

Appendix C: Employment Land Needs Assessment (ELNA) 2018 Progress Update

1. Introduction

- 1.1 We are producing a new Employment Land Needs Assessment (ELNA) (in house) as part of the evidence base to support the new Local Plan. When published, the ELNA will sit alongside the Spelthorne Economic Strategy 2017-2022 and the Local Economic Assessment (2016).
- 1.2 Generally ELNAs include a lot of background information about the Borough's economy and existing employment sites but given the up-to-date Economic Strategy 2017-2022 and the Local Economic Assessment (2016) there is no need to repeat this information as the documents will all form part of the evidence base.
- 1.3 The previous Economy and Employment Land Study¹ was undertaken in May 2006 and an Update of Forecasts² was published in April 2007.

2. Scope of ELNA

- 2.1 This report considers all commercial and industrial uses falling into use classes B1 (a, b and c), B2 and B8 of the Use Classes Order 1987 (as amended). It does not consider the need for land/buildings used for health, education, retail or leisure purposes, and also excludes offices provided mainly to visiting members of the public that fall into the A2: Financial and Professional Services use class.

Use Class	Description
B1: Business	
B1a	Offices (other than those that fall within A2: Financial and Professional Services)
B1b	Research and development of products and processes
B1c	Light industrial – for industrial processed (compatible with residential areas)
B2: General Industrial	Use for industrial processes other than one falling within class B1
B8: Storage or distribution	Includes warehouses and open-air storage

3. Forecasts

- 3.1 There are three well-known companies who produce forecasts on future employment at a Local Authority level: Experian, Oxford Economics and Cambridge Econometrics. There has been concern about the forecasts produced by Experian being unrealistic for Spelthorne borough and so the Strategic Housing Market Assessment (SHMA) used the forecasts from

¹ https://www.spelthorne.gov.uk/media/2180/Economy-and-Employment-Land-Study---May-2006/pdf/economic_and_employment_land_study_1_.pdf

² https://www.spelthorne.gov.uk/media/2180/Economy-and-Employment-Land-Study---May-2006/pdf/economic_and_employment_land_study_1_.pdf

Oxford and Cambridge. In order that the evidence base is consistent the same approach has been used for the ELNA.

Table 1: Oxford Economics Employment Forecast for Spelthorne Borough 2017-2035 (Dec 2017)

Use Class	Employment 2017	Employment 2035	Change in Employment 2017-2035	Change in Employment 2017-2035 %
B1	14,061	15,842	1,781	12.7%
B2	3,185	2,642	-542	-17.0%
B8	5,871	5,924	53	0.9%
Total B Class	23,116	24,409	1,292	5.6%
Overall Total Employment	47.296	50.412	3,116	6.6%

- 3.2 In order to calculate the additional employment floorspace that would be required over the plan period, the Homes and Communities Agency (HCA) Employment Density Guide 2015 has been used as the most recent reliable source of information and states that one of its key uses is economic appraisals. Employment density refers to the average floorspace (in m²) per full-time equivalent (FTE) member of staff. It is used as a measure of intensity of building use and an indicator of how much space each person occupies within the workplace.

Table 2: Oxford Economics Calculated Additional Employment Floorspace required

Use Class	Density (sqm) ³	Change in employment 2017-2035	Required change in floorspace 2017-2035 (sqm)
B1	12	1,781	21,372
B2	36	-0,542	-19,512
B8 (general)	70	0,053	3,710
Total B Class			5,570

³ HCA Employment Density Guide 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf

Table 3: Cambridge Econometrics Employment Forecast for Spelthorne Borough 2017-2035 (Dec 2017)

Use Class	Employment 2017	Employment 2035	Change in Employment 2017-2035	Change in Employment 2017-2035 %
B1	12,913	13,677	764	5.9%
B2	2,761	2,146	-615	-22.3%
B8	4,089	4,123	339	0.8%
Total B Class	19,763	19,945	182	0.9%
Overall Total Employment	42,998	44,956	1,958	4.6%

Table 4: Cambridge Econometrics Calculated Additional Employment Floorspace required

Use Class	Density (sqm)	Change in employment 2017-2035	Required change in floorspace 2017-2035 (sqm)
B1	12	764	9,168
B2	36	-615	-22,140
B8 (general)	70	339	23,730
Total B Class			10,758

Table 5: Mean Average forecasts

In order that neither forecasts was given a favourable weighting, a simple mean average of the change in employment from each forecasts was calculated. The resultant mean average required change in floorspace 2017-2035 was calculated from this.

Use Class	Oxford Economics Change in employment 2017-2035	Cambridge Econometrics Change in employment 2017-2035	Mean Average Change in employment 2017-2035	Density (sqm)	Mean Average required change in floorspace 2017-2035 (sqm)
B1	1,781	764	1,273	12	15,270
B2	-542	-615	-579	36	-20,826
B8 general	53	339	196	70	13,720
Total B Class	1,292	488	890		8,164

4. Key findings

- 4.1 Table six shows that over the plan period we anticipate that just over 15,000 sq m of B1 Office and Research & Development will be required, just under 14,000 sq m of B8 Warehousing and Storage will be required however it is

anticipated that just under 21,000 sq m of B2 industrial floorspace will no longer be required. However due to the locations and nature of the floorspace it is unlikely all of the former B2 floorspace could be used for B1 and B8.

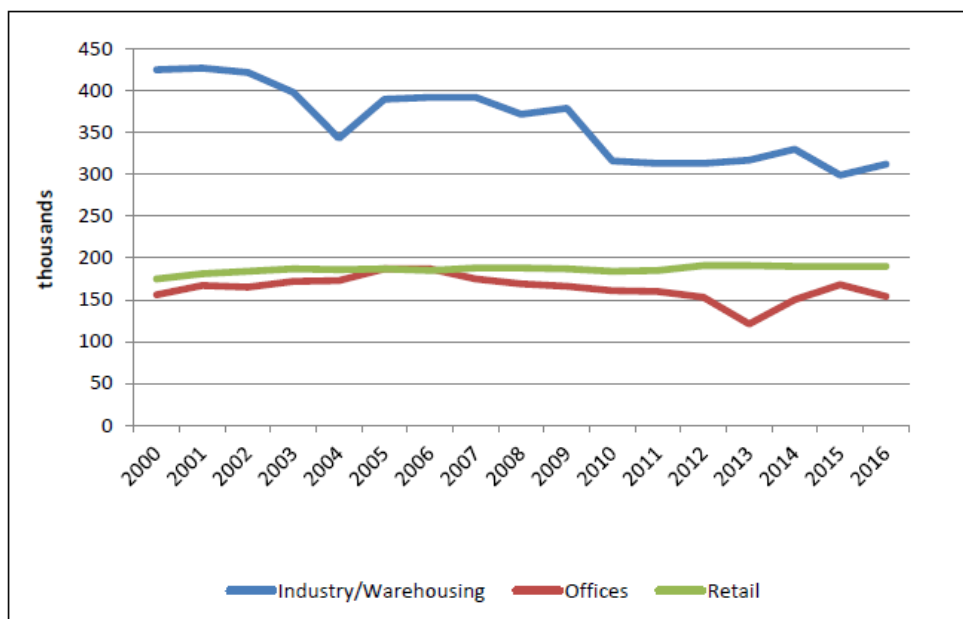
Table 6: Forecast change in floorspace 2017-2035

Use Class	Required change in floorspace 2017-2035 (sqm)
B1	15,270
B2	-20,826
B8 (general)	13,720
Total B Class	8,164

5. Comparison to findings of Spelthorne Local Economic Assessment 2016

- 5.1 The Spelthorne Local Economic Assessment includes retail floorspace unlike the ELNA.
- 5.2 The total amount of business floorspace in the Borough has changed by approximately 1% since 2013 and has decreased by 1.4% in the 10 year period from 2006. However, greater fluctuations have occurred in the amount of floorspace in specific use categories. This is illustrated in Figure 2 which shows the amount of industrial/warehouse, office and retail floorspace. The decrease in industrial/warehousing floorspace around 2010 arises from some reclassification of uses by the Valuation Office and not any actual change in use.

Change in Business Floorspace by use - 2000 to 2016



Source: Valuation Office 2012 base data/Spelthorne Borough Council development data

5.3 Other fluctuations in the amount of business floorspace arise from:

- New developments providing less but more efficient space
- Changes from one use to another
- Time delay between demolition of a site and completion of new development
- Permitted development rights for office to residential conversions

6. Finalisation

6.1 We anticipate that the ELNA will be ready for publication in February and will be reported to the next Local Plan Working Party. It would be useful to include some of the information available to the Heathrow Strategic Planning Group as part of the background studies produced by Heathrow's employment consultants for the airport expansion proposals, however some of this is currently confidential and we have not yet been given approval to publish it.