

Joint Local Plan Review for West Dorset, Weymouth and Portland

LEVEL OF GROWTH – EMPLOYMENT LAND BACKGROUND PAPER
ISSUES AND OPTIONS CONSULTATION VERSION

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1. Introduction

PURPOSE OF BACKGROUND PAPER

- 1.1 This background paper supports the review of the West Dorset, Weymouth & Portland Local Plan, which was adopted in October 2015.
- 1.2 The adopted local plan sets out the long term planning strategy for the area and includes detailed policies and site proposals for housing, employment, leisure and infrastructure. However, the local plan inspector required an ‘early review’ to be undertaken, which should be in place by 2021. He indicated that the review should identify additional land capable of meeting needs to 2036.
- 1.3 As part of the local plan review it is important to establish the level of employment land required to 2036, which is five years beyond the current end date of 2031, as this will ensure that economic needs are met, contributing to the achievement of sustainable development.
- 1.4 Policy SUS 1 – Level of Economic and Housing Growth in the current local plan already makes provision for housing and employment land for the period to 2031. This background paper provides a general overview of issues relevant to the need for employment land provision for the period to 2036. Issues relevant to the level of housing growth needed to 2036 are discussed in a separate background paper.
- 1.5 This is a working document which will be updated as evidence is acquired and the consultation process proceeds.

NATIONAL POLICY AND GUIDANCE

NATIONAL PLANNING POLICY FRAMEWORK

- 1.6 Paragraph 18 of the NPPF states that *“the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth.”* Paragraph 19 goes on to say *“to help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century.”*
- 1.7 One of the national core planning principles (in paragraph 17 of the NPPF) is that *“planning should ... proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.”*

- 1.8 Paragraph 7 of the NPPF outlines that *“there are three dimensions to sustainable development: economic, social and environmental.”* It also identifies that there is a need for the planning system to perform an economic role by *“contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure.”*
- 1.9 Paragraph 160 indicates that in preparing local plans *“local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area.”* Paragraph 161 goes on to set out that this evidence base should be used *“to assess:*
- *the needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development; and*
 - *the existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs.”*

NATIONAL PLANNING PRACTICE GUIDANCE

- 1.10 The methodology for assessing economic development and main town centre uses is set out in paragraphs 2a-030-20140306 to 2a-034-20140306 of the ‘Housing and Economic Development Needs Assessment’ section of the national Planning Practice Guidance (PPG).
- 1.11 Paragraph 2a-030-20140306 indicates that plan makers should consider: *“the recent pattern of employment land supply and loss to other uses (based on extant planning permissions and planning applications)”* ... *“the existing stock of employment land”* and *“oversupply and evidence of market failure.”*
- 1.12 Paragraph 2a-031-20140306 identifies that *“analysing supply and demand will allow plan makers to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites.”*
- 1.13 2a-032-20140306 states that *“plan makers should consider forecasts of quantitative and qualitative need (i.e. the number of units and amount of floorspace for other uses needed) but also its particular characteristics (e.g. footprint of economic uses and proximity to infrastructure).”* It then goes on to say *“local authorities should develop an idea of future needs based on a range of data which is current and robust. Authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.”*
- 1.14 The next section discusses the evidence and research undertaken to establish the need for employment land in the local plan area.

2. Evidence and Research

BOURNEMOUTH, DORSET AND POOLE WORKSPACE STUDY 2012

- 2.1 The future need for employment land across Dorset was assessed in the Bournemouth, Dorset and Poole Workspace Study (CD/ECON2), which was produced in March 2012. This was one of the key pieces of evidence that informed the level of employment land provision in the currently adopted local plan.
- 2.2 The 2012 Workspace Strategy assumed 2.5% Gross Value Added (GVA) growth per annum for the period 2011 to 2031 across the whole of the Bournemouth, Dorset and Poole area. The projection assumed a return to stable, positive employment and economic growth and took no account of potential changes in local policy that may affect the requirement for land.
- 2.3 This projected level of employment growth, used the autumn 2011 projections from Experian (for the South West Observatory), with district level projections estimated by Dorset County Council. The study estimated that these positive projections would generate about 16,100 full time equivalent (FTE) jobs across the local plan area between 2011 and 2031. This was broken down to:
- about 11,200 FTE jobs in West Dorset: and
 - about 4,900 FTE jobs in Weymouth & Portland.
- 2.4 The projected employment demand was then converted into a ‘baseline’ requirement for employment land (office, other business and warehousing), to which was added allowances for:
- windfall losses – to take account of the likelihood of some employment land being lost to other uses; and
 - ‘churn’ – to recognise the need for an element of vacant land to aid smooth market function.
- 2.5 The 2012 study factored in an additional ‘flexibility allowance’ of 10% or 20% to allow for competition in the market. The results of this analysis for West Dorset and Weymouth & Portland are set out in Figure 1 below.
- 2.6 The study showed a requirement for 39.7 hectares of employment land – for Use Classes B1 (business), B2 (general industrial) and B8 (storage and distribution) – in West Dorset between 2011 and 2031. A 10% ‘flexibility allowance’ increased the requirement to 41.6 hectares. Increasing the ‘flexibility allowance’ to 20% further increased the requirement to 43.6 hectares.
- 2.7 The study showed a requirement for 15.2 hectares of employment land – for Use Classes B1 (business), B2 (general industrial) and B8 (storage and distribution) – in Weymouth & Portland between 2011 and 2031. A 10% ‘flexibility allowance’ increased the requirement to 15.9 hectares. Increasing the ‘flexibility allowance’ to 20% further increased the requirement to 16.7 hectares.

Figure 1 – Estimated Demand for Employment Land 2011-31: Bournemouth, Dorset & Poole Workplace Study 2012

	WEST DORSET	WEYMOUTH & PORTLAND
Office	11.5	5.7
Industrial	8.4	1.6
Baseline B-use land requirement 2011-2031 (ha)	19.8	7.3
Windfall losses	11.9	7.0
Churn	7.9	0.8
1) Total B use land requirement (ha) 2011-31	39.7	15.2
Flexibility at 10%	2.0	0.7
Flexibility at 20%	4.0	1.5
2) Total B use land requirement (ha) with 10%	41.6	15.9
3) Total B use land requirement (ha) with 20%	43.6	16.7

2.8 The study also broke down the estimated future need into two ten-year periods. This showed a higher requirement for both councils in the first ten-year period (2011 to 2021), with a reduced need in the second period (2021 to 2031). Figure 2 below shows that the projected need in West Dorset is for 30.7 hectares between 2011 and 2021, falling to 12.9 hectares between 2021 and 2031. It also shows that the projected need in Weymouth & Portland is for 10.5 hectares between 2011 and 2021, falling to 6.2 hectares between 2021 and 2031.

Figure 2 – Estimated Demand for Employment Land by 10-Year Period 2011-31: Bournemouth, Dorset & Poole Workplace Study 2012

	HECTARES 2011-2021	HECTARES 2021-2031	TOTAL HECTARES 2011-2031
West Dorset	30.7	12.9	43.6
Weymouth & Portland	10.5	6.2	16.7
Plan Area	41.2	19.1	60.3

- 2.9 This gives a total projected need across the whole plan area (including 20% flexibility) for 60.3 hectares of employment land for the 20-year period 2011 to 2031, with a need for 41.2 hectares between 2011 and 2021, falling to 19.1 hectares between 2021 and 2031.
- 2.10 The 2012 Workspace Study also looked at the current supply of employment land. This showed a supply of 31.9 hectares of employment land for Use Classes B1 (business), B2 (general industrial) and B8 (storage and distribution) in West Dorset, with 16.7 hectares available in the period 2011 to 2021 and 15.2 hectares phased for delivery during the period 2021 to 2031. Allowing for 20% flexibility, this required the identification of at least a further 11.8 hectares of land to meet needs for the period 2011 to 2031.
- 2.11 The study also showed a supply of 10.4 hectares of employment land for Use Classes B1 (business), B2 (general industrial) and B8 (storage and distribution) in Weymouth & Portland all of which was available in the period 2011 to 2021 (i.e. with none phased for delivery during the period 2021 to 2031). Allowing for 20% flexibility, this required the identification of a further 6.3 hectares of land, primarily to meet needs in the period 2021 to 2031.

Figure 3 – Employment Land Demand and Supply 2011-31: Bournemouth, Dorset & Poole Workplace Study 2012

WEST DORSET	HECTARES 2011 - 2021	HECTARES 2021 - 2031	HECTARES 2011 - 2031
Demand	30.7	12.9	43.6
Supply	16.7	15.2	31.9
Balance	-14.0	2.3	-11.8
WEYMOUTH & PORTLAND			
Demand	10.5	6.2	16.7
Supply	10.4	0.0	10.4
Balance	-0.1	-6.2	-6.3
TOTAL			
Demand	41.2	19.1	60.3
Supply	27.1	15.2	42.3
Balance	-14.1	-3.9	-18.0

- 2.12 Figure 3 shows an overall requirement for 60.3 hectares of employment land for the period 2011 to 2031 across the whole local plan area. At the time the study was produced the overall supply of employment land was calculated as being 42.3 hectares leaving an overall shortfall in provision of 18 hectares.

- 2.13 The figures of 60.3 hectares of employment land across the local plan area (43.6 hectares in West Dorset and 16.7 hectares in Weymouth & Portland) are the figures used in the currently adopted local plan (see Table 3.2 on Page 62). These figures remain unchanged from the submitted local plan, which was published in June 2013.

2014 STRATEGIC HOUSING MARKET ASSESSMENT (SHMA) PART 1

- 2.14 As explained in more detail in the background paper on the level of growth for housing, the examination of the currently adopted local plan was suspended to enable further work to be undertaken on the assessment of housing needs. The further work, in the form of a new Strategic Housing Market Assessment (SHMA), was published in July 2014 (CD/SUS10). Part 1 (produced by Peter Brett Associates) examined the objectively assessed housing needs for the local plan area. Section 4 set out a number of different demographic projections for the local plan area for the period 2011 to 2031 and Sections 4 and 5 also considered the relationship with the local workforce and jobs.
- 2.15 The report noted that *“there is no one agreed method of converting population into labour. The ONS formerly provided a set of future economic activity rates which could be used to translate any given population into a future labour force. But they have ceased to produce this set and so we now lack a definitive dataset. Subsequent to the last set of official ONS economic activity rate projections Government has increased the retirement ages so making the ONS set obsolete.”*
- 2.16 The consultants therefore had to establish their own methodology for assessing the implications the resulting age structure might have for the projected workforce. Although the report recognised the likelihood of older people working for longer, it adopted a *“precautionary approach when estimating the role older people may play in the future workforce.”*
- 2.17 For the various projections, population was converted into estimates of the resident labour force using:
- ONS: Projection of the UK labour force to 2020 (Labour Force Trends, January 2006) available online here - <https://www.dorsetforyou.gov.uk/local-plan-review-evidence>
 - Kent County Council Technical Paper: Activity Rate Projections to 2036 (October 2011)
 - 2011 Census: total population and total economically active population by gender aged 16-74 (Tables 6202 (males), 6203 (females), 6205 and 6208)
- 2.18 The report noted the views expressed by councils at other local plan examinations that the Kent County Council economic activity rate assumptions used in the analysis *“underestimated the role older people will contribute to the workforce in future years.”*
- 2.19 The ONS projections for the UK labour force, which were produced in 2006 and *“based on the 2004-based population projections published by the Government Actuary’s Department (GAD)”* only looked as far ahead as 2020 and had to be *“projected to 2031”* by the consultants. This report also notes that not all the required 2011 Census data was available and that certain ‘adjustments’ had to be made to the available tables in order to estimate economic activity rates for each local authority at all age groups and by gender.

- 2.20 The analysis indicated that *“only the highest of all the demographic scenarios developed above (pre-recession 2001-07 trends) show any increase in the workforce using the Kent County Council assumptions”* although it was noted that *“we (the consultants) have taken a potential pessimistic view of the size of the future workforce.”*
- 2.21 Section 5 of the 2014 SHMA Part 1 went on to consider the relationship between jobs and housing, building further on this analysis. They initially used the Experian forecasting model, which used the 2010-based ONS population projections, to establish a ‘baseline’ assessment of workplace jobs in the study area. This suggested that workplace jobs would increase from 78,973 to 81,045 (an increase of 2,072) between 2011 and 2031.
- 2.22 They then replaced the 2010-based ONS population assumptions with projections based on pre-recession (2001 – 07) population growth trends (which suggested a need for 775 dwellings per annum – the figure for the objectively assessed need for housing in the adopted local plan). This suggested that workplace jobs would increase from 78,973 to 80,655 (an increase of 1,682) between 2011 and 2031.
- 2.23 In the SHMA report, the consultants sought to explain why assuming an increase in the local resident workforce (using pre-recession population growth trends) resulted in the number of workplace jobs in the plan area remaining similar (but slightly lower). The consultants argued that in the wider area there was not a shortage of labour constraining economic growth and the effect of increasing the supply of local labour would be to reduce commuting into the local plan area.
- 2.24 Paragraphs 5.8 and 5.9 of the SHMA report argue *“the baseline model assumed almost no local working age population growth and instead secured new jobs by adjusting the net commuting balance between the Plan Area and the wider world. In our amended scenario, with a higher local working age population, the model has not increased the number of local jobs but instead used the additional local labour to reduce reliance on commuted labour.”*
- 2.25 The consultants considered that this modelling work using pre-recession population growth trends gave rise to a *“potentially more sustainable approach of using local workers to fill local jobs”*.
- 2.26 On 31 July 2014, the councils produced further proposed changes to the local plan reflecting the job forecasts from the 2014 SHMA. This document (CD/SP5) is online here - <https://www.dorsetforyou.gov.uk/article/421781/West-Dorset-Weymouth--Portland-earlier-consultations>
- 2.27 Further Proposed Change 3 (FPC3) was to *“revise text on target for new jobs (16,100) to indicate that more recent evidence suggests that a more modest growth, with an increase in the resident labour force of around 2,300, is more likely.”* It should be noted that there was no further proposed change in relation to the level of provision of employment land.

NOTE OUTLINING APPROACH TO JOB FORECASTS: DECEMBER 2014

- 2.28 In paragraph 16 of his note following the exploratory meeting (published on 03 February 2014) (CD/INSP10) the local plan inspector stated *“it would ... be helpful for additional work to be undertaken of employment forecasts using different scenarios to illustrate how*

- economic growth may influence migration. This should be complemented by sensitivity testing of different participation rates in the indigenous workforce, including those in older age groups.”*
- 2.29 The Inspector also made a similar request at the EiP hearing sessions on 25 and 26 November 2014. On 12 December 2014, in response to these requests, the consultants produced a ‘Note from Peter Brett Associates (PBA) Outlining Approach Taken to Job Forecasts’ (WDWP/Ex13).
- 2.30 As part of this work, PBA re-assessed its job forecasts using the ‘autumn 2014’ version of the Experian model. Paragraph 4.2 of the note says *“due to the integrated nature of all the economic models, on the advice of Experian, PBA considered that the most robust way to test jobs and houses was through the use of the Experian model. This was an alternative to using a third party demographic package which would be divorced from the economic model used to generate the headline job number.”*
- 2.31 Appendix A to the note (WDWP/Ex13) includes Experian’s March 2014 ‘Data Guide’. This appendix states *“the data note fully details how the baseline Experian model works and how population and jobs are linked in the integrated model. We have included the March 2014 note because it explains how key various (variables) were due to be updated over Summer 2014 as new population and census data was released.(Page 2, ‘Population’). This updating explains the shift between the spring and autumn models.”* All the additional information included in the ‘autumn 2014’ model was also submitted to the EiP (as document CD/SUS 11).
- 2.32 PBA’s updated job forecast using the ‘autumn 2014’ version of the Experian model (run in September 2014) was for 13,640 jobs for the period 2011 to 2031.
- 2.33 PBA’s note set out the job forecasts produced by other consultants working for other participants at the EiP. Nexus Planning used the Cambridge Econometrics model and produced a forecast of 12,800 jobs between 2011 and 2031. Pegasus Planning used the Oxford Economics model and produced a forecast of 8,300 jobs over the same period.
- 2.34 The note from PBA confirms that *“the number of jobs expressed are ... the product of the economic models balancing economic potential with the population and labour supply variables. If any of these variables change then the resulting number of jobs may be different.”*
- 2.35 With that in mind, PBA’s note provided some commentary on the inputs to the models. In relation to their model the note says *“the most recent (autumn 2014) model assumes population growth in line with the most recent Sub-National Population Projections SNPP (2012) which PBA estimate requires around 554 dpa.”*
- 2.36 In relation to the Cambridge Econometrics model the note says *“this also confirms that the population / housing input is fixed. Nexus have confirmed that, as with Experian, the population / housing input is SNPP 2012. So the 13,000 jobs in the Cambridge model also assume only 554 dpa are delivered in the Housing Market Area (HMA).”*
- 2.37 In relation to the Oxford Economics model the note says *“Oxford have previously supplied to PBA a note detailing their method. This confirms that their approach is different to*

Experian and Cambridge in that they do not use the SNPP as a fixed population start point. Instead they use their own population model which does not fix the population or labour force. In areas of high labour demand they assume higher rates of inward migration because labour market pressures will attract workers. Conversely in areas of weaker labour market demand workers will migrate elsewhere. We do not know how this link is working in this HMA (because no clarification was supplied to PBA). But the Oxford forecast is the lowest of all the three models considered so it is unlikely to be importing more labour than either Experian or Cambridge.”

- 2.38 PBA also ran the Experian model based on 775 dpa, rather than on the 2011-based population projections, which suggest a need for 554 dpa. This produced a slightly lower job forecast of 13,070 for the period 2011 to 2031. In paragraph 4.5 of the note, the consultants point out that *“providing more new homes (and a higher population) does not automatically provide more jobs. This is because the 13,000 (jobs) in the baseline represents the economic potential of the area's sector structure.”*
- 2.39 Paragraph 4.5 of the note also sets out the other headline conclusions of the report which were that:
- *“The local economy is not currently constrained by a lack of labour;*
 - *554 dpa (in line with the SNPP 2012) is sufficient to support the 'baseline' 13,000 new jobs;*
 - *Providing 775 dpa provides significant 'headroom' which could be used to support more new jobs, through policy interventions for example, or decreased economic activity rates if people choose not to work longer.”*
- 2.40 Some objectors at the EiP suggested that *“many more new homes are needed to support a similar number of new jobs”*. However, PBA noted that *“none of these alternatives have been tested through the use of a fully integrated model such as Experian.”* They were concerned that such models relied *“on the use of third party demographic software to 'goal seek' the resulting housing number from the headline job number.”*
- 2.41 PBA were also concerned that *“Other assumptions, such as keeping economic activity rates fixed (Nexus & Pegasus), are not evidenced and run contrary to Government Policy to increase state pension ages. By fixing variables which 'flex' in the economic models, objectors may be exaggerating the extent of migration needed to meet the economist's baseline job numbers.”*

LOCAL PLAN INSPECTOR'S REPORT: AUGUST 2015

- 2.42 The inspector produced his report on the examination into the local plan in August 2015. His comments on the issue of employment growth are set out in paragraphs 49 to 55. The report is online here - <https://www.dorsetforyou.gov.uk/article/421782/West-Dorset-Weymouth--Portland-Adopted-Local-Plan-Inspectors-Report>
- 2.43 In paragraph 49, the Inspector noted *“the relationship between homes and jobs is difficult to predict and depends on assumptions made about key variables such as population change, economic growth and labour supply. Small changes in assumptions can have a*

significant effect on outcomes and is a reason why estimates should be seen as an indication of job growth rather than a precise target.”

- 2.44 In relation to economic activity rates (paragraph 53), he said *“the latter has important implications where the population is comparatively elderly but evidence is emerging which points to a propensity for older people to continue in employment. Work carried out by the Office of Budget Responsibility (OBR) shows employment rates in older age groups are expected to increase during the plan period. This is most noticeable in women reaching retirement age i.e. those between 60 – 69, but is also apparent in other elderly groups [WDWP/Ex13].”*
- 2.45 He concluded in paragraph 55 *“I am conscious of the limitations in modelling workforce changes because of the assumptions made and the number of variables involved. However, having considered the further testing of core assumptions the Councils have undertaken I am satisfied that the likely growth in jobs can be supported by the planned level of housing which is unlikely to be a constraint on economic growth.”*

ADOPTED LOCAL PLAN: OCTOBER 2015

- 2.46 The local plan was adopted in October 2015 and reflects the outcomes of the work undertaken by PBA at the EiP on forecast job numbers. Paragraph 3.2.3 states *“economic forecasts prepared alongside the review of objectively assessed housing needs suggest that around 13,000 additional jobs could be generated in the period up to 2031.”*
- 2.47 Policy SUS 1 makes provision for *“around 60 hectares of employment land comprising: at least 43ha in west Dorset; at least 17ha in Weymouth & Portland.”*
- 2.48 The adopted local plan includes a number of allocations for additional employment land, which were more than sufficient to address the shortfall in supply identified in the 2012 workspace study. 2011 was the start of the plan period and Table 3.2 on page 62 of the local plan factors in both completions in 2011/12 and the new allocations to the supply. This gives an overall supply of 85.5 hectares across the local plan area, with a supply of 57.5 hectares in West Dorset and a supply of 28.0 hectares in Weymouth & Portland.
- 2.49 The figures from Table 3.2 of the local plan are set out in Figure 4 below.

Figure 4 – Employment Land Requirement and Supply 2011-2031: West Dorset, Weymouth & Portland Local Plan 2015

	WEST DORSET	WEYMOUTH & PORTLAND	PLAN AREA
Employment Land Requirement (hectares)	43.6	16.7	60.3
Employment Land Supply (hectares)			
Completions 2011 - 12	2.0	0.6	2.6
Planning Permissions	24.4	18.8	43.2
Land Allocations in the Local Plan	31.1	8.6	39.7
Total Supply (as @ April 2012)	57.5	28.0	85.5

BOURNEMOUTH, DORSET AND POOLE WORKSPACE STRATEGY: OCTOBER 2016

- 2.50 The Bournemouth, Dorset and Poole Workspace Strategy was published in October 2016 and can be linked from here - <https://www.dorsetforyou.gov.uk/article/405217/Bournemouth-Dorset-and-Poole-Workspace-Strategy-and-Study>.
- 2.51 The strategy was jointly prepared by all the local authorities in the area in association with the Dorset Local Enterprise Partnership (LEP). It covers the period from 2013 to 2033 and supersedes the 2008 Workspace Strategy (AD/ECON1) and the 2012 Workspace Study (CD/ECON2).
- 2.52 The 2016 Strategy examined the need for employment land on the basis of the Eastern and Western Dorset Housing Market Areas (HMAs) as they constitute the functional economic areas within the Dorset LEP area. The strategy refers to the Western Dorset HMA simply as 'Western Dorset'.
- 2.53 The overarching objectives of the workspace strategy are:
- *“to establish employment land projections for the Dorset LEP area and the Eastern and Western Dorset HMAs (as functional economic areas) for B1, B2 and B8 use classes to 2033; and*
 - *to balance employment land demand / supply and provide recommendations regarding the provision and distribution of land and premises across the Dorset LEP area and Eastern and Western Dorset HMAs.”*
- 2.54 The 2016 Workspace Strategy is based on the 2015 Local Economy Forecasting Model (LEFM) for Dorset, which was produced by Cambridge Econometrics and included district and borough projections.
- 2.55 The strategy tested four growth scenarios based with different levels of local housing growth identified from current adopted local plan housing targets and also the full objectively assessed housing need identified from the Eastern and Western Dorset Strategic Housing Market Assessments. Each of the four growth scenarios has also been tested with allowances of 10% and 20% for flexibility to provide further choice to the market over and above baseline employment land projection figures.
- 2.56 The four growth scenarios tested as part of this study were:
- 2.57 **Trend Scenario:** This baseline scenario was based on the 2011 Census of Population workplace based employment data by district, unitary authority and by industrial sector. Employment growth rates from the Cambridge Econometrics LEFM for Dorset (2015) were then applied with some adjustments for local knowledge, particularly in sectors showing stronger growth than would be expected in Dorset.
- 2.58 **Planned Growth Scenario:** The baseline for this scenario was the 2011 Census of Population workplace based employment data by district / unitary authority and by industrial sector. The housing data was based on April 2016 adopted local plan housing trajectories until the end of the current respective local plan periods. Beyond the end of

- current local plan periods the average objectively assessed needs (OAN) were applied from the 2014 and 2015 SHMAs to 2033.
- 2.59 **Accelerated Growth Scenario:** The baseline for this scenario was the 2011 Census of Population workplace based employment data by district / unitary authority and by industrial sector. In Eastern Dorset, existing local plan figures were applied to the point when revised plans are in place; from this point onwards until 2033 the average objectively assessed needs from the 2015 Eastern Dorset SHMA were applied. In Western Dorset, the current adopted local plan housing figures have been applied (which are based on the OAN requirements from the 2014 Western Dorset SHMA) with a small increase in housing above the Planned Growth Scenario for the years 2029/30, 2030/31 to take account of a slight increase in housing in Dorchester and Sherborne.
- 2.60 **Step Change Scenario:** The baseline for this scenario is the 2011 Census of Population workplace based employment data by district / unitary authority and by industrial sector. In Eastern Dorset, this scenario adopted the same approach as the accelerated growth scenario, although from the point at which the revised local plans were anticipated to be in place, the full OAN housing from the Eastern Dorset 2015 SHMA (rather than the average) was applied. In Western Dorset, the ‘step change’ scenario gives the same results as the ‘accelerated growth’ scenario because the currently adopted local plan already applies the full OAN requirements from the 2014 Western Dorset SHMA.
- 2.61 The headline results from the study for Western Dorset are discussed below.
- 2.62 **Trend Scenario:** This scenario re-based the default LEFM figures for each district to the 2011 workplace based population by industry as a starting point. Growth rates from the LEFM model were then applied (without adjustment so remaining in line with projected trends by sector). However, further adjustments for known local developments and change were made up to 2013 in consultation with the local authorities in the area.
- 2.63 Over the period 2013-2033, in the Dorset LEP area, the trend (baseline) employment growth scenario indicated expected growth in the number of FTEs of 31,200 which equated to about 0.5% per annum growth in FTE employment – compared with about 0.6% pa nationally. In this twenty year period across the Dorset LEP area, GVA growth of 2.2% per annum was expected – compared with just under 2.0% pa nationally.
- 2.64 Under this scenario expected growth in the number of FTEs in Western Dorset was 5,300 which equated to about 0.4% per annum growth in FTE employment. In this twenty year period across the Western Dorset area, GVA growth of 2.1% per annum was expected.
- 2.65 **Planned Growth Scenario:** This analysis input a housing growth figure of 15,756 for the period 2013 - 2033. Under this scenario, expected growth in the number of FTEs in Western Dorset was 10,000 which equates to about 0.7% per annum growth in FTE employment. Across the Western Dorset area, this scenario envisaged GVA growth of 2.4% per annum.
- 2.66 **Accelerated Growth Scenario:** This analysis input a slightly higher housing growth figure of 15,935 for the period 2013 to 2033. Under this scenario, expected growth in the number of FTEs in Western Dorset was 10,100 which equated to about 0.8% per annum growth in FTE

- employment. Across the Western Dorset area, this scenario envisaged GVA growth of 2.5% per annum.
- 2.67 **Step Change Scenario:** As previously mentioned, in Western Dorset, the ‘step change’ scenario gives the same results as the ‘accelerated growth’ scenario (and inputs the same housing growth figure of 15,935 for the period 2013 to 2033) because the currently adopted local plan already applies the full OAN requirements from the 2014 Western Dorset SHMA.
- 2.68 Under the ‘step change’ growth scenario, expected growth in the number of FTEs in Western Dorset was 10,100 which equated to about 0.8% per annum growth in FTE employment. Across the Western Dorset area, this scenario envisaged GVA growth of 2.5% per annum.
- 2.69 Appendix K in the 2016 Workspace Strategy sets out a number of key statistics for growth scenarios. One of the key statistics is a conversion of FTEs into total employment. Table K11 in Appendix K (page 256) shows that 10,100 FTE jobs translates into total employment growth of 15,100 jobs, representing an increase of about 0.9% per annum.
- 2.70 This is above, but broadly comparable to the job forecast of 13,100 jobs in the currently adopted local plan. A more detailed comparison of the various different job forecasts is set out in Appendix A. The headline results from the study for Western Dorset in terms of the need for employment land (with 10% and 20% flexibility added) are set out in the Figure 5 below.

Figure 5 – Employment Land Requirements 2013-33 Under Different Scenarios in the Bournemouth, Dorset & Poole Workspace Strategy 2016

SCENARIO	BASILINE REQUIREMENT (HECTARES)	+10% FLEXIBILITY (HECTARES)	+20% FLEXIBILITY (HECTARES)
Trend	29.8	30.9	32.0
Planned growth	49.7	52.8	55.9
Accelerated growth	50.2	53.3	56.4
Step change	50.2	53.3	56.4

- 2.71 The 2016 Workspace Strategy also considered the current employment land supply which includes all existing local plan employment sites (including existing allocations) and other employment sites identified through employment land reviews that are available to the market. This identifies a supply of employment land of 64 hectares in Western Dorset. This is more than sufficient to meet the highest level of need for employment land (as identified in the ‘accelerated growth’ and ‘step change’ scenarios with 20% flexibility for the period 2013-33) of 56.4 hectares.
- 2.72 Of the 64 hectares available in Western Dorset, 17 hectares (27%) of land is projected to come forward in the short term (0-2 years), 17 hectares (27%) in the medium term (3-5 years) and 29 hectares (46%) in the long term (5 Years +).

ESTIMATED EMPLOYMENT LAND NEEDS 2033 TO 2036

- 2.73 As the local plan review extends to 2036, consideration needs to be given to the likely need for additional land for a further three year period (i.e. beyond 2033). This has been estimated by considering the average amount of additional employment land required per annum:
- over the last 10 years of the study period (i.e. 2023 to 2033); and
 - over the last 5 years of the study period (i.e. 2028 to 2033).
- 2.74 This analysis shows a need for an additional 5.64 to 6.51 hectares of employment land for the period 2033 to 2036 or an overall need for the period 2013 to 2036 of between 62 and 63 hectares.
- 2.75 These figures have been calculated from the five-yearly forecasts of the need for employment land set out in Table 7.8 on page 146 of the 2016 Workspace Strategy. The derivation of these figures is set out in Figure 6 below.

Figure 6 – Estimated Requirement for Additional Employment Land 2033 to 2036

PERIOD	LAND REQUIREMENT (HA) + 20% FLEXIBILITY	AVERAGE ANNUAL REQUIREMENT (HA)	ESTIMATED ADDITIONAL REQUIREMENT (HA) 2033 TO 2036	OVERALL REQUIREMENT (HA) 2013 TO 2036
2023-33	21.7	$21.7 / 10 = 2.17$	$2.17 \times 3 = 6.51$	$6.51 + 56.4 = \mathbf{62.91}$
2028-33	9.4	$9.4 / 5 = 1.88$	$1.88 \times 3 = 5.64$	$5.64 + 56.4 = \mathbf{62.04}$

- 2.76 This methodology indicates that the identified supply (64 hectares) is sufficient to meet the highest level of need for employment land (as identified in the ‘accelerated growth’ and ‘step change’ scenarios with 20% flexibility) for the period 2013 to 2036.

WESTERN DORSET ECONOMIC GROWTH STRATEGY

- 2.77 The evidence supporting the local plan review indicates that the economy of Western Dorset is not constrained by the lack of labour and the local plan inspector considered that the planned level of housing “*is unlikely to be a constraint on economic growth.*” However, there are significant challenges that need to be addressed as summarised in Section 4 of the 2016 Workspace Strategy.
- 2.78 Paragraphs 4.49 to 4.52 of the 2016 Workspace Strategy say “*Dorset has above average levels of economic activity and employment and below average unemployment compared to national averages. However, our representation of residents in high skill level occupations is below average and workplace based earnings are low. Representation of employment is high in accommodation & food service activities; arts & leisure – with both these sectors resulting in high representation in tourism/leisure as a whole; health & care; and construction in both Western and Eastern Dorset ... Western Dorset has above average representation in agriculture, fishing & forestry; and education. Employment representation is low in information & communication; transport & storage; professional, scientific &*

technical activities; and business services (other than real estate). These figures suggest that Dorset needs to improve the sector mix in its economy to be able to offer more highly skilled, better paid jobs. A significant socio-economic issue for the Dorset LEP area – and Western Dorset in particular – is the projected decline in the number of 16-64 year olds. Dorset needs to be able to provide sufficient good quality jobs to attract young people to work here and to encourage our own residents to stay here. We also need to ensure the workforce has the right skills to take good quality jobs and to offer a good labour pool to high value added employers. The affordability and availability of suitable housing also needs to be considered if the economy is to grow significantly.”

- 2.79 The Dorset Councils Partnership, which is a partnership between North Dorset District Council, West Dorset District Council and Weymouth & Portland Borough Council has prepared the Western Dorset Growth Strategy to address these issues.
- 2.80 The Western Dorset Growth Strategy was adopted as the basis for consultation with key stakeholders and the production of a detailed action plan at West Dorset District Council’s Executive on 15 December 2016 (see item 56 on the agenda online here - <https://moderngovdcp.dorsetforyou.gov.uk/ieListDocuments.aspx?CId=136&MId=185&Ver=4>) and at Weymouth & Portland Borough Council’s Management Committee on 13 December 2016.
- 2.81 The strategy, which covers North Dorset, West Dorset and Weymouth & Portland has a vision to have enabled or delivered by 2033:
- 20,000 new homes including affordable homes;
 - 13,200 new full-time equivalent jobs (plus new jobs at the Dorset Enterprise Zone);
 - a minimum of 70 hectares of new employment land;
 - an increase in the proportion of workforce achieving Level 4+ qualifications from 25% to 35%; and
 - an additional £564 million of GVA from the Western Dorset Growth area.
- 2.82 The strategy has been grouped into five action areas or themes:
- **Infrastructure** – addressing both physical (road and rail) and electronic (broadband and mobile) connectivity;
 - **Homes and Employment Sites** – addressing the delivery of new homes, including affordable homes and the release of employment land for business growth;
 - **Employment and Skills** - addressing skills shortages and raising skills levels to create a highly employable and economically productive population that can generate economic growth, improved productivity and a sustainable local economy;
 - **Business and Sectors** – addressing productivity, start up and business survival rates and supporting growth in targeted sectors, supporting tourism businesses through media campaigns and the development of the Visit-Dorset website, and working with the Dorset Tourism Association; and
 - **Assets and Policy** – addressing opportunity for economic growth through use or re-use of existing public sector property assets, and evaluation and development of policy, existing and new, to contribute to local economic growth.

3. Current Approach

- 3.1 National planning policy indicates that there should be sufficient land of the right type available in the right places and at the right time to support economic growth and innovation.
- 3.2 Policy SUS1 – Level of Economic and Housing Growth in the local plan sets out the level of economic and housing growth that should be delivered in West Dorset and Weymouth & Portland in the period from 2011 to 2031.
- 3.3 As discussed earlier in this background paper, economic forecasts prepared to inform the local plan suggested that around 13,000 additional jobs could be generated in the period up to 2031. The plan indicates that 60.3 hectares of employment land should be provided to accommodate some of these jobs.
- 3.4 The adopted local plan (Table 3.2) showed that the total supply of employment land between 2011 and 2031 was 85.5 hectares, which significantly exceeded the forecast requirements and also allowed for likely vacancies, churn and a degree of market choice.

4. Reason for Change

- 4.1 There are a number of reasons why the level of economic and housing growth needs to be re-examined in the local plan review. In summary, for employment land they are:
- the extension of the plan period (as part of the local plan review) to 2036 together with the revised assessment of predicted growth levels and the need for employment land, as set out in a revised workspace strategy; and
 - the growth agenda being promoted through the Western Dorset Growth Area Initiative.
- 4.2 These reasons are discussed in more detail below.

THE REVISED WORKSPACE STRATEGY AND THE FUTURE NEED FOR EMPLOYMENT LAND

- 4.3 The need for an early review of the local plan to make provision for growth for a further 5 years (i.e. to 2036) was identified by the inspector in his report on the EiP. His primary concern related to housing provision and the background to this is set out in more detail in the Level of Growth: Housing Background Paper.
- 4.4 The 2016 Workspace Strategy has been discussed in detail in the ‘evidence and research’ section of this background paper. It reassessed the future need for employment land with a view to enabling a ‘step change’ in growth to be accommodated and sought to provide considerable flexibility to businesses in terms of the availability of sites.
- 4.5 The ‘step change plus 20% flexibility’ scenario from the 2016 Workspace Strategy indicated a need for between 62 and 63 hectares of employment land for the period from 2013 to 2036. This is slightly above the need identified in the local plan of 60.3 hectares for the period 2011 to 2031.
- 4.6 The updated supply of employment land (of 64 hectares) in the 2016 Workspace Strategy is still sufficient to meet the projected demand (either to 2033 or 2036) based on the ‘step change’ scenario, including additional built-in flexibility. On that basis it is not necessary to allocate additional employment land as part of the local plan review to meet the overall need for employment land to 2036.
- 4.7 Although the current overall supply of employment land exceeds the forecast need, provision will need to be made for sufficient land to accommodate at least a further 4,520 new homes in addition to the supply already identified in the local plan (for 14,855 new homes). Consideration therefore needs to be given to whether additional employment land should be provided as part of any larger development sites that will be allocated through the local plan review. This may be important to achieve a balance of land uses at the more local level or to address any shortfalls in provision more locally.
- 4.8 As part of the local plan review, the councils are seeking views on whether further employment land should be identified at any specific towns (or other locations) in the local plan area, in order to ensure a range and choice of sites more locally and / or to encourage more self-contained communities.

THE WESTERN DORSET GROWTH AREA INITIATIVE

- 4.9 The Dorset Councils Partnership takes a co-ordinated approach to economic development and regeneration across North Dorset, West Dorset and Weymouth & Portland, which is promoted as the Western Dorset Growth Area (WDGA). This approach identifies common themes across the area, gives a better understanding of the links between economic development and regeneration proposals and helps to co-ordinate support for discrete projects.
- 4.10 The draft Western Dorset Growth Strategy, which was approved for consultation in December 2016, identifies Dorchester, Weymouth and Portland as the ‘core area’ for growth and defines the main coastal and market towns (including Bridport, Sherborne and Lyme Regis) as Rural Dorset Growth Towns.
- 4.11 The local plan review provides sufficient land for employment and housing to ensure that *“the planning system does everything it can to support sustainable economic growth”*. In addition the councils are also working proactively through the Western Dorset Growth Strategy both to deliver the homes and employment land that is needed, as well as seeking to address other issues, such as skills and productivity.
- 4.12 The local plan review together with the Western Dorset Growth Strategy will enable the councils to respond to the socio-economic challenges across the Dorset LEP area (as identified in paragraphs 4.49 to 4.52 of the 2016 Workspace Strategy) and deliver an enhanced level of economic growth across the area.
- 4.13 The detailed action plan being worked up for the Economic Growth Strategy may include specific proposals that will need to be reflected in later versions of the local plan review. However, at the current time, the councils are simply seeking views on the need for (and supply of) employment land.

5. Issues & Options Consultation

- 5.1 The discussion of the issues in this paper has led to three questions being asked in the Issues and Options Consultation document, which are set out below.

Questions

19-i. Do the figures in the revised workspace strategy provide an objective assessment of the overall need for employment land in the local plan area, especially in the light of national and local aspirations for economic growth?

19-ii. Do you agree with the assessment that there is no need to allocate any additional employment land in the local plan area in order to meet overall employment needs in West Dorset and Weymouth & Portland in the period up to 2036?

19-iii. Is there a need at any of the towns (or other locations) in the local plan area for additional employment land to be allocated in order to meet particular local employment needs or encourage greater self containment?

Appendix A – Job Forecast Comparisons

- 5.2 This appendix compares the results of the different job forecasts that were used to inform the currently adopted local plan (2015) and the 2016 Workspace Strategy, which informs the ‘issues and options’ stage of the local plan review.
- 5.3 It should be noted that the different forecasts used different models, which incorporate similar, but slightly different assumptions. The currently adopted local plan was informed by forecasts using the Experian Autumn 2014 model. The local plan review was informed by the Cambridge Econometrics Local Economy Forecasting Model (LEFM) 2015 for Dorset.
- 5.4 It should also be noted that the different forecasts cover different time periods. The job forecast for the adopted local plan was based on the period 2011 to 2031, whereas the forecast used to inform the ‘issues and options’ stage of the local plan review covers the period from 2013 to 2033. The forecast that informs the local plan review has been re-run over the period 2011 to 2031 to enable a more direct comparison to be made.
- 5.5 Figure 7 below shows the results of the Experian Autumn 2014 model. Population was a fixed input into this model based on 775 dwellings per annum (775 dpa), which is the full objectively assessed need for housing, as set out in the local plan.

Figure 7 – Forecast of Workforce Jobs 2011-31 from the Autumn 2014 Experian Model

EXPERIAN AUTUMN 2014 RUN: 2011 TO 2031			
AREA	WORKFORCE JOBS 2011	WORKFORCE JOBS 2031	2011-2031 CHANGE
West Dorset	56,400	65,700	9,300
Weymouth & Portland	22,600	26,300	3,800
Plan Area (Western Dorset)	78,900	92,000	13,100

- 5.6 This model gives a forecast of 13,070 (13,100 when rounded) workforce jobs using the fixed input of population based on 775 dpa. In 2014 the model was also run using the (then) latest sub-national population projections (2012) which the consultants (PBA) estimated required about 554 dpa. The model with this population / housing input gave a forecast of 13,640 workforce jobs.
- 5.7 The 2016 Workspace Strategy includes a number of different scenarios. The ‘accelerated growth’ and ‘step change’ scenarios both factor in the full Objectively

Assessed Need for housing of 775 dpa. The results of the LEFM 2015 against these scenarios are set out in the table below.

- 5.8 In Western Dorset, the ‘step change’ scenario gives the same results as the ‘accelerated growth’ scenario because the currently adopted local plan already applies the full OAN requirements from the 2014 Western Dorset SHMA and is used as the input to both scenarios.

Figure 8 – Forecast of Total Employment 2013-33 from the 2015 Dorset Local Economy Forecasting Model

DORSET LEFM ACCELERATED GROWTH / STEP CHANGE SCENARIOS : 2013 TO 2033			
AREA	TOTAL EMPLOYMENT 2013	TOTAL EMPLOYMENT 2033	2013 - 2033 CHANGE
West Dorset	53,100	62,700	9,600
Weymouth & Portland	20,800	26,200	5,500
Plan Area (Western Dorset)	73,800	88,900	15,100

- 5.9 These scenarios give a forecast for total employment of 15,100 jobs for the period 2013 to 2033.
- 5.10 The LEFM was re-run for the period 2011 to 2031 and the results are set out in Figure 9 below.

Figure 9 – Forecast of Total Employment 2011-31 from the 2015 Dorset Local Economy Forecasting Model

DORSET LEFM ACCELERATED GROWTH / STEP CHANGE SCENARIOS : 2011 TO 2031			
AREA	TOTAL EMPLOYMENT 2011	TOTAL EMPLOYMENT 2031	2011 - 2031 CHANGE
West Dorset	52,100	61,900	9,800
Weymouth & Portland	21,300	25,800	4,500
Plan Area (Western Dorset)	73,400	87,600	14,300

- 5.11 These scenarios give a forecast for total employment of 14,300 jobs for the period 2011 to 2031.

- 5.12 A direct comparison of the two models run over the period 2011 to 2031 (with the same population / housing input of 775 dpa) give job forecasts of 13,100 and 14,300. It is considered that these results are broadly comparable.
- 5.13 Running the LEFM model over a slightly later period from 2013 to 2033 gives a higher job forecast of 15,100. However, it should be borne in mind that both the 14,300 and the 15,100 forecasts relate to scenarios that aim to boost economic growth.
- 5.14 Appendix K of the 2016 Workspace Strategy includes key statistics for growth scenarios for all the different scenarios tested. The trend (or baseline) scenario, which simply projects forward sectoral performance, indicates a job forecast of 9,200 jobs (Table K2 on page 247). This suggests that the 'headroom' provided by the level of housing provision in the currently adopted local plan has the potential to generate significant numbers of additional jobs over the period 2011 to 2031 (or 2013 to 2033).