

Fylde Council Local Plan Examination

Stage 3 Hearing Sessions

Session 1: Objectively Assessed Housing and Economic Development Needs

12th/13th December 2017

Introduction

1. This submission is made for and on behalf of Metacre Ltd. concerning Stage 3, Session 1 (Objectively Assessed Housing and Economic Development Needs) of the Fylde Local Plan Examination.
2. The submission is made with respect to the Inspector's *Questions* (V1, 6th November 2017) and supplements the submissions previously made to the Stage 1 Local Plan hearings in March 2017; and subsequent additional representations lodged with Fylde Council on the *Consultation of Additional Evidence in Support of the Fylde Local Plan to 2032* (August 2017) (**EL7.002**). Metacre's submissions should therefore be read together and in their entirety.
3. This submission is concerned with:
 - **Session 1, Questions 1 and 2:**

Question 1

Is the OAHN range justified and supported by robust evidence? In particular:

- a) *It has been suggested that due to the affordability ratio within the borough the market uplift should be increased to 20%. Is this higher level supported by evidence?*
- b) *Some market signals have not been updated. Are the previous assessments for these still appropriate and based on credible evidence?*

- c) *Some representors suggest that large employers in the area are contracting, which would result in a lower housing need. Is this the case and does the evidence support a lower jobs growth forecast?*
- d) *Other representors suggest that an allowance for additional jobs growth at the Enterprise Zones should be taken into account in the assessment. Does the evidence support such an allowance? Does the Council's economic strategy rely on growth at the Enterprise Zones? Are the economic and housing strategies aligned within the plan?*
- e) *Is a further upward adjustment for the delivery of affordable housing justified?*
4. Updated analysis of Fylde's objectively assessed housing needs (OAN) is set out in Annex 1 of the *Additional Evidence Consultation* documents. The work is contained in Appendix 1 to Annex 1 and is a report prepared by Turley known as *Fylde Addendum 3: Analysis of the OAN in Light of the 2014-based SNPP and SNHP* (May 2017).
5. Metacre welcome the assessment of the potential population and household growth regarding the latest 2014-based Sub-National Population Projections (SNPP) and Sub-National Household Projections (SNHP) which represent the 'starting point' for assessment in accordance with the NPPG (section 2a, paragraph 015).
- (a) Market Signals Uplift
6. The NPPG advises that housing needs identified through household projections may need to be adjusted to reflect market signals and indicators of the balance of supply and demand. In Section 2a at paragraph 020 the NPPG confirms that comparative indicators should be made considering longer term trends for the district, the Housing Market Area and nationally.
7. Metacre welcome the analysis presented in *Addendum 3* that summarises recent housing market signals. The assessment of market signals clearly shows that mean and lower quartile (LQ) sales prices have increased substantially over the period 2001 – 2016 and that Fylde has witnessed the

largest overall change compared to other areas within the HMA and its surroundings (Tables 5.1 and 5.2 of *Addendum 3*).

8. The affordability ratio has also increased to **6.5** in 2016 from **3.57** in 2001 (as Table 3 and Figure 5.4 of the *Addendum 3* shows). This key ratio has clearly worsened and particularly so for LQ households.
9. *Addendum 3* therefore rightly concludes that housing affordability is worsening and suggests a 10% uplift adjustment to the demographic projection of housing need to account for this at paragraph 5.4.4.
10. The *Report to the Communities Secretary and to the Minister of Housing and Planning* (March 2016) by the Local Plans Expert Group (LPEG) did look at the issue of adjustments to OAN for market signals in more detail and offers recommended adjustments in Appendix 6 of the report.
11. LPEG guidance suggests that where the affordability ratio is above **5.3** but below **7.0** then a **10%** uplift is appropriate, with a **20%** uplift where affordability is worse than **7.0**. In this case, the affordability ratio is currently **6.5** and that it has typically been at this level or over 7.0 in the period from 2006 (as Figure 5.4 of *Addendum 3* identifies).
12. It is Metacre's conclusion that it is reasonable to deal with persistent and acute market signals concerns by way of a larger upward adjustment of **20%** to the OAN figure in accordance with the approach set out by LPEG.

(b) Update of Some Market Signals

13. This is a point that the Council will need to respond to in more detail, but it is of concern to Metacre that there remain some market signals evidence that has not been updated, particularly as it should have been done prior to the opening of the Examination in any event.

(c) and (d) Future Employment Growth Projections

14. Metacre do not agree that employment forecasts and change reflect a need to provide fewer homes in future. The long term economic and employment trends of Fylde show a growth in employment over the plan period.
15. The *Independent Assessment of the Economic Prospects of Fylde* (May 2017) included within Annex 1 of the Additional Evidence consultation concludes at paragraph 2.9 that there is a future range of job growth between **+55** and **+91** jpa (equating to around **+900 – +1,500** jobs for Fylde over the remainder of the plan period. At paragraph 2.10 the report is clear that job creation is likely to be at the upper end of the range.
16. The *Independent Economic Assessment* concludes that the average of the three economic forecasting house employment forecasts should be used. This indicates a total increase of **1,548** jobs in Fylde between 2015 and 2032 in a ‘policy-off’ context. This equates to approximately **91** jobs per annum. This is, in Metacre’s view, a reasonable approach to adopt and provides a **minimum**, employment growth forecast, and is an approach applied in other studies and supported by Inspectors.
17. Metacre are however concerned that the Assessment did not include any adjustment to economic growth prospects arising from the two Enterprise Zones.
18. Indeed, the Enterprise Zones are considered as ‘policy on’ and therefore discounted from the *Independent Economic Assessment* according to paragraph 2.11.
19. Fylde Council also conclude that the employment growth from the two Enterprise Zones should be ignored as set out in paragraph 2.18 (page 10) of the *Consultation on Additional Evidence* on the basis of uncertainty in terms of timing, scale and additionality of the impact.

20. Metacre consider that this is unreasonable and an inappropriate position to adopt given the relative importance and focus on these defined Zones and their raison d'être to create new employment growth opportunities.
21. The Enterprise Zones are both real, operational and growing now. They should not be considered as a theoretical 'policy-on' position and their current and future contribution to employment growth needs to be assessed now with the implications for the OAN accounted for.
22. Metacre has undertaken a more detailed analysis and review of the employment prospects arising from the Enterprise Zones (which was included in the response to the *Consultation of Additional Evidence in Support of the Fylde Local Plan to 2032* (August 2017). This is included at **Appendix 1** to this Hearing Submission for convenience. It concludes (paragraph references to the analysis in brackets) that:
 - the Blackpool Airport Enterprise Zone (BAEZ) has the principal, key driver of job creation and industry diversification (paragraph 3.15);
 - there has been considerable interest and take-up of space during the first year of operation over 200 businesses employing 1,500 people have occupied space at BAEZ, of which 28 are new companies creating 450 new jobs (paragraph 3.16); new jobs created to date equate to 15% of its target ambition of 3,000 new jobs by 2030 (paragraph 3.19);
 - the employment potential of the BAEZ (like the Lancashire Enterprise Zone) is being delivered, faster than average and so needs to be properly incorporated into the assessment of realistic employment growth in Fylde over the Local Plan period (paragraph 3.20);
 - the Lancashire Enterprise Zone (LEZ) was established with the intention not to displace existing companies already located in Lancashire (paragraph 3.5). The LEZ Enterprise Governance committee will assess each proposed development to ensure that displacement does not occur (paragraph 3.6);
 - there is strong formal support for the EZs from Lancashire LEP (LLEP) and Fylde Borough Council, as well as expectations from central Government as

part of the approval and funding support for the EZ (as summarised in paragraphs 3.8 – 3.12);

23. Metacre's calculation of potential future jobs arising in the EZ's has been undertaken (see paragraph 3.35 of **Appendix 1**), resulting in a range of **+41** to **+79** jobs per annum **above** the base **91** jpa set out in the Independent Economic Assessment. This is equivalent of **+697 - +1,338** new jobs in Fylde over the period 2015-2032 in addition to those new jobs elsewhere in the Borough.
24. The Council indicate at paragraph 2.18 of the *Additional Evidence Consultation* that a 'planning judgement' has been taken to the effect that there is high degree of EZ job creation uncertainty and therefore not sufficient evidence to make an adjustment for economic growth arising from the Enterprise Zones. A 'monitor and manage' approach is therefore proposed with no adjustment to the OAN arising now.
25. It is recognised by Metacre that there will always be uncertainties in the assessment of employment associated with the EZs, as it is for the underlying baseline employment projections provided by the economic forecasting houses. However, this is not in itself a reason for avoiding such an assessment.
26. If it assumed that such an assessment is too uncertain or too complex, then it undermines the identification of a realistic OAN for Fylde and represents a dereliction of responsibility and commitment to positive, proactive and effective planning.
27. Without such assessment and inclusion of realistic economic and employment growth information arising from the two existing Enterprise Zones, the proposed OAN and its supporting evidence are not justified or effective.

(e) Upward Adjustment for Affordable Housing

28. The *Addendum 3* report includes a recap of previous evidence on affordable housing from earlier SHMA and Addenda. It concludes that there is no change to the previously established level of affordable housing at **247** dpa (SHMA

Addendum 1, **ED022**). At paragraph 6.43 of *Addendum 3* it confirms that to meet affordable housing needs in full would require the OAN to be **800** dpa and then indicates that it would not be realistic to achieve this level of development.

29. Metacre's critical concern is that the proposed OAN range of **408 – 432** dpa as set out in *Addendum 3* will not meet even half of the annual level of affordable housing needs (the *Addendum* estimates some **120 – 130** affordable dwellings per annum set against the target need of at least **247** dpa).
30. This issue is compounded when considering the evidence of worsening affordability of housing in Fylde as set out in *Addendum 3* at, *inter alia*: Tables 5.1, 5.2, 5.3 and Figure 5.4. The *Addendum 3* report concludes that affordability has worsened and continues to increase to circa **6.5 : 1** house price to earnings ratio.
31. With worsening affordability and therefore access to market housing there will be inevitable additional pressure on affordable housing need and demand. The Local Plan, through the identification of an appropriate OAN figure needs therefore to do far more to secure affordable housing development than would be generated by the **415** dpa OAN proposed.

Question 2

Does the updated jobs growth assessment have any implications for the overall economic development strategy set out within the plan?

32. As previously highlighted, Metacre are concerned that the updated jobs growth assessment is deficient in that it fails to make any assessment of the potential job growth from the Enterprise Zones and appears to write off the necessity to analyse growth arising from these designated areas on the basis that the assessment is too hard or too uncertain now.
33. The point of planning over a long-term period, as is the case with the Fylde Local Plan, is to ensure that matters such as economic and employment change are clearly evaluated, tested and policies established accordingly.

34. Government has been abundantly clear that economic growth and prosperity are central drivers of national planning policy and the programme of designation of the various Enterprise Zones in the country (including the two of immediate relevance to Fylde) form part of the process of supporting future economic growth and creating a clear economic and industrial strategy.
35. The failure to make assessments of employment and economic growth prospects and implications for the Council's economic development strategy is a failure to positively and proactively plan for the area. As such there is no clarity over the implications (both positive and negative) that may arise and therefore whether the economic development strategy is appropriate and robust.

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**APPENDIX 1: FYLDE ECONOMIC GROWTH
OPPORTUNITIES ANALYSIS REPORT FOR METACRE
LTD. (SEPTEMBER 2017)**

METACRE LTD.

Fylde Local Plan to 2032

Economic Growth Opportunities Analysis

Appendix 1 to Metacre Stage 3 Local Plan
EiP Hearing Submission

Date: September 2017

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1. INTRODUCTION

Overview

- 1.1 Chilmark Consulting Ltd. (CCL) was commissioned in August 2017 by Metacre Ltd. to provide a review of the economic position offered by Fylde Borough Council in relation to employment growth projections in the Borough. This is on the basis of concerns raised at the Local Plan Examination in Public (EiP) that the economic position adopted by the Council was unduly pessimistic.
- 1.2 The key focus of the work has been on the employment growth opportunities offered by the two Enterprise Zones (EZ) in and adjacent to Fylde. This is to ensure that a realistic assessment of the employment potential that these EZs may offer is provided.

Approach

- 1.3 The key elements of the approach adopted in the study are as follow:
 - **Baseline Economic Review:** A focussed review of the '*Independent Assessment of Economic Prospects of Fylde*' (May 2017) study (the Amion Report) to examine the robustness of assumptions used, reliability of data, and implications for growth scenarios and findings; and
 - **Enterprise Zone Employment Potential:** An assessment of the realistic potential employment levels associated with the two EZs, and the potential employment retention of these jobs in Fylde.
- 1.4 This Report contains the results of the above activities.

2. BASELINE ECONOMIC REVIEW

Introduction

- 2.1 Fylde Borough Council commissioned Amion Consulting to provide an independent assessment of the economic prospects for Fylde. A report of findings was produced in May 2017 in the '*Independent Assessment of Economic Prospects of Fylde*' report. This report provided an assessment of historical economic performance in the Borough, a review of economic forecasts and an analysis of labour market conditions.

Key Findings

- 2.2 The historical assessment was based on examining a combination of employment change figures from economic forecasting houses (Cambridge Econometrics, Experian and Oxford Economics) and data from the Business Register and Employment Survey (BRES). It was noted that the BRES data under-records employment as it does not take account of self-employed people not registered for VAT or PAYE, HM Forces or government trainees, which helps explain the differences with the employment data from the economic forecasting houses. There are also differences in how the economic forecasting houses model their employment projections, which gives rise to variation in results between them.
- 2.3 The key findings from the period 2009-2015 are an average employment growth rate of **114** jobs per annum using the average of the three economic forecasting houses data, compared with **30** jobs per annum using BRES data. For the period 2011-2015 the figures are **913** and **700** jobs per annum respectively, reflecting the improved economic position post the 2007-8 global recession.
- 2.4 Overall, the historical employment assessment provides a clear explanation of patterns of change and some of the reasons driving this change. The Report also highlights the variability between forecasts, and adopts an average of the three sets of forecasts as a reference point. Even so, all the employment forecasts note the improved economic position post-2011 resulting in increased employment growth: from an average of **114** jobs per annum between 2009 and 2015 to **913** jobs per annum between 2011 and 2015.
- 2.5 The employment projections from the economic forecasting houses for the period 2015-32 also show variability, reflecting the differences between their modelling processes. Even so, all show an improving employment position relative to the long-term historical average for the period 1991-2015.
- 2.6 Amion also goes on to note that the economic forecasting house employment projections are a reasonable basis for understanding the 'policy-off' position in Fylde. Thus:

“Overall, the three forecasts are all considered to be up-to-date and produced using established forecasting models that reflect the latest available position in terms of employment growth.”

2.7 The Report continues:

“There is no evident basis on which to presume that any of the employment forecasts is likely to be the most accurate.”¹

2.8 Based on this, Amion conclude that the average of the three economic forecasting house employment forecasts should be used. This indicates a total increase of **1,548** jobs in Fylde between 2015 and 2032 in a ‘policy-off’ context. This equates to approximately **91** jobs per annum. This is a reasonable approach to adopt and provides a balanced, if minimum, employment growth forecast, and is an approach applied in other studies and supported by Inspectors.

2.9 The Amion Report then goes on to suggest using a three-year moving average of employment change as an additional way to derive an employment growth forecast. However, this introduces greater uncertainty to the assessment, and risks suggesting a spurious level of accuracy, with averages of averages. It also uses 2014 as a reference base for the analysis which had a particularly high employment level – rather than 2015, which is the start of the Plan period -with the effect of reducing the overall employment growth forecast to **55** jobs per annum. Given the standard use of average employment growth across a range of forecasts as means of assessing employment change, the **91** jobs per annum figure derived for Fylde should be seen as the minimum figure.

2.10 Critically, however, the Amion Report does not make a reasoned assessment of the potential employment growth that may arise from the two Enterprise Zones within Fylde - the Warton site of the Lancashire Enterprise Zone (LEZ) and Blackpool Airport Enterprise Zone (BAEZ), even though the significance of these developments is acknowledged:

“Of particular relevance to this study, for example, are the creation of the Enterprise Zones at Blackpool Airport and Warton. Within the Borough’s Economic Strategy and the Blackpool Fylde and Wyre Economic Development Company’s ‘Framework for Inclusive Growth and Prosperity’, the Enterprise Zone at Blackpool Airport and Warton are identified as drivers of economic growth and job creation.”²

2.11 Based upon this, Fylde Borough Council conclude that the employment growth that is likely to arise from the two Enterprises Zones should be ignored, thus:

“.. the Council has given considerable weight to the recommendations from the Independent Economic Assessment that the Enterprise Zones at

¹ Independent Assessment of the Economic Prospects of Fylde (May 2017). Section 3.4, page 152-153

² Independent Assessment of the Economic Prospects of Fylde (May 2017). Section 2.4, page 144

Blackpool Airport and Warton are expected to lead to the creation of new employment opportunities in Fylde over the Plan period. There remains though a high degree of uncertainty in terms of the timing, scale and additionality of this impact and it is not considered there is yet sufficient evidence to make a specific adjustment to the baseline forecasts.”³

- 2.12 This is unreasonable and inappropriate given the relevance and importance of these defined Zones and their raison d’etre to create new employment growth opportunities.
- 2.13 Accordingly, the next section provides a reasoned and robust assessment of the minimum additional employment growth that should be incorporated into the assessment of employment change in Fylde based upon the two Enterprise Zones within Fylde.

³ Fylde Council (August 2017) Consultation on Additional Evidence in Support of the Fylde Local Plan to 2032. Paragraph 2.18, page 10.

3. ENTERPRISE ZONE EMPLOYMENT POTENTIAL

Introduction

- 3.1 This section examines the realistic employment potential of the two Enterprise Zones (EZ) within or immediately bordering Fylde Borough. These are the Lancashire Enterprise Zone (LEZ - split into the Warton site and the Salmesbury site) and Blackpool Airport Enterprise Zone (BAEZ).
- 3.2 The potential employment impacts of the LEZ Salmesbury site and the Hillside International Business Park EZ, located near Thornton, are not directly assessed here, although there are likely to be employment impacts from these sites on Fylde Borough. Instead, the focus has been upon the two principal EZ sites within Fylde Borough (LEZ Warton site and BAEZ) in order to provide a cautious assessment of employment impacts. As such, the results outlined here should be seen as minimum realistic employment growth figures for Fylde.

Background

Lancashire Enterprise Zone (LEZ)

- 3.3 The LEZ was established in 2011, and is split across two sites in the county: Warton in Fylde Borough and Salmesbury to the east of Preston in Ribbles Valley District. The Warton site is approximately 74.5 hectares (split into a North EZ of 39.7 hectares, South East EZ of 21.3 hectares, and South West EZ of 13.5 hectares⁴) and the Salmesbury site is approximately 75 hectares. They are the operational locations of BAE Systems.
- 3.4 The EZ is managed and coordinated by the Lancashire Local Enterprise Partnership (LLEP). They operate through an Enterprise Governance Committee in association with landowner BAE Systems. The primary focus of the EZ is to form a centre of excellence for high technology manufacturing and engineering, and attract organisations directly involved in the industry or those providing support services.
- 3.5 The EZ is designed to support genuine additional growth, by creating new businesses and new jobs. This is reinforced in the Fylde Council *Local Development Order No1* (2015), which states at paragraph 2.4 in the context of the Warton site:

"It is not the intention of the Enterprise Zone to displace existing companies that are already located in Lancashire".

- 3.6 In order to reinforce the above purpose of the EZ, occupancy of the site is restricted. Thus, as the *Lancashire Advanced Engineering & Manufacturing Enterprise Zone Consultation Masterplan Salmesbury Site* (October 2013) states at paragraph 1.1.2:

“The (Enterprise Governance) committee will assess each proposed development to ensure that the displacement of existing Lancashire based companies does not occur and that any development is genuine growth in and support to the Advanced Engineering and Manufacturing sector.” [Text in brackets inserted for clarity].

- 3.7 This same restricted occupancy applies to the Warton site. Thus, as noted in the *Lancashire Advanced Engineering & Manufacturing Enterprise Zone Phase 1 Site Consultation Masterplan* (October 2014) at paragraph 1.6, permitted development can take place on the site providing it meets certain conditions, which includes restricting uses to industries within the following Standard Industrial Classifications:

- Aerospace;
- General Aviation Services;
- High-end automotive;
- Computing, systems engineering and autonomous systems;
- Nuclear;
- Advanced flexible materials;
- Renewable energy.

- 3.8 The above requirements mean that the rate of occupancy take-up on the EZ is likely to be less dramatic during the early stages of the EZ than more open business parks. In fact, practical occupancy has only been possible since 2015, when Wincanton were the first non-BAE Systems occupier. However, occupation rates are likely to accelerate after the initial set-up and preparation phase, reflecting the strong ambitions the development partners have for the scheme.

- 3.9 The significant role that the EZ is expected to play in the local and regional economy is stressed in the *Lancashire Local Enterprise Partnership (LLEP) Strategic Economic Plan* (March 2014). It firstly recognises at paragraphs 1.8 – 1.13 the importance and value of the advanced engineering and manufacturing sector in the Lancashire economy:

“Lancashire’s tradition in the aerospace, advanced manufacturing and nuclear sectors provides Lancashire with a strong platform on which to develop, sustain and grow clusters of international importance. Our analysis indicates core capabilities which Lancashire possesses, can be deployed within the aerospace, automotive and energy clusters, and their supply-chains, to sustain the existing economic base, underpin new growth and secure re-shoring opportunities from overseas. The county has the single largest concentration of aerospace production in the UK, employing over 20,000 people. ... The capability that exists within BAE Systems at Salmesbury and Warton is unique, in that the skills

and resources are still in place to design and integrate a whole aircraft in one sub-region of the UK”.

- 3.10 It then goes on at paragraph 1.14 – 1.15 to note that:

“As a result of these inherent sector strengths and specialisms, Lancashire’s Enterprise Zone (EZ) will provide a world class development opportunity, which will enable companies to build upon the Zone’s direct adjacency to BAE Systems and by being at the heart of the county’s significant aerospace supply chain.

The sector is balanced between civil and defence related production, and the predicted industry growth trajectory, particularly the civil markets, look strong with 5% annual growth forecasts for the next 30 years”.

- 3.11 This is reinforced by the Fylde Borough Council *Economic Development Strategy and Action Plan* (January 2013), which stresses the value of the EZ to the local economy at page 57 under Themes 5: Enterprise Zone, Warton, thus:

“Land at BAE Systems, which is a designated Enterprise Zone, will be a focus for economic growth and job creation in the Fylde. The redevelopment of part of this site as a key location for advanced engineering and manufacturing businesses will see the creation of significant new employment opportunities. It is hoped that the zone will create 4,000-6,000 high value jobs in the long term capitalizing on new and emerging opportunities in the advanced manufacturing sector. The development of the local supply chain will be a key objective”.

- 3.12 The above points highlight the importance of the LEZ to the regional economy, and that of Fylde in particular. There is strong formal support for the EZ from LLEP and Fylde Borough Council, as well as expectations from central Government as part of the approval and funding support for the EZ.
- 3.13 As such, the employment potential that may arise from the EZ over the time-frame of Local Plan cannot be ignored. A reasoned assessment of likely additional employment generation needs to be made in order to fully understand the wider impacts upon Fylde Borough, particularly in terms of housing demand.

Blackpool Airport Enterprise Zone (BAEZ)

- 3.14 Blackpool Airport Enterprise Zone (BAEZ) was established in 2016, and is spread across the Blackpool and Fylde border. It is approximately **144** hectares in size and is managed by the Blackpool, Fylde and Wyre Economic Development Company.
- 3.15 The focus of the EZ is upon the energy, food and drink manufacture, digital and creative industries, advanced manufacturing, and aviation and aerospace. However, as noted in the Amion Report *Independent Assessment of the Economic Prospects of Fylde* (May 2017) at section 2.4:

“the key principal driver behind the Enterprise Zone is identified as being job creation and industry diversification, so the uses at the site could become relatively broad”.

3.16 Since its start-up in 2016 the BAEZ has seen considerable interest and take-up of space. During the first year of operation over **200** businesses employing approximately **1,500** people have occupied space⁵. Of this total, **28** are new companies creating **450** new jobs.

3.17 Blackpool Council have recognised the significant employment potential that the BAEZ offers:

“The interest that has been sparked in the business world already could make it one of the most successful enterprise zones in the country, and that can really be put down to the combined effort that has gone into these plans⁶.”

3.18 The intention is that BAEZ will create **140** new businesses and approximately **3,000** new jobs by 2030⁷.

3.19 It can be seen that BAEZ has had significant success during the first year of operation. The **450** new jobs represent **15%** of the target ambition of **3,000** new jobs by 2030. This is a rate of growth twice what would be expected if the **3,000** new jobs delivered equally across each year between 2015 and 2030.

3.20 As with the LEZ, the employment growth impacts that BAEZ is expected to have cannot be ignored as part of the assessment of economic prospects for Fylde. The employment potential of the EZ is being delivered, faster than average and so needs to be properly incorporated into the assessment of realistic employment growth in Fylde over the Local Plan period.

Employment Potential of EZs

3.21 The employment potential of the LEZ and BAEZ have been outlined as part of the submission to central Government, and have been encapsulated in the draft Masterplan in the case of the LEZ and development proposals for the BAEZ. In summary, the employment growth plans are as follows.

⁵ LiveBlackpool (April 2017) ‘Blackpool Enterprise Zone celebrates first anniversary with rapid growth’

⁶ LiveBlackpool (November 2015) ‘The Blackpool, Fylde and Wyre Economic Development Company (BFW EDC) has welcomed the news that Blackpool Airport has been allocated Enterprise Zone status’

⁷ LiveBlackpool (April 2017) ‘Blackpool Enterprise Zone celebrates first anniversary with rapid growth’

Enterprise Zone	Employment Impacts
Lancashire Enterprise Zone (LEZ)	<ul style="list-style-type: none"> • Create 4-6,000 high-value jobs across Warton and Salmesbury over the long-term, including 1,200 in the short to medium term (2011-2037). Approximately 155-230 jobs per annum. • Approximately 52% of these jobs may be at Warton and 48% at Salmesbury. • 5-7,000 further jobs in the local supply chain. Approximately 190-270 jobs per annum.
Blackpool Airport Enterprise Zone (BAEZ)	<ul style="list-style-type: none"> • Create 3,000 new jobs (2015-2041). Approximately 115 jobs per annum. • Additional jobs in the local supply chain not specified.

3.22 The Amion Independent Economic Assessment Report recognises the importance of these developments:

“Of particular relevance to this study, for example, are the creation of the Enterprise Zones at Blackpool Airport and Warton. Within the Borough’s Economic Strategy and the Blackpool Fylde and Wyre Economic Development Company’s ‘Framework for Inclusive Growth and Prosperity’, the Enterprise Zone at Blackpool Airport and Warton are identified as drivers of economic growth and job creation.”⁸

“Local interventions could also lead to additional employment growth. For example, development at the two Enterprise Zones within Fylde is expected to create a range of new employment opportunities, including high value sectors.”⁹

3.23 A formal phasing of the forecast job creation at the EZs has not been published at this stage. As a result, whilst acknowledging the significance of the two EZs, the Amion Report excludes any formal assessment of their likely employment impacts on the basis that there is some uncertainty over the timings and scale of these impacts. This avoids assessing a live, active and major set of drivers which will impact upon employment growth in Fylde over the Local Plan period, and so results in an incomplete and unrealistic assessment of future employment growth in Fylde Borough.

3.24 A realistic and robust indication of the scale, timing, additionality and local job retention of the two EZs can be made, particularly alongside appropriate

⁸ Independent Assessment of the Economic Prospects of Fylde (May 2017). Section 2.4, page 144

⁹ Independent Assessment of the Economic Prospects of Fylde (May 2017). Section 2.4, page 146

sensitivity testing. We have therefore assessed the realistic employment potential of the EZs, based on the Government approved plans for the two EZs. This excludes additional impacts that may arise from Hillside International EZ or the Salmesbury element of the LEZ, which are likely to have job impacts upon Fylde Borough.

- 3.25 Experience from the first wave of Enterprise Zones in the 1980s is informative in this context. Studies by Professor Peter Tyler at the University of Cambridge have examined the impacts of the 1980s Enterprise Zones and related them to the plans of the current wave of Enterprise Zones, which include the LEZ and BAEZ.
- 3.26 The 1980s Enterprise Zones were set-up for different purposes and faced different issues to the current EZs. As such, they were viewed as more successful in terms of property-regeneration and place-changing than in generating net additional employment.
- 3.27 Some of the key factors that influenced their economic performance included the extent to which the EZs were able to access new economic opportunities and also the extent to which it was necessary for them to overcome market failures before much economic development could occur¹⁰. In fact, the EZs that were more successful were those in which the EZ was a coherent part of a broader local economic strategy, and which considered the most appropriate sectors and companies that should be attracted to the site. The identification of barriers inhibiting growth and how these could be overcome was also important, as was ensuring that the necessary infrastructure was in place to connect the zone to the local and wider economy¹¹. These are all issues that the LEZ and BAEZ have addressed as part of their set-up and master-planning work, effectively building upon the lessons learnt from the 1980s EZs.
- 3.28 Given the particular set of circumstances and focus of the EZs in the 1980s, the level of job additionality from the 1980s EZs was approximately **50%**; in other words, **50%** of the jobs were additional in that they would not otherwise have been in the local areas concerned¹². In fact, additionality was greatest in manufacturing-orientated EZs, and was highest in locations that were classed as ‘non-urban accessible’, which broadly corresponds to the form of the LEZ and BAEZ. In such locations, the additionality level could be of the order of **80%**¹³.
- 3.29 In terms of build-up of employment generation, whilst there were differences between individual 1980s EZs, overall activity showed a broadly similar trend. The first 4-5 years showed a stable but positive level of employment growth,

¹⁰ Public Policy Institute for Wales (Feb 2015) *Governing for Success: Reviewing the Evidence on Enterprise Zones*. Peter Tyler, University of Cambridge. Page 4

¹¹ Public Policy Institute for Wales (Feb 2015) *Governing for Success: Reviewing the Evidence on Enterprise Zones*. Peter Tyler, University of Cambridge. Page 2

¹² Public Policy Institute for Wales (Feb 2015) *Governing for Success: Reviewing the Evidence on Enterprise Zones*. Peter Tyler, University of Cambridge. Page 7-8

¹³ *Making Enterprise Zones Work: Lessons from Previous Enterprise Zone Policy in the United Kingdom*. (2015) Peter Tyler, University of Cambridge. Page 6-7, 13-15

- generally about half the rate of subsequent years. After the initial 4-5 years, there was a year-on-year linear increase in employment growth¹⁴.
- 3.30 We have provided an indication of appropriate employment generation from the Warton LEZ and BAEZ, based on realistic and relevant assumptions and reflecting some of the findings from previous EZs. The results are summarised in the table below.
- 3.31 Rows 1 and 2 work from the published total employment projection figures for the two EZs, covering the respective years over which these forecasts run. In the case of the LEZ it is 2011-2037 and for BAEZ it is 2015-2040. Row 2 translates this into an annual equivalent employment rate based on a straight-line average over the forecast periods.
- 3.32 Row 3 re-adjust this anticipated employment growth to cover the timeframe of the Fylde Local Plan (2015-2032). An allocation of employment growth to the Warton site is summarised in Row 4, which is assumed to be approximately **52%** of the LEZ total.
- 3.33 Based on evidence from analysis of the 1980s EZs, a range of likely 'additionality' (i.e. net new jobs) has been made, which ranges from **50%** to **80%**. This provides a more cautious assessment of potential job growth, notwithstanding that both EZs are aiming for all jobs to be new additions to the area. The results are summarised in Rows 5a and 5b.
- 3.34 Not all of these jobs are likely to be taken up by future residents of Fylde, however. This is despite the fact that the existing high-quality and skilled nature of the current workforce, as well as the attractiveness of the area and general quality of life, would be a draw for pulling-in additional qualified residents. As such, it has been assumed that future new jobs at the EZs would be taken up on a similar ratio to the 2011 Census in terms of people living within Fylde who work in Fylde, which is **41%**. The results are summarised in Rows 6a and 6b.
- 3.35 Rows 7a and 7b translate the results into an annual equivalent job growth for Fylde for the Local Plan period 2015-2032. This indicates a potential range of additional jobs – above that proposed in the Amion Report of **91** jobs per annum – of between **+41** to **+79** jobs per annum. This is equivalent of **697-1,338** new jobs in Fylde over the period 2015-2032.

¹⁴ Making Enterprise Zones Work: Lessons from Previous Enterprise Zone Policy in the United Kingdom. (2015) Peter Tyler, University of Cambridge. Page 3-4

		Enterprise Zone		
		Direct Employment		
		LEZ	BAEZ	Total
1	Total Employment from EZ	4-6,000 (2011-2037)	3,000 (2015-2040)	7-9,000
2	Annual Equivalent	154-231	120	274-351
3	Total Employment in Fylde Local Plan Period (2015-2032)	2,615-3,923	2,040	4,655-5,963
4	Warton Site Total Employment Element	1,360-2,040	2,040	3,400-4,080
5a	Additionality (Total Employment) @50%	680-1,020	1,020	1,700-2,040
5b	Additionality (Total Employment) @80%	1,088-1,632	1,632	2,720-3,264
6a	Fylde Total Employment Potential Retention (with 50% additionality)	279-418	418	697-836
6b	Fylde Total Employment Potential Retention (with 80% additionality)	446-669	669	1,115-1,338
7a	Annual Equivalent (with 50% additionality)	16-25	25	41-49
7b	Annual Equivalent (with 80% additionality)	26-39	39	66-79

Source: CCL calculation

- 3.36 As a sensitivity test a slower build-out of the EZs has been assumed. This is equivalent to 75% of the above job growth. This would result in between **+31** to **+59** new jobs per annum in Fylde, or **523-1,004** jobs in total.
- 3.37 As a more extreme sensitivity test, a number of the key variables were constrained. The number of jobs at the Warton site was assumed to be only **25%** of the overall total for the LEZ. The lower proportion of **50%** additionality in terms of jobs from the EZs was used and only **25%** of the new jobs would be retained within Fylde retention. The phasing programme was also reduced to **60%**. Under these highly-constrained conditions the two EZs would generate an additional **+12-13** jobs per annum, or **204-221** in total over Plan Period.

Conclusions

- 3.38 It defies logic not to include the employment impacts of the two EZs (LEZ Warton site and BAEZ) within an assessment of Fylde's economic prospects.
- 3.39 The time, planning, commitment and resources that have gone into the development, set-up and operation of the EZs, as well as agreement with and commitment to central Government in order to secure approval and funding, indicates a serious intent to make the EZs a success.
- 3.40 Despite this, the conclusion drawn from the Amion Report is to effectively say that there will be no jobs arising from the EZs. As evidence from the first year of operation of the BAEZ has demonstrated, this is clearly not the case.
- 3.41 It is recognised that there will always be uncertainties in the assessment of employment associated with the EZs, as it is for the underlying baseline employment projections provided by the economic forecasting houses. However, this is not in itself a reason for avoiding such an assessment.
- 3.42 Understanding the likely level of **additional** employment that may arise in Fylde over the next 20 years is critical to ensuring adequate provision to support such growth is in place. If it assumed that such an assessment is too uncertain or too complex, then it risks under-providing for local residents at best, and bordering on a dereliction of responsibility and commitment to local residents, development partners and central Government at worst.



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