Plymouth and South West Devon Joint Local Plan Examination

Response to Inspectors’ Matters Issues and Questions for the Examination Hearings

JLP Councils

Matter 5 The Economy

JLP Councils: 8 January 2018

JLP Councils PSWDJLP Examination Hearing Statement – Matter 5
## Contents

Matter 5 The Economy ................................................................................................................. 3

Evidence Base and Submission documents referenced in this Matter Statement .......................... 3

Issue 5.1: Establishing the objectively assessed economic development needs .......................... 4

Question 5.1(i) .......................................................................................................................... 4
Question 5.1(ii) ........................................................................................................................ 7
Question 5.1(iii) ......................................................................................................................... 13
Question 5.1(iii)(a) .................................................................................................................. 13
Question 5.1(iii)(b) .................................................................................................................. 16
Question 5.1(iii)(c) .................................................................................................................. 21
Question 5.1(iv) ......................................................................................................................... 22

Issue 5.2: Spatial strategy – overall distribution of employment provision ................................. 23

Question 5.2(i) ........................................................................................................................ 23

**Question 5.2(i)(b)** .............................................................................................................. 27
Question 5.2(ii) ....................................................................................................................... 28
Question 5.2(ii)(a) .................................................................................................................. 29
Question 5.2(ii)(b) .................................................................................................................. 31

Issue 5.3: Assessing the supply of employment land to deliver Policy SPT4 ............................... 32

Question 5.3(i) ........................................................................................................................ 32
Question 5.3(ii) ......................................................................................................................... 34

Issue 5.4: Supporting a strong and sustainable local economy (Policies DEV14, DEV15 and DEV19) .................................................................................................................. 40

Question 5.4(i) ........................................................................................................................ 40
Question 5.4(ii) ........................................................................................................................ 42
Question 5.4(iii) ....................................................................................................................... 42
Question 5.4(iv) ........................................................................................................................ 44

Appendix 1 Longevity OBR Comparison 2017

Appendix 2 Langage
Matter 5 The Economy

Main issues – Are the objectively assessed economic development needs soundly based and supported by robust evidence? Are the employment floorspace requirements realistic, achievable and justified by evidence? Does the JLP set out a positively prepared strategy that supports economic development across the plan area and is it justified, effective and consistent with national policy?

Evidence Base and Submission documents referenced in this Matter Statement

- National Planning Policy Framework
- National Planning Practice Guidance
- Employment Topic Paper (TP4)
- Strategy Topic Paper (TP5)
- Governance Topic Paper (TP6)
- Torridge DC, South Hams DC and North Devon DC Employment Land Review (EC1)
- Facilitating Economic Growth in South Hams and West Devon (EC4)
- Employment Land Review 2011-2031 (EC6)
- Employment Land Review 2011-2031: Schedule of Sites (EC6A)
- Plymouth and South West Devon Joint Local Plan Assessment of Employment Forecasts (EC8)
**Issue 5.1: Establishing the objectively assessed economic development needs**

**Question 5.1(i)**

*Is the employment growth methodology robust and justified and consistent with the Planning Policy Guidance?*

5.1 Yes. The approach used in (EC8) Plymouth and South West Devon Joint Local plan: Assessment of Employment Forecasts, as described in EC8 at section 1.2, has followed the advice in paragraphs 160 and 161 of the National Planning Policy Framework (NPPF). The Planning Practice Guidance (PPG) is clear at paragraph 2a-007 that “Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area.” (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts Appendix B also sets out the requirement for floorspace/land for meeting employment need in line with PPG Housing and economic development needs assessments 2a-003.

5.2 As required by the PPG paragraph 2a-009, careful consideration has been given to a range of information and how the data relates to each other. So, the first stage of any employment OAN assessment is correctly defining the functional economic market area (FEMA). In line with PPG paragraph 2a-009, owing to the close alignment of people and jobs based on commuting patterns between places, and the need to draw information about interactions between workplaces, workers and the labour market, it is efficient to plan for employment OAN based on housing market areas (HMAs) that will generate most workers and labour to the local JLP area economy. Plymouth City is the main employment centre in the sub-region, and generally the Thriving Towns and Villages Policy Area is residentially focussed with good access to an employment market not only locally but also commonly in Plymouth City.

5.3 A further consideration in defining a suitable OAN area based on functional economic market is that most up to date local area data is available at no lower than district level. Also, since it is JLP Councils PSWDJLP Examination Hearing Statement – Matter 5
practical for the employment OAN to align with the Plymouth HMA, which also aligns with the district boundaries, and the reliance on accessible statistical data about these places, then the JLP area (HMA area) is a good fit for the purposes of reviewing and planning to address employment OAN. Matter 3.1(i) sets out detailed information in relation to how the HMA has been defined and it is considered appropriate to match the FEMA and the HMA to the same boundary.

5.4 Employment projections used to identify the OAN were therefore commissioned for the JLP area, albeit accompanied by district level figures that would help inform the split of expected demand for employment space across Plymouth and the Thriving Towns and Villages. For transparency and interest, each authorities’ employment forecast is summarised in (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts, Appendix A.

5.5 As the evidence is based on a FEMA/HMA boundary which includes Plymouth City, South Hams and West Devon Local Authority Areas, there will be some parts of the FEMA which fall within the Dartmoor National Park Authority (DNPA). The DNPA are currently working on their Local Plan with a view to getting it adopted in Winter 2018, part of this work includes updated evidence about the economic needs for the DNP area. The JLP Councils will continue to work together to ensure that the policies and proposals within in the JLP complement the economic strategy for each area.

5.6 It has been suggested in the representations received to the regulation 19 version of the JLP that the labour force/housing required to support anticipated economic growth should be broken down to a local authority level. However, the JLP Councils disagree with this approach because it does not reflect the character of the JLP area and how the area functions.

5.7 The advantages of using the JLP area as the functional area for assessing employment OAN is firstly that employment, forecasts become less reliable with increasing geographic and sector disaggregation (noting that sector analysis is required in planning for future employment space, as is case for the JLP),
and therefore district level forecasting is less reliable than the JLP area. Additionally, the main forecasting houses (Experian, Oxford Economics and Cambridge Econometrics) round employment data to the nearest 100 jobs to avoid implying spurious accuracy. This level of rounding causes problems when reviewing specific sectors where the sector jobs numbers are low, as sometimes is the case with local authority area data, which in turn worsens the forecasts reliability for planning purposes. Consequently, HMA wide estimates are considered to be more reliable and appropriate than individual local authority area forecasts.

5.8 Secondly, there are important principles in planning for employment, which tends to be a feature of a strong economy. Strong economies are built on aggregation of jobs, skills, and suitable infrastructure to support communication and interaction between purchases, suppliers and workers. Therefore, the employment balance between where jobs are located and where residents reside should be planned on a best fit with functional areas rather than district boundaries. This is reflected in the national framework (NPPG Para: 007 2a-007), which states that “Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area”.

5.9 As noted above, Plymouth City is the main employment centre in the sub-region, and generally the Thriving Towns and Villages Policy Area is residentially focussed with good access to an employment market not only locally but also commonly in Plymouth City. This is how local economies tend to operate, with certain locations offering a larger number and range of jobs, which are accessible to a wider catchment area offering larger number of potential workers and skills. As such, the constraints of a local authority boundary will be artificial to the workings of a market economy and therefore planning for employment at a district level would be less favourable to the market area, which in this case closely aligns to the HMA JLP area. Consequently, one of the key advantages and purpose behind creating a JLP is to better plan for employment in line with functional markets areas rather than a district boundary.
5.10 In summary the analysis of these factors, which has been explained in the SHMA Part 1 (HO13), demonstrates that the Plymouth HMA, which includes the combined areas of Plymouth, South Hams and West Devon, almost meets the 70% containment threshold for migration and exceeds the 75% threshold for commuting and as such is far more self-contained than individual district area. Consequently, the evidence supported the decision that the JLP area is a pragmatic housing and functional employment market area. But it appropriately recognises that there are overlapping important cross boundary functional relationships that will need to be monitored and addressed going forward.

**Question 5.1(ii)**

Two economic development forecasts have been assessed as set out within the PBA ‘Assessment of Employment Forecasts’ document published in 2017 (EC8) and summarised in TP4. The assessment concludes that both forecasts produce broadly similar trends in jobs growth. The preferred forecast is for 1,020 jobs per year (20,400 over the plan period). The evidence concludes that around 13,200 new jobs will be generated in B-use class industries during the plan period, the remaining jobs to be provided through other uses including retail and health care provision.

a. Is the employment growth methodology based on an objective assessment of need and does it use up-to-date, reliable evidence?

b. Should an economic uplift be applied to the methodology to take account of the LEP forecast for net jobs growth as suggested by representations?

5.11 Yes. The JLP has been informed by Experian sector based employment and economic forecasts (Autumn 2016 run) that were commissioned during the Spring 2017. Experian’s demand driven employment forecasts for the JLP area are based on their regional planning service model. This is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment demand based on the UK National Accounts published by the Office of National Statistics. This is then broken down into sub-national
regions and then further into sub-regional areas and districts based on where sector jobs and the workforce are located, past trends in sector employment growth and future demography based on the same numbers informing the OAN work. Using this model, Experian offer an independent assessment of likely job growth beyond the impact of just the supply side demographic inputs that inform the same forecasts. That is, it is an integrated model of future growth that is influenced by demand in addition to supply-side factors.

5.12 These latest available employment forecasts replaced the employment forecasts used for the Plymouth Employment Land Review 2015 and the Heart of the South West LEP Strategic Economic Plan to inform the future employment space requirements across the JLP area, as referred to under Policy SPT4. These forecasts and their conversions into employment space requirements are set out in (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts, Appendix B.

5.13 The new forecasts cover the whole JLP area and have been informed by the Devon County Council Local 10-year migration projection to test the labour market implications of the latest (2014 based) household projections. The forecasts also reflect a post Brexit assessment, and have been discussed with the JLP Councils’ economic development teams and adjusted for specific sectoral anomalies and to reflect the ambitious economic growth agenda of Plymouth. Consequently, the forecasts are considered an optimistic assessment of economic growth and to be a future scenario which “could be reasonably expected to occur” in accordance with the PPG paragraph 2a-003.

5.14 It is commented within several representations that the employment forecasts should be based on the LEP’s SEP forecasts, because “the purpose of which are aspirational”. While it is agreed that the LEP’s forecast are aspirational, it is not clear how they would break down in to district level estimates that can be aggregated to the HMA area, nor how they relate to demographic projections and the implications for commuting, economic activity and unemployment. Furthermore, the LEP forecasts only cover the period to 2030 while the JLP
runs until 2034. Therefore, it is felt that using these figures would not provide an accurate picture of how the economy is predicted to grow over the lifetime of the JLP. Neither do they offer a practical way to estimate employment change in the JLP area over the 2014 to 2034 period.

5.15 It is suggested in one representation that the employment forecasts do not suitably factor in past trends. For clarity, the employment forecasts do account for past trends since this is an important variable between future performance at the macro (national) level and how this becomes distributed to the local level. Experian forecasts are based on 30 years’ worth of historical information – since 1997. Additionally, Experian is one of the leading employment forecasting institutions in the country, and it would not be unfair to note that they are better able to model the main factors that drive future employment growth. For example, the forecasters do more with the past than a straight line past trend projection because they find out past relationships between different variables and apply these to the future.

5.16 It is also commented in one of the representations that the JLP employment forecasts are not in line with the ONS Business Register of Employment Survey (BRES) data between 2010 and 2014, which if projected forward would show a 7.5%-point change greater than Experian’s forecasts. Despite this small difference, it would be unsound for any forecasts to be based just on a five-year trend because this would not account for any real-world market cycles over a longer (plan) period, nor the impact of BREXIT that will have had no influence on past trends. Also, if you were going to use a simple projection, it would not be robust to base this on any pair of years since job numbers fluctuate from year to year, so the rate of change over any period depends critically on the beginning and end dates chosen. Two data points are not remotely sufficient to measure a trend; any reputable analysis would choose beginning and end years so that they are at similar stages of the business cycle, and take account of each individual year, not just beginning and end points. This better approach has informed the Plymouth and SW Devon forecasts.
5.17 Lichfield’s response to the regulation 19 JLP extensively highlight that the OBR economic activity rate has not been used, and therefore we feel it necessary to explain why this is the case. As Lichfield’s notes, “The OBR projections take account of anticipated changes in future economic activity rates by age and gender to 2060. However, given their purpose is to inform the Fiscal Sustainability Report, the OBR rates only consider economic activity at a national level. It is therefore necessary to apply an adjustment, based on data contained within the 2011 Census and the Annual Population Survey to reflect the local position within the relevant local authority areas. These rates should be applied consistently across all scenarios produced in the assessment of FOAN. Similarly, it is necessary to apply a consistent set of unemployment and commuting rates throughout the FOAN assessment.”

5.18 The focus of Lichfield’s criticism is a need to apply a consistent set of unemployment and commuting. The key area of concern about Litchfield’s suggested approach is that in the real world such variables are dynamic, and it would be best left to economic forecasting houses to decide on the best approach to allow for such dynamic considerations. In doing so, Experian projects forward activity rates for each age and gender group taking into account:

- Announced changes in public policy (including the change to State Pension Age);
- Expected changes in the participation of females in older age groups as evidenced by today’s participation rates of younger cohorts (who will age into those older groups); and
- Expected changes in behaviour connected with improved longevity and health; changes to patterns of work (allowing older people to continue working under more flexible arrangements); and changes in the industrial composition of the economy.

5.19 In contrast, the model used for the OBR is based on a cohort approach, which assumes that:

- In the OBR’s ‘cohort’ projection method, each age-sex group takes forward its current patterns of behaviour into the future.
In particular, young people who came of age in the recession currently have activity rates less than the preceding cohort. This ‘activity rate handicap’ becomes a permanent feature, which this particular group of people carries with it as it ages.

In contrast, in the Experian forecast the starting point for predicting the behaviour of each age-sex group is the behaviour of people who are in the same group today.

Accordingly, the Experian forecast assumes that, as the economy recovers, the group who came of age in the recession also recovers from its low activity syndrome.

5.20 In the light of this analysis, our opinion and Experian’s (see Matter 5 Appendix 1 accompanying this response) is that the OBR rates are probably too low, and that those used by Experian, which take the starting point that the behaviour of an age-gender group is the behaviour of that same group today, are likely to be nearer the truth. This is explained further in the appended note by Experian about the use of OBR activity rates within the Experian model.

5.21 On behalf of the JLP Councils, PBA reviewed the two approaches to activity rates in an earlier exercise that looked at employment forecasts across the JLP area based on the 2012 SNPP demographic projections (the 2014 SNPP projections were unavailable at the time). For this exercise, Experian Economics was commissioned to provide three types of forecasts, agreed between PBA and the study steering group. Each of the forecasts used 2014 as the base year and projected to 2034 to align with the proposed JLP period. In summary, the three forecast scenarios were:

- Baseline employment scenario – the baseline forecasts are informed by the 2012 Sub-national Population Projections and Experian’s derived participation (labour market economic activity) rate forecasts. This baseline was adjusted in consultation with the study steering group to take into account undercounting of jobs in the fishing and defence sectors;
- Bespoke employment projection based on a continuation of the past 10-year migration trends and informed by Office of Budget Responsibility (OBR) participation rates
- The same as the bullet above but with the employment projection informed by Experian’s participation rates.
5.22 The results showed that when Experian’s activity rates were consistently used, the activity rate declined by one percentage point. But when the OBR activity rate was applied to the 10-year population migration trend scenario, the outcome was for the overall activity rate to reduce by four percentage points. This difference had a considerable impact on the forecast employment for the 10-year population trend, with projected jobs increasing by just 7,000 under the 10-year migration scenario using the OBR EA rate, whereas under the Experian participation rates, both the baseline and 10-year population trend scenarios were more in line with BRES employment trends between 2010 and 2014 (+1,100 jobs per annum). The results of this earlier exercise is shown in the table below.

5.23 An earlier review of employment changes across the JLP between based on the 2012 SNPP

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Employment change, 2014 to 2034</th>
<th>Average annual net increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>+19,900</td>
<td>+995</td>
</tr>
<tr>
<td>10-year population trend</td>
<td>+7,000</td>
<td>+350</td>
</tr>
<tr>
<td>(OBR participation rate)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-year population trend</td>
<td>+22,000</td>
<td>+1,100</td>
</tr>
<tr>
<td>(Experian participation rate)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.24 When the 2014 SNPP became available, the forecasts were updated using just the Experian activity rates because this would show more jobs in line with the JLP Councils’ and LEP growth aspirations for the JLP area. Whereas, if the lower OBR economic rates were used then, as demonstrated by the previous exercise, future jobs will be lower because activity rates are lower based on the circularity between jobs demand and labour supply through activity rates, and this issue has become to be known as the ‘logic trap’.

5.25 It is known that future activity rates, like employment, are hard to predict and therefore reasonable people disagree about them. But, as noted above, the Experian projections shows that if future activity rates are as forecast by the OBR then the labour
market would still be in balance because this would reduce the
demand for labour in the HMA as well as the supply, so the
demographically projected population would still provide enough
workers to meet demand.

Question 5.1(iii)
The JLP only allocates sites for B1, B2 and B8 employment uses.

a. Is the requirement for at least 312,700 sqm of net new employment
floorspace, as set out in Policy SPT4, consistent with delivering the
number of jobs needed for these uses?

b. Does it reflect the economic growth ambitions of the area?

c. Is the conversion of jobs into a floorspace requirement based mainly on
assumptions about floorspace per worker appropriate (TP4 Table 1)?

Question 5.1(iii)(a)
a. Is the requirement for at least 312,700 sqm of net new employment
floorspace, as set out in Policy SPT4, consistent with delivering the
number of jobs needed for these uses?

5.26 Yes, the requirement for at least 312,700 sqm of net new
employment floorspace, as set out in Policy SPT4, is consistent
with delivering the number of jobs needed for these uses. This
future requirement has been estimated by translating the
employment forecasts that have informed the housing OAN, and
which were derived using the same population and household
projections that have informed the housing OAN.

5.27 The table set out below shows that 13,230 B class jobs are
required for the plan period 2014-2034. The net new jobs by
sector are converted into B-class land use sectors using the
conversion rates set out in the (EC6) ARUP Employment Land
Review Tables 8 and 9. The consultants PBA used the same
method apart from assuming that offices are planned at an
average of 6,000 sqm per hectare of land based on a blending of
ARUP’s defined conversion rate for town centre (8,000 sqm) and
out of centre offices (4,000 sqm). The jobs figures converted to
B space requirements of 312,673 sqm for the JLP area. This
The specified employment requirement in policy SPT4 is identified as the amount of floorspace that would be needed to support the growth in forecast jobs over the life of the JLP. However, it should be noted that the specified floorspace requirements in SPT4 reflect only the quantified net new jobs over the plan period. That is, they do not account for what might be required to meet gross demand for space irrespective of employment change, for example through natural churn whereby businesses are seeking new space to replace old/obsolete stock. Nor does it allow for a frictional level of supply of necessary vacant land or premises in the market to allow for choice and easy movement of occupiers without impacting on business output and/or property market prices beyond their long run state. For example, without a steady state of available space throughout the JLP period, then there may be mismatches between increasing demand for space happening before any decline and release of existing spaces.
5.29 To allow for churn and healthy choice of employment space to avoid stifling business’s optimal operations, (EC6) Employment Land Review 2011 to 2031 ARUP March 2015 recommended applying a 20% margin on the requirement for new space to meet the net new jobs. This 20% was included in the 82 ha of B-class land area that is also reported in Policy STP4 by adding it on top of floorspace figures listed in Policy STP4 before converting the floorspace requirement into the identified land. Therefore the actual floorspace figures shown in SPT4 represents only the requirement for net new jobs without the 20% margin for churn and choice. (This can be checked by applying the assumed plot ratio (B1 = 6,000 sqm per ha and B2/B8 = 4,000 sqm per ha) conversion in the earlier para 5.27 and the (EC6) Employment Land Review 2011 to 2031 ARUP March 2015 Table 10 to the floorspace figures presented in STP4, which would give 68ha, which with the 20% margin grosses up to the 82ha that is reported in SPT4.)

5.30 Although Policy SPT4 is considered sound in that it reflects the minimum net requirements for employment space. It is recognised that the policy could be improved by including the 20% margin for churn and healthy choice in the listed employment floorspace requirements in SPT4 (as already assumed in the land requirement). This would bring further clarity to the policy and the suggested redraft of the policy has been set out below. Note that these figures are taken from (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts, Appendix B Table A.2. for the JLP area, and from a breakdown of those figures in the working tables used to inform EC8, which are included in this note.

**Policy SPT4**

**Provision for employment floorspace**

The LPAs will provide for a net increase of at least 312,700 375,208 sq.m. of employment floorspace land space within the plan period (equating to approximately 82 ha. of land) to ensure that land space is available in sufficient quantity and of the right quality to drive the economic growth of the city and support the prosperity of rural South West Devon. Within the Plymouth Policy Area provision will be made for:
1. B1a offices - 93,000 111,600 sq.m., with the City Centre as the primary location for new office development and Derriford as a secondary location.
2. B1/B2 industrial - 51,000 61,100 sq.m.
3. B8 storage and distribution - 99,000 118,700 sq.m.

Within the Thriving Towns and Villages Policy Area provision will be made for:
1. B1a offices - 24,000 28,900 sq.m., with town centres identified as the primary location for new office development.
2. B1/B2 industrial - 18,100 21,700 sq.m.
3. B8 storage and distribution - 27,600 33,100 sq.m.

Langage Strategic Employment Site will continue to play a strategic role in meeting the employment landscape needs of the Plan Area in relation to B1b,c, B2 and B8 employment uses.

5.31 The JLP Councils consider that making some adjustments to policy SPT4 would make the policy clearer by setting out the requirements for floorspace which include a 20% margin for churn and frictional choice. However, it is also considered that the policy as drafted is also sound and clearly sets out the minimum net requirements for employment space.

**Question 5.1(iii)(b)**

*b. Does it reflect the economic growth ambitions of the area?*

5.32 Yes, Policy SPT4 does reflect the economic growth ambitions of the area. As already noted in response to Q5.1(ii), the employment forecasts have been discussed with the JLP Councils’ economic development teams and adjusted for specific sectoral anomalies and assessed to ensure that they reflect the ambitious economic growth agenda of Plymouth. Consequently, the requirements for new business space in Policy SPT4, which are based on these employment forecasts are considered an optimistic assessment of economic growth and to be a future scenario which “could be reasonably expected to occur” is in accordance with the PPG paragraph 2a-003.

5.33 The Vision for the JLP area sets out that Plymouth and South West Devon aspire to be a highly successful area which has made the most of its “economic, social, cultural, heritage and natural assets”. The JLP Councils aim to ensure that
development comes forward to meet the needs of its communities for new homes, jobs and services. This Vision is expressed in more detail in many of the Strategic Objectives throughout the plan.

5.34 Strategic Objective 1 (SO1) sets out that the plan will deliver the needs of Plymouth and South West Devon through an integrated approach, which: (SO1 (1)) Maximises growth at Plymouth, recognising its position as the most sustainable location for major development, reinforcing its position as one of the main centres of growth in the South West. (SO1 (3)) focuses growth in the Thriving Towns and Villages (TTV) Policy Area on the six main towns – Dartmouth, Ivybridge, Kingsbridge, Tavistock, Totnes and Okehampton and (SO1 (4)) provides for levels of growth in the towns and larger rural villages sufficient to enable them to continue as the local service centres for the surrounding areas. The JLP Councils have met the strategic objective SO1 through a strategy which focuses on jobs and homes within the city alongside sustainable growth within the TTV.

5.35 The spatial strategy for the JLP seeks to ensure that the plan fully delivers all its needs for housing and economic growth. The PBA work EC8 sets out at EC8 4.2 page 12 that both the baseline and 10 year migration trends set out a requirement for around 20,000 jobs within the plan period. This is an annual growth of around 1,100 jobs, which is consistent with past trends. This will also support the economic objectives and ambitions of the JLP area and the Heart of the South West LEP, which are seeking to encourage growth to this area.

5.36 The Heart of the South West LEP SEP covers Devon, Somerset, Plymouth and Torbay for the period 2014-2030. The SEP sets out an approach to growth which is summarised in EC4 page 21 para 3.1. as one which seeks to:

- Address productivity barriers alongside a focus on opportunities for high growth
- Create job opportunities where these are limited as well as improve the quality of jobs
- Ensure economic growth benefits rural and urban businesses, people and places.
5.37 The SEP set out three key important aims which relate to the JLP area, these are capitalising on distinctive assets; maximising productivity and employment; and creating the conditions for growth. It is important to the economic strategy for the JLP area that these opportunities are maximised. The SEP has described some transformational opportunities which could help transform economic growth in the Heart of the SW, which include the marine sector growth, computer investment and global environmental analytics capabilities and to develop strengths in advanced manufacturing and aerospace.

5.38 Closer analysis of the evidence to support the plan highlights that some sectors in the JLP are expected to grow more than others including:
- Land transport, storage and post
- Accommodation and food services
- Professional services
- Administration and support
- Real estate
- Education
- Health
- Residential care and social work
- Recreation

5.39 To deliver the growth ambitions of the JLP area, there several economy driven initiatives in place. TP4 page 12 sets out that Plymouth City Council along with its partners have been engaged in a substantial economy focused infrastructure and investment planning and delivery. The City’s Growth Board comprising of businesses, LEP, social enterprise, education, health and City Council Leaders have overseen the delivery of the City’s Local Economic Strategy, this document forms part of the delivery plan for the city and will help to deliver the economic strategy within the city.

5.40 In the Thriving Towns and Villages employment and productivity are recognised as being important for economic growth. Raising productivity alongside employment is important and with some
focus on particular sectors such as manufacturing, renewable energy and marine along with support for traditional sectors would provide opportunities to meet the economic ambitions of the TTV.

5.41 EC4 page 34 sets out some potential sectors for growth within South Hams and West Devon, which broadly makes up the TTV. These sectors are construction and property, distribution and logistics, business services and creative media and residential care.

5.42 The tables shown in EC8 pages 13-14 show the projected change in different jobs sectors. The jobs can be divided into two land use sector types:
- B-space sectors – which are jobs such as business and professional services, and some public services, normally occupying offices, industrial and warehousing space that will require what is typically referred to as ‘employment space’. These are defined as B Use Classes
- Non B-space sectors – which are jobs in education, health and retail which are not normally dependant on designated employment space, but can sometimes require their own specialist types of sites and premises. These can often be more service type jobs and often expand alongside housing growth and additional services are required.

5.43 To enable the JLP Councils to meet the economic growth the JLP seeks to ensure that adequate space is allocated to deliver the B-space sector jobs which are required during the Plan period. The PBA work has converted the jobs into a floorspace requirement, using the same basis as the ARUP Employment Land Review (EC6) approach. It should be noted that the space area calculations for both the jobs and the floorspace have been undertaken on a ‘net’ basis, that is the difference between the jobs lost and gained. The corresponding net change in floorspace stock will be the difference between floorspace gained, (i.e through new development) and floorspace lost (for example where industrial sites are cleared and redeveloped for
other uses). Policy SPT4 provides floorspace requirements for the plan area to meet the need for B-space jobs.

5.44 It is also important to note that other jobs will be delivered throughout the lifetime of the JLP in uses other than B class jobs. TP4 Employment Topic Paper P13 sets out a number of the key components for the future strategy of the JLP which are already underway. These schemes will help support the growth of the PPA which in turn will bring prosperity and stability to the JLP areas.

5.45 The Development Policies within the JLP will also help support the delivery of jobs within the JLP area which will in turn help contribute to the economic ambitions of the area. Policies DEV14, DEV15 and DEV16 will help provide guidance to ensure that development is provided for in the right locations.

5.46 In the TTV, the focus of development is around improving the main towns’ self-containment, maintaining the vitality, viability and roles of smaller towns and villages and meeting local needs. Policy SPT4 provides a significant B1 to B8 use base-line policy provision for this while, as for Plymouth, identifying a B1 to B8 supply in excess of this to cater for a variety of contingencies in an area with ambitions for growth in an uncertain time (covering 20 years) that may not be fully captured by the employment forecasts informing the employment space requirements set out in SPT4, and for improving local prosperity by reducing unemployment. This why the floorspace requirements are treated as a minimum provision and the future employment space allocations are more than this to support growth, subject to a monitor and manage approach.

5.47 Therefore it is considered that SPT4 along with the vision, objectives and relevant policies within the plan do support the growth ambitions of not just the JLP area but the wider strategy for the SW as set out in the LEP SEP.
**Question 5.1(iii)(c)**

*Is the conversion of jobs into a floorspace requirement based mainly on assumptions about floorspace per worker appropriate (TP4 Table 1)?*

5.48 Yes. The conversion of jobs into a floorspace requirement based mainly on assumptions about floorspace per worker is appropriate and aligns with the PPG (Paragraph: 034 Reference ID: 2a-034-20140306) guided approach. The method employed is referred to in (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts, Appendix B and explained in (EC6) Employment Land Review 2011 to 2031 ARUP March 2015.

5.49 The floorspace requirement is for the provision of the required B space jobs within the JLP area. The definition of B-space sectors comprises office jobs, industrial and warehousing jobs and is often referred to as business or B-space jobs. To identify these jobs a range of economic sectors are translated into different business type space. Broadly, the analysis assumes that offices (which include R&D) are occupied by financial and business services, a sub section of public administration. Industrial space is occupied by manufacturing, sewage and refuse disposal, some parts of construction, and motor repairs and maintenance. Warehousing is occupied by a variety of transport and distribution activities. The employment change over the JLP period mapped into B-space sectors account for 13,200 net additional jobs, which is 65% of the anticipated total employment forecast growth. The remaining 35% of employment growth is mostly in the services sector, such as retail, hotels, schools and hospitals, etc, which fall outside the standard business class uses.

5.50 To convert jobs into floorspace requirement - a range of evidence and key steps are taken to help inform the final calculations. This is set out in (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts, which outlines the following key steps:

- An analysis of current sub regional employment to establish a baseline position regarding the existing scale, spread and past changes in job
• The development of growth scenarios to provide an indication about the likely net increase in new jobs over the JLP period (please see the response to Matter 5.1ii for more detail in relation to this part of the process)

• Analysis of future economic scenarios that allows the JLP Councils to understand which employment sectors are likely to grow and which might decline. This analysis provides detailed tables (set out in (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts Table 4.1) which provides the baseline employment projections from 2014 – 2034 for each employment sector

• The employment change forecasts are then translated into a space requirement based on the apportionment of job growth across B1, B2 & B8 space shown in (EC6) Employment Land Review 2011 to 2031 ARUP March 2015 Table 8

• The identified net additional business space jobs are translated into net change in floorspace take-up using employment densities, as shown in (EC6) Employment Land Review 2011 to 2031 ARUP March 2015 Table 9. These densities are informed by the HCA (2010) Employment Densities Guide’ 2nd Edition, which was updated in 2015 but with no changes in the business space densities, except for offices where different densities for more types of office spaces are provided, which may suggest that the 12 sqm per office job is at the lower end and possibly should be higher (for example, B1b R&D uses have densities averaging 40-60 sqm per job because of higher provision of shared or communal spaces).

• Lastly, a 20% margin in the employment growth floorspace requirements is added for churn and frictional margin of space over and above the forecast demand, which enables the smooth operation of the market.

5.51 It is considered that this approach, and the evidence gathered to support it, provides the most appropriate methodology for making the calculations.

**Question 5.1(iv)**

*Is the jobs growth/employment floorspace requirement consistent with the level of proposed housing growth?*
5.52 Yes, both the housing and the employment requirements have been calculated using the same population base data to ensure that the approach is consistent. That is the population base that has informed the employment forecast, which has been translated into employment space requirements, is a major influence on future employment growth. The population growth in the employment forecasts is consistent with the level of proposed housing growth that are based on the latest (2014 based) household projections adjusted using a longer term 10-year migration trend and local projections produced by Devon County Council. These latest household projections are also the demographic starting point in the SHMA Part 1 (in line with PPG 2a-015), which uses robust evidence to make an adjustment using a longer term 10-year migration trend and local projections produced by Devon County Council. This is explained in detail in the (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts section 3.2.

**Issue 5.2: Spatial strategy – overall distribution of employment provision**

**Question 5.2(i)**

*Policy SPT4 directs the employment floorspace requirement to the PPA and TTVPA.*

The PPA requirement is:

- 93,000 sqm (B1a offices)
- 51,000 sqm (B1/B2 industrial)
- 99,000 sqm (B8 storage and distribution)

The TTVPA requirement is:

- 24,000 sqm (B1a offices)
- 18,100 sqm (B1/B2 industrial)
- 27,600 sqm (B8 storage and distribution).

*TP4 states that the geographical distribution is based on the pattern of recent completions 2014-2016 and existing commitments and allocations as at 2016.*

a. Are the splits between the employment uses and the Policy Areas justified on this basis?

JLP Councils PSWDJLP Examination Hearing Statement – Matter 5
b. Does the distribution contribute to an effective spatial strategy and will it meet the needs of local communities and be sustainable?

**Question 5.2(i)(a)**
TP4 states that the geographical distribution is based on the pattern of recent completions 2014-2016 and existing commitments and allocations as at 2016.

a. Are the splits between the employment uses and the Policy Areas justified on this basis?

5.53 Partly, the pattern of recent completions 2014-2016, existing commitments and allocations as at 2016 is part of the evidence which supports the geographical distribution of the B-use class space requirement to deliver the planned JLP requirement. As set out in the JLP Councils’ response to 5.1(iii), a range of evidence is used to support the calculation of the requirement for employment space information, while information that the JLP Councils hold about recent completions, commitments and allocations shown in the JLP Figure 3.6 p27 helps provide an understanding of how the economy based on delivery and take up of employment space, and the need to provide for more that the required B-class space over the lifetime of the plan to enable smooth delivery. In particular, there is a concern that much of the allocated floorspace is tied up in planning consents relating to the delivery of developments which will take place over many years, including Sherford, Seaton Neighbourhood, Millbay and Saltram Meadow in the Plymouth Policy Area.

5.54 The B-use class space requirement for the two policy areas is based on the Experian employment forecasts as discussed in the JLP Councils’ response to 5.1(iii)(a) that informed the PBA work (EC8) Plymouth and South West Devon Joint Local Plan: Assessment of Employment Forecasts. EC8 sets out population trend employment projections and the B-space space required to deliver the jobs in the JLP area (based on the Plymouth HMA table that is shown in the JLP Councils’ response to 5.1(iii)(a)). Further tables that provide calculations for Plymouth, South Hams and West Devon were not published but are shown below for the purpose of understanding the split in employment space.
requirements within Policy SPT4 into the two policy areas of the JLP.

**Plymouth 10 year population trend employment projections and B-space requirements 2014-2034 (using Experian’s participation rates)**

<table>
<thead>
<tr>
<th>Economic Activity Rate (%) - 16+</th>
<th>Office (B1)</th>
<th>Manu- (B1c/B2)</th>
<th>Dist (B8)</th>
<th>Total (B class)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry &amp; Fishing WFJ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Extraction &amp; Mining WFJ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing WFJ</td>
<td>-1</td>
<td>-18</td>
<td>-1</td>
<td>-20</td>
</tr>
<tr>
<td>Utilities WFJ</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>52</td>
</tr>
<tr>
<td>Construction WFJ</td>
<td>22</td>
<td>35</td>
<td>35</td>
<td>93</td>
</tr>
<tr>
<td>Wholesale &amp; Retail WFJ</td>
<td>8</td>
<td>8</td>
<td>17</td>
<td>33</td>
</tr>
<tr>
<td>Transport &amp; storage WFJ</td>
<td>103</td>
<td>103</td>
<td>411</td>
<td>617</td>
</tr>
<tr>
<td>Accomodation, Food Services &amp; Recreation WFJ</td>
<td>207</td>
<td>829</td>
<td>415</td>
<td>1,451</td>
</tr>
<tr>
<td>Information &amp; communication WFJ</td>
<td>177</td>
<td>35</td>
<td>0</td>
<td>212</td>
</tr>
<tr>
<td>Finance &amp; Insurance WFJ</td>
<td>323</td>
<td>0</td>
<td>0</td>
<td>323</td>
</tr>
<tr>
<td>Professional &amp; Other Private Services WFJ</td>
<td>3,256</td>
<td>217</td>
<td>0</td>
<td>3,473</td>
</tr>
<tr>
<td>Public Services WFJ</td>
<td>3,637</td>
<td>0</td>
<td>520</td>
<td>4,157</td>
</tr>
<tr>
<td><strong>Total B-space jobs</strong></td>
<td><strong>7,750</strong></td>
<td><strong>1,228</strong></td>
<td><strong>1,414</strong></td>
<td><strong>10,392</strong></td>
</tr>
</tbody>
</table>

**Net Floorspace Requirements (sqm), 2014 – 2034**

<table>
<thead>
<tr>
<th></th>
<th>93,003</th>
<th>50,954</th>
<th>98,962</th>
<th>242,920</th>
</tr>
</thead>
</table>

**Net Floorspace Requirements (sqm) with 20% Margin, 2014 – 2034**

<table>
<thead>
<tr>
<th></th>
<th>111,604</th>
<th>61,145</th>
<th>118,755</th>
<th>291,503</th>
</tr>
</thead>
</table>

**Net Land Requirements (ha), with 20% Margin, 2014 – 2034**

<table>
<thead>
<tr>
<th></th>
<th>18.60</th>
<th>15.29</th>
<th>29.69</th>
<th>64</th>
</tr>
</thead>
</table>

**South Hams 10 year population trend employment projections and B-space requirements 2014-2034 (using Experian’s participation rates)**

<table>
<thead>
<tr>
<th>Economic Activity Rate (%) - 16+</th>
<th>Office (B1)</th>
<th>Manu- (B1c/B2)</th>
<th>Dist (B8)</th>
<th>Total (B class)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry &amp; Fishing WFJ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Extraction &amp; Mining WFJ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing WFJ</td>
<td>-12</td>
<td>-179</td>
<td>-12</td>
<td>-203</td>
</tr>
<tr>
<td>Utilities WFJ</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Construction WFJ</td>
<td>-4</td>
<td>-7</td>
<td>-7</td>
<td>-18</td>
</tr>
<tr>
<td>Wholesale &amp; Retail WFJ</td>
<td>-46</td>
<td>-46</td>
<td>-92</td>
<td>-184</td>
</tr>
<tr>
<td>Transport &amp; storage WFJ</td>
<td>5</td>
<td>5</td>
<td>22</td>
<td>33</td>
</tr>
<tr>
<td>Accomodation, Food Services &amp; Recreation WFJ</td>
<td>82</td>
<td>328</td>
<td>164</td>
<td>574</td>
</tr>
<tr>
<td>Information &amp; communication WFJ</td>
<td>-17</td>
<td>-3</td>
<td>0</td>
<td>-20</td>
</tr>
<tr>
<td>Economic Activity Rate (%) - 16+</td>
<td>Office (B1)</td>
<td>Manu- (B1c/B2)</td>
<td>Dist (B8)</td>
<td>Total (B class)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------</td>
<td>----------------</td>
<td>-----------</td>
<td>----------------</td>
</tr>
<tr>
<td>Agriculture, Forestry &amp; Fishing WFJ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Extraction &amp; Mining WFJ</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing WFJ</td>
<td>6</td>
<td>93</td>
<td>6</td>
<td>105</td>
</tr>
<tr>
<td>Utilities WFJ</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Construction WFJ</td>
<td>26</td>
<td>41</td>
<td>41</td>
<td>108</td>
</tr>
<tr>
<td>Wholesale &amp; Retail WFJ</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Transport &amp; storage WFJ</td>
<td>10</td>
<td>10</td>
<td>42</td>
<td>62</td>
</tr>
<tr>
<td>Accomodation, Food Services &amp; Recreation WFJ</td>
<td>32</td>
<td>126</td>
<td>63</td>
<td>221</td>
</tr>
<tr>
<td>Information &amp; communication WFJ</td>
<td>17</td>
<td>3</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Finance &amp; Insurance WFJ</td>
<td>48</td>
<td>0</td>
<td>0</td>
<td>48</td>
</tr>
<tr>
<td>Professional &amp; Other Private Services WFJ</td>
<td>351</td>
<td>23</td>
<td>0</td>
<td>374</td>
</tr>
<tr>
<td>Public Services WFJ</td>
<td>563</td>
<td>80</td>
<td>0</td>
<td>644</td>
</tr>
<tr>
<td><strong>Total B-space jobs</strong></td>
<td><strong>1,060</strong></td>
<td><strong>305</strong></td>
<td><strong>243</strong></td>
<td><strong>1,608</strong></td>
</tr>
<tr>
<td><strong>Net Floorspace Requirements (sqm), 2014 – 2034</strong></td>
<td><strong>12,720</strong></td>
<td><strong>12,648</strong></td>
<td><strong>17,031</strong></td>
<td><strong>42,399</strong></td>
</tr>
<tr>
<td><strong>Net Floorspace Requirements (sqm) with 20% Margin, 2014 – 2034</strong></td>
<td><strong>15,264</strong></td>
<td><strong>15,178</strong></td>
<td><strong>20,437</strong></td>
<td><strong>50,879</strong></td>
</tr>
<tr>
<td><strong>Net Land Requirements (ha), with 20% Margin, 2014 – 2034</strong></td>
<td><strong>2.54</strong></td>
<td><strong>3.79</strong></td>
<td><strong>5.11</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

5.55 As referred to in the JLP Councils’ response to 5.1(iii)(a), these tables set out the floorspace requirement as net changes in employment over the Plan period, plus the 20% margin for churn and choice within the market.
5.56 So in summary, the floorspace requirements shown in SPT4 have been determined based on the policy area split evidence in the tables shown above (Plymouth for the Plymouth Policy Area, and South Hams and West Devon for the Thriving Towns and Villages Policy Area). This has then been distributed within the different policy areas using local knowledge and evidence about commitments, completions and existing allocations to inform where the individual allocations within the JLP policy areas are located. This distribution also seeks to ensure that the spatial strategy for the employment space meets with the vision and objectives set out in the early part of the JLP (SO1).

**Question 5.2(i)(b)**
*Does the distribution contribute to an effective spatial strategy and will it meet the needs of local communities and be sustainable?*

5.57 Yes, the distribution of the employment space will contribute to an effective spatial strategy.

5.58 To ensure an effective spatial strategy that will meet the needs of local communities and be sustainable, many local factors have been considered, as set out in Para 3.36 of the JLP. This states that the minimum floorspace requirement has been distributed between policy areas based on the following principles:

- Ensuring that employment space is available - to provide employment opportunities - for people living in the new homes
- Focusing employment growth on Plymouth PA recognising the City’s ambitions for economic transformation and growth, and that Plymouth provides the largest concentration of employment and housing growth opportunities within the HMA
- The need to maintain the viability and viability of and a level of self-containment for the main towns and villages. In town centres this will ensure that the sites of an appropriate scale exist for employment opportunities to come forward, providing choices for people to work without travelling to the larger settlements.
5.59 The strategy aims to meet policy objectives by maximising the growth in the Plymouth Policy Area, in particular within the economic nodes of the city centre/waterfront, Derriford /Northern Corridor and eastern corridor. Outside of the Plymouth Policy Area it is important that the thriving towns and villages also contribute to the economy of the area by ensuring that space is available to meet the future requirements, particularly around Okehampton, Ivybridge and Totnes.

5.60 It is considered that the distribution of the employment space throughout the JLP area will contribute to an effective spatial strategy and will meet the needs of the local communities by providing opportunities for a range of scale and type of jobs to be provided throughout the JLP area.

**Question 5.2(ii)**
The Langage Strategic Employment Site within the PPA is specifically referred to within Policy SPT4 and it also has its own Policy PLY51. This latter policy refers to the site providing for about 247,300 sqm of employment floorspace for B1, B2 and B8 floorspace.

a. Is this amount of development proposed to come forward from the site during the plan period and if so should it be referred to in Policy SPT4?

b. How does the amount of floorspace at this site relate to the total PPA requirements set out in SPT4 as it meets these on its own?

5.61 It should be noted that there is an error in the employment floorspace figure for Langage included in both the JLP para 3.38 and Policy PLY51. We have added the correction to a schedule of potential further modifications to the plan. The figure should be 243,000 sqm. The figure has been calculated in the following way:

- Draft work undertaken in 2015 by Langage Energy Park Ltd on refreshing Langage strategic masterplan, which identified potential developable plots (see Matter 5 Appendix 2). The indicative figures for each potential plot have been added together to create an estimate of the employment capacity for the site, excluding those plots on the part of the site now occupied by a recently constructed solar farm (which affects plots 8-13 and H (see Attachment B of the document in...
Appendix 2). This accounts for about 237,500 sqm of the floorspace identified in Policy PLY51.

- The inclusion of additional available land (1.39 hectares) at Holland Road, based on a plot ratio calculation of 4,000 sqm floorspace per hectare. This accounts for about 5,500 sqm of floorspace.

**Question 5.2(ii)(a)**

Is this amount of development proposed to come forward from the site during the plan period and if so should it be referred to in Policy SPT4?

5.62 It is not anticipated that all the floorspace identified will come forward during the plan period. Indeed, as discussed under Matter 7 (Question 7.4iv) there are significant constraints, particularly in relation to transport infrastructure, which will need to be overcome before the site’s development potential is fully realised. However, notwithstanding this, and for the reasons set out below, the JLP Councils consider this an important site allocation for the JLP.

5.63 Langage is already a strategically important employment location and has long been identified in former Structure Plans, Regional Plans / Regional Spatial Strategies, and local plans (in both Plymouth and South Hams) as an opportunity for a Strategic Employment Site of regional significance, providing a specific offer which cannot be replicated in the city itself (for example, see references in document PCC7, page 17, and Employment Land Review for South Hams, EC1, particularly paras 10.18, 10.23 and 10.25). In this respect, considerable investment has taken place in the last decade, including the construction of a power station and the compulsory purchase of land in 2016 to bring the site identified in PLY51 substantially under a single landowner (Langage Energy Park Ltd).

5.64 This is supported by the Plymouth Employment Land Review (EC6, in particular paras 3.6.1, 5.5, 6.2.3) which confirms that further extensions to the employment area at Langage could have a role to play in providing large scale employment allocations given that land supply to the east of the city is limited and market signals have identified a noticeable increase in demand for premises with close...
proximity to the A38 over recent years. This review confirms that the administrative area of Plymouth has, at best, limited capacity to accommodate the largest B8 investment opportunities and that undevolved land at Langage, whilst falling outside of the administrative area of the city, could potentially make significant contributions to meeting the needs of Plymouth.

5.65 Langage is therefore a unique offer for the plan area by virtue of its scale, its location in relation to the strategic highway network and at the eastern edge of the city, and the potential synergies with other uses, providing an opportunity that other sites cannot match for strategic employment uses and large footprint employment developments, with a long-standing history of support and investment. It helps in delivering resilience into the local economy not just for the city but for the wider sub-region, and positions the plan area for the type of employment investments that could deliver a step change in the longterm performance of the local economy.

5.66 It is our view that the plan needs to send a very positive message about the importance of Langage, even if the realisation of its full employment potential will take many years and probably stretch beyond the timeframe of this Local Plan. We see it as an important role of the JLP not just to manage what we are anticipating will happen in the plan period but also to take a longer-term view, and to provide a positive planning strategy that promotes development opportunities and provides market confidence about the investment opportunity (consistent with the NPPF para 157 fifth bullet point).

5.67 It is for the above reasons that we felt it appropriate to include reference to Langage within Policy SPT4, as well as allocate the site through PLY51. However, on further reflection it is not felt that it is appropriate or necessary to set out the floorspace for Langage in SPT4. This is because Policy SPT4 is primarily about setting out the overall objectively assessed need for employment floorspace and the spatial distribution of that need, as discussed in the JLP Councils responses to Question 5.1(iii).
Question 5.2(ii)(b)
How does the amount of floorspace at this site relate to the total PPA requirements set out in SPT4 as it meets these on its own?

5.68 Given the unique strategic nature of this site to the Plan Area and the JLP’s primary aim for Langage to identify and protect the opportunity for strategic employment investment, the site is best seen as supporting the JLP as a whole rather than either particular policy area. This position is set out in Policy SPT4.

5.69 However, in hindsight, we can see that the inclusion of Langage in Figure 3.6 (supply table) has ‘skewed’ the information, creating the impression of a huge over-supply of employment land within the PPA. Our commentary in paras 3.38-3.40 of the plan sought to explain this but we think it would be better to treat Langage as a case on its own, and exclude it from the Figure 3.6. A revised supply table is included under Question 5.3(ii) and put forward in a schedule of potential further modifications.

5.70 It should be noted that the exclusion of Langage from the supply table creates a hypothetical shortfall in the supply of potential B8 sites of about 60,000 sqm. However, we don’t think that this raises any major concerns given the:

- Potential clearly exists to bring some land forward at Langage ahead of transport infrastructure improvements for B8 type uses, which generally have a lower employment density than B1/B2 and lesser transport impacts. Additionally, it should be noted that there is an old consent for about 40,000 sqm of unconstrained B-use class development in the allocated Langage site, which has been kept alive by groundworks.
- Inherent flexibility in the plan, in that many allocations in the JLP are for a range of B-class uses.
- Inherent flexibility of employment buildings, where production and distribution space (industrial and warehousing) can be categorised into one type of space called ‘industrial/warehousing’ because they generally operate in the same buildings and, furthermore, subject to
size limitations, that space can be transferred between production and distribution without planning permission.

**Issue 5.3: Assessing the supply of employment land to deliver Policy SPT4**

**Question 5.3(i)**

*Is the methodology used by the Councils for employment site assessment and selection robust and justified and in accordance with the Planning Policy Guidance?*

5.71 Yes. The JLP Councils have used a robust methodology for assessing employment sites in accordance with the PPG, as identified in the JLP Councils responses to 5.1.

5.72 In the first instance the JLP Councils undertook an assessment of site options which followed a process set out as the ‘Site Selection Methodology’, this is shown at SUB9F. The process set out in the site selection methodology is essentially a sifting exercise to help the JLP Councils narrow down the possible choices or reasonable alternatives which were considered to be possible options for development. Every piece of land identified through the early stages of the SHLAA process was put through the site selection process. It should be noted that the initial identification of sites for the SHLAA included all land identified through a variety of sources, this included both possible housing and employment land.

5.73 The work on the assessment of land availability also helped identify space which was in employment use or space which was proposed for employment use. Many of the sites which are identified for employment uses have been previously identified in existing plans and therefore many of these sites have been identified in Employment Land Review documents.

5.74 Plymouth City Council published an Employment Land Review in March 2015 (EC6). This document was prepared to help support the preparation of the Plymouth Plan which was intended to cover the period 2011-2031. The purpose of the review was to:

JLP Councils PSWDJLP Examination Hearing Statement – Matter 5
• Present projections for economic and employment growth and translate this into employment space requirements for the period 2011-31
• Establish the current availability of employment space and undertake an appraisal of the prospects of these sites coming forward for development; and
• Set out recommendations on the safeguarding of employment space and potential designation of new employment space

5.75 The Employment Land Review 2015 undertook an appraisal of existing sites and reviewed the overall quantity and quality of the supply within Plymouth and what was known then as the Plymouth Urban Area. This process enabled the creation of a schedule of existing employment sites based on the 2006 ELR, updated employment land survey, existing planning permissions, plan allocations and a call for sites. This process resulted in (EC6a) Employment Land Review 2011 to 2031: Schedule of Sites. This has helped inform the selection and assessment of sites for employment uses.

5.76 In the Thriving Towns and Villages the last published employment land review (ELR) was in 2006, which identified an appropriate mix of new sites and premises to meet the needs of the local authorities. The review was a joint exercise between South Hams, West Devon, North Devon and Torridge Councils and was prepared by GVA Grimley. This process resulted in some employment allocations being identified within South Hams and West Devon.

5.77 In preparing the land supply for the TTV area each site previously identified as part of the potential employment supply was reviewed to see if it remains relevant, and appropriate for carrying forward as an allocation. The assessment of these sites concluded that they were largely still suitable for development, so the primary consideration was whether there was any prospect of them being delivered in the lifetime of plan if they had not already been progressed. This was generally assessed on whether there was any evidence of a willing landowner to release the site or any planning application or pre-application
discussion relating to a site that may be underway to meet future employment requirements within the JLP area, and the allocated sites are considered to be reasonable sites with a realistic prospect for meeting all the employment requirements over the JLP period.

5.78 However, delivering employment land within the TTV can be challenging, and so many of the sites within the TTV area are for mixed use where the JLP seeks to deliver employment land alongside housing land within key locations. The JLP Councils recognised the importance of regular review of employment land availability and progression and the JLP Councils are committed to regularly updating their supply and progress on sites (see following paragraphs) This will also help inform future reviews of the JLP to ensure that the JLP Councils can determine whether sites have a reasonable prospect of coming forward during the plan period.

5.79 The JLP Councils consider that the assessment process used for the employment space is robust and justified. Land has been allocated in locations which meet with the spatial strategy within the JLP and it is considered that these proposals, alongside future monitoring, will deliver sustainable development.

**Question 5.3(ii)**

JLP Figure 3.6 (p27) summarises employment land supply at 2016 as being potentially able to deliver 788,004 sqm. This is substantially in excess of the requirements set out in the JLP, as recognised by the Councils. Is the approach of allocating more employment land than is necessary to meet needs justified? In particular:

As suggested by the Councils, is it reasonable to treat the floorspace allocation figure with caution due to factors such as the potential for lower site coverage ratios, vacancies, lapsed permissions and loss of existing premises etc?

Is there any evidence that the allocations proposed would result in a significant over-supply or under-supply for specific employment sectors?

5.80 We would like to put forward a modified version of Figure 3.6, which corrects a rounding error in the supply table to one of the figures and also addresses the following:

JLP Councils PSWDJLP Examination Hearing Statement – Matter 5
• The removal of Langage employment floorspace of 247,300 sqm (PLY51) as discussed in answer to Question 5.2(ii)(b), instead treating this as a separate category. It is a site that requires considerable transport infrastructure investment to realise its potential; and delivery may go beyond the plan period; but is identified as an allocation as a strategic employment site providing long term opportunity for major investment and large scale uses.

• The removal of Woodland Yard employment floorspace of 5,500 sqm (TTV29.10), because the policy is for replacement of existing floorspace rather than a net increase.

These changes are identified in a Schedule of Potential Further Modifications.

<table>
<thead>
<tr>
<th></th>
<th>Plymouth Policy Area</th>
<th>Thriving Towns and Villages Policy Area</th>
<th>Plan Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B1a office</td>
<td>B1/B2</td>
<td>B8</td>
</tr>
<tr>
<td>Completions 14-16</td>
<td>2,283</td>
<td>10,627</td>
<td>5,033</td>
</tr>
<tr>
<td>Outstanding permissions</td>
<td>42,405</td>
<td>89,950</td>
<td>35,628</td>
</tr>
<tr>
<td>Allocated sites</td>
<td>96,366</td>
<td>53,533</td>
<td>15,767</td>
</tr>
<tr>
<td>Total supply</td>
<td>141,054</td>
<td>154,110</td>
<td>56,428</td>
</tr>
</tbody>
</table>

5.81 It is acknowledged that this table shows that the potential supply of B-use employment land is more than the requirement. Owing to specific factors which must be carefully considered, the JLP Councils feel that this indicative oversupply of space is appropriate, as explained in the Employment Topic Paper (TP4) Page 9.

5.82 It is first worth noting the overall approach we have taken to the allocation of employment sites within the JLP. Although we are aware that we must allocate sufficient sites to meeting objectively assessment need (consistent with the NPPF para 17 third bullet point, and para 157 fifth bullet point), we have also had particular regard to making allocations which:
• Provide a range of sites (consistent with the NPPF para 23 sixth bullet point). Although the Framework advocates this principle particularly in the context of town centre uses, we consider that this is a generally helpful principle, particularly in relation to employment uses generally. We consider it important to identify a range of suitable sites to provide flexibility for the market to meet the growth and sustainable community needs of the area, highlighting the investment opportunities that are available. In this respect the site allocation strategy is positive rather than restrictive.

• Identify sites as part of a positive planning strategy to promote development opportunities and provide market confidence about the investment opportunity (consistent with NPPF para 157 fifth bullet point).

• Positively planning for flexible use of land where appropriate, e.g. through mixed use allocations which might be less prescriptive about a balance of uses where appropriate (consistent with NPPF para 157 fifth bullet point).

5.83 There is an apparent ‘over-allocation’ on the basis that we need to provide a range of sites and opportunities for the market. If we match supply to need too precisely we run a considerable risk of over-constraining the markets potential to deliver and losing business opportunities that would otherwise invest.

5.84 Our intention is to have a flexible economic strategy within the JLP to help deliver sustainable growth in key locations and in turn to provide flexibility and to promote opportunities for economic growth. There are many factors we need to consider in ensuring there is a sufficient supply.

5.85 Some of the larger sites within the supply will need to provide for key infrastructure, carparking and other associated land uses which could mean that the amount of net floorspace delivered could be less than anticipated within the identified sites.

5.86 Some of the floorspace divisions are not known for certain at this stage. For example, the Sherford New Community is
proposed to provide 67,000 sqm of employment floorspace across the B class uses, however at this stage in the plan making process it is unclear how the land will be delivered. The divisions between the different use classes could change and this will result in a different number of jobs provided. For example, B1 uses can provide jobs at densities as high as 8 sqm per job while B2/B8 uses can create jobs as low as 200 sqm per job. Paragraph 1.18 at the start of the plan makes it clear that any employment floorspace figures included within policies and proposals are based upon assessments taken during the JLP preparation process and are potentially subject to change through the detailed design work associated with a planning application.

5.87 There is a need to ensure that there is capacity to allow for likely churn and available vacancies in the supply. PBA suggest an additional 20% addition for this. The JLP Councils’ response to MIQ 5.1 (iii)(a) sets out how this could alter the requirement figures.

5.88 It is important that the site allocations allow for a selection of sites to meet all needs and business requirements in different locations throughout the JLP area.

5.89 Some of the floorspace identified in the JLP is tied up in long term planning consents for example at Sherford, Seaton Neighbourhood, Millbay and Saltram Meadow. It will be important that the delivery of these sites is monitored and that sites are available for businesses which wish to locate to the JLP area in the short term.

5.90 It is also a possibility that given the JLP approach for a flexible economic strategy, supporting all types of jobs in accordance with the PPG, that where employment land allocations form part of a mixed-use scheme that the land may come forward for other non-traditional -class uses such as health, education, recreation or retailing.

5.91 The JLP Councils are committed to ensuring that adequate employment space is allocated to meet the requirement for the plan period. However at this stage in the provision of the JLP
the Councils felt that it was important to retain key allocations within the Plymouth and TTV policy areas. The JLP Councils are committed to continuing to review the sites allocated for employment and they will continue to be assessed in future revisions of the land availability assessment (see reference to future monitoring in the following paragraphs).

5.92 As the JLP Governance Topic Paper (TP6) identifies, there is a need to regularly review the evidence base for the JLP. As part of this governance arrangement, the employment space allocations in the JLP will be subject to regular monitoring of development and economic circumstances. Also, the JLP Councils are committed to continuing the annual review of employment space delivery and will also ensure that this helps inform future reviews of the plan when the reasonable prospect of employment sites coming forward for employment uses will be reviewed across the whole plan area.

5.93 So, where it is evident that there is unexpectedly slow or rapid progress in delivery of employment sites, then new or revised employment land allocations should be undertaken as part of the Local Plan review. This will start immediately.

5.94 Of relevance to the JLP will be any relevant changes to the LEP Strategic Economic Plan (SEP) because the JLP Councils need to ensure that their adopted and emerging employment allocations are in general conformity with the SEP. Should any employment space allocations fail to be in general conformity, then the JLP site allocations are likely to require revision. At this point the JLP Councils will consider whether a new or revised employment land review study is required.

5.95 In addition, the JLP policy SPT4 is based on the best knowledge available at the time. As such, the employment space requirements based on the employment forecasts reflect a snapshot in time and, like all forecasts, are never certain and often wrong. Nevertheless, we must use them because no other tools are available to help you plan for the long term – which you are required to do by national guidance. There is another, and less obvious, difficulty in planning for the long term: while
forecasts and Plan periods have a definite end date, in reality time will not end abruptly at that date. Good planning must take account of both the near and the far future, in different ways and with different degrees of precision, with no hard and fast dividing lines between distinct periods. The best way to deal with these difficulties of course is to Plan, Monitor and Manage. In this approach, analysis and forecasting and the resulting policies will be periodically reviewed and rolled forward because the end of the planning period should never be reached. In this spirit, the JLP Councils will undertake the following approaches to monitoring:

- Review employment forecasts and the resulting demand forecasts at 3-year intervals and when there are major step changes in the economy or strategic guidance;
- Review employment forecasts should there be significant revisions to the inputs in forecasting employment. For example, a dramatic upward revision of previous national population estimates might suggest a different out-turn of employment forecasts for the study and therefore implications for planning land supply;
- Continuously monitor key economic data, especially employment change by sector and the impacts of BREXIT as more information becomes known;
- Engage with local stakeholders including property agents, developers and land owner on a regular basis; and
- Continuously monitor demand, supply and market balance, covering:
  - Development completions (land demand) and commitments (land supply), focusing on net floorspace change (both negative and positive);
  - Vacancy rates (for land and floorspace), rentals and land values compared to competing areas, which provide a direct measure of the balance;
  - Insofar as possible, business relocations and expansions into and out of the JLP area together with enquiries for business space.

5.96 In summary, at this stage in the provision of the JLP, the Councils feel that it is important to retain key allocations within
the Plymouth and TTV policy areas to support the JLP Council’s ambitions for growth in an uncertain time (covering 20 years).

5.97

5.98 It is not considered that this will create either an oversupply or an undersupply in particular sectors, but it does ensure that there are a range of sites in different locations to meet the needs of the JLP area. This provides the much needed flexibility to help JLP deliver its economic strategy alongside its housing strategy and to meet the vision and objectives of the JLP.

**Issue 5.4: Supporting a strong and sustainable local economy (Policies DEV14, DEV15 and DEV19)**

**Question 5.4(i)**

*Do the policies in the JLP provide sufficient flexibility to accommodate unanticipated employment needs and to allow a rapid response to changes in economic circumstances in accordance with national policy?*

5.99 Yes, the policies within the JLP seek to ensure that the Plan has sufficient flexibility to deal with unanticipated employment needs and to allow a rapid response to changes in economic circumstances. A key part of delivering economic growth is ensuring that there is sufficient space available to meet the needs over the lifetime of the JLP. Policy SPT4 sets out the space requirements for employment, and key sites allocations within the JLP have been allocated throughout the whole of the JLP area. These sites range from key strategic sites such as Langage (PLY51) to serve a regional/national demand to smaller mixed use development sites such as Plymouth Road in Tavistock (TTV22) to service local growth, churn and provide choice, include additional space for achieving more ambitious growth to reduce local unemployment and increase prosperity.

5.100The JLP Councils have planned proactively to meet the development needs of business and have included a strategy and policies within the JLP that will help deliver economic growth in line with the NPPF paragraphs 18-22.
5.101 The JLP sets out clear economic vision for the JLP area within the overall vision for the area (JLP Chapter 2. P8). The JLP notes that the JLP area will be a ”highly successful sub region, whose people and businesses will benefit greatly from having both a major city and a network of high quality towns and sustainable rural communities”.

5.102 The JLP has identified a range of sites for economic uses and has set out criteria based policies to help support both existing business sectors and provide opportunities for new or emerging sectors which are likely to locate to the area (these are covered in more detail in Matters 7 and 8). SPT4 ensures that sufficient employment space of the right quality is identified to drive the economic growth of the city and to support the prosperity of the Thriving Towns and Villages through recent review of the Plymouth allocated sites in EX6 and the TTV allocated sites.

5.103 Alongside the allocations within the JLP, DEV14 provides a criteria based policy which seeks to maintain a flexible mix of employment sites, DEV15 sets out criteria based policies to support the rural economy and DEV19 supports the provision of local employment and skills within major development proposals.

5.104 If a development proposal came forward which was outside of the anticipated needs identified within the JLP, then there are sufficient policies for the JLP Councils to deal with this within the plan. For example, SPT1 provides overarching guidance supporting economic growth in sustainable locations. In achieving this, development proposals would be encouraged to locate on land identified within the JLP. In the unlikely event that no suitable space were available for the proposed uses, then the proposals would be assessed using other policies within the JLP. In particular, the proposal would need to demonstrate how it would meet with the spatial priorities and objectives set out for each of the growth areas in the Plymouth Policy Area and also the spatial priorities for the Thriving Towns and Villages.
5.105 DEV15 provides support for the rural economy by setting out criteria that seek to improve the balance of jobs in rural areas when determining planning applications.

**Question 5.4(ii)**
Is Policy DEV14 consistent with paragraph 22 of the Framework, particularly in circumstances where there is no reasonable prospect of a site being used for the allocated employment use?

5.106 Yes. DEV14 allows for employment land to change use where it meets with criteria set out in the policy. One of which relates to the reasonable prospect of future use as set out at DEV14.1iii.

5.107 The intention of including DEV14.2iii was to recognise that employment space is allocations for a positive planning reason. However, in hindsight we can see that DEV14.2iii could be interpreted as inconsistent with the NPPF para 22 and so we would support its removal through a minor modification to the JLP.

**Question 5.4(iii)**
iii In relation to Policy DEV15 which supports the rural economy:

a. Is it clear that other policies will also apply to development proposals?

b. Is the setting of a threshold in point 5 appropriate and justified by evidence and how will it be monitored and enforced?

c. Should point 7 refer to other designations besides the Undeveloped Coast policy area?

a. Is it clear that other policies will also apply to development proposals?

5.108 The JLP should be read as a whole document and all relevant policies will be used to determine planning decisions. However it has been recognised that a number of minor modifications could be added to this policy to ensure that this is clearer. It is proposed that clarity is improved with respect to evidence that JLP Councils PSWDJLP Examination Hearing Statement – Matter 5
will be needed in the context of wider policies to safeguard the environment. Therefore some minor modifications have been proposed, these proposed modifications can be seen in document EC10A, pages 43 and 44 ref M241, M242 and M243.

5.109b. *Is the setting of a threshold in point 5 appropriate and justified by evidence and how will it be monitored and enforced?*

5.110 Yes, Criterion 5 seeks to prevent the creation of large retail outlets in the countryside where these would lead to a significant adverse impact on the sustainability of communities. The JLP Councils consider that this (and the whole policy) responds to the provisions of the NPPF bullet point 4 of paragraph 28:

- promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship.

5.111 The adverse impacts that the policy seeks to avoid are increased congestion and risk to highway safety associated with HGV deliveries to a countryside location of goods from outside the Parish / District / Borough. Also the impacts on the vitality of the network of services provided to communities in individual villages and in clusters of villages and hamlets because the loss of local services could significantly impact the degree of isolation experienced by rural communities.

5.112 It is the intention to provide further guidance in the TTV SPD with respect to monitoring and enforcing Policy Dev15. This would include clarification that the reference to goods ‘produced’ is with respect to commodities grown and reared rather than manufactured. The SPD would also clarify how planning conditions would name the specific parishes pertinent to each proposal. The 75% requirement is a way of ensuring that the business can be considered sustainable. This provides flexibility for up to 25% of goods potentially being ‘imported’.

5.113 Incremental growth (scope and volume) of retail activities at outlets such as Garden Centres continue to represent a risk to a
sustainable balance of rural services. In South Hams in particular there has been a high profile enforcement case where it has proven difficult to maintain appropriate restrictions in this context.

c. Should point 7 refer to other designations besides the Undeveloped Coast policy area?

5.114 The Undeveloped Coast is specifically identified since development of any kind is not likely to be appropriate. Tourism development is more likely to be acceptable, particularly the AONB, since it is a critical source of income and employment that can support the objectives of the AONB Management Plan. It is considered that protection from inappropriate development in areas of ecological designation would be provided by other policies including Dev28.

**Question 5.4(iv)**
*Is it appropriate for all major development proposals to enter into site related employment and skills plans as set out in Policy DEV19?*

5.115 Yes, it is considered appropriate for all major development proposals to enter into site related employment and skills plans. The CITB/National Skills Academy for Construction approach to construction workforce development associated with construction projects is already applied within the Plymouth local authority area and to the cross-boundary Sherford development area.

5.116 The approach relates to the construction activity output requirements for employment and skills (including apprenticeships) where the overall construction costs are more than £1m. The approach operates successfully, with considerable construction industry support.

5.117 It is therefore considered appropriate that:
- The £1m threshold continues as the basis for considering a development project as ‘major’. For indicative purposes this
is translated into projects for 10 or more dwellings or 1,000 sqm or more of commercial floorspace; and

- It will apply across the whole of the JLP area subject to local management/monitoring arrangements being in place.
Comparison between Experian and OBR Participation Rate Projections

by Callum Cartwright & Sunil Joshi
July 2017

Introduction

As part of their January 2017 Fiscal Sustainability Report (FSR), the Office for Budget Responsibility (OBR) published updated participation rate projections to 2066 by gender and five-year age band. As in 2015, following the release of the previous FSR, we will compare and evaluate the latest OBR projections with our own, with particular focus on what has changed since 2015.

- We will compare Experian’s most recent projections with those of the OBR;
- We will explain Experian’s projections; and
- We will offer an assessment of OBR’s projections.

Comparison

Firstly, Experian’s projections have a different purpose to those in the FSR. The purpose of the FSR paper is to “…assess the long-term sustainability of the public finances”. Experian’s projections are intended to produce a realistic forecast for the labour market in order to drive our macro, regional and local forecasts.

Secondly, Experian’s horizon reaches out to 2040(1) whereas the FSR projects as far as 2066.

In Appendix A, we set out Experian and the FSR’s projections of activity rates for people aged 16-64 and 65+, as well as the overall participation rate for the population aged 16+.

Experian’s projection for participation rates for those aged 16-64 reaches 80.3% by 2037, compared with the FSR projection of 78.6% by 2037. Meanwhile, for those aged 65+, the FSR forecast reaches 14.1% and Experian’s rises to 17.7% by 2037. When comparing the latest FSR projections with the previous edition, the forecasted participation rate for those aged 16-64 is now two percentage points higher by the end of the forecast period. Over the same period, Experian projections have generally remained stable relative to the previous set of forecasts, with an increase of less than one percentage point from old to new. In addition, the FSR projections

(1) The initial forecasts contained in this report reach out to 2037, but it has been deemed necessary to extend this to 2040 in some cases.
for those aged 65+ plus have changed from 13.7% for 2035 previously to 14.1% for 2037, with Experian's projections similarly shifting from 16.7% for 2035 previously to 17.7% for 2037. The main cause of this increase in the case of our own forecasts is our incorporation of the recently announced State Pension age increase to 68 between 2037 and 2039, as outlined in Appendix B below.

<table>
<thead>
<tr>
<th>Age Band</th>
<th>Previous forecast end points (2035)</th>
<th>Latest forecast end points (2037)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-64</td>
<td>OBR 76.5% Experian 79.6%</td>
<td>OBR 78.6% Experian 80.3%</td>
</tr>
<tr>
<td>65+</td>
<td>OBR 13.7% Experian 16.7%</td>
<td>OBR 14.1% Experian 17.7%</td>
</tr>
<tr>
<td>16+</td>
<td>OBR 58.3% Experian 61.4%</td>
<td>OBR 59.7% Experian 62.0%</td>
</tr>
</tbody>
</table>

Source: Experian, OBR

Both Experian and the FSR's 16+ participation rates decline throughout the forecast due to the aging of the population. The FSR projections fall more sharply than Experian's, due mostly to the different 16-64 participation rates. Experian's projection declines to 62% in 2037, while the FSR's falls to 59.7%.

In each case, the OBR’s projections have shifted towards our own throughout the forecast period.

**Experian’s Projections**

The full rationale for Experian’s projections is set out in Appendix B below, which takes into account the 2014 national population projections and more recent data on participation rates by age and gender.

In summary, Experian projects forward activity rates for each age and gender group taking into account:

- Announced changes to public policy (in particular the change in State Pension Age (SPA));
- Expected changes in the participation of females in older age groups as evidenced by today's participation rates of younger cohorts (who will age into those older groups);
- Expected changes in behaviour connected with improved longevity and health; changes to patterns of work (allowing older people to continue working under more flexible arrangements); and changes in the industrial composition of the economy (especially the shift to services.)

These activity rates are applied to the population projections to produce activity rates for the 16-64, 65+ and 16+ age groups. The full breakdown by age and gender is set out in the note.

**Assessment of the OBR’s approach**

The model used in the FSR is based on a cohort approach. The key distinction between this and Experian’s approach is that Experian's starting point for the behaviour of an age-gender group is the behaviour of the same group today. FSR on the other hand, takes as its starting point the current behaviour of the people who will age into that age-gender group in the future.
The consequence for this approach is that if a younger cohort today has – for some reason – a reduced participation rate, this reduction in activity rates will be perpetuated throughout its life-cycle. This means that reduced participation rates in a younger age group today will lead to a permanent decrease in comparison to older generations.

This trend was particularly prominent in the supplementary tables to the FSR 2015 (published 05/11/2015), especially for males. Although participation rates differ consistently between age bands throughout the forecast, the 2015 FSR model forecast a permanent decrease in the activity rate of the cohort that was aged 25-29 in the medium term.

The effect is still apparent in the supplementary data of the FSR 2017 (published 17/01/2017), with staggered declines of approximately two per cent over a 12-year period for males aged 40-44, 45-49 and 50-54, but the trend is far less pronounced this time. The new history available since the FSR 2015 is presumably a key factor in the OBR’s revised forecasts, with participation rates of 91.08% and 90.47% for males aged 25-29 in 2015 and 2016 respectively turning out as 91.5% and 91.7%. The higher turnout for these figures, among other factors, has evidently reduced the extent to which the ‘cohort effect’ is carried forward over time. The result of these revisions is that the OBR’s forecasted participation rates for males aged 25-54 are higher than they were previously. The same effect is similarly diminished for females of the same 25-54 age groups, resulting in an upward shift in all of the forecasts.

The permanent decline in participation rates in each age band arising from the cohort approach still leads to a slight decline in the participation rate for all people aged 16-64 over the next ten years (Chart 1 in Appendix A), albeit by a significantly smaller margin compared with the 2015 forecasts. In the FSR, the 16-64 participation rate now reaches at 78.05% in 2020 before falling to its lowest value of 77.79% in 2028. This 0.26 percentage point decrease compares with a fall of 0.92 percentage points in the 2015 forecasts (between 2017 and 2028).

By 2037, Experian’s projection is only 1.8 percentage points higher than that of the FSR, compared with the previously estimated difference of 3.1 percentage points by 2035. The overall 16+ activity rate from the FSR falls by 3 percentage points over the 20 year forecast period (compared with 4 percentage points previously), while Experian’s is still set to decline by less than one percentage point.

Conclusion

While the magnitude of the ‘cohort effect’ has been reduced, it is still evident in the OBR’s forecasts. The changes made in the current FSR projections have shifted their forecasts closer to the Experian baseline. The Experian participation rate projections have remained stable, with the same assumptions applied and when incorporating the latest data points, there have been minimal changes. As such, we consider these projections credible and given the FSR projections have updated their view to be closer aligned to our outcomes, we will continue to adopt Experian own projections in our forecasting models.
Appendix A

The following charts apply the growth rates of participation rates by age and gender to Experian’s participation rate history. Both Experian and the FSR’s grouped participation rates are calculated by using the ONS 2014-based National Population Projections.

When calculating the participation rates for those aged 16-19 for both genders, Experian has attempted to fill in the FSR participation rates for period 2009-2021, which are not provided in the supplementary tables. The proportion of the working age population aged 16-64 averages 7.4% over the 2017-2037 forecast period.
The OBR does not provide projections for participation rates for those aged 90+. Experian assumes that there is no participation by those aged 90+.
Appendix B

In 2037, there will be nearly 18 million people in the UK aged over 65; this contrasts with around 12m in 2017. Moreover, they will make up nearly a quarter of the entire population compared with around 18% in 2017. This change in the age-composition of the population will have a significant economic impact. Older workers will make an increasing proportion of the potential labour force. In this note, we consider the impact of different labour force participation rates for older workers and explain the participation assumptions we will use in our UK suite of models in future.

It will be convenient at this point to set out some key definitions:

- **Participation Rates / Activity Rates**: the proportion of the population either in employment or searching for employment.
- **Working Age Population**: the population above the age of 15 but below the current state retirement age for their gender.
- **Subnational Population Projections**: population projections set out by the Office of National Statistics using 2014 mid-year population estimates.
- **Labour Force Survey**: survey of the employment patterns of the UK population. It provides official measures of employment and unemployment.

Over the last few years, the ageing of the population has begun to markedly change the demographic profile of the UK. According to the 2014 Subnational Population Projections, the proportion of the population aged 16 and over that was older than 65 remained at around 20% between 1997 and 2010. However, baby boomers entering retirement has caused this ratio to increase rapidly from 2011. Longer life expectancy will sustain the rising proportion, projected to reach 30% by 2040.
The impact of the ageing population can be seen in the participation rate chart below. The counterfactual (the blue line) is based on the assumption that older people will have the same participation rate in the future as they have in 2017. The overall participation rate for the population aged 16+ falls dramatically as older people – who have lower participation rates – make up an increasing part of the population. Such a scenario would lead to very slow labour force growth, growing at an annual average rate of only 0.19%. This would seriously limit the economic growth potential of the UK.
Based on our analysis of LFS economic activity rates by 5-year age bands below, we instead forecast that the overall UK participation rate will fall to just below 63% by 2040. The labour force is 5% larger than in the counterfactual scenario by the end of the forecast, reaching over 38 million people by 2040.

We expect to see increasing participation rates across all older bands for both men and women. As the UK economy becomes increasingly service-oriented, older people are inclined to continue working. Improving health standards also mean that people are able to participate in the labour force for longer and need to build up enough savings ahead of longer retirements. The option to receive pensions as a lump sum may even leave people needing to return to the labour force at a later stage should they fail to adequately manage their finances.

Policy changes have also begun to influence participation rates. The default retirement age has already been phased out and the State Pension Age (SPA) is gradually being increased. The SPA for women began to increase from 60 to 65 in 2010. An increase in the female participation rate for those aged 60-65 can be seen in the historical LFS data from around 2011. We have forecast that the rate will grow such that the gender gap in this age band approaches the corresponding gap for the 55-59 age band. The female participation rate also grows because cohorts displace one another over time and women born in later generations have had a higher propensity to work. As the SPA for both genders reaches 67 by 2028 and health standards improve, we see fewer people leaving the labour force between the ages of 60-64. The impact of the SPA policy changes can also be seen on the 65-69 age band.

Under the current law, the State Pension age is due to increase to 68 between 2044 and 2046. Following a recent review, however, the government announced plans to bring this timetable forward. The State Pension age is now set to increase to 68 between 2037 and 2039. The policy change was announced as of July 2017, after the release of the OBR’s forecasts, but before the publication of this report. As such, we have incorporated
this change into our forecasts for the 65-69 year age groups, as seen below, but it does not currently feature in the OBR’s projections.

Our participation rates grow such that, by the end of the forecast, the rate for each age band by gender approaches that of the age band below at the beginning of the forecast.

There is ageing within the 65-plus population group. For example, the population older than 90 will more than triple by 2040. We forecast that the overall 65-plus participation rate will increase to 19% by 2040, with growth rates fluctuating mainly due to policy changes and population growth across age bands.
The increase in the activity rate of those aged 16 to 64 is due largely to the growing participation rate of those aged 55-59 and 60-64. It also accounts for policies designed to encourage more people to take part in the labour force.

We can apply this analysis to the regional and local level as well. The impact on our regional forecasts is that Greater London is the only area without a consistently falling participation rate between 2017 and 2037. Greater London has the youngest population of the UK regions. By 2037 only 24% of the population in London will be 65 or over, while all other regions will see this proportion rise to above 40%.

<table>
<thead>
<tr>
<th>Overall Participation Rate (%) by Region</th>
<th>2017Q1</th>
<th>2022Q1</th>
<th>2027Q1</th>
<th>2032Q1</th>
<th>2037Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>62.7</td>
<td>62.4</td>
<td>61.9</td>
<td>61.6</td>
<td>61.5</td>
</tr>
<tr>
<td>East Midlands</td>
<td>61.3</td>
<td>60.8</td>
<td>60.2</td>
<td>59.7</td>
<td>59.5</td>
</tr>
<tr>
<td>East of England</td>
<td>63.4</td>
<td>63.2</td>
<td>62.8</td>
<td>62.7</td>
<td>62.6</td>
</tr>
<tr>
<td>Greater London</td>
<td>68.6</td>
<td>68.7</td>
<td>68.6</td>
<td>68.7</td>
<td>68.6</td>
</tr>
<tr>
<td>North East</td>
<td>59.5</td>
<td>58.9</td>
<td>58.0</td>
<td>57.5</td>
<td>57.3</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>59.0</td>
<td>58.3</td>
<td>57.5</td>
<td>56.8</td>
<td>56.2</td>
</tr>
<tr>
<td>North West</td>
<td>61.4</td>
<td>61.0</td>
<td>60.4</td>
<td>60.0</td>
<td>59.8</td>
</tr>
<tr>
<td>Scotland</td>
<td>61.0</td>
<td>60.6</td>
<td>59.9</td>
<td>59.4</td>
<td>59.1</td>
</tr>
<tr>
<td>South East</td>
<td>64.1</td>
<td>63.7</td>
<td>63.2</td>
<td>62.9</td>
<td>62.7</td>
</tr>
<tr>
<td>South West</td>
<td>62.5</td>
<td>62.1</td>
<td>61.6</td>
<td>61.3</td>
<td>61.2</td>
</tr>
<tr>
<td>Wales</td>
<td>59.5</td>
<td>59.1</td>
<td>58.5</td>
<td>58.2</td>
<td>58.1</td>
</tr>
<tr>
<td>West Midlands</td>
<td>60.2</td>
<td>60.0</td>
<td>59.6</td>
<td>59.5</td>
<td>59.4</td>
</tr>
<tr>
<td>Yorkshire and The Humber</td>
<td>61.6</td>
<td>61.2</td>
<td>60.6</td>
<td>60.2</td>
<td>60.0</td>
</tr>
</tbody>
</table>

Source: Experian
Expansion of employment land at Langage
Masterplan briefing note to inform initial discussions

Interim note, December 2015

The case for additional employment land at Langage

1. The Langage area offers a strategic opportunity for further employment growth by reason of:
   - The scale of undeveloped land at this location on the eastern fringe of Plymouth
   - The proximity of this land to the strategic highway network (A38), and
   - The need for and demand for premises within the A38 eastern corridor into Plymouth for certain types of businesses including big industrial uses.

2. The South Hams Core Strategy, adopted in 2006, states that Langage will ‘help to meet the wider needs of the economic and urban regeneration of Plymouth’ and ‘help to meet the strategic needs of the city’.

3. An employment land review prepared for Plymouth City Council in March 2015 confirms that further extensions to the employment area at Langage could have a role to play in providing large scale employment allocations given that land supply to the east of the City is limited and market signals have identified a noticeable increase in demand for premises with close proximity to the A38 over recent years.

4. The review confirms that the administrative area of Plymouth has, at best, limited capacity to accommodate the largest B8 investment opportunities and that undeveloped land at Langage, whilst falling outside of the administrative area of the city, could potentially make significant contributions to meeting the needs of Plymouth.

5. Langage is confirmed as being particularly well suited to accommodating B8 uses due to its immediate proximity to the A38 Eastern Corridor.

Project background

6. There has been a long-held ambition shared by local stakeholders for further expansion of employment land at Langage, to the east of Plymouth within South Hams District.

7. In tandem with the grant of planning permission of the Langage power station, outline planning permission was granted in 2000 for the ‘Langage Energy Park’, a 21.2ha area of employment land for office, light industrial, general industrial and warehousing use to be accessed via the A38 Deep Lane Junction. Some of the planning obligations associated with the construction of the power station are linked with the delivery of the Energy Park. Financial contributions have been made for the upgrade of this highway route (off-site highway improvements) and also to public transport improvements via obligations. Over £2.7 million of highway improvement works were
carried out to facilitate development under Section 106 obligations in addition to financial contributions to Deep Lane junction improvements.

8. Whilst the power station has been built, to date no new employment buildings have been implemented on the Energy Park site, although a material commencement has been made to reserved matters subsequently approved on part of the site. In view of this, the local highway authorities confirm that the payment of the transport contributions for Langage developments has safeguarded capacity within the improved network to Deep Lane for up to 40,000 sq m of employment development floorspace at Langage Energy Park (assuming a floorspace mix of 27.5% B1(a) office use, 40% B1(c)/B2 industrial estate light/general industrial use, 25% B8 warehousing use and 7.5% ancillary use).

9. Most of the land within the approved Energy Park is owned by Langage Energy Park Ltd, however a parcel of land to the south of the power station has been the subject of a compulsory purchase order. This order was confirmed by the Secretary of State in October 2013 (after which the CPO must be progressed within three years).

10. Through a master planning exercise concluding in 2006, potential for additional long-term employment land development at Langage was recognised by a range of stakeholders. The Plymouth Urban Fringe DPD Preferred Options, 2006 (which was emerging local planning policy that was not progressed to adoption), identified an expanded employment development at Langage involving a development site covering approximately 37ha excluding strategic landscaping and open space (See Attachment A). It was estimated that this could deliver approximately 130,000 sq m of employment floorspace. Highway options to achieve longer-term development were consulted upon by the public authorities in 2009 (eastern corridor improvements involving enhanced Deep Lane junction and potential changes to Voss Lane junction).

Current master planning work

11. A further re-fresh of a strategic master plan is currently under way. This is a high-level exercise examining the potential for delivering employment development in the short term at Langage Energy Park served by Deep Lane junction, and also the longer-term potential for development at a wider site.

12. This new work has identified that permanent boundaries to the potential long-term expansion of employment development at Langage have been established through landscape planting adjoining Voss Lane to the east of the area and landscape planting north of Holland Road to the north of the area.

13. Whilst a precise boundary for the long-term expansion area has yet to be established, an initial illustrative masterplan concept has been produced to indicate the general site development potential (see Attachment B). This assumes that a new ‘Langage’ junction is created at the current location of the Voss junction of the A38 to serve the development area.

14. The total area of development plot land within this overall area is approximately 360,000 sq m (36 ha). Assuming that 40% of the developable plot area is covered by buildings, and that these buildings are all single storey, the potential employment
development floorspace at the overall area would be approximately 144,000 sq m. Assuming that 40% of the developable plot area is covered by buildings, and that half of the buildings are single storey, and half are two storey buildings, the potential employment development floorspace at the overall area would be approximately 216,000 sq m.

15. It must be emphasised that these are very crude figures. Moreover the illustrative masterplan concept has yet to be tested by technical site survey and assessment work.

16. Langage Energy Park Ltd controls approximately 45 ha of land within this concept layout plan area and is supportive of plans for employment growth. In addition the confirmed CPO paves the way for further land assembly. However it is important to state that other land in the area is owned by third parties, not all of whom have been consulted in relation to the development of their land for employment purposes.

Terence O’Rourke Ltd
www.torltd.co.uk
Plan 4: Langage Employment Estate and conceptual diagram of proposed employment development

- Employment development site
- Planning permission for energy centre
- Strategic landscaping
- Open space policy area
- Employment policy area
- Development boundary
- Outside plan area
- Primary movement route (precise alignment to be determined)
- Ancillary support facilities

Link to A38 Deep Lane Junction and National Cycle Network
### Current Langage Energy Park plot areas

<table>
<thead>
<tr>
<th>PLOT NUMBER</th>
<th>AREA/M²</th>
<th>PLOT NUMBER</th>
<th>AREA/M²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8,533</td>
<td>9</td>
<td>19,639</td>
</tr>
<tr>
<td>2</td>
<td>11,824</td>
<td>10</td>
<td>27,974</td>
</tr>
<tr>
<td>3</td>
<td>10,058</td>
<td>11</td>
<td>18,220</td>
</tr>
<tr>
<td>4</td>
<td>8,420</td>
<td>12</td>
<td>18,790</td>
</tr>
<tr>
<td>5</td>
<td>12,947</td>
<td>13</td>
<td>21,015</td>
</tr>
<tr>
<td>6</td>
<td>12,045</td>
<td>14</td>
<td>24,531</td>
</tr>
<tr>
<td>7</td>
<td>17,081</td>
<td>15</td>
<td>4,029</td>
</tr>
<tr>
<td>8</td>
<td>15,409</td>
<td>16</td>
<td>27,284</td>
</tr>
<tr>
<td><strong>TOTAL AREA</strong></td>
<td><strong>249,268 m²</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Proposed Energy Park extension plot areas

<table>
<thead>
<tr>
<th>PLOT NUMBER</th>
<th>AREA/M²</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10,195</td>
</tr>
<tr>
<td>B</td>
<td>11,426</td>
</tr>
<tr>
<td>C</td>
<td>13,036</td>
</tr>
<tr>
<td>D</td>
<td>6,030</td>
</tr>
<tr>
<td>E</td>
<td>11,749</td>
</tr>
<tr>
<td>F</td>
<td>19,368</td>
</tr>
<tr>
<td>G</td>
<td>17,583</td>
</tr>
<tr>
<td>H</td>
<td>9,397</td>
</tr>
<tr>
<td><strong>TOTAL AREA</strong></td>
<td><strong>108,286 m²</strong></td>
</tr>
</tbody>
</table>

**NB:**
Extension plot areas will require major earth modeling to form development platforms. The spoil generated is proposed to form a planted southern bund.

Extension plots areas have not been informed by any site survey assessments, or been tested with regards landscape and visual impact.

Strategic Concept Master Plan  
Langage Energy Park Ltd

### Attachment B

**Strategic Concept Master Plan**  
1631010 / SK 100  
DRAFT  
Nov 2015  
1:5,000 SW 
NME AE  
© Terence O’Rourke Ltd 2015 - Site to be used for planning purposes only.