

Briefing Note: Warrington Local Plan EiP Supplementary Statement

Our ref Representor ID UPSVLP 0410
Date 21st October 2022
To Warrington Local Plan Programme Officer
From Home Builders Consortium

Subject Supplementary Statement in response to post-submission documents CD10 and CD10a

1.0 Introduction

- 1.1 Lichfields was instructed by a Consortium of leading developers and housebuilders, namely Ashall Property, Barratt Developments (Barratt Homes and David Wilson Homes), Metacre Ltd, Satnam Developments and Story Homes [the Consortium], to make representations on its behalf to the Warrington Updated Proposed Submission Local Plan 2021 to 2038 (September 2021) [WUPSVLP].
- 1.2 This Note has been prepared on behalf of the Consortium in response to the submission of a number of additional documents by Warrington Borough Council [the Council] during the EiP Hearing sessions in September 2022. These included:
- 1 CD10: Note on Employment Capacity of Development Land 130922; and,
 - 2 CD10a: Additional Note responding to Inspectors' Queries.
- 1.3 These documents primarily relate to the discussion that took place during the Matter 4 Hearing Session on the need for housing land, and specifically the level of additional jobs that may be sustained by the proposed allocation of 316 ha of employment land and the subsequent housing demand that this may require.
- 1.4 The Consortium's Matter 4 Paper raised serious concerns regarding the misalignment of the high employment land target and the Local Housing Need [LHN] figure of 816 dpa in terms of the level of jobs both targets could sustain. The Council's employment land evidence, set out in its Economic Development Needs Assessment [EDNA] produced by BE Group in August 2021 [EC2], did not quantify the level of jobs growth that 316 ha could sustain. In contrast, the Council's housing evidence¹ indicated that 816 dpa could support between 16,069 and 18,328 jobs (net) over the period 2021-2038.
- 1.5 CD10 has been produced by BE Group to quantify the level of job growth that could be sustained by 316 ha, whilst CD10a answers questions subsequently raised by the Inspectors regarding the CD10 calculations.

¹ GL Hearn (August 2021): Warrington Local Housing Needs Assessment Update [H2], Table 28

2.0 Analysis

Overview

- 2.1 CD10 begins by setting out BE Group’s reservations regarding the linkages between jobs growth and employment land requirements based on the past take up approach, citing variations in employment densities, sectoral shifts, and increased automation reducing the workforce.
- 2.2 For these reasons, BE Group considers that *“the ability to forecast employment land requirements from job forecasts and vice versa is considered unreliable”* [§1.7].
- 2.3 This contrasts with the PPG², which explicitly requires the use of job forecasts to calculate employment land needs. The use of sectoral and employment forecasts and projections to calculate employment land needs is referred to in the PPG as the labour demand scenario. Under the heading *“How can employment land requirements be derived?”*, the PPG states: *“When translating employment and output forecasts into land requirements, there are 4 key relationships which need to be quantified. This information can be used to inform the assessment of land requirements:*
- *Standard Industrial Classification sectors to use classes*
 - *Standard Industrial Classification sectors to type of property*
 - *employment to floorspace (employment density) and*
 - *floorspace to site area (plot ratios based on industry proxies)”*
- 2.4 We therefore consider BE Group to be incorrect, when they state that forecasting land requirements from job forecasts is unreliable given this is one of the cornerstones of the Government’s employment land methodology. It is a very widespread technique used to calculate employment land requirements and has been used in this way for decades, including by GL Hearn in its own ELRs³.
- 2.5 Setting this point to one side, BE Group also relies on outdated stereotypes of the warehousing industry to suggest that much of the future growth in logistics will be generated through automation and could result in a reduction in the workforce. There is copious evidence to suggest that whilst automation is improving in the sector, it is not resulting in a declining workforce – quite the reverse in fact. Employment in logistics has nearly doubled since 2012, outpacing the rest of the UK economy and the sector now employs 1.25m people. Logistics has added the most jobs in the UK among industries of comparable size between 2012 and 2021 and comes second among all industries in terms of jobs added in this period⁴.

² See, for example, PPG paragraph 2a-027-20190220, *“How can market signals be used to forecast future need”* and 2a-030-20190220 *“How can employment land requirements be derived?”*

³ In its own Developer Rebuttal on housing issues, GL Hearn states that it is *“in agreement with the arguments put forward”* by BE Group regarding why employment land need is an unreliable basis on which to produce jobs growth forecasts. This is surprising, given that numerous GL Hearn ELRs across the country are underpinned by job growth forecasts identifying employment land needs, including in its *Liverpool City Region [LCR] Strategic Housing & Employment Land Market Assessment (2017)* which actually includes Warrington Borough alongside other districts in the LCR in its Economic-Driven Housing Need calculations.

⁴ Frontier Economics (June 2022): *The Impact of Logistics sites in the UK*, page 6.

2.6 Similarly, whilst technology is becoming increasingly prevalent within the sector, significant new employment opportunities are emerging. The skills required of the labour force are rapidly changing and now include IT, engineering and analytics. Logistics companies are increasingly hiring technical staff or up-skilling existing staff in IT skills to adapt to this change in operational approach⁵. Whilst some employees in the logistics sector may be vulnerable from automation, this is by no means the case across the industry as a whole as the workforce gradually adapts and upskills.

2020-2038 Forecast

2.7 CD10 proceeds to reverse engineer the employment generated from the total land area. Tables 1 and 2 calculate that a net job growth of 26,104 equates to a land take up of 316.26 ha once an allowance has been made for displacement and the 3-year buffer.

2.8 CD10a responds to the Inspectors' criticism of this initial approach. We agree with the Inspectors that the 3-year buffer should not have been deducted from the calculation. Including the buffer, BE Group re-calculates the employment capacity of the employment land requirement at **31,068**.

2.9 We have a number of comments to make about this figure.

2.10 The first, is that **it is significantly higher than the total amount of employment that could be sustained by the 816 dpa housing target**. Based on the Council's own evidence, this could only support a maximum of 18,328 jobs. Even allowing for some uncertainties in the calculation, **BE Groups' figure is 12,740 jobs, or 70%, higher than the level that could be sustained by the LHN target**. This is a fundamental misalignment; and uncorrected, will result in a huge and unsustainable shift in the number of people commuting into the Borough for work (making an existing problem considerably worse).

2.11 Secondly, we consider that the revised 31,068 job growth figure for E(g) and B-Class employment is likely to be a considerable under-estimate. BE Group has misapplied its own employment densities to the floorspace figures in Table 2 of CD10a.

2.12 BE Group is quite clear in CD10 that "*standard employment densities have then been applied to the different land classifications, reflecting estimates in the EDNA 2021 (Table 29)*" [paragraph 1.10]. This is not entirely accurate. Table 29 of the EDNA identifies a range of densities from 12 sqm of occupied floorspace per person, to a maximum of 70 sqm for distribution/ transport sectors. However, in CD10 and CD10a, Table 2 applies a much lower density of 95 sqm when translating B8 warehousing floorspace to jobs. **If the 70 sqm density had been applied as per BE Group's EDNA, then this would have the effect of increasing the employment capacity from 7,375 to 10,009 – an increase of 2,634 jobs.**

2.13 Similarly, BE Group has used a very low 'mixed' employment land density of 70 sqm per job, when this will presumably include a mixture of office jobs (12 sqm), light industrial (47 sqm), general manufacturing (36 sqm) and warehousing (70 sqm) on employment sites that

⁵ BPF (2020): *Delivering the Goods in 2020 - The Economic Impact of the UK Logistics Sector*

had the precise use unspecified. A more robust average of these four land use types, at 41 sqm $(12+47+36+70 / 4)$, would increase the number of jobs accommodated on 75,231 sqm from 1,075 to **1,835** (+760).

- 2.14 Added to the more realistic B8 warehousing employment calculation above, this means that Table 2 of CD10a should have calculated a net job growth figure of **34,462**, +3,394 higher than the 31,068 referred to by BE Group.
- 2.15 Thirdly, we are concerned that BE Group has not answered the Inspectors' Question 2 correctly. The Inspectors have rightly pointed out that the 31,068 net jobs in Table 2 relates only to those jobs based in offices, industrial and warehousing units and is not an estimate of all jobs in all sectors, i.e. jobs based in shops, doctors surgeries, schools etc.
- 2.16 BE Group's answer to this is that:
- "the only additional employment to add to the employment of 31,068 would be those workers involved in accommodation and food service since this sector involves no employment land requirement. The Oxford Economics and Cambridge Econometrics mid-point forecast of additional employment in this sector by 2038 is 2,300 jobs. As a result, the total additional employment anticipated by 2038 using this method would be 33,368 jobs."* [CD10a paragraph 1.9]
- 2.17 This is not what the Inspectors have asked for. By taking only the job growth in accommodation and food services and adding this onto the employment land total, BE Group does not take account of all of the other sectors that are not primarily based in office, industrial or warehousing units.
- 2.18 Typically, such jobs can make up half of the entire economy; indeed, our own analysis of the 2021 BRES data on SIC Level 4 employment in Warrington Borough suggests that this is indeed the case, with around 48% of the Borough's existing workforce likely to be based in E(g)(i)/(ii)/(iii), B2 or B8 accommodation with the remaining 52% in non-employment accommodation such as classrooms, supermarkets, police stations etc.
- 2.19 Whilst that figure is a snapshot in time, it should have been a simple task for BE Group to undertake. Table 29 of the EDNA estimates the percentage of staff occupying B1, B2, B8 Floorspace by industrial sector; this could then be applied against the net jobs growth for those same sectors under both the Oxford Economics and Cambridge Econometrics modelling.

2.20 We have undertaken this exercise in the Table 1 below to assist:

Table 1: Employment Change by Sector / Use Class 2021-2038

Sector	OE	CE	% E/B Class employment	E/B Class Jobs			Non E/B Class Jobs
				OE	CE	Mid Point	Mid Point
Agriculture, etc.	0	0	5%	0	0	0	0
Mining and quarrying	0	0	0%	0	0	0	0
Manufacturing	-2,100	-1,100	100%	-2,100	-1,100	-1,600	0
Electricity, gas and water	-300	0	26%	-78	0	-39	-111
Construction	1,400	400	26%	364	104	234	666
Distribution	500	500	48%	240	240	240	260
Transport and storage	200	600	48%	96	288	192	208
Accommodation and food services	500	4,100	0%	0	0	0	2,300
Information & Communications	300	700	100%	300	700	500	0
Financial and business services	9,400	6,700	100%	9,400	6,700	8,050	0
Government services	1,700	5,300	22%	374	1,166	770	2,730
Other services	900	100	22%	198	22	110	390
Total	12,500	17,300		8,794	8,120	8,457	6,443

Source: BE Group (2021): EDNA, Tables 27 and 29 / Lichfields' analysis

- 2.21 Table 1 indicates that, taking the mid-point of the Oxford Economics and Cambridge Econometrics job forecasts, the Borough is likely to grow by 14,900 jobs over the Plan period 2021-2038. Based on BE Group's own estimate of the proportion of jobs for each sector that are likely to be based in office/industrial/warehousing units, we can see from the Table that 8,457 of the net job growth is likely to be based in such units, with the remaining **6,443** jobs based in alternative accommodation. Whilst this includes the 2,300 accommodation and food service jobs referred to by BE Group in paragraph 1.9 of CD10a, it also includes a further 4,143 jobs in sectors such as construction and public services (which includes education, defence and health). Even this may be an under-estimation as the data appears to exclude sectors such as retail altogether.
- 2.22 If we add these 6,443 additional non E/B-Class jobs to BE Groups 31,068 figure in Table 2 we come to 37,511 as being the net job growth that the Council is planning for. If, however, BE Group had applied more realistic employment densities in accordance with their own EDNA assumptions, this figure would rise to **40,905 jobs** (6,443 + 34,462).
- 2.23 This latter figure is more than double the 18,328 jobs associated with the 816 dpa as calculated by GL Hearn (set out in H2).

Conclusion

- 2.24 The additional evidence set out in documents CD10 and CD10a indicates that the likely level of employment that could be accommodated on 316 ha of employment land would significantly exceed the local labour supply if a housing target of just 816 dpa is pursued.

Furthermore, the figures are even more disconnected once suitable adjustments are made to correct errors in BE Group's modelling.

- 2.25 We agree that the Council should be aspirational in terms of its employment land targets and job growth strategy given the Government's stated intention to go for growth. To ensure this aligns with its housing target however, and to avoid serious externalities such as escalating house prices, unaffordability and high levels of in-commuting and congestion, there must be a significant uplift to its housing target to ensure that the housing and economic policies dovetail together.
- 2.26 **This will require the allocation of additional housing sites in Warrington's emerging Local Plan.**