Nathaniel Lichfield & Partners
Planning. Design. Economics.

Functional Economic Market Area Study

Stevenage, North Hertfordshire and Central Bedfordshire Councils

Final Report

July 2015

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14208/MS/CGJ/LE

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This document is formatted for double sided printing.

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1.0 Introduction

1.1 This report has been prepared by Nathaniel Lichfield & Partners ('NLP') to consider and define the geographical extent of any 'Functional Economic Market Area(s)' (FEMAs) that fall within and across the three local authorities of Stevenage, North Hertfordshire and Central Bedfordshire, in order to inform the emerging Local Plans for each of the three commissioning authorities.

1.2 The objectives of the study are defined as:

- to provide a spatial definition of the FEMAs that lie substantively within the study area (see below for a description of the study area);
- to review existing employment studies to ensure projections of future requirements are expressed on a consistent basis;
- to suggest an appropriate means of apportioning district-level employment growth forecasts and data to provide estimates of future needs at the FEMA level;
- to review the relationship between the emerging employment studies for the three local authorities; and
- to consider the potential impacts on future employment requirements that could arise from changes to future commuting patterns.

1.3 From this FEMA analysis, the aim is to provide recommendations as to the long-term land-use planning considerations for employment within the three local authority areas, highlighting the basis for how the authorities might work together to accommodate future economic growth requirements during their respective plan periods.

Scope of the Study

1.4 Stevenage, North Hertfordshire and Central Bedfordshire have each recently commissioned employment land or equivalent economic studies to determine their future employment growth requirements in terms of jobs, floorspace and land. To some degree, each of these evidence base studies considered the extent of any FEMAs that operate within or across their local authority area.

1.5 However in light of the National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG) that post-dates the publication of each of the local authority employment studies, the three commissioning authorities consider it necessary to assess economic issues that cross administrative borders and to reconcile these existing studies with each other.

1.6 With this in mind, the three authorities seek to determine the characteristics and extent of any FEMAs that operate across their administrative boundaries, and in this context, whether the emerging employment strategies for each of the commissioning authorities provide a coherent and consistent strategy for future employment development. The findings of this study will help to inform the emerging Local Plans for each of the three local authorities over the period to 2031, which are currently in the process of being prepared.

Study Area

1.7 As a starting point, the three commissioning authorities have defined the study area as incorporating the entirety of North Hertfordshire District Council and Stevenage Borough Council's administrative areas, and Central Bedfordshire Council's administrative area insofar as it lies to the east of the A6 (Figure 1.1).

Figure 1.1 Principal Study Area

Source: Stevenage, North Hertfordshire and Central Bedfordshire Councils

1.8 This defined study area draws on an earlier assessment of the Travel to Work Area (TTWA) for Stevenage using 2001 Census data, which identified a TTWA for Stevenage that comprised this study area, as well parts of Welwyn Hatfield Borough Council and peripheral areas of East Hertfordshire District Council. This TTWA stretched from Hatfield in the south to Sandy in the north. Although these authority areas do not presently form part of the study area, they should still be considered when spatially defining any FEMAs that substantively lie within the study area.

1.9 As noted, this study area has been principally defined based on travel to work data from the 2001 Census, which captures the majority of economic flows to, from and between these local authority areas. Stevenage, North Hertfordshire and the eastern portion of Central Bedfordshire lie broadly along a north-south corridor that is well connected by the strategic transport routes of the A1(M) and the East Coast Mainline. These links significantly influence the movement of people, information and trade within the sub-region, as illustrated by travel to work data that highlights large flows between these three areas.

1.10 In terms of more detailed statistical geography, the study area shown in Figure 1.1 has been defined at the Middle Layer Super Output Area (MSOA) across the three local authority areas. In total, 40 MSOAs were identified as forming the ‘best fit’ to the identified study area boundary; this includes 12 MSOAs forming the whole of Stevenage,15 MSOAs forming the whole of North Hertfordshire, and 13 MSOAs forming the eastern part of Central Bedfordshire. A list of the 40 MSOAs used to define the study area in this assessment is presented in Appendix 1.

1.11 It should be noted that much of the assessment of Central Bedfordshire in this study refers solely to the eastern part of the unitary authority that falls within the study area (i.e. to the east of the A6). When referring to the whole of Central Bedfordshire or just the eastern part of Central Bedfordshire, this will be made explicit in the report. The part of Central Bedfordshire located within the study area is referred to as ‘Eastern Central Bedfordshire’ (‘Eastern CB’) hereafter.

Policy and Guidance

1.12 The NPPF and accompanying guidance (PPG) require the development needs of local authority areas to be considered in terms of FEMAs. Where these FEMAs cross administrative boundaries, the guidance indicates that they should be collectively considered by relevant local authorities under the statutory duty to cooperate.

1.13 The NPPF specifically states the following in Paragraph 160 in regards to local authorities working together to meet strategic needs in cross-cutting markets:

“Local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should:

- *work together with county and neighbouring authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market; and*
- *work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.” (*para 160)

1.14 The PPG further emphasises the collaborative approach that authorities should adopt when analysing the housing and economic development needs of their areas, stating the following in Paragraph 007 in regards to working with other local authorities to determine how needs should be accommodated:

"Local planning authorities should assess their development needs working with the local authorities in the relevant housing market area or functional economic market area in line with the duty to cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries." (para 007)

1.15 In 2010, the Department for Communities and Local Government (DCLG) set out a guidance note examining the concept of a FEMA.[1] Although this note was prepared prior to the PPG, it still represents a useful tool when considering the nature of markets within the context of preparing economic or planning policy.

1.16 The note states that FEMAs provide the spatial scale in which to address the strategic issues and relationships that generally cut across traditional local authority boundaries. Instead of FEMAs being contained in administrative boundaries, these areas often more broadly correspond to sub-regions or city regions.

1.17 It indicated that there is no standard approach to defining a FEMA, as the dynamics and patterns of economic flows tend to differ depending on the markets assessed. The note does however recommend that commuting flows data represents the best source of information when assessing FEMAs, but that this should be supplemented by data from other relevant markets (e.g. housing markets and supply chains).

1.18 While the more recent PPG also recognises that no single source of data is comprehensive in identifying appropriate assessment areas, it highlights a number of factors that could be taken into account when assessing and defining relevant FEMAs, as listed below:

a extent of any Local Enterprise Partnership within the sub-region;

b travel to work areas;

c housing market areas;

d flow of goods, services and information;

e service markets for consumers;

f administrative areas;

g catchments areas of facilities providing cultural and social wellbeing; and

h transport networks.

1.19 In order to appropriately define a FEMA, a number of these key market and catchment areas need to be considered, as this will allow the key drivers and dynamics impacting on local economies to be identified and further assessed.

[1] Functional Economic Market Areas: an economic note, CLG, 2010

Study Methodology

1.20 The methodology adopted for this study follows PPG guidance for examining economic development needs and defining FEMAs within and across local authority areas. The methodology for the assessment covers the following four main tasks:

1 Define any FEMAs that lie substantively within or across the study area by considering the economic geography within which the local economies operate and compete, including travel-to-work areas, commercial property markets and the extent of any Local Enterprise Partnerships (LEPs) in the area;

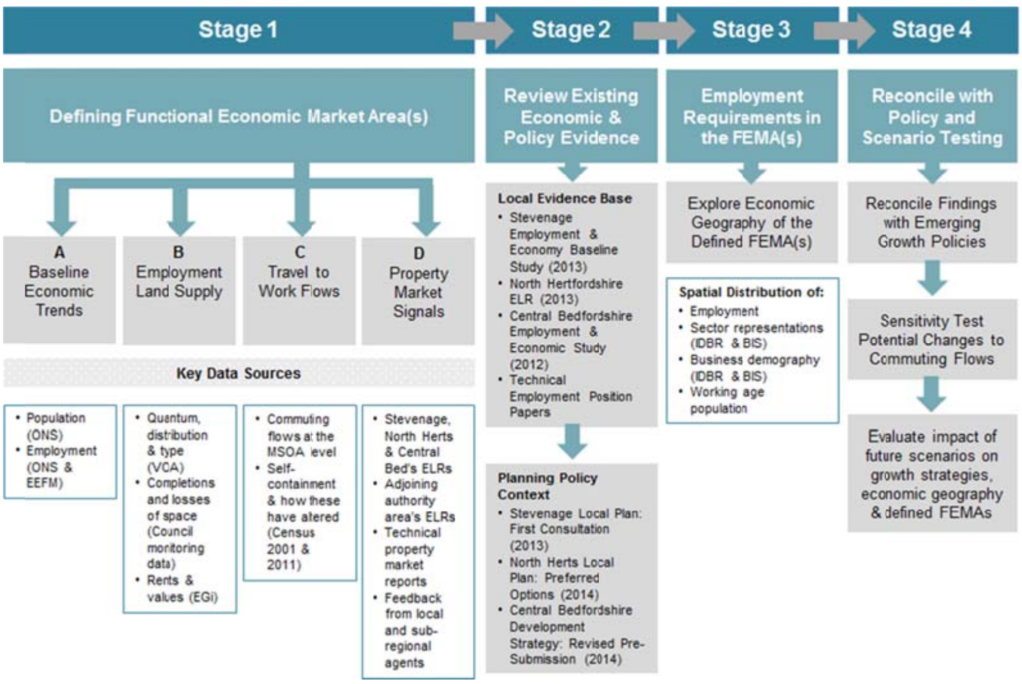
2 Review the baseline employment studies published by the commissioning authorities to consider whether they are broadly comparable and can be used to give sufficiently robust aggregate forecasts across the study area;

3 Apportion the aggregate employment and land requirements over the plan period arising from Task 2 to specific FEMAs identified in Task 1, attributing these requirements to constituent local authority areas where possible; and

4 Draw together the assessments undertaken in Tasks 1 to 3 to reconcile the results with emerging growth strategies for the three commissioning local authorities, including identifying any issues with the baseline economic requirements.

1.21 The four-staged methodological approach for this FEMA assessment is set out in the analytical framework in Figure 1.2.

Figure 1.2 FEMA Assessment Analytical Framework



Source: NLP analysis

1.22 It should be noted that this FEMA assessment does not take into account the full range of factors recognised by the PPG as key determinants of FEMAs. Factors outside the scope of this study include housing market areas, and catchments for retail/leisure and community facilities.

Structure of Report

1.23 The remainder of the report is structured as follows:

- **Spatial and Economic Context** (Section 2.0) – an overview of the strategic location, current economic conditions and recent trends within each of the three authorities to identify key drivers of growth.
- **Functional Commercial Property Market Area** (Section 3.0) - analysis of the scale and spatial distribution of business space across the study area and an overview of commercial property market signals and dynamics.
- **Functional Labour Market Area** (Section 4.0) – examines the latest travel-to-work flows and patterns across the study area to consider the relationship between where people live and where they work.
- **Future Employment Growth** (Section 5.0) – review of employment land studies published by the three commissioning authorities in order to identify the level of future employment growth potential that exists across the study area and consider whether they can be used to provide a robust aggregate forecast for the study area.
- **Meeting Growth Needs** (Section 6.0) – reconciles the economic growth requirements for the commissioning authorities with the strategies set out in their emerging Local Plans related to employment development, while also undertaking a range of sensitivity tests related to varying commuting flow scenarios for the three authorities.
- **Overall Conclusions** (Section 7.0) – provides overall conclusions to the assessment of FEMAs and economic growth in the principal study area.

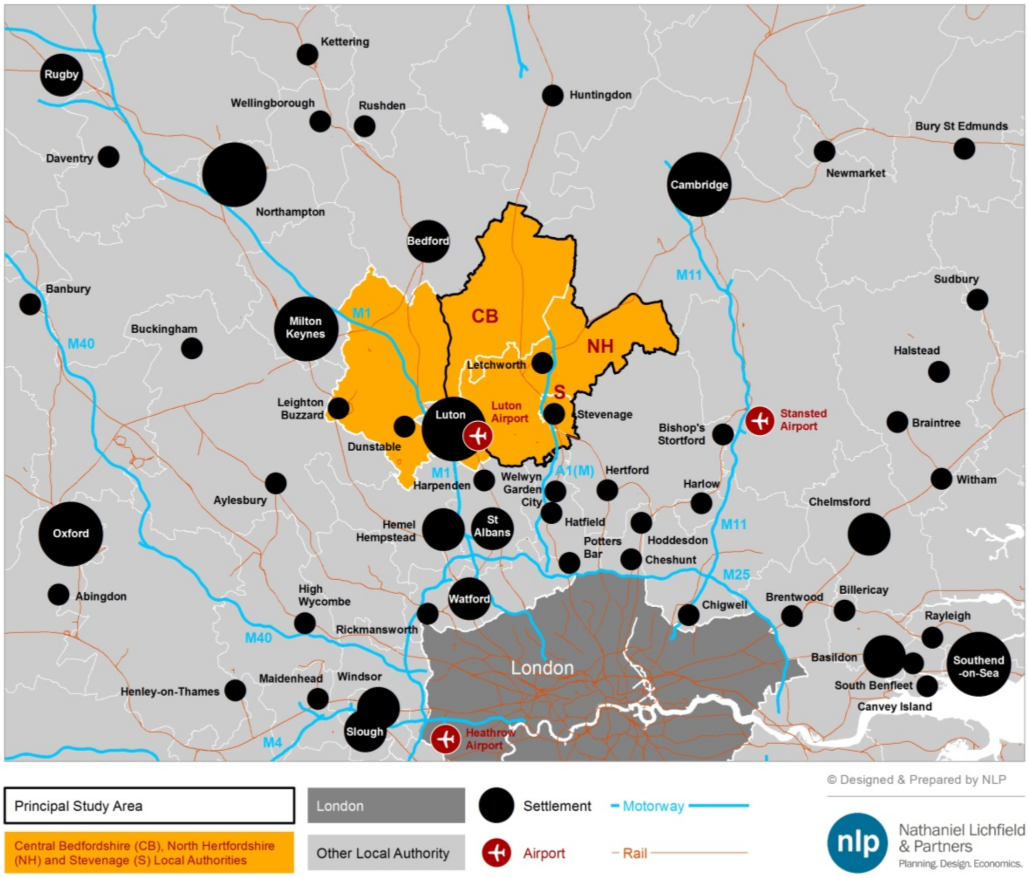
2.0 Spatial and Economic Context

2.1 This section sets out the strategic economic context for each of the three commissioning local authorities, highlighting the geographic setting and key transport networks that characterise the respective authorities. The assessment also considers relevant economic conditions and trends within each of the local authorities by taking account of employment levels, key sector tendencies and the role of LEPs within the sub-region.

Spatial Overview

2.2 The three commissioning authorities are situated within the south-west of the East of England, with Stevenage and North Hertfordshire forming part of Hertfordshire, and Central Bedfordshire part of Bedfordshire. A map showing the spatial extent of the local authorities, as well as the defined study area, is provided in Figure 2.1.

Figure 2.1 Spatial Context of Stevenage, North Hertfordshire and Central Bedfordshire



Source: NLP analysis

2.3 The study area lies within a highly connected sub-region that is served by a number of major road and rail networks, including the M1, A1 and A1(M) road routes, and the East Coast, West Coast and East Midlands railway lines. However it should be noted that strategic connectivity within the area is more aligned to north-south links than east-west links, with most of the road and rail infrastructure characterising the area representing radial routes from Greater London. In addition to this, the international airports of Luton and Stansted are located within the region, with Heathrow is also in relatively close proximity.

2.4 The study area is also characterised as housing only a few large settlements, with the most significant centres including Stevenage, Letchworth Garden City and Hitchin. However the wider region surrounding the study area supports a number of prominent cities that fundamentally impact on the role and function of the settlements located within the study area including Luton, Milton Keynes, Cambridge, Bedford and St Albans, while London is also in close proximity to the study area to the south.

2.5 The local authorities forming the study area also fall in three Local Enterprise Partnership (LEP) areas, with Stevenage part of the Hertfordshire (Herts) LEP, Central Bedfordshire part of the South East Midlands (SEM) LEP, and North Hertfordshire part of the Herts LEP and the Greater Cambridge Greater Peterborough LEP. These LEPs help drive the economic growth strategy and agenda for the sub-regional economy.

Stevenage

2.6 Stevenage Borough is positioned around 30 miles to the north of central London, surrounded by the two local authorities of North and East Hertfordshire. The small, tightly-bounded local authority covers just 10 sq.mi of land, with the urban areas of the Borough reaching up to the administrative boundaries in many places. Stevenage is surrounded by Green Belt land, placing significant pressure on the existing urban area to accommodate the town's economic requirements.

2.7 Beyond the edge of the town is open countryside where a number of small villages are situated, including Aston, Codicote, Datchworth, Graveley, Knebworth, Langley, Walkern, Weston and Wymondley. The most proximate large urban centres to Stevenage include Letchworth Garden City and Hitchin to the north, Luton to the west, Welwyn Garden City to the south and Bishops Stortford to the east.

2.8 The small urban authority is strategically located at the centre of motorway and mainline rail networks, with good connections to London, the Midlands and the North through the A1(M), connections to Hitchin and Ware from the A602, and the A505 providing linkages between Luton Airport and Cambridgeshire. Stevenage railway station lies on the East Coast mainline, which offers rail connections between London and the North, while other commuter services connect the town to Kings Cross, Cambridge and Peterborough. The Borough also benefits from its close proximity to the airports of Luton and Stansted.

North Hertfordshire

2.9 North Hertfordshire is a mostly rural district covering approximately 145sq.mi of land within the County of Hertfordshire. The District is bounded by eight local authority areas, including two that are relatively small in size and primarily urban by nature (e.g. Stevenage and Luton).

2.10 The four main settlements within North Hertfordshire are Hitchin, Baldock, Royston and Letchworth Garden City, each representing a significant focus for employment and housing. However there is no one dominant centre serving the District, with a high degree of interdependency between the various towns and villages, as well as with surrounding larger towns like Stevenage, Luton, Milton Keynes, Cambridge, Welwyn Garden City and London.

2.11 The District is strategically positioned with good rail and road connections. The five railway stations within North Hertfordshire provide direct services north to Peterborough, north-east to Cambridge and King's Lynn, and south to London and Hertford. There are also services to Stevenage that offers access to the North East and Scotland. However no rail links from the District to the west exist, meaning towns like Luton and Milton Keynes are less accessible via public transport.

2.12 The A1 linking London to the North also passes through the District, as does the A505 running from east to west. Other main roads serving the local authority area include the A600, A602 and A507, while the two airports of Stansted and Luton are also situated in close proximity to the District.

Central Bedfordshire

2.13 The unitary authority of Central Bedfordshire covers around 275sq.mi of land. The authority is characterised as mostly rural in nature, with the southern parts of the local authority containing a high proportion of Green Belt land. Due to its significant size, Central Bedfordshire represents one of the least densely populated unitary authority areas within the country.

2.14 A number of towns of varying size within Central Bedfordshire accommodate the majority of the authority's resident population, with the two settlements of Leighton Buzzard and Dunstable in the south representing the largest concentrations. To the north of Central Bedfordshire lies a series of smaller towns, including Biggleswade, Sandy and Flitwick.

2.15 The strategic location of Central Bedfordshire with easy access to major road, rail and air transport networks offers valuable connections with the surrounding regions. The main strategic routes of the M1, A1, A5, A6 and A421 all service the unitary authority, providing strategic corridors with the surrounding centres of Cambridge, Milton Keynes, Bedford, Luton and London.

2.16 Central Bedfordshire also benefits from strong rail links with the East Coast mainline, West Coast mainline and East Midlands mainline offering connections with the wider region and nationally. The international airport at Luton is also within close proximity to Central Bedfordshire, while Stansted is also situated within the sub-regional area.

Eastern Central Bedfordshire

2.17 As noted in Section 1.0, the assessment of Central Bedfordshire in this study principally relates to the eastern part of the unitary authority that falls within the study area (i.e. the eastern part of Central Bedfordshire lying insofar as the A6).

2.18 This eastern part of Central Bedfordshire ('Eastern CB') is highly rural in nature, with no major urban centres located in the area. However a range of small to medium sized settlements are found within Eastern CB, including Biggleswade, Langford, Sandy and Shillington, amongst others.

2.19 Eastern CB is largely characterised by its position within the A1 corridor, which links the area with the centres of Stevenage and North Hertfordshire, while the location of Biggleswade and Sandy on the East Coast mainline also provides connections to the north.

Economic Overview

2.20 In order to understand the underlying economic context for the study area, the following analysis considers recent economic conditions and trends in the three local authorities in terms of employment growth and key sector activities. This is important for identifying the existing economic strengths and weaknesses in the study area, as well as the key drivers of economic growth.

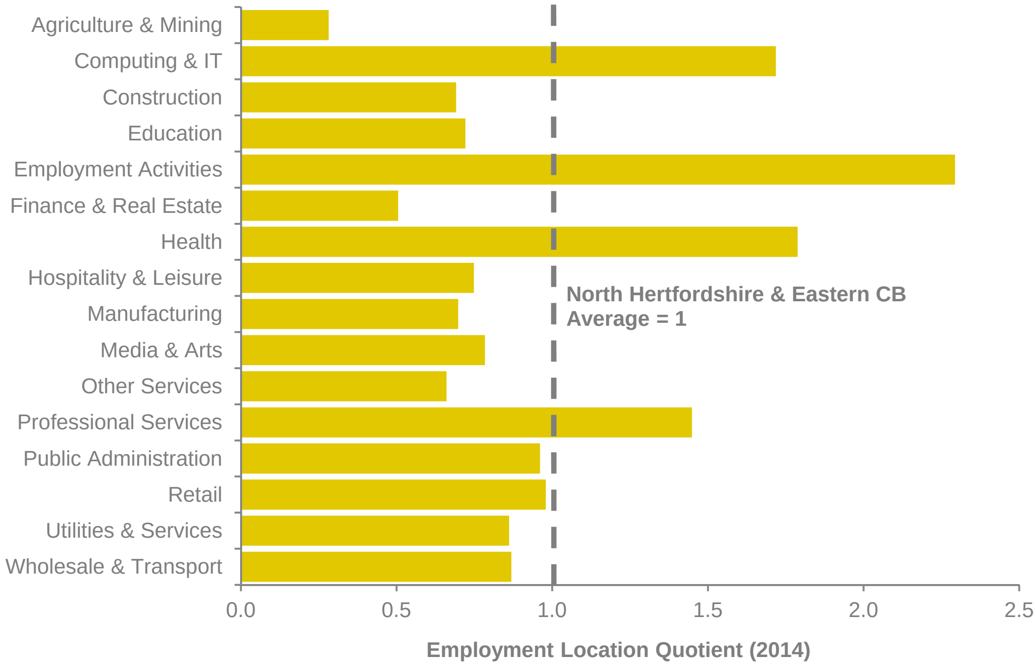
Stevenage

2.21 The resident population within Stevenage equated to around 85,500 in 2013, having increased by 6.5% during the previous ten year period.

2.22 Stevenage recorded 49,540 workforce jobs in 2014 which represented growth of 20.9% from its 1991 level. This scale of growth in workforce jobs was higher than across both the East (19.6%) and the UK as a whole (14.6%) during this time. The share of workforce jobs within the study area that are supported in Stevenage also increased from 32.7% in 1991 to 37.5% in 2014, equivalent to a 4.8% increase over this period.

2.23 In employment terms the most significant industry in Stevenage in 2014 was business services (18.8%), while healthcare (13.7%), wholesale & transport (11.6%) and retail (11.0%) also accounted for a sizeable share of workforce jobs. In relative terms, Stevenage supports a significant concentration of jobs in employment activities, healthcare, computing & IT, and business services, when compared with North Hertfordshire and Eastern CB. The most notable sector deficiencies in the Stevenage economy are within agriculture & mining, and finance & real estate, which both account for approximately half the share of jobs than in the other two commissioning local authorities (Figure 2.2).

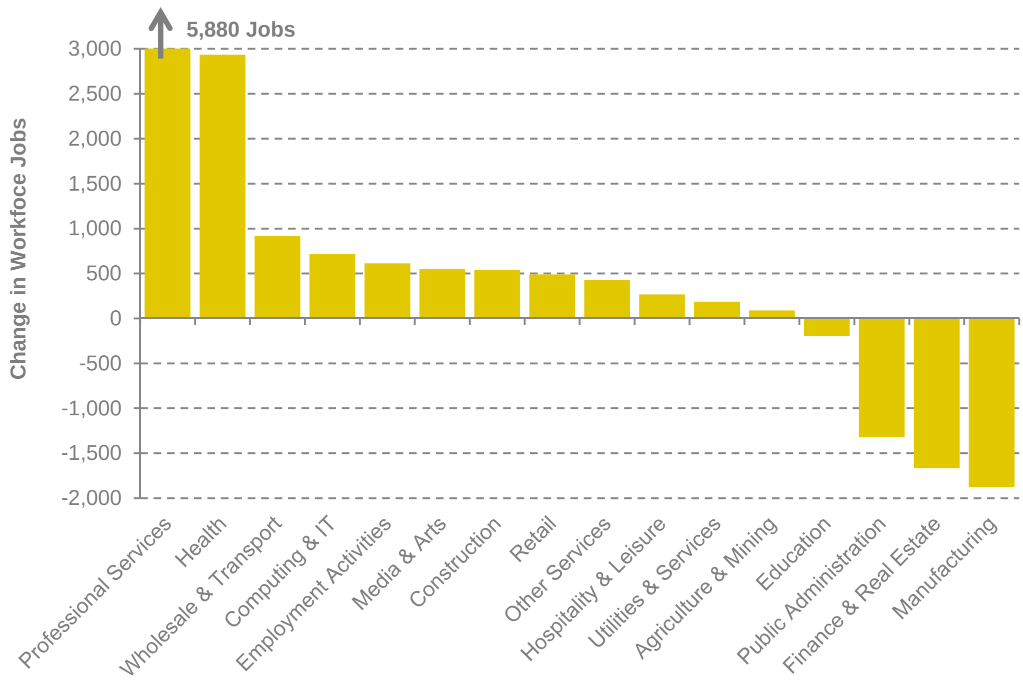
Figure 2.2 Employment Location Quotient by Sector for Stevenage, 2014



Source: EEFM 2013 / NLP analysis

2.24 Between 1991 and 2014, employment growth in Stevenage was mainly driven by professional services (5,880 jobs), healthcare (2,930 jobs) and wholesale & transports (920 jobs), while the local economy experienced major employment losses in manufacturing, finance & real estate, and public administration (Figure 2.3).

Figure 2.3 Change in Workforce Jobs by Sector in Stevenage, 1991 - 2014



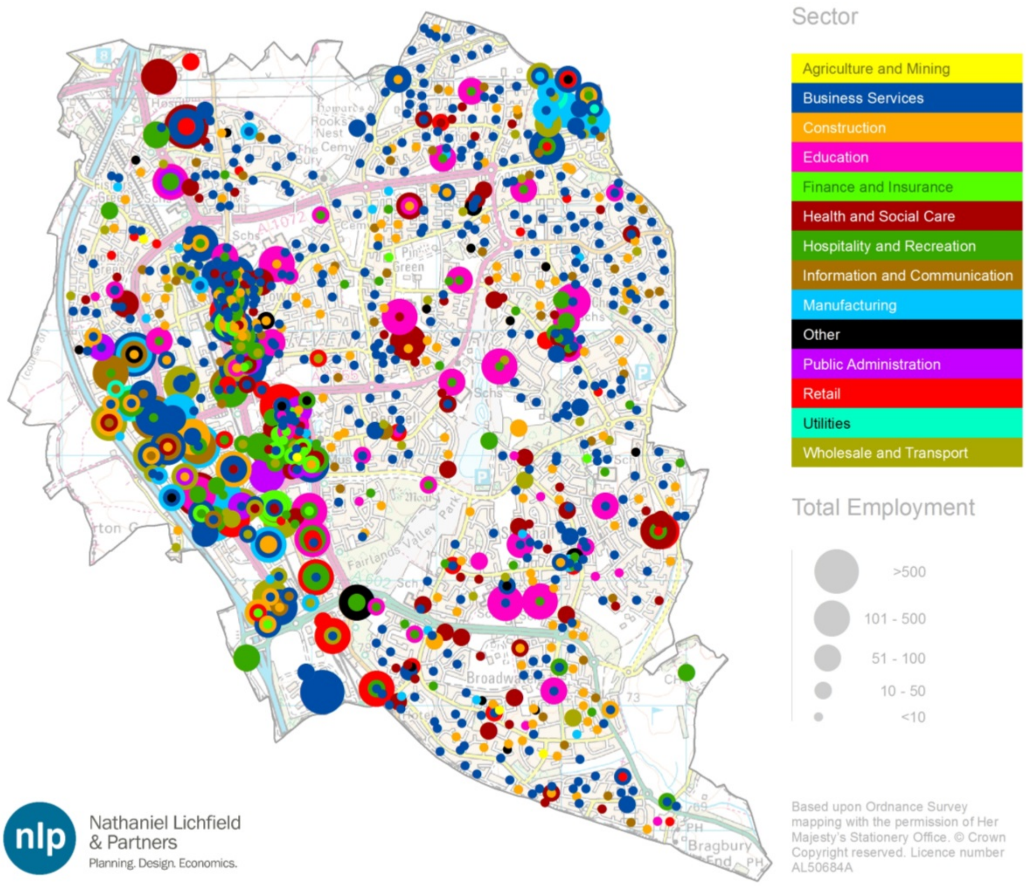
Source: EEFM 2013 / NLP analysis

2.25 A breakdown of employment by sector in Stevenage is provided in Appendix 2, including the change in workforce job levels by sector between 1991 and 2014.

2.26 It should also be noted that the number of workforce jobs in Stevenage grew at a faster rate than the working-age population between 1997 and 2014, which suggests that the Borough has been importing greater levels of labour over this period to support the increasing employment base. The commuting patterns for Stevenage are considered in further detail in Section 3.0.

2.27 In terms of the spatial distribution of key business sectors in Stevenage, Inter-Departmental Business Register (IDBR) data shows that the largest focus of businesses and employment within the Borough are located within the eastern parts of the Borough, around Gunnels Wood Employment Area, Stevenage town centre and the Old Town, while the Pin Green Employment Area within the north-east also supports a small concentration of businesses (Figure 2.4).

Figure 2.4 Spatial Distribution of Business Sectors and Employment in Stevenage



Source: IDBR / NLP analysis

Note: IDBR data does not record small businesses that fall below the VAT threshold

2.28 The Gunnels Wood Employment Area is the primary employment area within Stevenage and the largest within Hertfordshire. It is home to a range of global companies (e.g. MBDA, GlaxoSmithKline and Fujitsu Services), as well as providing a hub for smaller local companies. The area benefits from excellent access to the A1(M) via Junction 7 to the west and the rail station to the east.

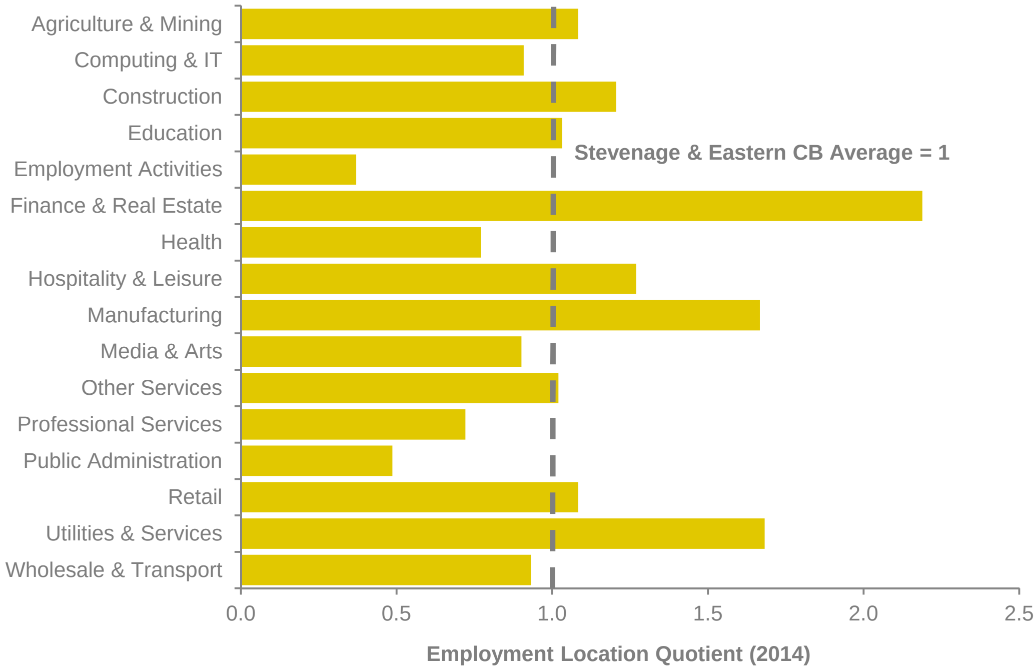
North Hertfordshire

2.29 The resident population within North Hertfordshire equated to around 129,300 in 2013, representing an 8.6% increase over the previous decade.

2.30 In 2014, North Hertfordshire recorded 53,050 workforce jobs, equivalent to a decline of 6.6% from its 1991 level. While employment levels within the District peaked at 59,230 in 2005, the number of jobs in North Hertfordshire has since fallen by around 11.2% to reach current levels. Employment losses in North Hertfordshire have led to the economy supporting a smaller share of total jobs within the study area, falling from 46.0% in 1991 to 40.2% in 2014, representing a decrease of around 5.8% over this period.

2.31 The largest sectors in employment terms within the District in 2014 included wholesale & transport (12.2%), business services (12.2%), retail (11.7%), and manufacturing (11.4%). In relative terms, North Hertfordshire supports a large concentration of employment in finance & real estate, utilities & services, and manufacturing when compared with Stevenage and Eastern CB. However, sectors with notable employment deficiencies in the local economy compared with that recorded within the other local authority areas include employment activities and public administration (Figure 2.5).

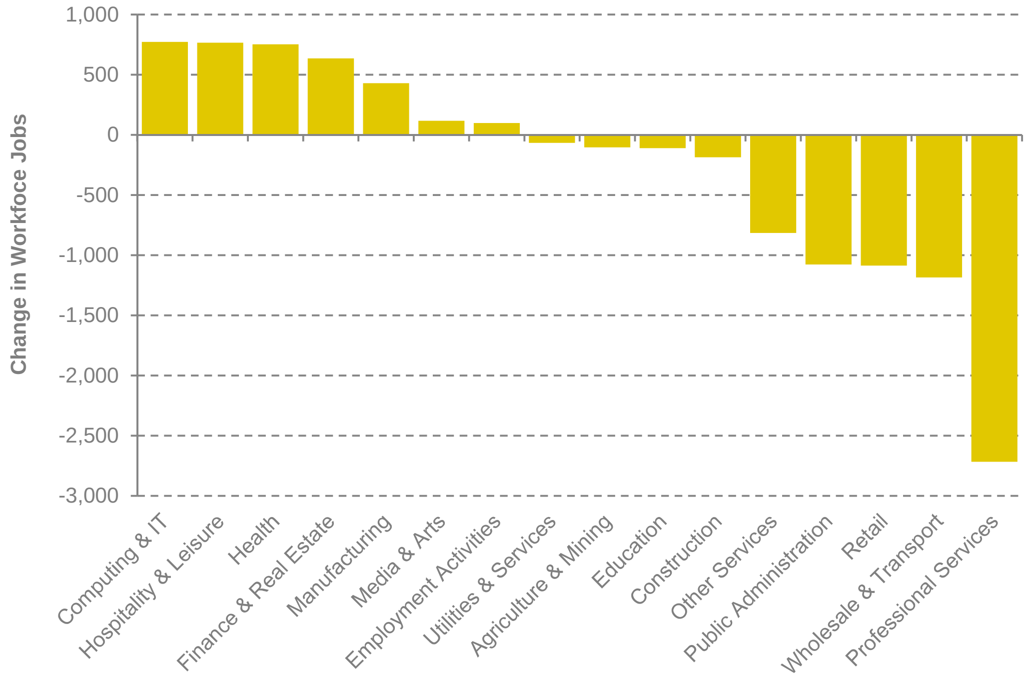
Figure 2.5 Employment Location Quotient by Sector for North Hertfordshire, 2014



Source: EEFM 2013 / NLP analysis

2.32 Between 1991 and 2014, the decline in workforce jobs in North Hertfordshire was mainly driven by employment losses in professional services (2,720 jobs), wholesale & transport (1,180 jobs), retail (1,090 jobs), public administration (1,080 jobs) and other services (820 jobs). The local economy also saw growth in computing & IT (770 jobs), hospitality & leisure (770 jobs), health (750 jobs) and finance & real estate (640 jobs) (Figure 2.6).

Figure 2.6 Change in Workforce Jobs by Sector in North Hertfordshire, 1991 - 2014



Source: EEFM 2013 / NLP analysis

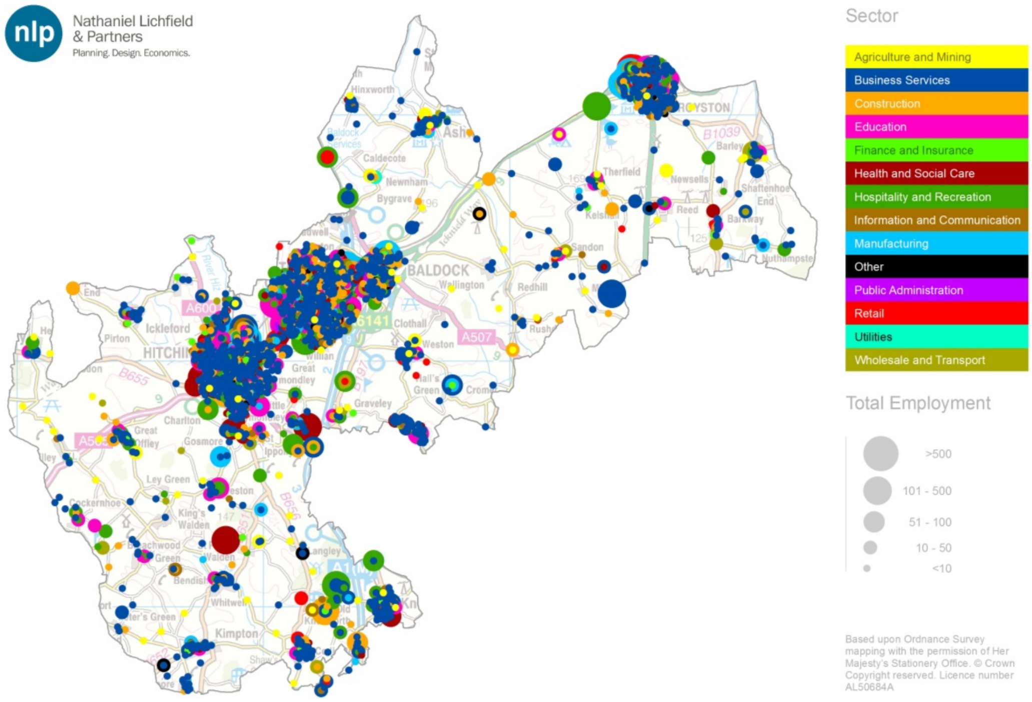
2.33 A breakdown of jobs by sector in North Hertfordshire is provided in Appendix 2, including the change in employment levels by sector between 1991 and 2014.

2.34 While the number of workforce jobs in North Hertfordshire decreased between 1997 and 2014, the local working-age population increased significantly during this period, meaning the District is likely to have increasingly exported labour as resident workers sought suitable employment roles outside the local market. The commuting patterns for North Hertfordshire are considered in further detail in Section 3.0.

2.35 Drawing on IDBR data, the spatial distribution of business sectors within North Hertfordshire can be shown to be heavily concentrated in the two main towns of Hitchin and Letchworth within the central parts of the District. These towns accommodate the largest resident populations within North Hertfordshire, and also benefit from strong strategic access to the A1(M) and railway connections providing links north-south and east-west (Figure 2.7).

2.36 Outside these two principal employment areas in the District, other smaller concentrations of business and employment activity are found in the towns of Baldock (i.e. essentially forming an eastern extension of Letchworth) in the centre of the District and Royston in the north-east of the District. In addition a few relatively large businesses are positioned within, or around, the village of Knebworth within the southern part of North Hertfordshire. These businesses are also afforded good strategic access with the A1(M), as well as rail services running through the village. Small clusters of businesses are also found along the boundary with Stevenage, which represents a significant economic centre within the sub-regional economy that offers business spill over opportunities.

Figure 2.7 Spatial Distribution of Business Sectors and Employment in North Hertfordshire



Source: IDBR / NLP analysis

Note: IDBR data does not record small businesses that fall below the VAT threshold

Eastern Central Bedfordshire

2.37 The population in Central Bedfordshire amounted to approximately 264,500 in 2013, which was equivalent to an increase of 10.9% over the prior ten years.

2.38 Central Bedfordshire recorded 104,120 workforce jobs in 2014, which was an increase of 11.6% from its 1991 levels. This employment growth was lower than within the East (19.6%) and the UK as a whole (14.6%) over this period.

2.39 In order to determine the employment conditions and trends within Eastern CB it is assumed that around 28% of workforce jobs in Central Bedfordshire are supported within this sub-area. This assumption is based upon latest Business Register and Employment Survey (BRES) data, which shows the Eastern CB area (i.e. as defined at the MSOA level within Section 1.0) accommodated on average 28.2% of total employment in Central Bedfordshire between 2009 and 2013.[2] This historic share of jobs is considered to be a reasonable assumption to use to assess existing levels in Eastern CB, as well as providing the starting point for forecasting the level of employment growth that could be expected in this part of the study area (i.e. based on employment forecasts for Central Bedfordshire as a whole).

2.40 Based on the above assumptions, it is estimated Eastern CB supported around 29,360 workforce jobs in 2014. Eastern CB's share of employment in the study

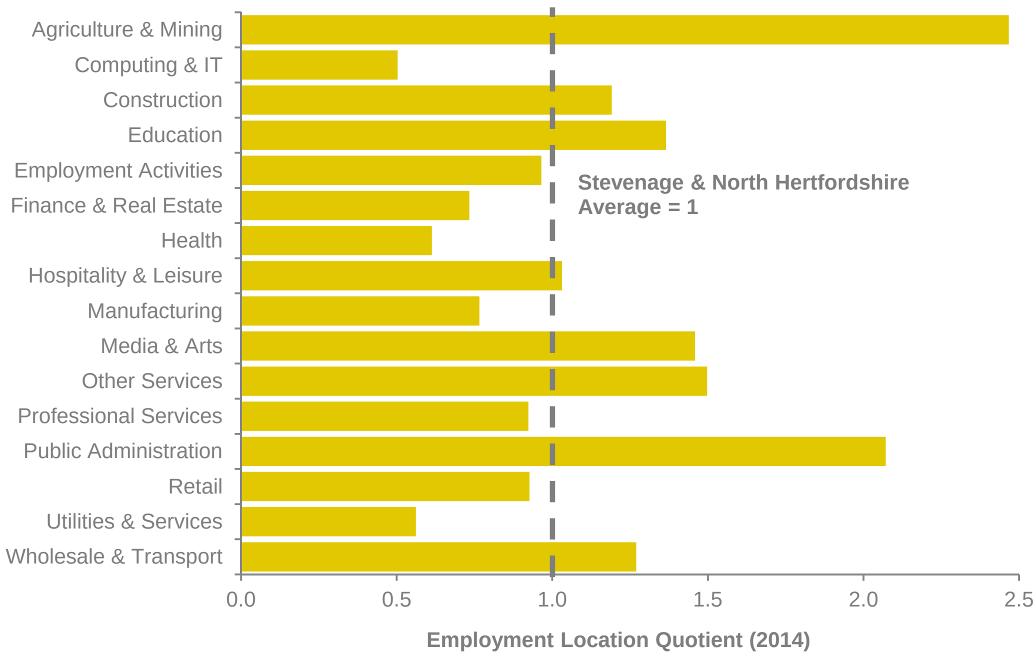
[2] The MSOAs selected in the BRES data to represent the defined principal study area are the same as those identified in Appendix 1, but are categorised in BRES under their old administrative authorities of Mid Bedfordshire and South Bedfordshire.

area is also estimated to have increased slightly from 21.3% in 1991 to 22.3% in 2014, equivalent to a 1.0% growth over this period.

2.41 For the purposes of this study, the above assumptions are also applied to the sector analysis for Eastern CB. However as these assumptions apply authority wide sector splits to estimate employment levels in Eastern CB, it is likely that workforce job numbers in some sectors will be underestimated and some will be overestimated (i.e. without taking into account any sector specialisations in this part of Central Bedfordshire).

2.42 Using these assumptions, it is estimated that the largest sector in Eastern CB in 2014 was wholesale & transport (15.2%), while business services (14.2%), retail (10.5%), education (9.3%) and construction (8.4%) also accounted for a sizeable share of workforce jobs. In relative terms, the Eastern CB sub-area has notable concentrations of employment within agriculture & mining, public administration, other services, and media & arts, when compared against the share of jobs supported in Stevenage and North Hertfordshire. At the same time, the area has employment deficiencies in computing & IT, and utilities & services when compared with the other commissioning authorities (Figure 2.8).

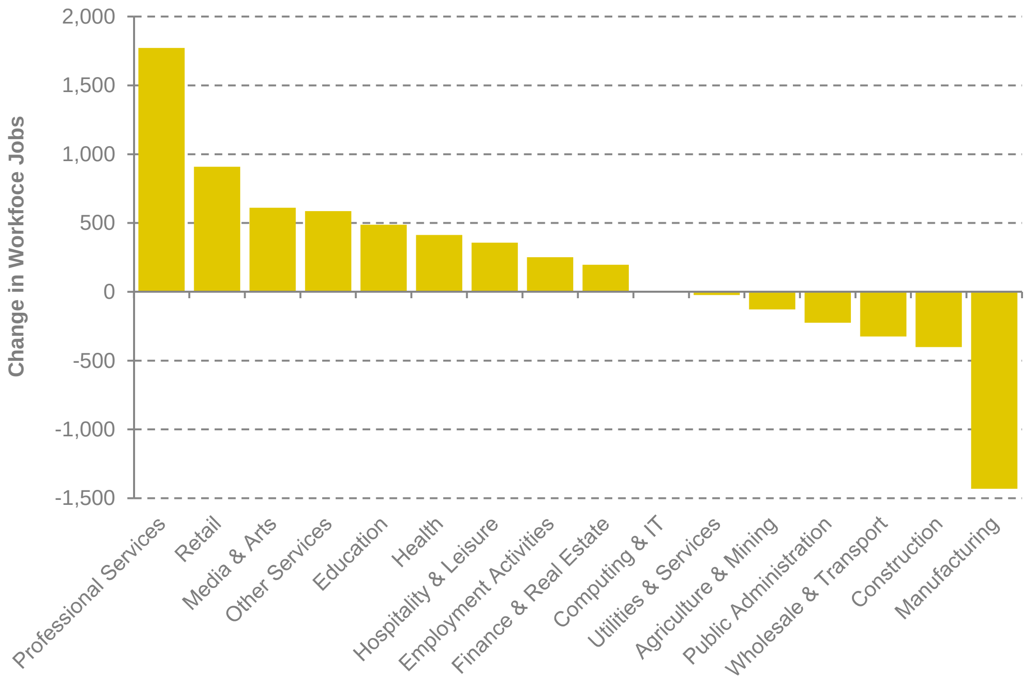
Figure 2.8 Employment Location Quotient by Sector for Eastern Central Bedfordshire, 2014



Source: EEFM 2013 / NLP analysis

2.43 Over the period 1991 to 2014, employment growth in the Eastern CB sub-area was driven by professional services (1,770 jobs), retail (910 jobs), media & arts (610 jobs) and other private services (590 jobs), while the economy recorded major employment losses in manufacturing (1,430 jobs), and construction (400 jobs) (Figure 2.9).

Figure 2.9 Change in Workforce Jobs by Sector in Eastern Central Bedfordshire, 1991 - 2014



Source: EEFM 2013 / NLP analysis

2.44 A breakdown of employment by sector in Eastern CB is provided in Appendix 2, including changes in employment levels by sector between 1991 and 2014.

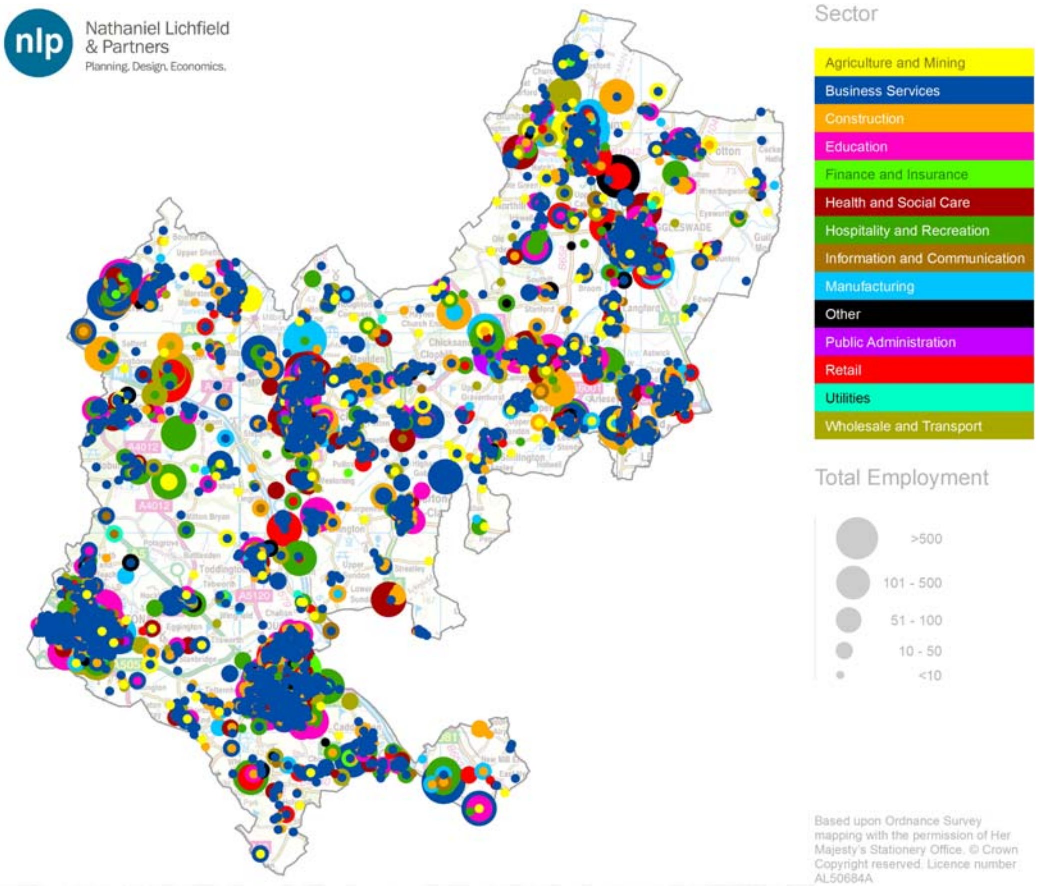
2.45 Drawing on BRES data, the employment profile and growth trends for Eastern CB as identified above can be largely corroborated. However the BRES data does suggest that the assessment of Eastern CB based upon the 2013 EEFM does potentially overestimate the proportion of employment in professional services and manufacturing, and underestimate the proportion of employment in wholesale & transport, employment activities and education. In addition, the BRES data suggests the level of growth in professional services in Eastern CB may have been higher than the Central Bedfordshire average, while growth in employment activities and education may have been lower.

2.46 In addition, it should be noted that the local working-age population in Central Bedfordshire rose at a greater rate than the number of workforce jobs between 1997 and 2014, suggesting that the authority has been exporting greater levels of labour over this period to enable residents to remain in employment. It can be assumed that these historic growth trends in the unitary authority will be similar in the Eastern CB area. The commuting patterns in Eastern CB are assessed in further detail in Section 3.0.

2.47 In terms of the distribution of business sectors within Central Bedfordshire the IDBR data indicates that the greatest concentrations of employment activity is found in the towns of Dunstable, Houghton and Leighton Buzzard in the south of the authority, and the small town of Flitwick within the centre of the authority. Each of these towns benefit from good strategic road and rail access, as well as close proximity to large economic centres (e.g. Luton and Milton Keynes).

2.48 However in regards to clusters of business and employment activity within the Eastern CB sub-area, it is clear that relatively significant concentrations exist within and around the towns of Biggleswade and Sandy, which are positioned along the A1 motorway and north-south railway connections. These areas are shown to support a diversity of employment sectors, including a number of larger businesses. In addition a major strategic corridor of activity running east to west is also evident in the southern parts of Eastern CB, which is supported by a number of villages positioned along the A507 and A600 (e.g. Stotfold, Arlesey, Henlow, Meppershall, Shefford and Haynes) (Figure 2.10).

Figure 2.10 Spatial Distribution of Business Sectors and Employment in Central Bedfordshire



Source: IDBR / NLP analysis

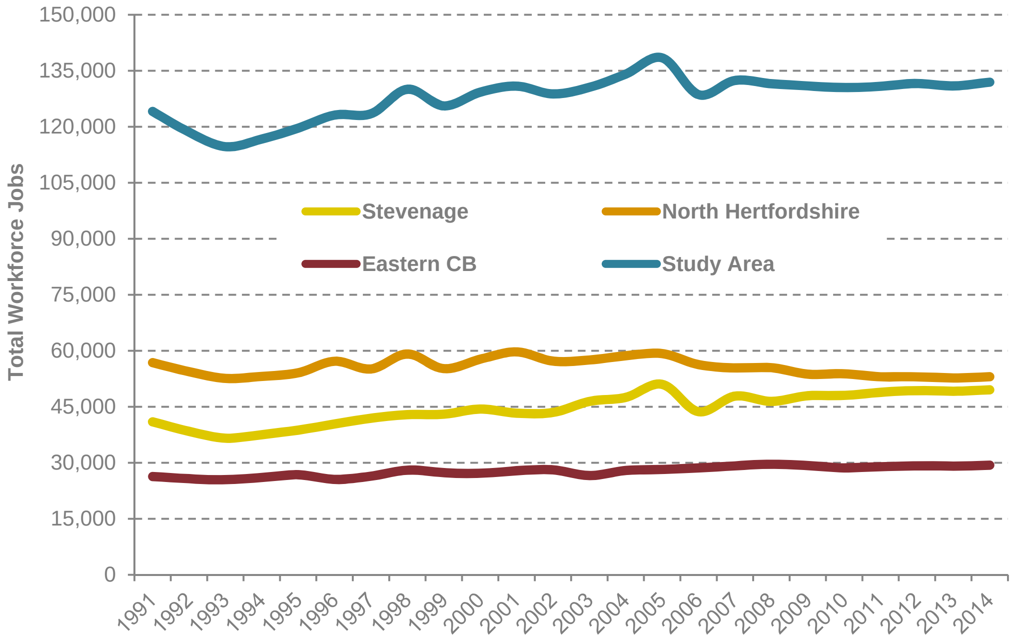
Note: IDBR data does not record small businesses that fall below the VAT threshold

Economic Growth in the Study Area

2.49 The above assessment considered the relevant employment levels and sector activities within each of the three commissioning local authorities forming the study area (i.e. with the employment profile of Eastern CB disaggregated from Central Bedfordshire), in order to highlight the underlying economic conditions and trends within the economic area.

2.50 This analysis showed that only moderate employment growth was achieved in the study area over the period 1991 to 2014, with the 6.7% growth recorded in the area much lower than across the East (19.6%) and the UK (14.6%) over this time. This was primarily the result of significant employment losses within North Hertfordshire, which offset growth within Stevenage and Eastern CB over this period. These growth trends resulted in Stevenage becoming a more prominent driver of economic growth in the study area at the expense of North Hertfordshire, while the role of Eastern CB remained much the same over this period (Figure 2.11).

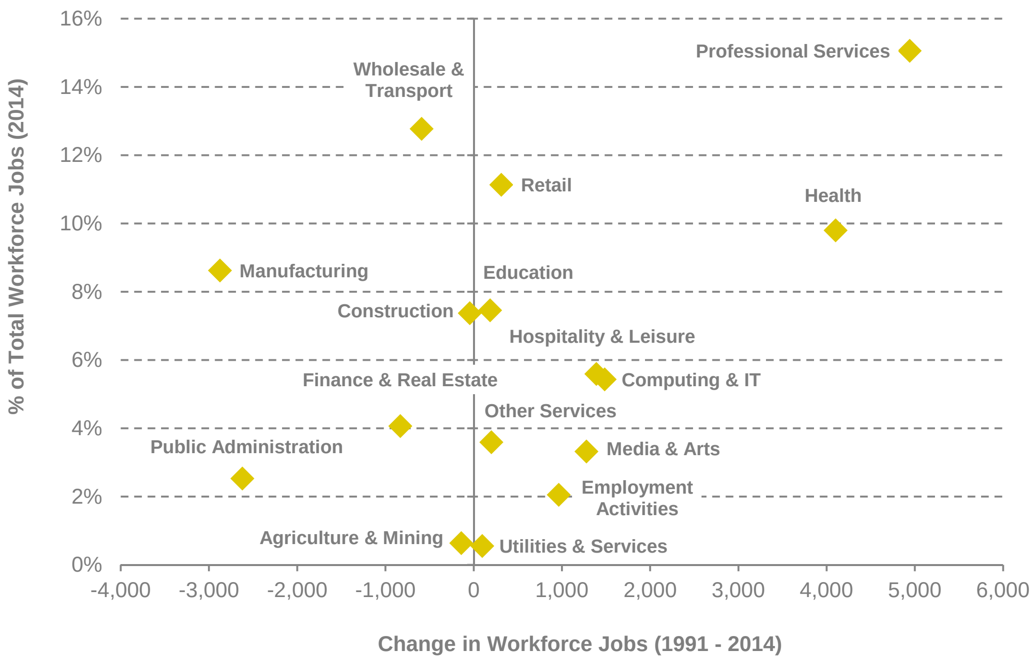
Figure 2.11 Change in Total Workforce Jobs in the Study Area, 1991 - 2014



Source: EEFM 2013 / NLP analysis

2.51 The historic employment growth recorded in the study area between 1991 and 2014 was primarily driven by strong growth in professional services and health, while computing & IT, hospitality & leisure, and media & arts also represented significant employment growth sectors. The largest sectors in the study area in 2014 included professional services, wholesale & transport, retail, and healthcare (Figure 2.12).

Figure 2.12 Summary of Employment Sectors in the Study Area, 1991 - 2014



Source: EEFM 2013 / NLP analysis

2.52 From the preceding assessment, it is clear the three commissioning authorities forming the study area have their own distinct economic features that have led to varying growth trends and trajectories over recent years. While growth in the study area has largely been driven by high-value sectors supported within Stevenage (e.g. business services and technology), the local authority areas of North Hertfordshire and Eastern CB also accommodate a sector composition that complements the specialisations in Stevenage, with these areas providing a higher concentration of traditional sectors (e.g. manufacturing and utilities in North Hertfordshire, and agriculture & mining, public administration and wholesale & transport in Eastern CB).

Local Enterprise Partnerships

2.53 Economic growth in the three local authorities forming the study area will also be influenced to some degree by the agenda set out by the Local Enterprise Partnerships (LEPs) operating in the area. The three LEPs in this area include the Hertfordshire LEP, South East Midlands LEP and Greater Cambridge Greater Peterborough LEP. The growth strategies set out by these LEPS are briefly reviewed below in the context of stimulating growth in the study area.

Hertfordshire LEP

2.54 The Hertfordshire (Herts) LEP published their Strategic Economic Plan (SEP) in March 2014, which sets out a long-term blueprint for smart economic growth within Hertfordshire County. The main aims of the SEP are to deliver 16,600 new homes, 38,600 new jobs and £3bn of net additional GVA by 2030.

2.55 In order to deliver strategic economic growth in the area, the LEP has identified a number of priority areas within the County that could deliver higher levels of growth and development. These priority areas include the A1(M) Growth Area which comprises the local authorities of Welwyn Hatfield, Stevenage and North Hertfordshire, following the mainline from King's Cross to Cambridge.

2.56 The A1(M) Growth Area is recognised in the SEP as supporting a number of considerable assets that offer opportunities for growth, which is reflected by the strong levels of private sector investment in the local area. This area is seen to be at the heart of the UK's pharmaceuticals and bioscience sectors, with large employers including GSK, Stevenage Bioscience Catalyst and BioPark located in the area. In addition, the A1(M) Growth Area has significant credentials in the advanced manufacturing sector, with such organisations as MBDA, Airbus and Johnson Matthey also operating in the area.

2.57 The SEP outlines a number of key projects that are to come forward within the A1(M) Growth Area to provide a significant boost to growth levels in the sub-regional economy. A selection of these projects are proposed to be supported by the 2015/16 allocation of Local Growth Fund (LGF), including the following:

- **Stevenage Bioscience Catalyst Phase 2**: The second phase of the Bioscience facility will help drive innovation at the heart of UK bioscience;[3]
- **Stevenage Urban Future (Housing Delivery Vehicles)**: Supporting the regeneration of Stevenage town centre and a range of major development schemes across the A1(M) Growth Area; and
- **A1(M) Transport Package**: Includes a series of schemes, such as the A1 Sustainable Transport Package, A602 congestion relief, and Buslink 2016.

2.58 In addition, the SEP identifies a number of other initiatives that could come forward in the later years of the SEP period (i.e. although these are only indicative at this stage):

- **Evergreen Infrastructure Fund**: A rotating fund for capital investment in the A1(M) Growth Area;
- **Station Gateway Project (Stevenage)**: To open-up access to the town centre from the station via an uncovered link bridge;
- **Gunnels Wood Business Growth Zone**: Aims to attract a range of high-tech industry, including research and development, to Gunnels Wood; and
- **Stevenage Town Centre Regeneration**: The redevelopment of the area around the town square aims to create new commercial opportunities and a new pubic space.

2.59 To bring forward these development projects within the A1(M) Growth Area, alongside a number of other projections proposed within the wider Herts LEP area, the LEP has secured £200m of investment for infrastructure, business and skills development in Hertfordshire by 2020/21, with £21m of new funding

[3] The Stevenage Bioscience Catalyst was announced as the location of the Cell Therapy Manufacturing Centre by the Cell Therapy Catapult in December 2014.

for 2015/16. This funding is expected to have a transformational effect on the Hertfordshire economy, and drive growth in new homes, jobs and output in the area.

South East Midlands LEP

2.60 The South East Midlands LEP (SEMLEP) produced its SEP in 2014 to cover the period from 2015 to 2020, with the aim of delivering the infrastructure required to enable new homes to be built, provide support to local businesses to help them to grow, encourage inward investment, and ensure local people improve their skill levels to meet employer's skill requirements.

2.61 The strategic plan for the SEMLEP is to deliver a further 86,700 new dwellings by 2020/21, which will help to accommodate an increased population of around 151,400 with 111,200 new jobs.

2.62 SEMLEP includes a total of eleven local authority areas, including Central Bedfordshire in the south-east of the LEP area. The LEP area is recognised as being in a prime location that is highly connected to both the south and north of the country, while it is also characterised as helping form the 'Golden Triangle', a globally renowned knowledge-based corridor that encompasses the area between Cambridge, Oxford and London. The area has particularly strong foundations in technology, advanced manufacturing, life sciences, and creative and cultural sectors.

2.63 The SEP identifies a number of key assets that are located within the LEP area that provide opportunities to stimulate higher levels of economic growth within the sub-regional economy. While no specific assets are recognised within Eastern CB, the following assets are positioned in close proximity to the defined study area:

- **Bedford I-Lab**, **Cranfield Technology Park and Cranfield University**;
- **Millbrook Proving Ground** in western Central Bedfordshire; and
- **Butterfield Enterprise Hub** and **Luton Airport**.

2.64 In addition, the plan identifies a number of key projects coming forward in the LEP area that are expected to improve growth levels in the economy. Again, no major projects are planned within Eastern CB, but the following projects are likely to come forward over the next five years in close proximity to the study area:

- **iLab2** and **Bedford Western Bypass North Section** in Bedford;
- **Working Woodland Centre and Rushmore Country Park** in Central Bedfordshire; and
- **Luton Airport Surface Access** and **Engineering and Construction Skills Centre** in Luton.

2.65 It is clear from this analysis that Eastern CB has, by comparison with surrounding areas, characterised by a shortage of significant growth assets and strategic opportunities as recognised by the LEP. The SEP does identify a strategic housing or mixed-use scheme and strategic employment site (at Stratton Park) in Biggleswade within Eastern CB, although the LEP only places limited importance on this area in terms of creating high-value economic growth over the SEP period.

Synthesis

2.66 In regards to the existing economic profile of the principal study area, it is clear from the above contextual analysis that Stevenage represents a dominant local economy in the area, with the Borough supporting a large share of the total employment (37.5%) within the study area, and generating the highest levels of employment growth (20.9%) amongst the commissioning authorities. These strong growth levels in Stevenage were achieved despite the significant spatial constraints characterising the small urban authority.

2.67 The recent economic performance in Stevenage has largely been driven by the concentration of key growth sectors including health, professional services and computing & IT, which have provided the local economy with a significant boost to growth levels. However the strong growth recorded in Stevenage has not been matched by growth in the local working-age population, suggesting a growing proportion of workers in Stevenage will be in-commuting from surrounding areas.

2.68 In contrast to the strong growth achieved in Stevenage during recent decades, North Hertfordshire has experienced significant employment losses over this period, due in part to the economic downturn. The highest employment level in North Hertfordshire was achieved in 2005, before falling by 11.2% over the following years to reach current levels. Despite recent job losses, North Hertfordshire still represents the largest local economy within the study area in employment terms, with 53,050 jobs or 40.2% of all jobs within the study area supported in 2014. These more significant employment numbers in the District are supported by a much larger resident population than within Stevenage (i.e. which consequently provides a much larger available labour force), and are dispersed across a much larger geographic area.

2.69 The employment base in North Hertfordshire supports a greater share of lower skilled and lower growth industries compared with Stevenage, with a strong employment presence in such sectors as wholesale & transport, retail and manufacturing. In addition, the number of professional service jobs in North Hertfordshire decreased by 2,720 between 1997 and 2015, indicating the local economy lost a large number of higher value occupations during this period.

2.70 While the number of jobs in North Hertfordshire has fallen over recent periods, the local working-age population has increased significantly, suggesting that the role of North Hertfordshire within the principal study area has increasingly been to export labour to higher growth areas like Stevenage.

2.71 Despite being a relatively large sub-area, the smallest economy in the principal study area in employment terms is Eastern CB, where only 29,360 workforce jobs are estimated to be supported. This area is characterised as being highly rural in nature, with only a few small towns and villages including Biggleswade, Langford and Sandy. The largest employment sectors in this area include wholesale & transport, professional services, retail and education, while higher growth sectors include professional services, retail, and media & arts.

2.72 Eastern CB also experienced higher growth in its local working-age population between 1997 and 2014 compared with the number of new workforce jobs, meaning the authority is likely to have increasingly exported labour to adjoining districts. A proportion of these workers travel to work within the study area, augmenting the economic connections and interactions between the three commissioning authorities.

2.73 Overall, it is clear that the three commissioning local authorities comprising the study area have their own distinct economic features that have led to varying growth trends over recent years. However the sector specialisms developed in each of the local authority areas are relatively complementary, suggesting that the area represents a relevant functional economic market area in sector and employment terms.

3.0 # Functional Commercial Property Market Area

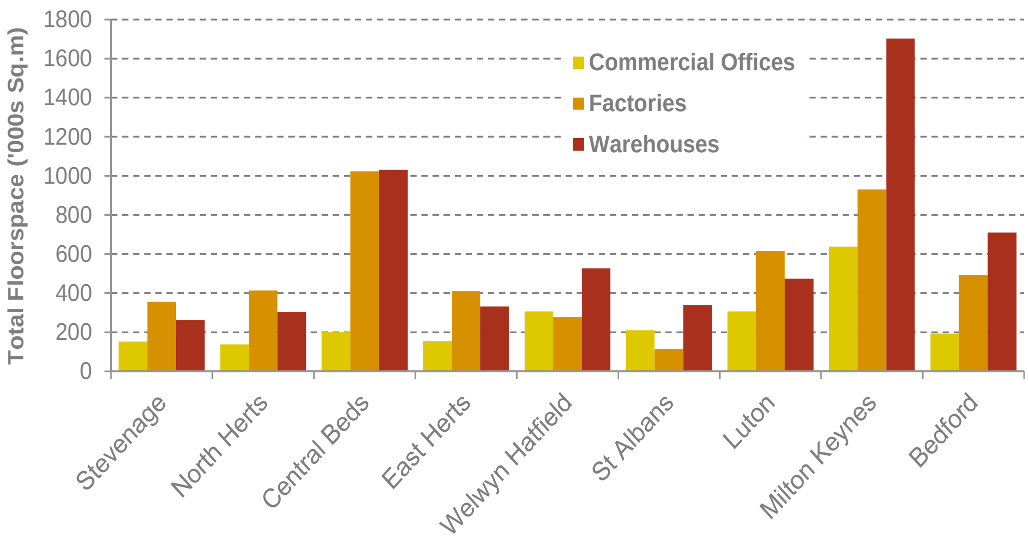
3.1 Commercial property market intelligence represents an important input to defining Functional Economic Market Areas, in so far as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment sites/schemes) and enquiries, as well as proximity to key transport links.

3.2 This section uses information and data from the Valuation Office Agency (VOA), EGi Property Link database and published economic studies for the three authorities of Stevenage, North Herts and Central Beds in order to summarise the scale and spatial distribution of existing business space and provide an overview of commercial property market signals and dynamics across the study area.

Stock of Employment Space

3.3 Using VOA data, it is possible to estimate the total stock of employment space within the three study authorities and compare this with nearby areas across the wider sub-region (Figure 3.1). This indicates that at 770,000sq.m and 854,000sq.m respectively in 2008, Stevenage and North Herts recorded the lowest total quantum of B class floorspace across the sub-region (with the exception of St Albans). In contrast, Central Beds recorded the second highest stock of employment space at 2,254,000sq.m, falling only behind Milton Keynes.

Figure 3.1 Employment Floorspace by Local Authority ('000s Sq.m)



Source: VOA 2008 / NLP analysis

3.4 Of the three study authorities, Stevenage accommodated the smallest amount of factory and warehousing space while North Herts had the lowest quantum of office space.

3.5 Over the past 12 years, all three authorities recorded an increase in commercial office space with Stevenage representing the key driver behind this growth, outperforming the regional and national averages over the period (Table 3.1). North Hertfordshire was the only authority to record a positive change in industrial floorspace between 2000 and 2012 at 4.7%, with Stevenage and Central Beds both recording a decline in their stock of industrial space over this time.

Table 3.1 Change in office and industrial floorspace by location, 2000-2012

	% Change in Office Floorspace (2000-2012)	% Change in Industrial Floorspace (2000-2012)
Stevenage	21.5	-7.7
North Herts	6.4	4.7
Central Beds	16.3	-5.7
East of England	*14.8*	*4.0*
England and Wales	*16.6*	*-2.8*

Source: VOA 2012 / NLP analysis

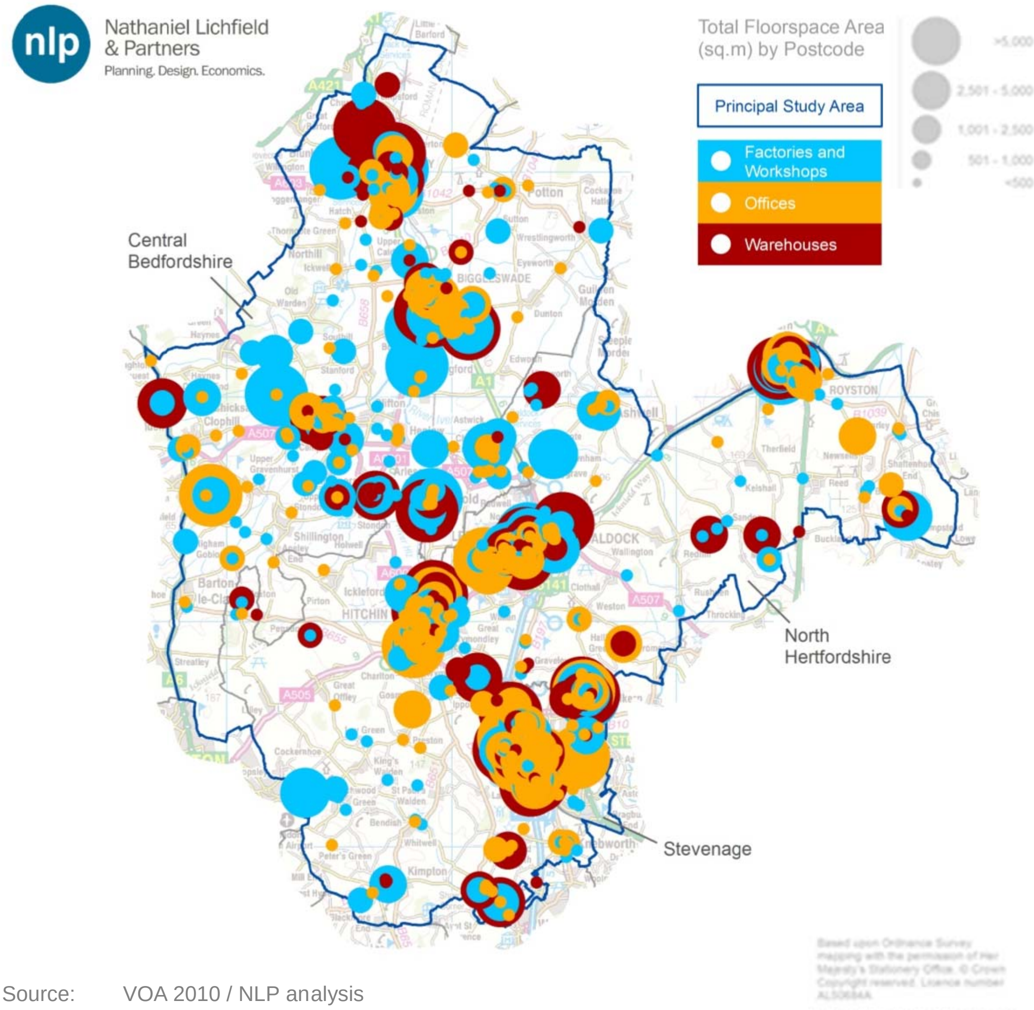
Spatial Distribution

3.6 Figure 3.2 and Table 3.2 show the spatial distribution of B class employment space across the principal study area using latest available VOA data. This indicates that the majority of employment space tends to be concentrated within key centres along the A1(M) corridor, most notably Stevenage, Letchworth, Biggleswade and Sandy (Figure 3.2). The towns of Hitchin and Royston also accommodate significant concentrations of B class floorspace.

3.7 Outside of these commercial centres and away from key transport routes, office and industrial space tends to be dispersed relatively unevenly across the principal study area, with factory and workshop space accounting for the majority of employment space in smaller settlements and rural areas.

3.8 More detailed versions of this floorspace mapping for each local authority ara are included at Appendix 3.

Figure 3.2 Spatial Distribution of Employment Floorspace across the Principal Study Area, 2010



Source: VOA 2010 / NLP analysis
Note: Data for Central Bedfordshire relates only to the eastern part of the authority that falls within the Principal Study Area (i.e. to the east of the A6)

3.9 As set out in Table 3.2, just under half of all office space in the study area is located within Stevenage, reflecting the town's role as one of Hertfordshire's principal commercial centres as well as the presence of one of the largest employment sites in the region (at Gunnels Wood). North Herts accounts for just over a third of office space, primarily clustered in and around the centres of Letchworth, Royston and Hitchin. The remainder of office space in the principal study area (equivalent to just under a fifth) is located in the eastern part of Central Beds (i.e. which falls within the study area). It should be noted that taken as a whole, the authority area of Central Beds accommodates a much more significant concentration of office space, with notable clusters in and around Cranfield University and the town of Dunstable, although this part of the authority's administrative area is excluded from the study area.

Table 3.2 Location of Employment Space within the Principal Study Area, 2010

Location	% of Office Space	% of Factory and Workshop Space	% of Warehousing Space	% of Total Employment Space
Stevenage	45.3	26.5	39.9	35.4
North Herts	35.4	42.8	36.8	39.0
Eastern Central Beds	19.3	30.7	23.3	25.6

Source: VOA 2010 / NLP analysis
Note: Data for Central Bedfordshire relates only to the eastern part of the authority that falls within the Principal Study Area (i.e. to the east of the A6)

3.10 The spatial distribution of industrial space is slightly more even across the principal study area and between the three local authorities. Factory and workshop space is scattered right across the study area while warehousing and distribution space tends to cluster along key transport routes such as the A1(M) and the A10.

Market Geography

Stevenage

3.11 Stevenage's commercial property market is largely localised and industrial in character serving the town's key sectors of advanced manufacturing, pharmaceuticals, aerospace and to a lesser extent business services. Its economic base is fairly typical of New Towns, dominated by a small number of large multi-national companies (some with origins in post-war industries) but with SMEs representing an increasingly significant share of the business base.

3.12 In market terms, Stevenage competes with nearby centres along the A1 corridor to the north such as Letchworth and Biggleswade which have greater availability of employment land. By contrast, there is generally limited market overlap with settlements along the M1 corridor to the west such as Luton and Milton Keynes. Stevenage falls within the London arc sub region with many firms historically choosing to relocate or open premises in the town due to its relative proximity to the capital.

3.13 As noted previously, the Borough also falls within the Hertfordshire LEP's A1(M) Growth Area, located at the geographical core of the UK's pharmaceutical and bioscience sector and also has significant credentials in advanced engineering (with key occupiers including MBDA and Airbus).

3.14 However, in recent years Stevenage has become less well positioned to compete for larger corporate re-locations, losing its competitive advantage to centres that benefit from greater proximity to London and access to strategic routes such as the M25 (for example Hemel Hempstead and Watford).

3.15 The town's stock of employment space is dominated by industrial uses and concentrated in the two key employment areas of Gunnels Wood (one of the largest employment sites in the region, located to the west of the town) and Pin

Green (on the north eastern edge of town) with a limited range of office accommodation in the town centre and Old Town area. The main attractions for firms are competitive rents and property values (particularly compared to the capital and other centres to the south), the presence of internationally leading companies and good connectivity, for example to the A1, Luton Airport and mainline rail links to London.

3.16 Stevenage is not viewed as a particularly strong office location but serves a role as a secondary commercial office centre in Hertfordshire, comparable to smaller centres such as Welwyn/Hatfield and Borehamwood to the south. The office market is relatively localised, with the majority of enquiries coming from firms already based in Stevenage or from those located in close proximity. In recent years the town has accommodated very few major relocations.

North Hertfordshire

3.17 The District's industrial market is focused towards smaller scale enquiries and requirements reflecting the fact that when compared with the majority of adjoining areas, North Herts' stock of industrial and warehouse space is relatively small. Within the sub-region, larger requirements are more likely to gravitate towards the larger towns along the A1 and M1 Corridors, such as Stevenage, Welwyn Garden City, Hatfield and Luton.

3.18 Key industrial areas in North Herts include:

- Works Road Employment Area, Letchworth;
- Hitchin Industrial Estate; and
- York Road and Orchard Way Employment Area, Royston.

3.19 The office market in North Herts is relatively modest in scale and characterised by local demand and generally smaller occupiers. The District's office stock comprises:

- Town Centre office units, both purpose-built and through conversion of older premises, particularly in Letchworth, Hitchin and Royston;
- Office development within a number of the main employment areas, particularly the Hitchin Industrial Estate (Wilbury Way) in Hitchin, Works Road Employment Area in Letchworth, and the York Road/ Orchard Way Employment Area in Royston; and
- Standalone office blocks, such as the Spirella Building in Letchworth and on Walsworth Road close to Hitchin Station, as well as selected smaller rural schemes.

3.20 The last few years have seen a decline in office space deals in North Herts, particularly with regards to smaller units of less than 465sq.m. The District's 2013 Employment Land Review notes that this trend is indicative of a reduction in demand for office space from small companies.

Central Bedfordshire

3.21 Central Bedfordshire's industrial market is strongly established and is focused around the major transport routes of the A1 and M1. In particular, medium to large floorplates (between circa 465sq.m and 1,850sq.m) attract the greatest demand, with a significant number of deals in this category over the past ten years. A concentration of these deals has been recorded in the towns of Dunstable and Biggleswade reflecting their proximity to the M1 and the A1.

3.22 The authority's 2012 Employment & Economic Study Stage 1 Report notes that with regards to major strategic road network drivers, the M1 Corridor is the most significant in terms of generating employment land requirements from occupiers.

3.23 The Central Bedfordshire commercial market is characterised by a small established office market in particular surrounding the Cranfield University hub. Together with the town of Dunstable, Cranfield has accounted for the majority of new office development in Central Beds in recent years. The office market is also characterised by a lack of large (over 1,850sq.m) deals.

3.24 The Employment & Economic Study notes that commercial and employment related activity within Central Bedfordshire is focussed on a number of employment market areas presented below, with the first two featuring within Eastern CB:

a Biggleswade and Sandy;

b Stotfold, Shefford and Arlesey;

c Cranfield and Marston Moretaine;

d Ampthill and Flitwick (including Wixams); and

e Leighton Buzzard and Dunstable.

Relationship with other Property Market Areas

3.25 Given their relative proximity to the principal study area, specific consideration has been given to the commercial property market areas associated with Luton, Bedford and Welwyn Hatfield, drawing on recent evidence and intelligence presented in each respective authorities' employment land review and economic studies.

Luton

3.26 Luton's out-of-centre market serves a wide variety of sub-regional and regional businesses and also provides the focus for inward investment in the area. The Luton Employment Land Review (2013) notes that a large proportion of demand for this type of space comes from businesses looking to relocate from higher cost locations to the south of Luton such as St. Albans and London. The Borough's office park rents are comparable to St Albans and Milton Keynes while the town centre is reasonably competitive on office rents compared with many other locations on or near the M1 corridor.

3.27 In industrial market terms, Luton's main competing locations are on the M1 corridor, such as Hemel Hempstead and to some extent Milton Keynes, although it is much closer to London than the latter, and lower cost than St Albans and Hemel Hempstead, which are closer to London and the M25. Luton is reasonably competitive on costs compared with most locations on or near the M1 corridor although similar to Bedford. The provision of a range of current and planned major infrastructure improvements in and around Luton was seen as giving the borough some relative advantages as an industrial location relative to its competitors.

3.28 This analysis indicates that there is limited overlap between Luton's commercial property market area and the principal study area. From a strategic perspective, they tend to operate within the two largely distinct market corridors of the A1(M) and M1, with flows of occupiers typically following a linear north to south or south to north direction along these routes.

Bedford

3.29 According to the Bedford Employment Land Study (2006), the Borough's close proximity to Milton Keynes, which has historically been able to offer better quality employment land and premises than Bedford, to some extent has a negative impact on the Borough's economic performance. Furthermore, such new towns have eroded Bedford's function as a service centre. Likewise, the concentration of investment activity in Milton Keynes and Northampton has limited speculative development in Bedford. Whilst the Borough's commercial property market is relatively self-contained, this suggests that Bedford continues to face competition from larger settlements nearby for firms and investment.

Welwyn Hatfield

3.30 By comparing rent levels between Welwyn Hatfield Borough and surrounding Boroughs, it is possible to position the Borough within the wider office market. In terms of office rents Welwyn Hatfield is positioned between Watford and Stevenage while in terms of industrial rents the Borough's rent levels are comparable with Enfield and Watford although they are higher than rates in Luton.

3.31 As noted in the Welwyn Hatfield Economy Study (2014), Hertfordshire businesses looking to expand in office space do not generally show a specific location preference, with alternative office space locations considered in Stevenage and Watford according to property agents with multiple offices within the County. With regards to industrial and warehouse space, agents indicated that businesses within Hertfordshire considered alternative markets within Hertfordshire (Watford and Stevenage), Enfield and Luton to meet their requirements.

This suggests that there is an element of property market overlap between Welwyn Hatfield and the southern part of the principal study area, with

Hertfordshire based occupational requirements tending to cover a relatively large geographical area stretching in a north south direction along the A1(M) corridor, as far north as Stevenage and as far south as Watford. There are however some distinctive features that differentiate the various commercial centres within this broad market area, as evidenced by rental data with Stevenage commanding the lowest rents and Watford the highest.

Market Signals

Take-Up

3.32 Based on monitoring data presented in the three study area authorities' recent economic studies, it is possible to estimate levels of take-up and completions of new employment space in recent years. As shown in Table 3.3, Central Beds recorded the most significant gross completions of employment space over the last few years, although it should be noted that the majority of this development took place outside of the eastern segment of the authority that is included within the principal study area, within larger settlements such as Leighton Buzzard and Dunstable.

Table 3.3 Gross and Net Completions of Employment Space by Local Authority

	Average annual gross completions (sq.m)			Average annual net completions (sq.m)		
	Office	Industrial	All	Office	Industrial	All
Stevenage (2002-12)	7,900	5,500	13,400	-170	-5,400	-5,570
North Herts (2004-12)	2,100	11,200	13,300	-3,500	1,800	-1,700
Central Beds (2002-12)	11,400	82,600	94,000	n/a	n/a	n/a

Source: Stevenage Employment & Economy Baseline Study (2013)
North Hertfordshire Employment Land Review (2013)
Central Bedfordshire Employment and Economic Study – Stage 1 (2012)

3.33 Stevenage and North Herts have both recorded similar levels of gross B class take-up in recent years, driven by office and industrial uses respectively (Table 3.3). In net terms however, both authorities recorded negative rates of employment development, implying that losses of existing B class space exceeded completions of new space in overall terms in recent years. This places increasing pressure on a limited supply of employment space to accommodate any future growth in the study area.

Rental Values

3.34 Examining typical rental values for office and industrial premises can also provide a useful means of identifying and comparing commercial property market areas. Table 3.4 summarises typical asking rents for employment space within key centres in the principal study area and the wider sub-region.

3.35 In industrial market terms, this indicates that rental values are very similar within the centres of Stevenage, Biggleswade and Letchworth, as well as St Neots to the north of the study area. Industrial rents are also comparable with Luton, although Luton more naturally operates within the M1 market corridor (as opposed to the A1(M)). The smaller settlements of Sandy, Royston and Hitchin achieve slightly lower industrial rents, while Stotfold and Shelford (situated within eastern Central Beds) command the lowest of all locations considered (Table 3.4).

Table 3.4 Industrial and Office Rents in Principal Study Area and Comparator Locations

Location	Industrial (£ / sq.ft)	Location	Offices (£ / sq.ft)
Welwyn Hatfield	7 – 10	Luton	10 - 20
Stevenage	6 - 7.50	Welwyn Hatfield	10 - 17
St Neots	6 - 7	Stevenage	10 - 15
Biggleswade	5 - 7	Royston	10 - 13
Letchworth	5 - 7	Letchworth	7 - 13
Luton	4 - 7	Bedford	8 - 12
Royston	5 - 6	St Neots	8 - 12
Bedford	4 – 6	Stotfold/Shelford	10
Sandy	5	Hitchin	8
Hitchin	5	Biggleswade	7 - 8
Stotfold/Shelford	4	Sandy	n/a

Source: Stevenage Employment & Economy Baseline Study (2013)
North Hertfordshire Employment Land Review (2013)
Central Bedfordshire Employment and Economic Study – Stage 1 (2012)
EGi Property Link

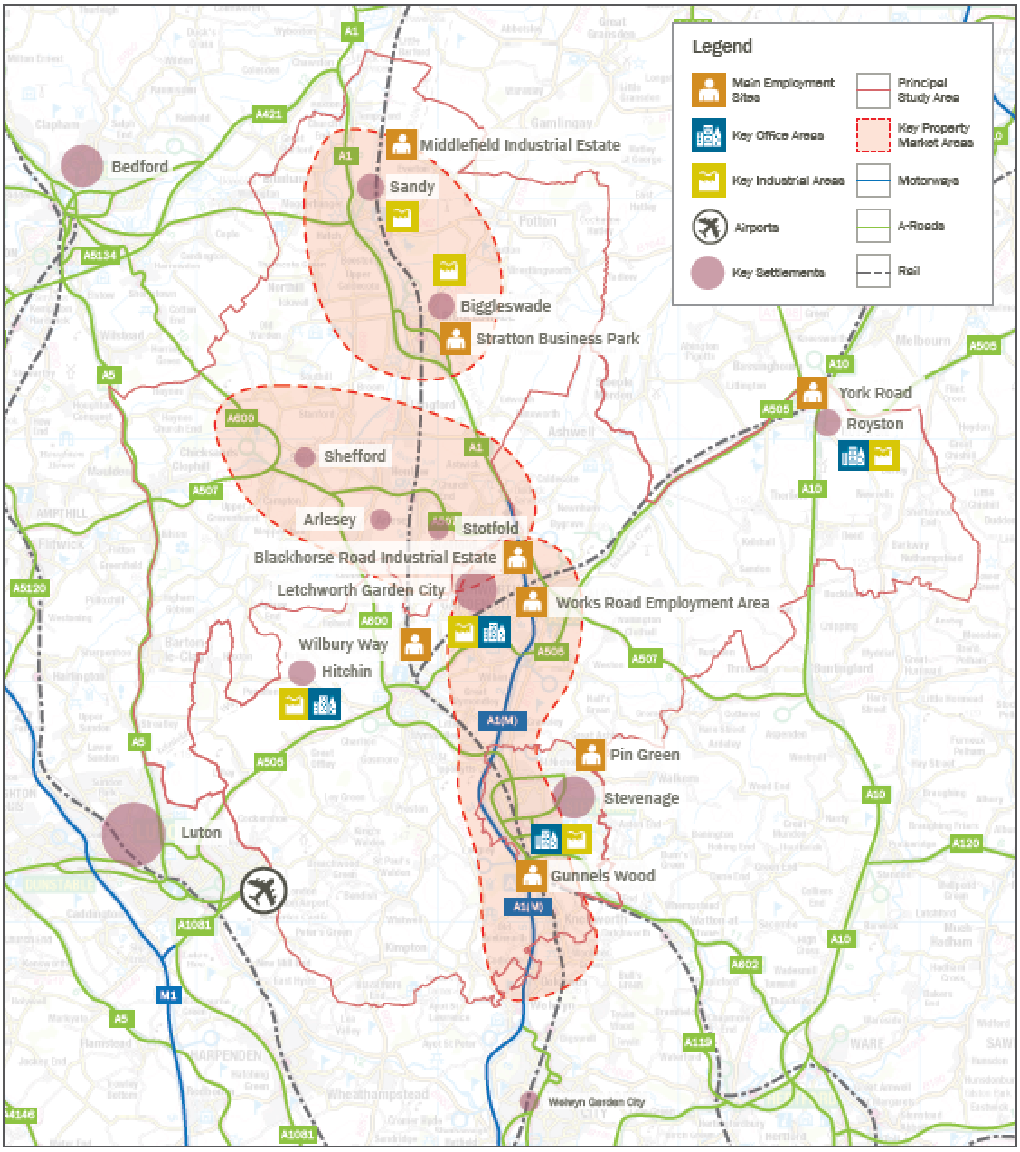
3.36 With regards to offices, the highest typical rental values in the study area can be found in Stevenage, which are similar (albeit slightly lower) to the nearby centres of Luton to the west and Welwyn Hatfield to the south. The North Herts towns of Letchworth and Royston feature comparable asking rents for office space, located at either end of the A505 corridor. Meanwhile Central Beds locations such as Sandy, Biggleswade and Shelford have smaller and less established office centres and therefore command the lowest asking rents in the study area (Table 3.4).

Synthesis

3.37 From a commercial property market perspective, the A1(M) corridor represents the most significant functional market area within the principal study area, by accommodating the majority of employment space within its main commercial centres and by providing occupiers with good strategic access and accessibility to the wider Hertfordshire and Bedfordshire area, as well as London and M25. This can be evidenced through an analysis of VOA floorspace data and more qualitative market intelligence gathered through recent economic studies in Stevenage, North Hertfordshire and Central Bedfordshire.

3.38 Beyond this, it is possible to identify a number of sub-market areas that benefit from proximity to this corridor as shown in Figure 3.3 below. This includes a sub-area focused around the centres of Stevenage and Letchworth which together accommodate some of the most significant employment areas and sites in the study area such as Gunnels Wood and Works Road. This sub-area is characterised by mixed employment (i.e. both industrial and office) uses, comparable asking rents and occupier flows along the A1(M) in both directions.

Figure 3.3 Key Property Market Areas



Source: NLP analysis / Employment Land and Economic Studies commissioned by Stevenage, North Hertfordshire and Central Bedfordshire Councils and adjoining authority areas

3.39 In commercial property market terms, the smaller settlements of Sandy and Biggleswade within Central Beds collectively tend to function as a market sub-area that is generally industrial in nature and characterised by localised demand with the exception of a handful of national occupiers. For example, the Central Bedfordshire Employment & Economic Study identified Sandy and Biggleswade as one of the main employment market areas in the unitary authority area, driven by the proximity of the two centre's proximity to the A1(M) corridor and comparable economic bases.

3.40 Lastly, it is possible to identify a functional property market area surrounding the settlements of Shefford, Stotfold and Arlesey in eastern Central Beds. This sub-market area is smaller in scale and generally industrial in nature, accommodating a number of sites such as Station Road Industrial Estate near Shefford town centre and Hitchin Road and Old Oak Close in Arlesey. It primarily services local demand and is connected via a series of local road networks and routes such as the A507.

3.41 The above analysis and evidence does not point to any other clearly defined commercial property market areas operating within or across the study area. There is also little evidence to suggest that nearby commercial centres and property market areas such as Luton, Bedford and Watford extend as far as the principal study area, although it is possible to identify an element of property market overlap between Welwyn Hatfield and the southern part of the principal study area, which tends to fall within a relatively large Hertfordshire occupier area of search extending along the A1(M) corridor from as far south as London.

4.0 Functional Labour Market Area

4.1 This section examines the latest commuting flows data from the 2011 Census to define the main Travel to Work Areas (TTWAs) across the study area and fundamentally consider the relationship between where people live and where they work. The analysis also draws on data from the 2001 Census to identify how these commuting flows have evolved during the intervening period.

4.2 Alongside the assessment of TTWAs that characterise the labour markets for each of the three local authorities, this section also considers the level of self-containment achieved within the primary study area. Self-containment relates to the share of local residents that both reside and work in the area, with a higher rate suggesting a more balanced local employment and labour market.

Travel to Work Areas

4.3 The standard definition of TTWAs offered by the ONS is that they are the area from which at least 75% of a local area's resident workforce is employed and at least 75% of the people who work in the area also reside. TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes have the ability to extend these TTWAs well beyond the immediate sub-region, for example high-speed rail networks reduce overall journey times and allow workers to commute longer distances.

4.4 In defining the TTWAs for Stevenage, North Hertfordshire and Eastern CB, the study limits the assessment to in-commuting worker flows, as this commuting pattern represents the area from which employers are currently most likely to source their staff. This analysis will allow the extent of the labour market area for businesses in each of the three local authority areas to be sufficiently considered.

4.5 While not specifically considered when defining the TTWA for each of the local authorities, out-commuting flows data is also analysed in this section to help create a picture of whether Stevenage, North Hertfordshire and Eastern CB are characterised as net importers or exporters of labour.

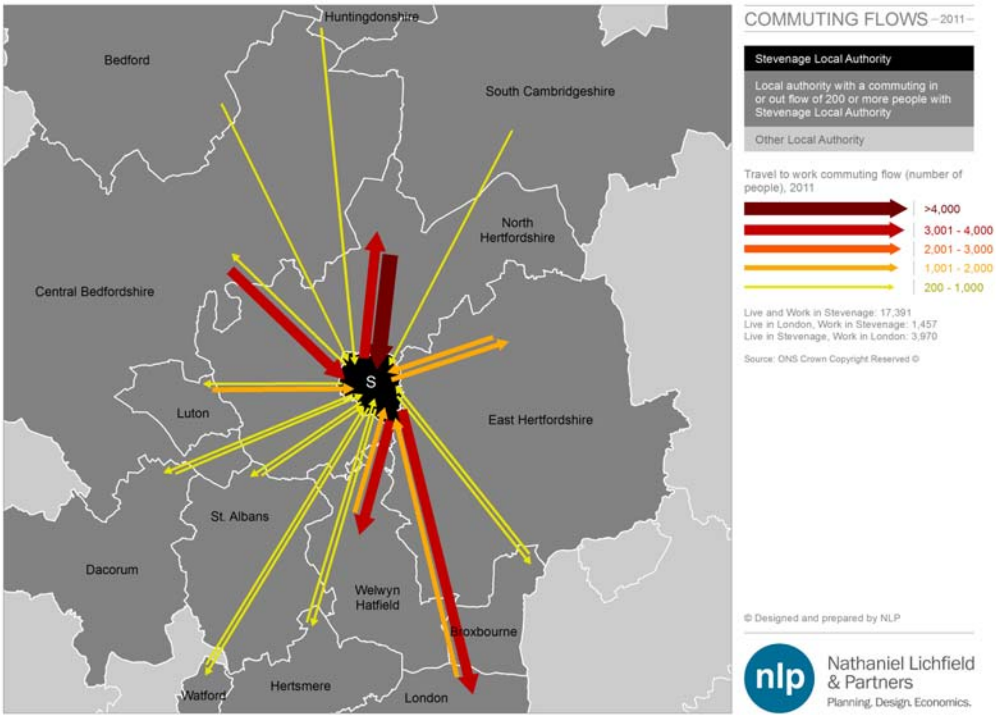
Stevenage

4.6 In 2011, 51.6% of Stevenage's working residents travelled outside the Borough for employment, resulting in a self-containment rate of 48.4% at the time of the 2011 Census. This outflow of workers equated to 18,510, with the most significant flows to North Hertfordshire (19.9%), Welwyn Hatfield (19.8%) and East Hertfordshire (8.4%), while Greater London also attracted around 21.4% of all out-commuting residents from Stevenage.

4.7 At the same time, around 20,700 workers commuted into the Borough for their employment in 2011, principally from the surrounding local authorities of North

Hertfordshire (30.6%), Central Bedfordshire (14.9%) and East Hertfordshire (7.6%), while 7.0% of all in-workers travelled from Greater London (Figure 4.1).

Figure 4.1 Travel to Work Flows for Stevenage, 2011



Source: Census 2011 / NLP analysis

4.8 On balance, Stevenage is therefore characterised as a net importer of labour with a net inflow of 2,185 workers, which amounts to approximately 5.7% of all workplace jobs within the Borough.

4.9 Between 2001 and 2011, Stevenage's status as a net importer of labour became slightly less pronounced, with the number of out-commuting working residents from Stevenage increasing slightly more than the number of in-commuting workers into the Borough. The rise in out-commuting working residents also explains the fall in the Borough's self-containment rate from 57.6% to 48.4% over the ten year period (Table 4.1).

Table 4.1 Changes in Travel to Work Flows in Stevenage, 2001 - 2011

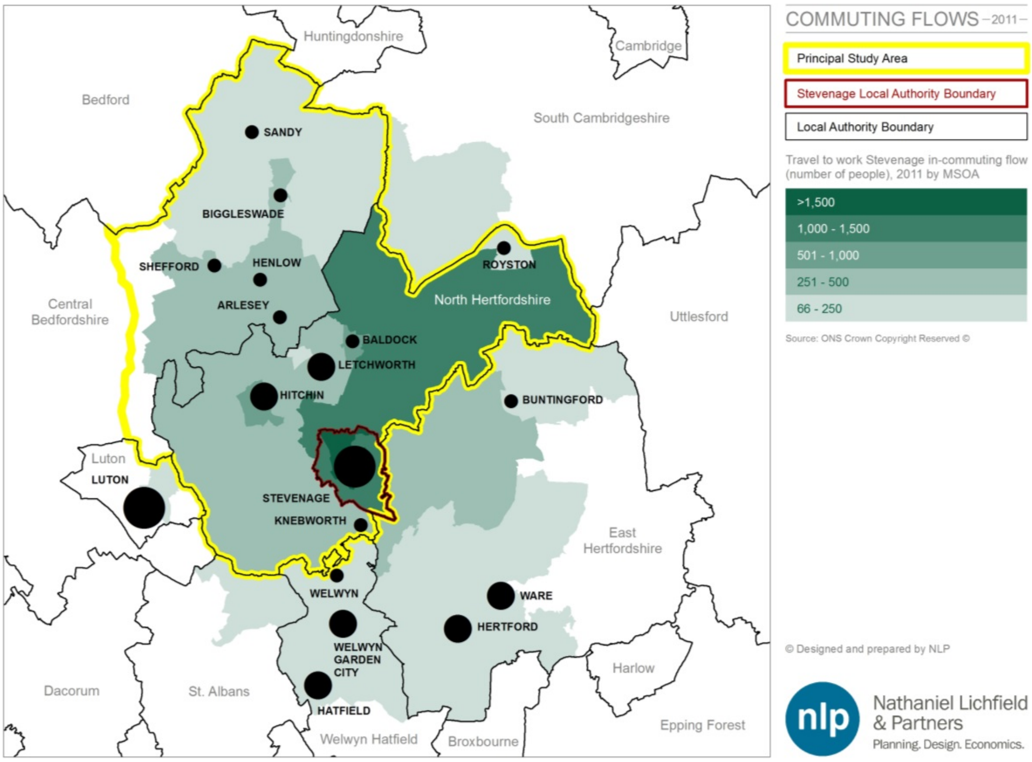
	2001 Census	2011 Census	Change (2001 - 2011)
Out-Commuting Working Residents	16,749	18,512	+ 1,763
% of Working Residents Employed in London	20.7%	21.4%	+ 0.7%
In-Commuting Workers	18,999	20,699	+ 1,700
% of In-Commuting Workers from London	7.0%	7.0%	+ 0.0%
Net In-Commuting Flow	**2,250**	**2,187**	**- 63**
Net In-Commuting Flow as a % of Total Jobs	**5.9%**	**5.2%**	**- 0.7%**
Self-Containment Rate	**57.6%**	**48.4%**	**- 9.2%**

Source: Census 2001 & 2011 / NLP analysis

Defining the Travel to Work Area

4.10 Drawing upon the in-commuting flows data for Stevenage, it is possible to define the TTWA for the urban authority, representing the area from which at least 75% of those employed in the local economy reside. This is presented in Figure 4.2 below, which shades all MSOAs falling within this 75% TTWA in green.

Figure 4.2 Travel to Work Area for Stevenage, 2011



Source: Census 2011 / NLP analysis

4.11 The TTWA for Stevenage principally extends north to south along the A1(M) route, stretching from Sandy in the north to Hatfield in the south. The TTWA also encompasses all of North Hertfordshire, the western part of East Hertfordshire, and small parts of South Cambridgeshire and Luton. It is clear at the MSOA level that significant concentrations of in-commuters to Stevenage originate from North Hertfordshire, including from the main towns of Hitchin and Letchworth Garden City, both located directly north of Stevenage along the A1(M).

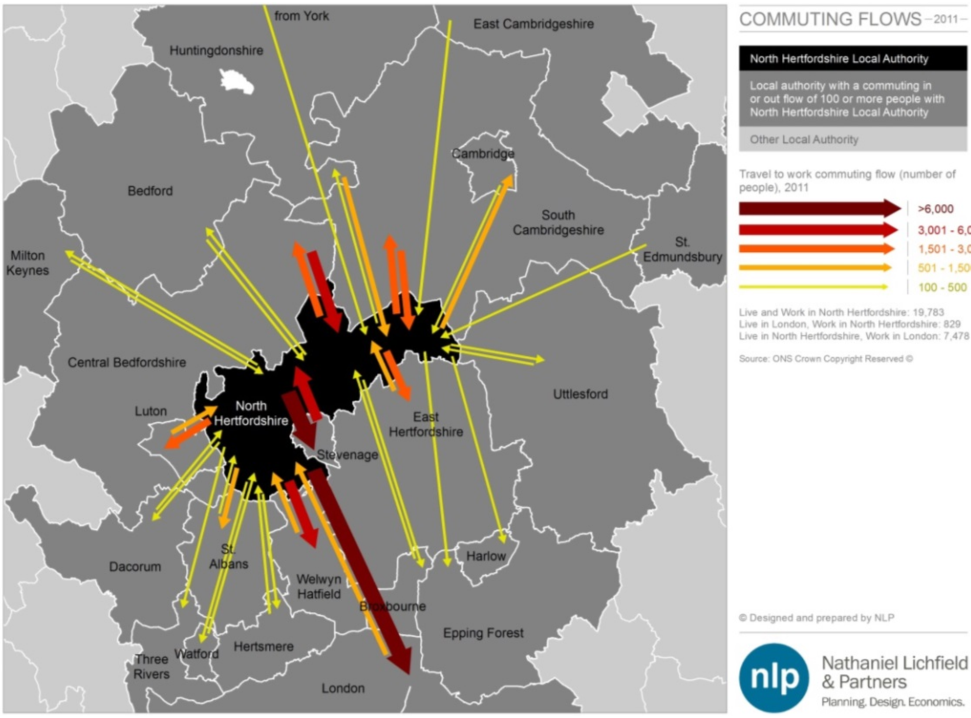
4.12 Overall, the TTWA for Stevenage aligns relatively well with the defined borders of the principal study area, with large concentrations of in-commuting workers living in North Hertfordshire and Eastern CB. However, the TTWA also extends beyond the study area notably to the south and south-east into the surrounding local authorities of Welwyn Hatfield and East Hertfordshire.

North Hertfordshire

4.13 Around 62.2% of North Hertfordshire's employed residents commuted outside the District for work in 2011, resulting in a self-containment rate of 37.7%. This outflow from North Hertfordshire equated to 32,650 workers, with the largest flows being to Stevenage (19.4%), Welwyn Hatfield (12.0%), and Westminster (8.6%). The total proportion of working residents commuting from North Hertfordshire to Greater London equated to approximately 22.9% in 2011.

4.14 Census 2011 data also indicates that approximately 20,270 workers travelled into North Hertfordshire for work, mainly from the surrounding authorities of Central Bedfordshire (28.2%), Stevenage (18.2%) and South Cambridgeshire (8.9%). Greater London only accounted for some 4.1% of in-commuters to the District in 2011 (Figure 4.3).

Figure 4.3 Travel to Work Flows for North Hertfordshire, 2011



Source: Census 2011 / NLP analysis

4.15 North Hertfordshire is therefore characterised as a net exporter of labour with a large net outflow of 12,385 persons, equivalent to 23.6% of all working residents.

4.16 Over the period 2001 to 2011, the scale of out-commuting from North Hertfordshire increased as the number of out-commuting employed residents rose at a higher rate than the number of in-commuting workers to the District. This significant growth in out-commuting from North Hertfordshire resulted in the self-containment levels in the District to decline from 51.1% to 37.7% over this period (Table 4.2).

Table 4.2 Changes in Travel to Work Flows in North Hertfordshire, 2001 - 2011

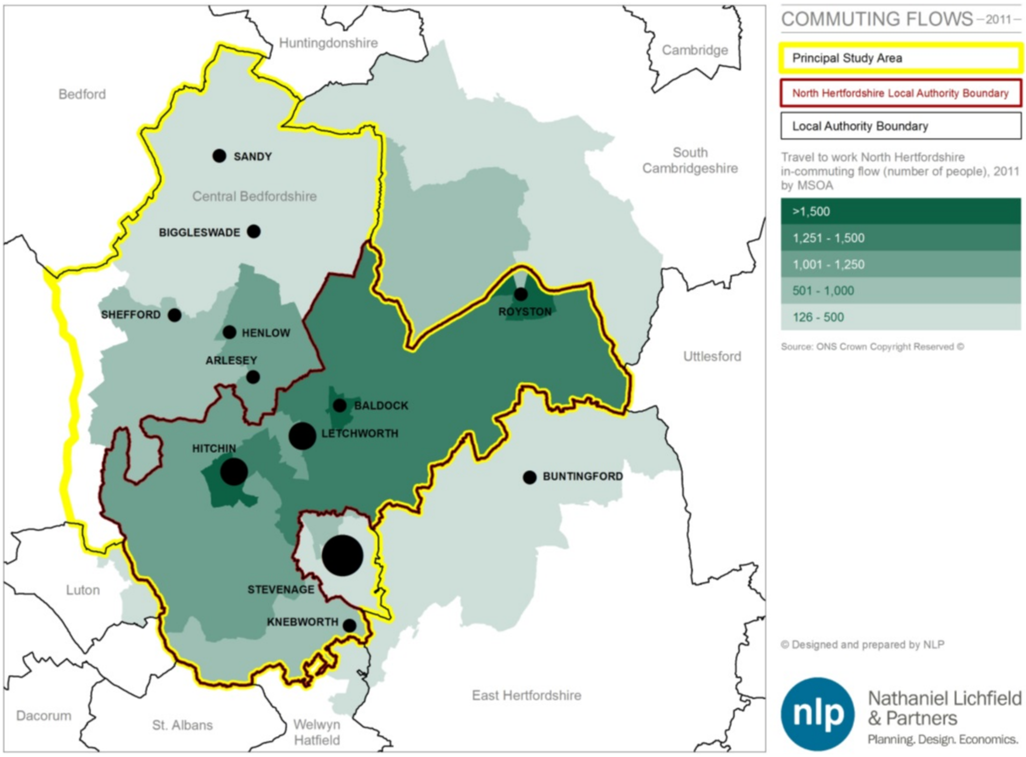
	2001 Census	2011 Census	Change (2001 - 2011)
Out-Commuting Working Residents	28,710	32,651	+ 3,941
% of Working Residents Employed in London	19.8%	22.9%	+ 0.9%
In-Commuting Workers	17,688	20,268	+ 2,580
% of In-Commuting Workers from London	3.6%	4.1%	+ 0.5%
Net Out-Commuting Flow	**11,022**	**12,383**	**+ 1,361**
Net Out-Commuting Flow as a % of Residents	**18.8%**	**23.6%**	**+ 4.8%**
Self-Containment Rate	**51.1%**	**37.7%**	**- 13.4%**

Source: Census 2001 & 2011 / NLP analysis

Defining the Travel to Work Area

4.17 Using the latest in-commuting flows data for North Hertfordshire from the 2011 Census, it is possible to define the TTWA for the District, representing the area from which at least 75% of those employed in the District live. This is presented in Figure 4.4 below, which shades all MSOAs falling within this 75% TTWA in green.

Figure 4.4 Travel to Work Area for North Hertfordshire, 2011



Source: Census 2011 / NLP analysis

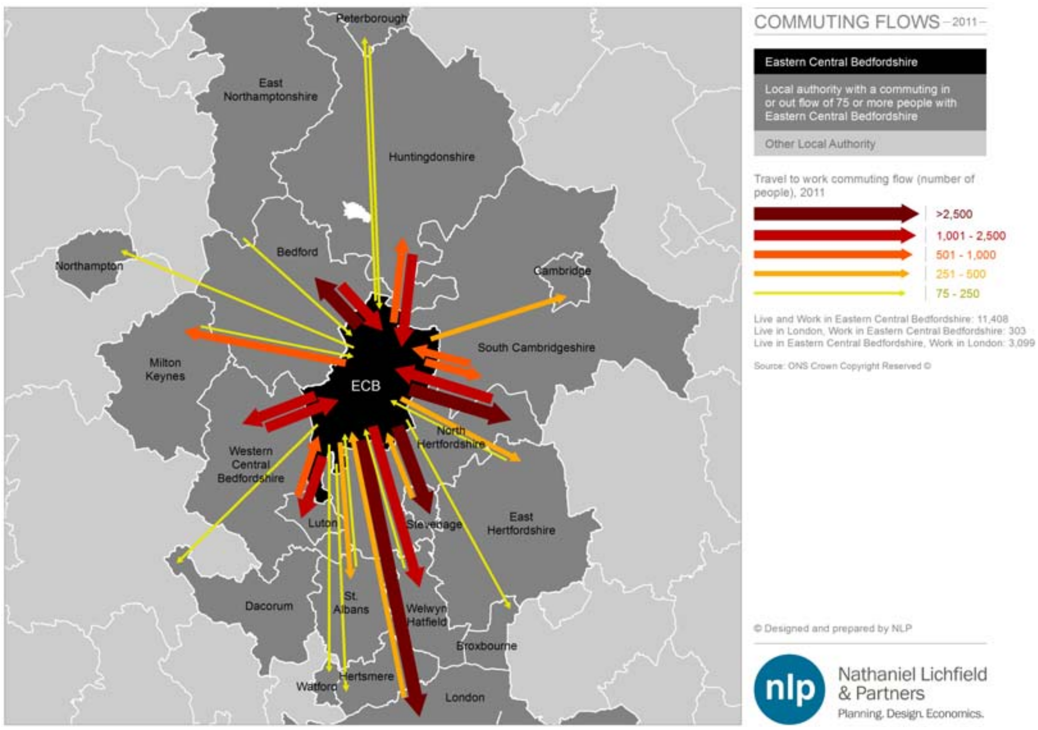
4.18 The TTWA for North Hertfordshire largely aligns with the A1(M) strategic corridor, which reflects the location of the main towns in the District (i.e. Hitchin, Baldock and Letchworth Garden City) having access to the key north-south road and railway routes. As with the TTWA for Stevenage, the TTWA for North Hertfordshire extends to Sandy in the north and parts of South Cambridgeshire, but only really extends as far as the District's own borders to the south. All of Stevenage Borough is included in the TTWA, although these in-commuting flows are not particularly strong. Surrounding MSOAs in South Cambridgeshire and East Hertfordshire also form part of North Hertfordshire's TTWA.

4.19 Overall, the North Hertfordshire TTWA aligns relatively well with the principal study area with the strongest concentrations identified within the District itself and in Eastern CB. However, the TTWA for North Hertfordshire also includes a number of MSOAs in South Cambridgeshire and East Hertfordshire that fall outside the primary study area.

Eastern Central Bedfordshire

4.20 The share of working residents travelling outside Eastern CB for work in 2011 equated to around 66.9%, meaning the area had a self-containment rate of just 33.1%. This outflow of residents amounted to 23,010, with the greatest flows to North Hertfordshire (20.8%), Bedford (12.7%) and Stevenage (11.1%), while 5.5% of out-commuting residents travelled to Western Central Bedfordshire (i.e. the remainder of Central Bedfordshire authority) for work. The proportion of workers commuting to Greater London equated to some 13.5% in 2011.

Figure 4.5 Travel to Work Flows for Eastern Central Bedfordshire, 2011



Source: Census 2011 / NLP analysis

4.21 At the same time, around 10,470 workers commuted into Eastern CB for their employment in 2011, predominately from Bedford (21.2%), Western Central

Bedfordshire (12.9%) and North Hertfordshire (12.8%). Just 2.9% of all in-commuters to Eastern CB lived within Greater London in 2011 (Figure 4.5).

4.22 From this analysis, it is therefore possible to characterise Eastern CB as a net exporter of labour with a significant outflow of some 12,540 working residents, which is equivalent to approximately 36.4% of all working residents in the area.

4.23 Between 2001 and 2011, changes in commuting flows for Eastern CB resulted in the area becoming a more significant exporter of labour, with the number of out-commuting residents increasing to a greater extent than the number of in-commuting workers to the area.[4] The increase in out-commuting employed residents also explains the reduction in Eastern CB's self-containment rate over the ten year period from 47.0% to 33.1% (Table 4.3).

Table 4.3 Changes in Travel to Work Flows in Eastern Central Bedfordshire, 2001 - 2011

	2001 Census	2011 Census	Change (2001 - 2011)
Out-Commuting Working Residents	20,881	23,008	+ 2,127
% of Working Residents Employed in London	11.6%	13.5%	+ 1.9%
In-Commuting Workers	9,664	10,471	+ 807
% of In-Commuting Workers from London	1.8%	2.9%	+ 1.1%
Net Out-Commuting Flow	**11,217**	**12,537**	**+ 1,320**
Net Out-Commuting Flow as a % of Residents	**28.5%**	**36.4%**	**+ 7.9%**
Self-Containment Rate	**47.0%**	**33.1%**	**- 13.9%**

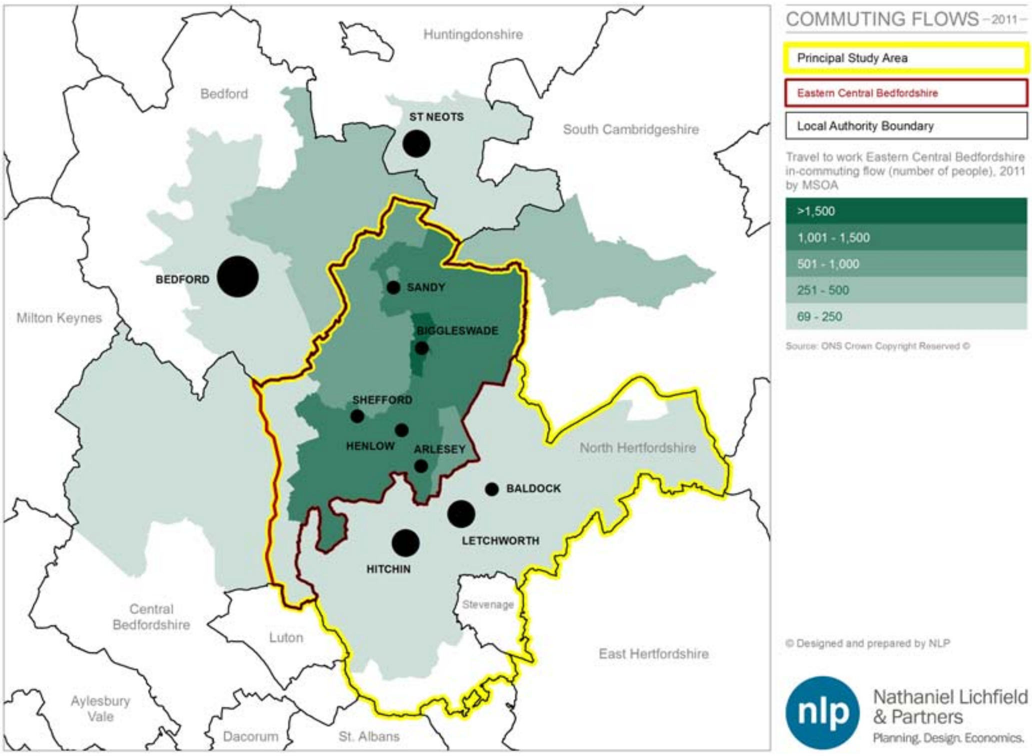
Source: Census 2001 & 2011 / NLP analysis

Defining the Travel to Work Area

4.24 Based upon in-commuting flows data from the 2011 Census for Eastern CB, it is possible to define the TTWA for the area, which represents the area from which at least 75% of those employed within the area reside. This is presented in Figure 4.6 below, which shades all MSOAs falling within this 75% TTWA in green.

[4] The part of Eastern Central Bedfordshire that falls within the principal study area was captured at the ward level for the 2001 Census commuting flows data, due to MSOA level data not being available.

Figure 4.6 Travel to Work Area for Eastern Central Bedfordshire, 2011



Source: Census 2011 / NLP analysis

4.25 The Eastern CB TTWA is more north and west facing when compared with the TTWAs for Stevenage and North Hertfordshire, with the northern boundary extending to St Neots (linked by the A1) and parts of Bedford (linked by the A6), while to the west the TTWA extends to other parts of Western Central Bedfordshire and Bedford. To the south, the Eastern CB TTWA only extends as far as North Hertfordshire (although these in-commuting flows are not particularly strong) and does not encapsulate any part of Stevenage. The most significant in-commuting flows to Eastern CB at the MSOA level are from areas within Western Central Bedfordshire and Bedford.

4.26 Overall, the TTWA for Eastern CB is more dispersed outside the principal study area when compared with Stevenage and North Hertfordshire, and therefore less well aligned with the principal study area.

Study Area Self-Containment

4.27 The above assessment considers the key travel to work flows that currently characterise the local authority areas forming the principal study area, in order to understand the relationships that exist across the sub-region in terms of the movement of labour. The analysis also defined the key travel to work area for each of the three local authorities, which for the most part aligned relatively well with the principal study area. It is also useful to specifically consider the nature and scale of commuting flows solely in the study area as an alternative means of validating the suitability of the principal study area in functional labour market terms.

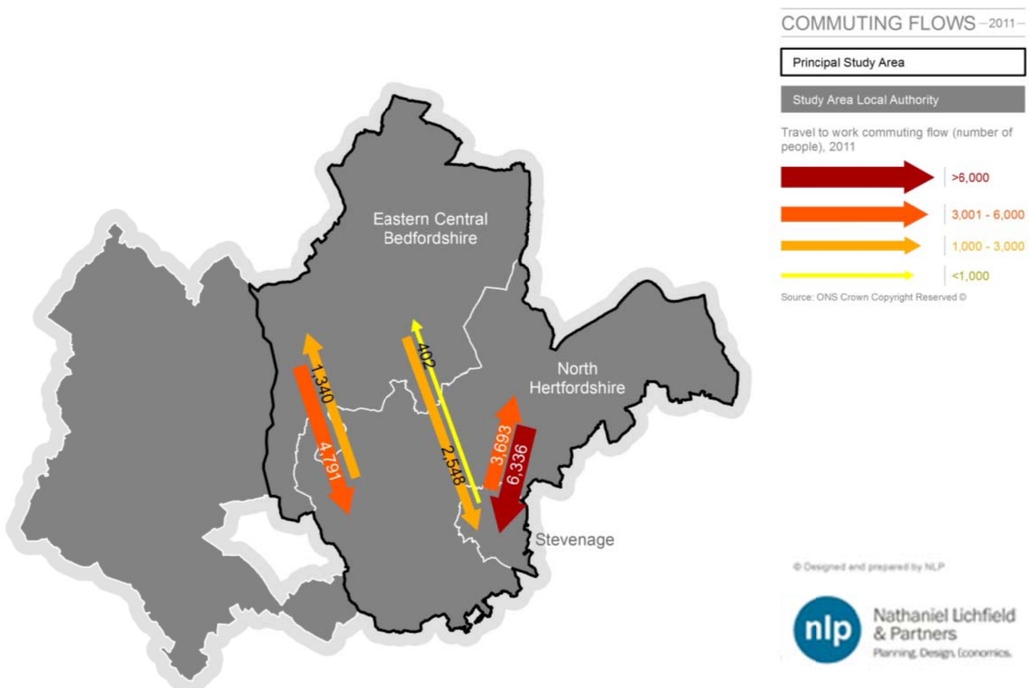
Internal Commuting Flows

4.28 Figure 4.7 and Table 4.4 below provide a summary of the internal in and out commuting flows within the principal study area. Although flows of labour are recorded between all three authority areas, the scale of these vary significantly with the strongest flows of commuters travelling between the authorities of Stevenage and North Hertfordshire. For example, approximately 6,300 North Hertfordshire residents commute into Stevenage for work, with a further 3,700 Stevenage residents undertaking the reverse commute to North Hertfordshire.

4.29 The commuting outflow of Eastern CB residents to North Hertfordshire is also relatively significant at nearly 4,800, while approximately 2,550 workers commute from Eastern CB to Stevenage for their employment. By comparison, relatively few commuters travel into Eastern CB for work from the other two authorities within the principal study area. The commuting patterns for Eastern CB clearly points towards the authority area being a significant net exporter of labour within the study area.

4.30 Census 2011 data indicates that the self-containment rate within the principal study area is just over 55%. This means that 55% of residents that live within the principal study area also work there. This represents a relatively high proportion, particularly when compared with the three individual authorities in isolation. The self-containment rate has also decreased from nearly 65% at the time of the 2001 Census, suggesting that the principal study area has become increasingly less self-sustaining in labour market terms.

Figure 4.7 Travel to Work Flows within the Principal Study Area, 2011



Source: Census 2011 / NLP analysis

Table 4.4 Summary of the Internal Commuting Flows within the Principal Study Area, 2011

		Out-Commuting Flows		
		Stevenage	North Hertfordshire	Eastern CB
In-Commuting	Stevenage	-	6,336	2,548
	North Hertfordshire	3,693	-	4,791
	Eastern CB	402	1,340	-

Source: Census 2011 / NLP analysis

4.31 This data underlines the relative dominance of Stevenage as an employment centre within the principal study area, with the flow of in-commuters to the town accounting for just under half (46%) of all in and out flows across the entire study area. The majority (71%) of these labour in-flows are from North Hertfordshire, with Eastern CB representing the resident base for the remaining 29% (Table 4.4).

Synthesis

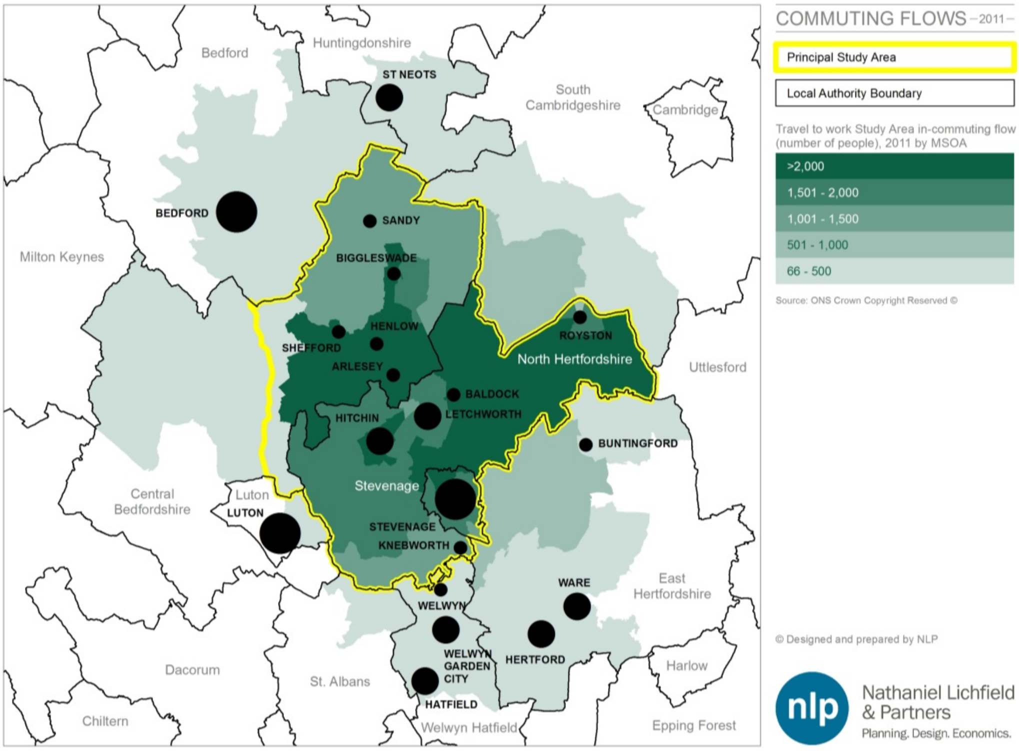
4.32 By combining the in-commuting flows analysis presented above by authority it is also possible to identify the TTWA for the principal study area, representing the area from which at least 75% of those employed within the principal study area reside. As such, this also represents the area from which businesses are currently most likely to source their staff.

4.33 The TTWA for the principal study area is presented in Figure 4.8 below, which shades all MSOAs falling within this 75% TTWA in green. This shows that the TTWA largely correlates with the principal study area boundary, with those MSOAs falling within the principal study area accommodating the vast majority of residents that also work within the study area.

4.34 From a travel to work perspective, the defined principal study area boundary therefore represents a clearly defined FEMA, with around 70% of all workers in the principal study area workplace also choosing to reside in the study area. As noted above, this area supports the resident needs for the vast majority of the workers employed within the principal study area, with contiguous MSOAs to the study area only accommodating a relatively limited proportion of workers in comparison. For example, the MSOAs to the east of Stevenage and north west of Royston that support the largest concentrations of workers outside the study area only accommodate around 1% of total workers, which if included in the study area, would only increase containment levels to around 71%.

4.35 In addition, if the MSOAs in Welwyn Hatfield and East Hertfordshire that were included within the initial TTWA for Stevenage (i.e. based upon 2001 Census data) were incorporated within the principal study area, the share of workers that both work and reside in the study area would only increase by around 2% over the existing containment levels to just over 72%. This contribution to the overall self-containment of the principal study area is assessed to be relatively insignificant in comparison to the concentration of resident workers within the defined study area (i.e. which captures the vast majority of resident workers in the area within the pragmatic boundaries of the three authority areas).

Figure 4.8 Travel to Work Area for the Principal Study Area, 2011



Source: Census 2011 / NLP analysis

4.36 It should also be noted that distinctive flows of labour were identified within the principal study area, most notably between North Hertfordshire and Stevenage. These dynamics and the implications arising from them are explored in further detail in the following sections.

5.0 Future Employment Growth

5.1 In order to identify the future growth potential that exists across the study area, this section reviews the baseline economic and employment land studies that have recently been published by the three commissioning authorities. This review identifies the key methodologies and datasets adopted by each study to consider whether they are generally comparable and can be used to provide a robust aggregate forecast for the study area. The analysis also considers the growth forecasts from more recent EEFM releases.

East of England Forecasting Model

5.2 The East of England Forecasting Model (EEFM) produced by Oxford Economics provides past and projected economic, demographic and housing data on a consistent basis for authorities across the East of England region.

5.3 A review of the most recent economic and employment studies for Stevenage, North Hertfordshire and Central Bedfordshire indicates all three have adopted the use of data from the 2012 EEFM as a part of a 'labour demand' approach to determining future employment land requirements (i.e. in line with the PPG).

5.4 While the studies for Stevenage and North Hertfordshire have undertaken a variant of the 'labour demand 'approach (e.g. taking account higher enterprise growth, low economic growth and higher migration scenarios), it is considered that the most suitable basis for identifying employment growth forecasts across the commissioning authorities on a consistent basis is by reviewing each of their 'baseline' labour demand approaches.

5.5 The EEFM data used by the three employment studies dates back to 2012, and therefore does not reflect the latest macroeconomic outlook, assumptions and trends. However the 2012 based economic growth projections were the latest available at the time the studies were prepared, and have subsequently been used in the intervening period by each respective local authority in preparing their new Local Plans.

5.6 While the following review of the employment growth projections for the three commissioning authorities are benchmarked against the 2012 EEFM data used in the existing published studies, it also takes account the findings of a number of updated technical economic assessments undertaken by each of the three local authorities to assess whether the growth trajectories associated with each of the authorities changed in the 2013 EEFM release. In addition, the analysis considers any changes to growth projections across the study area from the most recent 2014 EEFM release.

5.7 From this analysis, it is possible to consider what effect these recent changes to growth forecasts across the study area may have on the economic balance and relative contribution of the three local authorities within the study area.

Data Limitations

5.8 It is important to note that there are inherent limitations to the use of economic forecasts such as those published by the EEFM, particularly within the context of recent changes in the economy. National macroeconomic assumptions are taken as the starting point and then modelled down to the regional and local levels by reference to their existing economic profile and sectoral composition. However local level data is considered to be less comprehensive and reliable than at the national and regional levels, which can affect how the modelling is calibrated. Similarly, top-down forecasts do not take into account specific local factors that might influence job growth in the area, such as major investment or regeneration projects. In this respect, the EEFM projections effectively represent a 'policy-off' scenario of future economic growth and do not factor in additional growth aspirations or specific policy approaches adopted by the three Local Planning Authorities.

5.9 Population projections represent one of a number of inputs to the assembly of economic forecasts, including both future changes in working-age population (i.e. which directly impacts on demand for jobs) and total population (i.e. which generates demand for consumption).[5] However it is important to note that population projections are frequently revised, as are the assumptions of future working-age population, economic activity rates and national pension age.

5.10 In spite of the inherent data limitations, economic forecasting is still seen as a valuable input to indicate the broad scale and direction of growth in different sectors, and this helps to determine the future land use requirements of a local economy.

Variations in Forecasting Outputs

5.11 Due to evolving macroeconomic conditions in the economy as well as changes to underlying assumptions feeding into the projections, it can be expected that some variations will exist between different EEFM releases. This is the case for employment growth forecasts for Stevenage, North Hertfordshire and Central Bedfordshire when 2012 EEFM data is compared with the 2013 EEFM release and the most recent 2014 EEFM release, with significant disparities evident across a number of B class sectors.

5.12 There are a range of factors that play a part in influencing economic forecasts for an economy across the EEFM releases, although the key drivers behind the forecast variations are likely to include the following:

1. **Changes to Historical Data:** historical data underpinning the forecasts will be different, reflecting both the release of new historical data and revisions to existing historical data sets. The changes to historical data will impact both the starting point for the forecast and the structural composition of the economy upon which the forecast is based;

[5] The EEFM uses official projections of natural growth and Oxford Economics' projected rates of net migration.

2 **Changes to the Economic Outlook:** economic forecasts are predicated on assumptions around the scale and composition of future growth. These assumptions encompass a range of factors, including international and domestic growth factors, as well as local demand and supply conditions. For example, growth in the national economy over the past twelve months has exceeded expectations. This has resulted in an upward revision in the short term forecasts for the UK, which affect long term growth rates; and

3 **Changes to SIC Codes:** the 2012 EEFM data was based upon 2003 SIC sectors; whereas the 2013 and 2014 EEFM releases used the latest 2007 SIC sector codes.

Economic Growth Forecasts

5.13 The following section summarises the growth forecasts and employment land requirements for each authority forming the principal study area, as set out in their respective economic and employment land studies. This review provides a platform from which to consider the growth potential of the area as a whole. The more up-to-date growth projections for the three authorities based on the 2013 and 2014 EEFM data releases are also considered.

Stevenage

Stevenage Employment & Economy Baseline Study (2013)

5.14 The Stevenage Employment & Economy Baseline Study prepared by NLP and The Mackinnon Partnership considered the future B class employment space requirements for Stevenage over the plan period to 2031, including a scenario based upon employment growth projections from the 2012 EEFM. The findings of this baseline 'labour demand' scenario are briefly set out below.

5.15 The overall employment change in Stevenage based on the 2012 EEFM data is shown in Table 5.1, including the expected job growth in office and industrial based sectors.

Table 5.1 Forecast Employment Change in Stevenage, 2011 - 2031

Use	Number of Jobs		Absolute Change	% Change
	2011	2031		
Offices	12,670	15,610	2,940	+ 23.2%
Industrial	9,280	7,300	- 1,980	- 21.3%
B Class Jobs	**21,950**	**22,910**	**960**	**+ 4.4%**
Total Jobs in All Sectors	**48,380**	**51,820**	**3,430**	**+ 7.1%**

Source: Stevenage Employment & Economy Baseline Study, 2013

5.16 These employment forecasts were then converted into net employment space requirements by assuming normal ratios of jobs to floorspace for the different B class uses. A 10% allowance was added to the space requirements to reflect a typical level of market vacancy in employment space. The net requirements for employment floorspace within Stevenage were then translated into gross requirements by applying an allowance that takes into account factors such as delays to development and replacement of ongoing employment space losses (Table 5.2).

Table 5.2 Employment Floorspace and Land Requirements in Stevenage, 2011 - 2031

Use	Net Floorspace (sq.m)	Gross Floorspace (sq.m)	Gross Land (ha)
Offices	33,900	81,780	17.2
Industrial	- 34,940	25,380	6.3
Total B Class Space	**- 1,040**	**107,160**	**23.5**

Source: Stevenage Employment & Economic Baseline Study, 2013

Stevenage Employment Position Paper (2014)

5.17 The Stevenage Employment Position Paper produced by Stevenage Borough Council provides a comparison of how the employment land requirements for the local economy has changed between the job growth forecasts for the 2012 EEFM and 2013 EEFM releases. This analysis applied the same assumptions and ratios used in the Stevenage Employment & Economy Baseline Study to the 2013 EEFM data to determine an updated position for the Borough.

5.18 The findings of the employment land position paper are summarised in Table 5.3, including the differences in B class job growth forecasts and employment land requirements for Stevenage between the 2012 EEFM and 2013 EEFM.

Table 5.3 Economic Growth Forecasts for Stevenage based on the 2013 EEFM, 2011 - 2031

	Use	2013 EEFM	2012 EEFM	Difference to 2012 EEFM
Employment Growth	B Class	4,500	960	+ 3,540
	Total	5,000	3,430	+ 1,570
Employment Land Requirement (ha)	Offices	21.0	17.2	+ 3.8
	Industrial	15.0	6.3	+ 8.7
	Total	36.0	23.5	+ 12.5

Source: Stevenage Employment Position Paper Rev.1, 2014 (Stevenage Borough Council)

5.19 It is clear from this comparison that a significant disparity exists between the job growth forecasts for Stevenage from the 2012 EEFM and 2013 EEFM, with the 2013 EEFM based assessment indicating an additional 3,540 B class jobs (369%) will be generated in Stevenage over and above that forecast by the 2012 EEFM. This difference in growth projections for Stevenage has significant implications for the amount of employment floorspace and land that should be planned for in the Borough, with the 2013 EEFM suggesting a further 12.5ha (53%) of land will be needed to support the higher levels of employment growth to 2031, over and above that estimated using the 2012 EEFM projections.

5.20 As noted above, a range of macroeconomic factors and changes to underlying model assumptions can result in significant variances in EEFM projections for some local authority areas. It is clear that the EEFM projections for Stevenage between the 2012 and 2013 releases show significant volatility, which means pragmatic interpretations of the future growth requirements identified from these modelled forecasts should be adopted. In this context, Stevenage Borough Council considers a land requirement of at least 30ha over the period to 2031 as a more suitable growth figure than those identified individually from the 2012 and 2013 EEFM projections; this is because it assesses requirements across several runs of the EEFM model. In light of the significant disparities, this would appear a reasonable basis on which to plan for economic growth.

2014 EEFM Projections

5.21 The 2014 EEFM data set indicates that total job growth over the period 2011 to 2031 will be 27.4% higher than under the 2012 EEFM, which is equivalent to 940 additional jobs during this period. The most significant changes to sector growth levels between the 2014 EEFM and 2012 EEFM includes a much lower level of growth in professional services (-1,370 jobs) and wholesale & transport (-490 jobs), and much higher levels in manufacturing (+1,260 jobs), computing & IT (+1,110 jobs), and construction (+510 jobs) (Table 5.4).

Table 5.4 Differences in Job Growth Forecasts across EEFM Releases for Stevenage

Sectors	Job Growth (2011 - 2031)			Difference between 2012 and 2014 EEFM
	2012 EEFM	2013 EEFM	2014 EEFM	
Professional Services	+ 2,680	+ 3,980	+ 1,310	- 1,370
Construction	+ 430	+ 480	+ 940	+ 510
Computing & IT	- 240	+ 490	+ 870	+ 1,110
Hospitality & Leisure	+ 270	+ 300	+ 670	+ 400
Media & Arts	+ 410	+ 290	+ 660	+ 250
Employment Activities	+ 330	+ 400	+ 590	+ 260
Health	+ 750	- 100	+ 560	- 190
Retail	+ 560	-10	+ 330	- 230
Utilities & Services	- 60	- 80	+ 40	+ 100
Agriculture & Mining	- 30	- 30	- 30	0
Public Administration	- 190	- 320	- 80	+ 110
Manufacturing	- 1,350	- 220	- 90	+ 1,260
Finance & Real Estate	+ 190	+ 210	- 100	- 290
Other Services	+ 170	- 100	- 230	- 400
Education	- 140	- 620	- 240	- 100
Wholesale & Transport	- 350	+ 330	- 840	- 490
Total Jobs	**+ 3,430**	**+ 5,000**	**+ 4,370**	**+ 940**

Source: EEFM / NLP analysis

5.22 Based on this sector analysis, it is estimated the higher projected job growth in Stevenage will also correspond with higher B class job growth and employment land requirements over the period to 2031. This broad assessment indicates that the level of office job growth within the Borough is slightly lower under the 2014 EEFM, while the decline in industrial jobs is less than that under the 2012 EEFM (i.e. driven by much lower job growth within manufacturing sectors). On balance this results in an additional 660 B class jobs within Stevenage over the period to 2031 compared to the 2012 EEFM (Table 5.5).

Table 5.5 Differences in B Class Job Forecasts in the 2012 and 2014 EEFM for Stevenage

Use	Job Growth (2011 - 2031)		Difference between 2012 and 2014 EEFM
	2012 EEFM	2014 EEFM	
Offices	+ 2,940	+ 2,660	- 280
Industrial	- 1,980	- 1,040	+ 940
B Class	**+ 960**	**+ 1,620**	**+ 660**

Source: EEFM / NLP analysis

North Hertfordshire

North Hertfordshire Employment Land Review (2013)

5.23 The North Hertfordshire Employment Land Review was prepared by Regeneris Consulting, in part, to assess the potential future employment trajectories for the District to 2031 and the associated implications for their employment space and land requirements. One approach used was to estimate the employment land needs for North Hertfordshire under a 'labour demand' approach based on 2012 EEFM data, the findings of which are summarised below.

5.24 In contrast to the employment studies for Stevenage and Central Bedfordshire, the raw data from the 2012 EEFM was adjusted by the study to reflect full-time equivalent (FTE) employment, rather than total workforce jobs, which makes comparisons with the other two local authority studies more difficult. However it is possible to use publicly available 2012 EEFM data to identify the equivalent job forecasts for the District in terms of workforce jobs (Table 5.6), enabling a more effective comparison with Stevenage and Central Bedfordshire.

Table 5.6 Forecast Employment Change in North Hertfordshire, 2011 - 2031

	2011	2031	Absolute Change	% Change
FTE Jobs	37,100	40,700	3,600	+ 9.7%
Total Workforce Jobs	52,960	58,400	5,440	+ 10.3%

Source: North Hertfordshire Employment Land Review & 2012 EEFM

5.25 These FTE employment forecasts were converted into floorspace requirements using an 'employment floorspace model' developed by Regeneris Consulting, and by applying standard employment density ratios. These gross floorspace requirements were then translated into gross land requirements using standard plot ratios, while also making a provision for flexibility and losses (Table 5.7).

Table 5.7 Employment Floorspace and Land Requirements in North Hertfordshire, 2011 - 2031

Use	Change in FTE Jobs	Gross Floorspace (ha)	Gross Land (ha)
Offices	2,600	44,900	3.7
Industrial	- 1,300	- 36,400	5.6
Total B Class Jobs/Space	**1,300**	**8,600**	**9.3**

Source: Stevenage Employment & Economy Baseline Study, 2013

North Hertfordshire Employment Position Statement (2014)

5.28 The North Hertfordshire Employment Position Statement prepared by North Hertfordshire District Council considers the potential employment targets and land demand figures for the local economy up to 2031 as set out in the 2013 North Hertfordshire Employment Land Review, while also investigating how the employment position for the District has changed between the release of the 2012 EEFM and 2013 EEFM datasets.

5.29 This technical analysis applies assumptions from the Stevenage Employment & Economy Baseline Study to estimate the number of B class jobs in North Hertfordshire (i.e. by using sector breakdown assumptions from the study), while also applying the employment density and plot ratio assumptions used in the North Hertfordshire Employment Land Review to estimate gross employment land requirements. These assumptions were applied to the 2013 EEFM data. The findings of the technical assessment are presented in Table 5.8, including the differences in B class job growth forecasts and employment land needs for North Hertfordshire between the 2012 EEFM and 2013 EEFM.

Table 5.8 Economic Growth Forecasts for North Hertfordshire based on the 2013 EEFM, 2011 - 2031

	Use	2013 EEFM	2012 EEFM	Difference to 2012 EEFM
B Class Jobs	B Class	1,820	1,300	+ 520
	Total	4,330	5,440	- 1,110
Gross Land Requirement (ha)	Office	4.3	3.7	+ 0.6
	Industrial	5.7	5.6	+ 0.1
	Total	9.9	9.3	+ 0.6

Source: North Hertfordshire Employment Position Statement, 2014

5.30 The disparities between 2012 and 2013 based EEFM employment forecasts and associated land requirements for North Hertfordshire are smaller than for Stevenage. The 2013 EEFM indicates lower job growth in the District to 2031 than the 2012 EEFM by 1,110 jobs, while the number of B class jobs assumed to be created in the local economy by 2031 is around 520 higher. It is likely that this inconsistency reflects the different assumptions used to estimate B class jobs from the 2012 EEFM and the 2013 EEFM datasets. The higher B class job growth also corresponds with a small rise in the employment land requirement for North Hertfordshire over that estimated based upon the 2012 EEFM.

2014 EEFM Projections

5.31 The level of employment growth in North Hertfordshire over the period to 2031 is forecast to be approximately 28.4% higher under the 2014 EEFM than under the 2012 EEFM, which is equivalent to a further 1,570 jobs. Between these two EEFM releases, the most significant changes to sector growth levels includes higher levels in computing & IT (+1,160 jobs), professional services (+820 jobs) and hospitality & leisure (+620), and much lower growth levels in retail (-880 jobs) and healthcare (-550) (Table 5.9).

Table 5.9 Differences in Job Growth Forecasts across EEFM Releases for North Hertfordshire

Sectors	Job Growth (2011 - 2031)			Difference between 2012 and 2014 EEFM
	2012 EEFM	2013 EEFM	2014 EEFM	
Professional Services	+ 2,620	+ 2,200	+ 3,440	+ 820
Hospitality & Leisure	+ 570	+ 810	+ 1,190	+ 620
Construction	+ 1,110	+ 490	+ 1,160	+ 50
Finance & Real Estate	+ 660	+ 540	+ 1,000	+ 340
Computing & IT	- 350	+ 10	+ 810	+ 1,160
Wholesale & Transport	+ 410	+ 130	+ 760	+ 350
Media & Arts	+ 540	+ 430	+ 420	- 120
Health	+ 750	+ 460	+ 200	- 550
Employment Activities	+ 200	+ 110	+ 180	- 20
Retail	+ 970	+ 550	+ 90	- 880
Public Administration	- 70	- 50	- 20	+ 50
Utilities & Services	- 110	-120	- 60	+ 50
Agriculture & Mining	- 110	- 90	- 80	+ 30
Other Services	+ 210	+ 290	- 200	- 410
Education	- 10	- 290	- 360	- 350
Manufacturing	- 1,950	- 1,140	- 1,530	+ 420
Total Jobs	**+ 5,440**	**+ 4,330**	**+ 7,010**	**+ 1,570**

Source: EEFM / NLP analysis

5.32 Taking account the higher forecast employment growth in North Hertfordshire under the 2014 EEFM, it is estimated that the District will also record higher B class job growth and employment land requirements over the period to 2031. A broad assessment of the employment implications between the 2014 and 2012 EEFM indicates significantly higher office job growth in North Hertfordshire under the 2014 EEFM data set (i.e. driven by stronger growth in computing &

IT, and professional services), whilst the decline in industrial-based jobs is also lower compared with the 2012 EEFM. Overall, B class jobs are projected to grow by an additional 3,800 jobs under the 2014 EEFM (Table 5.10).

Table 5.10 Differences in B Class Job Forecasts in the 2012 and 2014 EEFM for North Hertfordshire

Use	Job Growth (2011 - 2031)		Difference between 2012 and 2014 EEFM
	2012 EEFM	2014 EEFM	
Offices	+ 2,600	+ 5,750	+ 3,150
Industrial	- 1,300	- 650	+ 650
B Class	**+ 1,300**	**+ 5,100**	**+ 3,800**

Source: EEFM / NLP analysis

Central Bedfordshire

Central Bedfordshire Employment & Economic Study (2012)

5.33 The Central Bedfordshire Employment & Economic Study undertaken by GVA estimated the additional employment land and premises requirement in Central Bedfordshire to 2031, including a 'labour demand' scenario based on the 2012 EEFM. The findings of this employment scenario is briefly summarised below.

5.34 The forecast employment change in Central Bedfordshire to 2031 based upon the 2012 EEFM is shown in Table 5.11, including the expected growth in office, warehouse and other business space (which includes B1b, B1c and B2 uses) based sectors. It should be noted that B1b uses are combined with light and general industrial uses within this study, but are usually categorised as office sectors, an approach adopted by Stevenage and North Hertfordshire.

Table 5.11 Forecast Employment Change in Central Bedfordshire, 2011 - 2031

Use	Absolute Change
Offices	7,560
Other Business Space	- 800
Warehouses	950
B Class Jobs	**7,720**
Total Jobs in All Sectors[1]	**18,010 (+ 16.2%)**

Source: Central Bedfordshire Employment & Economic Study, 2012
Note: [1] Total workforce jobs equated to 111,320 in 2011and 129,330 in 2031

5.35 These employment forecasts were then translated into net employment space requirements by taking account of typical density ratios and gross employment space requirements by applying an allowance for contingency (to reflect a share of employment land will not be entirely used by B class uses) and churn (to reflects a certain level of market vacancy) (Table 5.12).

Table 5.12 Employment Floorspace and Land Requirements in Central Bedfordshire, 2011 - 2031

Use	Net Floorspace (sq.m)	Gross Floorspace (sq.m)	Gross Land (ha)
Offices	90,760	123,250	15.0
Other Business Space	- 28,750	21,380	5.0
Warehouses	66,610	83,760	21.0
Total B Class Space	**128,620**	**228,390**	**42.0**

Source: Central Bedfordshire Employment & Economic Study, 2012

5.36 Using the latest (2013) BRES data on employment by MSOA, it is possible to estimate the proportion of this job growth and associated employment land requirements that relate to the eastern portion of Central Bedfordshire that falls within the principal study area.

5.37 This indicates that approximately 28% of all workplace jobs within Central Bedfordshire are located within Eastern CB. Applying this high level proxy to the Central Bedfordshire authority totals noted above suggests that just over 5,040 jobs would be accommodated within Eastern CB, equivalent to a gross land requirement of 11.8ha. This calculation assumes that existing employment patterns and spatial distribution remains unchanged over the plan period to 2031.

Central Bedfordshire Employment Technical Paper (2014)

5.38 The Central Bedfordshire Employment Technical Paper prepared by Central Bedfordshire Council considers a number of employment growth scenarios and targets for the authority area up to 2031, including economic modelling based on the latest 2013 EEFM. The level of job growth in Central Bedfordshire as implied by the 2013 EEFM data is shown in Table 5.13, although it should be noted that B class jobs and land requirements have not been estimated in this particular analysis.

Table 5.13 Economic Growth Forecasts for Central Bedfordshire based on the 2013 EEFM, 2011 - 2031

	Use	2013 EEFM	2012 EEFM	Difference to 2012 EEFM
Employment	Total	15,040	18,010	- 2,970

Source: Central Bedfordshire Employment Technical Paper, 2014

5.43 The employment growth forecasts for Central Bedfordshire based on the 2012 EEFM and 2013 EEFM offer differing growth estimates for the local economy to 2031, with the 2013 EEFM indicating a lower total workforce jobs growth of around 2,970 jobs. While the quantum of B class jobs and employment land requirements for Central Bedfordshire based on the 2013 EEFM forecasts are not estimated in this particular technical paper, it can be assumed that a lower total job growth will align with a lower level of B class job growth and land requirement in Central Bedfordshire to 2031. However as evidenced in the assessment of North Hertfordshire (see above), this is not always the case.

5.44 Using the BRES proxy of Eastern CB's existing share of total local authority employment, it is possible to estimate that 28% of the job growth implied by 2013 EEFM data is expected to be generated within Eastern CB (i.e. the area of Central Bedfordshire that falls within the principal study area), equivalent to 4,210 workforce jobs over the period 2011 to 2031.

2014 EEFM Projections

5.45 The 2014 EEFM also indicates total job growth over the period to 2031 will be significantly higher in Central Bedfordshire compared to that projected by the 2012 EEFM, with the higher growth levels equivalent to 8,700 additional jobs, or 48.2% higher. The most significant changes to sector growth levels includes a higher level of growth in professional services (+3,520 jobs), manufacturing (+2,210 jobs), hospitality & leisure (+1,100 jobs), and computing & IT (+1,090 jobs), and lower growth levels in education (-1,130 jobs), other private services (-970 jobs), and retail (-900 jobs) (Table 5.14).

Table 5.14 Differences in Job Growth Forecasts across EEFM Releases for Central Bedfordshire

Sectors	Job Growth (2011 - 2031)			Difference between 2012 and 2014 EEFM
	2012 EEFM	2013 EEFM	2014 EEFM	
Professional Services	+ 7,330	+ 6,380	+ 10,850	+ 3,520
Construction	+ 3,390	+ 2,060	+ 3,760	+ 370
Hospitality & Leisure	+ 1,220	+ 1,300	+ 2,320	+ 1,100
Health	+ 1,520	+ 730	+ 2,290	+ 770
Finance & Real Estate	+ 1,180	+ 1,050	+ 2,000	+ 820
Media & Arts	+ 1,920	+ 1,520	+ 1,910	- 10
Wholesale & Transport	+ 1,250	+ 1,430	+ 1,700	+ 450
Employment Activities	+ 560	+ 800	+ 1,310	+ 750
Retail	+ 1,940	+ 1,650	+ 1,040	- 900
Computing & IT	- 260	+ 310	+ 830	+ 1,090
Utilities & Services	- 90	- 80	+ 210	+ 300
Public Administration	- 160	- 300	+ 30	+ 190
Manufacturing	- 2,410	- 1,340	- 200	+ 2,210
Agriculture & Mining	- 410	- 310	- 260	+ 150
Other Services	+ 500	+ 770	- 470	- 970
Education	+ 560	- 940	- 570	- 1,130
Total Jobs	**+ 18,040**	**+ 15,040**	**+ 26,740**	**+ 8,700**

Source: EEFM / NLP analysis

5.46 Based on this sector assessment, it is estimated that the significantly higher forecast growth levels within Central Bedfordshire will be associated with much higher B class job growth and employment land requirements over the period

2011 to 2031. This broad assessment indicates the level of office and industrial job growth within Central Bedfordshire is much higher under the 2014 EEFM, driven by good growth in professional services, manufacturing, and computing & IT. On balance, these projections result in an additional 8,690 B class jobs in Central Bedfordshire over the period to 2031 (Table 5.15).

Table 5.15 Differences in B Class Job Forecasts in the 2012 and 2014 EEFM for Central Bedfordshire

Use	Job Growth (2011 - 2031)		Difference between 2012 and 2014 EEFM
	2012 EEFM	2014 EEFM	
Offices	+ 7,560	+ 14,410	+ 6,850
Industrial	+ 150	+ 2,000	+ 1,850
B Class	**+ 7,720**	**+ 16,410**	**+ 8,690**

Source: EEFM / NLP analysis

5.47 If it is assumed that the existing employment patterns and spatial distribution in Central Bedfordshire remains unchanged during the plan period to 2031, it can also be estimated that around 4,590 additional B class jobs will be supported in Eastern CB, or 28% of B class job growth within the authority. This assumption is based upon latest BRES data that indicates approximately 28% of office and industrial jobs within Central Bedfordshire are located in Eastern CB. Under the 2014 EEFM, the projected B class job growth in Eastern CB is estimated at around 2,430 jobs over and above that estimated under the 2012 EEFM.

Demand/Supply Balance

5.48 In order to provide sufficiently robust aggregate economic forecasts of growth potential across the study area, it is considered most appropriate to use job growth and employment land requirements associated with the 2012 EEFM data release, as developed by independent consultants on behalf of each local authority. This provides the most consistent and robust estimate of the area's growth potential, particularly in light of potential discrepancies associated with the methodologies and assumptions adopted by the updated assessments which draw upon 2013 EEFM data. Across the three authorities (including Central Bedfordshire as a whole), the 2013 EEFM data implies a scale of employment growth over the 20 year period that is 2,510 workforce jobs lower than 2012 EEFM based data.

5.49 A summary of the forecasts is presented in Table 5.16, indicating a potential increase of 13,910 workforce jobs across the principal study area between 2011 and 2031 and an associated requirement for 44.6ha of employment land.

Table 5.16 Summary Employment Growth and Land Requirements, Based on EEFM 2012 (2011 - 2031)

	Total Workforce Jobs		Gross Employment Land Requirement (ha)	
	No	%	No	%
Stevenage	3,430	24.7	23.5	52.7
North Hertfordshire	5,440	39.1	9.3	20.9
Eastern CB	5,040	36.2	11.8	26.4
Study Area	**13,910**	**100%**	**44.6**	**100%**

Source: Stevenage Employment & Economy Baseline Study (2013)
North Hertfordshire Employment Land Review (2013)
Central Bedfordshire Employment and Economic Study – Stage 1 (2012)

5.50 North Hertfordshire and Eastern CB are expected to drive the majority of growth across the study area to 2031 in employment terms, equivalent to 39.1% (5,440 jobs) and 36.2% (5,040 jobs) of the total respectively.

5.51 Stevenage is expected to generate just under a quarter (24.7%) of all employment growth between 2011 and 2031 but conversely generate the highest land requirement of 23.5ha to accommodate these jobs. This is equivalent to just over half of the total land requirement across the principal study area, with the remaining balance split relatively evenly between Eastern CB and North Hertfordshire.

5.52 These requirements can be compared with the latest employment land supply positions as identified by each individual authority within their respective technical papers and position statements, to identify the overall demand/supply balance of employment space across the study area. This comparison is summarised in Table 5.17 below, indicating a shortfall of approximately 14ha of employment land in Stevenage over the 20 year period to 2031, and an overall surplus of land in North Hertfordshire and Central Bedfordshire, equivalent to 20.7ha and 49.5ha respectively.

Table 5.17 Demand/Supply balance of Employment Land across the Study Area (2011 – 2031)

	Gross Employment Land Requirement (ha)	Employment Land Supply (ha)	Demand/Supply Balance (ha)
Stevenage	23.5	9.5	**- 14.0**
North Hertfordshire	9.3	30.0 [1]	**+ 20.7**
Eastern CB	11.8	61.3 [2]	**+ 49.5**
Study Area	**44.6**	**100.8**	**+ 56.2**

Source: Stevenage Employment Position Paper (2014)
North Hertfordshire Employment Position Statement (2014)
Central Bedfordshire Employment Technical Paper (2014)

Note: [1] Additional employment land is safeguarded in Baldock (12ha) to help accommodate unmet growth requirements from Stevenage over the plan period.
[2] Identified from Table 35 'Available Supply Apportioned to Use Class in Central Bedfordshire' in Central Bedfordshire's Employment & Economic Study Stage 1 Report (2012). This supply figure includes 22ha of strategic employment land allocated in Biggleswade within Eastern CB.

5.53 Therefore in overall terms, there would appear to be sufficient employment land in the pipeline to accommodate employment growth implied by the 2012 EEFM data across the three authority areas. This surplus amounts to around 56.2ha in total, although as Table 5.11 shows, the demand/supply balance varies significantly by authority.

5.54 However based on the latest 2014 EEFM data set release, it can be assumed that the levels of employment growth across the study area will be higher over the plan period than under the 2012 EEFM forecasts. For this reason, it can be anticipated that more significant indigenous demand for employment land will characterise each of the commissioning authorities during the plan period, which will lower the surplus levels in North Hertfordshire and Eastern CB, and enlarge the shortage evident within Stevenage.

Synthesis

5.55 Economic projections inevitably vary between the different data releases, and the above analysis summarises the growth trajectories for Stevenage, North Hertfordshire and Central Bedfordshire as implied by the 2012, 2013 and 2014 EEFM releases. For the purposes of establishing robust aggregate economic forecasts of growth potential across the study area, it is considered most appropriate to adopt job growth and employment land requirements associated with the 2012 EEFM data release, which currently provides the most consistent and robust estimate.

5.56 Recently commissioned employment land or equivalent economic studies (using 2012 based EEFM data) shows that significant growth potential exists across the principal study area, equivalent to an increase of around 13,910 workforce jobs between 2011 and 2031. North Hertfordshire and Eastern CB are expected to drive the majority of this growth, with Stevenage generating just under a quarter (24.7%) of all employment growth over this period.

5.57 The employment land requirement that has been identified by these recent studies amounts to just under 45ha across the principal study area (between 2011 and 2031), with Stevenage generating just over half of the total. When compared with the latest estimates of employment land supply, there would appear to be sufficient land to accommodate employment growth implied by the 2012 EEFM data across the study area, with a surplus amounting to around 56.2ha. However, the demand/supply balance varies significantly by authority, with the analysis suggesting that Stevenage would be unable to accommodate its growth potential while both North Hertfordshire and Eastern CB would have more than enough land supply (in quantitative terms) to accommodate 2012 EEFM based employment growth.

5.58 Given the higher employment growth projections indicated across the three commissioning authorities from the 2014 EEFM projections, it can be expected that the key growth issues identified within the principal study area, principally relating to the inability of Stevenage to accommodate its own growth needs up to 2031, would become enlarged under this framework. The consequence of higher job growth within each of the authorities would be to increase the levels of indigenous demand for employment space, which would reduce the capacity of North Hertfordshire and Eastern CB to support the unmet needs from Stevenage, without releasing further land.

5.59 EEFM forecasts are based upon commuting data taken from the 2001 Census (2012 and 2013 releases) and 2011 Census (2014 release), and assume these commuting patterns do not change over the course of the projections. The inclusion of the latest 2011 Census travel to work data in the 2014 EEFM model is likely to partly account for the differences in job growth implied by its forecasting outputs and any future changes to commuting patterns will also have an impact on growth projections for the three authorities. For these reasons, the following section considers the impact on growth requirements across the principal study area from a range of future commuting scenarios for the three commissioning authorities.

6.0 Meeting Growth Needs

6.1 This section reconciles the employment growth requirements identified in Section 5.0 with the emerging development strategies for the three authorities to identify any potential issues or mismatches that may exist while also considering a range of policy scenarios that may impact on commuting patterns within the study area and the overall economic balance across the three authorities. Firstly, a summary is provided of the assessments undertaken in the earlier part of the study.

Economic Characteristics and Trends

6.2 The three commissioning authorities have their own distinct economic features and have recorded varying growth trajectories in recent years. Nevertheless, individual sector specialisms are relatively complementary; reinforcing that the principal study area represents a relevant functional economic market area in sector and employment terms.

6.3 Stevenage represents a dominant local economy in the area, supporting a significant proportion of employment and generating the highest levels of employment growth in the past. Job growth has largely been driven by key growth sectors including healthcare, professional services, computing and IT. However this strong employment growth has not been matched by growth in the local working-age population, suggesting a growing proportion of workers in Stevenage commute in from surrounding areas. This to a large extent reflects the administrative boundary which is drawn tightly around Stevenage.

6.4 In contrast North Hertfordshire has experienced significant employment losses over this period, but still represents the largest local economy (by number of jobs) in the principal study area. The employment base supports a greater share of lower skilled and lower growth industries compared with Stevenage, with a strong employment presence in sectors such as wholesale & transport, retail and manufacturing. Many of North Hertfordshire’s recent job losses related to higher value occupations. The District’s working-age population has grown significantly, suggesting that the role of North Hertfordshire within the principal study area has increasingly been to export labour to higher growth areas like Stevenage.

6.5 Eastern CB represents the smallest economy in the study area and is characterised by a mixed employment base. It experienced higher growth in its local working-age population between 1997 and 2014 compared with the number of new workforce jobs, meaning this part of Central Bedfordshire is likely to have increasingly exported labour to adjoining districts. A proportion of these workers travel to work within the study area, augmenting the economic connections and interactions between the three commissioning authorities.

Commercial Property Market

6.6 From a commercial property market perspective, the A1(M) corridor represents the most significant functional market area within the study area, and it is possible to identify a number of sub-market areas that benefit from proximity to this corridor. This includes a sub-area focused around the centres of Stevenage and Letchworth which together accommodate some of the most significant employment areas and sites in the study area such as Gunnels Wood and the Works Road Employment Area.

6.7 The smaller settlements of Sandy and Biggleswade within Central Beds collectively tend to function as a market sub-area that is generally industrial in nature and characterised by localised demand. Meanwhile, the analysis also points to a functional property market area surrounding the settlements of Shefford, Stotfold and Arlesey in eastern Central Beds primarily servicing local demand and connected via a series of local road networks and routes such as the A507.

6.8 Evidence does not point to any other clearly defined commercial property market areas operating within or across the study area. There is also little evidence to suggest that nearby commercial centres and property market areas such as Luton, Bedford and Watford extend as far as the principal study area, although it is possible to identify an element of property market overlap between Welwyn Hatfield and the southern part of the principal study area, which tends to fall within a relatively large Hertfordshire occupier area of search extending along the A1(M) corridor from as far south as London.

Labour Market

6.9 Census commuting data indicates the presence of a complex set of travel to work flows operating within and out of the principal study area, although the majority of labour flows are retained within the study area boundary. Travel to Work Areas have been analysed for individual local authority components within the study area and show that the defined principal study area boundary represents a clearly defined FEMA, with around 70% of workers choosing to reside within the principal study area.

6.10 There are distinctive flows of labour within the principal study area and these vary significantly with the strongest concentrations of commuters travelling between the authorities of Stevenage and North Hertfordshire. The outflow of Eastern CB residents to North Hertfordshire is also relatively significant. By comparison, relatively few commuters travel into Eastern CB for work from the other two authority areas.

Future Employment Growth

6.11 Recently commissioned employment land or equivalent economic studies for the local authorities have used 2012 EEFM data (the most recent at the time) to show that significant growth potential exists across the principal study area, equivalent to a growth of around 13,910 jobs between 2011 and 2031. North

Hertfordshire and Eastern CB are expected to drive the majority of this growth, with Stevenage generating just under a quarter (24.7%) of all job growth during this period. The employment land requirement identified by these recent studies amounts to just under 45ha across the study area over the period 2011 to 2031, with Stevenage generating just over half of all space requirements.

6.12 When compared with the latest estimates of employment land supply, there would appear to be sufficient land to accommodate employment growth implied by the 2012 EEFM data across the study area, with a surplus amounting to around 56.2ha in overall terms. However, the demand/supply balance varies significantly by authority; the analysis suggests that Stevenage would be unable to accommodate its growth potential while both North Hertfordshire and Eastern CB would have more than enough land supply (in quantitative terms) to accommodate 2012 EEFM based employment growth.

Apportioning Employment Growth and Land Requirements

6.13 Within the context of the relevant FEMAs operating across the principal study area, it is possible to consider how unmet growth requirements associated with the Borough of Stevenage could be apportioned to and potentially met within surrounding economic areas, drawing on the analysis undertaken as part of this study. This involves identifying those employment areas within North Hertfordshire and Eastern CB that are most suitably placed to accommodate unmet growth needs arising from Stevenage, and are functioning within relevant market areas connected to the urban authority.

6.14 As identified in Section 3.0, the commercial property market within which Stevenage operates extends from the southern parts of the principal study area to the northern parts of North Hertfordshire, and effectively represents a strategic corridor that stretches along the A1(M). This wider property market area is assessed to be well suited to accommodate unmet needs for industrial and office space from Stevenage over the period to 2031, with the market corridor characterised as supporting a number of main employment sites and benefitting from excellent strategic access to the A1(M).

6.15 This strategic employment market area is expected to be particularly well suited to accommodate unmet demand for industrial space within the study area arising from Stevenage, with market intelligence showing that industrial occupiers are more likely to relocate from Stevenage to sites within this area than office occupiers. This is largely due to industrial occupiers being more concerned with proximity to the A1(M) strategic route, which characterises the entirety of this property market corridor. As shown from VOA and IDBR data, the most significant focus for businesses and employment activity outside Stevenage in this sub-area is Letchworth Garden City.

6.16 While it can be assumed that some of the unmet demand for office space from Stevenage could be accommodated within this strategic property market area, it is anticipated that demand for office space will remain predominately centred around the Stevenage urban area. This in part reflects the prominence of the town's office market and higher value office occupiers within the principal study area and the wider sub-regional economy, as well as the minimal provision of high-quality office space in the remainder of the commercial property market area. The fact that the office market in Stevenage is also relatively localised, with enquiries generally received from businesses already based in the town, means it is less likely that these businesses would relocate to other office markets outside the authority area.

6.17 Some of the unmet demand for employment space from Stevenage could also be supported in the smaller market areas in Eastern CB, particularly in terms of industrial requirements. These sub-market areas are generally industrial in nature and provide strong strategic access to the A1(M) corridor. It is also likely that some demand for office space arising from Stevenage could be supported within Welwyn Hatfield, which is identified as being located in a property market area that overlaps the southern parts of the study area, particularly in terms of office uses and sectors.

6.18 From a labour market and travel to work perspective, the defined principal study area represents a clearly defined FEMA, with around 70% of all workers also choosing to reside in the study area. There are strong labour flows between all three authorities although the strongest flows exist between North Hertfordshire and both Stevenage and Eastern CB. Labour self-containment within the principal study area is also relatively high. This suggests that a scenario whereby unmet business needs from Stevenage are accommodated elsewhere within the study area would not have a significant impact on labour market dynamics within the principal study area, and indeed would help to retain labour within the existing travel to work area.

Emerging Development Strategies

6.19 Given that all three commissioning authorities are in the process of producing new Local Plans to cover the period to 2031, it is important to review the key economic and employment development strategies emerging in these plans to identify any significant issues or variances that exist with the baseline growth requirements considered in Section 5.0.

Stevenage Borough Local Plan: First Consultation (2013)

6.20 The Stevenage Borough Local Plan: First Consultation identifies a number of potential strategic policies for developing a competitive economy in Stevenage. These strategic policy options look at a range of B class job targets that could be set for the Borough over the period to 2031, as well as the related quantum of land that will be required to support this growth (Table 6.1).

Table 6.1 Potential Strategic Employment Growth Targets for Stevenage over the Plan Period to 2031

Policy Option	Scenario	B Class Jobs (2011 to 2031)	Net Land Requirement
A	Past Take-Up (High)	6,300	47ha
B	Higher Enterprise	1,620	22ha
	Labour Supply	1,280	30ha
	Baseline	960	21ha
C	Past Take-Up (Low)	- 2,500	- 6ha

Source: Stevenage Borough Local Plan: First Consultation, 2013

6.21 The range of strategic employment growth strategies for Stevenage includes two policy options that set a growth target at least as high as the B class job growth estimated from the baseline projections from the 2014 EEFM, which equated to about 1,620 additional B class jobs over the plan period. The Council indicates that its preferred approach would be the scenario under Option B that would plan for at least 1,600 new B class jobs within the Borough over the duration of the plan period. The Council's evidence shows that a B class job target in this range would represent a balance between new homes and new jobs to be developed within the local authority.

6.22 The emerging Local Plan for Stevenage also identifies Gunnels Wood and Pin Green as important employment areas that will continue to help accommodate large portions of the growth requirements for the local economy. In addition, the plan considers a range of new employment land allocations that could help support growth requirements in Stevenage, with the six potential sites ranging in size from 6ha of land to the west of North Road to 30ha of land at Junction 7 of the A1(M) that would be delivered with North Hertfordshire District Council. However, following a consultation process in 2013, a number of these sites have been confirmed as unavailable to help meet future employment needs.

North Hertfordshire Local Plan: Preferred Options (2014)

6.23 The North Hertfordshire Local Plan: Preferred Options sets out an economic development strategy for the local economy that aims to proactively encourage sustainable growth within the District by ensuring there is enough well located employment land to support existing and future businesses and jobs. This strategy proposes to support the level of employment growth projected for the District as set out in the North Hertfordshire Employment Land Review (2013), which provides a B class job figure of 3,600 jobs over the duration of the plan period to 2031.

6.24 The Council proposes to locate employment development within the District in combination with housing development to promote sustainable growth patterns across North Hertfordshire. For this reason, the four main settlements of Hitchin, Letchworth Garden City, Baldock and Royston, as well additional sites adjoining Stevenage and Luton, will be safeguarded for additional employment land over the plan period. Additional employment land is also safeguarded in

Baldock to take account of long term needs that may arise within the FEMA, for example from Stevenage which is anticipated to have a large shortfall of employment land to meet its indigenous growth needs.

6.25 The Proposals Map for the District also designates a number of employment areas within North Hertfordshire that should be recognised as prominent areas during the plan period for enhancing and safeguarding the employment growth potential of the economy. Such identified areas include employment land at the former Power Station site in Letchworth Garden City (1.5ha), the site east of Baldock (8.0ha), and the site west of Royston (10.9ha).

Development Strategy for Central Bedfordshire: Revised Pre-Submission (2014)

6.26 The Development Strategy for Central Bedfordshire: Revised Pre-Submission plans for an increase of 27,000 new jobs over the plan period to 2031 which is identified as being higher than that suggested by recent economic modelling and higher than recent job growth levels. Around 45% of this total job growth is estimated to be in the B use classes, equating to a growth target of 12,000 B class jobs over this period. The Council indicates that this growth target takes account of local economic circumstances as well as the ‘Duty to Co-operate’.

6.27 In order to enable growth in the economy, expand the number of employment sectors available and create the right conditions for higher levels of job creation and investment, the Council identifies that the stock of employment land within Central Bedfordshire needs to expand and diversify. The Council proposes to work with the development industry, landowners and local communities to deliver an appropriate portfolio of employment land within the unitary authority. This portfolio consists of existing allocated sites, established (non-allocated) sites in employment uses, allocations from the North Site Allocations DPD and up to 139ha of additional strategic sites over the plan period (Table 6.2).

Table 6.2 Strategic Employment Allocations within Central Bedfordshire over the Plan Period to 2031

Strategic Site Allocation	Land Supply
North Houghton Regis	30ha
North Luton	13ha
East Leighton Linslade	16ha
Sundon RFI	40ha
North East of Flitwick	Up to 18ha
Stratton Farm, Biggleswade	22ha
Total Employment Land Delivery (2011 to 2031)	**Up to 139ha**

Source: Development Strategy for Central Bedfordshire: Revised Pre-Submission, 2014

6.28 Within the portfolio of strategic employment sites identified in the authority, the Stratton Farm, Biggleswade site is the only strategic location identified within the Eastern CB sub-area. This site is allocated to deliver a range of B2, B8 and ancillary B1 employment uses during the plan period that equates to a total of

22ha of employment space. The vision for Stratton Farm is to promote B class employment uses that contribute to the enhanced success of the existing business parks through the provision of attractive commercial development.

Impact of Potential Policy Changes

6.29 The commuting flows that characterise each of the commissioning authorities forming the study area represent an important influencing factor for the spatial extent of relevant FEMAs, in so far as they determine how the availability of labour is distributed spatially across the area. Therefore any changes to these commuting patterns are likely to have an impact on existing FEMAs and the spatial distribution of demand and supply across the authorities.

6.30 As the EEFM baseline employment projections at the local level are based on an assumption that existing commuting patterns will remain unchanged throughout the forecast period, it is useful to explore the implication of potential changes to the commuting flows that underpin the modelling results and the resulting impact on demand for employment space. It is important to recognise that changes to commuting patterns are difficult to quantify and predict, and are impacted by other factors that largely sit outside the ambit of this report, including transport infrastructure and housing market factors.

6.31 Any changes to commuting flows for the authority areas are likely to be the consequence of specific policy changes adopted by the Councils. For this reason, the following scenarios will help to highlight the potential impact of policy changes to commuting flows in the principal study area, as well as the balance of economic growth across the three commissioning authorities:

1. Higher levels of self-containment within North Hertfordshire and Eastern CB through adoption of higher employment growth targets; and

2. A greater level of out commuting to London by Stevenage residents as a result of proposals to build a large quantum of housing in and around the town centre and close to the mainline train station (whereby requiring almost no additional employment provision within Stevenage).

Scenario 1: Higher Job Targets for North Hertfordshire and Central Bedfordshire

6.32 Under a future scenario where North Hertfordshire and Central Bedfordshire adopt a higher employment growth target over the plan period, it is assumed that additional job growth supported within these authority areas (i.e. Eastern CB in regard to Central Bedfordshire) would reduce the proportion of local working residents that leave the local area to find suitable work and thereby increase the self-containment rate for each respective authority.

6.33 For the purposes of this assessment, it is assumed that around 20% of existing out-commuters from North Hertfordshire and Eastern CB no longer travel outside their local economy for work. This 20% reduction in out-commuters is applied evenly across all the commuting destinations as there is no definitive way to identify which areas would record the greatest reduction in in-commuting workers from North Hertfordshire and Eastern CB if these authorities adopt a higher job target. The number of in-commuting workers to North Hertfordshire and Eastern CB is assumed to remain constant; the assessment assumes that new employment roles supported in these areas are filled by existing local workers that currently commute outside the two authority areas.

6.34 Based on a 20% reduction in the level of out-commuting, the self-containment rates within North Hertfordshire and Eastern CB would increase significantly, with North Hertfordshire retaining an additional 6,530 out-commuting workers over the 2011 Census levels and Eastern CB retaining an additional 4,602 out-commuting workers (Table 6.3).

Table 6.3 Change in Out-Commuting Flows and Self-Containment Rates under Scenario 1

	North Hertfordshire		Eastern CB	
	Sensitivity Test	Change from 2011 Census	Sensitivity Test	Change from 2011 Census
Out-Commuting Working Residents	26,121	- 6,530	18,406	- 4,602
Net Out-Commuting Flow	5,853		7,935	
Self-Containment Rate	50.2%	+ 12.5%	46.5%	+ 13.4%

Source: Census 2011 / NLP analysis

6.35 In addition, increased levels of self-containment in North Hertfordshire and Eastern CB as a result of higher job growth targets set by the Councils could be expected to increase the overall level of self-containment for the study area from 55% (i.e. based upon the 2011 Census) to just over 60%. This change to commuting patterns would augment the concept of the principal study area as a relevant FEMA and increase the level of self-sufficiency within the area in terms of employment and labour supply.

6.36 While the role of the respective authority areas forming the principal study area are not expected to considerably alter as a result of the changing commuting patterns (i.e. with Stevenage still representing the most significant net importer of labour, Eastern CB the most significant net exporter of labour and North Hertfordshire the most balanced authority within the study area), the significance of these roles could change somewhat with Eastern CB becoming a smaller net exporter of labour and North Hertfordshire a larger net importer of labour.

6.37 In addition, the lower volume of out-commuting from North Hertfordshire and Eastern CB would affect labour supply levels within Stevenage, which draws a large proportion of its workforce from these two authorities. Under this scenario it would be necessary for Stevenage to either reduce the total number of out-commuting workers leaving the local economy for their employment or seek to increase the number of in-commuting workers from other surrounding authorities.

6.38 Overall, the potentially higher self-containment levels in North Hertfordshire and Eastern CB are expected to strengthen the overall validity of the FEMA without altering the spatial extent of the defined area, as the number of residents also working in the principal study area grows. However the economic geography of the three authorities could evolve as a result of North Hertfordshire and Eastern CB becoming more self-sufficient in labour terms.

6.39 There could also be an impact upon the demand/supply balance of employment land across the principal study area, whereby reducing the identified surplus of employment land within Central Beds and North Hertfordshire and leaving them less well placed to accommodate unmet business needs from Stevenage as their own indigenous business demand increases over and above the growth projections set out in Section 5.0. As noted above, whilst there could be some potential for unmet demand for employment space from Stevenage to be accommodated outside of the town within the wider FEMA area, this would inevitably vary by sector and industry. For some sectors, such as the office market which operates around a successful cluster in Stevenage, it is less likely that businesses would relocate to other office markets outside the authority area which are smaller and less well established.

Scenario 2: Greater Levels of Out Commuting to London by Stevenage Residents

6.40 Under a future scenario where out commuting flows from Stevenage to Greater London become larger as a result of potential residential development proposals for Stevenage town centre close to the mainline railway station, it is assumed that levels of self-containment in the Borough and the study area would be impacted as a greater flow of workers commute outside the area for employment. For the purposes of this analysis, it is assumed that 2,700 additional residential units developed in Stevenage town centre would accommodate approximately 1,000 additional working residents in the Borough.

6.41 The likely impact of the policy largely depends on whether the residents moving into the new housing currently reside in the Borough, or are relocating from outside the Borough. It will also be dependent upon where these workers are currently employed, whether this is in the Borough, elsewhere in North Hertfordshire or Eastern CB, London or elsewhere.

6.42 Given the nature of the additional residential development considered as part of this scenario (which is likely to appeal in particular to London commuters due to its proximity to fast mainline rail links to the capital) it is assumed that the vast majority of these additional residents would be ‘new’ to the Borough and would work outside of the FEMA (including in London). The impact upon the demand/supply balance of employment land within Stevenage (as well as

North Herts and Eastern CB) over the plan period would therefore not be affected as these additional residents would generally not require any employment provision within the FEMA. There would however be potential over time for some of these residents who initially commute out of Stevenage to work in London to take-up employment opportunities within the town or wider FEMA, although this would be subject to a range of other factors such as choice of local job opportunities.

6.43 This scenario would result in reduced levels of self-containment within Stevenage and the principal study area as the working resident population increases over and above employment growth. The change in existing commuting patterns would require local authorities in the study area to re-source lost workers if the current in/out commuting balance is to remain the same.

Synthesis

6.44 Forecast employment growth for the three local authorities indicates varying B class land requirements over the plan period to 2031. A shortage of employment land is likely to occur in Stevenage over the plan period, while North Hertfordshire and Eastern CB are anticipated to have a surplus of employment land to meet their own growth requirements.

6.45 Within the context of the study area, unmet growth needs from Stevenage would be best met within North Hertfordshire and Eastern CB, which operate in the same FEMA as Stevenage in both commercial property and labour market terms. In particular, the key sub-market area that incorporates the area from Stevenage to Letchworth along the A1(M) strategic route is considered to be most suited to meet the unmet needs for industrial space from Stevenage, while unmet needs for office space would be more likely to be supported in employment areas closest to Stevenage, given the localised nature of the Stevenage office market.

6.46 The emerging Local Plans for the authorities set out development policies that aim to support sustainable growth patterns within their economies, including identifying employment areas that will be the focus for employment growth. The proposed job growth targets and land supply figures set out in these emerging plans are broadly consistent with the figures considered in this FEMA analysis.

6.47 Future policy changes could impact upon the commuting patterns and growth potential of the respective authorities in the study area. A number of alternative policy scenarios assessed in this section indicate that policy changes in an individual authority within the study area could have significant implications for the other two authorities in terms of their labour supply. For example, a higher job target in North Hertfordshire could reduce the volume of out-commuters from the District, impacting upon Stevenage which draws a large share of workers from North Hertfordshire to supplement its labour needs.

7.0 Overall Conclusions

7.1 This study was prepared to consider and define the geographical extent of any FEMAs that fall within and across the three authorities of Stevenage, North Hertfordshire and Central Bedfordshire, in order to inform the emerging Local Plans for each of the authorities. From this FEMA analysis, the study provides a better understanding of the long-term land-use planning considerations for employment development across the authority areas, highlighting the basis for how the authorities might work together to accommodate future economic growth requirements over the period to 2031.

7.2 The preparation of the FEMA study follows NPPF and accompanying guidance (PPG) from Government that require the development needs of local authority areas to be considered in terms of FEMAs. Where FEMAs cross administrative boundaries, the guidance indicates that they should be collectively considered by relevant authorities under the 'duty to cooperate'.

Defining Relevant FEMAs

7.3 An assessment of the spatial and economic profiles of the three commissioning authorities forming the study area indicates they each have their own distinct features that have led to varying growth trends over recent years. Stevenage represents the dominant growth location in the study area, with a concentration of high value sectors driving growth, while North Hertfordshire supports the largest economy in terms of population and employment size. However North Hertfordshire has recorded significant employment losses over recent periods, due in part a higher share of lower value sectors and the onset of the economic downturn. In addition, Eastern CB represents the smallest economy in the principal study area, with the area characterised as being highly rural in nature.

7.4 The study also considers relevant commercial property market intelligence in the study area, in order to assess the spatial extent of any commercial property markets that operate across the three authorities. This assessment indicates that the A1(M) corridor represents the most significant functional economic area in the principal study area, while a range of sub-market areas are identified that benefit from proximity to this strategic corridor, including:

1. **Stevenage and Letchworth sub-area:** accommodates a number of major employment sites (e.g. Gunnels Wood and Works Road) and a mixture of B class employment uses;
2. **Sandy and Biggleswade sub-area:** generally supports a range of industrial and warehousing uses, and is characterised by mostly local demand; and
3. **Shefford, Stotfold and Arlesey sub-area:** comparably smaller in scale but still accommodates a number of locally focussed industrial areas (e.g. Station Road Industrial Estate and Old Oak Close).

7.5 In addition to this, the latest commuting flows data from the 2011 Census can be examined to define the TTWAs across the study area, and fundamentally consider the relationship between where people live and where they work. The assessment indicates that within the study area, the most significant flows of commuters are between Stevenage and North Hertfordshire (Stevenage represents a large net importer of labour within the study area), while Eastern CB is identified as a large net exporter of labour in the study area. Overall, the level of self-containment for the principal study area is estimated at 55%, meaning that approximately 55% of residents living in the study area also work in the study area.

7.6 Drawing upon these various assessments of FEMAs that fall within and across the commissioning authorities, it is assessed that the principal study area can be considered a relevant and valid FEMA for the authorities. The economic profiles and core advantages developed in each of the local authority areas are relatively complementary in employment and sector terms, while there is little evidence to suggest that nearby commercial property market areas (e.g. Luton, Bedford and Watford) extend as far as the study area, although it is possible to identify an element of property market overlap between Welwyn Hatfield and the southern parts of the study area.

7.7 From a travel to work perspective, the defined principal study area boundary also represents a clearly defined FEMA for the three authorities, with around 70% of all workers employed within the study area also choosing to reside in the study area. This high level of workplace self-containment (in terms of supporting the resident needs of workers within the workplace), and the relatively limited number of in-commuting workers from surrounding areas, further supports the defined boundaries of the principal study area as a relevant FEMA for the three commissioning authorities.

Future Growth across the Study Area

7.8 The study also identifies the future growth potential that exists across the study area by reviewing the baseline economic and employment studies published by the three commissioning authorities (based on 2012 EEFM data), as well as considering the most recent growth projections from the 2013 and 2014 EEFM data releases.

7.9 These studies identify the potential for 13,910 additional workforce jobs in the study area over the period to 2031. The more recent growth projections from the 2013 EEFM implies a scale of employment growth during the plan period that is approximately 2,510 workforce jobs lower than that under the 2012 EEFM, which equates to a 20% lower growth level across the study area. However the growth projections from the 2014 EEFM release indicates total job growth across the three authorities that is approximately 42% higher than that forecast under the 2012 EEFM data release, with higher employment growth levels forecast for each of the authorities forming the principal study area.

7.10 It is clear from these comparisons that significant disparities exist between the employment growth forecasts from the various EEFM releases, which have significant implications for the amount of employment floorspace and land that should be planned for within the principal study area. These modelling variances are the result of a range of macroeconomic factors and changes to underlying modelling assumptions across EEFM releases.

7.11 In order to provide sufficiently robust aggregate forecasts of growth across the study area, the job growth and employment land requirements associated with the 2012 EEFM have been adopted by this study as a starting point for examining the demand/supply balance of employment land across the study area. A summary of these forecasts is shown in Table 7.1, identifying a need for almost 45 ha over the plan period to 2031.

Table 7.1 Summary of Employment Growth and Land Requirements, 2011 - 2031

	Total Workforce Jobs		Gross Employment Land Requirement (ha)	
	No	%	No	%
Stevenage	3,430	24.7	23.5	52.7
North Hertfordshire	5,440	39.1	9.3	20.9
Eastern CB	5,040	36.2	11.8	26.4
Study Area	**13,910**	**100%**	**44.6**	**100%**

Source: BRES / NLP analysis
Stevenage Employment & Economy Baseline Study, 2013
North Hertfordshire Employment Land Review, 2013
Central Bedfordshire Employment and Economic Study: Stage 1, 2012

7.12 These growth requirements can be compared with the latest employment land supply position for each authority to identify the overall demand and supply balance of employment space across the study area. This analysis indicates a significant shortfall of approximately 14.0ha of employment land in Stevenage over the plan period to 2031, and an overall surplus of land in North Hertfordshire (20.7ha) and Central Bedfordshire (49.5ha).

7.13 Whilst there would appear to be sufficient employment land in the pipeline to accommodate employment growth implied by the 2012 EEFM data across the three authority areas, the demand and supply balance varies significantly across the respective authorities.

Meeting Growth Requirements

7.14 When the forecast employment growth levels for the individual authorities are translated into B class land requirements, it is clear that a significant shortage of employment space is available in Stevenage over the plan period to meet its own indigenous growth needs. In contrast, North Hertfordshire and Eastern CB are assessed as having a large surplus of available employment land supply to support their own future growth requirements over the plan period.

7.15 Within the context of identified FEMAs, the study concludes that these unmet growth requirements from Stevenage would be most suitably supported in the surrounding economic areas in North Hertfordshire and Eastern CB that help form part of the relevant FEMA in commercial property and labour market terms. In particular the key sub-market area that stretches from Stevenage to Letchworth and Baldock along the A1(M) route is considered to be best placed to meet the unmet needs for industrial space from Stevenage, while the unmet needs for office space is considered to be more localised in nature.

7.16 Based on the latest 2014 EEFM data set release, it can also be assumed that these growth characteristics across the study area will increase, with the level of employment growth across the study area higher than under the 2012 EEFM. This will place additional pressure on North Hertfordshire and Eastern CB to support the unmet growth requirements of Stevenage, as employment growth in Stevenage rises, as well as indigenous growth in the authority areas taking-up a larger a proportion of the identified surplus of available employment land over the plan period.

7.17 The emerging Local Plans for each authority set out development strategies that aim to support sustainable growth levels and patterns within their economies, including identifying a number of employment sites or areas that will provide the focus for commercial development. The proposed job growth targets and land supply figures set out in these emerging plans are broadly consistent with the figures considered in this FEMA analysis.

7.18 The impact of future policy changes within the three commissioning authority areas are also considered by undertaking two scenario sensitivity tests. These policy scenarios include higher levels of self-containment in North Hertfordshire and Eastern CB as a result of higher job growth targets set in these authorities over the plan period, and a greater level of out commuting from Stevenage to London as a result of residential development in and around Stevenage town centre. These policy changes have the potential to fundamentally alter commuting patterns in the study area and the overall economic balance of the three authority areas but are unlikely to significantly change the defined boundary of the principal study area as a relevant FEMA.

Appendix 1 Principal Study Area Definition (Middle Super Output Areas)

The following table summarises the individual 2011 based Middle Super Output Areas (MSOAs) that have been defined to capture the geographical extent of the principal study area.

Stevenage	North Hertfordshire	Central Bedfordshire
Stevenage 001	North Hertfordshire 001	Central Bedfordshire 001
Stevenage 002	North Hertfordshire 002	Central Bedfordshire 002
Stevenage 003	North Hertfordshire 003	Central Bedfordshire 003
Stevenage 004	North Hertfordshire 004	Central Bedfordshire 004
Stevenage 005	North Hertfordshire 005	Central Bedfordshire 005
Stevenage 006	North Hertfordshire 006	Central Bedfordshire 006
Stevenage 007	North Hertfordshire 007	Central Bedfordshire 010
Stevenage 008	North Hertfordshire 008	Central Bedfordshire 011
Stevenage 009	North Hertfordshire 009	Central Bedfordshire 013
Stevenage 010	North Hertfordshire 010	Central Bedfordshire 014
Stevenage 011	North Hertfordshire 011	Central Bedfordshire 018
Stevenage 012	North Hertfordshire 012	
	North Hertfordshire 013	
	North Hertfordshire 014	
	North Hertfordshire 015	

Source: NLP analysis

Appendix 2 Employment by Sector (Workforce Jobs)

Stevenage

Sector	% of Total Jobs (2014)	Change in Jobs		
		1991	2014	Absolute Change
Business Services	18.8%	3,420	9,310	+ 5,880
Health	13.7%	3,840	6,770	+ 2,930
Wholesale & Transport	11.6%	4,850	5,770	+ 920
Retail	11.0%	4,950	5,440	+ 490
Computing & IT	7.4%	2,960	3,680	+ 720
Manufacturing	6.7%	5,220	3,340	- 1,880
Education	6.0%	3,150	2,960	- 190
Construction	5.7%	2,300	2,840	+ 540
Hospitality & Leisure	4.6%	2,010	2,280	+ 270
Employment Activities	3.2%	980	1,590	+ 610
Media & Arts	2.8%	850	1,400	+ 550
Other Services	2.7%	910	1,340	+ 430
Finance & Real Estate	2.5%	2,900	1,240	- 1,670
Public Administration	2.5%	2,540	1,220	- 1,320
Utilities & Services	0.5%	60	250	+ 190
Agriculture & Mining	0.2%	30	120	+ 90
Total	**100%**	**40,980**	**49,540**	**+ 8,560**

Source: EEFM Spring 2013 / NLP analysis

North Hertfordshire

Sector	% of Total Jobs (2014)	Change in Jobs		
		1991	2014	Absolute Change
Wholesale & Transport	12.2%	7,670	6,490	- 1,180
Business Services	12.2%	9,170	6,450	- 2,720
Retail	11.7%	7,290	6,200	- 1,090
Manufacturing	11.4%	5,640	6,070	+ 430
Health	8.3%	3,640	4,400	+ 750
Construction	8.2%	4,560	4,370	- 190
Education	7.6%	4,140	4,030	- 110
Hospitality & Leisure	6.4%	2,650	3,410	+ 770
Finance & Real Estate	6.1%	2,610	3,240	+ 640
Computing & IT	5.1%	1,940	2,710	+ 770
Other Services	3.6%	2,740	1,930	- 820
Media & Arts	3.1%	1,530	1,650	+ 120
Public Administration	1.5%	1,890	810	- 1,080
Employment Activities	1.0%	430	530	+ 100
Utilities & Services	0.7%	460	390	- 70
Agriculture & Mining	0.7%	460	360	- 100
Total	**100%**	**56,820**	**53,050**	**- 3,770**

Source: EEFM Spring 2013 / NLP analysis

Eastern Central Bedfordshire

Sector	% of Total Jobs (2014)	Change in Jobs		
		1991	2014	Absolute Change
Wholesale & Transport	15.2%	4,780	4,450	- 333
Business Services	14.2%	2,390	4,160	+ 1,770
Retail	10.5%	2,180	3,090	+ 910
Education	9.3%	2,250	2,730	+ 490
Construction	8.4%	2,860	2,460	- 400
Manufacturing	7.0%	3,490	2,060	- 1,430
Health	6.7%	1,550	1,960	+ 410
Hospitality & Leisure	5.7%	1,320	1,680	+ 360
Other Services	4.8%	810	1,400	+ 590
Media & Arts	4.3%	660	1,270	+ 610
Public Administration	4.1%	1,430	1,210	- 220
Finance & Real Estate	3.2%	740	940	+ 200
Computing & IT	3.1%	930	920	- 10
Employment Activities	2.0%	330	590	+ 250
Agriculture & Mining	1.1%	460	340	-130
Utilities & Services	0.4%	130	100	- 20
Total	**100%**	**26,320**	**29,360**	**+ 3,040**

Source: EEFM Spring 2013 / NLP analysis

Appendix 3 VOA Floorspace Mapping

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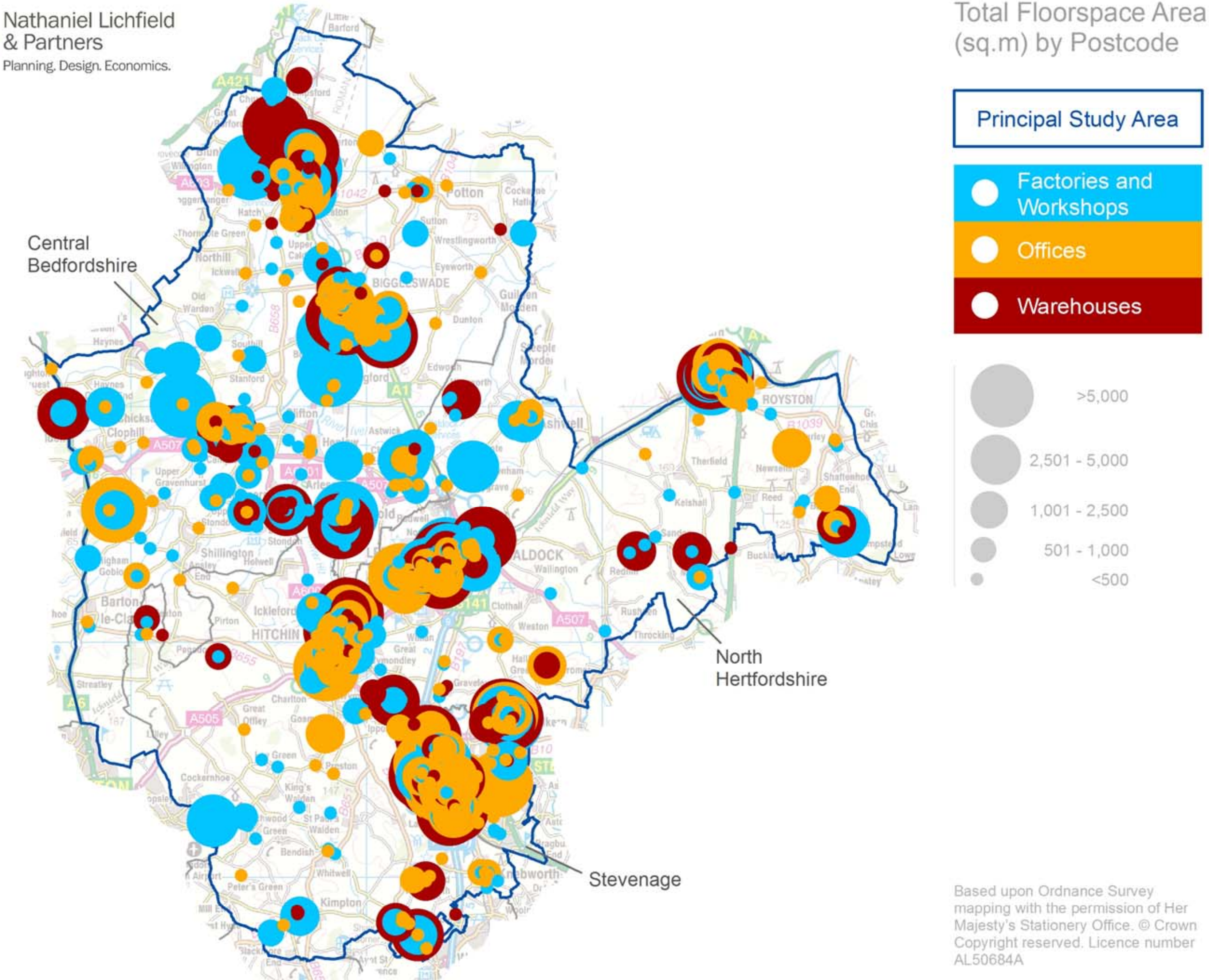

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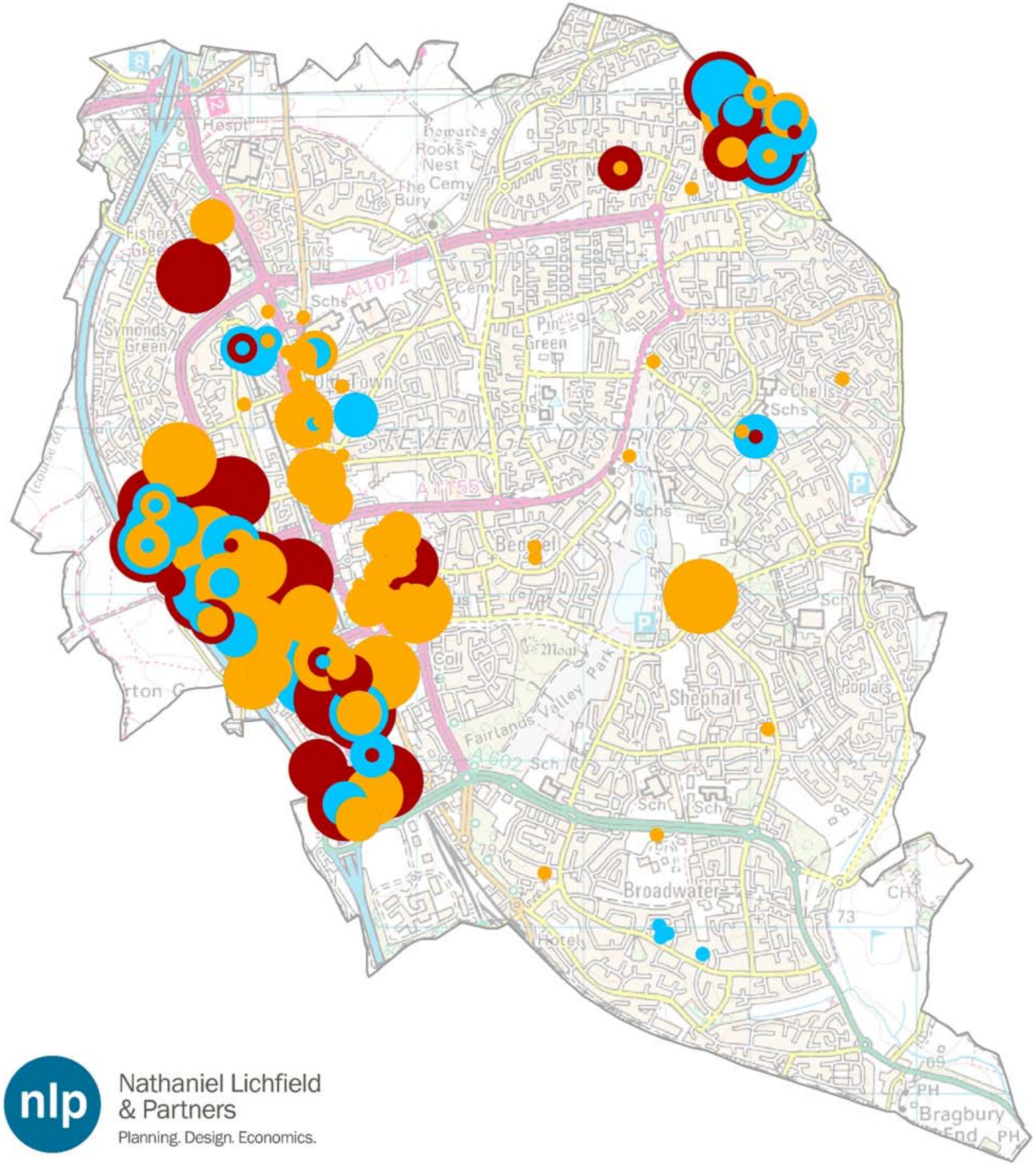
Total Floorspace Area (sq.m) by Postcode



●	Factories and Workshops
●	Offices
●	Warehouses

- >5,000
- 2,501 - 5,000
- 1,001 - 2,500
- 501 - 1,000
- <500

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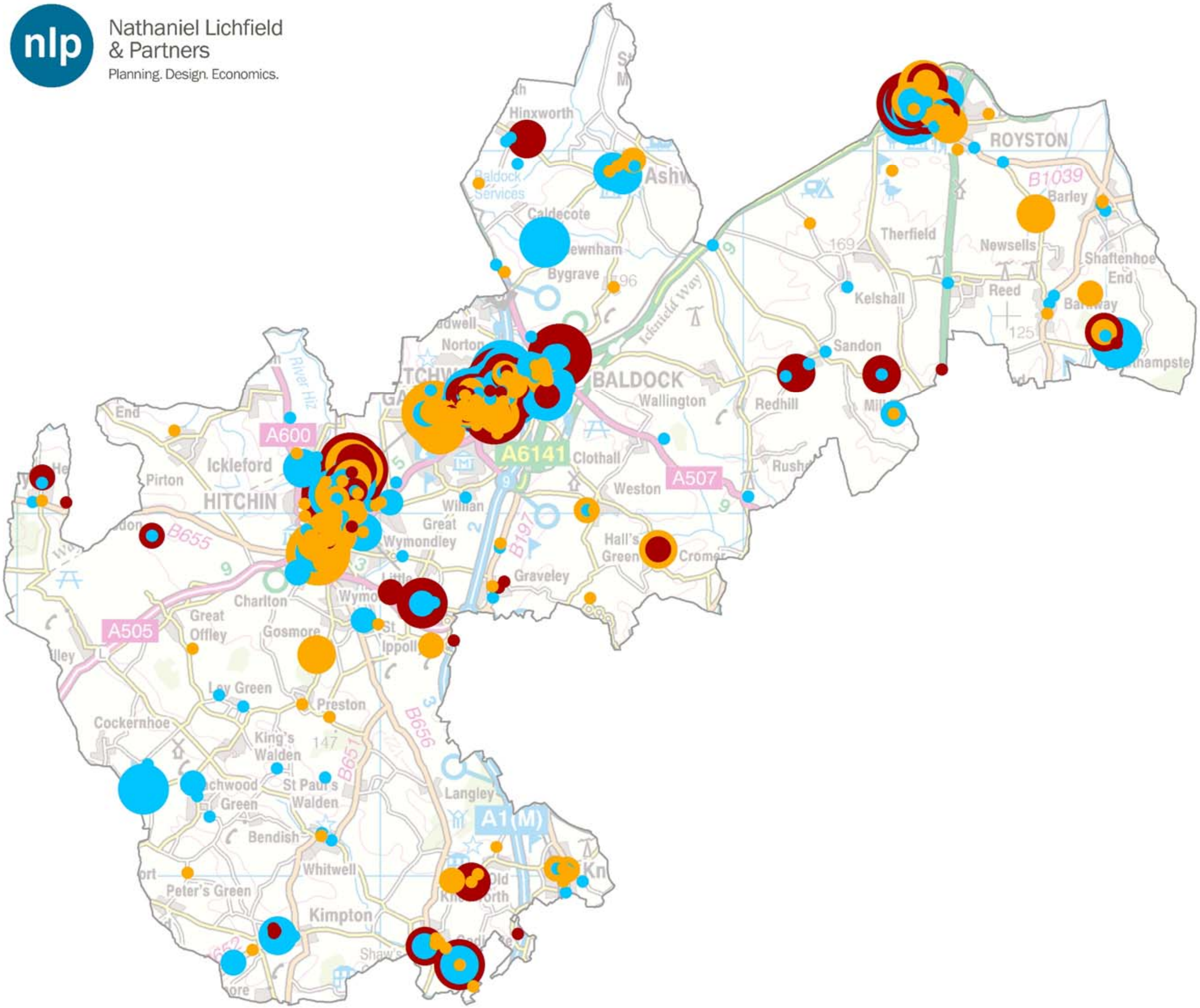

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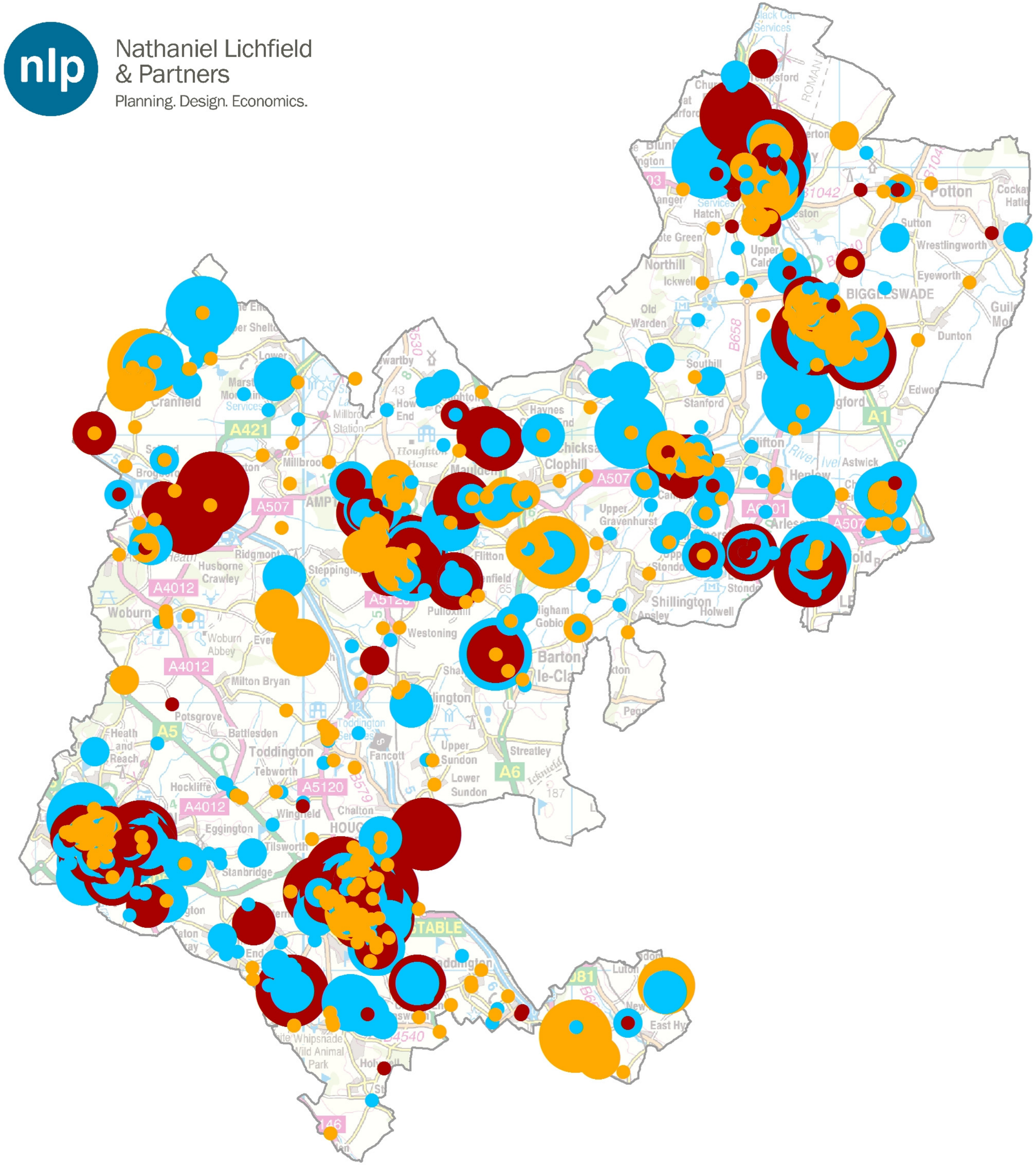

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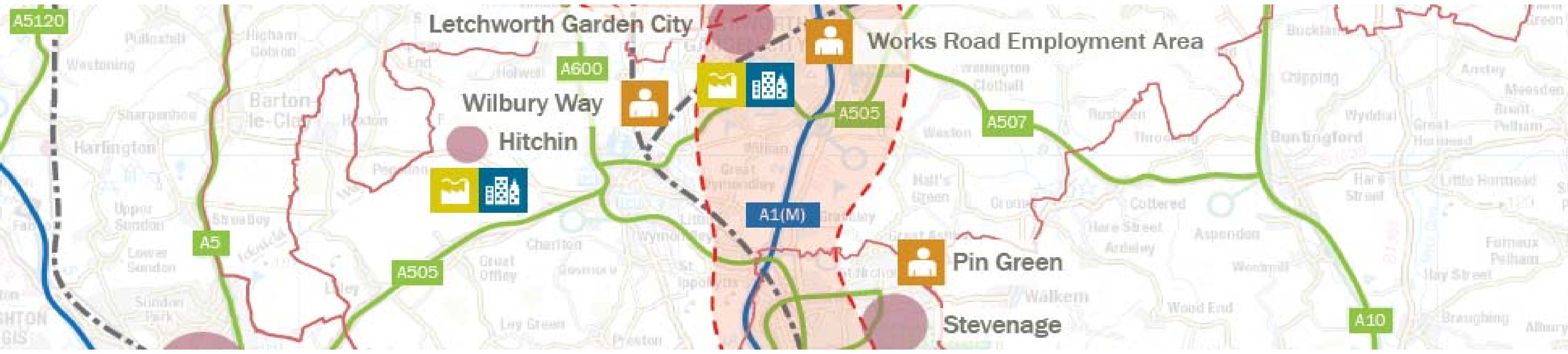

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