

**KNOWSLEY LOCAL PLAN: CORE STRATEGY****KNOWSLEY METROPOLITAN BOROUGH COUNCIL****HEARING STATEMENT 4A****Matter 4 EMPLOYMENT PROVISION**

*Issue 1: Whether the proposed amount of employment development meets the objectively assessed needs of the borough.*

**Questions**

**4.1 Is the methodology used to determine the employment land requirement robust and consistent with the evidence? Is a methodology based on historic provision realistic given that the highest uptake was prior to 2001, coupled with the prospect of limited public sector assistance in future?**

4.1.1 The NPPF (PG01) seeks job creation and prosperity by, among other things, encouraging local planning authorities to “*plan proactively to meet the development needs of business and support an economy fit for the 21<sup>st</sup> Century*” (paragraph 20). In response, the approach to employment requirements in policy CS4 intends to support the future economic growth of Knowsley in accordance with the Council’s Economic Regeneration Strategy (PG32). The intention is to capitalise on sustainable investment opportunities and promote the conditions for business growth. This is intended to establish Knowsley as a location of choice in which businesses want to invest and to empower Knowsley residents to realise their potential. To achieve these objectives, an aspirational approach is necessary to promote investment over a 15 year period. This must reflect a more diverse range of economic conditions than are covered by econometric forecasts in the Joint Employment Land and Premises Study (EB07) and as assessed by the Economic Viability Assessment (EB06). This is noting the potential for the UK’s economy to expand significantly and that this is a key consideration in the NPPF (paragraphs 18-21, pages 6-7 (PG01)).

4.1.2 To achieve the above, policy CS4 of the KLPCS seeks to provide a total of 183.5 hectares of employment land between 2010 and 2028, at an annualised average (rounded) of 10.2 hectares per annum. This is based upon recommendations supporting the use of historic trends relating to land take up in the Joint Employment Land and Premises Study (EB07) and the Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03). The latter of these documents suggested that the approach generally reflects what demand could be released if supply is made available, being the best available reflection of where investment has been located on an annual basis historically (page 131, LC03). Updates to evidenced requirements have been made using additional data and forecasting within the Employment Position Statement (SD23) and Technical Report – Planning

for Employment Growth (TR02) respectively. On this basis, the calculation of the annual average requirements is based upon the long-term historic land take up (averaged between trends for 1995 to 2012 and 1995 to 2013). This was modelled in the Technical Report – Planning for Employment Growth (TR02), to ensure consistency with the date of November 2012 when the KLPCS "proposed submission" version (CS03) was published, by reflecting a half year position of take up for 2012/13. The employment land requirement does not include a flexibility buffer - the reason for this approach is addressed separately under question 4.3 of this Statement and detailed within the Technical Report – Planning for Employment Growth (TR02).

- 4.1.3 A forecasting methodology for employment land requirements using historic trends is commonly adopted by local authorities, including the Local Plans of neighbouring authorities such as Halton and West Lancashire. However, local authorities often reasonably modify requirements based upon evidence to reflect local conditions and other influences such as prevailing economic circumstances. Consequently, the use of up-to-date and accurate historic take up data based upon long term trends over the 18 years prior to April 2013 offers a proven and robust source of information comparable to the duration of the plan period, whilst covering the peaks and troughs in the property market consistent with a full economic cycle. The Council considers that this is a reasonable and realistic approach, which provides appropriate balance to the potential influence of relatively high take up rates for employment land prior to 2001 and the opposing effect of lower take up rates associated to prevailing economic circumstances since 2008.
- 4.1.4 In pursuing the approach in the KLPCS, it is acknowledged that public sector funding is likely to be more limited in the future. There are however continuing sources of funding support available, which offer potential for future public investment albeit at a lower rate than that which existed in the past e.g. European Regional Development Fund (ERDF), Growing Places Fund, and Regional Growth Fund. These sources and others are expected to supplement ongoing private investment in economic growth, encouraged by a suitable range and choice of available sites to maximise the potential of Knowsley to meet its employment needs. The ability to access public sector funding via the Liverpool City Region Local Enterprise Partnership is enhanced by the inclusion of Knowsley Industrial and Businesses Parks and the Huyton, Prescott and Whiston areas as specific locations of sub-regional growth sector clusters in the Merseyside Partnership Economic Review 2012 (page 4, (LC10)), with the existing operations at Jaguar Land Rover in Halewood having an advanced manufacturing function. This is supplemented by the identification of the potential benefits of the Knowsley Rail Freight Terminal (in Knowsley Industrial Park), together with the need for large warehousing and distribution space within the Liverpool SuperPort Economic Trends Study (LC07), and the Mersey Partnership SuperPort Action Plan 2011-2020 (LC19). A portfolio of potential sites within Knowsley's current land supply is included in the Liverpool City Region – SuperPort (LC18) document as having potential to contribute to addressing these needs.

4.1.5 The approach to and scale of employment requirements is also informed by evidence of regeneration opportunities in existing employment areas as set out in the Joint Employment Land and Premises Study (EB07), Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03) and Delivering a new future for Knowsley Industrial Park - Strategic Framework (EB17). In particular, Knowsley Industrial and Business Parks is an employment destination of sub-regional importance where opportunities exist for employment growth, together with restructuring and remodelling of existing provision. In addition there is evidence of qualitative needs in other locations, including a successor site to the high quality office destination at Kings Business Park, together with a requirement to account for potential losses of supply in known locations (such as South Prescott) and any unforeseen losses during the plan period. In this respect, the approach is considered to be more accurate than a number of alternative forecasts assessed, as explained in more detail within the Technical Report - Planning for Employment Growth (sections 4.1 – 5.6, page 35-65, (TR02)).

**4.2 Given the significant year-by-year discrepancies in historic employment land provision between previous studies and the latest Employment Position Statement (SD23), what confidence is there that the latest figures are a robust basis for future projections?**

4.2.1 The Council identified a number of discrepancies within its previous monitoring system in early 2013 which called into question the consistency and accuracy of data previously reported for the period from 1995/96-2011/12. This included the information which informed employment land forecasting within the Joint Employment Land and Premises Study (EB07) and the Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03). To overcome this situation, the Council recognised that prior to the submission of the KLPCS; there was a requirement to assess the potential influence and implications for the strategy of any data inaccuracies and subsequent corrections.

4.2.2 The assessment and correction of data inaccuracies was achieved by undertaking a comprehensive review of all available data for employment land take up in terms of planning permissions and completions from 1990/91 onwards. The period investigated started in 1990 instead of 1995 to reflect the maximum five year expiry period on employment planning applications extant at the monitoring start date. The principles of the review were to provide an accurate, robust and consistent approach to employment land data monitoring. This included a thorough review of historic employment land take up based upon all available sources of information, to ensure confidence in the reliability of all employment land take up data and mitigate the risk of any further errors remaining undiscovered. The detailed methodology and results are explained in the Employment Position Statement (SD23).

4.2.3 The Council is confident of the accuracy of the revised figures within the Employment Position Statement (SD23) and that the methodology is robust in using a consistent approach based upon all available sources of data, including correction of inaccuracies within the previous monitoring system.

However it is accepted that some limitations remain within any retrospective monitoring process, where historic information may be incomplete or unavailable and assumptions are necessarily applied as an alternative. Nevertheless in the circumstances, such an approach is considered reasonable and appropriate, as whilst applied assumptions can influence variation in annual figures for employment land take up, they do not compromise forecasts based upon the longer term historic trends (15 years) assessed within the Technical Report - Planning for Employment Growth (TR02) and informing the KLPCS approach in policy CS4. This is noting that notwithstanding the significant variation in year to year figures, the difference between the cumulative totals reported for the period covering 1995/96-2011/12 in the Employment Position Statement (table 2.5, SD23) is 2.78 hectares higher overall<sup>1</sup> or a 0.16% increase in the overall employment land take up recorded of 176.09 hectares for this period under the Employment Position Statement (SD23) methodology.

- 4.2.4 The Council is aware that shorter term historic trends (5 years) could be influenced to a greater extent by the application of assumptions. Nevertheless the updates for the period between 2007/08 and 2011/12 identified only three sites requiring assumptions to be applied out of a total of 25 sites developed. The three sites with assumptions applied comprise a total area of 1.11 hectares or 4.52% of the total employment land take up of 24.54 hectares recorded during this period within the latest data. On this basis, notwithstanding the significant differences recorded for this period under the current methodology relative to the previous data within the Employment Position Statement (table 2.5, page 10 (SD23)) of +9.87 hectares (or a 40.22% increase), the Council is satisfied that the latest data is based upon robust evidence and consequently it is the most accurate information available for forecasting purposes and analysis.
- 4.2.5 To assist the openness and transparency of the data update process, the Employment Position Statement (appendix B, page 38-47 (SD23)), includes a comprehensive schedule of the sites both reviewed and utilised to calculate the employment land take up figures. To ensure that the latest data used in forecasting is robust, the Employment Position Statement (SD23) and Technical Report - Planning for Employment Growth (TR02) have also been updated to incorporate an additional monitoring year (2012/13). This is to ensure that the data informing the KLPCS is as accurate and up to date as possible. The review of the monitoring process has also provided opportunities to enhance data availability such as the comparative breakdown of employment land take-up for employment uses and non-employment uses, which informed the analysis within the Technical Report - Planning for Employment Growth (TR02) in setting out more realistic forecasts for employment growth.

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<sup>1</sup> Please note that Table 2.5 of the Employment Position Statement (SD23) includes a minor calculation error of +0.03 ha within the Column 5 Total carried forward from the original spreadsheet. This arises from errors within figures for 1995/96 (unrounded difference of -0.01 ha) and 2011/12 (inconsistent rounding to a single decimal place resulting in +0.04 ha).

4.2.6 Policy CS4 of the KLPCS remains unchanged from the Proposed Submission version (CS03), notwithstanding the data updates to historic trends arising from the Employment Position Statement (SD23) and associated updates to forecasting within the Technical Report - Planning for Employment Growth (TR02).

#### **4.3 Is there justification for a 20% flexibility allowance being added to the employment land requirement to provide greater choice of sites?**

4.3.1 In accordance with the NPPF it is necessary to consider whether the proposed employment land requirements in policy CS4 contain enough flexibility to accommodate new development or changes in the development market. In this regard, the Local Plan approach to delivering employment land is positively prepared and justified by evidence which demonstrates sufficient flexibility in the overall capacity of supply to accommodate employment requirements, as an alternative to imposing a 20% flexibility allowance. This is considered to be the most appropriate approach to inform the Local Plan Site Allocations and Development Policies (KLPSADP) process given the need to allow for some flexibility of supply to account for the requirements of economic growth and mitigate the potential for redevelopment of sites for non employment purposes where this would be justified in circumstances that are both anticipated and unforeseen. Although the Local Plan recognises that some release of existing Green Belt land is required to meet needs, a balanced approach is necessary to respond to potential scenarios by limiting the release of Green Belt land to the minimum required and to the most sustainable sites, whilst ensuring that the Green Belt remains capable of enduring beyond the plan period.

4.3.2 In pursuing the approach in the KLPCS, the Council has considered that the Joint Employment Land and Premises Study (EB07) recommended provision of a 20% flexibility buffer above historic trends to align with the Regional Spatial Strategy for the North West (PG18) which formed part of the Development Plan at the time. However this included a caveat to reflect advice within the 4NW Setting Employment Land Targets for North West England (LC13) that the need to apply the flexibility factor requires a judgement from the Local Planning Authorities based on what the evidence base reveals. The 20% flexibility component applied during the plan period therefore remains a discretionary element, as an allowance for choice and churn is not a specific requirement of national policy and guidance. Consequently in view of the subsequent disbandment of 4NW and revocation of RSS, one of the purposes of the Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03) and the Technical Report - Planning for Employment Growth (TR02) was to assess whether this element remains appropriate from a Knowsley perspective.

4.3.3 The Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03) suggested that land take-up calculations often result in higher requirements over plan periods than other methodologies when projected forward and noted that they do not account for recent changes to the economy. This situation would be worsened by the addition of a further

flexibility factor of 20%. This is also noting that the figures based upon Joint Employment Land and Premises Study calculations (including 20% flexibility) were higher than the RSS employment forecast share and historic Valuation Office Agency data. The revised figures in the Employment Position Statement (SD23) and the exclusion of the flexibility buffer would reduce this issue.

- 4.3.4 The conclusions within the Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03) are supported by analysis of recent take-up of employment land within the Technical Report - Planning for Employment Growth (TR02). The Council agrees that the prevailing economic conditions in the early part of the plan period based upon evidence within the Employment Position Statement (SD23) and Technical Report - Planning for Employment Growth (TR02) is likely to affect employment demand and delivery at least in the early years of the plan period when compared to historic trends of annual average delivery. As a consequence, there is an immediate potential for over-estimation of employment land requirements based upon future forecasting at a baseline level, even before a 20% uplift for flexibility is considered. In addition, the employment land requirement in policy CS4 of the KLPCS is directly informed by historic trends including the loss of employment land sites to other uses, a situation that provides immediate flexibility to the employment land requirements and may not be replicated to the same extent in the future. No precedent is evident within the historic trends data of consistent delivery of employment uses at an equivalent annual average plus 20%, even in favourable economic conditions with periods of higher levels of public sector investment and more abundant availability of grant assistance, than is anticipated within the plan period.
- 4.3.5 In the context of the above, the Council considers that after the omission of the 20% uplift for flexibility is taken into account the employment land requirement in policy CS4 remains appropriately aspirational, but realistic and achievable in terms of anticipated rates of delivery. This reflects the need to take account of evidence on recent lower take up rates and a challenging economic environment for investment in the short term future, whilst still allowing for sufficient flexibility and choice to attract investment and economic growth to meet plan period needs. On the basis of the above, it is considered that policy CS4, as complemented by policies CS1, CS2, CS5, CS11 and CS13 will ensure a balanced approach, in keeping with the NPPF, that will protect the stock of employment land likely to be required over the plan period whilst not holding back redevelopment or conversion to other uses where this is the most appropriate response. In this respect, it is the Council's view that appropriate flexibility cannot be achieved through pursuing strategies solely based on meeting demands relating to quantity, as there are advantages of also providing employment locations which focus on evidence of specific opportunities and increasing choice. Providing a flexible approach to land supply capacity through the KLPSADP is therefore preferable to allow a rapid response to changes in economic circumstances and qualitative employment needs, without necessitating overprovision and early releases of current

Green Belt locations through otherwise overestimating quantity requirements by applying a flexibility buffer in policy CS4.

- 4.3.6 To ensure the KLPCS approach is effective and necessarily flexible on a measurable and responsive basis, clause 4 of policy CS4 controls the release of land to ensure a minimum requirement of available and deliverable sites and premises to meet needs over the following five year period. This provides a safeguard rather than offering a limitation on supply and does not preclude consideration of additions to supply during the plan period due to land clearances and factory closures. Consequently there is no evidence that during the plan period such an approach would lead to a shortage of employment land, nor would it constrain the growth of the economy at any point during the plan period or beyond, provided that sufficient flexibility in the capacity of available supply is maintained through the KLPSADP process.
- 4.3.7 The maintenance of flexibility within supply to account for both employment growth and unforeseen circumstances, together with the inclusion of clause 7 within policy CS4 is also consistent with paragraph 27 of the NPPF. This is noting that the approach does not necessitate the long term protection of sites, where there may be no reasonable prospect of a site being used for employment purposes.