Job Estimates Note

Project name:	Warrington Local Plan
Author:	Richard Cook
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Introduction

This note has been prepared to look at the differences in job calculations made by Pegasus Group and BE Group associated with the employment land figures outlined in the Warrington Economic Development Needs Assessment (EDNA, August 2021).

Pegasus Group Analysis

Table 22 of the EDNA provides a total employment land need figure of 316.3 ha up to 2038 in Warrington. Standard plot ratios and employment densities have been applied to the figures to arrive at a high-level estimate of how many jobs could be supported by each use class. The plots ratios applied to each use class are as follows:

- Light industrial and manufacturing: 42% (sourced from *Employment Land Reviews: Guidance Note*, Office of the Deputy Prime Minister, December 2004).
- Offices: 50% (the ODPM document above suggests plot ratios could be up to 40%, however a slightly higher ratio has been used to account for the fact that offices can often be developed more densely).
- Warehousing: 50% (the ODPM document suggests ratios could be 40-60%. The 50% is a mid-point this).

Provision of 'mixed' employment land (19.3ha) is included within the 316.3ha figure. This has been apportioned to the three use classes above by applying a pro-rata approach to the estimate.

The employment densities used were all sourced from the 2015 Employment Densities Guide (Homes & Communities Agency) and are as follows:

- Light industrial: 1 job per 47 sq. m. NIA.
- Manufacturing: 1 job per 36 sq. m. GIA.
- Offices: 1 job per 12 sq. m. NIA.
- Warehousing: 1 job per 77 sq. m. GEA.

Taking into account the plot ratios and employment ratios outlined above, 316.26ha of employment land could support up to 44,872 additional jobs over the period 2021-38. Table 1 presents the analysis in further detail.

Table 1: Pegasus Group Analysis of Jobs Supported by Proposed Employment Land in Warrington

	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8	Total
	Offices (NIA)	R&D	Light industrial (NIA)	Manufacturing (GIA)	Warehousing (GEA)	
Conversion of land to sq. m.	334,929	-	58,929	118,255	956,544	1,468,656
Employment density	12	-	47	36	77	-
Jobs capacity	**27,911**	**-**	**1,254**	**3,285**	**12,423**	**44,872**

BE Group Analysis

In a note on the Employment Capacity of Development Land (produced in September 2022), BE Group also calculates job numbers that could result from the employment land outlined in the EDNA. The resulting employment capacity of 26,104 is significantly lower than the figure of up to 44,872 estimated by Pegasus Group. There are a number of reasons for this:

- The total figure for employment land of 316.26ha (used by Pegasus Group) has been reduced to account for displacement and a 3-year buffer:
    - Displacement is 17.65ha (all for offices).
    - The 3-year buffer of 42.66ha has also been removed by BE Group. A significant part of this (24.23ha) is warehousing space.
- The adjustments outlined above produce a 'net' employment land requirement of 255.96ha and this is the figure used by BE as the basis for calculating job numbers.
- A plot ratio of 39% has been applied to all use classes.
- The employment densities applied to each use class by BE Group align with those used by Pegasus Group, with the exception of warehousing. Here, BE Group use a density of 1 job per 95 sq. m. This relates to "national distribution centre" warehousing floorspace, whereas the 1 job per 77 sq. m. used by Pegasus Group relates to a "regional distribution centre". The density used by BE Group results in fewer jobs.

In a follow-up note produced by BE Group, also in September 2022, a question was raised during the EiP as to why the 3-year buffer had been excluded from the analysis. BE Group has subsequently re-run the analysis to include the 3-year buffer, with all other calculations remaining the same. This leads to a revised employment capacity figure of 31,068, an increase of almost 5,000 jobs compared with the previous analysis undertaken by BE Group.

Comments on the Differences

Allowing for displacement associated with offices, as BE Group has done, is understandable because existing businesses in Warrington will be attracted to new floorspace and the jobs associated with these companies will not be new.

It is also helpful that the 3-year buffer has been included in the re-run of the analysis following the question raised at the EiP, since this reflects having a choice of sites available and a continuum of supply beyond 2038.

In terms of the plot ratio of 39% used by BE Group, it is unclear why the same ratio has been applied to all use classes. In work it undertook for the Central Lancashire Employment Land Study Update in February 2022, for example, BE Group states the following in relation to development densities in specific parts of Central Lancashire:

- **Chorley, South Ribble** – Assumes most offices will be developed in out of centre business parks or sites. Accommodation in such locations is normally developed at a rate of 3,900 sq. m./hectare. However, allowing for the fact that an average out of centre office would be at least two storeys tall, the density applied is twice that at 7,800 sq. m./hectare.

- **Preston** – Assumes most offices will be developed in the City Centre. Past research completed by BE Group and others in regional cities such as Leicester suggests that City Centre E(g)(i) completions will be delivered at a much higher density than business park schemes with 20,000 sq. m./hectare being the average density.

The plot ratio applied to office space by BE Group for Chorley and South Ribble was 78% and for Preston it was 200%. Both these ratios result in a far higher amount of office floorspace than a ratio of 39%, which has been applied to Warrington. Again, it would be helpful if BE considers the impact of higher plot ratios on job numbers.