



**West  
Northamptonshire  
Council**

## **West Northamptonshire Strategic Plan**

### **Employment Background Paper – September 2021**



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## **1. Introduction**

- 1.1 The WNSP is a new strategic plan for West Northamptonshire, covering the period 2020-2050 that will review and, where appropriate, replace strategic policies in the West Northamptonshire Joint Core Strategy. This background paper sets out the current national and local policy context and guidance regarding employment. It also summarises the findings of the Housing and Economic Needs Assessment including the number of jobs needed across West Northamptonshire to 2050 and the amount of industrial land that is needed over the same period.

## **2. National Context**

### **National Planning Policy Framework**

- 2.1 The NPPF places its focus on achieving sustainable development. The economic dimension of sustainable development gives rise to the need for the planning system to perform an economic role in addition to an environmental and a social role: *'Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways'*.
- 2.2 Paragraph 20a states that strategic policies should make sufficient provision for employment development. The NPPF's definition of sustainable development is partly predicated on having easy access to employment opportunities as noted in paragraph 72b.
- 2.3 Chapter 6 of the NPPF is dedicated to building a strong and competitive economy and requires local planning authorities to plan proactively to meet the development needs of business. It states that investment in business should not be over-burdened by the combined requirements of planning policy expectations, and that planning policies should recognise and seek to address potential barriers to investment, including poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities should:
- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
  - Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
  - Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
  - Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances'
- 2.4 In addition to this, planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. It requires land allocations to be regularly reviewed.
- 2.5 This chapter of the NPPF is also dedicated to supporting a prosperous rural economy and requires planning policies to support economic growth in rural

areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. It requires Local plans to enable:

- the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;
- the development and diversification of agricultural and other land-based rural businesses;
- sustainable rural tourism and leisure developments which respect the character of the countryside; and
- the retention and development of accessible local services and community facilities in villages, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.

2.6 Paragraph 81 of the NPPF states that planning policies should take into account local business needs and wider opportunities for development.

### **National Planning Practice Guidance**

2.7 Guidance is provided on how strategic plans can assess economic need and the type of employment land needed. This should be done through the preparation of a robust evidence base to understand existing business needs.

2.8 The NPPG requires plan makers to liaise closely with the business community to understand their current and potential future requirements and requires plan makers to also consider the recent pattern of employment land supply and loss to other uses, market intelligence, market signals, public information on employment land and premises, infrastructure constraints, existing stock of employment land, locational and premises requirements of particular types of business and identification of oversupply and evidence of market failure.

2.9 This information is combined with current and future projections of demography, sectoral changes, and property market requirements. The guidance states that authorities will need to take account of longer term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios.

## **3. Local Context**

3.1 West Northamptonshire has a buoyant economic which has seen significant growth over the last thirty years, during which the area has shown a strong recovery from the economic crisis of 2008. Recent historic data (2018) indicates that the value of the West Northamptonshire economy (GVA) was around £11.5bn and supported around 242,800 jobs

3.2 Despite some fluctuations both GVA and employment in West Northamptonshire has seen a steep increase since 1991. Between 1991 and 2018 GVA increased by 77% whilst employment increased by 50%. In terms of sectors, the strongest contributors to GVA in 2018 (latest historic data) were wholesale and retail trade, manufacturing, real estate, and financial and insurance. Significant growth in GVA has occurred in

the following sectors; admin and support; human health; and professional, scientific and technical.

- 3.3 The existing Joint Core Strategy does not specify targets for employment land or floorspace but does include a target for the number of jobs. Policy S7 of the JCS makes provision for a net increase of 28500 jobs in the period 2008 – 2029. The latest monitoring data indicates that as at 2019 approximately 19,500 additional jobs have been created since the economic crisis in 2008. If jobs growth were to continue at the same rate over the remainder of the plan-period the net increase in jobs would be around 37,000, which is well in excess of the target in Policy S7.
- 3.4 It must however be recognised that the impact of the coronavirus pandemic is likely to effect the rate of jobs growth at least in the short term and the need for economic recovery will be a key issue for the Strategic Plan to address.

#### **4. Housing and Economic Needs Assessment**

- 4.1 The West Northamptonshire Housing and Economic Need Assessment (HENA) assesses future development needs for housing (both market and affordable) and employment across the geography of West Northamptonshire (formerly South Northamptonshire, Daventry and Northampton) over the period 2020-2050. This document presents data on population change, market signals, the economy and labour market, employment forecasts, a commercial market assessment and future employment land requirements

##### **What is the number of Jobs?**

- 4.2 The starting point in establishing the amount of employment land is to look at employment forecasts to establish a total number of jobs for the area. The HENA looked at 2 recognised forecasts, Oxford Economic and Experian.
- 4.3 The baseline forecast produced by Oxford Economics indicates that the economy is expected to grow by 1.4% per annum (GVA growth pa) between 2020 and 2050. The total forecast growth in the number of jobs is 27,624 which equates to an annual growth rate of 0.35%. In the Experian baseline model, the total jobs forecast over the same period is 48,600 jobs which equates to an annual growth rate of 0.60%. Experian's higher jobs are largely population-driven and Experian have different input assumptions around population growth which align more closely to the subnational population projections that support the standard method, as a result, a greater emphasis is placed on the Experian outputs. The Experian forecasts were also purchased later in 2020 than the Oxford Economics data and are considered to have a clearer view (relatively) on COVID-19 impacts.
- 4.4 As with the national forecasts, both forecasts have a lower level of growth compared to the previous business cycle. However, this is justified as both consumer and public sector expenditure is expected to fall.
- 4.5 The 2020-2050 performance includes a recovery period in the initial years to reach employment levels in 2019 due to the COVID-19 contraction in specific sectors.

##### **Oxford to Cambridge ARC**

- 4.6 Alongside the baseline Experian and Oxford Economics forecast a higher growth scenario has been developed which takes into account the potential influence of the Oxford to Cambridge Arc drawing on other studies that examine the effect. The growth scenario also considers the influence of some local growth sectors as well as significant known planned developments at DIRFT and Northampton Gateway. The uplifts in our custom growth scenario have been supported by working with local planning and economic development officers and SEMLEP.
- 4.7 The growth scenario results in additional employment growth of 14,854 jobs from the Experian Baseline Scenario (2020-50) taking the total jobs growth to around 48,600. Including DIRFT and Northampton Gateway jobs figures, this figure increases to 63,454 jobs. However, when accounting for reabsorption of employment lost through 2020 due to COVID-19 it is estimated that net growth will be closer to 57,400 jobs.
- 4.8 The HENA then recommended that the growth scenario, 57,400 jobs, be considered as most appropriate as an employment target across West Northants.

#### **Alignment between jobs and housing?**

- 4.9 The HENA has also looked at the alignment between the number of jobs and the number of houses. The standard method housing need of 2,139 dpa would support an increase of 59,954 jobs over the 2020-50 period in West Northants.
- 4.10 The study also reviewed the number of homes required to support the jobs growth based on Oxford Economics and Experian forecasts and the local growth scenario. The preferred growth scenario, which includes employment provision at DIRFT and Northampton Gateway, indicates that the employment need will be above that supported by the standard method for the 2020-50 period. However, this includes a significant employment recovery from 2019 which has increased unemployment and the latent workforce. It is considered that the 2019-50 employment change is more useful when determining the housing need as this allows for reabsorption of the workforce back to pre-pandemic levels of employment. Using the 2019-50 change reports a job figure just below that of the standard method, indicating that planning for housing based on the standard method will support forecast employment growth.

#### **Establishing a land requirement**

- 4.11 As required by Planning Practice Guidance (PPG), three principal approaches have been explored for employment need. These are labour demand, labour supply and completions trend scenarios. In some instances, it has been necessary to use trend-based alongside labour demand figures particularly for industrial units due to apparent weak links between employment and floorspace.
- 4.12 The following table provides the recommended floorspace and land need across the former local authorities of West Northants, including a margin for flexibility.

**Table 1 Recommended Land Need 2020-2050 (ha)**

|               | Daventry Need | Daventry Need inc margin | Northampton Need | Northampton Need inc margin | South Northamptonshire Need | South Northamptonshire Need inc margin | West Northants Need | West Northants Need inc margin |
|---------------|---------------|--------------------------|------------------|-----------------------------|-----------------------------|--|---------------------|--------------------------------|
| B1a/b         | 2.4           | 3.1                      | 10.5             | 11.4                        | 8.9                         | 10.6                                   | 21.8                | 25.1                           |
| B1c/B2 and B8 | 66.9          | 82.3                     | 32.2             | 59.6                        | 45.4                        | 61.5                                   | 144.5               | 203.4                          |
| Total         | 69.3          | 85.4                     | 42.7             | 71.0                        | 54.3                        | 72.1                                   | 166.3               | 228.5                          |

**What is the supply of Employment Land**

- 4.13 The HENA sets out the supply of employment land (B1,B2,B8) coming forward in the former constituent areas of West Northamptonshire which are summarised below;
- Daventry 55.69 ha excluding DIRFT
  - Northampton 47 ha
  - South Northamptonshire 145.2 ha (including 81.5 ha of B1 office)

**What is the residual requirement?**

- 4.14 The identified supply is then taken off the requirement to establish the supply-demand balance. This is set out in table 2 below.

**Table 2 Employment Land Demand-Supply Balance 2020-2050 (Ha)\***

|                                    | Daventry    | Northampton | South Northamptonshire | West Northants |
|------------------------------------|-------------|-------------|------------------------|----------------|
| Supply/demand balance              |             |             |                        |                |
| Office Total Supply                | N/A         | 10.60       | 81.5                   | 92.10          |
| Office Total Recommended Needs     | Incl in Ind | 11.40       | 10.6                   | 22.00          |
| Office (Need) / Surplus            | Incl in Ind | -0.80       | 70.90                  | 70.10          |
| Industrial Total Supply            | 55.69       | 36.40       | 63.70                  | 155.79         |
| Industrial Total Recommended Needs | 82.30       | 59.60       | 61.50                  | 203.40         |
| Industrial (Need) / Surplus        | -26.62      | -23.20      | 2.20                   | -47.62         |

*\* Supply figures typically provided in ha. therefore a sqm balance is not displayed.\* Excludes strategic sites of DIRFT III, NG RFI, J16 (E8).*

- 4.15 This table identifies that when taking into account supply and need, there is a surplus of 70 ha of B1 office and a shortfall of 47 ha of B2/B8 over the period 2020-2050. Importantly, the residual need has been identified in the former Daventry and Northampton areas rather than in former South Northamptonshire and therefore the WNSP will need to consider this when identifying potential options across the area.
- 4.16 It is noted that there is a significant supply of B1 offices in former South Northamptonshire which generates a significant surplus of Office supply. However some of this supply is on part 2 allocations where the HENA has assumed a split of 50% B1 and 50% B2/B8. These allocations are now starting to come forward and consequently some of this office supply might end up coming forward as B2/B8 and therefore further contributing to the B2/B8 supply and also any potential strategic warehousing need over and above the needs identified. Monitoring the delivery of these sites as they come forward will help to inform this position which will be kept under review.

### **Strategic Warehousing**

- 4.17 The HENA does not attempt to assess in full the strategic warehousing requirements (over 9,000 sqm) for the period to 2050. It takes a light touch approach to considering strategic needs to test the broader findings and recommendations.
- As an alternate to VOA (individual records unavailable at this time) CoStar data indicates that there are 109 warehousing units over 9,000 sqm in the study area (totalling 2.5m sqm) of which 68% are over 10 years old.

- If a unit lifetime is 40 years, then this 68% or 1.7m sqm need replacing by 2050. There is growth in newly arising demand above replacement units.
- In the Leicestershire Strategic Warehousing Needs report<sup>46</sup> the growth element is a further 15-20% of the replacement demand.
- Indicatively, applying such a ratio to the West Northants position suggests that 2.0m sqm of logistics space could be required in West Northants by 2050 covering replacement units and growth build.
- With commitments at Northampton Gateway and DIRFT III making up 1.3m sqm already, there would be a 0.7m sqm shortfall, 175 ha. In comparison, a total need of around 0.9m sqm is recommended (228.5 ha), which could cover local and some strategic needs.

4.18 The HENA recommends that further evidence on strategic warehousing need and the sites suitable to meet this need may be beneficial. The commissioning of such evidence will be considered further as the plan progresses and ideally this will cover a wider than West Northamptonshire geography, particularly given its cross-boundary implications.