

NEW LOCAL PLAN EVIDENCE BASE: SOUTH ESSEX ECONOMIC DEVELOPMENT NEEDS ASSESSMENT 2017

1 PURPOSE OF REPORT

- 1.1 The Council is in the process of reviewing its adopted local development plan to take account of changes at the local and national level. As part of this, the Council is supporting the preparation of a common evidence base for the South Essex sub region to inform cross boundary co-operation, as part of the Duty to Co-operate and to deliver economies of scale.
- 1.2 A Topic Paper highlighting the initial key findings of a draft of the economic needs assessment, with specific evidence relating to Rochford District, was presented to the Planning Policy Sub-Committee at its meeting in November 2017. This report explains the evidence and key findings from the South Essex Economic Development Needs Assessment (EDNA) 2017 following its completion, as well as the implications for Rochford District's plan-making.

2 INTRODUCTION

- 2.1 The National Planning Policy Framework (NPPF), supported by the Planning Practice Guidance (PPG), requires that economic development needs are assessed and opportunities to meet such needs should be sought through the preparation of a Local Plan.
- 2.2 The NPPF is highly supportive of local policies which seek to achieve sustainable economic growth, which seeks to balance economic, social and environmental considerations. Paragraph 14 requires local authorities to positively seek opportunities to meet the development needs of their local area. Paragraphs 18-22 specifically relate to the building of a strong, competitive economy. Paragraph 21 sets out specific economic aspects that a local plan should cover and paragraph 22 encourages the avoidance of long term protection of allocated employment sites, where there is not a reasonable prospect of them being delivered for that particular purpose.
- 2.3 As a Local Planning Authority, the Council is required to discharge its responsibilities under the Duty to Co-operate. The delivery of employment land across South Essex is a strategic, cross-boundary issue which requires co-operation across the sub region. As set out in the NPPF paragraph 178, such joint working enables local planning authorities to meet development requirements which cannot wholly be met within their own areas. Councils can demonstrate how the Duty to Co-operate has been met on such issues, as set out in the NPPF Paragraph 180, by a Memorandum of Understanding or jointly prepared evidence base. Further guidance on the policies contained within the NPPF can be found in the PPG.

3 SOUTH ESSEX ECONOMIC DEVELOPMENT NEEDS ASSESSMENT 2017 SUMMARY

Aims and Methodology

- 3.1 Consultants GVA were commissioned by the South Essex local authorities (in addition to Rochford District, this includes Basildon, Castle Point, Southend, and Thurrock Borough Councils) to prepare a combined cross boundary EDNA. The purpose of this study was to develop a common evidence base to understand sub regional future trends and needs, which can be used to inform plan-making across South Essex.
- 3.2 The purpose of the EDNA is to draw together the strands of the South Essex economic picture, providing an evidenced, guidance compliant analysis of the economic and employment land opportunities and challenges for South Essex and establishing a strategic, multi authority strategy for realising the area's economic opportunity. It provides practical and pragmatic guidance on land delivery to help set the direction for investment in the future, providing focus on specific areas within the local authorities as well as sub regional guidance, which ensures that a portfolio of sites is identified that maximises the use of land assets which are suitable for employment activity.

South Essex: Main Findings

- 3.3 The EDNA notes that the economic opportunities for South Essex are considerable based on its connections, labour force and land assets, including transport hubs like London Southend Airport and Tilbury. The EDNA notes that, along with its own opportunities, South Essex could also become a major beneficiary of businesses looking for alternative operational bases after being squeezed out of London. The EDNA notes the following strategic changes and long-term trends as influencing this potential:-
- The 'London' effect – where businesses squeezed out of London have sought space in South Essex, e.g. recent relocations of major facilities for Costa Coffee and the Daily Mail.
 - The growth of new commercial transport hubs and their impact on local infrastructure and business activity, e.g. London Gateway, London Southend Airport growth and the continuing operation of Tilbury.
 - Strengthening of specialist industry clusters (e.g. aeronautics and advanced engineering), and the emergence of newer sectors (e.g. the creative, health and green sectors).
 - A changing population in terms of scale and mix, reflecting domestic inflows from East London, international migration and an ageing population. This brings new skills and opportunities, as well as challenges, to South Essex.

- Other institutions and drivers attracting and supporting different employment generating activities, e.g. major town centres, tourism, the Royal Opera House Production Park, the University of Essex, Lakeside Basin and estuary access.
- 3.4 However, the EDNA also highlights that economic success has not been uniform across South Essex and, despite significant economic strengths, some parts of the sub region have been underperforming. In addition, growth has not happened without impacts on infrastructure and the environment.
- 3.5 Despite the dynamic context, South Essex faces various economic challenges that impede productivity growth and hinder the sub region's capability to compete with neighbouring areas. Like much of the UK, South Essex has experienced some loss of traditional manufacturing and distribution employment which has been replaced in other low value industries. The post-2008 recession had a marked impact locally, and the return of values to pre-recession levels has been hindered by poor productivity.
- 3.6 A strategy is therefore required to bring together growth opportunities across South Essex, ensuring the area acts like a functional economic hub rather than developing competing or conflicting propositions. This should seek to support efficient use of valuable land and assets, maximising the role of infrastructure assets and underpinning sustainable pattern of growth.
- 3.7 The EDNA analysed availability of existing employment space, noting that there had been a significant year-on-year decline in the availability of both office and industrial space across South Essex (including Rochford District) over the previous 5 years. This was attributed both to an increase in demand from businesses and a net loss of employment space due to Permitted Development rights favouring conversions from office to residential uses.
- 3.8 To support future economic growth, the EDNA provided analysis to identify the key sources of potential future employment land supply across South Essex. Each potential site has been assessed to understand its potential contribution as future employment land, the type of employment use it is most suitable to accommodate, and the likelihood of this coming forward in the short, medium and long term (less than 5 years, 5-10 years and 15 years respectively). The EDNA notes that there are several factors which influence the likelihood and timescales for potential sites being successful in delivering a range of employment opportunities and so the issue of fostering economic growth is not simply about providing sufficient land.
- 3.9 A base employment forecast model has been produced to understand what the employment land needs of South Essex and the district are predicted to be over the period 2016-2036. This has then been subjected to two likely growth scenarios - one related to industrial businesses being displaced from London and the other as a result of developments at London Southend Airport. This is presented as a 'combined scenario', which has been subjected to further modelling to allow for windfall land and natural 'churn' of sites.

- 3.10 The EDNA concluded that, in quantitative terms, the total South Essex employment land portfolio (i.e. specifically the potential employment sites which constitute provision that is not currently utilised) more than adequately provides for the projected future total employment land demand. This was based on demand from 'combined' forecasting scenarios, where supply side adjustment is both excluded and included. Interestingly, the EDNA shows that the identified land supply can more than accommodate forecast demand for each authority and the sub region in total as well as for each employment use for the region.
- 3.11 The EDNA notes that the majority of the additional capacity requirement through windfall and churn allowances is driven by the need to offset historic losses of industrial and office premises, which may not be necessary if much of the stock was redundant prior to demolition/conversion.
- 3.12 The following table compares the total employment land supply that could come forward in South Essex and in Rochford District, that required through the 'combined scenario', and that required when the combined scenario is subjected to windfall and churn:-

Area	Total Employment Land Supply – Potential Sites (ha)	Total Employment Land Demand (ha) – Combined Scenario	Total Employment Land Demand (ha) – Combined Scenario with Supply Side Adjustment	Employment Land Demand as % of Total South Essex Supply
South Essex	941	272	345	29% or 37%
Basildon	72.5	28	50	3% or 5%
Castle Point	24.3	1	9	0% or 1%
Rochford	175.4	7	16	1% or 2%
Thurrock	652	244	259	26% or 28%
Southend-on-Sea	16.4	-8	11	-1% or 1%

- 3.13 Office floor space is considered to be the most challenging demand to accommodate because there are a limited number of potential sites with modest land quantum identified solely for office floor space. The EDNA therefore recommends that the South Essex authorities must ensure that future office development is focused towards sites that meet its occupier

requirements, and assess these on a site-by-site basis and monitor them carefully over the projected period.

Rochford District: Main Findings

- 3.14 By reviewing the key issues, forecasts and recommendations from the EDNA 2017 and considering them at the district level, a stronger appreciation can be made of the economic position of the district now and in the future. From this, planning policies can be devised which will act to facilitate this direction.
- 3.15 For Rochford District, the current employment evidence base document, the Employment Land Study Update 2014 provides a detailed up-to-date assessment of the authority's employment land position. The EDNA complements this by providing the more strategic level assessment within which the Employment Land Study sits. Both these documents will constitute the evidence supporting the emerging new Local Plan process as it progresses.
- 3.16 In common with South Essex, some office and industrial stock is considered to be of low quality and poorly connected to infrastructure. Vacancies may therefore not be directly related to a lack of demand. Indeed, it was noted that office and industrial stock in the district spends less time on the market than anywhere else in South Essex.
- 3.17 The EDNA notes that employment sites in Rochford District can be split into six sub-market areas - London Southend Airport, Purdeys, Great Wakering, Wallasea Island, Southend Arterial Road and the rural cluster of Rayleigh, Hockley and Ashingdon. Each cluster has different characteristics, making them more suitable for certain types of employment over others. Two scenarios form the basis of the findings of the EDNA for Rochford District; London Industrial Land Re-location and the London Southend Airport Impact scenarios. The 'combined scenario' for Rochford District draws on the lessons learned from both these scenarios. This 'combined scenario' reflects a more realistic expectation of manufacturing / industrial growth reflecting the influence of industrial land re-location and the indirect jobs created at the Airport Business Park in Rochford as a result of the London Southend Airport.
- 3.18 The 'combined scenario' for Rochford District sets out a requirement for at least 7 hectares of new employment land consisting of 1 hectare for office uses and 6 hectares for manufacturing and industrial uses. This scenario is expected to deliver in excess of 1,200 local jobs. The EDNA also takes account of 'churn' in the market (businesses moving premises or taking over new premises) and windfall allowances (loss of units for B-class uses). Taking this into account for the district, the EDNA predicts that there would be a need for up to 16 hectares of new employment land (14 for manufacturing and industry, and 2 hectares for offices uses).
- 3.19 A potential employment site portfolio of 175.4 hectares has been identified in the EDNA from existing designations in the Allocations Plan 2014 and

submitted sites considered in the Strategic Housing and Employment Land Availability Assessment (SHELAA) 2017. This would theoretically deliver the total quantum of employment land supply required to meet forecasted demand to 2036, without needing to deliver on all potential employment sites. This is true whether or not allowances for 'churn' and windfall are incorporated into the projections. It should be noted that the potential employment site portfolio does not consist of all allocated sites.

- 3.20 The suitability of this land in meeting the demand from different growth sectors and employment activities is the other part of the challenge. The growth sectors for which Rochford District demonstrates particular potential are assessed as being 'Transport and Logistics' and 'Advanced Manufacturing and Green Technology'. The EDNA also notes that all town centres across South Essex have the potential to provide growth opportunities for the digital, cultural and creative industries sector where they are able to provide high quality mixed use environments with access to a good range of facilities and amenities, and good transport connectivity for employees.
- 3.21 The findings for South Essex office space are also applicable for Rochford District, which must ensure that future office development is focused towards sites which meet its occupier requirements, which may not always be possible as part of mixed site portfolios. This will have to be assessed on a site by site basis and monitored carefully over the projection period.
- 3.22 The EDNA notes the key role entrepreneurship and SMEs play in the South Essex economy, whilst commercial property details at the smaller end of the scale make up the majority of transactions. The EDNA notes that existing employment sites in South Essex do not cater particularly well for SMEs seeking B1(a) and B1(b) space, and identified town centres as having a particular role in meeting this demand. Within Rochford District, Hockley's employment land designation was seen as having particular potential to meet this demand.

Further Local Plan Recommendations

- 3.23 Alongside the requirement to provide sufficient employment land to meet future forecasted need, the EDNA recommends that emerging policies within the new Local Plan address the following matters:
- Improving local skills levels and improving economic prospects;
 - Increasing productivity levels and GVA growth;
 - Promoting the culture of entrepreneurship;
 - Supporting and promoting key economic growth sectors;
 - Maintaining a flexible and responsive employment land portfolio;
 - Elevating the role and position of key town centres;
 - Maximising strong transport connections and making the case for transport investment;
 - Prioritising required amenities and infrastructure to support growth; and

- Strengthen the sub region's connections and relationship with London.

4 RISK IMPLICATIONS

- 4.1 National planning policy requires that employment needs are met in full and not compromised by limited site availability. Local Plans must be based on adequate and up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of their area. The EDNA details the evidence needed to demonstrate sufficiency in the provision of employment land needs across South Essex and in Rochford District to meet economic development needs over the plan period. The EDNA is important as it will ensure that the Council can clearly demonstrate at the independent examination stage a justification for the employment policies contained within the submitted draft Local Plan.

5 ENVIRONMENTAL IMPLICATIONS

- 5.1 Policies in the local development plan covering economic development needs and provisions could have environmental implications particularly if new development is proposed. At this stage of preparing the new Local Plan the Council has considered and presented issues and options for further consideration. Any environmental implications will need to be carefully considered at the next stage of refining the preferred options. Such consideration will be informed by Sustainability Appraisal to ensure the most sustainable options are identified.

6 RESOURCE IMPLICATIONS

- 6.1 The Council is required to prepare a Local Plan in accordance with the requirements of national planning policy. The EDNA 2017 has been prepared as a joint evidence base document. Any further outputs, such as updates to this study, Memorandums of Understanding or Statements of Common Ground, will need to be met from investments in the existing budget provision.

7 LEGAL IMPLICATIONS

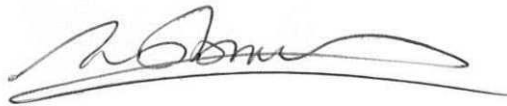
- 7.1 The Localism Act 2011 requires Rochford District Council to co-operate and work with other prescribed bodies as part of the Duty to Co-operate on strategic cross boundary issues. Such issues include, amongst other matters, adequate provision of land for employment uses over the plan period.

8 EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 An Equality Impact Assessment has not been completed as no decision is being made.

9 RECOMMENDATION**9.1** It is proposed that the Sub-Committee **RESOLVES**

That the South Essex Economic Development Needs Assessment 2017, attached at Appendix A, be noted as evidence and published on the Council's website.



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Background Papers:-

None.

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