



TOPIC PAPER:

Local Economy Topic Paper - Update

DATE: June 2014

1. Introduction

- 1.1. In October 2013, the JCS authorities published a topic paper that summarised the relevant evidence and explained how the JCS employment related policy had been arrived at. That paper reflected the approach and evidence on this issue that informed the draft Joint Core Strategy that was published for consultation in October 2013.
- 1.2. The 3 JCS Councils agreed in April 2014 to publish a Pre-submission version of the plan and the purpose of this update note:-
 - To refer to additional evidence that has been received between October 2013 and June 2014
 - The implications of this new information for establishing the level of need for employment land that the JCS should plan for
 - Outline additional ongoing work that may affect the level of need to be planned for
- 1.3. The documents referred to in this update are all available on the JCS website.
- 1.4. The Topic paper will be revised prior to the examination of the JCS, which is likely to be early in 2015.

2. New evidence

- 2.1. The following report has been published on the JCS website, updating the evidence base since October 2013:-

Report date	Authors	Title
April 2014	NLP ¹	Assessment of Updated Economic Forecasts

NLP April 2014: Assessment of Updated Economic Forecasts

- 2.2. The draft Joint Core Strategy (JCS), which was published for consultation between October and December 2013, made provision for the objectively assessed need for 33,200 new homes and allocated land for 63ha employment land (plus 20 hectares of replacement employment land at the Ashchurch MOD site) between 2011 and 2031. Policy E1 states that the JCS supports the provision of 21,800 additional jobs to 2031.
- 2.3. The draft JCS was informed by econometric projections which were obtained in 2012 from Experian Business Strategies Ltd (Experian) and Cambridge Econometrics (CE):
 1. Experian forecast that the number of jobs in the study area will rise by 8.9% (16,000) from 181,000 to 197,000 between 2011 and 2031.
 2. CE forecast that the number of jobs in the study area will rise by 14.9% (28,400) from 188,900 to 217,300 between 2011 and 2031.
- 2.4. The housing requirement associated with these projections is 29,000 (Experian) and 37,400 (CE). The housing and employment figures contained within draft JCS were mid-way between those associated with the Experian and CE forecasts.

¹ Nathaniel Lichfield and Partners

2.5. The difference between the Experian and CE figures highlights the uncertainties associated with economic forecasting and the risks associated with the selection of a single set of figures. The importance of ensuring that a Local Plan is based upon robust economic data has been demonstrated by Inspectors into Local Plans elsewhere in the Country. In October 2013, the Inspector into the South Worcestershire Development Plan questioned the reliability of the CE forecasts that informed the economic policies. His 'Interim Conclusions' stated that:

“The Councils will need to satisfy themselves that they have up-to-date and realistic employment forecasts to inform their analysis. This is likely to mean examining and comparing forecasts from more than one source to ensure as far as possible that they are representative of the likely economic situation over the plan period”.

2.6. In the light of this, NLP were instructed by the JCS authorities to undertake a review of the employment forecasts prepared by 3 agencies (Experian, Cambridge Econometrics (CE), and Oxford Economics (OE), and to assess the demographic and housing implications associated with each.

2.7. The assessment of the latest econometric forecasting by Experian, OE and CE highlighted a number of important matters:

- Changing economic conditions and revisions to the data inputs into the models have resulted in higher employment forecasts;
- However, the level of GVA growth that is anticipated by the econometric forecasts does not reflect the target contained within the SEP;
- A further increase in employment growth would be required to achieve alignment between the JCS and the aspirations set out in the emerging SEP;
- The latest econometric data creates upward pressure for housing growth within the JCS.

2.8. Within the same report, NLP provided further advice on the level of employment land that the JCS should be seeking to allocate.

2.9. NLP tested a number of different sensitivities and concluded that employment land requirements should be planned for between 34 and 62ha land for B Class development across the JCS area between 2011 and 2031.

2.10. This range is based upon an analysis of the forecasts obtained by Experian, Cambridge Econometrics and Oxford Economics. These are three of the leading economic forecasters but importantly, their local employment forecasts do not take account of local policies and aspirations. For this reason, and in the absence of any policy-on analysis, NLP consider that it would be prudent to plan for a level of employment growth that is towards the upper end of this range. This would be important in ensuring an adequate supply of employment land can be provided within the JCS area and in preventing any shortages from impacting upon the economic well-being of the JCS area.

Sensitivity Scenario	Experian	Cambridge Econometrics	Oxford Economics	Triangulated Average
1	55.2 ha	41.0 ha	55.9 ha	50.7 ha
2	54.3 ha	41.8 ha	55.2 ha	50.4 ha
3	57.1 ha	41.7 ha	57.8 ha	52.1 ha
4	45.1ha	34.2ha	45.8ha	41.7ha

3. Related evidence and plans

- 3.1. The JCS area comprises the economic centre of Gloucestershire and the JCS authorities have been closely involved in the preparation of the Local Enterprise Partnership's 'Strategic Economic Plan for Gloucestershire', submitted to the Government in March 2014.
- 3.2. Where appropriate, the two plans have been based on the same evidence. Two of the key employment sites identified in the SEP for growth are at Junctions 9 and 10 of the M5, and are allocated for employment development in the JCS.

4. Further ongoing work

- 4.1. The Cambridge Centre for Housing and Planning Research (CCHPR) is undertaking an assessment of the impact that economic activity assumptions are likely to have on housing requirements. The implications of this work may need to be reviewed before the JCS is submitted for examination.

5. New government guidance

- 5.1. Following the publication of draft policy guidance by the Department of Communities and Local Government (DCLG) in September 2013, DCLG published updated national Planning Practice Guidance (PPG) in March 2014.
- 5.2. This included fuller guidance on the assessment of housing and economic development needs, and also for economic development and town centre needs.