

East Midlands Employment Land Assessment: Audit of Employment Land Studies

A report prepared for *emda*

Nathanial Lichfield and Partners

December 2010

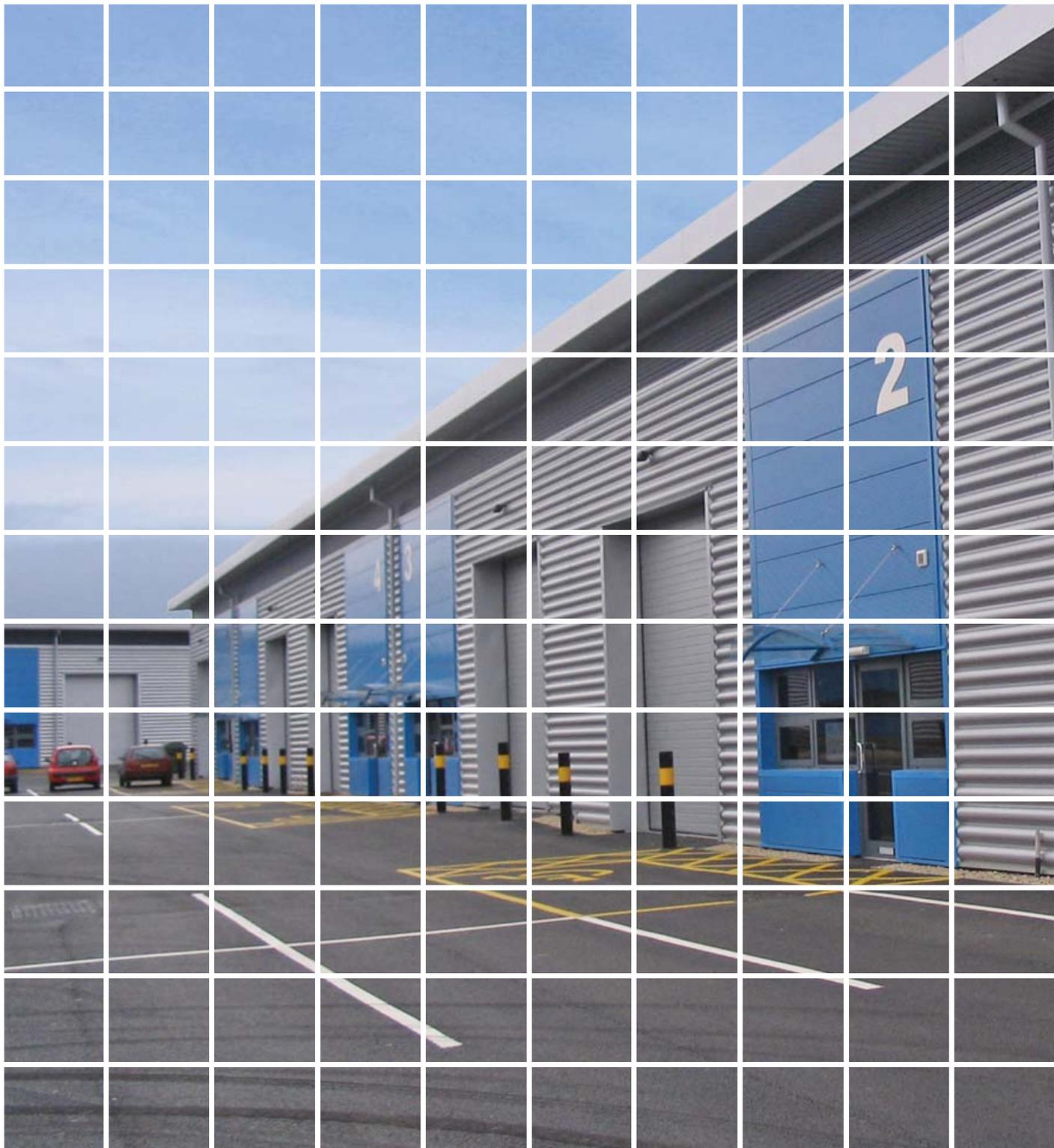
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East Midlands Development Agency

December 2010



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**East Midlands
Employment Land
Assessment**

Part 1 - Employment
Land Studies Audit

East Midlands
Development Agency

December 2010

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Executive Summary

This study was commissioned by the East Midlands Development Agency (emda) to review Employment Land Reviews (ELRs) undertaken in the East Midlands in the period 2005-10. It was originally planned and commissioned prior to the changes to the planning system announced by the Coalition Government. The study is now being published in order to inform the work that is being progressed by local planning authorities, many of whom contributed to this study, on their local development frameworks. It should also inform Local Enterprise Partnerships in shaping their own approach to employment evidence.

The focus of the study was on highlighting areas of ELRs that may need updating, rather than identifying any deficiencies in the ELRs that largely reflected circumstances and guidance at the time they were carried out. Specifically, it identified whether further work is required for a study to be robust at EiPs, to take account of changed economic conditions and to reflect more recent Government guidance.

Methodology

The study reviewed 33 ELRs, covering 36 of the 41 LPAs in the region (since several LPAs did not have any current ELR).

The assessment process involved the assessment of the ELR evidence base against a variety of appraisal criteria under three main categories:

- **Compliance with 2004 ODPM Guidance:** analysing the extent to which the ELR had been undertaken in accordance with the 2004 ODPM Guidelines on the subject, with specific reference to the approach taken to demand forecasting, consultation and site appraisal;
- **Additional PPS4/Post Recession Factors:** analysing whether ELRs have taken a sufficiently robust approach that can accommodate the effects of the recession and the new requirements of PPS4, whilst recognising that many of the studies reviewed were completed prior to publication of PPS4; and
- **Strategic Coherence/Fit:** the extent to which ELRs have taken into account development in adjoining districts and are in accordance with strategic/sub-regional targets and economic aspirations.

A questionnaire survey was subsequently sent out to planning officers representing all 41 local authorities to identify issues emerging from the ELRs and to ascertain the extent to which each ELR is considered robust and effective in the eyes of the commissioning authority. Face to face interviews were also undertaken with a representative sample of 17 LPA officers who were involved in undertaking or overseeing ELRs.

Results of the ELR Audit

There was a fairly mixed level of compliance with the 2004 ODPM Guidance that applied at the time these ELRs were prepared. There were some factors that were dealt with adequately or well, such as a consistent approach to site assessment; assumptions on job/floorspace ratios and plot ratios; consultation; and obtaining commercial market views. However, factors that were not always satisfactorily addressed included not considering scenarios of future economic growth/demand with appropriate sensitivity testing, and failing to use a range of complementary approaches to obtain a robust picture of future requirements. One sub-regional ELR also did not provide any district-level breakdown of land requirements. It was also apparent that few ELRs appraised a range of potential new sites.

Not unexpectedly, the ELRs were much less compliant with the aims of PPS4, which post-dated them. This will need to be dealt with through updates or supplements to the studies. The main areas to be covered include: the needs of non B-class uses; the application of the sequential test to office sites; the assessment of rural needs; the integration of ELRs with other relevant studies (particularly SHLAAs); the consideration of a lower growth, post recession scenario; and the identification of a 5-year employment land supply.

Regarding the extent to which the ELRs took account of and reflected strategic economic factors, the strategic coherence/fit was addressed by most of the studies, particularly the sub-regional studies in Nottinghamshire and Derbyshire.

In summary, although all ELRs have individual deficiencies, most are broadly adequate overall in terms of the main audit categories considered, although the degree of compliance is considerably higher for the 2004 ODPM Guidance than for the additional PPS4/post recession factors.

Local Authority Views

The survey responses indicated that whilst the vast majority of districts in the region were happy with their ELR and confident that it would stand up to independent scrutiny, there are emerging concerns that the pace of change subsequent to their study being completed, and the publication of new policy such as PPS4, meant that the studies will have a limited shelf life and will need updating in the near future. A total of 19 districts intend to update their existing study shortly. However, there was a widespread feeling emerging from the interviews that whilst the LPAs had learnt a considerable amount from their experience of undertaking the original study, further sub-national guidance was required to ensure a 'level playing field' and methodological consistency across the studies. This suggests that further guidance will be required on what to include/exclude from the scope of an ELR in future, although it should be noted that this is not in keeping with the direction of Coalition Government thinking that local government does not need prescriptive guidance.

There was also a generally expressed concern that many of the studies had been overly mechanistic and constrained by the guidance, with the result that many completed ELRs, whilst considered sound, would actually have limited value to the LPA going forward. This concern was accentuated due to the widening scope of ELRs as a result of PPS4, and hence further guidance on what to include/exclude from the scope of an ELR in future will be required.

20 LPAs suggested that elements of their ELR constituted good practice, specifically with regard to joint working between neighbouring authorities, the use of strong project management protocols, economic SWOT analysis, the assessment of individual employment sites, clear recommendations on types and locations of new sites, the employment land needs of rural areas, consideration of renewal and pipeline supply and the presentation of the study recommendations in a clear and coherent manner.

Recommendations

In general terms, the study concluded that the 36 districts with an ELR can generally rely upon studies that conform with the 2004 ODPM guidance and which have been undertaken in a generally consistent and methodically robust manner. As might be expected, almost all of the ELRs are deficient to a greater or lesser degree in terms of PPS4 compliance; this is not a reflection of any fundamental flaws in the ELRs at the time they were initially undertaken, but relates to their completion before PPS4's publication. With regard to regional consistency, the prevalence of sub-regional studies ensures that land requirements generally take into account the needs of adjoining districts.

It is, however, clear that the impacts of the recession have not been fully taken into account by many of the studies, with many planning for a return to 'business as usual'. Often only one method is used for estimating future requirements, rather than a range of complementary approaches, with no consistent approach used across the region, and there appears to be some confusion regarding what constitutes a 'net' or 'gross' land requirement.

As such, whilst the vast majority of ELRs form a decent grounding for LDFs, potential areas to strengthen include the following:

- 1 The few districts without an ELR of any kind should undertake one at the earliest opportunity;
- 2 There is a need to increase consistency regarding the application of forecasting approaches and appropriate safety margins in particular sub-regions. This suggests scope for the development of a region-wide ELR methodology capable of providing a co-ordinated and consistent future approach to ELRs and monitoring across the East Midlands;
- 3 There is a need for clear guidance for LPAs undertaking post-PPS4 ELRs regarding how to assess the job potential and needs of non-B Class uses;
- 4 Where ELRs do not provide district-level breakdowns of employment land requirements, this should be rectified through the districts involved agreeing a suitable apportionment, or through an update of the ELR;

- 5 Future updates of ELRs should reflect the impacts of the recession and its legacy in terms of structural economic change;
- 6 Those districts unable to demonstrate a 5-year forward supply should undertake a more detailed review of the deliverability and phasing of certain sites identified as being 'available' in their current ELR;
- 7 Those districts with ELRs that only provide employment land requirements to 2016 should undertake a partial review of their evidence base to extend the land forecasts to match their LDF time horizons;
- 8 Several ELRs need to clarify the evidence around gross and net take-up and what that means for future provision;
- 9 There is a general need to ensure the integration and reconciliation of cross-boundary issues within the East Midlands and possibly with districts outside of the region;
- 10 There is a need to ensure that all future ELRs plan for the growth of knowledge-driven or high technology industries;
- 11 The opportunity to achieve integration of LEA outputs with planning for employment space could save resources and avoid duplication of data;
- 12 Future studies of employment land should involve an integrated ELR / SHLAA.

Contents

1.0	Introduction	1
	Scope of the Study	1
	Study Context	1
2.0	Methodology	5
	Assessment Criteria	5
	Survey/Sample Interviews/ In Depth Investigations	6
3.0	Consistency of the Studies	9
	Introduction	9
	Current ELR Studies in the East Midlands	9
	Consistencies and Inconsistencies	11
	Conclusions	17
4.0	Results of the ELR Audit	19
	Introduction	19
	Compliance with ODPM Guidance	20
	Additional PPS4/Post Recession Factors	25
	Strategic Coherence/Fit	30
	General Overview	33
5.0	Local Authority Views	37
	Process	37
	Effectiveness	38
	Compliance and Consistency	39
	Conclusions	42
6.0	Good Practice	45
	Introduction	45
	Good Practice Examples	46
7.0	Overall Conclusions and Recommendations	53
	Introduction	53
	Key Issues Emerging from the Audit	53
	Recommendations	56

Figures

Figure 3.1	Current ELR Situation as at 1 July 2010	10
Figure 3.2	Date of ELR Completion by District	12
Figure 4.1	Compliance with ODPM Guidance	20
Figure 4.2	Additional PPS4/Post Recession Factors	25
Figure 4.3	Strategic Coherence / Fit	31
Figure 4.4	% LPA ELRs scoring 3 ('good') or better in the appraisal process, by category	34
Figure 5.1	Extent to which each ELR considered a range of key issues	41
Figure 6.1	Worked Example for calculating B1 Requirements	51
Figure 6.2	Site Assessment Pro-Forma from the Bassetlaw ELR 2009	52

Tables

Table 4.1	Summary of Audit by District	35
Table 6.1	SWOT analysis for South Kesteven District	48
Table 6.2	Recommendations for Key Rural Service Centres	49

Appendices

Appendix 1	ELR Studies Reviewed
Appendix 2	LPA Survey Questionnaire
Appendix 3	Meeting Attendees
Appendix 4	East Midlands Districts

Glossary

B1a:

Offices other than in a use within Class A2 (Use Class Order 2005 Definition).

B1b:

Research and Development - Laboratories, Studios (UCO 2005 Definition).

B1c:

Light Industry (UCO 2005 Definition).

B2:

General Industrial (UCO 2005 Definition).

B8:

Storage or Distribution (UCO 2005 Definition).

Employment Density:

A ratio of the average floorspace per worker, usually expressed as square metres per worker.

Plot Ratio:

The ratio between gross floorspace of a development and its total site area.

Committed Employment Land:

All available land allocated for commercial/industrial employment uses or with extant planning permission for employment use, excluding (a) expansion land, (b) land with empty industrial buildings already in-situ, unless those buildings are time expired, and (c) special sites allocated for specific employment uses.

Current Take-up:

The average yearly take-up of commercial/industrial land for employment uses over the last 5 years, or other relevant period.

Historic Take-up:

The average yearly development of commercial/industrial land for employment uses, typically over the last 10 years or more.

Employment Land:

Land allocated for business, general industrial and storage/distribution uses as defined by Classes B1, B2 & B8 of the Town and Country Planning (Use Classes) Order 1987 or with an extant planning consent for such uses. The Pre-PPS4 definition of employment uses excludes retail, leisure, residential care facilities, mineral extraction and waste disposal.

Net Employment Land Requirement:

The estimated amount of new employment land required, without taking account any allowance for replacement of employment land likely to be lost to non-employment uses over a stated period.

Gross Employment Land Requirement:

The total amount of land likely to be required for employment uses over a stated period, including an allowance for replacement of employment land lost to other uses.

Margin of Choice/Flexibility Factor:

An additional amount of land added to estimated employment land requirements to inform an allocation of land that ensures a reasonable choice of sites for businesses and developers and to allow for delays in sites coming forward or premises being developed.

1.0

Introduction

Scope of the Study

1.1

This study was commissioned by the East Midlands Development Agency (*emda*) to review Employment Land Reviews (ELRs)¹ undertaken in the East Midlands in the period 2005-10. The study seeks to improve the Agency's understanding of employment land availability in the region, providing the essential ground work and evidence base to enable *emda* to support evidence to local planning authorities (LPAs). It is also a tool for LPAs (or future LEPs) in shaping their own approach to employment evidence.

1.2

Specifically, the main aims for this study were as follows:

- 1 to critically appraise the methodology and findings of the range of employment land studies in the East Midlands;
- 2 to identify where gaps exist;
- 3 to identify examples of good practice; and
- 4 to make recommendations for any future region-wide employment land study, which builds on the findings of this study.

1.3

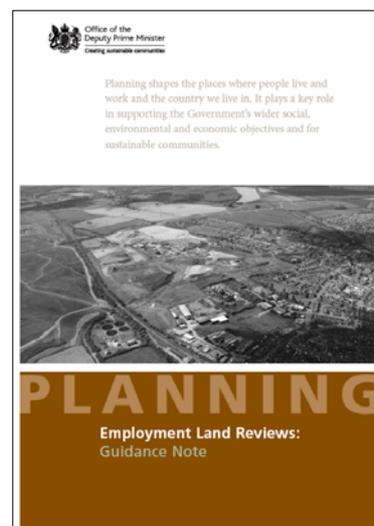
The study reflects *emda*'s aim to improve its understanding of employment land availability in the East Midlands. This study was commissioned prior to the election of the coalition Government in May 2010 and its aims therefore pre-date what is now Government Policy in respect of Regional Strategies (RS). However, its findings are relevant to localities planning for economic development under PPS4, which remains Government policy for Sustainable Economic Development.

Study Context

1.4

The context within which this study was commissioned is outlined in the ODPM's Employment Land Review Guidance Note (December 2004), which states that:

'a consistent and integrated approach is recommended for employment land reviews, albeit recognising that in regional studies attention should be on larger locations whereas for smaller geographies, more comprehensive reviews are likely to be needed...Regional planning bodies (RPBs) will need to take account



¹ In this report, Employment Land Review is used as a generic term for evidence base work focused on employment land needs. Not all studies were in fact called 'Employment Land Reviews', and PPS4 now uses the term Economic Land Assessment.

of studies undertaken in particular parts of the region and should co-ordinate studies and monitoring across the region' (paras. 1.7-1.8).

- 1.5 This approach was advanced by *PPS4: Planning for Sustainable Economic Growth* (December 2009), which states that at the regional level, the evidence base should: *'assess, in broad terms, the overall need for land or floorspace for economic development including main town centre uses over the plan period.'* (EC1.2b).
- 1.6 Prior to December 2009, ELRs almost exclusively focused on B-use class employment uses, in line with the 2004 ODPM guidance. The ELRs previously undertaken by East Midland's districts therefore, virtually without exception, concentrated on planning for B-use class land. The definition of what constitutes 'economic development' was subsequently widened by PPS4 to include public uses, community uses, and 'main town centre' uses (specifically retail, leisure, entertainment, offices, arts, culture and tourism development) alongside the traditional B1, B2 and B8 use classes. No new guidance was provided and no reference was made by PPS4 to the 2004 ODPM guidance.
- 1.7 Therefore, a specific consideration underpinning this study is the extent to which previous ELRs can reflect the requirements of Government guidance introduced by PPS4, well after most of these studies were completed, and whether this will have an impact on the ability of the studies to support sound development plans as a result. The extent to which an individual ELR's conclusions remain robust after the effects of the recent recession is also a key consideration, since almost all the ELRs pre-dated the recession or were not based on economic forecasts that reflect it.
- 1.8 The focus of the study is on highlighting areas of ELRs that may need updating rather than identifying any deficiencies in the ELRs that largely reflected circumstances and guidance at the time they were carried out. Specifically, it focuses on whether further work is required for the study to be robust at EiPs, to take account of changed economic conditions and to reflect more recent Government guidance.
- 1.9 In this context, the review has examined 33 ELRs undertaken either individually or jointly in the East Midlands between 2005 and 2010. These ELRs cover 36 local authorities since several LPAs do not have any current ELR. The methodology used is described in the following section. However, in summary, it involved a survey of all local authorities, a detailed desk-top review of the ELR reports, and a number of face-to-face follow-up interviews with the planning officers involved in the ELRs.
- 1.10 It should be noted that individual ELRs were assessed rather than each district's full economic evidence base. Where a district's ELR scored poorly due to an omission that was addressed in another LDF evidence-base document, this is noted in the supporting text where possible. The various ELR studies reviewed are listed in Appendix 1.

1.11

This report is structured as follows:

- **Methodology (Section 2)** Describes the approach taken in analysing the various ELRs and in obtaining LPA views on preparation and usefulness.
- **Consistency of the Studies (Section 3)** Overview of the studies' general approach, scope and the consistency of underlying assumptions
- **Results of the ELR Audit (Section 4)** Results of the critical assessment of the ELRs
- **Local Authority Views (Section 5)** Summary of the outputs of the LPA survey, supplemented by interviews with 17 LPA officers
- **Good Practice (Section 6)** Examples of exemplar approaches and best practice emerging from the ELRs
- **Overall Conclusions & Recommendations (Section 7)** Summary conclusions and recommendations, identifying gaps/omissions that may require further work

2.0

Methodology

2.1

This section explains how the study approached the assessment of ELRs, including the criteria applied, the information gathering and engagement with LPAs. Generally, the review process involved a combination of desktop assessment of published ELR studies and surveys and interviews with the LPAs for which the studies were produced.

Assessment Criteria

2.2

A range of evaluative criteria were identified to assess the fitness for purpose of the range of ELRs examined. These criteria were developed by NLP in consultation with the client group from the following sources:

- ODPM Guidance on ELRs (2004);
- Guidance on undertaking ELRs prepared for EEDA and SEEPB;²
- PPS4: *Planning for Sustainable Economic Growth* (December 2009);
- NLP's experience on what makes an effective ELR, drawing on previous studies and local authority responses to them;
- previous regional reviews and good practice assessment of ELRs; and
- other factors identified by the client group.

2.3

The assessment process involved the assessment of ELRs in order to answer three broad questions:

- How well did the ELR comply with the relevant guidance at the time?
- How well does the ELR meet the new requirements arising from PPS4 and are its core assumptions resilient to the effects of the recent recession?
- How well does the ELR take account of and reflect strategic factors?

2.4

The detailed qualitative factors relating to these three questions included:

Compliance with 2004 ODPM Guidance:

- the extent and nature of wider stakeholder involvement;
- a critical assessment of the employment land supply methodology;
- a critical assessment of the employment land demand forecasting methodology;
- consideration of commercial property market factors;
- the use of suitable ratios to translate job forecasts into floorspace / land requirements;
- the approach taken regarding the release of lower quality employment sites.

² Individual guidance documents on employment land studies prepared by the South East England Partnership Board (February 2010) and East of England Development Agency (March 2008)

Additional PPS4/Post Recession Factors:

- the extent to which the potential for economic recession or significant economic downturn had been built-in as a scenario;
- consideration of the land needs/impact of non B class sectors;
- use of additional allowances in assessing land requirements to provide a safety margin and flexibility;
- application of the sequential approach for potential office sites;
- whether the ELR was combined with a Strategic Housing Land Availability Assessment (SHLAA).

Strategic Coherence/Fit:

- the extent of strategic fit with national and regional planning policy;
- how the ELR took account of developments in adjoining districts;
- consistency with regional/sub-regional employment land targets.

2.5 For assessing compliance with individual criteria/factors, the study used a simple scoring mechanism: applying a score of '1' to indicate a low level of compliance with a particular factor; through to '3', implying a moderate level of compliance; and '5' indicating a high level of compliance with this factor. Scores of 2/4 between these extremes were guided by specific comments.

2.6 Deficiencies that would place an ELR in one of the categories – 'fully compliant', 'partly compliant, requires refinement/updating' or 'needs substantial update/review' - were considered after the audit process and agreed with the client group, and are presented in a 'dashboard' format in Table 4.1.

Survey/Sample Interviews/ In Depth Investigations

2.7 A questionnaire survey was sent out to planning officers representing all 41 local authorities in the East Midlands to identify issues emerging from the ELRs and to ascertain the extent to which each ELR is considered robust and effective in the eyes of the commissioning authority. A sample of the questionnaire can be found in Appendix 2.

2.8 Face to face interviews were subsequently undertaken with a representative sample of 17 officers representing a variety of districts in the region who were involved in undertaking or overseeing ELRs. This sought to ascertain a more detailed understanding of the ELRs, their strengths, deficiencies and usefulness. The interviewees were selected to cover different types of districts and local economies; to provide a good geographic spread across the region; to illustrate different approaches used in the ELR process; and to include evidence of good practice in undertaking the ELR, or particular challenges in preparing it. A list of the individuals consulted is provided in Appendix 3.

- 2.9 The types of outputs sought from the survey and interviews included:
- a an investigation into any obvious deficiencies in the ELR approach and what these were caused by;
 - b how appropriate the ELR approach was to local circumstances;
 - c identification of any important gaps in the ELR;
 - d examples of what was considered to be “good practice” in the ELR approach, and the reasons for this view;
 - e the robustness of the outputs from the ELR;
 - f views from local authorities on how well the ELR met their needs;
 - g views on what additional/different work would have resolved the deficiencies and made the ELR more robust; and
 - h whether greater involvement by the LPA would have improved the outputs.
- 2.10 These various factors and types of analyses were then drawn together to help form an overall view of the various ELRs, in terms of the overall consistency of approach, level of compliance with previous and current policy aims and the extent to which updating or additional work is required for each. This informed the recommendations set out in Section 7.0.

3.0 Consistency of the Studies

Introduction

- 3.1 A key element of this audit involved the desk-based assessment of employment land evidence base for each of the region's 41 districts. Whilst the results of the qualitative appraisal are detailed in Section 4.0, this section provides an initial overview of the level of consistency across the range of ELRs in terms of factors such as general methodology, assumptions used, time periods covered, base date of forecasts used, extent to which commercial market views were explored, the form of outputs, and how flexibility was built into these. This is to help form a view on how far previous ELR work could be used to provide a consistent and robust picture of the regional situation (or sub-regional picture as appropriate).

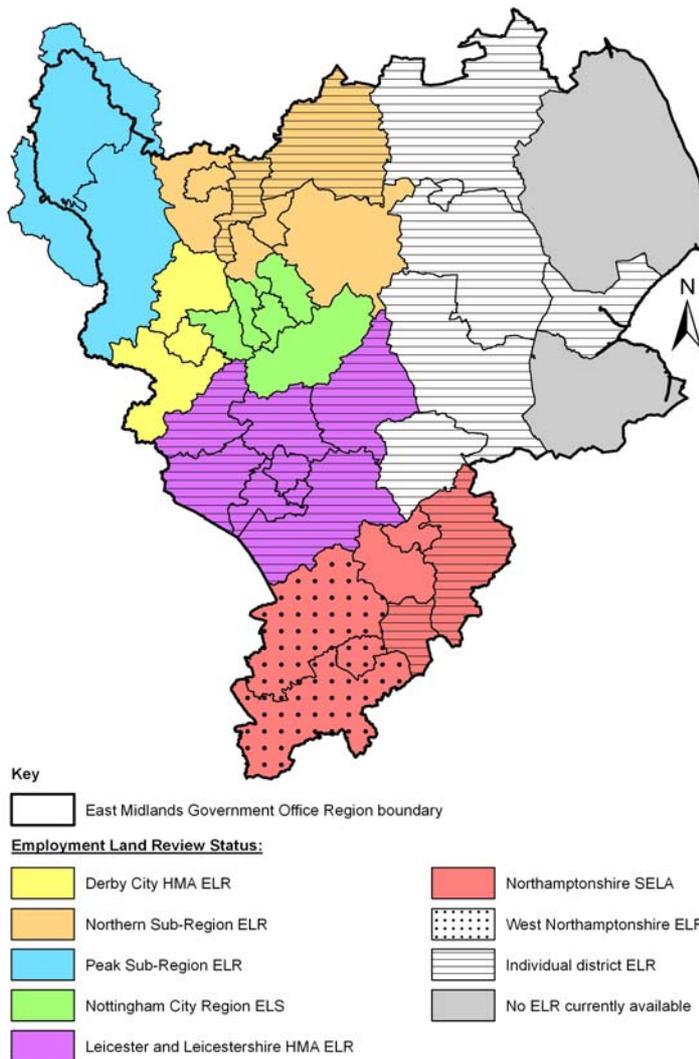
Current ELR Studies in the East Midlands

- 3.2 Appendix 1 identifies the ELRs reviewed as part of the Audit. It indicates that of the 41 districts, 36 had ELRs that were available for NLP to assess. A joint West Northamptonshire ELR covering the districts of Northampton, Daventry and South Northamptonshire, undertaken by the West Northamptonshire Joint Strategy Unit, was almost complete, whilst neither East Lindsey nor South Holland had ELRs available for assessment.
- 3.3 Among the remaining districts, many had collaborated on joint ELRs at sub-regional level. These include:
- a **The Northern Sub-Region ELR** 2008 (covering Ashfield excluding Hucknall, Bassetlaw, Bolsover, Chesterfield, Mansfield, Newark and Sherwood, North East Derbyshire);
 - b **Nottingham City Region ELR** 2007, updated 2009 (Nottingham City, Broxtowe, Erewash, Gedling and Rushcliffe, plus the Hucknall wards in Ashfield District)
 - c **Derby City HMA ELR** 2008 (Derby City, Amber Valley and South Derbyshire);
 - d **Peak Sub-Region ELR** 2008 (Derbyshire Dales, Peak District National Park and High Peak);
 - e **Northamptonshire Strategic Employment Land Assessment (SELA)** 2009 (Corby, East Northamptonshire, Kettering, Wellingborough, South Northamptonshire, Northampton and Daventry);
 - f **Central Lincolnshire HMA ELR** (Lincoln, North Kesteven and West Lindsey) currently underway;
 - g **Leicester and Leicestershire HMA ELR** (for LSEP) 2008 (Blaby, Charnwood, Harborough, Hinckley and Bosworth, Leicester, Melton, North West Lincolnshire, Oadby and Wigston).

3.4

Correspondence with LPA policy officers indicated that separate district-based ELRs also form a key part of the economic LDF evidence base for 12 of the 36 districts covered by a sub-regional ELR (specifically Bassetlaw, Bolsover, Blaby, Charnwood, Harborough, Hinckley and Bosworth, Leicester, Melton, North West Leicestershire, Oadby and Wigston, East Northamptonshire and Wellingborough). Six districts - Boston, South Kesteven, Rutland, West Lindsey, Lincoln and North Kesteven - have stand-alone ELRs covering their own district only (although the latter three Lincolnshire districts will shortly benefit from the joint Central Lincolnshire HMA ELR which aims to ensure consistency across the studies) and two have no ELR of any kind. The majority of districts are therefore able to refer to both sub-regional and district-level studies to inform their LDF policies. This situation is summarised in Figure 3.1 below:

Figure 3.1 Current ELR Situation as at 1 July 2010



Source: NLP

3.5

Of the 25 ELR studies currently in use across the region, the great majority (23) were undertaken by a private sector planning consultancy; only two up-to-date studies were undertaken solely by public sector agencies (the West

Northamptonshire Joint Strategy Unit and Boston Borough Council). Most of the 23 studies undertaken by consultancies involved just four firms - BE Group (8 studies predominantly in Lincolnshire, Leicestershire and Derbyshire); NLP (5 studies); Roger Tym and Partners (4 studies); and WS Atkins (2 studies). This suggests that there should be a relatively high degree of consistency across the various methodologies, although approaches may have evolved over time.

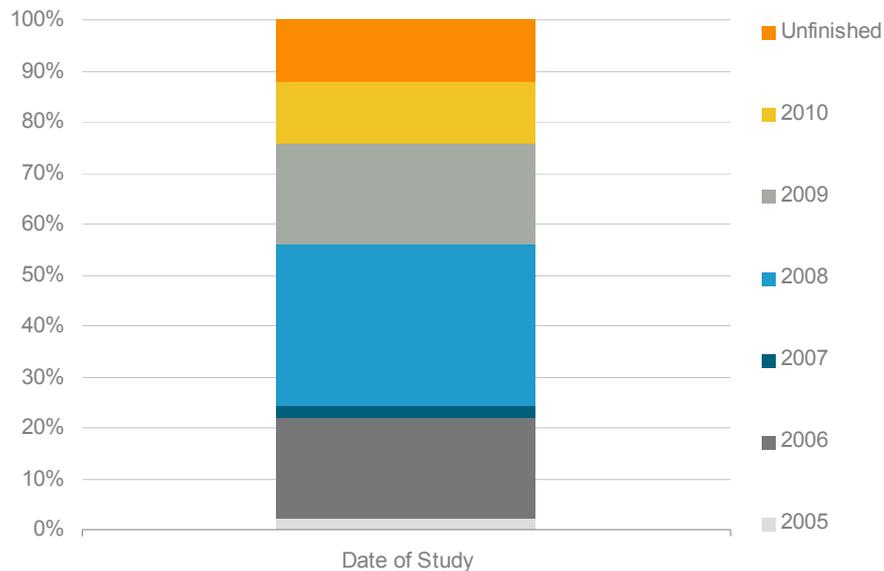
Consistencies and Inconsistencies

- 3.6 The 36 East Midlands districts with ELRs available for review employed a broadly similar methodology in appraising sites and forecasting demand requirements. The methodologies generally followed the 2004 ODPM Guidance as a base, and adapted it to suit the individual circumstances of each particular district. In general, 18 of the 36 districts undertaking quantitative modelling work (particularly if it was undertaken at sub-regional level) used Experian econometric forecasts, although a number used other labour demand models. Some also sought to incorporate other approaches, with 10 districts using projections based on past take-up rates.
- 3.7 Beyond this, there are some important areas where the approaches used differed across the studies and in some cases this could result in inconsistent outcomes. These are considered below under a number of headings.

1. Date of Study

- 3.8 As illustrated in Figure 3.2, 13 of the 36 districts have ELRs that were completed in 2009/2010, and are more likely to have factored in potential impacts of the recent recession, at least in part. Among the older ELRs, North West Leicestershire's ELR was completed in May 2005, although that district is also covered by the wider sub-regional Leicester and Leicestershire HMA ELR, completed in July 2008.
- 3.9 All of the 8 districts with an ELR undertaken in 2006 are also covered by wider sub-regional ELRs in Leicestershire and Northamptonshire. There is therefore quite high variation in the ages of the different ELRs, which affects both the approach used and the economic circumstances which they reflected. However, with the exception of East Lindsey and South Holland (which are not covered by any ELR, sub-regional or local), no district in the region is solely reliant upon an ELR published earlier than the Northern Sub-Region ELR and the Derby City HMA ELR (both March 2008). This factor should help reduce any inconsistency arising from differing timescales.

Figure 3.2 Date of ELR Completion by District



Source: NLP

2. Base date of demand projections

3.10 The ELRs mainly used employment forecasts as the basis for estimating future requirements for employment space. The base date of these forecasts varied considerably depending upon when the study was originally commissioned:

- 1 2 studies used a base date of 2001 (Charnwood and Wellingborough);
- 2 6 used a start date of 2003;
- 3 2 used 2004;
- 4 5 used 2005;
- 5 10 used 2006;
- 6 2 used 2007;
- 7 6 used 2008;
- 8 the most recent ELRs, for West Lindsey, Lincoln and North Kesteven, used 2009.

3.11 This means that most of the employment forecasts used to estimate employment space requirements were produced before the recent recession, which is likely to have major impacts on future job growth. It also indicates that the various studies did not use a consistent base for estimating future needs, with clear implications for any regional estimate.

3. Time Horizons

- 3.12 Most of the ELRs used a time horizon leading up to 2026 to conform to local Core Strategies; depending on the base date used, this generally resulted in anything from a 17 year to a 23 year time frame. However, two districts (both reliant on the SELA Northamptonshire study) used a time frame of 2008-31. At the other end of the scale, 10 districts have ELRs that provide demand forecasts only to 2016.
- 3.13 This variation may cause problems when trying to derive an overall picture of the regional employment land requirement over a consistent time frame and any district with land estimates only to 2016 will not be in accordance with the Core Strategy requirements. This is particularly problematic for districts reliant on the Nottingham City Region ELS and an update or roll-forward may be needed. In addition, the ELRs undertaken by many of the individual districts in Leicestershire also tend to provide forecasts only up to 2016, although these are supplemented by the sub-regional study which covers a period from 2007 to 2026.

4. Flexibility Factor

- 3.14 This relates to the additional margin or allowance that is often added to the initial estimate of future requirements for employment space in order to provide some flexibility to allow for forecasting error, developer choice, frictional vacancy, delays in sites coming forward etc. Again, the approach taken to this factor varied considerably. Whilst all but four of the 36 districts with ELRs made some allowance for this (exceptions being certain districts in Leicestershire and Northamptonshire), they used a wide range of figures and approaches:
- 10 ELRs added a margin equivalent to five years of past take-up;
 - 6 ELRs used two years of past take-up;
 - 5 ELRs used a “frictional” margin equivalent to 10% of the current floorspace stock for offices and 5% of the industrial stock (in the Nottingham City Region ELR);
 - 3 applied a 50% uplift on top of demand; 5 used 25%, 2 used 30%/33% and 1 used 15%.
- 3.15 There was clearly quite a wide variation here in the level of flexibility applied to the original estimates of future requirements. This could have the effect of exaggerating differences in requirements between different studies and clearly does not indicate a consistent basis for estimating requirements at regional level. While there may be arguments for different factors to reflect different local circumstances, reasons for using different margins were not always evident and a more consistent approach to applying any safety margin would be desirable.

5. Gross or Net Land Requirements

- 3.16 While employment land requirements are usually calculated as a net increase figure initially, for planning purposes, a gross amount is required for allocating land. Estimates based on job forecasts are a net amount, while the projection forward of past-take-up rates produces a gross figure. The gross amount is often calculated from the net figure by adding an allowance for replacements of future losses of employment land.
- 3.17 In this regard, 17 of the 36 districts with ELRs provided a gross land requirement, generally (although not always) on the basis of projecting forward past take-up rates. A simple worked example is shown below:

Worked Example:

Derby City Council and Partners ELR (March 2008), BE Group

Calculating Gross Employment Land Requirements

For each of the three districts covered by the ELR (specifically Derby, Amber Valley and South Derbyshire - the Derby HMA), BE Group calculated the annual average gross employment land take-up over the last decade or so at 14.64 ha/year for the HMA in total. This was projected forward 20 years to identify an initial requirement of 292.8 ha.

This method looks at the Derby HMA historically. However, BE Group recognised that there was a need to provide a range and choice as well as 'room-to-manoeuve', hence it was recommended that the Derby HMA maintain a buffer zone of at least five years historic land take-up.

Therefore projecting forward 14.64 ha/year and adding in a 5 year buffer (equal to 73.2 ha) to allow for a margin of choice meant the Derby HMA would need 366 ha of land to 2026.

- 3.18 Five of the ELRs appear to indicate that the requirements are gross, although closer inspection indicates that they are actually net figures. Several of the ELRs in Leicestershire appear to provide a mixture of net and gross forecasts without distinguishing between them. Ten ELRs only provided a net requirement (generally based on the projected change in employment forecasts), which could provide problems in defining adequate employment site allocations required in DPDs. In particular, the five districts reliant upon the Nottingham City Region ELR have no individual demand projections, net or gross, with the study concluding that the districts should jointly apportion the sub-regional figure between themselves. There is clearly a degree of inconsistency between ELRs in this regard, which will be important to address in order to provide a robust regional estimate of future land needs and/or for allowing reasonable comparison for sub-regional planning.
- 3.19 An example of how net employment land requirements are estimated from employment forecasts is shown below.

Worked Example:**Melton Borough Council Employment Land Study Update Note (August 2007), Roger Tym and Partners with Innes England***Calculating Net Employment Land Forecasts*

The study took the employment change for Melton for the years 2003-26 (based on Experian's model) and distributed jobs into types of business space on the basis of a set of standard assumptions (i.e. jobs in the Financial and Business Sectors are likely to be office-based, whilst jobs in manufacturing are more likely to be based in industrial factory units).

To translate the employment forecasts into demand for space, RTP applied standard employment densities per head (i.e. Offices = 18 sq m per worker; Industrial and warehousing = 31 sq m per worker). A plot ratio of 40% was applied (i.e. 4,000sqm of built space per hectare) to translate floorspace into land.

A frictional margin based upon 2 years of past take-up was then applied to both office and industrial/warehousing (the latter equal to 8.3ha), i.e.:

- Total industrial/warehousing jobs 2003 = 7,630
- Total industrial/warehousing jobs 2026 = 6,455
- Difference = -1,175
- $1,175 \times 31 = 36,463$ sq m (error due to rounding)
- $(36,463/10,000)/40\% = -9.1$ ha
- **-9.1 + 8.3 = -0.8 ha net**

Therefore the ELPS compliant demand forecasting scenario resulted in a net requirement for -0.8 ha of B2/B8 employment land in Melton to 2026. An alternative scenario was also modelled, based on applying a linear trend to the past data from 1995-2003, which increased the net requirements to +16 ha to 2026.

6. Assumptions on Job/Floorspace densities and plot ratios

3.20

Different ratios for jobs/floorspace and plot size are typically applied within an ELR to translate job forecasts into floorspace and land requirements. Whilst many districts (19 out of 36) use the factors for B1, B2 and B8 uses set out in the 2004 ODPM Guidance and the English Partnership's guidance note,³ 11 used job/floorspace ratios from a 1997 SERPLAN study, which are broadly similar to the 2004 Guidance.⁴ Five further ELRs adopted the job/floorspace

³ English Partnerships (2001): Employment Densities: A Full Guide

⁴ Roger Tym and Partners (1997): *The Use of Business Space: Employment Densities and Working Practices in South East England*

ratios informing the East Midlands Regional Employment Land Provision Statement, which also used the ratios recommended in the 1997 SERPLAN study. One ELR did not make clear what factors or sources were used. In general, however, it is considered that the plot ratios and employment densities used across the region are reasonably consistent.

7. Future needs indicated as land or floorspace

- 3.21 Outputs were generally provided as amounts of employment land required (23 of the 36), with a further 10 ELRs providing estimated requirements for both land and floorspace. Just two districts' ELRs provided requirements as floorspace only (Corby and Kettering), whilst the Melton ELR provided a land requirement for industrial/warehousing and a floorspace requirement for office space, due to the potential for office plot ratios to vary greatly with the type and location of development. In general, the provision of employment land forecasts is often preferable from an LPA plan-making perspective, although it is recognised that from a commercial agent's viewpoint, the provision of office floorspace forecasts can be more informative and helpful when dealing with mixed use schemes. This could suggest a need for greater consistency and a common approach to obtain a regional estimate of employment space requirements.

8. Identification of new sites

- 3.22 Stage 3 of the 2004 ODPM guidance on ELRs was concerned with identifying and assessing potential new sites to meet future requirements. This is a general area of concern regarding ELRs in the East Midlands. Whilst 12 of the 36 districts provided reasonably clear advice in their ELRs regarding the location of new sites, a further 14 only indicated broad areas of search, with no specific sites identified. This was particularly true for the districts relying on the Nottingham City Region ELR. Ten further ELRs did not identify any new sites or broad areas of search - this would be a particularly important omission for those districts where the ELR acknowledged the need for more land over the LDF period.
- 3.23 In some cases, the brief for an ELR specifically did not require new sites to be identified. This may be because the LPA wished to identify new sites itself or through a 'Call for Sites' process, which will identify landowner interest in development. Sometimes ELRs are undertaken in separate stages, with new site identification following later. While it is clear that the East Midlands ELRs did not follow a consistent approach to this element, this may not necessarily be a deficiency but a local choice. Nevertheless, it makes it more difficult to obtain a clear picture of potential future provision.

9. Obtaining Commercial Market Views

- 3.24 The 2004 ODPM guidance on ELRs requires an understanding of the local commercial property market and different market segments within it. Commercial views appear to have been addressed in a consistent manner for

virtually all of the ELRs reviewed here. In particular, 24 of the 36 districts had a commercial agent as part of the private sector team undertaking the ELR, whilst a further 11 districts specified that consultation with local agents/developers had been a key element of the study, an approach which can help deliver a wider range of market perspectives than might be secured through a single commercial agent. It is not always clear from the ELR studies' text, however, how this consultation was carried out, in what depth and who was involved.

3.25 For example, the Rutland Employment Land Assessment makes a brief reference to the fact that some consultation took place over the course of the study, but there is no reference to which stakeholders were contacted or how the process was undertaken. It is also unclear from the Assessment whether Rutland consulted with commercial agents as part of their study. Discussions with the Officer in charge subsequently indicated that although the Council had attempted to engage with stakeholders through organising a workshop and call for sites exercise, the turnout/response was very poor and hence was not recorded in the Assessment.

3.26 However, while the degree of investigation of market issues may have varied, there appears to have been a reasonable level of consistency in taking at least some account of this factor in ELRs.

Conclusions

3.27 Based on the initial review above, there are quite substantial variations in how the various East Midlands ELRs were prepared, particularly with regard to the estimating approaches used, the base dates of forecasts, the time horizons covered, the allowance of a safety margin and expressing future space requirements in gross or net terms. This could make it difficult to ensure a consistent basis for assessing future employment needs for the region (either as a whole or at a sub-regional level) without updating some studies. In addition, a sizeable number of the ELRs were prepared prior to the recent recession, and this does not necessarily provide a robust basis for understanding future employment space requirements in the region.

3.28 There are also significant areas of consistency. All ELRs had commercial market inputs to some degree and used job/floorspace ratios and plot ratios that were not dissimilar. While there were also considerable differences between ELRs regarding whether new sites were identified or not, this may reflect local circumstances and can be dealt with at a later stage in the planning process.

3.29 Overall, the review suggests current ELRs would not provide a consistent and robust picture of future requirements for employment land across the region without further updating or additional work.

4.0

Results of the ELR Audit

Introduction

4.1

This section details the initial results of the qualitative assessment of the various ELRs underpinning the 41 East Midlands districts. It assesses the ELR evidence base against a variety of appraisal criteria under three main categories:

- **Compliance with 2004 ODPM Guidance:** analysing the extent to which the ELR has been undertaken in accordance with the 2004 ODPM Guidelines on the subject, with specific reference to the approach taken to demand forecasting, consultation and site appraisal;
- **Additional PPS4/Post Recession Factors:** analysing whether ELRs have taken a sufficiently robust approach that can accommodate the effects of the recession and the new requirements of PPS4 (which include the sequential approach to identifying potential office sites; the identification of economic strengths/weaknesses of an area; and assessing the job potential and needs of non-B-Class uses); and
- **Strategic Coherence/Fit:** the extent to which ELRs have taken into account development in adjoining districts and are in accordance with strategic/sub-regional targets and economic aspirations.

4.2

Each study has been given a 'health check' against these three categories, with each study's robustness assessed against the appraisal criteria using six broad ratings:

-  1 out of date/not covered in the ELR
-  2 minimal reference, with substantial deficiencies
-  3 covered, but only to a limited degree - likely to require updating
-  4 covered in some detail, although some modest omissions
-  5 up-to-date and addressed in full - no amendments required.
-  6 ELR incomplete/unavailable.

4.3

The analysis below provides an assessment of the ELR evidence base available to the East Midlands districts against the detailed criteria in the three main categories. It should be noted that individual ELRs have been appraised rather than a district's entire economic evidence base. Hence where an ELR has been found deficient in a particular category and rates poorly as a result, if this

failing has subsequently been addressed in an additional piece of work supporting the LDF, this has been made clear in the comments.

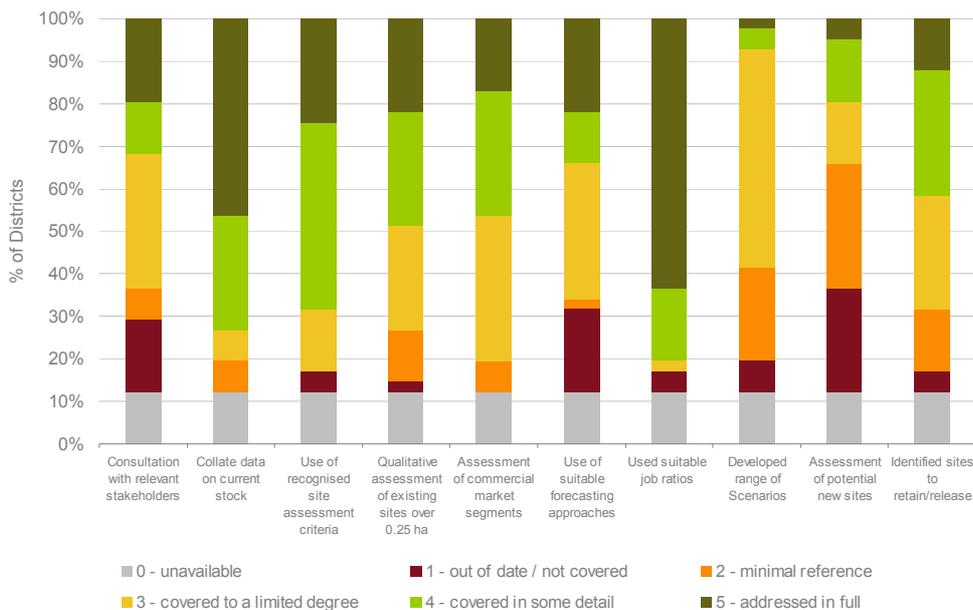
Compliance with ODPM Guidance

4.4 Overall, across the region, there was a fairly mixed level of compliance with the 2004 ODPM Guidance that applied at the time these ELRs were prepared. Section 3.0 indicates that there were some factors that were dealt with adequately or well, such as a consistent approach to site assessment; assumptions on job/floorspace ratios and plot ratios; consultation; and obtaining commercial market views.

4.5 However, factors that were not always well dealt with across a significant number of ELRs - to the extent that it might be a concern at regional level - include not considering several scenarios of future economic growth/demand with appropriate sensitivity testing; and failing to use a range of complementary approaches to obtain a robust picture of future requirements. There was a particular issue regarding the failure of the Nottingham City Region ELR to provide a district-level breakdown of land requirements. It is also apparent from Figure 4.1 below that few ELRs appraised a range of potential sites (although there was a divergence of views between LPAs as to whether this was a role for the ELR or the LDF process). It should be noted that the approach does not take account of factors that may have been relevant to authorities or their appointed consultants in adopting particular approaches at the time the relevant study was carried out.

4.6 Overall, performance against the ten appraisal categories is summarised in Figure 4.1 below and considered in further detail below.

Figure 4.1 Compliance with ODPM Guidance



Source: NLP

Consultation with Relevant Stakeholders

- 4.7 The 2004 ODPM Guidance places significant emphasis on consultation and partnership with wider interest groups, including engagement with the business sector through mechanisms such as surveys, forums and partnerships. In general, the ELRs rated relatively highly on this factor, with Figure 4.1 indicating that ELRs relating to 26 districts (63% of the total) scored a '3' (covered to limited degree) or better. In particular, a number of the Leicestershire authorities, such as Blaby and Leicester City, achieved the highest ranking due to their comprehensive approach to stakeholder inclusion, which included convening stakeholder workshops and the dissemination of Business Surveys to local companies. Some performed less well with a lower level of consultation evident; examples included the Nottingham City Region ELS, which exhibited minimal evidence of consultation with key stakeholders and other local agents as part of the study; and Rutland's ELR. This latter study contains no indication of which stakeholders were consulted; how their views were incorporated into the report; and whether relevant commercial agents or developers were contacted over the course of the study. It may be that appropriate consultation was carried out but this is not evident from the documentation.

Collate Data on Current Stock

- 4.8 In Stage 1 of the ODPM Guidance, the principal information to be collated relates to the overall stock of employment land and take-up of employment sites and premises. As this is something that LPAs are required to do as part of their Annual Monitoring Reports, it is unsurprising that the majority of ELRs covered this element well. Some 19 of the 36 districts achieved the highest ranking, with a further 11 achieving the second highest ranking. The ELRs in Derbyshire and the Nottinghamshire City Region scored particularly highly. However, certain districts in Northamptonshire lacked analysis on the age of stock of employment space or vacancy rates. Overall, however, the studies were generally sound on this factor.

Use of Recognised Site Assessment Criteria

- 4.9 The ODPM Guidance states that the appraisal of individual sites should be broadly based on three groups of criteria - market attractiveness, sustainable development and strategic planning factors - and a number of specific criteria were identified. Virtually all the ELRs based their appraisal criteria on the factors identified in the Guidance. Only two Leicestershire authorities appear to have used assessment criteria that are substantively less comprehensive than that advocated by the Guidance. This audit, however, indicates a reasonably consistent and comprehensive approach to assessing the current supply of employment land across the region.

Qualitative Assessment of Existing Sites over 0.25 ha

- 4.10 Although no specific site size threshold is required by the ODPM Guidance, it states that most authorities will choose to focus their Stage 1 appraisal on

allocated sites of 0.25 ha and above, which remain wholly or partly undeveloped. The majority of ELRs used this notional threshold and appraised all sites above this size. Two ELRs did not follow this approach but for understandable reasons. The Bassetlaw ELR appraised very few existing sites as its main purpose was to identify potential new locations and its existing sites had been assessed to some extent in an earlier sub-regional study. Similarly, the Wellingborough ELR did not assess the existing portfolio of land as its purpose was to identify potential new sites - both existing and potential sites were assessed in the SELA study.

Assessment of Commercial Market Segments and Gaps identified

- 4.11 The ODPM Guidance states that, although LPAs are required to consider the particular characteristics of their own areas, there are certain property market segments which exist in all areas and others which may be present. These should be considered by ELRs. This was another area that was relatively well covered in the East Midlands ELRs, with a number of districts in Derbyshire, Boston, South Kesteven and Bassetlaw performing particularly well because of their comprehensive and inclusive approach to engaging with business groups, commercial agents, landowners and private developers, which helped to provide a detailed appreciation of gaps in the commercial property market. However, three districts in Leicestershire and Northamptonshire had a relatively weak evidence base in this regard, with little commentary regarding particular sectoral gaps in the market and no settlement-specific commentary.
- 4.12 Where market conditions and gaps have not been properly considered, it may affect the robustness of the estimates of types and amounts of employment space that the local area needs and can sustain. As the factor was dealt with reasonably well by most ELRs, it is probably not a major deficiency at regional level, but may be a factor in particular localities.

Use of Complementary Suitable Forecasting approaches

- 4.13 The ODPM Guidance identifies three broad methodologies for estimating future requirements - labour demand techniques (job forecasts), labour supply projections, and trends based on past take-up of employment land. Most of the ELRs analysed used a good breadth of techniques to forecast demand, although in general there was a reliance (particularly in the district-based studies) on using past take-up. The sub-regional studies were more inclined to use econometric modelling projections. In total, virtually all of the ELRs used a variety of demand forecasting techniques to a greater or lesser degree. There are exceptions however; the Nottingham City Region ELS focussed almost entirely on an Experian econometric modelling approach, with limited use of take-up rates as a comparator and no reference to labour supply growth. The North West Leicestershire ELR also focused on labour demand forecasts to project the future requirement for employment land (although it should be noted that this ELR is supplemented by the Leicestershire HMA study, which considers labour supply forecasts as well as past take-up rates in estimating demand). The other ELRs that scored less well in this regard were those

undertaken for Wellingborough and Bassetlaw, although as these were both reliant on earlier sub-regional studies with a more comprehensive range of their land projections, this is not considered to be problematic. Indeed, the Bassetlaw ELR was specifically required to use earlier sub-regional forecasts rather than develop new ones.

Use of Suitable Ratios to Translate Job Forecasts to Land Requirements

- 4.14 The ODPM guidance provides information on the mechanics of translating employment and output forecasts into floorspace or land requirements by using average job/floorspace ratios and plot ratios. Whilst there is some research to support using the Guidance's 'rules of thumb', these may not always match local circumstances, providing scope to use other sources when deriving employment densities and plot ratios. However, most of the ELRs appraised used either the ODPM Guidance factors or sources referenced by the Guidance, such as the English Partnership guidelines. Figure 4.1 indicates very good performance levels on this factor across the range of ELRs. The Boston and Wellingborough ELRs did not follow any of these sources but, as they made limited use of job forecasts to estimate future requirements, this is not considered to be an issue.
- 4.15 This indicates a reasonably consistent approach across the region to estimating future employment space requirements, although this will not necessarily be the case when these requirements were estimated using approaches other than job forecasts.

Developed a Range of Scenarios with Sensitivity Testing

- 4.16 Step 10 of the ODPM Guidance requires ELRs to undertake scenario testing as part of the demand forecasting element of the work. This reflects the importance of considering a range of potential future situations in terms of local economic growth and demand, for example lower and higher growth futures. Sensitivity testing examines the impact on estimated future requirements of using different assumptions for various factors.
- 4.17 In general, the analysis of a range of scenarios, and particularly sensitivity testing, is an area of weakness for the region's ELRs. Few demonstrated a sufficiently wide range of scenarios (including planning for low growth – as discussed below) to cover all likely eventualities, whilst even fewer applied sufficiently robust sensitivity testing to the results. Most of the studies did develop a basic range of scenarios, although the Nottingham City Region only modelled one - the ELPS 'Plus' scenario - as a comparator to the baseline ELPS scenario.
- 4.18 As can be seen in Figure 4.1, the vast majority of ELRs therefore did not rate higher than '3' (covered to limited degree). There is no indication that the Derby HMA ELR relating to three LPAs undertook any sensitivity testing with respect to forecasting approaches. The Guidance notes that scenarios need to be derived from a consistent and logical analysis of the relationships between

key variables, and the Northamptonshire CoPELA 2003 study is identified as a Good Practice Example in this regard. It is perhaps unsurprising, therefore, that a number of the Northamptonshire ELRs which built upon this work scored relatively well in this regard. The SELA study, which informs Northamptonshire districts such as Kettering, made adjustments to the scenarios to take account of lower employment in 2009 (to reflect the recession), whilst the potential impact of a lower proportion of strategic distribution uses and greater degree of local distribution was also examined.

- 4.19 The implication of this is that many of the region's ELRs may reflect a more optimistic economic future and assumptions than are now probable after recession and may be less robust as a result. This does not, therefore, provide a good and consistent basis for estimating requirements at a regional level.

Identification and Assessment of Potential New Sites

- 4.20 Step 13 of the ODPM Guidance identifies the approach to take in identifying and appraising additional employment sites to meet future needs. The Guidance encourages the practice of 'front loading' in policy development, where developers and landowners are invited to bring forward site-specific proposals. However, as can be seen from Figure 4.1, this element of the Guidance was relatively poorly addressed by ELRs in the region. Whilst for many districts there was no need to identify new sites (or it was outwith the scope of the brief, i.e. Derby City HMA), there are certain districts where a 'need' for new sites was identified, yet no specific amounts of new land are recommended for allocation. Some ELRs restrict themselves to identifying broad areas of search (Melton, Blaby), whilst there are few examples where a formal 'call for sites' exercise was undertaken (e.g. Northamptonshire Strategic Employment Land Assessment).
- 4.21 As noted earlier, ELRs may not have identified new sites for various reasons – e.g. because the brief did not seek this; because LPAs wanted to identify sites themselves; or because the aim was to identify new sites at a later stage via a different process.
- 4.22 The fact that some ELRs did not undertake this task may not necessarily be a major problem if the issue was dealt with in another study or in a different way. It will not necessarily be essential for all LPAs to identify new sites using the same process, although this may make it harder to identify potential future employment land supply across the region on a consistent basis.

Identify Sites to Retained/Released

- 4.23 This task involved identifying lower quality sites that were unsuitable to meet future needs and could be released to other uses or de-allocated. Step 12 of the ODPM Guidance recognises that the evaluation of the employment site portfolio is a mixture of judgement and objective assessment, and that an iterative approach should be pursued by LPAs in comparing sites with each other as well as applying absolute criteria. Some LPAs took the view that ELRs

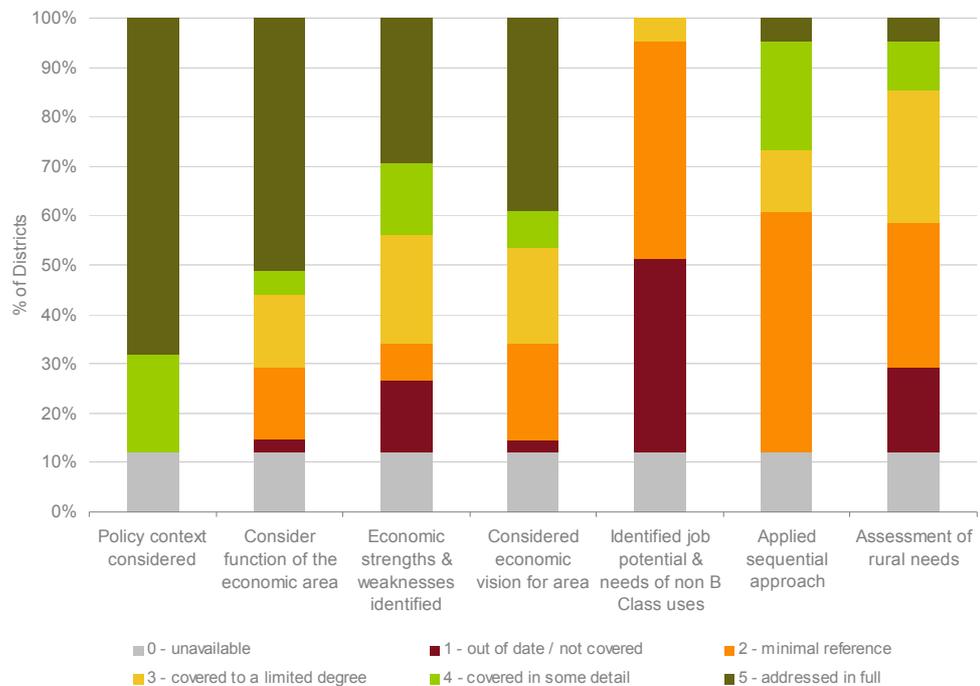
should not recommend or identify sites for such release as this is a decision for the LPA; their view was that an ELR should do no more than identify the poorer quality sites for further consideration by the LPA.

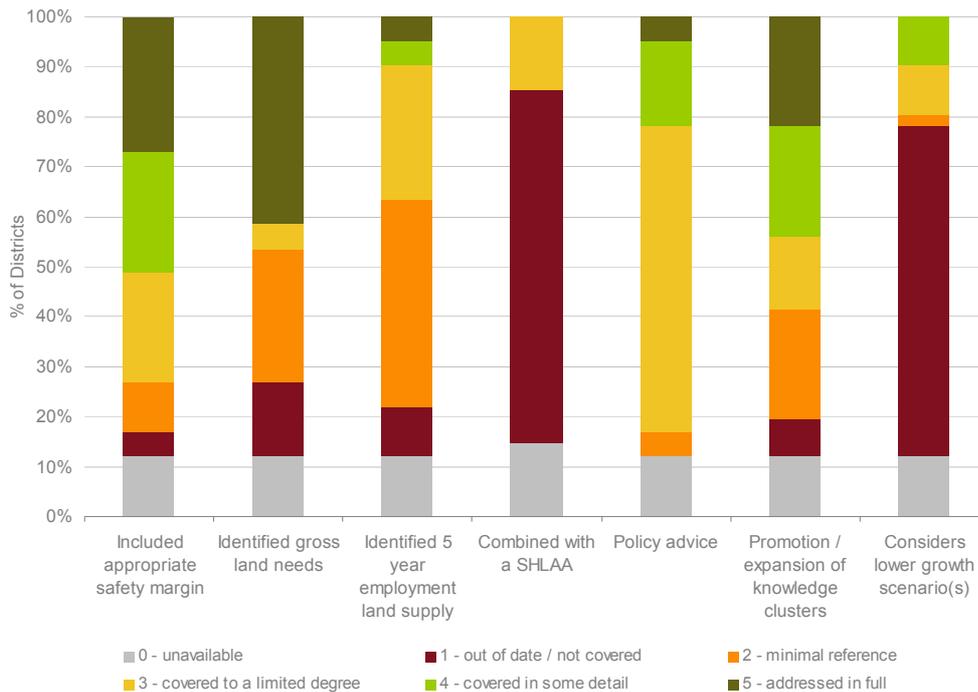
4.24 In general, this key element of the ELR was treated adequately by most districts. However, certain studies, such as the Peak District Sub-regional ELR, did not make specific recommendations in this regard, leaving it to the relevant LPA to de-allocate/retain sites through the formal LDF process. The fact that different approaches were taken by different ELRs to site release may not necessarily be a problem, and this is perhaps an issue that needs to be considered by the LPA after being informed by the ELR. It may be an issue for the region, however, if some LPAs do not release poorer land despite a large oversupply relative to demand and if this leads to a large build up of poorer quality sites across the East Midlands.

Additional PPS4/Post Recession Factors

4.25 Not unexpectedly, the ELRs were much less compliant with the aims of PPS4, which post-dated them. This issue will need to be dealt with through updates or supplements to the studies. As illustrated in the two graphs comprising Figure 4.2, the main areas to be covered include: the needs of non B-class uses; the rigorous application of the sequential test to office sites; the assessment of rural needs; the integration of ELRs with relevant studies (particularly SHLAAs); the consideration of a lower growth, post recession scenario; and the identification of a 5-year employment land supply.

Figure 4.2 Additional PPS4/Post Recession Factors





Source: NLP

Policy Context Considered

4.26 All of the ELRs scored highly in this category, providing succinct and relevant policy analysis based on the relevant Development Plan for their spatial area. In addition, compliance with planning policy was almost invariably used as an appraisal criterion in the employment site analysis.

Considers Functional Economic area/Strategic Context

4.27 Again, the majority of the ELRs performed reasonably well on this factor, identifying the functional economic area affecting the commercial property market. It is clear that many LPAs consulted with the relevant economic development officer at the Council to form conclusions in this regard. There are exceptions, however; for example, Travel to Work Areas have generally not been considered.

Economic Strengths & Weaknesses of Area Identified

4.28 The majority of ELRs in the region considered the economic strengths and weaknesses of their area, and used this to set the context for planning for employment land. In particular, a number of the ELRs for Leicestershire authorities could be viewed as best practice, undertaking comprehensive SWOT analyses. The most notable omission is perhaps the Northern Sub-Regional ELR, relating to a number of authorities in Nottinghamshire and Derbyshire, which did not provide an economic SWOT analysis.

Considers Economic Vision for Area

- 4.29 In general, a relatively high proportion of ELRs excelled against this criterion, with 16 districts' ELRs providing a detailed assessment of their future economic role, with many studies underpinning this work through a detailed consideration of sectors likely to drive future demand. Some of the Northamptonshire districts performed less well, however, with no evidence to suggest that certain ELRs had considered an economic vision for the area they covered.
- 4.30 If this task is not included, the study risks being based largely on economic forecasts and statistical trends rather than on a detailed consideration of what might drive economic growth in future, and therefore what amounts and types of employment land might be needed to support such growth.

Identifies Job Potential & Needs of non B Class uses

- 4.31 PPS4 broadens the definition of what constitutes 'economic development' beyond the traditional B Class uses which ELRs traditionally focussed upon. The definition is widened to include any development which provides employment, generates wealth and/or economic growth. Hence the inclusion of a wide variety of other employment uses, such as waste management, health, education and leisure, may be required in future ELRs. The vast majority of ELRs undertaken in the East Midlands to date were completed before PPS4 was published and hence (as can be seen from Figure 4.2) the majority of studies concentrated on the B-class uses alone. Around half of the districts are likely to be reliant on ELRs that do not address this issue at all, and there are concerns that the 'proper' spatial planning of these other economic uses has not been adequately addressed. This will be a key area for updating or supplementing ELRs in future.

Applies Sequential Approach for B1 Office Development sites

- 4.32 PPS4 states that sites for main town centre uses (which include B1a offices) should be identified through a sequential approach to site selection. Whilst a number of ELRs have included the sequential test as an appraisal criterion, 20 districts did not apply the test to its fullest extent. Some districts appear to consider allocating out-of-centre business parks in preference to more central, brownfield locations. The associated PPS4 Practice Guide recognises that out-of-town business parks beside a trunk road can serve very different (and specialised) market requirements to town centre offices, and in some areas it may be legitimate to consider such development to attract investment. While there is a risk in taking forward some of the out-of-centre sites into an LDF DPD without further work to underpin the allocation, it will be for the LPA to decide whether to progress any such options after considering sequential and other factors. It will therefore be important for ELRs to identify the sequential status of sites but not necessarily exclude them as an option purely on that basis.

Assessment of Rural Needs

- 4.33 PPS4 states that LPAs should seek to remedy any deficiencies in local facilities to serve day-to-day needs in rural areas and help address social exclusion, and that the rural economy is to be considered along with the urban economy. Given the highly rural nature of much of the East Midlands region, this might be expected to have been an issue that was one of the priorities for any ELR, even before PPS4. However, many of the ELRs rated poorly in this category, with the Nottingham City Region ELR study in particular scoring poorly due to its predominant focus on the urban area of Nottingham rather than the needs of surrounding villages. Rural issues also lack detailed consideration in some of the sub-regional ELRs, particularly in Derbyshire and several of the Leicestershire ELRs. Conversely, the Hinckley and Bosworth ELR is a very good example, providing details of the level of land required for all key rural service centres in the District.

Includes Appropriate Safety Margin

- 4.34 As noted in Section 3.0, the application of a safety margin to estimated land requirements varied considerably across the region. Whilst most of the ELRs applied some degree of margin of choice, four Leicestershire/Northamptonshire Districts did not. Three used a relatively high level, up to a 50% uplift on the initial estimate of demand, which the ELRs felt could be justified by the high level of demand and similar approaches used elsewhere in the region in the recent past (i.e. the 2003 Northamptonshire CoPELA study).
- 4.35 This does not provide a consistent approach to estimating future employment land requirements in the region and may lead to overstating demand. This is an area where clear, consistent guidance is needed.

Identifies Gross Land Needs

- 4.36 Again, as noted in Section 3.0, only 17 of the 36 districts with ELRs provided a clear gross employment land forecast, generally (although not in every case) on the basis of projecting forward past take-up rates. In particular, the five districts covered by the Nottingham City Region ELR have no individual demand projections, net or gross, with this study concluding that the districts should discuss apportioning the gross sub-regional figure between themselves.
- 4.37 The lack of gross land requirement estimates in a significant number of ELRs may make it difficult to provide a consistent and robust assessment of needs for the region as a whole.

Identifies 5 year Employment Land Supply

- 4.38 PPS4 states that, having identified sites for development, LPAs should allocate sufficient sites in DPDs to meet at least the first five years of identified need. The majority of ELRs provide an overall land requirement to cover the Plan period, but this tends not to have been broken down into five year intervals. The studies then focus upon identifying a portfolio of land to meet this overall need

and hence there is no consideration of which sites can actually meet the first five year requirement. Very few studies actually addressed this issue although it was introduced well after the ELRs were prepared.

- 4.39 Whilst this may not be problematic for those districts with a substantial over supply of land, in districts with a tight land supply and infrastructure difficulties, the lack of short term availability of suitable sites could be problematic and may require cross-boundary co-operation to overcome.

Undertaken at the same time as, or combined with, a SHLAA

- 4.40 PPS4 states that, where possible, any reviews of land available for economic development should be undertaken at the same time as, or combined with, SHLAAs. It is apparent from Figure 4.2 that virtually all of the ELRs were undertaken in isolation, with only Corby, Hinckley and Bosworth, Lincoln, North Kesteven, Gedling and Rutland ELRs being undertaken at approximately the same time as their SHLAA work. It is our understanding that no comprehensive joint ELRs/SHLAAs were undertaken. This reflects the fact that most of the ELRs were completed before PPS4 was published, although this would not necessarily have precluded LPAs taking a more integrated approach. Whilst a more integrated, joined-up approach to the evidence base may be preferable in future, and would ensure the better use of land, it is unlikely that a failure to undertake studies concurrently would greatly affect the robustness of individual ELRs.

Provides Policy Advice

- 4.41 In general, the majority of ELRs provided at least some advice capable of directly informing policies within districts' emerging LDFs. Whilst most of the ELRs provided clarity on the composition of the future portfolio of land to be taken forward in the LDF (including the retention and release of existing allocations and, in many cases, new sites), the ELR for Harborough in particular went a step further and provided advice regarding the wording of new LDF policies to address a range of issues including the provision of start units and the renewal of existing employment sites. Certain ELRs, such as for the Derby City HMA, specifically avoided making recommendations on sites to be retained/de-allocated, as the LPAs involved were of the view that this should be a matter for the Site Allocations DPD.
- 4.42 This was not a requirement before PPS4 and, where it was included in ELRs, in many cases this reflected a specific requirement of the study brief. It is an area which any updates to ELRs could address but should probably reflect the specific requirements of LPAs.

Considers Promotion and Expansion of Clusters or Networks of Knowledge driven or High Technology Industries

- 4.43 PPS4 now requires LPAs to plan positively for the location, promotion and expansion of clusters or networks of knowledge-driven or high technology

studies. In general, the ELRs performed well in this regard, even though it was not a specific requirement of the Guidance that applied at the time (although it could have been considered as a specific market segment). Some elements of good practice were identified in this regard in many of the Leicestershire authorities and the Nottingham City Region ELR, with the latter in particular providing a detailed discussion of knowledge based sectors and their potential contribution to the Nottingham City Region's economy.

- 4.44 Specific consideration of this important growth sector would be important to include within any updating of ELRs to ensure this issue is considered consistently and in a joined-up way at regional level.

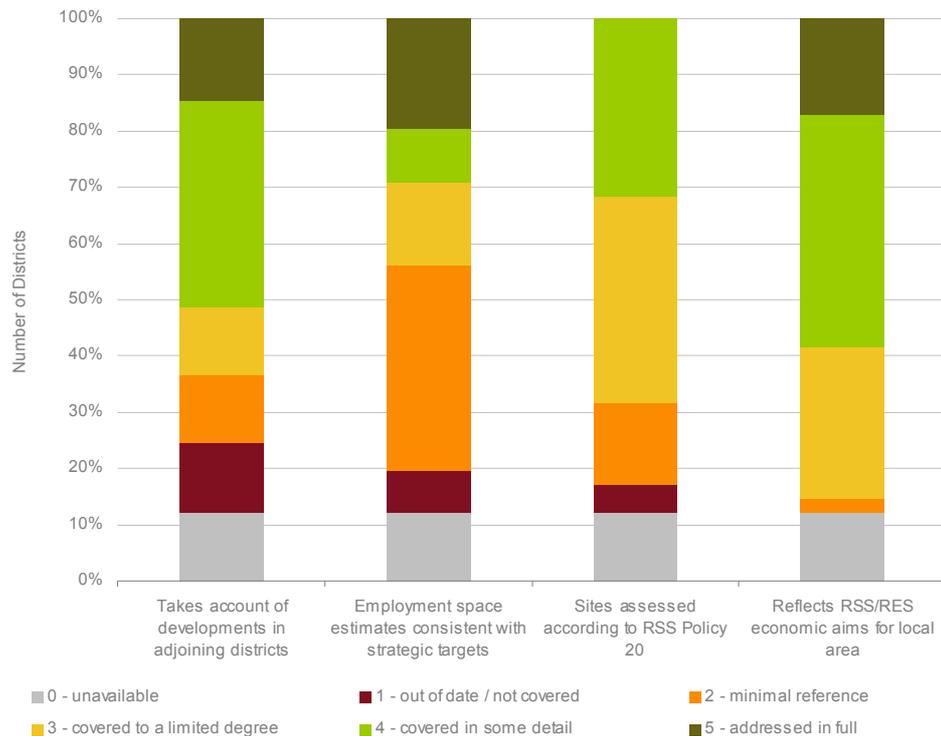
Considers Post-Recession Lower Growth Scenario(s)

- 4.45 A credit crunch in the financial markets triggered a recession in the second quarter of 2008 and subsequently became the longest continuous post-war period of economic decline. Prior to this, the UK economy had experienced an unprecedented and sustained 15 year period of consumer spending growth. Few predicted the economic downturn and most forecasts of expenditure and job growth were based on past trends of growth, which are now seen to be too optimistic in the short to medium term. As noted in Section 3.0, whilst the majority of studies were completed before the full effects of the recession could have been envisaged, 13 of the 36 districts have ELRs that were completed in 2009/2010, and might have been expected to have factored in the potential impacts of the recession, at least in part. However, it is clear that many of the ELRs have planned for growth to return to 'business as usual' in years to come over a lengthy planning period. In many cases, LPAs deliberately planned for a relatively optimistic level of growth, often for aspirational reasons.
- 4.46 This is clearly an important factor and any deficiencies in it could lead to overestimates of employment space requirements at regional level. This would also be an important area to be dealt with in any updating of ELRs.

Strategic Coherence/Fit

- 4.47 This section considers the extent to which the ELRs took account of and reflected strategic economic factors. In general, and as can be seen in Figure 4.3, strategic coherence/fit was adequately addressed by most of the studies, particularly the sub-regional studies in Nottinghamshire and Derbyshire.

Figure 4.3 Strategic Coherence / Fit



Source: NLP

Takes Account of Developments in Adjoining Districts

4.48 This factor reflects the need for a joined-up approach in planning for employment land, particularly for city regions, and explains the number of sub-regional ELRs. Indeed, the vast majority of districts in the East Midlands outside Lincolnshire are covered by a sub-regional ELR, hence there is generally a good appreciation of developments in adjoining districts that has helped influence recommendations regarding the supply of, and demand for, employment land. In the Derby City HMA, for example, the over-supply of land in Derby City and Amber Valley is counter-balanced by an under-supply in South Derbyshire, with LPAs working together to ensure cross-boundary provision.

4.49 For this reason, this factor was dealt with reasonably across many ELRs. However, there were 10 ELRs that made little or no reference to developments in nearby districts. This could result in an over-supply of land across the region as a result of local policy, political aims or overly optimistic demand forecasts taken in isolation, with adjoining districts effectively chasing the same development opportunities and over-providing land.

Employment Space Estimates consistent with Strategic/Sub-regional targets

4.50 As noted above, for the majority of districts in the East Midlands outside Lincolnshire, the presence of joint ELRs ensures (to an extent) a general

consistency with sub-regional targets. Although there are no specific 'targets' for employment land provision set in the East Midlands RS, various employment land studies have been undertaken with a regional overview. Although most of these have limited relevance today due to the impacts of the recession, PPS4 and the new Coalition Government's localism agenda, it is useful to test whether land requirements identified for each LPA are at odds with conclusions of regional studies such as the 2006 East Midlands Land Provision Study (EMLPS), which identified a substantial over-supply of land that could last for more than 150 years based on past take-up rates. In this regard, the EMLPS identified a net land need of -10 ha across the Derby HMA for the period 2003-26; however, the ELR for the sub-region projects a gross land need of 366 ha for the HMA area.

- 4.51 Without a specific land target or requirement to do so, it is probably unrealistic to expect individual ELR employment space requirements to closely match strategic employment land requirements covering the whole of the region, such as the forecasts articulated in the RELPS work. Nevertheless, this should be an important consideration in any updating work.

Extent to which ELR assessed sites on the basis of RS Policy 20 - Regional Priorities for Employment Land

- 4.52 Unlike some other Regional Strategies, the now revoked East Midlands RS (March 2009) did not identify a specific employment land requirement for individual districts. Instead, Policy 20 provided a set of criteria by which a range of sites can be allocated in sustainable locations. These criteria include the need to be responsive to market requirements; to encourage the development of priority sectors identified in the RES; and to assist the development of sites in the Priority Areas for Regeneration. Whilst the majority of ELRs were undertaken before March 2009 and hence could not realistically take account of this Policy in the site identification and appraisal process, certain broad regional priorities identified by Policy 20, such as improving the regeneration of urban areas and promoting rural diversification, are addressed at least in part.

Reflects RS/RES Economic Aims for Local Area

- 4.53 In general, the East Midlands ELRs sought to reflect the RS/RES economic aims and priorities at the time within the employment land requirements identified for their individual district. This took a variety of forms. For example, the Peak Sub-Region ELR focussed upon the growth of indigenous businesses, supplemented by inward investment (RS Policy 9) and acknowledged the need to conserve the National Park whilst addressing the area's economic needs (RS Policy 8). For the Boston ELR, economic potential in the food and drink sector was identified for the study area, a RES priority sector, and hence the requirement for food processing plants was specifically analysed in the study. Other studies included a 'policy on' scenario in their demand forecasting predicated upon the RES objective of reducing the productivity gap.

General Overview

4.54

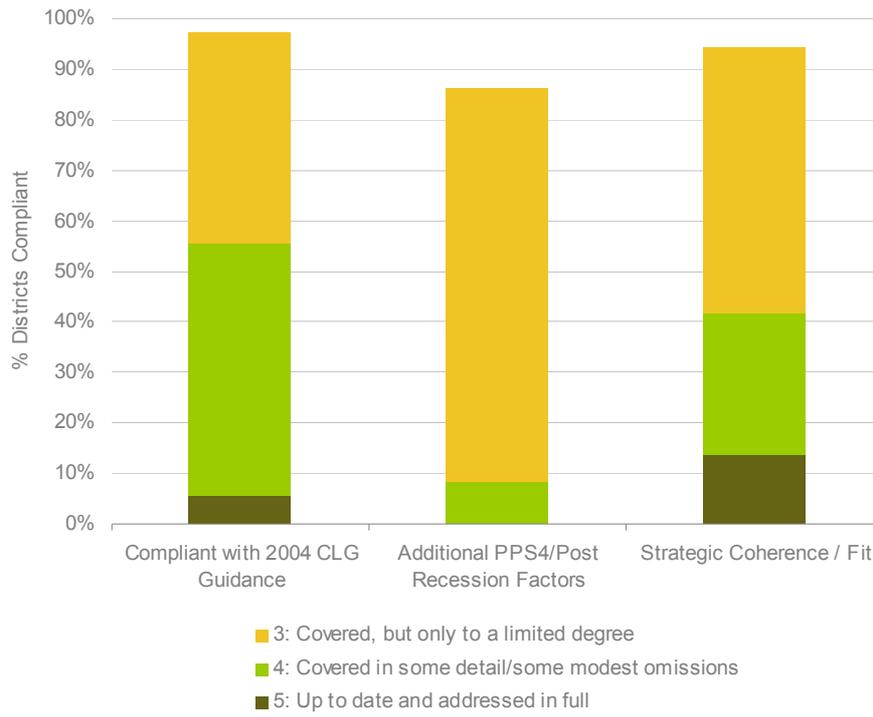
Drawing together the above analysis, Table 4.1 illustrates how well the various individual ELRs complied with the three main criteria. On first glance, it is difficult to discern a pattern, either by sub-region or across the three categories; many of the districts' ELRs, such as Blaby, rate highly in one category, moderately in another, and poorly in the final category. However, some broad patterns do emerge:

- 1 Generally, the picture is a positive one - most of the ELRs addressed the three broad categories, at least to a limited degree;
- 2 None of the ELRs fell into the lowest scoring category across any of the three main criteria, although the Wellingborough ELR appears to have substantial deficiencies across all three categories. It should be noted, however, that this District can also rely upon a more detailed sub-regional study covering the whole of the County, and hence this may be less of an issue than it would first appear;
- 3 Most of the ELRs scored well in terms of their conformity with the ODPM Guidance and generally reflected the requirements applying at the time;
- 4 However, assessment of the ELRs against PPS4 indicates more areas of deficiency, with few ELRs comprehensively addressing the more recent requirements; this is not surprising since PPS4 post-dated these studies;
- 5 ELRs undertaken at a district level tended to rate perform well against the 2004 ODPM Guidance on ELRs, although conversely they were generally weaker when it came to strategic coherence and understanding the opportunities/constraints of economic development in adjoining districts; and,
- 6 The Nottinghamshire districts tended to score very highly against the strategic coherence criteria, reflecting the prevalence and breadth of the sub-regional ELRs undertaken there.

4.55

Although all ELRs will have some individual deficiencies, Figure 4.4 indicates that most are broadly adequate overall in terms of the main audit categories considered, although the degree of compliance is considerably higher for the 2004 ODPM Guidance than for the additional PPS4/post recession factors.

Figure 4.4 % LPA ELRs scoring 3 ('good') or better in the appraisal process, by category



Source: NLP

Table 4.1 Summary of Audit by District

	District	Compliance with 2004 ODPM Guidance	Additional PPS4/Post recession factors	Strategic Coherence
Derbyshire	Amber Valley	3	3	3
	Bolsover	4	3	3
	Chesterfield	4	2	5
	Derby City	3	3	3
	Derbyshire Dales	3	3	3
	Erewash	3	3	4
	High Peak	3	3	4
	NE Derbyshire	3	2	5
	South Derbyshire	4	3	3
	Peak District National Park	3	3	3
Leicestershire	Blaby	4	3	2
	Charnwood	4	3	3
	Harborough	5	4	3
	Hinckley and Bosworth Borough	4	3	4
	Leicester	4	3	3
	Melton Borough	4	3	3
	North West Leicestershire	3	3	3
	Oadby and Wigston	3	3	3
Lincolnshire	Boston	4	4	3
	East Lindsey	0	0	0
	Lincoln	4	3	3
	North Kesteven	4	3	3
	South Holland	0	0	0
	South Kesteven	5	4	3
Northamptonshire	West Lindsey	4	3	3
	Corby	4	3	4
	Daventry	0	0	0
	East Northamptonshire	4	3	3
	Kettering	4	3	4
	Northampton	0	0	0
	South Northamptonshire	0	0	0
Wellingborough	2	2	2	
Nottinghamshire	Ashfield	4	3	5
	Bassetlaw	3	3	4
	Broxtowe	3	3	4
	Gedling	3	3	4
	Mansfield	4	2	5
	Newark and Sherwood	4	2	5
	Nottingham	3	3	4
	Rushcliffe	3	3	4
Rutland	3	3	3	

Source: NLP

- 0 - unavailable
- 1 - out of date / not covered
- 2 - minimal reference
- 3 - covered to a limited degree
- 4 - covered in some detail
- 5 - addressed in full

5.0 Local Authority Views

5.1 As part of the study, a questionnaire was sent to all of the region's LPAs, seeking views on the quality and effectiveness of their ELR; how well certain elements of it were dealt with; and any examples of good practice. This Section of the report provides a summary of the key issues highlighted by the process, based upon 36 responses received. A copy of the survey questionnaire is provided in Appendix 2.

5.2 This survey was supplemented by interviews with a sample of LPAs to explore their survey responses in more detail. In total, NLP met with 17 planning officers representing a wide range of local authorities, all of whom had been involved with recent ELRs in the East Midlands.

Process

5.3 The majority of survey responses (34 of 36) indicated that the region's ELRs had been undertaken by consultants, with just two authorities, Boston Borough Council and East Lindsey District Council, producing their studies in-house. Boston Borough Council suggested that whilst undertaking the work in-house ensured that the ELR had a very detailed understanding of the current supply of land in the Borough, the absence of an independent 'commercial eye' may have hampered the demand forecasting element.

5.4 Interestingly, of the 34 responses relating to work produced by external consultants, almost half (15) indicated that the results of the process might have been improved as a result of closer involvement by local authority officers. Whilst very few responses expanded upon this, one County Council highlighted the issue of work being undertaken that was different to that required by the brief. Whilst it is understood that this was resolved, the Council indicated that this could have been avoided through closer liaison between consultants and officers.

5.5 Also, most responses suggest that ELRs were prepared in isolation. Whilst PPS4 recommends that *'any reviews of land available for economic development should be undertaken at the same time as, or combined with, strategic housing land availability assessments,'* such an approach has been adopted by relatively few LPAs in the East Midlands. Indeed, only the five LPAs below undertook both studies at the same time, although these studies all preceded PPS4:

- Rutland County Council;
- Hinckley and Bosworth Borough Council;
- Gedling Borough Council;
- Corby Borough Council; and
- West Northamptonshire Joint Planning Unit.

5.6 In addition, the Local Democracy, Economic Development and Construction Act 2009 now places a statutory duty on County Councils and Unitary Authorities to assess the economic conditions of their area by preparing a Local Economic Assessment, and there would be clear benefits of linking the findings and recommendations of such studies with individual ELRs. Since this requirement only came in after the vast majority of ELRs had been completed or commissioned, it is unsurprising that there are few, if any, ELRs in the East Midlands that specifically take on board LEA findings. However, the majority of respondents stated that the economic strengths and weaknesses of their district had been at least adequately addressed in the ELR, with only three indicating that this area of work was poor. This is clearly a factor to reflect in future work.

Effectiveness

5.7 Only a limited number of authorities (North East Derbyshire, South Derbyshire, South Kesteven, East Northamptonshire and Nottinghamshire County) have had their ELR tested at appeal to date. Three of the ELRs have stood up to scrutiny, whilst the Inspector did not express a clear view on the South Kesteven ELR (2005).⁵ Nottinghamshire County Council did not provide any indication of how the Inspector viewed its ELR.

5.8 Additionally, Prospect Leicestershire, East Northamptonshire and Oadby and Wigston indicated that their ELRs have been tested at EiP. It is understood that the former two ELRs were deemed to be sound, whilst Oadby and Wigston Borough Council did not provide any indication as to how their ELR was viewed by the Inspector.

5.9 Although only a small number of studies have been tested at appeal or EiP, almost all of the LPAs surveyed indicated that their ELR had been sufficiently robust to underpin the preparation of emerging LDF documents. Eight authorities ranked their ELR as 'good' in this regard, with a further 24 ranking their ELR as 'adequate. Only one LPA indicated in its survey response that its ELR was less than adequate in this regard, while another indicated that the depth of analysis on the site surveys had led to weak conclusions regarding the deliverability and phasing of sites.

5.10 Additionally, authorities were asked to consider the extent to which their ELR had met their requirements generally. Only two authorities ranked their studies as poor in this regard. One stated that its ELR: *"pre-dated the economic downturn and the publication of PPS4, doesn't cover the full plan period and does not provide clear guidance about how much employment land is needed in each location."*

5.11 A number of authorities indicated in the face to face interviews that their ELRs were likely to have only limited effectiveness. For example, discussions with one LPA suggested that whilst officers were content that the ELR had gone

⁵ It should be noted that South Kesteven commissioned an updated ELR in 2010, which has not yet been tested

through a rigorous process and would stand up well to any detailed analysis, the resultant study did not paint a wholly accurate picture of the employment land market in the district, and was too formulaic and restricted in its approach to be of real use to the Council going forward. As with many LPAs, officers in that authority were confident that the learning curve experienced over the course of commissioning their first ELR would be invaluable in undertaking better quality updates in the future.

- 5.12 Nottinghamshire County Council noted that although the Northern Sub-Region ELR recommended a number of sites to be de-allocated, there was still a substantial amount of over-supply. The question posed by that authority was that, if an area had an oversupply of good sites in an area trying to attract investment, what was the harm in retaining them and that it should not just be about 'the numbers game'.
- 5.13 One LPA identified the continued relevance of the labour demand forecasting work as its key concern, stating that *"The economy has been dynamic over the last few years and it is now felt the forecasts are not a true picture of the economic outlook. This means that the accuracy of the findings and some of the recommendations of the ELR are questionable in today's context."* It should be noted that this referred to the district's 2005 ELR. An updated study was commissioned by the authority, completed in 2009 and responses were submitted relating to both pieces of work, with the Council rating the later work as good in this regard.
- 5.14 Based upon the above analysis, it would appear that the majority of authorities are generally happy with their ELRs. However, more than half of all responses (19 of 36) indicate that they consider their ELR to contain important gaps or deficiencies. The most commonly cited deficiencies were a lack of compliance with the recently released PPS4 and issues regarding future land requirements.
- 5.15 The latter can be broken down into the following key categories:
- difficulty in disaggregating the needs identified by sub-regional studies to the local level;
 - demand forecasts that do not cover the full period that must be planned for by the Core Strategy;
 - the ELR did not quantify future employment land requirements.

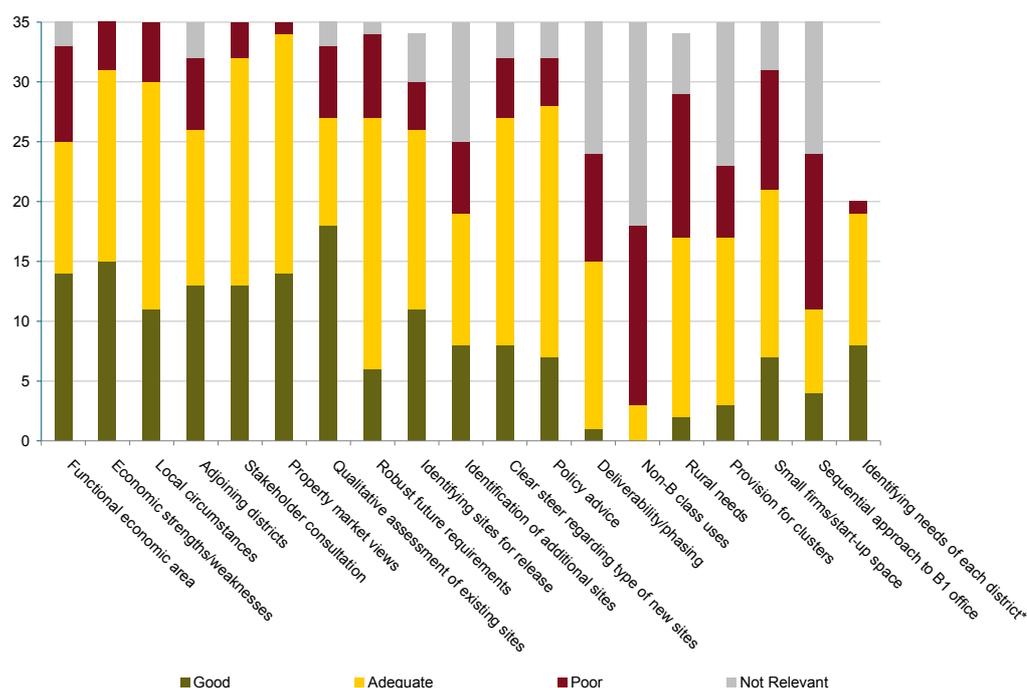
Compliance and Consistency

- 5.16 Many of the ELRs assessed as part of this study were undertaken several years ago. As a result, whilst they may have been undertaken in accordance with the 2004 ODPM Guidance, this is unlikely to ensure that they are fully compliant with respect to a changed policy and economic context. Indeed, it was clear from discussing the issue with several authorities that the consultants which the LPAs had appointed were overly reluctant to depart from the ODPM guidance, with the result that the study was perceived as mechanistic, inflexible and did not reflect the new economic realities. Key changes with respect to

policy in recent years include the publication of PPS4, which broadens the definition of economic development, and the adoption of the RS. Another major issue to be considered is the recession of 2008-9 and the extent to which projected land requirements remain deliverable in the new economic paradigm.

- 5.17 A clear message emerging from many of the face-to-face interviews was that LPA officers undertaking/overseeing ELRs for the first time had struggled to know what to include or exclude from the study in the absence of clear, methodological regional or national guidance. In some instances, this had led to the formulation of a weak brief for the study, which in turn resulted in a completed ELR that did not meet the Council's planning policy needs. A recurring theme from the meetings was therefore the need for clear, transparent guidance at a sub-national level to aid consistency of approach and create a 'level playing field' regarding variables such as the application of a margin of choice.
- 5.18 In responding to the NLP survey, LPAs were asked to consider the extent to which their ELR is consistent with the requirements of the new PPS4. Four authorities felt that their study was fully compliant with PPS4 (although at face value given the NLP approach in this report, it is difficult to see how it could be), whilst the majority indicated that their study was partly compliant.
- 5.19 LPAs were also asked to consider the extent to which their ELR had assessed sites in accordance with Policy 20 of the RS, which provided criteria for allocation of new employment sites. In this instance, the results were more polarised, with 10 authorities suggesting their approach to site assessment was fully compliant and 5 indicating that theirs did not comply at all. The remaining LPAs stated that their assessment of sites was partly compliant with Policy 20. It was apparent from the ELR audits that a number of the studies had not identified potential new sites to deal with any perceived shortfall. However, it was clear from the questionnaire responses and particularly from the interviews that this was not seen as a particular shortcoming of the ELR in question, but rather reflected a preference on behalf of the commissioning authority to appraise new sites through the statutory LDF process, and particularly through new Allocations DPDs, rather than ELRs.
- 5.20 In order to understand the extent to which demand forecasts remain valid in the new economic reality, the survey also sought to understand the proportion of ELRs that had included a post-recession or low growth scenario in considering future requirements. As many as 19 respondents indicated that their ELR included such a scenario, whilst 15 did not. This suggests that some ELRs may have a somewhat optimistic estimate of future employment land requirements.
- 5.21 Building upon the above, the survey set out a range of key issues that a robust ELR should now be considering, in order to reflect the new policy context and economic conditions. Each LPA was asked to assess the extent to which these factors were dealt with in their ELR, whilst recognising that they could not be expected to fully comply with policy changes that post-dated their study. The key findings are shown in Figure 5.1 below:

Figure 5.1 Extent to which each ELR considered a range of key issues



Source: NLP

5.22

This indicates that the majority of respondents considered their ELRs to be performing well or adequately against a significant proportion of the factors considered, which reinforces the majority view held by LPAs that their studies were fully or partly compliant with both PPS4 and Policy 20 of the RS. A particularly high number of respondents assessed their ELR as performing adequately or better with respect to:

- stakeholder consultation (although some concerns were raised regarding the positive spin many landowners placed on the deliverability of their sites);
- identifying strengths and weaknesses of the local economy;
- reflecting local circumstances; and
- taking account of commercial property market views.

5.23

In contrast, a high proportion of responses considered their ELRs dealt poorly with the needs of non-B class uses and the sequential approach to office development sites. This is not surprising as these are elements of PPS4 but not required at the time. A view clearly expressed during the face to face meetings was that the possibility of opening up the scope of ELRs to include other employment uses such as education, health, tourism etc would make the documents too unwieldy and complicated.

5.24

The needs of rural areas and the provision of start-up space or premises for small firms were also identified as deficiencies in a relatively large number of ELRs. While these last two factors are also requirements of PPS4, they could reasonably have been considered in many ELRs before that. The study undertaken for Hinckley and Bosworth Borough Council did, however, analyse

the needs of key rural service centres in some detail and can be considered an example of good practice in this regard (see Section 6.0).

- 5.25 Given the clear guidance provided within PPS4, it is surprising to see that almost half (17) of all respondents indicated that the needs of non-B class uses were not relevant to their ELR. This is true only to the extent that it was not required by the Guidance that applied when the ELR was prepared. Similarly, a relatively high number of respondents stated that considering the provision of clusters (12) and taking account of the sequential approach to B1 office sites (11) were not relevant to their ELRs.
- 5.26 Whilst several LPAs indicated that the joint working necessary to undertake the sub-regional employment land studies had been effective and provided a useful strategic perspective on planning for employment land, there were concerns. In particular, several of the Leicestershire authorities were concerned that when the PACEC report divided up the Leicestershire requirement amongst the various authorities, some LPAs were expected to 'over-provide' to allow for an 'under-supply' in an adjoining authority (i.e. Blaby meeting some of Leicester City's needs through the provision of a Sustainable Urban Extension). However, such an approach relies upon the ELR recommendations being translated directly into LDF policy, which has not always been the case, leaving certain districts that were reliant on an adjoining area to meet some of their employment land needs being left with a substantial under-supply.
- 5.27 It is important to note more than half of all responses (19 from 36) suggested that LPAs were intending to update their existing study in order to either address perceived deficiencies or reflect the significant shift in the policy and economic landscape. However, others indicated that the amount of work and time required may not allow updating prior to the Core Strategy EIP.

Conclusions

- 5.28 In summary, the survey responses indicate that, whilst the vast majority of districts in the region are happy with their ELR and are confident that it would stand up to independent scrutiny, there are emerging concerns that the pace of change subsequent to their study being completed, and the publication of new policy guidance such as PPS4, means that the studies will have a limited shelf life and will need updating in the near future. A total of 19 districts intend to update their existing study shortly. However, there was a widespread feeling emerging from the face-to-face interviews that whilst the LPAs had learnt a considerable amount from their experience of undertaking the original study, further sub-national guidance was required to ensure a 'level playing field' and methodological consistency across the studies.
- 5.29 There was also a generally expressed concern that many of the studies had been overly mechanistic and constrained by the guidance, with the result that many completed ELRs, whilst considered sound, would actually have limited value to the LPA going forward. This concern was accentuated due to the

widening scope of ELRs resulting from PPS4, hence further guidance on what to include/exclude from the scope of an ELR in future will be required.

6.0 Good Practice

Introduction

- 6.1 This Section presents a number of short case studies to illustrate particular areas of best practice exhibited by LPAs/consultants in the course of undertaking their ELR.
- 6.2 Good practice in this context could be defined as the use of an innovative approach to assessing or presenting employment land requirements but could also be interpreted as broadly following Government guidance but doing it particularly well, in a way that it is helpful to the client LPA.
- 6.3 The survey responses indicated that a minority of districts were of the view that their ELRs contained no elements of good practice, which is perhaps unsurprising given that most of the studies kept in close conformity with the ODPM Guidance, with few elements of divergence. As a result, many felt that their ELR was too mechanistic and lacked innovation. One respondent noted that:

‘whilst there are a fair number of elements of the ELR that were dealt with well, I couldn’t recommend any particular aspect that could be regarded as an example of good practice, without looking at a number of similar studies, in order to derive a comparison.’

- 6.4 However, 20 respondents did suggest that elements of their ELR did constitute good practice, specifically with regard to:
- a **Joint working** between neighbouring authorities and applying a **sub-regional perspective** (West Lindsey District Council, Corby Borough Council, Ashfield District Council, Blaby District Council, Nottinghamshire County Council, Chesterfield Borough Council, West Northamptonshire JPU; Prospect Leicestershire, Lincoln City Council);
 - b The use of strong **project management protocols**, allowing a responsive approach to the differing views of a disparate client group (Chesterfield Borough Council);
 - c **Economic SWOT analysis** to provide a detailed overview of relevant issues (South Kesteven District Council);
 - d The **assessment of individual employment sites**, recommendations, and the identification of sites for release (Gedling Borough Council, Lincoln City Council);
 - e The use of a robust appraisal system to judge **site attractiveness to the commercial market** (Amber Valley Borough Council, Broxtowe Borough Council, South Derbyshire District Council);

- f The application of both **market and policy requirements** for specific employment sites (Ashfield District Council, Nottinghamshire County Council, Bassetlaw District Council, Mansfield District Council);
- g The use of **traffic light coding** for site appraisals (South Kesteven District Council);
- h Clear recommendations on **types and locations of new sites** (Rutland County Council);
- i Recommendations on the employment land needs of **rural areas** (Hinckley and Bosworth District Council);
- j Consideration of **renewal and pipeline supply** in calculating future requirements for land (Prospect Leicestershire); and,
- k The **presentation** of the findings and recommendations of the study in a clear and coherent manner, making it easy to translate findings into the Core Strategy (Bassetlaw District Council).

6.5 In broad terms, some of these examples identified by LPAs could be regarded as essential requirements of an ELR rather than 'good practice' although in some cases it may be the manner in which the task is carried out that makes it achieve this rating.

6.6 The remainder of this Section presents some selected examples of good practice from the ELRs above, all of which were identified by individual LPAs rather than the consultants.

Good Practice Examples

Sub-Regional Working - Leicester and Leicestershire HMA Employment Land Study

PACEC, December 2008

6.7 PACEC undertook an employment land study on behalf of the Leicestershire Economic Partnership for the Leicester and Leicestershire HMA, covering all 8 Leicestershire districts. The study specified a number of reasons why a joint approach to employment land planning was particularly important, including the fact that labour and property markets do not adhere to LPA boundaries, whilst employment land delivery is a potential joint source of Government funding.

6.8 The study analysed forecasts of employment change for each of the districts within the HMA, based on forecasts produced by Experian up to 2016 and extended by PACEC up to 2026. The estimates of demand for floorspace and land were compared to estimates of the pipeline (or supply) of land in each district, with any gaps in the portfolio identified. In response to an identified need to provide more employment land and better-located employment land, a variety of locations were recommended to provide accommodation for employment under the preferred low carbon, high knowledge scenario.

- 6.9 **This study was seen as a good example of how districts can work together effectively to provide proper strategic employment land planning, whilst also meeting their own specific local needs.** For example, the LPAs recognised that the allocations for these requirements needed to be planned on a HMA wide basis, because some requirements - such as science parks - needed to be located near to Universities in the HMA , whilst other requirements - such as light industrial and small scale warehousing - could not always be met by an individual district. Consequently, the demand for such land arising from Leicester and Oadby and Wigston needed to be met by provision in the neighbouring districts.
- 6.10 Hence a detailed district-by-district supply/demand gap analysis set out proposals for employment land planning across each LPA, informed by the need for new allocations to meet market requirements across a range of property sub-markets. The study concluded that a strategic and joined-up approach across the HMA in terms of policy, planning, strategy and delivery would be critical to its success.

Economic SWOT Analysis - South Kesteven Employment Land Review

NLP, 2009

- 6.11 NLP were commissioned by South Kesteven District Council in 2009 to provide evidence to demonstrate the need for, and deliverability of, employment allocations across the District. One of the study's key aims was *'to provide a clear understanding of the local economy and contextualise South Kesteven's place within the region'*.
- 6.12 **This study provides a particularly good example of how effective a detailed economic evidence base can be in helping to frame the direction of employment land policies and allocations.** For example, to support the ELR, NLP undertook a detailed review of recent economic conditions and trends within South Kesteven District relative to nearby districts, the East Midland region and the national economy. This sought to identify the existing strengths and weaknesses of the South Kesteven economy and the factors likely to influence the nature and level of future demand for employment land within the District. This included a review of the District's geography and connections; policy background; economic activity and trends; industrial structure; knowledge based industries; workplace skills levels; deprivation; inward investment and commuting flows. The analysis was summarised in a SWOT analysis of the key issues illustrated in Table 6.1.

Table 6.1 SWOT analysis for South Kesteven District

Strengths	Weaknesses
<p>Good transport accessibility to most parts of the district (A1, A15, A52 and rail service)</p> <p>Attractive market towns and rural areas provide quality of life advantages</p> <p>Highly skilled population relative to County average and good local schools</p> <p>Strong recent growth in employment levels, driven by 'other services', public administration, education & health, construction and transport & communications</p> <p>Established manufacturing base, which has continued to grow in recent years</p> <p>Entrepreneurial culture</p>	<p>Low representation and modest growth in office-based sectors</p> <p>Recruitment difficulties in some sectors due to the small labour force and high levels of economic activity</p> <p>Poor performance with regard to inward investment</p> <p>Moderate net out-commuting</p> <p>Low level of workplace-based earnings</p>
Opportunities	Threats
<p>Growth Point status will increase the local population, driving an uplift in demand for goods and services</p> <p>Growth point status will increase the size of the local labour force</p> <p>Potential to increase the provision of workspace to capitalise upon the entrepreneurial culture</p>	<p>Competition for inward and domestic investment from nearby economic centres e.g. Peterborough and Nottingham</p> <p>Strength in manufacturing could be threatened in future by off-shoring and the impact of the recession</p>

Source: NLP analysis 2009

Rural Employment Land Needs - Hinckley and Bosworth Employment Land and Premises Study

BE Group, 2010

6.13

BE Group were commissioned by Hinckley and Bosworth Borough Council to assess the supply and demand for employment land and premises in the Borough up to 2026. Due to the largely rural nature of the Borough, a key aim of the study was to consider the needs of the ten key rural centres identified in the Core Strategy DPD, and **the approach taken to researching and identifying rural requirements in this ELR is considered a particularly good example for other ELRs in the region to follow.** For example, alongside a detailed assessment of the Borough's rural economy, the study also analysed committed office and industrial schemes in various rural locations. The study found that the rural economy was very diverse and employment opportunities were needed to support rural diversification and sustainable communities.

6.14 An assessment was made of the ten key rural service centres, for example:

- ***Market Bosworth:*** *The main employment area is Station Road Industrial Estate as well as offices in the town centre. The town is relatively isolated from other opportunities in the Borough. The estate is fully developed. There would be demand for an extension to Station Road Industrial Estate to allow business expansion and provide small workshops (7-10 x 100-200 sq m).'*

6.15 A range of recommendations were subsequently made regarding each rural service centre, as presented in Table 6.2 below:

Table 6.2 Recommendations for Key Rural Service Centres

Rural Service Centre	Comment
Market Bosworth	Consider 0.5-1 ha extension to Station Road Industrial Estate Encourage small workshops scheme (7-10 x 100-200 sqm) Consider environmental improvement of Station Road Industrial Estate
Desford	Consider 0.2-0.5 ha extension to Peckleton Lane Business Park Encourage small workshops (5 x 100-200 sqm) Consider environmental improvement of Peckleton Lane Business Park
Groby	No action required
Ratby	Retain Bennets/Cardinal Broach Works and Casepack as employment areas; If Bakery, South Station Road is to be redeveloped, look for contribution to employment generation. Encourage new workshops proposed for Pear Tree Farm
Markfield	Consider 0.2-0.5 ha extension to Markfield Industrial Estate Encourage small workshops (5 x 100-200 sqm) Consider environmental improvement of Markfield Industrial Estate
Bagworth	Retain former Dunlop complex – if market demand weak, encourage redevelopment to create sub-divided small SME workshops
Thornton	Encourage small workshops scheme (5 x 100-200 sqm) (if Timken factory is not redeveloped) Consider environmental improvement of Merrylees Industrial Estate
Barlestone	Encourage small workshops scheme (5 x 100-200 sqm)
Newbold Verdon	Encourage small workshops scheme (5 x 100-200 sqm)
Stoke Golding	Consider 0.2-0.5 ha extension to Willow Park Industrial Estate Encourage small workshops scheme (5 x 100-200 sqm)

Source: BE Group 2009

Estimating Future Land Requirements - The Northern Sub-Region ELR

Arup with Savills, 2008

- 6.16 Arup and Savills were commissioned by Nottinghamshire County Council in collaboration with Derbyshire County Council and seven district/borough authorities to conduct an ELR for the East Midlands Northern Sub-Region. The demand for employment land in the Northern Sub-Region was assessed using both quantitative and qualitative analyses.
- 6.17 **The number and variety of scenarios tested and the detailed methodological approach taken in identifying specific district requirements within a sub-regional context marks this ELR out as a particularly good example of how to undertake and interpret econometric modelling.**
- 6.18 Several quantitative methods were devised to project future employment land demand based on past trends of employment land take up, economic modelling techniques and methods which calculated the quantity of land required to achieve certain policy objectives. These methods were:
- 1 **Historic trends analysis:** examining the level of employment land take-up and projecting this forward to estimate future land demand;
 - 2 **Baseline (policy off) analysis:** using the standard Experian projection baseline aligned with national projections from the Government's Actuary Department;
 - 3 **Regional Economic Strategy (RES) policy on scenario:** based on the assumption that the RES target of closing the productivity gap that exists between the East Midlands and the UK is closed by 2009;
 - 4 **Regional Spatial Strategy (RS) housing scenario:** based on population assumptions that reflect the pattern of housing proposed in the draft RSS;
 - 5 **Growth Zone scenario:** a supply-based, aspirational scenario that presents the employment capacity that could be accommodated in the event that all the sites identified in the Alliance SSP's economic Growth Zones come forward over the next twenty years; and
 - 6 **Reducing out-commuting scenario:** involved adjusting employment growth on the basis of reducing net-commuting to other districts outside the Sub-Region by a set amount.
- 6.19 With the exception of the past take-up rates, all of these scenarios were variations on the standard Experian projection baseline. The employment projections produced were translated into net employment land forecasts for each district in the Northern Sub-Region through the application of suitable employment densities, plot ratios and vacancy rates, making an allowance for a healthy amount of 'churn'.

- 6.20 Where the data was available, a rough approximation of gross change was calculated by applying the amount of employment land 'lost' to alternative, non-employment, uses over the plan period, and adding this to the net projections. The following worked example (Figure 6.1) was provided to explain the process of calculating the Council's B1 requirements under the 'RES Policy On' Scenario:

Figure 6.1 Worked Example for calculating B1 Requirements

1. Estimate total number of employees in B1 SIC sectors in Council X in 2003	(a) 2,501
2. Pro Rata this figure forward on an incremental basis to 2006	(b) 2,603
3. Multiply (b) by 19 sq.m. per employee to give estimated B1 occupied floorspace in 2006	(c) 49,466 sq.m
4. Translate these figures into employment land (by applying a plot ratio of 40%)	(d) 123,664 sq.m
5. (d) equates to total occupied space and we need to adjust it to account for vacant premises. The amount of <i>available</i> B1 floorspace in the MD (as of 2004/5) as a proportion of the <i>total</i> MD floorspace was 9%	(e) 135,895 sq.m.
6. Forecast total number of employees B1 SIC sectors in Council X in 2016	(f) 2,946
7. Multiply (f) by 19 sq.m. per employee to give estimated B1 occupied floorspace in 2016	(g) 55,976 sq.m
8. Translate these figures into employment land (by applying a plot ratio of 40%)	(h) 139,940 sqm
9. Factor in an idealised vacancy rate of 5% in 2016	(i) 147,306 sq.m.
10. Calculate net change in B1 land requirement 2006-16 by subtracting (e) from (i)	(j) 11,411 sq.m
11. Convert square metres into hectares by dividing (j) by 10,000	(k) 1.14 ha

Source: Arup 2008

Site Assessments - Bassetlaw District Council

NLP with Innes England, 2009

- 6.21 NLP were appointed by Bassetlaw District Council to undertake an Employment Land Capacity Study (ELCS) to inform the allocation of land for employment uses in the LDF. A key issue underpinning the study concerned how the current recession in the wider economy and its implications for the property market could be reflected in the site analysis. Hence commercial property agents Innes England provided market views alongside NLP's detailed analysis of the planning policy/sustainability attributes on potential new employment sites.
- 6.22 A total of 66 sites were identified for detailed appraisal by the project team. The assessment involved a site inspection and a qualitative assessment of each site against a variety of criteria reflecting those in the ODPM guidance on ELRs. This included issues such as strategic road access; proximity to public transport; site characteristics; development constraints; market perceptions; ownership factors and deliverability. This allowed a comparative assessment to

be made of the quality of current land supply as well as its attractiveness to the market and suitability to meet future needs.

6.23

Consequently, alongside the general methodological approach of appraising the sites and the balance between planning policy/sustainability issues and market attractiveness, this ELR was identified by the Council as a particularly good example of how to clearly and transparently present site information. An example of one of the detailed pro-formas used in the study is provided in Figure 6.2 below:

Figure 6.2 Site Assessment Pro-Forma from the Bassetlaw ELR 2009

Potential New Site: PLUMTREE FARM ESTATE EXPANSION LAND, HARWORTH	Reference H1	Area (ha) 21.18
		
Criteria	Comment	Score (out of 5)
<i>Current Use</i>	Greenfield site	
<i>Strategic Access</i>	Site located approximately 5km away from the nearest A1 junction.	3
<i>Local Road Access</i>	New access needed off A631, or through Plumtree Lane Industrial Estate as appropriate	4
<i>Proximity to urban areas, and access to labour & services</i>	Site some 2.25km to the east of Harworth town centre, beyond the edge of the settlement boundary, on the edge of an established industrial estate. No bus stops in the immediate vicinity of the site, but on a regular bus route linking Harworth/Bircotes with Bawtry to the east.	2
<i>Compatibility of adjoining uses</i>	Plumtree Industrial Estate to the west; residential to the south and open countryside elsewhere.	3
<i>Site characteristics and development constraints</i>	Large, flat site with no constraints visually apparent.	5
<i>Market Attractiveness</i>	Good access to local road network. Would provide a useful extension to an existing and well established industrial estate to the west, with low vacancy rates. An area of solid local commercial demand with an established skilled workforce nearby. An established employment destination with a skilled workforce and high prominence from the A1. Harworth is readily accessible to the M1/M18 and the major conurbations to the north and west, as well as Robin Hood Airport, and is more attractive to inwards investment than other towns in the District as a result. There may be some limited Business Park and small office accommodation, although need is strongest for larger distribution sites and industrial units in the area.	4
<i>Planning / Sustainability Factors</i>	No restrictive policy or landscape designations Flood Zone 1 Outside village envelope	3
[Scoring: 5 = best, 1 = worst]		TOTAL SCORE: 24

Source: NLP 2009

7.0

Overall Conclusions and Recommendations

Introduction

7.1

The preceding sections of this report have summarised the current situation regarding the employment land evidence base available to the 41 LPAs in the East Midlands region. For Core Strategies to be sound, they must be founded on a robust and credible evidence base and must be strong enough to stand up to independent scrutiny. Consequently, a key challenge for this study has been to assess the extent to which the individual ELRs' conclusions remain robust due to the effects of the recent recession and also the requirements of PPS4, which, due to its publication in December 2009, post-dates most of the current East Midlands ELRs.

7.2

This Section of the Audit draws out emerging findings to provide recommendations on how to strengthen the ELRs to enable them to be judged robust at EiP or Appeal. Recommendations are also provided for a full region-wide employment land study that builds upon the findings of this Audit.

Key Issues Emerging from the Audit

7.3

In general terms, and recognising the limitations of the evidence available to NLP, the following conclusions can be drawn:

- a Regarding overall robustness, of the few ELRs that have so far been tested at appeal, **none has been found deficient**. Almost all of the LPA officers surveyed indicated that their ELR had been sufficiently robust to underpin the preparation of emerging LDF documents (although it should be noted that few have yet been fully tested at an EiP);
- b It appears that **the majority of LPA Officers are happy with their ELRs**, although almost half indicated that they considered their ELR to contain important gaps or deficiencies, particularly regarding land requirements resulting from the demand forecasting work and PPS4 compliance;
- c The evidence within this Audit suggests that the 36 districts with an ELR can **generally rely upon studies that conform with the 2004 ODPM guidance** and which have been undertaken in a generally consistent and methodically robust manner;
- d As might be expected, **almost all of the ELRs are deficient to a greater or lesser degree in terms of PPS4 compliance**; this is not a reflection of any fundamental flaws in the ELRs at the time they were initially undertaken, but relates to their completion before PPS4's publication;
- e With regard to regional consistency, the prevalence of sub-regional studies across the East Midlands ensures that **land requirements generally take into account the needs of adjoining districts**. This conclusion is less viable for many smaller districts that undertook their ELRs independently;

- f There appears to be **limited correlation** between the regional employment land forecasts provided in studies such as RELPS⁶, and the individual ELR forecasts; hence a substantial over supply of employment land may remain;
- g Whilst it is considered that no district in the region is solely reliant upon an ELR published earlier than March 2008, it is clear that **the impacts of the recession may not have been fully taken into account** by many of the studies, with many planning for a return to 'business as usual' in the long term;
- h The **'building blocks' of employment land demand forecasting appear to be relatively consistent** across the region, with the use of common employment land densities, plot ratios and, in many cases, Experian econometric modelling. However, there are inconsistencies, particularly concerning the approach to applying a 'margin of choice';
- i Often **only one method is used for estimating future requirements**, rather than a range of complementary approaches, and no consistent approach is used across the region;
- j The majority of ELRs provide **relatively understandable employment land demand projections** with a clear steer on how much land needs to be provided and where, although there are some notable omissions. There also appears to be some confusion regarding what constitutes a 'net' and 'gross' requirement;
- k A significant proportion of the **ELRs did not provide detailed advice regarding the preferred location for new employment sites** to meet future requirements;
- l **A variety of approaches were used to identify sites to be retained or released** over the Plan period. This may be an issue for the region if some LPAs do not release poorer land despite a large oversupply;
- m The approach to **scenario, and particularly sensitivity, testing of the demand forecasts was generally an area of weakness** for the studies and one that could be challenged, particularly if an overly optimistic projection has been used to justify substantial land allocations;
- n The **consideration of the needs of non B-Class economic uses is poorly dealt with by almost all of the ELRs**;
- o **Key future growth sectors are afforded only limited consideration** in most of the ELRs;
- p **Few of the studies have assessed whether a specific five-year employment land supply will be available.**

Potential Areas to Strengthen

- 7.4 The above represents a statement of the position, based on the drawing together (for the first time) of the available evidence on employment land

⁶ Regional Employment Land Priorities Study, emda, 2003

provision across the East Midlands. As discussed above, the vast majority of the ELRs provide a good starting point for the development of LEAs and form a decent grounding for LDFs. However, practise has evolved in recent years to respond to changing market circumstances and government guidance. The findings should be regarded as a starting point for further analysis and consideration, based on the evidence available to this study at a region-wide level.

7.5 Potential ELR areas to strengthen therefore include the following (in descending order of importance):

- 1 The few districts without an ELR of any kind should undertake one at the earliest opportunity in order to support their respective LDFs; a failure to do so could result in their emerging Core Strategies being found unsound due to a lack of a credible evidence base;
- 2 There is a need to increase consistency in the approach to local ELRs, particularly regarding the application of forecasting approaches and appropriate safety margins in particular sub-regions. This suggests scope for a region-wide ELR methodological approach to be drafted for the East Midlands that all districts could sign up to;
- 3 Most if not all ELRs in the region do not cover the full range of 'employment uses' recommended in PPS4. Again, to ensure consistency and to avoid excessive data collection, there is a need for clear guidance for LPAs undertaking post-PPS4 ELRs, particularly regarding how to assess the job potential and needs of non-B Class uses;
- 4 Certain sub-regional ELRs do not provide district-level breakdowns of employment land requirements. This should be rectified through the districts involved agreeing a suitable apportionment, or through an update to provide forecasts at a local level to inform emerging LDFs;
- 5 A majority of ELRs in the region base their employment land requirements on forecasts that do not reflect the impacts of the recession and its legacy in terms of structural economic change and provision of employment space. It may be possible to undertake a partial update of deficient ELRs using less optimistic forecasts without the need to commission a wholesale review;
- 6 Few of the ELRs have identified a deliverable portfolio of employment land to cover rolling 5-year periods – those districts unable to demonstrate a 5-year forward supply should undertake a more detailed review of the deliverability and phasing of certain sites identified as being 'available' in their current ELR;
- 7 Those districts with ELRs that only provide employment land requirements to 2016 should undertake a partial review of their evidence base to extend the land forecasts in order to match them with the time horizon of their emerging LDF. This could also provide an opportunity to factor in the impacts of the recession and perhaps use a more recent base date;
- 8 Several ELRs need to clarify the evidence around gross and net take-up and what that means for future provision;

- 9 There is a general need to ensure the integration and reconciliation of cross-boundary issues within the East Midlands in order to test the extent to which there is an over supply at present;
- 10 Whilst some ELRs have planned for the growth of knowledge-driven or high technology industries, there is a need to ensure that all future ELRs consider this important element consistently and in a joined-up way;
- 11 Few if any of the ELRs were undertaken in conjunction with a Local Economic Assessment. Whilst this is not a detrimental failing of any ELR, the opportunity to achieve integration of LEA outputs to planning for employment space is an important one that could save resources and avoid duplication of data. Hence, factoring in LEA outputs into future ELRs would be a comparatively straightforward, but important, action;
- 12 It is recognised that whilst some of the ELRs were undertaken at the same time as districts' SHLAAs, there was generally no attempt to integrate the two studies. Whilst the failure to undertake the studies concurrently is unlikely to significantly affect the robustness of an individual ELR, future iterations would benefit from ensuring a more integrated, joined up, approach in future, not least from a financial perspective to avoid any duplication of tasks (i.e. consultation, evidence gathering etc).

Recommendations

- 7.6 A key recommendation of this study involves the scope for the development of a region-wide ELR methodology capable of providing a co-ordinated and consistent future approach to ELRs and monitoring across the East Midlands. Clearly the two are inter-related; a method for appraising future demand can only be consistently realised if data collection records similar information across all 41 districts. Any methodology should not, however, form a rigid structure, and clearly individual studies will need to be tailored to meet local needs and circumstances where appropriate. A sub-regional approach may be particularly appropriate.
- 7.7 A broad methodology for future ELR work and monitoring best practice would need to involve the consideration of the following:
- a The 2004 ODPM guidance on undertaking ELRs, specifically the three stage assessment processes and broad stages therein;
 - b The emerging findings of the Roger Tym & Partners Report for CLG (January 2009): 'Delivering Land for Economic Development';
 - c The methodologies of the ELRs undertaken for each of the authorities in the region to highlight commonalities and innovative approaches;
 - d The requirements of PPS4 and the accompanying Practice Guidance (December 2009);
 - e Current government guidance on Business Development Monitoring as established through the RS and LDF Core Indicator update.

- 7.8 Different regions/sub-regions have adopted consistent approaches to ELR work. As highlighted in Section 6.0, there are many elements of good practice which can help to guide future approaches. However, some of these approaches/methodologies, whilst providing comprehensive guidance, can risk the application by rote of approaches that do not reflect specific circumstances or economic opportunities within individual localities.
- 7.9 As a minimum, any region-wide (or sub-regional) methodology would need to ensure that:
- 1 **LEAs** are properly integrated within the ELR;
 - 2 The data collated regarding **land stock** and revealed demand is consistent;
 - 3 The **non-B Class uses** to be included in the ELR alongside the standard office, industrial and warehousing are defined and the data to be collected refined;
 - 4 A degree of flexibility is taken with regards to the derivation of a set of **appraisal criteria** for sites, tailored to the individual needs and aspirations of each district. However, the appraisal should seek to **balance sustainability and deliverability attributes**;
 - 5 There is suitable consideration of the **functional economic area**;
 - 6 **Knowledge based industries** are discussed and suitable sites identified;
 - 7 The study provides an **adequate** assessment of the **commercial property market** based on consultation with commercial agents/developers active in the area;
 - 8 **A range of demand forecasting techniques are used in a complementary way**, based on past take-up, econometric modelling and local labour supply. This approach should be reasonably consistent across the region (or at least with that district's LDF). There should be flexibility across districts regarding the modelling used, with the derivation of a requirement to be a matter of judgement based on knowledge of underlying economic circumstances of the locality, taking a realistic view of the impact/benefits of interventions;
 - 9 **Gross land requirements** should, if possible, be provided alongside net forecasts. The preferred option should first be tested against a range of alternative scenarios, whilst a series of 'reality checks' should be applied to test the robustness of the land projections;
 - 10 A deliverable portfolio of employment land to cover rolling **5-year periods** is defined and advice provided on suitable phasing;
 - 11 A range of **suitable employment densities/plot ratios** should be presented, with a degree of flexibility afforded depending upon the nature of each district;
 - 12 The incorporation of a defined **flexibility factor** (safety margin) to the employment land requirement is required. Departing from this approach,

either by not applying the flexibility factor or by applying a lower/higher value, would need robust justification for each individual district.

Appendix 1 ELR Studies Reviewed

District/Sub-Region covered	Title of Study	Date	Consultants/Local Authority undertaking the study
Regional Studies			
East Midlands Region	Quality of Employment Land (QUELS)	July 2002	Roger Tym with Business Strategies and Innes England
East Midlands Region	Regional Employment Land Priorities Study (RELPS)	June 2003	SKM with Innes England
East Midlands Region	East Midlands Employment Land Provision Study (for EMRA)	Dec 2006	Roger Tym and Partners
East Midlands Region	East Midlands Strategic Distribution Study (for emda)	Nov 2006	MDS Transmodal with Roger Tym and Savills
Sub-Regional			
Peterborough, South Holland, Rutland, South Kesteven	Peterborough Sub Regional Employment Land Assessment	Sept 2009	NLP
Ashfield (excluding Hucknall); Bassetlaw, Bolsover, Chesterfield, Mansfield, Newark and Sherwood, North East Derbyshire	Northern Sub Region Employment Land Review	March 2008	Arup with Savills
Nottingham City, Broxtowe, Erewash, Gedling and Rushcliffe, plus the Hucknall wards in Ashfield District	Nottingham City Region Employment Land Study	Feb 2007 (partially updated Mar 2009)	Roger Tym and Partners with Lambert Smith Hampton
Derby City, Amber Valley and South Derbyshire	Employment Land Review: Derby City HMA	March 2008	BE Group
Derbyshire Dales, Peak District National Park and High Peak	Peak Sub Region ELR	August 2008	Nathaniel Lichfield and Partners
Corby, East Northamptonshire, Kettering, Wellingborough, South Northamptonshire, Northampton and Daventry	Northamptonshire Commercial Property and Land Assessment (Copela)	Dec 2003	Roger Tym with Innes England
Corby, East Northamptonshire, Kettering, Wellingborough	North Northamptonshire Employment Futures Study	2005	Roger Tym and Innes England
Corby, East Northamptonshire, Kettering, Wellingborough, South Northamptonshire, Northampton and Daventry	Northamptonshire Strategic Employment Land Assessment (SELA)	Nov 2009	WS Atkins with LSH and Nortoft
Daventry, Northampton and South Northamptonshire	West Northamptonshire Employment Land Review	TBC 2010	West Northamptonshire Joint Planning Unit

District/Sub-Region covered	Title of Study	Date	Consultants/Local Authority undertaking the study
Blaby, Charnwood, Harborough, Hinckley and Bosworth, Leicester, Melton, North West Lincolnshire, Oadby and Wigston.	Leicester and Leicestershire HMA (for LSEP)	July 2008	PACEC with Warwick Business Management and Mather Jamie
Blaby, Charnwood, Harborough, Hinckley and Bosworth, Leicester, Melton, North West Lincolnshire, Oadby and Wigston.	Leicestershire Employment Land and Premises Study (for LSEP)	Sept 2006	SQW
Derbyshire			
Amber Valley	<i>Employment Land Review: Derby City HMA</i>	March 2008	BE Group
Bolsover	Bolsover Employment Land Study Also: <i>Northern Sub-Region ELR (2008)</i>	2006	Nathaniel Lichfield and Partners
Chesterfield	<i>Northern Sub-Region ELR</i>	2008	Arup with Savills
Derby City	<i>Employment Land Review: Derby City HMA</i>	March 2008	BE Group
Derbyshire Dales	<i>Peak Sub Region ELR</i>	August 2008	Nathaniel Lichfield and Partners
Erewash	<i>Nottingham City Region Employment Land Study</i>	Feb 2007 (partially updated Mar 2009)	Roger Tym and Partners with LSH
High Peak	<i>Peak Sub Region ELR</i>	August 2008	Nathaniel Lichfield and Partners
NE Derbyshire	<i>Northern Sub-Region ELR</i>	2008	Arup with Savills
South Derbyshire	<i>Employment Land Review: Derby City HMA</i>	March 2008	BE Group
Peak District National Park	<i>Peak Sub Region ELR</i>	August 2008	Nathaniel Lichfield and Partners
Leicestershire			
Blaby	Blaby Employment Land and Premises Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	March 2006	BE Group
Charnwood	Charnwood Employment Land Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	July 2006	Roger Tym and Partners
Harborough	Harborough Employment Land Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	Jan 2006	Nathaniel Lichfield and Partners
Hinckley and Bosworth Borough	Hinckley and Bosworth Employment Land & Premises Study Review (note - to be updated May 2010) Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	May 2004	BE Group

District/Sub-Region covered	Title of Study	Date	Consultants/Local Authority undertaking the study
Leicester	Leicester Employment Land and Premises Assessment Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	Jan 2006	BE Group
Melton Borough	Melton Employment Land Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	July 2006 (partial update 2007)	Roger Tym and Partners
North West Leicestershire	North West Leicestershire Employment Land Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	May 2005	Roger Tym and Partners
Oadby and Wigston	Oadby & Wigston Employment Land Study Also: <i>Leicester and Leicestershire HMA (for LSEP) 2008</i>	March 2006	BE Group
Lincolnshire			
Boston	Boston Employment Land Review	Feb 2008	Boston Borough Council
East Lindsey	n/a	n/a	n/a
Lincoln	Lincoln Employment Land Study Also: <i>Central Lincolnshire HMA Employment Land Review is currently updating this study alongside that of West Lindsey and North Kesteven to ensure consistency.</i>	May 2010	BE Group
North Kesteven	North Kesteven Employment Land Study Also: <i>Central Lincolnshire HMA Employment Land Review is currently updating this study alongside that of Lincoln and West Lindsey to ensure consistency.</i>	May 2010	BE Group
South Holland	n/a	n/a	n/a
South Kesteven	South Kesteven Employment Land Capacity Study Also: <i>South Kesteven Employment Land Review (Savills 2005)</i>	March 2010	Nathaniel Litchfield and Partners
West Lindsey	West Lindsey Employment Land Review Also: <i>Central Lincolnshire HMA Employment Land Review is currently updating this study alongside that of Lincoln and North Kesteven to ensure consistency.</i>	June 2007, updated April 2010	West Lindsey Council, BE Group (update)
Northamptonshire			
Corby	Northamptonshire Strategic Employment Land Assessment (SELA)	2009	WS Atkins with LSH and Nortoft
Daventry	<i>West Northamptonshire ELR (underway)</i> Also: <i>Northamptonshire Strategic Employment Land Assessment (SELA)</i>	TBC 2010	West Northamptonshire JPU

District/Sub-Region covered	Title of Study	Date	Consultants/Local Authority undertaking the study
East Northamptonshire	East Northamptonshire Employment Land Review Also: <i>Northamptonshire Strategic Employment Land Assessment (SELA)</i>	Dec 2006	Atkins
Kettering	<i>Northamptonshire Strategic Employment Land Assessment (SELA)</i>	2009	WS Atkins with LSH and Nortoft
Northampton	<i>West Northamptonshire ELR (underway)</i> Also: <i>Northamptonshire Strategic Employment Land Assessment (SELA)</i>	TBC 2010	West Northamptonshire JPU
South Northamptonshire	<i>West Northamptonshire ELR (underway)</i> Also: <i>Northamptonshire Strategic Employment Land Assessment (SELA)</i>	TBC 2010	West Northamptonshire JPU
Wellingborough	Wellingborough Employment Land Study Also: <i>Northamptonshire Strategic Employment Land Assessment (SELA)</i>	Sept 2006	Nortoft with Lambert Smith Hampton
Nottinghamshire			
Ashfield	<i>Northern Sub-Region ELR</i> Also: <i>Nottingham City Region Employment Land Study (2007)</i>	2008	Arup with Savills
Bassetlaw	Bassetlaw Employment Land Capacity Study Also: <i>Northern Sub-Region ELR (2008)</i>	Jan 2010	Nathaniel Lichfield and Partners
Broxtowe	<i>Nottingham City Region Employment Land Study</i>	Feb 2007 (partially updated Mar 2009)	Roger Tym and Partners with LSH
Gedling	<i>Nottingham City Region Employment Land Study</i>	Feb 2007 (partially updated Mar 2009)	Roger Tym and Partners with LSH
Mansfield	<i>Northern Sub-Region ELR</i>	2008	Arup with Savills
Newark and Sherwood	<i>Northern Sub-Region ELR</i>	2008	Arup with Savills
Nottingham	<i>Nottingham City Region Employment Land Study</i>	Feb 2007 (partially updated Mar 2009)	Roger Tym and Partners with LSH
Rushcliffe	<i>Nottingham City Region Employment Land Study</i>	Feb 2007 (partially updated Mar 2009)	Roger Tym and Partners with LSH
Rutland County			
Rutland	Rutland Employment Land Study	July 2008	Ken Mafham and Assocs

Appendix 2 LPA Survey Questionnaire



Emda Audit of Employment Land Reviews - Questionnaire

Local Authority _____

Name/Date of Employment Land Study _____

Name of Officer completing Survey _____

Comments on your Employment Land Review (ELR)

Please tick appropriate box

1. Was the ELR undertaken in-house, or by consultants?

Internal	External
<input type="checkbox"/>	<input type="checkbox"/>

2. Was your ELR undertaken at the same time as, or combined with, a Strategic Housing Land Availability Assessment (SHLAA)?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

3. Has your ELR been tested at either an Examination in Public or at appeal?

EIP	Appeal	Not tested
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. If it has been tested, did the Inspector find the ELR's approach and recommendations sound?

Sound	Unsound	No clear view
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Overall, how well did the ELR meet your requirements?

Good	Adequate	Poor
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5a. If not adequate, in what ways

6. Were there any important gaps or deficiencies in the ELR?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

6a. If yes, please expand on what these are and what caused them

7. Has the ELR been adequate to underpin emerging LDF documents?

Good	Adequate	Poor
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7a. If not adequate, please expand

--

8. For ELRs undertaken by consultants, would closer involvement by local authority officers in the ELR process have improved results?

Yes	No

9. Was the ELR's approach to estimating land needs flexible enough to cope with different economic conditions e.g. did it include a low growth/post recession scenario?

Yes	No

10. To what extent did your ELR assess employment sites in terms of RS Policy 20 – Regional Priorities for Employment Land (or the draft Policy)?

Fully	Partly	Not at all

11. How consistent do you consider your ELR is with the requirements of the new PPS4 (recognising that PPS4 post-dated the ELR)?

Fully	Partly	Not at all

12. How well do you consider each of these elements was dealt with in the ELR?

Element	Good	Adequate	Poor	Not Relevant
Identification of functional economic area in which district lies				
Economic strengths/weaknesses of the district				
Approach took account of local circumstances				
Development/competition in adjoining districts				
Stakeholder consultation				
Commercial property market views				
Qualitative assessment of existing sites				
Robustness of estimates of future requirements				
Identifying poorer sites for release				
Identification of additional employment sites needed				
Clear recommendations on types of new sites required				
For joint/sub-regional ELRs, identifying needs of each district				
Clear policy advice on employment land issues				
Deliverability/phasing of sites				
Needs of non-B class uses (i.e. waste, leisure, healthcare etc)?				
Needs of rural area/communities				
Provision for clusters of knowledge or high technology sectors?				
Provision for small firms/start-up space				
Sequential approach to B1 office development sites				

13. Would you seek a different approach to any of these elements in future ELRs?

Yes	No

13a. If yes, please explain which ones and how they would make the ELR more robust.

14. Would you consider any elements of the ELR examples of "good practice"?

Yes	No

14a. If yes, please expand

Need to review methodology in light of PPS4

15. Have you any plans to update your ELR to address deficiencies or reflect changed circumstances?

Yes	No

16. Have you any other comments regarding your ELR? If so, please set out below:

17. We intend to call/meet some local authorities to discuss their ELRs in more detail - would you be willing to take part in this?

Yes	No

Thank you. Please return this form to Colin Robinson at Nathaniel Lichfield and Partners, Generator Studios, Trafalgar Street, Newcastle Upon Tyne, NE1 2LA by Wednesday 21 April or email to crobinson@nlplanning.com

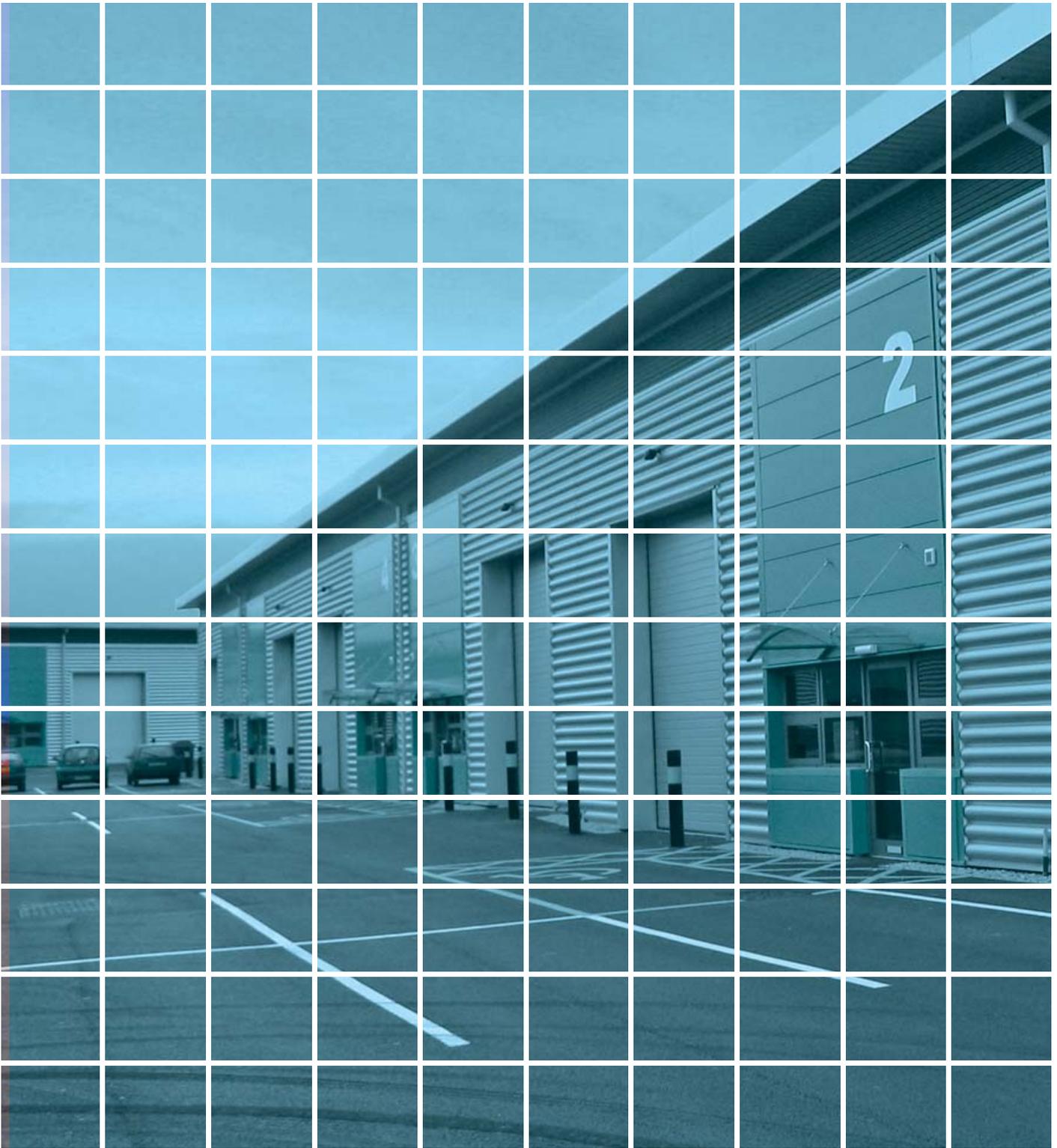
Please call 0191 261 5685 for any queries.

Appendix 3 Meeting Attendees

Name	Position	Organisation	ELR(s) involved with
Steve Jackson	Head of Regeneration	Amber Valley Borough Council	Derby City HMA ELR
Rob Thornley	Principal Officer (Planning for Sustainability)	Amber Valley Borough Council	Derby City HMA ELR
Neil Oxy	Planning Policy Officer	Ashfield District Council	Northern Sub-Region ELR; Nottingham City Region ELR
Tom Bannister	Principal Planner	Bassetlaw District Council	Northern Sub-Region ELR; Bassetlaw ELR
Paul Tebbitt	Senior Planning Policy Officer	Blaby District Council	Blaby Employment Land and Premises Study
Simon Eldred	Head of Planning and Regulatory Services	Boston Borough Council	Boston ELR
Mike Braithwaite	Head of Central Lincolnshire Joint Planning Unit	Central Lincolnshire Joint Planning Unit	North Kesteven ELR
Steven Lee	Planning Policy	Derby City Council	Derby City HMA ELR
Mike Burton	Senior Planning Officer	East Northamptonshire District Council	East Northamptonshire ELR
Mark James	Senior Planning Officer	High Peak Borough Council	Peak Sub-Region ELR
Judith Sterley	Senior Economic Regeneration Officer	Hinckley & Bosworth Borough Council	Hinckley and Bosworth Employment Land and Premises Study
Peter Boswell	Head of Planning Services	Lincoln City Council	Lincoln City ELR
Suzanne Feneley	District Economic Development Officer	North Kesteven District Council	North Kesteven ELR
Richard Cooper	Planning Officer	Nottinghamshire County Council	Northern Sub-Region ELR; Nottingham City Region ELR
Steve Dibnah	Director of Sustainable Economic Growth	Prospect Leicestershire	Leicester and Leicestershire HMA LSEP
David Troy	Planning Policy Manager	Rutland County Council	Rutland ELR
Troy Hayes	Senior Planning Officer	West Northamptonshire Joint Planning Unit	West Northamptonshire ELR

Appendix 4 East Midlands Districts





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