

ECONOMIC NEEDS STUDY

Planning Advisory Committee - 22 September 2016

Report of Chief Planning Officer

Status: For Consideration

Key Decision: No

Executive Summary:

The Economic Needs Study (ENS) was jointly commissioned by Sevenoaks District Council (SDC) and Tunbridge Wells Borough Council to form part of the evidence base of the emerging Local Plan.

The ENS is a technical study which reviews the current status of the District's economy and identifies future employment opportunities. The study recommends an objectively assessment need (OAN) for commercial land up to 2035 of 11.6ha for Sevenoaks District **this is not the Council's commercial land target.**

The ENS also includes analysis of the existing employment sites/land and makes recommendations as to how the Council can support continued economic growth within the District up to 2035 through the Local Plan policies as well as through joint working with the Economic Development Team.

Portfolio Holder Cllr. Robert Piper

Contact Officer Helen French, Senior Planning Officer, Ext.7357

Recommendation to Planning Advisory Committee:

To note the Economic Needs Study attached at Appendix A as part of the evidence base for the new Local Plan.

Reason for recommendation: In order to plan for the economic needs of the District and to prepare a Local Plan that is based on sound and robust evidence.

Introduction and Background

- 1 The Allocations and Development Management Plan (ADMP) was adopted in February 2015, and, together with the Core Strategy (adopted 2011), makes up the current Development Plan for the District Council. The Core Strategy was adopted prior to the Government's National Planning Policy Framework (NPPF) being introduced, and as such, now contains some policies that are not consistent with the NPPF.

- 2 The District Council is therefore required to review its planning policies, and the intention is to combine the two documents into a single Local Plan that contains up to date policies consistent with the NPPF. To ensure that the Local Plan is found sound at examination, the Council is required to prepare a robust evidence base to underpin the land allocations and policies within the new Plan.
- 3 The Economic Needs Study (ENS) is a technical study carried out by expert consultants. It is subject to a prescribed methodology and derived from Government Statistics. The Study will ascertain the current economic market conditions within the District and forecast the demand for commercial land up to 2035.
- 4 The findings of the study will help to inform the development of Local Plan policies for commercial land and SDC corporate economic strategies over the next 20 years.

Procuring the ENS

- 5 The NPPF encourages joint-working under the duty to co-operate, particularly where there may be cross-boundary issues. The Strategic Housing Market Assessment (SHMA) was jointly commissioned by Sevenoaks District Council and Tunbridge Wells Borough Council as there was strong evidence to suggest that Sevenoaks District and Tunbridge Wells Borough share a housing market area (i.e. there are strong links between the two districts in terms of where people live and work). As a result it was likely that there would also be a shared Functional Economic Market Area (FEMA) and thus the joint commissioning of an Economic Needs Study was an understandable step.
- 6 The consultant Turley in association with Colliers International was appointed to undertake the ENS, based on their quotation and subsequent interview. Their submission was comprehensive, clearly showing expertise and experience in the analysis of economic needs and at Local Plan examination. Colliers, an industry-leading global real estate company, provide additional expertise in preparing the property market review and the commercial site assessments for the study.

Early Stakeholder Engagement

- 7 The Economic Needs Study was commissioned to go beyond an employment land review. The study brief was specifically widened to include a review of the wider economic needs of the District. As part of fulfilling this aim a stakeholder workshop with commercial agents, adjoining authorities, local landowners/tenants and businesses was held on 18th March 2016 at the Stag Theatre in Sevenoaks.
- 8 The workshop was well attended with 27 attendees. This workshop provided the consultants with first hand information on the current economic market conditions as viewed by those working within the District. The workshop highlighted some areas which were then considered further in the final

document including the District's proximity to good transport links, future large scale infrastructure projects and developments outside of the District as well as the potential that demand has been dampened in the past due to the market perception of lack of availability.

The Structure of the Study

- 9 The Study has been prepared jointly for Sevenoaks District Council and Tunbridge Wells Borough Council. As a result, the final report includes baseline information for both Councils as they lie within the same FEMA however, the demand forecasting and site assessments are presented for Sevenoaks District only.

The Findings of the ENS

10 Defining the Functional Economic Market Area (FEMA):

- The National Planning Practice Guidance (NPPG) gives guidance as to how a Functional Economic Market Area should be determined. By following this national guidance and taking account of current market and industry standards the ENS concludes that both Sevenoaks District and Tunbridge Wells Borough lie within the same FEMA. The two Local Authorities share important economic linkages reflected in commuting flows and other 2011 Census statistical information.
- The study also found that Tonbridge and Malling Borough also forms part of the FEMA given the proximity of Tonbridge to the larger settlements in both Sevenoaks District and Tunbridge Wells Borough.

11 Baseline Context

- The ENS includes a comprehensive review of the current economic market conditions within Sevenoaks District and Tunbridge Wells Borough.
- The study identified that the two Local Authorities have a diverse business base which has supported employment and productivity growth over the recent years. Sevenoaks District is viewed as an attractive place to work for professional, scientific and technical businesses and has a strong track record of business start-ups and self-employment. It was noted however, that although the District has a highly skilled labour force it also has an ageing demographic trend and this could potentially impact future levels of economic activity.
- Existing employment stock within Sevenoaks District has historically met the needs of the commercial sector with low vacancy rates however, much of the stock is ageing with a limited supply of modern premises. There has been a significant loss in the District's B1a Office stock which has been exasperated by the changes to permitted development rights to allow conversion to residential units.

- The commercial owners and occupiers within the District also face a number of challenges including significant demand pressure for residential development. Stakeholders also frequently raise the issues of lack of suitable land and premises, poor availability and reliability of digital infrastructure in more rural areas and accessibility and congestion were reported as barriers to economic growth.

12 Identifying the objectively assessed commercial land need:

- The ENS uses three complimentary approaches to determine the future need for commercial land across the district up to 2035.
- The *Labour Demand* scenario uses nationally recognised modelling to forecast sectoral and employment projections.
- The *Labour Supply* approach derives projections from the labour supply analysis used in the Strategic Housing Market Assessment 2015 to identify the need for commercial land.
- The *Past Take Up* approach makes projections using the historical commercial land take up and trends.
- The three approaches show a clear alignment in the demand forecasts for commercial land up to 2035. The NPPF states that Local Plans should be positively prepared and therefore the consultants recommend that the Council plan to meet the labour demand scenario commercial land need as this is the greater figure.
- **Therefore the ENS suggests an objectively assessed commercial need (OAN) of at least 11.6ha of employment up to 2035 of which 7.2ha should be suitable for office (B1a/b) use, 1.1ha for industrial (B1c/B2) and 3.3ha suitable for warehouse and storage (B8) use.**

13 Assessment of existing commercial sites (Employment Land Review):

- The ENS includes an analysis of the current commercial sites and land. Colliers visited all the employment sites allocated in the ADMP and presented a brief analysis within the ENS. (A more detailed analysis will form part of the Employment Land Availability Assessment).
- Colliers found the majority of the existing employment sites to be performing well and none performing poorly.
- **The ENS recommends the Council consider the expansion of some existing employment sites as well as the allocation of new sites to meet the future need.**

14 Policy Recommendations

- The ENS recommends that the Council seek to meet the OAN for commercial land through the expansion of existing employment sites and new site allocations.
- The ENS also recommends a number of enabling actions including:
 - (1) Undertaking a survey of start-up, small and rural businesses to understand their needs and requirements
 - (2) Continuing to support rural based employment development through positive planning policies and projects
 - (3) The use of Council landholdings to attract inward investment and where possible, encourage both design and build and speculative office (B1a/b), industrial (B1c/B2) and warehouse (B8) development.
 - (4) Working with providers to seek improvements to digital connectivity to support further growth of the rural economy and homeworking.

Presentation of Findings

- 15 Two study briefings (19th April and 17th August) were held with the portfolio holders (including deputies) for Planning and Economic and Community Development. The consultants and officers presented the findings of the study followed by the opportunity to discuss the findings and ask questions.

What Happens Next

- 16 A call for sites exercise was undertaken at the end of 2015. Sites were submitted to the Council for commercial use as well as for housing.
- 17 Each site submitted by the November 2015 deadline has been visited and presented to the PAC in June 2016. The sites are to be assessed for suitability and included in the Economic Land Availability Assessment (ELAA). Additional sites can still be submitted to the Council for consideration.
- 18 Each existing employment site allocation of 0.2ha or above has been assessed by Colliers as part of the ENS. These sites will be assessed further by the Planning Policy Team for suitability for commercial allocation and be included in the ELAA.
- 19 The Planning Policy Team will continue to work with the Economic Development Team to consider the policy recommendations set out in the ENS and may undertake additional work to support the Local Plan and wider corporate policies. This may include a business survey to further understand

the current and future economic requirements of local businesses within the District.

- 20 Completion of the above steps will ensure that the District Council has a robust evidence base to support the development of the Local Plan and the setting of a realistic and deliverable employment land target that will stand up to scrutiny at examination.

Other Options Considered and/or Rejected

The Committee could choose not to endorse the ENS, however this is not recommended. The previous Employment Land Review which informed the Core Strategy and Allocations and Development Management Plan is now considerably out of date. To rely on this out of date evidence would lead to the Local Plan being found unsound at examination.

Key Implications

Financial

The ENS is funded through the LDF budget.

Legal Implications and Risk Assessment Statement

Preparation of a Local Plan is a statutory requirement. There are defined legal requirements that must be met in plan making which are considered when the plan is examined by a Government Planning Inspector. Risks associated with Local Plan making are set out in the Local Development Scheme.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impacts will be analysed via an Equalities Impact Assessment (EqIA) to be prepared alongside each key stage of plan making.

Conclusions

The Economic Needs Study (ENS) is an evidence base document to support the Local Plan. The consultant Turley in association with Colliers International was procured jointly by Sevenoaks District and Tunbridge Wells Borough Council to undertake the ENS and identify the objectively assessed need for commercial land across the District. The study includes an analysis of employment opportunities in Sevenoaks District both within existing premises and sites, from yet undeveloped allocations and other areas of land across the District. The study also advises on the best performing/worst performing sectors and which sectors are likely to grow/contract in the future taking account of historic figures as well as local

potential demand. Account has been taken of the potential for demand to have been dampened due to the market perception of lack of availability.

The consultants have produced a comprehensive technical study which will help to inform the development of Local Plan commercial policies and SDC corporate economic strategies over the next 20 years. The Planning Policy Team will continue to work with the Economic Development Team to support the economic growth of the District.

This report outlines the findings of the ENS and the full study is attached at Appendix A.

Appendices

Appendix A - Sevenoaks and Tunbridge Wells
Economic Needs Study - Final Report for
Sevenoaks District (August 2016)

Appendix B - Land Use Classes

Background Papers:

None

Richard Morris
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