

CABINET

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EMPLOYMENT LAND REVIEW CONSOLIDATION STUDY

Portfolio Holder: Councillor Jane Chitty, Strategic Development and Economic Growth

Report from: Robin Cooper, Director of Regeneration, Community and Culture

Author: Brian McCutcheon, Local & Regional Planning Manager

Summary

This report briefly summarises the results of an Employment Land Review Consolidation Study, commissioned to inform the Local Development Framework but which will also be important in delivering the Council's Economic Strategy.

It indicates that we are well placed to deal with a range of economic scenarios with a mixed portfolio of sites and potential floorspace catering for a range of sectors.

Please note that the Study (appendix 1) has been circulated separately to Cabinet Members, Group Rooms and is also available at the Council's main receptions and on the Council's website via

<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2104&Ver=4>

Further copies are also available from the Cabinet Office. Please contact 01634 332509/332008 for further details

1. Budget and Policy Framework

1.1 The study the subject of this report has been prepared within the existing budget and the current policy framework.

2. Background

2.1 In December 2009 Cabinet approved a new Economic Strategy for Medway, prepared by the specialist consultants ERS. Cabinet was also informed that a separate but complementary Employment Land Study was being prepared and would be reported in due course. The Economic Strategy looks at our future prospects, taking account of the economic downturn and the sectors most likely to provide jobs potential in the future.

2.2 The key messages in the Strategy include:

- Medway has fewer jobs than its resident workforce and local jobs are paid at a lower rate than both the regional and national average

- Some net out commuting is inevitable due to the “London pull” effect but attracting higher value economic activities is the key to a more sustainable local economy
- With considerable uncertainty as to what sectors might lead an economic recovery, creating the right conditions for economic growth should be the first priority but with as much encouragement as possible also being given to the cultural and creative and environmental technology sectors
- Continuing efforts to more closely match skills to employer needs
- Maximising opportunities presented by the universities, including developing the evening economy and brokering relations between the institutions and local companies
- An apparent “dearth” of good quality employment sites – and hence the relevance of the Employment Land Study
- The crucial importance of continuing to improve the image of the area.

2.3 It also concluded “*there is a case for ensuring that there are designations of employment land to accommodate up to 25,000 additional jobs*” (by 2026).

2.4 It has taken a little longer than expected to complete the Employment Land Study, partly due to the fact that a number of proven consultancies had ‘conflicts of interest’ with private sector clients active in the area. Eventually however Baker Associates, based in Bristol, were commissioned to complete earlier work undertaken in house and in conjunction with the University of Greenwich.

2.5 The resulting Consolidation Study, included with the agenda, is the subject of this report. It has only very recently been received and some minor changes are justified to improve its clarity and consistency. This is in hand and Cabinet approval is sought to delegate authority to the Director of Regeneration, Community and Culture, in consultation with the Portfolio Holder for Strategic Development and Economic Growth, to approve minor changes to the Consolidation Study to improve its clarity and consistency, prior to its formal publication.

3. Advice and analysis

3.1 The format of the study closely follows guidance issued by the Department for Communities and Local Government but essentially it considers two main issues:

- How much employment floorspace is likely to be required to satisfy future job needs
- Is this of the right type and in the right location – if not what additional provision should be made?

3.2 To simplify analysis the study breaks Medway down into 6 broad areas:

- Chatham and Rochester town centres/waterfronts
- Medway Waterfront
- M2 motorway access
- Peninsula
- Other urban employment areas and town centres
- Rural and peripheral employment areas.

Current provision in each area is then assessed and the different economic sectors these serve. This is followed by an analysis of previous work and the conclusions that can be drawn from that.

3.3 The study next considers future employment growth in terms of 'low' and 'high' scenarios. These reflect in depth work undertaken both internally and by the consultants that can, most simply, be summarised as follows:

- Demographic change alone to 2026 suggests a 'new' job requirement of only around 6,500 – this largely reflects a reduced proportion of the total population being of working age over time, offsetting an overall increase in the population
- This figure also assumes that net out commuting would continue at the current rate
- Thus the 'low' scenario is set at 6,500
- The 'high' scenario makes the same assumptions on demographic change but also assumes a reduction in out commuting of 7,700 and increased economic activity overall
- This gives a 'high' scenario of 21,500 new jobs.

3.4 The rest of the study tests this 'high' scenario and it will be noted that it is different from the target in the Economic Strategy of 25,000. This reflects the fact that analysis by both Baker Associates and officers indicates that the figure of 25,000 is based on forecasts for which there are now more up to date figures. It assumes a total population of 300,000 by 2026 (now forecast at 280,000) and very optimistic assumptions about increased economic activity rates.

3.5 After thoroughly examining the sites already identified to meet future needs the study reaches the following overall conclusions:

- Taking Medway as a whole, there is a very large supply of employment land. This is, in large part, due to the extensive provision at Kingsnorth and the Isle of Grain
- There is a small potential over supply in the town centres and along the waterfront so it will be important to manage the pace of development to avoid pressure to reallocate land to other uses
- There is notionally an undersupply of employment land with M2 access but there is also scope for the redevelopment of existing sites in the Strood area and around Rochester Airport which have the potential to address some or all of this demand
- It will also be important to ensure that the premature development of non-central sites does not, inadvertently, undermine the redevelopment of more central sites. In practice this would only be likely if large scale office style accommodation was proposed in the less central locations
- It endorses the intended policy response to Rochester Airfield (technology and knowledge based uses on land adjoining the operational airport) and Lodge Hill, Chattenden (higher value uses associated with energy and other activities at Grain and Kingsnorth)
- It considers there is scope for growth in the construction sector north of the river, with Medway City Estate a suitable focus for this
- There will be a need for appropriate monitoring and phasing to support regeneration objectives and avoid undermining delivery in certain locations e.g. Strood

- Established employment areas should be afforded protection in terms of their possible redevelopment for non-employment uses.

4. Director's comments

- 4.1 The study is a technical piece of work and its primary purpose is to inform and be part of the evidence base for the Local Development Framework. However it takes a proven and robust approach. As such its conclusions are considered sound.
- 4.2 Given that it divides the area into six generalised zones it is not surprising that it finds a potential over or under supply in some. What is particularly significant is the conclusion that further land releases are not required to meet the overall needs of the area.
- 4.3 Although it warns of a possible problem of over supply in some areas it is considered that this is unlikely to occur in practice. The very large employment areas at Grain and Kingsnorth will, almost certainly, take many years to build out. They will also cater for a very specific market less dependant on proximity to a major urban area. The successful regeneration of the complete portfolio of town centre and waterfront sites will also extend over a number of years.
- 4.4 In assessing the potential under supply in the "M2 Access" area it makes the important point that this can be addressed not only by new supply but also by redevelopment of existing sites at a greater density and it recognises that Lodge Hill will make an important contribution in terms of new supply.
- 4.5 Some local property agents and others have expressed the view that there is insufficient employment land available in Medway or that it is of the wrong type or in the wrong location. This study contradicts that view, based on a full quantitative and qualitative assessment. Large industrial estates and business parks no longer dominate employment provision and access to good public transport hubs is increasingly seen as more important than direct motorway access. Thus there is a new and growing role for town centre and other urban sites. There is also a need to promote reinvestment in our existing employment areas to ensure that they stay competitive and meet modern company requirements. Large-scale land releases on the urban periphery are therefore not required and could anyway undermine investment in existing and more sustainably located sites.
- 4.6 Work already carried out on the Local Development Framework has fairly accurately anticipated the outcome of the study but it is intended that it will be fully taken into account, prior to publication.
- 4.7 As indicated above some minor changes are needed to the report to improve clarity and consistency and this is being actioned by the consultants with the support of officers. However it is not expected that this will materially change the content or conclusions as set out in the current version.

5. Risk Management

- 5.1 A robust study, closely following Government guidance, is vital if it is to be used to justify future policy through the Local Development

Framework and future revisions to the Economic Strategy. A failure to complete the study would result in a deficient evidence base for the Local Development Framework.

Risk	Description	Action to avoid or mitigate risk
Failure to complete a robust Employment Land Study	Deficient evidence base to underpin future policy, leading to challenge or stifled economic activity	Completion of study and findings reflected in future policy

6. Consultation

- 6.1 The current study builds on earlier work carried out by officers, the University of Greenwich and Sue Millar Associates. This included detailed engagement with local agents, employers and others and has been fully taken into account by Baker Associates.
- 6.2 As it is a technical study it is not intended that it be subject to a general public consultation exercise but it will be web published and interested parties will be able to comment on it alongside the Local Development Framework Core Strategy.

7. Financial and legal implications

- 7.1 There are no significant legal or financial implications arising from this report.

8. Recommendations

- 8.1 Cabinet is requested to endorse the report and its findings and it is recommended that the jobs target in the current Economic Strategy be moderated, in accordance with the findings in the Employment Land Review Consolidation Study, to 21,500, as set out in paragraphs 3.3 3.4 of the report.
- 8.2 That the Director for Regeneration Community and Culture, in consultation with the Portfolio Holder for Strategic Development and Economic Growth be granted delegated authority to approve minor changes to the Consolidation Study to improve its clarity and consistency, prior to its formal publication.

9. Suggested reasons for decision

- 9.1 To provide an up to date and accurate evidence base for the preparation of the Local Development Framework and to facilitate the delivery of the Economic Development Strategy.

Lead officer contact

Brian McCutcheon, Local & Regional Planning Manager, Gun Wharf. Tel: 01634 331149. Email: brian.mccutcheon@medway.gov.uk

Background papers

Medway Economic Development Strategy 2009