EIP NOTE EMPLOYMENT CAPACITY OF DEVELOPMENT LAND

Introduction

1.1   The Warrington Local Plan Examination in Public (EiP) Session on Thursday 8th September explored the need for housing land. The discussion focused on the level of additional jobs that may be created by the proposed allocation of employment land and the subsequent housing demand that this may generate.

1.2   A request was made for the potential employment capacity of the land to be estimated and this is set out below.

Reservations

1.3   The work undertaken in completing the Warrington EDNA 2021 (Section 7.0 Objectively Assessed Needs) demonstrated that previous take-up of employment land was difficult to forecast from employment growth (and vice versa) and as a result future employment arising from employment land release could not be calculated using standard employment density ratios.

1.4   The preferred method for estimating future employment land requirements was based on the long-term historic take-up, development, of E(g)/B-Class land in Warrington for which a large amount of data is available. In comparison jobs-based forecasts have been shown to seriously under-estimate the amount of land required, something noted in Table 43, Page 178 of the 2021 EDNA Report.

1.5   Conversely, any attempt to estimate future employment from the land allocation, based solely on past take up rates, is likely to significantly over-estimate the employment impacts on Warrington.

1.6   As requested, the potential employment capacity of the employment land allocation is provided, but it is considered that there are also difficulties in this approach which can be summarised that:

- There is very large variation in employment density of different individual developments, and these vary substantially away from the average national density ratios.

- Across Warrington, some sectors will record declining employment, but this does

not necessarily mean that less space will be required. For example, manufacturing employment is forecast to decline but the need for manufacturing floorspace may remain the same or increase as a result of productivity improvements such as increased automation (i.e., machines still take up space)

- The suggestion that employment in Warrington will rise by the employment generated in new employment sites, does not take account of movements in the remainder of the economy. The logistics sector, for example, is identified by the Office for National Statistics as highly likely to increasingly automate[1] i.e., 63 percent of Elementary storage occupations are at some risk of automation. As a result, employment may be created in new logistics facilities as the existing logistics sector in Warrington is reducing its workforce.

1.7   For these reasons, the ability to forecast employment land requirements from job forecasts and vice-versa is considered unreliable.

2020-2038 Forecast

1.8   It is possible to 'reverse engineer' the inferred employment generated from the total land area, and this information was requested during the course of day 2 of the examination. The utility of this exercise for plan making is questioned for the reasons set, but is nonetheless presented below as requested.

1.9   An estimate has been made for the potential employment capacity of the future supply of employment land during the plan period. For this calculation the employment land requirement of 255.96 ha has been taken. This comprises the total employment land requirement less the land required for likely displaced town centre activities, where jobs are being relocated rather than being generated, and the 3-year buffer, which allows for losses in the supply rather than extra economic growth. The projected land need is split by Use Class, reflecting the Use Class of past development in the Borough since 1996 (See Table 1).

1.10   Standard employment densities have then been applied to the different land classifications, reflecting estimates in the EDNA 2021 (Table 29, Section 7.0 Objectively Assessed Needs).

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[1]

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25

1.11   Using those densities and assuming no changes to 2038, the total employment capacity of the development land is estimated at 26,104 (see Table 2).

Table 1 – Employment Land Need to 2038, Split by Use Class and Less Relevant Deductions

Factor, Employment Land (ha)	Use Class (Site Area Attributed to Use Class, hectares)						Totals (ha)
	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8	Mixed	
	Offices	R&D	Light Industrial	Manufacturing	Warehousing	-	-
Strategic/Local Take Up Trend*	74.00	-	15.5	27.83	179.64	19.29	316.26
Less: displacement**	17.65	-	-	-	-	-	17.65
Less: buffer***	9.98	0.00	2.09	3.75	24.23	2.60	42.66
Net Land Requirement Ha	46.38	-	13.41	24.08	155.41	16.69	255.96

Source: WBC, BE Group and Mickledore

*Proportionate division of development land, by Use Class, reflects

**An allowance of 17.65 ha for displacement of employment uses from Warrington Town Centre as a result of regeneration programmes. Town centre displacement assumed to be mainly E(g)(i) uses, in practice it will include some industrial and warehouse based businesses

*** Deducting 3 years supply from the original total of 316.26 ha. Buffer apportioned on the same percentage as total 316 ha

Table 2 – Conversion of the Above Employment Land Need to Jobs

Factor, Employment Capacity (Number of Jobs)	Use Class (Floorspace and Jobs by Use Class)						Totals
	E(g)(i)	E(g)(ii)	E(g)(iii)	B2	B8	Mixed	
	Offices	R&D	Light Industrial	Manufacturing	Warehousing	-	
Conversion of Land to sqm*	180,875	0	52,296	93,897	606,093	65,083	998,244
Standard Densities (sqm per job)**	12	50	47	36	95	70	-
Resultant Employment Capacity	**15,073**	**0**	**1,113**	**2,608**	**6,380**	**930**	**26,104**

Source: WBC, BE Group and Mickledore

*Assumes 3,900 sqm per hectare

**Based on Jobs Densities set out in the Homes England Employment Densities Guide (2015)

1996-2020 Illustration

1.12   The inability to link prior employment growth and land take-up was illustrated in the 2021 EDNA at Table 43 (Page 178). Table 43 demonstrated that the employment growth recorded by Oxford Economics might be expected to have created a demand for 70.5 ha of employment land rather than the 341.29 ha that had been taken up during the plan period.

1.13   This employment land figure calculation was based on Oxford Economics forecast employment change by sector, over the period 1996-2020 where Council monitoring on the employment development achieved in the real world was available, multiplied by employment density calculations and the anticipated percentage of staff occupying E(g), B2, B8 floorspace by sector. The assumptions of the Model used to complete this calculation can be seen in Table 29, Pages 153-154 of Section 7.0 of the 2021 EDNA.

1.14   It is notable that in the period 1996-2020, of the employment gains of 55,000 the majority were created in office type uses with almost 43,900 created in office type uses and as a result it was office developments that accounted for a significant amount of employment space.