

# Dorset Council

Purbeck Local Plan (2018-2034)

Response to Inspector's Matters, Issues and Questions

Matter G: Economy

7 June 2019

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## Matter G

### Issue 1: Need and supply of employment land (Policy EE1 and Policy EE2)

#### Question 1

**Is the evidence of the type and amount of employment land needed within the plan period robust and up-to-date?**

1. Yes. The amount of employment land was informed by the Bournemouth, Dorset and Poole and Workspace Strategy 2016 [SD26]. The Workspace Strategy splits the needs assessments into two distinct areas: Eastern and Western Dorset. The area covered by the Purbeck Local Plan 2019-2034 was incorporated into the Eastern Dorset area.
2. When testing the need, the 2016 study considered commercial agents' opinions, existing employment land, impacts on the wider economic area, in line with paragraph 26<sup>1</sup> in the National Planning Practice Guidance, as well as housing growth and employment projections from Cambridge Econometrics Local Economy Forecasting Model.
3. The study tested 4 growth scenarios combined with different housing growth from current adopted Local Plan targets and objectively assessed housing need (OAN). In addition to this, buffers of 10% and 20% were added to provide flexibility and enable further choice to the market. Finally, adjustments were made to allow for local knowledge, particularly in sectors showing stronger growth than would be expected in Dorset. The scenarios were:
  - a. **Trend scenario** - based on the 2011 Census of Population workplace based employment data by district and industrial sector;
  - b. **Planned growth scenario** – based on 2011 Census of Population workplace based employment data by district and industrial sector and housing data. Housing data was based on the current adopted Local Plan housing trajectories (as of April 2016) until the end of the current respective Local Plan periods, beyond this the average OAN from the 2014 and 2015 SHMA was used until 2033;
  - c. **Accelerated growth scenario** – based on 2011 Census of Population workplace based employment data by district and industrial sector and housing data. Housing data was based on the current adopted Local Plan housing trajectories (as of April 2016), until the date revised Local Plans were anticipated to be in place, after this point and until 2033, the 2015 SHMA OAN was used;
  - d. **Step Change scenario** – based on the 2011 Census of Population workplace based employment data by district and industrial sector and housing need. Housing need was based on the current adopted Local Plan housing trajectories (as of April 2016) to the point at which it is anticipated revised Local Plans would be in place.

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1. PPG Reference ID: 2a-026-20190220.

After this point the full OAN housing from the Eastern Dorset 2015 SHMA was applied.

4. The strategy concluded, 'there is currently adequate employment land supply in Eastern Dorset to meet current and projected market requirements for industrial development in relation to the Step Change growth scenario with 20% flexibility' (paragraph 8.31, Workspace Strategy, 2016).
5. In 2016 the OAN in Purbeck was greater than it is now, equating to 238 units per annum. Housing need has reduced significantly since the workspace strategy 2016 to 168 units per annum. As the 2016 study concluded the district has sufficient employment land using the scenario with the greatest potential for employment need, i.e. Step Change growth scenario with 20% flexibility, it can be anticipated that there is still sufficient employment land now the housing need is lower. In 2017, an economic projections paper was compiled, concluding the projected jobs growth had significantly changed with 2017 trend projections being significantly lower than was considered in the 2015 Eastern Dorset SHMA<sup>2</sup>.
6. The need for employment land was also informed by an employment land need update created in 2017. The update solely relates to the former Purbeck District Council area and used the Cambridge Econometrics model and did not consider housing need. This update can be found in appendix 1. The update concluded there was a need for between 8.9 hectares of employment land in Purbeck to support a trend scenario with 20% flexibility between 2013 and 2033 (page 10, appendix 1).
7. The type of employment land was also informed by the 2015 study. The study concluded the type of employment land in existence would be sufficient provided there was limited reduction in B1a uses. Policy EE2 safeguards against changes of use from B1, B2 or B8 use classes, setting out specific criteria which need to be met for development in other use classes to be permitted
8. Further evidence of the type and amount of employment land needed came from monitoring reports to establish a baseline for the district. The monitoring reports show most of the current employment sites are built out with the exception of Holton Heath and Dorset Innovation Park that still have significant amount of flexibility and growth potential. Taking information from the monitoring reports and from the Council's economic development team, the Council is content that the existing employment sites are evidently attractive to employers
9. Therefore, the evidence underpinning the type and amount of employment land required is robust and up to date.

### Question 2

**Is the approach taken in the plan not to allocate any new employment sites but to retain and safeguard land at two strategic employment sites and a number of other**

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<sup>2</sup> Dorset Economic Projections: Background – Purbeck (2017) can be accessed via:  
<https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/purbeck/evidence-library/pdfs/current/economy/purbeck-economic-projections-background-paper-october-2017.pdf>

### **identified employment sites for employment uses (defined as B1, B2 and B8 uses) justified, consistent with the overall spatial strategy and with National Policy?**

10. Yes, the approach is justified, and consistent with the overall spatial strategy and national policy.
11. The area covered by the Purbeck Local Plan has 111.8ha of employment land of which 45.4ha remain available<sup>3</sup>. This is far more than the need identified in the 2017 study (appendix 1).
12. In 2015<sup>4</sup> and 2016<sup>5</sup> the Council consulted on additional employment land proposed for allocation. The potential sites and alternative strategies were assessed in sustainability appraisals 2015<sup>6</sup> and 2016<sup>7</sup>. The strategies assessed were:
  - a. focus employment at Dorset Innovation Park (formerly known as Dorset Green Technology Park),
  - b. focus employment at Holton Heath, or
  - c. focus employment at Bovington Middle School.
13. Individual sites were also assessed and they were as follows:
  - a. 3ha of additional employment land at Upton;
  - b. 1ha of additional employment land at Sandford Lane, North Wareham;
  - c. highways depot at Corfe Castle;
  - d. Sandford First School; and
  - e. Botany Bay Farm, Bloxworth.
14. The sites at Holton Heath, Bovington Middle School and all the individual sites (d. to h. above) were subject to constraints. For example land at Sandford Lane is in the green belt, Bovington Middle School is no longer available and the highways depot at Corfe Castle is in Flood zone 3.

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<sup>3</sup> Note the figures used are MM9 from the Main Modifications document SD14, not those quoted within page 87 of the Purbeck Local Plan 2019-2034.

<sup>4</sup> Additional employment land background paper (2015) can be accessed via: <https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/purbeck/evidence-library/pdfs/gathered/iando/evidence/additional-employment-land-background-paper.pdf>

<sup>5</sup> Partial Review Options Consultation, page 59-61 (2017) can be accessed via: <https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/purbeck/local-plan-review-purbeck/pdfs/consultations/options/options-consultation-document-2016.pdf>

<sup>6</sup> Sustainability Appraisal, pages 87-100 (2015) can be accessed via: <https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/purbeck/evidence-library/pdfs/gathered/iando/consultees-appraisals/sustainability-appraisal.pdf>

<sup>7</sup> Sustainability Appraisal, pages 75-83 (2016) can be accessed via: <https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/purbeck/local-plan-review-purbeck/pdfs/submission-documents/sd52-sa-full-version-june-2016.pdf>

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15. Though the constraints were not insurmountable, the Council is not persuaded of the need to allocate more employment land when the demand is already exceeded by the supply of designated employment land.
16. The Council is justified in retaining the safeguarded status on 111.8ha of existing employment land for the following reasons:
  - a. to support the existing well utilised employment sites;
  - b. reflect the comments of the commercial agents;
  - c. support the wider growth of the LEP area;
  - d. allow for response to market changes in circumstances where demand is greater than is currently anticipated, in accordance with para. 81 (d) National Planning Policy Framework (NPPF) 2019;
  - e. reflect the Council's work (including preparing a local development order) in creating the conditions necessary to support sustainable economic growth in the Enterprise Zone at Dorset Innovation Park;
  - f. align with the overall spatial strategy (see policy V1 criteria 3) and focus development towards the more sustainable areas of the District in line with the settlement hierarchy identified in the glossary of the plan, page 130; and
  - g. support the Council's strategy of encouraging growth at key employment sites.
17. The strategy is consistent with the overall spatial strategy. The overall strategy is to spread development as much as possible, whilst recognising that development will necessarily be focussed in areas with fewer environmental constraints. The distribution of safeguarded employment sites supports this strategy.
18. The strategy is strongly focused on Dorset Innovation Park (DIP) supporting Dorset Local Enterprise Partnerships (LEP) objectives<sup>8</sup>. In accordance with the NPPF 2019, paragraph 80 and 82 in particular, the Plan's economic strategy makes provision for an, 'advanced engineering cluster of excellence for the South West, building on strengths in marine, defence and energy' (Dorset Local Enterprise Partnership (LEP), Dorset Innovation Park). Home to two world leaders in defence technology – Atlas Elektronik and QinetiQ - the park is located in an accessible location, very close to a railway station and the two larger proposed housing allocations.
19. Safeguarded status at Holton Heath Industrial Estate also supports the LEP's objectives and allows for the Council to support growth in the advanced manufacturing sectors.
20. As recognised in the Dorset Strategic Economic Plan (SEP) published in 2014, the area covered by the Purbeck Local Plan has close functional links with the conurbation'

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<sup>8</sup> Dorset Innovation Park on the Dorset Local Enterprise Partnership website can be accessed via: <https://dorsetlep.co.uk/dorset-innovation-park/>

(SEP, 2014)<sup>9</sup> and the employment sites, both strategic and other, are important for encouraging not only the success of the Purbeck area but also the wider role of sustainable economic growth and prosperity of the region over the local plan period.

21. The strategy removes safeguarded status from two existing employment sites because the Wareham Neighbourhood Plan group are proposing these sites for mixed use development. Due to the District's surplus employment land already spread across the District and the Council's commitment to working positively with communities, the Council proposes removal of the employment use safeguarding on these sites.
22. Therefore the strategy is also consistent with NPPF paragraph 81(a) as it 'set(s) out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration'.

### Question 3

#### **Is policy EE1 (Employment land supply) positively prepared?**

23. Yes. To be positively prepared the policy must as a minimum, seek to meet the area's objectively assessed need informed by agreements with other authorities.
24. The Purbeck Local Plan 2018-2034 meets significantly more than the objectively assessed need for employment land shown within the employment land demand projections update 2017.
25. Paragraph 1.50 of SD09 shows there is no unmet need from neighbouring authorities. East Dorset, Bournemouth, Christchurch and Poole are all classed as Eastern Dorset together with Purbeck and there is a surplus of employment land in this area. It was concluded there is sufficient supply at Western Dorset.

### Question 4

#### **(a) Is the scale and distribution of the sites (strategic employment sites and other identified employment sites) to be safeguarded in Policy EE1 of the Plan justified?**

26. Yes. As shown in response to question 2, the scale and distribution of the sites are justified as they have been taken into account alongside other reasonable alternatives and are based on proportionate evidence.
27. In accordance with guidance given in paragraph 82 of the NPPF, the scale and distribution of the sites varies across the area covered by the Purbeck Local Plan. This adds more flexibility for the employment land to accommodate the differing needs of employers and to enable a more rapid response to changes in economic circumstances.

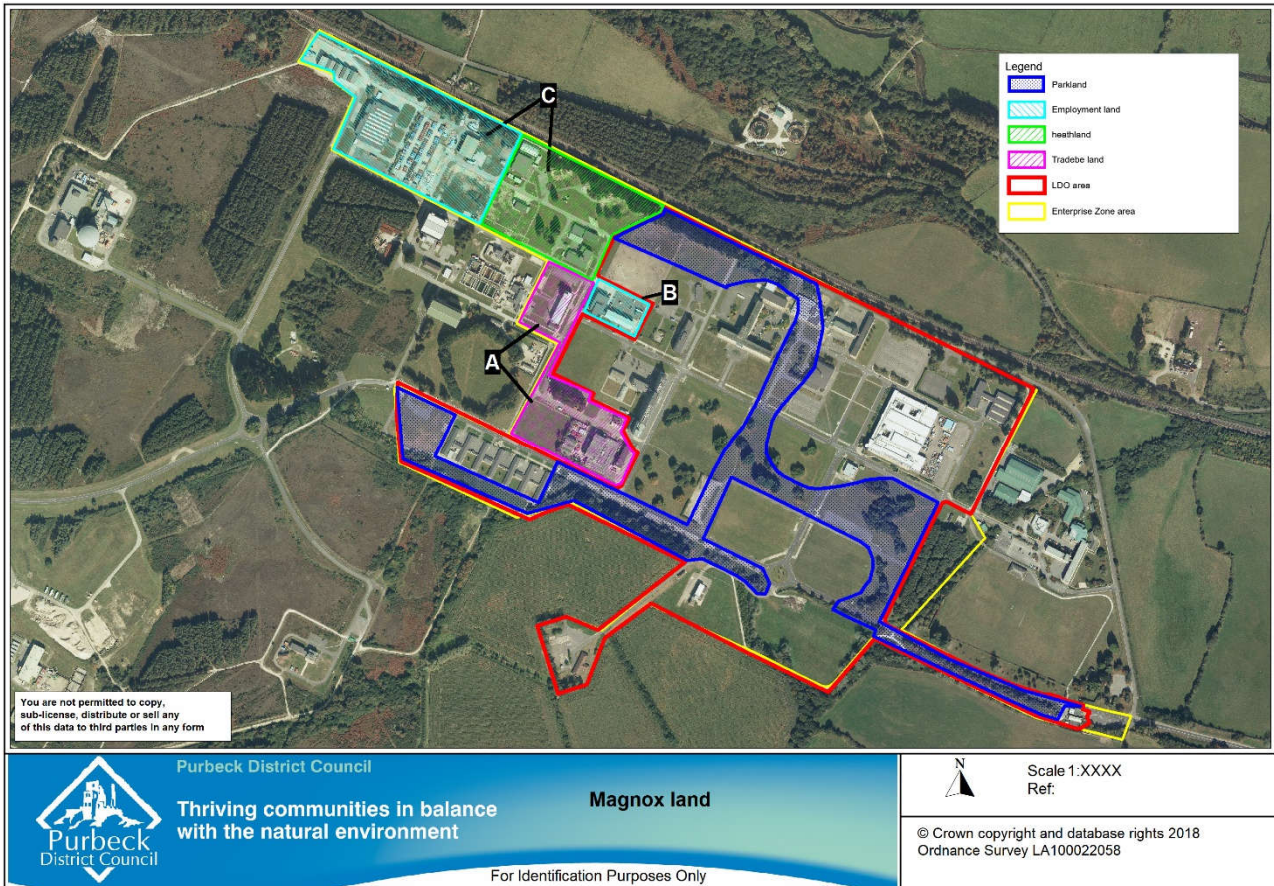
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<sup>9</sup> Transforming Dorset, Strategic Economic Plan can be accessed via:  
<https://dorsetlep.s3.amazonaws.com/SEP%20Pics%20&%20Docs/6342%20LEP%20Strategic%20Economic%20Plan%20v3%20LOW%20RES.pdf>



**(b) Would the modifications (MM9, MM10 and MM11) proposed by the Council in the schedule of possible modifications [SD14] ensure it is justified?**

28. Yes. As drafted, policy EE1 safeguards a larger area of land at Dorset Innovation Park for employment purposes but the Council no longer considers that this approach can be justified. Not all of the safeguarded land identified in policy EE1 is available for employment related development. Some of it includes land that is still being used as Dorset police headquarters, playing fields and areas associated with nuclear decommissioning. Site C shown on Map 1 is to be restored to heathland.



Map 1: Showing Dorset Innovation Park LDO area, Enterprise Zone, employment land, heathland, parkland and Tradebe land.

29. To not include MM9, MM10 and MM11 would be likely to fail to address Natural England’s concerns regarding the site at Dorset Innovation Park preventing its restoration to heathland.

**Question 5**

**(a) Are the provisions of policy EE2 (Planning for Employment) justified, effective and consistent with national policy?**

30. Yes. The policy is justified as it sets out an appropriate strategy well suited to the area covered by the Purbeck Local Plan and the wider economic region as evidenced in the



response to question 2, the approach was devised in conjunction with the assessments of reasonable alternatives.

31. The policy is effective as it has been developed with development management colleagues who consider the policy to be deliverable, and capable of being adaptable to differing circumstances. Safeguarding employment land, except for under certain circumstances, is aligned with the Council's economic strategy to retain the effectiveness of our employment sites.
32. Policy EE2 is consistent with national policy. In accordance with the NPPF, Policy EE2: Planning for Employment focuses 'sustainable economic growth' (paragraph 81 (a)) on established employment land. It also enables a quick response to changing economic circumstances, (paragraph 82 (d)), by allowing new employment development on non-safeguarded employment land where appropriate. Together, the two ways of enabling economic growth are based on evidence gathered in the Workspace strategy 2016 and the Purbeck update in 2017, and are consistent with national policy.
33. The policy firstly steers new development into the most sustainable locations for employment as designated in the Local Plan. It then protects the character of the surrounding landscape in accordance with paragraph 83 (c) of the NPPF, enables rural diversification in accordance with 82 (a) of the NPPF and stipulates when sustainable travel plans would be required in accordance with paragraph 111 of the NPPF and Policy I2 (f).
34. The policy sets out the requirement to monitor the employment land supply. The policy enables flexibility by allowing alternative, suitable uses to be considered where there is no prospect of bringing sites forward for employment uses over the plan period. The policy also protects against the loss of employment land unless market demands prove they have changed from when the plan was prepared. The policy is 'flexible enough to accommodate needs not anticipated within the plan, allow for new and flexible working practices...and to enable a rapid response to changes in economic circumstances', as sought in paragraph 81(d) in the NPPF.
35. The policy also encourages sustainable economic growth and further flexibility by allowing development in use classes other than B1, B2 and B8 where change would not result in a significant reduction in the supply of employment land nor have any adverse impact on neighbouring properties and businesses.
36. Policy EE2 allows for rural areas to enable 'sustainable growth and expansion' consistent with paragraph 83 (a) of the NPPF, by allowing the diversification of agricultural and other land-based rural businesses to help rural regeneration and improve the sustainability of communities where impacts are either negligible or can be mitigated.
37. Lastly it helps build a strong, competitive economy by tailoring growth in the most suitable locations and of the most suitable type whilst also allowing for flexibility to respond to market demands.

**(b) Are modifications (MM12 and MM13) to policy EE2 proposed by the Council in the schedule of possible modification [SD14] necessary to ensure that the Plan is sound? Are the policy criteria set out in the relevant policies justified and effective?**

38. Yes. MM12 was proposed in response to PLPP463, written representation from the Royal Society for the Protection of Birds (RSPB). It is required to ensure consideration is given to the need for new or expanded employment uses to safeguard biodiversity interests. This better reflects national policy as set out in NPPF paragraph 175 that clearly states harm to biodiversity should be avoided.
39. MM13 was developed in response to PLPP288 and PLPP285, written representations from the former Dorset County Council. It is required to give recognition that a waste facility is an appropriate use within an allocated employment site.
40. The policy criteria in Policy EE2 are justified being strongly related to evidence generated through the preparation of the plan, and consistent with regional and/or national strategy as already shown.

## Issue 2: Town and Local Centre (Policy EE3)

### Question 1

**(a) Is Policy EE3 (Vibrant town and local centres) which indicates that the Local Plan supports the provision of an additional 700sqm. (net) convenience retail floorspace justified? If so, is the delivery of that additional floorspace on the housing allocations at Moreton Station/ Redbridge Pit (policy H4) and Wool (policy H5) justified?**

41. Yes. The Poole and Purbeck Town Centre Retail and Leisure Study 2014 [SD27a, b and c] identified a deficit of 2,750sqm (net) retail floor space within the area covered by Purbeck. Of this, there was an identified need of 950sqm of comparison goods and 1,800sqm of convenience goods.
42. The Swanage Local Plan (SLP) 2017-2027 allocates 2,100sqm of retail floor space<sup>10</sup>. 1,000sqm of comparison goods and 1,100sqm of convenience goods. In doing so, the Swanage Local Plan has planned for all of the comparison need within Purbeck. However there is still a deficit in convenience land supply of 700sqm (1,800sqm (need identified in retail study) - 1,100sqm (SLP) = 700sqm).
43. The Poole and Purbeck Town Centre Retail and Leisure study [SD27a, b, and c] notes the current larger retail centres of Upton, Swanage and Wareham are at capacity with low vacancy rates. The Council places great importance in retaining the vibrancy of its unique town and local centres and wishes to avoid unplanned out of town developments.
44. Informed by the retail study findings and given the relatively low outstanding need for convenience retail, the Council considers it is appropriate for the additional need to be provided at the two largest housing site allocations, enabling local provision to serve the residents of these allocations. This equates to approximately 350sqm of retail floor space at the two larger proposed residential allocations in Wool and Moreton Station / Redbridge Pit.

**(b) For clarity and viability purposes should the policy indicate the extent of convenience floorspace to be provided on each of the allocations at Moreton Station/Redbridge Pit (policy H4) and Wool (policy H5)?**

45. The Council does not consider that it is necessary to specify the extent of retail floorspace to be provided on each allocation, but rather that it is beneficial to retain some flexibility on this matter, as currently provided through the policy wording.
46. In the Memorandum of Understanding for Wool, the landowners indicate they can provide approximately 350sq.m of retail floor space which is half of the need.

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<sup>10</sup> Swanage Local Plan (2017) Page, 58, Policy STC: Swanage Town Centre can be accessed via: <https://www.dorsetcouncil.gov.uk/planning-buildings-land/planning-policy/purbeck/swanage-local-plan/pdfs/slp/adopted-swanage-local-plan.pdf>

## Question 2

### **Are the retail centres identified in policy EE3 justified and should the primary shopping areas of the town centres be identified?**

47. Yes. The town and local centres reflect their current status. The town centres of Wareham and Swanage reflect the hierarchy identified in the Poole and Purbeck Town Centre Retail and Leisure Study 2014, paragraph 9.2.18 [SD27a, b and c]. Upton town centre and local centres reflect the retail hierarchy set out in Policy LD: General Location of Development, Purbeck Local Plan Part 1 (2012).
48. The primary shopping area in Swanage has been identified through the Swanage Local Plan.
49. The Council has not identified any other primary shopping areas at Wareham or Upton as the town centres are small and restricting uses within the small centres is likely to prove to be too inflexible.

## Question 3

### **(a) Is that part of policy EE3 which relates to ground floor changes of use in town and local centres within Class A of the Use Classes Order justified, effective and consistent with national policy?**

50. Yes. The Council wishes to retain the vibrancy of the centres and policy EE3 therefore seeks to protect the town and local centres from any development where there is compelling evidence that the development proposed may harm their primary function. As such, the policy is considered justified.
51. The requirement is effective as it is deliverable. Though it will help retain the uniquely small centres, it also allows flexibility in that Policy EE3 permits ground floor A use class changes provided they will not harm the vitality, viability or functionality of the centre as a whole.

### **(b) Is the wording of this part of the policy sufficiently clear and effective for development management purposes having particular regard to paragraph 16 of the Framework?**

52. The wording of Policy EE3 has been prepared in consultation with development management colleagues and the Council considers that it is sufficiently clear and effective for use in the determining of planning applications. The policy sets out clearly the factors that decision makers should take into account when determining applications for ground floor changes of use in town and local centres, namely whether the proposed use would harm the vitality, viability and functionality of the centre as a whole.

### Question 4

**Are the requirements of policy EE3 (criteria c, d and e) in relation to out of town retail proposals for main town centres uses justified, effective and consistent with national policy?**

53. Yes. Policy EE3 is justified as it is the only reasonable alternative required by national policy.
54. Additionally the policy requirement for a retail impact assessment is based on proportionate evidence. The policy stipulates that any proposal over 200sqm should provide a retail impact assessment. This again is in accordance with national policy, paragraph 89. The locally proposed threshold is presented in the Poole and Purbeck Town Centre Retail and Leisure Study 2014, paragraph 9.2.34 [SD27a, b and c] as being appropriate for the area covered by the Purbeck Local Plan. This is based on an analysis of current unit sizes in Swanage and Wareham, which average around 120 sq. m gross.
55. The policy is effective as it is deliverable and is based on evidence jointly created with the former Poole Borough Council [SD27a, b and c].
56. The policy is in accordance with national policy, namely NPPF paragraphs 86 and 87. The policy requires a sequential approach to be taken in the identification of suitable sites; firstly considering sites within town and local centres, then edge of centre and finally out of town site locations.

### Question 5

**Is that part of Policy EE3 which relates to the loss of uses within Class A1, A2 and A3 or the loss of D1 and D2 uses justified, effective and consistent with national policy including paragraph 97 of the Framework?**

57. Yes. This part of Policy EE3 is justified as it is the only reasonable alternative and is based on evidence gathered that recognises the unique shopping environment in Purbeck [SD27a, b and c]. Therefore, policy EE3 also recognises that the town and local centres in the area covered by the Purbeck Local Plan are unique and vibrant.
58. This part of Policy EE3 is effective as it is deliverable. Paragraph 97 of the Framework affords protection to recreational buildings, as does Policy I4 in the draft Purbeck Local Plan. Given that the town and local centres within the plan area are small and compact, loss of good quality convenience shops is likely to have a much greater detrimental impact on its vitality and viability that it would in a larger town centre such as Dorchester or Poole. Therefore the Council supports protection of what it considers to be appropriate town centre uses that particularly need to be protected, namely A and D use classes.
59. The Council is also cognisant of paragraph 85 (f) of the NPPF and recognises that C3 use classes within the town centre for example, can also enhance its vitality. Additionally the Council recognises that the retail market is fluctuating so predicting market trends over the plan period is exceptionally difficult, if not impossible to do.

60. Due to the reasons set out above, the Council wants planning in the area covered by the Purbeck Local Plan to be able to respond to changing needs hence criteria f and g. The criteria enables the policy to be effective as it allows for the market to respond to changing needs, permitting the loss of town centre uses, but only when the criteria set out in policy EE3 (f. and g.) are met.

### Question 6

**Is the modification (MM14) to the supporting text of policy EE3 proposed by the Council in the schedule of possible modifications [SD14] necessary to ensure that the Plan is sound?**

61. The Council considers that this change clarifies the position in relation to the Wareham Neighbourhood Plan and will avoid any unintended consequences of local plan policy superseding neighbourhood plan policy due to the timing of the respective examinations.



### Issue 3: Tourism (Policy EE4)

#### Question 1


**(a) Are the provisions of Policy EE4 (Supporting vibrant and attractive tourism) justified, effective and consistent with national policy?**

62. Yes. The policy is justified as it is an appropriate strategy. There are no reasonable alternatives. Though there is little evidence that supports a policy stance in relation to Tourism, it would be inappropriate to not recognise the visitor economy contribution to supporting a strong competitive economy within Dorset.
63. The policy is effective as it is deliverable aiming for hotels and bed and breakfast accommodation to be provided in the most sustainable and accessible locations in accordance with Policy V1.
64. The policy is consistent with national policy in that it recognises that rural tourism can support the local economy and enables this to occur, whilst also ensuring it respects the character of the countryside (paragraph 83 (c), NPPF). This balance will be achieved through the application of criteria a-d together with the stipulation that development located in the green belt and AONB would also need to meet national policy requirements.

**(b) Is the wording of the policy sufficiently clear and effective for development management purposes having particular regard to paragraph 16 of the Framework?**

65. Yes. The wording of the policy has been prepared in consultation with development management colleagues. The policy clearly states its aim 'to support the visitor economy'. It then clearly steers development towards the most sustainable areas. The policy lists what development is acceptable and the criteria it must meet as well as the circumstances that would need to be satisfied in order to justify an acceptable loss of tourism accommodation.

## **Appendix 1: Employment Land Demand Projections for Purbeck 2016-17**



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# **Employment Land Demand Projections 2016/17**

## **Purbeck**

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# Employment Land Demand Projections for Purbeck 2016/17

## Dorset employment projections 2016/17

In the Bournemouth, Dorset and Poole area – the area covered by the Dorset Local Enterprise Partnership – the Local Economy Forecasting Model (LEFM), produced by Cambridge Econometrics, is used as the basis for local economic projections. The latest model was produced at the end of 2016 and is referred to as the 2016/17 model.

Before this:

- The LEFM 2015 was used to produce projections for Dorset's update of the Workspace Strategy;
- The LEFM 2014 was used to provide employment projections for the Eastern Strategic Housing Market Assessment.

### What is the LEFM?

Economies have become increasingly integrated and complex and decision makers need insight based on robust, empirical evidence. The Local Economy Forecasting Model (LEFM) Dorset is a bespoke statistical model commissioned by Dorset County Council and produced by Cambridge Econometrics. The model supports in-house economic analysis, by helping users to anticipate and plan for what will happen in local economies. It draws on the experience of Cambridge Econometrics and the Warwick Institute for Employment Research (joint developers of LEFM) in sectoral and labour market analysis:

- it projects economic indicators for a local area;
- it differs from other models which typically link local output or employment (by sector) directly to national or regional output or employment;
- it can help explain local performance in relation to national or regional projections.

Cambridge Econometrics also works with the Warwick Institute for Employment Research to provide 'Working Futures', the UK's official employment and skills projections. Cambridge Econometrics also produced sub-national projections for the Department for Business, Energy and Industrial Strategy (BEIS) as the evidence base for the government's new Industrial Strategy.



## Why do the projections change?

Forecasting is the process of trying to predict the future condition of the economy and frequently involves the use of statistical models which use variables, sometimes called indicators. Economic forecasting cannot be an exact science as we cannot know for certain what the future will bring, but the forecasts are an important decision-making tool for government, local authorities and businesses as they formulate policies and strategies based on a sound evidence base rather than guesswork.

As historic data is revised or added to, the projections can be reformulated and updated as new trends become evident and the likely trajectories change. At a national level, HM Treasury produces monthly predictions for the UK economy in the form of a comparison of forecasts made by about 40 independent forecasters (including Cambridge Econometrics). In January 2017, the average forecast for GDP growth in 2017 in the UK economy was 1.4%, with the lowest forecast being 0.6% and the highest 2.6%. It is normal for the forecasts to fluctuate from publication to publication. Similarly, each quarter's UK GDP figure is routinely released as a preliminary estimate and then is usually subject to two revisions as further figures come through.

National revisions are scheduled changes to published data which may be

- updates to include better or more complete source data eg late or more accurate reporting;
- updates after recalculations eg after seasonal adjustments or benchmarking;
- updates following changes in methodology or classifications or a base date.

There are also unplanned revisions which can occur following the identification of an error.

These statistical changes to historic data can have an impact on historic data in the LEFM and can lead to changes.

A further consideration is looking ahead to how sectors in the UK economy are expected to perform. This aspect of forecasting can be subject to rapid and considerable revision as the economy is subject to unexpected shocks – for example the financial crisis of 2008 – or as new information becomes available such as the awarding of contracts for the first phase of major projects such as HS2, or Hinckley

Point C. Assessing the likely impact of changes such as these on the wider economy is down to the skill of the forecasters.

### Why do we need to adjust the baseline of the model?

At local geographies, whilst changes such as these will be taken into consideration, forecasters may not be aware of local level developments and the impact of these therefore may not be taken into account. Local figures can therefore become more of a mechanical production based on historic trends, or on change at a regional level, and are generally known as ‘projections’ rather than ‘forecasts’. For this reason, it is expected that the baseline local level output of the model will be examined and adjusted in line with local knowledge of the situation in the area including planned developments and policies.

### The scenarios

Starting from the baseline data directly produced by the model, Dorset County Council consulted with economic development officers of other Dorset local authorities to draw up two scenarios:

1. A trend scenario – this is broadly ‘business as usual’ ie what would be expected to happen without any intervention;
2. A strategy scenario – this is the projected impact of strategic interventions implemented in the area.

### The trend scenario

Looking at headline results from the baseline data, growth in full time equivalent employment<sup>11</sup> in the Dorset LEP area for the 2013-33 period is expected to be much in line with the average for the UK.

Over 2013-33, the baseline suggested job creation per annum in Purbeck would be in line with the UK average.

| <b>Summary: Original baseline Scenario 2016/2017 model: FULL TIME EQUIVALENT (FTE) employment</b> |                            |                            |                            |                      |
|---|----------------------------|----------------------------|----------------------------|----------------------|
|   | <i>000s change 2013-23</i> | <i>000s change 2023-33</i> | <b>000s change 2013-33</b> | <b>ch pa 2013-33</b> |
| <b>Purbeck</b>  | <b>1.2</b>                 | <b>0.9</b>                 | <b>2.0</b>                 | <b>0.6%</b>          |
| DCC Dorset  | 6.4                        | 11.5                       | 17.9                       | 0.5%                 |

<sup>11</sup> Total employment projections are also available

|                        |             |             |             |             |
|------------------------|-------------|-------------|-------------|-------------|
| <b>Dorset LEP area</b> | <b>11.4</b> | <b>18.9</b> | <b>30.3</b> | <b>0.5%</b> |
| South West             | 222.1       | 137.8       | 359.8       | 0.7%        |
| UK                     | 2,430.4     | 1,157.2     | 3,587.6     | 0.6%        |

Following discussions, a number of revisions were made to the baseline position at a more detailed sectoral level to give a trend scenario – a picture of the future incorporating local knowledge.

Revised headline figures for the Trend scenario bring expected jobs growth below the national average:

| <b>Summary: Trend Scenario 2016/2017 model: FULL TIME EQUIVALENT (FTE) employment</b> |                            |                            |                            |                      |
|---|----------------------------|----------------------------|----------------------------|----------------------|
|   | <i>000s change 2013-23</i> | <i>000s change 2023-33</i> | <b>000s change 2013-33</b> | <b>ch pa 2013-33</b> |
| <b>Purbeck</b>  | <i>0.4</i>                 | <i>0.4</i>                 | 0.8                        | <b>0.2%</b>          |
| DCC Dorset  | <i>8.6</i>                 | <i>10.5</i>                | 19.1                       | 0.5%                 |
| <b>Dorset LEP area</b>  | <b>16.8</b>                | <b>18.5</b>                | <b>35.3</b>                | <b>0.5%</b>          |
| South West  | 222.1                      | 137.8                      | 359.8                      | 0.7%                 |
| UK  | 2,430.4                    | 1,157.2                    | 3,587.6                    | 0.6%                 |

### **The strategy scenario**

Local authorities were also asked to consider what, if any, planned strategies/interventions might affect the growth trend in any sector.

For Purbeck, no further adjustments were made to give a 'strategy' scenario as it was considered that all policies were in place with no plans for further strategic change likely to impact on employment numbers or business trends.

Headline figures for the Strategy scenario were therefore the same as above.

The Trend scenario was therefore used to look at the projected employment land requirement in Purbeck.

## **Purbeck employment land projections 2016/17 – methodology**

### **A Employment projections for all industries are drawn up to give employment demand**

See above for details. It should be noted that the projections are shown as full-time equivalents (FTEs) for use in employment land modelling. Total employment numbers are also available.

The employment projections are for expansion demand only ie newly created jobs. Replacement demand is not taken into account but, as workers leave the workforce because of retirement, ill-health etc, there is a continuing demand to replace them. With a growing number of older people in the workforce, this demand is significant in Dorset.

It should also be noted that a significant proportion of projected employment growth is among sectors which largely do not occupy B-use class workspaces. These would include hotels & catering, retail, education, and most of health and leisure. Non-B-use growth accounts for 45% of overall growth in the trend scenario and almost 40% in the strategy scenario. Non-B-use workspace requirements are not included in this document as there is no established methodology to assess future need.

B-use businesses frequently have specific land requirements and can face more constraints on where they set up, often with issues around amenity, impact and access.

### **B Employment demand is allocated to land use classes (LUCs)**

To assess the projected requirement for employment land in Purbeck, employment projections for B1, B2 and B8 use classes for the period 2013 to 2033 are used. These are grouped into three land use classes: office, industrial or 'other' business space and warehousing. This matrix was drawn up in agreement with Dorset local authority officers and is an adaptation of an original based on ODPM Employment Land Review Guidance (2004 – now withdrawn).

The matrix used for the conversion of employment projections for standard industrial sectors to land use classes is shown below:

| Sector                         | Non-B-use | Office | Other business (industry) | Warehouse | Total B1-B8 use |
|--------------------------------|-----------|--------|---------------------------|-----------|-----------------|
| Agriculture, forestry, fishing | 100%      |        |                           |           | 0%              |
| Extraction                     | 100%      |        |                           |           | 0%              |
| Manufacturing                  |           |        | 100%                      |           | 100%            |
| Utilities                      | 100%      |        |                           |           | 0%              |
| Construction                   | 44%       |        | 56%                       |           | 56%             |
| Distribution                   | 81%       | 1%     |                           | 18%       | 19%             |
| Hotels & catering              | 100%      |        |                           |           | 0%              |
| Transport & communications     | 66%       |        |                           | 34%       | 34%             |
| Financial services             | 15%       | 85%    |                           |           | 85%             |
| Business services              | 4%        | 84%    | 12%                       |           | 96%             |
| Public admin/defence           | 10%       | 70%    | 10%                       | 10%       | 90%             |
| Education                      | 100%      |        |                           |           | 0%              |
| Health & social care           | 90%       | 10%    |                           |           | 10%             |
| Other services                 | 86%       | 14%    |                           |           | 14%             |

### **C Employment demand is converted into floorspace requirement (no of FTEs\*density per sqm=floorspace required)**

Having grouped the projections by sector into broad land use classes, the 'Employment Density Guide, 2015'<sup>12</sup> guidance on worker densities – square metres required per full time equivalent worker – is used to estimate the amount of floorspace needed to accommodate the projected additional number of employees.

- For office use, an average of six sub-levels of office use, (ranging from 8sqm per FTE for call centres to 13sqm per FTE for corporate offices), indicates 11sqm per FTE. The space required for office staff has reduced over time reflecting changing practices which enable office space to be more intensively used.
- For B2 industrial and manufacturing use (other business space), an average of 36sqm per FTE is used.
- For B8 storage and distribution (warehousing) use, an average of 70sqm per FTE is used.

| Land use   | Sqm per FTE |
|------------|-------------|
| Office     | 11          |
| Industrial | 36          |

<sup>12</sup> 'Employment Density Guide 3<sup>rd</sup> edition, 2015' Homes and Communities Agency (DCA), November 2015

|             |    |
|-------------|----|
| Warehousing | 70 |
|-------------|----|

Source: HCA

### **D Floorspace requirement is converted into the baseline land requirement in hectares using plot ratios by LUC (floorspace in sqm/plot ratio=ha required)**

The estimated required floorspace in square metres by LUC is converted into a baseline land requirement in hectares using plot ratios for each LUC<sup>13</sup>. Plot ratios are based on employment land completions data from 1<sup>st</sup> April 1994 to 31<sup>st</sup> March 2015, together with outstanding commitments ie under construction, unimplemented applications and outstanding land allocations as at 1<sup>st</sup> April 2015.

| <b>Plot ratios</b> | <b>Sqm per hectare</b> |
|--------------------|------------------------|
| Office             | 4852                   |
| Industrial         | 3691                   |
| Warehousing        | 1454                   |

From this, a baseline land requirement for the period 2013-2033 in hectares is calculated by LUC.

### **E Consideration is then given to an additional allowance for flexibility**

If it is appropriate for policy needs, an additional allowance of 10% or 20% can be added to the baseline for flexibility.

To the baseline requirement, two allowances are then applied: windfall losses and churn. These allowances are taken into account to give the final figures for employment land requirement.

### **F An allowance for windfall losses is applied**

The allowance for windfall losses takes into account the likelihood that an amount of designated employment land may not be used entirely for B-use class employment. This creates a replacement demand. Land uses such as waste management, recycling, bus depots and combined heat and power plants can, where appropriate

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<sup>13</sup> Plot ratios averaged over 1994/5-2014/5, provided by Purbeck District Council



and under certain circumstances, be developed on employment land. There can also be windfall loss of employment land to residential use.

A significant proportion of the overall projected employment growth comes from sectors not traditionally located on employment land such as health care, education, hotels and leisure/recreation. However, under certain circumstances and where appropriate, recent planning experience has shown that such uses might be located on employment land. Careful monitoring is required to ensure that sufficient employment land remains available for B-use employment on employment land.

The allowance for windfall losses is based on historic employment land loss data over eleven years. Median loss is used in order to eliminate extremes which could skew the mean. The median therefore gives a more moderate and even result.

Windfall allowance calculations are based wholly on historic data – there is no factor included to take account of any future change of policy regarding employment land use.

The median of employment land losses in all Dorset local authorities was scaled up to give an overall total for the Bournemouth, Dorset and Poole area (35.26ha). This was then apportioned based on historic employment land loss data over eleven years for each local authority area, of which less than one per cent was in Purbeck. Over 2013-2033, this gives a windfall allowance of 0.03ha for the Purbeck area.

## **G An allowance for churn is applied**

As the location and premises needs of businesses change over time, business decisions can result in relocation. As one business moves out, another may take over the site for redevelopment. For the property market to function smoothly, there needs to be a certain level of vacant land available. This type of demand is known as 'churn' demand or 'frictional vacancy'.

Typically, it is estimated to take around two years to achieve a planning consent, undertake site preparation and construct a development after a site has changed hands. Therefore, to estimate the level of churn demand, the annual average net

take-up of employment land for the period 2004-2014 has been multiplied up by two. This indicates a total of 11.59ha in Purbeck over 2013-33.

#### **H The two allowances are added to the baseline to give the final employment land requirement**

The final employment land requirement comprises the baseline requirement plus the adjustment for allowances. Any additional allowance for flexibility can also be added to the baseline.

**Summary of Methodology for Estimating  
Employment Land Demand**

**A:** Projections for employment growth 2013 - 2033 - give

**Employment Demand**

**B:** Employment demand is converted to **Land Use Class (LUC)**

(Office, Other business, Warehousing)

**C:** Employment demand by LUC is converted to

**Floorspace Requirement**

using worker densities by LUC (FTE per sqm)

**D:** Floorspace requirement is converted to a

**Baseline Land Requirement (ha)**

using plot ratios by LUC

**E: Consideration of flexibility allowances required before**

**Allowances are then added:**

**F: Windfall losses**

Employment land likely to be lost to non-B-use  
is projected based on the median over the last eleven years

+

**G: Churn**

Vacant land required for smooth market function is estimated using the  
annual average net take-up of employment land: two year allowance

**H: Final Employment Land Requirement:**

**Scenario testing**

## Purbeck employment land projections 2016/17 – findings

### Overview:

The trend scenario is broadly ‘business as usual’<sup>14</sup>. Over 2013-2033 in Purbeck, the trend scenario indicates

- Growth of 800 FTEs of which 500 are likely to be in B1-B8 businesses;
- A final employment land requirement of 8.80ha (with zero flexibility) rising to 8.88ha with 20% flexibility.

The increase in employment demand projected in the trend scenario results in a baseline demand for -2.82ha of employment land in Purbeck.

The allowances for windfall losses and churn are added to the baseline requirement to give a total employment land requirement of 8.80ha with no additional allowance for flexibility.

### Trend scenario – with zero flexibility

| <b>2013-33</b>   | <b>Purbeck</b> |
|--|----------------|
| Office baseline  | 1.16           |
| Industrial baseline (other + warehousing)                                | -3.99          |
| <b><i>Baseline B-use land requirement (ha)</i></b>                       | <b>-2.82</b>   |
| Allowance for flexibility  | 0.00           |
| Allowance for windfall losses  | 0.03           |
| Allowance for churn  | 11.59          |
| <b>Total B-use land requirement (ha) with flexibility and allowances</b> | <b>8.80</b>    |

A further allowance has been added to the employment land requirement to allow flexibility in line with changing demand. The flexibility allowance is calculated from the baseline before allowances for windfall losses and churn are included. Two flexibility scenarios, at 10% and 20%, result in two final sets of figures with the maximum requirement being 8.88ha.

<sup>14</sup> Note: for Purbeck the Strategy scenario is the same as the Trend scenario

**Trend scenario – with 10% flexibility**

| <b>2013-33</b>   | <b>Purbeck</b> |
|--|----------------|
| Office baseline  | 1.16           |
| Industrial baseline (other + warehousing)                                | -3.99          |
| <b><i>Baseline B-use land requirement (ha)</i></b>                       | <b>-2.82</b>   |
| Allowance for flexibility  | 0.04           |
| Allowance for windfall losses  | 0.03           |
| Allowance for churn  | 11.59          |
| <b>Total B-use land requirement (ha) with flexibility and allowances</b> | <b>8.84</b>    |

**Trend scenario – with 20% flexibility**

| <b>2013-33</b>   | <b>Purbeck</b> |
|--|----------------|
| Office baseline  | 1.16           |
| Industrial baseline (other + warehousing)                                | -3.99          |
| <b><i>Baseline B-use land requirement (ha)</i></b>                       | <b>-2.82</b>   |
| Allowance for flexibility  | 0.08           |
| Allowance for windfall losses  | 0.03           |
| Allowance for churn  | 11.59          |
| <b>Total B-use land requirement (ha) with flexibility and allowances</b> | <b>8.88</b>    |

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