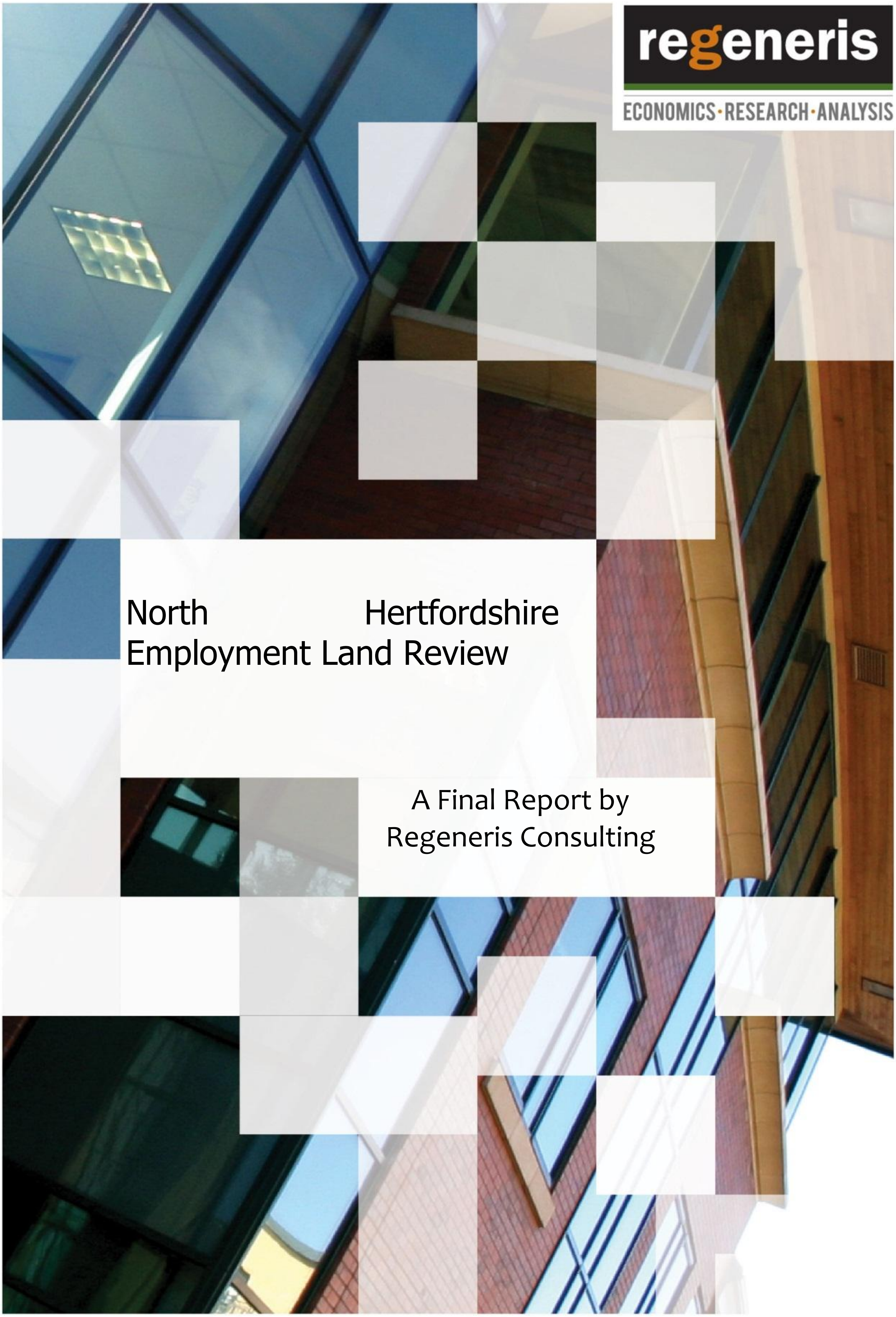
North Hertfordshire Employment Land Review

A Final Report by
Regeneris Consulting



North Hertfordshire District Council

North Hertfordshire Employment Land Review

March 2013

Regeneris Consulting Ltd

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Executive Summary

Context

1. Regeneris Consulting and GL Hearn were commissioned by North Hertfordshire District Council to carry out an Employment Land Review for the district. Its purpose is to advise on jobs targets, current employment land supply and future land requirements within North Hertfordshire up to 2031.

2. North Hertfordshire is rural in nature and contains the four towns of Hitchin, Royston, Baldock and Letchworth (the world's first Garden City). North Hertfordshire is bounded by eight other districts, two of which are smaller in size and largely urban in nature (Luton and Stevenage).

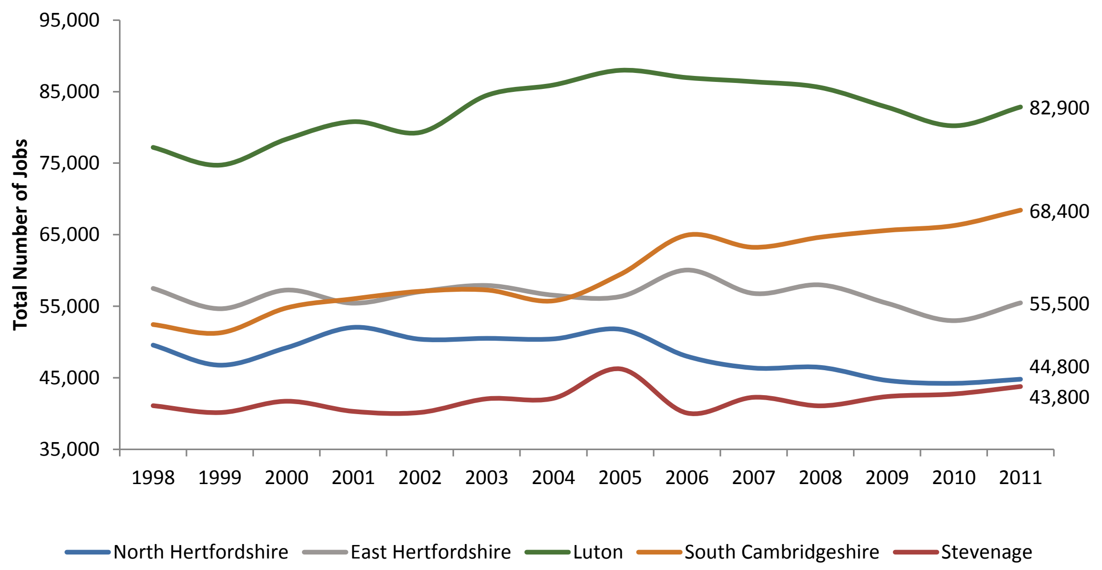
Historic Performance

Economic Trends

3. Employment growth was relatively low in the early 2000's and has been in decline since 2005. North Hertfordshire has been impacted to some extent by the recession which has impacted on the whole of the UK since 2008. During the period 1998-2011, North Hertfordshire experienced a 10% decline in employment (4,800 job losses), compared to an 8% growth in employment at regional and national levels. Levels of underperformance in North Hertfordshire are similar to those for the county as a whole.

4. Converting employment losses into use classes over this period, suggests that losses were experienced across all B use classes with the greatest changes experienced in B2 (-21%) and B1 (-20%) followed by B8 (-7%).

Figure 1 Overview of Employment Performance, 1998-2011



Note: ABI data for the pre-2008 period has been recalibrated according to the BRES post-2008 data.

Source: Business Register and Employment Survey and Annual Business Inquiry

5. Overall population growth in the district between 2001-2011 has been strong (9%) and above the levels for Hertfordshire as a whole (8%), East of England (8%) and England (7%).

Economic activity rates are high (82%) but in recent years rates have been declining faster than benchmark areas with a 6% decline between 2004 and 2011.

6. In 2001, North Hertfordshire experienced an overall net outflow of 11,100 daily commuters. Key destinations include Stevenage, London and Welwyn Hatfield. The average out-commuter is more highly skilled than those commuting into the district. Given past trends which have resulted in significant population growth alongside a decline in employment, we would suggest that levels of out-commuting will have increased since 2001.

Property Market Trends

7. In 2008[1], there was approximately 877,000 sq.m of B class employment floorspace in North Hertfordshire District. Of this, 18% is offices, 47% industrial and 35% warehouse/distribution floorspace. Relative to surrounding districts, North Hertfordshire includes a higher proportion of industrial floorspace.

8. Between 1998 and 2008, the stock of office floorspace has declined by -2% and industrial floorspace by -6% whilst warehouse has grown by 4%.

9. The total office stock in North Hertfordshire was 157,860 sq.m in 2008. In November 2012, a total of 22,800 sq.m office floorspace was estimated as being vacant in North Hertfordshire. This represents around 14% of the total office stock in the district. The total industrial and warehouse stock in North Hertfordshire comprised 716,000 sq.m in 2008. In November 2012, there was a total of 50,900 sq.m of available industrial and warehouse floorspace available. This represents around 7% of the total industrial and warehouse stock in North Hertfordshire. The vacancy levels cited here are considered to be natural levels of vacancy, that is some vacant stock will always be available since there may be a difference between premises in demand and those in supply at any one point in time. As a result they are not included in the assessment of future supply.

10. The table below presents gross and net completions for North Hertfordshire between 2004/05 and 2011/12. This shows that there has been an overall net loss of B1c and B2 employment land over this period.

Table1: Gross and Net Completions in North Hertfordshire, 2004/05-2011/12 (total and annual average)

Use Class	Total Gross Completions 2004/05-2011/12 (sqm)	Total Net Completions 2004/05-2011/12 (sqm)	Annual Average Gross Completions (sqm)	Annual Average Net Completions (sqm)
B1a/b	8,300	-14,900	1,000	-1,900
B1c/B2	50,800	-17,500	6,400	-2,200
B8	47,900	18,200	6,000	2,300
Total	107,100	-14,100	13,400	-1,800

Source: NHDC, Regeneris Consulting, GL Hearn

Supply and Demand Assessment

Supply Assessment

[1] This is the latest data available

11. In order to inform this employment land review, we have undertaken an assessment of the quality and development potential of a) existing employment sites in the District and, b) potential sites which could be considered for employment uses. The latter, includes sites which are identified in the Council's Land Allocations Issues and Options (2008) paper and the Additional Suggested Sites (2009) document. In addition, we have also assessed the likely quantum of future supply.

12. In terms of future supply, our assessment has identified 15.43ha of employment land which is made up of the following:

- **Planning permissions**: in March 2012, unimplemented planning permissions accounted for 10.5ha land. The majority (5.5ha) is B1, followed by B2 (5ha) and the remaining (0.1ha) is B8

- **Available land on existing sites**: an estimated 4.93ha land is available overall consisting of vacant sites and under-utilised land which has the potential for intensification. These include sites without planning permissions.

Demand Assessment

13. A number of future scenarios for employment growth have been considered for North Hertfordshire with the forecast employment figures summarised below (and a more detailed explanation is included in Section 7).

Table 2: Demand Forecasts 2011-2031

Forecast Type	Scenario	Source	Forecast Employment
Past Take-up of Employment Land n& Property	Scenario 1	Based on evidence from past take-up in North Hertfordshire, provided by GL Hearn's analysis	n/a
Labour Demand Side	Scenario 2 - Base	East of England Forecasting Model (EEFM) developed by Oxford Economics to 2031	450
	Scenario 3 – 'Lost Decade' (Low Growth)	East of England Forecasting Model (EFM) developed by Oxford Economics to 2031	3,600
	Scenario 4 – 'High Migration' (Higher Growth)	East of England Forecasting Model (EFM) developed by Oxford Economics to 2031	6,100
Labour Supply Side	Scenario 5 – Supply Base	Regeneris Consulting calculations based on future growth in housing in North Hertfordshire	1,450

14. The resulting land requirements which relate to these employment forecasts are summarised in Table 3 below.

Table 3: Demand Forecasts					
		B1a/b (ha)[2]	B1c and B2 (ha)[3]	B8 (ha)	Total
Labour Demand - Economic Forecasts	Base Scenario	3.5	-19.6	8.4	-7.7
	Lower Growth Scenario	2.2	-22.2	0.9	-19.1
	High Growth	4.5	-17.5	14.5	1.6
Labour Supply		3.1	-26.7	3.3	-20.3
Past Trends		1.6	31.8	24.0	57.3
Forecast Adjustments					
		B1a/b (ha)	B1c and B2 (ha)	B8 (ha)	
Labour Demand - Economic Forecasts	Base Scenario	FF (0.16)	MLG (10.7)	FF (2.4) MLG (3.7)	
	Lower Growth Scenario	FF (0.16)	MLG (10.7)	FF (2.4) MLG (3.7)	
	High Growth	FF (0.16)	MLG (10.7)	FF (2.4) MLG (3.7)	
Labour Supply		FF (0.16)	MLG (10.7)	FF (2.4) MLG (3.7)	
Past Trends		N/A	N/A	N/A	
FF – Flexibility Factor; MLG – Making Losses Good Factor, N/A – Not applicable					
Adjusted Forecasts					
		B1a/b (ha)	**See paragraph 19 below**	**B8 (ha)**	**Total**
Labour Demand - Economic Forecasts	**Base Scenario**	3.7		14.5	9.3
	Lower Growth Scenario	2.3		7.0	-2.1
	High Growth	4.7		20.7	18.5
Labour Supply		3.2		9.4	-3.3
Past Trends		1.6		24.0	57.3
Source: Regeneris Consulting					

15. It is worth noting that a number of adjustments have been made to the figures to include the following:

- A flexibility or 'safety margin' factor – this is important in making provision to enhance choice and flexibility. While there is nothing in official guidance to say it is compulsory, it can compensate for the uncertainties in the forecasting process. This has been calculated based on an allowance for an additional 2 years of gross completions. This assumption has been informed by NHDC completions.

[2] B1a includes office and B1b research and development

[3] B1c includes light industrial and B2 includes general industrial

- A 'making losses good' (MLG) factor – this is important, in line with policy approach which aims to take account of the losses of older property within the area and ensuring that businesses in the area have accommodation stock to enable them to stay and grow within the area, in parallel to an approach to recycle previously developed land for new uses. The assumption on the making losses good (MLG) factor has been informed by analysis of gross losses by main use-classes from the NHDC data. For this we have estimated average losses per annum by b-use classes and a 5 year supply of land to provide for making good these losses.

16. Based on the results, it is our view that the Base Scenario and Lower Growth Scenario (labour demand scenarios) and the Labour Supply Scenario are the most appropriate guide to forecasting future employment land requirements for North Hertfordshire. Given North Hertfordshire's past performance, the Base Scenario appears to be the most realistic in terms of likely future performance. A separate Economic Development Paper sets out the types of actions which the council may wish to implement in order to achieve higher levels of growth.

17. The past development trends approach needs to be treated with caution. The figures which are presented are gross figures and include all development even that which takes place on new and existing employment sites. Whilst relevant, in our view they should not be used as a forecasting tool.

18. In terms of requirements for employment land by **use class** our conclusions are as follows:

- All of the forecasts suggest that there will be low demand for B1a/b floorspace and land in North Hertfordshire. In our view between 2.3ha and 3.7ha will be required up to 2031.

- The story for B1c/B2 is more complex. The labour demand and supply forecasts suggests that there will be contracting employment land needs for B1c/B2 of between -17.5 and -26.7. At the same time, past trends suggest that the greatest requirements are for B1c/B2 space, with 31.8ha required. In our view there will be a surplus of land of up to -26.7ha.

- The largest requirement in the district will be for B8 floorspace land. In our view, between 7.0ha and 14.5ha land will be required for B8 uses up to 2031. This includes both a flexibility factor and an allowance for losses.

Supply-Demand Balance

19. The key conclusions based on our assessment are summarised below:

- **Office and R&D activities** (B1a/b use class): even with losses taken into account, our quantitative assessment suggests that there is no evident shortfall at the district wide level of land. However, modest levels of additional land might be necessary to meet identified more local needs or to address qualitative issues regarding existing supply.

- **Industrial (B1c and B2 use class)**: North Hertfordshire is forecast to see an overall reduction or surplus of B1c/B2 space. In the light of this it is viewed as sensible to make some additional land available to make losses good. It is accepted in a number of other employment land reviews that around 5 years worth of historic losses might be appropriate (10.7ha). Based on a qualitative assessment of sites, it is our view that at a district wide level, there is sufficient good quality land to make good these losses and that future demand in quantitative terms could be met through the re-use and recycling of existing provision.

- **Warehouse activities (B8 use class)**: we estimate that there is an additional requirement for between 4.3ha and of 11.8ha B8 land to be allocated up to 2031. The main report makes recommendations on potential allocations which could include the Transco site at Hitchin, Royston Road at Baldock and York Way at Royston.

20. An assessment of land requirements by use class is the most meaningful analysis. Nevertheless, the overall quantitative assessment suggests that there is a sufficient supply of land overall to meet future needs.

1. Introduction

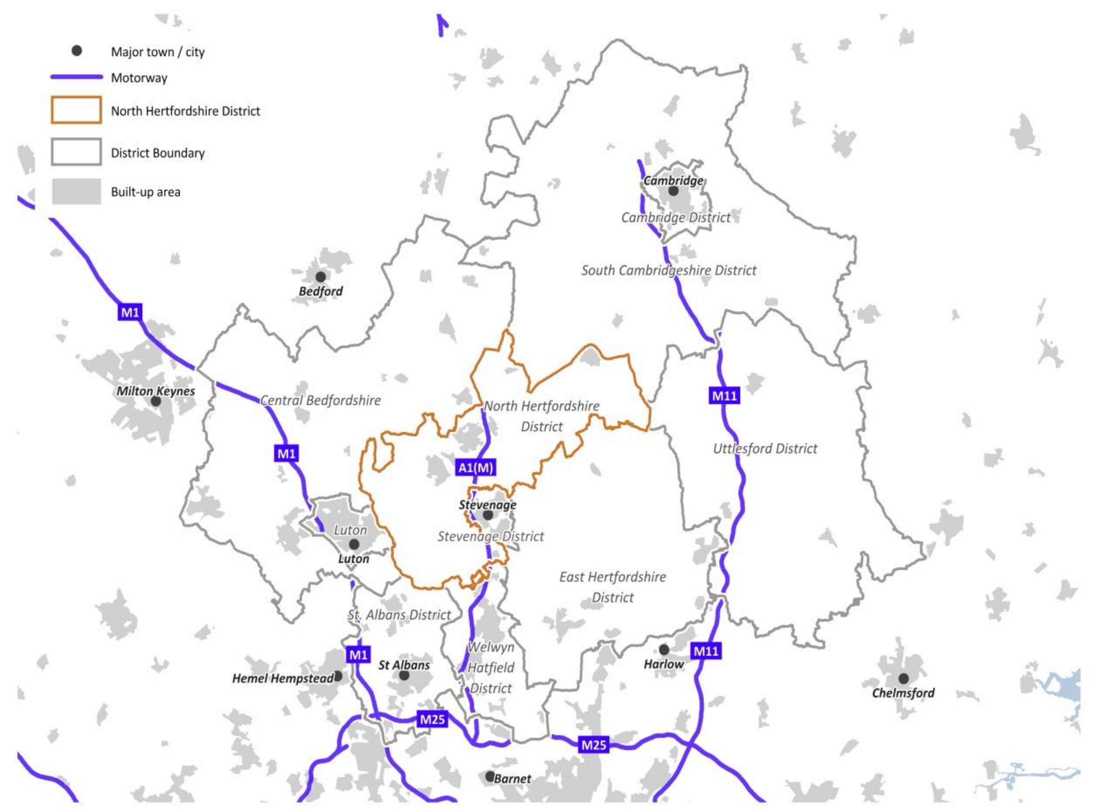
Context

1.1 Regeneris Consulting and GL Hearn were commissioned by North Hertfordshire District Council to carry out an Employment Land Review (ELR) for the district. Its purpose is to advise on jobs targets, current employment land supply and future land requirements within North Hertfordshire up to 2031.

1.2 The document will be part of the evidence base for the emerging Local Plan and will contribute towards policy development, setting a clear economic vision for North Hertfordshire as required by the National Planning Policy Framework (NPPF).

1.3 North Hertfordshire is rural in nature and contains the four towns of Hitchin, Royston, Baldock and Letchworth (the world's first Garden City). North Hertfordshire is bounded by eight other districts, two of which are smaller in size and mainly urban in nature (Luton and Stevenage).

Figure 1-1 North Hertfordshire and surrounding area



South: Regeneris Consulting

regeneris

Study Aims

1.4 The principal aims of this assignment as set out in the brief are as follows:

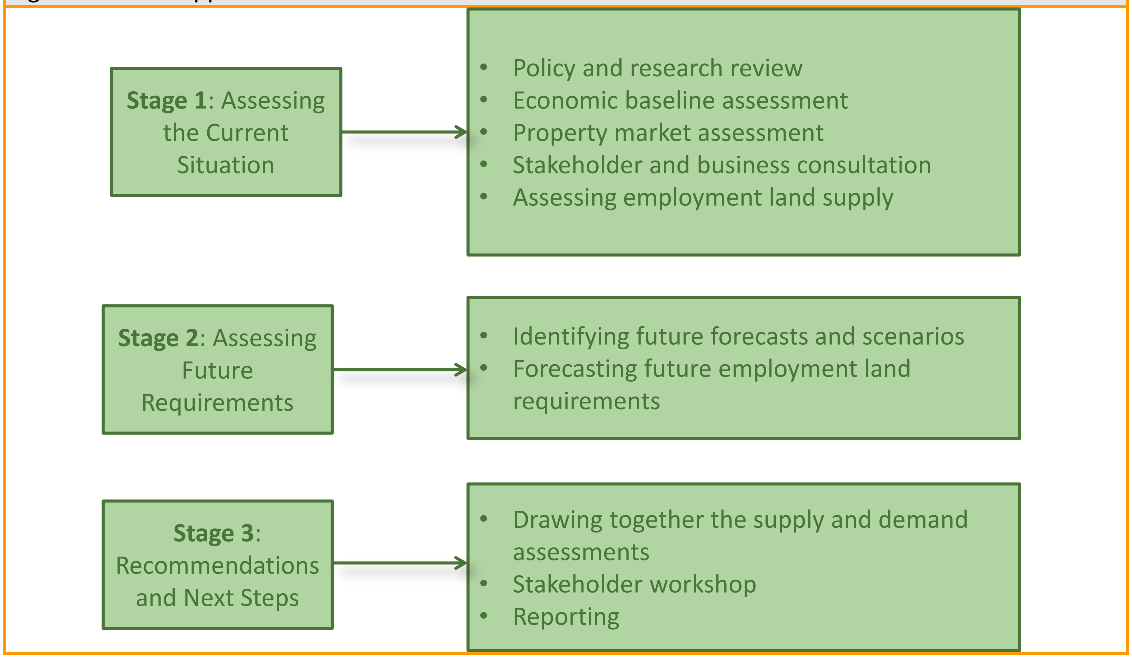
- Set a clear and robust methodology for assessing employment floorspace needs over the period 2011-2031;
- Assess future requirements for job targets up to 2031;
- Consider the impact of neighbouring authorities (e.g. Central Bedfordshire, South Cambridgeshire) economic strategies and in particular how the proximity of Stevenage and Luton to the District and their employment aspirations will impact on the Districts employment land requirements;
- Establish quantitative requirements for employment land by market sector and location; and
- Identify potential emerging sectors.

1.5 The council would also like guidance on an **Economic Development Strategy** for the district and this is considered in a separate document.

Approach

1.6 The study's approach follows Government guidance on undertaking employment land reviews[4] focusing on the following three stages:

Figure 1-2: Our Approach



[4] Employment Land Reviews Guidance Note – ODPM (2004)

1.7 The primary focus of this study is on the requirements for B class uses, which include:

- B1 Business, which includes offices, research and development and light industry
- B2 General Industrial
- B8 Storage or Distribution, which includes wholesale warehouses and distribution centres)

Report Structure

1.8 The remainder of this report is set out under the following headings:

- Section 2: Policy and research review
- Section 3: Economic context
- Section 4: Commercial property market performance
- Section 5: Business survey and stakeholder engagement
- Section 6: Existing supply
- Section 7: Demand assessment
- Section 8: Demand-supply balance

2. Policy and Research Review

2.1 This section provides a summary of the relevant policy documents relating to employment land within North Hertfordshire. The key points are described below:

- There have been significant changes to planning policy in recent years with a shift towards 'localism' providing local authorities with greater autonomy in planning for housing and in particular setting local housing requirements in their development plans.
- The Ministerial Statement on Planning for Growth (2011) states that "the Government's top priority in reforming the planning system is to promote sustainable economic growth and jobs….the answer to development and growth should be yes, except where this would compromise the key sustainable principles set out in national planning policy".
- A Preferred Options Paper for North Hertfordshire (September 2007) suggested that the indicative target for additional jobs between 2001 and 2021 is 7,640 and that there will be a requirement for 7 to 8ha of additional employment land. The paper also suggests a housing target of 6,200 dwellings.
- The employment forecast is derived from the 2007 North Hertfordshire Employment Land Review based on the number of additional dwellings and workers in North Hertfordshire (and uses a residents based approach).
- Further Employment Land Reviews were carried out in 2009 and 2011 which suggest a number of other possible targets for employment growth. The studies suggest that using past take-up trends to forecast future requirements should be the preferred approach.
- It is important to consider the key priorities – both planning and economic development – being taken forward by neighbouring areas. This has been informed by a review of key documents and discussions with neighbouring authorities. A number of the authorities are at an early stage in determining their future requirements for employment land (particularly Stevenage and Luton) and it is likely that growth aspirations will need to be scaled back in the light of changing policy.

National

Localism Act

2.2 The Coalition Government's approach to planning has been focused on applying principles of 'localism' to give Local Planning Authorities greater autonomy in planning for housing. A key change has been to allow local authorities to set local housing targets in their development plans. The East of England Regional Spatial Strategy (RSS) was revoked on 3rd January 2013 and as such the RSS will no longer form part of the statutory development plan.

2.3 Local Planning Authorities will be responsible for setting employment land requirement figures for their Local Plan. Local land targets will be tested through the Local Plan process and local authorities will need to collect and use reliable information to justify employment land supply policies.

2.4 Section 110 of the Localism Act sets out a 'duty to cooperate' for all local planning authorities and county councils in England.

National Planning Policy Framework (NPPF)

2.5 The National Planning Policy Framework (March 2012), replaces the suite of national Planning Policy Statements, Planning Policy Guidance notes and some circulars with a single document. At the heart of the plan is a presumption in favour of sustainable development and private sector led growth is encouraged.

2.6 The key points are:

- Development plans should identify a broad range of sites for economic development, and avoid carrying forward existing allocations without evidence of need and a reasonable prospect of their take-up during the plan period.

- Development plans should provide a portfolio of land that supports existing business sectors and plans for new or emerging ones. Flexible policies are needed to respond to changing economic circumstances.

- The NPPF also highlights that allocated employment sites for which there is no reasonable prospect of development should not be protected in the long term. Proposals for alternative uses on such sites should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.

2.7 In order to help achieve economic growth, local plans should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth. Local plans should set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

- Support existing business sectors, taking account of whether they are expanding or contracting and where possible identify and plan for new or emerging sectors likely to locate in their area. Plans should be flexible enough to allow a rapid response to changes in economic circumstances.

- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;

- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and,

- Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

Plan for Growth

2.8 Against a backdrop of faltering economic growth, the Chancellor's 2011 Budget focused on the long-term rebuilding of Britain's economy. HM Treasury introduced 'The Plan for Growth' (March 2011), a strategy document outlining their ambitions to put the UK on a path to sustainable, long-term economic growth. The document affirmed the Budget's objectives of creating a stronger and more sustainable economy, with growth more evenly shared across the country and between different sectors.

2.9 The Ministerial Statement on Planning for Growth (March 2011), set out the steps the

Government expects LPAs to take to help secure a swift return to economic growth: "the Government's top priority in reforming the planning system is to promote sustainable economic growth and jobs….the answer to development and growth should be yes, except where this would compromise the key sustainable development principles set out in national planning policy".

Regional and Sub-Regional

The Draft East of England Plan – Regional Spatial Strategy to 2021

2.10 The Government announced its intention to revoke Regional Spatial Strategies in the 2010 general election and legislated to do this in the Localism Act 2011. Following a ruling by the European Court of Justice (ECJ), the Government decided to conduct further assessments on the environmental effects of revoking each strategy. A Strategic Environmental Assessment of the revocation of the East of England Plan was published in July 2012 for consultation (ending in September 2012). Subsequently, plans to revoke the East of England Regional Strategy came into force on 3rd January 2013. As such, this is no longer a material consideration in planning terms.

Hertfordshire Open for Business

2.11 The Hertfordshire LEP is one of the Government's designated Local Enterprise Partnerships responsible for growing the Hertfordshire economy through removing barriers to growth and creating new jobs.

2.12 The LEP has developed a plan for growth which was launched at an event in the House of Commons. 'Hertfordshire Open for Business' confirms the ambition for the county "to become a world leading economy; one of the top three in the county outside London." With this in mind there is a mission "to accelerate business led economic growth in Hertfordshire". Four objectives have been identified:

- To encourage enterprise and business growth and build on our innovation assets
- To maintain and improve the skills and employment prospects of residents
- To identify and prioritise the strategic infrastructure required for economic growth
- To secure greater investment from business and government in Hertfordshire by improved promotion and advocacy activity

2.13 Four programme boards are developing detailed action plans with timescales, targets and success measures. The key actions for 2012/13 to support strategic infrastructure includes: kick-starting stalled infrastructure schemes via the Growing Places Fund; accelerating superfast broadband roll out across the county; supporting key transport investment priorities; developing an infrastructure plan for the county.

2.14 Enterprise and business growth actions (for 2012/13) will include support for key growth sectors identified as film & media, life sciences, advanced manufacturing and business services/ICT. There will also be an emphasis on supporting business incubation facilities across Hertfordshire. To secure investment, the LEP will establish a business-led inward investment service and raise Hertfordshire's profile internationally, for example as a Golden Research Triangle.

Hertfordshire Strategic Employment Sites Study

2.15 The Hertfordshire Strategic Sites Study (April 2011) was commissioned in response to concern from partners that Hertfordshire is under-performing and concern that there has been a slowdown in the growth of the economy in recent years. A previous study suggested that there was a lack of strategic employment sites in Hertfordshire.

2.16 The study identifies a number of growth scenarios for Hertfordshire and suggests that the county has the potential to perform above the status quo scenario (i.e. based on historic trends). The study recommends that the East of England Forecasting Model (EEFM) growth scenario is achievable representing a 16% growth rate over the next twenty years and resulting in 79,300 jobs.

2.17 The study recognises that a sufficient supply of land and premises is required in order to achieve these growth levels and these need to be of the right type and quality. Sixteen locations which have the potential to serve the role of a strategic employment site were assessed. Knebworth Innovation Park (which falls within the North Hertfordshire and Stevenage areas) is identified as a strategic site with potential for delivery in the medium term (2016-2021). The greatest potential is for B1b R&D activities linked to key sectors.

2.18 No other sites in the North Hertfordshire District are identified as strategic employment sites. In Stevenage, Gunnels Wood is classified as a mixed-use strategic employment site with reinvestment needs and future potential. Gunnels Wood-Silkin Park is identified as having the potential to support office uses, potentially providing a high quality office campus. The GSK Bioscience Park in Stevenage is also considered separately and it is recommended that this has the potential for an enhanced role in supporting strategic activities.

2.19 The study recognises that there is a clear gap in Hertfordshire in terms of the provision of a premier Business Park and Park Plaza-Maxwells Farm in Broxborune is identified as having the potential for this use.

Greater Cambridge Greater Peterborough Enterprise Partnership

2.20 Royston, within the district of North Hertfordshire is located within the Greater Cambridge Greater Peterborough Enterprise Partnership. The partnership was designated a LEP by the Government in October 2010 and an economic strategy and action plan is currently being prepared by the LEP. Its current focus is around:

- Attracting investment and employment in the LEP area – particularly within the Enterprise Zone at Alconbury
- Improving the market profile of the LEP area to attract investment and enterprise
- Investing Growing Places Funding into infrastructure projects which create employment

2.21 The Greater Cambridge Greater Peterborough Growth Prospectus was published for consultation in Autumn 2012. It sets out a number of priorities and actions for the next three years. These include:

- Boosting start-up rates and improving access to enterprise finance
- Connecting knowledge and innovation to industry, with a particular focus on manufacturing activities
- Ensuring education and skills better match business needs
- Providing better transport infrastructure and transport services to support an internationally competitive economy
- Providing the best superfast broadband network and connected society in Europe by 2015
- Ensuring that housing meets demographic and growth projections and addressing affordability issues
- For the area to be an internationally renowned low-carbon knowledge based economy. Key sector strengths include environmental goods and services, ICT, high value engineering, biotech and life sciences and agri-businesses. The LEP will take a broad focus
- Broadening the areas internationally competitive economic activities and access to employment. This will include ensuring that there are sufficient sites.

Local Policy for North Hertfordshire

Previous Employment Land Reviews

2.22 In 2006 and 2007 Bone Wells Associates produced an Employment Land Review (Parts 1 and 2) for North Hertfordshire District Council. In 2009, they produced the Employment Land Review Update which reflected changes to the approach taken by the Borough as a result of the issue of the final Regional Spatial Strategy (the draft RSS was used to inform the 2006/7 work). In addition, the update covers a 15 year time frame, which the previous documents did not.

2.23 The **North Hertfordshire Employment Land Review (2006)** report, recommends that an employment increase of some 9,700 jobs should be adopted as the target between 2001-2021 based on additional dwellings and workers in North Hertfordshire. This target is based on a resident based approach i.e. no out-commuting. This assumes 7,800 dwellings based on the draft East of England Plan EIP Panel dwellings assumptions and activity rates. The land requirements would equate to 15-16ha (0.8ha p.a.) which can be "comfortably accommodated within the Districts supply". The Preferred Options Paper published by the council in 2007 then uses a variation of this figure as its jobs target, since it assumes that based on a requirement of 6,200 dwellings 7,640 jobs will be created in the district.

2.24 The **2009 Employment Land Review update** was commissioned to reflect changes to the approach taken by the district as a result of the issue of the final Regional Spatial Strategy (RSS). It recognises that it is difficult to assess perspective employment land demand since employment trends and prospects at that time were unclear. It also suggests that broad population related estimates cannot be practically translated into B use employment land requirements. The study draws upon a range of information to help understand possible future requirements for employment land:

- Previous employment land trends: if these were to resume, there would be a requirement for 23ha between 2008 and 2031. This is based on a requirement for between 2.8ha and 6.8ha per annum (including a pipeline allowance of +33% and an assumption that 80% development will take place on existing sites leading to a requirement of 0.56ha per annum. Between 2008-2026 this would imply take-up of 10ha and a further 8ha to replace smaller sites. An additional 5.0ha would be required between 2026-2031. This is viewed as the preferred scenario.

- Oxford Economics 2008 Projections: between 2008-2031, there could be a requirement for 20-31ha (0.9ha and 1.3ha p.a.). There would be a potential reduction of land in B2 manufacturing uses (-3,200 jobs), a modest increase in B warehouse and transport/distribution uses (+800 jobs) and substantial increases in B1 business services (+11,700 jobs). This suggests an overall increase in 9,300 jobs.

- Housing growth: based on an additional 14,700 dwellings between 2008 and 2026 (a target which includes Stevenage growth), the study forecasts the likely level of employment growth with and without a 'Stevenage adjustment' with the latter assuming that there are no jobs associated with Stevenage. This suggests that this dwellings increase could lead to between 2,400 (with adjustment i.e. removing Stevenage jobs) and 7,100 jobs (without adjustment). The study suggests that this range "would provide a more appropriate figure for employment growth and should be used accordingly bearing in mind that the 'Stevenage adjustment' figure is broadly consistent with the floorspace completions trend based estimate". Preferred is past take up

2.25 It is interesting to note that a more significant increase in dwellings in the 2009 study results in far fewer jobs compared to the 2006 study with the former reliant on a workplace employed approach (and using a set of different assumptions) and the latter using a residence based approach. The 2009 study states that in the earlier 2006 report "an activity rate derived employment estimate generated a much higher employment level of future jobs in North herts (at 2021) than was projected by the regional employment forecasts at that time, but was not relied on in view of the uncertainties relating to underlying assumptions for commuting balances, household size etc."

2.26 The **Employment Land Review Update 2011** revisits estimates and projections made in previous ELRs for North Hertfordshire. The starting point are the five options for additional housing set out in the document 'North Hertfordshire 2011-2031: Defining the Housing Requirement'. The key findings are summarised in the table below.

Additional Dwellings	Additional employment (1)	Additional employment (2)	Employment needing B use land allocation (3)	
			@Projected 2031 net commuting	@unchanged 2001 net commuting
+600	+200	+4,800	+100	+2,200
+700	+900	+5,500	+400	+2,500
+800	+1,600	+5,200	+700	+2,800
+10,000	+3,100	+7,700	+1,400	+3,500
+12,000	+4,500	+9,100	+2,000	+4,100
+15,800	+7,300	+11,900	+3,300	+5,400

Source: Employment Land Review Update 2011 Bone Wells Urbecon
(1) With baseline projected commuting (2) maintaining 2001 commuting level (3) @45% total employment

2.27 The report suggests that an alternative estimate can be derived from trends of B use land take up over the period 2003/2004 to 2009/2010 – net completions – after setting aside abnormal years changes. This results in a requirement of 34ha between 2011 – 2031 and with a 33% pipeline allowance, some 45ha in total (2.25ha pa). The study suggests that "the year by year evidence on completions land – generating a considerably higher estimate of potential future need – is preferred as the basis of estimating requirements." This is estimated to be a 20% reduction in the estimate made in the 2009 report – converting the take-up based projections to a 20 year period, Bone Wells estimate that the previous report equivalent B use land need would have been 56ha.

2.28 The previous study (2009) suggested that 80% of development would occur on existing sites. If this was the case, the additional requirements would be 9ha based on the findings in the 2011 study and 11.2ha based on the findings of the 2009 study (adjusted to the same timescales).

Development Plan Documents (DPDs)

2.29 Previously, it was anticipated that the Core Strategy for North Hertfordshire would be formally submitted to the Secretary of State in May 2011 and adopted in May 2012. However, as a result of the Government's announcement setting out plans to revoke the Regional Plans and proposals to allow local authorities to set their own housing and employment targets, the Core Strategy is being reviewed. The council has also taken a decision not to continue with the Stevenage and North Herts Action Plan (SNAP) document, which was being prepared to support Stevenage's growth aspirations.

Core Strategy

2.30 A Preferred Options Paper was published in September 2007 (pre-proposals to abolish regional plans). The paper estimates that there will be a requirement for 7 to 8 hectares of additional employment land in North Hertfordshire (excluding Stevenage and Luton's requirements) between 2011 and 2021. The indicative target for additional jobs in the District between 2001 and 2021 is 7,640. In addition, the paper states that in the parts of the district affected by the potential growth of Stevenage and/or Luton, the amount of employment development will be determined in the Area Action Plans for those areas.

2.31 In terms of housing, the paper confirms that sufficient land should be provided for 6,200 dwellings to be completed between 2011 and 2021 in order to meet the requirements of the East of England Plan. This excludes those parts of the district not affected by the expansion of Stevenage or the possible expansion of Luton.

2.32 Should the district be affected by the expansion of Stevenage, sufficient land will be provided to enable the town of Stevenage as a whole to grow by 16,000 dwellings between 2001 and 2021.

2.33 The jobs target of 7,640 is based on ensuring a balance between the extra economically active population and the extra jobs in the district and provides a job for every extra resident worker. The methodology assumes that the amount of net commuting would remain unchanged. It was based on the 2006 Employment Land Review, which forecast that 9,700 jobs would be required as a result of 7,800 dwellings.

2.34 The paper states that the majority of the districts development will be located within the boundaries of the towns of Baldock, Hitchin, Letchworth Garden City and Royston, the large villages of Codicote and Knebworth and as potential extensions to Stevenage and Luton.

Development Policies: Preferred Options, North Hertfordshire District Council, September 2007

2.35 This document supports the Core Strategy paper reviewed above and adds more detail to the policies outlined within it. Of relevance here are the policies relating to prosperous communities. These are discussed below:

2.36 Development Policy 22: Appropriate Uses in Employment Areas – new employment areas or extensions may be allocated to meet local needs.

2.37 Development Policy 23: Employment Development Outside Employment Areas – employment sites exist in areas that are not designated as employment areas, such as town centres, villages and rural areas. The retention of such dispersed employment sites can contribute to sustainable development aims by reducing the need for travel. B1 office developments will be supported in Hitchin, Letchworth Garden City, Baldock and Royston, where they do not conflict with other policies.

2.38 Development policy 24: Small and Medium Sized Businesses – North Hertfordshire has a large number of small sized businesses. Provision of start up and medium size move on space is therefore important and also helps provide local employment and reduced need to travel.

Local Plan No2 with Alternations

2.39 Since 1996, the district's planning policies have been contained in the District Local Plan No.2 with Alterations. Under the Planning & Compulsory Purchase Act 2004, these policies expired on 27 September 2007. Special permission was required from the Secretary of State to save policies beyond this date. That permission has been granted in respect of 33 of the policies. The key points are summarised below:

- Policy 36: Employment Provision: the Council will permit proposals, particularly for small firms, for development and redevelopment to meet the needs of the available labour supply and changes in the local economy: i. within Employment Areas, (particularly sites identified in the plan); ii. elsewhere which is appropriate in land use, highway, settlement character and amenity terms.

- Policy 37: Business Uses (B1 Use Class): the Council will permit development proposals: i. primarily in town centres outside Town Centre Shopping Areas, (Policy 44) particularly as part of urban renewal where old building are re-used and the area's character is enhanced; ii. on site specified for this use listed in the Local Plan; in these areas and sites, permission for employment uses other than class B1 will not normally be permitted when the use would be harmful to residential amenity or to the environment generally; and iii. elsewhere, primarily through urban regeneration and renewal, if appropriate in land use, highway, settlement character and amenity terms.

- Policy 26: Housing Proposals: provision was made for about 8000 dwellings between 1986 and 2001. For housing proposals, the Council will accord with strategic guidance by permitting development: i. on sites listed in the local plan; ii. on sites within Residential Areas and elsewhere, if the proposal is acceptable in that location within the environment and character of the existing area; and iii. involving conversions or changes of use, if acceptable.

Land Allocations Issues and Options

2.40 The Council's Land Allocations Issues and Options (2008) paper included a section on employment sites. This document informed the Core Strategy. The majority of the sites are new employment sites and so are coded as opposed to identified by name. They are:

Table 2-1: Potential New Employment Sites	
Baldock	B/e01: Land at Royston Road
	B/e02: Land at Royston Road
	B/e03: Icknield Way
Hitchin	H/e01: Former Transco Site, Cadwell Lane
	H/e02: Land North-East of Wilbury Way
Letchworth Garden City	L/e01: Former Power Station, Works Road
Roytson	R/e01: Land north of York Way
	R/e02: Lumen Road
Source: Land Allocations Issues and Options, North Hertfordshire District Council, 2008	

2.41 These sites are assessed later in this report.

2.42 As part of the Land Allocations Issues & Options Paper, the council asked if there were any other pieces of land which should be considered. A further 126 sites were identified with the potential to be used for residential or employment uses. Between 20 July and 14 September 2009, a consultation was held to find out views on these.

Housing Growth Targets 2011 – 2031

2.43 The Housing Growth Targets document was published for consultation in February 2012. This included eight housing growth options which are listed in Table 2-2. The current potential housing target being considered by the council is 10,700 additional homes between 2011 and 2031 and will be used for the purpose of this study. This is similar to the continue trends (including Great Ashby) option.

Table 2-2 Housing Growth Targets

Option	Description	Dwellings	% increase
East of England Plan	Target from the Regional Plan	15,800	29
Normal Migration Trends	Based on ONS population projections inc. migration	14,500	26
Stevenage growth	Growth located around edge of Stevenage around existing settlements	13,000	24
Continue trends (including Great Ashby)	Trends since 2001 inc. Great Ashby on edge of Stevenage	11,000	20
Continue trends (excluding Great Ashby)	Trends since 2001 exc. Great Ashby on edge of Stevenage	7,700	14
Delivering affordable housing	Based on 2,580 affordable homes.	7,000	13
Natural Change	ONS population projections based on natural changes	5,400	10
Brownfield	Avoids need for development on greenfield/green belt sites	2,500	5

Neighbouring Authorities

2.44 It is also important to consider the key priorities – both planning and economic development – being taken forward by neighbouring areas. The key points are described in more detail within Appendix A and this is based upon a brief review of available information and discussions with these local authorities. A summary of the key points and implications for North Hertfordshire are as follows:

- **Stevenage**: prior to the proposed abolition of the RSS, Stevenage and North Hertfordshire were exploring the potential for North Hertfordshire to accommodate some of Stevenage's growth due to constraints within their own boundaries (through SNAP). In the light of the changes to national planning policy, Stevenage are reviewing their planning documents and it is likely that they will scale down their growth and focus this within their own boundaries. A number of studies have been commissioned to inform this including a Green Belt Study.

- **Luton**: previous employment land reviews suggested that there was a requirement for between 43ha and 54ha of employment land in Luton and that there were few opportunities within the council's boundaries. It suggested that land would need to be identified within South Bedfordshire or North Hertfordshire. A subsequent study identified the potential to expand Century Park which falls partly within North Hertfordshire. The current situation for North Hertfordshire is not clear since they are updating their Employment Land Review, however South Bedfordshire has allocated around 27ha land to support growth in Luton.

- **South Cambridgeshire**: recent research identified that there is sufficient overall provision of employment land supply across Cambridge City and South Cambridgeshire up to 2031. The council have recently consulted on a range of employment options which include the potential for between 14,000 additional jobs and 29,200 jobs.

- **Central Bedfordshire**: the draft Development Plan proposes allocation of 117ha employment land within Central Bedfordshire which would meet requirements for significant growth locally and meet Luton's growth needs (c27ha has been allocated to meet these needs). Growth will be focused around Hougton Regis and North of Luton.

- **East Hertfordshire**: the council will consult on the District Plan Part 1 Strategy from April 2013 and this will set out further detail on employment growth. It is likely that their growth plans will be revised downwards focusing on meeting the districts own needs. The majority of development is likely to be focused around Bishops Stortford.

3. Economic Context

Introduction

3.1 This section provides a thorough analysis of the current socio-economic conditions of North Hertfordshire, identifying both challenges and opportunities for the district. The analysis is based upon an extensive review of official databases and highlights key points relevant to this study.

3.2 In order to fully understand the performance and socio-economic conditions of North Hertfordshire, this section uses comparator geographies as a benchmark analysis. These geographies are at the district, regional, and national level and further contextualise the local performance of North Hertfordshire.

	District Geographies	Wider Geographies
Comparator Geographies	• East Hertfordshire • Luton • South Cambridgeshire • Stevenage	• Hertfordshire • East of England • England

Headlines

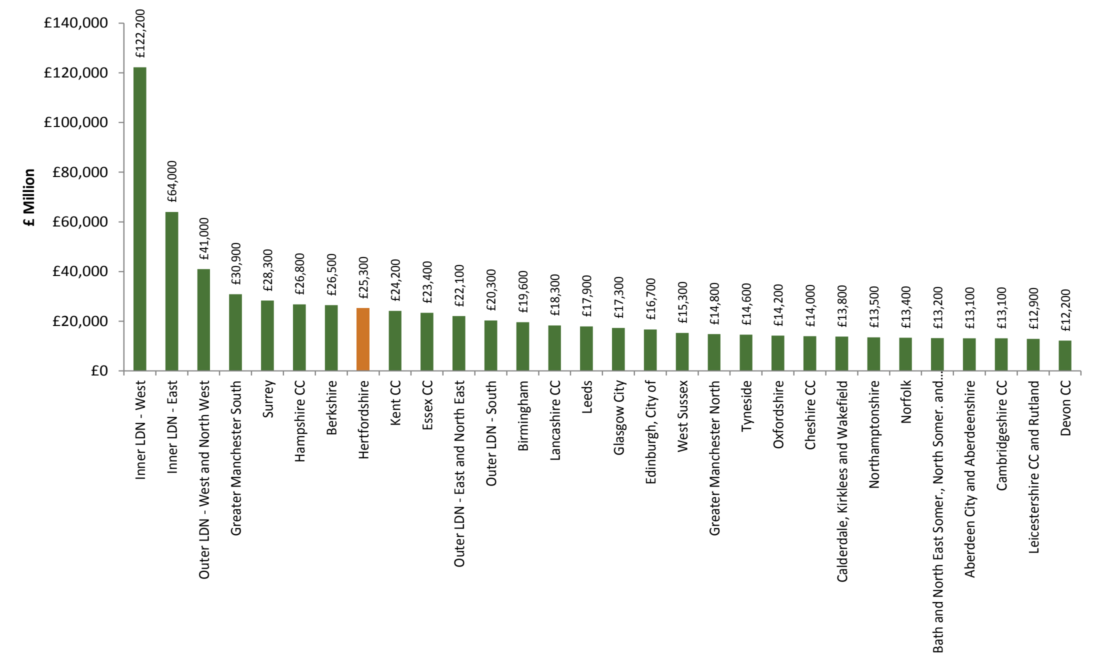
- Employment growth in North Hertfordshire has been relatively low and in decline since 2005. During the period 1998-2011 it experienced a -10% decline in employment (4,800 job losses) compared to 8% employment growth at the regional and national levels.
- Losses were experienced across all B class uses with the greatest changes experienced in B2 (-21%) and B1 (-20%) followed by B8 (-7%).
- The manufacturing and retail sectors, representing a quarter of the district's employment, each recorded over 1,000 job losses during the 2003-8 period. The business administration and professional/scientific sectors, which represent 12% of the district's employment, have been steadily contracting and since 2008 have each lost around 1,000 jobs.
- While 11% of the North Hertfordshire workforce is self-employed, in line with the national average (13%), this figure has sharply declined since 2004, with almost 4,000 leaving self-employment.
- Nevertheless, the economic activity and employment rate in the district are relatively strong (82% and 76% respectively), surpassed only by the South Cambridgeshire comparator district. They did however decline between 2004 and 2011.
- Overall population growth in the district has also been relatively strong (9%) and above the levels of Hertfordshire county (8%), East of England (8%), and England (7%).
- 63% of the population is of a working age, with the growth rate of this demographic continuing to keep pace with the national level of 8% over the last decade.
- Resident earnings in North Hertfordshire are significantly higher than workplace earnings and are highest relative to all comparator geographies.
- North Hertfordshire experiences an overall net outflow of 11,100 daily commuters, with the average out-commuter being more highly skilled than those commuting into the district. **As such, there is a clear trend of residents commuting out of the district to work in more highly skilled jobs**.

Local Economy

Average productivity but low employment growth…

3.3 In 2009, Hertfordshire contributed £25.3 billion to the UK economy, an amount similar to that of Kent, Essex and Berkshire. This contribution equates to an average of £50,000 per employee, which ranks above the regional and national averages of £45,000 and £46,900, respectively. Nevertheless, closer examination of the growth in GVA contribution during the period 1999-2009 reveals a different picture: Hertfordshire increased 42%, or ten points below the 52% growth exhibited at the regional and national level.

Figure 3-1 GVA Contributions- Top 30 Nut 3 Area, 2009



Source: ONS, Regional Accounts

3.4 While the GVA contributions are not available at the district level, they can be roughly estimated using employment densities. As such, North Hertfordshire is estimated to have contributed around £2.2 billion in 2009, comparable to the contribution of the neighbouring district of Stevenage, but behind those of Luton and South Cambridgeshire. The estimated GVA per employee was £49,800 for North Hertfordshire, which is higher than the regional and national figures, but lower than the Hertfordshire average.

Table 3-1 Estimated Local Authority GVA Contribution, 2009

	GVA 2009 (million)	GVA per Employee	GVA change 1998-2009
North Hertfordshire	£2,200	£49,800	39%
East Hertfordshire	£2,800	£49,800	49%
Luton	£4,100	£49,800	66%
South Cambridgeshire	£3,300	£49,800	93%
Stevenage	£2,100	£49,800	59%
Hertfordshire	£25,300	£50,000	53%
East of England	£106,900	£45,000	58%
England	£1,062,000	£46,900	60%

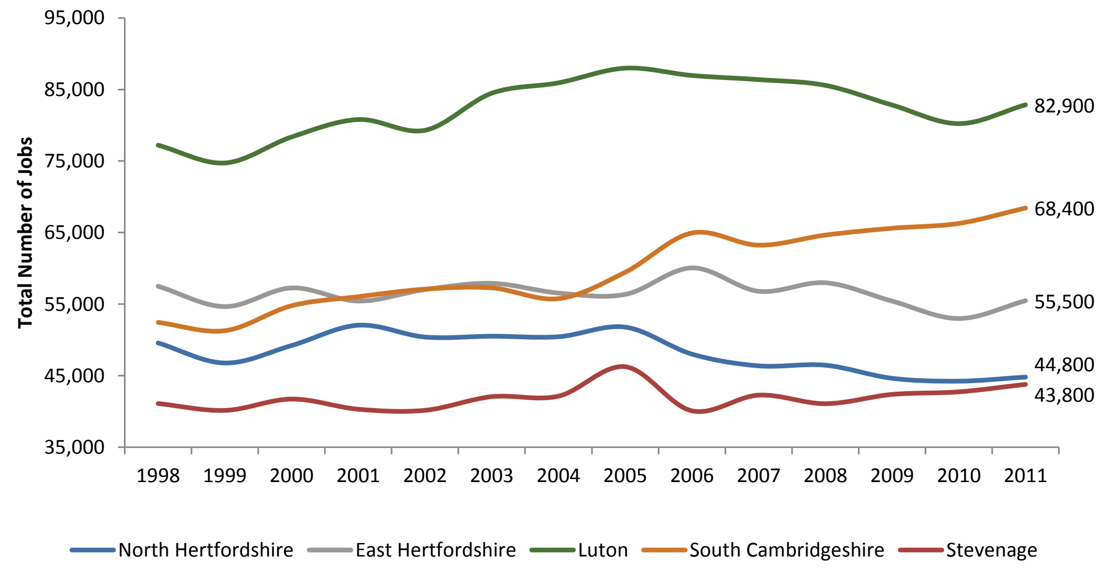
Note: GVA figures for North Hertfordshire, East Hertfordshire, Luton, South Cambridgeshire, and Stevenage (districts) have been estimated according to employment density. Employment density from ABI (pre-2008) has been converted and made comparable with that from BRES (post-2008).

Source: ONS, Regional Accounts

Weak Employment Growth over the Decade and Continued Job Losses…

3.5 As of 2011, North Hertfordshire contained a total of 44,800 jobs, slightly more than the neighbouring district of Stevenage. Nevertheless, employment growth has been below that experienced by other comparator areas. During the period 1998-2011 the number of jobs in the district contracted by 10%, compared to an 8% expansion at the regional and national levels. Looking at the period before the 2008 recession, North Hertfordshire registered a 6% decline in number of jobs (-3,100 jobs), while other comparator districts increased, apart from Stevenage. Against the regional and national benchmarks of 9-10% growth, North Hertfordshire performs worse.

Figure 3-2 Overview of Employment Performance, 1998-2011



Note: ABI data for the pre-2008 period has been recalibrated according to the BRES post-2008 data.

Source: Business Register and Employment Survey and Annual Business Inquiry

3.6 The effects of the economic downturn have also taken their toll on North Hertfordshire, with the district losing 1,700 jobs (-4%) since 2008, compared to a -1% decline at the regional and national level. While the neighbouring district of East Hertfordshire shows a similar trend in job decline, South Cambridgeshire and Stevenage have registered 6% and 7% growth in number of jobs since 2008. As the proceeding section will explain, the job losses have particularly affected the following sectors: manufacturing, business administration, and retail.

Table 3-2 Overview of Employment Performance

		2011	Change 1998-2008		Change 2008-2011		Total Change 1998-2011	
		Number	**Absolute**	**%**	**Absolute**	**%**	**Absolute**	**%**
Districts	**North Hertfordshire**	44,800	-3,100	-6%	-1,700	-4%	-4,800	-10%
	East Hertfordshire	55,500	500	1%	-2,500	-4%	-2,000	-4%
	Luton	82,900	8,400	11%	-2,700	-3%	5,600	7%
	South	68,400	12,200	23%	3,800	6%	16,000	30%

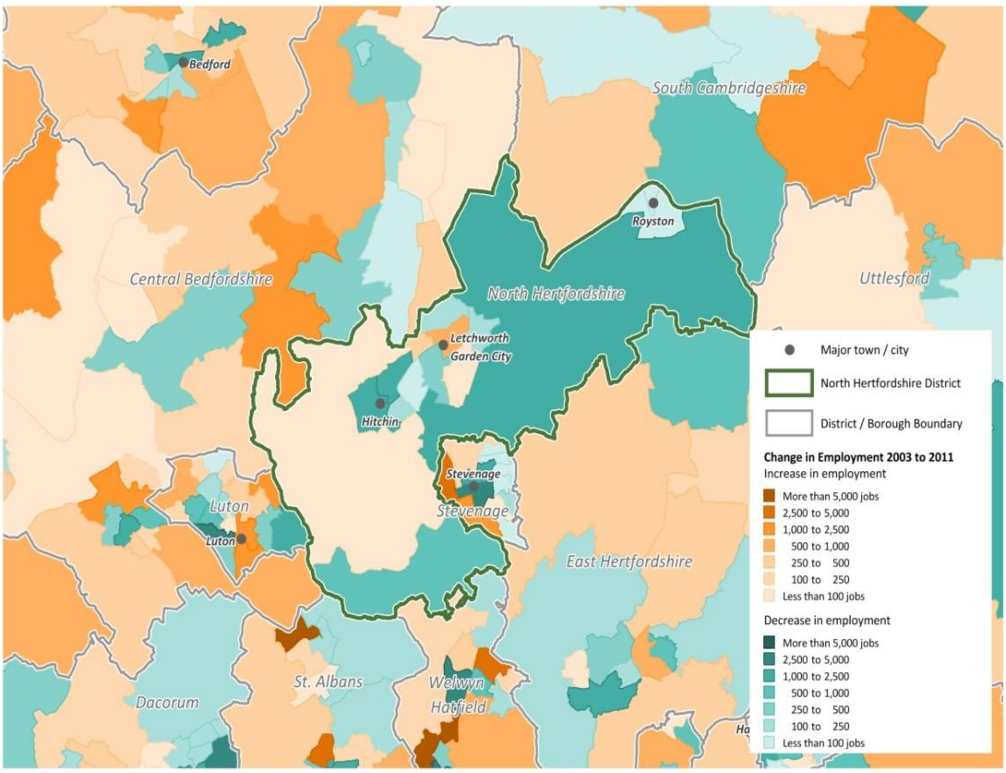
	Cambridgeshire							
	Stevenage	43,790	0	0%	2,700	7%	2,700	7%
Wider Geography	**Hertfordshire**	517,900	7,800	2%	-3,700	-1%	4,100	1%
	East of England	2,401,800	211,200	10%	-31,000	-1%	180,200	8%
	England	23,058,900	1,946,500	9%	-272,300	-1%	1,674,100	8%
Note: ABI data for the pre-2008 period has been recalibrated according to the BRES post-2008 data.								
Source: Business Register and Employment Survey and Annual Business Inquiry								

3.7 While North Hertfordshire as a whole has experienced significant job losses, it is important to understand the fluctuations in employment figures both within the District as well as the surrounding areas. The map below depicts changes in employment during the period 2003-2011, with the orange areas indicating employment growth and the blue areas showing employment loss.

3.8 The eastern area of North Hertfordshire is where the most significant decline in employment has occurred. This pocket of employment loss is contrasted to the western fringe of the District, bordering Luton, which saw an increase in employment during the same period. There is also a pocket of employment growth around the Letchworth Garden City area.

3.9 There has been significant employment growth in the districts surrounding North Hertfordshire. To the north lies South Cambridgeshire and Central Bedfordshire, which have experienced employment growth, as have parts of East Hertfordshire to the south. This employment growth appears even stronger when contrasted against the losses experienced in the neighbouring areas of North Hertfordshire.

Figure 3-3 Change in Employment, 2003-2011



Source: ABI and BRES

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High Concentration of Employment in Manufacturing and Retail…

3.10 One quarter of the North Hertfordshire employment is concentrated in the sectors of manufacturing and retail. Further headlines include:

- Almost half the employment in North Hertfordshire (45%) is concentrated in the following four broad industrial sectors: manufacturing (15%), retail (12%), education (9%), and health (9%). While the former two categories show a higher concentration compared to the national average, the latter two categories are slightly lower.
- North Hertfordshire has a strong representation from the private sector, indicated by the below average levels of employment concentrated in the public sector. The following public sectors are less represented compared to the national average: public administration (2% vs. 5% nationally), education (9% vs. 10% nationally), and health (9% vs. 13% nationally).
- Compared to the national benchmark, there is a higher concentration of employment in the construction, retail, and manufacturing sectors. 5% of employment is in the business administration sector, compared to 8% nationally.

Table 3-3 Broad Industrial Sectors of Activity, 2011

	Districts					Wider Geographies				
	North Herts	East Herts	Luton	South Cambs	Stevenage	Herts LEP	Greater Cambs/ Greater Peters LEP	Herts	East	England
Mining, quarrying & utilities	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%
Manufacturing	15%	10%	10%	15%	12%	7%	12%	7%	9%	9%
Construction	7%	7%	4%	5%	5%	6%	4%	6%	5%	4%
Motor trades	3%	2%	3%	2%	2%	2%	2%	2%	2%	2%
Wholesale	7%	5%	5%	6%	5%	7%	5%	7%	5%	4%
Retail	12%	10%	8%	6%	11%	13%	10%	13%	12%	10%
Transport & storage	2%	2%	8%	7%	2%	4%	5%	4%	5%	5%
Accom. & food services	7%	7%	4%	4%	5%	6%	6%	6%	6%	7%
Information & comm.	4%	3%	2%	7%	6%	5%	3%	5%	3%	4%
Financial & insurance	4%	2%	1%	2%	2%	2%	2%	2%	3%	4%
Property	3%	2%	1%	1%	1%	2%	2%	2%	1%	2%
Professional, scientific & technical	7%	9%	6%	16%	7%	9%	7%	9%	7%	8%
Business administration & support services	5%	12%	17%	4%	13%	12%	8%	12%	9%	8%
Public administration & defence	2%	4%	4%	2%	3%	3%	4%	3%	4%	5%

Education	9%	10%	11%	8%	7%	8%	11%	8%	10%	10%
Health	9%	9%	11%	9%	15%	9%	12%	9%	12%	13%
Arts, entertainment, recreation & other services	5%	5%	4%	4%	4%	5%	4%	5%	5%	5%
Source: BRES										

3.11 Building off of the aforementioned employment performance, it is helpful to analyse job losses by broad industrial sector. Due to the different industry classification in the ABI and BRES databases, the figures for the period 2003-2008 have been assigned a "best fit" category according to the classifications for the 2008-2011 period. As such, the general trend of each period can be compared, but their calculations for analysis cannot be merged.

3.12 In line with the aforementioned employment performance, during the period 2008-2011 North Hertfordshire has recorded a loss of 1,700 jobs (4% decrease). While this decrease has been experienced in the majority of the sectors, those with the highest concentration of employment (manufacturing and retail) have experienced slight employment increases during this period. These sectors experienced an increase of 400 and 100 jobs, respectively. Additionally, the finance and insurance sector as well as the property sector have both experienced an increase in jobs (800 and 300, respectively) since the economic downturn. Conversely, business administration and support services experienced the largest decline of 33% (1,100 jobs).

Table 3-4 Overview of Employment: North Hertfordshire

	2011			Change			
	Number	%	LQ	2003-2008		2008-2011	
				Absolute	%	Absolute	%
Mining, quarrying & utilities	400	1%	0.8	0	0%	-100	-27%
Manufacturing	6,700	15%	1.7	-1,100	-14%	400	7%
Construction	3,000	7%	1.5	400	14%	-300	-10%
Motor trades	1,300	3%	1.7	400	29%	0	-3%
Wholesale	3,100	7%	1.6	-700	-20%	200	7%
Retail	5,500	12%	1.2	-1,200	-11%	100	2%
Transport & storage	900	2%	0.4	0	2%	-300	-22%
Accommodation & food services	3,000	7%	1.0	-100	-4%	0	0%
Information & communication	1,700	4%	0.9	0	2%	-300	-13%
Financial & insurance	1,600	4%	0.9	-600	-43%	800	100%
Property	1,200	3%	1.7	-400	-31%	300	32%
Professional, scientific & technical	3,100	7%	0.9	-300	-3%	-800	-21%
Business administration & support services	2,200	5%	0.6	-200	-51%	-1,100	-33%
Public administration & defence	900	2%	0.4	0	4%	100	19%
Education	3,900	9%	0.9	700	19%	-600	-14%
Health	4,200	9%	0.7	500	14%	-200	-4%
Arts, entertainment, recreation & other services	2,200	5%	1.1	-2,100	-47%	100	6%

Total	44,900	1		-4,100	-8%	-1,700	-4%
Note: A location quotient (LQ) is a calculation which measures a region's specialisation compared to the national economy. Any LQ greater than 1 suggests specialisation. 2003-08 Motor Trades accounts for manufacture, sale, maintenance and repair of motor vehicles (SIC 2007 No. 34 and 50) 2003-08 Business administration & support services accounts for services auxiliary to financial intermediation (SIC 2007 No. 67) 2003-08 Professional, scientific & technical accounts for computer related activities, research and development, and other business activities (2007 SIC No. 72, 73, 74)							
Source: BRES and ABI							

3.13 Further analysis of the top employment activities within North Hertfordshire is presented in the table below:

- Retail and education are the top two employment sectors, providing 5,500 and 3,900 jobs respectively. The former also has a strong local concentration.

- The wholesale trade and food and beverage service activities together provide an additional 5,900 jobs to the district, both of which have a higher local concentration than the national average.

- The chemical manufacturing sector also provides a significant amount of employment (1,300 jobs) and has a very high local concentration relative to the national average (LQ=7.6).

- Other manufacturing sectors, which are highly concentrated in the district, include the following: manufacture of basic metals, furniture, computer and electronic products, and rubber and plastic products.

Table 3-5 Top Ten Employment Sectors- North Hertfordshire, 2011

Top sectors by Volume							Top Sectors by Concentration of Activity						
	2011			General Trend 2003-8	Absolute Change 2008-11			2011			General Trend 2003-8	Absolute Change 2010-11	
	No.	%	LQ		No.	%		No.	%	LQ		No.	%
Retail trade, except of motor vehicles and motorcycles	5,500	12%	1.2	↓	100	2%	Manufacture of chemicals and chemical products	1,300	3%	7.6	↓	800	135%
Education	3,900	9%	0.9	↑	-600	-14%	Insurance, reinsurance and pension funding, except compulsory social security	900	2%	5.2	↓	800	554%
Wholesale trade, except of motor vehicles and motorcycles	3,100	7%	1.6	↓	200	7%	Manufacture of basic metals	600	1%	5.0	↓	400	218%
Food and beverage service activities	2,800	6%	1.2	↓	100	2%	Manufacture of furniture	500	1%	4.2	↓	300	174%
Specialised construction activities	1,600	4%	1.5	↑	-200	-10%	Manufacture of computer, electronic and optical products	700	1%	3.3	↑	0	-6%
Social work activities without accommodation	1,500	12%	1.1	↑	300	22%	Other manufacturing	400	1%	2.7	↓	-200	-31%
Residential care activities	1,400	3%	1.2	↑	-300	-19%	Manufacture of rubber and plastic products	600	1%	2.4	↓	-100	-12%
Manufacture of chemicals and chemical products	1,300	3%	7.6	↓	800	135%	Repair and installation of machinery and equipment	300	1%	2.2	↑	200	111%
Wholesale and retail trade and repair of motor vehicles and motorcycles	1,300	3%	1.7	↑	0	-3%	Printing and reproduction of recorded media	400	1%	2.0	↓	0	12%
Computer programming, consultancy and related activities	1,200	3%	1.3	↑	-300	-17%	Water collection, treatment and supply	100	0%	1.8	↓	-100	-53%

Source: BRES

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3.14 To assess the implications of this employment data in terms of employment land it is necessary to estimate the proportion of growth which has related to B1, B2 and B8 employment land uses. Regeneris Consulting has developed a land-use model to assign individual SIC codes to land uses (e.g. B1 office, B2 industrial, B8 manufacturing, A1 retail etc.). Our model has underpinned the evidence base within a number of Core Strategies which have been found sound. This includes the St Helen's Employment Land Review. It has also been used at public inquiries such as for Glenfield Park, a major employment site in Blaby, where Wilson Bowden won an appeal against the planning authority.

3.15 Applying the Use Class Model to employment data for North Hertfordshire highlights that overall there has been no employment growth in B use classes, with the A1 and Other category experiencing a 1% increase (80 jobs) during the period 1998-2011. Since 2008, employment has increased slightly in the B2 and B8 categories, which correlates with the preceding findings of recent growth in the Manufacturing and Wholesale sectors. Nevertheless, employment growth in the B1 category continues to decline and at a faster rate since 2008.

Table 3-6 North Hertfordshire Employment Change by Use Class, 1998-2011

	Change 1998-2008		**Change 2008-11**		**Change 1998-2011**	
	Absolute	%	Absolute	%	Absolute	%
B1	-1,540	-11%	-1,040	-9%	-2,590	-20%
B2	-2,060	-26%	280	5%	-1,780	-21%
B8	-710	-11%	230	4%	-490	-7%
All B Uses	**-4,320**	**-15%**	**-530**	**-2%**	**-4,850**	**-18%**
A1 and Other	1,200	6%	-1,130	-5%	80	1%
Total	**-3,110**	**-6%**	**-1,660**	**-4%**	**-4,770**	**-10%**

Source: ABI and BRES
Note: ABI data has been recalibrated to be made compatible with the BRES dataset.

Relatively Low Performing Business Base…

3.16 As of 2011, North Hertfordshire had a total of 5,600 registered businesses, equating to 69 per 1,000 working age population. This level is significantly higher than the regional and national levels, and only East Hertfordshire and South Cambridgeshire have higher levels of business density. The growth in number businesses for the period 2006-11 was 24%, below all comparator geographies.

Table 3-7 Business Base Performance, 2011

	Number 2011	**Business density**	**Change 2006-11**	
			Absolute	**%**
North Hertfordshire	5,600	69	1,000	24%
East Hertfordshire	6,800	77	2,100	47%
Luton	4,600	35	900	25%
South Cambridgeshire	7,000	74	1,600	29%
Stevenage	2,300	42	700	42%
Hertfordshire	48,200	67	10,700	30%
East	216,600	58	44,000	26%

England	1,842,700	54	382,700	27%
Source: ONS IDBR Business Data 2011, 2006				

3.17 Around 89% of the businesses in North Hertfordshire are small, employing no more than 9 employees. This figure is in line with the regional and national figures. North Hertfordshire is also home to around 100 businesses (2% of total) that employ between 50-249 employees. This is in line with the national and regional averages and above East Hertfordshire and South Cambridgeshire districts.

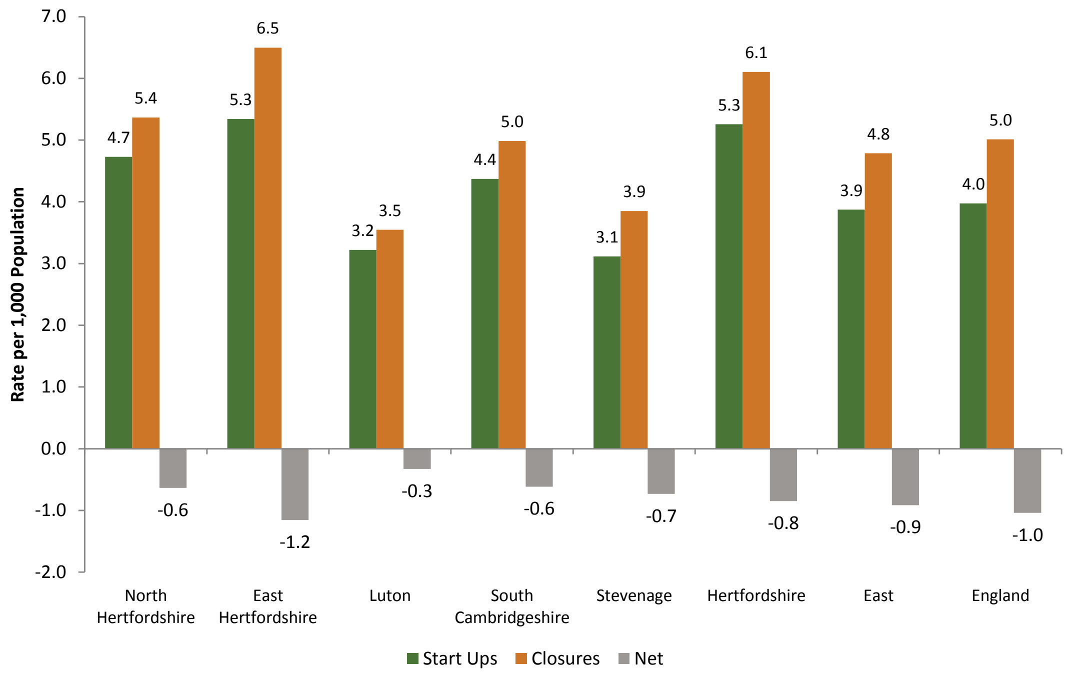
Table 3-8 Overview of Business Base Size Structure, 2012

		0-9 Employees		10 to 49 Employees		50 to 249 Employees		250+ Employees	
		No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Districts	North Hertfordshire	5,000	89%	500	9%	100	2%	0	0%
	East Hertfordshire	6,100	90%	500	7%	100	1%	0	0%
	Luton	4,000	87%	500	11%	100	2%	0	0%
	South Cambridgeshire	6,100	87%	700	10%	100	1%	0	0%
	Stevenage	2,000	87%	200	9%	0	0%	0	0%
Wider Geographies	Hertfordshire	43,600	90%	3,700	8%	700	1%	200	0%
	East of England	193,400	89%	19,000	9%	3,300	2%	800	0%
	England	1,634,400	89%	170,400	9%	30,100	2%	7,700	0%
Source: ONS IDBR Business Data 2012									

Average Levels of Enterprise Locally…

3.18 North Hertfordshire has relatively strong levels of enterprise compared to both neighbouring districts and the wider geographies. In 2010, there were a total of 5 business start-ups per 1,000 population, compared to 4 in the East and England. This figure also surpassed those of all neighbouring districts with the exception of East Hertfordshire. Given the current economic climate, it is not surprising that the number of business closures has outnumbered new start-ups. While all the comparator areas experienced a similar trend to North Hertfordshire, the net change for the district was less negative than most other areas, particularly East of England and the rest of England.

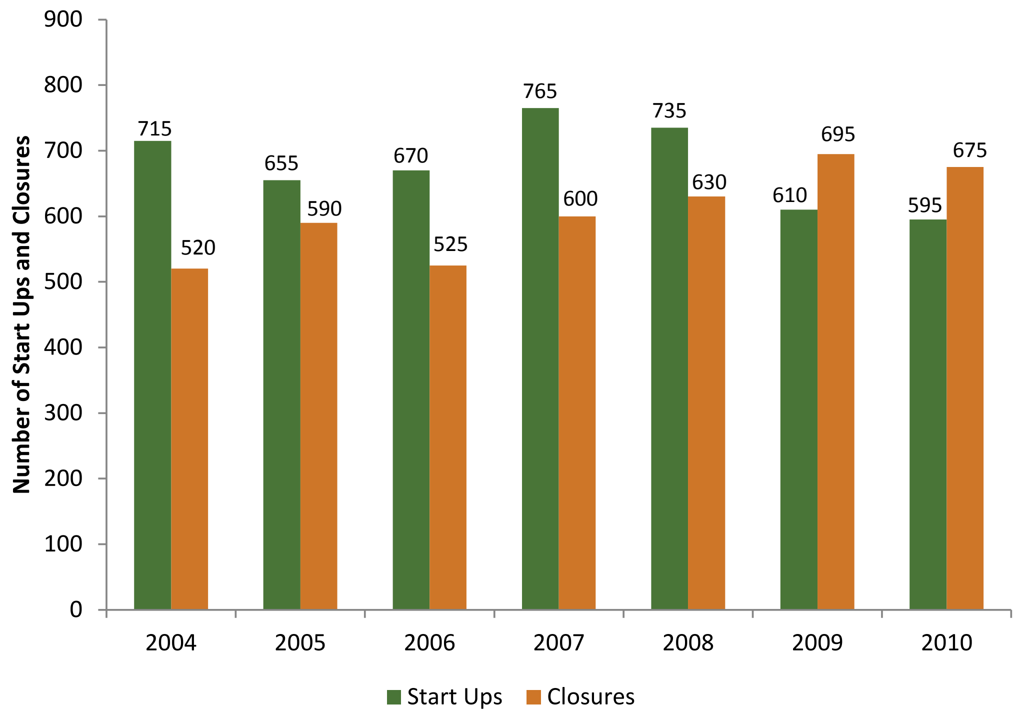
Figure 3-4 Overview of Enterprise, 2010



Source: ONS Business Demography

3.19 As illustrated below, the trend in business start-ups and closures reflects the wider economic context, with closures surpassing the number of start-ups after the global recession of 2008. While the net change is still negative, between 2009 and 2010 the net change between the number of business start-ups and closures improved from -85 or -80.

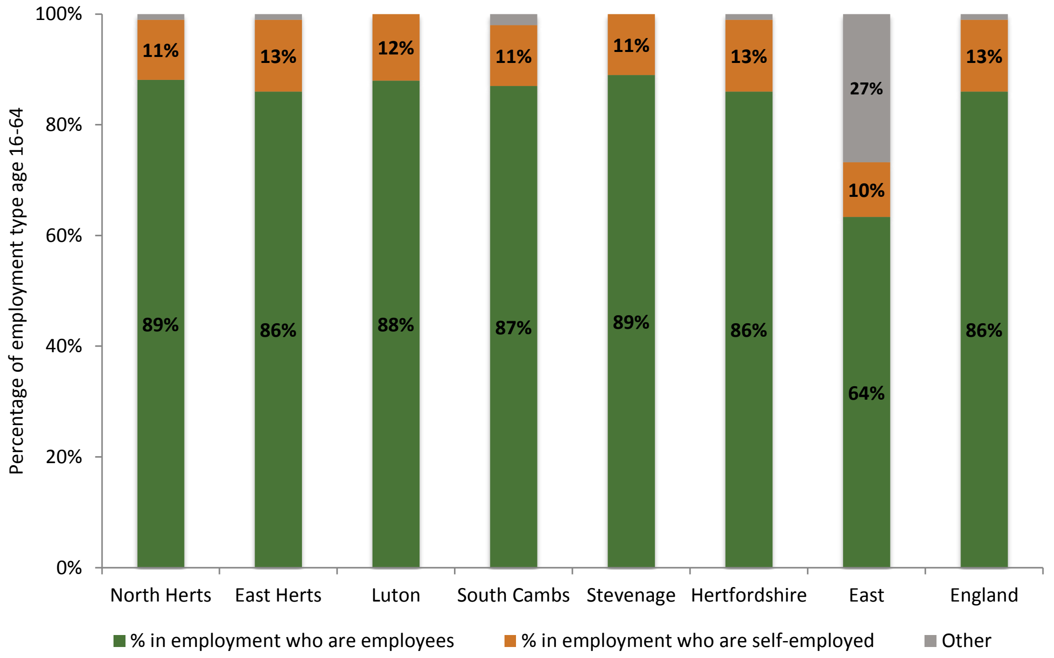
Figure 3-5 Overview of Enterprise performance- 2004-2010, North Hertfordshire



Source: ONS Business Demography

3.20 Self-employment is another indicator, which reflects local levels of enterprise. In 2011, 11% of North Hertfordshire's working population was self-employed. This figure is relatively similar to both the surrounding districts and wider geographies. It must be noted that the inconsistency in the data for the East of England is due to the low level of those in employment who are employees. This figure has been consistently low, moving from 66% in 2004 to 64% in 2011, and its dataset indicates low levels of confidence.

Figure 3-6 Overview of Self Employment, 2011



Source: Annual Population Survey

Table 3-9 Overview of Self Employment, 2004-2011

		Number	%	Change 2004-11	
				No.	%
Districts	North Hertfordshire	6,300	11%	-3,800	-38%
	East Hertfordshire	8,900	13%	100	1%
	Luton	10,200	12%	600	6%
	South Cambridgeshire	9,000	11%	-2,000	-18%
	Stevenage	4,200	11%	-900	-18%
Wider Geography	Hertfordshire	70,700	13%	-4,000	-5%
	East	365,700	10%	17,100	5%
	England	3,473,800	13%	596,800	21%

Source: Annual Population Survey

Population and Demography

An Average Working Age Population and a Growing +65 Age Group…

3.21 North Hertfordshire has a population of around 127,100, having experienced an above average growth rate of 9% during the period 2001-2011.

3.22 The working age population within the district is currently 63%, only slightly below the national level of 65% and the county and regional level of 64%. Growth of the working age demographic over the past decade has also kept pace with the national level of 8%.

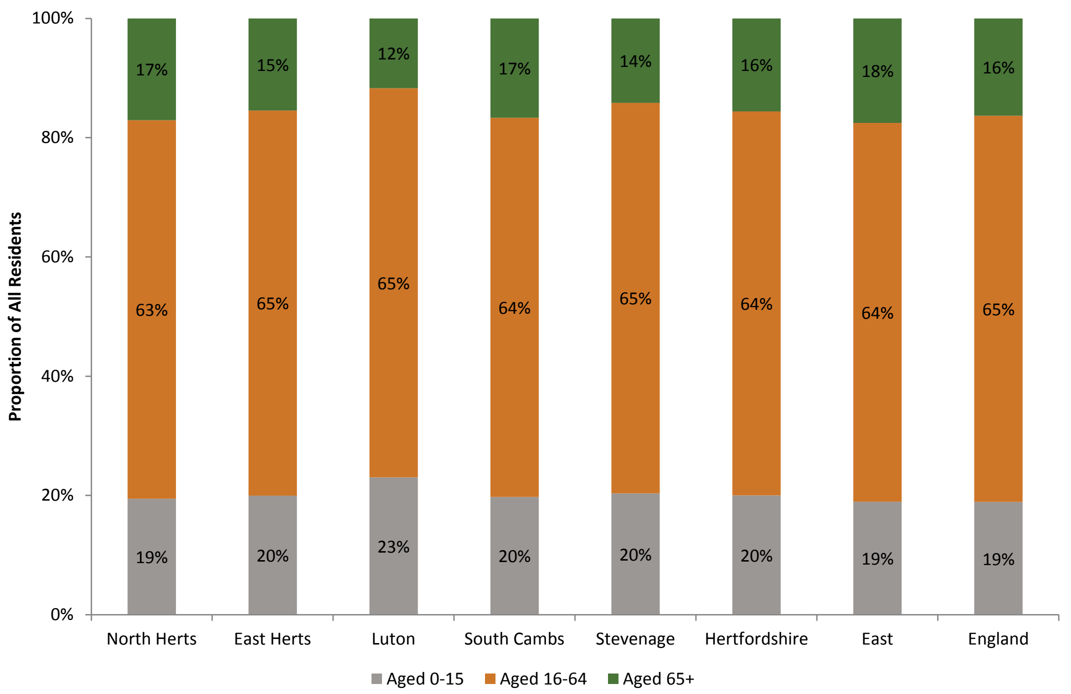
Table 3-10 Overview of Population

	Total Population			Working Age Population			
	2011	Change 2001-11		Absolute	% of total	Change 2001-11	
		Absolute	%			Absolute	%
North Hertfordshire	127,100	10,000	9%	80,700	63%	6,300	8%
East Hertfordshire	137,700	8,600	7%	88,900	65%	4,300	5%
Luton	203,200	17,300	9%	132,600	65%	12,200	10%
South Cambridgeshire	148,800	18,300	14%	94,600	64%	9,600	11%
Stevenage	84,000	4,200	5%	55,000	65%	4,200	8%
Hertfordshire	1,116,100	80,600	8%	718,600	64%	54,500	8%
East	5,847,000	446,500	8%	3,714,200	64%	285,500	8%
England	53,012,500	3,562,800	7%	34,329,100	65%	2,623,300	8%

Source: Census 2001 and 2011

3.23 Currently 17% of the North Hertfordshire population is over the age of 65, which is slightly above the 16% recorded for Hertfordshire county and England.

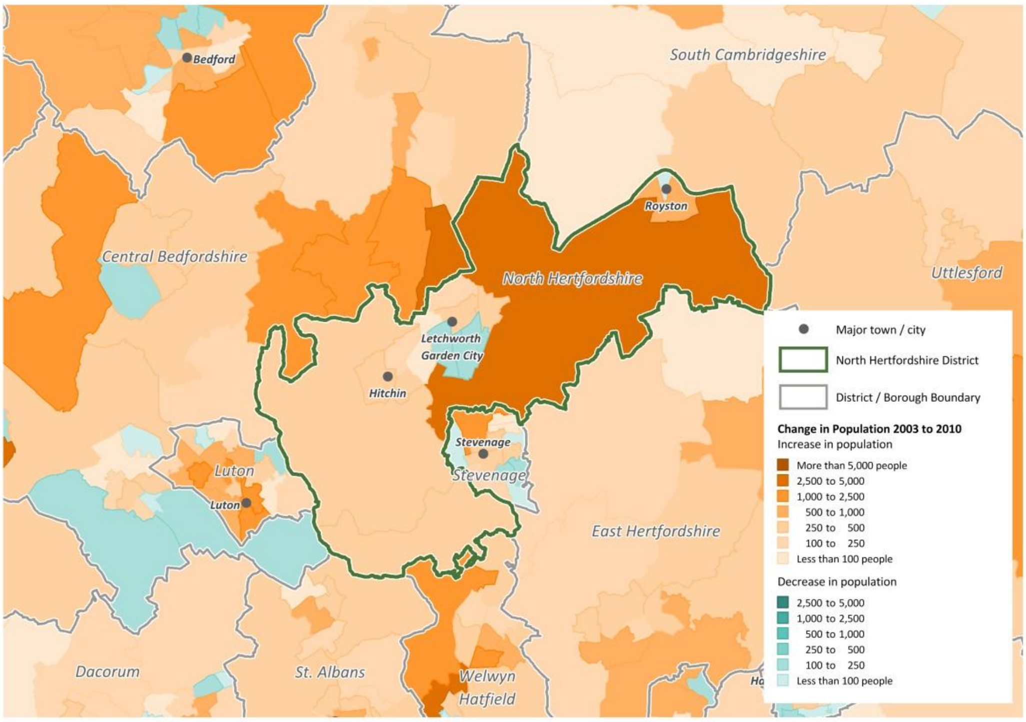
Figure 3-7 Population by Age Group, 2011



Source: Census 2011

3.24 While the overall population of North Hertfordshire has grown over the past decade, it is useful to understand how this growth has been dispersed throughout the district. As shown by the orange areas of the map below, the eastern area of the district has experienced the greatest growth in population. Additionally, there have been population decline in the areas to the south of Letchworth Garden City. While the districts surrounding North Hertfordshire have seen population increases, this is most pronounced in Central Bedfordshire to the northwest and Welwyn Hatfield to the south. Finally, Luton and Stevenage also experienced significant population growth with pockets of decline.

Figure 3-8 Population Growth, 2003-11



Source: Mid-year population estimates

3.25 The Office for National Statistics (ONS) provides forecasts on the future population of North Hertfordshire together with comparator areas up to 2031. This data predicts that a significant change will occur in the age structure of the district: by the year 2031, the 65+ age group is predicted to increase by 61% (13,000 people), compared to a growth of just 11% (9,000 people) in the working aged population.

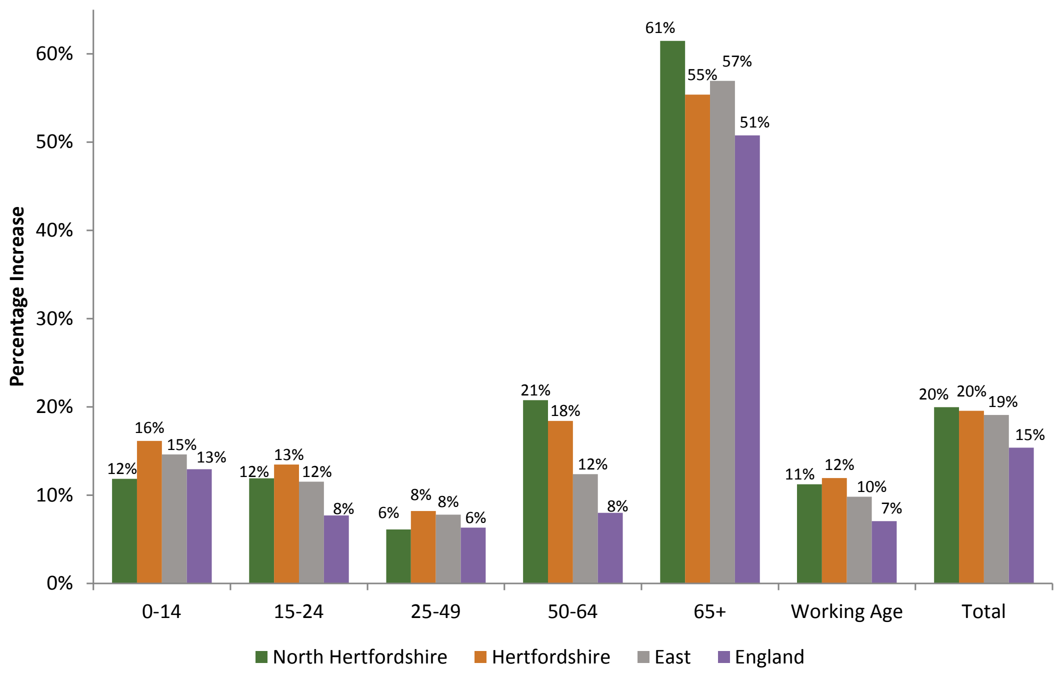
Table 3-11 Population Projections, 2011-2031, North Hertfordshire District

	Population (000s)					Change 2011-31	
	2011	2016	2021	2026	2031	Absolute	%
0-14	24	25	26	27	26	3	12%
15-24	13	12	12	13	14	2	12%
25-49	46	46	46	47	49	3	6%
50-64	24	26	29	29	29	5	21%
65+	22	25	27	31	35	13	61%
Working Age	82	84	87	90	91	9	11%
Total	127	134	141	147	153	25	20%

Note: Working age population includes those aged 15-64
Source: ONS Subnational Population Projections, 2010

3.26 The high growth of the 65+ age group is expected not only in North Hertfordshire, but also across the country. Nevertheless, at the national level this demographic is expected to increase by around 51%, compared to 61% for North Hertfordshire. A predicted 11% increase in the working aged population in the district is above that expected nationally (7%). Overall population growth for North Hertfordshire is also expected to increase at a faster rate than national levels (20% vs. 15%).

Figure 3-9 Population Projections, Percentage Change by Age Group, 2011-2031



Note: Working Age population includes those aged 15-64
Source: ONS Mid Year Population Estimates

Local Labour Market

High Skills Levels in Labour Market …

3.27 The working age population within North Hertfordshire has a high level of labour market skills. In 2011, almost 40% had degree level qualifications or higher, compared to just 33% at the national level. Similarly, those with no qualifications represent 5% of the worked aged population in the district, compared to 10% nationally. Across Hertfordshire County, 39% have degree level qualifications and 8% have no qualifications.

Table 3-12 Overview of Resident Qualification, 2011

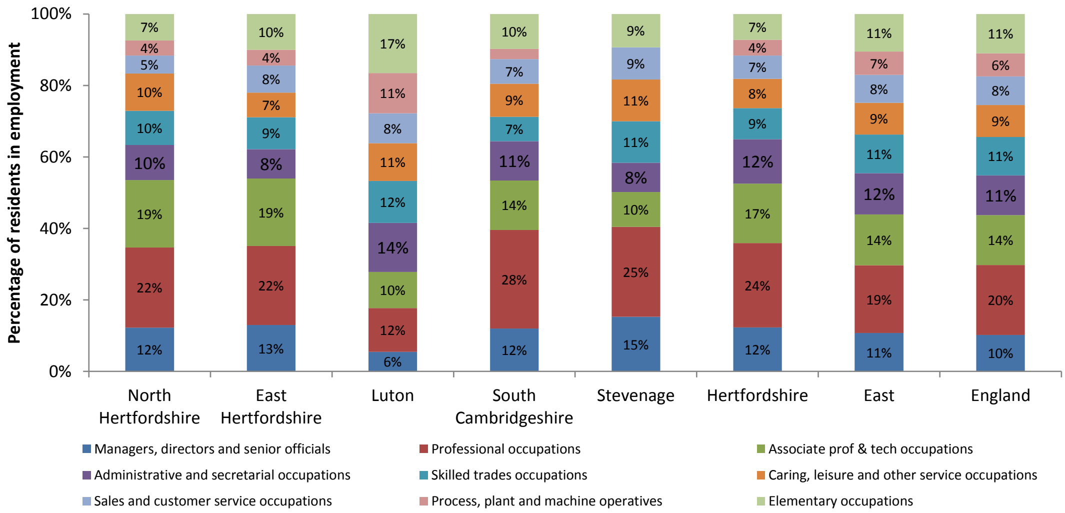
		% with Trade Apprenticeships - aged 16-64	% with other qualifications - aged 16-64	% with no qualifications - aged 16-64	% with NVQ 1-3 only- aged 16-64	% with NVQ4+ - aged 16-64
Districts	North Hertfordshire	2%	4%	5%	51%	39%
	East Hertfordshire	2%	6%	5%	49%	39%
	Luton	2%	9%	18%	43%	28%
	South Cambridgeshire	4%	5%	4%	48%	39%
	Stevenage	2%	4%	12%	45%	36%

Wider Geographies	Hertfordshire	3%	5%	8%	47%	39%
	East	4%	7%	10%	51%	29%
	England	3%	7%	10%	47%	33%
Source: Annual Population Survey						

3.28 The high level of labour market skills within the District is reflected in the occupational structure of the resident population. In 2011, 53% of the working residents of North Hertfordshire were employed in the top three occupational categories: managers, professional occupations, and association professional occupations. This figure is in line with that of Hertfordshire County and above the national level of 34%.

3.29 Nevertheless, the data reveals a disparity between the occupational structure of the resident population versus those working in the district. In this case, only 44% of the District's workforce is employed in the top three occupational categories. This figure is below that of Hertfordshire County, 48%. This data therefore suggests that those living within the district are more highly skilled than those working in the district. As such, there is a clear trend of residents commuting out of the district to work in more highly skilled jobs.

Figure 3-10 Overview of Occupations, 2011: Occupations of Residents (top), Occupations of Workforce (bottom)



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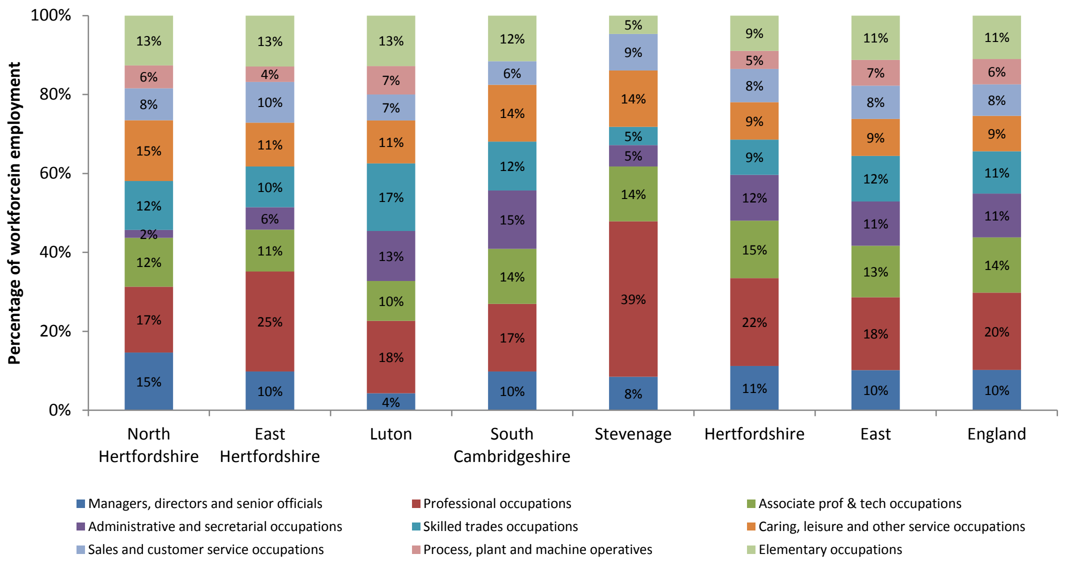
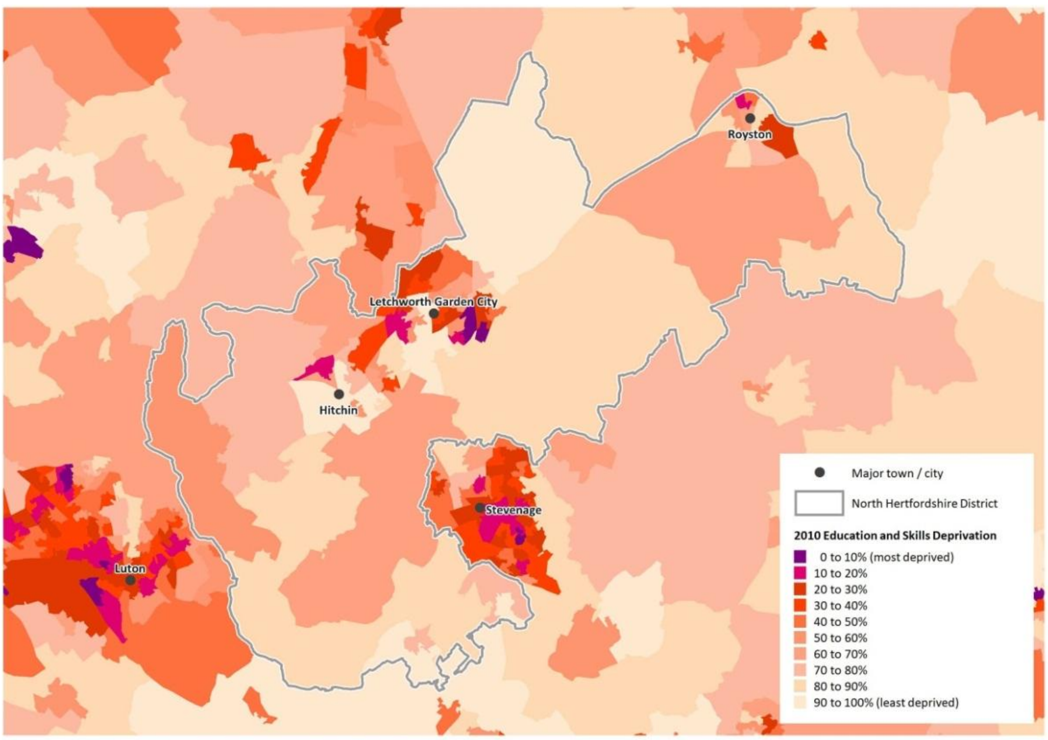


Source: Annual Population Survey

3.30 A greater understanding of the skills and education levels of North Hertfordshire can be gained by examining the index of relative deprivation relating to education, skills, and training. This measure indicates the district's position relative to national levels, where the areas of darker shading represent areas which suffer from higher levels of deprivation. The diagram indicates that overall, North Hertfordshire has relatively low levels of education and skills deprivation, with the exception of some pockets close to the market towns of Letchworth Garden City and Hitchin. Levels of deprivation of Stevenage and Luton are generally more severed and widespread compared to North Hertfordshire.

Figure 3-11 Index of Multiple Deprivation 2010- Education, Skills and Training Domain



Source: Indices of Multiple Deprivation, CLG

High levels of Economic Activity and Employment…

3.31 North Hertfordshire has a relatively high economic activity rate of 82%, placing it above the national level (76%) as well as that of the County (80%). It also outperforms surrounding districts, with the exception of South Cambridgeshire, which recorded a rate of 87%. While the performance of North Hertfordshire is strong, during the period 2004-2011 it has decreased three points, compared to a one point decrease nationally.

3.32 The employment rate in North Hertfordshire is 76%, which again ranks above all comparator areas except South Cambridgeshire. While this indicator has declined in almost all areas in recent years, North Hertfordshire has declined at a faster rate in relation to the comparator geographies.

Table 3-13 Overview of Economic Activity and Employment Rates, 2011

		Economic activity rate-aged 16-64			**Employment rate-aged 16-64**		
		Number	%	Rate Change 2004-11	Number	%	Rate Change 2004-11
Districts	North Hertfordshire	64,700	82%	-3	59,700	76%	-6
	East Hertfordshire	69,900	78%	-5	67,200	75%	-6
	Luton	93,200	71%	-5	85,300	65%	-6
	South Cambridgeshire	79,300	87%	1	75,800	83%	-0
	Stevenage	40,300	78%	-6	37,600	73%	-9
Wider Geography	Hertfordshire	571,400	80%	-2	534,500	75%	-4
	East	2,936,700	79%	-1	2,736,500	74%	-3
	England	25,753,600	76%	-1	23,664,200	70%	-3

Source: Annual Population Survey

Relatively Low Levels of Worklessness …

3.33 Worklessness is a term used to describe those without a job. It includes working age people (not in full time education or training) who are:

- Economically inactive- those without work and not actively seeking work; or
- Unemployed- those without work and actively looking for a job

3.34 The workless group includes those who work in the informal economy who claim benefits as well as those who do not. Many of those who are economically inactive are outside of the labour market voluntarily, because of family responsibilities or early retirement for example. Many others may have withdrawn from the labour market due to discouragement and would work if they had the right opportunity, incentive or path back to employment.

3.35 Workless residents face multiple barriers hindering them from finding work. These barriers may include – the institutional benefits trap; low skill levels; poor language skills; poor health; psychological barriers; poor transport links and other local barriers. Typically many people face multiple barriers. These reinforce each other and make return to work harder to achieve.

3.36 In line with the high levels of economic activity and employment, the levels of worklessness in North Hertfordshire are relatively low. In North Hertfordshire, 18% (14,400 people) are economically inactive, compared to 20% in Hertfordshire County and 24% in England. Additionally, the unemployment rate in the district is 8%, which is comparable to the wider geography areas.

Table 3-14 Overview of Economic Inactivity and Unemployment Rates, 2011

		Economic inactivity rate- aged 16-64			Unemployment rate- aged 16-64		
		Number	%	Rate Change 2004-11	Number	%	Rate Change 2004-11
Districts	North Hertfordshire	14,400	18%	3	4,900	8%	4
	East Hertfordshire	20,100	22%	5	2,800	4%	1
	Luton	38,100	29%	5	8,000	9%	2
	South Cambridgeshire	12,200	13%	-1	3,500	4%	2
	Stevenage	11,400	22%	6	0	7%	4
Wider Geography	Hertfordshire	142,500	20%	2	37,000	7%	3
	East	767,100	21%	1	200,200	7%	3
	England	7,955,300	24%	0	2,089,400	8%	3

Source: Annual Population Survey

Strong Commuter Flows …

3.37 Travel to work patterns provide another lens through which the local economy and labour market can be analysed. As the 2011 Census has yet to publish this data, figures from the 2001 Census provide the most extensive coverage of travel to work patterns.

3.38 As a whole, North Hertfordshire has a total net outflow of 11,100 daily commuters, with 58,700 people commuting out and 47,600 commuting in. The previous analysis of labour market skills and occupational structure is reflected in the travel to work data: 46% of those commuting out of North Hertfordshire are highly skilled, compared to 37% of those commuting into the district. This is to say that those who commute out of the district are typically more highly skilled than those who commute in. In terms of out-commuting, Stevenage, Welwyn Hatfield and South Cambridgeshire are the key destinations in terms of the volume of out-commuters.

Table 3-15 **Summary of Travel to Work Flows including Occupation**

District- Out Commuting Top 10 Destinations					**District- In Commuting Top 10 Destinations**				
	People	**Occupation Level**				**People**	**Occupation Level**		
		Higher	**Middle**	**Low**			**Higher**	**Middle**	**Low**
Stevenage	6,400	55%	19%	22%	**Central Bedfordshire**	5,100	40%	20%	38%
Welwyn Hatfield	3,100	57%	17%	23%	**Stevenage**	3,400	36%	20%	41%
South Cambridgeshire	1,800	43%	16%	39%	**South Cambridgeshire**	1,800	46%	19%	32%
Luton	1,700	59%	10%	30%	**Luton**	1,100	38%	19%	40%

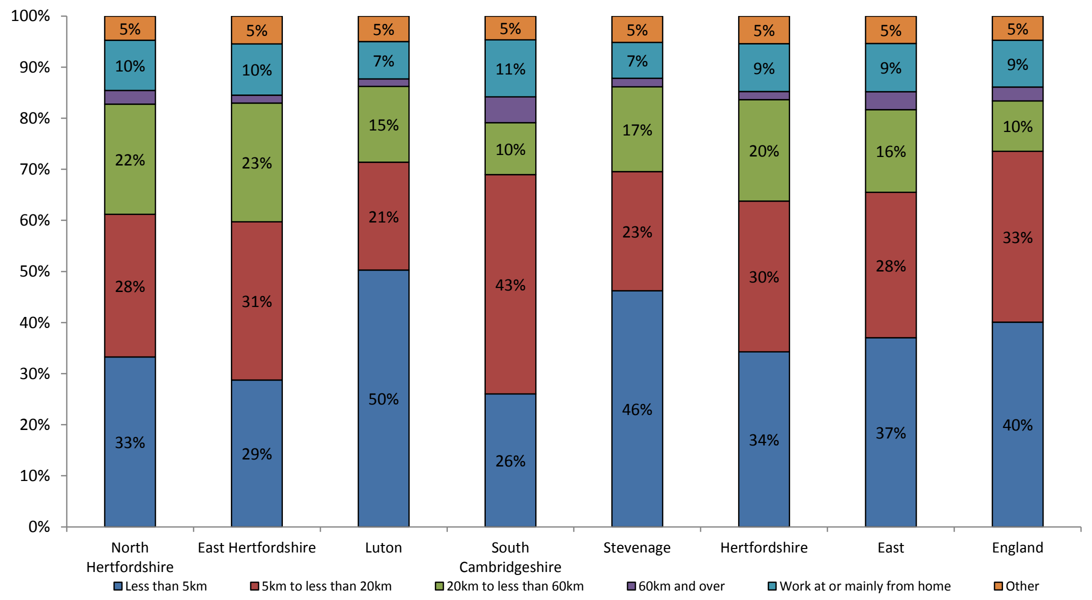
Central Bedfordshire	1,700	44%	17%	38%	**East Hertfordshire**	700	52%	19%	27%
East Hertfordshire	1,600	55%	14%	30%	**Welwyn Hatfield**	700	47%	22%	28%
St Albans	1,200	56%	18%	22%	**Huntingdonshire**	500	63%	12%	24%
Cambridge	900	58%	22%	19%	**Bedford**	500	60%	18%	20%
Hertsmere	500	66%	16%	18%	**St Albans**	400	62%	17%	19%
Dacorum	500	62%	12%	25%	**Cambridge**	200	73%	9%	13%
London	5,700	78%	13%	9%	**London**	600	57%	13%	26%
South East	1,000	70%	10%	19%	**South East**	400	71%	7%	18%
East Midlands	100	72%	10%	18%	**East Midlands**	300	58%	15%	19%
All	**58,700**	**46%**	**22%**	**29%**	**All**	**47,600**	**37%**	**24%**	**35%**
	Out Commuting				**In Commuting**		**Net Flow**		
North Hertfordshire	**58,700**				**47,600**		**-11,100**		

Note: Occupation groups compiled from SOC Codes- Higher Skilled incorporate higher managerial occupations, Higher professional occupations and Lower managerial and professional occupations; Intermediate Skills incorporates Intermediate occupations, Small employers and own account workers, and Lower supervisory and technical occupations; Lower Skilled Occupations incorporates Semi Routine and Routine Occupations.

Source: ONS Census Origin Destination Statistics

3.39 The travel to work patterns are further emphasised by an understanding of the average distances travelled to work by residents of North Hertfordshire. In the district, over 22% of the residents travel between 20-60 kilometres to work, compared to the national level of 10%. Travel to work distances for North Hertfordshire are slightly higher than the comparator geographies, particularly Luton and Stevenage.

Figure 3-12 Summary of Average Distance Travelled to Work by North Hertfordshire Residents



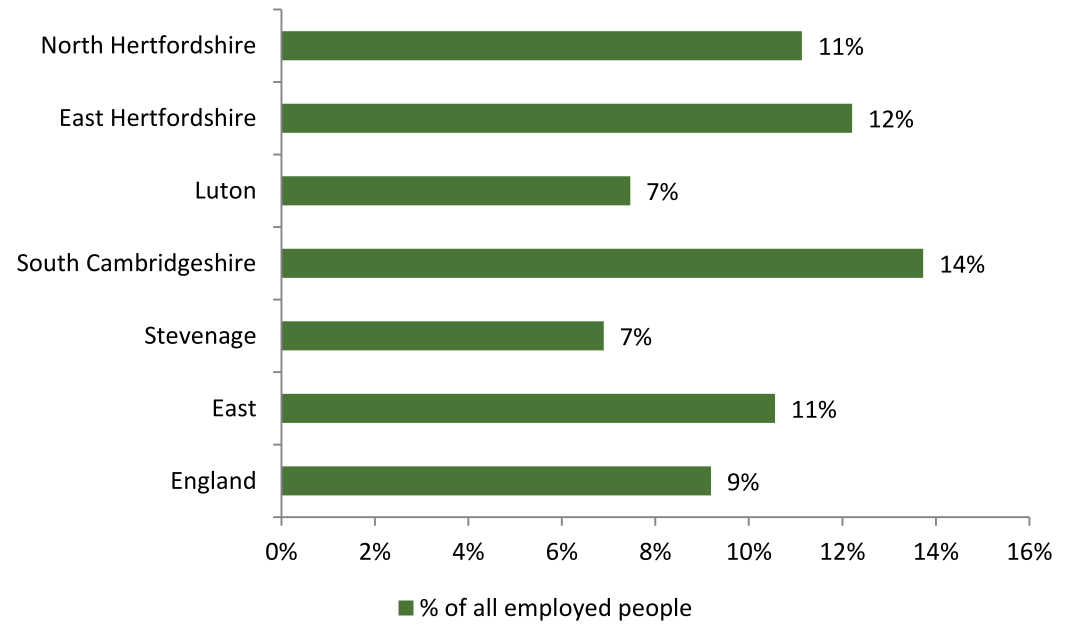
Source: ONS Census Statistics, 2001

3.40 In addition to those who travel to work, it is also important to understand the proportion of residents who work from home. Evidence suggests this portion of the workforce is on the rise, due in part to increased choice amongst employees and advancements in information communication technology (ICT). New technologies and advancements in ICT mean that work no longer needs to be carried out in centralised factories and offices.

3.41 Changing work patterns are increasingly being acknowledged and encouraged.. Home working is a form of employment where individuals work from their homes. Both home working and live/work properties (as suggested in PPS4) look set to become more commonplace in the UK. Nevertheless, these changes have implications for employment land and housing requirements and still face barriers until these practices become more widely accepted by all stakeholders.

3.42 While the most recent data on this indicator is sourced from the 2001 Census, it is still useful in order to gain a broad understanding of the key trends. Of the working population in North Hertfordshire, 11% worked mainly from home, compared to the 9% national average. This level is also higher than the surrounding geographies of Luton and Stevenage, but slightly below those of East Hertfordshire and Cambridgeshire.

Figure 3-13 Overview of Home Working Trends, 2001



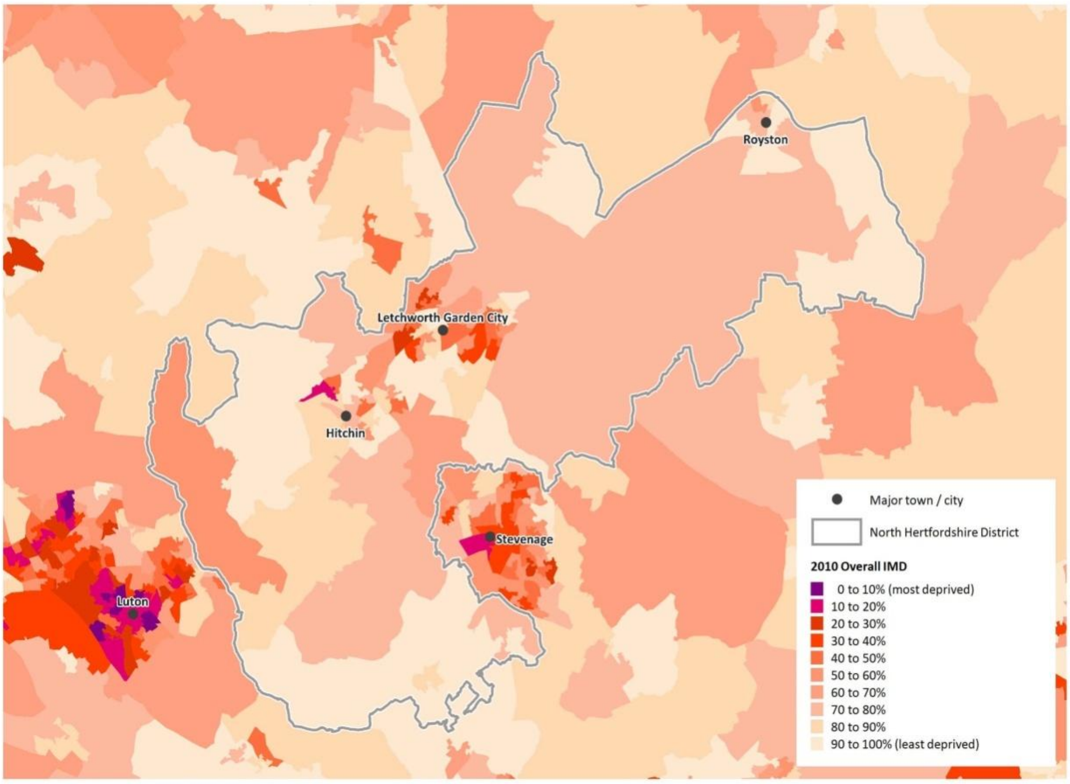
Source: ONS Census Statistics, 2001

Quality of Life and Living Environment

3.43 The Index of Multiple Deprivation 2010 provides the most recent assessment of deprivation at the district and SOA level across England. The index is compiled using seven deprivation 'domains' – Income, Access to Housing and Services, Crime, Employment, Education and Training, Health, and Living Environment. Evidence provided by these deprivation domains is referred to throughout this section.

3.44 On the whole, North Hertfordshire shows relatively low levels of overall deprivation. Nevertheless, there are some pockets in the areas surrounding the market towns of Hitchin and Letchworth Garden City, which are relatively more deprived considering all seven deprivation domains.

Figure 3-14 Index of Multiple Deprivation 2010



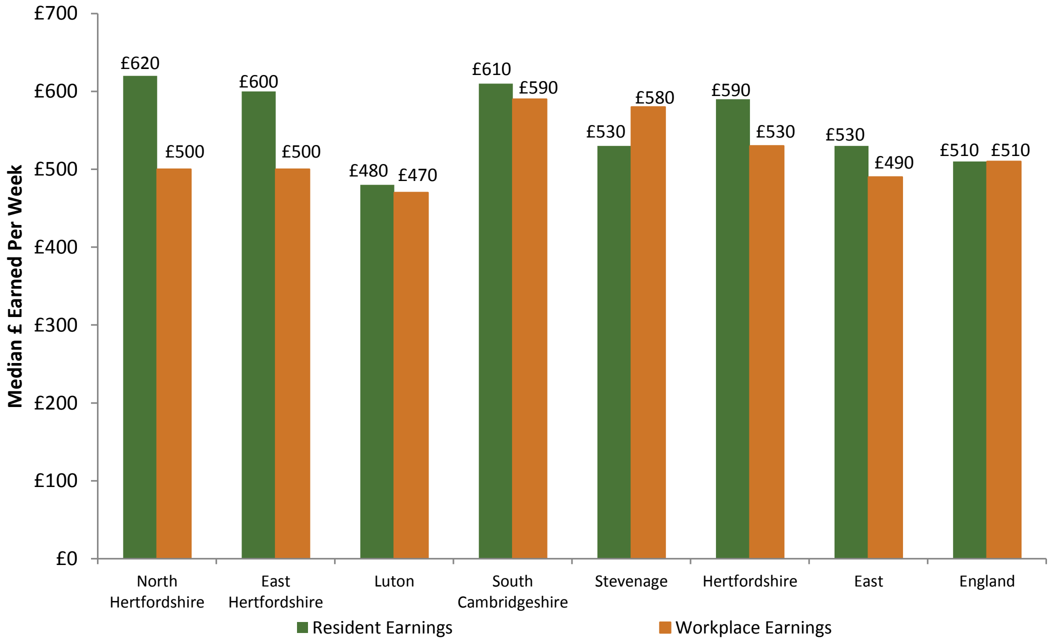
Source: Indices of Multiple Deprivation, CLG

Relatively High Levels of Resident Income and Earnings…

3.45 An analysis of resident earnings can be used as an indication of quality of life, due to the correlation between the two variables.

3.46 In 2011, the average gross weekly pay of North Hertfordshire residents was £620 – higher than all surrounding districts, the county average of £590, and the national average of £510. Nevertheless, there is a relatively large discrepancy between resident and workplace earnings in North Hertfordshire. Workplace earnings reached £500, which is lower than most of the surrounding districts and wider geographies. This discrepancy clearly reflects the aforementioned travel to work patterns, with those commuting out of the district being more highly skilled than those commuting in.

Figure 3-15 Overview of Resident and Workplace Based Earnings, 2011



Source: Annual Survey of Hours and Earnings

4. Commercial Market Performance

4.1 The overall performance of the UK commercial property market continues to be affected by the performance of the UK economy. As a result of the trends reported in the previous section, the property market continues to under-perform compared to pre-recession trends.

National & Regional Market Trends

Offices

4.2 Office take-up (outside of the London market) remains notably down on pre-recession levels. Economic conditions and uncertainty coupled with the impact of austerity measures continue to hinder recovery of the office market. Following a strong bounce-back in take-up in 2010 (particularly in Central London), market performance in 2011 has been more subdued. With companies less likely to expand or upgrade their accommodation, deals continue to be particularly associated with lease events.

4.3 Office take-up in 2011 outside of Central London, according to Lambert Smith Hampton, was similar in 2010. Looking at the eastern region, office demand appears to be improving from 2009 and 2010 levels, but this is largely skewed by Cambridge and Watford where levels of take up have been strongest. Stronger demand has been pushing down the levels of supply but, again, Cambridge slightly skew these figures. Looking forward, the amount of new development across the region is low at 106,000 sq ft of speculative space. Availability levels are expected to decrease from 2010 levels.

4.4 The lack of demand and limited development in the pipeline means that prime rents can be expected to remain largely static this year, with some smaller submarkets showing decreases. In addition, with little speculative development underway, the likelihood is that availability, particularly of Grade A space, should fall over time and drive a reduction in incentives to entice occupiers. However there are downside risks associated with economic performance.

4.5 Prime office rents for the region are generally slightly below the UK average, with Cambridge being an exception. Within Hertfordshire, the stronger office centres are St Albans, Watford and Hemel Hempstead. These towns support headline office centres of £19.00 - £20.00 per square foot. The north of the country, in general, supports lower rental levels of up to £16 per square foot.

Industrial and Distribution

4.6 The industrial and distribution market has remained relatively buoyant compared to other commercial uses over the last few years, with 101 million square foot of activity recorded nationally in 2011 by Lambert Smith Hampton – a decline of just 0.8% on 2010.

4.7 The distribution warehouse market saw a 15% increase in activity in 2011 (relative to 2010) in the medium-sized sector (10,000 – 50,000 sq.ft) and a notable decline in availability. Activity, however, declined in the second half of the year linked to the worsening Eurozone crisis, with take-up recorded 17% below that in the first half.

4.8 The eastern region saw the largest downturn in industrial activity in 2011. Lambert Smith Hampton's 2012 National Industrial and Distribution Market report shows that take up levels decreased significantly at 29% from the levels at the end of 2010. A major reason for this was the decline in activity for large buildings in the region.

4.9 Prime rents range from £8.00 ft2 in Cambridge to £5.00 ft2 in Peterborough. In Hertfordshire, rents in key markets are around £7.25 ft2 in Hemel Hempstead and £7.50 ft2 in Watford.

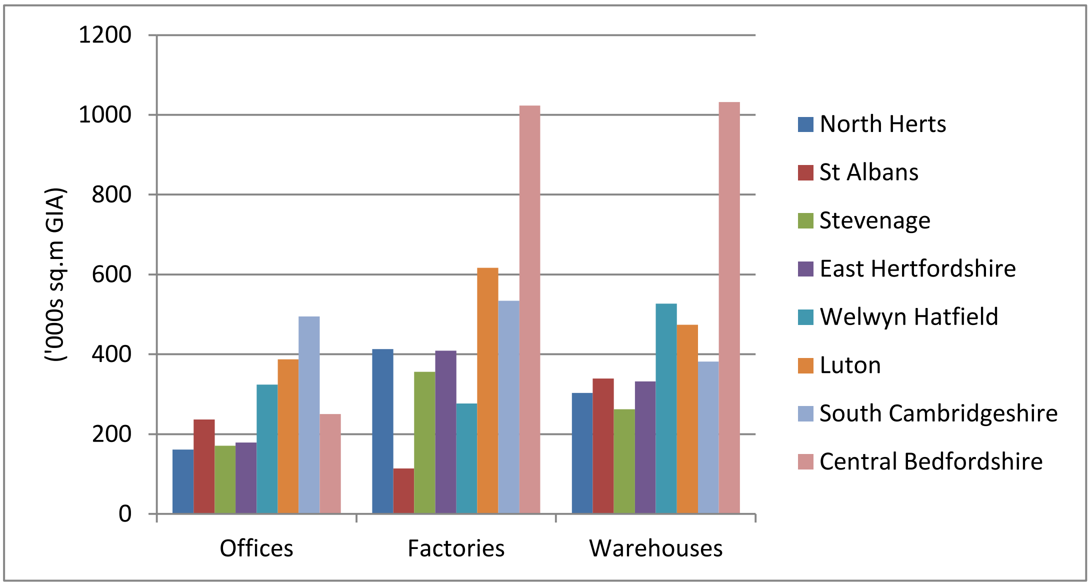
4.10 Across the UK, the availability of industrial and distribution space has declined slightly to 10.2% whilst the supply of Grade A floor space has fallen to less than 12 months' supply in most size bands. Grade A stock represented just 11% of available space at the end of 2011. This reflects limited speculative development activity in 2010/11. In the Eastern region, the availability rate increased by 16% over 2011 but remains the lowest in the UK at 5.7% of existing stock.

Property Market Dynamics in North Herts

Stock

4.11 There was approximately 877,000 sq.m of B-class employment floorspace in North Herts District in 2008. Of this 18% is offices, 47% industrial and 35% warehouse/ distribution floorspace. Relative to surrounding districts, North Hertfordshire includes a higher proportion of industrial floorspace.

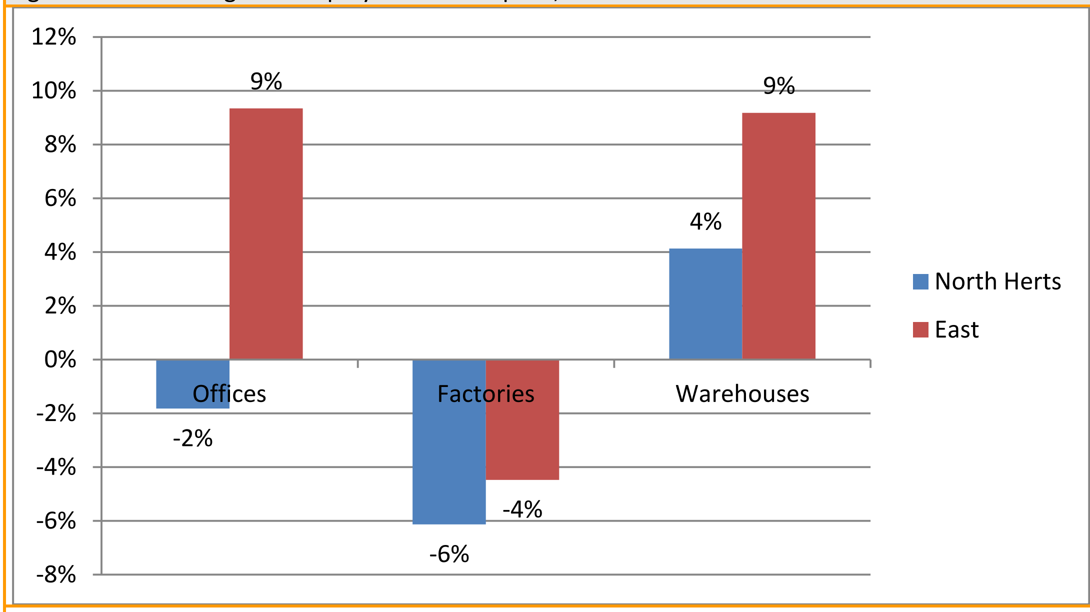
Figure 4-1 Composition of Commercial Floorspace, 2008



Source: CLG/ VOA Industrial Floorspace and Rateable Value Statistics

4.12 Figure 4.2 analyses the changes in employment floorspace over the previous decade. Over this period the stock of office floorspace has declined by -2% and industrial floorspace by -6% whilst warehouse floorspace has grown by 4%. Across each use class, North Hertfordshire has performed worse than the Eastern region as a whole.

Figure 4-2 Net Changes in Employment Floorspace, 1998-2008



Source: CLG/ VOA Industrial Floorspace and Rateable Value Statistics

Office Market

4.13 The office market in North Herts is relatively modest in scale and focused towards local demand. The total stock across the four main towns in 2008 was for instance 6% less than in Stevenage, and over 50% less than that in Luton. It is focused towards smaller occupiers.

4.14 The office stock includes:

- 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;
- 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.

4.15 The table below profiles deals over the last 6.5 years. Data has been combined from two of the main commercial databases of deals, Estates Gazette Interactive (EGi) and CoStar Focus. Whilst these are unlikely to record all deals they should provide an indication of demand trends. There has been an average of 29 deals a year over this period, with a focus towards smaller office units of less than 185 sq.m. There is limited activity for larger units of over 1850 sq.m with just four deals recorded over the last 6.5 years.

Figure 4-3: Office Deals, 2006 – mid 2012, North Hertfordshire

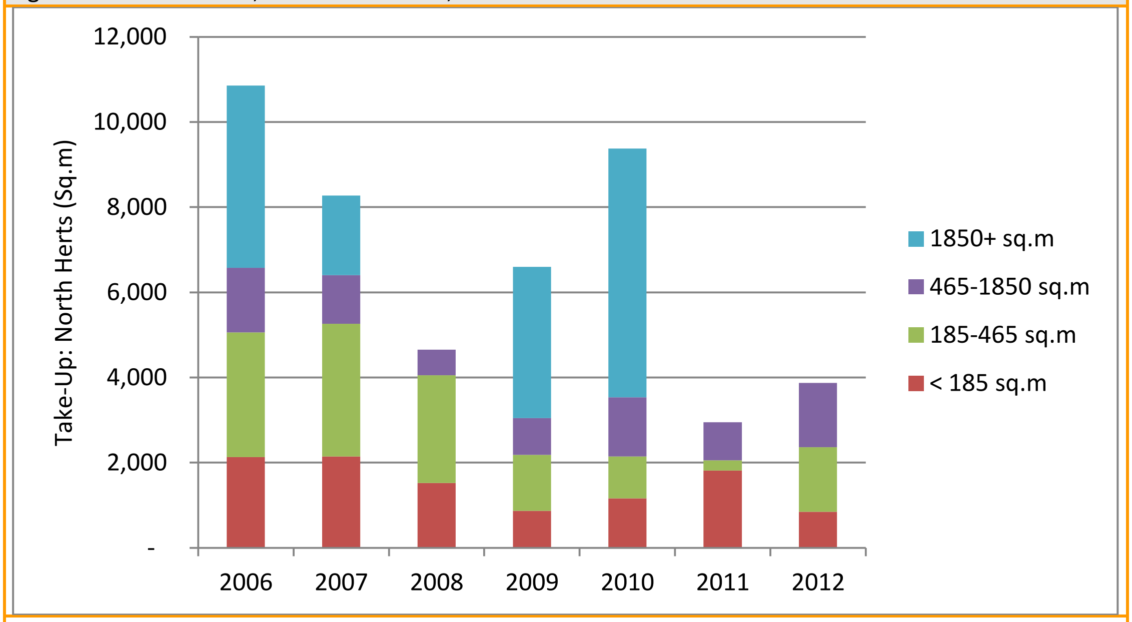
	< 185 sq.m	185-465 sq.m	465-1850 sq.m	1850+ sq.m	Total
2006	25	11	2	2	40
2007	27	10	2	1	40

2008	20	10	1	-	31
2009	14	5	2	-	21
2010	14	3	1	2	20
2011	21	1	1	-	23
2012	10	6	1	-	17
Average	20	7	2	1	29
Source: Combined Deals from Focus and EGi					

4.16 Over the last few years the reduction in office deals is particularly apparent for smaller units of < 465 sq.m. This is indicative of a reduction in demand from small companies.

4.17 Figure 4.4 profiles trends in take-up. It shows that the trend in office take-up in the District has been falling over the period studied (in part influenced by the recessionary macro-economic environment). Over the 2006-11 period, take-up has averaged 6,700 sq.m per annum. This includes both new-build and second hand stock.

Figure 4-4 Office Deals, 2006 – mid 2012, North Hertfordshire



Source: Combined Deals from Focus and EGi

4.18 The largest office deals include the following:

- Sale of 2,676 sq.m of office floorspace at Building 2, Whiting Way, Royston to NHS Ambulance Trust;

- Letting of 1,872 sq.m of office floorspace at the Broadway, Letchworth, to an undisclosed tenant. The quoting rent was £13.50 psf.

4.19 Office availability has been analysed using data from EGi in November 2012. There is a total of 22,800 sq.m of available office floorspace in North Herts in November 2012. Almost three quarters of this (in floorspace terms) is of units of less than 1,000 sq.m. In terms of the total volume of units, more than half is of small office suites of less than 100 sq.m. This is consistent with the take-up evidence suggesting that demand for small units of less than 465 sq.m has been particularly affected.

Table 4-1 Office Availability in North Herts, November 2012					
	Grade A		Grade B		% Floorspace Grade A
	Floorspace	Units	Floorspace	Units	
< 100 sq.m	333	5	2,709	48	12%
100-200 sq.m	754	5	3,060	23	25%
200 - 1000 sq.m	279	1	9,222	19	3%
1000+ sq.m	0	0	5,762	2	0%
Total	1,366	11	20,753	92	7%
*Source:*EGi					

4.20 Of the total available floorspace, just 7% is Grade A. This primarily comprises refurbished office units in Letchworth, including at the Spirella Buidling, Letchworth House and Jubilee House. Asking rents for small units at the Spirella Building are £13 psf.

4.21 Within the District, Royston stands out as achieving some of the highest rents of around £16 per square foot.

Industrial Market

4.22 The total industrial and warehouse stock in North Herts comprised 716,000 sq.m in 2008. This is smaller than that in most of the surrounding districts, with the exception of St Albans. The market is focused towards smaller requirements. Within the sub-region, larger requirements are more likely to gravitate towards the larger towns within the sub-region on the A1 and M1 Corridors, such as Stevenage, Welwyn Garden City, Hatfield and Luton.

4.23 The largest employment areas within the District which provide industrial and warehouse price comprise:

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

4.24 We have combined data from two of the main commercial databases of deals, Estates Gazette Interactive (EGi) and CoStar Focus. Whilst these are unlikely to record all deals they should provide an indication of demand trends.

4.25 Figure 2.10 profiles industrial deals over the last 6.5 years. Industrial deals have held up relatively well over the last six years. 2008 saw a high number of deals and the market also looks to have performed relatively well in 2012.

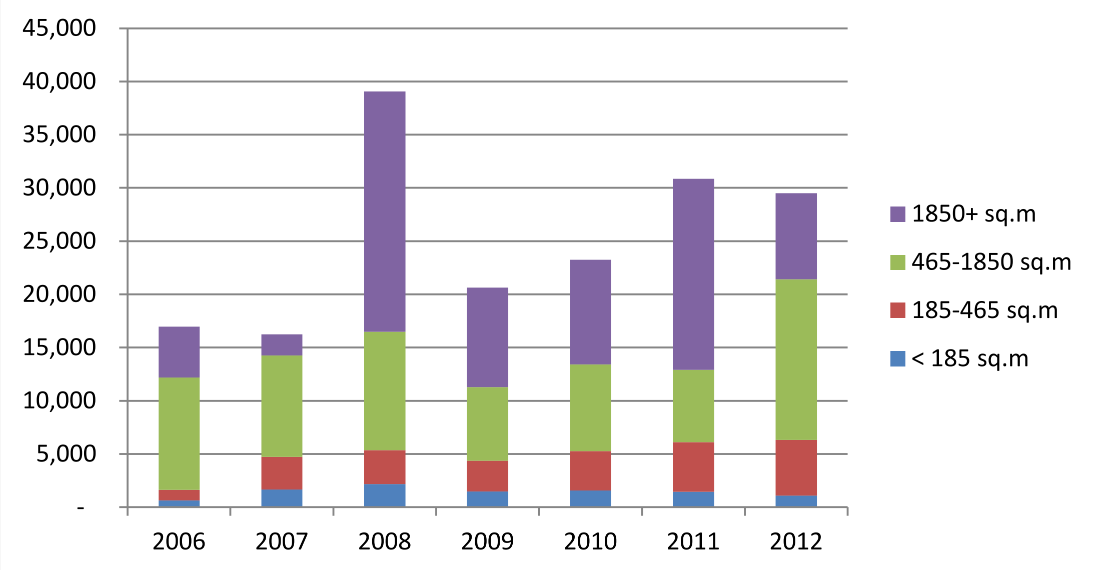
Table 4-2 Industrial Deals in North Herts, 2006-12					
	< 185 sq.m	185-465 sq.m	465-1850 sq.m	1850+ sq.m	Total
2006	6	4	12	2	24
2007	13	10	11	2	36
2008	22	9	10	3	44
2009	14	11	8	2	35
2010	13	10	8	3	34

2011	13	12	9	3	37
2012	10	17	18	2	47
2006-11 Average	14	9	10	3	35
Source: Combined Deals from Focus and EGi					

4.26 Deals are focused towards small and medium-sized industrial premises, in the < 185 sq.m particularly, and the 185 – 465 sq.m size bands.

4.27 Over the 2006-11 period, industrial take-up has averaged 24,500 sq.m per annum. This includes both new-build and second hand units. Figure 4.5 profiles take-up over this period.

Figure 4-5 Industrial Take-Up in North Herts, 2006-12



Source: Combined Deals from Focus and EGi

4.28 Although the number of deals is focused towards smaller size bands, overall take-up figures are particularly influenced by take-up of units of over 465 sq.m.

4.29 Over the past six years we have seen an upward trend in take-up, with strong take-up figures recorded in both 2011 and 2012. This is particularly influenced by the deals for units of over 465 sq.m.

4.30 Key recent deals have included:

- Letting of 2,044 sq.m at Knowl Piece in Hitchin Industrial Estate to an undisclosed tenant in April 2012;
- Letting of 1,276 sq.m at Woodside Industrial Park, Works Road, Letchworth to an undisclosed tenant at a rent of £3.64 psf in March 2012;
- Letting of 1,096 sq.m at Wilbury Way in Hitchin Industrial Estate to an undisclosed tenant in January 2012;
- Letting of 1,145 sq.m at Hillgate, Wilbury Way in Hitchin Industrial Estate to Brilliant Stages Ltd at an asking rent of £5.10 psf;

- Letting of 1,196 sq.m at Durhams Lane in the Works Road Area, Letchworth to an undisclosed tenant. The asking rent was £5.60 psf;
- Letting of 1,509 sq.m at Durhams Lane in the Works Road Area, Letchworth to an undisclosed tenant. The asking rent was £5.60 psf;
- Letting of 6,056 sq.m at Knowl Piece, in the Hitchin Industrial Estate to an undisclosed tenant in January 2012.

4.31 The rental tone for industrial units is around £5.50 - £5.75 psf. It is higher in Letchworth and Hitchin than in Royston, reflecting access to the A1(M).

4.32 In November 2012 there was a total of 50,900 sq.m of available industrial and warehouse floorspace available, according to EGi in the District. Just over half of this was for units of between 465 – 1850 sq.m. Just 5 units of over 1,850 sq.m were available and being marketed at this point.

Table 4-3 Industrial Availability in North Herts, November 2012

	New		Second Hand		Total Floorspace	
	Floorpace Sq.m	Units	Floorpace Sq.m	Units	Sq.m	%
< 185 sq.m	0	0	3,106	28	3,106	6%
185 - 465 sq.m	1,872	5	6,638	21	8,510	17%
465 - 1850 sq.m	5,392	7	20,895	24	26,287	52%
> 1850 sq.m	4,032	2	8,965	3	12,997	26%
Total	11,296	14	39,604	76	50,900	100%

Source:EGi

4.33 16% of units available were Grade A (new-build), with these comprising 22% of total floorspace. There were no new-build units of < 185 sq.m being marketed.

Trends in Employment Land Completions in North Herts

Gross Completions

4.34 Over the last 8 years an annual average of around 13,382 sq.m of employment floorspace has been completed in North Hertfordshire.

Table 4-4 Average Gross Employment Land Completions by Use in North Herts (Gross), 2004-12

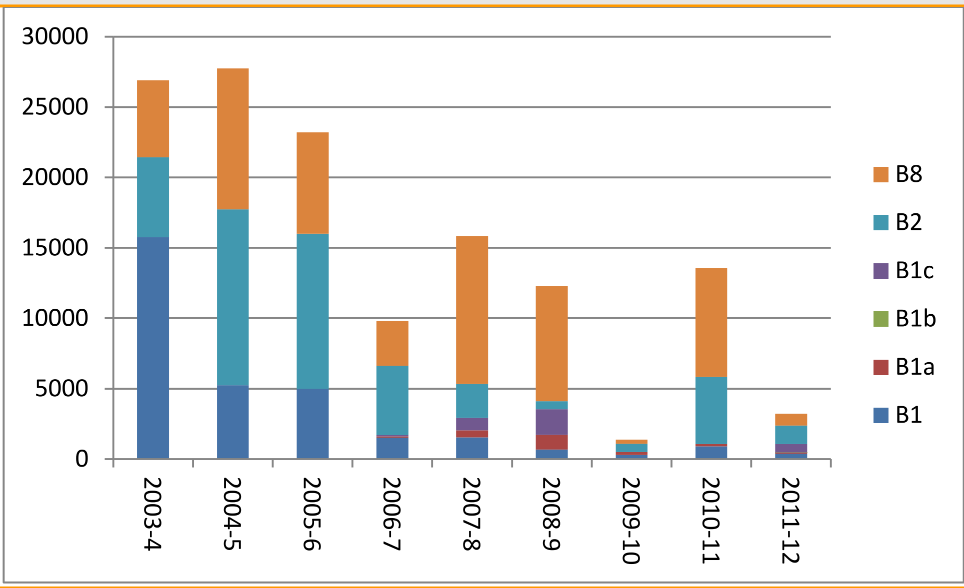
Use Class	Total	Average PA
	2004-12	
B1	15573	1947
B1a	2038	255
B1b	33	4
B1c	3398	425
B2	38098	4762
B8	47919	5990
Total	**107059**	**13382**

Source: HCC & NHDC Monitoring

4.35 Of the total floorspace completed over this period, 16% has been of B1a/b floorspace, 39% of B1c/B2 industrial floorspace, 45% B8 warehouse/ distribution floorspace.

4.36 Figure 4-6 profiles employment completions trends over time. Completions vary year-on-year, with low completions in 2009-10 and 2011-12 in particular.

Figure 4-6 Gross Employment Completions in North Herts District, 2003-12 by Year



Source: HCC/NHDC Monitoring Data

Net Completions

4.37 Over the last 8 years average annual net losses for B class floorspace across all uses have totalled -1,766 sq.m. There has been a net loss for all use classes except B8.

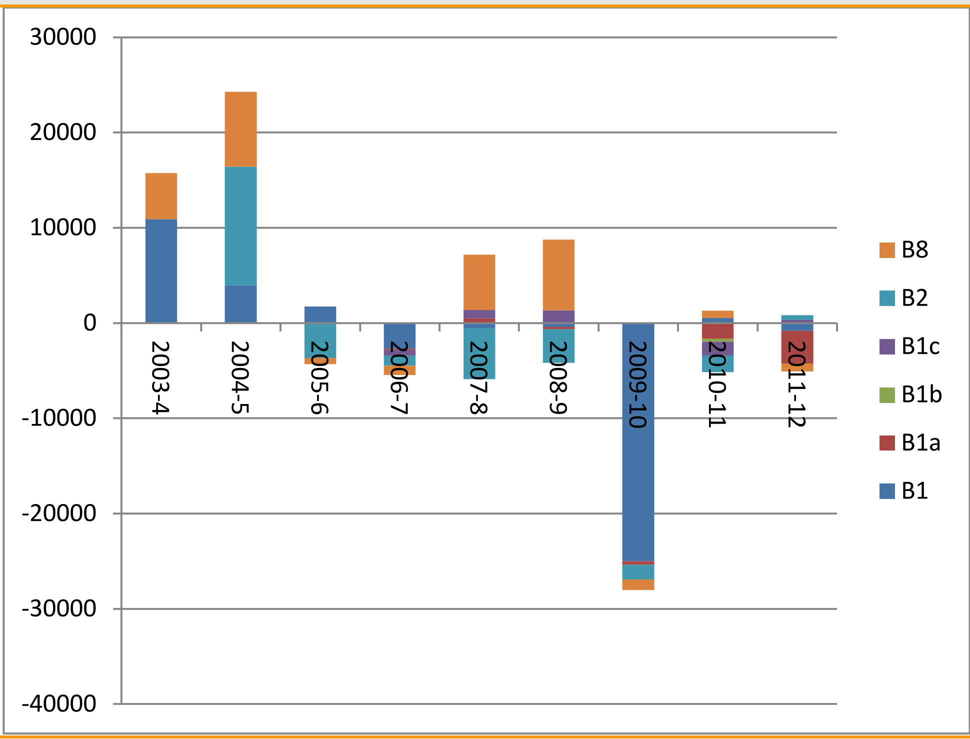
Table 4-5 Average Net Employment Land Completions by Use in North Herts (Gross), 2004-12

Use Class	Total 2004-12	Average PA
B1	-2910	-23283
B1a	-664	-5308
B1b	-31	-245
B1c	56	449
B2	-498	-3987
B8	2281	18244
Total	-1766	-14130

Source: HCC & NHDC Monitoring

4.38 Figure 2.13 profiles net employment completions trends over time. Completions vary year-on-year, with net losses experienced for the majority of years except during 2003-4 and 2004-5 where there was an overall net increase for all use classes.

Figure 4-7 Net Employment Completions in North Herts District, 2003-12 by Year



Source: HCC/NHDC Monitoring Data

5. Business Survey and Stakeholder Engagement

Business Survey

5.1 During October and November 2012 an online business survey was targeted at firms located in North Hertfordshire. Over the course of four weeks, 350 enterprises were contacted, of which 31 responded. While the data collected from these firms provides insight into the land and property requirements of businesses in North Hertfordshire, it is important to note that in 2011 there were 5,600 registered businesses in the District. As such, these findings cannot be understood as representative of the entire business community (with less than 1% of all firms in North Hertfordshire responding). Nevertheless, the findings do provide some guidance in understanding local business requirements in North Hertfordshire.

5.2 The survey questionnaire focused on two main areas:

- Business performance questions: this has informed the separate economic development paper.
- Employment land requirements: this has informed this report and this section summarises the key points.

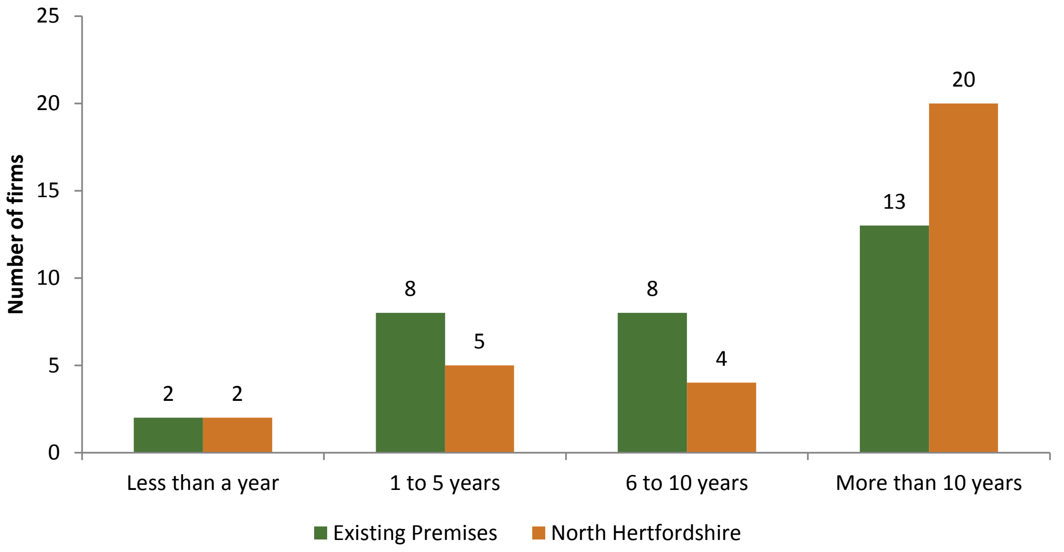
Headlines

- Around two-thirds of respondents (21 firms) occupy industrial space, while seven are housed in office accommodation and the remainder in warehouse units. Businesses occupy a wide variety of business space in terms of size, with the largest portion of respondents occupying a space of 201-500 sq. m.
- All but five respondents are satisfied with their current accommodation. Those who are unsatisfied cited the following reasons: inability to find science park accommodation with warehousing and truck delivery, need for more space, and property owners placing similar business tenants in close proximity with one another.
- Five firms are considering moving premises within the next three years, preferring high-tech or industrial space, which may or may not be located within Hertfordshire.
- The three most important features of business accommodation of the firms surveyed include plentiful and affordable parking, low cost, and good access to the motorway.

Current Accommodation

5.3 The majority of the firms (20) have been located in North Hertfordshire for over ten years, whilst roughly a third (13) have also been located at their existing premises for the same duration. While the number of firms that have been located at their existing premises for between one to ten years counter-intuitively outnumbers businesses located in the district for the same period, this indicates that businesses have moved sites within North Hertfordshire.

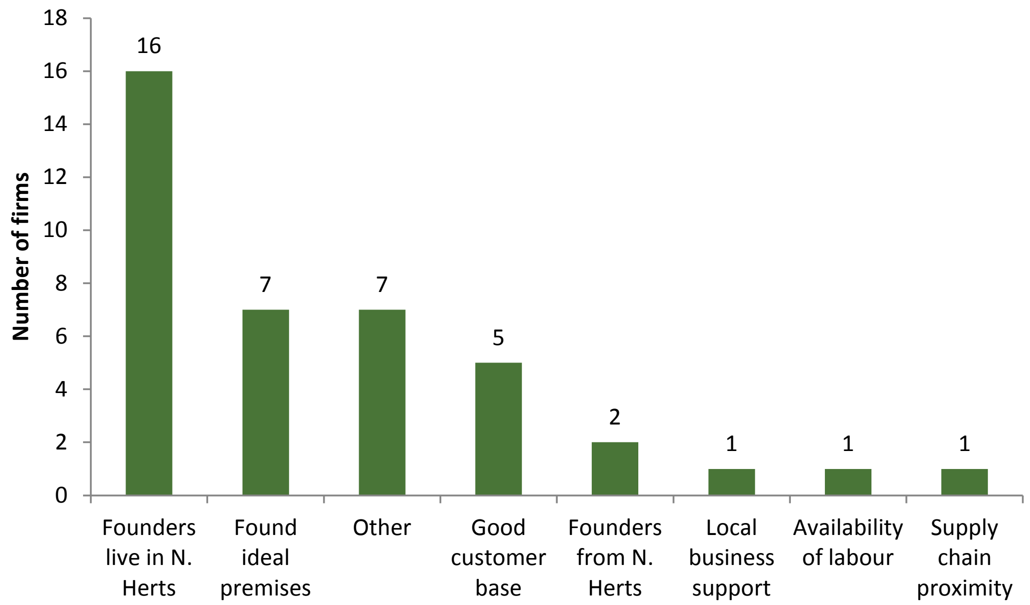
Figure 5-1Time based at existing premises and in North Hertfordshire



Base: 31 firms
Source: Regeneris Consulting

5.4 The majority of firms cited that one reason for locating in North Hertfordshire was because its founders live in the district. An additional seven are housed in the area because they were able to find the ideal premises for their business operations and five noted that North Hertfordshire had a strong customer base. The responses given by the seven firms who cited 'other' include the following: close proximity to staff housing, first local authority to transfer meals service to Hertfordshire Community Meals (HCM), transport links to north London, and the firm's line of work is specific to the area.

Figure 5-2 Reasons for locating in North Hertfordshire

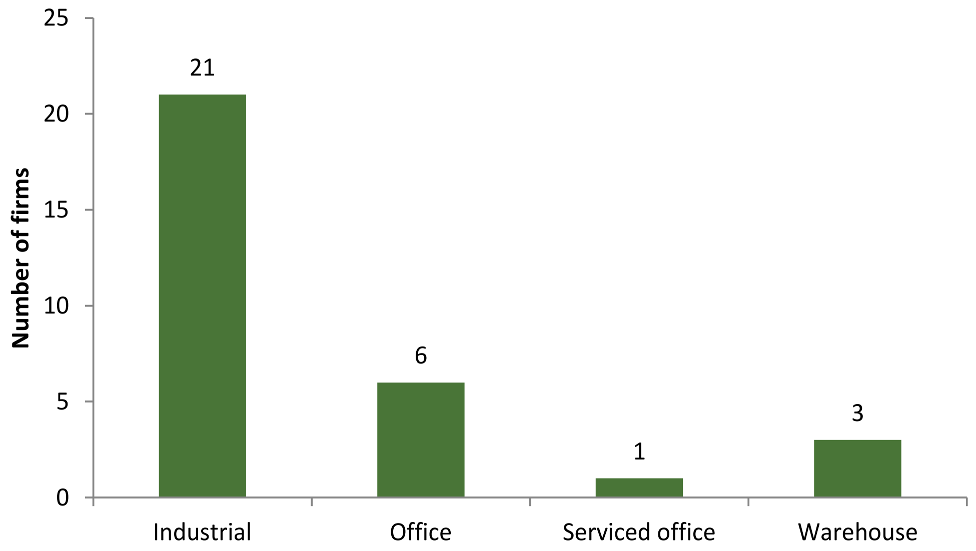


regeneris

Base: 31 firms
Source: Regeneris Consulting

5.5 In line with the high number of manufacturing firms, 21 of the businesses occupy industrial space, with seven in offices and three in warehouse accommodation. Of the 31 firms, 19 currently rent their premises, while the remaining 12 are owners of their business space.

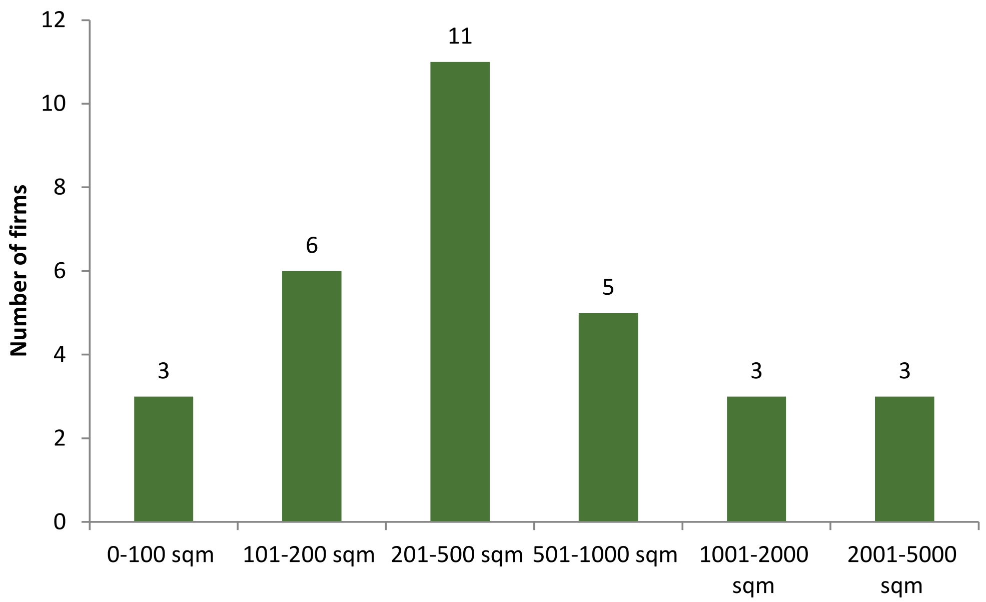
Figure 5-3 Type of Accommodation Occupied



Base: 31 firms
Source: Regeneris Consulting

5.6 While the distribution of firms across size of unit varied, around one third (11) occupy a space of 201 – 500 metres squared. Nine businesses are located in accommodation smaller than 200 metres squared, while six are occupying space greater than 1001 metres squared.

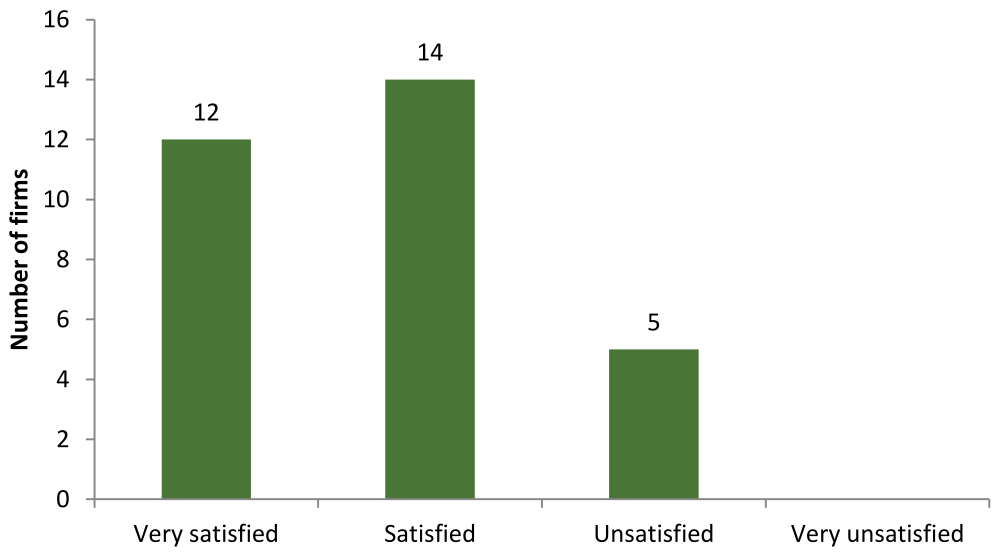
Figure 5-4 Size of unit occupied



Base: 31 firms
Source: Regeneris Consulting

5.7 All but five businesses reported being satisfied or very satisfied with their current accommodation. Those who reported being unsatisfied gave the following reasons: inability to find science park accommodation with warehousing and truck delivery, need for more space, and property owners placing similar business tenants in close proximity with one another.

Figure 5-5 Level of satisfaction with current accommodation

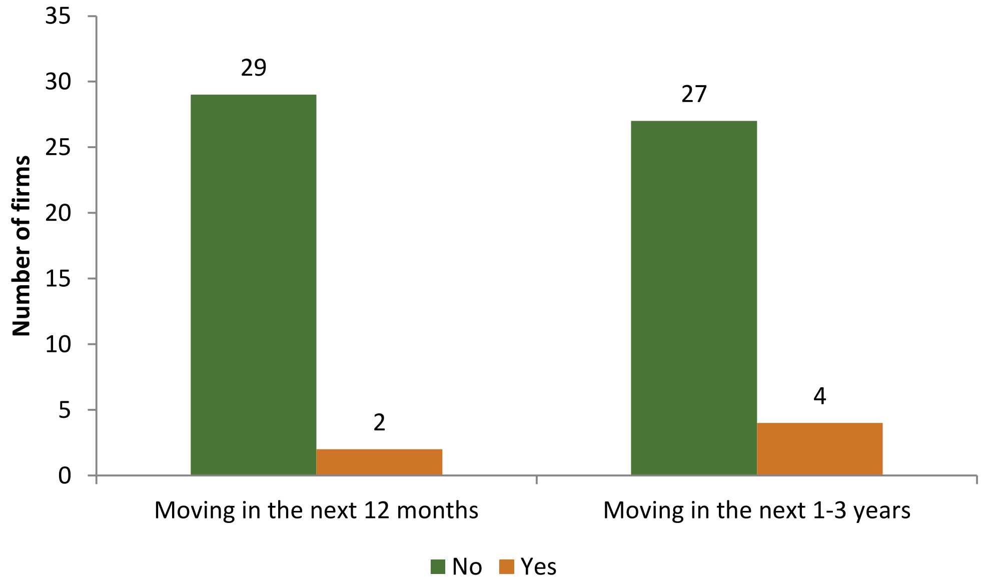


Base: 31 firms
Source: Regeneris Consulting

Future Accommodation

5.8 The majority of firms surveyed do not intend to move business accommodation in the near future. A total of five firms are considering moving their operations, two of which are looking to move within the next twelve months. An additional three are considering moving in the next one to three years.

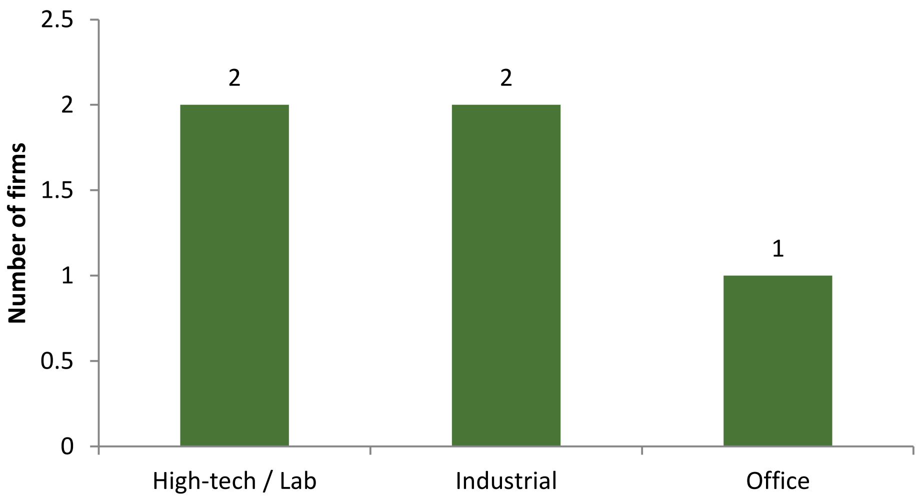
Figure 5-6 Plans to move



Base: 31 firms
Source: Regeneris Consulting

5.9 Of those firms considering moving, two are looking for high-tech accommodation and two are looking for industrial space. This accommodation would be alternative to their existing space, while one firm is looking for office space additional to their current site. One of the firms looking for industrial space would prefer to own the freehold on their accommodation, while the remaining four have no preference regarding tenure type.

Figure 5-7 Type of desired accommodation

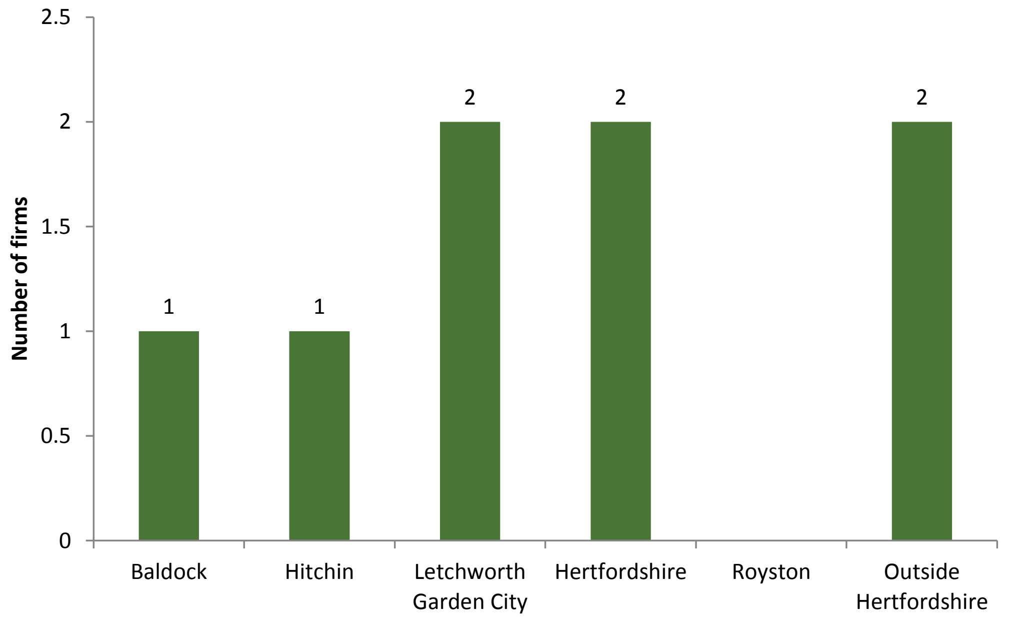


Base: 5 firms
Source: Regeneris Consulting

5.10 Letchworth Garden City and the wider Hertfordshire area are the most preferred areas for the five firms looking to move premises. The firms who would consider moving outside of Hertfordshire gave the following reasons: unable to find suitable premises, science park clusters elsewhere, and to extend coverage across the country.

5.11 All five firms indicated that they would prefer to be located on a business park, with none preferring accommodation in the town centre or an industrial estate. One firm would consider a rural site.

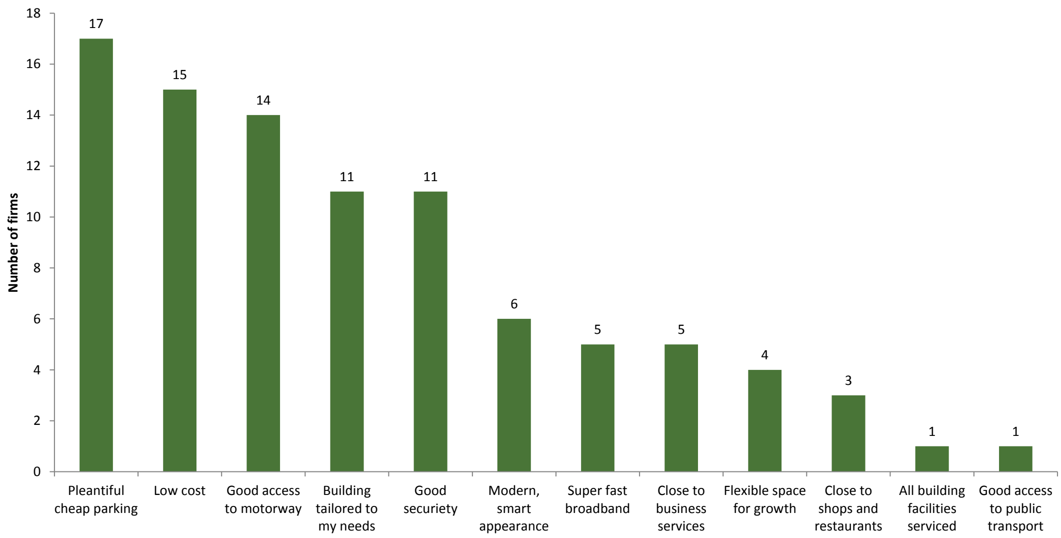
Figure 5-8 Preferred area if changing premises



Base: 5 firms
Source: Regeneris Consulting

5.12 All 31 respondents were asked to choose the three most important features of their business accommodation. The top three characteristics chosen were plentiful parking, low cost, and good access to the motorway. Having a building tailored to the firm's needs and with good security also ranked high. The features that were of the least priority to respondents were serviced accommodation and access to public transport.

Figure 5-9 Most important features of business accommodation



Base: 31 firms
Source: Regeneris Consulting

Stakeholder Workshop

5.13 A stakeholder workshop was held on 20th November and attended by 11 individuals. Emerging draft findings arising from the supply and demand assessment were presented to the group. The purpose of the workshop was to test these findings and to take on board comments from stakeholders. The key points of discussion were summarised below:

Strengths	**Weaknesses**
• North Hertfordshire's location in between London and Cambridge • Highly skilled residents located in North Hertfordshire.	• There was concern by one firm (which also responded to the business survey) that there was a lack of good quality light industrial/office space in a business park environment within North Hertfordshire. • Recent underperformance in terms of employment growth. • Poor image and lack of identify for North Hertfordshire and towns located in the district.
Opportunities	**Threats**
• There was general consensus that North Hertfordshire could be more ambitious in terms of the levels of future growth the district is seeking to achieve. It was felt that this would be required in order to address issues around poor employment growth. • A key opportunity which could support future growth might be business rates retention. This could encourage local authorities to adopt a more pro-growth attitude (attracting new firms or encouraging existing firms to grow) since they will be able	• Competition from other locations such as Northamptonshire and Cambridgeshire. LEPs in these areas are proactively targeting firms for inward investment. • Alconbury Enterprise Zone in South Cambridgeshire which will provide a significant site with benefits for firms locating here (e.g. broadband). • Planning processes are considered to be a major barrier to new development.

to benefit from some retention of business rates. • A further opportunity results from North Hertfordshire's location in between Cambridge and London. It was felt that the district could benefit from the growth of certain sectors often aligned to Cambridge such as life sciences (and particularly med-tech). • There were felt to be opportunities to attract and support more business start-ups in North Hertfordshire. Residents possess a high level of skills and might be seeking to achieve a better work life balance through working locally. The issue of whether an Incubation Centre might be desirable in order to support start-ups was discussed though it was recognised that there are a number of centres in close proximity (including BTC in Stevenage). It may be more sensible to provide move on space in North Hertfordshire for firms located at nearby Melbourne Science Park.	

6. Existing Supply

Site Assessments

Methodology

6.1 A consistent approach has been used to assess the quality and development potential of existing employment sites in the District, and potential sites which could be considered for future employment use.

6.2 The approach follows that recommended in the 2004 ODPM Guidance on Employment Land Reviews. It has involved assessment of sites / locations against the following criteria (a full site appraisal template is included in a separate appendix):

- Location & Road Access – the location of the site in regard to its distance and accessibility from trunk roads, and adequacy of access for HGVs. This addresses the general location of the site, and its strategic and local accessibility;
- Profile and Visibility of Location – considering the commercial attractiveness of the location taking account of its strategic road access and the visibility of the site from key transport networks (road and rail);
- Sustainable Transport Access – considering the degree to which sites/ locations benefit from existing public transport accessibility, in regard to proximity to stations or to existing bus routes;
- Access to Local Services – addressing proximity to existing local services such as local shops or a foodstore, principally within walking distance; or town centres;
- Land Use – considering the current land use of the site, and any potential issues associated with site remediation and clean-up or contamination the potential uses which it could accommodate/ could be attracted or development viability;
- Environmental Characteristics – considering key issues which may affect development potential or the amenity, including noise, topography, flooding or ground conditions and surrounding uses which could potentially influence the suitability for different uses;
- Infrastructure Requirements – addressing potential infrastructure requirements necessary to support development including potential issues associated with achieving suitable access as well as wider infrastructure such as utilities or broadband access where relevant;
- Availability & Delivery Timescales – addressing evidence of market demand/ take-up where appropriate (in regard principally to allocated sites), evidence of marketing and developer interest/ promotion and any known issues associated with ownership or infrastructure which could affect the deliverability of the site and/or delivery timescales.

6.3 The sites assessed have been identified by North Hertfordshire District Council. They include:

- Existing allocated employment sites – some of which have vacant sites and opportunities for intensification;

- Sites identified as having potential for future employment use (potential employment allocations) – these are sites which are identified in the Council's Land Allocations Issues and Options (2008) paper. These sites do not have a current planning designation and they are summarised in Section 2 of this report.

6.4 Site assessments have been undertaken for each employment site considered. The site assessments were undertaken by senior GL Hearn staff in October and November 2012.

6.5 The site assessment process has been used to assess the quality of the site, sustainability of employment use, and to identify development potential within existing employment areas.

Hitchin

6.6 The following **existing employment** sites were considered in Hitchin:

Table 6-1 Employment Sites Assessed in Hitchin

Hitchin		
Ref	**Site**	**Size (Ha)**
Wilbury Way Employment Area		
HE1	Knowl Piece	3.55
HE1	South of Hunting Gate	7.26
HE1	North of Hunting Gate	4.49
HE1	Cam Centre/ Trust Ind Estate	6.06
HE1, HEB1	Southern End	2.23
HE2, HEB2	Cadwell Lane & Wallace Way	6.71
Other Employment Sites		
HE3, HEB3	Bury Mead Road	7.31
HE5	Station Approach	1.39
HEB5	Nightingale Lane	0.46
Town Centre		
HEB6	Bancroft, Royston Town Centre	1.7
HEB7	Land adjacent to Priory Park	0.45
Total		41.61

Wilbury Way Sites

6.7 The largest concentration of employment land in Hitchin comprises the Hitchin Industrial Estate on Wilbury Way and other employment land off Cadwell Lane. We address these sites below.

6.8 The Wilbury Way Employment Area (the Hitchin Industrial Estate) has been subdivided into the following quadrants:

- Wilbury Way (South of Hunting Gate);
- Wilbury Way (North of Hunting Gate);
- Knowl Piece;
- Cam Centre Area / Trust Industrial Estate;
- Wilbury Way (Southern End).

6.9 Overall the Wilbury Way area is a large and generally successful employment area, although a higher proportion of floorspace is now somewhat dated relative to other employment sites in the District. It accommodates a range of businesses.

6.10 While this area benefits from local bus services, which run along Wilbury Way, these employment sites are however at a further distance from the strategic road network relative to other sites in the District. We also understand that there are peak time congestion issues at the Wilbury Way-Cadwell Lane-Woolgrove Road Junction and that commercial traffic in this area impacts on residential amenity on these roads and surrounding streets.

Wilbury Way (South of Hunting Gate)

6.11 The site is 7.26 hectares located to the west of Wilbury Way. This area contains offices and industrial units built in the 1970s. These are generally offices at the front with industrial units to the rear. Occupiers include: Crane (building services), Viking Johnson (provide products for the utilities industry), and Utilities and Wask (supplier of pipeline fittings).

6.12 This area generally includes larger units. It is well occupied although a high proportion of space is now dated. There has been some penetration of other (non-employment) uses, including Sikh offices and a Gurdwara.

6.13 Despite the age of stock, the area is generally well occupied and actively used. The range of ownerships and lease structures in this area would potentially limit the potential for comprehensive redevelopment.

Wilbury Way (North of Hunting Gate)

6.14 This site is 4.49 hectares in size and consists of the Hillgate and Hunting Gate areas. It contains primarily a mix of 1960s- 1970s office and warehouse space. The employment site is generally well occupied with a strong level of activity, despite the age of the space. Occupiers include: Trescal (calibration and measurement equipment) and Brilliant Stages (specialists in stage set fabrication) and Dorma's three storey offices and warehouses (specialist door manufacturer).

6.15 This site includes some vacant space with redevelopment potential. Unit 10 Hunting Gate, formerly occupied by Axa, is vacant. This site is 0.7 hectares in size and provides an opportunity for employment redevelopment in the short-term.

6.16 At the north of Wilbury Way, The 3 centre, provides 1990s office space. There is some vacant space within this scheme, with up to 20 850 sq.ft which is being advertised at the time of the site assessments.

6.17 Land to the rear of units within this area provides car parking. Overall car parking and public transport accessibility is considered adequate.

Knowl Piece

6.18 The site is 3.55 hectares and located at the northern end of the Wilbury Way Employment Area. It consists of B1 office, light industrial and hybrid units. The buildings are good quality and were mainly built in 2000, with some older office and workshop space at the Theobald Business Centre built in the 1970s. Occupiers include New England Biolabs (life sciences), Modern Networks (providers of IT services and support) and Bowman Ingredients. The Theobald Business Centre is targeted more at smaller businesses and contains offices and workshop space.

6.19 Generally, there are higher vacancy levels within the larger and medium size units in this area. These include 64 Wilbury Way (up to 12, 849 sq ft for light production and offices) and the Weedon Electronics building (providing B1 and B8 floorspace). Given the quality of space, above average vacancy within the industrial stock likely reflects the current demand profile.

Cam Centre Area / Trust Industrial Estate

6.20 This site is 6.06 hectares in size and located centrally within the Wilbury Way Employment Area.

6.21 The Cam Centre area contains industrial buildings, much of which were built in the 1960s and are of a medium size. It is generally a good quality site and reasonably well occupied despite the age of some of the stock. The Trust Industrial Estate has more recent units, built in the 1990s. These buildings are also of a reasonable quality.

6.22 Occupiers in this area include: Girbau (industrial laundry equipment) and Constant Power Services Ltd, Print Logic and Kopack (Rubber and plastics).

6.23 There is a high level of activity at Cam Square. The Trust Industrial Estate is also well occupied. At the time of the site assessments there were a number of units being advertised to let providing up to 25,000 sq.ft of employment floorspace.

6.24 There is adequate car parking in this area, and public transport links with a bus route running through the Cam Centre.

6.25 Overall this site provides well occupied industrial and workshop units of varying sizes. It is a well occupied and intensively used site.

Southern End (Wilbury Way)

6.26 The 3.23 hectare area is located at the southern end of Wilbury Way. The site is a mixture of office space (such as Alexander House) and light industrial uses (such as at Wilbury Court).

The age of buildings range from those built in the 1950s (Wilbury Court) to those built in the 1990s.

6.27 Key Occupiers include: Sonosite (medical ultrasound), Ransom (consumer health) (both in Alexander House) and Plasmoulds (the offices for a plastic injection moulding company) and Top Marque Garages.

6.28 Access to the site is good as there is a bus stop outside Alexander House.

6.29 The area is generally well occupied but there are some vacancies – the second floor of Alexander House (408.3 - 408.31 sq m) was advertised to let at the time of the site assessments.

6.30 We consider that although the quality of employment space in this area is sub-standard that the opportunity for planned development is likely to be influenced by ownerships. The range of ownerships and leases would make redevelopment complex and influence its' deliverability.

Cadwell Lane and Wallace Way

6.31 This area is 6.71 hectares in size and contains 1950s – 1970s workshop and industrial space (B1b and B8 uses). Key occupiers include: Bilton Brookers Building Suppliers and Velmont Engineering (on Bilton Road), J Hare Diamond Drilling and Optime Lighting (on Wallace Way) and MJ Hire Centre (at Cadwell Lane).

6.32 Wallace Way contains primarily single storey workshop units. Travis Perkins have a large building yard in the northern part of this site. The MJ Hire Centre is a large site which is used for plant / machinery storage, to the south of Wallace Way, with residential land adjacent.

6.33 The road access to this area is relatively narrow (particularly towards the north of Wallace Way, which provides access to Travis Perkins). There is some evidence of on-street parking.

6.34 The area is generally well occupied although some units are vacant. There are two vacant units at Wallace Way. Furthermore an industrial unit on the south side of Caldwell Lane, formerly occupied by Procast Components Limited) is vacant. This is somewhat separate from the remainder of the employment area. It is a 4,952 sq.ft unit on a 0.03 hectare site.

6.35 Within the main employment area there are also opportunities for intensification, on land used for car parking at Bilton Road (0.25 hectares), and towards the rear of land occupied by RT which comprises scrubland, under-used parking space and land for open storage (0.25 hectares). These areas offer opportunities for development of B1, B2 or B8 floorspace.

Other Employment Sites in Hitchin

Bury Mead Road

6.36 Bury Mead Road is a 7.31 hectare site on the north side of Hitchin, located off Grove Road to the north of Nightingale Lane. It is located close to the Hitchin Industrial Estate, but to the west of the rail line.

6.37 The site has an industrial focus but contains some office units and suites (notably in the

Glover Centre – a 1970s building). It accommodates lower grade activities which include recycling as well as car maintenance and repair users. Occupiers include: Bennetts Car Parts, and S. Thompson Builders. A Sewerage Treatment Works is located on the eastern side of the employment area adjacent to the rail line, operated by Anglia Water.

6.38 Much of the built stock on this site dates from the 1970s. There is a limited amount of stock built in the last 10 years and the stock of employment premises is dated. The quality of the built stock, and the environment more generally, are poor. The East Coast Main Line running runs along the eastern side of the site, also has noise impacts within this area.

6.39 The quality of stock and intensity of activity on the site are poor. There is evidence of vacancies with 146 sq.m advertised to let at 35-37 Bury Mead Road. Furthermore Metropolitan House at 7-9 Bury Mead Road is vacant. Overall vacancy is above average.

6.40 Given the relatively low quality of stock and intensity of use of this site, this site might be considered an opportunity for redevelopment. Land on the northern fringe of the site is currently being redeveloped for residential use. However the combination of contamination of land, adjacency to the sewage treatment works and the noise associated with the rail line would influence the suitability, and market demand, for residential redevelopment in this area.

Station Approach

6.41 Station Approach is a 1.39 hectare industrial site, which extends beyond Hitchin railway station car park. It is adjacent to Hitchin Station and the East Coast railway line, located off the A505 Cambridge Road.

6.42 The site comprises lower value employment (B class) uses and leisure uses. B class occupiers include: R Bain Scaffolding, South East Security, C & J Industries (precision engineering). D class occupiers (leisure) use occupiers include a nursery and 3 gym fitness clubs (Power House Gym, Wayne Armstrong Boxing Gym fitness and Curves Fitness.) It can thus be regarded as a mixed use site.

6.43 Building ages range from the 1940s to the 1990s, with approximately half of the buildings built between 1940 and 1969. Occupancy levels are low and there are three vacant sites within this employment area. These include a vacant storage/ warehouse unit at the entrance to the site (0.07 ha), and land at the south-west of the site (0.15 ha). These vacant units comprise of storage units and offices, with a secure yard for parking. These sites were all being actively marketed at the time of the site assessments.

6.44 This is generally a poor quality site and environmental quality is below average. The road surface is poor. Parking is *ad hoc* and there is land used for external storage. The level of activity on the site is low. The road access to the site is generally tight. There are noise impacts of passing trains on the East Coast Main Line. However, the proximity to the railway station may be attractive in sustainability terms.

Nightingale Lane

6.45 This 0.46 hectare site comprises a modern car showroom with vehicle parking. It is currently being used as an Audi garage. It adjacent to McDonalds and is located on the A505

(Nightingale Road), opposite residential buildings.

6.46 To the west of the Audi Garage is a recreational ground, which is adjacent to the Nightingale Petrol Filling Station (PFS). The recreation ground is owned and managed by the Council.

6.47 The site is occupied by a single user which falls within a sui generis use class. It should be declassified as employment land.

6.48 To the north of Nightingale Lane is land currently occupied by rail sidings and associated buildings, which we understand is owned by Network Rail. This site is 2.8 hectares in size. It includes a mix of open storage and buildings associated with the operation of the railways. Subject to discussions with the landowner, this site could offer opportunities for the intensification of use for employment and or mixed uses.

Town Centre Sites

Bancroft, Hitchin Town Centre

6.49 This area comprises a mixed use area on the fringes of Hitchin Town Centre. It includes retail premises along Bancroft frontages with offices, community uses and residential uses with courts to the rear. The area is 1.7 hectares in size.

6.50 Employment space in this location is generally well occupied, with a focus on professional services. Current occupiers include: Quandicate, a doctors surgery, P & P laboratory Limited and Bancroft Dentistry in Bancroft Court. Bancroft Business Centre contains five single storey units, all of which are let.

6.51 The site also includes the Bancroft Centre, a centre for young people. Residential uses (flats) are found in Silver Court, Regal Court and Wallace Court.

6.52 The site includes a mix of buildings of different ages from Victorian buildings through to 1990s office development. Whilst the historic townscape gives the area a strong character, it is a potential constraint to development of this site.

6.53 There is strong access to services within the Town Centre from this employment site and the location is served well by local bus services and within walking distance from Hitchin Rail Station. The road access is adequate for existing users however parking provision is extremely limited, focused in in the courtyards set back from Bancroft. Internal circulation within these areas is also tight.

6.54 Overall this site provides office floorspace suited to small companies, particularly those in the professional services.

Land Adjacent to Priory Park

6.55 Priory Park is an attractive and successful office scheme on the edge and within walking distance of Hitchin Town Centre. The existing allocation at Priory Park includes Radcliffe House. The development scheme also includes two other office blocks, Pease House and Keynes House, which were not included when the allocation was drawn up in 1996.Liverpool Victoria (Insurance) is the key occupier, which occupies Pease House and part of Keynes

House. There was 7,806 sqft of office floorspace (725 sq.m) available and advertised to let at Keynes House at the time of the site assessments.

6.56 There is access to the Town Centre from the site through an adjacent residential area. Given its proximity to the Town Centre, the site benefits from strong access to local amenities.

6.57 The three existing buildings provide office space over three storeys and were built between 1990s and 2000s. The quality of environment for this site is very good, with the adjacent Priory Park providing an attractive parkland setting.

6.58 There is some parking provision to the southwest side of the site for existing businesses, accessed from Old Charlton Road. There is further undercroft car parking beneath the office blocks. Public transport links are very good as the site is within walking distance of the railway station.

6.59 Land adjacent to Priory Park comprises land at the southern end of Old Charlton Road. It is 0.1 hectares in size and currently used for car parking for adjacent offices at Priory Park.

6.60 Overall the Priory Park site can be regarded as an attractive site for future office development serving Hitchin Town Centre. It provides an opportunity to attract corporate occupiers. However provision of adequate parking provision is important in attracting occupiers and we consider that there is limited potential, subject to detailed design and feasibility work, for further office development at this location. The protection of office development at this site is however important, and we would recommend that the policy be reviewed to identify the entire Priory Park site as employment land .

Potential Employment Allocations

6.61 The following **potential allocations** were also assessed:

Table 6-2 Proposed Allocations Assessed in Hitchin

Hitchin		
Ref	**Site**	**Size (Ha)**
H/e01	Former Transco Site, Caldwell Lane, Hitchin	10.9
H/e02	Land North of Wilbury Way	25.5

Former Transco Site, Cadwell Lane, Hitchin (H/e01)

6.62 This site, 10.9 hectares in size, lies adjacent to the East Coast Mainline. We understand that the site is owned by the National Grid and contains an operational centre. This building is a new build, two storey building which contains B1 uses. Also on the site are Gas Works and a Pipeline Maintenance Centre. There is a builder's yard adjacent to the National Grid Centre (to the west of the rail line) which includes open storage of building materials.

6.63 At the time of the site surveys there was significant construction traffic passing through the site, as part of construction of the new rail loop to the north of this site. In the longer-term, once construction is complete, it is considered that there is some potential for intensification of use of land within this site subject to demand and the landowner requirements.

6.64 Development of this site would be subject to detailed assessment of the impact on the Cadwell Lane/ Wilbury Way junction.

Land North of Wilbury Way (H/e02)

6.65 This site is 25.5 hectares and contains land to the north east of Wilbury Way. It is currently scrubland. It is bounded by the new rail loop. We understand that the land provides grade 2 and 3 agriculture land. It slopes gently away from the existing industrial area.

6.66 In physical terms, there would be an opportunity to extend the Wilbury Way employment area onto this land, and to extend the road itself to provide access to new development. The new rail line provides an obvious and defensible boundary to the employment area. However this should be considered taking into account of the supply-demand balance for employment land across the District, and wider occupancy levels and development potential within existing employment areas in Hitchin.

6.67 Development of this site would be subject to detailed assessment of the impact on the Cadwell Lane/ Wilbury Way junction.

Letchworth

6.68 The following **existing employment** sites were considered in Letchworth:

Table 6-3 Employment Sites Assessed in Letchworth

Letchworth Garden City		
Ref	**Site**	**Size (Ha)**
Works Road Employment Area		
LE2	Works Road North East	9.79
LE2	Works Road North West	7.57
LE2	Works Road Central	42.76
LE2	Works Road East	5.68
LE2, LEB3	Works Road Skills Centre	1.8*
LE2, LEB3	Ridge Road	2.0
LE2	Birds Hill, North Side	1.25
Icknield Way Employment Area		
LEB3	North of Icknield Way	3.73
LEB4	South of Icknield Way	7.25
LE5, LEB7	Spirella Building	2.82
Blackhorse Road Employment Area		
LE1, LEB1	Blackhorse Road	15.85
	Total Employment Land: Letchworth	100.5
*Excludes land where residential development underway		

Works Road Employment Area

6.69 The Works Road Employment Area is Letchworth's main employment site. It is 70 hectares in size. It is an established and successful employment area which provides a mix of B1, B2 and B8 floorspace together with some retail and sui generis uses. Retail uses lie adjacent to the employment area particularly around Second Avenue. It is a successful employment site which accommodates a number of larger and higher-value businesses.

6.70 The site has developed over time, with selective redevelopment in parts of the area. The stock of premises thus varies in age and quality. The area includes a number of vacant plots and units with potential for redevelopment.

6.71 Local bus services serve key routes within the employment area and provide links to the town centre and rail station.

6.72 For analytical purposes, the Works Road Employment Area has been divided into the following quadrants:

- North East;
- North West;
- Central;
- East;
- Skills Centre;
- Ridge Road.

North East

6.73 The north east area is 9.79 hectares. It is located to the east of Green Lane and north of Works Road. It contains a mix of office and industrial space. This area is 7.57 hectares. Key occupiers include Autoglym (car and motorcycle care products) and Altro Floors (safety floor and wall solutions).

6.74 Most of the building stock dates from the 1990s and 2000s, with the majority of stock built from 2000 onwards. There is some vacant space with 6638 sq.ft advertised to let. Extension of the Altro Floors site (to the west) is currently under construction.

6.75 The Lacerta Court area is a recent development of industrial and office units located to the east of the Altro Floors site. A key occupier is Icon Connect (smart entertainment and control systems).

6.76 The quality of the environment and quality of car parking in this area is good. Overall, it is a good quality employment area that is well occupied and has had significant recent investment. There is little further development potential in the area in the short-term.

North West

6.77 This area is located immediately adjacent to the railway line, to the west of Green Lane. It mainly accommodates light industrial uses with some office space. The majority of the buildings in this part of the Works Road Area date from the 1980s and 1990s. Key occupiers in the area include: Aztec Logistics Storage and Xennia (provides of industrial inkjets).

6.78 The area provides a mix of employment space of varying quality. This includes lower grade light industrial/ workshop units off Green Lane, a significant proportion (c. 40%) of which are vacant. Internal access within this area is extremely tight.

6.79 Further small industrial units exist in the Such Close area, which appears to have a lower level of vacancies with 2 of the 15 units being vacant (approximately 15%) at the time of the site assessments. Units at Such Close are good quality and are generally smaller than those in the Green Lane area with stronger occupancy levels.

6.80 This area includes the former Power Station Site, which has been cleared for development. We understand that the site is owned by St Modwen who had planning consent for employment development. Development has not commenced and the permission, we understand, has now lapsed. However this site continues to represent an opportunity for employment development. It is 1.6 hectares in size.

6.81 Overall this area is well occupied and intensively used. It is at the heart of the employment area. There are significant volumes of commercial traffic along Works Road itself. Environmental quality is reasonable, and bus services run along Works Road connecting to the Town Centre.

6.82 This area should be regarded as a good quality employment location, and employment use protected within this area. This area could however be considered suitable for trade counter activities.

Central Area

6.83 The central area of the Works Road Employment Area comprises a mix of larger industrial and warehouse occupiers, smaller B1 development schemes comprising light industrial space, and selected B1 office blocks. It contains a mix of B1, B2 and B8 space. It contains areas such as Devonshire Business Centre, Sixth Avenue and Campus Five. This area is 42.76 hectares in size.

6.84 It is generally a well occupied site which includes some of the town's larger occupiers and higher value-added / high-tech economic activities. Examples of occupiers include: Auto Distribution, Tyco (fire and security), Ultra Electronics, Schottlander (dental equipment and supplies), Stapleton Tyre Services and Alliance Healthcare and WG Healthcare.

6.85 This area is bounded by Works Road to the north. It includes land along Dunham's Lane, Avenues One to Five, and land on the western side of Jubilee Road. The B656 on the southern side of the employment area links to the A505 and the A1(M) Junction 9.

6.86 In general, the quality of employment stock in this area is strong and units are modern. Most units have been built from the 1980s onwards. The area is well landscaped and environmental quality above average relative to other employment areas in the District. Internal circulation within the employment area is generally good, and it is characterised by wide avenues.

6.87 There is some evidence of vacancies - with approximately 25% of units vacant at the Campus

Five site and Devonshire Business Centre areas and Woodside Industrial Park. Across the employment area as a whole, vacancy levels are however low. The site visits identified two vacant plots, a former car showroom unit on the junction of Jubilee Road and Works Road (0.16 ha) and a workshop unit on the southern side of Works Road, 100m to the west of Avenue One (0.07 ha).

6.88 The focus of the employment stock in this area is towards larger units (500+ sqm), although there are some schemes, such as the Devonshire Business Centre, which provide modern, smaller and more medium sized office and workshop units.

6.89 Generally it is a good quality employment area providing modern office and industrial premises, with high quality stock. The area has been intensively developed and contains large and high quality occupiers.

East

6.90 The eastern quadrant of the Works Road area, 5.68 hectares, is located to the east of Jubilee Road. It is located close to the B565. It contains the Jubilee Trade Centre which comprises medium sized industrial units and is generally well occupied.

6.91 Key occupiers in this area are: Benchmark (design and manufacture retail fixtures and shop display units), IMC Group (design and manufacture things such as deterrent systems), TPS Visual Communication and Stevenage Sheet Metal.

6.92 The site is relatively modern, with approximately 60% built in the 1980s and 40% of the site built in the 1990s. There is parking to the rear of the site. There is also evidence of on street parking within the estate but this is not considered unduly restrictive to the successful operation of businesses.

6.93 Overhead power line run across this site which together with noise from the A1 at the north of the site would likely restrict the nature of uses which are suitable in this area. Overall we consider that this area supports a significant number of businesses, and employment use of this area remains appropriate. There are no evident development sites in this area.

Works Road (Skills Centre)

6.94 This site is approximately 1.03 hectares. It contains the Pixmore Business Centre which provide a number of large, 1950s office and warehouse buildings which have been subdivided to provide units for small businesses. To the north of this is the Pixmore Industrial Estate, which comprises a number of single storey pre-war buildings providing workshop space for small businesses.

6.95 Occupiers within this area include: Browns Wood Flooring, Whinbush Garage (a MOT and Service Centre) and Bizspace, which operates the Pixmore Business Centre providing industrial and storage units, office suites and meeting rooms.

6.96 The site is located on the western fringe of the Works Road area, to the west of Pixmore Avenue. It lies adjacent to residential development to the West, and residential development is now taking place at Pheonix Park, opposite this site.

6.97 The location on the western side of the Works Road area offers stronger access to the Town Centre. Pixmore Lane links south to the A505 and A1(M) Junction 9. Parking provision within the site is generally tight.

6.98 The key issue with this site is the age and quality of stock. However whilst the stock is dated it appears to remain relatively well occupied, meeting the needs of smaller businesses looking for cheaper space. Environmental quality is average.

6.99 There is some evidence of vacancies, including the Lloyds building, in the northern part of this site fronting Birds Hill. This site is 0.57 hectares in size and offers development potential. This site would offer potential for employment development (B1 or B2 uses) or for residential use (Class C3). Land opposite this area, at Duckerley Court (0.3 ha) on Birds Hill has previously been redeveloped for residential use.

6.100 Overall, this employment area provides older, poorer quality space than elsewhere in North Hertfordshire. However, it meets the needs of smaller businesses and there may be a strategic rationale for retaining the employment allocation of this area to meet the needs of smaller businesses. The intensity of development, mixed land ownership and volume of existing leases would make redevelopment for alternative uses more complex than that of other employment sites in the District.

Ridge Road

6.101 This site is located in the south-eastern corner of the Works Road area. It is 2.29 hectares in size, and comprises a number of modern, purpose-build industrial units dating from the 1990s. Adjacent is a factory unit occupied by Johnsons Apparel (textile merchants).

6.102 Residential development is located opposite the site, and it is close to new residential development taking place to the north at Phoenix Park to the south.

6.103 Generally the employment area is of a good quality. The location on the western side of the Works Road area offers stronger access to the Town Centre. Pixmore Lane links south to the A505 and A1(M) Junction 9. Parking provision within the site is tight.

Icknield Way Employment Area

Icknield Way East (North of the Road)

6.104 This site is 3.73 hectares in size and comprises land located on the northern side of Icknield Way. It is located to the east of Norton Way and north of the Town Centre and rail line.

6.105 Most of the west of this site, with the exception of Furmston Court and the Archers is not currently in employment use. It contains the following: Letchworth Garden City Church, the Ickfield Centre and a Citroen garage and Gurdwara. The Council might consider amending the employment allocation boundary to exclude this area.

6.106 The Arches (Furmston Court) contains modern B1 office suites of which two units were vacant at the time of the site inspections. Moving eastwards, the site includes an accident and repair centre, and then a number of one and two storey office and workshop units dating from the 1950s. These buildings are appear well occupied with relatively low vacancy levels. To the west of this is a vacant, cleared site and then a 1990s two-storey office block occupied by the Heritage Foundation.

6.107 The vacant plot to the west of the Heritage Foundation offices is 0.31 hectares in size. This offers development potential in the short-term for (B class) employment or residential development.

6.108 Overall this area contains a mix of employment, residential and sui generis uses. We consider that a mixed use policy would be appropriate for this area.

Icknield Way East (South of the Road)

6.109 This site comprises land to the south of Icknield Way between Norton Way and Green Lane. The site is 7.25 hectares in size, and contains the Orbital Centre, the Ascot Industrial Centre and Shaftesbury Industrial Estate. It includes employment uses and a number of sui generis uses such as car showrooms, particularly towards the western end of the site. The Council might consider it appropriate to redraw the employment allocation to exclude these uses (which lie to the west of Furmston Court).

6.110 To the east of Furmston Court, the employment area comprises modern hybrid B1 / B2 space built from the 1980s onwards. Environmental quality is average.

6.111 The Orbital Centre is a modern 2 storey building which is fully occupied. The main occupier within this area Weldability Sif (welding supplies and welding equipment). To the east of this is Iceni Court comprising four good quality B2 units which were built in the 1990s. Occupiers include Chasested Prototype Engineers.

6.112 Shaftesbury Industrial Estate, further to the east, contains older B1 / B2 space built in the 1980s but appeared fully occupied at the time of the site assessments.

6.113 Ascot Industrial Estate is more modern containing B1 / B2 units with hybrid B1 / B2 space 1990s early 2000s units. The central area within the site is vacant and a large area of hard standing is used for car parking. This area, approximately 0.35 hectares in size, provides potential for further employment development.

6.114 To the east of the Ascot Industrial Estate is the Chapter Lee Building, providing office and warehouse space, with a vacant cleared site (0.91 hectares in size). We consider that this entire area might provide an opportunity for redevelopment in the longer-term.

6.115 Generally, the quality and age of employment premises at Icknield way (North and South) are varied. Vacancy levels are above average with vacancy levels being particularly high at Ascot Industrial Estate. The intensity and quality of employment activities in this area is below average.

6.116 We consider that it may be appropriate for policy to seek to rationalise employment use in this area and set out policy which encourages mixed-use development.

Blackhorse Road

6.117 Blackhorse Road is a 15.85 hectare employment area located to the north of the Works Road

Employment Area and rail line, and the east of Green Lane. It lies close to the A1(M) on the north-east side of Letchworth. There are residential areas located to the north and the west of the site and greenfield land to the north/ north-east.

6.118 This site is a local industrial estate comprising of a mixture of B class uses. There is a focus on B1 / B2 occupiers. Flint Road includes a number of B2 occupiers including : Davies Industrial suppliers, Airbourne Systems (safety systems for aircrafts) and Apex Group (construction services). The area also contains land actively used by North Herts Homes, Chiften and Apex Group. The site also includes a Household Waste Recycling Centre.

6.119 Vacancy levels within this employment area are above average. Vacant space includes the large former GWK Amtec Site (4.6 hectares in size), a 1960s/70s manufacturing unit, and UMO House offices (on a 0.4 hectare site). These sites – focused on the northern side of Blackhorse Road – provide opportunities for redevelopment.

6.120 Overall employment floorspace on this site is biased towards dated space, with the majority being pre-1990s space. Parking provision and internal road access are generally adequate for existing occupiers. The environmental quality of the site is average-to-poor and activity levels are relatively low compared to other employment sites assessed. This reflects the high vacancy level on the site.

6.121 Our overall conclusions are that it would seem appropriate to seek to consolidate employment land provision in this area, potentially through the selective release of employment land on the northern side of Blackhorse Road for alternative uses.

Spirella Building

6.122 The Spirella Building dates from the inter-war period and is located on a 2.65 hectare site, to the north of Letchworth Town Centre, close to the rail station. It is surrounded by residential accommodation.

6.123 The Spirella Building is a multi-tenanted business complex which comprises office space, conference facilities and meeting rooms. The site consists of a 4 storey building built in the 1920s and a second single storey building built in the 1990s on the western side of the site. Parking on the site is adequate, and the environment and build quality are strong.

6.124 We are aware that there is some vacancy within the building, but this is to be expected for a multi-tenanted building targeted at SMEs. We understand that vacancy levels partly relate to the cost of space.

6.125 This is a good quality employment site providing conference facilities and office space, particularly for small businesses, in a sustainable location. The employment use of the site should be protected.

Potential Employment Allocations

6.126 The following **potential allocations** were also assessed:

Table 6-4: Proposed Allocations Assessed in Letchworth		
Hitchin		
Ref	**Site**	**Size (Ha)**
60	Land east of Blackhorse Road, Letchworth	4.09
61	Land north of Hitchin Road, Letchworth	4.04

Land east of Blackhorse Road, Letchworth

6.127 This site, 4.09 hectares in size, lies to the north-east of the Blackhorse Road Employment Area in Letchworth. It has previously been promoted for development by the Letchworth Garden City Heritage Foundation as an extension to the Blackhorse Road Heritage Foundation.

6.128 This is a greenfield site classified as Grade 3 agricultural land. It could be accessed from Blackhorse Road and would effectively form an extension to the existing employment area. To the east of the site lies the A1(M). The site is gently sloping down towards the motorway. It is traversed by overhead power lines. We understand that the site is in single ownership.

6.129 The site would be a suitable opportunity for future employment development subject to market demand, however there is an above average level of vacant land within the existing Blackhorse Road Employment Area. The quality of the existing employment areas might also affect the market attractiveness of this site for development.

Land North of Hitchin Road, Letchworth

6.130 This site, 4.04 hectares in size, lies adjacent to the A505 Cambridge Road between Hitchin and Letchworth. It lies outside of the current settlement boundary. It is a greenfield site, classified as Grade 3 agricultural land.

6.131 Development of the site would require provision of services and a suitable access from the A505 Cambridge Road. Development at this location would be highly visible and impact on the landscape and the separation of Hitchin and Letchworth. We understand that the site is in a single ownership.

6.132 While the quality of the environment is strong, and the site could be served by existing bus services, access to services could negatively influence the market attractiveness of the site for development.

6.133 The site would be a suitable opportunity for future employment development should a quantitative or qualitative need for further employment development in Letchworth or Hitchin be identified. It is however separate from the main urban areas and the sustainability of this site as a location for future employment development would need to be compared against other alternative locations. Development of the site would require delivery of new infrastructure, and consideration of potential access arrangements from the A505.

Baldock

6.134 The following **existing employment sites** have been assessed in Baldock:

Table 6-5: Employment Sites Assessed in Baldock		
Baldock		
Ref	**Site**	**Size (Ha)**
BE2, BEB1	High Street/London Road	2.47
BE3, BEB3	Icknield Way[1]	1.41
BE1	Royston Road[2]	1.68
Total		5.56
[1] This contains a proposed allocation (B/e03 – 1.41ha) [2] This contains a number of proposed allocations including B/e01 and B/e02)		

High Street / London Road

6.135 This site is 2.47 hectares. It is located to the west of London Road (B197), on the southern side of the town and to the East of the A1 (M) J9. The site comprises of the Bondor Business Centre and Baldock Industrial Estate. It is an intensely developed industrial estate comprising primarily of workshop and industrial space.

6.136 It contains mainly smaller units and is focused on providing small business premises. It is generally well occupied. The occupiers include a number of car repair, precision engineering and workshop uses. The stock in the Baldock Industrial Estate dates primarily from the 1960s with light industrial units in the Bondor Business Centre developed in the 1980s. There are a limited number of vacancies on the site however the site is generally well occupied.

6.137 The environmental quality of the site is average. The internal estate roads are narrow with speed bumps. The internal road layout within the estate is very tight and would constrain HGV movements. Parking is restrictive, particularly in the older part of the site.

6.138 Overall this is an intensively developed, but now somewhat dated employment site. Whilst the Council may wish to consider its future strategy for employment land provision at Baldock, the potential future use of this site is likely to be constrained by the layout of the site and the range of existing businesses which it accommodates which would potentially constrain the potential for redevelopment. The site also plays a role in providing affordable space for local SMEs.

Royston Road (Icknield Way)

6.139 This is a 1.41 hectare site located to the north of Icknield Way. It is accessed from the B656 via Norton Road or Icknield Way to the A507. The rail line is to the rear of the site. It is within walking distance to Baldock Station and Baldock Town Centre.

6.140 This is a relatively poor location for employment, situated on a relatively narrow and primarily residential road and adjoining residential uses. The employment site has been part redeveloped for residential use.

6.141 The site accommodates some modern 1990s B1 industrial units to the rear which comprises of 30% of the employment stock. There are two occupiers of these units: Character Press Limited (a printing company) and ABL Circuits (suppliers of printed circuit boards). Adjacent to this is a vacant site (0.2 hectares in size) which comprises a former Peugeot Garage constructed in the 1970s. There are also derelict out buildings to the rear of the site. In this area, a small part of the site to the east is used for a hand carwash. Within close proximity of the site are new build flats built at the corner of Nacton Road.

6.142 This area comprises relatively poor quality employment land, in a location which is relatively poorly accessible and with a high proportion of vacant land. There is evidence of recent redevelopment of adjoining land for residential use.

Royston Road (Be/01, Be/02 and Be1)

6.143 This is a 1.68 hectare site which is located to the north of Royston Road (B656), to the west of the A505. The site is well located with respect to the A505 and A1(M). It is found immediately adjacent to the railway line. The site contains hybrid office and industrial units (B1/ B2 and B8) within the Marquis Business Centre and Ashville Trading Estate. There is further land to the east which has been promoted for development around Warren Farm.

6.144 The existing employment units in this area have mainly been built since the 1980s although there are some older buildings from the 1960s found to the west of the site. Units at the Marquis Business Centre are more modern, mainly built since 2000. Units at Ashville trading Estate are older, mostly being 1980s units. Generally, it is a good quality site, which is well occupied, although there are low levels of activity. Occupiers include: Optimal Technologies Centre (manufacturer of ultrasonic cleaning systems), and Duckworth and Kent (manufacturer of surgical instruments) on the Marquis Business and Walter Clarke Lamp Company and WG Silverton (shop fitting contractors) on the Ashville Trading Estate.

6.145 There are a number of residential and farm buildings to the east of the Ashville Trading Centre (and Watts Roofing Supplies). The land to the west of Warren Farm is farmed (arable) but land to the east of Warren Farm did not appear to be actively farmed at the time of the site visits in November 2012.

6.146 The land beyond the Ashville Trading Centre is gently undulating however it is not considered that topography would unduly influence development potential. We understand land in this area is in public sector ownership (Hertfordshire County Council). The land to the east of Warren Farm is highly visible to the road and development in this area could therefore have significant landscape `impacts.

6.147 Overall this site is generally well occupied but the existing employment development lacks critical mass. It is well located with good access both to the rail station and to the A505. Subject to market demand and the wider strategy for employment provision in Baldock we consider that, in physical terms, there is potential for extension of the site to the east for employment uses.

Royston

6.148 The following **existing employment sites** were assessed in Royston:

Table 6-6 Employment Sites Assessed in Royston		
Royston		
Ref	**Site**	**Size (Ha)**
Orchard Way/York Way Employment Area		
RE1	Northern Area	6.4

RE1	Central Area	38.4
RE1, REB2	Southern Area	18.0
Lumen Road		
RE2, REB2	Lumen Road, Royston[1]	1.31
[1] includes proposed allocation		

Orchard Way / York Way Employment Area

6.149 The Orchard Way/ York Way Employment Area is one of the larger and most successful employment areas within the District. It contains a range of occupiers, but with significant space occupied by Johnson Matthey. This is a large site consisting of 46 hectares of land.

6.150 For analytical purposes, the Orchard Way/York Way Employment Area has been divided into the following quadrants:

- Northern Area
- Central Area
- Southern Area

Northern Area

6.151 The northern area, 6.4 hectares in size, contains a range of B1, B2 and B8 units. Occupiers include Tap Bio Systems a Royal Mail Sorting Office and Minster Insulation (insulation and dry cleaning). The units are fairly modern and date mainly from the 1990s. There were a small number of vacant premises evident at the time of the site assessments in November 2012 with 1199 sqm of a B2 / B8 space on a corner plot building to let and 1745 sqm of newer B2 units to let. The plot to the west of this area is used for car parking for Johnson Matthey.

6.152 Generally this area is well occupied and intensively developed, with little evident space for further employment development.

Central Area

6.153 The central part of the site contains a large manufacturing and research and development facility. It is relatively intensively developed. The occupier is Johnson Matthey (a global speciality chemicals company). It comprises mainly of B2 space with some B1b research and development floorspace. The age of the built stock varies, but includes units constructed in the 1990s/2000s.

6.154 Johnson Matthey is evidently a key local employer, and occupied this area together with a number of other units particularly in the southern part of the Orchard Road/ York Way site. We understand that this site is the firm's UK Headquarters. It includes corporate functions, environmental technologies, fine chemicals and precious metal product activities.

6.155 The car parking on the site is tight, but as identified above, there is overspill car parking located to the north of York Road.

Southern Area

6.156 The southern area, to the south of Orchard Road, is 18 hectares in size and mainly contains light industrial space and some office space. It contains small and medium sized units. Occupiers to the west of Jarman Way include: White Space Creative (design and build retail stands), AFI Group (office furniture manufacturers), Mettler Toledo (product and x-ray inspections) and a warehouse occupied by Hamleys. Jarman Way contains new-build industrial and office space and contains a number of hi-tech occupiers such as Bruel Kjaer. Overall the area is well occupied and includes an above average level of high-tech occupiers.

6.157 There is evidence of new development at the southern end of Greenfield Way, with further design and build opportunities (for units of up to 9,290 sq.m) identified at Royston Business Park.

6.158 Overall, the Orchard Way / York Way Site is a successful, well occupied and good quality site with a focus on higher value, primarily manufacturing, activities. We consider that there is a good case for extension of the site to meet local demand.

Lumen Road

6.159 This is a 1.31 hectare site. It is located to the west of the A10. It accommodates mainly leisure uses. There is some but a limited amount of B class use. Examples of current occupiers include: The Dance College, Hedgehogs Day Nursery, Look Smart Laundry and Thompson Roofing Limited. There is a low level of vacancies on the site with the building currently occupied by the Direct Tableware Company advertised as to let. The buildings are mainly 1990s units.

6.160 Access to this site is poor in relative terms. Mill Lane is a narrow, primarily residential road. The level of employment activity on the site is weak.

Potential Allocations

6.161 The following **potential allocations** were also assessed:

Table 6-7 Proposed Allocations Assessed in Royston

Letchworth		
Ref	**Site**	**Size (Ha)**
R/e01	Land North of York Way	10.9

Land North of York Way, Royston

6.162 To the west of the Orchard Road/ York Way site there is possible land for expansion, between the existing employment area and the A505. This land is 10.9 hectares in size and could be accessed from York Way. It is greenfield land. The site slopes gently towards the east but we can see no fundamental barriers to future development for employment purposes (although details of landownership are not known). Appropriate screening to mitigate the visual impact of development on the urban edge might be necessary. We consider this a suitable location for future employment development subject to market demand, building on the success and profile of the existing, successful Orchard Road/ York

Way area.

Additional Sites

Knebworth Innovation Park

6.163 Knebworth Innovation Park represents a potential greenfield site at Stevenage immediately adjacent to, and accessed from, A1(M) Junction 7. The land is owned by and forms part of the Knebworth Estate. The site benefits from a motorway junction location and visibility, and location of an existing Novotel Hotel.

6.164 The site is adjacent to a Site of Special Scientific Interest (SSSI), Knebworth Woods, and falls within the Green Belt. Exceptional circumstances would be required to support its removal from the Green Belt. The impact on the SSSI would require mitigation. Improvements in accessibility by sustainable modes would also need to be significantly improved.

6.165 The site is potentially of sufficient scale to offer some limited amenities within the development and could deliver a high quality working environment. Provision of public transport facilities would be required.

6.166 A key advantage of the site is its adjacency, but degree of separation from, an established employment location at Gunnels Wood and GSK's R&D facility. The form of development envisaged is expected to include a high science/ research and development component within a high quality environment at an accessible location. This high-tech/ science focus would differentiate it from Arlington Business Park and Gunnels Wood more widely where there is potential for further phases of development.

6.167 The site was identified in a previous report[5] as being of potential strategic significance because of the opportunity to deliver a high quality site to meet the needs of key sectors (as opposed to an issue of scale). While the site could accommodate back/general offices, this would not justify its release. The particular opportunity is for it to support R&D functions, such as in environmental technologies and life sciences; including its potential to accommodate a pharmaceutical investment/relocation.

6.168 The site would require joint working between Stevenage BC and North Hertfordshire DC to bring this forward since the site spans both local authority areas. A key barrier to delivery includes the fact that the Knebworth Estate is reportedly promoting the site for other uses. Subject to the supply / demand balance, this site provides strong potential to offer high quality B1a/b uses.

Future supply

6.169 We provide in this section an assessment in quantitative terms of the future supply of employment land in North Herts in November 2012.

6.170 We consider that the key components of employment supply comprise:

[5] Hertfordshire Strategic Sites Study, Regeneris Consulting on behalf of Hertfordshire County Council

- sites with planning consent for employment development;
- vacant land on existing employment sites (without planning consent).

6.171 In addition we identify employment land which is expected to be lost through redevelopment for alternative uses.

6.172 As at 31 March 2012, there was planning consent for a total of 10.5ha development on existing sites. A number of sites will be lost to alternative uses (7.2ha) and at the same time there will be some gains from for example rural sites (equivalent to around 5.5ha). As a result of this trend there will be an overall net loss of 1.7ha employment land.

Table 6-8 Floorspace Proposed on Sites with Planning Consent, April 2012

	Redevelopment on Existing Sites	Additional Employment Land	Employment Land Lost
B1a/b	5.5ha	3.6ha	6.3ha
B1c/B2	5ha	1.8ha	0.8ha
B8	0.1ha	0.1ha	0.2ha
Total	10.5ha	5.5ha	7.2ha

Source: NHDC Monitoring Data

6.173 We have provisionally identified 9.2ha vacant land on existing sites (without planning consent) through the site assessments:

Table 6-9 Development Potential on Existing Employment Sites

Town	Site	Area Type	Name of Vacant Area on the Site	Size (Ha)	Suitable Uses
Baldock	Former Peugeot Site, Icknield Way	Vacant	Vacant former car showroom and yard	0.2	B1, B2, B8, C3
	7-9 Bury Mead Road	Vacant		0.22	B1, B2
	Industrial Unit, Station Approach	Vacant		0.07	B1
	Yard Site, Station Approach	Vacant		0.15	B1
	Former Procast Components Site, Cadweury ll Lane		Vacant plot with existing vacant workshop premises	0.38	B1
	Bilton Road Car Parking	Possible Land Intensification Opportunity	Land used for car parking	0.25	B1, B2, B8
Letchworth Garden City	12) Areas N of Railway Line	Vacant			
	Former Car Showroom, Corner Jubilee Road/ Watson Road	Vacant		0.16	B1, B2, Sui
	Works Road, East of Avenue One	Vacant		0.07	B1, B2, Sui

	Site West of Heritage Foundation Offices, Icknield Way	Vacant (cleared)		0.31	B1, B2, C3
	Land to East of Chapter Lee Building, Icknield Way	Vacant (cleared)		0.91	B1, B2, B8, C3
	Lloyds Building, Birds Hill	Vacant	Lloyds Building on edge of Works Road Area	0.57	B1, B2, C3
	Former GWK Amtec Site, Blackhorse Road	Vacant		4.6	B1, B2, C3
	Former UMO House offices, Blackhorse Road	Vacant		0.6	B1, B2, B8, C3
Royston	2- R/ e01) Land North of York Way	Vacant	Vacant plot to the W of the site	0.56	B1, B2, B8
	8) Lumen Road		Vacant plot to the N of the site	0.15	B1, B2, B8, C3
TOTAL				9.2	

6.174 In addition, there are a number of other potential sites which the council has identified in their Land Allocations Issues and Options Paper (2008). Potential sites without a planning designation totals 84ha and include those sites listed below.

Table 6-10 Sites Identified in the Land Allocations Issues and Options Paper

Ref	**Site**	**Area (ha)**	**Location**
-	Junction 7	20.1	Knebworth
R/e01	Land north of York Way, Royston	10.9	Royston
B/e01	Royston Road, Baldock	8.48	Baldock
B/e02	Royston Road, Baldock	11.9	Baldock
H/e01	Transco Site, Cadwell Lane, Hitchin	10.9	Hitchin
L/e01	Former Power Station, Works Road, Letchworth	1.5	Letchworth
Site 60	End of Blackhorse Road, Letchworth	4.09	Letchworth
H/e02	Land at Wilbury Way	25.5	Hitchin
R/e02	Lumen Road, Royston	1.31	Royston
B/e03	Icknield Way Baldock	1.41	Baldock
60	Land east of Blackhorse Road, Letchworth	4.09	Letchworth
61	Land north of Hitchin Road, Letchworth	4.04	Letchworth

	Total	83.84	

7. Demand Assessment

7.1 This section of the employment land review assesses possible future employment trajectories for North Hertfordshire. Using a specific methodology (outlined below), the section outlines implications for the district in terms of future employment floorspace requirements for B use classes (B1, B2 and B8) and land requirements.

7.2 Central Government's 2004 Employment Land Review Guidance Note recommends three approaches should be pursued for estimating future employment land demand in local areas (p42):

- Analysis based on the past take-up of employment land and property.
- Regional and sub-regional sectoral economic and employment forecasts and projections ('labour demand techniques').
- Demographically derived assessments of future employment needs ('labour supply techniques').

7.3 This chapter has been structured according to this guidance.

Introduction to Forecasting

Past Take-up Approach

7.4 One approach to forecasting future employment land need requirements is to assess levels of past take-up of floorspace within an area over a set period, and project forward past trends over a future time period (e.g. 10, 15, 20 years). The implication of this approach is that the forecast assumes that trends will continue. Floorspace completions data is available from North Hertfordshire District Council/Hertfordshire County Council from 2001/02 to 2010/11, and this has been accessed by GL Hearn. The data is presented by use-classifications. It is possible to come to a view on past-trends by B use-classes by estimating average per annum growth rates. Using this analysis, it is possible to project forward potential floorspace demand estimates to 2031. By applying a series of assumptions to the floorspace estimates, in particular around plot ratios, future land requirements can be estimated in total.

Labour Demand Model

7.5 The labour demand model is based upon the East of England Forecasting Model (EEFM). The EEFM is an econometric forecasting model developed by Oxford Economics for Insight East, the East of England region's intelligence centre. The model looks specifically at the inter-relationships between the economy, housing, population in a consistent fashion and projects the total number of jobs in across a range of geographical areas in the Eastern region, including North Hertfordshire, to the period to 2031.

7.6 A number of assumptions and adjustments have been made to the raw forecasts from the EEFM. Most significantly, EEFM data has been adjusted to exclude self-employment and has also been adjusted to assume a figure for full-time equivalent (FTE) employment rather than the total number of jobs (to ensure compatibility with standard employment densities)[6]. The result of these adjustments is the labour demand model Base Scenario.

7.7 As well as a Base Scenario the EEFM sets out two alternative scenarios. These are:

- **Lost Decade Scenario:** This is the EEFM's lower growth forecasting scenario. This scenario is based on the assumption of five more years of sluggish economic growth
- **High Migration Scenario:** This is the EEFM's higher growth forecasting scenario. This scenario is based on assuming the official ONS migrations levels for North Hertfordshire (which are higher than those assumed in the base scenario) for the forecasting period.

The Labour Supply Model

7.8 The labour supply model assesses the likely future employment implication of projected changes in population. Projections for the future number of working age North Hertfordshire residents in employment have been estimated by Regeneris Consulting. This has largely been driven by a potential housing option of 10,700 new dwellings by 2031. This is considered a 'policy-on' scenario, as opposed to using the ONS Sub-National Population Projections (SNPP) which is unconstrained, with no regard for local policy considerations. Again, adjustments have been made to these projections to exclude self-employment and to assume a figure for FTE employment (rather than the total number of jobs). The result of these assumptions and adjustments is the labour supply model Supply Scenario.

Summary of Scenarios

7.9 The following table provides a summary of the forecasting scenarios.

Table 7-1: North Hertfordshire Employment Land Review – Summary of Employment Scenarios 2011-2031

Forecast Type	**Scenario**	**Source**	**Description**
Past Take-up of Employment Land & Property	Scenario 1	Based on evidence from past take-up in North Hertfordshire, provided by GL Hearn's analysis	GL Hearn analysis of past take-up rates for B-use classes in North Hertfordshire. Rates are used to model future demand for floorspace and land over the period to 2031.
Labour Demand Side	Scenario 2 – Base	East of England Forecasting Model (EEFM), developed by Oxford Economics to 2031	Base Case EEFM forecasts for North Hertfordshire over the period 2011-2031.
	Scenario 3 – 'Lost Decade' (Low Growth)	East of England Forecasting Model (EEFM), developed by Oxford Economics to 2031	Low Growth EEFM forecasts for North Hertfordshire over the period 2011-2031.
	Scenario 4 – 'High Migration'	East of England Forecasting Model (EEFM), developed	High Migration EEFM forecasts for North Hertfordshire over the period

[6] The EEFM also provides forecasts of self-employment in total and by sector. These forecasts of self-employment have been used to estimate total employees in employment by EEFM sectors. FTE conversion ratios have been estimated, by sector, using data from the Business Register of Employment Survey (BRES) and matched to EEFM sectors.

	(Higher Growth)	by Oxford Economics to 2031	2011-2031.
Labour Supply Side	Scenario 5 – Supply Base	Regeneris Consulting calculations based on future growth in housing in North Hertfordshire.	Analysis of future employment likely to arise from projected housing change and associated population change.

Converting Employment Projections into Floorspace Requirements

7.10 Future employment projections for North Hertfordshire have been converted into future employment floorspace requirements using Regeneris Consulting's bespoke employment floorspace model. This model assesses average levels of activity across each employment use class for each employment sector. It then allocates employment to each use class accordingly. Based upon this, employment floorspace requirements are calculated using standard employment densities[7].

7.11 Our model has underpinned the evidence base within a number of Core Strategies which have been found sound. This includes the St Helen's Employment Land Review. It has also been used at public inquiries such as for Glenfield Park, a major employment site in Blaby, where Wilson Bowden won an appeal against the planning authority. To ensure consistency between employment estimates and assumed employment densities, we first converted the projections for total employment provided by the EEFM into Full Time Equivalent (FTE) jobs. We then applied a number of the following standard employment density assumptions:

Table 7-2: Employment Density Assumptions		
Use Class	Description	Employment Density (Area (sq.m) per FTE)
B1 a/b (exc. B1c)	General Office	12
	Call Centre	8
	IT/Data Centre	47
	Business Park	10
	Serviced Office	10
	Average - B1	17.4
B1c and B2	Light Industry (Business Park)	47
	General Industry	36
	Average B1c and B2	41.5
B8	General Warehouse and Distribution	70
	Large Scale and High Bay Warehousing	80
	Average	75
Employment Densities Guide (2010), OffPat and HCA, accessed at http://www.homesandcommunities.co.uk/sites/default/files/our-work/employ-den.pdf		

7.12 Gross floorspace requirement are then converted into gross employment land requirements through the application of standard plot ratios. These are summarised below. Note for

[7] Employment Densities Guide (2010), OffPat and HCA, accessed at: http://www.homesandcommunities.co.uk/sites/default/files/our-work/employ-den.pdf

B1a/b space we have assumed 2 storeys.

Table 7-3: Plot Ratio Assumptions		
Use Class	Type of Location	Plot Ratio
B1a/b	Business Park	0.5
	Town Centre	0.9
B1c and B2		0.4
B8		0.5
Source: Regeneris Consulting & GL Hearn		

7.13 Reflecting the difference in Plot Ratio's for town centre and non-town centre B1a/b Use Classes, we have assumed that 50% of B1a/b Use Classes in North Hertfordshire are town centre. Our assumption reflects our understanding of the locational characteristics of North Hertfordshire.

Caveats to Methodology

7.14 It is important to note that there are numerous caveats associated with the use of employment forecasts. Some of the key considerations in this respect are set out in the box below.

A cautionary note on forecasting

It is difficult to predict with any certainty the levels of future employment growth in a particular area and therefore care should be taken when interpreting employment forecasts. Forecasts can vary depending on their source – Cambridge Econometrics, Oxford Economics and Experian are some of the key firms which produce employment forecasts and each of these adopt varying approaches and will produce slightly different results.

It is difficult to predict future trends at any time but when there have been significant economic (e.g. recession) and political changes, it is even more difficult to produce forecasts which are reliable. Forecasts for individual districts and sectors are usually extrapolated from regional growth forecasts and there are difficulties in preparing forecasts to this level of detail.

Forecasts can provide an indication of what might happen in terms of future employment growth but are not definitive.

Jobs Growth

The EEFM Scenarios in the Context of Recent Performance

7.15 The EEFM provides a helpful of overview of employment change over the last 15 years, as well as a forecast of potential employment change up to 2031 (20 year period) via three main sceanrios. Despite strong employment growth from 1996-2001, employment in North Hertfordshire contracted by around 3,000 FTE jobs over the period 1996 and 2011 (-7.7% or -0.5 per annum). If the period 1998-2011 is observed, as was the case in the earlier economic baseline section, the contraction in employment in North Hertfordshire has been even greater at around 4,900 FTE jobs. Therefore, by 2011, North Hertfordshire was estimated to support approximately 34,100 FTE jobs. This performance is in stark contrast to Hertfordshire and the Eastern region which experienced employment growth of over 14% and 19% respectively over the same period.

7.16 The following table and chart highlights the extent to how North Hertfordshire's employment levels have fluctuated over the last 15 years, falling markedly by 2011 compared with 1996 levels. This performance is quite different to that experienced elsewhere across Hertfordshire and the wider Eastern region. They also present the EEFM forecast scenarios for North Hertfordshire from 2011-2031, highlighting forecast employment change, as well as forecast total levels of employment by 2031.

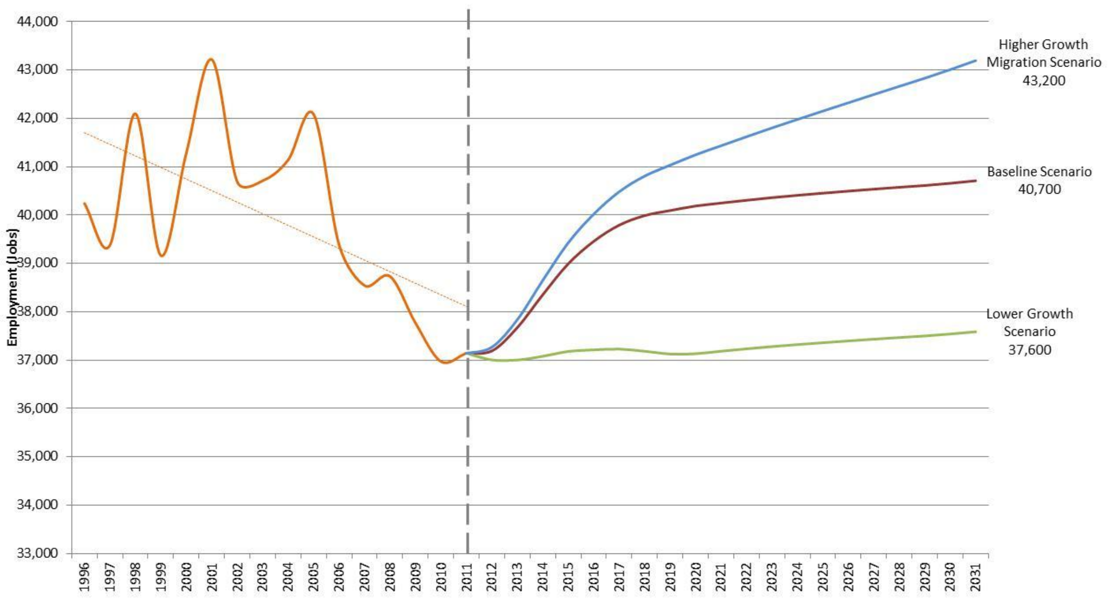
7.17 Despite such an observed decline over the period 1996-2011, the EEFM Base scenario actually provides a rather positive and bullish outlook for employment growth in North Hertfordshire over the next 20 years. By 2031 the Base Scenario shows an increase in employment of around 3,600 FTE jobs (+9.6%), taking overall employment levels to 40,700 FTE jobs. The majority of this growth (c.65%) would also occur over the first five years of the forecasting period (2,300 FTE jobs by 2016). Growth continues over the further 15 years, but at a much slower rate (between 0.1%-0.4% per annum).

Table 7-4: Employment Change (FTE jobs) in North Hertfordshire – Observed (1996-2011) and Forecast Scenarios (2011-2031)

		Absolute Change	**% Change**	**Average Annual Change (%)**
Observed - Average Employment Change Per Annum	1996-2001	**2,978**	**7.4%**	**1.5%**
	2001-2006	-3,835	-8.9%	**-1.8%**
	2006-2011	-2,240	-5.7%	**-1.1%**
	1996-2011	**-3,097**	**-7.7%**	**-0.5%**
Baseline Scenario: Average Employment Change Per Annum	2011-2016	2,314	6.2%	**1.2%**
	2016-2021	792	2.0%	**0.4%**
	2021-2026	247	0.6%	**0.1%**
	2026-2031	214	0.5%	**0.1%**
	2011-2031	**3,567**	**9.6%**	**0.5%**
Lower Growth Scenario: Average Employment Change Per Annum	2011-2016	68	0.2%	**0.0%**
	2016-2021	-27	-0.1%	**0.0%**
	2021-2026	213	0.6%	**0.1%**
	2026-2031	191	0.5%	**0.1%**
	2011-2031	**445**	**1.2%**	**0.1%**
Higher Growth Migration Scenario: Average Employment Change Per Annum	2011-2016	2,877	7.7%	**1.5%**
	2016-2021	1,415	3.5%	**0.7%**
	2021-2026	889	2.1%	**0.4%**
	2026-2031	872	2.1%	**0.4%**
	2011-2031	**6,053**	**16.3%**	**0.8%**

Source: BRES/ABI, Regeneris Consulting Assumptions and Calculations; East of England Forecasting Model

Figure 7-1: North Hertfordshire Employment Change (observed 1996-20011), and Employment Forecasts, by Scenarios, 2011-2031



Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012

7.18 Given reservations over the outcome of the Base Scenario in light of the current economic climate, particularly the evidence on slow and fluctuating levels of UK economic growth, as well as on-going issues in the Eurozone, the Lower Growth Scenario could provide a more balanced and reasonable forecast for the economic growth trajectory of North Hertfordshire going forward. Nonetheless, the following section provides a comparison of the EEFM scenarios and the key messages.

Comparing the Forecast Scenarios

7.19 The employment implications under each of the future employment scenarios are summarised in the table below –

- The overall number of FTE jobs in North Hertfordshire is estimated at 34,100 in 2011
- As discussed above, under the Base scenario, it is projected that FTE employment will total **40,700** by 2031.
- Under the Lower Growth Scenario, FTE employment is projected to reach around **37,600** by 2031.
- Under the Higher Growth Scenario, FTE employment is projected to reach **43,200.**

Table 7-5: FTE Employment Summary, All Scenario's – 2011-2031					
	2011	2016	2021	2026	2031
Base Scenario	37,100	39,500	40,300	40,500	40,700
Lower Growth Scenario	37,100	37,200	37,200	37,400	37,600
Higher Growth Scenario	37,100	40,000	41,400	42,300	43,200
Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012					

7.20 The broad trajectory of 2011 to 2031 employment change under the three scenarios was presented in the earlier graph. This highlighted that employment growth under both the base and higher scenarios are relatively close up to 2014. After this point, the impact of higher growth linked to increased levels of migration in the district, begins to have an impact, with an on-going and upward jobs growth trajectory. As expected, there is very little change in the overall level of employment in the district under the Low Growth scenario – approximately just 500 jobs.

7.21 The implications in terms of future employment change in North Hertfordshire are presented in the table below:

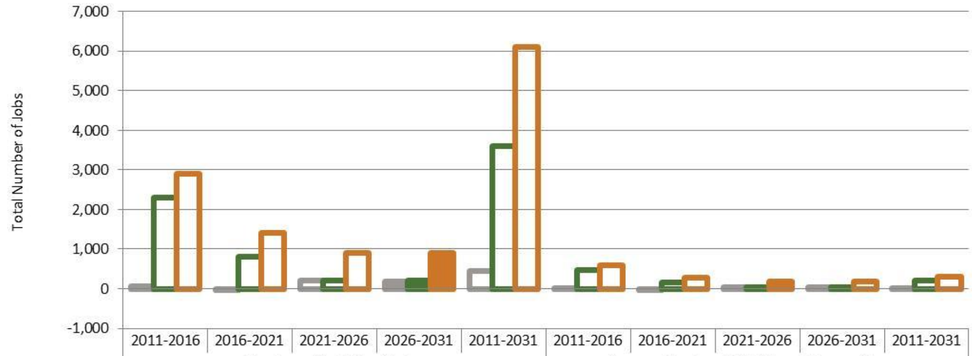
- Under the Base scenario, it is projected that FTE employment will increase by around **3,600** to 2031 (growth of around 10%). Over the whole time period this equates to average growth of around 200 jobs per annum.

- Under the Lower Growth Scenario it is projected that FTE employment will increase by only around **450** to 2031 (growth of around 1%). Over the whole time period this equates to average growth of around 20 jobs per annum.

- Under the Higher Growth Scenario, it is projected that FTE employment will increase by around **6,100** to 2031 (growth of around 16%). Over the whole time period this equates to average growth of around 300 jobs per annum.

Table 7-6: Forecast Change in Number of FTE Jobs, 2011-2031											
		2011-2016		2016-2021		2021-2026		2026-2031		2011-2031	
		Actual	%	Actual	%	Actual	%	Actual	%	Actual	%
Lower Growth Scenario	Change over 5 years	70	0.2%	-30	-0.1%	210	0.6%	190	0.5%	**450**	1.2%
	Average per annum	14	0.0%	-6	0.0%	42	0.1%	38	0.1%	20	0.1%
Base Scenario	Change over 5 years	2,300	6.2%	800	2.0%	200	0.6%	200	0.5%	**3,600**	9.6%
	Average per annum	460	1.2%	160	0.4%	40	0.1%	40	0.1%	200	0.5%
Higher Growth Scenario	Change over 5 years	2,900	7.7%	1,400	3.5%	900	2.1%	900	2.1%	**6,100**	16.3%
	Average per annum	580	1.5%	280	0.7%	180	0.4%	180	0.4%	300	0.8%
Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012											

Figure 7-2: Forecast FTE Employment Growth Rates by Scenario, 2011-2031



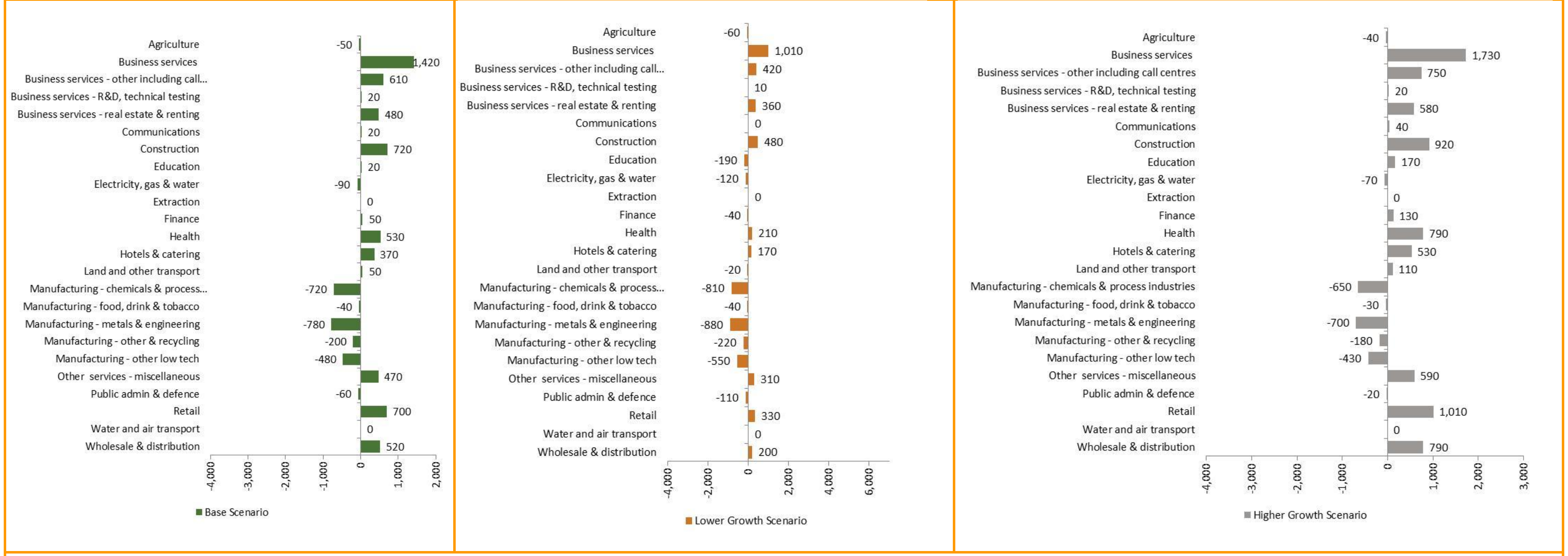
	Number of Additional Jobs					Average Number of Additional Jobs per Annum				
	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031
Lower Growth Scenario	70	-30	210	190	450	14	-6	42	38	23
Baseline Growth Scenario	2,300	800	200	200	3,600	460	160	40	40	200
Higher Growth Scenario	2,900	1,400	900	900	6,100	580	280	180	180	305

Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012

7.22 The following charts highlight how the employment change under each scenario is distributed across sectors. For example, under the Base Scenario employment growth is driven by business services (+2,500 FTE jobs), Construction (+700 FTE jobs), and Retail (+700 FTE jobs).

Figure 7-3: Forecast FTE Employment Change by Sector. 2011-2031

Base Growth Scenario	Lower Growth Scenario	Higher Growth Scenario



Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012

Employment Floorspace Implications

7.23 Using the Regeneris Consulting employment floorspace model, the above employment projections have been assessed in relation to various employment use classes.

7.24 The key messages for B-use class employment change are:

- In the period to 2031, 1,300 additional B Use Class FTE jobs are projected under the Base Scenario, a contraction of 500 FTE jobs under the Lower Growth Scenario, and 2,600 under the Higher Growth Scenario
- Employment growth in sectors which demand B1 uses occurs under all three scenarios, even under the contracting lower growth scenario. This demand relates to the forecasts of employment growth across a range of business-services sectors, identified above. Employment growth in sectors which demand B8 uses is also significant under the base and higher growth scenarios.
- Across all scenarios there is significant decline (ranging from -1,700 to -2,100 FTE jobs) in sectors which demand B1c/B2 industrial space.

Table 7-7: Forecast Change in Number of FTE Jobs by Use Class, 2011-2031

		B1a and B1b	B1c & B2	B8	*Total B Use Classes*	Other Use Classes	All Jobs
2011-2016	Base Scenario	1,400	-400	400	*1,400*	900	2,300
	Lower Growth Scenario	700	-600	100	*200*	-100	100
	Higher Growth Scenario	1,600	-300	500	*1,700*	1,200	2,900
2016-2021	Base Scenario	500	-600	100	*100*	700	800
	Lower Growth Scenario	300	-600	0	*-300*	300	0
	Higher Growth Scenario	700	-500	300	*500*	900	1,400
2021-2026	Base Scenario	300	-500	0	*-100*	400	200
	Lower Growth Scenario	300	-500	0	*-200*	400	200
	Higher Growth Scenario	500	-400	100	*200*	700	900
2026-2031	Base Scenario	300	-400	0	*-100*	400	200
	Lower Growth Scenario	300	-400	0	*-100*	300	200
	Higher Growth Scenario	500	-400	100	*200*	700	900
2011-2031	**Base Scenario**	**2,600**	**-1,900**	**600**	***1,300***	**2,300**	**3,600**
	Lower Growth Scenario	**1,600**	**-2,100**	**100**	***-500***	**900**	**400**
	Higher Growth Scenario	**3,300**	**-1,700**	**1,000**	***2,600***	**3,400**	**6,100**

Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012

7.25 The implications of the above employment forecasts in terms of future employment floorspace requirements are set out in the table below:

- All scenarios forecast additional need for B1a/b employment floorspace in the period to 2031. In gross terms, this ranges from 28,100 sqm under the Lower Growth Scenario, up to 44,900 sqm under the Base Scenario, and 58,000 sqm under the Higher Growth Scenario.

- All scenarios forecast overall declines in demand for B1c & B2 employment floorspace in the period to 2031. The decline in requirements for B1c and B2 range from -88,7000 sqm under the Lower Growth Scenario, to -78,300 sqm under the Base Scenario and -70,000 sqm under the Higher Growth Scenario.

- All scenarios forecast an increase in demand for B8 floorspace, although the demand is relatively modest under the Lower Growth Scenario (+4,600 sqm). The Base Scenario forecasts demand for 41,900 sqm of B8 space, while the Higher Growth Scenario forecasts demand for 72,700 sqm.

Table 7-8: Forecast Change in Floorspace Requirements, 2011-2031 (sqm)

		B1a/b (sqm)	B1c and B2 (sqm)	B8 (sqm)	Total (sqm)
2011-2016	Base Scenario	24,100	-16,400	30,900	38,600
	Lower Growth Scenario	11,900	-24,200	4,200	-8,100
	Higher Growth Scenario	27,200	-14,500	37,700	50,500
2016-2021	Base Scenario	9,400	-23,300	11,200	-2,600
	Lower Growth Scenario	5,100	-25,900	1,300	-19,500
	Higher Growth Scenario	12,700	-21,200	18,900	10,400
2021-2026	Base Scenario	5,900	-20,700	1,200	-13,600
	Lower Growth Scenario	5,800	-20,700	700	-14,200
	Higher Growth Scenario	9,300	-18,600	9,300	-100
2026-2031	Base Scenario	5,400	-17,800	-1,400	-13,900
	Lower Growth Scenario	5,300	-17,800	-1,600	-14,200
	Higher Growth Scenario	8,800	-15,700	6,900	-100
2011-2031	**Base Scenario**	**44,900**	**-78,300**	**41,900**	**8,600**
	Lower Growth Scenario	**28,100**	**-88,700**	**4,600**	**-56,000**
	Higher Growth Scenario	**58,000**	**-70,000**	**72,700**	**60,700**

Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012; and HCA Employment Densities Guidance

7.26 The gross floorspace figures set out in the table above have been converted into estimated employment land requirements by applying standard plot ratios and converting floorspace (sqm) into hectares. The headline employment land requirements to 2031 are set out in the table below:

- All scenarios forecast **additional need for B1a/b employment land** in the period to 2031. In gross terms, this ranges from 2.2 hectares under the Lower Growth Scenario, up to 3.5 hectares under the Base Scenario and 4.5 hectares under the Higher Growth Scenario.

- All scenarios forecast **overall declines in demand for B1c & B2 employment land** in the period to 2031. The decline in requirements for B1c and B2 range from –22.2 hectares under the Lower Growth Scenario, to -19.6 hectares under the Base Scenario and -17.5 hectares under the Higher Growth Scenario.

- The Base Scenario and Higher Growth Scenarios forecast **an increase in demand for B8 floorspace** of 8.4 hectares and 14.5 hectares respectively. Under the Lower Growth Scenario, demand for B8 is projected to increase by only 0.9 hectares.

- In overall terms, given the decline in demand for B1c and B2 floorspace under all scenarios, the Base and Lower Growth Scenarios identify a **fall in total employment land requirements** (-7.7 and -19.1 hecatres respectively). Even under the Higher Growth Scenario, the overall land requirement is +1.6 ha.

Table 7-9: Forecast Change in Employment Land Requirements, 2011-2031 (hectares)

		B1a/b (ha)	B1c and B2 (ha)	B8 (ha)	Total (ha)
2011-2016	Base Scenario	1.9	-4.1	6.2	4.0
	Lower Growth Scenario	0.9	-6.0	0.8	-4.3
	Higher Growth Scenario	2.1	-3.6	7.5	6.0
2016-2021	Base Scenario	0.7	-5.8	2.2	-2.8
	Lower Growth Scenario	0.4	-6.5	0.3	-5.8
	Higher Growth Scenario	1.0	-5.3	3.8	-0.5
2021-2026	Base Scenario	0.5	-5.2	0.2	-4.5
	Lower Growth Scenario	0.5	-5.2	0.1	-4.6
	Higher Growth Scenario	0.7	-4.7	1.9	-2.1
2026-2031	Base Scenario	0.4	-4.5	-0.3	-4.3
	Lower Growth Scenario	0.4	-4.5	-0.3	-4.4
	Higher Growth Scenario	0.7	-3.9	1.4	-1.9
2011-2031	**Base Scenario**	**3.5**	**-19.6**	**8.4**	**-7.7**
	Lower Growth Scenario	**2.2**	**-22.2**	**0.9**	**-19.1**
	Higher Growth Scenario	**4.5**	**-17.5**	**14.5**	**1.6**

Note: Please refer to section on Methodology for assumptions made regarding plot densities.
Source: Regeneris Consulting based upon EEFM, by Oxford Economics Economic Forecasts, 2012; and HCA Employment Densities Guidance

Labour Supply

7.27 This Scenario has been developed by Regeneris Consulting to better understand the implications for land requirements to 2031 by changes in the supply of labour within North Hertfordshire district. Labour supply can be affected by a number of factors, including supply of housing, migration, levels of economic activity amongst working age residents, levels of self-containment, as well as levels of economic activity amongst residents over 65 years. This latter point is one which, in policy terms is gaining some traction.

7.28 There are different approaches which can be used to establishing a forecast for future labour supply. However, the following points set out the key elements of our approach.

- We have based the scenario on a 'policy-on' approach taking into consideration the preferred housing target for the district following consultation on the Core Strategy. The latest potential housing target is the delivery of **10,700 new dwellings** by 2031. This is the potential target being considered by the council. It is similar to the 'continue trends (including Great Ashby)' scenario identified in the Council's Housing Growth Targets document.

- The use of a 'policy-off' scenario was discounted. This would have used the ONS 2010-based SNPP population estimates. These are unconstrained and do not take into consideration of local factors such as land availability, housing targets etc. As will be noted below, the difference in forecast population and hence numbers of dwellings (using the same headship rates) using the SNPP is rather stark in North Hertfordshire.

- To be consistent with the NHDC paper on *Defining Housing Requirements* we have used the 2008-based CLG household estimates and the 2008 based ONS SNPP to estimate headship rates for 2011-2031. While the housing requirements report notes a headship rate of 2.14 by 2033, it does not highlight how this rate alters from 2011 onwards and up to 2031. A total dwellings estimate of 54,800 has been used from the 2008-based CLG forecasts for the 2011 base year.

- As we do not know the phasing of the 10,700 additional dwellings, it is assumed that these dwellings will be developed at a constant rate of 535 dwellings per annum.

- An assumption on working-age population is applied to our forecasts of total population. The assumed working age population profile under the ONS 2010-based SNPP 2010 is used for the years 2011-2031. This assumes that the proportion of working age residents in North Hertfordshire falls from 59% in 2011 to 54% in 2031 – a contracting working age population.

- Assumptions on the economic activity rate are then applied to the working age population. The rate has been taken from the Annual Population Survey (APS), by applying the 2008-2012 average for North Hertfordshire (c.81%). We assume that this rate stays constant over the forecasting period. This rate includes all employed, self-employed, and JSA unemployed, i.e. the total economically active labour market supply.

- Assumptions on self-employment are also then layered on (8.6%). Similarly to economic activity rates, an average has been taken from the APS. We also assume that this rate stays constant over the forecasting period.

- NO adjustments have been made to take account of any potential changes in commuting levels (i.e. levels of self-containment).

- Adjustments are then made to convert jobs into FTE jobs using analysis from the BRES dataset. We assume that the FTE ratios we use remain constant throughout the forecasting period.

7.29 The following table provides an overview of total labour supply (FTE jobs) and how this changes over the period to 2031.

Table 7-10: Labour Supply - Estimates of FTE jobs, 2011-2031						
	2011	2016	2021	2026	2031	Additional households, Population, Jobs
Households	54,800	57,480	60,160	62,840	65,520	10,700
Headship rate	*2.31*	*2.26*	*2.23*	*2.20*	*2.17*	
Total Population	126,600	129,800	133,900	138,300	141,900	15,300
Total Population compared ONS SNPP	*127,100*	*133,800*	*140,600*	*146,900*	*152,600*	
Households compared to ONS SNPP	*55,000*	*59,240*	*63,160*	*66,730*	*70,480*	
Working Age Population	74,600	74,800	76,000	76,800	76,900	2,300
Economically Active Population (labour supply)	60,200	60,400	61,300	62,000	62,100	1,900
EA Population (labour supply) adjusted for self-employment	55,000	55,200	56,000	56,650	56,740	1,740
Adjustment to estimate FTE jobs	**45,700**	**45,900**	**46,500**	**47,090**	**47,160**	**1,450**
Source: Regeneris Consulting						

7.30 The key points are:

- Population estimates under the policy –on approach are driven by the delivery of potentially **10,700 new dwellings** and a **falling headship rate** over the period to 2031. This could potentially deliver 15,300 additional residents. This level of growth is constrained by the level of new housing provision, compared to population levels under the SNPP approach. Under the SNPP unconstrained approach, total additional residents in North Hertfordshire would be considerably greater, with approximately 25,500 residents.

- However, given the assumed rates for working age population and economic activity, the overall labour supply increase from new housing development for North Hertfordshire is rather modest – at around 1,750 residents. Converting this labour supply to FTE jobs indicates that the labour supply forecasting approach would support around 1,450 FTE jobs.

- Key to raising this level of labour supply in North Hertfordshire and in contributing to wider economic growth job targets will be:

  - Increasing the proportion of residents of working age in North Hertfordshire

  - Increasing the number of people over 65 at work in North Hertfordshire/returning to the labour market

  - Significantly reducing levels of out-commuting from the district.

7.31 By using a similar approach to the labour demand forecasting, the following table highlights how jobs growth estimated under the labour supply approach could be distributed across the main employment use classes. Taking B-use classes alone, overall employment is forecast to fall, however this largely attributable to forecast contraction within sectors which demand B1c/B2 space (-2,570 FTE jobs). Growth is forecast in employment in sectors demanding B1a/b uses and B8 uses.

Table 7-11: Forecast Change in FTE Jobs by Use Class, 2011-2031

	B1a and B1b	B1c and B2	B8	*Total B-use classes*	A1	Other	Total
2011-2016	950	-820	80	210	110	-130	200
2016-2021	540	-690	120	-30	120	510	600
2021-2026	490	-550	70	10	90	490	590
2026-2031	300	-520	-50	-260	30	300	70
2011-2033	**2,280**	**-2,570**	**220**	**-70**	**350**	**1,180**	**1,460**

Source: Regeneris Consulting

7.32 The following table highlights how jobs growth translates into floorspace requirements across the main employment use classes. The outcome of this analysis of the labour supply approach for floorspace indicates that total forecast floorspace contracts by 50,500 sqm compared with 56,000 sqm under the Lower Growth scenario. Much of this contraction is largely driven by higher levels of contraction in B1c/B2 floorspace. However, forecast floorspace change under the B1a/b and B8 uses falls between that forecast under the Base and Lower Growth Scenarios.

Table 7-12: Forecast Change in Employment Floorspace, 2011-2031 (sqm)

	B1a/b (sqm)	B1c and B2 (sqm)	B8 (sqm)	Total (sqm)
2011-2016	16,500	-34,000	6,100	-11,400
2016-2021	9,300	-28,500	9,100	-10,100
2021-2026	8,500	-22,700	5,100	-9,200
2026-2031	5,300	-21,400	-3,800	-19,900
2011-2033	**39,600**	**-106,600**	**16,500**	**-50,500**
Compared to Labour Demand Forecasts				
Base Scenario	***44,900***	***-78,300***	***41,900***	***8,600***
Lower Growth Scenario	***28,100***	***-88,700***	***4,600***	***-56,000***
Higher Growth Scenario	***58,000***	***-70,000***	***72,700***	***60,700***

Source: Regeneris Consulting

7.33 Again, using a similar approach to the labour demand forecasting, the following table highlights how floorspace requirements translate into land requirements across main employment use classes. While the position on overall employment land requirements is one of contraction, largely due to B1c/B2 uses, the labour supply forecasting approach shows a need for 3.1 Ha of B1a/b land and 3.3Ha of B8 land. These forecast levels fall within the range of the Base and Lower Growth Scenarios.

Table 7-13: Forecast Change in Employment Land Requirements, 2011-2031 (hectares)				
	B1a/b (ha)	B1c and B2 (ha)	B8 (ha)	Total
2011-2016	1.3	-8.5	1.2	-6.0
2016-2021	0.7	-7.1	1.8	-4.6
2021-2026	0.7	-5.7	1.0	-4.0
2026-2031	0.4	-5.3	-0.8	-5.7
2011-2033	**3.1**	**-26.7**	**3.3**	**-20.3**
Compared to Labour Demand Forecasts				
Base Scenario	***3.5***	***-19.6***	***8.4***	***-7.7***
Lower Growth Scenario	***2.2***	***-22.2***	***0.9***	***-19.1***
Higher Growth Scenario	***4.5***	***-17.5***	***14.5***	***1.6***
Source: Regeneris Consulting				

Past Trends 'Take-up' Approach

7.34 GL Hearn has provided data from North Hertfordshire District Council highlighting past gross and net employment floorspace take-up trends in North Hertfordshire from 2003/04-2011/12 (nine years). The take-up data is a mix of data provided directly by Council officers (the last five years), and GL Hearn's review of Annual Monitoring Reports (AMR's) for the preceding years. Using this, Regeneris Consulting has developed a past-trends forecast of employment floorspace and land requirements for the 2011-2031 period. This can be used in comparison with the outputs from the Labour Demand and Labour Supply forecasting approaches.

7.35 The following table provides an overview of the total gross and net floorspace completions in North Hertfordshire over the last eight years, and average annual gross and net completions. The classification is by the main categories of B1a/b, B1c/B2, and B8. A period of 8 years, not 9 years, has been used as the first year (2003/04) of the data provides an abnormally high level of floorspace completions (15,750 sqm). The shorter time period of 8 years was more appropriate, given that this large number was skewing the annual average take-up figures.

7.36 Unfortunately, given the nature of the completions data, there are significant levels of completions within a broad B1 classification in most years. As this has not been disaggregated, we have apportioned this to B1a/b and B1c/B2 uses. An apportionment of 40% for B1a/b and 60% for B1c/B2 uses. This has been based on total completions by each use class divided by total B1a,b,c completions.

Table 7-14: Gross and Net Completions in North Hertfordshire, 2004/05-2011/12 (total and annual average)				
Use Class	Total Gross Completions 2004/05-2011/12 (sqm)	Total Net Completions 2004/05-2011/12 (sqm)	Annual Average Gross Completions (sqm)	Annual Average Net Completions (sqm)
B1a/b	8,300	-14,900	1,000	-1,900

B1c/B2	50,800	-17,500	6,400	-2,200
B8	47,900	18,200	6,000	2,300
Total	107,100	-14,100	13,400	-1,800
Source: NHDC, Regeneris Consulting, GL Hearn				

7.37 The following table shows average annual gross and net floorspace completions converted into land requirements (hectares). This past trends data has then been used to forecast future land requirements over the next 20 years. The land requirement forecasts are based on the same assumptions (e.g. plot ratios and storeys) as in the labour demand forecasts (see earlier section).

7.38 In overall terms, the gross past-trends forecasting approach demonstrates that there would be significant demands for B1c/B2 (32Ha) and B8 (24Ha) land, with more limited demand for B1a/b land (1.6Ha). However, given that this approach is based upon past trends, gross completions, and our knowledge about the recession and future economic growth, it will be important to consider these outcomes in light of other forecasting methods. However, the net completions data shows a different picture, with contraction across B1a/b and B1c/B2 uses, with only forecast growth in B8 uses (9Ha).

Table 7-15: Future Land Requirements in North Hertfordshire, 2011-2031

	Based on Gross Completions		Based on Net Completions	
	Past Average Annual Change (Ha)	Forecast Land Requirements, 2011-2031 (Ha)	Past Average Annual Change (Ha)	Forecast Land Requirements, 2011-2031 (Ha)
B1a/b	0.08	1.61	-0.14	-2.89
B1c/B2	1.59	31.77	-0.55	-10.94
B8	1.20	23.96	0.46	9.12
Total	**2.87**	**57.35**	**-0.24**	**-4.71**
Source: Regeneris Consulting				

Summary & Conclusions

Demand Forecasts

7.39 A summary of the potential jobs in North Hertfordshire which result from the demand forecasts cited above are shown in Table 7-16 below. They range from 450 jobs under the labour demand side base scenario to 6,100 under the labour demand side higher growth scenario.

Table 7-16 Demand Forecasts 2011-2031

Forecast Type	**Scenario**	**Source**	**Potential Jobs (2011-2031)**
Past Take-up of Employment Land & Property	Scenario 1	Based on evidence from past take-up in North Hertfordshire, provided by GL Hearn's analysis	n/a
Labour Demand Side	Scenario 2 - Base	East of England Forecasting Model (EEFM) developed by Oxford Economics to 2031	450

	Scenario 3 – 'Lost Decade' (Low Growth)	East of England Forecasting Model (EFM) developed by Oxford Economics to 2031	3,600
	Scenario 4 – 'High Migration' (Higher Growth)	East of England Forecasting Model (EFM) developed by Oxford Economics to 2031	6,100
Labour Supply Side	Scenario 5 – Supply Base	Regeneris Consulting calculations based on future growth in housing in North Hertfordshire	1,450

Employment Land Requirements

7.40 The resulting requirements for employment land which relate to each of the jobs targets are summarised in Table 7-16 below. It is also important to make adjustments to the forecasts to take account of the following two issues:

- A flexibility or 'safety margin' factor – this is important in making provision to enhance choice and flexibility. While there is nothing in official guidance to say it is compulsory, it can compensate for the uncertainties in the forecasting process.

- A 'making losses good' (MLG)factor – this is important, in line with policy approach which aims to take account of the losses of older property within the area and ensuring that businesses in the area have accommodation stock to enable them to stay and grow within the area, in parallel to an approach to recycle previously developed land for new uses.

7.41 To estimate a flexibility factor for our forecasts we have made an allowance for an additional 2 years of gross completions. This assumption has been informed by the NHDC completions data used in the past-trends forecasting approach. The assumption on the making losses good (MLG) factor has been informed by analysis of gross losses by main use-classes from the NHDC data. For this we have estimated, using NHDC losses data, average losses per annum by b-use classes. We have adjusted the forecasts, where appropriate, with a 5 year supply of land to provide for making good these losses.

7.42 The following table sets out the forecast headlines, a summary of where adjustment factors have been applied, and the final employment land requirements following adjustment.

Table 7-17: Applying Adjustment Factors to the Forecasts

		B1a/b (ha)	B1c and B2 (ha)	B8 (ha)	Total
Labour Demand - Economic Forecasts	Base Scenario	3.5	-19.6	8.4	-7.7
	Lower Growth Scenario	2.2	-22.2	0.9	-19.1
	High Growth	4.5	-17.5	14.5	1.6
Labour Supply		3.1	-26.7	3.3	-20.3

Past Trends		1.6	31.8	24.0	57.3
Forecast Adjustments					
		B1a/b (ha)	B1c and B2 (ha)	B8 (ha)	
Labour Demand - Economic Forecasts	Base Scenario	FF	MLG	FF MLG	
	Lower Growth Scenario	FF	MLG	FF MLG	
	High Growth	FF	MLG	FF MLG	
Labour Supply		FF	MLG	FF MLG	
Past Trends		N/A	N/A	N/A	
FF – Flexibility Factor; MLG – Making Losses Good Factor, N/A – Not applicable					
Adjusted Forecasts					
		B1a/b (ha)	B1c and B2 (ha)	B8 (ha)	Total
Labour Demand - Economic Forecasts	Base Scenario	3.7	-8.9	14.5	9.3
	Lower Growth Scenario	2.3	-11.5	7.0	-2.1
	High Growth	4.7	-6.8	20.7	18.5
Labour Supply		3.2	-16.0	9.4	-3.3
Past Trends		1.6	31.8	24.0	57.3
Note: B1c/B2 in grey text due to the contraction in demand for this type of land use. Source: Regeneris Consulting					

7.43 Given the outcome of the higher growth labour demand scenario, and that we consider that this is unlikely to be a reliable outcome for the economy of North Hertfordshire going forward, we have discounted the outcomes from this scenario from our conclusions. We also consider that the Past Trends approach to forecasting does not provide an accurate representation of the likely trajectory of total employment land requirements for the district. However, we do note that the outcome for B1a/b requirements does fall in line within the range of the other forecasting approaches.

7.44 In concluding this section of the employment land review, the focus of the forecasting approaches should be on the Base Scenario and Lower Growth Scenario (labour demand scenarios), and the Labour Supply Scenario. We consider that these provide the most appropriate guide to forecasting future employment land requirements for North Hertfordshire. On this basis, the following employment land requirements emerge for the key use classes for the period 2011-2031 (and per annum):

- **B1a/b:** 2.3-3.7 hectares (0.1-0.2 hectares per annum) – the adjustment factors here make very little impact on overall requirements, given the nature of the B1a/b market in North Hertfordshire.

- **B1c/B2:** -19.6 to -26.7 hectares (-0.9 to -1.3 hectares per annum), falling to -6.8 to -16.0 hectares (-0.3 to -0.8 hectares per annum).

- **B8:** 0.9-8.4 hectares (0.04-0.4 hectares per annum), rising to 7-14.5 hectares (0.35 to 0.7 hectares per annum).

7.45 In summary:

- The forecasting approaches show modest demand for B1a/b floorspace and land in North Hertfordshire, even after taking account of adjustments. This reflects the current and future nature of sectors and employment within the district.

- While adjustments have been made to the B1c/B2 land requirements, these have still shown, in overall terms, a contraction in employment land needs. While there will be a requirement for land to meet these needs, this is likely to be delivered through the re-use and recycling of some existing provision, while some of this employment land may also be released for other uses.

- The forecasting approaches indicate that the largest requirement in the district will be for B8 floorspace and land, even before adjustments have been made. This reflects the forecast growth in employment in sectors which demand this type of floorspace in the North Hertfordshire over the next 20 years.

8. Demand-Supply Balance

Comparison of Supply and Demand

Overall Assessment

8.1 The demand assessment suggests that there is an overall requirement for between 9.2ha and 18ha[8], taking a conservative but realistic view of North Hertfordshire's requirements.

8.2 In terms of supply, we have identified **19.7ha of employment land** which is made up of the following:

- **Permissions**: in March 2012, there was planning consent to develop 10.5ha land overall.
- **Available land on existing sites**: an estimated 9.2ha land is available overall consisting of vacant sites and under-utilised land which has the potential for intensification. These include sites without planning permission.

8.3 The supply assessment has also identified that available space comprises of 22,800m2 office and 50,900m2 industrial and warehouse space (equivalent to 13.5ha in total). Overall vacancy levels for office space are high (14%), however this is partly thought to be due to the economic climate and our view is that as the economy improves this will move to more normal levels. Vacancy levels for industrial and warehouse space on the other hand are low (7%). In our view, this is a natural level of vacancy since a reasonable level of vacant stock is required to address issues of market churn and therefore we do not feel that this needs to be added to overall future levels of supply. For the remainder of this section we do not take these into account.

8.4 In quantitative terms, there is a sufficient supply of land to meet future needs even if a more optimistic scenario is adopted. The actual requirements for employment land vary when the needs of different use classes are taken into account as indicated below. This is considered to be a more meaningful analysis of North Hertfordshire's future employment land needs and this is presented below.

[8] This is based on our view that there will be a requirement for between 2.2ha and 3.5ha of B1a/B land and between 7.0ha and 14.5ha of B8 land

Taking account of different use classes

Office and R&D Activities (B1a/b use class)

8.5 All of the forecasts suggest that there will be low demand for B1a/b floorspace and land in North Hertfordshire. In our view between 2.3ha and 3.7ha will be required up to 2031.

8.6 Approximately 5.5ha B1 land is in the **pipeline** with consent for employment development. This land could meet the net future demand for B1 floorspace identified.

8.7 There is a further 9.2 ha of land identified on **existing employment sites** as being vacant or having the potential for redevelopment or intensification of which 0.6ha is suitable for only B1 uses and 9.2ha for B1 amongst other use classes.

8.8 In quantitative terms there is no evident shortfall at the district-wide level of land suitable for B1 development, however modest levels of additional land might be necessary to meet identified more local needs or address qualitative issues regarding existing supply.

8.9 Even with losses taken into account, our quantitative assessment suggests that there will be sufficient supply of B1a / B1B land to meet future demand.

Industrial (B1c and B2 use class)

8.10 The story for B1c/B2 is more complex. The labour demand and supply forecasts suggest that there will be contracting needs for this type of space with a potential surplus of between -17.5ha and-26.7ha land in net terms. The past trends forecasts on the other hand suggest that the greatest requirements will be for B1c/B2 space with 31.8ha required (gross). It is our view that the past development trends approach needs to be treated with caution as the figures include all development, much of which takes place through intensification or redevelopment on existing employment sites.

8.11 Approximately 5ha of B2 space is in the **pipeline** with consent for employment development. Further land has been identified on **existing employment sites** as being vacant or having the potential for redevelopment or intensification with up to 8.6ha considered suitable for a range of B-class employment uses including B2 space.

8.12 In light of a forecast surplus or reduction of B1c/B2 space, it is viewed as sensible to make some additional land available recognising that there is likely to be some loss of employment land on smaller, poorly located sites. However based on a qualitative assessment of sites, it is our view that at the district-wide level there is sufficient good quality land to make good these losses and that future demand in quantitative terms could be met through the re-use and recycling of existing provision.

Warehouse Activities (B8 use class)

8.13 The largest requirement in the district will be for B8 floorspace land. In our view, between 7.0ha and 14.5ha land will be required for B8 uses up to 2031 (this is based on a realistic but conservative view of requirements).

8.14 Approximately 0.1ha of B8 space is in the **pipeline** with consent for employment development.

8.15 Some of the forecast requirement for B8 land could potentially be met through development of land identified on **existing employment sites** as being vacant or having the potential for redevelopment or intensification. Of the total of 9.2 hectares of land identified, around 2.6ha of land would be suitable for B8 uses (as well as B1 and B2 uses).

8.16 Our quantitative assessment suggests that even taking a more conservative approach (7.0ha), there is a potential shortfall of district-wide B8 land. We estimate that there is a requirement for between 4.3ha and 11.8ha B8 land to be made available up to 2031.

Qualitative Assessment and Recommendations

8.17 The quantitative assessment relates to the overall supply of employment land and floorspace both at a district-wide level and for the main towns in the District.

8.18 Through the site assessments, a detailed assessment of the quality of the existing main employment sites and premises in the District has been undertaken, which allows us to take account of more qualitative issues which are relevant for North Hertfordshire.

8.19 The site assessments have been used to derive qualitative conclusions regarding the portfolio of employment sites in the District and towns, and to make recommendations for limited future allocations of land to support economic development. A number of existing employment areas have also been identified as possibly being appropriate for redevelopment to other uses.

8.20 Even where no quantitative shortfall of space is identified at the district level – such as for B1a/b - additional land may be needed for qualitative reasons, for example to:

- provide a choice of good quality sites and floorspace provision to meet occupier demand;
- to meet gaps in the supply of particular types of premises either at the district-wide level or more locally; or
- to improve or modernise the quality of current sites and premises and so help attract more or better quality occupiers.

8.21 Linked to this, it is clear that there are a number of poor quality sites in North Hertfordshire and areas of local over-provision of employment land and there is a potential case to release some sites which are less appropriate for employment uses. Equally there are areas where additional employment land can be justified to meet local demand or provide better quality employment land provision which is better suited or located to meet modern business' needs.

8.22 Our conclusions are structured below around the key settlements of North Hertfordshire. They take account of the location, economic characteristics, current employment provision and emerging strategic planning policies for the key settlements in the District.

8.23 Our recommendations are based on the following policy principles:

- The need to **protect employment sites** which are well occupied and which have performed well in terms of the site appraisals in order to retain good quality sites to support future employment uses in North Hertfordshire. These are identified below.

- The need to **consider the potential for release** or de-designation for some sites which are under-utilised and which may be better used for non-employment uses. These are sites which have performed less well in terms of the site appraisals.

- The need to consider **additional allocations** to support future employment requirements and to ensure that a range of good quality sites are available in the correct locations. This will help to address any shortfall of land which results from the release of other sites. Our recommendations on these sites are based on the results of the site appraisal with an emphasis on ensuring that sites which are rolled forward have a realistic prospect of delivery.

Hitchin

Overall strategy should be focused upon:

- Moderate growth in the stock of office floorspace in the town centre and/or around the rail station, subject to identification of suitable development sites for office or mixed-use development.
- Opportunities for intensification on existing allocated employment development at Wilbury Way. This approach should be adopted before any further land is made available in Hitchin
- The Council might also consider allocating the former Transco site adjoining Wallace Way for development in the B-class employment and *sui generis* use classes.

8.24 Hitchin includes a stronger level of town centre office floorspace relative to the North Hertfordshire towns. The town centre includes a number of private sector corporate occupiers such as Liverpool Victoria and Wilmot Dixon. The occupier profile partly reflects the town centre's strong quality of place.

8.25 We consider that the Council might seek moderate net growth in town centre office floorspace in Hitchin over the plan period through mixed-use development. This assumes thatsuitable potential sites can be identified and is subject to site-specific consideration of development viability.

8.26 The Study has considered whether land around Priory Park might be one such opportunity. Whilst there is some land used for surface car parking adjacent to Priory Park, it is considered that this plays an important role in supporting the existing office floorspace. Any proposals for additional development in this area need to be mindful of the need to provide sufficient car parking space to attract occupiers, and should be taken forward in consultation with the landowner.

8.27 Should suitable opportunities for the development of office floorspace not be forthcoming in or on the fringes of the Town Centre, the Council might alternatively consider the potential for the development of B1 floorspace close to the rail station as part of any mixed use development scheme of former rail lands to the north of the Station. The development of planning policy in regard to this area would need to be taken forward in discussions with the landowner.

8.28 The Council should seek to direct development of B1a floorspace in Hitchin in the first instance towards the town centre in line with policy in the NPPF.

8.29 Industrial floorspace in Hitchin is focused particularly around the Wilbury Way Employment Area on the northern side of the town. This provides a mix of employment floorspace, although the stock overall is now somewhat dated. Although the vacancy level within the light industrial stock in this area is above average, overall the employment area is well occupied and actively used.

8.30 There are opportunities for intensification and further employment development within this within the Wilbury Way and Cadwell Way/Wallace Way Employment Areas (HE1, HE2). Much of Hitchin's requirement for industrial or distribution development can be accommodated within this area either through intensification of use on vacant or under-utilised land or redevelopment of existing sites for employment use.

8.31 The appropriate policy approach would be to seek to protect land within the Wilbury Road Employment Area for B-class employment and related sui generis uses. Policy should encourage employment redevelopment to provide modern employment premises in this area.

8.32 The Council might also consider allocating the former Transco site adjoining Wallace Way for development in the B-class employment and *sui generis* use classes. This is a brownfield, previously-developed site which already includes some employment floorspace and adjoins the existing employment area. This site would provide around 5 hectares of land with development potential for employment uses.

8.33 Employment land at Bury Mead Road is generally of lower quality and has a higher level of vacancy. However this area lies adjacent and provides access to the local sewage treatment works. We consider that it would therefore not be suitable for residential redevelopment. The area is however in need of investment. An appropriate policy approach would therefore be to allow employment, sui generis and other related employment-generating uses in this area. Consideration would need to be given to residential amenity given the sites location next to residential properties. It is recognised that there are peak time congestion issues around the Wilbury Way, Cadwell Lane and Grove Road. There are also some disturbance impacts of employment development in the Wilbury Way and Cadwell Lane areas on residential properties on these roads. However this reflects the historical pattern of development in the town. The comprehensive redevelopment or rationalisation of employment land in these areas would be precluded, in our view, by the multitude of ownerships and existing leases.

Table 8-1 Site Assessment Recommendations, Hitchin						
		Size (ha)	**Protection**	**Potential for redevelopment**	**Potential for release**	**Recommendation**
Wilbury Way Employment Area	South of Hunting Gate (HE1)	7.26ha	√	√		Despite the age of stock, the area is generally well occupied and actively used. Policy should seek to **protect employment land** in this area and encourage redevelopment for employment purposes.
	North of Hunting Gate (HE1)	4.49ha	√			Includes a number of larger occupiers. Policy should seek to **protect the employment use of land** in this area.
	Knowl Piece (HE1)	3.55ha	√			Policy should seek to **protect the employment use of this land**. There are above average vacancy levels within medium sized light industrial units in the area but this is likely to reflect the demand profile at the point in the market cycle when the assessments were undertaken.
	Cam Centre/ Trust Ind Estate (HE1)	6.06ha	√			As it is a well occupied and intensively used site, it is appropriate that **employment use should be protected**.
	Southern End (HE1, HEB1)	3.23ha	√	√		This area includes more dated employment stock, and a number of non-B class occupiers. However it is generally currently well occupied and the range of existing ownerships and lease structure are considered to inhibit the potential for comprehensive redevelopment. **Policy should see to protect employment land and encourage investment and upgrading through redevelopment of existing sites.**
	Cadwell Lane & Wallace Way (HE2, HEB2)	6.71ha	√	√ (0.25h and 0.38ha)[9]		The majority of the site should be **retained in employment use**. There are opportunities for intensification. Employment use of land in this area should be protected.
Other employment sites	Bury Mead Road (HE3, HEB3)	7.31ha		√ (0.22ha)		Given the relatively low quality of stock and intensity of use, this **represents an opportunity for employment-led redevelopment or release**.

[9] The figures in brackets refer to the potential land available for employment uses through redevelopment

	Station Approach (HE5)	1.39ha		√ (0.07 and 0.15ha)	√ (1.39 ha)	There is potential **for comprehensive redevelopment of the site for residential or mixed use development**. It should be de-classified as employment land.
	Nightingale Lane (HEB5)	0.46ha			√ (0.46ha)	This site is occupied by a single user which falls within a sui generis use class. It should be **de-classified as employment land**.
Town Centre	Bancroft, Royston Town Centre (HEB6)	1.7ha	√			Existing policy supports **a mix of uses, including employment, retail and community uses, and this remains appropriate**.
	Land adjacent to Priory Park (HEB7)	0.45ha	√			Further employment development in this area could potentially reduce the availability of parking for existing occupiers. We consider that parking provision is generally tight and thus the scope for further employment development through intensification of use limited. Existing office development at Priory Park should be protected for employment use.
Potential Allocations	Former Transco Site (H/e01)	10.9ha		√ (5ha)		In the longer-term, once construction of the new rail loop is complete, there is potential for **further development** of land within this site subject to demand and the landowner requirements. **The Council should consider allocating this site for employment and sui generis uses.** A Traffic Impact Assessment would be required given peak time congestion issues at the Cadwell Lane/Willbury Way junction.
	Land north of Wilbury Way (H/e02)	25.5ha	√	√ (25.5ha)		Whilst this site could represent a sensible extension to the vibrant Wilbury Way Employment Area and an opportunity to provide modern business premises, **we consider that at the current time there is sufficient opportunity for further employment development within the existing employment area and on the brownfield former Transco site and policy should support development in these areas in advance of release of further land for employment use north of Wilbury Way**.

Letchworth

Overall strategy should be focused upon:

- Potential rationalisation of land reflecting the significant volume of existing employment land and evidence of a modest surplus of provision
- The greatest opportunities for release appear to be Blackhorse Road and Icknield Way
- The council would need to consider whether additional allocations are required elsewhere (Hitchin and Baldock) in order to address future balance of employment provision across the District

8.34 Whilst there are a number of office blocks in and close to the Town Centre in Letchworth, its office market appears focused more towards local SME occupiers together with the Council and Heritage Foundation. The vacancy level at the Spirella Building is above average however we understand that this partly reflects the costs of space at this location. The town centre office market is partly influenced by the availability of office floorspace on the Works Road Employment Area.

8.35 Overall the Works Road area is a successful employment area which provides office and industrial floorspace. It is a sizeable site, comprising over 70 hectares of land. While in general the site performs well, and accommodates some larger and higher-tech occupiers, there are a number of vacant sites. These include the 1.6 hectare Power Station site for which we understand the planning consent for redevelopment has lapsed.

8.36 Within Letchworth, there is further employment land provision on Blackhorse Road and Icknield Way. These areas include an above average level of vacant employment land, vacant premises and non B-class uses.

8.37 The evidence 'on the ground' would suggest a **surplus of employment land** provision overall in Letchworth, with the potential to **rationalise** provision over the plan period. We consider that selected release of employment land for mixed or non-employment uses could be considered on:

- Land to the north of Blackhorse Road between Green Lane and Flint Road (total area, 5.8 hectares);
- Land along Icknield Way (with the potential loss of up to 3 ha of land currently in employment use over the plan period). There are significant non B-class uses already in this area and non B-class development on land within LEB5 might be appropriate, together with redevelopment of land at the western end of LEB4; and
- Land on northern side of Birds Hill, to the west of Pixmore Avenue (total area, 1.2 hectares).
- A policy of managed release of employment land at Letchworth should help to focus investment.

Table 8-2 Site Assessment Recommendations, Letchworth Garden City						
		Size	**Protection**	**Potential for redevelopment (employment / non employment)**	**Potential for release**	**Recommendation**
Works Road Employment Area	Works Road North East (LE2)	9.79ha	√			A **good quality employment area** with little further development potential in the short term. This should be **protected for employment use**.
	Works Road North West (LE2)	7.57ha	√	√ (1.6 ha)		This area should be regarded as a good quality employment location, and employment use protected within this area. It includes the 1.6 hectare cleared former power station site for which planning consent has now lapsed. This offers potential for employment redevelopment.
	Works Road Central (LE2)	42.76ha	√	√ (0.16ha and 0.07ha)		Generally a good quality employment area and policy should **protect employment uses** within this area.
	Works Road East (LE2)	5.68ha	√			Overall we consider that this area supports a significant number of businesses, and **employment use of this area should be protected.**
	Ridge Road (LE2, LEB3)	2.0ha	√			Existing employment premises in this area are generally older and of a lower quality, however the Pixmore Skills Centre in particular provides an important strategic role in providing flexible space for small businesses. The site should be protected for employment use.
	Birds Hill North Side (LE2)	1.25ha			√ (up to 1.2 ha)	Comprises poorer quality employment premises. **There may however be selective opportunities for redevelopment of sites along Birds Hill for alternative uses.**
	Works Road Skills Centre(LE2, LEB2)	1.8 ha	√			Generally the employment area is of a **good quality** and employment use of remaining sites should be protected.
	Former Power Station, Works (L/e01)	1.5 ha	√	√		We consider that there is potential for employment development of the former Power Station Site. **The site should be protected for employment uses**.
Blackhorse Road	Blackhorse Road (LE1,	15.85ha		√	√	Vacancy levels are above average and there is a **strategic rationale to rationalise employment use, potentially through the managed**

	LEB1)			(5.0 ha)	(5.8 hectares)	**release of employment land to the north of Blackhorse Road.**
Icknield Way Employment Area	North of Icknield Way (LE3, LEB5)	3.73ha		√ (0.31ha)	√ (3.7 ha)	Overall, this area contains a mix of employment, residential and sui generis uses. We consider that a **mixed use policy would be appropriate** for this area.
	South of Icknield Way (LE3)	7.25ha		√ (0.91ha)	√ (up to 3 ha)	We consider that it may be appropriate for policy to seek to **rationalise employment** use and set out policy which encourages **mixed-use development.**
	Spirella Building (LE5, LEB7)	2.82ha	√			The employment use of the site should be **protected.** It provides an important role in providing small office units on flexible terms for SMEs.
Potential Allocations	Land east of Blackhorse Lane (60)	4.09ha				It is not considered that there is a need for additional greenfield employment development at Letchworth. The allocation of this site for employment is not recommended.
	Land North of Hitchin Road (61)	4.04ha				It is not considered that there is a need for additional greenfield employment development at Letchworth. The allocation of this site for employment is not recommended.

Baldock

Overall strategy should be focused upon:

- Protection of existing land reflecting the limited supply at this location
- Enhanced employment land allocation of up to 8 hectares to the North of Royston Road to meet future needs

8.38 There is a limited existing supply of employment land in Baldock, which likely partly reflects its size but also its proximity to Letchworth. Employment land is focused in the Baldock Industrial Estate and Bondor Business Centre, which together provide comprise 2.5 hectares, together with Royston Road.

8.39 The quality of stock and environment within the Baldock Industrial Estate and Bondor Business Centre is below average, and access, circulation and parking within this area is tight. However it is considered that employment land is this area is important in providing affordable space for small and start-up businesses. The layout of the site and number of occupiers would potentially inhibit redevelopment.

8.40 Further employment provision in the town is focused along Royston Road. This is a good location for employment provision, with good access to the A505 (and via this to the A1(M)), as well as relative proximity to the town centre and rail station. It currently lacks critical mass but this could be developed over time.

8.41 Depending on the scale of future housing provision at Baldock, there would be a qualitative case – subject to market demand - for **enhanced employment land allocation** to the north of Royston Road to support more local living and working and recognising the relative accessibility of employment land at this location. We consider that provision of up to 8 hectares would be appropriate depending on the proposed level of housing provision and overall growth strategy for the town.

Table 8-3 Site Assessment Recommendations, Baldock					
	Size (ha)	**Protection**	**Potential for redevelopment (employment / non employment)**	**Potential for release**	**Recommendation**
High Street/ London Road (BE2, BEB1)	2.47ha	√			While the quality of stock in this area is sub-standard and access and parking is constrained, the layout of this site would make selective release difficult. The range of occupiers would also make redevelopment challenging. Given this, and the role which the site plays in providing affordable space for small businesses, **the Council should consider protection of this site for employment purposes.**
Royston Road (Icknield Way) (BE3, BEB3)	1.41ha		√ (0.2ha)	√ (1.4 ha)	This is a poor quality site in a residential area, which supports limited employment floorspace. It is part derelict. The Council might consider **re-allocating this land for alternative or mixed uses**.
Royston Road (BE1)	1.68ha	√	√		Overall this site is generally well occupied but the existing employment development lacks critical mass. Subject to market demand we consider that there is **potential for extension of the site** to the east on land identified as B/e01.
Land at Royston Road (Be/01)	8.48ha				This site offers potential for employment development at an extension to the existing employment area at Royston Road. **There is potential for development of up to 8 hectares of land for employment** subject to market demand and the scale of future housing provision at Royston.
Land at Royston Road (Be/02)	11.9ha				This site is considered to be located further from the existing urban area than Site Be/01. It is not considered that both sites would be needed to meet demand for future employment development, and thus we would recommend that Be/01 is brought forward in preference to this subject to detailed assessment of sustainability and access arrangements and infrastructure.

Royston

> The overall strategy should be focused on:
> - The provision of up to 11ha of land provided at Orchard Way / York Way Employment Area to meet future needs

8.42 Employment land in Royston is focused at the successful 46 hectare Orchard Way/ York Way Employment Area on the north-western side of the town. The area accommodates a range of businesses, including Johnson Matthey, and includes limited vacancy or potential for further development within the existing allocation. It is influenced by Royston's proximity to Cambridge and accommodates a higher proportion of high-tech activities relative to other employment sites in the District.

8.43 We consider that there is a qualitative case for **additional well –located employment land provision** through extension to the Orchard Way/York Way Employment Area to provide an adequate supply of employment land to facilitate investment and economic growth at Royston. An allocation of up to 11 hectares of additional employment land provision, in addition to land in the development pipeline, is considered appropriate.

8.44 Orchard Way/York Road is the main focus for employment land provision in the town.

8.45 The site assessments included consideration of existing employment land at Lumen Road. This site now accommodates few occupiers which fall within the traditional B-class uses. Given the nature of current uses its proximity to residential areas and the narrowness of Mill lane we recommend this site is de-allocated for employment uses.

Table 8-4 Site Assessment Recommendations, Royston						
		Size (ha)	**Protection**	**Potential for redevelopment (employment / non employment)**	**Potential for release**	**Recommendation**
Orchard Way/ York Way Employment Area	Northern Area (RE1)	6.4ha	√			Generally this area is **well occupied and intensively developed**, with little evident space for further employment development. The site should be protected for employment use.
	Central Area (RE1)	38.4ha	√			The site **is intensively developed** and occupied by Johnson Matthey. It is considered that it should be protected for employment use. .
	Southern Area (RE1, REB1)	18.0ha	√			Generally this area is **well occupied and intensively developed.** There is some further land with planning consent for employment development in the western part of this area. The site should be protected for employment use.
Lumen Road	Lumen Road (RE2, REB2)	6.06ha		√ (0.15ha)	√ (6.06 ha)	Given nature of current uses/proximity to residential areas and narrowness of Mill lane we recommend this site is **de-allocated for employment uses**.
Potential Allocation	Land North of York Way (R/e01)	2.23ha		√ 10.9ha employment		We consider this a suitable location for **future employment development**, building on the success and profile of the existing, successful Orchard Road/ York Way area. The allocation of up to 11 hectares of land would be appropriate.

Additional Sites

8.46 **Knebworth Innovation Park**, which falls within both North Hertfordshire and Stevenage districts has also been assessed as part of this work. There are a number of challenges which could hinder delivery of this site, for example it falls within greenbelt land and the owners of the site are continuing to look at alternative uses (such as the potential for a football stadium on the site). Furthermore, the quantitative demand assessment does not identify a strong need for this type of development. Nevertheless, it is our view that there is a strong strategic case for bringing this site forward to support the growth of key sectors which are important to the Hertfordshire economy as a whole, including life sciences. However arguably without landowner support, employment development on the site cannot be regarded as deliverable.

Monitoring and Review

8.47 This Employment Land Study has been produced against a context of macro-economic uncertainty regarding both the pace and nature of economic recovery. This has been addressed through the Study through a scenarios-based approach to demand forecasting. National planning policy recognises that there is an extent to which local planning policies can predict the future of their local economies. While there are both upside and downside risks to the base employment forecast, the approach adopted has erred on providing sufficient floorspace and land for employment use such that this does not unduly constrain economic recovery and future growth.

8.48 There is however an ongoing role for monitoring and review, considering the quality and quantity of available land and premises, trends in take-up and availability, and rental trends; as well as economic indicators linked to economic growth, sectoral performance and skills. These should be considered alongside recording of completions and losses of employment land and floorspace. Decision-making on future employment provision and losses of sites should be informed by a 'plan, monitor and manage' approach.

Appendix A Neighbouring Local Authorities

Local Authority	Planning	Economic Development
Stevenage	• The **Core Strategy** (2008) was well advanced when it was withdrawn from inquiry in 2010 following formal direction from the Secretary of State (due to resistance from N Herts / E Herts). The council are currently using an interim planning policy statement (2012) since Stevenage District Plan second review (2004) is now over 7 years old. They are unable to advance their AAPs (e.g. Gunnels Wood/Old Town) but since these were far advanced they are used as a material consideration. • The core strategy (2008) indicated that 20,800 homes would be built in and around Stevenage (and 8,300 within their administrative boundaries) between 2001 and 2026. There were also plans for 20,000 net new jobs. • They have started work on a new Plan. This will be informed by: ○ An ELR being carried out by NLP and reporting in December (draft) ○ A retail and leisure study – reporting at Christmas ○ A Green Belt Study which will review current green belt and make recommendations on future requirements. • Growth may be scaled back considerably due to an inability to grow within neighbouring authorities boundaries and as a result of the recession. Key locations for growth: ○ Gunnels Wood – there are some available sites. ○ Town Centre: there is outline planning permission for major redevelopment. Development partners pulled out and so there is some uncertainty over whether this will be implemented. ○ Knebworth – there is some uncertainty over deliverability given current proposals to locate a football stadium on the site. • Stevenage West (predominantly housing): the secretary of	Stevenage BC do not have a current ED Strategy. However, activities are focused upon: • Running of a Business Forum to allow for direct communication with the business community. • Actively participating in county level partnerships lobbying for local issues to increase awareness of the needs of Stevenage. • Providing improved information for local businesses through the updated Council website and publications. • Promoting enterprise & innovation by supporting local agencies to deliver services to help start ups and local businesses achieve success in Stevenage. • Work with local educational establishments, and the business community, to enhance skill levels and access to work opportunities. They are targeting knowledge based firms (particularly life sciences linked to the Bioscience catalyst). Strong push on inward investment (with a brand campaign and new website) and support enterprise through incubation centres.

	state is deciding on the current planning application. If this does not go ahead, development may be scaled back.	
Luton	• The council carried out a six week consultation on the **Local Plan 2011-2031** between **June and August 2012** with an article and questionnaire used to invite comments on what should be included in the Plan. • The **Luton Local Plan 2001 to 2011** has now expired except for certain saved policies. The plan recognises that there is a shortage of employment land in Luton. Between 1991 and 2001, there was a net loss of over 13ha employment land. However, in 2002 there remained 66ha of employment land that has yet to be developed. • The **Luton and South Bedfordshire Joint Employment Land Review** (Jan 2008) examines the potential to accommodate 23,000 jobs as set out in the RSS. It recommends that an additional 114ha-119ha land is required over the plan period with 43ha to 54ha required in Luton. The councils will need to make additional employment land allocations in the plan period. The study suggests that limited opportunities exist for new employment areas within the existing Luton conurbation and that to deliver the additional land requirement it will need to be extended into South Bedfordshire or North Hertfordshire. • The **Luton and South Bedfordshire Employment Land and Market Assessment Study** (March 2010) recommends that development at the East of Luton site which falls partly within North Hertfordshire should be delivered. The proposed 35ha employment land would be an extension of the allocated Century Park. Developers ProLogis envisage 240,000 m2 B1-B8 along with 5,500 dwellings. This could support 3,800 jobs.	• An **Economic Priority Statement** was prepared in 2010 based on the key findings of the LEA. • There are four priorities which are: ○ Improving Luton's skill base. ○ Reducing levels of worklessness. ○ Focusing business support activities (start-up, growth and inward investment) around key sectors and clusters identified as: Airport related; Engineering (including automotive); Aerospace; ICT; Creative, Arts and Media; Retail; Construction; Green technology; and medical/health/sport related. ○ Creating the right environment for businesses to thrive.
South Cambridgeshire	• The **South Cambridgeshire Local Plan** will set out policies and proposals up to 2031. **An Issues and Options Paper** was put out to consultation in summer 2012. The document sets out a range of employment options from 14,000 additional jobs to 29,200 jobs. The latter would be in, line with past trends. • Housing options range from 4,300 dwellings to 9,300	• The **Economic Development Strategy 2010-2015** identifies six strategic themes which are: ○ The role of South Cambridgeshire focuses on ensuring that the district continues to underpin its role within the wider Greater Cambridge area. ○ Support for business focuses on maximising the

	dwellings. A number of options are being considered to accommodate this including: Cambridge focus (would require a review of green belt); new settlement focus; sustainable village focus (require a review of green belt); combination of these. South Cambridgeshire has identified a number of options for delivering growth around Cambridge which would require land within Cambridge City's boundaries. • An **employment land review update** (2012) identified that there is sufficient overall provision of employment land supply across Cambridge City and South Cambridgeshire up to 2031. However, there is likely to be a shortage of B1a space.	economic prosperity of the district ○ A low carbon economy will be achieved through working with partners. ○ Building sustainable communities focuses on supporting a sustainable, vibrant and rural high-tech district ○ Improved infrastructure will support the economy with a focus on transport, utilities and other infrastructure. ○ The recession and sector support will help ensure that those firms most affected by the recession receive support
Central Bedfordshire	• It is anticipated that the **Development Plan** for Central Bedfordshire will be **formally adopted in early 2014**. In the north, the new Development Strategy will replace the adopted Core Strategy and Development Management Policies. • In the south, until a new Development Strategy is adopted, the adopted Local Plan (2004) and joint Core Strategy (endorsed for Development Management purposes) will continue to set the planning context for decisions on planning applications. • Consultation on the Draft Development Strategy was carried out between June and August 2012. The document supports 27,000 new jobs and 26,000 new homes. The jobs forecast is above that identified in the EEFM (18,000) but this recognises the fact that past take-up has been higher and that future growth may result from new infrastructure improvements. • In order to support future employment growth, up to 117ha employment land will be allocated at the following locations between 2011 and 2031 (Policy 6): ○ North Houghton Regis (30ha) ○ North Luton (13ha) ○ East Leighton Linslade (16ha) ○ Sundon RFI (40ha) ○ NE of Flitwick (up to 18ha)	• The **Economic Development Plan for Central Bedfordshire** was published in November 2011. The focus is on creating 27,000 new jobs by 2026. This will support the provision of 26,000 new homes across the same time period. • There are four priority themes which include: ○ Providing a range of land and premises ○ Getting residents into work ○ Increasing the supply of skilled people ○ Supporting businesses to grow and thrive • The strategy lists projects and actions to support these themes. The current emphasis is focused upon support for business start-ups and for innovation particularly incubation centres. • There is an aspiration to develop a diverse economy and as such a sector specific approach has not been adopted.

	• Policy 7 states that the council will also consider proposals for employment generating non B class uses on employment sites. • It is recognised that some land will be required to support the growth of Luton though it is not clear how much at this stage. The council has allocated around 27ha additional land to support their growth.	
East Hertfordshire	• Current planning policies are set out in the **Local Plan 2007**. The East Hertfordshire District Plan which is currently being prepared will set out future growth to 2031. • Consultation on the **District Plan Part 1 Strategy** will take place from April 2013. The council are currently refining options to inform this. • The **Core Strategy Issues and Options Paper** (2010) suggests that from 2001 to 2031 a total of 9,724 new dwelling are anticipated across the district. The number of new jobs identified to meet new housing numbers is 15,066 across the district from 2001 to 2031 (or 14,266 from 2009 to 2031 (a challenging 649 a year) based on achieved numbers from 2001 to 2009). • It should be borne in mind that the number of houses, and therefore jobs, may be reduced due to the abolition of the East of England Plan. East Hertfordshire have opposed growth from neighbouring areas such as Stevenage in the past. • The majority of development is likely to be located around Bishops Stortford, an urban extension with potential for significant numbers of new homes. • A number of studies are being carried out to inform future options including: ○ SLAA – an initial technical report will be considered by members in November 2013 ○ SHMA- the 2012 study is currently being updated ○ Strategic development advice - a study is being carried out to look at 44 employment sites with some small plots available to identify their suitability for future	• The current **Economic Development Strategy** covered the timeframe between 2007-2012. This has now been revised and the focus is on supporting enterprise and the growth of local businesses. Six strategic themes were identified within the original strategy which include: development of high value jobs locally; Inward investment, care and retention of businesses and business locations; developing skills to meet business needs; our rural economy; our town centres; social capital and economic impact. • It is unlikely that the future focus will be on encouraging major growth due to a lack of available sites. The council does not adopt a sectoral approach to economic development, though there are strengths in life sciences with the presence of GSK.

	uses. ○ Forecasts are being prepared on future employment and housing growth.	

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