and to avoid the employment land supply continually declining.
- 4.44 There is an argument that not all such losses of employment land should necessarily be replaced or reflected in an increased gross land requirement. This would be on the basis that the stock of employment land in Wyre Borough contains some older sites less likely to meet future needs and is of a scale that reflects past industrial patterns, rather than the amounts of land needed in future.
- 4.45 However, against this argument is the likelihood that other sites may also be lost by 2031, and these will represent losses to the overall land portfolio, reducing choice within the market. This was explored in some detail in Section 3.0, with the conclusion reached that a figure of around 0.9 ha per annum would be appropriate to represent future losses. This represents the mid-point between the 0.31 ha that has been lost on average each year since 2011/12, and the higher rate of losses anticipated by the Council of 1.5 ha per year to 2031.
- 4.46 This figure should be monitored by the authority over the next few years and adjusted as necessary to ensure that it is approximate to future losses.
- 4.47 An alternative approach to calculating gross land requirements with a margin of choice is to apply a rate of 'churn' equivalent to 1% of Wyre Borough's existing stock per annum (see other local employment land studies e.g. Lichfield District, Nuneaton and Bedworth). For Wyre, this could roughly equate to demand for around 1.3 ha per annum (based upon 1% of 534,000 sqm of existing floorspace in the Borough and multiplied by a 40% plot ratio), a figure that is a little above the 0.9 ha allowance for losses identified above, which suggests the figure taken forward is conservative.

Safety Margin

- 4.48 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. This margin is a contingency factor, providing a modest additional land buffer so that supply is not too tightly matched to estimated demand, and so that shortages of land do not arise if future demand turns out to be greater than the forecasts. Such flexibility is sensible given the uncertainties in the forecasting process and the scope for delays in developing employment space.¹⁷
- 4.49 The South East England Planning Partnership Board (SEEPB)¹⁸ guidance on employment land assessments recommends an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. This is also the approach that was taken in the previous 2015 Wyre ELS Update and subsequent Addendum.
- 4.50 For Wyre Borough, on the basis of the net take up analysis set out in the Past Take Up Scenario, plus the 0.9 ha per annum loss replacement rate set out above, a 4.26 ha safety margin was added for B-class uses as set out in Table 4.7.

¹⁷ This safety margin is separate from the consideration of vacancy rates

¹⁸ SEEPB Economic and Employment Land Assessments Supplementary Guidance Consultation Document, 2009. Although the SEEPB no longer exists and the formal status of this guidance is not established, it is considered to be a source of good practice.

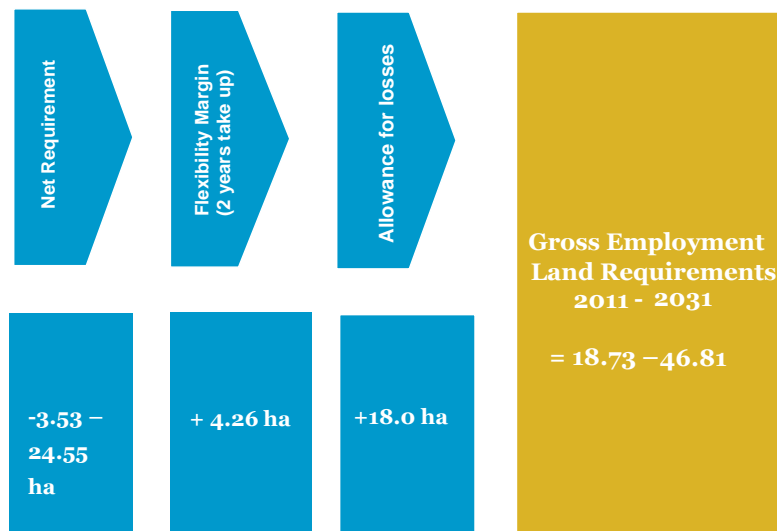
Table 4.7 Wyre Safety Margin Allowances

All B-Class Uses	Gross Average Annual Take-up (ha)	2-year Safety Margin Added 2011-2031
Wyre	2.13	4.26

Source: Lichfields Analysis

4.51 The model steps are summarised in Figure 4.3. The same steps described above to convert the net employment projections from net to gross (with a 2 year margin of choice) have been applied to the net historic take up figures described above for consistency.

Figure 4.3 Staged Approach to Employment Land Requirements (2011-2031)



4.52 In summary, the demand-led range of indicative total gross land requirements to 2031, factoring in a 2-year margin of choice, results in the following demand projections for Wyre:

- Econometric demand led projections: 18.7 – 31.6 ha
- Past Take Up: 46.8 ha
- Labour Supply Projections: 32.5 - 42.1 ha

Table 4.8 Wyre Gross Employment Land Comparisons 2011-31

		B1a/b	B1c/B2	B8	TOTAL
1) Adjusted Experian Forecast	2011-2031 (net)	0.82	-0.48	8.95	9.30
	2011-2031 (gross)				27.30
	+ Flexibility factor				31.56
2) Past Trends	2011-2031 (net)	4.33	-5.29	-2.56	-3.53
	2011-2031 (gross)				14.47
	+ Flexibility factor				18.73
3) Past Take Up Rates	2011-2031 (net)	3.33	8.86	12.37	24.55
	2011-2031 (gross)				42.55
	+ Flexibility factor				46.81
4) Labour Supply: PG 12yr (351 dpa)	2011-2031 (net)	1.17	4.24	10.50	15.91
	2011-2031 (gross)				33.91
	+ Flexibility factor				38.17
5) Labour Supply: PG 12yrX (413 dpa)	2011-2031 (net)	1.60	6.11	12.17	19.88
	2011-2031 (gross)				37.88
	+ Flexibility factor				42.13
6) Labour Supply: 2014-SNPP (283 dpa)	2011-2031 (net)	0.89	-0.05	9.39	10.23
	2011-2031 (gross)				28.23
	+ Flexibility factor				32.49

5.0 Conclusion

Introduction

5.1 This final section considers whether the new modelling data indicates that a change to the OAN range is necessary.

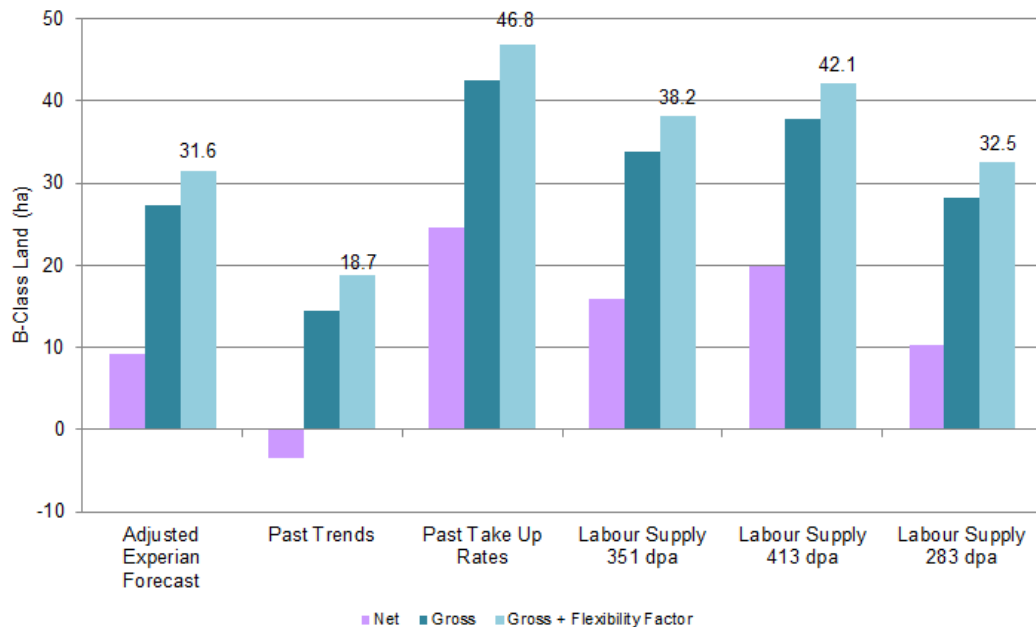
Implications

5.2 The 2015 ELS Update concluded that Wyre Borough’s OAN range was between 43 ha to 67 ha of employment land to 2031. This was equivalent to the labour supply (215 dpa) at the lower end of the range, and the past take up scenario at the top end. The subsequent 2015 Addendum modelled two further employment projections and produced two additional requirement figures, of 49 ha (from the OE projections) and 36 ha (from the CE projections).

5.3 The report concluded that the CE projection in particular was out of step with the labour supply scenarios, and also raised the possibility that the BRES coding error relating to Business and Support Services in 2010 was not fully corrected in the data. For these reasons it was considered that less weight could be attached to the CE projections when identifying Wyre Borough’s employment land OAN. As for the OE projections, they resulted in a similar level of growth as the adjusted Experian projections. On balance therefore, it was considered that the 2015 ELS Update range of 43-67 ha based on the Experian projections remained robust.

5.4 We have since revisited the Experian projections and the past take up/losses data, using more recent (and in the case of the completions/losses data, more accurate) information. The results are summarised in Figure 5.1 and indicate that the new range is between 19 ha and 47 ha.

Figure 5.1 Wyre Borough Employment Land Projections (2011-2031)



5.5 In general terms, the adjusted Experian scenario results in a gross employment land requirement of 32 ha, which is below the previous 53 ha in the 2015 ELS Update. The Past Take Up rate figure, at 47 ha, is also well below the 67 ha figure in the previous document. The main differences between the two figures can be explained by the significant fall in the job projections,

aligned with the reduction in completions and losses recorded by WBC following a re-evaluation of its monitoring processes.

- 5.6 On this basis, we consider that the 43-67 ha OAN range identified previously is no longer robust, based on the latest, more accurate, evidence provided by WBC and Experian.
- 5.7 In terms of where the OAN may reasonably lie, it is considered that limited weight should be afforded to the past trends job projections. Although the magnitude in overall job growth is not dissimilar from the Experian projection (+1,490 vs. +1,800), the majority of past growth has been in non B-Class sectors. Those areas of the economy that the Borough has a competitive advantage, notably manufacturing, energy and chemicals, which the Council and other development partners are seeking to facilitate through mechanisms such as the Hillhouse Technology EZ, barely feature in recent trends. Furthermore the past trend covers a period of unprecedented economic disruption, including the 2008/09 recession, that significantly suppresses future trend-based growth.
- 5.8 As for the past take up rates, whilst they are helpful as a realistic and reliable projection similar to the old 'predict and provide' approach to employment land planning, they are based on a narrow timeframe of only 6 years and therefore do not provide evidence over a full development cycle.
- 5.9 As such, we consider that **greater weight should be attached to an employment land range of between 32 ha -47 ha, with the adjusted Experian/283 dpa Labour supply scenarios being at the lower end, the remaining labour supply scenarios towards the middle of the range, and the past take up range informing the upper end.** It is recommended that around two thirds of employment land allocations should be identified for B1c/B2 industrial / B8 warehousing uses, and the remainder for office/R&D.

Appendix 1: Experian UK Regional Planning Service Data Guide (June 2017)

Bristol
0117 403 1980
bristol@lichfields.uk

Cardiff
029 2043 5880
cardiff@lichfields.uk

Edinburgh
0131 285 0670
edinburgh@lichfields.uk

Leeds
0113 397 1397
leeds@lichfields.uk

London
020 7837 4477
london@lichfields.uk

Manchester
0161 837 6130
manchester@lichfields.uk

Newcastle
0191 261 5685
newcastle@lichfields.uk

Thames Valley
0118 334 1920
thamesvalley@lichfields.uk