Planning shapes the places where people live and work and the country we live in. It plays a key role in supporting the Government’s wider social, environmental and economic objectives and for sustainable communities.

Employment Land Reviews: Guidance Note
Employment Land Reviews – Guidance Note
The Office of the Deputy Prime Minister has actively considered the needs of the partially sighted in accessing this document. The text will be made available in full on the Office of the Deputy Prime Minister’s web site in accordance with the W3C’s Web Accessibility Initiative’s criteria. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard, or you are a carer for someone who has, please contact the Office of the Deputy Prime Minister.

The Office of the Deputy Prime Minister
Eland House
Bressenden Place
London SW1E 5DU
Telephone 020 7944 4400
Web site www.odpm.gov.uk

© Queen’s Printer and Controller of Her Majesty’s Stationery Office, 2004

Copyright in the typographical arrangement rests with the Crown.

This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the publication specified.

For any other use of this material, please write to HMSO Licensing, St Clements House, 2-16 Colegate, Norwich NR3 1BQ Fax: 01603 723000 or e-mail: licensing@hmso.gov.uk.

This is a value added publication which falls outside the scope of the HMSO Class Licence.


Further copies of this publication are available from:

ODPM Publications
PO Box 236
Wetherby
West Yorkshire
LS23 7NB
Tel: 0870 1226 236
Fax: 0870 1226 237
Textphone: 0870 120 7405
E-mail: odpm@twoten.press.net
or online via the Office of the Deputy Prime Minister’s web site.

ISBN 1 85112 759 3

Printed in Great Britain on material containing 75% post-consumer waste and 25% ECF pulp.

December 2004
Reference No. 04 PD 02756
Preface

This guide is the result of a research study commissioned by the Office of the Deputy Prime Minister. Environmental Resources Management (ERM) undertook the study. The key members of the team were David Elliott, Ian Gilder, Sarah Goodall and David Nicholas. The Consultants were assisted throughout the study by a Steering Group whose guidance and advice is gratefully acknowledged. The members of the Steering Group were:

Michael Bach, ODPM
Stephen Jones, ODPM
Alex Lessware, ODPM
Robert Schofield, ODPM
Tony Thompson, ODPM
Alex Turner, ODPM
Mario Wolf, Government Office for London

The research was made possible by the co-operation of many other people, especially the officers in the case study authorities. The team would also like to thank everyone who attended the research seminars or submitted written consultation responses.

The content of this guide should not be taken as a definitive statement of Government policies.
Contents

SECTION 1 – INTRODUCTION .................................................. 1
  Purpose of the Guide ...................................................... 1
  Using the Guide .......................................................... 2
  Terms Used in the Guide ................................................. 3
  Format of the Guide ..................................................... 3

SECTION 2 – AN OVERALL APPROACH TO EMPLOYMENT LAND REVIEWS ........................................ 4
  Introduction ............................................................... 4
  Economic Development Objectives ................................ 4
  Sustainable Employment and Housing Development ........ 5
  Urban Housing Capacity Studies ..................................... 5
  Employment Land Policy Challenges .............................. 6
  Scope of Employment Land Reviews .............................. 10
  A Three Stage Process for Employment Land Reviews ..... 11

SECTION 3 – EMPLOYMENT LAND REVIEWS AND THE DEVELOPMENT PLAN .................................. 15
  Introduction ............................................................... 15
  Employment Land Reviews and the Preparation Process of LDFs and RSSs .............................................. 15
  Involving Key Stakeholders ............................................ 20
  Monitoring and Review ............................................... 23

SECTION 4 STAGE 1 – TAKING STOCK OF THE EXISTING SITUATION ......................................... 24
  Introduction ............................................................... 24
  Objectives ............................................................... 24
  Outcomes ............................................................... 24
  Roles of the Planning Bodies ......................................... 25
  Detailed Advice on Stage 1 Tasks ................................... 26
  Step 1: Devise Brief for Stage 1 ..................................... 26
  Step 2: Collate Data on Land Stock and Revealed Demand ........ 27
  Step 3: Devise and Apply Site Appraisal Criteria .............. 30
  Step 4: Undertake Preliminary Site Appraisal ................. 34
  Step 5: Confirming the Brief for Stages 2 and 3 .............. 34
  Regularising the Status of Sites to be Released ............. 35
LIST OF BOXES

Box 4.1 Employment Land Reviews Stage 1 Tasks ......................25
Box 4.2 Individual Planning Authorities: Issues for Stage 1 Brief ....27
Box 4.3 Key Components of Step 2 .................................27
Box 4.4 Minimum Site Characteristics to be Recorded for a Stage 1 Site Appraisal ...........................................28
Box 4.5 Stage 1: Criteria to be used to Assess Whether Employment Sites are to be Released (ie unsuitable or unlikely to be brought forward for development) ..........31
Box 4.6 Stage 1: Criteria to be Used to Identify ‘High Quality’ Allocated Employment Sites .........................32
Box 4.7 Key Considerations for the Planning Authority in Deciding How to Progress the Early Release of Sites ......36
Box 5.1 Employment Land Reviews Stage 2 Tasks .....................39
Box 5.2 A Classification of Employment Property Market Segments and Types of Site ..............................41
Box 6.1 Employment Land Reviews Stage 3 Tasks ......................53
Box 6.2 Main Groups of Appraisal Criteria for Assessing the Quality, Market Demand and Availability of Existing Employment Portfolio ..................................................56
Box 6.3 Types of Existing Site to be Considered in the Appraisal ..58
Box 6.4 Process for Site Appraisal of Existing Portfolio ..............60
Box 6.5 Process for Identifying ‘Additional’ Employment Sites ......61
Box 7.1 LDF Preparation: Employment Land Policy Questions ......67
Box 7.2 Illustration of Policy Formulation Process in LDFs ..........68
Box 7.3 Minimum Recommended Employment Monitoring Requirements by LDF Authorities .........................73
Section 1 Introduction

PURPOSE OF THE GUIDE

1.1 The primary purpose of this guide is to provide planning authorities with effective tools with which to assess the demand for and supply of land for employment. In particular, sites allocated for employment need to reflect the changing requirements of businesses and local economies. This guide will help authorities assess the suitability of sites for employment development, safeguard the best sites in the face of competition from other higher value uses and help identify those which are no longer suitable for employment development which should be made available for other uses.

1.2 The guide provides specific advice to help planning authorities to identify an up to date and balanced portfolio of employment sites in Local Development Frameworks (LDFs). Employment land reviews should be an integral part of the preparation of Regional Spatial Strategies (RSSs) and Local Development Frameworks (LDFs), deployed alongside housing capacity studies, housing market assessments and other tools to deliver sustainable development of employment, housing and other uses.

1.3 The specific objectives of this guide are to help planning authorities to:

— assess the future demand for employment land (at the regional down to the local level);
— assess the future supply of sites for employment (at the local up to the regional level);
— assess the suitability of individual sites, whether existing, permitted or proposed for future employment uses;
— identify sites which are clearly unlikely to be required by the market or are now unsustainable for employment development;
— develop appropriate future policies and proposals in regional spatial strategies (RSS), but more particularly, in local development frameworks (LDFs), both in development plan documents (DPDs) and supplementary planning documents (SPDs); and
— improve systems for monitoring outcomes and reviewing employment policies and programmes.

1.4 The guide has been prepared with the assistance of many planning authorities and others involved in all aspects of developing land for employment. Details of case study authorities and other consultees are in Annex A.

1.5 The guide presents in a coherent way many examples of good practice. It is intended to encourage debate and better practice. It recognises that local economies vary significantly across the country. A single methodology is not being prescribed. Individual authorities and their advisers will need to adapt the advice to suit particular local circumstances.
USING THE GUIDE

1.6 This guide has been prepared in recognition that employment land provision is reviewed at various levels of analysis, ranging from the Government Office region (GOR) to inform regional spatial strategies (RSS) and regional economic strategies (RES), through to individual districts, or indeed parts of a district, such as particular towns and/or travel to work areas.

1.7 A consistent and integrated approach is recommended for employment land reviews, albeit recognising that in regional studies attention should be on larger (typically termed 'strategic') locations whereas for smaller geographies, more comprehensive reviews are likely to be needed.

1.8 Individual local planning authorities will need to consult and may need to work with neighbouring authorities to provide the appropriate scale and context for local studies and monitoring. Regional planning bodies (RPBs) will need to take account of studies undertaken in particular parts of the region and should co-ordinate studies and monitoring across the region.

1.9 Any review of employment land provision should be part of the continuing application of 'plan, monitor and manage'. Circumstances can and do change, and any review of employment land should start from the issues addressed in previous studies, without being unduly influenced by the conclusions of those studies (which may often have been undertaken under differing economic and property market circumstances).

1.10 The guidance can be adapted to differing circumstances. Applied appropriately, it will result in a more consistent and coherent approach to the continuing task of ensuring that sufficient land and premises of appropriate quality and in relevant locations, is identified by the planning process in order to achieve sustainable economic development.

1.11 The guidance recognises that individual authorities will be at different stages in the preparation of spatial and economic strategies and that each will need to interpret the guidance to suit local circumstances and resources. It is not the intention that local planning authorities repeat work that has already been satisfactorily undertaken.
TERMS USED IN THE GUIDE

1.12 In order to simplify the guidance during the transition to the reformed planning system, the following terms are used: ‘Local plan’ (LP) has been used for existing local plans and unitary development plans and, where relevant, policies in structure plans. ‘Local development framework’ (LDF) has been used for the family of local planning documents being prepared under the reformed system. ‘LDF authority’ or ‘local planning authority’ refers to those authorities who will prepare and adopt LDFs. ‘Regional planning body’ (RPB) covers the Mayor of London and the regional assemblies. ‘Regional spatial strategy’ (RSS) has been used to cover RSS and in London, the Mayor’s Spatial Development Strategy.

FORMAT OF THE GUIDE

1.13 The guide has been structured to make it as accessible and useful as possible and, where appropriate, the advice is supported by relevant examples of good practice:

— Section 2 summarises the overall approach to reviewing the need for and allocation of employment land;
— Section 3 places employment land reviews in context, as part of emerging RSSs and LDFs;
— Section 4 details Stage 1 of the process – taking stock of the existing situation;
— Section 5 details Stage 2 of the process – creating a picture of employment land needs;
— Section 6 details Stage 3 of the process – reviewing the supply of sites and identifying a ‘new’ portfolio of employment sites;
— Section 7 deals with the presentation of employment land (and related policies) in RSS and LDFs including monitoring and policy reviews;
— Section 8 draws conclusions about the employment land review process.

1.14 There are five annexes to the guide, following the References:

— Annex A Consultees and Case Study Authorities;
— Annex B Published Data Sources and Availability;
— Annex C Quantitative Employment Land Methodologies;
— Annex D Translating Employment Forecasts to Land Requirements; and
— Annex E Stage 3 Site Appraisal Criteria.
Section 2  An Overall Approach to Employment Land Reviews

INTRODUCTION

2.1 This section of the guide introduces a robust, three stage approach to employment land reviews, adaptable for use by planning bodies operating at different spatial scales and facing different development pressures and at different stages in the plan process. The approach reflects the underlying principles of the new planning system, with its greater stress on sustainability and proactive management of development. Both regional and local spatial strategies should be more widely based than present development plans, extending beyond land use planning, reflecting broader economic, social and environmental considerations.

2.2 An important objective of the new development plans is to deliver an appropriate local balance between competing uses for land, particularly housing and employment. The market alone will not necessarily deliver that balance, particularly where land values for housing are substantially higher than those achievable for employment uses.

2.3 The guide is intended to complement established and emerging practice and the tools, such as housing capacity studies, already used to devise regional economic and spatial strategies, sub-regional studies and local development frameworks.

ECONOMIC DEVELOPMENT OBJECTIVES

2.4 The Government is committed, as set out in draft PPS1 (ODPM, 2004), to promoting a strong, stable, productive and competitive economy and sees the planning system as having an important role in delivering this. Planning authorities should have regard to the importance of encouraging industrial, commercial and retail development if the economy is to prosper and provide for improved productivity, choice and competition, particularly when requirements of modern business are changing rapidly. Planning authorities should be sensitive to these changes and the implications for development and growth. Planning authorities should actively promote and facilitate good quality development, which is sustainable and consistent with their plans.

2.5 As draft PPS1 states ‘continuing economic growth requires an efficient system for managing development’. Central to this are up to date and relevant development plans, which identify opportunities for future investment to deliver economic objectives. Specific objectives for delivering sustainable development include the promotion of regional, sub-regional and local economies through a positive planning framework and by bringing forward sufficient land of a suitable quality in the right
locations to meet expected needs for industrial and commercial development, to provide for growth and consumer choice, taking into account accessibility and sustainable transport needs and the provision of essential infrastructure.

**SUSTAINABLE EMPLOYMENT AND HOUSING DEVELOPMENT**

2.6 PPG4: Industrial and Commercial Development and Small Firms (DoE, 1992), states that one of the Government’s key aims is to encourage continued economic development in a way which is compatible with its stated environmental objectives, and that up to date and relevant plans are essential if the needs of commerce and industry are to be met, and reconciled with demands for other forms of development and for the protection of the environment. PPG3 (DETR, 2000) includes guidance that local planning authorities should review all their non-housing allocations, when reviewing their development plan and consider whether some of this land might be better used for housing or mixed use development. The importance of the carrying out of a review of employment land has been reinforced by the proposed changes made to PPG3.

2.7 The objective of this guide on employment land is to make sure that local planning authorities review their portfolios of employment sites and apply up to date and sensible criteria in terms of sustainable development and market realism. Local planning authorities are encouraged to identify a robust and defensible portfolio of both strategic and locally important employment sites in their LDFs and, where appropriate, to safeguard both new and existing employment areas for employment rather than other uses.

**URBAN HOUSING CAPACITY STUDIES**

2.8 As their name suggests, most housing capacity studies focus on assessing the supply of land for housing. It is rare for all existing or proposed employment sites to be consistently reviewed in those studies for their potential as housing sites, particularly in terms of their ‘fitness for purpose’ as employment sites. In summary, planning authorities should:

— undertake the employment land review as far as possible at the same time as they are reviewing housing capacity, with the emerging findings on land availability and suitability informing work on both studies;
— adopt consistent assumptions and approaches across their housing capacity studies and their employment land reviews;
— take account of both housing and employment requirements as well as the economics of development and landowners’ intentions, when assessing the likelihood that existing or allocated employment sites will remain in, or come forward for, employment uses within the plan period; and
— adopt a systematic approach to assessing the development potential of sites suitable for mixed use development, where these will include either housing or employment.

2.9 Regional capacity studies are mainly based on aggregation of information on housing capacity provided by the constituent LDF authorities (ERM, 2003).

2.10 This guide focuses on employment land issues. Some authorities may decide to prepare fully integrated urban capacity studies, embracing housing, employment and other uses. A fully integrated approach has much to commend it, but it is important not to underestimate the complexity of such an exercise in practice.

2.11 Both employment land reviews and housing capacity studies must take account of the growing importance of mixed-use development and the use of area based regeneration and development frameworks, if their findings are to be reliable. However, unless there are extant planning permissions, or a realistic adopted development brief or masterplan, quantification of the likely housing or employment component has to be estimated. Only if land assembly is well advanced, or there is a clear intention to proceed by compulsory purchase, can the timing and the development of multi-ownership development sites be judged accurately. In most authorities, mixed use development will provide a significant component of future employment land and it is important to recognise and allow for the uncertainty that this introduces into employment capacity estimates.

EMPLOYMENT LAND POLICY CHALLENGES

2.12 In preparing RSS revisions, RPBs should ensure that they complement and assist in the implementation of the RDAs’ regional economic strategy (RES), as well as incorporating the regional transport strategy (RTS) and regional housing requirements into emerging RSSs. PPS11 (ODPM, 2004) on regional spatial strategies sets out the Government’s guidance on the role and scope of RSS.

2.13 Existing local plans are more diverse in terms of implied or explicit strategy, reflecting economic differences and their geography. Ecotec and Roger Tym (2004),
reviewed numerous existing development plans and suggest that local plans generally adopt one or more of the following strategies:

- guide development towards urban centres where appropriate;
- promote development in small towns and rural areas in order to reduce the need to travel;
- promote rural diversification;
- support local economic development; and
- secure a more balanced pattern of housing and employment across the plan area.

2.14 Up-to-date and relevant plans are essential if the development needs of commerce and industry are to be met. Development Plan Documents should contain clear land-use policies for different types of industrial and commercial development. It has been common practice, in existing local plans, to:

- identify sites for particular types of employment uses (e.g., B1/B2/B8);
- identify sufficient sites to provide businesses with a choice of sites and to provide for the expansion of key local employers;
- seek to protect key or strategic sites currently in or designated for employment use; and
- carry forward undeveloped allocated employment sites from the previous plan period without appraising their current ‘fitness for purpose’.

2.15 In some areas, this has resulted in local plans which identify numerous employment sites, some of which will never be developed or return to employment use, since they do not match existing or foreseeable market requirements or are subject to severe physical or institutional constraints on their development. Furthermore, the development or redevelopment of some of these sites for employment uses no longer accords with present or emerging thinking on sustainability.

2.16 This is a situation which many planning authorities, landowners and developers will recognise. Various facets of the problem have been well documented in planning and property research over the last decade (e.g., Ecotec and Roger Tym (2004), Halcrow Fox (1997), ERM (2002) and Adams and Watkins (2002).

2.17 In broad terms, LDF authorities can be described as falling into one of the following property market categories:

- areas with high demand for both employment and other uses;
- areas with high demand for other uses, mainly housing, but relatively low demand for employment; and
- areas with weak demand for both employment and other uses.
2.18 There are few, if any authorities in the fourth category: areas with high demand for employment but low demand for other uses.

2.19 The policy tensions that arise in each of these types of property market are summarised in Table 2.1. Over and above that, there are continuing shifts in development requirements occurring in many areas. A common factor, however, is that current employment land allocations are not always best matched to current development needs. Apparent over-supply can occur in both high and low demand areas. In high demand areas, this may be due to a desire to meet unforeseen future demand arising from changes in the economy, while in low demand areas, large scale allocations of industrial land may persist through a lack of incentive to reduce the amount of land allocated.

<table>
<thead>
<tr>
<th>Demand For Employment Land</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Need to safeguard good existing employment sites in face of competing higher value uses.</td>
<td>Few, if any, authorities in this category.</td>
</tr>
<tr>
<td></td>
<td>Risk of losing ‘better’ employment sites, via appeal, where it is deemed employment land supply is ‘generous’, even though some sites may not be ‘fit for purpose’.</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Reconciling demand for other forms of development whilst maintaining adequate future supply of employment land.</td>
<td>Unsuitability of employment sites despite large portfolio.</td>
</tr>
<tr>
<td></td>
<td>Managing the release surplus sites to the market to develop for higher value uses.</td>
<td>Risk of not being able to meet modern requirements due to overhanging historic allocations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Limited alternative uses for released employment sites due to lack of demand.</td>
</tr>
</tbody>
</table>
2.20 While this simple demand matrix is helpful, there are two important considerations for most planning authorities. Apart from a few locations in larger urban centres and in parts of London, the value of land for housing development normally exceeds that for employment development. This acts as a major incentive for individual site owners and developers to pursue housing opportunities unless the development plan clearly states otherwise. This imbalance in value also acts as a disincentive to undertake employment development on allocated sites where these suffer from multiple ownership or other physical or institutional development constraints.

2.21 Many planning authorities recognise the 'employment land problem' and the need to identify redundant employment land for housing or other uses, supported by the guidance on urban capacity studies (DETR, 1999).

2.22 While there is plenty of experience and examples of good practice in the estimation of employment land need and the drafting of local plan policies, there are few examples of the systematic review and withdrawal of existing employment allocations or sites, in the way advocated in PPG3. Many authorities are aware of the need for such a review, not least where they are losing employment sites in a piecemeal way to other forms of development, despite having adopted apparently robust safeguarding policies.

2.23 Authorities identify a range of factors, which they believe constrain their ability to deliver a balanced portfolio of employment sites. These fall into six groups:

- a lack of experience in the systematic review and withdrawal of existing employment allocations or sites. While some planning authorities adopt criteria-based policies permitting the least suitable sites to pass to other uses, many others adopt a reactive development control approach to applications;

- limited demand for alternative uses. In low demand areas, local planning authorities often see little benefit in releasing sites and, in any case, worry that removing allocations gives the wrong message to potential inward investors;

- overwhelming demand for alternative uses often leads to blanket safeguarding of employment land, both new sites and those in existing employment use, from competing uses;

- a desire to protect existing industries makes local planning authorities reluctant to be seen to increase pressure on local employers. Safeguarding existing employment areas is perceived as the 'safest' policy option, even when these areas also contain substantial vacant premises or sites;

- land ownership – a single landowner may control much of the local employment land stock. Planning authorities also find it difficult to obtain reliable information about the intentions of the owners of both existing and allocated employment sites; and
— **unmet needs** – authorities are often aware of unfulfilled local needs for reasonable quality industrial or warehouse space which the market is not meeting. In these circumstances they are reluctant to re-allocate any sites which might be brought forward.

2.24 These issues need to be addressed by local planning authorities in their employment land reviews and are not sound reasons for failing to undertake a thorough review.

### SCOPE OF EMPLOYMENT LAND REVIEWS

2.25 Employment land reviews should focus on those employment land uses or premises which are within the scope of PPG4 (DoE, 1992), specifically:

— offices, both in town centres and elsewhere, including those for public administration;
— light and general industry;
— wholesale and freight distribution; and
— high technology premises, including research, business and science parks.

2.26 There are also ‘specialised’ employment land requirements which need to be taken into account in the course of the review and addressed when preparing policies and proposals in LDFs and RSSs. These include provision for:

— sectors or individual employers important to the local economy, whose expansion requirements need to be considered on a site by site basis;
— the creative industries, where they have specific property requirements;
— transport uses related to ports, airports and other inter-modal freight terminals;
— specialist waste facilities, in addition to those needs addressed in the scope of the review of general industrial demand; and
— replacement sites for ‘bad neighbour’ and ‘low value’ industrial uses, which may be displaced from existing sites.

2.27 In practice, particularly at the local level, only the larger, more general employment sectors are susceptible to a fully quantified analysis. The other, more specialised requirements need to be considered individually, based on both local knowledge and the interpretation of regional or other studies of the prospects and requirements for these sectors.

2.28 The continuing shift from manufacturing to service employment and the emphasis on sustainable and mixed-use development means that many of the sites which are most suitable for employment development are in or on the edge of town centres.
Employment land reviews should not cover retail or other town centre uses (apart from offices) for which other guidance is relevant. In taking forward an employment land review, local planning authorities will need to have regard to relevant planning guidance, and in due course, planning policy statements, including PPG 6: Town Centres and Retail Developments (DoE, 1996) and PPG10: Planning and Waste Management (DETR, 1999), and PPG13: Transport (DETR, 2001).

A THREE STAGE PROCESS FOR EMPLOYMENT LAND REVIEWS

2.29 This guide is intended to assist both individual local authorities and the regional planning bodies. It needs to be relevant for those authorities who already have a systematic and well developed approach to employment land, while also providing a minimum robust framework for those authorities who have few resources and/or limited development pressures and who may be unable to give a high priority to comprehensive employment land reviews.

2.30 Local and regional planning is a continuous process, building on existing policies and proposals. Individual authorities will be at different stages in the review of existing plans and the preparation of spatial and economic strategies. Each will need to choose the best way to draw on the guidance to suit local circumstances and resources.

2.31 Figure 2.1 summarises a simple staged process for reviewing employment land which is consistent with:
- the immediate requirements of PPG3, when LDF authorities are facing prospective applications for residential development on employment sites;
- the needs and resources available to a typical local planning authority undertaking an employment land review to inform its forthcoming LDF;
- the needs of regional bodies in terms of policy formulation and monitoring; and
- the more sophisticated technical approaches already used by a few, usually regional bodies.

2.32 At the regional level, for example, there will be a far greater focus on economic and employment forecasts and aggregate supply and, apart from regionally important locations, far less concern about the attributes of individual sites.

2.33 The three stage methodology is, in essence, the preliminary or ‘brief’ stage, followed by the assessment of demand or need, followed by the detailed appraisal of the stock of sites and premises available.
2.34 In Stage 1, LDF authorities are recommended to undertake a preliminary review of their employment site portfolio, identifying any which are clearly no longer ‘fit for purpose’ and, if they wish, identifying those ‘high quality’ or ‘strategic’ sites which must continue to be safeguarded for employment development.

2.35 The benefits of undertaking the Stage 1 appraisal of sites will vary from authority to authority but are likely to include:

— an improved understanding of the priorities for the remainder of the review;

— providing early evidence, albeit incomplete, that can be used to inform development control decisions or used at appeal.

2.36 The component elements of each of the three stages are set out in Figure 2.2 and the following paragraphs. They are considered in greater detail in Sections 4 to 6.
2.37 The three stage approach formalises what, in practice, is likely to be an iterative approach to any review of the need for and allocation of land for employment purposes. Most authorities will already be examining certain aspects of employment land demand and supply and the guide can serve as a checklist of what else needs to be done in order to create a robust employment land review. The stages are:

— **Stage 1** – take stock of the existing situation, including an initial assessment of ‘fitness for purpose’ of existing allocated employment sites.

— **Stage 2** – assess, by a variety of means (ie economic forecasting, consideration of recent trends and/or assessment of local property market circumstances) the scale and nature of likely demand for employment land and the available supply in quantitative terms.

— **Stage 3** – undertake a more detailed review of site supply and quality and identify and designate specific new employment sites in order to create a balanced local employment land portfolio.
2.38 Each of the three stages can be applied to different spatial scales of analysis, whether a single rural district, a larger urban area or whole county, or in the course of sub-regional or regional employment land reviews.

2.39 As Section 3 explains, in more detail, employment land reviews are a key component of the evidence base for policy and proposals in LDFs and RSSs and form part of the continuing ‘plan, monitor and manage’ approach to creating spatial strategies at the regional and local levels.
Section 3 Employment Land Reviews and the Development Plan

INTRODUCTION

3.1 This section of the guide sets out how employment land reviews fit into the preparation of emerging regional and local planning documents.

3.2 It draws on the national guidance on ‘Regional Spatial Strategies’ in PPS11 (ODPM, 2004) and on ‘Local Development Frameworks’ in PPS12 (ODPM, 2004) as well as emerging advice and practice on their preparation and monitoring.

EMPLOYMENT LAND REVIEWS AND THE PREPARATION PROCESS OF LDFs AND RSSs

3.3 Employment land reviews should form part of the review of policies in RSSs and of policies and sites allocated in LDFs. The RSS should provide a broad development strategy for the region for a 15 to 20 year period, and will form part of the statutory development plan. It is essential that the RSS both shapes and is shaped by other regional strategies, in particular the Regional Economic Strategy (RES), prepared by the Regional Development Agency (RDA). PPS11, at para 2.11 onwards, sets out the relationship with those other strategies.

3.4 As PPS11 makes clear, the RSS should articulate a spatial vision and provide a concise spatial strategy for achieving that vision. The RSS provides a spatial framework to inform the preparation of LDDs and regional and sub-regional programmes. Many of the components of employment land reviews have to be undertaken by LDF authorities, within an overall framework being devised by RPBs. Certain aspects, such as quantitative forecasting and setting requirements may have to be carried out by RPBs, in consultation with RDAs, sub-regional bodies and LDF authorities.

3.5 In the period of transition to LDFs and RSSs, the relevant planning bodies will need to decide how to deal with strategic policy, presently contained within structure plans, and the ‘best fit’ in terms of whether it should be part of the RSS or is more appropriate as part of the core strategy in individual LDFs. PPS11, in paras 2.21 onwards, amplifies the requirements on RPBs, under Section 4 of the 2004 Act, to consult bodies, such as county councils, with strategic planning expertise and advises on the ways in which RPBs should work in partnership with the county and district councils. Employment land provision may be an appropriate issue for the preparation of joint Local Development Documents, particularly covering larger urban areas and their travel to work areas.
3.6 The outcomes of employment land reviews will need to be formalised through changes to policies in the RSS and more detailed delivery policies and allocations in LDFs. The findings from the employment land review will inform the development plan framework from the regional level, through to LDFs (incorporating local economic and community strategies). The key challenges faced by LDF authorities will be in:

- balancing the competing demands for land in a ‘sustainable, spatial vision’;
- reviewing the planning policies for employment land in the adopted local plan and deciding how these should be amended in the emerging LDF; and
- determining the appropriate policy framework to deal with employment sites and land which are no longer required.

3.7 The RSS must pay appropriate attention to the Regional Sustainable Development Framework and be subject to Sustainability Appraisal (SA). All DPDs and SPDs started since 21 July 2004 are subject to the SEA Directive. The findings from the employment land reviews, in so far as they feed into emerging RSSs and LDDs, will need to be addressed by the SA of those documents. ODPM has published a draft guidance document on ‘Sustainability Appraisal of Regional Spatial Strategies and Local Development Frameworks’ (ODPM, 2004), which advises on how SEA applies within the wider RSS/LDF process.

3.8 The main way an employment land review will feed into the plan making process is to contribute to the evidence base to help the revision of the RSS or at the local level, relevant LDDs. The importance and role of the evidence base in plan preparation is explained in more detail in PPS11 para 2.34 and PPS12 paras 4.8 to 4.11. The consultation draft guidance on Creating Local Development Frameworks (ODPM, 2003) in Section 2.9 sets out a clear rationale for developing and managing the evidence base and gives general advice on good practice.

3.9 Figure 3.1 demonstrates how the various elements of employment land reviews should feed into the preparation of both LDFs and RSSs. Figure 3.2 expands on this, setting out which policy roles are best undertaken at the regional and individual planning authority levels and the principal analytic tools available. Both figures indicate a sequential approach where the regional and sub-regional analysis feeds into the local level assessment. While it would be desirable for regional employment land reviews to be undertaken first, in consultation with the constituent local planning authorities, this will not always be the case. The guide recognises that in reality more iterative relationships will exist between regional and local level employment land studies. While Figure 3.1 shows economic and employment forecasting predominantly taking place at the regional level there is nothing to prevent individual local planning authorities producing their own forecasts if they consider it necessary, and have the appropriate skills and resources.
Figure 3.1: Economic and Employment Land Review Hierarchy

RPs
- Regional Economic Forecasts and Monitoring
- Regional Employment (Land) Forecasts and Monitoring
- Regional Demographic/Labour Supply Forecasts and Monitoring
- Regional Property Market Studies and Monitoring

LDF Authorities
- Local Monitoring of Land Supply and Take-Up Loss
- Local Monitoring of Requirements/Property Markets
- Monitoring Demographic Change

Note: The regional level forecasting should be disaggregated to sub-regional levels, where appropriate.
3.10 RPBs and their constituent authorities have to work in close partnership to deliver consistent and complementary policies and proposals in RSSs and LDFs. These need to be supported by a consistent regional and local monitoring framework.

3.11 Both diagrams illustrate a two-level analytic hierarchy. In each region, different arrangements will be made to deliver sub-regional analyses, following the advice in PPS11. The reformed planning system allows and encourages authorities to work together to address functional markets that go beyond administrative boundaries. In order to deliver employment land reviews it will be appropriate, in many instances, for local planning authorities to work together, in respect of identified property or labour markets. PPS11 in para 2.21 acknowledges also that Section 4(4) authorities, such as the county councils, have particular expertise in relation to sub-regional matters.
Figure 3.2: Roles of RPBs and LPAs in Creating Effective Employment Land Policy/Proposals in RSS and LDFs

<table>
<thead>
<tr>
<th>Policy Roles</th>
<th>RPBs</th>
<th>Analytic Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Regional Vision in RSS</td>
<td>1. Regional monitoring and co-ordination</td>
<td></td>
</tr>
<tr>
<td>2. Regional and Sub-Regional Spatial/Sectoral Priorities</td>
<td>2. Sectoral and skills studies</td>
<td></td>
</tr>
<tr>
<td>3. Regional and Sub-Regional Investment Priorities/Programmes</td>
<td>3. Regional Economic/Employment/Demographic Studies</td>
<td></td>
</tr>
<tr>
<td>4. Deliver Regionally Significant Sites</td>
<td>4. Undertake/co-ordinate regionally significant sites searches/reviews</td>
<td></td>
</tr>
<tr>
<td>5. Co-ordinate sub-regional employment policies</td>
<td>5. Sub-regional quantitative demand forecasts</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Individual LPAs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prepare LDF and Community Strategy</td>
<td>1. Site quality studies</td>
</tr>
<tr>
<td>2. Local housing/employment balance</td>
<td>2. Local business needs monitoring</td>
</tr>
<tr>
<td>3. Balanced supply of employment sites to meet market needs</td>
<td>3. Monitoring of land supply/loss of employment land</td>
</tr>
<tr>
<td>4. Allocation and protection of specific employment sites</td>
<td>4. Monitoring of premises requirements (and property markets)</td>
</tr>
<tr>
<td>5. Encouraging local employment growth</td>
<td>5. Monitoring of skills/labour supply data</td>
</tr>
<tr>
<td>6. Participating in regional and sub-regional policy making</td>
<td></td>
</tr>
</tbody>
</table>

Note: The RSS should complement and assist the implementation of the RDAs’ strategies.
3.12  Statutory policy and proposals will normally be set out in the RSS and individual LDFs. It is for the RPBs, in consultation with other bodies including the RDAs, to identify when a sub-regional approach might be appropriate, being mindful of functional relationships between settlements and the 'strategic policy deficit'. PPS11 (para 1.15) limits the use of non-statutory sub-regional frameworks to exceptional circumstances, such as the 'growth areas' in the Sustainable Communities Plan (ODPM, 2002).

INVOLVING KEY STAKEHOLDERS

3.13  Recent policy and practice reforms have placed greater emphasis on consultation and partnership with wider interest groups, including engaging with the business sector at all stages in the planning process. PPS12 stresses the importance of ‘front-loading’, where local planning authorities will seek consensus on essential issues early on in the LDF process. PPS12 stresses the importance of inviting developers and landowners to bring forward specific site proposals at an early stage to avoid 'new' sites being brought forward at the public examination. It will prove difficult to include new sites in a DPD at the examination stage unless it can be demonstrated that they meet the Sustainability Appraisal, SEA and community involvement requirements of the 2004 Act.

3.14  When developing the ‘evidence base’ for policies, it is important that authorities understand private sector aspirations and market realities. Deliverability is an important consideration alongside other policy objectives. The involvement of the business community will help to inject market realism and ‘real time’ analysis of the suitability of sites compared to perceived market demand. Experience has shown that the business community has limited interest in the overall formulation of strategic planning policy but it is keen to share knowledge on issues where members have expertise, such as labour markets, business premises and transport needs.

3.15  There are a number of tried and tested mechanisms by which the business community is already being involved in assessing employment land and property requirements:
— surveys of local businesses to understand their future needs;
— local business and employers’ forums and partnerships; and
— regional business and economic forums.

3.16  At the regional and sub-regional level, there are often formal arrangements already in place. These seek to involve the business community in strategic policy testing and include representative organisations such as the CBI, Learning and Skills Councils, Chambers of Commerce and the Federation of Small Businesses. At the local level,
the experience of the case studies shows that relatively few individual local planning authorities have set up business or employer forums, on a continuing basis.

3.17 PPS11, in Annex C, (ODPM, 2004) recommends that RPBs should create a number of stakeholder focus groups, reporting to a central RSS steering group. Employment is an obvious key focus group, which should include the RDA, representative business organisations, education and training bodies and, possibly other key service providers. Arrangements of this sort already exist in many RPBs, although the structures and reporting arrangements vary.

3.18 When commissioning regional or sub-regional employment studies, RPBs should consider whether to set up separate steering or advisory groups, involving business interests, or whether to work though existing stakeholder focus groups.

3.19 Individual LDF authorities (and sub-regional groups) undertaking employment land reviews need to consider how to involve both the community and stakeholder groups in the process. These arrangements need to be consistent with the overall arrangements for consultation on the LDF set out in the Statement of Community Involvement, even if the employment land review is being undertaken in advance. In Stage 1, it will be appropriate to involve representative groups and those involved professionally in property development in determining the brief for the employment land review and (possibly on a confidential basis) with the review of individual sites.

Good Practice Example

Telford & Wrekin LDF Potential Development Sites Consultation

On advice from the Government Office, Telford & Wrekin is consulting on potential development sites early on in the process of preparing their DPDs. A consultation letter has gone out to landowners, developers and agents asking for information on sites they want to be considered for future allocation in the LDF. They are asking for the following information:

• site plan;
• site area;
• current use;
• proposed use;
• date when it would be available; and
• obvious constraints.

Source: Telford & Wrekin LDF Consultation Literature, September 2004
3.20 In Stage 2 of the employment land review, wider stakeholder involvement through business surveys and forums will be appropriate to ensure that business needs are being properly taken into account in assessing property and land requirements. In Stage 3, authorities will need to decide when and how to involve individual landowners, developers and community groups. Some authorities such as Telford & Wrekin are undertaking site related consultations at an early stage, while others, based on earlier experience, will choose to consult widely when the ‘technical’ appraisal of existing and prospective new sites has been completed. Paragraph 4.11 of PPS12 refers to the need to seek the involvement of relevant groups and organisations in the development of the evidence base, and further guidance is available in *Creating Local Development Frameworks*.

### Good Practice Example

**London Borough of Hounslow LDF Consultation on Key Issues for Employment**

Hounslow has consulted on a number of potential ‘key issues’ in the form of questions, which employment policies will need to address. Consultees were asked to rank the questions in terms of priority with a score between 1 and 4 and include any other questions they considered needed to be included. At this preliminary stage they were wanting to know whether they had identified the correct questions rather than seeking the answers. The questions posed included:

- Does the Borough have sufficient employment land, too much or not enough to sustain a successful local economy and maintain Hounslow’s contribution to the wider London economy?
- Which employment sites are of strategic or local importance and should be protected?
- What are the characteristics of different employment sectors, the types of premises necessary to accommodate them and the potential benefits for the Borough’s economy and residents?
- Are there any sites or premises no longer viable in employment use and which have the potential for other types of development?
- Where employment sites and premises are to be redeveloped, what uses or mix of uses should be prioritised?
- How can the environmental impacts of employment and business operations be mitigated, particularly in terms of air quality and noise?

*Source: LB Hounslow LDF Consultation Material, September 2004*
MONITORING AND REVIEW

3.21 In reality, land use planning has to be cyclical, subject to continual monitoring and review. Monitoring involves both keeping track of the outcomes of policy and development control decisions and a broader system of watching and analysing local demographic and economic conditions. RPBs and individual planning authorities will need to devote sufficient resources to monitoring, which should underpin policy-making and review.

3.22 Relevant, up-to-date information is essential for the implementation of a ‘plan, monitor and manage’ approach. The importance of effective local monitoring has been stressed in PPS11 and PPS12, as well as other studies and good practice guidance (eg DETR, 2000), and in policy guidance (eg ODPM, 2003 and 2004). Further guidance on monitoring RSSs and LDFs is in preparation.

3.23 Regional planning bodies and sub-regional bodies, such as county councils, both recognise and depend upon effective monitoring and data collection. While some of this can be drawn from government and commercial sources, key aspects of the performance of the local economy and planning system are best monitored by local planning authorities and collated at the regional level.

3.24 The guidance on preparing LDFs (ODPM, 2003) stresses that review, monitoring and survey is crucial to building up a strong evidence base to inform the successful delivery of policy. There is now a formal requirement for LDF authorities to publish an Annual Monitoring Report, reviewing progress in meeting policy targets. There was already a requirement to publish the monitoring of Regional Planning Guidance and the new statutory regime for RSSs is intended to be linked to the monitoring of individual LDFs, as explained in para 3.10 of PPS11.

3.25 Detailed advice on employment and employment land monitoring is set out in Section 7. It sets out advice on the minimum robust levels of monitoring at local, sub-regional and regional levels.
Section 4 Stage 1: Taking Stock of the Existing Situation

INTRODUCTION

4.1 This section of the guide provides advice on the initial steps in the review of existing employment land portfolios. The guidance is particularly directed to those planning authorities responsible for preparing LDFs. Certain elements of the advice are relevant to the RPBs at the regional and sub-regional level.

OBJECTIVES

4.2 The main objective of Stage 1 is a simple assessment of the ‘fitness for purpose’ of the existing employment land portfolio, principally in order to identify the ‘best’ employment sites to be retained and protected and identifying sites that should clearly be released for other uses. Maintaining employment designation on sites that should be released adds little to the effective supply of employment land and merely distorts statistical analysis of the supply. Stage 1 is also the preliminary to Stages 2 and 3, giving all authorities the opportunity to review their understanding of the local economic and employment land issues and devise fuller briefs for application in Stages 2 and 3.

Objectives

To identify the ‘best’ employment sites to be protected.

To identify employment sites to be released.

To prepare an effective brief for Stages 2 and 3 of the review.

OUTCOMES

4.3 The principal outcome of Stage 1 will be the identification and protection of the ‘best’ employment sites and the identification and potential release of those existing or allocated employment sites which clearly do not meet sustainable development criteria, and are unlikely to meet future market requirements. The other key outcome is an effective brief for Stages 2 and 3.

Outcome

An understanding of key employment land supply issues.

A portfolio of potential employment sites to take forward for more detailed review.

An effective brief for Stages 2 and 3 of the review.
ROLES OF THE PLANNING BODIES

4.4 Stage 1 is a preliminary analysis of sites essentially to be undertaken by individual local authorities or sub-regional groups of local authorities. Where there is a general over-supply of sites throughout a conurbation or other sub-region, a single study covering the whole area is desirable. In medium to large urban areas, where property markets cross administrative boundaries, joint reviews should also be considered.

4.5 The RPBs should take a lead role, in consultation with the RDAs, local planning authorities and where appropriate, sub-regional bodies, in co-ordinating a programme of consistent employment land reviews across the region. Before commencing an employment land review, individual local planning authorities should consult the RPB, neighbouring authorities and the business community. Wherever possible, common approaches and methodologies should be used by neighbouring authorities who are part of a single employment travel to work area and/or property market area.

4.6 The nature and distribution of regional strategic investment locations should be a matter for the RPBs to review. Strategic sites already identified in earlier studies or plans should be included in the Stage 1 appraisal by individual LDF authorities.

<table>
<thead>
<tr>
<th>Box 4.1: Employment Land Reviews Stage 1 Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional Planning Bodies</strong></td>
</tr>
<tr>
<td>Coordinate overall approach to local employment land reviews and create consistent monitoring arrangements.</td>
</tr>
<tr>
<td>Decide whether to commission review of strategic sites and/or specialist site requirements.</td>
</tr>
<tr>
<td>Review ‘gaps’ in regional information base.</td>
</tr>
<tr>
<td>Brief for Stage 2 and 3 of regional employment land review.</td>
</tr>
</tbody>
</table>
DETAILED ADVICE ON STAGE 1 TASKS

4.7 There are five steps to the process outlined below:

| Stage 1: Taking Stock of the Existing Situation | Step 1: Devise brief for Stage 1 |
|                                               | Step 2: Collate data on land stock and revealed demand |
|                                               | Step 3: Devise and apply site appraisal criteria |
|                                               | Step 4: Undertake preliminary site appraisal |
|                                               | Step 5: Confirming brief for Stage 2 and 3 |

STEP 1: DEVISE BRIEF FOR STAGE 1

4.8 For most RPBs, the principal tasks in Stage 1 will be to coordinate a consistent approach to monitoring and land review across their region, review gaps in the regional information base and their understanding of strategic site supply. Based on their understanding of employment land issues locally, it will be for individual LDF authorities (in consultation with RPBs) to devise their own briefs for Stage 1 and subsequent stages of the review.

4.9 It will be important for LDF authorities to place boundaries around the Stage 1 analysis of the current portfolio. Otherwise, there is a danger that the preliminary appraisal will become unduly extended, moving into the consideration of alternative uses for the sites that might be released or the identification of new employment sites required to re-balance the portfolio.

4.10 In essence, the purpose of Stage 1 is simply to identify those sites, when set against current aspirations of occupiers and developers, that should definitely be retained and those which could be released. As a consequence, sites to be released can, with agreement, be removed from further consideration of the availability of land for employment purposes. This then provides a sound foundation for further analysis in Stages 2 and 3 of the review.

4.11 This preliminary appraisal of the existing portfolio will not identify every employment site to be released, but it will highlight the most acute examples, with other sites being defined later in the review. For example, in Stage 1, it will be easier to address long-standing employment sites that are currently vacant, whether greenfield or brownfield sites, where patently no new development has materialised despite their continued ‘availability’ to the market. The future of poor quality existing premises, particularly if they are still occupied, will require more complex analysis as part of the overall balanced portfolio and is best left until Stage 3.
4.12 The key to a speedy and effective review of the current portfolio is a concise brief that sets out the actions to be taken, and just as importantly, the actions not to be taken until later stages of the review. Box 4.2 sets out some of the key issues for LDF authorities to consider in preparing a Brief for Stage 1.

**Box 4.2: Individual Planning Authorities: Issues for Stage 1 Brief**

Consultation with RPB and sub-regional partners (where appropriate) about scope and timescale of employment land review.

Key elements of the strategic planning vision and objectives.

The relevance of previous economic and employment land studies.

The availability of local monitoring information on site availability and supply.

The best way to ‘tap into’ the experience and knowledge of key staff and stakeholders about individual sites and requirements.

The availability of in-house skills and resources and any decision to out-source some or all of the main review; and

The timescale for implementation of Stage 1 of the review.

**STEP 2: COLLATE DATA ON LAND STOCK AND REVEALED DEMAND**

4.13 In Stage 1, the principal information to be collated relates to the overall stock of employment land and the take-up of sites and premises. Measures based on take-up of sites and premises are also indicators of ‘revealed demand’ for sites.

**Box 4.3: Key Components of Step 2**

Review existing (or compile new) employment sites database or sites and premises registers.

Monitor planning permissions granted and take-up (including sites leaving employment uses).

Interrogate available property market appraisals (including transactions and assessment of future demand and supply); and

Confirm the likely business needs and future market requirements with selected consultees.
4.14 Planning authorities vary significantly in terms of the nature, type and quality of their site based information about employment sites and premises. Individual authorities will need to review their existing datasets on employment sites. Often the existing data was collated for some other specific purpose such as:

- a previous local plan or economic strategy review;
- planning appeals which have involved ‘safeguarded’ employment sites;
- monitoring take-up of planning permissions;
- sites and premises registers; or
- input to NLUD or other government returns.

4.15 A few authorities have full property or development site databases already on GIS.

4.16 When undertaking a Stage 1 analysis, authorities could make do with databases which only record the principal existing general employment areas (if not already identified in the local plan) together with those proposed employment areas which are safeguarded or allocated in the local plan. However, in order to conduct a full employment land review, a more comprehensive database of existing and potential sites and premises will be required for Stages 2 and 3.

4.17 Planning authorities are recommended not just to create a minimum database for Stage 1 but to set up a comprehensive database of employment sites for continuing use during the review and as a basis for monitoring. This will require a combination of sources, including:

- existing documentary or database sources held by planning, property or economic development teams;
- OS mapping (possibly supplemented with aerial photographs);
- business directories;
- business rates records;
- property transactions; and
- site visits.

4.18 A minimum site size threshold of perhaps 0.25 ha (or 500m² of floorspace) would be appropriate for a comprehensive database in most areas.
4.19 Mapped information, preferably on GIS, will be needed for all sites in both a minimum or comprehensive database.

4.20 The second component of Step 2 will be to collate available information on the recent pattern of employment land supply – using the LDF authority’s own data on permissions granted and the rates of take-up of those permissions. This needs to be analysed in terms of a simple typology of employment land by market segment and, by sub-areas, where there are distinct property market areas within authorities. If available, it should be supplemented by information about permissions for other uses that have been granted (or developed) on sites then or formerly in employment uses. Further advice on defining property market segments is in Step 6.

4.21 If the LDF authority (or another organisation) monitors the supply and take-up of business premises (for example, through a Land and Premises Register or from recorded inquiries for employment sites) this provides additional (if not directly comparable) information on demand and supply. Other more systematic appraisals of the demand for business premises (eg from a full Property Market Appraisal) are useful, if available, but are more necessary as part of the Stage 2 and 3 analyses.

4.22 It will be important to extract from the analysis of recent take-up of employment land, those sites which have been developed for specialist uses (or were inward investments or relocations unlikely to be repeated in the future). The balance of uptake provides a view on the underlying requirements for office, general business and warehousing sites. When compared with the overall stock of employment sites (in terms of years supply in each main market segment) and the views of agents (about significant new demands likely to arise) this will provide a sufficient context for the appraisal of individual sites in Stage 1.

4.23 During the Stage 1 appraisal, full consultation with landowners and the development industry is not essential. The planning authority should, however, seek to draw on:

— market knowledge, through discussions with development agencies and local property agents (possibly conducted by using the authority’s own property consultants);
— information collated by other sub-regional or regional bodies on employment land and premises required;
— information held by other public sector bodies and the utilities in relation to infrastructure constraints; and
— any recent survey of business needs or soundings from local or regional business and economic forums.
STEP 3: DEVISE AND APPLY SITE APPRAISAL CRITERIA

4.24 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.

4.25 Where authorities are facing particular threats to their employment land stock through applications for redevelopment for other uses and there is a large stock of mediocre or ‘difficult to differentiate’ employment land allocated, they may choose to use the Stage 1 analysis also as an opportunity to confirm their selection of ‘high quality’ employment allocations which should, without doubt, be safeguarded for future employment use. This may prove valuable in defending these sites against unwanted applications for redevelopment, until such time as the whole portfolio of sites has been reviewed and confirmed through the LDF process. At the other end of the scale, applying the site appraisal criteria will identify sites which clearly could be released for other uses.

4.26 Where, particularly in large urban areas, the employment land stock is predominantly in the form of large, underused or vacant industrial premises, authorities may decide that their priority is to assess the suitability of these sites for redevelopment or upgrading. This should be pursued through a full ‘quality’ appraisal following the advice in Stage 3.

4.27 The appraisal of individual sites needs to be based on three groups of criteria set out for sites potentially to be released in Box 4.5 and to confirm ‘high quality’ sites in Box 4.6. The criteria are indicative of the issues to be covered rather than a detailed checklist which must be followed.
EMPLOYMENT LAND REVIEWS | Stage 1: Taking Stock of the Existing Situation

Box 4.5 Stage 1: Criteria to be used to Assess Whether Employment Sites are to be Released (ie unsuitable or unlikely to be brought forward for development)

1: Market Attractiveness Factors
1.1: Has the site been formally identified for employment for at least 10 years?
1.2: Has there been any recent development activity, within the last 5 years? This could include works on site but also new or revised planning applications/building regulations applications.
1.3: Is the site being actively marketed as an employment site?
1.4: Is the site owned by a developer or another agency known to undertake employment development?
1.5: Is the site in multiple ownership/occupation, or owned by an organisation unlikely to bring it forward for development?
1.6: Is there a valid permission for employment development, likely to meet market requirements? Or for an alternative use?
1.7: Would employment development on this site be viable, without public funding to resolve infrastructure or other on-site constraints?

2: Sustainable Development Factors
2.1: Would the site be allocated today for employment development, measured against present sustainability criteria (including public transport and freight access, environmental impacts and brownfield/greenfield considerations)?
2.2: Is employment the only acceptable form of built development on this site (eg because of on-site contamination, adjoining uses or sustainable development reasons)?

3: Strategic Planning Factors
3.1: Is the site within an area identified as of strategic importance to the delivery of the RSS/RES?
3.2: Is the site identified or likely to be required for a specific user or specialist use?
3.3: Is the site part of a comprehensive or long term development or regeneration proposal, which depends on the site being developed for employment uses?
3.4: Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on-site constraints to make employment development viable?
3.5: Are there any other policy considerations, such as emerging strategic objectives or spatial vision, which should override any decision to release the site?

Source: ERM
4.28 In the Stage 1 analysis, the focus is on the market attractiveness and sustainability of sites. In setting the criteria and applying the analysis, planning authorities will need to take account of their understanding of the general picture of supply and demand for employment land locally. In areas where there is evidence that there is no substantial over-supply of sites, care must be taken not to release sites at this stage, which could be made suitable for employment development in the future.

4.29 The assessment of market attractiveness will have to be conducted differently depending on the extent of any local over-supply and whether there is any evidence of local ‘market failure’. In some areas, there will be sites in the general business/warehouse segment which have not been brought forward by the market, which are all, to some degree, subject to physical or ownership constraints making it difficult to differentiate between sites. Market failure occurs in particular at the ‘ordinary’ end of the light industrial/warehouse market segment. In many areas, there

Box 4.6 Stage 1: Criteria to be Used to Identify ‘High Quality’ Allocated Employment Sites

1: Market Attractiveness Factors

1.1: Has there been recent development activity within the last five years? [This could include works on site, planning briefs or permissions for good quality employment uses]
1.2: Is it being actively marketed as an employment site?
1.3: Has there been any recent market activity? [This could include enquiries, sales or lettings]
1.4: Is the whole site owned by a developer or another agency which undertakes employment development?
1.5: Is development for employment viable, with any public funding if it is committed?
1.6: Is the site immediately available?

2: Sustainable Development Factors

2.1: Does the site meet present (and expected future) sustainability criteria (including public transport and freight access, on and off-site environmental impacts)?

3: Strategic Planning Factors

3.1: Is the site within an area identified as of strategic importance to the delivery of the RSS/RES?
3.2: Is the site identified or likely to be required for a specific user or specialist use?
3.3: Is the site part of a comprehensive development or regeneration proposal, which depends on the site being partly or wholly developed for employment uses?
3.4: Is the site important in delivering other economic development objectives or the spatial strategy?

Source: ERM
are apparently unfulfilled requirements from businesses yet developers are not prepared to build premises at the prevailing market rents. Sites which are otherwise suitable for employment development may have remained undeveloped for substantial periods. Where the authority identifies such sites, they should seek advice from property advisors as to whether local ‘market failure’ is the cause.

4.30 At Stage 1, sites which are obviously unsustainable, measured against present criteria will, in most cases, be obvious. However strategic planning factors, for example where a site is key to delivering economic development objectives or an overriding spatial vision or indeed forms part of a wider regeneration proposal, may support retention of an apparently unsustainable site. Sites, which are marginal or give ambiguous results, in terms of sustainability, should be left in the frame for more detailed appraisal in Stage 3.

4.31 A simple scoring system applied to the individual characteristics of each site may be helpful, using a three, or at most, five point scale for each characteristic. The use of aggregate overall scores for sites across the three groups of factors is not recommended. In particular, scores cannot be aggregated where the factors concerned are a combination of soluble constraints and absolute accept/reject decisions. Aggregate scoring systems, in any case, are unstable and can be challenged by simple arithmetic re-weighting of the variables, which will tend to move sites up or down the list by a significant amount.

Case Study Example

**Tees Valley Strategic Sites Review Scoring System**

The Tees Valley Study is of particular interest in that it was directed towards reducing the massive historic over-allocation (when compared to recent take up) of employment sites in the area. Twenty mainly planning and sustainability criteria were used. A stakeholder panel was used to give weightings to the criteria. Overall points scores were calculated for each site, ranging from −48 to +123. At the top end of the scale, over +52, the results correlated with the recommendation to retain but otherwise there was poor matching between the scores and the recommendations to de-allocate eight of the 37 sites. This points to the difficulty of reflecting often complex considerations into simple ‘points and weights’ scoring systems.

**Source:** Tees Valley JSU, 2003

4.32 The outcome of Step 3 should be a matrix of sites and the key characteristics to be considered further in Step 4.
STEP 4: UNDERTAKE PRELIMINARY SITE APPRAISAL

4.33 Previous steps in the Stage 1 analysis have identified, in broad terms, the extent to which there is a mismatch between supply and demand for employment sites locally, with at least an initial view as to which market segments are over-supplied.

4.34 In order to reach a view about which sites should be ‘protected’ or ‘released’ at this stage, there will need to be a balanced consideration of individual sites applying the ‘market attractiveness’, ‘sustainable development’ and any overriding ‘strategic planning factors’. In segments where there is substantial over-supply it would be appropriate to earmark for release all sites where there has been no market interest which also fail the sustainability criteria. Where, in total, that would remove most of the forward supply it will be necessary to re-examine individual sites, keeping in the portfolio, for later more detailed appraisal, sites which could meet market needs if ownership or physical constraints were resolved.

4.35 In segments where there is a relatively tight supply only those sites which fail the sustainability test and it is agreed are extremely unlikely to meet market requirements should be earmarked for release.

4.36 Where the planning authority decides, for strategic economic or planning reasons, to retain a site in the portfolio that is subject to serious ownership, physical and/or environmental constraints, it will have to decide in Stage 3 of the review which mechanisms that can be used to bring the site forward for development in future.

4.37 The outcome of Step 4 is to set out, in a further matrix, sites graded so that the ‘best’ sites definitely to be retained, other sites for further appraisal and those sites to be released are clearly defined.

STEP 5: CONFIRMING THE BRIEF FOR STAGES 2 AND 3

4.38 At the conclusion of Stage 1, individual planning authorities should have a clearer understanding of the available information about the supply and take-up of employment sites locally, have established at least a minimum employment site database and have undertaken an initial appraisal of sites available for employment development.

4.39 This provides the basis for confirming the brief and work programme for Stages 2 and 3 of the employment land review, which should be devised after reading the guidance for those stages.
Having completed the Stage 1 appraisal, the planning authority will need to decide how it intends to regularise the revised status of any sites to be released. The sites to be released are likely to fall into one of four categories in terms of their existing status:

- A) existing or former employment sites which are subject to no employment allocation or other safeguarding in the local plan;
- B) sites subject to a criteria based policy which permits re-development for non-employment uses;
- C) undeveloped sites allocated and safeguarded for employment use; and
- D) existing or former employment sites or allocations allocated or safeguarded for employment use.

In some existing local plans, there are likely to be general policies governing the potential transfer of sites to other uses.
4.42 The authority may well decide that the timetable for the LDF preparation is such that no further immediate action should be taken and the results should feed into the Preferred Options consultation on the LDF (backed by the more complete analysis in Stage 2 and 3).

4.43 Clearly, sites within categories A) and B) can be released without conflict with the existing development plan. Formal de-allocation of sites in categories C and D can only take place through the plan making process, however the explicit recognition that an LDF authority is minded to release the allocated sites, will assist in the application of appropriate development control processes. Formal ‘departures from the development plan’ involving these sites can be more speedily considered, and finite professional resources applied to the protection of the remaining more valuable employment sites. At a minimum, the authority’s Cabinet or planning committee should formally endorse the conclusions before any use is made of the Stage 1 appraisal as a material consideration in determining planning applications.

Box 4.7: Key Considerations for the Planning Authority in Deciding How to Progress the Early Release of Sites

- How far advanced any review of the local plan and/or preparation of the LDF is.
- The timing of any reviews of housing, retail or open space requirements, including progress with any urban capacity study.
- The likely nature of appropriate alternative uses on those sites; and
- The nature of existing employer occupiers (if any) and the opportunities for their relocation.
Section 5  Stage 2: Creating a Picture of Future Requirements

INTRODUCTION

5.1 Stage 2 of an employment land review is the assessment of future requirements for employment land (and premises) compiled using a range of complementary techniques to provide a full picture at the regional, sub-regional and local scales.

5.2 RPBs will need to take the lead in coordinating and delivering key elements of the assessment of requirements, in consultation with constituent authorities.

5.3 It is essential to acknowledge that there are different ‘market segments’ within the employment property market, when seeking to assess needs or requirements. Without such a disaggregated approach, it may be possible to show that an appropriate quantity of employment land is available, but it may well be of the wrong character and unsuited to the particular sectors that might otherwise find the locality attractive.

5.4 Having established the best available picture of future requirements, a detailed review of the existing portfolio of employment sites can be undertaken in Stage 3, comparing the available stock with the particular requirements of the area. In this way, it will be possible to arrive at a full appraisal of the ‘gaps’ in local employment land provision and set parameters for the identification of new sites. These parameters should be set in both quantitative terms (ie the aggregate amount of additional land to be identified and allocated for employment purposes) and qualitative terms (ie assessing the site characteristics that will be required to ensure the supply matches the requirements of the particular market segments).

5.5 It will be important to recognise also that prospective occupiers of employment premises need a choice of sites or premises within the area that meet their requirements, particularly if a single provider controls a large proportion of available sites. Similarly, any quantified assessment needs to recognise different market areas within the study area, in order that employment land is not overly concentrated in one location at the expense of others, to ensure that provision of employment opportunities is sustainable and to minimise labour supply problems for employers.

OBJECTIVES AND OVERALL APPROACH

5.6 The main objective of the Stage 2 analysis is to quantify the amount of employment land required across the main business sectors within the study area during the plan period. This is achieved by assessing both demand and supply elements and assessing how they can be met in aggregate by the existing stock of business premises and by allocated sites.
5.7 Any quantitative assessment of employment land requirements, particularly for individual authorities, needs to be informed by the use of forecasts and surveys. These need to be interpreted taking account of the best available indications of future change in local economies and business requirements as well as wider regional or local economic and spatial objectives. There are some formal techniques to help bring these together (described in Step 10 as 'scenario testing') but the assessment of requirements and the means of meeting these depends on professional judgement and local interpretation.

### Objectives

To understand the future quantity of land required across the main business sectors.

To provide a breakdown of that analysis in terms of quality and location.

To provide an indication of ‘gaps’ in supply.

### OUTCOMES

5.8 The outcomes of Stage 2 will be a quantitative assessment of future employment land requirements for the plan period. First, there is a need to undertake a quantitative assessment of the total future demand for employment land across the main sectors. The second element is to undertake a quantitative assessment of suitable employment land stock or supply remaining from Stage 1. The two outcomes will need to be compared to identify gaps in provision and any areas of over or under-supply.

### Outcomes

Broad quantitative employment land requirements across the principal market segments covering the plan period.

An analysis of the likely ‘gap’ in supply to be filled.

### ROLES OF THE PLANNING BODIES

5.9 Some of the key aspects of the quantitative assessment of future employment land requirements cannot be effectively undertaken by individual local planning authorities working alone. RPBs need to take the lead in undertaking and coordinating regional forecasting and monitoring. In some instances, the existing
arrangements, where county councils or joint structure plan teams undertake or commission such work, will be the most effective basis for future arrangements. Individual LDF authorities have an important role both in providing monitoring information to inform sub-regional and regional studies and in undertaking their own analyses of requirements and supply, based on local and regional information.

5.10 Box 5.1 summarises the key tasks for RPBs and individual planning authorities in Stage 2.

**Box 5.1: Employment Land Reviews Stage 2 Tasks**

<table>
<thead>
<tr>
<th>Regional Planning Bodies</th>
<th>Individual Planning Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation with constituent authorities about provision of</td>
<td>Agree timetable and scope of sub-regional and local assessments to</td>
</tr>
<tr>
<td>quantitative land requirement assessments.</td>
<td>be provided.</td>
</tr>
<tr>
<td>Commission regional (and/or sub-regional) labour demand</td>
<td>If necessary, undertake local labour demand and supply forecasts.</td>
</tr>
<tr>
<td>and supply forecasts for key sectors.</td>
<td></td>
</tr>
<tr>
<td>Commission regional (and/or sub-regional) skills/growth or</td>
<td>Collate local information on take-up of employment sites and</td>
</tr>
<tr>
<td>specialist sector studies.</td>
<td>requirements for premises.</td>
</tr>
<tr>
<td>Commission regional (and/or sub-regional) property market</td>
<td>Undertake local property market assessments and business consultation.</td>
</tr>
<tr>
<td>studies and consultation with businesses.</td>
<td></td>
</tr>
<tr>
<td>Review need for regional strategic and/or specialist</td>
<td>Interpret quantitative land requirements assessed sub-regionally in</td>
</tr>
<tr>
<td>employment locations.</td>
<td>the light of local information.</td>
</tr>
</tbody>
</table>

5.11 The principal difficulties faced by local planning authorities undertaking employment land reviews, especially at the district level, are:

- building a meaningful picture of employment demand and supply. (There are two underlying problems: labour and property markets extending across district boundaries and the limitations of small area projections particularly over the time horizons required for development plans); and
- reconciling demand and supply estimates derived from different sources and methodologies.

5.12 This reinforces the need for regional and sub-regional analyses, interpreted locally, to provide a sound basis for policy and to identify a balanced portfolio of employment sites.
DETAILED ADVICE ON STAGE 2 TASKS

5.13 There are five steps to the process as outlined below:

<table>
<thead>
<tr>
<th>Stage 2: Create a quantified picture of future requirements</th>
<th>Step 6: Understand market areas and segments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 7: Select and apply suitable forecast model/demand analysis</td>
</tr>
<tr>
<td></td>
<td>Step 8: Quantify employment land supply</td>
</tr>
<tr>
<td></td>
<td>Step 9: Translate employment forecasts to land requirements</td>
</tr>
<tr>
<td></td>
<td>Step 10: Scenario testing</td>
</tr>
</tbody>
</table>

STEP 6: UNDERSTAND MARKET AREAS AND SEGMENTS

5.14 It is important from the outset to understand the nature of the local commercial property market in terms of both geography and market segments.

5.15 The geography of local commercial property markets and employment has to be considered in two ways:

— the most appropriate boundaries for any aggregate analysis of demand and supply. For reasons of practicality, these are usually defined as functional areas (for example based on travel to work areas) with sub-areas which can be aggregated to local authority boundaries; and

— the locational and premises requirements of particular types of business and the extent to which one location can meet the needs of a mix of types of business.

5.16 Individual planning authorities need to consider the particular characteristics of their own areas but there are certain property market segments which exist in all areas and others which may be present. Box 5.2 sets out a general classification of employment sites from a market perspective. For certain types of analysis, sites occupied by general industrial, business and warehouse operations may need to be sub-divided into sub-segments in terms of the quality of premises and environment that are or will be available.
Box 5.2: A Classification of Employment Property Market Segments and Types of Site

**Established or Potential Office Locations.** Sites and premises, predominately in or on the edge of town and city centres, already recognised by the market as being capable of supporting pure office (or high technology R&D/business uses).

**High Quality Business Parks.** These are likely to be sites, no less than 5ha but more often 20ha or more, already occupied by national or multi-national firms or likely to attract those occupiers. Key characteristics are quality of buildings and public realm and access to main transport networks. Likely to have significant pure office, high office content manufacturing and R & D facilities. Includes ‘Strategic’ inward investment sites.

**Research and Technology/Science Parks.** Usually office based developments, which are strongly branded and managed in association with academic and research institutions. They range from incubator units with well developed collective services, usually in highly urban locations with good public transport access to more extensive edge/out of town locations.

**Warehouse/Distribution Parks.** Large, often edge/out of town serviced sites located at key transport interchanges.

**General Industrial/Business Areas.** Coherent areas of land which are, in terms of environment, road access, location, parking and operating conditions, well suited for retention in industrial use. Often older, more established areas of land and buildings. A mix of ages, qualities and site/building size.

**Heavy/Specialist Industrial Sites.** Generally large, poor quality sites already occupied by or close to manufacturing, and processing industries. Often concentrated around historic hubs such as ports, riverside and docks.

**Incubator/SME Cluster Sites.** Generally modern purpose built, serviced units.

**Specialised Freight Terminals eg aggregates, road, rail, wharves, air.** These will be sites specifically identified for either distribution or, in the case of airports, support services. Will include single use terminals eg aggregates.

**Sites for Specific Occupiers.** Generally sites adjoining existing established employers and identified by them or the planning authority as principally or entirely intended for their use.

**Recycling/Environmental Industries Sites.** Certain users require significant external storage. Many of these uses eg waste recycling plants can, if in modern premises and plant, occupy sites which are otherwise suitable for modern light industry and offices. There are issues of market and resident perceptions of these users. Some sites because of their environment (eg proximity to heavy industry, sewage treatment works etc) may not be marketable for high quality employment uses.

**Source:** ERM
STEP 7: SELECT AND APPLY SUITABLE FORECAST MODEL/DEMAND ANALYSIS

5.17 There are three broad methodologies or techniques in use, as set out below:

— regional and sub-regional sectoral economic and employment forecasts and projections (‘labour demand techniques’);
— demographically derived assessment of future employment needs (‘labour supply techniques’); and
— analyses based on the past take-up of employment land and property and/or future property market requirements.

5.18 The use of these techniques needs to be supplemented by consultation with informed stakeholders, studies of key and emerging business sectors and by the monitoring and analysis of published business, economic and employment statistics. The principal data sources are summarised in Annex B.

5.19 Further details of the forecast methodologies and their strengths and weaknesses are set out in Annex C. They are most widely used by the RDAs, RPBs, county councils and joint strategic planning teams. A few individual LDF authorities undertake economic and employment modelling, while many more analyse published economic statistics, undertake business surveys and project employment land requirements from property information.

5.20 There are two broad types of ‘labour demand’ model starting either from an econometric model of the national and regional economy or, on a simpler basis, using historic employment data as the basis for projections. Figure 5.1 illustrates the Local Economy Forecasting Model used by Cambridge Econometrics, which is a typical regional economy model. Both kinds of model also use data from the Census of Population and from the various ONS employment data sources.

5.21 While some authorities have created their own models, most use commercial forecasting firms to provide the basic modelling, which the authority then ‘tweaks’ using local information and assumptions. The normal forecast horizon for these models is 10 to 15 years. Typical outputs are employment forecasts broken down by gender, full and part time, industrial sector and skill group and, where possible, by sub-area.
Good Practice Example

Hampshire County Council: Labour Demand Modelling

Hampshire uses a Cambridge Econometrics model in-house. Forecasts are produced for four sub-regions with different economic conditions. Hampshire is now exploring the merits of district level forecasts. Aggregate sector output forecasts are converted to floorspace (ie sectors converted to B1, B2, B8). Hampshire has a database of completions stretching back 15 years, which is used to test the robustness of the demand forecasting.

Source: Hampshire County Council Case Study
5.22 The forecasts produced by these models are best at predicting large and established sectors of the economy, but, because they are reliant on historic data, are far less useful when dealing with new and emerging sectors. Generally, economic output performs better than employment as an indicator of future overall property demand but there are still assumptions to be made in translating output forecasts into net future employment and land requirements (see Step 9).

5.23 ‘Labour supply’ models are normally based on ONS or the authority’s own resident population and economic activity projections and may include a range of specific assumptions about present and future patterns of commuting into and out of the study area. The underlying population projections may be either purely demographic or constrained in some way to future housing stock, which has been separately assessed. They usually cover a 10 or even 15 year period into the future.

Good Practice Example
Cambridgeshire County Council – Labour Supply Projections
Cambridgeshire produced labour supply forecasts by applying the forecast age and sex specific ‘economic activity rates’ to the forecast population, similarly broken down by age and sex.

Source: Cambridgeshire Technical Report, in support of 2002 Deposit Draft Plan

5.24 Most authorities who use models employ both labour demand and supply approaches to maximise their understanding of likely future employment requirements. Few LDF authorities have the expertise or resources to undertake their own modelling and will be looking to the RPBs, in conjunction with county councils and joint units, to continue to provide these services.

5.25 Individual LDF authorities need to have the local knowledge and expertise to apply local land supply and take-up approaches and these are discussed further in Step 8.

STEP 8: QUANTIFY EMPLOYMENT LAND SUPPLY

STOCK ANALYSIS OF LAND AND PREMISES

5.26 At the local level this needs to include:

— a survey database of existing employment premises and sites allocated for employment development; and

— an appraisal of each site covering market availability, ownership, physical and environmental constraints, accessibility and the quality/types of business who occupy or will be attracted to occupy each site.
5.27 Detailed advice on site appraisal is set out in Stage 3.

5.28 The database needs to include all employment sites, above any agreed size threshold, (except those definitely identified in Stage 1 as sites to be released). As suggested in Stage 1, it may be necessary to include sites whose release will be challenged, so that there is a consistent picture of the stock and its quality.

5.29 A minimum size threshold of 0.25 ha (or 500m² floorspace) is commonly used for local databases. The difficulty for most authorities will be in identifying the smaller existing employment sites/premises. A pragmatic decision may have to be made to only include older, traditional manufacturing, warehouse and storage sites, ignoring modern offices and industrial/warehousing premises. This will restrict assessments of transfer and flow rates and of the potential capacity of existing premises to accommodate extra employees, but it may be necessary, in order to focus the analysis on the sites least likely to be suitable for continued employment use. For sub-regional and regional analysis, it is appropriate to focus on larger or strategic sites, intended to meet regional economic objectives, including inward investment. The minimum size of sites included in these studies varies. Five or even 10 ha is often used as the minimum for regional strategic site studies.

5.30 While one-off stock surveys and site appraisals are useful, they will be far more valuable if arrangements can be made for regular updating of the database and re-appraisal of the quality and other characteristics of each site.

FLOW ANALYSIS

5.31 Almost all LDF authorities monitor the take-up of planning permissions granted for office, industrial and warehouse development and reconcile that analysis to their employment land allocations in local plans. A few also monitor the ‘loss’ of employment sites to other uses. These analyses, often expressed as an annual average take-up of land, are often used as the principal evidence to justify decisions to protect employment sites and as one basis for projecting future land requirements.

5.32 This monitoring is a basic essential for all individual planning authorities and a key component of sub-regional and regional information. It only provides a picture of the take-up of new buildings and excludes the much larger gross turnover of business premises in existing buildings.

5.33 At the local level, a fuller picture of the supply of available business premises and land can be compiled from Business Land and Premises Registers, where these include information provided by property agents. Some authorities also collect transactions data but even where this is not available, a reasonable assessment of flows can be obtained from comparing data in successive registers, produced at annual or six month intervals. Certain economic development units also maintain enquiry records, including the kinds of property sought.
5.34 Some authorities compile systematic Business Property Monitors, assembling published and locally collected information in a coherent format. This can draw on information from the Valuation Office, property agents and the commercial data providers, covering rents, yields and serviced plot values achieved in recent transactions for standard types of office, industrial and warehouse property and for some competing uses (eg retail warehouses and housing).

5.35 Monitoring of the take-up of both new and existing business premises and the loss of existing employment sites to other uses provides a more complete view of supply (and revealed demand) and all local planning authorities should be examining whether they have the resources to undertake this broader monitoring.

5.36 At a regional level, RPBs use planning permission and land available data collected from district councils (often collated via county councils or other sub-regional organisations). In terms of the flow of business premises to the market, it may be most appropriate for RPBs and sub-regional organisations to supplement this with regular property market appraisals undertaken by consultants (See Annex C).

RECONCILING STOCK AND FLOW ANALYSES

5.37 Any assessment of the supply of employment land based on a combination of stock and flow data will contain some inconsistencies but overall the authority should be able to draw clear conclusions about the recent pattern of take-up of sites (and premises) by market segment. This can be added to by property analysts and consultation with the business community to assess the extent of future supply and the likely rate of take-up.
STEP 9: TRANSLATE EMPLOYMENT FORECASTS TO LAND REQUIREMENTS

5.38 This section deals with the ‘mechanics’ of translating employment and output forecasts into land requirements. There are four key relationships which may need to be quantified:

- Standard Industrial Classification (SIC) sectors to use classes;
- SIC sectors to type of property;
- employment to floorspace (employment density); and
- floorspace to site area (plot ratio).

5.39 There is some research evidence to support the ‘rules of thumb’ that are in common use but these are often general, and not matched to local circumstances. The choice of ‘rule of thumb’ for different ratios has a direct impact on the resulting estimates of land requirements. Annex D summarises the evidence available for each of these relationships.

5.40 Outside London and the South East, there is little published original survey data to support these analyses. There is a need for robust parameters for use in other parts of the country. RPBs should consider whether to commission region-wide surveys using consistent definitions and methodologies for their own and constituent authorities’ use. Otherwise, individual local planning authorities (or preferably sub-regional groups of authorities) should consider undertaking their own surveys of the principal employment sectors locally and regionally.

5.41 There are inherent limitations in all of the forecasting and projection techniques. RPBs are seeking to create spatial strategies looking ahead 15 to 20 years. LDFs certainly need to take a minimum 10 year time horizon. At all spatial scales, it is essential to supplement and compare primary employment forecasts (probably based on output forecasts) with the findings from the other methods discussed. Forecasting will need to be repeated regularly, whenever RSSs and LDFs are reviewed as part of the ‘plan, monitor and manage’ approach.
At the local level, there are likely to be differences between forecasts based on economic activity and employment and assessments based on rates of building and letting of new business premises. This is at its most acute in the major conurbations, such as London, but also occurs elsewhere, where employment across all of the sectors that occupy B1(c) to B8 type premises has been in decline.

The factors above can, in some cases, be explained by a combination of change in commuting patterns, changes in working practices and occupancy of the existing stock and, perhaps most important, by taking account of the transfer of employment sites and buildings to other uses.

**STEP 10: SCENARIO TESTING**

Forecasters routinely use sensitivity testing to assess the likely reliability of their results. They use the best available information to devise variants to key parameters. One of the difficulties of these sensitivity approaches, when applied to local employment land forecasts, is that they often create a very wide range of future land requirements which is difficult to interpret when preparing policies and site-specific proposals in LDFs.

Some RPBs and sub-regional studies are using long-term scenario building across all of the principal aspects of the strategy as one of the bases for creating robust spatial strategies. A particular value of scenarios is to inform strategies and policies under
alternative futures. They need to derive from a consistent and logical analysis of the relationships between key variables. Properly applied, scenario building helps to confirm which are the key drivers for change. From this, monitoring of those variables can be used to provide early indications of changes of direction, which cannot be reliably captured by conventional modelling.

Good Practice Example

Northamptonshire Commercial Property and Employment Land Assessment

As part of the modelling exercise Northamptonshire produced two alternative spatial distributions of the forecast employment growth:

- market-led scenario – concentrating growth in those places which already had favourable economic structures; and

- policy-led scenario – reflecting the Milton Keynes South Midlands growth area policy priorities, aiming to direct employment growth to those areas which most need it.

Source: Roger Tym and Innes England, Northamptonshire Commercial Property and Employment Land Assessment, December 2003

5.46 Research teams can generate and test their own scenarios but scenario testing is often better if informed by ‘futures’ or ‘vision’ workshops or managed consultation with informed stakeholders and decision-makers.

5.47 These approaches can be applied across all key issues or be limited to certain aspects of regional economies and employment change. SEERA has undertaken a broadly based ‘futures’ project as part of the RSS preparation. Within this, key aspects of economic growth and the implications for future business space requirements have been tested (DTZ Pieda Consulting, 2004). Two other specific applications of ‘scenario testing’ in regional and sub-regional employment studies are set out as Good Practice Examples.
Good Practice Example

East Midlands Quality of Land Study

The study compared the ‘Base Scenario’ against a ‘policy-driven’ scenario in which the sectoral policies of the RES meet with a high level of success. The scenario considers what the achievements of the strategy might imply for the economy and land markets of the East Midlands. The scenario assumes that policies targeted at certain sectors would raise their performance, in terms of job creation and sustainability above the baseline forecast. The sectors were:

- communications;
- construction and development;
- fashion and design;
- financial and professional services;
- food chain;
- healthcare;
- high growth engineering;
- learning industries;
- retail; and
- tourism, cultural and creative industries.

Source: Business Strategies, Roger Tym and Innes England, Quality of Employment Land Study, July 2002
CONCLUSIONS

5.48 In order to produce local quantitative estimates of future employment land requirements which are as reliable as possible, there are five important conclusions for LDF authorities and RPBs:

— under the new development planning arrangements, RPBs need to take a lead role in co-ordinating and delivering regional and sub-regional quantitative assessments of future land requirements;

— the use of ‘scenario testing’ will assist in deriving robust assessments of employment land requirements, particularly for emerging sectors. These can be directly linked to the spatial and economic strategies and monitoring based on these can act as an early warning of future shifts in requirements;

— the best approach to quantitative assessment is to deploy several complementary methodologies and make the best possible judgement based on the available evidence. Any analysis should include assessing the loss of existing stock to other uses (whether by local monitoring or studies using data such as the land use change statistics (see Annex B)) and, if possible, use local surveys of existing employment premises to establish local ratios for relating employment to floorspace, site area and type of business/premises;

— individual local planning authorities need to concentrate on improving the quality of local employment land and property supply information, in consultation with adjoining authorities and regional bodies; and

— while ‘plan, monitor and manage’, allied to more frequent reviews of LDFs and RSS, allow forecasts to be regularly updated, individual planning authorities will still have to make difficult judgements about allocating and safeguarding employment sites and making decisions about alternative development on employment land.

5.49 Quantitative assessments of employment land requirements are not reliable over the time horizons of RSSs. They will need to be updated regularly, at no more than five yearly intervals, as part of the ‘plan, monitor and manage’ approach to the continual review of RSSs and LDFs.
Section 6  Stage 3: Identifying a ‘New’ Portfolio of Sites

INTRODUCTION

6.1 This stage in the review represents the detailed site assessment and search. The process of assessing future requirements, set out in Stage 2 provides a context within which the existing portfolio of sites can be appraised. In essence, Stage 3 of the review will be to confirm which sites are likely to respond well to the expectations of occupiers and property developers and also meet sustainability criteria. The results of Stage 2, together with the site-appraisal to be undertaken under Stage 3, should provide a robust justification for altering allocations for employment land and development of a policy regime that reflects it.

OBJECTIVES

6.2 The objective is to undertake a review of the existing portfolio of employment sites, against defined site assessment criteria, in order to identify those sites which should be retained and protected and those which should be released for other uses. Where there are identified gaps in provision, a site search will be required where potential new sites are subjected to rigorous assessment in order to create a ‘balanced’ portfolio.

Objectives
To undertake a qualitative review of all significant sites (and premises) in the existing employment site portfolio.
To confirm which of them are unsuitable for/unlikely to continue in employment use.
To establish the extent of ‘gaps’ in the portfolio.
If necessary, identify additional sites to be allocated or safeguarded.

OUTCOME

6.3 The outcome should be a portfolio of sites that will meet local and strategic planning objectives while serving the requirements of businesses and developers.

Outcome
Completion of the employment land review, to be taken forward in the development plan.
ROLES OF THE PLANNING BODIES

6.4 Local planning authorities should already have established consistent approaches (or agreed to undertake joint studies with neighbouring or sub-regional bodies) in Stage 1. Regional planning bodies will also need to consider the quality and availability of regionally important strategic employment locations and, probably as a separate study with the RDA, the property needs of emerging and growth sectors, for example, the creation of business or research clusters. The key tasks at regional and local levels are set out in Box 6.1.

Box 6.1: Employment Land Reviews Stage 3 Tasks

<table>
<thead>
<tr>
<th>Regional Planning Bodies</th>
<th>Individual Planning Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation with constituent authorities about whether to commission regional land quality study (or a template for sub-regional and/or local studies).</td>
<td>Consult with neighbouring authorities and sub-regional bodies about undertaking joint land quality study.</td>
</tr>
<tr>
<td>Review existing portfolio of regional strategic locations and identify appropriate locations or criteria for additional locations.</td>
<td>Review quality and likely availability of existing portfolio of employment sites and premises.</td>
</tr>
<tr>
<td>Confirm sites to be released and retained and the extent of the need for new allocations.</td>
<td>Identify additional sites to be allocated for employment development.</td>
</tr>
</tbody>
</table>

KEY TECHNICAL AND POLICY CHALLENGES

6.5 Stage 3 will confirm the ‘fitness for purpose’ of the employment site portfolio, and the extent of over-supply, if any, against the level of demand anticipated in the forthcoming plan-period. Further opportunities for the release of poorer employment sites, may emerge, if there remains a significant over-supply of such sites.

6.6 The review would also point out the ‘gaps’ in provision, where a certain market segment is particularly under-represented in the local portfolio, despite indications of strong demand being anticipated during the forthcoming plan-period. It may be possible to address some of these requirements by actions to upgrade existing employment areas or allocations, reducing the need for new allocations.
6.7 Between these two extremes, there are likely to be a number of well-established employment sites that, strictly speaking, do not meet current occupier or developer requirements. Nevertheless, for some owners, past investments in the sites and/or in the labour force may mean that they are likely to continue in employment use for the foreseeable future. For others, the opportunity to increase land value by change of use may be a strong incentive, despite the site being well suited to continued employment activity. It is difficult for planning authorities to take account of individual business decision-making. Existing operations, which appear to have a sound future, may be closed or run down with little notice. Planning authorities can only sensibly evaluate the general suitability of such sites for employment use and devise appropriate criteria-based policies to take account of unexpected closures.

6.8 Changes of use for those sites that are less than ideally matched to modern business requirements, should, all things being equal, be resisted far less than similar pressures for change of use of sites that will continue to provide excellent business locations, even if such uses represent lower land values than alternative forms of development.

6.9 It is important that the planning policy framework can differentiate and respond appropriately to these different circumstances that lead to pressure for changes of use from employment to other forms of development. In other words, there is a very clear requirement to develop an appropriate spatial policy framework to take forward the results of the employment land review.

**DETAILED ADVICE ON STAGE 3 TASKS**

6.10 There are four key steps in Stage 3:

<table>
<thead>
<tr>
<th>Stage 3: Review existing and bring forward a ‘new’ portfolio of sites</th>
<th>Step 11: Devise qualitative site appraisal criteria.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 12: Confirm existing sites to be retained or released and define gaps in portfolio.</td>
</tr>
<tr>
<td></td>
<td>Step 13: Identify additional sites to be brought forward.</td>
</tr>
<tr>
<td></td>
<td>Step 14: Complete and present the employment land review.</td>
</tr>
</tbody>
</table>
STEP 11: DEVISE QUALITATIVE SITE APPRAISAL CRITERIA

6.11 A basic set of criteria and indicators to be used for reviewing the quality and availability of the existing portfolio and any new sites required is set out in Annex E. The overall design of the assessment framework is intended to allow balanced judgements between what would be a ‘market-led’ view and a ‘planning/sustainable development-led’ view. The principal difference between the two will be the weight that should be attached to each criterion.

Good Practice Example
East Midlands, Quality of Employment Land Study (QUELS), 2002

This regional study used three separate site assessment matrices to review office, industrial estate and strategic distribution sites. These are structured to respond to two key issues: market demand and policy, employing sets of criteria, each of which is informed by one or more indicators. Each of the criteria is scored from 1 to 5 against a regional benchmark or average:

The policy criteria employed were, for all sites:
- public transport accessibility (Low 1 to High 5);
- whether site previously developed (Brownfield 1, Greenfield 5);
- sequential test (Outside Urban 1, Adjoining Urban 3, Urban 5);
- contribution to regeneration (jobs in priority areas);
- special contribution to Economic Strategy priority sectors.

A third analysis dealt with availability, essentially the existence of constraints to development. The sites were grouped into six categories, based on the quality score and whether or not they were available. The report explains the difficulty of combining market demand and policy scores and, in the conclusions, treats market demand as the lead variable.

Source: Business Strategies et al, 2002

6.12 While the potential for sustainable development is clearly a crucial set of factors to be considered alongside the ‘market attractiveness’ of sites, it is a complex multi-dimensional concept. The ‘Groups’ referred to in the remainder of this section relate to the sets of criteria given in Annex E, which are summarised in Box 6.2.
In order to make individual site appraisals manageable and avoid wasting resources, the analysis should proceed by stages, starting with the collection of Base Information (Group 0) and the assessment of key parameters (Groups 1 to 4). Detailed site constraints (Groups 5 to 8) are often not absolute and may only need to be assessed in detail for those sites where there is an indication or concern that the site will not be developed by the market during the plan period. The criteria in Group 9 and 10 are policy considerations, which will be applied to all sites after the rest of the analysis has been completed.

Applying a simple (3 to 5 point) scoring system to individual characteristics, as advocated in Stage 1, will prove helpful. Again, the use of aggregate overall scores for sites is not recommended. The West of England Strategic Partnership (WESP) study of strategic sites (RPS/Alder King 2003) and the East Midlands Study (Business Strategies, 2002) both acknowledge the most significant difficulty of aggregating scores, which is that policy and sustainability scores cannot just be added to the market attractiveness and site constraints scores.

In setting the criteria and applying the analysis, planning authorities will need to take account of their understanding of the general picture of supply and demand for employment land locally. Where there is either a shortage or even a reasonable balance between supply and demand in particular market segments, this needs to influence the way in which the analysis is undertaken.
6.16 The outcomes from the individual site appraisals can be used to determine the ‘true’ availability of sites. It will help pinpoint those sites which can be brought forward by the market in the short-term and those which will require intervention eg land assembly or grant aid, before they become available in the medium or longer term. Availability needs to be considered across all market segments against levels of under or over-supply in order to determine which undeveloped sites can be brought forward and those existing sites which may need to be upgraded.

6.17 The site appraisal criteria will be used in the review of existing sites (Step 12) and to assess the suitability and quality of new sites (Step 13).

Good Practice Example

West of England Strategic Partnership, Appraisal of Strategic Employment Sites

The portfolio of sites was appraised using a set of ‘sustainability indicators’:

- accessibility to public transport;
- brownfield regeneration;
- social development;
- environmental amenity;
- jobs/workforce ratio; and
- distance travelled to work.

For each of the indicators the sites were graded according to how sustainable they were in each respect:

A strong and beneficial impact;
B beneficial impact;
C neutral impact;
D negative impact; and
E strong negative impact.

This methodology usefully allows particular weaknesses of sites to be identified and where actions could or should be targeted prior to a site being released for development.

Source: RPS and Alder King, Strategic Employment Sites in the WESP area, for South West of England Regional Development Agency and West of England Strategic Partnership, June 2003
**STEP 12: CONFIRM EXISTING SITES TO BE RETAINED OR RELEASED AND DEFINE GAPS IN PORTFOLIO**

6.18 Evaluation of the employment sites portfolio is a mixture of judgement and objective assessment. In practice, therefore, an iterative approach will need to be pursued comparing sites with each other as well as applying absolute criteria.

6.19 Reviewing the existing portfolio should be done before the search for additional sites, although there will need to be a confirmatory ‘trade-off’ review between both sets of sites at the end of the analysis. In order to be robust, the appraisal of available sites will to need to cover those existing allocated sites where little or no development has taken place, but also recognise the contribution that the stock of existing office and general industrial/warehousing premises can make to meeting employment needs. This may require drawing on the knowledge of economic and/or development control officers and local commercial property agents.

6.20 The appraisal of existing sites will need to consider different components of employment land supply. This should not only include vacant sites but, in most areas, significant existing industrial areas and large free-standing single units. Local planning authorities will need to decide which from the list set out in Box 6.3 they wish to include in the site appraisal. How far down this list, individual planning authorities need to go will be a matter of judgement based on their relative importance as a component of local land supply. For example, for some large ‘urban’ authorities, much of their future land supply will come from existing employment areas, either through recycling or intensification of development.

**Box 6.3: Types of Existing Site to be Considered in the Appraisal**

- Undeveloped allocated sites
- Vacant sites within large employment areas
- Large existing employment areas, with occupied premises
- Coherent groups of employment sites in defined ‘regeneration’ areas
- Large single occupier premises
- All other employment premises

6.21 Not all of the criteria in Annex E are appropriate to existing premises, particularly where they are still occupied but a reduced set need to be applied and the analysis may need to draw on advice from local property agents.
6.22 An overall process for undertaking an appraisal of the existing portfolio of sites is set out in Box 6.4. This will be applicable to most LDF authorities, but there are certain caveats and possible modifications authorities should consider:

— Steps 3 and 5 can be combined, particularly where an authority has only a small stock of sites;

— quantifying the supply is not an exact science. Certain sites will serve several market segments and/or could be ‘upgraded’ to meet the requirements of a different market segment (if that segment is under-supplied);

— apart from the sites being appraised, part of the supply will arise from ‘windfall’ development either of unidentified sites or existing premises. This needs to be taken into account;

— the appraisal needs to be undertaken (and presented) with a clear understanding of recent pressures on existing employment sites and allocations for alternative forms of development; and

— the principal segments (and more specialised employment requirements) for which there is either evidence of unfulfilled demand or a policy-driven desire to make accommodation available. The latter will arise from either interpretation or specific requirements in the RSS/RES or arise locally from consultation with stakeholders (including businesses and where appropriate universities or other research institutions).

Good Practice Example

West of England Strategic Partnership, Appraisal of Strategic Employment Sites

The study sought to examine generic types of employment sites across the WESP area to assess their potential for intensification or redevelopment and recycling. The ‘types’ of areas looked at were:

• 1950/1960s industrial estates, which could benefit from comprehensive redevelopment and more efficient site space planning;

• modern B1 business parks where more intensive development potentially could increase floorspace; and

• edge of city centre ‘shatter zones’ where significant potential exists for mixed use schemes.

Source: RPS and Alder King, Strategic Employment Sites in the WESP area, for South West of England Regional Development Agency and West of England Strategic Partnership, June 2003
6.23 Such an analysis will be crucial to inform the consideration of which sites are likely to be less, and which are demonstrably better, suited to modern requirements, as well as whether or not (in due course) ‘sufficient’ or ‘insufficient’ employment land has been made available.

**STEP 13: IDENTIFY ADDITIONAL SITES TO BE BROUGHT FORWARD**

6.24 The gaps or shortfalls in most authorities existing portfolios are likely to be for high quality accommodation, for new service industries; better access, particularly for large scale distribution and, in some areas, additional sites to provide a choice between suppliers. While in most older urban areas there is an over-supply of poor quality existing stock, there are situations now arising where regeneration and
redevelopment has ‘squeezed’ the availability of sites for ‘low value’ uses, often perceived as ‘bad neighbour’ uses. Additional general or specialised industrial sites may be needed to meet this gap.

6.25 Box 6.5 sets out the process for identifying ‘new’ employment sites in a formal way but this must be tailored to the extent of the site search which is required.

<table>
<thead>
<tr>
<th>Box 6.5: Process for Identifying ‘Additional’ Employment Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Confirm the nature of the ‘gap’ in market requirements in terms of:</td>
</tr>
<tr>
<td>– type of promises (ie market segment);</td>
</tr>
<tr>
<td>– locational/access requirement (to define ‘area of search’);</td>
</tr>
<tr>
<td>– environmental quality requirements (to set site parameters);</td>
</tr>
<tr>
<td>– minimum plot and site size requirements (to determine scale of opportunity); and</td>
</tr>
<tr>
<td>– overall quantum of floorspace/land required over the plan period for that segment.</td>
</tr>
<tr>
<td>2. Adjust criteria set to be used for individual site appraisal.</td>
</tr>
<tr>
<td>3. Identify potential sites.</td>
</tr>
<tr>
<td>4. Undertake site appraisal.</td>
</tr>
<tr>
<td>5. Create site appraisal matrix.</td>
</tr>
<tr>
<td>6. Undertake ‘trade-off’ of sites assessed against other desirable forms of development/policy objectives.</td>
</tr>
<tr>
<td>7. Review ‘new’ against ‘existing sites’ to ensure consistency of assessment.</td>
</tr>
<tr>
<td>8. Confirm sites for inclusion in portfolio in LDF.</td>
</tr>
</tbody>
</table>

6.26 As stated earlier in Section 3, the practice of ‘front-loading’ in policy development, where developers and landowners are invited to bring forward specific site proposals is encouraged. At the regional and sub-regional levels there are often formal mechanisms such as business forums or sub-regional partnerships that can be tapped into, whilst for many individual local planning authorities this may require a one-off exercise.’
STEP 14: COMPLETE AND PRESENT THE EMPLOYMENT LAND REVIEW

6.27 Each RPB and individual LDF authority will need to decide how to bring together and present the results of its employment land review work.

6.28 RPBs are likely to decide to present their components of the work as separate reports or may decide to bring their employment studies together as a single technical document, supporting the draft RSS. Para 1.19 of PPS11, requires that where possible, the RSS should cross refer to supporting documents and technical detail rather than duplicate the material in the RSS.

6.29 It will be more important for individual LDF authorities to collate the various strands of their employment land review into a single document or set of documents. It is an important part of the ‘evidence base’ for the LDF and is likely to be needed to support decisions and planning appeals on specific sites. Where parts of the review, eg the quantified assessment (in Stage 2) of future land requirements or the appraisal of site quality and availability (Stage 3) are in reports prepared and published by the RPB or jointly with neighbouring authorities, it is still desirable to summarise those findings in a single ‘employment land review’ report.

6.30 This provides an accessible supporting document for the ‘Preferred Options’ consultation, alongside other studies such as housing capacity or open space. It will become a technical supporting document for the ‘core strategy’ and other development plan or supplementary planning documents.

6.31 The conclusions of the employment land review, in particular the selection of employment sites and areas to be allocated and safeguarded in the LDF and the development capacity that these represent, will need to be justified on the basis of the evidence presented.

6.32 Those conclusions will need to set out clearly:

- which sites are of importance to regional and local strategies for economic development and regeneration. Even when development may extend beyond the plan period, their allocation (or retention) can usually be justified;
- that there is sufficient supply of employment land to meet the requirements of each of the principal market segments (and any identified specialist requirements) for the plan period;
- in the case of individual sites that are to be allocated (or safeguarded), that the authority is satisfied either that they will be brought forward for development by the market or that there is a realistic delivery strategy for those sites; and
that where an authority proposes to allocate (or retain) sites which, in aggregate, would lead to a supply of sites (assessed by market segment and sub-area) which extends well beyond the plan period, there are ‘special circumstances’ which justify the retention of those sites in the portfolio.

6.33 Those ‘special circumstances’ also need to be set out in the conclusions. They could include:

— the importance of a particular site or area to the delivery of the regional or local spatial or economic strategy;
— that the site is part of a major mixed-use neighbourhood or regeneration project which is programmed to continue beyond the plan-period;
— that the site is earmarked for the long term expansion of a particular industry (or occasionally a particular employer);
— that the site is only developable once specific infrastructure, which cannot be accelerated, has been provided; and
— that, where there is a single landowner/developer who controls much of the allocated employment site supply, it may, exceptionally, be justifiable to identify additional sites to ensure a choice for occupiers.
Section 7  Policy Development and Monitoring

INTRODUCTION

7.1 This section deals with how the results of the employment land review can be best reflected in the development of appropriate policy frameworks in RSSs and LDFs. It also provides further advice on regional and local monitoring.

POLICY DEVELOPMENT

REGIONAL SPATIAL STRATEGIES

7.2 RSSs are now to be part of the development plan and must be consistent with and supportive of the RES. Para 1.7 of PPS11 sets out the key parameters to be met by RSSs.

7.3 It will be for the RSS to identify key economic sectors and provide the spatial framework for employment development across the region to be taken forward in LDFs. The RSS should not identify specific sites for development but, as PPS11 states in para 1.17, it should ‘establish the locational criteria appropriate to regionally or sub-regionally significant … business uses, or to the location of major new inward investment sites’.

7.4 It should include appropriate strategic development control policies and other policies to be delivered through LDFs. Output targets or indicators should be provided related to each policy.

7.5 Although the focus of an RSS is on regional issues and priorities, it should also address sub-regional issues where appropriate. Exceptionally, for example in the major growth areas, non-statutory sub-regional frameworks (eg the Milton Keynes and South Midlands Sub-Regional Strategy), will be used to address economic development issues which cross regional boundaries. Emerging RSSs will need to set out sub-regional and individual authority employment distributions and targets.

LOCAL DEVELOPMENT FRAMEWORKS

7.6 LDFs need to provide a spatial dimension to elements of other strategies and programmes, such as economic development and the Community Strategy. Employment issues need to be reflected in the four main elements of the LDF. The employment land review may contribute to the evidence base of several LDDs.
The employment land review should be used to inform strategic employment land policy as set out in the core strategy and to support specific site allocations.

7.7 Planning authorities will need to decide how to take forward their longstanding spatial planning (and sustainable development) objectives from local plans to LDFs, which include:

— providing certainty for developers and landowners (and local communities);
— ensuring that there is adequate provision of employment land (and premises) that can be safeguarded against competing, higher value land uses; and
— ensuring that there is an appropriate portfolio of employment sites to provide sufficient choice of sites and premises to meet foreseeable local needs.

7.8 Perhaps the most straightforward aspect of the overall process, is the allocation of new employment sites to meet clearly identifiable requirements over the plan period.

7.9 The situation is more complex, where established and still-occupied employment locations are likely to come under development pressure. Such pressures for changes of use can materialise while sites continue in employment use, or pose a threat to existing enterprises and employment, or when current operations cease and landowners seek alternative uses for the site.

7.10 Established employment activities cannot be considered in isolation from their surrounding uses (whether other employment activity or alternative land uses). For example, a freestanding employment site within a largely residential area might be appropriate for housing should the existing employment activity cease. However, it may not be sensible to specifically identify such sites in the LDF.

7.11 Other, long established clusters of employment activity might be subject to piecemeal erosion by redevelopment in the face of pressures for change of use, or the demise of individual enterprises. Over time, such pressures can result in a material aggregate loss of employment sites, to the detriment of local economic development. Consequently, consideration needs to be given to the identification of such sites as locally important sites to be protected (or safeguarded) for employment use.

7.12 The guidance in PPS12 directs LDF authorities towards:

— clear and precise general policies in the core strategy;
— the use of criteria-based policies within the core strategy for identifying locations and priorities for the preparation of area action plans and to deal with unforeseen circumstances eg windfall;
— the use of site-specific allocations and policies, in other development plan documents;
— policies which reflect the wider economic and community objectives to be achieved, not just those concerned with land use planning and environmental protection; and
— policies and proposals which are deliverable within the plan period.

7.13 Given the diversity of local economic conditions and the geography of individual planning authority areas, it is inappropriate to dictate a single model policy framework. However, generic guidance on structuring economic development and employment policies is given in Section 11.10 of the consultation draft Policies for Spatial Plans (Planning Officers’ Society, 2004). The increasing diversity of employment generating uses (as evidenced by the decline of manufacturing and rise of services and an increased focus on mixed-use development) requires different policy responses and an appropriate variety of employment sites. The increased emphasis on mixed-use development raises its own problems. For example, in certain urban authorities all previous employment allocations are now allocated for mixed use. This raises the question of how much employment capacity is actually being safeguarded or will be delivered. Assumptions still need to be made as to what quantity of development for employment will come forward on these sites and this may need to be specified in the relevant proposals in the LDF.

7.14 It will be a matter for individual LDF authorities to decide how to structure their Local Development Documents and, in particular, how far they intend to apply the well established arrangements found in many local plans of safeguarding new and existing employment sites, identified by mapped boundaries on the proposals map. Some of the policy questions which authorities will have to answer are set out in Box 7.1.
Box 7.1:  LDF Preparation: Employment Land Policy Questions

**Existing Employment Sites/Areas**
- Should any of these be safeguarded?
- Is it worthwhile to identify certain areas as being of local importance or value?
- Is there a need to define preferred employment uses or types of development for some individual areas or sites?
- Are there other development criteria (e.g., environmental quality) which should apply to some or all safeguarded employment sites?

**New Employment sites/Areas’ to be Allocated**
- Is there a case for identifying Strategic and Local Employment Areas? What are the benefits of this distinction?
- How should acceptable employment use types of development be defined? How many different site ‘classes’ are needed to ensure the appropriate quality of development and needs are met on each site?
- What other environmental/social criteria should be applied to these sites (or classes of site)?

**Areas/Sites no longer to be Safeguarded for Employment Development or Use**
- Is a specific alternative form of development to be allocated?
- What general or site-specific criteria should apply to the change of use of these sites?

7.15  *Box 7.2* provides an illustration of the ‘Policy Formulation Process’ for employment/economic development, based on the advice contained in *Creating Local Development Frameworks* (ODPM, 2003).
7.16 Individual LDF authorities will need to decide how best to present their economic development, regeneration, sustainable development and environmental protection objectives and policies as they relate to all forms of development in a consistent way, including employment land. The main options available to planning authorities are to have:

— key policies in the ‘core strategy’ which set out the strategic direction. This may include high-level criteria-based policies; and

— site specific allocations in a site allocation(s) DPD(s), an area action plan or in a separate employment land DPD, with allocations identified on the proposals map.

7.17 Authorities will be seeking to draft specific policies in a way which is consistent with, but clearer, simpler and more locally-specific than those in present structure plans, UDPs and local plans.

7.18 Where authorities decide to lift the previous safeguarding or allocation from employment sites, some will clearly be identified for another use or mixed uses in the site-specific policies and on the proposals map. In other cases, the authority may still wish to ensure a ‘managed transfer’ of sites to other uses.
7.19 In presentation terms, ‘managed transfer’ policies could take three forms:
   - a single criteria-based policy to apply to all existing employment sites, which are
     no longer being safeguarded; and
   - several criteria-based policies that apply to certain groups or classes of existing
     sites (to reflect, for example, relocation requirements or restrict the nature of
     redevelopment to be permitted); or
   - specific policies for each existing site.

7.20 In all cases it will be important to ensure that the consideration of the future of any
transferred land is consistent with the strategic and local planning framework.

7.21 The GLA’s guidance to London Boroughs provides an example of a coherent
approach to protecting key employment sites and for developing appropriate local
policies for ‘managed transfer’.

**Good Practice Example**

**Greater London Strategic Employment Locations Framework**

The adopted London Plan (GLA, 2004) continues a longstanding policy approach in regional
guidance for the capital, in safeguarding a network of Strategic Employment Locations (SELS).
Two groups of SELs are identified: Preferred Industrial Locations (PILs), suitable for firms
‘which do not place a high premium on environmental quality’ (mainly B1(c), B2 and B8 uses
and certain generic uses) and Industrial Business Parks (IBPs) for firms requiring better quality
surroundings (mainly B1(b), B1(c) and high value B2, but not B1(a)). Most SELs are over 20ha.
Policies in the London Plan are amplified in draft SPG ‘Industrial Capacity’ published in
September 2003. The GLA’s evidence is that clear safeguarding policies, robustly applied, have
been successful in preventing unwanted changes of use on strategic sties. The SPG provides
guidance to the Boroughs on implementing the London Plan policies, in particular initiating a
review of the potential to consolidate industry in appropriate locations. A set of 20 criteria are
provided for the Boroughs to test sites before selecting those which should be Locally
Significant Industrial Sites (LSISs) and before devising arrangements for the ‘managed transfer
of sites which are genuinely redundant for industrial purposes, and where an alternative land
use is more suitable in planning terms’.

*Source: Greater London Authority, 2003 and 2004*
MONITORING

7.22 Effective monitoring is essential to plan-making and the subsequent review of those plans. It is crucial to the creation of flexible and responsive local, sub-regional and regional spatial strategies.

7.23 This section deals with:
- monitoring at the regional level, involving both primary and secondary data;
- monitoring at the local level;
- regional and sub-regional co-ordination of monitoring; and
- the use of monitoring and surveys in policy review.

REGIONAL AND SUB-REGIONAL MONITORING

7.24 From a practical perspective, it is useful to separate contextual monitoring from monitoring of outputs, that is local activity and decision making that can be directly affected by RSS and LDF policies. PPS11 requires both contextual and output monitoring. ODPM guidance on Monitoring Regional Spatial Strategies will list core RSS output indicators, derived from national objectives and targets, to be reported in the RPB’s Annual Monitoring Report.

7.25 The 2004 Act provides, if necessary, for formal arrangements to be made between the RPB and county councils and/or district councils to monitor change, report on the implementation of key plans and programmes and record the achievement of the RSSs output targets. Chapter 3 and Annex A of PPS11 provides more specific advice on monitoring by RPBs of RSSs.

7.26 When improving their monitoring frameworks, RPBs need to pay particular attention to:
- the arrangements in place (or proposed) for monitoring other key strands of the RSS or the context generally;
- the shared use and/or joint commissioning of monitoring outputs with the RDA and sub-regional economic development agencies;
- setting targets and indicators (and the necessary monitoring) of their own employment and economic development ’policies’; and
- in conjunction with the county councils, joint units and constituent LDF authorities, deciding arrangements to commission, analyse and disseminate economic and employment demand information as well as arrangements to collate and publish monitoring of land supply, whether undertaken directly by the RPB or collected by the constituent planning authorities.
7.27 The reform of strategic planning arrangements provides an opportunity to review and enhance regional monitoring and the flow of information between planning authorities. In counties, quantitative employment land requirements have normally been set in structure plans and local planning authorities have relied upon these. Many RPBs have already commissioned reviews of the information needed for policy making under the new RSS and LDF system.

**Good Practice Example**

**West Midlands Regional Assembly – Employment Land Survey**

The Regional Assembly has developed a pro forma to collect information on sites of 0.4 ha and above. The forms are completed on an annual basis by the constituent districts and collated into a regional database to inform the annual monitoring of the RPG. The monitoring tracks activities on previously identified sites and collects information on new sites. This covers:

- transport accessibility;
- previously developed land/green belt;
- environmental attractiveness (where 1 = high and 4 = low);
- location within identified ‘policy’ areas eg regeneration zones, strategic corridors, growth areas, renewal areas;
- market awareness ie has market testing been done, what is it’s market status, has site been actively marketed?
- physical condition and services constraints.

**Source:** West Midlands Regional Assembly, 2004

7.28 The 2004 Act requires defined arrangements to be set up between RPBs and ‘strategic planning authorities’ and PPS11, in paras 2.21 to 2.30, provides advice on the functions that can be handled by partnership arrangements. These are likely to include a continued role for county councils in demographic and employment land forecasting and monitoring and in providing technical advice and support on economic and development issues to their constituent districts.

7.29 Similar partnership arrangements, some involving English Partnerships, county and district councils, already exist for some of the ‘growth areas’. Although focussed initially on preparing masterplans and development frameworks, there is likely to be continuing sub-regional monitoring and research role for these partnerships.
LOCAL MONITORING

7.30 Apart from monitoring to meet their own output and policy-review functions, LDF authorities are now under formal requirement to provide information to assist the preparation and review of the RSS. They also have an important role in the preparation of the RSS itself, as partners with the RPB and as participants in sub-regional groups.

7.31 Given the undoubted pressure on resources in individual authorities, as well as the need to minimise inconsistency across borders and at the regional scale, it is highly desirable that RPBs should coordinate the monitoring done by LDF authorities (and sub-regional bodies) on issues such as employment and housing land. The guidance on LDF monitoring (ODPM, 2004) will include core output indicators for sectors, including business development and should help create greater consistency in monitoring among local planning authorities.

7.32 The key elements of employment monitoring which all LDF authorities are recommended to undertake is set out in Box 7.3. This is predominately land supply and local employment land demand information. Clearly there are authorities whose present monitoring and research extends to include demand forecasting eg demographic and employment modelling or formal property marker monitoring. They should be encouraged to continue that monitoring but, if possible, it should be done using methodologies and criteria agreed with the RPB.
Although not strictly part of this guidance, LDF authorities will also need to consider (and agree with the RPBs and sub-regional bodies) arrangements for monitoring:

- population and household change;
- housing development;
- job gains and losses; and
- skills and training programmes.

Although particular importance is attached to monitoring housing delivery, it is equally important that LDF authorities monitor the employment needs of their changing population and take account of other initiatives to improve the education and skills of their residents.

Local monitoring of employment land will need to be consistent with the wider requirement on LDF authorities to monitor their achievement of LDF objectives and targets and also any commitments to monitoring the achievement of the Community Strategy.

**Box 7.3: Minimum Recommended Employment Monitoring by LDF Authorities**

1. Employment land and premises database.
2. Employment permissions granted, by type.
3. Employment permissions developed by type, matched to allocated sites.
4. Permissions and development of sites and premises previously in employment use for non-employment uses.
5. Employment land and premises available and recent transactions.
6. Employment premises enquiries (if the authority has an estates or economic development team).
7. Employer requirements and aspirations (from focus groups/forums, or periodic surveys).

**Note:** Type of permission/development should, at a minimum record each of the use classes separately (B1(a), B1(b), B1(c), B2, B8 or sui generis). This approach is recommended, but any information collected must be in a form consistent with the ODPM monitoring guidance for Local Development Frameworks.

**Source:** ERM
POLICY REVIEW

7.36 The RSS is part of a continuous planning process, not a document that is set in stone over its fifteen to twenty year life span. Although the core strategy and vision in the RSS should be reasonably robust, RSS revisions will be required periodically. These will include revisions made in response to evidence from the monitoring process that policies in the existing RSS are not working as they should or where there have been changes in national policy. LDFs should also be continually reviewed and revised. A structured approach will be essential to ensuring that the local development framework is kept up to date. The annual monitoring report will be the main mechanism for reviewing the relevance of local development documents and identifying any changes necessary.

7.37 It will be important for RPBs to regularly update employment land requirements forecasts, as set out in Stage 2. Individual LDF authorities will need to update the relevant parts of their LDF. This would suggest that each LDF authority should review and present a full update of its employment land review whenever a formal review of the relevant part of the LDF is undertaken.

Good Practice Example

Cambridgeshire County Council – Monitoring Commercial Development in the County

The Research and Monitoring Unit produces a report monitoring the progress of industrial, warehousing and office planning permissions made in the county. Only planning permissions of over 100 square metres of floorspace are monitored. The report contains details of building starts, completions and outstanding permissions. The development statistics are summarised by district and broken down to each development site. The level of actual development is compared to development targets in the Structure Plan. The take up of sites allocated in the district local plans is also monitored.

Source: Cambridgeshire County Council, Outstanding Commitments Commercial Development, March 2002
Section 8  Conclusions

8.1 Ensuring that there is a sufficient and suitable supply of employment land and premises is a key component of robust regional and local economic development strategies. This guide provides RPBs and individual planning authorities with the basis for undertaking systematic employment land reviews. These will enable individual LDF authorities to examine their existing portfolio of sites and identify those sites to be released, assess their future employment land requirements (in conjunction with RPBs) and adopt a new balanced portfolio of sites in their LDFs.

8.2 It will be important both to protect existing employment areas of continuing value and deliver an appropriate mix of new sites and premises to meet the diverse needs of different market segments and specialised employment land requirements over an appropriate time horizon. High quality and strategic sites may need to be protected beyond the immediate plan period. Coherent and robust employment land reviews are a valuable set of tools for RPBs and individual LDF authorities to deliver economic growth and regeneration in ways which are an integral part of a broad and sustainable spatial development strategy.
REFERENCES

Adams D and Watkins C, Greenfields, Brownfields and Housing Development, 2002
Cambridgeshire County Council, Outstanding Commitments Commercial Development, March 2002
Cambridgeshire County Council, Technical Report, in support of Deposit Draft Plan, 2002
DETR, Tapping the Potential, 1999
DETR, PPG3 Housing, March 2000
DETR, Monitoring the Delivery of Housing through the Planning System, 2000
DETR, PPG10: Planning and Waste Management, 1999
DETR, PPG13: Transport, 2001
DoE, PPG4: Industrial and Commercial Development and Small Firms, 1992
DoE, PPG6, Town Centres and Retail Development, 1996
DTZ Pieda Consulting, Use of Business Space and Changing Working Practices in the South East, for SEERA, May 2004
Environmental Resources Management, Improving the Delivery of Affordable Housing in London and the South East, ODPM, 2003
Environmental Resources Management, Review of Regional Planning Bodies and Housing Capacity Studies, for English Partnerships, 2003
Environmental Resources Management, London in its Regional Setting, for Greater London Assembly, 2004
Halcrow Fox, Future Sources of Large Housing Sites in London, LPAC, 1997
Lancashire County Council, Survey of Business Sector Requirements, 2004
ODPM, Sustainable Communities – Delivering Though Planning, July 2002
ODPM, Creating Local Development Frameworks – Consultation Draft on the process of preparing Local Development Frameworks, 2003
ODPM, Supporting the Delivery of New Housing Consultation Paper, 2003
ODPM, PPS1: Creating Sustainable Communities: Consultation Paper, February 2004
ODPM, PPS12: Local Development Frameworks, September 2004
ODPM, PPS11 Regional Spatial Strategies, September 2004
ODPM, Sustainability Appraisal of Regional Spatial Strategies and Local Development Frameworks, Consultation Paper, September 2004
ODPM, Housing Market Assessment Manual, 2004
ODPM, The Draft Environmental Assessment of Plans and Programmes Regulations, 2004
ODPM, PPG3: Housing, amended 2004
ODPM, Monitoring Regional Spatial Strategies: Good Practice Guidance on Targets and Indicators (expected late 2004)
ODPM, Local Development Frameworks – Monitoring Guidance (expected late 2004)
Planning Officers Society, Policies for Spatial Plans: Consultation Draft, 2004
Roger Tym & Partners and Innes England, Northamptonshire Commercial Property and Employment Land Assessment, for Northamptonshire County Council, December 2003
Roger Tym & Partners and Cluttons, Bath & North East Somerset Council, Business Location Requirements, October 2003
Royal Institution of Chartered Surveyors, Code of Measuring Practice, 1993
RPS and Alder King, Strategic Employment Sites in the WESP Area, June 2003
Tees Valley Joint Strategy Unit, Strategic Employment Land Review, May 2003
CASE STUDIES

During the research ERM worked with eight case study authorities. The case studies were chosen to reflect a full range of geographic, market and socio-economic characteristics. The eight case studies covered the regional and sub-regional county and district levels:

— East of England Development Agency;
— Greater London Authority;
— Joint Strategic Planning and Transport Unit (former Avon County area);
— Tees Valley Joint Strategy Unit;
— Hampshire County Council;
— Northamptonshire County Council;
— Solihull Metropolitan Borough Council; and
— Rochdale Metropolitan Borough Council.

In the regional and sub-regional case studies, the research team also considered practice in a selection of districts and boroughs within those areas. Similarly, in the county and district case studies, the relevant regional studies and policies were also considered.
CONSULTEES

The following individuals and organisations were consulted in the preparation of this guidance, many of whom assisted with the case studies and/or attended the seminars and workshops:

Liz Alexander  Basingstoke & Deane Borough Council
Natalie Blaken  East of England Development Agency
Claire Burnett  Bristol City Council
Ed Burrows  Peel Holdings
David Carter  Birmingham City Council
Alan Cole  Hampshire County Council
Tony Chadwick  Gravesham Borough Council
Gill Cowie  Bedford Borough Council
Richard Crosswaite  Tees Valley Structure Plan Unit
Phil Delaney  Mansfield Borough Council
Mike Eccles  Liverpool City Council
Martin Fletcher  Solihull Metropolitan Borough Council
Graeme Foster  Nottinghamshire County Council
Jez Goodman  Northamptonshire County Council
Keith Goodred  Bath and North East Somerset
Chris Hall  Rochdale Metropolitan Borough Council
Sean Hindes  English Partnerships
Cristina Howick  Roger Tym & Partners
Bryan Huntley  Tees Valley Joint Strategy Unit
Jonathan Joseph  Bellhouse Joseph
Richard Kay  East of England Development Agency
Phil Lally  Government Office for the North West
Tim Lansley  Joint Strategic Planning and Transport Unit
John Lett  Greater London Authority
<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Meyer</td>
<td>Northamptonshire County Council</td>
</tr>
<tr>
<td>Stuart Morley</td>
<td>GVA Grimley</td>
</tr>
<tr>
<td>Peter O’Brien</td>
<td>Llewelyn Davies</td>
</tr>
<tr>
<td>Davin Parrott</td>
<td>Kettering Borough Council</td>
</tr>
<tr>
<td>Catherine Rose</td>
<td>South East England Regional Assembly</td>
</tr>
<tr>
<td>Rebecca Rutter</td>
<td>North West Regional Assembly</td>
</tr>
<tr>
<td>Matthew Sales</td>
<td>Ecotec</td>
</tr>
<tr>
<td>Michael Thompson</td>
<td>Advantage West Midlands</td>
</tr>
<tr>
<td>Ann Turner</td>
<td>Coventry City Council</td>
</tr>
<tr>
<td>Tony Ward</td>
<td>Broxtowe Borough Council</td>
</tr>
<tr>
<td>Jim Whelan</td>
<td>GVA Grimley</td>
</tr>
<tr>
<td>Nick Woolfendon</td>
<td>South East England Regional Assembly</td>
</tr>
</tbody>
</table>
Annex B  Published Data Sources and Availability

INTRODUCTION

This Annex provides brief details of published or other available data relevant to employment land reviews. It includes demographic and socio-economic data, relevant to modelling and monitoring the context for employment land reviews, as well as employment and property data, which may be used as direct inputs to those reviews.

Comments made in Table B.1 on the ‘usefulness’ of data sources are ERM’s own assessment, and made in relation to their fitness for Employment Land Reviews only.

The sources in Table B.1 are arranged in five sections:

- demographic
- economic
- employment
- land and property supply
- land and property demand and take-up
### Table B1: Potential Data Sources

<table>
<thead>
<tr>
<th>Theme</th>
<th>Source</th>
<th>Availability</th>
<th>Usefulness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demographic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full range of demographic data</td>
<td>2001 Census</td>
<td>Widely available</td>
<td>Provides population and household actuals, estimates and projections.</td>
</tr>
<tr>
<td><strong>Economic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Domestic Product per head</td>
<td>Office for National Statistics</td>
<td>Quarterly</td>
<td>Provides a measure of the total economic activity in an area and is used to show how much different industries contribute within the economy. Most useful at the national level with limitations below the regional level.</td>
</tr>
<tr>
<td>Gross Value Added</td>
<td>Office for National Statistics</td>
<td>Annual</td>
<td>Measures the contribution to the economy of each industry or sector.</td>
</tr>
<tr>
<td>Indices of Deprivation 2004</td>
<td>Office for National Statistics</td>
<td>Irregular intervals</td>
<td>Measure of deprivation for every Super Output Area and local authority area in England. The IMD 2004 contains seven Domains of deprivation: income deprivation, employment deprivation, health deprivation and disability, education, skills and training deprivation, barriers to housing and services, living environment deprivation and crime.</td>
</tr>
<tr>
<td>Business Start up</td>
<td>Small Business Service (based on VAT Register of Business)</td>
<td>Annual</td>
<td>Gives pattern of business start-ups and closures across the UK. Estimates are provided for the UK, regions, counties and local authority districts, each with a broad sector breakdown.</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Business Inquiry</td>
<td>Office for National Statistics</td>
<td>Annual</td>
<td>Provides information for 13 Standard Industrial Classification (SIC) variables down to four digits. Variables include: number of enterprises; turnover; average and total employment. Data robust at the national level. Allsopp review questioned reliability below regional level.</td>
</tr>
<tr>
<td>Labour Force Survey</td>
<td>Office for National Statistics</td>
<td>Quarterly</td>
<td>Variables setting out information on labour market structure, economic and labour market activity, employment, unemployment and earnings.</td>
</tr>
<tr>
<td>Theme</td>
<td>Source</td>
<td>Availability</td>
<td>Usefulness</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------------------------------</td>
<td>--------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Land and Property</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>National</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial and Industrial Floorspace and Rateable Value</td>
<td>ODPM (based on VOA data)</td>
<td>Only available at irregular intervals</td>
<td>Provides stock of floorspace by type at district level. Contains information on floorspace, rateable value, building use and SIC. Data published for 2003 not comparable with 1995 survey but high level of comparability with 2000 and 2002 statistics.</td>
</tr>
<tr>
<td>National Land Use Database of Previously Developed Land (NLUD-PDL)</td>
<td>ODPM from returns by local authorities</td>
<td>1998 and annual from 2001</td>
<td>Provides a site-by-site record of vacant and derelict sites and other previously developed land and buildings that may be available for redevelopment. The 2003 database contains information for 98% of local authorities from their returns either for 2003 or 2002. In 2003 authorities were not asked to report sites of under 0.25 hectares.</td>
</tr>
<tr>
<td>Land Use Change Statistics (LUCS)</td>
<td>ODPM (based on Ordnance Survey data)</td>
<td>Annual</td>
<td>Provides a site-by-site record of land area changing within and between 24 land use categories, and numbers of dwellings built or demolished. The majority of changes to developed uses in urban areas are recorded within six months of change. Changes to undeveloped uses in rural areas are recorded on a 3 to 5 year cycle.</td>
</tr>
<tr>
<td><strong>Regional</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Monitoring Returns</td>
<td>Regional Planning Bodies</td>
<td>Depends on individual RPBs</td>
<td>Where data is presented, it is commonly floorspace for permissions and/or hectares for allocations. Reliant on local authority input data, which may not be presented consistently or be complete.</td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Land Databases</td>
<td>Individual LAs</td>
<td>Depends on individual LAs</td>
<td>Range of information collected varies considerably. That which is commonly collected includes: overall site area; floorspace; planning status; assessment of availability.</td>
</tr>
</tbody>
</table>
### Table B1: Potential Data Sources (continued)

<table>
<thead>
<tr>
<th>Theme</th>
<th>Source</th>
<th>Availability</th>
<th>Usefulness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand and Take-up</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>National</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Values Rents and Yields</td>
<td>Valuation Office</td>
<td>Available free of charge from VO. Updated bi-annually</td>
<td>Reports rents and yields for a range of property types within the commercial and industrial market and typical value of land with planning permission for industrial use. Provides information for 100+ locations in England and Wales. Needs to be treated as illustrative rather than definitive.</td>
</tr>
<tr>
<td>Planning Decisions Data</td>
<td>ODPM</td>
<td>Quarterly statistics of planning applications received and decided have been published since April 1980</td>
<td>Records permission granted by type of application at district level.</td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Market Data</td>
<td>Individual Agents and Data Providers</td>
<td>Depends on individual agents</td>
<td>Individual national property agents publish information based on their own transactions. Experian and other commercial data providers collate information from agents and others. Usually covers rents, yields and land values for the main property segments.</td>
</tr>
<tr>
<td>Land and Property Registers</td>
<td>Individual LAs</td>
<td>Depends on individual LAs</td>
<td>Compiled from property agents and others. Provides information on available land and property, including constraints and rent/price, where known.</td>
</tr>
<tr>
<td>Business Surveys</td>
<td>Individual LAs</td>
<td>Depends on individual LAs</td>
<td>Usually concentrate on present and future property needs.</td>
</tr>
</tbody>
</table>
Annex C  Quantitative Employment Land Methodologies

INTRODUCTION

In order to present the review on a consistent basis, an assessment framework was devised. The methodologies in use are diverse and are not necessarily competing since they are addressing complementary tasks in the planning process. In the case of most of the methods, there has never been a formal evaluation of their reliability, although individual authorities often review the accuracy of previous projections.

METHODOLOGIES FOR ASSESSING EMPLOYMENT LAND REQUIREMENTS

ECONOMIC AND EMPLOYMENT FORECASTS (‘LABOUR DEMAND’ TECHNIQUES)

These have been widely used at the regional and sub-regional level as the basis for estimating future employment land needs. Most are sourced from commercial forecasting houses eg Experian BSL and Cambridge Econometrics. Their projections and forecasts are often used as inputs to in-house models run by the regional and sub-regional bodies. These forecasts are also available at the individual local authority level but must be treated with caution at that level. The recent Treasury Review of Economic Statistics (Allsopp, 2004) highlighted the input data limitations of these models, which should be reflected in the reliance placed on their outputs, particularly at the district level.

Box C.1: Key Messages from the Allsopp Review of Economic Statistics

- Estimates of Gross Value Added (GVA) are barely adequate at the regional scale and GDP cannot be adequately modelled at below large sub-regions (the NUTS 2 areas);
- The Annual Business Inquiry is not yet robust at the regional level, or at smaller scales;
- There are important biases towards manufacturing in the SIC analysis and in the input-output analysis; and
- The data that is used for disaggregation of regional forecasts eg employment or population are subject to significant local errors and/or will be influenced by land use planning decisions.

While these messages are well understood by professional economic forecasters, the outputs of forecasts can be given undue credence by planners or other users. Certain county councils and sub-regional planning units have been long-established users of these methods and, more recently, the regional bodies eg the GLA, have shown renewed interest. In the past, the RPBs and most sub-regional bodies have commissioned such studies on an occasional basis from the consultancy sector.
At the regional and sub-regional level, these approaches are valuable. The important caveats are that they:

- have a normal forecast horizon of no more than 10 to 15 years;
- are reliant on historic data and are less useful in dealing with new and emerging sectors;
- are dependent on generic ratios to translate these forecasts (in terms of employment or GDP/GVA) into land and property requirements; and
- are most useful in dealing with manufacturing, financial services etc, where the sector is substantial and has reasonably homogeneous property requirements in terms of location and type of building.

The case study example gives details of an established county council forecasting team’s outputs.

**Good Practice Example**

Hampshire uses a Cambridge Econometrics model in-house. Forecasts are produced for four sub-regions with different economic conditions. Hampshire is now exploring the merits of district level forecasts. Aggregate sector output forecasts are converted to floorspace (ie sectors converted to B1, B2, B8). Hampshire has a database of completions stretching back 15 years, which is used to test the robustness of the demand forecasting.

It will be a key role for the RPBs to coordinate the quantitative assessment of employment and land requirements with the county councils and other sub-regional bodies to assist individual planning authorities.

**DEMOGRAPHIC APPROACHES (‘LABOUR SUPPLY’ TECHNIQUES)**

Apart from those forecasts of employment based on regional economic forecasts, many sub-regional planning bodies and some individual LDF authorities use demographic methods to produce:

- population projections and estimates, constrained and unconstrained against likely future housing stock;
- household projections and estimates; and
- resident labour supply projections.

These use a combination of input data from ONS and from local surveys and estimates.

The decision by individual authorities to use local projections has depended on the extent to which their administrative areas are self-contained, concerns about nationally available projections and the particular focus of their planning policies (in particular on restraint of development in areas of high development pressure).
Because they are locally derived, it is difficult to generalise about their reliability and accuracy, although a time horizon of 10 to 15 years is usually adopted. Apart from the inevitable circularity of such projections, the key assumptions that have to be made locally are about:

- future migration rates (or housing development rates if these are being used as the constraint);
- future economic activity rates; and
- gross commuting flows across the area’s boundaries.

Even at the regional level, the continuing debates about growth in the South East and, more recently, at the EIP for the London Plan, demonstrate the limitations of these methods. At the EIP and at the Assembly’s Scrutiny of the Plan (ERM, 2004) both the difficulties of reconciling population and employment estimates within London and the mismatch with projections for the South East and Eastern regions were key issues.

Even so, properly executed at the individual authority level, they are probably more informative and reliable methodologies than those derived from regional economic forecasts, since they can be fine-tuned in order to be ‘policy driven’. They are best used alongside the outputs from regional and sub-regional labour demand forecasts.

**Good Practice Example**

**Cambridgeshire County Council – Labour Supply Forecasts**

Cambridgeshire produced labour supply forecasts by applying the forecast age and sex specific ‘economic activity rates’ to the forecast population, similarly broken down by age and sex.

**Cambridgeshire County Council, 2002**

**PROPERTY MARKET APPRAISALS**

It is perhaps not appropriate to describe these methods as modelling since, in most instances, they rely on professional interpretations by property surveyors and agents not just of occupier demand but also of institutional interest in particular segments of the property market. They are prepared at the regional, sub-regional and local levels and for specific property segments.

Property market appraisals rely on interpretations of national economic data, supplemented by market knowledge and transaction data, often from the agent’s own transactions. There are also national databases of business property requirements, particularly in the office and retail/leisure sectors.
EMPLOYMENT LAND REVIEWS | Quantitative Employment Land Methodologies

Their strength rests on the market knowledge and judgement of the surveyors who prepare them and they have the great advantage of being expressed directly in terms of property requirements. In terms of reliability and accuracy, a three to five year time horizon would be the most their producers would claim for them.

**Main Providers of Property Market Appraisals**

The main providers of property market appraisals are the national and regional property agents, such as GVA Grimley, King Sturge, CB Richard Ellis and data providers such as Experian BSL. They can provide monitored data and short term projections of rents, capital values, total returns and the underlying economic factors that drive property markets. The forecasts are broken down by key segment and the 200-plus industrial, office and retail markets.

Property market appraisals are useful at the local and sub-regional level and (if focussed on, for example, strategic requirements for distribution or inward investment by major firms) at the regional scale. At the local and sub-regional level, the key requirement is to appoint an agent (or panel of agents) with significant presence in the local market or segment being studied.

The other key role for consultant surveyors in employment land reviews is in assessing the market attractiveness and quality of individual sites and premises and in assisting local planning authorities with the assessment of viability of particular development proposals or allocations which are part of the Stage 3 appraisal.

**Good Practice Example**

**Bath & North East Somerset – Property Market Appraisal**

B&NES conducted an overview of the District’s local property markets, reviewing supply, demand and balance between the two. In quantitative terms, a market-based comparison of demand and supply was intended to supplement and verify forecast-based analysis. It also added a qualitative dimension, considering why sites are in the right locations and possess the right attributes. It also looked at the practical availability of sites, as seen by the property market.

*Source: Roger Tym & Partners and Cluttons, 2003*

**BUSINESS SURVEYS AND CONSULTATION**

Employer and business needs surveys are widely used at sub-regional and local level (to inform planning policy) and by the RDAs (to inform the Regional Economic Strategy).
These typically either involve postal surveys of a large sample of employers, or the use of focus groups or seminars to explore issues relating to particular sectors in greater depth. The former usually focus on existing and future property requirements, including location and transport issues. They may be extended to cover labour supply, training and skills issues.

While these are valuable in engaging businesses in the plan process and in confirming the priorities of the business community and their short term needs and aspirations, it is difficult to use the results to formulate quantitative estimates of property requirements beyond a three to five year time horizon.

**Good Practice Example**

**Joint Lancashire Structure Plan: Survey of Business Sector Requirements**

Postal survey of a sample of 7,200 business in 2004 which secured a 16% response. Key survey questions related to business activity, employment, type and size of premises. Respondents were asked about the suitability of their present premises, their intentions about moving or expanding premises, preferred business locations and requirements as well as the impact of ICT both on their working arrangements and requirements for premises, car parking etc.

*Source: Lancashire County Council (www.lancashire2016.com)*

**Case Study Example**

**Hampshire County Council Business Focus Groups**

Hampshire, in order to supplement their (in house) business development needs survey held three focus groups in different parts of the county. Despite different economic conditions the focus groups, facilitated by MORI, generated similar issues. The survey and focus groups tend to be undertaken every three to five years.

**BUSINESS STATISTICS**

There is a range of nationally collected business statistics which can be interrogated to provide an analysis of existing and new business formation. Details of these are in Annex B. They include:

- the Annual Business Inquiry (and the predecessor Annual Employment Survey).
- the VAT Registration data from Inland Revenue/Customs and Excise.

Some of this data is used in econometric models and is potentially useful in examining recent trends in business and economic activity. Despite the findings of the Allsopp review,
which questions the reliability of the ABI below regional level, this is the principal source of
data on employment by location and SIC, which is collected nationally on a consistent
basis. There are significant discontinuities arising from the change from the Annual
Employment Survey to the ABI, which limit the use of trend analysis, particularly at the
district level.

**Good Practice Example**

**Cambridgeshire County Council – Employment Estimates**

Cambridgeshire generates employee job information based on the Annual Business Inquiry.
It supplements the ONS data through:

- additional information has been used to widen the coverage, this includes agricultural
  employment, taken as employees from the June 2001 DEFRA farm survey and armed force
  bases; and

- for sectors with relatively high employment but a small number of employers, where
  publication of ABI figures is subject to a confidentiality suppression, the estimates are
  based on the County Council’s own ‘company’ database – the Cambridgeshire &
  Peterborough Employers Database (CPED).

**Source:** Cambridgeshire County Council, 2002
Annex D  Translating Employment Forecasts to Land Requirements

INTRODUCTION

This Annex looks at the four key relationships, which may need to be quantified when translating employment forecasts to land requirements:

- SIC sectors to use classes and sectors to type of property;
- employment to floorspace (employment density);
- floorspace to site area (plot ratio); and
- employment capacity in existing premises.

SIC SECTORS TO USE CLASSES AND TYPES OF PROPERTY

Recent studies (eg GLA, 2002) have used sectoral grouping of employment and applied judgement as to the types of premises occupied. There is no detailed survey evidence reported to support this analysis. Box D.1 shows the sectoral match produced for the GLA. Although based on judgements, this represents a reasonable common sense interpretation of the London situation which, with local amendment, can be applied elsewhere.
## Box D.1: GLA SIC Categories and Types of Premises

<table>
<thead>
<tr>
<th>SIC</th>
<th>Use Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary and Utilities</td>
<td>Not significant levels of employment in London. Will be site activity plus some head office and administrative functions.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Expected to occupy predominantly B2 uses.</td>
</tr>
<tr>
<td>Construction</td>
<td>High levels of self-employment. Some distribution and storage activity. Head office employment.</td>
</tr>
<tr>
<td>Wholesale</td>
<td>Expected to occupy predominantly B8 uses.</td>
</tr>
<tr>
<td>Retail</td>
<td>Will work mainly in shops. A1 use class.</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
<td>Will work mainly in hotels, restaurants, bars etc. A3 and C1 use class.</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>Transport does not occupy business space apart from head office and administrative functions. Communications includes postal depots, but also telecommunications companies, some of whom will occupy significant amounts of B space.</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Predominantly office sector employment in B space. Some A2.</td>
</tr>
<tr>
<td>Business Services</td>
<td>Predominantly office sector employment in B space. Some A2. But also some non-office space such as cleaning contractors.</td>
</tr>
<tr>
<td>Public Administration</td>
<td>Town Hall employment, police, fire service etc. Plus some occupation of Business space.</td>
</tr>
<tr>
<td>Health and Education</td>
<td>Employment in schools and hospitals etc. Mainly C and D use class, not business space. Will be some administrative functions which may occupy B class space.</td>
</tr>
<tr>
<td>Other Services</td>
<td>Personal services, tourism and media. Only a small proportion would be expected to occupy B class space.</td>
</tr>
</tbody>
</table>

*Source: GLA, 2002*
The broad proxy used by the GLA for SIC Sectors to Use Class B is shown in Box D.2.

<table>
<thead>
<tr>
<th>Use Class</th>
<th>SIC Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Financial Services + Business Services</td>
</tr>
<tr>
<td>B2</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>B8</td>
<td>Wholesale Distribution</td>
</tr>
</tbody>
</table>

**Source:** GLA, 2002

This is not expected to be a perfect match. In particular there are a significant number of office occupiers that are not in the Financial and Business Services sectors and a significant proportion of Business Services employment that is not office based. The Financial and Business Services sector is the most commonly used proxy measure for office employment, but is likely to be most reliable in London and other major conurbations.

**EMPLOYMENT DENSITY**

Estimates of employment density ratios are commonly used for planning purposes. There is no one correct figure and ratios vary due to a number of factors such as employment sector, function, location, age of building and point of the economic cycle. There are a limited number of large-scale surveys that have been undertaken. The study carried out for SERPLAN by Roger Tym & Partners (1997) remains one of the most comprehensive data sources for London and the South East. This surveyed over 1,200 firms. More recent work done only in the South East (DTZ, 2004) surveyed over 1,000 firms. They both provide average floorspace per worker ratios expressed as sq metres per worker. Box D.3 compares the findings from the Roger Tym (1997) and DTZ (2004) research.
CONVERTING GROSS TO NET FLOORSPACE

Employment density is normally measured in square metres of floorspace per person. The definitions of the four standard ways of defining net and gross floorspace are given in Box D.4.

Box D.3: Floorspace per Worker by Property Type, London and South East (Net)

<table>
<thead>
<tr>
<th>Floorspace per Worker (Sq.m)</th>
<th>Roger Tym, 1997</th>
<th>DTZ Pieda, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>17.9</td>
<td>18.3</td>
</tr>
<tr>
<td>Industrial</td>
<td>31.8</td>
<td>38.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>29.7</td>
<td>–</td>
</tr>
<tr>
<td>Warehousing (general)</td>
<td>40.1</td>
<td>–</td>
</tr>
<tr>
<td>Warehousing (with loading bays eg DIY)</td>
<td>–</td>
<td>78.2</td>
</tr>
</tbody>
</table>

Source: Roger Tym & Partners, 1997 and DTZ Pieda, 2004

Box D.4: Definitions of Net and Gross Floorspace

<table>
<thead>
<tr>
<th>Gross external area</th>
<th>Gross external area includes walls, plant rooms and outbuildings but excludes external balconies and terraces.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross internal floorspace</td>
<td>Gross internal floorspace is the entire area inside the external walls of a building and includes corridors, lifts, plant rooms, service accommodation eg toilets but excludes internal walls.</td>
</tr>
<tr>
<td>Net internal area</td>
<td>Net internal area is the internal area including entrance halls, kitchens and built-in units but excluding toilets, stairways, lifts, corridors and common areas.</td>
</tr>
<tr>
<td>Net lettable area</td>
<td>Net lettable area includes the main workspace but excludes corridors, staircases and toilets.</td>
</tr>
</tbody>
</table>

Source: Royal Institution of Chartered Surveyors, 1993
Different measurement conventions are generally used by property agents and developers for different classes of property:

- retail – net internal area;
- office – net internal area;
- warehouse – gross internal area; and
- factory – gross internal area.

Planning authorities usually use gross external area as a measure of floorspace. The difference between this and gross internal floorspace is usually between 2.5% and 5%. The Arup Economics study for English Partnerships (Arup, 2001) provided the following advice on converting gross to net floorspace:

- for office space the gross figure is typically 15-20% higher than the net lettable space;
- for multi-occupancy buildings the range may be higher than 15-20% given the space allocated for shared or common areas; and
- for large warehouses, the net can be as much as 95% of the gross.

**USE OF AVERAGE DENSITIES**

The use of averages conceal a significant variation in actual figures. In part this is due to fluctuations in the extent to which any particular property is under or over-occupied at one moment in time. However within broad use types different classifications of activity can be identified. Arups (2001) for English Partnerships provided recommended employment densities for use by RDAs for different types of activity and location. The Arup study is based on a review of existing sources and publications, in particular Roger Tym & Partners (1997). Box D.5 compares the average densities compiled by Arups (2001) to those for the South East recently collected by DTZ (2004).
### Box D.5: Average Employment Densities for Different Uses/Types of Premises (Floorspace/worker)

<table>
<thead>
<tr>
<th></th>
<th>Arup, 2001 (Gross Internal)</th>
<th>DTZ Pieda, 2004 (Net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General industrial buildings</td>
<td>34m²</td>
<td>38.2m²</td>
</tr>
<tr>
<td>Small business units</td>
<td>32m²</td>
<td>–</td>
</tr>
<tr>
<td>High tech/R&amp;D</td>
<td>29m²</td>
<td>27.2m²</td>
</tr>
<tr>
<td>Science Park</td>
<td>32m²</td>
<td>–</td>
</tr>
<tr>
<td>General warehousing</td>
<td>50m² (gross external)</td>
<td>–</td>
</tr>
<tr>
<td>Large scale and high bay</td>
<td>80m² (gross external)</td>
<td>78.2m²</td>
</tr>
<tr>
<td>General purpose built offices</td>
<td>19m²</td>
<td>18.3m²</td>
</tr>
<tr>
<td>Headquarters</td>
<td>22m²</td>
<td>–</td>
</tr>
<tr>
<td>Financial and professional services</td>
<td>–</td>
<td>19.9m²</td>
</tr>
<tr>
<td>Serviced business centre</td>
<td>20m²</td>
<td>–</td>
</tr>
<tr>
<td>City of London office</td>
<td>20m²</td>
<td>–</td>
</tr>
<tr>
<td>Business Park</td>
<td>16m²</td>
<td>–</td>
</tr>
<tr>
<td>Call Centre</td>
<td>12.8m²</td>
<td>–</td>
</tr>
<tr>
<td>General hotels (3 star)</td>
<td>1 employee per 2 bedrooms</td>
<td>–</td>
</tr>
<tr>
<td>Budget hotels</td>
<td>1 employee per 3 bedrooms</td>
<td>–</td>
</tr>
<tr>
<td>4/5 star hotels</td>
<td>0.8 employee per 1 bedroom</td>
<td>–</td>
</tr>
<tr>
<td>Restaurants</td>
<td>13m²</td>
<td>–</td>
</tr>
<tr>
<td>Cultural attractions</td>
<td>36m²</td>
<td>–</td>
</tr>
<tr>
<td>Cinemas</td>
<td>90m²</td>
<td>–</td>
</tr>
<tr>
<td>Amusement and entertainment centres</td>
<td>40m²</td>
<td>–</td>
</tr>
<tr>
<td>Sports centres</td>
<td>90m²</td>
<td>–</td>
</tr>
<tr>
<td>Private sports clubs</td>
<td>55m²</td>
<td>33.2m²</td>
</tr>
</tbody>
</table>

**Source:** Arup, 2001 and DTZ Pieda, 2004
A range of factors affect density within the different uses:

- **type of activity within the use, including different industrial sectors** – within the office sector there are differences according to the type of function eg public sector has lower densities (21.3 sq m net internal) compared with the private sector (eg business and communications/IT vary from 13 to 16 sq m net internal per employee).

- **size of premises** – the smaller the concern the higher the density. The Roger Tym research showed that for office buildings less than 250 sq m, the density was 16.7 sq m (net internal) compared to buildings over 10,000 sq m with an average density of 19.5 sq m. The recent DTZ research found a similar relationship, with firms of 1 to 10 employees having an employment density of 43.3 sq m compared to concerns of over 200 employees which had a density of 21.4 sq m.

- **location** – in terms of its accessibility or its centrality within a town or city is one of the most significant factors. The DTZ research (2004) showed that the further away a business is located from the city centre the lower its employment density. The main variance according to location is in the office sector. Research by Gerald Eve/RICS (2001) shows that out of centre office locations eg Business Parks support higher densities, which is a consistent pattern across age band classifications.

- **economic cycle** – it is difficult to identify clear correlations between economic activity and changing density levels due to time lags in acquiring and disposing of property. The Roger Tym (1997) research in the South East estimated that the number of employees in a fixed area of floorspace can vary up to 20% in either direction before an occupier will consider relocation necessary.

- **building age** – employment density figures are most accurate when applied to new developments or modern buildings. In general lower densities occur in older buildings. DTZ (2004) found that ‘modern’ buildings built after 1990 had a ratio of 30.4 sq m compared to 37.2 sq m for buildings built before that date.

- **length of occupation and type of tenure** – the longer the period of occupation in a building, the lower the density. Offices occupied for less than five years have significantly higher average density than offices occupied for longer periods (Gerald Eve/RICS, 2001). Over time the potential physical and economic costs of reorganisation may lead to less efficient use of space. The same research identifies that leasehold buildings are more densely occupied than owner-occupied buildings.
— **occupation costs** – it might be expected that, particularly in the office sector, there would be a relationship between density and occupation costs (rent, rates and maintenance). There is no direct evidence from research, although the findings that modern buildings are occupied more densely may be, in part, a response to costs of occupation.

**Good Practice Example**

**Greater London Authority**

Distribution functions comprise a significant element of much general industrial activity in London. The GLA wanted to test the assumption that the traditional differences in employment density between production and distribution were diminishing. The GLA sought to test whether wholesale distribution employment densities were approaching those of some manufacturing industries, especially when associated with related assembly, packaging or office employment. The GLA sought market opinion to test employment density and floorspace assumptions, in particular for modern warehousing.

**Source:** GLA Case Study Interview

There is conflicting evidence, both empirical and theoretical, about whether employment densities are changing over time. The Roger Tym study (1997) concluded that while new working practices were being introduced these were only having an effect at the margin in a small, though growing, set of activities. This study reported that any effect on densities was dwarfed by larger effects due to technology or restructuring. Gerald Eve/RICS (2001) recorded an average overall national benchmark for office employment of 16.3 m$^2$ per worker, a figure slightly lower than the 16.6 m$^2$ reported in 1997 survey. In terms of function, it was sales offices that were the most densely occupied, averaging 15.7 m$^2$ per employee. Sales offices are characterised by time-flexible and mobile workforces which make extensive use of new working practices. The survey revealed that the average floorspace per worker ratios were significantly lower in offices that had adopted new working practices compared to similar type offices that had not. For example, company branch offices with no new working practices averaged just over 17 m$^2$ per worker whereas branch offices, which had adopted new practices, averaged less than 15 m$^2$ per employee.
The results from the DTZ (2004) business survey make it clear that the net change in floorspace per worker ratios between 1994 and 2004, due to changes in working practices, appear to have been minimal in the South East. Different factors appear to be working in opposite directions. For example, hot desking increases employment densities while the need for more meeting spaces has the effect of lowering it.

**PLOT RATIOS**

There is less survey evidence available for plot ratios than for example density. In the past, some development plans set maximum plot ratios for different zones, but this practice has fallen into abeyance. There is some available evidence from research studies (Roger Tym, 1997) and many planning authorities and consultants use their own ratios, derived from design studies and measurement. Available information is included in Box D.7.

---

**Box D.6: Floorspace per Worker Ratios and New Working Practices**

<table>
<thead>
<tr>
<th>Office Function</th>
<th>Floorspace per Worker sq m</th>
<th>Offices without new working practices</th>
<th>Offices with new working practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>16.8</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td>Admin Centre</td>
<td>17.2</td>
<td>15.6</td>
<td></td>
</tr>
<tr>
<td>Branch Office</td>
<td>17.1</td>
<td>14.8</td>
<td></td>
</tr>
<tr>
<td>Sales Office</td>
<td>17.6</td>
<td>14.8</td>
<td></td>
</tr>
<tr>
<td>Sole Office</td>
<td>16.8</td>
<td>15.1</td>
<td></td>
</tr>
</tbody>
</table>

Note: The main new working practices examined were: Hot Desking, Hotelling (reserving in advance a workstation with full support), Virtual Office (effectively a laptop with connectivity used anywhere), Home working and Team working (a team assembled for a specific project and disbanded on completion).

Source: Gerald Eve/RICS (2001)
**Box D.7: Plot Ratios for Employment Use (Gross Floorspace to Site Area)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Roger Tym, 1997</th>
<th>Other Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Park</td>
<td>0.25 to 0.30</td>
<td>0.25 to 0.40</td>
</tr>
<tr>
<td>Industrial</td>
<td>0.42</td>
<td>0.35 to 0.45</td>
</tr>
<tr>
<td>Warehouse</td>
<td>–</td>
<td>0.40 to 0.60</td>
</tr>
<tr>
<td>Town Centre Office</td>
<td>0.41</td>
<td>0.75 to 2.00</td>
</tr>
</tbody>
</table>

*Source: Roger Tym & Partners, 1997 and ERM Review*
Annex E  Stage 3 Site Appraisal Criteria

Box E.1: Appraisal Criteria for Assessing the Quality, Market Demand and Availability of Existing Portfolio

<table>
<thead>
<tr>
<th>0. Base Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1 Overall size of site/area</td>
</tr>
<tr>
<td>0.2 Floorspace in use (by segment/unit size)</td>
</tr>
<tr>
<td>0.3 Floorspace for sale and vacant (by segment/unit size)</td>
</tr>
<tr>
<td>0.4 Potential development plots (by size)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1. Quality of Existing Portfolio and Internal Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Age and quality of buildings</td>
</tr>
<tr>
<td>1.2 Noise and other obvious pollutants</td>
</tr>
<tr>
<td>1.3 State of the external areas and public realm</td>
</tr>
<tr>
<td>1.4 Parking, internal circulation and servicing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Quality of the Wider Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Adjacent land uses constraining operations or quality of uses on site</td>
</tr>
<tr>
<td>2.2 Perception of the wider environmental quality</td>
</tr>
<tr>
<td>2.3 Local facilities for workforce</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Strategic Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Ease of access to main road network</td>
</tr>
<tr>
<td>3.2 Proximity to rail, sea and air freight</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Market Conditions/Perception and Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Strength of local demand in segment</td>
</tr>
<tr>
<td>4.2 Recent market activity on site</td>
</tr>
<tr>
<td>4.3 Likely market demand and viability of development without intervention</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Ownership and User Constraints on Development/Redevelopment</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Identify and number freehold owners</td>
</tr>
<tr>
<td>5.2 Identity of leasehold or other occupiers, lengths of lease etc</td>
</tr>
<tr>
<td>5.3 Ransom strips or other known ownership constraints on development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Site Development Constraints [undeveloped sites only]</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Site access</td>
</tr>
<tr>
<td>6.2 Topography, size and shape</td>
</tr>
<tr>
<td>6.3 Utilities</td>
</tr>
<tr>
<td>6.4 On-site environmental (nature conservation, trees, cultural heritage, landscape)</td>
</tr>
<tr>
<td>6.5 Contamination/land stability/on-site structures</td>
</tr>
<tr>
<td>6.6 Amenity of adjacent occupiers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Accessibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Workforce catchment</td>
</tr>
<tr>
<td>7.2 Access by public transport</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. Sequential Test and Brownfield/Greenfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Urban, urban edge or outside urban</td>
</tr>
<tr>
<td>8.2 Previously developed in whole or part</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>9. Social and Regeneration Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 Availability of other jobs locally</td>
</tr>
<tr>
<td>9.2 Deprivation in local communities</td>
</tr>
<tr>
<td>9.3 Priority regeneration designation</td>
</tr>
<tr>
<td>9.4 Potential availability of ‘gap’ funding to develop</td>
</tr>
<tr>
<td>9.5 Ability of site to support particular economic development priority?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Other Policy Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 Alternative uses if no longer allocated for employment</td>
</tr>
<tr>
<td>10.2 Other material policy considerations</td>
</tr>
</tbody>
</table>

Source: ERM
This guide provides planning authorities with effective tools with which to assess the demand for, and supply of, land for employment. It has been prepared with the assistance of planning authorities and others involved in all aspects of developing land for employment.