

CABINET (LOCAL DEVELOPMENT FRAMEWORK) COMMITTEE

6 November 2007

WINCHESTER DISTRICT ECONOMIC & EMPLOYMENT STUDY

REPORT OF HEAD OF STRATEGIC PLANNING

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RECENT REFERENCES:

CAB1521 - LDF Core Strategy - Progress Report (LDF Committee, 11 September 2007);
CAB1473 - Winchester District Development Framework - Economic and Employment Study
(LDF Committee, 7 June 2007).

EXECUTIVE SUMMARY:

The Core Strategy needs to address economic issues and to take account of evidence relating to employment needs and provision. Accordingly, the Committee has agreed to appoint SQW Consultants to undertake the Winchester District Economic and Employment Study. The aim of the Study is to go beyond providing just an employment land assessment, and to look more widely at the economic issues and potential options facing the District over the next 20 years or so. This Study is one of the key studies that will contribute to the Core Strategy's issues and options, given the fundamental importance of economic issues and their relationship to other key matters.

This report highlights some of the key findings of the Study and the issues and options that it raises. Unfortunately the final draft of the study had not been received at the time of writing the report, but will be available via the link at paragraph 1.4 of this report in advance of the meeting. The Study looks at the economic context, undertakes an employment land review, and then carries out a 'synthesis' of the evidence to highlight the key economic and employment issues and options facing the District. The Committee is asked to note these and to agree that they should be taken into account in developing the Core Strategy 'issues and options' paper.

RECOMMENDATIONS:

- 1 That the matters set out in paragraph 2.23 of the report be endorsed as some of the key economic and employment issues for the Local Development Framework.

CABINET (LOCAL DEVELOPMENT FRAMEWORK) COMMITTEE6 November 2007WINCHESTER DISTRICT ECONOMIC & EMPLOYMENT STUDYREPORT OF HEAD OF STRATEGIC PLANNINGDETAIL:1 Introduction

- 1.1 Planning Policy Statement 12 (PPS12) advises that LDFs need to be prepared on the basis of a thorough understanding of the needs of the District and the opportunities and constraints that operate within it to ensure that the policies prepared are founded on a robust and sound basis. Para 4.8 of PPS12 states “Local Planning Authorities should prepare and maintain an up-to-date information base on key aspects of the social, economic and environmental characteristics of their area, to enable the preparation of a sound spatial plan meeting the objectives of sustainable development.”
- 1.2 This Committee has previously acknowledged that, as the Strategic Planning Team was small with a broad range of responsibilities in addition to LDF production, it would not have the time or the skills to undertake all the key elements of work, including some of the more technical reports required to inform the LDF. Significant additional funds have been made available to deliver the LDF on time and in compliance with both PPS12 and the Town and Country Planning (Local Development) (England) Regulations 2004. The Committee agreed at its meeting on 7th June 2007 to the appointment of SQW Consultants to undertake the Winchester District Economic and Employment Study (report CAB1473 refers).
- 1.3 The aim of the Study was to go beyond the requirements in PPS12 and other guidance for just an employment land assessment, and to look more widely at the economic issues and potential options facing the District over the next 20 years or so. The Study is, therefore, wide-ranging (Report CAB 1473 set out the consultant’s brief at its Appendix 1). The consultant’s brief envisaged a 3-stage Study, where Stage 1 involved gathering evidence about the local economy, Stage 2 involved discussing the evidence and gaining the views of stakeholders, and Stage 3 involved assisting the Council in developing a ‘preferred option’, following consultation on ‘issues and options’. A Steering Group was set up consisting of City Council officers, and the Chairman of the North Hampshire Chamber of Commerce and Industry was also invited, along with specialist County Council officers.
- 1.4 In practice Stages 1 and 2 were undertaken largely in parallel and the consultant’s draft report on these stages has now been received. The draft report is currently being finalised and will be available at the link below in advance of the meeting. Because the Study had not been finalised at the time of writing this report, it has not been possible to include some of the detail, such as on the precise scale of potential land allocations needed. This will be updated at the meeting. Due to its size, hard copies of the consultant’s report will only be available for Committee Members, but

the final report will be able to be viewed on the Council's Website by following links to Cabinet (LDF) Committee from the following page:

<http://www.winchester.gov.uk/CouncilAndDemocracy/DemocracyAndElections/Committees/>

This report highlights the key findings of the Study and the issues and options that it raises (based on the draft report, any significant updates will be reported at the meeting). The Committee is asked to note these and to agree that they should be taken into account in developing the Core Strategy 'Issues and Options' paper. Indeed, this Study is one of the key studies contributing to the issues and options, given the fundamental importance of economic issues and their relationship to other key matters.

2 Summary of the Study

- 2.1 The Study is in three main parts: Section A on the 'Economic Context', Section B the 'Employment Land Review', and Section C: 'Synthesis'.

Section A: Economic Context

- 2.2 This sets out the policy context for the Study, including local policies and strategies (Local Plan Review, Community Strategy, Economic Action Plan, BID) and regional context (Regional Economic Strategy, South East Plan). It is noted that the South East Plan's sub-regional strategy for the South Hampshire area (PUSH) includes specific job and floorspace requirements, although these are not broken down into District-level requirements. There are no numerical job/floorspace targets for the northern part of the District, but the Study notes the South East Plan Examination in Public (EIP) Panel's comments about the desirability of additional housing in the non-PUSH part of the District, due to the concentration of employment within Winchester town.
- 2.3 The assessment of the policy context highlights three key issues:
- A 'disjuncture' between the existing Local Plan Review's cautious approach and emphasis on conservation of the District's high quality environment, compared to the direction being indicated by the South East Plan and the EIP Panel Report;
 - Related to this is the EIP Panel's clear desire for housing growth at Winchester, reflecting housing affordability and labour supply issues, whilst at the same time being concerned that growth at Winchester should not have adverse implications for regeneration in the PUSH area;
 - The need to consider the scope for 'smart growth' (particularly in Winchester town) as a way of linking the aspirations of the Regional Economic Strategy and South East Plan with those of the Community Strategy and related documents.
- 2.4 The Study then sets out an economic overview which looks at how the various sectors of the economy have performed and their projected future performance. It identifies that the District falls into three distinct parts in economic terms: Winchester town; the PUSH/M27 corridor area; and the market towns/rural area.
- 2.5 The Study undertook some detailed work on commuting patterns which illustrate, in particular, the scale of commuting into and out of Winchester town. This shows that the 'net' commuting flows are about 10,000 per day, but the total in-commuting (about 18,000) and out-commuting (about 8,600) flows amount to 'gross' commuting

movements of more than 26,000 per day (more than the total working population of the town - about 20,000).

- 2.6 The largest in-commuting flows are from Eastleigh, Southampton and Bishopstoke, while the largest out-commuting destinations are Greater London, Southampton and Basingstoke. The study of commuting patterns was striking in the limited extent to which Winchester attracted commuters from elsewhere in the District (less than 15%) or contributed to those commuting to other settlements in the District.
- 2.7 The contribution of the creative industries to Winchester town's economy is noted, along with that of the higher education establishments. It is estimated that 400-500 of the students graduating each year remain within the local economy, helping to contribute to the area's very highly qualified workforce. The importance of the visitor economy is acknowledged, as is the growing importance of the professional and business services sector.
- 2.8 With regard to the PUSH/M27 Corridor area, it is clear from commuting patterns that the settlements in this part of the District look towards the urban areas to the south rather than Winchester town. The importance of the Whiteley business parks in strategic employment terms is noted, with almost 4,000 people commuting in for work. Whiteley has a high proportion of managerial and professional occupations compared, for example, to Hedge End which has more lower-order occupations.
- 2.9 Five 'market towns' were identified and studied in the District: Alresford, Bishops Waltham, Denmead, Whiteley and Wickham. Most, apart from Whiteley, have a good level of containment in terms of residents who live and work in the settlement. This ranges from 52.6% in Alresford to 31.2% in Wickham, but only 5.7% in Whiteley. As already noted, out-commuting from the market towns to Winchester is generally limited, apart from in the case of Alresford.
- 2.10 The Study considered three major 'rural' employment locations: Hursley Park, Marwell Zoo/Hotel and the Micheldever Station area. It confirmed that these were important, providing for over 4,000 jobs. Perhaps more significantly, it was noted that the rural part of the District (outside Winchester, the market towns and the 3 locations above) accounted for over 20,000 jobs, almost twice the combined level of the market towns and equivalent to about 70% of the jobs in Winchester town. The extensive rural area accounts for over 30% of the District's economy in terms of the number of jobs provided.
- 2.11 The Study notes the incidence of home-working, which reaches over 14% in the rural parts of the District. However, it notes that home working is not always undertaken through choice and can be a 'survival strategy' resulting from isolation due to a lack of public transport, etc.
- 2.12 The Study undertakes projections of future employment in the various industrial sectors. This suggests that 'natural' growth overall will be about 0.3% per annum to 2020, similar to, but slightly less than, the South East as a whole. Computing services is projected to be the fastest growing sector, with business services, banking and finance, and insurance also expected to grow and to do so more quickly than the South East average. The public administration and defence sectors are also expected to grow, although very little in absolute terms, as are retailing and distribution, although their incidence will remain notably lower than the South East average. Prospects for high value-added manufacturing (e.g. electrical engineering)

seem to be weak, and employment in agriculture and food and drink will continue to decline, although more slowly than the rest of the South East.

2.13 The key points arising from the economic overview are;

- The District has full employment and significant in-commuting, as well as a concern to protect the character of the rural District and historic City. But there are substantial knowledge-based assets and ambitious businesses will continue to grow, if necessary elsewhere. The concept of 'smart growth' needs to be explored to increase activity rates and labour supply, potentially by relocating some lower value public sector functions and replacing them with higher value uses to help address commuting issues;
- There is limited functional connection between Winchester town and the rest of the District, and Winchester's role relates more closely to larger urban areas, to the south and London. Plans for Winchester may, therefore, have little impact on the rest of the District and the rural parts of the District have a sizable economy in their own right;
- The southern fringe of the District is functionally part of South Hampshire. Employment sites in this part of the District make a major contribution to the availability of employment land in PUSH as a whole and will contribute disproportionately to the District's economic performance. Growth in this area is driven by the wider ambitions for PUSH.

Section B: Employment Land Review

- 2.14 This section included an assessment of the property market, taking account of the City Council's 2006 Business Survey, as well as discussions with property agents, Council officers, information on land supply, and the consultant's own knowledge. The review used the three sub-divisions of the District already referred to: Winchester town, M27 corridor and the market towns/rural area. The review notes the much higher land values for residential purposes than for office, industrial or distribution uses, which leads to pressure to change employment land to residential where possible.
- 2.15 The M27 corridor market is closely linked to the South Hampshire conurbation and has good market demand. Congestion issues are noted and demand seems slightly lower to the east of M27 junction 9 and at the southern end of the A3(M). Property agents suggest that supply and demand are reasonably balanced, with a possible shortage at the southern end of the M3.
- 2.16 Winchester is a discrete property market with limited land and few modern premises available. Planning policies restrict new office developments of more than 200sq m and as a result there is a shortage of modern sites and premises. Property agents suggest there would be strong demand for additional workspace, especially close to the M3 and for modern knowledge-based industries.
- 2.17 The rural area includes the market towns and various smaller settlements and has a limited supply of available floorspace. It is a very desirable area to live, resulting in pressure for conservation. There is little available land and premises, and strong demand for sites which become available. Demand for warehousing/distribution is limited away from the principal roads.

- 2.18 The consultants have undertaken a series of econometric projections to help establish how much, if any, additional land may be needed in future. They have produced a 'baseline' projection based in 'natural' growth of the economy. Provisional estimates indicate that the number of jobs in the District will grow by about 10,770 from 2006 to 2026 (14%). The consultants have also produced a 'baseline plus' projection by assuming a greater rate of growth in those sectors which are felt to have greatest potential in Winchester District, giving a jobs increase of 12,890 jobs (17%). The growth sectors include agriculture, manufacturing, construction, distribution/hotels /catering, financial and business services, and government/other services. These sectors include the areas where Winchester has existing strengths, such as the creative industries and tourism. Not all of these will require additional employment land, but those which do were converted into an estimated land need, and this was broken down by the three sub-divisions of the District.
- 2.19 The existing ('status quo') distribution between the three parts of the district was applied firstly and then the figures were re-calculated giving a 'shift' to each of the three areas in turn. The consultants are still finalising the Study which will result in these figures changing form the draft document. Accordingly, a table showing indicative land 'requirements', based on the various scenarios will be circulated at the meeting.
- 2.20 With regard to the supply of employment land, part of the requirement of the brief was for the consultant to undertake an employment land review. This involved identifying and assessing 50 existing, committed and potential employment sites in the District. Assessment criteria were agreed and the sites were 'scored' on a 'traffic light' system – green (clearly fit for purpose), amber (fit for purpose with improvement), and red (clearly not fit for purpose). The assessment concludes that 42 of the sites (84%) are 'green', with 8 (16%) amber, and only 2 (4%) red. All the major sites in the M27 corridor are 'green' sites, with the rural area having several of the 'amber' sites and one red. Most of the Winchester town sites are green, with a few amber.
- 2.21 Given the results of the econometric projections and the property market assessment, the consultants also assessed a number of 'potential' employment sites, mostly around Winchester. This reflected the potential for additional employment growth, but it should be stressed that the consultants brief did not extend to identifying or recommending whether particular sites should be allocated for development. This part of the assessment would, therefore, only be relevant if it was concluded at the Preferred Options stage of the Core Strategy that additional land needed to be sought in these areas.
- 2.22 The key points arising from the employment land review are, therefore, that:
- The majority of employment allocations and commitments are fit for purpose (green), with the top 20 including all the major sites in the M27 corridor;
 - Most of the allocated (and as yet undeveloped) sites are in the M27 corridor whereas most of the sites in Winchester and the market towns/rural area are existing developed sites. This suggests a need to consider the availability of sites in these areas;

- There is strong market demand in the M27 corridor, especially nearer the M3, and demand for offices and industrial land in Winchester is constrained by current planning policies;
- The initial 'baseline' econometric projections suggest jobs in the District will increase by 10,770 (14%) from 2006 to 2026 and if the sectors with most growth potential are expanded ('baseline plus') this could increase to 12,890 (17%). The implications in terms of additional employment land required, will be reported at the Committee meeting;
- The need for land in any of the three geographical sub-divisions of the District would vary depending on whether the 'status quo' scenario is used or whether there is a shift in emphasis towards growth in a particular sector. This could result in an estimated range of needs.

Section C: Synthesis

2.23 This section of the Study brings together all the evidence and statistics, along with the views of stakeholders and others, and synthesises it into the key issues and options for the District. A number of 'imperatives' are identified:

- The need for 'smart growth' especially in Winchester town, to increase productivity and help tackle commuting issues. This could include effecting a shift in employment provision from lower to higher value-added activities and increasing economic activity rates;
- The need to actively support the growth of the creative and cultural industries, acknowledging Winchester's knowledge-based assets and recognising the character and needs of this sector;
- The need to consider the nature of out-bound commuters, many of which are from the higher occupational groups. Economic development should focus on higher-value business and professional activities which may encourage these commuters to work more locally;
- The need to recognise the importance of home-working, which can be beneficial in terms of sustainability, but needs to be supported;
- The need to take account of the District's strengths relating to the land-based sector, which has the potential to benefit from the area's affluent customer base, and the presence of Sparsholt College.

2.24 These imperatives are then used to derive a number of potential spatial options for economic development. The report comments on overall employment land needs, noting that the econometric forecasts produce estimates of job increases of 14% - 17%. In addition, it is noted that South Hampshire has a regional growth role and that there are substantial commitments of employment land in the PUSH part of Winchester which will contribute to this role. Taking account of the need to provide enough land to give flexibility for developer choice, market 'churn', and possible non-implementation, the Study makes recommendations on the need for employment land across the District over the next 20 years (to be reported at the Committee meeting). There are several scenarios for the way in which the total can be divided between the various parts of the District.

3 Conclusion

- 3.1 The report concludes by identifying four 'spatial scenarios' and commenting on them. It is not the purpose of the Study, or the Issues and Options paper, to select a preferred option at this stage. The consultants are commissioned to provide economic advice and input when it comes to selecting a preferred option, following the Issues and Options consultation.
- 3.2 Status Quo Scenario This scenario carries forward the general existing split of economic activity in the various sub-divisions of the District. It reflects the importance of Winchester within the local economy but perhaps gives more emphasis to conservation objectives than economic growth. It would reduce unsustainable in-commuting to Winchester but would not reduce commuting into the southern part of the District, due to growth in the M27 corridor.
- 3.3 M27 Corridor Shift Scenario This would increase the allocation of employment land to the M27 corridor, over and above the existing commitments. It would further concentrate economic development in the PUSH area, possibly involving more inward investment from London and the South East. It would continue to encourage commuting into major employment centres on the fringes of the District from the South Hampshire urban areas and would reinforce Winchester's 'county town' economy and heritage status.
- 3.4 Winchester Shift Scenario This scenario represents an increased allocation of employment land to Winchester itself. This would enable Winchester to go beyond its current 'county town' status and play a stronger role in the sub-regional economy, particular in the areas of creative and media industries, financial and professional services, higher education and other knowledge-based industries. It could also attract inward investment, particularly in financial and business services, perhaps through the development of a new business quarter or a 'knowledge park'. This scenario would need additional housing growth to increase the labour supply, so as to avoid exacerbating in-commuting, but could intercept some of the out-commuting to London and the rest of the South East.
- 3.5 Rural Shift Scenario Under this scenario there would be a greater allocation of employment land to the rural area and market towns, which would enable small employment sites to be allocated in each of the market towns. The emphasis of these allocations should be on office, high technology and light industry, given the apparent lack of market demand for industrial uses in the rural area. This would strengthen the role of the market towns and may provide more live-work opportunities. The pattern of commuting may be more dispersed but with slightly reduced in-commuting flows to Winchester and the M27 corridor, resulting in overall sustainability remaining about the same.
- 3.6 The Study highlights that the four scenarios may not be mutually exclusive. The impact of each scenario on commuting patterns is seen as a key sustainability issue which will need to be tested when looking at which scenario to adopt. However, a balanced view of the need for economic development and the role of the District and its settlements in the wider area will need to be taken, in addition to having regard to the outcome of consultation on the options.

OTHER CONSIDERATIONS:

CORPORATE STRATEGY (RELEVANCE TO):

The Study and this report are of relevance to the Economic Prosperity priority.

RESOURCE IMPLICATIONS:

Budget provision has been made for the Economic and Employment Study and this Committee has endorsed the appointment of SQW to undertake the Study (see CAB1473[LDF]).

BACKGROUND DOCUMENTS:

None.

APPENDICES:

The Winchester District Economic and Employment Study 2007 **(to follow)**

Due to its size, the Winchester District Economic and Employment Study 2007 will be sent to Committee Members only, when available. It will also be available to view prior to the meeting on the Council's Website by following links to Cabinet (LDF) Committee from the following page and a copy will be placed in the Members' Library:

<http://www.winchester.gov.uk/CouncilAndDemocracy/DemocracyAndElections/Committees/>