**EMPLOYMENT LAND CALCULATION**

1. In October 2016 policy GS1 of the draft local plan made provision for 20-25ha of new employment land over the period 2014-2035. The current submission version of the plan says that provision will be made for a minimum of 38 ha of employment land. This is an increase of around two thirds. The change is explained by the employment land calculation in the Housing and Economic Needs Assessment (HEDNA) prepared by GL Hearn (GLH) and published in July 2017. Site PN18 with an area of 18.8ha equates approximately to the difference between the two figures.
2. We are not in a position to estimate how much employment land should be allocated across the district or where it should be allocated but we can identify weak points in the chain of argument leading to the allocation of PN18.
3. The HEDNA based one element of its calculation of land requirements on employment forecasts produced by Oxford Economics (OE). OE’s baseline prediction shows employment within Harrogate District rising from 94,100 in 2014 to 105,500 in 2035, a growth of 11,400, or 0.5% per annum. The HEDNA then applied adjustments to reflect some local factors. This increased the jobs growth estimate to 12,200 over the same period. One of the adjustments was to increase Harrogate growth rates in four sectors (creative & media, digital & technology, financial and professional services and energy and renewables) to national rates. No justification is offered for the uplift beyond the fact that Harrogate Council have identified some of these sectors as ‘strategic growth sectors’. Table 14 in the HEDNA report disaggregates the 12,200 growth estimate by sector.
4. The ‘Employment Land Requirements’ chapter in the HEDNA estimates the land requirement by using two different methods. The first method is based on the employment forecast. It adjusts the 12,200 growth estimate to a full time equivalent of 9,900. Of these jobs, only those in use classes B1a, B1b, B1c, B2 and B8 (and some associated sui generis uses) will be accommodated on business or industrial sites. Using GLH’s standard model, which relates sectors to use classes the HEDNA estimates that the total job growth in the B1a, B1b, B1c, B2 and B8 use classes will be 4,437 (explanation of use classes at appendix x).
5. The HEDNA then uses employment densities in the *HCA Employment Guide 2nd Edition* to give a net requirement for 115, 489 sq m of additional floorspace. Since this is a net requirement it needs to be augmented to take account of replacement demand from sources such as companies requiring increased floorspace. The HEDNA says that it would be appropriate to make provision for a 5-year ‘margin’ based on past employment land take-up. The addition of this margin results in a 28.2ha employment land requirement. The figures are summarised in HEDNA table 72 ‘Gross Employment Land Need – Labour Demand Scenario 2014-2035, which we repeat below:

**HEDNA Figure 72: Gross Employment Land Need – Labour Demand Scenario 2014-2035**

|  |  |
| --- | --- |
| Net Demand | 17.6 ha |
| Margin to Provide Choice & Flexibility | 10.6ha |
| Total Gross Need | 28.2ha |

1. The HEDNA does not explain how the net demand figure in the table is derived. We assume that it is related to the 115,500 sq m figure for floorspace growth. That figure can alternatively be expresses as 11.55ha, but since it is a figure for floorspace only we assume that it has been increased to reflect an equivalent site area. The uplift factor appears to be around 50% but nowhere in the HEDNA is this stated or explained.
2. Similarly, there is no proper explanation for the 10.6ha margin for choice and flexibility. The HEDNA refers to a 5-year ‘margin’ based on past employment land take-up. However, does not define what is meant by a ‘5-year margin’ or how it is derived. Given that the net demand figure for a 21 year period is only 17.6ha it is hard to equate a 60% uplift with a 5-year margin.
3. The second method used by the HEDNA to estimate the employment land requirement is based on past completions.
4. Over the period from 2006-2016 the HEDNA says there was a total of 13.4ha of employment floorspace (gross) completed in the Harrogate District. This is a confusing figure. It is unusual to refer to floorspace completions in terms of units as large as hectares. It is therefore unclear. whether the 13.4 figure relates to actual floorspace, but unconventionally expressed in hectares, or whether it relates to areas of land. The difference is crucial.
5. HEDNA figure 73 extrapolates the past completion rate to give a requirement of 49.8ha over the period 2014-2035. Unlike HEDNA figure 72 this table is disaggregated into use classes, presumably because it is based on planning records. Figure 73 is reproduced below:

**HEDNA Figure 73: Harrogate Borough past completions and projections 2014-2035 (hectares)**

|  |  |  |  |
| --- | --- | --- | --- |
| *Use Class* | *Total 2006-2016* | *Annual Average (2006-16)* | *2014-2035 Projection* |
| B (undefined) | 2.27 | 0.25 | 1.2 |
| B1 (Undefined) | 0.36 | 0.09 | 6.1 |
| B1a/b | 1.94 | 0.17 | 3.6 |
| B1c | 0.60 | 0.08 | 9.5 |
| B2 | 1.60 | 0.20 | 24.0 |
| B8 | 6.08 | 0.50 | 5.5 |
| Sui generis | 1.48 | 0.18 | 1.2 |
| TOTAL | 13.36 | 1.50 | 49.8 |

1. The HEDNA goes on to note that the labour demand forecast earlier in the report reflects an approximately 5ha loss in B1c and B2 land requirements over the plan period. In contrast, the HEDNA says, the completions record suggests 6ha net growth over the same period. It is hard to square this statement with figure 73 which projects a net growth of 33.6ha in B1c and B2 floorspace over that period (However, it appears that there are editing errors in figure 73 – see our paragraph 17 below – so it is difficult to reach any firm conclusion).
2. For the B1c and B8 use classes the HEDNA prefers the completions-based projection (which it subsequently refers to as ‘trends’) to that based on forecast jobs. Its reasoning is that past job losses do not directly translate to an equivalent loss of floor space because changing industry practices, and particularly increased automation, requires more floorspace per worker. The HEDNA also uses the completions-based projection to calculate the land requirement for B8 uses. It gives no reason for this decision. We have significant reservations about the approach, at least insofar as it relates to the demand for B8 floorspace, for the following reason:

The HEDNA refers to the *HCA Employment Densities Guide: 2nd Edition (2015).* Our research suggests that that the most up-to-date guide is the *HCA Employment Densities Guide: 3nd Edition; November 2015.* The 2nd edition appears to have been published in 2010. The 3rd edition suggests very clearly that employment densities for B8 uses (which result in the principal land requirement in the HADNA forecasts) are increasing substantially, driven largely by the increased number of jobs in office-based activity. Research quoted in paragraphs 2.71 and 2.72 of the 3rd Edition of the Guide suggests that floor space per worker in warehousing and distribution decreased from 95 sq m per employee to 69 sq m in 2015. This conflicts with is directly the HEDNA report’s approach to projections of the requirement for B8 uses.

1. The HEDNA report prefers the job growth basis for projecting demand for B1a and B1b uses. It justifies this by citing the good economic climate of the district and consultation evidence that the implementation of B1a and B1b space has been constrained in the past. This second argument seems dubious since one would expect that constraints on availability would have encouraged entrepreneurs to provide more space.

14. HEDNA table 54 brings together what is described above to estimate employment land requirements over the plan period. It is reproduced below.

 **HEDNA Table 54:** **Land requirements 2014-2035**

|  |  |
| --- | --- |
| B1a/b (Based on Forecasts) | 12.3ha |
| B1c/B2 (Based on Trends) | 13.0ha |
| B8 (Based on Trends) | 24ha |
| Sui Generis (Based on Trends) | 5.5ha |
| TOTAL | 54.8ha |

1. Paragraph 3.11 in the Publication Draft of the emerging Local Plan makes it clear that the 54.8ha figure in HEDNA table 54 underpins policy GS1’s intention to make provision for a minimum 38ha of employment land. The 38ha figure is obtained by subtracting the 16ha of vacant land on existing employment sites which were identified by the HEDNA. Paragraph 3.12 in the Publication Draft then explains that there is a need to allocate more than the residual 38ha to provide a choice of sites and ensure flexibility of supply.
2. Although the HEDNA explains why it uses different bases for its projections in its table 54, the overall effect of using the bases which produce the highest requirement for each use class category leads to an estimate of requirement that is biased towards the upper end of the scale of likely need. This is particularly relevant when it is considered that HEDNA’s reason for basing the largest element in the calculated land requirement (that for B8) on the trend of past completions is probably misguided (see paragraph 12 above).
3. Worryingly, it is impossible to reconcile the figures in HEDNA figure 73 and HEDNA table 54. For example, figure 73 projects a cumulative B1c & B2 requirement for 33.5ha and a B8 requirement for 6.5ha whereas table 54 projects a B1c/B2 requirement for 13ha and a B8 requirement for 24.0ha.
4. Based on our analysis there are significant concerns about the HEDNA’s conclusions on employment land requirement. Whilst we recognise the policy justification for making a robust (i.e. a high end) estimate, the overall effect of combining several high-end assumptions can lead to exaggeration. It is, for example, constructive to compare the requirement in HEDNA figure 72 (28.2ha) with the finally recommended figure of 54.8ha in HEDNA table 54. Our reservations are increased by concerns about methods. Finally, the inconsistency between HEDNA figure 73 and HEDNA table 54 questions the rigour with which the report has been edited and appraised.
5. The minimum employment requirements in emerging Local Plan policy GS1 (i.e. 20-25ha in the October 2016 draft and 38ha in the Publication Draft) do not tell the complete story. It is also necessary to consider the areas actually allocated. To obtain these were have added together all the single use employment allocations and the employment elements of the mixed-use allocations in the October 2016 draft and in the Publication Draft. The addition gives a total of almost 79ha in the 2016 draft and approximately 108ha in the Publication Draft. This is an increase of 25ha, or almost a third.
6. In summary: The minimum employment requirement in the October 2016 draft was 20-25ha compared with actual allocations of 79ha. The minimum employment requirement in the Publication Draft was 38ha compared with an actual allocations of108ha[[1]](#footnote-1). These changes equate to an approximately two thirds increase in the minimum requirement and one third in the actual allocations.
7. The changes have occurred in just over a year. The only published justification we have found for the change is the evidence in the HEDNA. The relevance of the HEDNA is confirmed by paragraph 3.11 and 3.12 in the Publication Draft. Our paragraph 18 above explains why we find this unconvincing.
8. The decision to add PN18 to the register of employment land allocations must be seen against this background. There is no justification in terms of a district wide balance between requirements and supply. We do not question the need to provide more than the minimum land requirement to provide for a choice of site and flexibility of supply. However, we do not consider that the HEDNA report is a sound basis for increasing the minimum requirement from that in the 2016 draft. If this original (and only just over a year old) figure was retained the area of employment land allocated in the Publication Draft would be approximately five times the calculated requirement. Even if one were to accept the 38ha figure in the Publication Draft the amount of employment land allocated would still be almost three times that requirement. Whilst we accept that the need for choice and flexibility justifies some over-allocation we consider that this degree of over-allocation (whether by a factor of three or five) is clearly excessive.
9. There is a further, somewhat subtle argument against the over-provision of industrial and business land. The population and therefore employment projections for the district depend on assumptions about inward migration. To the extent that the over-provision of employment land might generate additional jobs it will also increase inward migration, leading to the need to allocate even more land for housing, almost inevitably on greenfield sites.
10. We acknowledge that in terms of offering a prestige site PN18 has attractions although we have seen no published argument putting this case forward. However, given the overall land supply position, it is difficult to see how any such argument could overcome the very strong environmental and traffic objections to the proposal.
1. This figure includes an allocation of 39.8ha at Flaxby Green Park. This site is recorded as a commitment of 13ha under policy FX4. However, the associated allocation plan shows an area of 39.8ha gross. The figure excludes any allocation at Green Hammerton even though the text accompanying policy DN4 indicates an intention to provide around 5ha of employment land. [↑](#footnote-ref-1)