



**Rochford District
Council**

REPORT TITLE:	NEW LOCAL PLAN EVIDENCE BASE: ECONOMIC DEVELOPMENT NEEDS ASSESSMENT (EDNA) UPDATE 2023
REPORT OF:	Director of Place

REPORT SUMMARY

An Economic Development Needs Assessment (EDNA) Update has been prepared to provide an up-to-date assessment of the need for future employment floorspace during the New Local Plan period.

SUPPORTING INFORMATION

1.0 BACKGROUND INFORMATION

Context

- 1.1 National planning policy requires local plans to be informed and justified by technical evidence.
- 1.2 Furthermore, national planning policy requires Local Plans to provide an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for (inter alia): housing (including affordable housing), employment, retail, leisure and other commercial development
- 1.3 This report concerns an update that has been prepared to the Council’s Economic Development Needs Assessment (EDNA) by Lichfields.
- 1.4 The primary purpose of the EDNA Update is to provide an up-to-date understanding of likely changes in the demand for employment floorspace over the New Local Plan period, principally the period to 2040. In doing so, the EDNA Update will allow the Council to better understand:

- The extent to which existing land or allocations are meeting short- and long-term needs for employment space;
 - By extension, the extent to which new land or allocations will be required to address long-term needs for employment space; and
 - The types of employment space that are likely to be required to meet short- and long-term needs (e.g. officing, industrial, warehousing etc.)
- 1.5 The EDNA Update builds from, but ultimately supersedes, a previous EDNA prepared across South Essex in 2017.
- 1.6 The EDNA Update has been prepared to align with national planning practice guidance on undertaking 'Housing and Economic Needs Assessments'. Whilst this guidance does not set out a prescriptive methodology, it is clear on the types of approach that economic needs assessments should take and what they should include.
- 1.7 The EDNA Update takes a scenario-based approach to considering how demand for employment floorspace is likely to change over the period to 2040, and subsequently considers the sufficiency or otherwise of already-planned changes to employment floorspace in addressing this change in demand.
- 1.8 On this basis, the EDNA Update primarily focus upon distinct types of employment floorspace as set out in the Use Classes Order and summarised below:
- Class B2 General Industrial: typically comprising factory and manufacturing space.
 - Class B8 Storage and Distribution: warehouses, wholesale and distribution.
 - Class E(g)(i) Offices
 - Class E(g)(ii) Research and Development
 - Class E(g)(iii) Light Industrial: typically 'clean' manufacturing and processing that could take place within or close to residential areas
- 1.9 Where "employment floorspace" is mentioned in this report, and the EDNA itself, it is primarily concerned with floorspace that is used in one of the 'classes' described above. Projected changes in the demand for other employment-generating floorspace such as leisure or retail uses are covered in a separate Retail and Leisure Needs Assessment.

Summary of Findings

- 1.10 As above, the EDNA Update takes a scenario-based approach to considering how demand for employment floorspace is likely to change over the period to

2040. In many cases, these scenarios are introduced in national planning practice guidance.

- 1.11 In line with the planning practice guidance, these scenarios include:
- Labour demand scenario: Projections of employment growth using independent economic forecasts produced by Cambridge Econometrics
 - Growth scenario: Projections which are based on making sectoral adjustments to the labour demand scenario focussing on key priority sectors for the District;
 - Past Development scenario: Projections which extrapolate from past trends and consider how these trends might change in the future; and
 - Labour supply scenario: Projections of the employment growth that would be needed based on projected changes to the local labour supply based on demographic, housing and commuting assumptions developed as part of the South Essex Housing Market Assessment.
- 1.12 The key assumptions that factor into each of these scenarios are set out in detail in the EDNA Update.
- 1.13 The reason why assessments such as the EDNA take a scenario-based approach, as opposed to modelling a single scenario, is due to the inherent relationship between long-term economic growth and decisions around Local Plan strategy. By modelling a number of scenarios, the EDNA Update allows the Council to consider what the employment floorspace implications are likely to be under a range of strategy options. Within these scenarios, for example, the Council is able to consider differences between the extra demand that might be expected were Rochford's main employment sectors likely to stay the same as in the past, compared to the demand that concerted effort to focus on key new sectors might generate. Similarly, these scenarios allow us to compare the demand that is likely to be generated by existing populations compared to demand that could be generated by new populations if housing needs were to be met in full.
- 1.14 Each of these scenarios allows for a projection of long-term changes to demand, whether positive or negative, for each of the employment land classes detailed above. The EDNA Update also factors in a consideration of existing planned changes to supply, from existing planning permissions and allocated sites, to consider the extent to which these long-term changes in demand will be met by planned changes to supply. This allows us to arrive at a set of net floorspace needs by scenario by employment use class, as set out in Table 1 below.

Table 1: Employment Floorspace Supply-Demand Balance (m²) by Scenario

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Office				
Employment Requirements	11,120	20,260	5,510	20,320
Employment Supply	13,240			
Surplus (+) / Shortfall (-)	2,120	-7,020	7,730	-7,080
Light Industrial				
Employment Requirements	26,750	26,750	-13,890	49,970
Employment Supply	15,960			
Surplus (+) / Shortfall (-)	-10,790	-10,790	29,850	-34,010
Industrial				
Employment Requirements	-6,580	-6,580	9,040	-14,280
Employment Supply	39,490			
Surplus (+) / Shortfall (-)	46,070	46,070	30,450	53,770
Distribution				
Employment Requirements	11,040	48,930	20,550	19,200
Employment Supply	21,530			
Surplus (+) / Shortfall (-)	10,490	-27,400	980	2,330

1.15 The analysis indicates that:

- Offices: there would not be sufficient supply to accommodate the office requirements under Scenario 2 and Scenario 4 with a shortfall of around 7,000 sq.m in both cases. However, surpluses have been identified across industrial uses, and subject to the full permissions or the reserved matters applications that will come forward in relation to the Airport Business Park, it is possible that this shortfall could be accommodated.
- Light Industrial: there would not be sufficient supply to accommodate the light industrial requirements across Scenarios 1, 2 and 4, with a shortfall ranging between 10,790 sq.m and 34,010 sq.m. However, as noted above, there is an overall surplus across all the scenarios and on this basis the shortfall could be accommodated subject to future detailed permissions.
- General Industrial: there will be sufficient space to accommodate the identified needs across all the scenarios with surpluses varying between 30,450 sq.m and 53,770 sq.m.
- Distribution: there will be sufficient space to accommodate the identified needs across all the scenarios expect for Scenario 2 (Growth Scenario) with a

deficit of 27,400 sq.m. All other scenarios can be accommodated with surpluses varying between 980 sq.m and 10,490 sq.m

- 1.16 As a general conclusion, whilst most of the scenarios identify a projected long-term shortfall in supply for at least one type of employment space, it should be recognised that the overall quantum of planned employment space would appear to be sufficient to meet long-term needs across all types. This is primarily due to the significant quantum of space already planned at Airport Business Park, Arterial Park and planned at Star Lane.
- 1.17 In this context, it is probable that the New Local Plan would not need to make significant provision for new employment space at a 'macro level', however there is likely to still be a case for planning for some new employment space to address quality deficiencies, the need for niche or speciality premises and to account for any possible unforeseen losses to employment space. The latter point is a particular threat in light of increasing flexibilities in Permitted Development rights which mean the Council has little discretion over the loss of employment premises to other uses, including residential uses, in some circumstances. These issues will be considered in more detail in an Employment Land Study which is currently being prepared.

Next Steps

- 1.18 The EDNA Update provides a useful starting point for assessing the likely demand for additional employment floorspace over the plan period under a range of scenarios.
- 1.19 Naturally as the New Local Plan progresses, the Council will be able to consider which of these scenarios best reflects a likeliest case for the future of the local economy, in the context of its wider strategy including housing and infrastructure.
- 1.20 It should be noted that an EDNA is, by design, a 'demand side' assessment. In producing scenarios, it does not take account of whether there is sufficient suitable land available to meet demand, other than through the high-level supply and demand balance set out in Table 1, which only includes changes to supply that are already committed (e.g. planning permissions).
- 1.21 As above, officers are currently undertaking an Employment Land Study in-house which is intended to complement the EDNA Update by providing a thorough 'supply side' assessment.
- 1.22 The Employment Land Study will ultimately form a review of the quality and quantity of existing employment land within the District to allow for a finer grained assessment of its sufficiency to meet long-term employment land needs. Through the Employment Land Study, it is expected the Council can arrive at a clear picture on the quantum and types of employment floorspace that need to be planned for in the New Local Plan.

2.0 OTHER OPTIONS CONSIDERED

2.1 National policy requires Local Plans to be supported by a robust and proportionate evidence base. This evidence base is intended to inform, rather than bind, the development of appropriate strategies and policies within Local Plans. In this context, whilst the Council was not obliged to prepare an update to its economic development needs evidence base, a decision to not do so would risk relying on out-of-date information which is less likely to satisfy an Inspector that any policies informed by the evidence base are sound.

3.0 RELEVANT RISKS

3.1 There are no direct risks arising from noting this report.

3.2 As a general principle, by building a comprehensive and robust evidence base, the Council will help to ensure that its New Local Plan provides an appropriate and sound strategy for future planning decisions, which help to avoid risks that may otherwise arise from poor or less-informed decisions.

4.0 ENGAGEMENT/CONSULTATION

4.1 There is no engagement or consultation as part of this report. A Commercial Property Market Review which is being prepared as an addendum to the EDNA Update has allowed for engagement with local property market agents. The purpose of this review is to provide a market-led 'sense check' of the findings.

5.0 FINANCIAL IMPLICATIONS

5.1 The EDNA Update was completed within agreed budgets and resources.

6.0 LEGAL/GOVERNANCE IMPLICATIONS

6.1 There are no legal or governance implications arising from this report.

7.0 EQUALITY & HEALTH IMPLICATIONS

7.1 There are no direct equality and health implications arising from this report.

8.0 ENVIRONMENT & CLIMATE IMPLICATIONS

8.1 There are no direct environmental or climate implications arising from this report.

9.0 ECONOMIC IMPLICATIONS

9.1 There are no direct economic implications arising from this report. However, by preparing the EDNA Update, the Council is able to access up-to-date and robust information on long-term economic needs from which it can make sounder planning decisions.

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APPENDICES

Appendix A – Rochford Economic Development Needs Assessment (EDNA) Update 2023 by Lichfields

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	