

Richmondshire District Council
**Employment Land Review –
Update**
Addendum to ELR

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1 Introduction

1.1 Purpose of this ELR Update

In 2018, Richmondshire District Council appointed Edge Economics and Arup to prepare an Employment Land Review (ELR). The ELR was completed in June 2018.

Since that time there have been important changes in local economic development policy and further work has been undertaken as part of the new Local Plan. In light of this, the Council would like to update the ELR with particular focus on the future scenarios for employment. Edge Economics was appointed to undertake this update and the work was undertaken in May to August 2019.

This update reflects two primary changes that have occurred since the 2018 ELR:

1. New policy formation in local economic development policy - A new economic strategy is now emerging with a focus on stimulating growth; and
2. A change in the time period for consideration – The progression of other work supporting the new Local Plan means that the Council would now like the ELR to consider a different time period (2018 – 2035 instead of 2014 – 2035).

This update takes the form of an Addendum document, to be read alongside the 2018 ELR report.

1.2 Approach and structure of this report

The update undertakes selective updating of the 2018 ELR with a particular emphasis on future employment scenarios.

To provide ease of reading alongside the 2018 ELR report, this Addendum document is structured to mirror the structure of the 2018 report. This, along with the approach to updating, is as follows:

Figure 1.1: Approach and structure of ELR Update

	Section of document	Approach to update
2	Policy context	Overview of any changes to policies (including local economic development strategy)
3	Economic context	Review of latest employment trend data and identification of implications. Review of future economic drivers
4	Property market context	No update
5	Summary of site assessments	No update
6	Future requirements for employment land	<ul style="list-style-type: none">• Review of latest ‘baseline’ REM forecast• Rerunning of low/med/high scenarios• Translation into floorspace requirements
7	Demand-Supply balance – Employment land needs	Overview of revised employment land requirement and implications
8	Conclusions	Summary of revisions to 2018 ELR conclusions

2 Policy Context

2.1 Overview

This section provides a summary of significant changes to relevant policies or new policy documents since the 2018 ELR.

The key changes are:

- Publication of the Revised NPPF and PPG;
- Policy emphasis of the YNYER LEP; and
- Drafting of a revised Richmondshire Economic Action Plan.

2.2 National

Revised National Planning Policy Framework (2019)

The revised National Planning Policy Framework was updated on 19 February 2019 and sets out the government’s planning policies for England. This revised Framework replaces the previous National Planning Policy Framework published in March 2012, and revised in July 2018.

The NPPF emphasises the weight to be given to planning for economic development:

“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.

The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.”*

** The Government’s Industrial Strategy sets out a vision to drive productivity improvements across the UK, identifies a number of Grand Challenges facing all nations, and sets out a delivery programme to make the UK a leader in four of these: artificial intelligence and big data; clean growth; future mobility; and catering for an ageing society. HM Government (2017) Industrial Strategy: Building a Britain fit for the future.*

[NPPF Paragraph 80]

More specific guidance on factors to be considered when undertaking an ELR and the nature of ELR outputs are provided at paragraph 81 of the NPPF:

“Planning policies should:

- a) set 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;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”

[NPPF Paragraph 81]

Councils are urged to recognise and address the locational requirements of specific sectors (paragraph 82):

“Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.”

[NPPF Paragraph 82]

It is the role of the ELR process to consider why long-standing employment allocations have not come forward and if so, whether a flexible approach to development on these sites would be more appropriate.

Using a proportionate approach to the evidence base is also a key tenet of the NPPF:

“The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.”

[NPPF Paragraph 31]

The importance of engagement with the Local Enterprise Partnership (LEP), neighbouring authorities and the business community is emphasised in the NPPF:

“Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).”

[NPPF Paragraph 25]

Public bodies have a duty to cooperate on planning issues that cross over administrative boundaries. The NPPF requires that local authorities to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their local plans are submitted for examination:

“Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.”

“Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.”

[NPPF Paragraphs 24 and 26]

Planning Practice Guidance (2019)

Alongside the revised NPPF, the Government has also updated and reissued its guidance to Councils on carrying out housing and economic needs assessments.

This states that in gathering evidence to plan for business uses, strategic policy making authorities will need to assess:

- The best fit functional economic market area;
- The existing stock of land for employment uses within the area;
- The recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);
- Evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;
- Wider market signals relating to economic growth, diversification and innovation; and
- Any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.

To develop an idea of future needs, authorities will need to look at a range of data that is current and robust, such as:

- Sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand);
- Demographically derived assessments of current and future local labour supply (labour supply techniques);
- Analysis based on the past take-up of employment land and property and/or future property market requirements; and
- Consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

Authorities will need to take account of longer-term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios.

In order to derive employment land requirements, PPG states that when translating employment and output forecasts into land requirements there are four key relationships that need to be quantified:

1. Standard Industrial Classification sectors to use classes;
2. Standard Industrial Classification sectors to type of property;
3. Employment to floorspace (employment density); and
4. Floorspace to site area (plot ratio based on industry proxies).

Within this study a range of economic forecasts are presented to enable the consideration of different growth scenarios (see Section 6).

2.3 Sub regional

York, North Yorkshire and East Riding LEP – Policy developments

The Strategic Economic Plan (SEP) is a single strategy for the LEP. The strategy sets out the key economic issues, opportunities and priorities for the area. It represents the key strategic document that sets the context for the LEP's investment of EU funds and those secured from Central Government through the Local Growth Deal. The SEP was first published in 2014 and then an update issued in 2016. A summary of these is provided in the 2018 ELR report.

Whilst a further updated SEP has not published, there have been some significant developments in economic policy since the 2018 ELR. The latest LEP Annual Update 'Good Growth in Distinctive Places' outlines the latest policy direction. Key aspects within this include:

- **Move toward investing in Natural Capital** – Natural Capital underpins rural and coastal economies. Urban economies and manufacturing sectors also have definable, intrinsic dependencies upon natural capital. As the LEP seeks to drive productivity and growth, it will seek to invest in these assets, better understanding the role they play in the economy and how they can create value chains and drive productivity;
- **The start of the Grow Yorkshire programme** - Grow Yorkshire launched in April 2019 with a letter to government, highlighting industry priorities in the

region and seeking support. The programme is bringing food and farming partners together to look at the opportunities for farming post CAP;

- **Emerging Local Industrial Strategy (LIS)** – The LIS will be underpinned by clean growth and inclusive growth. Growth is defined as ‘good’ when it meets and/ or contributes to these core growth priorities and delivers growth that is good for people, places and the environment; and
- **Opportunities arising through the LEP Review** - As a result of the LEP review, in 2020 it is proposed that the YNYER LEP will merge York and North Yorkshire with Leeds City Region, whilst East Riding will combine with the Humber. Extended discussions are underway to try and bring this about. If a merger takes place, a new LEP will wield might in its geographic range and economic stature.

Further to this, in 2018/19 a new spatial framework identifying economic growth areas was identified and agreed by all local authorities of the LEP. The challenges and opportunities set for the following areas are particularly relevant to Richmondshire:

A1-A19 Corridor – unlocking major growth potential

Challenge: transport connections attract manufacturing and logistics business.

Opportunities: employment opportunities developing from business growth.

National Trends: changing role of market towns

Challenge: very distinct purposes for towns, dependent on locality. Towns can be service centres, tourist destinations or commuter belt towns.

Opportunities: change in consumer behaviour impacting the high street, presents towns with a unifying question, ‘how do we drive growth?’ Place-based focus will allow towns to look at their distinctive roles

2.4 Local

Richmondshire Economic Action Plan – Revised (Draft, 2019)

The Council is currently preparing a revised Economic Action Plan for Richmondshire. A working draft was made available for the updating of the ELR.

The Action Plan will incorporate 5 Priority themes:

1. Enabling Opportunities for growth
2. Supporting Local Businesses
3. Improving Connectivity
4. Advocate for district economic growth
5. Having the right labour force for present and future needs

Under the first priority (Enabling Opportunities for growth), the following objectives will be set:

- Raise the profile of Richmondshire as a business location in order to generate economic growth (general and sector specific);
- Exploit development opportunities arising out of the upgrade A1(M) to drive economic growth; job creation;
- Ensure that Richmondshire has the appropriate physical infrastructure to attract and sustain investment and employment growth; and
- Work with land owners, developers, agents and other intermediaries, including the LEP, to identify development opportunities or opportunities to unblock existing barriers to delivery.

A key part of the plan is attracting new inward investment to Richmondshire. Key related targets are expected to include:

- Development of a ‘Invest in Richmondshire’ branded website/portal;
- Attracting LEP/public investment to unlock sites and infrastructure upgrades;
- Working with developers to bring forward schemes; and
- Securing new inward investments.

The YNYER LEP recently appointed an Inward Investment Manager who is now liaising with DiT and the District Councils to facilitate responses to DiT enquiries. This is a significant development as previously no such enquiries came through to the District Council.

Based on recent inward investment enquiries in 2019, the economic development team at Richmondshire Council are confident that this approach will secure significant new inward investment for Richmondshire over the coming years.

Richmondshire Retail, Leisure and Town Centre Study (2019)

A Retail, Leisure and Town Centre Study has recently been undertaken to establish current provision and future needs in the retail and commercial leisure sectors within the District over the plan period. The assessment provides floorspace capacity figures based on a series of assumptions and estimated forecasts over the short, medium and long term.

The study identifies a limited capacity for an additional 400-600 sq.m (net) of convenience floorspace across the District as a whole over the plan period to 2035. A requirement for an additional 600 to 900 sq.m (net) convenience floorspace in Catterick Garrison is identified but none is identified in Richmond or Leyburn. It was not recommended that sites are specifically allocated for additional convenience floorspace in the three town centres.

In terms of comparison goods floorspace requirements, a capacity is identified for a total of between 2,500 and 3,600 sq.m (net) comparison floorspace across the plan period within the District as a whole. The following capacities for additional floorspace across the plan period are identified: (i) Richmond town centre – between 500 and 800 sq.m (net), (ii) Catterick Garrison town centre - between 1,500 and 2,500 sq.m (net), and (iii) Leyburn town centre – 100 sq.m (net).

Summary

- The revised NPPF and PPG provide guidance on developing the evidence base for employment land needs;
- Whilst a further updated SEP has not published by the York, North Yorkshire and East Riding LEP, there have been some significant developments in economic policy since the 2018 ELR. The latest LEP Annual Update ‘Good Growth in Distinctive Places’ outlines the latest policy direction. Key aspects within this include:
 - Move toward investing in Natural Capital;
 - The start of the Grow Yorkshire programme;
 - Emerging Local Industrial Strategy (LIS); and
 - Opportunities arising through the LEP Review.
- Further to this, in 2018/19 a new spatial framework identifying economic growth areas was identified and agreed by all local authorities of the LEP. The A1/A19 Growth Corridor remains a priority;
- The Council is currently preparing a revised Economic Action Plan for Richmondshire;
- A key part of the plan is attracting new inward investment to Richmondshire. Key related targets are expected to include:
 - Development of a ‘Invest in Richmondshire’ branded website/portal;
 - Attracting LEP/public investment to unlock sites and infrastructure upgrades;
 - Working with developers to bring forward schemes; and
 - Securing new inward investments.
- The YNYER LEP recently appointed an Inward Investment Manager who is now liaising with DiT and the district councils to facilitate responses to DiT enquiries. This is a significant development as previously no such enquiries came through to the District Council;
- Based on recent inward investment enquiries in 2019, the economic development team at Richmondshire Council are confident that this approach will secure significant new inward investment for Richmondshire over the coming years.

3 Economic Context

3.1 Overview

This section provides an updated summary of the economic context in Richmondshire. The following sections replace sections of the 2018 ELR with updated material:

- Section 3.2 (relates to Section 3.3 of 2018 ELR) - Updates are provided in relation to economic activity and employment. The analysis of travel to work patterns and business profile remains as per the 2018 ELR report;
- Section 3.3 (relates to Section 3.4 of 2018 ELR) – Updates are provided on the status of key economic drivers; and

An additional section on inward investment and indigenous business needs is also included in this update.

The findings are important in informing the updated scenarios for future employment growth in the District detailed in Section 6.

3.2 Economic conditions

Economic activity

Data from the 2011 Census shows that Richmondshire has an economic activity rate of 75.1% (as a proportion of all residents aged 16-74). This is higher than the comparable rates for the Yorkshire and Humber region (68.4%) and England (69.9%).

The latest Claimant Count data for June 2019 shows that Richmondshire has a claimant count rate (claimants as a proportion of residents aged 16-64) of 1.3. This is lower than rates recorded in the Yorkshire and Humber region (3.1) and England (2.7).

The latest claimant count rate for Richmondshire shows a small improvement from the level at the time of the 2018 ELR (1.3 compared with 1.4 previously). In contrast, the claimant count rate in both Yorkshire and Humber and England has increased (from 2.5 to 3.1 and from 2.1 to 2.7 respectively). Richmondshire has therefore performed relatively strongly over the last year compared with the region and nationally.

Employment

The Business Register and Employment Survey (BRES) provides a measure of workplace based employment.

In analysing trends in employment in the District using BRES data there are some important factors to note.

First, BRES data excludes members of the armed forces. The figures therefore exclude MOD uniform employment at Catterick Garrison in Richmondshire. The figures include MOD non-uniform employment (civil servants) however.

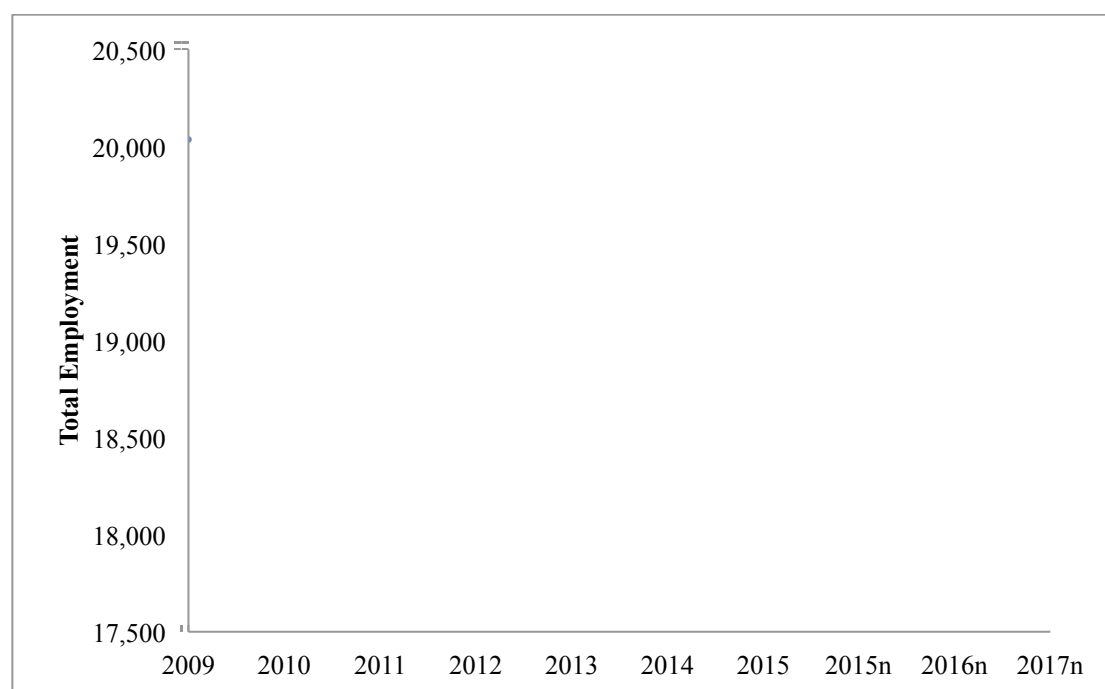
Second, in examining trends over time, a significant change in the methodology for the BRES was made recently. From January 2016, the coverage of the ONS Standard Business Survey Population was extended to include a population of solely Pay As

You Earn (PAYE)-based businesses. Nationally, this improvement in coverage is estimated to have increased the business survey population by around 100,000 businesses, with a total of around 300,000 employment and 200,000 employees between December 2015 and January 2016. The increase in business population has led to an increase in the estimate of the number of employment and employees. For this reason, we present trend data for 2009 to 2017 including values for 2015 using both methods. In Richmondshire’s case, these two values are actually the same after ONS rounding (implying a very small PAYE element). This allows the inclusion of more recent data released since the 2018 ELR and a longer period of trend data.

BRES data for the period 2009-2017 indicates that total employment in Richmondshire increased by around 5.3% (+1,000 jobs). There was considerable variation over the period however, with a contraction in employment taking place 2009 to 2012 (reflecting the Late 2000s Recession) and a recovery from 2013. The trend since 2013 has been positive, growing by 11.1% (2,000 jobs).

The inclusion of more recent trend data indicates a stronger trend in employment growth than the 2018 ELR report.

Figure 3.1: Total employment 2009-2017, Richmondshire



Source: BRES data.

Examination of BRES data by industrial sector for the 2009-2017 period shows wide variation in performance across industrial sectors. Four sectors experienced an absolute expansion in employment of 250 or more jobs:

- Accommodation & food services (+1,250 jobs, +55.6%);
- Professional, scientific & technical (+550 jobs, +78.6%);
- Retail (+250 jobs, +14.3%); and
- Construction (+250 jobs, +25.0%).

Two sectors experienced an absolute contraction in employment of 250 or more jobs:

- Health (-500 jobs, -28.6%); and
- Business administration & support services (-250 jobs, -20.0%)

In terms of total employment in 2017, the Accommodation & food services and Agriculture, forestry & fishing sectors accounted for the largest proportion of employment. Together these two sectors accounted for around 28% of total employment. The Retail sector is also significant, accounting for around 10% of total employment.

Figure 3.2: Employment by broad industrial sector 2009-2017, Richmondshire

Industrial Sector	Employment		Change 2009-2017	
	2009	2017	No.	%
Agriculture, forestry & fishing	2,250	2,250	0	0.0%
Mining, quarrying & utilities	225	75	-150	-66.7%
Manufacturing	1,250	1,250	0	0.0%
Construction	1,000	1,250	250	25.0%
Motor trades	400	500	100	25.0%
Wholesale	900	700	-200	-22.2%
Retail	1,750	2,000	250	14.3%
Transport & storage	600	700	100	16.7%
Accommodation & food services	2,250	3,500	1,250	55.6%
Information & communication	200	250	50	25.0%
Financial & insurance	125	125	0	0.0%
Property	400	450	50	12.5%
Professional, scientific & technical	700	1,250	550	78.6%
Business administration & support services	1,250	1,000	-250	-20.0%
Public administration & defence	1,000	1,000	0	0.0%
Education	1,500	1,500	0	0.0%
Health	1,750	1,250	-500	-28.6%
Arts, entertainment, recreation & other services	1,250	1,250	0	0.0%
Total	19,000	20,000	1,000	5.3%

Source: BRES data.

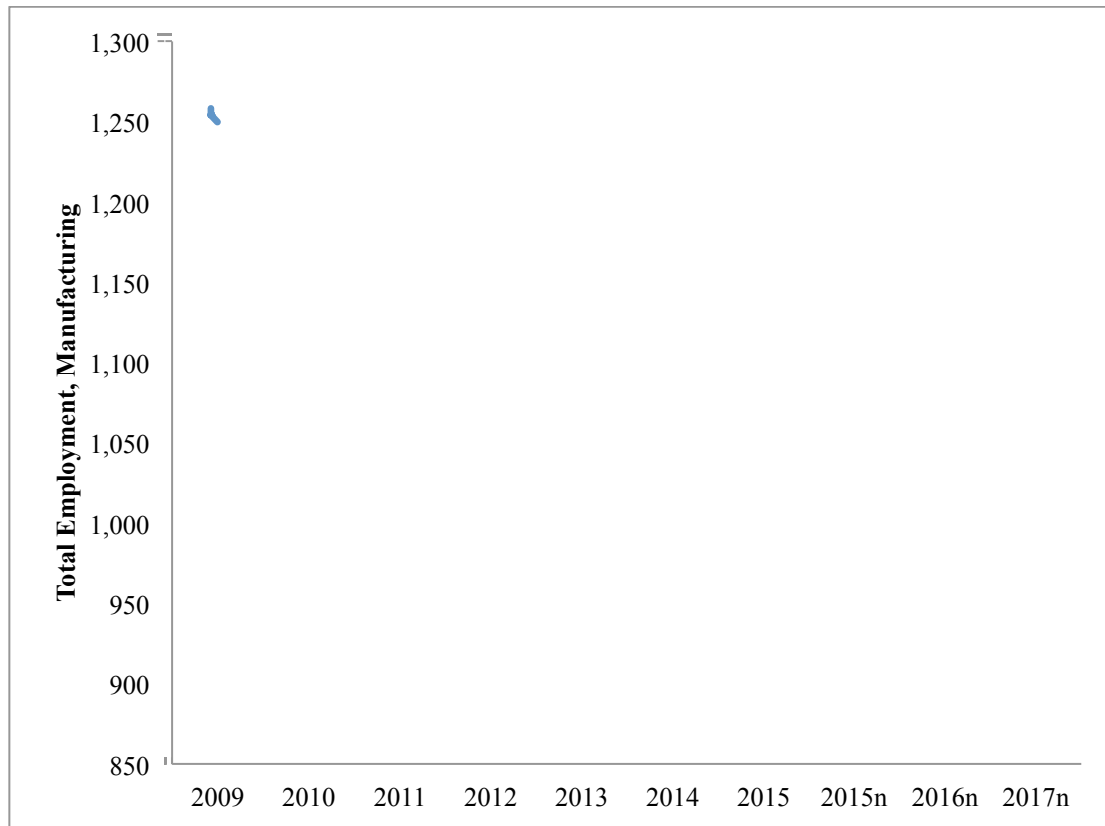
Note:

- (i) Figures may not sum exactly due to ONS rounding for District totals.
- (ii) Employment in 'Public administration & defence' excludes MOD/Armed Forces employment at Catterick Garrison.

It is also useful to consider trends in manufacturing employment in the context of long-term structural change in the economy. Total employment in the Manufacturing sector in Richmondshire was broadly the same level in 2017 as it was in 2009. Within the period however, there were contractions and expansions year to year.

Most recently, there was an expansion in employment of around 25% between 2015 and 2017.

Figure 3.3: Total employment in manufacturing 2009-2017, Richmondshire



Source: BRES data. Years 2015n, 2016n and 2017n refer to new ONS method.

The Annual Population Survey (APS)¹ provides an alternative source of trend data on employment. The APS has the advantage of offering consistent trend data over a longer period than is possible with ABI/BRES data² and includes more recent data to 2018. The APS data also includes the self-employed, providing a fuller picture.

It should be noted however that the methodology for collection of workplace data for the APS relies on by proxy responses from households. The data on workplaces may be less accurate than that collected from business surveys. In addition, members of the armed forces are only included if they live in private accommodation.

Workplace analysis data from the APS for the period 2004 to 2018 shows total growth in employment (aged 16-64) of 2,000 jobs, an increase of 9.5%³. As illustrated in Figure 3.4, Richmondshire experienced considerable variation in employment over this period. Broadly, there was a period of expansion in 2004 to 2009 followed by a sharp contraction in 2009 to 2011 and an expansion thereafter. This reflects trends in the wider UK macroeconomy.

¹ Formerly the Labour Force Survey (LFS).

² There is a discontinuity in ABI/BRES data in 2008/09 that means that the figures are only consistent from 2009.

³ Based on persons aged 16-64 in employment, APS workplace analysis data. Periods Jan04Dec04 – Jan18Dec18.

In 2011 to 2017, employment has grown by the order of 6,100 jobs, an increase of 29.6%. In 2017 to 2018 however, there has been a contraction of 3,700 jobs (-13.9%). This is likely yet to be fully reflected in the BRES data (which only runs to 2017).

Figure 3.4: People aged 16-64 in Employment, 2004-2018, Richmondshire



Source: ONS Annual Population Survey (APS).

Inward investment and indigenous business needs

As outlined in the policy section (Section 2), the Economic Development team at the Council is developing a revised Economic Action Plan for Richmondshire. This has a new focus on attracting inward investment and includes a number of related deliverables including the establishment of an ‘Invest in Richmondshire’ portal.

Council data shows that in the period June 2018 to March 2019, 20 enquiries for new business space were received. These were mainly from indigenous businesses, typically seeking either expansion space or better locations for their operations. There were however a small number of enquiries by firms currently located outside the District and seeking to relocate. These were typically as part of firm rationalisation or driven by change of owner residence. The majority of demand was for industrial type units. There was one enquiry for a distribution type facility, and of a larger scale (50,000 sq ft).

Recent (2019) inward investment enquiries include:

- DiT enquiry for a facility in the Life Sciences and Healthcare sector (requirement for 10 acres of land within 30 minutes of a motorway);
- Enquiry for forestry related activity and processing (requirement for 10 acres); and
- CBRE enquiry for client (requirement for 5,000 sq ft with close proximity to strategic road network and allowing 6m Eaves height).

The YNYER LEP has recently (December 2018) appointed an Inward Investment Manager – who is now liaising with DiT and the District Councils to facilitate responses to DiT enquiries. Previously, none came through to the District Council.

In terms of indigenous businesses, the Economic Development team at the District Council has identified a list of 21 businesses in the District that have recently experienced employment growth. It has already been contacted by a number of these businesses looking for new site/premises requirements to support their future growth. The average number of employees in these businesses is 106 and they cover a variety of sectors including haulage, manufacturing, retail and services. The geographical breakdown is as follows:

- Richmond – 12
- Leyburn – 3
- Hawes – 2
- Bedale – 2
- Catterick Garrison - 1
- Near Darlington - 1

A business survey has also been recently undertaken by the District Council to better understand the premises requirements of indigenous businesses. A total of 123 responses were received. Key findings from this survey are:

- 20 businesses (around 15%) stated that they had plans to relocate or expand their business;
- Around 90% stated they intended to do so within the next 3 years;
- Of the businesses intending to relocate or expand, 9 stated that their current premises were not suited to their current business needs;
- The main reason for planned relocation was the need for more space; and
- The majority of requirements were for office or retail type space.

Overall, the results of the business survey indicate that there is an appetite for expansion amongst some of the existing indigenous business base in the District.

3.3 Key future economic drivers

The three important future economic drivers of economic growth in Richmondshire identified in the 2018 ELR remain valid. These are:

1. Completion of the A1 upgrade;
2. Expansion of Catterick Garrison; and
3. Development of a Designer Retail Outlet at Scotch Corner.

The following is noted in terms of updates since the 2018 ELR report.

Designer Outlet Development at Scotch Corner

The Scotch Corner Designer Outlet permission will be implemented by September 2019 with a formal start on the build in Q1 (Jan-March) of 2020 with the expectation

that the Outlet will be open by Christmas 2021. In recent months, applications have been received to make minor amendments to the scheme to reflect the specific requirements of individual retailers. The Council has also recently received a full planning application for a Motorway Service area at the Catterick Central Junction.

Summary

- The latest claimant count rate for Richmondshire shows a small improvement from the level at the time of the 2018 ELR. In contrast, the claimant count rate in both Yorkshire and Humber and England has increased. Richmondshire has therefore performed relatively strongly over the last year compared with the both the region and nationally;
- BRES data indicates that total employment in Richmondshire increased by around 5.3% (+1,000 jobs) over the period 2009-2017. There was considerable variation over the period however and a recovery is evident since 2013. The trend since 2013 has been positive, growing by 11.1% (2,000 jobs). The inclusion of more recent trend data indicates a stronger trend in employment growth than the 2018 ELR report;
- BRES data indicates that different sectors of the economy exhibited a wide variation in performance in the 2009-2017. Four sectors experienced an absolute expansion in employment of 250 or more jobs:
 - Accommodation & food services (+1,250 jobs, +55.6%);
 - Professional, scientific & technical (+550 jobs, +78.6%);
 - Retail (+250 jobs, +14.3%); and
 - Construction (+250 jobs, +25.0%).
- In 2017, the Accommodation & food services and Agriculture, forestry & fishing sectors accounted for the largest proportion of total employment. Together these two sectors account for around 28% of total employment. The Retail sector is also significant, accounting for around 10% of total employment;
- BRES data shows total employment in the Manufacturing sector in Richmondshire was broadly the same level in 2017 as it was in 2009. Within the period however, there were contractions and expansions year to year. Most recently, there was an expansion in employment of around 25% between 2015 and 2017;
- The Annual Population Survey (APS)⁴ provides an alternative source of trend data on employment and includes the self-employed;
- This shows total growth in employment in Richmondshire in 2004 to 2018 of 2,000 jobs, an increase of 9.5%. In 2011 to 2017, employment has grown by the order of 6,100 jobs, an increase of 29.6%. In 2017 to 2018 however, there has been a contraction of 3,700 jobs (-13.9%) that is yet to be fully reflected in the BRES data;
- A revised Economic Action Plan for Richmondshire is being developed. This has a new focus on attracting inward investment and includes a number of related

⁴ Formerly the Labour Force Survey (LFS).

deliverables including the establishment of an 'Invest in Richmondshire' portal;

- Council data shows that in the period June 2018 to March 2019, 20 enquiries for new business space were received. These were mainly from indigenous businesses, typically seeking either expansion space or better locations for their operations. There were however a small number of enquiries by firms currently located outside the District and seeking to relocate;
- The YNYER LEP has recently (December 2018) appointed an Inward Investment Manager – who is now liaising with DiT and the District Councils to facilitate responses to DiT enquiries. Previously, none came through to the District Council;
- In terms of indigenous businesses, the District Council has identified a list of 21 businesses in the District that have recently experienced employment growth. It has already been contacted by a number of these businesses looking for new site/premises requirements to support their future growth;
- A business survey has also been recently undertaken by the District Council to better understand the premises requirements of indigenous businesses. 20 businesses (around 15%) stated that they had plans to relocate or expand their business. Around 90% stated they intended to do so within the next 3 years. Overall, the results of the business survey indicate that there is an appetite for expansion amongst some of the existing indigenous business base in the District;
- The three important future economic drivers of economic growth in Richmondshire identified in the 2018 ELR remain valid. These are:
 1. Completion of the A1 upgrade;
 2. Expansion of Catterick Garrison; and
 3. Development of a Designer Retail Outlet at Scotch Corner.
- The Scotch Corner Designer Outlet permission will be implemented by September 2019 with a formal start on the build in Q1 (Jan-March) of 2020 with the expectation that the Outlet will be open by Christmas 2021. The Council has also recently received a full planning application for a Motorway Service area at the Catterick Central Junction.

4 Property Market Context

No update to the property market analysis has been undertaken – please refer to 2018 ELR report.

5 Summary of Site Assessments

No update to the site assessments has been undertaken – please refer to 2018 ELR report.

6 Future Requirements for Employment Land

6.1 Overview

This section replaces the entirety of Section 6 of the 2018 ELR report.

It assesses the total requirement for additional employment space in Richmondshire in the period to 2035. The assessment considers demand across industrial sectors making up the economy and the implications in terms of the types of B-class use space required.

The following changes to future employment scenarios have been made compared with the 2018 ELR:

1. The time period for consideration is 2018 – 2035 (instead of 2014 – 2035);
2. An updated baseline REM forecast (July 2019) is used; and
3. The development of new economic policy has been taken into account in the high scenario – Reflecting the development of a new Economic Action Plan for Richmondshire with an emphasis on stimulating growth by increasing inward investment and growth of indigenous businesses;

These changes mean that figures for all three scenarios (low, medium and high) are updated since the 2018 ELR report.

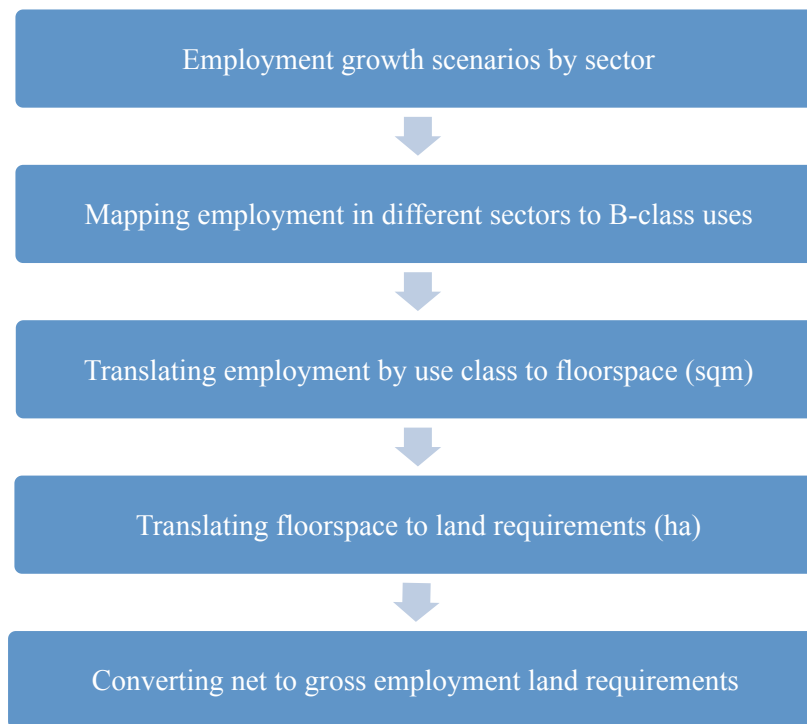
6.2 Approach

Overview

The following diagram illustrates the key stages of the approach to estimating the future requirement for employment space.

This process requires a number of assumptions in order to convert forecasts of growth in jobs across different industrial sectors to employment floorspace and land requirements. These are outlined in following sub-sections.

Figure 6.1: Approach to Assessing Land Requirements



Source: Edge (2019).

Employment growth scenarios

The ELR adopts a scenario-based approach to employment growth. This responds to the need for the ELR to plan sufficiently for growth and take into account the potential range of employment growth that could occur.

There are broadly three main forecasting techniques that can be used to forecast employment land requirements. These are:

- **Labour demand forecasts** – based on an economic model, these predict changes in employment by sector;
- **Labour supply forecasts** – these take demographic dynamics as the driver and forecast changes in employment; and
- **Projections of past take-up** – these roll forward trends in past take-up of employment land and floorspace.

There are advantages and disadvantages associated with each:

- Labour demand forecasts can be useful in understanding expected future changes in the scale and sectoral composition of employment. They are inherently limited however by their strong reliance upon past trends to drive econometric forecasting models.
- Labour supply based techniques have similar advantages and disadvantages.
- Projecting forward on the basis of past take-up has the advantage of utilising available historic evidence on actual realised market demand. The disadvantage with this approach however is that projecting take up rates forward on a linear basis assumes that the property market and economy will

continue to behave as it has in the past, and that demand is not constrained or subject to change by other factors. This is a significant constraint in terms of establishing an informed view of future demand.

The approach applied in the ELR is based on a combination of labour demand and supply forecasts, which are considered in the context of evidence on historic, market take-up. The advantage of this approach is that it enables both market conditions and the expected impacts of economic development policy to be taken into account. Overall, the approach is based on the consideration of a range of evidence, both quantitative and qualitative, in order to inform the development of alternative scenarios for future growth.

This approach is consistent with Planning Practice Guidance (PPG) that states that Plan makers should consider:

- Sectoral and employment forecasts and projections (labour demand);
- Demographically derived assessments of future employment needs (labour supply techniques);
- Analyses based on the past take-up of employment land and property and/or future property market requirements;
- Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

Use of Regional Econometric Model (REM) ‘Baseline’ forecasts

The employment growth scenarios developed are based on the Regional Econometric Model (REM) model. This model is produced by Experian and published quarterly in March, June, September and December.

The REM model provides a forecast of FTE employment growth at the district, regional and national level. The employment figures include the armed forces. It is important to note however that these are trend based forecasts and do not include any planned public/private investments. For example, they are unaffected by the prospects for military change at Catterick Garrison.

The ELR Update utilises REM forecasts from both the latest July 2019 release and September 2016. The latter was used in the ELR (2018) to ensure consistency with the SHMA produced in 2017 where they had been used. The SHMA is currently being updated and will take account of the scenarios published in the ELR Update.

There are significant differences between September 2016 and July 2019 projections from the REM. Overall, the July 2019 release projects a contraction of 574 jobs in Richmondshire over the period 2018-2035 whereas the September 2016 release projects an expansion of 600 jobs.

This difference is primarily driven by slower forecast growth in the Accommodation, food services & recreation sector and greater decline being projected in some sectors (including Manufacturing and Wholesale & retail) in the July 2019 release. The July 2019 release represents a pessimistic forecast for Richmondshire. In particular, it is projecting a significantly faster contraction in manufacturing than regionally (-35% vs. -19%) as well as a decline in Professional services vs. an expansion regionally (-7% vs. +5%)

The ELR should plan for a range of scenarios. Reflecting this, a combination of the September 2016 and July 2019 releases are used to inform the employment growth scenarios tested.

The York, North Yorkshire and East Riding LEP uses the REM model to inform its expectations in terms of future employment growth. Use of the model to inform the employment growth scenarios is therefore important in ensuring alignment with the LEP. In policy terms, the LEP has recently moved away from targeting figures for overall employment growth in the LEP economy. Instead, it is placing an emphasis on supporting an improvement in the quality of jobs and enabling employment growth through strategic interventions. The LEP is developing a Local Industrial Strategy. Currently, they use the REM 'baseline' forecasts. It is understood that the LEP may explore 'policy on' scenarios for the future but this will be with the objective of informing policy to support growth rather than to establish aggregate employment targets for the economy.

Future catalysts for employment growth

As identified in Section 3 (and Section 4 of the 2018 ELR report), there are three particularly significant catalysts for future employment growth in Richmondshire:

1. Completion of the A1 upgrade; and
2. Expansion of personnel numbers at Catterick Garrison; and
3. Designer Outlet development at Scotch Corner.

The completion of the A1 upgrade is expected to contribute towards increased investor confidence in the market for employment premises along the A1 corridor. This could improve demand for B-class employment space. It is typical for the full economic and property market benefits of highway upgrades of this type to take a number of years to be realised. The future expected expansion of personnel numbers at Catterick Garrison is also anticipated to generate a positive impact on the market. The Designer Outlet development at Scotch Corner will increase employment in the Retail sector in Richmondshire substantially and may support related growth in leisure uses.

The full beneficial economic and market impacts of these catalysts is expected to occur over coming months and years. Accordingly, it is important that future scenarios for employment growth in the ELR consider the implications for employment land needs over the plan period.

The completion of the A1 upgrade is expected to have the most influence on the demand for B-class employment space. The expansion of Catterick Garrison and the retail development at Scotch Corner are anticipated to impact primarily on retail use class space, rather than B-class employment space. Retail impacts are considered by a separate Retail Study and are outside of the scope of the ELR analysis of B-class uses.

Description of scenarios

The employment growth scenarios reflect a range of different potential outcomes for employment growth in Richmondshire and have been established through review of a number of independently produced employment forecasts.

In order to establish scenarios for future employment growth, it is necessary to make a number of informed assumptions. Figure 6.3 outlines the parameters of the scenarios

including the source of employment growth projections and, where applicable, key assumptions applied in this ELR Update.

It is noted that anticipating future employment growth is particularly challenging at the time of this report. The current macroeconomic environment in the UK is unique. In particular, there has been a period of protracted uncertainty around the potential departure of the UK from the European Union. There is also the potential for a change of government and therefore the direction of national economic policy.

Despite this uncertainty, there are a number of positive factors locally that are expected to support future economic growth in Richmondshire. These include:

- Recent trend growth in employment in the District (as outlined in Section 3);
- Major local economic drivers including the completion of the A1 upgrade, expansion of Catterick Garrison and development of the Designer Retail Outlet at Scotch Corner); and
- A shift in local economic development policy toward stimulating growth by attracting new inward investment.

Reflecting this range of possibilities, in this ELR the requirement for future employment space is assessed under a range of future scenarios for economic growth over the period to 2035. This enables consideration of the potential impacts of different levels of economic performance in Richmondshire.

Figure 6.2: ELR Employment Growth Scenarios – 2018 to 2035

Scenario	Employment Growth 2018-2035		Source	ELR assumptions
	Total	Annual average		
Low	-574	-34	Independently produced 'baseline' REM forecast (July 2019 release)	As per forecast
Medium	+600	+35	Independently produced 'baseline' REM forecast (September 2016 release)	As per forecast
High	+2,559	+151	Independently produced 'baseline' REM forecast (July 2019 release) Adjustments drawing on 2019 regional forecasts and 2016 release for RDC	Adjustments made to July 2019 REM: <ul style="list-style-type: none"> • Accommodation, Food Services & recreation – Grows at higher rate as per 2016 REM • Information & Communication – Grows at higher rate as per 2016 REM • Manufacturing – Declines more slowly in line with regional forecast in 2019 REM • All other sectors – performance in line with the regional forecast for 2019

				<p>In summary – this assumes that Richmondshire performs more in line with the regional growth rate and higher growth (as per 2016 forecast) in the Accommodation and Information sectors.</p> <p>This scenario also includes:</p> <ul style="list-style-type: none"> • An allowance of 300 jobs for additional growth through economic policy to stimulate inward investment; and • An allowance of 663 jobs to account for existing growth commitments (Scotch Corner Designer Outlet and proposed MSA at Catterick Central Junction).
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Source: Edge (2019) drawing on independently produced employment ‘baseline’ REM forecasts and local evidence.

Richmondshire’s future economic performance will depend on a number of factors. These include the impacts of the three identified economic drivers once these have been fully realised, specific policy measures to stimulate a higher rate of local economic growth and the broader macroeconomic performance of the UK economy.

The scenarios can be considered to represent different outcomes. Whilst each of the REM forecasts (2016 and 2019 releases) could be considered robust in their own right, they remain trend-based forecasts that do not take into account some of the evidence collected for this assessment. Reflecting the emphasis of the NPPF on supporting sustainable economic growth, we have made amendments to the REM forecasts to reflect these local considerations to consider a ‘high’ scenario.

The **low scenario** is broadly considered to represent the pessimistic case without taking account of the three identified local economic drivers and the impact of economic development policy. It is based on independently produced ‘baseline’ forecasts from the July 2019 REM, produced using econometric modelling of employment. This is considered an appropriate low scenario because:

- It is the latest REM forecast produced at a time of high economic uncertainty; and
- Recent trend data suggests that this REM projection is very pessimistic.

This is a more pessimistic outlook than the low scenario included in the 2018 ELR; projecting an annual average change of -34 jobs compared with -20 previously.

The **medium scenario** represents a more optimistic case without taking account of the three identified local economic drivers and the impact of economic development policy. It is based on independently produced ‘baseline’ forecasts from the September 2016 REM, produced using econometric modelling of employment. This is the same forecast used for the medium scenario in the 2018 ELR. Based on the new time period however, this produces a lower annual average jobs growth than the 2018 ELR (+35 jobs compared with +57 jobs).

The **high scenario** represents a more optimistic scenario, taking into account the potential positive impacts generated in the future by the three identified local economic drivers. In broad terms, this could also be considered to represent a ‘policy on’ environment with higher growth being achieved in specific sectors. In particular, this scenario assumes that the rate of decline in the manufacturing sector in Richmondshire is slower, and in line with the slower contraction forecast for the Yorkshire and Humber region as a whole. It also assumes modest growth in the Accommodation, food services & recreation sector and the Information & communications sector.

The high scenario is based on the July 2019 REM with adjustments made to provide a more optimistic scenario. This produces a base annual average jobs figure of +94. This rises to +151 after accounting for additional inward investment and committed developments at Scotch Corner and proposed MSA Catterick Central. The high scenario in the 2018 ELR had a base annual average jobs figure of +109 jobs.

The overall Compound Annual Growth Rate (CAGR) under the three scenarios is as follows:

- Low (-0.1%)
- Medium (+0.2%)
- High (+0.6%)

The scenarios tested project growth of between -34 and +151 jobs per annum. Comparing these levels with historic trends in Richmondshire is challenging due constraints in obtaining consistent data over a sufficiently long time period to smooth out the effects of the economic cycle.

Mapping employment in different sectors to B-class uses

The employment forecasts that inform the employment scenarios provide forecasts for 12 industrial sectors.

Through the analysis undertaken for the ELR, the composition of employment in these sectors has been considered in order to estimate the percentage of employment that can typically be expected to take place in B-class employment floorspace. The proportion of employment in different sectors that can be expected to take place in the following B-class sectors has been estimated:

- Office - Use Classes B1a (office) and B1b (research & development);
- Industrial - Use Classes B1c (light industrial) and B2 (industrial);
- Distribution - Use Class B8 (warehouse and distribution).

The analysis does not estimate requirements for retail floorspace.

Figure 6.3 outlines the distribution of space requirement by use class for employment growth in each of the 12 industrial sectors. For example, this shows that 100% of new jobs in the Finance & insurance sector are expected to require B1 office space.

Figure 6.3: Employment sectors to B-class uses

	Sectors	Use class			
		Office (B1)	Industrial (B1c/B2)	Distribution (B8)	Total (B class)
1	Accommodation, Food Services & Recreation	0%	0%	0%	0%
2	Agriculture, Forestry & Fishing	0%	0%	0%	0%
3	Construction	0%	0%	0%	0%
4	Extraction & Mining	0%	0%	0%	0%
5	Finance & Insurance	100%	0%	0%	100%
6	Information & Communications	100%	0%	0%	100%
7	Manufacturing	0%	100%	0%	100%
8	Professional & Other Private Services	100%	0%	0%	100%
9	Public Services	10%	0%	0%	10%
10	Transport & Storage	0%	0%	79%	79%
11	Utilities	0%	84%	0%	84%
12	Wholesale & Retail	0%	12%	35%	54%

Source: Edge (2019).

These assumptions are based on professional experience and established convention applied in undertaking ELRs nationally as well as best practice guidance on Employment Land Reviews. A review of the local evidence base, including local planning applications, has also informed the process.

Not all employment growth will be associated with allocated employment sites; a considerable proportion of jobs in any area will be associated with existing facilities, such as Public Health and Education that will accommodate significant employment growth within existing premises. Accordingly, it is important to take account of the distinction between growth in economic activity that requires additional employment and that instead arises from productivity gains.

Translating employment by use class to floorspace (sqm)

In order to translate employment by use class into floorspace requirements, an average employment density (sqm per FTE job) is applied.

In this ELR, recent guidance in relation to employment densities published by the HCA⁵ is utilised, as outlined in Figure 6.4.

⁵ 'Employment Density Guide' 3rd Edition, HCA (November 2015).

Figure 6.4: Employment densities

Use type	sqm per job	HCA Guide
Office space (B1, a, b)	17	Average of densities across B1a and B1b uses
Industrial space (B1c/B2)	42	Average of densities in B1c and B2
Distribution (B8)	81	Average of densities in B8

Source: Edge (2019) drawing on HCA Employment Density Guide.

Recent local evidence drawn from planning applications in Richmondshire has been reviewed in order to validate the application of these densities to Richmondshire.

Translating floorspace to land requirements (ha)

Floorspace is translated into land requirements by applying a plot ratio. Plot ratios describe the difference between the level of employment floorspace on a site and the site area. A plot ratio of 1 means that a development of 10,000 sqm GEA of floorspace would sit on a 1-hectare (10,000 sqm) site. Plot ratios are influenced by the height of buildings, parking standards and other space requirements on the site (e.g. green space and communal areas).

In this ELR, the average plot ratios applied are outlined in the following table.

Figure 6.5: Plot ratios

Use type	Plot ratio
Office (B1, a, b)	0.4
Industrial (B1c, B2)	0.4
Distribution (B8)	0.4

Source: Edge (2019)

This figure is in line with recognised convention applied in ELRs across the country. A review of recent local planning applications in Richmondshire was also undertaken to validate this assumption.

Converting net to gross employment land

The net employment land requirement figure is only a part of the process in understanding employment land requirements. Relying on the net figure alone could result in a significant underestimate of land required to support future economic development.

There is a need to make allowances for:

- Replacing the expected future loss of employment sites; and
- Providing for choice and competition in the market.

There is no standard approach to calculate the future loss of employment sites and typically a simple assumption that a percentage of stock will be replaced each year is made. In some cases, past losses are projected forward. The analysis within this section does not take into account existing commitments. This aspect is considered elsewhere in the ELR.

Allowing for choice and competition in the market is also important. Land can remain in the development pipeline for a long time without delivering new floorspace. At any one time there is a need to ensure that there is enough readily available (unconstrained) land to meet the gross requirement for each employment use. It is not desirable to have an exhausted land supply at the end of the plan period i.e. no choice available. ELRs nationally typically apply a margin of between 20% and 40%. In this ELR, a margin of 50% applied to account for market choice. This slightly higher rate reflects the diversity of demand in the District.

6.3 Employment growth scenarios

In the low scenario, overall employment is projected to contract by a total of 574 jobs over the period from 2018 to 2035; this is equivalent to an annual average contraction of 34 jobs.

In the medium scenario, overall employment is projected to expand by a total of 600 jobs over the period from 2018 to 2035; this is equivalent to an annual average growth rate of 35 jobs.

In the high scenario, overall employment is projected to expand by a total of 2,559 jobs over the period from 2018 to 2035; this is equivalent to an annual average growth rate of 151 jobs.

The structural pattern of growth by industrial sector for each of the employment growth scenarios is shown in Figure 6.6. Only a proportion of the growth in these sectors is assumed to translate into a requirement for core B-class space. Figure 6.7 provides an overview of projected employment growth translated into B-class floorspace class categories.

Figure 6.6: Employment Change by Sector, 2018 – 2035

Industrial Sector	Total employment change 2018-2035, FTEs		
	Low	Medium	High
Accommodation, Food Services & Recreation	514	1,000	1,014
Agriculture, Forestry & Fishing	-157	-200	-53
Construction	81	100	110
Extraction & Mining	-6	-16	-10
Finance & Insurance	-5	-37	5
Information & communication	6	100	94
Manufacturing	-674	-500	-260
Professional & Other Private Services	-259	-200	284
Public Services	201	400	527
Transport & storage	34	100	240
Utilities	-16	-47	-1
Wholesale & Retail	-293	-100	609
Total	-574	600	2,559
Annual average employment change	-34	35	151

Source: Edge (2019) using independently produced 'baseline' forecasts. Include rounding.

Figure 6.7: B-class Employment Change translated to ELR, 2018 – 2035

Industrial Sector	Total B-class employment change 2018-2035, FTEs		
	Low	Medium	High
Accommodation, Food Services & Recreation	0	0	0
Agriculture, Forestry & Fishing	0	0	0
Construction	0	0	0
Extraction & Mining	0	0	0
Finance & Insurance	-5	-37	5
Information & communication	6	100	94
Manufacturing	-674	-500	-260
Professional & Other Private Services	-259	-200	284
Public Services	20	40	53
Transport & storage	27	79	189
Utilities	-14	-40	-1
Wholesale & Retail	-136	-47	283
Total	-1,034	-604	648
Annual average employment change	-61	-36	38

Source: Edge (2019) using independently produced ‘baseline’ forecasts. Include rounding.

Considering just the proportion of jobs that translate to B-class uses, only the high scenario generates an overall positive figure. The forecasts indicate an overall B-class employment change of between -1,034 to +648 jobs in the core B-class use categories over the period to 2035. This equates to an annual average change of between -61 and +38 jobs.

Figure 6.8 shows the breakdown of job by B-class use type. This shows that the change in jobs relating to B2 uses is negative across all three scenarios. The main driver of the change in demand for B2 industrial space is the Manufacturing sector. The change in B1 related jobs is positive in the high scenario only. The main driver of the change in demand for B1 office space is the Professional services sector and other private services. The change in B8 related job is positive for both the medium and high scenarios. For B8 space, it is the Transport & storage and Wholesale & retail sectors that drive growth.

Figure 6.8: B-class Employment Change translated to ELR, 2018 – 2035

Scenario	B1	B2	B8	Total b-class
Low	-238	-721	-75	-1,034
Medium	-97	-551	44	-604
High	436	-190	402	648

Source: Edge (2019) using independently produced ‘baseline’ forecasts. Include rounding.

Recent trend growth in employment and central projections for the future indicate a modest expansion in employment in Richmondshire over the plan period. Overall employment growth is expected to be limited. Nonetheless, there remain important

potential catalysts for future growth including the completion of the A1 upgrade, expansion of personnel numbers at Catterick Garrison and Designer Outlet development at Scotch Corner. The benefits of such improvements are expected to take a number of years to be fully realised.

6.4 Floorspace requirement

Drawing together the results from the alternative employment growth scenarios, Figure 6.9 summarises the net floorspace requirement up to 2035 by core B-class use. The results are based on applying the employment densities set out in Figure 6.4.

Figure 6.9: Net Floorspace Requirements (sqm), 2018 – 2035

Scenario	Sqm			
	B1	B2	B8	Total b-class
Low	-3,936	-29,923	-6,088	-39,947
Medium	-1,612	-22,868	3,549	-20,930
High	7,225	-7,902	32,461	31,784

Source: Edge (2019) drawing on independently produced employment ‘baseline’ forecasts and local evidence. Include rounding.

These forecasts reflect a range of potential space requirements. For office space (B1, a, b), the range is between -3,936 sqm and +7,225 sqm. For industrial space (B1c/B2), it is from -29,923 sqm to -7,902 sqm. For distribution (B8), the range of requirement is between -6,088 sqm and +31,784 sqm.

6.5 Net employment land requirement

Net floorspace requirements are translated into net land requirements by applying a plot ratio (using the ratios established in Figure 6.5). The resulting land requirements are set out in Figure 6.10:

Figure 6.10: Net Land Requirements (ha), 2018 – 2035

Scenario	Net land requirement (Ha)			
	B1	B2	B8	Total b-class
Low	-1.0	-7.5	-1.5	-10.0
Medium	-0.4	-5.7	0.9	-5.2
High	1.8	-2.0	8.1	7.9

Source: Edge (2019) drawing on independently produced employment ‘baseline’ forecasts and local evidence. Include rounding.

6.6 Gross employment land requirement

To allow for choice and competition in the market, a margin should be applied. This yields the gross employment land requirement. The results of applying a 50% margin are shown in Figure 6.11. This also includes the average annual land requirement for B-class space, based on the plan period.

Figure 6.12 provides the average annual land requirement for B-class space.

Figure 6.11: Gross Land Requirements (ha), 2018 – 2035

Scenario	Gross land requirement (Ha)			
	B1	B2	B8	Total b-class
Low	-0.9	-7.5	-1.3	-9.7
Medium	-0.1	-5.7	1.7	-4.1
High	2.7	-1.6	12.2	13.3

Source: Edge (2019) drawing on independently produced employment ‘baseline’ forecasts and local evidence. Margin only applied to positive requirements. Include rounding.

Figure 6.12: Gross Land Requirements, Average Annual (ha), 2018 – 2035

Scenario	Gross land requirement (Ha) - Annual average			
	B1	B2	B8	Total b-class
Low	-0.1	-0.4	-0.1	-0.6
Medium	-0.0	-0.3	0.1	-0.2
High	0.2	-0.1	0.7	0.8

Source: Edge (2019) drawing on independently produced employment ‘baseline’ forecasts and local evidence. Include rounding.

The preceding figures need to be adjusted to consider the proportion relating to that part of the District that lies outside of the YDNP. Figures 6.13-6.14 present these results.

Figure 6.13: Gross Land Requirements outside of YDNP (ha), 2018 – 2035

Scenario	Gross land requirement outside YDNP (Ha)			
	B1	B2	B8	Total b-class
Low	-0.8	-6.6	-1.1	-8.5
Medium	-0.1	-5.0	1.5	-3.6
High	2.4	-1.4	10.7	11.6

Source: Edge (2019) drawing on independently produced employment ‘baseline’ forecasts and local evidence. Include rounding.

Figure 6.14: Gross Land Requirements outside of YDNP, Average Annual (ha) 2018 – 2035

Scenario	Gross land requirement outside YDNP (Ha) - Annual average			
	B1	B2	B8	Total b-class
Low	-0.0	-0.4	-0.1	-0.5
Medium	-0.0	-0.3	0.1	-0.2
High	0.1	-0.1	0.6	0.7

Source: Edge (2019) drawing on independently produced employment ‘baseline’ forecasts and local evidence. Include rounding.

Overall, the results indicate a gross employment land requirement over the plan period in the range of -8.5 ha to +11.6 ha. This equates to an annual average of between -0.5 ha and +0.7 ha.

Across the use classes, the greatest requirement is for B8 space. There is a positive B8 requirement across the medium and high employment growth scenarios tested. For B1 space, there is a positive requirement only in the high scenario (+2.4 ha). The requirement for B2 space is negative across all three scenarios. This is largely driven by the projected decline of the Manufacturing sector in the REM forecasts.

Summary

- The following changes to future employment scenarios have been made compared with the 2018 ELR:
 - The time period for consideration is 2018 – 2035 (instead of 2014 – 2035);
 - An updated baseline REM forecast (July 2019) is used; and
 - The development of new economic policy has been taken into account in relation to the high scenario – Reflecting the development of a new Economic Action Plan for Richmondshire with an emphasis on stimulating growth by increasing inward investment and growth of indigenous businesses.
- These changes mean that figures for all three scenarios (low, medium and high) are updated since the 2018 ELR report;
- It is noted that anticipating future employment growth is particularly challenging at the time of this report due to economic and political uncertainty. Despite this uncertainty however, there are a number of positive factors locally that are expected to support future economic growth in Richmondshire;
- The ELR adopts a scenario-based approach to employment growth. This responds to the need for the ELR to plan sufficiently for growth and take into account the potential range of employment growth that could occur;
- The approach applied is based on a combination of labour demand and supply forecasts, which are considered in the context of evidence on historic, market take-up. This enables both market conditions and the expected impacts of economic development policy to be taken into account;
- The employment growth scenarios are based on the Regional Econometric Model (REM). These are trend based forecasts and do not include any planned public/private investments;
- The ELR Update utilises REM forecasts from both the latest July 2019 release and September 2016. The latter was used in the ELR (2018) to ensure consistency with the SHMA produced in 2017 where they had been used. The SHMA is currently being updated and will take account of the scenarios published in the ELR Update. There are significant differences between September 2016 and July 2019 projections from the REM. The ELR should plan for a range of scenarios. Reflecting this, a combination of the September 2016 and July 2019 releases are used to inform the employment growth scenarios tested;

- There are three particularly significant catalysts for future employment growth in Richmondshire: (i) Completion of the A1 upgrade; (ii) Expansion of personnel numbers at Catterick Garrison; and (iii) Designer Outlet development at Scotch Corner;
- In the low scenario, overall employment is projected to contract by a total of 574 jobs over the period from 2018 to 2035; this is equivalent to an annual average contraction of 34 jobs;
- In the medium scenario, overall employment is projected to expand by a total of 600 jobs over the period from 2018 to 2035; this is equivalent to an annual average growth rate of 35 jobs;
- In the high scenario, overall employment is projected to expand by a total of 2,559 jobs over the period from 2018 to 2035; this is equivalent to an annual average growth rate of 151 jobs;
- Only the high scenario includes allowances for committed developments and the securing of additional inward investment through economic development policy;
- It is important to acknowledge that the employment growth forecasts do not include the anticipated growth in MOD personnel numbers at Catterick Garrison. This is not expected to directly impact on the forecasts for B-class uses;
- Considering just the proportion of jobs that translate to B-class uses, only the high scenario generates an overall positive figure. The forecasts indicate an overall B-class employment change of between -1,034 to +648 jobs in the core B-class use categories over the period to 2035. This equates to an annual average change of between -61 and +38;
- Overall, the results indicate a gross employment land requirement over the plan period in the range of -8.5 ha to +11.6 ha. This equates to an annual average of between -0.5 ha and +0.7 ha; and
- Across the use classes, the greatest requirement is for B8 space. There is a positive B8 requirement across the medium and high employment growth scenarios tested. For B1 space, there is a positive requirement only in the high scenario (+2.4 ha). The requirement for B2 space is negative across all three scenarios. This is largely driven by the projected decline of the Manufacturing sector in the REM forecasts.

7 Demand-Supply Balance - Employment Land Needs

7.1 Overview

Section 7 of the 2018 ELR draws together the forecast requirement for B-class employment land in Richmondshire with the assessment of available supply in order to consider whether the District has sufficient employment land over the period to 2035. The analysis considers both the overall demand-supply balance in the District and the balance in its constituent sub-areas. In addition, key considerations for future policy are identified.

This section therefore provides an overview of the implications of the revised employment growth work and relevant updates since the 2018 ELR.

7.2 Demand-Supply balance in the District

The sites assessed in the 2018 ELR yield a potential land supply of 93 hectares, albeit only 15 hectares has been classified as suitable, available and achievable in the short term (0 to 5 years). This potential land supply figure is set against the revised estimated gross employment land requirement over the plan period in the range of -8.5 ha to +11.6 ha.

The requirement in the 2018 ELR was in the range of -6.6 hectares to +6.1 hectares and therefore the demand-supply balance has narrowed in the high scenario on the basis of the updated employment growth scenarios work. The broader conclusions previously made in relation to demand-supply balance in the 2018 ELR remain valid however.

Summary

- The demand-supply balance in the District has narrowed in the high scenario on the basis of the updated employment growth scenarios work;
- The broader conclusions previously made in relation to demand-supply balance in the 2018 ELR remain valid however.

8 Conclusions

8.1 Overview

This section provides a summary of revisions to the overarching conclusions of the 2018 ELR.

8.2 The Richmondshire economy

The inclusion of more recent trend data indicates a stronger trend in employment growth than the 2018 ELR report. The latest claimant count rate for Richmondshire shows a small improvement from the level at the time of the 2018 ELR. BRES data indicates that total employment in Richmondshire increased by around 5.3% (+1,000 jobs) over the period 2009-2017. There was considerable variation over the period however and a recovery is evident since 2013. The trend since 2013 has been positive, growing by 11.1% (2,000 jobs).

BRES data indicates that different sectors of the economy exhibited a wide variation in performance in the 2009-2017. Four sectors experienced an absolute expansion in employment of 250 or more jobs (i) Accommodation & food services (+1,250 jobs, +55.6%), (ii) Professional, scientific & technical (+550 jobs, +78.6%), (iii) Retail (+250 jobs, +14.3%) and (iv) Construction (+250 jobs, +25.0%).

In 2017, the Accommodation & food services and Agriculture, forestry & fishing sectors accounted for the largest proportion of total employment. Together these two sectors account for around 28% of total employment. The Retail sector is also significant, accounting for around 10% of total employment.

BRES data shows total employment in the Manufacturing sector in Richmondshire was broadly the same level in 2017 as it was in 2009. Within the period however, there were contractions and expansions year to year. Most recently, there was an expansion in employment of around 25% between 2015 and 2017.

A revised Economic Action Plan for Richmondshire is being developed. This has a new focus on attracting inward investment and includes a number of related deliverables including the establishment of an 'Invest in Richmondshire' portal. District Council data shows that in the period June 2018 to March 2019, 20 enquiries for new business space were received. These were mainly from indigenous businesses, typically seeking either expansion space or better locations for their operations. There was however a small number of enquiries by firms currently located outside the District and seeking to relocate.

The YNYER LEP has recently (December 2018) appointed an Inward Investment Manager – who is now liaising with DiT and the District Councils to facilitate responses to DiT enquiries. Previously, none came through to the District Council.

In terms of indigenous businesses, the District Council has identified a list of 21 businesses in the District that have recently experienced employment growth. It has already been contacted by a number of these businesses looking for new site/premises requirements to support their future growth. A business survey has also been recently undertaken by the District Council to better understand the premises requirements of indigenous businesses. 20 businesses (around 15%) stated that they had plans to relocate or expand their business. Around 90% stated they intended to do so within the next 3 years. Overall, the results of the business survey indicate that there is an

appetite for expansion amongst some of the existing indigenous business base in the District.

The three important future economic drivers of economic growth in Richmondshire identified in the 2018 ELR remain valid. These are:

1. Completion of the A1 upgrade;
2. Expansion of Catterick Garrison; and
3. Development of a Designer Outlet at Scotch Corner.

The Scotch Corner Designer Outlet permission will be implemented by September 2019 with a formal start on the build in Q1 (Jan-March) of 2020 with the expectation that the Outlet will be open by Christmas 2021. The Council has also recently received a full planning application for a Motorway Service area at the Catterick Central Junction.

8.3 The property market

No update to the property market analysis has been undertaken – please refer to the conclusions of the 2018 ELR report.

8.4 Site assessments

No update to the site assessments has been undertaken – please refer to the conclusions of the 2018 ELR report.

8.5 Projected future need

The following changes to future employment scenarios have been made compared with the 2018 ELR:

1. The time period for consideration is 2018 – 2035 (instead of 2014 – 2035);
2. An updated baseline REM forecast (July 2019) is used; and
3. The development of new economic policy has been taken into account in relation to the high scenario – Reflecting the development of a new Economic Action Plan for Richmondshire with an emphasis on stimulating growth by increasing inward investment and growth of indigenous businesses.

These changes mean that figures for all three scenarios (low, medium and high) are updated since the 2018 ELR report. Anticipating future employment growth is particularly challenging at the time of this report due to economic and political uncertainty. Despite this uncertainty however, there are a number of positive factors locally that are expected to support future economic growth in Richmondshire.

The ELR adopts a scenario-based approach to employment growth. This responds to the need for the ELR to plan sufficiently for growth and take into account the potential range of employment growth that could occur. The approach applied is based on a combination of labour demand and supply forecasts, which are considered in the context of evidence on historic, market take-up. This enables both market conditions and the expected impacts of economic development policy to be taken into account.

The employment growth scenarios are based on the Regional Econometric Model (REM). These are trend based forecasts and do not include any planned public/private investments. The ELR Update utilises REM forecasts from both the latest July 2019 release and September 2016. The latter was used in the ELR (2018) to ensure consistency with the SHMA produced in 2017 where they had been used. The SHMA is currently being updated and will take account of the scenarios published in the ELR Update. There are significant differences between September 2016 and July 2019 projections from the REM. The ELR should plan for a range of scenarios. Reflecting this, a combination of the September 2016 and July 2019 releases are used to inform the employment growth scenarios tested.

There are three particularly significant catalysts for future employment growth in Richmondshire: (i) Completion of the A1 upgrade; (ii) Expansion of personnel numbers at Catterick Garrison; and (iii) Designer Outlet development at Scotch Corner.

In the low scenario, overall employment is projected to contract by a total of 574 jobs over the period from 2018 to 2035; this is equivalent to an annual average contraction of 34 jobs. In the medium scenario, overall employment is projected to expand by a total of 600 jobs over the period from 2018 to 2035; this is equivalent to an annual average growth rate of 35 jobs. In the high scenario, overall employment is projected to expand by a total of 2,559 jobs over the period from 2018 to 2035; this is equivalent to an annual average growth rate of 151 jobs.

Only the high scenario includes allowances for committed developments and the securing of additional inward investment through economic development policy. It is important to acknowledge that the employment growth forecasts do not include the anticipated growth in MOD personnel numbers at Catterick Garrison. This is not expected to directly impact on the forecasts for B-class uses.

Considering just the proportion of jobs that translate to B-class uses, only the high scenario generates an overall positive figure. The forecasts indicate an overall B-class employment change of between -1,034 to +648 jobs in the core B-class use categories over the period to 2035. This equates to an annual average change of between -61 and +38 jobs.

Overall, the results indicate a gross employment land requirement over the plan period in the range of -8.5 ha to +11.6 ha. This equates to an annual average of between -0.5 ha and +0.7 ha.

Across the use classes, the greatest requirement is for B8 space. There is a positive B8 requirement across the medium and high employment growth scenarios tested. For B1 space, there is a positive requirement only in the high scenario (+2.4 ha). The requirement for B2 space is negative across all three scenarios. This is largely driven by the projected decline of the Manufacturing sector in the REM forecasts.

8.6 Balancing supply and demand

The sites assessed in the 2018 ELR yield a potential land supply of 93 hectares, albeit only 15 hectares has been classified as suitable, available and achievable in the short term (0 to 5 years). This potential land supply figure is set against the revised estimated gross employment land requirement over the plan period in the range of -8.5 ha to +11.6 ha.

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