

Matter 4 Employment needs and requirement

(Please note that questions relating to employment land supply and provision, including site allocations and delivery, are set out under later matters)

Issue 4 – Are the identified employment needs supported by robust and credible evidence, justified and consistent with national policy? Is the Plan’s proposal to accommodate 79 ha of employment land soundly based?

The economic need for the District has been established through the Gloucestershire Economic Needs Assessment (2020) (ENA) (EB29), which examined a range of scenarios for future economic growth. The ENA recommends that the amount of additional employment land needed should be between 62 and 72 ha for the plan period, to accord with the highest two scenarios: a scenario based upon the expected labour supply and a slightly higher labour demand growth scenario based upon supporting growth in the key local industrial strategy sectors.

Within the Plan (page 37) the Council suggests that, once commitments from outstanding planning permissions (as at April 2020) and potential losses are factored in, the minimum residual employment land requirement for the plan period is a range between 50.9 and 60.3 ha.

1. Were the scenarios used in the ENA based on robust evidence and are the economic growth assumptions justified? Is there reasonable alignment with the housing need assessment?

4.1.1 NPPF Paragraph 16 states plans should:

- b) *be prepared positively, in a way that is aspirational but deliverable;*
- c) *be shaped by early, proportionate and effective engagement between planmakers and communities, local organisations, businesses, infrastructure providers and operators and statutory consultees;*

4.1.2 The NPPF advises (Paragraph: 027 Reference ID: 2a-027-20190220) *Strategic policy making authorities will need to develop an idea of future needs based on a range of data which is current and robust, such as:*

- *sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand)*
- *demographically derived assessments of current and future local labour supply (labour supply techniques)*
- *analysis based on the past take-up of employment land and property and/or future property market requirements*
- *consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.*

- 4.1.3 The ENA (EB29) followed an established methodology which looked at a number of approaches to projecting forward future employment requirements. These consisted of five different labour demand scenarios (based on projected future economic performance of different sectors in Stroud) and three labour supply scenarios (based on what jobs may be needed to support future population growth as set out in the LHNA).
- 4.1.4 Labour demand scenarios have been developed based on the three jobs forecasts:
- Cambridge Econometrics (CE)
 - Oxford Economics (OE) Baseline
 - OE MidHigh
 - Growth Forecast (Growth Scenario 1)
 - Alternative Growth Forecast (Growth Scenario 2)
- 4.1.5 Growth forecasts have been developed which seek to reflect the local drivers of growth in the Gloucestershire economy. This is because the forecasts do not appear to capture local drivers of growth, and the analysis of the forecasts highlighted that there are several sectors where the recent, current, and expected future performance is not reflected in some or all of the forecasts. The Growth Forecast applies uplifts to the Manufacturing, Energy, and Information and communications sectors to reflect the trend of jobs growth seen in each sector in each local authority over the past 10-year period.
- 4.1.6 An alternative Growth Forecast has also been developed where the additional jobs in the Information and communications sector are met in Cheltenham to reflect the plans for the Cheltenham Cyber Technology Park.
- 4.1.7 Labour supply scenarios model the total employment land needed in Stroud based upon the labour supply arising from the population growth set out in the Gloucestershire LHNA. These are:
- Labour Supply - CE based
 - Labour Supply - OE based
 - Labour Supply - Growth Sectors
- 4.1.8 The scenarios make differing assumptions regarding the sectoral composition of the identified level of jobs growth. In the CE based scenario and OE based scenario the increase in jobs has been calculated on the proportion of jobs growth in the growth sectors in each forecast. For the Labour Supply Growth Scenario, the composition of additional growth (i.e. that above the jobs growth shown in the CE forecast) reflects the LEP growth sectors. The detailed modelling assumptions are set out in table 62 pages 194/5 and contain the following steps:
- 1 Full Time Equivalent Jobs: calculated from BRES data (2015 – 2018) for each sector for each authority.
 - 2 Sectoral Jobs by Use Class: use class proportions for each sector are based on detailed (SIC4 sub-sectors)
 - 3 Employment Density: quantum of floorspace required for each job (Employment Density Guide 3rd Edition (HCA, 2015))
 - 4 Plot Ratios: Assumed 40%

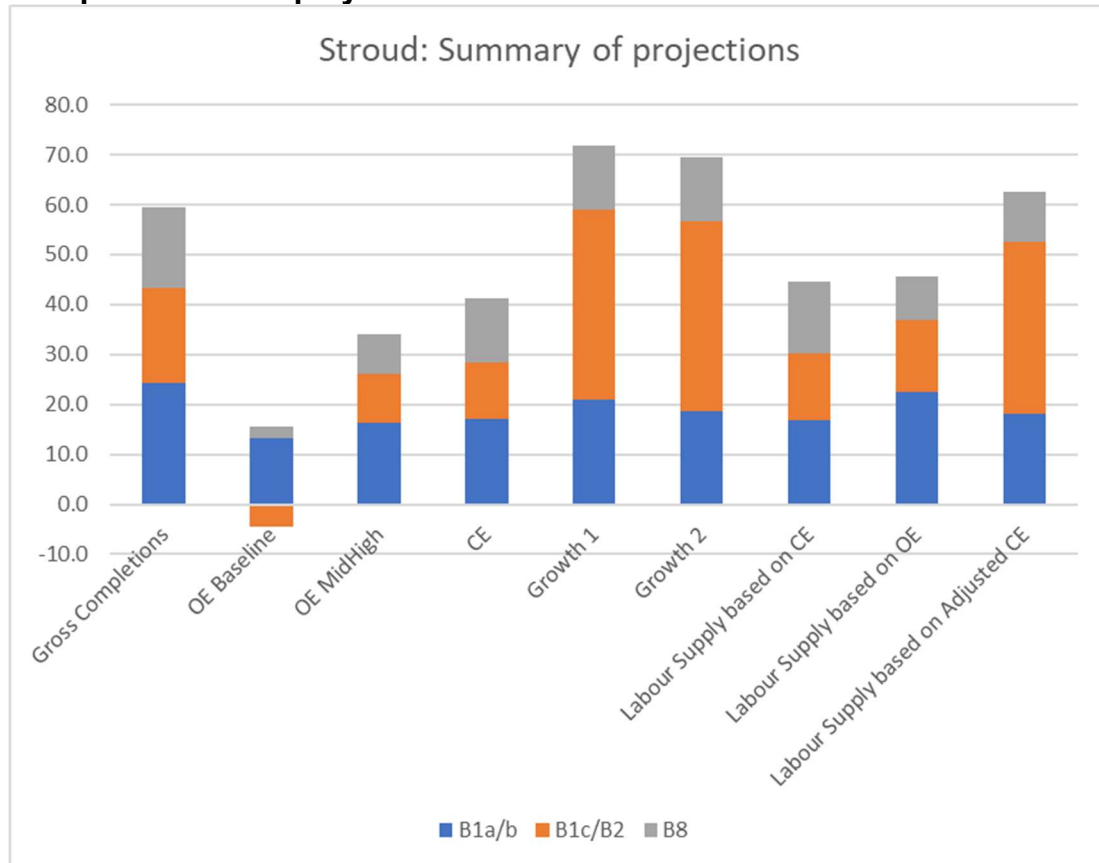
- 5 Net to Gross: based on past trends of employment land lost to other uses in each authority since 2011/12 annualised and then forecast forward over the 20-year forecasting period (ENA Table 71)
- 6 Margin of Flexibility: 5 years worth of completions (ENA table 72)
- 7 Total Land Needs

4.1.9 Lastly the ENA considered the land required to meet past completion trends over the 8 years from 2011-19.

4.1.10 A comparison of the outputs for each of these scenarios for Gloucestershire is shown in the chart below. In summary:

- Labour Supply Growth suggests an employment land requirement of up to 62.5 hectares
- Labour Demand – Growth Scenario 1 suggests an employment land requirement of 72 hectares
- Past completions – 59.4 hectares

Comparison of Employment Land Scenarios – Stroud



Source: Appendix A ENA

4.1.11 The assessment of Gloucestershire’s commercial property market made clear that the supply of employment land has been constrained in recent years. For many of the authorities, and for Gloucestershire overall, the scenario based on the completions trend forecast models forward the considerably constrained supply situation.

- 4.1.12 For Stroud the labour demand scenarios based on the OE and CE forecasts show growth well below the completions trend and includes a net negative need for industrial land (OE baseline). The OE MidHigh and the CE labour demand scenarios show a level of growth lower than any of the labour supply scenarios. This suggests that planning for this level of growth would likely constrain the employment demand arising from the demographic growth. The labour supply approach is therefore considered a more appropriate measure of future employment land needs.
- 4.1.13 The labour supply scenarios for Stroud based on the CE and OE forecasts identify a very low future needs for industrial (B1c/B2) land at only -4.4ha to 11.2ha. These forecasts do not reflect the strong recent performance seen in key growth sectors of Advanced Manufacturing, Energy, and Cyber security and related IT services. These sectors have all seen strong growth in Gloucestershire in recent years and were identified by many stakeholders as strong areas of growth. They are also priority sectors identified by the LEP's Local Industrial Strategy.
- 4.1.14 The labour supply growth scenario is modelled on the assumption that the profile of jobs growth shown in the growth forecast which is based on the strong 10-year performance in the growth sectors. These sectors generally take place on B Class employment sites, and as such the higher jobs growth in these scenarios translates to considerably higher employment land requirements. This results in a need for 34.5ha of B1c/B2 industrial land but this is lower than the 38ha identified in the labour demand growth scenarios.
- 4.1.15 For B8 uses, the range between the scenarios is not as significant as for industrial uses, with the labour supply scenarios suggesting a range of 8.5 to 14.4ha, which are higher compared to labour demand scenarios which are suggesting a lower range of 2.5ha to 12.8ha. However, none project the 18.9 ha based on past gross completions.
- 4.1.16 One of the key findings arising from the commercial property market assessment was that flexibility should be applied in terms of the uses permitted at employment sites and policies should not differentiate between B2 and B8 uses. Therefore, considering B2 and B8 requirements together, the labour supply growth scenario identifies a need for 44.4ha compared to the other labour supply scenarios which show a need for 22.9 to 27.5ha.
- 4.1.17 For the office sector the range between the scenarios is not so significant, showing an overall need for office space ranging from 13.1-24.4ha for Stroud with past completions being the highest. The labour supply growth scenario shows a need for 18.6ha – being close to the mid-point of this range.
- 4.1.18 In light of the above, the labour supply growth scenario is therefore considered to provide a realistic yet positive estimate for future employment land needs in Stroud and this conclusion is consistent with the approach for the Gloucestershire FEMA. It broadly aligns with demographic growth and takes account of recent growth trends, stakeholder feedback, and the LEP's Local industrial strategy. It is therefore considered to provide a positive basis for planning to ensure that future business needs of Gloucestershire are provided for.

- 4.1.19 The labour demand growth scenario for Stroud provides a slightly higher figure which would support the continued growth in key sectors of the Gloucestershire economy and support the aims of the GFirst LEP and Local Industrial Strategy.
- 4.1.20 The employment land needs for each local authority, the JCS area, and Gloucestershire as a whole are set out in the table on page 18 of the ENA and in detail in appendix A (page 228).
- 4.1.21 To place these conclusions in context it is noted that more recent evidence from the Employment Land Availability Report 2022 highlights the following:
- Since 2020 there have been a loss of some 8.35ha of B use in the first two years of the plan. This is a rate of over 4ha a year compared with the assumption of losses in the ENA (Table 71) of just over 1ha a year.
 - Completions in the first 2 years of the plan have been at 7.6ha a year this is almost double the rate of the highest projection of 3.50ha per year. (15.02ha of B use employment land has been built in the District over the two year period since 1 April 2020).
 - The first two years of the plan has resulted in a net gain of 6.67ha.
- 4.1.22 These results suggest that the District is outperforming the projections at the start of the plan period notwithstanding the impact of COVID and Brexit.
- 4.1.23 The ENA projections are of course sensitive to the assumptions on future losses and the assumption that there would only be a loss of some 27ha over the plan period appears to be too optimistic as almost a third of that area has been lost in the first two years. If this is removed from the projection to provide a net requirement then this would result in a net need for between 44.8ha and 35.5ha (71.8 and 62.5 minus 27)
- 4.1.24 It is noted that the Employment Land Availability Report 2022 calculates a different rate of loss at some 40.6 over the plan period. This is much higher than the losses accounted for in the ENA.

Is there reasonable alignment with the housing need assessment?

The LHNA

- 4.1.25 The LHNA (EB10, Section 5) has considered the implications of the CE and OE econometric forecasts on housing needs across Gloucestershire.
- 4.1.26 The LHNA firstly considered the expected increase in the population arising from the demographic projections, and the implications this would have on the workforce population for each area. The LHNA uses assumptions regarding economic activity rates and commuting flows to estimate the change in the number of workers in each authority area (the JCS authorities of Cheltenham, Gloucester, and Tewkesbury are considered together) arising from the demographic projections. The results are set out in Figure 16 of the LHNA (page 41) which identifies the proportion of resident workers in each area that work either within the same LA or another LA within the study area in order to establish the number of extra workers likely to be available to support additional jobs locally.

- 4.1.27 The LHNA calculates that the demographic projections will result in a growth of around 32,400 additional workers in Gloucestershire over the period 2021-41 (2020-40 for Stroud).
- 4.1.28 For Stroud to 2040 Figure 16 of the LHNA shows an increase of 6,282 workers. This is based on an increase of 7,658 in the economically active population and 82.0% of the Economically Active working (it is note that the percentage of Economically Active who are working is higher in some of the neighbouring areas).
- 4.1.29 The LHNA then goes on to consider the economic-led housing need which could be expected to arise in order to meet the labour requirements of the CE and OE econometric forecasts, to assess whether this might suggest a higher level of housing need in Gloucestershire.
- 4.1.30 The LHNA assumes constant commuting rates and that there will be no change in the commuting rates identified by the 2011 Census. It bases its analysis on the basis of main jobs from the Oxford Economic (OE) forecasts and Total Employment from the Cambridge Econometrics (CE) forecasts.
- 4.1.31 The LHNA conclusions regarding the number of resident workers required to support the jobs growth of each of the forecasts is set out in Figures 20 to 22 and these are summarised in Table 79 of the ENA (page 208). This illustrates that the projected level of workers in each of the economic scenarios is less than the 6,282 workers that will be generated from the LHN projection for Stroud (EHA Table 78).
- 4.1.32 The LHNA paragraph 5.19 states that in the HMA only very small changes to net commuting patterns (possibly with fewer resident workers commuting to jobs elsewhere within the county) would ensure alignment between the CE forecast and demographic-led figures.
- 4.1.33 The LHNA concludes paragraph 5.20 that on the basis of their analysis, there will be sufficient resident workers to align with the jobs growth identified by the CE forecast (on the basis of no change in the commuting rates identified by the 2011 Census) if housing provision is made for the minimum LHN based on the standard methodology.

Gloucestershire ENA

- 4.1.34 Table 78. Demographically Derived Change in Workers in Gloucestershire states that for Stroud 2020-40 there will be an increase in resident workers of 6,296 and an increase in workplace workers of 6,648.
- 4.1.35 Table 80 page 209 of the ENA calculates the number of jobs that would be supported by the population generated by the LHN (taking account of commuting double jobbing etc) this is 7,740 jobs.
- 4.1.36 Paragraph 12.14 of the ENA concludes that the labour supply growth scenario is considered to provide a realistic yet positive estimate for future employment land needs in Gloucestershire. It aligns with demographic growth and takes account of recent growth trends, stakeholder feedback, and the LEP's Local industrial

strategy. It is therefore considered to provide a positive basis for planning to ensure that future business needs of Gloucestershire are provided for.

4.1.37 The EHA further concludes (paragraph 12.15) that the labour demand growth scenario provides a slightly higher figure which would support the continued growth in key sectors of the Gloucestershire economy and support the aims of the GFirst LEP and Local Industrial Strategy.

4.1.38 In summary, the Council considers that the housing and employment forecasting evidence demonstrates broad alignment between the housing and employment requirements.

2. Is use of the higher needs scenarios justified? Have clear reasons been given as to why lower economic needs figures would not be appropriate?

4.2.1 It is noted that NPPF Paragraph 18 states plans should be prepared positively, in a way that is aspirational but deliverable.

4.2.2 The NPPF advises (Paragraph: 027 Reference ID: 2a-027-20190220) that strategic policy making authorities will need to develop an idea of future needs based on a range of data which includes the sectoral and employment forecasts and projections but also need to take account of labour supply as well as past take-up rates and future property market requirements. Lastly the guidance requires consultation with relevant organisations.

4.2.3 In summary, the lower projections would not:

- Meet the employment needs of the projected population.
- Meet the specific needs of the local economy in terms of addressing those particular sectors of growth including Advanced Manufacturing, Food and Drink Manufacturing, Cyber Technology and Renewable energy.
- Accommodate past rates of completions.
- Replenish past rates of losses

3. What progress has been made on the delivery of the employment land commitments (as at April 2020) of 52.1 ha? Can the Council provide an update on this in the form of a site schedule? Will all of these committed sites be delivered during the plan period?

4.3.1 The commitments figure of 52.1ha, reported within Table 4 of the Local Plan, is incorrect. The correct figure, taken from the Employment Land Availability Report 2020 (EB28) is 50.74ha.

4.3.2 The Employment Land Availability Report 2022 (EB118) updates completions since the start of the plan period and commitments at 01 April 2022. It contains a schedule of all committed sites. It shows that 15.02ha of B use employment land has been built in the District over the two year period since 1 April 2020, while 8.35ha of B uses has been lost over the same period, demonstrating a net gain of 6.67ha.

- 4.3.3 These recent completions at about 7.5ha a year are running at significantly higher rates than the average projected need of 3.55ha per year required as calculated by the labour Demand Growth Scenario (Growth 1).
- 4.3.4 These recent high rates of completion and the present activity taking place on these sites makes the Council confident that existing committed sites will be delivered during the plan period. The Employment Land Review (2021) (CD30), completed by BE Group, collated evidence from landowners/developers on the deliverability of the 2015 Local Plan allocations. It shows (Tables 35 and 41) confidence that B use employment on West of Stonehouse (10ha), North east Cam (11ha) and Severn Distribution Park (10ha) will be delivered within the Plan period. There is an extant permission on The Severn Distribution Park (10ha) and in 2022, the reserved matters were received on parts of West of Stonehouse (10ha) and North East Cam (11ha). There is a soon to be determined planning application on Sharpness Docks (7ha) where the promoter (Canal & River Trust) is committed to delivering a regeneration strategy. There is no reason why the site will not come forward in the Plan period. The business park on Land at Quedgeley Trading estate East (15ha) was completed in 2022.
- 4.3.5 Given the smaller windfall sites all have planning permission, with some work already commenced, there is strong evidence that these remaining commitments will be delivered within the plan period.

4. Potential losses of 'B' uses over the plan period is calculated as 40.6 ha. This is based on an average 2.03 ha loss per year since 2006. Is this potential future loss a realistic forecast or has it been under or over-estimated?

- 4.4.1 This potential loss is realistic and has not been overestimated based upon the most recent evidence.
- 4.4.2 The ENA considered losses between 2011/12 and 2018/19 and for Stroud calculated this to require a replacement requirement of 27ha of land for 2020 to 2040 or 1.35ha per year (Table 71).
- 4.4.3 The Council have updated and extended this evidence and now considers 49ha (2.45ha per annum) is a more realistic forecast of the potential future loss of B use employment over the plan period. The figure is based on past trend since 2006 and importantly extends the period to include 2020/21 and 2021/22 which saw a significant loss of employment land (Employment Land Availability Report 2022 (EB118)) loss of 8.35ha of employment land in last 2 years). This is set out in the table below.

Actual losses per year 2006 – 2022	
Year	Area (ha)
2006/07	0.03
2007/08	14.89
2007/09	1.37
2009/10	0.44
2010/11	0.85
2011/12	0.36
2012/13	0.12
2013/14	0.03
2014/15	6.90
2015/16	0.31
2016/17	0.55
2017/18	1.01
2018/19	1.51
2019/20	0.08
2020/21	
2021/22*	8.35
Total 2007 to 2022	36.80
Average 2007 to 2022	2.45
Requirement for 20 years	49.072

- 4.4.4 It is appropriate to note that the Council does not record a loss of a site until all elements of a site have been lost to another use and this can result in high single year losses while the reality might be that these losses have progressively occurred over a few years.
- 4.4.5 This high level of loss in the two years since the ENA justifies the Council in revisiting the level of projected losses in the ENA and to make an additional allowance for a higher rate of losses than was originally calculated.
- 4.4.6 In these circumstances, the Council considers it reasonable to assume the continuation of the loss of 2.45ha per year throughout the plan period given that 1). National policy encourages the intensification of land within urban areas, which could see a loss of industrial land for housing 2) the new Class E allows buildings or land to be quickly repurposed to suit changes in consumer demand and fluctuations. The Council's approach is supported by para.7.14 of the Employment Land Review (EB30) which confirms that in addition to future losses from existing permissions, there are likely to be further losses from the local employment stock in the 20 years to 2040, which will need replacing and additional supply safeguarded against any future loss in the baseline supply.
- 4.4.7 In the two years since the start of the plan period in 2020, the Employment Land Availability Report 2022 (EB118) demonstrates that 8.35ha of employment land was lost in the district to other uses, which is a level significantly higher than the 2.45ha average potential loss noted above. Given the number of losses will fluctuate year on year however, an average of 2.45ha per year over the 20 year period is considered robust.

4.4.8 The figure of 27ha (1.35ha per year) of potential losses over the plan period was estimated by the ENA and included as part of the calculated as part of the total requirement (EB29). To make an allowance for this increased estimation of losses there needs to be a further 13.6ha provided in excess of the original requirement (this being the difference between the original estimation of 27ha and the revised estimation based on more recent evidence of 40.6ha).

5. The minimum employment land requirement range of 50.9 to 60.3 ha does not appear to be set out in policy. Instead Core Policy CP2 states that 'Stroud District will accommodate...at least 79 hectares of additional employment land to meet the needs of the District for the period 2020-2040...', which is above the minimum requirement. This higher figure appears to be based on the proposed new employment land supply comprising eight strategic development site allocations. Whilst our questions on these site allocations and overall employment land supply are set out under later matters, is the provision of a higher level of new employment land than is necessary to meet the minimum requirement justified by robust evidence? Can the Council clarify the percentage of additional employment land being proposed above the identified requirement and explain the reasons for this?

4.5.1 The Council accepts that it would be more consistent for Core Policy CP2 to set out the overall employment land requirement rather than the projected supply and is happy to accept a modification, if required. Nevertheless, the Council considers that the provision of a higher level of new employment land than is necessary to meet the minimum requirement is justified by robust evidence from annual employment monitoring reports and the Gloucestershire Economic Needs Assessment.

4.5.2 The recent evidence of high level of both losses and completions has already been highlighted and taking this evidence into account increases the minimum requirement as set out in the table below:

Calculating our residual employment requirement up to 2040

			Labour Supply	Labour Demand
Requirement	A	Employment requirement for 1 April 2020 to 31 March 2040	62.4	71.8
	B	Additional losses (difference between 27ha in GENA and 49ha in ELR)	22	22
	C	Minimum employment requirement to 2040 (= A+B)	84.4	93.8
Supply	D	Built 2020 to 2022	15.02	15.02
	E	Commitments, at 1 April 2022 (on sites with permission / under construction)	37.39	37.39
	F	Allocated employment sites in Local Plan	79	79
	G	Total available from 2020 (D+E+F)	131.41	131.41
	H	Difference between Local Plan allocations and minimum residual employment requirement (= F - C)	47.01	37.61
	I	Percent (%) of additional allocated employment land proposed above identified requirement. (= H/C *100)	56%	40%

4.5.3 This table highlights the total available supply is 131.4ha which provides for between 40 and 56% above the minimum requirement.

4.5.4 The Council considers the provision of a higher level of new employment land than is necessary to meet the minimum requirement is justified in order to take into account 1) the different nature of the types of supply 2) the need to provide market flexibility and choice in terms of type, size and location of sites as for employment development one size does not fit all, 3) the need identify all the land that is suitable in a location for development even if it is not all necessarily required in the plan period as this allows for sensible long term planning both in terms of infrastructure but also for occupiers, 4) planning for the longer term allows for continuity in provision and long term investment decisions.

4.5.5 In reality, a large proportion of this “over supply” relates to one site. In response to Reg 18 representations on the Draft Plan for Consultation (EB4d), the site area of PS43 Javelin Park, a strategic distribution development adjacent to M5 J12 motorway, was increased from 9ha to 27ha. The original size and shape of the site in the Draft Plan was not considered appropriate for the commercial market and the intended use for larger B8 scale development and therefore the allocation was extended to become a larger more regular shaped site to meet the needs of the sector and to provide a more practical and deliverable layout, including appropriate landscaping.

4.5.6 The Council considers increasing the allocated employment site by 18ha to be justified as the A38/M5 corridor is one of the six key segments of market demand highlighted in the ENA (EB29). Recognising and addressing specific locational requirements of different sectors, in particular the provision for storage and distribution operations at a variety of scales and in suitably accessible locations, is

in accordance with the NPPF (paragraph 83). A planning application, with a master plan of the increased site, is currently awaiting decision, demonstrating deliverability.

- 4.5.7 In summary, Paragraph 82 of the NPPF specifies that planning policies should set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth. It also states that plans should be prepared positively; in a way that is aspirational but deliverable (Paragraph 16(b)). The SDLP does that, by seeking to deliver aspirational but realistic growth requirements and with built in market flexibility around supply to provide for a degree of choice of site size and location. The proposed supply also allows for new and flexible working practices and enables a rapid response to changes in economic circumstances, as identified in the NPPF paragraph 82 (d).