

Fylde Employment Land and Premises Study 2012 Briefing Note

1.0 INTRODUCTION

1.1 This Briefing Note has been produced by BE Group to support and expand upon key issues raised in the Fylde Employment Land and Premises Study (ELPS), also completed by BE Group in 2012. It has been carried out on behalf of Fylde Borough Council (the Council).

1.2 Key issues covered in this paper include:

- Further explanation as to why historic take-up was chosen as the preferred method of forecasting Fylde's future land needs over the alternative, jobs change, methods
- The importance of the qualitative market analysis of the ELPS in understanding demand for employment land and premises
- Issues associated with land monitoring by the Council which are of relevance to ELPS findings
- BE Group's experience in preparing and delivering Employment Land Reviews.

2.0 QUANTITATIVE FORECASTING ISSUES

2.1 The ELPS used five alternative models for the assessment of employment land allocations for the forthcoming Local Plan period. These were:

- Historic land take up forecast
- Policy off – employment based forecast
- Policy off – labour supply forecast
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2.2 The 'policy on' forecasts reflect the Lancashire Advanced Engineering and Manufacturing Enterprise Zone status allocated to BAE Systems' Warton site.

Model 1: Historic Land Take-Up Forecast

- 2.3 Employment land take-up is recorded by the Borough Council. The 59.61 ha of land developed over this period equates to an average take-up of 2.70 ha/year.
- 2.4 If long term trends continue, the Borough would need 48.6 ha to cater for an expected annual take-up of 2.7 ha for the next 18 years (2013 to the end of the Local Plan period, 2030).
- 2.5 At 31st March 2012 there was 22.32 ha of available land in the Borough (from Section 9 of the ELPS), which suggests the Council needs to find an additional 26.28 ha to match historic trends (of 2.7 ha/year).

Model 2 : Employment Based Forecast

- 2.6 This option uses as its base the Fylde employment forecast commissioned from Oxford Economics as part of the ELPS. The forecast projects employment change through to 2030. It breaks down employment to 19 industry sectors, with some such as manufacturing, wholesale and retail trade, financial and insurance activities, further analysed to sub-sectors. It should be noted this forecast reflects a 'non-intervention' scenario, in that it does not take into account any planned or emerging investment programmes in Fylde, e.g. the Enterprise Zone at Warton.
- 2.7 The model suggests that the number of jobs within the Borough is set to grow as the economy recovers. By 2017, compared to the present day, the area will see a 4.1 percent growth, which represents an additional 2,000 jobs. The forecast indicates total employment will then plateau for five years, before a marginal drop to a further plateau that lasts to 2030.
- 2.8 The figures suggest that Fylde is aligned to the general trend of the UK of a decline in manufacturing employment and growth in services – but only in the private sector. Whilst manufacturing is seen to decline, this is from an above the North West regional average percentage share. At present manufacturing employment represents 25.6 percent of the Borough's total, with this forecast to reduce to 18.7 percent by 2030. Of this reduction of 3,000 jobs, 2,300 are attributed to the aerospace and nuclear industries.
- 2.9 In terms of services, for example whilst the financial and insurance and business services sectors exhibit some growth, public administration is forecast to decline.

This reflects the impact of public sector cuts and the presence of both local and central government facilities in the Borough.

2.10 In calculating the employment land requirement arising from forecast employment changes, the model assumes that there is a direct relationship between jobs created, or lost, and the amount of employment land needed, or conversely released, where jobs in a sector shrink.

2.11 The following assumptions were used (Table 1):

- The model translates jobs in a sector to an average amount of floorspace typically occupied. The overall floorspace created or lost can then be translated to a land area. Also in some industries 100 percent of jobs translates to floorspace, whereas in others, such as construction, the model recognises many of the employees work away from the premises
- The proportion of people in each industry sector that occupy B1, B2 or B8 space conforms to those ratios used in other studies and accepted in comparable locations and are sourced from the South East Regional Planning Conference's (SERPLAN) 'The Use of Business Space'
- Employment densities for each B use class are those set out in the 2010 Employment Densities Guide 2nd Edition published by HCA and OFFPAT
- The development per hectare of land is uniform across all B Use Class functions – 3,900 sqm per hectare, the accepted industry norm.

Table 1 – Model Assumptions

Industry Sector	Employees		
	Proportion Occupying B1, B2, B8 Floorspace, percent	Floorspace per person, sqm	Other Comments
Agriculture	5	12	Managerial, admin
Manufacturing	100	36-47	Higher density reflects B2; Lower density B1 light industry
Construction	26	12	Managerial, admin
Distribution	48	70	Warehouses, offices-non large scale/high bay facilities
Transport	48	70	Warehouses, offices-non large scale/high bay facilities
Financial & Business	100	12	

Industry Sector	Employees		
	Proportion Occupying B1, B2, B8 Floorspace, percent	Floorspace per person, sqm	Other Comments
Government & Other Services	22	12	Local Government, Public Administration

Source: SERPLAN and Employment Densities Guide 2nd Edition, 2010

2.12 Application of these assumptions suggests the following in terms of future employment land provision:

- From sectors predicted to grow, the need for a further 12.63 ha
- From those sectors where reduced employment is predicted there will be a need for between 28.05 and 36.51 ha less. This range reflects the variance in employment densities between light industry and general manufacturing.

2.13 The net result of this suggests Fylde would have a surplus of employment land of 15.42-23.88 ha by 2030, beyond the land that is currently allocated or consented.

Model 3: Labour Supply Forecast

2.14 This option is also based upon the forecasts produced by Oxford Economics to cover the Local Plan period. The forecast indicates a rise in population numbers for the Borough to 85,000 by 2030. This represents a 10.4 percent increase from the 2012 figure of 77,000. Reflecting a trend of an ageing population, the working age population figure is not seen to grow from its current level.

2.15 The forecast suggests an increase in the number of the residents working of 1100 by 2030.

2.16 As with jobs change, the model attributes new residents to different industry sectors, as using the same approach as the employment model can convert the effect of the 1,100 extra economically active residents into an equivalent land area. This translates to an additional land need of between 4.08 and 4.67 ha. As with Model 2 the range of need reflects high and low densities for manufacturing employment.

2.17 However the 2001 Census data (the most up to date evidence for commuting patterns at the time of the ELPS) indicated that just 66 percent of the economically active working age population are employed in Fylde. The ELPS therefore adjusted

the 4.08 – 4.67 ha figure to reflect this. This indicates a revised employment land requirement of between 2.69 and 3.08 ha.

Model 4: Policy On Scenario, Employment Based Forecast

2.18 The 'policy on' scenario is based on the information contained within the now approved Enterprise Zone bid application, submitted in May 2011 to the Department of Communities and Local Government.

2.19 The 'policy on' scenario identified a number of differences from the policy off forecasts. These are:

- The overall jobs total forecast will increase by 2,400 over the Local Plan period (compared to 1,900 in the policy off scenario)
- The unemployment rate will be 1.1 percent of the labour force, rather than 2 percent
- There will be a increase of 1,600 in the number of residents working, rather than an increase of 100
- The percentage of economically active residents increases to 76.6 percent in 2030, compared to 74.8 percent in the policy off forecast
- The manufacturing sector sees employment fall by 3,400 as jobs generated by the Enterprise Zone do not offset losses at BAE Systems and elsewhere.

2.20 Applying the 'policy on' scenario to the employment based model indicates that growth sectors would generate a further need of 12.14 ha. The potential surplus land arising from reduced employment in other sectors would increase to be between 31 and 41 ha. There would therefore be a net surplus of 19.60-29.19ha.

Model 5: Policy On Labour Supply Forecast

2.21 For the labour supply model the 'policy on' scenario indicates there would be an increase in working residents of 1,600, over the Local Plan period. Assuming this increase aligns to the percentage share of each industry sector in accordance with the forecast employment by sector, then this suggests a need of between 5.64 and 6.42 ha.

2.22 Adjusting this figure to reflect the fact that only 66 percent of the economically active working age population are employed in Fylde, the revised employment land requirement is between 3.72 and 4.24 ha.

Forecast Modelling Outputs and Analysis

2.23 The outputs from the five models are shown in Table 2.

Table 2 – Fylde Forecast Land Scenarios, 2012-2030

Scenario	Gross Land Need, ha	Existing Land Supply, ha	Net Land Need, ha
Long term Land Take-up	+48.60	22.32	+26.28
Employment Change (including sectoral reductions)	-15.42/ -23.88		-37.74/ -46.20
Labour Supply Change (100 percent work in Fylde)	+4.08/ +4.67		-18.24/ -17.65
Labour Supply Change (existing 66 percent ratio of those working in Fylde)	+2.69/ +3.08		-19.24/ -19.63
Policy On (linked to Enterprise Zone) Employment Change	-19.60/ -29.19		-41.92/ -51.51
Policy On (Linked to Enterprise Zone) Labour Supply Change	+5.64/ +6.42		-15.90/ -16.68
Policy On (Linked to Enterprise Zone) Labour Supply Change (existing 66 percent ratio of those working in Fylde)	+3.72/ +4.24		-18.08/ -18.60

Source: BE Group, 2012

2.24 Applying the long term annual average take-up of 2.7 ha/year, indicates there is a shortage of employment land to cater for Fylde's needs to 2030 of 26.28 ha.

2.25 The two 'policy off' forecasts suggest the Borough needs significantly less employment land than predicted by historic take-up rates. Indeed both suggest reductions in the supply requirements from land already in use. The employment based model suggests an oversupply of between 38 and 46 ha when the current baseline available supply is included. The oversupply reduces to between 31 and 39 ha when land subject to alternative planning applications, or potentially unviable/unavailable, is taken into account. The labour supply model suggests a very modest additional land requirement of less than 5 ha, which represents around one quarter of the currently available supply.

2.26 Consequently, according to the employment based model, this would mean that all the currently allocated or consented but undeveloped employment land in the Fylde is surplus to requirements, as would be some land already in use. As such it could

be used for other activities. The labour supply model suggests around 75 percent of the current allocations or unimplemented consents could be released to other uses.

2.27 In reality the employment change does not translate to land provision in this way. From our experience, this relationship can vary greatly from area to area and employment forecasts should be used as one strand of evidence which will identify future trends within the business sector. Beyond jobs creation there are a number of factors that will influence the land requirement and it is necessary to understand the market signals to predict a more accurate employment land requirement. These factors include:

- How far does the growth in office employment takes place in a town centre locations, at higher densities, rather than in low-density business parks. It is more likely to be the latter in view of the Borough's characteristics. Where growth is predicted in town or city centres different densities would be applied, closer to 100 per cent site coverage
- Will the decline in jobs particularly in some manufacturing sub-sectors actually lead to the release of land, or risk job change on reflection of changing work practice
- Land take-up/property needs can be for different reasons such as modernisation, geographic relocation, or increased capacity as productivity grows
- Expansion may be within existing premises or on expansion land not accounted for in land allocations.

2.28 It is considered that the land requirements' calculations based on jobs change can represent a false position. Irrespective of changes to employment densities, whilst growth sectors seek to expand by taking additional space, declining job numbers may actually not release land in line with the above assumptions. Taking manufacturing, whilst jobs are predicted to decline, the sector is predicted to show increased productivity evidenced by growth in GVA, albeit at a lower level than other sectors. The move to automation and other efficiencies can account for these changes. From the limited number of consultations with companies there is no suggestion that floorspace will reduce, rather demand for additional space has been identified for a number of businesses.

2.29 To test how closely jobs change translates to land take-up, historic trends have been compared in Table 3. Using the same methodology as above, the potential land needs have been assessed based on jobs change for the period of 2001-2011. This takes in a period of strong growth and decline over 10 years. This change can then be compared to actual take-up and if the jobs model is accurate the land derived from employment and actual take-up should be similar.

Table 3 – Historic Trends Analysis 2001-2011

Employment Change (B Class Uses)	Total Jobs	Land (Ha)
Growth	7,100	14.26
Decline	-6,400	-58.04
Net growth	700	-43.78
Historic land take up	-	25.78

Source: Oxford Economics, Fylde BC, BE Group, 2014

2.30 The trend shows that forecast net jobs growth varies considerably from what happened in reality. The projected decline in manufacturing jobs of 4,600 alone (plus 1,800 from other sectors) translates to a potential loss of 55 ha (58 ha overall). Whilst there may have been some loss of land this clearly was not the level seen in Fylde. Therefore this shows that this is not an accurate method of calculating land as, overall the jobs change during that period suggests that there would be an overall land reduction of 43.78 ha, whereas in reality there was a take-up of 25.78 ha.

2.31 If the growth figure alone is taken then this is approximately 45 percent of the actual take-up, and this can provide a better pointer to the future relationship between jobs growth and historic land take-up, although it can only be taken as an indicator.

2.32 The assessment of need cannot be a quantitative exercise only. It is important that market trends and signals both in the recent past and today are analysed to provide a robust qualitative assessment of need. This was undertaken and from the market assessment (discussed below) and also from reviewing the historic trends in employment change and land take up, the conclusion is that the jobs based forecasts underestimates land needs significantly.

3.0 QUALITATIVE MARKET APPRAISAL

3.1 This section looks at evidence obtained from the detailed market appraisal elements of the ELPS (as set out in Sections 4.0- 9.0 of the ELPS) which informed the decision to use Long Term Land Take-up as the primary measure of land needs in Fylde. It is important to note that elements such as feedback from the stakeholder consultations, market signals, and the results of the business survey made it clear that there is a latent demand for land and premises from existing Fylde businesses as well as inward investment, from Blackpool or other locations.

Business Survey Response

3.2 20 of the 164 companies surveyed in the ELPS (Section 8.0) indicated that they are intending to relocate, with 10 of them proposing that this will happen in 2012/2013. Those companies needed 1,303-3,100 sqm of office space and 2,309-5,100 sqm of industrial space i.e. up to 8,200 sqm total need. At an average developer ratio of 3,900 sqm/ha the total extra land need is 2.19 ha identified at the time of the survey.

3.3 The 20 businesses comprised 16 percent of the sample of 126 businesses surveyed. In 2013 there were approximately 2,342 relevant businesses operating out of B1, B2 or B8 premises or sites in the study area (according to the Office of National Statistics) so assuming 16 percent have potential property requirements, 375 business could have such needs. The estimated requirement would be for up to 32,000 sqm of industrial space and 19,000 sqm of offices, i.e. up to 51,000 sqm total need. At 3,900 sqm/ha land need is 13.08 ha. This is not statistically safe but is a strong indication of the latent demand from Fylde based companies alone. Some of this demand may not materialise, some may go to existing premises, but with no future supply, very quickly Fylde would not be able to satisfy indigenous need, let alone provide choice to expand the local economy. This further evidenced when vacant property, which provides immediate choice is analysed.

Vacancy Rates

Industrial

3.4 According to 2008 Valuation Office (VO) statistics (the most up to date available at the time of the study) there were 532 industrial hereditaments in the Borough, totalling 258,000 sqm. Based on the 58 marketed premises totalling 12,667 sqm,

identified in 2012, this suggests an overall occupancy rate for the study area of 95.1 percent by floorspace. By premises numbers, the occupancy rate is 89.1 percent.

- 3.5 It should be noted that, even in the most robust property market there will be a steady churn of premises as companies expand/contract and relocate. There is no definitive view on what a healthy rate of 'churn' should be, but a vacancy rate of 7-10 percent is considered reasonable in terms of giving occupiers a reasonable choice of premises types, locations, sizes and tenures. If vacancy rates are lower businesses may not be able to access the property options they need. Higher rates may suggest an oversupply of premises relative to demand.
- 3.6 In terms of industrial premises Fylde has a vacancy rate of 4.9 percent by floorspace. This is a rather low rate of overall availability. In comparison the vacancy rate of 10.9 percent by premises numbers, appear somewhat closer to the norm.

Offices

- 3.7 There are 447 office hereditaments in the study area, totalling 139,000 sqm. Of this space there were 49 marketed premises in 2012, totalling 9,144 sqm. Including Heyhouses. The vacant floorspace total was 23,079 sqm.
- 3.8 The overall office occupancy rate for the study area was therefore 83.4 percent by floorspace. This increases to 93.4 percent if Heyhouses is excluded. By premises numbers the overall occupancy rate was around 89.0 percent.
- 3.9 In terms of office premises Fylde has a vacancy rate of 16.6 percent by floorspace, 11 percent by premises numbers. Whilst overall floorspace suggests an oversupply, by numbers of units available, the figure's close to the norm.

Stakeholder Discussions

- 3.10 The large businesses surveyed did not have any land or property requirements, however, in 2012 agents reported a lack of good quality industrial units in the Borough. Demand was predominantly for smaller units of 500 sqm or less. Agents are dealing with property requirements on a daily basis and are therefore close to what the market is demanding.
- 3.11 Whitehills Business Park and Blackpool and Fylde Industrial Estate were deemed to be the most popular industrial locations, but in 2012 Borough's other industrial

schemes were generally doing well. Four out of the seven schemes surveyed were over three quarters occupied.

- 3.12 Whitehills Business Park was also seen to be the most popular office location, with Kirkham also generating demand. Requirements were for properties of up to 500 sqm. Potential demand for a small office development at Lytham was also highlighted.

BAE Warton

- 3.13 BE Group spoke directly to BAE to understand their future plans. While BAE is releasing some land, its position on the bulk of the site is secure. BAE Systems' continuing presence at Warton is underpinned by a further 10-12 years construction programme of the Typhoon aircraft and subsequent ongoing maintenance contracts on the aircraft until 2065. In addition there continues to be development of unmanned aircraft.

- 3.14 Warton is now the company's only remaining UK location with an operational airfield, following the closures of Brough, Filton and Woodford. An added value aspect of the runway is that it is one of the three longest in the UK.

- 3.15 Land that is being released falls into three categories:

- Land to be developed for housing
- Land surplus to BAE Systems' requirements which is to be severed from the operational site and responsibility will rest with the Lancashire Enterprise Partnership. This land is available to inward investors only, not local firms
- Land for Enterprise Zone use that remains within the secure site will see BAE taking the pivotal role in determining who is located there. BAE is particularly receptive to uses that wish to capitalise on the presence of the runway, in order to offset its annual costs for maintenance.

- 3.16 Thus released land will not be available to meet local business needs, but specialist/external operators.

Blackpool's Needs

- 3.17 The 2010 Blackpool Employment Land Review indicated that, as of 31st March 2010, Blackpool had an employment land supply of 23.5 ha, provided across nine sites.

However, only 9.1 ha (38.7 percent) of this was of good quality and readily available for development. This comprises land at Blackpool Business Park and North Blackpool Technology Park. Thus Blackpool lacks a good quality land supply to meet its medium and long term needs which, based on past take-up, are around 1.6 ha/year.

- 3.18 In terms of land requirements, Blackpool is continuing to look to the Joint Lancashire Structure Plan 2001-2016 identified requirement for 210 ha across the Fylde Coast sub-region to 2016. 125 ha (59.5 percent) of this need was allocated to Wyre, 45 ha to Fylde (21.4 percent) and 40 ha to Blackpool (19.1 percent). An earlier Blackpool Employment Land Study, produced in 2007, also suggests a need for 40 ha of additional employment land, in this case to 2021.

Commuting

- 3.19 There are strong commuting flows between Fylde and Wyre, Preston and Blackpool. The Borough is a net importer of labour (of some 7,900 workers), largely as a result of the aerospace, nuclear fuel and insurance sectors. However, Fylde remains comparatively self-contained. Approximately 66 percent of Fylde's employed residents also work in the Borough, in Lancashire only Lancaster (69 percent) is more self contained.

4.0 ISSUES ASSOCIATED WITH LAND MONITORING

- 4.1 Land take-up for 1989-2011 was 59.61 ha (2.70 ha/year). Of this only 3.36 ha (5.6 percent) comprised non-B Class uses – motor retail garages in Whitehills. However, these are well integrated into the employment area, include elements of B1(c)/B8 uses and their inclusion is consistent with the broader definition of employment in NPPF.
- 4.2 It is also important to note that if land is lost to other uses (e.g. land lost to housing around Dock Road, Lytham), it is not included in monitoring and hence future forecast modelling. However, where B class land may come to the market, say from the recycling of old business space, then it is included. This is very clearly dealt with by Fylde Borough Council Officers in the Annual Monitoring of land. To include land that clearly will not provide employment land in the future will present a completely

inaccurate picture, equally it is entirely correct to include land recycled from existing buildings (as will be the case though new employment land at Heyhouses Lane) and this will reduce future needs accordingly.

5.0 BE EXPERIENCE

5.1 BE Group has 30 years experience of working with a mix of public and private sector clients, undertaking employment land and premises reviews; economic strategies; property-based concept feasibility studies; town centre reviews and masterplans; site feasibility and viability appraisals; reviewing property markets at local authority and sub-regional levels across England and Wales.

5.2 Employment land and premises reviews have been carried out to provide an evidence base for Local Plans, for some 33 local authorities. Table 4 details the employment land studies which members of the team have completed in the last four years and provides client contact details for the most recent (last 3 years) reviews. Where the study is a refresh of earlier work, also completed by BE Group, this is shown. All of these have incorporated extensive stakeholder consultation programmes to understand business needs, identified constraints to growth and established future development plans in order to inform strategy and policy development. They have included surveys of land and premises in local employment areas and town/city centres, considered the existing supply of vacant premises (office and industrial) and how that supply meets identified needs.

Table 4 – BE Group Employment Land Studies Completed or Underway 2010-2014

Contract Title	Client	Completion
Hartlepool Employment Land Review	Hartlepool Borough Council	Ongoing
Charnwood Employment Land Review	Charnwood Borough Council	Ongoing
Wrexham and Flintshire Employment Land Review	<ul style="list-style-type: none"> • Wrexham County Borough Council • Flintshire County Council 	Ongoing
Caerphilly Employment Sites Supply and Market Appraisal	Caerphilly County Borough Council	March 2014
Vale of Glamorgan Employment Land and Premises Study –	Vale of Glamorgan Council	August 2013

Contract Title	Client	Completion
Refresh		
Hinckley & Bosworth Employment Land and Premises Study Review – Refresh	Hinckley & Bosworth District Council	July 2013
Rutland Employment Land Assessment Review	Rutland County Council District Council	May 2013
Ribble Valley Employment Land Study – Refresh	Ribble Valley Borough Council	May 2013
Stroud District Employment Land Study (undertaken in partnership with AECOM)	Stroud District Council	February 2013
Sefton Employment Land and Premises Study – Refresh	Sefton Borough Council	November 2012
Wirral Employment Land and Premises Study – Refresh	Borough of Wirral	September 2012
Fylde Employment Land and Premises Study (undertaken in partnership with AECOM)	Fylde Borough Council	August 2012
Blaby Employment Land Study – Refresh	Blaby District Council	December 2011
Shropshire Employment Land Review and Sites Assessment	Shropshire County Council	February 2011
Central Lincolnshire Housing Market Area Employment Land Review	City of Lincoln Council North Kesteven District Council West Lindsey District	June 2010
North Kesteven Employment Land Review	North Kesteven District Council	March 2010
Hinckley & Bosworth Employment Land and Premises Study Review	Hinckley & Bosworth District Council	May 2010
Joint Employment Land and Premises Study	Sefton Borough Council Knowsley Borough Council Halton Borough Council West Lancashire District Council	March 2010

Source: BE Group, 2014

- 5.3 Between 2006 and 2009 the team completed a further 14 Employment Land Studies, as indicated in Table 5.

Table 5 – Employment Land Studies Completed 2006-2009

2006	2007	2008	2009
Blaby Oadby & Wigston North Shropshire	Anglesey Shrewsbury & Atcham Vale of Glamorgan Derby HMA (Derby/Amber Valley/ South Derbyshire)	City of Lincoln Monmouthshire Redcar & Cleveland Ribble Valley North Tyneside	Cheshire West and Chester Council Wirral Borough Council

Source: BE Group, 2014

- 5.4 In all cases BE Group has also looked beyond the immediate local authority area to consider wider sub-regional and regional market for employment land and premises and how planning policy, and strategic development proposals, in linked areas impact on the study location.
- 5.5 In the case of Hinckley and Bosworth, Blaby, Shropshire, Halton, West Lancashire, and North Tyneside Local Plan documents have now been adopted, supported by Employment Land Review evidence base documents.
- 5.6 BE Group has supported the passage of Local Plans through the Examination In Public, speaking on employment matters following completion on evidence base Employment Land Studies. The company is currently supporting such a process in Stroud, Gloucestershire.