

STRUCTURE PLAN PANEL

ITEM 4b

28 January 2003

Members of Panel: M Bayes, A Dodd, D Drake, M Saunders (Chairman), R Sanderson, I Simpson, W Storey, B A York

STRUCTURE PLAN ALTERATIONS, 2001- 2016

DRAFT DEPOSIT PLAN: THE ECONOMY AND DEVELOPMENT FOR EMPLOYMENT NEEDS

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Purpose of Report and Introduction

1. See covering report for item 4a. The same points apply in regard to the following draft deposit version text on development for economic and employment needs.
2. As with the development strategy and housing, the policies and 'explanatory memorandum have been prepared with regard to the many representations made in response to the July 2002 consultation document.
3. It has been possible to respond positively to many of the representations, for example by introducing a draft new policy on business clusters.
4. However officers recommend that the labour supply-based approach remains in the proposed alterations to Policy 14, despite objections or concern on the part of some districts, EEDA, the Hertfordshire Chamber of Commerce & Industry and many development interests. The Panel will be aware of concerns of the County Council and many other local authorities in the East of England about the implications of the growth aspirations in EEDA's current Regional Economic Strategy (RES), which would require an 'enhanced growth scenario' informed by a high forecast of employment growth. Officers continue to recommend that the RES needs to be updated to reflect more realistic and appropriate aspirations before its spatial implications can be reflected in either structure plans or the forthcoming RPG14.
5. It is clear that sticking to the labour supply-based approach in the deposit stage Plan will lead to formal objections and a need to debate this and related issue at the forthcoming Examination in Public (EIP) scheduled for September.
6. The EIP will enable further consideration of concerns about the principle of the proposed approach and the assumptions & calculations made in the July 2002 technical report on employment space needs. The following issues and information will be particularly relevant to the debate:
 - The outcome of further technical work by EEDA and its partners, any consequent revisions to EEDA's Regional Economic Strategy (RES) and whether the revisions address the County Council's concerns about the current RES;

- New data from the 2001 Census on commuting, economic activity rates¹ and employment in different sectors of the economy;
- Any new populations and activity rate projections that reflect the Census data and updated Government assumptions on such matters as migration;
- Any new forecasts of growth in employment (such as revisions to those that informed the current RES);
- The report of the Panel following the EIP in March into the draft London Spatial Strategy, which will inform London's view on the economic inter-dependencies between the Capital and surrounding counties.
- Difficulties in securing sufficient affordable housing and the constraints that this may place on the scale of employment growth, given that this problem will have an increasing impact on Hertfordshire business's ability to recruit suitable staff if not addressed.

¹ The proportion of people of working age who are actively seeking work, calculated separately for men and women and different age bands.

DRAFT TEXT FOR DEPOSIT VERSION ALTERATIONS

Development for Employment Needs

1. Policy 1 in the Structure Plan provides a framework for sustainable development in Hertfordshire. This policy has eight general aims, the first of which is to:

'Encourage economic growth consistent with environmental constraints, with the main emphasis on promoting the knowledge economy rather than mass industrial production'

2. This aim for land use planning accords with the approach of the Hertfordshire Prosperity Forum, in which the County Council is an active partner. The Prosperity Forum was launched in 1995 and a study commissioned at that time suggested that an appropriate strategy for Hertfordshire's economic future would be both knowledge based and environmentally sensitive. This approach has been called the 'Bright Green Industrial Strategy'. Fundamentally, the study recognised that the future prosperity of Hertfordshire is dependent upon furthering the economy while preserving quality of life. Maintaining the attractiveness of Hertfordshire as a place to live and work is a key factor in attracting inward investment and ensuring a robust local economy. A balance must be maintained if the county is to achieve its full long term potential and thereby contribute to growing regional and national prosperity.

3. The Prosperity Forum has produced an *agreed Economic Development Strategy for Hertfordshire, 2000 to 2005* which seeks to take forward the 'Bright Green' approach and has four main objectives:

- Developing a business friendly environment
- Creating a learning environment for all
- Striking a balance between the natural and built environment
- Promoting social inclusion

4. The County Council is actively involved in partnerships to implement all these objectives, particularly through its statutory responsibilities for strategic land use planning (i.e. the Structure Plan), transportation and education.

5. The County Council recognises that economic development in Hertfordshire should contribute to achieving regional and national economic development aims. The Council is continuing to work in partnership with the East of England Development Agency (EEDA) and other local authorities in the East of England on a range of issues and concerns at the regional level of planning.

6. Structure Plan Policy 14 provides a criteria-based strategic approach to planning development for employment needs in offices, research facilities, manufacturing and warehousing. These types of floorspace are categorised as 'B1 - B8'. A separate report explains the quantitative and qualitative analysis that underpins Policy 14 (Technical Report 1 entitled *Employment Space Needs, 2001 to 2016*).

Qualitative needs

7. A key aim of Policy 14 is to provide a balanced supply of different types of employment sites and buildings that meet the varying qualitative requirements of businesses. During 2001 the County and District Councils jointly undertook a

detailed survey of the composition and characteristics of land and buildings currently in or allocated for employment uses in Hertfordshire. That survey indicated that most sites are generally considered to be suitable for current needs. Apart from some sites where previously identified blockages to development need to be overcome, there are no significant areas of long term vacant or under used employment land that is fundamentally unsuitable in qualitative terms.

8. In recent years there has been considerable redevelopment and regeneration of older employment premises to better meet the changing requirements of business. This process needs to continue. It will be for district councils to consider whether their local plan policies may need to be altered to help achieve a better match between the sites and buildings that are available and the changing qualitative needs of businesses, having regard to the aims of Hertfordshire's Economic Development Strategy. However, it is evident that there are strong market pressures to increase the area of land used for warehousing at the expense of 'B1' (office, research and light industrial uses) that generally will better fulfil the aims and knowledge-based emphasis of the County's Economic Development Strategy. Accordingly, criterion (i) in Policy 14 gives explicit support for the designation in local plans of some employment sites specifically for B1 uses where district councils consider this would be appropriate to implement the Economic Development Strategy.

Quantitative need for additional B1 – B8 floorspace

9. The County Council considers that additional B1 – B8 floorspace needs to be provided in the period 2001 to 2016. It considers that the scale of increase should be in line with what is termed a 'labour supply based approach'. This involves providing more floorspace to accommodate the increase in the number of people forecast to be seeking work in the County. To do this it is necessary to make assumptions on commuting, as at present far more commuters live in Hertfordshire but work outside it (notably in London) than commute to jobs in the County from homes outside. At present there are no grounds to consider that the level of net out-commuting will change significantly after 2001.

10. Based on the labour supply based approach, it is estimated that about 0.3 million m² more B1-B8 floorspace will be needed in the period 2001 to 2016.

11. The increase of about 0.3 million m² compares with commitments (planning permissions and land allocations) at April 2001 for about 1.2 million m² floorspace. On this basis, no more land needs to be allocated for employment needs on strictly quantitative grounds and there exists a significant surplus of overall provision (i.e. existing and committed employment land.)

12. Assuming that all the existing commitments remain qualitatively suitable and will be developed, then an area of existing employment land provision with capacity of about 0.9 million m² can be released for other development needs, such as housing. Release of about 0.9 million m² of existing floorspace provision represents about 10% of the sum of all existing floorspace in 2001. However even with this scale of releases there will still be a 0.3 million m² net increase on actual floorspace provision in 2001 in the period to 2016. This level of net growth in floorspace in the County as a whole will be achieved by developing a larger quantity of new floorspace (most notably at Hatfield and probably at Leavesden) than the quantity of existing floorspace that will be demolished to make way for other development needs.

13. Technical work to date has considered how the overall quantity of employment floorspace currently calculated to be surplus to needs is distributed between districts. However there are many uncertainties and, following recent discussions with district councils, the County Council now considers that it would be unwise to set a fixed level of reduction and to distribute this between districts within Policy 14.

14. Instead, the best approach is to still calculate and keep under review floorspace guidance figures for the County as a whole and for each district, but to put the figures in supplementary planning guidance on Policy 14 rather than within this policy. Consequently Policy 14 makes a commitment to produce separate floorspace guidance figures for the County as a whole and for each district and, importantly, to review these figures regularly in the light of monitoring and the periodic updating of forecasts and projections. In this way it will be possible to respond to unforeseen changes without being bound by overly prescriptive figures in Policy 14 that might need to be amended in the light of new information.

15. An initial and provisional set of draft floorspace guidance figures is included in the detailed technical report referred to in paragraph 6.

POLICY 14 DEVELOPMENT FOR EMPLOYMENT NEEDS

In order to foster economic growth in accordance with Hertfordshire's Economic Development Strategy², while providing for a balanced mix of economic activities in particular areas, employment development (normally that categorised as B1, B2 and B8 floorspace) will be permitted subject to the other policies of the Plan and their detailed expression in local plans. Particular regard will be given to ensuring that development is sustainable in terms of its impacts on traffic generation and its other environmental implications.

Development will take place mainly in areas allocated for such purposes in local plans, and key employment sites and existing prime employment areas will be identified in them where employment development will be promoted. Exceptionally, new land allocations may be identified for such purposes to meet specific qualitative needs that cannot be accommodated in existing employment areas.

During the period 2001 to at least 2016 there should be growth in the overall quantity of floorspace available to meet the changing needs of business. The scale of net growth in provision should be approximately that required to make full use of growth in available labour, on the assumption that net commuting flows will not change significantly after 2001.

The review of local plans and development control should have regard to supplementary planning guidance that the County Council will issue and keep up to date on the scale of net growth in floorspace provision that will be appropriate in each district, taking account of any revised assessments of need and monitoring of supply.

In considering development proposals regard should also be had to the following criteria and their expression in local plans:

² Currently for 2000 to 2005

- i). Any benefits in designating some employment areas specifically for B1 uses, where this would accord better with overall economic development aims than other employment generating uses;
- ii). The special advantages and opportunities in encouraging particular types of business development at Key Employment Sites and in designating other specific locations for them, especially to promote the knowledge economy;
- iii). The needs of local people and businesses, in particular as identified in the Hertfordshire Local Economy Assessment and community strategies;
- iv). The desirability of encouraging small scale employment development to achieve an appropriate mix of uses in urban areas, especially at town and neighbourhood centres and other locations with good access to passenger transport;
- v). The aims of securing planned regeneration, particularly through redevelopment including mixed use schemes to make more efficient use of existing employment land and buildings;
- vi). The need to protect sites that are qualitatively best suited to particular business needs for which there is a shortage of potentially suitable premises.

CLUSTERS

16. Current Regional Planning Guidance (RPG9), national planning policy guidance on regional planning (PPG11) and the East of England Development Agency's Regional Economic Strategy all seek to promote business 'clusters'.

17. There is no single definition of a cluster. One widely used definition is '*concentrations of companies in related activities, specialised suppliers, service providers and institutions, which are co-operating, competing and collaborating to build competitive advantage, often across traditional sector boundaries*'. There are a number of factors that can influence cluster developments, e.g. infrastructure quality, availability of land/premises, access to housing and a suitability skilled workforce.

18. RPG9 states '*Typically a cluster would involve a geographic concentration of interconnected companies, specialised suppliers, service providers, firms in related industries and associated research and other institutions. Such clusters may extend across several local authority boundaries*'.

19. The geography of clusters is constantly changing. Firms need to be involved in interactions which provide competitive advantage and planning policies need to accommodate growth within cluster geography. The key employment sites (Policy 15) and other large sites designated for employment uses are likely to have a particularly important role in supporting some clusters.

20. Key factors for all clusters are:

- Good communications infrastructure;
- Infrastructure for support, including affordable and key worker housing;
- Qualitatively suitable land & premises;
- Proximity to institutional drivers, notably universities and research bodies;

21. The county's competitive position is assisted by the presence of existing clusters. Examples include:

- Biotechnology, around Stevenage-Royston- Cambridge corridor and an emerging cluster in the south of the county (and emanating from London);
- ICT and Computing in and around the South West of the county e.g. Hemel Hempstead and Watford;
- Telecoms and Media around Leavesden and Hatfield;
- Film in the South West of the county and crossing into Buckinghamshire and London;
- Financial and Business Services in St Albans, Watford and Stevenage;
- Advanced engineering including Defence/Aerospace centred at Stevenage;
- Environmental jobs cross county and running into Bedfordshire;
- Medical and Scientific Instruments.

NEW POLICY

THE PROMOTION OF BUSINESS CLUSTERS

Local plans should aim to develop and expand links between successful clusters in Hertfordshire and clusters in adjoining and overlapping counties and regions (London and the South East).

Local Planning authorities and their stakeholders in allocating sites for existing and emerging clusters will:

- i) Take account of the spatial distribution and dynamics of relevant clusters**
- ii) Ensure site provision is made in appropriate and sustainable locations which are related to labour supply and will be located primarily in towns which are well served by public transport**
- iii) Identify possible contributions that businesses in clusters can bring to facilitate the provision of affordable key worker housing and public transport.**

Key Employment Sites

22. An important element in the economic development strategy for the County is to ensure that the most effective use is made of the major development opportunities which have arisen. These 'Key Employment Sites' require co-ordinated action from the County and district councils, the landowners and others, to resolve access and infrastructure problems, to ensure satisfactory planning guidelines are in place and to market the opportunities to investors, developers and employers. There are now five Key Sites. These include two that are located in the Lee Valley 'Priority Area for Economic Regeneration' that is identified in Regional Planning Guidance (RPG9 and draft forthcoming RPG14).

23. The County Council is committed to working with district councils, landowners and developers to decide how best to develop Key Employment Sites. In

accordance with Policy 14, uses other than employment may be appropriate on Key Sites as part of an employment-led mixed development package. This is likely to be more appropriate on the larger Key Sites, as exemplified by proposals for Hatfield Aerodrome and Three Cherry Trees Lane. It is for local plans to specify the mix of employment generating and any other land uses that may be appropriate.

24. The Key Sites at Three Cherry Trees Lane, Hemel Hempstead and Park Plaza, close to the M25/A10 interchange in Broxbourne, represent the only significant green field allocations, and are identified for the needs of firms concerned with specialised technological activities (STA) or other activities which are in the national or regional interest. The County Council and its partners are undertaking research into the continuing appropriateness of the STA designation in land use planning and whether these two sites remain the most appropriate locations to designate for STA. These matters and the role that Key Sites can fulfil in supporting business clusters will need to be considered at the forthcoming Examination in Public into the deposit draft Structure Plan Alterations.

25. Additional Key Employment Sites may be identified in due course, as development on existing sites is implemented. In particular, it will be important to consider the implications of revisions to the current Regional Economic Strategy (see paragraph XX) and studies in the London – Stansted – Cambridge potential growth area identified in RPG9.

POLICY 15 KEY EMPLOYMENT SITES

Key Employment Sites have been identified to play a major long term role in the Hertfordshire economy, where employment generating activities will be encouraged and where co-ordinated activity and investment programmes are required to realise their full social and economic potential. The County Council may from time to time identify further Key Sites on these criteria.

The following are identified as Key Sites on the Key Diagram.

In the Lee Valley Priority Area for Economic Regeneration that is identified in Regional Planning Guidance (RPG9):

**Essex Road, Hoddesdon
Park Plaza, Waltham Cross**

In west and central Hertfordshire:

**Leavesden Park, near Watford
Three Cherry Trees Lane, Hemel Hempstead
Hatfield Aerodrome**

The land at Three Cherry Trees Lane, Hemel Hempstead and Park Plaza, Waltham Cross has been identified where priority will be given to specialised technological activities or other activities which are in the national or regional interest.